



HELVETICA SWISS COMMERCIAL FUND

Real Estate Fund under Swiss Law

2019 ANNUAL REPORT

TOWER 1

KEY FIGURES

Remaining lease term
(years)

4.4

Weighted remaining lease term increased by six months

Total fund assets (value
in CHF million)

655

An increase of 47% compared with the previous year

Gross yield (%)

5.8

Kept stable with attractive investments

Target rental income
(in CHF million)

39.0

Substantial increase by 46%

Market value of properties
(in CHF million)

629

An increase of 47% compared with the previous year

ROI (%)

6.3

An increase of 11% compared with the previous year

Debt financing ratio (%)

20.9

A reduction of 26% compared with the previous year

Rent per square meter
(CHF)

147

The rent per square meter is slightly below the market rent of CHF 150 per square meter

Occupancy rate (%)

94.1

Occupancy rate remains stable with further portfolio growth potential

Net asset value per
share (CHF)

112.71

Increased by 6% since the start of year.

Distribution per share
(CHF)

5.00

Includes one-off effect from the sale of a property

Stock exchange price
(CHF per share)

123.30

The performance in the financial year was 14%.

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Helvetica Swiss Commercial Fund (HSC)

Real Estate Fund under Swiss Law

Audited Annual Report as at December 31, 2019

Important Notice

This is an unofficial office translation of the German version. In case of deviation the German version applies.



KEY FINANCIAL FIGURES

Key Data		Notes	12/31/2019	12/31/2018	12/31/2017
Securities number			33550793	33550793	33550793
Initiation date			12/9/2016	12/9/2016	12/9/2016
Issued shares	Number		1 563 426	1 544 125	1 235 300
Outstanding shares	Number		4 342 851	2 779 425	1 235 300
Redeemed shares	Number		-	-	-
Net asset value per share	CHF		112.71	110.00	107.57
Weighted real discount rate	%		4.01	4.11	4.16
Balance Sheet					
Market value of the properties	CHF	1	628 944 000	427 121 000	198 960 000
Gross Asset Value (GAV)	CHF		654 729 403	444 909 080	205 888 007
Debt financing ratio	%		20.87	28.33	31.89
Debt ratio	%		25.24	31.28	35.46
Residual term debt financing	Years		1.39	1.77	2.54
Interest rate debt financing	%	8	0.56	0.63	0.94
Net Asset Value (NAV)	CHF		489 475 302	305 729 749	132 875 558
Income Statement					
Rental income	CHF		29 292 317	18 539 626	11 391 618
Net profit	CHF	15	23 032 696	14 282 138	8 599 551
Rental income loss rate	%		8.10	7.75	7.95
Weighted lease term (WAULT)	Years		4.40	4.00	3.04
Maintenance and repairs	CHF		3 429 365	1 834 310	823 772
Operating profit margin	%		68.60	68.56	72.53
Return and Performance					
Distribution	CHF	13	21 714 255	11 117 700	4 323 550
Distribution per share	%	13	5.00	4.00	3.50
Distribution yield	%		4.06	3.64	3.25
Payout ratio	%	15	87.58	77.62	70.32
Return on equity (ROE)	%		6.18	5.62	7.57
Return on invested capital (ROIC)	%		4.73	4.29	5.22
Performance	%	15	14.17	-	-
Investment return	%		6.33	5.70	7.57
Premium/discount	%	15	9.40	-	-
Total expense ratio TER _{REF} GAV	%	15	1.04	0.98	1.05
Total expense ratio TER _{REF} NAV	%	15	-	1.36	1.53
Total expense ratio TER _{REF} MV	%	15	1.34	-	-
Price/earnings ratio	Ratio	15	17.61	-	-

Past performance is no guarantee for future results.

The performance mentioned does not take into account any commissions and costs charged on subscriptions and redemptions of shares.

GREAT TEAM EFFORD. SOLID INVESTMENT PERFORMANCE.

The success story of the HSC Fund continued in 2019. Following the successful stock exchange listing, the fund continued its positive performance. Our company looks optimistically into the future - with a new operational management.

When we decided to launch a new fund in 2015, two issues were clearly in focus. It should be a FINMA regulated product and the investment strategy should be distinct. The decision not to look for real estate in the top cities that were in great demand turned out to be crucial for our success at that time. We bought prime locations in dynamic economic regions outside the city centers. This strategy allowed us to invest in properties that were potentially undervalued in addition to the attractive investment returns. The correctness of this strategy is reflected in the very good investment performance since its inception. At the end of 2019, the HSC Fund is in a better standing than ever and has even outperformed the SWIIT index. Over the past three years, several capital increases with equity of around 500 million Swiss francs have been successfully issued on the market. The HSC Fund has already invested 630 million Swiss francs in a broadly diversified real estate portfolio in good Swiss economic conditions with an attractive return. The solid performance of the fund also represents the positive development of our company.

At the launch of the HSC Fund, we promised that the fund would be listed within 3 years on the SIX Swiss Exchange.

The outstanding development of the HSC Fund since its launch culminated in several highlights in 2019. As promised to investors in 2016, the fund was listed on the SIX Swiss Exchange in November. The Fund Management Company is very proud of this, as keeping our promise is an expression of the qualities that have always distinguished Helvetica Property. The portfolio has also been expanded with the acquisition of a top modern office and commercial building in Thun with a very attractive investment return.

Hans R. Holdener hands over leadership to Michael Müller

The successful development of the company is based on the teamwork of all employees under the leadership of Hans R. Holdener, who founded Helvetica Property, shaped it decisively and led it with great commitment for 13 years. He will continue to shape the strategic development of the company in the future. The operational management of the company will be handed over to Michael Müller, who will continue to continue the success story of Helvetica Property from 2020 as CEO jointly with all employees. Michael Müller looks back on an extremely successful career in the real estate industry, during which he built up his expertise on the owner, investor, property management and construction sides. The history of the HSC Fund shows that the investors value and trust the integrity, expertise and transparency of our company. We are doing all we can to continue the future development of the fund. We want it to continue to grow and achieve sustainable and good returns. We would like to take this opportunity to thank all our employees, clients, investors and all our partners for the trust they have placed in us and look forward to continued good and successful cooperation.

HSCFund

SIX
Inv



X welcomes Helvetica Property
Investors AG as new fund issuer

AUDITORIUM

CONVENTION
POINT

THE YEAR IN BRIEF

First Quarter

The second distribution of the Fund of 4.00 Swiss francs per share was made to investors on March 28. The payout ratio was 77.6 percent with a distribution yield of 3.6 percent.

The capital increase in March was successfully concluded with the payment of around 76 million Swiss francs on March 28. Once again, investors' interest was so high that the capital increase was considerably oversubscribed. In addition to the subscriptions from existing investors, new investors were also served and included in the group of investors.

Other Highlights:

At Riedstrasse 1 in Dietikon, we have succeeded in renting an area of around 1,000 m² for a fixed period of five years.

In Glattbrugg, three leases for office space of 400 m² each were extended for a further five years.

At Max-Högger-Strasse 6 in Zurich, an office space of 290 m² was rented and a rental contract for 450 m² of office space was extended for a further five years.

In view of the planned listing, the Fund was approved as a mutual fund by FINMA in the first quarter.

Second Quarter

The real estate portfolio was expanded at the start of April with the acquisition of two properties in Winterthur in the canton of Zurich. The two neighboring properties, an office building and a warehouse, are centrally located in the immediate vicinity of the train station. The market value amounts to 28.7 million Swiss francs. The building has an average gross actual yield of 5.3 percent.

With a lease term of 10 years for the two properties, the average lease term of the Fund's lease agreements was increased.

At the start of May, one commercial property with an average gross actual return of 5.7 percent was acquired in Villars-sur-Glâne in the canton of Fribourg. The market value of the building amounts to 31.2 million Swiss francs. It is located directly on the Route de Villars road and has an excellent visibility and reachability. With a rental contract term of around nine years, the average term of the rental contracts in the Fund was also increased. The AMAG Group is the main tenant, with a 93 percent rental share.

The rental contract for 202 m² of office space in the Chiasso property was successfully concluded.

In Cham, negotiations for an early rental contract extension of another five years for a rental area of over 1,000 m² are in the final phase.

Third Quarter

The property in Vevey was sold in July at a profit for the investor of around 2.3 million Swiss francs.

The portfolio was expanded by three properties at the beginning of September.

The market value of the property in Triengen, in the canton of Lucerne, with an average gross actual return of 5.7 percent amounts to 17.4 million Swiss francs. The property in Ittigen, in the canton of Berne, with an average gross actual return of 5.9 percent has a market value of 27.4 million Swiss francs. The property was already contractually tied up in November 2018. Likewise, at the beginning of September, a property in Lyssach, in the canton of Berne, with a market value of 27.4 million Swiss francs and an average gross actual return of 5.2 percent was acquired.

The fifth capital increase in the amount of 99 million Swiss francs was successfully completed at the end of September. The last capital increase before the initial public offering was oversubscribed and was closed successfully. In addition to subscriptions from existing investors, new investors were also served and included in the investor base.

Other Highlights

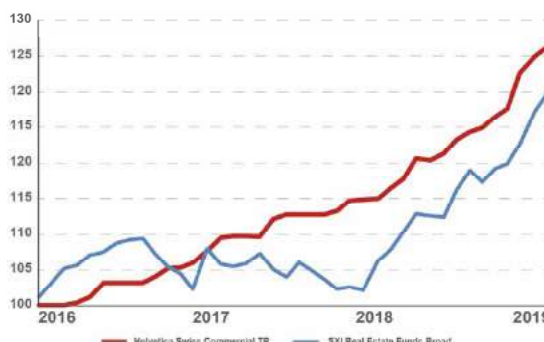
In Steinhausen, an office space of 318 m² was rented for five years at the beginning of September. A further office space in Steinhausen of 395 m² was rented to an existing tenant. 1,066 m² were rented in Dietikon at the beginning of September. A new rental contract for an office space of 221 m² was signed in Goldach at the start of July.

Fourth Quarter

Successful initial public offering

The fund shares have been listed on the SIX Swiss Exchange since 11 November 2019. In addition, they were included in "SXI Real Estate Broad" and "SXI Real Estate Funds Broad" during the first three trading days. The listing and thus the even broader spread of institutional and private investors can be considered a significant achievement. The share price has developed positively since the first day of trading. At the end of the third day of trading, the share price stood at 124.70 Swiss francs, which corresponds to a total market capitalization of around 542 million Swiss francs.

The total return for the 2019 financial year was +14 percent. This includes the development of the OTC share price until 8 November 2019 or the share price since listing on 11 November, as well as the distribution of profit for the previous year (4.00 Swiss francs per share). Over the same period, the listed Swiss real estate funds achieved a total return of +21 percent (SXI Real Estate Funds Broad TR). Since its launch, the performance of the HSC Fund has been +31 percent, while the listed Swiss real estate funds have gained +24 percent.



Source: Bank J. Safra Sarasin

The former main building of Meyer Burger AG was acquired in Thun-Gwatt. The market value of the property amounts to 49.1 million Swiss francs and it is yielding a gross actual return of 7.3 percent. Likewise, two properties in Eastern Switzerland, in Bischofszell and Rorschach, were acquired at the start of October. The property in Bischofszell with a market value of 18.5 million Swiss francs yields a gross actual return of 6.4 percent. The property in Rorschach has a market value of 14.3 million Swiss francs and yields a gross actual return of 5.2 percent.

Other Highlights:

In Lyssach, contract negotiations for a retail space of 365 square meters are close to successful conclusion. In Sissach, a rental contract for a retail space of 559 m² was extended for a further five years.

At Max-Högger-Strasse in Zurich, an office space of 306 m² was leased at the beginning of November. In Arlesheim, negotiations for the rental contract extension of a rental space with more than 3,000 m² of office space and a further 790 m² of commercial space are in the final phase.

INVESTMENT MANAGEMENT HIGHLIGHTS

January through June

Winterthur, Stegackerstrasse 6/6a



In the direct vicinity of the Winterthur Hegi station, two properties were acquired in April 2019. They comprise a classic office building, a spacious commercial hall and various outdoor storage areas. Most of the properties is rented on a long-term basis to Conducta AG as their headquarters. Various small companies complete the mix of tenants.

Market value (in CHF million)

28.7

Gross income (in CHF million)

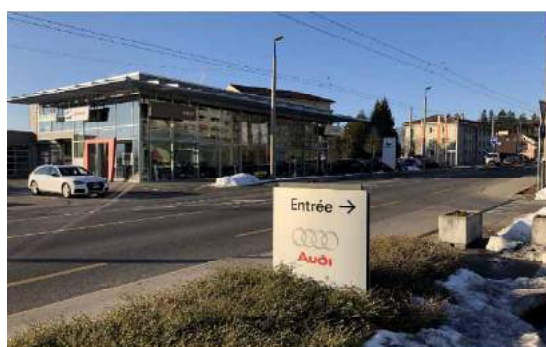
1.3

Rental area (m²)

20 650

January through June

Villars-sur-Glâne, Route de Villars 103-110



In May 2019, a property with four as-new buildings was acquired at a location with excellent accessibility in the canton of Fribourg. Spacious, functional workshop, office, and retail areas are available to the renowned tenant AMAG. Socar also operates a gas station on the site.

Market value (in CHF million)

31.2

Gross income (million CHF)

1.8

Rental area (m²)

9 555

July through December

Lyssach, Bernstrasse 35



In Lyssach in the canton of Berne, a practically fully rented property in an active and lively retail cluster was purchased in the third quarter of the reporting period. Retail space is being rented in the immediate vicinity of IKEA and located directly on the A1 freeway. The property has an adequate number of parking spaces and has a WAULT of almost 5 years. The areas are rented to various well-known retail companies.

Market value (CHF million)

27.4

Gross income (CHF million)

1.5

Rental area (m²)

7 000

July through December

Gwatt (Thun), Schorenstrasse 39



In Gwatt near Thun in the canton of Berne, a property with a market value of around 49 million Swiss francs was purchased in the fourth quarter. The object, which is a leasehold construction, is rented to various tenants. Rental income is generated through office, industrial, and commercial space, as well as through storage areas and parking spaces. The WAULT of the rental contracts is almost 5.5 years. The building is as new and in excellent technical condition.

Market value (CHF million)

49.1

Gross income (CHF million)

3.5

Rental area (m²)

23 000





MANAGEMENT OF THE FUND MANAGEMENT COMPANY



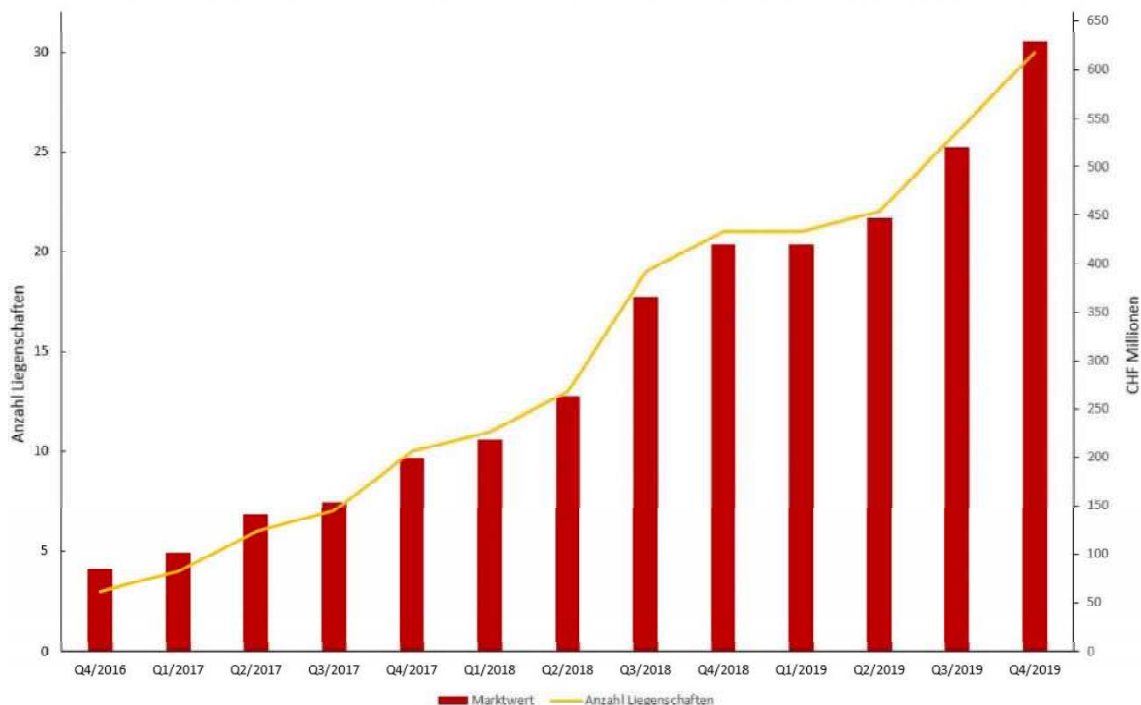
	Michael Müller	Peter R. Vogel
Position	Chief Executive Officer (Switzerland)	Chief Financial Officer
Management Body	Executive Management	Executive Management
Born	1964	1964
Nationality	Switzerland	Switzerland
Management position since	2020	2019
Equity participation Fund Manager	Yes	Yes
Member of the Investment Committee	Yes	-
Education	Graduated as an Architect HTL after completing his apprenticeship as a building construction draughtsman. Attained a Graduate Industrial Engineer STV degree and received Federal certification as a real estate trustee.	Master's degree in Business Administration with focus on audit and financial accounting from the University of St. Gallen.
Executive and non-executive positions	Highly skilled professional with an outstanding career and track record in the Real Estate industry where he got to know the investors and owners as well as the managerial and the principal side of the business. From 2010 to 2018 he headed Ledermann Immobilien as CEO and headed various large real estate projects. Earlier in his career, he acted as CEO of bfw Liegenschaften and played an instrumental role in its IPO.	Profund and longstanding career, during which he gained extensive strategic and operational management experience within the real estate industry and in the manufacturing industry. Former Head of Shared Service center of Zehnder Group and Head Accounting and Controlling of PSP Swiss Property. Earlier in his career, he acted as Commercial Manager Business Unit of Siemens Networks.
Prior positions		
CEO	•	
CFO		•
Commercial Real Estate	•	•
Residential Real Estate	•	
Project Management	•	•
IT and Technology		•
Finance and Asset Management		
Institutional Sales and Marketing	•	
Manufacturing and Industrial		•
Transactions and M&A	•	
Advisory, consulting and Trust	•	
Architecture and Legal	•	

INVESTMENT MANAGEMENT REPORT

In the period from January 1 through December 31, 2019, properties with a volume of 21.5 billion Swiss francs were offered for sale. Finally, for properties with a volume of 6.8 billion Swiss francs, detailed reviews and assessments were carried out, which led selectively to due diligence processes common in the industry.

Based on the applicable investment guidelines and the high-quality requirements that the fund management company considers when making acquisitions, the investment volume acquired to the HSC Funds portfolio in the reporting period amounted to a market value of 216 million Swiss francs.

Since the launch of the HSC Fund in December 2016, a total of 31 properties with a current market value of 629 million Swiss francs were thus acquired by 31 December 2019.



Investment Strategy

The primary investment focus of the HSC Fund is the purchase and management of commercial real estate. The aim is to ensure a sustainable, stable return and long-term value of the properties. The fund management company concentrates on commercial properties outside the city centers of the large Swiss cities and consistently focuses on economically active locations in the agglomerations of the Swiss economic centers.

A stringent approach to property selection and to complex property review as well as consistent, unreserved implementation of investment guidelines ensure that the selection of properties is based on comprehensible and objective principles. The most important investment goal is to generate stable returns for investors in line with market conditions. It is the aim of achieving a constant and attractive payout if the value development is at least stable.

Since the launch of the Fund, the investment criteria have changed only insignificantly. Since 2019, we have adhered strictly to a lower limit of 10 million Swiss francs. We only make exceptions in the case of portfolio transactions.

We reject properties that do not have an investment volume of at least 10 million Swiss francs, as the examination and management costs for these properties are in no reasonable proportion to the invested equity capital. Currently, properties with a volume between 20 and 40 million Swiss francs are ideal for us. In the meantime, we are observing that bidding procedures are very costly, even for smaller properties. Participation in these bidding processes poses major challenges not only for us but for all competitors. At the upper end of this price range, the competition among buyers is already very intense and pronounced. We still find ourselves in a distinctive "sellers' market", in which the sellers are rarely obliged to actually complete a sale.

It is part of our philosophy not to engage in bidding competitions, as we prefer to attempt to score points with the creativity and flexibility of our offers. However, the often quoted "off market deal" has become a rarity. We face intense competition in all our business transactions.

Investing in Today's Market Environment

The market environment for commercial real estate remains positive thanks to sound economic data. The interest rate environment means that competition for commercial properties is still very intense. Depending on perception, the competition for adequate investment properties has intensified even further. This also applies to the individual small and medium-sized centers and agglomerations in which we strategically invest. Good quality investment properties are still difficult to find, and the price expectations of the market participants are extraordinarily high.

Helvetica Property therefore analyzes every region and each building separately, each time considering all the factors that are important for a real estate investment.

We assess each purchase individually and prepare a customized business plan for each specific transaction in the purchase audit. This requires a corresponding effort that is more or less unavoidable if the highest quality standards are to be met in property examination and selection. In this reporting period, we once again – following extensive examination – abstained several times from an investment where the ratio between risk and return was assessed as inadequate after all negotiations had been completed. Up to December 31, this was the case with a potential purchase volume of around 1.6 billion Swiss francs.

As announced, we were able to build up counterweights to the short-term leases in the portfolio during the reporting period by purchasing properties with long leases and acquiring tenants with good credit ratings. This gave the portfolio a slightly higher degree of stability, which can be seen in a new WAULT that has increased to 4.4 years (previous year 2018: 4 years).

With the investment properties acquired in 2019, we were also able to focus on strategic locations in the agglomerations and make attractive acquisitions in extremely active economic locations.

Investment Environment

As mentioned above, the environment for purchases in the commercial sector remains extremely challenging. The current interest rate environment and high investment pressure are leading to the widely known aberrations on the market. The fund management company attempts to evade these general conditions as best as it can and, whenever possible, focuses on real estate that is not marketed in broad-based bidding procedures. However, real estate from institutional sellers and properties above a certain volume are practically only marketed in structured sales processes, so that we can only evade this influence to a limited extent.

The liquidity for properties corresponding to our strategy is generally intact. Through our extensive network, we receive a large number of offers for properties for sale.

Despite this, the offer in the normally traditionally strong fourth quarter was rather weak, contrary to our assumptions. However, we assume that intact opportunities will remain in certain niches so that further interesting acquisitions can once again be made in the coming year.

Purchase and Sales Activities in the Period

Nine properties were acquired during the reporting period:

In **Winterthur in the canton of Zurich**, two directly adjacent office and commercial properties, both built in 1984, were acquired for the Fund in the first quarter. The sustainable cash flow and high average lease commitment (WAULT) of over 11 years for the purchase object were particularly important for our purchase decision. The buildings boast an excellent location and are located in an area where the city of Winterthur is extremely active in urban development. Generously dimensioned outdoor areas, which the existing (main) tenant uses, as well as 60 parking spaces round off the offer for our tenants.

The Winterthur-Hegi train station is located in the immediate vicinity of the objects of purchase and will be frequented even more in the future. Various users, including the well-known tenant Conecta, who has a strong credit rating, will secure sustainable earnings for several years. Furthermore, the outstanding location of the property will favor any (new) rental, if necessary, at any point. The rent level of only 65 Swiss francs per square meter allows room for maneuver and creativity in the long-term. Today, a rent of around 1.3 million Swiss francs per year is generated on an area of 20,556 m². The market value of this properties amounts to 28.7 million Swiss francs.

In **Villars-sur-Glâne in the canton of Fribourg** – around 6 minutes' drive from the city center – the AMAG car dealership park on Route de Villars 103-110, well known in the region, was acquired in the second quarter. The property is fully rented up to 2027. Annual rental income of almost 1.8 million Swiss francs is generated on over 10,850 m². The average rent is a modest 164 Swiss francs per square meter per year. The property is successfully positioned in the market with its high availability of parking spaces.

The gas station with attached shop has been granted building rights to SOCAR Energy up to 2031, generates rental income of around 100,000 Swiss francs per year and ensures increased (visitor) frequency. The main motivation of the investment was the further diversification of revenues and the above-average term of more than 10 years. The excellent credit rating of the tenant was an additional factor that convinced us. The market value of this transaction amounted to 31.2 million Swiss francs.

In **Ittigen in the canton of Berne** a leasehold property with around 6,600 m² of rental space was acquired in August. The property is completely rented to the Swiss Confederation for an annual rent of around 1.62 million Swiss francs until March 2024. The market value amounts to around 27.4 million Swiss francs. The motivations for this transaction were the outstanding credit rating of the tenant, the attractive micro location of the building, and the fact that we were able to diversify further along the A1 freeway from a geographical point of view. In addition, the building, which currently houses various departments of the DDPS, can easily be split up and thus accommodate several tenants independently of each other.

In **Lyssach in the canton of Berne**, a practically fully rented property in an active and lively retail cluster was purchased in the third quarter of the reporting period. In close proximity to IKEA and directly located next to the A1 freeway, rents in the amount of around 1.5 million Swiss francs per year will be generated for over 7,000 m² of retail space. The property has an adequate number of parking spaces and has a WAULT of almost 5 years. The property volume is around 27.4 million Swiss francs. The areas are rented to various well-known retail companies.

In **Rorschach in the canton of St. Gallen** a fully rented commercial property was acquired in the fourth quarter of 2019. The market value amounts to 14.3 million Swiss francs. Annual income of 735,000 Swiss francs will be generated on around 8,000 m² of rental space. The extremely low average rent should encourage new rentals. The 15 different tenants ensure good diversification of rental income.

In **Bischofszell in the canton of Thurgau** a commercial property was acquired in the fourth quarter with a market value of around 18.5 million Swiss francs. Here too, the rental income of around 1.1 million Swiss francs is well diversified among 21 different tenants. The average rent payments of the 23,700 m² rental space is a low 48 Swiss francs per year and the WAULT is 5.7 years.

In **Triengen in the canton of Lucerne** a sale-lease-back transaction was concluded in September. The HSC Fund took over an industrial and commercial property with a market value of around 17.4 million Swiss francs. The rental contract concluded for 10 years (plus various options) generates an annual rent of around 930,000 Swiss francs for about 6,900 m² of rental space. Due to the fact that this is a triple-net contract, the result is a well budgetable and attractive net yield.

In **Thun in the canton of Berne** the HSC Fund acquired a property with a market value of around 49.1 million Swiss francs. The property, which was constructed under leasehold, has a rental area of almost 23,000 m² and is rented to various tenants. The annual rent of over 3.5 million Swiss francs is generated from office, industrial and commercial premises, as well as storage areas and parking spaces. The WAULT of the rental contracts is almost 5.5 years. The building is practically as good as new and in excellent technical condition. The complex structure of transactions and partially deferred purchase price payment result in attractive financial hedging of the existing rental contracts, limited to a period of 5 years.

A portfolio adjustment was made in **Vevey in the canton of Vaud** in the reporting period. In 2018, a smaller, representative, but undermaintained property in a good location by the train station was acquired as part of a larger portfolio transaction directly at the Vevey train station. The older building had a high vacancy rate of around 32 percent and generated an actual rent of only 220,000 Swiss francs. The projected target rent was around 330,000 Swiss francs. Due to the small object volume and the fact that higher investments for conversions and renovations would be pending, a sale was evaluated. The book value of the object was around 6.8 million Swiss francs at that time. The buildings surrounding the property all belong to another professional real estate company, and thus a sale to this third party was formally imposed. After direct contact and lengthy negotiations, the property, which has a rental space of around 1,250 m², was finally sold for a price of 9.35 million Swiss francs.

HSC FUND PORTRAIT

Fund Profile

The Helvetica Swiss Commercial Fund (HSC Fund) is a Swiss real estate fund that predominantly invests in commercially used real estate all over Switzerland. The HSC Fund is listed on the SIX Swiss Exchange and is characterized by clear investment guidelines and the careful investment of capital. The HSC Fund's portfolio is geared towards long-term value retention. It is of a high quality with regard to locations and properties combined with a broad diversification in the Swiss economic regions. The professional selection and management of real estate for lasting value preservation ensures an attractive and stable distribution yield. The shares can be traded according to the standard for collective investments of the SIX Swiss Exchange. Bank J. Safra Sarasin is the market maker of the HSC Fund.

Fund Description

The HSC Fund is a contractual real estate fund according to Swiss law. The HSC predominantly invests in office buildings and commercial properties all over Switzerland. In sectoral terms, the focus is on office, commercial, and retail. The Swiss economic regions are the main focus of investment.

Investment Goal

The HSC Fund's investment goal is the long-term preservation of assets and the distribution of appropriate earnings. The primary focus is on real estate with stable and sustainable earnings, with the aim of achieving a broadly diversified portfolio by region, type of use, property size and tenant mix.

Investment Policy

The HSC Fund invests in commercial investment properties in Swiss business centers and active economic areas in favorable locations with easy access for public and private transportation. In sectoral terms, the focus is on office, commercial, and retail, with an emphasis on real estate with several tenants and mixed uses, whereby a flexible use and third-

party usability of the areas is possible. The HSC Fund concentrates primarily on operating and sustainable profitability, and secondarily on potential value enhancement.

The Advantages of an Investment in the HSC Fund

1. Direct investments in a diversified, well-balanced and high-quality portfolio of properties in good locations in the Swiss economic regions
2. High stability through low debt financing ratio and low to no vacancies
3. Bank-independent asset manager, only committed to its investors with the aim of generating a sustainable return
4. Clear investment guidelines and an experienced team ensure careful management of the capital
5. Professional selection and management of the properties for long-term value retention
6. Investment risks are identified, measured and controlled by rigorous processes
7. Attractive returns and stable distribution yields
8. The shares are listed on the SIX Swiss Exchange and can be traded according to the standard for collective investments of the SIX Swiss Exchange





ASSET MANAGEMENT REPORT

As of December 31, 2019, the Asset Management unit of the fund management company manages a portfolio of 30 properties with a total rental space of approximately 265,000 m². At the reporting date of this report, the market value of the entire portfolio was 629 Million Swiss Francs. This value is determined by the independent accredited valuation company Wüest Partner at the end of each year.

The market value is defined as the expected price that can be achieved on the open market on the reporting date, excluding taxes and other costs incurred on disposal. The portfolio is valued using the discounted cash flow method. This involves estimating the market value of the individual properties, taking into account their current characteristics and expected future market development. The occupancy rate as of December 31 is 94.1 percent and has – thanks in part to active asset management – remained stable in comparison with the previous year. The remaining term of the rental agreements increased from 4 years as of December 31, 2018, to 4.4 years as of December 31, 2019, due to skillful acquisitions and extensions of existing tenancy agreements. The geographical breakdown of the properties continues to show a balanced picture across the whole of German-speaking Switzerland with a focus on the regions of Zurich, Eastern, and Central Switzerland. In the reporting period, we also successfully diversified the portfolio in the Berne region.

The gross actual return of the portfolio remained stable as per December 31, 2019, at 5.8 percent. The main reasons for this are new acquisitions of

fully rented properties with longer rental contracts and tenants with a strong credit rating, which are generally traded on the market with markups. In addition, various properties with long-term triple-net contracts were acquired, which means that the gross return on these properties was somewhat lower, but the net property return on the other hand will ensure the required payout ratio.

A comparison of the rents in the portfolio with the current market rents only shows selective potential for increases. The portfolio's rents, which are nevertheless still favorable, reflect the good rentability of the premises and offer a high level of certainty for fast renting and an extremely strong, stable occupancy rate compared with the rest of the industry.

The Hands-on Approach of Asset Management

The asset management team is involved at an early stage in the acquisition of new properties and assesses potential properties for sale together with investment management specialists. Long-term business plans are defined and measures necessary over the life cycle of the properties are planned in detailed financial models.

The organization of property management of new and existing properties is always carried out with the aim of cost-efficient supervision that is as direct as possible.

In the case of existing properties, the asset management team places great emphasis on implementing the measures defined in the business plans and optimizing the rental situation. As a result, asset management is in direct contact with the most important tenants in order to monitor their customer needs on a regular basis.

Property and Location Rating of the Portfolio

The HSC portfolio has a high-quality composition with regard to property and location ratings. All properties have an above-average rating. This means that the portfolio is very well balanced in terms of both geographical allocation and property quality, resulting in a high level of stability and planning security.

The accredited, independent valuation company Wüest Partner AG prepares a quality profile for each of the Fund's properties. Macro-location, micro-location, usability, standard, condition and market attractiveness are assessed.

With an overall rating of 3.7 out of a maximum of 5.0, the portfolio quality is clearly of above-average quality.

Nine of the Fund's 30 properties are included in the market matrix as top properties. All properties have a rating of at least 3.2.

Geographical Distribution

The geographical distribution of the portfolio as at December 31 meets the investment guidelines of the HSC Fund. The properties are located throughout Switzerland, with a clear focus on German-speaking Switzerland at present and after the sale of a property in Vevey.

Swiss small- and medium-sized enterprises are broadly diversified and located across Switzerland. However, most of these are concentrated in the greater Zurich area. Around 70 percent of the properties in the HSC Fund are located in this economically strong region, which means that demand is generally high and a correspondingly favorable rentability can be expected.

Rental Income According to Use

The portfolio is carefully balanced, focused on various sectors and comprises purely commercial properties with 18 percent commercial space, 35 percent office space, 25 percent retail space, 7 percent parking, 12 percent storage areas, and 3 percent for miscellaneous uses. The distribution of use in the HSC Fund corresponds to the main demand of small and medium-sized enterprises in the SME economy. The balanced distribution of uses minimizes sectoral risks due to different future market developments. In line with this strategy, all rental income is generated from commercial rentals.

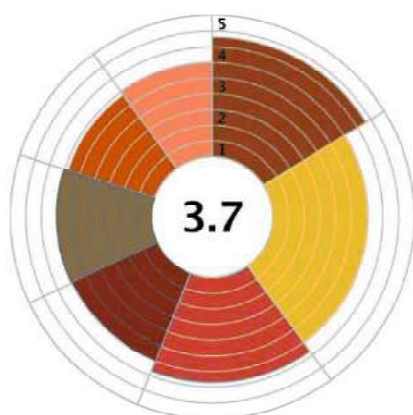
Rental Term

The average remaining term is 4.4 years as at December 31. The HSC Fund portfolio thus has a high level of earning security and stability.

11.6 percent of the rental contracts are of unlimited duration. However, these are mainly long-standing existing rental relationships.

The fund management company strives to optimize the average rental term through contract renewals, further purchases, and new rental agreements with long-term rental periods, thus continuously increasing the average rental contract duration. It also intends to achieve an even more balanced distribution of these possible expirations over the calendar years in view of the potential expiration of major rental contracts.

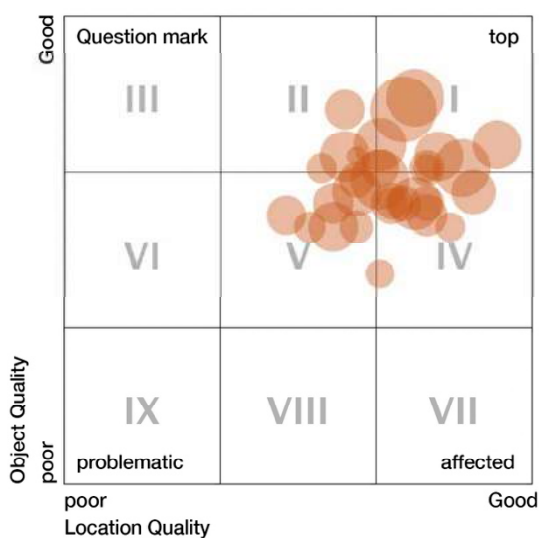
Quality Profile Evaluation



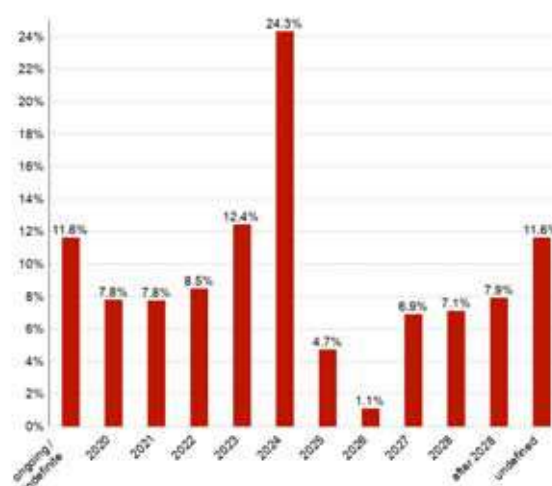
	Grade	Weighting
Overall Rating	3.7	
Location	3.8	40
Macro-location	4.3	40
Micro-location	3.5	60
Property	3.7	40
Usability	3.9	40
Standard	3.5	30
Condition	3.5	30
Market attraction	3.5	20
Lettability	3.4	50
Saleability	3.5	50

1 = lowest score, 5= best score

Property Quality/Location Quality



Rental Term



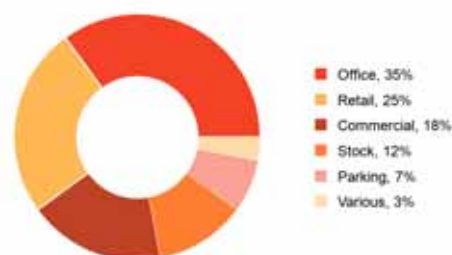
Geographical Distribution

(Market values)



Rental Income According to Main Use

(Target rental income)



In line with this strategy, all rental income is generated from commercial rentals.

Leasing Successes and Special Events

Easy access, as well as the favorable rents of the HSC Fund properties in comparison with the major centers, are the focus of demand. Together with their direct involvement and the unique “hands on approach” of the asset management team, various definitive rental successes were achieved in the reporting year.

The occupancy ratio of the overall portfolio remained stable at 94.1 percent as at December 31, 2019 compared with the previous year (94.2 percent).

In comparison with other commercial funds, the HSC Fund has a considerably lower vacancy rate of only 5.9 percent.

The following section highlights some of the most important asset management activities in various selected properties of the HSC portfolio:

Steinhausen, Zug

The widely known property “4 Towers” is ideally situated thanks to the train and bus stops located directly in front of the building complex as well as the adjacent freeway.

The asset management team was able to extend rental agreements with various tenants for future years at extremely attractive conditions in line with market requirements. The slight increase in vacancy rates in the middle of the year thus scaled back again to a low level. At the beginning of 2020, only around 260 m² of rental area will be available in this property for new leasing. Further definitive negotiations are already underway for existing tenancy agreements that will be expiring next year.

Dietikon, Zurich

The regionally well known “Pestalozzihaus” forms the entrance gate of the development area “Silbern” in Dietikon. It comprises two floors of retail space and a further five floors of office space.

On the office floors, newly signed contracts and small space cancellations roughly balanced each other out in the period under review, so that the occupancy rate remained stable at 93 percent compared with the end of 2018. The re-leasing activities were fruitful regarding a space rented in the past to

a provider of garden furniture, and thus this space of around 1,100 m² was rented again seamlessly to the well-known sports equipment retailers “Golfer’s Paradise”.

Zurich-Altstetten, Zurich

The property is located in the immediate vicinity of the Altstetten train station, the tram stop and the freeway. Thanks to its excellent location and numerous parking spaces, it is easily accessible. The occupancy rate fell against the end of 2018 to 96.6 percent. One of the main tenants extended their rental contract (around 2,000 m²) until the end of 2023. Other existing rental contracts were also extended by 5 years. Most of the few well-established and developed offices that had not yet been rented were also rented out during the reporting period.

Goldach, St. Gallen

The well maintained, historical and practical property is currently being used as a warehouse, commercial, and office property. Surrounded by renowned industrial companies such as Nestlé, it is located in the industrial zone, which is easily accessible by car.

One of the more well-known tenants, the Selecta Group, whose activities include the vending machine-based catering industry, concluded a new rental contract for office and storage areas for a further five years. We expect additional future potential due to the long-term plans for freeway access running directly past the property, which have since been approved by the municipality. The property is fully rented as of the reporting date and accommodates various tenants in the office, commercial, and logistics sectors.

Cham, Zug

The property is part of an overall development with excellent visibility and a prime location, directly at the freeway exit as well as at a bus stop directly in front of the property. The clients include renowned companies from the sports and leisure sector. The neighboring buildings contain well known tenants such as Stöckli Sport and Fressnapf as well as a hotel/restaurant.

With the new tenant on the attic floor, there were initially problems with the building permit. However, this has since been clarified so that the extension and conversion have been completed and the leased bistro can be opened at the beginning of 2020.

The tenant Ingram Micro has extended its rental contract for 1,100 m² of office space. The building is thus fully rented with the exception of some interior parking spaces.

Schindellegi, Schwyz

Located on a main traffic route, the prominent building offers a wide range of office and commercial space as well as a shop, restaurants and a gas station on around 12,000 m².

Due to a change of marketer and property manager during the reporting period, there were some short-term challenges which affected the occupancy rate. However, the property was optimized over the course of the year. Despite some leasing successes, a great deal of effort will also be required in the coming year to further optimize and develop the property. It is thus planned to develop a new concept for the overall appearance of the property. Various minor faults will also be eliminated over the next two years.

Baar, Zug

The development is located east of the town of Baar, at a short distance from public transportation. A generous parking area is available for private transportation. A diversified mix of tenants with strong credit ratings such as Coop and Denner as well as various service companies on over 4,000 m² of rental space guarantees a solid rental situation.

During the reporting period, a project was launched for new building branding, optimization of signage and customer routing as well as a joint venture with the neighboring building - which is rented by Aldi - in order to exploit further synergies. In addition, various commercial rental contracts were extended.

Arlesheim, Basel-Landschaft

The building in the industrial and commercial part of Arlesheim is located directly next to freeway access. Above-ground parking and a connection to public transportation round off the offer.

The current tenant from the pharmaceutical industry occupies approximately 90 percent of the building and will extend their contract prematurely. The tenant will also absorb the remaining area, which is currently rented to a third-party, thus showing their connection with the location. In return, the owner is making extensive investments in building technology, ventilation, and air-conditioning.

Sissach, Basel-Landschaft

The Chienberg Center is located at the eastern entrance to the town of Sissach, Basel-Land on the access road to the freeway. From the street, the building is clearly visible due to the corner location and the glass front facade.

The fitness company mentioned in the previous report could not be won as a tenant. However, the main tenant Denner has extended the contract until February 2026. The marketing process for the empty space in the building will be restarted.

Arbon, Thurgau

The popular shopping center serves the local needs of the entire region. Ideal parking facilities, an exciting mix of tenants and a good food and beverage offering are outstanding features of the center.

One retail space was rented to Chicorée Mode in the reporting period. The goal is to keep this tenant in the property for the long term. In addition, we are working together with a dedicated team of architects on the further optimization/revitalization of the center's infrastructure, as well as on a feasibility study and project planning for the long-term and optimized use of the upper sales floor. The implementation of a new parking lot concept is planned for 2020.

Lyssach, Berne

The specialist retailer center situated directly on the A1 freeway and in close proximity to IKEA benefits from the busy freeway, ample parking and the location in the middle of an established cluster of retailers.

After the acquisition during the reporting period, the only retail and storage space still empty was temporarily rented to an Italian furniture dealer. The goal is to encourage this tenant to conclude a long-term rental contract. Negotiations for concluding a five-year contract at normal market conditions are in progress.

Thun, Berne

The property, which is virtually new and of high-grade construction, boasts modern (energy) technology with appealing architecture and design, as well as a good location in Thun. The office, industrial, and storage areas, as well as the abundant number of available parking spaces, are almost completely occupied. Shortly after purchase, extensive efforts began to integrate the property into the portfolio. Due to the fact that this is a former operational property that has been gradually rented out by the former main user, takeover of the high-class property is challenging and costly.

Zuzwil, St. Gallen

The mixed-use property does not include only retail, office, and storage areas, but also extensive outdoor rental areas and commercial premises. The property is completely rented except for one vacancy. Up to now, a Denner satellite was located in a part of the ground floor. During the reporting period, efforts to ensure that Denner will take over the satellite and operate it in the future were successful. In connection with the business takeover, the rental contract has been extended until 2028.



TOWER 2



TOWER 3

SUSTAINABILITY - A KEY TO LONG-TERM SUCCESS

More than a third of global energy demand and around 40 percent of CO₂ emissions are generated by buildings.

In Switzerland, 26 percent of greenhouse gas emissions are currently caused by the building stock. In August 2019, the Federal Council decided that, bottom line, Switzerland should no longer emit greenhouse gases from 2050 and onwards.

As one of the largest consumers of resources and emitters of pollution, the building sector is becoming increasingly important to all stakeholders. Information on the ecological quality of buildings and entire portfolios is becoming increasingly important for decision makers and will be indispensable in the future.

The Fund Management Company is aware of its responsibility towards employees, clients and society and is determined to give the aspect of sustainability, especially in asset management, a stronger and more communicable status in the future. The whole process will take some time and involve various steps. The aim of the Fund Management Company is to report on the first results in the next annual report.



Solarplant Schorenstrasse 39, Thun

FUND MANAGEMENT COMPANY PORTRAIT

Helvetica Property is a provider of fund and asset management Company services within the real estate sector and is supervised by the Swiss Financial Market Supervisory Authority FINMA and headquartered in Zurich.

Helvetica Property is a successful, independent fund management company and asset management service provider, which is committed to sustainable value creation through active, long-term, and responsible investment. We focus exclusively on real estate. We are dynamic, are growing quickly and stand out through our integrity, our passion and our enthusiasm.

We have built up our reputation by offering reliable and stable real estate investments and services to institutional clients such as pension funds, asset managers, private banks, insurance and investment companies, foundations, private investors, companies and family offices.

Our fully integrated real estate investment platform comprises a series of proven strategies and investment solutions that are offered both in standardized products as well as in customized investment plans based on geographies, risk profiles and structures.

Our team stands out thanks to their passionate character and enterprising spirit, which we incorporate in every aspect of our work. We pursue an entrepreneurial, client-oriented approach and use our strong values to create a culture in which our investments, asset values, business transactions and employees can flourish.

Corporate Philosophy

Value enhancement of the invested capital through long-term vision, a hands-on entrepreneurial approach, as well as a proven strategy and excellent quality in execution.

Our Approach

As a professional innovator in the Swiss real estate market, our aim is to identify hidden potential and together with a proactive, hands-on real estate asset management approach, to optimize the results.

Values

- Honesty and responsibility
- Integrity and passion
- Transparency and longevity
- Independence and ambition

Social Media

In the meantime, social media is coming more and more into focus in various different business areas. As a fund management company, we have decided to follow this path as well, thus increasing our presence.

We would appreciate it if you follow us on LinkedIn. We regularly publish interesting articles on real estate, exciting news from our company and sometimes even personal stories. We publish articles that we like and that mean something to us. Sometimes these are controversial, sometimes not – but they are always open and honest.

ANNUAL FINANCIAL STATEMENT

as at December 31, 2019

The financial year 2019 was characterized by nine acquisitions, one sale, two capital increases and the HSC Fund's initial public offering in November 2019. Total fund assets increased by 210 million to 655 million Swiss francs compared with 2018.

In 2019, the fund management company successfully carried out two capital increases. These met with great interest from investors and were significantly oversubscribed. In March and September, the Fund received new equity of around 166 million Swiss francs.

At the end of December 2018, the net asset value was 110.00 Swiss francs per share. In March 2019, this resulted in a distribution of 4.00 Swiss francs per share, with a distribution payout ratio of 77.6 percent. At the end of December 2019, the Fund had a net asset value per share of 112.7 Swiss francs, which corresponds to an investment return of 6.3 percent and a return on equity of 6.2 percent.

Due to the realized capital gains through the successful sale of a property, a distribution of 5.00 Swiss francs per share will be paid out for 2019. Operating business contributes 4.46 Swiss francs to the distribution. The special effect of the sale amounts to 0.54 Swiss francs per share. This results in a total payout of 21.7 million Swiss francs, with a payout ratio of 87.6 percent. The payout ratio without one-off items is 84.1 percent.

In the 2019 financial year, TER_{REF} GAV increased slightly year-on-year from 0.98 percent to 1.04 percent. However, in relation to the fund assets as of 31 December, the ratio is 0.85 percent. TER_{REF} MV will be reported for the first time in 2019 due to the IPO

of HSC Fund and amounts to 1.34 percent. In relation to the market value as of 31 December, this ratio is 1.04 percent.

Balance Sheet

Total fund assets reflect the capital increase and the associated acquisitions for the entire year from 22 to 30 new business premises and amount to 655 million Swiss francs, corresponding to an increase of 210 million Swiss francs compared with the previous year. At the balance sheet date, the market value of the properties was 629 million Swiss francs (same period in the previous year 427 million Swiss francs), cash and cash equivalents 17 million Swiss francs (same period in the previous year 14 million Swiss francs), and short-term receivables 4 million Swiss francs (same period in the previous year 4 million Swiss francs).

After deducting liabilities of 155 million Swiss francs (same period in previous year 131 million Swiss francs) and liquidation taxes of around 11 million Swiss francs (previous year around 8 million Swiss francs) net fund assets amounted to 489 Swiss francs million (same period in previous year 306 million Swiss francs) at the balance sheet date. At 20.9 percent, the debt financing ratio is below the previous year's figure of 28.3 percent and below the approved limit of 33 percent.

Income Statement

The portfolio at the end of 2019, including the acquisitions of the last 12 months, led to an increase in net income of around 61 percent or 8.7 million Swiss francs to 23 million Swiss francs. Essentially, the 58 percent increase in rental income of 10.8 million Swiss francs contributed to the positive result. Through the acquisitions, an unrealized profit of 4.9 million Swiss francs was generated. In addition, the sale of a property, with a realized profit of 2.3 million Swiss francs, had a positive impact on the result.

BALANCE SHEET

in CHF

Assets	Notes	01/01-12/31/2019	01/01-12/31/2018
Cash, post and bank deposits on sight including fiduciary investments with third-party banks		16 505 657	13 872 332
Current receivables		4 390 659	3 915 748
Properties			
Building land and constructions-in-progress		-	-
Residential properties		-	-
Residential properties with condominium ownership		-	-
Mixed properties		-	-
Commercial properties	1	628 944 000	427 121 000
Total properties		628 944 000	427 121 000
Other assets		4 889 088	0
Total fund assets		654 729 403	444 909 081
Liabilities			
Accounts payable			
Short-term interest-bearing mortgages	8, 9	-53 500 000	-62 250 000
Other current liabilities		-12 266 975	-10 375 797
Long-term interest-bearing mortgages	8, 9	-77 750 000	-58 750 000
Other non-current liabilities		-10 318 397	-58 772
Total liabilities		-153 835 372	-131 434 569
Net asset value before estimated liquidation taxes		500 894 031	313 474 512
Estimated liquidation taxes		-11 418 730	-7 744 763
Net asset value		489 475 302	305 729 749
Further Information			
Change in net asset value			
Net asset value at the start of the reporting period		305 729 749	132 875 558
Distribution	13	-11 117 700	-4 323 550
Balance from trade in shares		165 719 014	160 691 547
Total profit		29 144 239	16 486 193
Net asset value at the end of the reporting period		489 475 302	305 729 749
Development of the number of shares			
Number of shares at the start of the reporting period		2 779 425	1 235 300
Issued shares		1 563 426	1 544 125
Redeemed shares		0	0
Number of shares at the end of the reporting period		4 342 851	2 779 425
Net asset value per share at the end of the reporting period		112.71	110.00
Further information (Art. 95 CISO-FINMA)			
Balance of the depreciation account of the properties		-	-
Balance of the provision account for future repairs	15	5 435 409	6 016 805
Balance of the account for reinvestment of retained earnings		-	-
Number of shares redeemed as of the end of the next financial year		-	-
Total insurance value of the assets		609 788 498	453 153 438

INCOME STATEMENT

in CHF

Income	Notes	1/1/-12/31/2019	1/1/-12/31/2018
Interest income		0	0
Rental income		29 292 317	18 539 626
Capitalized construction interest		0	0
Other income		305 850	214 562
Participation in current income from share issuance		4 419 735	2 469 965
Total income		34 017 902	21 224 153
Expenses			
Mortgage interest		-723 361	-634 606
Other interest on liabilities		0	0
Maintenance and repairs		-3 429 365	-1 834 310
Property management			
Property expenses		-846 811	-793 062
Administrative expenses		-573 378	-109 770
Taxes		-380 034	-202 218
Evaluation and auditing expenses		-241 672	-113 582
Consulting expenses		-370 502	-169 096
Transaction costs		-158 547	-2 645
Change in reserves for future repairs		581 396	0
Regulatory fees			
Management fee	12	-3 808 826	-2 336 726
Custodian bank fee	12	-181 642	-128 000
Real estate management (third-party and fund mgmt. company)	12	-783 391	-556 902
Other expenses			
Bank charges		-5 484	-2 553
Miscellaneous expenses		-63 589	-58 544
Payment of current net income due to redemption of shares		0	0
Total expenses		-10 985 206	-6 942 014
Profit			
Net profit		23 032 696	14 282 138
Realized gains/losses		2 342 192	0
Realized profit		25 374 888	14 282 138
Unrealized gains/losses		4 889 505	3 317 757
Incidental costs attributed to the fund assets for the issue of shares		2 553 813	2 124 716
Liquidation taxes		-3 673 967	-3 238 418
Total profit in the reporting period		29 144 239	16 486 193
Profit Appropriation			
Net income for the financial year		23 032 696	14 282 138
Capital gains for distribution in the financial year		2 342 192	0
Capital gains for distribution in previous financial years		0	0
Balance carried forward from previous year		7 440 439	4 276 001
Profit available for distribution		32 815 327	18 558 139
Profit intended for distribution to investors		19 372 063	11 117 700
Capital gain intended for distribution to investors		2 342 192	
Income retained for reinvestment		0	0
Balance to be carried forward		11 101 072	7 440 439

NOTES

1. Inventories of the Properties Held

Address	Use	Market value	Initial costs	Rental income	Occupancy rate
Altendorf, Zürcherstrasse 104	Commercial	27 870 000	28 172 904	1 594 888	89.4%
Arbon, St. Gallerstrasse 15	Commercial	39 200 000	40 312 778	2 450 014	97.2%
Arlenheim BL, Fabrikmattenweg 2	Commercial	11 640 000	12 800 434	1 054 716	100.0%
Baar, Oberdorfstrasse 2-8d	Commercial	22 110 000	23 063 036	1 118 125	98.9%
Bischofszell, Industriestrasse 6	Commercial	18 520 000	18 247 283	269 137	99.8%
Cham, Brunnmatt 14	Commercial	14 370 000	14 520 763	769 567	97.3%
Chiasso, Via Livio 1 / Via Motta 24 1	Commercial	9 924 000	9 730 788	603 504	89.3%
Dättwil AG, Täferstrasse 3/5	Commercial	19 140 000	17 610 559	1 109 058	94.8%
Dietikon, Riedstrasse 1	Commercial	36 800 000	36 114 974	1 946 043	93.1%
Feusisberg, Chaltenbodenstrasse 6 a-f	Commercial	28 660 000	31 768 438	1 472 354	73.3%
Glattbrugg, Europastrasse 19	Commercial	14 010 000	13 012 403	843 732	78.3%
Goldach, Blumenfeldstrasse 16	Commercial	12 680 000	13 076 856	790 598	100.0%
Gwatt-Thun, Schorenstrasse 39	Commercial	49 120 000	43 902 500	914 354	97.5%
Ittigen, Schermenwaldstrasse 13	Commercial	27 380 000	27 917 375	540 422	100.0%
Lyssach, Bernstrasse 35	Commercial	27 370 000	24 134 822	522 326	91.6%
Montreux 2, Grand-Rue 3	Commercial	26 230 000	25 759 323	1 212 152	97.7%
Münchwilen TG, Murgtalstrasse 20	Commercial	10 300 000	13 318 856	918 320	70.9%
Rorschach, Industriestrasse 21/23	Commercial	14 260 000	13 269 600	182 746	99.8%
Rothenburg, Wahligenstrasse 4	Commercial	18 040 000	19 025 131	1 508 271	100.0%
Sissach, Gelterkinderstrasse 30	Commercial	4 180 000	4 576 793	213 821	62.0%
St. Gallen, Rorschacherstrasse 292/294	Commercial	16 300 000	16 132 805	975 137	100.0%
Steinhausen, Turmstrasse 30 T1	Commercial	37 910 000	30 588 289	1 897 224	93.2%
Triengen, Grossfeld	Commercial	17 440 000	17 040 842	329 833	100.0%
Tuggen, Rüschenzopfstrasse 5	Commercial	14 120 000	13 965 487	730 438	100.0%
Villars-sur-Glâne, Route de Villars 103-110	Commercial	31 230 000	31 649 821	1 186 459	100.0%
Wallisellen, Hertistrasse 23	Commercial	8 811 000	8 770 200	428 186	100.0%
Winterthur, Stegackerstrasse 6	Commercial	9 159 000	8 203 205	422 333	99.9%
Winterthur, Stegackerstrasse 6a	Commercial	19 590 000	17 605 712	599 693	100.0%
Zürich, Max Högger-Strasse 6	Commercial	31 150 000	29 629 064	1 944 815	96.6%
Zuzwil, Herbergstrasse 11	Commercial	11 430 000	11 438 447	622 854	88.2%
Total		628 944 000	615 359 488	29 171 120	

Due to the sale of the property in Vevey in July 2019, rental income of 121,197 Swiss francs is not included in the inventory list.

2. Real Estate Transactions

Purchases

Address	Type	Canton	Use	Transfer of ownership
Winterthur, Stegackerstrasse 6	Purchase	Zürich	Commercial	4/1/2019
Winterthur, Stegackerstrasse 6a	Purchase	Zürich	Commercial	4/1/2019
Villars-sur-Glâne, Route de Villars 103	Purchase	Fribourg	Commercial	5/1/2019
Ittigen, Schermenwaldstrasse 13	Purchase	Berne	Commercial	9/1/2019
Lyssach, Bernstrasse 35	Purchase	Berne	Commercial	9/1/2019
Triengen, Grossfeld	Purchase	Lucerne	Commercial	9/1/2019
Gwatt-Thun, Schorenstrasse 39	Purchase	Berne	Commercial	10/1/2019
Rorschach, Industriestrasse 21/23	Purchase	St. Gallen	Commercial	10/1/2019
Bischofszell, Industriestrasse 6	Purchase	Thurgau	Commercial	10/1/2019

Sales

Address	Type	Canton	Use	Transfer of ownership
Vevey, Place de la Gare 5	Sale	Waadt	Commercial	7/31/2019

3. Contractual Payment Obligations at the Balance Sheet Date for Future Real Estate Purchases

None

4. Participations in Real Estate Companies

As at December 31, the Fund holds 100 percent of the share capital of Helvetica Swiss Commercial AG, based in Zurich, which in turn hold 100 percent of the shares in Helvetica Swiss Commercial 2 GmbH, based in Zurich. All properties of the HSC Fund are held through one of these two companies.

5. Shares in Other Real Estate Funds and Certificates

Other assets consist entirely of shares in other property funds.

6. Rental Income per Tenant over 5 percent

Tenant	Annual rent in percent
Precision Surfacing Solutions GmbH	7.2
Total	7.2

7. Information on Derivatives

The Fund does not use derivatives.

8. List of Mortgage Debts with a Residual Term of 1-5 Years

Type	Interest rate	Amount	Date of issue	Maturity
Fixed-rate mortgage	1.00%	4 300 000	6/30/2016	9/30/2021
Fixed-rate mortgage	1.00%	3 100 000	9/5/2016	9/30/2021
Fixed-rate mortgage	1.45%	5 750 000	1/1/2017	12/31/2022
Fixed-rate mortgage	0.45%	1 000 000	12/31/2017	12/31/2021
Libor mortgage	0.65%	12 000 000	4/30/2018	6/30/2021
Libor mortgage	0.55%	10 300 000	6/12/2018	4/30/2021
Libor mortgage	0.65%	18 500 000	12/15/2016	12/31/2021
Libor mortgage	1.15%	3 800 000	7/1/2017	6/30/2022
Libor mortgage	0.49%	20 000 000	10/22/2018	12/31/2021
Libor mortgage	0.29%	21 500 000	10/22/2018	6/30/2020
Libor mortgage	0.29%	23 000 000	10/22/2018	9/1/2020
Fixed advance payment	0.52%	7 500 000	8/9/2018	2/10/2020
Total		130 750 000		

9. List of Mortgage Debts with a Residual Term of Over 5 Years

Type	Interest rate	Amount	Date of issue	Maturity date
Fixed-rate mortgage	1.17%	500 000	6/1/2018	2/28/2025
Total		500 000		

10. Fees and Incidental Costs Charged to the Investors

Remuneration	Maximum rates	Actual rates	Basis
Issuing commission on shares	3%	1.87%	Net asset value of shares
Redemption commission on shares	1.5%	-	Net asset value of shares

11. Incidental Costs Attributed to the Fund Assets Accruing from the Paid-in Amount Invested or from the Sale of Shares

Remuneration	Maximum rates	Actual rates	Basis
Premium to NAV	2.5%	1.50%	Net asset value of shares
Discount to NAV	1.5%	-	Net asset value of shares

12. Fees and Incidental Costs Charged to the Fund

Remuneration	Maximum rates	Actual rates	Basis
Remuneration to the Fund Management Company			
Management fee	1.0%	0.7%	Total fund assets
Purchase/sales compensation	1.5%	1.5%	Purchase/sale price
Building and renovation fee	3%	-	Construction costs
Property management	5%	0.33%	Gross rental income
Remuneration to Third Parties			
Remuneration to custodian bank (custodian bank commission)	0.05%	0.05%	Net asset value of shares
Remuneration to property managers	5%	2.64%	Gross rental income

13. Distribution of profits

For the financial year ending 31 December 2019, a total amount of 21.7 million Swiss francs will be distributed, representing 5.00 Swiss francs per share and a distribution yield on the share price of 4.1 percent. The distribution for the financial year 2019 includes a one-off effect from the sale of a property of 0.54 Swiss francs per share. The total distribution is thus 1.00 Swiss francs or 25 percent higher than in the previous year. The payout ratio is 87.6 percent. Without the one-off effect, the payout ratio is 84.1 percent. The ex-date is 27 April 2020 and the payout will take place on 29 April 2020.

14. Events After the Balance Sheet Date

None

15. Collected Footnotes

1. The TER_{REF} GAV according to SFAMA guidelines is based on the average total fund assets of the reporting period. During the setup phase of a fund, this average is naturally lower, which leads to a higher total expense ratio. This figure is 0.85 percent in relation to the Fund's assets at December 31 2019.
2. The TER_{REF} NAV according to the SFAMA guideline is based on the average net assets of the Fund during the reporting period. During the setup phase of a fund, this average is naturally lower, which leads to a higher total expense ratio. This figure is 1.14 percent in relation to the Fund's assets at December 31 2019.
3. The TER_{REF} MV according to the SFAMA guideline is based on the average net assets of the Fund during the reporting period and as at December 31 2019 on the market value of the Fund. During the setup phase of a fund, this average is naturally lower, which leads to a higher total expense ratio. This figure is 1.04 percent in relation to the Fund's assets at December 31 2019.
4. The fund has been listed on the SIX Swiss Exchange since November 11 2019. The over-the-counter price was used to calculate these figures prior to listing.
5. The key figures premium/discount, performance and P/E ratio are reported for the first time due to the initial public offering of the Helvetica Swiss Commercial Fund.
6. Since 2019, the tax-motivated provisions for maintenance and repairs of the underlying statutory companies (Helvetica Swiss Commercial AG and Helvetica Swiss Commercial 2 GmbH) are additionally reported at fund level.

VALUATION PRINCIPLES AND NET ASSET VALUE CALCULATION

The net asset value of the real estate fund is calculated at the market value in Swiss francs at the end of the financial year as well as at each share issue.

The fund management company mandates the independent valuation experts to re-evaluate the market value of the Fund's properties at the end of each financial year and at each share issue. With the supervisory authority's approval, the fund management company mandates at least two natural or one corporate entity as independent valuation experts. Property inspections by the valuation experts must be repeated at least every three years. In the case of acquisitions or disposals of properties, the fund management company has the properties valued in advance. A new valuation is not needed in the case of disposal if the existing valuation is not older than three months and circumstances have not changed substantially.

Investments that are traded on a stock market or another regulated market that is open to the public are to be valued at the current prices paid on the main market. Other investments or investments with no current prices available must be valued at a price that is likely to be paid in a prudent sale at the time of valuation. In such a case, the fund management company applies reasonable valuation models and principles that are recognized in practice.

Open collective investment schemes are valued at their redemption price or their net asset value. If they are regularly traded on a stock market or another regulated market open to the public, the fund management company may value them according to para.16, sect. 3 of the fund agreement.

The value of short-term fixed-income securities that are not traded on a stock exchange or another regulated market open to the public is calculated as follows: Based on the net purchase price and presuming a stable investment return, the valuation price of these investments is adjusted gradually to the redemption price. In the case of significant changes in market conditions, the valuation basis of the individual investments is adjusted to the new market return. In this case, if there is no current market price, valuation is usually based on money market instruments with the same characteristics (quality and domicile of the issuer, issuing currency, maturity).

Post and bank deposits are valued according to their balance plus accrued interest. In the case of significant changes in market conditions or credit rating, the valuation basis for time deposits at banks is adjusted to the new conditions.

The calculation of a share's net value is based on the market value of the Fund's gross asset value, minus any liabilities as well as any taxes that would likely have to be paid in the case of the Fund's liquidation, divided by the number of outstanding shares. The valuation of the Fund's properties is made according to the current SFAMA guidelines for real estate funds. The valuation of undeveloped land and buildings in progress is based on the fair value principle. This valuation is subject to an annual impairment test.

REPORT OF THE VALUATION EXPERTS



Wüest Partner AG, Bleicherweg 5, 8001 Zurich

Helvetica Property Investors AG
Executive Board
Gartenstrasse 23
8002 Zurich

Zurich, 6 March 2020

Helvetica Swiss Commercial
Independent real estate valuer's report
Valuation as at 31 December 2019

To the Executive Board of Helvetica Property Investors AG

Ref.
106323.1910

Commission

Wüest Partner AG (Wüest Partner) was commissioned by the Fund Management to perform a valuation, for accounting purposes, of the 30 properties units held by Helvetica Swiss Commercial as at 31 December 2019 (reporting date).

Valuation standards

Wüest Partner hereby confirms that the valuations comply with the legal provisions of the Collective Investment Schemes Act (CISA) and the Collective Investment Schemes Ordinance (CISO) as well as the guidelines of the Swiss Funds & Asset Management Association (SFAMA) and were furthermore performed in accordance with the customary national and international valuation standards.

Definition of market value

Market value is defined as the amount for which a property would most probably be exchanged on the open market on the valuation date between two independent and knowledgeable parties, willing to buy and sell respectively, with due allowance made for a reasonable marketing period.

In the valuation are excluded property transfer, real property gains and value-added taxes plus any other costs incurred, or commissions paid, during the process of selling real estate. Nor is any account taken of Helvetica Swiss Commercial's liabilities in respect of taxation (apart from ordinary property taxes) and financing costs.

Valuation method

In valuing Helvetica Swiss Commercial's investment properties, Wüest Partner applied the discounted cash flow (DCF) method, by which the market value of a property is determined as the total of all projected future net earnings discounted to the valuation date. Net income is discounted separately for each property with due allowance for specific opportunities and threats, and adjustment in line with market conditions and risks.

Wüest Partner AG
Alte Börse
Bleicherweg 5
8001 Zurich
Switzerland
T +41 44 289 90 00
wuestpartner.com
Regulated by RICS

Basis of valuation

Wüest Partner is familiar with all the properties, having carried out inspections and examined the documentation provided. The properties have been analysed in detail in terms of their quality and risk profiles (attractiveness and lettability of rented premises, construction type and condition, micro- and macro-location etc.). Currently vacant premises are valued with due allowance made for a reasonable marketing period.

Wüest Partner inspects the properties normally at least once every three years as well as following purchase and upon completion of larger refurbishment and investment projects. All properties were visited in 2016 and 2019.

Results

A total of 30 investment properties were valued as at 31 December 2019. The market value of these properties on the valuation date is estimated by Wüest Partner to total 628,944,000 Swiss Francs.

In the property valuation, real discount rates between 3.50% and 4.60% were applied. Considering an inflation rate of 0.50% the nominal discount rates lie between 4.02% and 5.12%. Over the whole portfolio, the average of the discount rates – weighted by market value – is 4.01% in real terms and 4.53% in nominal terms.

Changes during reporting period

Within the review period from 1st January 2019 to 31st December 2019, the following changes occurred:

Sold:

– 1800 Vevey, Place de la Gare 5.

Acquired:

– 1752 Villars-sur-Glâne, Route de Villars 103;

– 3063 Ittigen, Schermenwaldstrasse 13;

– 3421 Lyssach, Bernstrasse 35;

– 3645 Gwatt (Thun), Schorenstrasse 39;

– 6234 Triengen, Grossfeld;

– 8409 Winterthur, Stegackerstrasse 6;

– 8409 Winterthur, Stegackerstrasse 6a;

– 9220 Bischofszell, Industriestrasse 6;

– 9401 Rorschach, Industriestrasse 21/23.

Independence and confidentiality

The valuation of Helvetica Swiss Commercial's real estate holdings was performed by Wüest Partner independently and neutrally in conformity with its business policies. It was carried out solely for those purposes specified above; Wüest Partner shall accept no liability in respect of third parties.

Zürich, 06 March 2020

Wüest Partner

Ivan Anton

dipl. Architekt ETH; MSc Real Estate (CUREM)
Partner



Silvana Dardikman

BA in Finance; Immob. Bew. mit eidg. FA
Director



Annex: valuation assumptions

Investment properties

The investment property valuations are based on the following general assumptions:

- The rent rolls from Helvetica Property Investors AG used in the valuation have the state of knowledge typically as at October 2019.
- A two-phase DCF model was adopted. The valuation period extends to infinity from the valuation date, with an implicit residual value in the eleventh period.
- Discounting is based on a risk-adjusted interest rate. Rates are determined individually for each property on the basis of appropriate benchmarks derived from arm's-length transactions. They may be broken down as follows: risk-free interest rate + property risk (immobility of capital) + premium for macro-location + premium for micro-location depending on use + premium for property quality and income risk + any other specific premiums.
- Unless otherwise stated, the valuations assume 0.50 percent annual inflation for income and all expenditure. Where a nominal discount rate is applied, this is adjusted accordingly.
- Credit risks posed by specific tenants are not explicitly factored into the valuation.
- Specific indexation of existing rental agreements is accounted for on an individual basis. After expiry of the contracts, an indexation factor of 80 percent (Swiss average) and an average contract term of five years are assumed.
- For existing tenancies, the timing of individual payments is assumed to comply with the terms of the lease.
- In terms of running costs, entirely separate service charge accounts are assumed, with no tenancy-related ancillary costs to be borne by the owner.
- The maintenance (repair and upkeep) costs were calculated using a building analysis tool. This tool is used to estimate the remaining lifespan of individual components based on their present condition, to model periodic refurbishments and to calculate the associated annual renewal fund allowances. The calculated values are plausibility tested using cost benchmarks derived from Wüest Partner surveys.

AUDITOR'S REPORT

Short form report of the audit company

to the Board of Directors of the fund management company Helvetica Property Investors AG, Zürich

Short form report on the financial statements

As audit company for collective investment schemes, we have audited the accompanying financial statements of the investment fund Helvetica Swiss Commercial, which comprise the statement of net assets and the income statement, the statement on the appropriation of available earnings and the disclosure of the total costs as well as the supplemental disclosures in accordance with art. 89 para. 1 lit. b–h and art. 90 of the Swiss Collective Investment Schemes Act (CISA) (pages 4,35–41,50 of the annual report) for the year ended 31 December 2019.

Responsibility of the fund management company's Board of Directors

The Board of Directors of the fund management company is responsible for the preparation of the financial statements in accordance with the requirements of the Swiss Collective Investment Schemes Act, the related ordinances as well as the investment fund agreement and the prospectus. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors of the fund management company is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Responsibility of the audit company for collective investment schemes

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the existence and effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit opinion

In our opinion, the financial statements for the year ended 31 December 2019 comply with the Swiss Collective Investment Schemes Act, the related ordinances as well as the investment fund agreement and the prospectus.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (art. 11 AOA) and that there are no circumstances incompatible with our independence.

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zürich, Switzerland
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PricewaterhouseCoopers AG

Raffael Simone
Audit expert
Auditor in charge

Erik Ganz
Audit expert

Zürich, 21 February 2020



ORGANIZATION

Fund Management Company	Helvetica Property Investors AG, Gartenstrasse 23, Zurich
Executive team of the Fund Management Company	Hans R. Holdener, CEO and Managing Partner (until 31.12.2019) Michael Müller, CEO (from 1.1.2020) Peter R. Vogel, CFO, Head of Corporate Services Frederic Königsegg, CIO, Head of Investment Management
Board of Directors of the Fund Management Company	Dr. Hans Ueli Keller, Chairman Peter E. Bodmer, Vice Chairman Thomas Huber, Member Herbert Kahlich, Member Hans R. Holdener, Member
Asset Manager	Helvetica Property Investors AG, Gartenstrasse 23, Zurich
Custodian Bank and Paying Agency	Banque Cantonale Vaudoise, Case postale 300, Lausanne
Trade	SIX Swiss Exchange
Auditors	PricewaterhouseCoopers AG, Birchstrasse 160, Zurich
Market Maker	Bank J. Safra Sarasin
Accredited Valuation Experts	The fund management company has commissioned the following valuation experts with the approval of the supervisory authority: Marco Feusi, Valuation Expert, (until 31.12.2019) Wüest Partner, Zurich Ivan Anton, Schätzungsexperte (as of 1.1.2020), Wüest Partner, Zürich Silvana Dardikman, Valuation Expert, Wüest Partner, Zurich
Property Management	<p>The commercial and technical management of the properties is carried out by the fund management company itself or delegated on a case-by-case basis to specialized third-party companies.</p> <p>Corresponding agreements are concluded when the respective property is acquired. Existing agreements will be adjusted as necessary. As at December 31, 2019, contracts exist with:</p> <p>H&B Real Estate AG, Zürich Regimo Zug AG, Zug Régimo Lausanne SA, Lausanne Regimo Basel AG, Basel Regimo Bern AG, Bern Eiko Verwaltungs AG, St.Gallen Arlewo AG, Luzern Wincasa AG, Winterthur THOMA Verwaltungen AG, Amriswil</p>

BOARD OF DIRECTORS OF THE FUND MANAGEMENT COMPANY



	Hans Ueli Keller	Peter E. Bodmer
Position	Chairman	Vice Chairman
Born	1952	1964
Nationality	Switzerland	Switzerland
Board of Directors since	2014	2015
Member of the Investment committee	Yes	Yes
Ownership Fund Mgmt. Company	Yes	Yes
Education	PhD from the University of St. Gallen and has completed the Advanced Management Program of the Business Schools INSEAD and Harvard HBS.	Degree in Business Administration from the University of Zurich and an MBA from IMD Lausanne.
Executive and non-executive positions	"Longstanding career as member of the Executive Board of Credit Suisse and President of Swisscard. Board member of Ebix, Inc. He has further experience as former Chairman of the board of directors of Swisscontent and former board member of Goldbach Media."	"Former member of the Executive Committee of the Implen Group, GKN Sinter Metals Group and Maag Holding. Active in various boards of directors such as Peach Property Group, Arbonia Forster, Klinik Schloss Mammern and member of the Board of Trustees Wilhelm Schulthess."

Prior positions		
CEO	•	•
CFO		•
Property Industry	•	•
Project Management		•
IT and technology		
Finance and Asset Management	•	•
Manufacturing and Industrial		•
Transactions and M&A	•	•
Consulting and Trust		
SME experience	•	•

**Herbert Kahlich**

Member

1944

Austrian

2015

-

Yes

Advertising school with diploma in Zurich, ongoing business education and attendance of banking, finance and management courses.

Has more than twenty years of international asset management experience. He began his career at Credit Suisse and was a senior executive in the global fund business within Credit Suisse Group for more than 10 years, responsible for the group's real estate funds.

Thomas Huber

Member

1963

Switzerland

2015

-

Yes

Dipl. International Fund Officer FA, Dipl. Wirtschaftsprüfer und Betriebsökonom HWV.

Experience from Audit and Management Consulting at PwC as a partner. Board member for Graubündner Kantonalbank, Zugerberg Finanz and PMG Fonds Management.

Hans R. Holdener

Member

1966

Switzerland and Norway

2006

Yes

Yes

Master program in Customer Relationship Management and a Bachelor in Marketing from the Norwegian Business School BI in Oslo.

Extensive and longstanding experience from the Finance and Real Estate industry. In 2006 he co-founded and led the company as CEO until 2019. Managing director and founding member of Wohnspar. Profound experience as investment advisor to wealthy individuals and as private investor in the Swiss real estate market.

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FURTHER INFORMATION FOR INVESTORS

Changes to Fund Contract

The fund agreement, which entered into force on February 5, 2018, was amended and approved by FINMA as part of the IPO of Helvetica Swiss Commercial Fund. The amended fund agreement came into force on November 12 2019.

According to the publication of September 6 2019, the changes, along with editorial adjustments, essentially comprise the following points:

- The name was changed from Helvetica Swiss Commercial to Helvetica Swiss Commercial Fund.
- Due to the listing, the term stock exchange trading was introduced and all provisions relating to stock exchange trading were adjusted.
- Article 17 (1) now reads: "Units may be issued at any time, but only in tranches. The fund management company offers new units to existing investors first. In connection with contributions in kind, there is no obligation to first offer the new shares to existing investors."
- Article 17 (12) reads: "If an investor makes a contribution in kind that has been approved by the fund management, the subscription rights of existing investors may be cancelled".

Legal Disputes

There are no pending or threatened legal disputes.

Compliance with Investment Restrictions

The fund management company confirms that the Helvetica Swiss Commercial Fund fulfills all investment restrictions in accordance with the fund agreement.

Information About Related-party Transactions

The fund management company confirms that there were no transfers of property values to related parties or from related parties during the reporting period (Art. 63 para. 2 CISA and Art. 32, 32a, and 91a CISO and sect. 18 of the guidelines for the real estate funds of the Swiss Funds & Asset Management Association SFAMA (SFAMA guidelines for real estate funds) of April 2, 2008, as of September 13, 2016).

Change of Fund Management Company and Custodian Bank

There were no changes in the fund management company or the custodian bank during the reporting period.

Change of Valuation Expert

Marco Feusi will no longer be the valuation expert of the Helvetica Swiss Commercial Fund as of 31 December 2019. He will be replaced by Ivan Anton from 01 January 2020.

Changes in Management

Peter R. Vogel replaced Gianni Peduzzi as CFO, Head Corporate Services, on 1 April 2019. From 1 January 2020, Michael Müller will take over the position of CEO from Hans R. Holdener.

Miscellaneous

No other significant events are known.

DEFINITIONS

Gross actual return

The current gross actual return is defined as the percentage of the current actual rental income measured against the market value.

Discount rate

The discount rate is the percentage used to discount all cash flows. The level of the chosen discount rate reflects the risk assessment.

Loss of earnings

Loss of earnings is the sum of all reductions in the target rental income, for example, due to vacancy.

Debt financing ratio

Debt financing ratio corresponds to the percentage of the borrowed capital measured against the market value of the properties.

Debt ratio

The debt ratio corresponds to debt capital as a share of the total fund assets in percent.

Maintenance costs

Maintenance is also described as "ordinary maintenance". Maintenance refers to all measures taken to ensure the usability of the property (such as service work, minor repairs).

Repair costs

The repair is also referred to as "extraordinary maintenance". It includes all investments that completely replace substantial components and/or are associated with a noticeable qualitative improvement. This may also include value-enhancing investments.

Actual rental income

The actual rental income is calculated from the target rental income less the loss of income.

Vacancy

A rental property is regarded as vacant if no rental agreement exists.

Property quality

The property quality is a measure of the quality of a property, taking into account its condition, prevailing standards, usability and the mix of uses. The information required to determine the quality of the property is derived from the quality profile of the property.

Market rent/potential

Using the estimation of a market rent or the potential for income, the long-term and sustainable development of the respective income is shown.

Market value

The market value is the estimated amount for which a property is expected to be sold on the valuation date between a willing seller and a willing buyer in a transaction in the ordinary course of business, after an appropriate marketing period, where each party acts with skill, prudence, and without constraint.

Rental space

The rental space is the sum of leased and rentable areas.

Rental income

The rental income corresponds to the actual rental income in the reporting period.

Net yield

The net yield is the ratio of the annual net yield to the determined market value of the property.

Target rental income

Possible income for full rental, corresponding to the total of rental income agreed by contract plus vacancies according to market rent. Ancillary costs according to rental contracts are not taken into consideration.

Total net income

The net income is calculated as the sum of all income less all costs.

Maintenance costs

The maintenance costs are composed of the costs for maintenance and repair.

Leasing quota

Actual income in percentage of target rental income.

WAULT

The WAULT (Weighted Average Unexpired Lease Term) adds up the average weighted remaining terms of contractually fixed rents of a property or a portfolio (up to the earliest possible termination date without extension options). The WAULT is reported in years. The following uses must be considered: office, hotel, retail, medical practices, gastronomy, warehouse, and other commercially used properties. Unlimited rental contracts will be included in the calculation with a term of six months. Property types not to be taken into account are: Apartments, parking spaces, advertising spaces, basement/attic. Vacancies are not taken into account.

Total Expense Ratio (TER_{REF})

Fund operating expenses as a percentage of average total fund assets and as a percentage of average market value. If there is no trading, the net asset value per unit must be capitalised.





IMPRINT

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Authorized and regulated by the Swiss Financial
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