

Helvetica in times of COVID-19

Zurich, April 3, 2020 - The situation regarding COVID-19 is almost unchanged. We are aware that the need for reliable and sound information regarding the financial investments is especially important in these uncertain times.

The extraordinary global development caused by the virus and the measures taken by the authorities are not only hitting Switzerland hard but the whole world and the globalised economy. It is still too early to judge what will happen in the coming weeks and months and in what form real estate investments will be affected.

We have developed a process to ensure that we deal with incoming tenant inquiries in a sensible and responsible manner. We are in constant communication with affected individual tenants and search for satisfying solutions for the parties in individual cases. The interests of our investors have the highest priority.

Helvetica Swiss Commercial Fund (HSC Fund)

General overview

The tenants and types of usage in the portfolio are widely diversified. 35% of the target rental income comes from the leasing of office space. Retail usage accounts for 25%. Only 18% of the target rental income comes from commercial lettings and gastronomy accounts for a very small share of well below 1%. So far, tenants representing approx. 13% of the total rent have applied for temporary special treatment, deferral, rent waiver, etc.

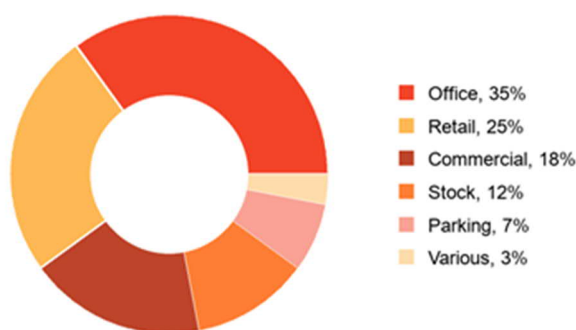


Figure 1 Rental income by main uses (target rental income)

Office

The office segment is currently little affected by the lockdown. The top 20 tenants of office space account for 61.4% (8.6 million Swiss francs) of rental income from office space. The usual rent guarantees are in place. Thanks to the broad diversification of the office tenants (around 200 tenants in total), potential individual payment defaults can therefore be easily absorbed.

Retail

The 16 largest tenants in this segment, which is currently strongly affected by the lockdown, represent a rental income of approximately 7.7 million Swiss francs (approximately 75% of the target rental income of the sales segment). The largest tenants are or belong to nationally and internationally operating retail chains with very good credit ratings and are backed by the usual industry collateral. Our Asset Management is in constant and direct contact with the tenants.

Commercial/industrial/warehouse

In the commercial segment, including warehouse uses, the 20 largest tenants represent a rental volume of approximately 10 million Swiss francs per year (approximately 78% of the target rental income of this segment). Here as well, the tenants provide the usual collaterals. The average rent in this segment is less than 100 Swiss francs per square metre per year. Due to the low rent, defaults by individual, but not the largest, tenants in the portfolio could therefore be easily absorbed. In addition, the largest tenant in this segment has a contractually secured default structure in which cash and cash equivalents are deposited with the fund. Here too, our Asset Management is in permanent dialogue with the tenants.

Gastronomy

Gastronomy only accounts for 0.6% of the portfolio's target rental income and therefore has little influence on the performance of the portfolio. We are also monitoring developments in this segment and are in regular contact with individual tenants.

Outlook

We assume that due to a slowing or declining economy any problems among tenants, apart from acute liquidity problems, will not become apparent until weeks or months after the crisis has ended. According to our preliminary assessment, we assume that rental income of 2-3 million Swiss francs will be at risk in the current year. Whether this rental income can be paid at a later stage as a result of deferrals remains open. Any bankruptcies of individual tenants are well covered by collateral. The probable occurrence of this scenario, as well as its timing, is difficult to predict. It is the intention of the Fund Management company to maintain the current distribution policy over the long-term. The distribution for the 2019 financial year of 5 Swiss francs per share will be paid out as planned on April 29, 2020.

Helvetica Swiss Opportunity Fund (HSO Fund)

General overview

The tenants and types of usage in our HSO Fund portfolio are broadly diversified, even if the fund is not yet as broadly diversified as the HSC Fund due to its portfolio currently being developed. Around 43% of the target rental income comes from the letting of office or public use, with the Canton of Zurich as the largest tenant in the portfolio. Retail usage accounts for less than 15%. Just under 30% of the target rental income comes from commercial letting. There are no gastronomic uses in the HSO Fund.

Office/Public use

This segment is not affected by the lockdown. 4 Tenants of the space generate 100% (1.6 million Swiss francs) of the rental income. The usual rent guarantees are in place.

Retail

3 tenants in this segment, which is currently strongly affected by the lockdown, represent a rental income of approximately 0.5 million Swiss francs of the total portfolio (100% of the target rental income of the retail segment). The largest tenant belongs to a nationally operating retail chain with a solid credit rating. The rental agreement is also covered by the usual collateral.

Commercial/industrial/warehouse

In the commercial sector, including warehouse usage, the 10 largest tenants represent a rental volume of 1.1 million Swiss francs per year (100% of the target rental income for commercial/industrial/warehouse). Here too, the tenants have provided the usual collateral. The average rent in this segment is around 125 Swiss francs per square metre per year. Due to the reasonable rent, defaults by individual tenants in the portfolio could therefore be absorbed well.

Outlook

The fact that the largest tenant in the portfolio of the HSO Fund is the Canton of Zurich (the lease runs until 2030 and accounts for 36% of the total rent) gives the portfolio considerable stability. The remaining term of the fixed-term leases (WAULT 8 years) and the current low vacancy rate of only around 3% give us confidence that we will continue to meet our clients' expectations in 2020. The further expansion of the portfolio will be continued cautiously and adapted to the new market situation.

Helvetica Swiss Living Fund (HSL Fund)

General overview

The Helvetica Swiss Living Fund invests in residential properties throughout Switzerland. The residential segment is not affected by the lockdown. The usual rent guarantees exist.

Outlook

With the HSL Fund, we assume that there will hardly be any difficulties with tenants and/or rent payments due to the focus on rather affordable living space. We expect to largely achieve the projected returns upon launch. The proceeds recently obtained on the capital market will be used to further expand the portfolio and to reduce debt financing.

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Media releases can also be found at
www.Helvetica.com

Legal Information:

Helvetica Property Investors AG. Authorized by the Swiss Financial Market Supervisory Authority FINMA. Company Number CHE-113.880.914. Registered Office: Brandschenkestrasse 47, CH-8002 Zurich

About Helvetica

Helvetica is a leading Real Estate Fund and Asset Management firm. We deliver sustainable value to our clients through active, long-term ownership of safe and stable real estate investments. With a fully integrated real estate investment platform, we are able to provide both standardized investment products and customized investment plans. We are proud of our longstanding reputation for outstanding client service and dedication to responsible ownership. Our Firm is approved and regulated by the Swiss Financial Market Supervisory Authority FINMA.

The Helvetica Swiss Commercial Fund

The HSC Fund is a regulated contractual investment fund under Swiss law approved by the Swiss Financial Market Supervisory Authority (FINMA) and open to all investors. The HSC Fund is listed at SIX Swiss Exchange. The fund is suited for investors with a long-term investment horizon who are interested in a stable and consistent cash-flow. The fund invests in commercial properties with value appreciation potential across the most dynamic economic regions in Switzerland. The focus is on potentially undervalued properties with an attractive cash-flow yield. The Fund Management Company pursues an active hands-on management in order to exploit hidden potential of the properties by means of revitalization, renovations, vacancy reductions as well as lease extensions and to increase the value in the long-term. The aim is to diversify the portfolio according to region, type of use, size and tenant mix. Listing at SIX Swiss Exchange; Ticker Symbol HSC; Valor 33 550 793; ISIN CH0335507932

The Helvetica Swiss Opportunity Fund

The HSO Fund is a regulated contractual investment fund under Swiss law approved by the Swiss Financial Market Supervisory Authority (FINMA) and open to qualified investors only. The HSO Fund invests exclusively in commercial real estate throughout Switzerland. The focus is on properties with special usages as well as operator properties such as logistics, data centres, industry and production, health and care properties, leisure and sports properties as well as public sector usages in the Swiss business centres. The focus is on properties that offer table rental income due to high occupancy rates and long-term leases with few tenants. Ticker Symbol HSO; Valor 43472505; ISIN CH0434725054.

The Helvetica Swiss Living Fund

The HSL Fund is a regulated contractual investment fund under Swiss law approved by the Swiss Financial Market Supervisory Authority (FINMA) and open to qualified investors only. The HSL Fund invests in residential real estate throughout Switzerland, with a clear focus on areas where regional and national economic centres are easily accessible and a positive population development is expected. The investment focus of the HSL Fund is on older and new properties as well as buildings in need of maintenance and repair, which have the potential to increase in value through active Asset Management and the reduction of vacancies. Ticker Symbol HSL; Valor 49527566; ISIN CH0495275668.