

Helvetica Swiss Commercial Fund with pleasing 2020 half-year results

Zurich, 28 August 2020 – The Helvetica Swiss Commercial Fund (HSC Fund) expanded its real estate portfolio to CHF 678 million in the first half of 2020 - despite restrictions caused by the COVID-19 pandemic - and achieved very satisfactory half-year results.

- Real estate portfolio expanded by 8% to CHF 678.4 million in the first half of 2020
- Total fund assets +7% to CHF 703.4 million
- Target rental income (annualised) at CHF 41.9 million, +7% compared to year-end 2019 and +42% compared to 30 June 2019
- High occupancy rate of 94.4% as of 30 June 2020
- Net asset value of CHF 110.76 per share as of 30 June 2020
- Acquisition of a commercial site in Arbon in July 2020 increases real estate portfolio to around CHF 705 million and enables further diversification

Details to the first half year 2020

Income statement

Rental income increased by 40% to CHF 18.1 million in the first half of 2020 (H1 2019: CHF 12.9 million). The increase compared to the same period of the previous year is mainly due to the acquisitions in the second half of 2019 (6 properties in Ittigen, Lyssach, Triengen, Gwatt-Thun, Rorschach and Bischofszell) and the first half of 2020 (2 properties in Frauenfeld). The property in Versoix, which was retroactively added to the portfolio as of 1 May 2020, with a target annual rental income of CHF 1.4 million, contributed rental income of approximately CHF 0.2 million for two months in the first half of 2020 and will therefore only reach its full potential in the second half of 2020. The occupancy rate as of 30 June 2020 remained stable with a high rate of 94.4% (31.12.2019: 94.1%; 30.06.2019: 93.6%).

Net income increased by 44% to CHF 12.8 million (H1 2019: CHF 8.9 million). The valuation of the portfolio by the independent valuation expert Wüest Partner AG resulted in an unrealised gain of CHF 2.6 million (H1 2019: CHF 2.9 million). Total income in the first half of 2020 amounted to CHF 13.3 million (H1 2019: CHF 11.0 million), an increase of 21%.

Balance sheet

Total fund assets amounted to CHF 703.4 million as of 30 June 2020 (31.12.2019: CHF 654.7 million). The value of the real estate portfolio reached CHF 678.4 million (31.12.2019: CHF 628.9 million). After deducting liabilities of CHF 208.8 million (31.12.2019: CHF 153.8 million) and estimated liquidation taxes of CHF 13.6 million (31.12.2019: CHF 11.4 million), the net asset value amounted to CHF 481.0 million (31.12.2019: CHF 489.5 million). The change in the net asset value is due to the distribution of CHF 5 per share in a total amount of CHF 21.7 million, which was paid out on 29 April 2020, and the total income for the first half of 2020 of CHF 13.3 million. The net asset value per share was at CHF 110.76 as of 30 June 2020.

Analysis of the COVID-19 situation on the HSC Fund

The impact of the COVID-19 crisis on the rental income of the HSC Fund is currently manageable and much lower than assumed in a first analysis in April 2020. Although the fund has around 24% of retail space in the food or non-food sector, around a quarter of it is food space that was not affected or much less affected by the lockdown. In the case of non-food retail, 78% of the retail space is rented by tenants with a relatively high credit rating, which have a group character and longer rental contract terms. If the HSC Fund were to make a proposal to all tenants affected by COVID-19 - irrespective of their rent size and thus irrespective of any legal entitlement - that would comply with the new legal framework adopted by the Swiss parliament, this would result in a one-off provision of around CHF 1.6 million for the 2020 annual result. However, this estimate also includes those tenancies which, under the expected new legal framework conditions, would not be entitled to rent reductions (i.e. rents above CHF 20,000 per month). Adjusted by these rental relationships, the HSC Fund has an even lower provisioning requirement of approximately CHF 0.5 million, which was taken into account in the half-yearly financial statements 2020. This represents approximately 1.3% of the total annual target rental income of the fund.

Acquisition of an attractive commercial site after the balance sheet date; portfolio now at around CHF 705 million

Retroactively as of 1 July 2020, the HSC Fund was able to acquire a mixed-use, high-yield commercial property in Arbon worth CHF 26.2 million. The property is situated in a well developed, very economically intensive location not far from the highway and has a rentable area of almost 22,500 square meters. The annual target rental income amounts to approximately CHF 1.4 million. The occupancy rate is 99%. This acquisition increases the value of the real estate portfolio to around CHF 705 million.

Outlook

The effects of the COVID-19 crisis on the global and Swiss economy cannot be clearly assessed yet, as the pandemic is not yet over. However, the fund management company Helvetica Property Investors AG remains convinced of the potential of the Swiss real estate market. For the second half of 2020, the fund management company anticipates a significant increase in rental income compared with the same period of the previous year - partly due to the acquisitions in Versoix and Arbon. The fund management company plans to carry out a further capital increase with subscription rights for the HSC Fund in September 2020. The proceeds of the issue will be used to expand the already existing, high-quality real estate portfolio. Details and conditions of the planned capital increase are expected to be determined in mid-September 2020.

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KEY FINANCIAL FIGURES HSC Fund 1 st half year 2020			
Balance sheet		As of 30.06.2020	As of 31.12.2019
Market value of the properties	CHF	678 380 000	628 944 000
Weighted real discount rate	%	3.92	4.01
Gross asset value (GAV)	CHF	703 385 659	654 729 403
Net asset value (NAV)	CHF	481 022 185	489 475 302
Debt financing ratio	%	23.14	20.87
Debt ratio	%	32.69	25.24
Interest rate debt financing	%	0.51	0.56
Residual term debt financing	Years	0.86	1.39
Net asset value per share	CHF	110.76	112.71
Outstanding shares	Number	4 342 851	4 342 851
Income statement		01.01.-30.06.2020	01.01.-30.06.2019
Rental income	CHF	18 118 553	12 936 361
Rental income loss rate	%	8.59	7.56
Net income	CHF	12 759 883	8 877 166
Total income	CHF	13 261 572	10 981 018
Weighted average unexpired lease term (WAULT)	Years	4.20	4.50
Operating profit margin	%	67.94	66.36

The semi-annual report 2020 of HSC Fund is available on the fund management company's website at <https://www.helvetica.com/en/products/helvetica-swiss-commercial-fund/publications> or also under www.swissfunddata.ch

All press releases can be found under www.Helvetica.com

About Helvetica

Helvetica Property Investors AG 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.

About Helvetica Swiss Commercial Fund

The HSC Fund is a Swiss real estate fund listed on the SIX Swiss Exchange and open to all investors. The HSC Fund invests in commercial and industrial properties in the major economic areas of Switzerland. The fund's portfolio is geared towards long-term value preservation and features high location and property quality as well as broad diversification. The investment objective is mainly the long-term preservation of value and the distribution of reasonable profits. The HSC Fund is approved by the Swiss Financial Market Supervisory Authority, FINMA.

Listing SIX Swiss Exchange; ticker symbol HSC; security 33 550 793; ISIN CH0335507932