

Helvetica Funds

**Portfolio report
as of 31.12.2020**

HSCFund

In 2020, the Swiss real estate market, like many other commercial and industrial sectors, was strongly influenced by the COVID-19 pandemic and its impact. While the real estate industry is only indirectly impacted by the ordered economic restrictions, landlords with commercial tenants in particular are considerably affected. In the 2020 winter session, Parliament rejected the „Business Tenancy Act“ and thus clearly opposed government intervention in private-law tenancy agreements. It is in the landlords' own interest to find good, amicable solutions with severely affected tenants and so strengthen the longer-term partnership. This partnership is especially nurtured at Helvetica, with the purpose of generating stable returns for investors through long-term successful customer relationships. Long-term oriented strategies, excellent real estate expertise and active asset management, which continuously and consciously invests in the quality of the portfolio, are the best means to counteract crises and market volatility. Based on preliminary, non-audited results, we are very pleased to report on the performance of our three real estate investment vehicles over the past year.

Fiscal year 2020

As of 31 December, the asset management team managed a real estate portfolio of 35 properties with a total rental area of approximately 310,000 square meters and a target rental income of approximately CHF 45.4 million. In the financial year, 5 properties were acquired by the HSC Fund. The market value of the newly acquired properties amounted to approximately CHF 112 million. As a result, the annual target rental income increased by 16% to 45.4 million (2019: CHF 39 million). At the same time, the portfolio market value increased by 18% to CHF 744 million (2019: CHF 629 million). No capital increase was carried out during the financial year. The focus of the fund management company was on asset management activities and the further development of the portfolio. For example, in Rorschach, Canton of St. Gallen, the lease for a commercial space over two floors of around 3,800 square meters with an annual rental volume of approximately CHF 267,000 was extended until the beginning of 2028. In Cham, Zug, a lease for office space of 1,100 square meters with an annual rent of CHF 208,000 was extended by three years. And in Arlesheim, Basel, around CHF 1 million was invested in the renewal of the ventilation and air conditioning system related to an early lease extension for a total of 7 years, which improved the property value. These are three examples of successful asset management initiatives.

The HSC Funds properties proved resilient in the COVID-19 crisis. Of the tenants of the HSC Fund, which has virtually no exposure to the hospitality and tourism sector, around one third of the target rental income was directly affected by the lockdown in spring. Since then agreements have been reached with over 95% of the affected tenants or amicable solutions are imminent. In some cases where COVID rent reductions were granted, it was possible to negotiate optimized rental agreements and lease term extensions. The granted rent reductions and accruals in the reporting year 2020 reflect around 2% of the fund's target rental income. It is pleasing to note that to date there have been no tenant defaults in connection with COVID-19. The occupancy rate as per reporting date was maintained at the previous year's level of 94.6%. The remaining lease term was increased by various lease extensions and

was at 4.5 years as of 31 December. The HSC Fund will publish the full audited annual report 2020 on 31 March 2021.

Sustainability

The Fund manager Helvetica Property Investors AG has increased its awareness about the urgency of achieving climate neutrality. Expectations from the capital market and regulators are pushing the real estate industry to effectively and systematically address the challenge of climate neutrality by 2050 latest. In the 2020 reporting year, we examined the feasibility and economic viability of photovoltaic systems for all building locations. For all HSC Fund properties still heated with fossil fuels, we analyzed a possible replacement with climate-neutral heating systems. A climate protection roadmap was drawn up for a pilot property and the German Sustainable Building Council (DGNB) certification process was launched. With a share of over 80 percent in new construction and over 60 percent in the overall commercial real estate market, the DGNB is the market leader among certification providers in Germany.

Outlook

The HSC Fund invests in high-quality commercial properties in Swiss economic growth regions and focuses on long-term value preservation. The funds portfolio is characterized by high quality properties in good locations with high occupancy rate and leasing potential. We are cautiously optimistic about the current year 2021 and are convinced that we will successfully master the COVID-19-related challenges. The initiated vaccination efforts give us confidence that the situation will improve in the course of 2021. The primary focus of our activities in the HSC Fund will be on asset management. Our purpose is to further increase the occupancy rate and to further enhance the attractiveness of the HSC Fund portfolio through cost-conscious investments. No capital increase is planned for 2021. The distribution for the 2020 financial year can be expected to amount to CHF 5.10 per unit.

Fund information

Fund name	Helvetica Swiss Commercial Fund (HSC Fund)
Fund currency	CHF
Investors	Institutional and private investors
Custodian Bank	Bank J. Safra Sarasin
Ticker	HSC
Valor	33550793
ISIN	CH0335507932
Fund management	Helvetica Property Investors AG
Appropriation of income	To be distributed
Regulatory Authority	Swiss Financial Market Supervisory Authority FINMA
Stock exchange	SIX Swiss Exchange
Auditors	PricewaterhouseCoopers AG
Benchmark	SXI Real Estate Funds Broad TR

HSOFund

Fiscal year 2020

The Helvetica Swiss Opportunity Fund achieved a good result in its first, slightly extended financial year and is proving to be extremely robust in the current COVID-19 situation. The conversion project of the cantonal school in Wädenswil on Lake Zurich with an investment volume of CHF 3.8 million was completed on time and the property was successfully let. During the financial year, the first capital increase of CHF 27 million was successfully carried out. Since its launch in November 2019, the fund has acquired a total of 5 properties, which together have a market value of CHF 110 million. As part of the last transaction in 2020, the HSO Fund acquired an attractive city center property in Sion with a market value of CHF 41.9 million per 31. December. The fund's annual target rental income is now slightly over CHF 6.1 million. Property valuations have remained stable and the few lockdown-related negotiations with tenants were successfully concluded. COVID-19-related rent losses and accruals amounted to approximately 4.6% of the Fund's target rental income. The occupancy rate per reporting date was at 99%. The remaining lease term as per 31 December was 8.3 years. HSO Fund will publish the full audited annual report on 8 April 2021.

Sustainability

As with the other two funds, the feasibility and cost-effectiveness of a photovoltaic system was also examined for all buildings in the HSO Fund and replacing the heating systems with climate-neutral heating systems was examined. In the coming years, Helvetica will do its utmost to support the national strategy of reducing CO2 emissions to zero by 2050 by making the necessary investments in its properties.

Outlook

The investment pipeline is full, and the fund management company is considering expanding the funds portfolio further. The HSO Fund continues to focus on properties with special usages, such as logistics, data centers and industrial properties with long leases in good locations throughout Switzerland. Currently, an attractive portfolio consisting of 5 properties with a broadly diversified tenant structure and long-term leases is being reviewed. In the first half of 2021,

another capital increase is planned in order to further expand the portfolio in line with the investment strategy. The fund management is confident that the HSO Fund is expected to generate stable distributions over the long-term. For the 2020 financial year, an attractive distribution of CHF 6.00 per unit is planned.

Fund information

Fund name	Helvetica Swiss Opportunity Fund (HSO Fund)
Fund currency	CHF
Investors	Qualified investors
Custodian Bank	Bank J. Safra Sarasin
Ticker	HSO
Valor	43472505
ISIN	CH0434725054
Fund management	Helvetica Property Investors AG
Appropriation of income	To be distributed
Regulatory Authority	Swiss Financial Market Supervisory Authority FINMA
OTC Trading	Bank J. Safra Sarasin AG
Auditors	PricewaterhouseCoopers AG

HSLFund

Fiscal year 2020

During the first, slightly extended reporting year 2020, the fund management company was able to build up an attractive residential property portfolio for the Helvetica Swiss Living Fund with over 500 apartments and a market value of around CHF 204 million as of 31 December. With transfer of ownership of one property as of 1 January, 2021, the portfolio amounts to approximately CHF 220 million at the beginning of 2021. The portfolio as of 31 December comprises a total of 23 properties, diversified in various Swiss growth regions. The occupancy rate as of year-end is 89.2% and the target rental income is CHF 8.9 million per year (with acquired property as of 1 January, 2021, CHF 9.7 million). The valuations of the properties were improved by a number of factors partly as a result of successful reletting activities. Due to the COVID-19 situation, the fund management company does not expect any accruals for tenant losses. At Bodenacherstrasse in Benglen, the renovation-related vacancy rate of 43% at the beginning of the year was already completely reduced by the end of September. At Kirchstrasse in Grenchen, marketing activities were stepped up in a targeted manner. As a result, the vacancy rate of 24.3% as of the reporting date was reduced by 30% to 17.2% by mid-year. This demonstrates that even in a challenging market environment successful letting can be achieved. The fund will publish the full audited annual report 2020 on 7 April 2021.

Sustainability

As with the two other funds of Helvetica Property Investors AG, the feasibility and economic viability of a photovoltaic system was examined for all buildings and replacing the heating systems with a climate-neutral heating system was assessed. A climate protection roadmap was also drawn up for a pilot property and the German Sustainable Building Council (DGNB) certification process was launched. With a share of over 80 percent in new construction and over 60 percent in the overall commercial real estate market, the DGNB is the market leader among providers of certification systems in Germany.

Outlook

The fund management company aims to further expand the existing residential real estate portfolio in line with the investment strategy. The fund is well diversified in growth regions, in places where Switzerland „lives and works“. The occupancy rate is high, and rents are in the mid-affordable price segment. This ensures good rentability of the apartments, which leads to high stability. We therefore expect that the fund will be able to pay out attractive and stable distribution to investors on a long-term basis. In order to continue the fund's expansion, the fund management company is considering a capital increase in the course of 2021, which will allow a further diversification of the portfolio. In addition, a listing on the SIX Swiss Exchange until the end of 2022 is being considered. An attractive distribution of CHF 3.10 per unit is expected for the 2020 financial year.

Fund information

Fund name	Helvetica Swiss Living Fund (HSL Fund)
Fund currency	CHF
Investors	Qualified investors
Custodian Bank	Bank J. Safra Sarasin
Ticker	HSL
Valor	49527566
ISIN	CH0495275668
Fund management	Helvetica Property Investors AG
Appropriation of income	Distributing
Regulatory Authority	Swiss Financial Market Supervisory Authority FINMA
OTC Trading	Bank J. Safra Sarasin AG
Auditors	PricewaterhouseCoopers AG

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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.

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