

Helvetica Swiss Opportunity Fund continues growth strategy: total fund assets grow by 121% in 2021

Zurich, March 17, 2022 – The HSO Fund had a year of strong growth with seven property acquisitions and a property market value increase to CHF 234 million

- Total fund assets increased by 121% to CHF 246 million as of December 31, 2021
- Market value of properties increased by 112% to CHF 234 million at year-end
- Purchase of seven properties with a fair market value of CHF 119 million
- Two significantly oversubscribed capital increases generate inflow of new money
- Target rental income (annualized) increased by 110% to CHF 12.8 million within
- Net asset value per share increases by 9.2% to CHF 122.12 at the end of 2021
- Outperformance of +21.5% versus the benchmark of SXI Real Estate Funds Broad (+7.32%)
- Distribution increased from CHF 6.0 to 6.10 per share

Details to the financial year 2021

The demand for special-use properties was further accentuated in 2021, while interest rates remained low. The transaction market is correspondingly competitive. The fact that the HSO Fund was able to carry out two capital increases totaling CHF 58 million and purchase seven attractive properties in this market environment is the result of the fund management company's successful growth strategy.

The value of the existing portfolio more than doubled from CHF 110.3 million at the end of 2020 to CHF 234.0 million at the end of 2021. Along with the newly acquired properties in Pratteln, Canton Baselland, Buchs, Canton Zurich, and Sion, Canton Valais, this results in an investment focus of the fund in the Zurich area and in Northwestern Switzerland. In terms of primary uses, the portfolio is comprised of retail (39%), logistics and commercial (48%) and other uses such as education and parking (13%).

As a result of the acquisitions, target rental income increased by 110% to 12.8 million at the end of the year. As a result of the purchase of the properties in Pratteln, the occupancy rate of the overall portfolio decreased from 99.0% to 96.7% mid-year compared to the end of the previous year. However, the fund management company expects the occupancy rate to increase again in the course of the current year.

Corresponding measures, such as planned investments in the portfolio to realize potential and increase the attractiveness of the properties, have already been initiated. These measures will also help to ensure that rental agreements can be extended ahead of schedule. Weighted average unexpired lease term (WAULT) at year-end was 7.0 years (previous year: 8.3 years).

Income statement

The increase in rental income had a positive impact on profitability: Rental income increased to approximately CHF 9.0 million (previous year: CHF 5.7 million). In addition to the increase from operating activities, revaluations amounting to CHF 13.2 million were recorded under the item "unrealized capital gains". After deducting the change in liquidation taxes, the total profit of CHF 18.7 million was more than doubled compared to the previous year (CHF 8.3 million).

Balance sheet

The total fund assets of the fund reached CHF 246.1 million at the end of 2021 and thus also more than doubled compared to the end of 2020 (CHF 111.6 million). After deducting liabilities of CHF 79.0 million (previous year: CHF 25.1 million) and liquidation taxes of CHF 14.4 million (previous year: CHF 2.6 million), net fund assets amounted to CHF 152.6 million (previous year: CHF 83.9 million). The debt financing ratio is 31.0%.

Distribution and performance

The fund closed the successful financial year with a net asset value per share of CHF 122.12 (previous year: CHF 111.82), which, adjusted for the distribution, corresponds to a pleasing return on investment of 15.4%. The trading price of the shares also increased significantly by 14.95% to CHF 123.00. Therefore, performance in the past financial year amounted to a high 21.53%, which is a clear outperformance compared to the Benchmark SXI Real Estate Funds Broad. The latter achieved a performance of 7.32% in the same period. The fund recognized the very good business performance by increasing its distribution to investors from CHF 6.0 to CHF 6.10 compared to the previous year. With a distribution yield of 5.0%, the HSO Fund is one of the highest distribution real estate funds with a commercial focus in the Swiss market. The ex-date for the distribution is April 27, 2022 and the distribution will be paid on April 29, 2022.

Outlook

In the current financial year, the focus will remain on further expanding the portfolio. The fund management company aims to further increase the fund volume and acquire additional attractive properties. This is intended to further diversify the portfolio. Attention will be paid to third-party usability, flexible use, location quality and tenant creditworthiness. The Asset Management team continues to focus on increasing the occupancy rate and on early lease extensions. The aim is to increase the portfolio to CHF 400 million in the mid-term. To achieve this, a capital increase is planned in the first half of 2022.

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Key Financial Figures			
Balance sheet		Per 31.12.2021	Per 31.12.2020
Market value of the properties	CHF	234 036 000	110 262 000
Weighted real discount rate	%	3.59	3.64
Gross asset value (GAV)	CHF	246 077 911	111 559 116
Net asset value (NAV)	CHF	152 648 197	83 863 093
Debt financing ratio	%	31.00	21.29
Debt ratio	%	37.97	24.82
Interest rate debt financing	%	0.35	0.50
Residual term debt financing	Years	0.21	0.54
Net asset value per share	CHF	122.12	111.82
Outstanding shares	Number	1 250 000	750 000
Income Statement		01.01.-31.12.2021	29.11.2019-31.12.2020
Rental income and income from ground rent	CHF	8 962 718	5 808 550
Vacancy rate	%	- ¹	6.20
Net income	CHF	8 229 455	5 133 391
Total income	CHF	18 720 103	8 265 594
Weighted average unexpired lease term (WAULT)	Years	6.96	8.30
Operating profit margin	%	78.31	74.22

¹ The figures were calculated according to the SFAMA's specialist information factsheet on the key figures of real estate funds dated September 13, 2016, issued by Asset Management Association Switzerland (AMAS). The imputed rent default rate as of December 31, 2021, is negative (-0.1 percent) because reversals of overstated valuation adjustments resulted in earnings from collection losses. Including the rent reductions, the rent default rate would amount to 2.7 percent. If COVID-19-related rent reductions were also included in this figure, the rent default rate would be 4.7 percent.

The annual report 2021 of the HSO Fund is available on our [website](#) or also under [Swiss Fund Data](#).

About Helvetica

Helvetica Property Investors AG is a leading real estate fund management company 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 Opportunity Fund

The HSO Fund is a Swiss real estate fund **open exclusively to qualified investors**. The HSO Fund invests in special purpose properties in the Swiss economic centers. The focus is on fully let properties with long-term leases and few tenants generating stable income. The investment objective is mainly the long-term preservation of value and the distribution of reasonable profits. The fund share units can be traded over-the-counter. The HSO Fund is approved by the Swiss Financial Market Supervisory Authority, FINMA.

Ticker Symbol HSO; security 43 472 505; ISIN CH0434725054

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