

2020 Half-year Report

# Helvetica Swiss Living Fund

Real Estate Fund  
under Swiss Law



## Key Figures

4.5

**Target rental income  
per year  
(in CHF million)**

Still holds potential for improvement  
compared to market rents

125

**Total fund assets  
(in CHF million)**

Achieved through the initial issue  
and first capital increase

3.9

**Gross actual yield  
(%)**

Achieved through attractive acquisitions since initial issue

33.9

**Debt financing ratio  
(%)**

Considerably below the regulatory  
limit of 50%

101

**Market value of  
properties  
(in CHF million)**

Portfolio has achieved critical mass  
since its initial issue

86.9

**Occupancy ratio  
(%)**

Vacancies were reduced substantially during the period under review

104.83

**Net asset value per  
share (CHF)**

Corresponds to an increase of 4.8%  
since the initial issue

187

**Rent per square  
meter (CHF)**

Offers further potential since it is  
below market rent

2019

**Initial issue**

Fund launched on November 6,  
2019

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## Helvetica Swiss Living Fund (HSL Fund)

Real Estate Fund under Swiss Law

Half-yearly Report as of June 30, 2020

## Key Financial Figures

Key Data		Notes	as of 06/30/2020
Securities number			49527566
Initiation date			11/06/2019
Issued shares	Quantity		847,430
Outstanding shares	Quantity		847,430
Redeemed shares	Quantity		0
Net asset value per share	CHF		104.83
Weighted real discount rate	%		3.12
<b>Balance Sheet</b>			
Fair market value of the properties	CHF	1	100,750,000
Gross Asset Value (GAV)	CHF		124,819,072
Debt financing ratio	%		33.93
Debt ratio	%		28.83
Residual term debt financing	Years		0.07
Interest rate debt financing	%	8	0.12
Net asset value (NAV)	CHF		88,834,014
<b>Income Statement</b>			
Rental income	CHF		1,842,816
Net profit	CHF	15	1,961,250
Rent default rate	%		15.78
Weighted average unexpired lease term (WAULT)	Years		n/a
Maintenance and repairs	CHF		119,407
Operating profit margin	%		47.22
<b>Return and Performance</b>			
Distribution of profits	CHF	13	n/a
Distribution per share	CHF	13	n/a
Distribution yield	%		n/a
Payout ratio	%		n/a
Return on equity (ROE)	%		4.83
Return on invested capital (ROIC)	%		2.40
Return on investment	%		4.83
Premium/discount	%		1.01
Total expense ratio TER <sub>REF</sub> GAV*	%	15	0.87
Total expense ratio TER <sub>REF</sub> NAV**	%	15	1.23

\* See also TER<sub>REF</sub> (GAV) on the balance sheet date in Note 15

\*\* See also TER<sub>REF</sub> (NAV) on the balance sheet date in Note 15

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.

No like-for-like figures are available since the date of the initial issue was November 6, 2019.





Erlen, Kummertshauserstrasse 7a – 11b

## The Half-year in Brief

### First half-year period 2020 (11/06/2019 - 06/30/2020)

The Helvetica Swiss Living Fund (HSL Fund) was launched in the fourth quarter of 2019 with an extremely successful initial issue, which was fully paid up on November 6, 2019.

The initial issue generated an inflow to the Fund of nearly CHF 42.4 million in liquid assets.

As the Fund Management Company had begun preparing for this project far in advance, it was able to expand Helvetica's range of regulated Swiss real estate funds prior to the end of 2019, thereby gaining a foothold in the regulated residential real estate fund business.

Shortly after payment in full, it acquired its first larger portfolio. The HSL Fund's initial portfolio comprised 13 properties with 142 apartments in four cantons.

Just a few weeks later, the Fund Management Company concluded its second portfolio transaction for five apartment buildings and 73 apartments.

Another experienced professional was added to the existing Asset Management division who will be exclusively responsible for the residential properties and their development. The organizational structure in the Investment Management team was also adjusted to better cope with the large number of residential investment properties being added to the portfolio.

The first capital increase was launched on the market in March 2020. It was successfully issued amid the emerging COVID-19 crisis and generated an inflow to the HSL Fund of another nearly CHF 44 million in funds just four months after its initial launch.

Another transaction followed one month later for another three apartment buildings with a total of 27 apartments.

The portfolio was substantially expanded yet again by the purchase of a property with 44 apartments after the end of the reporting period, which runs from November 6, 2019, to June 30, 2020, for the Helvetica Swiss Living Fund.

The portfolio of Helvetica Swiss Living Fund was valued at around CHF 101 million on the reporting date of June 30, 2020.

The COVID-19 crisis prompted investors to intensify their focus on residential properties even more than before, meaning that demand for investments of this nature became even more pronounced. This resulted in an appreciation of the properties purchased by the still relatively new fund after the first half year.

An intensive hands-on approach to the management of the properties acquired, successfully reduced the vacancy rate from 15 percent to 13.1 percent. In some of the properties, the vacancy rate was reduced by more than 50% following their acquisition.

All things considered, the properties currently offered to the HSL Fund are appealing and interesting, both in respect to the volume of properties and their qualities. Competition for these investment properties is extremely fierce, however, and the situation has been exacerbated even further by COVID-19 disruptions. The Helvetica Swiss Living Fund is currently examining a few extremely interesting portfolios and individual properties, some of which are exclusive and off-market, with a total value of more than CHF 100 million. The acquisition of these properties would be desirable in the interest of achieving further diversification, to boost risk capacity and to stabilize the Fund's ability to distribute profits. To further increase the Fund's assets under management and enable attractive distributions in the future, the Fund Management Company consider a capital increase during the fourth quarter of 2020.

During the second half of the year, the focus of the Asset Management's team will largely be on making improvements to the processes to ensure that future acquisitions can be integrated smoothly into the existing portfolio without any delays. Great attention will be given to reducing vacancies even further.

The Fund Management Company looks optimistically into the second half of the year, a period during which the focus will not only be on further acquisitions but also on the asset management of the properties already acquired.

## Investment Management Highlights

### November 2019 to June 2020 – Portfolio with 9 Properties in 4 Cantons



An interesting portfolio with nine properties in four cantons was acquired as of January 2020. These properties are profitable and generate an average gross return of around 4.5 percent.

Market value (in CHF million)

**64**

Gross income per year (in CHF million)

**2.9**

Rental space (m<sup>2</sup>)

**15,500**

### November 2019 to June 2020 – Oberbuchsitzen Poststrasse 762, 764



Three attractive, nearly new apartment buildings were added to the portfolio in May 2020. The buildings are in the immediate vicinity and within walking distance of the local train station and are very well served by both public and private transport. They generate a gross return of 4.4 percent.

Market value (in CHF million)

**11.6**

Gross income per year (in CHF million)

**0.5**

Rental space (m<sup>2</sup>)

**2,540**





Oberbuchsiten, Poststrasse 762/764



## Executive Board of the Fund Management Company



**Michael Müller**  
Chief Executive Officer (Switzerland)

Born	1964
Nationality	Switzerland
Management position since	2020
Equity participation Fund Management Company	Yes
Member of the Investment Committee	Yes

### Education

Graduated as an Architect HTL after his apprenticeship as a construction draughtsman, continued his studies to obtain a Graduate Industrial Engineer STV degree and received federal certification as a real estate trustee.

### 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 was at the helm of Ledermann Immobilien and headed up several major real estate projects. Earlier in his career, he acted as CEO of bwf Liegenschaften and played an instrumental role in its IPO.

Previous experience	
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	■



**Peter R. Vogel**  
Chief Financial Officer

Born	1964
Nationality	Switzerland
Management position since	2019
Equity participation Fund Management Company	Yes
Member the Investment Committee	No

### Education

Master's degree in Business Administration with focus on audit and financial accounting from the University of St. Gallen (HSG), CAS for the position of Chief Digital Officer from HSLU.

### Executive and non-executive positions

Extensive and outstanding career, during which he gained a wealth of 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 served as commercial manager of the Siemens Metering and Siemens Switzerland business units.

Previous experience	
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	



**Frederic Königsegg**  
Chief Investment Officer

Born	1969
Nationality	Switzerland and Germany
Management position since	2016
Equity participation in the Fund Management Company	Yes
Member the Investment Committee	Yes

#### Education

Master of Science degree in Economics and Business Administration from the University of St. Gallen.

#### Executive and non-executive positions

More than 20 years of extensive investment and asset management experience. Former Director of Real Estate at Valartis Asset Management and Investment Director of Jargonnant Partners's real estate division. Earlier in his career, he acted as deputy CEO and member of the board of TK Liegenschaften.

Previous experience	
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	



**Salman Baday**  
Head Sales (Switzerland)

Born	1985
Nationality	Switzerland
Management position since	2019
Equity participation Fund Management Company	As of 2020
Member of the Investment Committee	No

#### Education

Swiss banking and finance degree, degrees in wealth management, marketing, and sales.

#### Executive and non-executive positions

More than 10 years of experience in the areas of institutional sales and the provision of investment advisory services on sustainable funds in every asset class at Vontobel, Vescore and Bank J. Safra Sarasin. Before switching to asset management, he worked as a private banker at Bank Sarasin where he served wealthy private clients and the advisors of family offices in Switzerland.

Previous experience	
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	



### Lucas Schlageter

#### Head Asset Management

Born	1979
Nationality	Switzerland
Management position since	2019
Equity participation Fund Management Company	As of 2020
Member of the Investment Committee	No

#### Education

Law degree from the University of Basel and a post-graduate degree in real estate management from the University of Zurich. Swiss federal certificate in real estate valuation and a Certificate of Advanced Studies in Real Estate Finance from the University of Bern.

#### Executive and non-executive positions

A seasoned real estate asset management expert with more than ten years of industry experience. Former Deputy Head of Asset Management Real Estate at Zürcher Kantonalbank. Earlier positions include management roles at Hess Family Estates and Immoveris.

Previous experience	
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	■

## HSL Fund Portrait

### General Information About the HSL Fund

The Helvetica Swiss Living Fund is an investment fund under Swiss law set up as a real estate fund in accordance with the Swiss Federal Act on Collective Investment Schemes (CISA) of June 23, 2006, that is offered to qualified investors within the meaning of Art. 10 para. 3, 3bis and 3ter CISA. The fund contract was drafted by Helvetica Property Investors AG, Zurich, in its capacity as the Fund Management Company and was presented with the consent of Banque Cantonale Vaudoise (the custodian bank) to the Swiss Financial Market Supervisory Authority FINMA, which approved it for the first time on July 5, 2018.

The HSL Fund is based on a collective investment agreement (fund contract) in which the Fund Management Company undertakes to allow investors to participate in the HSL Fund to a degree that is proportionate to the number of fund shares acquired by them and to manage the Fund independently and in its own name in accordance with the provisions of the law and the fund contract. The custodian bank will be involved in the fund contract to the extent of the duties assigned to it by law and in accordance with the fund contract.

### Investment Goal

The investment objective of the HSL Fund is to build up a portfolio of properties with residential uses throughout Switzerland. Another goal of the HSL Fund lies in ensuring the long-term preservation of assets and an appropriate distribution of earnings.

### Investment Policy

The HSL Fund invests in properties in the low- to mid-price segment, whereby its focus is on both traditional apartment buildings as well as modern living arrangements. The HSL Fund concentrates on properties at locations with an excellent infrastructure and stable population development. The investment focus is on affordable, family-friendly housing, modern living arrangements as well as existing new-looking properties, properties requiring maintenance and renovation as well as residential construction projects and residential project developments that have already been approved. Beyond that, the HSL Fund is also able to invest in mixed-use and commercial properties.

The HSL Fund does not invest directly in real estate but holds its properties through individual special purpose vehicles.



## Fund Management Company Portrait

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

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, growing quickly and stand out through our integrity, our passion and our sense of responsibility.

We have built up our good 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 its passion and enterprising spirit, which we incorporate into 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, assets, business transactions and employees can benefit and flourish.

We have been approved and are regulated by the Swiss Financial Market Supervisory Authority FINMA.

### 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 create value and optimize the results.

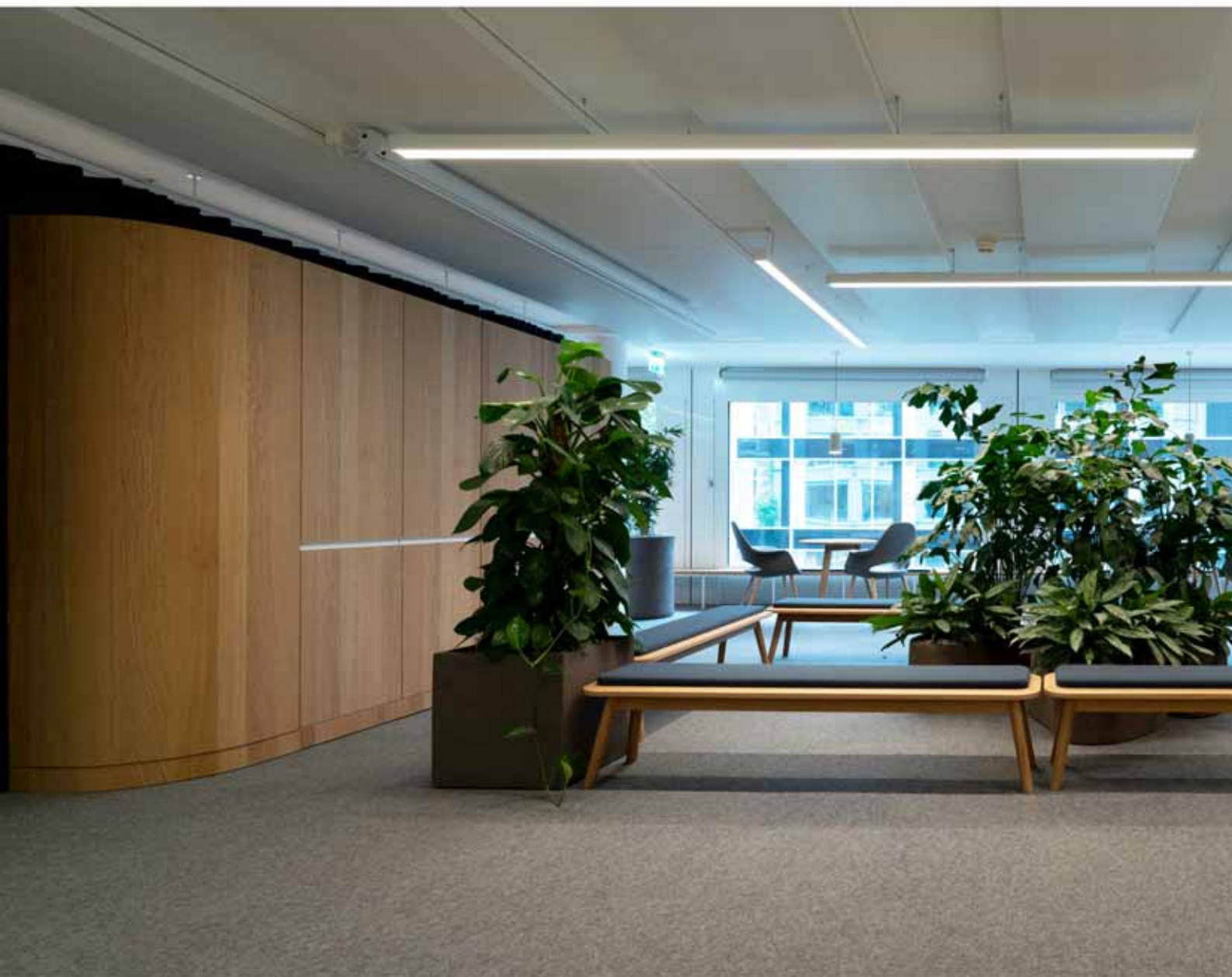
### Values

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

### Social Media

A wide range of business areas are now shifting their focus to social media. As a Fund Management Company, we have decided to follow this path as well to increase 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 candid and honest.



 **Helvetica**

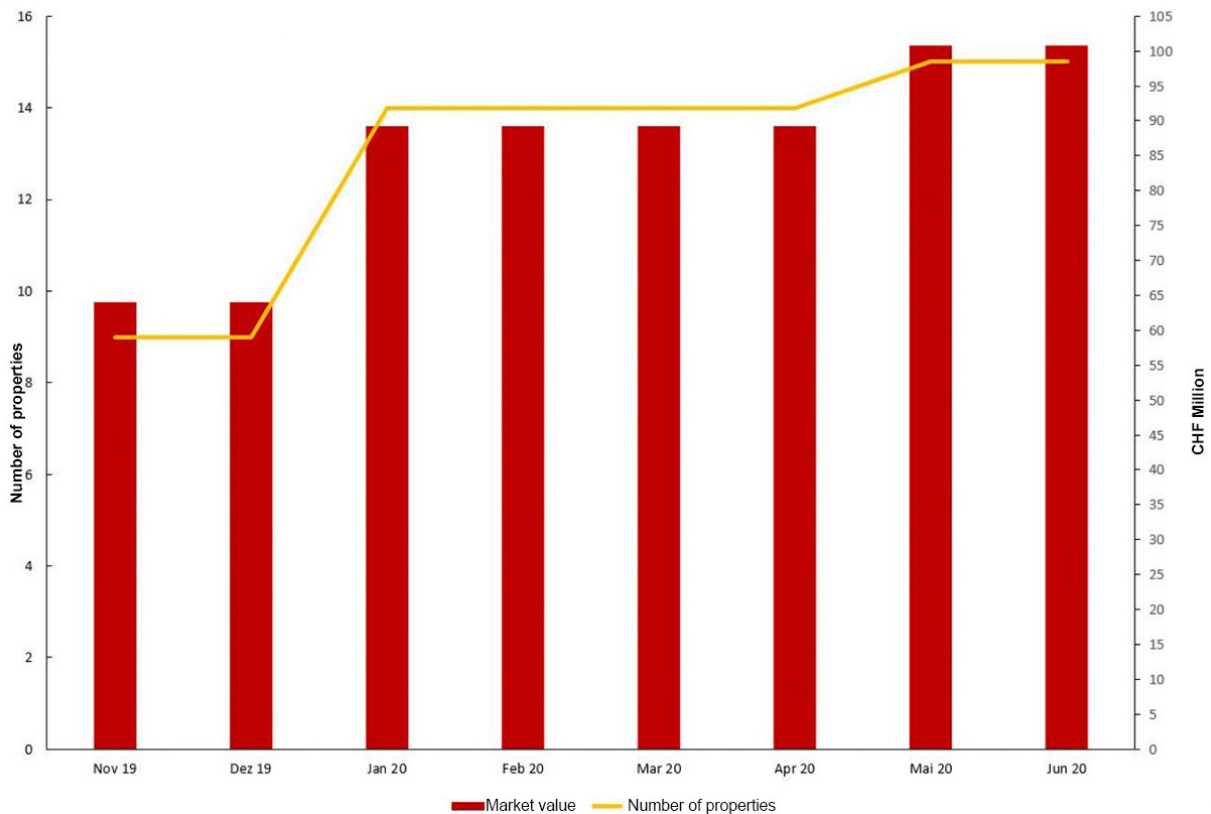


## Investment Management Report

In the period from January 1 to June 30, 2020, properties with a total value of CHF 16 billion were offered for sale to the Fund Management Company of Helvetica for inclusion in its various investment products. In the end, detailed reviews and assessments were performed for properties worth around CHF 5.2 billion, which then led to due diligence processes common in the industry for a few, selected investment vehicles.

Based on the applicable investment guidelines and the high quality requirements that the Fund Management Company considers when making acquisitions, 15 properties with a total market value of around CHF 101 million were added to the Helvetica Swiss Living Fund's portfolio during the period under review from November 2019 to June 2020.

The fund manages around 250 apartments and ancillary rooms as well as around 360 parking spaces. wachSome 93 percent of the portfolio is used as residential space.





### Acquisitions in the First Half of the Year

Several well-situated apartment buildings built in different years that are in good condition for their age were purchased in the cantons of **Zurich, Solothurn, Schaffhausen** and **St. Gallen** through a **portfolio transaction** in November 2019. The portfolio has a total of nine properties. 13 buildings contain a total of 142 apartments. The apartment buildings have parking spaces in sufficient quantities.

The buildings are located in Benglen ZH, Lufingen ZH, Grenchen SO, Haag SG and Neuhausen SH.

These properties are on lots of over 20'000 square meters and have a rentable space of around 15'500 square meters. Gross target rent amounts to some CHF 2.9 million per year. 89 percent of the total space is used for residential purposes. The market value of the portfolio, which was acquired within the scope of an asset deal, amounted to just over CHF 64.25 million. The cost of the investment is around CHF 3'945 per square meter of rentable space.

The portfolio was added to the Helvetica Swiss Living portfolio in November 2019 with a vacancy rate of around 19%. Excluding construction-related vacancies, the occupancy rate at the time of purchase was around 90.5%.

Five more apartment buildings were purchased **in the Canton of Aargau** in November 2019 through another **portfolio transaction**. These buildings were constructed in different years and are in good condition for their age. The portfolio has a total of 73 apartments in five different apartment buildings and a sufficient number of parking spaces.

The buildings are located in Dottikon, Kaisten, Hirschthal, Oberkulm and Zetzwil, all of which are in the Canton of Aargau.

These properties are on lots of over 14'300 square meters and have a rentable space of around 6'150 square meters. Gross target rent is just under CHF 1.1 million per year. 100 percent of the total space is used for residential purposes. The market value of the portfolio, which was acquired within the scope of an asset deal, amounted to nearly CHF 24.9 million. The cost of the investment amounts to around CHF 3'870 per square meter of rentable space.

The portfolio was added to the Helvetica Swiss Living portfolio on January 1, 2020, with a vacancy rate of just around 3%.

A well-maintained apartment complex, built in 2013, was purchased in May 2020 in **Oberbuchsitzen in the Canton of Solothurn**. The property has a total of 27 apartments in three different apartment buildings and 45 parking spaces in a modern, shared underground parking facility.

The property is situated in a quiet residential area that is predominantly surrounded by older single-family homes. The local train station is about a 2-3 minute walk away. Access to the road network is also above average.

This property is on a lot of over 4'800 square meters in size and has a rentable space of around 2,540 square meters. It generates annual rent (gross target rent) for the Fund in the amount of around CHF 0.5 million per year. The entire space is used for residential purposes. The market value of the property, which was acquired within the scope of an asset deal, amounted to just over CHF 11.5 million. The cost of the investment amounts to around CHF 4'350 per square meter of rentable space.

With a vacancy rate of around 5 percent, the property is practically at full occupancy.

The Fund took possession of the acquired property retroactively with effect on May 1, 2020, and it was integrated into the portfolio.

An extremely well-maintained apartment complex, built in 2014, was purchased on July 1, 2020, in **Erlen in the Canton of Thurgau**. The property has a total of 44 apartments in five different apartment buildings and 69 parking spaces in a modern, shared underground parking facility.

It is situated in a quiet residential area and the local train station is within walking distance. Many residents use public and private transportation for their commutes to the surrounding municipalities or the towns of Weinfelden, Winterthur, Amriswil and Kreuzlingen. Erlen also benefits from the presence of two large, local employers.

The property gives a modern impression and features a predominantly bright white exterior. It offers modern, contemporary yet affordable apartments and the residents love the smaller gardens, outdoor spaces, garden seating and terraces.

This building is on a lot of nearly 9'000 square meters in size and has a rentable space of around 4'570 square meters. It generates gross target rent of slightly more than CHF 0.9 million per year for the Fund. The entire space is used for residential purposes. The market value of the property, which was acquired within the scope of

an asset deal, amounted to around CHF 23.45 million. The cost of the investment comes in at around CHF 5,100 per square meter of rentable space.

With a vacancy rate of around 3 percent, the property is practically at full occupancy.

The investment will be integrated into the Helvetica Swiss Living Portfolio after the reporting period on July 1, 2020.

### Investing in the Current Market Environment

The reporting period got off to an unspectacular start and the beginning of the year was rather quiet, as usual. The value of properties being offered to us for the Helvetica Swiss Living Fund began to rise over the course of the month. The trend indicating an attractive first quarter remained intact until late February and early March 2020, when the COVID-19 situation took on dramatic proportions. Various transactions and review processes were halted just a few days before the official lockdown and the closing of the Swiss borders and the value of properties on offer plunged to zero practically overnight.

Both the transaction business and the review process preceding it came to a complete standstill during the lockdown. Even the Fund Management Company of the HSL Fund stopped the acquisition of a mixed-use property which would have entailed an investment of over CHF 30 million.

The first few purchase offers started trickling in once the market and the market players had recovered from the initial big shock, although they were more modest than in the past, both in terms of quantity and value. As is often the case during crises triggered by an external shock, potential buyers and sellers disagreed about changes in market prices and assessments regarding the medium and long-term consequences of the crisis. In the acquisition process mentioned above, this resulted in a situation in which we were unable to reach an agreement with the seller regarding the final terms of the deal and were forced to discontinue our efforts to acquire the property.

While a strong increase has been observed since June 2020 in the properties we offer in all asset classes, talking

about a normalization of markets would be premature. All transactions are still impacted by the COVID-19 crisis and not it cannot be said across the board that buyers and sellers have adjusted their expectations to reflect the new realities. Because of this, the transaction volume over the next few months can be expected to remain comparatively low, especially regarding commercial properties. Demand for properties with residential and mixed uses remains unabated, however, and there is no indication that prices might fall as a result of the COVID-19 crisis. In fact, in some cases the bidding war for this type of properties is even more pronounced than before the COVID-19 crisis.

In the current market environment, focusing on the two main risks is now more important than ever when assessing an investment property: the future amount and long-term security of the acquired cash flows as well as the impact that the COVID-19 crisis may have on future valuations.

As a result, the Fund Management Company communicates more closely with its valuation experts on every property review than in the past. Additional review measures in the sales process and, if possible, guarantees from sellers are other ways of protecting the Fund in the current market environment.

In this market environment, the importance of the Fund Management Company's experience and discipline should not be underestimated. The transaction and review process for properties as well as the competitive environment have become even more challenging. Of course, that also means the likelihood that a transaction will be selected, in other words its "deal security", has declined. All these measures are resulting in higher expenses and longer negotiations, particularly in the acquisition process for residential properties.

The Fund Management Company of the Helvetica Swiss Living Fund takes all these factors into account and, based on its experience and expertise, is extremely confident that it will be able to conduct some attractive transactions in the second half of 2020 that boast an above-average risk-return profile.

## Asset Management Report

As of June 30, 2020, the Asset Management division of the Fund Management Company managed a Helvetica Swiss Living Fund portfolio containing 15 properties with a total rentable space of around 24,150 square meters and annualized rental income of around CHF 4.5 million. On the reporting date, the market value of the portfolio managed by the Asset Management division for the HSL Fund amounted to around CHF 101 million. This value was most recently determined by the independent accredited valuation company Wüest Partner AG on June 30, 2020.

### Report from the Asset Management Division of the Fund Management Company

The achievements of the Asset Management division have been pivotal to the results and performance of the HSL Fund. The Helvetica Swiss Living Fund's strategy focuses on properties featuring affordable apartments that have easy access to private and public transportation to the national and regional centers. One characteristic shared by all HSL properties is that they generate above-average returns for investors through a systematically hands-on approach.

However, if they are to achieve these higher return targets both sustainably and over their entire life cycle, their management needs to be particularly intensive, professional and strict. Consequently, an asset manager from the Fund Management Company is responsible for a significantly lower level of assets under management and a

significantly smaller number of investment properties than is usually the case with other fund management companies in order to guarantee that the investment properties receive more personal, intensive and business-minded support.

As of the reporting date, the Asset Management division of the Fund Management Company employed a total of five people. It is now headed up by Lucas Schlageter, who is a member of the Extended Management Board. Lucas Schlageter previously worked in the Fund Management Company of Swisscanto (Zürcher Kantonalbank). Additionally, the Asset Management division now reports directly to Chief Investment Officer, Frederic Königsegg, meaning that acquisitions, business plans and subsequent property management are closely coordinated and responsibility for all these aspects are bundled.

All asset management work for the entire portfolio of HSL properties is handled by a specialized team whose sole responsibility is to manage properties with residential uses. Another accomplished, experienced specialist was added to this team during the reporting period. The properties and partial portfolios purchased were integrated into the Helvetica Swiss Living Fund portfolio, management structures were put into place and these were standardized wherever possible.

During the reporting period, the following asset management achievements made a special contribution to the results of the Helvetica Swiss Living Fund:

### Benglen ZH

Currently undergoing renovation work, the property had a vacancy rate of over 43 percent at the start of the reporting period. Active management and a systematic hands-on approach by the team in charge lowered the vacancy rate more quickly than expected to just under 18 percent at the end of June, with a correspondingly substantial increase in the occupancy rate. The property is expected to reach full occupancy in September 2020.

### Quality Profile Evaluation



	Grade	Weighting
<b>Overall Rating</b>	<b>3.5</b>	
<b>Location</b>	<b>3.4</b>	<b>40</b>
Macro-location	3.5	40
Micro-location	3.5	31
<b>Property</b>	<b>3.6</b>	<b>40</b>
Usability	3.6	40
Standard	3.3	30
Condition	3.7	30
<b>Market attraction</b>	<b>3.5</b>	<b>20</b>
Lettability	3.3	50
Saleability	3.7	50
Earnings risk		0

Note: 1 = lowest score, 5= best score

### Property Quality / Location Quality



### Geographical Distribution (Market values)



### Rental Income According to Main Use (Target rental income)



The majority of rental income is therefore generated through rents on residential units, in line with the strategy.



### Impact of COVID-19 on the HSL Fund Portfolio

The official measures imposed in the wake of the COVID-19 pandemic caused considerable economic disruption worldwide, including Switzerland, from February 2020 onward. Politicians additionally enacted emergency legislation and intervened in normal, day-to-day life in Switzerland to an unprecedented degree, not even stopping short of interfering with the freedom of contract that usually exists between tenant and landlord. The situation was confusing and changed daily, especially during the lockdown phase, with retail and catering establishments as well as the hotel and tourism industries among the hardest hit.

Switzerland finds itself in an advanced stage of a gradual easing of these measures toward the end of the reporting period, meaning that the country is slowly moving towards normalization. Normality, defined as the state of the country at the start of 2020, is probably still a long way away, however. A second wave of infections posing more new challenges can also be expected.

Tremendous uncertainty among all players was one of the main impacts felt during the lockdown. However, since residential tenancies were practically unaffected by the disruptions, the events triggered by the COVID-19 crisis had no noticeable impact on the Helvetica Swiss Living Fund.

The HSL Fund did not receive any requests for rent deferrals or long-term rent reductions during the reporting period.

At this point in time, we do not expect the HSL Fund to be required to set aside any reserves as a result of the COVID-19 crisis.

The long-term effects of the COVID-19 pandemic are not entirely clear at this time and rather difficult to assess. In that respect, the HSL Fund benefits from the fact that it largely invests in properties with residential uses. We are confident that no negative COVID-19 effects will arise in the future, either.

Based on the acquisition pipeline, which currently includes a few very interesting investment properties, the Fund Management Company considers the distribution targets to be realistic in the medium term as well. This hinges on the HSL Fund's ability to grow as quickly as possible and ensure that its assets under management are attractive and highly diversified. If the HSL capital increase planned for late in the third quarter or early in the fourth quarter of 2020 is successful, this will strengthen the Fund's ability to distribute profits even further.

Initially, there was some uncertainty concerning the extent to which the COVID-19 crisis would impact the valuations of residential real estate funds. However, residential real estate funds are currently proving extremely stable. This can also be seen in the current valuation of the HSL Fund as of June 30, 2020, which revealed that the valuations of the properties in the HSL Fund have increased since the end of 2019. For information about the valuations, please refer to the report from the independent valuation expert Wüest Partner AG provided in this half-year report.

Conclusion: around 93 percent of the space in the HSL Fund is used for residential purposes (incl. ancillary uses related to residential use) and only a little more than 7 percent is used for commercial purposes. We do not currently expect the HSL Fund to be negatively impacted by the COVID-19 crisis. So far, we are observing a COVID-19-related increase in demand for funds with a focus on residential properties.

## Half-year Report as of June 30, 2020

As the HSL Fund was launched on November 6, 2019, the first half-year is longer than usual and extends from November 6, 2019, to June 30, 2020. Total fund assets grew to CHF 125 million during this time.

November 2019 saw the successful completion of the initial issue of the HSL Fund, which attracted investment capital of CHF 42.4 million. The first capital increase was then successfully concluded in March, which generated another inflow of CHF 43.9 million to the Fund.

Fifteen properties were acquired during the period under review.

The Fund reported a net asset value per share of CHF 104.83 on June 30, 2020, which corresponds to a return on investment of 4.83 percent and a return on equity of the same amount for the extra-long year.

TER<sub>REF</sub> GAV amounts to 0.87% and TER<sub>REF</sub> NAV is 1.23%.

### Balance Sheet

Total fund assets reflect the acquisitions of the first half year and amount to CHF 125 million. On the balance sheet date, the market value of the properties was CHF 101 million, cash and cash equivalents came to CHF 23 million and current receivables amounted to CHF 1 million.

After deducting liabilities of CHF 35 million and liquidation taxes of around CHF 1 million, the net asset value amounted to CHF 89 million on the balance sheet date.

At 33.9 percent, the debt financing ratio is substantially below the limit of 50%.

### Income Statement

The properties purchased generated rental income of CHF 1.8 million during the period under review. Expenses came to around CHF 1 million.

A reduction in vacancy rates increased the valuation of the properties, which is reported as "Unrealized gains" of over CHF 2 million.

# Balance Sheet

in CHF

Assets	Notes	6/30/2020
Cash, post and bank deposits on sight including fiduciary investments with third-party banks		23,302,067
Current receivables		767,006
<b>Properties</b>		
Building land and construction in progress		0
Residential properties	1	97,830,000
Residential properties with condominium ownership		0
Mixed properties		0
Commercial properties	1	2,920,000
<b>Total properties</b>	<b>1</b>	<b>100,750,000</b>
Other assets		0
<b>Total fund assets</b>		<b>124,819,072</b>
<b>Liabilities</b>		
<b>Accounts payable</b>		
Short-term interest-bearing mortgages	8, 9	-34,185,000
Other current liabilities		-1,168,040
Long-term interest-bearing mortgages	8, 9	0
Other non-current liabilities		-21,695
<b>Total liabilities</b>		<b>-35,374,735</b>
Net asset value before estimated liquidation taxes		89,444,337
Estimated liquidation taxes		-610,323
<b>Net asset value</b>		<b>88,834,014</b>
<b>Further Information</b>		
<b>Change in net asset value</b>		
Net asset value at the start of the reporting period		0
Distribution of profits	13	0
Balance from trade in shares		84,744,610
Total profit		4,089,404
<b>Net asset value at the end of the reporting period</b>		<b>88,834,014</b>
<b>Development of the number of shares</b>		
Number of shares at the start of the reporting period		0
Issued shares		847,430
Redeemed shares		0
<b>Number of shares at the end of the reporting period</b>		<b>847,430</b>
<b>Net asset value per share at the end of the reporting period</b>		<b>104.83</b>
<b>Further information (Art. 95 CISO-FINMA)</b>		
Balance of the depreciation account of the properties		0
Balance of the provision account for future repairs		0
Balance of the account for reinvestment of retained earnings		0
Number of shares redeemed as of the end of the next financial year		0
Total insurance value of the assets		79,173,430

# Income Statement

in CHF

Income	Notes	11/6/2019 - 06/30/2020
Interest income		0
Rental income		1,842,816
Capitalized construction interest		0
Other income		0
Participation in current income from share issuance		1,110,133
<b>Total income</b>		<b>2,952,950</b>
<b>Expenses</b>		
Mortgage interest		-19,065
Other interest on liabilities		0
Maintenance and repairs		-119,407
<b>Property management</b>		
Property expenses		-69,303
Administrative expenses		-66,938
Taxes		-5,474
Evaluation and auditing expenses		-49,997
Consulting expenses		-109,698
Transaction costs		-5,219
Change in reserves for future repairs		0
<b>Regulatory fees</b>		
Management fee	12	-422,845
Custodian bank fee	12	-22,200
Real estate management (third-party and Fund Mgmt. Company)	12	-91,851
<b>Other expenses</b>		
Bank charges		-3,475
Miscellaneous expenses		-6,227
Payment of current net income due to redemption of shares		0
<b>Total expenses</b>		<b>-991,700</b>
<b>Profit</b>		
<b>Net profit</b>	15	<b>1,961,250</b>
Realized gains/losses		0
<b>Realized profit</b>	15	<b>1,961,250</b>
Unrealized gains/losses		2,303,661
Incidental costs attributed to the fund assets for the issue of shares		434,816
Liquidation taxes	15	-610,323
<b>Total profit in the reporting period</b>		<b>4,089,404</b>



# Notes

## 1. Inventories of the Properties Held

Address	Use	Market value	Initial costs	Rental income	Occupancy rate
Benglen, Bodenacherstrasse 16/18	Residential	10,950,000	10,001,139	126,173	82.4%
Benglen, Bodenacherstrasse 79	Residential	6,370,000	6,239,819	124,183	89.0%
Grenchen, Bündengasse 18, 20, 22	Residential	3,590,000	3,391,813	97,748	98.3%
Grenchen, Kirchstrasse 72	Residential	3,540,000	3,494,574	80,667	75.7%
Grenchen, Viaduktstrasse 5	Residential	2,010,000	1,850,072	65,551	99.1%
Grenchen, Viaduktstrasse 9/11	Residential	11,050,000	11,306,035	163,465	67.0%
Haag, Thalistrasse 2, 4, 6, 8	Residential	12,760,000	12,577,712	282,504	86.4%
Lufingen, Moosbrunnenstrasse 3, 5, 7, 9	Residential	10,760,000	10,436,931	214,203	93.0%
Neuhausen, Rundbuckstrasse 6	Commercial	2,920,000	3,061,200	70,867	55.8%
Hirschthal, Zofoldweg 2	Residential	3,830,000	4,013,549	89,198	89.9%
Kaisten, Weihermatt 1	Residential	3,090,000	3,071,366	65,680	95.2%
Dottikon, Lindenweg 2-6	Residential	6,760,000	6,825,258	149,481	99.4%
Oberkulm, Schrägweg 16-22	Residential	8,170,000	7,423,705	159,693	94.7%
Zetzwil, Bohnenackerweg 425	Residential	3,400,000	3,395,319	74,070	97.3%
Oberbuchsiten, Poststrasse 762,764	Residential	11,550,000	11,337,233	79,334	95.1%
<b>Total</b>		<b>100,750,000</b>	<b>98,425,725</b>	<b>1,842,816</b>	

## 2. Real Estate Transactions

### Purchases

Address	Type	Canton	Use	Transfer of ownership
Benglen, Bodenacherstrasse 16/18	Purchase	Zurich	Residential	11/22/2019
Benglen, Bodenacherstrasse 79	Purchase	Zurich	Residential	11/22/2019
Grenchen, Bündengasse 18/20/22	Purchase	Solothurn	Residential	11/22/2019
Grenchen, Kirchstrasse 72	Purchase	Solothurn	Residential	11/22/2019
Grenchen, Viaduktstrasse 5	Purchase	Solothurn	Residential	11/22/2019
Grenchen, Viaduktstrasse 9/11	Purchase	Solothurn	Residential	11/22/2019
Haag, Thalistrasse 2/4/6/8	Purchase	St. Gallen	Residential	11/22/2019
Lufingen, Moosbrunnenstrasse 3/5/7/9	Purchase	Zurich	Residential	11/22/2019
Neuhausen am Rheinfalt, Rundbuckstrasse 6	Purchase	Schaffhausen	Commercial	11/22/2019
Hirschthal, Zofoldweg 2	Purchase	Aargau	Residential	01/01/2020
Kaisten, Weihermatt 1	Purchase	Aargau	Residential	01/01/2020
Dottikon, Lindenweg 2-6	Purchase	Aargau	Residential	01/01/2020
Oberkulm, Schrägweg 16-22	Purchase	Aargau	Residential	01/01/2020
Zetzwil, Bohnenackerweg 425	Purchase	Aargau	Residential	01/01/2020
Oberbuchsiten, Poststrasse 762,764	Purchase	Solothurn	Residential	05/01/2020

### Sales

None

## 3. Total Amount of Contractual Payment Obligations After the Balance Sheet Date for Real Estate Purchases as well as for Construction Contracts and Investments in Properties

A property in Erlen with a Market value of CHF 23.5 million was notarized shortly before the end of the reporting period. Payment was effected in July 2020 and the property was transferred into the HSL Fund portfolio on July 1.

## 4. Participations in Real Estate Companies

As of June 30, the Fund holds one hundred percent of the share capital of Helvetica Swiss Living AG, headquartered in Zurich. All properties in the HSL Fund are now held by Helvetica Swiss Living AG.

**5. Shares in Other Real Estate Funds and Certificates**

None

**6. Rental Income per Tenant over 5 Percent**

None

**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 advance payment	0.12%	34,185,000	06/24/2020	07/24/2020
<b>Total</b>		<b>34,185,000</b>		

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

None

**10. Fees and Incidental Costs Charged to the Investors**

Remuneration	Maximum rates	Actual rates	Basis
Issuing commission on shares	3.00%	1.25%	Net asset value of shares
Redemption commission on shares	1.50%	-	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	2.50%	1.50%	Net asset value of shares
Discount to NAV	1.50%	-	Net asset value of shares

**12. Fees and Incidental Costs Charged to the Fund**

Remuneration	Maximum rates	Actual rates	Basis
<b>Remuneration to the Fund Management Company</b>			
Management fee	1.00%	0.70%	Total fund assets
Purchase/sales compensation	2.00%	1.50%	Purchase/sale price
Building and renovation fee	3.00%	-	Construction costs
Property management	5.00%	-	Gross rental income
<b>Remuneration to Third Parties</b>			
Remuneration to custodian bank (custodian bank commission)	0.05%	0.05%	Net asset value of shares
Remuneration to property managers	5.00%	5.00%	Gross rental income

**13. Distribution of profits**

None

**14. Events After the Balance Sheet Date**

None

## 15. Collected Footnotes

1. The  $TER_{REF}$  GAV according to SFAMA guidelines is based on the Fund's average total assets 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 0.87 percent in relation to the fund assets on June 30, 2020.
2. The  $TER_{REF}$  NAV according to SFAMA guidelines is based on the Fund's average net asset value 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 1.25 percent in relation to the fund assets on June 30, 2020.

## Valuation Principles and Net Asset Value Calculation

The net asset value of the real estate fund is calculated at the fair market value in Swiss francs at the end of the first half-year period, 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 fair market value of the Fund's properties at the end of each half-year period, 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 to determine the fair market value.

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 contract.

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 return on investment, 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 fair market value of the Fund's gross asset value, less 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 performed 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. If the Fund Management Company has any buildings in progress that are to be reported at fair market values, it has these appraised at the end of the financial year.



# Report of the Valuation Experts



Wüest Partner AG, Bleicherweg 5, 8001 Zurich

Helvetica Property Investors AG  
Executive Board  
Brandschenkestrasse 47  
8002 Zurich

Zurich, 24 August 2020

Helvetica Swiss Living  
Independent real estate valuer's report  
Valuation as at 30 June 2020

To the Executive Board of Helvetica Property Investors AG

Ref.  
118585.2000

## Commission

Wüest Partner AG (Wüest Partner) was commissioned by the Fund Management to perform a valuation, for accounting purposes, of the 15 properties units held by Helvetica Swiss Living as at 30 June 2020 (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 Living's liabilities in respect of taxation (apart from ordinary property taxes) and financing costs.

## Valuation method

In valuing Helvetica Swiss Living'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.

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Regulated by RICS

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**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 2019 and 2020.

**Results**

A total of 15 investment properties were valued as at 30 June 2020. The market value of these properties on the valuation date is estimated by Wüest Partner to total 100,750,000 Swiss Francs.

In the property valuation, real discount rates between 2.90% and 4.20% were applied. Considering an inflation rate of 0.50% the nominal discount rates lie between 3.41% and 4.72%. Over the whole portfolio, the average of the discount rates – weighted by market value – is 3.12% in real terms and 3.64% in nominal terms.

**Changes in the real estate portfolio**

All 15 investment properties were acquired during the period 6 November 2019 to 30 June 2020.

**Independence and confidentiality**

The valuation of Helvetica Swiss Living'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, 24 August 2020

Wüest Partner



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



Silvana Dardikman  
MSc 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 April 2020.
- 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



## Report on the Review

of half-year report to the Board of Directors of the fund management company Helvetica Property Investors AG, Zürich

According to your request, we have reviewed the half-year report (statement of net assets, income statement and notes) (pages 4, 23 to 28 and 36) of the investment fund Helvetica Swiss Living Fund for the period from 6 November 2019 to 30 June 2020.

The half-year report is the responsibility of the Board of Directors of the fund management company. Our responsibility is to issue a report on the half-year report based on our review.

Our review was conducted in accordance with the Swiss Auditing Standard 910, which requires that a review be planned and performed to obtain limited assurance about whether the half-year report are free from material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the half-year report is not in accordance with the Swiss Collective Investment Schemes Act, the related ordinances as well as the investment fund agreement and the prospectus.

PricewaterhouseCoopers AG

Raffael Simone

Michael Zobrist

Zürich, 18 August 2020

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## Organization

Fund Management Company	Helvetica Property Investors AG, Brandschenkestrasse 47, Zurich
Executive Management Board of the Fund Management Company	Michael Müller, CEO Peter R. Vogel, CFO, Head of Finance and Corporate Services Frederic Königsegg, CIO, Head of Investment Management
Extended Management Board of the Fund Management Company	Salman Baday, Head of Sales (Switzerland) Lucas Schlageter, Head of Asset Management
Board of Directors of the Fund Management Company	Dr. Hans Ueli Keller, Chairman Peter E. Bodmer, Vice Chairman Herbert Kahlich, Member Hans R. Holdener, Member Thomas Huber (until 05/29/2020)
Asset Manager	Helvetica Property Investors AG, Brandschenkestrasse 47, Zurich
Custodian Bank and Paying Agency	Banque Cantonale Vaudoise, Case postale 300, Lausanne
Market Maker	Banque Cantonale Vaudoise, Case postale 300, Lausanne
Auditors	PricewaterhouseCoopers AG, Birchstrasse 160, Zurich
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 12/31/2019) Wüest Partner, Zurich Ivan Anton, Valuation Expert (as of 01/01/2020), Wüest Partner, Zurich Silvana Dardikman, Valuation Expert, Wüest Partner, Zurich
Property Management	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.  Corresponding agreements are concluded when the respective property is acquired. Existing agreements will be adjusted as necessary. As of June 30, 2020, contracts exist with:  Admicasa Verwaltung AG Redinvest Immobilien AG Ackermann Immobilien AG Livo AG (until 08/31/2020) H&B Real Estate AG

## Board of Directors of the Fund Management Company



**Hans Ueli Keller**  
Chairman

Position	Chairman
Born	1952
Nationality	Switzerland
Member of the Board since	2014
Equity participation Fund Management Company	Yes
Member of the Investment Committee	Yes (Chairman)

### Education

PhD from the University of St. Gallen and has completed the Advanced Management Program of the Business Schools INSEAD and Harvard HBS.

### Executive and non-executive positions

Longstanding career as member of the Executive Board of Credit Suisse and President of Swisscard. Board member of both Engel & Völkers Commercial Switzerland and Ebix. Inc. He also served as Delegate of the board of directors of Goldbach Media and gained additional experience as former Chairman of the board of directors of Swisscontent.

#### Previous experience

CEO	■
CFO	
Real Estate Industry	■
Project Management	
IT and Technology	
Finance and Asset Management	■
Industry	
Transactions and M&A	■
Consulting and Trust	
SME Experience	■



**Peter E. Bodmer**  
Vice Chairman

Position	Vice Chairman
Born	1964
Nationality	Switzerland
Member of the Board since	2015
Equity participation Fund Management Company	Yes
Member of the Investment Committee	Yes

### Education

Degree in Business Administration from the University of Zurich and an MBA from IMD Lausanne.

### Executive and non-executive positions

Former member of the Executive Committee of the Implenia 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 of the Wilhelm Schulthess Foundation. Chairman of the Board of Trustees of the Profond Foundation.

#### Previous experience

CEO	■
CFO	■
Real Estate Industry	■
Project Management	■
IT and Technology	
Finance and Asset Management	■
Industry	■
Transactions and M&A	■
Consulting and Trust	
SME Experience	■



**Herbert Kahlich**  
Member

Position	Member
Born	1944
Nationality	Austrian
Member of the Board since	2015
Equity participation Fund Management Company	Yes
Member of the Investment Committee	No

#### Education

Graduated with a degree from an advertising school in Zurich, ongoing business education and attendance of banking, finance and management courses.

#### Executive and non-executive positions

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.

Previous experience	
CEO	■
CFO	
Real Estate Industry	■
Project Management	■
IT and Technology	■
Finance and Asset Management	■
Industry	
Transactions and M&A	■
Consulting and Trust	■
SME Experience	■



**Hans R. Holdener**  
Member

Position	Member
Born	1966
Nationality	Switzerland and Norway
Member of the Board since	2006
Equity participation Fund Management Company	Yes
Member of the Investment Committee	Yes

#### Education

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

#### Executive and non-executive positions

Co-founder and CEO of the Helvetica Property Group. Managing director and founding member of Wohnspar and managing director of Immospa. Extensive experience as investment advisor to wealthy individuals and as a private investor in the Swiss real estate market for residential and commercial properties.

Previous experience	
CEO	■
CFO	
Real Estate Industry	■
Project Management	■
IT and Technology	■
Finance and Asset Management	■
Industry	
Transactions and M&A	■
Consulting and Trust	■
SME Experience	■

## Further Information for Investors

### Changes to Fund Contract

The fund contract of October 8, 2019, was amended and approved by FINMA on March 27, 2020. It entered into force on April 1, 2020.

Apart from purely formal or editorial changes, the amendments essentially comprise the following points in accordance with the publication dated March 9, 2020:

- 1 Name, company name and registered office of the Fund Management Company and custodian bank "Fund" was added to the name of the real estate fund. Accordingly, para. 1 sect. 1 reads as follows: "The Helvetica Swiss Living Fund is a contractual fund set up as a real estate fund (the "Real Estate Fund") within the meaning of Art. 25 et seq. in conjunction with Art. 58 et seq. of the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 (CISA) that is offered to qualified investors within the meaning of Art. 10 para. 3, 3bis and 3ter CISA."
- The addresses of the Fund Management Company and custodian bank were crossed out in para. 1 sect. 2 and 3. After amendment, para. 1 sect. 2 and 3 now read as follows: "2. The Fund Management Company is Helvetica Property Investors AG in Zurich. The custodian bank is Banque Cantonale Vaudoise in Lausanne."

### Legal Disputes

There are no pending or threatened legal disputes.

### Compliance with Investment Restrictions

The Fund Management Company confirms that the Helvetica Swiss Living Fund fulfills all investment restrictions in accordance with the fund contract.

### 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, version dated 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.

### Departure from the Board of Directors

Thomas Huber stepped down from his position as a member of the Board of Directors of the Fund Management Company with effect on May 29, 2020, for personal reasons.

### Miscellaneous

Helvetica Property Investors AG changed its headquarters to Brandschenkestrasse 47 in 8002 Zurich as of April 1. The impact of COVID-19 on the real estate fund is described in the Asset Management Report. Otherwise, no 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.

## Rent default rate

The rent default rate is the sum of all reductions in the target rental income due to vacancies, for example, expressed as a percent.

## Debt financing ratio

The 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

Repair work 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

Actual rental income is calculated based on the target rental income less the loss of income.

## Vacancy

A rental property is regarded as vacant if no rental contract 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

The long-term, sustainable development of a property's respective income stream is reflected by an estimate of its market rent or potential to generate income.

## 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 coercion.

## Rental space

The rental space is the sum of rented and rentable spaces.

## Rental income

Rental income corresponds to the actual rental income earned 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 in the event of full occupancy, corresponding to the total amount of rental income agreed by contract plus vacancies based on market rent. Incidental costs specified in rental contracts are not taken into consideration.

## Total net income

Net income is calculated as the sum of all income less all costs.

## Maintenance and repair

Maintenance costs are composed of all costs incurred for maintenance and repairs.

## Occupancy rate

Actual income as a percentage of target rental income.

## WAULT

The WAULT (Weighted Average Unexpired Lease Term) adds up the weighted average unexpired terms of contractually fixed rents for a property or a portfolio (up to the earliest possible termination date without renewal options). The WAULT is reported in years. The following uses must be considered: office, hotel, retail, medical practices, restaurants and catering, 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, basements/attics. Vacancies are not taken into account.

## Total Expense Ratio Real Estate Fund (TER<sub>REF</sub>)

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 capitalized.

# Imprint

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