

2020 Annual Report

# Helvetica Swiss Commercial Fund

Real Estate Fund  
under Swiss Law

## Key Figures

# 4.5

### Unexpired lease term (years)

The weighted unexpired lease term was down 0.1 years compared to 12/31/2019

# 770

### Gross asset value (in CHF million)

An increase of 18 percent compared with 12/31/2019

# 5.8

### Gross actual return (%)

Was kept stable through attractive investments

# 45.4

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

Up 16 percent since 12/31/2019

# 744

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

An increase of 18 percent compared with 12/31/2019

# 6.9

### Return on investment (%)

An increase of 0.6 percentage points compared with 12/31/2019

# 30.5

### Debt financing ratio (%)

Increase of 9.6 percentage points over 12/31/2019

# 147

### Rent per square meter (CHF)

Remained stable compared with 12/31/2019

# 94.6

### Occupancy rate (%)

The occupancy rate was raised by 0.5 percentage points

# 115.17

### Net asset value per share (CHF)

Has been raised by 6.9 percent since 12/31/2019, after adjustment for the distribution.

# 5.10

### Distribution per share (CHF)

An increase of 2 percent compared with the previous year

# 109.00

### Share price (CHF per share)

Performance since 12/31/2019 (after adjustment for the distribution of 5.00 Swiss francs for 2019): -7.9 percent

# Contents

|  |    |
|--|----|
| Key Figures.....                           | 2  |
| Key Financial Figures .....                | 4  |
| The Year in Brief.....                     | 6  |
| Investment Management Highlights .....     | 7  |
| Extended Executive Board .....             | 10 |
| Fund Management Company Portrait.....      | 13 |
| Investment Management Report .....         | 16 |
| Asset Management Report.....               | 19 |
| Sustainability Report.....                 | 22 |
| Annual report as of December 31, 2020..... | 23 |
| Balance Sheet .....                        | 24 |
| Income Statement.....                      | 25 |
| Notes .....                                | 26 |
| Organization .....                         | 32 |
| Further Information for Investors .....    | 34 |
| Report of the Valuation Experts.....       | 35 |
| Auditor’s Report .....                     | 38 |
| Board of Directors .....                   | 40 |
| Definitions .....                          | 44 |
| Imprint.....                               | 45 |

## Helvetica Swiss Commercial Fund (HSC)

Real Estate Fund under Swiss Law

Audited Annual Report as of December 31, 2020

### Important Notice:

This is an unofficial translation of the German version. In case of deviation the German version applies.

# Key Financial Figures

| Key Data                                       |          |    | Notes | as of 12/31/2020 | as of 12/31/2019 | as of 12/31/2018 |
|--|----------|----|-------|------------------|------------------|------------------|
| Securities number                              |          |    |       | 33550793         | 33550793         | 33550793         |
| Initiation date                                |          |    |       | 09.12.2016       | 09.12.016        | 09.12.2016       |
| Issued shares                                  | Quantity |    |       | 0                | 1 563 426        | 1 544 125        |
| Outstanding shares                             | Quantity |    |       | 4 342 851        | 4 342 851        | 2 779 425        |
| Redeemed shares                                | Quantity |    |       | 0                | 0                | 0                |
| Net asset value per share                      | CHF      |    |       | 115.17           | 112.71           | 110.00           |
| Weighted real discount rate                    | %        |    |       | 3.82             | 4.01             | 4.11             |
| <b>Balance Sheet</b>                           |          |    |       |                  |                  |                  |
| Fair market value of the properties            | CHF      | 1  |       | 743 946 000      | 628 944 000      | 427 121 000      |
| Gross asset value (GAV)                        | CHF      |    |       | 770 131 664      | 654 729 403      | 444 909 081      |
| Debt financing ratio                           | %        |    |       | 30.48            | 20.87            | 28.33            |
| Debt ratio                                     | %        |    |       | 35.37            | 25.24            | 31.28            |
| Residual term debt financing                   | Years    |    |       | 0.96             | 1.39             | 1.77             |
| Interest rate debt financing                   | %        | 8  |       | 0.43             | 0.56             | 0.63             |
| Net Asset Value (NAV)                          | CHF      |    |       | 500 184 280      | 489 475 302      | 305 729 749      |
| <b>Income Statement</b>                        |          |    |       | as of 12/31/2020 | as of 12/31/2019 | as of 12/31/2018 |
| Rental income                                  | CHF      | 17 |       | 38 728 685       | 29 218 984       | 18 539 626       |
| Net income                                     | CHF      |    |       | 27 311 568       | 23 032 696       | 14 282 138       |
| Rent default rate*                             | %        | 17 |       | 7.78             | 8.10             | 7.75             |
| Weighted average unexpired lease term (WAULT)* | Years    |    |       | 4.50             | 4.40             | 4.00             |
| Maintenance and repairs                        | CHF      |    |       | 1 343 810        | 3 429 365        | 1 834 310        |
| Operating profit margin*                       | %        |    |       | 71.96            | 68.60            | 68.56            |
| <b>Return and Performance</b>                  |          |    |       | as of 12/31/2020 | as of 12/31/2019 | as of 12/31/2018 |
| Distribution of profits                        | CHF      | 13 |       | 22 148 540       | 21 714 255       | 11 117 000       |
| Distribution per share                         | CHF      | 13 |       | 5.10             | 5.00             | 4.00             |
| Distribution yield                             | %        |    |       | 4.68             | 4.06             | 3.64             |
| Payout ratio*                                  | %        |    |       | 83.23            | 87.58            | 77.62            |
| Return on equity (ROE)*                        | %        |    |       | 6.62             | 6.18             | 5.62             |
| Return on invested capital (ROIC)*             | %        |    |       | 4.71             | 4.73             | 4.29             |
| Performance*                                   | %        | 17 |       | -7.86            | 14.17            | n/a              |
| Return on investment*                          | %        |    |       | 6.93             | 6.33             | 5.70             |
| Premium/discount*                              | %        |    |       | -5.36            | 9.40             | n/a              |
| Total expense ratio TER <sub>REF</sub> GAV*    | %        |    |       | 0.99             | 1.04             | 0.98             |
| Total expense ratio TER <sub>REF</sub> NAV     | %        |    |       | 1.42             | 1.42             | 1.36             |
| Total expense ratio TER <sub>REF</sub> MV*     | %        |    |       | 1.39             | 1.34             | n/a              |
| Price/earnings ratio (P/E ratio)*              | Ratio    |    |       | 14.60            | 17.61            | n/a              |

\*The SFAMA key figures were calculated according to the "Specialist information factsheet on the key figures of real estate funds" of the SFAMA dated September 13, 2016 including annualization.

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.



Schorenstrasse 39, Gwatt-Thun

## The Year in Brief

The Helvetica Swiss Commercial Fund successfully expanded its portfolio in the reporting year – even despite the COVID-19 pandemic and the weak economy that arose as a result – and reported a very pleasing result for 2020. Here are a few of the year’s highlights:

### First Quarter

The Fund Management Company was able to acquire two fully leased properties in Frauenfeld TG. Our decision to purchase the property hinged largely on its long-term cash flow, the main tenant’s good creditworthiness as well as the long-term usability of the flexible rental spaces. These properties, which feature both commercial and residential spaces and had a market value of around 18.3 million Swiss francs on December 31, 2020, are located in a vibrant business park. Rental income amounts to over 1 million Swiss francs per year. The lease with the main tenant, which accounts for 95 percent of rental income, expires at the end of 2027.

### Second Quarter

Despite travel restrictions and the lockdown, the Fund Management Company managed to complete one of the transactions in April 2020 that had been halted in March. The HSC Fund acquired a modern, mixed-use commercial property in Versoix GE. The property had a market value of 31.2 million Swiss francs on December 31, 2020. It is situated at an extremely well-connected location near Geneva airport and in close proximity to a large number of other businesses. It has rentable space of around 7,300 square meters and generates gross income of around 1.4 million Swiss francs per year.

### Third Quarter

The HSC Fund took over a high-income commercial site in Arbon TG on July 1, 2020. This property is distinguished by its location, which is extraordinarily well-developed, in close proximity to a large number of other businesses and very well-connected to the freeway. The site has nearly 22,500 square meters of rentable space and generates annual rental income of around 1.4 million

Swiss francs through a variety of different lease agreements. The property had a market value of 26.3 million Swiss francs on December 31, 2020. Coming in at over five years, the average lease term is clearly above average compared to the overall HSC Fund portfolio. The occupancy rate is at around 98 percent.

### Fourth Quarter

In the fourth quarter, the HSC Fund acquired a modern, multi-use building in downtown Fribourg with a market value of 36.1 million Swiss francs on December 31, 2020. Featuring attractive office space and lobbies, this property is located at an extremely well-developed, high-frequency location in the city’s downtown and has its own underground parking facility with 140 parking spaces. With more than 9,500 square meters of rentable space and 15 leases, the property generates rental income of 2.2 million Swiss francs per year.

## Overall Portfolio increased by 18 percent to 744 Million Swiss Francs.

The market value of the HSC Fund’s portfolio amounted to around 744 million Swiss francs on December 31, 2020, which corresponds to an increase of around 18 percent or 115 million Swiss francs over the previous year’s figure. Target rental income also rose by around 16 percent and now amounts to a total of 45.4 million Swiss francs.

The distribution for the 2020 reporting year amounts to 5.10 Swiss francs. The payout ratio is 83.2 percent, with a distribution yield of 4.7 percent on the share price as of December 31, 2020. The distribution amount is expected to be paid out on April 29, 2021.

Unfortunately, the number of coronavirus cases rose again toward the end of the year, which once again resulted in more major restrictions in public and private life. The Fund Management Company remains confident, however, that the situation will normalize again over the course of 2021, in part as a result of the vaccination strategies that are just getting started. For information about what impact the COVID-19 pandemic had on the HSC portfolio in the 2020 reporting year, please refer to the corresponding section of Note 14 on page 31.



Route de Jura 37, Fribourg

## Investment Management Highlights

### January to June – Frauenfeld Zürcherstrasse 331/333, 370



Two fully occupied buildings were acquired on Zürcherstrasse in Frauenfeld. The main tenant has a long-term lease agreement. This prominent tenant has spacious, functional workshop, office, and retail spaces at its disposal.

Market value (in CHF million)

**18.3**

Gross income per year (in CHF million)

**1.0**

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

**5,070**

### January to June – Versoix Route des Fayards 243



In May extensive negotiations culminated in the acquisition of an attractive, multi-tenant commercial property built in 2013 at a prime location in Geneva. This property is situated at a well-developed location near Geneva airport and in close proximity to a large number of other businesses.

Market value (in CHF million)

**31.2**

Gross income per year (in CHF million)

**1.4**

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

**7,330**

**July to December – Arbon  
Industriestrasse 23**



A mixed-use property at an extremely good location was acquired in July in the Canton of Thurgau. The building is located in close proximity to the public transportation network and just a few minutes' drive from the A1 freeway. It is approximately 1.5 km from downtown Arbon.

**Market value (in CHF million)**

**26.3**

**Gross income per year (in CHF million)**

**1.4**

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

**22,500**

**July to December – Fribourg  
Route du Jura 37**



A prestigious, soundly structured office building was purchased in downtown Fribourg in July. There is a bus stop located right in front of the building and the A12 freeway is a six-minute drive away.

**Market value (in CHF million)**

**36.1**

**Gross income per year (in CHF million)**

**2.2**

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

**9,500**

## Extended Executive Board



**Michael Müller**

**Chief Executive Officer (Switzerland)**

|                                    |             |
|------------------------------------|-------------|
| Born                               | 1964        |
| Nationality                        | Switzerland |
| Management position since          | 2020        |
| Equity stake in Fund Mgmt. 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 bfw Liegenschaften and played an instrumental role in its IPO.

| Prior positions                   |   |
|-----------------------------------|---|
| 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 stake in Fund Mgmt. Company | Yes         |
| Member of 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.

| Prior positions                   |   |
|-----------------------------------|---|
| 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 of Sales (Switzerland)**

|                                    |             |
|------------------------------------|-------------|
| Born                               | 1985        |
| Nationality                        | Switzerland |
| Management position since          | 2019        |
| Equity stake in Fund Mgmt. 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.

| Prior positions                   |   |
|-----------------------------------|---|
| 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            |   |

**Extended Executive Board**



**Lucas Schlageter**

**Head of Asset Management**

|                                    |             |
|------------------------------------|-------------|
| Born                               | 1979        |
| Nationality                        | Switzerland |
| Management position since          | 2019        |
| Equity stake in Fund Mgmt. Company | As of 2020  |
| Member of the Investment Committee | No          |

**Education**

Law degree (lic. iur.) from the University of Basel and a postgraduate degree in real estate management (MAS UZH in Real Estate) 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 Berne.

**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.

| Prior positions                   |   |
|-----------------------------------|---|
| 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            | ■ |

# HSC Fund Portrait

## General Information About the Fund

The Helvetica Swiss Commercial Fund (HSC 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. 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 Notenstein La Roche Privatbank AG (the custodian bank at the time) to the Swiss Financial Market Supervisory Authority FINMA, which approved it for the first time on July 21, 2016.

The HSC Fund is based on a collective investment agreement (fund contract) in which the Fund Management Company undertakes to allow investors to participate in the HSC 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.

The HSC Fund is listed on the SIX Swiss Exchange and is characterized by clear investment guidelines and the careful investment of capital. The shares can be traded according to the standard for collective investments on the SIX Swiss Exchange. Bank J. Safra Sarasin is the market maker of the HSC Fund.

## Investment Goal

The HSC Fund's investment goal is to build up a portfolio that is diversified with respect to region, type of use, size and tenant mix. Another goal of the HSC Fund lies in ensuring the long-term preservation of assets and an appropriate distribution of earnings.

## Investment Policy

The HSC Fund invests in commercial investment properties in Swiss business centers and active economic areas in favorable locations with easy access by public and private transportation. In sectoral terms, the focus is on office, commercial, and retail, with an emphasis on real estate with several tenants and mixed uses, whereby flexible use and third-party usability of the spaces is possible. The HSC Fund concentrates primarily on operating and sustainable profitability, and secondarily on potential value enhancement. The HSC Fund does not invest directly in real estate but holds its properties through individual special purpose vehicles.

## Fund Management Company Portrait

Helvetica 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 is a successful, independent Fund Management Company and asset management service provider, that is committed to sustainable value creation through active, long-term, and responsible investment activities. 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 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 passionate character and enterprising spirit, which we incorporate in 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, asset values, business transactions and employees can flourish.

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

### Corporate Philosophy

Increase the value of invested capital through a 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, thus increasing 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.



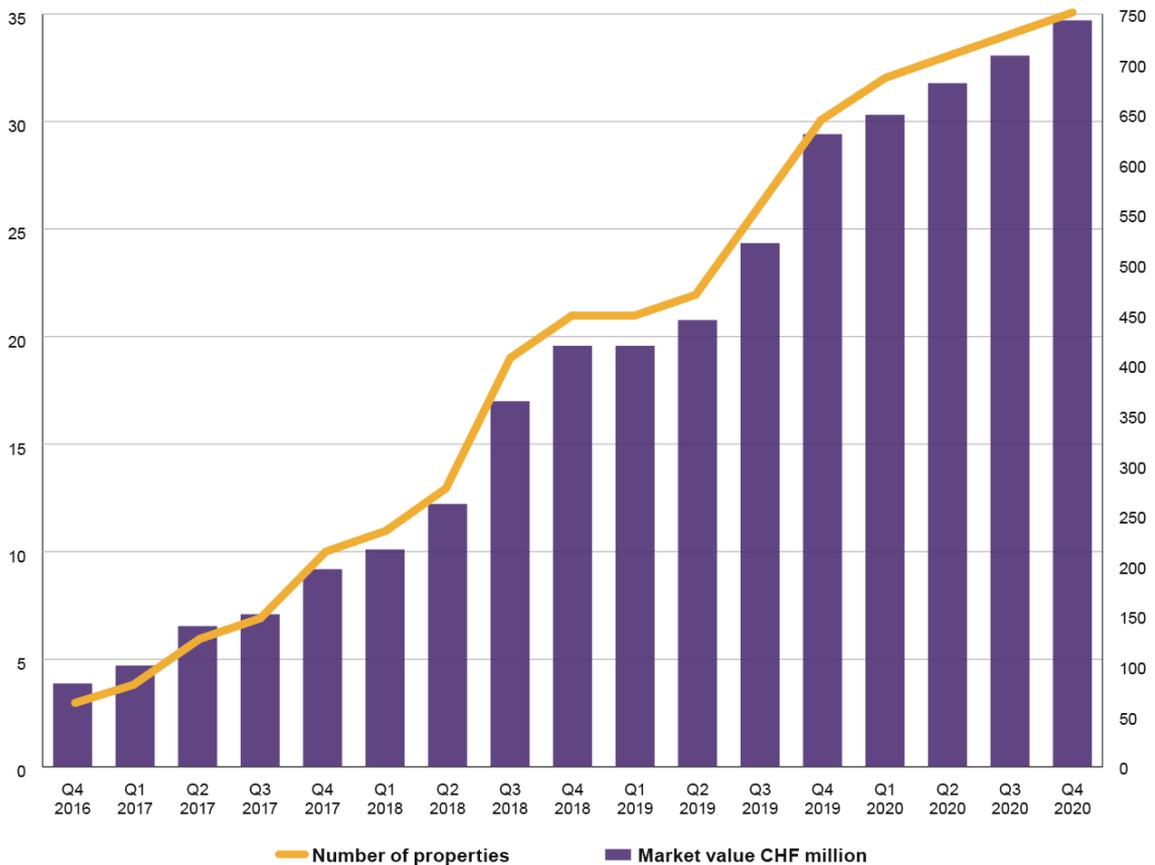


# Investment Management Report

From January 1 to December 31, 2020, properties with a volume of 27.5 billion Swiss francs were offered to the Fund Management Company for sale. In the end, the Fund Management Company took a closer look at premises with a total value of 9.6 billion Swiss francs and performed corresponding assessments, which then culminated in the due diligence processes common in the industry for a few, select properties.

Based on the applicable investment guidelines and the high-quality requirements that the Fund Management Company considers when making acquisitions, the investment volume added to the HSC Funds portfolio in the reporting period had a market value of 112 million Swiss francs.

The HSC Fund acquired a total of 35 premises with a current market value of around 744 million Swiss francs between the Fund’s launch in December 2016 and December 31, 2020.



## Successful Transactions

After examining several properties, the Helvetica Swiss Commercial Fund acquired a total of five premises at different locations in 2020.

In **Frauenfeld TG**, the HSC Fund signed a purchase agreement for two premises located in close proximity to one another during the first quarter. These properties, which feature both commercial and residential spaces and had a market value of around 18.3 million Swiss francs on December 31, 2020, are located in a vibrant business park.

They are extremely well developed with respect to both private and public transport. They have some 5,100 square meters of rentable space. Rental income amounts to more than 1 million Swiss francs per year, which corresponds to a gross return of around 5.6 percent. Some 95 percent of the rental income is generated through the main tenant, which has been operating a car repair shop at that location for many years; the remaining approximately five percent is generated through the tenants of four apartments. The average length of lease agreements is around 7 years. Our decision to purchase the property hinged largely on its long-term cash flow, the main tenant's good creditworthiness as well as the long-term usability of the flexible rental spaces.

The Helvetica Swiss Commercial Fund acquired modern, mixed-use commercial premises in **Versoix GE** on May 1. The property had a market value of 31.2 million Swiss francs on December 31, 2020. This property, which was built in 2013, is situated at an extremely well-developed location near Geneva airport and in close proximity to a large number of other businesses. It has rentable space of around 7,300 square meters and generates gross income of around 1.4 million Swiss francs per year.

A special transaction structure was used to ensure that the Fund receives the entire amount of the target rental income regardless of the future occupancy rate. Of the contractually agreed rental income of around 14.3 million Swiss francs over the next ten years, more than 7 million Swiss francs are guaranteed by a combination of a temporary retention of the purchase price plus additional ten-year bank guarantees and a holding guarantee from the seller.

The average rent (excluding income from parking) amounts to around 180 Swiss francs per square meter and year. Nearly all other investments, including investments in the rental spaces and all incidental costs, will be

covered by the seller of the property. This will improve the actual return, currently at just under 5 percent on the invested capital, even further due to the extremely low "double-net cost structure".

In the third quarter (July 1, 2020), the HSC Fund purchased a mixed-use commercial site in **Arbon TG** with a market value of 26.3 million Swiss francs on December 31, 2020. This building, featuring 22,500 square meters of rentable space, is situated at an extremely well-developed location amid a large number of other businesses and in close proximity to the freeway. It generates around 1.4 million Swiss francs in rental income per year. The premises are in extremely good condition for its age and also for use as a rental property. Since the rent per year is relatively low at 62 Swiss francs per square meter, it goes to follow that it offers long-term potential. Coming in at over five years, the average term of the current lease agreements is clearly above average compared to the current HSC Fund portfolio. With an occupancy rate of around 98 percent, the property is practically at full occupancy.

The Helvetica Swiss Commercial Fund succeeded in making another extremely successful transaction in the fourth quarter. It acquired a modern, multi-use, multi-tenant building in downtown **Fribourg FR** with a market value of 36.1 million Swiss francs on December 31, 2020. This property was built in 1994 in a quality-conscious manner and the quality of its construction is above average as a result. The urban plot is more than 3,500 square meters in size. Featuring extremely attractive office space and lobbies, this property is located at an extremely well-developed, high-frequency location in the city's downtown and has its own underground parking facility with 140 parking spaces. With more than 9,500 square meters of rentable space, the property's 15 leases generate rental income of 2.2 million Swiss francs per year. Some 90 percent of the building is leased to internationally active companies, several of which are quite prominent.

## Investing in the Current Market Environment

As usual, the reporting year got off to a rather quiet start for the Helvetica Swiss Commercial Fund. The volume of properties offered for inclusion in the Helvetica Swiss Commercial Fund increased toward the end of January, indicating that the first quarter would be a successful one. The situation changed dramatically at the end of February 2020 due to the COVID-19 pandemic. Various transactions and review processes were halted just a few days

before the official lockdown mandated by the Federal Council 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 processes preceding it came to a complete standstill during the lockdown. While the first few purchase offers from market players started trickling back in once the market had recovered from the initial big shock, they remained 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 how market prices would change as a result. It was also impossible to assess the medium and long-term consequences at that point in time. This was no different for the Helvetica Swiss Commercial Fund and resulted in several planned real estate purchases being temporarily put on hold.

The volume of properties offered rose again in June and the transaction market started to normalize over the next few months. While the international crisis initially had a much smaller impact on deals in the residential sector and nearly none at all later, a certain degree of uncertainty could still be felt in the commercial real estate market. An international comparison, however, made it clear that Switzerland had created promising conditions, both through the measures it had taken to support the economy and as a result of its stable healthcare system.

All asset classes revealed just how much more important security had become. Assets with stable cash flows, long contract terms and at prime locations are in extremely high demand. Because of that, investors are often willing to pay a premium for this additional security. Thanks to the broad network of the Fund Management Company and an uncompromising due diligence process, Helvetica succeeded in purchasing extremely attractive premises for the Helvetica Swiss Commercial Fund, even in the current market environment.

The number of coronavirus cases rose again toward the end of the year, which once again resulted in more major restrictions in public and private life. The transaction market was largely prepared for this, however, and the players were able to close most of the deals – without any major uncertainties, unlike in the situation that had prevailed at the start of the first lockdown.

The new acquisitions served to further strengthen and diversify the HSC Fund portfolio. The previous investment strategy was also continued successfully. The Fund Management Company attaches particular importance to cash flow security, long-term lease agreements and good building qualities including spaces that are both flexible and affordable. Since the market environment will continue to be challenging, professional and disciplined transaction management will become increasingly important.

## Asset Management Report

As of December 31, 2020, the Asset Management division of the Fund Management Company managed a Helvetica Swiss Commercial Fund portfolio of 35 premises with a total rental space of around 309,000 square meters and target rental income of 45.4 million Swiss francs. As of the cutoff date of this report, the portfolio's market value was around 744 million Swiss francs. This value was calculated by the independent and leading consulting firm Wüest Partner AG on December 31, 2020.

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

The market value is defined as the price that can be expected to be realized on the open market on the reporting date, excluding taxes and other costs incurred on disposal. The portfolio is valued using the discounted cash flow method. This involves estimating the market value of the individual properties, taking into account their current characteristics and expected future market development. The occupancy rate as of December 31 is 94.6 percent and has – thanks in part to active asset management – risen by 0.5 percentage points over the previous year. At 4.5 years, the unexpired lease term remained stable year over year. The geographical breakdown of the premises continues to paint a balanced picture across the whole of German-speaking Switzerland with a focus on the regions of Zurich, Eastern and Central Switzerland. In the reporting period, we also successfully diversified the portfolio in the Berne region and in French-speaking Switzerland. The gross return of the portfolio remained steady at 5.8 percent as of December 31, 2020. The main reasons for this are new acquisitions of fully rented premises with longer lease agreements and tenants with a strong credit rating, which are generally traded on the market with markups. A comparison of the rents in the portfolio with current market rents only shows

selective potential for increases. The portfolio's rents, which are nevertheless still favorable, reflect the good rentability of the premises and offer a high level of certainty for fast renting and an extremely strong, stable occupancy rate compared with the rest of the industry.

The achievements of the Asset Management division were pivotal to the results and performance of the Helvetica Swiss Commercial Fund. The strategy of the HSC Fund focuses on real estate with special risk/return ratios. When managed with a systematically hands-on approach, all premises are capable of generating above-average returns for investors.

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 and professional. With that in mind, 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 real estate receives more personal, intensive and business-minded support.

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

#### Arbon TG, St. Gallerstrasse 15 / 17

Two tenants of the retail and storage areas in the Novaseta shopping center in Arbon extended their rental agreements by two years. One tenant extended its agreement by five years and another by one year. The spaces are leased at current market conditions. The average lease term for the Arbon property is now 3.4 years. Annual rental income for the property as a whole now amounts to 2.5 million Swiss francs.

#### Bischofszell TG, Industriestrasse 6

In the wake of one tenant's bankruptcy, the space was leased again within an extremely short period of time. With the exception of a few parking spaces, the property reached full occupancy again as of July 1, 2020. The new lease raised the average lease term from 5.9 years to 6.4 years.

**Ittigen BE, Schermenwaldstrasse 13**

In Ittigen, over 90 parking spaces in the parking facility that had previously only been leased on a sporadic, individual basis have now been permanently leased until 2024.

**Münchwilen TG, Murgtalstrasse 20**

A long-term tenant increased the size of its rental space by 300 square meters and is now leasing a total of 1,300 square meters in the property. While this left the property's vacancy rate high at around 27 percent on December 31, 2020, the property still turns a profit of 8.5 percent (gross actual return), despite its high vacancy rate. Our main focus for this property is on substantially reducing its vacancy rate even further.

Another tenant extended its lease by six years for an area of 3,200 square meters. With that extension, the retail and commercial space is fully leased until mid-2026. The contract for around 800 square meters of commercial space was also extended. It expires in early 2032.

**Rorschach SG, Industriestrasse 21**

The existing lease agreement with one tenant for a 777 square meter space was extended by five years.

The lease for a commercial space of around 3,800 square meters on two floors of the building was extended until early 2028. This building currently has a vacancy rate of 5 percent.

**Steinhausen ZG, Turmstrasse 28, 30**

A total of three new lease agreements were concluded during the reporting period relating to a total of 1,678 square meters of office space. These ensured seamless occupancy throughout the entire period in each case. The vacancy rate on the reporting date of December 31, 2020, was at a low 2.6 percent.

**Zürich-Altstetten ZH, Max-Högger-Strasse 6**

324 square meters of space that had been vacant at the beginning of the reporting period was fully leased so that – with the exception of a few parking spaces – the property has been at full occupancy since March 1, 2020. A tenant with a larger rental space also extended its contract by another five years.

**Zuzwil SG, Herbergstrasse 11**

The HSC Fund was able to report an extremely encouraging lease extension in Zuzwil. The main tenant enlarged its rental space and renewed the lease agreement by six years. In connection with this, more than 3,000 square meters of vacant office have now been leased until the end of 2026.

**Lyssach BE, Bernstrasse 35**

In 2020, one tenant in the furniture business extended its lease for around 460 square meters of retail space by another five years. The lease now expires in 2025.

**Arlesheim BL, Fabrikmattenweg 2**

The ventilation/AC renovation project, which called for investments of around one million Swiss francs, was successfully concluded in this fully leased property.

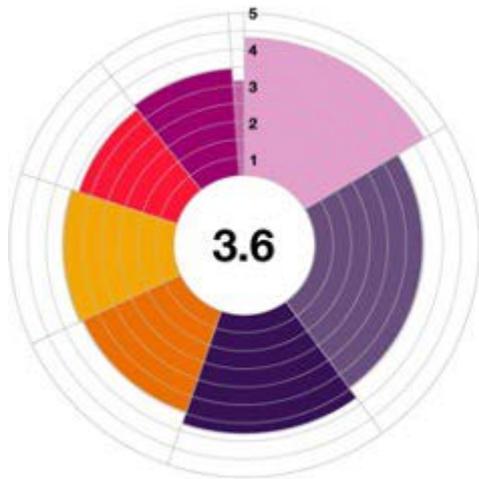
**Cham ZG, Brunnmatt 14**

1,100 square meters of office space was leased for another three years. The tenant extended its existing lease until 2024.

**Dietikon ZH, Riedstrasse 1**

Some 370 square meters of vacant space in this property being held for trading were leased to an existing tenant for a pop-up store at the start of December 2020.

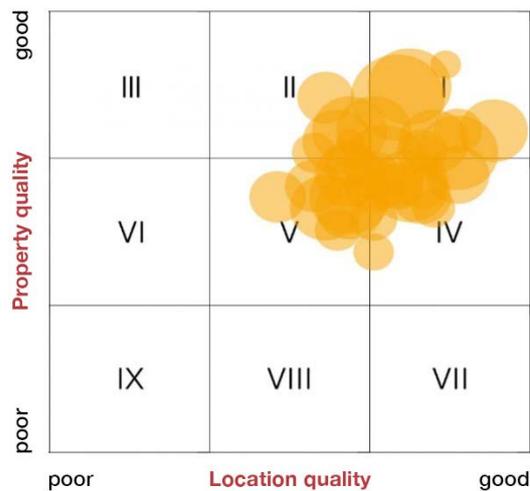
### Quality Profile Evaluation



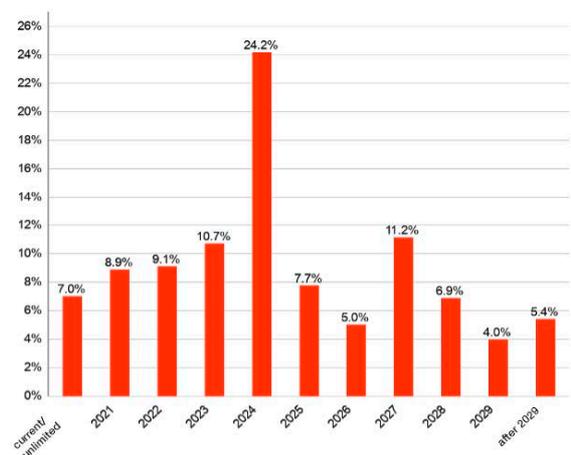
|                | Score | Weight |
|----------------|-------|--------|
| Overall score  | 3.6   |        |
| Location       | 3.8   | 40     |
| Macro location | 4.3   | 41     |
| Micro location | 3.5   | 59     |
| Property       | 3.6   | 40     |
| Use            | 3.8   | 38     |
| Standard       | 3.5   | 32     |
| Condition      | 3.5   | 30     |
| Investment     | 3.4   | 20     |
| Rentability    | 3.3   | 47     |
| Salability     | 3.5   | 47     |
| Income risk    | 3.1   | 6      |

Note: 1 = worst score, 5 = best score

### Property Quality / Location Quality

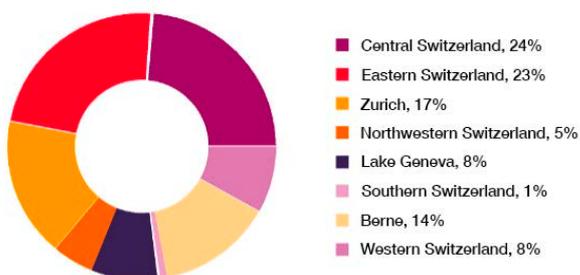


### Lease Term



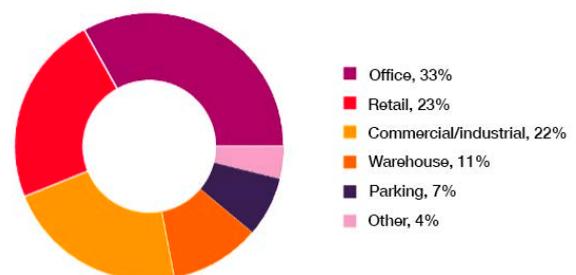
### Geographical Distribution

(Market values)



### Rental Income According to Main Use

(Target rental income)



In line with this strategy, all rental income is generated from commercial rentals.

## Sustainability Report

In our capacity as a real estate investor, we at Helvetica Property Investors AG are aware of our responsibility to ensure a sustainable future. With that in mind, we focused our efforts and set out on an ambitious journey in 2020 that is in line with the Paris Climate Agreement and the federal government's current energy and emission reduction targets.

We are open-minded and eager to bring our processes and corporate responsibility in line with environmental, economic and social sustainability criteria.

Entirely in line with the motto "walk the talk", we discussed several different measures this year that would help us achieve sustainable development and have already incorporated some of these into our services. Our measures initially focus on climate protection.

For example, we examined the feasibility and economic efficiency of using solar power to produce our own energy for all property sites across the portfolios so that we can have solar systems installed on the first few properties as soon as possible.

Going forward, when performing regularly scheduled or emergency replacements of heating systems, we also only intend to use heating systems powered by renewable energies whenever possible. To that end, we had preliminary studies on the matter performed for all premises that currently have fossil fuel-based heating systems. Those studies put us in a position to perform targeted, system-appropriate maintenance and modernization work on the properties.

We will promote the transformation process aimed at achieving climate neutrality and sustainability in a pragmatic, structured and sustained manner and have our objectives and results validated by an internationally recognized certification process. This is one reason why we opted in favor of the "Deutsche Gesellschaft für Nachhaltiges Bauen" (DGNB) System for "Buildings in Use"; this system is a field-tested management instrument for sustainable real estate that is optimized with respect to climate protection goals. We intend to use this certification process for our portfolios and individual premises in order to

- help our real estate portfolio become climate neutral
- reduce operating costs
- promote the value retention and appreciation of our properties
- optimize the use of resources such as energy, water and reusable materials
- ensure the satisfaction of those who use our buildings
- gain the trust of tenants and investors.

We rolled out our improvement process on one pilot building (Rothenburg) last fall. The property was granted "DGNB Building in Use" certification by the SGNI (Swiss Sustainable Building Council) in late February 2021. The objective results will provide us with a baseline for making the quality of our building-related facility and real estate management activities and the related operational processes visible to the outside world from an environmental, economic and social point of view and to improve it in a targeted and continuous manner.

## Annual report as of December 31, 2020

The 2020 financial year was shaped by five acquisitions and the coronavirus crisis. Compared to the 2019 annual financial statements, gross asset value rose by 115 million Swiss francs to 770 million Swiss francs.

The Fund Management Company was able to acquire three premises in the first half of 2020. In April, investors received a distribution of 5.00 Swiss francs per share (incl. a one-off effect) for the 2019 financial year.

At the end of December 2019, the net asset value was 112.71 Swiss francs per share. The Fund reported a net asset value per share of 115.17 Swiss francs on 12/31/2020, which – after adjustment for the dividend – corresponds to a return on investment of 6.9 percent and a return on equity of 6.6 percent.

Due to portfolio growth cost reduction the  $TER_{REF}$  GAV declined by 0.05 percent to 0.99 percent during the 2020 financial year. The  $TER_{REF}$  NAV remained steady at 1.42 percent during the same period. In a year-over-year comparison as of the reporting date, the  $TER_{REF}$  GAV rose from 0.85 percent to 0.91 percent, while the  $TER_{REF}$  NAV of 1.14 percent climbed to 1.40 percent.

### Balance Sheet

Gross asset value reflects the acquisitions made over the course of the financial year, which took the total number of business premises from 30 to 35 and a total value of 770 million Swiss francs, corresponding to an increase of 115 million Swiss francs over year-end 2019. At the balance sheet date, the market value of the premises was 744 million Swiss francs (12/31/2019: 629 million Swiss francs), cash and cash equivalents came to 15 million Swiss francs (12/31/2019: 17 million Swiss francs), and other assets amounted to 11 million Swiss francs (12/31/2019: 4 million Swiss francs).

After deducting liabilities of 255 million Swiss francs (12/31/2019: 154 million Swiss francs) and liquidation taxes of around 15 million Swiss francs (12/31/2019: around 11 million Swiss francs), net fund assets amounted to 500 million Swiss francs (12/31/2019: 489 million Swiss francs) on the balance sheet date.

At 30.5 percent, the debt financing ratio is higher than its level of 20.9 percent on 12/31/2019.

### Income Statement

The portfolio at the end of 2020, including portfolio acquisitions of the last 12 months, led to an increase in net income of around 19 percent or 4.3 million Swiss francs to around 27 million Swiss francs.

The 33 percent increase in rental income of 39 million Swiss francs made a material contribution toward the positive result.

# Balance Sheet

in CHF

| Assets   | Notes | 12/31/2020          | 12/31/2019          |
|--|-------|---------------------|---------------------|
| Cash, post and bank deposits on sight including fiduciary investments with third-party banks |       | 15 289 603          | 16 505 657          |
| <b>Properties</b>  |       |                     |                     |
| Commercially used properties   | 1     | 743 946 000         | 628 944 000         |
| <b>Total for properties</b>  |       | <b>743 946 000</b>  | <b>628 944 000</b>  |
| Shares in other real estate funds and real estate investment companies                       |       | 0                   | 4 889 088           |
| Other assets   |       | 10 896 061          | 4 390 659           |
| <b>Gross asset value</b>   |       | <b>770 131 664</b>  | <b>654 729 403</b>  |
| <b>Liabilities</b>   |       |                     |                     |
| <b>Current liabilities</b>   |       |                     |                     |
| Short-term interest-bearing mortgages and other mortgage-backed liabilities                  | 8, 9  | -189 700 000        | -53 500 000         |
| Other current liabilities  |       | -16 752 242         | -12 266 975         |
| <b>Total current liabilities</b>   |       | <b>-206 452 242</b> | <b>-65 766 975</b>  |
| <b>Non-current liabilities</b>   |       |                     |                     |
| Long-term interest-bearing mortgages and other mortgage-backed liabilities                   | 8, 9  | -37 050 000         | -77 750 000         |
| Other non-current liabilities  |       | -11 474 307         | -10 318 397         |
| <b>Total non-current liabilities</b>   |       | <b>-48 524 307</b>  | <b>-88 068 397</b>  |
| <b>Total liabilities</b>   |       | <b>-254 976 549</b> | <b>-153 835 372</b> |
| Net fund assets before estimated liquidation taxes   |       | 515 155 114         | 500 894 031         |
| Estimated liquidation taxes  |       | -14 970 834         | -11 418 730         |
| <b>Net fund assets</b>   |       | <b>500 184 280</b>  | <b>489 475 302</b>  |
| <b>Further Information</b>   |       |                     |                     |
| <b>Number of shares outstanding</b>  |       |                     |                     |
| Number of shares at the start of the reporting period  |       | 4 342 851           | 2 779 425           |
| Issued shares  |       | 0                   | 1 563 426           |
| Redeemed shares  |       | 0                   | 0                   |
| <b>Number of shares at the end of the reporting period</b>                                   |       | <b>4 342 851</b>    | <b>4 342 851</b>    |
| <b>Net asset value per share at the end of the financial year</b>                            |       | <b>115.17</b>       | <b>112.71</b>       |
| <b>Change in net fund assets</b>   |       |                     |                     |
| Net fund assets at the start of the reporting period   |       | 489 475 302         | 305 729 749         |
| Distribution of profits  | 13    | -21 714 255         | -11 117 700         |
| Balance from trade in shares   |       | 0                   | 165 719 014         |
| Total profit   |       | 32 423 233          | 29 144 239          |
| <b>Net fund assets at the end of the financial year</b>                                      |       | <b>500 184 280</b>  | <b>489 475 302</b>  |
| <b>Further information (Art. 95 CISO-FINMA)</b>  |       |                     |                     |
| Balance of the depreciation account of the properties  | 16    | 0                   | 0                   |
| Balance of the provision account for future repairs  | 16    | 3 743 891           | 5 435 409           |
| Balance of the account for reinvestment of retained earnings                                 |       | 0                   | 0                   |
| Number of shares redeemed as of the end of the next financial year                           |       | 0                   | 0                   |
| Total insurance value of the assets  |       | 761 604 498         | 609 788 498         |

# Income Statement

in CHF

| Income   | Notes | 01/01/ - 12/31/2020 | 01/01/ - 12/31/2019 |
|--|-------|---------------------|---------------------|
| Negative interest rate   |       | -1 926              | -3 830              |
| Rental income  | 17    | 38 728 685          | 29 218 984          |
| Income from leasehold interest   |       | 113 388             | 73 333              |
| Other income   |       | 365 452             | 305 850             |
| Participation in current income from share issuance                    |       | 0                   | 4 419 735           |
| <b>Total income</b>  |       | <b>39 205 599</b>   | <b>34 014 071</b>   |
| <b>Expenses</b>  |       |                     |                     |
| Mortgage interest and interest from mortgage-backed liabilities        |       | -872 920            | -719 530            |
| Leasehold interest   |       | -246 267            | 0                   |
| Maintenance and repairs  |       | -1 343 810          | -3 429 365          |
| <b>Property management</b>   |       |                     |                     |
| Property expenses  |       | -949 565            | -846 811            |
| Administrative expenses  |       | -634 397            | -573 378            |
| <b>Taxes</b>   |       |                     |                     |
| Property tax   |       | -302 250            | -58 005             |
| Profit and capital tax   |       | -216 106            | -322 030            |
| Evaluation and auditing expenses                                       |       | -304 282            | -241 672            |
| Change in reserves for future repairs                                  | 16    | 0                   | 581 396             |
| <b>Regulatory fees</b>   |       |                     |                     |
| Fund Management Company  | 12    | -4 959 091          | -3 808 826          |
| Custody bank   | 12    | -297 690            | -181 642            |
| Property management  | 12    | -1 015 014          | -783 391            |
| Market maker   |       | -50 000             | -20 000             |
| <b>Other expenses</b>  |       |                     |                     |
| Other expenditures   |       | -702 640            | -578 122            |
| <b>Total expenses</b>  |       | <b>-11 894 031</b>  | <b>-10 981 375</b>  |
| <b>Profit</b>  |       |                     |                     |
| <b>Net income</b>  |       | <b>27 311 568</b>   | <b>23 032 696</b>   |
| Realized capital gains   |       | 0                   | 2 342 192           |
| <b>Realized profit</b>   |       | <b>27 311 568</b>   | <b>25 374 888</b>   |
| Unrealized capital gains   |       | 8 663 770           | 4 889 505           |
| Incidental costs attributed to the fund assets for the issue of shares |       | 0                   | 2 553 813           |
| Change in liquidation taxes  |       | -3 552 105          | -3 673 967          |
| <b>Total profit</b>  |       | <b>32 423 233</b>   | <b>29 144 239</b>   |
| <b>Profit Appropriation</b>  |       |                     |                     |
| Net income for the financial year                                      |       | 27 311 568          | 23 032 696          |
| Capital gains for distribution in the financial year                   |       | 0                   | 2 342 192           |
| Capital gains for distribution in previous financial years             |       | 0                   | 0                   |
| Balance carried forward from previous year                             |       | 11 101 072          | 7 440 439           |
| <b>Profit available for distribution</b>                               |       | <b>38 412 641</b>   | <b>32 815 327</b>   |
| Profit intended for distribution to investors                          |       | 22 148 540          | 19 372 063          |
| Capital gain intended for distribution to investors                    |       | 0                   | 2 342 192           |
| Income retained for reinvestment                                       |       | 0                   | 0                   |
| <b>Balance to be carried forward</b>                                   |       | <b>16 264 101</b>   | <b>11 101 072</b>   |

# Notes

## 1. Inventory of the Properties Held\*

| Address                                       | Ownership situation            | Fair market value  | Initial costs      | Gross income (rental income) | Occupancy rate |
|---|--------------------------------|--------------------|--------------------|------------------------------|----------------|
| All amounts stated in CHF                     |                                |                    |                    |                              |                |
| <b>Commercially used properties</b>           |                                |                    |                    |                              |                |
| Altendorf, Zürcherstrasse 104                 | Sole ownership                 | 28 270 000         | 28 172 904         | 1 440 212                    | 92.4%          |
| Arbon, Industriestrasse 23                    | Sole ownership                 | 26 330 000         | 26 188 058         | 730 661                      | 97.9%          |
| Arbon, St. Gallerstrasse 15/17                | Sole ownership                 | 39 230 000         | 40 479 161         | 2 326 178                    | 96.1%          |
| Arlesheim BL, Fabrikmattenweg 2               | Sole ownership under leasehold | 12 530 000         | 13 709 722         | 1 030 516                    | 100.0%         |
| Baar, Oberdorfstrasse 2-8d                    | Condominium ownership          | 22 300 000         | 23 063 036         | 1 114 334                    | 97.3%          |
| Bischofszell, Industriestrasse 6              | Sole ownership                 | 18 230 000         | 18 247 283         | 1 133 900                    | 97.2%          |
| Cham, Brunnmatt 14                            | Sole ownership                 | 14 660 000         | 14 582 821         | 784 480                      | 97.0%          |
| Chiasso, Via Livio 1 / Via Motta 24 1         | Condominium ownership          | 10 140 000         | 9 730 788          | 626 360                      | 89.6%          |
| Dättwil, Täferstrasse 3/5                     | Sole ownership                 | 18 520 000         | 17 610 559         | 1 084 887                    | 94.7%          |
| Dietikon, Riedstrasse 1                       | Sole ownership                 | 36 540 000         | 36 180 645         | 1 846 937                    | 95.8%          |
| Feusisberg, Chaltenbodenstrasse 6 a-f         | Condominium ownership          | 27 400 000         | 32 198 736         | 1 155 516                    | 61.0%          |
| Frauenfeld, Zürcherstrasse 370                | Sole ownership                 | 5 235 000          | 4 276 630          | 275 394                      | 100.0%         |
| Frauenfeld, Zürcherstrasse 331/333            | Sole ownership                 | 13 050 000         | 13 313 594         | 724 408                      | 100.0%         |
| Fribourg, Route du Jura 37                    | Sole ownership                 | 36 110 000         | 31 276 160         | 463 800                      | 88.2%          |
| Glattbrugg, Europastrasse 19                  | Sole ownership                 | 14 180 000         | 13 012 403         | 808 882                      | 87.1%          |
| Goldach, Blumenfeldstrasse 16                 | Sole ownership                 | 12 470 000         | 13 112 148         | 779 004                      | 89.2%          |
| Gwatt-Thun, Schorenstrasse 39                 | Sole ownership under leasehold | 49 330 000         | 43 946 557         | 3 625 634                    | 98.8%          |
| Ittigen, Schermenwaldstrasse 13               | Sole ownership under leasehold | 27 200 000         | 27 940 410         | 1 635 198                    | 100.0%         |
| Lyssach, Bernstrasse 35                       | Sole ownership                 | 26 930 000         | 24 134 822         | 1 358 494                    | 98.5%          |
| Montreux 2, Grand-Rue 3                       | Condominium ownership          | 26 110 000         | 25 759 323         | 1 220 572                    | 99.7%          |
| Münchwilen TG, Murgtalstrasse 20              | Sole ownership                 | 10 480 000         | 13 564 405         | 815 784                      | 73.5%          |
| Rorschach, Industriestrasse 21/23             | Sole ownership                 | 14 020 000         | 13 269 600         | 674 527                      | 95.0%          |
| Rothenburg, Wahligenstrasse 4                 | Sole ownership                 | 17 830 000         | 19 025 131         | 1 435 427                    | 100.0%         |
| Sissach, Gelterkinderstrasse 30               | Sole ownership                 | 4 190 000          | 4 576 793          | 185 135                      | 60.8%          |
| St. Gallen, Rorschacherstrasse 292/294        | Sole ownership                 | 15 380 000         | 16 132 805         | 890 001                      | 100.0%         |
| Steinhausen, Turmstrasse 28, 30               | Sole ownership                 | 38 880 000         | 30 588 289         | 1 965 722                    | 97.4%          |
| Triengen, Grossfeld                           | Sole ownership                 | 17 630 000         | 17 040 842         | 989 500                      | 100.0%         |
| Tuggen, Rüschenzopfstrasse 5                  | Sole ownership                 | 14 250 000         | 13 965 487         | 731 753                      | 100.0%         |
| Versoix, Route des Fayards 243                | Sole ownership                 | 31 210 000         | 28 875 906         | 953 333                      | 100.0%         |
| Villars-sur-Glâne, Route de Villars 103-110   | Sole ownership                 | 31 280 000         | 31 649 821         | 1 602 278                    | 100.0%         |
| Wallisellen, Hertistrasse 23                  | Sole ownership                 | 8 829 000          | 8 770 200          | 328 650                      | 100.0%         |
| Winterthur, Stegackerstrasse 6                | Sole ownership                 | 9 122 000          | 8 319 339          | 583 790                      | 100.0%         |
| Winterthur, Stegackerstrasse 6a               | Sole ownership                 | 19 550 000         | 17 605 712         | 799 590                      | 100.0%         |
| Zurich, Max Högger-Strasse 6                  | Sole ownership                 | 35 000 000         | 29 776 514         | 2 006 144                    | 99.9%          |
| Zuzwil, Herbergstrasse 11                     | Condominium ownership          | 11 530 000         | 11 601 112         | 601 683                      | 94.2%          |
| <b>Total for commercially used properties</b> |                                | <b>743 946 000</b> | <b>721 697 716</b> | <b>38 728 685</b>            |                |
| <b>of which, under leasehold</b>              |                                | <b>89 060 000</b>  | <b>85 596 689</b>  | <b>6 291 348</b>             |                |
| <b>of which, condominium ownership</b>        |                                | <b>97 480 000</b>  | <b>102 352 995</b> | <b>4 718 466</b>             |                |
| <b>Total for properties</b>                   |                                | <b>743 946 000</b> | <b>721 697 716</b> | <b>38 728 685</b>            |                |

\*Other investments in accordance with Art. 84 para. 2c CISO-FINMA

## 2. Properties purchased and sold

### Purchased

| Address                            | Canton   | Ownership situation | Start of ownership (transfer of benefits and risks) |
|------------------------------------|----------|---------------------|---|
| Frauenfeld, Zürcherstrasse 370     | Thurgau  | Sole ownership      | 1/1/2020  |
| Frauenfeld, Zürcherstrasse 331/333 | Thurgau  | Sole ownership      | 1/1/2020  |
| Versoix, Route des Fayards 243     | Geneva   | Sole ownership      | 5/1/2020  |
| Arbon, Industriestrasse 23         | Thurgau  | Sole ownership      | 7/1/2020  |
| Fribourg, Route du Jura 37         | Fribourg | Sole ownership      | 10/1/2020   |

### 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

None

## 4. Participations in Real Estate Companies

As of December 31, 2020, the Fund holds 100 percent of the share capital of Helvetica Swiss Commercial AG, based in Zurich, which in turn held 100 percent of the shares in Helvetica Swiss Commercial 2 GmbH, based in Zurich, until December 31, 2019. The two companies merged with effect on January 1, 2020. All properties in the HSC Fund are now held by Helvetica Swiss Commercial AG.

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

All shares in real estate funds were sold over the course of the second half of the year. No shares in real estate funds or certificates were held as of the balance sheet date.

## 6. Rental Income per Tenant over 5 percent

| Tenant                             | Annual rent in % |
|------------------------------------|------------------|
| Precision Surfacing Solutions GmbH | 6.3              |
| AMAG Automobil und Motoren AG      | 6.2              |
| <b>Total</b>                       | <b>12.5</b>      |

## 7. Statement Regarding Derivatives

The Fund does not use derivatives.

## 8. Non-current Liabilities by Due Date, Broken Down Into Between One and Five Years or More Than Five Years

| in CHF       | 12/31/2020 | 12/31/2019 |
|--------------|------------|------------|
| 1 to 5 years | 37'050'000 | 77'250'000 |
| > 5 years    | 0          | 500'000    |

## 9. Mortgages and Other Mortgage-backed Liabilities

### Current mortgages and fixed advances

| All amounts stated in CHF | Interest rate | Amount            | Date of issue | Maturity   |
|---------------------------|---------------|-------------------|---------------|------------|
| Fixed-rate mortgage       | 0.42%         | 27'000'000        | 7/13/2020     | 7/14/2025  |
| Fixed-rate mortgage       | 1.00%         | 7'400'000         | 9/5/2016      | 9/30/2021  |
| Fixed-rate mortgage       | 1.17%         | 500'000           | 2/10/2016     | 2/10/2025  |
| Fixed-rate mortgage       | 1.45%         | 5'750'000         | 1/1/2017      | 12/31/2022 |
| Libor mortgage            | 0.29%         | 12'500'000        | 1/1/2021      | 2/1/2021   |
| Libor mortgage            | 0.29%         | 23'000'000        | 1/1/2021      | 3/31/2021  |
| Libor mortgage            | 0.29%         | 17'600'000        | 12/24/2020    | 1/25/2021  |
| Libor mortgage            | 0.29%         | 30'000'000        | 1/1/2021      | 3/31/2021  |
| Libor mortgage            | 0.45%         | 1'000'000         | 12/31/2019    | 12/31/2021 |
| Libor mortgage            | 0.49%         | 20'000'000        | 9/2/2019      | 12/31/2021 |
| Libor mortgage            | 0.49%         | 37'900'000        | 12/30/2020    | 1/29/2021  |
| Libor mortgage            | 0.55%         | 10'300'000        | 6/12/2018     | 4/30/2021  |
| Libor mortgage            | 0.65%         | 18'000'000        | 12/15/2016    | 12/31/2021 |
| Libor mortgage            | 0.65%         | 12'000'000        | 4/30/2018     | 6/30/2021  |
| Libor mortgage            | 1.15%         | 3'800'000         | 7/1/2017      | 6/30/2022  |
| <b>Total</b>              |               | <b>226'750'00</b> |               |            |

### Current mortgages and fixed advances

| All amounts stated in CHF | Interest rate | Amount     | Date of issue | Maturity   |
|---------------------------|---------------|------------|---------------|------------|
| Fixed advance             | 0.29%         | 13'500'000 | 10/1/2020     | 12/31/2020 |
| Fixed advance             | 0.29%         | 23'000'000 | 10/1/2020     | 12/31/2020 |
| Fixed advance             | 0.29%         | 18'000'000 | 10/1/2020     | 12/31/2020 |
| Fixed advance             | 0.29%         | 8'000'000  | 10/1/2020     | 12/31/2020 |
| Fixed advance             | 0.29%         | 11'000'000 | 10/1/2020     | 12/31/2020 |
| Fixed advance             | 0.29%         | 17'600'000 | 11/24/2020    | 12/23/2020 |
| Fixed advance             | 0.29%         | 17'600'000 | 10/22/2020    | 11/23/2020 |
| Fixed advance             | 0.29%         | 31'000'000 | 9/22/2020     | 10/21/2020 |
| Fixed advance             | 0.29%         | 13'500'000 | 7/1/2020      | 9/30/2020  |
| Fixed advance             | 0.29%         | 23'000'000 | 7/1/2020      | 9/30/2020  |
| Fixed advance             | 0.29%         | 18'000'000 | 7/1/2020      | 9/30/2020  |
| Fixed advance             | 0.29%         | 8'000'000  | 7/1/2020      | 9/30/2020  |
| Fixed advance             | 0.29%         | 13'500'000 | 5/1/2020      | 6/30/2020  |
| Fixed advance             | 0.29%         | 23'000'000 | 5/1/2020      | 6/30/2020  |
| Fixed advance             | 0.29%         | 18'000'000 | 5/1/2020      | 6/30/2020  |
| Fixed advance             | 0.29%         | 8'000'000  | 5/1/2020      | 6/30/2020  |
| Fixed advance             | 0.29%         | 13'500'000 | 4/1/2020      | 4/30/2020  |
| Fixed advance             | 0.29%         | 23'000'000 | 4/1/2020      | 4/30/2020  |
| Fixed advance             | 0.29%         | 18'000'000 | 4/1/2020      | 4/30/2020  |
| Fixed advance             | 0.29%         | 8'000'000  | 4/1/2020      | 4/30/2020  |
| Fixed advance             | 0.29%         | 13'500'000 | 3/1/2020      | 3/31/2020  |
| Fixed advance             | 0.29%         | 23'000'000 | 3/1/2020      | 3/31/2020  |
| Fixed advance             | 0.29%         | 18'000'000 | 3/1/2020      | 3/31/2020  |
| Fixed advance             | 0.29%         | 8'000'000  | 3/1/2020      | 3/31/2020  |
| Fixed advance             | 0.29%         | 13'500'000 | 2/1/2020      | 2/29/2020  |
| Fixed advance             | 0.29%         | 23'000'000 | 2/1/2020      | 2/29/2020  |
| Fixed advance             | 0.29%         | 18'000'000 | 2/1/2020      | 2/29/2020  |
| Fixed advance             | 0.29%         | 8'000'000  | 2/1/2020      | 2/29/2020  |
| Fixed advance             | 0.29%         | 13'500'000 | 1/1/2020      | 1/31/2020  |
| Fixed advance             | 0.29%         | 23'000'000 | 1/1/2020      | 1/31/2020  |
| Fixed advance             | 0.29%         | 18'000'000 | 1/17/2020     | 1/31/2020  |

### Notes

| All amounts stated in CHF | Interest rate | Amount     | Date of issue | Maturity   |
|---------------------------|---------------|------------|---------------|------------|
| Fixed advance             | 0.29%         | 8'000'000  | 1/1/2020      | 1/31/2020  |
| Fixed advance             | 0.35%         | 30'000'000 | 9/30/2020     | 12/31/2020 |
| Fixed advance             | 0.35%         | 15'500'000 | 6/30/2020     | 9/30/2020  |
| Fixed advance             | 0.35%         | 14'500'000 | 7/9/2020      | 9/30/2020  |
| Fixed advance             | 0.35%         | 8'000'000  | 4/28/2020     | 6/30/2020  |
| Fixed advance             | 0.35%         | 7'500'000  | 4/27/2020     | 6/30/2020  |
| Fixed advance             | 0.52%         | 7'500'000  | 3/10/2020     | 4/27/2020  |
| Fixed advance             | 0.52%         | 7'500'000  | 2/10/2020     | 3/10/2020  |
| Fixed advance             | 0.52%         | 7'500'000  | 1/10/2020     | 2/10/2020  |
| Fixed advance             | 0.52%         | 7'500'000  | 11/11/2019    | 1/10/2020  |

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

| Remuneration                    | Maximum rates | Actual rates |       | Basis                     |
|---------------------------------|---------------|--------------|-------|---------------------------|
|                                 |               | 2020         | 2019  |                           |
| Issuing commission on shares    | 3.00%         | -            | 1.87% | 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                     |
|-----------------|---------------|--------------|-------|---------------------------|
|                 |               | 2020         | 2019  |                           |
| Premium to NAV  | 2.50%         | 0%           | 1.50% | Net asset value of shares |
| Discount to NAV | 1.50%         | 0%           | 0%    | Net asset value of shares |

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

| Remuneration   | Maximum rates | Actual rates |       | Basis                            |
|--|---------------|--------------|-------|----------------------------------|
|  |               | 2020         | 2019  |                                  |
| <b>Remuneration to the Fund Management Company</b>         |               |              |       |                                  |
| Management fee   | 1.00%         | 0.70%        | 0.70% | Gross asset value                |
| Purchase/sales compensation                                | 1.50%         | 1.50%        | 1.50% | Purchase/sale price              |
| Building and renovation fee                                | 3.00%         | 0%           | 0%    | Construction costs               |
| Property management  | 5.00%         | 0%           | 0.33% | Gross rental income              |
| <b>Remuneration to Third Parties</b>                       |               |              |       |                                  |
| Remuneration to custodian bank (custodian bank commission) | 0.05%         | 0.05%        | 0.05% | Net asset value of shares        |
| Remuneration to custodian bank (distribution commission)   | 0.25%         | 0.25%        | 0.25% | Gross distribution amount        |
| Market Maker   | -             | CHF 50'000   | -     | Flat rate CHF 12'500 per quarter |
| Remuneration to property managers                          | 5.00%         | 2.62%        | 2.64% | Gross rental income              |

## 13. Distribution of Profits

For the financial year ending December 31, 2020, a total amount of 22.1 million Swiss francs will be distributed, representing 5.10 Swiss francs per share and a distribution yield on the share price of 4.7 percent. The total distribution is thus 0.10 Swiss francs or 2 percent higher than in the previous year. The payout ratio is 83.2 percent. The ex-date is April 27, 2021, and the distribution will take place on April 29, 2021.

#### 14. Statements of Special Economic and Legal Significance / COVID-19 Pandemic

The properties in the HSC Fund proved resilient during the COVID-19 crisis. Among tenants in the HSC Fund, which has nearly no exposure in the catering and tourism industry, we estimate that around a third of target rental income was directly impacted by the lockdown in the spring.

At the onset of the COVID-19 crisis, the Fund Management Company estimated in its media release dated April 3, 2020, that the amount of rent at risk of default was around 2 to 3 million Swiss francs, a figure that turned out to be too pessimistic and overly cautious. The half-year report for 2020 still estimated the potential for further rent reductions or defaults at 0.5 million Swiss francs, although no rent waivers or reductions have been granted to date. After total rent reductions of around 0.88 million Swiss francs had been granted in the financial year and based on a current assessment of the situation, no further material defaults or reductions were expected as of the end of the financial year.

In the meantime, agreements could be reached with over 95 percent of the tenants affected or else amicable solutions are expected soon. Some of the COVID-related rent reductions were reached in connection with lease optimization agreements and lease extensions. The rent reductions granted in the 2020 reporting year amount to some 2 percent of the Fund's target rental income; no rents were waived in full. Another positive aspect is the fact that, to date, no tenants have declared bankruptcy and no legal disputes have arisen in connection with COVID-19.

The Fund Management Company is making every effort to clarify the situation as quickly as possible for all stakeholders – meaning tenants, investors and all other parties affected – and restore certainty to greatest possible extent.

The long-term effects of the COVID-19 pandemic are not entirely clear at this time and rather difficult to assess. In this regard, the HSC Fund benefits from the fact that its general strategy is to invest in buildings with rather low rents per square meter. The retail space analysis differentiates between food and non-food spaces. The former are unlikely to be affected by COVID-19-related problems, even in the long term, or if so, then to a much lesser extent. The HSC Fund has a retail space component of around 24 percent, around a quarter of which is likely to have remained fairly unaffected.

In the case of the non-food retail space, which was hit particularly hard, the rental income of 78 percent of all affected spaces comes from more corporate-style tenants with good credit ratings and longer lease terms.

The goal is to offset the negative COVID-19-related cash flow effects by reducing vacancies, by preventing additional vacancies and through careful cost management.

Initially, it was assumed that the COVID-19 crisis would likely have a strong, direct impact on the valuations of commercial real estate funds. Now that the updated valuations for the HSC Fund are available, it can be stated that the valuations have remained stable overall and no increased valuation uncertainties as a result of COVID-19 were disclosed in the report of the independent real estate valuation expert.

#### 15. Events After the Balance Sheet Date

None

## 16. Further information (Art. 95 CISO-FINMA)

The properties are only depreciated at the level of the subsidiaries (2020: Helvetica Swiss Commercial AG, 2019: Helvetica Swiss Commercial AG and Helvetica Swiss Commercial 2 GmbH). As these depreciations do not comply with the fair value principle according to CISA, they are not recognized at the level of the real estate fund and are not shown in the balance sheet or in the income statement of the real estate fund.

The provisions for maintenance and repairs (R&U) at the level of the subsidiaries (2020: Helvetica Swiss Commercial AG, 2019: Helvetica Swiss Commercial AG and Helvetica Swiss Commercial 2 GmbH) are disclosed under "Further information (Art. 95 CISO-FINMA)". As these do not comply with the fair value principle under CISA, they are not recognized at the level of the real estate fund and are not shown in either the balance sheet or the income statement of the real estate fund. In the following, the holdings and changes are explained separately at the level of subsidiaries and real estate funds.

All amounts stated in CHF

| Total tax-motivated provisions for R&M as of 12/31/2020     | Total tax-motivated provisions for R&M as of 12/31/2019     | Change     |
|---|---|------------|
| 3,743,891   | 5,435,409   | -1,691,518 |
| Total provisions for R&M at the Fund level as of 12/31/2020 | Total provisions for R&M at the Fund level as of 12/31/2019 | Change     |
| 0   | 0   | 0          |

## 17. Collected Footnotes

1. The Fund has been listed on the SIX Swiss Exchange since November 11, 2019. The prices on December 31, 2019, and December 31, 2020, were used to calculate the key figures for the performance and premium/discount.
2. The COVID-19-related rent reductions described in Note 14 were recognized under rental income in the 2020 financial year as a reduction in income.
3. COVID-19-related rent reductions and allowances for credit balances from trade receivables (del credere) are not included in the rent default rate.

## Organization

|   |   |
|---|---|
| <b>Fund Management Company</b>          | Helvetica Property Investors AG, Brandschenkestrasse 47, Zurich   |
| <b>Executive Board</b>                  | Michael Müller, CEO (Switzerland)<br>Peter R. Vogel, CFO, Head of Finance and Corporate Services  |
| <b>Extended Executive Board</b>         | Salman Baday, Head of Sales (Switzerland)<br>Lucas Schlageter, Head of Asset Management   |
| <b>Board of Directors</b>               | Dr. Hans Ueli Keller, Chairman<br>Peter E. Bodmer, Vice Chairman<br>Herbert Kahlich, Member<br>Hans R. Holdener, Member<br>Thomas Huber, Member (until May 29, 2020)<br>Theodor Härtsch, Member (since November 18, 2020)                               |
| <b>Asset Manager</b>                    | Helvetica Property Investors AG, Brandschenkestrasse 47, Zurich   |
| <b>Custodian Bank and Paying Agency</b> | Bank J. Safra Sarasin, Elisabethenstrasse 62, Basel   |
| <b>Trade</b>                            | SIX Swiss Exchange  |
| <b>Auditors</b>                         | PricewaterhouseCoopers AG, Birchstrasse 160, Zurich   |
| <b>Market Maker</b>                     | Bank J. Safra Sarasin, Elisabethenstrasse 62, Basel   |
| <b>Accredited Valuation Experts</b>     | The Fund Management Company has commissioned the following valuation experts with the approval of the supervisory authority:<br>Ivan Anton, Valuation Expert, Wüest Partner AG, Zurich<br>Silvana Dardikman, Valuation Expert, Wüest Partner AG, Zurich |
| <b>Property Management</b>              | Property management and technical maintenance are mainly delegated to H&B Real Estate AG, Régimo Lausanne SA and Wincasa AG. The detailed execution of the assignment is regulated in separate contracts.   |

## Principles Used for Valuation of the Fund Assets and for Calculating Net Asset Value

The net asset value of the real estate fund is calculated at its 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 commissions 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 commissions 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 asset 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.

Further details regarding fair market values and the valuation method as well as quantitative information on the assumptions in the valuation model can be found in the valuation report of the real estate valuation expert in the annual financial statements.

## Further Information for Investors

### Amendments to the Fund Contract

The fund contract was amended twice in 2020. The first amendment was approved by FINMA on March 27, 2020, and 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:

- 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. 3. The custodian bank is Banque Cantonale Vaudoise in Lausanne."

The second amendment was approved by FINMA on September 14, 2020, and entered into force on September 15, 2020. According to the publication dated July 8, 2020, as well as the follow-up publication dated August 12, 2020, the amendments comprise the following points:

- The custody bank was changed in para. 1 sect. 3. The function previously performed by the custody bank will now be performed by Bank J. Safra Sarasin AG, Basel. The custodian bank was previously Banque Cantonale Vaudoise, Lausanne. Accordingly, para. 1 sect. 3 now reads as follows:  
"The custodian bank is Bank J. Safra Sarasin in Basel."
- In the last paragraph and the last sentence of para. 28, the date of the fund contract and the date on which the fund contract was approved by the Swiss Financial Market Supervisory Authority FINMA were changed due to the amendment of the fund contract. On the signature page, Banque Cantonale Vaudoise was replaced by Bank J. Safra Sarasin AG.

### Legal Disputes

There are no pending or threatened legal disputes of a material nature.

### Compliance with Investment Restrictions

The Fund Management Company confirms that the Helvetica Swiss Commercial 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 Custodian Bank

The role of custody bank was transferred from Banque Cantonale Vaudoise, Lausanne to Bank J. Safra Sarasin, Basel during the reporting period.

### Change in 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 from May 29, 2020, for personal reasons. Theodor Patrick Härtsch joined the Board of Directors on November 18, 2020.

### Changes in the Executive Board

As of January 1, 2021, Hans R. Holdener will assume the duties and responsibilities of Chief Investment Officer and Head of the Investment Management Team on an ad interim basis. Frédéric Königsegg, CIO resigned from the Executive Board and the company on November 11, 2020. The function of CIO was taken over by Michael Müller, CEO on an interim basis until the end of the year.

### Change of Valuation Expert

With effect on January 1, 2020, there was a change in the valuation experts, from Marco Feusi and Silvana Dardikman, both at Wüest Partner AG, Zurich, to Wüest Partner AG, Zurich; lead valuation experts: Ivan Anton and Silvana Dardikman.

### 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 Note 14. Otherwise, no significant events are known.

# Report of the Valuation Experts



Wüest Partner AG, Bleicherweg 5, 8001 Zurich

Helvetica Property Investors AG  
Executive Board  
Brandschenkestrasse 47  
8002 Zurich

Zurich, 4 February 2021

Helvetica Swiss Commercial Fund  
Independent real estate valuer's report  
Valuation as at 31 December 2020

To the Executive Board of Helvetica Property Investors AG

Ref.  
118583.2010

## **Commission**

Wüest Partner AG (Wüest Partner) was commissioned by the Fund Management to perform a valuation, for accounting purposes, of the 35 properties held by Helvetica Swiss Commercial Fund as at 31 December 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 Commercial Fund's liabilities in respect of taxation (apart from ordinary property taxes) and financing costs.

## **Valuation method**

In valuing Helvetica Swiss Commercial Fund'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.

**Wüest Partner AG**  
Alte Börse  
Bleicherweg 5  
8001 Zurich  
Switzerland  
T +41 44 289 90 00  
wuestpartner.com  
Regulated by RICS

**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 2018 and 2020.

**Results**

A total of 35 investment properties were valued as at 31 December 2020. The market value of these properties on the valuation date is estimated by Wüest Partner to total 743,946,000 Swiss Francs.

In the property valuation, real discount rates between 3.30% and 4.45% were applied. Considering an inflation rate of 0.50% the nominal discount rates lie between 3.82% and 4.97%. Over the whole portfolio, the average of the discount rates – weighted by market value – is 3.82% in real terms and 4.34% in nominal terms.

**Changes during reporting period**

Within the review period from 1st January 2020 to 31st December 2020, the following changes occurred:

Acquired:

- 1290 Versoix, Route des Fayards 243;
- 8500 Frauenfeld, Zürcherstrasse 331/333;
- 8500 Frauenfeld, Zürcherstrasse 370;
- 9320 Arbon, Industriestrasse 23;
- 1700 Fribourg, Route du Jura 37.

**Independence and confidentiality**

The valuation of Helvetica Swiss Commercial Fund'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.

Zurich, 4 February 2021

Wüest Partner AG



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 October 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.
- 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 of the statutory auditor

to the Partners' meeting of Helvetica Swiss Commercial Fund, Zürich

### Report on the financial statements

As statutory auditor, we have audited the accompanying financial statements, which comprise the sub-fund of the participating shareholders including supplemental disclosures in accordance with art. 89 para. 1 lit. a–h of the Swiss Collective Investment Schemes Act (CISA), the sub-fund of the corporate shareholders and the resultant aggregated financial accounts (balance sheet, income statement and notes) – collectively referred to as 'the financial statements' – of Helvetica Swiss Commercial Fund for the year ended 31 December 2020.

#### Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation, the investment guidelines and the prospectus. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

#### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Audit opinion

In our opinion, the financial statements for the year ended 31 December 2020 comply with Swiss law and the company's articles of incorporation, the investment guidelines and the prospectus.

### Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (art. 728 CO and art. 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with art. 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings pertaining to the sub-fund of the participating shareholders as well as the available earnings pertaining to the sub-fund of the corporate shareholders comply with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

---

*PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zürich, Switzerland  
Telefon: +41 58 792 44 00, Telefax: +41 58 792 44 10, [www.pwc.ch](http://www.pwc.ch)*

PricewaterhouseCoopers AG is a member of the global PricewaterhouseCoopers network of firms, each of which is a separate and independent legal entity.

PricewaterhouseCoopers AG

Raffael Simone  
Audit expert  
Auditor in charge

Erik Ganz  
Audit expert

Zürich, 17 March 2021

Enclosure:

- Financial statements, which comprise the sub-fund of the participating shareholders including supplemental disclosures in accordance with art. 89 para. 1 lit. a–h CISA, as well as the sub-fund of the corporate shareholders and the resultant aggregated financial accounts (balance sheet, income statement and notes)



2 Helvetica Swiss Commercial Fund | Report of the statutory auditor to the General Meeting

## Board of Directors



**Hans Ueli Keller**

**Chairman**

|                                    |                |
|------------------------------------|----------------|
| Position                           | Chairman       |
| Born                               | 1952           |
| Nationality                        | Switzerland    |
| Member of the Board since          | 2014           |
| Equity stake in Fund Mgmt. 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 a 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.

| Prior positions              |   |
|------------------------------|---|
| 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 stake in Fund Mgmt. 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.

| Prior positions              |   |
|------------------------------|---|
| 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 stake in Fund Mgmt. 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.

| Prior positions              |   |
|------------------------------|---|
| 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 stake in Fund Mgmt. 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 Immospar. Extensive experience as investment advisor to wealthy individuals and as a private investor in the Swiss real estate market for residential and commercial properties.

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



## Theodor Härtsch

### Member

|                                    |             |
|------------------------------------|-------------|
| Position                           | Member      |
| Born                               | 1970        |
| Nationality                        | Switzerland |
| Member of the Board since          | 2020        |
| Equity stake in Fund Mgmt. Company | No          |
| Member of the Investment Committee | No          |

### Education

Law degree from the University of Zurich, attorney-at-law and completed the Global Executive MBA program at IE Business School.

### Executive and non-executive positions

20 years of experience as an attorney-at-law in national and international law firms with a focus on banking & finance as well as capital market law. Active in various boards of directors such as UBS Swiss Financial Advisors AG, prior to which he spent more than 15 years at different Swiss banks.

### Prior positions

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

Board of Directors of the Fund Management Company

# BRANDSCHENKE47

BRANDSCHENKE47

# 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 fair market value of the properties.

## Debt ratio

The debt ratio corresponds to debt capital as a share of the gross asset value 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 defaults.

## Vacancy

A rental property is regarded as vacant if no lease agreement 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 lease agreements are not taken into consideration.

## Total net income

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

## Maintenance costs

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

## 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 lease agreements 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 the average gross asset value and as a percentage of average market value. If there is no trading, the net asset value per unit must be capitalized.

# Imprint

## **Publisher**

Helvetica Property Investors AG  
Peter R. Vogel  
CFO, Head of Finance and Corporate Services  
+41 43 544 7080  
prv@helvetica.com

## **Authors**

Peter R. Vogel  
+41 43 544 7080  
prv@helvetica.com

Ramon Scussel  
+41 43 544 7080  
rs@helvetica.com

## **Contributors**

Lucas Schlageter

## **Editing**

Helvetica Property Investors AG

## **Layout and Realization**

LST AG, Lucerne

## **Translation**

Apostroph Group AG, Lucerne

## **Printing**

PK Druck, Lucerne

## **Number of copies**

30

**Fund Management Company**  
Helvetica Property Investors AG  
Brandschenkestrasse 47, CH 8002 Zurich  
T + 41 43 544 70 80  
Helvetica.com

Authorized and regulated by the Swiss Financial Market Supervisory Authority FINMA.