Helvetica Swiss Commercial Fund shows strong portfolio development and performance in the first half of 2024

Zurich, August 30, 2024 – The Helvetica Swiss Commercial Fund (HSC Fund) ended the first half of 2024 with a strong and solid result. In accordance with its strategic alignment, the portfolio generates stable income that is secure in the long term.

- **Net income in the first half of 2024 of CHF 12.4 million contributes CHF 3.40 to the distribution per unit**
- **EBIT margin is stable at around 72 percent**
- **34,500 m^2 new and relet with an average term of five years**
- **WAULT increased by around half a year to more than four years**
- **Vacancy rate as at the reporting date is 5.8 percent (reporting period 4.7 percent)**
- **HSC Fund is best-performing listed Swiss real estate fund at +21 percent since the start of 2024**
- **Preparations for the merger with the Helvetica Swiss Opportunity Fund (HSO Fund) are on track**

Net income and dividend contribution

The portfolio generates stable income that is secure in the long term. The management fees, which have been reduced by 10 basis points since 2024 to 0.60 percent, have a supporting effect here. Net income was CHF 12.4 million as of the balance sheet date. Divided between the units relevant for the distribution (after deduction of the redemptions), this equates to a dividend contribution of CHF 3.40 per unit, which is equivalent to around 65 percent of the previous year’s dividend.

Portfolio management

In the first half of 2024, two properties worth CHF 14 million were successfully sold at market value. At the same time, the remaining portfolio was adjusted by –1.4 percent (CHF 10 million) in line with the conservative valuation approach. The portfolio’s market value decreased by a total of 3.3 percent to CHF 696 million in the first half of 2024. No new real estate was acquired during the period under review.

As of the balance sheet date of June 30, 2024, the Fund comprised 31 well-positioned commercial properties in primarily suburban regions with good transport connections. 83 percent of the properties are in German-speaking Switzerland and generate rental income mainly from office use at 34 percent, commercial premises at 24 percent and retail space at 22 percent.

Thanks to active efforts by Asset Management and long-term tenant relationships, space totalling CHF 5 million over 25,950 m^2 was extended and over 8,550 m^2 newly let. The average lease term is five years. The occupancy rate remains at a high level of 94 percent. The WAULT was increased by around half a year to more than four years. As of the balance sheet date, 95.7 percent of the leases were indexed and thus linked to inflation. The portfolio’s gross yield [target] was just under 6.2 percent as of June 30, 2024, underlining the high profitability.

Debt financing strategy

In line with the adjusted financing strategy, the proportion of long-term debt financing (term >1 year) as of the balance sheet date of June 30, 2024, increased to 22 percent compared with 20 percent at the end of 2023. The debt financing ratio at the end of June 2024 was 29.1 percent and will be restored to the target range of 25 to 28 percent in the second half of 2024. As of June 30, 2024, the average interest rate was 1.60 percent compared with 1.94 percent at the end of 2023, which will result in lower interest costs in the second half of 2024.

Sustainability

Helvetica is pursuing the net zero target for greenhouse gas emissions by 2050 and has enshrined this in the fund contract since 2023. Progress is monitored and actively managed on the basis of the CO_2 reduction pathway in order to keep the interim targets on track and take targeted measures.

Currently, the HSC Fund causes 7.4 kg/CO_2 per m^2 pursuant to the AMAS key figures (based on REIDA). The CO_2 energy intensity is based on a coverage rate of 68.4 percent, which will be continuously increased with further participation in the REIDA benchmarking. The current proportion of fossil-fuel heating of 58 percent will be greatly reduced in the next few years, primarily through heating refurbishments. There are clear business plans for this for each property.

Price and performance

The HSC Fund achieved net performance of +21 percent in the first half of 2024, making it the best-performing listed Swiss real estate fund. Its unit price rose from CHF 75.80 at the end of 2023 to CHF 86.40, including the distribution of CHF 5.35 made in April 2024. The discount to the Fund’s net asset value fell from 34 percent at the end of 2023 to 21 percent.

Merger with the Helvetica Swiss Opportunity Fund (HSO Fund)

Subject to approval by the Swiss Financial Market Supervisory Authority (FINMA), completion is planned by the end of the first half of 2025. The HSC Fund is the acquiring fund and the HSO Fund the transferring fund. This merger will create a more profitable listed commercial real estate fund with an expected initial size of around CHF 750 million. The merger will offer investors in both funds improved diversification and increased profitability and will create the basis for the future fund growth.

Outlook for the second half of 2024

Until the end of 2024, the focus will be on stable income performance by the portfolio, successful completion of the property sales currently underway and a further increase in the price of the fund units.

In the area of sustainability, the Fund will participate in the REIDA benchmarking for the second time, further PV systems will be commissioned and a tenant survey will be conducted for the first time.

Further details, facts and figures can be found in the HSC Fund's 2024 semi-annual report: Helvetica.com

Media contacts

Urs Kunz
Chief Commercial Officer,
Member of the Executive Board
T +41 43 544 70 95
urs.kunz@helvetica.com

Patricia Neupert
Head Marketing & Communications

T +41 43 544 70 98
patricia.neupert@helvetica.com

Appendix

Key data HSC Fund

Key data		Notes	30.06.2024	31.12.2023
Securities number			33550793	33550793
ISIN			CH0335507932	CH0335507932
Initiation date			09.12.2016	09.12.2016
Outstanding units[1)]	Number		4 297 851	4 342 851
Redeemed units	Number		45 000	-
Net asset value per unit[2)]	CHF		109.40	114.80
Discount rate (real / nominal)	%		3.50 / 4.79	3.48 / 4.78
Balance Sheet			**30.06.2024**	**31.12.2023**
Fair market value of the properties	CHF	1	696 198 000	719 930 000
Gross Asset Value (GAV)	CHF		709 608 634	737 257 548
Debt ratio[3)]	%		33.74	32.38
Residual term debt financing[3)]	Years		0.61	0.61
Interest rate debt financing[3)]	%		1.60	1.94
Net Asset Value (NAV)[2)]	CHF		470 202 429	498 565 182
Income statement			**01.01.-30.06.2024**	**01.01.-30.06.2023**
Rental Income and Income from ground rent	CHF		19 904 062	21 391 533
Net income	CHF		12 439 492	13 806 904
Weighted average unexpired lease term (WAULT)[3)]	Years		4.13	3.64
Maintenance and repairs	CHF		752 607	844 681
Target rental income p.a.[4)]	CHF		42 973 164	46 036 360
Gross target yield	%		6.17	6.04
Gross actual yield	%		5.82	5.84
Key financial figures AMAS[3)]			**30.06.2024**	**30.06.2023**
Return on investment	%		-0.04	1.19
Distribution yield	%	9	n/a	n/a
Distribution per unit	CHF	9	n/a	n/a
Payout-Ratio	%	9	n/a	n/a
Return on equity (ROE)	%		-0.04	1.14
Return on invested capital (ROIC)	%		0.23	0.97
Premium/discount	%		-21.03	-21.36
unit price per fund unit	CHF		86.40	89.00
Operating profit margin (EBIT margin)	%		71.79	73.09
Debt financing ratio	%		29.05	30.71
Rent default rate	%	1	7.14	6.21
Total expense ratio TER_{REF} GAV	%		0.92	0.94
Total expense ratio TER_{REF} MV	%		1.91	1.79
Performance	%		21.19	-3.96

[1)] The relevant number of shares for the distribution for the 2024 financial year, which will be paid out in April 2025, is 3,623,353. 674,498 shares were terminated at the end of 2023 and will be paid out in March 2025 at the latest.

[2)] Values as at 31.12.2022: Net asset value per unit CHF 117.19 / net fund assets (NAV) CHF 508 955 525.

[3)] The key figures were calculated in accordance with AMAS "Fachinformation Kennzahlen von Immobilienfonds" dated 13.09.2016 (as at 31.05.2022).

[4)] Annualized value based on balance sheet date. As at the reporting date, 95.7 % of rental income is indexed and therefore linked to inflation.

Past performance is no guarantee of future performance and does not take into account any commissions and costs charged on subscriptions and redemptions of units.

About Helvetica

Helvetica Property Investors AG, founded in 2006, is a leading real estate fund and asset management corporation regulated by FINMA. We offer institutional investors and private investors lasting value through long-term ownership of stable real estate assets with solid returns. With our fully integrated real estate asset platform, we cover the entire value chain, develop customer-specific investment solutions, and provide standardized investment products: The listed HSC Fund for commercial property, the HSO Fund for special commercial property, and the HSL Fund for residential property invest in attractive locations across Switzerland with good transport connections to regional economic centers. Our commitment to a sustainable future takes into account ESG requirements along the entire real estate life and investment cycle, and is formally integrated at fund level. Helvetica.com

Helvetica Swiss Commercial Fund

The HSC Fund is a Swiss real estate fund listed on the SIX Swiss Exchange and open to all investors. The HSC Fund invests in commercial and industrial properties in the most important economic areas of Switzerland. The fund's portfolio is geared towards long-term value preservation and features high location and property quality as well as broad diversification. The investment objective is primarily the long-term preservation of substance and the distribution of appropriate income. The HSC Fund is authorized by the Swiss Financial Market Supervisory Authority FINMA. Listing SIX Swiss Exchange; ticker symbol HSC; Valor 33 550 793; ISIN CH0335507932

Helvetica Swiss Opportunity Fund

The HSO Fund is a Swiss real estate fund open only to qualified investors. The HSO Fund invests in commercial special real estate in the Swiss economic centers. The focus is on fully leased properties with long-term leases and few tenants that generate stable income. The investment objective is mainly to preserve the value of the properties over the long term and to distribute appropriate income. The fund units are tradable over the counter. The HSO Fund is authorized by the Swiss Financial Market Supervisory Authority FINMA. Ticker Symbol HSO; Valor 43 472 505; ISIN CH0434725054