Helvetica Swiss Opportunity Fund shows strong first half of 2024 and lowers vacancy rate to 2.3

Zurich, September 3, 2024 – The Helvetica Swiss Opportunity Fund (HSO Fund) ended the first half of 2024 with an excellent and solid result. The preparations for the merger with the Helvetica Swiss Commercial Fund (HSC Fund) are on track.

- **Vacancy rate reduced from 5 percent to 2.3 percent as of June 30, 2024**
- **WAULT is stable at a high level of more than five years**
- **Net income in the first half of 2024 of CHF 4.5 million contributes CHF 2.90 to the distribution per unit**
- **EBIT margin remains above 70 percent**
- **Preparations for the merger with the Helvetica Swiss Commercial Fund (HSC Fund) are on track**

Net income and dividend contribution

The HSO Fund's portfolio generates stable income that is secure in the long term. The management fees, which have been reduced by 5 basis points since 2024 to 0.65 percent, have a supporting effect in this respect. Net income was CHF 4.5 million as of the balance sheet date. This results in a dividend contribution of CHF 2.90 per unit.

Portfolio management

In the first half of 2024, a property worth CHF 20 million was successfully sold at above market value. The site in Pratteln (Basel-Country) also lost around CHF 8 million in value due to market conditions, while the value of the rest of the portfolio remained stable. The total write-down at the portfolio level was consequently 3 percent. The portfolio's market value as of June 30, 2024 was CHF 297 million. No new properties were acquired during the period under review.

As of the balance sheet date of June 30, 2024, the Fund comprised 17 well-positioned commercial properties in primarily suburban regions with optimal transport connections. The majority of the rental income comes from retail space (34 percent) and commercial premises (25 percent), with German-speaking Switzerland accounting for 95 percent of the rental income.

Active efforts by Asset Management and long-term tenant relationships increased the occupancy rate to a remarkable 98 percent. The vacancy rate fell sharply from 5 percent at the end of 2023 to 2.3 percent. This is reflected in the rent default rate, which was further reduced to 3.13 percent as of the balance sheet date. Moreover, the high WAULT of five years generates income that is secure in the long term. As of the balance sheet date, 99.5 percent of the leases were indexed and thus linked to inflation. The portfolio's gross yield [target] was just under 6.0 percent as of June 30, 2024, underscoring 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 increased minimally to 10 percent, compared with 9 percent at the end of 2023. The debt financing ratio at the end of June 2024 was 39.8 percent. During the second half of 2024, this will be brought below 33 percent and within the target range of 25 to 28 percent through the completion of the ongoing property sales. At the same time, the proportion of long-term borrowing will increase to more than 30 percent. As of June 30, 2024, the average interest rate was 2.07 percent, compared with 2.33 percent at the end of 2023, which will result in lower interest costs in the second half of 2024.

Sustainability

Helvetica is pursuing a 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 HSO Fund causes 5.8 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 73 percent, which will be continuously increased with further participation in the REIDA benchmarking. The current proportion of fossil-fuel heating (46 percent) will be greatly reduced in the next few years, primarily through heating refurbishments. There are clear business plans for this for each property.

IPO and merger with the Helvetica Swiss Commercial Fund (HSC Fund) are on track

The HSO Fund's initial public offering (IPO) is scheduled for the fourth quarter of 2024, once it fulfills all regulatory requirements. The process is subject to approval by the Swiss Financial Market Supervisory Authority (FINMA). The merger with the HSC Fund is planned by the end of the first half of 2025, subject to approval by FINMA. The HSO Fund is the transferring fund and the HSC Fund the acquiring 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 lay the foundation for future fund growth.

Outlook for the second half of 2024

In the second half of the year, the focus will be on the stable income performance of the portfolio, the successful completion of the property sales that are currently underway and the IPO as preparation for the planned merger with the HSC Fund.

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 HSO 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 HSO Fund

Key data		Notes	30.06.2024	31.12.2023
Securities number			43472505	43472505
ISIN			CH0434725054	CH0434725054
Initiation date			29.11.2019	29.11.2019
Outstanding units[1)]	Number		1 562 500	1 562 500
Net asset value per unit[2)]	CHF		105.63	114.94
Discount rate (real / nominal)	%		3.55 / 4.85	3.50 / 4.80
Balance Sheet			**30.06.2024**	**31.12.2023**
Market value of the properties	CHF	1	297 148 000	326 070 000
Gross Asset Value (GAV)	CHF		303 781 401	332 101 994
Debt ratio[3)]	%		45.67	45.92
Residual term debt financing[3)]	Years		0.43	0.46
Interest rate debt financing[3)]	%		2.07	2.33
Net Asset Value (NAV)[2)]	CHF		165 049 521	179 596 611
Income statement			**01.01.-30.06.2024**	**01.01.-30.06.2023**
Rental Income and Income from ground rent	CHF		8 708 760	8 907 804
Net income	CHF		4 520 072	5 288 363
Weighted average unexpired lease term (WAULT)[3)]	Years		5.01	6.96
Maintenance and repairs	CHF		213 658	118 332
Target rental income p.a.[4)]	CHF		17 731 649	18 649 167
Gross target yield	%		5.97	5.61
Gross actual yield	%		5.83	5.47
Key financial figures AMAS[3)]			**30.06.2024**	**30.06.2023**
Return on investment	%		-3.48	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)	%		-3.31	1.13
Return on invested capital (ROIC)	%		-1.38	1.00
Premium/discount	%		-8.64	-11.49
unit price per fund unit	CHF		96.50	103.00
Operating profit margin (EBIT margin)	%		70.04	75.28
Debt financing ratio	%		39.77	41.05
Rent default rate	%	1	3.13	4.16
Total expense ratio TER_{REF} GAV	%		0.98	0.96
Total expense ratio TER_{REF} MV	%		2.02	1.93
Performance	%		-1.05	-4.36

[1)] The relevant number of shares for the distribution for the 2024 financial year, which will be paid out in April 2025, is 1,238,573. 323,927 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 121.15 / net fund assets (NAV) CHF 189 303 200.

[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, 99.5% 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 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

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

Disclaimer
This media release does not constitute a prospectus within the meaning of Art. 35 et seq. of the Federal Act on Financial Services or Art. 27 et seq. of the Listing Rules of SIX Swiss Exchange Ltd, nor a basic information sheet. It does not constitute an offer or a recommendation to subscribe for or redeem fund units but is intended solely for information purposes. This media release may contain forward-looking statements that are subject to uncertainties and risks and may change. Historical performance is no guarantee of current or future performance. The performance data do not take into account any commissions and costs charged on the subscription and redemption of units. The documents that are solely relevant for an investment decision, the prospectus with integrated fund contract as well as the current annual report can be obtained free of charge from the fund management company. This media release is not addressed to persons resident and/or domiciled outside Switzerland. In particular, this media release may not be made available or handed over to US persons within the meaning of the US Securities Act or US tax regulations, nor may it be distributed in the USA.
In case of doubt, the German version shall prevail.