

2023 Annual Report

# Helvetica Swiss Commercial Fund

Real estate fund  
under Swiss law



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### Helvetica Swiss Commercial Fund (HSC Fund)

Real estate fund under Swiss law

Audited Annual Report for the Year Ended December 31, 2023

Securities number: 33550793

Helvetica.com

### Disclaimer

This annual report constitutes neither a prospectus within the meaning of Art. 35 ff. of the Swiss Federal Act on Financial Services or Art. 27 ff. of the Listing Rules of SIX Swiss Exchange AG nor a key information document. It constitutes neither an offer nor a recommendation to subscribe to or redeem fund units but is intended solely for information purposes. Past performance is not a guarantee of current or future performance. This annual report is not intended for persons resident and/or incorporated outside Switzerland. In particular, it must not be made available or handed over to U.S. persons within the meaning of the U.S. Securities Act or U.S. tax remissions and must not be distributed in the U.S.

In case of doubt, the German version shall prevail.

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## Key Figures

Key data	Notes	as of 31.12.2023	as of 31.12.2022
Securities number		33550793	33550793
ISIN		CH0335507932	CH0335507932
Initiation date		09.12.2016	09.12.2016
Issued units	Number	-	-
Outstanding units	Number	4 342 851	4 342 851
Redeemed units	Number	-	-
Net asset value per unit <sup>1)</sup>	CHF	114.80	117.19
Discount rate (real / nominal)	%	3.48 / 4.78	3.45 / 4.49
<b>Balance Sheet</b>			
		<b>as of 31.12.2023</b>	<b>as of 31.12.2022</b>
Fair market value of the properties	CHF	1 719 930 000	756 152 000
Gross Asset Value (GAV)	CHF	737 257 548	774 565 608
Debt ratio <sup>2)</sup>	%	32.38	34.29
Residual term debt financing <sup>2)</sup>	Years	8	0.61
Interest rate debt financing <sup>2)</sup>	%	8	1.94
Net Asset Value (NAV) <sup>1)</sup>	CHF	498 565 182	508 955 525
<b>Income statement</b>			
		<b>as of 31.12.2023</b>	<b>as of 31.12.2022</b>
Rental Income and Income from ground rent	CHF	42 395 782	42 742 033
Net income	CHF	27 485 105	29 302 060
Weighted average unexpired lease term (WAULT) <sup>2)</sup>	Years	3.73	3.72
Maintenance and repairs	CHF	1 663 763	1 530 461
Target rental income p.a. <sup>3)</sup>	CHF	43 908 665	45 540 896
Gross target yield	%	6.07	6.02
Gross actual yield	%	5.79	5.73
<b>Key financial figures AMAS<sup>2)</sup></b>			
		<b>as of 31.12.2023</b>	<b>as of 31.12.2022</b>
Return on investment	%	2.64	5.83
Distribution yield	%	12	7.06
Distribution per unit	CHF	12	5.35
Payout-Ratio	%	12	83.66
Return on equity (ROE)	%	2.52	5.56
Return on invested capital (ROIC)	%	2.22	3.75
Premium / discount	%	-33.97	-16.38
unit price per fund unit	CHF	75.80	98.00
Operating profit margin (EBIT margin)	%	72.54	71.67
Debt financing ratio	%	26.84	28.74
Rent default rate	%	1	6.23
Total expense ratio TER <sub>REF</sub> GAV	%	0.96	0.94
Total expense ratio TER <sub>REF</sub> MV	%	1.92	1.58
Performance	%	-18.20	-10.81

<sup>1)</sup> Values as at 31.12.2021: Net asset value per unit CHF 116.04 / net fund assets (NAV) CHF 503 944 221.

<sup>2)</sup> The key figures were calculated in accordance with AMAS "Fachinformation Kennzahlen von Immobilienfonds" dated 13.09.2016 (as at 31.05.2022).

<sup>3)</sup> Annualized value based on balance sheet date. As at the reporting date, 94.8 percent 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.

## Portfolio Management Report

The Helvetica Swiss Commercial Fund remained stable and successful in 2023. The occupancy rate at the end of 2023 was maintained at a high level of 95 percent. Two disposals at above market value reduced the debt financing ratio to below 27 percent, while various new leases and lease extensions meant it was possible to keep the HSC Fund's WAULT stable year on year at 3.7 years. The portfolio's market value fell by around 5 percent in total, partly as a result of two sales amounting to CHF 24 million and partly due to a market-related devaluation of the existing property portfolio, compared with the previous year, of less than 2 percent.

### Summary Report

The HSC Fund exhibited stability in the 2023 financial year despite uncertainties on the market. Vacancies and WAULT remained stable year on year thanks to new leases, re-lettings and various lease extensions. Overall, rental income was kept at the previous year's level despite disposals, particularly due to the high indexation rate, which enabled adjustments to be made to existing rents.

As a result of a market-related valuation adjustment (-1.7 percent) and the sale of two properties amounting to CHF 24 million, the existing property portfolio's market value fell by 5 percent from CHF 756 million to around CHF 720 million.

The portfolio's gross target yield as of December 31, 2023 was 6.1 percent after the latest valuation adjustments, the gross actual yield 5.8 percent.

In 2023, rental income and income from ground rent totaling CHF 42 million was generated in the HSC Fund, which is thus in line with the previous year. In addition, the high indexation rate of 95 percent meant that annualized rent adjustments of CHF 0.8 million were realized.

The occupancy rate, which remains high at 95 percent at the end of 2023, is proof of Asset Management's active efforts to cultivate excellent relationships with tenants and its commitment to outstanding real estate management. This highlights the HSC Fund's robust performance.

Thanks to the two properties in Münchwilen and Frauenfeld sold at above market value, the debt financing ratio in the HSC Fund fell to around 27 percent and is thus within the defined target range of 25 to 28 percent. Moreover, a capital gain of CHF 2.5 million was generated due to the two disposals. The Fund thus continues to have a solid existing property portfolio consisting of 33 attractive commercial-use properties.

A start was also made on moving from mainly short-term borrowing to longer-term borrowing thanks to the more attractive interest rate swaps on the market.

Both the reduction in debt financing and long-term borrowing are being realized as part of the desired risk management approach.

### Market Report

In the first half of the year, the real estate market experienced a period of uncertainty and restraint, influenced by rapidly rising key interest rates and palpable reluctance on the institutional capital market. The increase in key interest rates led to a decrease in the volume of real estate examined by Helvetica and to a cooling of purchase yields: gross initial yields of between 5.5 and 7.0 percent were seen on properties that fit our search criteria.

The market gradually stabilized in the second half of the year. Inflation currently appears to be under control, and therefore the stabilization in interest rates that was expected at half-year has materialized. This has also caused the market to start becoming calmer.

The real estate market is currently experiencing two contradictory influences: on the one hand, higher interest rates are having a slightly negative impact on property values due to increased discount rates (DCF) and higher financing costs. On the other hand, the market is benefiting from a stable low unemployment rate, continued immigration (forecast at more than 100,000 people in 2023), an ongoing supply shortage and a slump in construction activities, which in turn results in rent increases.

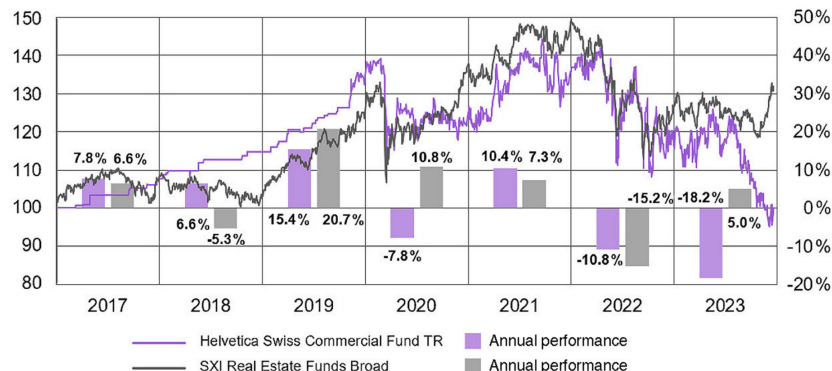
Thanks to these fundamentals, we expect demand for commercial rental space in our properties to remain stable.

According to various market reports from banking institutions, the market expects that initial interest rate cuts may occur in 2024. As a result, the Fund is optimistic with regard to financing costs and activities in the transaction market for 2024.

Overall, 2023 was a year of transition, orientation and realignment, shaped by initial restraint and a subsequent gradual market recovery. The prospects of stabilization and increased activity in 2024 give us hope that this will be a more dynamic year.

**Price and Performance**

The Fund's unit price decreased by 22.2 percent (gross), from CHF 98.00 to CHF 75.80, during the current year. Taking into account the distribution of CHF 5.35 paid out in the first half of the year for the 2022 financial year, this is equivalent to a net performance of -18.2 percent. By comparison, the SXI Real Estate Funds Broad benchmark rose by 5.0 percent. As the chart below shows, the HSC Fund is thus lagging behind the SXI Real Estate Funds Broad benchmark. The discount to net asset value is 34.0 percent.



**Distribution and Inventory Performance**

Taking the distribution of CHF 5.35 per unit and total profit in the current year into consideration, net asset value decreased by CHF 2.39, from CHF 117.19 to CHF 114.80 per unit. A return on investment of 2.6 percent was generated in 2023.

**Real Estate Portfolio**

**Portfolio Value and Transactions**

The market value of the existing property portfolio decreased by around 5 percent over the full financial year. The change is based partly on a market-related 1.7 percent downward revaluation by the external appraiser, which is equivalent to around CHF 12 million. This was attributable to a market-induced 3-basis-point increase in discount rates, from 3.45 percent in real terms to 3.48 percent.

In addition, two properties were sold – in Müchwilen (as of October 1, 2023) and Frauenfeld (as of December 15, 2023) – with a market value of CHF 24 million. Both disposals were made at above market value and generated a realized capital gain of around CHF 2.5 million for the 2023 financial year.

The entire portfolio's market value at the end of the 2023 financial year was therefore around CHF 720 million, taking into account the two disposals and the change in valuation.

The purchase agreement for the sale of another property in Chiasso in the Canton of Ticino was notarized in October 2023. The transfer of ownership is expected to take place by the middle of the first quarter of 2024, once the buyer has completed a Lex-Koller audit. The sale was closed at the end of 2023 at a price above market value of around CHF 10 million. In addition, a purchase agreement for a property in Sissach was notarized in the fourth quarter of 2023, with the transfer of ownership expected by the middle of the first quarter of 2024.

According to valuation expert Wüest Partner, the portfolio's quality profile remained unchanged with an attractive overall score of 3.6. Leasability and property ratings thus remain high.

**Regional Portfolio Allocation**

The geographical distribution of the properties continues to focus on German-speaking Switzerland, which makes up more than 82 percent of the portfolio. Two-thirds of the portfolio is located in the Zurich, Central Switzerland and Eastern Switzerland areas. This means the Fund remains well positioned and can continue to successfully serve the stable demand for rental space in these economically strong regions, which is reflected in the continuing high occupancy rate of 95 percent.

**Rental Income**

The HSC Fund benefited from stable demand for space and a slight increase in rents for leased commercial spaces.

Rent adjustments of CHF 0.8 million (on an annualized basis) were made due to inflation during the period under review. With positive economic development continuing in Switzerland and in light of the Fund's very high indexation rate of 95 percent, rental income can be expected to grow further, which will have a positive impact on the Fund's earnings.

Another CHF 0.5 million in rent adjustments are being made in line with the rise in the Swiss consumer price index as of January 2024. The Fund also has leases tied to the mortgage reference interest rate. The June increase in the reference interest rate to 1.5 percent, combined with the further increase to 1.75 percent in December, will result in an additional potential rent increase of around CHF 140,000 per year. Due to the six-month notice period, however, these will only have an impact on income in the 2024 financial year.

The effective rental income and income from ground rent were around CHF 42 million in 2023. The slight reduction of around CHF 0.4 million compared with the previous year is particularly due to the sale of the property in Müchwilen in the Canton of Thurgau in September 2023 and the loss of a major tenant in Steinhausen in the Canton of Zug at the end of September 2023. This was counteracted by rent adjustments and new leases.

The portfolio's gross actual yield increased to 5.8 percent and its gross target yield to 6.1 percent, compared with the previous year.

Target rental income by main use is comprised of 35 percent office use, 22 percent retail use, 21 percent commercial and 11 percent storage. The rental space offered by the Fund is broadly diversified for future users.

**Occupancy Rate**

In a competitive market environment, the portfolio's occupancy rate on the reporting date of December 31, 2023 was maintained at a solid 95 percent, as in the previous year. It is of particular note that it was possible to successfully place longer-term vacancies on the market at market terms and re-let very specific vacancies quickly. The effective rent default rate in the 2023 financial year was 6.23 percent, compared with 5.63 percent in the previous year. This means it increased by 0.6 percent and remains at an attractive level.

**Weighted Average Unexpired Lease Term**

The weighted average unexpired lease term in the reporting period increased slightly, compared to this figure at the end of 2022, to 3.73 years. The stabilization of the WAULT can be seen as a success; various leases were extended on a long-term basis and new leases, mostly with terms of five years or more, were also concluded.

**Financing Strategy**

In a challenging market environment marked by increased interest rates, the Fund continues to face heightened financing costs.

The HSC Fund has strategically defined a target range for its debt financing ratio of 25 to 28 percent. The debt financing ratio was still around 31 percent in mid-2023. The two property sales meant that the corresponding funds could be returned to the Fund and debt reduced to below 27 percent at the end of 2023.

In view of the Fund's previous financing structure, a comprehensive assessment of our financing strategy has led the Fund Management Company to adjust its purely short-term financing approach and define a target range so that 30 to 50 percent of borrowed funds

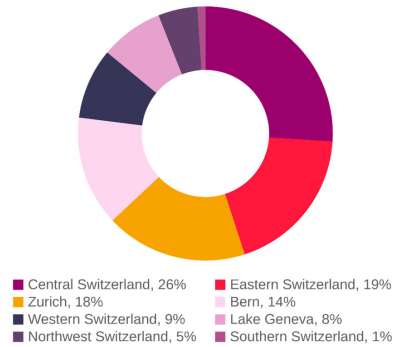
are always held as long-term debt in the medium term (long-term = a term of more than 1 year). The average term of the borrowed funds is to be oriented partly towards the Fund's WAULT.

Most banks' current market forecasts share a stable outlook for short-term interest rates with the potential for a downward trend in 2024. Interest rate swaps of long-term interest rates are currently more attractive than SARON, which is why financing accordingly makes business sense. We want to benefit from this trend and secure debt on attractive fixed terms.

Both the reduction in debt financing and longer-term borrowing are being realized as part of the risk management approach that has been defined.

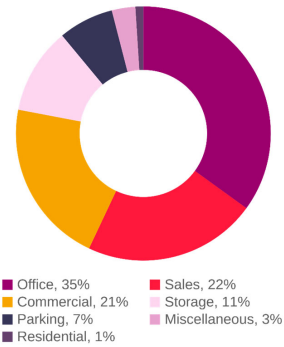
**Breakdown by Region**

On the basis of market value

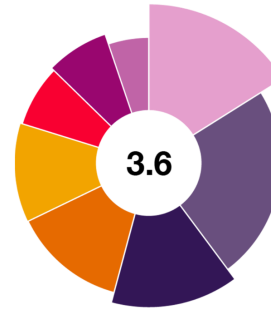


**Breakdown by Main Use**

On the basis of target rental income



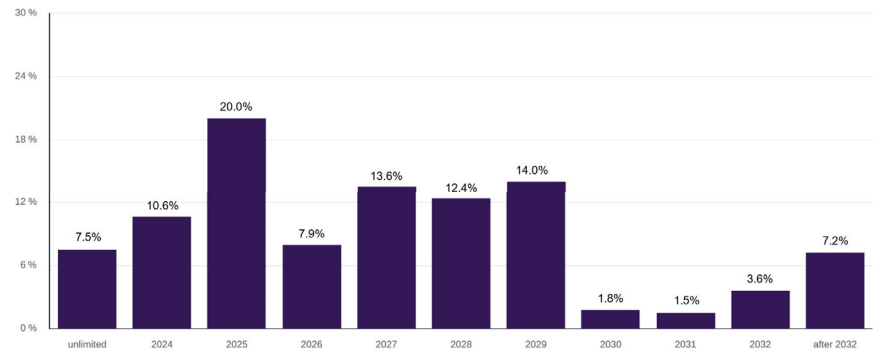
**Quality Profile**



	Grade	Weighting
Overall rating	3.6	
Location	3.8	40
Macro-location	4.3	40
Micro-location	3.4	60
Property	3.6	40
Usability	3.8	36
Standard	3.4	34
Condition	3.5	30
Investment	3.4	20
Lettability	3.4	37
Saleability	3.5	37
Income risk	3.1	25

Note: 1 = lowest score, 5 = best score

**Breakdown of the Weighted Average Unexpired Lease Term**



## Highlights of the Portfolio

### Acquisitions/Disposals

#### Münchwilen (Thurgau), Murgtalstrasse 20

The property was successfully sold as of September 2023. The sale was closed in mid-2023 at a price significantly above market value of around CHF 10 million.

#### Frauenfeld (Thurgau), Zürcherstrasse 331 and 333

The property was successfully sold as of December 2023. The sale was closed in mid-2023 at a price significantly above market value of around CHF 14 million.

#### Chiasso (Ticino), Via Livio 1/Via Motta 24

The purchase agreement for the sale of the property was notarized in October 2023. The transfer of ownership will take place by the middle of the first quarter of 2024, once the buyer has completed a Lex-Koller audit. The sale was closed at the end of 2023 at a price above market value of around CHF 10 million.

### Leasing Successes in 2023

#### Fribourg (Fribourg), Route du Jura 37

Around 125 m<sup>2</sup> of additional office space was leased to an existing tenant from the construction services sector for a five-year period until March 2028. This raised the occupancy rate to more than 86 percent.

#### St. Gallen (St. Gallen), Rorschacherstrasse 292 and 294

Around 790 m<sup>2</sup> was leased to a food retailer until mid-2036. This underscores the property's attractiveness and makes it even more appealing to other potential tenants. The occupancy rate will increase significantly from 65 to 83 percent as a result of this leasing success, which has raised this property's WAULT from 2.94 to 3.9.

#### Zurich (Zurich), Max-Högger-Strasse 6

Approximately 340 m<sup>2</sup> of office space was seamlessly leased to a trades business at market terms for another five years until mid-2028.

#### Rorschach (St. Gallen), Industriestrasse 21 and 23

An anchor tenant from the logistics sector extended its lease for a 915 m<sup>2</sup> space at market conditions by another five years. The property's occupancy rate is more than 95 percent.

A long-term tenant of around 3,780 m<sup>2</sup> of commercial space also decided to extend its lease until 2034.

These letting activities also included a new lease of around 270 m<sup>2</sup> of office space for five years.

#### Schindellegi (Schwyz), Chaltenbodenstrasse 6a to f

Around 560 m<sup>2</sup> of commercial space was leased to a trades business for five years at standard market terms. This raised the occupancy rate to more than 78 percent. The lease increased the WAULT from 1.88 to 2.19.

Two further new leases for a total of 390 m<sup>2</sup> of office space for five years and a lease extension with a services business from the automotive industry for around 135 m<sup>2</sup> until mid-2029 further increased the occupancy rate to roughly 83 percent.

#### Steinhausen (Zug), Turmstrasse 28 and 30

The lease of around 240 m<sup>2</sup> of office space to a tenant from the aviation industry was extended for another five years.

At about the same time, an international group specializing in deep-sea drilling decided to extend its lease of around 360 m<sup>2</sup> of office space until mid-2029.

Another anchor tenant moved out of the building as anticipated in fall 2023 after many years of collaboration because it was moving into the new headquarters it had built itself. A new lease for this commercial and office space, spanning around 2,525 m<sup>2</sup>, has already been concluded with a food production company for 15 years at market conditions. This has raised the WAULT of these assets from 2.27 to 5.23.

#### Ittigen (Bern), Schermenwaldstrasse 13

The early five-year extension (until 2029) at standard market terms was signed. This marked the closing for around 6,600 m<sup>2</sup> of office and storage space and 122 parking spaces. The property thus remains fully leased.

#### Winterthur (Zurich), Stegackerstrasse 6

Around 250 m<sup>2</sup> of office space was leased seamlessly to an existing tenant from the services sector until March 2028. The property is fully leased.

#### Thun (Bern), Schorenstrasse 39

Thanks to active relationship management, an anchor tenant is extending its lease early until mid-2029, ensuring the occupancy of the approximately 5,400 m<sup>2</sup> at market terms in the long run.

#### Dietikon (Zurich), Riedstrasse 1

Significant lease extensions were successfully achieved with two anchor tenants. One leased approximately

1,100 m<sup>2</sup> of retail and office space until August 2029, while the other extended its lease of around 2,220 m<sup>2</sup> of office and storage space on a long-term basis.

#### Arbon (Thurgau), Industriestrasse 23

A seamless lease renewal of around 3,695 m<sup>2</sup> of commercial space until 2030 was achieved at market conditions.

Furthermore, a tenant's lease of around 1,000 m<sup>2</sup> of commercial space was extended early until June 2027.

#### Goldach (St. Gallen), Blumenfeldstrasse 16

An existing tenant expanded its space by around 104 m<sup>2</sup> and extended its entire lease for around 2,530 m<sup>2</sup> at market terms until May 2032.

Furthermore, approximately 1,500 m<sup>2</sup> of additional storage space was integrated into an existing lease.

#### Sissach (Basel-Country), Gelterkinderstrasse 30

A lease for around 560 m<sup>2</sup> of retail space was extended early for 10 more years until the end of 2033.

#### Baar, Oberdorfstrasse 2, 6 and 8a to d

A tenant from the food retail sector opted for a five-year extension for around 135 m<sup>2</sup> of retail space.

#### Baden-Dättwil (Aargau), Täferenstrasse 3

Three new leases were achieved immediately.

Around 690 m<sup>2</sup> of office and storage space was leased to a new tenant from the health sector for a 10-year period.

At about the same time, a company from the arts and culture sector decided on around 120 m<sup>2</sup> of office and commercial space for 5 years.

A further lease of around 250 m<sup>2</sup> of office space until November 2033 concluded the leasing successes.

This has increased the occupancy rate from 62 to 75 percent.

#### Rothenburg (Lucerne), Wahligenstrasse 4

A new tenant from the furniture sector was found for 1,170 m<sup>2</sup> of retail and storage space for 5 years at market conditions.

Two further long-term tenants each decided to extend their lease of office and storage space of around 1,270 and 700 m<sup>2</sup>, respectively, for another 5 years.

#### Lyssach (Bern), Bernstrasse 35

A well-known sports retailer extended its lease of around 1,640 m<sup>2</sup> of retail and storage space until fall 2029.

**Outlook**

**Asset Management**

Assessments related to the revitalization and realignment of the Novaseta shopping center in Arbon in the Canton of Thurgau have not yet been fully completed. The existing anchor tenant from the food retailing industry, which operates a variety of retail formats that occupy a total space of around 6,600 m<sup>2</sup>, has concluded a lease until the end of 2025, for the time being, and intends to extend it by at least another 10 years the course of the revitalization. A definitive decision regarding the revitalization and the associated lease extension is to be made by mid-2024.

Energy-saving property renovations, including a new exterior façade, have been decided on for the Dietikon property in the Canton of Zurich. The structural implementation of the measures will begin at the start of 2024. In this context, the lease with the property's industrial anchor tenant for around 2,220 m<sup>2</sup> of office space underwent an advance long-term extension at the end of 2023. The anchor tenant has already started the renovation of the interior of its office space, which is to be completed by mid-2024.

At the property in Lyssach in the Canton of Bern, negotiations are currently underway with the anchor tenant, an electronics retailer, for a lease extension for around 2,100 m<sup>2</sup> of retail space for another five years. Negotiations are simultaneously being conducted with another tenant at the Lyssach property regarding a lease extension for around 800 m<sup>2</sup> of retail and storage space, likewise for another 5 years.

At the Cham property in the Canton of Zug, negotiations on extending the lease for another 5 years are currently underway with an existing, well-known international tenant in the IT sector.

**Fund Management**

Thanks to various steps to make long-term improvements to the amount of income generated by the properties and their value and thanks to developments in the interest and capital market, we expect hardly any further market-related reductions in market value as of mid-2024. Instead, we anticipate a trend towards stabilization and thus a sideways movement.

Our commitment to sustainability remains one of the focuses of our business activities in 2024. Details relating to sustainability can be found in the "Sustainability" section below.

As of January 2024, Helvetica is implementing a significant strategic decision by bringing property management in-house. This department is now fully operational and is integrating the HSC Fund's properties on an ongoing basis. This step will not only bring us closer to our assets and tenants but also allow us to optimize costs and revenue from the assets in a more targeted way. The end result is higher efficiency, which should be directly reflected in improved performance for our investors.

The Fund Management Company is also planning to sell properties in 2024 to keep the debt financing ratio (26.84 percent at the end of 2023) within the target range of 25 to 28 percent, while simultaneously making the preparations necessary for the payment, in March 2025, of the fund redemptions received. The aim of the disposals is to increase the stability and attractiveness of the HSC Fund's existing property portfolio following the disposals, to bring it more into line with the Fund's strategy and to offer investors an outstanding product.

As part of our ongoing efforts to optimize the portfolio, we continue to work on merging the HSC Fund and the HSO Fund, subject to FINMA approval. This merger will give rise to a larger, more strongly diversified commercial real estate fund with a portfolio valued at more than CHF 1 billion. On the reporting date, the Fund Management Company was in the final stage of meeting all the requirements necessary for this step. The merger will solidify the Fund's position and lay the foundation for future growth.

Given the challenging market environment, the priority in 2024 thus remains raising the occupancy rate through new leases and lease extensions, boosting rental income through inflation-based adjustments and systematically making use of the potential inherent in the properties in order to continue to generate an attractive yield and distribution for our investors.

# Sustainability

As a real estate investor, we are aware of our responsibility for creating a sustainable future. Our sustainability approach aims to have a concrete impact – both for the environment and for society.

The construction and operation of properties is responsible for a significant share of global energy consumption and CO<sub>2</sub> emissions. As a result, the Fund Management Company has identified the greatest potential to be in optimizing the energy efficiency of the existing property portfolio. Our sustainability strategy is in line with the goals of the Paris Agreement and current national guidelines for energy and emissions. The commitment to a net zero goal by 2050 is now firmly anchored in the fund contracts and is actively pursued. Over the past financial year, progress was made on numerous projects to define and realize our climate goals, which are explained in more detail on the following pages.

Our commitment to transparency and comparability is demonstrated by our involvement in REIDA's CO<sub>2</sub> benchmark. This benchmark allows us to compare the environmentally relevant key figures in accordance with AMAS with those of other real estate funds for the first time.

Furthermore, Helvetica has committed to preparing a Cantonal Energy Certificate for Buildings (CEBC+) for all properties. By the end of the year, we were already able to use the consumption data to calculate the energy efficiency of the majority of the properties. The insights gained from this are crucial for identifying where energy-saving renovations can be carried out and help the Fund Management Company to integrate targeted measures into the portfolio strategy.

Helvetica is actively involved in social issues and fosters sustainable corporate practices. This commitment is emphasized by our signing of the Principles for Responsible Investment (PRI) and our regular participation in the "Great Place to Work" program.



Over the last financial year, we realized several projects that ensure greater transparency in the areas of energy and CO<sub>2</sub>.

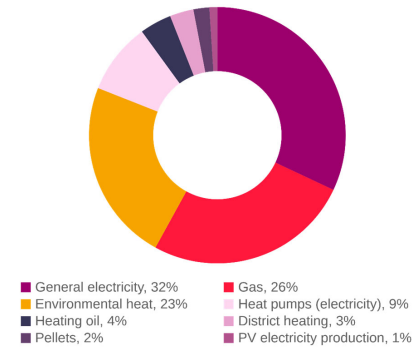
One example of this is the use of an external energy broker, which purchases energy on more favorable terms in an era of fluctuating energy prices. This not only helps to reduce incidental costs for our tenants but also enables smart metering systems to be rolled out on a comprehensive basis. In contrast to analog electricity meters, which are read once a year, smart meters report electricity consumption and thus electricity demand in real time so that local fluctuations can easily be identified and compensated for. The changeover to a centralized energy supply was also used as an opportunity to complete the switch to green electricity for all large consumers.

However, merely collecting data is not enough. The data must be integrated into the existing IT infrastructure in order to provide real added value for the decision-making process for planned measures. To this end, we are developing IT interfaces to ensure consistent data availability between Facility, Property and Asset Management. In addition, insourcing property management will create further synergies that will further improve data consistency. In this regard, we have created an interface between our system and our energy broker's. There is currently a project to roll out smart electricity meters for properties that cannot yet be metered via our energy broker's system.

The figure below shows the analysis of REIDA's CO<sub>2</sub> benchmark. Fortunately, we performed better than the market in terms of energy and CO<sub>2</sub>. Nevertheless, we recognize that there is scope for improvement in terms of data coverage. We expect to see the benefits of the aforementioned projects for increasing data quality over the next year. We anticipate a significant increase in coverage as a result of our involvement next year.

Comparing the current figures with the figures in the last sustainability report shows that these differ significantly. The main reason for this is REIDA's methodological approaches, which only include properties for which sufficient energy information is available. REIDA does not supplement missing data with benchmark values.

**Energy Mix**



**Analysis of the REIDA CO<sub>2</sub> Benchmark**

		REIDA CO <sub>2</sub> analysis as of 12.31.2022
<b>Portfolio Data</b>		
<b>Total properties</b>	<b>Number</b>	<b>35</b>
Tenant-controlled properties	Number	0
<b>Total owner-controlled properties</b>	<b>Number</b>	<b>35</b>
Transactions	Number	0
Total number of renovations	Number	0
<b>Total existing properties</b>	<b>Number</b>	<b>35</b>
Properties with insufficient energy data	Number	12
<b>Properties with sufficient energy data</b>	<b>Number</b>	<b>23</b>
Coverage	%	68.4
<b>Environmentally Relevant Key Financial Figures as per AMAS</b>		
Energy consumption	MWh	24 712
Energy intensity	kWh/m <sup>2</sup>	104.3
CO <sub>2</sub> emissions	Metric tons of CO <sub>2</sub>	1 742
Carbon intensity	kg CO <sub>2</sub> /m <sup>2</sup>	7.4
Share of fossil fuels	%	33.3
<b>Energy Mix</b>		
Heating oil	%	4.6
Gas	%	26.8
Pellet	%	2.0
District heating	%	2.7
Heat pumps (electricity)	%	9.1
Environmental heat	%	22.8
General electricity	%	32.0
PV electricity production	%	0.8

Through our involvement with REIDA, we were able to conduct an in-depth inventory of energy and emissions. This assessment of the actual situation is the first step toward our overarching sustainability goals – i.e., the reduction in energy consumption and CO<sub>2</sub> emissions. Various aspects and stakeholders need to be considered during the process in order to reconcile our strategic maintenance planning with our climate goals. The result of these efforts is the CO<sub>2</sub> reduction pathway shown.

The heating system replacement strategy approved by the Fund Management Company includes the systematic elimination of fossil fuels. Since the last annual valuation, this approach has been integrated into future maintenance costs in full. This approach not only significantly impacts the reduction of CO<sub>2</sub> emissions but also offers major potential for optimizing incidental costs.

Photovoltaic systems have become lucrative investments due to the increase in electricity prices. Constructing these systems and dealing with the generation, storage and sale of electricity are complex topics,

for which a comprehensive strategy has been developed. Various projects are being driven forward in line with this strategy. These are described in detail on the following page.

Energy-saving renovations are the key to achieving our climate goals. Our efforts to reduce CO<sub>2</sub> emissions are now formally set out in the fund contracts. Our intermediate goal for 2035 is to reduce operating emissions (Scope 1 + 2) to 4.5 kg of CO<sub>2</sub> for the HSC Fund.

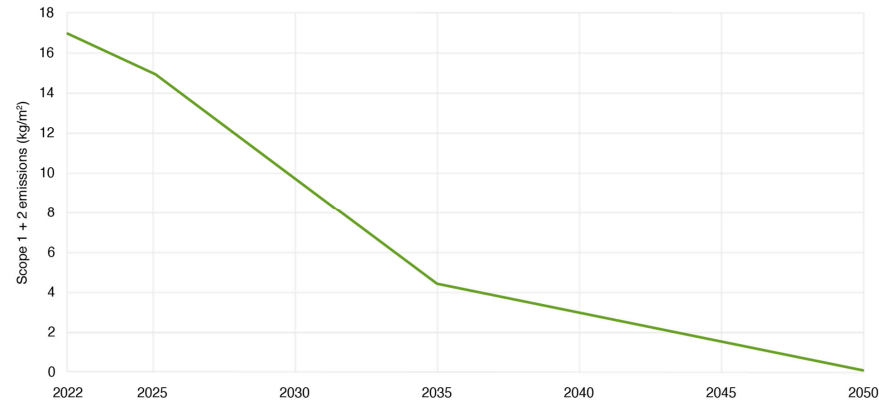
The CO<sub>2</sub> reduction pathway presented below was developed in cooperation with external service providers and serves as a key decision-making tool for energy-related investments. This pathway takes Scope 1 and Scope 2 emissions into account. Scope 3 emissions, which include tenant electricity and emissions from production, transportation and demolition, are not yet included in the reduction pathway at present. Although quantifying these emissions currently still presents a challenge, we have defined four basic principles in our property and renovation strategies to significantly reduce these emissions:

1. Focusing on renovation instead of new construction



- 2. Ensuring internal densification through additions of stories and extensions
- 3. Safeguarding flexibility of use and the ability to efficiently dismantle buildings
- 4. Reusing components where possible and sensible

**CO<sub>2</sub> Reduction Pathway**



**Highlights of the Portfolio**



**Replacement of the heating system in Goldach (St. Gallen), Blumenfeldstrasse 16**

One highlight is the replacement of the oil heating system in Goldach with a bivalent system with pellet heating to cover peak loads. The renewable heating system has been in operation since October 2023. This step has led to a reduction of 150 metric tons of CO<sub>2</sub> per year.



**Replacement of the heating system in Schindellegi (Schwyz), Chaltenbodenstrasse 6a to f**

The oil heating system from 2001 was replaced ahead of schedule through connection to the district heating network there. The district heating connection has been in place since December 2023. These steps can save around 50 metric tons of CO<sub>2</sub> per year.



**PV system in Gwatt (Bern), Schorenmatstrasse 39**

As an addition to the existing energy shield on the south façade, the entire roof area of the property is to be equipped with a PV system. The project is to be planned and realized in close cooperation with the tenants, which operate in the solar sector. The PV system has an output of 410 kWp, and 95 percent of the electricity is used to cover the tenants' own production needs.



**PV system in Bischofszell (Thurgau), Industriestrasse 4 and 6**

The property in Bischofszell features spacious roof areas which are ideally suited to a PV system. The plan is to install a system with 274 kWp on the new roofs. Together with the neighborhood, a self-consumption level of 60 percent can be achieved, positively impacting the project's yield.



Image

## Comment on the Financial Report

At CHF 42.4 million, rental income and income from ground rent remained stable compared with the previous year. The portfolio's market value is CHF 719.9 million following two disposals of properties, which is equivalent to a decrease of 4.79 percent compared with the previous year. The debt financing ratio at the reporting date was 26.84 percent.

The portfolio's value fell by CHF 36.2 million to CHF 719.9 million in the current year due to the sale of two properties and decreases in the value of the existing property portfolio. Total fund assets declined by CHF 37.3 million to CHF 737.3 million due to the disposals, the market value adjustment and the distribution. The return on equity fell from 5.56 percent in the previous year to 2.52 percent. The lower return on equity is mainly attributable to valuation losses on the properties. Net asset value per Fund unit stands at CHF 114.80. The return on investment is 2.64 percent, down 3.19 percentage points compared with the previous year. The  $TER_{REF-GAV}$  increased by 0.02 percentage points compared to the previous year, growing from 0.94 to 0.96 percent.

### Balance Sheet

The portfolio's market value decreased by CHF 36.2 million to CHF 719.9 million as of December 31, 2023, compared with CHF 756.2 million at the end of 2022. This decrease is due to the disposals and write-downs. The write-downs of the portfolio comprised market value adjustments less capitalized investments. Total fund assets amounted to CHF 737.3 million as of the reporting date. Cash and cash equivalents decreased by CHF 0.1 million to CHF 2.3 million. Cash and cash equivalents were used for the distribution, investments made and the repayment of financing. Other assets decreased by CHF 0.7 million, from CHF 12.6 million to CHF 11.8 million. After deducting liabilities of CHF 213.7 million and liquidation taxes of CHF 25.0 million, this results in net fund assets of CHF 498.6 million – CHF 10.4 million less than in the previous year.

The debt financing ratio fell by 1.90 percentage points to 26.84 percent, which is below the regulatory threshold. The debt financing ratio at the end of the previous year was 28.74 percent.

674,498 units were redeemed in the current year. These will be repaid no later than March 2025. The 45,000 units redeemed at the end of the previous year will be repaid no later than March 2024.

### Income Statement

In the current year, slightly lower rental income and income from ground rent totaling CHF 42.4 million were reported. This is equivalent to a decrease of CHF 0.3 million or 0.8 percent and is largely attributable to the disposals. Other income increased from CHF 0.2 million to CHF 0.3 million. Total income fell from CHF 43.0 million in the previous year to CHF 42.7 million.

Expenses came to CHF 15.2 million, an increase of CHF 1.5 million compared to CHF 13.7 million in the previous year. This is mainly attributable to higher financing costs. Financing costs bore an average interest rate of 1.82 percent in the period under review, compared with an average of 0.50 percent in the previous period.

A realized capital gain of CHF 2.6 million results from the disposals. Market value adjustments of CHF 15.4 million were recognized as a write-down on the portfolio under unrealized capital losses, whereas write-ups on the portfolio of CHF 3.1 million were recognized in 2022.

## Balance Sheet

in CHF

Assets	Notes	31.12.2023	31.12.2022
Cash on hand, postal check and bank sight deposits, including fiduciary deposits with third-party banks		2 346 088	2 485 668
<b>Land/buildings</b>			
Commercial property	1	719 930 000	756 152 000
<b>Total for land/buildings</b>		<b>719 930 000</b>	<b>756 152 000</b>
units in other real estate funds and real estate investment companies	1	3 150 451	3 348 009
Other assets		11 831 009	12 579 931
<b>Gross asset value</b>		<b>737 257 548</b>	<b>774 565 608</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Short-term interest-bearing mortgages and other liabilities secured by mortgage	8	-153 700 000	-189 800 000
Other current liabilities		-20 158 632	-18 268 198
<b>Total current liabilities</b>		<b>-173 858 632</b>	<b>-208 068 198</b>
<b>Non-current liabilities</b>			
Long-term mortgages subject to interest and other liabilities secured by mortgage	7, 8	-39 500 000	-27 500 000
Other non-current liabilities		-375 000	-6 325 000
<b>Total non-current liabilities</b>		<b>-39 875 000</b>	<b>-33 825 000</b>
<b>Total liabilities</b>		<b>-213 733 632</b>	<b>-241 893 198</b>
Net asset value before estimated liquidation taxes		523 523 916	532 672 409
Estimated liquidation taxes		-24 958 734	-23 716 884
<b>Net asset value</b>		<b>498 565 182</b>	<b>508 955 525</b>
<b>Further information</b>			
<b>Number of outstanding units</b>			
Number of units at the start of the reporting period		4 342 851	4 342 851
Issued units		-	-
Redeemed units		-	-
<b>Number of units at the end of the reporting period</b>		<b>4 342 851</b>	<b>4 342 851</b>
<b>Net asset value per unit at the end of the reporting period</b>		<b>114.80</b>	<b>117.19</b>
<b>Change in net asset value</b>			
Net asset value at the start of the reporting period		508 955 525	503 944 221
Distribution of earnings subject to withholding tax	12	-3 734 852	-4 212 565
Fund capital repayment exempt from withholding tax	12	-19 499 401	-18 804 545
Total profit		12 843 910	28 028 415
<b>Net asset value at the end of the reporting period</b>		<b>498 565 182</b>	<b>508 955 525</b>

## Income Statement

in CHF

Income	Notes	01.01.-31.12.2023	01.01.-31.12.2022
Income from bank and postal accounts (Prior Year Negative interest rate)		6 862	-672
Rental income		42 282 394	42 628 645
Income from ground rent		113 388	113 388
Other income		303 132	237 424
<b>Total income</b>		<b>42 705 776</b>	<b>42 978 785</b>
<b>Expenses</b>			
Mortgage interest and interest from liabilities secured by mortgage		-3 971 783	-1 126 891
other interest paid		-193	-
Ground rent		-242 277	-241 032
Maintenance and repairs		-1 663 763	-1 530 461
<b>Property management</b>			
Property expenses		-1 669 078	-1 681 386
Administrative expenses		-608 564	-1 127 287
<b>Taxes</b>			
Property tax		-422 672	-419 283
Profit and capital tax		702 959	-204 473
Evaluation and auditing expenses <sup>1)</sup>		-204 166	-218 345
<b>Regulatory fees to</b>			
the Fund management company	11	-5 371 292	-5 434 118
the custodian bank	11	-244 390	-244 480
property management	11	-1 214 330	-1 157 279
the market maker	11	-50 000	-50 000
<b>Other expenses</b>			
Other expenses		-261 122	-241 689
<b>Total Expenses</b>		<b>-15 220 671</b>	<b>-13 676 725</b>
<b>Profit</b>			
<b>Net income</b>		<b>27 485 105</b>	<b>29 302 060</b>
Realized capital gains		2 579 028	73 189
<b>Realized profit</b>		<b>30 064 133</b>	<b>29 375 249</b>
Unrealized capital losses / gains including liquidation taxes		-17 220 223	-1 346 834
<b>Total profit</b>		<b>12 843 910</b>	<b>28 028 415</b>
<b>Profit appropriation</b>			
Net income of the fiscal year		27 485 105	29 302 060
Capital gains for distribution in the fiscal year		-	73 189
Balance carried forward from previous year		27 618 721	21 477 726
<b>Profit available for distribution</b>		<b>55 103 826</b>	<b>50 852 974</b>
Profit intended for distribution to the investors	12	4 555 722	3 661 663
Capital gain intended for distribution to the investors	12	-	73 189
Transfer to retained earnings	12	18 437 781	19 499 401
<b>Balance to be carried forward</b>		<b>32 110 323</b>	<b>27 618 721</b>
Fund capital repayment intended for distribution to investors		18 437 781	19 499 401
<b>Total distribution to investors</b>		<b>22 993 503</b>	<b>23 234 253</b>

<sup>1)</sup> The audit expenses for the 2023 financial year amount to CHF 85'000.

## Notes

### 1. Inventory

#### Inventory of properties

City, address	Ownership structure <sup>1)</sup>	Rental space	Land plot	Building year	Date last extensive Renovation	Commencement of possession
		in m <sup>2</sup>	in m <sup>2</sup>			
<b>Commercially used properties</b>						
Altendorf, Zürcherstrasse 104	so	8 139	2 435	1991		01.07.2018
Arbon, Industriestrasse 23	so	22 492	34 912	1970, 1989, 992, 2000		01.07.2020
Arbon, St. Gallerstrasse 15	so	9 908	7 460	1993		01.11.2018
Arlesheim, Fabrikmattenweg 2 / 4	sogr	4 834	3 716	1990	2012	01.07.2018
Baar, Oberdorfstrasse 2 / 6 / 8a-d	co	4 050	11 492	1983		01.07.2018
Bischofszell, Industriestrasse 6	so	23 777	16 700	1938, 1953, 1956, 1969	2017	01.10.2019
Cham, Brunnmatt 14	so	4 699	3 807	2003		01.11.2017
Chiasso, Via Livio 1, Via Motta 24	co	4 182	1 874	1995		01.07.2018
Dättwil, Täferstrasse 3 / 5	so	5 705	4 090	2002		01.10.2017
Dietikon, Riedstrasse 1	so	11 286	7 717	1980, 1998	2006	15.12.2016
Frauenfeld, Zürcherstrasse 370	so	735	15 180	2017		01.01.2020
Fribourg, Route du Jura 37	so	9 466	3 505	1994		01.10.2020
Glattbrugg, Europa-Strasse 19	so	6 616	3 897	1961	1991	01.06.2018
Goldach, Blumenfeldstrasse 16	so	12 220	13 320	1950, 1983, 1988		01.07.2017
Gwatt (Thun), Schorenstrasse 39	sogr	24 774	18 720	2011		01.10.2019
Ittigen, Schermenwaldstrasse 13	sogr	6 593	4 400	1989	2017	01.09.2019
Lyssach, Bernstrasse 35	so	7 540	7 100	2006	2019	01.09.2019
Montreux, Grand-Rue 3	co	4 170	5 897	2000		01.07.2018
Rorschach, Industriestrasse 21 / 23	so	8 343	6 287	1928	2010	01.10.2019
Rothenburg, Wahligenstrasse 4	so	5 608	15 158	2013		01.02.2018
Schindellegi, Chaltenbodenstrasse 6a-f	co	12 142	6 667	1960, 2004, 2005	2021	01.03.2018
Sissach, Gelterkinderstrasse 30	so	1 695	2 392	2006		01.07.2018
St. Gallen, Rorschacherstrasse 292 / 294	so	7 203	3 289	1987, 1992		01.01.2017
Steinhausen, Turmstrasse 28 / 30, (T2 / T1)	so	8 242	2 568	2007		15.12.2016
Triengen, Kantonsstrasse 115, Grossfeld	so	6 880	14 377	1993	2008	01.09.2019
Tuggen, Rüschenzopfstrasse 5	so	12 575	8 753	1995		01.10.2018
Versoix, Route des Fayards 243	so	7 326	12 748	2012		01.05.2020
Villars-sur-Glâne, Route de Villars 103-110 <sup>4)</sup>	so	9 555	16 094	2002, 2009	2017	01.05.2019
Wallisellen, Hertstrasse 23	so	3 597	2 376	2002		01.05.2017

Initial cost	Market value	Gross rental income	Rent default <sup>2)</sup>	Rent default <sup>3)</sup>	Rental income actual	Gross target yield	Occupancy rate
in CHF	in CHF	in CHF	in CHF	in %	in CHF	in %	in %
28 273 150	28 710 000	1 643 649	-70 294	-4.28	1 573 354	5.73	95.7
26 268 389	26 040 000	1 489 654	-52 635	-3.53	1 437 020	5.75	94.1
41 016 361	33 660 000	2 549 179	-45 906	-1.80	2 503 273	7.48	97.6
13 924 269	12 000 000	1 037 939	-	-	1 037 939	8.65	100.0
23 135 312	23 450 000	1 190 383	-2 765	-0.23	1 187 618	5.02	99.9
19 066 036	18 510 000	1 257 813	-286 815	-22.80	970 998	6.82	97.7
14 709 031	15 380 000	896 858	-33 277	-3.71	863 581	5.86	98.9
9 869 518	10 020 000	735 777	-8 077	-1.10	727 700	7.34	100.0
18 703 069	17 920 000	1 117 277	-424 351	-37.98	692 926	6.27	79.8
36 531 390	36 560 000	2 166 310	-75 807	-3.50	2 090 503	5.96	97.5
4 276 630	5 349 000	296 284	-	-	296 284	5.58	100.0
32 932 935	34 640 000	2 169 629	-	-13.26	1 881 925	6.33	87.3
13 032 521	14 190 000	897 302	495	0.06	897 798	6.35	100.0
13 495 458	12 660 000	1 013 425	-134 868	-13.31	878 557	8.11	99.2
44 131 551	48 970 000	3 725 872	-153 653	-4.12	3 572 218	7.67	100.0
28 232 282	27 130 000	1 685 651	-	-	1 685 651	6.21	100.0
24 192 733	27 610 000	1 696 579	-22 377	-1.32	1 674 202	6.18	98.7
26 054 059	26 760 000	1 336 624	-37 663	-2.82	1 298 962	5.04	96.8
13 269 600	13 940 000	726 660	-49 826	-6.86	676 834	5.22	94.0
19 057 109	17 190 000	1 230 627	-96 781	-7.86	1 133 846	6.81	94.2
33 290 236	25 650 000	1 750 861	-506 976	-28.96	1 243 885	6.95	82.3
4 578 802	4 094 000	380 655	-41 196	-10.82	339 459	8.76	100.0
17 010 281	14 680 000	837 665	-369 997	-44.17	467 667	5.91	72.9
30 713 575	42 300 000	2 136 886	-232 894	-10.90	1 903 992	4.90	76.5
17 040 842	17 260 000	1 016 441	-	-	1 016 441	5.89	100.0
13 965 487	13 680 000	748 769	-	-	748 769	5.51	100.0
28 877 645	30 560 000	1 430 000	-	-	1 430 000	4.68	99.8
31 702 501	31 090 000	1 872 428	-	-	1 872 428	5.99	100.0
8 850 613	9 167 000	427 999	-14 211	-3.32	413 788	4.67	100.0

City, address	Ownership structure <sup>1)</sup>	Rental space	Land plot	Building year	Date last extensive Renovation	Commencement of possession
		in m <sup>2</sup>	in m <sup>2</sup>			
Winterthur, Stegackerstrasse 6	so	4 002	3 407	1984	1990	02.05.2019
Winterthur, Stegackerstrasse 6a	so	16 669	20 909	1984	2012	02.05.2019
Zürich, Max-Högger-Strasse 6	so	9 069	3 574	1975	2020	01.05.2017
Zuzwil, Herbergstrasse 11	so	7 161	5 101	1993, 1995		01.10.2017
<b>Total for commercially used properties</b>		<b>291 251</b>	<b>289 922</b>			
<b>of which, under leasehold</b>		<b>36 201</b>	<b>26 836</b>			
<b>of which, condominium ownership</b>		<b>24 545</b>	<b>25 930</b>			
<b>Subtotal</b>		<b>291 251</b>	<b>289 922</b>			
Secondary rental income						
<b>Grand total for land/buildings</b>		<b>291 251</b>	<b>289 922</b>			

<sup>1)</sup> so = sole ownership  
co = condominium ownership  
sogr = Sole ownership under building law

<sup>2)</sup> The rent losses can be positive for individual properties because reversals of overstated value adjustments lead to income from collection losses.

<sup>3)</sup> The rent loss rate according to the inventory list includes turnover rents, whereas these are not taken into account when calculating the AMAS key figures. Deviations are therefore possible for this key figure.

<sup>4)</sup> Less than 10 percent of the land area is allocated in the substructure right (HSC Fund as building rights provider).

The fund holds 33 properties. The two properties in Winterthur are adjoining properties and are counted as one property based on Art. 87, para. 1 CISO. The fund therefore owns 32 properties for regulatory purposes as at 31.12.2023.

Initial cost	Market value	Gross rental income	Rent default <sup>2)</sup>	Rent default <sup>3)</sup>	Rental income actual	Gross target yield	Occupancy rate
in CHF	in CHF	in CHF	in CHF	in %	in CHF	in %	in %
9 022 336	10 030 000	589 646	-12 020	-2.04	577 626	5.89	100.0
17 669 279	19 790 000	828 617	-	-	828 617	4.19	100.0
30 336 934	39 680 000	2 067 122	-33 431	-1.62	2 033 691	5.25	94.5
11 625 484	11 260 000	720 152	-72 106	-10.01	648 046	6.49	94.6
<b>704 855 417</b>	<b>719 930 000</b>	<b>43 670 732</b>	<b>-2 777 430</b>	<b>-7.02</b>	<b>40 605 598</b>	<b>6.07</b>	<b>95.0</b>
<b>86 288 103</b>	<b>88 100 000</b>	<b>6 449 462</b>	<b>-153 653</b>	<b>-2.38</b>	<b>6 295 808</b>		
<b>92 349 125</b>	<b>85 880 000</b>	<b>5 013 646</b>	<b>-555 480</b>	<b>-11.08</b>	<b>4 458 166</b>		
<b>704 855 417</b>	<b>719 930 000</b>	<b>43 670 732</b>	<b>-2 777 430</b>	<b>-7.02</b>	<b>40 605 598</b>		
					438 569		
<b>704 855 417</b>	<b>719 930 000</b>				<b>41 044 167</b>		

**Inventory of units of other real estate funds and shares in real estate investment companies held**

Units of other real estate funds and shares in real estate investment companies	Initial cost	Market value
All amounts stated in Swiss francs		
Grand total of units in other real estate funds	3 227 499	3 150 451

**Investments**

Valuation categories (amounts in CHF)	31.12.2023	31.12.2022
Investments that are listed on a stock market or traded on another regulated market open to the public: valued at the prices paid in the primary market (Art. 88 para. 1 CISA); in accordance with Art. 84 para. 2a CISO-FINMA	3 150 451	3 348 009
Investments for which no prices are available pursuant to letter a: valued based on market-observed parameters; in accordance with Art. 84 para. 2b CISO-FINMA	-	-
Investments whose value is based on parameters that are not observable on the market, valued with suitable valuation models taking account of the current market circumstances; in accordance with Art. 84 para. 2c CISO-FINMA	719 930 000	756 152 000
<b>Total investments</b>	<b>723 080 451</b>	<b>759 500 009</b>

**2. Real Estate Purchased and Sold****Purchased**

None

**Sold**

Adresse	Canton	Ownership situation	Legal transfer of ownership
Münchwilen, Murgtalstrasse 20	Thurgau	Sole ownership	30.08.2023
Frauenfeld, Zürcherstrasse 331 / 333	Thurgau	Sole ownership	15.12.2023

Tax from the disposals (tax on profits from the sale of real estate and direct tax) is shown directly under income from disposals (realized capital gains item). Due to possible loss carryforwards, tax revenue is recognized in the profit and capital tax item.

The sale of the Chiasso, Via Livio 1, Via Motta 24 and Sissach, Gelterkinderstrasse 30 properties was certified at the end of 2023. Ownership will be transferred in 2024 (in Chiasso's case, subject to the necessary approvals).

**3. Total Amount of Contractual Payment Obligations After the Balance Sheet Date for Property Purchases, Construction Orders and Investments in Property**

As of December 31, 2023 there are contractual payment obligations for construction orders and investments in property amounting to CHF 8.8 million.

**4. Participations in Real Estate Companies**

All properties of the fund are held by Helvetica Swiss Commercial AG. As of December 31, 2023 the Fund holds 100 percent of the share capital in this company.

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

None

**6. Information Regarding Derivatives**

The Fund does not use derivatives.

Notes

**7. Non-current Liabilities by Due Date**

in CHF	31.12.2023	31.12.2022
1 to 5 years	39 500 000	27 500 000
> 5 years	-	-

**8. Mortgages and Other Mortgage-backed Liabilities****Current Mortgages and Fixed Advances**

Type	Interest rate	in CHF	Date of issue	Maturity
Fixed-rate mortgage	1.82 %	6 000 000	30.12.2023	31.12.2027
Fixed-rate mortgage	1.75 %	2 000 000	29.12.2023	29.12.2027
Fixed-rate mortgage	1.71 %	4 000 000	29.12.2023	29.12.2026
Fixed-rate mortgage	0.42 %	27 000 000	13.07.2020	14.07.2025
Fixed-rate mortgage	1.17 %	500 000	10.02.2016	10.02.2025
money market mortgage	2.31 %	22 000 000	31.12.2023	31.03.2024
money market mortgage	2.19 %	20 000 000	31.12.2023	31.03.2024
money market mortgage	2.19 %	12 000 000	31.12.2023	31.03.2024
money market mortgage	2.19 %	11 500 000	29.12.2023	31.03.2024
money market mortgage	2.19 %	10 300 000	31.12.2023	31.03.2024
money market mortgage	2.31 %	9 000 000	31.12.2023	31.03.2024
money market mortgage	2.19 %	5 600 000	31.12.2023	31.03.2024
money market mortgage	2.19 %	3 800 000	31.12.2023	31.03.2024
money market mortgage	2.19 %	3 800 000	31.12.2023	31.03.2024
money market mortgage	2.19 %	2 900 000	31.12.2023	31.03.2024
money market mortgage	2.19 %	1 000 000	31.12.2023	31.03.2024
money market mortgage	2.31 %	12 500 000	31.12.2023	31.01.2024
money market mortgage	2.31 %	4 100 000	31.12.2023	31.01.2024
Fixed Advance	2.17 %	31 700 000	30.12.2023	29.01.2024
Fixed Advance	2.18 %	3 500 000	23.12.2023	22.01.2024
<b>Total</b>		<b>193 200 000</b>		

**Matured Mortgages and Fixed Advances**

Type	Interest rate	in CHF	Date of issue	Maturity
money market mortgage	2.30 %	22 000 000	01.10.2023	31.12.2023
money market mortgage	2.19 %	20 000 000	01.10.2023	31.12.2023
money market mortgage	2.30 %	19 500 000	01.12.2023	31.12.2023
money market mortgage	2.30 %	12 500 000	01.12.2023	31.12.2023
money market mortgage	2.19 %	12 000 000	01.10.2023	31.12.2023
money market mortgage	2.19 %	10 300 000	01.10.2023	31.12.2023
money market mortgage	2.19 %	5 600 000	01.10.2023	31.12.2023
money market mortgage	2.30 %	4 100 000	01.10.2023	31.12.2023
money market mortgage	2.19 %	3 800 000	01.10.2023	31.12.2023
money market mortgage	2.19 %	3 800 000	01.10.2023	31.12.2023
money market mortgage	2.19 %	2 900 000	01.10.2023	31.12.2023
money market mortgage	2.19 %	1 000 000	01.10.2023	31.12.2023
Fixed Advance	2.17 %	31 700 000	01.12.2023	29.12.2023
money market mortgage	2.20 %	6 000 000	01.12.2023	29.12.2023
money market mortgage	2.19 %	17 500 000	01.10.2023	28.12.2023
Fixed Advance	2.17 %	7 500 000	25.11.2023	22.12.2023
Fixed Advance	2.18 %	30 800 000	01.11.2023	30.11.2023
money market mortgage	2.30 %	21 500 000	01.10.2023	30.11.2023
money market mortgage	2.30 %	12 500 000	01.11.2023	30.11.2023
money market mortgage	2.20 %	6 000 000	01.11.2023	30.11.2023
Fixed Advance	2.25 %	7 500 000	26.08.2023	24.11.2023

Notes

Type	Interest rate	in CHF	Date of issue	Maturity
Fixed Advance	2.23 %	31 800 000	01.08.2023	31.10.2023
money market mortgage	2.30 %	12 500 000	01.10.2023	31.10.2023
money market mortgage	2.20 %	6 000 000	01.10.2023	31.10.2023
money market mortgage	2.31 %	30 000 000	30.06.2023	30.09.2023
money market mortgage	2.39 %	22 000 000	30.06.2023	30.09.2023
money market mortgage	2.19 %	20 000 000	30.06.2023	30.09.2023
money market mortgage	2.19 %	17 500 000	30.06.2023	30.09.2023
money market mortgage	2.39 %	12 600 000	30.06.2023	30.09.2023
money market mortgage	2.39 %	12 500 000	30.06.2023	30.09.2023
money market mortgage	2.19 %	12 000 000	30.06.2023	30.09.2023
money market mortgage	2.19 %	10 300 000	30.06.2023	30.09.2023
money market mortgage	2.21 %	6 057 500	01.09.2023	30.09.2023
money market mortgage	2.19 %	5 600 000	30.06.2023	30.09.2023
money market mortgage	2.19 %	3 800 000	30.06.2023	30.09.2023
money market mortgage	2.19 %	3 800 000	30.06.2023	30.09.2023
money market mortgage	2.19 %	2 900 000	30.06.2023	30.09.2023
money market mortgage	2.19 %	1 000 000	30.06.2023	30.09.2023
money market mortgage	2.20 %	6 057 500	01.08.2023	31.08.2023
money market mortgage	2.55 %	1 500 000	01.08.2023	31.08.2023
Fixed Advance	2.17 %	8 000 000	26.06.2023	25.08.2023
Fixed Advance	2.16 %	31 800 000	30.06.2023	31.07.2023
money market mortgage	2.20 %	6 057 500	30.06.2023	31.07.2023
money market mortgage	2.55 %	3 000 000	30.06.2023	31.07.2023
Fixed Advance	1.74 %	31 800 000	24.03.2023	30.06.2023
money market mortgage	2.05 %	30 000 000	01.04.2023	30.06.2023
money market mortgage	2.07 %	22 000 000	01.04.2023	30.06.2023
money market mortgage	1.91 %	20 000 000	01.04.2023	30.06.2023
money market mortgage	1.91 %	17 500 000	01.04.2023	30.06.2023
money market mortgage	2.14 %	12 600 000	27.04.2023	30.06.2023
money market mortgage	2.07 %	12 500 000	01.04.2023	30.06.2023
money market mortgage	1.91 %	12 000 000	01.04.2023	30.06.2023
money market mortgage	1.91 %	10 300 000	01.04.2023	30.06.2023
money market mortgage	2.36 %	9 000 000	01.06.2023	30.06.2023
money market mortgage	1.96 %	6 150 000	01.06.2023	30.06.2023
money market mortgage	1.91 %	3 800 000	01.04.2023	30.06.2023
money market mortgage	1.91 %	3 800 000	26.04.2023	30.06.2023
money market mortgage	1.91 %	1 000 000	01.04.2023	30.06.2023
Fixed Advance	1.89 %	8 000 000	26.04.2023	25.06.2023
money market mortgage	2.28 %	9 000 000	01.05.2023	31.05.2023
money market mortgage	1.92 %	6 150 000	26.04.2023	31.05.2023
money market mortgage	2.26 %	9 000 000	01.04.2023	30.04.2023
money market mortgage	1.70 %	12 600 000	01.04.2023	26.04.2023
money market mortgage	1.91 %	3 300 000	01.04.2023	25.04.2023
money market mortgage	1.58 %	30 000 000	31.12.2022	31.03.2023
money market mortgage	1.60 %	22 000 000	31.12.2022	31.03.2023
money market mortgage	1.43 %	20 000 000	01.02.2023	31.03.2023
money market mortgage	1.43 %	17 500 000	01.02.2023	31.03.2023
money market mortgage	1.27 %	12 600 000	31.12.2022	31.03.2023
money market mortgage	1.60 %	12 500 000	31.12.2022	31.03.2023
money market mortgage	1.43 %	12 000 000	01.02.2023	31.03.2023
money market mortgage	1.43 %	10 300 000	01.02.2023	31.03.2023
money market mortgage	1.89 %	9 000 000	01.03.2023	31.03.2023
money market mortgage	1.43 %	3 800 000	01.02.2023	31.03.2023
money market mortgage	1.43 %	3 300 000	30.12.2022	31.03.2023
money market mortgage	1.43 %	1 000 000	01.02.2023	31.03.2023
Fixed Advance	1.41 %	31 800 000	23.12.2022	23.03.2023

Notes

Type	Interest rate	in CHF	Date of issue	Maturity
money market mortgage	1.80 %	10 000 000	01.02.2023	28.02.2023
money market mortgage	1.23 %	20 000 000	31.12.2022	31.01.2023
money market mortgage	1.23 %	17 500 000	31.12.2022	31.01.2023
money market mortgage	1.79 %	13 000 000	31.12.2022	31.01.2023
money market mortgage	1.23 %	12 000 000	31.12.2022	31.01.2023
money market mortgage	1.23 %	10 300 000	31.12.2022	31.01.2023
money market mortgage	1.23 %	3 800 000	31.12.2022	31.01.2023
money market mortgage	1.23 %	1 000 000	31.12.2022	31.01.2023

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

Remuneration	Maximum rate	Actual rates	Actual rates	Basis
		2023	2022	
Issue commission on units	5.00 %	–	–	Net asset value of units
Redemption commission on units	5.00 %	–	–	Net asset value of units

With the amendment to the fund contract dated November 23, 2023, the maximum rate for the issue commission was increased to 5.00 percent and the maximum rate for redemption commissions for units was increased from 1.50 percent to 5.00 percent. The new rates apply from the date on which the amendment comes into force.

## 10. Incidental Costs Attributed to the Fund Assets Incurred by the Fund from the Investment of the Amount Paid and on the Sale of Investments

Remuneration	Maximum rate	Actual rate	Actual rate	Basis
		2023	2022	
Premium to NAV	5.00 %	–	–	Net asset value of units
Discount to NAV	5.00 %	–	–	Net asset value of units

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

Remuneration	Maximum rates	Actual rate	Actual rate	Basis
		2023	2022	
<b>Remuneration to the Fund Management Company</b>				
Management fee	1.00 %	0.70 %	0.70 %	Gross asset value
Purchase/sales compensation	1.50 %	1.41 %	–	Purchase / sale price
Building and renovation fee	4.00 %	3.00 %	3.00 %	Construction costs
Property management	5.00 %	–	–	Gross rental income
<b>Remuneration to Third Parties</b>				
Remuneration to custodian bank (custodian bank commission)	0.05 %	0.05 %	0.05 %	Net asset value of units
Remuneration to custodian bank (distribution commission)	0.25 %	0.02 %	0.02 %	Gross distribution amount
Market maker	–	CHF 50 000	CHF 50 000	Flat amount of 12'500 Swiss francs per quarter
Remuneration to property managers	5.00 %	2.87 %	2.71 %	Gross rental income

Notes

## 12. Distribution

A total amount of CHF 23.0 million is being distributed for the financial year ended December 31, 2023. This corresponds to CHF 5.35 per unit and a distribution yield on the price per unit of 7.1 percent. The payout ratio is 83.7 percent. The distribution consists of a distribution of earnings subject to withholding tax of CHF 4.6 million and a fund capital repayment exempt from withholding tax of CHF 18.4 million. The ex-date is April 24, 2024 and the distribution will be paid out on April 26, 2024.

On April 28, 2023, a distribution of CHF 23.2 million (CHF 5.35 per unit) was made, which comprised a distribution of earnings subject to withholding tax of CHF 3.7 million (CHF 0.86 per unit) and a fund capital repayment exempt from withholding tax of CHF 19.5 million (CHF 4.49 per unit).

## 13. Events after the Balance Sheet Date

None

## 14. Further Information (Art. 95 CISO-FINMA)

in CHF	31.12.2023	31.12.2022
Balance of the depreciation account on the land/buildings	-	-
Balance of the provision account for future repairs	-	-
Balance of the account for reinvestment of retained earnings	-	-
Number of units redeemed as of the end of the next financial year <sup>1)</sup>	674 498	45 000

<sup>1)</sup> The shares redeemed as at 31.12.2023 (previous period 31.12.2022) will be redeemed in March 2025 at the latest (previous period March 2024).

Land/buildings were only depreciated and provisions made for repairs and maintenance (R&M) at the level of Helvetica Swiss Commercial AG. Since this depreciation and these provisions are not in line with the market value principle under CISA, neither of these items is posted at the real estate fund level and they are recognized in neither the balance sheet nor the income statement of the real estate fund. The table below shows the balance of the depreciation and provisions account for tax purposes at the level of the subsidiary or fund:

in CHF	31.12.2023	31.12.2022	Change
Balance of depreciation account for land and buildings (tax motivated, subsidiary level)	141 978 959	125 170 796	16 808 163
Balance of depreciation account for land and buildings (Fund level)	-	-	-
Balance of the provision account for future repairs (tax-motivated, subsidiary level)	7 340 860	3 752 217	3 588 643
Balance of the provision account for future repairs (Fund level)	-	-	-

## Events of particular economic significance

By decision of the Board of Directors of Helvetica Property Investors AG on August 10, 2023, which was also publicly communicated on November 1, 2023, the Helvetica Swiss Commercial Fund and the Helvetica Swiss Opportunity Fund are to be merged on a date to be determined. The implementation is subject to the approval of FINMA.

## Clarification on Rounding

Totals may add up to more or less than 100 percent due to rounding.

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

The net asset value of the real estate fund is calculated at the market value in Swiss francs at the end of the half-year, at the end of the financial year and at each unit issue.

The Fund Management Company commissions the independent valuation experts to re-evaluate the market value of the Fund's properties at the end of each half-year period, at the end of each financial year and at each unit issue. With the supervisory authority's approval, the Fund Management Company engages at least two natural persons or one legal entity as independent valuation experts. Land/building 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 obtained 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 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, point 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 yield. 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).

Postal-account 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 unit's net asset value is based on the market value of the total gross fund assets, less any Fund 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 units outstanding. The valuation of the Fund's properties is performed according to the current AMAS guidelines for real estate funds. The valuation of undeveloped land and buildings in progress is based on the market value principle. If the Fund Management Company has any buildings in progress that are to be reported at market value, it has these appraised at the end of the financial year.



## Report of the Valuation Experts



Wüest Partner AG, Bleicherweg 5, 8001 Zürich

Helvetica Property Investors AG  
Geschäftsleitung  
Brandschenkestrasse 47  
8002 Zürich

Zürich, 15. Januar 2024

Helvetica Swiss Commercial Fund  
Bericht des unabhängigen Immobilienbewertungsexperten  
Bewertung per 31. Dezember 2023

An die Geschäftsleitung der Helvetica Property Investors AG

### Auftrag

Im Auftrag der Fondsleitung hat Wüest Partner AG (Wüest Partner) die vom Helvetica Swiss Commercial Fund gehaltenen 33 Liegenschaften zum Zweck der Rechnungslegung per Stichtag 31. Dezember 2023 bewertet.

### Bewertungsstandards

Wüest Partner bestätigt, dass die Bewertungen den gesetzlichen Vorschriften des Kollektivanlagengesetzes (KAG) und der Kollektivanlagenverordnung (KKV) sowie den Richtlinien der Asset Management Association Switzerland (AMAS) entsprechen und ferner im Einklang stehen mit den branchenüblichen Bewertungsstandards.

### Definition des Marktwertes

Der Marktwert ist definiert als der am Stichtag wahrscheinliche, auf dem freien Markt zu erzielende Preis zwischen zwei unabhängigen, gut informierten und kaufbeziehungsweise verkaufswilligen Parteien unter Berücksichtigung eines marktgerechten Vermarktungszeitraums.

Handänderungs-, Grundstücksgewinn- und Mehrwertsteuern sowie weitere bei einer allfälligen Veräusserung der Liegenschaft anfallende Kosten und Provisionen sind in der Bewertung nicht enthalten. Auch sind keinerlei Verbindlichkeiten des Helvetica Swiss Commercial Funds hinsichtlich allfälliger Steuern (mit Ausnahme der ordentlichen Liegenschaftsteuern) und Finanzierungskosten berücksichtigt.

### Bewertungsmethode

Wüest Partner bewertete die Anlageliegenschaften des Helvetica Swiss Commercial Funds mit Hilfe der Discounted-Cashflow-Methode (DCF). Bei dieser Methode wird der Marktwert einer Immobilie durch die Summe der in Zukunft zu erwartenden, auf den Stichtag diskontierten Nettoerträge bestimmt. Die Diskontierung erfolgt pro Liegenschaft, in Abhängigkeit ihrer individuellen Chancen und Risiken, marktgerecht und risikoadjustiert.

Referenz-Nummer  
118583.2210

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Bleicherweg 5  
8001 Zürich  
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Reguliert by RICS

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### Grundlagen der Bewertung

Alle Liegenschaften sind Wüest Partner aufgrund der durchgeführten Besichtigungen und der zur Verfügung gestellten Unterlagen bekannt. Sie wurden in Bezug auf ihre Qualitäten und Risiken (Attraktivität und Vermietbarkeit der Mietobjekte, Bauweise und Zustand, Mikro- und Makrolage usw.) eingehend analysiert. Heute leerstehende Mietobjekte wurden unter Berücksichtigung einer marktüblichen Vermarktungsdauer bewertet.

Die Liegenschaften werden von Wüest Partner im Normalfall mindestens im Dreijahresturnus sowie nach Zukauf und nach Beendigung grösserer Umbauarbeiten besichtigt. Sämtliche Liegenschaften wurden in den Jahren 2021 bis 2023 besichtigt.

### Ergebnis

Per 31. Dezember 2023 wurden die Werte der insgesamt 33 Liegenschaften ermittelt. Der Marktwert dieser Liegenschaften wird von Wüest Partner per Stichtag auf CHF 719'930'000 geschätzt.

Für die Bewertung der Liegenschaften wurden reale Diskontierungsfaktoren zwischen 2.80% und 4.00% angewendet. Bei einer Teuerungsannahme von 1.25% bewegen sich die nominalen Diskontierungsfaktoren zwischen 4.09% und 5.30%. Der nach Marktwerten gewichtete Diskontierungssatz über das gesamte Liegenschaftsportfolio beträgt real 3.48% respektive nominal 4.78%.

### Veränderungen in der Berichtsperiode

In der Berichtsperiode vom 1. Januar 2023 bis 31. Dezember 2023 haben folgende Veränderungen stattgefunden:

Abgänge:

- 8500 Frauenfeld, Zürcherstrasse 331/333;
- 9542 Münchwilen, Murgtalstrasse 20.

### Unabhängigkeit und Vertraulichkeit

Im Einklang mit der Geschäftspolitik von Wüest Partner erfolgte die Bewertung der Liegenschaften des Helvetica Swiss Commercial Funds unabhängig und neutral. Sie dient lediglich dem vorgängig genannten Zweck; Wüest Partner übernimmt keine Haftung gegenüber Dritten.

Zürich, 15. Januar 2024

Wüest Partner AG

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

Silvana Dardikman  
MSc in Finance; Immob. Bew. mit eidg. FA  
Director

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**Anhang: Bewertungsannahmen****Anlageliegenschaften**

Folgende allgemeine Annahmen liegen den Bewertungen der Anlageliegenschaften zu Grunde:

- Die Bewertung basiert auf den Mieterspiegeln der Helvetica Property Investors AG typischerweise mit Wissensstand vom April 2023.
- Das verwendete DCF-Modell entspricht einem Zwei-Phasen-Modell. Der Bewertungszeitraum erstreckt sich ab dem Bewertungsdatum bis in die Unendlichkeit mit einem impliziten Residualwert in der elften Periode.
- Die Diskontierung beruht auf einem risikogerechten Zinssatz. Der jeweilige Satz wird für jede Liegenschaft individuell mittels Rückgriff auf entsprechende Vergleichswerte aus Freihandtransaktionen bestimmt. Er setzt sich wie folgt zusammen: Risikoloser Zinssatz + Immobilienrisiko (Immobilität des Kapitals) + Zuschlag Makrolage + Zuschlag Mikrolage in Abhängigkeit der Nutzung + Zuschlag Objektqualität und Ertragsrisiko + evtl. spezifische Zuschläge.
- In den Bewertungen wird, wo nicht anders spezifiziert, von einer jährlichen Teuerung von 1.25 Prozent, sowohl für die Erträge wie auch für sämtliche Aufwendungen, ausgegangen. Der Diskontierungssatz wird bei der nominalen Betrachtung entsprechend angepasst.
- Bonitätsrisiken der jeweiligen Mieter werden in der Bewertung nicht explizit berücksichtigt.
- Spezifische Indexierungen bestehender Mietverhältnisse werden individuell berücksichtigt.
- Die Terminierung der einzelnen Zahlungen erfolgt bei den bestehenden Mietverhältnissen entsprechend den vertraglich festgelegten Regelungen.
- Auf Seite der Betriebskosten wurde davon ausgegangen, dass vollständig getrennte Nebenkostenabrechnungen geführt und somit die mieterseitigen Nebenkosten entsprechend ausgelagert werden.
- Die Unterhaltskosten (Instandsetzungs- und Instandhaltungskosten) wurden mit einem Gebäudeanalyse-Tool gerechnet. Darin werden aufgrund einer Zustandsanalyse der einzelnen Bauteile deren Restlebensdauer bestimmt, die periodische Erneuerung modelliert und daraus die jährlichen Annuitäten ermittelt. Die errechneten Werte werden mittels den von Wüest Partner erhobenen Kosten-Benchmarks plausibilisiert.

**Auditor's Report**

## Kurzbericht der kollektivanlagengesetzlichen Prüfgesellschaft

an den Verwaltungsrat der Fondsleitung Helvetica Property Investors AG, Zürich

**Kurzbericht zur Prüfung der Jahresrechnung****Prüfungsurteil**

Wir haben die Jahresrechnung des Anlagefonds Helvetica Swiss Commercial Fund – bestehend aus der Vermögensrechnung zum 31. Dezember 2023, der Erfolgsrechnung für das dann endende Jahr, den Angaben über die Verwendung des Erfolges und die Offenlegung der Kosten sowie den weiteren Angaben gemäss Art. 89 Abs. 1 Bst. b–h und Art. 90 des schweizerischen Kollektivanlagengesetzes (KAG) – geprüft.

Nach unserer Beurteilung entspricht die Jahresrechnung (Seiten 5, 20 bis 31, 38 bis 41) dem schweizerischen Kollektivanlagengesetz, den dazugehörigen Verordnungen sowie dem Fondsvertrag und dem Prospekt.

**Grundlage für das Prüfungsurteil**

Wir haben unsere Abschlussprüfung in Übereinstimmung mit dem schweizerischen Gesetz und den Schweizer Standards zur Abschlussprüfung (SA-CH) durchgeführt. Unsere Verantwortlichkeiten nach diesen Vorschriften und Standards sind im Abschnitt „Verantwortlichkeiten der kollektivanlagengesetzlichen Prüfgesellschaft für die Prüfung der Jahresrechnung“ unseres Berichts weitergehend beschrieben. Wir sind vom Anlagefonds sowie der Fondsleitung unabhängig in Übereinstimmung mit den schweizerischen gesetzlichen Vorschriften und den Anforderungen des Berufsstands, und wir haben unsere sonstigen beruflichen Verhaltenspflichten in Übereinstimmung mit diesen Anforderungen erfüllt.

Wir sind der Auffassung, dass die von uns erlangten Prüfungsnachweise ausreichend und geeignet sind, um als eine Grundlage für unser Prüfungsurteil zu dienen.

**Sonstige Informationen**

Der Verwaltungsrat der Fondsleitung ist für die sonstigen Informationen verantwortlich. Die sonstigen Informationen umfassen die im Jahresbericht enthaltenen Informationen, aber nicht die Jahresrechnung und unseren dazugehörigen Bericht.

Unser Prüfungsurteil zur Jahresrechnung erstreckt sich nicht auf die sonstigen Informationen, und wir bringen keinerlei Form von Prüfungsschlussfolgerung hierzu zum Ausdruck.

Im Zusammenhang mit unserer Abschlussprüfung haben wir die Verantwortlichkeit, die sonstigen Informationen zu lesen und dabei zu würdigen, ob die sonstigen Informationen wesentliche Unstimmigkeiten zur Jahresrechnung oder unseren bei der Abschlussprüfung erlangten Kenntnissen aufweisen oder anderweitig wesentlich falsch dargestellt erscheinen.

Falls wir auf Grundlage der von uns durchgeführten Arbeiten den Schluss ziehen, dass eine wesentliche falsche Darstellung dieser sonstigen Informationen vorliegt, sind wir verpflichtet, über diese Tatsache zu berichten. Wir haben in diesem Zusammenhang nichts zu berichten.

**Verantwortlichkeiten des Verwaltungsrats der Fondsleitung für die Jahresrechnung**

Der Verwaltungsrat der Fondsleitung ist verantwortlich für die Aufstellung einer Jahresrechnung in Übereinstimmung mit dem schweizerischen Kollektivanlagengesetz, den dazugehörigen Verordnungen sowie dem Fondsvertrag und dem Prospekt und für die internen Kontrollen, die der Verwaltungsrat als notwendig feststellt, um die Aufstellung einer Jahresrechnung zu ermöglichen, die frei von wesentlichen falschen Darstellungen aufgrund von dolosen Handlungen oder Irrtümern ist.

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**Verantwortlichkeiten der kollektivanlagegesetzlichen Prüfgesellschaft für die Prüfung der Jahresrechnung**

Unsere Ziele sind, hinreichende Sicherheit darüber zu erlangen, ob die Jahresrechnung als Ganzes frei von wesentlichen falschen Darstellungen aufgrund von dolosen Handlungen oder Irrtümern ist, und einen Bericht abzugeben, der unser Prüfungsurteil beinhaltet. Hinreichende Sicherheit ist ein hohes Mass an Sicherheit, aber keine Garantie dafür, dass eine in Übereinstimmung mit dem schweizerischen Gesetz und den SA-CH durchgeführte Abschlussprüfung eine wesentliche falsche Darstellung, falls eine solche vorliegt, stets aufdeckt. Falsche Darstellungen können aus dolosen Handlungen oder Irrtümern resultieren und werden als wesentlich gewürdigt, wenn von ihnen einzeln oder insgesamt vernünftigerweise erwartet werden könnte, dass sie die auf der Grundlage dieser Jahresrechnung getroffenen wirtschaftlichen Entscheidungen von Nutzern beeinflussen.

Als Teil einer Abschlussprüfung in Übereinstimmung mit dem schweizerischen Gesetz und den SA-CH üben wir während der gesamten Abschlussprüfung pflichtgemässes Ermessen aus und bewahren eine kritische Grundhaltung. Darüber hinaus:

- identifizieren und beurteilen wir die Risiken wesentlicher falscher Darstellungen in der Jahresrechnung aufgrund von dolosen Handlungen oder Irrtümern, planen und führen Prüfungshandlungen als Reaktion auf diese Risiken durch sowie erlangen Prüfungsnachweise, die ausreichend und geeignet sind, um als Grundlage für unser Prüfungsurteil zu dienen. Das Risiko, dass aus dolosen Handlungen resultierende wesentliche falsche Darstellungen nicht aufgedeckt werden, ist höher als ein aus Irrtümern resultierendes, da dolose Handlungen kollusives Zusammenwirken, Fälschungen, beabsichtigte Unvollständigkeiten, irreführende Darstellungen oder das Ausserkraftsetzen interner Kontrollen beinhalten können.
- gewinnen wir ein Verständnis von dem für die Abschlussprüfung relevanten internen Kontrollsystem, um Prüfungshandlungen zu planen, die unter den gegebenen Umständen angemessen sind, jedoch nicht mit dem Ziel, ein Prüfungsurteil zur Wirksamkeit des internen Kontrollsystems des Anlagefonds abzugeben.
- beurteilen wir die Angemessenheit der angewandten Rechnungslegungsmethoden sowie die Vertretbarkeit der dargestellten geschätzten Werte in der Rechnungslegung und damit zusammenhängenden Angaben.

Wir kommunizieren mit dem Verwaltungsrat der Fondsleitung unter anderem über den geplanten Umfang und die geplante zeitliche Einteilung der Abschlussprüfung sowie über bedeutsame Prüfungsfeststellungen, einschliesslich etwaiger bedeutender Mängel im internen Kontrollsystem, die wir während unserer Abschlussprüfung identifizieren.

PricewaterhouseCoopers AG

Raffael Simone  
Zugelassener Revisionsexperte  
Leitender Prüfer

Marc Rüttimann

Zürich, 21. Februar 2024



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## Organization

<b>The Fund Management Company</b>	Helvetica Property Investors AG, Brandschenkestrasse 47, Zürich
<b>Executive Board</b>	Hans R. Holdener, CEO and CIO ad interim Marc Giraudon, Co-CEO (since January 1, 2024) Salman Baday, Head of Sales and Marketing (up to and including December 31, 2023) Dominik Fischer, CIO (since January 1, 2024) Urs Kunz, CCO (since January 1, 2024) Lucas Schlageter, Head of Portfolio Management (up to and including December 31, 2023) Peter R. Vogel, CFO and Head of Corporate Services
<b>Extended Management Board</b>	Michael Knoflach, Head Finance (up to February 29, 2024) Dominik Fischer, Head of Investment Management (from July 1 to December 31, 2023) Thomas Stadelmann, Head of Compliance, Risk and Legal
<b>Board of Directors</b>	Dr. Hans Ueli Keller, Chairman Peter E. Bodmer, Vice President Dr. Franziska Blindow-Prettl, member Theodor Härtsch, member Herbert Kahlich, member
<b>Asset Manager</b>	Helvetica Property Investors AG, Brandschenkestrasse 47, Zürich
<b>Custodian Bank and Paying Agent</b>	Bank J. Safra Sarasin, Elisabethenstrasse 62, Basel
<b>Trade</b>	SIX Swiss Exchange, Pfingstweidstrasse 110, Zürich
<b>Auditor</b>	PricewaterhouseCoopers AG, Birchstrasse 160, Zürich
<b>Market Maker</b>	Bank J. Safra Sarasin, Elisabethenstrasse 62, Basel
<b>Accredited Valuation Expert</b>	With the approval of the supervisory authority, the Fund Management Company has commissioned Wüest Partner AG in Zurich as the independent and permanent valuation expert. The main persons responsible are:  Ivan Anton, valuation expert, Wüest Partner AG, Zurich 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 and Privera AG. The exact execution of the assignment is regulated in separate contracts.

## Information for Investors

### Change in the Fund Contract

The following changes to the fund contract were approved by FINMA on May 5, 2023 and entered into effect on May 10, 2023.

The changes to the fund contract mainly relate to amendments made in connection with the express declaration that related real estate funds managed by the Fund Management Company may make joint investments in real estate assets (co-ownership of properties and/or participations in and claims against real estate companies). Related transactions between the affiliated real estate funds are not deemed real estate transactions with or between related parties and may be entered into without approval from the supervisory authority. Furthermore, redemption commission increases were capped at a maximum of 5 percent.

The changes mostly involve the following points, as published on March 14, 2023:

#### Section 3 The Fund Management Company

The following new paragraph was added to section 3 point 8 of the fund contract (*in italics*):

*“Transactions between affiliated real estate funds as defined in section 8 point 2(a) and (c) and point 3 (co-ownership of real estate with affiliated real estate funds and/or participations in and claims against real estate companies with affiliated real estate funds) are not deemed real estate transactions engaged in by the Fund Management Company with or between related parties within the meaning of point 8 and may be entered into without approval from the supervisory authority.”*

#### Section 4 The custodian bank

The following new paragraph was added to section 4 point 8 of the fund contract (*in italics*):

*“Transactions between affiliated real estate funds as defined in section 8 point 2(a) and (c) and point 3 (co-ownership of real estate with affiliated real estate funds and/or participations in and claims against real estate companies with affiliated real estate funds) are not deemed real estate transactions engaged in by the Fund Management Company with or between related*

*parties within the meaning of point 8 and may be entered into without approval from the supervisory authority.”*

#### Section 8 Investment policy

Section 8 point 2 will be supplemented as follows (*in italics*):

*“Ordinary co-ownership of real estate; co-ownership is permitted if the Fund Management Company can exercise controlling influence, i.e. if it holds a majority of co-ownership shares and votes. Co-ownership of real estate with affiliated real estate funds is expressly permitted. Affiliated real estate funds are deemed to be real estate funds managed by the same fund management company;*

The properties are entered into the Land Register under the name of the fund management company with a remark to the effect that they belong to the real estate fund(s).

1. Promissory notes or other contractual liens on the property;
2. Participations in and claims against real estate companies whose sole purpose is the acquisition and sale or rental and leasing of their own properties if at least two-thirds of their capital and votes are combined in the real estate fund. *Also permitted are joint participations in and claims against real estate companies with affiliated real estate funds in accordance with the definition provided above.”*

A new point 3 has been added to section 8. The new paragraph reads as follows (*in italics*):

*“When acquiring co-ownership in properties with affiliated real estate funds and/or participations in and claims against real estate companies with affiliated real estate funds in accordance with point 2(a) and (c) above (affiliate co-ownership/affiliate participations), the maximum investment in affiliate co-ownership/affiliate participations may not exceed a total of 50 percent of the fund assets.”*

The insertion of new point 3 results in a corresponding shift in the numbering of all subsequent points of section 8.

#### Section 15 Risk diversification and limits

Subsection g was added to section 15 point 4. Subsection g reads as follows (*in italics*):

*“g. Investments in affiliate co-ownership/affiliate participations up to a maximum of 50 percent.”*

#### Section 18 Fees and incidental costs charged to the investors

The maximum percentage of the redemption commission was changed to 5 percent in section 18 point 2.

#### Section 28 Applicable law and place of jurisdiction and signature page

In section 28 point 4, in the final paragraph of section 28 and on the signature page, the date of the fund contract and of the approval of the fund contract by the Swiss Financial Market Supervisory Authority FINMA have been amended owing to the fund contract amendment.

The following changes to the fund contract were approved by FINMA on November 23, 2023 and entered into effect on November 23, 2023.

The changes mostly involve the following points, as published on October 19, 2023:

#### Section 8 Investment policy

Information on ESG requirements is introduced in section 8 point 1 and the point is amended accordingly as follows:

*“The real estate fund takes account of environmental, social and governance (ESG) requirements along the real estate life cycle and investment cycle and pursues the systematic and gradual optimization of the properties in terms of defined sustainability criteria that are oriented towards the overarching sustainability strategy. Specifically, the following selected United Nations Sustainable Development Goals (SDGs – [sdgs.un.org/goals](https://sdgs.un.org/goals)) are incorporated into the sustainability strategy:*

- Climate action
- Decent work and economic growth
- Sustainable cities and communities

Based on the Swiss Confederation’s climate strategy, the Fund Management Company’s aim is to reduce greenhouse gases from the existing property portfolio to

4.5 kg CO<sub>2e</sub>/m<sup>2</sup> (for Scope 1+2) by 2035 and to net zero by 2050 (climate focus sustainability approach). Unless otherwise stated, this strategy relates to the whole property portfolio.

The Fund Management Company defines a CO<sub>2</sub> reduction pathway as a key decision-making tool. The reduction pathway is updated and published each year. Compliance with this reduction pathway is achieved in the existing property portfolio in particular by replacing heating systems that use fossil fuels, building photovoltaic systems and using renewable energies. The Fund Management Company relies on measures such as the densification of internal spaces through the addition of stories and extensions, the promotion of flexibility of use and the circular economy, and the selection of sustainable materials and resource-conserving methods of construction.

For more detailed information on the risks, the sustainability approach, its concrete implementation and measurement, and the process, please see point 1.10.4 of the prospectus and the ESG section of the Fund Management Company website ([Helvetica.com/en/esg](https://www.helvetica.com/en/esg)).

#### Section 17 Issue and redemption of units

In section 17 point 8, a linguistic change without any material impact was made.

#### Section 18 Fees and incidental costs charged to the investors

The maximum rate for the issue commission was increased to 5 percent in section 18 point 1.

#### Section 19 Fees and incidental costs charged to the fund

The maximum rate for construction costs was increased to 4 percent in section 19 point 6.

#### Section 28 Applicable law and place of jurisdiction

In the final paragraph and in the final sentence, the date of the fund contract and of the approval of the fund contract by the Swiss Financial Market Supervisory Authority FINMA has been modified owing to the fund contract amendment. The date on the signature page was also amended.

### Legal Disputes

Acting as plaintiff and easement beneficiary, the Fund demands that the defendant encumbered by the easement grant it the right to use parking spaces. In another legal dispute, the Fund – as the plaintiff – is claiming damages from the defendant due to fire safety deficiencies that have not been eliminated.

### 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 on Related-party Transactions

The Fund Management Company confirms that there were no transfers of real estate 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 Asset Management Association Switzerland [AMAS] of April 2, 2008, version dated August 5, 2021).

**Fund Management Company**  
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Authorized and Regulated by the Swiss Financial Market Supervisory Authority FINMA.