

**RESIDENTIA**

Investment fund under Swiss law in the "real estate funds" category.

**Non-audited semi-annual report  
June 30, 2019**

RESIDENTIA is an investment fund under Swiss law in the "real estate funds" category within the meaning of the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 (CISA) (hereinafter referred to as the "fund" or the "real estate fund"). The fund contract was drawn up by FidFund Management SA, as Fund Management Company, with the approval of the custodian bank Cornèr Banca SA. It was submitted to the Swiss Financial Market Supervisory Authority (FINMA), which approved it for the first time on 20 March 2009.

The real estate fund is based on a collective investment agreement (the fund contract) under which the fund management company undertakes to provide investors with a stake in the investment fund in proportion to the fund units they acquire, and to manage the fund at its own discretion and for its own account in accordance with the provisions of the law and the fund contract. The custodian bank is a party to the fund contract in consequence of the tasks conferred upon it by law and the fund contract.

In accordance with the fund contract, the fund management company is entitled to establish, liquidate or merge unit classes at any time, subject to the consent of the custodian bank and the approval of the supervisory authority.

The real estate fund is not divided into unit classes.

#### **Fund management company**

##### **FidFund Management SA**

Route de Signy 35  
CH-1260 Nyon / VD

#### **Custodian bank**

##### **Cornèr Banca SA**

Via Canova 16  
CH – 6900 Lugano

## FidFund Management SA

### Board of Directors

Jean <b>Berthoud</b>	Chairman
Olivier-Pierre <b>Vollenweider</b>	Vice Director
Jean-François <b>Abadie</b>	Director
Yves <b>de Coulon</b>	Director
Philippe <b>Bens</b>	Director

### Fund Management Company

Selda <b>Karaca</b>	Managing Director
Christophe <b>Audousset</b>	Deputy Director

### Investment committee

(Without decision-making power)

Lorenzo <b>Orsi</b>	Certified architect (ETH Zurich) and member of the REG A, SIA, OTIA and ASIAT
Claudio <b>Genasci</b>	Member of the management team, Banca Dello Stato del Cantone Ticino

### Investment committee advisor

(Without decision-making power)

Matteo <b>Pagani</b>	Studio Fiduciario Pagani SA, Lugano
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### Valuation experts

Omar <b>Antonelli</b>	Certified architect STS OTIA, Lugano
Mirko <b>Fasola</b>	ES technician, Lugano
Fabio <b>Guerra</b>	MRICS, MSc Real Estate CUREM, Arch. Dipl. EPFL Lausanne

### Real estate management

Assofide SA, Locarno  
Comafim SA, Lugano  
Privera SA, Lugano  
Multiresidenza SA, Muralto

### Custodian bank

Cornèr Banca SA, Lugano

### Auditors

KPMG SA  
Esplanade de Pont-Rouge 6, 1211 Genève

### Promoters

Studio Fiduciario Pagani SA  
Banca dello Stato des Cantone Ticino

Residentia is an investment fund under Swiss in the real estate funds category. The fund invests exclusively in:

- real estate assets located in southern Switzerland (Ticino, Grisons);
- residential properties and mixed-use buildings;
- and to a lesser extent, properties of an exclusively or predominantly commercial nature, including properties used by the manufacturing and hotel industries.

The fund's objective is to preserve the value of its investments and the appropriate distribution of the income earned by them over the long term by creating a stable, actively managed asset portfolio.

## Manager's report

An immensely positive first half for the Residentia Fund, which is reaping the benefits of the efforts and investment it has put forth over the past few reporting periods and especially in 2018.

In the first six months of 2019, much of the work previously undertaken was completed, enabling the Fund to stabilise its spending and investments. This has significantly bolstered Residentia's financial performance to date and brought an optimistic outlook to the year under way.

Net income – Residentia's record high for a six-month period – increased 45% compared with the same period last year to CHF 2 million. Costs were reduced 12% from CHF 3.57 million to CHF 3.19 million, and revenue climbed 4%, exceeding CHF 5 million in half-year revenue for the first time.

Revenue also grew due to both income from the Melide property acquired in March 2018 and a slight overall increase across almost all properties, mainly as a result of lower average vacancy rates (8.5% vs. 12.5%). Revenue does not include income generated by two properties purchased in early May as the property ownership authority did not grant the necessary permission until August. The year-end balance sheet will therefore also include revenue from May and June for these two new properties, estimated at about CHF 120,000.

Regarding long-term revenue, a new commercial agreement has been signed with the service station in Melide, which will slightly increase revenue and secure income for the next ten years.

As planned, we reduced maintenance and repair costs for our building stock by nearly 10% compared to the same period in 2018, while carefully monitoring the condition of the buildings and apartments. Residentia will actually maintain its strategy of continuously renewing the building stock, following the natural rent turnover and make targeted, one-off investments to keep adequate supply to meet changing market demand. We are confident that this strategy will continue to produce the same positive results in the future that it has generated over the past year.

The procedure for conducting property surveys was renegotiated, significantly reducing the cost of the process (down 60%). As anticipated in 2018, our fund management pricing policy was also reviewed, thus guaranteeing investors net savings of more than 15% in commissions (CHF 125,000). These revisions helped to cut the Fund's TER (based on GAV) to 0.92%, its lowest ever. The reduction in costs in the current half-year period will be even clearer at the end of the year, when the substantial investments made in 2018 will no longer impact the calculation of the main economic indicators such as EBIT margin, which is expected to return to values of more than 50%.

However, one expense item that has risen significantly is provisions for rental receivables. Provisions totalling nearly CHF 150,000 have been set aside to cover potential losses in rental income, as losses have been incurred in recent periods, primarily due to the inability of some business partners to meet their commitments. We believe that we nevertheless have a reasonable chance of recovering at least half this amount in the near future, as a repayment plan has been agreed on and the legal dispute suggests a favourable settlement.

We would like to point out some of the following key highlights in Residentia's activity over the first half of 2019.

**Montecarasso:** The project to convert 6 4.5-room duplexes into 12 2.5-room units was completed. We have therefore been very active in promoting and renting of new properties, of which 5 are already leased or reserved. In addition, we continued with other minor works as part of the plan implemented a few years ago to renovate the entire district, including the installation of a new video-surveillance system, creation of a pétanque field, expansion of the outdoor barbecue area available to tenants and other continuous improvements to the district.

**Manno:** A new wellness centre has been completed, occupying more than half of the top floor (>300 m<sup>2</sup>), for a total investment of around CHF 120,000. But the rent increase only came to CHF 16,000 for the first six months of the year.

**Via Besso, Lugano:** The works to renovate this historic building are nearly complete. Finishings remain to be done and are planned for the autumn. The building has already been fully leased out.

**Mendrisio:** Construction work continues on the new student building at the new university complex adjacent to our property. Once construction is complete, 42 rooms will be available divided into seven apartments and five two-room apartments. The decision to build in line with Minergie standards has enabled us to benefit from considerable subsidies and extensive additional building space.

The Residentia Fund formally purchased two new buildings in the first half of 2019. As mentioned above, the acquisition process for these properties was extremely lengthy due to procedural inefficiency on the part of the cantonal authorities. This meant in turn that two months of rental income could not be recorded for the end of June, but the amount will be recovered in the second half of the year.

**Rivera:** The property purchased for CHF 8.15 million is made up of two separate buildings located in the centre of Rivera, opposite the railway station and adjacent to the motorway junctions on the section between Lugano and Bellinzona. One building is a commercial property with a Denner store on the ground floor and offices on the upper floors, while the second building is residential featuring six apartments on three floors. The property currently generates an annual income of CHF 420,000 but this amount is expected to increase following the renovation work that will be carried out in partnership with Denner in coming months, with estimated forecast profitability of around 6%.

Massagno: Purchased at a price of CHF 7.85 million this property is strategically located: a short distance from the motorway access, the Lugano railway station, the cantonal hospital and a few metres from the public transport stops that take passengers to centre of Lugano in just a few minutes. Revenue generated amounts to CHF 420,000 per year and offers potential returns of more than 5.5%.

In addition to the main activities listed here, specific to each property, the Residentia team has signed an important and innovative business agreement to manage all of the Fund's heat systems. As from September 2019, Residentia will outsource all the heating systems in its buildings to a firm specialised in energy efficiency and heat management. This agreement will allow the Fund to optimise costs for the maintenance and operation of the heating systems to date, and will ensure, through the service contract, that the maximum historical cost to our tenants is not exceeded. The contracting company will manage and optimise the existing systems, as well as replace the old ones, leading to effective reductions in consumption and efficient use of existing buildings.

In the coming months, we also expect to complete the acquisition of at least one new property in the Bellinzona area for about CHF 10 million. This property is expected to provide immediate gross profitability of 4.25% despite high vacancy. We hope to reduce vacancy rates significantly over the next year to increase the property's profitability to over 6%. This acquisition would also further optimise our debt ratio around 30 %.

In conclusion: well-managed costs and investments without any major foreseeable expenses, optimisation of expenditures, provisions set aside for rental losses, and work completed on two important sites that will bring in additional income help us feel positive that we will achieve a good performance in the second half of 2019.

Concerns remain about vacancy rates. Maintaining current rates and gradually reducing them will be key to delivering strong performance in the months and years to come. But having taking appropriate action in time, Residentia is confident that it can also overcome this challenge.

## NAV valuation and calculation principles

The net asset value of the real estate fund is calculated based on the market value at the end of the financial period and for each issue of units in Swiss francs.

The fund management company instructs independent valuation experts to assess the market value of the properties held by the real estate fund at the end of each six-month period and whenever new units are issued. To do this, the fund management company, with the approval of the supervisory authority, appoints at least two individuals or one company as independent valuation experts. The inspection of the properties by the valuation experts should be repeated at least once every three years. Lors de l'acquisition / cession d'immeubles, la direction du fonds doit faire préalablement estimer lesdits immeubles. At the time of sale, a new estimate is not required if the existing estimate is not older than three months and if the conditions have not changed considerably.

The evaluation of undeveloped land is carried out according to the principle of effective costs. This evaluation is subject to an annual depreciation test.

Investments listed on a stock exchange or traded on another regulated market open to the public are valued at their principal market price. Other investments or investments for which no current market value is available are valued at the price that would probably be obtained in a diligent sale at the time of the valuation. In such cases, the fund management company uses appropriate and recognized valuation models and principles to determine the market value.

Open-ended collective investment schemes are valued at their redemption price and/or net asset value. If they are regularly traded on a stock exchange or another regulated market open to the public, the fund management company may value such funds in accordance with the previous paragraph.

The value of short-term fixed-interest securities (money market instruments) that are not traded on a stock exchange or on a regulated market open to the public is calculated as follows: the valuation price of such investments is subsequently adapted to the redemption price, based on the net acquisition price, maintaining the same return on investment calculated as a result. If there are significant changes in market conditions, the valuation basis of the different investments is adjusted in line with the new market returns. If the current market price is not available, reference is normally made to the valuation of money market instruments with the same characteristics (issuer's rating and registered office, issue currency and term).

Bank and postal deposits are valued on the basis of the amount due plus accrued interest. If there are significant changes in market conditions or credit rating, the valuation principles for time deposits will be adjusted in line with the new circumstances.

The properties are valued for the real estate fund in accordance with the SFAMA instruction in force regarding the real estate funds.

The net asset value of a unit is determined by the market value of the fund's assets, less any liabilities of the fund and any taxes levied on the fund's liquidation, divided by the number of units in circulation. Figures are rounded to CHF 0.05.

## DCF valuation model

The valuation experts use a DCF valuation model that meets international standards and takes into account the guidelines of the TEGoVA (The European Group of Valuers' Associations) and the RICS (The Royal Institution of Chartered Surveyors), along with those of the IVSC (International Valuation Standards Committee), the SVS (Swiss Valuation Standards), the SEK/SVIT, SIV (Schweizerischer Immobilienschätzer Verband) and the CEI (Chambre suisse d'experts en estimations immobilières).

Market value or fair value is the estimated amount at which a property would be traded at the valuation date between a willing buyer and seller in a normal transaction on the open market where the parties have each acted knowingly, prudently and without constraint.

Market value does not include any transaction financing costs, commissions, taxes or change of ownership costs, or any capital gains tax. Conversely, real estate taxes are taken into account in the valuation.

**The discounted cash flow** method calculates returns based on future incomings and outgoings. It includes potential future cash flow forecasts in relation to a property's location and use.

Gross annual income (net rental income) is defined based on current income and any market potential. Any loss of income due to vacancy risk is also taken into account. Furthermore, operating costs and maintenance and renovation costs that cannot be passed on to tenants are deducted.

The residual value is obtained by capitalising the net cash flow from the 11th year and taking into account future unscheduled maintenance costs that cannot be passed on to tenants. The location, use and state of repair of the building at that precise moment are factored into the capitalisation. Cyclical renovation costs after a ten-year period are calculated as a percentage of the building's value, adjusted for any increases (CapEx).

**The rental income** taken into consideration is based on information received from the property owners or management company. The calculation model ignores differences between rental conditions linked to the mortgage rate but does take account of index-linked contracts. In the valuation model, apart from factoring in rent reviews, the predicted growth in rental income is based on the options permitted under tenancy law, while taking into account the maximum market conditions.

**The market potential** is based on the market rent corresponding to the location parameters, type of property, rental area, number of rooms, fixtures and fittings, services and similar.

The valuation is verified and adjusted where necessary, depending on the property, by market specialists.

**Legal basis for the valuation of rental income:** Valuations are subject to changes in the IPC index over the next 10 years. For residential properties, rent reviews take into account the increase in the value of the property. In contracts for commercial or office properties, indexing is applied in accordance with the contractual terms.

Market potential is valued based on the provisions of tenancy law and market conditions.

**Rental area:** The rental area is based on the information provided by management. We operate on the assumption that this information complies with the definitions given in applicable standards. In rare cases where areas are calculated from plans, the net effective surface area is used.

**Maintenance and renovation expenses** comprise all works carried out, such as repairs that cannot be passed on to tenants. Renovation includes non-recurring investments such as building renovations or improvements, etc. The percentage of these costs that corresponds to an increase in the property value is capitalised and to a certain extent reflected in rents.

The market value of each property represents the price that is likely to be achieved in the presence of a normal deal flow and assuming a diligent purchase and sale transaction. Any opportunities arising, particularly during the purchase and sale of the fund's properties, are exploited on a case-by-case basis in the best interests of the fund. This may lead to differences compared with the valuations.

## Capitalisation rate as at June 30, 2019

The capitalisation rate is 3.65%. (Average 10-year swap of the last 4 years: 1.50%; debt ratio: 1.15%; inflation rate: 1.00%)  
The discount rates varie between 2.85% (minimum) and 4.48% (maximum), with a weighted average of 3.91%.

## Information on matters of particular economic or legal significance

On 10.08.2018, FidFund Management SA, in its capacity as fund manager of the Swiss "Real Estate Funds" contractual fund RESIDENTIA (the "Fund") and Cornèr Banca SA, in its capacity as custodian bank of the Fund, notified investors of the following changes to the prospectus and accompanying fund contract and to the simplified prospectus:

### 1. Changes to the simplified prospectus

- a) Performance of the collective investment product:  
The performance chart now includes 2017 and TER Market Value for 2017.
- b) Economic information:  
The table on economic information has been updated.

Lastly, various formal changes have also been made, which do not affect the content of the simplified prospectus (e.g. editorial changes, renumbering, etc.).

### 2. Changes to the prospectus

#### a) General information on the management

The share capital and the participation certificates are now held as follows:

The value of the share capital subscribed to by the fund manager has stood at CHF 1 million since 20 June 2008. All the share capital has been held by Banque Bonhôte & Cie since 15 February 2018. The company also has participation certificates in the sum of CHF 2 million, 55% of which are held by Banque Bonhôte & Cie and 45% by CACEIS (Switzerland) SA.

Since 15 February 2018, the members of the Board of Directors are as follows:

- Mr Jean Berthoud Chairman
- Mr Olivier Vollenweider Vice-Chairman
- Mr Philippe Bens Director
- Mr Jean-François Abadie Director
- Mr Yves de Coulon Director

The Managing Board of FidFund Management SA consists of:

- Ms Selda Karaca Managing Director
- Mr Christophe Audousset Assistant Managing Director

#### b) Delegation of other specific tasks

A list of the managers is therefore as follows:

- Assofide SA, Via Luini 3, CH – 6600 Locarno;
- Comafim SA, Corso Elvezia 27, CH – 6900 Lugano;
- Multiresidenza SA, Viale Verbano 7, CH – 6602 Muralto
- Privera SA, Via Massagno 26, CH - 6900 Lugano.

Lastly, various formal changes have also been made, which do not affect the content of the prospectus (e.g. editorial changes, renumbering, etc.).

### **3. Changes to the investment fund contract**

The following material changes (in addition to those mentioned above) have been made to the fund contract to adapt it to the revised provisions of the Federal Act on Collective Investment Schemes ("CISA"), the Collective Investment Schemes Ordinance ("CISO") and the revised model contract for property funds by the Swiss Funds & Asset Management Association ("SFAMA Model"):

Various formal changes have also been made, which do not affect the content of the fund contract (e.g. editorial changes, renumbering, etc.).

### **4. General information**

Investors are informed that certain additional changes, mainly editorial, have also been made to the prospectus and the accompanying fund contract. However, those changes do not affect the rights or obligations of investors.

## Summary figures

		30.06.2018	30.06.2019
Total assets	CHF	239'081'231.46	260'172'214.52
Net fund assets	CHF	183'429'575.76	185'298'260.02
Estimated market value of completed properties	CHF	230'180'000.00	254'275'000.00
Estimated market value of properties under construction (including land)	CHF	0.00	0.00

	Units outstanding	Net assets	Net asset value per unit	Net income distribution	Capital gains distribution	Total
		CHF	CHF	CHF	CHF	CHF
31.12.2011	39'938	41'623'094.82	1'042.20	19.75	0.00	19.75
31.12.2012	68'388	75'113'699.44	1'098.35	24.42	0.00	24.42
31.12.2013	68'388	76'010'399.74	1'111.45	26.02	8.35	34.37
31.12.2014	68'388	75'712'234.11	1'107.10	29.39	2.28	31.67
31.12.2015	1'000'608	112'957'366.46	112.90	3.28	0.00	3.28
31.12.2016	1'200'713	138'679'280.64	115.50	2.06	0.87	2.93
31.12.2017	1'600'174	186'257'665.38	116.40	2.42	0.58	3.00
31.12.2018	1'600'174	186'288'230.80	116.40	1.65	0.54	2.19
30.06.2019	1'600'174	185'298'260.02	115.80	0.00	0.00	0.00

Above distributions result from annual and semi-annual distributions

## Indices calculated according to SFAMA directive

30.06.2019

Return default rate	8.95 %
Borrowing ratio	27.36 %
Operating profit margin (EBIT)	42.66 %
TER REF GAV	0.92 %
TER REF MV	1.17 %
Return on equity (ROE 01.01.19 - 30.06.2019)	1.36 %
Dividend yield	1.83 %
Premium as at 30.06.2019	3.11 %
Investment return	2.97 %
Return on Invested Capital	1.14 %

## Performance of the Résidentia Fund (reinvested dividends)

	2018	2019 <sup>(1)</sup>	since launch <sup>(2)</sup>	accounting period 31.12.18 - 30.06.19
Residentia	-10.56%	2.19%	46.42%	2.19%
SXI Real Estate Funds Index*	-5.32%	12.96%	85.08%	12.96%

\* The SXI Real Estate Funds TR benchmark index includes all Swiss real estate funds listed on SIX Swiss Exchange. Their weighting in the index is determined by their market capitalisation. Dividend payments are taken into account when calculating the SWIT performance index.

Past performance is not an indicator of current or future performance.

Performance figures do not take into account commissions and fees paid when units are issued or redeemed.

<sup>1</sup> until 30.06.2019

<sup>2</sup> from 1.07.2009 to 30.06.2019 (cumulative performance)

Statement of assets and liabilities	30.06.2018	30.06.2019
<b>Assets</b>	CHF	CHF
Bank assets		
Demand deposits	6'514'552.18	3'740'319.89
Properties		
Residential properties	128'420'000.00	129'680'000.00
Residential properties with floor-by-floor ownership	3'100'000.00	2'500'000.00
Mixed-use properties	49'250'000.00	57'685'000.00
Commercial properties	49'410'000.00	64'410'000.00
Building plots, including buildings to be demolished and properties under construction	0.00	0.00
<b>Total properties</b>	<b>230'180'000.00</b>	<b>254'275'000.00</b>
Other assets	2'386'679.28	2'156'894.63
<b>Total assets</b>	<b>239'081'231.46</b>	<b>260'172'214.52</b>
<b>Liabilities</b>		
Commitments		
Short-term commitments		
Short-term mortgage debt	0.00	6'500'000.00
Short-term other commitments	3'064'779.70	3'145'237.50
Long-term commitments		
Long-term mortgage debt	50'730'000.00	63'070'000.00
Long-term other commitments	0.00	0.00
<b>Total liabilities</b>	<b>53'794'779.70</b>	<b>72'715'237.50</b>
Net assets before estimated taxes due in case of liquidation	185'286'451.76	187'456'977.02
Provisions for taxes on unrealised gains	-1'856'876.00	-2'158'717.00
<b>Net assets</b>	<b>183'429'575.76</b>	<b>185'298'260.02</b>

Change in net assets	30.06.2018	30.06.2019
<b>Change in net fund assets</b>	CHF	CHF
Net fund assets at beginning of accounting period	186'257'665.38	183'429'575.76
Distribution	-4'800'522.00	-3'504'381.06
Balance of unit transactions	0.00	0.00
Total net income	1'972'432.38	2'514'410.28
<b>Net fund assets at end of accounting period</b>	<b>183'429'575.76</b>	<b>182'439'604.98</b>

Number of units redeemed and issued	30.06.2018	30.06.2019
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<u>Change in number of units</u>		
Position at beginning of period	1'600'174.00	1'600'174.00
Units issued	0.00	0.00
Units redeemed	0.00	0.00
<b>Position at end of period</b>	<b>1'600'174.00</b>	<b>1'600'174.00</b>
	CHF	CHF
<u>Net asset value per unit at end of period</u>	<u>114.65</u>	<u>115.80</u>

Additional information (Art. 68 CISO-FINMA)	30.06.2018	30.06.2019
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	CHF	CHF
Balance of property depreciation account	0.00	0.00
Balance of provision account for future repairs	0.00	0.00
Number of units presented for redemption for the end of the following period	0	0

## Income statement

	From 01.01.2018 to 30.06.2018	From 01.01.2019 to 30.06.2019
<b>Income</b>	CHF	CHF
Rental income	5'007'919.97	5'166'472.53
Bank interest	0.00	-638.89
Other income	6'630.00	0.00
Other rental income	-57'561.43	46'531.50
Income equalization on units issued	0.00	0.00
<b>Total income</b>	<b>4'956'988.54</b>	<b>5'212'365.14</b>
<b>Expenses</b>		
Mortgage interest	319'984.51	339'988.74
Other interest expense	0.59	0.00
Maintenance and repairs	725'039.87	669'940.64
Property administration:		
a) Property costs (water, electricity, concierge services, cleaning, insurance, etc.)	305'521.11	266'990.78
b) Administration costs (professional fees and management expenses)	213'961.95	244'028.30
Direct taxes	964'709.44	709'406.14
Valuation and audit fees	104'356.70	40'209.55
Bank charges	37'056.13	27'485.51
Other expenses (publication, printing, legal costs, etc.)	35'961.17	9'184.14
Statutory compensation for the fund management company	815'841.47	689'363.40
Statutory compensation for the custodian bank	46'186.04	46'189.27
Allocation(s) to provisions for doubtful debts	4'909.02	148'742.84
<b>Total expenses</b>	<b>3'573'528.00</b>	<b>3'191'529.31</b>
<b>Net income</b>	<b>1'383'460.54</b>	<b>2'020'835.83</b>
Realised gains/losses on investments	901'048.13	150'981.37
Realised gain/loss	2'284'508.67	2'171'817.20
Unrealised gains/losses on investments (change)	-312'076.29	342'593.08
<b>Profit/loss for the period</b>	<b>1'972'432.38</b>	<b>2'514'410.28</b>
<b>Allocation of net income</b>		
	CHF	CHF
Realised gain/loss	2'284'508.67	2'171'817.20
Intermediary dividend	0.00	0.00
Retained earnings	429.23	11'576.46
Income available for distribution	2'284'937.90	2'183'393.66
<b>Income payable to investors</b>	<b>2'284'937.90</b>	<b>2'183'393.66</b>
Capital gains distribution	0.00	0.00
Income distribution	0.00	0.00
Income expected to be paid to investors	0.00	0.00
<b>Carried forward</b>	<b>2'284'937.90</b>	<b>2'183'393.66</b>

## RESIDENTIA

## Properties inventory

## Rental properties

Residential Properties		Cost price in CHF	Estimated market value in CHF	Rent received <sup>1</sup> in CHF	Gross yield <sup>2</sup>	Net yield <sup>3</sup>
Tessin	Bellinzona					
	Via San Gottardo 58 a/b/c	8'736'763.38	10'200'000.00	261'865.00	6.17%	5.28%
	Via San Gottardo 47	4'653'755.70	4'600'000.00	115'908.80	5.63%	4.78%
	Biasca					
	Via Quinta 53 à 59	8'777'892.74	9'990'000.00	255'742.25	5.23%	5.14%
	Via Quinta 45, 47	6'208'037.30	6'050'000.00	144'960.15	4.99%	4.81%
	Giubiasco					
	Viale C. Olgiati 20/1	5'425'352.40	6'450'000.00	142'864.15	5.36%	4.71%
	Via Zorzi 2A	6'570'796.40	6'500'000.00	120'626.90	4.56%	4.19%
	Locarno					
	Via Nessi 38	8'932'413.25	10'560'000.00	282'124.20	5.47%	5.46%
	Via Rovedo 15 - Via P. Romerio 12	9'205'550.93	10'530'000.00	300'787.05	5.83%	5.79%
	Lugano					
	Via Beltramina 6 - 8 - 10	11'205'662.40	12'400'000.00	310'050.00	5.44%	4.97%
	Via dei Faggi 23	10'149'431.60	10'750'000.00	248'310.00	5.04%	4.67%
	Monte Carasso					
	Via Mundasc 2	28'983'453.32	28'400'000.00	624'420.85	4.65%	3.32%
	Vacallo					
	Via Bellinzona 10-11 - Via F.Chiesa 11	12'829'210.81	13'250'000.00	310'584.00	5.72%	4.80%
<b>Totals</b>		<b>121'678'320.23</b>	<b>129'680'000.00</b>	<b>3'118'243.35</b>		

## Residential properties with floor-by-floor ownership

	Locarno					
	Via In Selva 17	2'423'256.20	2'500'000.00	0.00	0.00%	0.00%
<b>Totals</b>		<b>2'423'256.20</b>	<b>2'500'000.00</b>	<b>0.00</b>		

## Mixed-use properties

Tessin	Bellinzona					
	Via C. Ghiringhelli 18	5'538'963.63	5'750'000.00	58'929.60	3.98%	2.24%
	Via San Gottardo 41	6'068'173.20	6'050'000.00	159'890.00	5.54%	5.38%
	Lugano					
	Via Antonio Fusoni 5	7'252'736.45	8'200'000.00	210'377.00	5.34%	5.17%
	Via Bagutti 26	11'583'392.37	11'900'000.00	282'075.00	5.02%	4.75%
	Massagno					
	Via Solaro 1	8'082'032.60	8'550'000.00	0.00	4.88%	3.91%
	Melide					
	Via Cantonale 29-31	8'568'013.95	8'765'000.00	191'650.08	5.20%	4.26%
	Minusio					
	Via Rinaldo Simen 58	8'276'037.92	8'470'000.00	189'750.10	4.62%	4.48%
<b>Totals</b>		<b>55'369'350.12</b>	<b>57'685'000.00</b>	<b>1'092'671.78</b>		

Commercial properties		Cost price in CHF	Estimated market value in CHF	Rent received <sup>1</sup> in CHF	Gross yield <sup>2</sup>	Net yield <sup>3</sup>
Tessin	Gambarogno Via Luserte 2-4	11'604'818.85	13'500'000.00	325'494.20	5.50%	4.73%
	Lugano Via Besso 42	11'194'361.10	11'360'000.00	63'590.00	3.03%	2.60%
	Manno Via Cantonale 27	6'423'006.20	6'050'000.00	138'129.90	5.27%	4.76%
	Mendrisio Via Stefano Franscini 10-12	23'381'039.75	24'900'000.00	428'343.30	3.34%	3.26%
	Monteceneri Via Lagacci 8	8'391'125.00	8'600'000.00	-	4.87%	4.32%
<b>Totaux</b>		<b>60'994'350.90</b>	<b>64'410'000.00</b>	<b>955'557.40</b>		

### Summary

	Cost price in CHF	Estimated market value in CHF	Rent received <sup>1</sup> in CHF
Residential properties	121'678'320.23	129'680'000.00	3'118'243.35
Residential properties with floor-by-floor ownership	2'423'256.20	2'500'000.00	0.00
Mixed-use properties	55'369'350.12	57'685'000.00	1'092'671.78
Commercial properties	60'994'350.90	64'410'000.00	955'557.40
<b>Totals</b>	<b>240'465'277.45</b>	<b>254'275'000.00</b>	<b>5'166'472.53</b>

1. includes rent receivable, excludes prepaid rents

2. ratio between theoretical rental status and market value (for properties comprising a completed building/building in use)

3. ratio between rent received<sup>1</sup> yearly and market value (for properties comprising a completed building/building in use)

Building fire value : 226'407'100.00 CHF

No tenant accounts with more than 5% of the total rental income of the fund (in accordance with paragraph 66 of the SFAMA guidelines on real estate funds)

## Information on rate of vacant and building age

	Vacant rate	Building age in years
Bellinzona		
Via San Gottardo 58 a/b/c	10.71%	57
Via San Gottardo 41	2.87%	57
Via San Gottardo 47	15.10%	61
Via C. Ghiringhelli 18	9.49%	42
Biasca		
Via Quinta 53 à 59	1.69%	36
Via Quinta 45-47	3.60%	37
Gambarogno		
Via Luserte 2-4	13.96%	30
Giubiasco		
Viale C. Olgiati 20/1	12.00%	29
Via Zorzi 2A	8.09%	29
Locarno		
Via In Selva 17	0.00%	54
Via Nessi 38	0.08%	56
Via Rovedo15-Via Pietro Romerio 12	0.63%	49
Lugano		
Via Beltramina 6 - 8 - 10	8.64%	54
Via Bagutti 26	5.34%	49
Via Besso 42	0.35%	124
Via dei Faggi 23	7.48%	30
Via Antonio Fusoni 5	3.17%	49
Manno		
Via Cantonale 27	9.75%	32
Massagno		
Via Solaro 1	19.91%	99
Melide		
Via Cantonale 29-31	14.24%	28
Mendrisio		
Via Stefano Franscini 10-12	2.45%	26
Minusio		
Via Rinaldo Simen 58	3.07%	24
Monte Carasso		
Via Mundasc 2	18.77%	25
Monteceneri		
Via Lagacci 8	11.31%	32
Vacallo		
Via Bellinzona 8-10-Via F.Chiesa 11	12.37%	39

## List of asset purchases and sales

## Purchases

Mixed-use properties

Purchase price in CHF

Tessin	Massagno Via Solaro 1	7'850'000.00
<b>Totals</b>		<b>7'850'000.00</b>

Commercial properties

Tessin	Monteceneri Via Lagacci 8	8'150'000.00
<b>Totals</b>		<b>8'150'000.00</b>

## Sales

Residential properties with floor-by-floor ownership

Sales price in CHF

Tessin	Locarno Via In Selva 17 LOT PPE N°12	780'000.00
<b>Totals</b>		<b>780'000.00</b>

## Analysis of mortgage debt

	Principal in CHF	Interest rate Annual	Loan date	Maturity	Interest rate basis and frequency
Short-term commitments below one year	3'000'000.00	0.600%	27.04.2017	27.04.2020	FIX
	3'500'000.00	0.600%	18.05.2017	18.05.2020	FIX
	Principal in CHF	Interest rate Annual	Loan date	Maturity	Interest rate basis and frequency
Long-term commitments from one to five years	2'000'000.00	0.600%	22.04.2016	31.12.2021	FIX
	8'520'000.00	0.600%	18.05.2016	31.12.2021	FIX
	19'000'000.00	0.600%	25.04.2019	31.12.2021	FIX
	Principal in CHF	Interest rate Annual	Loan date	Maturity	Interest rate basis and frequency
Long-term commitment over five years	500'000.00	1.310%	20.10.2017	30.04.2023	FIX
	200'000.00	1.310%	20.10.2017	30.04.2023	FIX
	100'000.00	2.400%	20.10.2017	31.12.2023	FIX
	2'460'000.00	2.400%	20.10.2017	31.12.2023	FIX
	2'500'000.00	2.400%	20.10.2017	31.12.2023	FIX
	8'640'000.00	1.850%	30.06.2014	01.07.2024	FIX
	3'300'000.00	1.350%	20.10.2017	30.06.2026	FIX
	850'000.00	1.350%	20.10.2017	30.06.2026	FIX
15'000'000.00	1.300%	31.03.2017	31.03.2027	FIX	
	<b>69'570'000.00</b>	<b>1.089%</b>	<b>(weighted average rate)</b>		

### Information on the effective rate of remuneration and ancillary costs

Remuneration of management company		Maximum contractual rate	Rate applied
For management fee	§ 19 of the fund contract	1.00%	0.73%
For issuing commission	§ 18 of the fund contract	5.00%	n/a
For redemption fee	§ 18 of the fund contract	5.00%	n/a
For property purchases or sales	§ 19 of the fund contract	5.00%	1.20% to 4.20%
For property management	§ 19 of the fund contract	6.00%	3.00% to 3.75%
For building conversion/renovation/work projects	§ 19 of the fund contract	3.00%	n/a
Remuneration of custodian bank			
For securities custody, unsecured mortgage certificates and real estate equities	§ 19 of the fund contract	125 CHF	125 CHF
For administration, settlement of payment transactions and supervision of the fund management company	§ 19 of the fund contract	0.05%	0.05%
For annual product paid to investors	§ 19 of the fund contract	0.50%	0.50%

### Informations on commitments

#### Contractual payment undertakings on the day of the closing of the balance sheet for property purchases, construction mandates and investments in properties

On the day of closing of the balance sheet, the ongoing contractual payment undertakings for the construction mandates and the investments in property amounted to a total of almost CHF 444'309.25.