

# Audited annual report

December 31, 2015



## **Residentia,**

Investment fund under Swiss law in the “real estate funds” category

# Residentia

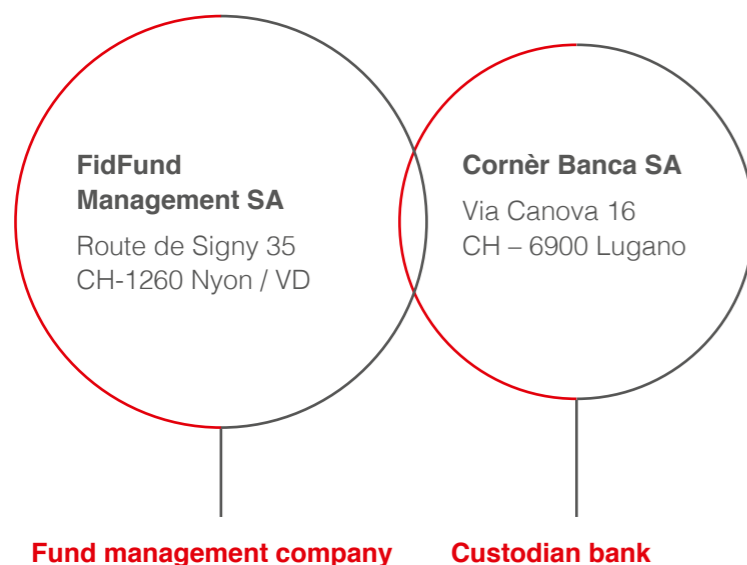
**+** **RESIDENTIA** is an investment fund under Swiss law in the “real estate funds” category within the meaning of the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 (CISA) (hereinafter referred to as the “fund” or the “real estate fund”). The fund contract was drawn up by FidFund 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.

This document is a translation of the French version. Only the French version is authentic.



# FidFund Management SA

## Board of Directors

Marc Lüthi	Chairman
Philippe Bens	Director
Didier Brosset	Director
Philippe De Cholier De Cibeins	Director
Guillaume Fromont	Director
Alain Golaz	Director
Robert Pennone	Director

## Fund Management Company

Christophe Audoussot	Managing Director
Nicolas Mégevand	Deputy Director

## Investment committee (without decision-making power)

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

## Investment committee advisor (without decision-making power)

Matteo Pagani	Studio Fiduciario Pagani SA, Lugano
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## Valuation experts

Omar Antonelli	Certified architect STS OTIA, Lugano
Mirko Fasola	ES technician, Lugano
Pascal Brülhart	International real estate economist (BAK), MAS Real Estate Management (FHO), MRICS, Ponte

## Real estate management

Assofide SA, Locarno  
Comafim SA, Lugano  
Privera SA, Lugano

## Custodian bank

Cornèr Banca SA, Lugano

## Auditors

KPMG SA  
Rue de Lyon 111, 1203 Genève

## Promoters

Studio Fiduciario Pagani SA  
Banca dello Stato del 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.**

## Investment advisor's report

2015 was a very intense year, with many important events for the Residentia Fund. Some important milestones were achieved that were the fruit of the hard work and dedication of the past few years.

The Residentia team actively worked at selecting real estate and properties that met the fund's strict income and strategy criteria. With interest rates remaining low and investors increasingly keen to seek out an attractive risk-return ratio, it has proven to be complex to make these selections. After analysing a dozen or more different possibilities, Residentia was able to determine the right properties to obtain a good level of return for the fund.

The summer featured a sustained campaign of promotional activities aimed at creating interest in the local population and our Swiss institutional partners for the capital increase planned for September, in order to widen the circle of investors, both retail and institutional.

In July, there was a 10:1 split of fund shares in order to make the stock more liquid on the Zurich stock exchange. In order to improve the performance of the shares on the exchange, Residentia has signed a market making agreement with Julius Baer, which will take on this role together with Corner Bank in Lugano, which is the custodian bank for the fund.

The capital increase took place successfully in September, raising more than CHF 35 million through the issue of 316,728 new shares. There was little time to celebrate this success, as two acquisitions were immediately completed in order to reinvest a portion of the new liquidity that

was available and to have new income for the final quarter of the year.

The first property that was acquired is located in Lugano-Pazzallo at via dei Faggi 23. It is a tower block mainly in residential use, strategically located just outside Lugano-Paradiso. It was built at the end of the 1980s and contains 35 apartments and two offices. It is located close to the Lugano Sud motorway junction and the Lugano-Grancia shopping centre. It offers an interesting mix of inhabitants thanks to the major academic activity that takes place nearby. Acquired for CHF 9.85 million, it offers good potential for an increase in value, as well as a gross annual return in excess of 5.60%.

The second building that we acquired is a commercial property in Magadino-Quartino, a shopping centre strategically positioned along the main road of the Magadino Plain connecting Bellinzona and Locarno. Thanks to its prime location and the layout of its indoor spaces, the building has a large number of tenants, thus diversifying its risk profile and offering high profitability. Although this property does not strictly adhere to the fund's main strategy, the returns and the purchase price convinced us to go ahead with the purchase. The property offers a return of more than 8%, and the difference between the purchase price and the appraisal value was CHF 1.3 million. It was valued at CHF 8.6 million and purchased for CHF 7.3 million, given the low level of rents. The building is in excellent condition and does not require any major work. It currently has a number of vacant commercial spaces, which, once rented out, will provide an additional income of approximately 10%. Negotiations are under way with parties who have expressed serious interest.

## Investment advisor's report

In addition to the two properties just described, Residentia purchased the **Hotel Alba in Minusio** in early 2016, and has drawn up a plan for developing the property. The plan is to convert the hotel into 16 new apartments and to construct two stunning penthouse apartments for sale on the new floor to be built. Permission for the conversion and construction has already been granted. Construction is to start at the end of March 2016. The total cost for the construction and renovation, including the land purchase, is just below CHF 10 million. Once the work has been finished at end-2016/early 2017, the property will generate an estimated return in excess of 5.60%, thanks to the sale of the penthouse apartments and to the commercial portion already existing in the property.

The rest of the liquidity obtained through the capital increase has been used to reduce the fund's debt ratio until it can be channelled into other projects that are already at an advanced stage of consideration.

For the property in **Biasca**, in January 2016 Residentia signed an agreement giving it the right to purchase a small piece of land. This allowed Residentia to submit a construction application that includes a waiver on the distance to the nearest neighbour. In 2016 Residentia should be able to start construction on a new building of 15 apartments for the purpose of generating income. The planned investment is CHF 3.75 million and should be completed by the end of 2017.

To finance this building and other, smaller projects in the study phase, Residentia is planning to sell the **Villa Zappia in Via Carona in Paradiso** for CHF 4.7 million. The right of transfer for this property was

signed at the end of May 2014, but some opposition to the building permit delayed the final sale. After some changes to the original project, there should be a positive outcome to the situation soon.

### For the purpose of portfolio rotation and to offer greater returns to investors, the fund has undertaken two projects to sell properties that are not strategic in terms of overall volume:

🏠 In February 2016, construction was started to restructure and expand the existing property in **Via in Selva in Locarno**. An investment of CHF 4.5 million has been agreed with a major construction firm in the Locarno area. Fourteen new apartments will be built and then sold in condominium ownership. Once the project has been built, it is expected bring in CHF 10 million for a gross return of more than 30%.

🏠 The sale of condominium units has begun in the small building located in **Via Carsinè in Lamone**. The building has been well maintained over the years, requiring only minor repairs to communal areas. The sale of individual units is moving along rapidly. There are already reservations on more than half of the 12 apartments available. The completed transaction should bring in about CHF 4 million for a pre-tax net profit of about CHF 700,000, equal to a return of 20%.

In addition, the Residentia team is working to substantially increase the profitability of the commercial property in Manno so that it can be sold, as planned.

The solar energy project is continuing both from the legal and technical point of view. The purpose of the project is to place photovoltaic panels on the roofs of the fund's properties that are suitable for the production of solar energy, in order to reduce the consumption of fossil fuels and make the real estate portfolio more environmentally friendly, despite the age of the buildings, as well as to add another source of income.

The percentage of vacant apartments is very satisfying. Via Carona is currently completely vacant, as a sale is imminent. Via in Selva is also vacant, as the building is being fully renovated and a new building is under construction next to the existing one. The reason for the vacancies in the other residential properties is the policy for renovating the apartments. Renovations are made every time there is a change in tenant.

The policy to reduce the TER has produced its first results. It will be visible over the course of 2016 thanks to the major reduction in some cost items and the increase in assets managed by the fund, which allowed for certain significant fixed costs to be reduced by several percentage points.

In terms of the annual financial statements, we are very satisfied with what we have achieved in 2015, and we hope to reap the benefits of this in 2016. The possible reduction in the dividend due to the dilution following the capital increase has been avoided thanks to the acquisitions made quickly after the capital increase and to the excellent returns on the properties acquired. The half-yearly dividend of CHF 1.60 added to the dividend for the first six months of CHF 1.68 make an annual dividend of CHF 3.28, equivalent to a dividend yield of 2.77%.

## 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.

Properties under construction are valued in the statement of net assets at market value. (No properties under construction are in the portfolio as of 31.12.15).

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 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.

The building via Carona (see page 18) sold forward in a call option contract with a 31.12.2016 deadline is valued at the contract sales price.

## 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

## DCF valuation model

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 December 31st, 2015

The capitalisation rate is 3.90%. (Average 10-year swap of the last 4 years: 1.55%; debt ratio: 1.20%; inflation rate: 1.15%). The discount rates vary between 3.93% (minimum) and 4.56% (maximum), with a weighted average of 4.16%.



Quartino, via Luserte

## Information on matters of particular economic or legal significance

### Changes to the fund contract

On 9 October 2015, the fund management company, FidFund Management SA, notified the public of its decision – with the agreement of the custodian bank, Cornèr Banca SA – to make amendments to the investment fund contract for the Swiss contract-based investment fund Residentia belonging to the “real estate funds” category, pursuant to Art. 27 of the Collective Investment Schemes Act (CISA) of 23 June 2006.

### Events before the reporting date

On 29 July 2015, the Residentia investment fund split its shares such that each old share gave an entitlement to 10 new shares.

On 18 September 2015, FidFund Management SA of Nyon, as the fund management company of RESIDENTIA, issued 316,728 new shares on a best-efforts basis, raising a total contribution of CHF 35,125,135.20.

### Pending disputes

A dispute in tenant law is currently pending with the tenant of one of the Fund's building. The amount in dispute is of CHF 194'470.- and this latter has been accrued in the accounts.

### Summary figures

	Dec 31, 2014	Dec 31, 2015
Total assets	113'291'409.35	139'641'019.69
Net fund assets	75'712'234.11	112'957'366.46
Estimated market value of completed properties	109'620'000.00	130'280'000.00
Estimated market value of properties under construction (including land)	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
31.12.2009	39'938	40'261'902.07	1'008.10	4.48	0.00	4.48
31.12.2010	39'938	41'337'560.47	1'035.05	9.35	0.00	9.35
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

Above distributions result from annual and semi-annual distributions

### Indices calculated according to SFAMA directive

	Dec 31, 2015
Return default rate	8.60 %
Borrowing ratio	17.48 %
Operating profit margin (EGIT)	54.43 %
TER <sub>REF</sub> GAV	1.06 %
TER <sub>REF</sub> NAV	1.48 %
Return on equity (ROE 01.01.15 - 31.12.2015)	4.44 %
Dividend yield	2.77 %
Distribution ratio	99.91 %
Premium as at 31.12.2015	1.06 %
Investment return	4.76 %

### Performance of the Residentia Fund (reinvested dividends)

	2014	2015 <sup>(1)</sup>	since launch <sup>(2)</sup>	accounting period 01.01.15 - 31.12.15
Residentia	11.40%	1.04%	29.59%	1.04%
SXI Real Estate Funds Index*	14.99%	4.17%	51.93%	4.17%

\* 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 SWIIT 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 31.12.2015

<sup>2</sup> from 1.07.2009 to 31.12.2015 (cumulative performance)

## Statement of assets and liabilities

	31.12.2014	31.12.2015
<b>Assets</b>	<b>CHF</b>	<b>CHF</b>
<b>Bank assets</b>		
Demand deposits	2'913'743.80	8'570'433.50
<b>Properties</b>		
Residential properties	83'670'000.00	95'480'000.00
Residential properties with floor-by-floor ownership	3'290'000.00	3'300'000.00
Mixed-use properties	11'760'000.00	12'130'000.00
Commercial properties	10'900'000.00	19'370'000.00
Building plots, including buildings to be demolished and properties under construction	-	-
<b>Total properties</b>	<b>109'620'000.00</b>	<b>130'280'000.00</b>
Other assets	757'665.55	790'586.19
<b>Total assets</b>	<b>113'291'409.35</b>	<b>139'641'019.69</b>
<b>Liabilities</b>		
<b>Commitments</b>		
Mortgage debt	34'370'000.00	22'770'000.00
Other commitments	1'897'428.24	1'881'354.23
<b>Total liabilities</b>	<b>36'267'428.24</b>	<b>24'651'354.23</b>
<b>Net assets before estimated taxes due in case of liquidation</b>	<b>77'023'981.11</b>	<b>114'989'665.46</b>
Estimation des impôts dus en cas de liquidation	- 1'311'747.00	- 2'032'299.00
<b>Net assets</b>	<b>75'712'234.11</b>	<b>112'957'366.46</b>

## Change in net assets in net assets

	31.12.2014	31.12.2015
<b>Change in net fund assets</b>	<b>CHF</b>	<b>CHF</b>
Net fund assets at beginning of accounting period	76'010'399.74	75'712'234.11
Distribution	- 2'430'509.52	- 2'159'009.16
Balance of unit transactions	0.00	34'393'532.67
Total net income	2'132'343.89	5'010'608.84
<b>Net fund assets at end of accounting period</b>	<b>75'712'234.11</b>	<b>112'957'366.46</b>

## Number of units redeemed and issued

	au 31 déc 2014	au 31 déc 2015
<b>Change in number of units</b>	<b>CHF</b>	<b>CHF</b>
Position at beginning of period	68'388.00	68'388.00
Split	68'388.00	683'880.00
Units issued	0.00	316'728.00
Units redeemed	0.00	0.00
<b>Position at end of period</b>	<b>68'388.00</b>	<b>1'000'608.00</b>
<b>Net asset value per unit at end of period</b>	<b>1'107.10</b>	<b>112.90</b>

## Additional information (Art. 68 CISO-FINMA)

	31.12.2014	31.12.2015
	<b>CHF</b>	<b>CHF</b>
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 01.01.14 to 31.12.14	From 01.01.15 to 31.12.15
<b>Income</b>	<b>CHF</b>	<b>CHF</b>
Rental income	5'313'553.35	5'688'621.33
Bank interest	914.24	13.25
Other rental income	25'095.90	46'591.55
Income equalization on units issued	0.00	731'602.53
<b>Total income</b>	<b>5'339'563.49</b>	<b>6'466'828.66</b>

## Expenses

Mortgage interest	322'169.52	367'194.35
Other interest expense	0.00	51.02
Maintenance and repairs	573'727.18	699'012.39
Property administration:		
a) Property costs (water, electricity, concierge services cleaning, insurance, etc.)	370'070.40	340'637.85
b) Administration costs (professional fees and management expenses)	201'843.40	214'584.19
Direct taxes	885'013.38	1'017'721.84
Valuation and audit fees	140'679.34	142'886.10
Bank charges	24'119.98	22'827.29
Other expenses (publication, printing, legal costs, etc.)	48'357.00	51'354.16
Statutory compensation for the fund management company	723'696.13	809'156.87
Statutory compensation for the custodian bank	37'889.86	43'073.94
Allocation(s) to provisions for doubtful debts	1'901.00	5'895.90
<b>Total expenses</b>	<b>3'329'467.19</b>	<b>3'714'395.90</b>

<b>Net income</b>	<b>2'010'096.30</b>	<b>2'752'432.76</b>
Realised gains/losses on investments	156'567.40	0.00
<b>Realised gain/loss</b>	<b>2'166'663.70</b>	<b>2'752'432.76</b>
Unrealised gains/losses on investments (change)	- 34'319.81	2'258'176.08
<b>Profit/loss for the period</b>	<b>2'132'343.89</b>	<b>5'010'608.84</b>



## Allocation of net income

	From 01.01.14 to 31.12.14	From 01.01.15 to 31.12.15
	CHF	CHF
Realised gain/loss	2'166'663.70	2'752'432.76
Intermediary dividend	- 1'155'757.20	- 1'148'918.40
Retained earnings	160.55	976.29
<b>Income available for distribution</b>	<b>1'011'067.05</b>	<b>1'604'490.65</b>
<b>Income payable to investors</b>	<b>1'011'067.05</b>	<b>1'604'490.65</b>
Capital gains distribution	0.00	0.00
Income distribution	1'010'090.76	1'600'972.80
<b>Income expected to be paid to investors</b>	<b>1'010'090.76</b>	<b>1'600'972.80</b>
<b>Carried forward</b>	<b>976.29</b>	<b>3'517.85</b>

## Properties inventory

## Rental properties

Residential Properties		Cost price	Estimated market value	Rent received <sup>1</sup>	Gross yield <sup>2</sup>
<b>Tessin</b>	<b>Bellinzona</b>				
	Via San Gottardo 58 a/b/c	8'656'919.13	9'700'000.00	573'238.23	6.28%
	<b>Biasca</b>				
	Via Quinta 53 à 59	8'767'941.84	9'750'000.00	521'122.60	5.34%
	<b>Giubiasco</b>				
	Viale C. Olgiati 20/1	5'312'096.55	6'100'000.00	301'474.75	5.54%
	<b>Locarno</b>				
	Via In Selva 17	2'588'987.25	2'700'000.00	17'770.00	3.07%
	Via Nessi 38	8'714'928.50	10'180'000.00	548'722.05	5.44%
	Via Rovedo15 - Via Pietro Romerio 12	9'157'366.93	10'300'000.00	589'938.15	5.94%
	<b>Lugano</b>				
	Via Beltramina 6 - 8 - 10	11'200'391.50	11'800'000.00	672'045.00	5.78%
	Via Bagutti 26	11'439'841.97	11'600'000.00	561'625.00	4.95%
	Via dei Faggi 23	9'754'988.20	10'600'000.00	73'693.00	5.22%
	<b>Vacallo</b>				
	Via Bellinzona 10-11	12'589'248.51	12'750'000.00	703'261.00	5.66%
	<b>Totals</b>	<b>88'182'710.38</b>	<b>95'480'000.00</b>	<b>4'562'889.78</b>	

## Residential properties with floor-by-floor ownership

<b>Tessin</b>	<b>Lamone</b>				
	Via Carsiné 5 / 5a	3'189'084.36	3'300'000.00	161'366.40	5.44%
	<b>Totals</b>	<b>3'189'084.36</b>	<b>3'300'000.00</b>	<b>161'366.40</b>	

## Mixed-use properties

<b>Tessin</b>	<b>Bellinzona</b>				
	Via C. Ghiringhelli 18	4'227'348.95	4'550'000.00	238'800.35	5.29%
	<b>Lugano</b>				
	Via Antonio Fusoni 5	7'060'921.70	7'580'000.00	383'440.50	5.36%
	<b>Totals</b>	<b>11'288'270.65</b>	<b>12'130'000.00</b>	<b>622'240.85</b>	

Commercial properties		Cost price	Estimated market value	Rent received <sup>1</sup>	Gross yield <sup>2</sup>
Tessin	<b>Magadino</b>				
	Via Luserte 2-4	7'488'657.05	8'600'000.00	74'664.50	6.90%
	<b>Manno</b>				
	Via Cantonale 27	6'188'795.35	6'040'000.00	256'709.80	4.68%
	<b>Lugano</b>				
	Via Carona* 6/Paradiso	4'658'583.40	4'730'000.00	10'750.00	1.62%
<b>Totals</b>		<b>18'336'035.80</b>	<b>19'370'000.00</b>	<b>342'124.30</b>	

\* This property is valued at the price set in a call option contract with a maturity at 31.12.16. To date, this option has not been exercised.

## Summary

Residential properties	Cost price	Estimated market value	Rent received <sup>1</sup>
Residential properties	88'182'710.38	95'480'000.00	4'562'889.78
Residential properties with floor-by-floor ownership	3'189'084.36	3'300'000.00	161'366.40
Mixed-use properties	11'288'270.65	12'130'000.00	622'240.85
Commercial properties	18'336'035.80	19'370'000.00	342'124.30
<b>Totals</b>	<b>120'996'101.19</b>	<b>130'280'000.00</b>	<b>5'688'621.33</b>

1. includes rent receivable

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

Building fire value: 140'799'854.00 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
Tessin	<b>Lugano</b>		
	Via Beltramina 6 - 8 - 10	0.63%	50
	Via Antonio Fusoni 5	6.26%	45
	Via Carona 6/Paradiso	10.00%	65
	Via Bagutti 26	2.07%	45
	Via dei Faggi 23	20.15%	26
	<b>Bellinzona</b>		
	Via San Gottardo 58 a/b/c	2.40%	53
	Via C. Ghiringhelli 18	0.30%	38
	<b>Manno</b>		
Via Cantonale 27	4.84%	28	
<b>Locarno</b>			
Via In Selva 17	98.55%	50	
Via Nessi 38	3.77%	52	
Via Rovedo15-Via Pietro Romerio 12	2.04%	45	
<b>Lamone</b>			
Via Carsiné 5 / 5a	19.98%	45	
<b>Giubiasco</b>			
Viale C. Olgiati 20/1	17.85%	25	
<b>Biasca</b>			
Via Quinta 53 à 59	0.06%	32	
<b>Vacallo</b>			
Via Bellinzona 10-11	3.78%	35	
<b>Magadino</b>			
Via Luserte 2-4	13.17%	26	

## List of asset purchases and sales

### Purchases

Residential Properties		Purchase price in CHF
Tessin	Lugano Via dei Faggi 23	9'850'000.00
		<b>9'850'000.00</b>
Commercial properties		
Tessin	Magadino Via Luserte 2-4	7'300'000.00
		<b>7'300'000.00</b>
<b>Total</b>		<b>17'150'000.00</b>

### Sales

No transaction for the period from 1 January 2015 to 31 December 2015.

## Analysis of mortgage debt

Principal in CHF	Interest rate Annual	Loan date	Maturity	Interest rate basis and frequency
8'640'000.00	1.850%	30.06.2014	30.06.2024	FIX
14'130'000.00	1.100%	31.12.2013	31.12.2017	FIX
<b>22'770'000.00</b>	<b>1.385% (weighted average rate)</b>			

## Analysis of payed off mortgage debt

Principal in CHF	Interest rate Annual	Loan date	Repayment date
8'400'000.00	0.500%	28.09.2012	30.09.2015
2'400'000.00	0.500%	30.03.2012	30.09.2015
800'000.00	0.500%	30.03.2012	30.09.2015

## 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%	0.924%
For issuing commission	§ 18 of the fund contract	5.00%	1.50%
For redemption fee	§ 18 of the fund contract	5.00%	0.00%
For property purchases or sales	§ 19 of the fund contract	5.00%	de 0.50% à 0.61%
For property management	§ 19 of the fund contract	6.00%	de 3.5% à 3.75%
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%

# Properties



**Quartino**, via Luserte 2-4



**Locarno**, via Rovedo 15  
via Romerio 12



**Locarno**, via in Selva 17



**Locarno**, via Nessi 38



**Biasca**, via Quinta 53



**Lamone**, via Carsiné 5



**Bellinzona**, via S. Gottardo 58 ABC



**Bellinzona**, via Ghiringhelli 18



**Lugano**, via Bagutti 26



**Lugano**, via Beltramina 6-8-10



**Lugano**, via Fusoni 5



**Lugano**, via dei Faggi 23



**Paradiso**, via Carona 6



**Giubiasco**, vie Olgiati / Lugano



**Manno**, via Cantonale 27



**Vacallo**, via Bellinzona 10-11



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