

RESIDENTIA

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

Non-audited semestrial report June 30, 2018

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

Until 14.02.2018:

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

Since 15.02.2018

Jean Berthoud	Chairman
Olivier-Pierre Vollenweider	Vice-President
Jean-François Abadie	Director
Philippe Bens	Director
Yves de Coulon	Director (since 13.04.2018)

Fund Management Company

Nicolas Mégevand	Managing Director (until 12.04.2018)
Selda Karaca	Managing Director (since 13.04.2018, Deputy Director from 01.01.2018 to 12.04.2018)
Chrsitophe Audousset	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
Fabio Guerra	MRICS, MSc Real Estate CUREM, Arch. Dipl. EPFL Lausanne (since 14.08.2017)

Real estate management

Assofide SA, Locarno
Comafim SA, Lugano
Privera SA, Lugano
Fiduciaria Antonini SA, Lugano (until 31.03.2018)
Multiresidenza SA, Muralto (since le 01.04.2018)

Custodian bank

Cornèr Banca SA, Lugano

Auditors

KPMG SA
Rue de Lyon 111, 1203 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.

Investment advisor's report

An interesting half-year, both at organisational and management level, has just ended for Residentia, the real estate fund of Italian-speaking Switzerland. Indeed, the last few months have been used to adapt our strategy to the ongoing changes taking place in the Ticino property market which, in the long run, will pave the way for a new benchmark scenario.

To approach the now challenging leasing market, the Residentia real estate fund has increased its investment to put renovated apartments on the market that are not far from the standard of new properties. The same principle – as far as possible – will also be implemented for the buildings' communal areas, in order to fully satisfy current tenants. This strategy naturally has an immediate impact on the income statement – the proportion of total costs across net wealth increased 5% – but the Residentia Team is confident that this is the right solution to guarantee positive financial results in the long term.

Income statement

The real estate fund recorded a decrease in the annual result for the year, partly due to the exceptional half-year result in 2017, with the acquisition of the Mendrisio property which generated a major unrealised profit (around CHF 1 million, between the purchase price and net asset value). This figure, however, is primarily due to the major renovation work and investment of the half year that just ended, which was necessary to modernise the building stock and to offer properties that can rise to the changing market conditions. This increased commitment has led to a significant rise in the respective item of expenditure (+75% compared to the same period last year). As always, therefore, the fund's current assets and economic results are closely connected.

It should be stressed that the major investments made in many properties have generated immediate direct costs that can only be fully recorded in the balance sheet of the next few half-years. This is the case, for example, of the new building in Mendrisio, the new project in Monte Carasso and the global renovation of Via Besso in Lugano. The investments made by Residentia will therefore be reflected in the 2019 assessments, both in terms of income (for Via Besso, where approximately 1,600 m² currently undergoing restoration will become available for lease) and in terms of book value. Moreover, additional income of around 230,000 francs is expected in the second half of the year thanks to the new Melide property, which was just acquired in June. Recording these actions in the next few half-years is expected to show increased revenues of around one million francs.

At the same time, however, the vacancy rate is continuing to rise, a trend that has been underway for the past two years. To address this situation, in 2017 Residentia promptly launched a campaign with multi-level measures, the results of which are currently only partially visible. As already mentioned in the previous report, in order to stimulate a faster turnaround of tenants, the framework agreements with the administrations have been renegotiated: the fixed fees have been reduced and offset with leasing commissions for each apartment. As a result, it has also been possible to reduce the proportion of administrative fees over the general costs of the fund, leading to a 12% decrease in the impact on net wealth. Furthermore, the Residentia Team has also been reinforced and now has two people dedicated exclusively to re-leasing apartments: this injection of resources has already significantly reduced the time needed to secure new renters. Lastly, it should be underlined that the – albeit high – vacancy rate is also due to calculation methods used which also consider the many apartments that are currently undergoing renovation work (and so can obviously not be rented) as vacant properties. What is more, the vacancy rate for each property not rented at the end of the reporting period is also annualised, which leads to results that do not reflect reality.

Real Estate Portfolio

We will now present in detail the main activities carried out in Residentia's portfolio during the first half of the year.

Via in Selva, Locarno – During the first six months of 2018, a further 3 sales deeds were signed, bringing the total number of properties sold up to 9, out of the 14 available in the condominium. The fund therefore secured a major capital gain, with margins exceeding 30%. It should also be noted that the latest property sale was through the innovative "rent-to-buy" formula, where the future owners irrevocably commit to lease the property for 36 months and redeem the final residual value at the end of this period. This contractual solution gives new life to a sector that is currently suffering the effects of new regulations regarding access to lending.

Via Simen, Minusio – The Minusio construction has also been successfully completed. All but one of the apartments have been leased, and during the first half of the year, the sales deeds of both lofts have been signed with major margins (2.37 million francs for the total sale versus the 2.22 million from expert valuations). The closing time of the second deed, however, meant that it was not possible to record the sale in the results of the first half. As a result, it will be necessary to wait for the annual report for a final restructuring and sales budget and to reach the estimated target profitability of 5%.

Via Besso, Lugano – All of the studies and projects needed for the renovation were carried out in the first half of the year; offers were also collected and the permissions were obtained. Moreover, the fund has reached positive agreements with all current tenants for the re-lease of the properties and to allow the works to start to schedule. Therefore, at the end of the summer season, the construction will begin for the external and internal works contracted to the Garzoni firm for a total cost of 3.3 million francs – a figure well below the initially estimated amount. Alongside the restructuring, negotiations for the lease of the spaces from spring 2019 are already at an advanced stage; indeed, spaces totalling around 770m² – of the 1,600m² initially planned – have already been reserved.

Via Franscini, Mendrisio – Work is underway on the construction of the new residential block, which will be built behind the two existing buildings. The project has been optimised to create an ideal structure to host the students of the new university campus, to be built directly in front of the property. Indeed, 47 independent rooms will be available, with access also to shared rooms and kitchens. The building will also provide recreational areas for students' leisure and academic activities. The total cost is expected to be around 4.8 million francs and ensure an annual rental fee of 350,000 francs.

Via Cantonale, Melide – In June, the purchase of a mixed commercial property in Melide was concluded for 8.35 million francs. These are two adjacent map sections with two buildings housing a total of 9 apartments, 2 offices and 6 commercial units, strategically located along the cantonal road towards Lugano, in the immediate vicinity of the motorway exits and train station. The first building was completely renovated in 2018, while the second was built in the mid-90s, projected by a well-known architect from Ticino. The property's gross profitability is over 5.5% and, given its excellent condition, this provides a net income that is well above average.

In addition to these main activities, the conversion of 6 duplex apartments into 12 two-bedroom apartments in **Monte Carasso** is continuing according to plan. This work is to facilitate the lease of the apartments and increase profitability. A building application has also been filed to build a new 21-apartment building on the existing site, using the indices currently available; the costs incurred for the transaction to date amount to approximately 350 thousand francs.

Lastly, the project to build a new residential building in **Biasca** is still awaiting permission from authorities, who now have to decide on the counter-arguments received; it is hoped that there will be some positive developments already in the second half of the year.

In conclusion, the current composition of the portfolio, as well as the dynamics described above, give cause for cautious optimism. The Residentia Team believes that the ongoing investments and strategies currently in place – with the help of potential acquisitions that would increase the level of indebtedness, which is still low at present – will make it possible for Residentia to significantly increase its profitability over the coming months, with a marked acceleration in 2019.

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, 2018

The capitalisation rate is 3.75%. (Average 10-year swap of the last 4 years: 1.50%; debt ratio: 1.20%; inflation rate: 1.00%)
The discount rates varie between 3.78% (minimum) and 4.50% (maximum), with a weighted average of 4.04%.

Information on matters of particular economic or legal significance

Disputes:

With regard to the building at Via Ghiringhelli 18 in Bellinzona, compensation to the tenant is to be obtained from the General Contractor in charge of the planned raising of the building due to water damage caused by the bad weather in the first half of 2017.

Subsequent elements:

The transaction for which the transfer of ownership did not occur before the closing date is as follows:

Forward sale lot PPE No. 2, Via in Selva 17, Locarno: CHF 735,000.

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Summary figures

		June 30, 2017	June 30, 2018
Total assets	CHF	197'371'943.87	239'081'231.46
Net fund assets	CHF	137'754'220.67	183'429'575.76
Estimated market value of completed properties	CHF	193'800'000.00	230'180'000.00
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
31.12.2010	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
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
30.06.2018	1'600'174	183'429'575.76	114.65	0.00	0.00	0.00

Above distributions result from annual and semi-annual distributions

Indices calculated according to SFAMA directive

June 30, 2018

Return default rate	12.47 %
Borrowing ratio	22.04 %
Operating profit margin (EBIT)	51.79 %
TER REF GAV	1.02 %
TER REF MV	1.21 %
Return on equity (ROE 01.01.18 - 30.06.2018)	1.06 %
Premium as at 30.06.2018	7.98 %
Investment Yield	1.10 %
Return on Invested Capital	1.00 %

Performance of the Résidentia Fund (reinvested dividends)

	2017	2018 ⁽¹⁾	since launch ⁽²⁾	accounting period 31.12.17 - 30.06.18
Residentia	11.34%	-6.87%	48.84%	-6.87%
SXI Real Estate Funds Index*	6.60%	-2.61%	68.54%	-2.61%

* 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.

¹ until 30.06.2018

² from 1.07.2009 to 30.06.2018 (cumulative performance)

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Statement of assets and liabilities	30.06.2017	30.06.2018
Assets	CHF	CHF
Bank assets		
Demand deposits	1'985'074.91	6'514'552.18
Properties		
Residential properties	110'790'000.00	128'420'000.00
Residential properties with floor-by-floor ownership	6'640'000.00	3'100'000.00
Mixed-use properties	35'300'000.00	49'250'000.00
Commercial properties	41'070'000.00	49'410'000.00
Building plots, including buildings to be demolished and properties under construction	0.00	0.00
Total properties	193'800'000.00	230'180'000.00
Other assets	1'586'868.96	2'386'679.28
Total assets	197'371'943.87	239'081'231.46
Liabilities		
Commitments		
Short-term commitments		
Short-term mortgage debt	14'130'000.00	0.00
Short-term other commitments	2'299'967.20	3'064'779.70
Long-term commitments		
Long-term mortgage debt	40'660'000.00	50'730'000.00
Long-term other commitments	0.00	0.00
Total liabilities	57'089'967.20	53'794'779.70
Net assets before estimated taxes due in case of liquidation	140'281'976.67	185'286'451.76
Provisions for taxes on unrealised gains	-2'527'756.00	-1'856'876.00
Net assets	137'754'220.67	183'429'575.76

Change in net assets

Change in net fund assets	CHF	CHF
Net fund assets at beginning of accounting period	138'679'280.64	186'257'665.38
Distribution	-3'518'089.09	-4'800'522.00
Balance of unit transactions	0.00	0.00
Total net income	2'593'029.12	1'972'432.38
Net fund assets at end of accounting period	137'754'220.67	183'429'575.76

Number of units redeemed and issued

Change in number of units		
Position at beginning of period	1'200'713.00	1'600'174.00
Units issued	0.00	0.00
Units redeemed	0.00	0.00
Position at end of period	1'200'713.00	1'600'174.00
Net asset value per unit at end of period	CHF	CHF
	114.75	114.65

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Additional information (Art. 68 CISO-FINMA)	30.06.2017	30.06.2018
Balance of property depreciation account	CHF 0.00	CHF 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

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Income statement

	From 01.01.2017 to 30.06.2017	From 01.01.2018 to 30.06.2018
Income	CHF	CHF
Rental income	4'024'284.52	5'007'919.97
Bank interest	0.00	0.00
Other income	0.00	6'630.00
Other rental income	15'994.64	-57'561.43
Income equalization on units issued	0.00	0.00
Total income	4'040'279.16	4'956'988.54
Expenses		
Mortgage interest	245'706.86	319'984.51
Other interest expense	0.00	0.59
Maintenance and repairs	414'256.12	725'039.87
Property administration:		
a) Property costs (water, electricity, concierge services, cleaning, insurance, etc.)	280'904.90	305'521.11
b) Administration costs (professional fees and management expenses)	185'008.51	213'961.95
Direct taxes	669'650.33	964'709.44
Valuation and audit fees	55'812.50	104'356.70
Bank charges	26'275.41	37'056.13
Other expenses (publication, printing, legal costs, etc.)	9'741.50	35'961.17
Statutory compensation for the fund management company	620'898.70	815'841.47
Statutory compensation for the custodian bank	34'384.87	46'186.04
Allocation(s) to provisions for doubtful debts	3'284.64	4'909.02
Total expenses	2'545'924.34	3'573'528.00
Net income	1'494'354.82	1'383'460.54
Realised gains/losses on investments	757.30	901'048.13
Realised gain/loss	1'495'112.12	2'284'508.67
Unrealised gains/losses on investments (change)	1'097'917.00	-312'076.29
Profit/loss for the period	2'593'029.12	1'972'432.38
Allocation of net income		
	CHF	CHF
Realised gain/loss	1'495'112.12	2'284'508.67
Intermediary dividend	0.00	0.00
Retained earnings	3'131.00	429.23
Income available for distribution	1'498'243.12	2'284'937.90
Income payable to investors	1'498'243.12	2'284'937.90
Capital gains distribution	0.00	0.00
Income distribution	0.00	0.00
Income expected to be paid to investors	0.00	0.00
Carried forward	1'498'243.12	2'284'937.90

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Properties inventory

Rental properties

Residential Properties		Cost price in CHF	Estimated market value in CHF	Rent received ¹ in CHF	Gross yield ²
Tessin	Bellinzona				
	Via San Gottardo 58 a/b/c	8'736'763.38	10'100'000.00	291'305.97	6.17%
	Via San Gottardo 47	4'473'617.50	4'500'000.00	116'668.00	5.76%
	Biasca				
	Via Quinta 53 à 59	8'775'711.74	9'970'000.00	256'988.10	5.23%
	Via Quinta 45, 47	6'206'696.00	6'040'000.00	144'605.40	4.99%
	Giubiasco				
	Viale C. Olgiati 20/1	5'342'304.70	6'300'000.00	156'978.45	5.45%
	Via Zorzi 2A	6'558'735.75	6'400'000.00	123'043.57	4.61%
	Locarno				
	Via Nessi 38	8'932'413.25	10'500'000.00	349'127.40	5.49%
	Via Rovedo15-Via Pietro Romerio 12	9'163'166.93	10'460'000.00	299'521.80	5.85%
	Lugano				
	Via Beltramina 6 - 8 - 10	11'205'662.40	12'300'000.00	308'035.00	5.48%
	Via dei Faggi 23	10'100'467.80	10'700'000.00	247'189.00	5.06%
	Monte Carasso				
	Via Mundasc 2	28'287'875.83	28'000'000.00	561'123.35	4.56%
	Vacallo				
	Via Bellinzona 8-10-Via F.Chiesa 11	12'745'729.06	13'150'000.00	298'118.00	5.54%
Totals		120'529'144.34	128'420'000.00	3'152'704.04	

Residential properties with floor-by-floor ownership

	Locarno				
	Via In Selva 17	3'349'430.29	3'100'000.00		0.00%
Totals		3'349'430.29	3'100'000.00	-	

Mixed-use properties

Tessin	Bellinzona				
	Via C. Ghiringhelli 18	5'461'418.98	5'750'000.00	88'859.80	3.98%
	Via San Gottardo 41	5'968'686.25	6'000'000.00	154'569.60	5.55%
	Lugano				
	Via Antonio Fusoni 5	7'226'581.35	8'100'000.00	196'039.00	5.27%
	Via Bagutti 26	11'557'927.32	11'800'000.00	264'090.00	5.10%
	Melide				
	Via Cantonale 29-31	8'527'526.60	8'550'000.00	32'491.68	5.29%
	Minusio				
	Via Rinaldo Simen 58	9'297'731.22	9'050'000.00	149'450.10	4.35%
Totals		48'039'871.72	49'250'000.00	885'500.18	

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Commercial properties		Cost price in CHF	Estimated market value in CHF	Rent received ¹ in CHF	Gross yield ²
Tessin	Gambarogno Via Luserte 2-4	11'577'684.65	13'560'000.00	343'659.20	5.44%
	Lugano Via Besso 42	7'754'454.45	7'850'000.00	86'150.10	2.48%
	Via Carona* 6/Paradiso	0.00	0.00	3'730.00	0.00%
	Manno Via Cantonale 27	6'271'785.25	6'050'000.00	123'074.90	5.37%
	Mendrisio Via Stefano Franscini 10-12	21'119'976.25	21'950'000.00	413'101.55	4.36%
Totals		46'723'900.60	49'410'000.00	969'715.75	

Summary	Cost price in CHF	Estimated market value in CHF	Rent received ¹ in CHF
Residential properties	120'529'144.34	128'420'000.00	3'152'704.04
Residential properties with floor-by-floor ownership	3'349'430.29	3'100'000.00	0.00
Mixed-use properties	48'039'871.72	49'250'000.00	885'500.18
Commercial properties	46'723'900.60	49'410'000.00	969'715.75
Totals	218'642'346.95	230'180'000.00	5'007'919.97

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 : 216'170'085.00 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)

RESIDENTIA

Information on rate of vacant and building age

	Vacant rate	Building age in years
Bellinzona		
Via San Gottardo 58 a/b/c	8.56%	56
Via San Gottardo 41	1.08%	56
Via San Gottardo 47	9.54%	60
Via C. Ghiringhelli 18	22.26%	41
Biasca		
Via Quinta 53 à 59	3.47%	35
Via Quinta 45-47	6.55%	36
Gambarogno		
Via Luserte 2-4	8.56%	29
Giubiasco		
Viale C. Olgiati 20/1	8.21%	28
Via Zorzi 2A	19.61%	28
Locarno		
Via In Selva 17	0.00%	53
Via Nessi 38	1.67%	55
Via Rovedo15-Via Pietro Romerio 12	3.10%	48
Lugano		
Via Beltramina 6 - 8 - 10	0.43%	53
Via Bagutti 26	11.45%	48
Via Besso 42	11.60%	123
Via dei Faggi 23	10.89%	29
Via Antonio Fusoni 5	7.75%	48
Manno		
Via Cantonale 27	24.62%	31
Melide		
Via Cantonale 29-31	13.82%	27
Mendrisio		
Via Stefano Franscini 10-12	15.82%	25
Minusio		
Via Rinaldo Simen 58	19.81%	23
Monte Carasso		
Via Mundasc 2	28.00%	24
Vacallo		
Via Bellinzona 8-10-Via F.Chiesa 11	16.98%	38

RESIDENTIA

List of asset purchases and sales

Purchases

Mixed-use properties

Purchase price in CHF

Tessin	Melide Via Cantonale 29-31	8'350'000.00
Totals		8'350'000.00

Sales

Residential properties with floor-by-floor ownership

Sales price in CHF

Tessin	Locarno Via In Selva 17 LOT PPE N°3 Via In Selva 17 LOT PPE N°8 Via In Selva 17 LOT PPE N°9	800'000.00 785'000.00 660'000.00
Totals		2'245'000.00

Mixed-use properties

Tessin	Minusio Via Rinaldo Simen 58 Lot PPE N°21	1'385'000.00
Totals		1'385'000.00

Sales at term

One freehold apartment in the apartment block at Via Rinaldo Simen 58 in Minusio has been sold under forward contract. The deed were signed in December 2017 in a total amount of CHF 1,070,000.00. The transfer of ownership for the freehold apartment will take place by the third quarter of 2018.

RESIDENTIA

Analysis of mortgage debt

	Principal in CHF	Interest rate Annual	Loan date	Maturity	Interest rate basis and frequency
Short-term commitments	2'000'000.00	0.500%	22.04.2016	23.04.2019	FIX
below one year	8'520'000.00	0.500%	18.05.2016	20.05.2019	FIX
	Principal in CHF	Interest rate Annual	Loan date	Maturity	Interest rate basis and frequency
Long-term commitments	3'000'000.00	0.600%	27.04.2017	27.04.2020	FIX
from one to five years	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 commitment	500'000.00	1.310%	20.10.2017	30.04.2023	FIX
over five years	200'000.00	1.310%	20.10.2017	30.04.2023	FIX
	160'000.00	2.400%	20.10.2017	31.12.2023	FIX
	2'500'000.00	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
	910'000.00	1.350%	20.10.2017	30.06.2026	FIX
	15'000'000.00	1.300%	31.03.2017	31.03.2027	FIX
	50'730'000.00	1.254%	(weighted average rate)		

RESIDENTIA

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%	0.86%
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 4.50%
For property management	§ 19 of the fund contract	6.00%	de 3.00% 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%

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 2,153,829.05