

Press release

for immediate publication

8 March 2018

A successful fiscal year 2017

- **Decreasing special effects press net profit to CHF 19.3 million**
- **Increase in EBIT margin from 64.1% to 77.1%**
- **Portfolio expansion by 21.4% to CHF 605.1 million**
- **Proposal by the Board of Directors for an unchanged cash distribution from the capital reserves of CHF 3.60 per share**

Swiss Finance & Property Investment AG has a very successful 2017 fiscal year to look back upon. The operating result increased again, but declining special effects led to a lower profit than in the previous year. The most important event last year was the successful capital increase of CHF 62.7 million in July 2017. The Board of Directors is proposing an unchanged cash distribution of CHF 3.60 per listed share. Based on the share price as of 31 December 2017, this puts the distribution yield at an attractive 3.79%.

Annual result for 2017

In 2017, Swiss Finance & Property Investment AG (SIX Swiss Exchange: SFPN) once again closed the fiscal year with a significant rise in operating income. The EBIT margin increased from 64.1% to 77.1%. Due to declining special effects, operating income before revaluations dropped from CHF 44.0 million to CHF 27.6 million. Accordingly, net income also decreased from CHF 14.5 million to CHF 11.9 million, excluding revaluation effects. Lower revaluation gains in 2017 led to a lower operating result before interest and taxes (EBIT) of CHF 29.8 million (2016: CHF 37.4 million). Including revaluation effects, net income amounted to CHF 19.3 million (2016: CHF 24.4 million).

Earnings per share, excluding revaluation effects, were CHF 3.97 (2016: CHF 5.72); net asset value (NAV) per listed share as of 31 December 2017 was CHF 95.10 (2016: CHF 91.93) and the EPRA NAV was CHF 110.43 (2016: CHF 111.06).

Real estate portfolio

The strategic focus on good locations in Zurich and Basel continued during the financial year 2017. Due to eight acquisitions in the Basel and Zurich regions as well as revaluation effects, the portfolio value rose by CHF 106.5 million (+21.4%) to a total of CHF 605.1 million as of 31 December 2017. A property in Basel was divested at a price substantially above the current valuation. This transaction allowed the company to further consolidate its strategic focus on good locations in

Zurich and Basel. Again the vacancy rate was reduced to a very low 1.66% as of 31 December 2017 (2016: 2.67%).

Current projects

In the past financial year 2017, a rehabilitation and expansion project in St. Gallen and a new construction project in Geroldswil were prepared. In addition, the management mandate for the portfolio was reassigned. For the promotional project Residenza Parco d'Oro in Ascona, two apartments have been notarised in 2017.

Solid financing

With an equity-to-assets ratio of 49.3% (2016: 45.7%), the company is very solidly financed. The average interest rate on interest-bearing debt including swaps is 1.75% in the current reporting year (2016: 1.54%). The average fixed interest rate remained almost unchanged at 8.11 years (2016: 8.29 years).

Outlook for 2018

Swiss Finance & Property Investment AG is very well aware of the challenging environment. Due to low interest rates, institutional demand for investment properties will remain high. SFPI will respond to this with a strategy of simultaneous consolidation and expansion of existing potential. Based on a thorough assessment of risks and opportunities, the Board of Directors and the senior management predict strong company results for 2018 as well, which will ensure a continuation of the attractive and stable dividend policy.

Proposals to the Annual General Meeting on 10 April 2018

The Board of Directors is proposing a distribution from the capital reserves of CHF 3.60 per registered share at a nominal value of CHF 12.60 and CHF 0.72 per registered share at a nominal value of CHF 2.52. Based on the share price as of 31 December 2017, this represents a distribution yield of 3.79% for registered shares listed on the SIX Swiss Exchange at a nominal value of CHF 12.60.

If you have any questions, please contact:

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Comprehensive reporting and the 2017 annual report are available at:

<http://www.sfpi.ch/investoren/reporting>

Today, 8 March 2018, Analyst and Press Conference
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10:00 pm, Hotel Savoy Baur en Ville, Zurich
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Thomas Prajer (CEO) and Reto Schnabel (CFO) will give comments on the company result.

Agenda:

Regular Annual General Meeting, 10 April 2018

KEY FIGURES

AS AT 31 DECEMBER 2017

Income statement	Unit	1 Jan to 31 Dec 2017	1 Jan to 31 Dec 2016
Rental income	CHF 1 000	23 358	19 898
Total operating income before revaluation	CHF 1 000	27 645	43 988
Revaluation investment properties	CHF 1 000	10 928	14 461
Operating result (EBIT)	CHF 1 000	29 751	37 437
EBIT margin	%	77.13	64.05
Net profit including valuation results ¹ / deferred taxes	CHF 1 000	19 329	24 441
Net profit excluding valuation results ² / deferred taxes	CHF 1 000	11 941	14 534

Balance		31 Dec 2017	31 Dec 2016
Total assets	CHF 1 000	646 730	539 163
Equity capital	CHF 1 000	318 777	246 512
Equity ratio	%	49.29	45.72
Interest-bearing debt	CHF 1 000	260 628	227 528
Interest-bearing debt in % of total assets	%	40.30	42.20
Leverage	%	50.71	54.28
Debt ration per property ³	%	42.12	43.95
Return on equity including valuation results ⁴	%	6.84	10.61
Return on equity, valuation results excluded ⁵	%	4.22	6.31

Portfolio data		31 Dec 2017	31 Dec 2016
Number of investment properties	Number	48	42
Investment properties	CHF 1 000	605 068	498 535
Development properties earmarked for sale	CHF 1 000	13 640	19 186
Gross return ⁶	%	4.48	4.61
Portfolio valuation's weighted real discount rate	%	3.29	3.43
Portfolio valuation's weighted nominal discount rate	%	3.77	3.94
Vacancy rate at the end of the period	%	1.66	2.67
<i>Investment properties vacancy rate end of period</i>	%	<i>1.66</i>	<i>2.67</i>
Current vacancies in the reporting period ⁷	%	3.55	6.05
Average interest rate (exclusive SWAPS) ⁸	%	0.77	0.78
Average interest rate (inclusive SWAPS) ⁸	%	1.75	1.54
Average fixed interest	Years	8.11	8.29

¹ Net profit including revaluation effects on properties and derivative financial instruments

² Net profit excluding revaluation effects on properties and derivative financial instruments and other deferred tax positions

³ Interest bearing debt in relation to properties including developments dedicated to be sold

⁴ Profit in relation to average equity

⁵ Net profit excluding revaluation effects on properties and derivative financial instruments and other deferred tax positions in relation to average equity

⁶ Gross profit yield equals targeted rental income as a percentage of market value (fair value)

⁷ Vacancy rate exclusive inconvenience, reduction in price of the rent and and rebate / target net rental income by full occupancy

⁸ Period under review

Key figures per share		31 Dec 2017	31 Dec 2016
Net Asset Value (NAV) per share of CHF 2.52 / CHF 6.25	CHF	19.02	18.39
Net Asset Value (NAV) per share of CHF 12.60 / CHF 31.25	CHF	95.10	91.93
Net Asset Value (NAV) per share of CHF 2.52 / CHF 6.25 before deferred taxes	CHF	20.82	20.29
Net Asset Value (NAV) per share of CHF 12.60 / CHF 31.25 before deferred taxes	CHF	104.10	101.43
Share price	CHF	95.00	90.90
Premium (+) and discount (-) on Net Asset Value	%	-0.11	-1.12
		1 Jan to 31 Dec 2017	1 Jan to 31 Dec 2016
Earnings per share (EPS) of CHF 2.52 / CHF 6.25 nominal including revaluation ¹	CHF	1.28	1.92
Earnings per share (EPS) of CHF 12.60 / CHF 31.25 nominal including revaluation ¹	CHF	6.42	9.62
Earnings per share (EPS) of CHF 2.52 / CHF 6.25 nominal excluding revaluation ²	CHF	0.79	1.14
Earnings per share (EPS) of CHF 12.60 / CHF 31.25 nominal excluding revaluation ²	CHF	3.97	5.72

¹ Net profit including revaluation effects on properties and derivative financial instruments

² Net profit excluding revaluation effects on properties and derivative financial instruments and other deferred tax positions

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Swiss Finance & Property Investment AG

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