

Media Release

for immediate release

Zurich, 9 March 2018

SF Sustainable Property Fund Excellent annual results for 2017

- Realised income up by 80.1% to CHF 20.4 million
- Portfolio value grew by 61.4% to CHF 783.3 million
- Expected rental income rose by 47.7% to CHF 28.9 million
- Dividend per share increased by CHF 0.30 to CHF 3.80

The very successful 2017 financial year means that the dividend per share has risen by CHF 0.30 to CHF 3.80. Funds from the capital increases in November 2016 and May 2017 were quickly reinvested in a large number of notable acquisitions. The portfolio's total value rose by CHF 298 million to CHF 783.3 million at the end of the reporting period. Expected rental income went up from CHF 19.6 million to CHF 28.9 million through acquisitions and a constant stream of new lettings at market rates.

Real estate portfolio

The portfolio grew by 26 properties overall through 27 acquisitions and one sale. The two capital increases in November 2016 and May 2017 were fully and quickly reinvested. Purchases in the reporting year totaled CHF 266.3 million and were around CHF 7.7 million below market value (market value reference date 31 December 2017). With acquisitions of properties in the canton of Ticino, the fund saw further significant regional diversification. The vacancy rate for the whole period fell from 5.32% to 4.16% thanks to a successful lettings programme. The new building project in Dulliken, canton of Solothurn, saw particularly positive rental success, with tenancy agreements concluded for 43 out of the 46 apartments within three months.

Further progress of the sustainability strategy

Three properties underwent energy-efficient refurbishment in the current financial year, with the investment volume totaling CHF 12.15 million. Two of the buildings now have a GEAK C rating thanks to this sustainability measure. The third property already had a GEAK C rating prior to the overhaul. The installation of solar panels for heating hot water boosted the building's energy efficiency even further. The improvements make a significant contribution towards achieving the intended energy targets.

Financial income

Expected rental income was up by 47.7% from CHF 19.6 million to CHF 28.9 million thanks to the attractive new acquisitions and ongoing new rentals at market rates. The EBIT margin improved from 70.2% to 72.0%. Realised profit as at 31 December 2017 rose by 80.1% from CHF 11.3 million to CHF 20.4 million. At the end of the reporting year, net fund assets stood at CHF 587.7 million, a rise of CHF 183.7 million compared to 2016. The borrowing ratio increased by 8.5%. The quoted price of the SF Sustainable Property Fund stood at CHF 138.50 at the end of 2017 compared to CHF 134.20 in the prior year.

Outlook

The current focus of the SF Sustainable Property Fund is further geographical diversification of the portfolio, tapping into strong structural regions such as western Switzerland. The fund's successful growth is set to continue in 2018.

Further Information

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KEY REAL ESTATE FUNDS FIGURES

AS AT 31 DECEMBER 2017

Rental default rate¹	Unit	31 Dec 2017	31 Dec 2016
Expected net rents	CHF	28 881 625	19 559 606
Rent defaults	CHF	1 337 407	1 123 785
Rent defaults rate	%	4.63	5.75

Borrowing ratio¹		31 Dec 2017	31 Dec 2016
Borrowed capital	CHF	170 150 000	64 100 000
Verkehrswert der Grundstücke	CHF	783 339 000	485 326 000
Market value of land	%	21.72	13.21

Dividend yield^{1/2}		31 Dec 2017	31 Dec 2016
Dividend per unit ⁵	CHF	3.80	5.52
Stock exchange price per unit at end of reporting period	CHF	138.50	134.20
Distribution yield	%	2.74	4.11
Payout ratio⁴	%	93.15	97.42

EBIT margin¹		31 Dec 2017	31 Dec 2016
EBIT	CHF	19 774 021	12 926 759
Rental income	CHF	27 452 445	18 419 892
EBIT margin	%	72.03	70.18

Fund operating expenses ratio (TER_{REF})		31 Dec 2017	31 Dec 2016
Operating expense	CHF	4 324 577	2 758 897
∅ Total fund assets	CHF	676 561 432	428 134 595
∅ Market value	CHF	609 849 364	391 094 900
∅ Net fund assets	CHF	510 469 543	344 032 984
TER_{REF} (GAV)¹	%	0.64	0.64
TER_{REF} (MV)¹	%	0.71	0.71
TER_{REF} (NAV)³	%	0.85	0.80

¹ The key figures were calculated on the basis of the SFAMA «Specialist information factsheet on the key figures of real estate funds» dated 13 September 2016.

² Historical performance data is no guarantee of future income. The funds income and the value of the fund units may rise but also fall and cannot be guaranteed. On redemption of the fund units the investor may possibly receive less money back than the amount originally invested.

³ These figures are shown on a voluntary basis and are not defined in the SFAMA «Specialist information factsheet on the key figures of real estate funds» dated 13 September 2016.

⁴ The calculation is based on the currently planned dividend payment.

⁵ The calculation is newly based on the proposed distribution per share within the reporting period. Distributions effectively paid out in the comparative period amounted to CHF 5.52. CHF 2.67 were paid as an interim dividend in 2016 and CHF 2.85 from the result 2015. CHF 0.83 per share of the annual results 2016 were paid out in 2017. The total distribution from the result 2016 is therefore CHF 3.50 per share.

Return on equity (ROE)¹	Unit	31 Dec 2017	31 Dec 2016
Total profit	CHF	23 902 493	19 567 953
Net fund assets at beginning of reporting period	CHF	566 759 730	399 744 979
+ Balance of unit transaction at principal value			
Return on equity (ROE)	%	4.22	4.90
Agio	%	16.60	17.39
Performance	%	9.14	8.26
Investment yield^{1/2}		31 Dec 2017	31 Dec 2016
NAV at beginning of period	CHF	114.32	113.29
NAV at end of period	CHF	118.78	114.32
Dividend per unit during the period	CHF	0.83	5.52
Investment yield	%	4.52	5.99
Return on invested capital (ROIC)^{1/2}		31 Dec 2017	31 Dec 2016
Adjusted total profit + interest expenses	CHF	22 307 944	18 961 800
∅ Total fund assets	CHF	676 561 432	428 134 595
Return on invested capital (ROIC)	%	3.30	4.43
Remaining terms of debt financing³	Years	0.3	0.2
Interest of debt financing³	%	0.44	0.56
Market capitalisation³	CHF	685 299 385	474 302 255

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SF Sustainable Property Fund

The SF Sustainable Property Fund invests in existing real estate and projects in the whole of Switzerland. The strategy is to optimize the sustainability of its buildings throughout their life cycle. The fund invests primarily in real estate, which can be brought up to the ecological, sociological and economic criteria of the fund within seven years.

Disclaimer

SF Sustainable Property Fund (ISIN CH0120791253) is an investment fund under Swiss law of the type "Real Estate Fund" within the meaning of Art. 25 ff. in conjunction with Art. 58 ff. of the Federal Act on Collective Investment Schemes of 23 June 2006 (CISA). About SF Sustainable Property Fund – SF Sustainable Property Fund invests in real estate and projects in the whole of Switzerland. The strategy is to optimise the sustainability of its buildings throughout their life cycle. The fund invests primarily in real estate that can be brought up to the ecological, sociological and economic criteria of the fund within seven years. Additional information can be found on www.sfp.ch.

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