

## Media Release

Zurich, 28 March 2023

Ad hoc announcement pursuant to Art. 53 LR

### **SF Sustainable Property Fund Successful financial year 2022 in a changed market environment**

- Portfolio value increased by 9.95% to CHF 1.54 billion and 114 properties
- Vacancy rate at reporting date decreased further year-on-year to 5.2%
- Rental income grew by CHF 6.2 million (+13.3%)
- Attractive distribution yield of 2.78% at CHF 3.50 per unit
- Sustainability strategy reviewed and integrated into fund contract

The SF Sustainable Property Fund can look back on a successful financial year in an extremely challenging market environment. Eight properties were acquired for a purchase price of around CHF 104.4 million and two properties were sold for CHF 6.4 million. This increased the portfolio value to CHF 1.54 billion as at 31 December 2022. Rental income increased by 13.3% to CHF 52.5 million in the reporting period. The like-for-like increase was CHF 640 000 (+1.4%). The vacancy rate as at the reporting date declined by as much as 0.7 percentage points and stood at 5.2% at the end of 2022.

#### **Real estate portfolio**

The SF Sustainable Property Fund further expanded its portfolio in the 2022 financial year by buying eight properties in the German-speaking regions of Switzerland for a purchase price of CHF 104.4 million. This improved the portfolio's quality without diluting the high share of residential property. The portfolio was adjusted in the fourth quarter by selling two properties that did not fit the strategy.

As at the balance-sheet date, the SF Sustainably Property Fund held 114 properties with a market value of CHF 1.54 billion (+9.95%). The vacancy rate as at the reporting date was reduced by another 0.7 percentage points to 5.2% in 2022. The vacancy rate over the period declined from 6.9% to 5.9%.

The renovation projects proceeded as planned, and the total refurbishment in Pregassona (Via Roncobello 12) was completed in the fourth quarter 2022, while the project in Olten (Neuhardstrasse 9/11) is scheduled for completion in spring 2023. Both projects boast encouraging letting rates, and Olten has already been fully let even though the construction work is not yet finished. An extensive refurbishment project is also planned for the property in Locarno (Via Giuseppe Cattori 5). Construction work is expected to start in summer 2023.

## Financial result

Total income amounted to CHF 52.6 million (previous year: CHF 49.6 million) in the 2022 financial year. Rental income increased by around CHF 6.2 million to CHF 52.5 million (previous year: CHF 46.3 million). The increase of 13.32% is due to both properties purchased the previous year, which for the first time contributed rental income for twelve months, and to the properties purchased during the reporting period.

Expenses totalled CHF 23.9 million (previous year: CHF 20.2 million) The Fund's total expense ratio (TER<sub>REF</sub> [GAV]), an indicator of the operating expenses charge, was 0.78% (previous year: 0.79%). Net income amounted to CHF 28.7 million (previous year: CHF 29.4 million), equivalent to CHF 3.41 per unit for 8 416 494 units (previous year: CHF 3.49 per unit for 8 416 494 units).

Net fund assets increased by CHF 12.7 million to CHF 1 050.3 million (previous year: CHF 1 037.6 million) over the reporting period. This change follows from the fact that total net income amounted to CHF 42.1 million and the distribution for the 2021 financial year was CHF 29.4 million.

The investment yield as at year-end was 4.18% (previous year: 5.64%) on a net asset value per unit of CHF 124.79 (previous year: CHF 123.28 per unit) and the same distribution of CHF 3.50. Due to the stock market price performance, the distribution yield increased to 2.78% (previous year: 2.33%).

## Sustainability

In order to keep pace with the momentum of trend towards sustainability, the Fund's sustainability strategy was reviewed, confirmed in essence and expanded in spring 2022. The strategy is based on the ESG approaches of impact investing, ESG integration and exclusion criteria, and has been integrated in this form into the fund contract. Clearly defined KPIs such as a CO<sub>2</sub> reduction path increase transparency for investors and introduce binding obligations with regard to the net-zero target for 2050.

## Outlook

As part of the implementation of the SF Sustainable Property Fund's sustainability strategy, more properties will be renovated in 2023. The heating systems of selected properties will also be replaced, which will increase the share of renewable energies and further reduce the CO<sub>2</sub> emissions in line with the reduction path. Comprehensive tenant surveys will be carried out and processes will be optimised. The SF Sustainable Property Fund is also planning to participate in the real estate assessment programme of the GRESB (Global Real Estate Sustainability Benchmarking).

In addition, management will focus on continuing the encouraging reduction in vacancy rates in 2023. Together with consistent cost management, this is essential for maintaining the profitability of the SF Sustainable Property Fund as interest rates change direction.

**Further information**

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## Key figures 2022

Key Figures Return and Performance	Unit	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020
Performance	%	-14.35	1.80	10.42
Investment yield	%	4.18	5.64	3.83
Operating profit margin	%	60.74	62.03	60.05
Return on equity (ROE)	%	4.06	5.12	3.59
Return on invested capital (ROIC)	%	2.93	3.85	2.71
Dividend yield	%	2.78	2.33	2.24
Payout ratio	%	102.71	100.26	102.80

Key Figures Financial Markets	Unit	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020
Premium	%	0.89	22.07	29.78
Price/earnings ratio (P/E ratio)		25.16	23.43	36.31
Market capitalization	CHF	1 059 636 595	1 266 682 347	1 108 354 104
Market rate per unit at end of reporting period	CHF	125.90	150.50	156.00

Key Figures Balance Sheet	Unit	31 Dec. 2022	31 Dec. 2020	31 Dec. 2020
Market value of properties	CHF	1 544 375 000	1 404 604 000	1 160 791 000
Purchase price of properties	CHF	1 388 241 534	1 278 394 323	1 084 065 436
Gross asset value	CHF	1 567 633 611	1 427 135 823	1 175 266 866
Borrowed capital	CHF	423 800 000	305 228 000	258 970 860
Net fund assets	CHF	1 050 288 500	1 037 627 430	853 993 713
Borrowing ratio	%	27.44	21.73	22.31
Gearing	%	33.00	27.29	27.34
Weighted average term of debt	years	2.52	1.94	2.18
Interest on debt capital	%	1.11	0.16	0.25

Key Figures Income Statement	Unit	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020
Rental income	CHF	52 543 812	46 367 117	41 856 650
Rent default rate <sup>1</sup>	%	6.58	7.65	9.87
Net income	CHF	28 681 565	29 381 956	24 189 135
Realised capital gains/losses	CHF	-5 186 555	-9 439 643	-5 741 251
Unrealised capital gains/losses	CHF	18 623 789	31 784 113	11 918 299
Total net income	CHF	42 118 799	51 726 426	30 366 183
Fund operating expense ratio TER <sub>REF</sub> (GAV)	%	0.78	0.79	0.79
Fund operating expense ratio TER <sub>REF</sub> (MV)	%	1.03	0.87	0.90

<b>Key Figures Parts</b>	<b>Unit</b>	<b>31 Dec. 2022</b>	<b>31 Dec. 2021</b>	<b>31 Dec. 2020</b>
Net asset value at end of reporting period	CHF	124.79	123.28	120.20
Distribution per unit	CHF	3.50	3.50	3.50
Units at beginning of reporting period	pc.	8 416 494	7 104 834	6 597 346
Issues	pc.	–	1 311 660	507 488
Redemptions	pc.	–	–	–
Units at end of reporting period	pc.	8 416 494	8 416 494	7 104 834

<b>Portfolio Key Figures</b>	<b>Unit</b>	<b>31 Dec. 2022</b>	<b>31 Dec. 2021</b>	<b>31 Dec. 2020</b>
Number of properties	pc.	114	108	94
Gross yield	%	3.7	3.8	4.1
Real discount rate	%	2.7	2.8	3.0
Nominal discount rate	%	3.7	3.3	3.5
Vacancy rate as of reporting date	%	5.2	5.9	6.9
Vacancy rate reporting period	%	5.9	6.9	7.7
WAULT in years	years	n/a	n/a	n/a

<sup>1</sup> Granted rental reductions are not being accounted for the calculation of the rent default rate. This is in accordance with the guideline of AMAS.

## Presentation

Nicolas Beutler, Portfolio Manager, will present the 2022 annual results of the SF Sustainable Property Fund as follows:

- **Presentation in German on Tuesday, 28 March 2023, 12:00 p.m.,  
Park Hyatt, Zurich**
- **Presentation in English on Wednesday, 29 March 2023, 12:00 p.m.,  
Ritz-Carlton Hotel de la Paix, Geneva**
- **Presentation in English on Thursday, 30 March 2023, 08:30 a.m.,  
Beau Rivage Hotel, Neuchâtel**
- **Presentation in German on Friday, 31 March 2023, 12:00 p.m.,  
Grand Hotel Les Trois Rois, Basel**

For comprehensive reporting and the 2022 annual report, click [here](#).

## **SF Sustainable Property Fund**

SF Sustainable Property Fund invests in existing 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 the frame of the Federal Council's climate objectives. Further information on the product can be found at <https://www.sfp.ch/en/products/sf-sustainable-property-fund>.

## **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). This press release (i) does not represent an issue prospectus within the meaning of Art. 652a or Art. 1156 of the Swiss Code of Obligations or Art. 27 ff. of the listing regulations of SIX Swiss Exchange, nor does it constitute a prospectus or a Key Information Document (KID). These documents, which alone are relevant for an investment decision, can be obtained for free from Swiss Finance & Property Funds Ltd. This press release may contain forward-looking statements, such as expectations, plans, intentions or strategies regarding the future. Such statements are subject to uncertainties and risks. The reader is cautioned to be aware that such statements may deviate from actual future events. All forward-looking statements in this press release are based on data available to Swiss Finance & Property Funds Ltd at the time of publication. The company assumes no obligation to update forward-looking statements in this press release at a later date to reflect new information, future events or to otherwise update the contents. Investments in financial products involve different risks, which also include the potential loss of the capital invested. The price, value and yield of collective capital investments are subject to fluctuations. Past performance is no indicator for future price development and does not offer any guarantee of future success. Swiss Finance & Property Funds Ltd does not accept any responsibility for the realisation of the anticipated increase in value. Detailed information on securities trading and investments in collective investment schemes can be found in the brochure "Risks in Trading with Financial Instruments" published by the Swiss Bankers Association. The information given in this publication is taken from sources that are considered reliable by Swiss Finance & Property Funds Ltd. However, Swiss Finance & Property Funds Ltd does not accept any express or tacit liability regarding the correctness, completeness, exactness and timeliness of the published information and elements thereof. Swiss Finance & Property Funds Ltd shall not be liable for any loss or damage (direct, indirect or consequential damage) resulting from the distribution of this document or its contents or that are connected with the distribution of this document. The information given in this document can change at any time and without prior warning. Neither this press release nor copies thereof may be sent or taken to the USA or distributed in the USA or given to US persons (within the meaning of Regulation S of the US Securities Act of 1933 in its current valid version). Units in the collective capital scheme may not be offered, sold or delivered within the USA and its territories. Units in the fund must not offered, sold or delivered to US citizens or persons residing or with registered office in the USA and/or other natural or legal entities whose income and/or earnings, irrespective of origin, are subject to US income tax, as well as to persons who are deemed to be US persons pursuant to Regulation S of the US Security Act of 1933 and/or the US Commodity Exchange Act in the current valid version. The same applies for all the states and countries in which such distribution is prohibited.