

## Media Release

Zurich, 29 August 2023

Ad hoc announcement pursuant to Art. 53 LR

### **SF Sustainable Property Fund Income Growth in a Challenging Market Environment**

- Rental income increased by CHF 0.9 million (3.6%)
- Vacancy rate reduced by 0.2 percentage points to 5.0%
- Renovation projects are on schedule and will strengthen the future income base
- NAV per unit decreased from CHF 124.79 to CHF 120.31 following the distribution of CHF 3.50 per unit

**The SF Sustainable Property Fund successfully improved its rental income and reduced vacancy rates in the first half of 2023. Net income of CHF 12.4 million was generated in the first six months. The property portfolio experienced a slight, market-related devaluation of 1.1%. The NAV at the end of June 2023 is CHF 120.31 per unit after the distribution.**

#### **Real estate portfolio**

The market value of the 113 properties in the SF Sustainable Property Fund totalled CHF 1.52 billion as at 30 June 2023. The portfolio property in Bonaduz (GR) was sold. The portfolio's gross yield was 3.79% as at 30 June 2023. The vacancy rate of 5.0% as at 30 June 2023 was down by 0.2 percentage points from 31 December 2022. Like-for-like, the portfolio suffered a slight, market-related devaluation of 1.1%.

#### **Renovation projects and sustainability**

The renovation projects for Im First 6/10 in Ehrendingen (AG) and Luzernerring 148 & Rufacherstrasse 8 in Basel (BS) are proceeding within budget and on schedule. The work will be completed by the end of 2023. At Neuhardstrasse 9/11 in Olten (SO), construction work was completed during the second quarter of 2023. The project came in under budget and has been fully let.

Work on the complete refurbishment of Via Giuseppe Cattori 5 in Locarno (TI) will start soon and is expected to be completed in Q3 2024.

In addition to the renovations, the replacement of heating media will improve the portfolio's sustainability. The properties in Spreitenbach (AG) and Ostermundigen (BE) were switched to renewable district heating. Other projects are ongoing and according to our current estimates, the share of renewable energies will increase by approx. 30% by the end of the year (24% at the end of 2022).

#### **Financial result**

Total income for the reporting period amounted to CHF 26.8 million (30 June 2022: CHF 25.9 million). Rental income increased by around CHF 0.9 million (+3.6%).

Expenses totalled CHF 14.7 million (30 June 2022: CHF 10.7 million). The cost increase of CHF 3.7 million is primarily explained by the increase in mortgage interest rates. Net income amounted to CHF 12.4 million (30 June 2022: CHF 15.2 million), equivalent to CHF 1.47 per unit for 8 416 494 units (30 June 2022: CHF 1.80 per unit for 8 416 494 units). Cost management, a lower tax burden and the implementation of the reference interest rate adjustment lead us to expect a significantly better result in the second half of the year.

Net fund assets decreased by CHF 37.7 million in the reporting period to CHF 1 012.6 million (31 December 2022: CHF 1 050.3 million). This change derives from total income of CHF - 8.3 million, minus the distribution of CHF 29.4 million paid out for the 2022 financial year.

### **Outlook**

In the second half of the year, the quality of the real estate portfolio of the SF Sustainable Property Fund should be improved further through the sale of the property in Bazenheid (SG) and by other selective divestments and the borrowing ratio should be reduced. The vacancy rate should also be reduced further, the income increased and the planned renovations implemented. And finally, the GRESB report will be published for the first time in the autumn.

### **Further information**

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## Key figures as at 30 June 2023

Ratios on return and performance	Unit	30 Jun. 2023	31 Dec. 2022	31 Dec. 2021
Performance	%	-5.62 <sup>1</sup>	-14.35	1.80
Investment yield	%	-0.81 <sup>1</sup>	4.18	5.64
Operating profit margin	%	59.60	60.74	62.03
Return on equity	%	-0.79 <sup>1</sup>	4.06	5.12
Return on invested capital (ROIC)	%	-0.38 <sup>1</sup>	2.93	3.85
Dividend yield	%	n/a	2.78	2.33
Payout ratio	%	n/a	102.71	100.26

Ratios on the financial markets	Unit	30 Jun. 2023	31 Dec. 2022	31 Dec. 2021
Premium	%	-4.00	0.89	22.07
Price/earnings ratio (P/E ratio)	x	-117.50	25.16	23.43
Market capitalization	CHF	972 105 057	1 059 636 595	1 266 682 347
Market rate per unit at end of reporting period	CHF	115.50	125.90	150.50

Ratios on the balance sheet	Unit	30 Jun. 2023	31 Dec. 2022	31 Dec. 2021
Market value of properties	CHF	1 522 044 000	1 544 375 000	1 404 604 000
Purchase price of properties	CHF	1 387 904 991	1 388 241 534	1 278 394 323
Gross asset value	CHF	1 543 001 980	1 567 633 611	1 427 135 823
Borrowed capital	CHF	437 600 000	423 800 000	305 228 000
Net fund assets	CHF	1 012 557 312	1 050 288 500	1 037 627 430
Borrowing ratio	%	28.75	27.44	21.73
Gearing	%	34.38	33.00	27.29
Weighted average term of debt	years	2.29	2.52	1.94
Interest on debt capital	%	1.21	1.11	0.16

Ratios on the income statement	Unit	30 Jun. 2023	30 Jun. 2022	30 Jun. 2021
Rental income	CHF	26 785 189	25 862 607	22 065 895
Rent default rate	%	7.08	6.58	8.49
Net income	CHF	12 404 407	15 182 500	13 099 929
Realised capital gains/losses	CHF	16 592	-5 942	-3 745 494
Unrealised capital gains/losses	CHF	-20 694 458	13 869 649	11 193 823
Total net income	CHF	-8 273 459	29 046 207	20 548 258
Fund operating expense ratio TER <sub>REF</sub> (GAV)	%	0.78	0.79	0.79
Fund operating expense ratio TER <sub>REF</sub> (MV)	%	1.16	0.93	0.88

Ratios on the units	Unit	30 Jun. 2023	31 Dec. 2022	31 Dec. 2021
Net asset value at end of reporting period	CHF	120.31	124.79	123.28
Distribution per unit	CHF	n/a	3.50	3.50
Units at beginning of reporting period	pc.	8 416 494	8 416 494	7 104 834
Issues	pc.	–	–	1 311 660
Redemptions	pc.	–	–	–
Units at end of reporting period	pc.	8 416 494	8 416 494	8 416 494

Ratios on the portfolio	Unit	30 Jun. 2023	31 Dec. 2022	31 Dec. 2021
Number of properties	pc.	113	114	108
Gross yield	%	3.79	3.69	3.83
Real discount rate	%	2.70	2.66	2.79
Nominal discount rate	%	3.98	3.69	3.30
Vacancy rate as of reporting date	%	5.01	5.17	5.92
Vacancy rate reporting period	%	5.94	5.90	6.85

Historical performance data is no guarantee for future income. The funds' income and the value of the funds' units may increase as well as decrease and cannot be guaranteed. When units are redeemed, the investor may get back less money than originally invested.

<sup>1</sup> Calculation for six months (1 January to 30 June).

<sup>2</sup> Granted rent reductions are not taken into account when determining the rent default rate in accordance with the authoritative AMAS technical information.

## Roadshows

The management team of SF Sustainable Property Fund will present the 2023 half-year results as follows:

- **Lunch presentation in German on Tuesday, 29 August 2023, Kongresshaus, Zurich**
- **Lunch presentation in English on Wednesday, 30 August 2023, Beau-Rivage Hôtel, Neuchâtel**
- **Lunch presentation in English on Thursday, 31 August 2023, Fairmont Grand Hotel, Geneva**
- **Lunch presentation in German on Friday, 1<sup>st</sup> September 2023, Hotel Märthof, Basel**

Nicolas Beutler (Portfolio Manager) will be commenting on the half-year results. Thank you for your interest.

For comprehensive reporting and the 2023 semi-annual report, visit our website on [www.sfp.ch](http://www.sfp.ch).

## SF Sustainable Property Fund

The SF Sustainable Property Fund invests in real estate and real estate projects in the whole of Switzerland. The real estate fund mainly focuses on residential use. The real estate fund systematically and step-by-step optimises properties in line with defined sustainability criteria (ESG) during the period of ownership. With the objective being to reach the Federal Council's climate objectives for 2030 and 2050 (net zero by 2050 at the latest), the focus falls mainly on environmental criteria (E of ESG), in particular on the improvement of energy efficiency and the reduction of greenhouse gas emissions.

## 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.