

## Media Release

for immediate release

Zurich, 25 March 2019

# SF Sustainable Property Fund Solid financial year in 2018

- **Realised profit increased by 12.9% to CHF 23.0 million.**
- **Portfolio value grew by 18.4% to CHF 927.1 million and 76 properties**
- **Expected rental income rose by 29.5% to CHF 37.4 million**
- **Distribution of CHF 3.60 per share**

Eleven property acquisitions with a market value of CHF 131.7 million resulted in a portfolio value of CHF 927.1 million as at 31 December 2018. Consequently, the expected rental income increased substantially during the reporting period by 29.5% to CHF 37.4 million in comparison with the prior period. Two properties were renovated during 2018 in line with the strategy. In addition, the new build in Unterkulm was completed and the district plan for a secured new build plot in Lausen was successfully concluded.

### Real estate portfolio

The real estate portfolio continued to be further expanded as in previous years. Thanks to the inflow of funds from the capital increase in March/April 2018, it was possible to acquire eleven properties in good to very good locations with a market value of CHF 131.7. As well as the cantons already represented in the portfolio (BL, BS, SH, TI, ZH), the cantons of Lucerne and Bern are now also represented with three properties. It was possible to acquire a commercial site in Dietlikon in Riedmühlestrasse with an area of almost 22 000 m<sup>2</sup>. The site has a high redevelopment potential for use as apartments. Thanks to marketing measures that were put in place early on, tenants have been found for around 4 200 m<sup>2</sup> of the total 6 500 m<sup>2</sup> of vacant office and commercial space. The properties were purchased at around 2.7% under the market value and provide an attractive average gross yield of 4.8%. The property in Widnau was sold at CHF 543 000 above the market value according to the mid-year valuation in 2018, i.e. at CHF 7.2 million. On a like-for-like basis, the portfolio value increased by CHF 18.6 million (2.4%) to CHF 795.3 million. The vacancy rate in 2018 rose to 7.7%, of which 1.4 percentage points can be attributed to the completion of the new build in Unterkulm and the two renovation projects in Oberglatt and Rümlang.

### Renovation projects and developments

In 2018, two properties in Oberglatt and Rümlang were renovated. The kitchens and bathrooms were replaced in a total of 52 apartments. By means of targeted measures (balcony extensions, division of apartments, changes to the floor plan), it was possible to improve rentability and to realise higher rental incomes. In addition, energy measures to improve energy efficiency were implemented in line with the strategy. . Façade insulation, new windows, new solar panels as well as replacement radiators reduced overall energy consumption by approx. 45%. Once the renovation work had been completed, both buildings achieved GEAK C rating. The investment volumes in both projects came to around CHF 9.5 million in total. Currently, only four out of a total of 52 apartments are still vacant. The district plan procedure introduced in 2016 for Lausen was successfully completed in August 2018. Thanks to this, the utilisation rate rose by 46%.

### Financial income

The target rental income rose in the reporting period by 29.5% to CHF 37.4 million, primarily due to additional purchases made as well as to rental adjustments following renovations and the change of tenants. The realised result rose by 12.9% to CHF 23.0 million. The dividend for the total 6 597 346 shares comes to CHF 3.60/share. The net fund assets rose to CHF 780.4 million (+32.8%) and the debt financing ratio decreased by 8.9 percentage points to 12.9% at the same time. At the end of 2018, the stock market price for SF Sustainable Property Funds was CHF 131.7.

### Outlook

In 2019, qualitative growth and geographic diversification will continue to be the main drivers. . Portfolio management is confident that it will be able to reduce the vacancy rate for the completed development, renovation and portfolio properties on a sustainable basis. In addition, the renovation work in Zofingen and Münchenstein with a total of 76 apartments is due to begin in the second half of the year. In March 2019, the building permit for the new build project in Lausen (district plan procedure) was received, which means that the building project can be started in Q2 of 2019. Three buildings with a total of 52 apartments and a garage are thus planned to be completed by the first half of 2021. In the case of the commercial site in Dietlikon, the target is full rental occupancy until the time of repurposing (conversion into living accommodation).

### Further Information

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A comprehensive report and the 2018 annual report can be found at

<https://www.sfp.ch/produkte/sf-sustainable-property-fund/>

### Payout

**01.04.2019 Ex dividend**

**03.04.2019 Payment**

### 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.

# KEY FIGURES ON THE REAL ESTATE FUND

## AS AT 31 DECEMBER 2018

<b>Rent default rate<sup>1</sup></b>	<b>Entity</b>	<b>31. Dec. 2018</b>	<b>31. Dec. 2017</b>
Expected net rentals	CHF	37 411 385	28 881 625
Rent defaults	CHF	3 310 556	1 337 407
<b>Rent default rate</b>	<b>%</b>	<b>8.85</b>	<b>4.63</b>

<b>Borrowing ratio<sup>1</sup></b>	<b>Entity</b>	<b>31. Dec. 2018</b>	<b>31. Dec. 2017</b>
Borrowed capital	CHF	119 350 000	170 150 000
Market value of properties	CHF	927 136 000	783 339 000
<b>Borrowing ratio</b>	<b>%</b>	<b>12.87</b>	<b>21.72</b>

<b>Dividend yield<sup>1/2</sup></b>	<b>Entity</b>	<b>31. Dec. 2018</b>	<b>31. Dec. 2017</b>
Dividend per share <sup>4</sup>	CHF	3.60	3.80
Market rate per share at end of reporting period	CHF	131.70	138.50
Dividend yield	%	2.73	2.74
<b>Payout ratio<sup>4</sup></b>	<b>%</b>	<b>103.94</b>	<b>93.15</b>

<b>Operating profit margin (EBIT margin)<sup>1</sup></b>	<b>Entity</b>	<b>31. Dec. 2018</b>	<b>31. Dec. 2017</b>
Operating profit	CHF	22 085 143	19 774 021
Rental income	CHF	34 043 838	27 452 445
<b>Operating profit margin</b>	<b>%</b>	<b>64.87</b>	<b>72.03</b>

<b>Fund operating expense ratio (TER<sub>REF</sub>)</b>	<b>Entity</b>	<b>31. Dec. 2018</b>	<b>31. Dec. 2017</b>
Operating expenses	CHF	5 994 400	4 324 577
Ø Gross asset value	CHF	858 535 186	676 561 432
Ø Market value	CHF	787 096 392	609 849 364
Ø Net fund assets	CHF	697 550 198	510 469 543
<b>TER<sub>REF</sub> (GAV)<sup>1</sup></b>	<b>%</b>	<b>0.70</b>	<b>0.64</b>
<b>TER<sub>REF</sub> (MV)<sup>1</sup></b>	<b>%</b>	<b>0.76</b>	<b>0.71</b>
<b>TER<sub>REF</sub> (NAV)<sup>3</sup></b>	<b>%</b>	<b>0.86</b>	<b>0.85</b>

<b>Return on equity (ROE)<sup>1</sup></b>	<b>Entity</b>	<b>31. Dec. 2018</b>	<b>31. Dec. 2017</b>
Total income	CHF	19 446 047	23 902 493
Net fund assets at beginning of reporting period	CHF	587 728 758	404 059 634
+ Balance from unit transactions at principal value	CHF	192 048 684	162 730 096
Net fund assets at beginning + balance unit transactions	CHF	779 777 442	566 789 730
<b>Return on equity (ROE)</b>	<b>%</b>	<b>2.49</b>	<b>4.22</b>
<b>Premium</b>	<b>%</b>	<b>11.33</b>	<b>16.60</b>
<b>Performance</b>	<b>%</b>	<b>-0.45</b>	<b>9.14</b>
<b>Investment yield<sup>1/2</sup></b>	<b>Entity</b>	<b>31. Dec. 2018</b>	<b>31. Dec. 2017</b>
NAV at beginning of reporting period	CHF	118.78	114.32
NAV at end of reporting period	CHF	118.29	118.78
Dividend per share in period	CHF	3.80	0.83
<b>Investment yield</b>	<b>%</b>	<b>2.88</b>	<b>4.52</b>
<b>Return on invested capital (ROIC)<sup>1/2</sup></b>	<b>Entity</b>	<b>31. Dec. 2018</b>	<b>31. Dec. 2017</b>
Adjusted total income + interest expense	CHF	17 873 392	22 307 944
Ø Gross asset value	CHF	858 535 186	676 561 432
<b>Return on invested capital (ROIC)</b>	<b>%</b>	<b>2.08</b>	<b>3.30</b>
<b>Weighted average term of debt<sup>3</sup></b>	<b>Years</b>	<b>3.85</b>	<b>0.31</b>
<b>Interest on debt capital<sup>3</sup></b>	<b>%</b>	<b>0.57</b>	<b>0.44</b>
<b>Stock market capitalisation<sup>3</sup></b>	<b>CHF</b>	<b>868 870 468</b>	<b>685 299 385</b>

<sup>1</sup> The key figures were calculated based on the "Specialist information factsheet on the key figures of real estate funds" published by SFAMA dated 13 September 2016.

<sup>2</sup> Historical performance data is no guarantee of future income. The income and value of the fund's shares may go up as well as down and cannot be guaranteed. When shares are redeemed, the investor may get back less money than originally invested.

<sup>3</sup> These key figures are reported on a voluntary basis. Some of them are defined in the "Specialist information factsheet on the key figures of real estate funds" published by SFAMA on 13 September 2016.

<sup>4</sup> The calculation is based on the anticipated distribution per unit.

**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](http://www.sfp.ch).

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