

Media release

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SF Sustainable Property Fund Successful interim report 2019

- **Portfolio value grew by 18.2% to CHF 1.01 billion**
- **Total income increased by 60.3% to CHF 15.8 million**
- **Expected rental income rose by 24.7% to CHF 43.9 million**

In the first half of 2019, the Fund reached a market value of over one billion Swiss francs through the acquisition of ten properties. Target rental income rose considerably year on year from CHF 35.2 million to CHF 43.9 million. The vacancy rate compared to year-end 2018 went up slightly from 7.7% to 8.1%. Due to positive valuation effects, unrealised capital gains and losses (including liquidation tax) rose from CHF -2.7 million to CHF 5.2 million. In the first half of 2019, preparations were made for the implementation phase of this year's renovation projects in Zofingen and Münchenstein.

Real estate portfolio

For the first time in the history of the property funds of Swiss Finance & Property Funds AG, the brand reached the CHF 1 billion mark. The Fund expanded in the first six months of 2019 with the acquisition of ten properties with a market value of CHF 75.7 million in total. All properties are situated in attractive macro and micro locations and are in good condition. Six of the ten properties have already met the GEAK C standard. A consolidation was successfully completed in the city of Basel and in Lausen BL. The first property was bought in French-speaking Switzerland in Versoix. Due to the acquisitions, the target rental again went up substantially to CHF 43.9 million as at 30 June 2019 (CHF 35.2 million as at 30 June 2018). The vacancy rate as of the reference date increased marginally by 0.4% points from 7.7% at year-end 2018 to 8.1%. Vacancies were largely reduced in German-speaking Switzerland, the exception being the Ticino region where they increased. The development-related vacancy is 0.8% points. The gross yield of the SF Sustainable Property Fund fell to 4.37% as at 30 June 2019 (4.48% as at 31 December 2018)

Renovation projects and developments

Two renovation projects were planned for 2019. Properties in Zofingen and Münchenstein totalling 62 apartments must be renovated on a major cyclical basis to ensure long-term rentability. Preparations for both projects were made in the first six months of 2019 so that implementation work can begin in the second half of 2019. The property in Zofingen already has the GEAK C standard, the property in Münchenstein requires energy measures to be implemented in the renovated building to obtain the GEAK C rating. In the first quarter of 2019, planning approval was granted for the building

land developed in Lausen through a district plan. Implementation planning is so advanced that excavation work can begin after the summer holidays in 2019. The new building will create 52 modern and spacious apartments (52 parking spaces) that are in a good south-west-facing location. The completion and occupancy dates are planned for the first half of 2021; the distance from the station is less than 300 m.

Financial income

Total income of CHF 15.8 million rose year on year by CHF 6.0 million. This was mainly attributable to unrealised capital gains and losses (including liquidation tax), the year-on-year change was CHF 7.9 million. As a result of the ten purchases, the borrowing ratio rose from 5.6% at the end of June 2018 to 20.3% as at 30 June 2019. Net fund assets fell by CHF 7.9 million in the reporting period from CHF 780.4 million to CHF 772.5 million. The change was due to the payment of a CHF 23.8 million dividend in April 2019 and to the total income of CHF 15.8 million achieved in the first half of 2019. The listed share price as at 30 June 2019 was CHF 135.1 (30.6.2018: CHF 131.3).

Outlook

The main focus in the second half of 2019 is on reducing vacancies, primarily in the Ticino region. Swiss Finance & Property Funds AG has been represented locally by a Ticino asset manager since spring 2019. We have commissioned professional regional marketing to achieve the required reduction in vacancies. Preparations are under way for the systematic divestment of properties with limited development potential that is an important element of portfolio and asset management.

Further information

Roman Kueng
Portfolio Manager Direct Real Estate
Swiss Finance & Property Funds AG
kueng@sfp.ch

Urs Kunz
Head Client Relationship Management
Swiss Finance & Property Group AG
kunz@sfp.ch

A comprehensive report and the Half-Year Report 2019 can be found at:

www.sfp.ch

[Download Semi Annual Report 2019](#)

KEY REAL ESTATE FUNDS FIGURES

as at 30 June 2019

Rent defaults rate	Unit	30 June 2019	30 June 2018
Expected net rents	CHF	21 067 828	17 594 322 *
Rent defaults	CHF	1 804 939	1 103 565
Losses on receivables	CHF	284 312	194 393
Rent defaults rate	%	9.92	7.38

Borrowing ratio	Unit	30 June 2019	30 June 2018
Borrowed capital	CHF	205 246 600	47 930 000
Market value of land	CHF	1 013 114 000	857 146 000
Borrowing ratio	%	20.26	5.59

Dividend yield	Unit	30 June 2019	30 June 2018
Dividend per unit	CHF	n/a	n/a
Stock exchange price per unit at end of reporting period	CHF	135.10	131.30
Distribution yield	%	n/a	n/a
Payout ratio	%	n/a	n/a

EBIT margin	Unit	30 June 2019	30 June 2018
EBIT	CHF	11 831 824	10 847 599
Rental income	CHF	18 870 272	16 285 333
EBIT margin	%	62.70	66.61

Fund operating expenses ratio (TER_{REF})	Unit	30 June 2019	30 June 2018
Operating expense	CHF	6 587 811	5 736 368
∅ Total fund assets	CHF	938 529 726	797 334 065
∅ Market value	CHF	878 502 593	718 714 928
TER REF (GAV)	%	0.70	0.72
TER REF (MV)	%	0.75	0.80

Return on equity (ROE)^{1/2}		30 June 2019	30 June 2018
Total profit	CHF	15 811 579	9 861 527
Net fund assets at beginning of reporting period	CHF	780 421 051	587 728 758
+ Balance of unit transaction at principal value	CHF	0	192 048 684
Net yield at the beginning + capital increase	CHF	780 421 051	779 777 442
Return on equity (ROE)	%	2.03	1.26

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Performance²	%	5.28	- 0.75
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Investment yield^{1/2}	Unit	30 June 2019	30 June 2018
NAV at beginning of period	CHF	118.29	118.78
NAV at end of period	CHF	117.09	116.84
Dividend per unit during the period	CHF	3.60	3.80
Investment yield	%	2.09	1.62

Return on invested capital (ROIC)^{1/2}	Unit	30 June 2019	30 June 2018
Adjusted total profit + interest expenses	CHF	16 183 427	8 044 256
Ø Total fund assets	CHF	938 529 726	797 334 065
Return on invested capital (ROIC)	%	1.72	1.01

Remaining terms of debt financing	Years	2.11	0.70
Interest of debt financing	%	0.41	0.36

Market capitalisation	CHF	891 301 445	866 231 530
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¹ 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.

² Calculation for 6 month (1 January to 30 June)

* The previous year's figure has been adjusted for the sake of comparability; this has no effect on the key figure, which does not change.

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).

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