

Media Release

Zurich, 29 March 2021

SF Commercial Properties Fund Stable financial year 2020 despite challenging market conditions

- **Market value CHF 306.8 million**
- **Target rental income CHF 19.8 million**
- **Vacancy rate reduced by 2.76 percentage points**
- **Average lease term at a constant level**
- **Distribution of CHF 4.25 per unit**

Despite the challenging market conditions, the SF Commercial Properties Fund can reflect on a stable financial year in 2020. Numerous successful lettings were achieved in the last twelve months. The weighted average unexpired lease term (WAULT) could be maintained at a constant level, at 5.8 years. After the strategic sale of two properties, the portfolio's market value as at 31 December 2020 stood at CHF 306.8 million (prior year CHF 321.1 million) and the correspondingly reduced target rental income at CHF 19.8 million (prior year CHF 21.0 million), producing a gross yield of 6.46%.

Real estate portfolio

Despite the challenging market conditions, lease agreements or extensions for rental space of some 9 560 m² were concluded in 2020. These successful lettings and the sale of two properties helped to further optimise the portfolio in the reporting year. At the end of 2020, it comprised 17 properties with a portfolio value of CHF 306.8 million. The vacancy rate was reduced from 19.76% in the prior year period to 17.00% in the reporting period, and the average duration of rental contracts could be maintained at a constant level, at 5.8 years.

The property in Rheinfelden was sold in spring as the contract with the prime tenant could not be extended and substantial investment was needed. In the second half of the year, the vacant property in Frenkendorf was sold to a logistics company that is using all the space for its own purposes.

Financial result as at 31 December 2020

The borrowing ratio fell slightly year on year to stand at 20.69% (prior year: 22.26%). Due to value adjustments, the net fund assets decreased slightly from CHF 242.63 million to CHF 236.59 million (-2.49%). Based on the net income achieved of CHF 10.15 million and the amount carried forward from the prior year, another stable distribution of CHF 4.25 per unit is to be conducted to investors, producing an attractive investment yield of 4.63%.

Impact of COVID-19

Portfolio and asset management reacted very quickly to the COVID-19 pandemic with a variety of measures in operational terms and used individual analyses to look for partnership-based solutions to requests from affected tenants for rental reductions or deferrals.

In the reporting year, an amount of CHF 720 000 was booked in the income statement for COVID-19-related lost income for the whole portfolio.

Outlook

The focus continues to be on rental and tenant retention measures in an effort to increase the tenancy rate. There are also plans for selective portfolio reallocation, with a focus on increasing usage in the logistics, commercial, storage and industry sectors. Due to the disposals carried out in the reporting year, there is growth potential to increase income again.

Further information

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Key figures 2020

Rent default rate¹	Unit	31. Dec. 2020	31. Dec. 2019
Expected net rents	CHF	21 348 149	21 879 478
Rent default	CHF	3 981 154	4 152 785
Losses on receivables	CHF	135 360	609 525
Rent default rate	%	19.28	21.77

Debt financing ratio	Unit	31. Dec. 2020	31. Dec. 2019
Borrowed capital	CHF	63 485 000	71 485 000
Market value of properties	CHF	306 820 000	321 090 000
Debt financing ratio	%	20.69	22.26

Distribution yield^{2/3}	Unit	31. Dec. 2020	31. Dec. 2019
Distribution per unit	CHF	4.25	4.25
Market rate per unit at end of reporting period	CHF	91.70	105.10
Distribution yield	%	4.63	4.04
Distribution payout ratio	%	100.52	98.86

Operating profit margin (EBIT margin)	Unit	31. Dec. 2020	31. Dec. 2019
Operating profit	CHF	10 555 394	10 623 474
Rental income	CHF	16 211 108	16 957 482
Operating profit margin	%	65.11	62.65

Fund operating expense ratio (TER_{REF})	Unit	31. Dec. 2020	31. Dec. 2019
Operating expenses	CHF	3 118 718	3 231 295
Ø Gross asset value	CHF	321 142 895	328 819 059
Ø Market value	CHF	228 768 000	249 744 000
TER_{REF} (GAV)	%	0.97	0.98
TER_{REF} (MV)	%	1.36	1.29

Return on equity (ROE)²	Unit	31. Dec. 2020	31. Dec. 2019
Total income	CHF	4 159 123	7 389 985
Net fund assets at beginning of reporting period	CHF	242 626 059	245 436 074
+ Balance from unit transaction at principal value	CHF	0	0
Net fund assets at beginning of reporting period + capital increase	CHF	242 626 059	245 436 074
Return on equity (ROE)	%	1.71	3.01

Premium	%	-6.98	3.96
Performance	%	-8.84	6.28

Investment yield²	Unit	31. Dec. 2020	31. Dec. 2019
NAV at beginning of reporting period	CHF	101.09	102.27
NAV at end of reporting period	CHF	98.58	101.09
Distribution per unit in period	CHF	4.25	4.25
Investment yield	%	1.79	3.14

Return on invested capital (ROIC)²	Unit	31. Dec. 2020	31. Dec. 2019
Adjusted total net income + interest expenses	CHF	4 336 643	7 639 110
Ø Gross asset value	CHF	321 142 895	328 819 059
Return on invested capital (ROIC)	%	1.35	2.32

Remaining term to maturity of debt financing	years	0.02	0.04
Interest on debt financing	%	0.10	0.24
Market capitalisation	CHF	220 080 000	252 240 000

¹ Granted rental reductions are not being accounted for the calculation of the rent default rate. This is in accordance with the guideline of AMSA/SFAMA.

² 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.

³ The calculation is based on the planned distribution per unit.

Live broadcast

The management team of SF Commercial Properties Fund are presenting the 2020 annual results as follows:

- **Presentation in German on Monday 29 March 2021, 10:00 a.m.**
- **Presentation in English on Monday 29 March 2021, 11:30 a.m.**

Hans-Peter Wasser (Portfolio Manager) will be commenting on the results. A recording will be uploaded to our website www.sfp.ch following the presentation. Thank you for your interest.

You can download the comprehensive reporting and the 2020 annual report [here](#).

SF Commercial Properties Fund

SF Commercial Properties Fund invests in properties that focus on the industrial, logistics, commercial and retail sectors throughout Switzerland. The real estate fund concentrates on industrial sites and production locations with excellent transport connections, as well as logistics properties and distribution space with long-term contracts. The real estate portfolio may also include special-purpose properties such as parking facilities, shopping malls as well as office and commercial properties at central locations with long-term rental contracts. Further information www.sfp.ch.

Disclaimer

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