

Media Release

Zurich, 29 March 2022

Ad hoc announcement pursuant to Art. 53 LR

SF Commercial Properties Fund Successful financial year 2021 and stable key figures

- Portfolio value at CHF 326.7 million
- Target rental income CHF 20.5 million
- Attractive distribution yield of 4.59%
- Investment yield of 3.98%
- Weighted average unexpired lease term remained on a high level
- Unchanged distribution of CHF 4.25 per unit

Despite the challenging conditions on the lettings market, the SF Commercial Properties Fund can reflect on a stable financial year 2021. Numerous successful lettings were achieved in the last twelve months. The weighted average unexpired lease term (WAULT) was maintained at a high level of 5.47 years. After the strategic purchase of a property, the portfolio's market value totals CHF 326.7 million as at 31 December 2021 (prior year: CHF 306.8 million) and the target rental income correspondingly increased to CHF 20.5 million (prior year: CHF 19.8 million). This results in a gross yield of 6.28%.

Real estate portfolio

In St. Gallen, a property with a long-term lease arrangement was acquired in spring 2021. In addition, rental contracts and contract extensions for spaces with a total area of around 30 000 m² were concluded this year. These activities further improved the portfolio's earning stability. As a result, the vacancy rate was reduced from 17.2% at the end of the prior year to 15.7% at the end of the reporting year. The weighted average unexpired lease term remains on a high level of 5.47 years as at reporting date (prior year: 5.81 years).

No properties were sold in the reporting year. As at the end of 2021, the portfolio comprises 18 properties with a market value of CHF 326.7 million (prior year: CHF 306.8 million).

With spaces for commercial purposes making up around two-thirds of the total area, the portfolio reflects the fund's strategic focus. The share of office space has decreased slightly to 26.7% (prior year: 28.7%). The share of retail space is minor.

Financial result as at 31 December 2021

The debt financing ratio increased in comparison to 2020 and totals to 25.12% (prior year: 20.69%). Due to the adjustment of the liquidation tax, the net fund assets decreased slightly from CHF 236.59 million to CHF 235.40 million (-0.50%). Thanks to the stable result, the SF Commercial Properties Fund will pay a distribution of CHF 4.25 per unit to investors for the financial year 2021. This results in a distribution yield of 4.59%.

Impact of COVID-19

The pandemic affected the portfolio only to a very limited extent in the reporting year, with just around 10% of the fund's tenants affected. Mutually acceptable solutions were found with the tenants for the few rent reduction or deferral requests received. Two tenants in the event business were most strongly affected by the pandemic. Expenses for COVID-19 measures amounted to only around CHF 70 000 in 2021.

Sustainability

Further measures aimed at improving sustainability were carried out in the reporting year. Work also started on the development of a sustainability strategy, with support from external specialists. According to the FM Monitor, the portfolio's energy intensity is below the Swiss average for commercial properties, and the intensity of greenhouse gas emissions is roughly average for Switzerland.

Outlook

The fund is following a clear, proactive strategy involving optimisation through letting and growth to enhance stability. Opportunities for acquisitions are assessed for this purpose. Consolidated net income is expected to increase thanks to the improved letting situation and the current strong demand for rental space. The aim is to ensure that distributions remain stable. There are also plans for selective portfolio reallocation, with a focus on increasing usage in the logistics, commercial, storage and industry sectors.

Further information

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Key figures 2021

Rent default rate¹	Unit	31 Dec. 2021	31 Dec. 2020
Expected net rents	CHF	20 568 865	21 348 149
Rent default	CHF	3 806 440	3 981 154
Losses on receivables	CHF	108 448	135 360
Rent default rate	%	19.03	19.28

Debt financing ratio	Unit	31 Dec. 2021	31 Dec. 2020
Borrowed capital	CHF	82 085 000	63 485 000
Market value of properties	CHF	326 710 000	306 820 000
Debt financing ratio	%	25.12	20.69

Distribution yield^{2/3}	Unit	31 Dec. 2021	31 Dec. 2020
Distribution per unit	CHF	4.25	4.25
Market rate per unit at end of reporting period	CHF	92.50	91.70
Distribution yield	%	4.59	4.63
Distribution payout ratio	%	105.10	100.52

Operating profit margin (EBIT margin)	Unit	31 Dec. 2021	31 Dec. 2020
Operating profit	CHF	10 199 375	10 555 394
Rental income	CHF	15 995 059	16 211 108
Operating profit margin	%	63.77	65.11

Fund operating expense ratio (TER_{REF})	Unit	31 Dec. 2021	31 Dec. 2020
Operating expenses	CHF	3 193 569	3 118 718
Ø Gross asset value	CHF	322 251 666	321 142 895
Ø Market value	CHF	231 216 000	228 768 000
TER REF (GAV)	%	0.99	0.97
TER REF (MV)	%	1.38	1.36

Return on equity (ROE)²	Unit	31 Dec. 2021	31 Dec. 2020
Total income	CHF	9 015 983	4 159 123
Net fund assets at beginning of reporting period	CHF	236 585 182	242 626 059
+ Balance from unit transaction at principal value	CHF	–	–
Net fund assets at beginning of reporting period + capital increase	CHF	236 585 182	242 626 059
Return on equity (ROE)	%	3.81	1.71

Premium	%	-5.69	-6.98
Performance	%	5.25	-8.84

Investment yield²	Unit	31 Dec. 2021	31 Dec. 2020
NAV at beginning of reporting period	CHF	98.58	101.09
NAV at end of reporting period	CHF	98.08	98.58
Distribution per unit in period	CHF	4.25	4.25
Investment yield	%	3.98	1.79

Return on invested capital (ROIC)²	Unit	31 Dec. 2021	31 Dec. 2020
Adjusted total net income + interest expenses	CHF	9 123 484	4 336 643
Ø Gross asset value	CHF	322 251 666	321 142 895
Return on invested capital (ROIC)	%	2.83	1.35

Remaining term to maturity of debt financing	years	0.08	0.02
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Interest on debt financing	%	0.10	0.10
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Market capitalisation	CHF	222 000 000	220 080 000
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¹ Granted rental reductions are not being accounted for the calculation of the rent default rate. This is in accordance with the guideline of AMAS.

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 2021 annual results as follows:

- **Presentation in German on Tuesday 29 March 2022 at 9:30 a.m.**
- **Presentation in English on Tuesday 29 March 2022 at 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 2021 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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