

Media Release

Zurich, 28 March 2023

Ad hoc announcement pursuant to Art. 53 LR

SF Commercial Properties Fund Successful financial year 2022 and increase in rental income

- Increase in rental income by 4.0%
- Vacancy rate reduced substantially to 14.1% (previous year: 15.7%)
- Attractive distribution yield of 5.04%
- Unchanged distribution of CHF 4.25 per unit, of which CHF 3.15 per unit to be paid out exempt of withholding tax
- Management fee reduced by 10 basis points to 0.65% from January 2022

The SF Commercial Properties Fund can look back on a successful 2022 financial year. The past twelve months saw many successful lettings. The vacancy rate was reduced from 15.7% to 14.1%, and both the gross yield of 6.27% and the weighted average unexpired lease term (WAULT) of 5.03 years were kept at a high level. The distribution has been the same since the launch, and generated an attractive distribution yield of 5.04%.

Real estate portfolio

At the end of 2022 the portfolio comprised 18 properties (previous year: 18 properties) with rental space of 156 756 m² (previous year: 157 156 m²). At CHF 328.4 million (previous year: CHF 326.7 million), the market value as at the end of the reporting year increased by CHF 1.6 million or 0.5%.

Lettings and lease renewals for around 14 200 m² were recorded in the 2022 financial year, reducing the vacancy rate to 14.1% (previous year: 15.7%) as at the end of the reporting year. The stable letting situation and the high rate of indexation of leases at 90% ensure a solid earnings structure.

There were no transactions in the reporting year. However, the property at Weststrasse 15 in Weinfelden was sold after the balance-sheet date, for a selling price of CHF 7.15 million (market price: CHF 7.10 million).

Financial result as at 31 December 2022

Total income amounted to CHF 16.8 million (previous year: CHF 16.1 million) in the 2022 financial year. Rental income increased by CHF 0.6 million to CHF 16.6 million (previous year: CHF 16.0 million). This 4.0% increase in rental income was due to the reduction in the vacancy rate and rent adjustments due to indexation.

Expenses totalled CHF 6.9 million (previous year: CHF 6.4 million). The fund's total expense ratio (TER_{REF} [GAV]), an indicator of the operating expenses charge, was 0.91% (previous year: 0.99%). The decline is explained by the reduction of the management fee from 0.75% to 0.65% with effect from 1st January 2022. Net income amounted to CHF 9.9 million (previous year: CHF 9.7 million), equivalent to CHF 4.12 per unit for 2 400 000 units (previous year: CHF 4.04 per unit for 2 400 000 units).

Net fund assets decreased by CHF 3.4 million to CHF 232.0 million (previous year: CHF 235.4 million) in the reporting period. This change derives from total net income of CHF 6.8 million and the distribution of CHF 10.2 million paid out for the 2021 financial year.

The investment yield was 3.00% as at year-end (previous year: 3.98%) on a net asset value per unit of CHF 96.65 per unit (previous year: CHF 98.08 per unit) and an unchanged distribution of CHF 4.25 per unit. Due to the stock market price performance, the distribution yield increased to 5.04% (previous year: 4.59%).

Thanks to the stable result, the SF Commercial Properties Fund will pay an unchanged distribution to investors for the 2022 financial year of CHF 4.25 per unit, of which CHF 3.15 per unit will be exempt from withholding tax.

Outlook

In the current year, rental agreements have already been concluded for around 1 800 m² in various properties with an annual rental income of around CHF 250 000. This reduces the vacancy rate to below 13%.

For a development project in Möhlin, a tenant interested in a long-term lease for the entire property has been found. Currently, the layout of the new property is refined and the set-up for the rental agreement is revised.

The management company will change on 1st April 2023. From this date, the properties of the fund will be managed by H&B Real Estate AG, Zurich.

The improved letting situation and current good demand for rental space leads us to expect higher net income. The goal is to secure a stable distribution.

Further information

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Key figures 2022

Ratios on return and performance	Unit	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020
Performance	%	-4.42	5.25	-8.84
Investment yield	%	3.00	3.98	1.79
Operating profit margin	%	65.08	63.77	65.11
Return on equity	%	2.87	3.81	1.71
Return on invested capital (ROIC)	%	2.14	2.83	1.35
Dividend yield	%	5.04	4.59	4.63
Payout ratio	%	103.08	105.10	100.52

Ratios on the financial markets	Unit	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020
Premium	%	-12.68	-5.69	-6.98
Price/earnings ratio (P/E ratio)		29.94	24.62	52.92
Market capitalization	CHF	202 560 000	222 000 000	220 080 000
Market rate per unit at end of reporting period	CHF	84.40	92.50	91.70

Ratios on the balance sheet	Unit	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020
Market value of properties	CHF	328 350 000	326 710 000	306 820 000
Purchase price of properties	CHF	339 449 500	334 631 571	315 608 637
Gross asset value	CHF	333 857 712	331 134 368	311 182 256
Borrowed capital	CHF	87 900 000	82 085 000	63 485 000
Net fund assets	CHF	231 965 859	235 401 165	236 585 182
Borrowing ratio	%	26.77	25.12	20.69
Gearing	%	30.52	28.91	23.97
Weighted average term of debt	years	0.83	0.08	0.02
Interest on debt capital	%	1.12	0.10	0.10

Ratios on the income statement	Unit	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020
Rental income	CHF	16 635 159	15 995 059	16 211 108
Rent default rate ¹	%	14.96	19.03	19.28
Net income	CHF	9 894 873	9 704 623	10 147 261
Realised capital gains/losses	CHF	-1 250	294	-1 662 725
Unrealised capital gains/losses	CHF	-3 128 929	-688 934	-4 325 413
Total net income	CHF	6 764 694	9 015 983	4 159 123
Fund operating expense ratio TER _{REF} (GAV)	%	0.91	0.99	0.97
Fund operating expense ratio TER _{REF} (MV)	%	1.47	1.38	1.36

Ratios on the units	Unit	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020
Net asset value at end of reporting period	CHF	96.65	98.08	98.58
Distribution per unit	CHF	4.25	4.25	4.25
Units at beginning of reporting period	pc.	2 400 000	2 400 000	2 400 000
Issues	pc.	-	-	-
Redemptions	pc.	-	-	-
Units at end of reporting period	pc.	2 400 000	2 400 000	2 400 000

Ratios on the portfolio	Unit	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020
Number of properties	pc.	18	18	17
Gross yield	%	6.27	6.28	6.46
Real discount rate	%	3.94	3.98	4.09
Nominal discount rate	%	4.98	4.50	4.61
Vacancy rate as of reporting date	%	14.10	15.66	17.24
Vacancy rate reporting period	%	14.25	18.13	17.00
WAULT in years	years	5.03	5.47	5.81

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.

Presentation

Hans-Peter Wasser, Portfolio Manager, will present the 2022 annual results of the SF Commercial Properties Fund as follows:

- **Presentation in German on Tuesday, 28 March 2023, 1:00 p.m.,
Park Hyatt, Zurich**
- **Presentation in English on Wednesday, 29 March 2023, 1:00 p.m.,
Ritz-Carlton Hotel de la Paix, Geneva**
- **Presentation in English on Thursday, 30 March 2023, 9:30 a.m.,
Beau Rivage Hotel, Neuchâtel**
- **Presentation in German on Friday, 31 March 2023, 1:00 p.m.,
Grand Hotel Les Trois Rois, Basel**

For comprehensive reporting and the 2022 annual report, click [here](#).

SF Commercial Properties Fund

The SF Commercial Properties Fund invests primarily in a diversified real estate portfolio of commercial properties throughout Switzerland with a focus on logistics, storage, commercial and industrial spaces, and manufacturing. In addition to excellent transport connections, the potential for value appreciation and tenant creditworthiness are key investment criteria. Further information on the product can be found at <https://www.sfp.ch/en/products/sf-commercial-properties-fund>.

Disclaimer

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