



Swiss Finance & Property Funds Ltd


# SF Retail Properties Fund Semi-annual Report 2023

29 August 2023



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## Key Events in First Half of 2023

# Key Events in First Half of 2023

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## Letting

Lettings and contract renewals for up to 15 years for total area of 12 830 m<sup>2</sup> across entire portfolio

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## Vacancy Rate

Reduction of vacancy rate by 0.63 percentage points to 5.32% as at 30 June 2023 (5.95% as at 31 December 2021)

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## Portfolio

84 properties, market value CHF 880.1 million, rental space 228 861 m<sup>2</sup>, WAULT 6.35 years, gross yield 5.51%

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## Distribution

Same distribution of CHF 4.35 per unit in April 2023, of which CHF 3.15 per unit was paid out exempt of withholding tax

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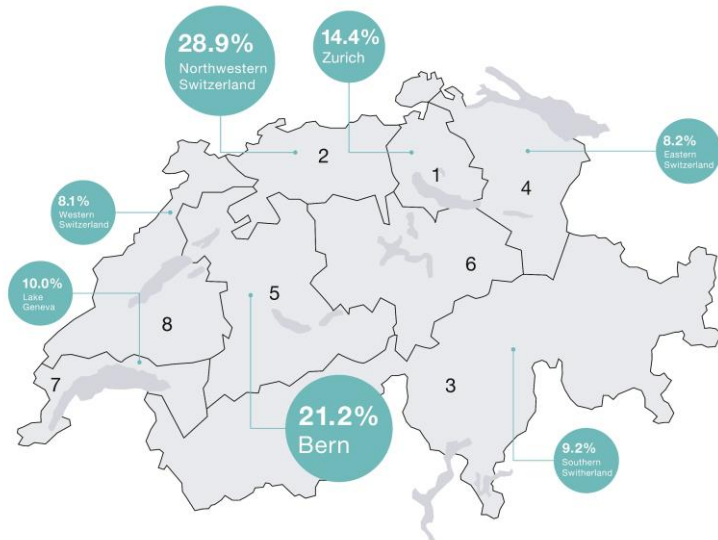
# Portfolio



# Portfolio Overview

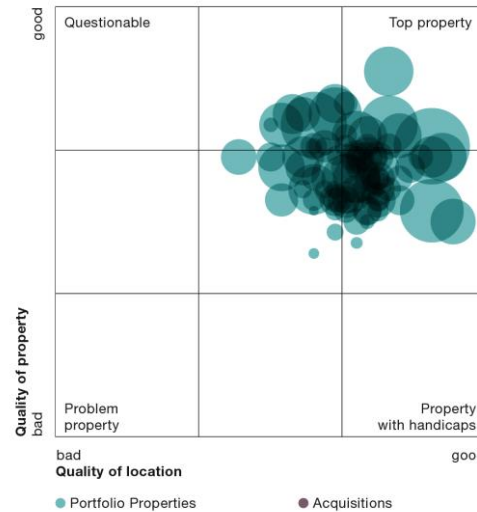
as at 30 June 2023

## Market Regions



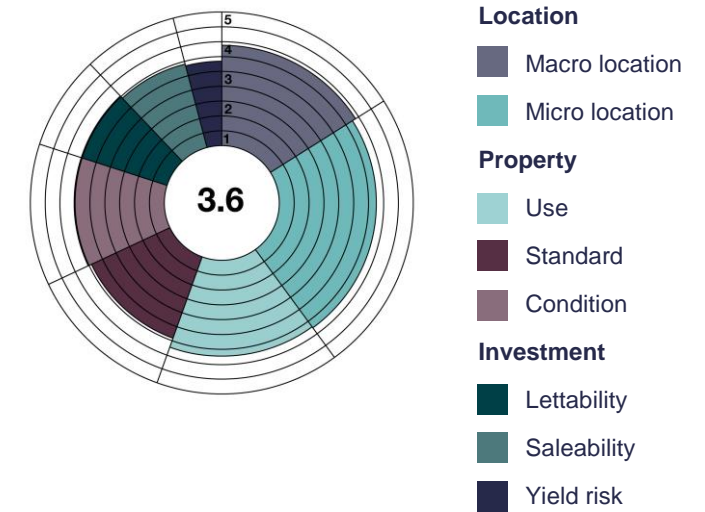
- Mix of all market regions at locations with excellent transport connections in accordance with the strategy

## Quality of Property and Location



- Good to excellent quality of location, excellent micro locations
- Quality of properties is improving due to ongoing renovations

## Quality Profile



- Wüest Partner assigns the quality of the portfolio's properties and locations 3.6 out of 5.0 points

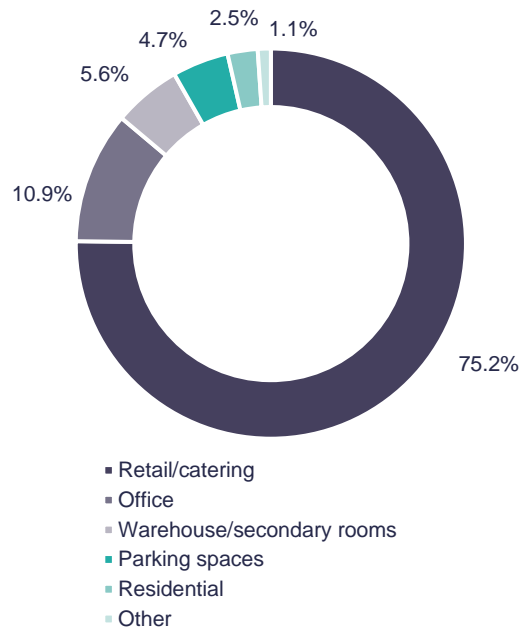
## Potential

A balanced mix of regions and use, combined with the good quality of the properties, the creditworthiness of tenants and a high WAULT of 6.35 years, offers excellent potential for high stability.

# Portfolio Overview

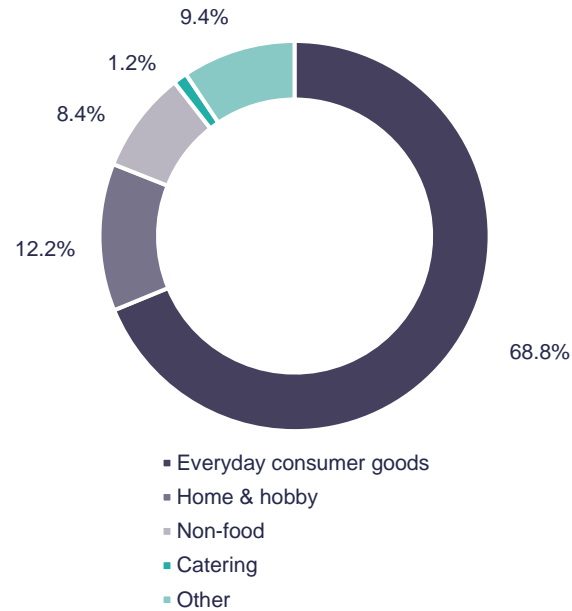
as at 30 June 2023

## Types of Usage



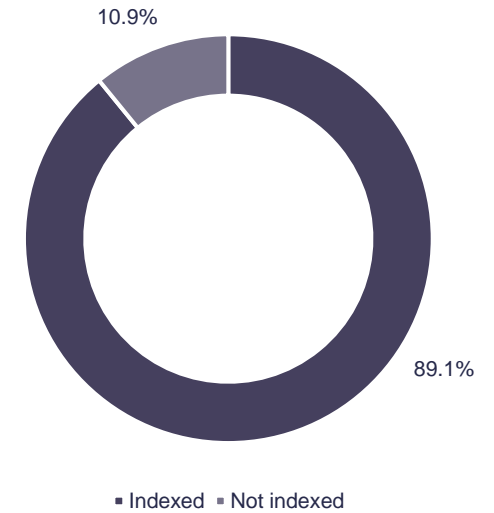
- Usage type focus falls on retail spaces selling everyday consumer goods

## Sectors



- Distribution of retail spaces focuses on food and local specialist stores
- Supplemented by non-food and services

## Indexation



- Indexation weighted by rental income for all rental contracts equals 75.9%

### Focus

Clear focus on spaces for everyday consumer goods such as food, health and beauty products and services.

# Changes in Vacancy Rates 2019 - 2023

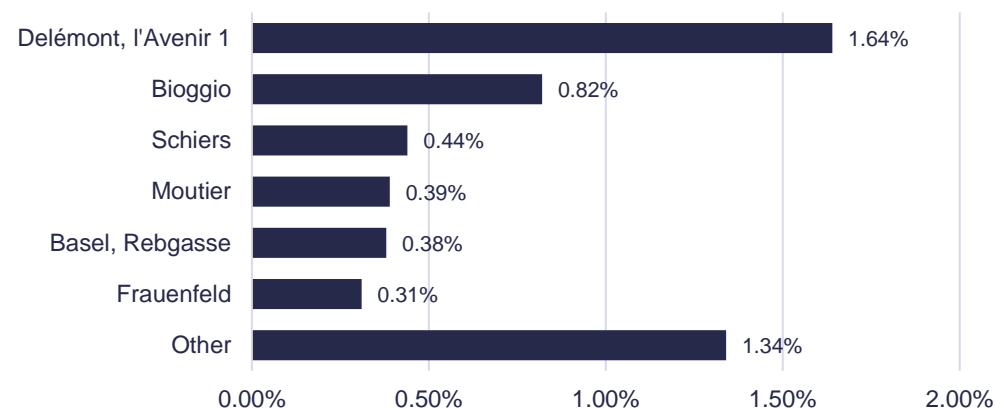
## Changes in Vacancy Rates as at end of period



- Positive long-term development of vacancy rate
- New contracts signed after the balance-sheet date helped to reduce vacancies

## Property Vacancy Rates

in relation to target net rental income for the portfolio



- Letting of available spaces:
  - Basel: New rental contract for approx. 2 800 m<sup>2</sup> signed  
Final negotiations planned for 950 m<sup>2</sup>
  - Delémont: Several interested tenants for 2 600 m<sup>2</sup> in total
  - Bioggio: Interested tenants for 1 700 m<sup>2</sup> in total

## Changes in Vacancy Rates

The vacancy rate was reduced to 5.35% in the first half of 2023. Marketing activities resulted in new rental contracts at various locations. The vacancies in Bioggio, Delémont and Frauenfeld should be progressively reduced over the coming months.

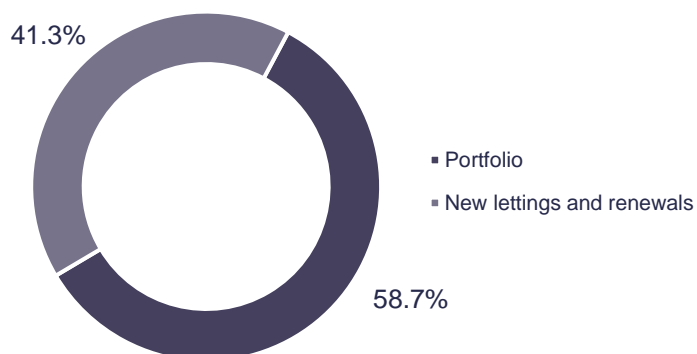
# Lettings and Contract Renewals (Selection)

## New Lets

Location	Floor Area	Term
Basel	2 850 m <sup>2</sup>	15 years
Hinwil	930 m <sup>2</sup>	12 years
Flums	850 m <sup>2</sup>	10 years
Zweisimmen	380 m <sup>2</sup>	7 years
Vernier	109 m <sup>2</sup>	5 years
Aigle	90 m <sup>2</sup>	10 years
Reinach AG	88 m <sup>2</sup>	5 years
<b>Total</b>	<b>5 297 m<sup>2</sup></b>	

## Contract Renewals

Location	Floor Area	Term
Sierre	1 673 m <sup>2</sup>	10 years
Flums	1 340 m <sup>2</sup>	5 years
Buchs	1 100 m <sup>2</sup>	15 years
Windisch	1 041 m <sup>2</sup>	1 year
Berikon	811 m <sup>2</sup>	10 years
Renens	761 m <sup>2</sup>	5 years
Frauenfeld	398 m <sup>2</sup>	3 years
Vernier	209 m <sup>2</sup>	5 years
Flums	200 m <sup>2</sup>	10 years
<b>Total</b>	<b>7 533 m<sup>2</sup></b>	



## Letting Activities

In the past twelve months, new contracts and contract renewals were signed for a floor area of 12 830 m<sup>2</sup> (5.60% of the lettable space), generating rental income of CHF 3.2 million p.a. (6.39% of rental income).

# Investments

Ongoing Projects	Total in CHF	Costs			
		until 2022	2023	2024	2025
Bioggio, Via della Posta 10	3 300 000	2 300 000	1 000 000		
Delémont, Rue de l'Avenir 3/5	14 800 000	11 300 000	3 500 000		
Zwingen, Baselstrasse 10	4 480 000	3 480 000	1 000 000		
Thayngen, Bahnhofstrasse 26	1 600 000	1 350 000	250 000		
Aigle, Rue du Rhône 28	3 050 000	50 000	3 000 000		
St-Prex, Rue de la Gare 1	650 000	360 000	290 000		
Geneva, Avenue de Champel 8c	1 520 000		1 520 000		
Flawil, Wilerstrasse 111-117	14 100 000	3 500 000	8 600 000	2 000 000	
Basel, Untere Rebgrasse 17	12 500 000		5 000 000	6 000 000	1 500 000
Marly, Route de Fribourg 15	2 500 000			2 500 000	
Sierre, Route de Sion 81-85	810 000		810 000		
Schöffland, Dorfstrasse 31/33	36 000 000	400 000	1 200 000	10 000 000	10 000 000
Sant'Antonino, Via Serrai 10	12 000 000	200 000	100 000	6 000 000	5 700 000
Photovoltaic projects			1 500 000	2 500 000	1 500 000
Various maintenance projects			1 350 000	3 000 000	5 000 000
<b>Total Projects</b>			29 120 000	32 000 000	23 700 000

# Portfolio Key Figures

Portfolio Key Figures	30 June 2023	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020
Number of Properties	84	84	91	90
Market Value in CHF	880 142 800	882 913 500	869 397 200	804 921 000
Number of Units	6 075 000	6 075 000	6 075 000	6 075 000
Gross Yield	5.51%	5.44%	5.50%	5.75%
Real Discount Rate	3.66%	3.62%	3.69%	3.86%
Nominal Discount Rate	4.95%	4.66%	4.21%	4.38%
Vacancy Rate as at Balance-sheet Date	5.32%	5.95%	5.49%	7.15%
Vacancy Rate for Reporting Period	6.77%	5.55%	6.06%	7.84%
WAULT in Years	6.35	6.65	6.50	6.60

## Stable Development of Key Figures

The portfolio key figures were stable. The market value decreased slightly due to the higher discount rate. The vacancy rate decreased thanks to the signing of new contracts and contract renewals. The WAULT is stable at a high level.

# Financials



# Financials at a Glance

and Changes against 31 December 2022



**Net Asset Value  
per Unit**

**CHF 100.48**  
- 3.77%



**Gross Profit  
Margin**

**71.58%**  
+ 0.45 percentage points



**Income per Unit**

**CHF 2.21**  
- 6.71%



**TER (GAV)**

**0.85%**  
- 0.05 percentage points



**Borrowing  
Ratio**

**CHF 24.98%**  
+ 2.85 percentage points



**Retained Earnings  
per Unit**

**CHF 1.57**  
+ 75.81%

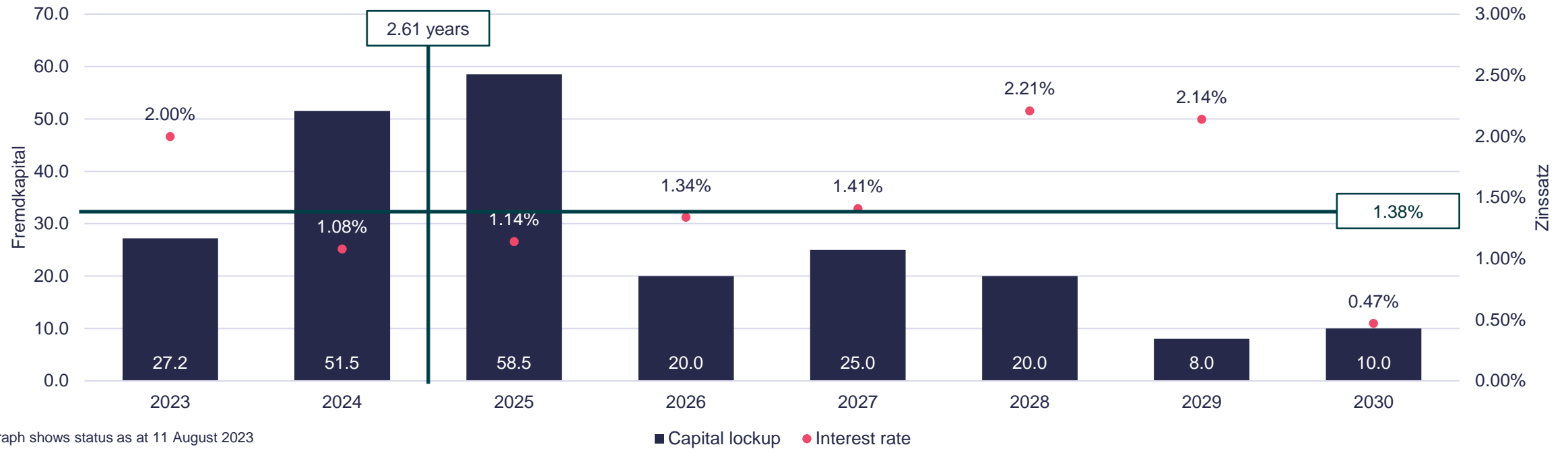
# Financials

## Key Figures

<b>Balance Sheet</b>		<b>30 Jun. 2023</b>	<b>31 Dec. 2022</b>	<b>Δ</b>
Market value of properties	CHF	<b>880 142 800</b>	882 913 500	- 2 770 700
Total fund assets	CHF	<b>897 766 188</b>	896 903 037	863 151
Borrowing ratio	%	<b>24.98</b>	22.12	2.86
Net fund assets	CHF	<b>610 419 135</b>	634 366 236	- 23 947 101
Net asset value per unit	CHF	<b>100.48</b>	104.42	- 3.94
Stock market price	CHF	<b>97.00</b>	101.10	- 4.10
Premium/discount	%	<b>- 3.46</b>	- 3.18	- 0.28

<b>Income Statement</b>		<b>30 Jun. 2023</b>	<b>30 Jun. 2022</b>	<b>Δ</b>
Rental income	CHF	<b>21 609 282</b>	21 705 882	- 96 600
Rent default rate	%	<b>7.35</b>	5.42	1.93
Maintenance ratio	%	<b>5.47</b>	6.38	- 0.91
Operating cost ratio	%	<b>10.85</b>	9.66	1.19
EBIT margin	%	<b>71.58</b>	72.15	- 0.57
Mortgage interest	CHF	<b>1 294 006</b>	226 431	1 067 575
Net income	CHF	<b>13 429 503</b>	14 395 889	- 996 386
Realised capital gains and losses	CHF	<b>0</b>	2 154 313	- 2 154 313
Unrealised capital gains and losses	CHF	<b>- 10 950 354</b>	637 359	- 11 587 713
Total profit	CHF	<b>2 479 149</b>	17 187 561	- 14 708 412
TER (GAV)	%	<b>0.85</b>	0.90	- 0.05
Investment yield	%	<b>0.41</b>	2.83	- 2.42

# Financing



Graph shows status as at 11 August 2023

		31 Dec. 2021	31 Dec. 2022	30 June 2023	11 Aug. 2023
Remaining term of debt financing	Years	1.66	2.82	2.07	2.61
Interest on debt financing as at balance-sheet date	%	0.25	1.17	1.29	1.38

## Risk-appropriate Financing

Permanent asset/liability analysis to ensure risk-appropriate fixed-interest period. Current fixed-interest period falls within the target range of 2.0 – 3.0 years.



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knackig

# Key Take-aways and Outlook

Superpreis  
4.70

Superpreis  
4.95

Superpreis  
4.95

Coop Naturplan Bio-Nüsslisalat  
(ohne Coop Betty Bossi),  
Schweiz, Packung à 150 g

91% ab 2 Stück  
2.20

Profil Pack  
Broccoli 750g  
295

# Key Take-aways and Outlook

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## Portfolio

Portfolio quality improved through divestments, acquisitions and renovations. The portfolio comprises 84 properties with a total market value of CHF 880.1 million, a WAULT of 6.7 years and a gross yield of 5.51%. The vacancy rate was 5.35% as at the balance-sheet date.

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## Financials

The EBIT margin is stable at a high 71.58%. The net income per unit as at 30 June 2023 is CHF 2.21. Net income can be increased substantially in the coming months and years due to the finalisation of a number of construction projects and successful lettings.

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## Outlook

**Internal growth:** Renovation of properties, development of expansion potential, expansion of photovoltaic systems and implementation of new construction projects

**Letting activities:** Ongoing letting of vacant space to improve profitability or maintain it at the same level

**Enhancement of profitability:** Acquisition of further properties to increase profitability and target rental income in order to optimise the portfolio

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# Appendix



# Ongoing Construction Projects

## Basel Clarahuus

**Modernisation of basement, ground and 1st floor (mall) / expansion Müller basement / conversion of 3<sup>rd</sup> and 4<sup>th</sup> floors into apartments for full letting**

Rentable space	9 361 m <sup>2</sup>
Parking spaces	144
Total investment	CHF 14.5 million
Market value before completion	CHF 51.75 million
Gross yield before completion	5.07%
Market value after completion	CHF 66.9 million
Gross yield after completion	4.93%
Status	Start of construction Q3 2023
Completion	Q4 2024



Exterior view Clarahuus



Current situation of mall / development



Modernisation of mall / development

# Ongoing Construction Projects

## Flums

**Repositioning of rental spaces for full letting to Migros. In addition, installation of two photovoltaic systems**

Rentable space	2 148 m <sup>2</sup>
Parking spaces	116
Total investment	CHF 0.9 million (without PV system)
Market value before completion	CHF 10.1 million
Gross yield before completion	4.56%
Market value after completion	CHF 11.1 million
Gross yield after completion	4.63%
Status	Under construction
Completion	Q3 2023



View of façade from main road (now) for Migros



View of façade from main road (before)



Planned PV system

# Ongoing Construction Projects

## Hinwil

Conversion of rental space and energy-related refurbishment of building envelope/systems, photovoltaic system

Rentable space	5 522 m <sup>2</sup>
Parking spaces	138
Total investment	CHF 1.9 million
Market value before completion	CHF 20.2 million
Gross yield before completion	7.01%
Market value after completion	CHF 21.5 million
Gross yield after completion	6.65%
Status	Under construction
Completion	Q3 2023



Main view with new entrance Müller Drogerie



View of main entrance ATU



View from back Müller Drogerie

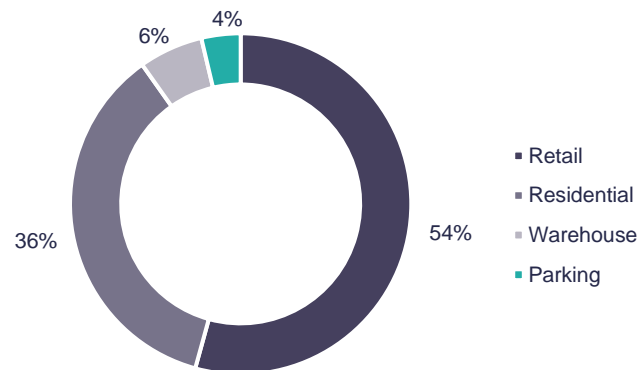
# Ongoing Projects

## Flawil, Wilerstrasse 111-117

Mixed-use property with food retailer and 18 apartments

Rental space	2 795 m <sup>2</sup>
Year of construction	2022 - 2024
Purchase as of	29 July 2022
Purchase price	CHF 18 100 000
Rental income after completion	CHF 710 000
Gross yield after completion	4.32%
WAULT after completion	10.0 years

### Usage mix



New build project Flawil south façade / Aldi customer entrance



New build project Flawil north façade



New build project roof garden

# Ongoing Construction Projects

Delémont, Rue de l'Avenir 3/5

**Complete renovation of building envelope/systems, repositioning of rental space, subsequent consolidation of building volume**

Rentable space	5 500 m <sup>2</sup>
Parking spaces	267
Total investment	CHF 14.9 million
Market value before completion	CHF 9.4 million
Gross yield before completion	5.45%
Market value after completion	CHF 27.1 million
Gross yield after completion	5.03%
Status	Under completion
Completion	Q3 2023



Apartment



Exterior view



Exterior view

# Ongoing Construction Projects

Geneva, Avenue de Champel 8c

Complete renovation of retail space and installation of additional elevator

Rentable space	1 940 m <sup>2</sup>
Parking spaces	79
Total investment	CHF 1.5 million
Market value before completion	CHF 13.5 million
Gross yield before completion	3.67%
Market value after completion	CHF 16.2 million
Gross yield after completion	3.79%
Status	Under construction
Completion	Q4 2023



New façade



Shop entrance



New design

# Ongoing Construction Projects

## St-Prex, Rue de la Gare 1

### Refreshing of façade, mall and public toilets

Rentable space	2 318 m <sup>2</sup>
Parking spaces	69
Total investment	CHF 700 000
Market value before completion	CHF 15.6 million
Gross yield before completion	5.03%
Market value after completion	CHF 16.0 million
Gross yield after completion	4.91%
Status	Under construction
Completion	Q3 2023



Visualisation entrance



View of existing building



View of side of existing building

# Ongoing Construction Projects

Aigle, Rue du Rhône 28

## Complete energy-related renovation and space adjustments

Rentable space	2 043 m <sup>2</sup>
Parking spaces	61
Total investment	CHF 3.0 million
Market value before completion	CHF 6.1 million
Gross yield before completion	5.90%
Market value after completion	CHF 9.2 million
Gross yield after completion	5.21%
Status	Under construction
Completion	Q4 2023



Main entrance

# Ongoing Construction Projects

Sierre, Route de Sion 81-85

## Enlargement of rental space – Lidl

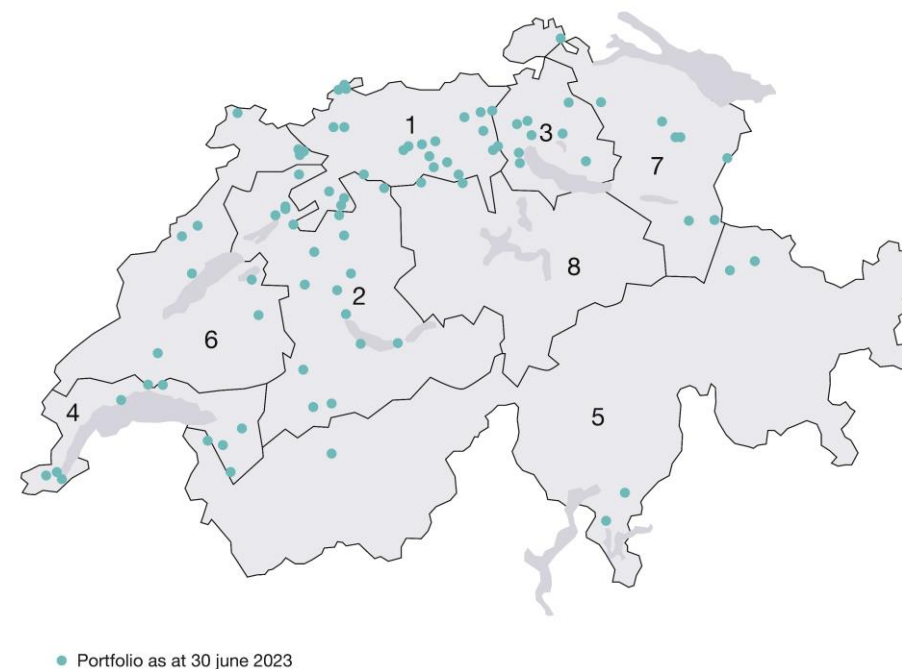
Rentable space	2 944 m <sup>2</sup>
Rentable space after conversion	3 095 m <sup>2</sup>
Total investment	CHF 810 000
Market value before completion	CHF 17.35 million
Gross yield before completion	4.50%
Market value after completion	CHF 18.4 million
Gross yield after completion	4.72%
Start	Q3 2023
Completion	Q4 2023



Sierre, Route de Sion

# Distribution by Market Region

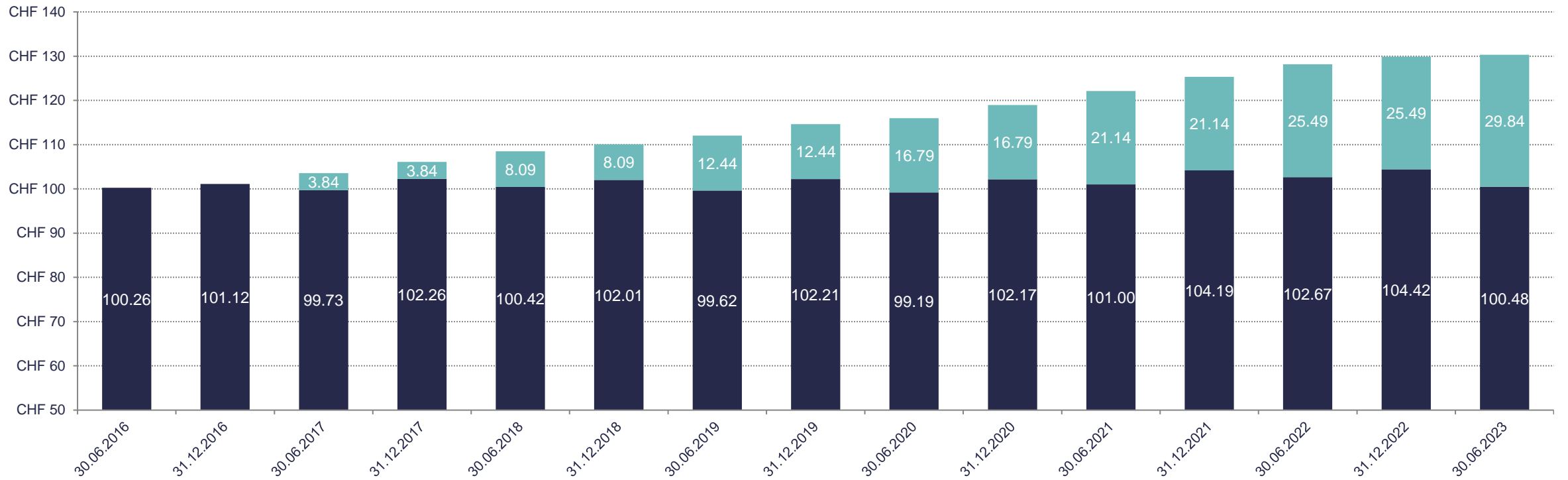
Region	Market value in CHF	Market value in %
1 Northwestern Switzerland	254 207 000	28.88
2 Bern	186 805 000	21.22
3 Zurich	126 648 000	14.39
4 Lake Geneva	88 352 300	10.04
5 Southern Switzerland	81 224 000	9.23
6 Western Switzerland	71 813 000	8.16
7 Eastern Switzerland	71 093 500	8.08
8		
<b>Total</b>	<b>880 142 800</b>	<b>100.0</b>



According to Wüest Partner as at 30 June 2023

# Changes in Net Asset Value

## as at 30 June 2023



– Cumulative distributions totalled CHF 29.84 as at 30 June 2023

# Income Statement

	30 June 2023	30 June 2022	Δ	Δ in %
<b>Income</b>				
Target net rental when fully let	23 185	22 843	342	1.50%
Building lease interest	244	244	0	0.21%
Bad debt	- 115	- 114	- 1	- 0.43%
Vacancies	- 1 599	- 1 138	- 461	- 40.52%
Rental reduction	- 106	- 129	23	17.88%
<b>Total rental income</b>	<b>21 610</b>	<b>21 706</b>	<b>- 96</b>	<b>- 0.44%</b>
Other income	180	201	- 21	- 10.84%
Current net income paid in on issued units	0	0	0	0%
<b>Total income</b>	<b>21 790</b>	<b>21 907</b>	<b>- 117</b>	<b>- 0.54%</b>
<b>Expenses</b>				
Mortgage interest and interest from liabilities secured by mortgage	- 1 294	- 226	- 1 068	- 471.48%
Other interest due	- 7	- 38	31	80.88%
Building lease interest	- 241	- 233	- 8	- 3.47%
Maintenance and repairs	- 1 192	- 1 390	198	14.25%
Property expenses	- 1 436	- 1 240	- 197	- 15.87%
Administrative expenses	- 5	- 21	16	77.29%
Taxes and levies	- 348	- 626	279	44.52%
Valuation and auditing expenses	- 139	- 127	- 12	- 9.28%
Remuneration (as per fund regulations) for:				
- the fund management company	- 2 927	- 2 840	- 87	- 3.07%
- the custodian bank	- 111	- 109	- 2	- 1.68%
- the property management	- 506	- 515	10	1.86%
Other expenses	- 155	- 146	- 8	- 5.72%
<b>Total expenses</b>	<b>- 8 360</b>	<b>- 7 511</b>	<b>- 848</b>	<b>- 11.30%</b>
<b>Net income</b>	<b>13 430</b>	<b>14 396</b>	<b>- 966</b>	<b>- 6.71%</b>
Realised capital gains and losses	0	2 154	- 2 154	
<b>Realised profit</b>	<b>13 430</b>	<b>16 550</b>	<b>- 3 120</b>	<b>- 18.85%</b>
Unrealised capital gains and losses (incl. liquidation taxes)	- 10 950	637	- 11 588	1 818.08%
<b>Total profit</b>	<b>2 480</b>	<b>17 188</b>	<b>- 14 708</b>	<b>- 85.57%</b>
Number of units	6 075 000	6 075 000		
Net income per unit	2.21	2.37		

# Direct Real Estate Switzerland

## Real Estate Funds

	SF Sustainable Property Fund	SF Retail Properties Fund	SF Commercial Properties Fund
<b>AuM</b> as at 30.06.2023	CHF 1 543.0 mn	CHF 897.8 mn	CHF 325.1 mn
<b>Investment Focus</b>	The fund invests in real estate and real estate projects in the whole of Switzerland. The real estate fund mainly focuses on residential use. The real estate fund systematically and step-by-step optimises properties in line with defined sustainability criteria (ESG) during the period of ownership. With the objective being to reach the Federal Council's climate objectives for 2030 and 2050 (net zero by 2050 at the latest), the focus falls mainly on environmental criteria (E of ESG), in particular on the improvement of energy efficiency and the reduction of greenhouse gas emissions.	The fund invests in properties with retail space, throughout Switzerland. The assets include the ancillary rooms and associated parking facilities required for the tenant's operations. Besides retail space, these properties may also contain industrial space, offices or apartments. The criteria taken into account for investments include but are not limited to upside potential, tenant creditworthiness, quality of construction and building materials. The long-term objective of the fund is to achieve the Federal Council's climate targets for 2030 and 2050 by implementing the climate-alignment sustainability approach.	The 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. The long-term objective of the fund is to achieve the Federal Council's climate targets for 2030 and 2050 by implementing the climate-alignment sustainability approach.
<b>Gross Yield</b> at portfolio level as at 30.06.2023	3.79%	5.51%	6.28%
<b>Launch</b>	27 December 2010	6 August 2015	13 December 2016
<b>Bloomberg Code</b>	SFPF SW	SFR SW	SFC SW
<b>Listing</b>	SIX Swiss Exchange 17 November 2014	SIX Swiss Exchange 3 October 2017	SIX Swiss Exchange 24 November 2017
<b>Securities Number / ISIN</b>	12 079 125 / CH0120791253	28 508 745 / CH0285087455	34 479 969 / CH0344799694

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