

Media Release

for immediate release

Zurich, 15 March 2018

SF Retail Properties Fund

Successful annual results as of December 31, 2017

- Acquisition of seven properties with a market value of CHF 168.0 million
- Rental income increased by 22.0% to CHF 26.4 million.
- Distribution of a dividend of CHF 4.25/share
- Increase of the fixed WAULT contract term by 1 year to 6.9 years

The SF Retail Properties Fund was able to improve all key figures compared to the same period of the previous year. The total value of the portfolio as of 31 December 2017 increased to CHF 596.4 million (31.12.2016: CHF 421.2 million). The target net rental income increased to CHF 26.4 million. The return on investment for 2017 is 4.7%.

Real-estate portfolio

The capital from the capital increase of October 2017 could be invested up to 100% by the end of 2017. As of December 31, 2017, the portfolio consists of 78 properties throughout Switzerland. 71.9% of the properties are located in the German-speaking area, 28.1% are located in French-and Italian-speaking areas of Switzerland. The market value of the portfolio increased by CHF 168.0 million to CHF 596.4 million in 2017, representing an increase of 41.6%.

Financial result as of December 31, 2017

The increase in rental income by CHF 4.8 million (+ 22.0%), compared to the same period in 2016, to CHF 26.4 million (30 June 2016: CHF 21.7 million) results from the acquired properties, as well as from the successful re-letting and the reduction of vacancies. In this respect it should be noted that the period of comparison in 2016 is based on an extended fiscal year (6 August 2015 to 30 June 2016). During the reporting period, the fund's net assets increased from CHF 108.2 million to CHF 517.7 million. The change is based on the acquisitions with a total market value of CHF 168 million. Due to the solid financial statements, the fund management has decided to distribute CHF 4.25 per share. The share is trade ex-dividend 27 March 2018, payment date will be 29 March 2018. The pay-out ratio is approximately 98.71%. The external financing ratio as of 31 December 2017 amounts to 9.91% (31 December 2016: 0%).

Contractual structure

The contract terms for the SF Retail Properties Fund were increased. The weighted, fixed terms of the rental agreements (WAULT) increased from 5.9 to 6.9 years. This increase was achieved based on new contracts and advance renewals at one third of the locations. In this respect, maturities of up to 17 years were achieved. The focus on products of daily need remained unchanged and the tenant structure was extended.

Forecast

During the first half of 2018, the optimisation in the operational sector and the reduction of vacancies will continue to be pursued as a priority. Construction work is due to begin on the renewal of the sites in Bevaix and Bioggio, which can be concluded during the second and fourth quarters, respectively. The new construction and renovation projects for the coming years will also continue to be pursued in 2018. Another focus is the selective expansion of the portfolio based on strategic properties. After the balance sheet date, four properties with a market value of CHF 47.7 million were already acquired and integrated into the portfolio. The external financing ratio thus increased to 16.0%. The fund plans further acquisitions over the next few months.

Further Information

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SF Retail Properties Fund

The SF Retail Properties Fund invests mainly in a diversified real estate portfolio of properties with retail surface. These include the ancillary rooms and associated parking facilities required for the operation. Besides retail surface, these properties can also contain industrial space, offices or apartments. Further information www.sfp.ch.

KEY REAL ESTATE FUNDS FIGURES

AS AT 31 DECEMBER 2017

Rent defaults rate ¹	Unit	31 Dec 2017	31 Dec 2016 ⁶
Expected net rents	CHF	27 843 101	22 623 625
Rent defaults	CHF	1 395 016	951 995

Rent defaults rate	%	5.01	4.21
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Borrowing ratio ¹	Unit	31 Dec 2017	31 Dec 2016 ⁶
Borrowed capital	CHF	59 100 000	–
Market value of land	CHF	596 430 000	421 186 000

Borrowing ratio	%	9.91	–
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Dividend yield ^{1/2}	Unit	31 Dec 2017	31 Dec 2016 ⁶
Dividend per unit ⁵	CHF	4.25	3.84
Stock exchange price per unit at end of reporting period	CHF	119.50	111.50

Dividend yield⁴	%	3.56	3.45
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Dividend payout ratio⁴	%	98.71	100.00
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EBIT margin ¹	Unit	31 Dec 2017	31 Dec 2016 ⁶
EBIT	CHF	18 665 882	14 272 125
Rental income	CHF	26 448 085	21 671 630

EBIT margin	%	70.58	65.86
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Fund operating expenses ratio (TER _{REF})	Unit	31 Dec 2017	31 Dec 2016 ⁶
Operating expenses	CHF	5 265 691	3 622 540
∅ Total fund assets	CHF	496 280 354	352 309 869
∅ Market value in CHF	CHF	486 437 133	360 787 500
∅ Net fund assets	CHF	443 702 905	339 765 857
TER_{REF} (GAV)¹	%	1.06	1.03
TER_{REF} (MV)¹	%	1.08	1.00
TER_{REF} (NAV)³	%	1.19	1.07

Return on equity (ROE)¹	Unit	31 Dec 2017	31 Dec 2016⁶
Total profit	CHF	23 861 987	3 708 214
Net fund assets at beginning of reporting period	CHF	409 531 714	–
+ Balance of unit transaction at principal value	CHF	99 848 716	405 823 500
Net yield at the beginning + capital increase	CHF	509 380 430	–
ROE	%	4.68	0.91
Agio	%	16.86	10.27
Performance	%	n/a	n/a

Investment yield^{1/2}	Unit	31 Dec 2017	31 Dec 2016⁶
NAV at beginning of period	CHF	101.12	100.00
NAV at the end of the period	CHF	102.26	101.12
Distributions	CHF	3.84	–
Investment yield	%	4.69	1.12

Return on invested capital (ROIC)^{1/2}	Unit	31 Dec 2017	31 Dec 2016⁶
Adjusted total profit + interest expenses	CHF	20 586 050	2 052 340
∅ Total fund assets	CHF	496 280 354	352 309 869
Return on invested capital	%	4.15	0.58
Remaining terms of debt financing³	Years	0.1	n/a
Interest of debt financing³	%	0.47	n/a

¹ The key figures were calculated on the basis of the SFAMA «Specialist information factsheet on the key figures of real estate funds» dated 13 September 2016.

² 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.

³ These figures are shown on a voluntary basis and are not defined in the SFAMA «Specialist information factsheet on the key figures of real estate funds» dated 13 September 2016.

⁴ The calculation is based on the currently planned dividend payment.

⁵ The calculation is newly based on the proposed distribution per share within the reporting period. In the comparative period, the calculation is based on the effective dividend paid out per unit.

⁶ The previous period shows an extended financial year (6 August – 30 December 2016). A comparison with the current period (1 January 2017 – 31 December 2017) is therefore only of limited value.

Disclaimer

SF Retail Properties Fund (ISIN CH0285087455) 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).

About SF Retail Properties Fund – SF Retail Properties Fund invests in real estate and projects in the whole of Switzerland. The strategy is to optimise the sustainability of its buildings throughout their life cycle. The fund invests primarily in real estate that can be brought up to the ecological, sociological and economic criteria of the fund within seven years. Additional information can be found on www.sfp.ch.

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