

Media release

for immediate publication

Zurich, 30 March 2020

SF Retail Properties Fund Very successful annual result as at 31 December 2019

- **Expected rental income went up to CHF 43.8 million**
- **Stable figure for unexpired contract terms of 6.4 years thanks to new business and targeted extensions**
- **Market value increased to CHF 762.2 million**
- **Acquisition of five properties with a market value of CHF 45.2 million**
- **Payment of a dividend of CHF 4.35 per share**

SF Retail Properties Fund ended the 2019 financial year on a high note. It concluded new leases in 15 locations and extended 14 existing ones by five years during the period. The weighted average unexpired lease term (WAULT) remains at a high of 6.4 years. At the same time, the market value of the properties increased to CHF 762.2 million as at 31 December 2019 (31.12.2018: CHF 706.8 million). Annual target rental income went up to CHF 43.8 million. Net income stood at CHF 28.35 million, equivalent to net income of CHF 4.67 per share for the 2019 financial year.

Real estate portfolio

On the reporting date, the portfolio comprised 88 properties in 20 cantons. The market value of the portfolio improved by 7.83% in 2019 on a year-on-year basis. Compared to 31 December 2018, the WAULT stabilised at a high level with 6.4 years. It was possible to achieve this value thanks to contract extensions and new business. In Bioggio, the renovation work was completed and the new tenants opened their doors to customers in August 2019. The property was completely refurbished, improved to the Minergie-standard and fitted with a photovoltaic unit. Marketing of the available space is in full swing.

In La Chaux-de-Fonds, one building was completely refurbished. In addition to the technical renewal of installations, the façade, windows and roof were brought up to the latest energy standard and additional space was created for the single tenant by altering the layout. A new 15-year fixed-term lease was signed with the tenant.

Financial result as at 31 December 2019

The increase in target rental income year on year was CHF 2.9 million, equivalent to a 7.09% rise. This was achieved through purchases, lease extensions and re-lettings. Net fund assets rose in the reporting period by CHF 52.85 million, from CHF 568.08 million to CHF 620.93 million. This is explained by the net inflow of funds of CHF 49.91 million from the capital increase, the total income earned in the 2019 financial year of CHF 27.16 million and the distribution of CHF 24.22 million in April 2019 for the 2018 financial year.

On account of these good results, SF Retail Properties Fund is to pay a dividend of CHF 4.35 for the 2019 financial year, equivalent to a payout ratio of 93.21%. The investment yield as at end December 2019 was 4.66%.

Outlook

The letting of vacant rental spaces and the optimisation of the existing rental agreements also remain the focal points for 2020. The fund management regularly reconciles this with the most important tenants while involving local partners in the process. The start of new build projects in Reinach, an extension in Flums and the refurbishment of properties in Thayngen, Aigle and Marly will be at the forefront of building projects. A new build project was registered in December 2019 and will be included in the portfolio in summer 2020. The building offers rental space for retail, a community doctor's surgery and 13 apartments. It has already been fully let prior to completion. The anchor tenant is Migros for the retail space. The lease is a 15-year fixed-term contract.

Impact of the emergency measures due to COVID-19

The portfolio's anchor tenants are the major food retailers Coop, Aldi, Lidl and Denner as well as various drug stores, pharmacies, bakers and newsagents with a percentage of rental income of over 60%. The sales outlets of these tenants remain open in order to guarantee basic provisions. An additional 15% of rental income is not affected by the government's closure measures (office and commercial premises, car parks and apartments). The current national and international provisions of enforced shop closures continue to generate some turnover through online sales points or delivery services, such as Coop specialist stores and Media Markt. Our tenants have excellent creditworthiness and we believe that they are not at serious financial risk due to the current market situation. We are in constant contact with tenants and are seeking partnership-based solutions so that the difficult circumstances can be overcome. The main focus at the moment is on all organisational matters and implementation of measures for controlled procedures in and around the properties.

Weitere Informationen

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For comprehensive reporting and the 2019 annual report, please visit:
www.sfp.ch

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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 on www.sfp.ch.

Key Figures on the Real Estate Fund

as at 31 December 2019

Rent default rate	Entity	31. Dec. 2019	31. Dec. 2018
Expected net rentals	CHF	41 068 310	38 796 425
Vacancy ²	CHF	2 315 702	2 099 179
Losses on receivables ²	CHF	193 845	397 959
Rent default rate	%	6.11	6.44

Borrowing ratio	Entity	31. Dec. 2019	31. Dec. 2018
Borrowed capital	CHF	106 275 000	108 375 000
Market value of properties	CHF	762 179 300	706 776 100
Borrowing ratio	%	13.94	15.33

Dividend yield	Entity	31. Dec. 2019	31. Dec. 2018
Dividend per share	CHF	4.35	4.35
Market rate per share at end of reporting period	CHF	122.00	112.50
Dividend yield³	%	3.57	3.87
Payout ratio³	%	93.21	93.08

Operating profit margin (EBIT margin)	Entity	31. Dec. 2019	31. Dec. 2018
Operating profit	CHF	26 928 903	25 642 566
Rental income	CHF	38 248 462	36 132 116
Operating profit margin	%	70.41	70.97

Fund operating expense ratio (TER_{REF})	Entity	31. Dec. 2019	31. Dec. 2018
Operating expenses	CHF	7 089 455	6 991 026
Ø Gross asset value	CHF	737 993 142	680 498 731
Ø Market value	CHF	666 235 125	619 913 250
TER_{REF} (GAV)	%	0.96	1.03
TER_{REF} (MV)	%	1.06	1.13

Return on equity (ROE)¹		31. Dec. 2019	31. Dec. 2018
Total income	CHF	27 161 625	21 766 192
Net fund assets at beginning of reporting period	CHF	568 078 120	517 690 416
+ Balance from unit transactions at principal value	CHF	49 913 813	50 137 137
Net fund assets at beginning + balance unit transactions	CHF	617 991 933	567 827 553
Return on equity (ROE)	%	4.40	3.83

Premium	%	19.36	10.28
Performance	%	13.55	-1.61

Investment yield¹	Entity	31. Dec. 2019	31. Dec. 2018
NAV at beginning of reporting period	CHF	102.01	102.26
NAV at end of reporting period	CHF	102.21	102.01
Dividend per share in period	CHF	4.35	4.25
Investment yield	%	4.66	4.08

Return on invested capital (ROIC)¹	Entity	31. Dec. 2019	31. Dec. 2018
Adjusted total income + interest expense	CHF	26 052 851	21 703 128
Ø Gross asset value	CHF	737 993 142	680 498 731
Return on invested capital (ROIC)	%	3.53	3.19

Weighted average term of debt	Jahre	1.14	1.26
Interest on debt capital	%	0.34	0.49

Stock market capitalisation	CHF	741 150 000	626 484 375
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¹ Historical performance data is no guarantee of future income. The income and value of the fund's shares may go up as well as down and cannot be guaranteed. When shares are redeemed, the investor may get back less money than originally invested.

² In the 2018 annual report, vacancies and losses from receivables were included in rent losses.

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

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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