

Media Release

Zurich, 29 March 2021

SF Retail Properties Fund Stable financial year 2020

- **Market value increased by 5.6% to CHF 804.9 million**
- **Stable figure for unexpired contract terms of 6.6 years thanks to new business and targeted extensions**
- **Three properties acquired with a market value of CHF 37.3 million**
- **Expected rental income increased to CHF 45.4 million**
- **Distribution of CHF 4.35 per unit**

Despite the pandemic and related restrictions, the SF Retail Properties Fund reported good results for 2020 and expanded its tenant base. The weighted average unexpired lease term (WAULT) remains at a high of 6.6 years. At the same time, the market value of the properties increased to CHF 804.9 million as at 31 December 2020 (prior year: CHF 762.2 million). Annual target rental income increased to CHF 45.4 million. Net income totals to CHF 26.7 million, which equals to net income of CHF 4.39 per unit for the 2020 financial year.

Real estate portfolio

As at 31 December 2020, the SF Retail Properties Fund owned a property portfolio with a market value of CHF 804.9 million comprising 90 properties spread over 20 cantons. Lettable space totalled 227 451 m², the largest portion accounted for by retail space at 77.3%, followed by office and commercial space at 8.8% and storage/ancillary space at 7.2%. The tenant base remains stable, with the largest tenants being Coop (supermarket/specialist store), MediaMarkt, Aldi Suisse, Lidl Schweiz, Denner and Migros. "The strategy of concentrating more on suppliers of everyday goods paid off in the pandemic," said Thomas Lavater, Portfolio Manager of the SF Retail Properties Fund.

The vacancy rate as of 31 December 2020 decreased by 0.1 percentage points to 7.1%, with some 4 800 m² rental space let on a long-term basis, such as in Frauenfeld, Zizers and Bioggio.

In December 2020, the building approval process for the new Lidl at Europastrasse 7 in Reinach AG was completed on schedule; the store opened and rental began on 28 January 2021. With an unexpired contract term of 15 years, the project emphasises how the overall portfolio is developing in line with strategy.

Various feasibility studies and planning groups were commissioned at Industriestrasse 16 in Münsingen. Among other things, the different issues are expected to illustrate the best possible zone plans and building developments as well as their decision-making bases. The property in Münsingen has attractive usage potential for the coming years that can be realised through the planned projects.

In the last twelve months, three properties with a market value of CHF 37.3 million have been purchased in total. The portfolio was strengthened in the canton of Bern with one acquisition each in Zweisimmen and Zollikofen. The new long-term anchor tenants of both properties are the food retailers Migros and Denner. The third acquisition was a strategic consolidation of more shares in the condominiums in Marly. This purchase will enable the fund management to redevelop the entire ground floor for retail usage, making it more flexible and attractive. The target rental of all three acquisitions is CHF 1.8 million.

Financial result as at 31 December 2020

The increase in target rental income year on year was CHF 1.6 million, equivalent to a 3.65% rise. This was achieved through purchases, lease extensions and re-lettings. Net fund assets remained virtually unchanged at CHF 620.7 million (prior year: CHF 620.9 million).

On account of these good results, SF Retail Properties Fund is to pay a distribution of CHF 4.35 per unit for the 2020 financial year, equivalent to a distribution payout ratio of 98.99%. The investment yield was 4.40%.

Impact of COVID-19

The COVID-19 pandemic fundamentally determined life in the past year and this also had consequences for the SF Retail Properties Fund. The recommendations and orders from the authorities resulted in various measures being implemented at the properties. The fund management and operators were in constant dialogue with tenants in order to coordinate and implement the protection concepts. The partnership-based solution of the COVID-19 challenges was paramount when it came to finding a solution. Tenants were given rent reductions of CHF 1.0 million either by decree or deferral, equivalent to around 2.2% of target rental income. At the same time, extensions and new contracts were signed with an equivalent value of approximately CHF 25 million. Good solutions were thus found for both contractual parties, creating the basis for long-term cooperation.

Outlook

The customer relationships with our tenants remain central and we are constantly cultivating them. The implementation of upcoming construction work will have a positive impact on letting activity and reduce the vacancy rate.

The portfolio is being carefully developed through feasibility studies, usage concepts and redensification projects. In Biel, Delémont, Moutier and Münsingen, the results are being reviewed for conformity with strategy and earning power. In Delémont, building work on the general renovation is continuing and is being handed over to tenants in stages. In Sant'Antonino, the foundation was laid for the feasibility study and the project's precise scope of revitalisation is expected to be verified in the coming year.

The SF Retail Properties Fund's portfolio is due to be expanded and enhanced in line with strategy in the next financial year. Some properties are already in the inspection phase and would be purchased using existing resources.

Further information

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Key figures 2020

Rent default rate ¹	Unit	31. Dec. 2020	31. Dec. 2019
Expected net rents	CHF	44 542 676	41 068 310
Rent default	CHF	3 605 266	2 315 702
Losses on receivables	CHF	144 573	193 845
Rent default rate	%	8.42	6.11

Debt financing ratio	Unit	31. Dec. 2020	31. Dec. 2019
Borrowed capital	CHF	144 325 000	106 275 000
Market value of properties	CHF	804 921 200	762 179 300
Debt financing ratio	%	17.93	13.94

Distribution yield ^{2/3}	Unit	31. Dec. 2020	31. Dec. 2019
Distribution per unit	CHF	4.35	4.35
Market rate per unit at end of reporting period	CHF	120.00	122.00
Distribution yield	%	3.63	3.57
Distribution payout ratio	%	98.99	93.21

Operating profit margin (EBIT margin)	Unit	31. Dec. 2020	31. Dec. 2019
Operating profit	CHF	27 679 392	26 928 903
Rental income	CHF	39 648 349	38 248 462
Operating profit margin	%	69.81	70.41

Fund operating expense ratio (TER _{REF})	Unit	31. Dec. 2020	31. Dec. 2019
Operating expenses	CHF	7 583 296	7 089 455
Ø Gross asset value	CHF	789 361 205	737 993 142
Ø Market value	CHF	700 143 750	666 235 125
TER_{REF} (GAV)	%	0.96	0.96
TER_{REF} (MV)	%	1.08	1.06

Return on equity (ROE) ²	Unit	31. Dec. 2020	31. Dec. 2019
Total income	CHF	26 163 993	27 161 625
Net fund assets at beginning of reporting period	CHF	620 929 495	568 078 120
+ Balance from unit transaction at principal value	CHF	0	49 913 813
Net fund assets at beginning of reporting period + capital increase	CHF	620 929 495	617 991 933
Return on equity (ROE)	%	4.21	4.40

Premium	%	17.45	19.36
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Performance	%	2.25	13.55
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Investment yield²	Unit	31. Dec. 2020	31. Dec. 2019
NAV at beginning of reporting period	CHF	102.21	102.01
NAV at end of reporting period	CHF	102.17	102.21
Distribution per unit in period	CHF	4.35	4.35
Investment yield	%	4.40	4.66

Return on invested capital (ROIC)²	Unit	31. Dec. 2020	31. Dec. 2019
Adjusted total net income + interest expenses	CHF	27 125 169	26 052 851
Ø Gross asset value	CHF	789 361 205	737 993 142
Return on invested capital (ROIC)	%	3.44	3.53

Remaining term to maturity of debt financing	years	2.10	1.14
Interest on debt financing	%	0.34	0.34
Market capitalisation	CHF	729 000 000	741 150 000

¹ Granted rental reductions are not being accounted for the calculation of the rent default rate. This is in accordance with the guideline of AMSA/SFAMA.

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 Retail Properties Fund are presenting the 2020 annual results as follows:

- **Presentation in German on Monday 29 March 2021, 09:30 a.m.**
- **Presentation in English on Monday 29 March 2021, 11:00 a.m.**

Thomas Lavater (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 2020 annual report [here](#).

SF Retail Properties Fund

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.

Disclaimer

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