

## Media Release

Zurich, 31 August 2022

Ad hoc announcement pursuant to Art. 53 LR

### **SF Retail Properties Fund** **Strong half-year results and higher net income**

- Net income increased to CHF 14.40 million in first half of 2022
- Vacancy rate as at 30 June 2022 declined further from 5.49% to 4.82%
- Management fee reduced by 10 basis points to 0.65% from 1 January 2022
- Sale of ten properties results in capital gain of CHF 2.26 million
- EBIT margin increased to 72.15%

The SF Retail Properties Fund had a successful first half of 2022. The market value of the properties increased to CHF 862.1 million as at 30 June 2022. The target rental income for the first half of 2022 was CHF 23.09 million. Net income for the first half of 2022 increased to CHF 14.40 million, equivalent to net income of CHF 2.37 per unit. Compared to June 2021, the EBIT margin improved by 3.23 percentage points to 72.15%. The weighted average unexpired lease term (WAULT) of the SF Retail Properties Fund portfolio remained constant at a high level of 6.2 years as at 30 June 2022.

#### **Real estate portfolio**

The market value of the 82 properties of the SF Retail Properties Fund totalled to CHF 862.1 million as at 30 June 2022. Ten properties were sold for a total of CHF 25.8 million in the first half of 2022. One property with a market value of CHF 5.55 million was acquired in Zurich in the same period. A new construction project in Flawil was registered and will be transferred in the second half of 2022. The portfolio's lettable space totalled 229 706 m<sup>2</sup>, with the largest portion accounted for by retail space at 75.17%, followed by office and catering space at 11.00% and warehouses and adjoining rooms at 5.50%. The residential portion stood at 2.45%. The tenant base remains stable, with the largest tenants being Coop (supermarket / specialist store), Migros (supermarket), MediaMarkt, Aldi Suisse, Lidl Schweiz and Denner.

## **Financial result as at 30 June 2022**

The net income for the first half of 2022 totalled to CHF 14.40 million or CHF 2.37 per unit (prior-year period CHF 2.32 per unit). A capital gain of CHF 2.15 million or CHF 0.36 per unit was realised from the successful sale of ten properties. After deduction of the liquidation tax, the unrealised capital gain amounted to CHF 0.64 million or CHF 0.11 per unit, resulting in a total net income of CHF 17.19 million or CHF 2.83 per unit.

As a result of successful new lettings and the acquisition in Zurich Wollishofen on 24 March 2022, an increase in rental income was achieved despite the disinvestment. Compared to the previous period, they increased by CHF 0.35 million (+1.62%).

The EBIT margin could be increased by 3.23 percentage points on the previous year to 72.15% in spite of higher costs for maintenance and repairs. The lower management fee of 0.65% and lower property costs had a positive effect on the EBIT margin. The lower management fee also led to a reduction of the TER GAV from 0.96% to 0.90%. A TER GAV of 0.86% is expected for the end of 2022. The rent default rate was reduced from 6.82% in the previous year to 5.42% following the successful lettings.

Net fund assets (NAV) decreased in the period under review by CHF 9.24 million from CHF 632.95 million to CHF 623.71 million (CHF 102.67 per unit). This results from the total net income achieved for the first half of 2022 of CHF 17.19 million, less the distribution of CHF 26.43 million in April 2022 for the 2021 financial year.

## **Development, renovations and new build projects**

The renovation in Reinach AG was completed during the planned timeframe. After the interior work was completed, the tenant Dosenbach opened the outlet at the end of March 2022. With the opening of the renovated branch, the first stage of the construction project has been completed and the rental contract with a term until 2029 has started. The next phase will involve the energy-related renovation of the roof and the installation of a photovoltaic system.

The renewal of the property and retail space in Buchs was completed in July 2022. The work involves several sections and is agreed directly with the single tenant. The 15-year term of the new rental contract will start running when the renovation work is completed.

The total renewal of the ground floor in Thayngen started in August 2022. The project comprises the energy-related renovation of the building envelope and the entrance area. As in Rieden, the existing oil heating system will be replaced and waste heat from the refrigeration plants of the main tenant will be used for heat production in future. At the same time, the construction of a photovoltaic system is in preparation. After completion, the property will be one of the most efficient buildings in the portfolio.

## **Outlook**

The implementation of the dedicated long-term strategy to optimise and expand the portfolio is ongoing. The focus will be on the letting of the available space in order to increase the operating income. The assessment of opportunities for acquisitions is another key element in the process of improving the quality and expanding the portfolio in line with the strategy.

## **Further information**

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## Key figures as at 30 June 2022

Rent default rate <sup>1</sup>	Unit	30 June 2022	30 June 2021
Expected net rents	CHF	23 086 832	23 269 342
Rent default	CHF	1 137 919	1 690 931
Losses on receivables	CHF	114 388	-104 812
<b>Rent default rate</b>	<b>%</b>	<b>5.42</b>	<b>6.82</b>

  

Debt financing ratio	Unit	30 June 2022	30 June 2021
Borrowed capital	CHF	185 925 000	201 025 000
Market value of properties	CHF	862 052 000	856 091 000
<b>Debt financing ratio</b>	<b>%</b>	<b>21.57</b>	<b>23.48</b>

  

Distribution yield	Unit	30 June 2022	30 June 2021
Distribution per unit	CHF	n/a	n/a
Market rate per unit at end of reporting period	CHF	105.50	127.90
<b>Distribution yield</b>	<b>%</b>	<b>n/a</b>	<b>n/a</b>
<b>Distribution payout ratio</b>	<b>%</b>	<b>n/a</b>	<b>n/a</b>

  

Operating profit margin (EBIT margin)	Unit	30 June 2022	30 June 2021
Operating profit	CHF	15 660 030	14 719 876
Rental income	CHF	21 705 882	21 359 063
<b>Operating profit margin</b>	<b>%</b>	<b>72.15</b>	<b>68.92</b>

  

Fund operating expense ratio (TER <sub>REF</sub> )	Unit	30 June 2022	30 June 2021
Operating expenses	CHF	7 894 930	7 882 570
Ø Gross asset value	CHF	873 877 642	816 910 381
Ø Market value	CHF	730 215 000	718 551 000
<b>TER<sub>REF</sub> (GAV)</b>	<b>%</b>	<b>0.90</b>	<b>0.96</b>
<b>TER<sub>REF</sub> (MV)</b>	<b>%</b>	<b>1.08</b>	<b>1.10</b>

  

Return on equity (ROE) <sup>2/3</sup>	Unit	30 June 2022	30 June 2021
Total income	CHF	17 187 561	19 359 590
Net fund assets at beginning of reporting period	CHF	632 948 781	620 667 238
+ Balance from unit transaction at principal value	CHF	0	0
Net fund assets at beginning of reporting period + capital increase	CHF	632 948 781	620 667 238
<b>Return on equity (ROE)</b>	<b>%</b>	<b>2.72</b>	<b>3.12</b>

  

<b>Premium</b>	<b>%</b>	<b>2.76</b>	<b>26.63</b>
<b>Performance</b>	<b>%</b>	<b>-12.94</b>	<b>10.37</b>

  

Investment yield <sup>2/3</sup>	Unit	30 June 2022	30 June 2021
NAV at beginning of reporting period	CHF	104.19	102.17
NAV at end of reporting period	CHF	102.67	101.00
Distribution per unit in period	CHF	4.35	4.35
<b>Investment yield</b>	<b>%</b>	<b>2.83</b>	<b>3.25</b>

<b>Return on invested capital (ROIC)<sup>2/3</sup></b>	<b>Unit</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
Adjusted total net income + interest expenses	CHF	17 452 312	19 860 779
Ø Gross asset value	CHF	873 877 642	816 910 381
<b>Return on invested capital (ROIC)</b>	<b>%</b>	<b>2.00</b>	<b>2.43</b>
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<b>Remaining term to maturity of debt financing</b>	<b>years</b>	<b>1.63</b>	<b>1.44</b>
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<b>Interest on debt financing</b>	<b>%</b>	<b>0.28</b>	<b>0.27</b>
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<b>Market capitalisation</b>	<b>CHF</b>	<b>640 912 500</b>	<b>776 992 500</b>

<sup>1</sup> Granted rent reductions are not taken into account when determining the rent default rate in accordance with the authoritative AMAS technical information.

<sup>2</sup> 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.

<sup>3</sup> Calculation for six months (1 January to 30 June).

## Roadshows

The management team of SF Retail Properties Fund are presenting the 2022 half-year results as follows:

- **Lunch presentation in German on Wednesday, 31 August 2022, 12:45 p.m. to 1:15 p.m., Park Hyatt, Zurich**
- **Breakfast presentation in English on Thursday, 1 September 2022, 8:45 a.m. to 9:15 a.m., Hôtel Metropole, Geneva**
- **Lunch presentation in English on Thursday, 1 September 2022, 12:45 p.m. to 1:15 p.m., Beau-Rivage Hôtel, Neuchâtel**
- **Breakfast presentation in German on Friday, 2 September 2022, 8:45 a.m. to 9:15 a.m., Hotel Märthof, Basel**

Thomas Lavater (Portfolio Manager) will be commenting on the half-year results. A recording will be uploaded to our website [www.sfp.ch](http://www.sfp.ch) following the presentation. Thank you for your interest.

You can download the comprehensive reporting and the 2022 semi-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](http://www.sfp.ch).

### **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 of 23 June 2006 on Collective Investment Schemes (CISA). This press release (i) does not represent an issue prospectus within the meaning of Art. 652a or Art. 1156 of the Swiss Code of Obligations or Art. 27 ff. of the listing regulations of SIX Swiss Exchange, or a prospectus, a simplified prospectus or important information for investors (Key Investor Information Document; KIID) within the meaning of the Swiss Federal Act on Collective Investment Schemes. The sole documentation relevant for an investment decision can be obtained from Swiss Finance & Property Funds AG. Investments in financial products involve different risks, which also include the potential loss of the capital invested. The price, value and yield of collective capital investments are subject to fluctuations. Past performance is no indicator for future price development and does not offer any guarantee of future success. Swiss Finance & Property Funds AG does not accept any responsibility for the realisation of the anticipated increase in value. Detailed information on trading in securities and investments in collective capital schemes can be found in the brochure "Special Risks in Securities Trading" published by the Swiss Bankers Association. The information given in this publication is taken from sources that are considered reliable by Swiss Finance & Property Funds AG. However, Swiss Finance & Property Funds AG does not accept any express or tacit liability regarding the correctness, completeness, exactness and timeliness of the published information and elements thereof. Swiss Finance & Property Funds AG shall not be liable for any loss or damage (direct, indirect or consequential damage) resulting from the distribution of this document or its contents or that are connected with the distribution of this document. The information given in this document can change at any time and without prior warning. Neither this press release nor copies thereof may be sent or taken to the USA or distributed in the USA or given to US persons (within the meaning of Regulation S of the US Securities Act of 1933 in its current valid version). Units in the collective capital scheme may not be offered, sold or delivered within the USA and its territories. Units in the fund must not be offered, sold or delivered to US citizens or persons residing or with registered office in the USA and/or other natural or legal entities whose income and/or earnings, irrespective of origin, are subject to US income tax, as well as to persons who are deemed to be US persons pursuant to Regulation S of the US Security Act of 1933 and/or the US Commodity Exchange Act in the current valid version. The same applies for all the states and countries in which such distribution is prohibited.