

Media Release

Zurich, 28 March 2023

Ad hoc announcement pursuant to Art. 53 LR

SF Retail Properties Fund with strong operating result

- Market value increased to CHF 882.9 million
- Net income increased to CHF 4.67 per unit (+3.0%)
- Successful sale of ten properties resulted in realised capital gain of CHF 2.24 million
- Distribution of CHF 4.35 per unit for 2022 financial year

The SF Retail Properties Fund did very well in the challenging year 2022, and posted an encouraging operating result. At CHF 882.9 million as at 31 December 2022, the portfolio's valuation was stable in spite of rising interest rates. Net income amounted to CHF 28.4 million or CHF 4.67 per unit, up 3.00% on the previous year. The distribution for 2022 is CHF 4.35 per unit, of which CHF 3.15 per unit can be paid out exempt of withholding tax. The distribution yield is an attractive 4.30% (based on the stock market price as at 31 December 2022).

Real estate portfolio

The portfolio's strategic focus on 'everyday consumer goods' once again proved itself in 2022, a financial year overshadowed by depressed consumer sentiment and rising inflation. During the year the Fund purchased two properties, one in Winterthur and one in Zurich-Wollishofen, with a total market value of CHF 7.7 million. It also acquired a new construction project in Flawil/SG with a planned construction volume of CHF 18.1 million. As part of the ongoing portfolio optimisation process, ten properties were sold in 2022, resulting in a realised capital gain of CHF 2.24 million or CHF 0.37 per unit. As at 31 December 2022, the portfolio comprised 84 properties in 18 cantons with a target rental income of CHF 46.4 million. The portfolio's gross yield was 5.44% at year-end.

The vacancy rate of 5.95% as at 31 December 2022 was slightly higher year-on-year by 0.46 percentage points.

Financial result as at 31 December 2022

Total income amounted to CHF 43.2 million in the 2022 financial year (previous year: CHF 43.2 million). The sale of the ten properties has already been compensated in full, in terms of earnings. This was due both to the property in Kirchberg (BE) purchased the previous year, which for the first time contributed rental income for twelve months, and to the properties purchased during the reporting period. The lower vacancy rate and higher other income also had a positive effect on the total income.

Expenses totalled CHF 14.8 million (previous year: CHF 15.6 million), The fund's total expense ratio ($TER_{REF} [GAV]$), an indicator of the operating expenses charge, was 0.85% (previous year: 0.96%). The decline is due to the reduction of the management fee from 0.75% to 0.65% with effect from 1st January 2022. Net income amounted to CHF 28.4 million (previous year: CHF 27.6 million), which is equivalent to CHF 4.67 per unit for 6 075 000 units (previous year: CHF 4.54 per unit for 6 075 000 units).

Net fund assets increased by CHF 1.4 million to CHF 634.4 million (previous year: CHF 633.0 million) in the reporting period. This change derives from total income of CHF 27.8 million, minus the distribution of CHF 26.4 million paid out for the 2021 financial year.

The investment yield as at year-end was 4.59% (previous year: 6.51%) on a net asset value per unit of CHF 104.42 (previous year: CHF 104.19) and the same distribution of CHF 4.35 per unit, of which CHF 3.15 per unit will be paid out exempt of withholding tax. Due to the stock market price performance, the distribution yield increased to 4.30% (previous year: 3.47%).

Development, renovations and new construction projects (selection)

A new construction project in Flawil (SG) was acquired in July 2022. The property comprises 1 700 m² of commercial space on the ground floor and 18 apartments with a total area of around 1 020 m² on the upper floors. After completion, photovoltaic systems (total: 120 kWp) will be installed on the flat roof as well as the sloping roofs. Waste heat from the commercial refrigeration plant will be used to heat the commercial space, while heat pumps will be used for the apartments. The new construction project started in April 2022 and topping out was celebrated in January 2023. Completion is scheduled in phases between November 2023 and March 2024.

Outlook

As good relationships with our tenants are key, these are maintained on an ongoing basis. Realisation of the planned construction activities will have a positive effect on letting and reduce the vacancies. Several contracts have already been signed, which will increase the rental income by around 5% over the next 18 months and reduce the vacancy rate. The portfolio is constantly being developed in a targeted manner through feasibility studies, usage concepts and densification projects.

In the coming financial year, the portfolio of the SF Retail Properties Fund will be enlarged and developed in line with strategy. This should be achieved by making acquisitions and developing expansion potential.

Further information

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Key figures 2022

Ratios on return and performance	Unit	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020
Performance	%	-16.57	8.30	2.25
Investment yield	%	4.59	6.51	4.40
Operating profit margin	%	71.13	67.26	69.81
Return on equity	%	4.40	6.24	4.21
Return on invested capital (ROIC)	%	3.26	4.61	3.44
Dividend yield	%	4.30	3.47	3.63
Payout ratio	%	93.09	95.88	98.99

Ratios on the financial markets	Unit	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020
Premium	%	-3.18	20.45	17.45
Price/earnings ratio (P/E ratio)		22.06	19.70	27.86
Market capitalization	CHF	614 182 500	762 412 500	729 000 000
Market rate per unit at end of reporting period	CHF	101.10	125.50	120.00

Ratios on the balance sheet	Unit	31 Dec. 2022	31 Dec. 2020	31 Dec. 2020
Market value of properties	CHF	882 913 500	869 397 200	804 921 200
Purchase price of properties	CHF	848 610 568	835 292 368	789 200 704
Gross asset value	CHF	896 903 037	883 547 376	817 421 189
Borrowed capital	CHF	195 325 000	191 925 000	144 325 000
Net fund assets	CHF	634 366 236	632 948 781	620 667 238
Borrowing ratio	%	22.12	22.08	17.93
Gearing	%	29.27	28.36	24.07
Weighted average term of debt	years	2.82	1.66	2.10
Interest on debt capital	%	1.17	0.25	0.34

Ratios on the income statement	Unit	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020
Rental income	CHF	42 735 316	42 845 604	39 648 349
Rent default rate ¹	%	6.18	6.34	8.42
Net income	CHF	28 388 857	27 561 307	26 696 019
Realised capital gains/losses	CHF	2 143 748	-110 850	-
Unrealised capital gains/losses	CHF	-2 688 900	11 257 336	-532 026
Total net income	CHF	27 843 705	38 707 793	26 163 993
Fund operating expense ratio TER _{REF} (GAV)	%	0.85	0.96	0.96
Fund operating expense ratio TER _{REF} (MV)	%	1.10	1.09	1.08

Ratios on the units	Unit	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020
Net asset value at end of reporting period	CHF	104.42	104.19	102.17
Distribution per unit	CHF	4.35	4.35	4.35
Units at beginning of reporting period	pc.	6 075 000	6 075 000	6 075 000
Issues	pc.	-	-	-
Redemptions	pc.	-	-	-
Units at end of reporting period	pc.	6 075 000	6 075 000	6 075 000

Ratios on the portfolio	Unit	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020
Number of properties	pc.	84	91	90
Gross yield	%	5.44	5.50	5.75
Real discount rate	%	3.62	3.69	3.86
Nominal discount rate	%	4.66	4.21	4.38
Vacancy rate as of reporting date	%	5.95	5.49	7.15
Vacancy rate reporting period	%	5.55	6.06	7.84
WAULT in years	years	6.65	6.50	6.60

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

Presentation

Thomas Lavater, Portfolio Manager, will present the 2022 annual results of the SF Retail Properties Fund as follows:

- **Presentation in German on Tuesday, 28 March 2023, 12:30 p.m.,
Park Hyatt, Zurich**
- **Presentation in English on Wednesday, 29 March 2023, 12:30 p.m.,
Ritz-Carlton Hotel de la Paix, Geneva**
- **Presentation in English on Thursday, 30 March 2023, 09:00 a.m.,
Beau Rivage Hotel, Neuchâtel**
- **Presentation in German on Friday, 31 March 2023, 12:30 p.m.,
Grand Hotel Les Trois Rois, Basel**

For comprehensive reporting and the 2022 annual report, click [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 the product can be found at <https://www.sfp.ch/en/products/sf-retail-property-fund>.

Disclaimer

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