

## Media Release

Zurich, 29 August 2023

Ad hoc announcement pursuant to Art. 53 LR

### **SF Retail Properties Fund Solid Half-year Result Despite a Challenging Interest Rate Environment**

- Net income for first half of 2023 of CHF 13.4 million or CHF 2.21 per unit
- Vacancy rate reduced to 5.32% as at 30 June 2023
- Distribution of CHF 4.35 per unit for 2022 (of which CHF 3.15 was paid out exempt of withholding tax)

The SF Retail Properties Fund had a successful first half of 2023. The market value of the properties was CHF 880.1 million as at 30 June 2023. The rental income for the first half of 2023 was CHF 21.6 million. Net income for the first half of 2023 decreased to CHF 13.4 million, equivalent to net income of CHF 2.21 per unit. The weighted average unexpired lease term (WAULT) of the SF Retail Properties Fund portfolio remained constant at a high level of 6.35 years as at 30 June 2023.

#### **Real estate portfolio**

The portfolio's strategic focus on 'everyday consumer goods' once again proved itself in the first half of 2023, a period that was overshadowed by persistent inflation and a further tightening of monetary policy. Given the ongoing consolidation of market prices, no transactions were executed in the first half of 2023. Instead, the fund management company focused on making progress with the different construction projects and on marketing. A total of CHF 9.9 million was invested in 13 locations, of which CHF 0.6 million was used to further expand the photovoltaic projects. With regard to marketing, new contracts and contract renewals for 12 830 m<sup>2</sup>, generating an annual rental income of CHF 3.2 million, were signed during the first six months.

The market value of the 84 properties of the SF Retail Properties Fund totalled CHF 880.1 million as at 30 June 2023. The portfolio's gross yield was 5.51% as at 30 June 2023. The vacancy rate of 5.32% as at 30 June 2023 decreased by 0.63 percentage points from 31 December 2022.

## **Financial result**

Total income for the reporting period amounted to CHF 21.8 million (30 June 2022: CHF 21.9 million). The decrease in income caused by the sale of ten properties on 10 February 2022 was already compensated in the first half of 2023. This was mainly due to the indexation adjustment to existing rental contracts and the higher sales-based rents paid by food retailers.

Expenses totalled CHF 8.4 million (31 December 2022: CHF 7.5 million). The cost increase of CHF 0.9 million is primarily explained by the increase in mortgage interest rates. Net income amounted to CHF 13.4 million (30 June 2022: CHF 14.4 million) equivalent to CHF 2.21 per unit for 6 075 000 units (30 June 2022: CHF 2.37 per unit for 6 075 000 units).

Net fund assets decreased by CHF 23.9 million in the reporting period to CHF 610.4 million (31 December 2022: CHF 634.4 million). This change derives from total income of CHF 2.5 million, minus the distribution of CHF 26.4 million paid out for the 2022 financial year.

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

The groundbreaking ceremony for the first phase of the innovative project for the modernisation of 'Clarahuus' in Rebgasse in Basel took place in June 2023. On the third and fourth floors, the old offices will be converted by the tenant into modern business apartments during a 12-month construction phase. The plans for the business apartments are very well designed and are geared towards creating comfortable living spaces and functional places to work. The ideal location in the lively centre of Basel makes the business apartments attractive for business travellers.

During a second phase, the shopping arcade will be completely remodelled and modernised. The application for a building permit has been submitted and construction is expected to begin in 2024. The renovation project will take into account requirements of tenants as well as the optimal exploitation of the available space. The existing rental contracts can also be renewed further.

## **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 operating income. Opportunities for acquisitions suitable for improving the quality and expanding the portfolio in line with the strategy are constantly being investigated.

## **Further information**

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## Key figures as at 30 June 2023

Ratios on return and performance	Unit	30 Jun. 2023	31 Dec. 2022	31 Dec. 2021
Performance	%	0.08 <sup>1</sup>	-16.57	8.30
Investment yield	%	0.41 <sup>1</sup>	4.59	6.51
Operating profit margin	%	71.58	71.13	67.26
Return on equity	%	0.39 <sup>1</sup>	4.40	6.24
Return on invested capital (ROIC)	%	0.42 <sup>1</sup>	3.26	4.61
Dividend yield	%	n/a	4.30	3.47
Payout ratio	%	n/a	93.09	95.88

Ratios on the financial markets	Unit	30 Jun. 2023	31 Dec. 2022	31 Dec. 2021
Premium	%	-3.46	-3.18	20.45
Price/earnings ratio (P/E ratio)	x	237.69	22.06	19.70
Market capitalization	CHF	589 275 000	614 182 500	762 412 500
Market rate per unit at end of reporting period	CHF	97.00	101.10	125.50

Ratios on the balance sheet	Unit	30 Jun. 2023	31 Dec. 2022	31 Dec. 2021
Market value of properties	CHF	880 142 800	882 913 500	869 397 200
Purchase price of properties	CHF	858 359 222	848 610 568	835 292 368
Gross asset value	CHF	897 766 188	896 903 037	883 547 376
Borrowed capital	CHF	219 825 000	195 325 000	191 925 000
Net fund assets	CHF	610 419 135	634 366 236	632 948 781
Borrowing ratio	%	24.98	22.12	22.08
Gearing	%	32.01	29.27	28.36
Weighted average term of debt	years	2.07	2.82	1.66
Interest on debt capital	%	1.29	1.17	0.25

Ratios on the income statement	Unit	30 Jun. 2023	30 Jun. 2022	30 Jun. 2021
Rental income	CHF	21 609 282	21 705 882	21 359 063
Rent default rate <sup>2</sup>	%	7.35	5.42	6.82
Net income	CHF	13 429 503	14 395 889	14 082 316
Realised capital gains/losses	CHF	-	2 154 313	-
Unrealised capital gains/losses	CHF	-10 950 354	637 359	5 277 274
Total net income	CHF	2 479 149	17 187 561	19 359 590
Fund operating expense ratio TER <sub>REF</sub> (GAV)	%	0.85	0.90	0.96
Fund operating expense ratio TER <sub>REF</sub> (MV)	%	1.21	1.08	1.10

Ratios on the units	Unit	30 Jun. 2023	31 Dec. 2022	31 Dec. 2021
Net asset value at end of reporting period	CHF	<b>100.48</b>	104.42	104.19
Distribution per unit	CHF	n/a	4.35	4.35
Units at beginning of reporting period	pc.	<b>6 075 000</b>	6 075 000	6 075 000
Issues	pc.	-	-	-
Redemptions	pc.	-	-	-
Units at end of reporting period	pc.	<b>6 075 000</b>	6 075 000	6 075 000

Ratios on the portfolio	Unit	30 Jun. 2023	31 Dec. 2022	31 Dec. 2021
Number of properties	pc.	<b>84</b>	84	91
Gross yield	%	<b>5.51</b>	5.44	5.50
Real discount rate	%	<b>3.66</b>	3.62	3.69
Nominal discount rate	%	<b>4.95</b>	4.66	4.21
Vacancy rate as of reporting date	%	<b>5.32</b>	5.95	5.49
Vacancy rate reporting period	%	<b>6.77</b>	5.55	6.06

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

<sup>2</sup> Granted rent reductions are not taken into account when determining the rent default rate in accordance with the authoritative AMAS technical information.

## Roadshows

The management team of SF Retail Properties Fund are presenting the 2023 half-year results as follows:

- **Lunch presentation in German on Tuesday, 29 August 2023, Kongresshaus, Zurich**
- **Lunch presentation in English on Wednesday, 30 August 2023, Beau-Rivage Hôtel, Neuchâtel**
- **Lunch presentation in English on Thursday, 31 August 2023, Fairmont Grand Hotel, Geneva**
- **Lunch presentation in German on Friday, 1<sup>st</sup> September 2023, Hotel Märthof, Basel**

Thomas Lavater (Portfolio Manager) will be commenting on the half-year results. Thank you for your interest.

You can download the comprehensive reporting and the 2023 semi-annual report on [www.sfp.ch](http://www.sfp.ch).

## **SF Retail Properties Fund**

The SF Retail Properties Fund invests in properties with retail space, throughout Switzerland. The assets include the ancillary rooms and associated parking facilities required for the tenant's operations. Besides retail space, these properties may also contain industrial space, offices or apartments. The criteria taken into account for investments include but are not limited to upside potential, tenant creditworthiness, quality of construction and building materials. The long-term objective of the fund is to achieve the Federal Council's climate targets for 2030 and 2050 by implementing the climate-alignment sustainability approach.

### **Disclaimer**

SF Retail Properties Fund 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). 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, nor does it constitute a prospectus or a Key Information Document (KID). These documents, which alone are relevant for an investment decision, can be obtained for free from Swiss Finance & Property Funds Ltd. This press release may contain forward-looking statements, such as expectations, plans, intentions or strategies regarding the future. Such statements are subject to uncertainties and risks. The reader is cautioned to be aware that such statements may deviate from actual future events. All forward-looking statements in this press release are based on data available to Swiss Finance & Property Funds Ltd at the time of publication. The company assumes no obligation to update forward-looking statements in this press release at a later date to reflect new information, future events or to otherwise update the contents. 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 Ltd does not accept any responsibility for the realisation of the anticipated increase in value. Detailed information on securities trading and investments in collective investment schemes can be found in the brochure "Risks in Trading with Financial Instruments" 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 Ltd. However, Swiss Finance & Property Funds Ltd 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 Ltd 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 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.