

Press release

for immediate publication

Zurich, 16 September 2020

SFP AST Swiss Real Estate Qualitative growth in first half-year 2020 Capital increase planned in autumn 2020

- **Target rental income doubles to CHF 8.1 million**
- **Portfolio value grows to CHF 199.3 million**
- **Vacancy rate amounts to 1.8%**
- **WAULT hovering at sustainable 6.6 years**
- **Successful capital increase in second quarter 2020**

SFP AST Swiss Real Estate succeeded in nearly doubling its portfolio value in the first half-year 2020 with high-quality properties situated in prime locations, with the new funds resulting from the capital increase fully invested in a very short time. The Investment Group plans to execute an additional capital increase in 2020 for the further expansion of the real estate portfolio in the current financial year.

Real estate portfolio

The market value of the portfolio surged by 93% to CHF 199.3 million since year-end 2019. The portfolio comprised 15 properties located in 7 cantons as at the reference date. The vacancy rate amounted to a low 1.8%, with a weighted average unexpired lease term (WAULT) of around 6.6 years. The current type of use allocation consists of 58% commercial and 42% residential properties. The focus of future growth is aimed at residential use properties, with long-term targets for type of use allocation of 40% and 60% for commercial and residential, respectively.

Financial results

Annual target rental income soared by approximately 95% to CHF 8.1 million since year-end 2019. Borrowed capital amounted to roughly CHF 50.4 million as at the reference date, corresponding to a debt financing ratio of 25.3%. Operating expenses increased by a disproportionately lesser extent, paving the way for the operating profit margin (EBIT margin) to climb from nearly 64% as at end-2019 to more than 72% as at mid-2020.

The impact of COVID-19 on the Investment Group was very modest thanks to the high 60% share of residential properties during the lockdown as well as broad and favourable tenant structure in terms of commercial types of use. Individual solutions were found and agreements concluded with the affected tenants on a mutually cooperative basis. The rent default rate is expected to waver at less than 1% of net rental income for the current financial year.

Outlook

SFP AST Swiss Real Estate Investment Group aims to execute a further capital increase in autumn 2020. The new funds are necessary for further expanding the high-value real estate portfolio as well as repaying borrowed capital. The debt financing ratio currently amounts to 22.5%. The focal point with regard to pipeline expansion and further acquisitions is directed at residential properties in urban locations and sustainable cash flows.

Further information regarding SFP Investment Foundation as well as SFP AST Swiss Real Estate and existing portfolio is available at <https://www.sfp.ch/en/sfp-group/companies/sfp-investment-foundation/>.

The Investment Group is open at any time. We would be happy to personally meet with interested new investors.

Additional information

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SFP AST Swiss Real Estate Key Figures

As at 30 June 2020

		1 Jan. 2020 to 30 Jun. 2020	1 Jan. 2019 to 31 Dec. 2019
		CHF	CHF
1. Rent default rate	%	5.94	4.45
Rent defaults	CHF	158 587	91 763
Estimated net rent	CHF	2 671 241	2 061 742
2. Debt financing ratio	%	25.32	5.57
Borrowed capital	CHF	50 395 000	5 750 000
Market value of properties	CHF	199 042 366	103 257 000
3. Operating profit margin (EBIT margin)	%	72.17	63.94
Operating profit / loss	CHF	1 861 435	1 284 400
Net rental income	CHF	2 579 211	2 008 791
4.1 Operating cost ratio TER ISA GAV	%	0.89	0.91
Operating expenses	CHF	709 598	759 386
Total assets at beginning of reporting period	CHF	116 498 682	50 769 442
Total assets at end of reporting period	CHF	202 287 845	116 261 424
Average total assets	CHF	159 393 264	83 515 433
4.2 Operating cost ratio TER ISA NAV	%	1.10	0.96
Operating expenses	CHF	709 598	759 386
Total assets at beginning of reporting period	CHF	108 460 898	50 488 726
Total assets at end of reporting period	CHF	149 395 291	108 460 898
Average net assets	CHF	128 928 095	79 474 812
5. Return on equity (ROE)	%	2.71	3.83
Total income	CHF	2 937 231	1 934 655
Adjusted net assets at beginning of reporting period	CHF	108 460 898	50 488 726
6. Return on invested capital (ROIC)	%	1.58	1.70
Adjusted total profit + financial expenses	CHF	2 510 802	1 422 073
Average total assets	CHF	159 393 264	83 515 433
7. Dividend yield	%	0.00	0.00
Gross distribution	CHF	0	0
Asset value at end of reporting period before distribution	CHF	1 047.26	1 024.15
8. Payout ratio	%	0.00	0.00
Total amount of distribution	CHF	0	0
Net income for the financial year	CHF	2 305 530	1 734 555
9. Investment yield	%	2.26	2.44
Asset value at end of reporting period before distribution	CHF	1 047.26	1 024.15
Asset value at beginning of reporting period before distribution	CHF	1 024.15	999.72

SFP AST Swiss Real Estate

SFP AST Swiss Real Estate offers Swiss pension funds a portfolio that is diversified throughout Switzerland. In accordance with its strategy, the investment group invests directly in Swiss real estate. The investment is aimed at pension funds and other tax-exempt institutions domiciled in Switzerland that provide occupational benefits. This includes all tax-exempt 2nd pillar institutions domiciled in Switzerland. Further information - <https://www.sfp.ch/en/sfp-group/companies/sfp-investment-foundation/>.

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