

Media Release

Zurich, 21 March 2024

Ad hoc announcement pursuant to Art. 53 LR

SF Sustainable Property Fund Solid result for 2023 in a challenging market environment

- Vacancy rate as at reporting date reduced by another 0.2 percentage points to 5.0%
- Stable performance for portfolio value with moderate devaluation like-for-like of 2.2%
- Expected net rents increased by some CHF 1.4 million (+2.4%)
- Excellent first-time GRESB result with four out of five stars

In the 2023 financial year, the SF Sustainable Property Fund further improved the quality of its portfolio through targeted divestments. At 5.0% as at 31 December 2023, the vacancy rate is still trending positively. Net income for the financial year was CHF 25.3 million. The NAV per unit was CHF 119.81 as at 31 December 2023. The distribution for the 2023 financial year is CHF 3.20 per unit, equalling a yield of 2.6%.

Real estate portfolio

The market value of the 107 properties in the SF Sustainable Property Fund totalled CHF 1.45 billion as at 31 December 2023. Three properties were sold in Laufen (BL) and one each was sold in Bonaduz (GR), St.Gallen (SG), Bazenheid (SG) and Wetzikon (ZH).

The portfolio's gross yield was 3.9% as at 31 December 2023. The vacancy rate of 5.0% as at 31 December 2023 was down by 0.2 percentage points from 31 December 2022.

Renovation projects and sustainability

The renovation projects for Im First 6/10 in Ehrendingen (AG) and Luzernerring 148 and Rufacherstrasse 8 in Basel (BS) are proceeding within budget and on schedule and will be completed in the first quarter of 2024.

Work on the energy-related complete refurbishment of Via Giuseppe Cattori 5 in Locarno (TI) started in September 2023 and is expected to be completed in the third quarter of 2024.

CO₂ emissions were reduced year-on-year once again owing to ongoing refurbishment projects carried out in the context of the impact investment approach. The sustainability efforts were rewarded by the excellent first-time GRESB result of four out of five stars.

Financial result

Total income for the reporting period amounted to CHF 53.0 million (previous year: CHF 52.6 million). Expected net rents when fully let increased by around CHF 1.4 million (+2.4%).

Expenses totalled CHF 27.8 million (previous year: CHF 23.9 million). The cost increase of CHF 3.9 million is primarily explained by the increase in mortgage interest rates (CHF +3.6 million). Net income amounted to CHF 25.3 million (previous year: CHF 28.7 million), which is equivalent to CHF 3.01 per unit for 8 416 494 units (previous year: CHF 3.41 per unit for 8 416 494 units).

Net fund assets decreased by CHF 41.9 million in the reporting period to CHF 1 008.4 million (previous year: CHF 1 050.3 million). This change follows from the fact that total income amounted to CHF -12.4 million and the distribution for the 2022 financial year was CHF 29.5 million.

Outlook

Further renovation projects will be carried out in 2024, including the total refurbishment of Rütistrasse 9/11 in Schlieren (ZH) and Dornacherstrasse 270/Laufenstrasse 59 in Basel (BS). Fossil heating media will be replaced by renewable systems such as heat pumps and connection to a district heating network in 2024 too. These measures help to reduce the fund's CO₂ footprint on an ongoing basis.

We will continue to focus our efforts on constantly optimising the quality of our portfolio in 2024. Various transactions related to this objective are on the point of completion, which will reduce the vacancy rate and sustainably improve the quality. The earning power will also be increased by the rental adjustments following the change to the reference interest rate in December 2023, which will enter into force in April 2024.

Further information

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Key figures 2023

Ratios on return and performance	Unit	31 Dec. 2023	31 Dec. 2022	31 Dec. 2021
Performance	%	0.92	-14.35	1.80
Investment yield	%	-1.22	4.18	5.64
Operating profit margin	%	60.86	60.74	62.03
Return on equity	%	-1.18	4.06	5.12
Return on invested capital (ROIC)	%	-0.46	2.93	3.85
Dividend yield	%	2.59	2.78	2.33
Payout ratio	%	106.40	102.71	100.26

Ratios on the financial markets	Unit	31 Dec. 2023	31 Dec. 2022	31 Dec. 2021
Premium	%	3.08	0.89	22.07
Price/earnings ratio (P/E ratio)		-83.63	25.16	23.43
Market capitalization	CHF	1 039 437 009	1 059 636 595	1 266 682 347
Market rate per unit at end of reporting period	CHF	123.50	125.90	150.50

Ratios on the balance sheet	Unit	31 Dec. 2023	31 Dec. 2021	31 Dec. 2021
Market value of properties	CHF	1 450 063 000	1 544 375 000	1 404 604 000
Purchase price of properties	CHF	1 344 899 522	1 388 241 534	1 278 394 323
Gross asset value	CHF	1 469 835 767	1 567 633 611	1 427 135 823
Borrowed capital	CHF	374 100 000	423 800 000	305 228 000
Net fund assets	CHF	1 008 402 386	1 050 288 500	1 037 627 430
Borrowing ratio	%	25.80	27.44	21.73
Gearing	%	31.90	33.00	27.29
Weighted average term of debt	years	3.16	2.52	1.94
Interest on debt capital	%	1.28	1.11	0.16

Ratios on the income statement	Unit	31 Dec. 2023	31 Dec. 2022	31 Dec. 2021
Rental income	CHF	52 974 069	52 543 812	46 367 117
Rent default rate ¹	%	7.89	6.58	7.65
Net income	CHF	25 312 818	28 681 565	29 381 956
Realised capital gains/losses	CHF	4 428 786	-5 186 555	-9 439 643
Unrealised capital gains/losses	CHF	-42 169 989	18 623 789	31 784 113
Total net income	CHF	-12 428 385	42 118 799	51 726 426
Fund operating expense ratio TER _{REF} (GAV)	%	0.77	0.78	0.79
Fund operating expense ratio TER _{REF} (MV)	%	1.17	1.03	0.87

Ratios on the units	Unit	31 Dec. 2023	31 Dec. 2022	31 Dec. 2021
Net asset value at end of reporting period	CHF	119.81	124.79	123.28
Distribution per unit	CHF	3.20	3.50	3.50
Units at beginning of reporting period	pc.	8 416 494	8 416 494	7 104 834
Issues	pc.	–	–	1 311 660
Redemptions	pc.	–	–	–
Units at end of reporting period	pc.	8 416 494	8 416 494	8 416 494

Ratios on the portfolio	Unit	31 Dec. 2023	31 Dec. 2022	31 Dec. 2021
Number of properties	pc.	107	114	108
Gross yield	%	3.87	3.69	3.83
Real discount rate	%	2.75	2.66	2.79
Nominal discount rate	%	4.04	3.69	3.30
Vacancy rate as of reporting date	%	4.97	5.17	5.92
Vacancy rate reporting period	%	5.67	5.90	6.85

Historical performance data is no guarantee of future returns. The fund's income and the value of the fund units may increase or decrease and cannot be guaranteed. When redeeming fund units, the investor may get back less money than he originally invested.

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.

Roadshow

Nicolas Beutler, Portfolio Manager of the SF Sustainable Property Fund, will present the 2023 annual results as follows:

- **Lunch presentation on Thursday, 21 March 2024, Mandarin Oriental Savoy, Zurich**
- **Lunch presentation on Friday, 22 March 2024, Hotel Märthof, Basel**
- **Lunch presentation on Monday, 25 March 2024, Fairmont Grand Hotel, Geneva**
- **Lunch presentation on Tuesday, 26 March 2024, Beau-Rivage Hôtel, Neuchâtel**

For comprehensive reporting and the 2023 annual report, click [here](#).

SF Sustainable Property Fund

The SF Sustainable Property Fund invests in real estate and real estate projects in the whole of Switzerland. The real estate fund mainly focuses on residential use. The real estate fund systematically and step-by-step optimises properties in line with defined sustainability criteria (ESG) during the period of ownership. With the objective being to reach the Federal Council's climate objectives for 2030 and 2050 (net zero by 2050 at the latest), the focus falls mainly on environmental criteria (E of ESG), in particular on the improvement of energy efficiency and the reduction of greenhouse gas emissions.

Disclaimer

SF Sustainable Property Fund (ISIN CH0120791253) 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 does not represent a prospectus pursuant to Art. 35 ff. of the Financial Services Act (FinSA) or Art. 27 ff. of the Listing Rules of the SIX Swiss Exchange, nor does it constitute 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.