RELO FUND

ANNUAL REPORT 2022



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Economic environment

In 2022, the economy was significantly influenced by events such as the Russia/Ukraine war, rising energy prices and the associated high inflation. These developments forced central banks around the world to raise interest rates sharply. The pace of the hiking cycle is unprecedented by historical standards and led to simultaneous declines in bonds and equities. In fact, 2022 was one of the worst years ever recorded for bond yields. US government bonds lost 12.5 %, global investment grade USD bonds fell 13 % and global corporate bonds fell 14 %. Equities also posted negative returns. The global equity market and the S&P 500 Index lost 18 % and 19.5 % respectively, while the Nasdaq Index lost 33 % as technology and growth stocks were hit the hardest. This development led to the worst return of balanced portfolios composed of bonds and equities in almost a century.

Real Estate

High inflation and sharply rising interest rates also put increasing pressure on the real estate market. It became apparent that different sectors within the industry reacted differently. Food retail properties again proved to be crisis resistant. According to a study by BNP Paribas, the investment volume in Germany was 20 % below the average of the last 10 years at EUR 9.4 billion, but still 7 % above the previous year. In terms of valuations, the picture was mixed. Some of our properties were valued moderately lower due to rising interest rates, while other locations, mainly in southern Germany, were able to benefit from growing demand and increased in valuation even in the current environment. Overall, the valuation process of portfolio assets did not have a significant impact on the fund's annual result.

Our strategy of investing in real estate for everyday goods is less sensitive to economic cycles and is characterised by a high degree of stability. The focus is on financially strong tenants with solid balance sheets and high credit ratings.

Many transactions were examined in 2022. Sharply rising interest rates and the associated increase in financing costs had made us cautious and kept us from making new acquisitions. At the end of 2022, we reached an agreement to purchase a petrol station with integrated fast-food restaurant in Aalen.

Performance

The return expectations of the RELO Fund were met in 2022. The EUR share class increased by 4.94 % and the CHF share class by 4.39 %. The USD share class achieved a return of 6.37 %.

Changes in property valuations had no major impact on the annual result. The positive return resulted predominantly from rental income. All rental contracts are linked to the consumer price index. This led to a significant increase in rental revenues over the year. The systematic indexation provides effective protection against rising inflation. In view of the positive result and the solid earnings situation, the fund management aims to distribute a dividend of at least 2 % again this year.

ESG (Environmental, Social, Governance)

The RELO Fund pursues an ESG strategy based on two pillars. On the one hand, ESG criteria play a key role for new investments. On the other hand, ESG-compliant innovations are pursed for existing properties. Some petrol station operators have installed LPG filling stations in the past year, while others have started to build electric charging stations. We are currently pushing forward the evaluation of photovoltaic systems. We plan to start installations on suitable objects this year. The requirements for sustainable property management are also increasing. In order to keep up with market standards and keep properties competitive, it is necessary to systematically collect consumption data and prepare a sustainability analysis for each property. The necessary steps for data collection have been initiated and initial results and conclusions can be expected this year. In addition, a step-by-step certification of our locations according to current standards is taking place.

The supply of properties already classified as ESG-compliant is very limited in the current market environment. According to surveys taken by the Hahn Group and CBRE, investors are prepared to accept premiums of 5 to 10 % for such properties.

Outlook

The geopolitical upheavals and the inflation driven in particular by high energy and food prices are burdening both the economic development and the consumption behaviour of the population. This causes households to limit or adjust current consumption. A reduction in consumer spending is likely possible for larger purchases or for higher-value consumer goods. Giving up on basic needs such as groceries and mobility, however, it is hardly possible. Accordingly, food markets, whose popularity among investors has already increased significantly since the outbreak of the corona pandemic, are particularly in the focus of interest under the current conditions.

Our strategy has been beneficial in the past years, and we are committed to stick to it. In the meantime, we were able to conclude a purchase agreement for a petrol station with Shell as the anchor tenant in Aalen (Baden-Wurttemberg). Also on the property is a fast-food restaurant, which was let to McDonald's on a long-term basis.

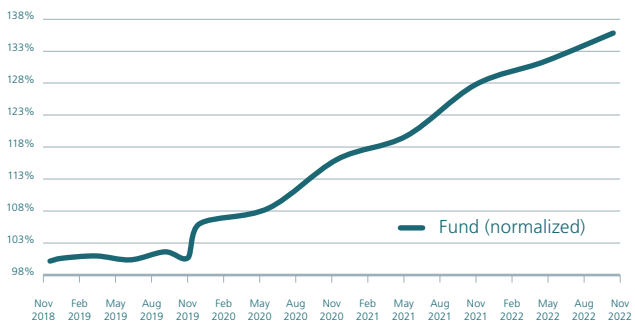
Since February 2023, we have been in the evaluation phase for the acquisition of three food retail properties in Switzerland. All of them have long-term lease agreements with a leading Swiss food retailer.

Portfolio overview, Performance, Financial ratios

Investment objective

The objective of the fund is to achieve constant, stable and predictable returns over the long-term, regardless of market conditions. The fund aims to buy strategically well located properties, which are being let to financially strong tenants with a high credit quality. To limit the dependence on economic cycles, the usage of the properties has to be food retail or service & petrol stations. The fund focuses on long-term rental aggrements which are linked to the consumer price index.

Net-Performance in USD (normalized)



General information

ISIN	LI0424522592
Security number	42.452.259
Bloomberg	RELOUSI LE
Fund currency	EUR
Share class currency	USD
Fund type	AIF
Launch date	November 5th, 2018
Management fee	0.60%
Total expense ration (TER)	1.75%
Minimum investment	1 share
Subscription/Redemption[1)]	semi-annully/annually

Net-Performance in USD

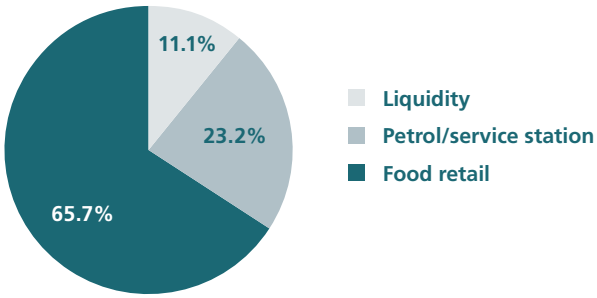
in %	6 months	12 months	3 years p.a.	5 years p.a.
Fund	3.43%	6.37%	8.67%	n.a.

in %	ItD	ItD p.a.	Volatility	Sharpe Ratio
Fund	35.89%	7.66%	3.32%	1.98

Current data

NAV USD (30.12.2022)	1'309.12
Fund volume EUR	36.7 Mio.
Fund volume USD (share class)	19.2 Mio.

Sector allocation



Portfolio positions

Portfolio	Valuation (EUR)	Use	Anchor tenant	Weight	Annual rent	Annual rent in %	WALT
Liquidity	7'982'222			11.1%			
Bad Oldesloe	16'800'000	Food retail	REWE	23.4%	887'058	5.28%	8.6
Eching	6'250'000	Petrol station	Tank&Rast	8.7%	355'763	5.69%	23.0
Lehrte	6'450'000	Petrol station	Tank&Rast	9.0%	354'884	5.50%	18.0
Ratingen	3'960'000	Petrol station	Tank&Rast	5.5%	221'000	5.58%	21.6
Eckental	8'770'000	Food retail	REWE	12.2%	416'328	4.75%	13.3
Obrigheim	6'380'000	Food retail	REWE	8.9%	311'880	4.89%	12.6
Hofheim	7'750'000	Food retail	REWE	10.8%	441'060	5.69%	8.9
Iphofen	7'490'000	Food retail	Aldi	10.4%	410'543	5.48%	7.5
Total	**71'832'222**			**100.0%**	**3'398'516**		**12.7**

Debt financing ratio

Total debt	38'762'290
Total capital	76'136'585
Leverage ratio	50.9%

Equity ratio

Total equity	37'053'091
Total capital	76'136'585
Equity ratio	48.7%

Return on equity (ROE)

Net income	2'228'354
Total equity	37'053'091
Return on equity	6.0%

Return on invested capital (ROIC)

Net operating profit after taxes	2'333'995
Invested Capital	75'162'083
Return on invested capital	3.1%

Interest corverage ratio

EBIT	2'340'514
Interst expense	597'895
Interest coverage ratio	3.9

Dividend yield

Distribution per share (USD)	25.1
NAV USD (30.12.2022)	1'309.1
Dividend yield	1.92%

USD -I- share class (Security no. 42.452.259 / ISIN LI0424522592)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YtD
2022						2.84%						3.43%	**6.37%**
2021						3.15%						6.74%	**10.11%**
2020						2.32%						7.12%	**9.60%**
2019			0.37%			-0.61%			1.26%		-0.92%	5.31%	**5.39%**
2018												0.44%	**0.44%**

EUR -I- share class (Security no. 42.452.252 / ISIN LI0424522527 / launched on November 5th, 2018)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YtD
2022						2.77%						2.11%	**4.94%**
2021						3.03%						6.33%	**9.55%**
2020						0.56%						5.68%	**6.27%**
2019			-0.42%			-1.48%			0.77%		-1.47%	5.16%	**2.43%**
2018												-0.35%	**-0.35%**

CHF -I- share class (Security no. 50.823.879 / ISIN LI0508238792 / launched on November 30th, 2019)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YtD
2022						2.56%						1.78%	**4.39%**
2021						3.06%						6.14%	**9.39%**
2020						0.32%						5.48%	**5.82%**
2019												4.70%	**4.70%**

Service providers

Auditor	BDO (Liechtenstein AG)
Administrator	IFM Independent Fund Management AG
Custodian	Liechtensteinische Landesbank AG

Approval distribution

Private investors	LI
Professionals	LI, CH, DE
Sales restrictions	USA

Fund management

Portfolio manager	Novum Asset Management AG
Investment advisor	SABA Asset Management AG

Sales contact

Stefan Tribelhorn	stefan.tribelhorn@novum.li
Thomas Verling	thomas.verling@saba7am.com


ALDI
SÜD
RØSSMANN
FRISTO


OBST & GEMÜSE

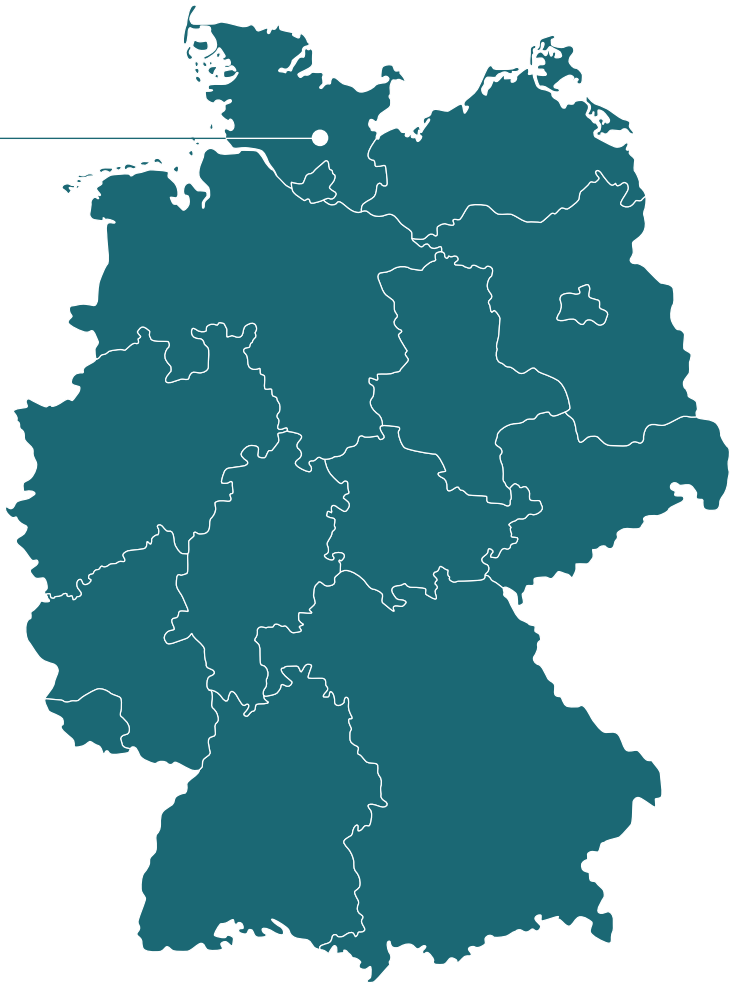


Bad Oldesloe

Tenant	**REWE** **Drogeriekette Budnikowsky** **denn's Biomarkt** **Postbankfiliale** **Wulff Tanzstudio**
Usage	Food retail
Plot area size	ca. 5.440 m²
Rental space	ca. 4.453 m²
Parking lots	106 cars
Lease duration	28.06.2034
Total WALT	8.6 years
Year of completion	2016
Change of possession	July 2019
Valuation	EUR 16'800'000
Purchase price	EUR 14'788'854
Side costs[1]	EUR 1'477'098
Total acquisition costs	EUR 16'265'952
Yearly rental income	EUR 887'058
Expected return	5.9 %
Initial loan value	EUR 9'500'000
Remaining loan value	EUR 8'818'400
Loan to value (LTV)	52.5 %
Interest Rate	1.34 % p.a.
Amortisation	2.00 % p.a.

[1] Side costs: real estate tax, legal, tax and environmental due diligence, acquisition fee, nowtary and land register.

Bad Oldesloe
Lübecker Strasse 23-25
Bad Oldesloe
Schleswig-Holstein



Eching

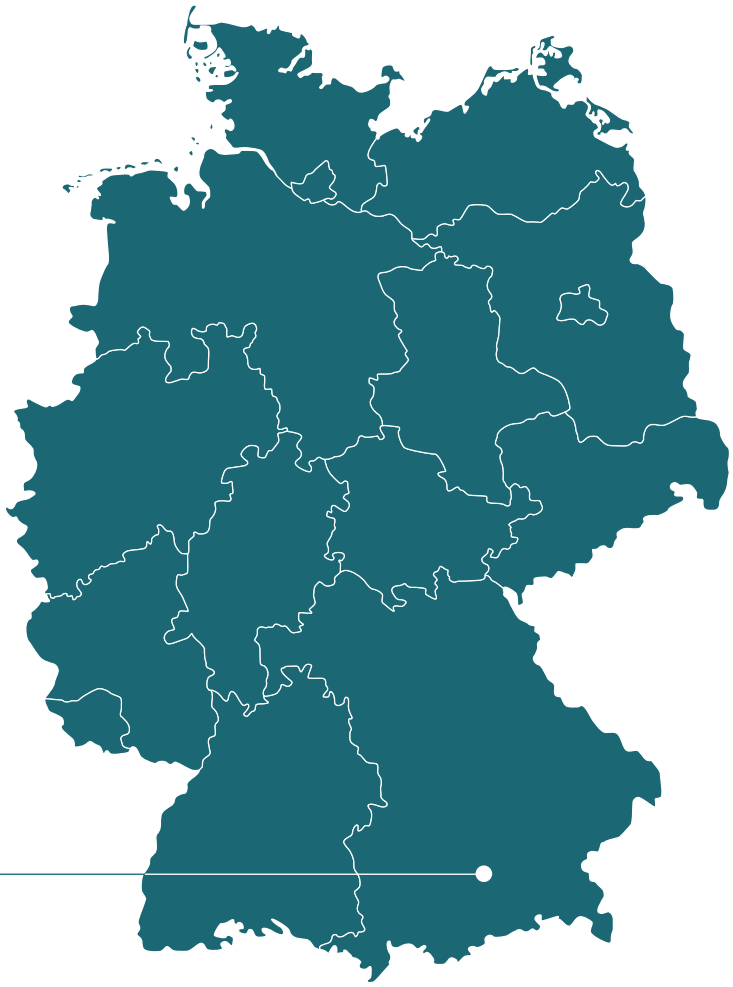
Tenant	**Tank & Rast (single tenant)**
Usage	Petrol / service station
Plot area size	ca. 4’300 m²
Rental space	ca. 4’314 m²
Parking lots	12 cars
Lease duration	31.12.2045
Total WALT	23 years
Year of completion	2019
Change of possession	November 2019
Valuation	EUR 6’250’000
Purchase price	EUR 5’770’626
Side costs[1]	EUR 387’727
Total acquisition costs	EUR 6’158’353
Yearly rental income	EUR 355’763
Expected return	7.4 %
Initial loan value	EUR 3’800’000
Remaining loan value	EUR 3’578’333
Loan to value (LTV)	57.3 %
Interest Rate	1.65 % p.a.
Amortisation	2.00 % p.a.





[1] Side costs: real estate tax, legal, tax and environmental due diligence, acquisition fee, notary and land register.





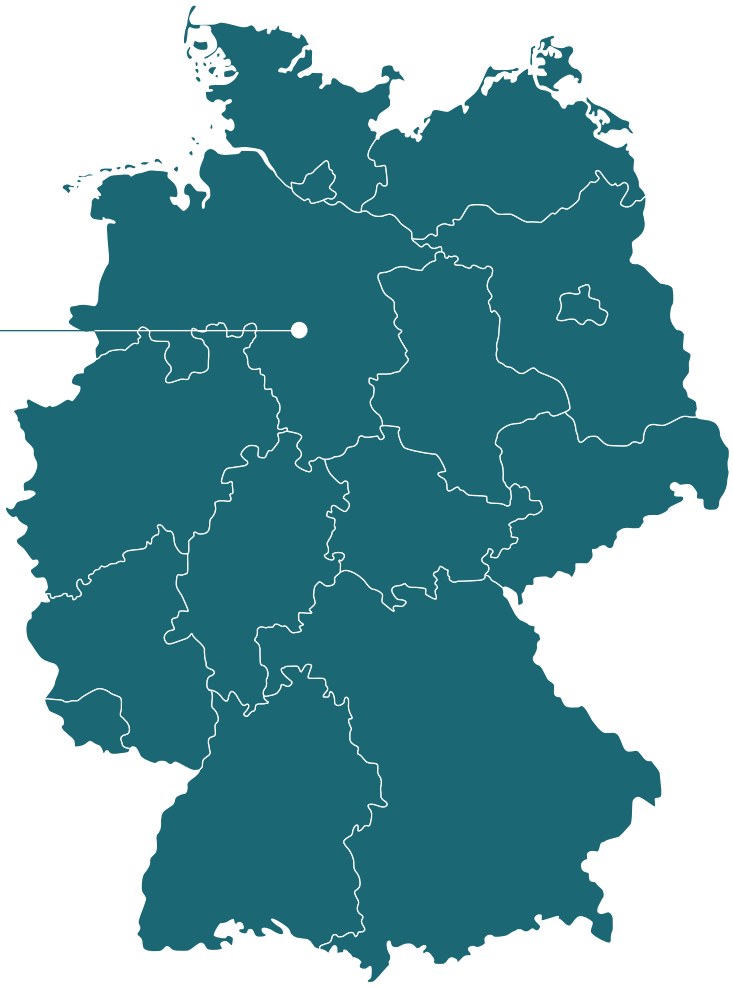
Eching
Dieselstrasse 30
85386 Eching
Bayern



Lehrte

Tenant	**Tank & Rast (single tenant)**
Usage	Petrol / service station
Plot area size	ca. 18’172 m²
Rental space	ca. 2’060 m²
Parking lots	18 cars / 70 trucks
Lease duration	31.12.2040
Total WALT	18 years
Year of completion	2000
Change of possession	January 2020
Valuation	EUR 6’450’000
Purchase price	EUR 5’600’000
Side costs[1]	EUR 415’908
Total acquisition costs	EUR 6’015’908
Yearly rental income	EUR 354’884
Expected return	7.1 %
Initial loan value	EUR 3’770’000
Remaining loan value	EUR 3’464’370
Loan to value (LTV)	53.7 %
Interest Rate	1.65 % p.a.
Amortisation	2.00 % p.a.

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Lehrte
Strassburger Strasse 4
31274 Lehrte
Niedersachsen

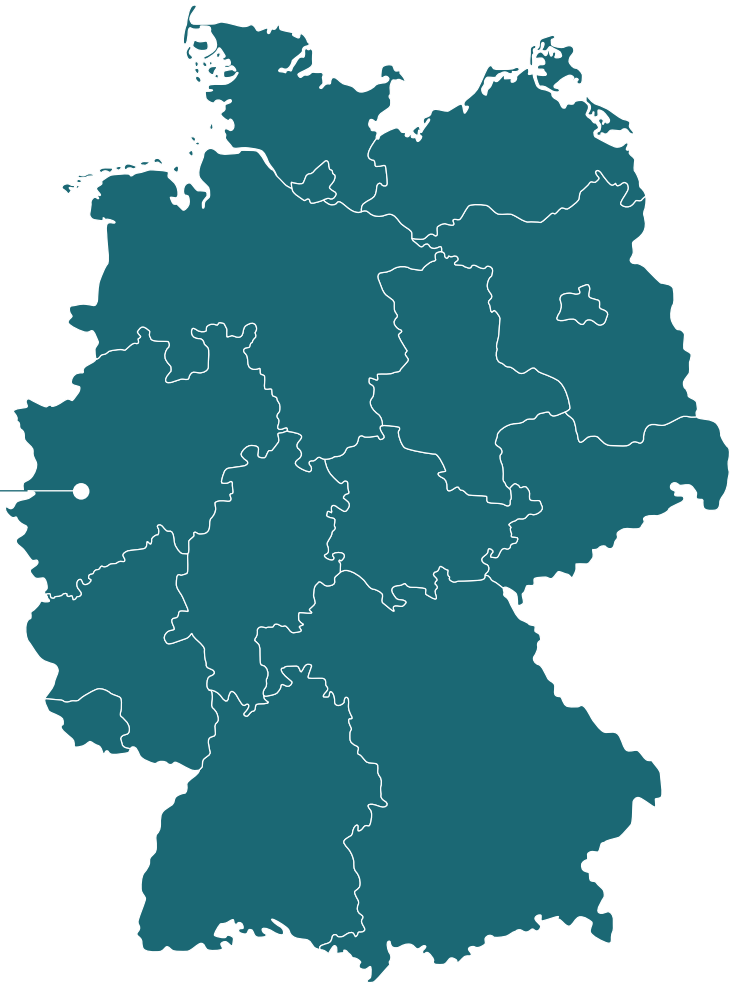
Ratingen

Tenant	**Tank & Rast (single tenant)**
Usage	Petrol / service station
Plot area size	ca. 7’800 m²
Rental space	ca. 7’800 m²
Parking lots	4 cars / 6 trucks
Lease duration	31.12.2044
Total WALT	21.6 years
Year of completion	2020
Change of possession	January 2020
Valuation	EUR 3’960’000
Purchase price	EUR 3’800’000
Side costs[1]	EUR 366’351
Total acquisition costs	EUR 4’166’351
Yearly rental income	EUR 221’000
Expected return	6.8 %
Initial loan value	EUR 2’470’000
Remaining loan value	EUR 2’309’580
Loan to value (LTV)	58.3 %
Interest Rate	1.65 % p.a.
Amortisation	2.00 % p.a.





[1] Side costs: real estate tax, legal, tax and environmental due diligence, acquisition fee, notary and land register.



Ratingen
Broichhofstrasse 8
40878 Ratingen
Nordrhein-Westfalen





Eckental

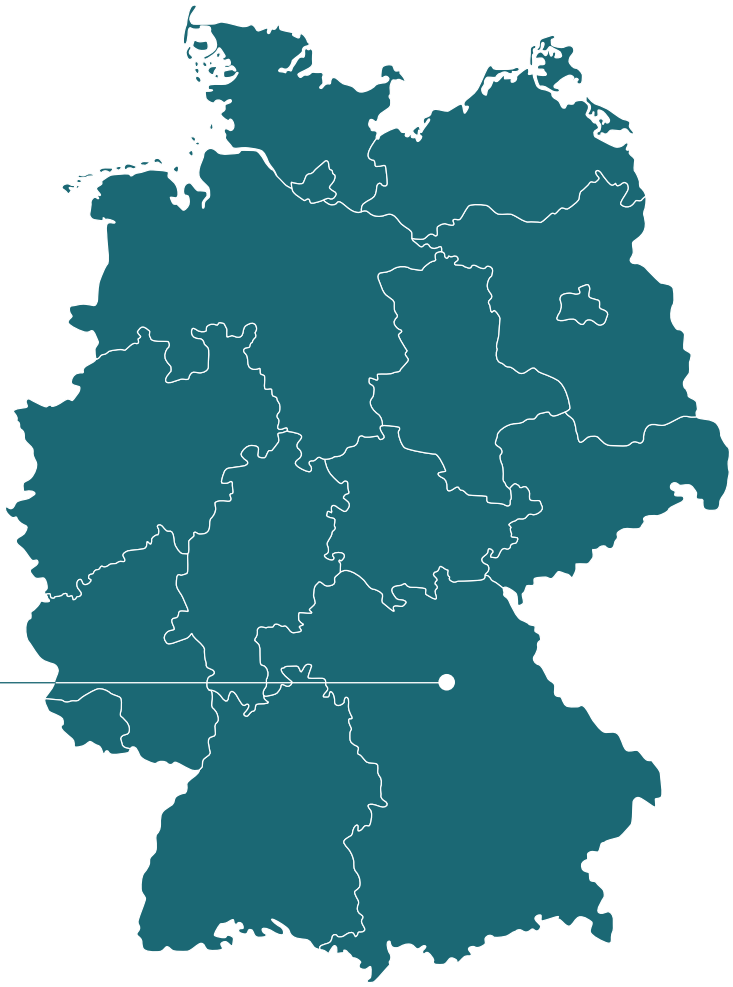
Tenant	**REWE (single tenant)**
Usage	Food retail
Plot area size	ca. 5’533 m²
Rental space	ca. 2’625 m²
Parking lots	111 cars
Lease duration	30.04.2036
Total WALT	13.3 years
Year of completion	2021
Change of possession	June 2021
Valuation	EUR 8’770’000
Purchase price	EUR 7’914’395
Side costs[1]	EUR 488’913
Total acquisition costs	EUR 8’403’308
Yearly rental income	EUR 416’328
Expected return	5.8 %
Initial loan value	EUR 5’059’586
Remaining loan value	EUR 4’924’128
Loan to value (LTV)	56.1 %
Interest Rate	1.50 % p.a.
Amortisation	2.00 % p.a.





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Eckental
Forther Hauptstrasse
90542 Eckental
Bayern





Obrigheim

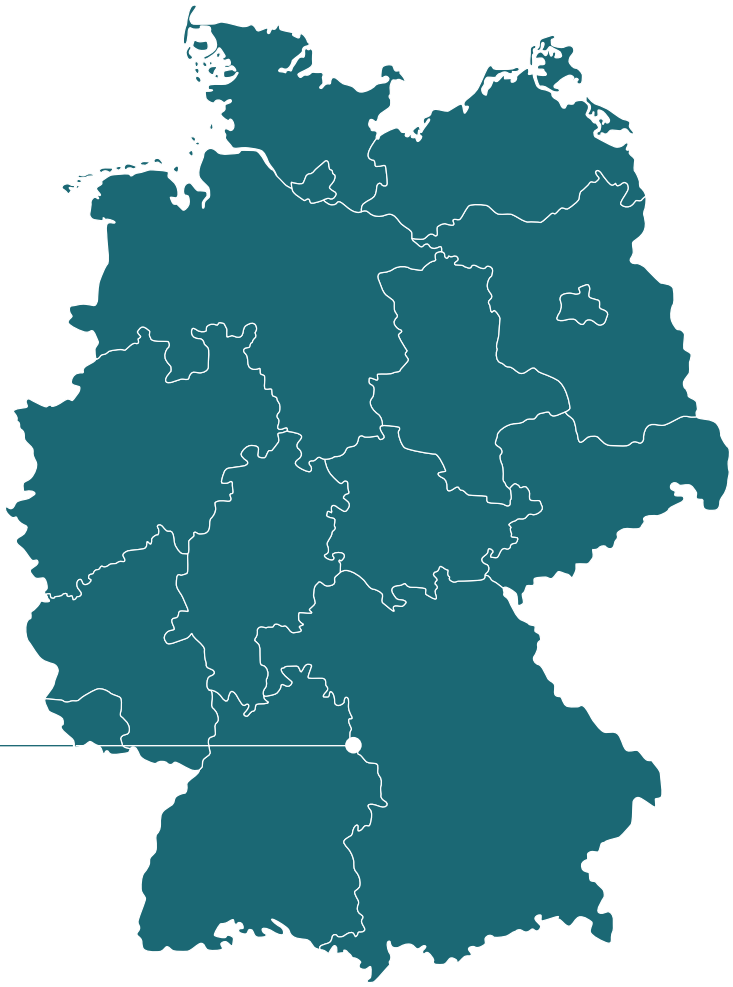
Tenant	**REWE (single tenant)**
Usage	Food retail
Plot area size	ca. 8’554 m²
Rental space	ca. 2’158 m²
Parking lots	78 cars
Lease duration	22.07.2035
Total WALT	12.6 years
Year of completion	2020
Change of possession	December 2020
Valuation	EUR 6’380’000
Purchase price	EUR 6’068’838
Side costs[1]	EUR 475’672
Total acquisition costs	EUR 6’544’510
Yearly rental income	EUR 311’880
Expected return	5.6 %
Initial loan value	EUR 3’940’414
Remaining loan value	EUR 3’659’449
Loan to value (LTV)	57.4 %
Interest Rate	1.50 % p.a.
Amortisation	2.00 % p.a.





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Obrigheim
Hauptstrasse 59
74847 Obrigheim
Baden-Württemberg



Iphofen

Tenant	**Aldi** **Rossmann** **Frickel** **Fristo**
Usage	Food retail
Plot area size	ca. 13’780 m²
Rental space	ca. 3’381 m²
Parking lots	163 cars
Lease duration	25.01.2032
Total WALT	7.5 years
Year of completion	2017
Change of possession	June 2021
Valuation	EUR 7’490’000
Purchase price	EUR 7’321’377
Side costs[1]	EUR 566’438
Total acquisition costs	EUR 7’887’815
Yearly rental income	EUR 410’543
Expected return	6.0 %
Initial loan value	EUR 4’816’404
Remaining loan value	EUR 4’691’964
Loan to value (LTV)	62.6 %
Interest Rate	1.80 % p.a.
Amortisation	1.80 % p.a.





[1] Side costs: real estate tax, legal, tax and environmental due diligence, acquisition fee, notary and land register.



Iphofen
Bahnhofstrasse 67, 67a, 67b, 69
97346 Iphofen
Bayern





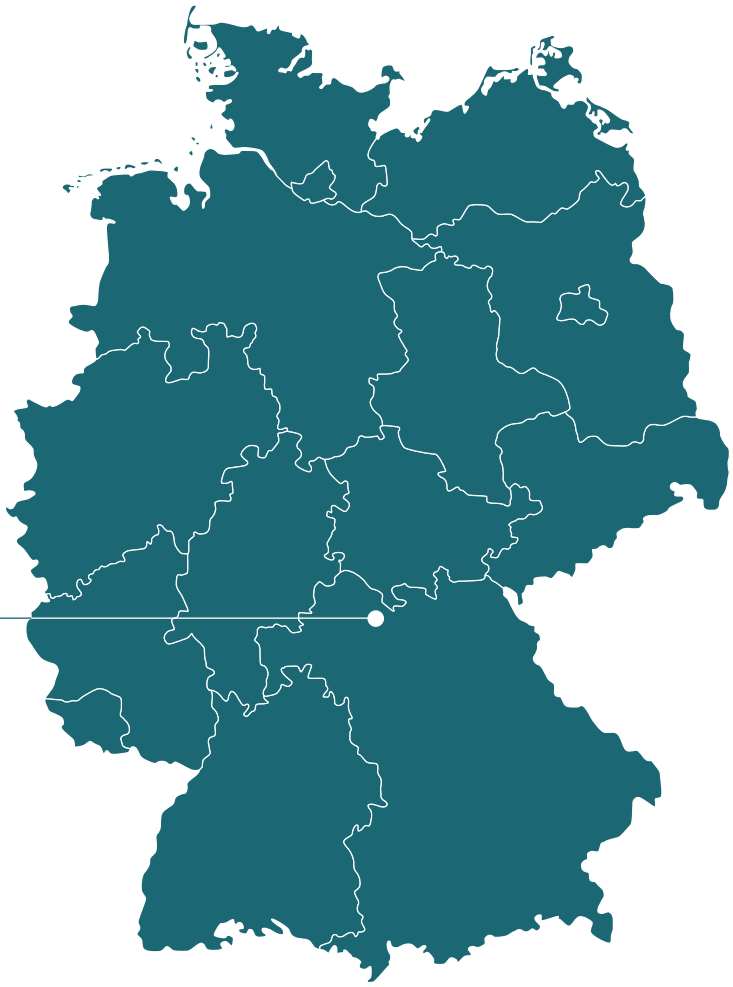
Hofheim

Tenant	**REWE** **Norma**
Plot area size	ca. 9’623 m²
Rental space	ca. 3’370 m²
Parking lots	123 cars
Lease duration	01.10.2032
Total WALT	8.9 years
Year of completion	2017
Change of possession	June 2021
Valuation	EUR 7’750’000
Purchase price	EUR 7’575’524
Side costs[1]	EUR 586’100
Total acquisition costs	EUR 8’161’624
Yearly rental income	EUR 441’060
Expected return	6.0 %
Initial loan value	EUR 4’983’596
Remaining loan value	EUR 4’854’836
Loan to value (LTV)	62.6 %
Interest Rate	1.80 % p.a.
Amortisation	1.80 % p.a.





[1] Side costs: real estate tax, legal, tax and environmental due diligence, acquisition fee, notary and land register.



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