

Media release

Zurich, 24 August 2022

Ad hoc announcement pursuant to Art. 53 LR

Strong results for the first half of 2022

- Net profit CHF 22.3 million (+45.3%)
- Net profit excluding revaluations and minority shareholder parts CHF 9.2 million (+46.2%)
- Portfolio value of CHF 753.2 million (+4.9%)
- Vacancy rate still low at 2.4% (balance sheet date: 30 June 2022)
- Multiple acquisitions and registrations

The turnaround in interest rates has triggered general uncertainty about the stability and future growth of the real estate market. SF Urban Properties Ltd posted a very good operating result for the first half in spite of this changed market environment. The company increased its rental income while at the same time reducing the vacancy rate from 2.6% at the end of 2021 to 2.4%. Major progress has also been made with respect to development properties. The company still has a solid financial foundation and is on track with the implementation of its sustainability strategy. Renewed revaluations of the properties in the portfolio underline their excellent quality of location.

SF Urban Properties Ltd (SIX Swiss Exchange: SFPN) achieved encouraging results in the first half of 2022. Property income (including ancillary income) increased by CHF 1.2 million or 9.2% year-on-year to CHF 13.8 million. As most tenants seem to have overcome the effects of the pandemic, the latter did not have any unusual impact on the results. A large number of existing leases were extended in the period under review, and new ones were concluded for vacant spaces. The renewals account for 6.3% and the new leases account for 2.7% of the annual budgeted rental income.

The contribution to total performance of investment property revaluations increased markedly to CHF 15.1 million in the first half of 2022, compared to increases in value due to revaluations amounting to CHF 10.0 million in the same period of the previous year. The current appreciation is a consequence of the discount rate trend, the successful extension of existing leases, the conclusion of new leases on the basis of better conditions, and the investments made. The average weighted real discount rate declined from 2.8% as of 31 December 2021 to 2.7%.

Development properties accounted for income of CHF 11.4 million, of which CHF 0.8 million was contributed for the first time by the project at Elsässerstrasse 1 in Basel.

Operating expenses came to CHF 14.3 million (same period in the previous year: CHF 15.1 million), CHF 9.2 million of which stemmed from development properties. In terms of other items, a CHF 0.3 million decline in management costs was offset by a CHF 0.6 million increase in maintenance and repair costs.

The EBIT margin improved to 64.6% (prior-year period: 57.9%). The financial result was CHF -1.7 million (prior-year period: CHF -2.5 million). Net profit after taxes came to CHF 22.3 million (previous year: CHF 15.3 million), CHF 0.9 million of which was attributable to the minority shareholders of the development company (previous year: CHF 1.0 million). The total amount attributable to the shareholders of SF Urban Properties (SFUP) improved substantially by CHF 24.2 million year-on-year to CHF 43.3 million. Net profit excluding revaluation effects attributable to the shareholders of SFUP increased by CHF 6.3 million in the previous year to CHF 9.2 million. Earnings per registered share (excluding revaluation effects) amounted to CHF 2.75, compared to CHF 1.88 as of 30 June 2021.

Transactions

In the first half, the acquisition focus was on the purchase of a consolidation property as well as additional development properties.

The commercial property that was acquired at Binningerstrasse 5 / Innere Margarethenstrasse 2 in Basel is a six-storey office building. This acquisition is of strategic importance for SFUP's portfolio as the property is directly adjacent to those at Binningerstrasse 7, 9, 11 and 15 and once again confirms the planned strategy of consolidation.

The company also invested in two development properties: one in the popular lake-side municipality of Rüschiikon, and the other in the famed Seefeld quarter in Zurich. During the reporting period the company also successfully registered the public deeds for three of the 16 condominium units of the "maison johann" reference project in Basel.

Solid financing

The company remains robustly financed with an equity ratio of 46.5% (45.9% as of 31 December 2021). The average interest rate including swaps on interest-bearing loans was 1.40% as of 30 June 2022 (1.42% as of 30 June 2021). The average fixed interest period is 6.9 years (8.6 years as of 30 June 2021).

Outlook for the second half of 2022

Taking into account base rate increases and fears that the national economic environment may take a recessive turn, SFUP expects institutional investors to review their current real estate holdings. The company generally assumes that properties with a stable cash flow return will remain attractive to investors.

The focus will be on targeted investments in the second half of the year. These primarily concern consolidation properties in the direct vicinity of existing properties and properties that can be developed as reference projects. Sales of individual properties that do not live up to the defined portfolio strategy or have no recognisable potential may be considered.

Given the sharp rise in immigration to Switzerland in 2022, the company expects demand for residential space to increase again. The company also expects overall demand for office space, and contemporary attractive spaces in central locations in particular, to remain stable.

The planned renovation of selected properties with a view to the reduction of CO₂ emissions will continue in the second half of the year. An internal interdisciplinary working group on sustainability will formulate suitable measures that comply with the statutory framework conditions as well as a possible tightening of these requirements.

On the basis of the milestones that the company is foreseen to reach by the end of the year, the development business is expected to continue to make an extremely positive contribution to the operating result.

The high-yielding SFUP portfolio with its low vacancy rates, central locations, diverse mixed-use concept and high added-value development pipeline gives the company the confidence to confirm its positive outlook for the second half of the year.

Further information

Bruno Kurz
Chief Executive Officer
SF Urban Properties Ltd
kurz@sfp.ch

Reto Schnabel
Chief Financial Officer
SF Urban Properties Ltd
schnabel@sfp.ch

Key figures for the first half 2022

Income statement	Unit	1 Jan. – 30 Jun. 2022	1 Jan. – 30 Jun. 2021
Property earnings	CHF 1 000	13 783	12 618
Total operating income before revaluation	CHF 1 000	25 338	25 985
Revaluation of investment properties	CHF 1 000	15 128	10 041
Operating result (EBIT)	CHF 1 000	26 097	20 817
EBIT margin	%	64.62	57.91
Net profit	CHF 1 000	22 301	15 346
Net income attributable to shareholders of SF Urban Properties Ltd	CHF 1 000	21 369	14 346
Net profit excluding revaluation effects ¹	CHF 1 000	9 225	6 312

Balancesheet	Unit	30 Jun. 2022	31 Dec. 2021
Total assets	CHF 1 000	852 504	793 664
Equity capital	CHF 1 000	396 637	364 511
Equity ratio	%	46.53	45.93
Financial liabilities	CHF 1 000	375 629	327 475
Debt financing ratio	%	44.06	41.26
Outside capital	CHF 1 000	455 867	429 153
Debt financing ratio	%	53.47	54.07
Third-party loan-to-value ratio of the properties ²	%	45.80	44.00
Return on equity ³	%	11.23	8.29
Return on equity excluding revaluation effects ¹	%	4.85	3.65

Portfolio data	Unit	30 Jun. 2022	30 Jun. 2021
Number of investment properties	Quantity	48	45
Number of development properties	Quantity	7	5
Investment properties incl. building rights	CHF 1 000	756 436	672 672
Development properties	CHF 1 000	41 994	33 829
Gross yield ⁴	%	4.00	4.24
Weighted real discount rate of portfolio valuation	%	2.70	2.88
Weighted nominal discount rate of portfolio valuation	%	3.73	3.40
Vacancy rate end of period	%	2.40	2.64
Current vacancies Reporting period ⁵	%	2.36	2.59
Average interest rate (excluding swaps) of financial liabilities	%	0.70	0.57
Average interest rate (including swaps) of financial liabilities	%	1.40	1.42
Average fixed interest rate	Years	6.9	8.6

Key Figures per Share	Unit	30 Jun. 2022	30 Jun. 2021
Net Asset value (NAV) per share of CHF 1.80	CHF	23.53	19.96
Net Asset Value (NAV) per share of CHF 9.00	CHF	117.67	99.78
Net Asset Value (NAV) per share of CHF 1.80 before deferred taxes	CHF	26.61	22.45
Net Asset Value (NAV) per share of CHF 9.00 before deferred taxes	CHF	133.05	112.25
Share price	CHF	95.00	103.00
Premium (+) and discount (-) on NAV	%	-19.26	3.23

	Unit	1 Jan. – 30 Jun. 2022	1 Jan. – 30 Jun. 2021
Earnings per share (EPS) of CHF 1.80 nominal	in CHF	1.28	0.86
Earnings per share (EPS) of CHF 9.00 nominal	in CHF	6.38	4.28
Earnings per share (EPS) of CHF 1.80 nominal excluding revaluation ¹	in CHF	0.55	0.38
Earnings per share (EPS) of CHF 9.00 nominal excluding revaluation ¹	in CHF	2.75	1.88

¹ Revaluation effects: revaluations and their tax effects

² Financial liabilities in relation to the market value of the investment properties and the acquisition costs of the development properties

³ Annualised net profit in relation to average equity

⁴ Gross profit yield equals targeted rental income as a percentage of market value (fair value)

⁵ Vacancy rate corresponds to vacancy excluding inconsistencies, rent reductions and discounts / target net rental when fully let

Roadshows

The management team of SF Urban Properties Ltd are presenting the 2022 half-year results as follows:

- **Lunch presentation on Wednesday, 24 August 2022, 12:00 p.m. to 1:30 p.m.,
Hotel Widder, Zurich**
- **Breakfast presentation on Friday, 26 August 2022, 08:15 a.m. to 9:30 a.m.,
Hotel Märthof, Basel**

Bruno Kurz (CEO) and Reto Schnabel (CFO) will be commenting on the half-year results. Thank you for your interest and attendance.

You can download the comprehensive reporting and the 2022 semi-annual report [here](#).

SF Urban Properties Ltd

SF Urban Properties Ltd (SFUP) is a Swiss real estate company that is headquartered in Zurich. It is active in the development and management of an existing real estate portfolio and in the acquisition of property. Within the scope of its operations, SF Urban Properties Ltd invests in commercial and residential property with potential for development. The company is especially looking for investment property that can be effectively optimised through cost management, repositioning, further development, restructuring of tenant relationships and other measures. SF Urban Properties Ltd has been listed at the SIX Swiss Exchange since 17 April 2012 (Symbol: SFPN, Valor: 003281613, ISIN: CH0032816131). Further information: www.sfurban.ch

Disclaimer

This publication constitutes neither an offer to sell nor a solicitation to buy securities of SF Urban Properties Ltd. The securities have already been sold. Some of the information published in this publication contains forward-looking statements. Users are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward-looking statements as a result of various factors. SF Urban Properties Ltd undertakes no obligation to publicly update or revise any information or opinions published in the publication. SF Urban Properties Ltd reserves the right to amend the information at any time without prior notice. This communication is being distributed only to, and is directed only at (i) persons outside the United Kingdom, (ii) persons who have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth entities, and other persons to whom it may otherwise lawfully be communicated, falling within Article 49(2) of the Order (all such persons together being referred to as "Relevant Persons"). Any investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. Any person who is not a Relevant Person must not act or rely on this communication or any of its contents. This communication does not constitute an "offer of securities to the public" within the meaning of Directive 2003/71/EC of the European Union (the "Prospectus Directive") of the securities referred to in it (the "Securities") in any member state of the European Economic Area (the "EEA"). Any offers of the Securities to persons in the EEA will be made pursuant to an exemption under the Prospectus Directive, as implemented in member states of the EEA, from the requirement to produce a prospectus for offers of the Securities. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States or to US persons (as such term is defined in Regulation S under the Securities Act) unless the securities are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act is available. The issuer of the securities has not registered, and does not intend to register, any portion of the offering in the United States, and does not intend to conduct a public offering of securities in the United States. This communication is not for distribution in the United States, Canada, Australia or Japan. This communication does not constitute an offer to sell, or the solicitation of an offer to buy, securities in any jurisdiction in which is unlawful to do so.