

## Media release

Zurich, 24 August 2023

Ad hoc announcement pursuant to Art. 53 LR

### Solid half-year results 2023

- **Net loss CHF -1.1 million (-104.6%)**
- **Net profit excl. revaluations CHF 5.4 million (-41.2%)**
- **Real estate earnings increased to CHF 14.7 million (+6.8%)**
- **Portfolio value stable at CHF 754.4 million (-0.01%)**
- **Vacancy rate still low at 1.7% (reporting date: 30 June 2023)**

**The first half was shaped by higher rental income and a continued low vacancy rate. Thanks to the efforts of management, the portfolio held up well in an environment of rising interest rates.**

SF Urban Properties Ltd (SIX Swiss Exchange: SFPN) posted solid results in the first half of 2023.

#### Further increase in earnings on investment properties

Real estate earnings increased by CHF 0.9 million or 6.8% year-on-year to CHF 14.7 million in the first half of 2023. This is due to the acquisition of Binningerstrasse 5 / Innere Margarethenstrasse 2 in Basel, the indexation of business lease agreements and the reletting of apartments following the successful completion of construction projects. The vacancy rate as at the reporting date as well as for the period declined compared to the previous year: from 2.4% to 1.7% and from 2.4% to 1.6%. Further progress was also made with regard to the decrease in returns, with inconvenience expenses declining by CHF 0.3 million (-72.5%).

Market-related devaluations had to be absorbed in the first half. Including a purchase of a neighbouring plot and value-enhancing investments in the portfolio, the value of the portfolio at the end of the first half of 2023 was CHF 754.4 million compared to CHF 754.5 million as at 31 December 2022. The ensuing revaluation loss of CHF -8.0 million or -1.1% against 31 December 2022 results in particular from the development in the discount rate. The average weighted real discount rate increased in the first half from 2.70% to 2.74% (+1.4%). Thanks to the excellent locations of the properties, higher income, low vacancy rate and progress with the construction projects, the portfolio as a whole was exposed to very few value corrections.

**Higher margin for development properties**

Supported by the progress made with projects relating to development properties, income of CHF 8.9 million was posted, compared to income of CHF 11.4 million in the prior-year period. With costs of CHF 6.5 million (previous year: CHF 9.0 million), the gross profit was CHF 2.4 million (previous year: CHF 2.5 million).

**Smaller net operating profit, excluding revaluation effects**

Total operating expenses (excluding developments) amounted to CHF 5.8 million, compared to CHF 5.1 million in the same period of the previous year. Owing to the revaluations, the EBIT margin declined by CHF -8.0 million (previous year: CHF 15.1 million) from 64.6% to 22.2%. Without the revaluations, the EBIT margin was almost stable at 61.9% (previous year: 63.7%).

The financial result for the reporting period was CHF -3.7 million (prior-year period CHF -1.7 million). The average interest rate was 2.09% compared to 1.40% as at 30 June 2022 and 2.01% as at 31 December 2022.

The tax expense dropped from CHF -2.1 million to CHF -0.8 million. The after-tax net loss for the reporting period is CHF -1.1 million (previous year: profit of CHF 21.7 million). Net profit excluding revaluation effects attributable to the shareholders of SFUP decreased from CHF 9.2 million in the previous year to CHF 5.4 million.

The earnings (excluding revaluation effects) per registered share of CHF 9.00 par value amount to CHF 1.62 and per registered share of CHF 1.80 par value to CHF 0.32, compared to CHF 2.75 and CHF 0.55 in the previous year.

**Outlook for the second half of 2023**

The high-yielding SFUP portfolio with its low vacancy rate, 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.

The focus will continue to fall on acquisitions of properties in the direct vicinity of investment properties and properties that can be developed as reference projects in the second half of 2023. As initial yields are rising, purchases of investment properties in Zurich and Basel will be investigated on an opportunistic basis. Following the sale on 2 August 2023 of the property at Aarberggasse 57 in Bern, sales of specific properties that do not fit the defined portfolio strategy or lack long-term potential are not excluded.

### **Rising real estate earnings**

When it comes to rental income, the company is positive about the rest of 2023. The asset management team will continue to aggressively manage vacancies in order to keep the year-end vacancy rate below 2%. In addition, the higher reference interest rate means that current rents can be adjusted in line with the statutory provisions in October. The increase will apply to around 55% of all residential leases in the portfolio. Earnings on these leases are expected to increase by around CHF 255 000 per year or 0.9% of total real estate earnings. The current construction projects at Zollikerstrasse 6 in Zurich, Binningerstrasse 7 in Basel and the conversion project on the Walzwerk site will also be completed and let by the end of the year.

### **Positive effect of earnings on development projects is continuing**

Income from the development of reference projects is expected to be lower than in the previous year. The reference projects will nevertheless make a positive contribution to the operating result of around CHF 2.4 million.

It is assumed that the increase in building costs seen over the past 12 months had peaked by the middle of the year, and that the situation regarding materials and energy prices will normalise further.

Overall, the company expects a positive annual result, which should allow for a distribution of the same magnitude as the previous dividend.

### **First publication of GRESB result**

An important milestone is planned for the second half of the year: following the submission of the GRESB (Global Real Estate Sustainability Benchmark) report, SF Urban Properties Ltd will publish its result for the first time in the fourth quarter. Independently of the ESG reporting, the company will continue to implement building measures designed to reduce the emissions of its real estate portfolio.

### **Further information**

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## Key figures for the first half 2023

<b>Income statement</b>	<b>Unit</b>	<b>1 Jan. - 30 Jun. 2023</b>	<b>1 Jan. - 30 Jun. 2022</b>
Property earnings	CHF 1 000	14 725	13 783
Total operating income before revaluation	CHF 1 000	23 766	25 338
Revaluation of investment properties	CHF 1 000	-7 967	15 128
Operating result (EBIT)	CHF 1 000	3 494	26 097
EBIT margin	%	22.24	64.62
Net profit	CHF 1 000	-1 026	22 301
Net income attributable to shareholders of SF Urban Properties Ltd	CHF 1 000	-1 145	21 369
Net income attributable to shareholders of SF Urban Properties Ltd excluding revaluation effects <sup>1</sup>	CHF 1 000	5 423	9 225

<b>Balancesheet</b>	<b>Unit</b>	<b>30 Jun. 2023</b>	<b>31 Dec. 2022</b>
Total assets	CHF 1 000	852 870	861 380
Equity capital	CHF 1 000	387 370	406 420
Equity ratio	%	45.42	47.18
Financial liabilities	CHF 1 000	371 270	358 183
Borrowing ratio	%	43.53	41.58
Outside capital	CHF 1 000	465 499	454 960
Debt financing ratio	%	54.6	52.8
Third-party loan-to-value ratio of the properties <sup>2</sup>	%	45.9	44.6
Return on equity <sup>3</sup>	%	-0.58	6.96
Return on equity excluding revaluation effects <sup>1</sup>	%	2.73	3.82

<b>Portfolio data</b>	<b>Unit</b>	<b>30. Jun. 2023</b>	<b>30. Jun. 2022</b>
Number of investment properties	Quantity	48	48
Number of development properties	Quantity	6	7
Investment properties incl. building rights	CHF 1 000	757 447	756 436
Development properties	CHF 1 000	41 817	41 994
Gross yield <sup>4</sup>	%	4.02	4.00
Weighted real discount rate of portfolio valuation	%	2.74	2.70
Weighted nominal discount rate of portfolio valuation	%	4.03	3.73
Vacancy rate end of period	%	1.69	2.40
Current vacancies Reporting period <sup>5</sup>	%	1.69	2.36
Average interest rate (including swaps) of financial liabilities	%	2.09	1.40
Average fixed interest rate	Years	6.4	6.9

<b>Key Figures per Share</b>	<b>Unit</b>	<b>30. Jun. 2023</b>	<b>30. Jun. 2022</b>
Net Asset value (NAV) per share of CHF 1.80	CHF	<b>23.09</b>	23.53
Net Asset Value (NAV) per share of CHF 9.00	CHF	<b>115.46</b>	117.67
Net Asset Value (NAV) per share of CHF 1.80 before deferred taxes	CHF	<b>26.47</b>	26.61
Net Asset Value (NAV) per share of CHF 9.00 before deferred taxes	CHF	<b>132.35</b>	133.05
Share price	CHF	<b>85.00</b>	95.00
Premium (+) and discount (-) on NAV	%	<b>-26.4</b>	-19.3

  

	<b>Unit</b>	<b>1 Jan. - 30 Jun. 2023</b>	<b>1 Jan. - 30 Jun. 2022</b>
Earnings per share (EPS) of CHF 1.80 nominal	in CHF	<b>-0.07</b>	1.28
Earnings per share (EPS) of CHF 9.00 nominal	in CHF	<b>-0.34</b>	6.38
Earnings per share (EPS) of CHF 1.80 nominal excluding revaluation <sup>1</sup>	in CHF	<b>0.32</b>	0.55
Earnings per share (EPS) of CHF 9.00 nominal excluding revaluation <sup>1</sup>	in CHF	<b>1.62</b>	2.75

<sup>1</sup> Revaluation effects: revaluations as well as their tax effects

<sup>2</sup> Interest bearing debt in relation to properties including developments dedicated to be sold

<sup>3</sup> Profit in relation to average equity

<sup>4</sup> Gross profit yield equals targeted rental income at a specific date as a percentage of market value (fair value)

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

## Live broadcast

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

– **Live broadcast on Thursday, 24 August 2023, 10:30 – 11:30 a.m.**

Bruno Kurz (CEO) and Reto Schnabel (CFO) will comment on the company's results.

You can download the comprehensive reporting and the 2023 semi-annual report at: <https://www.sfurban.ch/en/>

**SF Urban Properties Ltd**

SF Urban Properties Ltd (SFUP) is a Swiss real estate company based in Zurich. It invests in residential, commercial and development properties with a focus on the cities of Zurich and Basel. Its strategy is geared towards economic areas and locations that show more potential than others due to demographic, legal or economic conditions or their changes. SFUP takes responsibility for its impact on the environment, society and the economy and will continuously reduce its ecological footprint. Further information: [www.sfurban.ch](http://www.sfurban.ch)

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