

Media release

Zurich, 9 September 2021

Ad hoc announcement pursuant to Art. 53 LR

Encouraging results for the first half of 2021

- Net profit excluding revaluations of CHF 7.3 million (+32.0%)
- Net profit including revaluations of CHF 14.3 million (+195.3%)
- Portfolio value of CHF 672.7 million (+3.2%)
- Vacancy rate still low at 2.6% (balance-sheet date: 30 June 2021)
- Multiple acquisitions and registrations

SF Urban Properties Ltd can look back on an encouraging first six months of 2021, despite challenges related to the pandemic. Progress with respect to development properties and positive revaluations resulted in a much more substantial profit than in the same period of the previous year. The vacancy rate was also kept low.

Consolidated interim result 2021

SF Urban Properties Ltd (SIX Swiss Exchange: SFPN) achieved encouraging results in the first half of 2021. Although property income (including ancillary income) decreased by CHF 0.3 million or 2.25% year-on-year in 2021 to CHF 12.6 million on account of the pandemic-related lockdowns in the spring and winter, the vacancy rate as of the balance-sheet date remained steady in relation to the end of 2020 at 2.6%. A large number of existing leases were extended in the period under review, and new ones concluded for vacant spaces.

Revaluations of investment properties made a greater contribution to the total performance. This contribution amounted to CHF 10.0 million in the first half of 2021, compared to increases in value amounting to CHF 0.8 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 3.0% to 2.9% in the past year. Development properties accounted for income of CHF 13.2 million.

Operating expenses came to CHF 15.1 million (same period in the previous year: CHF 5.1 million), CHF 10.4 million of which stemmed from development properties. In terms of other items, a CHF 0.3 million increase in maintenance expenses was offset by a CHF 0.7 million reduction in other operating expenses.

The EBIT margin decreased to 57.8% (from 62.6% in the same period in the previous year) on account of the increased share of the development business. The financial result of CHF -2.5 million was unchanged in comparison to the same period in the previous year. The average interest expense (including hedging transactions) amounted to 1.42% in 2021 (previous year: 1.62%), with an average fixed interest period of 8.6 years (previous year: 8.8 years). Net profit after taxes came to CHF 15.3 million in 2021 (30 June 2020: 4.8 million), CHF 1.0 million of which was attributable to minority shareholders and the development cooperation partner (30 June 2020: 0.0 million). Net profit excluding revaluation effects and minority interests increased from CHF 5.5 million in the same period of the previous year to CHF 7.3 million. Earnings per registered share (excluding revaluation effects) amounted to CHF 2.17, compared to CHF 1.64 as at 30 June 2020.

Impact of COVID-19

During the first and second lockdowns, the company supported tenants affected by official closures by offering deferrals as well as rent reductions in some cases. The municipal and cantonal "three thirds" rescue packages were utilised in Zurich and Basle, for example.

The rent reductions effectively granted and recognised in the income statement since the start of the pandemic in March 2020 amounted to CHF 1.25 million as of 30 June 2021, with the first lockdown accounting for CHF 0.47 million (about 1.7% of the actual net annual rental income for 2020) and the second accounting for CHF 0.78 million (roughly 2.7% of the annualised actual net annual rental income for 2021).

The company's asset management activities are still focused on the provision of constant, close support to tenants, which involves regular meetings between the owners and individual tenants in order to find mutually acceptable and sustainable solutions in all cases.

Acquisitions/divestments

The strategy of focusing on central locations in Zurich and Basle was continued in the first six months of 2021. In the past months, SF Urban Properties Ltd has acquired two investment properties: Tramstrasse 53 in Münchenstein and Riehentorstrasse 28 / Kirchgasse 2-2A in Basle. An investment property at Hegenheimerstrasse 62 in Basle was also registered in the first quarter. The transfer of ownership is scheduled for the end of the year.

The company also invested around CHF 4.0 million in the acquisition of a development project at Minervastrasse 124 in Zurich in the first quarter of 2021. The development project provides for the creation of eight condominiums in an urban, traffic-calmed location. Work on the advance project commenced at the end of the second quarter.

No portfolio properties were sold in the first six months of 2021. However, SF Urban Properties Ltd successfully registered all condominiums in the "Kluspark" reference project in Zurich and "Sandreutergarten" in Riehen at the start of January 2021.

Development projects

Construction of the "Sandreutergarten" project in Riehen, which started at the end of 2020, is proceeding according to plan.

The development of Klusstrasse 38 in Zurich is also on schedule and is set to be completed in summer 2022.

The company is planning to use the plot at Fueederholzstrasse 8 in Herrliberg that it acquired in October 2020 to develop a replacement new build with six apartments and an underground car park as a reference property. The development project, in a favourable location with a lake view, is being planned and implemented together with a development partner. The planning application was submitted at the end of the second quarter of 2021.

The company received a legally valid building permit for the property at Elsässerstrasse 1+3 in Basle, which was reclassified as a development property in 2019, in the second quarter of 2021.

Solid financing

The company remains robustly financed with an equity ratio of 44.7% (prior year: 46.4%). The average interest rate including swaps on interest-bearing loans was 1.42% (same period in previous year: 1.62%). The average fixed interest period is 8.6 years (same period in previous year: 8.8 years).

Outlook for the second half of 2021

Due to the persistent low interest rates and continued excess demand, the company expects the transaction market to remain competitive in the second half of 2021. Its acquisition activities in pursuit of the ongoing expansion of its portfolio are still focused on the economic regions centred around Zurich and Basle. The rental market is still subject to significant uncertainty as a result of the pandemic. However, SF Urban Properties Ltd expects that the strong economic recovery will significantly boost demand. Thanks to its central and attractive locations and the active marketing of spaces, the company is confident in its ability to also let space in the second half of 2021.

Work will continue on the renovation and conversion of selected properties in the second half of 2021 as part of the updated property strategies.

Further information

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Key figures for the first half 2021

Income statement	Unit	1 Jan. - 30 Jun. 2021	1 Jan. - 30 Jun. 2020
Property earnings	CHF 1 000	12 618	12 908
Total income from sale of investment properties	CHF 1 000	0	0
Total operating income before revaluation	CHF 1 000	25 985	12 989
Revaluation of investment properties	CHF 1 000	10 041	755
Operating result (EBIT)	CHF 1 000	20 817	8 552
EBIT margin	%	57.78	62.60
Net profit	CHF 1 000	15 346	4 825
Net income attributable to shareholders of SF Urban Properties Ltd	CHF 1 000	14 346	4 858
Net profit excluding revaluation effects ¹	CHF 1 000	7 259	5 500

Balancesheet	Unit	30 Jun. 2021	31 Dec. 2020
Total assets	CHF 1 000	750 543	705 016
Equity capital	CHF 1 000	335 393	327 386
Equity ratio	%	44.69	46.44
Financial liabilities	CHF 1 000	310 919	279 608
Debt financing ratio	%	41.43	39.66
Outside capital	CHF 1 000	415 150	377 631
Debt financing ratio	%	55.31	53.56
Third-party loan-to-value ratio of the properties ²	%	45.00	43.10
Return on equity ³	%	9.26	7.06
Return on equity excluding revaluation effects ¹	%	4.38	7.40

Portfolio data	Unit	30 Jun. 2021	30 Jun. 2020
Number of investment properties	Quantity	45	47
Number of development properties	Quantity	5	5
Investment properties incl. building rights	CHF 1 000	672 672	652 123
Development properties	CHF 1 000	33 829	29 052
Gross yield ⁴	%	4.24	4.34
Weighted real discount rate of portfolio valuation	%	2.88	3.04
Weighted nominal discount rate of portfolio valuation	%	3.40	3.55
Vacancy rate end of period	%	2.64	2.30
Current vacancies Reporting period ⁵	%	2.59	2.50
Average interest rate (excluding swaps) of financial liabilities	%	0.57	0.66
Average interest rate (including swaps) of financial liabilities	%	1.42	1.63
Average fixed interest rate	Years	8.6	8.8

Key Figures per Share	Unit	30 Jun. 2021	30 Jun. 2020
Net Asset value (NAV) per share of CHF 1.80 / 2.52	CHF	19.96	19.12
Net Asset Value (NAV) per share of CHF 9.00 / 12.60	CHF	99.78	95.62
Net Asset Value (NAV) per share of CHF 1.80 / 2.52 before deferred taxes	CHF	22.45	21.16
Net Asset Value (NAV) per share of CHF 9.00 / 12.60 before deferred taxes	CHF	112.25	105.82
Share price	CHF	103.00	87.00
Premium (+) and discount (-) on NAV	%	3.23	-9.01

	Unit	1 Jan. - 30 Jun. 2021	1 Jan. - 30 Jun. 2020
Earnings per share (EPS) of CHF 1.80 / 2.52 nominal	in CHF	0.86	0.29
Earnings per share (EPS) of CHF 9.00 / 12.60 nominal	in CHF	4.28	1.45
Earnings per share (EPS) of CHF 1.80 / 2.52 nominal excluding revaluation ¹	in CHF	0.43	0.33
Earnings per share (EPS) of CHF 9.00 / 12.60 nominal excluding revaluation ¹	in CHF	2.17	1.64

¹ Revaluation effects: revaluations as well as their tax effects and further tax effects

² Interest bearing debt in relation to properties including developments dedicated to be sold

³ 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

Live broadcast

The management team of SF Urban Properties Ltd are presenting the 2021 half year figures as follows:

- **Live broadcast on Thursday 9 September 2021 at 11:00 a.m.**

Adrian Schenker (CEO), Reto Schnabel (CFO) and Adrian Murer (CEO SFP Group) will comment on the semi-annual results. A recording will be uploaded to our website www.sfp.ch following the presentation. Thank you for your interest.

You can download the comprehensive reporting and the 2021 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

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