

Media release

Zurich, 14 March 2023

Ad hoc announcement pursuant to Art. 53 LR

SF Urban Properties Ltd improves operating result

- **Net profit incl. revaluations CHF 26.8 million (-33.8%)**
- **Net profit excl. revaluations CHF 14.7 million (+32.3%)**
- **Property income up sharply to CHF 28.4 million (+4.7%)**
- **Portfolio value increased by 5.1% to CHF 754.5 million**
- **Vacancy rate down substantially to 1.5% (as at 31 December 2022)**
- **Distribution from capital contribution reserve of CHF 3.60 per registered share, same as in 2021**

In spite of the changed market conditions, SF Urban Properties Ltd improved its operating result due to the robust portfolio of properties in selected good locations and the very focused work done by the management team. The Board of Directors will propose a distribution from the capital contribution reserve of CHF 3.60 per registered share of CHF 9.00 par value. Based on the share price as at 31 December 2022, the distribution yield will be around 4.0%.

Positive result for 2022

SF Urban Properties Ltd (SIX Swiss Exchange: SFPN) ended the 2022 financial year with a lower operating result. Earnings before interest and taxes (EBIT) declined from CHF 57.8 million to CHF 41.3 million owing to lower revaluations of CHF 15.2 million (previous year CHF 36.8 million). As a result, the net profit attributable to the shareholders of SF Urban Properties Ltd dropped from CHF 40.5 million to CHF 26.8 million (-33.8%).

Fortunately, the net profit excluding revaluation effects and deferred taxes improved by CHF 3.6 million (+32.3%) from the previous year to CHF 14.7 million. This is mainly due to higher property income and higher gains on development properties. The earnings per share excluding revaluation effects amounted to CHF 4.39 (previous year CHF 3.32), while the Net Asset Value (NAV) per registered share was CHF 120.36 as at 31 December 2022 (previous year CHF 108.36).

Investment property portfolio strengthened

The strategy of focusing on central locations in Zurich and Basel once again proved itself in the 2022 financial year. During the year under review, the company acquired Binningerstrasse 5 / Innere Margarethenstrasse 2 in Basel, a property with strategic importance for the consolidation programme, for CHF 18.2 million.

New leases and extensions to existing leases amounting to 13.5% of net annual rent were concluded in the period under review. The value of the portfolio, including building rights and including new acquisitions, increased from CHF 718.2 million to a total of CHF 754.5 million as at 31 December 2022 (+5.1%). The vacancy rate as at 31 December 2022 was 1.5%, which is a new record (previous year 2.6%).

Improved earnings from development projects

Gains from development properties increased by CHF 4.5 million year-on-year to CHF 8.3 million.

In order to continue enjoying such development gains in the coming years, the company invested in several development projects.

SFUP invested CHF 5.7 million in acquiring a development project in a preferred location with a view of the lake at Alte Landstrasse 26 in Rüslikon.

CHF 8.3 million was also invested in the acquisition of a development project in the exclusive Seefeld district in Zurich at Seefeldstrasse 186.

Another CHF 8.6 million was used to acquire a development project in an idyllic location at Ruchenacher 17 in Zumikon.

In the year under review the company successfully registered all condominium units of the 'Kluspark' and 'Sandreutergarten' development projects in Zurich and Riehen, respectively, and handed them over to the buyers. 14 of the 16 condominium units in the 'maison johann' reference project in Basel were registered.

Solid financing

The company is robustly financed with a loan-to-value ratio of 44.6% (previous year 44.0%). The average interest rate of the financial liabilities was 2.01% in the reporting year (previous year 1.35%). This augmentation compared to the previous year is due to market turbulences in the second half of the year. However, net financial expenses, including the increase in value of interest rate derivatives, decreased to CHF 4.8 million (previous year CHF 5.2 million) due to interest rate hedging transactions. The average fixed-interest period decreased slightly to 6.81 years (previous year 7.72 years).

Making the sustainability strategy tangible

With regard to the targets set for the CO₂ reduction measures, the company improved the review of the implementing measures and made them more tangible. A materiality matrix was defined for weighting various sustainability aspects for a predominantly urban portfolio. This weighting serves as the compass for management to implement specific measures in the coming years.

In 2023 the company will focus, among other things, on installing the first photovoltaic systems and submitting the GRESB (Global Real Estate Sustainability Benchmark) report.

Outlook for 2023

Given the ongoing geopolitical uncertainties, the lack of a clear trend for future global economic growth and the rise in energy and building costs, the outlook for 2023 is challenging. We generally expect demand for investment properties to remain steady and believe that investment properties with a stable cash flow yield will remain an interesting proposition.

Switzerland is seeing an increasing housing shortage. While net immigration is still on the rise. The situation can be expected to worsen further in Zurich and Basel in 2023, as construction activity is contracting due to complex regulations and higher financing and building costs. We therefore expect apartment rents to rise in Zurich in particular, but also in Basel.

The leases for our commercial properties, which account for some 70% of our property income, contain indexation clauses as a hedge against inflation. We expect an increase in property income of 1.9% from this share of the leases in 2023. Demand for modern and attractive commercial space is likely to remain stable in 2023.

The planned renovations and conversions of selected properties will continue in 2023 and the reference properties are expected to have a very positive effect on the operating result. Although we believe that building costs have peaked in the past year, the situation remains hard to predict, which is why we are paying particular attention to our building projects and making the planning of them as flexible as possible.

Management remains confident about the expected course of business in 2023.

Distribution proposal to the Annual General Meeting on 5 April 2023

The Board of Directors will propose a distribution from the capital contribution reserve of CHF 3.60 net per registered share of CHF 9.00 par value and CHF 0.72 net per registered share (voting share) of CHF 1.80 par value, both exempt from withholding tax. Based on the share price as at 31 December 2022, this will result in a distribution yield of 4.0% for the registered shares of CHF 9.00 par value listed on SIX Swiss Exchange.

Further information

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Key figures 2022

Income statement	Unit	1 Jan. – 31 Dec. 2022	1 Jan. – 31 Dec. 2021
Property earnings	CHF 1 000	28 390	27 123
Total operating income before revaluation	CHF 1 000	63 987	49 683
Revaluation of investment properties	CHF 1 000	15 236	36 755
Operating result (EBIT)	CHF 1 000	41 322	57 800
EBIT margin	%	52.29	66.87
Net profit	CHF 1 000	28 490	41 887
Net income attributable to shareholders of SF Urban Properties Ltd	CHF 1 000	26 814	40 534
Net income attributable to shareholders of SF Urban Properties Ltd excluding revaluation effects ¹	CHF 1 000	14 718	11 123

Balancesheet	Unit	31 Dec. 2022	31 Dec. 2021
Total assets	CHF 1 000	861 380	793 664
Equity capital	CHF 1 000	406 420	364 511
Equity ratio	%	47.18	45.93
Financial liabilities	CHF 1 000	358 183	327 475
Borrowing ratio	%	41.58	41.26
Outside capital	CHF 1 000	454 960	429 153
Debt financing ratio	%	52.82	54.07
Third-party loan-to-value ratio of the properties ²	%	44.60	44.00
Return on equity ³	%	6.96	12.11
Return on equity excluding revaluation effects ¹	%	3.82	3.22

Portfolio data	Unit	31 Dec. 2022	31 Dec. 2021
Number of investment properties	Quantity	48	47
Number of development properties	Quantity	6	5
Investment properties incl. building rights	CHF 1 000	757 600	721 518
Development properties	CHF 1 000	44 092	31 397
Gross yield ⁴	%	3.94	4.00
Weighted real discount rate of portfolio valuation	%	2.70	2.79
Weighted nominal discount rate of portfolio valuation	%	3.72	3.30
Vacancy rate end of period	%	1.51	2.60
Current vacancies Reporting period ⁵	%	2.37	2.51
Average interest rate (including swaps) of financial liabilities	%	2.01	1.35
Average fixed interest rate	Years	6.8	7.7

Key Figures per Share	Unit	31 Dec. 2022	31 Dec. 2021
Net Asset value (NAV) per share of CHF 1.80	CHF	24.07	21.67
Net Asset Value (NAV) per share of CHF 9.00	CHF	120.36	108.36
Net Asset Value (NAV) per share of CHF 1.80 before deferred taxes	CHF	27.46	24.30
Net Asset Value (NAV) per share of CHF 9.00 before deferred taxes	CHF	137.32	121.51
Share price	CHF	89.00	101.00
Premium (+) and discount (-) on NAV	%	-26.06	-6.79

	Unit	1 Jan. – 31 Dec. 2022	1 Jan. – 31 Dec. 2021
Earnings per share (EPS) of CHF 1.80 nominal	in CHF	1.60	2.42
Earnings per share (EPS) of CHF 9.00 nominal	in CHF	8.00	12.09
Earnings per share (EPS) of CHF 1.80 nominal excluding revaluation ¹	in CHF	0.88	0.66
Earnings per share (EPS) of CHF 9.00 nominal excluding revaluation ¹	in CHF	4.39	3.32

¹ Revaluation effects: revaluations as well as their 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 at a specific date 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

Lunch Presentation

The management team of SF Urban Properties Ltd are presenting the 2022 annual figures as follows:

- **Lunch Presentation on Tuesday 15 March 2022, Park Hyatt Zurich – 12:00 pm**
- **Lunch Presentation on Wednesday 16 March 2022, Pullman Basel Europe – 12:00 pm**

Bruno Kurz (CEO), Reto Schnabel (CFO) and Micaela Dal Santo-Venzi (Portfolio Manager) will comment on the company's results.

You can find a comprehensive report and the 2022 annual report at: <https://www.sfp.ch/en/products/sf-urban-properties-ltd/downloads>

Agenda

Ordinary Annual General Meeting: 5 April 2023

Ordinary Annual General Meeting: 10 April 2024

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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