

SF Urban Properties Ltd Annual Report 2023

13 March 2024



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1. Review of 2023

Key Events in 2023

Management



New record low **vacancy rate**

Portfolio adjustment to strengthen strategy

Improved rental income and **strict cost management**

Impressive GRESB result of 4 out of 5 stars

Yield



Completed construction projects in Zollikerstrasse in Zurich, Binningerstrasse in Basel and Walzwerk site

Market-related devaluation of portfolio

Development



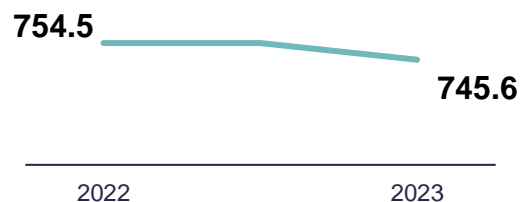
Building permit for Rüschtikon project received

Sale of last unit at Elsässerstrasse 1 in Basel

Key Figures

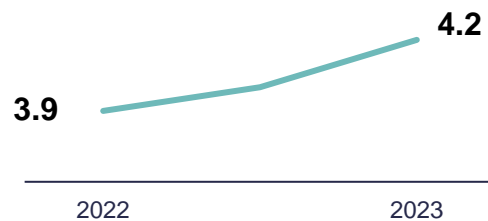
as at 31 December 2023, compared to previous year

Portfolio value of investment properties



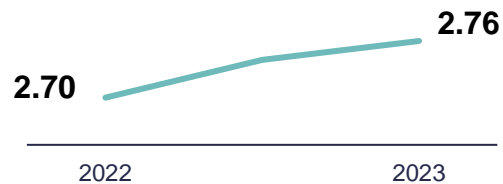
CHF **745.6** million

Gross yield



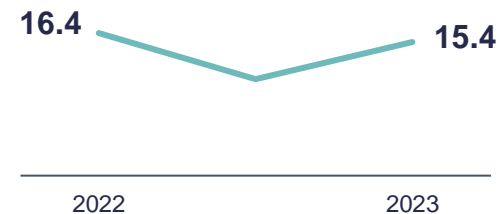
4.2%

Real discount rate



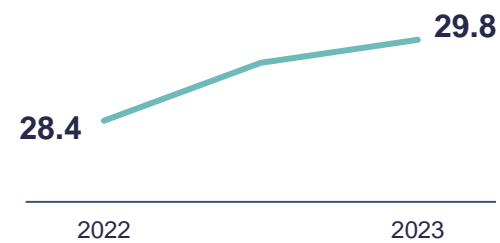
2.76%

Net profit excl. revaluation effects



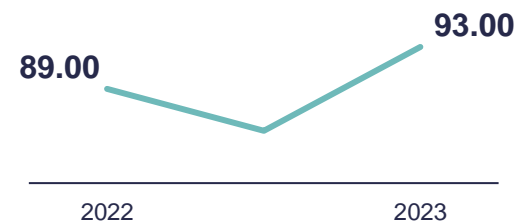
CHF **15.4** million

Real estate earnings



CHF **29.8** million

Share price

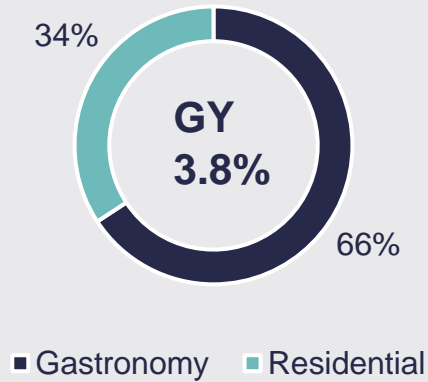


CHF **93.00**

Investment Property Divestments in 2023

Strategic portfolio adjustments

Aarbergergasse 57, BE



Annual income: CHF 225 408

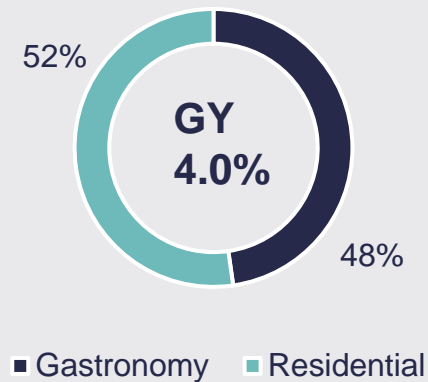
Sales price: CHF 6 000 000

Market value: CHF 5 680 000
as at 30.06.2023

Inadequate location for portfolio strategy

Reduction of gastronomy share

Rebgasse 64, BS



Annual income: CHF 134 340

Sales price: CHF 3 400 000

Market value: CHF 3 240 000
as at 30.06.2023

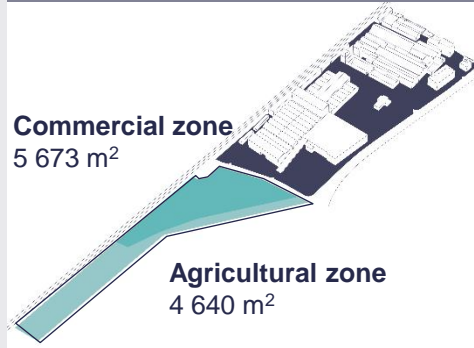
CAPEX savings (approx. 1.5 million)

Reduction of gastronomy share

Investment Property Acquisitions in 2023

Asset consolidation through realignment

Parcel 818, Arlesheim



Annual income: CHF 114 509
Interim use

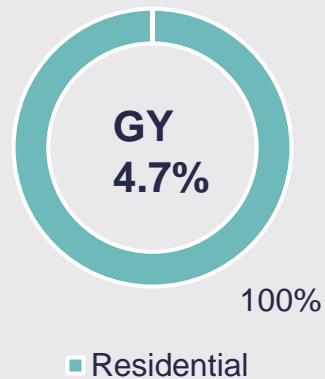
Purchase price: CHF 5 230 000

Market value at acquisition: CHF 5 230 000

Strategic land reserve for future site development

Realignment

Rosentalstrasse 42-44, BS



Annual income: CHF 190 512

Purchase price: CHF 4 028 000

Market value at acquisition: CHF 4 350 000

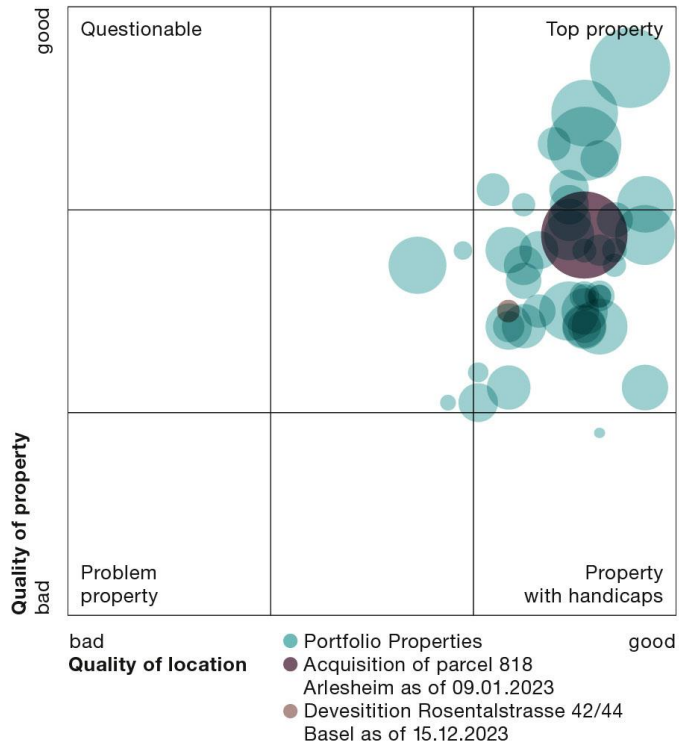
Increase of residential share

Realignment

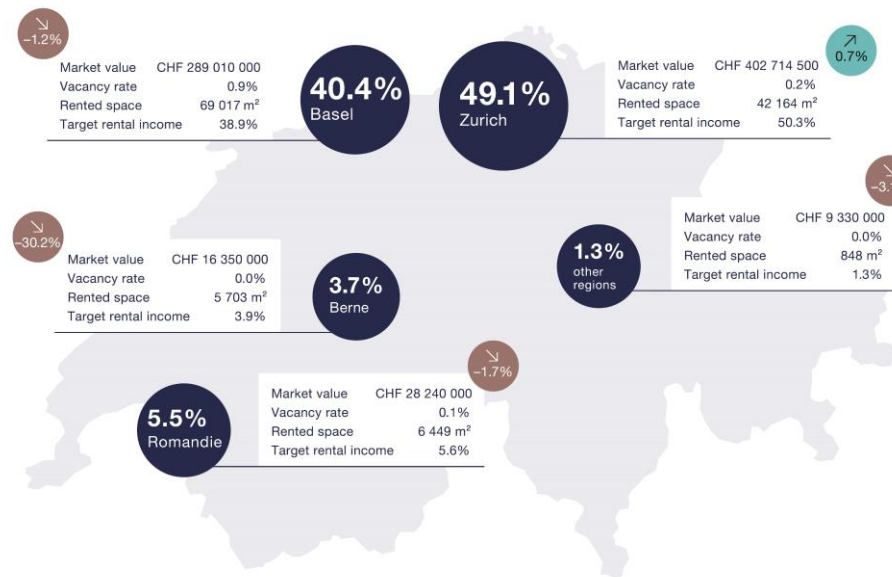
Portfolio Overview

as at 31 December 2023

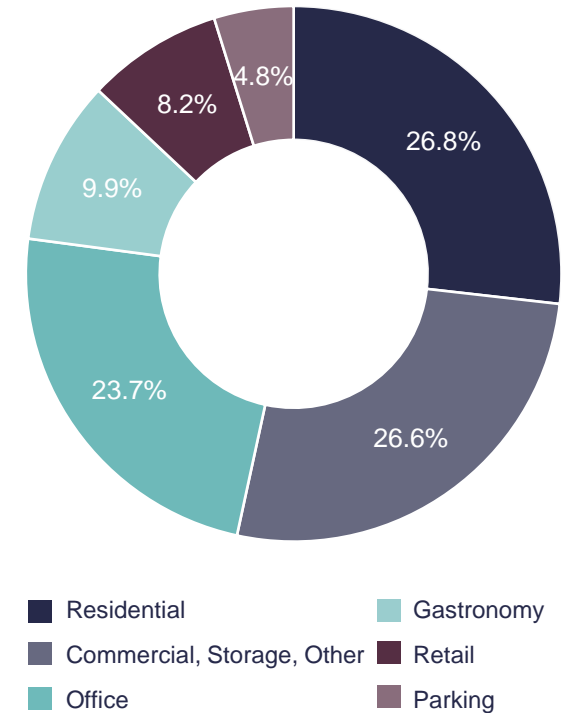
Market matrix



Market regions



Real estate earnings – target net rent by usage



Valuation Wüest Partner as at 31 December 2023

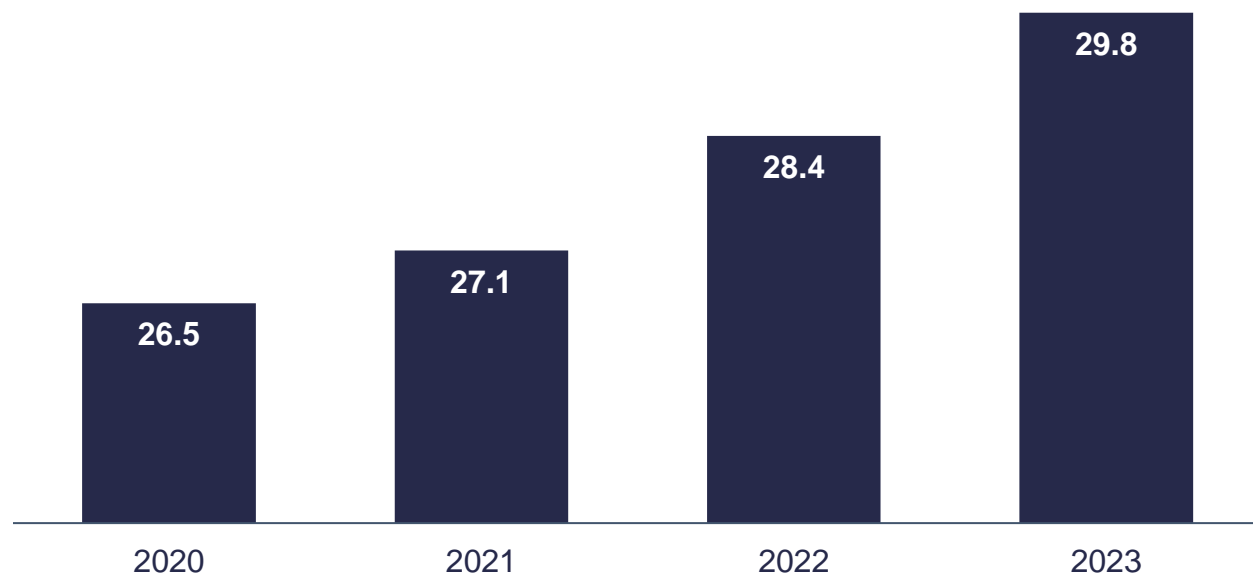
Excellent Locations with optimisation potential

Focus on Zurich and Basel

Diversified uses

Real Estate Earnings

Real estate earnings (in CHF million)



Increase in real estate earnings

- Lower vacancy rate (period-based)
- Rents adjusted to reference interest rate
- Indexation of business leases
- New lets
- Project completions

Like-for-like rent developments period-based 2022 / 2023

+2.3%

Rent developments/m ²	As at 31.12.2022	As at 31.12.2023
Residential	261	271
Office	346	353
Commercial	165	170
Retail	321	323
Gastronomy	405	413

2. Strategy Focus

Strategy

Focus on stable investment portfolio with slightly above average EPS due to development projects

INVESTMENT PROPERTIES

80% OF EARNINGS



Acquisitions
with focus on realignments

Active vacancy rate and
cost management

Investment property redevelopment



Urban locations



Diversification



Sustainability



Solid financing

DEV. PROJECTS

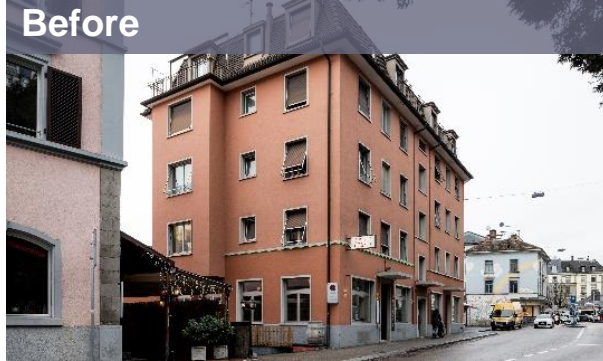
20% OF EARNINGS



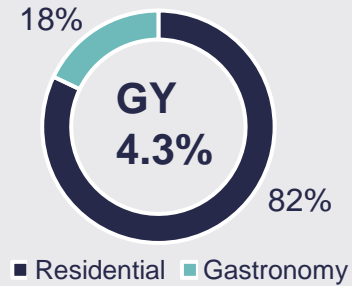
Development, realisation & sale
of condominium properties

Use Case A

Zollikerstrasse 6 - conversion improves stability



Before



Office and gastronomy use

Requires refurbishment



Market value: CHF 9.3 million

EPS: CHF 0.06

EPS increase of
CHF 0.02
per unit

NAV increase of
CHF 0.94
per unit



After



Residential use

Completely refurbished

Risk minimisation



Market value: CHF 18.5 million

EPS: CHF 0.08

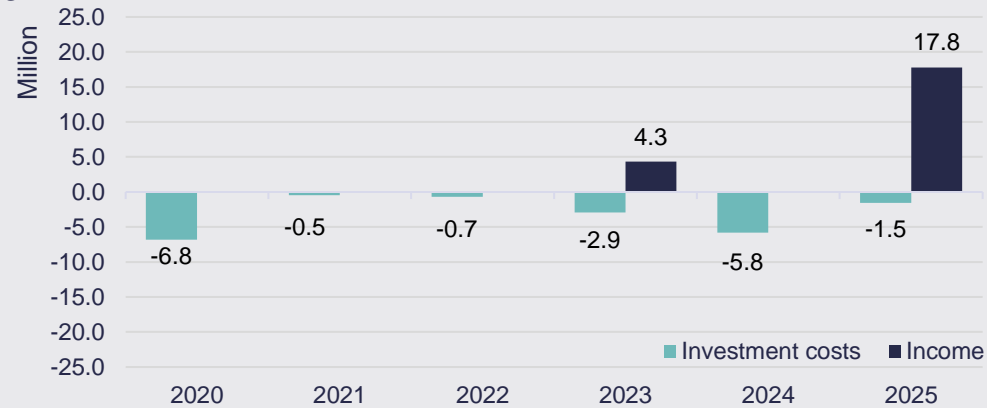
Development of investment properties combines NAV and EPS improvement.

Case Study B

Development project increases EPS

“Herrliberg” development project

Fuederholzstrasse 8, ZH



IRR: 15%

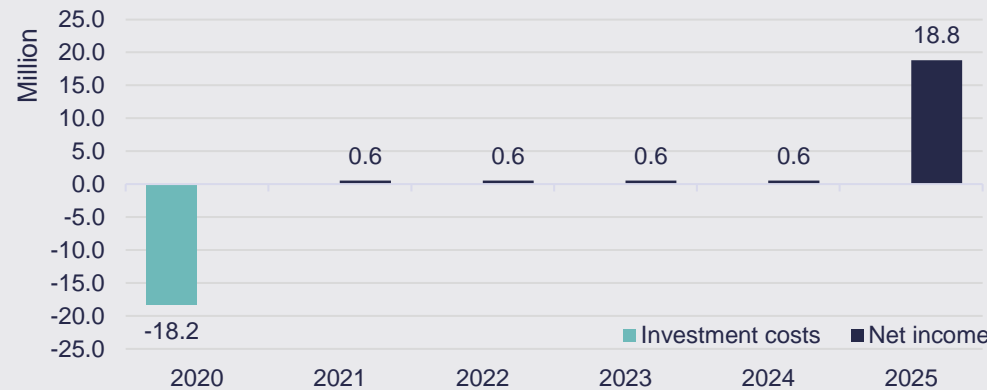
EPS: CHF 0.90 (CHF 0.15 p.a.)

Equity investment: CHF 2 million

EPS increase
of CHF 0.05
per unit per
year

Yield on opportunity investment

Reference example, ZH



IRR: 4%

EPS: CHF 0.60 (CHF 0.10 p.a.)

Equity investment: CHF 9 million

Development of manageable development projects produces above-average increase in EPS potential compared to risk.

3. Portfolio

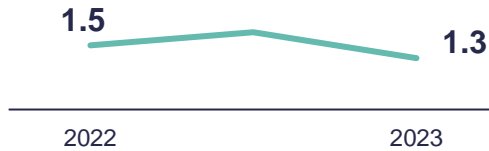


Portfolio Key Figures

as at 31 December 2023, compared to previous year

Vacancy rate
as of reporting date

1.3%



Number of development
projects

6



Wüest Partner
quality profile

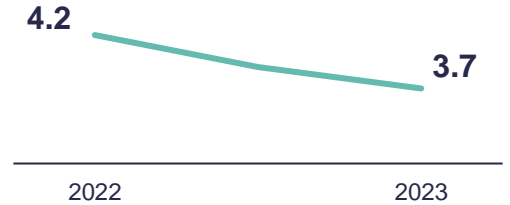
3.9



Scale 1 to 5

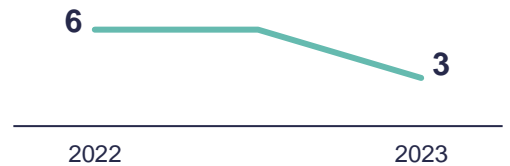
WAULT

3.7 years



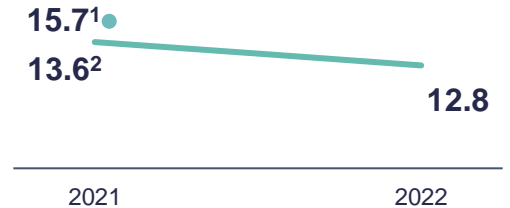
Number of investment
property building projects

3



Greenhouse gas emissions

12.8 kgCO₂/m²ERA/year



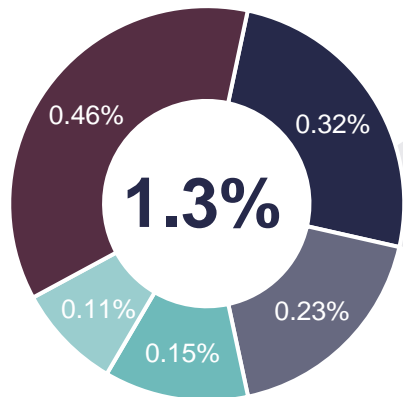
¹ CURRENT according to old calculation method

² CURRENT according to REIDA calculation method

WAULT and Vacancy Rate Trend



Vacancy rate as at reporting date 31 December 2023



0.32% Binningerstr. 7 / Innere Margarethenstr. 6, Basel

4 apartments

0.23% Picassoplatz 4, Basel

1 office space of 327 m²

0.15% Rue de Lausanne, Morges

1 commercial space of 209 m²

0.11% Rosentalstrasse 42/44, Basel

1 apartment and 5 parking spaces

0.46% other vacancies

Leases Concluded in 2023 Financial Year

New lets

Use	Floor area in m ²	Rental income p.a. in CHF
Commercial	3 297	402 224
Office	550	252 019
Gastronomy	330	57 300
Retail	192	59 944
Total	4 369	771 487

2.5%

Share of total income,
annualised

31.12.2022
5.2%

Contract renewals

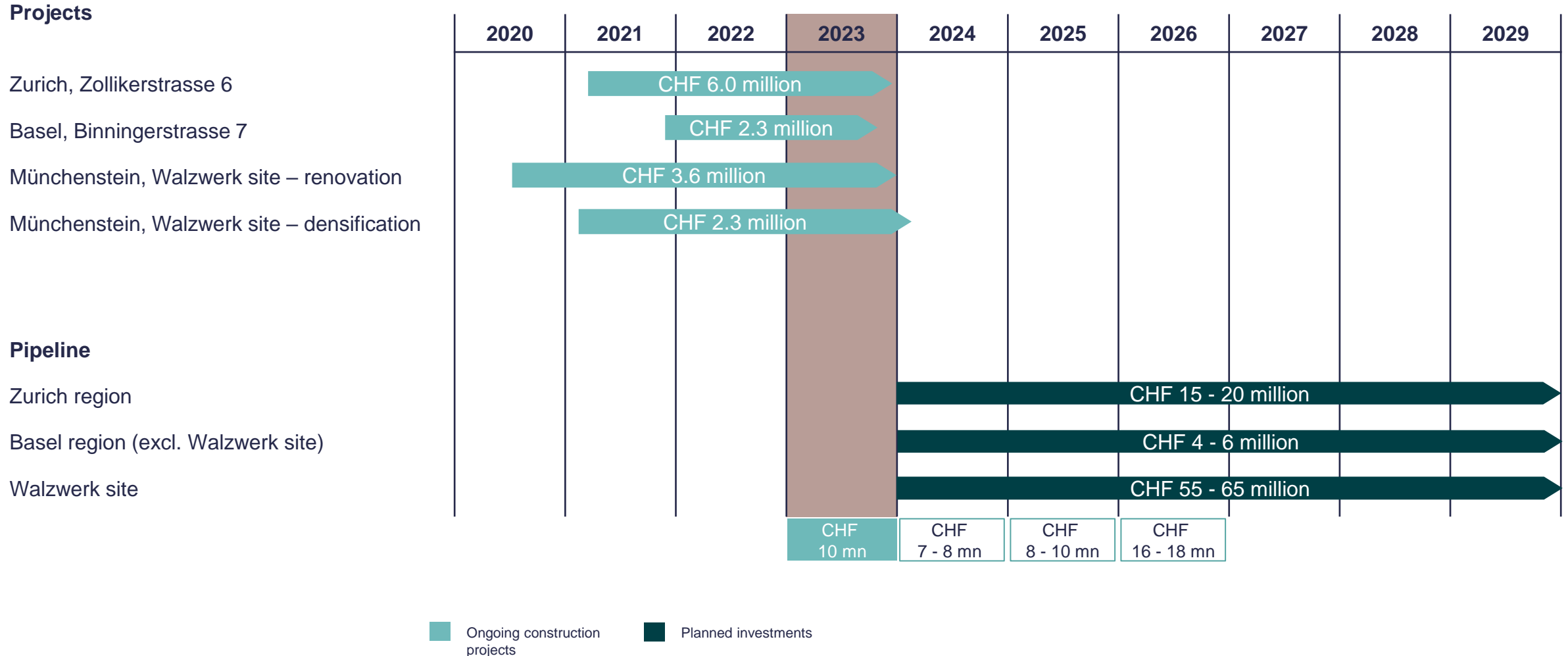
Use	Floor area in m ²	Rental income p.a. in CHF
Commercial	2 609	686 566
Office	1 823	548 952
Gastronomy	442	66 002
Retail	914	354 404
Total	5 788	1 655 914

5.3%

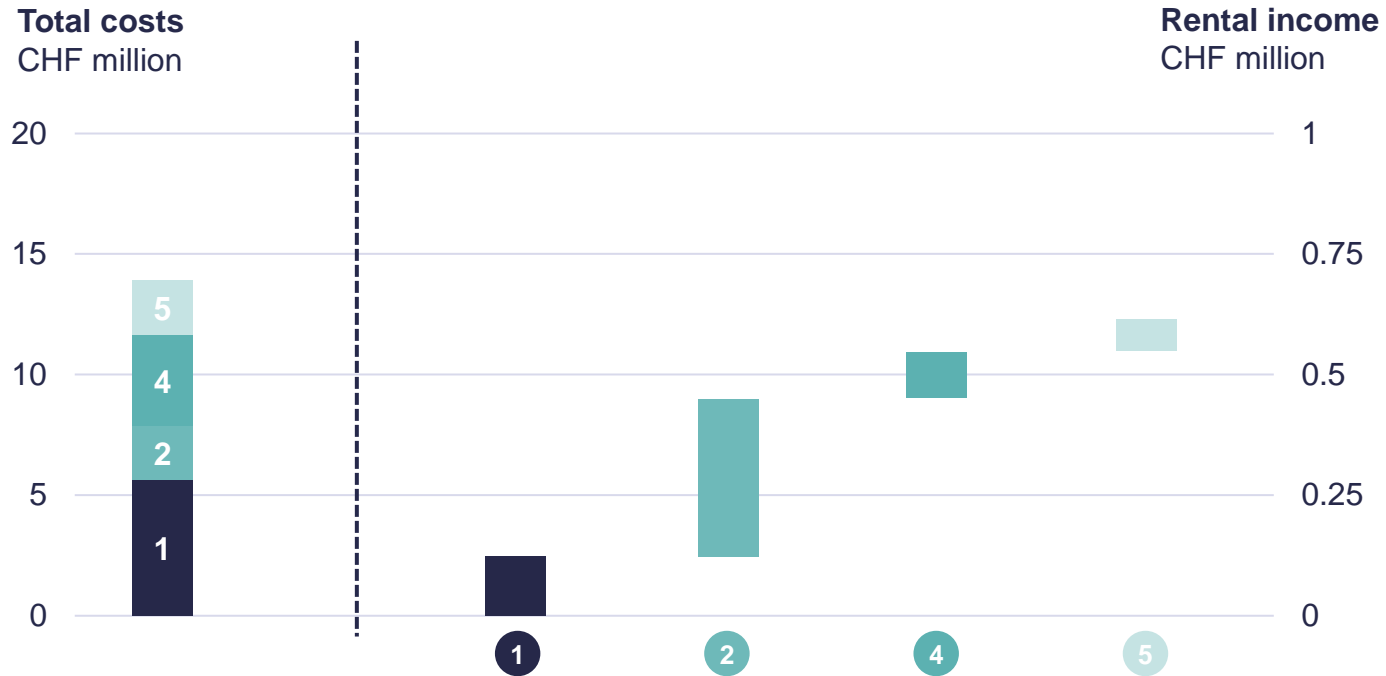
Share of total income,
annualised

31.12.2022
8.3%

Overview of Building Projects for Investment Properties



Construction Projects for Investment Properties



Ongoing and completed construction projects

- 1 Zollikerstrasse 6, Zurich
- 2 Binningerstr. 7, Innere Margarethenstr. 6, Basel
- 3 Rebgasse 64, Basel
Sold as at 29.12.2023



- 4 Walzwerk Site, Renovation



- 5 Walzwerk Site, Densification



Construction Projects



Zollikerstrasse 6, ZH

Construction costs CHF million	Occupancy rate in %
6.0	81
Additional yield	145 000
SIA phase	Management
Start of construction	August 2022
End of construction	Q4 2023
Measures	Residential conversion



Binnerstrasse 7, BS

Construction costs CHF million	Occupancy rate in %
2.3	83
Additional yield	271 000
SIA phase	Commissioning, completion
Start of construction	August 2022
End of construction	Q4 2023
Measures	GAB commercial, refurbishment (8 apartments)



Walzwerk Site, BL

Construction costs CHF million	Occupancy rate in %
3.6	63
Additional yield	143 000
SIA phase	Commissioning, completion
Start of construction	August 2022
End of construction	Q4 2023
Measures	Complete renovation + conversion



Walzwerk Site, BL

Construction costs CHF million	Occupancy rate in %
2.3	100
Additional yield	92 000
SIA phase	Execution
Start of construction	June 2023
End of construction	Q1 2024
Measures	Building densification/extension

Pipeline of Development Properties

Acquisitions (with land)

Herrliberg, Fuederholzstr. 8 (SFUP stake 50.5%)

Zurich, Minervastrasse 124 (SFUP stake 50.5%)

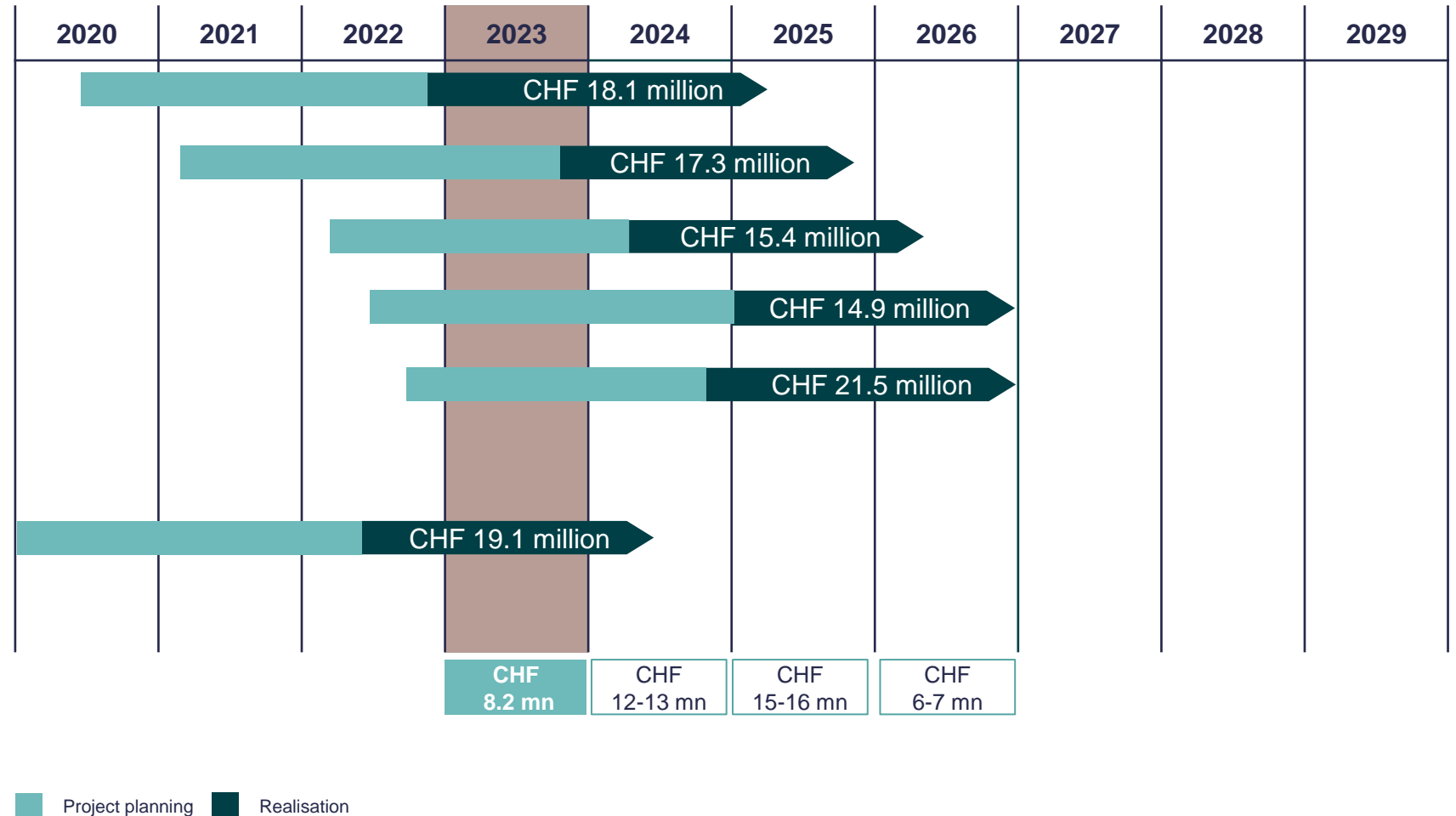
Rüschlikon, Alte Landstrasse 26

Zurich, Seefeldstrasse 186

Zumikon, Ruchenacher 17

New build (without land)

Basel, Elsässerstrasse 1



Development Properties

Projects and Marketing

PROJECT PLANNING

Ruchenacher, Zumikon



Completion
2026
Marketing
0/6 units

Seefeldstrasse, Zurich



Completion
2026
Marketing
0/6 units

TENDER

Alte Landstrasse, Rüschlikon



Completion
2026
Marketing
0/4 units

REALISATION

Elsässerstrasse, Basel



Completion
2024
Marketing
16/16 units

Fuederholzstrasse, Herrliberg



Completion
2025
Marketing
5/6 units

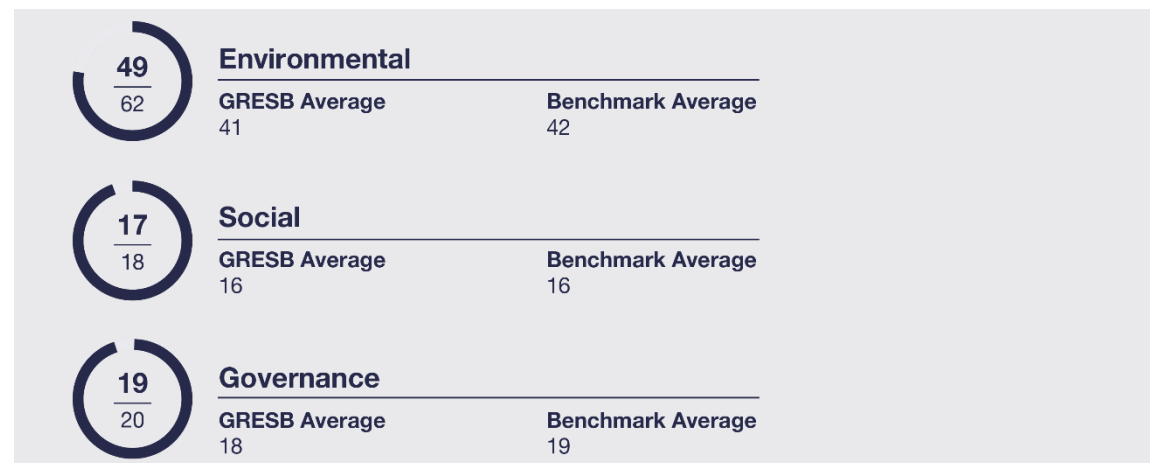
Minervastrasse, Zurich



Completion
2025
Marketing
6/8 units

Sustainability

"The excellent GRESB result demonstrates to our shareholders the consistent implementation of the sustainability strategy."

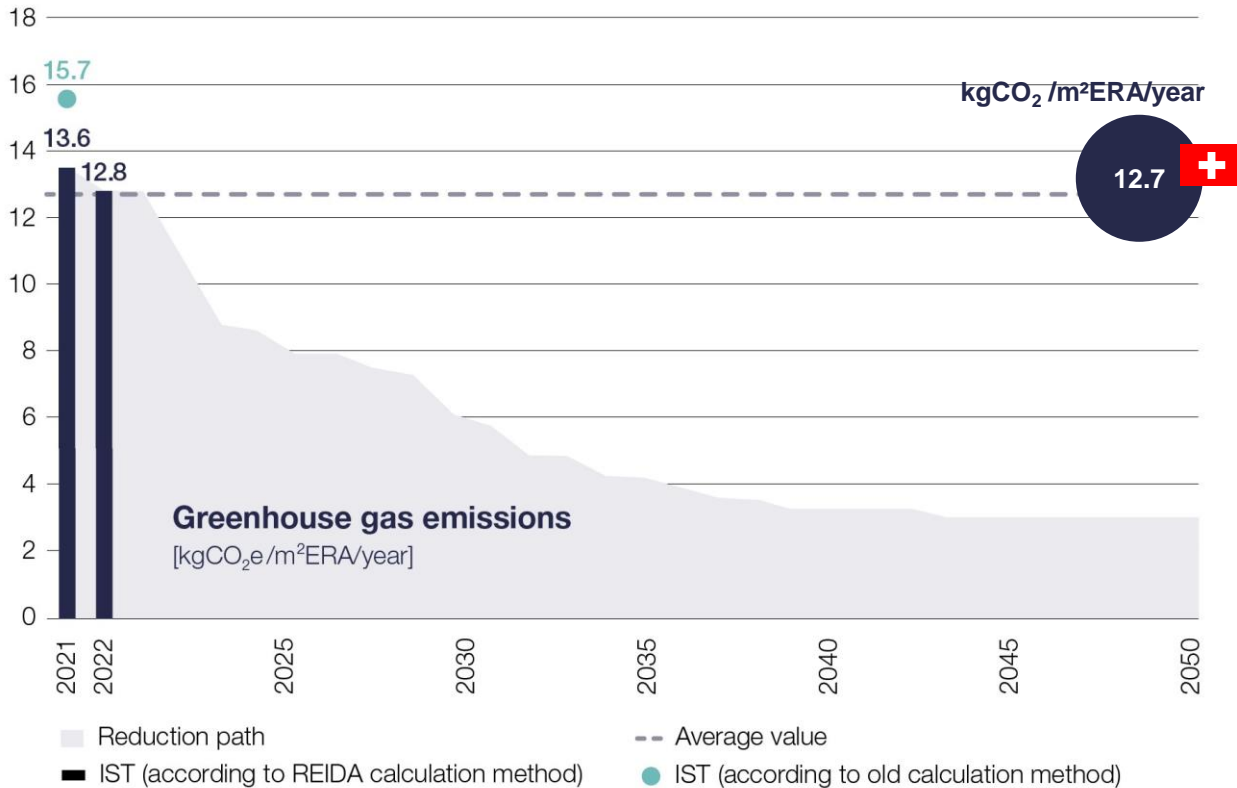


Impressive GRESB result of 4 out of 5 stars

- SFUP scored 85 out of 100 points
- Four out of five stars for investment properties
- Third place in direct peer comparison (Western Europe, diversified, listed)
- Equal to or above benchmark average for all three areas
- Participating in the internationally recognised Global Real Estate Sustainability Benchmark (GRESB) assessment allows the company to transparently present its portfolio and compare itself to its peers

Sustainability

"By switching to REIDA, the company now applies Switzerland's most prevalent CO₂ benchmark reporting system."



The company **switched to REIDA** in the reporting period, which is Switzerland's most dominant CO₂ benchmark reporting system.

As a result, the old and new emission factors were compared, and the REIDA method subsequently applied.

Measures realised in 2023

Heating	Walzwerk site (J03), BL	Building envelope optimisation
	Walzwerk site (K03), BL	Expansion of façade insulation
	Zollikerstrasse 6, Zurich	Building envelope optimisation
	Zollikerstrasse 6, Zurich	Use of renewable energy carriers
Heating / electricity	Walzwerk site (C), BL	Building envelope optimisation/ PV-System

4. Financials

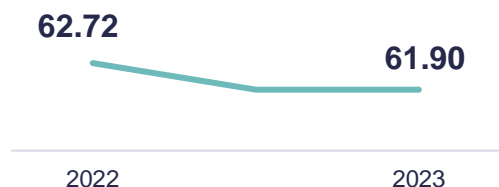
Infopoint

Financial Key Figures

as at 31 December 2023, compared to previous year

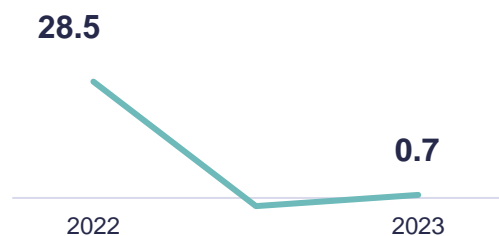
EBIT margin for investment properties, excl. revaluation effects

61.90%



Net result

CHF **0.7** million



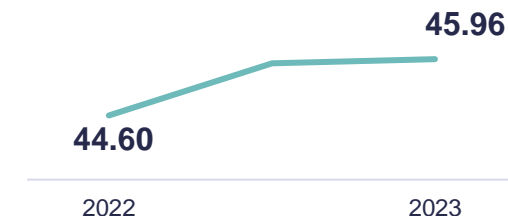
Earnings per registered share, excl. revaluation effects

CHF **4.47**



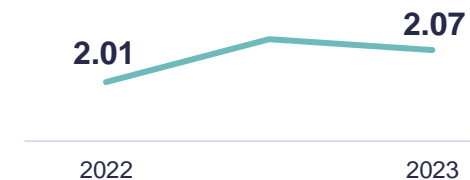
LTV (loan-to-value)

45.96%



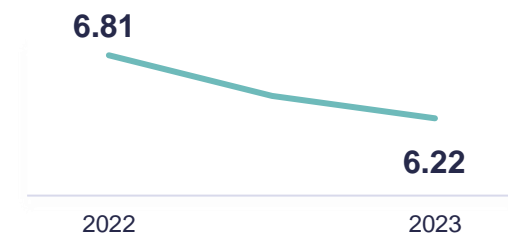
Avg. interest rate (reporting date)

2.07%



Avg. fixed interest period

6.22 years



Income Statement

Income statement CHF 1 000	1. Jan. to 31. Dec. 2023	1. Jan. to 31. Dec. 2022	Change in %
Investment properties income	29 763	28 390	4.8%
Other income (incl. gain on divestment)	465	300	55.0%
Revaluation investment properties	- 18 606	15 236	- 222.1%
Operation expenditures (excl. development)	- 11 634	- 10 679	8.9%
Net revenue from development	5 165	8 280	- 37.6%
EBIT	4 984	41 322	- 87.9%
EBIT excl. revaluation	23 590	26 086	- 9.6%
Financial expenses (net)	- 7 208	- 4 841	48.9%
Taxes	2 920	- 7 991	- 136.5%
Net Income	696	28 490	- 97.6%
Net Income excl. revaluation	15 364	16 393	- 6.3%
Net Income excl. revaluation / minority interest	14 988	14 718	1.8%

Profitability key figures

	1. Jan. to 31. Dec. 2023	1. Jan. to 31. Dec. 2022	Change In %
EBIT-margin investment properties excl. revaluation	61.9%	62.7%	- 1.3%
EBIT-margin property development	23.9%	23.5%	1.6%

- Increase in earnings from acquisitions, indexation/reference rate adjustments as well as a lower rent default rate of 2.0% (previous year: 2.4%)
- Market-related valuation effect of - 2.5% (previous year: + 2.3%)
- Financing costs have probably reached their peak
- Net result after non-controlling interests and excl. revaluation effects of CHF 4.47 per share (previous year CHF 4.39)
- EBIT margin for investment properties excl. revaluation effects is slightly lower due to temporary increase in operating cost ratio and an impairment
- Development business is stable despite higher construction costs

Development of the Target Rents (time period)

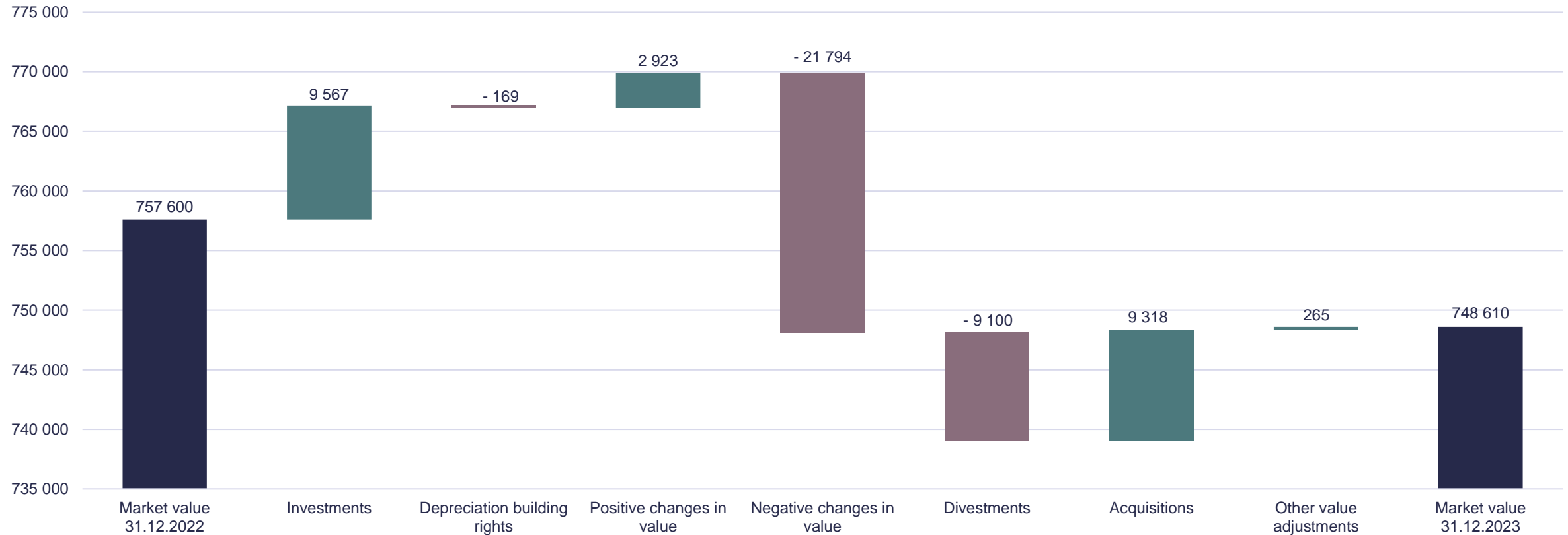
in CHF 1 000



- Gross rental increases within portfolio (TCHF 657) due to indexation/reference rate adjustments and new rental agreements
- Rental increases due to portfolio changes (acquisitions/divestments) in the portfolio (TCHF 236)
- Developments: Falling rental income due to elimination of Elsässerstrasse 1 in Basel (TCHF - 27)
- Renewals: Neptunstrasse 57 in Zurich and Binnergerstrasse 7 in Basel (TCHF 339)
- The gross rental income as at 31 December 2023 totals to TCHF 31.3 million

Changes in Portfolio

in CHF 1 000



- Purchase of parcel 818, Arlesheim (realignment Walzwerk) TCHF 5 230 and Rosentalstrasse 42/44, Basel (MEG 50%) TCHF 4 028 plus transaction costs
- Sale of Aarbergergasse 57 in Bern (TCHF 5 810) and Rebgasse 64 in Basel (TCHF 3 290) plus additional yield on valuation as of 31.12.2022 (TCHF 300) minus transaction costs (TCHF - 270)

Development Contribution for Financial Year 2023

in CHF 1 000



Key figures as of
project start date

Key figures
as at 31.12.2023

EBIT	3 100 000	7 713 000
ROI	26.8%	40.4%
IRR	n/a	19.7%



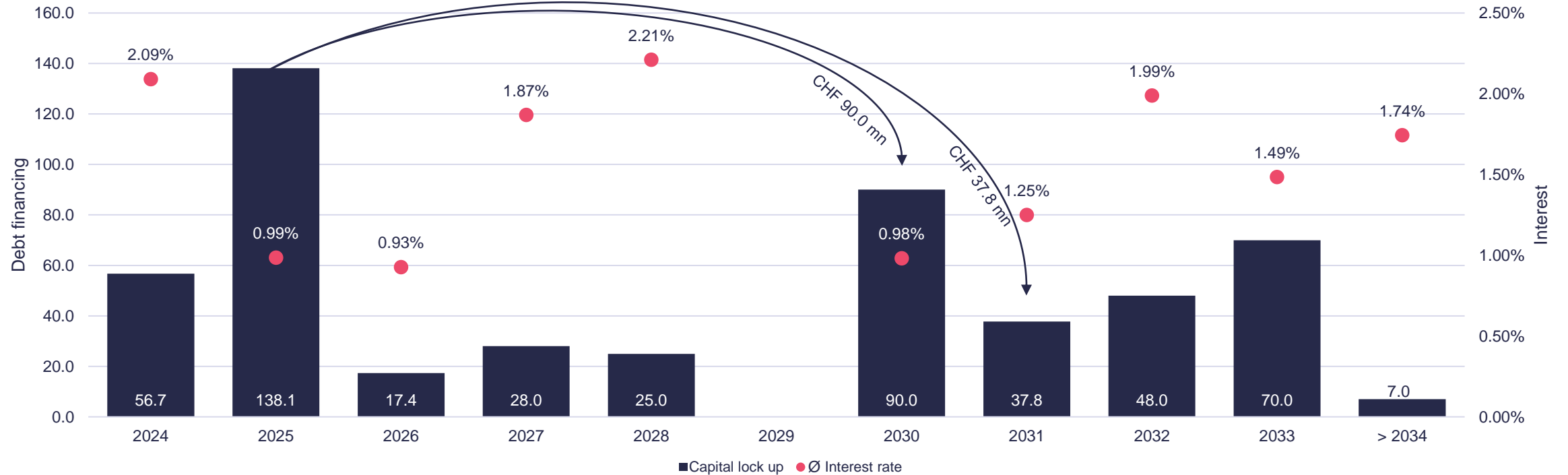
EBIT	3 470 000	3 755 000
ROI	23.7%	20.5%
IRR	n/a	15.4%



EBIT	3 130 000	3 695 000
ROI	21.2%	21.3%
IRR	n/a	15.3%

- EBIT contributions increased despite rising construction costs
- EBIT contributions of individual projects:
 - Elsässerstrasse: TCHF 3 387
 - Fuederholzstrasse: TCHF 1 181
 - Minervastrasse: TCHF 488
- IRR slightly decreased in some cases due to delays in application procedure
- ROI of all projects over 20%
- IRR of all projects over 15%

Financing



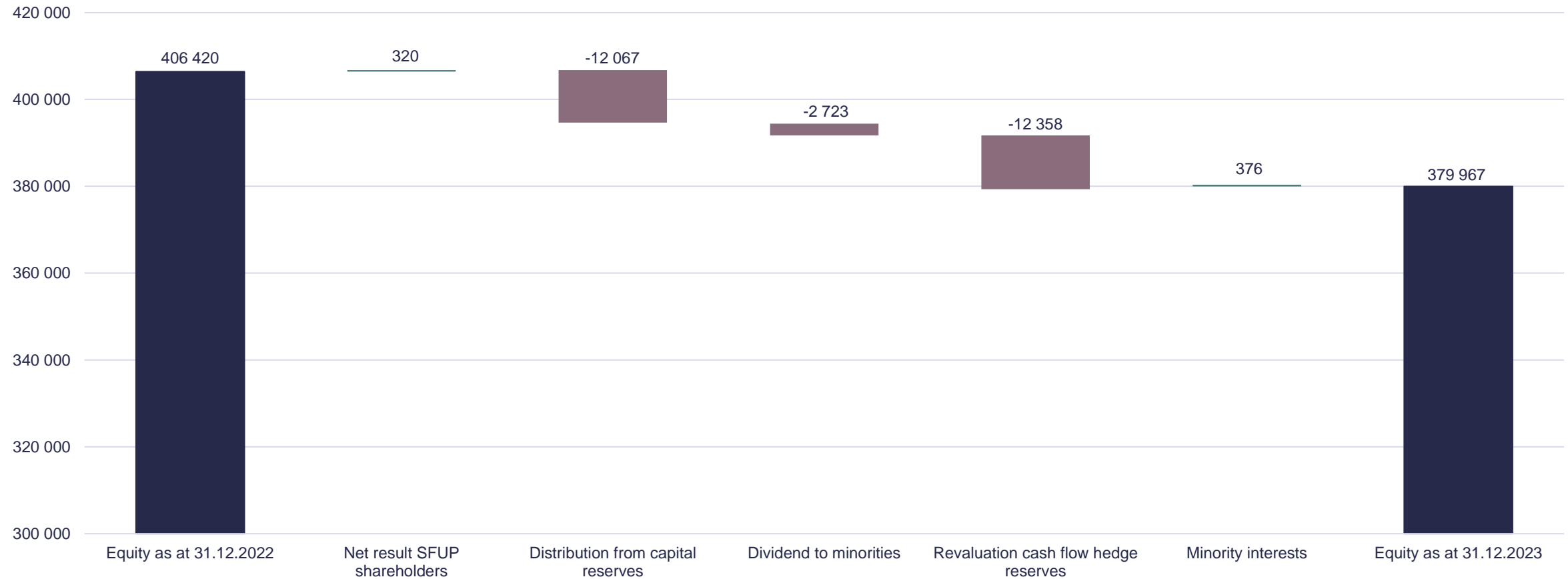
Average interest rate for financing
2.07%

Range for fixed interest period
5 - 10 years

Average fixed interest period for financing
6.22 years

Changes in Equity

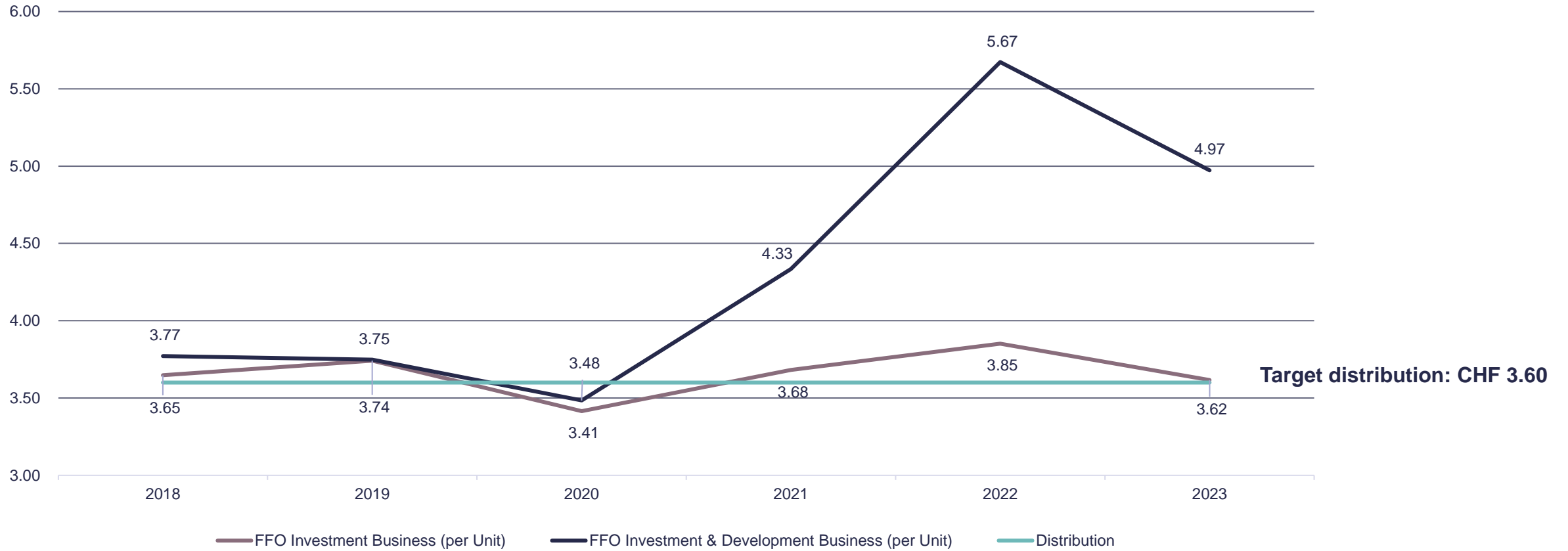
in CHF 1 000



– The NAV per registered share decreases by CHF 7.19 to CHF 113.17 (previous year: CHF 120.36)

Earning power offers room for manoeuvre

Funds from operation



– FFO includes IFRS net profit minus valuation effects, PoC-Accounting, realized gains/losses, deferred taxes plus development business

5. Outlook for 2024

Outlook for Projects

Continued development of Walzwerk Site

Current





Pure commercial property
0.1% vacancy rate
CHF 3.2 million income p.a.*

Progressive Development

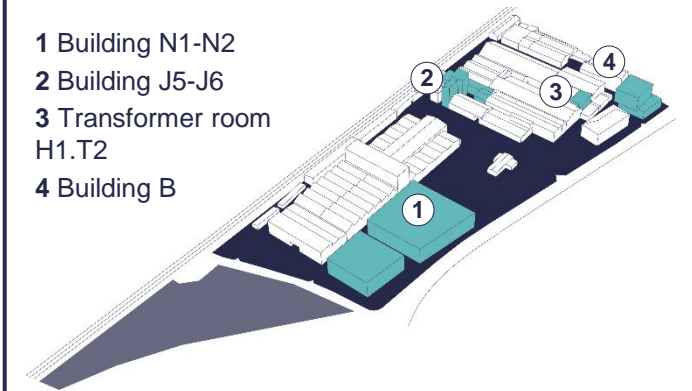
- Preservation of existing operations
- Various zone-compliant projects in Münchenstein
- 1 - 2 neighbourhood development plans in Arlesheim with residential share

Financing without capital increase

-  Sales of sub-optimally located properties in portfolio
-  Evaluate potential for co-investor for southern parcel

Medium-term Objectives (<10 years)

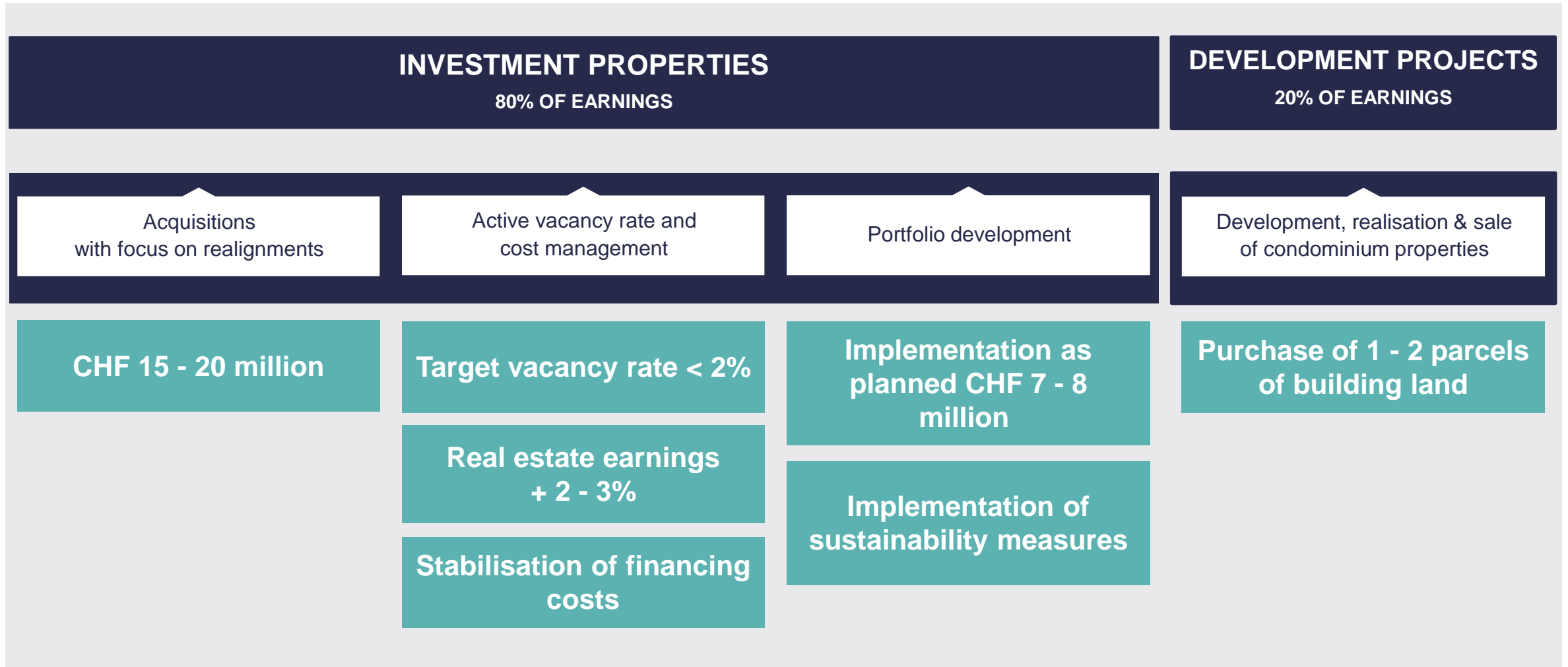
- 1 Building N1-N2
- 2 Building J5-J6
- 3 Transformer room H1.T2
- 4 Building B



Mixed commercial and residential use
CHF 3 - 5.5 million additional income p.a.
Replacement of income from sale of other locations

* Target income from lease contracts concluded in 2023.

Outlook for 2024



Agenda 2024



11 April 2024

Annual General Meeting



22 August 2024

Publication of
semi-annual report 2024



October 2024

SFUP
Investment Day



October 2024

Publication of
GRESB result

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