

Media release

for immediate publication

28 August 2019

A favorable first half 2019 for SF Urban Properties AG

- Slight decline in the EBIT margin from 74.5% to 73.7%
- Net profit excluding revaluation effects increased by 41.7% year-on-year to CHF 7.5 million
- Portfolio value grew by 1.5% to CHF 654.7 million
- One-off effect from the tax reform (tax reform and AHV financing; TRAF)

SF Urban Properties AG (SFUP) (SIX Swiss Exchange: SFPN) can look back on a successful first half 2019. Selective restructuring led to an excellent result. Together with the ongoing optimisation of the operating expenses, it was possible to noticeably improve the operating income.

Consolidated interim result 2019

In the first half of 2019, SF Urban Properties AG successfully increased rental income by 4.1%. At the same time, net profit excluding the revaluation effects rose year-on-year by CHF 2.2 million to CHF 7.5 million. The revaluation effects have once again flattened out following years of heavily falling purchase yields. The contribution of the revaluations to the total result comes to CHF 2.0 million in the first half of 2019 (previous year: CHF 2.9 million). Despite clearly lower appreciation, the previous year's EBIT could be more or less maintained at CHF 11.9 million (previous year: CHF 12.0 million), as well as the EBIT margin at 73.7% (previous year: 74.5%). As a result of the tax reform (tax reform and AHV financing; TRAF), the applicable tax rate could be reduced. In the reporting period, this resulted in a one-off effect with regard to tax relief amounting to CHF 1.7 million. Other comprehensive income from the interest rate hedging transactions neutralised the liquidity result. The earnings per share excluding the revaluation effects amounted to CHF 2.22 (previous year CHF 1.57), equity capital (NAV) per listed share as at 30 June 2019 was CHF 91.92 (31.12.2018 CHF 94.26).

Real estate portfolio

The corporate strategy continues to concentrate on the cities of Zurich and Basel. As a result of a portfolio adjustment, two non-strategic properties were sold in the first half for CHF 14.75 million. At the same time, the company invested in the acquisition of a development project at Sandreuterweg 39 in Riehen. In addition, a portfolio property at Schaffhauserstrasse 6 in Zurich was taken over. Through these two acquisitions as well as appreciation, it was therefore possible to increase the value of the portfolio from CHF 645.3 million to CHF 654.7 million (excluding the development property Residenza Parco d'Oro). It was also possible to successfully reduce the period-related vacancies to 3.1% (previous year: 3.4%) in the first half of 2019 thanks to a proactive rental strategy. This is very attractive in an industry comparison and lower than in the previous year. The vacancy rate at the reporting date was 2.4% (previous year: 3.8%).

Current projects

Major progress has been made in the current projects. The planning for Elsässerstrasse 1+3 in Basel is so far advanced that the planning application can now be submitted in the 3rd quarter of 2019. The receipt of the final building permit is now expected for the start of 2020. For the Walzwerk site in Münchenstein/Arlesheim, the company anticipates continuing the current site use in the traditional style while meaningfully supplementing this by means of targeted investments. The creation of further supplementary uses will continue to be explored on an ongoing basis with a view to realising the existing exploitation potential. In the case of Badenerstrasse 425-431 in Zurich, which is currently in co-ownership, the owners are exploring the possibility of a new development that could almost double the current use. In addition, a property at Klusstrasse 38 in Zurich was successfully secured in the 2nd quarter. A development project with around 14 apartments is planned for this. The planning application is scheduled for the 3rd quarter. It is expected that the transfer of ownership will take place in the first quarter of 2020.

Solid financing

The company's equity ratio fell from 47.2% at the end of 2018 to 45.0% at the end of June 2019. The average interest rate, including swaps on interest-bearing loans, was 1.75% in the reporting period compared to 1.86% at the end of 2018. The average fixed-interest period shrunk marginally in the first half of 2019 from 7.9 years at the end of 2018 to 7.5 years at the end of June 2019.

Outlook for second half of 2019

The focus for the second half of 2019 is to maintain the very low vacancy rate. In the case of the development projects, some important milestones should be reached in the coming six months. The Board of Directors and the Executive Board expect a convincing result for 2019 that will allow the company to continue its current attractive dividend policy.

More information:

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A comprehensive report and the Half-Year Report 2019 can be found at: <http://www.sfp.ch/>

[Download Semi Annual Report 2019 \(in German\)](#)

[Download Presentation Semi Annual Report 2019](#)

Teleconference, 28 August 2019 (in German)

Dial-in data*: Telephone +41 58 262 07 11, Access code: 205458

* Participants will be set to silent during the conference.
Questions may be asked during the Q&A session by pressing *14.
Questions can be withdrawn by pressing *15.

Programme for the teleconference:

09:30 – 10:10

Presentation 2019 semi-annual report
Adrian Schenker, CEO SF Urban Properties Ltd
Reto Schnabel, CFO SF Urban Properties Ltd

10:10 – 10:30

Q&A

KEY FIGURES

as at 30 June 2019

Income statement	Unit	1 Jan to 30 June 2019	1 Jan to 30 June 2018
Rental income	CHF 1 000	13 661	13 122
Total operating income before revaluation investment properties	CHF 1 000	14 220	13 180
Revaluation investment properties	CHF 1 000	1 974	2 865
Operating result (EBIT)	CHF 1 000	11 926	11 954
EBIT margin	%	73.7	74.5
Net profit	CHF 1 000	8 485	7 503
Net profit excluding valuation results and their as well as other tax effects ¹	CHF 1 000	7 455	5 261

Balance		30 June 2019	31 Dec 2018
Total assets	CHF 1 000	684 863	679 107
Equity capital	CHF 1 000	308 106	320 604
Equity ratio	%	45.0	47.2
Interest-bearing debt	CHF 1 000	290 130	283 872
Interest-bearing debt in % of total assets	%	42.4	41.8
Leverage	%	55.0	52.8
Debt ration per property ²	%	44.0	43.7
Return on equity including valuation results ³	%	5.4	4.2
Return on equity, valuation results excluded ⁴	%	4.7	4.0

Portfolio data		30 June 2019	31 Dec 2018
Number of investment properties	Number	50	50
Investment properties	CHF 1 000	654 726	645 274
Development properties earmarked for sale	CHF 1 000	4 544	4 546
Gross return ⁵	%	4.4	4.4
Portfolio valuation's weighted real discount rate	%	3.1	3.2
Portfolio valuation's weighted nominal discount rate	%	3.7	3.7
Vacancy rate at the end of the period	%	2.4	3.8
Current vacancies in the reporting period ⁶	%	3.1	3.9
Average interest rate (exclusive SWAPS) ⁷	%	0.89	0.64
Average interest rate (inclusive SWAPS) ⁷	%	1.75	1.86
Average fixed interest	Years	7.5	7.9

¹ See 10. Keyfiguers per share, page 46.

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

³ Profit in relation to average equity

⁴ Net profit excluding revaluation effects and their tax effects as well as other tax effects as a percentage of average equity

⁵ Gross profit yield equals targeted rental income as a percentage of market value (fair value)

⁶ Vacancy rate exclusive inconvenience, reduction in price of the rent and and rebate / target net rental income by full occupancy

⁷ Period under review

Key figures per share		30 June 2019	31 Dec 2018
Net Asset Value (NAV) per share of CHF 2.52	CHF	18.38	19.13
Net Asset Value (NAV) per share of CHF 12.60	CHF	91.92	95.65
Net Asset Value (NAV) per share of CHF 2.52 before deferred taxes	CHF	20.23	21.08
Net Asset Value (NAV) per share of CHF 12.60 before deferred taxes	CHF	101.14	105.42
Share price	CHF	90.00	86.00
Premium (+) and discount (–) on Net Asset Value	%	–2.09	–10.09

		1 Jan to 30 June 2019	1 Jan to 30 June 2018
Earnings per share (EPS) of CHF 2.52 nominal including revaluation ¹	CHF	0.51	0.45
Earnings per share (EPS) of CHF 12.60 nominal including revaluation ¹	CHF	2.53	2.24
Earnings per share (EPS) of CHF 2.52 nominal excluding revaluation ²	CHF	0.44	0.31
Earnings per share (EPS) of CHF 12.60 nominal excluding revaluation ²	CHF	2.22	1.57

¹ Net profit including revaluation effects and their tax effects as well as other tax effects

² Net profit excluding revaluation effects and their tax effects as well as other tax effects

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