



SF Urban Properties Ltd

Media release

for immediate publication

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A solid first half year 2020

- **Net profit excluding revaluations amounts to CHF 5.5 million (-26.2%)**
- **Net profit including revaluations totals CHF 4.8 million (-43.1%)**
- **Portfolio market value edges up to CHF 648.5 million (+0.1%)**
- **Low vacancy rate of 2.3% (30 June 2020)**
- **Property at Badenerstr. 425-431 in Zurich divested after balance sheet date (Net profit amounts to roughly CHF 7 million)**

SF Urban Properties Ltd (SFUP) (SIX Swiss Exchange: SFPN) looks back at a solid first half-year 2020. Intensive support of our tenants as well as continuous optimisation of operating expenses paved the way for solid results despite all the adverse effects resulting from COVID-19.

Consolidated first half-year 2020 results

Property income declined by 5.5% in the first half-year 2020 due to booking COVID-19-related risk provisions of CHF 0.74 million and setting up allowances for bad debts of CHF 0.2 million. In the wake of years of diminishing initial returns, revaluation effects were less pronounced. The contribution from revaluations to the total results amounted to CHF 0.8 million in the first half-year 2020 (PY: CHF 2.0 million). Net profit excluding revaluation effects decreased year-on-year by CHF 2.0 million to CHF 5.5 million. Overall, EBIT dropped to CHF 8.6 million (PY: CHF 11.9 million). Accordingly, the EBIT margin edged down to 62.6% (PY: 73.6%). Earnings per share (EPS) excluding revaluation effects amounted to CHF 1.64 (PY: CHF 2.22), while equity (NAV) per listed share was CHF 95.62 as at 30 June 2020 (30 June 2019: CHF 91.92).

In which form the financial consequences of the emergency restrictions and prohibitions will ultimately be resolved politically is still up in the air. SFUP from the outset has been eager to find long-term solutions with roughly 65 tenants that are oriented toward the political guidelines currently in effect. The financial impact amounted to CHF 0.74 million in the first half-year 2020. With a view toward the overall year 2020, we estimate the impact here at less than 3% of annual net rental income.

Real estate portfolio

The Company's strategy is still focused on the cities of Zurich and Basel. The value of the portfolio edged up marginally in the first half-year 2020 from CHF 647.8 million to CHF 648.5 million due to appreciation gains. The reporting period-based vacancy rate declined even further to 2.5% in the first half-year 2020 (PY: 3.1%) thanks to the proactive leasing strategy. As at the reference date 30 June 2020, the vacancy rate amounted to just 2.3% (PY: 2.4%).

Ongoing projects

The Company achieved significant progress with regard to ongoing projects. For instance, all ten residential units of the development project located at Sandreuterweg 39 in Riehen have been reserved or paid on account already at the present time. Transfer of ownership for the property at Klusstrasse 38 in Zurich has been carried out in the interim. The trading property comprising roughly 14 apartments is undergoing further development. The relevant building permit was granted in July 2020. The building permit for the project located at Elsässerstrasse 1+3 in Basel is expected to be granted in the third quarter of 2020. Additional supplementary types of use for the Walzwerk Site Münchenstein/Arlesheim are under review on an ongoing basis. SFUP decided in May 2020 to divest its 50% co-ownership stake in the property at Badenerstrasse 425-431 in Zurich. The purchase agreement with acquisition price of CHF 27.25 million was signed on 28 August 2020. Net profit after deducting property gains tax amounts to roughly CHF 7 million.

Solid financing

The Company's equity ratio edged down slightly from 46.5% at the end of 2019 to 46.0% at the end of June 2020. The average interest rate including swaps for interest-bearing borrowed capital amounted to 1.63% in the reporting period versus 1.52% as at the end of 2019. The average fixed interest period declined insignificantly in the first half-year 2020, from 9.2 years at the end of 2019 to 8.8 years at the end of June 2020.

Outlook for second half-year 2020

The focus of the second half-year is directed at maintaining the very low vacancy rate. The focal point with regard to development projects in the next six months is aimed at marketing. The Board of Directors and management are convinced that sufficient precautions have been taken for the second half-year 2020 with the initiated measures. Expectations continue to point to impressive financial results for 2020, which paves the way for continuity of the attractive dividend policy to date.

The comprehensive report and Semi-Annual Report 2020 can be downloaded at:

www.sfurban.ch

[Download Semi-Annual Report 2020](#)

[Download Investor Presentation 2020](#)

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Key financial figures (as at 30 June 2020)

Income statement	Unit	1. Jan. to 30 Jun. 2020	1. Jan. to 30 Jun. 2019
Property earnings	CHF 1 000	12 908	13 661
Total operating income before revaluation	CHF 1 000	0	508
Total operating income before revaluation	CHF 1 000	12 989	14 220
Revaluation of investment properties	CHF 1 000	755	1 974
Operating result (EBIT)	CHF 1 000	8 552	11 926
EBIT margin	%	62.2	73.6
Net profit	CHF 1 000	4 825	8 485
Net income attributable to shareholders of SF Urban Properties Ltd	CHF 1 000	4 858	8 485
Net profit excluding revaluation effects, their and other tax effects ¹	CHF 1 000	5 500	7 455

Balancesheet		30 Jun. 2020	31 Dec. 2019
Total assets	CHF 1 000	697 310	686 026
Equity capital	CHF 1 000	320 556	319 259
Equity ratio	%	46.0	46.5
Financial liabilities	CHF 1 000	286 317	280 684
Debt financing ratio	%	41.1	40.9
Outside capital	CHF 1 000	376 754	366 767
Debt financing ratio	%	54.0	53.5
Third-party loan-to-value ratio of the properties ²	%	44.0	43.9
Return on equity ³	%	3.0	5.8
Return on equity excluding revaluation effects ¹	%	3.4	3.9

Portfolio data		30 Jun. 2020	30 Jun. 2019
Number of investment properties	Quantity	47	50
Number of development properties	Quantity	5	0
Investment properties incl. building rights	CHF 1 000	652 123	654 726
Development properties	CHF 1 000	29 052	4 544
Development properties held for sale	CHF 1 000	4.3	4.4
Gross yield ⁴	%	3.0	3.1
Weighted real discount rate of portfolio valuation	%	3.6	3.7
Weighted nominal discount rate of portfolio valuation	%	2.3	2.4
Vacancy rate end of period	%	2.5	3.1
Current vacancies Reporting period ⁵	%	0.66	0.89
Average interest rate (excluding swaps) of financial liabilities	%	1.63	1.75
Average interest rate (including swaps) of financial liabilities	%	8.8	7.5
Average fixed interest rate	Years	47	50

Key Figures per Share		30 Jun. 2020	30. Jun 2019
Net Asset value (NAV) per share of CHF 2.52	CHF	19.12	18.38
Net Asset Value (NAV) per share of CHF 12.60	CHF	95.62	91.92
Net Asset Value (NAV) per share of CHF 2.52 before deferred taxes	CHF	21.16	20.23
Net Asset Value (NAV) per share of CHF 12.60 before deferred taxes	CHF	105.82	101.14
Share price	CHF	87.00	90.00
Premium (+) and discount (-) on NAV	%	-9.01	-2.09

		1. Jan. to 30 Jun. 2020	1. Jan. to 30 Jun. 2019
Earnings per share (EPS) of CHF 2.52 nominal including revaluation	in CHF	0.29	0.51
Earnings per share (EPS) of CHF 12.60 nominal including revaluation	in CHF	1.45	2.53
Earnings per share (EPS) of CHF 2.52 nominal excluding revaluation ¹	in CHF	0.33	0.44
Earnings per share (EPS) of CHF 12.60 nominal excluding revaluation ¹	in CHF	1.64	2.22

¹ Revaluation: revaluation effects and their tax effects as well as other tax effects – see annex 32

² Interest bearing debt in relation to properties including developments dedicated to be sold – see annex 13

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



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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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