

## Media release

Zurich, 13 March 2024

Ad hoc announcement pursuant to Art. 53 LR

### Solid annual results 2023

- Net profit incl. revaluations CHF 0.3 million (previous year CHF 26.8 million)
- Net profit excl. revaluations CHF 15.0 million (previous year CHF 14.7 million)
- Property income increased to CHF 29.8 million (+4.8%)
- Portfolio value decreased by CHF -8.9 million to CHF 745.6 million
- Vacancy rate (as at reporting date) at an all-time low of 1.3% (-0.2 percentage points)
- Unchanged proposal for distribution of CHF 3.60 per registered share, of which CHF 0.70 payable from profit and CHF 2.90 repayment from capital contribution reserve

During the past year, SF Urban Properties Ltd (SFUP)'s operational objectives focused on improving its rental income and successfully completing the refurbishment projects in Zurich and Basel, both of which were achieved. The portfolio of properties with a diversified usage structure in attractive urban locations did very well in spite of valuation adjustments and higher interest rates.

Resulting valuation adjustments, SFUP (SIX Swiss Exchange: SFPN) ended the 2023 financial year with a lower operating result. Earnings before interest and taxes (EBIT) declined from CHF 41.3 million to CHF 5.0 million. As a result, the net profit attributable to the shareholders of SF Urban Properties Ltd decreased from CHF 26.8 million to CHF 0.3 million.

Fortunately, the net profit excluding revaluation effects attributable to the shareholders of SFUP increased by CHF 0.3 million (+1.8%) compared to prior year to CHF 15.0 million. This is related to higher property income, which was, however, partly reduced by a temporary increase in operating costs. The temporary cost increase also affected the EBIT margin for the investment properties excluding revaluation effects, which decreased by 0.82 percentage points to 61.90% (previous year: 62.72%). The earnings per share excluding revaluation effects amounted to CHF 4.47 (previous year: CHF 4.39), while the Net Asset Value (NAV) per registered share was CHF 113.17 as at 31 December 2023 (previous year: CHF 120.36).

#### Increase in earnings on investment properties

In 2023, property income increased by CHF 1.4 million or 4.8% to CHF 29.8 million year-on-year. This exceedingly positive result is due, among others, to the completion of the refurbishment projects, the indexation of business lease agreements and the reduction of the vacancy rate by 0.2 percentage points to 1.3% as at the reporting date (1.5% as at the end of 2022).

As part of a strategic portfolio adjustment, the company sold two investment properties at Aarberggasse 57 in Bern and Rebgasse 64 in Basel in the reporting year. Given the catering establishments in both properties and planned refurbishment costs, the sales served to reduce the risk exposure. To support the defined realignment strategy, the company acquired plot 818 in Arlesheim at the beginning of the year as well as the residential property at Rosentalstrasse 42/44 in Basel shortly before year-end.

As at the reporting date, the market value of the investment property portfolio totals to CHF 745.6 million (previous year: CHF 754.5 million), which is a decrease of CHF 8.9 million or 1.18% compared to the previous year. After deduction of investments of CHF 9.7 million, the portfolio value decreased by CHF 18.6 million resp. 2.47%. The negative revaluation result is due to the average increase in the real discount rate by six basis points from 2.70% to 2.76%. On the reporting date, the portfolio comprised 47 properties (previous year: 48 properties) with a gross yield of 4.20% (previous year: 3.94%).

#### **Contribution of development properties to EBIT meets expectations**

The progress made with the development property projects had a positive impact of CHF 21.6 million on income (previous year: CHF 35.3 million) and CHF 16.5 million on expenses (previous year: CHF 27.0 million), resulting in a contribution to EBIT of CHF 5.2 million (previous year: CHF 8.3 million).

#### **Solid financing**

The company is robustly financed with a loan-to-value ratio of 46.0% (previous year: 44.6%). The average interest rate of the financial liabilities of 2.07% as at the reporting date was marginally higher than in the previous year (2.01%) but can be assumed to have peaked for the portfolio as a whole. The average fixed-interest period decreased slightly to 6.2 years (previous year: 6.8 years).

#### **First publication of GRESB result**

In the first official reporting period of the GRESB (Global Real Estate Sustainability Benchmark) report, the portfolio of SF Urban Properties Ltd was awarded 4 out of 5 stars. This is an encouraging result which underlines the company's ambition to make a positive contribution to the environment, society and economy with its portfolio.

#### **Outlook for 2024**

Because inflation is dropping and interest rates have remained the same so far in 2024, the company believes that a key interest rate reversal is likely. This will depend on whether the forecast of moderate and stable inflation is confirmed and there is a general easing in price pressure.

It remains to be seen whether and how the expected decline in interest rates will affect real estate prices in 2024. Management expects that there will be interesting opportunities for entering into new borrowing agreements.

The increases for current rents following another hike in the reference interest rate in December 2023 will take effect from 1<sup>st</sup> April 2024. The existing indexation of commercial rental agreements is expected to result in an inflation-related increase in rental income over the course of the year. Both effects will result in expected additional income of at least TCHF 200 for 2024. The refurbishment projects that were completed in the reporting year at Zollikerstrasse 6 in Zurich and the Walzwerk site also mean that the company's income in 2024 will be around TCHF 700 more than in 2023.

SFUP essentially focuses on buying properties in the direct vicinity of its investment properties and reference projects. Buying opportunities and sales of properties that do not fit the strategy are reviewed on an ongoing basis.

#### **Distribution proposal to Annual General Meeting on 11 April 2024**

The Board of Directors requests the shareholders to approve the distribution of a dividend of CHF 0.70 per registered share of CHF 9.00 par value and CHF 0.14 per registered share (voting share) of CHF 1.80 par value as well as a distribution from the capital contribution reserve of CHF 2.90 per registered share of CHF 9.00 par value and CHF 0.58 per registered share (voting share) of CHF 1.80 par value. Based on the market capitalisation as at 31 December 2023, this will result in a distribution yield of 3.9% for the SFPN registered shares of CHF 9.00 par value listed on the SIX Swiss Exchange.

#### **Further information**

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## Key figures 2023

Income statement	Unit	1 Jan. - 31 Dec. 2023	1 Jan. - 31 Dec. 2022
Property earnings	CHF 1 000	<b>29 763</b>	28 390
Total operating income before revaluation	CHF 1 000	<b>51 870</b>	63 987
Revaluation of investment properties	CHF 1 000	<b>-18 606</b>	15 236
Operating result (EBIT)	CHF 1 000	<b>4 984</b>	41 322
EBIT margin excluding revaluation effects	%	<b>61.90</b>	62.72
Net profit	CHF 1 000	<b>696</b>	28 490
Net income attributable to shareholders of SF Urban Properties Ltd	CHF 1 000	<b>320</b>	26 814
Net income attributable to shareholders of SF Urban Properties Ltd excluding revaluation effects <sup>1</sup>	CHF 1 000	<b>14 988</b>	14 718

Balance sheet	Unit	31 Dec. 2023	31 Dec. 2022
Total assets	CHF 1 000	<b>836 464</b>	861 380
Equity capital	CHF 1 000	<b>379 967</b>	406 420
Equity ratio	%	<b>45.43</b>	47.18
Financial liabilities	CHF 1 000	<b>370 535</b>	358 183
Borrowing ratio	%	<b>44.30</b>	41.58
Outside capital	CHF 1 000	<b>456 496</b>	454 960
Debt financing ratio	%	<b>54.57</b>	52.82
Third-party loan-to-value ratio of the properties <sup>2</sup>	%	<b>45.96</b>	44.60
Return on equity <sup>3</sup>	%	<b>0.08</b>	6.96
Return on equity excluding revaluation effects <sup>1</sup>	%	<b>3.81</b>	3.82

Portfolio data	Unit	31 Dec. 2023	31 Dec. 2022
Number of investment properties	Quantity	<b>47</b>	48
Number of development properties	Quantity	<b>6</b>	6
Investment properties incl. building rights	CHF 1 000	<b>748 610</b>	757 600
Development properties	CHF 1 000	<b>37 928</b>	44 092
Gross yield <sup>4</sup>	%	<b>4.20</b>	3.94
Weighted real discount rate of portfolio valuation	%	<b>2.76</b>	2.70
Weighted nominal discount rate of portfolio valuation	%	<b>4.05</b>	3.72
Vacancy rate end of period	%	<b>1.26</b>	1.51
Vacancies reporting period <sup>5</sup>	%	<b>1.71</b>	2.37
Average interest rate (including swaps) of financial liabilities as of reporting date	%	<b>2.07</b>	2.01
Average fixed interest rate as of reporting date	Years	<b>6.22</b>	6.81

Key Figures per Share	Unit	31 Dec. 2023	31 Dec. 2022
Net Asset value (NAV) per share of CHF 1.80	CHF	<b>22.63</b>	24.07
Net Asset Value (NAV) per share of CHF 9.00	CHF	<b>113.17</b>	120.36
Net Asset Value (NAV) per share of CHF 1.80 before deferred taxes	CHF	<b>25.67</b>	27.46
Net Asset Value (NAV) per share of CHF 9.00 before deferred taxes	CHF	<b>128.33</b>	137.32
Share price	CHF	<b>93.00</b>	89.00
Premium (+) and discount (–) on NAV	%	<b>-17.82</b>	-26.06

	Unit	1 Jan. - 31 Dec. 2023	1 Jan. - 31 Dec. 2022
Earnings per share (EPS) of CHF 1.80 nominal	in CHF	<b>0.02</b>	1.60
Earnings per share (EPS) of CHF 9.00 nominal	in CHF	<b>0.10</b>	8.00
Earnings per share (EPS) of CHF 1.80 nominal excluding revaluation <sup>1</sup>	in CHF	<b>0.89</b>	0.88
Earnings per share (EPS) of CHF 9.00 nominal excluding revaluation <sup>1</sup>	in CHF	<b>4.47</b>	4.39

<sup>1</sup> Revaluation effects: revaluations as well as their tax effects

<sup>2</sup> Interest bearing debt in relation to properties including developments dedicated to be sold

<sup>3</sup> Profit in relation to average equity

<sup>4</sup> Gross profit yield equals targeted rental income at a specific date as a percentage of market value (fair value)

<sup>5</sup> 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 2023 annual results as follows:

- **Lunch presentation on Wednesday, 13 March 2024, 12:00 a.m., Hotel Mandarin Oriental Savoy, Zurich**

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

You can download the comprehensive reporting and the 2023 annual report at:  
<https://www.sfurban.ch/en/investors/annual-reports>

## **SF Urban Properties Ltd**

SF Urban Properties Ltd (SFUP) is a Swiss real estate company based in Zurich. It invests in residential, commercial and development properties with a focus on the cities of Zurich and Basel. Its strategy is geared towards economic areas and locations that show more potential than others due to demographic, legal or economic conditions or their changes. SFUP takes responsibility for its impact on the environment, society and the economy and will continuously reduce its ecological footprint. Further information: [www.sfurban.ch](http://www.sfurban.ch)

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