



SF Urban Properties Ltd

# SF Urban Properties Ltd Semi-Annual Report 2023

24 August 2023



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1. Review
2. Investment Strategy
3. Portfolio Management
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# 1. Review



# Review of First Half of 2023

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## Management



**Vacancy management** with adjustment of indexation and reference interest rates

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**Acquisition of building land** as part of realignment strategy

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**Divestment in Bern**, ownership transferred after reporting date

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**Optimisation of data management** with regard to sustainability reporting

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## Yield



**Construction projects in Zurich and Basel** on schedule

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**Portfolio's value development declined slightly**

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## Development



**Building permit** for Rüslikon project received

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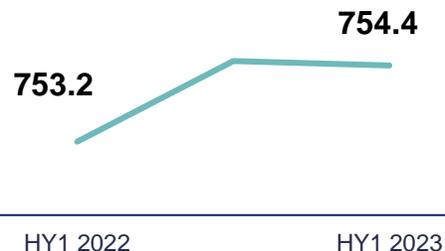
**Registration** of four units at Fuederholzstrasse 8 in Herrliberg

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# Key Figures

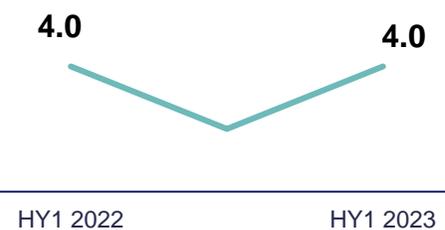
as at 30 June 2023, compared to previous year

Portfolio Value of  
Investment Properties



**CHF 754.4** million

Gross Yield



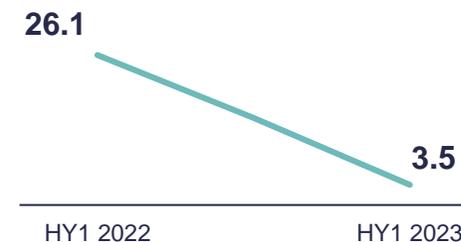
**4.0 %**

Real Discount Rate



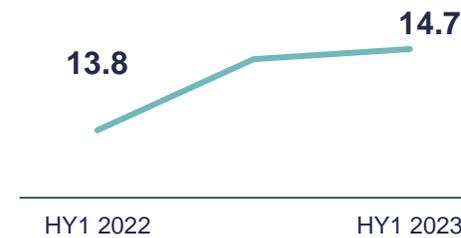
**2.74 %**

EBIT



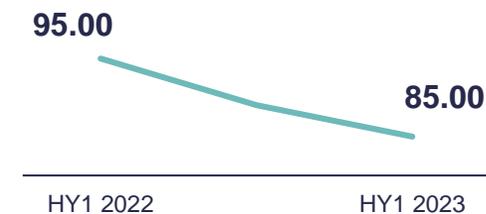
**CHF 3.5** million

Real Estate Earnings



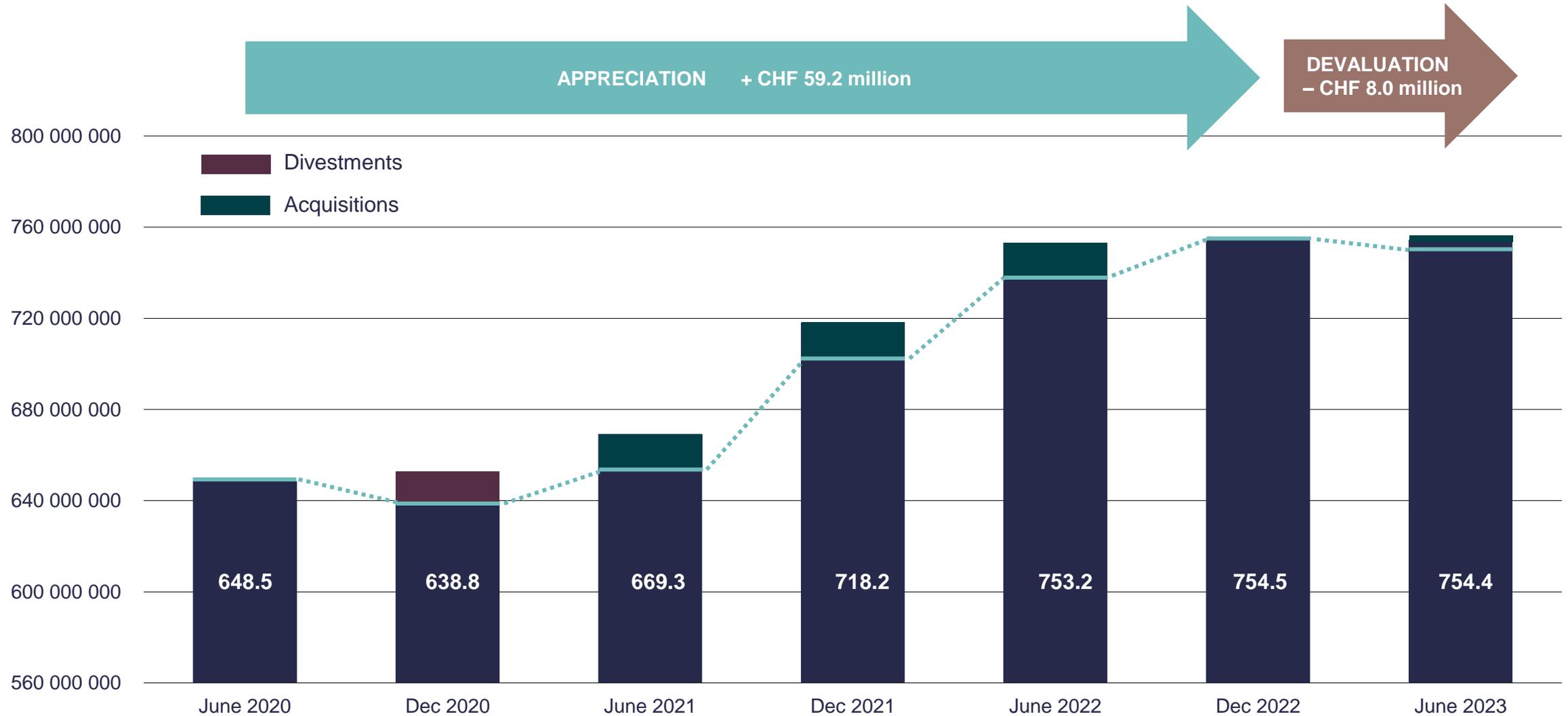
**CHF 14.7** million

Share Price



**CHF 85.00**

# Portfolio Value of Investment Properties



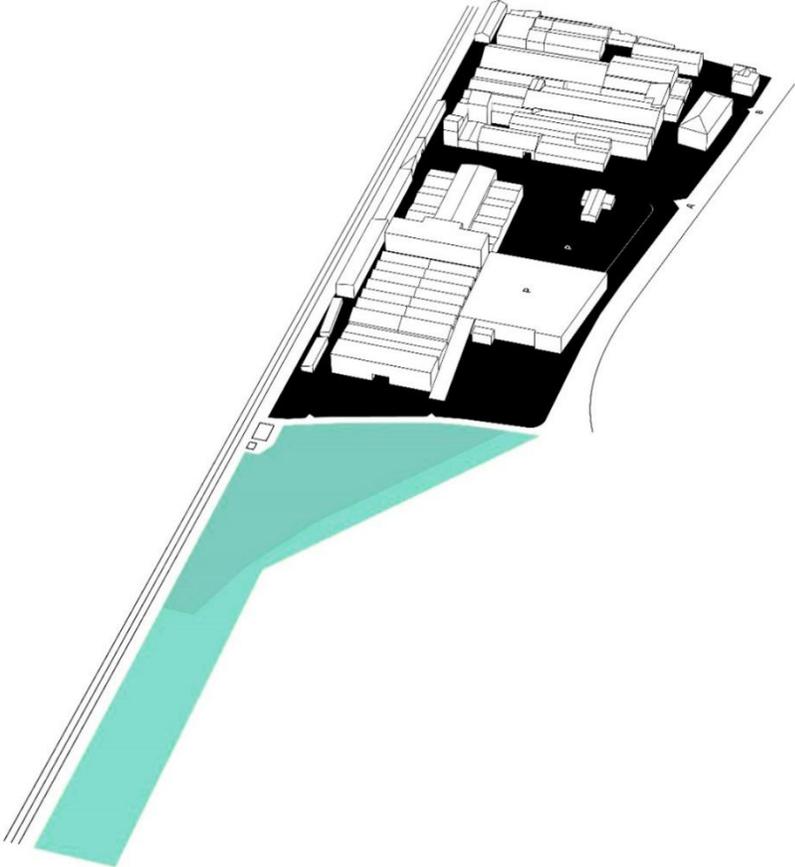
# Acquisitions during First Half of 2023

 **Realignment: Neighbouring Plot to Walzwerk Site**

	Ownership transferred as at	Purchase Price in CHF	Land Area in m <sup>2</sup>	Agricultural Zone in m <sup>2</sup>	Commercial Zone in m <sup>2</sup>
<b>Plot 818, Arlesheim</b>	09.01.2023	5 230 000	10 313	4 640	5 673

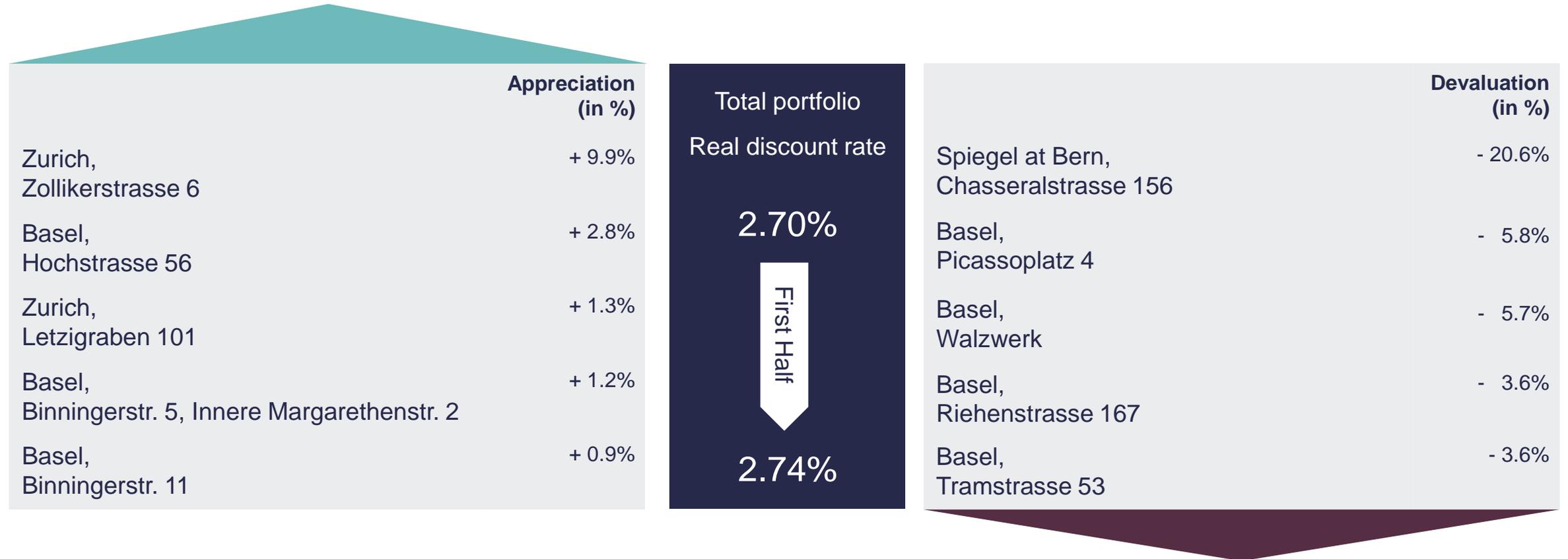
Initially, the plot will serve as a **strategic land reserve** and will be rented out for interim use.

As the plot was integrated into the Walzwerk site, it is not reported in the portfolio as an additional property.



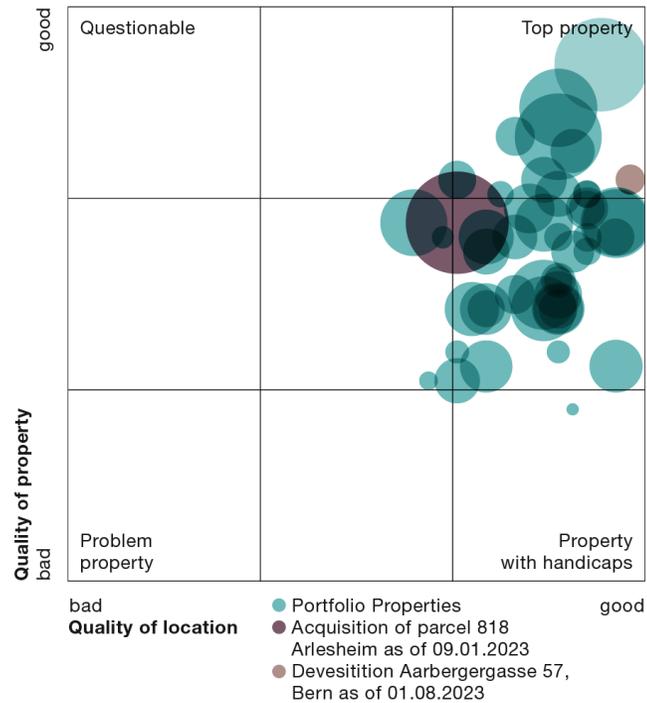
# Biggest Appreciations and Devaluations

as at 30 June 2023

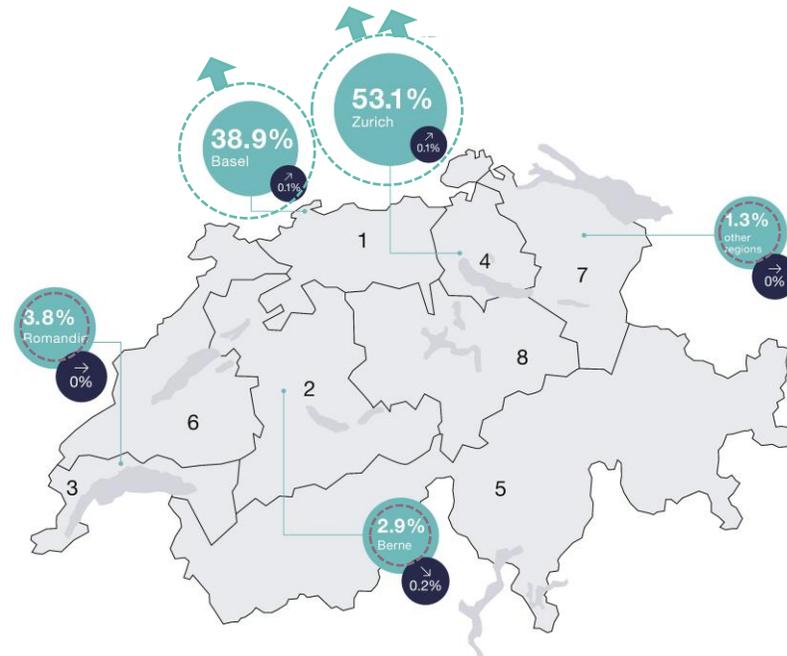


# Portfolio Features

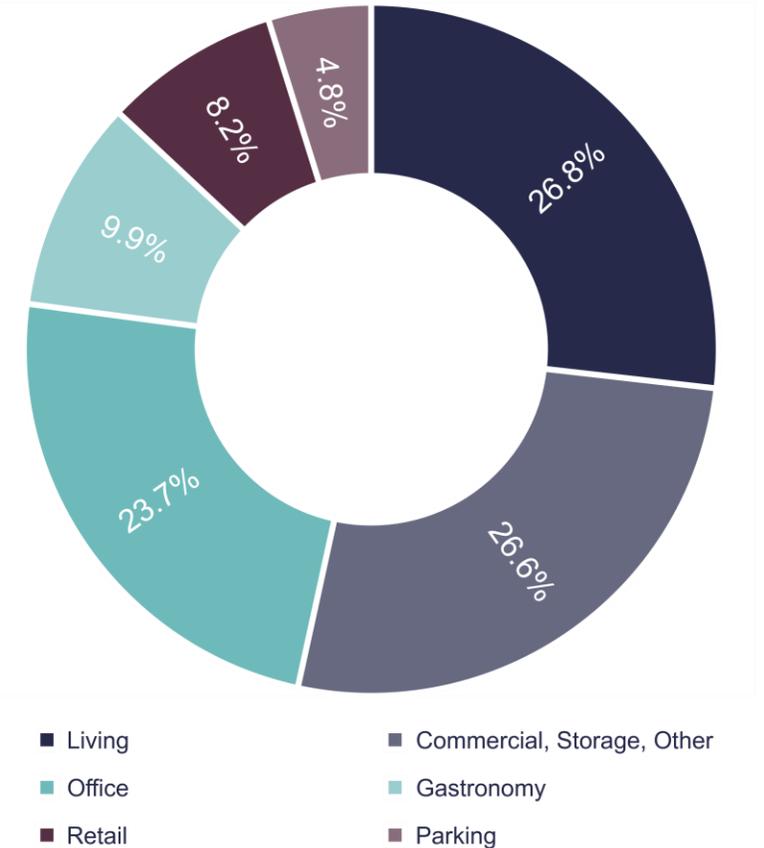
## Market Matrix



## Market Regions

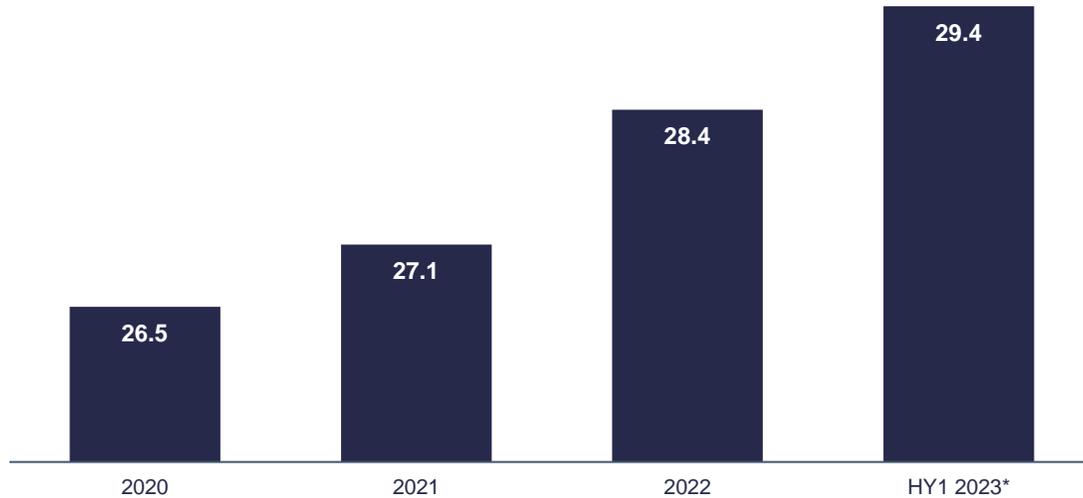


## Property Income – Target Net Rent by Usage



# Property Income

Property Income (in CHF million)



\* Annualised as at 30 June 2023

## Increase in Property Income

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Indexation of business leases

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Lower vacancy rate (period-based)

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Letting of Binningerstrasse 7

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Purchase of Binningerstrasse 5, Innere Margarethenstrasse 2

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Full letting of Neptunstrasse 57 (period-based)

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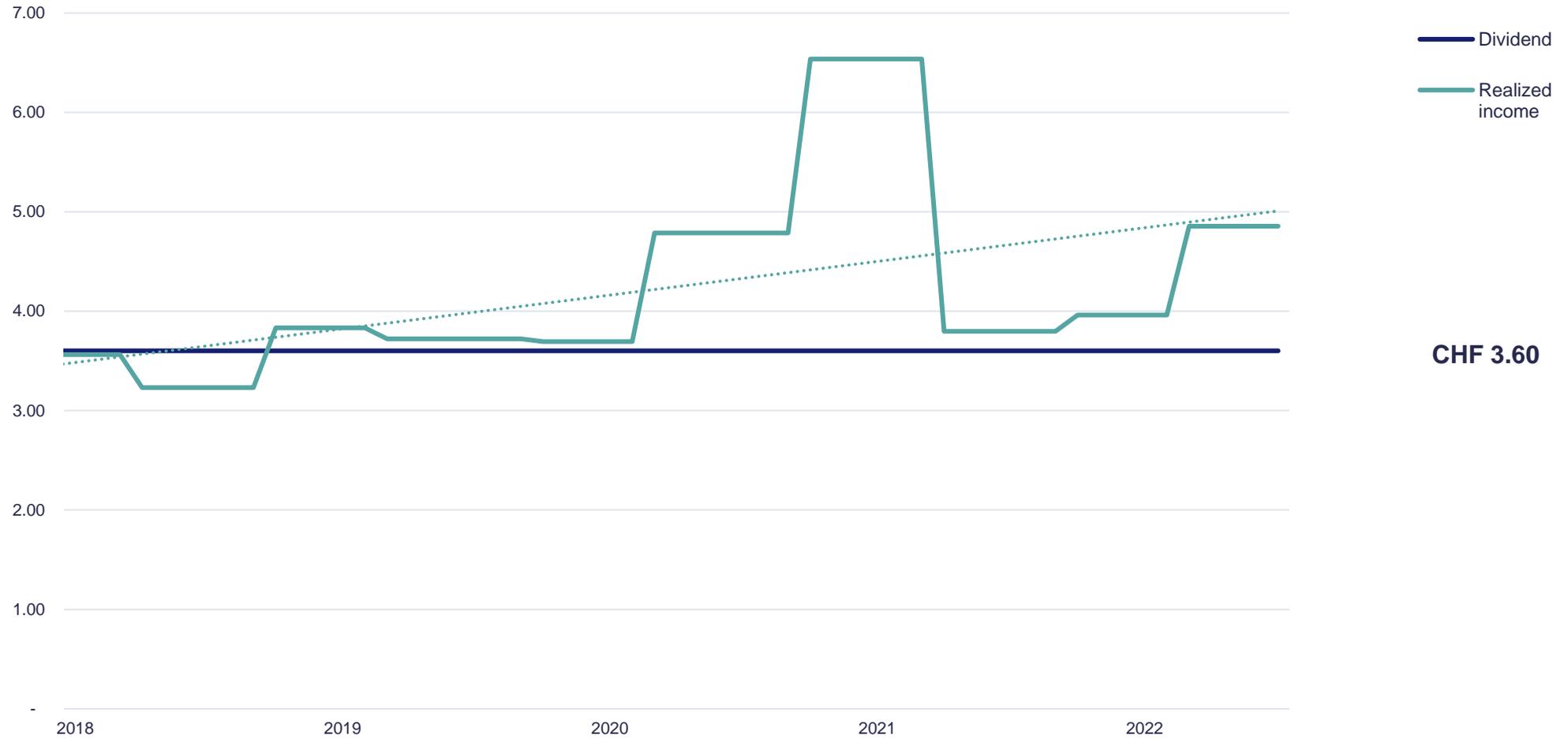
Rent Developments  
like-for-like HY1 2022 / HY1 2023

**+ 3.0%**

Rent developments/m<sup>2</sup>:

	30.06.2022	30.06.2023
Residential	249	258
Office	359	366
Commercial	158	163
Retail	317	326
Gastronomy	406	417

# Dividend earned from operations

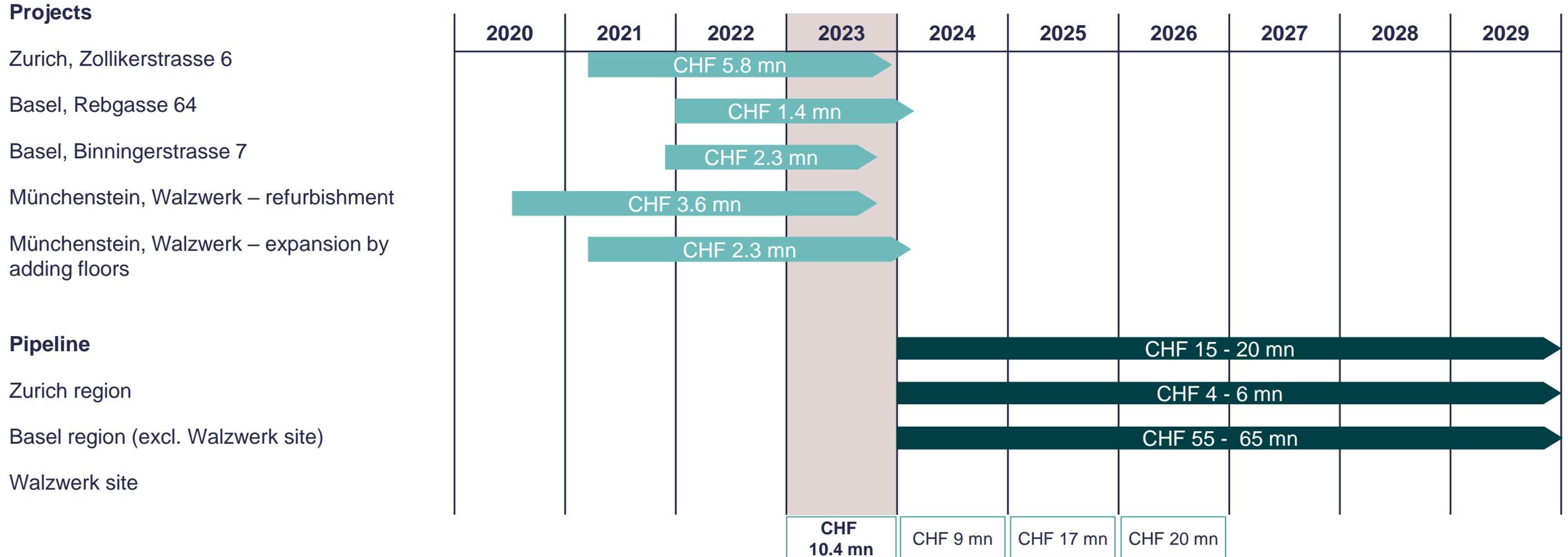


**CHF 3.60**



## 2. Investment Strategy

# Overview of Construction Projects for Investment Properties



■ Ongoing construction projects  
■ Planned investments

# Construction Projects



**Building Costs**  
CHF million

**Occupancy Rate**  
in %

**5.9**      **0**

Target rental income	567 000
SIA phase	Execution
Start of construction	August 2022
End of construction	Q4 2023
Measures	Conversion to residential

**Building Costs**  
CHF million

**Occupancy Rate**  
in %

**2.3**      **71**

Target rental income*	271 000
SIA phase	Execution
Start of construction	August 2022
End of construction	Q4 2023
Measures	GAB commercial, refurbishment (8 apts.)

**Building Costs**  
CHF million

**Occupancy Rate**  
in %

**3.6**      **63**

Target rental income*	128 180
SIA phase	Execution
Start of construction	August 2022
End of construction	Q4 2023
Measures	Total refurbishment + conversion

**Building Costs**  
CHF million

**Occupancy Rate**  
in %

**2.3**      **100**

Target rental income*	92 840
SIA phase	Execution
Start of construction	May 2023
End of construction	Q1 2024
Measures	Expansion by adding floors

\* Additional target rental income generated by construction project.

# Pipeline of Development Properties

## Acquisitions (with land)

Herrliberg, Fuederholzstr. 8 (SFUP stake 50.5%)

Zurich, Minervastrasse 124 (SFUP stake 50.5%)

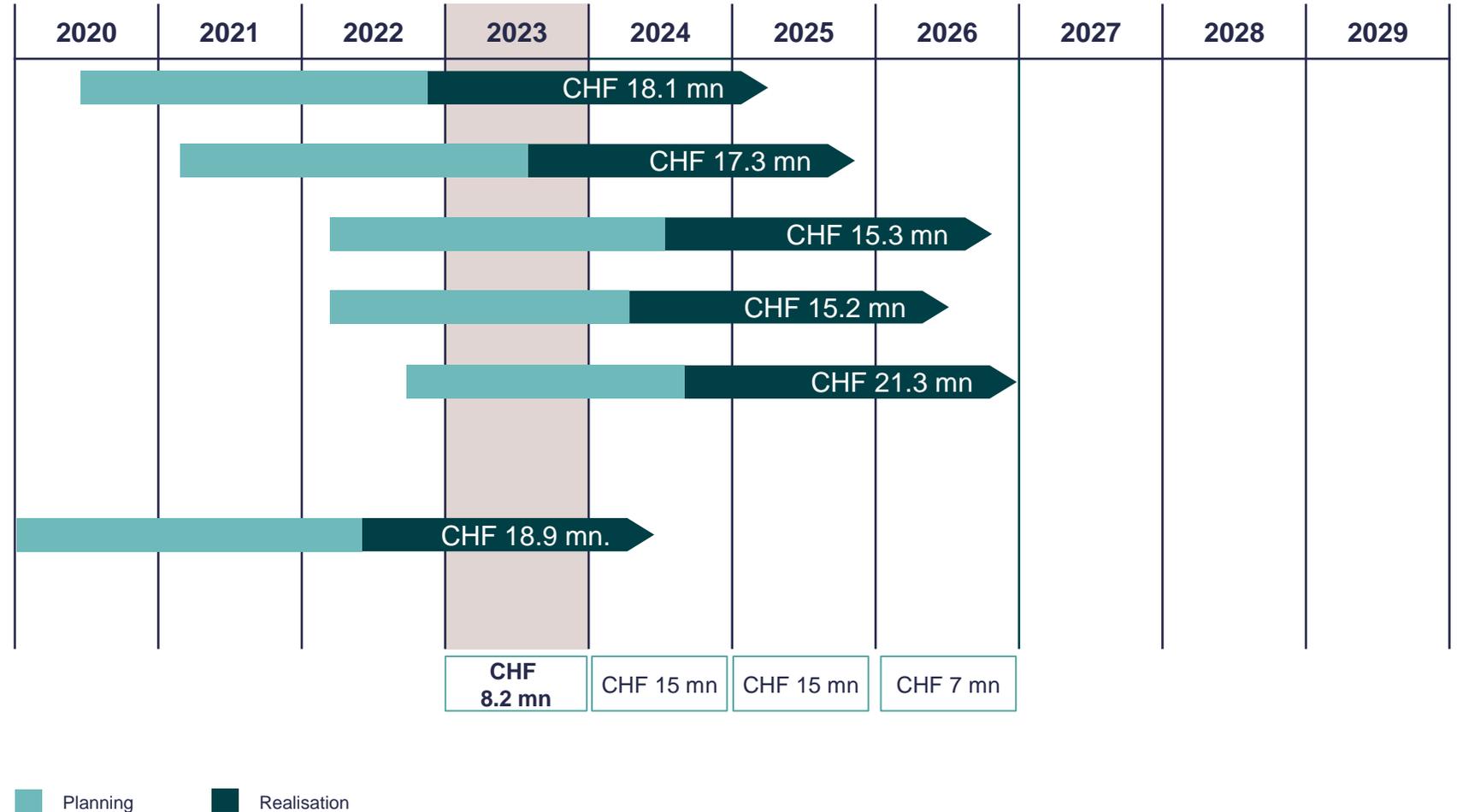
Zurich, Seefeldstrasse 186

Rüschlikon, Alte Landstrasse 26

Zumikon, Ruchenacher 17

## New Build (without land)

Basel, Elsässerstrasse 1+ 3



# Development Properties

## Projects and Marketing

### PLANNING

#### Alte Landstrasse, Rüschlikon



Completion  
**2026**  
Marketing  
**0/4 units**

#### Ruchenacher, Zumikon



Completion  
**2026**  
Marketing  
**0/6 units**

#### Seefeldstrasse, Zurich



Completion  
**2026**  
Marketing  
**0/6 units**

### TENDER

#### Minervastrasse, Zurich



Completion  
**2025**  
Marketing  
**0/8 units**

### REALISATION

#### Elsässerstrasse, Basel



Completion  
**2024**  
Marketing  
**14/16 units**

#### Fuederholzstrasse, Herrliberg



Completion  
**2025**  
Marketing  
**4/6 units**

### 3. Portfolio Management

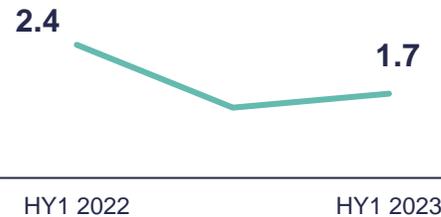


# Portfolio Key Figures

as at 30 June 2023, Compared to Previous Year

Vacancy Rate as at Reporting Date

**1.7 %**



Number of Development Properties

**6**



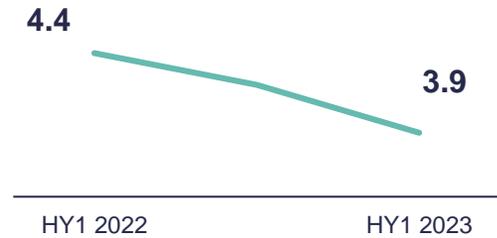
Wüest Partner Quality Profile

**3.9**



WAULT

**3.9 years**



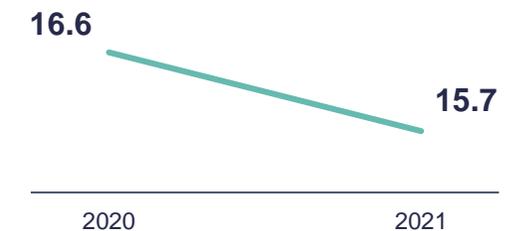
Number of Investment Property Construction Projects

**6**

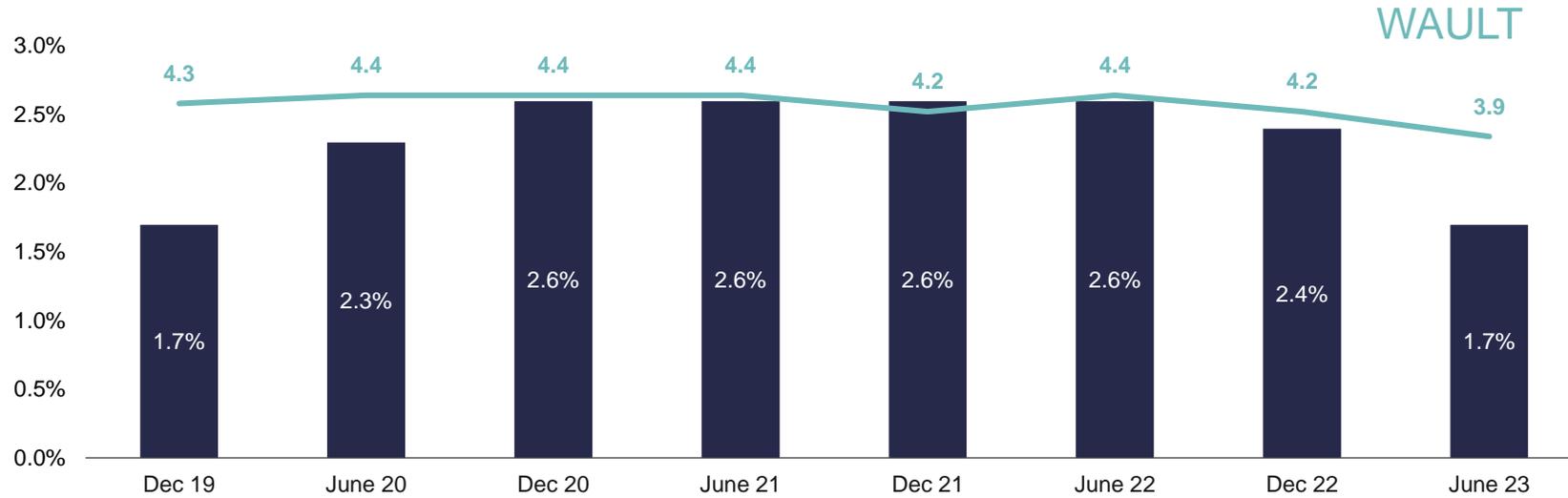


Greenhouse Gas Emissions

**15.7 kgCO<sub>2</sub>/m<sup>2</sup>ERA/year**



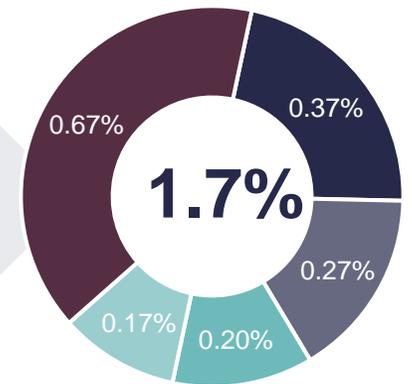
# Vacancy Rate Trend and WAULT



Rent Default Rate  
Period-Based

## 1.92%

- 0.37%** Binningerstr. 7 / Innere Margarethenstr. 6, Basel      5 apartments
- 0.27%** Picassoplatz 4, Basel      1 office space of 375 m<sup>2</sup>
- 0.20%** Riehentorstr. 28, Kirchgasse 2/2A, Basel      3 apartments
- 0.17%** Steinenvorstadt 67, Basel      1 office space of 240 m<sup>2</sup>
- 0.67%** other vacancies



# Leases Concluded in First Half of 2023

## New lets

Use	Floor Area in m <sup>2</sup>	Rental Income p.a. in CHF
Commercial	1 245	131 644
Office	550	154 042
Food service	330	57 300
Retail	192	93 004
<b>TOTAL</b>		<b>435 990</b>

**1.5%**

Share of total income,  
annualised

## Contract renewals

Use	Floor Area in m <sup>2</sup>	Rental Income p.a. in CHF
Commercial	1 982	468 660
Office	1 368	407 788
Food service	-	-
Retail	388	263 484
<b>TOTAL</b>		<b>1 139 932</b>

**3.8%**

Share of total income,  
annualised

# Sustainability

"By integrating ESG criteria into all management processes, SFUP wants to help create added value for society and the environment in the long term."



First publication in autumn 2023 in order to create more transparency for investors



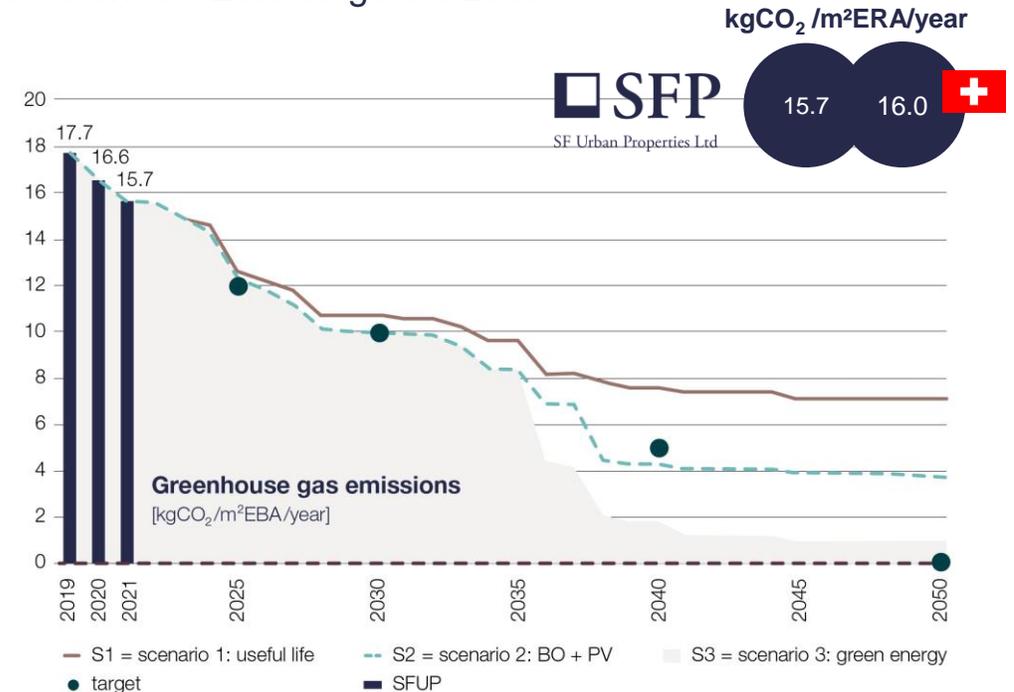
First-time ESG rating from ZKB with the results Mostly ESG-compliant

ESG-Rating: ★★☆☆☆



LGT sustainability rating: rates sustainability of companies on the basis of ESG criteria; average for "real estate management & development"

## Focus on Net-Zero Target for 2050



The sustainability report is published in the annual report every year.

## 4. Financials



# Financial Key Figures

as at 30 June 2023, Compared to Previous Year

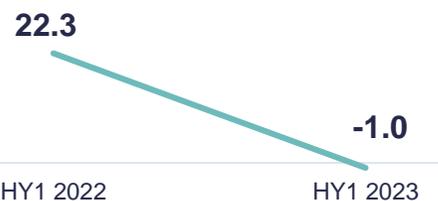
EBIT margin for  
investment properties,  
excl. revaluation effects

**61.9 %**



Net loss (-) / gain (+)

**-1.0 million**



Earnings per Share, excl.  
Revaluation Effects

**1.62 CHF**



LTV  
(Loan-to-value)

**45.9 %**



Avg. Interest Rate

**2.09 %**



Avg. Fixed-Interest Period

**6.43 years**



# Income Statement

## Figures in CHF 1 000

	1. Jan. to 30. June 2023	1. Jan. to 30. June 2022	Change
Investment Properties Income	14 725	13 783	6.8%
Revaluation Investment Properties	-7 967	15 128	-152.7%
Property operating expenditures (excl. Development)	-5 765	-5 130	12.4%
Net revenue from Development	2 346	2 182	7.5%
Other Income	155	133	16.5%
<b>Earnings before interest and tax, EBIT</b>	3 494	26 097	-86.6%
Financial Expenses (net)	-3 745	-1 711	118.9%
Taxes	-775	-2 085	-62.8%
<b>Net Loss (-) / Profit (+)</b>	-1 026	22 301	-104.6%
<b>Net Profit excl. Revaluation and Deferred Tax</b>	5 541	10 156	-45.4%
<b>Net Profit excl. Revaluation, Deferred Tax, Minority Interest</b>	5 423	9 225	-41.2%

- Increase in property income owing to purchase of Binningerstrasse 5 in Basel, rental increases on existing leases and lower deductions
- Market-related devaluations of 1.1%
- Temporary increase in operating cost ratio
- Increase in profitability of development business
- Higher financial expenses
- Net profit after non-controlling interests and excl. valuation effects of CHF 1.62 per share

## Profitability key figures

	1. Jan. to 30. June 2023	1. Jan. to 30. June 2022	Change
Overall EBIT margin	22.2%	64.6%	-65.6%
EBIT margin Investment Properties	16.8%	82.6%	-79.6%
EBIT margin Investment Properties excl. revaluation	61.9%	63.8%	-2.9%
EBIT margin Property Development	26.4%	19.1%	38.2%

# Change in Property Income

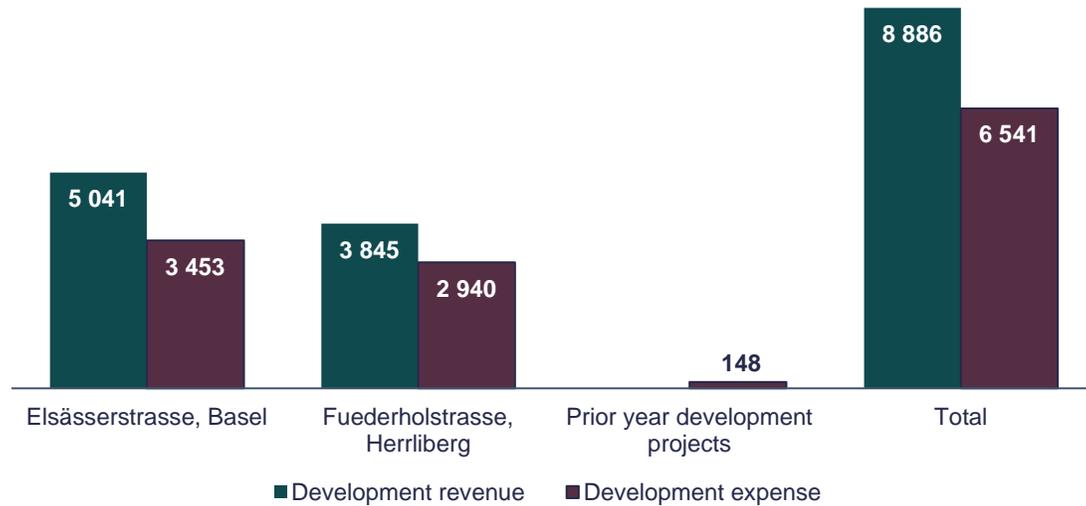
in CHF 1 000



- Rental increases in the portfolio (> TCHF 300)
- Rental increases owing to purchase and letting of Binningerstrasse 5, Basel
- Developments: Reduction in rental income due to discontinuation at Elsässerstrasse, Basel
- Other deductions: substantially smaller vacancy losses (-TCHF 168) and inconvenience expenses (-TCHF 314)
- Conversions: Neptunstrasse re-rented, Zollikerstrasse de-rented

# Development Contribution 2023

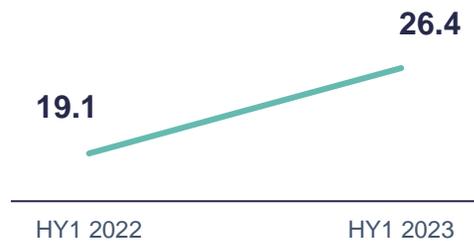
in CHF 1 000



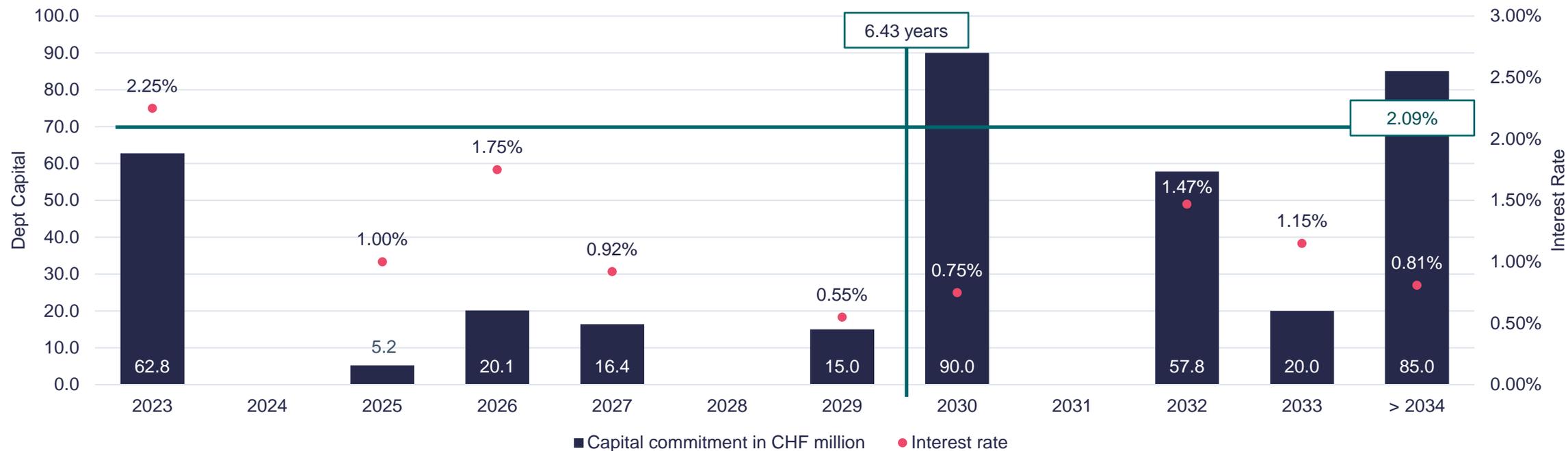
- Elsässerstrasse 1 in Basel with EBIT margin of 31.5%
- Fuederholzstrasse 8 in Herrliberg with EBIT margin of 23.5%
- EBIT contribution practically maintained at TCHF 2 345 (previous year: TCHF 2 469)

## EBIT Margin Property Development 1 HY 2023

**26.4 %**



# Financing



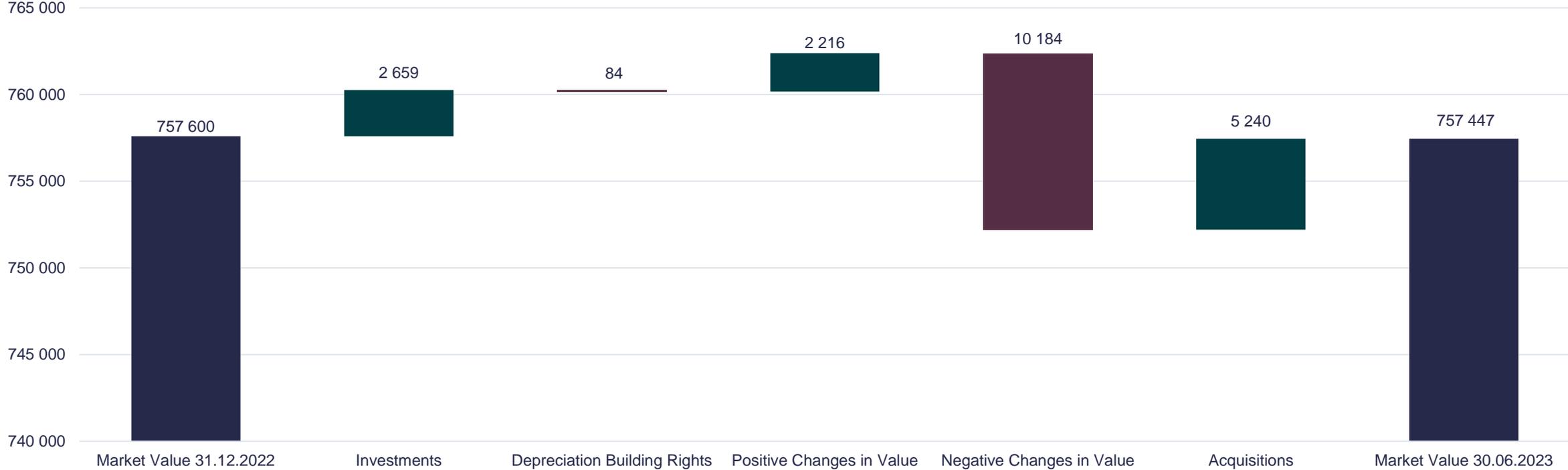
		31 Dec. 2021	31 Dec. 2022	30 June 2023
Remaining term of debt financing	Years	7.72	6.81	6.43
Interest on debt financing as at reporting date	%	1.35	2.01	2.09

## Risk-appropriate financing

Permanent asset/liability analysis to ensure risk-appropriate fixed-interest period. Current fixed-interest period falls within the target range of 5.0 – 10.0 years.

# Changes in Portfolio

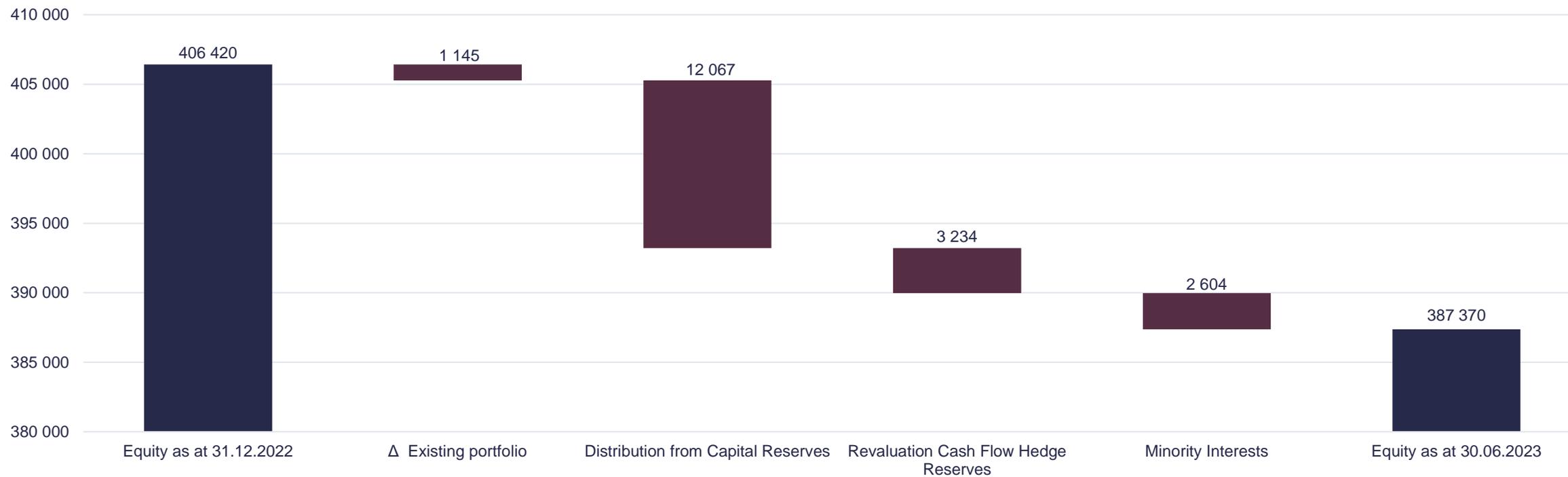
in CHF 1 000



- Devaluations of TCHF 7 967 net
- Purchase of Plot 818, Arlesheim (realignment Walzwerk) TCHF 5 230

# Change in Equity

in CHF 1 000



– Total result of TCHF -4 379 or CHF -1.30 reduces NAV per share by CHF 4.90 to CHF 115.46 after distribution.

# Conclusion Financials



## **Investment Business**

Significant increases in rental income and reduction in vacancies



## **Promotion Business**

Original profit assumptions confirmed, slight delay in project progress



## **Expense Ratios**

Light, temporary increase in operating and administrative costs



## **Financial Expenses**

Flattening of the increase

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## 5. Outlook

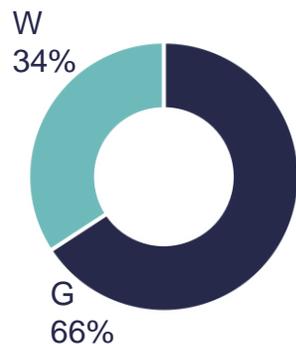


# Key Events after the Reporting Date

## Divestment of Investment Property

Property	Ownership transferred on	Market Value in CHF as at 30.06.2023	Sales Price in CHF	Difference in CHF	Difference at Market Value	Income p.a. in CHF	Gross Yield at Market Value	Gross Yield at Sales Price
Bern, Aarberggasse 57	1 August 2023	5 680 000	6 000 000	+ 320 000	+ 5.33%	225 408	4.0%	3.8%

Aarberggasse 57, Bern



Sales price CHF 6 000 000

Gross profit CHF 953 000

Sale of outside location that does not fit the strategy

Reduction of food service share

# Key Events after the Reporting Date

Investment properties

Full letting  
of 675 m<sup>2</sup>



**Schwarzwaldallee 175-179,  
Basel**

Investment properties /  
construction project

3 / 12  
units  
rented



**Zollikerstrasse 6, Zürich**

Construction project

Completion of  
commercial  
expansion  
Oct 2023



**Binningerstrasse 7, Innere  
Margarethenstrasse 6, Basel**

Construction project

Completion of  
commercial  
expansion  
Aug 2023



**Gerbergasse 48, Basel**

Development

5 / 8 units  
reserved



**Minervastrasse 124, Zurich**

Entwicklung

1 / 1 units  
reserved  
15 / 16 units  
registered  
(as at 15 Aug  
2023)



**Elsässerstrasse 1+3, Basel**

# Outlook for Second Half of 2023

	<b>Acquisition</b>	Given the rise in initial yields, possible purchases of investment properties in Zurich and Basel will be investigated on an opportunistic basis. The focus is on development properties.	<b>CHF 15 - 20 mn</b>
	<b>Letting</b>	We will continue to aggressively manage vacancies so that the vacancy rate is low at the end of the year.	<b>Target &lt; 2.0%</b>
	<b>Construction projects</b>	The current construction projects at Zollikerstrasse 6 in Zurich, Binningerstrasse 7 in Basel and the conversion project on the Walzwerk site will be completed and let by the end of the year.	<b>Implementation as planned</b>
	<b>Sustainability</b>	We have submitted the GRESB (Global Real Estate Sustainability Benchmark) report and will publish our results for the first time in the fourth quarter.	<b>GRESB result</b>
	<b>Development</b>	The income from promotion projects is expected to be less than in the previous year. The operating result will nevertheless benefit from a positive contribution.	<b>&gt; CHF 2.0 mn</b>
	<b>Reference interest rate</b>	Because of the increase in the reference interest rate, current rents will be adjusted in October in line with the statutory provisions. We expect an increase in income of around CHF 255 000 per year from this share of the lease agreements.	<b>0.9% p.a.</b>

The transaction market increasingly has interesting opportunities for targeted sales to strengthen the portfolio.

The economic conditions also make an increase in total income possible.

# Agenda 2023 / 2024



**17 August 2023**

Going-Live  
of SFUP Website



**October 2023**

Publication of  
GRESB Result



**13 March 2024**

Publication of Annual  
Report 2023



**11 April 2024**

Annual General  
Meeting

# Address



## **SF Urban Properties Ltd**

Seefeldstrasse 275

CH-8008 Zurich

T +41 43 344 61 31

[info@sforban.ch](mailto:info@sforban.ch)

[www.sforban.ch](http://www.sforban.ch)

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