



SF Urban Properties Ltd



SF Urban Properties Ltd

Annual Report 2022

14 March 2023

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1. Review of 2022

Key events in 2022

Market



Inflation at **2.8%** at the end of 2022

Global supply chain interruptions and **price increases on commodities and energy markets**

Progressive **interest rate increases** by SNB to plus 1.00%

Review of **investment and distribution strategy** in changed market environment

Number of **new and re-lettings** increased

Further **realignments** implemented

New **development projects** in the pipeline

Sustainability: a **materiality matrix** defined

Management

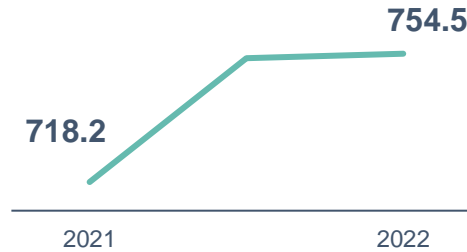


Key figures

as at 31 December 2022, compared to the previous year

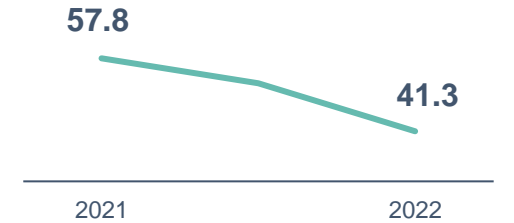
Portfolio value
Investment properties

CHF 754.5 mn



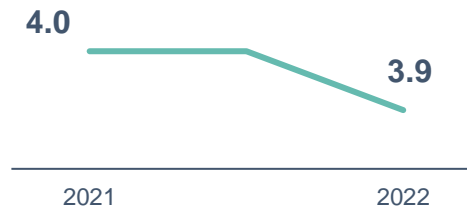
EBIT

CHF 41.3 mn



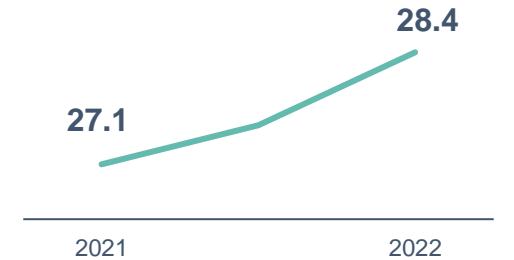
Gross yield

3.90%



Property income

CHF 28.4 mn



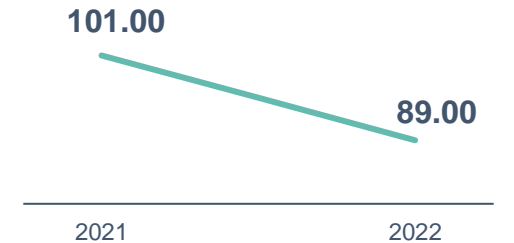
Real discount rate

2.70%



Share price

CHF 89.00



Transactions in 2022



Acquisition of investment property

Property	Ownership transferred on	Market value in CHF on acq.	Purchase price in CHF	Difference in CHF	Difference to purchase price	Income p.a. in CHF	Gross yield at market value	Gross yield at purchase price
Basel, Binningerstrasse 5, Innere Margarethenstrasse 2	01.04.2022	17 200 000	18 160 000	- 960 000 ¹	- 5.3%	656 560	3.8%	3.6%

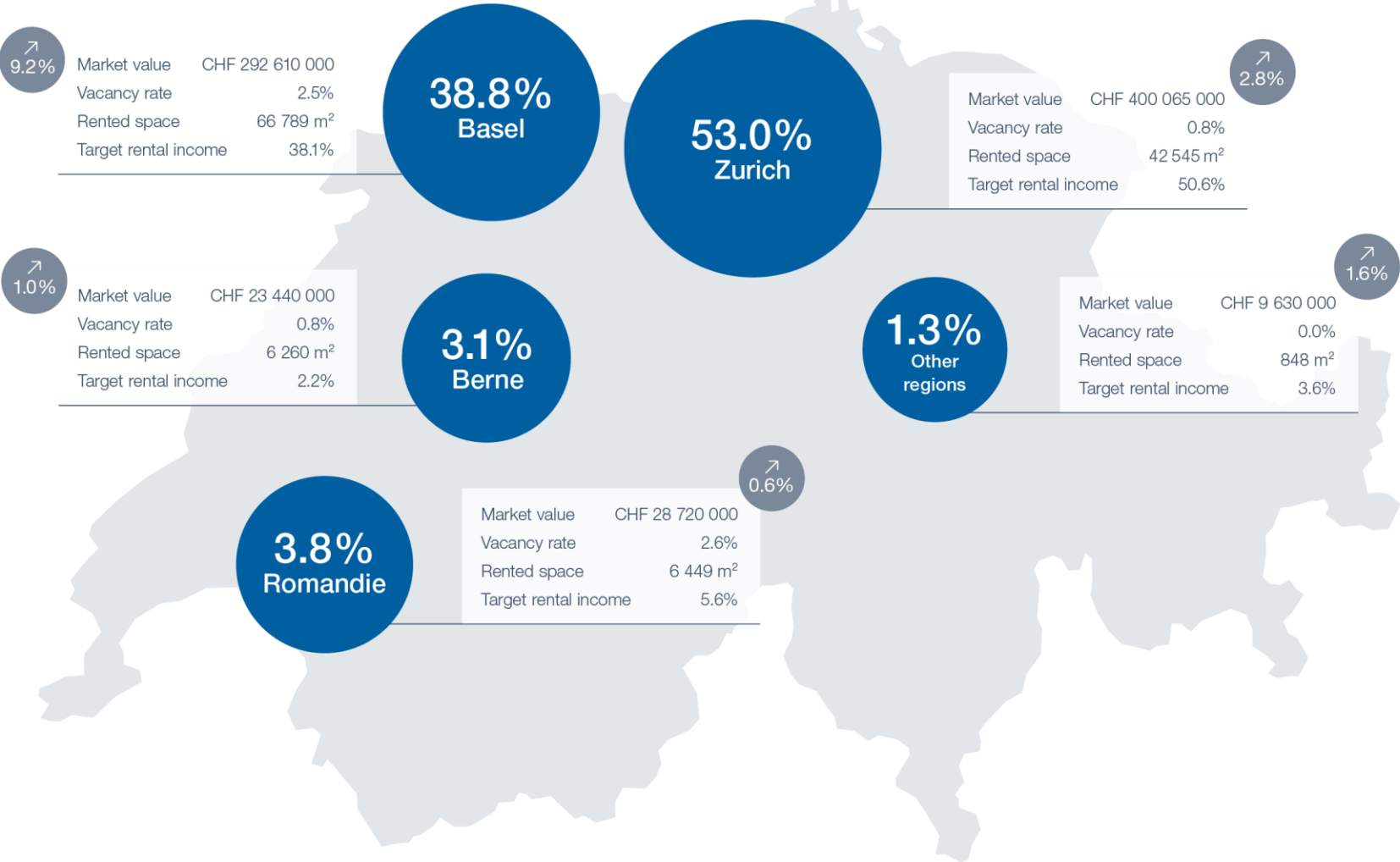
¹ At the time of the sale, a lease worth CHF 334 800 and a rental guarantee valued at CHF 460 000 were concluded with the previous owner.



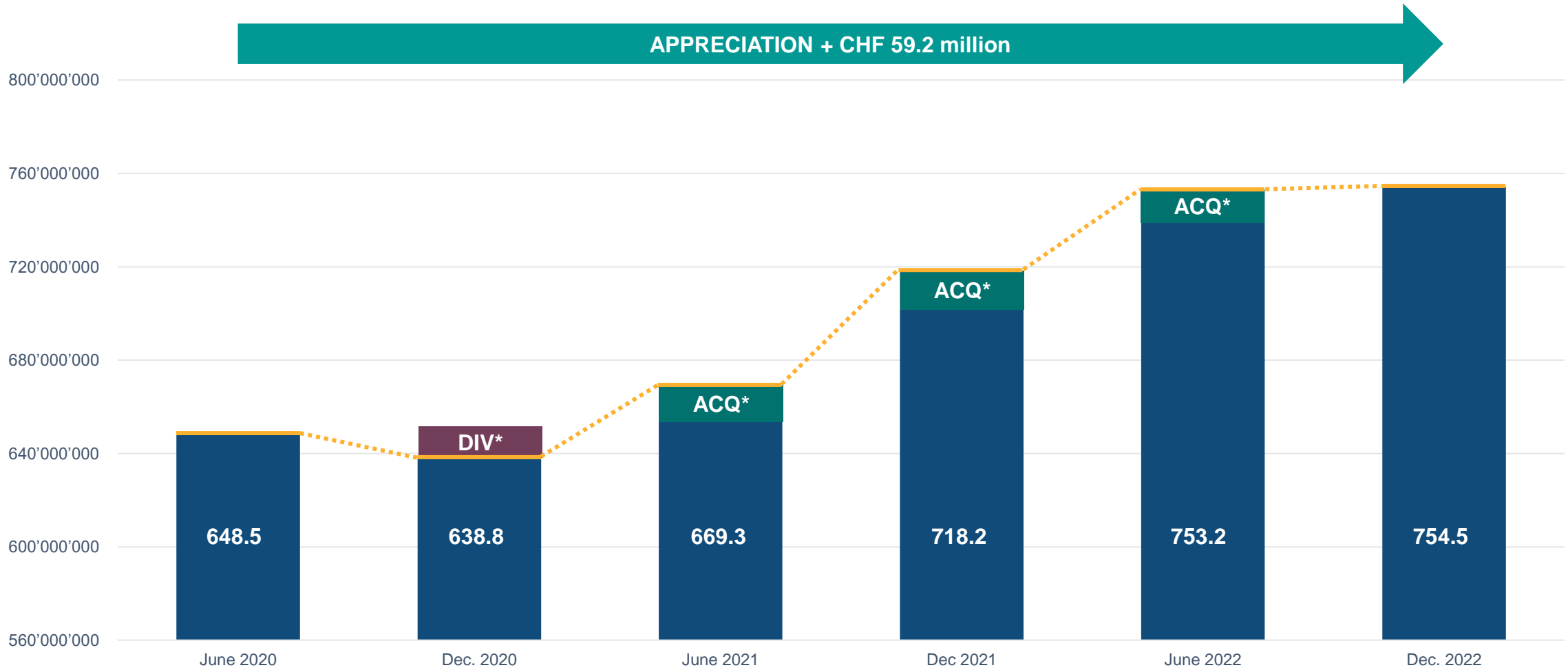
Acquisition of development properties

Property	Ownership transferred on	Purchase price in CHF	Land area in m ²	GLA in m ²	Estimated investment costs in CHF
Rüschlikon, Alte Landstrasse 26	15.06.2022	5 700 000	846	850	14 600 000
Zurich, Seefeldstrasse 186	22.06.2022	8 300 000	179	681	15 100 000
Zumikon, Ruchenacher 17	03.11.2022	8 600 000	2 344	1 317	21 200 000
Total		22 600 000	3 369	2 848	50 900 000

Market regions



Portfolio value of investment properties

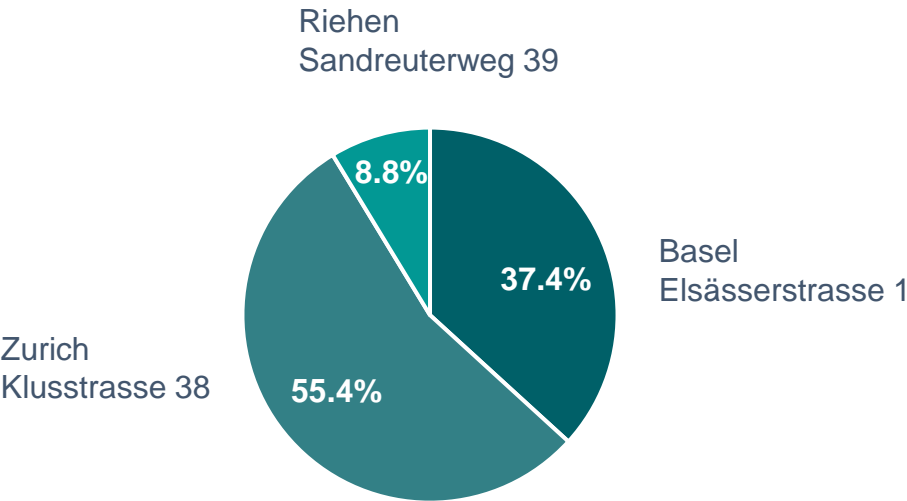
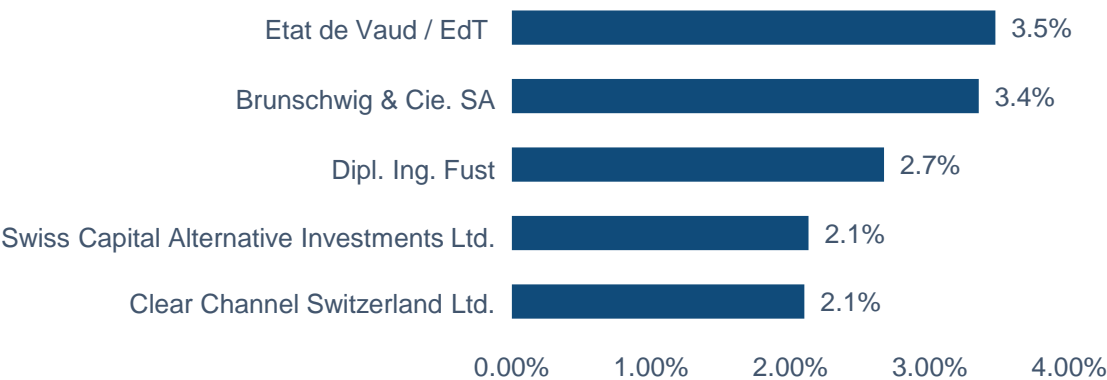


*DIV = divestments; ACQ = acquisitions

Dual income-driven portfolio

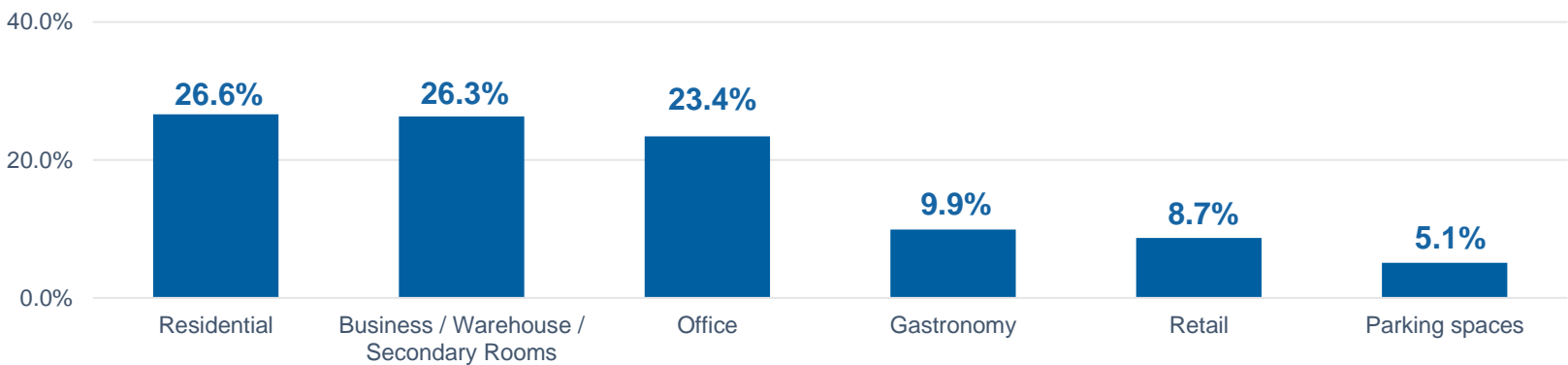
Investment properties + development properties

Largest tenants by net rental income

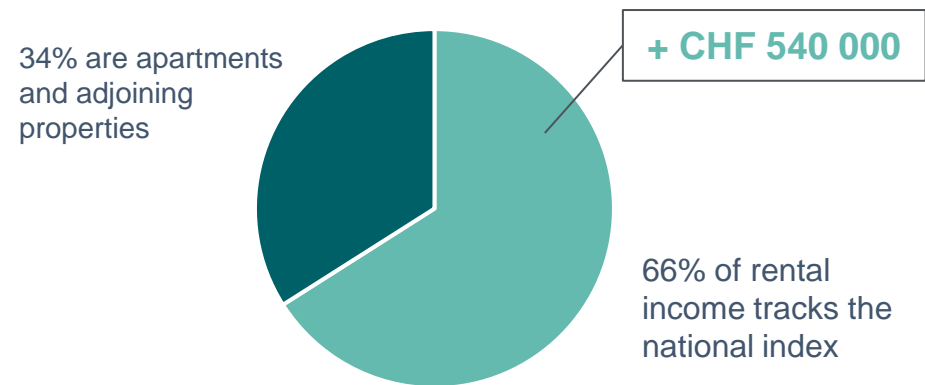


Property income: indexation and reference interest rate

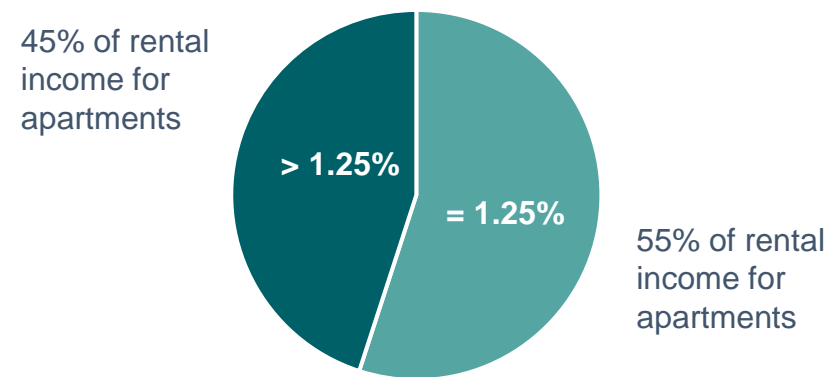
Property income – target rent net according to use



Indexation



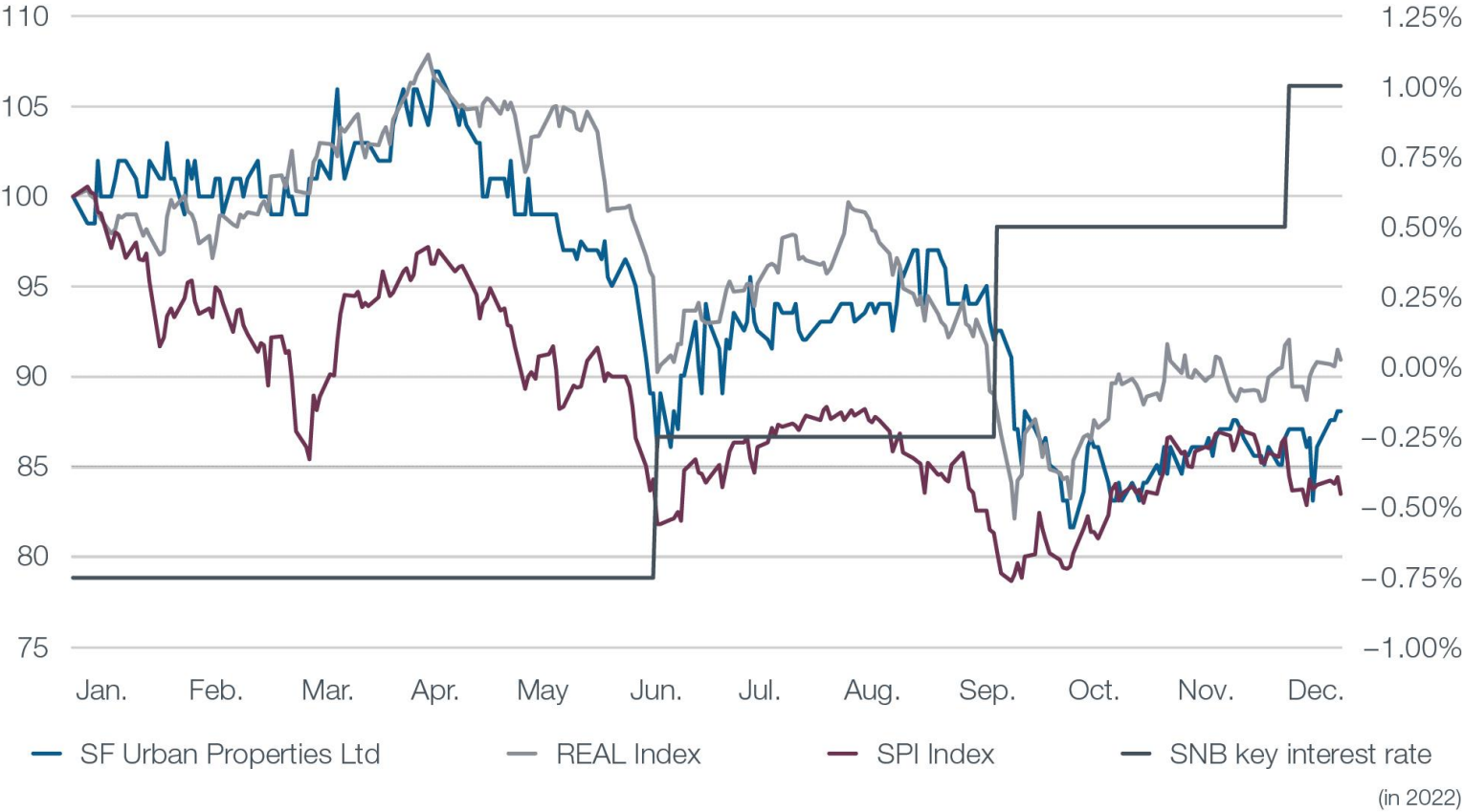
Reference interest rate



Share performance

As at 31.12.2021

101.00 CHF



As at 31.12.2022

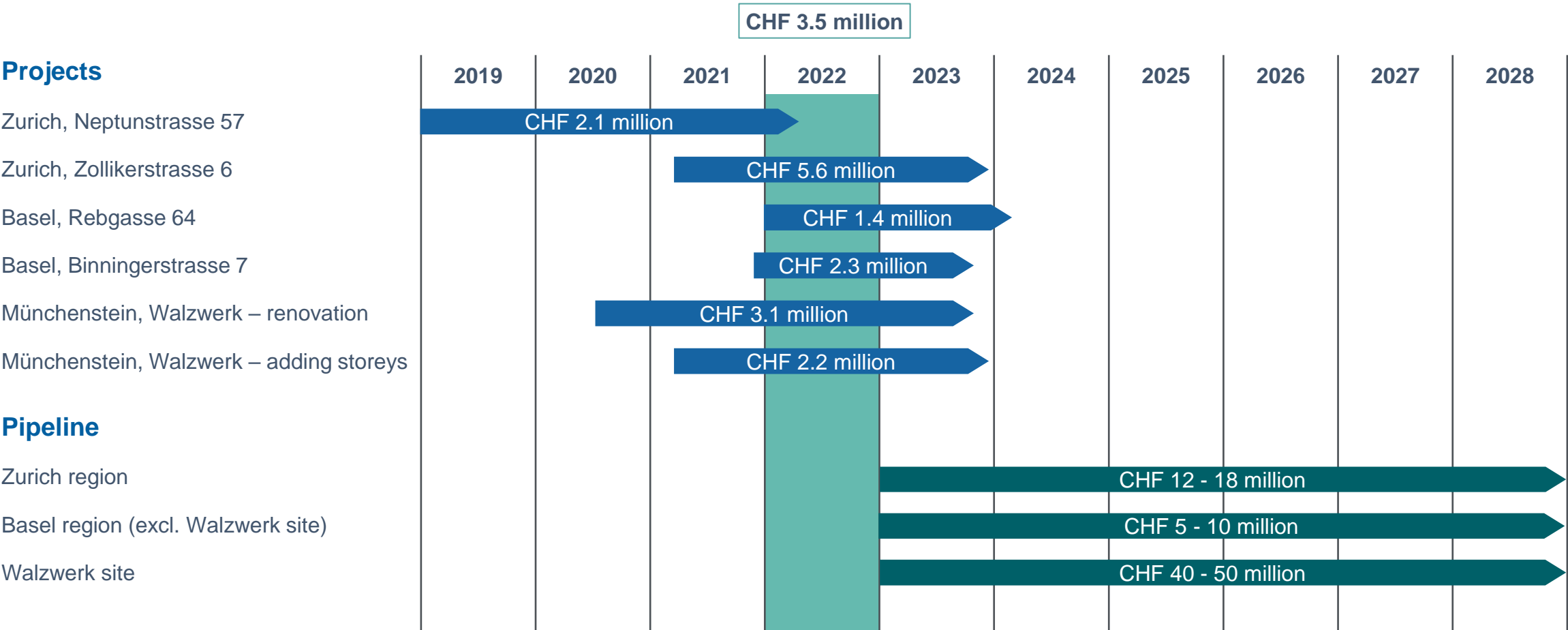
89.00 CHF

A photograph of three business professionals—two men and one woman—standing on a balcony. They are all wearing dark blue suits over light blue shirts. The man on the left has short brown hair and is smiling. The woman in the center has long blonde hair and is also smiling. The man on the right has grey hair and a beard, and is smiling. They are standing behind a metal railing. In the background, there is a modern building with large glass windows and wooden frames. A semi-transparent white banner is overlaid across the middle of the image, containing the text "2. Investment strategy" in a blue, sans-serif font.

2. Investment strategy

Overview of building projects for investment properties

Projects



Investments in portfolio to secure and also improve rental income.

Construction projects Zurich and Basel



Building costs
CHF million

Occupancy rate
in %

5.6

0

SIA phase

Construction

Start of construction

August 2022

End of construction

Q4 2023

Measures

Conversion to residential



Building costs
CHF million

Occupancy rate
in %

2.3

100

SIA phase

Construction & application
procedure

Start of construction

August 2022

End of construction

Q3/Q4 2023

Measures

Basic finishing, renovation
(8 apartments, first floor)



Building costs
CHF million

Occupancy rate
in %

1.4

100

SIA phase

Building permit has been
issued

Start of construction

n.a.

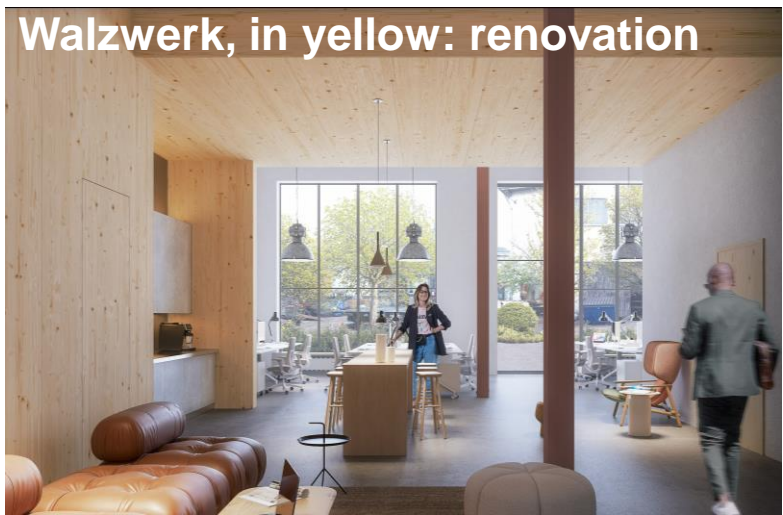
End of construction

n.a.

Measures

Partial renovation

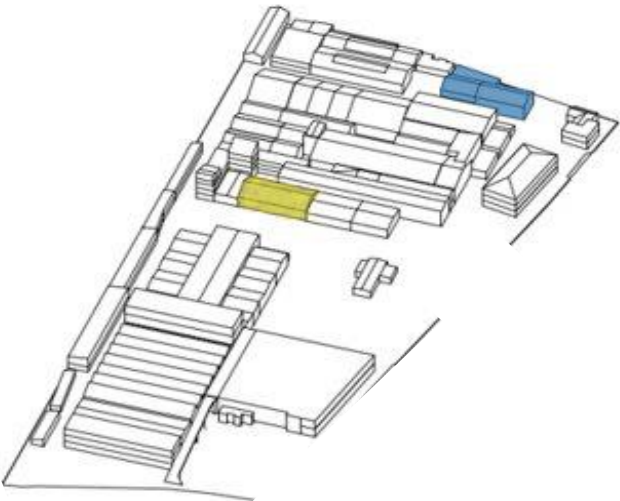
Walzwerk site building projects



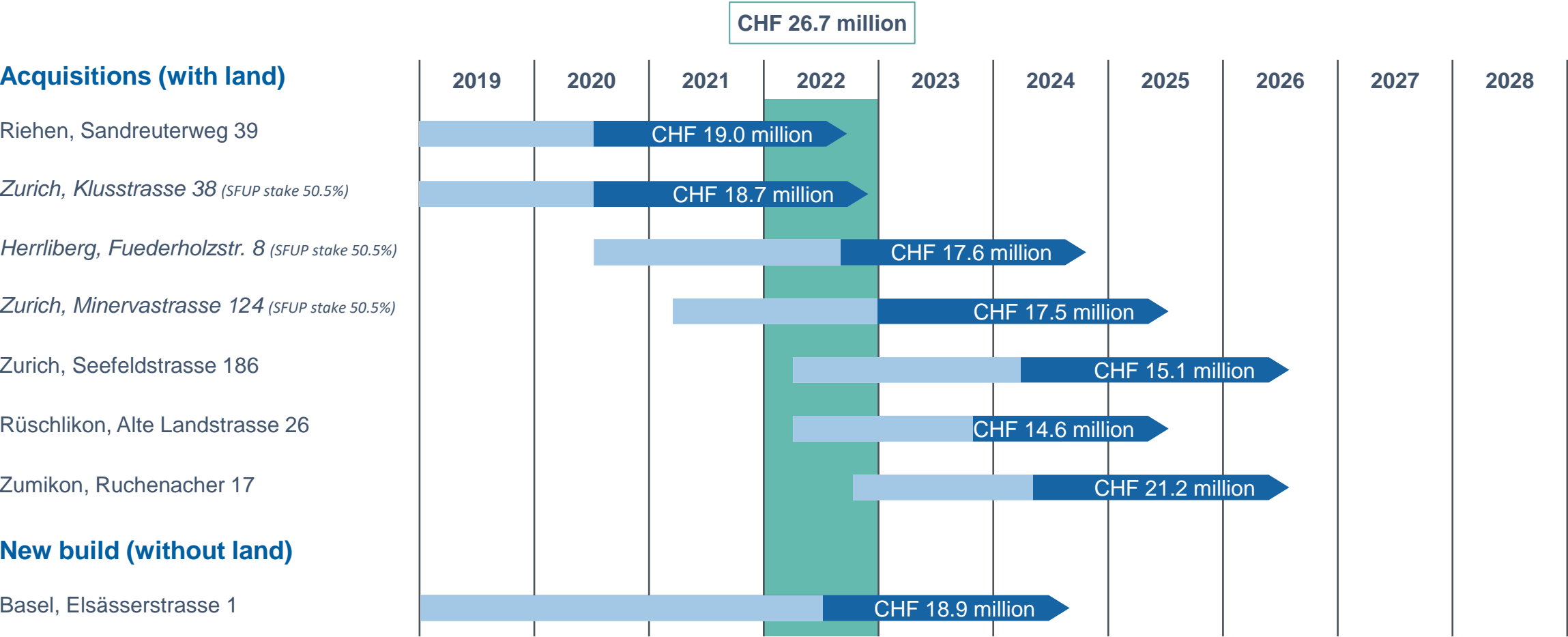
Building costs	Occupancy rate
CHF million	in %
3.1	0
SIA phase	Construction
Start of construction	August 2022
End of construction	September 2023
Measures	Total renovation + conversions



Building costs	Occupancy rate
CHF million	in %
2.2	100
SIA phase	Construction design
Start of construction	May 2023
End of construction	December 2023
Measures	Adding storeys



Pipeline of development properties



2-3 projects per year to bring contribution to result from development properties to a sustainably steady level.

Development properties I

Sandreuterweg, Riehen



COMPLETED

Properties for sale
Single-family homes
+ two-family homes

4+6

Investment costs
CHF million

19.0

GLA
m²

1 680

Completion
Year

2022

Land area
m²

4 012

Marketing
Units

10/10

Klusstrasse, Zurich



COMPLETED

Properties for sale
Apartments

13

Investment costs
CHF million

18.7

GLA
m²

1 237

Completion
Year

2022

Land area
m²

1 802

Marketing
Units

13/13

Development properties II

Elsässerstrasse, Basel



REALISATION

Properties for sale

Apartments + business

14+2

Investment costs

CHF million

18.9

GLA
m²

1 677

Completion
Year

2024

Land area
m²

536

Marketing
Units

14/16

Fuederholzstrasse, Herrliberg



REALISATION

Properties for sale

Apartments

6

Investment costs

CHF million

17.6

GLA
m²

1 225

Completion
Year

2024

Land area
m²

1 750

Marketing
Units

0/6

Development properties III

Minervastrasse, Zurich



TENDER

Properties for sale

Apartments

8

Investment costs

CHF million

17.5

GLA
m²

856

Completion
Year

2025

Land area
m²

508

Marketing
Units

-

Seefeldstrasse, Zurich



PLANNING

Properties for sale

Apartments

6

Investment costs

CHF million

15.1

GLA
m²

681

Completion
Year

2026

Land area
m²

179

Marketing
Units

-

Development properties IV

Alte Landstrasse, Rüschlikon



PLANNING

Properties for sale

Apartments

4

Investment costs

CHF million

14.6

GLA
m²

850

Completion
Year

2025

Land area
m²

846

Marketing
Units

-

Ruchenacher, Zumikon



PLANNING

Properties for sale

Apartments

6

Investment costs

CHF million

21.2

GLA
m²

1 317

Completion
Year

2026

Land area
m²

2 344

Marketing
Units

-



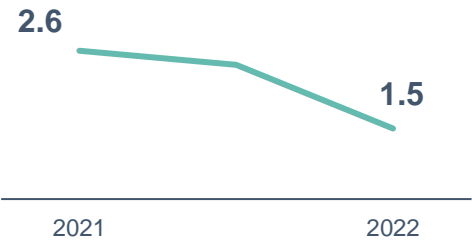
3. Portfolio management

Key portfolio figures

as at 31 December 2022, compared to the previous year

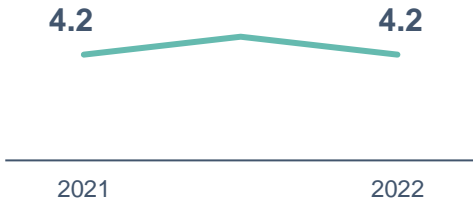
Vacancy rate as at reporting date

1.5%



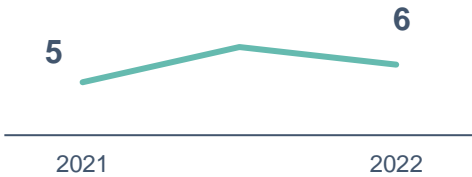
WAULT

4.2 years



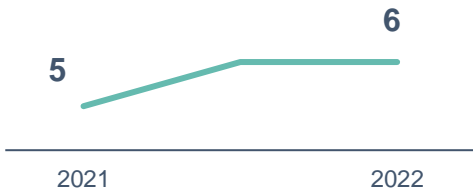
Number of reference projects

6



Number of investment property building projects

6



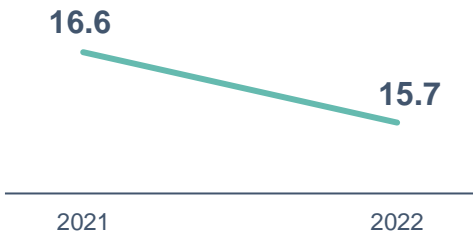
Wüest Partner rating quality profile

3.9

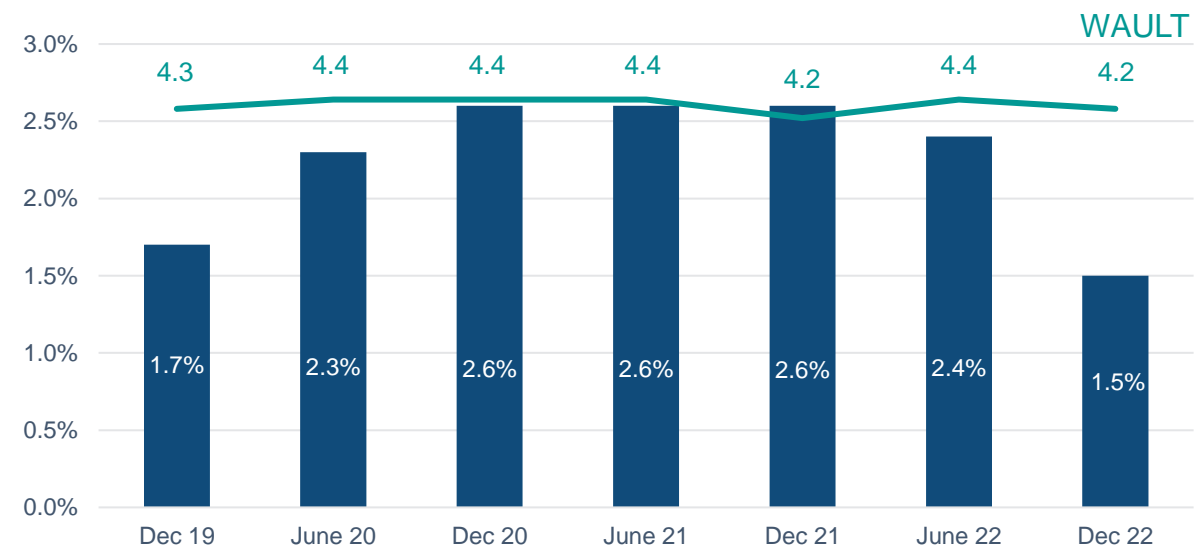
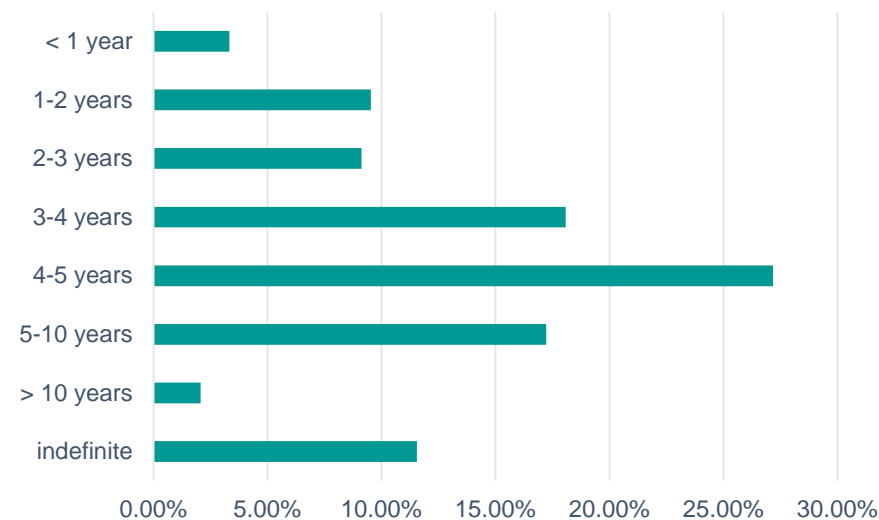


Greenhouse gas emissions

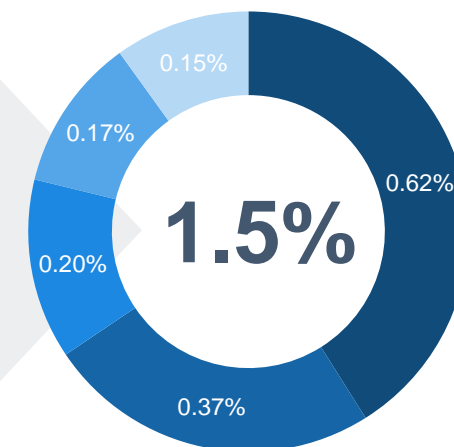
15.7 kg CO₂/m²ERA/year



Vacancy rate trend and WAULT



0.37% Gerbergasse 48 / Gerbergässlein 15, Basel	2 office spaces of 240 m ² (rented from Q3 2023)
0.20% Riehentorstrasse 28 / Kirchgasse 2a, Basel	3 apartments
0.17% Steinenvorstadt 67, Basel	1 office space of 240 m ²
0.15% Rue de Lausanne 29-31, Morges	1 retail space of 210 m ²
0.62% other vacancies	



Leases concluded 2022

New lets

Usage	Floor area in m²	Rental income p.a. in CHF
Commercial	2 601	397 471
Office	2 210	612 710
Gastronomy	441	162 484
Retail	737	346 660
TOTAL		1 519 325

5.2%

Share of total income

Lease extensions

Usage	Floor area in m²	Rental income p.a. in CHF
Commercial	5 359	1 420 794
Office	1 426	406 756
Gastronomy	485	277 788
Retail	1 649	309 458
TOTAL		2 414 796

8.3%

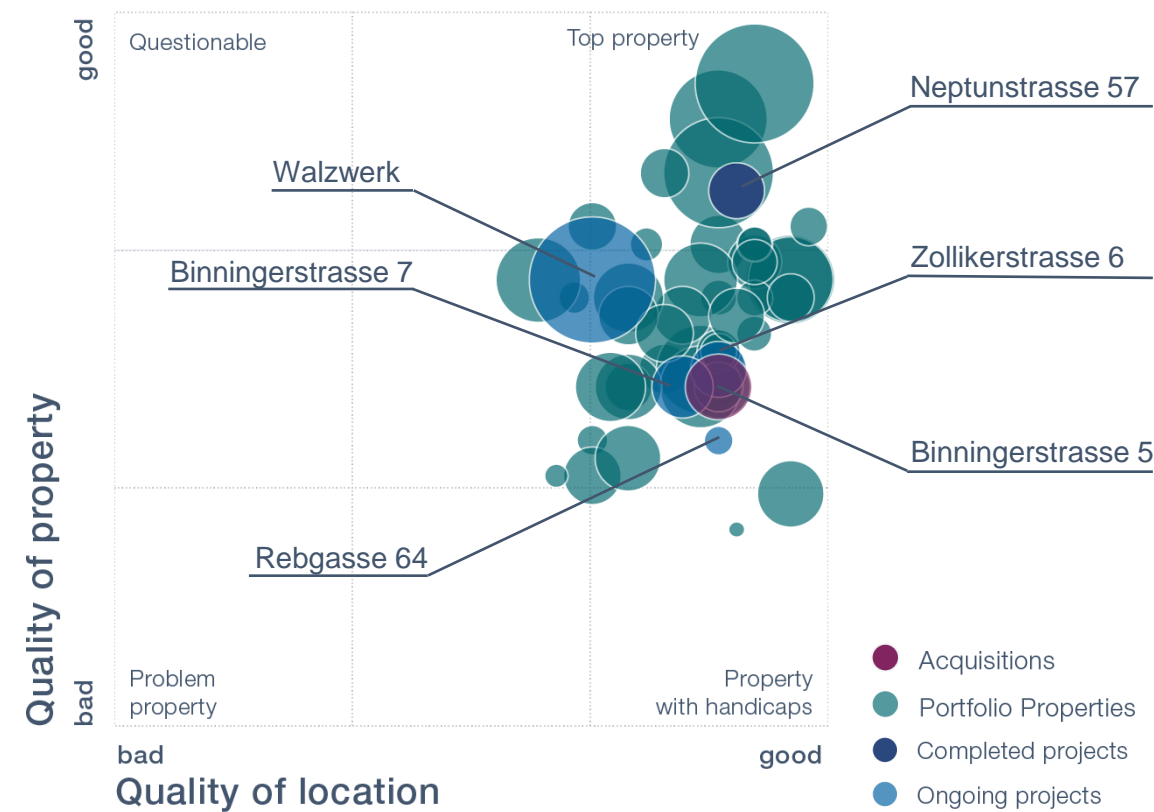
Share of total income

Rent development
like-for-like 2021/2022

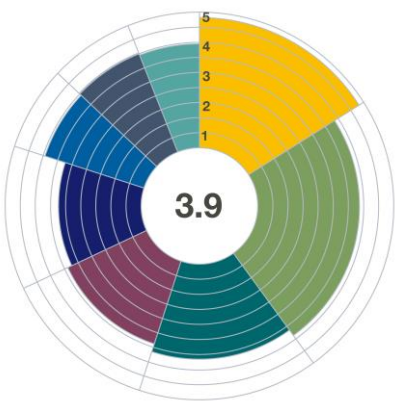
+ 0.8%

Quality of properties and locations

Market matrix



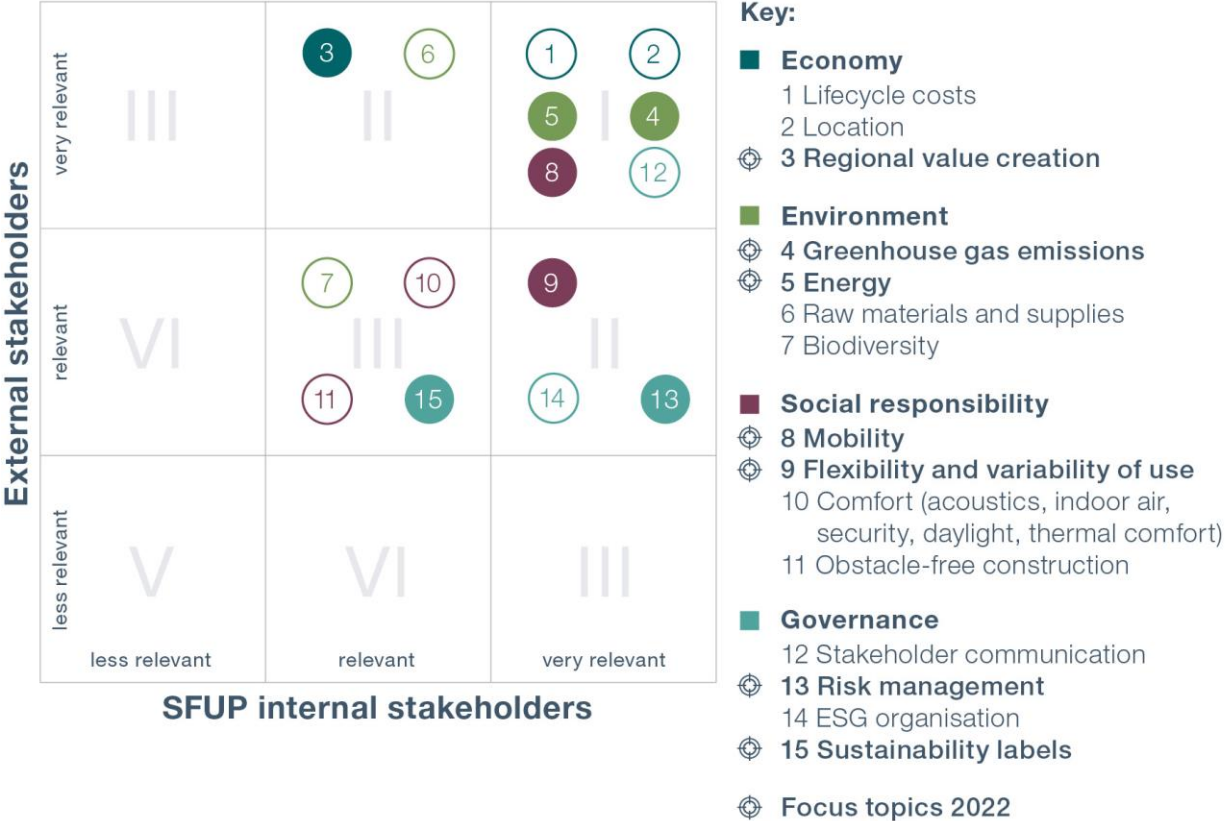
Quality profile



	Grade	Evaluation
Location	4.3	40
Macro location	4.8	40
Micro location	3.9	60
Object	3.4	40
Use	3.7	37
Standard	3.4	33
Condition	3.2	30
Investment	4.0	20
Rentability	3.9	35
Salableness	4.0	35
Return risk	3.9	30

Note: 1 = worst grade, 5 = best grade

Sustainability



SFUPs approach

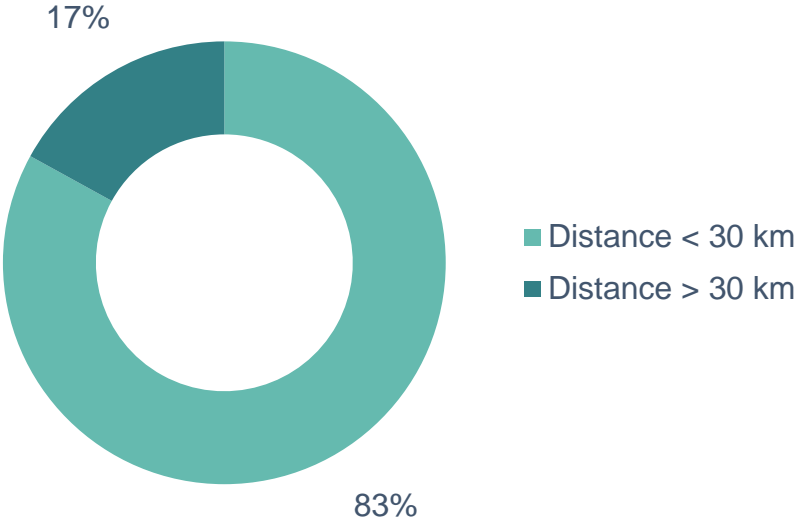
- SFUP conducted a materiality analysis to assess sustainability issues and defined and formulated the issues prioritised as sustainability targets
- The relevant sustainability issues are spread equally across the economy, the environment, social responsibility and governance
- So that the defined targets can be achieved, measures have been defined for all sustainability targets. The effectiveness of measures implemented is monitored, reviewed and documented

Sustainability – example of 2022 initiatives

Economy

 Regional value creation

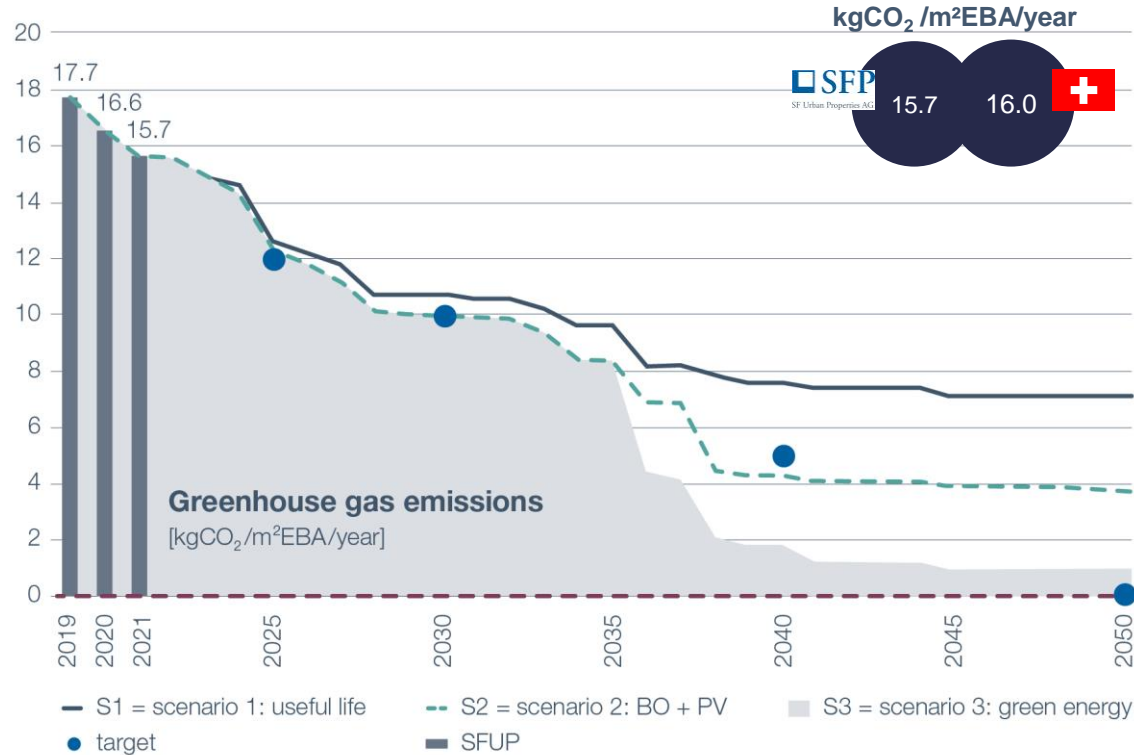
- When selecting suppliers and service providers
- This is exemplified by the Zollikerstrasse 6 project, where 83% of companies appointed to date come from the Canton of Zurich and have to travel less than 30 km to the property



Environment

 Greenhouse gas emissions

- Need for action on some properties
- There is potential for optimisation in the coming years



Sustainability – example of 2022 initiatives

Social responsibility



Mobility

- According to Wüest Partner, 43 properties rank in public transport category A (very good public transport connections), and 5 properties rank in public transport category B (good public transport connections)
- Renaming of Walzwerk tram stop

Governance



Sustainability labels

- Buildings in Use certification received for first time in 2022
- 17 properties in portfolio were certified (>50% ERA)
- All properties received «Silver» rating



Ecological quality

- Climate protection and energy
- Water
- Resource management

Economic quality

- Operating costs
- Risk management and value preservation
- Procurement and management

Social, cultural and functional quality

- Comfort of interior rooms
- User satisfaction
- Mobility

A photograph of three business professionals (two women and one man) walking down a modern, wide concrete staircase. The man on the left is wearing a blue blazer and light grey trousers. The woman in the middle is wearing a light blue blazer and dark trousers, holding a black folder. The woman on the right is wearing a black blazer and dark trousers. They are all smiling and looking towards the camera. The background features a large concrete wall and a window looking out onto a bright outdoor area. A colorful abstract mural is visible on the right side of the frame.

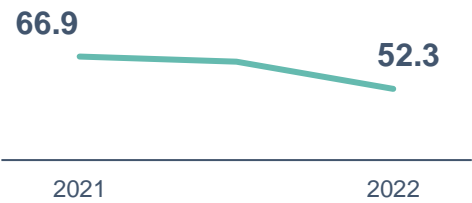
4. Financials

Financial key figures

as at 31 December 2022, compared to the previous year

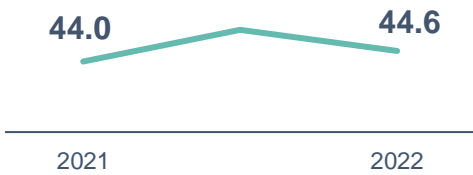
EBIT margin

52.3%



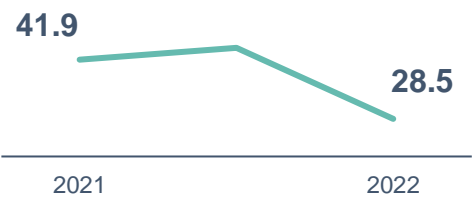
LTV
(loan-to-value)

44.6%



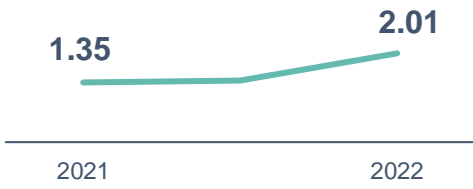
Net profit

CHF 28.5 mn



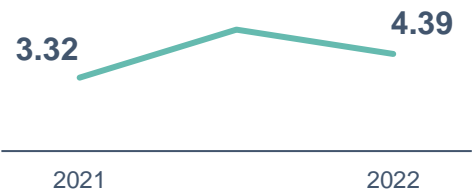
Avg. interest rate
including swaps

2.01%



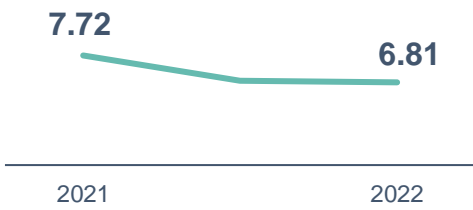
Earnings per share, excl.
revaluation effects

CHF 4.39



Avg. fixed-interest period

6.81 years



Income statement

Figures in CHF 1 000

	1. Jan to 31. Dec 2022	1. Jan to 30. Dec 2021	Change
Investment Properties income	28 390	27 123	4.7%
Revaluation Investment Properties	15 032	36 593	- 58.9%
Property operating expenditures (excl. Expenditures Prom Bus)	- 10 679	- 9 964	7.2%
Net revenue from Promotion Business	8 279	3 818	116.8%
Other income	300	231	29.9%
Earnings before interest and tax, EBIT	41 322	57 800	- 28.5%
Financial expenses (net)	- 4 841	- 5 168	- 6.3%
Taxes	- 7 991	- 10 745	- 25.6%
Net profit	28 490	41 887	- 32.0%
Net profit excl. revaluation and deferred tax	16 393	12 476	31.4%
Net profit excl. revaluation and deferred tax / minority interest	14 718	11 123	32.3%

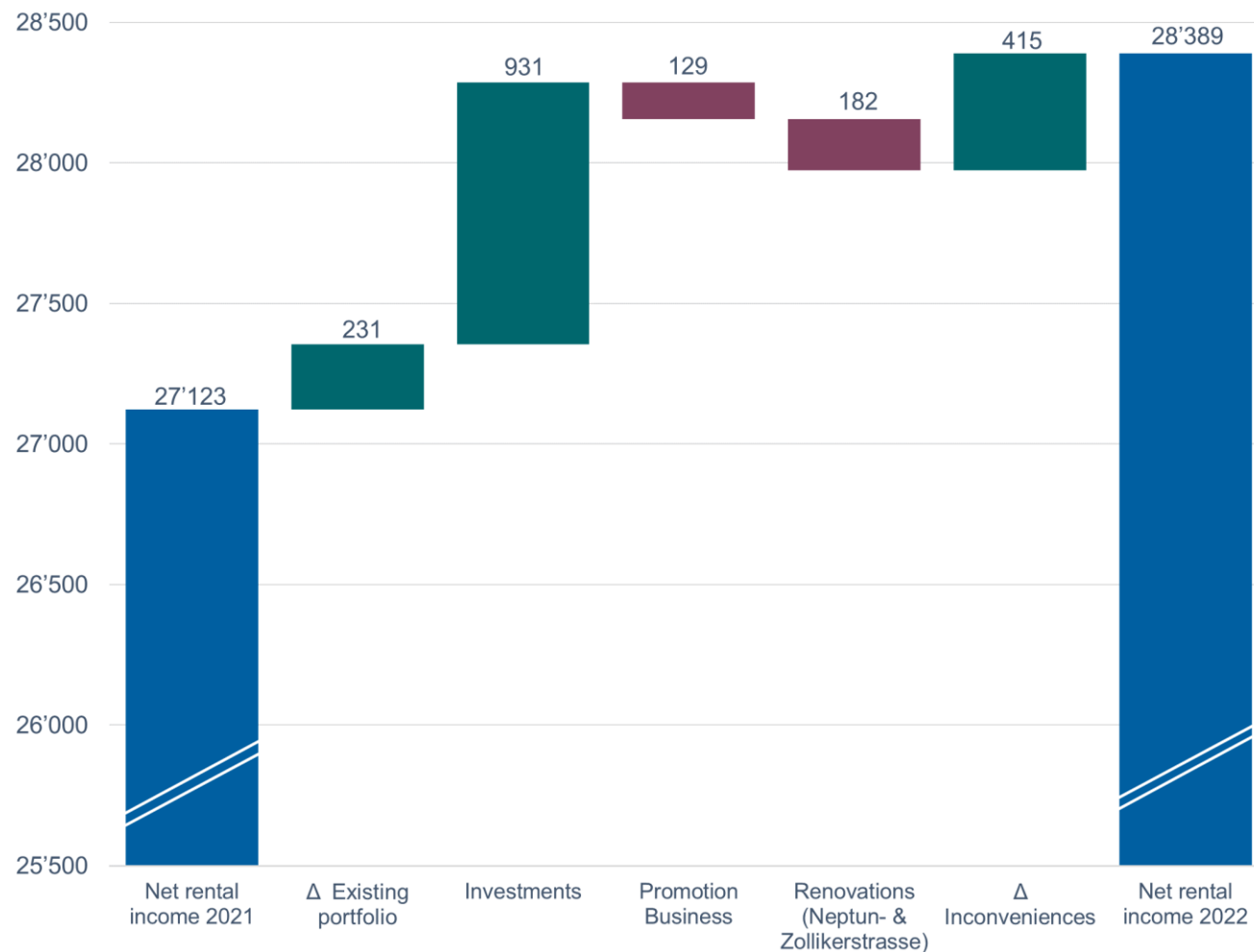
- Increase in property income
- Lower revaluations in FY, stable values in HY2
- More building measures
- EBIT margin on investment properties reduced by valuation effects
- Considerable increase in volume and profitability of development business, contribution to results more than doubled
- Lower net financial expenses due to valuation gains on hedging transactions
- Net profit after non-controlling interests and excluding valuation effects of CHF 4.39 per share

Profitability ratios

	1. Jan to 31. Dec 2022	1. Jan to 30. Dec 2021	Change
EBIT margin	52.3%	66.9%	-21.8%
EBIT margin investment properties	75.6%	84.2%	-10.2%
EBIT margin property development	23.5%	17.1%	37.4%

Change in property income

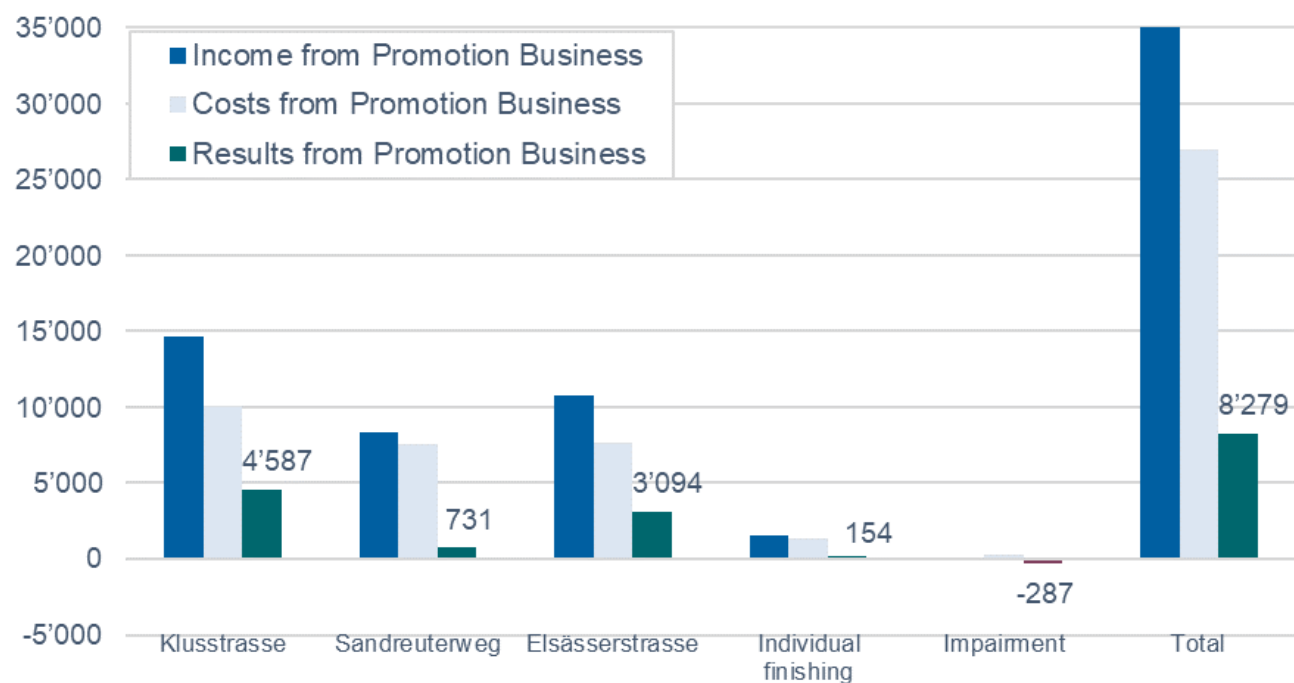
in CHF 1 000



- Like-for-like effect of TCHF 231 or +0.8%
- Purchases in financial year increase budgeted rental income by TCHF 365
- Pro rata effects from previous year contribute TCHF 566 to property income
- Net decreasing rent income of TCHF -129 because of discontinuation at Elsässerstrasse 1/3 in Basel, only partially compensated by acquisition of Seefeldstrasse 186 in Zurich
- Lost/cancelled rent income of TCHF -182 because of lease termination and property clearance at Zollikerstrasse 6, Zurich
- Clear reduction of rent losses and inconveniences (TCHF 415)

Development contribution 2022

in CHF 1 000

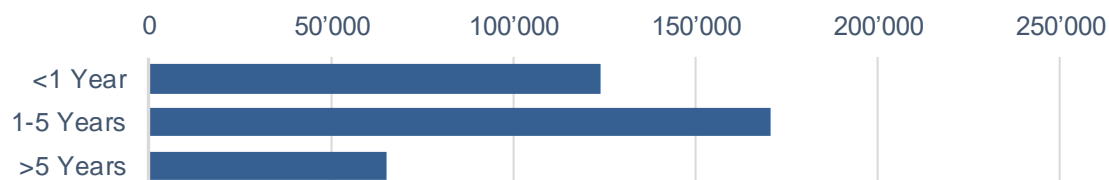


- maison johann (Elsässerstrasse) recognised in profit for first time
- EBIT contribution TCHF 8 279 (2021: TCHF 3 818)
- EBIT margin from property development 23.5% in 2022 (2021: 17.1%)
- Impairment relates to revaluation loss from purchase of development property

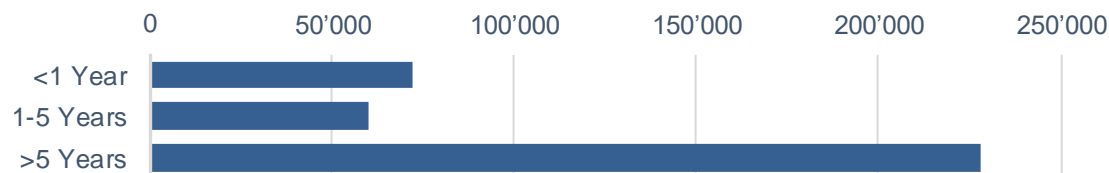
Financial liabilities and financing

in CHF 1 000

Fixed interest period of financial liabilities



Fixed interest period incl. swaps

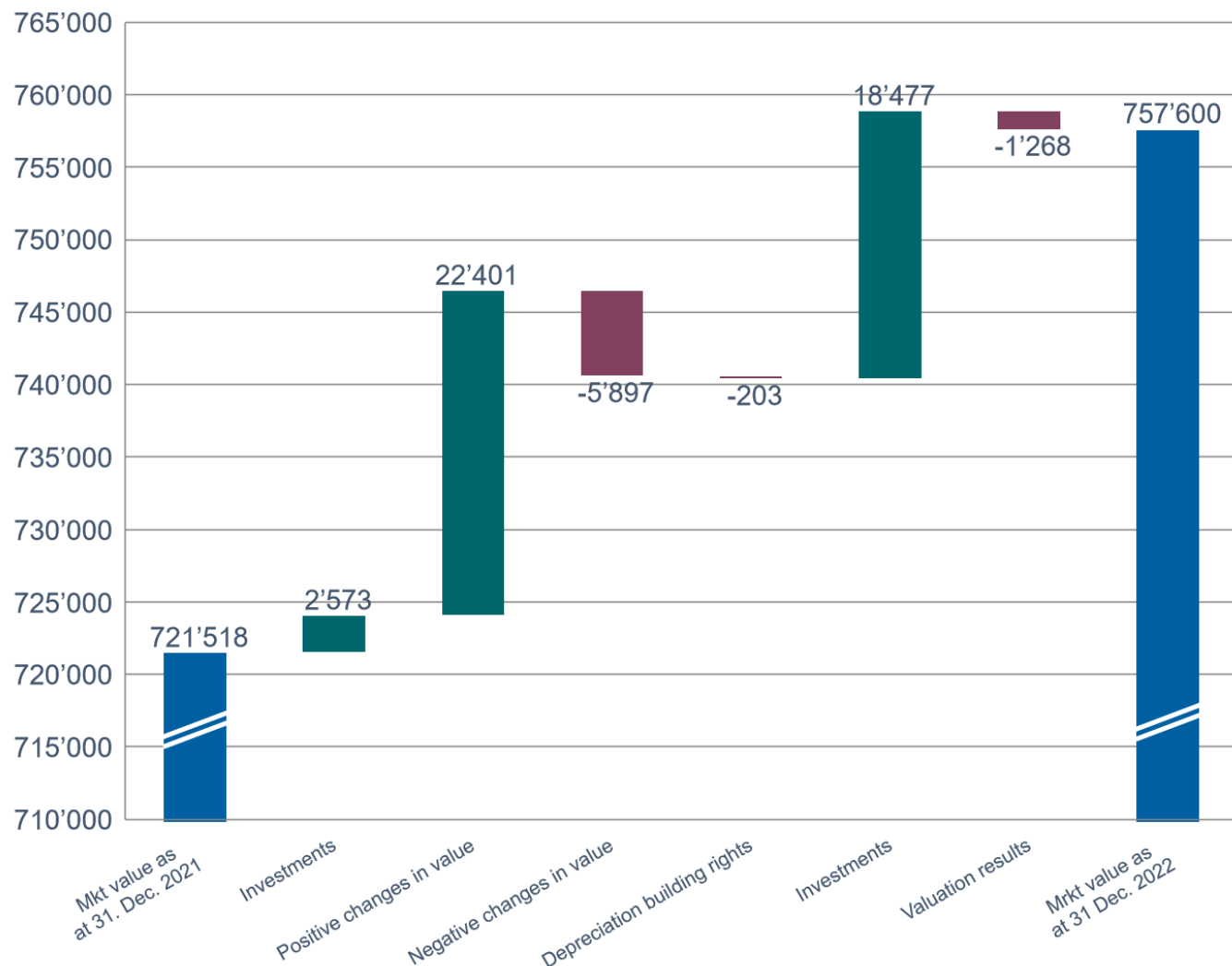


- Slight increase in loan-to-value ratio by 0.6%, among other things due to financing of acquisitions with additional loans
- Slight reduction in average fixed interest period from 7.72 to 6.81 years
- Fixed interest period within a strategic range of five to ten years
- Net financial expenses decrease from TCHF 5168 to TCHF 4841 due to revaluations of interest rate derivatives
- Net financial expenses equal 1.41% of average financial liabilities (previous year: 1.70%)
- The fixed interest rate on financial liabilities (mortgage portfolio) is extended by swap transactions

Financial liabilities	2022	2021	Change
Financial liabilities (in CHF 1 000)	358 183	327 475	9.4%
Financial result (in CHF 1 000)	- 4841	- 5168	6.3%
Ø Interest rates incl. Swaps (in %)	2.01	1.35	48.9%
Ø Duration (in years)	6.81	7.72	- 11.8%
Loan-to-value (in %)	44.60	44.00	1.4%

Changes in the portfolio

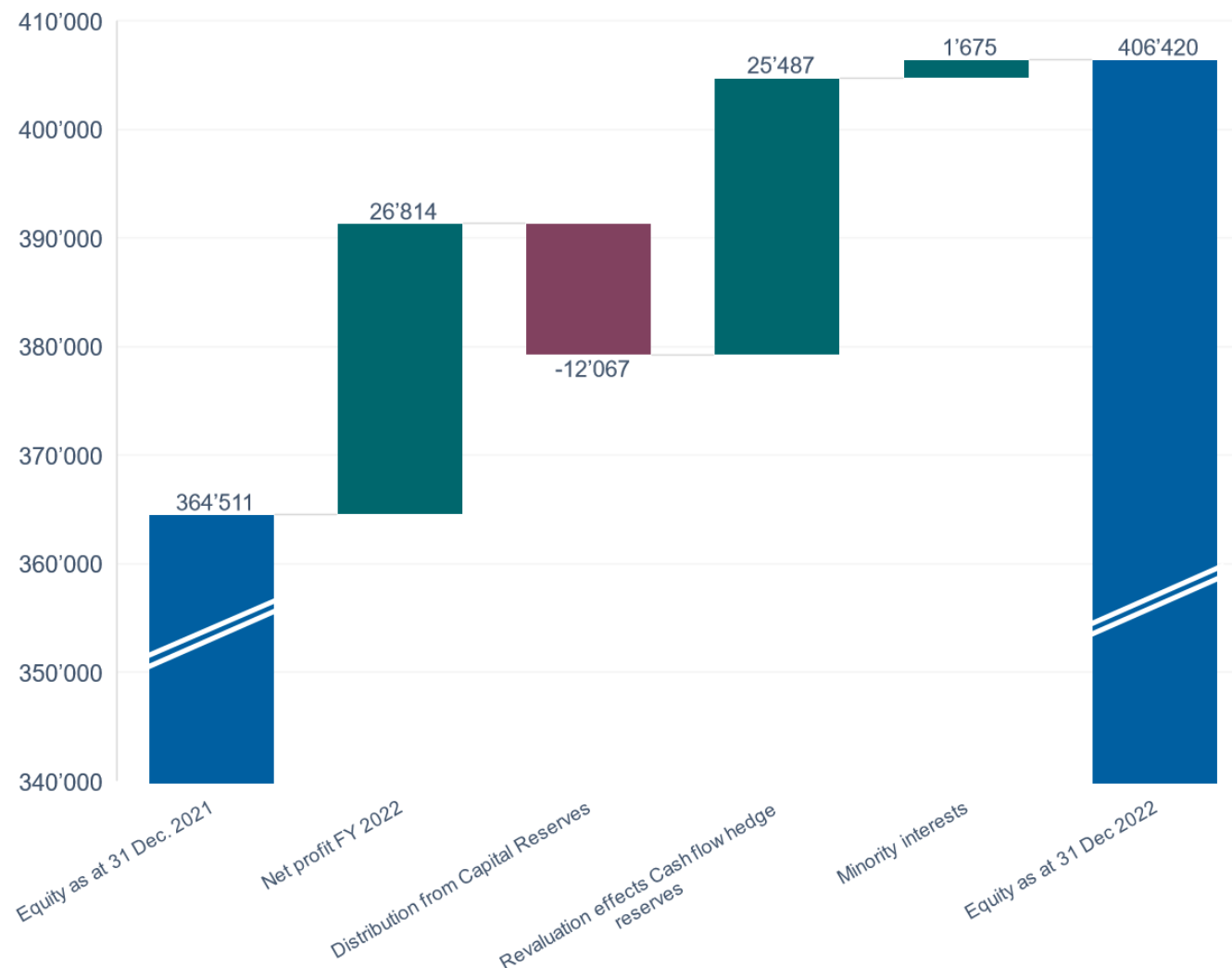
in CHF 1 000



- Appreciated by TCHF 15 236 net
- Purchase of investment property at Binnigerstrasse 5 in Basel

Change in equity

in CHF 1 000



– Total earnings of TCHF 52 302 or CHF 15.60 increased NAV per share by CHF 12.00 to CHF 120.36 after distribution

Key figures per share

Figures in CHF

	31. Dec 2022	31. Dec 2021
Net profit per share (EPS) à CHF 9.00 nominal	8.00	12.09
Net profit per share (EPS) à CHF 9.00 nominal excluding revaluation effects	4.39	3.32
EPRA earnings per share (EPS) à CHF 9.00 nominal	2.78	2.80
Net Asset Value (NAV) per share à CHF 9.00 nominal	120.36	108.36
Net Asset Value (NAV) per share à CHF 9.00 nominal before deferred taxes	137.32	121.51
EPRA (NRV) per share à CHF 9.00 nominal	144.84	133.60
EPRA (NTA) per share à CHF 9.00 nominal	144.84	133.60
EPRA (NDV) per share à CHF 9.00 nominal	127.52	107.63
Share price	89.00	101.00
Premium (+) / discount (–) versus NAV (in %)	- 26.06	- 6.79
Distribution proposal from capital contribution reserve	3.60	3.60



5. Outlook 2023

Key events after the reporting date



Investment property

Rebgasse 64, Basel

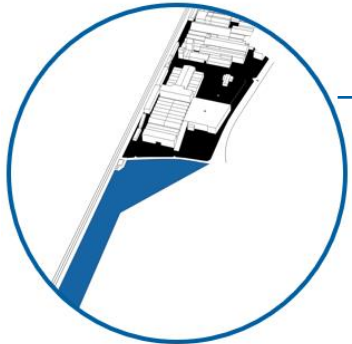
Legally binding building permit for the renovation received



Investment property

Gerbergasse 48, Basel

Full occupancy



Acquisition

Walzwerk Areal, Arlesheim

Purchase of the strategically important neighbouring parcel

Development

Elsässerstrasse 1 / 3, Basel

1 / 16 units reserved
14 / 16 units notarised



Development

Fuederholzstrasse 8, Herrliberg

1 / 6 units reserved
2 / 6 units notarised



Outlook 2023

	Acquisition	Opportunistic	Purchases of investment properties in Zurich and Basel will be investigated on an opportunistic basis. The focus is on development properties.
	Letting	Confident	The residential market will continue to benefit from immigration. We therefore expect residential rents to rise and stable demand for business space in good locations.
	Construction	Challenging	Renovations and conversions will go ahead. We believe that building costs peaked last year. The situations remains difficult to forecast, however, which is why we are paying particular attention to making the planning of our building projects flexible.
	Sustainability	Focused	First photovoltaic systems installed and GRESB report submitted.
	Development	Ongoing	Reference properties are expected to continue to have a positive effect on the operating result.
	Inflation	Rising	Further interest rate hikes are likely. Higher interest costs are partly hedged by indexed rental agreements.

2023 will continue to be dominated by an uncertain market environment. Management nevertheless remain confident about the expected course of business in 2023.

Agenda 2023



5 April 2023

Annual
General Meeting



Presentation by
Prof. Dr. Thorsten Hens



1 June 2023

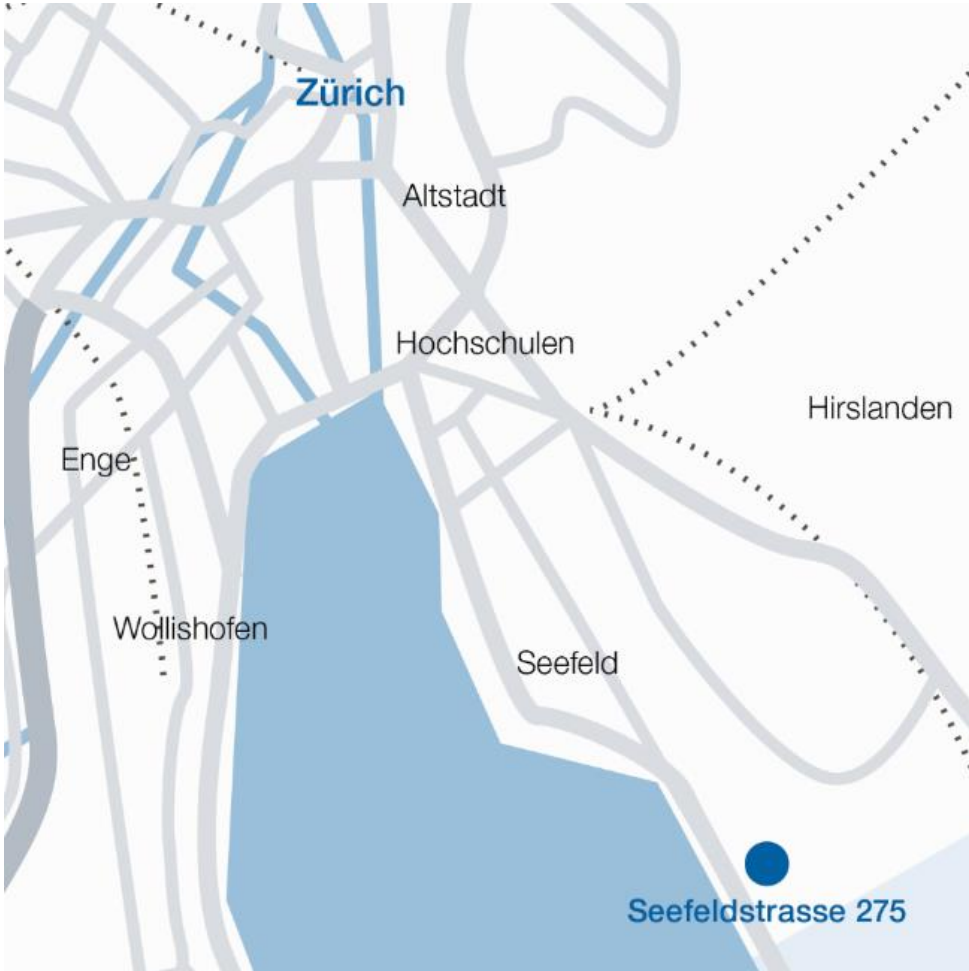
Property Tour
Basel



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