

SEMI-ANNUAL
REPORT

'23



COMMENTS

Dear Shareholders

We are pleased to report another profitable semi-annual result for sitEX. With today's considerably higher interest rates compared to 1 year ago in Switzerland and the USA and other geopolitical and economical headwinds, we do not take this for granted.

The first half of 2023 in numbers

Net profit after taxes: CHF 7.335 million (previous year CHF 13.185 million)

Net profit before taxes: CHF 10.247 million (previous year CHF 18.261 million)

EBITDA: CHF 13.736 million (previous year CHF 21.028 million)

Consolidated gross revenue: CHF 32.699 million (previous year CHF 58.194 million)

As of June 30th, 2023, sitEX had total assets of CHF 454.816 million (previous year CHF 477.595 million)

Liquidity amounted to CHF 12.905 million (previous year 49.565 million)

Shareholder equity amounted to CHF 179.590 million (previous year CHF 181.960 million), while the equity together with own shares, subordinated convertible loans, and subordinated loans represented 45.80% of the balance sheet (previous year 44.42%).

7 Years Look Back

Over the last 7 ½ years, sitEX has generated a total of CHF 206.214 million in profits before taxes (158.967 million after taxes) with an average equity of CHF 147.2 million, resulting in a pre-tax IRR of 18.7% p.a. on average.

In 2016 sitEX was at a crossroad, diversified with activities in Switzerland, the USA, Australia, Canada, and Asia. At that time, the company did not return cash to its shareholders and, there was no market to buy and sell sitEX stock.

The Board of Directors lead by the undersigned, swiftly was able to bring change to the company, which resulted in:

- Regular distributions in the form of share buy-backs and reductions in the nominal value of shares, totaling more than CHF 60 million, which is more than the original paid-in capital;
- OTC listing since January 2017;
- Divesting of markets without a track record, and focusing on Switzerland and the USA.

Over the years, the members of the Board of Directors have increased their stake in sitEX to nearly 80% ownership directly, through controlled entities and family members.

sitEX Today

As of June 30, 2023, the major projects owned or developed by sitEX are as follows:

1. sitEX Powerhouse, Muttenz, one of the largest privately owned commercial buildings in the Canton of Basel-Landschaft (Switzerland) with approximately 44,000m² rentable space.

2. Avalon Park Wesley Chapel, North Tampa (Florida, USA), a town for approximately 20,000 residents, built from scratch on over 7 million square meters.
3. Avalon Park Orlando, East Orlando (Florida, USA), a development of regional impact, with approximately 60,000 square meters yet to be completed.
4. Avalon Park Daytona, Daytona (Florida, USA), an area of approximately 12 million square meters, currently in the planning stage for a future mixed-use city.
5. Avalon Park Tavares, Central Florida (Florida, USA), a small town of approximately 800,000 square meters that is under construction.
6. Avalon Park Texas (Texas, USA), with various development projects, most notably Riverbend, a golf course community south of San Antonio.
7. Im Oristal, Liestal (Switzerland), a district plan with the aim of developing a new neighborhood in the city of Liestal on 13,709 square meters.
8. Pfeffingerring, Aesch (Switzerland), three office and commercial buildings on a larger plot of land with the aim of redevelopment in the mid-term.
9. K7 Center, Bubendorf (Switzerland), new construction of a commercial building at the entrance to the fast-growing Waldenburg Valley with ALDI Suisse as anchor tenant (entire ground floor) and mixed use on the 1st floor (focus on tenants from the healthcare sector).
10. The 5th Floor, global coworking concept with locations in Muttenz (Switzerland), Orlando (USA), San Juan (Puerto Rico) and Kuala Lumpur (Malaysia).

Some of these projects will be developed over the next few years, while others, due to their size, have a development horizon of more than 20 years. The total development pipeline (1-10) amounts to a total build out value of approximately USD 5.25 billion at today's values.

sitEX has and will continue to work with various partners, national and international homebuilders, investors and others to build what is probably the largest development pipeline of any Swiss based real estate development company. We will also continue to monetize on an ongoing basis.

sitEX in the first half of 2023

The market environment remained challenging in the first half of the year. Steadily rising interest rates were reflected in our mortgage costs, which continued to increase year-on-year. Fortunately, with over 50% of our mortgages hedged for the long term at the previous, significantly lower interest rate level, the impact on the profitability of our business remained manageable.

In Switzerland, construction costs have returned to pre-covid levels in most areas, and in some cases are even lower. However, there is still strong pressure on prices in certain areas, and delivery times for certain products are still very long. Construction projects must therefore continue to be planned with foresight, and liquidity cushions for sudden, unforeseen events are even more important presently.

The sharp rise in interest rates and the associated increase in the reference rate prompted us in the first half of 2023 to introduce the first rent increases within our Swiss assets since sitEX since started operations. Some of the increases have already taken effect, and others will take effect in October 2023 and the first half of 2024. The same applies to all our leases, which are linked to

the consumer price index. As this index has also risen sharply due to inflation, most of our commercial and office leases have had to be adjusted accordingly.

Interest rates also continued to rise in the United States. Interest rates for 30-year mortgages - a very popular form of debt financing among American homebuyers - rose to 7.36% in August, the highest level in 26 years. In January 2021, these rates were around 2.6%. Despite this sharp rise in interest rates, house prices did not react with the same intensity. On the contrary, in our core markets (Orlando, Tampa and San Antonio), we continued to see stable and, in some cases, rising prices for single-family homes.

This development defies all macroeconomic principles and is due to the fact that the labor market is in very good shape and unemployment remains low. With the ability to do many jobs from a home office or via videoconferencing, people are less tied to where they live and can stay in their homes, which were previously purchased or built when interest rates were low, if they change jobs. As sharply higher interest rates hurt homebuilders with short-term construction loans and home prices remain high, construction momentum is slowing and the supply of single-family homes has become tight. Thus, low supply meets stable or low demand, keeping prices stable for the time being. However, as soon as the labor market becomes less favorable, house prices are likely to come under greater pressure.

The current market situation therefore remains highly complex and requires continuous monetization of our portfolio. We are focused on seizing every opportunity to divest individual holdings in a timely manner and at attractive prices. In this way, we are further increasing our liquidity cushion. This should enable us to repay outstanding debt as it matures.

It is well known that in the real estate sector, the location of properties is of great importance. But timing is just as important, if not more so. In particular, during the first half of the year, we completed and monetized additional phases of our Avalon Park Wesley Chapel and Riverbend (Texas) projects. These sales contributed to the first-half earnings.

At the same time, we continued to make progress on our development projects. In Bubendorf, excavation work began at the beginning of the year, and the underground parking garage and floor slab have now been completed. Work on the ground floor is in full swing. Completion is still scheduled for summer 2024. In terms of construction costs, we are fortunately under budget.

The process of our neighborhood plan "Im Oristal" is also in an intensive phase, and the plans for the building permit application are being prepared. At an informational event in mid-September 2023, we will present the project to selected prospective buyers and receive important input that will be directly incorporated into the project.

Our highly experienced project team in the USA continued to work intensively on our largest project, Avalon Park Daytona. Wastewater and traffic remain a focus. We are optimistic that these two issues can be resolved with the local authorities in the coming months and that construction can begin in 2024.

Outlook 7 Years From Today

After seven very successful years in which more than CHF 60 million has been returned to shareholders in the form of share buybacks and nominal value reductions and in which the company has been geographically focused, we will be working on a plan to guide our company for the next seven years. A central theme will be the further focusing of our company. In doing so, we want to make the risks more manageable in these highly challenging economic times.

In the next two years, two loans amounting to CHF 60 million will mature. These have been important pillars for the acquisition and development of our projects in the USA and Switzerland over the last four years. Repayment of these obligations is a priority, and we reserve the right to slow down the pace of development of individual projects if necessary and subordinate them to this goal.

In summary, this means that the company will have to focus on reducing debt and financing the implementation of the project pipeline over the next 2-3 years, which will likely result in lower distributions to shareholders.

Despite the various challenges, we are confident about the second half of 2023. We are working on various transactions and opportunities to monetize our projects, which should have a positive impact on the overall result in 2023.

We thank you for your trust.

Dr. Christoph Stutz
President of the Board

Beat Käbli
CEO & Member of the Board



GROUP INCOME STATEMENT

Income Statement in TCHF	30.06.2023 ¹	30.06.2022 ¹
Income from sale of land and building	21 043	44 065
Rental income from properties	5 677	6 892
Income from revaluation of properties	5 979	6 324
Income from sale of investment properties	-	913
Total income	32 699	58 194
Cost from sale of land and building	-15 861	-31 865
Direct property expenses	-991	-2 001
Personnel expenses	-482	-359
Other operating expenses	-1 635	-2 941
Other income(expense)	6	-
EBITDA (earnings before interest, taxes, depreciation and amortization)	13 736	21 028
Depreciation and amortization	-558	-244
EBIT (earnings before interest and taxes)	13 178	20 784
Financial expenses	-3 139	-2 523
Financial income	208	-
Consolidated profit before income tax	10 247	18 261
Income taxes	-2 830	-5 002
Consolidated profit before minority interests	7 417	13 259
Attributable to minority interests	-82	-74
Consolidated profit attributable to shareholders of parent entity	7 335	13 185

¹ Period from January 1 until June 30

GROUP BALANCE SHEET

Balance sheet in TCHF ²	30.06.2023	30.06.2022
Current assets		
Cash and cash equivalents	12 905	49 565
Trade receivables	493	1 226
Other receivables	4 841	712
Receivables towards related parties	8 192	5 582
Current loans towards related parties	354	7 987
Project properties	29 357	46 537
Accrued income and prepaid expenses	5 473	9 165
Total current assets	61 615	120 774
Non-current assets		
Loans related parties	22 878	25 513
Other tangible fixed assets	433	491
Investments in associates	17 854	30 068
Investment properties	349 333	298 442
Investment in equity securities	1 020	-
Intangible assets	1 683	2 307
Total non-current assets	393 201	356 821
Total assets	454 816	477 595
Current liabilities		
Current interest-bearing financial liabilities	1 885	2 716
Trade payables	3 595	2 972
Other current liabilities	634	4 869
Accrued expense	3 727	16 150
Short-term provisions	6 319	5 865
Total current liabilities	16 160	32 572
Non-current liabilities		
Other non-current interest bearing liabilities towards third parties	10 000	10 000
Other non-current liabilities	500	500
Long-term convertible bonds	4 000	4 000
Non-current interest bearing financial liabilities	153 375	164 208
Bonds payable	50 050	50 050
Provisions for deferred taxes	41 141	34 305
Total non-current liabilities	259 066	263 063
Total liabilities	275 226	295 635
Share capital	33 828	45 104
Capital reserves	12 548	12 082
Retained earnings	131 521	120 104
Minority interests	9 117	7 666
Consolidated profit	7 335	13 185
Own shares	-14 759	-16 181
Total equity	179 590	181 960
Total equity and liabilities	454 816	477 595

² Certain reclassifications were made in 2022 to conform to the 2023 presentation



sitEX Properties Holding AG

Alpenblickstrasse 20
8853 Lachen (SZ)
Switzerland

☎ +41 41 545 85 10

✉ info@sitex.ch

🌐 www.sitex.ch