



siteX
true value.

>> SEMI-ANNUAL REPORT

2022

>>>

Comments

Dear Shareholders

sitEX continues to exceed expectations and benchmarks; the first half of 2022 was no exception.

Compared to any other first half year, and any previous half year in the history of sitEX, net profit before and after taxes, EBIDTA and revenues are at record highs, up from last year, and all the years before.

The strategy of travelling the road less traveled has led to a large multi billion development pipeline, likely the largest of any real estate company domiciled in Switzerland.

sitEX is able to accomplish returns on equity of above 20%, pre-tax, with consistency, thanks to its strategy of consequently monetarizing mature assets.

Over the last 5 years, sitEX has distributed more than its entire nominal share capital to shareholders, mostly through own share purchases and last month by reducing the face value of its common stock from CHF 20 to CHF 15, returning over 10 Mio in cash to the owners of the company. The company plans to continue face value reductions over the years to come.

The undersigned partner and majority owners of sitEX are pleased with the results. Being more than 30 years in the real estate business, we however know that great years in the past, were often followed by downturns in the real estate industry. There are headwinds all over the world, almost in any industry. Our industry is challenged by rising interest rates, large cost increases in construction material, labor and more.

We have made preparation for a possible sustained challenging environment, and will continue to do so.

The first half of 2022 in numbers

Net profit after taxes: CHF 13.185 million (previous year: CHF 12.973 million)

Net profit before taxes: CHF 18.261 million (previous year: 16.262 million)

EBITDA: CHF 21.028 million (previous year: CHF 18.773 million)

Consolidated gross revenue: CHF 58.194 million (previous year 20.750 million)

CHF 44.065 million of total revenues were generated in sale of building and land, the core activity of sitEX. The balance of CHF 14.129 million was generated by rental income and other revenues.

As of June 30, 2022, sitEX had total assets of CHF 477.595 million (previous year CHF 431.347 million).

Liquidity amounted to over CHF 50 million, with cash on hand of CHF 49.565 million (previous year CHF 12.875 million).

Shareholder's equity amounted to CHF 181.96 million (previous year CHF 163.531 million), while the equity, together with own shares subordinated loans and subordinated convertible loans represented 44.42% of the balance sheet. (previous year 40.3%).

Avalon Park, Orlando / Major sale in 2022

During the first half year sitEX USA sold 189 apartments, for a gross amount of USD 57 million. The apartments consist of two, 4 and 5 story buildings, in Avalon Park Orlando.

The Buyer is an institutional real estate fund, out of Austin, Texas. (Ladera Capital Partners). Both buildings were developed by

sitEX from scratch, and the entire real estate cycle of acquiring land, obtaining entitlements, design and engineering, financing, construction, leasing and sale were accomplished.

This transaction, which generated over CHF 10 million pre tax profit, is a prime example of consequently monetarizing assets, rather than building a large balance sheet, with all its risks in a downturn of the real estate market. The process is called merchant building and sitEX has the pipeline to continue to build and sell, many more times over the next more than 10+ years. sitEX has entitlements vested for years, even decades, in its large projects in Central Florida. We can time the start of construction based on market conditions, construction costs, availability of capital, etc. The sale to Ladera allows us to start building additional senior housing apartments in Avalon Park Orlando shortly.

sitEX Powerhouse, MuttENZ, Basel-Landschaft

With about 44,000 sq. meters of lettable space, this mixed use building is among the largest privately owned commercial buildings in Basel-Landschaft. In June 2022, sitEX was able to buy back a minority interest of the building, sold in 2018 (14.1%) and again owns the sitEX Powerhouse through a wholly owned subsidiary outright. Half of the purchase price was paid in own sitEX shares to the sellers of the 14.1 % minority stake.

The building is now fully leased; the anchor tenant, Valora Holding AG (accounting for around 30% of the rental income) has extended its lease for 5 years (plus options for two additional five year lease periods). The sitEX Powerhouse was more than 50% vacant at the time of purchase, now it generates gross rental income of close to CHF 7 million. It has been largely renovated and substantial interior build out investments over the last 4 years have been incurred. In order to be true to our monetarizing strategy, we are planning to complete a transaction with the sitEX Powerhouse before year end, generating cash flow, securing a substantial profit, and balancing the impact of the asset on our balance sheet.

Development in Bubendorf, Basel-Landschaft

This approximately CHF 24 million development, including the construction of an ALDI grocery store, with additional medical office space, is scheduled to start construction in 6 months. Having ALDI, one of the largest grocery store companies in the world, as an anchor tenant validates this undertaking.

Im Oristal, a new neighborhood near the railway station in Liestal, capital of Basel-Landschaft

After almost a decade in the making, this neighborhood planning project (Quartierplan) is now soon going in to construction. While no appeals against the final approvals have been filed, in the meantime an agreement with a tenant has been reached, which insures that groundbreaking can take place in the fall of 2024. The total project size is estimated to be around CHF 80 million. More than 100 residences will be constructed, together with a Swiss-American private school and a day care. 86 of the residences will be tiny homes. The planed development will be a Live, Learn, Work and Play community, the core experience of our company.

Additional properties valued at total around CHF 50 million in Aesch and Pratteln, Basel-Landschaft, in the Gellert quarter in the heart of Basel-City, in Kriens (Lucerne) and in Dornach (Solothurn) are part of the diversified real estate asset pool in Switzerland.

sitEX business in Florida and Texas, USA

At present we have long term plans, land and entitlements to build over 15,000 residential units on our various projects, in Orlando, Wesley Chapel/North Tampa, Daytona Beach, Tavares, Riverbend, Texas and more.

Those residential units include single family, detached, attached and tiny homes, condominiums and rental apartments. Our commercial entitlements and plans to build retail, offices, schools, industrial, hotels and more, amount to another almost 5 million square feet (approx. 464,500 sq. meters) of space in all projects included.

If all built at today's cost, it would amount to around CHF 7 billion of development. sitEX controls land of more than 20 million sq. meters (to illustrate: the city of Basel is built on 14 million sq. meters).

Our commercial entitlements and plans are about the equivalent space of the 10 largest shopping malls in Switzerland combined.

In our balance sheet these land holdings are valued with less than 3% of its future development potential, this is why, we believe to be able to continue to enhance the value of our company for the years to come.

Avalon Park Wesley Chapel (APW), North Tampa, Florida

We broke ground on a more than USD 20 million, 73,000 square feet mixed use building. Upon completion it will consist of 40 apartments, offices and retailers including a food court, named the Marketplace.

The Pinecrest charter school expansion from 800 to 1,600 students is well under way, and will open before year end. sitEX is a co-owner of the school building.

Middleburg, a real estate investment company out of Virginia, is scheduled to close on its section of land in the Southeastern section of APW before year end.

We are negotiating a further sale and joint venture with our strategical partner Stanley Martin Homes / Daiwa House, Japan for up to 1,500 additional units in the center section of Avalon Park Wesley Chapel.

The infrastructure for 64 townhome lots in the Southwestern section of APW has been completed. D.R. Horton will shortly start to build townhomes there, generating cash flow for us.

Avalon Park Daytona Beach (APD)

This parcel, consisting of more than 3,000 acres and therefore being the largest master planned community in Volusia County, was acquired in the midst of the Covid-19 pandemic, 2 years ago. The purchase price was at a favorable level, given real estate appreciation in Central Florida over the last 2 years and comparable land transactions since.

Considering current pricing in the construction market, and the political season with mid term elections this fall, we anticipate Avalon Park Daytona to break ground in 2023.

We are very confident in about the location of this latest Avalon Park community, and continue to work diligently on engineering and permitting for this very large scale undertaking.

Other projects in the US

We are developing additional projects in Tavares and other locations throughout Central Florida, and in the suburbs of the two Texas cities San Antonio and Austin.

Further details about these projects can be found on our website www.sitex.ch.

Distribution to shareholders

We distributed over CHF 10 million to shareholders, by reducing the face value of sitEX Properties Holding AG shares by CHF 5 from CHF 20 to CHF 15 in early July 2022.

sitEX anticipates continuing distributions in this form over the next years. At present trading level of sitEX shares (CHF 135) this equates to a yield of 3.7%, which is generally tax free for Swiss individual resident shareholders.

Outlook

Over the last more than 30 years real estate booms were always followed by corrections, or at times crashes (1990/2008).

The undersigned have lived as real estate entrepreneurs through those more than 30 years. We believe "it is about time" for a correction. At the beginning of the Covid-19 pandemic, economists talked about deflation, mass unemployment and a possible depression.

Those predictions have clearly not occurred. We do not think, neither in Central Florida nor in Switzerland, the real estate market is about to crash, meaning price reduction of 30% or more is imminent. However we advise to "fasten the seat belt" and be prepared for volatile markets all around, impacting real estate as well.

At sitEX we will act accordingly, build liquidity, and monetize our profits, by selling assets all the time, as well in the next few months, in order to generate cash.

We thank you for your trust.



Dr. Christoph Stutz
President of the Board



Beat Kähli
CEO & Member of the Board



Group Income Statement

Income Statement in TCHF	30.06.2022 ¹	30.06.2021 ¹
Income from sale of land and building	44 065	17 208
Rental income from properties	6 892	5 757
Income from revaluation of properties	6 324	4 317
Income from sale of investment properties	913	-
Income from participation in property investments	-	11 424
Operating income	58 194	38 706
Cost from sale of land and building	-31 865	-15 974
Direct property expenses	-2 001	-1 982
Personnel expenses	-359	-542
Operating expenses	-2 941	-1 481
Other income	-	46
EBITDA (earnings before interest, taxes, depreciation and amortization)	21 028	18 773
Depreciation and amortization	-244	-245
EBIT (earnings before interest and taxes)	20 784	18 528
Financial expenses	-2 523	-2 266
Consolidated profit before tax	18 261	16 262
Tax	-5 002	-3 289
Consolidated profit	13 259	12 973
Minority interests	-74	-200
Consolidated profit after minority interests	13 185	12 773



Group Balance Sheet

Balance sheet in TCHF ²	30.06.2022	30.06.2021
Cash and cash equivalents	49 565	12 875
Trade receivables	1 226	976
Receivables towards related parties	5 582	1 208
Other receivables	712	373
Investments in associates	-	29 167
Project properties	46 537	43 927
Accrued income and prepaid expenses	9 165	3 489
Current assets	112 787	92 015
Loans related parties	33 500	34 411
Investments in associates	30 068	24,252
Other tangible fixed assets	491	568
Investment properties	298 442	277,262
Intangible assets	2 307	2 839
Non-current assets	364 808	339 332
Total assets	477 595	431 347
Trade payables	2 972	2 330
Other current liabilities	4 869	883
Current interest-bearing financial liabilities	2 716	2 716
Other current interest-bearing liabilities towards shareholders	-	2 500
Accrued expense	16 150	8 422
Short-term provisions	5 865	1 104
Current liabilities	32 572	17 955
Non-current interest-bearing financial liabilities	164 208	156 618
Other non-current interest-bearing liabilities towards third parties	10 000	10 000
Long-term convertible bonds	4 000	2 000
Bond payable	50 050	50 050
Other non-current liabilities	500	1 879
Provisions for deferred taxes	34 305	28 756
Non-current liabilities	263 063	251 615
Liabilities	295 635	269 570
Share capital	45 104	46 023
Capital reserves	12 082	15 900
Mandatory convertible debts towards shareholders	-	3 183
Retained earnings	120 104	77 235
Minority interests	7 666	14 678
Consolidated profit	13 185	12 773
Equity shares	-16 181	-8 015
Equity	181 960	161 777
Total equity and liabilities	477 595	431 347

¹ Period from January 1 until June 30

² Certain reclassifications were made in 2021 to conform to the 2022 presentation



sitEX Properties Holding AG
 Alpenblickstrasse 20
 8853 Lachen (SZ), Switzerland

Telephone +41 41 545 85 10



info@sitex.ch
www.sitex.ch