

Letter to shareholders



Peter Schaub,
Chairman of the Board of Directors



Daniel Ducrey,
CEO

Dear Shareholders

“On target to achieve our objectives for the year”: this sums up Mobimo’s performance for the first half of 2023. The solid operating result is attributable to our strategy of progressively expanding rental income and pursuing a sustainable long-term finance policy.

Our operating result (EBIT) in the first half of 2023 was CHF 60.1 million (prior year: CHF 49.8 million), or CHF 50.8 million (prior year: CHF 81.4 million) including revaluation. This resulted in profit of CHF 43.1 million (prior year: CHF 39.1 million) excluding revaluation, and CHF 34.3 million (prior year: CHF 63.5 million) including revaluation.

The quality of the properties in the portfolio made it possible to continue the increase in rental income. And with the flexible business model that supplements secure earnings from investment properties with an attractive development pipeline, it was possible to keep changes in market value within narrow limits. The transaction prices noted by our valuers were incorporated in estimates of the market value of our portfolio; their total effect was a slight devaluation of 0.27% overall.

Higher rental income and completion of properties under construction

Net rental income was CHF 64.4 million at the end of June, yielding a marked increase of 7.3% over the corresponding period (CHF 60.0 million). This pleasing amount is a testament to consistent market-oriented management of both current and new tenancies to further strengthen Mobimo’s rental income. The increase in the first half of the year builds on like-for-like growth of 1.3% and is also influenced by special effects in relation to individual commercial tenancies.

The completion of the Manegg and Tiergarten projects in Zurich during the current year marked the successful culmination of two development projects and the construction of 216 residential units in total. The Zurich-Manegg property, which was completed and fully let in the first quarter of 2023, has already made a small contribution to net rental income during the reporting period. Additionally, in the second half of the year, income from the apartments in Tiergarten, similarly fully let, and the commercial property Les Jumeaux in Lausanne will also be recognised in earnings.

Mobimo also started the process of adjusting rents where contractually feasible. Commercial rents, which are predominantly indexed, were adjusted for inflation, and the increase in the reference interest rate announced on 1 June 2023 will be recalculated and passed on to tenants in residential rents together with inflation and cost adjustments.

Turnaround in property values

After a sharp slowdown, the transaction volume in the property market has increased again in recent months, with slightly lower prices recorded mainly in the commercial and office area. This has resulted in a slight devaluation of Mobimo’s portfolio by CHF 9.3 million (prior year revaluation CHF 31.5 million). However, the broadly diversified portfolio in good locations ensures that Mobimo is well positioned overall. The residential and development areas continue to make a positive valuation contribution. In particular, the gratifying revaluation gains from investment properties under construction are cushioning the corrections on commercial and office space in existing stock. The value of the entire Mobimo portfolio, at CHF 3.7 billion, remains constant as of the reporting date compared with the prior year (CHF 3.7 billion).

Good demand for our condominium projects

Income from development projects and sale of trading properties is CHF 9.0 million (prior year: CHF 3.8 million). In the Aura project in Horgen on Lake Zurich, nine additional condominium units were notarised in the first half of the year. This means that 35 out of 37 units have been sold. Construction of the three buildings is progressing well, with completion planned for mid-2024.

In Oberägeri in the canton of Zug, Mobimo is constructing ten buildings with a total of 90 condominiums on a coveted slope location. The marketing of this project, “Edenblick”, got off to a promising start towards the end of the first half of the year. As of the reporting date, 29 condominium units have already been reserved and the go-ahead has been given for construction of the project. This underlines the fact that the demand for high-quality condominiums in good locations remains solid.

Key financial performance figures

	Unit	HY 2023	HY 2022	Change in %
Net rental income	CHF million	64.4	60.0	7.3
Profit on development projects and sale of trading properties	CHF million	9.0	3.8	134.9
Net income from revaluation	CHF million	-9.3	31.5	-129.6
Operating result (EBIT)	CHF million	50.8	81.4	-37.5
Operating result (EBIT) excluding revaluation	CHF million	60.1	49.8	20.7
Financial result	CHF million	-9.5	-7.8	20.8
Tax expense	CHF million	-8.6	-11.5	-25.2
Profit	CHF million	34.3	63.5	-46.1
Profit excluding revaluation	CHF million	43.1	39.1	10.2

Successful issue of first green bond

The turnaround in interest rates also influenced Mobimo’s expenses. Thanks to the strategy of long-term pegging of interest rates, interest costs are changing only incrementally. Thus, the cost of finance for the first half of the year rose to CHF 9.8 million (prior year: CHF 8.0 million). In order to cover refinancing requirements in the current year, a green bond of CHF 100 million was issued in April. Here too, we followed our strategy and were able to provide security at an early stage to avoid uncertainties on the capital market. The repayment of the expiring bond of CHF 155 million in the second half of the year will reabsorb the currently somewhat increased liquidity. Mobimo’s balance sheet records a solid equity ratio of 47.2%. At 43.4% (prior year: 42.3%), the LTV is also at a good level.

Systematic implementation of our sustainability strategy

Sustainability forms part of the business and value creation model, and is an integral and unifying component of Mobimo’s strategy and corporate culture. At the start of May, Mobimo published the annual GRI Sustainability Report, which provides extensive information on sustainability performance in the Environmental, Social and Governance (ESG) areas. Subsequently, the potential for additional photovoltaic systems throughout the entire portfolio was analysed in order to increase in-house electricity production and initiate the appropriate retrofitting of photovoltaic systems. Mobimo has set itself the goal of installing further photovoltaic systems covering an area of around 10,000 m² by 2030.

Outlook for the second half of the year

Following the good operational result in the first half of the year, for the second half Mobimo is also confident of meeting the forecast for 2023 communicated at the start of the year. In a challenging environment, we are not only keeping costs under control, but acting with foresight. The chosen strategy is proving successful and we are on target with its implementation. We are increasing rental income in existing stock and with new projects, and we are securing development gains with the sale of condominiums and projects.

Key financial position figures

	Unit	30.6.2023	31.12.2022	Change in %
Assets	CHF million	3,951.2	3,855.5	2.5
Non-current assets	CHF million	3,437.0	3,456.0	-0.6
Current assets	CHF million	514.1	399.4	28.7
Equity	CHF million	1,863.0	1,904.8	-2.2
Return on equity	%	3.7	7.9	-53.2
Return on equity excluding revaluation	%	4.6	6.0	-23.3
Liabilities	CHF million	2,088.2	1,950.7	7.0
Current liabilities	CHF million	348.6	400.0	-12.8
Non-current liabilities	CHF million	1,739.5	1,550.7	12.2
Equity ratio	%	47.2	49.4	-4.6

We protect our equity through measured growth from realised profits and capital recycling. In view of this, we are basically open to purchases and disposals. However, we act without time pressure and always review opportunities in a careful and targeted manner.

The Board of Directors and Executive Board are optimistic about the future performance of the portfolio, the projects and Mobimo in general. We are convinced that the company is well placed to deal with current and future challenges and create long-term added value.

We would like to thank our employees for their tremendous dedication. We thank you, our valued shareholders, for your loyalty and trust in Mobimo.

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