

**Media Release, 21 August 2023**  
**Ad hoc announcement pursuant to Art. 53 LR**

**Swiss Central City Real Estate Fund achieves important portfolio progress in the first half of 2023**

- **Successful completion of two residential construction projects in St. Gallen and Zurich**
- **Target rental income for investment properties increases to CHF 20.8 million p.a.; +7% compared to 31 December 2022**
- **Current interest rate environment leads to higher discount rates in the valuation of properties and to an unrealised loss from revaluation of the portfolio of CHF 8.9 million**
- **Progress on construction projects counteracts the decline in the portfolio's valuation**
- **Market value of portfolio at CHF 609.6 million as of 30 June 2023; -1% compared to 31 December 2022**
- **Residential share of target rental income increased to 52% as of 30 June 2023**
- **Participation in GRESB sustainability benchmark for the first time**

The Swiss Central City Real Estate Fund (SIX Swiss Exchange: CITY) has operationally implemented important steps in the portfolio during the first half of 2023, in a challenging market and economic environment. Two residential construction projects in St. Gallen (Lindenstrasse 155) and Zurich (Luisenstrasse 40) were successfully completed. The property in Zurich has been fully let since 1 April 2023 and for the property in St. Gallen, tenants have already been found for 24 out of the 28 apartments by the balance sheet date 30 June 2023. Accordingly, both properties will show their full earnings potential from the second half of 2023 onwards. Furthermore, the Fund successfully concluded a leasing contract with a physiotherapy centre in Geneva (Rue du Vélodrome 5A) for an area of about 370 m<sup>2</sup> for 15 years (early break in year 2033), starting as of 1 October 2023. With this contract, the property is once again fully let as well. In Basel (Greifenstrasse 36, 38 / Rebgasse 6), a lease extension was successfully concluded with retail chain H&M Hennes & Mauritz AG in the "Clara Shopping" for a retail space of about 2,100 m<sup>2</sup> with a five-year lease until 2029.

**Target rental income investment properties at CHF 20.8 million**

Target rental income for investment properties increased, mainly as a result of the completed construction projects, on an annualised basis by about 7% to CHF 20.8 million as of 30 June 2023 (31.12.2022: CHF 19.5 million). The residential share of target rental income amounted to 52% as of 30 June 2023 (31.12.2022: 50%).

**Results 1<sup>st</sup> half-year 2023 in detail**

Income statement

Rental income in the first half of 2023 rose by 17% compared to the previous year period to CHF 9.7 million (H1 2022: CHF 8.3 million). The increase is mainly due to the acquisition of a commercial property in Geneva (Rue des Deux-Ponts 2-4) in June 2022 as well as the acquired properties in Basel (Haltingerstrasse 63, Haltingerstrasse 102, Kirchgasse 4) and in Geneva (Rue Tronchin 12) during the second half of 2022. The rent default rate (excl. projects) stood at 4.80% as of 30 June 2023 and therefore at a similar level compared to year-end 2022 (4.70%).

The half-year 2023 result reflects the current interest rate environment, which has led to higher discount rates in the valuation of the properties and correspondingly to lower market valuations, and at the same time to increased borrowing costs. As a result, the Fund's net income for the first half of 2023 was CHF 4.2 million (H1 2022: CHF 5.3 million). The valuation of the portfolio by the independent valuation expert Wüest Partner AG resulted in an unrealised valuation result of CHF -8.9 million (H1 2022: CHF 4.4 million). Total income for the first half of 2023 was CHF -3.1 million (H1 2022: CHF 7.3 million).

### Balance sheet

Supported by investments in existing properties and in the various construction projects, the market value of the real estate portfolio was CHF 609.6 million as at 30 June 2023 (31.12.2022: CHF 614.8 million). Gross asset value stood at CHF 615.2 million as at the balance sheet date (31.12.2022: CHF 622.2 million). Net fund assets were CHF 409.4 million (31.12.2022: CHF 422.0 million), reflecting a pay-out of CHF 2.50 per fund unit in a total amount of CHF 9.5 million as per end of March 2023 and the above-mentioned total income for the first half of 2023. The net asset value per fund unit was CHF 107.67 (31.12.2022: CHF 110.99) with a number of units of 3,802,070 that remained unchanged compared to year-end 2022.

As at 30 June 2023, the borrowing ratio was 31.3% (31.12.2022: 29.4%). The estimated liquidation taxes amounted to CHF 8.6 million for the first half of 2023, reflecting 1.4% of the gross asset value.

### **Sustainability**

On 30 June 2023, the Swiss Central City Real Estate Fund participated in a GRESB-Assessment for the first time and underwent a management and performance audit. By participating in the GRESB, the Fund wants to create more transparency with regard to the sustainability performance of its portfolio. In addition, the Fund signed the Principles for Responsible Investment (UNPRI) in 2023, thereby committing to follow the principles for responsible investment.

### **Outlook**

Given the current economic situation and risks, a short-term outlook is challenging. Inflation has not yet disappeared and the Swiss National Bank is not ruling out further policy rate increases. At the same time, an assessment of future developments is also difficult due to the ongoing war in Ukraine and the associated geopolitical risks. According to the State Secretariat for Economic Affairs SECO and the Swiss National Bank, economic growth in Switzerland is expected to be below average in the current year.

The transaction market for Swiss real estate remains challenging. Active portfolio management and balanced regional and sectoral diversification are becoming more important in this challenging environment. However, demand in the housing market is likely to remain high due to continued population growth combined with limited construction activity. With a residential share of above 50%, the Swiss Central City Real Estate Fund has a robust, diversified business model. The central locations of the properties and the persistently high demand for inner-city living space support positive development. The fund management company uses an active portfolio management approach to optimise its real estate portfolio.

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## Key Figures 1st Half-Year 2023

<b>Balance Sheet</b>		<b>30.06.2023</b>	<b>31.12.2022</b>	<b>Change</b>
Market value of properties	CHF	609,635,000	614,818,000	-1 %
Average discount rate	%	2.43	2.38	+0.05 PP
Gross asset value (GAV)	CHF	615,186,883	622,217,713	-1 %
Net fund assets (NAV)	CHF	409,361,528	421,998,492	-3 %
Net asset value per fund unit	CHF	107.67	110.99	-3 %
Pay-out per fund unit (paid in March)	CHF	2.50	2.50	+/-0 %
Fund units at the end of the reporting period	Units	3,802,070	3,802,070	+/-0 %
Borrowing ratio	%	31.33	29.45	+1.88 PP
Gearing	%	33.46	32.18	+1.28 PP
Interest on debt capital	%	1.85	1.11	+0.74 PP
Weighted average term of debt	Years	0.70	0.78	-0.08 years
<b>Income Statement</b>		<b>01.01.-30.06.2023</b>	<b>01.01.-30.06.2022</b>	
Rental income	CHF	9,729,905	8,283,345	+17 %
Total operating income	CHF	9,826,553	9,135,328	+8 %
Total expenses	CHF	5,657,386	3,841,647	+47 %
Net income	CHF	4,169,167	5,293,681	-21 %
Unrealised capital gains and losses	CHF	-8,913,955	4,416,600	n.a.
Total income	CHF	-3,131,788	7,301,281	n.a.

The Half-Year Report 2023 (in German) as well as a Summary Report in English are available on the Nova Property Fund Management AG website at:

<https://www.novaproperty.ch/en/real-estate-fund/swiss-central-city-real-estate-fund/download-center/publications/>

The Half-Year Report 2023 (German version) is also available on [www.swissfunddata.ch](http://www.swissfunddata.ch)

### Swiss Central City Real Estate Fund

The Swiss Central City Real Estate Fund invests in properties in prime locations in the major economic centres in Switzerland. The key criteria are centrality of the property, good accessibility, stable cash flows and a product profile geared to the needs of the tenants.

SIX Swiss Exchange listed; Security number 44414255; ISIN CH0444142555; Symbol CITY

### Nova Property Fund Management AG

Nova Property Fund Management AG is a fund management company authorised by the Swiss Financial Market Supervisory Authority FINMA on 5 November 2018 with its registered office in Pfäffikon SZ and has been active in the fund business since that date. This includes the establishment, management and administration of collective investment schemes under Swiss law and the distribution of the self-managed funds. In addition, the company provides investment advice to real estate investment companies and investment foundations with a focus on real estate. With its five portfolios, the owner-managed fund management company currently covers the entire Swiss real estate market for residential and commercial properties. These portfolios include Novavest Real Estate AG (SIX Swiss Exchange: NREN), SenioResidenz AG (BX Swiss AG: SENIO), Swiss Central City Real Estate Fund (SIX Swiss Exchange: CITY), 1291 Die Schweizer Anlagestiftung (KGAST member) and Central Real Estate Holding AG (including its subsidiary Rhystadt AG), which together hold about CHF 3.8 billion in Swiss real estate assets.

**Disclaimer**

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This media release is intended for the territory of Switzerland only.