

Media release, 20 August 2021

Swiss Central City Real Estate Fund – Successful first half-year 2021

- **Further expansion of real estate portfolio with eight acquisitions in St. Gallen, Lausanne and Basel**
- **Market value of properties increased to CHF 405.0 million as of 30 June 2021**
- **Target rental income increased by 20% to CHF 14.2 million**
- **Residential ratio of portfolio increased from 47% to 53%**
- **Successful completion of capital increase of CHF 82.7 million in June 2021**
- **Net asset value per fund unit of CHF 107.25 as of 30 June 2021**
- **Investment yield of 4.2% (annualized) as of 30 June 2021**
- **Listing of the fund on SIX Swiss Exchange planned for second half of 2021**

Swiss Central City Real Estate Fund can look back on a successful first half-year 2021. The portfolio was expanded by eight attractive properties, divided into four residential properties in St. Gallen, one residential property and two mixed-use properties in Lausanne and one residential property in Basel. The market value of the real estate portfolio increased by approximately 24% to CHF 405.0 million (31 December 2020: CHF 327.4 million) due to the eight new acquisitions as well as positive revaluation effects. The residential ratio increased to 53% in the same period (31 December 2020: 47%) as a result of the investments.

Successful capital increase 2021

In June 2021, Swiss Central City Real Estate Fund successfully carried out a capital increase. A total of 760,414 new fund units were issued. Following the capital increase, the number of units outstanding now amounts to 3,041,656. Settlement of the new units took place on 15 June 2021. The issue generated CHF 82.7 million in new proceeds for the Fund, which were used to repay current mortgage liabilities and for the acquisitions.

Half-year results 2021 in detail

Annualized target rental income increased by around 20% to CHF 14.2 million in the first half of 2021 (31 December 2020: CHF 11.8 million). This strong growth is largely due to the successful further expansion of the portfolio.

Income Statement

Compared to the previous year's period, rental income increased to CHF 5.7 million in the first half of 2021 (HY 2020: CHF 2.5 million). Net income also improved significantly in the reporting period, increasing to CHF 3.8 million (HY 2020: CHF 1.2 million). Overall, the Fund closed the first half of 2021 with an increase in total income by CHF 4.4 million to CHF 6.5 million (HY 2020: CHF 2.1 million).

The COVID-19 pandemic again led to significant challenges in various sectors of the Swiss economy in spring 2021. However, as in the 2020 financial year, the impact on rental income for the Swiss Central City Real Estate Fund's real estate portfolio was relatively minimal with the fund's current residential ratio at 53% with a further 18% of rental income generated by office use. Discussions were sought with the commercial tenants affected by the lockdown, primarily restaurant businesses, and individual solutions were established.

In the first half of 2021, total rent reductions of about TCHF 32 were granted. This corresponds to 0.23% of the annual target rental income for the portfolio as of 30 June 2021.

The Fund's operating profit margin improved to 60.6% in the first half of 2021 (31 December 2020: 56.0%). The average interest rate on mortgage liabilities was 0.7% (31 December 2020: 0.4%) and the rent default rate excluding projects was reduced to 9.3% (31 December 2020: 11.0%). The valuation of the portfolio by the independent valuation expert Wüest Partner AG resulted in an unrealized gain of CHF 3.7 million (HY 2020: CHF 1.2 million).

Balance Sheet

Gross asset value increased to CHF 412.8 million as of 30 June 2021 (31 December 2020: CHF 333.8 million). Net fund assets were CHF 326.2 million which corresponds to a net asset value of CHF 107.25 per fund unit as of 30 June 2021. The borrowing ratio was 17.50%. Estimated liquidation taxes amounted to CHF 4.4 million or 1.07% of gross asset value in the first half of 2021.

As of 23 March 2021, a dividend of CHF 2.10 per fund unit for the 2020 financial year was paid-out to investors. The investment yield increased, on an annualized basis, to 4.2% compared to 3.8% as of 31 December 2020.

Outlook

It is planned to list the Swiss Central City Real Estate Fund on the SIX Swiss Exchange in the second half of 2021. In view of the intention to list, the Fund, which is currently only available to qualified investors, is to be converted into a retail fund. This will make it accessible to all investor classes. Through the listing, investors will also benefit from both, increased liquidity and visibility of their fund units.

The fund management company, Nova Property Fund Management AG, is optimistic about the second half of 2021 as well as the year 2022. The fund management is convinced of the attractiveness of the Swiss real estate market, especially in central locations, and aims to expand the portfolio with further acquisitions in line with the investment strategy.

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Key Figures Half-Year 2021

| Balance Sheet | | 30.06.2021 | 31.12.2020 | Change |
|---------------------------------------|-------|--------------------------|-------------------------|---------------|
| Market value of properties | CHF | 405,020,000 | 327,396,000 | +24 % |
| Average discount rate | % | 2.62 | 2.70 | -0.08 PP |
| Gross asset value (GAV) | CHF | 412,762,855 | 333,785,150 | +24 % |
| Net fund assets (NAV) | CHF | 326,211,100 | 244,427,383 | +33 % |
| Net asset value per fund unit | CHF | 107.25 | 107.15 | +0.1 % |
| Fund units at end of reporting period | Units | 3,041,656 | 2,281,242 | +33 % |
| Borrowing ratio | % | 17.50 | 22.92 | -5.42 PP |
| Gearing | % | 20.97 | 26.77 | -5.80 PP |
| Interest on debt capital | % | 0.66 | 0.40 | +0.26 PP |
| Weighted average term of debt | Years | 2.62 | 1.78 | +0.84 years |
| Income Statement | | 01.01.-30.06.2021 | 01.01.30.06.2020 | |
| Rental income | CHF | 5,699,357 | 2'455'811 | +132 % |
| Total operating income | CHF | 6,737,822 | 2'593'204 | +160 % |
| Total expenses | CHF | 2,930,326 | 1'398'054 | +110 % |
| Net income | CHF | 3,807,496 | 1'195'150 | +219 % |
| Total income | CHF | 6,537,634 | 2'142'944 | +205 % |

The full Half-year Report 2021 (German version) and a corresponding Summary Report in English are available on the Nova Property Fund Management AG fund management website under:

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

The full Half-year Report 2021 (German version) is also available on 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. The key criteria are centrality of the property, good accessibility, stable cash flow and a product profile geared to the needs of the tenants.

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Nova Property Fund Management AG

Nova Property Fund Management AG was authorised by the Swiss Financial Market Supervisory Authority FINMA as a fund management company domiciled in Zurich on 5 November 2018 and has been active in fund management since then. 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.

Disclaimer

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