

**Press release, 21 February 2025**  
**Ad hoc announcement pursuant to Art. 53 LR**

## **Swiss Central City Real Estate Fund successfully implements strategic portfolio optimisation in the 2024 financial year**

- **Target rental income excl. transactions/projects as at 31 December 2024 rose by 3.4% to CHF 19.2 million**
- **WAULT of fixed-term rental contracts increased from 5.1 to 7.8 years**
- **Market value of the portfolio excl. transactions at the end of 2024 0.1% higher at CHF 532.7 million**
- **Vacancy rate further reduced to 2.4% at the end of 2024**
- **Proportion of rental income from residential use at around 50% as at 31 December 2024**
- **Reduction of the fund management commission to 0.35% as of 1 January 2025**
- **Significant increase of the distribution to CHF 2.25 per fund unit to be paid out on 28 March 2025**

Swiss Central City Real Estate Fund (SIX Swiss Exchange: CITY) successfully continued to optimise its real estate portfolio in a persistently challenging market and economic environment of 2024. Alongside the strategically targeted divestments at the end of 2023 and additional properties sold for CHF 8.5 million in the first half of 2024, two more properties totalling CHF 31.2 million were sold in the second half of 2024. Furthermore, the sale of a property in Lausanne with a volume of CHF 31.2 million was notarised at the end of November 2024. The transfer of ownership of this property took place on 28 January 2025. The properties sold at the end of 2023 and 2024 as part of the portfolio optimisation are, on the one hand, smaller, mostly investment-intensive properties in Basel and St. Gallen. On the other hand, properties were sold where the fund management company believes that the value appreciation cycle was completed in recent years through targeted construction and letting measures.

### **WAULT extended to 7.8 years; low vacancy rate**

In 2024, the fund management company was able to renegotiate the existing lease agreement for the property at Gütschstrasse 2, 4, 6 in the centre of Lucerne with the main tenant B.H.M.S. AG (Business & Hotel Management School) and extend it by a further 20 years from 1 January 2026 at an agreed target rental income of CHF 2.7 million p.a., thereby successfully securing long-term income. The new contract term has an extremely positive impact on the WAULT of the fixed-term leases, which increases from 5.1 to 7.8 years.

The completion of the two construction projects in St. Gallen and an addition of floors at Avenue du Léman in Lausanne have positively influenced the development of the portfolio's market value. The completion of the projects in St. Gallen resulted in an increase of target rental income of around CHF 0.4 million. All construction projects completed in 2024 were already fully let upon completion. In addition, the steady reduction in the vacancy rate seen in recent years has continued. As at 31 December 2024, the vacancy rate for investment properties was 2.4% (2023: 3.2%).

### **Details on the 2024 annual financial statements**

In 2024, target rental income, excluding transactions and projects, increased by around 3.4% to CHF 19.2 million (2023: CHF 18.6 million), partly due to reference interest rate and index adjustments. With the completion of the construction projects in St. Gallen, as mentioned, target rental income from investment properties totalling CHF 19.6 million was reported as of year-end 2024.

### Income statement

As a result of the property divestments, rental income was slightly lower compared to the previous-year period at CHF 19.6 million (2023: CHF 19.9 million). In financial year 2024, the net income rose to CHF 8.2 million (2023: CHF 8.0 million). After taking into account realised capital gains of CHF 0.4 million (2023: CHF -7.3 million) and unrealised capital losses of CHF -11.3 million (2023: CHF -26.0 million), the total income for the 2024 reporting year amounted to CHF -1.0 million (2023: CHF -20.4 million).

### Balance sheet

In the reporting year 2024, the market value of the real estate portfolio, excl. transactions, increased by around 0.1% year-on-year to CHF 532.7 million (31 December 2023, excl. transactions: CHF 532.1 million). The gross asset value amounted to CHF 541.6 million as of the balance-sheet date (31 December 2023: CHF 580.2 million) and the net fund assets came to CHF 383.1 million as of 31 December 2024 (31 December 2023: CHF 392.1 million). The net asset value per fund unit was thus CHF 100.77 (31 December 2023: CHF 103.14) with an unchanged number of fund units at 3,802,070.

The inflow of funds from the divestments in 2024 reduced the fund's leverage ratio to 27.2% as of 31 December 2024 (31 December 2023: 30.25%). The transfer of ownership of the above-mentioned property in Lausanne as of 28 January 2025 will also have a further positive effect on the debt financing ratio. Estimated liquidation taxes in the 2024 reporting year amounted to CHF 3.5 million (31.12.2023: CHF 5.2 million).

### **Significant increase in distribution to CHF 2.25 per fund unit**

A total of CHF 8.6 million will be distributed for the 2024 financial year, which amounts to a total of CHF 2.25 per fund unit (CHF 2.15 regular distribution plus CHF 0.10 from realised capital gains). The distribution ratio as a percentage of net income for the 2024 financial year is 99.6%, the dividend yield 2.7%. The payout will occur on 28 March 2025.

### **Reduction in fund management fee**

The fund management company of the Swiss Central City Real Estate Fund has decided to reduce the annual management fee for fund management, portfolio and asset management as well as the distribution from 0.45% to 0.35%, currently for two years. This reduction in the management fee will make the Swiss Central City Real Estate Fund more attractive to existing and potential investors. The reduction of the management fee entered into force on 1 January 2025.

### **Sustainability**

The Swiss Central City Real Estate Fund continues its successful sustainability strategy and focuses on holistic ESG integration along the value chain. As success factors, economically rewarding as well as ecologically and socially meaningful sustainability initiatives are implemented. These include the expansion of energy controlling and operational optimisations as well as suitable renovations to optimise energy efficiency and CO<sub>2</sub> reduction. Active stakeholder management to optimise vacancy rates and tenant satisfaction, as well as ESG risk management and sustainability reporting, are being further intensified and expanded. The Swiss Central City Real Estate Fund participates in leading sustainability benchmarks such as GRESB and REIDA. The Global Real Estate Sustainability Benchmark (GRESB) represents more than 2,000 real estate funds and real estate companies worldwide. In GRESB 2024, the Swiss Central City Real Estate Fund achieved a very good result with a score of 86/100 points, 4 out of 5 'stars', and was rewarded with a 3rd place in the direct peer group. Participation in the Real Estate Investment Data Association (REIDA) enables a Switzerland-wide comparison of energy and CO<sub>2</sub> intensities. For more detailed information, please refer to the complete sustainability report as part of the fund's 2024 annual report.

### **Outlook**

The outlook remains challenging due to the increasing uncertainty regarding international economic and trade policy and the ongoing geopolitical risks. Given the uncertainty regarding the future shape of US economic policy and the ongoing armed conflicts in the Middle East and Ukraine, it is difficult to assess future developments. The State

Secretariat for Economic Affairs SECO and the Swiss National Bank expect below-average economic growth in Switzerland in 2025.

However, sentiment in the Swiss real estate market has improved. The fund management company of the Swiss Central City Real Estate Fund is therefore optimistic about 2025. The SNB's interest rate cuts in 2024, as well as the prospect of further interest rate cuts, are likely to continue to have a positive impact on the momentum in the real estate market, which has already been picking up in 2024, both on the capital market side and in the transaction market. Demand in the residential market is likely to remain high due to the continuing immigration to Switzerland and the limited construction activity in recent years. With a residential share of around 50%, the Swiss Central City Real Estate Fund has a robust, diversified business model. The central locations of the properties and the continuing high demand for inner-city living space support a positive performance. The fund remains focused on properties in prime locations and uses an active portfolio management approach to optimise the property portfolio and generate attractive long-term returns for investors.

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## Key Figures Fiscal Year 2024

<b>Balance Sheet</b>		<b>31.12.2024</b>	<b>31.12.2023</b>
Market value of properties	CHF	532 718 000	573 373 000
Market value of properties excl. transactions	CHF	532 718 000	532 103 000
Target rental income investment properties excl. transactions/projects <sup>1</sup>	CHF	19 244 619	18 068 048
Average discount rate	%	2.55	2.47
Gross asset value (GAV)	CHF	541 625 181	580 237 910
Net fund assets (NAV)	CHF	383 140 358	392 138 023
Net asset value per fund unit	CHF	100.77	103.14
Pay-out per fund unit (paid in March)	CHF	2.25	2.10
Fund units at the end of the reporting period	Units	3 802 070	3 802 070
Borrowing ratio	%	27.21	30.25
Gearing	%	29.26	32.42
Interest on debt capital	%	1.51	1.96
Weighted average term of debt	Years	0.62	0.85
<b>Income Statement</b>		<b>01.01.-31.12.2024</b>	<b>01.01.-31.12.2023</b>
Rental income	CHF	19 583 283	19 865 069
Total operating income	CHF	19 652 896	19 959 547
Total expenses	CHF	11 444 422	11 957 698
Net income	CHF	8 208 474	8 001 849
Unrealised valuation result	CHF	-11 324 952	-25 956 875
Total income	CHF	-1 013 318	-20 355 294

<sup>1</sup> Target rental income based on annual rents.

The audited Annual Report 2024 (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/products-and-mandates/swiss-central-city-real-estate-fund/downloads/>

The Annual Report 2024 (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), Swiss Central City Real Estate Fund (SIX Swiss Exchange: CITY), two investment groups at 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.