

Press release, 17 August 2022
Ad hoc announcement pursuant to Art. 53 LR

Swiss Central City Real Estate Fund posts another successful first half-year

- **Expansion of real estate portfolio through purchases of five properties in Basel-Stadt, Geneva and St. Gallen**
- **Market value of properties increased by 20% to CHF 577.3 million as at 30 June 2022**
- **Target rental income excl. projects increased by 13% to CHF 18.4 million**
- **Net asset value per fund unit of CHF 108.81 as at 30 June 2022**
- **Three attractive properties acquired in Basel after balance sheet date**
- **Adjustments to the fund prospectus and fund contract**
- **Further expansion of real estate portfolio planned**

Swiss Central City Real Estate Fund (SIX Swiss Exchange: CITY) achieved another very successful result for the first half-year 2022. The existing real estate portfolio was expanded by five attractive properties, each in a central city location. The acquisitions include a residential property in Basel, a commercial property in Geneva as well as one mixed-use property and two projects for future residential use in St. Gallen. As a result of these five acquisitions and positive revaluation effects, the market value of the real estate portfolio increased by 20% to CHF 577.3 million (31 December 2021: CHF 479.1 million).

Earnings first half-year 2022 in detail

Target rental income, on an annualised basis and excluding projects, increased by 13% to CHF 18.4 million for the first half-year 2022 (31 December 2021: CHF 16.2 million).

Income statement

Due to the portfolio expansion in the reporting period 2022 and in the preceding second half of 2021 as well as a significant improvement in the rent default rate, rental income increased by 45% to CHF 8.3 million in the first half of 2022 (H1 2021: CHF 5.7 million). The rent default rate excluding projects was 4.62% as at 30 June 2022, 2.03 percentage points lower than at year-end 2021 (31.12.2021: 6.65%; 30.06.2021: 9.27%). Net income increased by 38% to CHF 5.3 million in the first half of 2022 (H1 2021: CHF 3.8 million). The valuation of the portfolio by the independent valuation expert Wüest Partner AG resulted in an unrealised gain of CHF 4.4 million (H1 2021: CHF 3.7 million), which is mainly due to revaluation gains on acquired properties, a renewed slight reduction in discount rates and targeted investments in ongoing projects. Overall, the fund closed the 2022 reporting period with a higher total income of CHF 7.3 million (H1 2021: CHF 6.5 million).

Balance sheet

The gross asset value increased by 21% to CHF 585.9 million (31 December 2021: CHF 485.0 million). Net fund assets were CHF 413.7 million, which corresponds to a net asset value of CHF 108.81 per fund unit as at 30 June 2022. The borrowing ratio was 26.3%. Estimated liquidation taxes amounted to CHF 8.4 million or 1.4% of gross asset value in the first half of 2022.

As of 30 March 2022, a dividend of CHF 2.50 per fund unit for the 2021 financial year was paid-out to investors. The investment yield was, on an annualised basis, 3.6% compared to 4.1% as at 31 December 2021.

Adjustments to the fund prospectus and fund contract

Within the provisions of the Swiss Financial Services Act (FIDLEG), the wordings of the fund prospectus and fund contract were comprehensively revised and the redemption commission was adjusted from previously 2% to a maximum of 5%. In addition, the provision of §19 para. 6 of the fund contract regarding the reimbursement of property-specific expenses in favour of the fund management company and custodian bank was brought into line with Art. 37 para. 2bis CISO. These amendments to the fund contract are published (in German) on www.swissfunddata.ch. Investors to the fund have the opportunity to object to these intended changes to the supervisory authority within 30 days of publication.

Outlook

The fund management company Nova Property Fund Management AG started successfully into the second half of the year by acquiring two residential properties and one mixed-use property in Basel for the fund, with a total value of about CHF 20 million (transfer of ownership occurred in July 2022). As a result of the acquisitions, the proportion of rental income from residential use increased again to about 50% at the end of July 2022 (30 June 2022: 48%).

Higher energy and commodity prices since the outbreak of war in Ukraine, issues in the global supply chain, higher inflation rates and geopolitical tensions are likely to lead to increased uncertainties and risks in the economic environment in the coming months. Nevertheless, the fund management company expects initial yields on property transactions in the major centres to remain at low levels in the second half of 2022. Relatively few properties are currently being offered for sale, real interest rates remain very low, vacancies in apartments are declining and demand in the user market remains intact due to continued population and economic growth.

The fund management is therefore optimistic about the second half of 2022 and the year 2022 as a whole. It remains convinced of the attractiveness of the Swiss real estate market, particularly in central locations, and aims to expand the portfolio in accordance with the investment strategy through further acquisitions.

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Key Figures First Half-Year 2022

Balance sheet		30.06.2022	31.12.2021	Change
Market value of properties	CHF	577 296 000	479 133 000	+20 %
Average discount rate	%	2.41	2.52	-0.11 PP
Gross asset value (GAV)	CHF	585 929 832	485 032 638	+21 %
Net asset value (NAV)	CHF	413 692 945	415 926 839	-0.5 %
Net asset value per fund unit	CHF	108.81	109.39	-0.5 %
Total fund units at end of reporting period	Units	3 802 070	3 802 070	0 %
Borrowing ratio	%	26.34	11.10	+15.24 PP
Gearing	%	29.40	14.25	+15.15 PP
Interest on debt capital	%	0.39	0.83	-0.44 PP
Weighted average term of debt	Years	1.05	3.13	-2.08 years
Income statement		01.01.-30.06.2022	01.01.-30.06.2021	
Rental income	CHF	8 283 345	5 699 357	+45 %
Total operating income	CHF	9 135 328	6 737 822	+36 %
Total expenses	CHF	3 871 647	2 930 326	+32 %
Net income	CHF	5 263 681	3 807 496	+38 %
Total income	CHF	7 271 281	6 537 634	+11 %

The Half-year Report 2022 (German version) and a corresponding Summary Report in English are available on the website of the fund management company Nova Property Fund Management AG under:

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

The Half-year Report 2022 (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 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 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. 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 well over CHF 3.5 billion in Swiss real estate assets.

Disclaimer

This media release constitutes neither a prospectus nor a basic information leaflet within the meaning of the Swiss Financial Services Act (FIDLEG), nor a simplified prospectus or key investor information pursuant to the final provisions of the Swiss Collective Investment Schemes Ordinance (CISO). It constitutes neither an offer nor a recommendation to subscribe to or redeem fund units or to purchase or sell other financial instruments or services, but is intended solely for information purposes. This media release may contain forward-looking statements that are subject to uncertainties and risks and may change. Historical performance is no indicator of current or future performance. All statements relating to the future are based on data available to the fund management company Nova Property Fund Management AG at the time this media release was prepared. Nova Property Fund Management AG assumes no obligation whatsoever to revise and update any forward-looking statements in this media release at a later date as a result of new information, future events or the like. Decisions to purchase or subscribe to new units of the Swiss Central City Real Estate Fund should be made exclusively on the basis of the relevant prospectus and the integrated fund contract (both available in German), which can be ordered free of charge from the fund management company.

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