



Swiss Central City
Real Estate Fund

Summary report

as at 31 December 2024

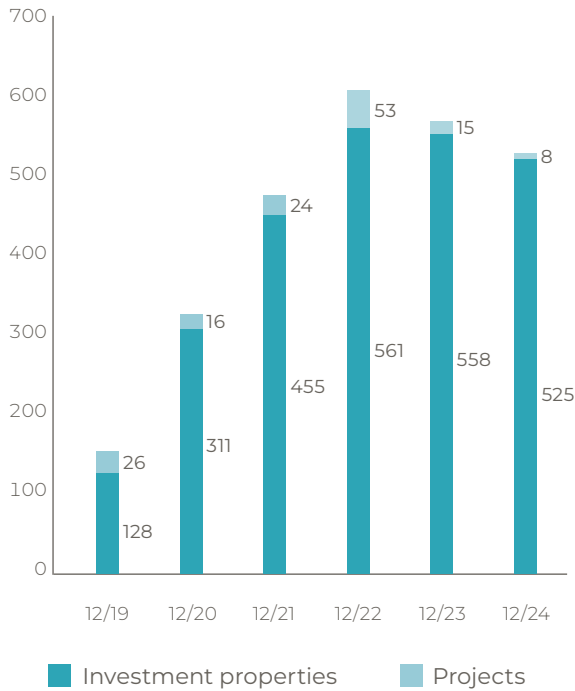
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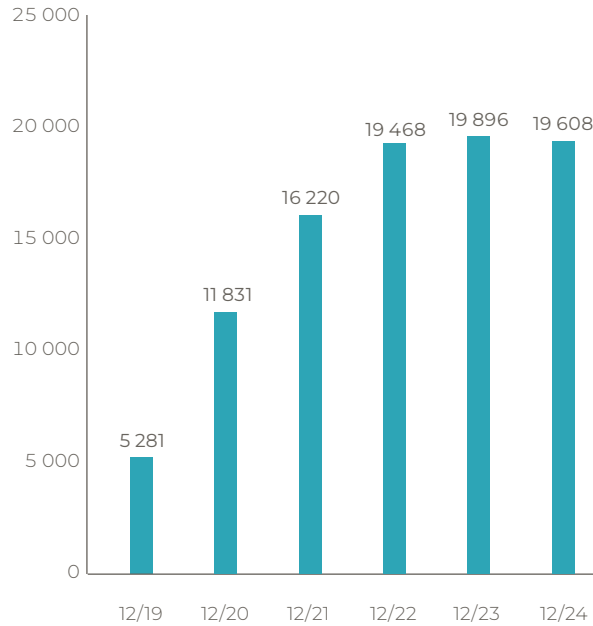
Portfolio figures

as at 31 December 2024

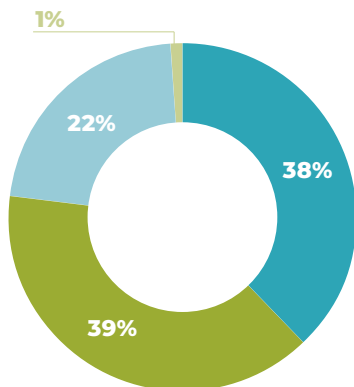
Market value of the properties in CHF m



Development of target rental income investment properties in TCHF

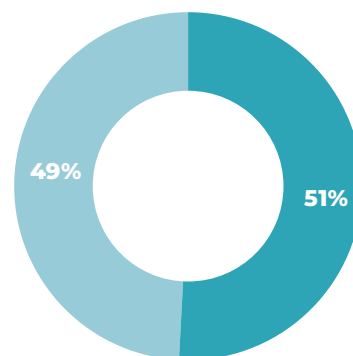


Overall portfolio (market value) By type of use in %



- Residential properties
- Commercial properties
- Mixed-use properties
- Projects

Overall portfolio (target rental income) By type of use in %



- Commercial use
- Residential use



Zurich, Grossmünsterplatz 7 / Laternengasse 5

Portfolio figures in accordance with AMAS guideline

	31.12.2024	31.12.2023
Rent default rate	3.91%	4.75%
Borrowing ratio	27.21%	30.25%
Gearing	29.26%	32.42%
Weighted average term of debt	0.62 years	0.85 years
Interest on debt capital	1.51%	1.96%
Operating profit margin (EBIT margin)	64.84%	63.73%
Fund operating expense ratio GAV ($TER_{REF} \text{ GAV}$)	0.71%	0.73%
Fund operating expense ratio MV ($TER_{REF} \text{ MV}$)	1.38%	1.28%
Return on equity (ROE)	-0.26%	-4.82%
Return on invested capital (ROIC)	0.40%	-2.79%
Dividend yield	2.68%	2.76%
Payout ratio	99.59%	99.78%
Discount	-16.64%	-26.31%
Performance	13.64%	-24.79%
Investment yield	-0.27%	-4.93%
Market price	84.00	76.00

The data on past performance and return do not provide any indication into the current or future development and return.

Report by the portfolio management

General economic situation

Inflationary pressure in Switzerland has eased more than expected in recent months, primarily due to lower-than-anticipated inflation on petroleum products and food. As of November 2024, inflation stood at 0.7%. In view of the significant fall in inflation, the Swiss National Bank (SNB) cut the policy rate by 0.5 percentage points to 0.5% as of 12 December 2024. All in all, this was the fourth policy rate cut in the space of a year. In 2024, the SNB cut the policy rate four successive times from 1.75% to 0.5%. The SNB will continue to monitor inflation trends to ensure price stability in the medium term. Over the coming months, the SNB expects Swiss economic growth to continue at a moderate pace. It is forecasting inflation of 1.1% in 2024, 0.3% in 2025 and 0.8% in 2026.

The State Secretariat for Economic Affairs (SECO) expects the recovery of the European economy to be delayed. Alongside the relatively high valuation of the Swiss franc, it is expected that the development of those Swiss export sectors that are sensitive to economic trends and exchange rates will remain subdued. Nevertheless, the structure of the Swiss economy is such that it should lead to stabilisation, given that the chemical and pharmaceutical industry is much less exposed to economic and exchange rate risk. SECO is forecasting 1.5% GDP growth in 2025 (adjusted for sporting events). It is not expected that the international economy will experience a certain level of normalisation until 2026. After this

time, the European economy in particular should gain momentum and accelerate the growth of the Swiss economy. The SECO Expert Group forecasts GDP growth of 1.7% for 2026. For the labour market, SECO expects an annual average unemployment rate of 2.7% in 2025 and 2026.¹

“Lower mortgage interest rates are boosting construction activity again, and it is to be expected that property will become more attractive as an asset class once again.”

The SNB's policy rate cuts in 2024 and the expectation of further potential cuts in 2025 should have a positive impact on developments in the Swiss real estate market. The cuts in the policy rate over the course of 2024 led to a reduction in interest rates for fixed-rate and SARON mortgages. Lower mortgage interest rates are boosting construction activity again, and it is to be expected that property will become more attractive as an asset class once again. All in all, this should lead to more dynamism in the real estate markets. In line with macroeconomic developments, Switzerland remains attractive for real estate investment.

¹ Source: SNB Quarterly Bulletin 4/2024, SECO press release of 17 December 2024

Rental housing market

Demand remains strong on the Swiss residential rental market. Ongoing population growth and the trend towards individualisation are contributing to the high demand for housing. At the same time, new construction activity, which is currently below average, is leading to a decline in the supply of housing. According to real estate consulting firm Wüest Partner AG, most rental apartments to be completed in the coming months are the result of building permits issued in 2022 and 2023. In these years, the number of approved rental apartments was particularly low. However, new construction activity could increase again in the medium term, driven by these new interest rate cuts. Based on the current monitoring of new building applications and building permits, construction activity is expected to increase in 2025. The persistent discrepancy between demand for residential space and new construction activity is not leading to an improvement in market liquidity in the short term, with rental prices continuing to rise. However, the increase in prices has been less dynamic than at the beginning of 2024. According to real estate consulting firm Wüest Partner AG, quoted rents rose by +3.8% year on year in the third quarter of 2024. Due to the low level of new construction activity on the one hand and buoyant demand on the other, vacancy risks remain limited. The shortage in the rental housing market is leading to a rise in rents overall.

“The persistent discrepancy between demand for residential space and new construction activity is not leading to an improvement in market liquidity in the short term, with rental prices continuing to rise.”

Commercial property market

The asking rent prices in the Swiss office market have generally declined over the past years. The structural change towards new forms of work, such as working from home, desk sharing and co-working spaces, is presenting the market for office space with challenges. Nevertheless, the Swiss market for office space proved to be surprisingly robust in the third quarter of 2024, despite the structural changes. According to the real estate consulting firm Wüest Partner AG, asking rent prices for office space in the third quarter of 2024 were +0.5% higher than in the same quarter of the previous year. For 2025, Wüest Partner expects a slight upward trend in office rents of +0.1%.²

Although the market for retail space has stabilised thanks to robust private consumption, population growth and a positive employment situation, structural change with a focus on e-commerce remains a key challenge. In the short term, the slight increase in the supply of retail space should maintain price pressure on rents. However, the situation on the retail space market remains stable overall, though a distinction should be made between the development of prime locations on the main shopping streets and that of the rest of the retail space market. While on average rents are falling in Switzerland, interest in retail space in prime locations has increased according to Wüest Partner AG. This is reflected in the slight increase in rents in the best retail locations.

² Source: Real Estate Market Switzerland 2024|4 by Wüest Partner AG.

Performance of the Swiss Central City Real Estate Fund

The Swiss Central City Real Estate Fund aims to achieve stable cash flows and reasonable returns by building a real estate portfolio in attractive central locations. Accordingly, Nova Property Fund Management AG, as fund manager of the Swiss Central City Real Estate Fund, invests in real estate in central locations throughout Switzerland with long-term economic potential.

Overall, the Swiss Central City Real Estate Fund faced a persistently challenging market and economic environment in 2024. Nonetheless, sentiment on the property market has brightened somewhat compared with last year. The interest rate cuts over the course of 2024 have led to greater momentum in the Swiss real estate market. Compared with the 2023 Annual Report, the market value of the portfolio excluding transactions increased by around 0.1% from CHF 532.1 million to CHF 532.7 million. The development of the market value of the property portfolio was positively influenced by the completion of construction projects in St. Gallen and the addition of storeys on Avenue du Léman in Lausanne, as well as the ongoing conversion of Amerbachstrasse in Basel. In addition, target rental income excluding transactions and completed projects increased by around 3.4% from CHF 18.6 million to CHF 19.2 million in 2024, which was partly due to reference interest rate and index adjustments. The completion of the construction projects at Felsenstrasse 84 and Unterer Graben 9 in St. Gallen could generate additional rental income of around CHF 0.4 million. The steady reduction in the vacancy rate over the past few years continued in 2024. As at 31 December 2024, the vacancy rate was around 2.4%.

The Amerbachstrasse 45 project in Basel

The conversion of the rear building at Amerbachstrasse 45 is progressing at full speed. The plan is for the former commercial building to house six furnished “tiny city houses” and one apartment. Sustainability measures are being implemented in a targeted manner as part of this construction project by preserving the shell structure, creating green roofing, using modular components and installing a photovoltaic system. The construction work is expected to continue until the end of the first quarter of 2025. A ten-year operating contract has already been signed for all residential units in the rear building. Therefore, the rent is secure from the start of the tenancy without any risk of vacancies.

The Felsenstrasse 84 project in St. Gallen

The complete refurbishment – including an extension of the property at Felsenstrasse 84 – was successfully completed on 30 June 2024. The 15 apartments are exceptionally well lit. The fund’s sustainability strategy has been consistently implemented in the form of the new building envelope, the use of a heat pump and a photovoltaic system. All apartments had been let before the refurbishment work was completed.

The Unterer Graben 9 project in St. Gallen

The construction project for the property at Unterer Graben 9 with ten studios and a retail space on the ground floor was completed on 30 June 2024. Improvements included optimisation of the floor plans and permanent strengthening of the static structure as part of the overall refurbishment. Nova Property Fund Management AG was able to fully re-let the property before the renovation work was completed.

More storeys for Avenue du Léman 23 A, B, C in Lausanne

Work to add additional units to the property at Avenue du Léman 23 A, B, C was successfully completed. Construction work was completed by the end of May 2024. Five additional residential units were constructed in buildings B and C – one 2.5-room and one 3.5-room apartment and three 4.5-room apartments. All apartments had been let as of 1 June 2024.

“The successful extension of the lease increases the WAULT³ of the fixed-term rental agreements from 5.1 to 7.8 years.”

Successful renegotiation of lease with B.H.M.S. at Gütschstrasse 2, 4, 6 in Lucerne

At Gütschstrasse 2, 4, 6 in the centre of Lucerne, Nova Property Fund Management AG was able to renegotiate the lease early with the main tenant B.H.M.S. AG (Business & Hotel Management School). The lease was successfully extended for a further 20 years from 1 January 2026, at an agreed target rental income of CHF 2.7 million p.a. The property comprises 137 apartments, for which comprehensive interior refurbishment including earthquake reinforcement and replacement of the risers is planned from 2026. With a share of around 12% of total rental income, B.H.M.S. is the largest individual tenant in the Swiss Central City Real Estate Fund portfolio. The successful extension of the lease increases the WAULT³ of the fixed-term rental agreements from 5.1 to 7.8 years. The Swiss Central City Real Estate Fund has thus secured long-term income with an important anchor tenant ahead of time, combined with a material increase in rental income from 2026.

Portfolio optimisation through targeted strategic divestments

As the fund management company of the Swiss Central City Real Estate Fund, Nova Property Fund Management AG is continuing to optimise the real estate portfolio through targeted strategic divestments. In addition to the properties already sold at the end of 2023 and the sales volume realised in the first half of 2024 (which totalled CHF 8.5 million), properties worth CHF 31.2 million were sold in the second half of 2024. In addition, the sale of a property with a value of a further CHF 31.2 million was notarised at the end of November 2024. Ownership was transferred on 28 January 2025. Further strategic divestments to optimise the portfolio

³ WAULT is the weighted average unexpired lease term of a portfolio's commercial leases.

will be considered as and when opportunities arise. The particular focus here is on properties where the appreciation cycle is considered to be complete.

The properties we have sold included smaller and mostly investment-intensive properties in Basel and St. Gallen. At the same time, we have also sold properties where, in the view of the Fund Management Company, their existing potential had been fully exploited in recent years through targeted construction and letting measures.

Thanks to the cash inflow from the properties sold in 2024, the Fund's debt financing ratio was reduced to around 27.2% as at 31 December 2024. The sale of a property on 28 January 2025 will likewise continue to have a positive impact on the debt financing ratio.

Reduction in fund management commission

The fund management company of the Swiss Central City Real Estate Fund has decided to reduce the annual fee for managing the real estate fund, asset management and sales from 0.45% to 0.35%, provisionally for two years. This reduction of the fund management commission will make the Swiss Central City Real Estate Fund more attractive to existing and potential investors. The reduction of the fund management commission will enter into effect on 1 January 2025.

Sustainability

The Swiss Central City Real Estate Fund is continuing its successful sustainability strategy and focusing on integrating ESG in a holistic manner along the value chain. Success factors here amount to the implementation of economically worthwhile initiatives, as well as those that are ecologically and socially prudent. This includes the expansion of energy audits and operational optimisation along with well-designed renovations to optimise energy efficiency and reduce CO2 emissions. Moreover, we are further expanding and deepening both active stakeholder management to optimise vacancy rates and tenant satisfaction, as well as ESG risk management and sustainability reporting.

To optimise sustainability performance over the long term and compare it with the market, 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 companies worldwide, with many institutional investors using GRESB performance for fund selection decisions. With a score of 86/100 points and 4 out of 5 stars, the Swiss Central City Real Estate Fund achieved a very good GRESB result in 2024. Participation in the Real Estate Investment Data Association (REIDA) enables a Switzerland-wide comparison of energy and CO2 intensities. For the full Sustainability Report, please refer to pages 20 to 28 of the annual report.

Outlook

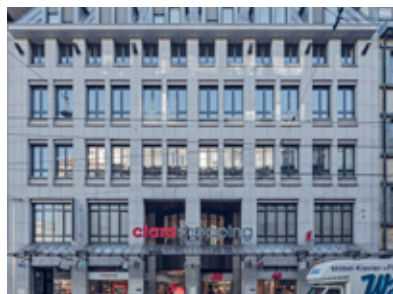
The outlook remains challenging due to the growing uncertainty surrounding international economic and trade policy and ongoing geopolitical risks. Given the instability surrounding the future shape of US economic policy and the continuation of the armed conflicts in the Middle East and Ukraine, it is difficult to assess future developments. The State Secretariat for Economic Affairs and the Swiss National Bank expect below-average economic growth in Switzerland in 2025. By contrast, sentiment on the Swiss real estate market has improved. The fund management company of the Swiss Central City Real Estate Fund is optimistic about 2025. The SNB's interest rate cuts in 2024 and the potential for further cuts should continue to have a positive impact on momentum in the real estate market, which picked up speed in 2024 both in the capital market and the transaction

market. Demand in the housing market is likely to remain high due to ongoing immigration to Switzerland and 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 ever-present high demand for inner-city living space will support 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.



Ruth Heinzer
Portfolio manager

Extract from the portfolio



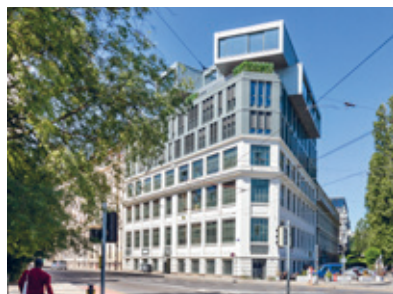
Greifengasse 36, 38 / Rebgasse 6
Basel



Oetlingerstrasse 156 **Basel**



Vogesenstrasse 132, 136 **Basel**



Rue des Deux-Ponts 2-4 **Genève**



Gütschstrasse 2, 4, 6 **Luzern**



Neustadtstrasse 16 **Luzern**



Felsenstrasse 84 **St. Gallen**



Spisergasse 41 / Brühlgasse 45
St. Gallen



Unterer Graben 9 **St. Gallen**



Marktstrasse 2, 4 **Winterthur**



Albertstrasse 7 **Zürich**



Grossmünsterplatz 7 / Laternen-
gasse 5 **Zürich**

Balance sheet

Assets	31.12.2024 CHF	31.12.2023 CHF
Cash, post and bank deposits on sight, including fiduciary investments with third-party banks	1 053 019	1 753 978
Time deposits with banks, including fiduciary deposits with third-party banks	-	-
Current fixed interest securities, divided into:		
Securing of construction projects (Art. 90 CISO)	-	-
Other (Art. 89 CISO)	-	-
Properties, divided into:		
Residential properties	209 892 000	200 328 000
Commercial properties	204 292 000	208 452 000
Mixed use properties	118 534 000	156 045 000
Building land, including demolition objects, and buildings in progress	-	8 548 000
Total properties	532 718 000	573 373 000
Mortgages and other mortgage-backed assets	-	-
Participations in other real estate funds and real estate investment companies	-	-
Other assets	7 854 162	5 110 932
Gross asset value	541 625 181	580 237 910
Liabilities	31.12.2024 CHF	31.12.2023 CHF
Current liabilities, divided into:		
Current interest-bearing mortgages and other mortgage-backed liabilities	120 142 750	147 193 000
Current interest-bearing loans and credits	-	-
Other current liabilities	9 899 045	9 338 463
Total current liabilities	130 041 795	156 531 463
Non-current liabilities, divided into:		
Non-current interest-bearing mortgages and other mortgage-backed liabilities	24 814 000	26 253 750
Non-current interest-bearing loans and credits	-	-
Other non-current liabilities	107 027	81 674
Total non-current liabilities	24 921 027	26 335 424
Total liabilities	154 962 822	182 866 887
Net fund assets before estimated liquidation taxes	386 662 358	397 371 023
Estimated liquidation taxes	3 522 000	5 233 000
Net fund assets	383 140 358	392 138 023

Fund units	31.12.2024 CHF	31.12.2023 CHF
Number of fund units at the beginning of the reporting period	3 802 070	3 802 070
Issued fund units	-	-
Redeemed fund units	-	-
Number of fund units at the end of the reporting period	3 802 070	3 802 070
Net asset value per fund unit at the end of the reporting period	CHF 100.77	CHF 103.14

Change in net fund assets	31.12.2024 CHF	31.12.2023 CHF
Net fund assets at the beginning of the reporting period	392 138 023	421 998 492
./ distribution of profits	-7 984 347	-9 505 175
Balance from transactions in fund units excl. purchase into current earnings / distribution of current earnings	-	-
Total earnings	-1 013 318	-20 355 294
Net fund assets at the end of the reporting period	383 140 358	392 138 023

Information regarding balance sheet and cancelled units	31.12.2024 CHF	31.12.2023 CHF
Balance of the depreciation account of the properties	-	-
Balance of the provision account for future repairs	-	-
Balance of the account for reinvestment of retained earnings	-	-
Number of fund units redeemed as of the end of the next financial year	213 401	158 064

Total amount of contractual payment obligations after the balance sheet date for land purchases as well as construction contracts and investments in properties

	31.12.2024 CHF	31.12.2023 CHF
Land purchases	-	-
Construction contracts & investments in properties	16 465 000	6 215 366
Total amount of contractual payment obligations after the balance sheet date	16 465 000	6 215 366

Income statement

	01.01.2024 - 31.12.2024 CHF	01.01.2023 - 31.12.2023 CHF
Income		
Income from bank deposits	-	270
Income from current fixed interest securities	-	-
Rental income (gross income achieved)	19 583 283	19 865 069
Capitalised interest on buildings	21 229	92 594
Other income	48 384	1 614
Participation in current income from issuance of fund units	-	-
Total income	19 652 896	19 959 547
Expenses		
Mortgage interest and interest from mortgage-backed liabilities	3 254 737	3 439 055
Other interest on liabilities	-	-
Maintenance and repairs	1 354 731	1 271 722
Property management, divided into:		
Property expenses	1 559 789	1 569 245
Administrative expenses	-	-
Taxes on capital and earnings	1 234 949	1 278 865
Valuation and audit expenses ¹	157 417	168 359
Depreciation on land	-	-
Reserves for future repairs	-	-
Regulatory fees:		
to the fund management company	2 545 559	2 726 464
to the custodian bank	280 463	294 724
to the property managers	884 361	889 350
to third parties	-	140 000
Other expenses	172 417	179 915
Distribution of net current income on redemption of fund units	-	-
Total expenses	11 444 422	11 957 698
Net income	8 208 474	8 001 849
Realised capital gains and losses	392 161	-7 345 269
Realised income	8 600 635	656 581
Unrealised capital gains and losses	-11 324 952	-25 956 875
Incidental costs attributed to the fund assets for the issue of fund units	-	-
Change in liquidation taxes	1 711 000	4 945 000
Total income	-1 013 318	-20 355 294

¹ thereof audit expenses CHF 56 100

Appropriation of income	01.01.2024 - 31.12.2024 CHF	01.01.2023 - 31.12.2023 CHF
Net income for the financial year	8 208 474	8 001 849
Capital gains of the financial year for distribution	392 161	-
Capital gains from previous financial years for distribution	-	-
Balance carried forward from the previous year	1 131 742	1 114 239
Income available for distribution	9 732 377	9 116 089
Income intended for distribution to investors	8 174 451	7 984 347
Capital gain intended for distribution to investors	380 207	-
Income retained for reinvestment	-	-
Balance to be carried forward	1 177 719	1 131 742

Information on previous years

Date	Net fund assets in CHF	Net asset value per fund unit in CHF (prior to distribution)	Number of outstanding fund units
31.12.2024	383 140 358	100.77	3 802 070
31.12.2023	392 138 023	103.14	3 802 070
31.12.2022	421 998 492	110.99	3 802 070
31.12.2021	415 926 839	109.39	3 802 070
31.12.2020	244 427 383	107.15	2 281 242
31.12.2019	91 861 909	103.17	890 372

Organisation

Fund data

Fund management	Nova Property Fund Management AG, Pfäffikon SZ
Custodian bank / paying agent	Bank J. Safra Sarasin AG, Basel
Trading	SIX Swiss Exchange, Zurich
Market Maker	Bank J. Safra Sarasin AG, Basel
Auditors	PricewaterhouseCoopers AG, Zurich
Accredited appraisal experts	Wüest Partner AG, Zurich Ivan Anton, Partner Pascal Marazzi-de Lima (until 16.04.2024) Silvana Dardikman (since 15.04.2024)
Fund administration	Nova Property Fund Management AG, Pfäffikon SZ
Risk	Thüler Steigrad Consulting, Thomas Thüler, Erlenbach ZH
Compliance	Grant Thornton AG, Zurich
Commercial property administration	Huwiler Services AG, Ostermundigen
Management companies	Bernard Nicod SA, Lausanne Beseder Immobilien AG, Adliswil Futuro Immobilien AG, Basel (until 30.09.2024) H&B Real Estate AG, Zurich (since 01.10.2024) IT3 St. Gallen AG, St. Gallen Nova Property Fund Management AG, Pfäffikon SZ PRIVERA AG, Gümligen VERIT Immobilien AG, Zurich (until 30.06.2024)
Securities no.	44414255
ISIN	CH0444142555
Launch	05.12.2018

Board of Directors of the fund management company

Dr. iur. Catrina Luchsinger	Attorney-at-law, Chairwoman
lic. iur. René Bock	Entrepreneur, Vice Chairman
Jennifer Maag	Entrepreneur, Member (until 18.04.2024)
Raymond Rüttimann	Entrepreneur, Member

Management Board of the fund management company

Marcel Schneider	CEO Chairman of the Management Board
Roger Bosshard	CFO Vice Chairman of the Management Board
Marcel Denner	COO Member of the Management Board
Reto Ehinger	CIO Member of the Management Board

Sustainability Committee

Katrin Mark, MRICS	Head of Real Estate and Facility Management Intep Integrale Planung GmbH
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General information on the real estate fund

The Swiss Central City Real Estate Fund is an investment fund under Swiss law in the category “Real estate fund” in accordance with Art. 25 et. seq. in conjunction with Art. 58 et. seq. of the Federal Act on Collective Capital Investment Schemes of 23 June 2006 (CISA). The fund agreement was established by Nova Property Fund Management AG as the fund manager and submitted with the consent of Bank J. Safra Sarasin AG as the custodian bank to the Federal Financial Market Supervisory Authority (FINMA) and approved by the latter on 5 December 2018.

In December 2021, the Swiss Central City Real Estate Fund was listed on the SIX Swiss Exchange with the ticker symbol CITY. The conversion into a retail fund has made the fund available to all types of investors.

Publisher

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The annual report is available online at:
<https://www.novaproperty.ch/de/produkte-und-mandate/swiss-central-city-real-estate-fund/downloads>

This summary report is a summary of the annual report of the Swiss Central City Real Estate Fund as at 31 December 2024. The German version of the annual report of the Swiss Central City Real Estate Fund as at 31 December 2024 is legally binding.

This report may contain forward-looking statements that are subject to uncertainties and risks. The reader must therefore be aware that such statements may differ from actual and future statements. Forward-looking statements are estimates, assumptions or expectations of possible developments. All statements relating to the future are based on data available to Nova Property Fund Management AG at the time this report was prepared. Nova Property Fund Management AG assumes no obligation whatsoever to revise and update any forward-looking statements in this report at a later date as a result of new information, future events or the like.

Nova Property Fund Management AG

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