



Summary report

as at 30 June 2023

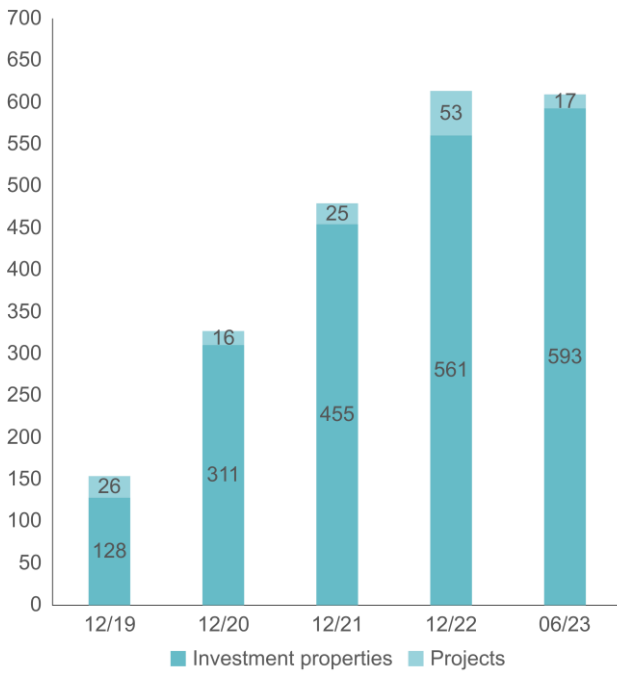
Contents

Portfolio figures	3
Report by the portfolio management	5
Extract from the portfolio	9
Balance sheet	10
Income statement	12
Organisation	14

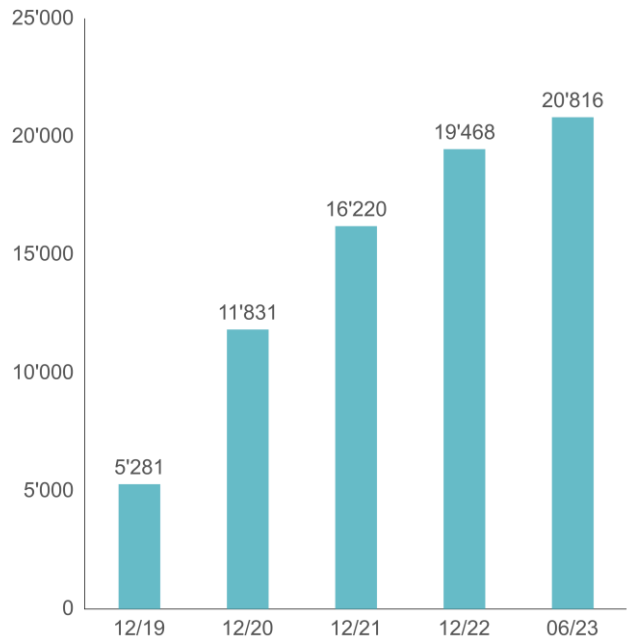
Portfolio figures

as at 30 June 2023

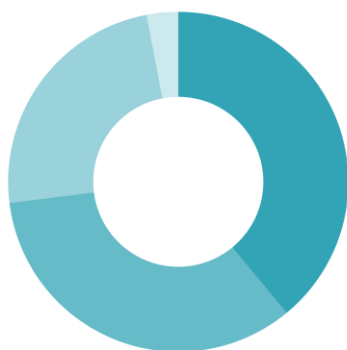
Market value of the properties in CHF m



Development of target rental income investment properties in TCHF

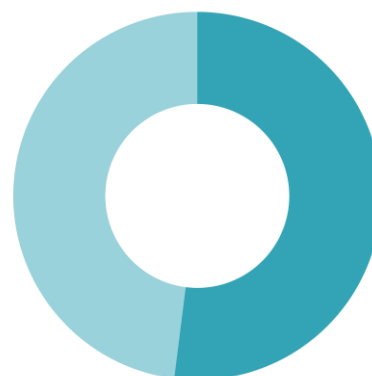


Overall portfolio (market value)
By type of use in %



- Residential properties (39%)
- Commercial properties (34%)
- Mixed-use properties (24%)
- Projects (3%)

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



- Residential use (52%)
- Commercial use (48%)

At a glance – portfolio figures in accordance with AMAS guideline

	30.06.2023	31.12.2022
Rent default rate exclusive projects ¹	4.80%	4.70%
Borrowing ratio	31.33%	29.45%
Gearing	33.46%	32.18%
Weighted average term of debt	0.70 years	0.78 years
Interest on debt capital	1.85%	1.11%
Operating profit margin (EBIT margin)	62.63%	64.05%
Fund operating expense ratio GAV (TER _{REF} GAV) ²	0.36%	0.77%
Fund operating expense ratio MV (TER _{REF} MV) ²	0.60%	1.02%
Return on equity (ROE) ²	-0.74%	3.75%
Return on invested capital (ROIC) ²	-0.28%	2.90%
Dividend yield	-	2.41%
Payout ratio	-	99.98%
Premium/discount	-14.55%	-6.39%
Performance	-8.96%	-13.61%
Investment yield ²	-0.76%	3.83%
Market price	92.00	103.90

¹ Rental default rate incl. projects of 5.11% as at 30/06/2023 and 5.74% as at 31/12/2022.

² Calculated for six months (01/01–30/06) as at 30/06/2023

Report by the portfolio management

General economic situation

The first half of 2023 saw incremental policy rate hikes by the Swiss National Bank (SNB). The effects of the restrictive monetary policy are slowly becoming apparent. Inflation has been declining since February, mainly due to lower energy prices. Inflation fell below the 2% mark in June at 1.7%. Nevertheless, the SNB expects inflation to rise for the time being. With its latest policy rate hike on 22 June 2023, the SNB announced that “additional rises in the SNB policy rate will be necessary to ensure price stability over the medium term.” The Swiss National Bank’s inflation forecast for 2023 and 2024 is 2.2% and 2.1% in 2025. The Swiss economy performed robustly in the first quarter of 2023. However, according to the SNB, growth is likely to be subdued going forward. Economic experts expect the economy to cool slightly and expect below-average growth for 2023 as a whole. In June 2023, for example, the State Secretariat for Economic Affairs (SECO) confirmed its forecasts for the current year and expects GDP growth of 1.1% (adjusted for sporting events). According to SECO, the subdued economic development is also likely to have a delayed impact on the labour market. For the labour market, SECO expects an annual average unemployment rate of 2.0% in 2023 and 2.3% next year.¹

The policy rate increase has dampened demand for real estate. Despite higher interest rates and rising financing costs, pressure on transaction prices remains limited. Several factors have led to this development: by international standards, Switzerland remains a very attractive place to live. Solid demand from companies for highly qualified professionals with corresponding purchasing power and relatively low inflation are leading to a high level of labour migration. Migration is leading to increased demand on the Swiss housing market.

At the same time, the expansion of housing supply is slow. Rising rents due to benchmark interest rate adjustments or adjustments to the national consumer price index are supporting investment property values. Moreover, the persistently scarce supply is countering major price corrections on the property market.

« In spite of rising interest rates, interest in direct investments in Switzerland and Swiss real estate remains high. »

Rental housing market

The residential rental market in Switzerland remains tight. Declining new construction activity is causing a decline in housing supply. At the same time, population growth and individualisation trends are driving high demand for housing. The growing discrepancy between demand for housing and new construction will further exacerbate the housing shortage. According to real estate consulting firm Wüest Partner AG, an increase in quoted rents has already been recorded. Quoted rents are expected to increase more strongly overall than in 2022. In addition, a large proportion of existing rental agreements will be affected by rent increases in the current year as a result of the policy rate increase in June 2023. With work on new builds stagnating and demand on the up, the risk of properties remaining empty is reduced on the whole.

¹ Source: SNB Quarterly Bulletin 2/2023, SECO press release dated 15 June 2023.

« The stagnation of new construction on the one hand and the buoyant demand on the other will further exacerbate the housing shortage. »

Commercial property market

Although working from home is common practice at many companies and more companies are introducing desk sharing, office market vacancies have fallen over the past year. Strong employment growth and low new construction activity are two factors that have contributed to this development. At the same time, companies see working from home more in conjunction with (than instead of) working in the office. In addition, more space is being allocated to make focus, retreat and relaxation rooms.

Central office locations stand to benefit in particular from these developments. They offer the advantage of being able to bring employees in from home. An easily accessible location will also play an even more important role over the long term in attracting highly qualified labour market talent. Centrally located business premises remain attractive.

The structural move towards e-commerce continues to pose major challenges for the Swiss retail space markets. Nevertheless, the low level of construction activity in the retail sector led to a lower supply of retail space on the market last year. The shortage of supply has contributed to restraining the decline in quoted rents in cities.

Development of the Swiss Central City Real Estate Fund

The Swiss Central City Real Estate Fund aims to achieve stable cash flows and appropriate returns by building up a real estate portfolio in attractive central locations. In line with that aim, the fund management company of the Swiss Central City Real Estate Fund invests the fund assets in real estate in central locations across Switzerland with long-term economic potential.

The Swiss Central City Real Estate Fund was facing a challenging market and economic environment in the first half of the year. The higher interest rate environment increased discount rates with concomitant lower market values for properties. Accordingly, the Swiss Central City Real Estate Fund recorded a revaluation loss in the first half of the year. The progress made on various construction projects in turn counteracted the decline in the total value of the property portfolio. Target rental income excluding projects grew by around 7% from CHF 19.5 million to CHF 20.8 million in the first half of the year. The share of rental income from residential properties increased slightly to 52% as of 30 June 2023 due to the progress of construction projects.

« Successful completion of two construction projects. »

«Luisenstrasse 40» project in Zurich

The complete renovation of the property in Zurich's popular District 5 with twenty small apartments is complete. The Swiss Central City Real Estate Fund was able to fully re-let the property on 1 April 2023, before completion of the renovation work. The flats have very good lighting conditions and, in most cases, private outside space. All flats have access to the roof-top terrace. The Cucina restaurant on the ground floor and basement was opened at the beginning of the fourth quarter of 2022.

«Amerbachstrasse 45» project in Basel

The elevator system at the front building was replaced in 2022 and the property was connected to the district heating network. The renovation of the rear building includes the construction of seven furnished duplex apartments. The 1.5 and 2-room apartments have a living area of 42 m² to 57 m². The planning permission process is expected to run until autumn 2023.

«Lindenstrasse 155» project in St. Gallen

The full renovation of the property has been completed. The 28 flats were revalued in line with a modern residential property rental standard. The new building envelope has been installed and the roofing has been replaced in line with the sustainability strategy the fund has adopted. Letting activities are in full swing. Tenants had already been found for 24 of the 28 apartments by 30 June 2023.

«Felsenstrasse 84» project in St. Gallen

The property at Felsenstrasse 84 is currently undergoing a complete renovation. The additional storey and the completely new gable roof were erected and, thanks to the new thermal insulation, are able to meet the current requirements of new buildings. The building services are currently being installed and the expansion is underway.

«Unterer Graben 9» project in St. Gallen

Unforeseeable defects were discovered in the static structure after dismantling the extensions at the Unterer Graben 9 property. A follow-up loan was used to make long-term, sustainable investments in upgrading the roof structure and the floors and to reinforce the existing structural elements with wood-based materials in a hybrid manner. In autumn 2023, building services and expansion will begin in line with the previous procedure concept.

Extension of «Avenue du Léman 23 A, B, C» in Lausanne

Planning permission has been granted to add storeys to the property at Avenue du Léman 23 A, B, C. Five additional residential units are planned, including one 2.5 and one 3.5-room apartment as well as three 4.5-room apartments. The construction work is expected to last until spring 2024. No renovation work is being carried out on the 28 existing apartments.

Lease agreement signed with physiotherapy centre on Rue du Vélodrome in Geneva

The Swiss Central City Real Estate Fund successfully concluded a leasing contract with a physiotherapy centre at Rue du Vélodrome 5A in Geneva. On the first floor of the property, the physiotherapy centre leases an area of around 370 m². The contract starts on 1 October 2023 and has a term of 15 years with an early break in 2033. The conclusion of the contract secures rental income until 2033.

Lease extension with H&M at Greifengasse 36/38, Rebgasse 6 in Basel

The Swiss Central City Real Estate Fund successfully negotiated a lease extension in the city of Basel (Stadt Basel) with the retail chain H&M Hennes & Mauritz AG. The existing lease at Greifengasse 36, 38/Rebgasse 6 in Basel was successfully extended by five years until 2029 on the same terms. Fashion chain H&M has a lease on a good 2,100 m² retail space at "Clara Shopping" and is an important anchor tenant of the property. The successful contract extension means the rental income is now secure until 2029. With rental income exceeding 5% of total rental volume, H&M is one of the largest tenants within the Swiss Central City Real Estate Fund.

Sustainability

The Swiss Central City Real Estate Fund is aware of its responsibility with regard to the sustainable development and management of its properties. The Board of Directors and Executive Board are convinced that the integration of sustainability criteria is an important success factor for the fund's business activities.

On 30 June 2023, the Swiss Central City Real Estate Fund participated in the Global Real Estate Sustainability Benchmark (GRESB) 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 Swiss Central City Real Estate Fund signed the Principles for Responsible Investment (UNPRI) in 2023. Integrating sustainability into the entire value chain is an ongoing process, the progress of which will be reported in detail in the annual report at the end of the year.

Outlook

Given the fragile economic situation and pronounced risks, an outlook is challenging. Inflation has not yet disappeared and the Swiss National Bank is not ruling out further policy rate increases. The ongoing war in Ukraine and associated geopolitical risks muddy the waters further. According to the State Secretariat for Economic Affairs SECO and the Swiss National Bank, below-average economic growth is expected in Switzerland for the current year. At 2.1%-2.2%, the inflation rate is also expected to be higher in the medium term than in previous years.

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 around 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.

A handwritten signature in black ink, appearing to read 'M. Denner', enclosed within a large, stylized oval shape.

Marcel Denner
COO

Extract from the portfolio



Basel, Feldbergstrasse 110 /
Hammerstrasse 138



Basel, Greifengasse 36, 38 /
Rebgasse 6



Basel, Vogesenstrasse 132, 136



Genève, Rue des Deux-Ponts 2-4



Lausanne, Avenue du Léman 23
A, B, C



Luzern, Neustadtstrasse 16



St. Gallen, Spisergasse 41 / Brühl-
gasse 45



Winterthur, Marktgasse 2, 4



Zürich, Grossmünsterplatz 7 /
Laternengasse 5

Balance sheet

Assets

	30.06.2023 CHF	31.12.2022 CHF
Cash, post and bank deposits on sight, including fiduciary investments with third-party banks	1,212,817	3,720,550
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	245,216,000	251,321,000
Commercial properties	209,565,000	210,270,000
Mixed use properties	154,854,000	153,227,000
Building land, including demolition objects, and buildings in progress	-	-
Total properties	609,635,000	614,818,000
Mortgages and other mortgage-backed assets	-	-
Participations in other real estate funds and real estate investment companies	-	-
Other assets	4,339,066	3,679,163
Gross asset value	615,186,883	622,217,713

Liabilities

	30.06.2023 CHF	31.12.2022 CHF
Current liabilities, divided into:		
Current interest-bearing mortgages and other mortgage-backed liabilities	164,693,000	143,893,000
Current interest-bearing loans and credits	-	-
Other current liabilities	6,140,186	8,953,232
Total current liabilities	170,833,186	152,846,232
Non-current liabilities, divided into:		
Non-current interest-bearing mortgages and other mortgage-backed liabilities	26,300,250	37,146,750
Non-current interest-bearing loans and credits	-	-
Other non-current liabilities	126,919	48,239
Total non-current liabilities	26,427,169	37,194,989
Total liabilities	197,260,355	190,041,221
Net fund assets before estimated liquidation taxes	417,926,528	432,176,492
Estimated liquidation taxes	8,565,000	10,178,000
Net fund assets	409,361,528	421,998,492

Fund units

	30.06.2023	31.12.2022
	Units	Units
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 107.67	CHF 110.99

Change in net fund assets

	30.06.2023	31.12.2022
	CHF	CHF
Net fund assets at the beginning of the reporting period	421,998,492	415,926,839
/ . distribution of profits	-9,505,175	-9,505,175
Balance from transactions in fund units excl. purchase into current earnings / distribution of current earnings	-	-
Total earnings	-3,131,788	15,576,828
Net fund assets at the end of the reporting period	409,361,528	421,998,492

Information regarding balance sheet and cancelled units

	30.06.2023	31.12.2022
	CHF	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	-	-

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

	30.06.2023	31.12.2022
	CHF	CHF
Land purchases	-	-
Construction contracts & investments in properties	7,532,150	8,848,956
Total amount of contractual payment obligations after the balance sheet date	7,532,150	8,848,956

Income statement

	01.01.2023 - 30.06.2023 CHF	01.01.2022 - 30.06.2022 CHF
Income		
Income from bank deposits	-	-
Income from current fixed interest securities	-	-
Rental income (gross income achieved)	9,729,905	8,283,345
Capitalised interest on buildings	60,502	126,660
Other income	36,146	725,323
Participation in current income from issuance of fund units	-	-
Total income	9,826,553	9,135,328
Expenses		
Mortgage interest and interest from mortgage-backed liabilities	1,374,803	217,648
Other interest on liabilities	-	-
Maintenance and repairs	564,013	375,235
Property management, divided into:		
Property expenses	840,087	628,760
Administrative expenses	-	-
Taxes on capital and earnings	633,482	607,688
Valuation and audit expenses	58,848	79,338
Depreciation on land	-	-
Reserves for future repairs	-	-
Regulatory fees:		
to the fund management company	1,395,683	1,172,536
to the custodian bank	149,704	149,443
to the property managers	434,858	347,126
to third parties	187,223	198,943
Other expenses	18,684	64,929
Distribution of net current income on redemption of fund units	-	-
Total expenses	5,657,386	3,841,647
Net income	4,169,167	5,293,681
Realised capital gains and losses	-	-
Realised income	4,169,167	5,293,681
Unrealised capital gains and losses	-8,913,955	4,416,600
Incidental costs attributed to the fund assets for the issue of fund units	-	-
Change in liquidation taxes	1,613,000	-2,409,000
Total income	-3,131,788	7,301,281

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
30.06.2023	409,361,528	107.67	3,802,070
31.12.2022	421,998,492	110.99	3,802,070
30.06.2022	413,692,945	108.81	3,802,070
31.12.2021	415,926,839	109.39	3,802,070
30.06.2021	326,211,100	107.25	3,041,656
31.12.2020	244,427,383	107.15	2,281,242
30.06.2020	124,819,875	104.97	1,189,054
31.12.2019	91,861,909	103.17	890,372
30.06.2019	90,442,578	101.58	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 Silvana Dardikman, Director
Fund administration	BDO AG, Zurich (until 30.06.2023) Nova Property Fund Management AG, Pfäffikon SZ (since 01.07.2023)
Risk	BDO AG, Zurich (until 31.08.2023) Thüler Consulting, Thomas Thüler (since 01.09.2023)
Compliance	Grant Thornton AG, Zurich
Commercial property administration	Huwiler Services AG, Ostermundigen
Management companies	Bernard Nicod SA, Lausanne Beseder Immobilien AG, Adliswil (since 01.05.2023) Futuro Immobilien AG, Basel Gfeller Treuhand und Verwaltungs AG, Dübendorf (until 28.02.2023) IT3 St. Gallen AG, St. Gallen Nova Property Fund Management AG, Pfäffikon SZ PRIVERA AG, Gümliigen v.FISCHER Immobilien AG, Bern VERIT Immobilien AG, Zurich
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
Raymond Rüttimann	Entrepreneur, Member (since 27.04.2023)

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 (since 01.04.2023)

Sustainability Committee

Katrin Mark, MRICS	Head of Real Estate and Facility Management Intep Integrale Planung GmbH
--------------------	---

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

Nova Property Fund Management AG

Zentrum Staldenbach 3

8808 Pfäffikon SZ

T +41 58 255 37 37

info@novaproperty.ch

The half-year report (in German) is available online at:

<https://www.novaproperty.ch/de/immobilienfonds/swiss-central-city-real-estate-fund/download-center/publikationen/>

Disclaimer

This is a summary report of the half-year report as of 30 June 2023 of the Swiss Central City Real Estate Fund. The legally binding version is the German version of the half-year report as of 30 June 2023 of the Swiss Central City Real Estate Fund.

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.

Image title page: Zurich, Luisenstrasse 40



Nova Property
Fund Management AG
Zentrum Staldenbach 3
8808 Pfäffikon SZ
T +41 58 255 37 37
info@novaproperty.ch
www.novaproperty.ch

Valoren-Nummer 44414255
ISIN CH0444142555