



# Summary report

as at 30 June 2024

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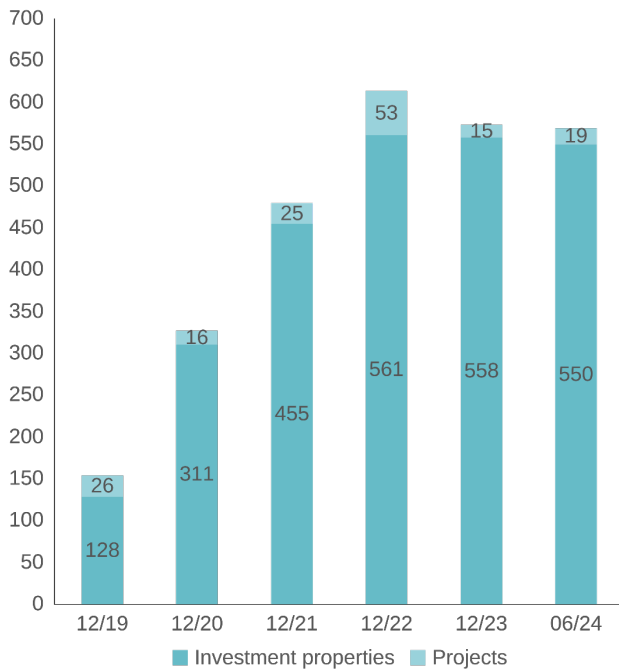
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Image title page: Basle, Feldbergstrasse 110 / Hammerstrasse 138

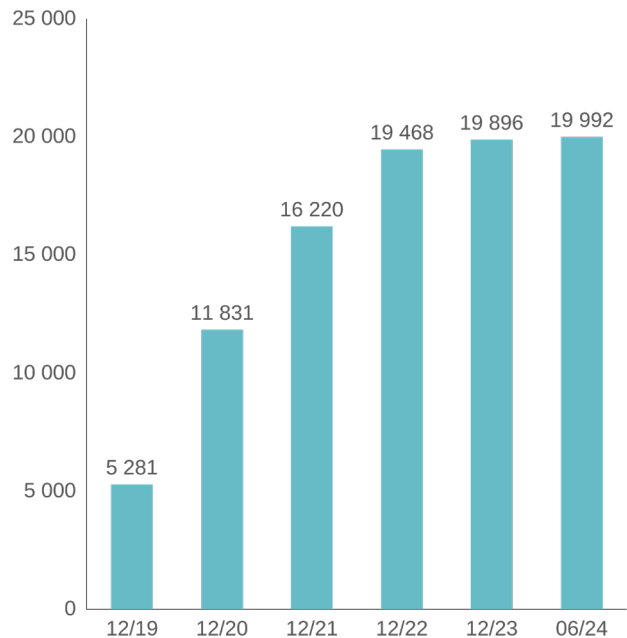
# Portfolio figures

as at 30 June 2024

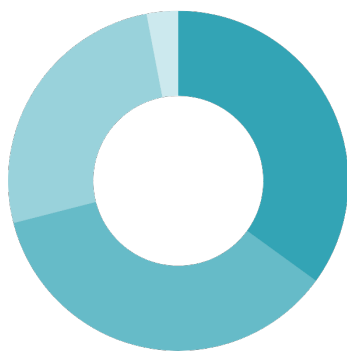
Market value of the properties in CHF m



Development of target rental income investment properties in TCHF

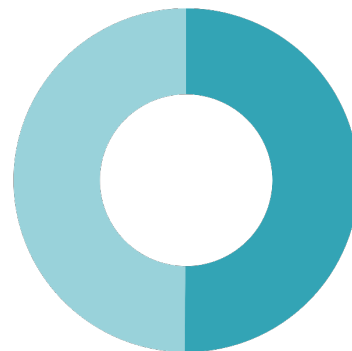


Overall portfolio (market value)  
By type of use in %



- Residential properties (35%)
- Commercial properties (36%)
- Mixed-use properties (26%)
- Projects (3%)

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



- Residential use (50%)
- Commercial use (50%)

## At a glance – portfolio figures in accordance with AMAS guideline

	30.06.2024	31.12.2023
Rent default rate	3.97%	4.75%
Borrowing ratio	30.94%	30.25%
Gearing	33.13%	32.42%
Weighted average term of debt	0.79 years	0.85 years
Interest on debt capital	1.78%	1.96%
Operating profit margin (EBIT margin)	63.53%	63.73%
Fund operating expense ratio GAV (TER <sub>REF</sub> GAV) <sup>1</sup>	0.71%	0.73%
Fund operating expense ratio MV (TER <sub>REF</sub> MV) <sup>1</sup>	1.46%	1.28%
Return on equity (ROE) <sup>1</sup>	0.12%	-4.82%
Return on invested capital (ROIC) <sup>1</sup>	0.37%	-2.79%
Dividend yield	-	2.76%
Payout ratio	-	99.78%
Discount	-30.01%	-26.31%
Performance	-4.21%	-24.79%
Investment yield <sup>1</sup>	0.12%	-4.93%
Market price	70.80	76.00

<sup>1</sup> Calculated for six months (01/01–30/06) as at 30/06/2024

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 pressures are easing in Switzerland compared with last year. The initial concerns of the Swiss National Bank (SNB) that there could be stronger second-round effects<sup>1</sup> in 2024 did not materialise in the first half of 2024. Inflation in the first six months of 2024 was comfortably within the target range of 0% to 2%. Nonetheless, the challenges for exporting industries intensified due to the recent appreciation of the Swiss franc. In light of these developments, the SNB cut its policy interest rate in two steps in the first half of 2024 – to 1.5% on 22 March 2024 and again to 1.25% on 20 June 2024. 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 1.3% in 2024, 1.1% in 2025 and 1.0% in 2026.

SECO (State Secretariat for Economic Affairs) continues to predict that economic growth in Switzerland this year will be well below average, with the stagnation of the industrial sector in particular expected to have a dampening effect on growth. SECO's Expert Group on Business Cycles is forecasting GDP growth of 1.2% in 2024 (adjusted for sporting events). The economy is expected to return to more normal growth rates next year. According to SECO the global economy, and Europe in particular, should gradually recover from the subdued growth of the last two years and gain momentum. Swiss exports and investments are expected to increase again. SECO is forecasting 1.7% GDP growth in 2025 (adjusted for sporting events). According to SECO, the subdued economic growth is also having an impact on the labour market, where SECO projects an annual average unemployment rate of 2.4% in 2024 and 2.6% next year.<sup>2</sup>

The reductions in the SNB's policy rate in the first half of 2024 should have a positive impact on the real estate market. The cuts in the base rate led to

lower interest rates for fixed-rate and SARON mortgages in the first half of the year. The rate cuts should therefore stimulate increased activity on real estate markets. In line with macroeconomic developments, real estate investments in Switzerland therefore remain attractive.

**« The rate cuts should stimulate increased activity on real estate markets. »**

## Rental housing market

Demand remains strong on the Swiss residential rental market. Below-average new construction is leading to a decline in the supply of housing. According to real estate consulting firm Wüest Partner AG, new building permits issued in 2023 were 15% below the average of the previous 10 years. At the same time, ongoing population growth and the trend to individualised living spaces are contributing to high demand for housing.

The persistent discrepancy between demand for housing and new construction is exacerbating the housing shortage and driving rents up further. According to Wüest Partner AG, rental prices on offer in the first quarter of 2024 rose by 6.3% compared with the same quarter of the previous year, the largest increase in years. Rents in the first half of 2024 were also impacted by the increases resulting from the upward adjustment in the reference rate from 1.5% to 1.75% in December 2023. Due to the low level of construction activity combined with robust demand, vacancy risks remain limited. Overall, the constrained supply on the rental market and the increase in reference rate are leading to rising rents.

<sup>1</sup> Second-round effects are price increases that occur in response to previous cost increases.

<sup>2</sup> Source: SNB Quarterly bulletin 2/2024, SECO press release of 17 June 2024

**« The persistent discrepancy between demand for housing and new construction is exacerbating the housing shortage and driving rents up further. »**

### Commercial property market

Rents on offer on the Swiss office market have generally declined over the past three years, and this trend continued in the latest data. According to real estate consulting firm Wüest Partner AG, average rents on offer for office space in the first quarter of 2024 were down 2.8% on the same quarter of the previous year. The impact of structural change in the office market is very evident. Working from home is still common practice in many companies even after the coronavirus pandemic, and more and more companies are introducing desk sharing. Although some international companies are calling for their staff to return to the office and spend a greater proportion of their working time there, it is safe to assume that working from home will remain a part of everyday working life.

There is very little construction going on in the Swiss office market. In 2023 new building permits were at their lowest level since records began in 2000. According to Wüest Partner AG, investment was significantly below the average of the past 10 years. Increased financing and construction costs are among the factors contributing to this development.

Rising living costs are weighing on the budgets of many households and the structural change towards e-commerce poses major challenges for the Swiss retail space markets. However, the situation on the retail space market remains stable overall, although we need to draw a distinction between the situation in prime locations and 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 rising rents in the best retail locations.

### 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 challenging market and economic environment in the first half of 2024. Nonetheless, sentiment on the property market has brightened somewhat compared with last year. Compared with the 2023 Annual Report, the market value of the portfolio excluding transactions and projects increased by around 0.1% from CHF 549.5 million to CHF 550.0 million. The completion of the building projects in St. Gallen and the building of additional units in Avenue du Léman in Lausanne have had a positive impact on the market value of the property portfolio. Target rental income excluding transactions and projects increased by around 0.5% from CHF 19.9 million to CHF 20.0 million in the first half of 2024. Completion of the building projects at Felsenstrasse 84 and Unterer Graben 9 in St. Gallen represent an additional rental income potential of around CHF 0.4 million.

#### The Amerbachstrasse 45 project in Basel

The building permit has been granted for the construction of six furnished "tiny city houses" and one apartment in the rear building of Amerbachstrasse 45 in Basel. The construction project comprises 1.5 and 2-room residential units with a living area of 42 m<sup>2</sup> to 57 m<sup>2</sup>. 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 renovation including the extension to the property at Felsenstrasse 84 was successfully completed on 30 June 2024. The 15 apartments enjoy very good natural light and have been upgraded to a modern rental standard. The fund's sustainability strategy was fully implemented with a new building envelope and roof. All apartments were rented out before the renovation 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. As part of the overall refurbishment, the floor plans were optimised, the roof structure was reinforced and the static structure permanently strengthened. Nova Property Fund Management was able to fully relet the property before completion of the renovation work.

### Additional units 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. Five extra residential units were created in buildings B and C – one 2.5 and one 3.5-room apartment as well as three 4.5-room apartments. Construction work was completed at the end of May 2024. All apartments were let from 1 June 2024.

### Successful renegotiation of lease with B.H.M.S. at Gütschstrasse 2–6 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.

The property's floor area totals around 7,500 m<sup>2</sup>. B.H.M.S. is the biggest single tenant in the Swiss Central City Real Estate Fund portfolio with a share of around 12% of total rental income. The extension of the lease increased the WAULT<sup>3</sup> of the fixed-term rental agreements from 5.1 to a healthy 8.3 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.

**« The lease with B.H.M.S. 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. »**

### Portfolio optimisation in a challenging market environment

Nova Property Fund Management AG, as fund manager of the Swiss Central City Real Estate Fund, has opted to further optimise the real estate portfolio by means of strategic divestments in a challenging market environment. Continuing the divestments carried out at the end of 2023, two additional properties with a total value of CHF 8.5 million were sold on 3 January 2024. In addition, the sale of a property with a value of CHF 5.0 million was notarised on 27 June 2024. The transfer of ownership will follow on 2 September 2024. Further strategic divestments to optimise the portfolio will be considered as and when opportunities arise.

The properties we have sold are smaller and mostly investment-intensive properties in Basel and St. Gallen. Disposing of smaller properties can lead to a sustained reduction in administrative costs in the real estate portfolio. Divestments can also secure liquidity for renovation and refurbishment projects, which significantly improve the attractiveness and rentability of the real estate portfolio in the long term. In summary, with the strategic optimisation of the portfolio the Swiss Central City Real Estate Fund is ideally positioned for the next growth phase and the focus on properties in prime locations.

### 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. We implement sustainability initiatives that are both environmentally and financially worthwhile and see this as an important success factor. This includes the expansion of energy audits and operational optimisation along with well-designed renovations to optimize energy efficiency

<sup>3</sup> WAULT (Weighted Average Unexpired Lease Term) is the weighted average remaining term of the rental agreements in a portfolio.

and reduce CO<sub>2</sub> 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.

The Swiss Central City Real Estate Fund participates in leading sustainability benchmarks such as GRESB and REIDA with the aim of continuously optimising sustainability performance and comparing it with the market. The Global Real Estate Sustainability Benchmark (GRESB) represents more than 2,000 real estate funds and companies around the world, and many investors use the GRESB performance data for their fund selection. The Swiss Central City Real Estate Fund aims to achieve above-average GRESB Star results. Meanwhile, participating in the Real Estate Investment Data Association (REIDA) enables a comparison of energy and CO<sub>2</sub> intensities across Switzerland.

### Outlook

Owing to geopolitical risks, the outlook remains challenging. Given the ongoing armed conflicts in the Middle East and Ukraine, predicting economic developments from here is a difficult task. On top of this, there is a risk of international monetary policy remaining restrictive due to high core inflation rates, which would have a dampening effect on global demand. According to the State Secretariat for Economic Affairs SECO and the Swiss National Bank, Swiss economic growth will be below average in 2024.

Overall, sentiment on the Swiss real estate market has brightened up a bit. The fund manager of the Swiss Central City Real Estate Fund is optimistic about the second half of 2024. The interest rate cuts in the first half of 2024 should have a positive impact on developments on the transaction market in 2024. The demand is likely to remain strong on the housing market on account of continuing immigration into Switzerland coupled with limited construction activity. With a residential share of around 50%, the Swiss Central City Real Estate Fund has a robust and diversified business model. The central locations of the properties and ever-present high demand for innercity living space will support positive performance. The fund manager seeks to optimise the real estate portfolio using an active management approach.



**Ruth Heinzer**  
Portfolio Manager



# Extract form the portfolio



Basle, Greifengasse 36, 38 /  
Rebgasse 6



Basle, Vogesenstrasse 132, 136



Geneva, Rue des Deux-Ponts 2-4



Lausanne, Avenue du Léman 23  
A, B, C



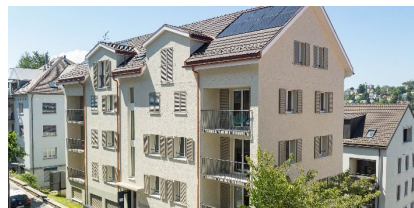
Lausanne, Rue Neuve 9



Lucerne, Neustadtstrasse 16



St. Gall, Spisergasse 41 /  
Brühlgasse 45



St. Gall, Felsenstrasse 84



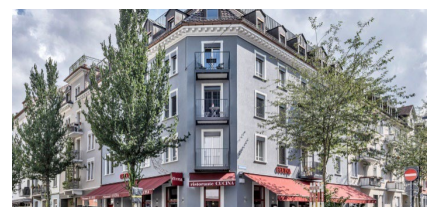
St. Gall, Unterer Graben 9



Winterthur, Marktgasse 2, 4



Zurich, Grossmünsterplatz 7 /  
Laternengasse 5



Zurich, Luisenstrasse 40

# Balance sheet

## Assets

	30.06.2024 CHF	31.12.2023 CHF
Cash, post and bank deposits on sight, including fiduciary investments with third-party banks	1 612 948	1 753 978
Time deposits with banks, including fiduciary deposits with third-party banks	-	-
<b>Current fixed interest securities, divided into:</b>		
Securing of construction projects (Art. 90 CISO)	-	-
Other (Art. 89 CISO)	-	-
<b>Properties, divided into:</b>		
Residential properties	194 412 000	200 328 000
Commercial properties	206 451 000	208 452 000
Mixed use properties	149 098 000	156 045 000
Building land, including demolition objects, and buildings in progress	18 603 000	8 548 000
<b>Total properties</b>	<b>568 564 000</b>	<b>573 373 000</b>
Mortgages and other mortgage-backed assets	-	-
Participations in other real estate funds and real estate investment companies	-	-
Other assets	4 999 589	5 110 932
<b>Gross asset value</b>	<b>575 176 537</b>	<b>580 237 910</b>

## Liabilities

	30.06.2024 CHF	31.12.2023 CHF
<b>Current liabilities, divided into:</b>		
Current interest-bearing mortgages and other mortgage-backed liabilities	152 095 250	147 193 000
Current interest-bearing loans and credits	-	-
Other current liabilities	9 264 220	9 338 463
<b>Total current liabilities</b>	<b>161 359 470</b>	<b>156 531 463</b>
<b>Non-current liabilities, divided into:</b>		
Non-current interest-bearing mortgages and other mortgage-backed liabilities	23 805 000	26 253 750
Non-current interest-bearing loans and credits	-	-
Other non-current liabilities	167 132	81 674
<b>Total non-current liabilities</b>	<b>23 972 132</b>	<b>26 335 424</b>
<b>Total liabilities</b>	<b>185 331 602</b>	<b>182 866 887</b>
<b>Net fund assets before estimated liquidation taxes</b>	<b>389 844 935</b>	<b>397 371 023</b>
Estimated liquidation taxes	5 230 000	5 233 000
<b>Net fund assets</b>	<b>384 614 935</b>	<b>392 138 023</b>

## Fund units

	30.06.2024	31.12.2023
	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	-	-
<b>Number of fund units at the end of the reporting period</b>	<b>3 802 070</b>	<b>3 802 070</b>
<b>Net asset value per fund unit at the end of the reporting period</b>	<b>CHF 101.16</b>	<b>CHF 103.14</b>

## Change in net fund assets

	30.06.2024	31.12.2023
	CHF	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	461 259	-20 355 294
<b>Net fund assets at the end of the reporting period</b>	<b>384 614 935</b>	<b>392 138 023</b>

## Information regarding balance sheet and cancelled units

	30.06.2024	31.12.2023
	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	-	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

	30.06.2024	31.12.2023
	CHF	CHF
Land purchases	-	-
Construction contracts & investments in properties	11 375 000	6 215 366
<b>Total amount of contractual payment obligations after the balance sheet date</b>	<b>11 375 000</b>	<b>6 215 366</b>

# Income statement

	01.01.2024 - 30.06.2024 CHF	01.01.2023 - 30.06.2023 CHF
<b>Income</b>		
Income from bank deposits	-	-
Income from current fixed interest securities	-	-
Rental income (gross income achieved)	9 669 143	9 729 905
Capitalised interest on buildings	21 229	60 502
Other income	9 027	36 146
Participation in current income from issuance of fund units	-	-
<b>Total income</b>	<b>9 699 399</b>	<b>9 826 553</b>
<b>Expenses</b>		
Mortgage interest and interest from mortgage-backed liabilities	1 696 636	1 374 803
Other interest on liabilities	-	-
Maintenance and repairs	794 685	564 013
<b>Property management, divided into:</b>		
Property expenses	720 089	840 087
Administrative expenses	-	-
Taxes on capital and earnings	681 101	633 482
Valuation and audit expenses <sup>1</sup>	85 362	58 848
Depreciation on land	-	-
Reserves for future repairs	-	-
<b>Regulatory fees:</b>		
to the fund management company	1 297 115	1 395 683
to the custodian bank	141 272	149 704
to the property managers	410 729	434 858
to third parties	-	187 223
Other expenses	118 677	18 684
Distribution of net current income on redemption of fund units	-	-
<b>Total expenses</b>	<b>5 945 666</b>	<b>5 657 386</b>
<b>Net income</b>	<b>3 753 733</b>	<b>4 169 167</b>
Realised capital gains and losses	-1 253 399	-
<b>Realised income</b>	<b>2 500 334</b>	<b>4 169 167</b>
Unrealised capital gains and losses	-2 042 075	-8 913 955
Incidental costs attributed to the fund assets for the issue of fund units	-	-
Change in liquidation taxes	3 000	1 613 000
<b>Total income</b>	<b>461 259</b>	<b>-3 131 788</b>

<sup>1</sup> thereof audit expenses CHF 30 979.05

## 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
30.06.2024	384 614 935	101.16	3 802 070
31.12.2023	392 138 023	103.14	3 802 070
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

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<b>Fund management</b>	Nova Property Fund Management AG, Pfäffikon SZ
<b>Custodian bank / paying agent</b>	Bank J. Safra Sarasin AG, Basle
<b>Trading</b>	SIX Swiss Exchange, Zurich
<b>Market maker</b>	Bank J. Safra Sarasin AG, Basle
<b>Auditors</b>	PricewaterhouseCoopers AG, Zurich
<b>Accredited appraisal experts</b>	Wüest Partner AG, Zurich Ivan Anton Pascal Marazzi-de Lima (since 16.04.2024) Silvana Dardikman (until 15.04.2024)
<b>Fund administration</b>	Nova Property Fund Management AG, Pfäffikon SZ
<b>Risk</b>	Thüler Steigrad Consulting, Thomas Thüler, Erlenbach ZH
<b>Compliance</b>	Grant Thornton AG, Zurich
<b>Commercial property administration</b>	Huwiler Services AG, Ostermundigen
<b>Management companies</b>	Bernard Nicod SA, Lausanne Beseder Immobilien AG, Adliswil Futuro Immobilien AG, Basle IT3 St. Gallen AG, St. Gall Nova Property Fund Management AG, Pfäffikon SZ PRIVERA AG, Gümligen (until 31.03.2024) VERIT Immobilien AG, Zurich

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<b>Securities no.</b>	44414255
<b>ISIN</b>	CH0444142555
<b>Launch</b>	05.12.2018

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## Board of Directors of the fund management company

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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

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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

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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

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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 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 2024 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 2024 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.





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