

**Media release, 21 August 2024**

**Ad hoc announcement pursuant to Art. 53 LR**

## **NOVAVEST Real Estate AG – Merged real estate portfolio of CHF 1,029.2 million shows strong earnings potential; pleasing result in the first half-year 2024**

- Merger with SenioResidenz AG successfully completed as at 14 June 2024
- Real estate portfolio at CHF 1,029.2 million as at 30 June 2024
- Target rental income investment properties of CHF 43.4 million p.a. with residential use representing 59% as at 30 June 2024
- Vacancy rate reduced to 3.1% as at 30 June 2024 compared to 4.1% as at 31 December 2024
- Earnings from rental activities increased by 41% to CHF 17.6 million pro forma for the first half of 2024
- Earnings incl. revaluations amount to CHF 6.4 million pro forma (NREN H1 2023: CHF -1.5 million)
- Earnings excl. revaluations amount to CHF 8.4 million pro forma (NREN H1 2023: CHF 6.6 million)

**Novavest Real Estate AG («Novavest» or «Company»); SIX Swiss Exchange: NREN) successfully completed the merger with SenioResidenz AG and presents improved key figures for the combined portfolio in the reporting period.**

Technically, the merger with SenioResidenz AG was carried out as a merger by absorption, with the transaction date and entry in the commercial register on 14 June 2024. For reasons of transparency and materiality, the accounting of the former SenioResidenz AG was integrated as of 30 June 2024. In Novavest's semi-annual financial statements under Swiss GAAP FER, the income statement for the first half of 2024 therefore does not include any income of the former SenioResidenz properties acquired in the merger. To present the earnings potential of the combined portfolio as transparently as possible, pro forma figures have been prepared as at 30 June 2024 as if the additions had already taken place on 1 January. Comments to results with regard to the income statement refer to pro forma figures of the combined portfolio and are compared to the stand-alone portfolio of Novavest for the first half-year 2023.

### **Half-year 2024 results in detail**

Target rental income investment properties of CHF 43.4 million p.a. with residential share of 59%

As a result of the merger and including revaluation effects and investments, the market value of the portfolio increased to CHF 1,029.2 million (NREN 31.12.2023: CHF 783.6 million). The increase in target rental income to an annualized CHF 43.4 million (NREN 31.12.2023: CHF 30.8 million) is also attributable to the merger as well as to increased rents, mainly due to indexation and increased reference interest rates. No properties were purchased or sold in the first half of 2024. The residential use, measured as a percentage of the total target rental income, accounted to 59% as at 30 June 2024.

The two construction projects, at Rorschacherstrasse 135 in St. Gallen and at Johanniterstrasse 5, 11 in Basel, will generate further target rental income of about CHF 1.7 million upon completion. The project in St. Gallen will be reclassified to the investment properties in the second half of 2024 and contribute to rental income from August 2024 onwards. Completion of the project in Basel is expected by the first quarter 2025.

### Income statement H1 2024

On a pro forma basis (including SenioResidenz properties from 1 January 2024), rental income amounted to CHF 20.9 million in the first half of 2024, an increase of 37% over Novavest's former stand-alone portfolio in the first half of 2023 (NREN H1 2023: CHF 15.3 million). The net yield of the investment properties in the merged portfolio was 3.5% as at 30 June 2024. Compared to the stand-alone portfolio of Novavest at the end of 2023, the net yield thus increased by 0.2 percentage points as a result of the merger. The gross yield also increased by 0.3 percentage points (to 4.4% as at 30 June 2024). The vacancy rate fell by one percentage point to 3.1% as a result of the merger.

Pro forma earnings from rental activities rose by 41% to CHF 17.6 million (NREN H1 2023: CHF 12.4 million), which, in addition to merger effects, was attributable to increased rents, mainly due to indexation and increased reference interest rates. Direct operating expenses for investment properties amounted to 16.0% of rental income in the first half of 2024 on a pro forma basis (NREN H1 2023: 18.8%).

Pro forma earnings from revaluation were CHF -2.4 million in the first half of 2024 (NREN H1 2023: CHF -10.0 million). The moderately lower revaluation of 0.2% of the portfolio was due to slight increases in the discount rates applied to certain properties by the independent real estate valuer Wüest Partner AG.

As a result of the changes mentioned above, pro forma EBIT amounted to CHF 11.7 million (NREN H1 2023: CHF 0.1 million). After financial expenses of 3.7 million and income taxes of CHF 1.6 million, earnings including revaluation were CHF 6.4 million in the first half of 2024 on a pro forma basis (NREN H1 2023: CHF -1.5 million). Pro forma earnings excluding revaluations stood at CHF 8.4 million, reflecting the operating earnings potential of the Company and the combined portfolio as at 30 June 2024 (NREN H1 2023: CHF 6.6 million). Based on the pro forma results, earnings per share including revaluation were CHF 0.63, and CHF 0.82 excluding revaluation (NREN H1 2023: CHF -0.20 including and CHF 0.85 excluding revaluation). The average number of outstanding shares used to calculate the pro forma figures for the first half of 2024 was 10,170,915 (final number of shares after capital increase due to the merger; NREN H1 2023: 7,711,434 shares).

#### Balance sheet as at 30 June 2024

Novavest acquired net assets of CHF 113.5 million as a result of the merger with SenioResidenz. As part of the transaction, 2,325,479 new Novavest registered shares were issued in exchange for the SenioResidenz registered shares and a further 134,002 Novavest registered shares were issued for the conversion of SenioResidenz's mandatory convertible bond. They were recorded in the accounts at the closing price of Novavest's registered shares of CHF 33.30 on 14 June 2024. After acquisition costs of CHF 1.9 million, a negative goodwill of CHF 29.7 million resulted. This will be amortised through the income statement over five years (from the second half of 2024 onwards this will have a positive impact in the income statement of CHF 5.9 million p.a. over the next five years).

Total assets of the merged company increased to CHF 1,048.0 million as at 30 June 2024 (NREN 31.12.2023: CHF 793.7 million). Equity amounts to CHF 409.2 million (NREN 31.12.2023: CHF 331.9 million). The change in equity was due to the par value repayment of CHF 1.25 per registered share totalling CHF 9.6 million in April 2024, the capital increases of CHF 81.9 million as part of the merger and the earnings of CHF 5.1 million in the first half of 2024 under Swiss GAAP FER. The net asset value (NAV) per registered share was CHF 40.23 (NREN 31.12.2023: CHF 43.04). The abovementioned negative goodwill of CHF 29.7 million also has, after tax effects, an additional net future NAV value of CHF 2.37 per share, based on the number of registered shares currently outstanding (10,170,915 shares).

Current and non-current mortgage liabilities amounted to CHF 562.6 million (NREN 31.12.2023: CHF 427.2 million). Mortgages are well diversified at first-class creditor banks (mainly cantonal banks). The average maturity of financial liabilities at the reporting date was 2.1 years (NREN 31.12.2023: 2.3 years). The loan-to-value ratio for the properties was 54.7% as at the reporting date (NREN 31.12.2023: 54.5%).

#### **Shares issued from the conditional capital are registered in the commercial registry now**

The 134,002 Novavest registered shares issued from the Company's conditional capital as part of the merger for the conversion of the previous mandatory convertible bond were entered in the commercial register yesterday, 20 August 2024, and the corresponding amendment to the Articles of Association took place. The number of Novavest registered shares entered in the commercial register thus also amounts to 10,170,915 shares now, equal to the number of outstanding registered shares. Shareholders who control participations in the Company that are subject to disclosure notices are kindly requested to be aware of this new number of shares registered in the commercial register.

#### **Outlook**

The Swiss National Bank ("SNB") loosened its monetary policy in the first half of 2024 and cut the SNB base rate in two steps from 1.75% (by year-end 2023) to 1.25% (as at 30 June 2024). These decisions came in response to the improvement in the underlying inflation rate, which is back well below 2% and therefore within the range the SNB defines as representing

price stability. The SNB forecasts an annual average inflation rate of 1.3% in 2024, 1.1% in 2025 and 1.0% in 2026 (source: SNB press release 20 June 2024).

The SNB's interest rate cuts had a somewhat calming effect on property valuations. As a result of the interest rate cuts, the Company also expects a generally more dynamic environment in the entire real estate and transaction market compared to the past year.

In the second half of 2024, the conversion project at Rorschacherstrasse 135 in St. Gallen will be reclassified as an investment property and the Company expects additional target rental income of CHF 0.6 million per annum, as well as a contribution of around CHF 0.25 million to rental income in the second half of 2024 (from 1 August 2024). The potential synergies (CHF 0.9 million compared to the pro forma basis for fiscal year 2023) identified during the merger will be implemented swiftly, and they are also expected to have a positive impact on profitability in 2025.

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## Key figures first half-year 2024

Income Statement in CHF	Pro forma <sup>1)</sup> H1 2024	Pro forma <sup>1)</sup> H1 2023	Financial Stat. <sup>2)</sup> H1 2024	Financial Stat. <sup>2)</sup> H1 2023
Rental income	20 897 636	20 987 381	15 128 475	15 293 242
Income from sale of investment properties / projects	0	542 868	0	493 099
Other income	82 931	371 289	0	0
<b>Total operating income</b>	<b>20 980 567</b>	<b>21 901 537</b>	<b>15 128 475</b>	<b>15 786 340</b>
Direct operating expenses for investment properties	-3 344 210	-3 544 295	-2 482 839	-2 880 887
Personnel expenses	-382 210	-381 503	-382 210	-381 503
Consulting expenses	-476 124	-632 027	-322 620	-496 361
Administrative expenses	-2 683 461	-2 941 727	-1 759 569	-1 909 367
<b>Total operating expenses</b>	<b>-6 886 006</b>	<b>-7 499 553</b>	<b>-4 947 238</b>	<b>-5 668 118</b>
<b>Total earnings from revaluation of real estate investments</b>	<b>-2 401 177</b>	<b>-13 349 182</b>	<b>-1 336 894</b>	<b>-9 972 217</b>
Amortisation of negative goodwill (badwill)	0	42 294	n/a	n/a
<b>Earnings before interest and taxes EBIT)</b>	<b>11 693 383</b>	<b>1 095 096</b>	<b>8 844 343</b>	<b>146 005</b>
Net financial result	-3 684 886	-2 653 030	-2 588 558	-2 041 780
Income taxes	-1 616 834	379 507	-1 204 294	372 080
<b>Earnings / loss incl. effects from revaluation / deferred taxes</b>	<b>6 391 664</b>	<b>-1 178 427</b>	<b>5 051 491</b>	<b>-1 523 696</b>
<b>Earnings excl. effects from revaluation / deferred taxes <sup>3)</sup></b>	<b>8 353 973</b>	<b>9 601 011</b>	<b>6 134 376</b>	<b>6 551 806</b>
Earnings/loss per share incl. effects revaluation/deferred taxes (EPS)	0.63	-0.12	0.64	-0.20
Earnings per share excl. effects revaluation/deferred taxes (EPS)	0.82	0.94	0.77	0.85
Average number of shares used to calculate EPS	10 170 915	10 170 915	7 924 857	7 711 434
<b>Balance Sheet</b> in CHF or %			<b>Financial Stat. <sup>2)</sup> 30.06.2024</b>	<b>Financial Stat. <sup>2)</sup> 31.12.2023</b>
Total assets			1 047 991 608	793 704 708
Equity			409 181 723	331 868 808
Equity ratio			39.0%	41.8%
Total mortgage liabilities			562 609 800	427 164 750
Leverage ratio			61.0%	58.2%
Loan-to-value ratio of properties			54.7%	54.5%
Net Gearing <sup>4)</sup>			135.9%	127.9%
Net Asset Value (NAV) in CHF <sup>5)</sup>			40.23	43.04
Future NAV-value from amortisation of negative goodwill in CHF			2.37	n/a
<b>Portfolio</b>			<b>Financial Stat. <sup>2)</sup> 30.06.2024</b>	<b>Financial Stat. <sup>2)</sup> 31.12.2023</b>
Total real estate portfolio in CHF			1 029 242 900	783 619 000
Number of investment properties			73	51
Number of properties in projects			2	2
Gross yield <sup>6)</sup>			4.4%	4.1%
Net yield <sup>7)</sup>			3.5%	3.3%
Vacancy rate excluding projects			3.1%	4.1%
Average discount rate for revaluation			2.9%	2.8%
Average interest rate financial liabilities			1.3%	1.2%
Average remaining life of financial liabilities			2.1 years	2.3 years

<sup>1)</sup> Pro forma information on the income statement includes six months of Novavest Real Estate AG and SenioResidenz AG

<sup>2)</sup> Novavest Real Estate AG semi-annual financial statements and annual financial statements in accordance with Swiss GAAP FER

<sup>3)</sup> Earnings before taxes (EBT) minus earnings from revaluation of real estate investments, minus income taxes plus share of deferred taxes attributable to earnings from revaluation of real estate investments

<sup>4)</sup> Net debt (current and non-current mortgage liabilities minus cash and cash equivalents) in relation to equity as of balance sheet date

<sup>5)</sup> Total equity per registered share issued at balance sheet date

<sup>6)</sup> Gross yield reflects target rental income (target rental income based on annual rents of investment properties as of balance sheet date) in percent of market value (fair value) of the investment properties

<sup>7)</sup> Net yield reflects net rental income (actual rental income based on annual rents of investment properties as of balance sheet date less operating and maintenance costs for the reporting year) in percentage of the market value (fair value) of the investment properties

For a glossary with further definitions of key figures, please refer to pages 56/57 of the Half-Year 2024 Report (German version) or to pages 16/17 in the Executive Summary H1 2024 (English). They are available on the Company's website under Investor Relations – section Financial Reports / Presentations: [https://www.novavest.ch/en/investor-relations/?section=investor-relations\\_financial-reports-presentations](https://www.novavest.ch/en/investor-relations/?section=investor-relations_financial-reports-presentations)

**NOVAVEST Real Estate AG**

[www.novavest.ch](http://www.novavest.ch)

NOVAVEST Real Estate AG is a Swiss real estate company based in Zurich. It focuses its activities on the management and development of properties used exclusively for residential purposes (rental apartments) and living space for the elderly generation (senior residences, care facilities), and properties for office and commercial use as well as new building projects in all these segments. The share of rental income from residential use shall strategically account for at least 50% of total target rental income. The real estate portfolio comprises properties throughout Switzerland that are, in terms of purely residential properties, located in cities or conurbation areas and/or with good public transport links and easy access by private motor vehicles. For senior residences and care facilities, the properties can be located either in urban or in rural regions of Switzerland. The registered shares of the company are listed on the SIX Swiss Exchange (Ticker NREN, Valor 21218624, ISIN CH0212186248).

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