

Media release, 19 February 2025

Ad hoc announcement pursuant to Art. 53 LR

NOVAVEST Real Estate AG – First measurable success of the merged portfolio

- **Market value of the total portfolio increased by 33% to CHF 1'038.5 million as of 31 December 2024**
- **Increase in target rental income by 42% to CHF 43.6 million; residential share of 59% as of 31 December 2024**
- **Vacancy rate reduced to 2.7% as of 31 December 2024 compared to 4.1% as of 31 December 2023**
- **Earnings from rental activities on a pro forma basis increased by 45% to CHF 35.6 million**
- **Profit excl. revaluation gains pro forma increased to CHF 20.4 million (NREN 2023: CHF 12.7 million)**
- **Proposal to the Annual General Meeting: cash distribution in the form of a par value repayment of CHF 1.40 per registered share, corresponding to a distribution yield of around 4%**

Novavest Real Estate AG («NOVAVEST» or «the Company»; SIX Swiss Exchange: NREN) can look back on a successful 2024 financial year. One of the highlights was the successful merger of NOVAVEST and SenioResidenz AG. It was completed in June 2024 with strong shareholder approval from both companies, and we are delighted that the strategic merger showed its first measurable success in the year of completion, as planned.

The operating result for 2024 was extremely solid, with a pro forma profit excluding revaluation of CHF 20.4 million (NOVAVEST and SenioResidenz on a 12-month basis), reflecting the earnings potential of the merged portfolio in 2024. Based on the result, the Board of Directors will propose to the ordinary Annual General Meeting of 24 March 2025 an increased cash distribution in the form of a par value reduction of CHF 1.40 per registered share, which corresponds to a year-on-year increase of CHF 0.15 per share and a distribution yield of about 4% based on the year-end share price in 2024.

Financial year 2024 results in detail

The merger with SenioResidenz was technically carried out as an absorption merger, with transaction date and commercial register entry on 14 June 2024. For reasons of transparency and materiality, the accounting integration in the annual financial statements in accordance with Swiss GAAP FER was carried out as of 30 June 2024. Therefore, no income from the acquired former SenioResidenz properties is reflected in the income statement according to Swiss GAAP FER for the first half of 2024. In order to present the earnings potential of the combined portfolio as comprehensively and transparently as possible – in line with the first half of 2024 – pro forma figures were also prepared as at 31 December 2024, as if the acquisitions had already taken place on 1 January 2024. The following comments on the income statement figures thus refer to the pro forma figures for the combined portfolio compared to the stand-alone portfolio of NOVAVEST for the previous year 2023.

Target rental income for investment properties at CHF 43.6 million

As a result of the merger and taking into account market valuations and investments in the portfolio, the market value of the overall portfolio as at 31 December 2024 increased by 33% to CHF 1'038.5 million (NREN 31 December 2023: CHF 783.6 million). Target rental income increased by 42% to CHF 43.6 million (NREN 31 December 2023: CHF 30.8 million), mainly attributable to the merger, completion of the development project in St. Gallen and rent adjustments based, among other things, on index and reference interest rate increases. The residential share of the portfolio was 59%. No properties were bought or sold in the 2024 reporting year.

As at 31 December 2024, the vacancy rate of the merged portfolio was 2.7% (NREN 31 December 2023: 4.1%). At the same time, the merger and early lease extensions with existing tenants and newly leased spaces also led to a significant increase in the WAULT for commercial rental contracts to 6.9 years (NREN 31 December 2023: 4.3 years).

Income statement financial year 2024

Based on a pro forma assessment (including SenioResidenz properties from 1 January 2024) rental income of CHF 42.2 million was generated in the 2024 reporting year, which corresponds to an increase of 41% compared to NOVAVEST's previous stand-alone portfolio in 2023 (NREN 2023: CHF 29.9 million). The net yield on investment properties amounted to 3.6% as at 31 December 2024, which was 0.3 percentage points higher than NOVAVEST's stand-alone portfolio at the end of 2023. The gross yield also improved by 0.3 percentage points to 4.4%.

Earnings from rental activities on a pro forma basis increased by 45% to CHF 35.6 million (NREN 2023: CHF 24.7 million), which is attributable not only to merger effects but also to rent adjustments based, among other things, on increases in the index and reference interest rates. Measured against net rental income, pro forma direct expenses for rented investment properties in the 2024 reporting year were 15.6% (NREN 2023: 17.4%).

The valuation of the merged portfolio by the independent real estate valuer Wüest Partner AG resulted in a neutral pro forma result of TCHF +14 for the 2024 financial year (NREN 2023: CHF -20.6 million). The average discount rate for 2024 was 2.9% (NREN 2023: 2.8%). The easing of interest rates on the capital market did not yet have a positive impact on the discount rates applied by the valuer in the 2024 reporting year.

EBIT including the release of negative goodwill of CHF 2.97 million, amounted to CHF 31.7 million on a pro forma basis due to the above-mentioned changes (NREN 2023: CHF -0.6 million). After financial expenses of CHF 7.2 million net and income taxes of CHF 4.0 million, the pro forma profit including revaluation gains for the 2024 financial year amounted to CHF 20.4 million (NREN 2023: CHF -4.0 million). Pro forma profit excluding revaluation gains was also CHF 20.4 million, 61% above the stand-alone value of the NOVAVEST portfolio at the end of 2023 (NREN 2023: CHF 12.7 million). On a pro forma basis, earnings per share including and excluding revaluation gains amounted to CHF 2.01 (NREN 2023: CHF -0.51 incl. or CHF 1.65 excl. revaluation gains). On a pro forma basis, the average number of shares outstanding for the 2024 reporting year is calculated at 10'170'915, the final number of shares after the capital increase due to the merger (NREN 2023: 7'711'434 shares).

Balance sheet as at 31 December 2024

As part of the merger with SenioResidenz, NOVAVEST acquired net assets of CHF 113.5 million. In the transaction, 2'325'479 new NOVAVEST registered shares were issued for the exchange of SenioResidenz registered shares and a further 134'002 NOVAVEST registered shares were issued for the conversion of SenioResidenz's previous mandatory convertible bond. They were entered in the accounts at the closing price of NOVAVEST registered shares of CHF 33.30 on 14 June 2024. Taking acquisition costs of CHF 1.9 million into account, this resulted in negative goodwill of CHF 29.7 million. This will be reversed through profit or loss over five years (with a positive effect of CHF 5.9 million per year in the income statement from the second half of 2024 over the next five years). CHF 2.97 million was taken into account for the second half of 2024.

The balance sheet total of the merged company increased to CHF 1'052.7 million as at 31 December 2024 (NREN 31 December 2023: CHF 793.7 million). Of which, equity amounts to CHF 423.2 million (NREN 31 December 2023: CHF 331.9 million) with an equity ratio of 40.2% (NREN 31 December 2023: 41.8%). The change in equity is due to the NOVAVEST par value repayment of CHF 1.25 per registered share totalling CHF 9.6 million in April 2024, the capital increases in connection with the merger of CHF 81.9 million, and the profit contribution of the 2024 financial year (according to Swiss GAAP FER) of CHF 19.1 million. The net asset value (NAV) per registered share was CHF 41.61 as at the balance sheet date (NREN 31 December 2023: CHF 43.04). The remaining negative goodwill of CHF 26.7 million also has an additional net future NAV value of CHF 2.13 per share after taking into account tax considerations and calculated on the basis of the number of registered shares currently outstanding (10'170'915 shares).

As at the balance sheet date, short and long-term mortgage liabilities totalled CHF 559.1 million (NREN 31 December 2023: CHF 427.2 million). The average remaining term of financial liabilities as at 31 December 2024 was 2.0 years (NREN 31 December 2023: 2.3 years), the average interest rate for mortgage liabilities was 1.2% (NREN 31 December 2023: 1.2%). The loan-to-value ratio of the properties was 53.8% (NREN 31 December 2023: 54.5%).

Sustainability reporting expanded to include the combined portfolio

Sustainability reporting was expanded in the 2024 Annual Report and, in particular, the reporting on environmental performance indicators and the CO₂ reduction pathway were applied to the entire merged portfolio in line with the pro forma presentation of the financial results. The report was prepared in accordance with the GRI Standards and now also includes data in accordance with EPRA standards. For the full Sustainability Report (in German), please refer to the Annual Report 2024.

Governance structure

The Board of Directors has reviewed the Company's current governance structure and, in particular, intensively discussed the expansion of an internal team compared to the existing structure with dedicated management and an external service agreement. The Board is convinced that the current organisation with a Board of Directors, dedicated Executive Board and specialists via a service agreement has advantages and, in particular, provides access to an existing, experienced team of experts for all necessary areas. The lean organisational structure is based on clear governance rules that ensure a strict separation of responsibilities and competences between the Board of Directors, Executive Board and external service provider at all times.

In accordance with the recommendations of the Swiss Code of Best Practice for Corporate Governance, the Board of Directors has decided to carry out a regular self-evaluation of its work and that of its committees as of 2025. It is also considering a periodic external evaluation. An important part of the renewal process at Executive Board level was initiated with the appointment of a new CFO as of September 2024. At the request of the Remuneration Committee, the Board of Directors has decided to fix the CEO's remuneration at TCHF 450 as of the 2025 financial year. It is also examining the introduction of a performance-related remuneration component with a short-term incentive/long-term incentive structure for the Executive Management. An implementation of such a variable remuneration structure would be planned from 2026.

Proposals to the 2025 ordinary Annual General Meeting

All current members of the Board of Directors are standing for re-election at the ordinary Annual General Meeting of 24 March 2025. Thomas Sojak will be proposed for re-election as Chairman of the Board of Directors. Claudia Suter and Daniel Ménard will be proposed for re-election as members of the Compensation Committee.

The Board of Directors also proposes a cash distribution in the form of a par value repayment of CHF 1.40 per registered share. Based on the closing price of the share on 31 December 2024, the yield on the proposed distribution is about 4%. Subject to approval by the Annual General Meeting, the capital reduction will be registered in the commercial register and paid in June 2025.

Outlook

The Board of Directors and the Executive Board are optimistic about the expected developments on the Swiss real estate market in 2025. In view of the continued trend towards lower interest rates and a strong Swiss franc, investments in Swiss residential property remain interesting. NOVAVEST considers itself well positioned with its "Housing for young and old" strategy and aims to continue providing affordable housing for the public in the coming years while benefiting from demographic developments.

The synergy opportunities and potential identified in the merger are being implemented on an ongoing basis, meaning that this can be expected to have a positive impact on profit in 2025. The Board of Directors also decided to examine the sale of individual properties in the amount of CHF 40-70 million as a portfolio optimisation measure. In conjunction with implemented synergies, increased rental income, portfolio optimisations and efficiency gains, the company aims to further increase its attractive distribution policy in the medium term and reduce the loan-to-value ratio of the portfolio. Furthermore, a possible share buyback will be examined from 2025 onwards.

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Key figures 2024

Income Statement	Unit	Pro forma ¹⁾ 2024	Pro forma ¹⁾ 2023	Financial Stat ²⁾ 2024	Financial Stat ²⁾ 2023
Rental income	TCHF	42 189	40 706	36 101	29 860
Income from sale of investment properties	TCHF	0	587	0	538
Other income	TCHF	528	424	771	0
Total operating income	TCHF	42 717	41 717	36 872	30 397
Direct operating expenses for investment properties	TCHF	-6 595	-6 535	-5 734	-5 190
Personnel expenses	TCHF	-803	-757	-803	-757
Consulting expenses	TCHF	-1 279	-1 263	-1 126	-864
Administrative expenses	TCHF	-5 346	-5 429	-4 422	-3 556
Total operating expenses	TCHF	-14 024	-13 985	-12 085	-10 366
Total earnings from revaluation of real estate investments	TCHF	14	-43 169	1 078	-20 595
Dissolution of negative goodwill (badwill)	TCHF	2 972	2 972	2 972	0
Earnings before interest and taxes EBIT)	TCHF	31 679	-12 466	28 836	-563
Net financial result	TCHF	-7 197	-6 374	-6 101	-4 610
Income taxes	TCHF	-4 039	4 489	-3 625	1 205
Earnings / loss incl. effects from revaluation / deferred	TCHF	20 442	-14 349	19 110	-3 969
Earnings excl. effects from revaluation / deferred taxes ³⁾	TCHF	20 430	20 402	18 237	12 701
Earnings/loss per share incl. effects revaluation/deferred taxes	CHF	2.01	-1.41	2.11	-0.51
Earnings per share excl. effects revaluation/deferred taxes	CHF	2.01	2.01	2.01	1.65
Average number of shares used to calculate EPS	Number	10 170 915	10 170 915	9 057 993	7 711 434

Bilanz	Unit	Financial Stat ²⁾ 31.12.2024	Financial Stat ²⁾ 31.12.2023
Total assets	TCHF	1 052 739	793 705
Equity	TCHF	423 240	331 869
Equity ratio	%	40.2	41.8
Total mortgage liabilities	TCHF	559 131	427 165
Leverage ratio	%	59.8	58.2
Loan-to-value ratio of properties	%	53.8	54.5
Net Gearing ⁴⁾	%	131.3	127.9
Net Asset Value (NAV) ⁵⁾	CHF	41.61	43.04
Future NAV-value from amortisation of negative goodwill	CHF	2.13	n/a

Portfolio	Unit	Financial Stat ²⁾ 31.12.2024	Financial Stat ²⁾ 31.12.2023
Total real estate portfolio	TCHF	1 038 530	783 619
Number of investment properties	Number	73	51
Number of properties in projects	Number	2	2
Gross yield ⁶⁾	%	4.4	4.1
Net yield ⁷⁾	%	3.6	3.3
Vacancy rate excluding projects	%	2.7	4.1
Average discount rate for revaluation	%	2.9	2.8
Average interest rate financial liabilities	%	1.2	1.2
Average remaining life of financial liabilities	Years	2.0	2.3

¹⁾ Pro forma information on the income statement includes 12 months of NOVAVEST and SenioResidenz. The dissolution of negative goodwill is only taken into account for the H2 periods with CHF 2.97 million. The pro forma 2023 income statement corresponds to the pro forma information in the merger prospectus, but with an adjusted negative goodwill release of CHF 2.97 million for only half a year.

²⁾ Novavest Real Estate AG annual financial statements in accordance with Swiss GAAP FER.

³⁾ 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

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

⁵⁾ Total equity per registered share issued at balance sheet date.

⁶⁾ 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.

⁷⁾ 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 170/171 of the Annual Report 2024 (German version) or to pages 20/21 in the Executive Summary Fiscal Year 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

NOVAVEST Real Estate AG

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).

Disclaimer

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