EPIC SUISSE

Half-Year Report 2024

EPIC at a Glance

EPIC Suisse AG is a Swiss real estate company with a high-quality property portfolio mainly located in Switzerland's major economic hubs, specifically the Lake Geneva Region and the Zurich Economic Area. The company has a strong track record in sourcing, acquiring, (re)developing and actively managing commercial properties in Switzerland. EPIC has been listed on SIX Swiss Exchange since May 2022.

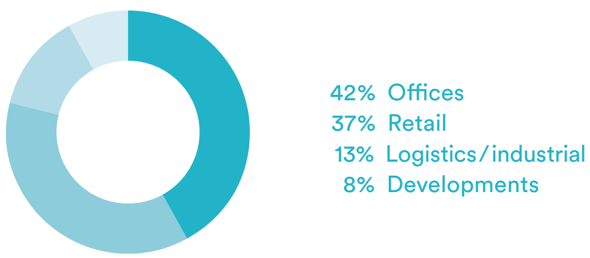
Our portfolio as at 30 June 2024

Market value of the portfolio

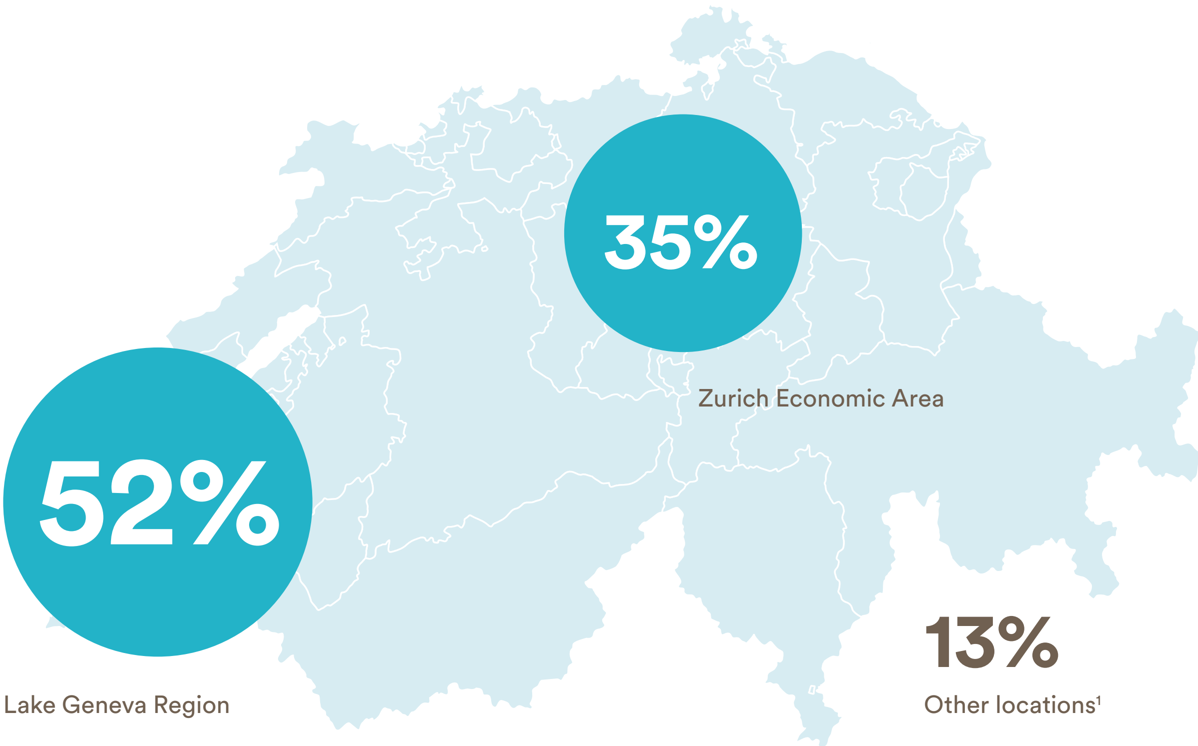
CHF

1.6 billion

Portfolio by use
Based on market value



Portfolio by region
Based on market value



25
Properties

324’538 m²
Rentable area of investment properties in operation

7.9 years
WAULT

4.5 %
Net rental income yield of investment properties in operation (annualised)

[1] Other locations refer to the properties in Glarus, St. Gallen and Roggwil.

Key Figures

Result	Unit	H1 2024	H1 2023
Rental income from real estate properties	CHF ('000)	32'644	32'872
Net operating income (NOI)[1]	CHF ('000)	30'278	30'738
Net gain (loss) from revaluation of properties	CHF ('000)	8'728	(5'885)
EBITDA (incl. revaluation of properties)	CHF ('000)	34'826	20'654
EBITDA (excl. revaluation of properties)	CHF ('000)	26'098	26'539
Profit (incl. revaluation effects)	CHF ('000)	22'897	11'230
Profit (excl. revaluation effects)[2]	CHF ('000)	19'914	20'856
Net rental income yield properties in operation (annualised)	%	4.5%	4.6%

Balance sheet	Unit	30 Jun 2024	31 Dec 2023
Total assets	CHF ('000)	1'614'536	1'578'434
Equity (NAV)	CHF ('000)	795'658	804'943
Equity ratio	%	49.3%	51.0%
Return on equity (incl. revaluation effects)[3] (annualised for H1 2024)	%	5.7%	2.2%
Return on equity (excl. revaluation effects)[4] (annualised for H1 2024)	%	5.0%	5.0%
Mortgage-secured bank loans	CHF ('000)	648'923	610'256
Weighted average interest rate on mortgage-secured bank loans	%	1.3%	1.3%
Weighted average residual maturity of mortgage-secured bank loans	Years	4.3	4.5
Net loan to value (LTV) ratio[5]	%	40.8%	38.9%

Portfolio	Unit	30 Jun 2024	31 Dec 2023
Total portfolio	CHF ('000)	1'578'304	1'535'538
Investment properties in operation	CHF ('000)	1'449'734	1'441'248
Investment properties under development/construction	CHF ('000)	128'570	94'290
WAULT (weighted average unexpired lease term)	Years	7.9	8.1
		H1 2024	H1 2023
Reported vacancy rate (properties in operation)	%	4.8%	4.4%
Adjusted vacancy rate (properties in operation)[6]	%	n/a	2.8%

Information per share	Unit	30 Jun 2024	31 Dec 2023
Number of outstanding shares as at period end	# ('000)	10'330	10'330
Net asset value (NAV) per share	CHF	77.02	77.92
Share price on SIX Swiss Exchange	CHF	72.00	65.60
		H1 2024	H1 2023
Weighted average number of outstanding shares	# ('000)	10'330	10'330
Earnings per share (incl. revaluation effects)	CHF	2.22	1.09
Earnings per share (excl. revaluation effects)	CHF	1.93	2.02

[1] Rental income from real estate properties plus other income less direct expenses related to properties
[2] Profit after tax before other comprehensive income excluding revaluation of properties and derivatives and related deferred taxes as well as any related foreign exchange effects
[3] Profit after tax before other comprehensive income divided by the average IFRS NAV. The average IFRS NAV corresponds to ½ of the sum of the IFRS NAV at the beginning and at the end of the reporting period
[4] Profit after tax before other comprehensive income excluding revaluation of properties and derivatives and related deferred taxes as well as any related foreign exchange effects divided by the average IFRS NAV. The average IFRS NAV corresponds to ½ of the sum of the IFRS NAV at the beginning and at the end of the reporting period
[5] Ratio of net debt to the market value of total real estate properties including the right-of-use of the land
[6] Reported vacancy rate adjusted for absorption and strategic vacancy in certain properties in operation (i.e. Zänti Volketswil, Biopôle Serine)
For alternative performance measures' descriptions, please refer to page 50

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Letter to Shareholders

Dear shareholders,

We are happy to present to you solid results for the first six months of 2024. As you will see in the following pages of this report, during these six months we have successfully consolidated the substantial growth that we experienced in the previous year, while also progressing well on our exciting development pipeline, in order to provide healthy fundamentals for further future growth.

Rental income and vacancy

Following the substantial growth of 6.3% in net rental income in FY 2023 compared to FY 2022, we are pleased to report that the 2024 half-year net rental income of CHF 32.6 million is largely in line with the same period last year at CHF 32.9 million.

The reported vacancy rate slightly increased from 4.4% in H1 2023 to 4.8% in H1 2024, generally driven by tenants' movements as part of the ordinary course of business and the lead time to find a replacement tenant for a vacated area.[1]

CHF

32.6

million of rental income

Value of real estate portfolio at CHF 1.6 billion

The value of the real estate portfolio increased by 2.8% compared to 31 December 2023 and amounted to CHF 1'578.3 million as at 30 June 2024. The increase is mainly due to the investments made in the construction of our ongoing development projects as well as a net unrealised revaluation gain of CHF 8.7 million.

Further business update within the portfolio and regarding project developments
We continued to show progress with our development pipeline during H1 2024. The construction of our PULSE project is running on time and we are very pleased to have signed the first significant rental contracts amounting to CHF 1.6 million[2] with contractual maturities of 10 years[3], almost one year ahead of its completion. These new leases represent circa 21% of the total annual rental target of CH 7.5 million previously communicated by the Company. The leases were signed with (i) Thermo Fisher Scientific (Ecublens) SARL (part of Thermo Fisher Scientific Inc. NYSE: TMO) which will move their local operations to PULSE, (ii) Kidelis SA, a subsidiary of Eldora SA, one of Switzerland leading restaurant chains with over 300 restaurants, and (iii) an operator for a crèche facility primarily for children of the PULSE tenants' employees working on site. We are also in discussion with other potential future tenants that express interest to move to PULSE. The location of PULSE near Lausanne, the flexible and modular space that can be tailored to tenants' specific needs and the ultra-modern design were convincing facts to our new tenants.

4.8 %
vacancy rate

Our building Biopôle Serine, our latest completed development, is now fully let with the final tenant having moved into the building during June 2024. As a reminder, based on lettable area in m², the previous vacancy as at 30 June 2023 amounted to 20% based on signed contracts at the time.

Construction of the next phase of Campus Leman (Building C) commenced in April 2023 and we expect the building to be completed in H1 2025, with the anchor tenant Incyte committing to an additional floor in the building from its previously committed two floors, bringing its commitment to approximately half of the building.

A public enquiry for our preliminary building permit in Nexus Brunnpark in Roggwill took place during H1 2024, and we were pleased that no objections were raised by the public. At the moment, coordination measures are being implemented in dialogue with the authorities and we expect the preliminary building permit to be approved during H2 2024.

Finally, a public enquiry also took place during H1 2024 for our development project En Molliau in Tolochenaz. We were informed by the municipality that a relatively low number of objections were raised, and these are now being dealt with between the municipality and the opposers directly. In parallel, the municipality is working on different necessary steps with the landowners, before the masterplan is presented to the Town Council for final approval. As previously communicated, we continue to follow this process closely and with great interest.

Solid financing
Our balance sheet remains solid with an equity of CHF 795.7 million as at 30 June 2024 compared to CHF 804.9 million as at 31 December 2023 and with a net loan to value (LTV) ratio of 40.8% as at 30 June 2024 compared to 38.9% as at 31 December 2023. For more details and analysis of our H1 2024 results please refer also to the Report on the Half-Year results on the following page.

A word of thanks
As usual, the solid financial statements which you will find in the following pages were only possible thanks to our dedicated team, whom we would like to thank for their commitment. We look forward to continuing our exciting journey and to working together with all our stakeholders.

Sincerely,

Roni Greenbaum	Arik Parizer
Chairman	Chief Executive Officer

[1] For a glossary of the alternative performance measures, please refer to page 50 of this Half-Year Report
[2] Excluding any rent-free periods or any other incentives
[3] Excluding any early breaks or options

Report on the Half-Year Results

A year of consolidation until completion of our 2 ongoing developments in H1 2025
Rental income from real estate properties in H1 2024 amounted to CHF 32.6 million and remained overall in line with H1 2023 levels, showing an immaterial decrease of CHF 0.2 million. The net annualised rental income yield of our properties in operation stays attractive at 4.5% compared to 4.6% in the previous reporting period.

Thus, the net operating income amounted to CHF 30.3 million for the first half-year 2024 versus CHF 30.7 million for the same period in 2023, also driven by a CHF 0.2 million reduction in other income when comparing the two periods. The business continues to generate healthy net operating income margins above 90%, at 90.4% in H1 2024 compared to 90.7% in H1 2023.

The construction of each of our ongoing developments (PULSE and Campus Leman (Building C)) is progressing according to expectations and their capital expenditures were the main contributing factor to the 2.8% value increase of our real estate portfolio to CHF 1'578.3 million (CHF 1'535.5 million as at 31 December 2023). In addition, following the reappraisal of all properties by the independent real estate valuer Wüest Partner AG by the end of June 2024, all sectors contributed to the portfolio total revaluation uplift of CHF 8.7 million, with the principal driver being the developments' advancement. The real discount rates applied as at 30 June 2024 resulted in a weighted average of 3.39%, equivalent to the one of 31 December 2023.

CHF
1'578
million portfolio value

The group generated an EBITDA of CHF 34.8 million in H1 2024 compared to CHF 20.7 million in H1 2023, or CHF 26.1 million and CHF 26.5 million respectively, when excluding the revaluation of properties, mostly due to the slight reductions in the previously mentioned top line and other income. Total operating expenses revealed little fluctuations between the two reporting periods.

The financial result in the first six months of 2024 totalled CHF 8.1 million compared to CHF 7.9 million in the first six months of the previous year. Derivative financial instruments and the related underlying USD loans, used for hedging and cost efficiency purposes, are revalued at each period end, with any fair value changes recognised in the statement of profit or loss under financial result. Those unrealised revaluation gains or losses will unwind over the respective contracts' duration, and therefore do not impact the group's operations, cash flows or dividend distributions, as already mentioned in earlier financial reports. When disregarding the unrealised revaluation effects on the derivative financial instruments and related underlying USD loans, the adjusted financial result displayed a CHF 0.6 million expense increase, primarily due to additional net bank loan charges caused predominantly by a higher SARON and debt level during the period.

CHF 22.9 million of profit was generated in the first half of 2024 versus CHF 11.2 million for the previous analogous period. After adjusting for revaluation effects, profit amounted to CHF 19.9 million compared to CHF 20.9 million, reflecting principally the above-mentioned increase in banking costs and minor decrease in total income.

The reported vacancy rate of our investment properties in operation during the first six months of this year stayed below 5.0%, at 4.8% versus 4.4% in the corresponding prior period.

The WAULT as at 30 June 2024 remained long at 7.9 years compared to 8.1 years as at the end of December 2023, notwithstanding the passing of time effect (0.5 years).

Capital expenditure
The majority of our capital expenditures, totalling CHF 34.1 million in the first six months of the year, was allocated to our ongoing developments, with CHF 24.4 million invested in project PULSE in Cheseaux-sur-Lausanne and CHF 4.4 million in Campus Leman (Building C) in Morges.

Strong capital base
As at 30 June 2024, the group's equity stands at CHF 795.7 million with a net asset value per share of CHF 77.02 (CHF 804.9 million and CHF 77.92 respectively as at 31 December 2023).

In May 2024, the dividend per share was increased to CHF 3.10 from CHF 3.00 in May 2023, corresponding to a competitive yield of 4.7% based on the closing share price at the end of last year.

77% of our bank loans as at 30 June 2024 were hedged using either fixed interest rates or interest rate swaps (79% as at 31 December 2023). Bank debt increased marginally by CHF 32.9 million (net of amortisation and excluding any foreign exchange revaluation effects on the USD loans) leading to a net loan to value ratio of 40.8% (38.9% by the end of December 2023).

CHF
77.02
net asset value per share

We do not expect any issue with the renewal of our fixed rate banking tranches of CHF 66.7 million coming to maturity in the first half of 2025. As at 30 June 2024, the weighted average residual maturity of our mortgage-secured bank loans corresponded to 4.3 years compared to 4.5 years at the end of December 2023.

Outlook
Assuming no materially adverse impact on our operations going forward, we reconfirm a robust net rental income level for the full year 2024 in line with the previous year. We expect the lettings in our developments, PULSE and Campus Leman (Building C), to bring the next sizeable uplift in rental income.

Sincerely,

Valérie Scholtes
Chief Financial Officer

Consolidated statement of profit or loss and other comprehensive income

CHF ('000)	Notes	H1 2024	H1 2023
Rental income from real estate properties	7	32'644	32'872
Other income		834	1'005
Total income		**33'478**	**33'877**
Gains from revaluation of properties	15	12'152	4'986
Losses from revaluation of properties	15	(3'419)	(10'871)
Gain (loss) on disposals	15	(5)	-
Net gain (loss) from revaluation		**8'728**	**(5'885)**
Direct expenses related to properties	8	(3'200)	(3'139)
Personnel expenses	9	(2'323)	(2'353)
Operating expenses	10	(632)	(571)
Administrative expenses	11	(1'225)	(1'275)
Total operating expenses		**(7'380)**	**(7'338)**
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**34'826**	**20'654**
Depreciation		(99)	(96)
Earnings before interest and tax (EBIT)		**34'727**	**20'558**
Financial income	12	9'641	2'247
Financial expenses	12	(17'724)	(10'113)
Financial result		**(8'083)**	**(7'866)**
Earnings before tax (EBT)		**26'644**	**12'692**
Income tax expenses	13	(3'747)	(1'462)
Profit		**22'897**	**11'230**
Items that will not be reclassified subsequently to profit and loss			
Remeasurement of defined benefit obligations (net of taxes)		-	-
Total comprehensive income		**22'897**	**11'230**
Weighted average number of outstanding shares (in '000)		10'330	10'330
Basic and diluted earnings per share (in CHF)	22	2.22	1.09

Consolidated statement of financial position

CHF ('000)	Notes	30 Jun 2024	31 Dec 2023
ASSETS			
Current assets			
Cash and cash equivalents		5'685	12'355
Tenant receivables	14	1'030	896
Other receivables		3'023	1'520
Current derivative financial assets	19	5'838	6'051
Accrued income and prepaid expenses		2'660	2'043
Total current assets		**18'236**	**22'865**
Non-current assets			
Real estate properties			
– Investment properties in operation	15	1'449'734	1'441'248
– Investment properties under development/construction	15	128'570	94'290
Total real estate properties		**1'578'304**	**1'535'538**
Other intangible assets		9	9
Other tangible assets		276	319
Right-of-use assets		335	391
Non-current derivative financial assets	19	7'674	10'333
Other non-current financial assets		50	50
Other non-current assets	16	6'270	6'134
Deferred tax assets		280	217
Accrued income		3'102	2'578
Total other non-current assets		**17'996**	**20'031**
Total non-current assets		**1'596'300**	**1'555'569**
Total assets		**1'614'536**	**1'578'434**

Consolidated statement of financial position (continued)

CHF ('000)	Notes	30 Jun 2024	31 Dec 2023
LIABILITIES			
Current liabilities			
Current financial liabilities	17	70'783	4'500
Current derivative financial liabilities	19	270	57
Trade payables		14'695	5'212
Current income tax liabilities		1'863	1'977
Other payables		975	879
Accrued expenses and deferred income	18	11'118	11'007
Total current liabilities		**99'704**	**23'632**
Non-current liabilities			
Non-current financial liabilities	17	591'504	619'297
Non-current derivative financial liabilities	19	4'104	9'322
Pension obligations		531	531
Deferred tax liabilities		123'035	120'709
Total non-current liabilities		**719'174**	**749'859**
Total liabilities		**818'878**	**773'491**
EQUITY			
Share capital	21	413	413
Share premium	21	399'689	431'712
Retained earnings		395'556	372'818
Total equity		**795'658**	**804'943**
Total liabilities and equity		**1'614'536**	**1'578'434**
Number of outstanding shares as at period end (in '000)	21	10'330	10'330
Net asset value (NAV) per share (in CHF)	22	77.02	77.92

Consolidated statement of cash flows

CHF ('000)	Notes	H1 2024	H1 2023
A – Operating activities			
Earnings before tax (EBT)		**26'644**	**12'692**
Adjustments for:			
– Financial result	12	8'083	7'866
– Revaluations of properties	15	(8'728)	5'885
– Depreciation		99	96
– Share-based compensation		155	160
– Other		14	(3)
Changes:			
– Tenant net receivables		(135)	322
– Other receivables, accrued income and prepaid expenses		(550)	(259)
– Trade payables		(656)	(304)
– Other payables, accrued expenses and deferred income		712	1'613
Interest received		43	6
Income tax paid		(1'693)	(1'870)
Net cash flows from operating activities		**23'988**	**26'204**
B – Investment activities			
Investments in real estate properties	15	(26'554)	(17'046)
Proceeds from disposals	15	18	-
Net cash flows used in investment activities		**(26'536)**	**(17'046)**
C – Financing activities			
Proceeds from bank debt	17	34'800	137'420
Repayment of bank debt	17	(1'912)	(115'382)
Bank interest paid		(4'240)	(3'554)
Lease payments		(432)	(434)
Dividends paid to shareholders		(32'023)	(30'990)
Acquisition of treasury shares		(315)	(197)
Net cash flows from financing activities		**(4'122)**	**(13'137)**
Net change in cash		**(6'670)**	**(3'979)**
Net cash at the beginning of the period		12'355	20'338
Net cash at the end of the period		**5'685**	**16'359**

Consolidated statement of changes in equity

CHF ('000)	Notes	Share capital	Share premium	Treasury shares	Retained earnings	Total equity
As at 31 Dec 2022		**413**	**462'702**		**355'297**	**818'412**
Profit					11'230	11'230
Other comprehensive income					-	-
Total comprehensive income					**11'230**	**11'230**
Share-based compensation					160	160
Dividend distribution	21		(30'990)			(30'990)
Acquisition of treasury shares				(196)		(196)
Delivery of share-based compensation				196	(196)	-
As at 30 Jun 2023		**413**	**431'712**	**-**	**366'491**	**798'616**
As at 31 Dec 2023		**413**	**431'712**	**-**	**372'818**	**804'943**
Profit					22'897	22'897
Other comprehensive income					-	-
Total comprehensive income					**22'897**	**22'897**
Share-based compensation					155	155
Dividend distribution	21		(32'023)			(32'023)
Acquisition of treasury shares				(314)		(314)
Delivery of share-based compensation				314	(314)	-
As at 30 Jun 2024		**413**	**399'689**	**-**	**395'556**	**795'658**

Notes to the consolidated interim financial statements

1 Reporting entity

EPIC Suisse AG (hereafter the “Company”) was incorporated on 5 December 2016 and is organised under the laws of Switzerland for an unlimited period. The Company was listed on 25 May 2022 on the SIX Swiss Exchange and, with its direct and indirect subsidiaries together, is referred to as (the) “EPIC Group”.

The registered office of the Company is established in Zurich, Switzerland.

EPIC Group operates in the real estate sector and its activities generally include the investment in the holding and management of investment properties. The strategy is to hold investment properties with the view to generate stable and sustainable results for the long term.

The Company holds 16 subsidiaries which own 25 properties. All entities are ultimately controlled by the indirect majority shareholder Alrov Properties & Lodgings Ltd (“Alrov”, together with its subsidiaries, the “Alrov Group”), which prepares consolidated financial statements in accordance with the accounting International Financial Reporting Standards (the “IFRS Accounting Standards”). Since April 2024, Alrov Ventures Ltd, a 100% subsidiary of Alrov, holds the participation in EPIC Suisse AG, being 56.5% of the shares.

2 Accounting framework

The unaudited consolidated interim financial statements as at 30 June 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting and comply with legislation in Switzerland as well as with Article 17 of the Directive on Financial Reporting (DFR) of the SIX Swiss Exchange. They do not include all the information required for a complete set of IFRS financial statements and should therefore be read in conjunction with the consolidated financial statements as at 31 December 2023. The Company’s financial year starts on 1 January and ends on 31 December.

The same consolidation, accounting and valuation principles have been applied as for the consolidated financial statements as at 31 December 2023. The definitions of the alternative performance measures can be found under the section “Alternative Performance Measures”.

IFRS 18 Presentation and Disclosure in Financial Statements was issued by the International Accounting Standards Board in April 2024. IFRS 18 is effective on 1 January 2027 and is required to be applied retrospectively to comparative periods presented, with early adoption permitted. IFRS 18 upon adoption replaces IAS Standards 1 – Presentation of Financial Statements. IFRS 18 sets out new requirements regarding:

- the structure of the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows;
- the disclosures in the notes to the consolidated financial statements about management-defined performance measures (i.e. non-IFRS measures); and
- the aggregation and disaggregation of information in the primary financial statements and notes.

IFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, but it might change certain classifications. The Company is currently assessing the impact of adopting IFRS 18.

The consolidated interim financial statements as at 30 June 2024 were authorised for issue by the Company's Board of Directors on 19 August 2024.

3 Basis of preparation

The consolidated interim financial statements have been prepared on a historical cost basis, except for investment properties and derivative financial instruments that have been measured at fair value.

The consolidated interim financial statements are presented in Swiss francs (CHF), which is the functional currency of the Company and its subsidiaries. All values are rounded to the nearest thousand Swiss francs unless otherwise stated.

Certain numerical figures set out in the consolidated interim financial statements have been subject to rounding adjustments and, as a result, the totals of the data in the consolidated interim financial statements may vary slightly from the actual arithmetic totals of such information.

4 Basis of consolidation

A list of the consolidated entities is set out below:

		Share capital	Capital and voting interests	
Legal entity name	D	30 Jun 2024 CHF	30 Jun 2024 %	31 Dec 2023 %
EPIC Suisse AG	CH	413'203		
P.I.H. Property Investment Holdings Luxembourg S.A. ("PIH")	LU	n/a	n/a	100%
EPiC ONE Property Investment AG ("EPiC 1")	CH	100'000	100%	100%
EPiC THREE Property Investment AG ("EPiC 3")	CH	110'000	100%	100%
EPiC FIVE Property Investment AG ("EPiC 5")	CH	100'000	100%	100%
EPiC SEVEN Property Investment AG ("EPiC 7")	CH	100'000	100%	100%
EPiC NINE Property Investment AG ("EPiC 9")	CH	206'100	100%	100%
EPiC TEN Property Investment AG ("EPiC 10")	CH	120'000	100%	100%
EPiC ELEVEN Property Investment AG ("EPiC 11")	CH	100'000	100%	100%
EPiC TWELVE Property Investment AG ("EPiC 12")	CH	100'000	100%	100%
EPiC SIXTEEN Property Investment AG ("EPiC 16")	CH	210'000	100%	100%
EPiC NINETEEN Property Investment AG ("EPiC 19")	CH	100'000	100%	100%
EPiC TWENTY Property Investment AG ("EPiC 20")	CH	100'000	100%	100%
EPiC TWENTY-ONE Property Investment AG ("EPiC 21")	CH	100'000	100%	100%
EPiC TWENTY-TWO Property Investment AG ("EPiC 22")	CH	100'000	100%	100%
EPiC TWENTY-THREE Property Investment AG ("EPiC 23")	CH	100'000	100%	100%
EPiC TWENTY-FOUR Property Investment AG ("EPiC 24")	CH	240'000	100%	100%
EPIC Suisse Property Management GmbH ("EPIC SPM")	CH	20'000	100%	100%

D = Domicile, CH = Zurich, Switzerland, LU = Luxembourg City, Luxembourg

In the text, the Swiss subsidiaries' name will be abbreviated as follows: "EPiC 1" for EPiC ONE Property Investment AG, etc. and "EPIC SPM" for EPIC Suisse Property Management GmbH, the management company.

P.I.H. Property Investment Holdings Luxembourg SA ("PIH"), the former holding company of most of the subsidiaries (except EPiC 20 and EPiC 21 directly held by the Company and EPiC 24 directly held by EPiC 7), has been merged into the Company as at 3 May 2024, with an effective date for accounting purposes of 1 January 2024. As the Company held all of the shares in PIH, neither a capital increase nor a share allocation was required.

5 Critical accounting judgments and key sources of estimation uncertainty

The IFRS Accounting Standards require management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Revisions to the accounting estimates are recognised in the year in which the estimates are revised if the revisions affect only that period, or in the year of the revisions and future periods if the revisions affect both current and future periods.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the following reporting periods is included in the following notes:

- Note 15 – Real estate properties – determining the fair value of the investment properties in operation and investment properties under development/construction requires the application of valuation techniques and the use of various estimates and assumptions.
- Note 13 – Income tax expenses – the determination of current and deferred tax assets and liabilities is based on estimates.

6 Segment reporting

Two operating and reporting segments have been identified based on management's approach to monitoring the business. EPIC Group's primary decision-making authority is the Company's Board of Directors. The group's operating activities are divided in accordance to the real estate properties' classification: (i) Investment properties in operation and (ii) Investment properties under development/construction. Investment properties categorised under "development/construction" are to be held thereafter by the group for renting (i.e. no intention to be sold). An additional description of the two segments is included in the accounting policy for real estate properties in Note 28 of the consolidated financial statements as at 31 December 2023.

Each property is classified under one category, with the exception of two properties as at 30 June 2024, which have a yielding part as well as a development part. In EPiC 19, the property is undergoing various phases of development – the second and third phases (Buildings C & D) remain in the development segment (see further below). The same applies to the land reserve in EPiC 21, which is located adjacent to the land of an existing logistics site which generates rental income. A property under development/construction will move to the category Investment properties in operation once the development or construction (for all or part of the property in case of construction undertaken in phases) has been fully completed.

Expenses are only allocated to the segments down to "Net operating income", which is defined as rental income and other income minus direct expenses related to the properties. This is the measure of profit or loss used by the Board of Directors to review the performance of the segments. Segment assets and liabilities reported to the Board of Directors only include real estate properties and mortgage-secured bank loans as well as the derivative financial assets and liabilities.

Since EPIC Group operates exclusively in Switzerland, no information on geographical areas is presented.

	H1 2024				
CHF ('000)	Invest. prop. in operation	Invest. prop. under D/C[1]	Total Segments	Reconciliation	Total Group
Rental income	32'643	1	32'644	-	32'644
Other income	742	92	834	-	834
Total income	**33'385**	**93**	**33'478**	**-**	**33'478**
Direct expenses related to the properties	(3'077)	(123)	(3'200)	-	(3'200)
Net operating income	**30'308**	**(30)**	**30'278**	**-**	**30'278**
Personnel expenses				(2'323)	(2'323)
Operating expenses				(632)	(632)
Administrative expenses				(1'225)	(1'225)
Total other operating expenses				**(4'180)**	**(4'180)**
EBITDA before portfolio revaluation					**26'098**
Net gain (loss) from revaluation	3'293	5'440	8'733	-	8'733
Gain (loss) on disposals	(5)	-	(5)	-	(5)
EBITDA after portfolio revaluation	**33'596**	**5'410**	**39'006**	**(4'180)**	**34'826**
Depreciation				(99)	(99)
EBIT					**34'727**

	30 Jun 2024				
Assets					
Real estate properties fair value	1'449'734	128'570	1'578'304	-	1'578'304
Derivative financial assets	13'512	-	13'512	-	13'512
Total segment assets	**1'463'246**	**128'570**	**1'591'816**	**-**	**1'591'816**
Assets not split between segments				22'720	22'720
Total assets	**1'463'246**	**128'570**	**1'591'816**	**22'720**	**1'614'536**
Liabilities					
Mortgage-secured bank loans	648'923	-	648'923	-	648'923
Derivative financial liabilities	4'374	-	4'374	-	4'374
Total segment liabilities	**653'297**	**-**	**653'297**	**-**	**653'297**
Liabilities not split between segments				165'581	165'581
Total liabilities	**653'297**	**-**	**653'297**	**165'581**	**818'878**

[1] Invest. prop. under D/C stands for Investment properties under development/construction

	H1 2023				
CHF ('000)	Invest. prop. in operation	Invest. prop. under D/C[1]	Total Segments	Reconciliation	Total Group
Rental income	32'869	3	32'872	-	32'872
Other income	729	276	1'005	-	1'005
Total income	**33'598**	**279**	**33'877**	**-**	**33'877**
Direct expenses related to the properties	(3'115)	(24)	(3'139)	-	(3'139)
Net operating income	**30'483**	**255**	**30'738**	**-**	**30'738**
Personnel expenses				(2'353)	(2'353)
Operating expenses				(571)	(571)
Administrative expenses				(1'275)	(1'275)
Total other operating expenses				**(4'199)**	**(4'199)**
EBITDA before portfolio revaluation					**26'539**
Net gain (loss) from revaluation	(9'109)	3'224	(5'885)	-	(5'885)
EBITDA after portfolio revaluation	**21'374**	**3'479**	**24'853**	**(4'199)**	**20'654**
Depreciation				(96)	(96)
EBIT					**20'558**

	31 Dec 2023				
Assets					
Real estate properties fair value	1'441'248	94'290	1'535'538	-	1'535'538
Derivative financial assets	16'384	-	16'384	-	16'384
Total segment assets	**1'457'632**	**94'290**	**1'551'922**	**-**	**1'551'922**
Assets not split between segments				26'512	26'512
Total assets	**1'457'632**	**94'290**	**1'551'922**	**26'512**	**1'578'434**
Liabilities					
Mortgage-secured bank loans	610'256	-	610'256	-	610'256
Derivative financial liabilities	9'379	-	9'379	-	9'379
Total segment liabilities	**619'635**	**-**	**619'635**	**-**	**619'635**
Liabilities not split between segments				153'856	153'856
Total liabilities	**619'635**	**-**	**619'635**	**153'856**	**773'491**

[1] Invest. prop. under D/C stands for Investment properties under development/construction

There are no differences between the accounting and valuation principles used for segment reporting and those used for the preparation of the consolidated interim financial statements. For details about the amounts invested in the segments during the period, please refer to Note 15.

7 Rental income from real estate properties

CHF ('000)	H1 2024	H1 2023
Investment properties in operation	32'643	32'869
Investment properties under development/construction	1	3
Total rental income from real estate properties	**32'644**	**32'872**

Total rental income from real estate properties remained overall stable between the two periods (variation of -0.7%).

The real estate properties are leased to tenants under operating leases with the vast majority of rents payable monthly or quarterly. Rentals are mainly fixed and linked to the development of a consumer price index. Rental agreements generally contain an index clause stating that rents may be adjusted on the basis of the consumer price index. As at 30 June 2024, 88.6% of the rental income (on a weighted average basis excluding rent incentives) is linked to indexation based on the consumer price index.

Over the two periods presented, variable rent depending on the tenant's sales represented less than 1% of the rental income.

The group is exposed to changes in the residual value at the end of the current leases. However, because the group typically enters into new operating leases, it will not immediately realise any reduction in residual value at the end of these leases. Nevertheless, expectations about the future residual values are reflected in the fair value of the properties which impacts the group's profit.

The five largest tenants (tenants belonging to the same group are shown under the group's name) measured according to their first half-year rental income are shown in the below table:

CHF ('000) / %	H1 2024		H1 2023	
Coop group	6'574	20.1%	6'484	19.7%
Migros group	2'839	8.7%	2'723	8.3%
Centre Hospitalier Universitaire Vaudois group	2'322	7.1%	2'640	8.0%
GXO Logistics Switzerland S.A.G.L.	2'107	6.5%	2'080	6.3%
Hitachi Zosen Inova AG	1'896	5.8%	1'857	5.7%
The five largest tenants	**15'738**	**48.2%**	**15'784**	**48.0%**

8 Direct expenses related to properties

CHF ('000)	H1 2024	H1 2023
Maintenance costs for real estate	891	1'006
Energy and ancillary costs	481	382
Insurances	420	442
Management costs for real estate	130	139
Property tax expenses	613	584
Other direct costs	665	586
Total direct expenses related to properties	**3'200**	**3'139**

Direct expenses encompass costs in relation to the properties that cannot be passed on to the tenants.

Other direct costs include amongst other things the provisions for doubtful debts (see Note 14 for further details).

Total direct expenses related to properties in H1 2024 are generally in line with H1 2023.

9 Personnel expenses

CHF ('000)	H1 2024	H1 2023
Salaries	1'857	1'787
Social security contributions	122	132
Expenses for defined benefit plans	123	121
Other personnel expenses	(6)	83
Board member expenses	227	230
Total personnel expenses	**2'323**	**2'353**
Number of employees (#) in Switzerland		
Number of employees at period end	22	22
Full-time equivalents at period end	19.2	18.7
Number of Board members (#)		
Number of Board members receiving a fee at period end	4	4

Total personnel expenses are at similar levels over the two periods. Other personnel expenses show an income in H1 2024 mostly due to insurance compensations (maternity and sickness leave) and lower recruitment costs. For more information about related parties, please refer to Note 24.

10 Operating expenses

CHF ('000)	H1 2024	H1 2023
Rent	51	50
Travel and representation expenses	86	76
Other operating expenses (such as IT, general office expenses, non-recoverable VAT, capital taxes)	495	445
Total operating expenses	**632**	**571**

Total operating expenses remained broadly stable at CHF 0.6 million in each period.

11 Administrative expenses

CHF ('000)	H1 2024	H1 2023
Legal fees	177	168
Tax consultancy fees	210	206
Other consultancy fees	582	663
Accounting and audit fees	228	267
Transaction costs	28	(29)
Total administrative expenses	**1'225**	**1'275**

Total administrative expenses stayed consistent over the two reporting periods.

In "other consultancy fees" are also included business development costs for investment properties such, as for example, planning costs relating to potential developments and compilation of feasibility studies for projects subject to external influences (outside EPIC Group's control) which makes it uncertain whether they will be at all realised.

12 Financial result

CHF ('000)	H1 2024	H1 2023
Financial income		
Revaluation gain from financial instruments (derivatives)	5'943	-
Derivatives income	3'645	1'634
Other financial income	53	613
Total financial income	**9'641**	**2'247**
Financial expenses		
Loan interest expenses	(7'846)	(5'165)
Interest expenses on lease liabilities	(271)	(275)
Revaluation loss from financial instruments (derivatives)	(3'810)	(4'486)
Other financial expenses	(5'797)	(187)
Total financial expenses	**(17'724)**	**(10'113)**
Financial result	**(8'083)**	**(7'866)**

Total mortgage-secured interest expenses (recorded in loan interest expenses, derivatives expenses (if any) and derivatives income (if any)) increased by CHF 0.7 million to CHF 4.2 million in H1 2024, due to a mix of factors, such as higher levels of the SARON, of the fixed interest rate on renewed loans and the increase in bank debt.

In H1 2024, the aggregate effect of the periodical revaluation of the swaps and related underlying USD loans at period end, led to a net unrealised loss of CHF 3.6 million, similar to the H1 2023 unrealised loss of CHF 4.0 million. For more information about the derivative financial instruments, please refer to Note 19.

13 Income tax expenses

EPIC Group is subject to income taxes at a federal, cantonal and municipal level. Significant estimates are required in determining the liabilities for income and deferred taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax liabilities.

The taxation of gains from the disposal of properties is subject to a special property gains tax in cantons with the monistic tax system. The tax rates depend on the length of time the property is held and can vary significantly. In the calculation of deferred taxes on investment properties, a residual holding period is estimated for each property that reflects EPIC Group's strategy. If a sale was to be planned, the respective residual holding period would be applied. Otherwise, the tax payable on these properties is calculated on the basis of a holding period of a further 10 years after the balance sheet date. Should the actual holding period for a property deviate from the estimated holding period, the amount of tax applicable at the time the property is sold may vary considerably from the deferred tax estimated.

CHF ('000)	H1 2024	H1 2023
Current tax expenses	1'484	1'378
Change in deferred net tax liabilities	2'263	84
Total income tax expenses	**3'747**	**1'462**

The amount of current tax expenses includes the periodical change in refund of complementary property tax in Vaud (TCHF 136 in H1 2024 and TCHF 117 in H1 2023).

Change in deferred net taxes liabilities in the amount of CHF 2.3 million in H1 2024 are mostly driven by the unrealised revaluation gain on real estate properties. In H1 2023, the positive effect of the unrealised revaluation losses on derivative financial instruments and real estate properties (CHF 10.4 million in aggregate) was mainly compensated for by the additional depreciation on the properties.

The real estate companies owned by the group are subject to the tax laws of the cantons in which the properties are located. Under the IFRS Accounting Standards, the reduced tax rates have been taken into account for the deferred tax liabilities as soon as they were "substantially enacted" (IAS 12), since the deferred taxes in IFRS are based on an assumed holding period of 10 years. As per 1 January 2022, Aargau reduced its corporate income tax rate (reduction of the effective tax rate from 18.55% to 17.42% until the end of 2023, and then further to 15.07% as per 1 January 2024). Furthermore, Geneva increased the tax rate from approximately 14.0% to 14.7% in 2024. These amended rates were taken into account in the calculation of the deferred taxes. The net impact of the change in applicable tax rates resulted, approximately, in a positive effect of TCHF 56 in H1 2024 versus TCHF 189 in H1 2023.

Based on the current facts, EPIC Group is not in the scope of Pillar 2. EPIC Group will regularly monitor the situation and the international developments regarding Pillar 2. Should Pillar 2 be applicable to EPIC Group, the necessary disclosure requirements and current tax impacts will be appropriately considered and (re)assessed.

14 Tenant receivables

CHF ('000)	30 Jun 2024	31 Dec 2023
Rent and ancillary costs receivables	1'096	959
Doubtful debt allowances	(66)	(63)
Total tenant receivables	**1'030**	**896**

The rent and ancillary costs receivables balance as at 30 June 2024 increased slightly by CHF 0.1 million compared to 31 December 2023, mainly due to two tenants (aggregate balance of CHF 0.2 million, of which the majority was already paid in July 2024).

For tenants with an outstanding balance at the end of the period, EPIC Group calculated a doubtful debt allowance reflecting the expected credit losses. Balances overdue by more than 30 days are mostly either provisioned for or secured by a deposit or guarantee from the tenant.

The age structure of the tenant receivables is as follows:

CHF ('000)	30 Jun 2024	31 Dec 2023
Balance not yet due	236	340
Balance overdue by up to 30 days	701	471
Balance overdue between 30 to 120 days	74	78
Balance overdue between 120 to 365 days	20	3
Balance overdue by more than 365 days	65	67
Total rent and ancillary costs receivables	**1'096**	**959**

15 Real estate properties

CHF ('000)	Invest. prop. in operation	Invest. prop. under D/C[1]	Total portfolio
Market value as at 31 Dec 2023	**1'441'248**	**94'290**	**1'535'538**
Acquisition costs as at 1 Jan 2024	1'154'624	74'507	1'229'131
Disposals	(20)	-	(20)
Subsequent expenditures	5'216	28'840	34'056
Acquisition costs as at 30 Jun 2024	**1'159'820**	**103'347**	**1'263'167**
Revaluation as at 1 Jan 2024	286'624	19'783	306'407
Disposals	(3)	-	(3)
Revaluation gains	6'712	5'440	12'152
Revaluation losses	(3'419)	-	(3'419)
Revaluation as at 30 Jun 2024	**289'914**	**25'223**	**315'137**
Market value as at 30 Jun 2024	**1'449'734**	**128'570**	**1'578'304**

[1] Invest. prop. under D/C stands for Investment properties under development/construction

CHF ('000)	30 Jun 2024	31 Dec 2023
Market value as estimated by the external valuer	1'568'820	1'525'382
Accrued operating lease income	(3'407)	(2'829)
Sub-total	**1'565'413**	**1'522'553**
Right-of-use of the land recognised separately	12'891	12'985
Market value for financial reporting purposes	**1'578'304**	**1'535'538**

During the first half of 2024, EPIC Group invested CHF 34.1 million in its portfolio, of which CHF 28.8 million in its ongoing development projects, being project PULSE (EPiC 23) and Campus Leman (Building C) (EPiC 19) for CHF 24.4 million and CHF 4.4 million, respectively. Regarding the investment properties in operation (CHF 5.2 million), the majority of the investments relates to Biopôle Serine (EPiC 20) for several tenant fit-outs (CHF 3.3 million). Furthermore, the canton of Vaud expropriated land of 36 m² from Vuarpillière (EPiC 9) to extend the adjacent train platform and did so, without any consequence on the valuation of the property, for total proceeds of TCHF 18.1 resulting in an immaterial realised loss of TCHF 4.6 in H1 2024.

The valuation of the properties as at 30 June 2024 resulted in a total net unrealised revaluation gain of CHF 8.7 million, while the average real discount rate remained steady at 3.39% at both reported balance sheet dates. Most of the revaluation gain is explained by the progression made in the construction of the ongoing developments (CHF 5.4 million). All other sectors also benefitted from a net unrealised revaluation gain: CHF 1.6 million (retail), CHF 1.4 million (logistics/industrial) and CHF 0.2 million (offices). Assuming an inflation rate of 1.25% as at 30 June 2024 (1.25% as at 31 December 2023), this corresponds to an average nominal discount rate of 4.68% (4.69% respectively).

The differences between capitalised costs (CHF 34.1 million in H1 2024) and the amounts paid under investments in real estate properties in the consolidated statement of cash flows used in investment activities (CHF 26.6 million) correspond to an increase or decrease in accrued expenses, payables or receivables for VAT purposes.

Further information on the individual properties can be found at the end of this half-year report under "Property details" in the annexes.

Details on valuation

The valuation of investment properties is carried out in accordance with the provisions of IFRS 13, under which fair value is defined as the price that would be received when selling an asset or that would be paid when transferring a liability in an orderly transaction between market participants on the measurement date. Under IFRS 13, valuation techniques are categorised into three levels in a fair value hierarchy depending on the extent to which fair value is based on observable input factors.

Fair value hierarchy	
Level 1	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2	Valuation techniques for which the lowest level of input that is significant to the fair value measurement is directly or indirectly observable
Level 3	Valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable (usually determined based on management assumptions)

The valuation of investment properties is carried out using the discounted cash flow method (DCF), according to which a property's fair value is determined by calculating the projected future net income (rental income less operating, maintenance and rebuilding costs), discounted to the reporting date. No allowance is made for any possible transaction cost (such as taxes or transaction fees, for example). Furthermore, the valuation does not account for any taxation (except of mandatory property taxes) or financing costs. The net income of operations is discounted individually for each property with due allowance for specific opportunities and threats, and with adjustments in line with prevailing market conditions and risks.

The expected capital expenditures for preserving the building and its structure are calculated by means of a lifecycle analysis of the individual building elements. The building structure's remaining lifespan is estimated and periodic refurbishments modelled based on the general condition of building elements as determined during the property inspection. Appropriate annual repair costs are calculated accordingly, and plausibility tested using comparable data and Wüest Partner's own benchmarks. The calculation factors in 100% of expected repair costs in the first 10 years; the proportion applied from year 11 onwards is limited to the value-preserving investments.

In the case of properties under construction, the construction costs still to be incurred until completion are considered.

The discount rate applied to each property is market-derived and risk-adjusted and is dependent on individual opportunities and risks. Valuations are performed twice a year as at 30 June and 31 December (or during the year in case of significant value changes) by Wüest Partner AG, an external, independent and certified real estate appraiser having experience in the location and type of the investment property being valued.

As at 30 June 2024 and 31 December 2023, all properties have been individually valued by Wüest Partner AG.

As input factors with a material impact, such as discount rates, market rents and structural vacancy rates, generally have to be derived from information from less active markets, the valuations of all properties were categorised under level 3.

Significant inputs

Determination of the significant inputs used in the valuation:

Rental income

Rents are factored into valuations based on contractually agreed conditions. For rental agreements of limited duration, the potential rental income attainable over the long term, from the current perspective, is applied in the valuation on expiry of the contractually agreed rental period. Potential rental income that is in line with the market is determined on the basis of the most recent rental agreements concluded either for the property concerned or for comparable properties in its immediate vicinity, and of the comprehensive real estate market research carried out by Wüest Partner AG.

The plausibility of potential rental income from retail space is checked using calculations of market-standard turnover figures. For those existing leases, which include several different uses, the potential rents are calculated separately for each individual use. Genuine tenants' options to extend a lease are considered when actual rents are less than the market rents determined. Non-genuine options where provisions are in place for rents to be adjusted in line with market rents prevailing at a specific time are incorporated into the valuations as fixed-term rental agreements, as described above. For rental agreements of unlimited duration, adjustments in line with the potential rental income calculated take account of general conditions under rental law and property-specific fluctuations.

Operating and maintenance costs
In the case of operating costs, it was assumed that separate ancillary cost statements are issued and that the ancillary costs are consequently passed on in full or in part to tenants in line with the lease agreements. Maintenance (servicing and repairs) and rebuilding costs are calculated using a building analysis tool that determines the residual life of the individual construction components based on an analysis of the building's current condition, models periodic renovations and calculates the associated annuities. The values arrived at are plausibility tested using the cost benchmarks compiled by Wüest Partner AG.

Construction costs (investment properties under construction)
The construction cost estimates are based on the financial forecasts for the individual projects (where available) and are independently evaluated. Where the construction costs are already secured by means of service contracts with general and full-service contractors, these are used in the measurement. Depollution costs are excluded unless cost estimates for their removal are available.

Discount rate
Discounting is undertaken for each property in accordance with location and property-specific criteria. These reflect both the location-relevant features of the macro and micro situation and the fundamental parameters of the current market and letting situation. The discount rates applied are verified empirically based on known changes of ownership and transaction data.

Structural vacancy rate
The structural vacancy rate, which is recognised in the valuations for each rental unit and usage, defines the minimum loss of income considered over the entire valuation period following the expiry of any existing contract. The structural vacancy rate is derived primarily from the local market situation, such as the effective vacancy rates, the current supply figures and a usual tenant turnover period.

Non-observable inputs
Market rents, vacancy rates and discount rates have been identified as the non-observable input factors with a material impact. They are summarised in the next table:

Category/level/ valuation method	Non-observable input factor	Ranges (weighted average) 30 Jun 2024	31 Dec 2023
Retail Level 3 DCF	Fair value CHF ('000)	577'170	574'700
	Discount rates (real) (%)	2.8%–3.95% (3.43%)	2.8%–3.95% (3.45%)
	Achievable long-term market rents per m² and year (CHF)	CHF 180–CHF 357 (CHF 251 per m² and year)	CHF 180–CHF 357 (CHF 251 per m² and year)
	Structural vacancy rates (%)	3.08%–5.22% (4.57%)	3.5%–5.22% (4.67%)
Offices Level 3 DCF	Fair value CHF ('000)	652'360	647'050
	Discount rates (real) (%)	2.85%–3.80% (3.18%)	2.85%–3.85% (3.18%)
	Achievable long-term market rents per m² and year (CHF)	CHF 278–CHF 364 (CHF 308 per m² and year)	CHF 278–CHF 364 (CHF 308 per m² and year)
	Structural vacancy rates (%)	4.0%–7.22% (5.09%)	4.0%–7.24% (5.09%)
Logistics/industrial Level 3 DCF	Fair value CHF ('000)	210'720	209'342
	Discount rates (real) (%)	3.35%–3.8% (3.69%)	3.35%–3.8% (3.68%)
	Achievable long-term market rents per m² and year (CHF)	CHF 85–CHF 232 (CHF 106 per m² and year)	CHF 85–CHF 232 (CHF 105 per m² and year)
	Structural vacancy rates (%)	5.0%–5.78% (5.09%)	5.0%–5.8% (5.1%)
Under development/ construction Level 3 DCF	Fair value CHF ('000)	128'570	94'290
	Discount rates (real) (%)	3.55%–4.0% (3.82%)	3.6%–4.0% (3.87%)
	Achievable long-term market rents per m² and year (CHF)	CHF 189–CHF 305 (CHF 197 per m² and year)	CHF 189–CHF 305 (CHF 197 per m² and year)
	Structural vacancy rates (%)	5.0%–5.0% (5.0%)	5.0%–5.0% (5.0%)
Total portfolio Level 3 DCF	Fair value CHF ('000)	1'568'820	1'525'382

The table below shows the reconciliation between the valuation from the external valuer and the fair value for financial reporting purposes per category as at 30 June 2024:

CHF ('000)	External fair value	Accrued operating lease income	Right-of-use of land	Market value for financial reporting
Retail	577'170			577'170
Offices	652'360	(3'407)	12'891	661'844
Logistics/industrial	210'720			210'720
Under development/construction	128'570			128'570
Total	**1'568'820**	**(3'407)**	**12'891**	**1'578'304**

Sensitivity of input factors
Fair value increases with lower discount rates and structural vacancy rates and with higher market rents. The economic environment can be considered as exerting the greatest influence on input factors, with the factors outlined above influenced to varying degrees by market developments. Any intensification of pressure on market rents by negative economic sentiment is usually accompanied by a rise in property vacancy rates. Low interest rates usually prevail in such market circumstances, which have a positive impact on discount rates (as long as the property market maintains its attractiveness in comparison to the bond market). To an extent, therefore, changes to input factors may offset each other.

The following sensitivity analysis shows the impact of an increase or decrease in the discount rates used in the DCF valuation. As illustrated in the below table, a general reduction of 10 basis points in the discount rate would increase the current fair value of the investment properties as at 30 June 2024 by 2.97% or CHF 46.7 million. A general increase of 10 basis points in the discount rate would reduce the current fair value of the investment properties as at 30 June 2024 by 2.92% or CHF 45.8 million.

Weighted average discount rate (real) Change in basis points		Change in market value in CHF ('000)	Change in market value in %	Market value in CHF ('000)
+50	3.89%	(202'340)	(12.90%)	1'366'480
+40	3.79%	(166'280)	(10.60%)	1'402'540
+30	3.69%	(128'290)	(8.18%)	1'440'530
+20	3.59%	(88'220)	(5.62%)	1'480'600
+10	3.49%	(45'820)	(2.92%)	1'523'000
	3.39%			**1'568'820**
–10	3.29%	46'650	2.97%	1'615'470
–20	3.19%	97'210	6.20%	1'666'030
–30	3.09%	151'070	9.63%	1'719'890
–40	2.99%	208'560	13.29%	1'777'380
–50	2.89%	270'000	17.21%	1'838'820

16 Other non-current assets

CHF ('000)	30 Jun 2024	31 Dec 2023
Refund from complementary property tax	6'270	6'134
Total other non-current assets	**6'270**	**6'134**

In case of an asset deal, the complementary property taxes (impôt complémentaire or “CPT”) paid by EPIC Group in the canton of Vaud will be repaid according to the Vaud tax law (art. 129 LI). However, the total amount to be refunded by the Vaud Tax Administration will be a maximum of fifteen times the annual property tax (in any case, the amount to be refunded must not exceed the real estate transfer tax to be paid in connection with the asset deal).

17 Current and non-current financial liabilities

CHF ('000)	30 Jun 2024	31 Dec 2023
Mortgage-secured bank amortisation due within 12 months	3'224	3'524
Mortgage-secured bank loans due for extension or repayment	66'628	-
Directly attributable financing costs	(45)	(46)
Accrued mortgage and swap interest	91	130
Lease liabilities	885	892
Total current financial liabilities	**70'783**	**4'500**
Mortgage-secured bank loans	579'071	606'732
Directly attributable financing costs	(15)	(38)
Lease liabilities	12'448	12'603
Total non-current financial liabilities	**591'504**	**619'297**
Total financial liabilities	**662'287**	**623'797**

Some of the contracts with the banks contain clauses concerning financial covenants at the level of the Swiss subsidiaries such as loan to value ratios and interest coverage ratios. As at the reporting dates (and during the periods), EPIC Group was in compliance with its covenant obligations.

The weighted average residual maturity of the mortgage-secured bank loans stood at 4.3 years as at 30 June 2024 compared to 4.5 years as at 31 December 2023.

CHF ('000) / in %	30 Jun 2024	31 Dec 2023
Total mortgage-secured bank loans	648'923	610'256
Interest expenses (mortgage and swaps)	4'201	7'655
Weighted average interest rate at period end	1.3%	1.3%

During the first half of 2024, mortgage-secured bank loans of CHF 1.9 million were amortised. On the other hand, mortgage-secured bank loans in a total amount of CHF 34.8 million were drawn, resulting in a net borrowing effect of CHF 32.9 million, before any unrealised currency revaluation effects. The remaining difference of CHF 5.8 million corresponds to the negative unrealised revaluation effect on the USD loans (see Note 12, caption Other financial expenses).

In order to reduce the bank margin, EPIC Group entered into cross currency (“XCCY”) swaps (see Note 19 for further details). The related underlying variable loans were therefore converted from CHF into USD loans. The USD/CHF foreign exchange conversion rates are identical at inception and maturity, so that no currency risks will crystallise at the end of the swap contracts. Only unrealised foreign exchange revaluation losses or gains are recorded at each balance sheet date through profit or loss.

The vast majority of the variable bank debt is based on a 1 to 3-month variable CHF-SARON interest rate. The variable loans represent 57.4% of the total mortgage-secured bank liabilities as at 30 June 2024, with margins varying between 0.71% and 0.90% in H1 2024 (taking into account the XCCY swaps). Of the variable loans, 60.2% is hedged with interest rate swaps as at 30 June 2024. The fixed interest rates range between 0.75% and 2.27% over the first half of 2024.

In 2021, EPiC 23 signed a loan agreement for CHF 70 million as amended from time to time in relation to project PULSE in Cheseaux-sur-Lausanne, subject to certain conditions precedent. No amounts were drawn as at 30 June 2024.

The table below indicates the maturity profile of the mortgage-secured bank liabilities including future interest:

CHF ('000)	30 Jun 2024	31 Dec 2023
Due within 12 months	78'244	11'942
Due within 2 to 5 years	281'560	341'664
Due within 6 to 10 years	329'475	267'436
Due after 10 years	-	35'052
Total mortgage-secured bank loans including future interest	**689'279**	**656'094**

18 Accrued expenses and deferred income

CHF ('000)	30 Jun 2024	31 Dec 2023
Accruals for property expenditures	5'494	6'763
Accruals for general expenses	2'661	2'402
Total accrued expenses	**8'155**	**9'165**
Rents received in advance	2'609	1'459
Down payments for ancillary costs	354	383
Total deferred income	**2'963**	**1'842**
Total accrued expenses and deferred income	**11'118**	**11'007**

Overall, total accrued expenses and deferred income remain unchanged compared to the end of last year. The net increase in total deferred income is principally driven by one tenant who already paid in January 2024 its entire rent for the calendar year (CHF 1.2 million representing 6 months of dues). On the other hand, accruals for property expenditures decreased by CHF 1.3 million, mostly in relation to the development projects.

19 Derivative financial instruments

The fair value of derivative financial instruments (predominantly interest rate swaps and cross currency ("XCCY") swaps) is calculated as the present value of future cash flows. The interest rate swaps are used for hedging existing and future loans against rising interest rates and the XCCY swaps to reduce the bank margin.

As at 30 June 2024, the interest rate swaps have remaining maturities falling in 2026, 2028 and 2030 and a fixed interest leg of either 0.00% or 1.51%, for nominal amounts of respectively CHF 228.5 million and CHF 46.0 million.

The XCCY swaps (total nominal amount of CHF 91.3 million) allow for a reduced margin of 0.71% on the equivalent CHF nominal amount and will mature in 2026. Those benefit from the same foreign exchange conversion rate at inception and maturity, eliminating the crystallisation of any foreign exchange currency risks.

In June 2024, in order to fix the bank margin, EPIC Group switched a variable loan linked to a swap to a fixed loan and entered into a floor at 0.00% on the SARON leg of that swap for a nominal amount of CHF 50 million.

The table below summarises the fair value and maturities of the derivative financial instruments:

CHF ('000)	30 Jun 2024	31 Dec 2023
Within 12 months	5'568	5'994
Within 2 to 5 years	2'232	(1'176)
After 5 years	1'338	2'187
Total net positive (negative) fair value	**9'138**	**7'005**
Total contract nominal value	**415'740**	**365'740**

20 Financial risk management

Fair value of financial instruments

EPIC Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure the fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs significant to the fair value measurement as a whole.

Derivative financial instruments (mainly interest rate swaps and XCCY swaps) are the only financial instruments measured at fair value. Their fair value is calculated as the present value of future cash flows. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of the counterparties. It can be allocated to level 2 according to the fair value hierarchy described in Note 15.

The carrying value of short-term receivables (including tenant and other receivables) and payables (trade and other payables) approximate their fair values as discounting is not material.

The fair value of the fixed interest-bearing mortgage-secured bank loans (CHF 274.3 million) differs from their carrying value excluding issue costs (CHF 276.7 million). The group has no fixed-rate financial assets or liabilities that are classified at fair value through profit or loss. Fixed-rate financial instruments are measured at amortised costs.

Changes in the fair value of derivative financial instruments are recognised in the financial result.

Capital management

With total equity of CHF 795.7 million as at 30 June 2024, the group has a solid capital base (equity ratio of 49.3% versus 51.0% as at 31 December 2023). Mortgage-secured bank loans (including interest) account for 40.2% of total assets as at 30 June 2024 (38.7% as at 31 December 2023). Covenants are monitored on a regular basis and reported on quarterly.

EPIC Group aims to achieve a long-term net loan to value ratio (as defined under section “Alternative Performance Measures” of this report) of +/- 45% (this ratio equalled 40.8% as at 30 June 2024 and 38.9% as at 31 December 2023). The adjusted net loan to value ratio (as defined in “Alternative Performance Measures”) amounts to 41.1% end of June 2024 versus 39.3% end of December 2023.

21 Share capital and share premium

As at 30 June 2024, the Company's share capital amounts to CHF 413'203.04, represented by 10'330'076 shares with a par value of CHF 0.04 fully paid in (the same as at 31 December 2023).

The Company has conditional capital of CHF 7'500 corresponding to 187'500 registered shares at a nominal value of CHF 0.04 each at its disposal for the purpose of issuing shares or options rights to officers and employees of the Company and its group subsidiaries. No conditional capital was created during the first half year 2024 or in 2023.

The Company has a capital band at its disposal. The Board of Directors is authorised to increase or reduce the share capital until 26 April 2028 in a range between CHF 371'882.72 and CHF 454'523.36 (capital band). Capital increases and capital reductions in partial amounts are permitted. If the share capital is increased from conditional capital, the upper and lower limits of the capital band increase accordingly. Capital increases within the capital band shall be effected by issuing share capital in the maximum amount of CHF 41'320.32, divided into 1'033'008 registered shares with a nominal value of CHF 0.04 each or by increasing the nominal value of the issued shares accordingly. Capital reductions shall be effected by cancelling a maximum of 1'033'008 registered shares with a nominal value of CHF 0.04 each or by reducing the nominal value of the issued shares in the maximum amount of CHF 41'320.32. The capital band was introduced in conjunction with the revision of the Swiss stock corporation law (which entered into force on 1 January 2023) and approved by the Annual General Meeting of Shareholders on 26 April 2023.

The share premium of CHF 403.9 million (gross of any IPO costs) as per the statutory balance sheet as at 30 June 2024 (CHF 436.0 million by the end of 2023) constitutes foreign and domestic capital contribution reserves according to art. 5 para. 1 ter and art. 5 para. 1 quater lit. a of the Swiss Federal Law on Withholding Tax (effective as of 1 January 2020), which are unconditionally free of withholding tax upon distribution.

The foreign capital contribution reserves of CHF 243.6 million as at 31 December 2023 (CHF 211.6 million as at 30 June 2024) were approved by the Swiss Federal Tax Authorities on 14 June 2023, while the Swiss capital contribution reserves of CHF 192.3 million (pre-issuance costs) were confirmed under the reservation of the deduction of the issuance costs in the amount of CHF 8.1 million, net CHF 184.2 million.

In 2022, CHF 4.2 million of IPO related costs, which represent the portion attributable to the newly issued shares, have been directly recognised in the equity of the Company.

The Company paid from the share premium a dividend of CHF 32.0 million in the first half year of 2024 (CHF 3.10 per share) and CHF 31.0 million in the first half year of 2023 (CHF 3.00 per share). Both dividend distributions were made out of the foreign capital contribution reserves.

22 Earnings per share ("EPS") and NAV per share

Earnings per share and NAV per share are calculated by dividing the reported profit and shareholders' equity respectively, by the weighted average number of ordinary outstanding shares during the period and the number of outstanding shares at period end respectively.

CHF ('000) / in CHF	H1 2024	H1 2023
Profit	22'897	11'230
Weighted average number of outstanding shares (in '000)	10'330	10'330
Basic and diluted EPS	2.22	1.09
Profit excluding revaluation effects	19'914	20'856
Basic and diluted EPS adjusted for revaluation effects	1.93	2.02

Profit excluding revaluation effects corresponds to profit after tax before other comprehensive income excluding revaluation of properties and derivatives and related deferred taxes as well as any related foreign exchange effects.

The EPRA earnings calculation excludes from the reported profit the mark-to-market revaluation impacts of the properties and derivatives (see "EPRA Performance Measures" in the annexes for the reconciliation). In comparison, profit excluding revaluation effects is adjusted in addition for the unrealised foreign currency fluctuations of the underlying loans linked to the XCCY swaps (positive adjustment of CHF 5.8 million in H1 2024 (FX loss) and negative adjustment of CHF 0.5 million in H1 2023 (FX gain)).

CHF ('000) / in CHF	30 Jun 2024	31 Dec 2023
Shareholders' equity	795'658	804'943
Number of outstanding shares at period end (in '000)	10'330	10'330
NAV per share	77.02	77.92
Shareholders' equity before net deferred taxes	912'144	919'302
NAV per share before net deferred taxes	88.30	88.99

The shareholders' equity before net deferred taxes is calculated as the reported equity plus (i) the provision for deferred tax liabilities less (ii) deferred tax assets and less (iii) the Vaud complementary property tax.

Return on equity is based on profit before other comprehensive income and the average equity, calculated as the ½ sum of the equity at the beginning and end of the reporting period.

CHF ('000) / in %	30 Jun 2024	31 Dec 2023
Average equity	800'301	811'678
Return on equity (annualised for H1 2024)	5.7%	2.2%
Return on equity excluding revaluation effects (annualised for H1 2024)	5.0%	5.0%

23 Shareholders

As at the reporting date, the following two principal shareholders held the following quota (%) of the Company's share capital: (i) 56.5% – Alrov Ventures Ltd, Tel-Aviv, Israel, a 100% subsidiary of Alrov Properties & Lodgings Ltd and (ii) 16.1% – EPIC LUXEMBOURG S.A., Luxembourg City, Grand Duchy of Luxembourg ("EPIC LUX"). EPIC LUX is controlled by a Jersey trust whose beneficiary is the Greenbaum family. The remaining 27.4% is held by the public.

24 Related parties

The related parties encompass the members of the Board of Directors, Group Executive Management (being the CEO, CFO and Portfolio Director), the Alrov Group, as well as companies controlled by members of the key management personnel.

All board members were re-elected on 25 April 2024 for another year until the next Annual General Meeting to be held on 28 March 2025.

No consultancy services were rendered by related parties during H1 2024 or H1 2023.

The total remuneration of the board members and Group Executive Management can be broken down as follows:

CHF ('000)	H1 2024	H1 2023
Short-term employee benefits		
– Ron Greenbaum (Chairman of the Board)	85	86
– Other external board members	127	128
Post-employment benefits	15	16
Total remuneration of the Board of Directors	**227**	**230**
Short-term employee benefits	833	839
Share-based payment benefits	155	160
Other long-term benefits	67	67
Post-employment benefits	153	168
Total remuneration of management	**1'208**	**1'234**

Post-employment benefits include the employer social security contributions and pension contributions (if any).

The Company has adopted a management incentive plan for the Group Executive Management that came into effect on the first day of trading of the Company in May 2022. Following the Remuneration and Nomination Committee's recommendation, the current plan was renewed for the financial year 31 December 2024. The plan consists of two separate bonus schemes. For the first one, the relevant key performance indicator is return on equity, where return on equity is defined as earnings after tax and before revaluation of properties and derivatives (taking into account the related deferred taxes as well as any related foreign exchange effects) divided by the average group equity of each reporting period. For the second bonus, the key performance indicator is based on ESG target(s), whose basis of allocation is determined by the Remuneration and Nomination Committee. Both bonuses are capped and granted half in shares and half in cash. The lock-up period for the share portion is one year with respect to one third of the granted shares, two years with respect to another third, and three years for the last third.

Furthermore, the shareholders' meeting approved in May 2022 a retention arrangement whereby members of Group Executive Management will be entitled to a one-time loyalty bonus of up to CHF 400'000 in aggregate subject to certain terms and conditions, including three years of service from 25 May 2022.

25 Events after the reporting date

There were no material subsequent events.

Property details

Legal entity	Property name	Address	Zip	City	Canton	Ownership
Retail						
EPiC 1	Le Forum	Place du Marché 6	1820	Montreux	Vaud	P by F – 50%
EPiC 3	Wiggis-Park	Molliserstrasse 41	8754	Netstal	Glarus	Sole owner
EPiC 3	Florapark	Florastrasse 1	8800	Thalwil	Zurich	P by F – 48%
EPiC 5	Tägipark	Jurastrasse 42	5430	Wettingen	Aargau	Sole owner
EPiC 7	Markt am Bohl	Bohl 9	9000	St. Gallen	St. Gallen	Sole owner
EPiC 10	Uster West	Winterthurerstrasse 18	8610	Uster	Zurich	Sole owner
EPiC 10	“Zänti” Volketswil	Im Zentrum 18	8604	Volketswil	Zurich	Sole owner
EPiC 16	En Noyer-Girod	En Noyer-Girod 2–12	1063	Etoy	Vaud	Sole owner
Offices						
EPiC 7	Lake Geneva Center B	Route de la Longeraie 7	1110	Morges	Vaud	Sole owner
EPiC 9	Provencenter	Avenue de Provence 82	1007	Lausanne	Vaud	Sole owner
EPiC 9	Office Building Lutry	Rue de Remparts 2	1095	Lutry	Vaud	Owner of building Parking – P by F
EPiC 9	com.West	Hardturmstr. 123/125/127/129 Förrlibuckstr. 70/72	8005	Zurich	Zurich	Sole owner
EPiC 11	Biopôle Metio & Lysine	Route de la Corniche 2–4	1066	Epalinges	Vaud	Land lease – P by F 96.5%
EPiC 12	Lake Geneva Center A	Route de la Longeraie 9	1110	Morges	Vaud	Sole owner
EPiC 16	Biopôle Proline	Route de la Corniche 10	1010	Lausanne	Vaud	Land lease
EPiC 16	Vennes III	Chemin des Roches 1a et 1b	1010	Lausanne	Vaud	Sole owner
EPiC 16	Rue du Tunnel	Rue du Tunnel 6, 8, 10 & 12	1227	Carouge	Geneva	P by F – 13.3%
EPiC 19	Campus Leman – A&B	Rue du Docteur Yersin 10	1110	Morges	Vaud	Sole owner
EPiC 20	Biopôle Serine	Route de la Corniche 6, 8	1066	Epalinges	Vaud	Land lease
EPiC 22	Lancy Office Center	Avenue des Morgines 8/10	1213	Petit-Lancy	Geneva	Sole owner
Logistics/industrial						
EPiC 7/ EPiC 24	En Molliau	Route du Molliau 30 Route de la Petite Caroline 13	1131	Tolochenaz	Vaud	Sole owner
EPiC 9	Vuarpillière	Chemin de la Vuarpillière 27/29	1260	Nyon	Vaud	Sole owner
EPiC 10	Fegistrasse	Fegistrasse 9	8957	Spreitenbach	Aargau	Sole owner
EPiC 21	Nexus Brunnpark	Lagerhausstrasse 9, 10, 12, 13, 14, 15, 17, 19	4914	Roggwil	Bern	Sole owner
SUBTOTAL						
Under development/construction						
EPiC 19	Campus Leman – C&D	Rue du Docteur Yersin 10	1110	Morges	Vaud	Sole owner
EPiC 21	Nexus Brunnpark	Steigmatte 2, 8	4914	Roggwil	Bern	Sole owner
EPiC 23	PULSE	Chemin du Châtelard	1033	Cheseaux-sur- Lausanne	Vaud	Sole owner
TOTAL PORTFOLIO						

EPiC 3 and EPiC 10 (Zänti Volketswil) have land lease rights of 605 m² and 3’381 m² respectively which are not included in the table
P by F – Property by floor

Construction Year	Renovation Year	Extension Year	Land Area	Retail	Offices	Logistics/ industrial	Other	Total Rentable Area	Parking Unit (#)
			m²						
2000	-	-	5'897	9'735	-	-	1'585	11'320	193
1996	2002	2008/2014	37'277	21'674	931	-	6'544	29'149	543
1993	-	2006	4'913	7'562	-	-	50	7'612	183
2003	-	2012	25'405	22'992	-	-	-	22'992	522
1989	-	-	1'086	1'912	240	-	1'303	3'455	-
1914	-	2004	11'545	4'320	2'891	-	1'110	8'321	163
1973	2020	-	20'803	11'324	1'089	-	2'145	14'558	550
2002	-	-	20'506	6'746	-	-	-	6'746	219
			127'432	86'265	5'151	-	12'737	104'153	2'373
2006	-	-	5'157	-	5'364	-	1'334	6'698	152
1992	2015	-	1'980	-	6'404	-	478	6'882	84
2002	-	-	468	-	1'348	-	87	1'435	18
2002	-	-	9'938	404	21'408	-	2'756	24'568	154
2008	-	-	4'462	646	4'847	-	816	6'309	83
2008	-	-	6'508	-	5'289	-	1'037	6'326	145
2012	-	-	1'776	-	3'127	-	482	3'609	8
2013	-	-	4'891	-	5'165	-	380	5'545	76
2017	-	-	3'797	-	1'216	-	163	1'379	14
1950	2020	-	6'600	928	8'792	-	1'818	11'538	125
2020	-	-	2'075	-	8'190	-	576	8'766	-
2002	-	-	7'775	1'225	8'221	-	3'598	13'044	191
			55'427	3'203	79'371	-	13'525	96'099	1'050
1972 1967	-	-	80'359	-	302	41'897	-	42'199	362
1987	2019	2015	5'971	-	276	7'557	-	7'833	65
1989	-	-	11'132	-	-	19'079	138	19'217	158
1920	2013	-	79'208	-	-	55'037	-	55'037	-
			176'670	-	578	123'570	138	124'286	585
			359'529	**89'468**	**85'100**	**123'570**	**26'400**	**324'538**	**4'008**
			2'449	n/a	n/a	n/a	n/a	n/a	n/a
			29'286	n/a	n/a	n/a	n/a	n/a	n/a
			31'879	n/a	n/a	n/a	n/a	n/a	n/a
			63'614						
			423'143						

Additional information about investment properties under development/construction

EPiC 19 – Campus Leman Buildings C & D	Rue du Docteur Yersin 10, 1110 Morges	
Description	Status of the project	Completion
Complete renovation and construction in 3 phases, phase 1 (Buildings A&B) was completed by the end of 2020		
Phase 2: Construction of Building C	Construction started in April 2023 and is progressing well. The estimated rental income once the building is fully let stands at circa CHF 1 million. Tenant of Building B exercised its option to take 3 floors out of 6 floors in Building C.	Estimated H1 2025
Phase 3: Construction of Building D	We aim at beginning the planning procedure of Building D during H1 2025 and file a building permit during 2025.	Estimated 2027

EPiC 21 – Nexus Brunnpark	Steigmatte 2–8, 4914 Roggwil	
Description	Status of the project	Completion
Construction of a logistics building	Land reserve acquired in March 2021. Project is currently in its feasibility study phase. A preliminary building permit (“Voranfrage”) was submitted in H2 2023 in order to facilitate the submission of the definitive building permit, and the public enquiry has been carried out by the authorities during H1 2024. No objections were raised by the public and a dialogue is ongoing with the cantonal authorities to address some issues raised by some departments.	Estimated 2026

EPiC 23 – PULSE	Chemin du Châtelard, 1033 Chesaux-sur-Lausanne	
Description	Status of the project	Completion
Construction of two activity buildings	The buildings together will offer circa 43’000 m^2 of gross area as well as underground parking, storage and technical areas. A total contractor agreement was signed with Implenia group on 27 July 2022 for total construction costs capped at less than CHF 100 million for the current specifications of the project. Implenia started construction in October 2022.	Estimated H1 2025

Expiry of investment properties’ lease contracts based on 30 June 2024 rent before any incentives

Year	Excluding the exercise of any early break option
2024 (6 months)	3.2%
2025	0.8%
2026	12.7%
2027	5.3%
2028	7.6%
2029	9.9%
2030	11.5%
2031	11.7%
2032	4.1%
2033	4.1%
2034+	29.1%
Total	**100.0%**

Key information for investment properties in operation for H1 2024 by category

Category	Market value CHF '000	Net revaluation gain (loss) CHF '000	Net rental operating income CHF '000	Target rent CHF '000	Implied yield based on target rent %	Vacancy as % of target rent %	Vacancy as at period end m²
Retail	577'170	1'638	12'145	13'514	4.7%	3.2%	3'896
Offices	661'844	227	12'487	15'311	4.6%	7.7%	6'588
Logistics/ industrial	210'720	1'428	4'934	5'336	5.1%	0.7%	626
Total	**1'449'734**	**3'293**	**29'566**	**34'161**	**4.7%**	**4.8%**	**11'110**

Category	Net rental income CHF '000	Other income CHF '000	Total income CHF '000	Direct expenses CHF '000	Net operating income (NOI) CHF '000	Yield based on achieved rent %
Retail	13'438	444	13'882	(1'293)	12'589	4.7%
Offices	13'904	174	14'078	(1'417)	12'661	4.2%
Logistics/ industrial	5'301	124	5'425	(367)	5'058	5.0%
Total	**32'643**	**742**	**33'385**	**(3'077)**	**30'308**	**4.5%**

Yield calculations for the period are annualised.

EPRA Performance Measures

Summary table EPRA Performance Measures

Measure		Unit	H1 2024	H1 2023
A	EPRA Vacancy Rate	%	4.8%	4.4%
B	EPRA Earnings	CHF ('000)	14'134	21'313
	EPRA Earnings per share	CHF	1.37	2.06
		Unit	30 Jun 2024	31 Dec 2023
C	EPRA NRV	CHF ('000)	923'909	931'382
	EPRA NRV per share	CHF	89.44	90.16
	EPRA NTA	CHF ('000)	841'149	851'268
	EPRA NTA per share	CHF	81.43	82.41
	EPRA NDV	CHF ('000)	797'736	808'882
	EPRA NDV per share	CHF	77.23	78.30

A) EPRA Vacancy Rate

CHF ('000) / in %	H1 2024	H1 2023
Estimated rental value of vacant space (A)	1'648	1'500
Estimated rental value of the whole portfolio (B)	34'161	34'033
EPRA Vacancy Rate (A/B)	**4.8%**	**4.4%**

The definitions of the above key performance measures can be found at www.epra.com.

B) EPRA Earnings and EPRA Earnings per share

CHF ('000)		H1 2024	H1 2023
Earnings according to the consolidated statement of profit or loss		**22'897**	**11'230**
Adjustments for:			
(i)	Changes in value of investment properties, development properties held for investment and other interests	(8'733)	5'885
(ii)	Profits or losses on disposal of investment properties, development properties held for investment and other interests	n/a	n/a
(iii)	Profits or losses on sales of trading properties including impairment charges in respect of trading properties	n/a	n/a
(iv)	Tax on profits or losses on disposals	n/a	n/a
(v)	Negative goodwill/goodwill impairment	n/a	n/a
(vi)	Changes in fair value of financial instruments and associated close-out costs	(2'132)	4'486
(vii)	Acquisition costs on share deals and non-controlling joint venture interests	n/a	n/a
(viii)	Deferred tax in respect of EPRA adjustments	2'102	(288)
(ix)	Adjustments (i) to (viii) above in respect of joint ventures	n/a	n/a
(ix)	Non-controlling interests in respect of the above	n/a	n/a
EPRA earnings		**14'134**	**21'313**
Weighted average number of outstanding shares during the period (in '000)		10'330	10'330
EPRA earnings per share in CHF		**1.37**	**2.06**

The definitions of the above key performance measures can be found at www.epra.com.

C) EPRA Net Asset Value (NAV) and EPRA NAV per share

		30 Jun 2024		
CHF ('000)		EPRA NRV	EPRA NTA	EPRA NDV
Equity (NAV) according to the consolidated statement of financial position		**795'658**	**795'658**	**795'658**
Dilution effects		n/a	n/a	n/a
Diluted equity (NAV)		**795'658**	**795'658**	**795'658**
Include:				
ii.a)	Revaluation of IP (if IAS 40 cost option is used)	n/a	n/a	n/a
ii.b)	Revaluation of IPUC (if IAS 40 cost option is used)	n/a	n/a	n/a
ii.c)	Revaluation of other non-current investments	n/a	n/a	n/a
iii)	Revaluation of tenant leases held as finance leases	n/a	n/a	n/a
iv)	Revaluation of trading properties	n/a	n/a	n/a
Diluted NAV at fair value		**795'658**	**795'658**	**795'658**
Exclude:				
v)	Deferred tax in relation to fair value gains of IP	108'102	54'051	
vi)	Fair value of financial instruments	(9'138)	(9'138)	
vii)	Goodwill as a result of deferred tax	n/a	n/a	n/a
viii.a)	Goodwill as per the IFRS balance sheet		n/a	n/a
viii.b)	Intangibles as per the IFRS balance sheet		(9)	
Include:				
ix)	Fair value of fixed interest rate debt			2'078
x)	Revaluation of intangibles to fair value	n/a		
xi)	Real estate transfer tax	29'287	587	
EPRA NAV		**923'909**	**841'149**	**797'736**
Fully diluted number of shares (in '000)		10'330	10'330	10'330
EPRA NAV per share in CHF		**89.44**	**81.43**	**77.23**

The definitions of the above key performance measures can be found at www.epra.com.

C) EPRA Net Asset Value (NAV) and EPRA NAV per share

		31 Dec 2023		
CHF ('000)		EPRA NRV	EPRA NTA	EPRA NDV
Equity (NAV) according to the consolidated statement of financial position		**804'943**	**804'943**	**804'943**
Dilution effects		n/a	n/a	n/a
Diluted equity (NAV)		**804'943**	**804'943**	**804'943**
Include:				
ii.a)	Revaluation of IP (if IAS 40 cost option is used)	n/a	n/a	n/a
ii.b)	Revaluation of IPUC (if IAS 40 cost option is used)	n/a	n/a	n/a
ii.c)	Revaluation of other non-current investments	n/a	n/a	n/a
iii)	Revaluation of tenant leases held as finance leases	n/a	n/a	n/a
iv)	Revaluation of trading properties	n/a	n/a	n/a
Diluted NAV at fair value		**804'943**	**804'943**	**804'943**
Exclude:				
v)	Deferred tax in relation to fair value gains of IP	105'535	52'768	
vi)	Fair value of financial instruments	(7'005)	(7'005)	
vii)	Goodwill as a result of deferred tax	n/a	n/a	n/a
viii.a)	Goodwill as per the IFRS balance sheet		n/a	n/a
viii.b)	Intangibles as per the IFRS balance sheet		(9)	
Include:				
ix)	Fair value of fixed interest rate debt			3'939
x)	Revaluation of intangibles to fair value	n/a		
xi)	Real estate transfer tax	27'909	571	
EPRA NAV		**931'382**	**851'268**	**808'882**
Fully diluted number of shares (in '000)		10'330	10'330	10'330
EPRA NAV per share in CHF		**90.16**	**82.41**	**78.30**

The definitions of the above key performance measures can be found at www.epra.com.

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Zurich, 18 July 2024

Valuation as of 30 June 2024 – Independent valuer's report

Reference
105868.2406

Commission

Wüest Partner AG (Wüest Partner) was commissioned by the Executive Board of EPIC Suisse AG (EPIC) to perform a valuation, for accounting purposes, of the properties directly or indirectly held by EPIC as of 30 June 2024 (reporting date). The valuation encompasses all investment properties as well as sites and development properties.

Valuation standards

Wüest Partner hereby confirms that the valuations were performed in accordance with national and international standards and guidelines in particular with the International Valuation Standards (IVS and RICS/Red Book) and the Swiss Valuation Standards (SVS) and as well as in accordance with the requirements of the SIX Swiss Exchange.

Accounting standards

The market values determined for the investment properties correspond to the fair value as described in the IFRS Accounting Standards in accordance with IAS Accounting Standard 40 (Investment Property) and IFRS Accounting Standard 13 (Fair Value Measurement).

Definition of fair value

Fair value is the price that independent market operators would receive as at the date of valuation if an asset were sold under normal market conditions or the price that such operators would pay if a liability (debt) were transferred under normal market conditions (exit price).

Transaction costs, gross fair value

An exit price is the selling price postulated in the purchase contract, upon which the parties have jointly agreed. Transaction costs, which normally consist of estate agents' commissions, transaction taxes and land registry and notary fees, are not considered when determining the fair value. Therefore, in accordance with paragraph 25 of IFRS Accounting Standard 13, the fair value is not adjusted for the transaction costs incurred by the acquirer in a sale (gross fair value). This is in line with Swiss valuation practice.

Valuation at fair value assumes that the hypothetical transaction involving the asset to be valued takes place on the market with the largest volume and the most business activity (main market) and that the frequency and volume of transactions are adequate for there to be sufficient price information available for the market (active market). If no such market can be identified, it will be assumed that the asset is being sold on the main market, which would maximize the assets selling price on disposal.

Main market, active and most advantageous market

Implementation of fair value

Fair value is calculated on the basis of the best possible use of a property (highest and best use). The best possible use of a property is that which maximizes its value. This assumption presupposes a use, which is technically and physically possible, legally permitted and financially realizable. As fair value is calculated on the basis of maximization of use, the best possible use may differ from the actual or planned use. In the assessment of fair value, future investment spending for the purpose of improving a property or increasing its value will be taken into account accordingly.

Highest and best use

The use of the highest and best use approach is based on the principle of the materiality of the possible difference in value in terms of the ratio of the value of the specific property to the total real estate assets and in terms of the possible absolute difference in value. A property's potential added value within the usual estimating tolerance of a specific valuation is regarded as immaterial in this context and is therefore disregarded.

Materiality in relation to the highest and best use approach

Fair value is determined according to the quality and reliability of the valuation parameters, in order of diminishing quality/reliability: Level 1 market price, Level 2 modified market price and Level 3 model-based valuation. At the same time, when a property is valued on the basis of fair value, different parameters may be applied to different hierarchies. In this context, the total valuation is classed according to the lowest level of the fair value hierarchy in which the material valuation parameters are found.

Fair value hierarchy

The value of the properties of EPIC is determined using a model-based valuation according to Level 3 on the basis of input parameters, which cannot be directly observed on the market. Here too adjusted Level 2 input parameters are used (e.g. market rents, operating/maintenance costs, discounting/capitalization rates, proceeds of sales of residential property). Non-observable input factors are only used where relevant observable input factors are not available.

Valuation level for property valuations

The valuation approaches used are those that are appropriate under the given circumstances and for which sufficient data are available to determine fair value. At the same time, the use of relevant observable input factors is maximized, while the use of non-observable input factors is minimized. In the case of the present valuation procedure, an income-based approach is applied, using discounted cash flow valuations, which are widespread in Switzerland.

Valuation approach

Market rents, vacancy levels and discount rates are defined as significant input factors. These factors are influenced to a varying degree by market developments. If the input factors change, the property's fair value also changes. For each input factor, these changes are simulated on the basis of static sensitivity analyses. Owing to interdependence between the input factors, their effects on fair value may

Significant input factors, influence on fair value either offset or potentiate each other. For example, the effect of reduced market rents combined with higher vacancies and higher discount rates will have a cumulative negative impact on fair value. However, as the portfolio is diversified geographically and by properties, changes to input factors seldom exert a cumulative effect in the short term.

The most important factor influencing the input factors is the economic environment. If a negative mood in the economy increases the pressure on market rents, vacancies in real estate usually increase as well. At the same time, however, such market situations might result in a favourable, i.e. low, interest rate level, which has a positive effect on the discount rates. Thus, a certain compensation of the input factors can be assumed. Ongoing optimisation measures for properties (e.g. conclusion/extension of long-term leases, investments in the expansion of rental space, etc.) prevent such short-term market shocks, which mainly affect the factors of market rents and vacancies. As mentioned above, the individual risk-adjusted discount rate of the property follows the yield expectations of the respective investors or market participants and can only be influenced by the owner to a limited extent.

Valuation method

In valuing EPIC's real estate holdings, Wüest Partner applied the discounted cash flow (DCF) method, by which the market value of a property is determined as the total of all projected future (infinity) net earnings discounted to the date of valuation. Net income is discounted separately for each property with due allowance for specific opportunities and threats, and adjustment in line with market conditions and risks.

Basis of valuation

Wüest Partner is familiar with all the properties, having carried out inspections and examined the documentation provided. The properties have been analyzed in detail in terms of their quality and risk profiles (attractiveness and rentability of rented premises, construction type and condition, micro- and macro-location etc.). Currently vacant premises are valued with allowance made for a reasonable marketing period and incentives if market driven. Wüest Partner inspects properties at least every three years, as well as after a purchase and after completion of major refurbishment and investment projects.

Changes in portfolio composition

No purchases, sales or reclassifications were made during the reporting period from 1 January 2024 to 30 June 2024.

Results

As of 30 June 2024, Wüest Partner valued a total of 25 properties. Following the split of two properties (EPiC 19 & EPiC 21) into two segments according to the stage of completion of the different development phases and following the grouping of the two properties in Tolochenaz (EPiC 7 & EPiC 24), Wüest Partner carried out a total of 28 valuations (25 in the segment «Investment properties in operation» and 3 in the segment «Investment properties under development/construction»).
The market value of all 25 properties is estimated at 1,568,820,000 Swiss Francs as of 30 June 2024.

Change in value within the reporting period (like-for-like; excl. developments)[1]

As at the reporting date of 30 June 2024, the fair value of the investment properties in operation already valued on the reporting date of 31 December 2023 («like-for-like») amounts to 1,440,250,000 Swiss Francs. Compared to the reporting date 31 December 2023, this corresponds to a gross change in value (before deduction of investments made in the reporting period) of approximately +0.64% and a net change in value (after deduction of investments made in the reporting period) of approximately +0.25%.

Independence and confidentiality

Wüest Partner performed the valuation of EPIC's real estate holdings independently and neutrally in conformity with its business policies. It was carried out solely for those purposes specified above. Wüest Partner shall accept no liability in respect of third parties.

Evaluation fee

The fee of the valuer's services is independent of the valuation results. The rate is based upon the numbers of the valuations performed and the size and type of property. Thus, the amount of the fee does not depend on the results of the valuations.

Wüest Partner AG
Zurich, 18 July 2024

Moritz Menges MRICS Partner	Patrik Schmid MRICS Partner

1 This information is to be understood independently of the effective IFRS accounting used in EPIC consolidated financial statements and does not include the properties in the segment «Investment properties under development/construction».

Annex: Valuation assumptions

With regard to the significant input factors, the following ranges for the discount rates, achievable long-term market rents and structural vacancy rates were applied to the property valuations:

Asset class / Valuation method	Fair value in 1,000 CHF	Input factors		Minimum	Weighted average	Maximum
Retail	577'170	Discount rates (real)	Percent	2.80%	3.43%	3.95%
Level 3		Achievable long-term market rents	CHF/m^2 p.a.	180	251	357
DCF		Structural vacancy rates	Percent	3.08%	4.57%	5.22%
Offices	652'360	Discount rates (real)	Percent	2.85%	3.18%	3.80%
Level 3		Achievable long-term market rents	CHF/m^2 p.a.	278	308	364
DCF		Structural vacancy rates	Percent	4.00%	5.09%	7.22%
Logistics/Industrial	210'720	Discount rates (real)	Percent	3.35%	3.69%	3.80%
Level 3		Achievable long-term market rents	CHF/m^2 p.a.	85	106	232
DCF		Structural vacancy rates	Percent	5.00%	5.09%	5.78%
Under development/construction	128'570	Discount rates (real)	Percent	3.55%	3.82%	4.00%
Level 3		Achievable long-term market rents	CHF/m^2 p.a.	189	197	305
DCF		Structural vacancy rates	Percent	5.00%	5.00%	5.00%

Calculation

Averages as well as minima and maxima were calculated at the level of entire properties, i.e. aggregated over all rental objects of a property.

The valuations were based on the following general assumptions:

– The rent rolls from EPIC used in the valuation are dated 1 July 2024.
– A two-phase DCF model was adopted. The valuation period extends from the valuation date to infinity with an implied residual value in the eleventh period.
– Discounting is based on a risk-adjusted interest rate. Rates are determined individually for each property on the basis of appropriate benchmarks derived from arm's-length transactions. They may be broken down as follows: risk-free interest rate + property risk (immobility of capital) + premium for macro-location + premium for micro-location depending on use + premium for property quality and income risk + any other specific premiums. Real discount rates range between 2.80% and 4.00% depending on the property, use and location (please see table above).
– Unless otherwise stated, the valuations assume 1.25% annual inflation for income and all expenditure. Where a nominal discount rate is applied, this is adjusted accordingly.
– Credit risks posed by specific tenants are not explicitly factored into the valuation.
– Specific indexations of existing leases are taken into account on an individual basis. After expiry of the contracts, an indexation level of 100 per cent is assumed.
– For existing tenancies, the timing of individual payments is assumed to comply with the terms of the lease. Following lease expiry, cash flows for commercial premises are taken to be quarterly in advance.
– In terms of running costs, entirely separate service charge accounts are assumed, with no tenancy-related ancillary costs to be borne by the owner.
– The maintenance (repair and upkeep) costs were calculated using a building analysis tool. This tool is used to estimate the remaining lifespan of individual components based on their present condition, to model periodic refurbishments and to calculate the associated annuity. The calculated values are checked for feasibility using cost benchmarks derived from Wüest Partner surveys.

The following, additional assumptions were applied to the valuations of the development properties and the investment properties under construction:

- The background data provided by EPIC has been verified and, where appropriate, adjusted (e.g. plot ratio, lettable areas, deadlines/development process, letting/absorption).
- The valuations undergo independent earnings and cost assessment and yield analysis.
- It is assumed that construction cost certainty has been achieved through the agreement of general contracts and design-and-build contracts.
- Allowance is made in the construction costs for enabling works where these are known (e.g. remediation of contaminated sites, demolitions, infrastructure).
- The construction costs include the usual incidental costs, excl. construction financing. This is implicit in the DCF model.
- Allowance is made for value-relevant services previously provided by third parties or EPIC, insofar as these are known.
- The posted construction costs of development properties and investment properties under construction are calculated exclusive of value-added tax if applicable (commercial use).
- The valuations do not contain latent taxes.

Alternative Performance Measures

Adjusted vacancy rate (properties in operation)	Reported vacancy rate (properties in operation) adjusted for absorption and strategic vacancy in certain properties in operation over maximum three years (for 31 December 2023 Zänti Volketswil and Biopôle Serine)
Adjusted net LTV ratio	Ratio of net debt to the market value of total real estate properties excluding the right-of-use of the land
EBIT	Earnings before interest and tax corresponds to EBITDA after depreciation and amortisation
EBITDA or EBITDA (incl. revaluation of properties)	Earnings before interest, tax, depreciation and amortisation including net gain (loss) from revaluation of properties
EBITDA (excl. revaluation of properties)	Earnings before interest, tax, depreciation and amortisation excluding net gain (loss) from revaluation of properties
EBITDA (excl. revaluation of properties) margin	EBITDA (excl. revaluation of properties) divided by total income
EBITDA (excl. revaluation of properties) yield	EBITDA (excl. revaluation of properties) divided by the fair value of total real estate properties
FFO yield (IFRS)	FFO divided by IFRS NAV as at the respective date
Funds from operations (FFO)	EBITDA (excl. revaluation of properties) less net financial expenses (excl. unrealised revaluation effects) and less cash tax and before capital expenditure and mortgage-secured bank debt amortisation
IFRS NAV	Total equity as shown in the consolidated statement of financial position
IFRS NAV (before net deferred taxes)	IFRS NAV excluding deferred tax liabilities, deferred tax assets and other non-current assets (corresponding to the complementary property tax in canton of Vaud)
Internal rate of return (IRR)	Total shareholder return (IRR) is IFRS NAV appreciation and dividends paid expressed as an annualised percentage (using the IRR formula from Excel)
Net debt	Total debt net of cash and cash equivalents
Net loan to value (LTV) ratio	Ratio of net debt to the market value of total real estate properties including the right-of-use of the land
Net operating income (NOI)	Rental income from real estate properties plus other income less direct expenses related to properties
NOI margin	NOI divided by total income
NOI yield (total portfolio)	NOI divided by the fair value of total real estate properties
Net rental income	Rental income from real estate properties on the statement of profit and loss
Net rental income yield (properties in operation)	Net rental income of investment properties in operation divided by the fair value of investment properties in operation (classified as such) during the period (i.e. before any period-end transfers between categories)
Net rental income yield (total portfolio)	Net rental income of the total portfolio divided by the fair value of total real estate properties
Net rental operating income (NROI)	Rental income from real estate properties less direct expenses related to the properties
Profit (excl. revaluation effects)	Profit after tax before other comprehensive income excluding revaluation of properties and derivatives and related deferred taxes as well as any related foreign exchange effects

Reported vacancy rate (properties in operation)	Vacancy of the properties in operation divided by target rental income of the properties in operation for the reporting period
Return on equity (excl. revaluation effects)	Profit after tax before other comprehensive income excluding revaluation of properties and derivatives and related deferred taxes as well as any related foreign exchange effects divided by the average IFRS NAV. The average IFRS NAV corresponds to ½ of the sum of the IFRS NAV at the beginning and at the end of the reporting period
Return on equity (incl. revaluation effects)	Profit after tax before other comprehensive income divided by the average IFRS NAV. The average IFRS NAV corresponds to ½ of the sum of the IFRS NAV at the beginning and at the end of the reporting period
Total debt	Total of mortgage-secured bank loans and shareholders' loans
Vacancy	Sum of the target rental income of vacant units
WAULT (weighted average unexpired lease term)	Weighted average unexpired lease term (in number of years) calculated as the sum-product of lease maturities based on contract expiration and corresponding rental income divided by the total rental income, excluding early breaks, adjusted for rental contracts that terminated during the relevant financial period and with annualised contractual rental income for rental contracts that started during the relevant financial period

Investor Relations Information

Agenda

26 November 2024	Publication of selected numbers – YTD 30 September 2024
5 March 2025	Publication Annual Report 2024
28 March 2025	Annual General Meeting of Shareholders 2025
May 2025	Publication of selected numbers – YTD 31 March 2025
August 2025	Publication Half-Year Report 2025

Information regarding registered shares as at 30 June 2024

Number of outstanding shares	10’330’076 registered shares with nominal value of CHF 0.04 each
Listing	SIX Swiss Exchange since 25 May 2022
Swiss Security Number (Valorennummer)	51613168
ISIN number	CH0516131684
Ticker symbol	EPIC
Market capitalisation	CHF 743.8 million
Closing price end of period	CHF 72.00

Other information

Accounting standard	IFRS
Auditors	KPMG AG, CH-Zurich
Independent valuation expert	Wüest Partner AG, CH-Zurich
Share register	areg.ch ag, CH-Hägendorf

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Imprint/Disclaimer

Disclaimer and declaration of forward-looking statements

This publication may contain specific forward-looking statements, e.g. statements including terms like “believe”, “assume”, “expect”, “forecast”, “project”, “may”, “could”, “might”, “will” or similar expressions. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors which may result in a substantial divergence between the actual results, financial situation, development or performance of EPIC Suisse AG and those explicitly or implicitly presumed in these statements. Against the background of these uncertainties, readers should not rely on forward-looking statements. EPIC Suisse AG assumes no responsibility to update forward-looking statements or to adapt them to future events or developments. All of the publications and further information are available at www.epic.ch.

EPIC Suisse AG uses certain key figures to measure its performance that are not defined by IFRS. These alternative performance measures may not be comparable to similarly titled measures presented by other companies. Additional information on these key figures and alternative performance measures can be found on page 50 of this report.

Imprint
Publisher EPIC Suisse AG, Zurich
Concept/Design/Realisation/Editorial Neidhart + Schön Group, Zurich
Tolxdorff Eicher Aktiengesellschaft, Horgen
Cover © Laurent Kaczor, Lausanne
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