EPIC SUISSE

Half-Year Report 2023

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.

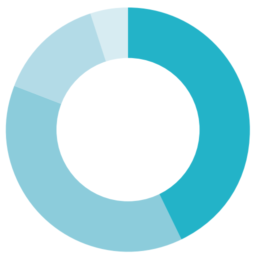
Our portfolio as at 30 June 2023

Market value of the portfolio

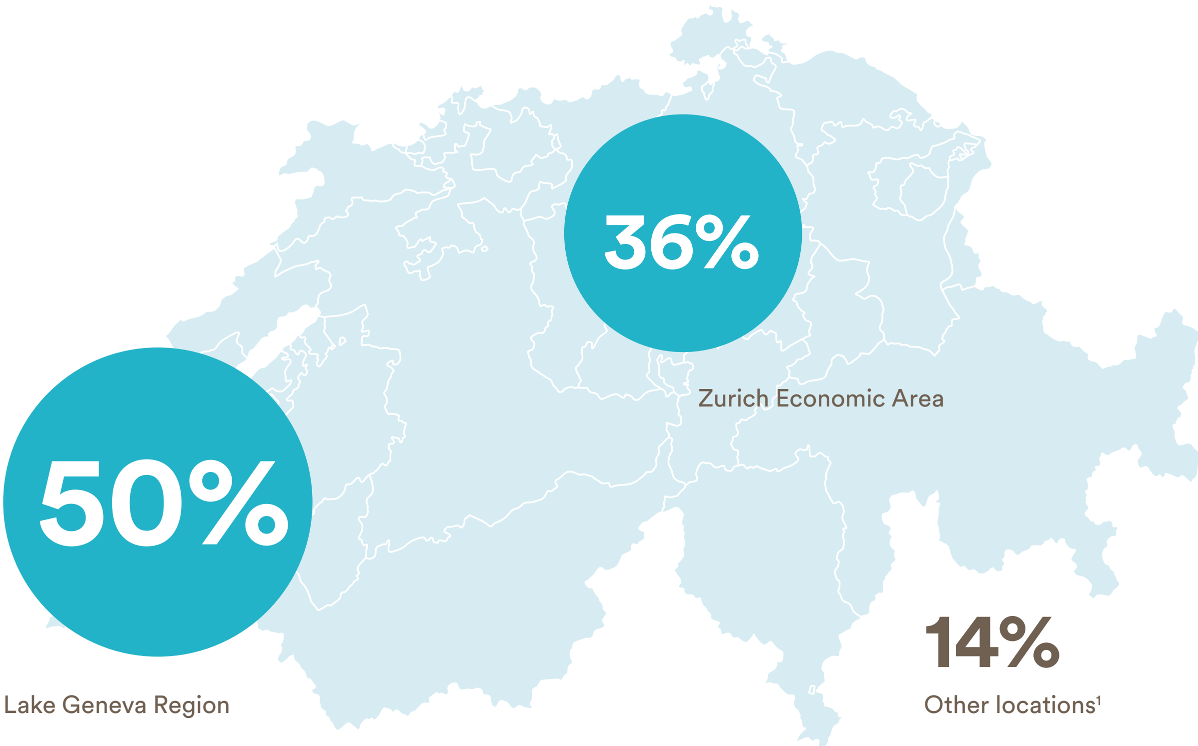
CHF

1.5 billion

Portfolio by use
Based on market value



Portfolio by region
Based on market value



25
Properties

324'575 m²
Rentable area of investment properties in operation

8.1 years
WAULT

4.6 %
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 2023	H1 2022
Rental income from real estate properties	CHF ('000)	32'872	30'661
Net operating income (NOI)[1]	CHF ('000)	30'738	28'271
Net gain (loss) from revaluation of properties	CHF ('000)	(5'885)	5'278
EBITDA (incl. revaluation on properties)	CHF ('000)	20'654	24'411
EBITDA (excl. revaluation on properties)	CHF ('000)	26'539	19'133
Earnings before interest and tax (EBIT)	CHF ('000)	20'558	24'315
Profit (incl. revaluation effects)	CHF ('000)	11'230	38'724
Profit (excl. revaluation effects)[2]	CHF ('000)	20'856	13'546
Net rental income yield properties in operation (annualised)	%	4.6%	4.2%

Balance sheet	Unit	30 Jun 2023	31 Dec 2022
Total assets	CHF ('000)	1'572'084	1'563'201
Equity (NAV)	CHF ('000)	798'616	818'412
Equity ratio	%	50.8%	52.4%
Return on equity (incl. revaluation effects)[3] (annualised for H1 2023)	%	2.8%	8.1%
Return on equity (excl. revaluation effects)[4] (annualised for H1 2023)	%	5.2%	4.7%
Mortgage-secured bank loans	CHF ('000)	617'547	595'966
Weighted average interest rate on mortgage-secured bank loans	%	1.3%	1.0%
Weighted average residual maturity of mortgage-secured bank loans	Years	5.1	4.1
Net loan to value (LTV) ratio[5]	%	39.7%	38.3%

Portfolio	Unit	30 Jun 2023	31 Dec 2022
Total portfolio	CHF ('000)	1'514'744	1'501'882
Investment properties in operation	CHF ('000)	1'441'689	1'447'761
Investment properties under development/construction	CHF ('000)	73'055	54'121
Reported vacancy rate (properties in operation)	%	4.4%	5.8%
Adjusted vacancy rate (properties in operation)[6]	%	2.8%	3.3%
WAULT (weighted average unexpired lease term)	Years	8.1	8.2

Information per share	Unit	30 Jun 2023	31 Dec 2022
Number of outstanding shares as at period end	# ('000)	10'330	10'330
Net asset value ("NAV") per share	CHF	77.31	79.23
Share price on SIX Swiss Exchange	CHF	62.00	63.50
		H1 2023	H1 2022
Weighted average number of outstanding shares	# ('000)	10'330	8'052
Earnings per share (incl. revaluation effects)	CHF	1.09	4.81
Earnings per share (excl. revaluation effects)	CHF	2.02	1.68

[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,

The Board of Directors as well as the Group Executive Management are very pleased to report significant growth and a strong operating performance for the first half-year 2023. Our semi-annual results were achieved despite a challenging market environment and are a testimony to the quality of our real estate portfolio and to our successful long-term Buy-Build-Hold strategy.

Higher rental income, vacancies further reduced

We are pleased to report a substantial increase of 7.2% in rental income from real estate properties from CHF 30.7 million for the 6 months ending 30 June 2022 to CHF 32.9 million for the 6 months ending 30 June 2023. The increase in rental income from operations was mainly driven by additional rent due to indexation, a reduction in vacancy to 4.4% during this period compared to 6.5% during the equivalent period of 2022, as well as the expiry of rent-free periods granted.[1]

CHF

32.9

million of rental income

Value of real estate portfolio steady at CHF 1.5 billion

The value of the real estate portfolio increased by 0.9% compared to year-end 2022 and amounted to CHF 1'514.7 million at 30 June 2023. The increase is mainly due to the investments and construction progresses in our development projects and despite a net unrealised revaluation loss of CHF 5.9 million mainly as a result of higher real discount rates applied by the independent real estate valuer. The WAULT (weighted average unexpired lease term) remained stable and at a long duration of 8.1 years as at 30 June 2023 compared to 8.2 years as at 31 December 2022.

Further business update within the portfolio and regarding project developments
We are very satisfied with the progress and achievements in our development pipeline during H1 2023. The construction of our project PULSE in Cheseaux-sur-Lausanne is evolving according to plan. As a reminder, PULSE will be made of two best in class adjacent light industrial and/or production buildings with a gross area of around 43'000 m² above ground, and connected with two basement floors that will provide generous parking, storage and technical areas. Due to the buildings' technical flexibility, PULSE represents a unique opportunity for different types of companies to base their production and/or R&D operations in the vicinity of Lausanne. Our marketing campaign has now begun and, starting from August 2023, a new employee dedicated to marketing has joined our Lausanne team, to liaise with potential new tenants for the lettings of our available areas in the Swiss Romandie and in particular of our project PULSE.

The lettings in our building Biopôle Serine are progressing well – we have signed a new lease for an additional surface in the building, which is expected to begin towards the end of 2023. While as at 30 June 2022, the vacancy in the building, based on lettable area in m², amounted to 24%, this percentage is now reduced to 20% based on signed contracts.

4.4 %

vacancy rate

The construction of the next phase of Campus Leman (building C) began in April 2023, and we expect the building to be completed by H1 2025, with the anchor tenant, Incyte, having already firmly committed to renting about one third of the building.

Furthermore, during Q3 2023, a preliminary building permit application will be submitted for our development land in Roggwil, in order to obtain official feedback from the authorities before a complete building permit application is submitted.

Finally, we are continuing to closely monitor the progress of our future development project En Molliau in Tolochenaz. While the site is fully let today and generates rental income, in our view, given the unique size and location of the site, the redevelopment of the land has significant potential whether using the existing building rights or in the future more flexible building rights. The municipality of Tolochenaz is opting for more flexible rights and is driving this change in the new masterplan. We understand from the municipality that discussions with the cantonal authorities are progressing.

Solid financing
Our balance sheet remains solid with an equity of CHF 798.6 million as at 30 June 2023 compared to CHF 818.4 million as at 31 December 2022 and with a net loan to value (LTV) ratio of 39.7% at 30 June 2023 compared to 38.3% as at 31 December 2022. For more details and analysis of our H1 2023 results please refer also to the Report on the Half-Year Results on the following page.

We are also very happy to have delivered on the dividend target that was communicated prior to the IPO and to have paid on 4 May 2023 a dividend of CHF 3.00 per share amounting to a total distribution of CHF 31.0 million. This represents a payout ratio of 85% of our 2022 FFO (adjusted for the one-off IPO costs).

A word of thanks
After this successful half-year, we would like to thank all our employees for their commitment and hard work. We also would like to express our gratitude to all our business partners for their continued loyalty. Finally, we would also like to thank you, our shareholders, for your interest in our company.

Sincerely,

Roni Greenbaum
Chairman

Arik Parizer
Chief Executive Officer

[1] For a glossary of the alternative performance measures, please refer to page 50 of this Half-Year Report.

Report on the Half-Year Results

H1 2023 performance confirms resilience of our business model

Rental income from real estate properties increased by 7.2% to CHF 32.9 million in the first half of 2023 compared to CHF 30.7 million in H1 2022, mainly as a result of three factors, rent indexation combined with lower vacancy rates and incentives. Accordingly, the net annualised rental income yield of our properties in operation reached 4.6% compared to 4.2% in the previous reporting period.

Thanks to stable direct expenses and higher other income this half year (the positive delta of the other income was mainly of a non-recurrent nature), the net operating income of H1 2023 improved by CHF 2.5 million to CHF 30.7 million, producing a 90.7% margin (CHF 28.3 million and 90.3% respectively in H1 2022).

The value of our portfolio increased by 0.9% to CHF 1'514.7 million (CHF 1'501.9 million as at 31 December 2022) primarily due to the advancement of our ongoing development projects and despite a net unrealised revaluation loss of CHF 5.9 million, following the reappraisal of all properties by the independent real estate valuer Wüest Partner AG by the end of June 2023.

The higher interest rate environment has impacted valuation models and transaction volumes in the Swiss real estate market and was the main driver behind the weighted average real discount rate increase of 5 basis points to 3.36% end of June 2023 (3.31% end of December 2022), which affected all sectors except for the developments. The development sector showed a net unrealised revaluation gain of CHF 3.2 million, whereas the office, retail and logistics/industrial sectors showed unrealised revaluation losses of CHF 4.1 million, CHF 3.5 million and CHF 1.5 million respectively.

CHF
1'515
million portfolio value

The group generated an EBITDA of CHF 20.7 million within the first six months of the year compared to CHF 24.4 million in the prior analogous period. When excluding the revaluation on properties as well as the one-off IPO costs of CHF 5.9 million in H1 2022, the adjusted EBITDA amounts to CHF 26.5 million and CHF 25.0 million for H1 2023 and H1 2022 respectively, showing a progression of 6.1% mainly as a result of the top line growth.

The H1 2023 financial result displayed a net expense of CHF 7.9 million versus a net income of CHF 19.1 million in H1 2022, such income resulting from an unrealised revaluation gain from hedging instruments (interest rate swaps) in the amount of CHF 23.1 million. The periodical revaluation of the swaps (negative effect of CHF 4.5 million by the end of June 2023) does not impact the group's operations, cash flows or ability to distribute a dividend. Net bank charges remained stable at CHF 3.5 million during H1 2023 compared to CHF 3.4 million in the equivalent period last year, principally due to a lower amount of bank debt during H1 2023.

During the first half of this year, the group showed a net profit of CHF 11.2 million versus CHF 38.7 million for the previous comparable period. After adjusting for the revaluation effects as well as the above-mentioned one-off IPO costs incurred during H1 2022, the net profit rose by 7.4% to CHF 20.9 million compared to CHF 19.4 million for H1 2022.

The reported vacancy rate of our investment properties in operation further decreased to 4.4% in H1 2023 versus 6.5% in the corresponding prior period, largely driven by the office sector, in particular the recently built property Biopôle Serine.

The WAULT as at 30 June 2023 stayed stable at 8.1 years compared to 8.2 years as at the end of December 2022, notwithstanding the passing of time effect (0.5 years).

Capital expenditure

During this reporting period, our capital expenditures in a total amount of CHF 18.7 million were mainly focused on our developments with total investments of CHF 15.7 million, of which CHF 13.3 million related to project PULSE in Cheseaux-sur-Lausanne and CHF 2.4 million to the construction of building C (Campus Leman) in Morges, which started in April 2023.

Strong capital base

As at 30 June 2023, the group's equity amounted to CHF 798.6 million which corresponds to an equity ratio of 50.8% (CHF 818.4 million and 52.4% respectively as at 31 December 2022). A dividend of CHF 3.00 per share, corresponding to a yield of 4.7% based on the closing share price end of last year, was distributed to the shareholders on 4 May 2023 in line with the target announced in May 2022. Accordingly, the net asset value per share equalled CHF 77.31 end of June 2023 (CHF 79.23 as at 31 December 2022).

CHF
77.31
net asset value per share

All short-term mortgage-secured bank loans as at 31 December 2022 were renewed with maturities in 2028 and beyond, which is reflected in the longer weighted average residual maturity of 5.1 years as at 30 June 2023 (4.1 years as at 31 December 2022).

As at 30 June 2023, the bank loans continued to be well hedged with 71% of the loans being fixed or benefitting from interest rate swaps, while the net loan to value ratio stayed low at 39.7% (81% and 38.3% respectively as at the end of December 2022).

As anticipated in view of the current interest rate environment, the weighted average interest rate increased to 1.3% as at 30 June 2023 from 1.0% as at 31 December 2022. In order to further reduce bank costs, the group entered into 3-year cross currency swaps for a nominal amount of CHF 91.3 million, which allow for a reduced bank margin. The foreign currency conversion rates were fixed at inception and maturity of the swaps, eliminating the crystallisation of any potential foreign exchange currency risk. Only unrealised revaluation foreign exchange losses or gains will be recorded, which, similar to any periodic fair value revaluation, will not impact the group's operations, cash flows or dividend distributions.

Outlook

Climate change, energy supply, sustainability, interest rates and inflationary risks remain amongst the key focus areas with potentially high impacts on the economic environment. The war in Ukraine and the stakes involved are unfortunately still part of the geopolitical landscape. Assuming no materially adverse impact on our operations going forward, we are confident of reaching a net rental income growth target of circa 4% to 6% for the full year 2023.

Sincerely,

Valérie Scholtes
Chief Financial Officer

Consolidated statement of profit or loss and other comprehensive income

CHF ('000)	Notes	H1 2023	H1 2022
Rental income from real estate properties	7	32'872	30'661
Other income		1'005	634
Total income		**33'877**	**31'295**
Gains from revaluation of properties	15	4'986	11'871
Losses from revaluation of properties	15	(10'871)	(6'593)
Net gain (loss) from revaluation		**(5'885)**	**5'278**
Direct expenses related to properties	8	(3'139)	(3'024)
Personnel expenses	9	(2'353)	(1'627)
Operating expenses	10	(571)	(504)
Administrative expenses	11	(1'275)	(7'007)
Total operating expenses		**(7'338)**	**(12'162)**
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**20'654**	**24'411**
Depreciation		(96)	(96)
Earnings before interest and tax (EBIT)		**20'558**	**24'315**
Financial income	12	2'247	23'125
Financial expenses	12	(10'113)	(3'976)
Financial result		**(7'866)**	**19'149**
Earnings before tax (EBT)		**12'692**	**43'464**
Income tax expenses	13	(1'462)	(4'740)
Profit		**11'230**	**38'724**
Items that will not be reclassified subsequently to profit and loss			
Remeasurement of defined benefit obligations (net of taxes)		-	-
Total comprehensive income		**11'230**	**38'724**
Weighted average number of outstanding shares (in '000)		10'330	8'052
Basic and diluted earnings per share (in CHF)	22	1.09	4.81

Consolidated statement of financial position

CHF ('000)	Notes	30 Jun 2023	31 Dec 2022
ASSETS			
Current assets			
Cash and cash equivalents		16'359	20'338
Tenant receivables	14	929	1'251
Other receivables		1'121	1'429
Current derivative financial assets	19	7'581	3'336
Accrued income and prepaid expenses		2'251	1'299
Total current assets		**28'241**	**27'653**
Non-current assets			
Real estate properties			
– Investment properties in operation	15	1'441'689	1'447'761
– Investment properties under development/construction	15	73'055	54'121
Total real estate properties		**1'514'744**	**1'501'882**
Other intangible assets		9	9
Other tangible assets		295	335
Right-of-use assets		447	502
Non-current derivative financial assets	19	19'535	24'008
Other non-current financial assets		50	54
Other non-current assets	16	5'978	5'861
Deferred tax assets		82	69
Accrued income		2'703	2'828
Total other non-current assets		**29'099**	**33'666**
Total non-current assets		**1'543'843**	**1'535'548**
Total assets		**1'572'084**	**1'563'201**

Consolidated statement of financial position (continued)

CHF ('000)	Notes	30 Jun 2023	31 Dec 2022
LIABILITIES			
Current liabilities			
Current financial liabilities	17	4'768	101'894
Current derivative financial liabilities		-	-
Trade payables		1'279	1'422
Current income tax liabilities		2'635	3'010
Other payables		1'015	885
Accrued expenses and deferred income	18	11'475	8'195
Total current liabilities		**21'172**	**115'406**
Non-current liabilities			
Other non-current liabilities		-	3
Non-current financial liabilities	17	626'410	507'850
Non-current derivative financial liabilities	19	4'259	-
Pension obligations		280	280
Deferred tax liabilities		121'347	121'250
Total non-current liabilities		**752'296**	**629'383**
Total liabilities		**773'468**	**744'789**
EQUITY			
Share capital	21	413	413
Share premium	21	431'712	462'702
Retained earnings		366'491	355'297
Total equity		**798'616**	**818'412**
Total liabilities and equity		**1'572'084**	**1'563'201**
Number of outstanding shares as at period end (in '000)	21	10'330	10'330
Net asset value ("NAV") per share (in CHF)	22	77.31	79.23

Consolidated statement of cash flows

CHF ('000)	Notes	H1 2023	H1 2022
A – Operating activities			
Earnings before tax (EBT)		**12'692**	**43'464**
Adjustments for:			
– Financial result	12	7'866	(19'149)
– Revaluations of properties	15	5'885	(5'278)
– Depreciation		96	96
– Share-based compensation		160	-
– Other		(3)	(2)
Changes:			
– Tenant net receivables		322	134
– Other receivables, accrued income and prepaid expenses		(259)	(570)
– Trade payables		(304)	(49)
– Other payables, accrued expenses and deferred income		1'613	2'042
Interest received		6	-
Income tax paid		(1'870)	(3'037)
Net cash flows from operating activities		**26'204**	**17'651**
B – Investment activities			
Investments in real estate properties	15	(17'046)	(10'685)
Net cash flows used in investment activities		**(17'046)**	**(10'685)**
C – Financing activities			
Proceeds from IPO		-	192'445
Proceeds from bank debt	17	137'420	-
Repayment of bank debt	17	(115'382)	(168'340)
Bank interest paid		(3'554)	(3'422)
Lease payments		(434)	(433)
Other finance costs paid		-	(175)
Transaction costs related to issuance of new shares	21	-	(2'052)
Repayment of shareholders' loans		-	(6'500)
Interest in relation to shareholders' loans		-	(146)
Dividends paid to shareholders		(30'990)	(4'500)
Acquisition of treasury shares		(197)	-
Net cash flows from financing activities		**(13'137)**	**6'877**
Net change in cash		**(3'979)**	**13'843**
Net cash at the beginning of the period		20'338	18'240
Net cash at the end of the period		**16'359**	**32'083**

Consolidated statement of changes in equity

CHF ('000)	Notes	Share capital	Share premium	Retained earnings	Total equity
As at 31 Dec 2021		**300**	**279'117**	**298'448**	**577'865**
Capital increase – 25 May 2022		107	182'579		182'686
Capital increase – 28 June 2022		6	9'753		9'759
Profit				38'724	38'724
Other comprehensive income				-	-
Total comprehensive income				**38'724**	**38'724**
Dividend distribution	21		(4'500)		(4'500)
Transaction costs related to issuance of new shares	21		(4'248)		(4'248)
As at 30 Jun 2022		**413**	**462'701**	**337'172**	**800'286**
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)
Equity-settled share-based payment				(196)	(196)
As at 30 Jun 2023		**413**	**431'712**	**366'491**	**798'616**

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 and its direct and indirect subsidiaries together are 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 17 subsidiaries which own 25 properties. All entities are ultimately controlled by the majority shareholder Alrov Properties & Lodgings Ltd ("Alrov"), which prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

The Company was listed on 25 May 2022 on the SIX Swiss Exchange.

2 Accounting framework

The unaudited consolidated interim financial statements as at 30 June 2023 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 2022. 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 2022. The definitions of the alternative performance measures can be found under the section "Alternative Performance Measures".

The consolidated interim financial statements as at 30 June 2023 were authorised for issue by the Company's Board of Directors on 16 August 2023.

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

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its influence over the entity. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. All of EPIC Group's companies have 31 December as their year-end.

Intercompany transactions, balances and unrealised gains and losses on transactions between EPIC Group's companies are eliminated.

A list of the consolidated entities is set out below:

		Share capital	Capital and voting interests	
Legal entity name	D	30 Jun 2023 CHF	30 Jun 2023 %	31 Dec 2022 %
EPIC Suisse AG	CH	413'203		
P.I.H. Property Investment Holdings Luxembourg S.A. ("PIH")	LU	40'762	100%	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.

PIH serves as holding company of most of the Swiss entities (except EPiC 20 and EPiC 21 directly held by the Company and EPiC 24 directly held by EPiC 7). The purpose of the Swiss property entities (EPiC 1 to EPiC 24) is to acquire, hold, lease and sell commercial premises.

5 Critical accounting judgments and key sources of estimation uncertainty

IFRS requires 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 tax provisions is based on estimates.

6 Segment reporting

Two operating and reporting segments have been identified based on management's approach to and monitoring of 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 29 of the consolidated financial statements as at 31 December 2022.

Each property is classified under one category, with the exception of two properties as at 30 June 2023, 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.

CHF ('000)	Invest. prop in operation	Invest. prop under D/C[1]	Total Segments	Reconciliation	Total Group
			H1 2023		
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**
			30 Jun 2023		
Assets					
Real estate properties fair value	1'441'689	73'055	1'514'744	-	1'514'744
Derivative financial assets	27'116	-	27'116	-	27'116
Total segment assets	**1'468'805**	**73'055**	**1'541'860**	**-**	**1'541'860**
Assets not split between segments				30'224	30'224
Total assets	**1'468'805**	**73'055**	**1'541'860**	**30'224**	**1'572'084**
Liabilities					
Mortgage-secured bank loans	617'547	-	617'547	-	617'547
Derivative financial liabilities	4'259	-	4'259	-	4'259
Total segment liabilities	**621'806**	**-**	**621'806**	**-**	**621'806**
Liabilities not split between segments				151'662	151'662
Total liabilities	**621'806**	**-**	**621'806**	**151'662**	**773'468**

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

	H1 2022				
CHF ('000)	Invest. prop in operation	Invest. prop under D/C[1]	Total Segments	Reconciliation	Total Group
Rental income	30'658	3	30'661	-	30'661
Other income	634	-	634	-	634
Total income	**31'292**	**3**	**31'295**	**-**	**31'295**
Direct expenses related to the properties	(3'000)	(24)	(3'024)	-	(3'024)
Net operating income	**28'292**	**(21)**	**28'271**	**-**	**28'271**
Personnel expenses				(1'627)	(1'627)
Operating expenses				(504)	(504)
Administrative expenses				(7'007)	(7'007)
Total other operating expenses				**(9'138)**	**(9'138)**
EBITDA before portfolio revaluation					**19'133**
Net gain (loss) from revaluation	4'348	930	5'278	-	5'278
EBITDA after portfolio revaluation	**32'640**	**909**	**33'549**	**(9'138)**	**24'411**
Depreciation				(96)	(96)
EBIT					**24'315**

	31 Dec 2022				
Assets					
Real estate properties fair value	1'447'761	54'121	1'501'882	-	1'501'882
Derivative financial assets	27'344	-	27'344	-	27'344
Total segment assets	**1'475'105**	**54'121**	**1'529'226**	**-**	**1'529'226**
Assets not split between segments				33'975	33'975
Total assets	**1'475'105**	**54'121**	**1'529'226**	**33'975**	**1'563'201**
Liabilities					
Mortgage-secured bank loans	595'966	-	595'966	-	595'966
Derivative financial liabilities	-	-	-	-	-
Total segment liabilities	**595'966**	**-**	**595'966**	**-**	**595'966**
Liabilities not split between segments				148'823	148'823
Total liabilities	**595'966**	**-**	**595'966**	**148'823**	**744'789**

[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 2023	H1 2022
Investment properties in operation	32'869	30'658
Investment properties under development/construction	3	3
Total rental income from real estate properties	**32'872**	**30'661**

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 2023, 87.8% 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 2023		H1 2022	
Coop group	6'484	19.7%	5'926	19.3%
Migros group	2'723	8.3%	2'652	8.7%
Centre Hospitalier Universitaire Vaudois group	2'640	8.0%	2'682	8.7%
GXO Logistics Switzerland S.A.G.L.	2'080	6.3%	2'031	6.6%
Hitachi Zosen Inova AG	1'857	5.7%	1'709	5.6%
The five largest tenants	**15'784**	**48.0%**	**15'000**	**48.9%**

8 Direct expenses related to properties

CHF ('000)	H1 2023	H1 2022
Maintenance costs for real estate	1'006	997
Energy and ancillary costs	382	430
Insurances	442	322
Management costs for real estate	139	123
Property tax expenses	584	599
Other direct costs	586	553
Total direct expenses related to properties	**3'139**	**3'024**

The marginal increase in direct expenses related to properties of CHF 0.1 million is largely explained by higher building insurance costs (private and public sectors).

9 Personnel expenses

CHF ('000)	H1 2023	H1 2022
Salaries	1'787	1'310
Social security contributions	132	105
Expenses for defined benefit plans	121	60
Other personnel expenses	83	21
Board member expenses	230	131
Total personnel expenses	**2'353**	**1'627**
Number of employees (#) in Switzerland		
Number of employees at period end	22	20
Full-time equivalents at period end	18.7	17.6
Number of Board members (#)		
Number of Board members receiving a fee at period end	4	4

The increase in personnel expenses of CHF 0.7 million primarily relates to the new compensation and incentive program put in place for the Group Executive Management and revised board membership fees for the Board of Directors effective from the listing of the Company end of May 2022.

For more information about related parties, please refer to Note 24.

10 Operating expenses

CHF ('000)	H1 2023	H1 2022
Rent	50	44
Travel and representation expenses	76	71
Other operating expenses (such as IT, general office expenses, non-recoverable VAT, capital taxes)	445	389
Total operating expenses	**571**	**504**

The minor increase in operating expenses of CHF 0.1 million is mainly driven by the higher corporate insurance costs in connection with the public status of the Company.

11 Administrative expenses

CHF ('000)	H1 2023	H1 2022
Legal fees	168	367
Tax consultancy fees	206	169
Other consultancy fees	663	750
Accounting and audit fees	267	453
Transaction costs	(29)	5'268
Total administrative expenses	**1'275**	**7'007**

The decrease of CHF 5.7 million in administrative expenses between the two periods is essentially explained by the one-off IPO costs of CHF 5.9 million incurred in H1 2022 and included in various captions of the administrative expenses. Moreover, in H1 2022, IPO costs of CHF 4.2 million were directly booked in equity under "transaction costs related to issuance of new shares" as related to the newly issued shares.

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 2023	H1 2022
Financial income		
Revaluation gain from financial instruments (derivatives)	-	23'122
Derivatives income	1'634	-
Other financial income	613	3
Total financial income	**2'247**	**23'125**
Financial expenses		
Interest expenses on loans from shareholders	-	(59)
Loan interest expenses	(5'165)	(2'643)
Derivatives expenses	-	(770)
Interest expenses on lease liabilities	(275)	(279)
Revaluation loss from financial instruments (derivatives)	(4'486)	-
Other financial expenses	(187)	(225)
Total financial expenses	**(10'113)**	**(3'976)**
Financial result	**(7'866)**	**19'149**

The main driver of the H1 2022 positive financial result stemmed from the unrealised revaluation gain of CHF 23.1 million on derivative financial instruments (interest rate swaps) to hedge against interest rate risk (versus an unrealised revaluation loss of CHF 4.5 million in H1 2023). For more information about the derivative financial instruments, please refer to Note 19.

Despite the return of SARON into positive territory (from -0.75% in January 2022 to 1.75% by the end of June 2023), total mortgage-secured interest expenses (recorded in loan interest expenses, derivatives expenses and derivatives income) only marginally increased by CHF 0.1 million compared to the previous period, principally due to lower levels of bank debt.

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 2023	H1 2022
Current tax expenses	1'378	1'327
Change in deferred net tax liabilities	84	3'413
Total income tax expenses	**1'462**	**4'740**

The amount of current tax expenses includes the periodical change in refund of complementary property tax in Vaud (TCHF 117 in H1 2023 and TCHF 137 in H1 2022).

Change in deferred taxes in H1 2022 were higher compared to H1 2023 in particular due to the unrealised revaluation gain on derivative financial instruments and real estate properties (aggregate revaluation effect of CHF 28.4 million), which was then partially compensated for by the positive effect of certain tax rate reductions (see further below).

The positive effect of the unrealised revaluation losses of CHF 10.4 million on derivative financial instruments and real estate properties in H1 2023 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 IFRS, 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. The corporate income tax rates on the property income have been reduced significantly in various cantons under the corporate tax reform as per 1 January 2019 and 2020 (Vaud, Geneva, Glarus and St. Gallen) and as per 1 January 2021 (Zurich). As per 1 January 2022 Aargau reduced its corporate income tax rate (reduction of the effective tax rate from 18.55% to 17.42%, as per 1 January 2023 from 17.42% to 16.26% and then further to 15.07% as per 1 January 2024). These reduced rates were taken into account in the calculation of the deferred taxes. The net impact of the change in applicable tax rates resulted in a positive effect of approximately TCHF 185 in H1 2023 and CHF 3.3 million in H1 2022.

14 Tenant receivables

CHF ('000)	30 Jun 2023	31 Dec 2022
Rent and ancillary costs receivables	992	1'299
Doubtful debt allowances	(63)	(48)
Total tenant receivables	**929**	**1'251**

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 2023	31 Dec 2022
Balance not yet due	616	1'024
Balance overdue by up to 30 days	252	128
Balance overdue between 30 to 120 days	22	19
Balance overdue between 120 to 365 days	17	41
Balance overdue by more than 365 days	85	87
Total rent and ancillary costs receivables	**992**	**1'299**

15 Real estate properties

CHF ('000)	Invest. prop in operation	Invest. prop under D/C[1]	Total portfolio
Market value as at 31 Dec 2022	**1'447'761**	**54'121**	**1'501'882**
Acquisition costs as at 1 Jan 2023	1'148'673	37'075	1'185'748
New acquisitions	-	-	-
Subsequent expenditures	3'037	15'710	18'747
Acquisition costs as at 30 Jun 2023	**1'151'710**	**52'785**	**1'204'495**
Revaluation as at 1 Jan 2023	299'088	17'046	316'134
Revaluation gains	1'476	3'510	4'986
Revaluation losses	(10'585)	(286)	(10'871)
Revaluation as at 30 Jun 2023	**289'979**	**20'270**	**310'249**
Market value as at 30 Jun 2023	**1'441'689**	**73'055**	**1'514'744**

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

CHF ('000)	30 Jun 2023	31 Dec 2022
Market value as estimated by the external valuer	1'504'623	1'491'796
Accrued operating lease income	(2'954)	(3'079)
Sub-total	**1'501'669**	**1'488'717**
Right-of-use of the land recognised separately	13'075	13'165
Market value for financial reporting purposes	**1'514'744**	**1'501'882**

During the first half year of 2023, EPIC Group invested CHF 18.7 million in its portfolio, of which CHF 15.7 million in its ongoing development projects, being PULSE (EPiC 23) and Campus Leman building C (EPiC 19) for CHF 13.3 million and CHF 2.4 million respectively. Regarding the investment properties in operation (CHF 3.0 million), the biggest investment concerned Provencenter (EPiC 9) (CHF 1.1 million) for the new façade and a smaller portion for the refurbishment of the basement floors 1 and 2.

The valuation of the properties as at 30 June 2023 resulted in a net unrealised revaluation loss of CHF 5.9 million. This was mainly driven by the current market conditions and an increase in the real discount rate by 5 basis points (average weighted real discount rate was 3.36% as at 30 June 2023 versus 3.31% as at 31 December 2022). The segment of investment properties under development/construction benefitted from a net unrealised revaluation gain of CHF 3.2 million mainly due to their progression while the sectors offices, logistics/industrial and retail show a net unrealised revaluation loss (CHF 4.1 million, CHF 1.5 million and CHF 3.5 million respectively). Assuming an inflation rate of 1.25% as at 30 June 2023 (1.0% as at 31 December 2022), this corresponds to a nominal discount rate of 4.66% (4.34% respectively).

The differences between capitalised costs (CHF 18.7 million in H1 2023) and the amounts paid under investments in real estate properties in the consolidated statement of cash flows used in investment activities (CHF 17.0 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 comparables 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 2023 and 31 December 2022, 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 under constructions)

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.

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 table below:

Category/level/ valuation method	Non-observable input factor	Ranges (weighted average) 30 Jun 2023	31 Dec 2022
Retail Level 3 DCF	Fair value CHF ('000)	574'480	576'900
	Discount rates (real) (%)	2.8%–3.9% (3.42%)	2.8%–3.85% (3.38%)
	Achievable long-term market rents per m² and year CHF	CHF 180–CHF 357 (CHF 250 per m² and year)	CHF 179–CHF 352 (CHF 249 per m² and year)
	Structural vacancy rates (%)	3.5%–6% (4.93%)	3.5%–5.2% (4.79%)
Offices Level 3 DCF	Fair value CHF ('000)	646'198	648'810
	Discount rates (real) (%)	2.8%–3.8% (3.17%)	2.65%–3.8% (3.1%)
	Achievable long-term market rents per m² and year CHF	CHF 278–CHF 359 (CHF 304 per m² and year)	CHF 273–CHF 359 (CHF 300 per m² and year)
	Structural vacancy rates (%)	4.29%–7.24% (5.23%)	4.0%–7.2% (5.58%)
Logistics/industrial Level 3 DCF	Fair value CHF ('000)	210'890	211'965
	Discount rates (real) (%)	3.3%–3.75% (3.62%)	3.3%–3.75% (3.58%)
	Achievable long-term market rents per m² and year CHF	CHF 85–CHF 232 (CHF 105 per m² and year)	CHF 85–CHF 232 (CHF 104 per m² and year)
	Structural vacancy rates (%)	5%–5.8% (5.1%)	5%–5.8% (5.1%)
Under development/ construction Level 3 DCF	Fair value CHF ('000)	73'055	54'121
	Discount rates (real) (%)	3.6%–4% (3.87%)	3.6%–4% (3.88%)
	Achievable long-term market rents per m² and year CHF	CHF 189–CHF 294 (CHF 196 per m² and year)	CHF 189–CHF 296 (CHF 196 per m² and year)
	Structural vacancy rates (%)	4%–5% (4.87%)	5%–5% (5%)
Total portfolio Level 3 DCF	Fair value CHF ('000)	1'504'623	1'491'796

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 2023:

CHF ('000)	External fair value	Accrued operating lease income	Right-of-use of land	Market value for financial reporting
Retail	574'480			574'480
Offices	646'198	(2'954)	13'075	656'319
Logistics/industrial	210'890			210'890
Under development/construction	73'055			73'055
Total	**1'504'623**	**(2'954)**	**13'075**	**1'514'744**

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 2023 by 3.10% 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 2023 by 3.02% or CHF 45.4 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	3.86%	(201'044)	(13.36%)	1'303'579
+40	3.76%	(165'199)	(10.98%)	1'339'424
+30	3.66%	(127'472)	(8.47%)	1'377'151
+20	3.56%	(87'577)	(5.82%)	1'417'046
+10	3.46%	(45'387)	(3.02%)	1'459'236
	3.36%			**1'504'623**
–10	3.26%	46'703	3.10%	1'551'326
–20	3.16%	97'157	6.46%	1'601'780
–30	3.06%	150'876	10.03%	1'655'499
–40	2.96%	208'281	13.84%	1'712'904
–50	2.86%	269'696	17.92%	1'774'319

16 Other non-current assets

CHF ('000)	30 Jun 2023	31 Dec 2022
Refund from complementary property tax	5'978	5'861
Total other non-current assets	**5'978**	**5'861**

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 2023	31 Dec 2022
Mortgage-secured bank amortisation due within 12 months	3'824	4'089
Mortgage-secured bank loans due for extension or repayment	-	96'845
Directly attributable financing costs	(46)	(57)
Accrued mortgage and swap interest	105	127
Lease liabilities	885	890
Total current financial liabilities	**4'768**	**101'894**
Mortgage-secured bank loans	613'723	495'032
Directly attributable financing costs	(61)	(84)
Lease liabilities	12'748	12'902
Total non-current financial liabilities	**626'410**	**507'850**
Total financial liabilities	**631'178**	**609'744**

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.

All bank loans as at 31 December 2022 coming to maturity in 2023 were renewed as at 30 June 2023. The weighted average residual maturity of the mortgage-secured bank loans stood at 5.1 years as at 30 June 2023 compared to 4.1 years as at 31 December 2022.

CHF ('000) / in %	30 Jun 2023	31 Dec 2022
Total mortgage-secured bank loans	617'547	595'966
Weighted average interest rate at period end	1.3%	1.0%

During the first half year 2023, mortgage-secured bank loans of CHF 115.4 million were fully or partially repaid including amortisation amounts of CHF 2.4 million. On the other hand, mortgage-secured bank loans in a total amount of CHF 137.4 million were drawn, resulting in a net borrowing effect of CHF 22 million.

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 and their revaluation at period end resulted in a net unrealised foreign exchange revaluation gain of CHF 0.5 million (split between "Other financial income" and "Other financial expenses" in the financial result, see Note 12). 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 will be 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 66% of the total mortgage-secured bank liabilities as at 30 June 2023, with margins varying between 0.71% and 1.05% during H1 2023 (taking into account the XCCY swaps). Of the variable loans, 56% was hedged with interest rate swaps as at 30 June 2023. The fixed interest rates range between 0.75% and 2.27% over H1 2023.

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 2023.

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

CHF ('000)	30 Jun 2023	31 Dec 2022
Due within 12 months	11'884	106'382
Due within 2 to 5 years	326'331	259'467
Due within 6 to 10 years	295'318	254'218
Due after 10 years	35'712	-
Total mortgage-secured bank loans including future interest	**669'245**	**620'067**

18 Accrued expenses and deferred income

CHF ('000)	30 Jun 2023	31 Dec 2022
Accruals for property expenditures	5'460	3'889
Accruals for general expenses	2'215	1'652
Total accrued expenses	**7'675**	**5'541**
Rents received in advance	3'399	1'876
Down payments for ancillary costs	401	778
Total deferred income	**3'800**	**2'654**
Total accrued expenses and deferred income	**11'475**	**8'195**

The increase in accrued expenses is mainly driven by higher property expenditures for works performed in relation to the construction of building C (EPiC 19), which was launched in April 2023 (CHF 1.6 million). Furthermore, one tenant paid its entire 2023 rent in advance in January 2023 which is the principal driver for the increase in rents received in advance (CHF 1.2 million representing 6 months of dues).

19 Derivative financial instruments

The fair value of derivative financial instruments (interest rate swaps and cross currency ("XCCY") swaps) is calculated at 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.

In May and June 2023, EPIC Group entered into XCCY swaps with a 3-year maturity for a total nominal amount of CHF 91.3 million and fixed foreign exchange conversion rates at inception and maturity, eliminating the crystallisation of any foreign exchange currency risks.

The variable interest rate on all swaps is based on a 3-month variable CHF–SARON. As at 30 June 2023, the interest rate swaps have a fixed interest leg of 0.0% (on top of which the margins of the variable loans are to be added) and the XCCY swaps a margin of 0.71% on the equivalent CHF nominal amount.

The table below summarises the fair value and maturities of the swaps:

CHF ('000)	30 Jun 2023	31 Dec 2022
Within 12 months	7'581	3'336
Within 2 to 5 years	11'515	16'779
After 5 years	3'761	7'229
Total net positive (negative) fair value	**22'857**	**27'344**
Total contract value	**319'740**	**228'490**

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 are the only financial instruments measured at fair value. The fair value of the interest rate swaps and XCCY swaps 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 counter-parties. 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 199.8 million) differs from their carrying value excluding issue costs (CHF 209.6 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 interest rate swaps and XCCY swaps are recognised in the financial result.

Capital management
With total equity of CHF 798.6 million as at 30 June 2023, the group has a solid capital base (equity ratio of 50.8% as at 30 June 2023 and 52.4% as at 31 December 2022). Mortgage bank loans (including interest) account for 39.3% of total assets as at 30 June 2023 (38.1% as at 31 December 2022). 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 39.7% as at 30 June 2023 and 38.3% as at 31 December 2022). The adjusted net loan to value ratio (as defined in “Alternative Performance Measures”) amounts to 40.0% as at 30 June 2023 and 38.7% as at 31 December 2022.

21 Share capital and share premium

As at 30 June 2023, 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 2022).

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 2023 or in 2022.

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 435.9 million (gross of any IPO costs) as per the statutory balance sheet as at 30 June 2023 (CHF 466.9 million by the end of 2022) 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 30 June 2023 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 on 28 February 2023 under the reservation of the deduction of the issuance costs in the amount of CHF 8.1 million, net CHF 184.2 million.

As at 30 June 2022, CHF 4.2 million of IPO related costs (of which CHF 0.1 million was previously capitalised as at 31 December 2021), which represent the portion attributable to the newly issued shares, have been directly recognised in the equity of the Company, whereas IPO costs related to the existing shares (CHF 5.9 million) were expensed mainly in the administrative expenses.

The Company paid from the share premium a dividend of CHF 31.0 million in the first half year of 2023 (CHF 3.00 per share) and a pre-IPO dividend of CHF 4.5 million in the first half year of 2022 (CHF 0.60 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 2023	H1 2022
Profit	11'230	38'724
Weighted average number of outstanding shares (in '000)	10'330	8'052
Basic and diluted EPS	1.09	4.81
Profit excluding revaluation effects	20'856	13'546
Basic and diluted EPS adjusted for revaluation effects	2.02	1.68

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 (net impact of CHF 0.5 million in H1 2023).

When the profit excluding revaluation effects is adjusted for the one-off IPO costs of CHF 5.9 million (TCHF 19'420), the corresponding basic and diluted EPS in H1 2022 would have amounted to CHF 2.41 per share.

CHF ('000) / in CHF	30 Jun 2023	31 Dec 2022
Shareholders' equity	798'616	818'412
Number of outstanding shares at period end (in '000)	10'330	10'330
NAV per share	77.31	79.23
Shareholders' equity before net deferred taxes	913'903	933'732
NAV per share before net deferred taxes	88.47	90.39

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 2023	31 Dec 2022
Average equity	808'515	698'139
Return on equity (annualised for H1 2023)	2.8%	8.1%
Return on equity excluding revaluation effects (annualised for H1 2023)	5.2%	4.7%

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 Properties & Lodgings Ltd, Tel-Aviv, Israel ("Alrov") 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 and companies controlled by members of the key management personnel. Among the companies controlled by members of the Board of Directors is European Property Investment Corporation Ltd (London) ("EPIC UK") (which at the same time is also indirectly held by Alrov and EPIC LUX).

Interest charges accrued to Alrov amounted to CHF 0.1 million for H1 2022 (none in H1 2023). The Alrov shareholders' loans in a total amount of CHF 6.6 million including any interest payables were fully repaid in May 2022.

Stefan Breitenstein and Ron Greenbaum signed board membership agreements with the Company with effective date 1 October 2017, Andreas Schneiter with effective date 1 April 2020 and Leta Bolli Kennel with effective date 15 March 2022. All board members were re-elected on 26 April 2023 for another year until the next Annual General Meeting to be held on 25 April 2024.

The total compensation for services rendered by the related parties (consulting fees and expenses), board members' and management remuneration can be broken down as follows:

CHF ('000)	Type of services	H1 2023	H1 2022
EPIC UK	Advisory services	-	111
Total services by related parties		**-**	**111**
Short-term employee benefits			
– Ron Greenbaum	Chairman of the Board	86	51
– Other external board members		128	73
Post-employment benefits		16	7
Total remuneration of the Board of Directors		**230**	**131**
Short-term employee benefits		839	678
Share-based payment benefits		160	-
Other long-term benefits		67	-
Post-employment benefits		168	87
Total remuneration of management		**1'234**	**765**

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

EPIC UK, of which Ron Greenbaum is a director, rendered strategic management and/or IPO services to the EPIC Group and charged a total fee of CHF 0.1 million including travel expenses in the first half year 2022. This arrangement was terminated with effective date 30 April 2022.

As at 30 June 2023, there were no outstanding balances in relation to the above-mentioned services by EPIC UK (TCHF 3.6 as at 30 June 2022).

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 and applies to the year ending 31 December 2022 and 31 December 2023. 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 on properties and derivatives (taking into account the related deferred taxes as well as any related foreign exchange effects) (excluding any one-off IPO costs) divided by the average IFRS 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	Mollíserstrasse 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 Rue 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	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	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

			m²						
Construction Year	Renovation Year	Extension Year	Land Area	Retail	Offices	Logistics/ industrial	Other	Total Rentable Area	Parking Unit (#)
2000	-	-	5'897	9'735	-	-	1'585	11'320	193
1996	2002	2008/2014	37'368	21'674	1'324	-	6'170	29'168	627
1993	-	2006	4'913	7'562	-	-	50	7'612	183
2003	-	2012	25'405	22'992	-	-	-	22'992	522
1989	-	-	1'086	1'309	816	-	1'303	3'428	-
1914	-	2004	11'545	4'320	2'891	-	1'110	8'321	163
1973	2020	-	20'803	11'324	1'089	-	2'139	14'552	550
2002	-	-	20'506	6'746	-	-	-	6'746	219
			127'523	85'662	6'120	-	12'357	104'139	2'457
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	84
2008	-	-	6'508	-	5'319	-	1'037	6'356	145
2012	-	-	1'776	-	3'127	-	482	3'609	17
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	-	1'880	11'600	125
2020	-	-	2'075	-	8'319	-	406	8'725	-
2002	-	-	7'775	1'225	8'221	-	3'598	13'044	191
			55'427	3'203	79'530	-	13'417	96'150	1'060
1972 1967	-	-	80'359	-	302	41'897	-	42'199	362
1987	2019	2015	6'007	-	276	7'557	-	7'833	65
1989	-	-	11'132	-	-	19'079	138	19'217	158
1920	2013	-	79'208	-	-	55'037	-	55'037	-
			176'706	-	578	123'570	138	124'286	585
			359'656	**88'865**	**86'228**	**123'570**	**25'912**	**324'575**	**4'102**
			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						
			423'270						

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	Building permit was received in January 2022. On 31 March 2023, tenant of Building B exercised its option to take 2 floors out of 6 floors in Building C. Construction started in April 2023.	Estimated H1 2025
Phase 3: Construction of Building D	Tenant of Building B has an option to rent this building. Option has to be exercised by December 2023. Once the tenant's plans are known, either the building will be planned together with the tenant or the development will be carried out alone and the building offered for rent in the open market.	Estimated 2027

EPiC 21 – 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”) will be submitted in Q3 2023 in order to facilitate the submission of the definitive building permit.	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 m² of gross area as well as underground parking, storage and technical areas. Depollution and excavation works were completed by the end of September 2022. 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 2023 rent before any incentives

Year	Excluding the exercise of any early break option
2023 (6 months)	5.1%
2024	5.1%
2025	8.3%
2026	4.7%
2027	5.5%
2028	7.6%
2029	7.9%
2030	10.5%
2031	12.2%
2032	3.4%
2033+	29.7%
Total	**100.0%**

Key information for investment properties in operation for H1 2023 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	574'480	(3'536)	11'969	13'346	4.6%	4.8%	7'612
Offices	656'319	(4'060)	12'832	15'409	4.7%	5.4%	6'685
Logistics/ industrial	210'890	(1'513)	4'953	5'278	5.0%	0.6%	588
Total	**1'441'689**	**(9'109)**	**29'754**	**34'033**	**4.7%**	**4.4%**	**14'885**

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	13'294	480	13'774	(1'325)	12'449	4.6%
Offices	14'329	135	14'464	(1'497)	12'967	4.4%
Logistics/ industrial	5'246	114	5'360	(293)	5'067	5.0%
Total	**32'869**	**729**	**33'598**	**(3'115)**	**30'483**	**4.6%**

Yield calculations for the period are annualised.

EPRA Performance Measures

Summary table EPRA Performance Measures

Measure		Unit	H1 2023	H1 2022
A	EPRA Vacancy Rate	%	4.4%	6.5%
B	EPRA Earnings	CHF ('000)	21'313	13'546
	EPRA Earnings per share	CHF	2.06	1.68
		Unit	30 Jun 2023	31 Dec 2022
C	EPRA NRV	CHF ('000)	907'517	922'133
	EPRA NRV per share	CHF	87.85	89.27
	EPRA NTA	CHF ('000)	828'650	843'841
	EPRA NTA per share	CHF	80.22	81.69
	EPRA NDV	CHF ('000)	806'888	826'805
	EPRA NDV per share	CHF	78.11	80.04

A) EPRA Vacancy Rate

CHF ('000) / in %	H1 2023	H1 2022
Estimated rental value of vacant space (A)	1'500	2'161
Estimated rental value of the whole portfolio (B)	34'033	33'022
EPRA vacancy rate (A / B)	**4.4%**	**6.5%**

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 2023	H1 2022
Earnings according to the consolidated statement of profit or loss		**11'230**	**38'724**
Adjustments for:			
(i)	Changes in value of investment properties, development properties held for investment and other interests	5'885	(5'278)
(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	4'486	(23'122)
(vii)	Acquisition costs on share deals and non-controlling joint venture interests	n/a	n/a
(viii)	Deferred tax in respect of EPRA adjustments	(288)	3'222
(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		**21'313**	**13'546**
Weighted average number of outstanding shares during the period (in '000)		10'330	8'052
EPRA earnings per share in CHF		**2.06**	**1.68**

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 2023		
CHF ('000)		EPRA NRV	EPRA NTA	EPRA NDV
Equity (NAV) according to the consolidated statement of financial position		**798'616**	**798'616**	**798'616**
Dilution effects		n/a	n/a	n/a
Diluted equity (NAV)		**798'616**	**798'616**	**798'616**
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		**798'616**	**798'616**	**798'616**
Exclude:				
v)	Deferred tax in relation to fair value gains of IP	104'673	52'337	
vi)	Fair value of financial instruments	(22'857)	(22'857)	
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			8'272
x)	Revaluation of intangibles to fair value	n/a		
xi)	Real estate transfer tax	27'085	563	
EPRA NAV		**907'517**	**828'650**	**806'888**
Fully diluted number of shares (in '000)		10'330	10'330	10'330
EPRA NAV per share in CHF		**87.85**	**80.22**	**78.11**

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 2022		
CHF ('000)		EPRA NRV	EPRA NTA	EPRA NDV
Equity (NAV) according to the consolidated statement of financial position		**818'412**	**818'412**	**818'412**
Dilution effects		n/a	n/a	n/a
Diluted equity (NAV)		**818'412**	**818'412**	**818'412**
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		**818'412**	**818'412**	**818'412**
Exclude:				
v)	Deferred tax in relation to fair value gains of IP	104'446	52'223	
vi)	Fair value of financial instruments	(27'344)	(27'344)	
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			8'393
x)	Revaluation of intangibles to fair value	n/a		
xi)	Real estate transfer tax	26'619	559	
EPRA NAV		**922'133**	**843'841**	**826'805**
Fully diluted number of shares (in '000)		10'330	10'330	10'330
EPRA NAV per share in CHF		**89.27**	**81.69**	**80.04**

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

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Zurich, 25 July 2023

Valuation as of 30 June 2023 – Independent valuer's report

Reference
105868.2306

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 2023 (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 conform to the concept of the fair value as defined in the International Financial Reporting Standards (IFRS) on the basis of IAS 40 (Investment Property) and IFRS 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' commission, transaction taxes and land registry and notary fees, are not taken into account when determining fair value. This means that in line with paragraph 25 IFRS 13, fair value is not adjusted by the amount of the transaction costs incurred by the purchaser in the event of a sale (gross fair value). This is in line with Swiss valuation practice.

Main market, active and most advantageous market

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.

Implementation of fair value

Highest and best use

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.

Materiality in relation to the highest and best use approach

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.

Fair value hierarchy

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.

Valuation level for property valuations

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 approach

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.

Significant input factors, influence on fair value

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 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 2023 to 30 June 2023.

Results

As of 30 June 2023, 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 1,504,623,000 Swiss Francs as of 30 June 2023.

Change in value within the reporting period (like-for-like; excl. developments)[1]
As at the reporting date of 30 June 2023, the fair value of the investment properties in operation already valued on the reporting date of 31 December 2022 («like-for-like») amounts to 1,431,568,000 Swiss Francs. Compared to the reporting date 31 December 2022, this corresponds to a gross change in value (before deduction of investments made in the reporting period) of approximately -0.4% and a net change in value (after deduction of investments made in the reporting period) of approximately -0.6%.

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, 25 July 2023

Moritz Menges MRICS
Director

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	574'480	Discount rates (real)	Percent	2.80%	3.42%	3.90%
Level 3		Achievable long-term market rents	CHF/m^2 p.a.	180	250	357
DCF		Structural vacancy rates	Percent	3.50%	4.93%	6.00%
Offices	646'198	Discount rates (real)	Percent	2.80%	3.17%	3.80%
Level 3		Achievable long-term market rents	CHF/m^2 p.a.	278	304	359
DCF		Structural vacancy rates	Percent	4.29%	5.23%	7.24%
Logistics/Industrial	210'890	Discount rates (real)	Percent	3.30%	3.62%	3.75%
Level 3		Achievable long-term market rents	CHF/m^2 p.a.	85	105	232
DCF		Structural vacancy rates	Percent	5.00%	5.10%	5.80%
Under development/construction	73'055	Discount rates (real)	Percent	3.60%	3.87%	4.00%
Level 3		Achievable long-term market rents	CHF/m^2 p.a.	189	196	294
DCF		Structural vacancy rates	Percent	4.00%	4.87%	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 2023.
- 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 (for 30 June 2023 and 31 December 2022 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 financial expenses 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

23 November 2023	Publication of selected numbers – YTD 30 September 2023
25 March 2024	Publication Annual Report 2023
25 April 2024	Annual General Meeting of Shareholders 2024
May 2024	Publication of selected numbers – YTD 31 March 2024
August 2024	Publication Half-Year Report 2024

Information regarding registered shares as at 30 June 2023

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 640.5 million
Closing price end of period	CHF 62.00

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

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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.

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