EPIC SUISSE

Annual Report 2022

EPIC at a Glance

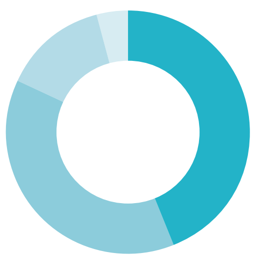
EPIC Suisse AG is a Swiss real estate company with a high-quality property portfolio mainly located in Switzerland's major economic hubs, specifically the Lake Geneva Region and the Zurich Economic Area. The company has a strong track record in sourcing, acquiring, (re)developing and actively managing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

Our portfolio as at 31 December 2022

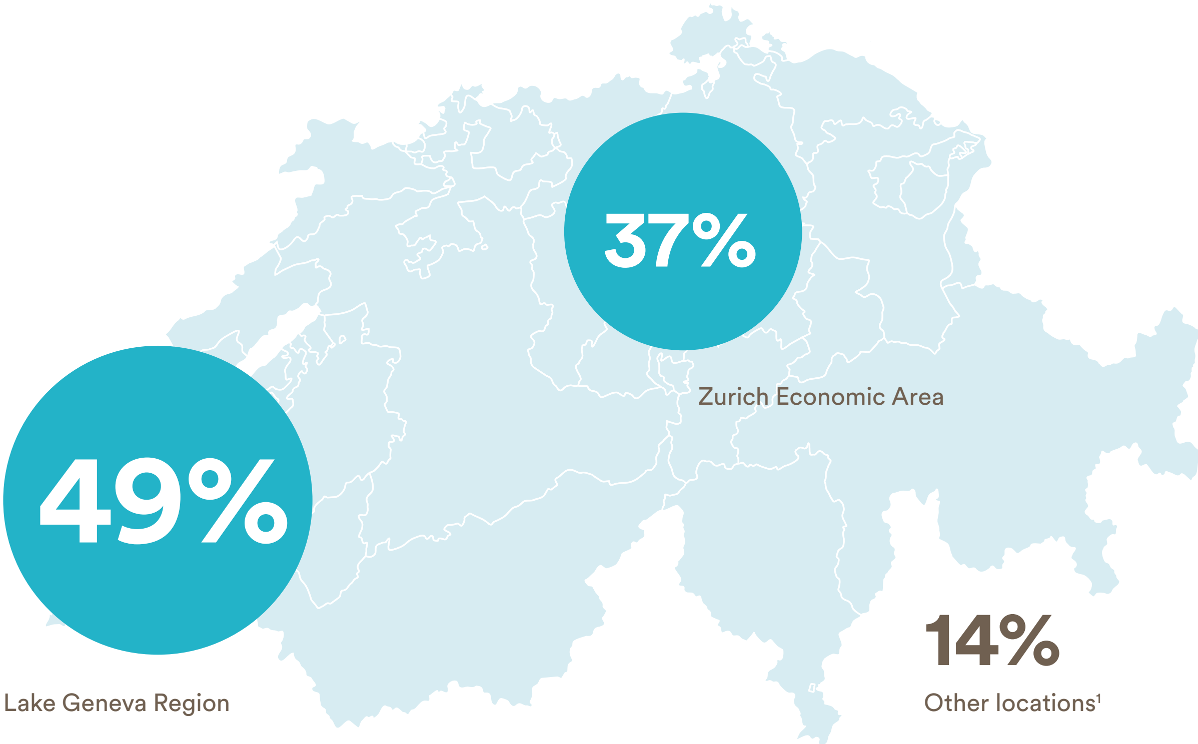
Market value of the portfolio

CHF
1.5 billion

Portfolio by use
Based on market value



Portfolio by region
Based on market value



25
Properties

324’574 m²
Rentable area of investment properties in operation

8.2 years
WAULT

4.2%
Net rental income yield of investment properties in operation

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

Key Figures

Result	Unit	2022	2021
Rental income from real estate properties	CHF ('000)	61'480	58'623
Net operating income (NOI)[1]	CHF ('000)	56'401	54'869
Net gain (loss) from revaluation of properties	CHF ('000)	936	48'860
EBITDA (incl. revaluation on properties)	CHF ('000)	44'017	97'751
EBITDA (excl. revaluation on properties)	CHF ('000)	43'081	48'891
Earnings before interest and tax (EBIT)	CHF ('000)	43'825	97'564
Profit (incl. revaluation effects)	CHF ('000)	56'373	77'486
Profit (excl. revaluation effects)[2]	CHF ('000)	32'584	38'073
Net rental income yield properties in operation	%	4.2%	4.1%

Balance sheet	Unit	31 Dec 2022	31 Dec 2021
Total assets	CHF ('000)	1'563'201	1'498'481
Equity (NAV)	CHF ('000)	818'412	577'865
Equity ratio	%	52.4%	38.6%
Return on equity (incl. revaluation effects)[3]	%	8.1%	14.3%
Return on equity (excl. revaluation effects)[4]	%	4.7%	7.0%
Mortgage-secured bank loans	CHF ('000)	595'966	765'704
Weighted average interest rate on mortgage-secured bank loans	%	1.0%	0.9%
Weighted average residual maturity of mortgage-secured bank loans	Years	4.1	5.0
Net loan to value (LTV) ratio[5]	%	38.3%	51.4%

Portfolio	Unit	31 Dec 2022	31 Dec 2021
Total portfolio	CHF ('000)	1'501'882	1'465'792
Investment properties in operation	CHF ('000)	1'447'761	1'433'982
Investment properties under development/construction	CHF ('000)	54'121	31'810
Reported vacancy rate (properties in operation)	%	5.8%	7.6%
Adjusted vacancy rate (properties in operation)[6]	%	3.3%	3.7%
WAULT (weighted average unexpired lease term)	Years	8.2	8.6

Information per share	Unit	31 Dec 2022	31 Dec 2021
Number of outstanding shares as at period end	# ('000)	10'330	7'500
Net asset value (NAV) per share	CHF	79.23	77.05
Share price on SIX Swiss Exchange	CHF	63.50	n/a

		2022	2021
Weighted average number of outstanding shares	# ('000)	9'200	7'500
Earnings per share (incl. revaluation effects)	CHF	6.13	10.33
Earnings per share (excl. revaluation effects)	CHF	3.54	5.08

[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
[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 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 141

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Letter to Shareholders

Dear shareholders,

We are very pleased to share with you our first Annual Report as a public company. In spite of the global geopolitical events and the turbulent financial markets, we have successfully managed our transition from being a privately held company to becoming publicly listed, with our shares being traded on the SIX Swiss Exchange since 25 May 2022. The Board of Directors as well as the management team are delighted to report today strong results for the financial year 2022.

In this report we are also providing details on our sustainability activities, as well as on corporate governance and compensation topics. This first Annual Report as a public company marks an important milestone for EPIC Suisse AG, and we trust that you find the content informative.

CHF

61.5

million of rental income

Highlights of results

We are delighted to report our highest-ever rental income from the real estate investment properties of CHF 61.5 million for the year ended December 2022, which is a 4.9% increase compared to the CHF 58.6 million of rental income generated during the financial year 2021. This is also in line with the guidance that we provided in connection with our IPO, of above CHF 60 million. This increase in rental income was mainly driven by a decrease in our reported vacancy rate to 5.8% in 2022 compared to 7.6% in 2021, as well as having a full year of rental income generated from the acquisition in Roggwil with effect as of 1 April 2021.

As part of our active management, we had two projects with planned/absorption vacancy that impacted the actual vacancy rate during the years under review: (i) Zänti Volketswil whose renovation (during which some tenants vacated) was completed by the end of 2021, and (ii) Biopôle Serine whose construction was finalised by the end of 2020. The lettings on both of these projects were slowed down by the Covid pandemic. When adjusting for those two properties, the vacancy rates are reduced to 3.3% for 2022 and 3.7% for 2021.

The strong rental income allowed us to generate substantial funds from operations (FFO[1]) of CHF 36.6 million for the financial year 2022 (excluding one-off IPO costs of CHF 5.9 million), and our proposal to the Annual General Meeting (AGM) to distribute a gross dividend amount of CHF 31.0 million is in line with our guideline of dividend payment ratio of at least 80% of the FFO.

3.3 %

adjusted vacancy rate

Market environment in the Swiss real estate market

2022 was marked as the year when major central banks around the world began to tighten their monetary policies in order to fight high inflationary rates that resulted from the war in Ukraine, rising energy costs, difficulties in supply chains and a variety of geopolitical uncertainties. Although to a lesser extent compared to other central banks, after years of negative interest rates, the Swiss National Bank increased the base interest rates from –0.75% in early June 2022 to +1.0% by December 2022. As of 31 December 2022, our group was hedged at 80.5% with a weighted average duration of our mortgage-secured bank loans of 4.1 years. We entered our hedging instruments at lower rates, so the increase in the interest rate environment resulted in an unrealized revaluation gain of CHF 27.9 million on our swaps. We review the interest rates environment on a regular basis and plan to increase our hedging even further when the opportunity arises.

The Swiss economy continues to be relatively resilient – with a strong Swiss Franc, a rather moderate level of interest rates, lower inflation compared to its neighboring countries as well as the lowest unemployment rate in more than 20 years.

Office accommodation is benefiting mainly from the strong demand generated by the booming employment market and the reduction of newly built office space. The robust demand translated to an increase of 5.8% in our office sector's net rental income from CHF 25.4 million in 2021 to CHF 26.8 million in 2022.

Our retail segment has performed well and generated a stable net rental income of CHF 24.7 million (2021: 24.7 million). Furthermore, as at 31 December 2022 our retail sector had a long WAULT of 10.8 years (11.4 years as of 31 December 2021), and so we view that this sector is resilient to potential market changes, even though the retail market environment continued to be somewhat challenging in 2022 due to the competition from online shopping and the inflation-driven fall in household purchasing power.

Finally, we continue to witness a high demand for logistic space, in particular for well accessible locations. Last mile logistics, i.e. delivery to the end consumer, is likely to gain importance due to increasing customers' expectations for fast delivery. We expect the demand for logistics real estate to continue to favourably develop in 2023 both for individually tailored space with a high degree of automation, and also for simple and large-scale warehouses. During 2022 the net rental income of our Industrial/logistics segment increased by 15.3% from CHF 8.6 million to CHF 9.9 million or by 3.9% on a like for like basis excluding the Roggwil acquisition.

[1] For a glossary of the alternative performance measures please refer to page 141 of this Annual Report.

Business update within the real estate portfolio

The like-for-like increase of 3.2% in our net rental income, the solid financial results that we share with you today and the continued long WAULT are a testament to the quality and the resilience of our portfolio. Moreover, the CPI indices' increases could generally be passed on to our tenants, the effect of which will impact the 2023 net rental income.

We continue to follow our strategy of buy, build, hold. With the exception of one property which was sold during 2018, the group has not sold any of its properties and continues to focus on the defined growth strategy, by remaining very close to the day-to-day operations of the properties held in our portfolio, and by maximising the return from these properties.

As already addressed in our Half-Year Report 2022, we have significantly reduced the vacancy in our newly constructed building – Biopôle Serine from 71% as at 31 December 2021 based on lettable area in m^2, to 24% as at 31 December 2022, by having signed several contracts with new tenants during the year. This reduction in vacancy will translate into higher rental income starting in 2023.

In addition, we continue to drive our ongoing development projects forward. We were informed by the municipality of Tolochenaz that during February 2023 they have submitted their vision of the masterplan En Molliau to the cantonal authorities. Given the unique location of this site between Lausanne and Geneva adjacent to the A1 motorway, and considering the plot's size, we believe that this land remains very attractive for future development and we continue to follow the progress of the masterplan closely and with great interest. As part of our long-term plan, we purchased a neighbouring plot of land of 6'741 m^2 during December 2022 as we believe that this adjacent plot will increase our flexibility during the future development. While awaiting the municipal and cantonal decisions, and in order to reduce our CO_2 emissions, we have allowed our current tenant to install photovoltaic panels on the roof of approximately 4'900 m^2 to generate green energy.

We continue to be in close discussions with the local and cantonal authorities in Roggwil to assess how to optimize the development of our existing land reserve, in order to meet the high logistic demand that we see, for such a location and size.

Following the signing of the total contractor agreement with Implenia in July 2022, the construction of our project PULSE in Cheseaux-sur-Lausanne is now well underway and we expect the complex of circa gross 43'000 m^2 overground and circa 27'000 m^2 underground to be completed during H1 2025.

The construction of the next phase of Campus Leman (building C) is to begin during H1 2023, as planned. We estimate that construction will last 18 to 24 months and consider the fact that Incyte (our anchor tenant) committed to rent around 30% of the building as a testament to the location and quality of the site.

Financing

Our balance sheet is solid with equity of CHF 818.4 million as of 31 December 2022 compared to CHF 577.9 million on 31 December 2021, and with a low net loan to value (LTV) ratio of 38.3% as at 31 December 2022. In order to ensure an efficient use of our capital resources, we have used approximately CHF 130 million of the IPO net proceeds to temporarily repay existing mortgage-secured bank loans, although this debt is available again when required.

Our strong balance sheet and prudent hedging strategy allowed us to continue to benefit from reduced rates keeping our third-party financing costs at a weighted average rate of 1%.

Sustainability is of key importance to us

Environmental, Social and Governance (ESG) topics play an integral role in the development of our Company. We are strongly committed to our social responsibilities and to the environmental sustainability of our portfolio. As such, we have in the past made continuous investments into the modernization, insulation and other sustainable and ecologically friendly features of our properties. Environmental sustainability is a key guiding principle for our development projects and among our criteria for future developments.

As part of the Annual Report 2022 we are issuing our first Sustainability Report, which is prepared with reference to the Global Reporting Initiative (GRI) standards and will be expanded in the upcoming years. For more insights into our ESG activities see the report on pages 24 to 36.

Proposals to the Annual General Meeting (AGM) and Dividend Payment

Based on the results achieved in 2022, the Board of Directors is proposing to the Annual General Meeting on 26 April 2023 a gross dividend distribution of CHF 3.00 per share. Based on the closing price of our shares as at 31 December 2022, this represents an attractive dividend yield of 4.7%.

All current members of the Board of Directors will stand for re-election at the Annual General Meeting 2023. Roni Greenbaum will be proposed for re-election as Chairman of the Board of Directors. Furthermore, Stefan Breitenstein (Lead Independent Director) and Roni Greenbaum shall be re-elected as members of the Remuneration and Nomination Committee. Andreas Schneiter and Leta Bolli will continue their roles as members of the Audit and Risk Committee.

A word of thanks

The positive development of our Company and the convincing results achieved in fiscal year 2022 would not have been possible without the excellent work of our employees. On behalf of the entire Board of Directors and the Group Executive Management, we would like to express our gratitude to all our employees. Special thanks go to all our business partners for their confidence and continued loyalty. Finally, we would like to thank you, our valued shareholders, for your trust and interest in EPIC Suisse AG.

Sincerely,

Roni Greenbaum
Chairman

Arik Parizer
Chief Executive Officer

Report on the Annual Results

2022 performance is in line with expectations

Our rental income target of above CHF 60 million for the full year 2022 was achieved with rental income of CHF 61.5 million, representing an increase of 4.9% compared to the previous year rental income of CHF 58.6 million (3.2% on a like-for-like basis). The group achieved total income of CHF 62.8 million versus CHF 60.3 million in 2021.

The higher rental income was mainly driven, on the one hand, by the acquisition of the logistics property in Roggwil at the end of March 2021, hereby contributing an additional three months of rental income this year compared to last year (CHF 1.0 million), and on the other hand, by lower vacancies and the non-recurrence of Covid reliefs in 2022 (aggregate impact of CHF 1.6 million). Consequently, the net rental income yield for properties in operation slightly increased to 4.2% versus 4.1% for the prior year.

As a result, our 2022 net operating income was positively impacted by CHF 1.5 million despite lower other income of CHF 0.4 million and higher direct expenses related to properties of CHF 0.9 million. Direct expenses in the previous year 2021 were particularly low due to a doubtful debt reversal of CHF 0.6 million, while other income in 2021 was particularly high due to non-recurrent one-off income amounting to CHF 0.7 million. Net operating income margins remained relatively stable at 89.9% in 2022 versus 90.9% in 2021.

CHF
1’502
million portfolio value

The independent real estate valuer Wüest Partner AG revalued all properties at year end, resulting in a net unrealised revaluation gain of CHF 0.9 million compared to CHF 48.9 million in 2021, which is largely explained by the stabilisation of the weighted average discount rate at 3.31% in 2022 while such rate had decreased in 2021 by 12 basis points to 3.32% (from 3.44% in 2020). The office, logistics/industrial and development sectors generated unrealised revaluation gains of CHF 3.1 million, CHF 1.8 million and CHF 5.0 million respectively, while the retail sector saw an unrealised revaluation loss of CHF 9.0 million, principally related to two shopping centers.

EBITDA (including revaluation of properties) for the year 2022 amounted to CHF 44.0 million versus CHF 97.8 million for 2021. This includes one-off IPO expenses of CHF 5.9 million already accounted for in the first half of 2022. One-off IPO costs of CHF 4.2 million were booked additionally in equity by the end of June 2022. Excluding the unrealised gain on revaluation of properties and the one-off IPO costs, the EBITDA remained in line with last year at CHF 48.9 million. The 2022 net operating income increase of CHF 1.5 million was offset by additional other operating expenses, mainly in connection with the Company being public.

The financial result for 2022 came to a net income of CHF 20.8 million versus a net expense of CHF 3.6 million last year, as it included unrealised revaluation gains from hedging instruments (swaps) in the amount of CHF 27.9 million (CHF 3.9 million for 2021). As already mentioned in our half-year report, in accordance with IFRS, the interest rate swaps are valued at their current fair value at each balance sheet date and changes in the fair value are reflected in the statement of profit or loss. These fair value adjustments, however, do not impact the group’s operations, cash flows or dividend policy.

Profit of the group totalled CHF 56.4 million in 2022 compared to CHF 77.5 million in the previous year. Excluding the revaluation effects (of the properties and derivatives), profit stood at CHF 32.6 million (compared to CHF 38.1 million in 2021), and rising to

CHF 38.4 million, when excluding the above-mentioned one-off IPO costs of CHF 5.9 million.

Capital expenditure and acquisition
During 2022, the portfolio value grew by 2.5% to reach a total value of CHF 1'502 million as at 31 December 2022 mainly supported by capital investments of CHF 29.5 million and the acquisition, through a share deal, of a plot of land and related production/industrial building in Tolochenaz adjacent to plots of land already owned by the EPIC Group. This strategically located purchase (6'741 m^2 of land) corresponding to a total asset cost of CHF 5.6 million, will allow supplementary flexibility in the future development of our Tolochenaz site. The masterplan's approval in relation to this site currently lies with the Canton of Vaud and is pending.

Investments in the portfolio intensified in 2022 compared to the previous year with capital investments of CHF 29.5 million compared to CHF 9.8 million in 2021. The most capital-intensive property in 2022 with capitalised costs of CHF 16.7 million was our project PULSE in Cheseaux-sur-Lausanne, whose structural construction started in October 2022.

Sound capital base
As at 31 December 2022, equity totalled CHF 818.4 million with a solid equity ratio of 52.4% (CHF 577.9 million and 38.6% at 31 December 2021, respectively). Net asset value per share increased to CHF 79.23 (CHF 77.05 at 31 December 2021).

CHF
79.23
net asset value per share

Despite the Swiss National Bank raising interest rates from –0.75% by mid-June 2022 in three consecutive increases to +1.0% by mid-December 2022, our weighted average interest rate as at 31 December 2022 stayed low at 1.0%, while the weighted average residual maturity for all bank loans stood at 4.1 years (versus 5.0 years by 31 December 2021). Several short-term mortgage-secured bank loans (totalling CHF 75.1 million as at 31 December 2022) were renewed post balance sheet date with long maturities of 5 to 7 years.

Dividend
The Company targets a dividend pay-out ratio of at least 80% of funds from operations ("FFO"). In 2022, the FFO amounted to CHF 30.8 million, when deducting the financial expenses of CHF 7.1 million and cash tax amount of CHF 5.2 million from the EBITDA excluding revaluation on properties of CHF 43.1 million. Adjusted for the one-off IPO costs of CHF 5.9 million, the FFO was CHF 36.6 million.

Based on those positive results and in line with the fixed dividend target announced in May 2022, the Board of Directors will propose to the Annual General Meeting, to be held on 26 April 2023, to distribute a gross dividend per share of CHF 3.00 or a total of CHF 31.0 million, corresponding to a dividend yield of 4.7% based on the closing price of the registered shares at year end 2022.

Outlook
With the ongoing war in Ukraine, the global geopolitical and economic situation remains fragile and the interest rate environment less favourable. Nevertheless, we expect the Swiss real estate market to show resilience and, assuming no material adverse impact on our operations, we target a rental income increase of circa 4% for the full year 2023.

Sincerely,

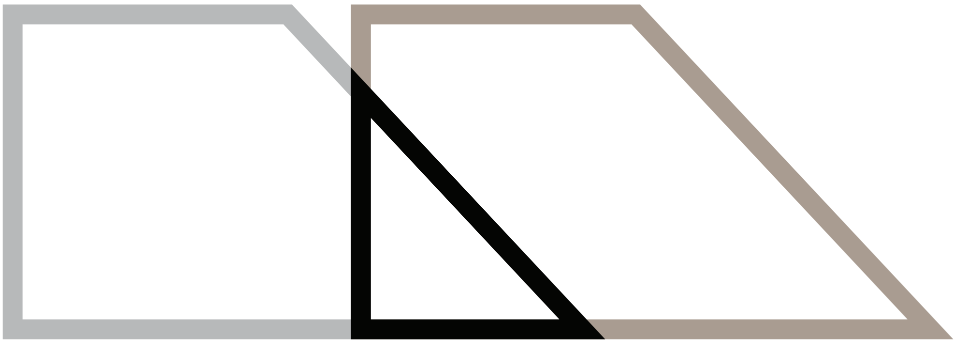
Valérie Scholtes
Chief Financial Officer

Strategy and Business Model

EPIC Suisse AG ("EPIC Group") covers the value chain of a property on the basis of its "buy, build and hold" strategy. We purchase attractive real estate – primarily office buildings, logistics/light industrial sites and shopping centres – invest in their development and optimisation, and retain the properties in our portfolio over the long-term.

Our commercial properties are predominantly situated in the major economic hubs across Switzerland, specifically the Lake Geneva Region and the Zurich Economic Area, with additional, selectively chosen assets in cantons such as St. Gallen, Glarus and Bern.

With its investment strategy, EPIC Group aims to achieve long-term sustainable growth and to provide capital appreciation and dividend income to its shareholders.



Buy
Selective acquisition

Build
Development

Hold
Value creation and return

Investment criteria
In selecting the properties, we focus on the following investment criteria:

- quality of the location and the catchment area;
- actual current level of rents compared to long-term rent potential;
- letting opportunities;
- construction quality of the property and potential additional investments;
- environmental sustainability;
- sector diversification; and
- demographical developments.

Our current investment portfolio as of 31 December 2022 consists of 25 properties, split into investment properties in operation and investment properties under development/construction. An additional description of the investment properties is included in the accounting policy for real estate properties in Note 29 of the consolidated financial statements. For further details on our portfolio see also "EPIC at a glance" on page 2.

Risk diversification
EPIC Group diversifies its real estate portfolio and seeks to minimise investment risks by spreading the total investment volume across a minimum of 20 properties and by ensuring that rental income from a single tenant does not exceed 30% of the total income from all tenants.

We target long-term oriented blue-chip tenants and consider our stable tenant structure a significant strength. During 2022, our tenant portfolio included over 160[1] different tenants. The five largest tenants together represented about 49% of total rental income, with Coop Group alone accounting for about 19%.

Proactive asset management
We manage our real estate assets proactively, and enhance value through systematic renovations and modernisations.

In terms of financing, we obtain short-term and long-term capital mainly through mortgage-secured bank loans, or through the capital markets. As a general rule, EPIC Group targets a net loan-to-value ratio of 45% (as of 31 December 2022 the net LTV ratio was 38.3%).

Maintain our lean, efficient operating structure
We maintain a very lean and flexible organisational structure, which we consider essential to efficiently manage our real estate portfolio and our approach regarding sourcing, acquisition, (re)development, refurbishment and repositioning of our investment properties.

Our highly entrepreneurial leadership team has over 60 years of combined real estate experience and a strong track record of active portfolio management and value-creative growth.

We are strongly committed to tenant satisfaction and our organisational framework enables us to manage our investment properties in a hands-on, solution-oriented manner while keeping our tenants at the centre of our operations. As a company, we create ecological, economic and social value for all our stakeholders.

For a copy of our complete investment regulations, please refer to our website, section ESG: https://epic.ch/en/esg

[1] Number of tenants excludes tenants with rental contracts from parking spaces, apartments, storage and ancillary areas (such as delivery ramps, antennas, show cases for adverts etc.).

Strong Entrepreneurial Leadership

Board of Directors

Roni Greenbaum

Stefan Breitenstein

Leta Bolli Kennel

Andreas Schneiter

Group Executive Management

Arik Parizer

Valérie Scholtes

Philipp Küchler

Retail

Tägipark, Wettingen

Having enjoyed tremendous success since the opening in 2005, EPIC Group completed the extension of the centre in 2012. Today, Tägipark is a focal shopping destination in Wettingen – a growing city in the vicinity of Zurich.

A testimony of our strong redevelopment capabilities
EPIC Group has a proven track record in redeveloping properties and secure long-term leases. An excellent example is the Tägipark shopping centre that was acquired in 2005. At the time of the acquisition, the property comprised a newly developed building, adjoined by an older commercial retail property that was occupied by several smaller tenants on a short-term basis. When we acquired the property, we got closely involved in the further development and strategic positioning, and subsequently purchased the adjacent land. We then negotiated early termination of various short-term leases, renovated the older commercial retail property and extended the shopping centre on the newly acquired land.

Creating value and securing long-term lease with Coop
The combined newly constructed/renovated retail centre opened at the end of 2012. In 2019, we negotiated an extension of the lease contract with Coop, the sole tenant until end of 2042. Since acquiring the property, we achieved a substantial revaluation gain compared to the purchase price and our capital investments.

Year of construction/extension

2003/ 2012

Total rentable space in m²

22’992

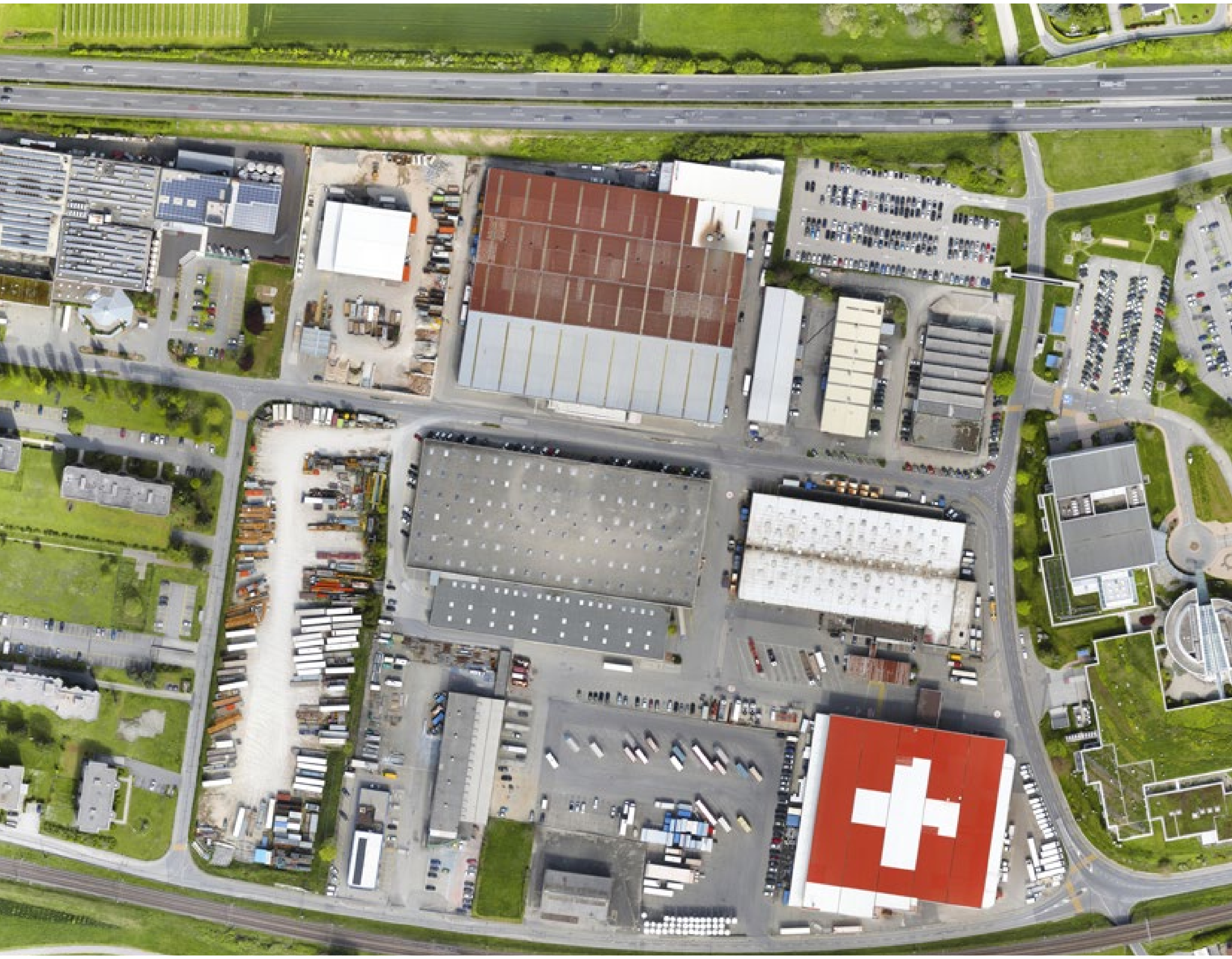
Land area in m²

25’405

Logistics

En Molliau, Tolochenaz

The about 80’000 m² plot has a unique location between Geneva and Lausanne. The site borders the A1 motorway as well as the Lausanne – Geneva railway, providing easy access for transportation as well as excellent visibility. Friderici Special SA, a well-known logistics brand for complex and specialised transports, is the sole tenant on the site. Furthermore, the municipality of Tolochenaz has recently initiated a new masterplan on this plot of land in order to renew the area.

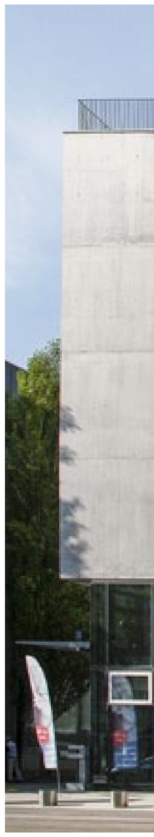


Year of construction	Total rentable space in m²	Land area in m²
1967+	**42’199**	**80’359**

Office

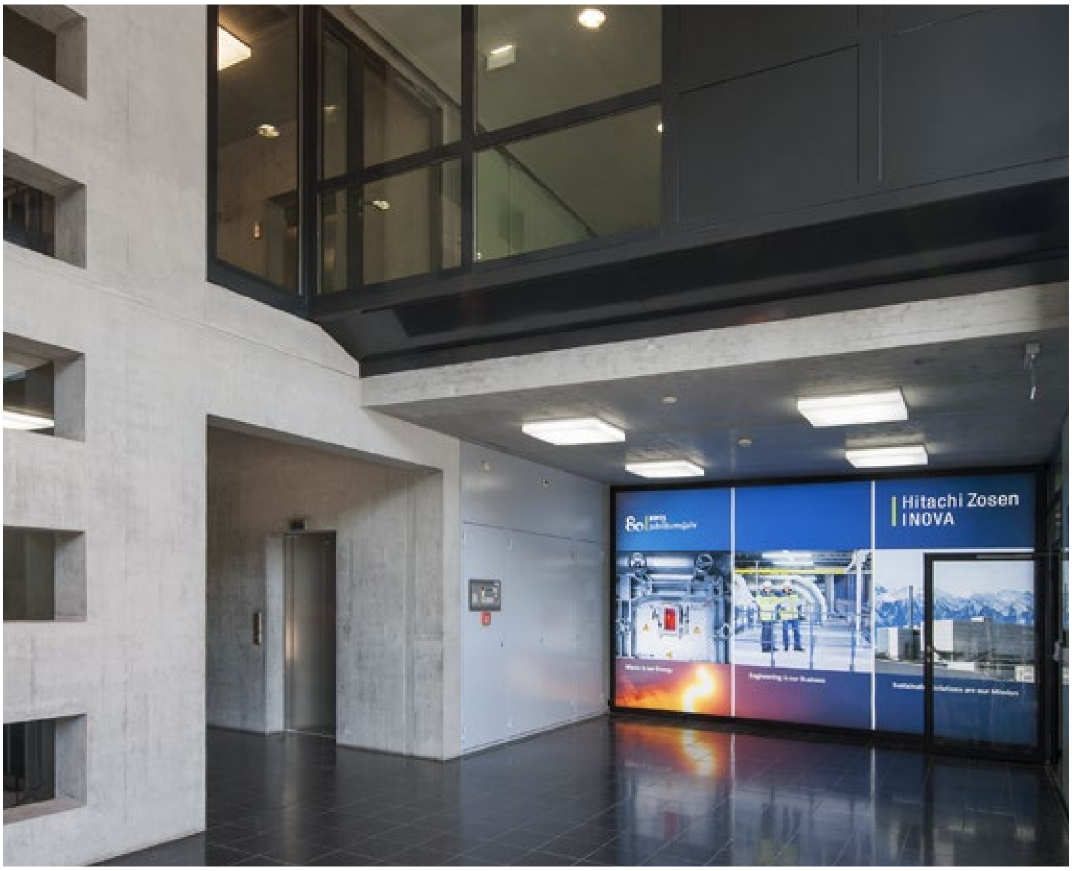
com.West, Zurich

Situated in the heart of the trendy and sought after business district Zurich West, with two different tram lines on its doorstep, the almost 25’000 m² building hosts various well-known companies, including Hitachi Zosen Inova and Digitec Galaxus.



Year of construction	Total rentable space in m²	Land area in m²
2002	24’568	9’938


DELTALIGHT
123


Hitachi Zosen
INOVA

Development project

PULSE, Cheseaux-sur-Lausanne

With our development project PULSE, we are creating a new home for R&D, production, white rooms and innovation, offering a complex of gross circa 43’000 m² of fully modular space above ground and about 27’000 m² of underground parking, storage and technical areas. Suitable for all types of industry, in particular biopharmaceutical and life science, the complex aspires to be a lively and hyper-connected place – in the heart of Switzerland’s Health Valley.

Expected completion

2025

+/– gross construction area in m²

43’000

Land area in m²

31’879

Sustainability Report

Introduction

EPIC Group has operated in the Swiss real estate market since 2004 and has made a name for itself as a key real estate firm in Switzerland that currently oversees a sizable real estate portfolio. The Company invests in the development and optimisation of the real estate that it purchases, particularly office buildings, logistical/industrial sites and shopping centres. EPIC Group retains the properties in its portfolio over the long term. The group focuses on long-term, sustainable profitability. Among other things, this is supported by increasing energy efficiency of its current portfolio, for example by implementing Minergie (a Swiss-recognised quality standard for sustainability in new and renovated buildings) or similar standards in newly built properties.

ESG Vision

ESG topics are very important to EPIC Suisse AG (hereafter referred to as the "Company" and on a consolidated basis as "EPIC Group"). While the Company has already taken important steps in recent years, going forward it will continue to focus on sustainability. EPIC Suisse AG has been addressing Environmental aspects by making significant investments in properties to become more energy efficient and implementing relevant policies throughout the group. The Company is also committed to building all its future new constructions according to the Minergie label or equivalent low-energy-consumption standards, in addition to addressing the Social and Governance aspects of sustainability as defined in its Code of Conduct or in the Policy on Gender Pay Equality, Diversity and Human Capital Development, which are available on the Company website under https://epic.ch/en/esg.

About this report

Since its establishment, EPIC Group has been engaging in the investment, development and management of real estate properties. The group acquires and/or develops commercial real estate properties in Switzerland and holds its properties long-term. The Company's registered headquarter is in Zurich, Switzerland.

The Company operates in accordance with Swiss legislation. The Company owns 25 properties through 17 subsidiaries, all of which, except for the Luxembourg holding, are registered in Zurich, Switzerland. EPIC Suisse AG went public on the SIX Swiss Exchange on 25 May 2022.

On 27 March 2023, EPIC Suisse AG releases its first sustainability report for the fiscal year 2022, as part of the Annual Report 2022. The same reporting period will be used for the yearly releases of the sustainability and annual reports. The Company's Portfolio Director, Philipp Küchler (email: philipp.kuechler@epic.ch), will respond to inquiries regarding the sustainability report.

Sustainability Approach

Clear oversight from the top

The ultimate duty for oversight of ESG risks and opportunities rests with the Board of Directors, who are tasked with evaluating and approving various elements of the ESG strategy, including establishing the group's corporate goals and providing resources to accomplish the set targets. The Group Executive Management reports twice a year to the Board on ESG objectives and progress.

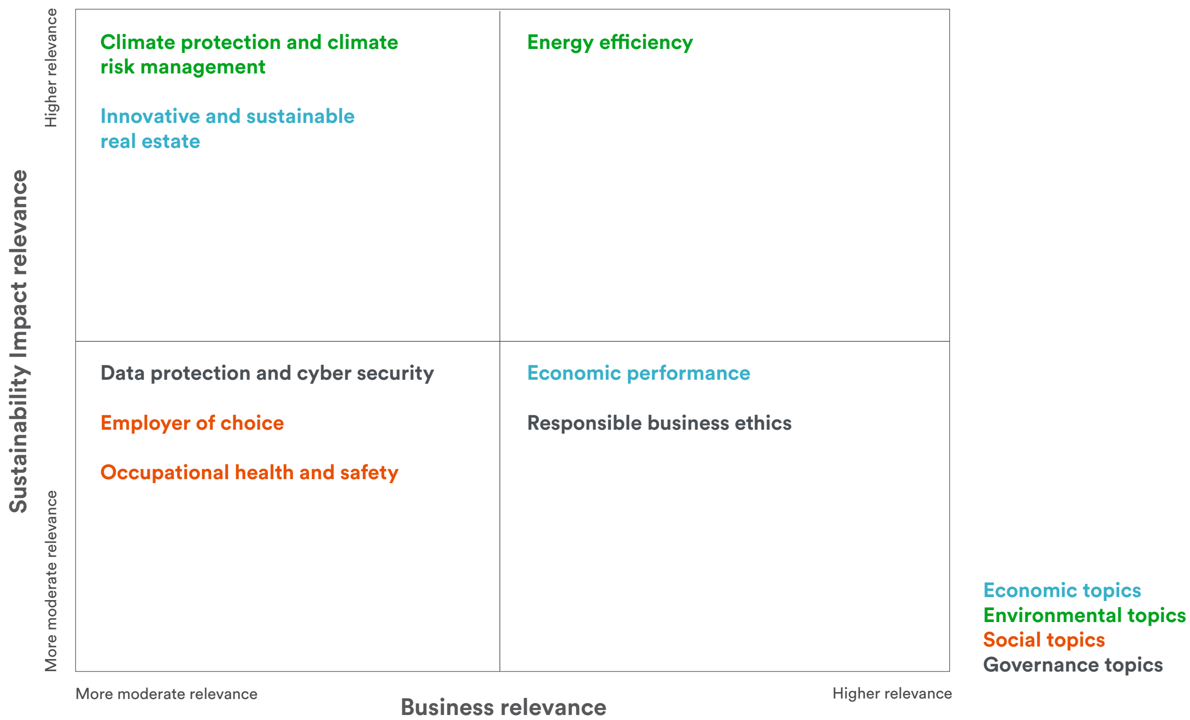
Materiality

EPIC Group conducted a first materiality assessment in 2022. The materiality matrix is based on the idea of "double materiality". In this process, potential material topics were evaluated considering the impact on the economy, environment and society, together with the relevance to EPIC Group's business success.

Steps

First, EPIC Group identified a long list of potential material topics based on recognised reporting standards and topics published by relevant peers. Afterwards, by grouping and consolidating the most relevant themes, 19 categories were shortlisted. Once these possible material topics were identified, the Company assessed their potential positive and negative impacts, examining them from the outside-in and inside-out perspectives. The Company supported by external experts, followed a lean process, which led to a first preliminary draft of the materiality matrix, based on the Group Executive Management business experience.

The materiality matrix was validated during a management workshop to discuss and assess its relevance. Below is the final materiality matrix that was approved by the Board of Directors during 2022, and on which the content of this report is based.



UN Sustainable Development Goals (SDGs)

Following the materiality matrix workshop, the Company identified relevant SDGs that are most closely linked to its material topics. The Company contributes to future global prosperity by strategically advancing 5 of the 17 global goals (goals 3, 7, 8, 11, and 13).

Organisational integration

The highest governance body of EPIC Group is the Board of Directors (the "Board"), which is chaired by Roni Greenbaum in his capacity as the Executive Chairman. Of the Board's four members, three are independent. The Board of Directors consists of one female and three male representatives ("Board member" or "Director") and it regularly receives information and detailed reports from the Group Executive Management team (see also section 3.7 in the Corporate Governance Report). The Group Executive Management consists of one female and two male members.

The Board of Directors has two committees: the Remuneration and Nomination Committee ("RNC") and the Audit and Risk Committee ("ARC"). The responsibility for ESG is with the entire Board of Directors. Leta Bolli Kennel will be taking the lead on the ESG themes within the Board of Directors.

Independent Directors may serve a total of nine terms in office, in accordance with the Organisational Regulations enacted on 14 May 2022. The roles of the Board members within the committees are: Andreas Schneiter (Chairman of ARC), Leta Bolli (member of ARC), Stefan Breitenstein (Chairman of RNC and Lead Independent Director), and Roni Greenbaum (member of RNC).

More information on EPIC Group's governance is available under section 3. Board of Directors on pages 43 to 51 in the Corporate Governance Report.

Nomination of the highest governance body members

When candidates are put forward for election as members of the Board of Directors to the General Meeting of Shareholders, the following principles are taken into account: diversity, experience and refreshment, independence[1], skills, specific in-depth real estate knowledge and/or know-how in the finance, accounting, legal and compliance fields. The Articles of Association contain an age limit of 72 years for election or re-election to the Board of Directors (at the date of election or re-election). Board members are elected by the General Meeting of Shareholders for a term of office of one year (until the next Annual General Meeting).

[1] The definition is consistent with the Swiss Code of Best Practice for Corporate Governance

Roni Greenbaum serves as the Board's Executive Chairman. The Chairman gets elected by the General Meeting of Shareholders on an annual basis as well. In order to reduce and/or avoid conflicts of interest, the Board decided to elect each year a Lead Independent Director from among its members, and if a conflict of interest exists then the Board member or member of the Group Executive Management shall not participate in the decision-making involving the matter at stake (see also section below).

Managing risks and impacts

Impacts are managed by the Board of Directors by setting various policies, approving changes, and making decisions regarding ESG-related topics. The following policies have been approved by the Board of Directors:

- Code of Conduct
- Climate and Natural Hazards Risk Management Policy
- Environmental – Green Buildings Investment Policy
- 3R Policy
- Policy on Gender Pay Equality, Diversity and Human Capital Development
- Whistleblowing Policy
- Anti Bribery Policy

These policies are available on the Company website under https://epic.ch/en/esg.

The Board of Directors supervises the implementation of the ESG strategy. The Group Executive Management drives the implementation of the ESG strategy and decisions made by the Board of Directors. The Board of Directors has approved the process and results summary of the materiality assessment as well as this ESG report.

Managing conflict of interest

The Code of Conduct outlines the Company's approach to resolving conflicts of interest, and clause 4.3 of the Code of Conduct requires conflicts of interest to be reported. The Board members and members of the Group Executive Management shall arrange their personal and professional affairs to avoid, as much as possible, conflicts of interest.

Any conflict of interest originating from or related to any topic to be discussed at a meeting must be disclosed to the Chairman and/or the CEO by the Board member or member of the Group Executive Management as soon as the member becomes aware of the potential existence of a conflict. The Chairman (or, if applicable, the Lead Independent Director) and the CEO, respectively, decide on the appropriate measures to avoid any interference of such conflicts of interest in the Company's decision-making. The member who potentially has a conflict of interest is not allowed to take part in the decision-making process on the issue at hand. The person with a conflict of interest shall have the right or may be required by the Chairman and the CEO to provide a statement of his or her view on the matter.

Communicating critical concerns

Various policies such as "Code of Conduct", "Policy on Gender Pay Equality, Diversity, and Human Capital Development", and "Whistleblowing Policy" define how, under which circumstances, and in what manner critical concerns are to be communicated to the members of the Group Executive Management and/or the Board of Directors.

Remuneration of the Board of Directors and Group Executive Management

The compensation of the members of the Board of Directors and of the Group Executive Management is set to attract and retain highly qualified individuals to serve on the Board of Directors and in the Group Executive Management team. For further information on the Company's compensation principles, governance on compensation and details on the compensation structure please refer to the Compensation Report on pages 59 to 68.

Policies on ESG issues

The Company has ESG policies in place, that form the principles to conduct its business activities in a responsible and sustainable manner. To implement the ESG commitments, all employees shall read and confirm by signature that they have understood these policies. EPIC Group may use business partners to assist with the execution of the policies where necessary. In order to comply with the Environmental – Green Buildings Investment Policy, the Company mandated such business partner to routinely assess the energy efficiency of selected portfolio buildings and inform EPIC Group if any modifications are required or of potential improvements and the impact of such improvements. The Group Executive Management will then consider these inputs and recommendations, present it to the Board of Directors and implement them if approved by the Board.

Seeking advice and raising concerns

Employees are encouraged to contact members of the Group Executive Management for explanations if a policy is unclear. They are welcome to address any issues or complaints with the CEO, CFO or Portfolio Director under EPIC Group's open-door policy.

Employees can express their concerns about EPIC Group's business operations by using the Company's Whistleblowing and Code of Conduct policies. The Code of Conduct policy outlines how the Company expects employees to conduct themselves. Employees can follow established processes to report any misconduct personally or anonymously to the Chairman of the Board of Directors, CEO, CFO or Portfolio Director – or to an independent Board member, if deemed necessary. EPIC Group did not have any significant instances of breaching any laws or regulations throughout the reporting period.

Sustainable business success

EPIC Group ensures sustainable business success by building on and maintaining its reputation as a trustworthy and conscientious firm. The Company conducts its activities in an ethical and a sustainable way through its representatives and employees, and in alignment with the Code of Conduct, which mandates an honourable attitude while interacting with clients, visitors, authorities, and other stakeholders.

Economic performance

Through its operations, EPIC Group maintains the Company's stability, generating both economic value and stability to its tenants, shareholders, employees and other stakeholders.

Overview

The financial success of the EPIC Group and its ability to deliver a return on investment to its shareholders is driven by its economic performance. The Company plans and carries out growth, profitability, and capital efficiency objectives for the group, in order to assure financial stability and economic success to all stakeholders. EPIC Group's financial results and capacity to pay dividends are driven by its economic success. In order to retain current tenants and find new ones, EPIC Group focuses on keeping the buildings well-maintained and attractive. Additionally, the Company has a substantial pipeline of development projects to secure future growth and constantly evaluates acquisition possibilities to further expand its business. Key performance indicators to measure the financial success of EPIC Group include, among others, rental income from real estate properties, net operating income, EBITDA, profit and net rental income yield of properties in operation. For further information on the financial performance of EPIC Group, please refer to the Report on the Annual Results on page 10 of this Annual Report.

To ensure long-term and sustainable growth, EPIC Group keeps abreast of market trends by analysing the strategies and performance of its peers. In addition, participation in real estate conferences and regular dialog with stakeholders helps EPIC Group to closely follow new developments in the real estate sector. Continuous reporting to and close monitoring by the Board of Directors ensure the performance of the Group Executive Management and of EPIC Group as a whole. EPIC Group is a member of the European Public Real Estate Association (EPRA).

One of EPIC Group's priorities is to focus on energy-efficiency in its buildings in order to reduce the energy consumption and maintain operating costs and re-charges to its tenants low.

Innovative and sustainable real estate

Investments in innovative real estate properties and constantly working on improving sustainability aspects of these properties is key for EPIC Group to ensure competitiveness, satisfy tenants' demands and reduce the environmental footprint of its business activities.

Overview

Stakeholders generally favour companies that place priority on sustainable and innovative initiatives as it is a risk mitigation strategy in the long-term.

EPIC Group is aware that innovatively designed properties often have higher energy efficiency. To ensure that this aspect is taken into account appropriately, EPIC Group considers environmental parameters, among others, in the asset management decision processes. The use of insulation, innovation, modernization, and other environmentally friendly and sustainable elements in the managed properties has an influence on the Company's overall success.

EPIC Group is committed to having all its future constructions meet the Minergie or a comparable sustainable standard. The Company implemented a strategy to look into potential improvements in energy efficiency in its existing portfolio.

Trends in 2022

Improving metrics will allow the Company to establish more specific sustainability targets in 2023. EPIC Group is continuously searching for solutions to reduce the tenants' energy consumption where possible. A major milestone in 2022 was the start of construction of the PULSE project in Cheseaux-sur-Lausanne, which is expected to meet the Minergie and BREEAM standards. The Company expects to obtain those labels after the construction is completed.

PULSE will feature photovoltaic installations on the building's rooftop, expecting to generate more than 400 kWp of green energy per year. 80% of the building's heat will be supplied by geothermal energy from 80 drillings at the depth of 320 meters, connected to two heat pumps with a capacity of 200 kW each. The remaining 20% is provided by one gas boiler with a capacity of 400 kW, which will be needed for periods with very cold temperatures. The basic cold energy installed represents 1'230 kW per year, excluding tenants' potential future requirements. The buildings were also designed to allow for future technical equipment to be installed depending on the tenants' fit-out and requirements, and so the further technical details will be developed at a later stage once users of the buildings are identified.

Environmental protection

Environmental protection is a key consideration behind EPIC Group's development pipeline. To enhance the environmental performance of its property portfolio, EPIC Group continuously invests in environmentally responsible initiatives in the areas of energy efficiency and climate protection. These efforts are underpinned by the fact that EPIC Group has achieved Minergie certifications for around a third of its properties.

Energy efficiency

EPIC Group is committed to improving energy efficiency and increasing the use of renewable energy in its own operations and across its portfolio. By evaluating the impacts of energy efficiency measures throughout its operations, the Company is safeguarding the environment and responding to tenants' needs. These efforts are not only resulting in decreased energy dependence and costs, they are also enhancing the Company's image.

Overview

As per the Company's Environmental–Green Buildings Investment Policy, the properties are regularly analysed in order to identify, assess and implement if appropriate potential energy efficient measures. In addition to internal evaluations by the Group Executive Management, independent specialists support the management team by providing reports on the state of the buildings and making recommendations for energy consumption reduction. As a result, EPIC Group has invested and continues to invest in insulation and other efficiency-related improvements across its real estate portfolio. The ensuing decline in energy usage is generating positive effects for the environment, the safeguarding of resources as well as financial savings for both tenants and EPIC Group itself.

By the end of 2022, 60% of the investment properties in operation (15 properties) have been analysed in detail for potential measures to reduce energy consumption in these properties. Every year, three or more properties will be considered, and every building will be re-analysed at least every ten years.

Trends in 2022

In response to climate change as well as widespread concerns about energy shortages and government recommendations, the Company further optimised its operations during 2022 in order to reduce electricity and heating consumption. Realized measures in 2022 included the renouncement of the use of Christmas lights in shopping centres, the approval of a budget for a replacement of gas heating to a heating pump and the narrowing of heating loads and time schedules in several properties.

Climate protection and climate risk management

Climate change and its consequences are relevant to EPIC Group. On the one hand, its buildings generate carbon emissions during their constructions and operations, contributing to climate change. On the other hand, buildings and their tenants are affected by the consequences of climate change, such as extreme weather conditions. To respond to climate change, the Company wants to take responsibility by reducing the emissions in its operations and managing the risks resulting from climate change.

Overview

EPIC Group's main interests regarding climate protection are achieving a reduction in CO_2 emissions from the real estate properties, the long-term preservation of real estate assets against climate threats and the management of regulatory and reputational risks. To achieve this, EPIC Group has designed a climate and natural hazards risk management policy to lessen the risks associated with climate change. Furthermore, the Company did put in place the Environmental-Green Buildings Investment Policy and 3R Policy (Reduce-Reuse-Recycle) to reduce its CO_2 emissions. EPIC Group is currently implementing a process to record and track its CO_2 emissions. This will enable the group to accurately measure the steps taken to reduce its carbon footprint.

Trends in 2022

In order to further develop a climate strategy, the portfolio's energy consumption and carbon emissions were modelled by an external consultancy in 2022 (for the results, see the following chapter). The Company is planning to (i) install approximately 5'000 m^2 of photovoltaic panels on the roofs of the shopping centre in Wiggis-Park, (ii) add photovoltaic panels to the roof of the buildings of project PULSE, development currently under construction, and has allowed (iii) its sole tenant in Tolochenaz to install approximately 4'900 m^2 of photovoltaic panels on the roof, while awaiting the future development of the site.

Energy consumption and carbon footprint in 2022: Results from modelling

In this first sustainability report, EPIC Group does not yet have sufficient energy consumption data from the portfolio to present measured energy and carbon emissions. However, the collection of this data started at the beginning of 2023 and results will be available in the next annual report to be published in the first quarter of 2024. To present a preliminary analysis at this point in time, an independent expert modelled key environmental indicators of all buildings in the portfolio (except for newly acquired properties) for the entire year 2022 and calculated energy consumption and resulting carbon emissions. This model analysis also helped the Company to better understand and optimise key aspects of data collection going forward.

Modelling approach

Energy and carbon emissions of the EPIC Group portfolio are reported according to standards in the GHG ("Greenhouse Gas") protocol. The analysis included all buildings owned by EPIC Group during the entirety of 2022. Newly acquired properties (one acquisition took place in 2022 – please refer to Note 16 of the consolidated financial statements) were not included and will be considered in next year's reporting.

The calculation of GHG emissions is primarily based on: (1) the energy reference floor area ("RFA"), (2) the energy intensity ("EI"), (3) the energy carrier mix ("ECM") and (4) an emission factor ("EF"). Most of the required data such as the rented area, building geometry, building use, construction year, and past retrofit measures in terms of building envelope and HVAC ("Heating, ventilation and air conditioning") installations were available for use in the modelling process. The calculation was implemented by the building stock model ("BSM"), which is a leading model for Switzerland's building sector run by the external consultancy TEP Energy. The BSM is a bottom-up model that is used in numerous projects, including carbon reporting in the building sector by the cantons of Switzerland.

The emissions were allocated to the scopes 1, 2, and 3 according to the GHG protocol. A specific distinction was made between owner and tenant emissions, differentiated by the purpose of the energy use. EPIC Group's portfolio consists of a relatively high number of buildings that are leased by one tenant with operational control. Therefore, a substantial share of emissions is allocated to tenants for both heat and electricity-related emissions. From the owner's (EPIC Group) perspective, these emissions are attributed to Scope 3 emissions.

The model has certain limitations. Estimating carbon emissions in buildings involves uncertainties, both in measurements and in modelling the underlying energy consumption. The uncertainties in modelling concern both the calculation of the area of the structure and of the energy intensity. Unheated space or areas that have not been included in the modelling can lead to significantly varying energy values. In terms of the energy intensity, uncertainties regarding the building envelope and particularly the thermal air change can lead to deviations between modelled and measured thermal and thus fossil energy consumption values.

For stakeholders particularly interested in the modelling approach, EPIC Group and its consultancies TEP Energy and Sustainserv have developed a detailed methodology description. If you wish to receive a copy, please contact the Company's Portfolio Director Philipp Küchler (email: philipp.kuechler@epic.ch).

Model results of EPIC Group's real estate portfolio during 2022
The modelling of the portfolio with regard to energy consumption data was carried out comprehensively, with consumption data attributable to both the owner and the tenants, thereby showing the total consumption of the building.

EPIC Group's portfolio	Unit	Owner (EPIC Group)	Tenants	Total
Total Energy Consumption (modelled for 2022)	MWh	23'923	31'108	55'030
Electricity Consumption	MWh	8'503	25'337	33'840
– Of which from renewable sources	MWh	7'753	23'023	30'776
Heat	MWh	15'420	5'771	21'190
– Fuel oil	MWh	1'400	2'958	4'358
– Natural gas	MWh	10'527	2'217	12'743
– District heating	MWh	3'344	572	3'916
– Biogas	MWh	101	24	125
– Ambient heat	MWh	47	-	47
Energy Intensity (relating to total RFA)	**kWh/m²**	**65**	**84**	**149**

Overall, electricity is characterised by a high share of renewable energy sources, while the generation of heating energy is dominated by fossil energy sources. The results show that the greater part of the electricity consumption and a relatively high share of the heating energy consumption is attributed to the tenants. This results from a relatively high number of contracts where the building is leased by one tenant that has operational control.

As a result, the emissions related to the owner's energy consumption amount to 3'315 tCO_2e (8.96 $kgCO_2e/m^2$) and those related to the tenants' energy consumption to 2'002 tCO_2e (5.41 $kgCO_2e/m^2$). Overall, the results for specific carbon intensities seem relatively low when compared to the Swiss average intensities. This can be attributed to the young age of the structures in the EPIC Group portfolio and to the high share of renewable electricity.

EPIC Group's portfolio	Unit	Owner (EPIC Group)	Tenants	Total
Combustibles	tCO_2e	2'520	1'238	3'757
Electricity	tCO_2e	87	145	232
District heating	tCO_2e	136	23	159
Embodied emissions[1]	tCO_2e	572	597	1'168
Total	tCO_2e	**3'315**	**2'002**	**5'316**
Emission Intensity	$kgCO_2e/m^2$	**8.96**	**5.41**	**14.38**

[1] Embodied emissions from the extraction, processing, transport, and distribution of energy carriers

For EPIC Group, the following carbon balance for Scope 1–3 results are:

EPIC Group's portfolio	Unit	Total
Total GHG Emissions (modelled for 2022)	**tCO_2e**	**5'316**
Scope 1[1]	tCO_2e	2'520
– Combustibles	tCO_2e	2'520
Scope 2[1]	tCO_2e	223
– Electricity	tCO_2e	87
– District heating	tCO_2e	136
Scope 3[2]	tCO_2e	2'573
– Tenant	tCO_2e	2'002
– Owner	tCO_2e	572
Emission Intensity	**$kgCO_2e/m^2$**	**14.38**

[1] Without tenants' emissions
[2] Embodied emissions from the extraction, processing, transport, and distribution of energy carriers and all emissions of tenants (Scope 1–3 from the tenant's point of view). Without embodied emissions from construction and retrofit activities

Social Responsibility

As the Company can only benefit from sustaining high standards in terms of the well-being and working conditions of the employees, these issues are and will remain a priority. By maintaining a fair and professional relationship with employees, investing in their welfare and by providing a safe and healthy working environment, EPIC Group contributes to the Company's long-term stability. These factors also positively affect productivity and efficiency at work and reduce health costs for the society.

Employer of choice

EPIC Group believes that treating all of its workers and representatives with respect, professionalism, and goodwill plays a key role in the Company's overall success. By actively promoting fair and competitive working conditions, the Company improves the motivation and well-being of current employees, which has an effect on attracting new hires. EPIC Group is committed to diversity, tolerance, and equal opportunities and supports the professional and personal development of its employees.

Overview

The employees are a core asset of EPIC Group's business and impact most activities within the group. Therefore, EPIC Group takes a constructive, long-term and trusting approach towards all employees and representatives and encourages an open dialogue at all times. The Company is committed to offering fair and competitive working conditions which include compensation packages and working surroundings that usually exceed, but at the least comply with local minimum legal requirements or prevailing industry standards.

By introducing policies such as the Code of Conduct or the policy on Gender Pay Equality, Diversity and Human Capital Development, the Company sets and follows guiding principles to ensure the health, safety and equal treatment of all employees and the members of the Board of Directors. The same motive drives EPIC Group's open-door policy and daily interactions with every employee.

EPIC Group has supported several employees in their further education as well as promoted them to new functions in the group. The major metric for determining the efficacy of this management strategy is low staff turnover. There are not many employees, nevertheless, the Company had no staff turnover during 2022 while Swiss employees have an average tenure of 6.6 years. Current developments and future goals for each employee are discussed as appropriate during the year and formally in an annual employee appraisal meeting.

Trends in 2022

The most effective strategy to determine and address the employees' needs is to have an open line of communication with them. Having better working conditions and investing in employee health benefits the business, thus these issues are and will remain a top priority.

For example, in November 2022, a company excursion was organized for the first time since the Covid-19 pandemic. Employees of EPIC Group's headquarters spent two days in Rome, engaging in team-building and sightseeing activities. Such company excursions are to take place regularly again in the future.

Employee structure

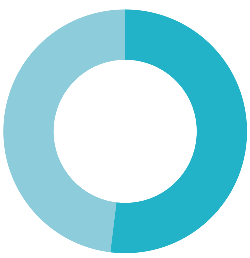
There were no temporary employees (employees with a limited contract) in 2022. No significant fluctuations were noticed in the number of employees, other than two employees who joined in 2022 due to the growth of the Company. As at 31 December 2022, twelve employees were employed in the headquarters while nine employees are technical staff working on-site in two retail properties. In addition to permanent workers shown in the table below (employed either full-time or part-time), the Company works together with contractual workers based on need and for development projects, such as architects, developers, engineers etc. As the construction phase in Cheseaux-sur-Lausanne started in 2022, EPIC Group signed a total contractor agreement with Implenia, which has many contractors on the site.

Composition of Swiss employees (in headcount)[1] — As at 31 December 2022

Employees by employment contract	Permanent	Temporary
– Men	10	0
– Women	11	0
Total	**21**	**0**
Employees by employment occupancy	**Full time**	**Part time**
– Men	10	0
– Women	8	3
Total	**18**	**3**

[1] All based in Switzerland

All employees by gender
(headcount)



Group Executive Management by gender
(headcount)

Occupational health and safety

EPIC Group is committed to continuously provide and promote a working environment that supports employees' physical and mental health and well-being. EPIC Group accomplishes this by supporting its employees in maintaining their health and by ensuring that the working environment is safe.

Overview

EPIC Group believes that effective health and safety management is a crucial component of being a responsible and a sustainable business. As a result, EPIC Group repeatedly evaluates and enhances the work environment in compliance with current laws and regulations. Any steps taken to promote the health and safety of stakeholders and employees can reduce workplace hazards and thereby improve the well-being and safety of the aforementioned personnel.

EPIC Group offers a modern workspace with a high-quality infrastructure in order to create the best possible working conditions. The Company also provides office employees with ergonomic chairs and modern lighting and IT equipment. The setting and amenities of the workplace encourage workers to engage in physical exercise during their lunch breaks. To avoid workplace dangers and hazards, EPIC Group conducted a first aid training course in 2022 that included the use of a defibrillator, following which a defibrillator was purchased by the Company and kept on its premises. The effectiveness of EPIC Group's management of health and safety issues is measured through the number of work-related accidents reported in 2022 (none) and reported leave of absence or sick leave (low).

Trends in 2022

Throughout 2022, Covid-19 remained a concern. The management team continued to monitor the spread of the disease and to protect employees, if possible. Office hygiene precautions and workspace partitioning were among the measures maintained since their implementation in 2020. These precautions are regularly assessed and adjusted to the situation.

Governance

By upholding ethical work practices and carrying out tasks in line with pertinent rules and regulations, EPIC Group keeps high standards of personal and professional ethics. The Company's brand image is strengthened by making decisions that are consistent with moral business principles.

Responsible business ethics

Since EPIC Group views the relationship with its stakeholders as long-term, it is critical to assure that all Company's operations are conducted in an ethical manner to obtain and maintain their trust and confidence. Having ethical business practices also improves the group's reputation.

Overview

The term "having responsible business ethics" refers to sustaining high standards of personal and business ethics, adhering to morally upright and honest work practices, and carrying out duties in accordance with relevant procedures, rules and regulations. Within EPIC Group, bribing – providing, giving, or promising (or directing someone to offer, provide, or promise) an inappropriate benefit, directly or indirectly, with the goal to influence or reward the behaviour of someone in order to achieve or maintain a competitive advantage is considered an unethical conduct.

Points in the value chain that are identified as important to maintain are close relationships with tenants, suppliers and advisors, and relationship with employees and shareholders.

Relationship with tenants
The majority of EPIC Group's lease contracts with its tenants are of long-term nature, thus it is crucial for the Company to establish a clear code of conduct from the outset to uphold ethical business practices. This will help to guarantee that confidence is maintained over time.

Suppliers and advisors
It is key for the Company that all stakeholders are aware that EPIC Group is reliable and honours its commitments.

Employees
In order to attract the best-qualified staff and to ensure that they remain with EPIC Group, it is important to create a trustworthy environment where everyone in the group feels that the Company conducts business responsibly.

Shareholders
Maintaining responsible business ethics is essential to ensuring that shareholders have confidence in the Company and will invest in it.

EPIC Group established the following guidelines to guarantee ethical conduct: the Anti Bribery Policy (giving and receiving presents from business partners), the Code of Conduct (reporting conflicts of interest) and the Whistleblowing Policy. All staff members and members of the Board of Directors are given copies of all relevant policies and procedures, which they sign to attest that they have read and comprehended them. Further information on the governance structure and processes of EPIC Group are specified in the Corporate Governance Report starting on page 37.

Trends in 2022
The policies, which were developed and/or updated in conjunction with the Company becoming a publicly traded entity with listing on SIX Swiss Exchange, are still fairly new. They will be re-examined as and when necessary. In 2022, there have been no reports of incidents of corruption or anticompetitive violation.

Data protection and cyber security

EPIC Group is obliged to safeguard the privacy of stakeholders, including tenants, business partners and staff. In its interactions with stakeholders, EPIC Group continuously attempts to reduce its cyber security risks and works to prevent interruption of operations that might endanger the Company's finances and image. Therefore, frequent backups are implemented to reduce risks. Regular random tests are performed to ensure that backups have been carried out as planned.

Overview
Data security is crucial to protect personal information that tenants disclose to EPIC Group as part of rental agreements or in the course of the business. This relates not only to tenants, but also to safeguarding private information and private data of business partners, employees or representatives of the Company. Cyber security is crucial to ensure that the Company executes its daily activities without interruptions. Furthermore, the Company must adhere to timeframes imposed by the authorities. Adherence to the cyber security precautions disclosed and endorsed by the Board mitigates the risk of business interruptions and disruptions. Research on data protection is currently underway.

A third-party IT professional is required to manage EPIC Group's IT infrastructure installations and to carry out routine backups. To verify that backups are being carried out as intended, the Company designated the Portfolio Director to conduct periodic random checks. The Company's legal advisers are required to examine EPIC Group's data protection measures and make suggestions for improvements, if necessary. This is still an ongoing process.

Trends in 2022
There have been no reports of data losses or privacy violations in 2022. In 2022, an internal Cyber Security course was offered for all office employees to raise awareness for this topic. Data protection was one of the most significant topics of the year and various actions were initiated to examine and evaluate how the current systems might be further improved.

Corporate Governance Report

Introduction

This Corporate Governance Report is prepared in accordance with the Corporate Governance Directive of SIX Exchange Regulation. All information within this Report and within the Compensation Report (see page 59) refers to the Company organisation, Articles of Association and Internal Regulations of EPIC Suisse AG that were in effect as of 31 December 2022.

The Articles of Association (version dated 28 June 2022) are available on the Company website www.epic.ch under section ESG (Environmental, Social, Governance) – Articles of Association. Direct link: https://epic.ch/en/esg

1 Group structure and shareholders

1.1 Group structure

EPIC Suisse AG (hereafter also 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 "EPIC Group") operate in the real estate sector and their activities generally include the investment in the holding and management of investment properties.

The Company holds 17 subsidiaries which own 25 properties as of 31 December 2022. EPIC Group operates exclusively in Switzerland. The two principal shareholders, Alrov Properties & Lodgings Ltd and EPIC Luxembourg SA control together 72.6% of the Company as of 31 December 2022, and have entered into lock-up undertakings for a period of 12 months following the listing of the Company (i.e. until 25 May 2023).

The EPIC Group is operationally managed by the Group Executive Management (see also section 4 on page 52 of this Corporate Governance Report). For financial reporting, the operating activities are divided in accordance to the real estate properties' classification: (i) Investment properties in operation and (ii) Investment properties under development/construction. Further information on "Segment reporting" can be found in Note 7 of the consolidated financial statements on page 81 of this Annual Report.

Listed company

The registered shares of EPIC Suisse AG, with registered office at Seefeldstrasse 5a, 8008 Zurich, Switzerland, have been listed on SIX Swiss Exchange since 25 May 2022. The ticker symbol is EPIC, the Swiss Security Number ("Valorennummer") 51613168, the ISIN number CH0516131684. The market capitalisation based on shares issued was CHF 656.0 million as of 31 December 2022.

The Company held no treasury shares and none of the Company's subsidiaries held any shares of EPIC Suisse AG as of 31 December 2022.

Non-listed entities

A list of the consolidated entities (including company name of the legal entities, domicile, capital, voting interests and share capital) is available in Note 4 of the consolidated financial statements on page 79 of this Annual Report. None of these entities are listed.

1.2 Significant shareholders

Pursuant to the information provided to the Company by its shareholders in compliance with the Financial Market Infrastructure Act during 2022, the following shareholders disclosed significant positions of more than 3% of the voting rights (based on the share capital registered in the commercial register) as of 31 December 2022[1]:

Shareholder	31 Dec 2022
Group of shareholders consisting of legal entities Alrov Properties & Lodgings Ltd and EPIC Luxembourg SA, such group representing the interests of Alfred Akirov and The Family Trust [2]	72.6%
UBS Fund Management (Switzerland) AG, Basel, Switzerland	3.06%

[1] Participation in voting rights according to the latest disclosure notice received from this shareholder. The actual shareholdings may differ from the numbers indicated in the table, as the Company must only be notified by its shareholders if one of the thresholds defined in Article 120 of the Financial Market Infrastructure Act is crossed, or if shareholder groups with holdings above the thresholds are formed or dissolved.

[2] Beneficial owners of these shares are: Alfred Akirov, Tel Aviv, Israel, and The Family Trust, St Helier, Jersey. Shares are directly held by the following legal entities: Alrov Properties & Lodgings Ltd, Tel Aviv, Israel, with respect to the shares indirectly held by Alfred Akirov (participation of 56.5%), and EPIC Luxembourg SA, Luxembourg, Grand Duchy of Luxembourg, with respect to the shares indirectly held by The Family Trust, St Helier, Jersey (participation of 16.1%). The shareholders have entered into a lock-up agreement, details of which are described below in section “Shareholders’ agreement”.

The disclosure notice published on 1 June 2022 contains further remarks on The Family Trust (St Helier, Jersey): The Trustee of the Family Trust, with discretionary investment and the right to vote on behalf of the Family Trust, is Vistra Trust Company (Jersey) Ltd (St Helier, Jersey) and the current protector is Neima Brauner (Tel Aviv, Israel). The Family Trust is an irrevocable and discretionary trust settled under the laws of Jersey by Ron Jaacov Greenbaum (London, United Kingdom). Mr. Greenbaum, Mr. Greenbaum’s wife Gil Greenbaum (London, United Kingdom) and Mr. Greenbaum’s children and remoter issue are the beneficiaries of the Family Trust.

Disclosure notices during fiscal year 2022

All disclosure notices published by the Company during fiscal year 2022 are available on the website of SIX Exchange regulation at https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/

Shareholders’ agreement

The type of shareholders’ agreement between the members of the group of shareholders consisting of the legal entities of Alrov Properties & Lodgings Ltd and EPIC Luxembourg SA is a lock-up agreement (in connection with the Company’s initial public offering), which expires on 25 May 2023.

1.3 Cross-shareholdings

As of 31 December 2022, EPIC Suisse AG has not entered into cross-shareholdings with other companies exceeding 5% of the holdings of capital or voting rights on both sides.

2 Capital structure

2.1 The Company's capital structure

Capital structure as of 31 December 2022	CHF	Registered shares
Ordinary share capital	413'203.04	10'330'076
Conditional capital	7'500.00	187'500
Authorised capital	24'259.64	606'491

For the website link regarding the Articles of Association referred to in the following chapters please see page 37 of this Corporate Governance Report.

2.2 Details on conditional and authorised capital

Conditional capital for employee participations
Article 3a of the Articles of Association, dated 28 June 2022, reads as follows:

"The share capital of the Company may be increased by up to CHF 7'500.00 by the issuance of up to 187'500 fully paid in registered shares with a nominal value of CHF 0.04 each, upon the exercise of option rights or in connection with similar rights regarding shares (including performance stock units (PSU) and/or restricted stock units (RSU) granted to officers and employees at all levels of the Company and its group companies according to respective regulations and resolutions of the Board of Directors. The pre-emptive rights and advance subscription rights of the shareholders shall be excluded. The acquisition of registered shares based on this Article 3a and every subsequent transfer of these registered shares shall be subject to the transfer restrictions pursuant to Article 5.

The conditions for the allocation and exercise of the option rights and other rights regarding shares from this Article 3a are determined by the Board of Directors. The shares may be issued at a price below the respective market price."

The conditional capital of CHF 7'500.00 represents 1.82% of the issued ordinary share capital of the Company registered in the commercial register as of 31 December 2022.

Authorised capital for over-allotment option in initial public offering
Article 3b of the Articles of Association, reads as follows:

"The Board of Directors shall be authorised to increase the share capital at any time until 24 May 2024 by a maximum amount of CHF 24'259.64 by issuing a maximum of 606'491 fully paid in registered shares with a par value of CHF 0.04 each for purposes of issuing shares in connection with an over-allotment option granted in an initial public offering. Increases in partial amounts shall be permissible.

The Board of Directors shall determine the issue price, the type of contribution, the date of issue, the conditions for the exercise of pre-emptive rights and the beginning date for dividend entitlement. In this regard, the Board of Directors may issue new registered shares by means of a firm underwriting through a financial institution, a syndicate of financial institutions or another third party and a subsequent offer of these shares to the existing shareholders or third parties (if the pre-emptive rights of the existing shareholders have been denied or have not been duly exercised).

The Board of Directors is authorised to restrict or withdraw pre-emptive rights of existing shareholders and allocate such rights to third parties, the Company or any of its group companies for purposes of granting an over-allotment option (Greenshoe) of up to 15% of the total number of shares in a placement or sale of shares to the respective initial purchaser(s) or underwriter(s)."

The authorised capital of CHF 24’259.64 represents 5.87% of the issued ordinary share capital of the Company registered in the commercial register as of 31 December 2022. The over-allotment option has been exercised and the according shares have been issued. The Board of Directors will therefore propose to the upcoming Annual General Meeting of Shareholders in 2023 to replace the current version of Article 3b of the Articles of Association.

2.3 Changes in capital

Changes in capital 2020–2022	CHF	Registered shares
Ordinary share capital		
31 December 2022	413'203.04	10'330'076
31 December 2021	300'000.00	7’500'000
31 December 2020	300'000.00	7’500'000
Conditional capital		
31 December 2022	7'500.00	187'500
31 December 2021	8'666.64	216'666
31 December 2020	8'666.64	216'666
Authorised capital		
31 December 2022	24'259.64	606'491
31 December 2021	55'454.52	1'386'363
31 December 2020	55'454.52	1'386'363

Changes in capital in 2022
On 24 May 2022, EPIC Suisse AG successfully completed the placement of 2’686’567 registered shares as part of the IPO (initial public offering) on the SIX Swiss Exchange. These shares were newly issued by the Company in an ordinary capital increase in conjunction with the IPO. They were listed and have been trading on SIX Swiss Exchange since 25 May 2022. The share capital increased to CHF 407’462.68 (10’186’567 registered shares). The change in the share capital was registered in the commercial register on 24 May 2022.

On 24 May 2022, the Company also changed the conditional capital to the amount of CHF 7’500.00 (187’500 shares) and the authorised capital to the amount of CHF 30’000.00 (750’000 shares) as previously approved by its two principal shareholders Alrov Properties & Lodgings Ltd and EPIC Luxembourg SA. The registration of conditional capital and authorised capital was also registered in the commercial register on 24 May 2022.

On 28 June 2022, the Company issued a further 143’509 registered shares as a partial exercise of the Over-Allotment Option in conjunction with the IPO. These Over-Allotment Shares were issued out of the authorised capital. The share capital increased to CHF 413’203.04 (10’330’076 registered shares) and the authorised capital was reduced to CHF 24’259.64 (606’491 shares). The change in the share capital and authorised capital was registered in the commercial register on 28 June 2022.

Changes in capital in 2021 and 2020
The share capital of EPIC Suisse AG remained unchanged at CHF 300’000.00 (7’500’000 shares) in fiscal years 2021 and 2020.

In preparation of an Initial Public Offering on SIX Swiss Exchange, and while the Company was still privately owned, its principal shareholders Alrov Properties & Lodgings Ltd and EPIC Luxembourg SA had also approved conditional and authorised capital as mentioned in the table above. None of this capital was used in the years 2020/2021. The conditional and authorised capital was adjusted in size and the Articles of Association changed on 24 May 2022, as described in the section above.

2.4 Shares

As of 31 December 2022, the share capital of EPIC Suisse AG amounts to CHF 413’203.04 and is divided into 10’330’076 registered shares with a nominal value of CHF 0.04 each. The share capital is fully paid in.

Each share carries one vote at the Shareholders’ Meeting. The shares rank pari passu in all respects with each other, including, in respect of entitlements to dividends (if declared), to a share in the liquidation proceeds in the case of a liquidation of the Company and to pre-emptive rights.

The Company maintains a share register showing the names and address of the shareholders or usufructuaries. Voting rights may be exercised only after a shareholder or usufructuary has been registered in the share register as a shareholder with voting rights up to a specific qualifying date designated by the Board of Directors.

2.5 Participation certificates and profit sharing certificates

The Company has not issued any participation certificates (Partizipationsscheine) or profit sharing certificates (Genussscheine), nor any preference shares (Vorzugsaktien).

2.6 Limitations on transferability and nominee registrations

Article 5 of the Articles of Association stipulates the following:

“The identity of the owners/usufructuaries of registered shares shall be entered in the share register stating first/last name (for legal entities the company name), domicile, address and citizenship (for legal entities the legal domicile). Any person registered in the share register changing its address, must inform the Company accordingly.

Persons acquiring registered shares shall on application be entered in the share register without limitation as shareholders with voting rights, provided they expressly declare themselves to have acquired the said shares in their own name and for their own account and comply with the disclosure requirement stipulated by the Federal Act on Financial Market Infrastructure (FMIA) of 19 June 2015. Entry in the share register of registered shares with voting rights is subject to the approval of the Company. Entry of registered shares with voting rights may be refused based on the grounds set out in Article 5 para. 3, 4 and 5 (as listed below). If the Company does not refuse to register the acquirer as shareholder with voting rights within 20 calendar days, upon receipt of the application, the acquirer is deemed to be a shareholder with voting rights. Non-recognised acquirers shall be entered in the share register as shareholders without voting rights. The corresponding shares shall be considered as not represented in the General Meeting of Shareholders.

Persons not expressly declaring themselves to be holding shares for their own account in their application for entry in the share register or upon request by the Company (hereafter referred to as nominees) shall be entered in the share register with voting rights without further inquiry up to a maximum of 3% of the share capital outstanding at that time. Above this limit, registered shares held by nominees shall be entered in the share register with voting rights only if the nominee in question at the application for registration or thereafter upon request by the Company makes known the names, addresses and shareholdings of the persons for whose account the nominee is holding 0.5% or more of the share capital outstanding at the time and provided that the disclosure requirement stipulated by the Federal Act on Financial Market Infrastructure (FMIA) of 19 June 2015 is complied with. The Board of Directors has the right to conclude agreements with nominees concerning their disclosure requirements.

The above-mentioned limit of registration also applies to the subscription for or acquisition of registered shares by exercising pre-emptive, option or convertible rights arising from shares or any other securities issued by the Company or third parties.

Legal entities or partnerships or other associations or joint ownership arrangements which are linked through capital ownership or voting rights, through common management or in like manner, as well as individuals, legal entities or partnerships (especially syndicates) which act in concert with the intent to circumvent the entry restrictions are considered as one shareholder or nominee.

The Company may in special cases approve exceptions to the above restrictions (Article 5 para. 3, 4 and 5 of the Articles of Association). After due consultation with the persons concerned, the Company is further authorised to delete entries in the share register as shareholder with voting rights with retroactive effect, if they were effected on the basis of false information or if the respective person does not provide the information pursuant to Article 5 para. 3. The concerned person has to be informed about the deletion.

Until an acquirer becomes a shareholder with voting rights for the shares in accordance with Article 5 of the Articles of Association, she/he may neither exercise the voting rights connected with the shares nor other rights associated with the voting rights."

Exceptions granted in fiscal year 2022
The Company has not granted any exceptions during the year under review.

Required quorum for a change of the limitations on transferability
Article 13 of the Articles of Association stipulates that an easement or abolition of the restriction of the transferability of the registered shares requires a resolution by the General Meeting of Shareholders passed by at least two thirds of the represented share votes and the absolute majority of the represented shares par value.

2.7 Convertible bonds and options
As of 31 December 2022, the Company had no convertible bonds or options regarding its shares outstanding.

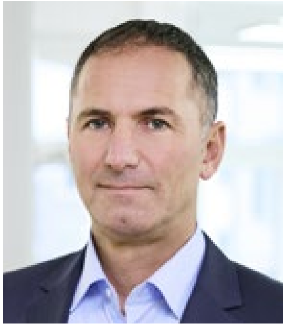
3 Board of Directors

3.1 Members of the Board of Directors

Name	Position	Year of appointment	Committee membership [1]
Ron (Roni) Greenbaum	Executive Chairman	2016	RNC (member)
Stefan Breitenstein	Lead Independent Director	2017	RNC (chair)
Leta Bolli Kennel	Independent Director	2022	ARC (member)
Andreas Schneiter	Independent Director	2020	ARC (chair)

[1] RNC = Remuneration and Nomination Committee; ARC = Audit and Risk Committee

Ron (Roni) Greenbaum, Executive Chairman, born 1971, British citizen



Education
Bachelor's degree in Business Studies from London Guildhall University, Master's degree in Property Investment (MSc) from the City of London University

Professional background
Mr. Greenbaum has been serving as Executive Chairman of the Board of Directors of EPIC Suisse AG since 2016, after serving on the boards of various predecessor companies of EPIC Group since 2004 (i.e. since entering the Swiss real estate market). He also serves on the board of various EPIC Group companies. Since 1998, Mr. Greenbaum has been active in the European real estate industry, first with property acquisition and (re)development across London and since 2000 (in partnership with Alrov Properties & Lodgings Ltd) both in and outside of the United Kingdom, specifically in France, the Netherlands and Switzerland. Since then, together with Alrov, he has steadily developed an investment property portfolio consisting of commercial properties as well as luxury hotels.

Other activities and vested interests
Member of the Board of Directors of several privately held property companies, the majority of which founded in connection with the partnership with Alrov. Director of EPIC UK, which rendered strategic management and/or IPO services to EPIC Group for a total fee of CHF 0.1 million in 2022 (including travel expenses). This arrangement was terminated pre IPO with effective date 30 April 2022. For further information see also "Related parties" Note 26 of the consolidated financial statements on page 106. Mr. Greenbaum is the settlor/beneficiary of The Family Trust, which is the indirect shareholder of EPIC Luxembourg SA (see also section 1.2 Significant shareholders).

Stefan Breitenstein, Lead Independent Director, Non-executive Board member, born 1957, Swiss citizen

Education
Dr. iur. degree and Master's degree in Law from the University of Zurich, post-graduate degree in European Studies from the College of Europe, Bruges, and LL.M from Harvard Law School

Professional background
Mr. Breitenstein is a lawyer and Partner at the law firm Lenz & Staehelin, which he joined in 1989 and where he became Partner in 1994. He also served as the firm's Managing Partner from 2015 to 2021.

Other activities and vested interests
Since 2014, member of the Board of Directors and Chairman of the Audit Committee of Gurit Holding AG, Wattwil (Switzerland), a company listed on SIX Swiss Exchange. He has also served as Vice-Chairman of the Board of Directors of Brink's International Holding AG (Switzerland) since 2002. He is a member of the Board of Directors of MAN Truck & Bus Schweiz AG, Switzerland (since 2009), and also serves as a member of the Board of Directors of Kar-Tess Holding S.à.r.l., Luxembourg (since 2010), as a member of the Board of Directors of The A.G. Leventis Foundation, Liechtenstein (since 2008), as Vice-Chairman of the Board of Directors of L&S Trust Services S.A., Switzerland (since 2008), as Chairman of the Board of Directors of Vorwerk International AG, Switzerland (since 2014), as Chairman of the Board of Directors of Julius Bär Family Office & Trust AG, Switzerland (since 2011) and as Chairman of the Board of Directors of Alpheus Administration Services AG, Switzerland. As part of his legal practice and as a service to his private clients, Mr. Breitenstein holds a number of additional Board functions, none of which have any relationship or business with the Company, its principal shareholders or otherwise.

Leta Bolli Kennel, Independent Director, Non-executive Board member, born 1977, Swiss citizen

Education
Master's degree (MA) in Economics and Business Administration from the University of Zurich, post-graduate degree (MAS) in Real Estate Management from the Lucerne University of Applied Sciences and Arts

Professional background
Ms. Bolli has been serving as Program Manager (since 2016) and Co-Managing Director (since 2021) of the Center for Urban & Real Estate Management ("CUREM") of the University of Zurich. Prior to this, she served as real estate Asset Manager and Transaction Specialist at Rodrigo & Abegg Immobilien AG (2009–2015). Ms. Bolli was previously employed at Swiss Re as an Investment Professional for indirect real estate (2005–2008).

Other activities and vested interests
In addition to her professional activities at the University of Zurich, Ms. Bolli has been serving (since 2021) as district/municipal councillor in the Swiss district of Einsiedeln, where she is responsible for the department of education and culture.

Andreas Schneiter, Independent Director, Non-executive Board member, born 1970, Swiss citizen

Education
Degree in Business Administration and specialisation in Finance from the School of Economics and Business Administration, Bern

Professional background
Mr. Schneiter is an independent senior advisor since 2020. He served as interim CFO of Selecta AG from January to October 2020. Prior to this, he served in several capacities at Dufry AG, a company listed on the SIX Swiss Exchange, where he was Chief Financial Officer (2012–2019), Head Group Treasury (2004–2012 and since beginning of 2005 additionally Head Investor Relations), and Head of Corporate Controlling (2003). Prior to that, Mr. Schneiter worked in various positions at UBS Warburg in Zurich in the area of Mergers and Acquisitions (1998–2003).

Other activities and vested interests
None

3.2 Non-executive members of the Board of Directors

Of the three non-executive members of the Board of Directors (Stefan Breitenstein, Leta Bolli Kennel, Andreas Schneiter), none of them have ever been in a managerial position at EPIC Suisse AG or any of its entities nor do they have significant business connections with the Company or its group companies.

3.3 Rules in the Articles of Association regarding the number of permitted additional activities

For the website link regarding the Articles of Association referred to in the following chapters, please refer to page 37 of this Corporate Governance Report.

In accordance with Article 23 of the Articles of Association the members of the Board of Directors may have the following other functions in the superior management or administrative bodies of legal units obliged to register themselves in a Swiss commercial register or a foreign equivalent thereof:

- up to four mandates as member of the Board of Directors or any other superior management or administrative body of listed companies; and, in addition,
- up to fifteen mandates as member of the Board of Directors or any other superior management or administrative body of legal entities that do not meet the above-mentioned criteria.

With the approval of the Board of Directors, the members of the Group Executive Management may have the following other functions in the superior management or administrative bodies of legal entities obliged to register themselves in a Swiss commercial register or a foreign equivalent thereof:

- up to one mandate as member of the Board of Directors or any other superior management or administrative body of listed companies; and, in addition,
- up to five mandates as member of the Board of Directors or any other superior management or administrative body of legal entities that do not meet the above-mentioned criteria.

With respect to the additional activities of both the members of the Board of Directors and the Group Executive Management, mandates in companies that are under uniform control or the same beneficial ownership are deemed to be one mandate.

The following mandates shall not be subject to the limitations set forth in paragraphs 1 and 2 of Article 23:

- mandates in companies which are controlled by the Company or which control the Company;
- mandates held at the request of the Company or companies controlled by the Company. No member of the Board of Directors or the Group Executive Management shall however hold more than ten such mandates;
- mandates in associations, charitable organisations, foundations, employee welfare foundations and other similar organisations. No member of the Board of Directors or the Group Executive Management shall hold more than fifteen such mandates;
- mandates in non-operative companies, domiciliary companies and Trusts, which a non-executive member of the Board of Directors holds as part of his main profession as trustee, attorney at law or adviser, provided that the availability of that member permits such activity.

3.4 Elections and terms of office

In accordance with Article 15 of the Articles of Association the Board of Directors shall consist of a minimum of three members. The term of the members of the Board of Directors shall correspond to the legally permitted maximum term of one year and shall end at the end of the next ordinary General Meeting. Re-election is possible in general. An age limit of 72 years applies for the election or re-election to the Board of Directors at the date of the election or re-election.

Except for the election of the Chairman of the Board of Directors and the members of the Remuneration and Nomination Committee by the General Meeting of Shareholders, the Board of Directors determines its own organisation.

The Company's Organisational Regulations further stipulate a limitation of terms for independent Board members of nine terms following the enactment of the Organisational Regulations (enacted on 14 May 2022).

The current members of the Board of Directors were re-elected on 14 May 2022 by the principal shareholders of the Company when it was still privately owned, i.e. by Alrov Properties & Lodgings Ltd and EPIC Luxembourg SA, for a term of office until the ordinary General Meeting of Shareholders in 2023. Mr. Greenbaum was elected Chairman of the Board of Directors. Due to his intense involvement with the Group Executive Management, Mr. Greenbaum is considered an executive Chairman. All other members of the Board of Directors are non-executive, independent Directors. The Board of Directors nominated Stefan Breitenstein as Lead Independent Director. Mr. Breitenstein and Mr. Greenbaum were elected as members of the Remuneration and Nomination Committee.

3.5 Internal organisational structure

In view of the Initial Public Offering and the listing of the shares of EPIC Suisse AG on SIX Swiss Exchange on 25 May 2022, the Board of Directors has established two Committees, the Remuneration and Nomination Committee ("RNC") and the Audit and Risk Committee ("ARC"). Both Committees are assisting the Board of Directors in fulfilling its duties and have also decision authority to the extent described in the following sections.

Remuneration and Nomination Committee (RNC)

Members as of 31 December 2022: Stefan Breitenstein (Chair), Roni Greenbaum (Member)

The RNC consists of at least two members of the Board of Directors, and the Chairman of the RNC shall be independent. The members of the RNC shall be elected annually and individually by the Annual General Meeting for a one-year period until the next AGM. Re-election is possible. The RNC shall constitute itself.

The RNC has the following duties regarding compensation matters:

- the preparation and periodical review of EPIC Group's compensation policy, compensation strategy and principles and the performance criteria related to compensation and periodical review of their implementation as well as submission of proposals and recommendations to the Board of Directors;
- make proposals to the Board of Directors regarding the principles and structure of the compensation plans for the Group Executive Management;
- make proposals to the Board of Directors regarding the determination of compensation-related targets for the Group Executive Management and other members of senior management;
- make proposals to the Board of Directors regarding the approval of the individual compensation of the Board of Directors, Group Executive Management and other covered persons, including, where applicable their further terms of employment and titles;
- support the Board of Directors in preparing the proposals to the General Meeting of Shareholders and make proposals to the Board of Directors regarding the maximum aggregate fixed and variable remuneration amount for the Board of Directors and the Group Executive Management, respectively, to be submitted for shareholder approval;
- make proposals to the Board of Directors regarding amendments to the Articles of Association with respect to the compensation scheme of members of the Group Executive Management;

- make proposals to the Board of Directors regarding additional activities of the members of the Group Executive Management;
- submission of the Compensation Report to the Board of Directors for approval;
- inform the Board of Directors about policies, programs and key decisions as well as comparisons of compensation levels at key competitors;
- regular reporting to the Board of Directors on the decisions and deliberations of the RNC;
- undertake further duties and responsibilities as provided for in the Articles of Association, the Organisational Regulations or the law.

The RNC has the following duties regarding nomination matters:

- perform, on a continuous basis, the succession planning regarding the Board of Directors (incl. Chairman) and the Group Executive Management (incl. CEO) together with the Board, aiming, with regard to the Board, at adequate refreshment over time, valuing both the need for continuity and experience and a continuous refreshment;
- evaluate, on a continuous basis, the composition of the Board of Directors against the background of the election principles;
- monitor the eligibility of Board members standing for re-election against the background of the Board retirement age and the term limits as stipulated in the Organisational Regulations;
- select, evaluate and propose to the Board of Directors candidates as Board members, for membership of Board Committees or as members of the Group Executive Management for appointment or, as applicable, for proposing such candidates for election or re-election to the AGM or EGM.

The RNC meets at such frequency as it deems necessary to fulfil its duties, normally ahead of ordinary Board meetings and generally two times per year. Additional meetings may be held and be convened at the request of either the Board or any RNC member.

In fiscal year 2022, the RNC (established on 14 May 2022) held one meeting (in Q4) that lasted for about one hour. The CEO and the CFO attended this meeting.

Audit and Risk Committee (ARC)
Members as of 31 December 2022: Andreas Schneiter (Chair), Leta Bolli Kennel (Member)

The ARC consists of at least two Board members appointed by the Board of Directors. The Chairman of the ARC shall be independent. The members of the ARC shall have the necessary qualifications and skills and possess financial literacy and keep themselves up to date regarding risk management best practices.

The ARC has the following roles and responsibilities:

- assessment of the adequacy and effectiveness of EPIC Group's internal systems and controls in respect of both financial and non-financial risks, the Company's and EPIC Group's compliance with legal obligations, workplace health and safety, environmental, insurance and other regulatory requirements and other relevant compliance matters, as well as with policies issued by the Company;
- evaluating the external auditors, regarding the fulfilment of the necessary qualifications and independence, and making proposals to the Board of Directors concerning the choice of the external auditors;
- assessing the work performed by the external auditors and approving the budget for auditing fees;
- reviewing the external audit reports with the external auditors, and issuing the necessary applications and recommendations to the Board of Directors;
- pre-approving any necessary non-audit specific services provided by the external auditors;

- examining, reviewing and approving the Company's accounting policies and changes thereto, as well as monitoring compliance with such accounting policies;
- reviewing annually the budget of EPIC Group, excluding new investments (which will be approved on a case by case basis during the year) and financial planning for EPIC Group;
- reviewing the draft interim financial statements and annual audited financial statements of the Company and EPIC Group with the external auditor and the relevant members of the Group Executive Management as well as issuing the necessary applications and recommendations to the Board of Directors prior to the publication of the financial statements; thereby the ARC shall review (including the review from the external auditors): (i) the Company's selection or application of accounting principles and the adequacy and effectiveness of internal control over financial reporting, (ii) significant financial reporting issues and judgments applied by management, (iii) effects of significant regulatory and accounting initiatives, and (iv) the completeness and clarity of the disclosures in the financial statements;
- evaluating the external valuation expert, assessing the work performed by the external valuation expert and reviewing the reports from the external valuation expert, and issuing necessary applications and recommendations to the Board of Directors in relation thereto;
- reviewing and approving all related-party transactions required to be disclosed;
- reviewing and discussing earnings press releases, as well as financial information and earnings guidance provided to analysts, the investment community and rating agencies;
- reviewing and discussing with management and the external auditor any deficiencies in internal control, as well as management's respective remediation measures and their implementation;
- approving EPIC Group's treasury policy, and reviewing EPIC Group's funding strategy and position, as well as EPIC Group's liquidity risk management, interest risk management and counterparty credit risk management processes;
- reviewing EPIC Group's tax planning and tax compliance processes, including the design and implementation of transfer pricing guidelines;
- reviewing the status of material legal proceedings that EPIC Group is part to, including measures taken by management to protect the interests of EPIC Group;
- reviewing EPIC Group's insurance programs;
- reviewing EPIC Group's risk management system, management's assessment of the Group's major risks, as well as evaluating the respective measures taken by EPIC Group; and
- assessing regularly the requirement to replace the auditors and to assess risks and benefits involved with a potential replacement.

The ARC meets at such frequency as it deems necessary to fulfil its duties, normally ahead of ordinary Board meetings and generally four times per year. Additional meetings may be held and be convened at the request of either the Board or any ARC member.

In fiscal year 2022, the ARC (established on 14 May 2022) held two meetings (one each in Q3 and in Q4) that lasted about one and two hours, respectively. The CEO, the CFO and the Portfolio Director attended both meetings. The statutory auditors (KPMG) also attended both meetings, and the independent real estate valuer (Wüest Partner) one meeting.

Work method of the Board of Directors
As a general rule, the Board of Directors meets about four to six times per year (at least once per quarter). Additional meetings or conference calls are held as and when necessary. In fiscal year 2022, the Board of Directors held ten meetings that lasted generally between about one to three hours. Meetings of the Board of Directors are convened by the Chairman if and when the need arises or whenever a Board member or the CEO, indicating the reasons, so requests in writing. If the Chairman does not comply with such request within 14 days, the Lead Independent Director shall be entitled to call the meeting. The Chairman determines the agenda and items to be discussed at the Board meetings. All members of the Board of Directors can request to add further items on the agenda.

The members of the Group Executive Management usually attend the meetings of the Board of Directors (except for specific non-executive sessions). They attended the ten meetings of the Board of Directors in 2022 as follows: CEO ten meetings, CFO ten meetings, Portfolio Director five meetings.

The Board of Directors and/or the Board Committees engage specific advisors to address individual matters when required. External legal advisors attended pertinent portions of two meetings of the Board of Directors in conjunction with the IPO process and portions of one other meeting during fiscal year 2022. A sustainability expert joined one meeting in 2022. The statutory auditors attended two meetings of the Audit and Risk Committee in 2022.

Overview of individual attendance Board and Committee meetings

Board member	Board of Directors	Remuneration and Nomination Committee [1]	Audit and Risk Committee [1]
Roni Greenbaum	10/10	1/1	n/a
Stefan Breitenstein	10/10	1/1	n/a
Leta Bolli Kennel [2]	9/9	n/a	2/2
Andreas Schneiter	10/10	n/a	2/2
Total number of meetings	**10**	**1**	**2**
Average attendance ratio	**100%**	**100%**	**100%**

[1] The Remuneration and Nomination Committee as well as the Audit and Risk Committee were established as of 14 May 2022, in conjunction with the Initial Public Offering and listing of the Company's shares on SIX Swiss Exchange
[2] Leta Bolli Kennel was elected as member of the Board of Directors with effective date 15 March 2022

3.6 Definition of areas of responsibility
The Board of Directors constitutes the highest executive body of the Company and of EPIC Group as a whole. Its responsibilities, duties and competencies and the procedural principles by which it is governed are specified by law, the Articles of Association and the Organisational Regulations.

In accordance with the Organisational Regulations, the Board of Directors has delegated the day-to-day and operational activities of the Company and EPIC Group to the Group Executive Management acting under the leadership of the CEO. The following responsibilities remain explicitly with the Board of Directors:

- overall management ("Oberleitung") and issuing of related directives;
- determine the organisation of the Company, in particular, to adopt, regularly revisit and amend the Organisational Regulations;
- organisation of the accounting, financial control and financial planning systems as required for the overall management of the Company and EPIC Group as a whole;
- appoint and dismiss the members of the Group Executive Management and to grant all forms of signing authorities;

- overall supervision of the persons entrusted with management, in particular with regard to compliance with law, the Articles of Association, the Organisational Regulations, the investment policy and further directives;
- review and approve the full year and half-year financial statements and the Annual Report of the Company and EPIC Group as a whole (in each case including any annexes thereto or parts thereof such as the Compensation Report or the Corporate Governance Report) and the proposed dividend of the Company;
- preparation for the Annual General Meeting and Extraordinary General Meetings (including related proposals of the Board) and implementation of related shareholder resolutions;
- notification of the court in the event that the Company is overindebted;
- pass resolutions regarding the increase of share capital to the extent that this is within the authority of the Board as well as the adoption of the capital increase and the amendments to the Articles of Association entailed therewith;
- pass resolutions regarding agreements in respect of mergers, de-mergers, transformations or transfers of assets and liabilities in accordance with the Swiss Merger Act;
- approving the investment policy of EPIC Group and any changes thereto;
- determining the overall business strategy and the finance and risk policy of EPIC Group;
- reviewing and approving annually the budget of EPIC Group, excluding new investments (which will be approved on a case by case basis during the year) and financial planning for EPIC Group;
- approving financial objectives and approving, via the budget and financial planning process, the necessary means to achieve these objectives;
- approving any financial indebtedness (including any security) in excess of CHF 20 million, unless already approved with the annual budget/investment plan;
- approving the issuance of bonds or other capital market instruments as well as the early termination of any such bonds or other instruments;
- approving investments in fixed assets, investments in real estate (i.e. capital expenditures) and participations (whether minority, majority or 100% and including any joint ventures and similar business partnerships involving an investment) as well as respective divestments in excess of CHF 10 million (unless such investment was specifically provided for in the approved annual budget). Amounts lower than CHF 1 million can be approved by the CEO alone while amounts that are between CHF 1 million and CHF 10 million can be approved by the Chairman of the Board of Directors following the recommendation of the CEO;
- approving the entering into or termination of any agreement with a value over the term of the contract in excess of CHF 10 million or CHF 1 million per annum;
- initiating, settling or otherwise terminating any litigation or other legal or administrative proceedings with an amount in dispute or settlement value in excess of CHF 10 million. Amounts lower than CHF 1 million can be approved by the CEO alone while amounts that are between CHF 1 million and CHF 10 million can be approved by the Chairman of the Board of Directors following the recommendation of the CEO;
- deciding on the individual and the total amount of compensation payable to the members of the Board of Directors and of the Group Executive Management and approve the remuneration policy (including any related short- and long-term incentive plans) of the Company and EPIC Group, taking into account the respective recommendations of the RNC;
- proposing for election, re-election or removal by the AGM, the external auditors as recommended by the ARC;
- appointing or removing the external valuation expert;
- approving transactions between the Company and/or subsidiaries and Board members or members of the Group Executive Management or any parties related to them.

3.7 Information and control instruments vis-à-vis the Group Executive Management

The Board of Directors ensures that it receives sufficient information from the Group Executive Management to perform its supervisory duties and to make decisions that are reserved to the Board.

The CEO, the CFO and the Portfolio Director are generally present at meetings of the Board of Directors and report in detail on the course of the Company's business. The Board of Directors receives a detailed report providing an overview of the business. This usually includes:

- financial details (income statement, balance sheet, liquidity, comparisons against the budget and against prior year period)
- status on properties in the portfolio
- report on vacancies
- status on new building projects
- report on potential acquisitions or investment projects
- report on compliance with the investment policy
- report on the internal control system (once per year)

During Board meetings, each member of the Board of Directors may request information from the other members of the Board, or from the members of the Group Executive Management on all affairs of the Company and EPIC Group. The members of the Board of Directors may also request information from the Group Executive Management or review documents outside the meetings of the Board of Directors. In such case, he/she must address the request to the Chairman of the Board. To the extent necessary to fulfil his/her duties, each Board member may request in writing that the Chairman authorises the inspection of books or records of the Company. If the Chairman rejects a request for information, hearing or inspection, the Lead Independent Director or the Board of Directors shall decide whether to grant such request.

The Chairman of the Board of Directors, Roni Greenbaum, is actively involved in the Company's operations and works very closely with the CEO and other members of the Group Executive Management team. Apart from the reporting in the course of the Board meetings, the CEO reports immediately any extraordinary event and change within the Company and within EPIC Group to the Chairman.

The CEO and the CFO attended all ten meetings of the Board of Directors in 2022. The Portfolio Director attended five meetings of the Board of Directors. Twice a year (as of the balance sheet dates 30 June and 31 December), the portfolio is valued by an independent real estate valuer (Wüest Partner AG). Representatives of the external statutory auditors attended two meetings of the Audit and Risk Committee in fiscal year 2022.

Due to the corporate and organisational structure, EPIC Group does not have a separate internal audit department. The Board of Directors and the Audit and Risk Committee are in direct contact with the auditors and can commission them with special audit tasks, if required. No special audit tasks other than related to the IPO of the Company and support in the documentation of the Internal Control System were commissioned in 2022.

4 Group Executive Management

4.1 Members of the Group Executive Management

Name	Position	Year of appointment
Erick (Arik) Parizer	Chief Executive Officer	2008
Valérie Scholtes	Chief Financial Officer	2016
Philipp Küchler	Portfolio Director	2009

Erick (Arik) Parizer, Chief Executive Officer, born 1974, French and Israeli citizen

Education
Bsc in Economics from the London School of Economics and Political Science, qualified as Chartered Accountant (ACA), Master's degree in Finance from the London Business School

Professional background
Mr. Parizer has been serving as EPIC Group's Chief Executive Officer since 2008. In addition, Mr. Parizer serves on the board of various EPIC Group companies. Prior to joining EPIC Group, he worked as an investment banker at Lehman Brothers (2007–2008) and before that as a Financial Controller at IDT, a NYSE listed telecommunications company (2002–2006).

Other activities and vested interests
Director of Gala Investment GmbH

Valérie Scholtes, Chief Financial Officer, born 1974, Belgian and Swiss citizen

Education
MBA from the Catholic University of Louvain (graduating with honours), qualified as Chartered Financial Analyst

Professional background
Ms. Scholtes has been serving as EPIC Group's Chief Financial Officer since 2016. In addition, Ms. Scholtes serves on the board of various EPIC Group companies. Prior to joining EPIC Group, she served as the CFO for the real estate funds at Perella Weinberg Partners (now Aermont) and served on the Board of nearly all the Luxembourg entities (2008–2014). Between 2003 and 2007, she was a financial controller and Board member for the Luxembourg structure at Doughty Hanson, and between 1997 and 2003 she worked at PricewaterhouseCoopers as an executive in transaction services and auditor.

Other activities and vested interests
None

Philipp Küchler, Portfolio Director, born 1983, Swiss citizen

Education
Federal certificate in Property Management and Real Estate Development, Master of Advanced Studies in Real Estate Management from the University of Applied Sciences in Business Administration in Zurich

Professional background
Mr. Küchler has been serving as Portfolio Director/Asset Manager for EPIC Group since 2009. Prior to joining EPIC Group, Mr. Küchler worked as property manager at Privera, a Swiss real estate services company (2006–2008).

Other activities and vested interests
Managing Director of Season Events GmbH

4.2 Rules in the Articles of Association regarding the number of permitted additional activities

For the rules in the Articles of Association regarding the number of permitted additional activities for the members of the Group Executive Management please refer to section 3.3 on page 45 of this Corporate Governance Report. The website link regarding the Articles of Association is mentioned on page 37 of this Annual Report.

4.3 Management contracts

EPIC Suisse AG does not have management contracts with companies or natural persons not belonging to EPIC Group.

5 Compensation, shareholdings and loans

5.1 Content and method of determining the compensation and the shareholding programmes

For detailed information on compensation, shareholdings and loans to the members of the Board of Directors and members of the Group Executive Management please refer to the Compensation Report on pages 59 to 68 of this Annual Report.

5.2 Disclosure of rules in the Articles of Association in conjunction with remuneration of the Board of Directors and of the Group Executive Management

For rules in the Articles of Association regarding the approval of compensation by the General Meeting of Shareholders, principles relating to the compensation of the members of the Board of Directors and of the Group Executive Management, loans, credits, pension benefits, etc. and the additional amount of compensation for new members of the Group Executive Management, please refer to Articles 25–29 of the Articles of Association. The rules regarding agreements with members of the Board of Directors and of the Group Executive Management in terms of duration and termination are stipulated in Article 24 of the Articles of Association. The rules on shareholders' votes on compensation are contained in Article 12 of the Articles of Association.

The Articles of Association are available on the Company website – section ESG – direct link: https://epic.ch/en/esg

6 Shareholders' participation rights

For the website link regarding the Articles of Association referred to in the following chapters please refer to the link above or to page 37.

6.1 General Meeting of Shareholders in fiscal year 2022

EPIC Suisse AG went public and had its shares listed on the SIX Swiss Exchange as of 25 May 2022. The General Meeting of Shareholders in 2022, which took place on 14 May 2022 was still conducted as a private company. The first Annual General Meeting of Shareholders as a public company will be held on 26 April 2023.

6.2 Voting rights and representation

Each share entitles to one vote, subject to the provisions of Article 5 of the Articles of Association (see section 2.6 on page 41 for the details of these provisions related to a potential restriction of voting rights, group clauses, and exceptions granted during the year under review). Each shareholder may be represented at the General Meeting by any other person who is authorised by a written power of attorney presented at such General Meeting. The Board of Directors determines the requirements regarding proxies and voting instructions.

The General Meeting shall pass its resolutions and carry out its elections with the simple majority of the votes cast, to the extent that neither the law nor the Articles of Association provide otherwise. Abstentions, empty votes and invalid votes will not be taken into account for the calculation of the required majority.

The Board of Directors did not reject any applications for registration in the share register in fiscal year 2022, nor did it grant any exceptions.

For the quorum required for an easement or abolition of the restriction of the transferability of the registered shares see section 6.4 below.

6.3 The Independent Proxy

The General Meeting elects an Independent Proxy. Natural persons as well as legal entities and partnerships are eligible for election. The term of office of the Independent Proxy ends at the next ordinary General Meeting. Re-election is possible.

Prior to the IPO and EPIC Suisse AG becoming a public company, the Company's principal shareholders, Alrov Properties & Lodgings Ltd and EPIC Luxembourg SA, elected law firm ADROIT Attorneys, Zurich, as Independent Proxy until the end of the Annual General Meeting in 2023, which will be held on 26 April 2023. ADROIT Attorneys is independent from the Company and has no further mandates with the Company or any EPIC Group companies.

6.4 Quorums required by the Articles of Association

According to Article 13 of the Articles of Association, a resolution of the General Meeting passed by at least two thirds of the represented share votes and the absolute majority of the represented shares par value is required for:

- the cases listed in Article 704 para. 1 CO and in Articles 18, 43, and 64 of the Federal Act on Merger, Demerger, Transformation and Transfer of Assets (Merger Act) dated 3 October 2003, subject to any higher statutory quorums;
- the easement or abolition of the restriction of the transferability of the registered shares;
- any change to the provisions of Article 13 of the Articles of Association.

6.5 Convocation of the General Meeting of Shareholders
According to Article 8 of the Articles of Association, General Meetings shall be convened by the Board of Directors, or if need be, by the auditors.

Notice of the General Meeting shall be given by publication in the Swiss Official Gazette of Commerce at least 20 calendar days before the date of the meeting. To the extent the post and/or e-mail address of the shareholders are known, notice may also be sent by post and/or e-mail. The notice shall state the day, time and place of the General Meeting, the agenda, the proposals by the Board of Directors and the proposals of the shareholders who have requested the General Meeting or that an item be included in the agenda.

According to Article 7 of the Articles of Association, Extraordinary General Meetings shall be convened by the Board of Directors within two months, if shareholders representing at least 5% of the share capital request such meeting in writing, setting forth the items to be discussed and the proposals to be decided upon.

6.6 Inclusion of items on the agenda
According to Article 9 of the Articles of Association, the Board of Directors shall state the items on the agenda. Registered shareholders with voting rights individually or jointly representing at least 0.5% of the share capital of the Company may demand that items be put on the agenda. Such demands have to be submitted to the Chairman of the Board of Directors at least 45 calendar days before the date of the General Meeting and shall be in writing, specifying the item and the proposals.

No resolutions may be passed on motions concerning agenda items which have not been duly announced, apart from those exceptions permitted by law.

6.7 Registration in the share register
The record date for the inscription of registered shareholders into the share register in view of their participation in the General Meeting of Shareholders is defined by the Board of Directors. It will be set around 2 weeks before the meeting. Shareholders who dispose of their registered shares before the General Meeting are no longer entitled to vote with such disposed shares. For the Annual General Meeting on 26 April 2023, the Board of Directors has set the record date at 12 April 2023.

7 Change of control and defence measures

7.1 Duty to make an offer
According to Article 32 of the Articles of Association, the duty to submit a public takeover offer pursuant to Article 135 of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading of 19 June 2015 (FMIA) is excluded in accordance with Article 125 paragraph 3 FMIA.

7.2 Clauses on changes of control
There are no change of control clauses in favour of members of the Board of Directors or the Group Executive Management.

8 Auditors

8.1 Duration of the mandate and term of office of the lead auditor
KPMG AG, Badenerstrasse 172, 8036 Zurich, Switzerland has been the statutory auditors of the Company since its foundation in 2016. The statutory auditors shall be elected each year by the Annual General Meeting and may be re-elected. Reto Benz has been the auditor in charge since the fiscal year ending 31 December 2019.

8.2 Audit fee
The audit fees for fiscal year 2022 amount to CHF 0.2 million and include the audit of the consolidated and separate financial statements of EPIC Suisse AG and its subsidiaries, the audit of the compensation report and review of the interim consolidated financial statements.

8.3 Additional fees
During fiscal year 2022, KPMG AG provided additional audit-related services in relation to the listing of the Company and consultancy services for fees in the amount of CHF 0.1 million and TCHF 41, respectively.

8.4 Supervisory and control instruments pertaining to the external audit
The Audit and Risk Committee as a committee of the Board of Directors reviews and evaluates the performance and independence of the statutory auditors at least once each year. Based on its review, the Audit and Risk Committee recommends to the Board of Directors which external auditor should be proposed for election at the Annual General Meeting. The decision regarding this agenda item is then taken by the entire Board of Directors.

When evaluating the performance and independence of the statutory auditors, the Audit and Risk Committee puts special emphasis on the professional competence of the audit team (including real estate competence), personal independence of the lead auditor and independence of the audit firm as a whole, coordination of the auditors with the Group Executive Management and the Audit and Risk Committee, as well as on practical recommendations with respect to applications of IFRS rules.

A qualified real estate valuer (Wüest Partner AG) evaluates the real estate portfolio twice a year. This firm must also be independent from the Company and may not be the same as the statutory auditors of the Company.

The Audit and Risk Committee agrees the scope of and discusses the results of the external audit with the statutory auditors. The statutory auditors prepare a comprehensive report addressed to the Board of Directors once per year, informing them in detail on the results of their audit. They also review the interim consolidated financial statements prior to them being released.

During fiscal year 2022, the Audit and Risk Committee held two meetings. The statutory auditors were present at both of these meetings.

The Board of Directors has determined the rotation interval for the Lead Auditor to be seven years, as defined by the Swiss Code of Obligation. The last rotation of the Lead Auditor occurred in 2019.

9 Information policy

EPIC Suisse AG communicates openly and transparently with shareholders, financial analysts, potential investors, the media, business partners and other interested parties.

The Company's registered office is at Seefeldstrasse 5a, 8008 Zurich, Switzerland.

Financial reports are published on a half-year basis (Annual Report, Half-Year Report) with consolidated financial statements being prepared in accordance with IFRS. The Company further releases high level numbers (trading update) for the first and third quarter, in parallel with its majority shareholder, Alrov Properties & Lodgings Ltd.

Financial results and Company news are published through media releases (ad hoc or non-ad hoc). Details and information on the real estate portfolio, Company organisation, financial reports, media releases, etc. are available on the Company website. www.epic.ch

Official means of publication for the Company is the Swiss Official Gazette of Commerce. www.shab.ch

The following links lead directly to important investor relations/information pages:

Articles of Association	https://www.epic.ch/en/esg
Financial Reports	https://ir.epic.ch/en/financial-reports/
Investor/Analyst presentations	https://ir.epic.ch/en/investor-analyst-presentations/
Agenda	https://ir.epic.ch/en/agenda/
Media Releases	https://ir.epic.ch/en/media-releases/
Media Releases Subscription	https://ir.epic.ch/en/newsletter_registration/

Participations of significant shareholders and management transactions are reported through the SIX Regulation websites at:

Significant shareholders https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/

Management transactions https://www.ser-ag.com/en/resources/notifications-market-participants/management-transactions.html#/

For the media and investor contact, the Company's registered office address and key dates in 2023 please refer to Investor Relations Information on page 143 of this Annual Report.

10 Blocked periods

The Company and "blocked persons" are prohibited from trading in the Company's securities during the following ordinary blocked periods:

- from 31 December until the lapse of one trading day at SIX Swiss Exchange following the public release of the Company's annual results;
- from 31 March until the lapse of one trading day at SIX Swiss Exchange following the public release of the Company's Q1 trading update;
- from 30 June until the lapse of one trading day at SIX Swiss Exchange following the public release of the Company's half-year results;
- from 30 September until the lapse of one trading day at SIX Swiss Exchange following the public release of the Company's Q3 trading update.

Furthermore, the CEO or the CFO may impose extraordinary blocked periods from time to time, when they consider it necessary and appropriate (for example in connection with a potential material transaction). Extraordinary blocked periods last until they have been terminated by the CEO or the CFO.

Blocked person means any of the following persons:

- Members of the Board of Directors of EPIC Suisse AG and Alrov Properties & Lodgings Ltd
- All EPIC Group employees

No exceptions are granted.

Compensation Report

Introduction

The Compensation Report of EPIC Suisse AG describes our compensation principles and scheme as well as the governance framework related to compensation of the Board of Directors and the Group Executive Management. The report also contains detailed information on the compensation paid to the members of the Board of Directors and the Group Executive Management in fiscal year 2022. The Compensation Report is prepared in accordance with the following regulations and guidelines as in force and effect on 31 December 2022 (the revised Swiss Code of Obligation that replaced the Ordinance Against Excessive Compensation in Listed Stock Corporations as of 1 January 2023 and the regulations and guidelines updated in connection therewith, will be applied as of the reporting period 2023):

- The Ordinance Against Excessive Compensation in Listed Stock Corporations
- Corporate Governance Directive of SIX Swiss Exchange Regulation
- Swiss Code of Best Practice for Corporate Governance
- Articles of Association of EPIC Suisse AG

The Articles of Association (version dated 28 June 2022) are available on the Company website www.epic.ch under section ESG (Environmental, Social, Governance) – Articles of Association. Direct link: https://epic.ch/en/esg

EPIC Suisse AG went public and had its shares listed on the SIX Swiss Exchange on 25 May 2022. The Extraordinary General Meeting of Shareholders ("EGM") on 14 May 2022 was held with the principal shareholders of the Company, i.e. Alrov Properties & Lodgings Ltd and EPIC Luxembourg SA, being represented at this General Meeting (at the time of the EGM the Company was still privately owned). The EGM of 14 May 2022 elected the current members of the Remuneration and Nomination Committee and also approved the maximum aggregate amounts of compensation of the Board of Directors (for the period to the next Annual General Meeting of Shareholders ("AGM") in 2023) and of the Group Executive Management (for the business years 2022 and 2023). Compensation of the Board of Directors and the Group Executive Management is shown in the tables of this Compensation Report as of the first day of trading, 25 May 2022, until the end of the fiscal year, 31 December 2022. No figures are shown or compared with, prior to 25 May 2022, as the Company was privately owned until that date.

1 Compensation principles

The compensation system for the Board of Directors and the Group Executive Management of EPIC Suisse AG is transparent and based on the following principles:

- Attract, motivate and retain top qualified and talented professionals
- Reward the Group Executive Management, but also other employees of the Company, for their contribution to the successful development of EPIC Group
- Align the interests of the Company, the Board of Directors and the Group Executive Management with those of the shareholders

1.1 Board of Directors

According to Article 25 of the Articles of Association, the compensation of the members of the Board of Directors consists of a fixed compensation and may comprise a fixed base fee and fixed fees for chairmanship and memberships in Board committees or for roles of the Board of Directors as well as a lump sum compensation for expenses which are determined by the full Board of Directors based on the proposal of the Remuneration and Nomination Committee, subject to and within the limits of the aggregate maximum amounts approved by the General Meeting of Shareholders. The compensation may be awarded in cash and/or in form of shares in the Company. In case the compensation is paid in whole or in part in shares, the Board of Directors shall determine the grant conditions as well as any other conditions.

In addition, the members of the Board of Directors providing consulting services to the Company or other group companies in a function other than as members of the Board of Directors may be compensated in cash according to standard market rates subject to approval by the General Meeting of Shareholders.

1.2 Group Executive Management

The compensation of the members of the Group Executive Management, which is determined by the Board of Directors based on the proposal of the Remuneration and Nomination Committee and subject to and within the limits of the aggregate amounts approved by the General Meeting of Shareholders, consists of:

- Fixed compensation paid in cash, which consists of the base salary and benefits, such as post-employment benefits and a company car
- Variable compensation paid in cash and/or shares

The variable compensation depends on the achievement of targets set in advance by the Board of Directors over the course of a one-year performance period. Targets are determined on an annual basis for each member of the Group Executive Management, taking into account his/her position, responsibilities, and tasks, at the start of the one-year performance period. The performance targets may include individual targets, targets of the Company (e.g. Return on Equity, ESG targets) or targets in relation to the market, other companies or comparable benchmarks. Pay-outs are subject to caps that may be expressed as pre-determined multipliers of the respective target levels.

The Board of Directors, upon proposal by the Remuneration and Nomination Committee, determines the performance metrics, target levels and target achievement and further determines grant, restriction or forfeiture conditions and periods in relation to shares or similar rights regarding shares to be awarded. The Company may procure the required shares or other securities through purchases in the market or by using conditional share capital.

2 Governance on compensation

The Company's Articles of Association contain specific provisions on compensation. The Articles of Association and amendments thereof, are subject to the approval by the General Meeting of Shareholders. The compensation articles include rules concerning the votes on compensation (Article 12); the Remuneration and Nomination Committee (Article 19); the permitted additional activities (Article 23); the agreements related to compensation of members of the Board of Directors and the Group Executive Management (Article 24); the principles relating to compensation of the members of the Board of Directors and the Group Executive Management (Articles 25 and 26, respectively); the expenses (Article 27); the loans, credits, pension benefits other than from occupational pension funds, securities (Article 28); and the additional amount of compensation for new members of the Group Executive Management (Article 29).

The Articles of Association are available on the Company's website:

www.epic.ch under section ESG (Environmental, Social, Governance) – Articles of Association. Direct link: https://epic.ch/en/esg

The Company's Articles of Association provide that each year the General Meeting of Shareholders must vote separately and bindingly on the proposals by the Board of Directors regarding the aggregate amounts of:

- The maximum compensation of the Board of Directors for the term of office until the next Annual General Meeting of Shareholders (i.e. at the EGM on 14 May 2022, the shareholders voted on the compensation of the Board of Directors for the period until the AGM 2023);
- The maximum overall fixed and variable compensation of the Group Executive Management to be paid or allocated in the subsequent business year (i.e. at the EGM on 14 May 2022, the shareholders voted for the first time on the maximum overall fixed and variable compensation to the Group Executive Management for the business years 2022 and 2023).

The votes on these maximum aggregate amounts have a binding effect. Thereafter, the decision authority on the individual compensation of each member of the Board of Directors and of the Group Executive Management (within the limits approved by the General Meeting of Shareholders) is with the Board of Directors, upon proposal by the Remuneration and Nomination Committee.

The Compensation Report will be submitted to the AGM for an advisory vote on a yearly basis, so that shareholders may, in addition to the binding approval of the maximum compensation, have their "say on pay" and express their opinion on the compensation policy and scheme and its application. This current Report will be submitted to the AGM held on 26 April 2023.

2.1 Remuneration and Nomination Committee

The Remuneration and Nomination Committee ("RNC") consists of two members of the Board of Directors. The members of the RNC were elected at the EGM on 14 May 2022 for a term of office of one year (until the next AGM). Re-election is possible.

The RNC supports the Board of Directors in fulfilling all compensation related duties. The overall responsibility for defining the compensation policy of EPIC Group, as well as the terms and conditions of employment for members of the Group Executive Management is with the Board of Directors. The Board of Directors approves the individual compensation of the members of the Board of Directors and the Group Executive Management (within the aggregate limits as approved by the AGM).

The duties of the RNC regarding compensation matters and regarding nomination are mentioned in detail in section "3.5 Internal organisational structure" in the Corporate Governance Report on pages 46 and 47.

Remuneration and Nomination Committee

Member of the Board of Directors	Elected Board member since	In the RNC since [1]
Stefan Breitenstein	2017	2022 (Chairman of the RNC)
Roni Greenbaum	2016	2022 (Member of the RNC)

[1] The RNC was established and its members elected on 14 May 2022, in conjunction with the public listing of the Company on 25 May 2022.

The RNC discusses the compensation of the members of the Board of Directors and of the Group Executive Management in separate meetings. The RNC then submits its proposals for the compensation to the entire Board of Directors, which decides collectively on the compensation of its own members, usually once per year and with all Board members being present during the discussion. For the compensation of the members of the Group Executive Management, the RNC annually reviews and proposes any amounts for approval to the entire Board of Directors. The CEO and CFO may participate in the meetings of the RNC, but they will not participate when their own compensation is being discussed. Having been established on 14 May 2022, the RNC held a meeting in the fourth quarter of 2022.

For benchmarking total compensation of the Board of Directors and Group Executive Management, a group of other Swiss listed real estate companies was considered during the preparatory work of a potential listing of the Company (in 2019) with the support of the main advisory bank in the IPO preparations at that time. This list of peers considered in the compensation comparison analysis included Allreal, HIAG Immobilien, Intershop, Investis, Mobimo, PSP Swiss Property, Swiss Prime Site, Warteck Invest and Zug Estates. The same analysis was used when determining the 2022 and 2023 Board of Directors and Group Executive Management compensation.

Decision authorities

Level of authority	RNC	Board of Directors	AGM
Compensation policy and principles	Proposes	Approves, proposes	Approves [1]
Maximum aggregate compensation amount for the Board of Directors	Proposes	Reviews, proposes	Approves
Maximum aggregate compensation amount for the Group Executive Management	Proposes	Reviews, proposes	Approves
Individual compensation of the members of the Board of Directors	Proposes	Approves [2]	n/a
Individual compensation of the members of the Group Executive Management	Proposes	Approves [2]	n/a
Compensation Report	Proposes	Approves	Consultative vote

[1] To the extent the policy and principles are stipulated in the Company's Articles of Association.
[2] Within the aggregate amounts approved by the Annual General Meeting of Shareholders.

3 Compensation of the Board of Directors

The compensation of the members of the Board of Directors is set to attract and retain highly qualified individuals to serve on the Board. To guarantee their independence in exercising their supervisory duties, the members of the Board of Directors receive a fixed compensation only and do not participate in EPIC Group's employee benefits plan. The compensation of the Board of Directors is not tied to Company targets either. It can be paid partly in cash and partly in shares. The fees for the current term of office (i.e. EGM 2022 to AGM 2023) are paid in cash.

The Board compensation consists of an annual Board fee of TCHF 160 for the Chairman of the Board and TCHF 80 for each of the other Board members (paid fees net of social security contributions, if applicable), including the work in committees. No additional fee is being paid for assignments to the committees of the Board of Directors either as chairperson or member of a committee.

Compensation structure for the Board of Directors

Position	Annual fee [1] in CHF ('000)
Chairman of the Board of Directors	160
Member of the Board of Directors	80

[1] The fees mentioned in this table are net amounts (net of social security contributions, if applicable). The annual fee includes compensation for the position in the Board of Directors and the fee for being chairperson or member of a committee.

The cash compensation to the Board of Directors is paid quarterly (in the month following the end of the quarter for Q1, Q2 and Q3). The cash compensation for Q4 will be paid after the Annual General Meeting of Shareholders has taken place (i.e. in Q2 of the following year). The compensation to the Board of Directors is subject to regular social security contributions.

In exceptional circumstances, the members of the Board of Directors providing consulting services to the Company or other group companies in a function other than as members of the Board of Directors may be compensated in cash according to standard market rates and subject to the approval by the General Meeting of Shareholders. No such compensation was provided to members of the Board of Directors during the period 25 May to 31 December 2022.

3.1 Compensation of the Board of Directors for the period 25 May to 31 December 2022

The IPO of the Company took place on 25 May 2022 (first day of trading). As a listed company, EPIC Suisse AG must comply, as of that date, with the obligations of the Ordinance against Excessive Compensation in Listed Stock Corporations ("OaEC").

On 31 December 2022, the Board of Directors comprised four members. The compensation shown in the table below reflects the period from 25 May 2022 (first day of trading) to 31 December 2022. No figures are shown or compared with, prior to 25 May 2022, as the Company was privately owned until that date.

Compensation of the Board of Directors (Audited)
25 May 2022 to 31 December 2022

Name, Function Gross amounts in CHF ('000)	Gross cash compensation	Social security contributions[1]	Other	Total
Roni Greenbaum, Chairman	103	8	0	111
Stefan Breitenstein, Lead Independent Director	48	0	0	48
Leta Bolli Kennel, Director	51	4	0	55
Andreas Schneiter, Director	51	4	0	55
Total	**253**	**16**	**0**	**269**

[1] Amounts include mandatory employer social security contributions (employee social security contributions are included in the gross cash compensation amounts).

Other compensation, loans or guarantees (Audited)
For the period 25 May to 31 December 2022, no other compensation (other than mentioned in the table above) was paid directly or indirectly to current or former members of the Board of Directors or to their related parties. No member of the Board of Directors or their related parties were granted a loan or a guarantee during the reporting period. There was no loan outstanding at the end of the reporting year to any member of the Board of Directors or their related parties.

Reconciliation between the reported compensation of the Board of Directors from 25 May until 31 December 2022 and the compensation amount approved by the EGM 2022 for the period until the AGM 2023

The Extraordinary General Meeting of Shareholders (EGM) held on 14 May 2022 approved a maximum aggregate amount of compensation of the Board of Directors of TCHF 600 for the term of office until the AGM 2023. The following table shows a reconciliation between the reported Board compensation for the period 25 May 2022 until 31 December 2022 and the amount approved by the shareholders at the EGM 2022:

Gross amounts in CHF ('000)	Total Board compensation for the period 25 May to 31 Dec 2022	Plus expected Board compensation to be accrued for period 1 Jan 2023 to AGM on 26 April 2023 (4 months)	Total Board compensation for period EGM 2022 to AGM 2023	Total maximum amount approved by the EGM 2022 for period EGM 2022 to AGM 2023
Total compensation Board of Directors	**269**	**154**	**423**	**600**

The Board of Directors will propose to the Annual General Meeting on 26 April 2023 a maximum aggregate amount of compensation for the Board of Directors of TCHF 600 for the period from the AGM 2023 to the AGM 2024.

4 Compensation of the Group Executive Management

EPIC Group aims to provide competitive compensation to the members of the Group Executive Management that reflects the experience and the area of responsibility of each member. The executive compensation is designed to reinforce EPIC Group's strategy and to align the interests of the members of the Group Executive Management with those of the shareholders. The compensation is built around the following principles:

Principle	Description
Pay for performance	A significant portion of the compensation depends on the achievement of pre-defined performance targets, both financial and non-financial.
Alignment with shareholders	Part of the compensation is delivered in Company's shares, thus strengthening the alignment with shareholders' interests.
Market competitiveness	Compensation is competitive compared to similar positions in the market.
Transparency	The compensation scheme is straightforward and transparent.

The compensation of the members of the Group Executive Management includes the following elements for the period 25 May to 31 December 2022:

- Fixed base salary, paid in cash
- Performance related bonus, paid in cash (50%) and shares (50%)
- Special loyalty bonus, paid in cash after a three-year employment period
- Other indirect benefits, post-employment benefits

Base salary
The annual base salary depends on the scope and key areas of responsibility of the position and the experience and competencies of the individual person. The base salary is determined when a person is joining the Company or on being appointed to the Group Executive Management. The base salary is paid out on a monthly basis and will be reviewed annually.

Performance related bonus
The annual performance bonus is a short-term variable incentive to reward performance over a time horizon of one year. It is determined annually by the Board of Directors, upon recommendation of the Remuneration and Nomination Committee. For the period 25 May to 31 December 2022 it consists of two bonus schemes: the first one is related to return of equity and the second one to ESG, with the first bonus being the predominant one.

For the business year 2022, the relevant key performance indicator is Return on Equity ("RoE"), whereby RoE is defined as consolidated earnings after tax and before revaluations on properties and derivatives (taking into account the related deferred taxes, and excluding any one-off IPO costs) divided by the average IFRS equity for the year. The target RoE amounts to 5%, and variable compensation will become payable as per the following thresholds:

– RoE of less than 3% which is the minimum target: No variable compensation;
– RoE of between 3% and 5%: Variable compensation will increase linearly from 67% to 100%;
– RoE of between 5% and 7% (or above): Variable compensation will increase linearly from 100% to a maximum of 130%;
– The performance achievement ratio will be approved by the Board of Directors, upon proposal of the Remuneration and Nomination Committee. The pay-out can be between 0% and the cap at 130%;
– At the maximum potential pay-out, this bonus opportunity represents 54.5% of the annual base salary for the CEO and in aggregate 45.7% for the other members of the Group Executive Management.

The second bonus is based on ESG criteria and included assessment by the Remuneration and Nomination Committee, which for 2022 were as follows:

– Achievement of a Sustainanalytics rating as part of the IPO process
– Management actions in accordance with the Environmental – Green Buildings Investment Policy of EPIC Group
– Preparation of the Company's first ESG Report, to be published within the Annual Report 2022
– Documentation and implementation of several EPIC Group policies with regard to social and governance aspects
– The performance achievement ratio for this second bonus is decided by the Board of Directors, upon proposal of the Remuneration and Nomination Committee. The payout ratio can be between 0% and 100%;
– At the maximum potential payout, this bonus opportunity represents 7.0% of the annual base salary for the CEO and in aggregate 6.3% for the other members of the Group Executive Management.

With a Return on Equity (excluding revaluation effects and one-off IPO costs) of 5.6% achieved for 2022 and full achievement on the ESG goals, the payout for the performance related bonus for the period 25 May to 31 December 2022 amounts to 50.9% of the annual base salary for the CEO and to 42.9% in aggregate for the other members of the Group Executive Management.

The compensation under this performance bonus plan will be paid half in cash and half in shares. The shares will be allocated based on their closing price on SIX Swiss Exchange on the first date on which the shares are traded ex-dividend following the approval at the AGM. From the date of the allocation of the shares, the blocking periods (for the share portion only) is one year with respect to one third of the shares, two years with respect to the second third of the shares and three years with respect to the remaining third of the shares granted.

Special loyalty bonus
To incentivize their continuing commitment and performance in the success of EPIC Group following the IPO, the EGM held on 14 May 2022, when the Company was still privately owned, approved at their discretion a one-time loyalty bonus (CHF 0.4 million) to be paid to the members of the Group Executive Management, as disclosed in the IPO prospectus. This special bonus has a three-year retention period from the IPO date, i.e. the Executive must be in a continuous employment relationship for three years from the date of 25 May 2022 or alternatively must qualify as a good leaver. The special loyalty bonus will be paid in the month following the end of the retention period (i.e. in June 2025).

The yearly amount of special loyalty bonus reflects 7.0% of the annual base salary for the CEO and in aggregate 13.0% for the other members of the Group Executive Management. The special loyalty bonus is accrued over the lifetime of the retention period (i.e. one third each year).

Other indirect benefits, post-employment benefits
The members of the Group Executive Management participate in the pension plan offered to all employees of EPIC Group. Only the base salary is insured under the pension plan in accordance with the applicable pension fund regulations. Any payments or entitlements (e.g. variable compensation) in addition to the base salary are not included in the pension plan. The Company limits further benefits to a minimum. Fringe benefits such as a company car have been granted to two members of the Group Executive Management.

4.1 Compensation of the Group Executive Management for the period 25 May to 31 December 2022

On 31 December 2022, the Group Executive Management comprised three members. The compensation shown in the table below reflects the period from 25 May 2022 (first day of trading) to 31 December 2022, on a pro-rata basis. No figures are shown or compared with, prior to 25 May 2022, as the Company was privately owned until that date.

Compensation of the Group Executive Management (Audited)
25 May 2022 to 31 December 2022

Type, Function Gross amounts in CHF ('000)	Group Executive Management	of which the CEO [1]
Base salary	817	431
Performance related bonus [2]	385	219
Special loyalty bonus granted [3]	400	150
Post-employment benefits [4]	223	122
Other indirect benefits [5]	9	5
Total compensation granted	**1'834**	**927**
Part of the special loyalty bonus vesting 2023–2025 [3]	(322)	(121)
Total remuneration of management according to Note 26 of the consolidated financial statements	**1'512**	**806**

[1] The CEO, Arik Parizer, has the highest compensation of the Group Executive Management.
[2] The performance related bonus is based on Return on Equity and ESG targets and is paid 50% in cash and 50% in shares. The shares will be allocated based on their closing price on SIX Swiss Exchange on the first date on which the shares are traded ex-dividend following the approval at the AGM. From the date of the allocation, the shares will have a lock-up period of one year for a third of the shares, two years for another third of the shares and three years for the remainder of the shares.
[3] Loyalty special bonus of CHF 0.4 million in total has been granted over a 3-year retention period ending in June 2025, whereof TCH 78 has been accrued in 2022.
[4] Amount includes employer social security contributions and pension contributions.
[5] Amount includes company car as declared in the salary statement.

Other compensation, loans or guarantees (Audited)
For the period 25 May to 31 December 2022, no other compensation (other than mentioned in the table above) was paid directly or indirectly to current or former members of the Group Executive Management or to their related parties. No member of the Group Executive Management or their related parties were granted a loan or a guarantee during the reporting period. There was no loan outstanding at the end of the reporting year to any member of the Group Executive Management or their related parties.

Comparison of compensation granted to the Group Executive Management for the period 25 May to 31 December 2022 and the compensation amount approved by the EGM 2022 for the fiscal year 2022
The Extraordinary General Meeting of Shareholders (EGM) held on 14 May 2022 approved a maximum aggregate amount of compensation of the Group Executive Management of TCHF 2'750 for the year ended 31 December 2022. The following table shows a comparison between the granted compensation of the Group Executive Management for the period 25 May to 31 December 2022 and the maximum amount approved by the shareholders at the EGM 2022:

Gross amounts in CHF ('000)	Compensation granted (25 May to 31 December 2022)	Total maximum amount approved by the EGM 2022
Total compensation granted Group Executive Management	**1'834**	**2'750**

The EGM 2022 further approved the maximum aggregate amount of compensation of the Group Executive Management for the year ended 31 December 2023 in an amount of TCHF 3'000. The compensation in 2023 compared to this approved maximum amount will be disclosed in the Compensation Report 2023 to be published in 2024.

For fiscal year 2024, the Board of Directors will propose to the Annual General Meeting on 26 April 2023 a maximum aggregate amount of compensation for the Group Executive Management of TCHF 3'000.

4.2 Employment contracts with members of the Group Executive Management
The employment agreements of the members of the Group Executive Management are concluded for an indefinite period and have termination notice periods of six and twelve months. They do not contain any change of control clauses or any post-contractual non-competition clauses.

5 Related party transactions

There were no related party transactions with the members of the Board of Directors or Group Executive Management in the period from 25 May to 31 December 2022.

Further information on "Related parties" is shown in Note 26 of the Consolidated Financial Statements.

6 Shareholdings of the members of the Board of Directors and the Group Executive Management as at 31 December 2022

Members of the Board of Directors and of the Group Executive Management (including related parties) hold directly or indirectly the following share positions in EPIC Suisse AG as at 31 December 2022:

Members of the Board of Directors	Shares	Participation
Roni Greenbaum, Chairman [1]	1'664'925	16.12%
Stefan Breitenstein, Lead Independent Director	5'000	0.05%
Leta Bolli Kennel, Director	2'500	0.02%
Andreas Schneiter, Director	0	0.00%
Total Board of Directors	**1'672'425**	**16.19%**

[1] Shares held through EPIC Luxembourg SA, Luxembourg. See also section "1.2 Significant shareholders" in the Corporate Governance Report.

Members of the Group Executive Management	Shares	Participation
Arik Parizer, CEO	750	0.01%
Valérie Scholtes, CFO	1'000	0.01%
Philipp Küchler, Portfolio Director	400	0.00%
Total Group Executive Management	**2'150**	**0.02%**

KPMG

Report of the Statutory Auditor

To the General Meeting of EPIC Suisse AG, Zurich

Report on the Audit of the Compensation Report

Opinion

We have audited the Compensation Report of EPIC Suisse AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on compensation, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Compensation in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) in the tables and paragraphs marked "audited" on pages 63, 66 and 67 of the Compensation Report.

In our opinion, the information on compensation, loans and advances in the attached Compensation Report complies with Swiss law and Art. 14-16 VegüV.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Compensation Report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked "audited" in the Compensation Report, the consolidated financial statements, the standalone financial statements and our auditor's reports thereon.

Our opinion on the Compensation Report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Compensation Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Compensation Report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Compensation Report
The Board of Directors is responsible for the preparation of a Compensation Report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a Compensation Report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's Responsibilities for the Audit of the Compensation Report
Our objectives are to obtain reasonable assurance about whether the information on compensation, loans and advances pursuant to Art. 14-16 VegüV is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Compensation Report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the Compensation Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

KPMG AG

Reto Benz
Licensed Audit Expert
Auditor in Charge

Daniel Gehring
Licensed Audit Expert

Zurich, 22 March 2023

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Consolidated statement of profit or loss and other comprehensive income

CHF ('000)	Notes	2022	2021
Rental income from real estate properties	8	61'480	58'623
Other income		1'283	1'726
Total income		**62'763**	**60'349**
Gains from revaluation of properties	16	15'275	50'581
Losses from revaluation of properties	16	(14'339)	(1'721)
Net gain (loss) from revaluation		**936**	**48'860**
Direct expenses related to properties	9	(6'362)	(5'480)
Personnel expenses	10	(3'968)	(2'886)
Operating expenses	11	(953)	(512)
Administrative expenses	12	(8'399)	(2'580)
Total operating expenses		**(19'682)**	**(11'458)**
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**44'017**	**97'751**
Depreciation		(192)	(187)
Earnings before interest and tax (EBIT)		**43'825**	**97'564**
Financial income	13	27'922	3'880
Financial expenses	13	(7'109)	(7'457)
Financial result		**20'813**	**(3'577)**
Earnings before tax (EBT)		**64'638**	**93'987**
Income tax expenses	14	(8'265)	(16'501)
Profit		**56'373**	**77'486**
Items that will not be reclassified subsequently to profit and loss			
Remeasurement of defined benefit obligations (net of taxes)		284	143
Total comprehensive income		**56'657**	**77'629**
EBITDA excl. revaluation of properties		43'081	48'891
EBT excl. revaluation of properties and derivatives		35'798	41'261
Excluding one-off IPO costs:			
EBITDA excl. revaluation of properties		48'936	48'891
EBT excl. revaluation of properties and derivatives		41'652	41'261
Weighted average number of outstanding shares (in '000)		9'200	7'500
Basic and diluted earnings per share (in CHF)	24	6.13	10.33

Consolidated statement of financial position

CHF ('000)	Notes	31 Dec 2022	31 Dec 2021
ASSETS			
Current assets			
Cash and cash equivalents		20'338	18'240
Tenant receivables	15	1'251	1'264
Other receivables		1'429	1'271
Current derivative financial assets	21	3'336	-
Accrued income and prepaid expenses		1'299	1'078
Total current assets		**27'653**	**21'853**
Non-current assets			
Real estate properties			
– Investment properties in operation	16	1'447'761	1'433'982
– Investment properties under development/construction	16	54'121	31'810
Total real estate properties		**1'501'882**	**1'465'792**
Other intangible assets		9	9
Other tangible assets		335	416
Right-of-use assets		502	613
Non-current derivative financial assets	21	24'008	970
Other non-current financial assets		54	50
Other non-current assets	17	5'861	5'587
Deferred tax assets		69	321
Accrued income		2'828	2'870
Total other non-current assets		**33'666**	**10'836**
Total non-current assets		**1'535'548**	**1'476'628**
Total assets		**1'563'201**	**1'498'481**

Consolidated statement of financial position (continued)

CHF ('000)	Notes	31 Dec 2022	31 Dec 2021
LIABILITIES			
Current liabilities			
Current financial liabilities	19	101'894	65'539
Current derivative financial liabilities	21	-	1'504
Trade payables		1'422	2'758
Current income tax liabilities		3'010	5'009
Other payables		885	878
Accrued expenses and deferred income	20	8'195	7'670
Total current liabilities		**115'406**	**83'358**
Non-current liabilities			
Shareholders' loans payables	18	-	6'587
Other non-current liabilities		3	3
Non-current financial liabilities	19	507'850	713'952
Non-current derivative financial liabilities	21	-	26
Pension obligations	10	280	642
Deferred tax liabilities		121'250	116'048
Total non-current liabilities		**629'383**	**837'258**
Total liabilities		**744'789**	**920'616**
EQUITY			
Share capital	23	413	300
Share premium	23	462'702	279'117
Retained earnings		355'297	298'448
Total equity		**818'412**	**577'865**
Total liabilities and equity		**1'563'201**	**1'498'481**
Number of outstanding shares at period end (in '000)	23	10'330	7'500
Net asset value ("NAV") per share (in CHF)	24	79.23	77.05

Consolidated statement of cash flows

CHF ('000)	Notes	2022	2021
A – Operating activities			
Earnings before tax (EBT)		**64'638**	**93'987**
Adjustments for:			
– Financial result	13	(20'813)	3'577
– Revaluations of properties	16	(936)	(48'860)
– Depreciation		192	187
– Share-based compensation		192	-
– Other		(16)	42
Changes:			
– Tenant net receivables		13	(129)
– Other receivables, accrued income and prepaid expenses		(293)	720
– Trade payables		52	(381)
– Other payables, accrued expenses and deferred income		615	(461)
Income tax paid		(5'194)	(5'017)
Net cash flows from operating activities		**38'450**	**43'665**
B – Investment activities			
Investments in tangible assets		-	(85)
Investments in real estate properties	16	(31'002)	(89'622)
Acquisition of subsidiaries	16	(4'946)	-
Net cash flows used in investment activities		**(35'948)**	**(89'707)**
C – Financing activities			
Proceeds from IPO		192'445	-
Proceeds from bank debt		47'438	58'905
Repayment of bank debt		(217'792)	(8'490)
Bank interest paid		(6'174)	(6'765)
Lease payments		(867)	(859)
Other finance costs paid		(175)	(75)
Transaction costs related to issuance of new shares	23	(4'133)	-
Proceeds from shareholders' loans		-	11'000
Repayment of shareholders' loans	18	(6'500)	(9'300)
Interest in relation to shareholders' loans	18	(146)	(351)
Dividends paid to shareholders		(4'500)	(3'000)
Net cash flows from financing activities		**(404)**	**41'065**
Net change in cash		**2'098**	**(4'977)**
Net cash at the beginning of the period		18'240	23'217
Net cash at the end of the period		**20'338**	**18'240**

Consolidated statement of changes in equity

CHF ('000)	Notes	Share capital	Share premium	Retained earnings	Total equity
As at 31 Dec 2020		**300**	**282'117**	**220'819**	**503'236**
Profit				77'486	77'486
Other comprehensive income				143	143
Total comprehensive income				**77'629**	**77'629**
Dividend distribution	23		(3'000)		(3'000)
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				56'373	56'373
Other comprehensive income				284	284
Total comprehensive income				**56'657**	**56'657**
Share-based compensation				192	192
Dividend distribution	23		(4'500)		(4'500)
Transaction costs related to issuance of new shares			(4'247)		(4'247)
As at 31 Dec 2022		**413**	**462'702**	**355'297**	**818'412**

Notes to the consolidated 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. The principal shareholders, Alrov and EPIC Luxembourg SA, who own together 72.6% of the Company, have entered into lock-up undertakings for a period of 12 months following the listing of the Company.

2 Accounting framework

The consolidated financial statements as at 31 December 2022 have been prepared in accordance with IFRS as published by the International Accounting Standards Board (IASB) as well as with Article 17 of the Directive on Financial Reporting (DFR) of the SIX Swiss Exchange. The same consolidation, accounting and valuation principles have been applied as for the 2021 consolidated financial statements.

The definitions of the alternative performance measures can be found under the section “Alternative Performance Measures”.

The Company’s financial year starts on 1 January and ends on 31 December.

The consolidated financial statements were authorised for issue for the year ended 31 December 2022 by the Company’s Board of Directors on 22 March 2023.

3 Basis of preparation

The consolidated 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 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. Transactions denominated in foreign currencies are immaterial.

Certain numerical figures set out in the consolidated financial statements have been subject to rounding adjustments and, as a result, the totals of the data in the consolidated financial statement 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	31 Dec 2022 CHF	31 Dec 2022 %	31 Dec 2021 %
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%	n/a
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 financial year is included in the following notes:

- Note 16 – 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 14 – Income tax expenses – the determination of tax provisions is based on estimates.

6 Standards and interpretations issued but not yet effective

Certain new or amended standards and interpretations have been published that have to be applied in future financial periods, but are not yet adopted. These new or amended standards issued but not yet effective are not expected to have a significant impact on EPIC Group's consolidated financial statements.

The following new and amended standards and interpretations have not been adopted in advance:

Standard	Effective date	Planned application by EPIC Group in reporting year
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 Jan 2023	1 Jan 2023
Definition of Accounting Estimates (Amendments to IAS 8)	1 Jan 2023	1 Jan 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 Jan 2023	1 Jan 2023
IFRS 17, 'Insurance contracts' (Amendments to IFRS 17)	1 Jan 2023	1 Jan 2023
Non-current liabilities with covenants (Amendments to IAS 1)	1 Jan 2024	1 Jan 2024
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 Jan 2024	1 Jan 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Optional	Undefined

7 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.

Each property is classified under one category, with the exception of two properties as at 31 December 2022, 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 adjacent to the land of an existing logistics building 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 debt 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
			2022		
Rental income	61'475	5	61'480	-	61'480
Other income	1'283	-	1'283	-	1'283
Total income	**62'758**	**5**	**62'763**	**-**	**62'763**
Direct expenses related to the properties	(6'295)	(67)	(6'362)	-	(6'362)
Net operating income	**56'463**	**(62)**	**56'401**	**-**	**56'401**
Personnel expenses				(3'968)	(3'968)
Operating expenses				(953)	(953)
Administrative expenses				(8'399)	(8'399)
Total other operating expenses				**(13'320)**	**(13'320)**
EBITDA before portfolio revaluation					**43'081**
Net gain (loss) from revaluation	(4'067)	5'003	936	-	936
EBITDA after portfolio revaluation	**52'396**	**4'941**	**57'337**	**(13'320)**	**44'017**
Depreciation				(192)	(192)
EBIT					**43'825**

			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

CHF ('000)	Invest. prop in operation	Invest. prop under D/C[1]	Total Segments	Reconciliation	Total Group
	2021				
Rental income	58'619	4	58'623	-	58'623
Other income	1'725	1	1'726	-	1'726
Total income	**60'344**	**5**	**60'349**	**-**	**60'349**
Direct expenses related to the properties	(5'461)	(19)	(5'480)	-	(5'480)
Net operating income	**54'883**	**(14)**	**54'869**	**-**	**54'869**
Personnel expenses				(2'886)	(2'886)
Operating expenses				(512)	(512)
Administrative expenses				(2'580)	(2'580)
Total other operating expenses				**(5'978)**	**(5'978)**
EBITDA before portfolio revaluation					**48'891**
Net gain (loss) from revaluation	42'503	6'357	48'860	-	48'860
EBITDA after portfolio revaluation	**97'386**	**6'343**	**103'729**	**(5'978)**	**97'751**
Depreciation				(187)	(187)
EBIT					**97'564**
	31 Dec 2021				
Assets					
Real estate properties fair value	1'433'982	31'810	1'465'792	-	1'465'792
Derivative financial assets	970	-	970	-	970
Total segment assets	**1'434'952**	**31'810**	**1'466'762**	**-**	**1'466'762**
Assets not split between segments				31'719	31'719
Total assets	**1'434'952**	**31'810**	**1'466'762**	**31'719**	**1'498'481**
Liabilities					
Mortgage-secured bank loans	732'804	-	732'804	32'900	765'704
Derivative financial liabilities	1'530	-	1'530	-	1'530
Total segment liabilities	**734'334**	**-**	**734'334**	**32'900**	**767'234**
Liabilities not split between segments				153'382	153'382
Total liabilities	**734'334**	**-**	**734'334**	**186'282**	**920'616**

[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 financial statements. For details about the amounts invested in the segments during the year, please refer to Note 16.

8 Rental income from real estate properties

CHF ('000)	2022	2021
Investment properties in operation	61'475	58'619
Investment properties under development/construction	5	4
Total rental income from real estate properties	**61'480**	**58'623**

The Covid-19 pandemic had no impact on the Company's balance sheet and income statement during 2022, while in 2021, the remaining impact was limited to CHF 0.5 million.

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 31 December 2022, 86.8% of the rental income (on a weighted average basis excluding rent incentives) are 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 table below indicates the future rental income expected to be generated from rental agreements in place at year end (excluding any early break option(s)):

CHF ('000)	2022	2021
Within one year	62'272	59'971
1–2 years	59'038	57'833
2–3 years	52'878	53'120
3–4 years	48'096	46'695
4–5 years	45'874	42'064
In more than 5 years	251'580	262'238
Total	**519'738**	**521'921**

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 2022 rental income are shown in the below table:

CHF ('000)/%	2022		2021	
Coop group	11'879	19.3%	11'388	19.4%
Centre Hospitalier Universitaire Vaudois group	5'293	8.6%	5'449	9.3%
Migros group	5'313	8.6%	4'841	8.3%
GXO Logistics Switzerland S.A.G.L.	4'062	6.6%	3'017	5.1%
Hitachi Zosen Inova AG	3'524	5.7%	3'398	5.8%
The five largest tenants	**30'071**	**48.8%**	**28'093**	**47.9%**

Following the purchase of Brunnpark, Roggwil, in March 2021, GXO Logistics Switzerland S.A.G.L rental income comprises only 9 months in 2021 versus a full year in 2022.

9 Direct expenses related to properties

CHF ('000)	2022	2021
Maintenance costs for real estate	2'022	1'684
Energy and ancillary costs	950	957
Insurances	649	653
Management costs for real estate	249	352
Property tax expenses	1'167	1'219
Other direct costs	1'325	615
Total direct expenses related to properties	**6'362**	**5'480**

Other direct costs include amongst other things the provisions for doubtful debts (see Note 15 for further details).

The 2021 direct expenses related to properties were lower than usual due to a bad debt provision reversal of CHF 0.6 million during that period in "other direct costs", which predominantly explains the 16.1% increase between the two periods.

10 Personnel expenses

CHF ('000)	2022	2021
Salaries	3'110	2'381
Social security contributions	252	183
Expenses for defined benefit plans	167	120
Other personnel expenses	85	24
Board member expenses	354	178
Total personnel expenses	**3'968**	**2'886**
Number of employees (#) in Switzerland		
Number of employees at period end	21	19
Full-time equivalents at period end	18.7	16.6
Number of Board members (#)		
Number of Board members receiving a fee at period end	4	3

For more information about related parties, please refer to Note 26.

EPIC Group is affiliated to three independent collective foundations administrating the pension plans of various employers. The employees, their spouses and children are insured against the financial consequences of old age, death and disability. Retirement benefits are based on the accumulated retirement savings capital made up of contributions by employers and the employees and interest thereon and can either be drawn as a life-long pension or as a lump sum payment.

The pension liabilities (in relation to the employees located in Switzerland) are included on a net basis under pension obligations in the balance sheet and can be split as follows:

CHF ('000)	2022	2021
Defined benefit obligations at 31 December	2'909	2'996
Fair value of plan assets at 31 December	(2'629)	(2'354)
Deficit/(surplus) at 31 December	**280**	**642**

Defined benefit expenses for these plans recognised in the statement of profit or loss can be split as per the below table. Current service costs, past service costs and administration costs are included in personnel expenses and interest expense and interest income on plan assets in financial result.

CHF ('000)	2022	2021
Current service costs	188	157
Past service costs	(22)	(38)
Interest expenses	24	6
Interest (income) on plan assets	(20)	(4)
Administration costs	1	1
Net defined benefit expenses	**171**	**122**

The defined benefit expenses recognised in the statement of comprehensive income are detailed below:

CHF ('000)	2022	2021
Actuarial (gain)/loss on defined benefit obligations	(560)	87
Return on plan assets (excl. interest income)	212	(263)
Deferred tax	64	33
Net re-measurement of defined benefit obligations	**(284)**	**(143)**

The reconciliations to the defined benefit obligations and fair value of the plan assets are shown in the following two tables:

CHF ('000)	2022	2021
Defined benefit obligations as at 1 January	2'996	2'676
Interest expenses on defined benefit obligations	24	6
Current service costs (employer)	188	157
Contributions by plan participants	153	117
Benefits (paid)/deposited	130	(10)
Past service costs	(22)	(38)
Administration costs	1	1
Actuarial (gain)/loss on defined benefit obligations	(560)	87
Defined benefit obligations as at 31 December	**2'910**	**2'996**

CHF ('000)	2022	2021
Fair value of plan assets at 1 January	2'354	1'862
Interest income on plan assets	20	4
Contributions by the employer	184	118
Contributions by plan participants	153	117
Benefits (paid)/deposited	130	(10)
Return on plan assets (excl. interest income)	(212)	263
Fair value of plan assets as at 31 December	**2'629**	**2'354**

The main parameters used for the valuation are described below:

	2022	2021
Discount rate	2.3%	0.2%
Long-term expected rate of salary increase	1% flat	1% flat
Long-term expected benefit increase	0.0%	0.0%
Long-term expected inflation rate	0.5%	0.5%
Long-term expected interest rate on retirement capital	2.3%	0.5%
Expected age of retirement	F – 64 years M – 65 years	F – 64 years M – 65 years

11 Operating expenses

CHF ('000)	2022	2021
Rent	89	86
Travel and representation expenses	162	80
Other operating expenses (such as IT, general office expenses, non-recoverable VAT, capital taxes)	702	346
Total operating expenses	**953**	**512**

The increase in 2022 operating expenses is related to various factors, most of them in relation to the consequences of being a public company, such as for example, increased IT, travel and insurance costs as well as higher capital taxes.

12 Administrative expenses

CHF ('000)	2022	2021
Legal fees	537	277
Tax consultancy fees	270	383
Other consultancy fees	1'578	1'271
Accounting and audit fees	761	648
Transaction costs	5'253	1
Total administrative expenses	**8'399**	**2'580**

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.

In 2022, one-off IPO costs for CHF 5.9 million are included in various captions of the administrative expenses, while a total of CHF 4.2 million have directly been booked in equity under “transaction costs related to issuance of new shares” as related to the newly issued shares following the IPO of the Company.

13 Financial result

CHF ('000)	2022	2021
Financial income		
Revaluation gain from financial instruments (derivatives)	27'904	3'866
Other financial income	18	14
Total financial income	**27'922**	**3'880**
Financial expenses		
Interest expenses on loans from shareholders	(59)	(146)
Loan interest expenses	(5'659)	(5'721)
Derivatives expenses	(555)	(1'002)
Interest expenses on lease liabilities	(558)	(566)
Other financial expenses	(278)	(22)
Total financial expenses	**(7'109)**	**(7'457)**
Financial result	**20'813**	**(3'577)**

The main driver of the 2022 financial result stems from the unrealised revaluation gain on derivative financial instruments (interest rate swaps) to hedge against interest rate risk (see also note 21).

14 Income tax expenses

EPIC Group is subject to income taxes on federal, cantonal and municipal levels. 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)	2022	2021
Current tax expenses	(2'874)	(2'456)
Change in deferred net tax liabilities	(5'391)	(14'045)
Total income tax expenses	**(8'265)**	**(16'501)**

The amount of current tax expenses includes the annual change in refund of complementary property tax in Vaud (TCHF 275 in 2022 and TCHF 383 in 2021).

The change in the deferred net tax liabilities is mainly related to valuation differences in respect of financial instruments (derivatives) of approximately CHF 4.5 million (CHF 0.7 million in 2021), investment properties and recaptured depreciation of approximately CHF 0.5 million (CHF 12.6 million in 2021) and of the change of deferred tax assets on tax loss carryforwards of approximately CHF 0.4 million (CHF 0.1 million in 2021).

The table below provides a reconciliation to tax expenses:

CHF ('000)	2022	2021
EBT	64'638	93'987
Applicable tax rate (%)	16.0	16.5
Tax expense at applicable tax rate	(10'342)	(15'508)
Non capitalized tax losses	(990)	(95)
Adjustments for current income taxes for other periods	85	(385)
Impact of changes in tax rates deferred tax	3'317	137
Other effects	(335)	(650)
Total tax expenses	**(8'265)**	**(16'501)**

The applicable tax rate in the periods under review is a mixed rate of approximately 16.0% over the last two years. In 2022, it takes into account the fact that profit subject to federal, cantonal and municipal income taxes is taxed at an average rate of approximately 15.8%, while property gains subject to property gains tax and federal income tax are taxed at rates from approximately 20% of up to 30% depending on the duration of the holding period and the location of the property. As the holding period increases, the average tax rate will be further reduced during the next years.

The non capitalized tax losses refer to the 2022 loss of the Company, which is mainly due to the one-off IPO costs. It is assumed that this loss will not be off-set against future taxable profit (assumption of participation income subject to participation exemption).

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% until the end of 2023 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 enacted tax rates resulted in a positive effect of approximately CHF 3.3 million in 2022.

The deferred tax liabilities and assets are allocated to the following balance sheet items:

CHF ('000)	2022		2021	
	Assets	Liabilities	Assets	Liabilities
Real estate properties	-	110'307	-	109'796
Provisions for major renovations	-	6'146	-	6'235
Financial derivative instruments	-	4'437	166	62
CIT on refund of CPT[1]	-	805	-	767
Accrued free rent	-	426	-	428
Pension schemes	69	-	136	-
Arrangement fees for credit facilities	-	19	-	31
Tax losses carried forward	890	-	1'290	-
Tax assets/liabilities before set-off	**959**	**122'140**	**1'592**	**117'319**
Set-off of tax losses carried forward	(890)	(890)	(1'271)	(1'271)
Total tax assets/liabilities	**69**	**121'250**	**321**	**116'048**

[1] CIT = Corporate income tax and CPT = Complementary property tax

EPIC Group has deferred tax assets and deferred tax liabilities of TCHF 69 and CHF 121.3 million respectively as per 31 December 2022 (CHF 0.3 million and CHF 116.0 million respectively by the end of 2021). Deferred taxes are substantially attributable to valuation differences in respect of investment properties and recaptured depreciation, and to a lesser extent to renovation provisions and derivatives. Deferred tax assets from tax losses are (partially) off-set with deferred tax liabilities related to valuation.

Applying the property gains tax rates that would be applicable in the event of a theoretical sale of all properties on 31 December 2022 (asset deal), the deferred tax liabilities would be CHF 13.3 million higher than the deferred tax liabilities reported as per 31 December 2022 (assuming an exit as per 31 December 2032). Significant tax savings may be achieved in a share deal exit.

The other comprehensive income has been presented net of tax. The tax effect amounted to TCHF (64) in 2022 and TCHF (33) in 2021.

15 Tenant receivables

CHF ('000)	31 Dec 2022	31 Dec 2021
Rent and ancillary costs receivables	1'299	1'435
Doubtful debt allowances	(48)	(171)
Total tenant receivables	**1'251**	**1'264**

Total tenant receivables remained stable between the two periods.

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)	31 Dec 2022	31 Dec 2021
Balance not yet due	1'024	671
Balance overdue by up to 30 days	128	420
Balance overdue between 30 to 120 days	19	139
Balance overdue between 120 to 365 days	41	79
Balance overdue by more than 365 days	87	126
Total rent and ancillary costs receivables	**1'299**	**1'435**

16 Real estate properties

CHF ('000)	Invest. prop in operation	Invest. prop under D/C[1]	Total portfolio
Market value as at 31 Dec 2020	**1'316'759**	**12'932**	**1'329'691**
Acquisition costs as at 1 Jan 2021	1'056'107	7'246	1'063'353
New acquisitions	72'817	4'589	77'406
Subsequent expenditures	1'903	7'932	9'835
Acquisition costs as at 31 Dec 2021	**1'130'827**	**19'767**	**1'150'594**
Revaluation as at 1 Jan 2021	260'652	5'686	266'338
Revaluation gains	44'224	6'357	50'581
Revaluation losses	(1'721)	-	(1'721)
Revaluation as at 31 Dec 2021	**303'155**	**12'043**	**315'198**
Market value as at 31 Dec 2021	**1'433'982**	**31'810**	**1'465'792**
Acquisition costs as at 1 Jan 2022	1'130'827	19'767	1'150'594
New acquisitions	5'630	-	5'630
Subsequent expenditures	12'216	17'308	29'524
Acquisition costs as at 31 Dec 2022	**1'148'673**	**37'075**	**1'185'748**
Revaluation as at 1 Jan 2022	303'155	12'043	315'198
Revaluation gains	10'272	5'003	15'275
Revaluation losses	(14'339)	-	(14'339)
Revaluation as at 31 Dec 2022	**299'088**	**17'046**	**316'134**
Market value as at 31 Dec 2022	**1'447'761**	**54'121**	**1'501'882**

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

CHF ('000)	31 Dec 2022	31 Dec 2021
Market value as estimated by the external valuer	1'491'796	1'455'560
Accrued operating lease income	(3'079)	(3'106)
Sub-total	**1'488'717**	**1'452'454**
Right-of-use of the land recognised separately	13'165	13'338
Market value for financial reporting purposes	**1'501'882**	**1'465'792**

During 2022, EPIC Group made one acquisition and purchased for CHF 4.9 million the entire share capital of a company whose main asset is a building on a plot of land in Tolochenaz next to plots already owned by EPiC 7. This transaction resulted in an acquisition cost of CHF 5.6 million for the property. In accordance with IFRS, no deferred tax was recognised at acquisition date. The purchased company was renamed EPiC 24. In addition, CHF 29.5 million were invested in the portfolio. In relation to the investment properties in operation, the biggest capex related to the new façade in Provencenter (EPiC 9) for CHF 3.3 million, the roof renovation and tenant fit-outs in Wiggis-Park (EPiC 3) for CHF 2.3 million and tenant fit-outs in Biopôle Serine (EPiC 20) for CHF 2.0 million. In relation to the investment properties under development/construction, CHF 16.7 million and CHF 0.6 million were allocated respectively to the construction of project PULSE (EPiC 23) and the Campus Leman building C (EPiC 19).

The revaluation of the properties as at 31 December 2022 resulted in a net unrealised value increase of CHF 0.9 million (CHF 48.9 million in 2021). With the exception of the retail sector (unrealised loss of CHF 9.0 million), all other sectors benefited from a net unrealised revaluation gain of CHF 9.9 million. The average weighted real discount rate was 3.31% as at 31 December 2022 versus 3.32% as at 31 December 2021. The valuations took into consideration higher operational costs, which was then partially neutralised by overall increased current income due to new contracts and indexation.

The differences between capitalised costs (CHF 29.5 million in 2022 and CHF 87.2 million in 2021) and the amounts paid under investments in real estate properties in the consolidated statement of cash flows used in investment activities (CHF 31.0 million in 2022 and CHF 89.6 million in 2021) 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 the reporting 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 cost. 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 31 December 2022 and 2021, 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) 31 Dec 2022	31 Dec 2021
Retail Level 3 DCF	Fair value CHF ('000)	576'900	581'090
	Discount rates (real) (%)	2.8%–3.85% (3.38%)	2.85%–3.8% (3.38%)
	Achievable long-term market rents per m² and year CHF	CHF 179–CHF 352 (CHF 249 per m² and year)	CHF 173–CHF 360 (CHF 247 per m² and year)
	Structural vacancy rates (%)	3.5%–5.2% (4.79%)	3.5%–5.2% (4.8%)
Offices Level 3 DCF	Fair value CHF ('000)	648'810	639'490
	Discount rates (real) (%)	2.65%–3.8% (3.1%)	2.7%–3.8% (3.14%)
	Achievable long-term market rents per m² and year CHF	CHF 273–CHF 359 (CHF 300 per m² and year)	CHF 266–CHF 359 (CHF 298 per m² and year)
	Structural vacancy rates (%)	4.0%–7.2% (5.58%)	5.0%–7.3% (5.8%)
Logistics/industrial Level 3 DCF	Fair value CHF ('000)	211'965	203'170
	Discount rates (real) (%)	3.3%–3.75% (3.58%)	3.35%–3.95% (3.66%)
	Achievable long-term market rents per m² and year CHF	CHF 85–CHF 232 (CHF 104 per m² and year)	CHF 84–CHF 153 (CHF 96 per m² and year)
	Structural vacancy rates (%)	5.0%–5.8% (5.1%)	5.0%–5.8% (5.1%)
Under development/ construction Level 3 DCF	Fair value CHF ('000)	54'121	31'810
	Discount rates (real) (%)	3.6%–4.0% (3.88%)	3.75%–4.0% (3.9%)
	Achievable long-term market rents per m² and year CHF	CHF 189–CHF 296 (CHF 196 per m² and year)	CHF 86–CHF 294 (CHF 156 per m² and year)
	Structural vacancy rates (%)	5.0%–5.0% (5.0%)	5.0%–5.0% (5.0%)
Total portfolio Level 3 DCF	Fair value CHF ('000)	1'491'796	1'455'560

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 31 December 2022:

CHF ('000)	External fair value	Accrued operating lease income	Right-of-use of land	Market value for financial reporting
Retail	576'900			576'900
Offices	648'810	(3'079)	13'165	658'896
Logistics/industrial	211'965			211'965
Under development/construction	54'121			54'121
Total	**1'491'796**	**(3'079)**	**13'165**	**1'501'882**

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 31 December 2022 by 3.18% or CHF 47.4 million. A general increase of 10 basis points in the discount rate would reduce the current fair value of the investment properties as at 31 December 2022 by 3.09% or CHF 46.0 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	3.81%	(203'456)	(13.64%)	1'288'340
+40	3.71%	(167'291)	(11.21%)	1'324'505
+30	3.61%	(129'126)	(8.66%)	1'362'670
+20	3.51%	(88'775)	(5.95%)	1'403'021
+10	3.41%	(46'043)	(3.09%)	1'445'753
	3.31%			**1'491'796**
–10	3.21%	47'446	3.18%	1'539'242
–20	3.11%	98'699	6.62%	1'590'495
–30	3.01%	153'436	10.29%	1'645'232
–40	2.91%	211'986	14.21%	1'703'782
–50	2.81%	274'819	18.42%	1'766'615

17 Other non-current assets

CHF ('000)	31 Dec 2022	31 Dec 2021
Refund from complementary property tax	5'861	5'587
Total other non-current assets	**5'861**	**5'587**

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).

18 Shareholders' loans payables

CHF ('000)	31 Dec 2022	31 Dec 2021
Due within 12 months	-	-
Due within 2 to 5 years	-	6'587
Due after 5 years	-	-
Total shareholders' loans payables	**-**	**6'587**

The shareholders' loans payables as at 31 December 2021 were all with Alrov, denominated in CHF and unsecured. On 31 May 2022 the entire outstanding shareholders' balances including any interest payables (CHF 6.6 million) were fully repaid.

19 Current and non-current financial liabilities

CHF ('000)	31 Dec 2022	31 Dec 2021
Mortgage-secured bank amortisation due within 12 months	4'089	12'655
Mortgage-secured bank loans due for extension or repayment	96'845	52'050
Directly attributable financing costs	(57)	(107)
Accrued mortgage and swap interest	127	85
Lease liabilities	890	856
Total current financial liabilities	**101'894**	**65'539**
Mortgage-secured bank loans	495'032	700'999
Directly attributable financing costs	(84)	(292)
Lease liabilities	12'902	13'245
Total non-current financial liabilities	**507'850**	**713'952**
Total financial liabilities	**609'744**	**779'491**

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

Following the receipt of the proceeds from the IPO in May 2022, the corporate loan at the level of the Company was fully repaid (CHF 32.9 million as at 31 December 2021) as well as other mortgage-secured bank loans (CHF 130.6 million), most of which on a temporary basis. Loans repaid on a temporary basis can be drawn back when needed. In addition, amortisation amounts for CHF 7.9 million were paid during 2022 and one loan was refinanced via another bank (CHF 45.3 million).

CHF ('000)/in %	31 Dec 2022	31 Dec 2021
Total mortgage-secured bank loans	595'966	765'704
Interest expenses (mortgage and swaps)	6'214	6'723
Weighted average interest rate at period end	1.0%	0.9%

The vast majority of the variable bank debt is based on a 1–3 month variable CHF-SARON interest rate. On the variable loans, which represent 57.8% of the total mortgage-secured bank liabilities as at 31 December 2022, the margins (excluding the reference rate) varied between 0.60% and 1.40% during 2022. Of the variable loans, 66.3% was hedged with swaps as at 31 December 2022. On the borrowing with fixed interest rates, those rates range between 0.53% and 1.35%.

The weighted average residual maturity of the mortgage-secured bank loans stood at 4.1 years as at 31 December 2022 compared to 5.0 years the year before.

End of 2021, EPiC 23 signed a loan agreement for CHF 70 million in relation to the development in Cheseaux-sur-Lausanne, subject to certain conditions precedent. No amounts were drawn as at 31 December 2022.

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

CHF ('000)	31 Dec 2022	31 Dec 2021
Due within 12 months	106'382	71'131
Due within 2 to 5 years	259'467	286'925
Due within 6 to 10 years	254'218	441'150
Total mortgage-secured bank loans including future interest	**620'067**	**799'206**

The following table shows the maturity profile of the lease liabilities including future interest:

CHF ('000)	31 Dec 2022	31 Dec 2021
Due within 12 months	897	865
Due within 2 to 5 years	3'310	3'465
Due within 6 to 10 years	3'624	3'643
Due after 10 years	13'539	14'264
Total lease liabilities including future interest	**21'370**	**22'237**

The tables below break down the changes in current and non-current financial liabilities between cash and non-cash effects:

	31 Dec 2021	Cash		Non-cash					31 Dec 2022
CHF ('000)		Inflow	Outflow	Accrued interest	FX impact	Changes lease	Additions (Disposals)	Reclassification	Total
		2022							
Non-derivative financial liabilities									
Current financial liabilities	65'539	46'000	(68'520)	6'224	-	-	39	52'612	101'894
Non-current financial liabilities	713'952	1'438	(156'313)	806	-	-	579	(52'612)	507'850
Shareholders' loans	6'587	-	(6'646)	59	-	-	-	-	-

	31 Dec 2020	Cash		Non-cash					31 Dec 2021
CHF ('000)		Inflow	Outflow	Accrued interest	FX impact	Changes lease	Additions (Disposals)	Reclassification	Total
		2021							
Non-derivative financial liabilities									
Current financial liabilities	120'766	-	(16'114)	6'736	-	-	(175)	(45'674)	65'539
Non-current financial liabilities	608'674	58'905	-	615	-	84	-	45'674	713'952
Shareholders' loans	5'093	11'000	(9'651)	145	-	-	-	-	6'587

20 Accrued expenses and deferred income

CHF ('000)	31 Dec 2022	31 Dec 2021
Accruals for property expenditures	3'889	4'000
Accruals for general expenses	1'652	1'530
Total accrued expenses	**5'541**	**5'530**
Rents received in advance	1'876	1'192
Down payments for ancillary costs	778	948
Total deferred income	**2'654**	**2'140**
Total accrued expenses and deferred income	**8'195**	**7'670**

The increase in total accrued expenses and deferred income is primarily driven by higher rents received in advance, as a major tenant prepaid its rent as well as paid for an option on the construction of building C in EPiC 19 (together CHF 0.7 million), which if exercised will be used as rent once the tenant moves in.

21 Derivative financial instruments

The fair value of derivative financial instruments (interest rate 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. The table below summarises the fair value and maturities of the swaps:

CHF ('000)	31 Dec 2022	31 Dec 2021
Within 12 months	3'336	(1'504)
Within 2 to 5 years	16'779	(1'057)
After 5 years	7'229	2'001
Total net positive (negative) fair value	**27'344**	**(560)**
Total contract value	**228'490**	**228'490**

The variable interest rate is based on 3-month CHF–SARON. As at 31 December 2022, CHF 228.5 million of swaps have a fixed interest leg of 0.0% (on top of which the margins of the variable loans are to be added).

22 Financial risk management

The group's principal financial liabilities, other than derivatives, are loans and borrowings. The main purpose of those are to finance the acquisition and development of the group's property portfolio. In addition, short term receivables, payables and cash balances arise from day-to-day operations.

Through its activities, EPIC Group is exposed to various financial risks, the main ones being: market risk (interest rate), credit risk and liquidity risk. Risks are monitored regularly and risk management is carried out by the Board of Directors and management.

EPIC Group's overall risk management approach focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on EPIC Group's financial performance. EPIC Group reviews and monitors its exposure and risks related to solvency, liquidity and interest rates.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices. This risk concerns the group's open positions in interest-bearing assets and liabilities, to the extent that these are exposed to general and specific market movements.

The interest rate risk can impact (a) the market value of financial instruments which are interest rate sensitive (fair value interest rate risk) and (b) future interest payments, as a result of fluctuations in the market interest rates (cash flow interest rate risk). The group's exposure to this risk relates primarily to its long-term debt obligations with floating interest rates. As at 31 December 2022, 80.5% of the total bank debt was hedged against interest fluctuations using swaps and fixed interest loans.

A change in interest rates by 0.1% on the mortgage-secured bank loans as at 31 December 2022 would only have a minor impact on the profit or loss.

The currency risk is limited as the group is only active in Switzerland and almost all the transactions are carried out in CHF, the functional currency of the EPIC Group entities.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to fulfil its obligation. Credit risk mainly arises from cash and cash equivalents held at banks, tenant receivables, other receivables and derivative financial assets.

Credit risk in connection with cash and cash equivalents held at banks is minimised by having those with several first rank institutions. With regard to rental agreements, credit risk is reduced via creditworthiness checks and by monitoring the age structure of outstanding amounts.

The maximum exposure corresponds to the carrying amounts of the individual financial assets including derivative financial assets as shown in the table below (CHF 50.4 million in 2022 and CHF 21.8 million in 2021):

CHF ('000)	31 Dec 2022	31 Dec 2021
Cash and cash equivalents	20'338	18'240
Tenant receivables	1'251	1'264
Other receivables	1'429	1'271
Other non-current financial assets	54	50
Total financial assets measured at amortised cost	**23'072**	**20'825**
Current derivative financial assets	3'336	-
Non-current derivative financial assets	24'008	970
Total financial assets measured at fair value	**27'344**	**970**
Total financial assets	**50'416**	**21'795**

The carrying amount of the financial assets measured at amortised cost is a reasonable approximation of fair value.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations when becoming due. Investment properties are refinanced when necessary via medium to long-term loans. Liquidity is monitored on a regular basis and the group benefits from the main shareholder's credit facility lines when needed.

The following table sets out the contractual maturities of the main financial liabilities held by the group:

CHF ('000)	2022 Carrying Amount	Less than 6 months	6 to 12 months	1 to 5 years	More than 5 years	Contractual total
Non-derivative financial liabilities (at amortised cost)						
Trade payables	1'422	1'422	-	-	-	1'422
Other payables	885	885	-	-	-	885
Accrued expenses	5'541	5'541	-	-	-	5'541
Financial liabilities (excluding lease liabilities)	595'952	102'274	4'177	259'384	254'218	620'053
Lease liabilities	13'792	432	465	3'310	17'163	21'370
Shareholders' loans	-	-	-	-	-	-
Total non-derivative financial liabilities	**617'592**	**110'554**	**4'642**	**262'694**	**271'381**	**649'271**
Derivative financial liabilities (classified as held for trading)						
Interest rate swaps	-	-	-	-	-	-

CHF ('000)	2021 Carrying Amount	Less than 6 months	6 to 12 months	1 to 5 years	More than 5 years	Contractual total
Non-derivative financial liabilities (at amortised cost)						
Trade payables	2'758	2'758	-	-	-	2'758
Other payables	878	878	-	-	-	878
Accrued expenses	5'530	5'530	-	-	-	5'530
Financial liabilities (excluding lease liabilities)	765'390	60'185	10'924	286'650	441'134	798'893
Lease liabilities	14'101	432	433	3'465	17'907	22'237
Shareholders' loans	6'587	-	-	6'587	-	6'587
Total non-derivative financial liabilities	**795'244**	**69'783**	**11'357**	**296'702**	**459'041**	**836'883**
Derivative financial liabilities (classified as held for trading)						
Interest rate swaps	1'530	786	718	629	(603)	1'530

Fair value of financial instruments

EPIC Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are 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 is calculated as the present value of future cash flows. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of the counterparties. It can be allocated to level 2 according to the fair value hierarchy described in Note 16.

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 241.5 million) differ by from their carrying value excluding issue costs (CHF 251.5 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 are recognised in the financial result.

Capital management
With total equity of CHF 818.4 million as at 31 December 2022, the group has a solid capital base (equity ratio of 52.4% in 2022 and 38.6% in 2021). Mortgage-secured bank loans (including interest) account for 38.1% of total assets as at year end 2022 (51.1% in 2021). 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 38.3% as at 31 December 2022 and 51.4% as at 31 December 2021). The adjusted net loan to value ratio (as defined in “Alternative Performance Measures”) amounts to 38.7% in 2022 and 51.9% in 2021.

23 Share capital and share premium

As at 31 December 2022, 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 (as at 31 December 2021, CHF 300’000 represented by 7’500’000 shares with a par value of CHF 0.04 fully paid in).

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 2022.

The share premium of CHF 466.9 million (gross of any IPO costs) as per the statutory balance sheet as at 31 December 2022 (CHF 279.1 million by the end of 2021) constitute 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 274.6 million as at 31 December 2022 were approved by the Swiss Federal tax Authorities on 3 October 2022 and 28 February 2023, while the Swiss capital contribution reserves of CHF 192.3 million (pre issuance costs) were confirmed under the reservation of the deduction of the issuance costs in the amount of CHF 8.1 million, net CHF 184.2 million.

As at 31 December 2022, CHF 4.2 million of IPO related costs (of which CHF 0.1 million were previously capitalised as at 31 December 2021), which represent the portion attributable to the newly issued shares, have been directly booked into the equity of the Company. IPO costs related to the existing shares (CHF 5.9 million) are expensed mainly in the administrative expenses (see Note 12).

The Company paid from the share premium a pre-IPO dividend of CHF 4.5 million in the first half year of 2022 (CHF 0.60 per share) and of CHF 3.0 million in 2021 (CHF 0.40 per share).

For the business year 2022, the Company's Board of Directors will propose a gross dividend per share of CHF 3.00 or CHF 31.0 million at the Annual General Meeting to be held on 26 April 2023.

24 Earnings per share ('EPS') and NAV per share

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

CHF ('000)/n CHF	2022	2021
Profit	56'373	77'486
Weighted average number of outstanding shares (in '000)	9'200	7'500
Basic and diluted EPS	6.13	10.33
Profit excluding revaluation effects	32'584	38'073
Basic and diluted EPS adjusted for revaluation effects	3.54	5.08

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

When the profit excluding revaluation effects is in addition adjusted for the one-off IPO costs of CHF 5.9 million, the corresponding basic and diluted EPS in 2022 would have amounted to CHF 4.18 per share.

The calculation of the profit excluding revaluations of properties and derivatives is in line with the EPRA earnings calculation, which provides the reconciliation with the reported profit (see "EPRA Performance Measures" in the annexes).

CHF ('000)/in CHF	31 Dec 2022	31 Dec 2021
Shareholders' equity	818'412	577'865
Number of outstanding shares at period end (in '000)	10'330	7'500
NAV per share	79.23	77.05
Shareholders' equity before net deferred taxes	933'732	688'006
NAV per share before net deferred taxes	90.39	91.73

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 %	31 Dec 2022	31 Dec 2021
Average equity	698'139	540'551
Return on equity	8.1%	14.3%
Return on equity excluding revaluation effects	4.7%	7.0%

The comparison of the return on equity ratios between 2022 and 2021 is distorted by the one-off IPO costs of CHF 5.9 million and capital increase in 2022 following the IPO.

25 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% are held by the public.

26 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).

Information on payables to shareholders are included in Note 18. Interest charges accrued to Alrov amounted to CHF 0.1 million in both years (see Note 13).

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.

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	2022	2021
EPIC UK	Advisory services	115	312
Total services by related parties		**115**	**312**
Short-term employee benefits			
– Ron Greenbaum	Chairman of the Board	136	85
– Other external board members		198	83
Post-employment benefits		20	10
Total remuneration of the Board of Directors		**354**	**178**
Short-term employee benefits		1'534	1'249
Share-based payment benefits		192	-
Other long-term benefits		78	-
Post-employment benefits		276	165
Total remuneration of management[1]		**2'080**	**1'414**

[1] Total remuneration of management for the period 25 May to 31 December 2022 amounts to TCHF 1'512

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 2022 versus CHF 0.3 million in 2021. This arrangement was terminated with effective date 30 April 2022.

As at 31 December 2022 there were no outstanding balances in relation to services rendered by related parties (TCHF 32 as at 31 December 2021).

The Company has adopted a management incentive plan for the Group Executive Management that came into effect on the first day of trading and apply as of the year ending 31 December 2022. 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) (excluding any one-off IPO costs) divided by the average IFRS equity for the year. 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 paid 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.

The shareholders' meeting has also approved 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.

27 Contingencies and commitments

As at 31 December 2022, capital commitments from concluded contracts for future developments, construction investments as well as investment properties under renovation totaled about CHF 92.1 million (CHF 12.2 million in 2021), the majority of which relates to the Implenia contract signed in July 2022.

Apart from as disclosed elsewhere in the consolidated financial statements, EPIC Group has no other contingencies.

28 Events after the reporting date

CHF 75.1 million of short term mortgage-secured bank loans as at 31 December 2022 were renewed with maturities of 5 or 7 years and were kept either variable or fixed with interest rates below 2.3%.

29 Significant accounting policies

Real estate properties

Real estate properties (reported under non-current assets) are owned properties and properties held under a lease which are held and managed for long term rental yields and capital appreciation. They are classified as investment properties under IAS 40, including properties that are being constructed or developed for future use as investment property.

During 2022, the group owned 25 properties, which were the object of 28 separate valuations as at 31 December 2022, following the split of two properties (EPiC 19 & EPiC 21) into two categories, in line with the stage of completion of the various phases of development (see annexes) and the separate valuation of the newly acquired property in Tolochenaz (EPiC 24) which is considered as an extension of the property in Tolochenaz (EPiC 7). EPIC's Group's portfolio can be divided into four categories.

– Retail properties
This category encompasses properties whose main source of income relates to retail and shopping centres. They consist of 8 assets as at 31 December 2022 (8 in 2021).

– Office properties
Those properties mainly generate revenues from the rental of offices. With the exception of two properties, all other properties are recent with construction's years from and after 2002. Out of those two older properties, buildings A&B (EPiC 19), which were originally constructed in 1996 and 1950, were completely refurbished including reinforcements of the foundation. During the year 2022, this category comprised 12 assets (12 as at 31 December 2021).

– Logistics/industrial properties
This category includes logistics or light industrial buildings. As at 31 December 2022 this category comprised 5 assets including the new acquisition of EPiC 24 (4 in 2021).

– Properties under development/construction
Properties classified as investment properties under development/construction are generally non-yielding properties (i.e. no material income is generated throughout the construction/development phase), which require substantial work either for construction, renovation or conversion purposes or have been granted a building permission with construction to start in the near future. Following completion, the property is reclassified as either retail, offices, logistics/industrial. During the year 2022, there were three assets in this category (3 in 2021).

A property initially classified under one category might be moved to another category if its purpose has changed, following changes of circumstances.

Investment properties are initially valued at cost at the time of initial recognition including directly attributable transaction costs. After initial recognition, they are recognised at fair value and the changes in value are recognised as revaluation gains or losses, respectively, in the consolidated statement of profit or loss.

Subsequent expenditures are capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other costs (including repairs and maintenance) are expensed when incurred. When part of an investment is replaced, the carrying amount of the replaced part is derecognised.

The fair value of the properties as at the reporting date is determined by recognised external real estate valuation experts using recognised valuation techniques and the principles of IFRS 13. These valuations form the basis for the carrying amounts in the consolidated financial statements. Properties that are being redeveloped for continuing use as investment property continue to be measured at fair value.

A property is derecognised upon disposal or when the property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Derivative financial instruments
Derivative financial assets and liabilities are classified as financial assets or liabilities at fair value through profit or loss. They comprise interest rate swaps for hedging purposes (economic hedge). They are derecognised when the obligation under liability is discharged, cancelled or expires.

EPIC Group does not apply hedge accounting in accordance with IFRS. Recognition of the derivative financial instruments takes place when the contracts are entered into. They are measured at fair value. Gains or losses on derivatives in relation to fair value changes are recognised in the profit or loss under Financial result.

Rental income
EPIC Group is the lessor in operating leases. Rental income from operating leases of investment property is recognized in profit or loss on a straight-line basis over the term of the lease and presented as rental income from real estate properties in the consolidated statement of profit or loss. Rental income which is based on the lessee's revenue is recognised when it arises.

If the tenants are provided with significant incentives (e.g. long rent free periods), the cost of such incentives is recognised over the lease term on a straight-line basis as an adjustment of the rental income.

The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where management expects that it is reasonably certain that the tenant will exercise that option. The lease term includes also periods covered by an option to terminate the lease if management expects that it is reasonably certain that the tenant will not exercise that option. Initial direct costs incurred in relation to the negotiation and arrangement of an operating lease are added to the carrying amount of the underlying asset.

At present, EPIC Group has no rental agreements considered as finance leases.

Direct expenses related to investment properties
Direct expenses contain all costs which can be directly attributed to the investment properties. They mainly relate to maintenance, ancillary and energy, external property management, insurance and property taxes that cannot be passed on to the tenants.

Financial result
Finance income comprises interest income on loans granted, foreign currency gains and revaluation gains on derivatives that are recognised in the consolidated statement of profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expenses on borrowings and lease liabilities, revaluation losses on derivatives, foreign currency losses and other finance costs. Interest on loans taken out to finance investment properties under construction is not capitalised over the construction period because such investment properties are measured at fair value.

Tenant receivables
The tenant receivables are classified as financial assets at amortized cost, because they meet the solely payments of principal and interest criterion in IFRS 9 and the objective is to hold the receivables and collect the contractual cash flows. Their amortized costs equal their nominal value.

Impairment is recognised for expected credit losses. The expected credit losses are determined by an analysis of each individual tenant.

Cash and cash equivalents
Cash and cash equivalents comprise cash at hand, cash at bank and short-term deposits with an original term of less than three months. These are recognised at nominal value and classified as financial assets at amortized costs under IFRS 9. The cash funds in the consolidated statement of cash flows are defined according to the above definition.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the calculated expected credit loss was immaterial and therefore no valuation allowance has been recognised.

Other tangible assets

Other tangible assets include property, plant and equipment and are recognised at acquisition cost less accumulated depreciation and any accumulated impairment losses. Expenses for repairs and maintenance are charged directly to the consolidated statement of profit or loss. Depreciation is calculated according to the straight-line method based on the economic useful life.

Non-derivative financial liabilities

Non-derivative financial liabilities include outstanding mortgage-secured bank loans, temporary bank overdrafts, accrued mortgage interests, trade payables and other payables which are financial instruments and classified as subsequently measured at amortised cost under IFRS 9. A long-term financial liability is one on which the agreed residual maturity is longer than twelve months. All other agreements are classified as short-term, including amortisation payments that are due within twelve months of the reporting date.

The initial recognition is at fair value less directly attributable transaction costs for the bank loans. No borrowing costs were capitalised in the reporting period. Subsequently, financial liabilities are measured at amortised cost using the effective interest method, with the difference between the amount to be repaid and the carrying amount being amortised over the term and recognised in the profit and loss.

The real estate properties are collateralised as security for the amount of the remaining balance of the mortgages.

Income tax expenses

Income tax expenses comprises both the current and deferred tax. They are recognised in profit or loss, except to the extent that they relate to items recognised directly in equity or in other comprehensive income, in which case the corresponding expense is recognised directly in equity or other comprehensive income. Annual capital taxes and property taxes are not income taxes and are recognised in operating expenses and direct expenses related to properties respectively.

Current income taxes include the expected taxes payable on the relevant taxable result, calculated using the relevant tax rates, capital gains taxes on property sales effected and any adjustments to tax liabilities or assets from previous years.

Deferred taxes are recognised using the balance sheet liability method for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases in the tax balance sheet. Measurement of deferred taxes takes account of the point in time when the asset or liability is expected to be realised or settled and the manner in which carrying amounts are expected to be recovered or settled. The tax rates used are those that are enacted or substantially enacted at the reporting date.

Deferred capital gains on investment properties, depending on the canton, are subject to corporate income tax or real estate capital gains tax at the cantonal level. Recaptured depreciation is always subject to corporate income tax. The real estate capital gains taxes are calculated using the actual current tax rates applicable at balance sheet date (or the near future as confirmed by the respective canton) and the estimated holding period.

Furthermore, the capital gains are subject to ordinary income tax at the federal level. 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.

Deferred tax assets arising from deductible temporary differences and tax losses are only recognised to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Equity

Share capital consists of ordinary shares and is reported as equity since there is no repayment obligation and no dividend guarantee. External costs directly attributable to the issuance of new shares are shown as a deduction, net of tax, in equity from the proceeds. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings of the Company. Dividends are recognised as a liability as soon as they are approved by the General Meeting and become then due.

Share premium is recognised when new shares are being issued and represent the difference between the nominal value and issuing value of shares minus directly attributable issuance costs after tax.

Retained earnings include amounts which were formed from the undistributed net profit in the financial year or in prior financial years and other comprehensive income.

Pension

The defined benefit liability is calculated by an independent actuary using the projected unit credit method. The discount rate used for the calculation is based on interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Re-measurement gains or losses are recognized in other comprehensive income. Pension costs relating to services rendered in the reporting period are recognized in profit or loss as current service costs. The net interest expense on the net defined benefit liability for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. The fair value of plan assets is deducted from the defined benefit obligation.

Property details

Legal entity	Property name	Address	Zip	City	Canton	Ownership
Retail						
EPiC 1	Le Forum	Place du Marché 6	1820	Montreux	Vaud	P by F – 50%
EPiC 3	Wiggis-Park	Molliserstrasse 41	8754	Netstal	Glarus	Sole owner
EPiC 3	Florapark	Florastrasse 1	8800	Thalwil	Zurich	P by F – 48%
EPiC 5	Tägipark	Jurastrasse 42	5430	Wettingen	Aargau	Sole owner
EPiC 7	Markt am Bohl	Bohl 9	9000	St. Gallen	St. Gallen	Sole owner
EPiC 10	Uster West	Winterthurerstrasse 18	8610	Uster	Zurich	Sole owner
EPiC 10	"Zänti" Volketswil	Im Zentrum 18	8604	Volketswil	Zurich	Sole owner
EPiC 16	En Noyer-Girod	En Noyer-Girod 2-12	1063	Etoy	Vaud	Sole owner
Offices						
EPiC 7	Lake Geneva Center B	Route de la Longeraie 7	1110	Morges	Vaud	Sole owner
EPiC 9	Provencenter	Avenue de Provence 82	1007	Lausanne	Vaud	Sole owner
EPiC 9	Office Building Lutry	Rue de Remparts 2	1095	Lutry	Vaud	Owner of building Parking – P by F
EPiC 9	com.West	Hardturmstr. 123/125/127/129 Förrlibuckstr. 70/72	8005	Zürich	Zürich	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

Construction Year	Renovation Year	Extension Year	m² 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	11'323	1'089	-	2'139	14'551	551
2002	-	-	20'506	6'746	-	-	-	6'746	219
			127'523	85'661	6'120	-	12'357	104'138	2'458
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	144
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	-	3'599	13'045	191
			55'427	3'203	79'530	-	13'418	96'151	1'059
1972 1967	-	-	80'359	-	302	41'897	-	42'199	362
1987	2019	2015	6'007	-	276	7'556	-	7'832	65
1989	-	-	11'132	-	-	19'079	138	19'217	158
1920	2013	-	79'208	-	-	55'037	-	55'037	-
			176'706	-	578	123'569	138	124'285	585
			359'656	**88'864**	**86'228**	**123'569**	**25'913**	**324'574**	**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. Tenant of Building B exercised its option to take building C with a option to return 4 out of 6 floors by 31 March 2023. Construction expected to start in the first half of 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, which EPIC Group estimates to take another 6 to 12 months.	Estimated 2025–2026

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

Expiry of investment properties' lease contracts based on 31 December 2022 rent before any incentives

Year	Excluding the exercise of any early break option
2023	5.9%
2024	7.4%
2025	8.6%
2026	4.8%
2027	5.6%
2028	7.6%
2029	5.4%
2030	10.1%
2031	12.3%
2032	3.4%
2033+	28.9%
Total	**100.0%**

Key information for investment properties in operation for 2022 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 year end m^2
Retail	576'900	(8'987)	22'067	25'931	4.5%	5.3%	7'273
Offices	658'896	3'066	23'916	30'161	4.6%	7.3%	7'232
Logistics/ industrial	211'965	1'854	9'197	10'140	4.8%	2.5%	544
Total	**1'447'761**	**(4'067)**	**55'180**	**66'232**	**4.6%**	**5.8%**	**15'049**

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	24'742	754	25'496	(2'675)	22'821	4.3%
Offices	26'842	435	27'277	(2'926)	24'351	4.1%
Logistics/ industrial	9'891	94	9'985	(694)	9'291	4.7%
Total	**61'475**	**1'283**	**62'758**	**(6'295)**	**56'463**	**4.2%**

EPRA Performance Measures

Summary table EPRA Performance Measure

Measure		Unit	2022	2021
A	EPRA Vacancy Rate	%	5.8%	7.6%
B	EPRA Earnings	CHF ('000)	32'584	38'073
	EPRA Earnings per share	CHF	3.54	5.08
		Unit	31 Dec 2022	31 Dec 2021
C	EPRA NRV	CHF ('000)	922'133	708'116
	EPRA NRV per share	CHF	89.27	94.42
	EPRA NTA	CHF ('000)	843'841	631'067
	EPRA NTA per share	CHF	81.69	84.14
	EPRA NDV	CHF ('000)	826'805	579'558
	EPRA NDV per share	CHF	80.04	77.27

A) EPRA Vacancy Rate

CHF ('000)/in %	2022	2021
Estimated rental value of vacant space (A)	3'818	4'912
Estimated rental value of the whole portfolio (B)	66'232	64'873
EPRA vacancy rate (A/B)	**5.8%**	**7.6%**

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)		2022	2021
Earnings according to the consolidated statement of profit or loss		**56'373**	**77'486**
Adjustments for:			
(i)	Changes in value of investment properties, development properties held for investment and other interests	(936)	(48'860)
(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	(27'904)	(3'866)
(vii)	Acquisition costs on share deals and non-controlling joint venture interests	n/a	n/a
(viii)	Deferred tax in respect of EPRA adjustments	5'051	13'313
(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		**32'584**	**38'073**
Weighted average number of outstanding shares during the period (in '000)		9'200	7'500
EPRA earnings per share in CHF		**3.54**	**5.08**

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.

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

		31 Dec 2021		
CHF ('000)		EPRA NRV	EPRA NTA	EPRA NDV
Equity (NAV) according to the consolidated statement of financial position		**577'865**	**577'865**	**577'865**
Dilution effects		n/a	n/a	n/a
Diluted equity (NAV)		**577'865**	**577'865**	**577'865**
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		**577'865**	**577'865**	**577'865**
Exclude:				
v)	Deferred tax in relation to fair value gains of IP	104'209	52'105	
vi)	Fair value of financial instruments	560	560	
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			1'693
x)	Revaluation of intangibles to fair value	n/a		
xi)	Real estate transfer tax	25'482	546	
EPRA NAV		**708'116**	**631'067**	**579'558**
Fully diluted number of shares (in '000)		7'500	7'500	7'500
EPRA NAV per share in CHF		**94.42**	**84.14**	**77.27**

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

KPMG

Statutory Auditor's Report

To the General Meeting of EPIC Suisse AG, Zurich

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of EPIC Suisse AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 73 to 119) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with the provisions of article 17 on the Directive on Financial Reporting (DFR) of SIX Swiss Exchange and with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

VALUATION OF REAL ESTATE PROPERTIES

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG AG

Zurich, 22 March 2023

KPMG

VALUATION OF REAL ESTATE PROPERTIES

Key Audit Matter

Real Estate properties form a substantial part of the consolidated balance sheet and showed an overall fair value of CHF 1'502 million as at 31 December 2022.

The Group's total real estate properties are valued at fair value as at the balance sheet date. The valuation is based on the external valuation expert's report. The fair value estimates performed every six months using the discounted cash flow model are significantly influenced by assumptions and estimates with regard to the expected future cash flows and the discount rate used for each property depending on its individual rewards and risks.

Our response

In the course of our audit, we assessed the external valuation expert's competence and independence. We met with the external valuation expert regarding the valuation of the real estate properties and discussed the valuation methodology and selected input factors applied in the valuation. We used our own real estate valuation specialists to support our audit procedures.

In collaboration with these specialists we performed analytical procedures on the total population of the real estate properties and conducted our own valuations on a sample basis. The sample of properties was identified based on quantitative and qualitative factors.

For this sample, we performed, amongst others, the following audit procedures:

- evaluating the methodical accuracy of the model used to determine the fair value;
- challenging the most important input factors applied in the valuation (such as discount rates, market rents, vacancy rates, operating and maintenance cost, and renovation capital expenditures) by comparing them with past figures, benchmarks, publicly available data and our own market assessments.

For further information on the valuation of real estate properties refer to the following:

— Note 16 Real estate properties

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Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the standalone financial statements of the company, the compensation report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

KPMG

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Reto Benz Licensed Audit Expert Auditor in Charge	Daniel Gehring Licensed Audit Expert

Zurich, 22 March 2023

wüestpartner

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Executive Board
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Regulated by RICS

Zurich, 21 February 2023

Valuation as of 31 December 2022 – Independent valuer's report

Reference
105868.2022-12

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 31 December 2022 (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.

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

Main market, active and most advantageous market

Implementation of fair value

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

Highest and best use

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

Materiality in relation to the highest and best use approach

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

Fair value hierarchy

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

Valuation level for property valuations

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

Valuation approach

Market rents, vacancy levels and discount rates are defined as significant input factors. These factors are influenced to a varying degree by market developments. If the input factors change, the property's fair value also changes. For each

Significant input factors, influence on fair value 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 the properties at least once every three years as well as following purchase and upon completion of larger refurbishment and investment projects.

Results

As of 31 December 2022, 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 CHF 1,491,796,000 as of 31 December 2022.

Changes during reporting period

During the reporting period from the 1 January 2022 to the 31 December 2022 one property was purchased and classified to the investment properties in operation:
— Tolochenaz, Route de la Petite Caroline 13 (EPiC 24).

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, 21 February 2023

Jan Bärthel MRICS
Partner

Moritz Menges MRICS
Director

wüestpartner

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	576'900	Discount rates (real)	Percent	2.80%	3.38%	3.85%
Level 3		Achievable long-term market rents	CHF/m^2 p.a.	179	249	352
DCF		Structural vacancy rates	Percent	3.50%	4.79%	5.20%
Offices	648'810	Discount rates (real)	Percent	2.65%	3.10%	3.80%
Level 3		Achievable long-term market rents	CHF/m^2 p.a.	273	300	359
DCF		Structural vacancy rates	Percent	4.00%	5.58%	7.20%
Logistics/Industrial	211'965	Discount rates (real)	Percent	3.30%	3.58%	3.75%
Level 3		Achievable long-term market rents	CHF/m^2 p.a.	85	104	232
DCF		Structural vacancy rates	Percent	5.00%	5.10%	5.80%
Under development/construction	54'121	Discount rates (real)	Percent	3.60%	3.88%	4.00%
Level 3		Achievable long-term market rents	CHF/m^2 p.a.	189	196	296
DCF		Structural vacancy rates	Percent	5.00%	5.00%	5.00%

Calculation

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

The valuations were based on the following general assumptions:
- The rent rolls from EPIC used in the valuation are dated 1 January 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 2.65% and 4.00% depending on the property, use and location (please see table above).
- Unless otherwise stated, the valuations assume 1.0% 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.

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Statement of profit or loss

CHF ('000)	2022	2021
Income from guarantee fees	134	193
Total income	**134**	**193**
Remuneration of the Board of Directors	(354)	(178)
Insurances	(89)	(13)
Infrastructure and service costs	(474)	(68)
Accounting and audit charges	(299)	(90)
Legal and tax consulting charges	(541)	(147)
Capital market transaction costs	(9'122)	-
Other consulting charges	(534)	(98)
Other operating and administration costs	(150)	9
Other operating expenses	**(11'209)**	**(407)**
Capital tax expenses	(79)	(49)
Reversal of impairment on participation	-	100
Profit (loss) from operations	**(11'508)**	**(341)**
Third-party loan interests	(228)	(332)
Interest payable to group companies	(59)	(465)
Interest income from subsidiary company	1'791	736
Guarantee costs	(70)	(164)
Bank charges and other financial expenses	(45)	(3)
Net financial result	**1'389**	**(228)**
Profit (loss) before taxes	**(10'119)**	**(569)**
Income taxes	-	-
Profit (loss) for the year	**(10'119)**	**(569)**

Balance sheet

CHF ('000)	31 Dec 2022	31 Dec 2021
ASSETS		
Current assets		
Cash and cash equivalents	132	155
Other short-term receivables		
value added tax	19	8
from group companies	104	108
Prepaid expenses		
others	325	79
Total current assets	**580**	**350**
Non-current assets		
Financial assets		
participations	312'427	312'427
loan to subsidiary companies	151'480	35'994
Intangible assets		
intellectual property	9	9
Total non-current assets	**463'916**	**348'430**
Total assets	**464'496**	**348'780**

Balance sheet (continued)

CHF ('000)	31 Dec 2022	31 Dec 2021
LIABILITIES		
Current liabilities		
Trade payables	39	17
Current interest-bearing liabilities		
third-party loan	-	3'000
Other current liabilities		
to third parties	10	5
to group companies	100	210
Accrued expenses and deferred income		
third-party loan interests	-	1
to board members	89	35
others	214	135
Total current liabilities	**452**	**3'403**
Non-current liabilities		
Non-current interest-bearing liabilities		
third-party loan	-	29'900
loan from parent company	-	6'587
loan from subsidiary company	-	22'672
Total non-current liabilities	**-**	**59'159**
Total liabilities	**452**	**62'562**
EQUITY		
Share capital	413	300
Legal capital reserves		
Swiss capital contribution reserves (Inländische Kapitaleinlagereserven)	192'332	-
Foreign capital contribution reserves (Ausländische Kapitaleinlagereserven)	274'617	279'117
Retained earnings ((loss)/profit)	(3'318)	6'801
Total shareholders' equity	**464'044**	**286'218**
Total liabilities and shareholders' equity	**464'496**	**348'780**

Notes to the holding financial statements

EPIC Suisse AG (the "Company"), EPIC Group's holding company, was founded on 5 December 2016 and is domiciled in Zürich, canton Zürich.

Summary of Significant Accounting Policies

The financial statements have been prepared on a historical cost basis and in accordance with the Swiss Code of Obligations (articles 957 to 962 CO).

In implementing the accounting policies described above, the Board of the Company must, in certain instances, make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates are based on historical experience and other factors that are considered to be relevant.

In compliance with the prudence principle of the Swiss accounting principles, depreciation and provisions may exceed the actual amounts considered to be necessary on a pure economic basis.

Number of Employees

The Company does not employ any employees.

Description of the significant financial positions

Shareholder's equity
As at 31 December 2022, the share capital comprises 10'330'076 registered shares (previous year: 7'500'000 registered shares) with a par value of CHF 0.04 each.

Following the listing of the shares of the Company on the SIX Swiss Exchange on 25 May 2022 (the "IPO"), the equity of the Company was increased by CHF 192.4 million, thereof CHF 113'203.04 relates to the share capital and CHF 192'331'964.96 to the Swiss capital contribution reserves.

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. This conditional capital had not been drawn on as at the balance sheet date (Article 3a of the Articles of Association).

Significant shareholders' participations
As at the reporting date, the following shareholders known to the Company with participations of 3% or more of the voting rights are indicated below:

CHF ('000)	31 Dec 2022	31 Dec 2021
Alrov Properties & Lodgings Ltd.	56.5%	77.8%
EPIC Luxembourg SA, Luxembourg	16.1%	22.2%
UBS Fund Management (Switzerland) AG	3.1%	-

Alrov Properties & Lodgings Ltd. and EPIC Luxembourg S.A. have entered into lock-up undertakings for a period of 12 months following the listing of the Company.

Shareholdings of the members of the Board of Directors and the Group Executive Management
As per the reporting date, the members of the Board of Directors and Group Executive Management (including their related parties) held directly or indirectly the following share positions in the Company:

Name	Number of shares	Participation
Ron Greenbaum, Chairman	1'664'925	16.12%
Stefan Breitenstein, Lead Independent Director	5'000	0.05%
Leta Bolli Kennel, Director	2'500	0.02%
Andreas Schneiter, Director	-	-
Total Board of Directors	**1'672'425**	**16.19%**
Erick Parizer, CEO	750	0.01%
Valérie Scholtes, CFO	1'000	0.01%
Philipp Küchler, Portfolio Director	400	0.00%
Total Group Executive Management	**2'150**	**0.02%**

Capital contribution reserves
Swiss capital contribution reserves
Swiss capital contribution reserves in the amount of CHF 192'331'964.96 were created as share premium in connection with the IPO and related capital increases in 2022. The respective declaration on Form 170 has been filed with the Swiss Federal Tax Authorities ("SFTA") on 25 July 2022. According to the current practice of the SFTA, the costs of issuing new shares should be charged against the capital contribution reserves (reduction of capital contribution reserves). In the case of the Company, the SFTA indicated that they would qualify the notary and commercial register fees, the stamp duty and other further transaction costs such as the banks' base fee, together amounting to CHF 8'119'660.71, as issuance costs ("Ausgabekosten") which reduce the capital contribution reserves for tax purposes. This practice is controversial. Whether issuance costs do reduce the capital contribution reserves for tax purposes, is an issue pending at the Federal High Court. Should the court confirm that the issuance costs do not need to be offset against capital contribution reserves, the SFTA will confirm the amount of capital contribution reserves before deduction of issuance costs. The SFTA confirmed the Company's Swiss capital contribution reserves on 28 February 2023 under reservation of the deduction of the issuance costs in the amount of CHF 8'119'660.71, i.e. net CHF 184'212'304.25.

Foreign capital contribution reserves
The foreign capital contribution reserves were created in 2016 by contributing the participations in two Luxembourg holding companies into the Company. The current foreign capital contribution reserves as per 31 December 2022 in the amount of CHF 274,617,146.78 were confirmed by the SFTA on 3 October 2022 and 28 February 2023.

These foreign capital contribution reserves can be distributable free of withholding tax, irrespective of the availability of any other reserves or taxable profit, preconditioned that they are booked on a separate account in the financial statements and approved by the SFTA.

The Company paid from the foreign capital contribution reserves a pre-IPO dividend of CHF 4.5 million in 2022 or CHF 0.60 per share (previous year: CHF 3.0 million or CHF 0.40 per share).

Investments

At incorporation, the Company acquired from the founding shareholders, in line with two contribution in kind agreements dated 5 December 2016, fully paid in shares in two Luxembourg entities, P.I.H. Property Investment Holdings Luxembourg S.A, Luxembourg ("PIH") and Bionature S.à.r.l., Luxembourg ("Bionature").

EPiC TWENTY Property Investment AG ("EPiC 20") and EPiC TWENTY-ONE Property Investment AG ("EPiC 21"), both in Zurich, have been incorporated on 21 November 2017 and 4 September 2018, respectively.

On 11 June 2019, Bionature was merged into PIH with retroactive effect 1 January 2019. In exchange of all assets and liabilities at book value in Bionature, PIH issued 3'192 new shares to the Company. The table below summarises the cost of the participations held by the Company at acquisition and year end:

CHF ('000)	Cost at acquisition
33'572 shares, representing 100% voting rights and capital rights in PIH, with no nominal value at the issue price of CHF 9'300.2248 (rounded) each (following the merger)	312'227
Total contributions in kind	**312'227**
1'000 shares, representing 100% voting rights and capital rights in EPiC 20, with a nominal value of CHF 100.00 each	100
1'000 shares, representing 100% voting rights and capital rights in EPiC 21, with a nominal value of CHF 100.00 each	100
Total cost of investments	**312'427**

Interest-bearing liabilities to third parties

CHF ('000)	31 Dec 2022	31 Dec 2021
Current-interest-bearing liabilities	-	3'000
Non-current-interest-bearing liabilities	-	29'900
Total interest-bearing liabilities to third parties	**-**	**32'900**

On 19 June 2020, the Company entered into a bank facility with UBS Switzerland AG (the "UBS Facility") in the maximum amount of CHF 32.9 million in order to refinance certain existing shareholder loans within the group. The UBS Facility had a final maturity date of 30 June 2027, however, became fully repayable upon IPO.

The UBS Facility was fully repaid on 7 June 2022 with effective date 30 June 2022.

Contingent liabilities

As at 31 December 2022, the Company acts as a guarantor in relation to several guarantee agreements:

1. With effective date 1 July 2017, the Company entered as guarantor into a Parent Guarantee agreement with PIH, as borrower, and several group companies as lenders. The actual amounts guaranteed cannot exceed CHF 38 million in aggregate (previous

year: CHF 78 million). As at 31 December 2022, the aggregate actual amount guaranteed amounted to CHF 20.8 million (previous year: CHF 34.7 million).

2. In 2021 the Company entered into a guarantee agreement with one of its direct subsidiaries and its financing bank. As the related bank loan was reduced under a certain agreed amount on 30 June 2022, the guarantee agreement does not apply anymore from 1 July 2022 on (previous year: CHF 5.0 million).

3. In addition, the Company accepted to act as a guarantor for up to CHF 24 million vis-à-vis a financing bank in relation to a construction loan agreement signed by one of PIH's subsidiaries. As at year end no amount was drawn under this loan agreement (still subject to certain conditions precedent).

Similarly, the Company was also charged guarantee fees by PIH and two of its indirect subsidiaries in relation to the UBS Facility for the securities provided until full repayment of such facility on 30 June 2022.

Subsequent events
No material event occurred after the balance sheet date that would require disclosure.

There are no additional disclosures according to article 959c Swiss Code of Obligations.

Appropriation of available earnings and legal capital reserves

For the financial year 2022, the Company will propose at the Annual General Meeting of 26 April 2023 to distribute a gross dividend of CHF 31.0 million (or CHF 3.00 per share) from the foreign capital contribution reserves.

If the proposal is approved, the statutory retained earnings and legal capital reserves will change as follows:

CHF ('000)	31 Dec 2022	31 Dec 2021
Profit (loss) carried forward	6'801	7'370
Profit (loss) for the period	(10'119)	(569)
Accumulated profit (loss) to be carried forward	**(3'318)**	**6'801**
Legal capital reserves		
Swiss capital contribution reserves	192'332	-
Foreign capital contribution reserves	274'617	279'117
Release of foreign capital contribution reserves for dividend distribution purposes	(30'990)	(4'500)
Legal capital reserves to be carried forward	**435'959**	**274'617**

KPMG

Statutory Auditor's Report

To the General Meeting of EPIC Suisse AG, Zurich

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of EPIC Suisse AG (the Company), which comprise the balance sheet as at 31 December 2022, and the profit or loss account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 131 to 137) comply with Swiss law and the Company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the standalone financial statements of the Company, the compensation report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

— Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

KPMG AG

Reto Benz
Licensed Audit Expert
Auditor in Charge

Daniel Gehring
Licensed Audit Expert

Zurich, 22 March 2023

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 31 December 2022 and 31 December 2021 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 amortization
EBITDA or EBITDA (incl. revaluation of properties)	Earnings before interest, tax, depreciation and amortization including net gain (loss) from revaluation of properties
EBITDA (excl. revaluation of properties)	Earnings before interest, tax, depreciation and amortization 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 of 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 amortization
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 Vaud)
Internal rate of return (IRR)	Total shareholder return (IRR) is IFRS NAV appreciation and dividends paid expressed as an annualized 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 (see EPRA earnings on page 117)

Reported vacancy rate (properties in operation)	Vacancy of the properties in operation divided by target rental income of the properties in operation
Return on equity (excl. revaluation effects)	Profit after tax before other comprehensive income excluding revaluation of properties and derivatives and related deferred taxes 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 annualized contractual rental income for rental contracts that started during the relevant financial period

Investor Relations Information

Agenda

27 March 2023	Publication Annual Report 2022
26 April 2023	Annual General Meeting of Shareholders 2023
24 May 2023	Publication of selected numbers – YTD 31 March 2023
21 August 2023	Publication Half-Year Report 2023
23 November 2023	Publication of selected numbers – YTD 30 September 2023

Information regarding registered shares as at 31 December 2022

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 capitalization	CHF 656.0 million
Closing price end of period	CHF 63.50

Other information

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

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Imprint/Disclaimer

Disclaimer and declaration of forward-looking statements

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

EPIC Suisse AG uses certain key figures to measure its performance that are not defined by IFRS. These alternative performance measures may not be comparable to similarly titled measures presented by other companies. Additional information on these key figures and alternative performance measures can be found on page 141 of this report.

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