



EPIC SUISSE

# Half-Year Report 2023

Conference call presentation, 21 August 2023

## Disclaimer

This publication contains 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.

The information contained in this presentation does not purport to be comprehensive. Please refer to our consolidated interim financial statements for the period ended 30 June 2023 on our website at

<https://ir.epic.ch/en/financial-reports/>

## Alternative performance measures

This presentation contains references to operational indicators, such as reported vacancy rate, adjusted vacancy rate and WAULT, and alternative performance measures ("APM") that are not defined or specified by IFRS, including EBITDA (incl. revaluation of properties), EBITDA (excl. revaluation of properties), net operating income, return on equity (incl. revaluation effects), return on equity (excl. revaluation effects), profit (excl. revaluation effects), net loan

to value (LTV) ratio. These APM should be regarded as complementary information to and not as substitutes of the Group's consolidated financial results based on IFRS. These APM may not be comparable to similarly titled measures disclosed by other companies. For the definitions of the main operational indicators and APM used, including related abbreviations, please refer to the section "Alternative Performance Measures" on page 50 of our Half-Year Report 2023.

Except if indicated otherwise, all numbers are shown according to the unaudited consolidated interim IFRS financial statements per 30 June 2023. APM are shown based on the sector in which the properties belonged to during the period (i.e. before any transfers between sectors if any).

## Other Data

Certain numerical figures set out in this presentation, including financial data presented in millions or thousands, certain operating data, percentages describing shares and industry data, have been subject to rounding adjustments and, as a result, the totals of the data in this presentation may vary slightly from the actual arithmetic totals of such information.

## Glossary

A glossary of alternative performance measures have been included in the appendix for ease of reference.

# Half-Year Report 2023

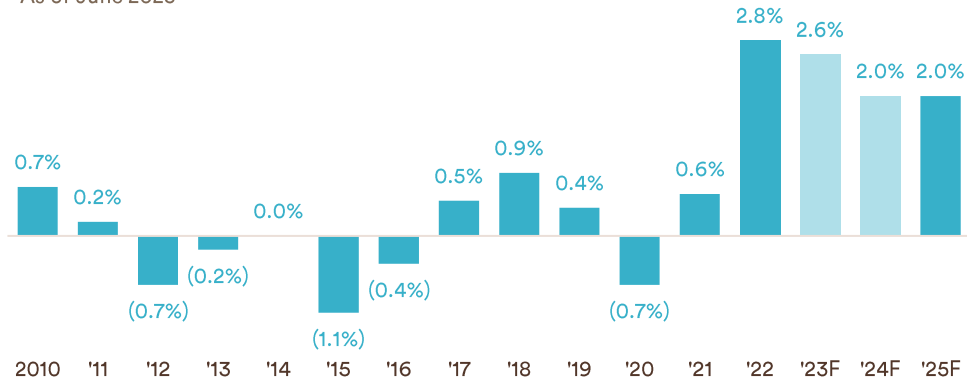
## Agenda

- Market overview
- EPIC at a glance
- Highlights
- Key figures
- Developments
- Outlook

# Switzerland macroeconomic outlook

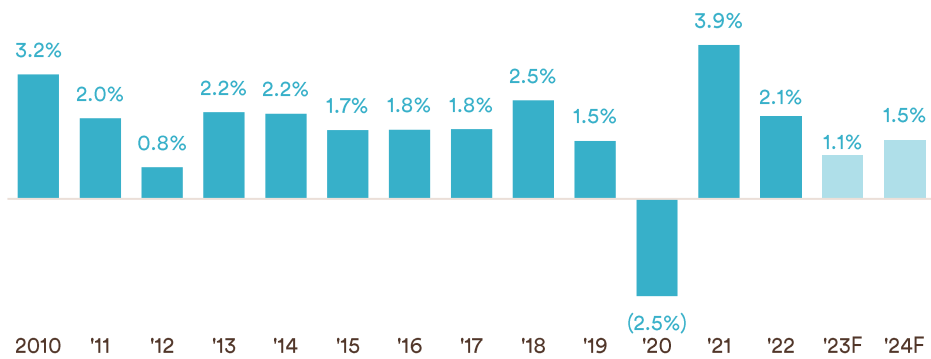
## Swiss Consumer Price Index (CPI) with forecast data<sup>(1)</sup>

As of June 2023



## Annual growth of real Swiss gross domestic product (GDP) with forecast data<sup>(2)</sup>

As of June 2023



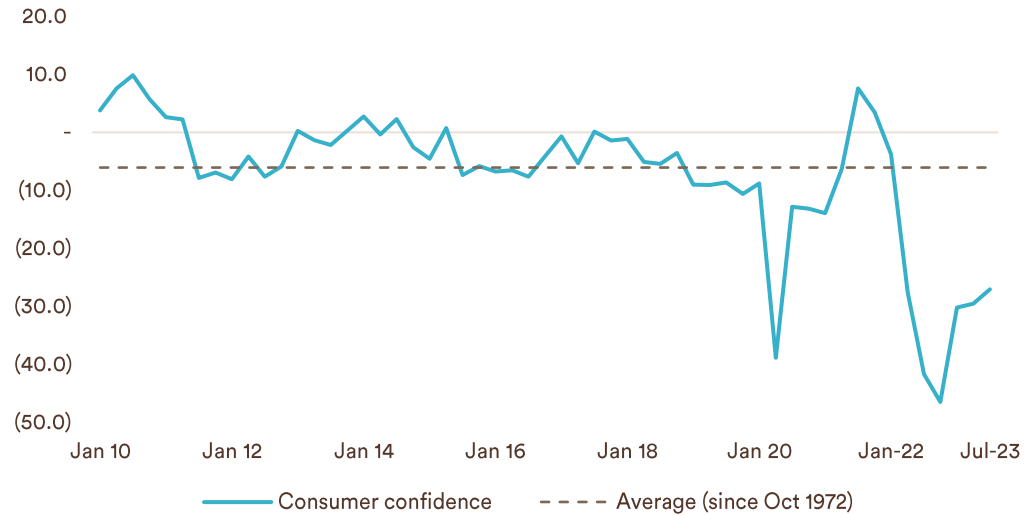
Notes:

(1) Swiss National Bank

(2) SECO

## Swiss Consumer Sentiment Index<sup>(2)</sup>

As of July 2023



- **Higher inflation prospects:** Inflation in Switzerland has significantly increased since December 2021 to 2.8% in December 2022. It is forecasted to gradually decrease to 2.0% in 2024 (1.8% forecast in December 2022), which is still considerably above the long-term average.
- **Positive economic outlook:** Still positive GDP has come down since December 2021, with below average but still positive expectations for 2023 and 2024. Resilience in 2022 has also been reflected in a strong labour market.
- **Challenging sentiment:** Consumer sentiment is still negative and stands at (27) in July 2023 and considerably below the long-term average, evidencing remaining high uncertainty on the consumer side.

# Half-Year Report 2023

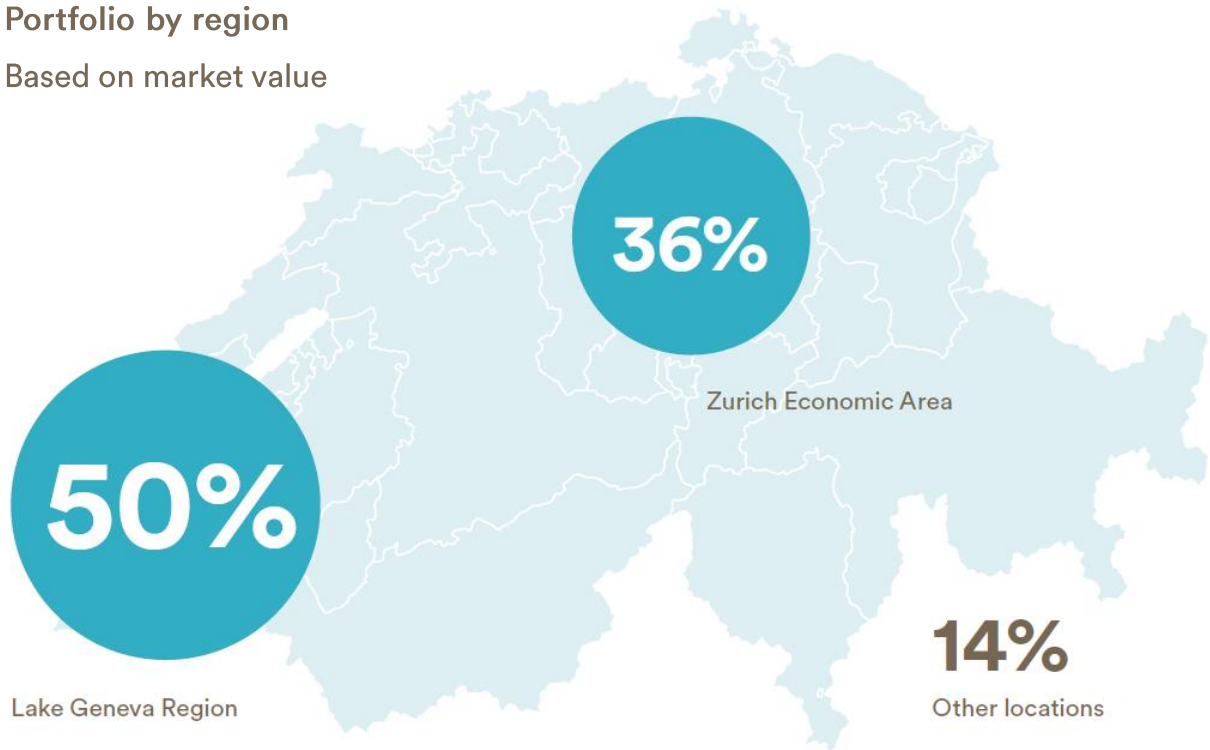
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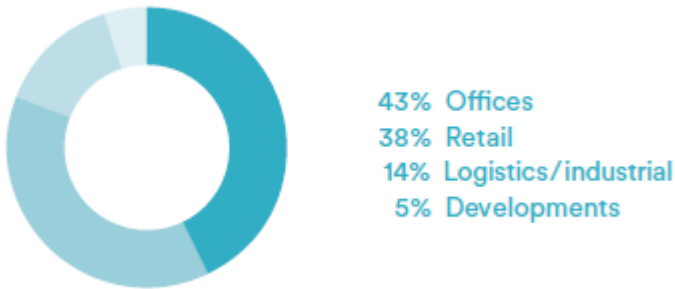


# EPIC's 1.5 billion CHF portfolio per 30 June 2023

Portfolio by region  
Based on market value



Portfolio by use  
Based on market value



**25**  
Properties

**324'575** m<sup>2</sup>  
Rentable area  
of properties in operation

**4.6** %  
Net rental income yield  
of properties in operation  
(annualised)

**8.1** years  
WAULT

# Half-Year Report 2023

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# Highlights of the first Half-Year 2023

- 1 Rental income grew by 7.2% to CHF 32.9 million in the first half-year 2023 versus CHF 30.7 million in the first half-year 2022 (6.9% on a like-for-like basis)
- 2 Reported vacancy rate in H1 2023 reduced to 4.4% and on an adjusted basis to 2.8% due to new lettings (in H1 2022, 6.5% and 3.4% respectively)
- 3 Long WAULT as at 30 June 2023 of 8.1 years (8.2 years as at 31 December 2022)
- 4 EBITDA (excl. revaluation on properties) amounted to CHF 26.5 million (CHF 25.0 million in H1 2022 excl. one-off IPO costs of CHF 5.9 million)
- 5 Solid equity ratio at 50.8% as at 30 June 2023 (52.4% as at 31 December 2022)



# Half-Year Report 2023

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# Portfolio key figures

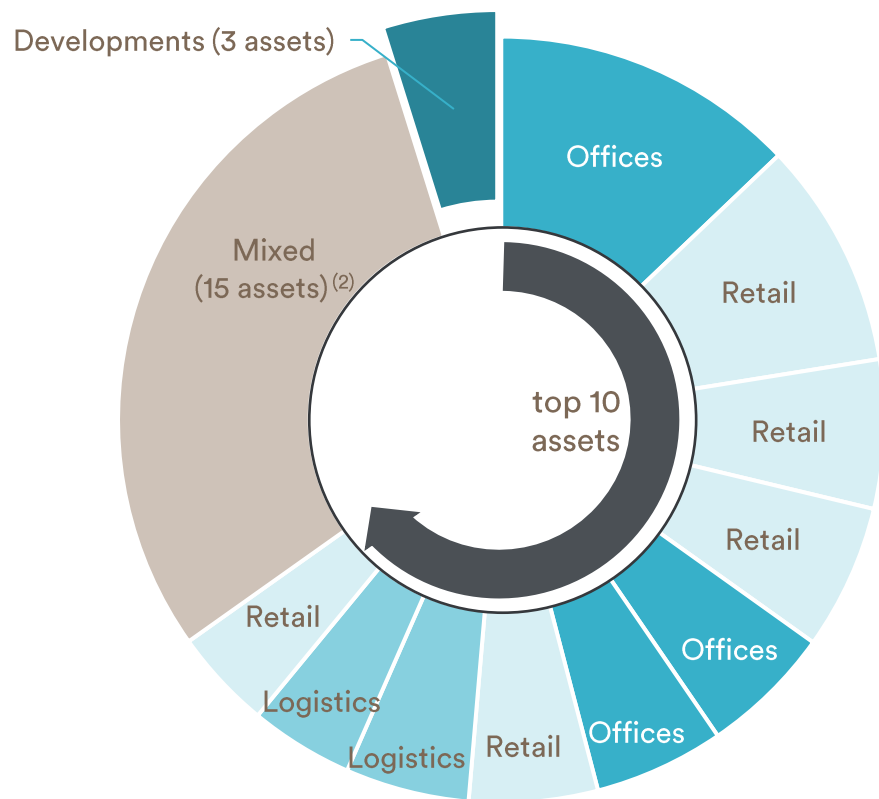
Portfolio	Unit	30 Jun 2023	31 Dec 2022	Variation
Number of properties per segment (in operation / development)	#	25 (25 <sup>(1)</sup> / 3 <sup>(2)</sup> )	25 (25 <sup>(1)</sup> / 3 <sup>(2)</sup> )	= -
Total portfolio	CHF ('000)	1'514'744	1'501'882	↗ 0.9%
Investment properties in operation	CHF ('000)	1'441'689	1'447'761	↘ (0.4%)
Investment properties under development/construction	CHF ('000)	73'055	54'121	↗ 35.0%
Reported vacancy rate (properties in operation)	%	4.4%	5.8%	↘ (24.1%)
Adjusted vacancy rate (properties in operation) <sup>(3)</sup>	%	2.8%	3.3%	↘ (15.2%)
WAULT (weighted average unexpired lease term)	Years	8.1	8.2	↘ (1.2%)

## Notes:

- (1) The property acquired in Tolochenaz (via EPiC 24) in December 2022 is valued separately but considered as an extension of the property in Tolochenaz (EPiC 7)
- (2) Two properties are split into two segments - EPiC 19 (Campus Lemans) and EPiC 21 (Brunnpark) as they have a yielding and a development component
- (3) Adjusted for Zänti Volketswil and Biopôle Serine (see slide 13)

# Balanced portfolio

Breakdown of the portfolio as at 30 June 2023 based on market value<sup>(1)</sup>



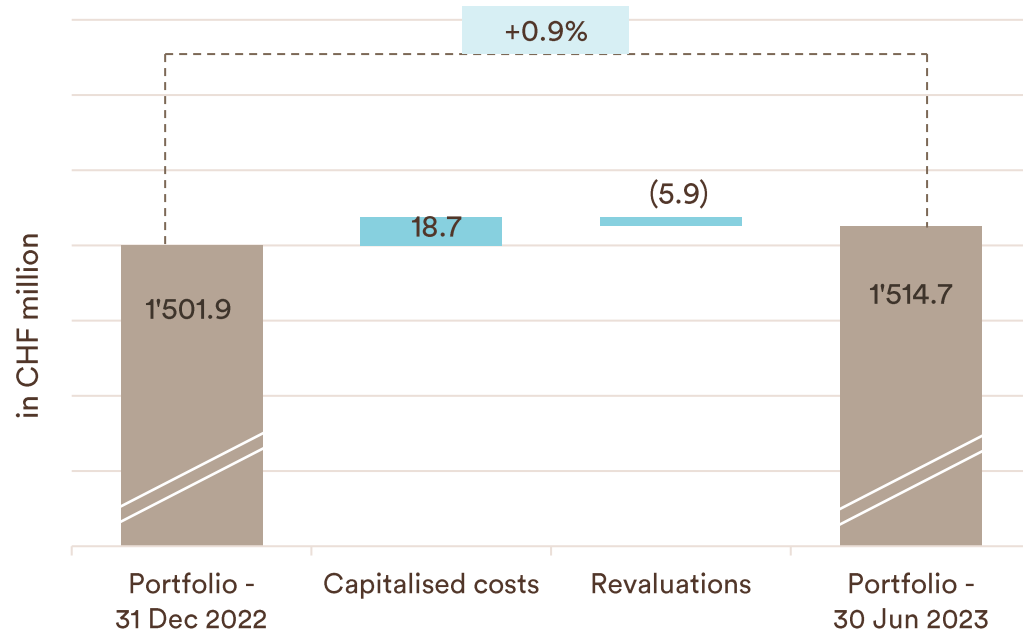
- The portfolio consists of 25 properties, with 2 properties divided into two segments<sup>(3)</sup> and one property considered as an extension of an existing property<sup>(4)</sup>
  - 25 assets in operation
  - 3 assets in development / construction
- Top 10 properties with value of 65% of total portfolio
- Two properties with individual value higher than CHF 100 million
- Average property value: circa CHF 54 million
- Median property value: circa CHF 41 million
- Smallest property in operation: circa CHF 6 million

## Notes:

- (1) In accordance with IFRS when taking into account the right-of-use of land
- (2) Mixed includes properties categorised as Offices, Retail and Logistics/industrial
- (3) Campus Leman Buildings C and D (EPiC 19) and the land reserve of Brunnpark in Roggwil (EPiC 21)
- (4) EPiC 24 is considered as an extension of EPiC 7 in Tolothenaz

# Portfolio value increased by 0.9% compared to 31 December 2022

Portfolio market value evolution over the first half-year 2023

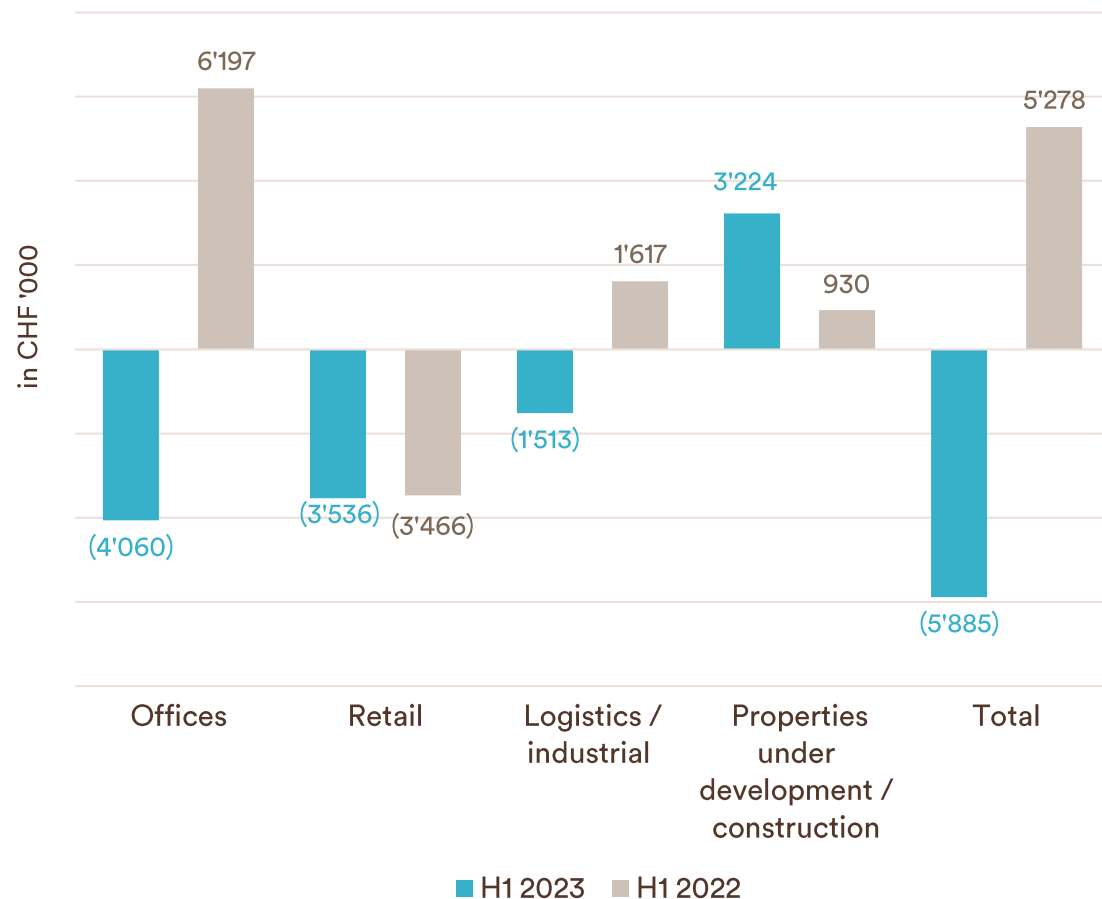


The portfolio growth was mainly driven by

- the continuous investment in the developments (CHF 15.7 million, with CHF 13.3 million related to project PULSE in Cheseaux-sur-Lausanne and CHF 2.4 million to the construction of the Campus Lemman building C in Morges) and in the existing portfolio (CHF 3.0 million)

# Net unrealised revaluation loss of CHF 5.9 million in H1 2023

## Net revaluation results comparison

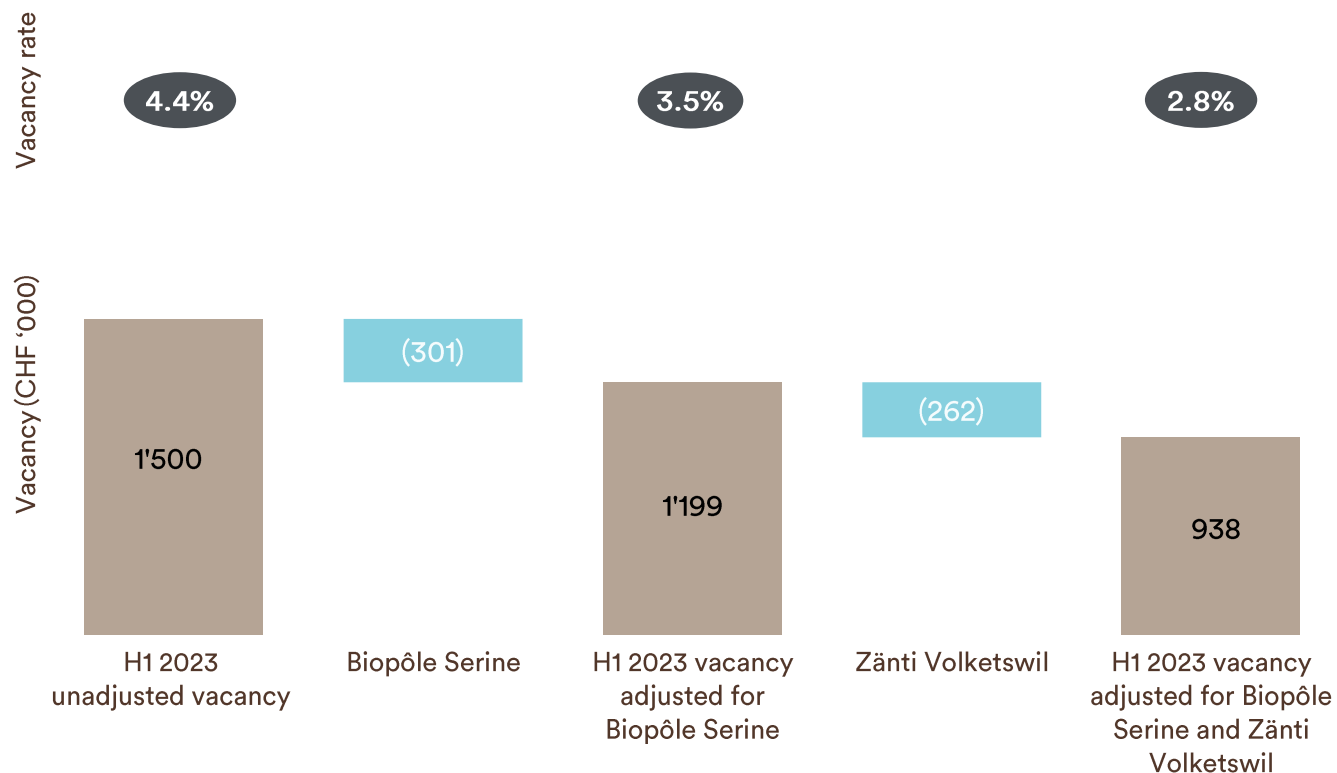


- All properties were revalued by Wüest Partner, an independent valuer, as at 30 June 2023 and as at 30 June 2022
- In H1 2023, the revaluation of the properties resulted in a net unrealised revaluation loss of CHF 5.9 million (versus an unrealised revaluation gain of CHF 5.3 million in H1 2022)

Wüest Partner Input parameters	30 Jun 2023	30 Jun 2022
Average nominal discount rate	4.66%	4.32%
Assumed inflation rate	1.25%	1.00%
Average real discount rate	3.36%	3.29%
Lowest real discount rate	2.80%	2.65%
Highest real discount rate	4.00%	4.00%

# Reduced reported and adjusted vacancy rates for properties in operation

## Adjusted vacancy after excluding Biopôle Serine and Zänti Volketswil<sup>(1)</sup>









H1 2023 vacancy rates	Reported	Adjusted
Offices <sup>(2)</sup>	5.4%	3.5%
Retail <sup>(3)</sup>	4.8%	2.8%
Logistics	0.6%	0.6%
Properties in operation	4.4%	2.8%

### Notes:

- (1) Properties recently built or repositioned
- (2) Adjusted for Biopôle Serine
- (3) Adjusted for Zänti Volketswil

# Top 6 tenants with an aggregate WAULT of 10 years

Tenant group	Net rental income H1 2023 (CHF million)	Share (% of total)	WAULT (years) <sup>(4)</sup>
Coop group <sup>(1)</sup>	6.5	 20%	
Migros group <sup>(1)</sup>	2.7	 8%	
CHUV <sup>(2)</sup>	2.6	 8%	
GXO Logistics Switzerland S.A.G.L.	2.1	 6%	
Hitachi Zosen Inova AG	1.9	 6%	
Incyte Biosciences International S.à.r.l.	1.4	 4%	
<b>Top 6 tenants</b>	<b>17.2</b>	<b>52%</b>	<b>10.1</b>
Other (circa 160 tenants <sup>(3)</sup> )	15.7	48%	
<b>Rental income</b>	<b>32.9</b>	<b>100%</b>	<b>8.1</b>

88% of rental income is indexed according to Swiss CPI formulas<sup>(4)</sup>

Notes:

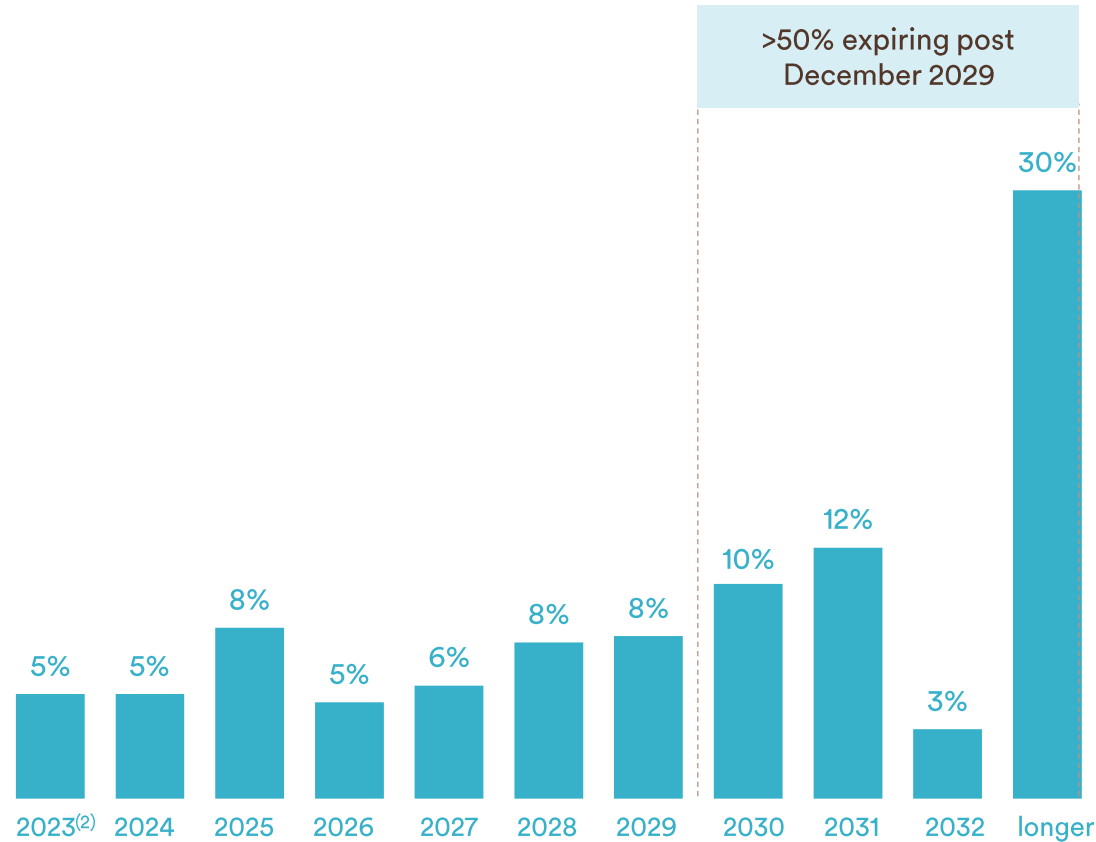
- (1) Coop and Migros captions all brands and shops belonging to their respective groups (retail and non-retail)
- (2) “Centre Hospitalier Universitaire Vaudois” group, including PMU Policlinique médicale universitaire

- (3) 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.)
- (4) Weighted by rental income excluding rent free



# Long leases with balanced expiry profile

Expiry of investment properties' lease contracts  
based on 30 June 2023 rent<sup>(1)</sup>



## Out of the leases expiring in 2023:

- 72% relate to contracts with:
  - no fixed maturity; or
  - renewed / re-let; or
  - amortisation of tenant fit-out which will expire
- 28% relate to areas that are on the market

## Out of the contracts coming to maturity in 2024:

- 53% have already been either renewed or re-let or will fall under no fixed maturity

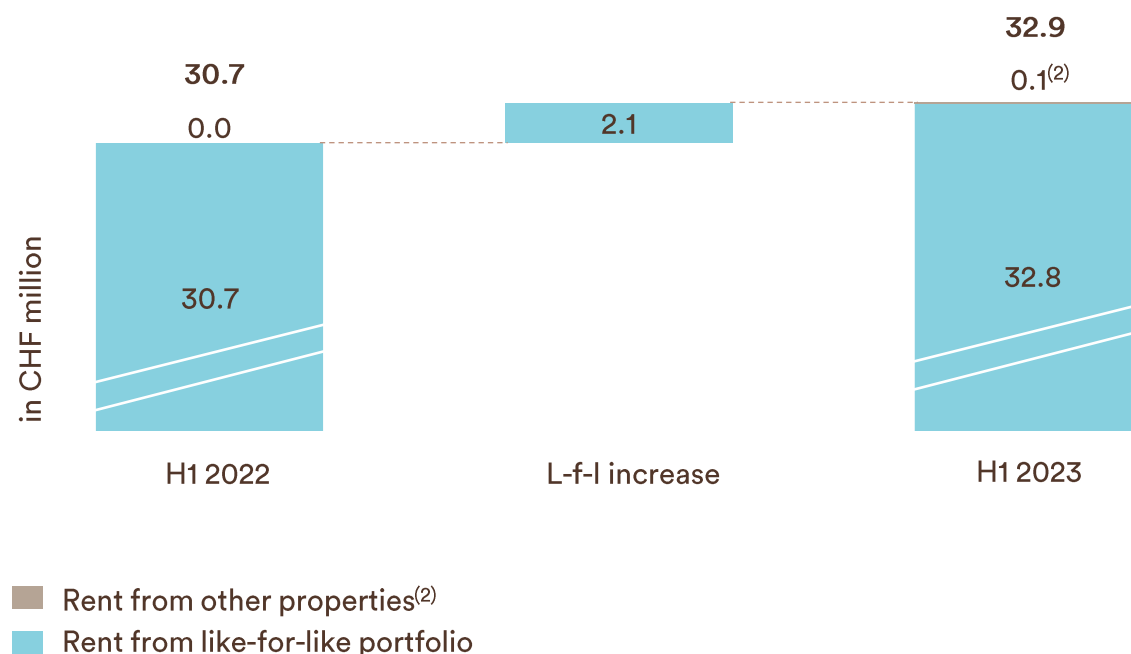
Notes:

(1) Rental income excludes rent free and exercise of any early break option(s)

(2) Within six months

# 6.9% like-for-like rental growth for investment properties in operation

Rent evolution on a like-for-like basis<sup>(1)</sup>



Sector	L-f-l growth H1 2023 versus H1 2022
Offices	7.2%
Retail	7.3%
Logistics	4.8%
Like-for-like (L-f-l) for properties in operation	6.9%
Total properties in operation (not L-f-l)	7.2%










- All sectors benefitted from the indexation of rents
- Other factors behind the like-for-like increase are the lower vacancies and expiry of incentives granted to tenants

Notes:

(1) Rental income from properties in operation excluding the property in Tolochenaz (EPiC 24) bought in December 2022

(2) Rental income from the property in Tolochenaz (EPiC 24) bought in December 2022

# Balance sheet key figures

Balance sheet	Unit	30 Jun 2023	31 Dec 2022	Variation
Total assets	CHF ('000)	1'572'084	1'563'201 	0.6%
Equity (NAV)	CHF ('000)	798'616	818'412 	(2.4%)
Equity ratio	%	50.8%	52.4% 	(3.0%)
Mortgage-secured bank loans	CHF ('000)	617'547	595'966 	3.6%
Weighted average interest rate on mortgage-secured bank loans	%	1.3%	1.0% 	28.4%
Weighted average residual maturity of mortgage-secured bank loans	Years	5.1	4.1 	24.4%
Net loan to value (LTV) ratio	%	39.7%	38.3% 	3.6%
Return on equity (incl. revaluation effects) <sup>(1)</sup>	%	2.8%	8.1% 	(65.6%)
Return on equity (excl. revaluation effects) <sup>(1)</sup>	%	5.2%	4.7% 	10.5%

Target net LTV of 45% medium term

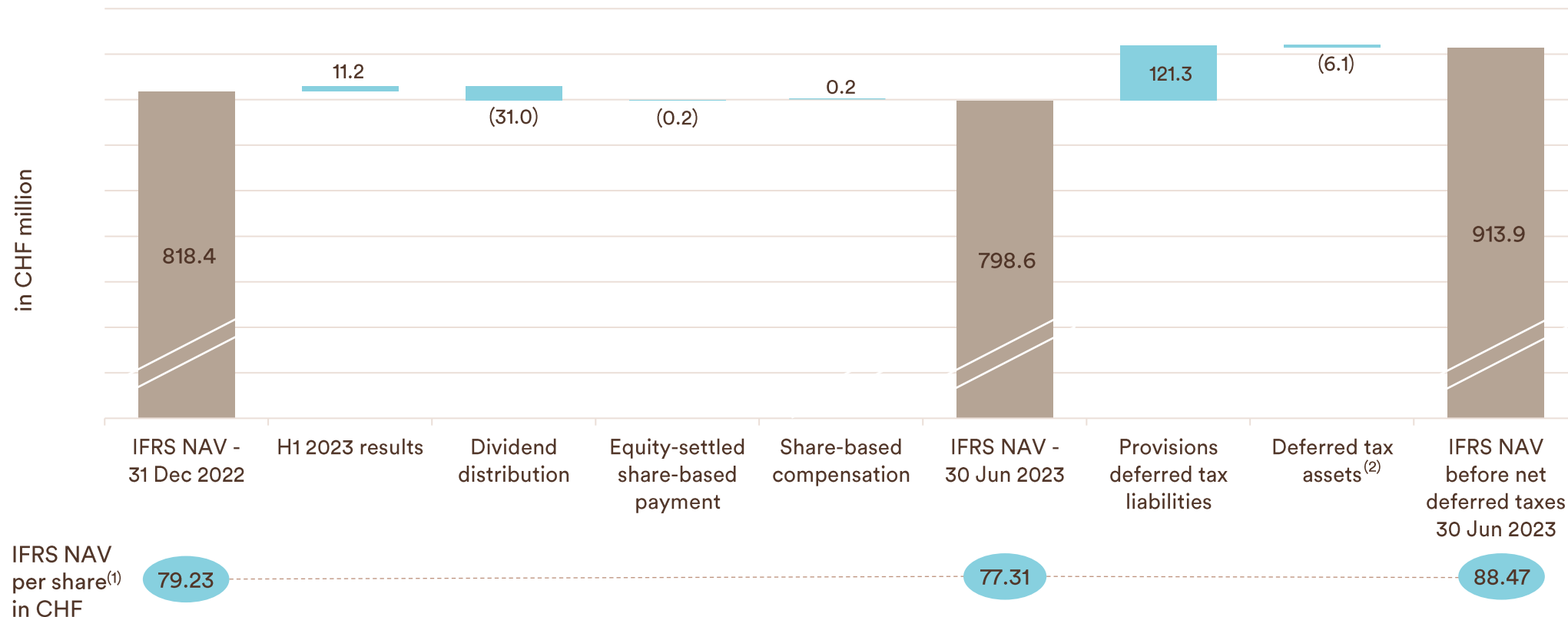
H1 2022 return on equity ratios affected by one-off IPO costs and IPO capital increases

Notes:

(1) Annualised for H1 2023

# NAV per share at CHF 77.31 per 30 June 2023

## IFRS NAV evolution over H1 2023



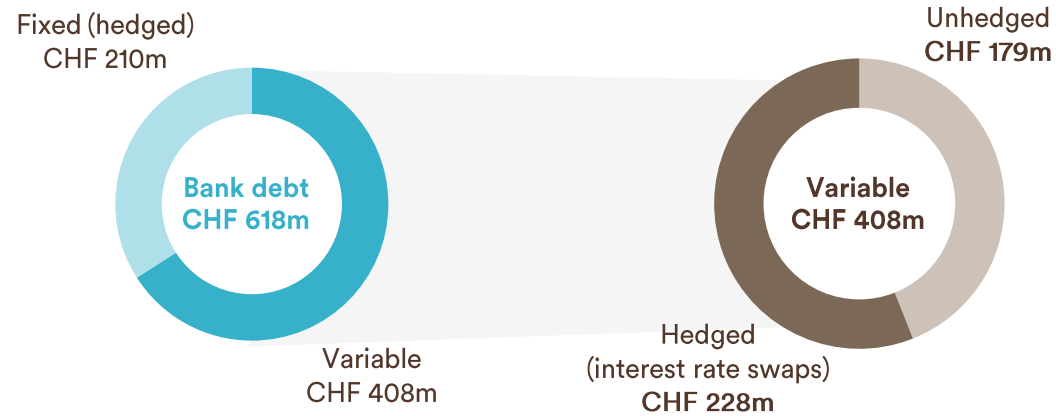
### Notes:

(1) Based on 10'330'076 shares

(2) Deferred tax assets (TCHF 82) and other non-current assets corresponding to the complementary property tax in Vaud (CHF 6.0 million)

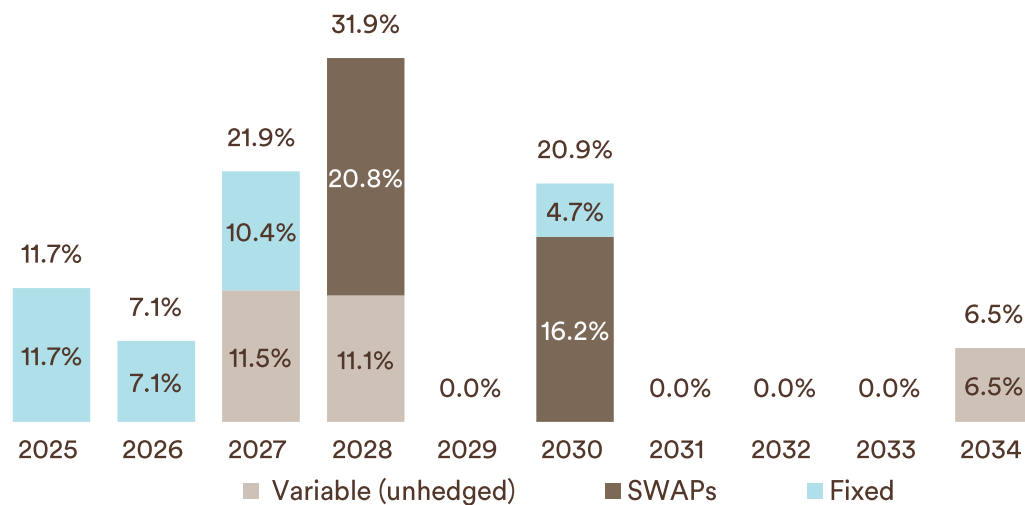
# Spread maturity bank debt profile

## Bank debt by type as at 30 June 2023



## Bank loan maturity profile as at 30 June 2023 over the years










Maturing debt in % of bank debt



## As at 30 June 2023

- **Broad range of bank debt maturities** – weighted average residual debt maturity of 5.1 years. All short-term bank loans as at 31 December 2022 were renewed with maturities in 2028 and beyond
- **Low financing costs** – average cost of debt of 1.3%
- **Majority of bank debt hedged** – 71% of bank debt is hedged (either through fixed rates or interest rate swaps)
- **No currency risk crystallisation** – use of 3-year foreign cross currency swaps with nominal amount of CHF 91.3 million to reduce the bank margin. The foreign currency conversion rates are equal at inception and maturity of the swaps. Only unrealised foreign exchange revaluation losses or gains will be recorded at each balance sheet date through the profit or loss.

# Profit or loss key figures

Results	Unit	H1 2023	H1 2022	Variation
Rental income from real estate properties	CHF ('000)	32'872	30'661 	7.2%
Net operating income (NOI)	CHF ('000)	30'738	28'271 	8.7%
Net gain (loss) from revaluation of properties	CHF ('000)	(5'885)	5'278 	(211.5%)
EBITDA (incl. revaluation of properties)	CHF ('000)	20'654	24'411 	(15.4%)
EBITDA (excl. revaluation of properties)	CHF ('000)	26'539	19'133 	38.7%
Earnings before interest and tax (EBIT)	CHF ('000)	20'558	24'315 	(15.4%)
Profit (incl. revaluation effects)	CHF ('000)	11'230	38'724 	(71.0%)
Profit (excl. revaluation effects)	CHF ('000)	20'856	13'546 	54.0%
Net rental income yield of properties in operation <sup>(1)</sup>	%	4.6%	4.2% 	7.5%

H1 2022 numbers include one-off IPO costs of CHF 5.9 million

Notes:  
(1) Annualised

# H1 2023 net rental income to EBITDA (before revaluations)

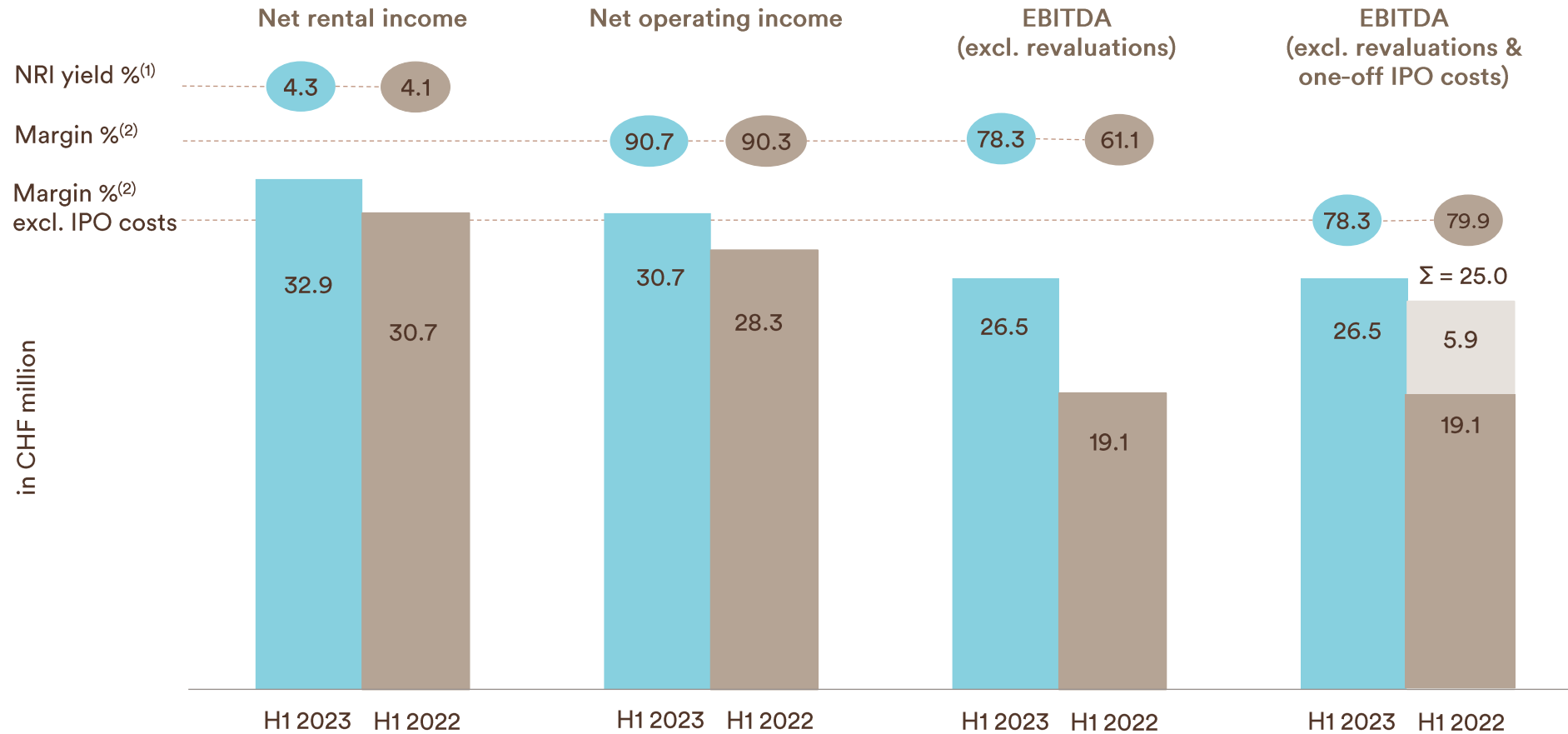


Notes:

(1) SG&A = personnel + operating + administrative expenses



# Rental income, NOI and EBITDA (excl. revaluations & IPO costs) in H1 2023 higher than in H1 2022



Notes:

(1) Net rental income of the total portfolio divided by the fair value of total real estate properties (annualised)

(2) Net operating income (NOI) divided by total income / EBITDA (excluding revaluations on properties) divided by total income

# Information per share key figures

Information per share	Unit	30 Jun 2023	31 Dec 2022		Variation
Number of shares outstanding at period end	# ('000)	10'330	10'330	=	-
Net asset value (NAV) per share	CHF	77.31	79.23	↘	(2.4%)
Share price on SIX Swiss Exchange at period end	CHF	62.00	63.50	↘	(2.4%)
		<b>H1 2023</b>	<b>H1 2022</b>		
Weighted average number of outstanding shares	# ('000)	10'330	8'052	↗	28.3%
Earnings per share incl. revaluation effects	CHF	1.09	4.81	↘	(77.4%)
Earnings per share excl. revaluation effects	CHF	2.02	1.68	↗	20.0%

Adjusted for the one-off IPO costs of CHF 5.9 million, earnings per share excl. revaluation effects amounts to CHF 2.41 (variation -16.3%)

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# Progress on ongoing development projects

Current status updates and impressions<sup>(1)</sup>

## Campus Lemman (phase 2)



- Construction of Building C began in April 2023
- Incyte, anchor tenant has committed to rent 2 floors (out of 6)
- Construction expected to be completed H1 2025

## Roggwil land reserve



- Ongoing analysis and discussions with the authorities about planning matters
- Preliminary building permit application to be submitted to authorities in Q3 2023, in order to obtain an official feedback before moving to the preparation of definitive building permit

## PULSE in Cheseaux-sur-Lausanne



- Signed a TU contract with Implenia for construction of the buildings
- Construction started in 2022 and is expected to be completed in H1 2025
- Project was included by the canton as a reference of examples for mixed densification of light industrial buildings
- Marketing campaign has started and a new employee joined in August 2023 to market the available areas in the Swiss Romandie with PULSE being his main focus

## Tolochenaz (in planning)<sup>(2)</sup>



- Strategic development site in canton Vaud
- Informed by the municipality of Tolochenaz that masterplan is progressing and that first feedback was received from the cantonal authorities of Vaud following their analysis (“examen préalable”) and that some points still need to be discussed & resolved
- New master plan expected to improve flexibility of the building rights and also attractiveness of the site

Notes:

(1) Source of pictures: Bonnard+Woeffray Architectes, Architram / Atelier du Simplon, Laurent Kaczor and Pichler Fotografen

(2) Currently classified under investment properties in operation

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

# Appendix



# Environmental, Social and Governance (ESG)

## Emission intensity 2022 based on modelling

EPIC Group's portfolio	Unit	Total
<b>Total GHG Emissions (modelled for 2022)</b>	tCO <sub>2</sub> e	5'316
Scope 1 <sup>(1)</sup>	tCO <sub>2</sub> e	2'520
– Combustibles	tCO <sub>2</sub> e	2'520
Scope 2 <sup>(1)</sup>	tCO <sub>2</sub> e	223
– Electricity	tCO <sub>2</sub> e	87
– District heating	tCO <sub>2</sub> e	136
Scope 3 <sup>(2)</sup>	tCO <sub>2</sub> e	2'573
– Tenant	tCO <sub>2</sub> e	2'002
– Owner	tCO <sub>2</sub> e	572
<b>Emission Intensity</b>	<b>kgCO<sub>2</sub>e/m<sup>2</sup></b>	<b>14.38</b>

### Environmental

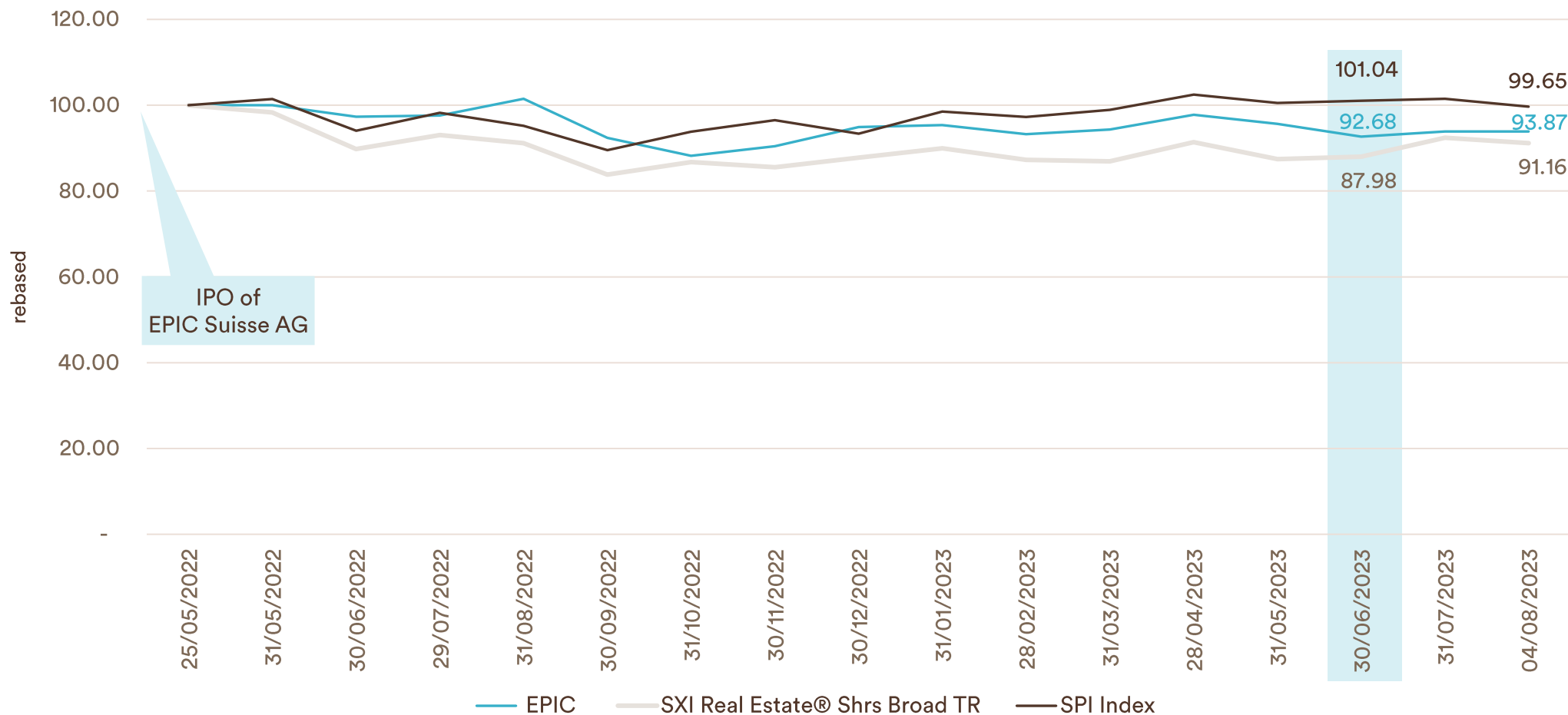
- For the 2022 Annual Report, modelling approach applying the GHG protocol standards to estimate the portfolio CO<sub>2</sub> emissions Scope 1-3
- Actual measurements are recorded from beginning of 2023 to improve metrics (measured date if available, energy bill data if not) and will be published in the next annual report
- Emission intensity: 14.4 kgCO<sub>2</sub>e/m<sup>2</sup> – low compared to Swiss average, due to the young age of the real estate portfolio and high share of renewable electricity
- Regularly working on reducing our CO<sub>2</sub> footprint, such as for example by installing photovoltaic panels or replacing fossil heating systems with renewable energy sources

### Notes:

(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

# EPIC share price compared with SXI Real Estate & SPI indexes<sup>(1)</sup>



Notes:  
 (1) Source: SIX Swiss Exchange

# Glossary of Alternative Performance Measures

## **Adjusted vacancy rate (properties in operation)**

Reported vacancy rate (properties in operation) adjusted for absorption and strategic vacancy in certain properties in operation (for 30 June 2023 and 31 December 2022, Zänti Volketswil and Biopôle Serine)

## **EBIT**

Earnings before interest and tax corresponds to EBITDA after depreciation and amortisation

## **EBITDA or EBITDA (incl. revaluation of properties)**

Earnings before interest, tax, depreciation and amortisation including net gain (loss) from revaluation of properties

## **EBITDA (excl. revaluation of properties)**

Earnings before interest, tax, depreciation and amortisation excluding net gain (loss) from revaluation of properties

## **EBITDA (excl. revaluation of properties) margin**

EBITDA (excl. revaluation of properties) divided by total income

## **EBITDA (excl. revaluation of properties) yield**

EBITDA (excl. revaluation of properties) divided by the fair value of total real estate properties

## **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)

## **Funds from operations (FFO)**

EBITDA (excl. revaluation of properties) less financial expenses and less cash tax and before capital expenditure and mortgage-secured bank debt amortisation

# Glossary of Alternative Performance Measures

## **FFO yield (IFRS)**

FFO divided by IFRS NAV as at the respective date

## **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

## **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

## **Profit (excl. revaluation effects)**

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

# Glossary of Alternative Performance Measures

## **Reported vacancy rate (properties in operation)**

Vacancy of the properties in operation divided by target rental income of the properties in operation for the reporting period

## **Return on equity (excl. revaluation effects)**

Profit after tax before other comprehensive income excluding revaluation of properties and derivatives and related deferred taxes as well as any related foreign exchange effects divided by the average IFRS NAV. The average IFRS NAV corresponds to  $\frac{1}{2}$  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  $\frac{1}{2}$  of the sum of the IFRS NAV at the beginning and at the end of the reporting period

## **Total debt**

Total of mortgage-secured bank loans and shareholders' loans

## **Vacancy**

Sum of the target rental income of vacant units

## **WAULT (weighted average unexpired lease term)**

Weighted average unexpired lease term (in number of years) calculated as the sum-product of lease maturities based on contract expiration and corresponding rental income divided by the total rental income, excluding early breaks, adjusted for rental contracts that terminated during the relevant financial period and with annualised contractual rental income for rental contracts that started during the relevant financial period

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