EPIC SUISSE

Half-Year Report 2022

EPIC at a glance

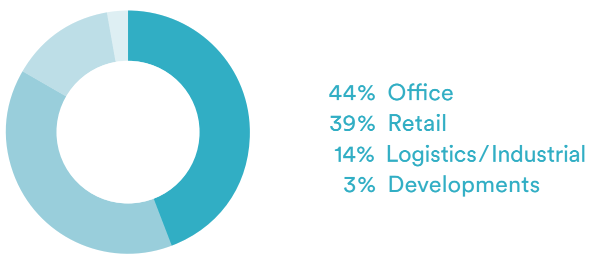
EPIC Suisse AG is a Swiss real estate company with a high-quality property portfolio mainly located in Switzerland's major economic hubs, specifically the Lake Geneva Region and the Zurich Economic Area. The company has a strong track record in sourcing, acquiring, (re)developing and actively managing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

Our portfolio as at 30 June 2022

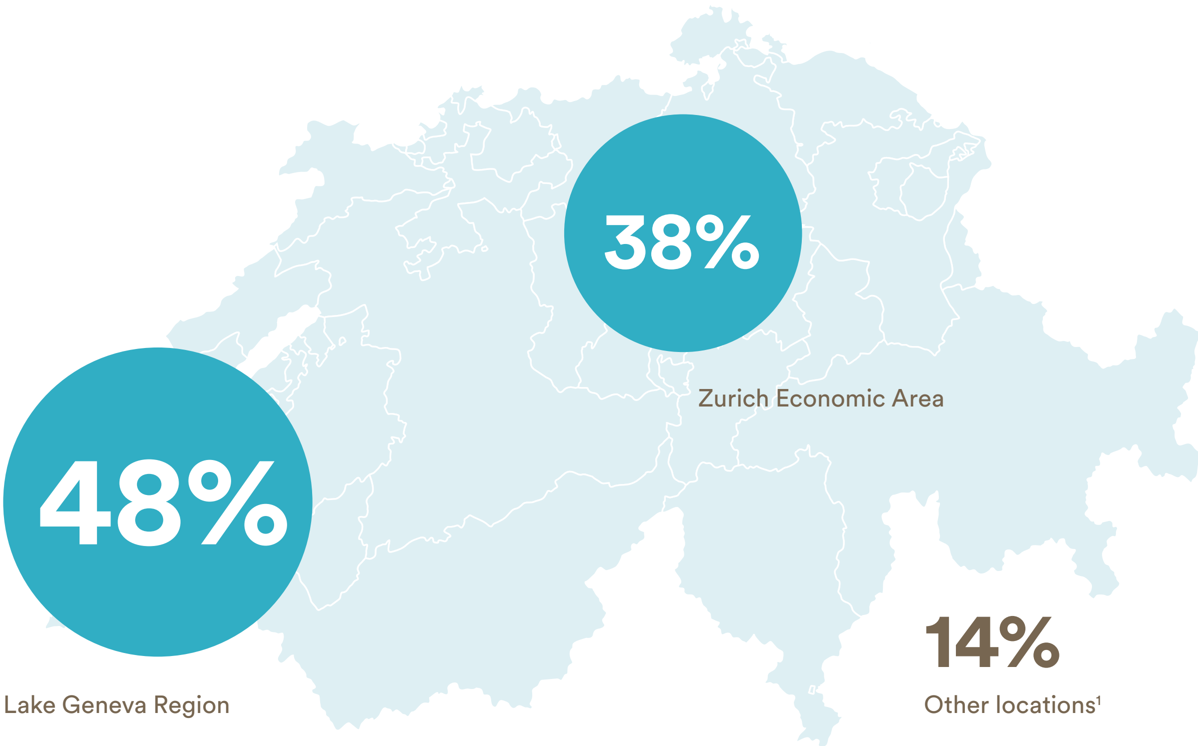
Market value of the portfolio

CHF
1.5 billion

Portfolio by use
Based on market value



Portfolio by region
Based on market value



25
Properties

322’042 m²
Rentable area of investment properties in operation

8.4 years
WAULT

4.2 %
Net rental income yield of investment properties in operation (annualised)

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

Key figures

Result	Unit	H1 2022	H1 2021
Rental income from real estate properties	CHF ('000)	30'661	28'323
Net operating income (NOI)[1]	CHF ('000)	28'271	26'943
Net gain (loss) from revaluation of properties	CHF ('000)	5'278	(1'048)
EBITDA (incl. revaluation of properties)	CHF ('000)	24'411	23'063
EBITDA (excl. revaluation of properties)	CHF ('000)	19'133	24'111
Earnings before interest and tax (EBIT)	CHF ('000)	24'315	22'979
Profit (incl. revaluation effects)	CHF ('000)	38'724	18'254
Profit (excl. revaluation effects)[2]	CHF ('000)	13'546	17'252
Net rental income yield of properties in operation (annualised)	%	4.2%	4.1%
Balance sheet	**Unit**	**30 Jun 2022**	**31 Dec 2021**
Total assets	CHF ('000)	1'552'392	1'498'481
Equity (NAV)	CHF ('000)	800'286	577'865
Equity ratio	%	51.6%	38.6%
Return on equity (incl. revaluation effects)[3] (annualised for H1 2022)	%	11.2%	14.3%
Return on equity (excl. revaluation effects)[4] (annualised for H1 2022)	%	3.9%	7.0%
Mortgage-secured bank loans	CHF ('000)	597'364	765'704
Weighted average interest rate on mortgage-secured bank loans	%	0.9%	0.9%
Weighted average residual maturity of mortgage-secured bank loans	Years	4.8	5.0
Net loan to value (LTV) ratio[5]	%	38.1%	51.4%
Portfolio	**Unit**	**30 Jun 2022**	**31 Dec 2021**
Total portfolio	CHF ('000)	1'484'251	1'465'792
Investment properties in operation	CHF ('000)	1'445'661	1'433'982
Investment properties under development/construction	CHF ('000)	38'590	31'810
Reported vacancy rate (properties in operation)	%	6.5%	7.6%
Adjusted vacancy rate (properties in operation)[6]	%	3.4%	3.7%
WAULT (weighted average unexpired lease term)	Years	8.4	8.6
Information per share	**Unit**	**30 Jun 2022**	**31 Dec 2021**
Number of outstanding shares at period end	# ('000)	10'330	7'500
Net asset value (NAV) per share	CHF	77.47	77.05
Share price on SIX Swiss Exchange	CHF	65.10	n/a
		H1 2022	**H1 2021**
Weighted average number of outstanding shares	# ('000)	8'052	7'500
Earnings per share (incl. revaluation effects)	CHF	4.81	2.43
Earnings per share (excl. revaluation effects)	CHF	1.68	2.30

[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 1/2 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 1/2 of the sum of the IFRS NAV at the beginning and at the end of the reporting period
[5] Ratio of net debt to the market value of total real estate properties including the right-of-use of the land
[6] Reported vacancy rate adjusted for absorption and strategic vacancy in certain properties in operation (i.e. Zänti Volketswil, Biopôle Serine)

For alternative performance measures' descriptions, please refer to page 50

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Letter to Shareholders

Dear shareholders,

Despite the turbulent financial markets caused to a large extent by the geopolitical events around the world, we have completed our transition into a public company during H1 2022. The successful listing of the Company's shares on SIX Swiss Exchange in May 2022 is a testament to our resilient business model and we would like to take this opportunity to welcome our new shareholders. The Board of Directors as well as the management team are pleased to present today strong results for the first half-year 2022. These semi-annual accounts mark an important milestone for the Company, as it is the first time that EPIC Suisse AG reports as a public company.

CHF

30.7

million of rental income

Higher rental income and lower vacancies

We are very pleased to report rental income from real estate properties of CHF 30.7 million for the six months ending 30 June 2022 (CHF 28.3 million for H1 2021) which was driven by our successful operations (we refer you to the letter from our CFO and to the financial statements for more details on the results). We are also pleased to report a reduction in vacancy to 6.5% in this period compared to 8.1% in H1 2021, as well as a reduction in adjusted vacancy to 3.4% in H1 2022 from 4.2% in the prior half year.[1]

Business update within the portfolio and regarding project developments

We are pleased with the progress of our development pipeline. As previously reported, we are happy to have signed on 27 July 2022 with Implenia group a total contractor agreement for the construction of our project PULSE in Cheseaux-sur-Lausanne. The fixed price agreed with Implenia is within the construction budget previously

mentioned by the Company. The PULSE project will be made of two adjacent light industrial and/or production buildings with a gross area of around 43'000 sqm above ground, and connected with two basement floors that provide generous parking, storage and technical areas. Due to the buildings' technical flexibility, PULSE represents a unique opportunity for different types of companies to base their production as well as R&D operations in the vicinity of Lausanne. The buildings' completion is targeted for H1 2025.

The lettings in our newly constructed building - Biopôle Serine - have progressed very well during H1 2022. While as at 31 December 2021, the vacancy in the building, based on lettable area in sqm, amounted to 71%, we are pleased to report that based on signed contracts as of 30 June 2022 the vacancy was substantially reduced to 24%. The income for some of the newly signed contracts will start towards the end of 2022 and we expect most of the additional income to impact the 2023 financial statements.

3.4 %

adjusted vacancy rate

Following the completion of the renovation of our shopping center Zänti Volketswil (subject to potentially further investments of splitting some lettable areas into smaller units), we have also new leases in place for around 1'000 sqm that will start generating income towards the latter stages of H2 2022. The renovation that we carried out, also allowed us to signficantly improve the energy performance of the building – in particular improving the insulation with a new façade and roof as well as renovation/renewal of the ventilation, cooling and heating machines in the building.

We obtained a building permit for the extension of Campus Leman (building C), where our main tenant has already committed to take circa 33% of the building. We expect construction to begin in H1 2023, subject to preparations of the final execution plans and coordination work required with the SBB due to the adjacent railtracks.

Financing

On 17 June 2022 the Swiss National Bank increased the SNB policy rate and interest rate on sight deposits by 0.50% to minus 0.25%. This increase is aimed at fighting inflation in Switzerland and followed a gradual but steady increase in the 10 years SWAP rates. As of 30 June 2022, EPIC Suisse bank debt was 81% hedged against an increase in interest rates (considering the temporary repaid bank loans available for future drawdown this figure would have been 66%). The executive team and the board continually review the group's hedging position and are looking to further extending the hedging against fluctuations in interest rates when the opportunity arises.

Successful listing

An important milestone in the history of our Company and a major achievement in H1 2022 was the successful Initial Public Offering (IPO) on SIX Swiss Exchange. Since 25 May 2022 the shares of EPIC Suisse AG have been trading under ticker symbol EPIC.

A word of thanks

After this intensive and successful first half-year, we thank all our employees for their tremendous work and support. We also would like to express our sincere thanks to all our business partners for their continued loyalty. And we would also like to thank you, our shareholders, for your support and interest in our company. Together, we will continue to implement our strategy for the successful development of EPIC Suisse.

Sincerely,

Roni Greenbaum
Chairman

Arik Parizer
Chief Executive Officer

[1] For a glossary of the alternative performance measures please refer to page 50 of this half-year report.

Report on the first Half-Year results

2022 performance is on track
In parallel to the further implementation of its development pipeline, EPIC Suisse remained focused on its properties in operations, by maintaining and improving where possible net rental income, reducing vacancies and keeping long WAULTs.

Rental income from real estate properties amounted to CHF 30.7 million for the first half of 2022 (CHF 28.3 million for H1 2021). This positive development was principally driven by higher rental income following, on the one hand the acquisition of the logistics property in Roggwil at the end of March 2021 and thereby contributing an additional three months of rental income from this property (CHF 1.0 million), and on the other hand, lower vacancies and the non-recurrence of Covid reliefs in H1 2022 (aggregate impact of CHF 1.0 million). This was reflected in the annualised net rental income yield of 4.2% for the first half of 2022 compared to 4.1% for the preceding half year.

The net operating income margin remained stable at levels above 90% (90.3% in H1 2022 versus 91.5% in H1 2021) despite higher direct expenses related to properties and lower other income in H1 2022 versus H1 2021 (in H1 2021, direct expenses were especially low due to a doubful debt reversal of CHF 0.6 million, and other income was high due to non-recurrent one-offs amounting to CHF 0.6 million).

CHF
1‘484
million portfolio value

All properties were revalued by the end of June 2022 by the independent real estate valuer Wüest Partner AG. The net revaluation unrealised gain of CHF 5.3 million (versus a loss of CHF 1.0 million in H1 2021) and capital investments of CHF 13.2 million resulted in a 1.3% portfolio value increase or total value of CHF 1’484.3 million by the end of June 2022 (versus CHF 1’465.8 million by the end of December 2021).

The office, logistics/industrial and development sectors generated unrealised revaluation gains of CHF 6.2 million, CHF 1.6 million and CHF 0.9 million respectively, while the retail sector encountered a loss of CHF 3.5 million. Real discount rates ranged between 2.65% and 4.0% with a weighted average of 3.29% (versus 3.32% at the end of last year).

EBITDA for the H1 2022 period amounted to CHF 24.4 million (CHF 23.1 million for H1 2021). This included one-off IPO expenses of CHF 5.9 million in H1 2022 (in addition, one-off IPO costs of CHF 4.2 million were booked in equity by the end of June 2022). Excluding the unrealised revaluation gain of properties and the one-off IPO costs, the business generated an EBITDA of CHF 25.0 million, representing an increase of 3.7% compared to the previous period.

The financial result came to a net income of CHF 19.1 million (versus a net expense of CHF 1.7 million for H1 2021) and included unrealised revaluation gains from hedging derivative instruments (interest rate swaps) in the amount of CHF 23.1 million in H1 2022 (CHF 2.0 million for H1 2021). 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.

During the reporting period H1 2022, profit of the group reached the amount of CHF 38.7 million (versus CHF 18.3 million for H1 2021). Profit excluding revaluation effects (of the properties and derivatives and related deferred taxes), including the above-mentioned one-off IPO costs of CHF 5.9 million, was CHF 13.5 million for the H1 2022 reporting period (CHF 17.3 million for H1 2021).

The reported vacancy rate of our investment properties in operation decreased to 6.5% by the end of June 2022 versus 8.1% by the end of June 2021, primarily as a result of new lettings in the office sector. As part of our active management, we had two projects with planned/absorption vacancy that impacted the actual vacancy rate during the periods 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. On an adjusted basis, the vacancy rate amounted to 3.4% and 4.2% in H1 2022 and H1 2021, respectively.

The WAULT as at 30 June 2022 amounted to 8.4 years versus 8.6 years by the end of last year, showing a slight improvement considering the passing of time effect (0.5 years).

Capital expenditure

During the reporting period, we continued investing in the operative portfolio (CHF 7.3 million) - be it the renovation of the façade in Provencenter, the interior refurbishment in Zänti Volketswil, improvements in Wiggis-Park or fit-out works in Biopôle Serine - as well as in our developments (CHF 5.9 million, primarily in Cheseaux-sur-Lausanne).

Strong capital base

As at 30 June 2022, equity totalled CHF 800.3 million with a solid equity ratio of 51.6% (CHF 577.9 million and 38.6% at 31 December 2021, respectively). Net asset value per share was CHF 77.47 (CHF 77.05 at 31 December 2021).

CHF

77.47

net asset value per share

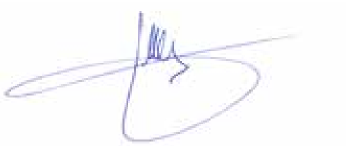
In connection with our successful IPO, gross proceeds of CHF 192.4 million were raised. The net proceeds were used to fully repay the shareholders' loans of CHF 6.6 million (including interest) and the corporate bank debt at the level of the holding company (CHF 32.9 million as at 31 December 2021). In addition, in order to optimise interest rate expenses, CHF 130.6 million of existing mortgage-secured bank loans were temporarily repaid, which can be drawn back at a later stage. As a consequence, the net loan to value ratio momentarily dropped to 38.1% (51.4% as at 31 December 2021) and the overall hedging portion of our mortgage-secured bank loans increased to 81% (from 64% by 31 December 2021).

The weighted average interest rate remained stable at 0.9%, while the weighted average residual maturity for all bank loans stood at 4.8 years (versus 5.0 years by 31 December 2021).

Outlook

The war in Ukraine, the uncertain progress of geopolitical tensions, the ongoing Covid situation and their multiple consequences, such as an energy crisis, inflation and rising interest rates, all lead to increased risks and uncertainties in the economic environment. Assuming no materially adverse impact on our operations at this point in time, we reconfirm our rental income target of above CHF 60 million for the full year 2022.

Sincerely,



Valérie Scholtes
Chief Financial Officer

Consolidated statement of profit or loss and other comprehensive income

CHF ('000)	Notes	H1 2022	H1 2021
Rental income from real estate properties	7	30'661	28'323
Other income		634	1'112
Total income		**31'295**	**29'435**
Gains from revaluation of properties	15	11'871	358
Losses from revaluation of properties	15	(6'593)	(1'406)
Net gain (loss) from revaluation		**5'278**	**(1'048)**
Direct expenses related to properties	8	(3'024)	(2'492)
Personnel expenses	9	(1'627)	(1'193)
Operating expenses	10	(504)	(276)
Administrative expenses	11	(7'007)	(1'363)
Total operating expenses		**(12'162)**	**(5'324)**
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**24'411**	**23'063**
Depreciation		(96)	(84)
Earnings before interest and tax (EBIT)		**24'315**	**22'979**
Financial income	12	23'125	2'000
Financial expenses	12	(3'976)	(3'704)
Financial result		**19'149**	**(1'704)**
Earnings before tax (EBT)		**43'464**	**21'275**
Income tax expenses	13	(4'740)	(3'021)
Profit		**38'724**	**18'254**
Other comprehensive income		-	-
Total comprehensive income		**38'724**	**18'254**
EBITDA excl. revaluation of properties		19'133	24'111
EBT excl. revaluation of properties and derivatives		15'064	20'329
Excluding one-off IPO costs:			
EBITDA excl. revaluation of properties		25'007	24'111
EBT excl. revaluation of properties and derivatives		20'937	20'329
Weighted average number of outstanding shares (in '000)		8'052	7'500
Basic and diluted earnings per share (in CHF)	23	4.81	2.43

Consolidated statement of financial position

CHF ('000)	Notes	30 Jun 2022	31 Dec 2021
ASSETS			
Current assets			
Cash and cash equivalents		32'083	18'240
Tenant receivables	14	1'130	1'264
Other receivables		869	1'271
Current derivative financial assets	20	1'031	-
Accrued income and prepaid expenses		1'679	1'078
Total current assets		**36'792**	**21'853**
Non-current assets			
Real estate properties			
– Investment properties in operation	15	1'445'661	1'433'982
– Investment properties under development/construction	15	38'590	31'810
Total real estate properties		**1'484'251**	**1'465'792**
Other intangible assets		9	9
Other tangible assets		376	416
Right-of-use assets		557	613
Non-current derivative financial assets	20	21'530	970
Other non-current financial assets		54	50
Other non-current assets	16	5'723	5'587
Deferred tax assets		146	321
Accrued income		2'954	2'870
Total other non-current assets		**31'349**	**10'836**
Total non-current assets		**1'515'600**	**1'476'628**
Total assets		**1'552'392**	**1'498'481**

Consolidated statement of financial position (continued)

CHF ('000)	Notes	30 Jun 2022	31 Dec 2021
LIABILITIES			
Current liabilities			
Current financial liabilities	18	60'252	65'539
Current derivative financial liabilities	20	-	1'504
Trade payables		1'735	2'758
Current income tax liabilities		3'435	5'009
Other payables		755	878
Accrued expenses and deferred income	19	15'041	7'670
Total current liabilities		**81'218**	**83'358**
Non-current liabilities			
Shareholders' loans payables	17	-	6'587
Other non-current liabilities		3	3
Non-current financial liabilities	18	550'958	713'952
Non-current derivative financial liabilities	20	-	26
Pension obligations		642	642
Deferred tax liabilities		119'285	116'048
Total non-current liabilities		**670'888**	**837'258**
Total liabilities		**752'106**	**920'616**
EQUITY			
Share capital	22	413	300
Share premium	22	462'701	279'117
Retained earnings		337'172	298'448
Total equity		**800'286**	**577'865**
Total liabilities and equity		**1'552'392**	**1'498'481**
Number of outstanding shares at period end (in '000)	22	10'330	7'500
Net asset value ("NAV") per share (in CHF)	23	77.47	77.05

Consolidated statement of cash flows

CHF ('000)	Notes	H1 2022	H1 2021
A – Operating activities			
Earnings before tax (EBT)		**43'464**	**21'275**
Adjustments for:			
– Financial result	12	(19'149)	1'704
– Revaluations of properties	15	(5'278)	1'048
– Depreciation		96	84
– Other		(2)	(2)
Changes:			
– Tenant net receivables		134	(76)
– Other receivables, accrued income and prepaid expenses		(570)	1'521
– Trade payables		(49)	(301)
– Other payables, accrued expenses and deferred income		2'042	704
Income tax paid		(3'037)	(2'779)
Net cash flows from operating activities		**17'651**	**23'178**
B – Investment activities			
Investments in tangible assets		-	-
Investments in real estate properties	15	(10'685)	(83'257)
Net cash flows used in investment activities		**(10'685)**	**(83'257)**
C – Financing activities			
Proceeds from IPO		192'445	-
Proceeds from bank debt		-	58'604
Repayment of bank debt		(168'340)	(3'795)
Bank interest paid		(3'422)	(3'333)
Lease payments		(433)	(426)
Other finance costs paid		(175)	(75)
Transaction costs related to issuance of new shares		(2'052)	-
Proceeds from shareholders' loans		-	11'000
Repayment of shareholders' loans		(6'500)	(9'300)
Interest in relation to shareholders' loans		(146)	(351)
Dividends paid to shareholders		(4'500)	-
Net cash flows from financing activities		**6'877**	**52'324**
Net change in cash		**13'843**	**(7'755)**
Net cash at the beginning of the period		18'240	23'217
Net cash at the end of the period		**32'083**	**15'462**

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				18'254	18'254
Other comprehensive income				-	-
Total comprehensive income				**18'254**	**18'254**
Dividend distribution			-		-
As at 30 Jun 2021		**300**	**282'117**	**239'073**	**521'490**
As at 31 Dec 2021		**300**	**279'117**	**298'448**	**577'865**
Capital increase - 25 May 2022		107	182'579		182'686
Capital increase - 28 June 2022		6	9'753		9'759
Profit				38'724	38'724
Other comprehensive income				-	-
Total comprehensive income				**38'724**	**38'724**
Dividend distribution	22		(4'500)		(4'500)
Transaction costs related to issuance of new shares			(4'248)		(4'248)
As at 30 Jun 2022		**413**	**462'701**	**337'172**	**800'286**

Notes to the consolidated interim financial statements

1 Reporting entity

EPIC Suisse AG (hereafter "the Company") was incorporated on 5 December 2016 and is organised under the laws of Switzerland for an unlimited period. The Company and its direct and indirect subsidiaries together are referred to as (the) "EPIC Group".

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

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

The Company holds 16 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 interim financial statements as at 30 June 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting and comply with legislation in Switzerland as well as with Article 17 of the Directive on Financial Reporting (DFR) of the SIX Swiss Exchange. They do not include all the information required for a complete set of IFRS financial statements and should therefore be read in conjunction with the consolidated annual financial statements as at 31 December 2021.

The same consolidation, accounting and valuation principles have been applied as for the 2021 consolidated annual financial statements.

The consolidated interim financial statements were authorised for issue for the periods ended 30 June 2022 and 30 June 2021 by the Company's board of directors on 25 August 2022.

3 Basis of preparation

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

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

4 Basis of consolidation

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

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

A list of the consolidated entities is set out below:

		Share capital	Capital and voting interests	
Legal entity name	D	30 Jun 2022 CHF	30 Jun 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 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). The purpose of the Swiss property entities (EPiC 1 to EPiC 23) 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 15 – Real estate properties – determining the fair value of the investment properties in operation and properties under development/construction requires the application of valuation techniques and the use of various estimates and assumptions.
- Note 13 – Income tax expenses – the determination of tax provisions is based on estimates.

6 Segment reporting

Two operating and reporting segments have been identified based on management's approach to and monitoring of the business. EPIC Group's primary decision-making authority is the Company's board of directors. The group's operating activities are divided in accordance to the real estate properties' classification: (i) Investment properties in operation and (ii) Investment properties under development/construction. Investment properties categorised under "development/construction" are to be held thereafter by the group for renting (i.e. no intention to be sold). An additional description of the two segments is included in the accounting policy for real estate properties in note 29 of the 2021 consolidated annual financial statements.

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

	30 Jun 2022				
Assets					
Real estate properties fair value	1'445'661	38'590	1'484'251	-	1'484'251
Derivative financial assets	22'561	-	22'561	-	22'561
Total segment assets	**1'468'222**	**38'590**	**1'506'812**	**-**	**1'506'812**
Assets not split between segments				45'580	45'580
Total assets	**1'468'222**	**38'590**	**1'506'812**	**45'580**	**1'552'392**
Liabilities					
Mortgage-secured bank loans	597'364	-	597'364	-	597'364
Derivative financial liabilities	-	-	-	-	-
Total segment liabilities	**597'364**	**-**	**597'364**	**-**	**597'364**
Liabilities not split between segments				154'742	154'742
Total liabilities	**597'364**	**-**	**597'364**	**154'742**	**752'106**

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

	H1 2021				
CHF ('000)	Invest. prop in operation	Invest. prop under D/C[1]	Total Segments	Reconciliation	Total Group
Rental income	28'321	2	28'323	-	28'323
Other income	1'112	-	1'112	-	1'112
Total income	**29'433**	**2**	**29'435**	**-**	**29'435**
Direct expenses related to the properties	(2'489)	(3)	(2'492)	-	(2'492)
Net operating income	**26'944**	**(1)**	**26'943**	**-**	**26'943**
Personnel expenses				(1'193)	(1'193)
Operating expenses				(276)	(276)
Administrative expenses				(1'363)	(1'363)
Total other operating expenses				**(2'832)**	**(2'832)**
EBITDA before portfolio revaluation					**24'111**
Net gain (loss) from revaluation	(1'048)	-	(1'048)	-	(1'048)
EBITDA after portfolio revaluation	**25'896**	**(1)**	**25'895**	**(2'832)**	**23'063**
Depreciation				(84)	(84)
EBIT					**22'979**

	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

7 Rental income from real estate properties

CHF ('000)	H1 2022	H1 2021
Investment properties in operation	30'658	28'321
Investment properties under development/construction	3	2
Total rental income from real estate properties	**30'661**	**28'323**

The pandemic coronavirus/COVID-19 that broke out in the first quarter of 2020 had a remaining low impact on the Company's balance sheet and income statement as at 30 June 2021 (CHF 0.5 million) and none as at 30 June 2022. The EPIC Group keeps close contact with its tenants. For those especially affected by the crisis, the EPIC Group strove to find solutions by granting rent free periods, in exchange, where possible and appropriate, for an extension of the tenants' lease agreement.

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 increased on the basis of the consumer price index. As at 30 June 2022, 66.6% of the rent agreements are 100% linked to indexation based on the consumer price index, 21.7% linked to 75% to 99% of the index and the remaining 11.7% is linked to 74% or less of the index.

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

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

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

CHF ('000)/%	H1 2022		H1 2021	
Coop group	5'926	19.3%	5'659	20.0%
Centre Hospitalier Universitaire Vaudois group	2'682	8.7%	2'531	9.0%
Migros group	2'652	8.7%	2'586	9.1%
GXO Logistics Switzerland S.A.G.L.	2'031	6.6%		
Hitachi Zosen Inova AG	1'709	5.6%	1'699	6.0%
Incyte Biosciences International S.à.r.l.			1'368	4.8%
The five largest tenants	**15'000**	**48.9%**	**13'843**	**48.9%**

GXO Logistics Switzerland S.A.G.L. entered the ranking in H1 2022 whereas Incyte Biosciences International S.à r.l. moved out.

8 Direct expenses related to properties

CHF ('000)	H1 2022	H1 2021
Maintenance costs for real estate	997	714
Energy and ancillary costs	430	515
Insurances	322	297
Management costs for real estate	123	243
Property tax expenses	599	514
Other direct costs	553	209
Total direct expenses related to properties	**3'024**	**2'492**

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

The H1 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 mainly explains the 21.3% increase between the two periods.

9 Personnel expenses

CHF ('000)	H1 2022	H1 2021
Salaries	1'310	967
Social security contributions	105	75
Expenses for defined benefit plans	60	58
Other personnel expenses	21	4
Board member expenses	131	89
Total personnel expenses	**1'627**	**1'193**
Number of employees (#) in Switzerland		
Number of employees at period end	20	18
Full-time equivalents at period end	17.6	15.6
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 25.

10 Operating expenses

CHF ('000)	H1 2022	H1 2021
Rent	44	43
Travel and representation expenses	71	25
Other operating expenses (such as IT, general office expenses, non-recoverable VAT, capital taxes)	389	208
Total operating expenses	**504**	**276**

The increase in H1 2022 operating expenses is related to various factors, most of them in relation to the consequences of the IPO, such as for example, higher capital tax in the Company, temporary negative interest bank charges, travel costs and insurance costs.

11 Administrative expenses

CHF ('000)	H1 2022	H1 2021
Legal fees	367	126
Tax consultancy fees	169	310
Other consultancy fees	750	556
Accounting and audit fees	453	371
Transaction costs	5'268	-
Total administrative expenses	**7'007**	**1'363**

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 of EPIC Group’s control) which makes it uncertain whether they will be realised.

In H1 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.

12 Financial result

CHF ('000)	H1 2022	H1 2021
Financial income		
Revaluation gain from financial instruments (derivatives)	23'122	1'994
Other financial income	3	6
Total financial income	**23'125**	**2'000**
Financial expenses		
Interest expenses on loans from shareholders	(59)	(74)
Loan interest expenses	(2'643)	(2'828)
Derivatives expenses	(770)	(482)
Interest expenses on lease liabilities	(279)	(283)
Other financial expenses	(225)	(37)
Total financial expenses	**(3'976)**	**(3'704)**
Financial result	**19'149**	**(1'704)**

The main driver of the H1 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 20).

13 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)	H1 2022	H1 2021
Current tax expenses	1'327	2'618
Change in deferred net tax liabilities	3'413	403
Total income tax expenses	**4'740**	**3'021**

The amount of current tax expenses includes the periodical change in refund of complementary property tax in Vaud (income of CHF 137k in H1 2022 and CHF 83k in H1 2021).

The higher level of current tax expenses in H1 2021 is related to the recapture of depreciation on one property following a tax inquiry in the canton of Vaud which was subsequently resolved by the end of H1 2021. Additional income tax (of circa CHF 1.0 million) was booked to current tax and the corresponding deferred tax liability (of approximately CHF 0.8 million) dissolved (net tax expense of approximately CHF 0.2 million).

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% till end of 2023 and then further to 15.07% as per 1 January 2024). These reduced rates were taken into account for the deferred taxes. The net impact of the enacted tax rates resulted in a positive effect of approximately CHF 3.3 million in H1 2022.

14 Tenant receivables

CHF ('000)	30 Jun 2022	31 Dec 2021
Rent and ancillary costs receivables	1'343	1'435
Doubtful debt allowances	(213)	(171)
Total tenant receivables	**1'130**	**1'264**

For tenants with an outstanding balance at the end of the period, EPIC Group calculated a doubtful debt allowance reflecting the expected credit losses.

The age structure of the tenant receivables can be split as follows:

CHF ('000)	30 Jun 2022	31 Dec 2021
Balance not yet due	581	671
Balance overdue by up to 30 days	461	420
Balance overdue between 30 to 120 days	83	139
Balance overdue between 120 to 365 days	82	79
Balance overdue by more than 365 days	136	126
Total tenant receivables	**1'343**	**1'435**

15 Real estate properties

CHF ('000)	Invest. prop in operation	Invest. prop under D/C[1]	Total portfolio
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
Subsequent expenditures	7'331	5'850	13'181
Acquisition costs as at 30 Jun 2022	**1'138'158**	**25'617**	**1'163'775**
Revaluation as at 1 Jan 2022	303'155	12'043	315'198
Revaluation gains	10'941	930	11'871
Revaluations losses	(6'593)	-	(6'593)
Revaluation as at 30 Jun 2022	**307'503**	**12'973**	**320'476**
Market value as at 30 Jun 2022	**1'445'661**	**38'590**	**1'484'251**

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

CHF ('000)	30 Jun 2022	31 Dec 2021
Market value as estimated by the external valuer	1'474'203	1'455'560
Accrued operating lease income	(3'204)	(3'106)
Sub-total	**1'470'999**	**1'452'454**
Right-of-use of the land recognised separately	13'252	13'338
Market value for financial reporting purposes	**1'484'251**	**1'465'792**

During the first half year of 2022 EPIC Group invested CHF 13.2 million in its portfolio, mainly in EPiC 23 for the depollution and excavation works (CHF 5.7 million), in EPiC 9 for the new façade in Provencenter (CHF 2.1 million) and in EPiC 3 (Wiggis-Park), EPiC 10 (Zänti Volketswil) and EPiC 20 (Biopôle Serine) with CHF 1.5 million, CHF 1.5 million and CHF 1.2 million respectively.

The revaluation of the properties as at 30 June 2022 resulted in a net unrealised value increase of CHF 5.3 million. This was driven by a slight decrease in the real discount rate due mainly to new leases and partly due to current market conditions. While the sectors offices, logistics/industrial and the developments benefit from net unrealised revaluation gains (CHF 6.2 million, CHF 1.6 million and CHF 0.9 million respectively), the retail sector showed a net unrealised revaluation loss of CHF 3.5 million (average weighted real discount rate was 3.29% as at 30 June 2022 versus 3.32% as at 31 December 2021). Assuming an inflation rate of 1.00% as at 30 June 2022 (0.50% as at 31 December 2021), this corresponds to a nominal discount rate of 4.32% (3.84% respectively).

The differences between capitalised costs (CHF 13.2 million in H1 2022) and the amounts paid under investments in real estate properties in the consolidated statement of cash flows used in investment activities (CHF 10.7 million) correspond to an increase or decrease in accrued expenses, payables or receivables for VAT purposes.

Further information on the individual properties can be found at the end of 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 as of the balance sheet date (or during the year in case of significant value changes), by Wüest Partner AG, an external, independent and certified real estate appraiser having recent experience in the location and type of the investment property being valued. As at 30 June 2022, all properties have been individually valued by Wüest Partner AG.

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

Significant inputs

Determination of the significant inputs used in the valuation:

Rental income

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

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

Operating and maintenance costs

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

Construction costs (investment under constructions)

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

Discount rate

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

Non-observable inputs

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

Category/level/ valuation method	Non observable Input factor	Ranges (weighted average)	
		30 Jun 2022	31 Dec 2021
Retail Level 3 DCF	Fair value CHF ('000)	580'750	581'090
	Discount rates (real) (%)	2.8% - 3.8% (3.35%)	2.85%–3.8% (3.38%)
	Achievable long-term market rents per sqm and year CHF	CHF 179 - CHF 352 (CHF 248 per sqm and year)	CHF 173 – CHF 360 (CHF 247 per sqm and year)
	Structural vacancy rates (%)	3.5% - 5.18% (4.78%)	3.5%–5.2% (4.8%)
Offices Level 3 DCF	Fair value CHF ('000)	649'603	639'490
	Discount rates (real) (%)	2.65% - 3.75% (3.09%)	2.7%–3.8% (3.14%)
	Achievable long-term market rents per sqm and year CHF	CHF 266 - CHF 359 (CHF 298 per sqm and year)	CHF 266–CHF 359 (CHF 298 per sqm and year)
	Structural vacancy rates (%)	5.0% - 7.27% (5.77%)	5.0%–7.3% (5.8%)
Logistics/industrial Level 3 DCF	Fair value CHF ('000)	205'260	203'170
	Discount rates (real) (%)	3.3% - 3.8% (3.59%)	3.35%–3.95% (3.66%)
	Achievable long-term market rents per sqm and year CHF	CHF 84 - CHF 153 (CHF 96 per sqm and year)	CHF 84–CHF 153 (CHF 96 per sqm and year)
	Structural vacancy rates (%)	5.0% - 5.81% (5.1%)	5.0%–5.8% (5.1%)
Under development / construction Level 3 DCF	Fair value CHF ('000)	38'590	31'810
	Discount rates (real) (%)	3.65% - 4.0% (3.88%)	3.75%–4.0% (3.9%)
	Achievable long-term market rents per sqm and year CHF	CHF 189 - CHF 296 (CHF 196 per sqm and year)	CHF 86–CHF 294 (CHF 156 per sqm 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)	1'474'203	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 30 June 2022.

CHF ('000)	External fair value	Accrued operating lease income	Right-of-use of land	Market value for financial reporting
Retail	580'750			580'750
Offices	649'603	(3'204)	13'252	659'651
Logistics/industrial	205'260			205'260
Under development/construction	38'590			38'590
Total	**1'474'203**	**(3'204)**	**13'252**	**1'484'251**

Sensitivity of input factors

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

The following sensitivity analysis shows the impact of an increase or decrease in the discount rates used in the DCF valuation. As illustrated in the below table, a general reduction of 10 basis points in the discount rate would increase the current fair value of the investment properties as at 30 June 2022 by 3.18% or CHF 46.9 million. A general increase of 10 basis points in the discount rate would reduce the current fair value of the investment properties as at 30 June 2022 by 3.09% or CHF 45.5 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	3.79%	(200'936)	(13.63%)	1'273'267
+40	3.69%	(165'273)	(11.21%)	1'308'930
+30	3.59%	(127'587)	(8.65%)	1'346'616
+20	3.49%	(87'737)	(5.95%)	1'386'466
+10	3.39%	(45'529)	(3.09%)	1'428'674
	3.29%			**1'474'203**
–10	3.19%	46'892	3.18%	1'521'095
–20	3.09%	97'588	6.62%	1'571'791
–30	2.99%	151'736	10.29%	1'625'939
–40	2.89%	209'660	14.22%	1'683'863
–50	2.79%	271'860	18.44%	1'746'063

16 Other non-current assets

CHF ('000)	30 Jun 2022	31 Dec 2021
Refund from complementary property tax	5'723	5'587
Total other non-current assets	**5'723**	**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).

17 Shareholders' loans payables

CHF ('000)	30 Jun 2022	31 Dec 2021
Due within 12 months	-	-
Due within 2 to 5 years	-	6'587
Due after 5 years	-	-
Total shareholders' 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.

18 Current and non-current financial liabilities

CHF ('000)	30 Jun 2022	31 Dec 2021
Mortgage-secured bank amortisation due within 12 months	8'545	12'655
Mortgage-secured bank loans due for extension or repayment	50'845	52'050
Directly attributable financing costs	(72)	(107)
Accrued mortgage and swap interest	77	85
Lease liabilities	857	856
Total current financial liabilities	**60'252**	**65'539**
Mortgage-secured bank loans	537'975	700'999
Directly attributable financing costs	(107)	(292)
Lease liabilities	13'090	13'245
Total non-current financial liabilities	**550'958**	**713'952**
Total financial liabilities	**611'210**	**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 banks' 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 on a temporary basis (CHF 130.6 million). Loans repaid on a temporary basis can be drawn back when needed. In addition, amortisation amounts for CHF 4.8 million were paid during H1 2022.

CHF ('000)	30 Jun 2022	31 Dec 2021
Total mortgage-secured bank loans	597'364	765'704
Weighted average interest rate at period end	0.9%	0.9%

The vast majority of the variable bank debt is based on a 1 to 3-month variable CHF-SARON interest rate. On the variable loans, which represent 58% of the total mortgage-secured bank liabilities as at 30 June 2022, the margins vary between 0.75% and 1.4% during H1 2022. Of the variable loans, 66% was hedged with swaps as at 30 June 2022. On the borrowing with fixed interest rates, those rates range between 0.53% and 1.2%.

On 28 December 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. Nothing was drawn as at 30 June 2022. Following the signature with Implenia group as total contractor for the construction of the buildings, some terms of this loan will have to be renegotiated in order to align it with the new construction planning.

The below table summarises the maturities of the mortgage bank loans excluding any accrued interests:

CHF ('000)	30 Jun 2022	31 Dec 2021
Due within 12 months	59'390	64'705
Due within 2 to 5 years	287'485	266'960
Due after 5 years	250'489	434'039
Total mortgage-secured bank loans	**597'364**	**765'704**

19 Accrued expenses and deferred income

CHF ('000)	30 Jun 2022	31 Dec 2021
Accruals for property expenditures	7'083	4'000
Accruals for general expenses	4'055	1'530
Total accrued expenses	**11'138**	**5'530**
Rents received in advance	3'248	1'192
Down payments for ancillary costs	655	948
Total deferred income	**3'903**	**2'140**
Total accrued expenses and deferred income	**15'041**	**7'670**

The increase in accrued expenses is mainly driven by i) accrued one-off IPO costs of CHF 2.5 million under accruals for general expenses and ii) higher property expenditures for works performed in relation to our development in Cheseaux-sur-Lausanne (EPiC 23); the new façade for Provencenter (EPiC 9) and fit-out works in Biopôle Serine (EPiC 20) (aggregate effect for those three projects of CHF 2.4 million).

20 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 rate. The table below summarises the fair value and maturities of the swaps.

CHF ('000)	30 Jun 2022	31 Dec 2021
Within 12 months	1'031	(1'504)
Within 2 to 5 years	12'178	(1'057)
After 5 years	9'352	2'001
Total net positive (negative) fair value	**22'561**	**(560)**
Total contract value	**228'490**	**228'490**

The variable interest rate is based on 3 months CHF–SARON. As at 30 June 2022, all swaps have a fixed interest leg of 0.0% (on top of which the margins of the variable loans are to be added).

21 Financial risk management

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 15.

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

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 measure 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 800.3 million as at 30 June 2022, the group has a solid capital base (equity ratio of 51.6% as at 30 June 2022 and 38.6% as at 31 December 2021). Mortgage bank loans (including interest) account for 38.5% of total assets as at 30 June 2022 (51.1% as at 31 December 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 in note 28) of +/- 45% (this ratio equalled 38.1% as at 30 June 2022 and 51.4% as at 31 December 2021). The adjusted net loan to value ratio (as defined in note 28) amounts to 38.4% as at 30 June 2022 and 51.9% as at 31 December 2021.

The improvement of the ratios mentioned above are mainly due to the successful IPO of the Company which took place 25 May 2022 and led to a total capital increase of CHF 192.4 million (including the partial exercise of the greenshoe on 28 June 2022) of which a part of it was used to repay some of the bank loans

22 Share capital and share premium

As at 30 June 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 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 the second half of 2021 (CHF 0.40 per share).

The share premium of CHF 466.9 million (gross of any IPO costs) as per the statutory balance sheet as at 30 June 2022 (CHF 279.1 million by the end of 2021) constitutes foreign and domestic capital contribution reserves according to art. 5 para. 1 ter and art. 5 para. 1 quater lit. a of the Swiss Federal Law on Withholding Tax (effective as of 1 January 2020), which are unconditionally free of withholding tax upon distribution.

As at 30 June 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 shares issued, 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 11).

23 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)/in CHF	H1 2022	H1 2021
Profit	38'724	18'254
Weighted average number of outstanding shares (in '000)	8'052	7'500
Basic and diluted EPS	4.81	2.43
Profit excluding revaluation effects	13'546	17'252
Basic and diluted EPS adjusted for revaluation effects	1.68	2.30

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 H1 2022 would have amounted to CHF 2.41 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 note).

CHF ('000)/in CHF	30 Jun 2022	31 Dec 2021
Shareholders' equity	800'286	577'865
Number of outstanding shares at period end (in '000)	10'330	7'500
NAV per share	77.47	77.05
Shareholders' equity before net deferred taxes	913'702	688'006
NAV per share before net deferred taxes	88.45	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.

24 Shareholders

As at the reporting date, the following two principal shareholders held the following quota (%) of the Company's share capital:

56.5% - Alrov Properties & Lodgings Ltd, Tel-Aviv, Israel ('Alrov')

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.

25 Related parties

The related parties encompass the group executive management (being the members of the board of directors, CEO, CFO and Portfolio Director), the Alrov group and companies controlled by members of the key management personnel.

Information on payables to shareholders are included in note 17. Interest charges accrued to Alrov during both periods amounted to less than CHF 0.1 million (see note 12).

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).

Stefan Breitenstein and Ron Greenbaum became board members of the Company, elected by the shareholders, with effective date 1 October 2017, Andreas Schneiter with effective date 1 April 2020 and Leta Bolli 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	H1 2022	H1 2021
EPIC UK	Advisory services	111	147
Total services by related parties		**111**	**147**
Ron Greenbaum	Chairman of the board	51	43
Other external board members		73	41
Social security		7	5
Total remuneration of the board of directors		**131**	**89**
Short-term employee benefits		765	497
Total remuneration of management		**765**	**497**

As at 30 June 2022, the outstanding balances in relation to the above-mentioned services amounted to CHF 3.6k for EPIC UK services (accrued and not yet invoiced services) and CHF 55k as at 30 June 2021.

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 both periods. This arrangement was terminated with effective date 30 April 2022.

The Company has adopted a management incentive plan for the group executive management that will come 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, to be paid out separately. For the first one, the relevant key performance indicators will be 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 will be an ESG target, whose basis of allocation will be determined by the Remuneration and Nomination Committee. Both bonuses are capped and will be 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.

The short-term employee benefits include the pension expenses.

In 2021, discretionary bonus accruals were made once a year at year end, therefore H1 2021 does not include such accruals which would have amounted to CHF 0.2 million for 6 months based on 2021 actual amounts.

26 Events after the reporting date

On 27 July 2022, EPIC Group signed a total contractor agreement with Implenia group in relation to its development in Cheseaux-sur-Lausanne for the construction of two activity buildings. Total construction costs have been capped at less than CHF 100 million for today's specifications of the project. Depending on the number and type of tenants, additional options might be added. This amount does not include amongst other things, road access and utilities, connection fees and supervision costs.

27 Significant accounting policies

Please refer to note 29 of the 2021 consolidated annual financial statements.

28 Definition of Non-GAAP measures

EBIT (Earnings before interest and tax) as a subtotal includes the result generated from the continuing principal revenue producing activities of the EPIC Group as well as other income and expenses related to operating activities before addition/deduction of financial income and financial expenses and income taxes.

EBITDA (Earnings before interest, tax, depreciation and amortisation) as a subtotal includes EBIT before deduction of depreciation and impairment of tangible assets.

Net loan to value ratio represents the ratio of the mortgage-secured bank loans and the shareholders' loans net of cash and cash equivalents to the market value of the real estate properties.

Adjusted net loan to value ratio represents the ratio of the mortgage-secured bank loans and the shareholders' loans net of cash and cash equivalents to the market value of the real estate properties excluding the value of the right-of-use of the land.

Property details

Legal entity	Property name	Address	Zip	City	Canton	Ownership	Construction Year	Renovation Year	Extension Year	m² Land Area	m² Retail	m² Offices	m² Logistics/ industrial	m² Other	m² Total Rentable Area	Parking Unit (#)
Retail																
EPiC 1	Le Forum	Place du Marché 6	1820	Montreux	Vaud	P by F – 50%	2000	-	-	5'897	9'743	-	-	1'585	11'328	193
EPiC 3	Wiggis-Park	Molliserstrasse 41	8754	Netstal	Glarus	Sole owner	1996	2002	2008/2014	37'368	18'764	4'220	-	6'170	29'154	627
EPiC 3	Florapark	Florastrasse 1	8800	Thalwil	Zurich	P by F – 48%	1993	-	2006	4'913	7'562	-	-	50	7'612	183
EPiC 5	Tägipark	Jurastrasse 42	5430	Wettingen	Aargau	Sole owner	2003	-	2012	25'405	22'992	-	-	-	22'992	522
EPiC 7	Markt am Bohl	Bohl 9	9000	St. Gallen	St. Gallen	Sole owner	1989	-	-	1'086	2'195	240	-	1'014	3'449	-
EPiC 10	Uster West	Winterthurerstrasse 18	8610	Uster	Zurich	Sole owner	1914	-	2004	11'545	4'320	2'907	-	1'110	8'337	163
EPiC 10	"Zänti" Volketswil	Im Zentrum 18	8604	Volketswil	Zurich	Sole owner	1973	2020	-	20'803	11'416	1'089	-	2'133	14'638	551
EPiC 16	En Noyer-Girod	En Noyer-Girod 2-12	1063	Etoy	Vaud	Sole owner	2002	-	-	20'506	6'746	-	-	-	6'746	219
										127'523	83'738	8'456	-	12'062	104'256	2'458
Offices																
EPiC 7	Lake Geneva Center B	Route de la Longeraie 7	1110	Morges	Vaud	Sole owner	2006	-	-	5'157	-	5'364	-	1'334	6'698	152
EPiC 9	Provencenter	Avenue de Provence 82	1007	Lausanne	Vaud	Sole owner	1992	2015	-	1'980	-	6'404	-	478	6'882	84
EPiC 9	Office Building Lutry	Rue de Remparts 2	1095	Lutry	Vaud	Owner of building Parking – P by F	2002	-	-	468	-	1'348	-	87	1'435	18
EPiC 9	com.West	Hardturmstr. 123/125/127/129 Förrlibuckstr. 70/72	8005	Zürich	Zürich	Sole owner	2002	-	-	9'938	404	21'402	-	2'756	24'562	154
EPiC 11	Biopôle Metio & Lysine	Route de la Corniche 2-4	1066	Epalinges	Vaud	Land lease – P by F 96.5%	2008	-	-	4'462	646	4'847	-	816	6'309	84
EPiC 12	Lake Geneva Center A	Route de la Longeraie 9	1110	Morges	Vaud	Sole owner	2008	-	-	6'508	-	5'414	-	1'037	6'451	144
EPiC 16	Biopôle Proline	Route de la Corniche 10	1010	Lausanne	Vaud	Land lease	2012	-	-	1'776	-	3'127	-	482	3'609	17
EPiC 16	Vennes III	Chemin des Roches 1a et 1b	1010	Lausanne	Vaud	Sole owner	2013	-	-	4'891	-	5'165	-	380	5'545	76
EPiC 16	Rue du Tunnel	Rue du Tunnel 6, 8, 10 & 12	1227	Carouge	Geneva	P by F – 13.3%	2017	-	-	3'797	-	1'216	-	163	1'379	14
EPiC 19	Campus Leman – A&B	Rue du Docteur Yersin 10	1110	Morges	Vaud	Sole owner	1950	2020	-	6'600	928	8'792	-	1'880	11'600	125
EPiC 20	Biopôle Serine	Route de la Corniche 6, 8	1066	Epalinges	Vaud	Land lease	2020	-	-	2'075	-	8'319	-	414	8'733	-
EPiC 22	Lancy Office Center	Avenue des Morgines 8/10	1213	Petit-Lancy	Geneva	Sole owner	2002	-	-	7'775	1'225	8'221	-	3'598	13'044	191
										55'427	3'203	79'619	-	13'425	96'247	1'059
Logistics/industrial																
EPiC 7	En Molliau	Route du Molliau 30	1131	Tolochenaz	Vaud	Sole owner	1972	-	-	73'618	-	-	40'079	-	40'079	320
EPiC 9	Vuarpillière	Chemin de la Vuarpillière 27/29	1260	Nyon	Vaud	Sole owner	1987	2019	2015	6'007	-	276	7'557	-	7'833	65
EPiC 10	Fegistrasse	Fegistrasse 9	8957	Spreitenbach	Aargau	Sole owner	1989	-	-	11'132	482	2'135	15'835	138	18'590	158
EPiC 21	Brunnpark	Lagerhausstrasse 9, 10, 12, 13, 14, 15, 17, 19	4914	Roggwil	Bern	Sole owner	1920	2013	-	79'208	-	-	55'037	-	55'037	-
										169'965	482	2'411	118'508	138	121'539	543
SUBTOTAL										**352'915**	**87'423**	**90'486**	**118'508**	**25'625**	**322'042**	**4'060**
Under development/construction																
EPiC 19	Campus Leman – C&D	Rue du Docteur Yersin 10	1110	Morges	Vaud	Sole owner				2'449	n/a	n/a	n/a	n/a	n/a	n/a
EPiC 21	Brunnpark	Steigmatte 2, 8	4914	Roggwil	Bern	Sole owner				29'286	n/a	n/a	n/a	n/a	n/a	n/a
EPiC 23	PULSE	Chemin du Châtelard	1033	Cheseaux-sur-Lausanne	Vaud	Sole owner				31'879	n/a	n/a	n/a	n/a	n/a	n/a
										63'614						
TOTAL PORTFOLIO										**416'529**						

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

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 2024
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 we estimate to take another 12 months.	Estimated 2024–2026

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 sqm 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 of less than CHF 100 million (see note 26). Implenia is expected to commence construction in October 2022.	Estimated H1 2025

Expiry of investment properties' lease contracts based on 30 June 2022 target rent

Year	Excluding the exercice of any early break option
2022	3.3%
2023	7.2%
2024	8.3%
2025	8.2%
2026	4.8%
2027	1.7%
2028	7.7%
2029	5.4%
2030	9.9%
2031	12.6%
2032+	30.9%
Total	**100.0%**

Key information for investment properties in operation for H1 2022 by category

Category	Market value CHF '000	Net revaluation gain (loss) CHF '000	Net rental operating income CHF '000	Target rent H1 2022 CHF '000	Implied yield based on target rent %	Vacancy as % of target rent %	Vacancy as at 30 June 2022 m^2
Retail	580'750	(3'466)	11'220	12'920	4.4%	5.7%	8'863
Offices	659'651	6'197	11'898	15'067	4.6%	8.5%	6'878
Logistics/ industrial	205'260	1'617	4'540	5'035	4.9%	2.6%	3'478
Total	**1'445'661**	**4'348**	**27'658**	**33'022**	**4.6%**	**6.5%**	**19'219**

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	12'388	361	12'749	(1'168)	11'581	4.3%
Offices	13'367	196	13'563	(1'469)	12'094	4.1%
Logistics/ industrial	4'903	77	4'980	(363)	4'617	4.8%
Total	**30'658**	**634**	**31'292**	**(3'000)**	**28'292**	**4.2%**

Yield calculations for the period are annualised.

EPRA earnings and EPRA earnings per share

CHF ('000)		H1 2022	H1 2021
Earnings according to the consolidated statement of profit or loss		**38'724**	**18'254**
Adjustments for:			
(i)	Changes in value of investment properties, development properties held for investment and other interests	(5'278)	1'048
(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	(23'122)	(1'994)
(vii)	Acquisition costs on share deals and non-controlling joint venture interests	n/a	n/a
(viii)	Deferred tax in respect of EPRA adjustments	3'222	(56)
(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		**13'546**	**17'252**
Weighted average number of outstanding shares during the period (in '000)		8'052	7'500
EPRA earnings per share in CHF		**1.68**	**2.30**

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

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

		30 Jun 22		
CHF ('000)		EPRA NRV	EPRA NTA	EPRA NDV
Equity (NAV) according to the consolidated statement of financial position		**800'286**	**800'286**	**800'286**
Dilution effects		n/a	n/a	n/a
Diluted equity (NAV)		**800'286**	**800'286**	**800'286**
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		**800'286**	**800'286**	**800'286**
Exclude:				
v)	Deferred tax in relation to fair value gains of IP	103'550	51'775	
vi)	Fair value of financial instruments	(22'561)	(22'561)	
vii)	Goodwill as a result of deferred tax	n/a	n/a	n/a
viii.a)	Goodwill as per the IFRS balance sheet		n/a	n/a
viii.b)	Intangibles as per the IFRS balance sheet		(9)	
Include:				
ix)	Fair value of fixed interest rate debt			3'944
x)	Revaluation of intangibles to fair value	n/a		
xi)	Real estate transfer tax	25'944	553	
EPRA NAV		**907'219**	**830'044**	**804'230**
Fully diluted number of shares (in '000)		10'330	10'330	10'330
EPRA NAV per share in CHF		**87.82**	**80.35**	**77.85**

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

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

		30 Dec 21		
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.

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Independent Auditor's Report on the Review of Interim Condensed Consolidated Financial Information

to the Board of Directors of EPIC Suisse AG, Zurich

Introduction

We have been engaged to review the accompanying interim condensed consolidated statement of financial position of EPIC Suisse AG as at 30 June 2022 and the related condensed consolidated statements of profit or loss and other comprehensive income, cash flows and changes in equity for the six-month period then ended, and selected explanatory notes (the interim condensed consolidated interim financial statements) on pages 10 to 41. The Board of Directors is responsible for the preparation and presentation of this consolidated interim financial information in accordance with International Accounting Standard 34 Interim Financial Reporting and article 17 of the Directive on Financial Reporting (DFR) of the SIX Swiss Exchange. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information as at 30 June 2022 is not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim Financial Reporting* and article 17 of the Directive on Financial Reporting (DFR) of the SIX Swiss Exchange.

KPMG AG

Reto Benz
Licensed Audit Expert

Daniel Gehring
Licensed Audit Expert

Zurich, 25 August 2022

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22 August 2022

Valuation as of 30 June 2022 – Independent valuer's report

Reference
105868.2022-06

Commission
Wüest Partner AG (Wüest Partner) was commissioned by the Executive Board of EPIC Suisse AG (EPIC) to perform a valuation, for accounting purposes, of the properties directly or indirectly held by EPIC as of 30 June 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 economic environment may be regarded as the most relevant factor influencing the input factors. When negative economic sentiment exerts downward pressure on market rents, real estate vacancies usually increase. But at the same time, such market situations are usually associated with favorable (i.e. low) interest rates, which have a positive effect on discount rates. To an extent, therefore, changes to input factors offset each other. Ongoing measures to optimize the EPIC portfolio (e.g. the conclusion or renewal of long-term rental contracts, investments in the fit-out of rental areas etc.) counter such short-term market shocks, which primarily impact on market rents and vacancy levels. As already mentioned, the individual, risk-adjusted discount rate for a property reflects the yield expectations of the respective investors/market actors; the property owner can exert only a limited influence.

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 30 June 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, Wüest Partner carried out a total of 27 valuations (24 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 1,474,203,000 as of 30 June 2022.

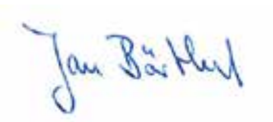
Independence and confidentiality

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, 22 August 2022



Jan Bärthel MRICS
Partner

Moritz Menges MRICS
Director

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	580'750	Discount rates (real)	Percent	2.80%	3.35%	3.80%
Level 3		Achievable long-term market rents	CHF/m^2 p.a.	179	248	352
DCF		Structural vacancy rates	Percent	3.50%	4.78%	5.18%
Offices	649'603	Discount rates (real)	Percent	2.65%	3.09%	3.75%
Level 3		Achievable long-term market rents	CHF/m^2 p.a.	266	298	359
DCF		Structural vacancy rates	Percent	5.00%	5.77%	7.27%
Logistics/Industrial	205'260	Discount rates (real)	Percent	3.30%	3.59%	3.80%
Level 3		Achievable long-term market rents	CHF/m^2 p.a.	84	96	153
DCF		Structural vacancy rates	Percent	5.00%	5.10%	5.81%
Under development/construction	38'590	Discount rates (real)	Percent	3.65%	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%

The valuations were based on the following general assumptions:
- The rent rolls from EPIC used in the valuation are dated 1 July 2022.
- 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 indexation of existing rental agreements is accounted for on an individual basis. After expiry of the contracts, an indexation factor of 80% (Swiss average) and an average contract term of 5 years are 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.

Investor Relations Information

Agenda

27 March 2023	Publication Annual Report 2022
26 April 2023	Annual General Meeting of Shareholders 2023
August 2023	Publication Half-Year Report 2023

Information regarding registered shares as at 30 June 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 672.5 million
Closing price end of period	CHF 65.10

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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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 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 net 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 39)
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

Imprint/Disclaimer

Disclaimer and declaration of forward-looking statements

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

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

Impressum

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