



EDMOND DE ROTHSCHILD REAL ESTATE SICAV – SWISS (“ERRES”) PUBLICATION OF THE SEMI-ANNUAL REPORT AS AT 30 SEPTEMBER 2024

ERRES’s half-year results at 30 September 2024 were in line with targets.

- The **loss rate on rents stabilised at a low level of 1.76%** and **rental statements increased 2.92%** at constant scope in the last 12 months (1.59% in the first six months of the financial year).
- **Two new construction projects and an elevation** were delivered and five new renovation and elevation permits obtained.
- **Two buildings valued by the manager were sold**, generating a net realised distributable gain of CHF 0.79/share.
- **Distributable net income** amounted to CHF 2.56/share after six months.
- **Two buildings were acquired and a forward purchase was completed**, reinforcing the residential allocation in the canton of Geneva.
- **Twenty-seven existing buildings were revalued**, resulting in an unrealised loss of CHF 27.6m, owing to the situation of the general contractor Steiner AG on the Bülach construction project (unrealised loss of CHF 8.2m) and the recognition as a loss of an audit difference related to the consolidation of real estate companies (unrealised loss of CHF 9.3m).
- **Four stars (86 points) and the Green Star** label were obtained in the first participation in the **GRESB benchmarking** for existing buildings in the portfolio.
- **Distribution targets were confirmed for the 2024/25 financial year**, with an exempt dividend of at least CHF 3.80/share.
- The **change in the fund management for Solutions & Funds** on 1 January 2025 was approved by FINMA and investors.

Income statement

Rental income totalled CHF 55.44m at 30 September 2024, up 6.38% compared with the same period last year, driven by income from acquisitions and the delivery of new properties, and increases in rental statements for properties in the portfolio. At constant scope, these increases totalled 1.59% in the first six months of the financial year and 2.92% in the last 12 months. With a low rental loss rate of 1.76% at 30 September 2024, compared with 1.71% at the previous half-year closing, the manager is focusing more than ever on enhancing the portfolio of high-quality buildings in locations with high rental demand and on the financial solidity of tenants.

Total expenses increased 0.69% in the first half of the financial year to CHF 28.76m.

Maintenance and repair expenses came out at CHF 2.69m, up 4.69% compared with the previous period.

Mortgage interest expenses increased 25.72% to CHF 6.06m, reflecting higher interest rates in Switzerland and the larger volume of financing in the portfolio, having risen 6.2%.

The tax expense decreased 13.09% to CHF 7.75m, benefiting from the decline in Geneva tax values and the closure of an over-provision in previous years.

Net income for the half-year, including current expenses and revenue, was 11.45% higher than in the same period last year, amounting to CHF 28.36m, or CHF 1.77/share, for an EBIT margin of 69.91%.

At 30 September 2024, the disposal of two assets generated a gain after tax and fees of CHF 12.65m, or CHF 0.79/share, bringing distributable income for the year to CHF 2.56/share.

The half-year accounts show an unrealised loss of CHF 27.59m, resulting primarily from realised sales (transition from an unrealised capital gain to a realised capital gain), the correction of an audit difference related to the consolidation of real estate companies, and the consideration of the situation with the general contractor Steiner AG regarding the Bülach (ZH) - Trafostrasse 14 asset. As of the publication date of the semi-annual report on 30.09.2024, the manager and the Board of Directors assess the risk of unrealised loss related to this asset at CHF 8.2m, including CHF 11.3m in additional costs borne by the sub-fund (reversal of receivables from subcontractors, legal mortgages, legal fees in particular), an amount reduced by CHF 3.1m corresponding to the last unpaid instalments of the general contractor agreement signed with Steiner AG. The situation presented is prudent (worst-case scenario), reflecting the maximum estimated risk. The manager's teams, with the support of their legal advisers, have taken charge of the project to limit operational risks on site. This made it possible for tenants to move in in May and October 2024. Consequently, despite the situation with Steiner AG, the asset is now 100% leased and operational.

Total profit at the end of the first half of the financial year resulted in a gain of CHF 13.43m. The investment yield was 0.70% for the first half of FY 2024/25.

Balance sheet

The total value of buildings fell 0.3% to CHF 2,875bn at 30 September 2024, taking into account the progress on numerous construction projects and the two sales completed.

The debt ratio was stable at 30.42%, against 30.40% at 31 March 2024. The manager took advantage of the drop in interest rates to refinance on attractive terms, despite a decline in liquidity and an increase in margins on the credit market. The average maturity of the debt decreased slightly, to 4.38 years (4.79 at 31 March 2024), while the average cost of debt remained stable at 1.39% at 30 September 2024 (1.38% at 31 March 2024).

Net asset value (NAV) reached CHF 119.89/share, down 0.76% compared with the same period a year earlier. The decrease of CHF 2.97/share since the last annual report on 31 March 2024 can be attributed to the ex-dividend of CHF 3.80/share in July 2024.

At 30 September 2024, the sector allocation of ERRES-Swiss, as a percentage of rental statements, was as follows: 63% residential, 13% offices, 6% healthcare, 3% industrial and artisanal, 4% food retail, 3% other retail and 8% other. The allocation by canton is as follows: 51% Geneva, 22% Vaud, 7% Fribourg, 7% Zurich, 4% Neuchâtel, 2% Berne, 3% Basel-Ville and 4% others.

Acquisitions and sales

In the first half of FY 2024/25, ERRES made three residential acquisitions for a total CHF 46.8m. The first portfolio acquisition of the financial year was a residential building with rental potential located at Rue Jean-Charles Amat 14 in Geneva. The second acquisition was a

residential complex located at Chemin de l'Écu 15-17A in Vernier (GE), in a district where ERRES already owns three buildings and is currently rolling out a project to renovate and increase density. The Chemin de Challendin 1-3-5 construction project in Chêne-Bougeries (GE) was delivered and executed in summer 2024, offering rent-controlled housing in a high-quality environment.

Since the half-year closing date, the manager has also carried out the forward acquisition of a new High Energy Performance (HPE) construction project in the Thônex development zone (Geneva) located at Chemin Louis-Valencien 10.

Two strategic sales were made during the period to crystallize the work carried out by the manager's teams. The Rue de la Prulay 37 building in Meyrin (GE) was sold after a complete energy renovation and a two-storey elevation, while the sale of the Les Vergers complex in Meyrin, located at Coopératives 5 / Voisinage 1 / Équilibre 1-2 / Récréations 25, confirms the margin generated on a new construction project.

These two sales were made at a price exceeding the last valuations and generated a net distributable capital gain of CHF 0.79/unit.

Active portfolio management is an integral part of the strategy aimed at delivering lasting returns to investors.

Construction, renovation and development projects

In addition to the Challendin complex presented above, the Trafostrasse 14 building in Bülach (ZH) was delivered in the first half of the year. Despite issues with the general contractor Steiner, the manager's teams succeeded in delivering the building and enabling the three tenants to move into their new spaces. The building is 100% let and the initial rents have been collected.

Three new construction projects were under way at 30 September 2024.

In the Petite Prairie district of Nyon (VD), the 36 apartments included in the new development were delivered in October 2024 and are fully let. The rental levels attained on the first lease are 12% higher than those planned on acquisition, reflecting the quality of the buildings and spaces created as well as the appeal of the district.

On the Biopôle site in Lausanne (VD), the three buildings totalling nearly 20,000 m² dedicated to life sciences are "weatherproof" with gross delivery planned for April 2025. Marketing is making robust headway, with 67% of the surface area leased, 19% close to being leased and only 14% remaining to be leased.

In downtown Geneva, the project to build 37 apartments on Rue Edouard-Rod 12-14 is progressing in accordance with the schedule, with delivery planned in September 2025. This building will be certified High Energy Performance (HPE) and offer affordable rents.

The manager is actively working on renovating and increasing the density of the real estate portfolio.

In Meyrin (GE), the delivery of the energy upgrade and renovation (including HPE certification) at Avenue François-Besson 5-7-9 marks a new stage in the implementation of this strategy. The 12 homes created on the two new floors have been rented since the summer.

The building located at Rue de la Baillive 5 in Geneva has benefited from a renovation with HPE certification, the creation of two apartments in the attic, and the replacement of gas heating by a heat pump. Also in Geneva, the Rue Dancet 8 building is undergoing total renovation and HPE certification.

The acceleration in the obtaining of building permits in 2024 will make it possible to renovate and increase the density of the portfolio. A major milestone was reached with the Rue de Genève 92 building in Thônex (GE), where a residential block of 38 apartments is to be added

to the existing commercial base. In other developments, permits were obtained for the buildings at Rue du XXXI-Décembre 43, Rue de Lyon 55 and Rue des Pâquis 17 for renovations and increased density in Geneva.

Projects under way on constructing, renovating and increasing density will require CHF 77m in capital and eventually generate additional rental statements of CHF 8.5m.

Sustainability

The manager is actively deploying its sustainability strategy by investing significant human and financial resources in existing buildings to maximise the impact of its actions. The numerous projects detailed above demonstrate this commitment to achieving the objectives.

For its first participation in the GRESB benchmarking, ERRES obtained a rating of 4 out of 5 stars with 86 out of 100 points as well as the Green Star label. This excellent result reflects the quality of the work carried out over many years on the real estate portfolio as well as in governance and investor reporting.

Outlook

On 1 January 2025, the fund management of the SICAV will be transferred to Solutions & Funds. The latter will take over responsibility for tasks related to accounting, risk management and compliance, as well as relations with FINMA.

The manager is convinced of the attractive positioning of ERRES through its predominant exposure to the residential sector, the high-quality locations of its buildings, and the framework conditions, which are favourable for real estate. For the current financial year ending 31 March 2025, the manager expects to generate net income enabling the distribution of an exempt dividend of at least CHF 3.80/share.

If you have any questions, please contact:

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Link to semi-annual report and investor presentation

<https://www.edr-realestatesicav.ch/erres-swiss/publications>