

EDMOND DE ROTHSCHILD REAL ESTATE SICAV – SWISS



Malters, Lucerne (44 apartments)

MAIN FEATURES

Legal structure:	SICAV
Name of SICAV:	Edmond de Rothschild Real Estate
Name of subfund:	Edmond de Rothschild Real Estate – Swiss
Domicile of SICAV:	Switzerland
Asset class:	Direct property holdings in Switzerland
Currency:	CHF
Date launched:	16.03.2011
Financial year ends:	31 March
NAV calculated:	Semi-annually
Share subscriptions / redemptions:	Traded on SIX Swiss Exchange
Liquidity:	Daily on the stockmarket
ISIN:	CH0124238004
Telekurs code:	12423800
Ticker symbol:	ERRES
Benchmark:	SXI Real Estate Funds (TR)
Category of shares:	A (distribution)
Distribution:	Annual
Investment Manager:	Orox Asset Management SA (since 22/12/16)
Executive Manager:	CACEIS (Switzerland) SA
Custodian:	Banque Cantonale Vaudoise
Auditor:	KPMG S.A.
Official notifications:	in Le Temps and the FOSC
Tax breaks:	Exempt for Swiss private investors
Tax value per share (at 31.12.2016):	CHF 0.92

Private investors domiciled in Switzerland are exempt from taxes on income and capital deriving from real estate business.

STRATEGY

Edmond de Rothschild Real Estate SICAV – Swiss (“ERRES”) invests in property throughout Switzerland. The fund’s investment strategy is geared towards generating steady rental income from its buildings, with the additional aim of creating added value. The portfolio mainly comprises residential properties, with the remainder made up of commercial space (chiefly offices). The value of individual properties generally ranges from CHF 5m to CHF 60m. To avoid concentrating risks, the portfolio is diversified across several cantons and property categories.

RETURNS TO 31 MARCH 2017

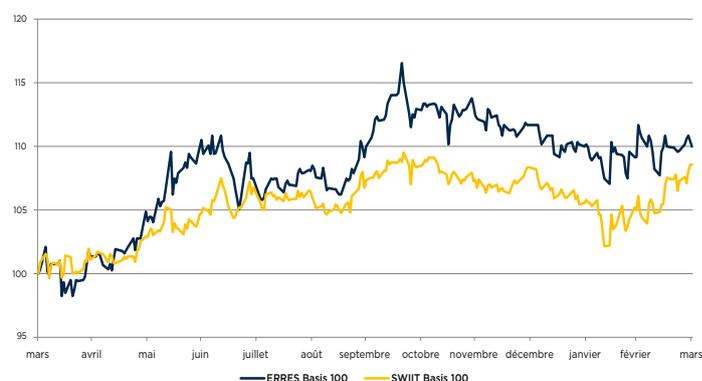
Market price of shares: 134.50

Premium : 22%

Market capitalisation (CHFm) : 898.8

Premium to benchmark :32.6%

Change in market price



Annual performances (dividend reinvested since inception, except in 2017)

	2011*	2012	2013	2014	2015	2016	2017**	Since inception***
ERRES SWISS	12.25%	-0.23%	-9.23%	16.54%	9.78%	11.63%	2.13%	45.19%
SWIIT INDEX	3.61%	6.27%	-2.77%	14.99%	4.17%	6.85%	4.57%	35.95%

* from 16.03.2011 to 31.12.2011

** from 31.12.2016 to 31.03.2017

*** from 16.03.2011 to 31.03.2017



KEY FIGURES FROM LAST ANNUAL REPORT (TO 30.09.2016)

Total assets: CHF 1 087 753 711.79	TER Ref (NAV): 1.08%
Net assets: CHF 725 188 142.58	Investment yield: 1.51%
NAV / share: CHF 108.52	Distribution yield: 0.00%
Distribution: CHF 0.00	EBIT margin: 77.30%
Debt ratio: 30.86%	Loss on rents: 3.82%
TER Ref (GAV): 0.74%	

MANAGER'S COMMENT

CONSTRUCTIONS/RENOVATIONS

The first two buildings of the construction project in Malters (LU) were handed over on 24 March. The inspection revealed the excellent work of the companies involved and the fine state of the buildings. Ongoing marketing is satisfactory with 12 of the 22 apartments already rented out from 1 April 2017. The remaining two buildings will be handed over in late June 2017, according to plan. Construction of 66 controlled-rent apartments in Meyrin is also proceeding on schedule.

The Minergie energy-efficiency modifications to the building on Avenue Adrien Lachenal in Versoix should be completed in late April 2017.

CHANGE OF MANAGER

The strategic plan designed to strengthen and integrate Edmond de Rothschild's real estate expertise in Switzerland is now fully deployed. On 22 December 2016 FINMA issued OROX Asset Management ("OROX"), a subsidiary of Edmond de Rothschild Suisse SA, a collective investment scheme manager's licence for property funds.

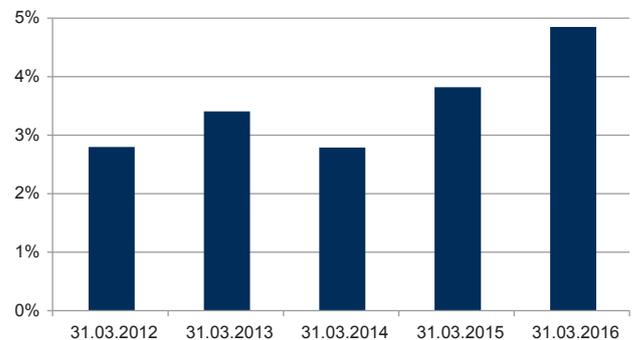
As part of the plan, all tasks relating to the management of ERRES are now performed directly by OROX. This change has paved the way for enhanced synergies within the group's real estate teams but has no impact either on the management of ERRES or on OROX's other business, since the same persons are still in charge of these tasks and portfolio management, in particular.

DISCLAIMER :

Edmond de Rothschild Real Estate SICAV (the «SICAV»), Geneva is an externally managed société d'investissement à capital variable incorporated in Switzerland in the «real estate» category, as defined in the Swiss Collective Investment Schemes Act (CISA). The SICAV has delegated administration, management and distribution to its Fund Management Company, CACEIS (Switzerland) SA, Nyon, which has in turn delegated the SICAV's investment management and the exclusive distribution of its shares to Edmond de Rothschild (Suisse) SA, Geneva, which also has sub-distribution authority. Banque Cantonale Vaudoise, Lausanne is the SICAV's custodian. Subscriptions shall be valid only on the basis of the current prospectus including the investment regulations and articles of association, together with the simplified prospectus and the latest annual report (or semi-annual report if it is more recent). These documents may be obtained free of charge from the headquarters of the SICAV, Edmond de Rothschild (Suisse) SA, rue de Hesse 18, 1204 Geneva, from CACEIS (Switzerland) SA, Route de Signy 35, 1260 Nyon and from any sub-distributors.

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Annual investment yields



NEW CAPITAL INCREASE

The Board of Directors of Edmond de Rothschild Real Estate SICAV (the "SICAV") intends to increase the share capital of the Edmond de Rothschild Real Estate SICAV – Swiss subfund by roughly CHF 100 million in the month of September 2017.

In line with ERRES' strategy, its Investment Manager and the Board of Directors have set the following priorities for the coming years:

- › Consolidate the dividend paid to investors
- › Create value in the existing portfolio
- › Grow the portfolio selectively by striving to optimise the residential / commercial allocation
- › Replace the portfolio's least profitable assets

Opportunities to buy top-quality properties have already been secured in the form of signed notarised deeds:

- › A new residential complex in the Montreux/Vevy area
- › A new commercial building with 20-year lease in the canton of Geneva
- › A project to build a residential complex in the canton of Geneva.

These assets together represent an investment of CHF 135 million, with a residential allocation of 70% and an average net yield in line with that of ERRES' present portfolio.

The main investment objective of each subfund shall be to preserve the substance of capital invested long term and to distribute appropriate income. To the extent possible the SICAV's Board of Directors and Investment Manager shall strive to pursue the specific investment strategy drawn up for each subfund as set out in the SICAV's Term Sheets relating to the investment regulations. The implementation of said strategies may nevertheless be subject to constraints and to regulatory and legal procedures such as the Swiss rules on purchasing property for residential purposes. No assurance can be given by the SICAV, the Board of Directors, the Fund Management Company or the Investment Manager that residential property contemplated for purchase by the SICAV will be confirmed by the relevant federal and/or cantonal authorities as not being subject to said constraints and procedures.

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