

# CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement	63
Consolidated balance sheet	64
Consolidated statement of cash flows	65
Consolidated statement of changes in equity	66
Notes to the consolidated financial statements	67
Report of the statutory auditor on the consolidated financial statements	94

## CONSOLIDATED INCOME STATEMENT

In CHF 1,000	Note	2016	2015
Revenue	1, 2	161,916	157,371
Direct expenses	1	–22,019	–26,055
Personnel expenses	1, 3	–89,657	–81,761
Other operating expenses	1, 4	–21,544	–19,669
<b>Operating profit before revaluations, disposal of investment properties, depreciation and amortisation</b>		<b>28,695</b>	<b>29,886</b>
Income from revaluations	11	46,575	30,958
Income from disposal of investment properties	5	3,007	1,135
<b>Operating profit before depreciation and amortisation</b>		<b>78,277</b>	<b>61,979</b>
Depreciation and amortisation	12	–1,908	–1,770
<b>Operating profit (EBIT)</b>		<b>76,369</b>	<b>60,208</b>
Financial income		1,966	1,318
Financial expenses		–19,684	–7,665
<b>Financial result</b>	<b>6</b>	<b>–17,719</b>	<b>–6,347</b>
<b>Profit before taxes</b>		<b>58,650</b>	<b>53,862</b>
Income taxes	7	–13,574	–9,293
<b>Net profit</b>		<b>45,077</b>	<b>44,569</b>
Of which attributable to Investis Holding SA shareholders		44,222	41,589
Of which attributable to non-controlling interests		855	2,979
Earnings per share in CHF (basic/diluted) <sup>1)</sup>	8	3.88	4.16

- 1) In order to enhance comparability, the number of shares as of 31.12.2015 reflects the number of shares of Investis Holding SA when it was incorporated on 7 June 2016. The number of shares of Investis Investments SA (formerly Investis Holding SA) as at 31 December 2015 amounted to 1,000,000 shares, resulting in earnings per share of CHF 41.59.

The disclosures in the notes form an integral part of the consolidated financial statements.

# CONSOLIDATED BALANCE SHEET

In CHF 1,000	Note	31.12.2016	31.12.2015
Cash and cash equivalents		52,940	47,983
Securities		5,313	2,028
Trade receivables	9	14,498	17,663
Other receivables		3,481	1,160
Properties held for sale	10	18,141	14,116
Prepaid expenses and accrued income		4,063	4,747
<b>Total current assets</b>		<b>98,435</b>	<b>87,698</b>
Investment properties	11	962,481	842,653
Tangible fixed assets	12	4,812	5,012
Intangible assets	12	908	1,267
Financial assets of related parties and shareholders	14	30,000	44,993
Other financial assets	14	3,057	2,624
Deferred tax assets		56	204
<b>Total non-current assets</b>		<b>1,001,314</b>	<b>896,753</b>
<b>Total assets</b>		<b>1,099,750</b>	<b>984,451</b>
Current financial liabilities	16	5,322	5,558
Trade payables		3,162	3,907
Other liabilities	15	43,147	36,436
Accrued expenses and deferred income		10,541	15,072
<b>Total current liabilities</b>		<b>62,171</b>	<b>60,973</b>
Mortgages	16	225,250	335,685
Bond	16	100,000	-
Other non-current financial liabilities	16	7,089	25,039
Provisions	17	2,091	2,804
Deferred tax liabilities	18	145,579	132,539
<b>Total non-current liabilities</b>		<b>480,009</b>	<b>496,067</b>
<b>Total liabilities</b>		<b>542,179</b>	<b>557,039</b>
Share capital	19	1,280	1,000
Capital reserves	19	140,857	-
Retained earnings		414,438	395,852
<b>Equity attributable to the shareholders of Investis Holding SA</b>		<b>556,575</b>	<b>396,852</b>
<b>Non-controlling interests</b>	20	<b>995</b>	<b>30,559</b>
<b>Total shareholders' equity</b>		<b>557,570</b>	<b>427,411</b>
<b>Total shareholders' equity and liabilities</b>		<b>1,099,750</b>	<b>984,451</b>

The disclosures in the notes form an integral part of the consolidated financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

In CHF 1,000	Note	2016	2015
<b>Cash flow from operating activities</b>			
Net profit		45,077	44,569
Financial result and income taxes		31,292	15,640
<b>Operating profit (EBIT)</b>		<b>76,369</b>	<b>60,208</b>
Income from revaluations	11	–46,575	–30,958
Depreciation and amortisation	12	1,908	1,770
Income from disposal of investment properties	5	–3,007	–1,135
Other non-cash items		–181	540
Changes in net working capital			
Trade receivables		3,276	1,267
Other receivables and prepaid expenses		–2,288	572
Investments in properties held for sale		2,302	–9,831
Trade liabilities		–758	–138
Other liabilities and accrued expenses		1,449	78
Income taxes paid		–6,048	–4,855
<b>Net cash from operating activities (cash flow)</b>		<b>26,447</b>	<b>17,520</b>
<b>Cash flow from investing activities</b>			
Investments in properties	11	–67,219	–16,013
Disposal of properties	5	7,169	32,453
Purchase of tangible fixed assets and intangible assets	12	–1,413	–1,953
Disposal of tangible fixed assets and intangible assets	12	64	454
Acquisition of subsidiaries, net of cash acquired	20	–14,322	–18,023
Decrease of financial assets of related parties	24	15,000	–14,329
Increase of other financial assets		–433	–268
Interest received		401	440
<b>Net cash used in investing activities</b>		<b>–60,753</b>	<b>–17,240</b>
<b>Cash flow from financing activities</b>			
Share capital increase	19	148,400	-
Transaction costs relating to the initial public offering	19	–7,555	-
Repayment of current financial liabilities		–558	–7,145
Repayment of non-current financial liabilities, net		–132,413	14,677
Bond issuance	16	99,849	-
Distribution to shareholder	24	–25,000	–5,100
Distribution to non-controlling interests		–117	–767
Buyout of non-controlling interests		–30,737	-
Premature settlement of derivative financial instruments		–5,904	-
Interest paid		–6,701	–7,308
<b>Net cash from financing activities</b>		<b>39,264</b>	<b>–5,642</b>
<b>Net change in cash and cash equivalents</b>		<b>4,957</b>	<b>–5,362</b>
Cash and cash equivalents at beginning of period		47,983	53,344
<b>Cash and cash equivalents at end of period</b>		<b>52,940</b>	<b>47,983</b>

The disclosures in the notes form an integral part of the consolidated financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In CHF 1,000	Share capital <sup>1)</sup>	Capital reserves	Retained earnings		Total equity attributable to shareholders of Investis Holding SA	Non-controlling interests	Total shareholders' equity
			Goodwill recognised	General reserves			
Equity as at 1 January 2015	1,000		-50,313	414,694	365,381	28,347	393,728
Net profit				41,589	41,589	2,979	44,569
Distribution to shareholders				-9,904	-9,904	-767	-10,671
Changes in scope of consolidation			-214		-214		-214
Equity as at 31 December 2015	1,000	-	-50,527	446,379	396,852	30,559	427,412
Equity as at 1 January 2016	1,000	-	-50,527	446,379	396,852	30,559	427,412
Net profit				44,222	44,222	855	45,077
Capital increase	280	148,120			148,400		148,400
Capital transaction costs		-7,263			-7,263		-7,263
Distribution to shareholders				-25,000	-25,000	-117	-25,117
Changes in scope of consolidation			-201		-201		-201
Buyout of non-controlling interests			-435		-435	-30,302	-30,737
Equity as at 31 December 2016	1,280	140,857	-51,163	465,601	556,575	995	557,570

1) See also Note 19

The disclosures in the notes form an integral part of the consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### ACCOUNTING PRINCIPLES

Investis Holding SA (“the Company”) is based in Zurich, Switzerland. Its shares have been traded on the SIX Swiss Exchange since 30 June 2016 (IREN). The consolidated financial statements, prepared as at 31 December 2016, include Investis Holding SA and all its direct or indirect subsidiaries and joint ventures (Investis Group) as well as its shareholdings in associated companies.

The business activity of the Investis Group includes the long-term holding of residential and commercial properties as well as comprehensive real estate services in the areas of property management, facility management and construction management.

The Company was incorporated on 7 June 2016 as the new parent company of the Group by contribution in-kind of all shares of Investis Investments into the Company. Unless otherwise indicated, all historical financial information has been extracted or derived from the audited consolidated financial statements of Investis Investment SA as of and for the year ended 31 December 2015, which represent all of the Group’s business as of these dates and for these periods.

#### BASIS OF ACCOUNTING

The consolidated financial statements of Investis Holding SA have been prepared in accordance with Swiss GAAP FER as a whole and with the special provisions for real estate companies specified in Art. 17 of the SIX Swiss Exchange’s Directive on Financial Reporting. They give a true and fair view of the assets, liabilities and earnings of Investis Holding SA.

The consolidated financial statements have been prepared applying the principle of historical cost accounting or fair value. Please refer to the “Key accounting and valuation principles” in this chapter for the valuation principles of individual balance sheet items. The income statement is presented by nature. The financial statements have been drawn up on the basis of going concern values.

Assets realised or consumed in the ordinary course of business within 12 months or held for sale purposes are classified as current assets. All other assets are included in non-current assets. Liabilities to be settled in the ordinary course of business or falling due within 12 months from the balance sheet date are classified as current liabilities. All other liabilities are classified as non-current liabilities.

#### FIRST-TIME APPLICATION OF SWISS GAAP FER STANDARDS

The new recommendations of the Swiss GAAP FER framework concerning revenue recognition as well as those in Swiss GAAP FER 3 and 6, which entered into force as of 1 January 2016, have been adopted. The revised principles concerning revenue recognition had no impact on the consolidated financial statements.

## CONSOLIDATION PRINCIPLES

The consolidated financial statements are based on the individual financial statements of the Group companies, which were prepared as at 31 December 2016 and determined according to uniform accounting policies. The relevant accounting principles are described below. The consolidated financial statements are presented in Swiss francs (CHF). Unless otherwise stated, all amounts are stated in thousands of Swiss francs (CHF 1,000). Due to rounding, parts of an item that has been broken down may add up to more or less than 100% of the total item.

The consolidated financial statements include all the subsidiaries of Investis Holding SA in which the company has a direct or indirect voting interest and shareholding of more than 50%. These entities are fully consolidated; assets, liabilities, income and expenses are incorporated in the consolidated accounts and all intercompany balances are eliminated. Joint ventures are consolidated proportionally. Investments carrying voting rights and share capital ownership of between 20% and 50% are recognised using the equity method. Ownership of shares in organisations where Investis has voting rights of less than 20% of the total is recognised at acquisition cost, less any necessary write-downs.

Capital consolidation is based on the purchase method. New companies acquired by the Investis Group are included in the consolidated financial statements from the date of obtaining control. The net assets acquired are revalued at acquisition date using uniform Group accounting principles and then consolidated. Any difference between the higher purchase price and the net assets acquired (goodwill) is off-set against retained earnings. Where an off-set takes place with retained earnings, the impact of this theoretical capitalisation and amortisation over the estimated useful life of five years is disclosed separately in the notes.

Companies sold are excluded from the scope of consolidation as of the date on which the Group ceases to have control, with any gain or loss recognised in income. Non-controlling interests in equity and profit are presented separately in the consolidated balance sheet and the consolidated income statement.

Changes in the consolidated companies are disclosed in [Note 20](#).

## TRANSLATION OF FOREIGN CURRENCIES

All Group companies prepare their financial statements in CHF.

## KEY ACCOUNTING AND VALUATION PRINCIPLES

### Cash and cash equivalents

Cash and cash equivalents include cash on hand, current accounts with the Post and banks, as well as fixed-term deposits with a maturity of less than three months, and are shown at nominal value. Positions in foreign currencies are translated at the spot rate on the balance sheet date.

## Securities

Securities include investments in shares and bonds, and include longer-term fixed-term deposits and money market investments with a maturity of more than three months. They are valued at fair value.

## Trade receivables and other receivables

Trade receivables and other receivables are stated at nominal value. Provisions for doubtful debts are made in cases where the Group faces a risk of not collecting the outstanding amount. Changes in provisions are recognised in the income statement.

## Properties held for sale

Investment properties leased out but intended for sale are classified under current assets as properties held for sale.

Development properties (projects) intended for sale are accounted for at the lower of cost (incl. interest incurred during the construction phase) or fair value and are recognised under current assets. The costs are recognised in line with the progress of the project. The costs essentially include the plot of land as well as the directly attributable construction costs in line with the construction progress. Discounts are recorded as a reduction in construction costs.

## Investment properties

The portfolio consists of the following categories:

- Residential properties
- Commercial properties
- Properties under construction
- Undeveloped plots of land

Investment properties are held for long-term investment purposes with the aim of realising revenues from the letting of properties. Investment properties are accounted for at fair value in accordance with Swiss GAAP FER 18 and as such are not subject to depreciation. The fair values are updated and calculated using the discounted cash flow (DCF) method on an annual basis by an independent property appraiser based on the individual risk profile per property. Single family houses and condominiums are valued by the independent property appraiser using a sales comparison approach. In accordance with the provisions of Swiss GAAP FER, increases and decreases in value are recognised in the income statement in the period in which they occur, after consideration of any resulting deferred taxes. Investment properties under construction and undeveloped plots of land are recorded at fair value from the date on which their fair value can be reliably determined. Investis has defined the existence of a final construction permit, plus a definite construction project in which costs and revenues can be determined reliably, as mandatory requirements for a reliable market valuation. If the conditions for a reliable assessment of market value are not yet present, investment properties under construction and undeveloped plots of land are accounted for at cost. Provided they do not lead to an increase in market value, investments and refurbishments are recorded as an expense in the period in which they are incurred.

Borrowing costs for the financing of properties under construction and undeveloped plots of land are capitalised. Other borrowing costs are charged to financial expenses.



**Tangible fixed and intangible assets**

Other tangible fixed and intangible assets are stated at cost less depreciation/amortisation and impairment. Assets are depreciated/amortised on a straight-line basis over their estimated useful lives: three to ten years for office and other equipment and three to five years for intangible assets.

**Investments in associated companies**

Ownership interests of more than 20% but less than 50% in companies are classified as investments in associated companies and are valued and accounted for using the equity method.

**Financial assets and financial assets of related parties/shareholders**

These items include long-term loans and other long-term receivables that are stated at their nominal value.

**Deferred tax assets**

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which temporary differences or unused tax losses can be utilised.

**Impairment of assets**

If there is any indication of impairment, an impairment test is performed immediately. If the carrying amount exceeds the recoverable amount, an impairment loss is recognised in the income statement. As the goodwill is already charged against equity at the date of the acquisition, an impairment of the goodwill does not affect the income statement but leads to a disclosure in the notes only.

**Trade payables and other liabilities**

Trade payables and other liabilities are recognised at their nominal values. They are recognised under current liabilities unless a broader economic perspective requires them to be assigned to non-current liabilities.

**Short-term and long-term financial debt**

Mortgages and fixed advances that are not repaid within twelve months, but are renewed, are regarded financially as long-term borrowings and disclosed as such in the balance sheet. Amortisations due within twelve months are disclosed as current financial liabilities. Financial debt is stated at its nominal value.

Bond emission costs, reduced by the amount of the premium, are charged in full to the income statement upon issue of the bonds.

**Provisions**

Provisions are recognised only if the company has a present obligation to a third party as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the obligation can be sufficiently reliably estimated. Provisions are presented as being either short or long term in accordance with their expected due dates.

## Deferred tax liabilities

Deferred taxes are calculated by applying the balance sheet liability method for any temporary difference between the carrying amount according to Swiss GAAP FER and the tax basis of assets and liabilities. They include deferred taxes on revaluation of investment properties.

The current income tax rates are applied in cantons with a two-tier system. In cantons with a single-tier system there is a separate property gains tax with speculation surcharges or deductions for the period of ownership, depending on the holding period. For properties that are intended for sale, the actual holding period will apply. For the remaining properties, a holding period of 20 years, or the effective holding period will apply, provided it is more than 20 years. Liabilities for deferred taxes are not discounted.

The tax rates applied in the financial year and preceding years lie between 19% – 24%.

## Pension liabilities

All companies in the Investis Group are members of independent collective pension plan foundations with defined contribution plans. The capitalisation of possible economic benefits (stemming from a surplus in the pension institution) is neither intended nor do the conditions for this exist. A financial obligation is carried as a liability if the conditions for the establishment of a provision are met.

## Financial result

This item includes interest income and expenses, exchange rate differences, gains and losses on securities and other financial income and expenses.

## Derivative financial instruments

The accounting of derivative financial instruments used to hedge interest rate risks depends on the hedged underlying transaction. Derivatives to hedge changes in the value of an underlying transaction already recorded in the accounts will be posted using the same valuation principles used for the hedged item. Effective instruments to hedge future cash flows are not recognised on the balance sheet, but disclosed in the notes until the future cash flow has been realised. When the future transaction is realised or upon disposal of the derivative, the current value of the derivative is posted and recorded in the income statement simultaneously with a posting of the hedged cash flow.

Derivative financial instruments not designated as hedging instruments are accounted for at fair value. Changes in the fair value are recognised immediately in the income statement.

All derivative financial instruments open on the balance sheet date are disclosed in [Note 21](#) to the financial statements.

## Transactions with related parties/shareholders

Related parties include natural or legal persons who could exert a significant direct or indirect influence on financial and operating decisions affecting Investis Holding SA. Organisations that are directly or indirectly controlled by a related party are also classified as related parties. Major transactions with related parties are disclosed in [Note 24](#).

## Segment information

The following operating and reporting segments have been identified based on the management structure as well as the reporting to the Executive Board and the Board of Directors:

- Properties: invests primarily in Swiss residential properties
- Real Estate Services: provides comprehensive real estate services in Switzerland

Segment reporting is prepared to operating profit (EBIT) level since this key figure is used for management purposes. All operating assets and liabilities that can be assigned to the segments, either directly or on a reasonable basis, are reported in the respective segment. There are no differences between the accounting and valuation principles used for segment reporting and those used for the preparation of the consolidated financial statements.

The position “segment elimination” contains transactions between segments.

## Off-balance sheet transactions

Contingent liabilities as well as other obligations for which a provision has not been recorded are assessed at each balance sheet date and are disclosed in the notes to the financial statements. If contingent liabilities or other obligations could lead to an outflow of funds without a useable inflow of funds, and this outflow of funds is probable and can be estimated, a provision is recorded.

## Appraisals

The preparation of financial statements requires judgement and assumptions to be made. This will affect the reported asset values, liabilities and contingent liabilities at the balance sheet date, as well as income and expenses during the reporting period. If assumptions that were made at the date of the financial statements to the best of management’s knowledge and belief differ from the actual circumstances, the original assessments and assumptions will be adjusted in the reporting year in which the circumstances change.

## Risk management

The Investis Group has a risk management programme. Every year a risk analysis is carried out to compile and document all business risks in accordance with uniform criteria. The identified risks are then assessed according to their probability of occurrence and their potential scope. Financial implications as well as general effects are taken into account when determining the potential impact on the Group. Such risks are then either borne, avoided, reduced or passed on by the measures decided upon by the Board of Directors.

## 1. SEGMENT REPORTING

### SEGMENT INFORMATION 2016

In CHF 1,000	Properties	Real Estate Services	Corporate	Eliminations	Investis Group
Revenue <sup>1)</sup>	41,852	136,094	-	-16,030	161,916
Direct expenses	-12,696	-25,345	-	16,022	-22,019
Personnel expenses	-353	-86,368	-2,937	-	-89,657
Other operating expenses	-1,509	-19,089	-954	8	-21,544
<b>Operating profit before revaluations, disposal of investment properties, depreciation and amortisation</b>	<b>27,293</b>	<b>5,293</b>	<b>-3,891</b>	<b>0</b>	<b>28,695</b>
Income from revaluations	46,575				46,575
Income from disposal of investment properties	3,007				3,007
<b>Operating profit before depreciation and amortisation</b>	<b>76,875</b>	<b>5,293</b>	<b>-3,891</b>	<b>-</b>	<b>78,277</b>
Depreciation and amortisation	-196	-1,401	-311	-	-1,908
<b>Operating profit (EBIT)</b>	<b>76,679</b>	<b>3,892</b>	<b>-4,202</b>	<b>-</b>	<b>76,369</b>
<b>Total segment assets as at 31 December 2016 <sup>2)</sup></b>	<b>992,915</b>	<b>68,269</b>	<b>44,490</b>	<b>-5,925</b>	<b>1,099,750</b>
<b>Total segment liabilities as at 31 December 2016 <sup>2)</sup></b>	<b>12,811</b>	<b>49,104</b>	<b>486,189</b>	<b>-5,925</b>	<b>542,179</b>
Headcount as at 31 December 2016	2	1,132	12		1,146
FTEs as at 31 December 2016	2	906	11		919
Average FTEs 2016	2	889	11		902

1) Revenue from the letting of properties and real estate services is generated exclusively in Switzerland.

2) The assets and liabilities shown under "Corporate" include the corporate items from the balance sheet and the financial assets/liabilities and tax assets/liabilities of the Investis Group.

## SEGMENT INFORMATION 2015

In CHF 1,000	Properties	Real Estate Services	Corporate	Eliminations	Investis Group
Revenue <sup>1)</sup>	40,760	131,256	56	-14,702	157,371
Direct expenses	-14,604	-26,179	-0	14,728	-26,055
Personnel expenses	-355	-79,169	-2,238	-	-81,761
Other operating expenses	-791	-18,255	-598	-26	-19,669
<b>Operating profit before revaluations, disposal of investment properties, depreciation and amortisation</b>	<b>25,011</b>	<b>7,654</b>	<b>-2,779</b>	<b>0</b>	<b>29,886</b>
Income from revaluations	30,958				30,958
Income from disposal of investment properties	1,135				1,135
<b>Operating profit before depreciation and amortisation</b>	<b>57,104</b>	<b>7,654</b>	<b>-2,779</b>	<b>-</b>	<b>61,979</b>
Depreciation and amortisation	-198	-1,453	-119	-	-1,770
<b>Operating profit (EBIT)</b>	<b>56,906</b>	<b>6,201</b>	<b>-2,899</b>	<b>-</b>	<b>60,208</b>
<b>Total segment assets as at 31 December 2015 <sup>2)</sup></b>	<b>863,930</b>	<b>71,408</b>	<b>55,296</b>	<b>-6,182</b>	<b>984,451</b>
<b>Total segment liabilities as at 31 December 2015 <sup>2)</sup></b>	<b>10,814</b>	<b>50,890</b>	<b>501,519</b>	<b>-6,182</b>	<b>557,039</b>
Headcount as at 31 December 2015	2	1,065	15		1,082
FTEs as at 31 December 2015	2	861	15		878
Average FTEs 2015	4	839	13		855

1) Revenue from the letting of properties and real estate services is generated exclusively in Switzerland.

2) The assets and liabilities shown under "Corporate" include the corporate items from the balance sheet and the financial assets/liabilities and tax assets/liabilities of the Investis Group.

## 2. REVENUE FROM LETTING OF PROPERTIES

### DURATION OF EXISTING FIXED LEASES OF COMMERCIAL PROPERTIES

The duration of existing fixed leases of commercial properties was:

In CHF million	Annualised rental income	
	31.12.2016	31.12.2015
less than one year	0.8	0.9
1 – 5 years	1.6	1.0
more than 5 years	2.3	1.2

### MOST IMPORTANT TENANTS

The five most important tenants measured according to property income were (in alphabetical order):

- As of 31.12.2016: Brandt SA, Duca SA, Valotel Management (Fribourg) Sàrl, Valotel Management (Rothrist) AG and Valotel Management (Sion) SA
- As of 31.12.2015: Globe Plant & Cie SA, Hospice Général, RRG Léman SA, Valotel Management (Rothrist) AG and Valotel Management (Sion) SA

Share of annualised rental income (%)	31.12.2016	31.12.2015
Most important tenant	1.6%	1.2%
Second to fifth most important tenants	3.2%	2.9%
Five most important tenants	4.8%	4.1%

## 3. PERSONNEL EXPENSES

In CHF 1,000	2016	2015
Wages and salaries	74,559	67,869
Social security	8,195	7,854
Pension funds	4,746	4,373
Other personnel expenses	2,157	1,665
<b>Total personnel expenses</b>	<b>89,657</b>	<b>81,761</b>

There are no pension funds with a surplus or deficit (full insurance via group insurance policies) or employer contribution reserves.

## 4. OTHER OPERATING EXPENSES

In CHF 1,000	2016	2015
Rent and utilities	6,570	6,174
Administrative expenses	11,529	11,046
Other operating expenses	3,446	2,448
<b>Total other operating expenses</b>	<b>21,544</b>	<b>19,669</b>

## 5. INCOME FROM DISPOSAL OF INVESTMENT PROPERTIES

In CHF 1,000	2016	2015
Sales proceeds, net	13,596	32,453
Investment costs	-5,199	-19,386
<b>Gross profit from disposal of investment properties</b>	<b>8,397</b>	<b>13,067</b>
Accumulated valuation gains	-5,390	-11,932
<b>Net profit on disposal of investment properties</b>	<b>3,007</b>	<b>1,135</b>
Of which profits on disposal of properties held for sale	2,113	-
Of which profits on disposal of residential properties	24	1,135
Of which profits on disposal of commercial properties	869	-
Of which profits on disposal of undeveloped plots of land	0	-

For details of the investment properties sold see [Note 10](#) and [Note 11](#).

## 6. FINANCIAL RESULT

In CHF 1,000	2016	2015
Interest income	115	245
Share of results of associates	35	47
Other financial income	1,815	1,026
<b>Total financial income</b>	<b>1,966</b>	<b>1,318</b>
Interest expenses on mortgages and bond	-6,512	-6,969
Other interest expenses	-132	-339
Other financial expenses	-13,040	-357
<b>Total financial expenses</b>	<b>-19,684</b>	<b>-7,665</b>
<b>Total financial result</b>	<b>-17,719</b>	<b>-6,347</b>

Other financial expenses include CHF 5.9 million from the premature termination of a part of the interest rate swaps and CHF 6.6 million from recognition of the remaining swaps on the balance sheet (see [Note 21](#)).

## 7. INCOME TAXES

In CHF 1,000	2016	2015
Current income taxes	1,771	4,791
Deferred income taxes	11,802	4,502
<b>Total income taxes</b>	<b>13,574</b>	<b>9,293</b>

The difference between the expected income tax expense and the income tax expense shown in the income statement can be explained as follows:

In CHF 1,000	2016	2015
Profit before taxes	58,650	53,862
Expected Group tax rate	24%	24%
<b>Expected income taxes</b>	<b>14,076</b>	<b>12,927</b>
Non-deductible expenses	93	2
Tax-free income	0	-61
Use of non-capitalised tax losses carried forward	-214	-430
Non-capitalisable tax losses for the period	342	191
Expenses/income which are taxed at a lower/higher tax rate	-471	8
Impact of changes in tax rate on deferred tax items recognised	-220	-3,351
Tax effects for prior periods	-31	7
<b>Effective income tax charge</b>	<b>13,574</b>	<b>9,293</b>
Effective tax rate	23%	17%

Deferred income taxes are calculated for each subsidiary using the local tax rates. In 2015 the anticipated deferred taxes decreased as a result of the determined tax rate changes; this resulted in a positive tax effect of CHF 3.3 million. In 2016, the non-capitalised tax assets from losses carried forward increased from CHF 1.4 million in 2015 to CHF 1.6 million. Deferred income tax assets included deferred income taxes on temporary differences. Accrued expenses and other liabilities include accrued taxes of CHF 1.9 million (2015: 6.5 million).



## 8. EARNINGS PER SHARE AND NET ASSET VALUE

Earnings per share are calculated by dividing the net profit attributable to Investis Holding SA shareholders by the weighted average number of outstanding shares entitled to dividends. All new shares are entitled to full dividend rights. For both periods under review there were no dilutive effects.

### EARNINGS PER SHARE

		31.12.2016	31.12.2015 <sup>1)</sup>
Net profit attributable to Investis Holding SA shareholders	in CHF 1,000	44,222	41,589
Weighted average number of shares		11,400,000	10,000,000
<b>Earnings per share (basic/diluted)</b>	<b>in CHF</b>	<b>3.88</b>	<b>4.16</b>

- 1) In order to enhance comparability, the number of shares as of 31.12.2015 reflects the number of shares of Investis Holding SA when it was incorporated on 7 June 2016. The number of shares of Investis Investments SA (formerly Investis Holding SA) as at 31 December 2015 amounted to 1,000,000 shares, resulting in earnings per share of CHF 41.59.

### NET ASSET VALUE PER SHARE

		31.12.2016	31.12.2015 <sup>1)</sup>
Equity attributable to the shareholders of Investis Holding SA at end of period	in CHF 1,000	556,575	396,852
Number of shares		12,800,000	10,000,000
<b>NAV per share (basic/diluted)</b>	<b>in CHF</b>	<b>43.48</b>	<b>39.69</b>

- 1) In order to enhance comparability, the number of shares as of 31.12.2015 reflects the number of shares of Investis Holding SA when it was incorporated on 7 June 2016. The number of shares of Investis Investments SA (formerly Investis Holding SA) as at 31 December 2015 amounted to 1,000,000 shares, resulting in a NAV of CHF 396.85.

### NET ASSET VALUE NOT INCLUDING DEFERRED TAXES WITH REGARD TO INVESTMENT PROPERTIES

		31.12.2016	31.12.2015 <sup>1)</sup>
Equity attributable to the shareholders of Investis Holding SA at end of period	in CHF 1,000	556,575	396,852
Deferred taxes with regard to investment properties		145,551	132,413
<b>Net asset value not including deferred taxes with regard to investment properties</b>		<b>702,126</b>	<b>529,265</b>
Number of shares		12,800,000	10,000,000
<b>NAV per share not including deferred taxes with regard to investment properties (basic/diluted)</b>	<b>in CHF</b>	<b>54.85</b>	<b>52.93</b>

- 1) In order to enhance comparability, the number of shares as of 31.12.2015 reflects the number of shares of Investis Holding SA when it was incorporated on 7 June 2016. The number of shares of Investis Investments SA (formerly Investis Holding SA) as at 31 December 2015 amounted to 1,000,000 shares, resulting in a NAV per share not including deferred taxes with regards to investment properties of CHF 529.27.

## 9. TRADE RECEIVABLES

In CHF 1,000	31.12.2016	31.12.2015
Trade receivables – third parties	11,684	11,536
Receivables from property accounts	3,235	6,627
Receivables from related parties	640	-
Provision for doubtful debts	-1,061	-500
<b>Total trade receivables</b>	<b>14,498</b>	<b>17,663</b>

Receivables from property accounts mainly include expenses for properties that were paid shortly before the balance sheet date but not yet reimbursed by the owners.

## 10. PROPERTIES HELD FOR SALE

In CHF 1,000	2016	2015
Acquisition costs as at 1 January	14,116	9,805
Increases from purchases	724	10,536
Disposals	-913	-705
Reclassifications	4,213	-5,520
<b>Acquisition costs as at 31 December</b>	<b>18,141</b>	<b>14,116</b>

In 2016, two apartments in the jointly held (50%) property “Rue du Prado 19” were sold. The plot “Hérémenence” was transferred from undeveloped plots of land to properties held for sale.

In 2015, “Route de Grinchon” in Bluche VS, a property previously held for sale, was transferred into the investment property portfolio and reclassified as residential property.

## 11. INVESTMENT PROPERTIES

In CHF 1,000	Residential properties	Commercial properties	Properties under construction	Undeveloped plots of land	Total investment properties
<b>Market value as at 1 January 2015</b>	<b>723,161</b>	<b>63,575</b>	<b>1,025</b>	<b>12,085</b>	<b>799,846</b>
Acquisition costs as at 1 January 2015	278,513	43,994	1,025	12,085	335,617
Changes in scope of consolidation	8,346	13,290			21,636
Increases from purchases	12,628	187	3,048		15,863
Capitalisation of borrowing costs				150	150
Disposals	-19,386				-19,386
Reclassification	5,520				5,520
<b>Acquisition costs as at 31 December 2015</b>	<b>285,621</b>	<b>57,471</b>	<b>4,073</b>	<b>12,235</b>	<b>359,400</b>
Revaluation as at 1 January 2015	444,648	19,581			464,229
Gains on valuations	30,457	4,473			34,930
Losses on valuations	-2,928	-480	-566		-3,974
Disposals	-11,932				-11,932
<b>Revaluation as at 31 December 2015</b>	<b>460,245</b>	<b>23,574</b>	<b>-566</b>	<b>-</b>	<b>483,253</b>
<b>Market value as at 31 December 2015</b>	<b>745,866</b>	<b>81,045</b>	<b>3,507</b>	<b>12,235</b>	<b>842,653</b>
<b>Market value as at 1 January 2016</b>	<b>745,866</b>	<b>81,045</b>	<b>3,507</b>	<b>12,235</b>	<b>842,653</b>
Acquisition costs as at 1 January 2016	285,621	57,471	4,073	12,235	359,400
Changes in scope of consolidation		19,923			19,923
Increases from purchases	39,462	23,452	4,000	295	67,209
Capitalisation of borrowing costs				10	10
Disposals	-187	-3,099		-999	-4,285
Reclassifications	8,009		-8,009	-4,213	-4,213
<b>Acquisition costs as at 31 December 2016</b>	<b>332,905</b>	<b>97,747</b>	<b>64</b>	<b>7,328</b>	<b>438,044</b>
Revaluation as at 1 January 2016	460,245	23,574	-566	-	483,253
Gains on valuations	60,592	1,097	-	-	61,689
Losses on valuations	-11,202	-3,912	-	-	-15,114
Disposals	-13	-5,377			-5,390
Reclassifications	-566		566		0
<b>Revaluation as at 31 December 2016</b>	<b>509,056</b>	<b>15,382</b>	<b>0</b>	<b>-</b>	<b>524,438</b>
<b>Market value as at 31 December 2016</b>	<b>841,961</b>	<b>113,129</b>	<b>64</b>	<b>7,328</b>	<b>962,481</b>

Increases from purchases consisted of value-enhancing renovations of CHF 2.0 million (2015: CHF 4.2 million) and purchases and investments amounting to CHF 85.1 million (2015: CHF 11.7 million).

In 2016, one residential property (Route du Pont du Diable 7 in Lens) and two commercial properties (Chocolatière 21 in Echandens, C.-F. Ramuz 106 in Pully) were sold. CHF 3.4 million of the sales price was paid in securities, so the sales price was non-cash-effective to this extent.

In 2015, three residential properties (Moulins 127–129 and Moulins 131–133 in Yverdon-les-Bains, Pontarlier 1/Ancienne-Poste 36 in Vallorbe) were sold.

The valuation of investment properties was carried out by Wüest Partner AG in accordance with national and international standards and guidelines.

## 12. TANGIBLE FIXED ASSETS AND INTANGIBLE ASSETS

In CHF 1,000	Tangible fixed assets	Intangible assets
<b>Net carrying amount as at 1 January 2015</b>	<b>4,748</b>	<b>1,772</b>
Acquisition costs as at 1 January 2015	8,987	3,342
Changes in scope of consolidation	30	-
Additions	1,829	124
Disposals	-1,378	-19
<b>Acquisition costs as at 31 December 2015</b>	<b>9,469</b>	<b>3,446</b>
Accumulated depreciation/amortisation as at 1 January 2015	4,240	1,570
Depreciation/amortisation in the reporting period	1,160	610
Disposals	-943	-
<b>Accumulated depreciation/amortisation as at 31 December 2015</b>	<b>4,458</b>	<b>2,180</b>
<b>Net carrying amount as at 31 December 2015</b>	<b>5,012</b>	<b>1,267</b>
Acquisition costs as at 1 January 2016	9,469	3,446
Changes in scope of consolidation	28	-
Additions	1,083	330
Disposals	-154	-
<b>Acquisition costs as at 31 December 2016</b>	<b>10,428</b>	<b>3,776</b>
Accumulated depreciation/amortisation as at 1 January 2016	4,458	2,180
Changes in scope of consolidation	26	-
Depreciation/amortisation in the reporting period	1,219	689
Disposals	-87	-
<b>Accumulated depreciation/amortisation as at 31 December 2016</b>	<b>5,615</b>	<b>2,869</b>
<b>Net carrying amount as at 31 December 2016</b>	<b>4,812</b>	<b>908</b>

All intangible assets were acquired.

## 13. GOODWILL ARISING FROM ACQUISITIONS

The goodwill resulting from acquisitions is charged against equity at the acquisition date.  
The theoretical amortisation is based on a straight-line method over a useful life of five years.  
The theoretical capitalisation of the goodwill would affect the results of the consolidated financial statements as follows:

### THEORETICAL MOVEMENTS IN GOODWILL

In CHF 1,000	2016	2015
<b>Acquisition costs</b>		
Acquisition costs as at 1 January	50,527	50,313
Additions	636	214
<b>Acquisition costs as at 31 December</b>	<b>51,163</b>	<b>50,527</b>
Accumulated amortisation as at 1 January	19,618	9,513
Amortisation for the period	8,690	10,105
<b>Accumulated amortisation as at 31 December</b>	<b>28,308</b>	<b>19,618</b>
<b>Theoretical values as at 31 December</b>	<b>22,855</b>	<b>30,909</b>

### EFFECT ON CONSOLIDATED INCOME STATEMENT

In CHF 1,000	2016	2015
Net profit as per financial statements	45,077	44,569
Amortisation of goodwill	-8,690	-10,105
<b>Theoretical net profit including goodwill amortisation</b>	<b>36,387</b>	<b>34,464</b>

### EFFECT ON CONSOLIDATED BALANCE SHEET

In CHF 1,000	31.12.2016	31.12.2015
<b>Equity</b>		
Equity as per financial statements	557,570	427,411
Theoretical value of goodwill	22,855	30,909
<b>Theoretical equity when reporting goodwill</b>	<b>580,426</b>	<b>458,320</b>

## 14. FINANCIAL ASSETS

In CHF 1,000	31.12.2016	31.12.2015
Financial assets of related parties	30,000	44,993
<b>Total financial assets of related parties</b>	<b>30,000</b>	<b>44,993</b>
Investments in associates	23	-
Other financial assets	3,034	2,624
<b>Total other financial assets</b>	<b>3,057</b>	<b>2,624</b>
<b>Total financial assets</b>	<b>33,057</b>	<b>47,617</b>

Transactions involving related parties and companies are described in [Note 24](#).

## 15. OTHER LIABILITIES

In CHF 1,000	Note	31.12.2016	31.12.2015
Liabilities from property accounts		30,103	32,285
Derivative financial instruments	21	6,634	-
Others		6,409	4,151
<b>Total other liabilities</b>		<b>43,147</b>	<b>36,436</b>

The liabilities from property accounts mainly comprise rental income that was received shortly before the balance sheet date but not yet forwarded to the owners of the relevant properties, or that was used for expenses relating to these properties.

## 16. FINANCIAL LIABILITIES

In CHF 1,000	31.12.2016	31.12.2015
Amortisation obligations on mortgages	322	420
Loans from third parties	5,000	5,138
<b>Current financial liabilities</b>	<b>5,322</b>	<b>5,558</b>
Mortgages	225,250	335,685
Bond	100,000	-
Loans from third parties	7,089	25,039
<b>Non-current financial liabilities</b>	<b>332,338</b>	<b>360,723</b>
<b>Total financial liabilities</b>	<b>337,660</b>	<b>366,281</b>

Mortgages and fixed advances that are not repaid within 12 months but which are renewed are reported under “Non-current financial liabilities” to reflect the economic reality. Mortgages due for repayment within the next 12 months are reported under short-term financial debt.

A CHF 100 million bond maturing on 15 November 2021 was issued on 15 November 2016. The coupon is 0.55%.

ISIN	CH 033 764 551 6
Currency	CHF
Issuing volume	100 millions
Listing	SIX Swiss Exchange
Coupon	0.55%
Tenor	5 years
Issue date	15 November 2016

Investment properties in the amount of CHF 344.3 million (31.12.2015: CHF 365.4 million) were pledged to secure long-term financial debt.

Unused credit lines totalled CHF 136 million at 31 December 2016.

As at the balance sheet date, amounts falling due are as follows:

In CHF 1,000	31.12.2016	31.12.2015
Rollover mortgages	174,736	252,633
Due within the first year <sup>1)</sup>	39,905	39,479
Due within the second year	-	29,805
Due within the third year	8,780	-
Due within the fourth year	2,151	12,038
Due within the fifth year and beyond	100,000	2,151
<b>Total mortgages and bond</b>	<b>325,572</b>	<b>336,105</b>
Loans from third parties <sup>2)</sup>	12,089	30,177
<b>Total other financial liabilities</b>	<b>12,089</b>	<b>30,177</b>
<b>Total financial liabilities</b>	<b>337,660</b>	<b>366,281</b>

- 1) Mortgages due within the first year are reported under non-current liabilities because extensions are planned.  
2) Loans from third parties include unsettled purchase prices paid for acquisitions of CHF 10 million (31.12.2015: CHF 15 million), which are amortised annually by CHF 5 million. The remaining loans from third parties have no fixed maturity.

Interest maturity periods are as follows (composition until next interest rate adjustment):

In CHF 1,000	Interest rates as at 31.12.2016	31.12.2016	31.12.2015
up to one year		225,572	180,709
up to 2 years		-	28,680
up to 3 years		-	-
up to 4 years		-	-
up to 5 years and over		100,000	126,716
<b>Total mortgages and bond</b>	<b>0.55% – 3.7%</b>	<b>325,572</b>	<b>336,105</b>
Loans from third parties		12,089	30,177
<b>Total other financial liabilities</b>	<b>0.0% – 0.75%</b>	<b>12,089</b>	<b>30,177</b>
<b>Total financial liabilities</b>		<b>337,660</b>	<b>366,281</b>

The weighted average interest costs for all mortgages and the bond amounted to 2.0% (2015: 2.2%).



## 17. PROVISIONS

In CHF 1,000	2016	2015
Balance at beginning of period	2,804	2,846
Changes in scope of consolidation	124	-
Additional provisions	241	986
Provisions used during the period	-245	-490
Reversal of provisions	-833	-538
<b>Balance at end of period</b>	<b>2,091</b>	<b>2,804</b>

The position includes mainly provisions for lease commitments (CHF 1.1 million, 2015: 1.5 million) and for pending legal cases and disputes (CHF 0.7 million, 2015: 0.8 million).

## 18. DEFERRED TAX LIABILITIES

In CHF 1,000	2016	2015
Balance at beginning of period	132,539	126,374
Changes in scope of consolidation	1,385	2,026
Net creation recognised in the income statement in reporting period	11,655	4,139
<b>Balance at end of period</b>	<b>145,579</b>	<b>132,539</b>

Deferred tax liabilities are calculated using the local applicable tax rates for each subsidiary (see [Note 7](#)).

## 19. EQUITY

On 4 July, Investis Holding SA increased its share capital by CHF 148.4 million (par value CHF 0.3 million, reserves from capital contribution CHF 148.1 million). Costs related to the capital increase came to CHF 7.6 million, of which CHF 7.3 million was charged against capital reserves. As at 31 December 2016, the share capital consists of 1,280,000 registered shares at a par value of CHF 0.10 each. The number of shares of Investis Investments SA (formerly Investis Holding SA) as at 31 December 2015 amounted to 1,000,000 shares at a par value of CHF 1.00 each (see also [Accounting Principles](#)).

At the extraordinary shareholders' meeting of Investis Holding SA held on 17 June 2016, a resolution was passed to create conditional share capital, pursuant to which the share capital may be increased by a maximum amount of CHF 30,000 by issuing a maximum of 300,000 shares, under exclusion of shareholders' pre-emptive rights, in favour of directors, members of the Executive Board and employees of the Investis Group in the context of a management incentive plan.

### RETAINED EARNINGS

Retained earnings are only distributable on a limited basis:

- The retained earnings of Investis Holding SA pursuant to a General Assembly resolution
- The retained earnings of subsidiaries in accordance with local fiscal and statutory requirements, first to the respective parent company

The non-distributable statutory and legal reserves amount to CHF 6.7 million (2015: 5.7 million).

## 20. ACQUISITIONS

In CHF 1,000	2016		2015
	Acquisitions	Disposals	Acquisitions
Cash and cash equivalents	42	24	214
Trade and other current receivables	200	-	270
Investment properties	19,923	-	21,636
Fixed assets	2	-	30
Financial assets	151	-	-
Trade and other current liabilities	145	4	186
Non-current liabilities	11,009	-	8,942
<b>Net assets acquired/disposed of</b>	<b>9,164</b>	<b>20</b>	<b>13,024</b>
Goodwill (recognised in equity)	201		214
Purchase/selling price	9,364	20	13,237
Cash and cash equivalents acquired/disposed of	-42	-24	-214
Purchase price consideration for acquisitions in prior years	5,000		5,000
<b>Cash outflow from acquisitions</b>	<b>14,322</b>		<b>18,023</b>
<b>Cash outflow from disposals</b>		<b>-4</b>	

### TRANSACTIONS IN 2016

On 1 January 2016, Synergie Services Facility Management SA acquired the business of Alex Sanitaire Chaufferie Sàrl and integrated it into the acquiring company.

In May 2016, 100% of the shares in Ooh networks Sàrl, Lens, were sold for CHF 0.02 million.

Investis Holding SA, Zurich was incorporated on 7 June 2016 and registered in the commercial register of the Canton of Zurich on 8 June 2016 with a share capital of CHF 1,000,000 divided into 10,000,000 registered shares with a nominal value of CHF 0.10 each. The share capital was paid by the contribution in kind of 1,000,000 registered shares in Investis Investments SA (former Investis Holding SA), Lens, the former ultimate parent company of Investis Group.

On 13 July 2016, Investis Properties SA acquired the real estate company Domus Flavia Investments Ltd, Luxembourg.

On 21 July 2016, Investis Investments SA signed and closed a share purchase agreement according to which it acquired 100% of the shares in Minas-Tirith SA, Wollerau, that owned the 49% minority stake in the already consolidated Investis Patrimoine SA.

On 31 October 2016, Investis Investments SA acquired 100% of the shares in Clim-Assistance SA in Geneva. The company provides services in the area of ventilation and climate technology and thus completes the service range offered by the Real Estate Services segment in the Geneva area.

## TRANSACTIONS IN 2015

With effect from 1 January 2015, Investis Properties SA acquired 100% of the real estate company La Pomardière SA and integrated it into the acquiring company.

With effect from 1 January 2015, Régie du Rhône SA acquired the real estate management company IMHOFF.CH Sàrl in Crans-Montana and integrated it into Régie du Rhône Crans-Montana SA.

With effect from 1 September 2015, Synergie Services Facility Management SA acquired the business of the sole proprietorship Rey'novtoit and integrated it into the acquiring company.

With effect from 29 September 2015, Investis Properties SA acquired 100% of the real estate company Société Immobilière Clovil SA and integrated it into the acquiring company.

With effect from 23 December 2015, Investis Properties SA acquired 100% of the real estate company Valotel SA.

## 21. DERIVATIVE FINANCIAL INSTRUMENTS

In CHF 1,000	31.12.2016			31.12.2015		
	Purpose	Positive fair values	Negative fair values	Purpose	Positive fair values	Negative fair values
Interest rate swaps	Trading	-	-6,634	Hedging	-	-13,540
<b>Total derivative financial instruments</b>		-	<b>-6,634</b>		-	<b>-13,540</b>
Of which for hedging of future cash flows		-	-		-	-13,540
<b>Total recognised in the balance sheet</b>		-	<b>-6,634</b>		-	-

In 2016, the Group changed its financing strategy and in November refinanced the first part of its mortgage loans with a bond. As a consequence, the designated purpose of the interest rate swaps changed from hedging to trading. The negative fair value was therefore recognised in the balance sheet.

## 22. CONTINGENT ASSETS AND LIABILITIES

There were no material contingent assets or liabilities on the balance sheet date.

## 23. PLEDGED ASSETS AND OFF-BALANCE SHEET LEASE/RENTAL OBLIGATIONS

In CHF 1,000	31.12.2016	31.12.2015
<b>Pledged assets</b>		
Charges on real property, nominal charges on real property	344,338	365,416
Of which as security for own liabilities	225,572	336,105
<b>Off-balance sheet lease/rental obligations</b>		
1 – 2 years	12,973	12,854
3 – 5 years	11,093	13,812
over 5 years	2,162	4,292
<b>Total</b>	<b>26,227</b>	<b>30,958</b>

## 24. TRANSACTIONS WITH RELATED PARTIES AND COMPANIES

Business transactions with related parties and companies are based on standard commercial contractual forms and conditions. All transactions are included in the 2016 and 2015 consolidated financial statements. There are loans and services from and to related parties and companies. The respective balances from financial receivables are reported separately in these financial statements (see [Note 14](#)).

Among the companies controlled by members of the Boards of Directors is the investment firm Be Capital SA, which is controlled by Stéphane Bonvin.

In 2016, CHF 25 million was distributed to the former sole shareholder Stéphane Bonvin as a cash dividend. The financial assets of related parties were consequently reduced by CHF 15.0 million and as at 31 December 2016 amounted to CHF 30.0 million (2015: CHF 45.0 million). As at 31 December 2016 the trade receivables from Be Capital SA amounted to CHF 0.6 million (2015: CHF 0.0 million).

In May 2016, 100% of the shares in Ooh networks Sàrl, Lens, were sold to Be Capital SA at carrying value (CHF 0.02 million).

The consolidated income statement contains revenue amounting to CHF 1.1 million (2015: CHF 0.1 million) from the letting of three hotels in Fribourg, Rothrist and Sion to companies controlled by Stéphane Bonvin.

In 2015, CHF 9.9 million was distributed to the shareholder: CHF 5.1 million as a cash dividend, and the remaining CHF 4.8 million by transferring unconsolidated equity interests and receivables from these companies at their net market value.

## 25. EVENTS AFTER THE BALANCE SHEET DATE

On 10 January 2017, Investis Investments SA signed and closed a share purchase agreement under which it acquired “Hauswartsprofis” and its operating subsidiaries. The goodwill calculation from this transaction has not yet been finalised because the closing measurement of the balance sheet items will be carried out after publication of the consolidated annual financial statements. The goodwill will be charged directly against shareholders’ equity and is expected to amount to CHF 15 million.

On 14 February 2017, Investis Holding SA issued a CHF 140 million fixed-rate bond with a coupon of 0.25% and a tenor of two years (until 14 February 2019). The proceeds were used to repay mortgages.

The Board of Directors approved the consolidated annual financial statements for publication on 21 March 2017. These statements are also subject to approval by the General Meeting of Investis Holding SA on 27 April 2017.

No other events occurred between 31 December 2016 and the date of approval of the consolidated financial statements, which would require adjustments to the carrying amounts of the Group’s assets and liabilities as at 31 December 2016 or disclosure in this section.

## 26. GROUP COMPANIES

	Domicile	Original currency	31.12.2016		31.12.2015	Footnote
			Share capital in CHF 1,000	Ownership interest <sup>1)</sup>	Ownership interest <sup>1)</sup>	
Properties						
Investis Properties SA	Lens	CHF	1,650	100%	100%	K
Investis Patrimoine SA	Lens	CHF	100	100%	51%	K
Serge Spaggiari SA	Perly-Certoux	CHF	200	100%	51%	K
Domus Flavia Investments Ltd	Luxembourg (LUX)	CHF	1,859	100%		K
Volki-Land AG	Volketswil	CHF	50	100%	100%	K
Valotel SA	Lens	CHF	2,000	100%	100%	K
OR Omiresidences Sàrl	Lens	CHF	20	100%	100%	K
Les Résidences Privées SA	Lens	CHF	100	100%	51%	K
Raffaele Investissement SA	Lens	CHF	100	50%	50%	Q
La Foncière de la Dixence SA	Lens	CHF	100	50%	50%	Q
Real Estate Services						
Privera AG	Muri bei Bern	CHF	4,000	100%	100%	K
Régie du Rhône SA	Lancy	CHF	3,000	100%	100%	K
Régie du Rhône Crans-Montana SA	Lens	CHF	100	100%	100%	K
Treos AG	Volketswil	CHF	1,000	100%	100%	K
Synergie Services Facility Management SA	Lancy	CHF	100	100%	100%	K
AGD Renovationen AG	Neuenhof	CHF	500	53%	53%	K
Chauffage-Assistance SA	Geneva	CHF	100	100%	100%	K
Clim-Assistance SA	Geneva	CHF	100	100%		K
SoRenova SA	Lens	CHF	100	100%	100%	K
Ooh network Sàrl	Lens	CHF			100%	K <sup>2)</sup>
Insite Management SA	Echandens	CHF	120	42%	42%	E
Corporate						
Investis Holding SA	Zurich	CHF	1,280	n.a.		K
Investis Investments SA	Lens	CHF	1,000	100%	n.a.	K *
Investis Management SA	Lens	CHF	100	100%	100%	K
Investis SA	Lens	CHF	100	100%		K
Minas-Tirith SA	Wollerau	CHF	100	100%		K
Transimo SA	Fribourg	CHF	100	100%	51%	K

K) Consolidated as at 31 December 2016

Q) Joint venture, quota consolidated as at 31 December 2016

E) Included in the consolidated financial statements using the equity method

\*) Investment held directly by Investis Holding SA

1) Ownership interest is equal to voting rights

2) Sold in May 2016



# REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS



## *Report of the statutory auditor to the General Meeting of Investis Holding SA Zurich*

### *Report on the audit of the consolidated financial statements*

#### **Opinion**

We have audited the consolidated financial statements of Investis Holding SA and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2016 and the consolidated income statement, consolidated cash flow statement and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (pages 63 to 93).

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER, article 17 of the Directive on Financial Reporting (DFR) of the SIX Swiss Exchange and comply with Swiss law.

#### **Basis for opinion**

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Our audit approach**

<p><b>Overview</b></p>	<p>Overall Group materiality: CHF 4'400'000</p> <p>We conducted audits at 20 Group Companies. The ordinary audits cover between 80% and 95% of the most significant balance sheet and income statement items; the limited audits cover between 5% and 20% of the same.</p> <p>As a key audit matter, the following area of focus was identified: Valuation of investment properties</p>
------------------------	---

PricewaterhouseCoopers AG, Bahnhofplatz 10, PO Box, 3001 Bern  
Telephone: +41 58 792 75 00, Telefax: +41 58 792 75 10, [www.pwc.ch](http://www.pwc.ch)

PricewaterhouseCoopers AG is a member of the global PricewaterhouseCoopers network of firms, each of which is a separate and independent legal entity.



### **Audit scope**

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

### **Materiality**

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

<i>Overall Group materiality</i>	CHF 4'400'000
<i>How we determined it</i>	0.8% of equity
<i>Rationale for the materiality benchmark applied</i>	We chose equity as the benchmark because, in our view, it is a common industry benchmark for materiality considerations in the real estate business.

### **Report on key audit matters based on the Circular 1/2015 of the Federal Audit Oversight Authority**

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

#### **Valuation of investment properties**

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p>As of 31 December 2016, investment properties amount to around CHF 962 million (87.5% of total assets) and represent a significant balance sheet item.</p> <p>Investment properties are valued at fair value in accordance with Swiss GAAP FER 18.</p> <p>The fair value is highly dependent on the underlying assumptions. The Board of Directors and the</p>	<p>We looked at the contract with the independent external property appraiser and discussed the contractual relationship with the Management of Inventis Holding SA. We examined the basic information necessary for the individual valuations, as follows:</p>



Executive Board have to apply judgement. We identified the following risks in relation to the appropriateness of the valuation:

- The fair values are determined by an independent external property appraiser in accordance with the directive of SIX Swiss Exchange. Any dependence of the property appraiser on Inventis Holding SA would cast doubt on the determined fair values.
- The use of valuation methods and approaches not commonly used in the industry that do not appropriately account for the effective use of the properties would considerably limit the valuation results.
- The input parameters used by the valuation approach, such as the discount rate, vacancy rate, target rent, operating/maintenance and repair costs, have a significant impact on the outcome of the valuation. Determining these parameters involves significant judgement, which could lead to significant variations in the calculation of the fair value that do not correspond to what is observed on the market.

*Please refer to note 11 to the consolidated financial statements.*

- On a sample basis, we reconciled changes in the property portfolio to the underlying contracts as well as to the land register extract.
- We examined rental income by means of analytical audit procedures and an inspection of a sample of underlying rental agreements at the Group's own property managers.

With regard to the valuation of properties by the external appraiser, PwC Real Estate Advisory, acting as the auditor's expert, performed the following audit procedures:

- Assessment of the independence and competence of the external property appraiser (Wüest Partner AG) as a business and for the persons responsible for the valuation reports. Examination of the valuation reports in terms of compliance with the terms of the mandate.
- Examination and assessment on a sample basis of the appropriateness of the applied valuation methods and valuation approaches (mainly discounted cash flow methods) along with the validation of the basic calculation steps.
- Examination of the input parameters used. Comparison of the target rent and the operating/maintenance and repair costs parameters, which have no observable market values, with external benchmarks. Assessment of the assumptions regarding the discount rate using our expert's empirical values for comparable properties. An examination was performed of whether the input parameters used were within an acceptable and industry-consistent range of values.

We discussed with Management the audit results of PwC Real Estate Advisory and the significant changes in valuations as well as the underlying assumptions for the valuations.

Based on our audit procedures, with regard to the independence and qualification of the external property appraiser, the applied valuation methods and the input parameters used for the fair value valuation of the investment properties, we obtained adequate assurance of the appropriateness of the valuation of investment properties.

#### **Responsibilities of the Board of Directors for the consolidated financial statements**

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER, article 17 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange and the provisions of Swiss law, and for such internal control as the



Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

***Auditor's responsibilities for the audit of the consolidated financial statements***

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

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

***Report on other legal and regulatory requirements***

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

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

PricewaterhouseCoopers AG

A blue ink signature of Oliver Kuntze, with a small red cross icon to the right.

Oliver Kuntze  
Audit expert  
Auditor in charge

A blue ink signature of Barbara Kuhn, with a small red cross icon to the right.

Barbara Kuhn  
Audit expert

Bern, 21 March 2017