

INVESTIS

REAL ESTATE GROUP

ANNUAL
REPORT
2016



TABLE OF CONTENTS

Selected key figures	04	Consolidated financial statements	
		Consolidated income statement	63
Group overview		Consolidated balance sheet	64
Profile	07	Consolidated statement of cash flows	65
Report to shareholders	08	Consolidated statement of changes in equity	66
Milestones	13	Notes to the consolidated financial statements	67
Strategy and investment policy	14	Report of the statutory auditor on the consolidated financial statements	94
Properties	16		
Real Estate Services	18		
Share information, bond information	22		
		Property portfolio	
Corporate governance		Information on investment categories as at 31 December 2016	99
Introduction	24	Property portfolio as at 31 December 2016	100
Group structure and shareholders	25	Development properties as at 31 December 2016	104
Capital structure	27	Report of the independent valuation expert Wüest Partner AG	106
Board of Directors	30		
Executive Board	42	Financial statements Investis Holding SA	
Compensation, shareholdings and loans	45	Balance sheet	112
Shareholders' participation rights	46	Income statement	113
Changes of control and defence measures	49	Notes to the financial statement	114
Auditors	50	Proposed appropriation of available earnings	119
Information policy	51	Report of the statutory auditor on the financial statements	120
Compensation report	53		
Report of the statutory auditor	60	Contacts	123
		Financial calendar and share data	124
		Legal information	125
		Disclaimer	126

SELECTED KEY FIGURES

Investis financial key figures		31.12.2016	31.12.2015
Revenue	CHF 1,000	161,916	157,371
EBITDA before revaluations/disposals	CHF 1,000	28,695	29,886
EBIT	CHF 1,000	76,369	60,208
Net profit	CHF 1,000	45,077	44,569
Funds From Operations (FFO) ¹⁾	CHF 1,000	17,844	20,483
Total assets			
Total assets	CHF 1,000	1,099,750	984,451
Mortgages and bonds	CHF 1,000	325,572	336,105
Share capital	CHF 1,000	1,280	1,000
Total shareholders' equity	CHF 1,000	557,570	427,411
Equity ratio		50.7%	43.4%
Number of employees			
Headcount (as at period end)		1,146	1,082
Ø FTE (full-time equivalents, average over the period)		902	855

1) FFO is defined as cash flow from operating activities + investments in properties held for sale + interest received less interest paid

Data per share		31.12.2016	31.12.2015
Share ratios			
Share capital	CHF 1,000	1,280	1,000
Number of registered shares issued/outstanding	Number	12,800,000	1,000,000
Nominal value per share	CHF	0.10	1.00
Share data			
NAV per outstanding share ¹⁾	CHF	43.48	39.69
NAV per outstanding share not including deferred tax with regard to investment properties ²⁾	CHF	54.85	52.93
Earnings per share (basic/diluted) ³⁾	CHF	3.88	4.16
Gross dividend ⁴⁾	CHF	2.35	
Dividend yield ⁴⁾		4.1%	
Payout ratio ⁴⁾		68.0%	
Share price			
Share price – high	CHF	61.95	
Share price – low	CHF	53.00	
Share price as at year-end	CHF	57.00	
Average number of shares traded per day	Number	9,094	
Market capitalisation at year-end	CHF 1,000	729,600	

- 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 of CHF 396.85.
- 2) 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.
- 3) 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.
- 4) Intended distribution per share in accordance with the proposal to the Annual General Meeting of 27 April 2017.

INVESTIS GROUP
ANNUAL REPORT 2016

Properties key figures		31.12.2016	31.12.2015
Residential investment properties	CHF 1,000	841,961	745,866
Commercial investment properties	CHF 1,000	113,129	81,045
Investment properties under construction	CHF 1,000	64	3,507
Undeveloped plots of land	CHF 1,000	7,328	12,235
Properties held for sale	CHF 1,000	18,141	14,116
Total property portfolio	CHF 1,000	980,622	856,769
Total buildings		136	124
Total residential units		2,334	2,220
Gross LTV		33%	39%
Like-for-like rental growth		1.1%	3.4%
Average discount rate		3.7%	4.0%
Vacancy rate		3.7%	3.3%
Annualised full occupancy property rent	CHF million	46.9	41.2
Annualised property rent	CHF million	45.2	39.8
Revenue	CHF 1,000	41,852	40,760
EBITDA before revaluations/disposals	CHF 1,000	27,293	25,011
EBIT	CHF 1,000	76,679	56,906
Real Estate Services key figures		31.12.2016	31.12.2015
Rents under management	CHF billion	1.58	1.38
Revenue	CHF 1,000	136,094	131,256
of which property management		56%	55%
of which facility management		32%	31%
of which construction management		12%	14%
EBIT	CHF 1,000	3,892	6,201
EBIT margin		2.9%	4.7%

GROUP OVERVIEW

Profile	07
Report to shareholders	08
Milestones	13
Strategy and investment policy	14
Properties	16
Real Estate Services	18
Share information, bond information	22

PROFILE

Unique residential property company with a nationwide real estate services business

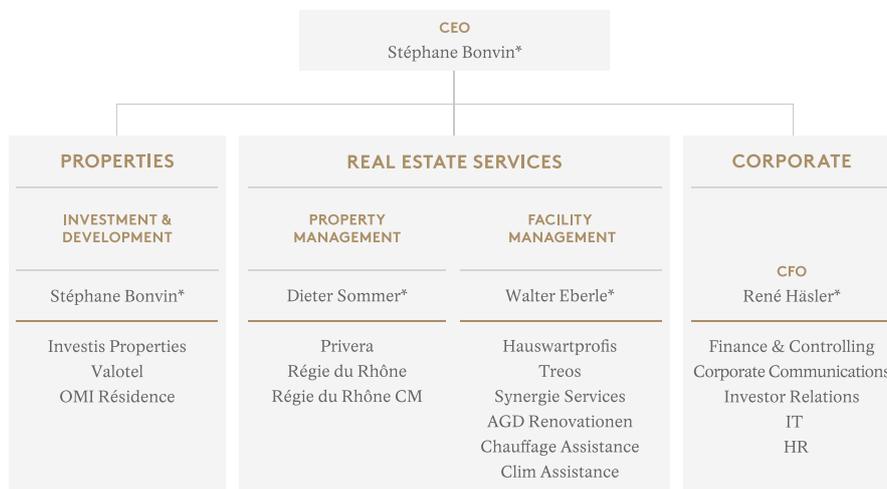
Founded in 1994, Investis Group is a leading residential property company in the Lake Geneva region and a national real estate services provider active in both property management and facility management. Investis **Properties** has a portfolio of predominantly residential properties in the middle price segment. Investis **Real Estate Services** works with well-known local brands throughout Switzerland. The Group has been listed on the stock exchange since June 2016.



HIGHLY ENTREPRENEURIAL MANAGEMENT

The Executive Board consists of Chief Executive Officer Stéphane Bonvin – who founded Investis in 1994 – Chief Financial Officer René Häsler, as well as Head of Property Management Dieter Sommer and Head of Facility Management Walter Eberle. Investis is characterised by a lean structure and a highly entrepreneurial and experienced management.

Organisation chart, valid as of 1 April 2017



* Member of the Executive Board

REPORT TO SHAREHOLDERS

2016 – a milestone year for Investis

Dear Shareholders

Dear Sir or Madam

2016 will go down as a pivotal year in the Company's history of more than two decades. The successful listing on the stock exchange (IPO) in June, and the associated step into the wider public arena, marked the beginning of a new era for Investis. Entering the capital market enabled Investis to expand its shareholder base and its access to funds, which will help fuel the sustainable growth planned for the two segments Properties and Real Estate Services.

In its first half-year as a listed company Investis has progressed as planned. The proceeds from the IPO were used to make some attractive investments and highly promising acquisitions. Investis acquired the minority stake in Investis Patrimoine SA and took over facility management company Clim-Assistance SA. In 2016 Investis achieved a solid result. It was able to further enhance its position as the leading company for residential properties in the Lake Geneva region, and as a provider of real estate services throughout Switzerland.



SIGNIFICANT RISE IN OPERATING PROFIT – SUSTAINABLE REVENUE GROWTH

Investis increased its revenue by 3% to CHF 162 million in 2016 (prior year: CHF 157 million). The **Properties** and **Real Estate Services** segments both contributed to this growth. As expected, operating expenses rose accordingly. In particular, personnel reinforcements at Property and Facility Management, and the strengthening of Corporate, had an impact on reported costs. Significantly higher valuation gains of CHF 46.6 million were recorded in the existing portfolio thanks to the 1.1% increase in like-for-like rental income and continuing lower interest rates. Overall, Investis increased its operating profit (EBIT) by 27% to CHF 76.4 million (PY: CHF 60.2 million).

In order to optimise its financing structure and to benefit from the current attractive conditions on the capital market, Investis successfully issued a CHF 100 million fixed-rate bond with a coupon of 0.55% and a tenor of five years. The proceeds were used to repay mortgages. As a consequence, some interest rate swaps were terminated prematurely, resulting in settlement payments of CHF 5.9 million, while the remaining swaps were recognised in the financial statements. Due to these additional swap costs, financial expenses increased to CHF 19.7 million (PY: 7.7 million). Weighted average interest costs were reduced by 0.2% to 2.0% (PY: 2.2%). The effective tax rate amounted to 23% (PY: 17%). Net profit stood at CHF 45.1 million, slightly above the prior year (CHF 44.6 million). Net asset value (NAV) per share excluding deferred taxes with regard to investment properties rose to CHF 54.85 (PY: CHF 52.93).

Investis has proved itself as a listed company, and has implemented the current growth strategy as planned. The solid result underscores the reliability of the business model, which is based on the two segments **Properties** and **Real Estate Services**. The attractive property portfolio in the Lake Geneva region, which is being further optimised by strategic investments, provides a very solid earnings base. In the Real Estate Services division, highly promising growth prospects are opening up as part of the ongoing consolidation. In both these segments Investis has made effective use of opportunities for sustainable growth and further improved its market position.

HIGHER REVALUATION GAINS STRENGTHEN FOCUS ON LAKE GENEVA REGION

Rental income rose by 3% to CHF 41.9 million (PY: CHF 40.8 million), while direct expenses fell to just over 30% (PY: 36%) thanks to a reduced need for renovation works and a continuing increase in cost effectiveness.

Investis has developed its property portfolio effectively, investing a total of CHF 88 million in buying new properties with a gross yield of above 5% and completing the construction of two new investment properties. At the same time, it has made strategic sales, securing a gain on disposal of CHF 3.0 million. Significant revaluation gains of CHF 46.6 million (PY: CHF 31.0 million) reinforce the Group's focus on residential properties in prime locations in the Lake Geneva region, as well as on rental activities and active portfolio management. The Properties segment reported an operating profit (EBIT) of CHF 76.7 million, an increase of 35% over the prior year (CHF 56.9 million).

Purchases and revaluation gains led to an increase in the value of the property portfolio to CHF 981 million (PY: CHF 857 million). At the end of the year the portfolio comprised 136 properties with 2,334 residential units.

The annualised full occupancy property rent as at 31 December 2016 rose to CHF 46.9 million. The vacancy rate stood at 3.7%, which is slightly higher than a year ago, though still very low for the sector. The increase is attributable to properties acquired or completed in the year under review which were not yet fully rented, as well as to the total overhaul of one building.

FURTHER GROWTH POTENTIAL IN THE REAL ESTATE SERVICES SEGMENT

The Real Estate Services segment reported a positive performance with an increase in revenue of 4% to CHF 136 million (PY: CHF 131 million). This growth was driven by Property Management and Facility Management services, while Construction Management saw a decline in revenue. Property Management – the strongest revenue pillar, contributing 56% of the total – increased its revenue in 2016 by 4.3% thanks to newly gained mandates, which also entailed initial costs. The rents under management by Property Management rose by CHF 200 million to CHF 1.58 billion. Revenue at Facility Management (share of revenue: 32%) rose by 7.9%, mainly due to the expansion of complementary services. By contrast, Construction Management (share of revenue: 12%) reported a decline in revenue of 10.6%. The larger overall business volumes also called for additional resources, hence the rise in headcount to 1,132 employees and the 9% increase in associated personnel expenses. These higher expenses led to a decline in the Real Estate Services segment's operating profit (EBIT) to CHF 3.9 million (PY: CHF 6.2 million).

Investis aims to exploit the growth potential of the Real Estate Services segment more systematically in future by concentrating on its Property and Facility Management services. Construction Management as a general contracting service will no longer be offered. This will reduce risk and increase the operating margins.

Investis acquired the company Hauswartprofis AG in January 2017. Hauswartprofis is a respected and established brand that will bring additional experience and expertise to Facility Management. With this acquisition, Investis is gradually implementing its growth strategy in the Real Estate Services segment and expanding its market position.

SUCCESSFUL AND EFFICIENT REFINANCING – VERY SOLID BALANCE SHEET – DIVIDEND PAYOUT OF CHF 30 MILLION

Investis made use of the attractive conditions on the capital market and investors' great trust and confidence to further optimise its financing structure. After the successful capital increase during the IPO in June, a five-year bond was issued to reduce mortgage financing. As a consequence of the new financing strategy, some swaps were terminated prematurely in 2016 and the designated purpose of the remaining swaps was changed from hedging to trading. The negative fair value of CHF 6.6 million (volume of CHF 72.5 million) was recognised in the financial statements.

Total assets increased by 12% to CHF 1.1 billion. 89% of assets are tied to the property portfolio, and the Loan-To-Value (LTV) decreased to 33%. Provisions for deferred tax liabilities were CHF 146 million (+9.8%). The equity ratio at the end of 2016 was a comfortable 50.7% (PY: 43.4%), attesting to the financial stability of Investis. The Group's financing policy remains conservative.

As announced, a dividend payment of CHF 30.08 million, or CHF 2.35 per share, will be proposed to shareholders at the Annual General Meeting on 27 April 2017. This corresponds to a payout ratio of 68%.

BROADENING OF CAPABILITIES THANKS TO AN EXPANDED EXECUTIVE BOARD

To support the growth strategy in the Real Estate Services segment, the Board of Directors has decided to broaden the Executive Board's skill base. With effect from 1 April 2017, Dieter Sommer (CEO of Privera since 2014) and Walter Eberle (CEO of Hauswartprofis since 2009 and CEO of Treos since January 2017) will join and strengthen the Executive Board. Management of the Real Estate Services segment will be spread across the two activities Property Management and Facility Management. Dieter Sommer will head Property Management services and Walter Eberle will be responsible for Facility Management services.

Catherine Dubey, who has made a major contribution to the successful development of the Real Estate Services segment in recent years, will now concentrate on development activities in the Properties segment, and will therefore be stepping down from the Executive Board. The Board of Directors and Executive Board would like to thank Catherine Dubey for her great commitment and enthusiasm in developing the Real Estate Services segment.

PROPERTY MARKET REMAINS VERY ATTRACTIVE

In 2016, Switzerland's property market was affected by a negative interest rate environment and a slight uptick in the Swiss economy. Thanks to persistently low interest rates, property continues to be a very popular investment; as a result, property prices are going up and yields are falling. Although the Swiss economy rallied a little, office and retail properties are still having to combat high vacancy rates, in part because of the ever-increasing share of shopping done online. Residential property, by contrast, continues to enjoy lively demand, especially in the major urban centers. These market developments vindicate the strategy and investment policy pursued by Investis. With a portfolio made up primarily of residential properties in attractive locations close to Lake Geneva, demand continues to be high, so vacancy rates remain low.

In the real estate services business, pressure on margins intensified further, though the trend towards digitalisation offers major opportunities here. Automation can make internal processes faster and more efficient, leaving employees to focus more on customer support and property-related services. The Investis Group identified this structural change long ago, and is committed to ever-greater digitalisation within the property sector.

With its business model, its strategy and its investment policy, Investis is very confident that it remains well positioned in a challenging market environment.

OUTLOOK

The accelerated dynamics resulting from the listing will continue to invigorate the Group's growth strategy in 2017. Sustainable increases in revenue are expected in all areas of activity. However, discontinuation of the Construction Management activity as a general contracting service will have a negative impact on revenue, but will have a positive impact on the EBIT margin.

The acquisition of Hauswartprofis AG will also contribute to revenue growth in the Real Estate Services segment. Investis will continue to optimise the Group, particularly with regard to financing. In February 2017 another bond of CHF 140 million with a coupon of 0.25% and a tenor of two years was placed to pay off mortgages.

In view of the current progress and good market positioning in both segments, we expect our solid business performance to continue in the 2017 financial year. Our medium-term targets remain unchanged.

On behalf of the Board of Directors and the Executive Board of Investis Holding SA, we would like to express our sincere gratitude to our shareholders for placing their trust in Investis, and to our staff for their great commitment and loyalty.



Riccardo Boscardin
Chairman of the Board of Directors



Stéphane Bonvin
CEO

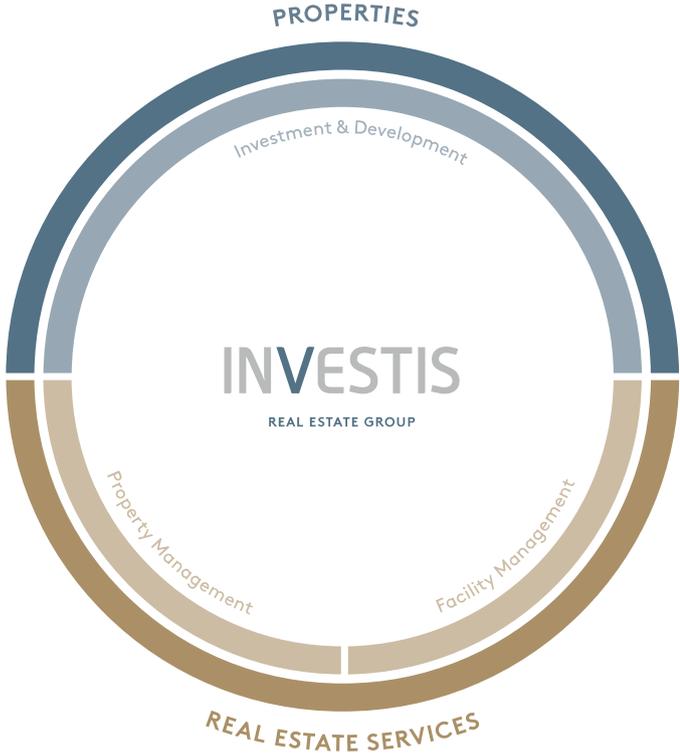
MILESTONES

Since its foundation in 1994, Investis has been driven by an entrepreneurial approach and has focused on value creation with a long-term perspective.

2017	<ul style="list-style-type: none"> Issue of a second fixed-rate bond of CHF 140 million Completion of acquisition of Hauswartprofis AG
2016	<ul style="list-style-type: none"> Issue of a first fixed-rate bond of CHF 100 million Acquisition of Clim-Assistance SA Acquisition of the minority stake in Investis Patrimoine SA Entry onto the capital market on 30 June 2016 through the successful initial public offering (IPO) with an issue volume of CHF 148.4 million
2015	<ul style="list-style-type: none"> Acquisition of Valotel SA, SI Clovil SA, Rey'novtoit, Imhoff.ch Sàrl, La Pomardière SA
2014	<ul style="list-style-type: none"> Increase of shareholding in the pro-rata consolidated company La Foncière de la Dixence SA from 25% to 50% Acquisition of Privera AG, Treos AG, AGD Renovationen AG, Bufag SA and Chauffage-Assistance SA. Investis Group expands its real estate services offering across the whole of Switzerland
2013	<ul style="list-style-type: none"> Spinoff of Sorenova SA as a construction management company Acquisition of Valaisia Crans-Montana SA
2012	<ul style="list-style-type: none"> Acquisition of Synergie Services Facility Management SA
2011	<ul style="list-style-type: none"> Entry into the real estate services market with the completion of the acquisition of Régie du Rhône SA
2009	<ul style="list-style-type: none"> The company name was changed to Investis
2007	<ul style="list-style-type: none"> Creation of a Holding structure
2002	<ul style="list-style-type: none"> Consolidation of the property portfolio
1997	<ul style="list-style-type: none"> Compagnie Foncière de la Cité SA acquires its first buildings in the Canton of Geneva
1996	<ul style="list-style-type: none"> Compagnie Foncière de la Cité SA accumulates residential properties in the Canton of Vaud
1994	<ul style="list-style-type: none"> Foundation of Compagnie Foncière de la Cité SA

STRATEGY AND INVESTMENT POLICY

Investis aims to be the market leader for residential property in the Lake Geneva region and for real estate services throughout Switzerland. The Company is also targeting continued successful growth with a conservative financing profile in its “**Properties**” residential property business, as well as further expansions of its “**Real Estate Services**” business, both organically and through acquisitions, by means of the following measures:



CONTINUATION OF BUY-AND-HOLD STRATEGY THROUGH SELECTED INVESTMENTS IN THE PROPERTIES SEGMENT

Investis is keen to continue its long-term buy-and-hold strategy, and to further expand the scope of its residential property portfolio through acquisitions and selected development projects. In view of the positive demographic trend and favourable macroeconomic factors, the Group plans to maintain its focus on residential property for a target audience with mid-range incomes in the Lake Geneva region, particularly in the metropolitan areas of Geneva and Lausanne.

PRESERVATION AND GROWTH OF PORTFOLIO VALUES THROUGH ACTIVE PORTFOLIO MANAGEMENT

The investment focus is on properties and projects with sustainable, attractive returns and long-term value enhancement potential. Investis seeks to preserve and increase the value of its real estate portfolio through active portfolio management. A high level of occupancy and constant cost optimisation enable value to be systematically preserved and increased. Investis is also involved in realising targeted and cost-efficient renovation projects, including optimising energy efficiency. This is in addition to constructional measures such as the extension of rentable floor space through additional storeys and conversions.

INCOME GROWTH THROUGH A BROAD RANGE OF REAL ESTATE SERVICES ACROSS SWITZERLAND

The Real Estate Services segment generates attractive added value for Investis and its stakeholders. The Group also seeks national recognition by offering real estate services across Switzerland. In addition, the Group intends to add further offerings to its range of services in its Property Management and Facility Management activities.

GREATER EFFICIENCY AND ENHANCED QUALITY THROUGH DIGITALISATION

Digitalisation of internal processes permit shorter and more efficient process flows. Staff are thus free to concentrate on activities that add more value, such as advising clients. Investis also intends to push ahead with the digitalisation of client interfaces in order to improve its service offering.

SOLID FINANCING STRATEGY WITH A SOUND CAPITAL BASE

The Group is solidly financed and targets a gross loan-to-value ratio (LTV) of under 40%. In addition, the Group strives to optimise its financing structure on a continuous basis and use the most suitable financing sources over the long term, including opportunities presented by the capital market.

PROPERTIES

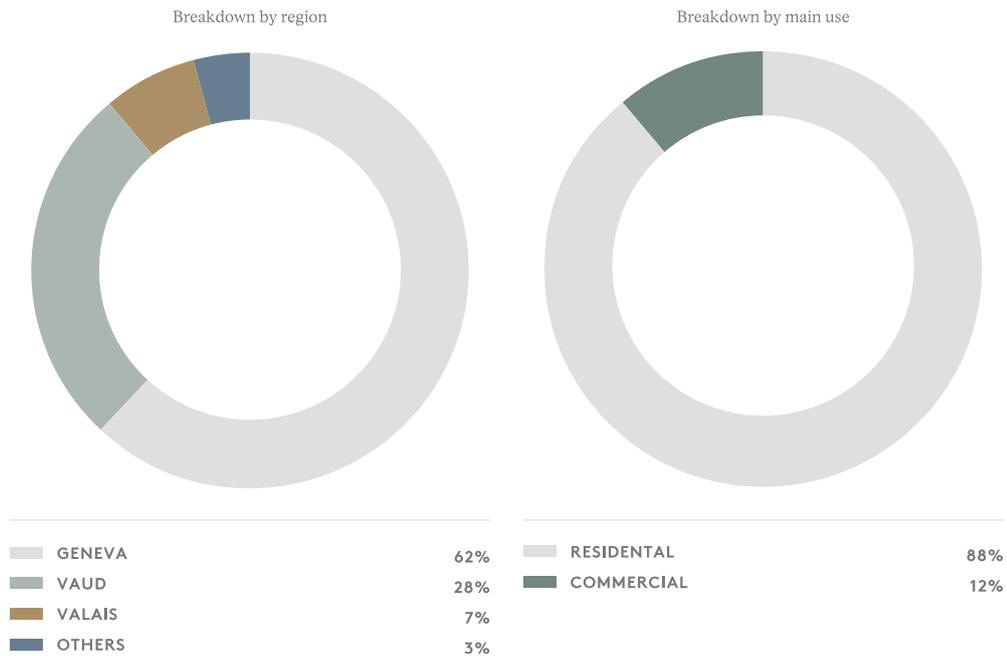
The portfolio of Investis Properties consists predominantly of residential properties located in the Lake Geneva region. It was valued at CHF 981 million as at 31 December 2016

Investis has developed its Properties business line over more than 20 years. It generated revenues of CHF 41.9 million and an operating profit (EBIT) of CHF 76.7 million during the fiscal year 2016.



FOCUSED ON THE LAKE GENEVA REGION

Within the Properties business segment, investing is the main activity and consists of the ownership and development of a residential property portfolio focused on the Lake Geneva region. The portfolio is located within the Lake Geneva region, the Cantons of Geneva and Vaud as well as, to a smaller extent, the Canton of Valais. In the Cantons of Geneva and Vaud, the majority of buildings are clustered around Geneva and Lausanne. The following graph depicts the geographical distribution of the properties:



MAINLY RESIDENTIAL PROPERTIES

The portfolio consists of 2,334 middle-income residential units in 136 buildings. Based on market value and main use, 88% of the properties are used for residential purposes and 12% for commercial purposes.

BUY AND HOLD STRATEGY

Investis pursues a long-term buy and hold strategy, meaning that it rents the properties after acquisition and strategically manages them to enhance their long-term rental income and value. Refurbishments, including value-adding works to rental units and buildings, are completed based on a five-year plan. The majority of the properties have been refurbished under the Group's ownership.

--> Detailed information on the properties is available on the [company website](#) as well as under [property portfolio](#) in this annual report.

DEVELOPMENT

Investis carries out opportunistic developments aiming at high returns on sales. To this end, Investis selectively purchases the land, obtains the necessary construction permits, develops the properties and subsequently rents or sells them.

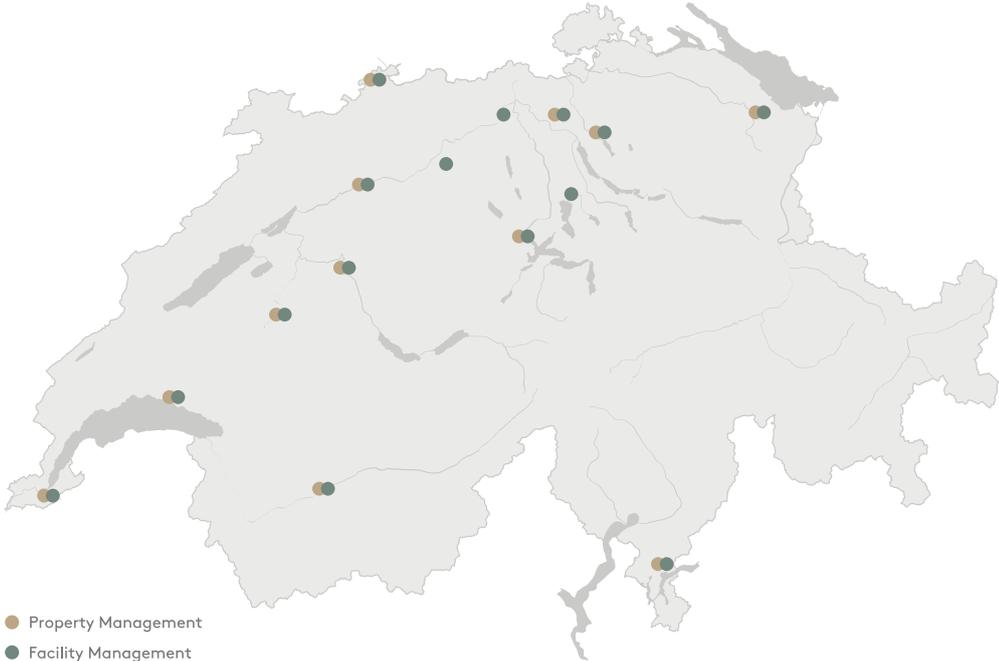
SERVICED APARTMENTS

The Serviced Apartments activity consists of the operation of 77 serviced apartments under the OMI Residences brand. The apartments are located in the center of Geneva and managed by Régie du Rhône SA.

REAL ESTATE SERVICES

Investis Real Estate Services is active with well-known local brands throughout Switzerland

In the Real Estate Services business segment, Investis pursues two activities throughout Switzerland, namely Property Management and Facility Management. This business segment generated a revenue of CHF 136.1 million in 2016, while the rental volumes managed by Property Management were CHF 1.58 billion.



PROPERTY MANAGEMENT

The Property Management activities are offered by **Privera AG, Régie du Rhône SA** and **Régie du Rhône Crans-Montana SA**.

The main activities are lease management, center management, letting and brokerage services, investment advisory as well as management of co-ownership associations and construction management. These services include:

Property management of

- Multi-storey dwellings
- Office and commercial properties
- Retail properties and shopping centers
- Co-ownership
- Condominium properties

Co-ownership associations

- Complete organisation and operation of large and challenging property complexes
- Coordination of all property management services as well as accounting
- Reporting that meets the highest requirements
- Planning and implementation of building measures in the interests of the investor

Center management

- Development of new shopping centers
- Property and market analyses, market research
- Center positioning
- Center management and operational management
- Switzerland-wide retail marketing
- Center marketing and promotional activities
- Support/guidance for tenants' associations
- Alterations and modernisations

Letting management

- First-time, renewal and special lettings of residential and commercial properties, office, service and retail spaces
- Market and site analyses
- Property and usage analyses
- Letting and marketing concepts
- Property marketing, letting management

Brokerage

- Procurement/sale of properties
- Valuations/surveys
- Market and site analyses
- Property and usage analyses
- Development of sales concepts
- Property search mandates
- Property marketing

Construction Management

- Building condition assessments
- Energy-optimisation measures
- Completion of alterations and renovations
- Construction project and general management as per SIA 102 and SIA 112
- Client fiduciary and advisory services

FACILITY MANAGEMENT

The Group companies active in Facility Management are **Hauswartprofis AG, Treos AG, Synergie Services Facility Management SA, AGD Renovationen AG, Chauffage-Assistance SA** and **Clim-Assistance SA**.

Investis' Facility Management offers a wide range of services in the maintenance of buildings and outdoor services for residential, office, commercial buildings and shopping centers. The particular services are:

Caretaking services

- Caretaking
- Cleaning
- Winter service
- Maintenance of green areas and surroundings
- Disposal
- Technical maintenance

Cleaning services

- Routine cleaning
- Window and facade cleaning
- Cleaning of outdoor areas
- Special cleaning, escalator cleaning
- Pest control
- Disposal and disposal concepts

Building technology

- Operation and monitoring
- Inspection
- Fault analysis
- Maintenance
- Repairs
- Approval and commissioning
- On-call service
- Energy monitoring

Management services

- Property management
- Reporting
- Accounting and budgeting
- Surface management
- Warranty management
- Contract management
- Strategic purchasing

Project management

- Technical projects
- Relocation planning
- Operational adjustments

Concepts

- Facility management during construction
- Operational planning/optimisation of operations
- Management concepts
- Safety concepts
- Blackout test
- Fire control tests
- Evacuation concepts
- Energy optimisation concepts
- Quality audits
- Condition analyses

Building services

- Help desk
- Parking management
- Security and shut down management
- Reception and telephony
- Postal and logistics services
- Office supplies
- Relocations

Concierge services

- House sitting
- Troubleshooter
- Laundry service
- Cleaning service
- Window and shutter cleaning

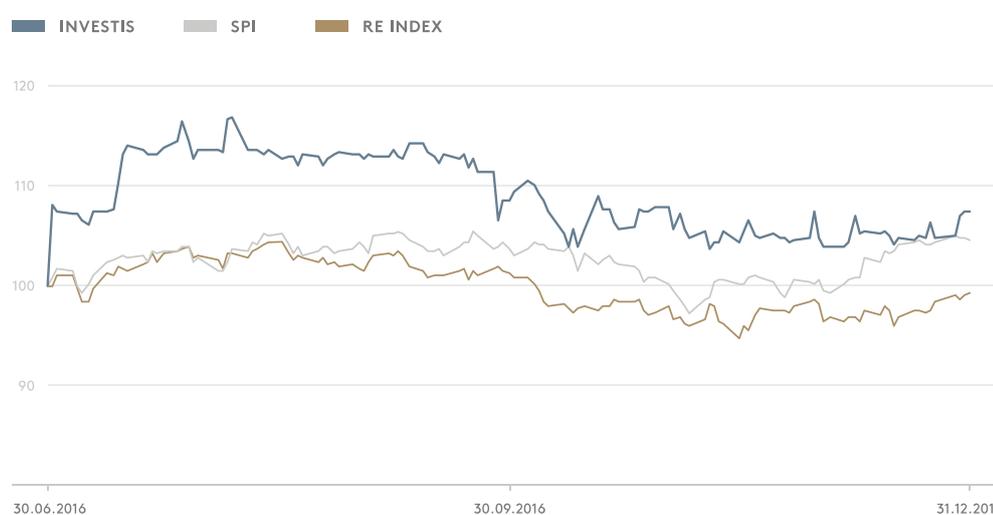


SHARE INFORMATION, BOND INFORMATION

Investis can look back on an eventful 2016, the highlight of which was the successful IPO of Investis Holding SA on 30 June 2016. Entering the capital market and thereby expanding the shareholder base has provided Investis Group with a solid foundation, enabling it to accelerate its current growth.

The registered shares of Investis Holding SA are traded on the SIX Swiss Exchange in Zurich and are listed in accordance with the Standard for Real Estate Companies.

SHARE PRICE DEVELOPMENT



Share price – high	CHF	61.95
Share price – low	CHF	53.00
Share price as at 31.12.2016	CHF	57.00
Average number of shares traded per day	Number	9,094
Market capitalisation as at 31.12.2016	CHF 1,000	729,600

In order to optimise the financing structure and to benefit from the attractive conditions on the capital market, Investis Holding SA successfully issued a fixed-rate bond in the fiscal year 2016 and a second in February 2017 (post-closing event).

OUTSTANDING FIXED-RATE BONDS

ISIN	CH 033 764 551 6	CH 035 259 586 9
Trading currency	CHF	CHF
Issuing volume	100 million	140 million
Listing	SIX Swiss Exchange	SIX Swiss Exchange
Coupon	0.55%	0.25%
Tenor	5 years	2 years
Payment date	15 November 2016	14 February 2017

CORPORATE GOVERNANCE

Introduction	24
Group structure and shareholders	25
Capital structure	27
Board of Directors	30
Executive Board	42
Compensation, shareholdings and loans	45
Shareholders' participation rights	46
Changes of control and defence measures	49
Auditors	50
Information policy	51
Compensation report	53
Report of the statutory auditor	60

INTRODUCTION

This Corporate Governance Report describes the principles of management and control as they apply to the top decision-making bodies of the Investis Group. To enhance transparency and thus comparability with other companies, it has been prepared in conformity with the SIX Corporate Governance Directive dated 1 January 2016. Unless otherwise specified, all information contained in the report is based on data as at 31 December 2016.

The principles and rules of corporate governance as practiced by the Investis Group are set out in the Company's Articles of Association, its Organisational Regulations and the regulations of the Board of Directors' committees. The chairman of the Board of Directors (the "Chairman") reviews the content and current relevance of the corporate provisions regularly, and proposes any additions or amendments required to the Board of Directors.

Investis Group complies with all the rules relevant to corporate governance. In particular, the Investis Group abides by all existing legislation, the directives of the SIX Swiss Exchange and the remarks thereto, and the Swiss Code of Best Practice for Corporate Governance issued by *economiesuisse*, Switzerland's umbrella business association (as updated in September 2014).

This Annual Report contains the Compensation Report of the Board of Directors, which also complies with the Swiss Ordinance against Excessive Compensation at Listed Joint-Stock Companies (OaEC).

GROUP STRUCTURE AND SHAREHOLDERS

GROUP STRUCTURE

Investis Holding SA (the “**Company**”) is a joint-stock holding company organised under Swiss law, which has direct or indirect shareholdings in various companies (the Company together with its subsidiaries, the “**Investis Group**” or the “**Group**”). While the Board of Directors devotes itself to overall management, strategic and supervisory duties, the Executive Board is entrusted with operational management tasks. The Company’s legal domicile is Neumühlequai 6, 8001 Zurich, Switzerland.

Since 30 June 2016, the registered shares of Investis Holding SA have been listed at SIX Swiss Exchange AG, Zurich (securities number 32 509 429, ISIN CH 032 509 4297, Bloomberg: IREN.SW, Reuters: IREN.S). The shares have a nominal value of CHF 0.10 each. The Company’s market capitalisation amounted to CHF 729.6 million as of 31 December 2016. None of the Company’s subsidiaries are listed.

For details of the non-listed companies that belong to the Investis Group of consolidated companies, see the relevant chapter of the Financial Report Note 26.

The Group is divided into two operational divisions, namely the Properties business segment (“Properties”) and the Real Estate Services business segment (“Real Estate Services”). The Properties business segment focuses on investing and developing its residential property portfolio. The Real Estate Services business segment follows a multi-brand strategy and provides a wide range of services throughout Switzerland. The activities are structured into property management, facility management and construction management (the latter until March 2017).

SIGNIFICANT SHAREHOLDERS

Upon listing on 30 June 2016, Stéphane Bonvin was the only significant shareholder. As of 31 December 2016, the Board of Directors is aware of the following shareholders and groups of shareholders that hold at least 3% of the voting rights in the Company:

Stéphane Bonvin owned 9,751,080 shares or 76.18% of the outstanding share capital.

Investis Holding SA is not aware of any other significant shareholder as of 31 December 2016. Detailed disclosure information can be found under <https://www.six-exchange-regulation.com/de/home/publications/significant-shareholders.html>.

SHAREHOLDER STRUCTURE

Registered shareholder structure by countries/regions and by shareholder categories as per 31 December 2016.

	Registered shareholders		Registered shares		Non-registered shares		Total number of shares issued
Switzerland	377	93.6%	11,350,533	96.5%			
Europe (excluding Switzerland)	21	5.2%	368,813	3.1%			
North America	3	0.7%	13,364	0.1%			
Other countries	2	0.5%	26,195	0.2%			
Total	403	100.0%	11,758,905	100.0%			
Natural persons	255	63.3%	10,133,809	86.2%			
Legal persons	148	36.7%	1,625,096	13.8%			
Total	403	100.0%	11,758,905	100.0%			
1 – 1,000	261	64.8%	84,778	0.7%			
1,001 – 10,000	97	24.1%	348,404	2.7%			
10,001 – 100,000	42	10.4%	1,198,702	9.4%			
100,001 and over	3	0.8%	10,127,021	79.1%			
Total	403	100.0%	11,758,905	91.9%			11,758,905
Non-registered shares					1,041,095	8.1%	1,041,095
Total							12,800,000

CROSS-SHAREHOLDINGS

There are no cross-shareholdings exceeding 5% of the capital shareholdings or voting rights on both sides.

CAPITAL STRUCTURE

As at 31 December 2016, the share capital amounted to CHF 1,280,000 and comprised 12,800,000 fully paid-up registered shares with a nominal value of CHF 0.10 each. For further details and the composition of the amounts of conditional capital of Investis Holding SA, please see [Note 2.4](#) in the Statutory Financial Statements.

AUTHORISED CAPITAL

There is no authorised capital.

CONDITIONAL CAPITAL

Article 3a of the Company's [Articles of Association](#) sets out the following relating to the conditional share capital:

“The Company's share capital shall be increased by a maximum amount of CHF 30,000 through the issuance of no more than 300,000 fully paid-up registered shares with a nominal value of CHF 0.10 by way of the exercise of options or similar rights belonging to employees and members of the Board of Directors and the Executive Board in accordance with the applicable regulations and resolutions of the Board of Directors.

The subscription rights of the shareholders are excluded. The acquisition of registered shares pursuant to Article 3a of the Articles of Association and all other transfers of such registered shares are subject to the transfer restrictions set forth in Article 5 of the Articles of Association.

The conditions governing the allocation and exercise of said option rights and other rights to shares under Article 3a of the Articles of Association are to be regulated by the Board of Directors. Shares may be issued at a price lower than the market price.”

CHANGES IN CAPITAL

Investis Holding SA was incorporated on 7 June 2016 as a joint-stock company by its sole shareholder Stéphane Bonvin and was 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.

At the Extraordinary General Meeting of the Company held on 17 June 2016, the shareholder of the Company resolved to increase the share capital by CHF 280,000, consisting of 2,800,000 shares with a nominal value of CHF 0.10 each. There have been no changes in capital since.

SHARES AND PARTICIPATION CERTIFICATES

As at 31 December 2016, the share capital amounted to CHF 1,280,000 and comprised 12,800,000 fully paid-up registered shares with a nominal value of CHF 0.10 each all of which are entitled to dividends and confer the right to vote. Further details of the composition of the share capital are shown in Note 2.4 of the Statutory Financial Statements. At the General Meeting of Investis Holding SA each registered share carries one vote. These voting rights can be exercised only if the shareholder is registered as a shareholder with voting rights in the Investis Holding SA share ledger. According to the Articles of Association, such registration is restricted as further set out in the next chapter. The registered shares of Investis Holding SA are uncertificated.

There are no preference shares or voting shares. Investis Holding SA has not issued any participation certificates.

RESTRICTIONS ON TRANSFERABILITY AND NOMINEE REGISTRATIONS

Article 5 of the Articles of Association provides that a share ledger is kept for registered shares in which the name and address of every owner, usufructuary and nominee of registered shares is recorded. In relation to Investis, only the person or entity entered in the share ledger is recognised as a shareholder, usufructuary or nominee.

Persons acquiring registered shares require the approval of the Board of Directors in each case to be recorded in the share ledger as shareholder with voting rights.

Persons acquiring registered shares are recorded in the share ledger as shareholders with voting rights if:

- a) they verify that the registered shares in question have been acquired and are to be held in their own name and for their own account. Persons who do not provide such verification will be recorded in the share ledger as nominees with voting rights only if they confirm in writing that they are prepared to disclose the names, addresses and shareholding of those persons for whose account they hold the shares or if they immediately disclose this information in writing on first demand. The other provisions of the Articles of Association, in particular Article 4, 5 and 8, apply equally to nominees. The Board of Directors may conclude agreements with nominees regarding their disclosure obligations;
- b) the recognition of a buyer of shares as a shareholder does not and cannot, according to the information at Investis' disposal, prevent Investis and/or its subsidiaries from providing proof regarding the composition of the group of shareholders and/or beneficial owners required by law. In particular, the Board of Directors may refuse to register persons domiciled abroad within the meaning of the Federal law of 16 December 1983 on the Acquisition of Real Estate by Persons Abroad (BewG) in the share ledger if such registration could impede the Investis Group in providing the required proof that Investis Holding SA and/or its subsidiaries are under Swiss control.

The Board of Directors has the power to issue regulations on the maintenance of the share ledger and specify registration requirements and restrictions, in particular requirements concerning the proof of a person's acquisition and holding of shares in their own name and for their own account, the percentage limits applicable to registration of persons domiciled abroad in total and for persons domiciled abroad acting individually, jointly or in association, and rules governing the distribution of free allocations to foreigners.

No exemptions from the transferability and nominee registration restrictions were granted in the reporting year.

The Company may delete a registration from the share ledger after consulting with the registered shareholder if the registration was made on the basis of incorrect information provided by the shareholder. The shareholder in question will be notified immediately of such deletion.

CONVERTIBLE BONDS AND OPTIONS

Investis Holding SA has no convertible bonds or options outstanding.

BOARD OF DIRECTORS

MEMBERS OF THE BOARD OF DIRECTORS

The Board of Directors of Investis Holding SA consists of the following four members:

Name	Date of birth	Nationality	Function	Joined	Current term expires
Riccardo Boscardin	1952	Swiss	Chairman, Member of the Audit and Compensation Committee	2016	2017
Albert Baehny	1952	Swiss	Vice-Chairman and Chairman of the Compensation Committee	2016	2017
Thomas Vettiger	1965	Swiss	Member and Chairman of the Audit Committee	2016	2017
Stéphane Bonvin	1967	Swiss	Member	2016 *)	2017

*) Stéphane Bonvin was the sole shareholder of Investis Investments SA from 1994 until its shares were contributed to Investis Holding SA. Thereafter, he was the sole shareholder of Investis Holding SA until its listing on 30 June 2016.

All terms expire at the next regular Annual General Meeting. The curricula vitae of the individual Board members can also be found under [Investis BoD Portrait](#).

With the exception of Stéphane Bonvin all members of the Board of Directors are independent directors.

RICCARDO BOSCARDIN

Chairman of the Board of Directors



Non-executive member
Member of the Compensation Committee
Member of the Audit Committee
Swiss citizen, born in 1952 and currently residing in Bottmingen

Riccardo Boscardin was Head of the Global Real Estate Switzerland division of UBS from 2002 to 2014, and Head of the Global Customised Client Mandates division of UBS from 2011 until 2014. Before that he was Head of Consulting and Portfolio Management at Serimo AG between 1997 and 2002 and served as Chief Executive Officer of the real estate fund companies Himac AG and Serimo Immobiliendienst AG, both subsidiaries of Schweizerischer Bankverein, from 1988 to 1997. Riccardo Boscardin has been predominantly active in the real estate industry since 1984. He holds a Dr. iur. (doctor of law) degree from the University of Basel.

He joined the Investis Group as a member of the Board of Directors of the Company in 2016. Riccardo Boscardin was a member of the Board of Directors of Privera AG from 26 August 2015 until 25 November 2016. Apart from this, he has not been a member of the management of the Company or any of its subsidiaries in the last three financial years, nor does he have any major business relationships with Investis Group.

ALBERT BAEHNY

Vice-Chairman of the Board of Directors



Non-executive member
Chairman of the Compensation Committee
Swiss citizen, born in 1952 and currently residing in Arlesheim

Albert Baehny has been President of the Board of Directors of Geberit AG since April 2011, and since 2015 Chief Executive Officer of Regent Lighting. From 2005 to 2014, Albert Baehny served as Chief Executive Officer of Geberit Group. Before he moved to Geberit in 2003, Albert Baehny was Senior Vice President of the Specialities division of Wacker Chemie AG. He advanced through numerous management positions in firms including Vantico (2000–2001), Ciba-Geigy/Ciba SC (1994–2000), and Dow Chemicals Europe (1981–1993) after starting his career in the science department of Serono-Hypolab in 1979. Albert Baehny graduated from the University of Freiburg (Switzerland) with a degree in biology.

He joined the Investis Group as a member of the Board of Directors of the Company in 2016. Apart from this, he has not been a member of the management of the Company or any of its subsidiaries in the last three financial years nor does he have any major business relationships with Investis Group.

THOMAS VETTIGER

Member of the Board of Directors



Non-executive member
Chairman of the Audit Committee
Swiss citizen, born in 1965 and currently residing in Russikon

Thomas Vettiger is Managing Partner and Member of the Board of Directors of IFBC, a consulting firm active in the field of corporate finance and financial advisory, which he co-founded in 1997. Since 2015, Thomas Vettiger has been President of the Board of Directors of Adunic AG and a Member of the Swiss Takeover Board. From 2005 to 2015, he was a Member of the Board of Directors and the Audit Committee of Clientis AG, where he additionally served as Vice-Chairman and Chairman of the Audit Committee from 2013 to 2015. Thomas Vettiger holds a lic. oec. degree from the University of St. Gallen (HSG) and a doctoral degree in finance from the University of Zurich.

He joined the Investis Group as a member of the Board of Directors of the Company in 2016. Apart from this, he has not been a member of the management of the Company or any of its subsidiaries in the last three financial years, nor does he have any major business relationships with Investis Group.

STÉPHANE BONVIN

Member of the Board of Directors



Executive member

Chief Executive Officer of Investis Group

Member of the Executive Board of Investis Group

Swiss citizen, born 1967 and currently residing in Lens

Stéphane Bonvin founded Investis Holding AG in 1994. Since then, he has been CEO of the Investis Group and has headed its Properties division. With 30 years of experience in the real estate sector, Stéphane Bonvin's extensive network of contacts and wide-ranging knowledge of the property market have enabled the gradual enlargement of the Group's portfolio. He acquired various real estate service companies between 2010 and 2014 in the fields of property management, facility management and construction management. In 2006 he co-founded the Patrimonium Group, where he served as Managing Director until 2015; he continues to sit on its Supervisory Board.

Current positions held outside the Investis Group: Stéphane Bonvin has been a Member of the Supervisory Board of Patrimonium and its subsidiaries since 2006, and of Be Capital and its subsidiaries since 2015.

Other activities and functions

Other than as described above, the members of the Board of Directors do not engage in any other activities or perform any other functions which are significant to the Group.

No member of the Board of Directors holds any official function or political office.

Regulation on the number of additional positions

According to Article 23 of the Articles of Association, no member of the Board of Directors may hold more than ten mandates outside the Investis Group, of which no more than five may be for listed companies.

These limitations do not apply to the following:

- 1) mandates in companies controlled by Investis or which control Investis;
- 2) mandates performed by a member of the Board of Directors or the Executive Board on instruction of Investis (no member of the Board of Directors or the Executive Board may perform more than ten such mandates); and
- 3) mandates in associations, charitable foundations and pension schemes (no member of the Board of Directors or the Executive Board may hold more than ten such mandates).

Mandates as referred to herein are functions in the most senior management and administrative bodies of legal entities required to be entered in the Swiss commercial register or an equivalent foreign register. Mandates in different legal entities under joint control or with the same beneficial ownership are treated as one mandate.

Election and term of office

The Board of Directors consists of at least three members.

As a general rule, the members of the Board of Directors and the Chairman are elected individually in the General Meeting and hold their posts until the conclusion of the next ordinary Annual General Meeting, subject to early resignation or dismissal. Members elected mid-term serve for the remainder of the term of the member they are replacing. Otherwise, the Board of Directors organises itself. It appoints a Vice-Chairman and designates a secretary, who does not have to be a shareholder or a member of the Board of Directors.

The members of the Board of Directors can be re-elected at any time.

The General Meeting elects the members of the Compensation Committee individually for a term of one year ending at the conclusion of the next Annual General Meeting. Re-election is permitted. The Compensation Committee is composed of at least two members. Only members of the Board of Directors may be elected. The chairman of the Compensation Committee is appointed by the Board of Directors.

The age limit for the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) is in general the end of the month in which the age of 65 is reached. The Board of Directors may decide differently in individual cases.

Members of the Board of Directors who have turned 70 may not be reappointed if their term of office has expired. The Board of Directors may, however, decide to make an exception and propose to the General Meeting the reappointment of a member after the age of 70 has been reached. In any event, members who turn 75 in the course of their ordinary term of office must resign at the next Annual General Meeting following their 75th birthday and may not run for another term of office.

Internal organisational structure

The internal organisation of the Board of Directors is based on the Company's relevant valid Organisational Regulations, which are issued by the Board of Directors and revised regularly. These regulations may be consulted under the Corporate Governance Section. They were resolved upon and entered into force on 16 June 2016.

Allocation of tasks within the Board of Directors

Subject to Article 17 of the Articles of Association, the Board of Directors organises itself. It may designate one Vice-Chairman among its members. It appoints a secretary, who does not necessarily have to be a member of the Board of Directors.

The Chairman monitors the observance of legal requirements, the Articles of Association, regulations and directives by the Company's management bodies, and submits the requisite motions, requests and proposals to the Board of Directors. The Chairman also ensures, in collaboration with the Executive Board, that information is provided in good time on all major aspects of the Company which are of relevance to the monitoring of its activities and to the corporate decision-making process. Further details of the duties and authorities of the Chairman of the Board are provided in Article 20 of the Organisational Regulations.

Board Committees

The Board of Directors has formed the following two committees to assist it in its work: the Compensation Committee and the Audit Committee.

As a rule, the committees are constituted by the Board of Directors, unless otherwise stated in the Articles of Association or regulations. The chairmen of the committees inform the Board of Directors about their activities at the subsequent ordinary meeting of the Board of Directors, or in urgent cases also immediately. All of these committees have written regulations specifying their tasks and responsibilities.

Compensation Committee

Investis' Compensation Committee acts as the relevant body in accordance with the Ordinance Against Excessive Compensation in Listed Companies (Ordinance) and the Articles of Association as amended based on this Ordinance.

The General Meeting elects all Compensation Committee members individually. The committee consists of at least two non-executive members of the Board. The term of office of the members of the Compensation Committee ends at the latest with the closing of the General Meeting following their election. Re-election is permitted. The Board of Directors appoints the chairman of the Compensation Committee. In case of vacancies, the Board appoints substitutes from amongst its members for the remaining term of office.

The Compensation Committee assists and advises the Board of Directors in remuneration-related matters, namely by:

- supporting the Board in proposing motions to the General Meeting so that the General Meeting may vote on the aggregate amounts of remuneration of the members of the Board of Directors and the members of the Executive Board, as well as implementing resolutions passed by the General Meeting in this respect;
- assisting the Board of Directors with the preparation of the compensation report;
- advising the Board of Directors on setting-up, monitoring and regularly reviewing the compensation policy and guidelines at the highest level of the Company;
- helping the Board of Directors set the conditions for the remuneration of the members of the Board of Directors and of the Executive Board in the form of equity securities, conversion rights and option rights as well as assisting and advising the Board of Directors in the review and approval of general compensation and benefit policies, including any long-term incentive compensation or equity plans; and
- submitting recommendations or motions to the Board of Directors on other remuneration-related matters.

The Compensation Committee is entitled to conduct investigations in all matters within its remit. In particular, it has full access, to the extent required to carry out its duties, to the Executive Board, employees, books and records of Investis Holding SA and its subsidiaries. It may also request the services of independent advisors and experts to the extent required to carry out its duties.

The Compensation Committee performs an annual self-evaluation of its performance and reports the results to the Board of Directors.

The Members of the Compensation Committee are: Albert Baehny (chairman) and Riccardo Boscardin.

Audit Committee

The Audit Committee supports the Board in its supervisory function, in particular with respect to the completeness of the annual closing of accounts and financial statements, compliance with statutory provisions, analysis of the qualification of the external auditors, as well as the performance of the external auditors. The Committee assesses the usefulness and suitability of the financial reporting, the internal control system and the general supervision of business risks. It makes sure that communication between Group companies and the external auditors regarding financial matters and the Group's course of business is continuous, efficient and productive.

The Audit Committee has the following general duties and competencies:

- evaluating the external auditors with regard to the fulfilment of the necessary qualifications and independence according to the applicable legal provisions, and making proposals for the attention of the Board of Directors concerning the choice of external auditors;
- assessing the work done by the external auditors in office and approving the budget submitted by the external auditors for the audit work;
- making proposals to the Board of Directors regarding the appointment of a compliance officer and assessing the work done by the compliance officer;
- approving the necessary non-audit-specific services provided by the external auditors.

Furthermore, the Audit Committee has the following powers and duties in relation to the internal control system, risk management and compliance:

- assessing the effectiveness of the internal control systems and of the risk management;
- questioning the Chief Executive Officer, the Chief Financial Officer, the Compliance Officer and the external auditor about the significant risks, contingent liabilities and other fundamental obligations of Investis, as well as assessing the measures taken to deal with these.

Finally, the Audit Committee has the following powers and duties in relation to the financial statements:

- examining and submitting proposals to the Board of Directors regarding the approval of the annual and interim accounts of the Company (including significant off balance sheet positions);
- reviewing the outcome of the annual accounts with the external auditor as well as issuing the necessary applications or recommendations to the Board of Directors;
- making a summary assessment of the annual business expenses incurred by the members of the Board of Directors, the chief executive officer, the chief financial officer and any other members of the Executive Board of the Company.

The Audit Committee is entitled to conduct investigations in all matters within its remit. In particular, it has full access, to the extent required for the accomplishment of its duties, to the Executive Board, employees, books and records of Investis Group and its subsidiaries. It may also request the services of independent advisors and experts to the extent required to carry out its duties.

The Audit Committee performs an annual self-evaluation of its performance and reports the results to the Board of Directors.

The Audit Committee is composed of at least two non-executive members of the Board of Directors. At least one member of the Audit Committee has to have recent and relevant financial experience, the others should be familiar with accounting and auditing issues. The members of the Committee are elected for a term of office of one year ending at the end of the next Annual General Meeting following their designation.

The Members of the Audit Committee are: Thomas Vettiger (chairman) and Riccardo Boscardin.

Working methods of the Board of Directors and its committees

The Board of Directors and its committees meet as often as business requires, but at least four times a year. Extraordinary meetings are held as needed and decisions may also be made by way of approval of a written circular resolution. The CEO and the CFO are usually invited to attend the meetings of the Board of Directors in an advisory capacity. At every meeting, the Board of Directors must receive information from the CEO regarding the business of the Group, the Company and the other most important Group companies. Each member of the Board of Directors may request information regarding all business of the Group as a whole, the Company or other Group companies, and may request access to corporate documents at any time.

The Chairman decides whether other persons should attend all or part of any meeting of the Board of Directors, and, as the case may be, who shall be invited. These persons do not vote. The Board of Directors passes its resolutions by the majority of votes cast, each Director having one vote. Abstentions are not counted as votes cast. In case of equal votes, the Chairman of the meeting has the casting vote.

Every meeting of the Board of Directors is minuted. The minutes must generally be signed by the Chairman and by the secretary of the Board of Directors. Circular resolutions must be reflected in the minutes of the next meeting of the Board of Directors. The minutes of each meeting of the Board of Directors must be approved at the next meeting of the Board of Directors.

In the second half of 2016, i.e. after the initial public offering (IPO), the Board of Directors held three meetings (12 September 2016, 13 October 2016, 30 November 2016), which each lasted for three hours on average. Various meetings were held in the first half of the year in anticipation of the IPO.

The Audit Committee meets at least three times a year and the Compensation Committee meets at least twice a year. In the second half of fiscal 2016, the Audit Committee met twice after the IPO (2 September 2016, 21 November 2016), with the meetings lasting for 4.5 hours on average. The Compensation Committee did not meet in the second half of 2016 after the IPO.

Board committee meetings are held at the invitation of the chair. A Board committee meeting may also be demanded by any committee member or the CEO (and an Audit Committee meeting may additionally be demanded by the Chairman of the Board of Directors, the CFO or the external auditors). The agenda of the Board committee meetings is compiled by the chair. Any committee member may include an agenda item. The committee members each receive documentation prior to the meetings, which enables them to prepare for discussion of the agenda items concerned. A committee meeting shall be quorate, and empowered to submit proposals to the Board of Directors, if the majority of committee members are present. The meeting votes and passes resolutions by a simple majority, whereby the meeting chair has the casting vote.

In addition to its members, meetings of the Audit Committee are attended by the CFO and the Corporate Controller. In addition to its members, meetings of the Compensation Committee are attended by the CEO. Minutes are kept of all Board committee meetings. Committee resolutions may also be passed by circular written communication provided no member demands that a meeting be convened.

An annual self-assessment procedure has been established to permanently monitor and if possible enhance the performance of the Board of Directors. This evaluates how efficiently the Board and its committees are performing their functions and meeting their responsibilities, whether each Board member participates actively in Board discussions and makes contributions based on independent judgment, and whether an environment of open discussion is maintained at Board meetings.

Areas of responsibility

The Board of Directors is responsible for the overall, high-level management of the Company (which cannot be delegated) and the supervision of the CEO, the CFO and other members (if any) of the Executive Board. The list of duties that cannot be delegated can be found in the [Organisational Regulations](#) on the company website.

With regard to the non-transferability and inalienability of the duties of the Board of Directors, reference is made to Article 716a of the Swiss Code of Obligations and Article 17 of the [Articles of Association](#), and for more detail to Article 16 of the [Organisational Regulations](#).

In addition to the responsibilities and powers of authority set out above, and in the interests of coordinated Group management, the Board of Directors is responsible at Group level for the following tasks in particular (without limitation):

Strategy and business orientation

- a) setting the strategy and business policy of the Group;
- b) approving the Group's business plans as proposed by the CEO;
- c) approving the model and defining the individual principles of the Group's business policy;
- d) approving the measures and transactions set out in Article 16 of the Organisational Regulations, to the extent they are of fundamental importance to the Group.

Organisation and supervision

- a) approving the essential features of the Group's organisation, management, corporate governance principles and Code of Conduct;
- b) approving the organisational principles of the main subsidiaries, including the approval of amendments to parts of the Articles of Association that are of fundamental importance to the Company or the Group;
- c) issuing important regulations, instructions and guidelines at the level of the Group, provided the authority to do so is not assigned to the Executive Board;
- d) passing resolutions on the Group's underlying financial, legal and organisational structure;
- e) ensuring an internal control system and appropriate risk and compliance management at the Group level and for the main subsidiaries;
- f) processing the management's reporting with respect to the Group;
- g) passing resolutions on contracts made by the main Group companies that do not concern their daily business, as well as resolutions on initiating and withdrawing legal actions and administrative proceedings, and on the conclusion of settlements by Group companies, if the amount at stake exceeds CHF 500,000 or if the dispute has a strategic importance.

Accounting, financial controlling and planning

- a) approving the annual budget of the Group and of the main Group companies;
- b) approving the medium-term revenue plan and the investment budget of the Group;
- c) supervising the financial stability (security, liquidity, profitability) of the Group;
- d) receiving orientations on the business development of the Group and each of the main Group companies, their quarterly interim accounts as well as on significant business transactions and extraordinary events within the Group.

Human resources

- a) giving advance notice about the appointment and dismissal of members of the Board of Directors, the Executive Board and of the management of the main subsidiaries;
- b) approving general policy with respect to staff.

Other business of Group companies (other than the Company)

Beyond the responsibilities listed above, the Board of Directors has the power to approve all decisions made by Group companies that are of strategic relevance for the Investis Group.

Unless stated otherwise in the mandatory statutory provisions, the Articles of Association or the Organisational Regulations, the Board of Directors delegates management of the Group (i.e. coordinated management of the Company and all other Group companies) to the CEO. According to Article 32 of the Organisational Regulations, the CEO is mainly responsible for the operational management of Investis Group within the guidelines provided by the Board of Directors, as well as for setting Company targets, preparing and supervising compliance with the principles of general business policy, and periodic reporting to the Board of Directors.

Information and controlling instruments for supervising the Executive Board

The Board of Directors makes sure it is regularly informed about the business of the Company and the other Group companies, and about any developments that may be relevant thereto. It deals with the reports and proposals submitted by the committees of the Board of Directors, the CEO and the CFO.

The Chairman also monitors observance of legal requirements, the Articles of Association, regulations and directives issued by the Company's management bodies, and submits the requisite motions, requests and proposals to the Board of Directors. The Chairman also ensures, in collaboration with the Executive Board, that information is provided in good time about all major aspects of the Company which are of relevance to the monitoring of its activities and to the corporate decision-making process. Further details of the Chairman's duties and powers of authority are provided in Article 20 of the Organisational Regulations.

Any member of the Board of Directors may demand to be informed about the Group's affairs. The CEO is responsible for informing the Board of Directors about the current course of business and important business transactions occurring in the Company and its subsidiaries. The CEO reports to the Chairman at regular intervals. If a specific development with significant business or financial importance occurs in the course of ordinary or extraordinary business, the CEO must also inform the Chairman immediately, and the Chairman will in turn pass such information on to the members of the Board. Members of the Board of Directors may directly contact the CEO, the CFO and other members of the Executive Board or employees of any Group companies subject to the prior consent of the Chairman.

To ensure the full Board of Directors is informed directly, the Executive Board regularly attends meetings of the Board of Directors and its committees, though not if the Board or its committees need to conduct a closed session. The CFO also attends all meetings of the Audit Committee and is present for most agenda items at full Board meetings. Other members of the Executive Board attend Board meetings for particular agenda items as and when required.

In addition, the Company has implemented a management information system (MIS) for the Investis Group which is structured as follows: the financial statements of the individual subsidiaries are prepared on a monthly basis. These figures are aggregated per segment and consolidated for the Group. The figures are compared with the previous year and the budget. The attainability of the budget is assessed on the basis of quarterly reporting and forecasts. The heads of the segments submit written reports on the progress of business to the Executive Board and the Board of Directors. These reports are discussed with the Executive Board at the Board of Directors' meetings, as are the implementation and observance of Board resolutions and the company's liquidity levels.

The Company's risk management function provides an established risk model for identifying, managing and monitoring strategic and operational risks throughout the Group. The Group-wide risk profile consists of the risks identified (adopting the bottom-up approach) and Group-wide strategic risks (adopting the top-down approach). The present risk profile and the current status of risks-reducing measures are regularly monitored and are reported to the Board of Directors.

EXECUTIVE BOARD

The Executive Board is responsible for the operational management of the Investis Group and represents the Group publicly. The Executive Board corresponds to the “executive management” pursuant to the Swiss Ordinance Against Excessive Compensation in Listed Companies (Ordinance).

Name	Role	Nationality	Member since
Stéphane Bonvin	CEO	Swiss	1994 *)
René Häsler	CFO	Swiss	2015
Catherine Dubey	Head Real Estate Services	Swiss	2015

*) Stéphane Bonvin was the sole shareholder of Investis Investments SA from 1994 until its shares were contributed to Investis Holding SA. Thereafter, he was the sole shareholder of Investis Holding SA until its listing on 30 June 2016.

STÉPHANE BONVIN

CHIEF EXECUTIVE OFFICER (CEO)

Member of the Executive Board and of the Board of Directors



Stéphane Bonvin founded Investis Holding AG in 1994. Since then, he has been CEO of the Investis Group and has headed its Properties division. With 30 years of experience in the real estate sector, Stéphane Bonvin’s extensive network of contacts and wide-ranging knowledge of the property market have enabled the gradual enlargement of the Group’s portfolio. He acquired various real estate service companies between 2010 and 2014 in the fields of property management, facility management and construction management. In 2006 he co-founded the Patrimonium Group, which he served as Managing Director until 2015; he continues to sit on its Supervisory Board.

Current positions held outside the Investis Group: Stéphane Bonvin has been a member of the Supervisory Board of Patrimonium and its subsidiaries since 2006 and of Be Capital and its subsidiaries since 2015.

RENÉ HÄSLER
CHIEF FINANCIAL OFFICER (CFO)
Member of the Executive Board



Swiss Certified Public Accountant and Swiss Certified Expert for Accounting and Controlling

René Häslér has been the CFO of the Investis Group and a member of its Executive Board since 2015. Prior to this he was Head of Corporate Controlling and Senior Vice-President at Kuoni Travel Holding Ltd for 17 years. After the successful completion of his training as a Swiss Certified Expert for Accounting and Controlling, and as a Swiss Certified Public Accountant, René Häslér brought his extensive financial expertise to bear as a Senior Manager in the Auditing department of KPMG in Zurich. Prior to this he held various financial positions at Fides Treuhandgesellschaft in Geneva and at Bank Leu in Zurich.

CATHERINE DUBEY
HEAD REAL ESTATE SERVICES
Member of the Executive Board



Lic. iur. University of Lausanne, Graduate Certificate in Business Management

Catherine Dubey has headed the Real Estate Services division since 2015 and sits on the Executive Board of the Investis Group. She has many years of experience in the real estate sector and previously worked as Site Manager and Head of Real Estate Investment at Régie du Rhône, Vaud, prior to accepting the post of CEO at Régie du Rhône SA. Before this she worked at Patrimonium Asset Management SA in Echandens from 2007 – 2011 as the Head of its Real Estate division and was involved in the launch of Patrimonium's real estate fund. Catherine Dubey started her career at the GECO Group (Gerance et Courtage). She holds a law degree (lic. iur.) from the University of Lausanne and gained a Graduate Certificate in Business Management from the HEC Lausanne.

Other activities and functions

All details of other activities and any further functions of Executive Board members are provided above or on the company [website](#).

No member of the Executive Board holds any official function or political office.

Regulation and additional positions

According to Article 23 of the [Articles of Association](#), no member of the Executive Board may hold more than five mandates outside the Investis Group, of which no more than three may be for listed companies. All mandates must be approved by the Board of Directors.

These limitations do not apply to the following:

- 1) mandates within companies controlled by Investis or which control Investis;
- 2) mandates performed by a member of the Board of Directors or the Executive Board on instruction of Investis (no member of the Board of Directors or the Executive Board may perform more than ten such mandates); and
- 3) mandates in associations, charitable foundations and pension schemes (no member of the Board of Directors or the Executive Board may hold more than ten such mandates).

Mandates as referred to herein are functions in the most senior management and administrative bodies of legal entities required to be entered in the Swiss commercial register or an equivalent foreign register. Mandates in different legal entities under joint control or with the same beneficial ownership are treated as one mandate.

Management contracts

Investis Holding SA and its Group subsidiaries have not concluded any management contracts with any third parties.

COMPENSATION, SHAREHOLDINGS AND LOANS

Details of the compensation, shares and loans of members of the Board of Directors and the Executive Board are provided in the Compensation Report.

SHAREHOLDERS' PARTICIPATION RIGHTS

VOTING RIGHTS RESTRICTIONS AND REPRESENTATION

The Articles of Association can be found on the company website under Corporate Governance. The following are references to selected relevant articles:

- share ledger, restrictions on transferability and registration (Article 5)
- powers of the Annual General Meeting (Article 6)
- convening/agenda of the Annual General Meeting (Article 8)
- voting rights and adoption of resolutions, independent voting rights proxy and issuing instructions (Article 10, 11 and 12)
- special quorums (Article 13)
- remuneration of the Board of Directors and Executive Board (Article 19)

The texts of certain provisions within the Articles of Association are presented in the following section:

VOTING RIGHTS RESTRICTIONS AND REPRESENTATION

Each share entitles the holder to one vote. The transferability of the shares is restricted pursuant to Article 5 of the Articles of Association. For details on the restrictions on transferability, see the Capital structure chapter in this Corporate Governance Section under “Restrictions on transferability and nominee registration”. Other than this, there are no restrictions.

Investis recognises only one proxy per share. A shareholder may represent himself at the General Meeting or appoint a proxy, who need not be a shareholder but must present a written proxy form, or arrange to be represented by the independent proxy. The officer presiding over the General Meeting decides whether individual instances of representation are permissible. Investis ensures that the shareholders can issue their powers of attorney and instructions to the independent proxy, including by electronic means, up until 4 p.m. of the second working day prior to the date of the General Meeting. Compliance with the submission deadline for powers of attorney and instructions is determined by the time at which they are received by the independent proxy. The Board of Directors determines the procedure for electronically issuing powers of attorney and instructions.

Powers of attorney and instructions may be issued only for the upcoming General Meeting.

SPECIAL QUORUM

A resolution by the General Meeting passed with both a minimum of two thirds of the votes represented and the absolute majority of the nominal value of the shares represented shall be required in order to

- 1) amend official purpose of Investis;
- 2) introduce shares with preferential voting rights;
- 3) restrict the transferability of registered shares;
- 4) carry out any authorised or conditional capital increase;
- 5) carry out a capital increase funded by equity capital in consideration of contributions in kind or to fund acquisitions in kind and the granting of special rights;
- 6) restrict or cancel subscription rights;
- 7) relocate the registered office of the Company;
- 8) dissolve the Company;
- 9) or as prescribed otherwise by law.

CONVOCATION OF THE GENERAL MEETING

The General Meeting is convened by the Board of Directors or, if necessary, by the auditors. Liquidators are also entitled to convene the General Meeting.

The General Meeting is convened by publishing a notice to the shareholders in the Company's official publications or by written invitation sent to the shareholders registered in the share ledger not less than 20 days before the date of the meeting. The notice of the General Meeting must contain, in addition to stating the date, time and place of the General Meeting, the agenda as well as motions proposed by the Board of Directors and any shareholders who requested the General Meeting or exercised their right to add an item to the agenda.

Subject to the provisions governing a Universal General Meeting (Universalversammlung), resolutions may not be passed on any agenda items not announced in this way except where they relate to convening an Extraordinary General Meeting or carrying out a Special General Meeting at the request of a shareholder. However, no prior notification is required for the submission of motions as part of the agenda items and for deliberations not for resolutions.

The Board of Directors must call an Extraordinary General Meeting within 20 days of being requested to do so by a written notice submitted by shareholders representing at least 10 per cent of the share capital and specifying the business to be conducted and the motions to be put before the General Meeting.

The Annual Report, the Compensation Report and the Auditors' Report must be made available for inspection by shareholders at Investis' registered office no later than 20 days before the Annual General Meeting. A note must be included in the invitation to the General Meeting informing shareholders to this effect and of their right to request that these documents be sent to them.

INCLUSION OF ITEMS ON THE AGENDA

Shareholders who represent at least 10 per cent of the share capital may submit items for inclusion on the agenda. The request must be received by Investis at least 40 days before the General Meeting.

ENTRIES IN THE SHARE LEDGER

All shareholders entered in the share ledger as shareholders with voting rights up to three working days before a General Meeting may vote at the meeting concerned. Shareholders who sell their shares before the General Meeting takes place are no longer entitled to vote. Shareholders who buy additional shares or sell part of their shareholding after their meeting admission card has been issued must exchange the card sent to them at the information desk on arriving at the meeting concerned.

The Board of Directors may refuse to register persons domiciled abroad within the meaning of the Federal law of 16 December 1983 on the Acquisition of Real Estate by Persons Abroad (BewG) in the share ledger if such registration could impede the Company in providing the required proof that Investis and/or subsidiaries are under Swiss control.

The Board of Directors has the power to issue regulations on the maintenance of the share ledger and to specify registration requirements and restrictions, in particular requirements concerning the proof of a person's acquisition and holding of shares in their own name and for their own account, the percentage limits applicable to registration of persons domiciled abroad in total and for persons domiciled abroad acting individually, jointly or in association, and rules governing the distribution of free allocations to foreigners.

As at 31 December 2016, a regulation was in place to restrict the cumulative shareholding of persons domiciled abroad to 30% of the voting rights. This regulation is within the meaning of the Federal law of 16 December 1983 on the Acquisition of Real Estate by Persons Abroad (BewG).

CHANGES OF CONTROL AND DEFENCE MEASURES

DUTY TO MAKE AN OFFER

There are no opting-up or opting-out clauses in the Articles of Association of Investis Holding SA within the meaning of Article 125 and 135 of the Swiss Financial Market Infrastructure Act.

CHANGE-OF-CONTROL CLAUSES

In the event of a change of control, bondholders are entitled to demand the premature repayment of their bond amount. This Change of Control provision does not apply to Stéphane Bonvin, current controlling shareholder of Investis. Stéphane Bonvin's holding can float between 0 per cent and 100 per cent without triggering a Change of Control event for him.

In the event of a change of control in the Company, there are no agreements or schemes for the benefit of the members of the Board of Directors and the Executive Board.

AUDITORS

DURATION OF MANDATE AND TERM OF OFFICE OF THE AUDITOR-IN-CHARGE

The statutory auditors of Investis since its incorporation have been PricewaterhouseCoopers AG, Bahnhofplatz 10, 3001 Bern, Switzerland. PricewaterhouseCoopers AG, Place du Midi 40, Sion have been the statutory auditors of the Group's previous holding company Investis Investments since the financial year 2013. Oliver Kuntze has been the lead auditor since the financial year 2014. Stéphane Jaquet was the lead auditor for the financial year 2013.

AUDIT FEES

PricewaterhouseCoopers invoiced CHF 0.28 million during fiscal year 2016 for services in connection with the auditing of the annual accounts of Investis Holding SA and its Group subsidiaries, as well as the consolidated financial statements of the Investis Group (prior year CHF 0.28 million).

ADDITIONAL FEES

For the 2016 reporting period, PricewaterhouseCoopers invoiced CHF 0.45 million in additional fees mostly in connection with the initial public offering (prior year CHF 0.11 million). No other significant fees were charged by other audit companies for any other services.

SUPERVISORY AND CONTROLLING INSTRUMENTS WITH REGARD TO THE EXTERNAL AUDITORS

Each year, the Audit Committee of the Board of Directors evaluates the performance, remuneration and independence of the statutory auditor and proposes an external auditor to the Board of Directors which is put forward for election at the General Meeting. The Audit Committee also annually examines the scope of the external auditing, the auditing plans and the relevant processes, and discusses the audit results with the external auditors.

INFORMATION POLICY

Investis Group maintains an open and transparent communication policy towards its shareholders, current and potential investors, financial analysts, customers, business partners and other stakeholder groups. Investis Group provides prompt and comprehensive information on the Group's business activities, while paying due and full regard to all the applicable provisions and directives of the SIX Swiss Exchange.

Investis Holding SA publishes a comprehensive Annual Report each year informing its shareholders about business developments and the Company's annual results. The Annual Report 2016 is the first one to be made available to the public and is an online version only. Of particular importance are the Corporate Governance Report integrated into the Annual Report and the Financial Report on the past business year. Investis' consolidated financial statements are compiled in compliance with Swiss GAAP FER.

The report on the half-year results is published and distributed in the same way as the Company's media releases. This report contains unaudited financial results which are compiled in compliance with Swiss GAAP FER.

Investis Holding SA occasionally publishes information on current developments within its two business units or on other Group activities. In compliance with the relevant listing regulations of the SIX Swiss Exchange, these communications are always issued simultaneously to a broad circle of recipients. The information contained in these reports and communications is considered correct at the time of its publication. Investis does not update media releases issued in the past in the light of subsequent market or business developments.

Investis conducts its reporting in accordance with the disclosure obligations set out in the Financial Market Infrastructure Act (FMIA) as well as the SIX Swiss Exchange's ad-hoc publicity rules. An archive of all media releases can be found on the company website under [Media releases](#).

Following its listing, Investis has created an [archive](#) on its website containing all published reports, presentations and other relevant published communications.

As part of its investor relations function, Investis Holding SA organises:

- the presentation of its annual results;
- conference calls around the publication of its half-year results or other information updates;
- meetings with investors and analysts, either individually or in groups at roadshows in key financial centers;
- presentations at brokers' and banks' events.

These activities are conducted with a focus on recently announced developments or financial results, and in full compliance with the SIX Exchange's directive on ad-hoc publicity.

Presentations for financial analysts and investors are regularly archived on the company [website](#). These presentations are not constantly updated, but document long-term developments within the Company.

Interested parties may also add their name to the Investor-Relations e-mail list on the [company website](#).

The following links may be useful:

Subject	Link
Information on Investis' shares	https://www.investisgroup.com/nc/en/investors/#c1511
Board of Directors	https://www.investisgroup.com/en/profile/#c1340
Executive Board	https://www.investisgroup.com/en/profile/#c1015
Articles of Association	https://www.investisgroup.com/fileadmin/user_upload/Dateien/Corporate_Governance_EN/Investis_Statuten_EN.pdf
Organisational Regulations	https://www.investisgroup.com/fileadmin/user_upload/Dateien/Corporate_Governance_EN/Organisational_Regulations.pdf
Corporate Governance (incl. Compensation Report)	https://www.investisgroup.com/nc/en/investors/#c1386
Archive	https://www.investisgroup.com/nc/en/investors/#c1377
Media releases	https://www.investisgroup.com/en/media/#c1455
Key dates	https://www.investisgroup.com/nc/en/investors/#c1388
To be added to the distribution list	https://www.investisgroup.com/nc/en/investors/#c811

Key dates 2017	
Financial year close	31 December 2016
2016 annual results published	22 March
Annual Report published	22 March
Annual General Meeting	27 April
Dividend paid to banks (value date)	4 May
First half-year close	30 June
2017 Half-year results published	31 August

COMPENSATION REPORT

1. INTRODUCTION

This Compensation Report is intended to provide an overview of the compensation structure, the compensation procedure and the compensation committee of Investis Holding SA as well as the compensation amounts paid to the members of the Board of Directors and Executive Board for fiscal year 2016. The compensation report follows the requirements of the Swiss Ordinance against Excessive Compensation at Listed Joint-Stock Companies (OaEC) and also contains certain information which has to be disclosed pursuant to article 663c para 3 of the Swiss Code of Obligations and sections 5.1 and 5.2 of the annex to the Directive on Information Relating to Corporate Governance of the SIX Exchange Regulation. In addition, Investis Holding SA has taken into account the Swiss Code of Best Practice for Corporate Governance issued by *economiesuisse*. The compensation report regarding fiscal year 2016 has been reviewed and audited by the Company's auditors and will be submitted to the 2017 Annual General Meeting for an advisory vote. Please find the auditors' report at the end of this chapter.

2. COMPENSATION COMMITTEE

According to Article 25 of the Articles of Association and the Organisational Regulations of Investis Holding SA, the Compensation Committee consists of at least two non-executive members of the Board of Directors. The members of the Compensation Committee are elected annually and individually by the Annual General Meeting for a term of office of one year ending at the closure of the next Annual General Meeting following their election. At the end of their term of office, members of the Compensation Committee can be re-elected. The Chairman of the Compensation Committee is appointed by the Board of Directors. Currently, the Compensation Committee consists of Albert Baehny (Chairman) and Riccardo Boscardin. In the opinion of the Board of Directors, both Compensation Committee members possess the required experience for this function and are familiar with the regulatory requirements as well as with compensation practices and developments. Riccardo Boscardin, Chairman of the Board of Directors, is currently one of the members of the Compensation Committee.

The duties and responsibilities of the Compensation Committee are set out in Article 26 of the Articles of Association and further described in detail in the Organisational Regulations of Investis Holding SA as issued by the Board of Directors. In accordance with the Organisational Regulations, the Board of Directors of Investis Holding SA has adopted separate Compensation Committee regulations which govern in detail the organisation, functions, operation and modalities of the resolutions passed by the Compensation Committee. Meetings of the Compensation Committee are convened by its chairman and are held as often as required for the fulfilment of its duties but at least three times a year.

The main duty of the Compensation Committee is to develop the compensation policies, compensation principles and performance criteria with respect to compensation for the Board of Directors and the Executive Board of Investis Holding SA and to monitor their implementation in order to ensure a fair, reasonable and competitive remuneration that is consistent with the strategic objectives of Investis Group. The Compensation Committee further prepares decisions of the Board of Directors that relate to the compensation of the Board of Directors and the Executive Board and submits motions to the Board of Directors. In addition, the Compensation Committee assists the Board of Directors with respect to the preparation of the Compensation Report.

3. COMPENSATION PROCEDURE

The Compensation Committee annually reviews the compensation structure as well as the amounts of compensation paid to the members of the Board of Directors and the members of the Executive Board, and submits motions and recommendations for compensation-related decisions and changes to the compensation structure and policies to the entire Board of Directors. The Board of Directors takes its compensation-related decisions in response to the motions and recommendations presented by the Compensation Committee. This annual review process includes an assessment of basic salaries and fringe benefits as well as performance-based short-term remuneration and stock purchase plans.

If necessary, the Compensation Committee may use the services of independent external consultants. External consultants are usually used to ensure remuneration is benchmarked and to contribute to the design of compensation plans.

Members of the Executive Board are not involved in determining their own remuneration. The Chief Executive Officer (CEO), however, is usually consulted about the remuneration proposed for the other members of the Executive Board.

Recommendations by the Compensation Committee about the remuneration of members of the Board of Directors must comply with internal corporate guidelines. Remuneration of members of the Board of Directors has to be approved by all members of the Board of Directors, though when a vote is taken on compensation for a specific member of the Board of Directors, the respective member must comply with the applicable walkout rules.

3.1 Performance review process

The actual remuneration effectively paid out in a given year depends on the individual's as well as on the Company's performance. Individual performance is assessed through the formal annual review process. Company and individual performance objectives are approved at the beginning of the business year and achievements against those objectives are assessed after year-end. The performance appraisal is the basis for the determination of the actual remuneration.

Objective setting (December)	Mid-year review (July)	Full-year review (January)	Determination of compensation (March)
Determination of objectives - Group - individual	Discussion of performance to date against defined objectives and corrective measures	Performance assessment	Determination of actual compensation

4. COMPENSATION RELATED RULES IN THE ARTICLES OF ASSOCIATION

4.1 Principles of compensation

Investis Group is committed to attracting, motivating and retaining the best professionals and managers to ensure the sustained success of the Company.

Pursuant to Article 19 of the Articles of Association, the members of the Board of Directors and the members of the Executive Board are entitled to a remuneration commensurate with their activities. The remuneration may be paid by the Company or by another Group company provided it is covered by the total compensation amount approved by the General Meeting for the Board of Directors and Executive Board, respectively.

The members of the Board of Directors receive fixed remuneration in cash. No other remuneration or committee fees are paid except for the relevant employer social security contributions.

Remuneration of members of the Executive Board consists of a fixed and a variable component. The amount of the variable remuneration paid to the members of the Executive Board depends on qualitative and quantitative targets and parameters defined by the Board of Directors. The Board of Directors defines and assesses the targets and their achievement or delegates this task to the Compensation Committee. The variable remuneration may be paid in cash or in the form of equity instruments, conversion or option rights or other rights to equity instruments.

The Board of Directors determines the respective amounts of remuneration within the total remuneration amounts approved by the General Meeting and in response to proposals made by the Compensation Committee.

If any remuneration is paid in the form of shares, option rights or similar instruments, the Board of Directors shall set out the applicable conditions and requirements in one or more plans or sets of regulations. These plans or regulations may stipulate the time of allocation, the valuation, the applicable holding, vesting and exercise periods (including their acceleration, shortening or revocation in the event of predefined events), the maximum number of shares, option rights or other instruments that may be allocated, potential claw-back mechanisms and discounts at allocation.

Reimbursement of expenses does not qualify as remuneration. The Company may reimburse members of the Board of Directors and the members of the Executive Board in the form of lump-sum expenses as recognised for tax purposes.

4.2 Approval of total compensation by the General Meeting

According to Article 20 of the Articles of Association, the General Meeting approves annually, separately and with binding effect the proposals made by the Board of Directors regarding the maximum total compensation for the Board of Directors and the Executive Board as follows:

- 1) For the remuneration of the Board of Directors, the maximum total amount is approved for the period until the next Annual General Meeting;
- 2) For the fixed and variable remuneration of the Executive Board, the maximum total amount is approved for the fiscal year following the Annual General Meeting (approval period).

If the proposed remuneration amount for the Board of Directors or the Executive Board is rejected by the Annual General Meeting, the Board of Directors can put forward new proposals at the same General Meeting or can convene an Extraordinary General Meeting for this purpose.

4.3 Additional amount for the compensation of additional members of the Executive Board

For Investis Holding SA, the additional amount within the meaning of article 19 of the OaEC is governed by Article 21 of the Articles of Association. Pursuant to this provision, an additional amount of not more than 33% of the last total compensation amount approved for the compensation of the members of the Executive Board is available per year for each new member of the Executive Board who is appointed after the annual total compensation has been approved by the General Meeting, provided that the aggregate amount approved for the respective approval period proves insufficient.

4.4 Loans and credits, post-retirement benefits outside the occupational pension scheme

Pursuant to Article 22 of the Articles of Association, loans and credits to members of the Board of Directors or Executive Board may only be granted at market conditions. Further, the total amount of any loans and credits granted directly or indirectly to members of the Board of Directors or Executive Board may not exceed CHF 50 million.

The Articles of Association of Investis Holding SA do not allow the payment of post-retirement benefits outside the occupational pension scheme (within the meaning of the OaEC) to members of the Board of Directors or Executive Board.

4.5 Termination clauses applicable to members of the Executive Board

The employment contracts of the members of the Executive Board provide for a twelve-month notice period. There is no entitlement to any severance payments.

In the event of a change in corporate control, no additional compensation or benefits are paid to members of the Executive Board.

5. COMPENSATION, LOANS AND CREDITS TO THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

The following paragraphs provide information on the compensation granted to the members of the Board of Directors and Executive Board for fiscal 2016, as well as information about loans and credits granted to the members of the Board of Directors and Executive Board, as required by the OaEC.

Please note that Investis Holding SA was only incorporated during the course of 2016, so no comparative figures for the preceding fiscal year are included in the following paragraphs.

5.1 Compensation of the Board of Directors and the Executive Board

5.1.1 Compensation of the Board of Directors

(non-executive)

For the first approval period up to the 2017 Annual General Meeting maximum total compensation of CHF 351,000 was approved by the General Meeting of 17 June, 2016 for the compensation of the Board of Directors.

The following table sets out the aggregate compensation paid to the Board of Directors for fiscal 2016, as well as the compensation paid to the individual members of the Board of Directors. These amounts were entirely paid in cash.

Annualised compensation of the Board of Directors in detail:

Name	Function	Compensation (in CHF 1,000)	Social security contributions (in CHF 1,000)	2016 Total (in CHF 1,000)
Riccardo Boscardin	Chairman, Member of the Audit and Compensation Committee	160	0	160
Albert Baehny	Vice-Chairman and Chairman of the Compensation Committee	80	6	86
Thomas Vettiger	Member and Chairman of the Audit Committee	80	6	86
Stéphane Bonvin ¹⁾	Member	0	0	0
Total compensation 2016		320	12	332

- 1) Stéphane Bonvin has been compensated for his role as Chief Executive Officer (CEO) only and did not receive a separate compensation for his function as member of the Board of Directors.

No compensation was paid in 2016 to any former members of the Board of Directors (either directly or indirectly) or to any affiliated persons of current or former members of the Board of Directors.

5.1.2 Compensation of the Executive Board

(including the executive member of the Board of Directors)

An annualised maximum total amount of CHF 2,542,000 was approved by the General Meeting of 17 June, 2016 for the fixed and variable compensation of the Executive Board for the shortened first approval period lasting from 1 July, 2016 until 31 December, 2016.

The following table sets out the aggregate annualised compensation paid to the Executive Board for fiscal 2016 in cash, as well as the compensation paid to the individual member of the Executive Board who received the highest remuneration in 2016.

The base compensation consists of a fixed salary and is entirely paid in cash.

Base compensation	Variable compensation
Reflects function, scope of responsibilities, experience and skills	Rewards performance and achievement of business, financial and individual objectives over a one-year period

Annualised compensation of the Executive Board in detail ¹⁾:

2016	Executive Board ²⁾ (in CHF)	of which: Stéphane Bonvin (CEO) (in CHF)
Base compensation	1,170	455
Variable compensation	583	360
Pension fund contribution	151	69
Social security contributions	175	87
Other ³⁾	14	4
Total	2,093	975

1) Annualised remuneration as at 1 July 2016

2) The Executive Board consists of three members. There are no past members.

3) Allowances in connection with company car entitlements

No remuneration was paid in 2016 to former members of the Executive Board (either directly or indirectly) or to any persons affiliated to current or former members of the Executive Board.

The additional amount pursuant to Article 21 of the Articles of Association was not used in 2016.

5.2 Loans and credits to the Board of Directors and Executive Board

5.2.1 Loans and credits to the Board of Directors

No loans or credits have been granted to any current or former members of the Board of Directors or to any persons affiliated to current or former members of the Board of Directors.

As at 31 December 2016 the Group had an outstanding loan to a related party in the amount of CHF 30 million.

5.2.2 Loans and credits to the members of the Executive Board

No loans or credits have been granted to any current or former members of the Executive Board or to persons affiliated to current or former members of the Executive Board.

As at 31 December 2016 the Group had an outstanding loan to a related party in the amount of CHF 30 million.

6. SHARE OWNERSHIP

Members of the Board of Directors

(non-executive)

As at 31 December 2016 the non-executive members of the Board of Directors (including their related parties) held the following Investis shares.

As at 31 December 2016	Function	Number of registered shares held	Voting rights in % (rounded)
Riccardo Boscardin	Chairman, Member of the Audit and Compensation Committee	2,000	<0.1
Albert Baehny	Vice-Chairman and Chairman of the Compensation Committee	18,867	0.1
Thomas Vettiger	Member and Chairman of the Audit Committee	750	<0.1
Total		21,617	0.2

Members of the Executive Board

(including the executive member of the Board of Directors)

As at 31 December 2016 the executive member of the Board of Directors and the members of the Executive Board (including their related parties) held the following Investis shares.

As at 31 December 2016	Function	Number of registered shares held	Voting rights in % (rounded)
Stéphane Bonvin ¹⁾	Chief Executive Officer and member of the Board of Directors	9,751,080	76.2
Catherine Dubey	Head Real Estate Services	600	<0.1
René Häsler	Chief Financial Officer	11,340	0.1
Total		9,763,020	76.3

- 1) In the context of the initial public offering carried out in June 2016, Stéphane Bonvin, as selling shareholder, entered into a lock-up arrangement with Credit Suisse AG (acting on behalf of the other banks) covering any shares within a 67% stake in the share capital of Investis as of the first trading day for a period of 36 months after the first trading day. A lock-up period of 12 months after the first trading day applies to any shares in excess of a 67% stake in the share capital of Investis as of the first trading day.

REPORT OF THE STATUTORY AUDITOR



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

We have audited the accompanying compensation report of Investis Holding SA for the year ended 31 December 2016. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies contained on pages 56 to 59 in the chapters 5. and 6. of the compensation report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the compensation report of Investis Holding SA for the year ended 31 December 2016 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Oliver Kuntze

Audit expert
Auditor in charge

Barbara Kuhn

Audit expert

Bern, 21 March 2017

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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
Operating profit before revaluations, disposal of investment properties, depreciation and amortisation		28,695	29,886
Income from revaluations	11	46,575	30,958
Income from disposal of investment properties	5	3,007	1,135
Operating profit before depreciation and amortisation		78,277	61,979
Depreciation and amortisation	12	-1,908	-1,770
Operating profit (EBIT)		76,369	60,208
Financial income		1,966	1,318
Financial expenses		-19,684	-7,665
Financial result	6	-17,719	-6,347
Profit before taxes		58,650	53,862
Income taxes	7	-13,574	-9,293
Net profit		45,077	44,569
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) ¹⁾	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
Total current assets		98,435	87,698
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
Total non-current assets		1,001,314	896,753
Total assets		1,099,750	984,451
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
Total current liabilities		62,171	60,973
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
Total non-current liabilities		480,009	496,067
Total liabilities		542,179	557,039
Share capital	19	1,280	1,000
Capital reserves	19	140,857	-
Retained earnings		414,438	395,852
Equity attributable to the shareholders of Investis Holding SA		556,575	396,852
Non-controlling interests	20	995	30,559
Total shareholders' equity		557,570	427,411
Total shareholders' equity and liabilities		1,099,750	984,451

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
Cash flow from operating activities			
Net profit		45,077	44,569
Financial result and income taxes		31,292	15,640
Operating profit (EBIT)		76,369	60,208
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
Net cash from operating activities (cash flow)		26,447	17,520
Cash flow from investing activities			
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
Net cash used in investing activities		-60,753	-17,240
Cash flow from financing activities			
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
Net cash from financing activities		39,264	-5,642
Net change in cash and cash equivalents		4,957	-5,362
Cash and cash equivalents at beginning of period		47,983	53,344
Cash and cash equivalents at end of period		52,940	47,983

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 ¹⁾	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 ¹⁾	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
Operating profit before revaluations, disposal of investment properties, depreciation and amortisation	27,293	5,293	-3,891	0	28,695
Income from revaluations	46,575				46,575
Income from disposal of investment properties	3,007				3,007
Operating profit before depreciation and amortisation	76,875	5,293	-3,891	-	78,277
Depreciation and amortisation	-196	-1,401	-311	-	-1,908
Operating profit (EBIT)	76,679	3,892	-4,202	-	76,369
Total segment assets as at 31 December 2016 ²⁾	992,915	68,269	44,490	-5,925	1,099,750
Total segment liabilities as at 31 December 2016 ²⁾	12,811	49,104	486,189	-5,925	542,179
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 ¹⁾	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
Operating profit before revaluations, disposal of investment properties, depreciation and amortisation	25,011	7,654	-2,779	0	29,886
Income from revaluations	30,958				30,958
Income from disposal of investment properties	1,135				1,135
Operating profit before depreciation and amortisation	57,104	7,654	-2,779	-	61,979
Depreciation and amortisation	-198	-1,453	-119	-	-1,770
Operating profit (EBIT)	56,906	6,201	-2,899	-	60,208
Total segment assets as at 31 December 2015 ²⁾	863,930	71,408	55,296	-6,182	984,451
Total segment liabilities as at 31 December 2015 ²⁾	10,814	50,890	501,519	-6,182	557,039
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
Total personnel expenses	89,657	81,761

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
Total other operating expenses	21,544	19,669

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
Gross profit from disposal of investment properties	8,397	13,067
Accumulated valuation gains	-5,390	-11,932
Net profit on disposal of investment properties	3,007	1,135
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
Total financial income	1,966	1,318
Interest expenses on mortgages and bond	-6,512	-6,969
Other interest expenses	-132	-339
Other financial expenses	-13,040	-357
Total financial expenses	-19,684	-7,665
Total financial result	-17,719	-6,347

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
Total income taxes	13,574	9,293

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%
Expected income taxes	14,076	12,927
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
Effective income tax charge	13,574	9,293
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 ¹⁾
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
Earnings per share (basic/diluted)	in CHF	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.

NET ASSET VALUE PER SHARE

		31.12.2016	31.12.2015 ¹⁾
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
NAV per share (basic/diluted)	in CHF	43.48	39.69

- 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 ¹⁾
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
Net asset value not including deferred taxes with regard to investment properties		702,126	529,265
Number of shares		12,800,000	10,000,000
NAV per share not including deferred taxes with regard to investment properties (basic/diluted)	in CHF	54.85	52.93

- 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
Total trade receivables	14,498	17,663

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
Acquisition costs as at 31 December	18,141	14,116

In 2016, two apartments in the jointly held (50%) property “Rue du Prado 19” were sold. The plot “Hérémence” 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
Market value as at 1 January 2015	723,161	63,575	1,025	12,085	799,846
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
Acquisition costs as at 31 December 2015	285,621	57,471	4,073	12,235	359,400
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
Revaluation as at 31 December 2015	460,245	23,574	-566	-	483,253
Market value as at 31 December 2015	745,866	81,045	3,507	12,235	842,653
Market value as at 1 January 2016	745,866	81,045	3,507	12,235	842,653
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
Acquisition costs as at 31 December 2016	332,905	97,747	64	7,328	438,044
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
Revaluation as at 31 December 2016	509,056	15,382	0	-	524,438
Market value as at 31 December 2016	841,961	113,129	64	7,328	962,481

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
Net carrying amount as at 1 January 2015	4,748	1,772
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
Acquisition costs as at 31 December 2015	9,469	3,446
Accumulated depreciation/amortisation as at 1 January 2015	4,240	1,570
Depreciation/amortisation in the reporting period	1,160	610
Disposals	-943	-
Accumulated depreciation/amortisation as at 31 December 2015	4,458	2,180
Net carrying amount as at 31 December 2015	5,012	1,267
Acquisition costs as at 1 January 2016	9,469	3,446
Changes in scope of consolidation	28	-
Additions	1,083	330
Disposals	-154	-
Acquisition costs as at 31 December 2016	10,428	3,776
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	-
Accumulated depreciation/amortisation as at 31 December 2016	5,615	2,869
Net carrying amount as at 31 December 2016	4,812	908

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

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
Theoretical net profit including goodwill amortisation	36,387	34,464

EFFECT ON CONSOLIDATED BALANCE SHEET

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

14. FINANCIAL ASSETS

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

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
Total other liabilities		43,147	36,436

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
Current financial liabilities	5,322	5,558
Mortgages	225,250	335,685
Bond	100,000	-
Loans from third parties	7,089	25,039
Non-current financial liabilities	332,338	360,723
Total financial liabilities	337,660	366,281

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 ¹⁾	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
Total mortgages and bond	325,572	336,105
Loans from third parties ²⁾	12,089	30,177
Total other financial liabilities	12,089	30,177
Total financial liabilities	337,660	366,281

- 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
Total mortgages and bond	0.55% – 3.7%	325,572	336,105
Loans from third parties		12,089	30,177
Total other financial liabilities	0.0% – 0.75%	12,089	30,177
Total financial liabilities		337,660	366,281

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
Balance at end of period	2,091	2,804

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
Balance at end of period	145,579	132,539

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
Net assets acquired/disposed of	9,164	20	13,024
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
Cash outflow from acquisitions	14,322		18,023
Cash outflow from disposals		-4	

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
Total derivative financial instruments		-	-6,634		-	-13,540
Of which for hedging of future cash flows		-	-		-	-13,540
Total recognised in the balance sheet		-	-6,634		-	-

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

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 ¹⁾	Ownership interest ¹⁾		
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 ²⁾
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-Tirth 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>Overview</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>
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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 is written over a light grey grid background. To the right of the signature is a small red cross icon inside a white circle, which is a common symbol for Swiss legal documents.

Oliver Kuntze
Audit expert
Auditor in charge

A blue ink signature of Barbara Kuhn is written over a light grey grid background. To the right of the signature is a small red cross icon inside a white circle, which is a common symbol for Swiss legal documents.

Barbara Kuhn
Audit expert

Bern, 21 March 2017

PROPERTY PORTFOLIO

Information on investment categories as at 31 December 2016	99
Property portfolio as at 31 December 2016	100
Development properties as at 31 December 2016	104
Report of the independent valuation expert Wüest Partner AG	106

INFORMATION ON INVESTMENT CATEGORIES AS AT 31 DECEMBER 2016

In CHF million	Fair value	Annualised full occupancy property rent ¹⁾	Vacancy rate in %
Residential properties	842.0	40.5	3.9%
of which in canton of Geneva	547.8	26.3	3.2%
of which in canton of Vaud	257.9	12.6	0.8%
of which in other cantons	36.2	1.6	41.1%
Commercial properties	113.1	6.4	2.7%
of which in canton of Geneva	58.7	3.3	5.1%
of which in canton of Vaud	5.7	0.4	0.0%
of which in other cantons	48.7	2.7	0.0%
Properties under construction	0.1		
of which in canton of Geneva	0.0		
of which in canton of Vaud	0.0		
of which in other cantons	0.1		
Undeveloped plots of land	7.3		
of which in canton of Geneva	0.0		
of which in canton of Vaud	0.0		
of which in other cantons	7.3		
Total investment properties	962.5	46.9	3.7%
Properties held for sale	18.1		
of which in canton of Geneva	0.0		
of which in canton of Vaud	11.0		
of which in other cantons	7.1		
Total properties portfolio	980.6		

1) Including rental income from group companies

PROPERTY PORTFOLIO AS AT 31 DECEMBER 2016

Property ID	Canton	Municipality	Property	Main use	Market value (CHFm)	Annualised full occupancy property rent (CHFm)	Net annualised property rent (CHFm)	Occupancy rate (%)	Site area (sqm)	Ownership ¹⁾	%	Year of construction
1340	GE	Geneva	Rue du Môle 5	Residential	12.2	0.5	0.5	100.0%	277	S	100%	1957
1490	GE	Meyrin	Avenue François-Besson 16	Residential	7.7	0.4	0.4	100.0%	345	S	100%	1967
2360	GE	Meyrin	Chemin du Grand-Puits 64–66	Residential	8.2	0.4	0.4	100.0%	499	S	100%	1974
3810	GE	Geneva	Rue Lamartine 23	Residential	25.1	1.1	1.1	98.9%	2,230	S	100%	1964
8381	GE	Carouge	Rue de la Fontenette 11	Residential	9.7	0.5	0.5	100.0%	427	S	100%	1963
8740	GE	Meyrin	Chemin de l'Écu 15–17A	Residential	14.2	0.6	0.6	100.0%	1,043	S	100%	1960
9510	GE	Grand-Saconnex	L'Ancienne-Route 77A	Residential	7.1	0.3	0.3	100.0%	2,452	S	100%	1962
9520	GE	Grand-Saconnex	Route de Ferney 208A–B	Residential	16.9	0.8	0.8	98.0%	2,910	S	100%	1959
9580	GE	Carouge	Rue de la Gabelle 3	Residential	6.7	0.4	0.4	100.0%	482	S	100%	1930
9590	GE	Geneva	Rue de Lyon 65	Residential	10.1	0.4	0.4	97.6%	601	S	100%	1957
9591	GE	Geneva	Rue de la Servette 23	Residential	12.0	0.7	0.7	100.0%	421	S	100%	1967
9592	GE	Onex	Avenue Bois-de-la-Chapelle 101	Residential	13.6	0.7	0.7	99.7%	320	S	100%	1970
9600	GE	Geneva	Rue Liotard 69-71	Residential	12.6	0.7	0.6	95.7%	1,496	S	100%	1968
9730	GE	Geneva	Avenue de Wendt 3–5	Residential	20.8	1.1	1.1	96.4%	939	S	100%	1950
9840	GE	Geneva	Boulevard de la Cluse 35	Residential	7.9	0.5	0.4	80.8%	188	S	100%	1961
9841	GE	Geneva	Rue Goetz-Monin 24	Residential	23.7	1.4	0.9	66.6%	728	S	100%	1947
9850	GE	Chêne-Bourg	Rue Peillonex 39	Commercial	18.6	1.4	1.2	87.5%	2,266	S	100%	1960
9930	GE	Versoix	Avenue Théodore-Vernes 20–22	Residential	6.3	0.3	0.3	100.0%	512	S	100%	1959
10170	GE	Geneva	Route des Acacias 20 – Rue des Ronzades 1-3	Residential	25.4	1.3	1.3	98.7%	1,418	S	100%	1958
10270	GE	Meyrin	Avenue François-Besson 1–3	Residential	19.5	0.9	0.9	99.5%	579	S	100%	1973
10490	GE	Meyrin	Avenue de Vaudagne 29–31	Residential	24.0	1.3	1.3	100.0%	1,020	S	100%	1961
10550	GE	Geneva	Avenue Louis-Casai 43	Residential	9.3	0.5	0.5	100.0%	1,035	S	100%	1963
10570	GE	Geneva	Avenue d'Aire 47	Residential	7.7	0.4	0.4	100.0%	233	S	100%	1950
10580	GE	Geneva	Rue Gustave-Revilliod 14	Residential	7.8	0.4	0.4	100.0%	439	S	100%	1958
11600	GE	Perly	Route de Saint-Julien 253–255	Commercial	15.2	1.1	1.1	100.0%	9,099	S	100%	1982
11660	GE	Geneva	Route des Acacias 28	Residential	8.5	0.4	0.4	100.0%	570	S	100%	1959
11670	GE	Geneva	Rue des Asters 8	Residential	5.2	0.3	0.3	100.0%	302	S	100%	1910
11680	GE	Geneva	Rue Antoine-Carteret 5 – Rue du Colombier 11–13	Residential	21.3	0.9	0.9	97.7%	1,242	S	100%	1956
11710	GE	Geneva	Rue des Délices 21 bis	Residential	11.3	0.5	0.5	100.0%	285	S	100%	1935
11720	GE	Geneva	Avenue Henri-Dunant 20 – Rue Guillaume de Marcossay 21	Residential	20.3	1.0	1.0	100.0%	1,165	S	100%	1965
11730	GE	Geneva	Rue Lamartine 13-15 AB	Residential	25.6	1.1	1.1	100.0%	1,803	S	100%	1955
11760	GE	Meyrin	Rue des Lattes 25–27	Residential	7.2	0.4	0.4	100.0%	425	S	100%	1975
11780	GE	Meyrin	Rue des Lattes 63	Residential	9.5	0.5	0.5	98.0%	213	S	100%	1975
11790	GE	Geneva	Rue de la Mairie 6	Residential	10.2	0.4	0.4	98.9%	318	S	100%	1930
11800	GE	Geneva	Rue de Montbrillant 52	Residential	8.6	0.4	0.4	100.0%	263	S	100%	1959
11810	GE	Geneva	Rue du Nant 30	Residential	13.9	0.7	0.6	98.8%	567	S	100%	1960
11820	GE	Meyrin	Rue de la Prulay 64–66	Residential	18.9	0.9	0.9	100.0%	3,393	S	100%	1962
11840	GE	Geneva	Boulevard St-Georges 71 – Rue des Rois 12	Residential	13.1	0.6	0.6	100.0%	371	S	100%	1971
11850	GE	Geneva	Rue du Vieux-Billard 12	Residential	5.6	0.3	0.3	100.0%	385	S	100%	1957
12460	GE	Petit-Lancy	Chemin des Olliquettes 10	Commercial	25.0	0.9	0.9	100.0%	4,247	S	100%	2010
19480	GE	Geneva	Rue du Grand-Pré 39	Residential	10.3	0.5	0.5	100.0%	393	S	100%	1962
19490	GE	Geneva	Avenue Louis-Casai 80	Residential	7.3	0.6	0.5	83.1%	1,372	S	100%	1973
19500	GE	Geneva	Avenue Louis Casai 37	Residential	11.1	0.5	0.5	100.0%	1,093	S	100%	1963
20020	VD	Lausanne	Chemin du Closelet 4–6–8–10	Residential	21.1	1.0	1.0	99.7%	1,747	S	100%	1895
20030	VD	Lausanne	Rue du Maupas 61–67	Residential	18.3	0.9	0.9	100.0%	2,471	S	100%	1955
20040	VD	Lausanne	Chemin de Montmeillan 19–21	Residential	8.6	0.4	0.4	100.0%	1,158	S	100%	1966

- 1) Other = Properties held for sale.
2) Under construction
3) S = Sole ownership
4) Under Investis' ownership

Year of construction	Full renovation ⁴⁾	Partial renovation ⁴⁾	Discount rate	Register of polluted sites	Compulsory surveillance	Obligatory remediation	Lettable area (% sqm)							Total (sqm)	Total number of parking units
							Residential	Office	Retail	Trade/ Industry	Warehousing/ Archiving	Special use	Other		
-	2012/2014	2016	3.5%	No	-	-	85%	-	15%	-	-	-	-	1,518	-
-	2015/2016	-	3.6%	No	-	-	100%	-	-	-	-	-	-	1,365	8
-	-	-	3.6%	No	-	-	100%	-	-	-	-	-	-	1,608	21
-	2009	2012	3.7%	No	-	-	70%	6%	-	24%	-	-	-	3,677	90
-	-	2016	3.6%	No	-	-	100%	-	-	-	-	-	-	1,590	5
-	2012/2013	2007	3.6%	No	-	-	100%	-	-	-	-	-	-	2,323	-
-	2015/2016	2006	3.6%	No	-	-	66%	-	-	34%	-	-	-	1,159	18
-	2015/2017	-	3.6%	No	-	-	93%	5%	-	-	2%	-	-	2,634	56
-	-	2006	3.6%	No	-	-	100%	-	-	-	-	-	-	1,112	-
-	2006	-	3.5%	No	-	-	100%	-	-	-	-	-	-	1,321	8
-	-	-	3.7%	No	-	-	61%	16%	16%	-	7%	-	-	2,149	-
1982	-	2009	3.6%	No	-	-	98%	-	-	-	2%	-	-	2,525	31
-	-	2008	3.5%	No	-	-	99%	-	-	-	1%	-	-	2,019	18
-	2008/2010	2016	3.5%	No	-	-	83%	-	14%	-	3%	-	-	3,006	-
-	2009	2012	3.5%	No	-	-	78%	-	13%	-	9%	-	-	915	-
-	2007/2008	2010/2011	3.8%	No	-	-	61%	-	25%	-	14%	-	-	2,313	-
-	-	-	4.1%	No	-	-	2%	39%	-	42%	17%	-	-	9,357	-
-	-	2006	3.6%	No	-	-	98%	-	-	-	2%	-	-	1,061	4
-	2006	-	3.8%	No	-	-	74%	-	-	24%	2%	-	-	4,224	10
-	2014/2015	2016	3.6%	No	-	-	91%	4%	-	-	5%	-	-	3,294	35
-	2004/2006	2008	3.6%	No	-	-	92%	6%	-	-	2%	-	-	4,465	66
-	-	2006	3.6%	No	-	-	92%	-	8%	-	-	-	-	1,683	29
-	-	2016	3.5%	No	-	-	100%	-	-	-	-	-	-	1,028	-
-	2006	-	3.8%	No	-	-	65%	-	-	21%	14%	-	-	1,485	-
-	-	-	4.6%	No	-	-	-	-	-	100%	-	-	-	6,018	141
-	-	2005	3.6%	No	-	-	100%	-	-	-	-	-	-	1,480	7
-	-	2009	3.5%	No	-	-	83%	-	8%	-	9%	-	-	1,115	-
-	2011/2013	-	3.5%	No	-	-	98%	-	-	-	2%	-	-	2,779	26
-	1992	2011	3.5%	No	-	-	100%	-	-	-	-	-	-	1,744	-
-	2006/2008	2009	3.7%	No	-	-	65%	-	-	17%	18%	-	-	3,560	3
1960	2012/2016	-	3.5%	No	-	-	100%	-	-	-	-	-	-	3,551	-
-	-	2016	3.6%	No	-	-	94%	-	-	-	6%	-	-	1,343	16
-	-	-	3.6%	No	-	-	100%	-	-	-	-	-	-	1,745	22
-	2009	2011	3.5%	No	-	-	85%	-	15%	-	-	-	-	1,422	-
-	-	-	3.5%	No	-	-	87%	13%	-	-	-	-	-	1,372	-
-	2013/2015	-	3.5%	No	-	-	95%	-	5%	-	-	-	-	2,024	-
-	2011/2012	-	3.6%	No	-	-	97%	-	-	-	3%	-	-	3,012	45
-	-	2009	3.7%	No	-	-	67%	14%	6%	-	7%	6%	-	2,022	-
-	-	2004	3.5%	No	-	-	100%	-	-	-	-	-	-	932	-
-	-	-	3.9%	No	-	-	-	86%	-	-	14%	-	-	2,570	29
-	-	2005	3.5%	No	-	-	87%	-	2%	-	11%	-	-	2,043	-
-	-	2013	3.8%	No	-	-	55%	-	28%	-	17%	-	-	1,389	10
-	2015/2016	-	3.6%	No	-	-	91%	-	9%	-	-	-	-	1,688	27
-	2006	-	3.6%	Yes	No	No	91%	-	7%	-	2%	-	-	2,971	34
1956	2009	2016	3.6%	No	-	-	91%	-	-	4%	5%	-	-	3,124	24
-	2009	-	3.7%	No	-	-	85%	-	-	15%	-	-	-	1,661	6

Property ID	Canton	Municipality	Property	Main use	Market value (CHFm)	Annualised full occupancy property rent (CHFm)	Net annualised property rent (CHFm)	Occupancy rate (%)	Site area (sqm)	Ownership ³⁾	%	Year of construction
20050	VD	Lausanne	Avenue des Oiseaux 15-17	Residential	14.5	0.7	0.7	100.0%	1,030	S	100%	1960
20060	VD	Lausanne	Place du Vallon 1	Residential	7.1	0.4	0.4	96.5%	515	S	100%	1955
20070	VD	Renens	Avenue du Censuy 18-26	Residential	25.7	1.2	1.2	100.0%	6,321	S	100%	1972
20080	VD	Renens	Avenue de Florissant 30-32	Residential	15.8	0.8	0.8	99.2%	9,259	S	100%	1962
20090	VD	Renens	Avenue de Florissant 34-36	Residential	37.1	1.8	1.8	99.1%	4,784	S	100%	1960
20100	VD	Prilly	Rue de la Combette 22-24	Residential	10.6	0.6	0.6	100.0%	2,840	S	100%	1963
20110	VD	Renens	Rue Neuve 10-14	Residential	5.0	0.3	0.3	100.0%	574	S	100%	1900
20120	VD	Chavannes-Renens	Avenue du Tir-Fédéral 79-81	Residential	17.9	0.9	0.9	99.1%	2,898	S	100%	1962
20140	VD	Bussigny	Rue du Centre 7	Residential	3.1	0.2	0.2	100.0%	143	S	100%	1920
20170	VD	Montpréveyres	Chemin de la Rochette 4	Residential	2.7	0.2	0.2	99.1%	3,758	S	100%	1990
20190	VD	Yverdon-les-Bains	Avenue Kiener 1-3	Residential	8.6	0.5	0.5	100.0%	3,900	S	100%	1991
20240	VD	Bussigny	Chemin de Roséaz 8	Residential	6.0	0.3	0.3	100.0%	1,463	S	100%	1966
20280	VD	Lausanne	Avenue de Vinet 39	Residential	7.1	0.3	0.3	100.0%	597	S	100%	1953
20730	VD	Lausanne	Chemin des Lys 14	Residential	6.6	0.3	0.3	100.0%	958	S	100%	1962
20930	VD	Lausanne	Avenue d'Echallens 87-89	Residential	1.9	0.1	0.1	93.4%	535	S	100%	1899
20950	VD	Cugy	Chemin des Petits-Esserts 1	Residential	3.0	0.2	0.2	100.0%	1,515	S	100%	1965
21030	FR	Bulle	Chemin de Planchy 15/15a	Commercial	5.1	0.4	0.4	100.0%	6,144	S	100%	1968
21070	VD	Pully	Avenue Général-Guisan 40; PPE	Residential	2.5	0.0	0.0	0.0%	1,375	S	100%	1970
21220	VD	Nyon	Rue Juste-Olivier 13	Residential	6.1	0.3	0.3	100.0%	277	S	100%	1910
21230	VD	Lausanne	Route Aloys Fauquez 122-124	Residential	16.2	0.8	0.8	100.0%	1,447	S	100%	1968
21250	VD	Bière	Chemin Fagne 1	Residential	2.5	0.1	0.1	100.0%	2,000	S	100%	1959
21260	VD	Gland	Rue du Jura 15	Residential	6.3	0.3	0.3	100.0%	1,787	S	100%	1969
21320	VD	Cheseaux-sur-Lausanne	Chemin de la Chapelle 2	Commercial	5.7	0.4	0.4	100.0%	5,358	S	100%	1961
24502	VD	Pully	Chamblandes; PPE	Other ¹⁾	0.5	0.0	0.0	100.0%		S	100%	1963
24605	VD	St-Sulpice	Chemin des Chantres 8	Residential	3.9	0.0	0.0		3,118	S	100%	1955
55720	GE	Meyrin	Avenue Vaudagne 78-80-82; PPE	Residential	16.6	0.5	0.5	100.0%	669	S	100%	1964
55730	GE	Meyrin	Avenue Mategnin 75-77; PPE	Residential	15.1	0.4	0.4	100.0%	450	S	100%	1968
99952	VS	Sion	Avenue du Grand-Champsec 21	Commercial	8.0	0.4	0.4	100.0%	2,062	S	100%	1980
99953	AG	Rothrist	Helblingstrasse 9	Commercial	7.8	0.5	0.5	100.0%	4,270	S	100%	1989
99954	VS	Lens	Chalet Beau-Bois aux Briesses	Residential	4.4	0.1	0.1	100.0%	916	S	100%	2012
99955	VS	Randogne	Route de Grinchon 1; PPE les Elans	Residential	10.7	0.3	0.3	86.2%	2,340	S	100%	2015
99957	VS	Lens	Rue de la TéléRésidence 2; PPE	Residential	0.3	0.0	0.0	0.0%	964	S	100%	1970
99958	VS	Randogne	Chemin de Praty 4	Residential	5.0	0.3	0.3	93.4%	1,678	S	100%	1950
99959	VS	Lens	Route du Pont du Diable 3	Residential	0.2	0.0	0.0	0.0%	1,659	S	100%	1971
99960	VS	Sion	Chemin Lambien; PPE Grely	Commercial	6.8	0.4	0.4	100.0%	45,883	S	100%	2012
99963	VS	Randogne	Route de Vermala 43-45	Residential	5.8	0.5	0.2	45.0%	2,105	S	100%	1965
99964	VD	St-Sulpice	Chemin du Marquisat 15	Other ¹⁾	10.1	0.0	0.0		2,390	S	100%	2004
99965	FR	Fribourg	Grand-Places 14	Commercial	13.5	0.8	0.8	100.0%		S	100%	1974
99966	VS	Lens	Route de Crans 87	Residential ²⁾	2.5	0.0	0.0		6,256	S	100%	1985
99967	VS	Lens	Route de Pliany 16-18	Residential	7.0	0.4	0.1	26.7%	5,150	S	100%	2016
400000	VS	Lens	Grand Place 12/14	Commercial	5.8	0.2	0.2	100.0%	1,415	S	100%	1972
450390	VS	Crans	Rue du Prado 19	Commercial	1.7	0.1	0.1	100.0%	1,317	S	100%	2013
450660	VS	Chermignon	Route de Tsarbouye 61; PPE	Residential	0.4	0.0	0.0	100.0%	1,415	S	100%	1984
Total				Total	965.6	46.9	45.2	96.3%	199,277			

- 1) Other = Properties held for sale.
2) Under construction
3) S = Sole ownership
4) Under Investis' ownership

Year of construction	Full renovation ⁴⁾	Partial renovation ⁴⁾	Discount rate	Register of polluted sites	Compulsory surveillance	Obligatory remediation	Lettable area (% sqm)							Total (sqm)	Total number of parking units
							Residential	Office	Retail	Trade/ Industry	Warehousing/ Archiving	Special use	Other		
-	2004/2005	2005	3.6%	No	-	-	99%	-	-	-	1%	-	-	2,136	16
-	-	-	3.7%	No	-	-	96%	-	-	4%	-	-	-	1,515	4
-	2008/2009	2009	3.7%	No	-	-	91%	-	6%	-	3%	-	-	6,021	78
-	-	2009	3.7%	No	-	-	90%	-	10%	-	0%	-	-	3,595	70
-	2004	2009	3.7%	No	-	-	99%	-	-	-	1%	-	-	7,811	17
-	-	-	3.7%	No	-	-	100%	-	-	-	-	-	-	2,499	15
-	-	-	3.8%	Yes	No	No	62%	6%	29%	-	2%	-	-	1,027	-
-	2009/2010	2004	3.7%	No	-	-	100%	-	-	-	-	-	-	3,442	44
-	2006/2007	2006	3.8%	No	-	-	76%	-	17%	-	7%	-	-	575	-
-	-	2005	4.2%	No	-	-	67%	-	-	-	33%	-	-	946	11
-	-	-	3.7%	No	-	-	100%	-	-	-	-	-	-	2,080	35
-	2005/2008	2008	3.7%	No	-	-	100%	-	-	-	-	-	-	984	16
-	2005	2005	3.6%	No	-	-	76%	-	24%	-	-	-	-	1,125	4
-	-	2012	3.6%	No	-	-	100%	-	-	-	-	-	-	1,259	8
-	-	-	3.6%	No	-	-	100%	-	-	-	-	-	-	745	-
-	-	-	3.7%	No	-	-	100%	-	-	-	-	-	-	706	16
2003	-	-	4.8%	No	-	-	-	3%	-	40%	54%	-	3%	2,995	24
-	2012	-	-	No	-	-	100%	-	-	-	-	-	-	208	2
-	-	-	3.7%	No	-	-	100%	-	-	-	-	-	-	1,200	5
1969	-	-	3.6%	No	-	-	84%	6%	-	7%	3%	-	-	1,935	6
-	-	-	3.8%	No	-	-	100%	-	-	-	-	-	-	772	12
-	-	-	3.7%	No	-	-	100%	-	-	-	-	-	-	992	17
-	-	-	5.0%	No	-	-	5%	25%	-	59%	2%	-	9%	3,442	39
-	-	-	-	No	-	-	100%	-	-	-	-	-	-	105	-
-	2006	-	-	No	-	-	100%	-	-	-	-	-	-	182	3
-	-	2015	-	No	-	-	100%	-	-	-	-	-	-	2,457	-
-	-	2012	-	No	-	-	100%	-	-	-	-	-	-	2,301	-
-	-	-	4.0%	No	-	-	-	-	-	-	16%	-	84%	1,500	42
-	-	-	4.1%	No	-	-	-	-	-	-	15%	-	85%	2,115	100
-	-	-	-	No	-	-	100%	-	-	-	-	-	-	263	3
-	-	-	-	No	-	-	100%	-	-	-	-	-	-	843	17
-	2014	-	-	No	-	-	100%	-	-	-	-	-	-	38	1
-	2015	-	4.1%	No	-	-	100%	-	-	-	-	-	-	638	14
-	2015	-	-	No	-	-	100%	-	-	-	-	-	-	25	-
-	-	2015	4.8%	No	-	-	-	4%	-	-	96%	-	-	1,517	11
-	-	2013	4.5%	No	-	-	93%	-	7%	-	-	-	-	1,940	11
-	2016	-	-	No	-	-	100%	-	-	-	-	-	-	199	-
-	-	-	4.2%	No	-	-	-	-	-	1%	1%	-	98%	8,170	40
-	-	-	-	No	-	-	100%	-	-	-	-	-	-	289	2
-	-	-	4.0%	No	-	-	100%	-	-	-	-	-	-	1,350	24
-	2013/2015	-	-	No	-	-	9%	91%	-	-	-	-	-	1,146	4
-	-	-	-	No	-	-	-	-	100%	-	-	-	-	162	-
-	2015	-	-	No	-	-	100%	-	-	-	-	-	-	64	1
							71%	5%	3%	9%	5%	1%	6%	180,710	1,501

DEVELOPMENT PROPERTIES AS AT 31 DECEMBER 2016

Canton	Location	Address	Book value (CHF million)	Built	Project- description
Development properties held for sale					
VD	Lausanne	Les Logis de Prilly ¹⁾	0.5	-	163 condominiums
VS	Lens	Le Prado ²⁾	2.4	2015	4 condominiums
VS	Hérémece	Hérémece ²⁾	4.7	-	1 Hotel, 12 Buildings
Investment properties under construction					
VS	Sion	Les Nouveaux Ronquoz	0.1	-	Industrial building
Undeveloped plots of land					
BE	Saenen	Saenen	7.3	-	open

1) Site area and lettable area for Les Logis de Prilly correspond to 100% of the project.

2) The Group owns 50% of the subsidiary and has applied JV accounting. Sqm information relates to 100% of the property.

3) Future dates indicate planned completion of the development project.

4) According to current planning, the first building may be completed in the course of 2018, while completion of the whole project is planned for 2026.

5) S = Sole ownership/J = Joint ownership

Projectstatus 31.12.2016	Realisation period ³⁾	Ownership ⁵⁾	Site area in sqm	Total lettable area				
				Total in sqm	Residential in %	Commer- cial in %	Retail in %	Other in %
under construction	2016 – 2018	J (1/6)	15,125	11,666	100%	-	-	-
for sale	-	S (50%)	1,317	658	100%	-	-	-
under construction	2016 – 2026 ⁴⁾	S (50%)	25,088	-	-	-	-	-
in planning	2017	S	3,339	2,824		100%		
in planning	open (2019)	S	2,346	-	-	-	-	-

REPORT OF THE INDEPENDENT VALUATION EXPERT WÜEST PARTNER AG



Wüest Partner SA, Rue du Stand 60-62, 1204 Geneva

Investis Holding SA
Grand Place 14
3963 Crans-Montana 2

Geneva, 6 March 2017

Independent valuer's report
Real Estate Property Valuation as at 31.12.2016

To the Executive Board of Investis Holding SA

Ref.
103557.0014

Commission

Wüest Partner SA (Wüest Partner) was commissioned by Investis Holding SA to perform a valuation, for accounting purposes, of the properties not held for sale by Investis Holding SA in Switzerland as at 31 December 2016 (reporting date).

Valuation standards

Wüest Partner hereby confirms that the valuations were performed in accordance with national and international standards and guidelines. The property values determined correspond to the current value (market value) as described in Swiss GAAP ARR 18, item 14.

Definition of market value

«Market value» is defined as the amount for which a property would most probably be exchanged on the open market on the valuation date between two independent and knowledgeable parties, willing to buy and sell respectively, with due allowance made for a reasonable marketing period.

Property transfer tax, property gains taxes, value added tax and other costs and commission fees that would be incurred if the property were sold are not included (gross market value). Nor is any account taken of Investis Holding SA's liabilities in respect of taxation (apart from ordinary property taxes) and financing costs.

Valuation method

In valuing Investis Holding SA's investment properties, 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 (100 years) net earnings discounted to the valuation date. 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.

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1 / 5

The single family houses and condominiums were valued using a sales comparison approach.

The properties under construction were also valued using the discounted cash flow method (DCF) by means of reverse calculation (residual value method). The market value of these properties as at valuation date has been inferred in three steps:

- Valuation of the property at the date of completion – taking into account the current occupancy/sales rate, the market and the cost estimation as at valuation date;
- Calculation of the market value as at valuation date, taking into account the projected investments still to be undertaken;
- Estimation of the development risk in relation to the current project status, and its treatment as a separate cash flow of a cost position.

Basis of valuation

Wüest Partner is familiar with all the properties, having carried out inspections and examined the documentation provided. The properties have been analysed in detail in terms of their quality and risk profiles (attractiveness and lettability of rented premises, construction type and condition, micro- and macro-location etc.). Currently vacant premises are valued with due allowance made for a reasonable marketing period.

Within the review period from 1 January 2016 to 31 December 2016, Wüest Partner visited 9 properties belonging to Investis Holding SA.

Results

As on the valuation date, the relevant portfolio holds in total 133 buildings with a strategy of “buy and hold”.

The following overview represents the valuation results:

Type of Properties	Number of buildings	Fair Value as per 31/12/2016 [CHF]
Investment Properties	116	891 011 000
Single Family Houses	17	64 079 500
Properties under Construction	0	0
TOTAL	133	955 090 500

A total of 87 investment properties and single family houses or 133 buildings were valued as at 31 December 2016 by Wüest Partner. The market value of the property portfolio of Investis Holding SA is estimated as at 31 December 2016 at 955,090,500 Swiss Francs.

Changes during reporting period

Within the review period from 1 January 2016 to 31 December 2016 the following changes took place:

Property acquired:

- Route de Crans 87, 1978 Lens
- Chemin de Planchy 15, 1630 Bulle
- Rue Peillonex 39, 1225 Chêne-Bourg
- Grand-Places 14, 1400 Fribourg
- Route Aloys Fauquez 122-124, 1018 Lausanne
- Rue Juste-Olivier 13, 1260 Nyon
- Rue du Jura 15, 1196 Gland
- Chemin Fagne 1, 1145 Bière
- Chemin de la Chapelle 2, 1033 Cheseaux-sur-Lausanne

Property sold

- Route du Pont du Diable 7, 3963 Lens
- Avenue C.-F. Ramuz 106, 1009 Pully
- Rue de la Chocolatière 21, 1026 Echandens

Development finished

- Les Harros – Route de Pilany 16-18, 3971 Chermignon

Independence and confidentiality

Wüest Partner performed the valuation of Investis Holding SA's properties 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.

Geneva, 6 March 2017

Wüest Partner SA



Nabil Aziz
Partner



Léon Ly
Manager

Appendix 1: Valuation assumptions

Investment properties

The investment property valuations are based on the following general assumptions:

- **Surface areas:** The lettable areas were factored into the valuations on the basis of the rent rolls of Investis Holding SA and verbal information provided by Investis Holding SA. Discrepancies between this information and the property plans were verified with Investis Holding SA.
- **Rent rolls:** The rent rolls as at 31 December 2016, on which the valuation was based, were received by Wüest Partner in November, December 2016 and January 2017.
- **Calculation model:** The DCF model adopted is a one-period model. The valuation period extends for 100 years from the valuation date with an implicit residual value during the eleventh period. Exceptions are possible in the case of leasehold properties with a corresponding reversion scenario.
- **Discounting:** 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 3.50% and 5.00% depending on the property, use and location.
- **Inflation:** Unless otherwise specified, the valuations assume an annual inflation rate of 0.50% for both income and expenses. When considered in nominal terms, the discount rate is adjusted accordingly. The cash flow trend and the discounting applied are presented in real terms.
- **Indexation:** Specific indexation of existing rental contracts is taken into account. After expiry of the contracts, an indexation factor of 80% (Swiss average) is assumed.
- **Credit Risks:** Credit risks posed by specific tenants are not explicitly factored into the valuation.
- **Schedule of payments:** For existing rental contracts, the schedule of individual payments is assumed to comply with the terms of the lease. After expiry of the contracts, cash flows are factored in quarterly in advance for commercial tenancies and monthly in advance for residential tenancies.
- **Recoverability of ancillary costs:** In terms of running costs, entirely separate service charge accounts are assumed, with no tenancy-related ancillary costs to be borne by the owner only for office properties and hotels.
- **Maintenance costs:** 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 annual renewal fund allowances. The calculated values are plausibility tested using cost benchmarks derived from Wüest Partner surveys.

Properties under construction and development properties

Wüest Partner also determined the market values of the properties under construction and development properties. The valuations of these properties are based on the following assumptions:

- Partial plots: Where appropriate, Investis Holding SA divides the properties into partial plots. For reasons of transparency, this subdivision is taken over by Wüest Partner in the valuations.
- Project development strategy: Where deemed plausible by Wüest Partner, the strategy in relation to project development/promotion (e.g. sale vs. letting) has been taken over from Investis Holding SA.
- Background data: The background data of Investis Holding SA are verified and adjusted where appropriate (e.g. utilization, lettable areas, schedule/development process, rental/absorption).
- Impartial view: The valuations are subjected to an impartial assessment of incomes, costs and investment returns.
- Design-and-build or general service contracts: With regard to the service contracts of general and design-and-build contractors, it is assumed that construction costs have been secured.
- Services provided by project developers: The construction costs include the services of Investis Holding SA as the developer's representative and the project developer.
- Sale costs: In the case of sections of properties earmarked for sale (e.g. condominiums), costs of sale have been taken into account in the valuations.
- Preparatory work: Where known, preparatory work is taken into account in construction costs (e.g. remediation of legacy contamination, demolition work, infrastructure).
- Incidental costs: Construction costs include the usual incidental costs such as construction finance, but exclude financing of the plot of land. These costs are implicitly included in the DCF model.
- Services provided to date: Where known, value-relevant services provided to date by third parties or by Investis Holding SA in the form of investments made are taken into account.
- VAT opt-in: It is assumed that the income from the planned commercial properties is subject to VAT. The construction costs are therefore presented exclusive of VAT.
- Deferred taxes: The valuations do not include any deferred taxes.

FINANCIAL STATEMENTS

INVESTIS HOLDING SA

Balance sheet	112
Income statement	113
Notes to the financial statement	114
Proposed appropriation of available earnings	119
Report of the statutory auditor on the financial statements	120

BALANCE SHEET

In CHF 1,000	Note	31.12.2016	Opening balance 07.06.2016
Cash and cash equivalents		30	-
Total current assets		30	0
Loans to Group companies	2.1	272,148	-
Investments in subsidiaries	2.2	200,000	200,000
Total non-current assets		472,148	200,000
Total assets		472,177	200,000
Accounts payable to Group companies		27	-
Accrued expenses		258	-
Total current liabilities		285	-
Bond	2.3	100,000	-
Total non-current liabilities		100,000	-
Total liabilities		100,285	-
Share capital		1,280	1,000
Statutory capital reserves			
– Capital contribution reserve		142,699	-
– Other capital reserves		199,000	199,000
Voluntary retained earnings			
– Profit carried forward		-	-
– Profit for the year		28,914	-
Total equity	2.4	371,892	200,000
Total shareholders' equity and liabilities		472,177	200,000

INCOME STATEMENT

In CHF 1,000	Note	07.06.2016 - 31.12.2016
Income from investments in subsidiaries	2.5	30,000
Interest on loans to Group companies		832
Total income		30,832
Personnel expenses	2.6	-331
Administrative expenses		-1,365
Financial expenses		-222
Total expenses		-1,918
Profit for the year		28,914

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING PRINCIPLES

1.1 GENERAL ASPECTS

These financial statements were prepared in accordance with the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

Investis Holding SA was incorporated on 7 June 2016 and registered in the commercial register of the Canton Zurich on 8 June 2016.

As Investis Holding SA has prepared its consolidated financial statements in accordance with a recognised accounting standard (Swiss GAAP FER), it has decided, as the law allows, not to present additional information on interest-bearing liabilities and audit fees in the notes, and not to present a cash flow statement.

1.2 ASSETS

Assets are valued at no more than their acquisition cost. Exceptions are current assets with an observable market price, which are valued at the stock price or market value on the balance sheet date. All changes in value are recognised in the income statement. No value fluctuation reserves have been formed.

1.3 LOANS AND INVESTMENTS

Loans to Group companies and investments in subsidiaries are carried at acquisition costs less necessary depreciation.

1.4 BONDS

Bonds are recognised in the balance sheet at nominal value. Issuance costs upon issue are offset against any applicable discounts and the surplus is charged to the income statement.

2. INFORMATION ON BALANCE SHEET AND INCOME STATEMENT ITEMS

2.1. LOANS

In CHF 1,000	31.12.2016	07.06.2016
Loan to Investis Investments SA	272,148	-
Total loans to Group companies	272,148	-

2.2. INVESTMENTS

The list of legal entities held directly or indirectly by the company and consolidated at Investis Group level, is published in [Note 26](#) of the consolidated financial statements in this report.

2.3 BONDS

A CHF 100 million bond maturing on 15 November 2021 was issued on 15 November 2016. The coupon is 0.55%. Information on loan conditions is published in [Note 16](#) of the consolidated financial statements in this report.

2.4. EQUITY

Investis Holding SA was incorporated on 7 June 2016. The share capital was paid-up by a contribution in kind. On 4 July 2016 the capital increase of 2,800,000 shares in connection with the initial public offering was completed. The gross proceeds amounted to CHF 148 million.

At the extraordinary shareholders' meeting of Investis Holding SA held on 17 June 2016 it was resolved 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 the exclusion of shareholders' pre-emptive rights, in favour of directors, members of the Executive Board and employees of the Group in the context of a management incentive plan.

As at 31 December 2016, share capital amounted to CHF 1.28 million, composed of 12,800,000 registered shares with a nominal value of CHF 0.10 each. All outstanding shares are entitled to dividends and confer the right to one vote per share at the company's general meetings.

In CHF 1,000	Share capital	Legal capital reserves		Voluntary retained earnings	Total equity
		Capital contribution reserve	Other capital reserves	Profit for the year	
Equity as at 7 June 2016	1,000		199,000		200,000
Capital increase	280	142,699			142,979
Profit for the year				28,914	28,914
Equity as at 31 December 2016	1,280	142,699	199,000	28,914	371,892

2.5 INCOME FROM INVESTMENTS IN SUBSIDIARIES

In 2016 the dividend from investments in subsidiaries amounted to CHF 30.0 million.

2.6. PERSONNEL EXPENSES

Information on personnel expenses for the Board of Directors and the Executive Board is published in the [compensation report](#) in this annual report.

3. OTHER INFORMATION

3.1 FULL-TIME EQUIVALENTS

Investis Holding SA has no employees.

3.2 SIGNIFICANT SHAREHOLDERS

Upon listing on 30 June 2016, Stéphane Bonvin was the only significant shareholder. As at 31 December 2016, the board of directors is aware of the following shareholders and groups of shareholders that hold at least 3% of the voting rights in the Company:

Stéphane Bonvin owned 9,751,080 shares or 76.18% of the outstanding share capital.

3.3 SHARE OWNERSHIP

Members of the Board of Directors

(non-executive)

As at 31 December 2016 the non-executive members of the Board of Directors (including their related parties) held the following Investis shares.

As at 31 December 2016	Function	Number of registered shares held	Voting rights in % (rounded)
Riccardo Boscardin	Chairman, Member of the Audit and Compensation Committee	2,000	<0.1
Albert Baehny	Vice-Chairman and Chairman of the Compensation Committee	18,867	0.1
Thomas Vettiger	Member and Chairman of the Audit Committee	750	<0.1
Total		21,617	0.2

Members of the Executive Board

(including the executive member of the Board of Directors)

As at 31 December 2016 the executive member of the Board of Directors and the members of the Executive Board (including their related parties) held the following Investis shares.

As at 31 December 2016	Function	Number of registered shares held	Voting rights in % (rounded)
Stéphane Bonvin ¹⁾	Chief Executive Officer and member of the Board of Directors	9,751,080	76.2
Catherine Dubey	Head Real Estate Services	600	<0.1
René Häsler	Chief Financial Officer	11,340	0.1
Total		9,763,020	76.3

- 1) In the context of the initial public offering carried out in June 2016, Stéphane Bonvin, as selling shareholder, entered into a lock-up arrangement with Credit Suisse AG (acting on behalf of the other banks) covering any shares within a 67% stake in the share capital of Investis as of the first trading day for a period of 36 months after the first trading day. A lock-up period of 12 months after the first trading day applies to any shares in excess of a 67% stake in the share capital of Investis as of the first trading day.

3.4 EVENTS AFTER THE BALANCE SHEET DATE

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.

There are no other significant events after the balance sheet date which could impact the book value of the assets or liabilities or which should be disclosed here.

PROPOSED APPROPRIATION OF AVAILABLE EARNINGS

PROPOSED APPROPRIATION OF AVAILABLE EARNINGS

In CHF 1,000	31.12.2016
Profit brought forward from prior year	-
Profit for the year	28,914
Retained earnings available for Annual General Meeting	28,914
The Board of Directors proposes to the Annual General Meeting that the balance be carried forward to the new accounts	
Balance to be carried forward	28,914

PAYOUT FROM STATUTORY CAPITAL CONTRIBUTION RESERVE

The Board of Directors proposes to the Annual General Meeting an appropriation from statutory capital contribution reserves to voluntary retained earnings and a payout of CHF 2.35 per registered share amounting to CHF 30,080,000.

Cash payout in CHF	31.12.2016
Payout per share, gross	2.35
Less withholding tax	-
Payout per share, net	2.35

- 1) There is no payout on treasury shares held by Investis. On 1 January 2017 no registered shares were held by Investis.

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS



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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Investis Holding SA, which comprise the balance sheet as at 31 December 2016 and income statement for the year then ended (comprising the period from 7 June to 31 December 2016) and notes including a summary of significant accounting policies (pages 112 to 119).

In our opinion, the accompanying financial statements as at 31 December 2016 comply with Swiss law and the company's articles of incorporation.

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 financial statements" section of our report.

We are independent of the entity 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

Overview	Overall materiality: CHF 4'700'000
<p>The diagram consists of three circular arrows forming a clockwise cycle. The top arrow is orange and labeled 'Materiality'. The middle arrow is red and labeled 'Audit scope'. The bottom arrow is dark red and labeled 'Key audit matters'.</p>	<p>We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.</p>
	<p>We have not identified a key audit matter.</p>

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the 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

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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.

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the 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 financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the 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 financial statements as a whole.

<i>Overall materiality</i>	CHF 4'700'000
<i>How we determined it</i>	1.0% of total assets
<i>Rationale for the materiality benchmark applied</i>	We chose total assets as the benchmark because, in our view, it is the benchmark against which the performance of a holding company that does not engage in operating activities is most commonly measured.

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 financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity'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 either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

A blue ink signature of Oliver Kuntze is written over a light grey grid background. To the right of the signature is a small red shield-shaped icon containing a white cross, representing the Swiss flag.

Oliver Kuntze
Audit expert
Auditor in charge

A blue ink signature of Barbara Kuhn is written over a light grey grid background. To the right of the signature is a small red shield-shaped icon containing a white cross, representing the Swiss flag.

Barbara Kuhn
Audit expert

Bern, 21 March 2017

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FINANCIAL CALENDAR AND SHARE DATA

27 April 2017	Ordinary Annual General Meeting 2017
31 August 2017	Half-year results 2017
ISIN	CH 0325094297
Swiss security no.	32,509,429
Ticker symbol	IREN
Bloomberg	IREN SE
Reuters	IREN.S
Type of security	Registered share
Trading currency	CHF
Listing	SIX Swiss Exchange
Index	SPI, SXI Real Estate Shares
No. of registered shares outstanding	12,800,000
Nominal value in CHF	0.10

LEGAL INFORMATION

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