CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

In CHF 1,000	Note	2017	2016
Revenue	1, 2	189,987	161,916
Direct expenses	1	–21,863	–22,019
Personnel expenses	1, 3	–106,108	–89,657
Other operating expenses	1, 4	–24,706	–21,544
Operating profit before revaluations, disposal of investment properties, depreciation and amortisation		**37,311**	**28,695**
Income from revaluations	11	24,953	46,575
Income from disposal of investment properties	5	696	3,007
Operating profit before depreciation and amortisation		**62,959**	**78,277**
Depreciation and amortisation	12	–2,088	–1,908
Operating profit (EBIT)		**60,871**	**76,369**
Financial income		623	1,966
Financial expenses		–4,060	–19,684
Financial result	6	**–3,437**	**–17,719**
Profit before taxes		**57,434**	**58,650**
Income taxes	7	170	–13,574
Net profit		**57,604**	**45,077**
Of which attributable to Investis Holding SA shareholders		57,456	44,222
Of which attributable to non-controlling interests		148	855
Earnings per share in CHF (basic/diluted)	8	4.49	3.88

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

CONSOLIDATED BALANCE SHEET

In CHF 1,000	Note	31.12.2017	31.12.2016
Cash and cash equivalents		50,539	52,940
Securities		4,066	5,313
Trade receivables	9	14,516	14,498
Other receivables		17,847	3,481
Properties held for sale	10	35,805	18,141
Prepaid expenses and accrued income		4,333	4,063
Total current assets		**127,105**	**98,435**
Investment properties	11	1,084,912	962,481
Tangible fixed assets	12	5,207	4,812
Intangible assets	12	1,335	908
Financial assets of related parties	14	15,000	30,000
Other financial assets	14	4,582	3,057
Deferred tax assets	18	81	56
Total non-current assets		**1,111,117**	**1,001,314**
Total assets		**1,238,222**	**1,099,750**
Current financial liabilities	16	11,692	5,322
Trade payables		4,417	3,162
Other liabilities	15	43,984	43,147
Accrued expenses and deferred income		17,417	10,541
Total current liabilities		**77,511**	**62,171**
Mortgages	16	9,665	225,250
Bonds	16	420,000	100,000
Other non-current financial liabilities	16	4,916	7,089
Provisions	17	2,164	2,091
Deferred tax liabilities	18	154,977	145,579
Total non-current liabilities		**591,723**	**480,009**
Total liabilities		**669,233**	**542,179**
Share capital	19	1,280	1,280
Capital reserves	19	110,777	140,857
Treasury shares	19	–1,135	-
Retained earnings		457,080	414,438
Equity attributable to the shareholders of Investis Holding SA		**568,002**	**556,575**
Non-controlling interests		**987**	**995**
Total shareholders' equity		**568,989**	**557,570**
Total shareholders' equity and liabilities		**1,238,222**	**1,099,750**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

In CHF 1,000	Note	2017	2016
Cash flow from operating activities			
Net profit		57,604	45,077
Financial result and income taxes		3,267	31,292
Operating profit (EBIT)		**60,871**	**76,369**
Income from revaluations	11	–24,953	–46,575
Depreciation and amortisation	12	2,088	1,908
Income from disposal of investment properties	5	–696	–3,007
Other non-cash items		–499	–181
Changes in net working capital			
Trade receivables		805	3,276
Other receivables and prepaid expenses		–13,326	–2,288
Investments in properties held for sale		–3,672	2,302
Trade payables		306	–758
Other liabilities and accrued expenses		15,105	1,449
Income taxes paid		–7,633	–6,048
Net cash from operating activities (cash flow)		**28,397**	**26,447**
Cash flow from investing activities			
Investments in properties	11	–31,849	–67,219
Disposal of properties		11,828	7,169
Purchase of tangible fixed assets and intangible assets	12	–3,401	–1,413
Disposal of tangible fixed assets and intangible assets		1,650	64
Acquisition of subsidiaries, net of cash acquired	20	–84,228	–14,322
Repayment of loans to related parties	24	15,000	15,000
Increase of financial assets, net		–2,738	–433
Interest received		53	401
Net cash used in investing activities		**–93,683**	**–60,753**
Cash flow from financing activities			
Share capital increase	19	-	148,400
Transaction costs relating to the initial public offering	19	-	–7,555
Repayment of financial liabilities, net		–216,093	–132,971
Bond issuance		319,222	99,849
Distribution to shareholders		–30,080	–25,000
Distribution to non-controlling interests		–117	–117
Purchase of treasury shares		–1,135	-
Buyout of non-controlling interests		-	–30,737
Premature settlement of derivative financial instruments		–6,250	–5,904
Interest paid		–2,663	–6,701
Net cash from financing activities		**62,885**	**39,264**
Net change in cash and cash equivalents		**–2,401**	**4,957**
Cash and cash equivalents at beginning of period		52,940	47,983
Cash and cash equivalents at end of period		**50,539**	**52,940**

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	Capital reserves	Treasury shares	Retained earnings: Goodwill recognised	Retained earnings: General reserves	Total equity attributable to shareholders of Investis Holding SA	Non-controlling interests	Total shareholders' equity
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**
Equity as at 1 January 2017	**1,280**	**140,857**	**-**	**–51,163**	**465,601**	**556,575**	**995**	**557,570**
Net profit					57,456	57,456	148	57,604
Distribution to shareholders		–30,080				–30,080	–117	–30,197
Purchase of treasury shares			–1,135			–1,135		–1,135
Changes in scope of consolidation				–14,814		–14,814	–40	–14,854
Equity as at 31 December 2017	**1,280**	**110,777**	**–1,135**	**–65,977**	**523,057**	**568,002**	**987**	**568,989**

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 2017, 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 and facility services.

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 SA 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 article 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 Group.

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 twelve 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 twelve 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

In the year under review the Swiss GAAP FER accounting principles have not been changed.

CONSOLIDATION PRINCIPLES

The consolidated financial statements are based on the individual financial statements of the Group companies, which were prepared as at 31 December 2017 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 subsidiaries that are directly or indirectly controlled by Investis Holding SA. Investis Group controls a subsidiary if it is exposed to the fluctuating returns of the investment or if it holds rights to these returns and has the ability to influence these returns given its power over the subsidiary. This is the case where the Investis Group holds more than 50% of the voting rights of an entity or where the Investis Group has been granted management of an entity contractually or is exercising control by other means. 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 entities which Investis Group jointly controls with one or more joint venture partners, and whereby Investis Group is heavily involved in the management. Joint ventures are consolidated proportionally.

Associates are all companies on which Investis Group exerts significant influence, but does not have control. This is generally evidenced when Investis Group holds voting rights and share capital ownership of between 20% and 50% of a company. Investments in associated companies 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 as financial assets at acquisition cost, less any necessary write-downs.

Capital consolidation is based on the purchase method. Companies acquired by the Investis Group are included in the consolidated financial statements from the date of obtaining control. The net assets previously recognised by the acquired subsidiary 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.

In a business acquisition achieved in stages (including transactions with minorities) the goodwill is determined on each separate transaction and off-set against retained earnings. Goodwill arising from acquisitions of associates is recognised as part of the investment.

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 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 assets

Other tangible fixed assets are stated at cost less depreciation and impairment. The depreciation is on a straight-line basis over their estimated useful lives: three to ten years for office and other equipment.

Intangible assets

Acquired intangible assets are stated at cost less amortisation and impairment. The amortisation is on a straight-line basis over their estimated useful lives: three to five years for intangible assets. Internally generated intangible assets are not capitalised.

Investments in associated companies

Ownership interests of more than 20% in companies but in which the Investis Group has no control 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

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 17% and 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.

Equity

Treasury shares (own equity instruments held by the Group) are accounted for as a reduction of equity at acquisition cost and are not subsequently remeasured. When shares are sold out of treasury shares, the resulting profit or loss is recognised in the capital reserves, net of tax.

Share-based compensation

Share-based compensation to members of the Board of Directors and the Executive Board are stated at fair value and recognised in personnel expenses in the period in which the service is performed. Share-based compensation is disclosed in chapters 4.2 (for the Board of Directors) and chapter 4.3.3 (for the Executive Board) of the Compensation Report.

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 2017

In CHF 1,000	Properties	Real Estate Services	Corporate	Eliminations	Investis Group
Revenue [1]	47,492	147,637	-	–5,142	189,987
Direct expenses	–12,814	–14,178	-	5,129	–21,863
Personnel expenses	–599	–101,902	–3,606	-	–106,108
Other operating expenses	–1,685	–21,817	–1,216	13	–24,706
Operating profit before revaluations, disposal of investment properties, depreciation and amortisation	**32,394**	**9,740**	**–4,823**	**0**	**37,311**
Income from revaluations	24,953				24,953
Income from disposal of investment properties	696				696
Operating profit before depreciation and amortisation	**58,042**	**9,740**	**–4,823**	**-**	**62,959**
Depreciation and amortisation	–4	–1,900	–185	-	–2,088
Operating profit (EBIT)	**58,039**	**7,839**	**–5,007**	**-**	**60,871**
Total segment assets as at 31 December 2017 [2]	**1,142,532**	**75,790**	**31,175**	**–11,275**	**1,238,222**
Total segment liabilities as at 31 December 2017 [2]	**19,708**	**54,462**	**606,338**	**–11,275**	**669,233**
Headcount as at 31 December 2017	9	1,397	14		1,420
FTE as at 31 December 2017	9	1,126	13		1,147
FTE (full-time equivalent, average over the period)	4	1,126	13		1,143

1) Revenue 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 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
FTE as at 31 December 2016	2	906	11		919
FTE (full-time equivalent, average over the period)	2	889	11		902

1) Revenue 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:

	Annualised rental income	
In CHF million	31.12.2017	31.12.2016
Less than one year	0.5	0.8
1–5 years	3.1	1.6
More than 5 years	1.6	2.3

MOST IMPORTANT TENANTS

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

- As of 31.12.2017: Hospice Général, Permanent Mission of India to the UN in Geneva, Valotel Management (Fribourg) Sàrl, Valotel Management (Rothrist) AG and Valotel Management (Sion) SA
- As of 31.12.2016: Brandt SA, Duca SA, Valotel Management (Fribourg) Sàrl, Valotel Management (Rothrist) AG and Valotel Management (Sion) SA

Share of annualised rental income (%)	31.12.2017	31.12.2016
Most important tenant	1.5%	1.6%
Second to fifth most important tenants	3.1%	3.2%
Five most important tenants	4.6%	4.8%

3. PERSONNEL EXPENSES

In CHF 1,000	2017	2016
Wages and salaries	88,752	74,559
Social security	9,668	8,195
Pension funds	5,271	4,746
Other personnel expenses	2,416	2,157
Total personnel expenses	**106,108**	**89,657**

The expenses related to the share-based compensation recognised in the personnel expenses amount to CHF 0.7 million (2016: –).

There are no pension funds with a surplus or deficit (full-value insurance) or employer contribution reserves.

4. OTHER OPERATING EXPENSES

In CHF 1,000	2017	2016
Rent and utilities	6,983	6,570
Administrative expenses	12,997	11,529
Other operating expenses	4,726	3,446
Total other operating expenses	**24,706**	**21,544**

5. INCOME FROM DISPOSAL OF INVESTMENT PROPERTIES

In CHF 1,000	2017	2016
Sales proceeds, net	23,346	13,596
Investment costs	–20,366	–5,199
Gross profit from disposal of investment properties	**2,980**	**8,397**
Accumulated valuation gains	–2,284	–5,390
Net profit on disposal of investment properties	**696**	**3,007**
Of which profits on disposal of properties held for sale	135	2,113
Of which profits on disposal of residential properties	178	24
Of which profits on disposal of commercial properties	384	869

For details of the investment properties sold see Note 10 and Note 11.

6. FINANCIAL RESULT

In CHF 1,000	2017	2016
Interest income	53	115
Share of results of associates	125	35
Other financial income	445	1,815
Total financial income	**623**	**1,966**
Interest expenses on mortgages and bonds	–2,663	–6,512
Other interest expenses	–0	–132
Other financial expenses	–1,397	–13,040
Total financial expenses	**–4,060**	**–19,684**
Total financial result	**–3,437**	**–17,719**

In 2017, other financial expenses include CHF 0.8 million for the issuance of bonds and CHF 0.6 million for unrealised losses on securities.

In 2016, 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	2017	2016
Current income taxes	2,193	1,771
Deferred income taxes	–2,364	11,802
Total income taxes	**–170**	**13,574**

Due to the release of deferred tax liabilities the total income taxes resulted in an income in 2017.

In 2017, deferred taxes in the amount of CHF 10.8 million had to be reversed due to an announcement by Canton Vaud on 1 November 2017, that corporate tax reform would be implemented on the cantonal level at the beginning of 2019. This reform sets the new corporate tax rate at 13.79% as from 1 January 2019.

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	2017	2016
Profit before taxes	57,434	58,650
Expected Group tax rate	23%	24%
Expected income taxes	**13,210**	**14,076**
Non-deductible expenses	265	93
Tax-free income	–27	0
Use of non-capitalised tax losses carried forward	–974	–214
Non-capitalisable tax losses for the period	207	342
Expenses/income which are taxed at a lower/higher tax rate	–477	–471
Impact of changes in tax rate on deferred tax items recognised	–12,318	–220
Tax effects for prior periods	–57	–31
Effective income tax charge	**–170**	**13,574**
Effective tax rate	–0%	23%

Deferred income taxes are calculated for each subsidiary using the local tax rates. In 2017, the anticipated deferred taxes decreased as a result of the determined tax rate changes; this resulted in a positive tax effect of CHF 12.3 million (see also comments above). In 2017, the non-capitalised tax assets from losses carried forward decreased from CHF 1.6 million in 2016 to CHF 1.0 million. Deferred income tax assets include deferred income taxes on temporary differences. Accrued expenses and other liabilities include accrued taxes of CHF 0.7 million (2016: 1.9 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.

WEIGHTED AVERAGE NUMBER OF SHARES

	2017	2016
Shares issued as at 1 January 1)	12,800,000	10,000,000
Effects of capital increase (average) 2)	-	1,400,000
Effects of change in holdings of treasury shares	−2,969	-
Weighted average number of shares as at 31 December	**12,797,031**	**11,400,000**

1) In order to enhance comparability, the number of shares as of 1 January 2016 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 1 January 2016 amounted to 1,000,000 shares.

2) The capital increase (initial public offering of 2,800,000 shares) was effective on 30 June 2016, which resulted in the increase of the weighted average number of shares of 1,400,000.

EARNINGS PER SHARE

		31.12.2017	31.12.2016
Net profit attributable to Investis Holding SA shareholders	in CHF 1,000	57,456	44,222
Weighted average number of shares		12,797,031	11,400,000
Earnings per share (basic/diluted)	**in CHF**	**4.49**	**3.88**

NET ASSET VALUE PER SHARE

		31.12.2017	31.12.2016
Equity attributable to the shareholders of Investis Holding SA at end of period	in CHF 1,000	568,002	556,575
Number of shares		12,800,000	12,800,000
NAV per share (basic/diluted)	**in CHF**	**44.38**	**43.48**

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

		31.12.2017	31.12.2016
Equity attributable to the shareholders of Investis Holding SA at end of period	in CHF 1,000	568,002	556,575
Deferred taxes with regard to investment properties		147,625	145,551
Net asset value not including deferred taxes with regard to investment properties		**715,626**	**702,126**
Number of shares		12,800,000	12,800,000
NAV per share not including deferred taxes with regard to investment properties (basic/diluted)	**in CHF**	**55.91**	**54.85**

9. TRADE RECEIVABLES

In CHF 1,000	31.12.2017	31.12.2016
Trade receivables	14,442	11,684
Receivables from property accounts	970	3,235
Receivables from related parties	530	640
Provision for doubtful debts	–1,427	–1,061
Total trade receivables	**14,516**	**14,498**

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	2017	2016
Acquisition costs as at 1 January	18,141	14,116
Changes in scope of consolidation	6,529	-
Increases	15,172	724
Capitalisation of borrowing costs	19	-
Disposals	–11,383	–913
Reclassifications	7,328	4,213
Acquisition costs as at 31 December	**35,805**	**18,141**

In 2017, the residential properties “Chemin du Marquisat 15” in St-Sulpice, “Chamblandes; PPE” in Pully and one apartment in the jointly held (50%) property “Le Prado” in Lens were sold. The land “Saanen”, previously undeveloped plots of land, was reclassified as property held for sale.

On 21 November 2017, Investis increased its stake in the company La Foncière de la Dixence SA from 50% to 75%. Thus the consolidation method changed from proportional consolidation to full consolidation, which resulted in an addition from changes in scope of consolidation of CHF 6.5 million. The project company is in charge of planning and financing the Dixence Resort development project in Hérémence.

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

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 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	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**	-	-	**524,438**
Market value as at 31 December 2016	**841,961**	**113,129**	**64**	**7,328**	**962,481**
Market value as at 1 January 2017	**841,961**	**113,129**	**64**	**7,328**	**962,481**
Acquisition costs as at 1 January 2017	332,905	97,747	64	7,328	438,044
Changes in scope of consolidation	61,243	22,857	122	-	84,221
Increases	18,513	360	11,304	1,673	31,849
Disposals	–4,017	–4,965	-	-	–8,982
Reclassifications	–3,211	-	3,211	–7,328	–7,328
Acquisition costs as at 31 December 2017	**405,432**	**115,999**	**14,701**	**1,673**	**537,804**
Revaluation as at 1 January 2017	509,056	15,382	-	-	524,438
Gains on valuations	37,336	625	-	-	37,962
Losses on valuations	–8,319	–4,126	–563	-	–13,008
Disposals	–2,187	–97	-	-	–2,284
Reclassifications	–689	-	689	-	0
Revaluation as at 31 December 2017	**535,197**	**11,785**	**126**	-	**547,108**
Market value as at 31 December 2017	**940,629**	**127,784**	**14,826**	**1,673**	**1,084,912**

Increases consisted of value-enhancing renovations, purchases of buildings and investments.

In 2017, six residential properties (Avenue Général-Guisan 40 in Pully, Chemin Fagne 1 in Bière, Route de Tsarbouye 61 in Crans-Montana, Route du Pont du Diable 3 in Lens, Rue de la Télérésidence 2 in Lens and one building plot of Route de Crans 87 in Lens) and one commercial property (Chemin de Planchy 15/15a in Bulle) were sold.

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.

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 2016	**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**
Acquisition costs as at 1 January 2017	10,428	3,776
Changes in scope of consolidation	2,562	-
Additions	2,293	1,107
Disposals	–3,427	–494
Acquisition costs as at 31 December 2017	**11,855**	**4,390**
Accumulated depreciation/amortisation as at 1 January 2017	5,615	2,869
Changes in scope of consolidation	1,339	-
Depreciation/amortisation in the reporting period	1,426	663
Disposals	–1,732	–476
Accumulated depreciation/amortisation as at 31 December 2017	**6,647**	**3,055**
Net carrying amount as at 31 December 2017	**5,207**	**1,335**

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	2017	2016
Acquisition costs		
Acquisition costs as at 1 January	51,163	50,527
Additions	14,814	636
Acquisition costs as at 31 December	**65,977**	**51,163**
Accumulated amortisation as at 1 January	28,308	19,618
Amortisation for the period	11,704	8,690
Accumulated amortisation as at 31 December	**40,011**	**28,308**
Theoretical values as at 31 December	**25,966**	**22,855**

EFFECT ON CONSOLIDATED INCOME STATEMENT

In CHF 1,000	2017	2016
Net profit as per financial statements	57,604	45,077
Amortisation of goodwill	–11,704	–8,690
Theoretical net profit including goodwill amortisation	**45,900**	**36,387**

EFFECT ON CONSOLIDATED BALANCE SHEET

In CHF 1,000	31.12.2017	31.12.2016
Equity		
Equity as per financial statements	568,989	557,570
Theoretical value of goodwill	25,966	22,855
Theoretical equity when reporting goodwill	**594,955**	**580,426**

14. NON-CURRENT FINANCIAL ASSETS

In CHF 1,000	31.12.2017	31.12.2016
Financial assets of related parties	15,000	30,000
Total financial assets of related parties	**15,000**	**30,000**
Investments in associates [1)]	3,648	23
Other financial assets	934	3,034
Total other financial assets	**4,582**	**3,057**
Total non-current financial assets	**19,582**	**33,057**

1) Including goodwill arising from the acquisition in the amount of CHF 3.0 million (2016: —) which was recognised as part of the investment in associates.

On 9 October 2017, Investis Investments SA made a strategic investment by acquiring 50% of the shares in the Venture Capital firm Polytech Ventures Holding SA. Polytech Ventures evaluates industry needs in the field of digitalisation, develops disruptive business models on the basis of this evaluation, and supports innovative start-up companies.

Transactions involving related parties and companies are described in Note 24.

15. OTHER LIABILITIES

In CHF 1,000	31.12.2017	31.12.2016
Liabilities from property accounts	23,773	30,103
Derivative financial instruments	-	6,634
Others	20,211	6,409
Total other liabilities	**43,984**	**43,147**

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	31.12.2017	31.12.2016
Amortisation obligations on mortgages	160	322
Loans from third parties	5,000	5,000
Current mortgages	6,532	-
Current financial liabilities	**11,692**	**5,322**
Mortgages	9,665	225,250
Bonds	420,000	100,000
Loans from third parties	4,916	7,089
Non-current financial liabilities	**434,581**	**332,338**
Total financial liabilities	**446,273**	**337,660**

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

In 2017, a CHF 140 million bond maturing on 14 February 2019 was issued on 14 February 2017. The coupon is 0.25%. A further bond of CHF 180 million, maturing on 3 October 2022, with a coupon of 0.75%, was issued on 3 October 2017.

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

As at the balance sheet date, the following bonds are outstanding:

ISIN	CH 033 764 551 6	CH 035 259 586 9	CH 036 153 322 4
Trading currency	CHF	CHF	CHF
Issuing volume	100 million	140 million	180 million
Listing	SIX Swiss Exchange	SIX Swiss Exchange	SIX Swiss Exchange
Coupon	0.55%	0.25%	0.75%
Tenor	5 years	2 years	5 years
Payment date	15 November 2016	14 February 2017	3 October 2017
Redemption date	15 November 2021	14 February 2019	3 October 2022

Investment properties in the amount of CHF 245.3 million (31.12.2016: CHF 344.3 million) were pledged to secure mortgages.

Unused credit lines totalled CHF 201 million at 31 December 2017 (31.12.2016: CHF 136 million).

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

In CHF 1,000	31.12.2017	31.12.2016
Rollover mortgages	2,594	174,736
Due within the first year [1]	6,532	39,905
Due within the second year	145,080	-
Due within the third year	2,151	8,780
Due within the fourth year	100,000	2,151
Due within the fifth year and beyond	180,000	100,000
Total mortgages and bonds	**436,357**	**325,572**
Loans from third parties [2]	9,916	12,089
Total other financial liabilities	**9,916**	**12,089**
Total financial liabilities	**446,273**	**337,660**

1) Mortgages due within the first year are reported under non-current liabilities if extensions are planned.
2) Loans from third parties include as at 31 December 2017 unsettled purchase price consideration for the Privera-Group acquisition (September 2014) of CHF 5 million (31.12.2016: CHF 10 million), which is interest free and 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 31.12.2017	31.12.2017	31.12.2016
Up to one year		16,357	225,572
Up to 2 years		140,000	-
Up to 3 years		-	-
Up to 4 years		100,000	-
Up to 5 years and beyond		180,000	100,000
Total mortgages and bonds	0.25%–1.0%	**436,357**	**325,572**
Loans from third parties		9,916	12,089
Total other financial liabilities	0.0%–2.5%	**9,916**	**12,089**
Total financial liabilities		**446,273**	**337,660**

The weighted average interest rate for all mortgages and bonds amounted to 0.7% (2016: 2.0%).

17. PROVISIONS

In CHF 1,000	2017	2016
Provisions as at 1 January	2,091	2,804
Changes in scope of consolidation	255	124
Increase	222	241
Use	–33	–245
Release	–372	–833
Provisions as at 31 December	**2,164**	**2,091**

The position includes mainly provisions for lease commitments (CHF 0.9 million, 2016: 1.1 million) and for pending legal cases and disputes (CHF 0.8 million, 2016: 0.7 million).

18. DEFERRED TAXES

In CHF 1,000	2017	2016
Deferred tax assets	56	204
Deferred tax liabilities	145,579	132,539
Deferred tax liabilities as at 1 January (net)	**145,523**	**132,335**
Changes in scope of consolidation	11,737	1,385
Changes recoginised in the income statement	–2,364	11,802
Deferred tax liabilities as at 31 December (net)	**154,896**	**145,523**
Deferred tax assets	81	56
Deferred tax liabilities	154,977	145,579

Deferred taxes are calculated using the local applicable tax rates for each subsidiary (see Note 7).

19. EQUITY

As at 31 December 2017, the share capital consists of 12,800,000 registered shares at a par value of CHF 0.10 each and remains unchanged from 31 December 2016. The number of shares of Investis Investments SA (formerly Investis Holding SA) as at 1 January 2016 amounted to 1,000,000 shares at a par value of CHF 1.00 each (see also Accounting Principles).

On 4 July 2016, 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.

CONDITIONAL SHARE CAPITAL

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 resolution of the Annual General Meeting
- 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 7.0 million (2016: 6.7 million).

TREASURY SHARES

In 2017, Investis Holding SA acquired treasury shares for the first time.

	2017		2016	
	Quantity	Value in CHF 1,000	Quantity	Value in CHF 1,000
Net carrying amount as at 1 January	-	-		
Purchase of treasury shares [1]	20,000	–1,135		
Net carrying amount as at 31 December	20,000	**–1,135**	-	-

1) In the year under review, Investis Holding SA acquired 20,000 (2016: -) registred treasury shares at an average price of CHF 56.75 (2016: CHF -)

20. ACQUISITIONS AND DISPOSALS OF CONSOLIDATED COMPANIES

In CHF 1,000			2017		2016
			Acquisitions	Acquisitions	Disposals
	Hauswartprofis	Others	Total	Total	Total
Cash and cash equivalents	5,942	689	6,630	42	24
Trade and other current receivables	899	181	1,080	200	-
Investment properties and properties held for sale	-	90,750	90,750	19,923	-
Fixed assets	1,223	-	1,223	2	-
Financial assets	-	30	30	151	-
Trade and other current liabilities	−1,877	−2,052	−3,930	−145	−4
Non-current liabilities	−286	−24,454	−24,740	−11,009	-
Net assets acquired/disposed of	**5,900**	**65,144**	**71,044**	**9,164**	**20**
Goodwill (recognised in equity)	14,720	95	14,814	201	-
Purchase/selling price	20,619	65,239	85,858	9,364	20
Cash and cash equivalents acquired/disposed of	−5,942	−689	−6,630	−42	−24
Purchase price consideration for acquisitions in prior years			5,000	5,000	
Cash outflow on acquisitions			**84,228**	**14,322**	
Cash outflow from disposals					**−4**

TRANSACTIONS IN 2017

On 9 January 2017, Investis Properties SA acquired 100% of the shares in the real estate company Alaïa Invest SA, Lens.

On 10 January 2017, Investis Investments SA acquired 100% of the shares in Wegra Holding AG, which holds 100% of the operating subsidiaries of “Hauswartprofis”. The company provides services in the area of facility services and strengthens the respective activity offered by the Real Estate Services segment in the greater Zurich area.

On 10 March 2017, Investis Properties SA acquired 100% of the shares in the real estate company Domus Angelo Sàrl, Luxembourg.

On 1 May 2017, Investis Properties SA acquired 100% of the shares in the real estate company Jalu SA, Geneva.

On 7 July 2017, Investis Properties SA acquired 100% of the shares in the real estate company Parallax SA, Geneva.

On 14 July 2017, Investis Properties SA acquired 100% of the shares in the real estate company Casamar AG, Geneva.

On 15 September 2017, Valotel SA acquired 100% of the shares in the real estate company Hotel Investissements et Management SA, Fribourg.

On 21 November 2017, Investis Investments SA increased its shareholding in the proportional consolidated company La Foncière de la Dixence SA from 50% to 75%. Hence, the company is fully consolidated as of 31 December 2017.

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.

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.

21. DERIVATIVE FINANCIAL INSTRUMENTS

In CHF 1,000	31.12.2017 Purpose	31.12.2017 Positive fair values	31.12.2017 Negative fair values	31.12.2016 Purpose	31.12.2016 Positive fair values	31.12.2016 Negative fair values
Interest rate swaps		-	-	Trading	-	–6,634
Total derivative financial instruments		-	-		-	**–6,634**
Of which for hedging of future cash flows		-	-		-	-
Total recognised in the balance sheet		-	-		-	**–6,634**

As at 31 December 2017 there are no interest rate swaps.

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 are 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	31.12.2017	31.12.2016
Pledged assets		
Nominal charges on real estate property	245,260	344,338
Of which as security for own liabilities	16,357	225,572
Off-balance sheet lease/rental obligations		
1 – 2 years	11,504	12,973
3 – 5 years	10,659	11,093
over 5 years	1,460	2,162
Total	**23,623**	**26,227**

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 2017 and 2016 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 January 2017, the company Be Capital SA sold its 25% shareholding in Alaïa Invest SA to Investis Properties SA for CHF 0.03 million.

In 2017, the residential properties "Chemin du Marquisat 15" in St-Sulpice and "Chamblandes; PPE" in Pully were sold for CHF 10.6 million to companies controlled by Stéphane Bonvin.

In 2017, as well as in the year 2016, the financial assets of related parties were repaid by CHF 15.0 million and amounted as at 31 December 2017 to CHF 15.0 million (2016: CHF 30.0 million). As at 31 December 2017 the trade receivables from Be Capital SA amounted to CHF 0.5 million (2016: CHF 0.6 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 rental revenue amounting to CHF 1.6 million (2016: CHF 1.1 million) from the letting of three hotels in Fribourg, Rothrist and Sion to companies controlled by Stéphane Bonvin.

25. EVENTS AFTER THE BALANCE SHEET DATE

On 1 February 2018, Investis successfully completed its takeover, announced on 20 December 2017, of Société d'investissements immobiliers SII SA, a Geneva-based property company with an attractive portfolio of ten residential properties in Geneva. The acquisition price is CHF 108 million.

The Board of Directors approved the consolidated annual financial statements for publication on 19 March 2018. These statements are also subject to approval by the Annual General Meeting of Investis Holding SA on 20 April 2018.

No other events occurred between 31 December 2017 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 2017 or disclosure in this section.

26. GROUP COMPANIES

	Domicile	Original currency	Share capital in CHF 1,000	31.12.2017 Ownership interest 1)	31.12.2016 Ownership interest 1)	Footnote
Properties						
Investis Properties SA	Lens	CHF	1,650	100%	100%	C
Investis Patrimoine SA	Lens	CHF	100	100%	100%	C
Valotel SA	Lens	CHF	2,000	100%	100%	C
Domus Flavia Investments AG	Geneva	CHF	1,900	100%	100%	C
Serge Spaggiari SA	Perly-Certoux	CHF	200	100%	100%	C
Jalu SA	Lens	CHF	100	100%		C
Domus Angelo S.à.r.l.	Luxembourg (LUX)	EUR	200	100%		C
Parallax SA	Geneva	CHF	100	100%		C
Casamar AG	Geneva	CHF	100	100%		C
Alaïa Invest SA	Lens	CHF	100	100%		C
Hotel Investissements et Management AG	Fribourg	CHF	100	100%		C
Volki-Land AG	Volketswil	CHF	50	100%	100%	C
OR omiresidences Sàrl	Lens	CHF	20	100%	100%	C
Les Résidences Privées SA	Lens	CHF	100	100%	100%	C
La Foncière de la Dixence SA	Lens	CHF	200	75%	50%	C 2)
Raffaele Investissement SA	Lens	CHF	100	50%	50%	Q
Real Estate Services						
Privera AG	Muri bei Bern	CHF	4,000	100%	100%	C
Régie du Rhône SA	Lancy	CHF	3,000	100%	100%	C
Régie du Rhône Crans-Montana SA	Lens	CHF	100	100%	100%	C
Hauswartprofis AG	Mägenwil	CHF	200	100%		C
WEGRA Holding AG	Auenstein	CHF	100	100%		C
Hauswartprofis Mägenwil AG	Mägenwil	CHF	200	100%		C
Hauswartprofis ZH AG	Dübendorf	CHF	100	100%		C
Hauswartprofis Baar GmbH	Baar	CHF	20	100%		C
Treos AG	Volketswil	CHF	1,000	100%	100%	C
Synergie Services Facility Management SA	Lancy	CHF	100	100%	100%	C
AGD Renovationen AG	Neuenhof	CHF	500	53%	53%	C
Chauffage-Assistance SA	Geneva	CHF	100	100%	100%	C
Clim-Assistance SA	Geneva	CHF	100	100%	100%	C
SoRenova SA	Lens	CHF	100	100%	100%	C
Insite Management SA	Echandens	CHF	120	42%	42%	E
Corporate						
Investis Holding SA	Zurich	CHF	1,280	n.a.	n.a.	C
Investis Investments SA	Lens	CHF	1,000	100%	100%	C*
Investis Management SA	Lens	CHF	100	100%	100%	C
Investis SA	Lens	CHF	100	100%	100%	C
Minas-Tirith SA	Wollerau	CHF	100	100%	100%	C
Transimo SA	Fribourg	CHF	100	100%	100%	C
Polytech Ventures Holding SA	Ecublens	CHF	143	50%		E

C) Consolidated as at 31 December 2017
Q) Joint venture, quota consolidated as at 31 December 2017
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) Until 21 November 2017 quota consolidated

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

pwc

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 2017 and the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 69 to 100 and 109 to 115) give a true and fair view of the consolidated financial position of the Group as at 31 December 2017 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

Overview

Overall Group materiality: CHF 4'400'000

We conducted audits at 22 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 15% of the same.

As key audit matter the following area of focus has been identified:

Valuation of investment properties

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

Audit scope
We 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.

The audit strategy for the consolidated financial statements has been determined considering the work of component auditors from the PwC network. The audit of the consolidation process as well as the presentation and disclosure of the consolidated financial statements has been performed by us as group auditor. From 36 reporting units, we identified 6 reporting units (components) to be the largest contributors to the consolidated profit and equity. These reporting units were subject to a full scope audit by local PwC network firms. Regarding the work of component auditors, we have assured involvement as group auditors to ensure that we obtained adequate audit evidence from the work of the component auditors over the financial statements of the components as a basis for the opinion on the consolidated financial statements. Our involvement covered reviews of the component reportings, conference calls during interim and year-end audits and communication of identified risks and materiality levels determined at group level.

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 Group 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.

Overall Group materiality	CHF 4’400’000
How we determined it	0.8% of equity
Rationale for the materiality benchmark applied	We chose equity as the benchmark because, in our view, it is an industry benchmark for materiality considerations in the real estate business.

We agreed with the Audit Committee that we would report to them misstatements above CHF 440'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

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

Key audit matter	*How our audit addressed the key audit matter*
As of 31 December 2017, investment properties amount to around CHF 1'085 million (87.6% of total assets) and represent a significant balance sheet item. Investment properties are valued at fair value in accordance with Swiss GAAP FER 18. The fair value is highly dependent on the underlying assumptions. The Board of Directors and the 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 Investis 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.*	We looked at the contract with the independent external property appraiser and discussed the contractual relationship with Management of Investis Holding SA. We examined the basic information necessary for the individual valuations, as follows: • 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 either intends 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

Oliver Kuntze	Marc Zurflüh
Audit expert Auditor in charge	Audit expert

Bern, 19 March 2018