CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

In CHF 1,000	Note	2019	2018
Revenue	2, 3	187,509	197,491
Direct expenses	2	–22,562	–24,514
Personnel expenses	2, 4	–96,849	–108,582
Other operating expenses	2, 5	–21,433	–24,672
Operating profit before revaluations, disposal of properties and subsidiaries, depreciation and amortisation		**46,665**	**39,724**
Income from revaluations	12	56,577	24,157
Income from disposal of properties	6	8,235	12,770
Income from disposal of subsidiaries	1	18,238	-
Operating profit before depreciation and amortisation (EBITDA)		**129,714**	**76,651**
Depreciation and amortisation	13	–2,555	–2,076
Operating profit (EBIT)		**127,159**	**74,575**
Financial income		5,847	116
Financial expenses		–5,152	–3,939
Financial result	**7**	**695**	**–3,823**
Profit before taxes		**127,855**	**70,752**
Income taxes	8	44,970	–16,376
Net profit		**172,825**	**54,376**
Of which attributable to Investis Holding SA shareholders		172,726	54,331
Of which attributable to non-controlling interests		99	45
Earnings per share in CHF (basic/diluted)	9	13.59	4.27

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

CONSOLIDATED BALANCE SHEET

In CHF 1,000	Note	31.12.2019	31.12.2018
Cash and cash equivalents		65,830	33,245
Trade receivables	10	9,641	17,271
Other receivables		6,861	2,261
Properties held for sale	11	40,965	69,476
Prepaid expenses and accrued income		8,409	9,127
Total current assets		**131,707**	**131,380**
Investment properties	12	1,396,808	1,275,746
Tangible fixed assets	13	4,478	4,950
Intangible assets	13	2,630	1,997
Financial assets	15	29,850	9,464
Deferred tax assets	19	90	116
Total non-current assets		**1,433,857**	**1,292,273**
Total assets		**1,565,564**	**1,423,653**
Current financial liabilities	17	100,000	163,480
Trade payables		6,613	15,277
Other liabilities	16	4,402	55,713
Accrued expenses and deferred income		25,921	35,531
Total current liabilities		**136,936**	**270,001**
Mortgages	17	-	2,151
Bonds	17	560,000	380,000
Other non-current financial liabilities	17	-	4,001
Provisions	18	1,450	1,349
Deferred tax liabilities	19	127,197	177,639
Total non-current liabilities		**688,647**	**565,141**
Total liabilities		**825,583**	**835,142**
Share capital	20	1,280	1,280
Capital reserves		50,690	80,661
Treasury shares	20	–5,172	–5,936
Retained earnings		692,265	511,343
Equity attributable to the shareholders of Investis Holding SA		**739,063**	**587,348**
Non-controlling interests		918	1,163
Total shareholders’ equity		**739,981**	**588,511**
Total shareholders’ equity and liabilities		**1,565,564**	**1,423,653**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

In CHF 1,000	Note	2019	2018
Cash flow from operating activities			
Net profit		172,825	54,376
Financial result and income taxes		−45,665	20,199
Operating profit (EBIT)		**127,159**	**74,575**
Income from revaluations	12	−56,577	−24,157
Depreciation and amortisation	13	2,555	2,076
Income from disposal of properties	6	−8,235	−12,770
Income from disposal of subsidiaries	1	−18,238	-
Other non-cash items		−110	−809
Changes in net working capital			
Trade receivables		836	−2,931
Other receivables and prepaid expenses		−8,883	−5,317
Properties held for sale		4,890	−16,394
Trade payables		−6,495	10,914
Other liabilities and accrued expenses		−2,114	27,477
Income taxes paid		−10,931	−4,998
Net cash from operating activities (cash flow)		**23,858**	**47,666**
Cash flow from investing activities			
Investments in investment properties		−65,791	−76,882
Disposal of investment properties		18,029	13,687
Purchase of tangible fixed assets and intangible assets	13	−3,898	−2,321
Disposal of tangible fixed assets and intangible assets		27	45
Acquisition of subsidiaries, net of cash acquired	1	−42,165	−105,478
Disposal of subsidiaries, net of cash disposed	1	23,206	22,683
Repayment of loans to related parties	23	-	15,000
Disposal of associates		300	-
Increase of financial assets		−1,630	−5,196
Disposal of securities		-	4,095
Interest received		379	56
Net cash used in investing activities		**−71,543**	**−134,312**
Cash flow from financing activities			
Repayment of financial liabilities, net		−165,631	8,359
Bond issuance		279,152	99,647
Distribution to shareholders		−29,881	−30,062
Distribution to non-controlling interests		−117	−117
Purchase of treasury shares	20	-	−5,504
Interest paid		−3,255	−2,972
Net cash from financing activities		**80,269**	**69,352**
Net change in cash and cash equivalents		**32,585**	**−17,293**
Cash and cash equivalents at beginning of period		33,245	50,539
Cash and cash equivalents at end of period		**65,830**	**33,245**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

				Retained earnings				
In CHF 1,000	Share capital	Capital reserves	Treasury shares	Goodwill recognised	General reserves	Total equity attributable to shareholders of Investis Holding SA	Non-controlling interests	Total shareholders' equity
Equity as at 1 January 2018	**1,280**	**110,777**	**–1,135**	**–65,977**	**523,057**	**568,002**	**987**	**568,989**
Net profit					54,331	54,331	45	54,376
Distribution to shareholders		–30,062				–30,062	–117	–30,179
Purchase of treasury shares			–5,504			–5,504		–5,504
Use of treasury shares		–54	703			649		649
Changes in scope of consolidation				–36	–31	–67	247	180
Equity as at 31 December 2018	**1,280**	**80,661**	**–5,936**	**–66,013**	**577,357**	**587,348**	**1,163**	**588,511**
Equity as at 1 January 2019	**1,280**	**80,661**	**–5,936**	**–66,013**	**577,357**	**587,348**	**1,163**	**588,511**
Net profit					172,726	172,726	99	172,825
Distribution to shareholders		–29,881				–29,881	–117	–29,997
Use of treasury shares		–90	764			674		674
Changes in scope of consolidation				8,196		8,196	–227	7,969
Equity as at 31 December 2019	**1,280**	**50,690**	**–5,172**	**–57,817**	**750,083**	**739,063**	**918**	**739,981**

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 2019, 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.

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, cash flows 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.

APPLICATION OF NEW 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 2019 and drawn up according to uniform accounting principles. 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. The 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 the Investis Group jointly controls with one or more joint venture partners, and whereby the Investis Group is heavily involved in the management. Joint ventures are consolidated proportionally.

Associates are all companies on which the Investis Group exerts significant influence but does not have control. This is generally evidenced when the 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 offset against retained earnings. Where an offset 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 offset against retained earnings. Goodwill arising from acquisitions of associates remains 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 (after goodwill recycling) recognised in the operating result. Non-controlling interests in equity and profit are presented separately in the consolidated balance sheet and the consolidated income statement.

Changes in the scope of consolidated companies are disclosed in Note 1.

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 are made up of investments in shares, 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 and valued at cost.

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 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.

Properties reclassed from investment properties under construction (non-current assets, valued at fair value) are subsequently valued at the lower of this value (including construction costs after reclassification) or fair value.

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 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 fair value are recognised in the income statement in the period in which they occur. 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

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

Financial assets

These items include investments in associates, long-term loans and other long-term receivables that are stated at nominal value. Investments in associates are ownership interests of more than 20% in companies in which the Investis Group has no control. They are valued and accounted for using the equity method.

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 respective note.

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.

Current and non-current financial liabilities

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. Financial liabilities are stated at nominal value.

Bond issuance 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 14% 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 Investis Group) are accounted for as a reduction of equity at acquisition cost and are not subsequently remeasured. When shares are used or 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

Investis has no derivative financial instruments outstanding at the balance sheet date.

Transactions with related parties

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 23.

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.

Contingent liabilities and other obligations

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, services and/or goods, 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 Investis Group. Such risks are then either borne, avoided, reduced or passed on by the measures decided upon by the Board of Directors.

1. ACQUISITIONS AND DISPOSALS OF CONSOLIDATED COMPANIES

In CHF 1,000	2019				2018			
	Acquisitions	Disposals			Acquisitions			Disposals
	Total	Régie du Rhône SA	Others	Total	Société d'investissement immobiliers SII SA	Others	Total	Total
Cash and cash equivalents	584	−38,873	−3,256	−42,129	106	406	512	−100
Trade and other current receivables	133	−14,939	−2,074	−17,013	19	158	178	−370
Investment properties and properties held for sale	45,133	-	−62,963	−62,963	130,616	5,474	136,090	−18,900
Fixed assets	42	−454	−742	−1,197	-	210	210	-
Financial assets	-	−101	−74	−175	-	6	6	-
Trade and other current liabilities	−933	48,794	11,479	60,274	−1,754	−225	−1,980	228
Non-current liabilities	−4,487	75	5,352	5,427	−22,357	−906	−23,263	1,388
Non-controlling interests	29	-	198	198	-	-	-	-
Net assets acquired/disposed of	**40,500**	**−5,498**	**−52,080**	**−57,578**	**106,630**	**5,124**	**111,753**	**−17,754**
Investments in associates [1)]	-	-	578	578	-	-	-	-
Shareholder loan [1)]	-	-	21,922	21,922	-	-	-	-
Subtotal	**40,500**	**−5,498**	**−29,581**	**−35,078**	**106,630**	**5,124**	**111,753**	**−17,754**
Goodwill (recognised in/ derecognised from equity)	3,898	−8,284	−3,810	−12,094	-	36	36	-
Recognised income from disposal of properties	-	-	−3,682	−3,682	-	-	-	−6,529
Recognised income from disposal of subsidiaries [2)]	-	−15,785	−2,453	−18,238	-	-	-	-
Purchase/selling prices, net	**44,399**	**−29,567**	**−39,526**	**−69,093**	**106,630**	**5,160**	**111,790**	**−24,183**
Cash and cash equivalents acquired/disposed of	−584	38,873	3,256	42,129	−106	−406	−512	100
Unpaid purchase price consideration	−1,650	-	3,758	3,758	-	-	-	-
Purchase price consideration paid/received in prior years	-	-	-	-	−10,800	-	−10,800	1,500
Purchase price consideration for acquisitions in prior years	-			-			5,000	-
Cash outflow on acquisitions	**42,165**			-			**105,478**	-
Cash inflow from disposals				**−23,206**				**−22,683**

1) With the sale of half of the 83% stake in La Foncière de la Dixence SA, the remaining 42% stake was recognised as an investment in associates. The previously eliminated shareholder loan was recognised as a financial asset.
2) Recoginised as separate line in the income statement within operating result. In the half-year report 2019 the respective income from disposal of subsidiaries in the amount of CHF 1.0 million was disclosed as financial income.

TRANSACTIONS IN 2019

On 1 January 2019, Régie du Rhône SA acquired and integrated the property management portfolio of DHR Immobilier SA.

On 28 February 2019, 100% of the shares in Régie du Rhône Crans-Montana SA, Lens, were sold.

On 25 March 2019, half of the investment in La Foncière de la Dixence SA, Lens, was sold. The remaining 42% stake in the company was recognised as an investment in associates.

On 27 June 2019, 100% of the shares in Valotel SA, Lens, were sold.

On 8 August 2019, 100% of the shares in Régie du Rhône SA, Lancy, were sold.

On 8 August 2019, Investis Properties SA acquired 100% of the shares in the real estate companies RGS Immobilier SA, Geneva, and Intercapital Development & Management SA, Geneva.

On 30 August 2019, Hauswartprofis AG acquired and integrated the facility services portfolio of Handwerker & OPTIVER AG, Ettingen.

On 18 November 2019, 100% of the shares in Chauffage-Assistances SA, Geneva, Clim-Assistance SA, Geneva, and Synergie Services Facility Management SA, Lancy, were sold.

On 13 December 2019, Hauswartprofis AG acquired and integrated the facility services portfolio of Geronet SA, Vernier.

On 18 December 2019, all shares held (60%) in C.T. Creative Technologies SA, Martigny, were sold.

In 2019, net assets acquired in an acquisition in 2018 had to be adjusted. The recognition of a newly identified liability of CHF 0.07 million reduced the net asset value of the acquired company and consequently led to an increase in goodwill offset against retained earnings of CHF 0.04 million and a reduction in non-controlling interests of CHF 0.03 million.

TRANSACTIONS IN 2018

On 1 February 2018, Investis Properties SA acquired 100% of the shares in the real estate company Société d'investissements immobiliers SII SA, Geneva, and merged it into the acquiring company.

On 1 February 2018, 100% of the shares in Domus Flavia Investments AG, Geneva, were sold.

On 3 July 2018, Investis Properties SA acquired 100% of the shares in the real estate company Carmat S.A., Lausanne.

On 23 August 2018, Investis Investments SA increased its shareholding in the company La Foncière de la Dixence SA from 75% to 83%.

On 28 August 2018, 100% of the shares in Hotel Investissements et Management SA, Fribourg, were sold.

On 20 November 2018, Investis Investments SA acquired 60% of the shares in the company C.T. Creative Technologies SA, Martigny. The company provides services in the area of property management software solutions.

NON-CASH EFFECTS IN 2018

With the signing of the purchase price agreement for the acquisition of Société d'investissements immobiliers SII SA, Geneva, a deposit of CHF 10.8 million was paid in December 2017. As the transaction was completed only in February 2018, the corresponding cash outflow was reported as increase in other receivables in the net cash from operating activities (cash flow) in the Annual Financial Statements 2017.

With the signing of the purchase price agreement for the sale of Domus Flavia Investment AG, Geneva, a deposit of CHF 1.5 million was received in December 2017. As the transaction was completed only in February 2018, the corresponding cash inflow was reported as increase in other payables in the net cash from operating activities (cash flow) in the Annual Financial Statements 2017.

GROUP INTERNAL MERGERS IN 2018

As at 1 January 2018 following Group companies were merged:

– Casamar AG, Geneva, Jalu SA, Lens, Investis Patrimoine SA, Lens, Les Résidences Privées SA, Lens, Parallax SA, Geneva, Serge Spaggiari SA, Perly-Certoux, Transimo SA, Fribourg, and WEGRA Holding AG, Auenstein, were merged into Investis Properties SA, Lens.
– Hauswartprofis Baar GmbH, Baar, Hauswartprofis Mägenwil AG, Mägenwil, Hauswartprofis ZH AG, Dübendorf, and Treos AG, Volketswil, were merged into hauswartprofis AG, Mägenwil.
– Minas-Tirith SA, Wollerau, was merged into Investis Investments SA, Lens.

2. SEGMENT REPORTING

SEGMENT INFORMATION 2019

In CHF 1,000	Properties	Real Estate Services	Corporate	Eliminations	Investis Group
Revenue [1)]	56,980	135,967 [2)]	-	–5,438	187,509
Direct expenses	–16,638	–11,358	-	5,435	–22,562
Personnel expenses	–1,114	–92,251	–3,483	-	–96,849
Other operating expenses	–1,459	–18,518	–1,460	3	–21,433
Operating profit before revaluations, disposal of properties and subsidiaries, depreciation and amortisation	**37,768**	**13,840**	**–4,943**	-	**46,665**
Income from revaluations	56,577				56,577
Income from disposal of properties	8,235				8,235
Income from disposal of subsidiaries			18,238		18,238
Operating profit before depreciation and amortisation	**102,579**	**13,840**	**13,295**	-	**129,714**
Depreciation and amortisation	–30	–2,351	–173	-	–2,555
Operating profit (EBIT)	**102,549**	**11,489**	**13,122**	-	**127,159**
Total segment assets as at 31 December 2019 [3)]	**1,465,006**	**34,851**	**74,726**	**–9,020**	**1,565,564**
Total segment liabilities as at 31 December 2019 [3)]	**25,953**	**17,417**	**791,234**	**–9,020**	**825,583**
Headcount as at 31 December 2019	8	1,209	12		1,229
FTE as at 31 December 2019	8	959	10		977
FTE (full-time equivalent, average over the period)	9	1,061	11		1,081

1) Revenue is generated exclusively in Switzerland.
2) In 2019, revenue from subsidiaries disposed in 2019 amounted to CHF 20.6 million (2018: 34.4 million).
3) 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 2018

In CHF 1,000	Properties	Real Estate Services	Corporate	Eliminations	Investis Group
Revenue [1]	54,983	147,832	-	–5,324	197,491
Direct expenses	–16,504	–13,320	-	5,311	–24,514
Personnel expenses	–1,357	–103,853	–3,372	-	–108,582
Other operating expenses	–2,169	–21,085	–1,431	14	–24,672
Operating profit before revaluations, disposal of properties, depreciation and amortisation	**34,953**	**9,574**	**–4,803**	-	**39,724**
Income from revaluations	24,157				24,157
Income from disposal of properties	12,770				12,770
Operating profit before depreciation and amortisation	**71,880**	**9,574**	**–4,803**	-	**76,651**
Depreciation and amortisation	–16	–1,872	–187	-	–2,076
Operating profit (EBIT)	**71,864**	**7,701**	**–4,990**	-	**74,575**
Total segment assets as at 31 December 2018 [2]	**1,357,418**	**56,170**	**21,151**	**–11,086**	**1,423,653**
Total segment liabilities as at 31 December 2018 [2]	**48,593**	**28,880**	**768,754**	**–11,086**	**835,142**
Headcount as at 31 December 2018	10	1,368	13		1,391
FTE as at 31 December 2018	9	1,154	11		1,175
FTE (full-time equivalent, average over the period)	9	1,149	11		1,169

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.

3. 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 1,000	31.12.2019	31.12.2018
Less than one year	582	102
1–5 years	3,890	2,585
More than 5 years	780	1,600

MOST IMPORTANT TENANTS

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

- As of 31.12.2019: Clamac SA, Globe Plan et Cie SA, Hospice Général, Permanent Mission of India to the UN in Geneva, Régie du Rhône SA
- As of 31.12.2018: Hospice Général, Permanent Mission of India to the UN in Geneva, Valotel Management (Fribourg) Sàrl, Valotel Management (Rothrist) AG and Valotel Management (Sion) SA

Share of annualised rental income (%)	31.12.2019	31.12.2018
Most important tenant	2.0%	1.4%
Second to fifth most important tenants	3.4%	3.3%
Five most important tenants	5.4%	4.7%

4. PERSONNEL EXPENSES

In CHF 1,000	2019	2018
Wages and salaries	80,215	89,519
Share-based compensation	919	651
Social security expenses	8,606	9,792
Pension benefit expenses	4,540	5,146
Other personnel expenses	2,569	3,474
Total personnel expenses	**96,849**	**108,582**

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

5. OTHER OPERATING EXPENSES

In CHF 1,000	2019	2018
Rent and utilities	6,078	7,259
Administrative expenses	10,843	12,990
Other operating expenses	4,513	4,423
Total other operating expenses	**21,433**	**24,672**

6. INCOME FROM DISPOSAL OF PROPERTIES

In CHF 1,000	2019	2018
Sales proceeds, net	105,827	53,996
Investment costs	−96,047	−45,683
Gross profit from disposal of properties	**9,780**	**8,312**
Accumulated valuation gains	−1,545	4,458
Total profit on disposal of properties	**8,235**	**12,770**
Of which profits on disposal of properties held for sale	4,117	5,806
Of which profits on disposal of residential properties	1,582	396
Of which profits on disposal of commercial properties	1,813	6,568
Of which profits on disposal of undeveloped plots of land	723	-

For details of the properties sold see Note 11 and Note 12.

7. FINANCIAL RESULT

In CHF 1,000	2019	2018
Income from disposal of associates	4,748	-
Share of results of associates	719	-
Interest income	309	56
Other financial income	70	60
Total financial income	**5,847**	**116**
Interest expenses	−3,833	−2,978
Share of results of associates	−429	−423
Other financial expenses	−889	−539
Total financial expenses	**−5,152**	**−3,939**
Total financial result	**695**	**−3,823**

In 2019, the stake in Polytech Ventures Holding SA was reduced from 50% to 33%, the remaining financial investment in La Foncière de la Dixence was sold and the stake in YetiVisit SA was reduced from 40% to 13%, resulting in income from disposal of associates of CHF 4.7 million.

The weighted average interest expense for interest-bearing financial liabilities amounted to 0.6% (2018: 0.5%).

Other financial expenses include CHF 0.8 million (2018: CHF 0.4 million) for the issuance of bonds.

8. INCOME TAXES

In CHF 1,000	2019	2018
Current income taxes	8,556	15,388
Deferred income taxes	−53,527	989
Total income taxes	**−44,970**	**16,376**

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	2019	2018
Profit before taxes	127,855	70,752
Expected Group tax rate	23%	23%
Expected income taxes	**29,407**	**16,273**
Non-deductible expenses	152	195
Tax-free income	−6,014	−21
Use of non-capitalised tax losses carried forward	−122	−644
Non-capitalisable tax losses for the period	56	105
Expenses/income which are taxed at a lower/higher tax rate	−7,359	−135
Impact of changes in tax rate on deferred tax items recognised	−61,365	-
Tax effects for prior periods	275	603
Effective income tax charge	**−44,970**	**16,376**
Effective tax rate	−35%	23%

Due to the release of deferred tax liabilities the total income taxes resulted in an income in 2019.

In 2019, deferred taxes in the amount of CHF 61.4 million were reversed after the Canton of Geneva voted on 19 May 2019 that the corporate tax reform should be implemented at cantonal level at the beginning of 2020.

Deferred income taxes are calculated for each subsidiary using the local tax rates. In 2019, the non-capitalised tax assets from losses carried forward decreased from CHF 0.5 million in 2018 to CHF 0.1 million. Deferred income tax assets relate to deferred income taxes on temporary differences. Accrued expenses and other liabilities include accrued taxes of CHF 3.9 million (2018: CHF 5.8 million).

9. EARNINGS PER SHARE

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

WEIGHTED AVERAGE NUMBER OF SHARES

	2019	2018
Shares issued as at 1 January	12,800,000	12,800,000
Effects of change in holdings of treasury shares	–87,770	–67,813
Weighted average number of shares as at 31 December	**12,712,230**	**12,732,187**

EARNINGS PER SHARE

		2019	2018
Net profit attributable to Investis Holding SA shareholders	in CHF 1,000	172,726	54,331
Weighted average number of shares		12,712,230	12,732,187
Earnings per share (basic/diluted)	**in CHF**	**13.59**	**4.27**

10. TRADE RECEIVABLES

In CHF 1,000	31.12.2019	31.12.2018
Trade receivables	11,156	17,293
Receivables from property accounts	-	1,086
Receivables from related parties	-	139
Provision for doubtful debts	–1,515	–1,248
Total trade receivables	**9,641**	**17,271**

In 2018, 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. These receivables were connected to Group companies sold in 2019.

11. PROPERTIES HELD FOR SALE

In CHF 1,000	2019	2018
Acquisition costs as at 1 January	69,476	35,805
Changes in scope of consolidation	–32,631	7,850
Increases	10,519	28,601
Disposals	–16,455	–9,063
Reclassifications	10,056	6,283
Acquisition costs as at 31 December	**40,965**	**69,476**

In 2019, the consolidated Group company La Foncière de la Dixence SA was deconsolidated, together with the development project “Route de la Forêt Derrière" in Hérémence. Moreover, several apartments of “Route de Vermala 43/45” in Crans-Montana, “Route de Crans 89” in Lens and “Gstaadstrasse 6/8” in Saanen were sold. The increases relate to the acquisition of “Avenue Neuve 22” in Ardon and to ongoing construction activities in development properties. The properties “Vermala 43/45” in Crans-Montana and “Route de Crans 87” in Lens were reclassified from residential properties.

In 2018, the two properties “Rue de Zurich 35” in Geneva and “Rue du Vieux-Chêne 20/22” in Chêne-Bougeries were acquired in connection with the takeover of Société d’investissements immobiliers SII SA. The increases relate to ongoing construction activities in development properties. The properties “Rue de Zurich 35” in Geneva, “Rue du Vieux-Chêne 20/22” in Chêne-Bougeries, one apartment in the jointly held (50%) property “Rue du Prado 19” in Lens and one apartment of “Route de la Forêt Derrière” in Hérémence were sold. The property “Chemin des Chantres 8” in St.-Sulpice was reclassified from investment properties under construction and the property “Route de Crans 89” in Lens was reclassified from residential properties.

12. 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 2018	**940,629**	**127,784**	**14,826**	**1,673**	**1,084,912**
Acquisition costs as at 1 January 2018	405,432	115,999	14,701	1,673	537,804
Changes in scope of consolidation	128,240	−19,939	-	-	108,301
Increases	60,139	1,489	15,254	-	76,882
Disposals	−8,033	−7,388	−1,261	-	−16,682
Reclassifications	−2,536	-	−3,621	-	−6,157
Acquisition costs as at 31 December 2018	**583,242**	**90,162**	**25,073**	**1,673**	**700,149**
Revaluation as at 1 January 2018	535,197	11,785	126	-	547,108
Gains on valuations	32,395	552	-	-	32,947
Losses on valuations	−5,655	−3,135	-	-	−8,790
Disposals	1,092	2,327	-	-	3,419
Changes in scope of consolidation	-	1,039	-	-	1,039
Reclassifications	-	-	−126	-	−126
Revaluation as at 31 December 2018	**563,029**	**12,567**	**-**	**-**	**575,597**
Market value as at 31 December 2018	**1,146,271**	**102,729**	**25,073**	**1,673**	**1,275,746**
Market value as at 1 January 2019	**1,146,271**	**102,729**	**25,073**	**1,673**	**1,275,746**
Acquisition costs as at 1 January 2019	583,242	90,162	25,073	1,673	700,149
Changes in scope of consolidation	45,133	−29,114	−1,964	-	14,054
Increases	31,167	33,696	13,053	-	77,916
Disposals	−13,644	−566	-	−1,673	−15,883
Reclassifications	−8,442	27,396	−27,396	-	−8,442
Acquisition costs as at 31 December 2019	**637,456**	**121,574**	**8,765**	**-**	**767,796**
Revaluation as at 1 January 2019	563,029	12,567	-	-	575,597
Gains on valuations	70,165	2,214	-	-	72,379
Losses on valuations	−6,945	−8,858	-	-	−15,803
Disposals	−1,761	−531	-	-	−2,292
Changes in scope of consolidation	-	746	-	-	746
Reclassifications	−1,614	-	-	-	−1,614
Revaluation as at 31 December 2019	**622,874**	**6,139**	**-**	**-**	**629,013**
Market value as at 31 December 2019	**1,260,330**	**127,713**	**8,765**	**-**	**1,396,808**

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

In 2019, the four residential properties "Chemin de la Rochette 4" in Montpreveyres, "Avenue de Bussy 22/24" in Moudon, "Chemin de Valentines 25" in Bex, "Rue Juste Olivier 13" in Nyon, one part of the commercial property "Grand Place 12/14" in Lens and the undeveloped plot of land "Route de Vermala" in Crans-Montana were sold. Moreover, the consolidated Group company "Valotel SA" was disposed of, together with three commercial properties "Grand-Places 14" in Fribourg, "Avenue du Grand-Champsec 21" in Sion, "Helblingstrasse 9" in Rothrist and two properties under construction "Heiligkreuzstrasse" in St. Gallen and "Allée de la petite Prairie" in Nyon. The residential properties "Route de Vermala 43/45" in Crans-Montana and "Route de Crans 87" in Lens were reclassified as properties held for sale.

In 2018, the residential property "Route de Pliany 16/18" in Crans-Montana, the commercial property "Chemin Lambien" in Sion and the property under construction "Route du Lac" in Granges-Paccot were sold. Additionally, the consolidated Group company "Domus Flavia Investments AG" was disposed of, together with the commercial property "Rue Peillonnex 39" in Chêne-Bourg.

The valuation of investment properties as at 31 December 2019 was carried out by CBRE (Geneva) SA in accordance with national and international standards and guidelines (valuations were performed by Wüest Partner AG until 31.12.2018).

13. TANGIBLE FIXED ASSETS AND INTANGIBLE ASSETS

In CHF 1,000	Tangible fixed assets	Intangible assets
Net carrying amount as at 1 January 2018	**5,207**	**1,335**
Acquisition costs as at 1 January 2018	11,855	4,390
Changes in scope of consolidation	11	263
Additions	1,317	1,004
Disposals	–775	–88
Acquisition costs as at 31 December 2018	**12,408**	**5,569**
Accumulated depreciation/amortisation as at 1 January 2018	6,647	3,055
Changes in scope of consolidation	3	61
Depreciation/amortisation	1,543	533
Disposals	–736	–77
Accumulated depreciation/amortisation as at 31 December 2018	**7,458**	**3,572**
Net carrying amount as at 31 December 2018	**4,950**	**1,997**
Acquisition costs as at 1 January 2019	12,408	5,569
Changes in scope of consolidation	–2,445	–1,066
Additions	1,943	1,955
Disposals	–93	-
Acquisition costs as at 31 December 2019	**11,814**	**6,457**
Accumulated depreciation/amortisation as at 1 January 2019	7,458	3,572
Changes in scope of consolidation	–1,916	–441
Depreciation/amortisation	1,859	696
Disposals	–66	-
Accumulated depreciation/amortisation as at 31 December 2019	**7,335**	**3,827**
Net carrying amount as at 31 December 2019	**4,478**	**2,630**

All intangible assets were acquired.

14. 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	2019	2018
Acquisition costs		
Acquisition costs as at 1 January	66,013	65,977
Additions	3,898	36
Disposal	–12,094	-
Acquisition costs as at 31 December	**57,817**	**66,013**
Accumulated amortisation as at 1 January	51,531	40,011
Amortisation for the period	8,552	11,519
Disposal	–10,778	-
Accumulated amortisation as at 31 December	**49,304**	**51,531**
Theoretical values as at 31 December	**8,513**	**14,483**

EFFECT ON CONSOLIDATED INCOME STATEMENT

In CHF 1,000	2019	2018
Net profit as per financial statements	172,825	54,376
Release of disposal of goodwill as per financial statements	12,094	-
Disposal of theoretical value of goodwill	–1,316	-
Amortisation of goodwill	–8,552	–11,519
Theoretical net profit including goodwill amortisation	**175,051**	**42,857**

EFFECT ON CONSOLIDATED BALANCE SHEET

In CHF 1,000	31.12.2019	31.12.2018
Equity		
Equity as per financial statements	739,981	588,511
Theoretical value of goodwill	8,513	14,483
Theoretical equity when reporting goodwill	**748,494**	**602,994**

15. FINANCIAL ASSETS

In CHF 1,000	31.12.2019	31.12.2018
Loans to third parties	17,902	717
Loans to associates	413	281
Investments in associates 1)	7,625	4,675
Other financial assets	3,910	3,791
Total financial assets	**29,850**	**9,464**

1) Including goodwill arising from the acquisition in the amount of CHF 2.7 million (2018: CHF 4.0 million) which was recognised as part of the investment in associates.

In 2019, loans to third parties include unpaid selling price consideration of CHF 3.8 million and CHF 8.3 million of the former shareholder loan to disposed Group company La Foncière de la Dixence SA.

In 2018, investments in associates include acquisitions of 28.6% of the share capital of PropTech Partners SA and 40% of the share capital of YetiVisit SA. Other financial assets include acquisitions of 10.7% of the share capital of Vanguard Internet SA and 10.8% of the share capital of Flatfox AG.

16. OTHER LIABILITIES

In CHF 1,000	31.12.2019	31.12.2018
Liabilities from property accounts	-	33,424
Others	4,402	22,289
Total other liabilities	**4,402**	**55,713**

In 2018, 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. These liabilities were connected to Group companies sold in 2019.

17. FINANCIAL LIABILITIES

In CHF 1,000	31.12.2019	31.12.2018
Current mortgages	-	23,480
Current bonds	100,000	140,000
Current financial liabilities	**100,000**	**163,480**
Mortgages	-	2,151
Bonds	560,000	380,000
Loans from third parties	-	4,001
Non-current financial liabilities	**560,000**	**386,153**
Total financial liabilities	**660,000**	**549,633**

Mortgages and bonds due for repayment within the next twelve months are reported under current financial liabilities.

In 2019, a CHF 140 million bond maturing on 15 February 2021 was issued on 14 February 2019. The coupon is 0.773%. The proceeds were used to refinance the CHF 140 million bond that expired on 14 February 2019. Furthermore, a CHF 140 million bond maturing on 9 October 2023, with a coupon of 0.05%, was issued on 9 October 2019.

In 2018, a CHF 100 million bond, maturing on 12 June 2020, with a coupon of 0.35%, was issued on 12 June 2018.

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

ISIN	CH 0373476792	CH 0419040818	CH 0337645516	CH 0361533224	CH 0419041519
Trading currency	CHF	CHF	CHF	CHF	CHF
Issuing volume	100 million	140 million	100 million	180 million	140 million
Listing	SIX Swiss Exchange	SIX Swiss Exchange	SIX Swiss Exchange	SIX Swiss Exchange	SIX Swiss Exchange
Coupon	0.35%	0.773%	0.55%	0.75%	0.05%
Tenor	2 years	2 years	5 years	5 years	4 years
Payment date	12 Jun 2018	14 Feb 2019	15 Nov 2016	3 Oct 2017	9 Oct 2019
Redemption date	12 Jun 2020	15 Feb 2021	15 Nov 2021	3 Oct 2022	9 Oct 2023

As at 31 December 2019, no properties (31.12.2018: properties in the amount of CHF 233.7 million) were pledged to secure mortgages and available credit lines. Credit lines (without securities) totalled CHF 107 million (31.12.2018: CHF 205 million), of which CHF 93 million was unused as at 31 December 2019 (31.12.2018: CHF 171 million).

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

In CHF 1,000	31.12.2019	31.12.2018
Rollover mortgages	-	18,400
Due within the first year	100,000	145,080
Due within the second year	240,000	102,151
Due within the third year	180,000	100,000
Due within the fourth year	140,000	180,000
Due within the fifth year and beyond	-	-
Total interest-bearing financial debt	**660,000**	**545,631**
Loans from third parties [1)]	-	4,001
Total other financial liabilities	-	**4,001**
Total financial liabilities	**660,000**	**549,633**

1) Loans from third parties as at 31 December 2018 had no fixed maturity and were interest-free.

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

In CHF 1,000	Interest rates as at 31.12.2019	31.12.2019	31.12.2018
Up to one year		100,000	165,631
Up to 2 years		240,000	100,000
Up to 3 years		180,000	100,000
Up to 4 years		140,000	180,000
Up to 5 years and beyond			-
Total interest-bearing financial debt	0.05%–0.77%	**660,000**	**545,631**
Loans from third parties		-	4,001
Total other financial liabilities		-	**4,001**
Total financial liabilities		**660,000**	**549,633**

18. PROVISIONS

In CHF 1,000	2019	2018
Provisions as at 1 January	1,349	2,164
Changes in scope of consolidation	–50	-
Increase	767	96
Use	–189	–178
Release	–428	–732
Provisions as at 31 December	**1,450**	**1,349**

The position includes mainly provisions for pending legal cases and disputes (CHF 0.8 million, 2018: CHF 0.3 million), for lease commitments (CHF 0.4 million, 2018: CHF 0.7 million) and for warranties (CHF 0.2 million, 2018: CHF 0.3 million).

19. DEFERRED TAXES

In CHF 1,000	2019	2018
Deferred tax assets	116	81
Deferred tax liabilities	177,639	154,977
Deferred tax liabilities as at 1 January (net)	**177,523**	**154,896**
Changes in scope of consolidation	3,111	21,638
Changes recognised in the income statement	–53,527	989
Deferred tax liabilities as at 31 December (net)	**127,108**	**177,523**
Deferred tax assets	90	116
Deferred tax liabilities	127,197	177,639

Deferred taxes are calculated using the local applicable tax rates for each subsidiary (see Note 8).

20. EQUITY

As at 31 December 2019, 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 2018.

CONDITIONAL SHARE CAPITAL

Article 3a of the Company's Articles of Association sets out that 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.

Article 3b of the Company's Articles of Association sets out that the share capital may be increased by the issuance of up to 1,280,000 fully paid-in registered shares with a nominal value of CHF 0.10 each, up to CHF 128,000, by means of the exercise of conversion rights and/or warrants granted in connection with newly or already issued bonds or similar debt instruments of the Company or its Group companies to Company creditors and/or investors.

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 of the Group amount to CHF 4.0 million (2018: CHF 6.1 million).

TREASURY SHARES

Members of the Board of Directors and the Executive Board received part of their compensation in shares. See compensation report.

	2019		2018	
	Quantity	Value in CHF 1,000	Quantity	Value in CHF 1,000
Net carrying amount as at 1 January	**97,384**	**5,936**	**20,000**	**1,135**
Purchase of treasury shares [1]	-	-	89,766	5,504
Use of treasury shares [2]	–12,533	–674	–12,382	–649
Loss on use of treasury shares recognised in capital reserves		–90		–54
Net carrying amount as at 31 December	**84,851**	**5,172**	**97,384**	**5,936**

1) In 2018, Investis Holding SA acquired 89,766 registered shares at an average price of CHF 61.31.
2) In 2019, Investis Holding SA used registered treasury shares at an average price of CHF 53.74 (2018: CHF 52.39).

21. CONTINGENT ASSETS AND LIABILITIES

In 2018, a Group company issued a bank guarantee until 31 March 2021 of CHF 13.7 million for a Valotel SA construction project in St. Gallen. Following the sale of Valotel SA on 27 June 2019, this bank guarantee was not replaced by the buyer and remains as a contingent liability of the Group.

In 2018, there are no material contingent assets or liabilities on the balance sheet date.

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

In CHF 1,000	31.12.2019	31.12.2018
Pledged assets		
Nominal charges on real estate property	-	233,718
Of which as security for own liabilities	-	25,631
Off-balance sheet lease/rental obligations		
Up to 1 year	4,302	6,880
From 1 year up to 5 years	11,478	12,973
Over 5 years	3,048	216
Total	**18,829**	**20,069**

23. TRANSACTIONS WITH RELATED PARTIES

Business transactions with related parties are based on standard commercial contractual forms and conditions. All transactions are included in the 2019 and 2018 consolidated financial statements. There are loans and services from and to related parties. The respective balances are reported separately in these financial statements (see Note 10 and Note 15).

The consolidated income statement 2019 contains rental revenue amounting to CHF 0.7 million (2018: CHF 1.4 million) from the letting of three hotels in Fribourg, Rothrist and Sion to companies controlled until 27 June 2019 by Stéphane Bonvin.

In 2018, the commercial property "Chemin Lambien" in Sion was sold for CHF 5.1 million to, and financial assets of related parties amounting to CHF 15.0 million were fully repaid by a company controlled by Stéphane Bonvin.

24. EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors approved the consolidated annual financial statements for publication on 23 March 2020. These statements are also subject to approval by the Annual General Meeting of Investis Holding SA on 28 April 2020.

No events occurred between 31 December 2019 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 2019 or disclosure in this section.

25. GROUP COMPANIES

	Domicile	Original currency	Share capital in CHF 1,000	31.12.2019 Ownership interest 1)	31.12.2018 Ownership interest 1)	Footnote
Investis Holding SA	**Zurich**	**CHF**	**1,280**	**n.a.**	**n.a.**	C
Properties						
Investis Properties SA	Lens	CHF	1,650	100%	100%	C
Domus Angelo S.à.r.l.	Luxembourg (LUX)	EUR	200	100%	100%	C
Alaïa Invest SA	Lens	CHF	100	100%	100%	C
Carmat S.A.	Lens	CHF	50	100%	100%	C
RGS Immobilier SA	Geneva	CHF	100	100%		C
Intercapital Development & Management SA	Geneva	CHF	100	100%		C
OR omiresidences Sàrl	Lens	CHF	20	100%	100%	C
Raffaele Investissement SA	Lens	CHF	100	50%	50%	Q
Valotel SA	Morges	CHF			100%	C 2)
La Foncière de la Dixence SA	Lens	CHF			83%	EP 2, 3)
Real Estate Services						
Privera AG	Muri bei Bern	CHF	4,000	100%	100%	C
Hauswartprofis AG	Mägenwil	CHF	200	100%	100%	C
AGD Renovationen AG	Neuenhof	CHF	500	53%	53%	C
SoRenova SA	Lens	CHF	100	100%	100%	C
Régie du Rhône SA	Lancy	CHF			100%	C 2)
Régie du Rhône Crans-Montana SA	Lens	CHF			100%	C 2)
Synergie Services Facility Management SA	Lancy	CHF			100%	C 2)
Chauffage-Assistance SA	Geneva	CHF			100%	C 2)
Clim-Assistance SA	Geneva	CHF			100%	C 2)
C.T. Creative Technologies SA	Martigny	CHF			60%	C 2)
Corporate						
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
Volki-Land AG	Volketswil	CHF	50	100%	100%	C
Insite Management SA	Echandens	CHF	120	42%	42%	EF
Polytech Ventures Holding SA	Ecublens	CHF	214	33%	50%	EF
PropTech Partners SA	Ecublens	CHF	144	30%	40%	EF
YetiVisit SA	Bulle	CHF	167	13%	40%	EF 4)

C) Consolidated
Q) Joint venture (proportionate consolidation)
EP) Investment in real estate company included in the consolidated financial statements using the equity method
EF) Financial investment 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 2019
3) Consolidated until ownership reduction to 42% on 25 March 2019. Thereafter, using the equity method until the sale of the remaining stake on 3 September 2019.
4) The investment was reduced from 40% to 13% on 27 December 2019 and was reclassified thereafter from investment in associates to other financial assets.

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 income statement for the year ended 31 December 2019, the consolidated balance sheet as at 31 December 2019, the consolidated statement of cash flows 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.

In our opinion, the consolidated financial statements (pages 76 to 107 and 113 to 119) give a true and fair view of the consolidated financial position of the Group as at 31 December 2019 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 SIX Swiss Exchange and comply with Swiss law.

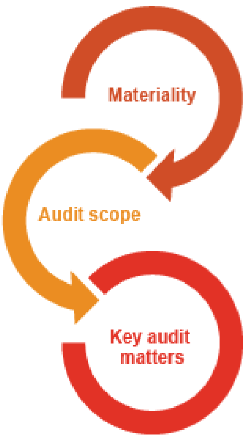
Basis for opinion

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 7,400,000

We concluded full scope audits at 4 reporting units. Our audit approach addressed over 90% of total assets.

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

Valuation of investment properties

PricewaterhouseCoopers AG, Bahnhofplatz 10, Postfach, CH-3001 Bern, Switzerland
Telefon: +41 58 792 75 00, Telefax: +41 58 792 75 10, www.pwc.ch

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 7,400,000
How we determined it	1% of equity
Rationale for the materiality benchmark applied	We chose equity as the benchmark because, in our view, it is a measure against which the performance of the Group is assessed and is a generally accepted benchmark for the real estate industry.

We agreed with the Audit Committee that we would report to them misstatements above CHF 740,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

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 was determined considering the work of component auditors from the PwC network. The audit of the consolidation process and of the presentation and disclosure of the consolidated financial statements was performed by us as group auditor. Out of 17 reporting units, we identified 4 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. We determined the level of involvement needed from us as group auditors to ensure that we obtained adequate audit evidence from the work of the component auditors regarding the financial statements of the components as a basis for our opinion on the consolidated financial statements. Our involvement included the communication of identified risks and materiality levels determined at group level as well as reviews of the component reports and conference calls during the interim and year-end audits.

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
We consider the valuation of investment properties to be a key audit matter because of the significance of the assets on the balance sheet and the judgement required in evaluating them. As of 31 December 2019, investment properties amount to CHF 1,397 million (89.2% of total assets). Investment properties are measured at fair value as of the reporting date. The Executive Board and the independent external property appraiser apply judgement when determining the valuation assumptions used in the valuation model. We identified the following risk in relation to the appropriateness of the valuation: • The valuation assumptions used, such as market rents, vacancy rates, operating/maintenance and investment costs as well as discount- and capitalisation rates, have a substantial impact on the outcome of the valuation. Determining these valuation assumptions involves significant judgement, which could lead to larger variations in the computed fair value than those observed in the market. Please refer to note 12 to the consolidated financial statements.	We read the contract between Investis Holding SA and the independent external property appraiser, and we evaluated the competence and capability as well as the objectivity of the independent external property appraiser. With regard to the valuation of investment properties, we included in our team internal PwC real estate specialists and we performed the following audit procedures: • On a sample basis, we examined and assessed the appropriateness of the applied valuation approaches (mainly discounted cash flow methods). • We examined the most important valuation assumptions, such as market rents, vacancy rates, operating/maintenance and investment costs as well as discount- and capitalisation rates. We checked whether these assumptions were within an acceptable range compared to market conditions by using benchmarks provided by recognised external data providers, other publicly available market data as well as empirical data from comparable properties supplied by our internal real estate specialists. We discussed with the Executive Board our audit results and the changes in valuations as well as the assumptions underlying the valuations. On the basis of our audit procedures, we are satisfied that the approach taken by the Executive Board was appropriate and that the valuation assumptions applied were within an acceptable range.

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	Audit expert
Auditor in charge	

Bern, 23 March 2020