CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

In CHF 1,000	Note	2020	2019
Revenue	2, 3	178,689	187,509
Direct expenses	2	–21,732	–22,562
Personnel expenses	2, 4	–92,942	–96,849
Other operating expenses	2, 5	–18,493	–21,433
Operating profit before revaluations, disposal of properties and subsidiaries, depreciation and amortisation		**45,523**	**46,665**
Income from revaluations	12	79,378	56,577
Income from disposal of properties	6	14,023	8,235
Income from disposal of subsidiaries	1	-	18,238
Operating profit before depreciation and amortisation (EBITDA)		**138,924**	**129,714**
Depreciation and amortisation	13	–2,707	–2,555
Operating profit (EBIT)		**136,216**	**127,159**
Financial income		458	5,847
Financial expenses		–4,003	–5,152
Financial result	**7**	**–3,545**	**695**
Profit before taxes		**132,672**	**127,855**
Income taxes	8	–19,076	44,970
Net profit		**113,596**	**172,825**
of which attributable to Investis Holding SA shareholders		113,397	172,726
of which attributable to non-controlling interests		199	99
Earnings per share in CHF (basic/diluted)	9	8.91	13.59

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

CONSOLIDATED BALANCE SHEET

In CHF 1,000	Note	31.12.2020	31.12.2019
Cash and cash equivalents		14,654	65,830
Trade receivables	10	9,570	9,641
Other receivables		3,321	6,861
Properties held for sale	11	21,501	40,965
Prepaid expenses and accrued income		3,477	8,409
Total current assets		**52,524**	**131,707**
Investment properties	12	1,468,454	1,396,808
Tangible fixed assets	13	4,570	4,478
Intangible assets	13	3,450	2,630
Financial assets	15	26,979	29,850
Deferred tax assets	18	9	90
Total non-current assets		**1,503,462**	**1,433,857**
Total assets		**1,555,986**	**1,565,564**
Current bonds	16	240,000	100,000
Trade payables		6,314	6,613
Other liabilities		4,187	4,402
Accrued expenses and deferred income		24,761	25,921
Total current liabilities		**275,262**	**136,936**
Bonds	16	320,000	560,000
Provisions	17	1,020	1,450
Deferred tax liabilities	18	137,752	127,197
Total non-current liabilities		**458,772**	**688,647**
Total liabilities		**734,034**	**825,583**
Share capital	19	1,280	1,280
Capital reserves		35,824	50,690
Treasury shares	19	–4,350	–5,172
Retained earnings		788,064	692,265
Equity attributable to the shareholders of Investis Holding SA		**820,818**	**739,063**
Non-controlling interests		1,134	918
Total shareholders' equity		**821,952**	**739,981**
Total shareholders' equity and liabilities		**1,555,986**	**1,565,564**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

In CHF 1,000	Note	2020	2019
Cash flow from operating activities			
Net profit		113,596	172,825
Financial result and income taxes		22,620	–45,665
Operating profit (EBIT)		**136,216**	**127,159**
Income from revaluations	12	–79,378	–56,577
Depreciation and amortisation	13	2,707	2,555
Income from disposal of properties	6	–14,023	–8,235
Income from disposal of subsidiaries	1	-	–18,238
Other non-cash items		–436	–110
Changes in net working capital			
Trade receivables		356	836
Other receivables and prepaid expenses		5,267	–8,883
Properties held for sale		9,144	4,890
Trade payables		–291	–6,495
Other liabilities and accrued expenses		–2,433	–2,114
Income taxes paid		–6,911	–10,931
Net cash from operating activities (cash flow)		**50,219**	**23,858**
Cash flow from investing activities			
Investments in investment properties		–44,599	–65,791
Disposal of investment properties		76,265	18,029
Purchase of tangible fixed assets and intangible assets	13	–3,165	–3,898
Disposal of tangible fixed assets and intangible assets		71	27
Acquisition of subsidiaries, net of cash acquired	1	–5,034	–42,165
Disposal of subsidiaries, net of cash disposed	1	6,360	23,206
Disposal of associates		-	300
Investments in financial assets		–2,012	–7,380
Disposal of financial assets		4,401	5,750
Interest received		361	379
Net cash from investing activities		**32,647**	**–71,543**
Cash flow from financing activities			
Bond issuance		-	279,152
Repayment of bond		–100,000	–140,000
Repayment of other current financial liabilities, net		-	–25,631
Distribution to shareholders		–29,912	–29,881
Distribution to non-controlling interests		–117	–117
Interest paid		–4,013	–3,255
Net cash used in financing activities		**–134,042**	**80,269**
Net change in cash and cash equivalents		**–51,176**	**32,585**
Cash and cash equivalents at beginning of period		65,830	33,245
Cash and cash equivalents at end of period		**14,654**	**65,830**

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 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**
Equity as at 1 January 2020	**1,280**	**50,690**	**–5,172**	**–57,817**	**750,083**	**739,063**	**918**	**739,981**
Net profit					113,397	113,397	199	113,596
Distribution to shareholders		–14,893			–15,020	–29,912	–117	–30,029
Use of treasury shares		27	822			849		849
Changes in scope of consolidation				–2,578		–2,578	134	–2,445
Equity as at 31 December 2020	**1,280**	**35,824**	**–4,350**	**–60,396**	**848,460**	**820,818**	**1,134**	**821,952**

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 2020, 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 2020 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.

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 as part of revenue.

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 dedicated 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. No internally generated intangible assets were 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 bond.

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

Income from disposal of properties

The result from property sales is recognised in income from disposal of properties and also includes the result of disposals of consolidated real estate companies.

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 22.

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 an outflow of funds without a useable inflow of funds, services and/or goods 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	2020 Acquisitions	2020 Disposals	2019 Acquisitions	2019 Disposals		
	Total	Total	Total	Régie du Rhône SA	Others	Total
Cash and cash equivalents	488	–74	584	–38,873	–3,256	–42,129
Trade and other current receivables	370	–39	133	–14,939	–2,074	–17,013
Investment properties and properties held for sale	1,626	–4,239	45,133	-	–62,963	–62,963
Fixed assets	519	-	42	–454	–742	–1,197
Other non-current assets	60	–101	-	–101	–74	–175
Trade and other current liabilities	–457	2	–933	48,794	11,479	60,274
Non-current liabilities	–13	-	–4,487	75	5,352	5,427
Non-controlling interests	–134	-	29	-	198	198
Net assets acquired/disposed of	**2,459**	**–4,452**	**40,500**	**–5,498**	**–52,080**	**–57,578**
Investments in associates 1)	-	-	-	-	578	578
Shareholder loan 1)	-	-	-	-	21,922	21,922
Subtotal	**2,459**	**–4,452**	**40,500**	**–5,498**	**–29,581**	**–35,078**
Goodwill (recognised in/derecognised from equity)	2,914	–180	3,898	–8,284	–3,810	–12,094
Recognised income from disposal of properties	-	–1,425	-	-	–3,682	–3,682
Recognised income from disposal of subsidiaries	-	-	-	–15,785	–2,453	–18,238
Purchase/selling prices, net	**5,372**	**–6,056**	**44,399**	**–29,567**	**–39,526**	**–69,093**
Cash and cash equivalents acquired/disposed of	–488	74	–584	38,873	3,256	42,129
Unpaid purchase price consideration	-	-	–1,650	-	3,758	3,758
Purchase price consideration for acquisitions/disposals in prior years	149	–378	-			-
Cash outflow on acquisitions	**5,034**		**42,165**			
Cash inflow from disposals		**–6,360**				**–23,206**

1) With the sale of half of the 83% stake in La Foncière de la Dixence SA in 2019, the remaining 42% stake was recognised as an investment in associates. The previously eliminated shareholder loan was recognised as a financial asset.

TRANSACTIONS IN 2020

On 10 January 2020, Investis Investments SA increased its shareholding in the proportional consolidated company Raffaele Investissement SA from 50% to 75%. On 17 January 2020, it increased its shareholding further to 100%. Hence, the formerly proportionally consolidated company is thereafter fully consolidated.

On 27 March 2020, Investis Investments SA acquired 80% of the shares in the company ProLabo Sàrl, Sion. The company provides services and analyses concerning building pollutions. The purchase agreement contains an irrevocable obligation to purchase the remaining 20% of the shares latest as per 31 December 2022. The purchase price depends on the operating result of the acquired company in the financial year prior to the execution of the put option by the seller.

On 31 August 2020, 100% of the shares in Raffaele Investissement SA, Lens, were sold.

GROUP INTERNAL MERGERS IN 2020

As at 1 January 2020, the following Group companies were merged with Investis Properties SA, Lens:

– Carmat S.A., Lens
– Intercapital Development & Management SA, Geneva
– RGS Immobilier SA, Geneva

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.

2. SEGMENT REPORTING

SEGMENT INFORMATION 2020

In CHF 1,000	Properties	Real Estate Services	Corporate	Eliminations	Investis Group
Revenue [1]	57,869	124,605	-	–3,784	178,689
Direct expenses	–17,458	–8,056	-	3,783	–21,732
Personnel expenses	–1,226	–87,806	–3,910	-	–92,942
Other operating expenses	–1,958	–15,430	–1,106	1	–18,493
Operating profit before revaluations, disposal of properties and subsidiaries, depreciation and amortisation	**37,226**	**13,313**	**–5,016**	-	**45,523**
Income from revaluations	79,378				79,378
Income from disposal of properties	14,023				14,023
Income from disposal of subsidiaries			-		-
Operating profit before depreciation and amortisation (EBITDA)	**130,627**	**13,313**	**–5,016**	-	**138,924**
Depreciation and amortisation	–34	–2,549	–124	-	–2,707
Operating profit (EBIT)	**130,593**	**10,763**	**–5,140**	-	**136,216**
Total segment assets as at 31 December 2020 [2]	**1,500,677**	**30,150**	**30,865**	**–5,706**	**1,555,986**
Total segment liabilities as at 31 December 2020 [2]	**23,844**	**13,065**	**702,831**	**–5,706**	**734,034**
Headcount as at 31 December 2020	8	1,302	11		1,321
FTE as at 31 December 2020	8	999	10		1,016
FTE (full-time equivalent, average over the period)	9	1,016	10		1,034

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 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 (EBITDA)	**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.
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.

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 as at	
In CHF 1,000	31.12.2020	31.12.2019
Less than one year	1,778	582
1–5 years	1,176	3,890
More than 5 years	79	780

MOST IMPORTANT TENANTS

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

- As of 31.12.2020: ATHOMESWITZERLAND Sàrl, Clamac SA, Duca S.A., Globe Plan et Cie SA, Hospice Général
- 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

Share of annualised rental income (%) as at	31.12.2020	31.12.2019
Most important tenant	1.3%	2.0%
Second to fifth most important tenants	3.2%	3.4%
Five most important tenants	4.5%	5.4%

4. PERSONNEL EXPENSES

In CHF 1,000	2020	2019
Wages and salaries	75,944	80,215
Share-based compensation	1,417	919
Social security expenses	8,044	8,606
Pension benefit expenses	4,443	4,540
Other personnel expenses	3,094	2,569
Total personnel expenses	**92,942**	**96,849**

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	2020	2019
Rent and utilities	5,115	6,078
Administrative expenses	9,037	10,843
Other operating expenses	4,340	4,513
Total other operating expenses	**18,493**	**21,433**

6. INCOME FROM DISPOSAL OF PROPERTIES

In CHF 1,000	2020	2019
Sales proceeds, net	91,637	105,827
Investment costs	–68,515	–96,047
Gross profit from disposal of properties	**23,122**	**9,780**
Accumulated valuation gains	–9,099	–1,545
Total profit on disposal of properties	**14,023**	**8,235**
of which profits on disposal of properties held for sale	782	4,117
of which profits on disposal of residential properties	4,309	1,582
of which profits on disposal of commercial properties	8,932	1,813
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	2020	2019
Interest income	362	309
Share of results of associates	2	719
Income from disposal of associates	-	4,748
Other financial income	94	70
Total financial income	**458**	**5,847**
Interest expenses	–3,640	–3,833
Share of results of associates	–178	–429
Other financial expenses	–185	–889
Total financial expenses	**–4,003**	**–5,152**
Total financial result	**–3,545**	**695**

The weighted average interest expense for interest-bearing financial liabilities amounted to 0.5% (2019: 0.6%).

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.

In 2019, other financial expenses include CHF 0.8 million for the issuance of bonds.

8. INCOME TAXES

In CHF 1,000	2020	2019
Current income taxes	8,504	8,556
Deferred income taxes	10,571	–53,527
Total income taxes	**19,076**	**–44,970**

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	2020	2019
Profit before taxes	132,672	127,855
Expected Group tax rate	16%	23%
Expected income taxes	**21,227**	**29,407**
Non-deductible expenses	163	152
Tax-free income	–585	–6,014
Use of non-capitalised tax losses carried forward	–11	–122
Non-capitalisable tax losses for the period	127	56
Expenses/income which are taxed at a lower/higher tax rate	–1,779	–7,359
Impact of changes in tax rate on deferred tax items recognised	–119	–61,365
Tax effects for prior periods	54	275
Effective income tax charge	**19,076**	**–44,970**
Effective tax rate	14%	–35%

Deferred income taxes are calculated for each subsidiary using the local tax rates. Due to the implementation of the tax reform in Canton Geneva, the expected Group tax rate was reduced from 23% in 2019 to 16% in 2020. In 2020, the non-capitalised tax assets from losses carried forward amount to CHF 0.1 million (2019: 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 5.7 million (2019: CHF 3.9 million).

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.

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

	2020	2019
Shares issued as at 1 January	12,800,000	12,800,000
Effects of change in holdings of treasury shares	–75,566	–87,770
Weighted average number of shares as at 31 December	**12,724,434**	**12,712,230**

EARNINGS PER SHARE

		2020	2019
Net profit attributable to Investis Holding SA shareholders	in CHF 1,000	113,397	172,726
Weighted average number of shares		12,724,434	12,712,230
Earnings per share (basic/diluted)	**in CHF**	**8.91**	**13.59**

10. TRADE RECEIVABLES

In CHF 1,000	31.12.2020	31.12.2019
Trade receivables	10,864	11,156
Receivables from related parties	122	-
Provision for doubtful debts	–1,416	–1,515
Total trade receivables	**9,570**	**9,641**

11. PROPERTIES HELD FOR SALE

In CHF 1,000	2020	2019
Acquisition costs as at 1 January	40,965	69,476
Changes in scope of consolidation	–2,613	–32,631
Increases	4,192	10,519
Disposals	–10,700	–16,455
Reclassifications	–10,342	10,056
Acquisition costs as at 31 December	**21,501**	**40,965**

Increases consisted of purchases of buildings and ongoing construction activities in development properties.

In January 2020, the shareholding in the proportional consolidated company Raffaele Investissement SA was increased from 50% to 100%. Hence, the property "Le Prado" was thereafter fully consolidated until August 2020, when 100% of the shares of Raffaele Investissement SA were sold. Moreover, several apartments of "Avenue Neuve 22" in Ardon, "Gstaadstrasse 6/8" in Saanen, "Route de Crans 89" in Lens and "Route de Vermala 43/45" in Crans-Montana, were sold in 2020. The property "Chemin des Chantres 8" in St.-Sulpice was reclassified as residential property.

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.

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 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**
Market value as at 1 January 2020	**1,260,330**	**127,713**	**8,765**	**-**	**1,396,808**
Acquisition costs as at 1 January 2020	637,456	121,574	8,765	-	767,796
Increases	15,586	10,072	18,940	-	44,599
Disposals	–2,903	–50,671	-	-	–53,575
Reclassifications	10,342	-	-	-	10,342
Acquisition costs as at 31 December 2020	**660,481**	**80,975**	**27,706**	**-**	**769,162**
Revaluation as at 1 January 2020	622,874	6,139	-	-	629,013
Gains on valuations	109,721	1,272	-	-	110,993
Losses on valuations	–15,498	–16,117	-	-	–31,615
Disposals	–11,982	2,884	-	-	–9,099
Revaluation as at 31 December 2020	**705,114**	**–5,822**	**-**	**-**	**699,292**
Market value as at 31 December 2020	**1,365,595**	**75,153**	**27,706**	**-**	**1,468,454**

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

In 2020, the residential property “Rue de la Mairie 6” in Geneva and three commercial properties “Chemin des Olliquettes 10” in Petit-Lancy, “Rue du Valais 7/9/11” in Geneva and “Chemin de Grély 21” in Sion were disposed of. The property “Chemin des Chantres 8” in St.-Sulpice was reclassified from properties held for sale.

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.

As at 31 December 2020 and 2019, the valuation of investment properties was carried out by CBRE (Geneva) SA in accordance with national and international standards and guidelines.

13. TANGIBLE FIXED ASSETS AND INTANGIBLE ASSETS

In CHF 1,000	Tangible fixed assets	Intangible assets
Net carrying amount as at 1 January 2019	**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**
Acquisition costs as at 1 January 2020	11,814	6,457
Changes in scope of consolidation	782	20
Additions	1,641	1,524
Disposals	−1,749	−3
Acquisition costs as at 31 December 2020	**12,488**	**7,998**
Accumulated depreciation/amortisation as at 1 January 2020	7,335	3,827
Changes in scope of consolidation	263	20
Depreciation/amortisation	2,003	705
Disposals	−1,684	−3
Accumulated depreciation/amortisation as at 31 December 2020	**7,917**	**4,548**
Net carrying amount as at 31 December 2020	**4,570**	**3,450**

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	2020	2019
Acquisition costs		
Acquisition costs as at 1 January	57,817	66,013
Additions	2,914	3,898
Adjustment of goodwill acquired in prior years	–156	-
Disposal	–180	–12,094
Acquisition costs as at 31 December	**60,396**	**57,817**
Accumulated amortisation as at 1 January	49,304	51,531
Amortisation for the period	3,998	8,552
Disposal	–24	–10,778
Accumulated amortisation as at 31 December	**53,278**	**49,304**
Theoretical values as at 31 December	**7,118**	**8,513**

EFFECT ON CONSOLIDATED INCOME STATEMENT

In CHF 1,000	2020	2019
Net profit as per financial statements	113,596	172,825
Release of disposal of goodwill as per financial statements	180	12,094
Disposal of theoretical value of goodwill	–156	–1,316
Amortisation of goodwill	–3,998	–8,552
Theoretical net profit including goodwill amortisation	**109,622**	**175,051**

EFFECT ON CONSOLIDATED BALANCE SHEET

In CHF 1,000	31.12.2020	31.12.2019
Equity		
Equity as per financial statements	821,952	739,981
Theoretical value of goodwill	7,118	8,513
Theoretical equity when reporting goodwill	**829,070**	**748,494**

15. FINANCIAL ASSETS

In CHF 1,000	31.12.2020	31.12.2019
Loans to third parties	13,390	17,902
Loans to associates	416	413
Investments in associates 1)	7,633	7,625
Other financial assets	5,540	3,910
Total financial assets	**26,979**	**29,850**

1) Including goodwill arising from the acquisition in the amount of CHF 2.7 million (2019: CHF 2.7 million) which was recognised as part of the investment in associates.

In 2020, loans to third parties include unpaid selling price consideration of CHF 3.4 million (2019: CHF 3.8 million) and CHF 4.1 million (2019: CHF 8.3 million) of the former shareholder loan to disposed Group company La Foncière de la Dixence SA.

In 2020, investments in associates include acquisitions of 47% of the share capital of RedPapillons SA and 33% of the share capital of LM Properties SA. Other financial assets include the acquisition of 6% of the share capital of Taurus Group SA. The remaining participation of 13% of the share capital of YetiVisit SA was sold.

16. FINANCIAL LIABILITIES

In CHF 1,000	31.12.2020	31.12.2019
Current bonds	240,000	100,000
Current financial liabilities	**240,000**	**100,000**
Bonds	320,000	560,000
Non-current financial liabilities	**320,000**	**560,000**
Total financial liabilities	**560,000**	**660,000**

Bonds due for repayment within the next twelve months are reported under current financial liabilities.

As at 31 December 2020 and 2019, no properties were pledged to secure available credit lines. Credit lines with Swiss banks (without securities) totalled CHF 382 million (31.12.2019: CHF 107 million), of which CHF 368 million was unused as at 31 December 2020 (31.12.2019: CHF 93 million).

In 2020, the CHF 100 million bond, maturing on 12 June 2020, with a coupon of 0.35%, was repaid on redemption date.

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.

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

ISIN	CH 0419040818 1)	CH 0337645516	CH 0361533224	CH 0419041519
Trading currency	CHF	CHF	CHF	CHF
Issuing volume	140 million	100 million	180 million	140 million
Listing	SIX Swiss Exchange	SIX Swiss Exchange	SIX Swiss Exchange	SIX Swiss Exchange
Coupon	0.773%	0.55%	0.75%	0.05%
Tenor	2 years	5 years	5 years	4 years
Payment date	14 Feb 2019	15 Nov 2016	3 Oct 2017	9 Oct 2019
Redemption date	15 Feb 2021	15 Nov 2021	3 Oct 2022	9 Oct 2023

1) Refinanced with CHF 115 million, a coupon of 0.25% for a tenor of 4 years (15.02.2021-14.02.2025).

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

In CHF 1,000	31.12.2020	31.12.2019
Due within the first year	240,000	100,000
Due within the second year	180,000	240,000
Due within the third year	140,000	180,000
Due within the fourth year	-	140,000
Total interest-bearing financial liabilities	**560,000**	**660,000**

The interest maturity periods correspond to the above listed maturities. As at 31 December 2020 interest rates lie between 0.05% and 0.77% (31.12.2019: 0.05% and 0.77%). The average interest rate of the outstanding financial liabilities as per 31 December 2020 stands at 0.55% (31.12.2019: 0.52%).

17. PROVISIONS

In CHF 1,000	2020	2019
Provisions as at 1 January	1,450	1,349
Changes in scope of consolidation	-	–50
Increase	123	767
Use	–288	–189
Release	–265	–428
Provisions as at 31 December	**1,020**	**1,450**

The position includes mainly provisions for pending legal cases and disputes (CHF 0.6 million, 2019: CHF 0.8 million), for lease commitments (CHF 0.2 million, 2019: CHF 0.4 million) and for warranties (CHF 0.2 million, 2019: CHF 0.2 million).

18. DEFERRED TAXES

In CHF 1,000	2020	2019
Deferred tax assets	90	116
Deferred tax liabilities	127,197	177,639
Deferred tax liabilities as at 1 January (net)	**127,108**	**177,523**
Changes in scope of consolidation	64	3,111
Changes recognised in the income statement	10,571	−53,527
Deferred tax liabilities as at 31 December (net)	**137,742**	**127,108**
Deferred tax assets	9	90
Deferred tax liabilities	137,752	127,197

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

19. EQUITY

As at 31 December 2020, 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 2019.

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 3.9 million (2019: CHF 4.0 million).

TREASURY SHARES

Members of the Board of Directors, the Executive Board and employees in key management positions received part of their compensation in shares. See compensation report and Note 4.

	2020		2019	
	Quantity	Value in CHF 1,000	Quantity	Value in CHF 1,000
Net carrying amount as at 1 January	**84,851**	**5,172**	**97,384**	**5,936**
Use of treasury shares [1]	–13,485	–849	–12,533	–674
Gain on use of treasury shares recognised in capital reserves		27		–90
Net carrying amount as at 31 December	**71,366**	**4,350**	**84,851**	**5,172**

1) In 2020, Investis Holding SA used registered treasury shares at an average price of CHF 62.97 (2019: CHF 53.74).

20. CONTINGENT ASSETS AND LIABILITIES

In CHF 1,000	31.12.2020	31.12.2019
Bank guarantee	13,732	13,732
Irrevocable purchase obligation	p. m.	-
Total contingent liabilities	**13,732**	**13,732**

In 2020, Investis Investments SA acquired 80% of the shares in the company ProLabo Sàrl, Sion. The purchase agreement contains an irrevocable obligation to purchase the remaining 20% of the shares latest as per 31 December 2022. The purchase price depends on the operating result of the acquired company in the financial year prior to the execution of the put option by the seller.

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.

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

As at 31 December 2020 and 2019, there are no pledged assets.

Off-balance sheet lease and rental obligations are structured as follows, according to maturity:

In CHF 1,000	31.12.2020	31.12.2019
Up to 1 year	3,946	4,302
From 1 year up to 5 years	7,124	11,478
Over 5 years	1,406	3,048
Total	**12,476**	**18,829**

22. TRANSACTIONS WITH RELATED PARTIES

Business transactions with related parties are based on standard commercial contractual forms and conditions. All transactions are included in the 2020 and 2019 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).

In 2020, 100% of the shares of Raffaele Investissement SA were sold by Investis Investments SA for CHF 6.1 million to a company controlled by Stéphane Bonvin.

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

23. EVENTS AFTER THE BALANCE SHEET DATE

On 15 February 2021, Investis Holding SA issued a CHF 115 million fixed-rate bond with a coupon of 0.25% and a tenor of four years (until 14 February 2025). The proceeds were used to partially refinance the CHF 140 million bond expiring on the same day.

On 12 March 2021, Investis signed and closed a share purchase agreement under which it acquired 100% of the shares in the facility services company Rohr AG, Hausen. The goodwill calculation from this transaction has not yet been finalised because the closing measurement of the balance sheet items will be carried out after publication of the consolidated annual financial statements. The goodwill will be charged directly against shareholders' equity and is expected to amount to CHF 14 million.

On 18 March 2021, Investis signed and closed a share purchase agreement under which it acquired 100% of the shares in the facility services company SEA lab - Safety and Environmental Analysis SA, Biel. The goodwill calculation from this transaction has not yet been finalised because the closing measurement of the balance sheet items will be carried out after publication of the consolidated annual financial statements. The goodwill will be charged directly against shareholders' equity and is expected to amount to CHF 10 million.

The Board of Directors approved the consolidated annual financial statements for publication on 22 March 2021. These statements are also subject to approval by the Annual General Meeting of Investis Holding SA on 27 April 2021.

No other events occurred between 31 December 2020 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 2020 or disclosure in this section.

24. GROUP COMPANIES

	Domicile	Original currency	Share capital in CHF 1,000	31.12.2020 Ownership interest [1]	31.12.2019 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
OR omiresidences Sàrl	Lens	CHF	20	100%	100%	C
Raffaele Investissement SA	Lens	CHF			50%	C [2]
Carmat S.A.	Lens	CHF			100%	C [3]
RGS Immobilier SA	Geneva	CHF			100%	C [3]
Intercapital Development & Management SA	Geneva	CHF			100%	C [3]
Real Estate Services						
Privera AG	Muri bei Bern	CHF	4,000	100%	100%	C
Hauswartprofis AG	Mägenwil	CHF	200	100%	100%	C
SoRenova SA	Lens	CHF	100	100%	100%	C
ProLabo Sàrl	Sion	CHF	20	80%		C
AGD Renovationen AG	Neuenhof	CHF	500	53%	53%	C
Corporate						
Investis Investments SA	Lens	CHF	1,000	100%	100%	C [4]
Investis Management SA	Lens	CHF	100	100%	100%	C
Investis SA	Lens	CHF	100	100%	100%	C
Servicis AG	Zurich	CHF	50	100%	100%	C [5]
RedPapillons SA	Morges	CHF	100	47%		EF
Insite Management SA	Echandens	CHF	120	42%	42%	EF
Polytech Ventures Holding SA	Ecublens	CHF	214	33%	33%	EF
LM Properties SA	Ecublens	CHF	100	33%		EF
PropTech Partners SA	Pully	CHF	144	30%	30%	EF

C) Consolidated
EF) Financial investment included in the consolidated financial statements using the equity method.
1) Ownership interest is equal to voting rights.
2) Until 10 January 2020 quota consolidated. Thereafter fully consolidated until disposal on 31 August 2020.
3) As at 1 January 2020 merged into Investis Properties SA.
4) Investment held directly by Investis Holding SA.
5) Renaming from Volki-Land AG to Servicis AG and transfer of domicile from Volketswil to Zurich as at 23 January 2020.

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 2020, the "Consolidated balance sheet" as at 31 December 2020, the "Consolidated statement of cash flows" and the "Consolidated statement of changes in equity" for the year then ended, and "Notes to the consolidated financial statements", including a summary of accounting principles.

In our opinion, the consolidated financial statements (including the tables in the chapter "PROPERTY PORTFOLIO") give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 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 8'210'000

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 8'210'000
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 821'000 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 18 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 2020, investment properties amount to CHF 1,468 million (94.4% 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 experts 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 Group CFO 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 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
Audit expert
Auditor in charge

Matthias Zimny
Audit expert

Bern, 22 March 2021