

FINANCIAL STATEMENTS

INVESTIS HOLDING SA

Balance sheet	122
Income statement	123
Notes to the financial statement	124
Proposed appropriation of available earnings	130
Report of the statutory auditor on the financial statements	131

BALANCE SHEET

In CHF 1,000	Note	31.12.2017	31.12.2016
Cash and cash equivalents		256	30
Account receivables from Group companies		187	-
Current loans to Group companies	2.1	34,000	-
Prepaid expenses and accrued income		36	-
Total current assets		34,480	30
Non-current loans to Group companies	2.1	528,000	272,148
Investments in subsidiaries	2.2	200,000	200,000
Total non-current assets		728,000	472,148
Total assets		762,480	472,177
Account payables to Group companies		-	27
Accrued expenses		1,339	258
Total current liabilities		1,339	285
Bonds	2.3	420,000	100,000
Total non-current liabilities		420,000	100,000
Total liabilities		421,339	100,285
Share capital		1,280	1,280
Statutory capital reserves			
– Capital contribution reserve		112,521	142,699
– Other capital reserves		199,098	199,000
Retained earnings			
– Profit carried forward		28,914	-
– Profit for the year		463	28,914
Treasury shares		-1,135	-
Total equity	2.4	341,141	371,892
Total shareholders' equity and liabilities		762,480	472,177

INCOME STATEMENT

In CHF 1,000	Note	2017	2016
Income from investments in subsidiaries	2.5	-	30,000
Interest on loans to Group companies		3,129	832
Total income		3,129	30,832
Personnel expenses	2.6	-361	-331
Administrative expenses		-290	-1,365
Financial expenses		-1,977	-222
Total operating expenses		-2,627	-1,918
Profit before taxes		503	28,914
Income taxes		-39	0
Profit for the year		463	28,914

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING PRINCIPLES

1.1 GENERAL ASPECTS

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

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

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

1.2 ASSETS

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

1.3 LOANS AND INVESTMENTS

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

1.4 BONDS

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

1.5 TREASURY SHARES

Treasury shares are recognised at acquisition cost and deducted from equity. Gains and losses on the sale are recognised in equity.

2. INFORMATION ON BALANCE SHEET AND INCOME STATEMENT ITEMS

2.1. LOANS

In CHF 1,000	31.12.2017	31.12.2016
Loan to Investis Investments SA	558,000	272,148
Loan to other Group companies	4,000	-
Total loans to Group companies	562,000	272,148
Of which current assets	34,000	-
Of which non-current assets	528,000	272,148

2.2. INVESTMENTS

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

2.3 BONDS

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

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

Information on loan conditions is published in [Note 16](#) of the consolidated financial statements in this report.

2.4. EQUITY

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

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

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

In CHF 1,000	Share capital	Legal capital reserves		Retained earnings	Treasury shares	Total equity
		Capital contribution reserve	Other capital reserves	Profit for the year		
Equity as at 7 June 2016	1,000		199,000			200,000
Capital increase	280	142,699				142,979
Profit for the year				28,914		28,914
Equity as at 31 December 2016	1,280	142,699	199,000	28,914	-	371,892
Equity as at 1 January 2017	1,280	142,699	199,000	28,914		371,892
Reclassification		-98	98			0
Profit for the year				463		463
Dividends		-30,080				-30,080
Purchase of treasury shares					-1,135	-1,135
Equity as at 31 December 2017	1,280	112,521	199,098	29,377	-1,135	341,141

2.4.1 CAPITAL CONTRIBUTION RESERVE

The capital contribution reserve includes the premium from capital increase in 2016, minus the dividends distributed to date.

From a fiscal point of view, any distributions made from reserves from capital contributions are treated the same as a repayment of share capital. In 2017, the Swiss Federal Tax Administration (SFTA) has confirmed that it will recognise CHF 142.6 million of the disclosed reserves from capital contributions as at 31 December 2016 as a capital contribution as per article 5 para. 1bis Withholding Tax Act. The unconfirmed amount of CHF 0.1 million was reclassified to other capital reserves.

2.4.2 TREASURY SHARES

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

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

2.5 INCOME FROM INVESTMENTS IN SUBSIDIARIES

In 2017, no dividend from investments in subsidiaries was received. In 2016, the dividend from investments in subsidiaries amounted to CHF 30.0 million.

2.6. PERSONNEL EXPENSES

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

3. OTHER INFORMATION

3.1 FULL-TIME EQUIVALENT

Investis Holding SA has no employees.

3.2 SIGNIFICANT SHAREHOLDERS

As at 31 December, the Board of Directors is aware of the following shareholders and groups of shareholders that hold at least 3% of the voting rights in the Company:

Stéphane Bonvin owned 9,791,080 shares or 76.5% (2016: 9,751,080 or 76.2%) of the outstanding share capital.

3.3 SHARE OWNERSHIP

Members of the Board of Directors

(non-executive)

As at 31 December 2017, the non-executive members of the Board of Directors (including their related parties) held the following Investis shares.

As at 31 December 2017	Function	Number of registered shares held	Voting rights in % (rounded)
Riccardo Boscardin	Chairman, Member of the Audit and Compensation Committee	2,000	<0.1
Albert Baehny	Vice-Chairman and Chairman of the Compensation Committee	18,867	0.1
Thomas Vettiger	Member and Chairman of the Audit Committee	1,500	<0.1
Total		22,367	0.2

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

Members of the Executive Board

(including the executive member of the Board of Directors)

As at 31 December 2017, the executive member of the Board of Directors and the members of the Executive Board (including their related parties) held the following Investis shares.

As at 31 December 2017	Function	Number of registered shares held	Voting rights in % (rounded)
Stéphane Bonvin ¹⁾	Chief Executive Officer and member of the Board of Directors	9,791,080	76.5
René Häsler	Chief Financial Officer	11,340	0.1
Walter Eberle	Head of Facility Services	6,000	<0.1
Catherine Dubey ²⁾	Head Real Estate Services	600	<0.1
Total		9,809,020	76.6

- 1) In the context of the initial public offering carried out in June 2016, Stéphane Bonvin, as selling shareholder, entered into a lock-up arrangement with Credit Suisse AG (acting on behalf of the other banks) covering any shares within a 67% stake in the share capital of Investis as of the first trading day for a period of 36 months after the first trading day.
- 2) Member of the Executive Board until 31 March 2017

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

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

3.4 EVENTS AFTER THE BALANCE SHEET DATE

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

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

PROPOSED APPROPRIATION OF AVAILABLE EARNINGS

PROPOSED APPROPRIATION OF AVAILABLE EARNINGS

In CHF 1,000	31.12.2017	31.12.2016
Profit brought forward from prior year	28,914	-
Profit for the year	463	28,914
Retained earnings available for Annual General Meeting	29,377	28,914
The Board of Directors proposes to the Annual General Meeting that the balance be carried forward to the new accounts		
Balance to be carried forward	29,377	28,914

PAYOUT FROM STATUTORY CAPITAL CONTRIBUTION RESERVE

The Board of Directors proposes to the Annual General Meeting an appropriation from statutory capital contribution reserves to voluntary retained earnings and a payout of CHF 2.35 per registered share amounting to CHF 30,080,000¹⁾.

In CHF 1,000	2017	2016
Statutory capital contribution reserves before distribution	112,619	142,699
Reclass to other capital reserves ²⁾	-98	-
Appropriation from statutory capital reserves to voluntary retained earnings	-30,080	-30,080
Statutory capital contribution reserves after distribution	82,441	112,619
Distribution ¹⁾		
Gross distribution per registered share: CHF 2.35 (2016: CHF 2.35)		
on 12,780,000 shares entitled to distribution at 31 December 2017 (2016: 12,800,000)	30,033	30,080
on 20,000 treasury shares set aside for the employee share plan at 31 December 2017 (2016: -)	47	-
Less withholding tax	-	-
Net distribution	30,080	30,080

- 1) The Company will waive its entitlement to such payments from the statutory capital contribution reserves for the treasury shares held on the distribution date which are reserved for use in its employee share plan. The amount due on these shares will be taken to the statutory capital contribution reserves.
- 2) The capital contribution reserve confirmed by Federal Tax Administration in 2017 amounted CHF 142,601,180.50 as of 1 January 2017.

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS



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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Investis Holding SA, which comprise the balance sheet as at 31 December 2017, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 122 to 130) as at 31 December 2017 comply with Swiss law and the company's articles of incorporation.

Basis for opinion

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

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

Our audit approach

Audit scope

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

Materiality

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

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

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

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



<i>Overall materiality</i>	CHF 7'600'000
<i>How we determined it</i>	1% of total assets
<i>Rationale for the materiality benchmark applied</i>	We chose total assets as the benchmark because, in our view, it is the benchmark against which the performance of a holding company that does not engage in operating activities is most commonly measured.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

We have determined that there are no key audit matters to communicate in our report.

Responsibilities of the Board of Directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.



We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

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

PricewaterhouseCoopers AG

A blue ink signature of Oliver Kuntze is written over a light grey grid background. To the right of the signature is a small, light grey diamond-shaped icon containing a red cross, which is a symbol for Switzerland.

Oliver Kuntze
Audit expert
Auditor in charge

A blue ink signature of Marc Zurflüh is written over a light grey grid background. To the right of the signature is a small, light grey diamond-shaped icon containing a red cross, which is a symbol for Switzerland.

Marc Zurflüh
Audit expert

Bern, 19 March 2018