



INFRACORE



ANNUAL
REPORT
2019

CHF 1'107.0 M
Market value

CHF 46.1 M
Rental income

5.21%
Gross yield

46.3%
LTV

CHF 3.14
EPS

Infracore SA is a company based in Switzerland dedicated to hospital and healthcare infrastructures. Its portfolio consists of 38 quality properties situated at 16 prime locations across Switzerland, representing a total rental surface of 178'904 sqm and a market value of CHF 1.1 billion. Almost all properties are fully let, mainly through long-term leases with hospitals belonging to Swiss Medical Network. The development potential of the portfolio amounts to 45'000 sqm. Infracore is positioning itself as a partner of public or private institutions for real estate investments and intends to play a key role in the reshaping of the Swiss hospital landscape. Infracore is owned by Medical Properties Trust, Inc (40%), Baloise Group (30%) and AEVIS VICTORIA SA (directly and indirectly 30%).

www.infracore.ch
ISIN: CH0467966740

Key Figures

(in thousands of CHF unless otherwise stated)

	FY2019	FY 2018
Rental income	46'065	44'522
Result from revaluation	4'206	24'572
EBIT	44'894	60'096
Profit for the period	31'621	47'067
EPS (in CHF)	3.14	4.71
Operating cash flow per share (in CHF)	2.51	2.93
NAV before deferred taxes	588'951	463'103
NAV after deferred taxes	489'735	388'719

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Infracore generates rental income of CHF 46.1 million and an EBITDA margin of 98.6% with its growing and unique Healthcare Infrastructure Portfolio

Dear reader,

Infracore was successful and achieved different important milestones in the 2019 financial year. The company gained independence thanks to a new shareholder structure and a new management. The portfolio was enlarged by nearly CHF 200 million to reach more than CHF 1.1 billion, rental income surged to CHF 46.1 million and the net profit surged to CHF 31.6 million, a new record. The Board of Directors therefore proposes to increase the distribution to CHF 2.41 per share. Rental income and operational profits are expected to significantly surge in 2020 based on the recently completed acquisition of properties in Geneva. In addition, Infracore continues to explore growth opportunities in both the private and public sectors.

Encouraging operational performance

Infracore, the Swiss Healthcare Infrastructure Company, continued to perform well in 2019. Rental income surged by 3.5% from CHF 44.5 million to CHF 46.1 million. Revaluation gains of CHF 4.2 million resulted, compared to CHF 24.6 million a year ago. The revaluation gains were higher in 2018 due to various development projects reaching critical milestones. Infracore will continue to evaluate further extension options in the existing portfolio to add value. Optimized portfolio and administration costs contributed to the very solid EBITDA margin of 98.6% (89.5% without revaluations). In total, EBITDA amounted to CHF 45.4 million (CHF 41.2 million without revaluations) and the net profit reached CHF 31.6 million (CHF 27.4 million without revaluations). The Net Asset Value before deferred taxes amounted to CHF 589.0 million.

Three strong partners join forces

The step towards independence was completed in 2019. After the former Infracore majority owner AEVIS VICTORIA had already sold a 20% stake to Baloise in December 2018, a further 15% were sold to Baloise and 46% to Medical Properties Trust on 27 May 2019, while AEVIS retained the remaining around 20%. The Infracore shares were placed at a price of CHF 51 per share, valuing the company at approximately CHF 1 billion.

As a strategic player in the global hospital real estate market, Medical Properties Trust was chosen for its experience and international presence, particularly in Europe. The NYSE listed Medical Property Trust is the established leader in the hospital REIT sector, with nearly 400 facilities in eight countries across three continents. Together with Baloise and AEVIS VICTORIA, a long-term partnership for the development of Infracore was formed.

Integration of Générale Beaulieu Immobilière SA in Geneva

The portfolio was significantly enlarged with the acquisition of Générale-Beaulieu Immobilière SA (GBI) effective 31 December 2019. GBI, a subsidiary of Générale Beaulieu Holding SA (GBH), owns several properties in the Champel district in Geneva, including the Clinique Générale-Beaulieu which belongs to Swiss Medical Network. The rental surface of the buildings amount to 19'023 sqm. GBI is currently building a new underground complex of nearly 1'000 sqm to house the radiotherapy facilities of the future Cancer Center of Clinique Générale-Beaulieu. The addition of the buildings in Geneva will lead to an additional yearly rental income of more than CHF 10 million and thereby contribute to an increase in total rental income of more than 20% from current levels.

GBI's real estate assets were valued at CHF 196 million in this transaction. The seller, a subsidiary of AEVIS VICTORIA, was reimbursed in cash and shares, thereby bringing AEVIS VICTORIA's share in Infracore back to 30% (held directly and indirectly), while the participation of Medical Property Trust and Baloise was reduced to 40% and 30% respectively.

High-yielding asset portfolio with a market value of CHF 1.1 billion

The Infracore portfolio consists of 38 high-quality properties on 16 sites, representing a rental surface of 178'904 sqm. As of 31 December 2019, the portfolio was valued at CHF 1.1 billion. Within the last twelve months, revaluation gains amounted to CHF 4.2 million. All properties are in above-average condition, with no capex backlog and most of the buildings are leased to Swiss Medical Network and related activities under very long-term indexed leases with a WAULT (weighted average unexpired lease term) of 23.8 years. The current vacancy rate of 1.55% is only temporary due to renovation works in some buildings.

Infracore will remain Swiss Medical Network's preferred partner in the very long term to support its growth and strategy. Further to that, Infracore aims to offer attractive solutions for the public and private healthcare infrastructure sector throughout Switzerland.

Investments into existing properties

A new building on the site of Privatklinik Villa im Park in Rothrist with a leasable area of 2'300 sqm will go into operation in 2020, offering 30 patient rooms and three state-of-the-art operating theatres. At Clinique de Valère in Sion, the radiology facility was opened in 2019 while the new medical center will be fully operational in 2020.

Further substantial investments into the existing portfolio are planned. Adjacent to Clinique Valmont in Glion sur Montreux, a new learning center will build by December 2020. And on the site of Clinique de Genolier, an Oncology Center is currently under construction with the objective to be operational in mid-2021. This expansion is incremental to the planned Genolier Innovation Park, which is

progressing as planned. The masterplan has been approved, and Implenia has been mandated to lead the process until the planned start of construction, which is expected to take place within the next six months. In total, the existing portfolio offers development potential of around 45'000 sqm or around one third of the current portfolio surface.

Efficient leadership structure

At its ordinary General Meeting, the Board was reinforced with Ruth Metzler-Arnold, former member for the Swiss Federal Council. After Medical Properties Trust acquired a major stake in Infracore, Edward K. Aldag, Jr, the founder of Medical Properties Trust, Inc., was also elected to the Board of Directors. Operationally, Infracore is managed by CEO Daniel Jandric with the help of a small, experienced team.

Strong balance sheet

Infracore remains solidly financed. The equity ratio rose from 40.1% in the previous year to 43.6% in the reporting period, the weighted average interest rate on mortgages at year end was 1.57% and the LTV (loan to value) remained low at 46.3%. Total assets amount to CHF 1.1 billion, while long-term financial liabilities, mainly mortgages and a bond of CHF 100 million, reached CHF 502.9 million. If opportunities emerge, Infracore might access the capital markets in the next quarters.

Cooperation with the public sector is taking shape

It is a question of time before private-public partnerships – such as the recently announced acquisition of a stake in the cantonal Hôpital du Jura bernois by Swiss Medical Network - extend from the operating companies to the real estate part and thus materialize together with infrastructure companies such as Infracore. In the year under review, Infracore evaluated various such options and will continue to do so in the future, because the market structure and financing guidelines of public hospitals, but also private providers, are predestined for partnerships. It is estimated that over CHF 20 billion will have to be invested in the Swiss hospital landscape over the next few decades. Infracore is uniquely positioned and offers access to efficient concepts with its know-how in the renovation and conversion of hospitals, its financial strength and a broad network. Infracore has carried out more than 15 conversions to date, covering the entire spectrum from acquisition (sale, sale and lease back, management contract), through the investment stage, to the asset management and marketing phase of a property. Infracore puts emphasis on high cost efficiency, strict project timelines, efficient processes and project security, while ensuring high quality standards.

Distribution to shareholders

In 2019, the net profit amounted to CHF 31.6 million. Consequently, the Board of Directors proposes a distribution of CHF 28.0 million or CHF 2.41 per share.

Outlook 2020

Infracore will continue to pursue its growth strategy in Switzerland, both in private and public sectors. The development potential of the existing portfolio in combination with targeted acquisitions or partnerships will strengthen the unique market position of Infracore. After the integration of GBI, rental income will significantly surge in 2020 and further efficiency gains will allow Infracore to continue generating very attractive returns for its shareholders. EBIT excluding revaluations is expected to rise by more than 20% to more than CHF 50 million.

Thank you

We would like to thank our employees for their commitment in the past year, our partners for their pleasant cooperation and our shareholders for their trust.

Martin Gafner
Chairman of the Board

Daniel Jandric
CEO



1. GROUP STRUCTURE AND SHAREHOLDERS

1.1. Group structure

Infracore SA is dedicated to hospital and healthcare-related infrastructures. The company is incorporated under the laws of Switzerland, with its registered office in 1700 Fribourg.

Infracore SA counts one 100% subsidiary, Générale-Beaulieu Immobilière SA, which owns a hospital and healthcare-related infrastructures in the city of Geneva. Générale-Beaulieu Immobilière SA is incorporated under the laws of Switzerland, with its registered office in 1206 Geneva.

1.2. Shareholding structure

As at 31.12.2019, the shareholders of Infracore SA are:

AEVIS VICTORIA SA	16.05%
Générale Beaulieu Holding SA	13.79%
Vorsorgestiftung der Basler Versicherung AG	4.31%
Bâloise Belgium NV	10.34%
Basler Versicherung AG	15.52%
Medical Properties Trust, Inc.	39.99%

2. CAPITAL STRUCTURE

2.1. Capital

The structure of the issued capital, conditional capital and authorised capital is as follows:

(In thousands of CHF)	Number of shares	Nominal value per share (in CHF)	Total capital (in CHF)
Share capital	11'600'000	1	11'600'000
Conditional capital	5'000'000	1	5'000'000
Authorised capital	3'400'000	1	3'400'000

2.2. Conditional and authorised capital in particular

Conditional capital

The share capital may be increased through the exercise of option rights by a maximum of CHF 600'000 divided into a maximum of 6'000'000 fully paid-up registered shares with a nominal value of CHF 1 each. Option rights can be granted to employees, Board members and consultants of the company and its subsidiaries, in accordance with a stock-option plan as defined by the Board of Directors.

The share capital of the Company may be increased through the exercise of conversion or option rights granted to beneficiaries in relation with loans or other financial instruments of the company or its subsidiaries or through the exercise of option rights granted to existing and/or new shareholders as part of capital increases by a maximum of CHF 4'400'000 divided into a maximum of 4'400'000 fully paid-up registered shares with a nominal value of CHF 1 each. For more information, see also Article 5a of the Articles of Associations.

Authorised capital

The Board of Directors is authorised to increase the share capital by an amount not exceeding CHF 3'400'000 through the issuance of a maximum of 3'400'000 fully paid-up registered shares with a nominal value of CHF 1 each until 28.04.2021. For more information, see also Article 5b of the Articles of Associations.

2.3. Changes in capital

(In thousands of CHF)	Number of shares	Share capital (in CHF)
Balance at 01.12.2019	10'000'000	10'000'000
Authorised capital increase	1'600'000	1'600'000
Balance at 31.12.2019	11'600'000	11'600'000

On 12.12.2019, the Company registered an authorised capital increase resulting from the contribution of 90'000 restricted registered shares with a nominal value of CHF 100 each of Générale-Beaulieu Immobilière SA. The share capital was increased by CHF 1'600'000, divided into 1'600'000 new registered shares.

2.4. Convertible bonds and options

As at 31.12.2019, the Company had no convertible bonds outstanding. During 2019, no option rights were granted.

3. BOARD OF DIRECTORS

3.1. Members of the Board of Directors

The Board of Directors of the Company is adapted to the optimal management of its holdings and relations with its shareholders. Its members cover the necessary financial and legal skills and share in-depth knowledge of healthcare-related real estate.

As at 31.12.2019, the Board of Directors was composed of the following five members.

	Function	Year of Birth	Nationality
Martin Gafner	Chairman	1961	Swiss
Antoine Hubert	Vice-chairman	1966	Swiss
Dieter Kräuchi	Member	1967	Swiss
Edward K. Aldag, Jr	Member	1963	American
Ruth Metzler-Arnold	Member	1964	Swiss

3.2. Professional background and other activities and vested interests



MARTIN GAFNER • Chairman of the Board of Directors

Martin Gafner is a Swiss-certified banking specialist. After holding various positions in the financial sector, he became CEO and shareholder of Investas AG and Delegate of the Board of Investas Beratung AG. He was CEO of Valiant Privatbank AG and ad interim CEO a.i. of Valiant Bank AG between 2009 and 2016. Martin Gafner is Chairman of the Board of Directors of the independent Invethos AG asset management company. He is also Chairman of the Board of Directors of the Siloah AG healthcare group, Chairman of the Foundation Board of Stiftung Siloah and Member of the Foundation Board of Previs Vorsorge. Furthermore, he is a board member of Heli Bernina AG, Energieverbund Siloah AG, Band-Genossenschaft, Schlossgarten Riggisberg and Venturevest AG. Martin Gafner was appointed Chairman of the Board of Directors of Infracore in October 2018 and Board member of Générale-Beaulieu Immobilière SA in December 2019.



ANTOINE HUBERT • Vice-chairman

Prior to acquiring a stake in Clinique de Genolier in 2002 and founding Swiss Medical Network in 2004, Antoine Hubert was mainly active in the property and real estate industry and has set up businesses and served as a director with several companies in various industries. He is a major shareholder of AEVIS VICTORIA SA.

Antoine Hubert is Delegate of the Board of AEVIS VICTORIA SA and Swiss Medical Network SA. He is Chairman of the Board of Swiss Hotel Properties SA, CACM hôtels SA and Société Clinique Spontini SAS. He is Vice-Chairman of the Board of Directors of Centre Médico-Chirurgical des Eaux-Vives SA, Nescens Genolier SA and Klinik Belair SA. He is Board member of GSMN Suisse SA, Swiss Medical Network Hospitals SA, Générale Beaulieu Holding SA, Clinique Générale-Beaulieu SA, Swiss Visio SA, Victoria-Jungfrau AG, Grand Hotel Victoria-Jungfrau AG, Hotel Eden au Lac AG, Hotel Bellevue Palace AG, Générale-Beaulieu Immobilière SA, Medgate Holding AG, Medgate Integrated Care Holding AG, NESSENS SA, Laboratoires Genolier SA, Swiss Stem Cell Science SA, Swiss Property Advisors SA, and Nouvelle Agence Economique et Financière SA. Furthermore, he is a member of the Foundation board of Fondation de prévoyance Swiss Medical Network and Genolier Foundation for medical solidarity.



DIETER KRÄUCHI • Board member

Dieter Kräuchi began his career as a draughtsman in structural engineering. Since acquiring a Swiss Federal Diploma in Site Management in 1994, Mr. Kräuchi has occupied numerous areas of responsibility at various firms in the field of real estate. Amongst other positions, Dieter Kräuchi headed up the Real Estate Consulting Team at KPMG in Zurich between 1996 and 2000, and held several management functions at Allreal Generalunternehmung AG between 2003 and 2010. In 2006, he acquired a Masters Degree in Real Estate at CUREM. From 2010 to 2017, he was CEO of avobis Asset Management AG. Since 2017, he has been the Head of Real Estate and CEO of Baloise Immobilien Management AG.



EDWARD K. ALDAG, JR • Board member

Ed Aldag launched Medical Properties Trust, Inc. (NYSE: MPW) in 2003 as the nation's only real estate investment trust (REIT) focusing exclusively on hospitals. Today, Medical Properties Trust is the established leader in the hospital REIT sector, with more than 275 facilities across the United States and Western Europe. Under Ed's leadership, MPT's assets have grown to nearly \$10 billion and the company has become the second largest U.S.-based owner of hospital beds, with more than 32'500 in its portfolio. A native of Eufaula, Ala., Ed is a graduate of the University of Alabama, where he majored in finance.

Ed serves on the board of Children's of Alabama, one of the nation's leading hospitals for children, and as a director and member of the investment committee of the Alabama Children's Hospital Foundation. He also serves as a board member for Mitchell's Place, benefitting children with autism; the Birmingham Education Foundation, dedicated to increasing the number of students in Birmingham City Schools that are on the path to college, career and life readiness; the American Sports Medicine Institute, which works to understand, prevent and treat sports-related injuries; and as a member of the executive committee of the Birmingham Business Alliance.

He is a guest lecturer at both the University of Alabama and the University of Alabama at Birmingham (UAB) and part of the UAB President's Campaign Leadership Cabinet for a \$1 billion campaign. In November 2017, he was selected as a member of the national advisory board of governors for Nareit (the National Association of Real Estate Investment Trusts).



RUTH METZLER-ARNOLD • Board member

From 1999 to 2003, Ruth Metzler-Arnold served as Federal Councillor of the Swiss Confederation and formerly Minister of the Canton Appenzell Innerrhoden. Through her diverse political and professional experiences, as well as her broad economic and public health skills, the lawyer and certified public accountant will bring her knowledge and extensive experience to Infracore's Board of Directors. She is also a Chairwoman and Board Member of various companies and organisations, amongst which Swiss Medical Network SA. Ruth Metzler-Arnold was appointed Board member of Infracore in April 2019.

3.3. Elections and terms of office

Member	Election	Expires
Martin Gafner	October 2018	2020
Antoine Hubert	June 1997	2020
Dieter Kräuchi	October 2019	2020
Edward K. Aldag, Jr	May 2019	2020
Ruth Metzler-Arnold	April 2019	2020

3.4. Working methods of the Board of Directors

According to its organisational rules, the Board of Directors of the Company meets at least quarterly. Extraordinary meetings, either formal or by means of telephone conferencing, may take place in the course of the year. In 2019, the Board of Directors met five times and two times by means of telephone conferencing.

The average attendance at the Board meetings was 100%. The average length of meeting is three hours. During its meetings, the Board reviews the activities of the Company with reference to operating reports. Meetings are prepared by the Chairman and the CEO.

Members of the General Management may be invited to take part in Board of Directors meetings, with an advisory capacity.

3.5. Definition of areas of responsibility

The Board of Directors is the ultimate governing body of the Company. It fulfils the function of defining the Group strategy, monitoring and directly controlling the Company's General Management. It represents the Company externally and makes decisions on all matters that do not fall under the responsibility of another body within the Company by law or pursuant to the Articles of Association or other regulations.

Pursuant to Swiss Code of Obligations, the Articles of Association and the organisation rules of the Company, the Board of Directors of the Company has in particular the following non-transferable and inalienable duties:

- Provide the ultimate governance of the Company and issue the necessary instructions;
- Determine the Company's organisation;
- Set the principles of accounting including the consolidation, financial control and financial planning as far as required for the Company's management;
- Appoint and revoke the persons entrusted with the management and representation of the Company;

- Provide the ultimate supervision of the persons entrusted with the management of the Company, especially in view of their compliance with the law, the Articles of Association, regulations and instructions given;
- Pass resolutions on acquiring and disposing of Group and affiliated companies;
- Set the principles of compensation and adopt the participation and option plans;
- Establish the annual report, prepare the Annual General Meeting and carry out its resolutions;
- Notify the judge in the event of over-indebtedness.

According to the organisational rules, the Board has delegated the day-to-day management, the controlling of ongoing operations as well as the risk analysis follow-up to the General Management.

3.6. Information and control instruments with regard to the General Management

The General Management of the Company conducts the operational management of the Company pursuant to the organisational rules and reports to the Board of Directors of the Company on a regular basis. The Chairman and the Vice-chairman of the Board hold regular coordination and information meetings with the General Management, to report on operational business issues.

The Financial Department compiles monthly data regarding the company and its subsidiary and a condensed report with the most important key figures. This information is transmitted to the General Management and analysed during the regular coordinating meetings. The Board of Directors meets regularly and receives prior to the Board meetings all relevant key data, including the condensed report. The data is analysed in detail during each Board meeting and Board Members are informed on the operational business.

The Company has implemented an Internal Control System (ICS), which is also implemented in its subsidiary. The risk management is reviewed yearly by the General Management. The Board of Directors yearly discusses and approves the identified risks.

4. GENERAL MANAGEMENT

4.1. Member of the General Management

The Company wants the General Management to be focused on the long-term, with steady growth in rental income and profitability, allowing regular investments that will guarantee its sustainability. As at 31.12.2019, the General Management of the Company was composed of the following person:

	Function	Year of Birth	Nationality
Daniel Jandric	CEO	1977	Croatian

After the reporting period, the Company signed a Management Contract with Prika AG, a complete real estate provider, responsible for the administrative support of Infracore SA.

4.2. Professional background and other activities and vested interests



DANIEL JANDRIC • CEO

The executive management of Infracore is entrusted to Daniel Jandric, previously COO of AEVIS VICTORIA SA and CFO of Swiss Medical Network SA. Daniel Jandric's financial and operational skills specific to the healthcare sector will enable to profile Infracore in its future developments and real estate investments. In particular, to advantageously manage the complete empowerment of the company by opening its capital to other investors or the public.

5. Compensation

For 2019, a total amount of CHF 238'000 has been allocated for the Management and Board Member remuneration.

Zürich, 7 February 2020

Public health sector Switzerland

Health sector

Health is generally considered one of the next megatrends, leading to the highest opportunity-risk profiles in all health-related sectors. This positive assessment is based on a steady growth of demand for health and care services, triggered not least by demographic change. The demand is driven by ongoing aging and the increased proliferation of chronic illnesses in industrialized countries. Also in general in today's society, high priority is accorded to health-related topics and personal well-being. Despite the increasing pressure on costs, a general shortage and an uneven distribution of specialist skills and strengthening structural change, we rate the healthcare sector's opportunity-risk profile as above average. This is due to robust long-term growth of demand, driven by advances in medical technology and demographic aging. Sales and employment are also likely to increase in 2019 in line with the long-term growth trend.

In its Autumn Forecast, the KOF institute at ETH Zurich expects an increase of 2.7% in total health care spending in 2018 (final figures), followed by a more pronounced rise of 3.6% in 2019.¹

Retroactive adjustments in year-on-year growth rate for 2017 and 2018:

Compared to the provisional data released in spring, the final figures for 2017 revealed lower costs in health expenditure, leading to a downward revision of the predicted 2018 growth rate from 3.8% (prediction from Autumn 2018 report) to 2.7%. A pronounced rise had been forecast for both 2017 and 2018, but has been corrected in hind-sight for both years due to lower-than-expected salary increases and population growth.

KOF Prognose der Gesundheitsausgaben vom	2017	2018p	2019p	2020p	2021p
Herbst 2019	2.9%*	2.7%	3.6%	3.3%	3.6%
Frühling 2019	2.9%*	2.8%	3.7%	3.6%	

* Wert gemäss BFS

Forecasts 2018 – 2021:

In the forecast period 2018 to 2021, an overall increase in health expenditure is expected. The economy started to recover in 2016, resulting in moderate growth of the Swiss economy. Since the health care sector is very staff-intensive, salary dynamics are particularly important in the development of health care expenditure. The second major determining factor is the age distribution of the population. In 2018, both the elderly population and the salaries did not increase as forecast, leading to lower expenditure than initially estimated. During 2019, however,

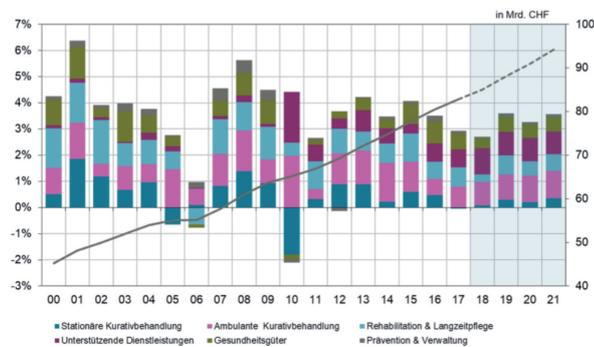
Revision of the past health care growth rates from 2017
 Source: KOF, Prognose der Gesundheitsausgaben, November 2019

¹ KOF Prognose der Gesundheitsausgaben, Herbst 2019, Prof. Dr. Marko Köthenbürger, Marc Anderes, KOF Studien, Nr. 141, November 2019

KOF expects these factors to grow more than in recent years, leading to higher health expenses.

Economic determinants, however, could mitigate these forecasts. In 2019, overall GDP growth has been slow in Switzerland, and both global and European economic output has been lower than in recent years. The trend towards an increasing proportion of elderly people is continuing. It is expected that the savings resulting from the review of drug prices will hold back health care expenditure growth only slightly. Costs in inpatient treatment will rise more than for outpatients.²

Growth in nominal wages is likely to continue until the end of 2021, increasing by 0.6%, 0.8%, and 1.1% in the years 2019 - 2021. Also the current demographic trend will accelerate slightly and then, from 2020 onwards, will continue to increase, but stabilize somewhat. For these reasons, healthcare spending is expected to grow in 2019 and 2020 by 3.6% and 3.3% respectively.³



Growth-rate shares and contribution to total growth
 Source: KOF Prognose der Gesundheitsausgaben, Herbst 2019, Prof. Dr. Marko Köthenbürger, Marc Anderes, KOF Studien, Nr. 141, November 2019

Total costs of public health sector and hospital costs

Between 1995 and 2017, total annual costs of the public health sector have increased by CHF 42.8 billion up to CHF 82.8 billion (2017), averaging at CHF 2.0 billion or 3.64% annually.⁴

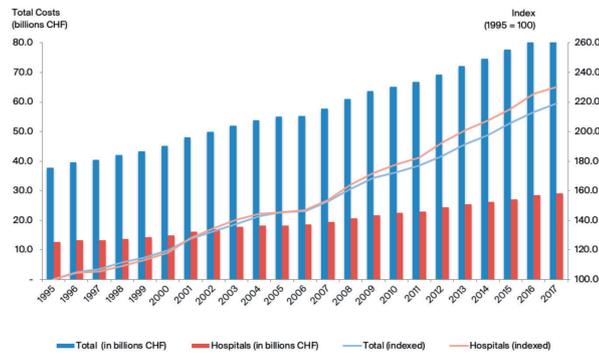
Hospital costs follow a similar trend with an average rise of 3.87% or CHF 0.9 billion per year, leading from a total of 12.6 billion in 1995 up to CHF 29 billion 2017.⁵

² KOF Prognose der Gesundheitsausgaben, Herbst 2019, Prof. Dr. Marko Köthenbürger, Marc Anderes, KOF Studien, Nr. 141, November 2019

³ Ibidem

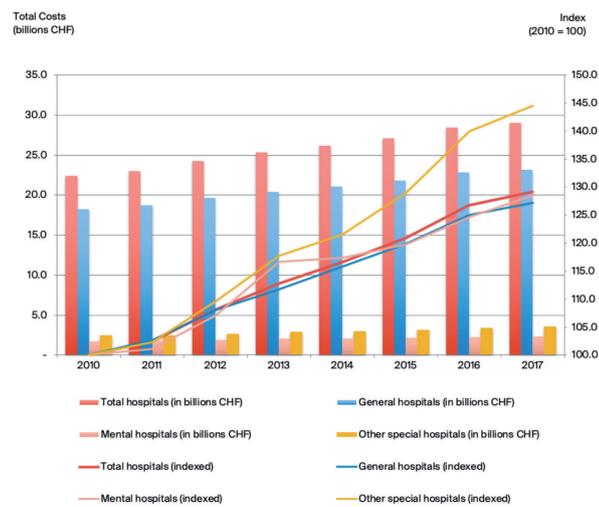
⁴ Bundesamt für Statistik, Kosten und Finanzierung des Gesundheitswesens, Stand 02.10.2019

⁵ Bundesamt für Statistik, Kosten und Finanzierung des Gesundheitswesens, Stand 02.10.2019



Total costs and hospital cost development from 1995 to 2017 (absolute and indexed)
 Source: BFS, Federal Statistical Office
 Editing: Wüest Partner AG

The division of hospital costs in 2017 by the type of hospital shows that 85.4% of were generated by general hospitals (CHF 23.2 billion; average rise of 3.49% per year from 2010 to 2017). The remaining 14.6% are dispersed by mental hospitals (8.5%), birth hospitals (0.1%) and by other special hospitals (12.9%). Because of the marginal costs generated by birth hospitals and their growth of 450% since 2010, they are omitted from the graph.⁶



Hospital division cost development from 2010 to 2017 (absolute and indexed)
 Source: BFS, Federal Statistical Office
 Editing: Wüest Partner AG

⁶ Bundesamt für Statistik, Kosten und Finanzierung des Gesundheitswesens, Stand 02.10.2019

⁷ The Federal Statistical Office started to use a new methodology for calculating hospital costs in 2010. This is the reason for only showing the numbers from 2010.

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International trend comparison:

An international study predicts average per capita expenditures on healthcare of 10'000 \$ per year (inflation-adjusted, varies statistically between 8'217 and 11'478 \$). This would mean that average Swiss expenses would be ranked fourth worldwide, after the US (16'600 \$ per capita and year), Netherlands (10'088 \$) and Germany (9'933\$).⁸

With 12.3% of GDP spent on health costs, Switzerland ranks second in international comparison after the United States (17.2% of GDP), and before France (11.5%), Germany (11.3%) and the Netherlands (10.1%).⁹

Investment activities of hospitals

According to Medinside, a total of CHF 13.9 billion is currently scheduled for investment in hospital buildings. Including unbudgeted costs, building costs for a total of 69 distinct projects may total up to CHF 15 billion.¹⁰

A large part of the construction costs is expected in the two most populous cantons, which are also sites of university hospitals. For the University Hospital of Zurich alone, a budget of CHF 2.84 billion is reserved for modifications, including CHF 750 million for refurbishments; more than CHF 4 billion are estimated for the whole canton.



Masterplan Hochschulgebiet
Zürich-Zentrum (HGZZ)
ARGE Studio Vulkan & KCAP
Architects&Planners
Source: Espazium.ch/studienauftrag-hgzz



Project USZ Kerneral
Christ & Gantenbein archi-
tects
Source: Ponnie Images

⁸ Joseph L. Dieleman, Tara Templin, Nafis Sadat e.a.: «National spending on health by source for 184 countries between 2013 and 2040» in: «The Lancet», April 2016

⁹ Bundesamt für Statistik BFS, Gesundheitsstatistik 2019, Neuchâtel 2019

¹⁰ www.Medinside.ch, February 2016

In Bern, there are planned investments of CHF 1.5 billion until 2030, which are budgeted to the «Inselspital» site including a new organ and oncology center until 2020 and one for cardiology and angiology after 2020. Moreover, there are also many small hospitals in other cantons with planned investment activities.¹¹



Inselspital Bern: Hauptgebäude (Neubaubereich 12)
 Visualization: GWJArchitektur/IAAG/ASTOC

According to Emporis, several hospital buildings are in the pipeline and quite an amount will be invested in those buildings. A large part of the construction costs is expected in the city of Basel with several projects for the inner-city «Health Campus» totaling CHF 1.2 billion. Another important project amounting to CHF 600 million is the new «Kinderspital Zürich», which is predicted to be realized in 2023. Further projects are listed as follows:¹²

- Felix Platter Spital Basel; CHF 210 million; completed 2019
- Project SUN «Kantonsspital Graubünden»; CHF 400 million; 2020
- «Neubau Bürgerspital Solothurn»; CHF 335 million; 2020
- «Neubau Kantonsspital Baden»; CHF 450 million; 2021
- «Neubau Kantonsspital Winterthur»; CHF 350 million; 2021
- «Neubau Spital Uster»; CHF 300 million; 2023
- «Neubau Kantonsspital St. Gallen»; CHF 400 million; different stages of realization until 2036

It is assumed that the competitive pressure on hospitals will increase. It remains to be seen how the high investment activity will affect the occupancy and profitability of hospitals.



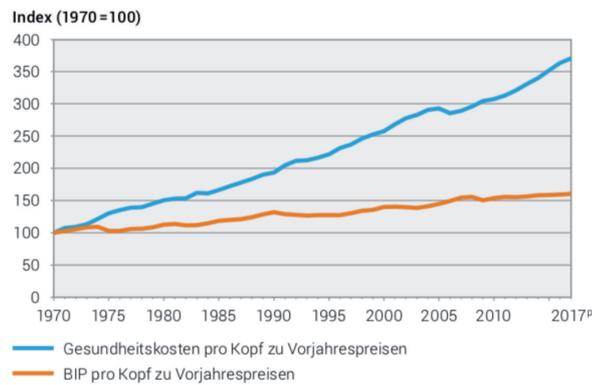
Under Construction: Hospital for children in Zurich
 (Architecture: Herzog & de Meuron)
 Visualization: Herzog-de Meuron, Basel

¹¹ www.masterplan.insel.ch, Inselspital – University Hospital Bern

¹² «Das sind die teuersten Spitalbauten der Welt», medinside.ch, October 2016

Conclusions public health sector Switzerland

The health care sector plays an increasingly important role in the Swiss economy. In 2017, the health care industry employed more than 325,000 people (full-time equivalents), representing 8.4% of the Swiss workforce.¹³ The sector's value-added share is 5.6%, while health care spending as a percentage of GDP was 12.4% in 2017, up from 9.7% in 2000.¹⁴ The health expenditure ratio is expected to rise to 12.8% by 2020 while the public health sector is expected to continue to grow. It is assumed that arising opportunities, for example from demographic change, outweigh upcoming challenges, such as the expected cost and regulatory pressure. The large investments in hospital buildings might lead to an intensification of the competition among hospitals.



Total costs of health care and per capita GDP
 Source: Bundesamt für Statistik BFS, Gesundheitsstatistik 2019, Neuchâtel 2019

^P provisorische Daten

¹³ Bundesamt für Statistik BFS: «Gesundheitsstatistik 2019», Neuchâtel 2019; idem: «Beschäftigte nach Vollzeitäquivalente und Wirtschaftsabteilungen», 26.11.2019

¹⁴ Bundesamt für Statistik BFS: «Kosten und Finanzierung des Gesundheitswesens seit 1960», 22.10.2019

Portfolio
overview 2019

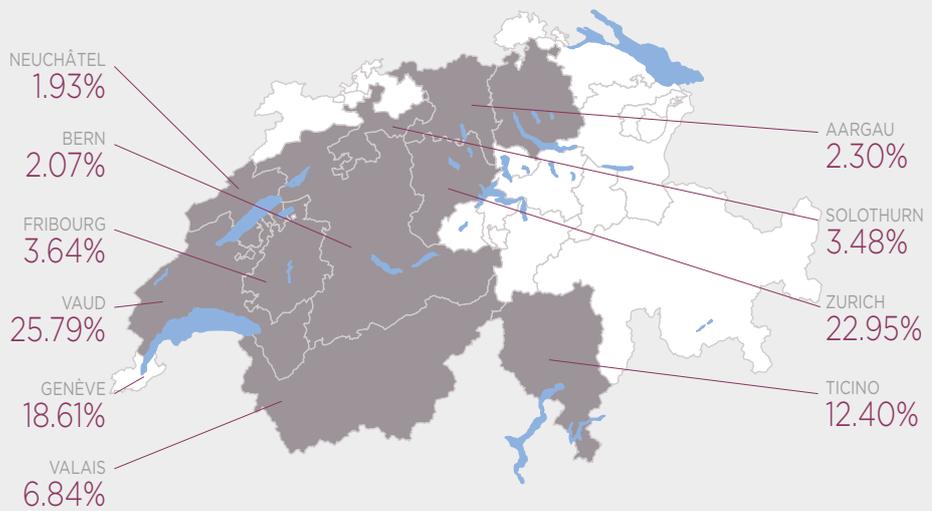


Key figures

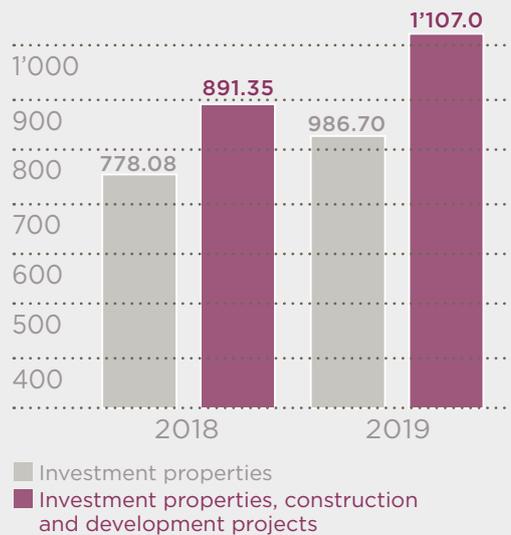
Infracore owns a high-quality real estate investment portfolio focused on healthcare infrastructure. The buildings are mainly leased to the various hospitals of Swiss Medical Network under very long-term leases.

- AARGAU**
Privatklinik Villa im Park
- BERN**
Privatklinik Siloah
- FRIBOURG**
Clinique Générale
- NEUCHÂTEL**
Clinique Montbrillant
- GENÈVE**
Clinique Générale-Beaulieu
- SOLOTHURN**
Privatklinik Obach
- TICINO**
Clinica Sant'Anna
Clinica Ars Medica
- VALAIS**
Clinique de Valère
Hangar Infracore
(Air-Glaciers)
- VAUD**
Clinique de Genolier
Clinique de Montchoisi
Clinique Valmont
Chocolatière 21
- ZURICH**
Privatklinik Bethanien
Privatklinik Lindberg

Distribution of properties per canton (by market value)



Market value in CHF million (Wüest Partner)



Investment properties and development projects

38

Locations

16

Cantons

10

Occupancy rate

98.45%

Rental surface SQM

178'904

WAULT - Weighted average unexpired lease term

23.8 years



Privatklinik Villa im Park

Infracore owns two buildings, idyllically located in green surroundings on the main road that crosses Rothrist from east to west. The Rothrist train station is situated at approximately 1.3 km from the property. The nearest bus stop, "Rothrist, Gemeindehaus", is right next to Privatklinik Villa im Park. The facility can easily be reached by car, with access ramps to the A1 and A2 highways within a short driving distance from the hospital. The total site area covers 6'968 sqm.

The first hospital building, the "Villa", was built in 1903 and extended in 1984. Its total rental area amounts to 2'882 sqm. The hospital is in good overall condition and retains some elements from the original construction. Garages were built in 2007 and the property also offers 18 outdoor parking spaces.

Privatklinik Villa im Park (29 beds) is a member of the Swiss Leading Hospitals group, which stands for top medical services, a first-class infrastructure and the highest-possible quality of patient-oriented care. It specialises in orthopaedics, general surgery, gynaecology and obstetrics. Privatklinik Villa im Park also has a maternity unit.

The medical centre "Ärztehaus" has a rental area of 1'438 sqm. The building was constructed in 1805 and extended in 2000. There are 61 outdoor parking spaces on the property.

On behalf of Privatklinik Villa im Park, Infracore built a new building with a rental area of 5'138 sqm, scheduled to open in March 2020. It offers 30 additional rooms with 56 beds, three operating theatres and underground parking for 100 vehicles.

Property name	Privatklinik Villa im Park
Property type	Special property
Main use	Multi-specialty hospital
Address	Bernstrasse 84-86, 4852 Rothrist
Canton	Aargau
Site area	6'968
Rental area	4'320 sqm
Newly created rental area	5'138 sqm
Construction year	1903 / 1984 / 2020



Privatklinik Siloah

Infracore acquired the Siloah surgical hospital building, located in Gümligen, in October 2018, with a long-term leasehold on the land with the Stiftung Siloah. Gümligen is located on the outskirts of Bern (15 minutes by car, nine minutes by train with a train station in front of the campus). The plot is 3'129 sqm in area with a rental surface of 4'769 sqm. The hospital building is situated in the middle of the Siloah Campus. The main building with patient rooms was partially built partly in 1955 and extended in 1994, with the addition of various annexes for operating theatres and radiology from 2005 to 2016. It contains 21 patient rooms and four operating theatres.

Property name	Privatklinik Siloah
Property type	Special property
Main use	Multi-specialty hospital
Address	Worbstrasse 316, 3073 Gümligen
Canton	Bern
Site area	3'129 sqm
Rental area	4'769 sqm
Construction year	1955



Clinique Générale

Infracore owns one building in the city centre of Fribourg, approximately 600 m south of the main railway station, with access to the highway about 5-10 minutes away. The building is located in a quiet residential area, with one side facing a sloping forested area dropping down to the Sarine river. The site comprises an area of 4'291 sqm.

The building was completed in 1968 and has been well maintained ever since, leaving it in very good condition. Renovations and upgrades were carried out from 1990 to 1992 and from 2007 to 2010. The facilities comprise four state-of-the-art operating theatres, private rooms and a restaurant that is also open to the public. The building has a functional connection with an office building situated at Rue Georges-Jordil, where a walk-in clinic has been opened at the end of 2019.

Clinique Générale (6'540 sqm, 71 beds) is the main private hospital in the canton of Fribourg and primarily addresses the needs of local patients. The canton of Fribourg has earmarked the hospital as an exclusive centre for orthopaedics, neurosurgery and ENT. Other specialties include gynaecology, general surgery and general medicine.

Property name	Clinique Générale
Property type	Special property
Main use	Multi-specialty hospital
Address	Rue Hans-Geiler 6, 1700 Fribourg
Canton	Fribourg
Site area	4'291 sqm
Rental area	6'540 sqm
Construction year	1968



Clinique Générale-Beaulieu

Infracore, through its subsidiary Générale-Beaulieu Immobilière SA, owns three healthcare-related buildings in Geneva, in the heart of the very sought-after Champel district, a residential area close to the city centre. The portfolio of Générale-Beaulieu Immobilière is composed of the hospital building of Clinique Générale-Beaulieu, a commercial property and a residential building in the immediate vicinity. The rental surface of the three buildings amount to 19'023 sqm, the total site area to 22'303 sqm. On the site, Clinique Générale-Beaulieu accommodates approximately 70 medical practices, covering all medical specialties.

Clinique Générale-Beaulieu building

Clinique Générale-Beaulieu, situated at Chemin de Beau-Soleil 20-22, is the largest building on the site. The site area represents 12'481 sqm. The main building was constructed in 1983 and offers a total rental surface of 15'540 sqm. It hosts the medical treatment and patient rooms. The annexe building, containing medical practices as well as four apartments, totalises a total rental surface of 2'177 sqm and was constructed in 1992. This site offers an underground parking with 260 parking spaces.

Générale-Beaulieu Immobilière is currently building a new underground complex of nearly 1'000 sqm to house the radiotherapy facilities of the future Cancer Center of Clinique Générale-Beaulieu.

Clinique Générale-Beaulieu, founded in 1899, is a multi-speciality hospital, specialised in orthopaedics, general surgery, urology, gynaecology and obstetrics. The hospital also runs a radiology institute, an institute of nuclear medicine, a robotic laparoscopic surgery centre, a physiotherapy & functional rehabilitation centre and a medically assisted procreation centre. Equipped with a state-of-the-art technical platform and eight operating theatres, the doctors of Clinique Générale-Beaulieu carry out around 5'700 hospitalisations per year. About 700 babies are born each year in the maternity ward.

Property name	Clinique Générale-Beaulieu
Property type	Special property
Main use	Multi-specialty hospital
Address	Chemin de Beau-Soleil 20-22, 1206 Geneva
Canton	Geneva
Site area	12'481 sqm
Rental area	15'540 sqm
Construction year	1983/1992



Beau-Soleil 12

This commercial building, located in the immediate vicinity of Clinique Générale-Beaulieu counts a total rental surface of 2'942 sqm. Built in 1985, it comprises eight floors with 28 apartments, mainly used as medical offices. An underground parking provides 39 parking spaces for the tenants.

Property name	Beaulieu 12
Property type	Commercial property
Main use	Medical practices, offices
Address	Chemin de Beau-Soleil 12, 1206 Geneva
Canton	Geneva
Site area	5'730 sqm
Rental area	2'942 sqm
Construction year	1985

Beau-Soleil 2-4

This residential building was constructed in 1985. Générale-Beaulieu Immobilière owns five apartments, amounting to a total rental surface of 541 sqm, as well as four double indoor parking spaces and one box parking space in the building.

Property name	Beaulieu 2-4
Property type	Residential property
Main use	Medical practices
Address	Chemin de Beau-Soleil 2-4, 1206 Geneva
Canton	Geneva
Site area	4'092 sqm
Rental area	541 sqm
Construction year	2009



Clinique Montbrillant

The property is situated on rue de la Montagne 1, on the north-western edge of the residential area of La Chaux-de-Fonds, around 600 m from the city centre. The neighbourhood is dominated by residential buildings. The “Montbrillant” bus stop, situated close to the property, is part of the local public transport network. The hospital comprises two buildings.

The original building, Clinique Montbrillant I (26 beds), was completed in 1930 and underwent an attic conversion in the 1970s. It is a multi-specialty hospital with key competencies in general surgery, plastic surgery, ophthalmology, gynaecology, otorhinolaryngology and orthopaedics. The rental area is about 2'736 sqm.

Clinique Montbrillant II is a new annexe with both staircases and elevators, built in 2012. The buildings include patient rooms, doctors' practices, three operating theatres and office premises. There is an underground connection to the neighbouring building with operating theatres and doctors' practices. The rental area is 2'979 sqm and there are 59 indoor and outdoor parking spaces.

Property name	Clinique Montbrillant I and II
Property type	Special property
Main use	Multi-specialty hospital
Address	Rue de la Montagne 1, 2300 La Chaux-de-Fonds
Canton	Neuchâtel
Site area	3'614 / 3'845 sqm
Rental area	2'736 / 2'979 sqm
Construction year	1930 / 2012



Privatklinik Obach

In Solothurn, Infracore owns a hospital and one property used for administrative and medical purposes with outdoor parking. The total site area covers 7'676 sqm. Privatklinik Obach is located opposite the old town of Solothurn. The neighbourhood's main feature are its splendid houses built in different styles and periods. Local public transport connections include the bus, with the "Solothurn, Obach" bus stop around 100 m away, the "Westbahnhof" railway station 200-m away, and the main train station, which is about 15 minutes' walk or a five-minute bus ride away.

Privatklinik Obach building

Privatklinik Obach (4'187 sqm, 61 beds) is the largest private hospital in the canton of Solothurn and has an excellent reputation in the Solothurn area. The original hospital was built in 1922 and extended and renovated in the mid-1990s and in 2015 (reception, restaurant and rooms). The hospital is in above-average overall condition and still contains some elements from the original construction, including the main entrance.

Privatklinik Obach is a multi-specialty hospital, with key expertise in orthopaedic surgery, gynaecology, general surgery, urology, ENT / maxillofacial and plastic surgery, ophthalmology and gastroenterology.



Property name	Privatklinik Obach
Property type	Special property
Main use	Multi-specialty hospital
Address	Leopoldstrasse 5, 4500 Solothurn
Canton	Solothurn
Site area	5'363 sqm
Rental area	4'187 sqm
Construction year	1922

Obachpark

The facility was built in 2009 and is used as office premises with laboratories and doctors' practices. It is in very good overall condition.

Property name	Obachpark
Property type	Special property
Main use	Hospital-related activities and administration
Address	Obachstrasse 23, 4500 Solothurn
Canton	Solothurn
Site area	2'313 sqm
Rental area	1'652 sqm
Construction year	2009



Clinica Sant'Anna

Infracore owns various real estate properties in Sorengo (Lugano), including a hospital, two adjacent buildings and parking facilities. The total site area covers 23'228 sqm. The buildings are located on a hillside in the municipality of Sorengo, close to the municipal border with Lugano. The district around the premises is known for its up-market houses, as the location offers a high amount of sunlight and stunning views over Lake Lugano. The site is very easily accessed by private transport (4 km to the motorway system) and public transport (connections from the "Clinica Sant'Anna" bus stop to Lugano main railway station run twice an hour and take five minutes).

Clinica Sant'Anna building

Clinica Sant'Anna (11'556 sqm, 80 beds) is the main hospital building on the site and was founded in Lugano in 1922 by sisters of the "Gemeinschaft der St. Anna-Schwestern" of Lucerne. Originally built in 1934, the current building was totally refurbished in 1996. Additional renovation programmes have been undertaken over the past 15 years, including a major extension that added another threestorey wing. Clinica Sant'Anna opened ten new private rooms in 2012. The building is in excellent condition.

The hospital is the largest maternity hospital in Ticino and one of the largest private maternity hospitals in Switzerland.

Property name	Clinica Sant'Anna
Property type	Special property
Main use	Multi-specialty hospital
Address	Via Sant'Anna 1, 6924 Sorengo
Canton	Ticino
Site area	15'073 sqm
Rental area	11'556 sqm
Construction year	1934

Villa Anna 1

Villa Anna 1 is an ancillary building to Clinica Sant'Anna and was built with the main hospital building in 1934. Villa Anna 1 has been well maintained and has undergone continuous renovation over the years, leaving it in very good condition. It is rented to a medical analysis laboratory. Ten parking places are available on site.

Property name	Villa Anna 1
Property type	Commercial property
Main use	Medical-related use
Address	Via Sant'Anna 5, 6924 Sorengo
Canton	Ticino
Site area	n/a
Rental area	631 sqm
Construction year	1934



Villa Anna 2

Villa Anna 2 is a detached building next to Clinica Sant'Anna built in 1965. The building is connected to the main hospital building via a gangway. It was completely renovated in 2006 and is in excellent condition. It is mainly occupied by doctors' practices. Ten parking places are available on site.

Property name	Villa Anna 2
Property type	Commercial property
Main use	Medical practices and offices
Address	Via Sant'Anna 7, 6924 Sorengo
Canton	Ticino
Site area	7'178 sqm
Rental area	1'978 sqm
Construction year	1965

Villa Meridiana property

The Villa Meridiana property is a residential, upper-market building located opposite Clinica Sant'Anna. It comprises three apartments and two indoor parking spaces.

Property name	Villa Meridiana
Property type	Residential
Main use	Residential
Address	Via Sant'Anna 4, 6924 Sorengo
Canton	Ticino
Site area	977 sqm
Rental area	344 sqm
Construction year	1953

Indoor and outdoor parking

Clinica Sant'Anna has an integrated indoor carpark with 78 spaces (representing a rental area of 2'015 sqm) and an automated ticketing system. The carpark offers direct access to the hospital and, as a recent extension to Clinica Sant'Anna, is in very good overall condition. The site also offers 112 outdoor parking spaces around Clinica Sant'Anna, Villa Anna 1 and Villa Anna 2.



Clinica Ars Medica

Infracore acquired this property, located in the eastern part of the municipality of Gravesano on Via Cantonale, in 2012. The neighbourhood is dominated by residential buildings, and an industrial estate lies to the east of the hospital. The site comprises an area of 10'356 sqm. Gravesano is an approximately 15-minute drive (around 5 km) from Lugano city centre, and the nearest motorway junction is about 2 km away. It is also connected to the local public transport network, with the "Gravesano, Grumo di Gravesano" bus stop situated close to the property. Buses leave for Lugano station twice an hour, with a journey time of around 25 minutes.

The hospital was completed in 1989 and extended between 2001 and 2003 (second floor and basement). All rooms can be used for a relatively wide range of purposes. The facility includes a pool used by the physiotherapy unit and provides 123 indoor and outdoor parking spaces. The building is in very good condition, and there are well-managed maintenance programmes in place.

Clinica Ars Medica (8'075 sqm, 74 beds) is one of the two Lugano hospitals acquired by Swiss Medical Network in 2012. The hospital has become the undisputed leader and the cantonal reference centre for orthopaedic surgery and traumatology of the locomotor system.

Opportunities for development

In 2019, Infracore acquired a small plot of land of 88 sqm in the immediate vicinity of Clinica Ars Medica. With this additional land surface, Infracore will be able to complete the ongoing hospital extension project. With an additional rental area of 678 sqm, Clinica Ars Medica will be able to further develop its activities.

Property name	Clinica Ars Medica
Property type	Special property
Main use	Multi-specialty hospital
Address	Via Grumo 16, 6929 Gravesano
Canton	Ticino
Site area	10'356 sqm
Rental area	8'075 sqm
Construction year	1989



The site is well situated in peaceful, green surroundings at the centre of Sion, in the “Pratifori” district, and covers an area of 2’421 sqm. It is about 400 m from the railway station. The district is a mix of residential and commercial properties, mainly apartment and office buildings. The “Sion, Clinique” bus stop is close to the complex. Infracore owns the building housing Clinique de Valère (59 beds) and has a leasehold contract on the land with the city of Sion. The hospital is in above-average overall condition and the rooms have been recently renovated.

Clinique de Valère building

The hospital was built in 1934 and has undergone two extensions, the first in 1971 (east and west wing) and the second in 1985 (basement and ground floor). After extensive renovations of the building, which were completed in 2017, the hospital now features new VIP rooms on the top floor, a new reception, recreation areas, a restaurant and conference rooms, as well as a direct connection to the adjacent building Gare 27.

Clinique de Valère is a multi-specialty hospital and the only one in the canton of Valais providing private acute care. Its key competencies are general surgery, plastic surgery, urology, bariatric surgery, cardiology and endoscopy, gynaecology and orthopaedics



Property name	Clinique de Valère
Property type	Special property
Main use	Multi-specialty hospital
Address	Rue Pré-Fleuri 16, 1950 Sion
Canton	Valais
Site area	2’421 sqm
Rental area	3’605 sqm
Construction year	1936

Rue des Condémines

Infracore owns a small commercial and administrative building, located in the immediate vicinity of Clinique de Valère. The building, constructed in 1984, hosts the administrative services of the clinic, as well as doctors’ practices.

Property name	Condémines
Property type	Commercial and residential property
Main use	Administration and medical practices
Address	Condémines 5, 1950 Sion
Canton	Valais
Site area	910 sqm
Rental area	180 sqm
Construction year	1984



Hangar Infracore

Hangar Infracore

Hangar Infracore is located in the northern part of the Sion airport complex, about 250 m from the terminal's western perimeter. The city centre and Sion railway station are about 2 km to the west. Buses from the "Sion, Aéroport" stop, about 350 m away, leave twice an hour and reach the centre in about 14 minutes. The nearest highway is just a few minutes away. The building consists of a hangar for aircraft with an area of 800 sqm, a hangar for helicopters with an area of 800 sqm, a two-storey central section with a surface area of 400 sqm containing offices, rooms for staff, workshops and storage, and an outdoor carpark with 14 spaces. The building was constructed in 2014 and is rented by Air-Glaciers.

Property name	Hangar Infracore
Property type	Special property
Main use	Hangar and offices
Address	Route de l'Aéroport, 1950 Sion
Canton	Valais
Site area	4'272 sqm
Rental area	2'285 sqm
Construction year	2014

Gare 27

Gare 27

Avenue de la Gare 27 is a building located just north of the Clinique de Valère. It has a total rentable area of 5'766 sqm and parking for 106 vehicles, on a plot surface area of 3'671 sqm. The property is located in the heart of Sion, near the federal railway station. Access to public transport is excellent. The main building was built in 1934 and the rue Pratifori 3 wing in 1995.

An extensive renovation programme has been completed in 2019. A medical centre, including a radiology centre, has opened on the ground floor. Medical practices occupy the second and third floors, as well as an endoscopy centre with facilities for 9 to 11 outpatients. The building is connected to the Clinique de Valère by a tunnel and gateway. The staff restaurant, pharmacy and sterilisation centre of Clinique de Valère were transferred in this building.

Property name	Gare 27
Property type	Commercial property
Main use	Office, commercial and residential
Address	Rue de la Gare 27, 1950 Sion
Canton	Valais
Site area	3'671 sqm
Rental area	5'766 sqm
Construction year	1934 / 1995



Clinique de Genolier

Infracore owns three healthcare-related buildings and parking facilities in Genolier, in the area above the village known as “La Joy”. The total site area covers 57’689 sqm and is located in a privileged position with views to Lake Geneva and the Alps. Genolier has convenient access by both car and public transport. The city of Nyon and the closest highway access are a 15-minute drive (10 km) south of Genolier. The train serving the “La Joy-Clinique” station links the site to Nyon in 16 minutes.

Clinique de Genolier building

Clinique de Genolier is the largest building not only on this site but in Infracore’s entire portfolio (rental area of 20’244 sqm, 112 beds). It was originally built in 1971 / 1981 and further extended in 1995 with the development of the Clinique de Genolier Sud. Overall, the building’s structure and interior fittings are in good condition, as the owners and tenants have continuously invested in maintenance and renovation.

Clinique de Genolier is a multi-specialty hospital. Since its founding in 1972, it has developed a strong reputation for the treatment of cancer, with its radiation oncology centre ranking among Europe’s most modern facilities. Refurbished in 2011, the five operating theatres are equipped with the latest innovations in medical technology. The hospital offers its patients a first-class hospitality infrastructure.

Property name	Clinique de Genolier
Property type	Special property
Main use	Multi-specialty hospital
Address	Route du Muids 3, 1272 Genolier
Canton	Vaud
Site area	38’192 sqm
Rental area	20’244 sqm
Construction year	1971 / 1981

CRG building

The CRG building was built adjacent to Clinique de Genolier in 1981. It was converted into a medical centre in 2009, offering both medical facilities and offices. The building underwent extensive renovation in 2008 and is in very good condition.

Property name	CRG
Property type	Commercial property
Main use	Medical practices, offices
Address	Route du Muids 3, 1272 Genolier
Canton	Vaud
Site area	n/a
Rental area	4’039 sqm
Construction year	1981



Nescens Clinique de Genolier

Nescens Clinique de Genolier, a unique preventive healthcare and anti-ageing facility, is a recent development, built in 2009. It combines different medical and scientific activities dedicated to the detection, prevention and treatment of ageing-related pathologies. A health stay destination, it offers first-class hotel services in an exclusive setting, combined with top-quality medical care. The residence has impressive, welcoming reception and common areas, 45 spacious suites with balconies, a restaurant, a wellness centre and conference rooms. A direct underground passage links the residence to the main building of Clinique de Genolier. This newly built property is in excellent condition.

Property name	Nescens Clinique de Genolier
Property type	Special property
Main use	Anti-ageing centre
Address	Route du Muids 5, 1272 Genolier
Canton	Vaud
Site area	19'497 sqm
Rental area	10'141 sqm
Construction year	2009

Indoor and outdoor parking

The hospital's indoor and outdoor parking facilities have spaces for 388 vehicles. A ticketing system controls and manages access to and use of the car parks.

Opportunities for development

The local and cantonal authorities approved the "A la Joy" partial land-use plan in 2018, allowing Infracore to add 15'000 sqm of developable area to the site.

Genolier Cancer Center

End of 2019, a first extension project at Clinique de Genolier has been initiated. The project consists in the extension of several floors of the hospital building, in order to create new treatment facilities and consultation offices. The extension will be used for the new oncology centre and thus reinforce the activities in the area of cancer treatment of Clinique de Genolier. The additional surface area will amount to 1'520 sqm distributed over three floors. The local authorities have granted the building permit and the project is expected to complete in the fall of 2021.



Genolier Innovation Hub

An important extension project of 12'750 sqm has been initiated on the site of Clinique de Genolier. By bringing together people and companies from healthcare, pharma & bioscience fields, the Genolier Innovation Hub has the ambition to be recognised as a top location for interactive Research & Development in Switzerland. Researchers and companies will have access to the medical infrastructures of Clinique de Genolier as well as the high-quality hospitality services, in a unique and quiet environment. A separate technical platform equipped with bunkers and operating rooms will allow the partners to welcome trainees and develop their skills in real-life conditions. The Genolier Innovation Hub will also provide educational centers, research spaces, showrooms, as well as offices and laboratories adapted to the most demanding requirements in Research & Development. A conference center equipped with state-of-the-art audiovisual technologies, and comprising an auditorium and several meeting rooms, will allow researchers and clinicians to organise seminars, workshops and events in ideal conditions. Construction works should start in 2020 for an opening in 2021.



Clinique de Montchoisi

Infracore owns one hospital with underground parking in the centre of Lausanne (the Montchoisi district) on a 2'668-sqm site. The hospital is directly adjacent to a quiet, upmarket residential area consisting mainly of apartment buildings and villas. Montchoisi is located between the main railway station and Lake Geneva. The commercial centre of Lausanne (Place St-François) is about 1.4 km from the hospital. The railway station (500 metres from the hospital) can be reached by bus, and the highway is a five-minute drive (3 km) away.

Built in 1931, Montchoisi underwent all-round renovation in 1995 and 2009. Following a major extension programme completed in 2010, Clinique de Montchoisi inaugurated a brand-new medical imaging unit, a restaurant with terrace and an underground carpark with 43 spaces. Ongoing maintenance, renovation and extension work has left the building in very good overall condition.

With 3'441 sqm of rental area and 31 beds, Clinique de Montchoisi is Infracore's smallest hospital, a multi-specialty hospital with key competencies in ophthalmology, orthopaedics, gynaecology and plastic surgery. The central location and state-of-the-art equipment attract a steady flow of in- and outpatients and allow the hospital to focus on high-value-added services. The top floor has been fitted out and furnished to offer premier medical and hotel services to a demanding clientele.

Property name	Clinique de Montchoisi
Property type	Special property
Main use	Multi-specialty hospital
Address	Chemin des Allinges 10, 1006 Lausanne
Canton	Vaud
Site area	2'668 sqm
Rental area	3'441 sqm
Construction year	1931



Clinique Valmont

Infracore owns one building on the border of Glion-sur-Montreux, above the city of Montreux. Set in peaceful, green surroundings, Clinique Valmont commands an outstanding view over Lake Geneva and the Alps. The site area represents 36'292 sqm. Trains from the nearby station go all the way up to Rochers-de-Naye and to the CFF railway station in Montreux.

The construction of this historic building started in 1900, and Clinique Valmont welcomed its first patients in 1905. With a century of history behind it, Clinique Valmont has had the privilege of receiving royalty, politicians and famous artists from around the world. Comprehensive rebuilding, renovation and upgrading were carried out from 2006 to 2010. The facilities now include a restaurant, an indoor pool, a fitness and gymnastics area, a beautiful garden and 22 parking spaces. The building combines contemporary features while maintaining its traditional early-19th century style.

Clinique Valmont (6'008 sqm, 55 beds) is the only rehabilitation hospital in the Infracore portfolio. Clinique Valmont specialises in orthopaedic and neurological rehabilitation and cares for patients suffering from multiple trauma, degenerative diseases and stroke, as well as other patients in the process of rehabilitation. Infracore has obtained permission to transform and renovate a building annexed to the hospital into an administrative and professional training centre.

Property name	Clinique Valmont
Property type	Special property
Main use	Rehabilitation hospital
Address	Route de Valmont 22-24, 1823 Glion-sur-Montreux
Canton	Vaud
Site area	36'292 sqm
Rental area	6'008 sqm
Construction year	1900

Opportunities for development

A Learning and Excellence Centre for all clinics of Swiss Medical Network will be build in 2020 in an adjacent building to Clinique Valmont. The project, for which a valid building permit has been obtained, will also include a remodelling and upgrade of the main entrance of Clinique Valmont. The additional surface area created on the site of 800 sqm will be approximately 680 sqm.



Chocolatière 21

Infracore owns an office building on a plot of 2'881 sqm located on rue de la Chocolatière 21 in Echandens, between Lausanne and Morges. This two-level building is located in the industrial zone of Echandens, in the immediate vicinity of the EPFL. The building was completed in 1989 and has been regularly maintained, with the result that it is in very good condition. Essential renovations and upgrading work were carried out in 2018. The rental area covers 1'768 sqm on two floors and there are 53 parking spaces (indoor and outdoor). The Swiss Medical Network's administrative offices occupy the building.

In 2020, an enhancement of the building façade, including the repositioning of the building's main entrance, will be undertaken. Additional external improvements will also be made on the site.

Property name	Chocolatière 21
Property type	Office property
Main use	Offices and administration
Address	Route de la Chocolatière 21, 1026 Echandens
Canton	Vaud
Site area	2'881 sqm
Rental area	1'768 sqm
Construction year	1989



Privatklinik Bethanien

Infracore own several buildings in Zurich: the hospital itself, two residential buildings and three buildings occupied by a nursing home, a hospice and medical practices. The total site area covers 10'984 sqm.

Privatklinik Bethanien building

Ideally situated on Zürichberg, the hill overlooking the centre of Zurich, Privatklinik Bethanien has beautiful views of Lake Zurich and the city. The "Toblerplatz" bus and tram stop, around 100 m away, is part of the local public transport network, with a tram connection to the main railway station in about 15 minutes. Privatklinik Bethanien (104 beds) is Infracore's second-largest hospital and enjoys an excellent reputation in Zurich. The first hospital building was completed in 1912 and extended and renovated in several stages. The hospital is in above-average overall condition and still retains some elements from the original construction. In 2010, Bethanien inaugurated new VIP rooms and a new maternity unit. Extensive development work was carried out in 2012. The main entrance to the hospital is welcoming, modern and accessible from the underground carpark. It has a large lobby and easy access to the reception. The restaurant and bar open onto a magnificent terrace.

Property name	Privatklinik Bethanien
Property type	Special property
Main use	Multi-specialty hospital
Address	Toblerstrasse 51, 8044 Zurich
Canton	Zurich
Site area	7'200 sqm
Rental area	14'613 sqm
Construction year	1912

Restelbergstrasse 25-27-29

Restelbergstrasse 25-27-29 are two residential buildings with a direct connection to the hospital through an underground corridor. These buildings include five apartments, two doctors' practices and 42 rooms.

Property name	Restelbergstrasse 25-27-29
Property type	Residential
Main use	Residential
Address	Restelbergstrasse 25-27-29, 8044 Zurich
Canton	Zurich
Site area	1'131 sqm
Rental area	1'756 sqm
Construction year	1960



Restelbergstrasse 15

Restelbergstrasse 15, which Infracore acquired at the end of 2015, comprises three buildings and an underground carpark. In 2019, after the completion of renovation works, this building hosts various doctors' practices, which support the further development of this important healthcare complex. The site offers further development opportunities.

Underground parking

The underground carpark with 142 spaces, built in 2010 and in excellent condition, is located on Toblerstrasse 55.



Privatlinik Lindberg

Infracore owns various properties in Winterthur, including a hospital and two office buildings as well as indoor and outdoor parking facilities. The total site area covers 14'466 sqm. Privatlinik Lindberg is situated on the hill of the same name in an elegant residential neighbourhood close to the city centre of Winterthur and offers impressive views over the town. There is a bus connection to the railway station (1.5 km from the hospital), and the highway is a five-minute drive (2.7 km) away. Privatlinik Lindberg (11'544 sqm, 85 beds) was built in 1905, renovated between 1992 and 1996 and is in good condition. Significant renovations (reception, restaurants, rooms and balcony/terraces) were undertaken in 2015.

Privatlinik Lindberg building

Privatlinik Lindberg, a member of The Swiss Leading Hospitals, specialises in orthopaedics, neurosurgery, cardiology, medicine of the musculoskeletal system, traumatology and visceral surgery, urology and gynaecology.

Property name	Privatlinik Lindberg
Property type	Special property
Main use	Multi-specialty hospital
Address	Schickstrasse 1, 8400 Winterthur
Canton	Zurich
Site area	14'466 sqm
Rental area	11'544 sqm
Construction year	1905

Underground and outside parking

The Lindberg site includes an underground carpark with 34 spaces and an outdoor carpark with 83 spaces.

Opportunities for development

Infracore's development plan has been approved by all the relevant authorities and is now in force. Taking into account the demolition of Personalhaus Buchegg and Tannegg, it will allow for the construction of an additional 9'280 sqm, including 124 parking spaces, on an adjacent plot of 6'984 sqm. For this new building, Infracore is currently establishing contacts with external operators active in the healthcare sector.

Property Details as at 31 December 2019



City, Address	Built	Renovation / Extension	Ownership status	Site area (in sqm)	Rental space (in sqm)	Parking spaces	Discount rate	Fair value (in TCHF)	Target rental income 2019 (in TCHF)	Occupancy rate (in %)
INVESTMENT PROPERTIES										
Canton Aargau										
Rothrist, Bernstrasse 84	1903/1984	n/a	sole ownership	4'601	2'882	18	4.80	18'770	1'300	100.0
Rothrist, Bernstrasse 86	1805/2000	n/a	sole ownership	2'367	1'438	61	4.70	5'644	377	100.0
Canton Bern										
Gümligen, Worbstrasse 324	1955	2017	building right	3'129	4'769	-	4.40	21'970	1'308	100.0
Canton Fribourg										
Fribourg, Rue Hans-Geiler 6	1968	2014	sole ownership	4'291	6'540	-	4.10	38'640	2'400	100.0
Canton Geneva										
Geneva, Chemin de Beau-Soleil 20/22	1983/1992	2003	sole ownership	12'481	15'540	260	4.10	163'000	n/a	n/a
Geneva, Chemin de Beau-Soleil 12	1985	n/a	sole ownership	5'730	2'942	39	3.40	29'420	n/a	n/a
Geneva, Chemin de Beau-Soleil 2/4	1985	n/a	condominium	4'092	541	6	3.40	5'035	n/a	n/a
Canton Neuchâtel										
La Chaux-de-Fonds, Rue de la Montagne 1	1930	1990	sole ownership	3'614	2'736	-	4.70	6'247	600	100.0
La Chaux-de-Fonds, Rue de la Montagne 2	2012	n/a	sole ownership	3'845	2'979	59	4.40	14'210	900	100.0
Canton Solothurn										
Solothurn, Leopoldstrasse 5	1922/1996	n/a	sole ownership	5'363	4'187	11	4.10	30'300	1'800	100.0
Solothurn, Obachstrasse 23	2009	n/a	sole ownership	2'313	1'652	81	4.00	6'579	330	100.0
Canton Ticino										
Gravesano, Via Grumo 16	1989/2003	2008	sole ownership	10'356	8'075	123	4.30	56'820	3'800	100.0
Sorengo, Via Sant'Anna 1	1934	2014	sole ownership	15'073	11'556	-	4.20	58'900	3'600	100.0
Sorengo, Via Sant'Anna 5	1934	2009	sole ownership	n/a	631	10	4.30	1'740	130	100.0
Sorengo, Via Sant'Anna 7	1965	2013	sole ownership	7'178	1'978	10	4.10	7'756	450	100.0
Sorengo, Via Sant'Anna 1	1934	n/a	sole ownership	n/a	2'015	78	4.40	2'331	183	100.0
Sorengo, Via Sant'Anna 1	1934	n/a	sole ownership	n/a	n/a	112	4.40	2'362	202	100.0
Sorengo, Via Sant'Anna 4	1953	2013	sole ownership	977	344	2	3.00	1'642	64	100.0

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City, Address	Built	Renovation / Extension	Ownership status	Site area (in sqm)	Rental space (in sqm)	Parking spaces	Discount rate	Fair value (in TCHF)	Target rental income 2019 (in TCHF)	Occupancy rate (in %)
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INVESTMENT PROPERTIES

Canton Vaud

Echandens, Route de la Chocolatière 21	1989	2018	sole ownership	2'881	1'768	53	4.00	9'707	592	100.0
Genolier, Route du Muids 3	1971/1981	2013	sole ownership	38'192	20'244	-	4.20	114'620	6'788	100.0
Genolier, Route du Muids 3	1981	2008	sole ownership	n/a	4'039	-	4.20	7'961	562	100.0
Genolier, Route du Muids 5	2009	n/a	sole ownership	19'497	10'141	-	3.80	43'880	2'220	100.0
Genolier, Route du Muids 3	2009	n/a	sole ownership	n/a	n/a	388	4.40	6'867	301	100.0
Glion-sur-Montreux, Rte de Valmont 22-24	1900	n/a	sole ownership	36'292	6'008	22	4.30	24'760	1'500	100.0
Lausanne, Ch. des Allinges 10	1931/2010	2010	sole ownership	2'668	3'441	43	3.60	44'010	2'613	100.0

Canton Wallis

Sion, Aéroport de Sion (DDP 16723)	2014	n/a	building right	4'272	2'285	14	4.60	5'371	378	100.0
Sion, Gare 27	1934/1995	n/a	sole ownership	3'671	5'766	106	4.00	18'020	758	99.7
Sion, Pré Fleuri 16	1936/1971	2012	building right	2'421	3'605	8	4.30	48'278	3'000	100.0
Sion, Rue de Condèmines 5	1984	n/a	condominium	910	180	2	3.50	925	45	100.0

Canton Zurich

Winterthur, Schickstrasse 11	1905	2006	sole ownership	14'466	11'544	-	4.50	44'850	2'500	100.0
Winterthur, Tachlisbrunnenstrasse	1991	n/a	sole ownership	n/a	-	117	4.50	2'485	168	100.0
Zurich, Restelbergstrasse 25-27-29	1960	n/a	sole ownership	1'131	1'756	-	2.80	14'530	469	74.5
Zurich, Toblerstrasse 51	1912	1993	sole ownership	7'200	14'613	28	3.30	125'170	5'821	100.0
Zurich, Toblerstrasse 55	2012	n/a	sole ownership	2'900	-	118	3.30	3'900	276	100.0

Development projects

Genolier	n/a	n/a	sole ownership	16'111	12'750	141	4.90	20'638	n/a	n/a
Gilon-sur-Montreux	n/a	n/a	sole ownership	800	680	-	4.00	1'201	n/a	n/a
Winterthur	n/a	n/a	sole ownership	6'984	9'280	124	4.70	10'219	292	n/a
Zurich	n/a	n/a	sole ownership	8'960	n/a	-	n/a	42'400	916	n/a

* Some properties share one plot. In those cases, the site area is only shown once.

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Consolidated Income Statement

(In thousands of CHF)	Note	2019	2018
Rental income	4	46'065	44'522
Other revenue		1	-
Total revenue		46'066	44'522
Positive fair value adjustments		20'374	28'093
Negative fair value adjustments		(16'168)	(3'521)
Result from revaluation	11	4'206	24'572
Real estate expenses	5	(2'857)	(5'188)
Other operating expenses	6	(1'988)	(3'276)
EBITDA		45'427	60'630
Depreciation on tangible assets	12	(533)	(534)
EBIT		44'894	60'096
Financial result	8	(7'514)	(7'512)
Profit before taxes		37'380	52'584
Income taxes	8	(5'759)	(5'517)
Profit for the period		31'621	47'067
Non-diluted earnings per share (in CHF)	9	3.14	4.71
Diluted earnings per share (in CHF)	9	3.14	4.71

Consolidated Balance Sheet

(In thousands of CHF)	Note	31.12.2019	31.12.2018
Assets			
Cash and cash equivalents		4'127	4'443
Trade receivables	10	1'204	176
Loan to shareholder (AEVIS VICTORIA)		-	62'992
Other receivables		7	33
Accrued income and prepaid expenses		1'426	1'683
Total current assets		6'764	69'327
Investment properties		986'700	778'084
Investment properties under construction		45'840	38'903
Development projects		74'458	74'363
Total investment properties	11	1'106'998	891'350
Interior fittings	12	8'165	8'697
Machinery and equipment	12	227	-
Financial assets	13	340	339
Total non-current assets		1'115'730	900'386
Total assets		1'122'494	969'713
Liabilities and equity			
Trade payables	14	5'038	6'208
Other current liabilities	15	404	4'916
Short-term financial liabilities	16	9'510	6'220
Accrued expenses and deferred income	17	6'578	3'444
Total current liabilities		21'530	20'788
Long-term financial liabilities	16	502'870	476'874
Other non-current liabilities	15	9'143	8'948
Long-term provisions	18	99'216	74'384
Total non-current liabilities		611'229	560'206
Total liabilities		632'759	580'994
Equity			
Share capital	19	11'600	10'000
Capital reserves		93'021	13'021
Offset goodwill		(5'105)	-
Retained earnings		390'219	365'698
Shareholders' equity		489'735	388'719
Total liabilities and equity		1'122'494	969'713

Consolidated Statement of Changes in Equity

(In thousands of CHF)	Share capital	Capital reserves	Offset goodwill	Retained earnings	Total
Balance at 1 January 2018	10'000	13'021	-	326'031	349'052
Profit for the period	-	-	-	47'067	47'067
Distribution from retained earnings	-	-	-	(7'400)	(7'400)
Balance at 31 December 2018	10'000	13'021	-	365'698	388'719
Profit for the period	-	-	-	31'621	31'621
Distribution from retained earnings	-	-	-	(7'100)	(7'100)
Acquisition of subsidiaries	1'600	80'000	(5'105)	-	76'495
Balance at 31 December 2019	11'600	93'021	(5'105)	390'219	489'735

Consolidated Cash Flow Statement

(In thousands of CHF)	2019	2018
Profit for the period	31'621	47'067
Changes in provisions (incl. deferred taxes)	1'338	2'631
Depreciation and amortisation	533	534
Result from revaluation	(4'206)	(24'571)
Cash flow from operating activities before changes in working capital	29'286	25'661
Change in trade receivables	(396)	224
Change in other receivables and prepaid expenses	377	(998)
Change in trade payables	192	2'047
Change in other liabilities and accrued expenses	(4'185)	2'325
Cash flow from operating activities	25'274	29'259
Investments and acquisitions of investment properties	(20'307)	(36'157)
Down payment for construction work for tenants	4'500	-
Acquisition of subsidiaries, net of cash acquired	(81'156)	-
Investments in financial assets	(1)	-
Loan to shareholder (AEVIS VICTORIA)	-	(62'992)
Repayment of loan to shareholder (AEVIS VICTORIA)	62'992	-
Cash flow from investing activities	(33'972)	(99'149)
Distribution to shareholders	(7'100)	(7'400)
Proceeds from issuance of bond	-	100'000
Change in short-term financial liabilities	3'290	(1'901)
Change in long-term financial liabilities	11'996	(16'675)
Change in other long-term liabilities	196	190
Cash flow from financing activities	8'382	74'214
Change in cash and cash equivalents	(316)	4'324
Cash and cash equivalents at beginning of the period	4'443	119
Cash and cash equivalents at the end of the period	4'127	4'443

1. GENERAL INFORMATION

Infracore SA (hereafter “The Company”) has its registered offices at 1700 Fribourg, Switzerland. The Company’s purpose consists of all activities related to real estate. In particular the acquisition, sale, construction, management and renting of properties in the healthcare sector in Switzerland.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with SWISS GAAP FER and correspond to article 17 of the Directive on Financial Reporting of the Swiss stock exchange (SIX Exchange Regulation). The Swiss GAAP FER apply to all companies included in the scope of consolidation.

The consolidated financial statements are generally based on the historical cost principle. Deviations from this principle apply to investment properties, which are assessed at fair value. The principle of individual valuation has been applied to assets and liabilities. The significant accounting principles are explained in the following section.

The consolidated financial statements were authorised for issue by the Board of Directors on 26 February 2020. Final approval is subject to acceptance by the Annual General Meeting of Shareholders on 26 February 2020.

3. ACCOUNTING POLICIES

3.1. Segment Reporting

The consolidated financial statements of the Company for the year ended 31 December 2019 comprise the Company and its subsidiaries (“the Group”).

The assets and liabilities of newly acquired companies are recognised at fair value at the date of acquisition. Entities controlled by the Group are consolidated applying the purchase method.

3.1.1. Subsidiaries

Subsidiaries are companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control effectively commences until the date control ceases. The net assets of a newly acquired company are measured at fair values at the date of acquisition. Any difference between purchase price and net assets is offset with equity. In an acquisition achieved in stages (step acquisition), the difference between purchase price and net assets is determined on each separate transaction at the corresponding acquisition date. The full consolidation method is used, whereby all assets, liabilities, income and expenses of the subsidiaries are included in the consolidated financial statements.

3.1.2. Goodwill accounting

The assets and liabilities of consolidated and associated companies included in the consolidation for the first time are valued at current values which do include a purchase price allocation. The goodwill arising from this revaluation is offset against equity.

3.1.3. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, have been eliminated in the consolidated financial statements.

3.2. Segment Reporting

The Group comprises only one “reportable segment”. The decision makers measure the Group’s performance based on the financial information of the Group as a whole.

3.3. Income statement

3.3.1. Revenue

Revenue includes all rental income from properties including income from ancillary expenses. Vacancy costs and expenses from rent reductions are deducted from the potential rental income. The revenue is recorded upon maturity or upon provision of services. Other revenue does include gain from disposal of assets.

3.3.2. Income taxes

Income taxes comprise current and deferred taxes. Current taxes are the expected tax payables on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payables in respect of previous years.

Deferred taxes are recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.4. Balance sheet

3.4.1. Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand.

3.4.2. Trade and other receivables

Receivables are carried at nominal value less allowance for doubtful receivables. The allowance is based on the aging of trade receivables, specific risks and historical loss experience.

3.4.3. Investment properties

The valuation at the time of initial classification is carried out at cost, taking into account directly accountable transaction costs. Thereafter, the valuation is carried out at fair value in accordance with Swiss GAAP FER 18 paragraph 14.

The change in fair value is recognised in the income statement. Related deferred tax liabilities or assets are debited, or credited, to the income statement as deferred tax expense or deferred tax income, respectively.

For the valuation of the investment properties, the independent valuer applied the discounted cash flow (DCF) method, by which the market value of a property is determined as the total of all projected future net earnings discounted to the valuation date. Each object is valued as an individual property, not as a part of a property portfolio. Net income is discounted separately for each property with due allowance for specific opportunities and threats and adjustment in line with market conditions and risks.

For further information regarding the calculation of the fair value, see note 11 "Investment properties" or the independent valuer's report.

3.4.4. Investment properties under construction

Replacement and expansion investments are recognised at the book value of the properties when it is probable that the Group will achieve a future economic benefit resulting from these investments. Investment properties under construction are recognised at cost less any required impairments.

Following completion of the new building, extension or renovation project, the accrued costs are reclassified as "Investment properties".

3.4.5. Development projects

Development projects are properties or undeveloped plots of land for future use as investment properties. A development project is recognised in the balance sheet from the date that the Group's General Management management decides to develop the property and the fair value of the project can be reliably determined. The existence of a design plan approved by the canton is an important indicator for the Group to reliably determine the fair value of a development project.

The valuation of development projects is carried out at fair value using the DCF method. The value at balance sheet date is established as follows:

- Determination of the fair value at the estimated date of completion considering the current market conditions at balance sheet date.

- Determination of the fair value at balance sheet date taking into account the accrued costs recognised in the category “Investment properties under construction” as well as the predicted, not yet executed investments until completion of the project.
- Estimation of a risk-profit margin corresponding to the status of the development project at closing date.

Fair value adjustments are recognised in the income statement.

At the completion of the development project, the book value is reclassified as “Investment properties”.

3.4.6 Tangible assets

Tangible assets are measured at cost less accumulated depreciation and impairment losses. Costs include expenditures that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of tangible assets is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of day-to-day servicing of tangible assets are recognised in profit or loss as incurred.

Depreciation is recognised in income statement on a straight-line basis over the estimated useful lives of each part of an item of tangible assets. The estimated useful lives are as follows:

- Interior fittings: 15-30 years
- Machinery and equipment: 10 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

3.4.7. Financial assets

The financial assets include consignations related to past transaction.

3.4.8. Trade and other payables

Trade and other payables are recognised at nominal value.

3.4.9. Financial liabilities

Financial liabilities are recognised at nominal value. Transaction costs are recognised in the income statement over the fixed period of the loans. Financial liabilities are classified as short-term liabilities when payable within 12 months.

3.4.10. Provisions

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event, and when it is probable that an outflow of economic benefits will be required to settle the obligation.

3.4.11. Contingent liabilities

Contingent liabilities are valued on the balance sheet date based on the agreements in place and other supporting documents. If an outflow of funds is likely, a provision is created.

3.5. Accounting estimates and assumptions

The preparation of financial information requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. If in the future, such assumptions and estimates deviate from the actual circumstances, the original assumptions and estimates will be modified as appropriate in the period which the circumstances change.

3.6. Changes in scope of consolidation

The following change to the scope of consolidation took place in 2019:

Entity	Event / Date	Capital share 31.12.2019	Capital share 31.12.2018
GENERALE-BEAULIEU IMMOBILIERE SA	Acquired on 12.12.2019	100.00%	-

GENERALE-BEAULIEU IMMOBILIERE SA was integrated in the scope of consolidation per 31 December 2019. Therefore, the integration has no impact on the consolidated income statement of 2019.

4. INCOME FROM RENTAL PROPERTIES

(In thousands of CHF)	2019	2018
Target rental income from investment properties	46'642	45'038
Rent loss from vacancies	(102)	(668)
Losses from rent reductions	(622)	-
Income from lump-sum ancillary expenses	147	152
Rental income	46'065	44'522

The loss from rent reduction is related to one property, where a one-time rent reduction was granted for the initial year of the contract.

Details on future rental income

The following table illustrates the breakdown of the contractual end of the term of individual rental agreements, based on annual rental income from investment properties as at 31 December 2019.

End of contract	2019 Share in %	2018 Share in %
Under 1 year *	6.5	5.4
Over 1 year	0.3	0.4
Over 2 years	0.4	0.1
Over 3 years	0.2	-
Over 4 years	0.2	0.2
Over 5 years	0.8	0.7
Over 6 years	-	-
Over 7 years	1.0	1.4
Over 8 years	-	-
Over 9 years	0.1	0.2
Over 10 years	90.5	91.6
Total	100.0	100.0

* Contracts with an indefinite term are included in this position

Largest external tenants

The five largest external tenants accounted for 95.8% of the target rental income (2018: 94.9%).

(In %)	2019	2018
GSMN Suisse SA	45.3	45.2
Swiss Medical Network Hospitals SA	44.2	43.3
Nescens Genolier SA	4.8	4.9
Air Glaciers SA	0.8	0.8
AEVIS VICTORIA SA	0.7	-
Nestlé Nespresso SA	n/a	0.7

GSMN Suisse SA, Swiss Medical Network Hospitals SA and Nescens Genolier SA are subsidiaries of one of the Group's shareholders (AEVIS VICTORIA SA). Together the companies do account for 95.0% of the target rental income (2018: 93.4%).

5. REAL ESTATE EXPENSES

(In thousands of CHF)	2019	2018
Maintenance and repair expenses	764	1'497
Operating expenses	225	1'983
Real estate taxes	1'108	1'070
Insurance fees	440	412
Other real estate expenses	320	226
Real estate expenses	2'857	5'188

6. OTHER OPERATING EXPENSES

(In thousands of CHF)	2019	2018
Administrative expenses	1'988	3'276
Other operating expenses	1'988	3'276

7. FINANCIAL RESULT

(In thousands of CHF)	2019	2018
Interest income	667	15
Total financial income	667	15
Interest expenses	(7'470)	(6'898)
Other financial expenses	(711)	(629)
Total financial expenses	(8'181)	(7'527)
Financial result	(7'514)	(7'512)

8. INCOME TAXES

(In thousands of CHF)	2019	2018
Current taxes	(4'421)	(2'886)
Deferred taxes	(1'338)	(2'631)
Income taxes	(5'759)	(5'517)

(In thousands of CHF unless otherwise stated)	2019			2018		
	Result	Tax rate in %	Income taxes	Result	Tax rate in %	Income taxes
Average applicable tax rate and income taxes as a proportion of ordinary earnings (before consideration of tax loss carryforwards)	37'380	16.11	6'022	52'584	16.39	8'618
Use of not recognised tax loss carryforwards			-			-
Tax losses not recognised from current period			-			-
Expiry of recognised tax loss carryforwards			-			-
Changes in recognition of tax loss carryforwards from prior years			-			-
Average applicable tax rate and income taxes as a proportion of ordinary earnings (after consideration of tax loss carryforwards)	37'380	16.11	6'022	52'584	16.39	8'618
Effects from changes in tax rate			(171)			(3'344)
Adjustment income taxes from prior years			(92)			243
Effective tax rate and income taxes according to income statement	37'380	15.41	5'759	52'584	10.49	5'517

The effects from tax rate changes in 2018 mainly relate to a decrease in the expected tax rate for the deferred tax calculation from 19.29% to 16.39%.

9. EARNINGS PER SHARE

	2019	2018
Net profit attributable to Infracore SA shareholders (in thousands of CHF)	31'621	47'067
Weighted average number of shares outstanding	10'078'904	10'000'000
Non-diluted earnings per share (in CHF)	3.14	4.71

Net profit attributable to Infracore SA shareholders (in thousands of CHF)	31'621	47'067
Weighted average number of shares outstanding	10'078'904	10'000'000
Dilution effects	-	-
Weighted average potential number of shares outstanding	10'078'904	10'000'000
Diluted earnings per share (in CHF)	3.14	4.71

10. TRADE RECEIVABLES

(In thousands of CHF)	2019	2018
Third parties	1'204	176
Allowances for doubtful accounts	-	-
Total trade receivables	1'204	176

11. INVESTMENT PROPERTIES

(In thousands of CHF)	Hospitals	Doctor's practices, offices and other use	Total investment properties	Investment properties under construction	Development projects	Total
Market value as at 1 January 2018	659'602	92'840	752'442	19'481	58'699	830'622
Acquisitions	15'685	-	15'685	-	-	15'685
Investments	184	-	184	20'288	-	20'472
Reclassifications	580	286	866	(866)	-	-
Positive market value adjustments	11'992	437	12'429	-	15'664	28'093
Negative market value adjustments	(2'751)	(770)	(3'521)	-	-	(3'521)
Market value as at 31 December 2018	685'291	92'793	778'084	38'903	74'363	891'350
Increase in scope of consolidation	163'000	34'455	197'455	-	-	197'455
Investments	26	-	26	18'461	-	18'487
Down payment	-	-	-	(4'500)	-	(4'500)
Reclassifications	6'821	203	7'024	(7'024)	-	-
Positive market value adjustments	7'463	5'170	12'633	-	7'741	20'374
Negative market value adjustments	(8'176)	(346)	(8'522)	-	(7'646)	(16'168)
Market value as at 31 December 2019	854'425	132'275	986'700	45'840	74'458	1'106'998
Actual costs as at 31 December 2018	601'154	75'437	676'591	38'903	35'198	750'691
Difference between fair value and actual costs	84'137	17'356	101'493	-	39'165	140'658
Actual costs as at 31 December 2019	771'000	110'095	881'095	45'840	35'198	962'133
Difference between fair value and actual costs	83'425	22'180	105'605	-	39'260	144'865
Net rental income *						
2018	38'662	4'958	43'620	n/a	751	44'371
2019	40'150	5'162	45'312	n/a	606	45'918
Occupancy rate in %						
2018	100.0	92.2	99.0	n/a	75.2	98.5
2019	100.0	97.7	99.7	n/a	50.2	98.4

*Rental income excluding ancillary expenses.

Some properties in the category development projects are still generating rental income from existing buildings on the plots. The development projects on those plots are currently in their planning stage.

The investment properties under construction contain construction works for tenants. The costs will be further charged at the completion of the projects in 2020. In 2019, one tenant made a partial payment for an amount of CHF 4.5 million. The net amount at balance sheet date amounts to approximately CHF 14.7 million (2018: CHF 5.8 million).

The independent valuer's report does cover the 34 investment properties. The

difference compared to the figures above relate to a ground lease cost of one property, which is recognized at its fair value in the investment properties and in the liabilities of the consolidated balance sheet. The four development properties follow different metrics and are therefore valued by Wüest Partner individually.

Used discount rates

The table below shows the discount rates used for the valuation by the independent valuer.

Discount rates (in %)	2019 Number of properties	2019 Market value (in thousands of CHF)	2018 Number of properties	2018 Market value (in thousands of CHF)
4.50 - 4.99	6	83'367	6	83'506
4.00 - 4.49	19	634'821	18	466'488
3.50 - 3.99	3	88'815	4	210'091
3.00 - 3.49	5	165'167	3	17'999
2.50 - 2.99	1	14'530	-	-
Total	34	986'700	31	778'084

The weighted average discount rate for the portfolio amounted to 4.01% (2018: 4.14%).

Valuation method

The valuations are performed by the independent valuer Wüest Partner AG. The valuer performed the valuations in accordance with national and international standards and guidelines, in particular the International Valuation Standards (IVS and RICS/Red Book) and the Swiss Valuation Standard (SVS).

For the valuation, the valuer applied the discounted cash flow (DCF) method, by which the market value of a property is determined as the total of all projected future net earnings discounted to the valuation date. Each object is valued as an individual property, thus not as part of a property portfolio. Net income is discounted separately for each property with due allowance for specific opportunities and threats and adjustment in line with market conditions and risks.

Further information can be found in the valuer's report.

12. TANGIBLE ASSETS

(In thousands of CHF)	Interior fittings	Machinery and equipments
Cost		
Balance at 1 January 2018	12'649	-
Additions	-	-
Balance at 31 December 2018	12'649	-
Increase in scope of consolidation	-	436
Additions	-	-
Balance at 31 December 2019	12'649	436
Accumulated depreciation		
Balance at 1 January 2018	3'417	-
Depreciation of the year	534	-
Balance at 31 December 2018	3'951	-
Increase in scope of consolidation	-	209
Depreciation of the year	533	-
Balance at 31 December 2019	4'484	209
Carrying amounts		
At 31 December 2018	8'697	-
At 31 December 2019	8'165	227
Net book value of leased equipment		
At 31 December 2018	-	-
At 31 December 2019	-	-

13. FINANCIAL ASSETS

(In thousands of CHF)	2019	2018
Investments in unconsolidated companies	1	-
Consignations	339	339
Total financial assets	340	339

14. TRADE PAYABLES

(In thousands of CHF)	2019	2018
Third parties	4'855	6'208
Organisations controlled by related parties	183	-
Total trade payables	5'038	6'208

15. OTHER LIABILITIES

(In thousands of CHF)	2019	2018
Third parties	9'547	9'304
Organisations controlled by related parties	-	4'560
Total other liabilities	9'547	13'864
of which short-term	404	4'916
of which long-term	9'143	8'948

16. FINANCIAL LIABILITIES

	Book value (in thousands of CHF)	Interest rate (in %)
Current portion of mortgage loans	6'220	1.20 - 1.80
Short-term financial liabilities at 31 December 2018	6'220	
Mortgage loans	376'874	1.00 - 2.90
Bond issued by the company	100'000	1.50
Long-term financial liabilities at 31 December 2018	476'874	
Total financial liabilities at 31 December 2018	483'094	
Current portion of mortgage loans	9'510	1.10 - 1.65
Short-term financial liabilities at 31 December 2019	9'510	
Mortgage loans	402'870	0.95 - 2.90
Bond issued by the company	100'000	1.50
Long-term financial liabilities at 31 December 2019	502'870	
Total financial liabilities at 31 December 2019	512'380	

Mortgage loans are classified as short-term when payable or redeemed within 12 months. Mortgage loans are secured by real estate, pledged for an amount of CHF 994.6 million (2018: CHF 792.1 million).

Information regarding the bond issued by the Company is mentioned under section 5 of the Statutory Financial Statements of the Company.

17. ACCRUED EXPENSES AND DEFERRED INCOME

(In thousands of CHF)	2019	2018
Accrued tax expenses	5'305	2'643
Deferred income	2	2
Other accrued expenses	1'271	799
Accrued expenses and deferred income	6'578	3'444

18. PROVISIONS

(In thousands of CHF)	Deferred taxes
Balance at 1 January 2018	71'753
Additions	2'631
Balance at 31 December 2018	74'384
Of which short-term	-
Of which long-term	74'384
Increase in scope of consolidation	23'494
Additions	1'338
Balance at 31 December 2019	99'216
Of which short-term	-
Of which long-term	99'216

19. EQUITY

At 31 December 2019, the share capital of CHF 11.6 million (2018: 10.0 million) consisted of 11'600'000 fully paid-up registered shares (2018: 10'000'000) at a par value of CHF 1 each. The legally non-distributable reserves of the Company amount to CHF 5.8 million (2018: CHF 2.9 million).

Information regarding authorised and conditional capital is mentioned under section 2.2 of the Corporate Governance Report. The significant shareholders are mentioned under section 1.2 of the Corporate Governance Report.

20. CAPITAL COMMITMENTS

The Group has commitments to complete new constructions and renovations for a total amount of CHF 6.2 million as at 31 December 2019 (2018: CHF 10.6 million).

21. CONTINGENT LIABILITIES

The Group's operations are exposed to risks from political, legal, fiscal and regulatory developments. The nature and frequency of these developments and events, which are not covered by any insurance, are not predictable. Possible obligations that are dependent on future events are disclosed as contingent liabilities. The Group has currently no major contingent liabilities.

22. TRANSACTIONS WITH RELATED PARTIES

Business transactions with related parties are concluded on arm's length conditions. All transactions are reported in the financial statements for 2019 and 2018.

The corresponding receivables and payables are reported separately in the respective notes to the financial statements (see notes 10, 14 and 15).

(In thousands of CHF)	2019	2018
Transactions with shareholders		
Other operating expenses	-	(1'000)
Financial income	667	15
Financial expenses	(1'500)	(889)
Transactions with organisations controlled by related parties		
Income from rental of properties	44'284	42'076
Real estate expenses	-	(2'500)
Other operating expenses	150	(1'710)
Investment properties under construction (construction management)	528	267
Investment properties under construction (down payment)	4'500	-

23. ACQUISITIONS OF SUBSIDIARIES

One change in scope of consolidation made in 2019 was accounted for using the purchase method. The following table shows the amounts of assets and liabilities acquired at the transaction date (see note 3.7).

(In thousands of CHF)	2019	Acquisitions 2018
Cash and cash equivalents	930	-
Trade receivables	633	-
Other receivables	7	-
Accrued income and prepaid expenses	88	-
Investment properties	197'455	-
Investment properties under construction	-	-
Development projects	-	-
Machinery and equipment	227	-
Interior fittings	-	-
Financial assets	-	-
Assets	199'340	-
Trade accounts payable	458	-
Other current liabilities	1'718	-
Short-term financial liabilities	-	-
Accrued expenses and deferred income	1'088	-
Long-term financial liabilities	14'000	-
Other non-current liabilities	-	-
Long-term provisions	23'494	-
Liabilities	40'758	-
Total net assets	158'582	-



24. GOODWILL

The impact of a theoretical capitalisation of goodwill on balance sheet and net earnings is presented in the tables below:

(In thousands of CHF)	2019	2018
Cost		
Balance at 1 January	-	-
Additions through business combinations	5'105	-
Balance at 31 December	5'105	-
Accumulated amortisation		
Balance at 1 January	-	-
Amortisation for the year (5 years)	-	-
Impairment	-	-
Balance at 31 December	-	-
Carrying amounts		
At 31 December	5'105	-

Impact on net earnings and balance sheet:

(In thousands of CHF)	2019	2018
Profit for the period	31'621	47'067
Amortisation goodwill	-	-
Impairment goodwill	-	-
Net earnings with capitalised goodwill	31'621	47'067
Equity including minority interests	489'735	388'719
Capitalised goodwill	5'105	-
Equity with capitalised goodwill	494'840	388'719

25. SUBSEQUENT EVENTS

There are no subsequent events between the balance sheet date and the authorisation for issue by the Board of Directors.

26. RISK ASSESSMENT DISCLOSURE

The management proceeds to an annual review of the risks and protection measures. Risk assessment is reviewed by the General Management and approved by the Board of Directors.

27. LIST OF GROUP COMPANIES

Company name	Location	Activity		In % on group level	
				31.12.2019	31.12.2018
Infracore SA	Fribourg	Healthcare real estate	a)	100.0%	100.0%
GENERALE-BEAULIEU IMMOBILIERE SA	Geneva	Healthcare real estate	a)	100.0%	-

a) Fully consolidated.

Wüest Partner AG, Bleicherweg 5, 8001 Zurich

Infracore SA
Rue Georges-Jordil 4
1700 Fribourg

Zurich, 25 February 2020

Independent valuer's report 2019

To the Executive Board of Infracore SA

Ref.
108248.2001

Commission

Wüest Partner AG (Wüest Partner) was commissioned by the Executive Board of Infracore SA (previously Swiss Healthcare Properties SA) to perform a market valuation of the properties held by Infracore as per 31 December 2019 (reporting date) for accounting purposes. The valuation includes 34 properties (including one indicative valuation scenario of Rue des Condémines 5, Sion).

Valuation standards

Wüest Partner hereby confirms that the valuations were performed in accordance with national and international standards and guidelines, in particular with the International Valuation Standards (IVS and RICS/Red Book) and the Swiss Valuation Standards (SVS).

33 properties are valued in terms of going concern. One property is valued as an indicative valuation scenario with an exit in the years 2024/25 (Sion, Rue des Condémines 5).

Definition of fair value

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

Each property is valued as an individual property and not as part of a property portfolio. The valuation excludes property transfer, real property gains and value-added taxes plus any other costs incurred, or commissions paid, during the process of selling real estate. Nor is any account taken of Infracore's liabilities in respect of taxation (apart from ordinary property taxes) and financing costs.

Valuation method

In valuing Infracore's real estate holdings, Wüest Partner applied the discounted cashflow (DCF) method, by which the market value of a property is determined as the total of all projected future net earnings discounted to the valuation date. Net income is discounted separately for each property with due allowance for specific opportunities and threats and adjustment in line with market conditions and risks.

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Regulated by RICS

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Basis of valuation

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

Wüest Partner inspects the properties at least once every three years as well as following purchase and upon completion of larger refurbishment and investment projects. Within the review period from 1 January 2019 to 31 December 2019, Wüest Partner visited several properties. For further details on the general assumptions underlying the property valuations, please refer to the Wüest Partner reporting as per 31 December 2019.

Results

A total of 34 Infracore investment properties were valued as at 31 December 2019 by Wüest Partner (including indicative scenario valuation, Rue des Condémines 5, Sion). The fair value of 33 investment properties is estimated as at 31 December 2019 at 976,227,000 Swiss Francs (977,152,000 Swiss Francs including the indicative scenario valuation, Rue des Condémines 5, Sion).

Changes during reporting period

Within the review period from 1 January 2019 to 31 December 2019, concerning the Infracore properties in comparison with the previous period from 1 January 2018 to 31 December 2018, three properties have been newly included in the portfolio, i.e.

– three properties at Clinique Générale-Beaulieu, Geneva, former owner Générale-Beaulieu Immobilière; GBI, CBS12, CBS2-4 (acquisition, full valuation). Like in the previous period, the properties Lindberg Buchegg (PBU) and Lindberg Tannegg (PTA) have not been integrated into the annual valuation update reporting as per 31.12.2019.

Independence and confidentiality

Wüest Partner performed the valuation independently and neutrally in conformity with its business policies. It was carried out solely for those purposes specified above; Wüest Partner shall accept no liability in respect of third parties.

Valuation fee

The fee of the valuer's services is independent of the valuation results. The rate is based upon the numbers of the valuations performed and the lettable area of the property.

Zurich, 20 February 2020
Wüest Partner AG



Matthias Weber
Partner



Stefan Meier
Partner

Berney Associés

Geneva, February 26, 2020

Report of the statutory auditor on the ordinary audit for the year 2019 to the General Meeting of Infracore SA, Fribourg

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Infracore SA, which comprise the consolidated balance sheet as at December 31, 2019, the consolidated income statement, the consolidated cash flow statement and notes presented on pages 70 to 90 for the year then ended.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of these consolidated financial statements in accordance with Swiss GAAP FER, article 17 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected

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depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements 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 system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2019 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with the provisions of article 17 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange and Swiss law.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (CO)) and article 11 AOA that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 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.

Berney Associés Audit SA

Gregory GRIEB
Licensed Audit Expert
Auditor in charge

Vincent DUCOMMUN
Licensed Audit Expert

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Statutory Income Statement

(In CHF)	2019	2018
Rental income	46'066'521	44'521'884
Rental income	46'066'521	44'521'884
Expenses for obtained services	(4'806'899)	(10'250'517)
Gross profit	41'259'622	34'271'367
Administrative expenses	(2'076'608)	(3'782'842)
Other operating expenses	(2'076'608)	(3'782'842)
EBITDA	39'183'014	30'488'525
Depreciation on non-current assets	(13'381'319)	(12'559'386)
EBIT	25'801'695	17'929'139
Financial expenses	(7'573'751)	(7'224'565)
Financial income	666'871	14'849
EBT	18'894'815	10'719'423
Direct taxes	(4'421'122)	(2'885'194)
Profit for the year	14'473'693	7'834'229

Statutory Balance Sheet

(In CHF)	Note	31.12.2019	31.12.2018
Assets			
Cash and cash equivalents and securities listed on a stock exchange		3'196'163	4'444'484
Other short-term receivables	2.1	2'289'686	63'200'439
Prepaid expenses and accrued income		58'943	491'225
Current assets		5'544'792	68'136'148
Investments in unconsolidated companies		1'000	-
Long-term receivables		338'677	338'677
Financial assets		339'677	338'677
Investments in subsidiaries	4	163'686'604	-
Property, plant and equipment	2.2	440'613'060	439'256'269
Intangible assets	2.3	9'158'000	11'447'000
Non-current assets		613'797'341	451'041'946
Assets		619'342'133	519'178'094
Liabilities and Shareholders' equity			
Trade accounts payable	2.4	4'491'306	6'101'777
Short-term interest bearing liabilities	2.5	9'510'000	6'221'368
Other short-term liabilities	2.6	88'903	4'618'057
Accrued expenses and deferred income and short-term provisions		5'489'309	3'443'970
Short-term liabilities		19'579'518	20'385'172
Bond issued by the company	5	100'000'000	100'000'000
Long-term interest-bearing liabilities	2.7	388'870'000	376'874'000
Provisions		1'207'000	1'207'000
Long-term liabilities		490'077'000	478'081'000
Liabilities		509'656'518	498'466'172
Share capital		11'600'000	10'000'000
Reserves from capital contributions		80'000'000	-
Legal capital reserves		80'000'000	-
General legal retained earnings		3'516'570	2'856'570
Legal retained earnings		3'516'570	2'856'570
Profit carried forward		95'352	21'123
Profit for the year		14'473'693	7'834'229
Balance sheet profit		14'569'045	7'855'352
Shareholders' equity		109'685'615	20'711'922
Liabilities and shareholders' equity		619'342'133	519'178'094

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared according to 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.

1.1. Current receivables

Receivables are carried at nominal value less allowance for doubtful receivables. The allowance is based on the aging of trade receivables, specific risks and historical loss experience.

1.2. Property, plant and equipment

Property, plant and equipment (PPE) and intangible assets are valued at acquisition or manufacturing costs less accumulated depreciation and impairment losses. PPE is depreciated using the declining-balance method and intangible assets are depreciated using the straight-line method.

1.3. Financial liabilities / Bond issued by the company

Financial liabilities are recognised at nominal value. They are classified as current liabilities when payable within 12 months.

2. INFORMATION ON BALANCE SHEET AND INCOME STATEMENT ITEMS

(In CHF)	31.12.2019	31.12.2018
2.1 Other short-term receivables		
From third parties	571'420	208'887
From shareholders and governing bodies	-	62'991'552
From companies in which the entity holds an investment	1'718'266	-
Total other short-term receivables	2'289'686	63'200'439
2.2. Property, plant and equipment		
Properties	398'840'628	406'992'968
Properties under construction	33'329'830	23'563'257
Interior fittings	8'442'602	8'700'044
Total property, plant and equipment	440'613'060	439'256'269

The properties under construction contain construction works for tenants. The costs will be further charged at the completion of the projects in 2020. The amount at balance sheet date amounts to approximately CHF 14.7 million (2018: CHF 5.8 million).

(In CHF)	31.12.2019	31.12.2018
2.3 Intangible assets		
Goodwill	9'158'000	11'447'000
Total intangible assets	9'158'000	11'447'000
2.4 Trade accounts payable		
Due to third parties	4'491'306	6'101'777
Total Trade accounts payable	4'491'306	6'101'777
2.5 Short-term interest bearing liabilities		
Short-term bank loans and mortgages	9'510'000	6'221'368
Total short-term interest bearing liabilities	9'510'000	6'221'368
2.6 Other short-term liabilities		
Due to third parties	88'903	4'618'057
Total short-term liabilities	88'903	4'618'057
2.7 Long-term interest bearing liabilities		
Long-term mortgages	388'870'000	376'874'000
Total long-term interest bearing liabilities	388'870'000	376'874'000



3. FULL-TIME EQUIVALENTS

Infracore SA does not have any employees.

4. INVESTMENTS IN SUBSIDIARIES

Company, legal form and domicile	31.12.2019 Share capital and voting rights	31.12.2018 Share capital and voting rights
GENERALE-BEAULIEU IMMOBILIERE SA, Geneva	100.0%	-

5. BOND ISSUED BY THE COMPANY

Information regarding bond issued by the Company is mentioned in the table below. The bond is fully subscribed by one of the Company's shareholders:

Bond type	Fixed rate
Nominal amount	CHF 100.0 million
Interest rate	1.50%
Term	28.12.2018 to 27.12.2021
Maturity	27.12.2021 at par value

6. AUTHORISED AND CONDITIONAL CAPITAL

Information regarding authorised and conditional capital is mentioned in section 2.2 of the Corporate Governance Report.

7. SIGNIFICANT SHAREHOLDERS

Information regarding significant shareholders is mentioned in section 1.2 of the Corporate Governance Report.

8. ASSETS PLEDGED TO SECURE OWN LIABILITIES

(In CHF)	31.12.2019	31.12.2018
Properties (book value)	440'613'060	439'256'269

9. AUDITING BODY

Auditing fees of Berney Associés Audit SA for the Company amounted to CHF 46'900 (2018: CHF 56'000). During 2019, Berney Associés Audit SA charged additional fees of CHF 4'215 (2018: nil).

Proposed appropriation of retained earnings

The Board of directors proposes to the Annual General Meeting of Shareholders the distribution of CHF 1.14 (2018: CHF 0.71) per share from retained earnings.

(In CHF)	2019	2018
Retained earnings available to the Annual General Meeting		
Profit carried forward	95'352	21'123
Profit for the year	14'473'693	7'834'229
Balance sheet profit	14'569'045	7'855'352
Total available to the Annual General Meeting	14'569'045	7'855'352
Proposal of the Board of Directors		
Balance sheet profit	14'569'045	7'855'352
./. Allocation to the legal retained earnings	(1'264'400)	(660'000)
./. Dividend payment	(13'224'000)	(7'100'000)
Balance brought forward	80'645	95'352

Proposed distribution from capital contribution reserve

The Board of directors proposes to the Annual General Meeting of Shareholders the distribution of CHF 1.27 (2018: nil) per share from capital contribution reserve.

(In CHF)	2019	2018
Account carried forward	-	-
Increase of capital contribution due to capital increase	80'000'000	-
Capital contribution reserve before proposed distribution	80'000'000	-
Proposed distribution from capital contribution reserve	(14'732'000)	-
Capital contribution reserve after proposed distribution	65'268'000	-

The proposal is based on a total distribution of CHF 2.41 per share on 11'600'000 eligible issued shares as at 31.12.2019 (2018: CHF 0.71 per share on 10'000'000 eligible issued shares).

Berney Associés

Geneva, February 26, 2020

Report of the statutory auditor on the ordinary audit for the year 2019 to the General Meeting of Infracore SA, Fribourg

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Infracore SA, which comprise the balance sheet as at December 31, 2019, the income statement and notes presented on pages 96 to 100 for the year then ended.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of these financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

Audit

Comptabilité

Expertise & Conseil

Fiscalité

Payroll

Corporate finance

Berney Associés

In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements 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 system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended December 31, 2019 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (CO)) and article 11 AOA that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 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 retained earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Berney Associés Audit SA

Gregory GRIEB
Licensed Audit Expert
Auditor in charge

Vincent DUCOMMUN
Licensed Audit Expert

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