Annual Report 2019

AEVIS VICTORIA

Investing for a better life

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Investing for a better life

CHF 933M
TOTAL REVENUE
42.0% INCREASE

36.5%
EBITDAR
MARGIN

AEVIS VICTORIA SA invests in healthcare, hospitality & lifestyle and infrastructure. AEVIS's main shareholdings are Swiss Medical Network SA, the only Swiss private network of hospitals present in the country's three main language regions, Victoria-Jungfrau AG, a luxury hotel group managing luxury hotels in Switzerland, Infracore SA (30%, directly and indirectly), a real estate company dedicated to healthcare-related infrastructure, a hospitality real estate division, Medgate (40%), the leading telemedicine provider in Switzerland, and NESCENS SA, a brand dedicated to better aging. AEVIS is listed on the Swiss Reporting Standard of the SIX Swiss Exchange (AEVS.SW).

www.aevis.com

Key Figures

CHF 174M
NET PROFIT

CHF 1.1BN
CAPITALISATION

(In thousands of CHF unless otherwise stated)	FY2019	FY2018
Total revenue	933'169	657'205
Net revenue	**844'845**	**577'028**
EBITDAR*	**308'424**	**84'682**
EBITDAR margin	36.5%	14.7%
EBITDA	**266'495**	**70'088**
EBITDA margin	31.5%	12.1%
EBIT	**179'130**	**16'672**
EBIT margin	21.2%	2.9%
Profit/(loss) for the period	**173'690**	**(6'615)**
Number of FTE at year-end	3'429	2'848
Market price per share at 31.12. in CHF	14.00	12.20
Number of outstanding shares	80'325'264	77'419'205
Market capitalisation	1'124'554	944'514

* Earnings before interest, taxes, depreciation, amortisation and rental expenses.

For a better comparability, the market figures in the table above have been retrospectively adjusted to take the 1:5 share split into account.

Share and bond information

Share Register
Computershare Schweiz AG
Tel. +41 62 205 77 00
share.register@computershare.ch

Number of shares

	31.12.2019	31.12.2018 (restated)*	31.12.2018
Share capital (in CHF)	**80'391'035**	78'591'035	78'591'035
No. of registered shares issued	**80'391'035**	78'591'035	15'718'207
Nominal value per registered shares (in CHF)	**1**	1	5
No. of treasury shares	**65'471**	1'171'830	234'366
No. of registered shares outstanding	**80'325'264**	77'419'205	15'483'841

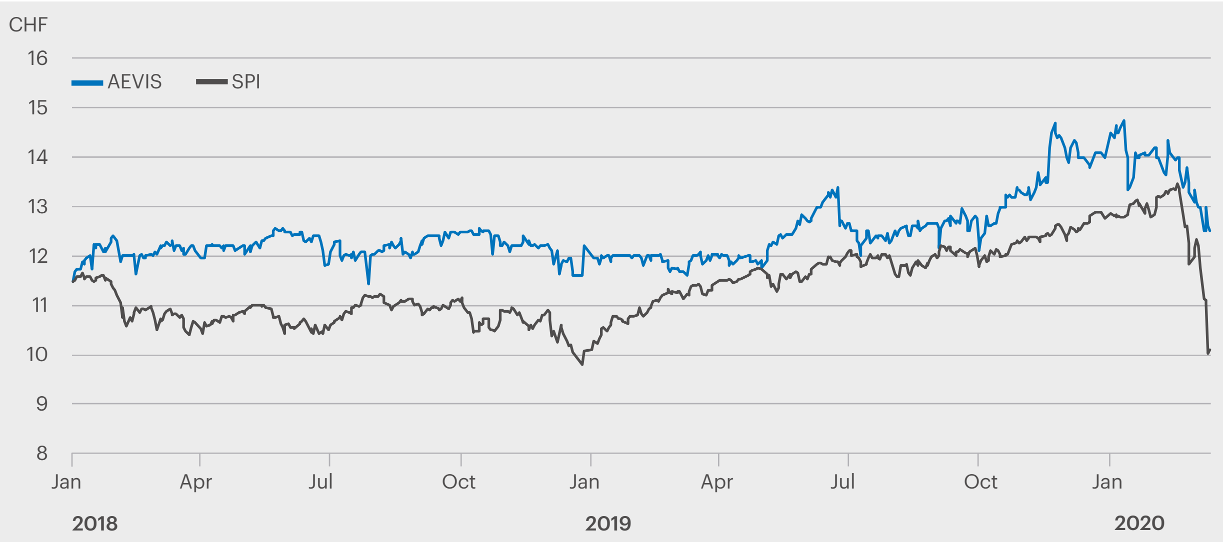
* Following the 1:5 share split, effective since 7 June 2019.

Data per share

	31.12.2019	31.12.2018 (restated)*	31.12.2018
EBITDA per share** (in CHF)	**3.42**	0.91	4.53
High (in CHF)	**14.70**	12.56	62.80
Low (in CHF)	**11.60**	11.44	57.20
End price (in CHF)	**14.00**	12.20	61.00
Average volume per day	**29'789**	27'570	5'514
Market capitalisation (in CHF)	**1'124'553'696**	944'514'301	944'514'301

* Following the 1:5 share split, effective since 7 June 2019.
** EBITDA divided by the weighted average number of shares outstanding, excluding treasury shares.

Share price performance



The registered shares of AEVIS VICTORIA SA are traded on the Swiss Reporting Standard of SIX Swiss Exchange and are part of the Swiss Performance Index SPI, the SXI Life Sciences Index (SLIFE) and the SXI Bio+Medtech Index (SBIOM).

Valor symbol:	AEVS	Bloomberg:	AEVS:SW
Valor no.:	47'863'410	Reuters:	AEVS.S
ISIN:	CH0478634105		

AEVIS VICTORIA SA Bonds

- In May/June 2016, AEVIS has successfully issued a 5-year bond in the amount of CHF 150 million maturing on 07.06.2021. The coupon was set at 2.5%. The AEVIS VICTORIA bond is traded on SIX Swiss Exchange (Valor symbol: AEV16 / ISIN CH0325429162).
- In September/October 2016, AEVIS has successfully issued a 6-year bond in the amount of CHF 145 million maturing on 19.10.2022. The coupon was set at 2.0%. The AEVIS VICTORIA bond is traded on SIX Swiss Exchange (Valor symbol: AEV161 / ISIN CH0337829276).
- In June 2018, AEVIS has successfully issued a 2-year bond in the amount of CHF 55 million maturing on 29 June 2020. The coupon was set at 2.25%. The AEVIS VICTORIA bond is traded on SIX Swiss Exchange (Valor symbol: AEV18 / CH0420465954).

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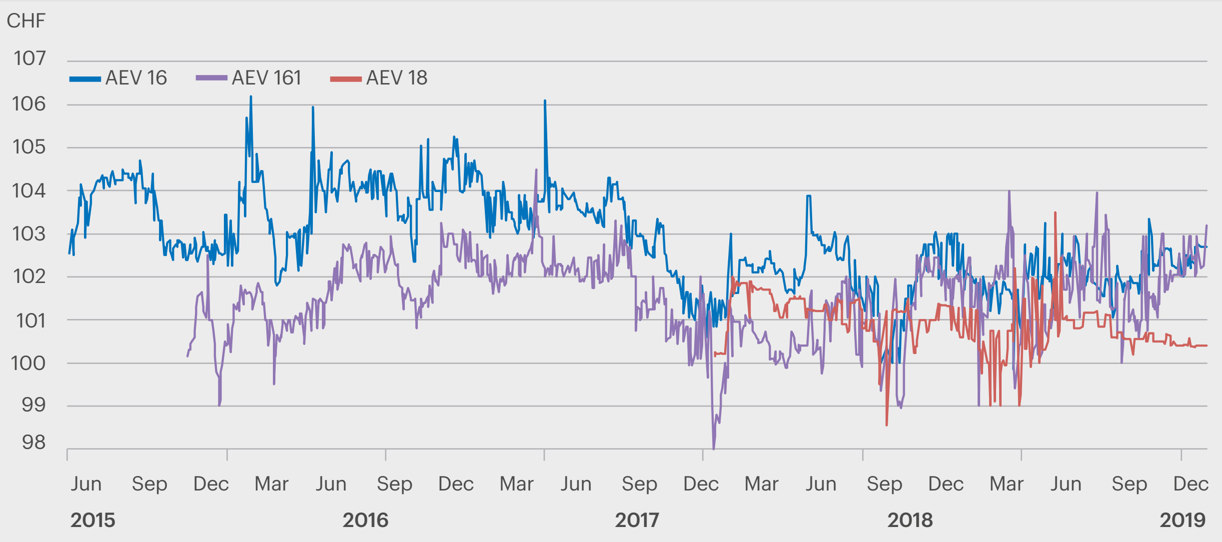


Major shareholders

The following shareholders held more than 3% on 31 December 2019:

Group Hubert/Reybier/M.R.S.I. Medical Research, Services and Investments SA	75.89%
MPT Medical Properties Trust, Inc.	4.79%
Kuwait Investment Office as agent for the Government of the State of Kuwait	3.32%
Total shareholders (31 December 2019)	**1'728**

Financial reporting

30 April 2020	Ordinary general shareholders meeting for the year 2019
May 2020	Publication of 1Q 2020 Revenue
18 September 2020	Publication of the 2020 Half-Year Results
November 2020	Publication of 3Q 2020 Revenue
February 2021	Publication of 2020 Revenue
26 March 2021	Publication of the 2020 Annual Results

Letter to the Shareholders

Dear Shareholder,

As it transitions to a pure investment company, AEVIS VICTORIA achieved an outstanding result in the 2019 financial year. Total revenue increased by 42.0% to CHF 933.2 million, including participation gains of CHF 199.4 million from the sale of a 70% stake in Infracore and CHF 22.0 million from the sale of Générale-Beaulieu Immobilière SA. Organic growth was 3.6% and operating income increased to CHF 308.4 million, corresponding to an EBITDAR margin of 36.5%. Net profit rose sharply to CHF 173.7 million. After a promising start to the new 2020 financial year, the spread of the coronavirus, and especially the gradually increased state of lockdown in Switzerland, are having an impact on daily operations in both the hospital and hospitality segments. Although the Group is very well diversified and, thanks to its healthcare participations, positioned to make a contribution in overcoming this healthcare crisis, the financial consequences of the ongoing lockdown cannot yet be quantified. For this reason, the Board of Directors of AEVIS VICTORIA has decided not to propose to pay a dividend for the year under review.

Broad progress

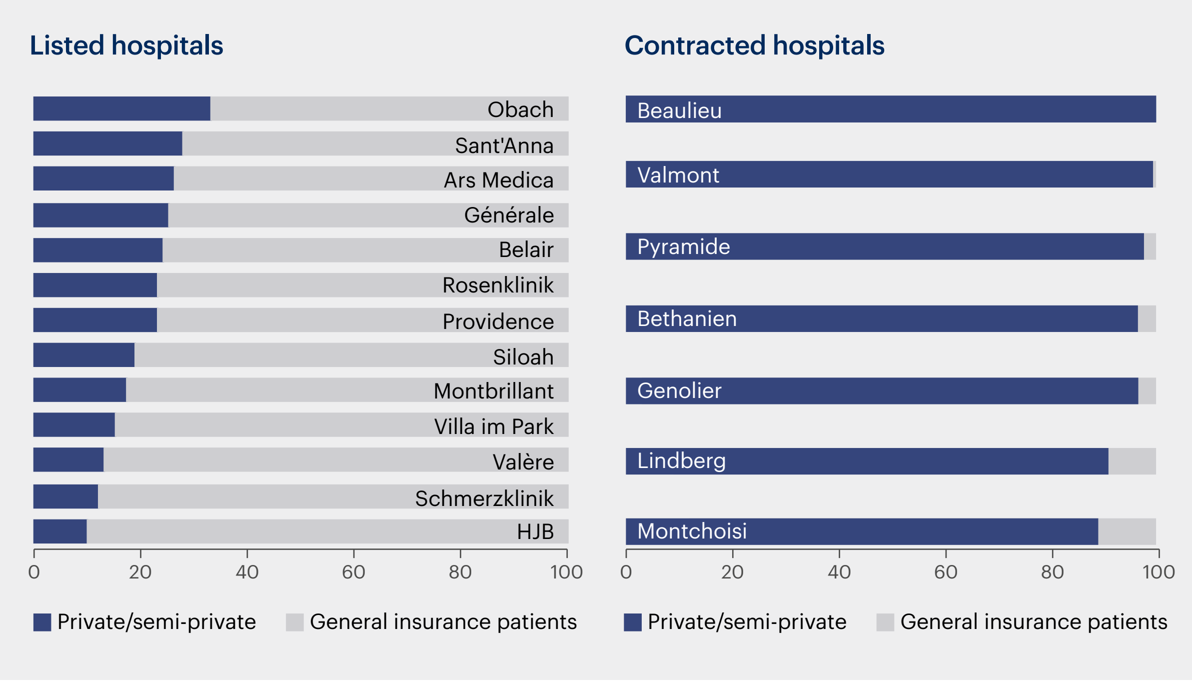
AEVIS VICTORIA achieved important milestones in all segments in the past financial year. In the hospital segment, the acquisition strategy that has been successfully practiced for years was continued, with the integration of three additional hospitals, thus almost reaching the mid-term goal of a network of at least 20 hospitals in a majority of cantons. In the real estate segment, Infracore, the healthcare infrastructure subsidiary, was successfully deconsolidated and AEVIS VICTORIA's stake was reduced in several steps to 30%. In contrast, the portfolio of hotel properties was considerably strengthened by the purchase of several properties from the Credit Suisse Real Estate Fund Hospitality. In the hospitality sector, future income was more broadly diversified with the integration of three luxury hotels in Davos and Zermatt and the reopening of La Réserve Eden au Lac in Zurich.

Swiss Medical Network achieves organic growth of 4.0%

Despite the ongoing shift to more outpatient care and the reduction of TARMED tariffs, organic growth reached a solid 4.0%, enabled by past acquisitions, the reopening of renovated facilities and the recruitment of additional medical talent. Total net revenue (excluding medical fees) amounted to CHF 534.8 million, 7.7% more than in the previous year. Operating income reached CHF 87.7 million, corresponding to an EBITDAR margin of 16.4%.

In the reporting period, Swiss Medical Network acquired 40% of Rosenklinik AG in Rapperswil, in the canton of St. Gallen, with the option for a full integration by 2023. Privatklinik Belair in Schaffhausen, acquired from the Hirslanden Group, has been consolidated in Swiss Medical Network since 1 October 2019. And in January 2020, Swiss Medical Network became a shareholder of Hôpital du Jura bernois with a participation of 35% and the option to buy a majority stake within three years.

This participation will ensure the safeguarding of a comprehensive range of acute somatic and psychiatric care services for the French-speaking population of Berne and allow to build co-operations with hospitals in the Canton of Neuchatel. With these latest integrations, the network has grown to 21 hospitals in 13 cantons in all language regions, and thereby the long-term goal, set nearly 10 years ago, is being approached. With the consolidation of Rosenklinik and Hôpital du Jura bernois, Swiss Medical Network is expected to achieve a turnover of approximately one billion in 2022.



Swiss Medical Network is well prepared for the ongoing transition of the Swiss healthcare system. Already today, the network operates 26 outpatient centers in all parts of Switzerland treating more than 160'000 ambulatory patients in 2019. In addition, the group strives to develop more integrated care offerings to be even closer to the patients and to cover the entire value chain from prevention to treatment in the hospital and rehabilitation after the hospital stay.

Part of these efforts is the ongoing expansion of the telemedical offerings of Medgate (40% participation of AEVIS VICTORIA). It is worth mentioning in this context that Medgate has been chosen by the Federal Office of Public Health (Bundesamt für Gesundheit) to run the nationwide coronavirus hotline.

In 2020 and 2021, the growth strategy of the healthcare segment will be continued and extended also on the vertical value chain. In this context, AEVIS VICTORIA might be joined by new strategic shareholders in Swiss Medical Network to build up a truly Integrated Care Provider for Switzerland, following the example of Kaiser Permanente in the USA.

Participation in Infracore reduced to 30%

After the sale of a 20% stake in Infracore to Bâloise in December 2018, a further 15% was sold to Bâloise and 46% to Medical Properties Trust (MPT) on 27 May 2019. MPT, Bâloise and AEVIS VICTORIA jointly formed a long-term partnership for the further development of Infracore. In December 2019, the portfolio was significantly enlarged with the acquisition of Générale-Beaulieu Immobilière SA. The company, a subsidiary of Générale Beaulieu Holding SA (GBH), owns several properties in the Champel district of Geneva, including the hospital property of Clinique Générale-Beaulieu, which belongs to Swiss Medical Network. The transaction was paid in cash and Infracore shares, thereby bringing the AEVIS VICTORIA stake in Infracore back to 30%, while the participations of MPT and Bâloise were reduced to 40% and 30%, respectively. After the deconsolidation of Infracore and the associated participation gain, an extraordinary distribution from capital contribution reserves of CHF 0.76 per share was paid to AEVIS VICTORIA shareholders. For the financial year 2019, Infracore is expected to pay out CHF 28.0 million, which would lead to a distribution to AEVIS VICTORIA of CHF 8.4 million later in 2020. Infracore and and its shareholders are fully committed to supporting Swiss Medical Network in its acquisition strategy, giving it strong bargaining power.

Hotel property portfolio growing strongly

Following the deconsolidation of the healthcare infrastructure properties, the hotel real estate portfolio will be strengthened by acquisitions and the Group progressed to become a major player in the Swiss luxury hotel industry. The existing portfolio of seven buildings in Interlaken and Zürich with a market value of CHF 204.8 million as of 31 December 2019 will be enlarged to a size of up to CHF 500 million since AEVIS VICTORIA entered into an agreement to buy several properties from the Credit Suisse Real Estate Fund Hospitality (CS REF Hospitality).

Victoria-Jungfrau now operates seven luxury hotels across Switzerland

In line with a flourishing tourism industry in Switzerland, the operational hotels of Victoria-Jungfrau performed well in the reporting period and achieved a turnover of CHF 69.4 million, 11.3% more than in the previous year (CHF 62.4 million). All three operating hotels (Victoria-Jungfrau Grand Hotel & Spa, Bellevue Palace and Crans Ambassador) contributed to this pleasing result. Following the successful acquisition of 100% of Seiler & Partenaires Holding SA, the Mont Cervin Palace and Monte Rosa hotels in Zermatt have been operated by the Group since 1 November 2019. In addition, after the reporting period, the Hotel InterContinental in Davos became part of Victoria-Jungfrau at the beginning of 2020. The Hotel Eden au Lac in Zurich, which has been closed since October 2017 for total renovation, was reopened in January 2020 under the brand name La Réserve Eden au Lac Zurich. Victoria-Jungfrau has thus progressed to become the largest provider of luxury hotels in Switzerland, with a diversified portfolio including both typical winter and summer destinations as well as city hotels, and with 847 rooms and more than 800 employees.

Other participations

Important strategic decisions were also taken with regard to the other, smaller minority participations. The 15.5% stake in iKentoo SA was sold to the Canadian company Lightspeed POS Inc., which is one of the world's leading providers of POS software for sales and catering. AEVIS generated a profit of around CHF 1.2 million from the sale, corresponding to a return of nearly 30% on the investment made. AEVIS VICTORIA, through its French subsidiary SAS Clinique Spontini, acquired the real estate company SCI François 1er and thus became the owner of the Clinique Nescens Paris Spontini building, located in Paris's 16th Arrondissement. The market value of the building, with a gross surface area of 1'250 sqm, amounts to nearly EUR 15 million.

Strengthened balance sheet

The sale of the stake in Infracore and of Générale-Beaulieu Immobilière SA resulted in substantial cash inflow. Overall, the balance sheet was reduced significantly from CHF 1'855 million to CHF 1'191 million, the leverage ratio was substantially reduced, and the equity ratio strengthened from 24.0% to 37.3%. The CHF 145 million 2.75% bond maturing in the summer was repaid on maturity. Despite the good results, the Board of Directors will not propose a dividend distribution because the financial consequences of the ongoing lockdown cannot yet be quantified.

Total turnover approaching the billion mark

Reported total revenues increased to CHF 933.2 compared to CHF 657.2 million a year ago. Net revenues (without medical fees) reached CHF 844.8 million (2018: CHF 577.9 million). On a Group level, EBITDAR amounted to CHF 308.4 million, up from CHF 84.7 million, corresponding to an EBITDAR margin of 36.5% (2018: 14.7%). The profit surged to CHF 173.7 million compared to a net loss of CHF 6.6 million in the previous year.

Successful share split

The General Meeting in May 2019 approved the split of one existing share into five new shares. The new Valor number is 47 863 410 and the new ISIN number is CH0478634105. The purpose of the split was to increase the liquidity and attractiveness of the share for retail investors. At the end of the reporting period, AEVIS VICTORIA reached a market capitalization of CHF 1.1 billion.

Outlook 2020

The start to 2020 was encouraging in both the hospital and hospitality segments but was suddenly interrupted with the COVID-19 crisis. Every hospital in Swiss Medical Network is playing a major role in its canton's cooperation with public hospitals to fight against the coronavirus, and the individual hospitals are prepared to compensate for potentially postponed elective surgeries in the months to come. We expect very strong activities when elective surgery reopens. The pandemic is expected to broadly impact the hospitality business this summer, since cancellations of trips and conferences as well as group travels have been observed on a broad front. However, national tourism might be able to compensate in part the cancellations. The winter hotels have completed the season a few weeks ahead of schedule and the other hotels have been closed until further notice.

In general, visibility has decreased markedly, and it is difficult to make any predictions about the coming months. At the time of the publication of the annual report, the financial impacts of COVID-19 and the gradually increased state of lockdown in Switzerland for the Group cannot be reliably measured due to the uncertainties regarding the duration and the severity of the spread of COVID-19. The Board of Directors and the Management have defined and implemented measures to ensure in particular the short-term availability of liquidity. The Swiss Federal Government announced a large compensation program for business losses, and our businesses would qualify for such compensation. We are confident that, like the Canton of Berne, all cantons will compensate hospitals and clinics for their loss of revenue.

Thank you

We would like to thank all our employees for their high level of commitment in the past financial year and under the currently challenging environment, our customers and partners for their good cooperation, and our shareholders for their trust.

Christian Wenger	Antoine Hubert
Chairman of the Board	Delegate of the Board

SWISS MEDICAL NETWORK

Swiss Medical Network – Key Figures 2019*

The network's growth path continued with the integration of Klinik Belair in Schaffhausen and the two clinics of Hôpital du Jura bernois in January 2020. As such, Swiss Medical Network has extended its footprint to 21 hospitals and a network of health centres in 13 different cantons in all three language regions of Switzerland.

AARGAU
- Privatklinik Villa im Park

BASEL
- Schmerzklinik Basel

BERNE
- Privatklinik Siloah
- Hôpital du Jura Bernois (35%, from 2020)

FRIBOURG
- Clinique Générale Ste-Anne

GENEVA
- Clinique Générale-Beaulieu

NEUCHÂTEL
- Clinique Montbrillant
- Hôpital de la Providence

SCHAFFHAUSEN
- Privatklinik Belair

SOLOTHURN
- Privatklinik Obach

ST. GALLEN
- Rosenklinik Rapperswil (40%)

TICINO
- Clinica Sant'Anna
- Clinica Ars Medica

VALAIS
- Clinique de Valère

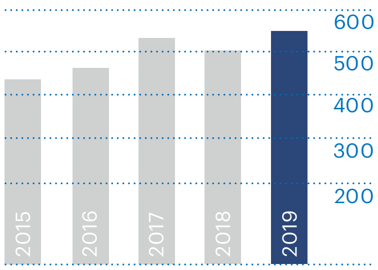
VAUD
- Clinique de Genolier
- Clinique de Montchoisi
- Clinique Valmont

ZURICH
- Privatklinik Bethanien
- Privatklinik Lindberg
- Pyramide am See (20%)

* Hôpital du Jura Bernois excluded.

NET REVENUE IN CHF MILLION

534.8



TOTAL REVENUE IN CHF MILLION

622.6

ADMITTING PHYSICIANS

2'185

EBITDAR MARGIN

16.4%

BEDS

1'119

EMPLOYEES

2'946

INTERVENTIONS

55'120

Hospital segment: Record turnover of CHF 622.6 million

The dynamic development of Swiss Medical Network continued in 2019. In total, a new record turnover of CHF 622.6 million was achieved while the operating profit reached CHF 87.7 million, corresponding to an EBITDAR margin of 16.4%. Organic growth amounted to 4.0%, enabled by past acquisitions, the reopening of renovated facilities and the recruitment of additional medical talent. These positive trends continued at the beginning of the 2020 financial year but were interrupted with the COVID-19 crisis. It is not yet determined what role the hospitals of Swiss Medical Network might assume in the fight against the coronavirus.

Operating margin of 16.4%

The growth of the previous year continued seamlessly. Swiss Medical Network achieved a record turnover of CHF 622.6 million, 8.0% more than the previous year. Net revenue (excluding medical fees) increased by 7.7% to CHF 534.8 million (2018: CHF 496.8 million). On a comparable basis, organic growth was 4.0%, despite further shifts to outpatient care and lower TARMED tariffs since last year. The integration of 40% of Rosenklinik in Rapperswil (St. Gallen) at the beginning of 2019, of Privatklinik Belair in Schaffhausen as of 1 October 2019, the acquisitions made in the previous year and the reopening of renovated facilities, also contributed to the Group's growth. EBITDAR reached CHF 87.7 million, compared to CHF 85.4 million last year, corresponding to an operating margin of 16.4% (2018: 17.2%).

During the course of the year, turnover was above average, especially in the first quarter and towards the end of the reporting year. The good market environment and the numerous new affiliated doctors, with 192 doctors recruited in 2019, contributed significantly to this positive development. This led to an excellent performance in all contracted hospitals. The development in the listed hospitals was less dynamic, due to the shift towards outpatient treatments, but still positive.

Partnership with the public sector

Swiss Medical Network acquired 35% of the share capital of the public Hôpital du Jura bernois SA, with the option of a majority holding within three years. In the rapidly changing hospital landscape, this step towards a private entity becoming a shareholder of a public hospital marks a clear first in Switzerland. Swiss Medical Network is convinced that this is a pioneering model and a necessary approach to providing a sustainable solution for ensuring integrated healthcare coverage in a rural area of the canton of Berne. Positive reactions of other market participants confirm this assessment and indicate that similar transactions could materialize in the future.

Group target size within reach

In the year under review, the Swiss Medical Network came a significant step closer to its long-term goal, formulated ten years ago, of operating a group of 20–25 hospitals in a majority of cantons and in all language regions of the country. Moreover, following the partial acquisition of Rosenklinik, the integration of Privatklinik Belair and the cooperation with Hôpital du Jura bernois, the Group is now represented in 13 of 26 cantons and operates 21 hospitals in all three language regions of Switzerland, with a total of 1’119 beds, 2’185 affiliated physicians and 2’946 employees.

The portfolio of the private hospital group is well diversified, with 7 contracted hospitals and 14 hospitals on the cantonal lists. Clinique de Genolier, Clinique Générale-Beaulieu and Privatklinik Bethanien are the Group’s three largest hospitals in terms of revenue.

Number of medical centers grows to 26

The number of medical centers was expanded, with new facilities in Geneva and Fribourg, to take account of the trend towards more outpatient treatment. This market mechanism will become even more pronounced in the future because, on the one hand, medical advances and changing patient needs contribute to it, and on the other hand, it is an effective means of reducing healthcare costs. Overall, Swiss Medical Network operates 26 outpatient centers in all parts of Switzerland and treated more than 160’000 ambulatory patients in 2019.

Investments in the infrastructure

Swiss Medical Network operates an agile, flexible organization that is able to quickly respond to market challenges. Processes will be further optimized to strengthen both the regional platforms and various competence centers while exploiting additional synergies. In the newly acquired hospitals and medical centers, the integration process will be continued in order to bring them up to the same operating performance level as the established entities of the network.

Outlook

The start of 2020 was encouraging but was interrupted with the COVID-19 crisis. The implications of the virus itself cannot yet be determined, but Swiss Medical Network is well prepared to compensate for potentially postponed elective surgeries in the months to come. A crisis management team has been set up in each hospital of the network to deal with a possible pandemic. Nevertheless, Swiss Medical Network is not equipped for high case numbers, as intensive care units and the number of ventilators remain limited. At the same time, options for cooperation are being evaluated with various cantons in order to sustain the Swiss healthcare system in the current challenging situation.

Hospitality

Hospitality – Key Figures 2019

With the acquisition of the Seiler Hotels in Zermatt and the InterContinental in Davos as well as the reopening of the La Réserve Eden au Lac in Zurich in January 2020 the portfolio of operating hotels increased to seven luxury establishments in attractive locations. The portfolio is well diversified between typical winter destinations, summer locations and city hotels.

BERNE
- Victoria-Jungfrau Grand Hotel & SPA
- Bellevue Palace

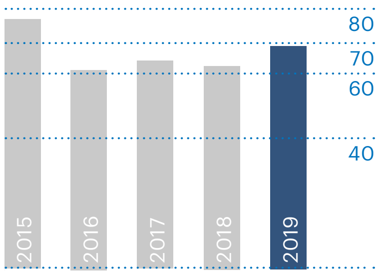
GRISONS
- InterContinental Davos (from 2020)

VALAIS
- Crans Ambassador
- Mont Cervin Palace
- Hotel Monte Rosa

ZURICH
- La Réserve Eden au Lac

NET REVENUE IN CHF MILLION

69.4



EBITDAR MARGIN

17.2%

TOTAL ROOMS

847

EMPLOYEES

835

SUITES

279

OVERNIGHT STAYS

124’819

Ø ROOM RATE

412

Hotels: Portfolio grows to seven luxury establishments

Victoria-Jungfrau AG (formerly Victoria-Jungfrau Collection AG) achieved solid results in the year under review. Sales increased by 11.3% to CHF 69.4 million and the operating profit margin reached 17.2%. With the reopening of the La Réserve Eden au Lac in Zurich, the acquisition of the Seiler Hotels in Zermatt (operated by the group since 1 November 2019) and the Intercontinental in Davos (operated by the group since 1 January 2020), the portfolio increased to seven luxury hotels with a total of 847 rooms. During the winter season 2019/20 the hotels in Davos and Zermatt recorded excellent results. Due to the spread of COVID-19, the winter season was concluded a few weeks earlier than planned. The financial impact of this earlier end to the season is positive for these Alpine hotels, as the months of March and April are usually not profitable. The pandemic will largely affect activities in the current financial year, as cancellations increased and booking activity is currently declining. The Group has immediately initiated countermeasures to mitigate the negative impact of the virus and the policy measures introduced in recent weeks.

In line with a flourishing tourism industry in Switzerland, the operational hotels of Victoria-Jungfrau performed well in the reporting period and achieved a turnover of CHF 69.4 million, 11.3% more than in the previous year (CHF 62.4 million). All three hotels (Victoria-Jungfrau Grand Hotel & Spa, Bellevue Palace and Crans Ambassador) contributed to this pleasing result, with all hotels reporting higher turnover. In general, it was noticeable that the development in the first half of the year was more moderate, while the second half was stronger due to surging occupancy rates in the summer months and supportive seasonal effects. Gross profit rose almost in step with the increase in sales, driven by rising occupancy rates, with a total of 124’819 overnight stays and a slightly higher average room rate of CHF 412 (2018: CHF 398). In combination with efficient processes and stringent cost management, this resulted in a solid operating profit. EBITDAR amounted to CHF 11.9 million compared to CHF 12.6 million a year ago, corresponding to an operating margin of 17.2% (2018: 20.2%).

Continuous investments in operating hotels

Investments did continue in the year under review, but capex needs will be lower in the future since crucial modernization projects were concluded in the last quarters. At the Bellevue Palace, the new Noumi Grill & Bar restaurant was opened in January 2019, and it since became a new hot spot in the Berne gastronomy landscape. Furthermore, by the first trimester of 2020 all rooms at the Victoria-Jungfrau Grand Hotel & Spa will have been renovated and equipped with air-conditioning.

La Réserve Eden au Lac newly renovated

The main project of the group, La Réserve Eden au Lac, was completed and the hotel reopened at the beginning of January 2020 after a two-year construction period. The luxury boutique hotel, designed by Philippe Starck, is situated in a prime lakeside location in Zurich city center and boasts a mix of a stylish hotel and innovative gastronomy that is unique to Zurich. The 40 elegant and modern rooms, the two restaurants Eden Kitchen and Bar and La Muña, as well as the roof terraces with fantastic lake and panoramic views, offer hip food and hotel experiences.

The first few weeks have gotten off to a solid start, and once the COVID-19 pandemic is behind us, the hotel should establish itself as a new hot spot in Zurich's hotel and restaurant market. In order to emphasize its luxurious positioning and interior design, the hotel operates under the globally valued La Réserve brand of Michel Reybier Hospitality.

Significant acquisitions

The Group significantly strengthened the hotel segment in the reporting period. With the acquisition of Seiler & Partenaires Holding SA, the luxury hotel portfolio was ideally complemented. The Seiler Hotels, whose existence dates back to 1855, include the 5-star luxury hotel Mont Cervin Palace and the 4-star boutique Hotel Monte Rosa, both ideally located in the center of Zermatt. The hotels, which are operated by the Group since 1 November 2019, have a total of 191 rooms and an average occupancy rate of more than 70%. The Seiler Hotels operate seven restaurants in and around the hotels, offering their guests a large variety of culinary specialties. In a second expansion step, the operating company of InterContinental, with 216 rooms in Davos, was acquired as of 1 January 2020.

With this acquisition and the integration of the Seiler Hotels, the number of hotels operated by Victoria-Jungfrau increases to seven. Victoria Jungfrau has thus progressed to become the largest private provider of luxury hotels in Switzerland, with around 847 rooms and more than 800 employees.

After the reopening of the Eden au Lac at the beginning of 2019 and the consolidation of the acquired operations, hotel activities have expanded considerably. The Group is better diversified and has both typical winter and summer destinations as well as city hotels in its portfolio.

Outlook 2020

With the expanded and much more diversified portfolio, the new year got off to a good start, and the establishments in Zermatt and Davos benefited from very good demand in January and February. This picture changed virtually overnight. Since it arrived in Europe and Switzerland, the coronavirus has kept the entire tourism industry on tenterhooks. The pandemic is expected to broadly impact the hospitality business this summer, since cancellations of trips and conferences as well as group travels have been observed on a broad front. The winter hotels have completed the season a few weeks ahead of schedule and the other hotels have been closed until further notice. Visibility has decreased markedly and it is almost impossible to make any predictions about the coming months. It is important to note that summer has always been the most difficult period for the classical winter and city hotels, while winter continued to be a profitable season. As such, the diversified portfolio combined with inter-hotel cooperation is expected to offer some downside protection in the current volatile environment.

Real Estate

Real Estate – Key Figures 2019

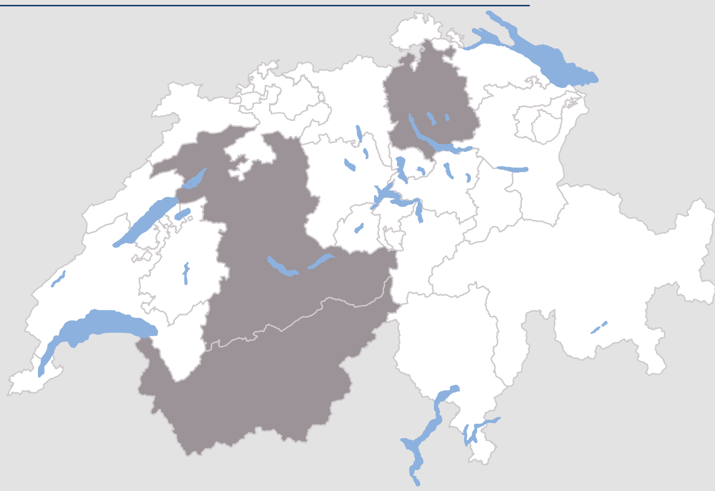
Following the deconsolidation of the healthcare infrastructure properties (Infracore and Clinique Générale-Beaulieu), the real estate segment consists of hotel properties, the building of Clinique Nescens Paris Spontini (France) and a plot of land in Crans Montana. The portfolio will be strengthened by acquisitions and the Group progressed to become a major player in the Swiss luxury hotel industry as AEVIS VICTORIA entered into an agreement to buy several properties from the Credit Suisse Real Estate Fund Hospitality.

BERNE
I Victoria-Jungfrau Grand Hotel & SPA

VALAIS
I Villa Notre-Dame

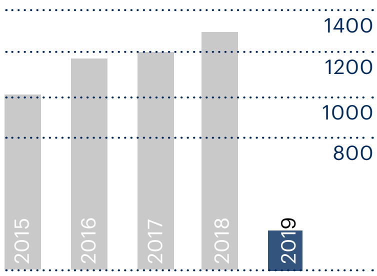
ZURICH
I La Réserve Eden au Lac

INTERNATIONAL
I Clinique Nescens Paris Spontini



MARKET VALUE IN CHF MILLION

237.0



EBITDAR MARGIN

88.6%

RENTAL SURFACE SQM

41’280

PROPERTIES

10

RENTAL INCOME IN CHF MILLION

33.9

LOCATIONS

4

LOAN TO VALUE

29.2%

Real Estate: Hotel portfolio growing strongly

The transformation process at the Group level initiated in December 2018 encompassed the placement of an additional 61% stake and subsequent deconsolidation of the healthcare infrastructure company Infracore. Later in the year, Infracore acquired the buildings of Clinique Générale-Beaulieu in Geneva, which were controlled on a stand-alone basis by AEVIS VICTORIA. After these transactions, the real estate segment only consists of hotel properties and no longer infrastructure premises in Switzerland. The hospitality portfolio itself is growing substantially with the acquisitions announced in late 2019, which will bring the total market value up to CHF 500 million. Rental income of the real estate segment in 2019 amounted to CHF 33.9 million, and EBITDAR reached CHF 30.1 million, corresponding to a margin of 88.6%.

Unconsolidated real estate portfolio: unique healthcare infrastructure portfolio in Switzerland, with a market value of CHF 1’100 million

The real estate segment of AEVIS VICTORIA was realigned as planned. The stake in Infracore, the subsidiary focusing on healthcare infrastructure, was reduced in two steps from 100% to 19%. In December 2018, Baloise acquired a 20% stake in Infracore, and in May 2019 Baloise acquired a further 15% while Medical Properties Trust bought 46%.

In a third step, in December 2019, the hospital buildings of Clinique Générale-Beaulieu (GBI), which were controlled by the Group subsidiary Générale Beaulieu Holding SA (GBH), were also sold to Infracore. This transaction, which was based on a property valuation of CHF 196 million, was paid in cash and shares, increasing AEVIS VICTORIA’s direct and indirect stake in Infracore from 19% to 30%, while the stakes held by Baloise and Medical Properties Trust were diluted to 30% and 40%, respectively.

The Infracore portfolio now consists of 38 high-quality properties in 16 locations, representing a rental area of 178’904 sqm. As of 31 December 2019, the portfolio was valued at CHF 1.1 billion. Infracore plans to pay a dividend of CHF 28.0 million for the 2019 financial year, which will result in a cash inflow of CHF 8.4 million to AEVIS VICTORIA in the current 2020 financial year. At the same time, Infracore expects to generate significantly higher rental income in 2020 and to achieve an EBIT excluding revaluations of probably more than CHF 50 million.

With its new and broadened shareholder base, Infracore will continue to pursue its strategy of growth and consolidation in the healthcare infrastructure in Switzerland, in both the private and public sectors. The Swiss market offers enormous potential for an experienced specialist such as Infracore, as significant investments will be needed in the Swiss healthcare infrastructure in the coming years.

Consolidated real estate portfolio: attractive buildings in top locations

Following the deconsolidation of the healthcare infrastructure properties, the hospitality segment will be strengthened by acquisitions and the Group progressed to become a major player in the Swiss luxury hotel industry. In late 2019, AEVIS VICTORIA entered into an agreement to buy several properties from the Credit Suisse Real Estate Fund Hospitality (CS REF Hospitality). The purchase price was set at a slight discount to the market value as of 31 December 2018.

The acquired properties include the Seiler Hotels in Zermatt and the InterContinental in Davos. The Seiler Hotels, historic landmarks dates back to 1855, include the 5-star luxury hotel Mont Cervin Palace and the 4-star boutique Hotel Monte Rosa, both ideally located in the center of Zermatt. The hotels have a total of 191 rooms and an average occupancy rate of more than 70%. The InterContinental (consolidated as of 1 January 2020) in Davos offers 216 rooms and is, together with the Victoria-Jungfrau hotel in Interlaken, the biggest property in the portfolio.

Extensive investments

The most important renovation project in the year under review was the Eden au Lac in Zurich. The luxury boutique hotel designed by Philippe Starck reopened in early January 2020 under the brand La Réserve Eden au Lac. Further important investments took place at the Victoria-Jungfrau Grand Hotel & Spa with the upgrade of additional rooms. And at the Bellevue Palace a new restaurant was opened. Going forward, targeted property management is central to ensuring coherent investment planning and guaranteeing synergy potential within the Group, including the cooperation with Michel Reybier Hospitality.

Gratifying result

Rental income in the reporting period amounted to CHF 33.9 million (including Infracore until 26 May 2019, GBI until year-end), and the EBITDAR reached CHF 30.1 million, corresponding to a margin of 88.6%. All properties are fully let. The average interest on mortgages was 1.44% at the end of 2019, and the LTV (loan-to-value) remained low at 29.2%.

Outlook

As of the beginning of 2020, the real estate segment of AEVIS VICTORIA consists exclusively of hotel properties and the minority stake in Infracore. All buildings are in prime locations and are maintained at the highest quality standards. The rental income of the hotel portfolio is expected to increase significantly in the next years, while the minority stake in Infracore is expected to yield substantial annual dividend payments.

Corporate Governance

Corporate Governance report of AEVIS VICTORIA SA

The AEVIS VICTORIA Corporate Governance Report has been prepared in compliance with the requirements of the Directive on Information relating to Corporate Governance (DCG) prepared by SIX Swiss Exchange and the SIX Exchange Regulation Guideline regarding the DCG.

Cross-references are made to other sections of the Annual Report in order to avoid duplication.

The complete Articles of Association of AEVIS VICTORIA SA can be consulted under the following link: https://www.aevis.com/_media/2020/03/200217_statuts_aevis-victoria.pdf

1. Group structure and shareholders

1.1. Group structure

1.1.1. Operational group structure

The AEVIS VICTORIA group (hereinafter "the Group") is active in healthcare, lifestyle and infrastructure. The Group's operational structure is divided into the following main business segments: hospitals, hospitality, telemedicine and real estate. The other smaller subsidiaries are amongst other active in life sciences (better aging) and in ambulance services. An Executive Committee or Management team, reporting to their respective Boards of Directors, manage each business segment.

1.1.2. All listed companies belonging to the issuer's group

AEVIS VICTORIA SA, the Group's parent company (hereinafter "the Company"), is a listed corporation headquartered rue Georges-Jordil 4 at 1700 Fribourg, Switzerland. The company's shares are listed on the Swiss Reporting Standard of SIX Swiss Exchange (ISIN CH0478634105). As at 31.12.2019, its market capitalisation stood at CHF 1'124.6 million.

1.1.3. All unlisted companies belonging to the issuer's group

As at 31.12.2019, the company had the following subsidiaries, none of which are listed:

NAME	REGISTERED OFFICE	ACTIVITY	SHARE CAPITAL IN CHF	%
Swiss Medical Network SA	Genolier (VD)	Holding company	20'000'000	100.00
Klinik Belair AG	Schaffhausen (SH)	Hospital	600'000	100.00
Victoria-Jungfrau AG	Interlaken (BE)	Holding company	5'000'000	100.00
Seiler Hotels SA (formerly Seiler & Partenaires Holding SA)	Zermatt (VS)	Hospitality	18'000'000	100.00
Swiss Hotel Properties AG	Interlaken (BE)	Hospitality real estate	10'000'000	100.00
Swiss Property Advisors SA	Fribourg (FR)	Real estate management	100'000	100.00
Swiss Ambulance Rescue Genève SA	Geneva (GE)	Ambulance services	500'000	100'00
Swiss Medical Transport AG	Baar (ZG)	Ambulance services	100'000	100.00
Swiss Stem Cell Science SA	Fribourg (FR)	Stem Cells	100'000	100.00
Société Clinique Spontini SAS	Paris (France)	Aesthetic hospital	2'000'000 EUR	100.00
Laboratoires Genolier SA	Genolier (VD)	Cosmetics	866'700	89.13
Medgate Integrated Care Holding AG	Basel (BS)	Holding company	2'001'700	40.00
Medgate Holding AG	Basel (BS)	Holding company	2'819'020	40.00
NESCENS SA	Genolier (VD)	Better aging	300'000	36.17
Infracore SA	Fribourg (FR)	Healthcare infrastructure real estate	11'600'000	16.04
Publications de l'économie et de la finance AEF SA	Lausanne (VD)	Publishing	665'000	49.00
Agefi Com SA	Geneva (GE)	Publishing	200'000	49.00
Academy & Finance SA	Geneva (GE)	Organisation of seminars	250'000	22.50
Publications Financières LSI SA	Geneva (GE)	Publishing (dormant)	100'000	100.00

More information can be found in note 32 (List of group companies) from the Swiss GAAP FER consolidated financial statements.

1.2. Significant shareholders

According to the disclosure notifications filed with the Company, the following shareholders held directly or indirectly 3% or more of the Company's share capital on 31 December 2019:

NAME	31.12.2019 NUMBER OF SHARES	31.12.2019 %	31.12.2018 NUMBER OF SHARES	31.12.2018 %
Group Hubert/Reybier/M.R.S.I. Medical Research, Services and Investments SA*	61'005'129	75.89	60'363'255	76.81
MPT Medical Properties Trust, Inc.	3'850'961	4.79	–	–
Kuwait Investment Office as agent for the Government of the State of Kuwait	2'666'560	3.32	2'666'560	3.39

* Antoine Hubert and Géraldine Reynard-Hubert indirectly hold AEVIS VICTORIA shares through M.R.S.I. Medical Research, Services and Investments SA, HR Finance & Participations SA (HRFP) and EVC Investments Holding SA (EVC). Antoine Hubert and Géraldine Reynard-Hubert hold 100% of the share capital and voting rights of HRFP. HRFP holds 50% of the share capital and voting rights of MRSI and 100% of the share capital and voting rights of EVC. Michel Reybier indirectly holds AEVIS VICTORIA shares through M.R.S.I. Medical Research, Services and Investments S.A. and EMER Holding SA (EMER). Michel Reybier holds 100% of the share capital and voting rights of EMER. EMER holds 50% of the share capital and voting rights of MRSI.

The disclosure reports drawn up in the reporting year within the meaning of Article 120 of the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FMIA) can be found on the SIX Exchange Regulation website.
(https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html)

1.3. Cross-shareholdings
There are no cross-shareholdings exceeding 5% of capital shareholdings or voting rights on both sides.

2. Capital structure

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

31.12.2019	NUMBER OF SHARES	NOMINAL VALUE PER SHARE (IN CHF)	TOTAL CAPITAL (IN CHF)
Share capital	80’391’035	1	80’391’035
Conditional capital	37’495’000	1	37’495’000
Authorised capital	39’295’000	1	39’295’000

2.2. Authorised and conditional capital in particular
Authorised capital (article 10 of the Articles of Association)
The Board of Directors is authorised to increase the share capital by a maximum of CHF 39’295’000 through the issuance of a maximum of 39’295’000 fully paid-up registered shares with a nominal value of CHF 1 each until 26.05.2021. The issue price, type of payment, timing, the beginning date for dividend entitlement and the conditions for the exercise of subscription rights attached to such shares would have to be determined by the Board of Directors. Preferred subscription rights which have been granted but not exercised are at the disposal of the Board of Directors, which can use them in the interest of the Company.

The Board of Directors is authorised to set the preferred subscription rights of existing shareholders aside and issue new shares by means of a firm underwriting through a bank or another institution with a subsequent offer of such shares to the existing shareholders. The Board of Directors may also withdraw the preferred subscription rights of shareholders in case of the acquisition of an enterprise, parts of an enterprise or participations in a company or any similar transaction.

Conditional capital (articles 10bis and 10ter of the Articles of Association)
The share capital may be increased, through the exercise of conversion rights by a maximum of CHF 34’210’000 through the issuance of a maximum of 34’210’000 fully paid-up registered shares with a nominal value of CHF 1 each. According to article 10bis of the Articles of Association, conversion rights can be granted to holders of convertible bonds.

The share capital may be increased, through the exercise of option rights by a maximum of CHF 3’285’000 divided into a maximum of 3’285’000 fully paid-up registered shares with a nominal value of CHF 1 each. According to article 10ter of the Articles of Association, option rights can be granted to employees, consultants and directors of the Company or its subsidiaries and in accordance with a stock-option plan as defined by the Board of Directors. The preferred subscription rights of shareholders are withdrawn. Shares acquired through exercise of option rights have the same limitations of transferability as described under 2.6 below.

2.3. Changes in capital

	NUMBER OF SHARES	SHARE CAPITAL (IN CHF)
Balance at 01.01.2017	75’662’035	75’662’035
Conditional capital increase (executed on 04.12.2017)	2’429’000	2’429’000
Balance at 01.01.2018	78’091’035	78’091’035
Conditional capital increase (executed on 15.05.2018)	500’000	500’000
Balance at 01.01.2019	78’591’035	78’591’035
Conditional capital increase (executed on 17.02.2020)	1’800’000	1’800’000
Balance at 31.12.2019	80’391’035	80’391’035

On 04.12.2017, the Company registered a conditional capital increase resulting from the exercise of 485’800 options rights at 30.06.2017. The share capital was increased by CHF 2’429’000, divided into 2’429’000 new registered shares.

On 15.05.2018, the Company registered a conditional capital increase resulting from the exercise of 100’000 options rights at 30.03.2018. The share capital was increased by CHF 500’000 to CHF 78’591’035, divided into 78’591’035 registered shares.

On 17.02.2020, the Company registered a conditional capital increase resulting from the exercise of 360’000 options rights at 31.12.2019. The share capital was increased by CHF 1’800’000 to CHF 80’391’035, divided into 80’391’035 registered shares.

2.4. Shares and participation certificates

The Company’s capital is composed of registered shares only. At 31.12.2019, the number of fully paid-up registered shares with a nominal value of CHF 1 each was 80’391’035. According to article 16 of the Articles of Association, each share recorded in the share register as a share with voting rights confers the right to one vote to its holder. Shareholders have the right to receive dividends. There are no participation certificates.

2.5. Dividend-right certificates

There are no dividend-right certificates.

2.6. Limitations on transferability and nominee registration

Article 7 of the Articles of Association defines the restrictions on transferability. Registered shares of the Company can be transferred without restriction, save that the Company requires the holder to declare that the shares have been acquired on own account and own benefit to register the holder in the share register with voting rights. There are no further registration restrictions (e.g. percentage limitation).

The registration of nominees with voting rights is permitted but is subject to the consent of the Board of Directors and is conditional upon the signature by the nominees of an agreement specifying their status.

2.7. Convertible bonds and options

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

A detailed overview of the option plans can be found in the Remuneration Report under Section 3.4 – Share-based payment plans. The only options issued by the Company are for its management, employees' and consultants' compensation plans.

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, legal and political skills to address the challenges of the Company's scope of business.

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

	FUNCTION	YEAR OF BIRTH	NATIONALITY
Christian Wenger	Chairman	1964	Swiss
Raymond Loretan	Vice-chairman	1955	Swiss
Antoine Hubert	Delegate of the Board	1966	Swiss
Michel Reybier	Member	1945	French
Antoine Kohler	Member	1956	Swiss
Cedric A. George	Member	1952	Swiss

With the exception of Antoine Hubert and Raymond Loretan, who are employed by a group company, all Board Members are Non-executive Members. With the exception of Michel Reybier, all Non-executive Board Members are independent, were not part of the Company's management and have no important business connections with the Company.

3.2. Professional background and other activities and vested interests

Christian Wenger, Chairman
Member of the Audit and Compliance Committee
Member of the Strategy and Investment Committee

With a doctor degree in law from the University of Zurich and following post-graduate studies at Duke University Law School in North Carolina, Dr Christian Wenger is partner and Member of the Board of the law firm Wenger & Vieli AG in Zurich and specialises in commercial and business law with focus on private equity, venture capital and mergers & acquisitions. He serves as Chairman, Vice-chairman and Board Member of several listed and non-listed companies such as Breitling SA, Chemolio Holding AG, Hempel Special Metals AG, SIGNA Retail Selection AG, Trisport AG, Trüb Trading (International) AG, UCC Holding AG, UCC Immobilien AG and Xeltis AG. He is Chairman of the BlueLion Stiftung and the UZH Foundation and Member of the Zoo Stiftung Zurich. Furthermore, he is a member of the Swiss-American Chamber of Commerce. In 2003, he founded Swiss Startup Invest (formerly CTI Invest), the largest investor platform for growth companies in Switzerland, which he has chaired since its establishment.

In 2011, he launched the Blue Lion incubator for start-ups in the ICT and cleantech sector, with the City of Zurich, Zürcher Kantonalbank, Swisscom AG, the University of Zurich and ETH. In 2015, Christian Wenger founded the digitalswitzerland movement with universities and corporations with the aim of positioning Switzerland as a leading technology nation across Europe. He is member of the Executive Committee of this Association. In spring of 2017, Christian Wenger was elected to the Board of Trustees of the UZH Foundation of the University of Zurich. In 2019, Christian Wenger was elected Chairman of Swiss Entrepreneurs AG, which created the Swiss Entrepreneurs Fund, a Swiss fund for venture and growth capital focusing on improving the framework conditions for entrepreneurship.

Dr Christian Wenger represents the shareholdings of CHH FINANCIERE SA.

Raymond Loretan, Vice-chairman
Member of the Strategy and Investment Committee

Raymond Loretan holds a law degree from the University of Fribourg and a diploma in European Organisations from the University of Strasbourg. Before joining the Group in January 2007, Raymond Loretan held several positions within and outside the Swiss administration for more than 20 years, serving as diplomatic Assistant to the Secretary of State at the Federal Department of Foreign Affairs (1984–1987), personal adviser to Federal Councillor Arnold Koller (1987–1990), Counsellor for European Affairs of the Canton of Valais (1991–1992) and Secretary general of the Swiss Christian Democratic Party (1993–1997). In 1997, Raymond Loretan was appointed by the Swiss government as Swiss Ambassador to the Republic of Singapore and to the Sultanate of Brunei Darussalam and in 2002 as Consul General of Switzerland in New York with ambassadorial ranking. From 2012 to 2015, he was Chairman of the Swiss Public Broadcasting Corporation.

Within the Group, Raymond Loretan is executive Chairman of the Board of Directors of Swiss Medical Network SA. He is Chairman of GSMN Suisse SA, Swiss Medical Network Hospitals SA, Générale Beaulieu Holding SA, Clinique Générale-Beaulieu SA, Centre Médico-Chirurgical des Eaux-Vives SA, HOPITAL DU JURA BERNOIS S.A. (as of January 2020), Klinik Belair and Nescens Genolier SA. Raymond Loretan is also Board Member of Rosenklinik AG, Klinik Pyramide am See AG and Victoria-Jungfrau AG. Raymond Loretan is Chairman of the Fondation de Prévoyance Swiss Medical Network and the Genolier Foundation for medical solidarity.

In addition, he is founding associate of the consultancy practice FBL associés in Geneva, Chairman of the Board of Directors of Société Suisse des Explosifs SA and Nouvelle Agence Economique et Financiere SA. He is Chairman of the Fondation du Grand Prix d'Horlogerie de Genève and the Fondation Visions du Réel. He is Vice-chairman of the Cave "Vins des Chevaliers" and Member of the Board of the Center for Humanitarian Dialogue. Raymond Loretan is Chairman of The Swiss Leading Hospitals.

Antoine Hubert, Delegate of the Board
Member of the Strategy and Investment Committee

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 to several companies in various industries.

Within the Group, Antoine Hubert is Delegate of the Board of Swiss Medical Network SA and Chairman of Swiss Hotel Properties SA, CACM hotels SA and Société Clinique Spontini SAS. He is Vice-chairman of the Board of Directors of Infracore SA, Centre Médico-Chirurgical des Eaux-Vives SA, Klinik Belair AG and Nescens Genolier SA. He is Board Member of GSMN Suisse SA, Swiss Medical Network Hospitals SA, Générale Beaulieu Holding SA, Clinique Générale-Beaulieu SA, HOPITAL DU JURA BERNOIS S.A. (as of January 2020), Swiss Visio SA, Victoria-Jungfrau AG, Grand Hotel Victoria-Jungfrau AG, Hotel Eden au Lac AG, Hotel Bellevue Palace AG, Weriwald AG (as of February 2020), Seiler Hotels AG (as of March 2020), Générale-Beaulieu Immobilière SA, Medgate Holding AG, Medgate Integrated Care Holding AG, NESCENS SA, Laboratoires Genolier SA, Swiss Stem Cell Science SA and Swiss Property Advisors AG. Antoine Hubert is Member of the Fondation de Prévoyance Swiss Medical Network and the Genolier Foundation for medical solidarity.

Furthermore, Antoine Hubert is Board Member of Nouvelle Agence Economique et Financière SA.

Michel Reybier, Non-Executive Member
Chairman of the Strategy and Investment Committee
Member of the Audit and Compliance Committee

Michel Reybier has held several senior management positions within the nutrition industry. In particular, he has managed a group of supermarket stores in the Lyon area, a company producing chocolate and biscuits sold under the trade name Cemoi as well as a company producing meat products, amongst others, under the trade names Aoste, Justin Bridou and Cochonou. Michel Reybier is currently active in the hotel industry and is a major shareholder of AEVIS VICTORIA. He is founder and owner with his family of the La Réserve hotel Group and Domaines Reybier SA, specialised in vine growing (Cos d'Estournel, Tokaj, Jeeper). He is a member of the Supervisory Board of Domaines Reybier SA. He is also co-founder and shareholder of the Mama Shelter and Mob Hotels. Furthermore, he is Chairman of the Board of Directors of ZEMER SA and MRH-Zermatt SA, which are both fully-owned by EMER Holding SA.

Within the Group, Michel Reybier is Vice-chairman of the Board of Directors of Victoria-Jungfrau AG and Board Member of Swiss Medical Network SA, Swiss Hotel Properties SA, Nescens Genolier SA, NESCENS SA, Swiss Stem Cell Science SA, Swiss Property Advisors AG, Seiler Hotels AG, Grand Hotel Victoria-Jungfrau AG, Hotel Eden au Lac AG, Hotel Bellevue Palace AG, Weriwald AG (as of February 2020) and CACM hôtels SA.

Antoine Kohler, Non-Executive Member
Chairman of the Audit and Compliance Committee
Member of the Nomination and Compensation Committee

With a law degree from the University of Geneva and following postgraduate studies at the Graduate Institute of International Studies, Geneva, Antoine Kohler has been practicing law as a qualified attorney in Geneva since 1983. He is a senior partner of the law firm Perréard de Boccard SA, with offices in Geneva and Zurich.

Within the Group, Antoine Kohler is Board Member of Swiss Medical Network SA, Victoria-Jungfrau AG, Générale Beaulieu Holding SA, Clinique Générale-Beaulieu SA, Klinik Belair AG, Centre Médico-Chirurgical des Eaux-Vives SA, CACM hôtels and Nescens Genolier SA.

In addition, Antoine Kohler is, amongst others, Board Member of APTG AG (Baar) and Sixt rent-a-car AG (Basel).

Dr Cédric A. George, Non-Executive Member
Chairman of the Nomination and Compensation Committee

Dr Cédric A. George obtained a Medical degree and doctor's diploma at the Medical Faculty of Zurich University. Specialised in Plastic, Reconstructive and Aesthetic Surgery (Swiss Board Certified), he is the Head physician and Delegate of the Board of Klinik Pyramide am See AG which he founded in 1993. Dr George also founded a private Centre for Plastic Surgery in Zurich where he runs a private medical practice.

Within the Group, Dr Cédric A. George is Board Member of Swiss Medical Network SA.

Upcoming changes in the Board of Directors

The Board of Directors will nominate Anne-Flore Reybier (French, born in 1976) to the company's shareholders for election at the Annual General Meeting on 30 April 2020.

Anne-Flore Reybier obtained a Bachelor Degree of Science of Hospitality Management from Glion Institute of higher education in 1998. After several internship in hotel facilities in France and Asia, she joined the Four Seasons group and more particularly The Pierre Hotel in New York. Since 2000, she is Board member of the family holding company CMJ Holding SA (Luxembourg), investing in hospitality, wine & champagne and healthcare. She is also Board member of H.M.C. Hôtel Management Corporation SA.

3.3. Number of permitted activities

No Board Members may hold more than five additional mandates in listed companies and 25 mandates in non-listed companies. The following mandates are not subject to these limitations:

- Mandates in companies that are controlled by the Company
- Mandates which a Board Member holds at the request of the Company or companies controlled by it. No Board Member should hold more than ten such mandates.
- Mandates in associations, charitable organisations, foundations, trusts and employee welfare foundations. No Board Member should hold more than ten such mandates.

3.4. Elections and terms of office

The Board of Directors consists of three or more Members. The Chairman and the Board Members are elected individually by the Annual General Meeting for a period of one year until completion of the next Annual General Meeting. Re-election of the Chairman and the Board Members is permitted. If the office of the Chairman becomes vacant, the Board of Directors appoints a Chairman for the remaining term of office. The Board of Directors elects one Vice-chairman and the members of the committees other than the Nomination and Compensation Committee. The Board of Directors currently has six members. In 2019, the Annual General Meeting confirmed Christian Wenger as the Chairman of the Board of Directors. The Board of Directors appointed Raymond Loretan as Vice-chairman.

MEMBER	ELECTION	EXPIRES
Christian Wenger	July 2012	2020
Raymond Loretan*	November 2006	2020
Antoine Hubert*	June 2009	2020
Michel Reybier	June 2011	2020
Antoine Kohler*	June 2008	2020
Cédric A. George	September 2010	2020

* Raymond Loretan, Antoine Hubert and Antoine Kohler were not Board Members between 09.06.2010 and 06.09.2010.

Nomination and Compensation Committee
The Nomination and Compensation Committee Members are elected individually by the Annual General Meeting for a period of one year until completion of the next Annual General Meeting. Members of the Nomination and Compensation Committee whose term of office has expired are immediately eligible for re-election.

The Nomination and Compensation Committee is chaired by an independent and Non-executive Board Member and is composed of at least two independent Board Members. The Board of Directors elects the Chairman of the Nomination and Remuneration Committee amongst the elected Nomination and Remuneration Committee Members. If the Nomination and Compensation Committee is no longer complete, the Board of Directors designates substitutes amongst its Members for the remaining term of office. The Nomination and Compensation Committee currently has two members.

MEMBER	ELECTION	EXPIRES
Cédric A. George	June 2015	2020
Antoine Kohler	June 2015	2020

Audit and Compliance Committee
The Audit and Compliance Committee is chaired by an independent Non-executive Board Member and is composed of at least three Board Members, of which one has to be independent. The members are elected by the Board of Directors.

Strategy and Investment Committee
The Strategy and Investment Committee is composed of at least two Board Members, elected by the Board of Directors.

Independent Proxy
The independent proxy is elected by the Annual General Meeting for a period of one year until completion of the next Annual General Meeting. Re-election of the independent proxy is permitted. If the function of independent proxy is vacant, the Board of Directors appoints the independent proxy for the next Annual General Meeting. Authorisations and instructions that have already been issued will remain valid for the new independent proxy.

3.5. Internal organisation structure

3.5.1. Allocation of tasks within the Board of Directors

	AUDIT AND COMPLIANCE COMMITTEE	NOMINATION AND COMPENSATION COMMITTEE	STRATEGY AND INVESTMENT COMMITTEE
Christian Wenger	Member		Member
Raymond Loretan			Member
Antoine Hubert			Member
Michel Reybier	Member		Chairman
Antoine Kohler	Chairman	Member	
Cédric A. George		Chairman	Member
Dr Philippe Glasson*			Member

* Vice-chairman of the Board of Directors of Swiss Medical Network SA.

3.5.2. Tasks and area of responsibility for each Committee of the Board of Directors

Nomination and Compensation Committee
The Nomination and Compensation Committee assists the Board of Directors in the establishment and the periodic revision of the compensation strategy and directives. The Committee prepares the proposals of the Board of Directors to the Annual General Meeting regarding the compensation of the Chairman of the Board, the Board Members and the Senior Management. It determines the principles for remuneration of the Board Members and the Senior Management and submits them to the Board of Directors for approval. It oversees and discusses the overall remuneration policy and the remuneration principles of the Company and the Group and keeps the Board updated. The Committee also determines the employee participation schemes, including an allocation of shares, share options or other financial instruments to the Board Members, the Senior Management and other beneficiaries and submits them to the Board for approval. The Nomination and Compensation Committee also establishes the principles for the selection of candidates to the Board, selects candidates for election or re-election and submits them to the Board. The Board of Directors may assign additional tasks to the Nomination and Compensation Committee.

The Nomination and Compensation Committee is a preparatory committee for the Board of Directors and has no decision-making powers. The Chairman of the Board and the Delegate of the Board are invited to the Nomination and Compensation Committee but have no right to a say in the decisions.

For the year 2019, the Nomination and Compensation Committee met once. The average length of meeting is one hour. The Chairman of the Nomination and Compensation Committee prepares a report of each meeting, which is presented to the next Board meeting.

Audit and Compliance Committee
The Audit and Compliance Committee supports the Board in ensuring the accuracy of the financial statements, the quality of the Internal Control System and the information provided to the shareholders and third parties. Its main duties include the preliminary examination of the financial statements, the discussion of the accounting principles, the supervision of the Internal Control System, the review of the Group's risk assessment, the relation with the external auditors and the assessment of the quality of their audit.

The Audit and Compliance Committee is a preparatory committee for the Board of Directors and has no decision-making powers. Once a year at least, the auditor is invited to take part in an Audit and Compliance Committee meeting, in the course of which the results of the auditor's work are presented.

In 2019, the Audit and Compliance Committee met twice. The average length of meeting is two hours. The Chairman of the Audit and Compliance Committee prepares a report of each meeting, which is presented at the next Board meeting.

Strategy and Investment Committee
The Strategy and Investment Committee reviews the Group's strategic development in its core business as well as other businesses closely related thereto. It also coordinates the significant investment projects. The Strategy and Investment Committee has no decision-making powers. In 2019, the Strategy and Investment Committee met once.

3.5.3. Working methods of the Board of Directors and its Committees
According to its organisational rules, the Board of Directors of the Company meets at least four times a year. 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 was convened six times, of which three 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 Group with reference to operating reports. Meetings are prepared by the Chairman and the Delegate of the Board.

The Board can decide when more than half of its members are present. It decides by majority of votes. In case of a tie, the vote of the Chairman decides. No quorum is necessary to complete formalities regarding share-capital increases, subsequent paying-up of capital or the issuing of participation certificates.

The Senior Management and members of the Executive Committees or Management teams of the Company's subsidiaries may take part in Board of Directors meetings, at the invitation of the Delegate of the Board and/or the Chairman. The auditor can also be invited to participate in Board meetings when deemed necessary.

The Company's main subsidiaries hold separate Board meetings. The Chairman of the Board of the Company attends the Board meetings of Swiss Medical Network SA, the Company's most important subsidiary.

3.6. 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 Senior 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 Delegate of the Board, who can sub-delegate to members of the Senior Management of the Company and to the Executive Committee or Management teams of each subsidiary. The Delegate of the Board is responsible for the implementation of the decisions taken by the Board of Directors.

3.7. Information and control instruments with regard to the Senior Management

The Delegate of the Board 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 of the Board also holds regular coordination and information meetings with the Delegate of the Board. The Senior Management of the Company and the Executive Committees or Management teams of its subsidiaries, of which the Delegate of the Board is a member, convene regularly to report on operational business issues.

The Group's Financial Department compiles monthly data regarding all its subsidiaries and a condensed report with the most important key figures of all operational units. This information is transmitted to Senior 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) on group level, which is also implemented in its subsidiaries. The risk management was introduced in 2009 and is reviewed yearly by the Senior Management and the Audit and Compliance Committee. The Board of Directors yearly discusses and approves the identified risks.

4. Senior Management

4.1. Senior Management

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

	FUNCTION	YEAR OF BIRTH	NATIONALITY
Antoine Hubert	Delegate of the Board	1966	Swiss
Gilles Frachon	CFO	1950	French

4.2. Other activities and vested interests

Antoine Hubert

See Section 3.2.

Gilles Frachon

Chief Financial Officer

Gilles Frachon is Chief Financial Officer of AEVIS VICTORIA SA and member of the Senior Management. He is also Board Member of MR HOSPITALITY – GESTION SA, the holding company of Director Michel Reybier, since 1997, and Chairman of the Executive Committee of Domaines Reybier SA. Previously, he has been Chief Financial Officer of Aoste, European leader in charcuterie, and General Manager of the holding company Fournier, owned by the founders of the hypermarkets Carrefour.

Gilles Frachon graduated from the EM Lyon business school and was a Professor in Finance & Controlling at this business school from 1976 till 1980.

Within the Group, Gilles Frachon is Board Member of Swiss Medical Network Hospitals SA, GSMN Suisse SA, Swiss Hotel Properties SA, CACM hotels SA and Société Clinique Spontini SAS (France). Gilles Frachon is Member of the Fondation de Prévoyance Swiss Medical Network.

In addition, Gilles Frachon is Chairman of MJ France SAS (France), Société Foncière PLM (France) and SCA Société Nationale de Propriété d'Immeubles (France). He is Board Member of RDC SA (France), ZEMER SA, MRH-Zermatt SA and NTR SA.

4.3. Number of permitted activities

No member of the Senior Management may hold more than three additional mandates in listed companies and ten mandates in non-listed companies. The following mandates are not subject to these limitations:

- Mandates in companies that are controlled by the Company
- Mandates which a Member of the Senior Management holds at the request of the Company or companies controlled by it. No Member of the Senior Management should hold more than ten such mandates.
- Mandates in associations, charitable organisations, foundations, trusts and employee welfare foundations. No Member of the Senior Management should hold more than ten such mandates.

4.4. Management contracts

The Company has signed no management contracts with third parties.

5. Compensation, shareholdings and loans

All information on the compensation of the Company's Board of Directors and Senior Management is provided in the separate Remuneration Report.

6. Shareholders' participation

6.1 Voting rights and representation restrictions

All shareholders recorded in the share register with voting rights are entitled to attend and vote at the Annual General Meetings. Each share recorded in the share register with a right to vote entitles the holder to one vote at Annual General Meetings.

In accordance with article 16 of the Articles of Association, any shareholder recorded in the share register may be represented at the Annual General Meeting by the independent proxy, another shareholder or a third party.

No exceptions on voting right restrictions were granted in the year under review. The Board of Directors specifies the process and conditions for issuing authorisations and instructions to the independent proxy. Shareholders may issue voting instructions both for proposals relating to agenda items set out in the invitation to the Annual General Meeting and for undisclosed new proposals. If new proposals or amendments to proposals are made at the General Assembly by a shareholder or the Board of Directors, shareholders can instruct the independent proxy to vote in accordance with the proposal of the Board of Directors, to vote against such new proposals or to abstain from voting. Shareholders have the option to receive their documents for the Annual General Meeting or issue proxies and instructions to the independent proxy electronically via the "Computershare" online platform.

6.2. Quorums required by the articles of association

Pursuant to article 703 Swiss Code of Obligations, the Annual General Meeting passes resolutions and makes elections, if not otherwise required by law (article 704 Swiss Code of Obligations) or the Articles of Association, with an absolute majority of the votes represented at the meeting.

6.3. Convocation of the Annual General Meeting of Shareholders

In accordance with articles 13 and 14 of the Articles of Association, the Annual General Meeting is convened once a year within six months of the end of the financial year. The Board of Directors, the auditor, the liquidator or one or a number of shareholders together representing at least 10% of the share capital may request that an Extraordinary General Meeting be convened.

Invitations to the Annual General Meeting are issued at least 20 days before the date set for the meeting, by being published in the Swiss Official Gazette of Commerce or by means of a letter sent by priority mail to all shareholders, if these are known in the share register. The invitation must set out all agenda items together with the proposals of the Board of Directors and any shareholders who have requested that an Annual General Meeting be convened. The annual report and the auditor's report are available for consultation by the shareholders at the company's registered office and on the Company's website, no later than 20 days prior to the Annual General Meeting.
(https://www.aevis.com/en/news-reports/financial-reports/)

6.4. Inclusion of items on the agenda
The invitation to the meeting must indicate the items on the agenda and the motions of the Board of Directors and of those shareholders who have requested that the meeting be convened or that an item be included in the agenda. In compliance with article 699 paragraph 3 Swiss Code of Obligations, shareholders representing shares amounting to a nominal value of CHF 1 million may submit a written request for an item to be included in the agenda.

6.5. Entries in the share register
As common practice, the share register is closed approximately one week after the publication date. The closing date is mentioned in the notice. For organisational reasons, subsequent to closing the share register, no further registrations can be executed, except that shares that have been declared sold are withdrawn and cannot be voted.

7. Changes of control and defense measures

7.1. Duty to make an offer
The Company does not have a provision on opting out or opting up in the Articles of Association. Thus, according to article 9 of the Articles of Association, the provisions regarding the legally prescribed threshold of 33 1/3% of the voting rights for making a public takeover set out in article 135 of the Financial Market Infrastructure Act (FinMIA) are applicable.

7.2. Clauses on changes of control
There are no such clauses.

8. Auditing body

8.1. Duration of the mandate and term of office of the lead auditor

Berney Associés Audit SA, Geneva was first appointed on 09.06.2010 as auditor of the Company and of the Consolidated Financial Statements of the Group. The term of office is renewable each year for a period of one year by the Annual General Meeting.

Gregory Grieb is the auditor in charge for supervising the auditing of the statutory annual accounts and consolidated accounts of AEVIS VICTORIA SA since 01.07.2017.

The Group's audit firms have no "business consultancy" mandates.

8.2. Auditing fees

Auditing fees of Berney Associés Audit SA for the Group amounted to CHF 468'000 for the business year 2019.

8.3. Additional fees

During 2019, Berney Associés Audit SA charged additional fees of CHF 27'889 for the delivery of certifications and attestations.

8.4. Informational instruments pertaining to an external audit

The Audit and Compliance Committee is responsible for the evaluation of the external auditors and examines the mission, independence, planning and conduct of the work of the external auditors on an annual basis.

At least once a year, the auditor is invited to take part in an Audit and Compliance Committee meeting in the course of which the results of the auditor's work are presented. At the beginning of each interim and final audit, the Delegate of the Board and the Chief Financial Officer of the Group meet with the auditor in charge. A report is regularly made to the Board of Directors. The auditor is also invited to participate in Board meetings when deemed necessary.

The Audit and Compliance Committee reviews the remuneration for the services provided by the external auditors on an annual basis. The external auditors submit a detailed report of their main findings, which are analysed and discussed with the Audit and Compliance Committee before being drawn up for the Board of Directors prior to the approval of the annual financial statements by the Board of Directors.

During 2019, the auditor participated to one meeting of the Audit and Compliance Committee.

9. Information policy

The Company has an open and up-to-date information policy that treats all target groups of the capital investment market equally. The most important information tools are the financial reporting, the website (www.aevis.com), the press releases, the presentation of the financial statements for media and financial analysts as well as the Annual General Meeting. Shareholders are in addition informed on important matters by letter.
The Company is subject to the obligation in respect of ad hoc publicity pursuant to Article 72 of the listing rules. It is possible to receive the company's ad hoc press releases by subscribing to the News Alert Service.
(https://www.aevis.com/en/news-reports/news-alert-subscription/)

Financial reporting takes the form of semi-annual and annual reports. The consolidated annual financial statements are prepared in accordance with Swiss GAAP FER. They comply with the requirements of the Swiss law and with the listing rules of the SIX Swiss Exchange.

The Annual General Meeting of shareholders for the 2019 fiscal year will take place on Thursday 30.04.2020. A full corporate calendar is available on the company's website.
(https://www.aevis.com/en/investor-relations/financial-calendar/)

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Remuneration Report

Remuneration Report 2019

The AEVIS VICTORIA Remuneration Report has been prepared in compliance with the requirements of the Ordinance against Excessive Compensation (OaEC) and will be submitted to the advisory vote of the shareholders at the Annual General Meeting of 2020. Article 23 ter to quinquies of the Articles of Association relate to the remuneration of Board Members and Senior Management.

1. Governance

The Board of Directors has the overall responsibility of defining the compensation principles used within the Group, based on a proposal of the Nomination and Compensation Committee. The Board of Directors deals with compensation matters once a year, without consulting external advisors.
The Board of Directors approves the compensation of its Chairman, its Members and the Senior Management. The compensation of Board Members and Senior Management is subject to approval by the Annual General Meeting.
The Nomination and Compensation Committee is chaired by an independent and Non-executive Board Member and is composed of at least two independent Board Members. The Nomination and Compensation Committee Members are elected individually by the Annual General Meeting for a term of office until completion of the next Annual General Meeting. Members of the Nomination and Compensation Committee whose term of office has expired are immediately eligible for re-election.

On 31.12.2019, the Nomination and Compensation Committee was composed of Cédric A. George (Chairman) and Antoine Kohler. The Nomination and Compensation Committee assists the Board of Directors in the establishment and the periodic revision of the compensation strategy and directives. The Committee prepares the proposals of the Board of Directors to the Annual General Meeting regarding the compensation of the Board Members and the Senior Management. It determines the principles for remuneration of the Board Members and the Senior Management and submits them to the Board of Directors for approval. It oversees and discusses the overall remuneration policy and the remuneration principles of the company and the Group and keeps the Board updated. The Committee determines the employee participation schemes, including an allocation of shares, share options or other financial instruments to the Board Members, the Senior Management and other beneficiaries and submits them to the Board for approval.

The Nomination and Compensation Committee also establishes the principles for the selection of candidates to the Board, selects candidates for election or re-election and submits them to the Board.
The Board of Directors may assign additional tasks to the Nomination and Compensation Committee.
A Nomination and Compensation Committee Charter governs the Nomination and Compensation Committee.

2. Board of Directors

2.1. Principles of compensation

According to article 23 quinquies of the Articles of Association, non-executive Board Members receive a fixed compensation, which takes into account the position and level of responsibility of the beneficiary. At least 20% and up to 50% of their compensation must be converted in AEVIS VICTORIA shares, with a two-year vesting period. The number of AEVIS VICTORIA shares is determined by taking the closing price of the share on the SIX Swiss Exchange over a period of 30 days prior to the date of allocation.

The payment in cash and the conversion in shares are executed yearly before the end of the term of office. From the date of allocation, the shares have both voting and dividend rights. The remuneration is accounted for using the accrual principle. The Annual General Meeting approves the proposal of the Board of Directors in relation to the maximum aggregate amount of the compensation of the Board of Directors for the period until the next Annual General Meeting. The Board of Directors can submit to the approval of the Annual General Meeting different or additional proposals covering the same period or different periods.

In the event the Annual General Meeting does not approve a proposal of the Board, the Board determines, taking into account all pertinent criteria, the total (maximum) amount or the partial respective (maximum) amounts and submits the(se) amount(s) thus determined to the approval of an Annual General Meeting.

Notwithstanding the previously stated information, the Company or companies controlled by it can pay remunerations prior to the approval of the Annual General Meeting, subject to the approval by the Annual General Meeting.

2.2. Compensation in 2019

(In thousands of CHF)

NAME	POSITION	TOTAL	OF WHICH CASH	OF WHICH BLOCKED SHARES	SOCIAL INSURANCE CONTRIBUTIONS*	PREVIOUS PERIOD	SOCIAL INSURANCE CONTRIBUTIONS*
Christian Wenger	Chairman	100.0	60.0	40.0	4.9	100.0	2.9
Raymond Loretan	Vice-chairman	–	–	–	–	–	–
Antoine Hubert	Delegate of the Board	–	–	–	–	–	–
Cedric A. George	Member	50.0	25.0	25.0	3.4	50.0	3.2
Antoine Kohler	Member	105.0	52.5	52.5	13.4	105.0	13.0
Michel Reybier	Member	50.0	25.0	25.0	3.4	50.0	3.2
Total		**305.0**	**162.5**	**142.5**	**25.1**	**305.0**	**22.3**

* The Company pays all social insurance contributions.

Antoine Hubert is employed by a group company and does not receive any Board Member compensation. His remuneration is detailed in Section 3 of the Remuneration Report.

Raymond Loretan is employed by a group company and does not receive any Board Member compensation. His remuneration is detailed hereafter:

(In thousands of CHF)	2019	2018
Annual Base Salary	485.6	485.6
Variable cash compensation	172.2	146.6
Social insurance and pension contributions	265.6	158.5
Total	**923.4**	**790.7**

2.3. Shareholding in 2019

NAME	POSITION	2019 NUMBER OF SHARES HELD*	2019 NUMBER OF OPTIONS HELD	2018 NUMBER OF SHARES HELD*	2018 NUMBER OF OPTIONS HELD
Christian Wenger**	Chairman	2'039'805	–	2'036'460	–
Raymond Loretan	Vice-chairman	348'100	–	148'100	40'000
Antoine Hubert and Michel Reybier***	Delegate of the Board	61'005'129	–	60'363'255	300'000****
Cedric A. George	Member	89'035	–	86'945	–
Antoine Kohler	Member	12'065	–	6'495	–

* Including the blocked shares received as Board Member compensation.
** Representing the shareholding of CHH Financière SA.
*** Antoine Hubert and Géraldine Reynard-Hubert indirectly hold AEVIS VICTORIA shares through M.R.S.I. Medical Research, Services and Investments SA, HR Finance & Participations SA (HRFP) and EVC Investments Holding SA (EVC). Antoine Hubert and Géraldine Reynard-Hubert hold 100% of the share capital and voting rights of HRFP. HRFP holds 50% of the share capital and voting rights of MRSI and 100% of the share capital and voting rights of EVC. Michel Reybier indirectly holds AEVIS VICTORIA shares through M.R.S.I. Medical Research, Services and Investments S.A. and EMER Holding SA (EMER). Michel Reybier holds 100% of the share capital and voting rights of EMER. EMER holds 50% of the share capital and voting rights of MRSI.
**** Attributed to Antoine Hubert (HR Finance & Participations SA).

2.4. Other audited information regarding the Board of Directors

2.4.1. Loans

As at 31.12.2019, the current accounts of companies which are controlled by Board members and related parties amounted to CHF 13'992'744 (2018: CHF 13'824'116), i.e. CHF 17'350 (2018: CHF 16'880) for M.R.S.I. Medical Research, Services and Investments SA, CHF 5'384'866 (2018: CHF 5'239'331) for EMER Holding SA, CHF 7'211'461 (2018: CHF 7'016'405) for HR Finance & Participations SA and CHF 1'379'067 (2018: CHF 1'551'500) for GCC Global Consulting et Communication S.à r.l. During the fiscal year, no reimbursements have been made (2018: CHF 2'506'000). Interests at a rate of 2.78% have been accrued. As at 31.12.2019 Antoine Hubert had a current account with a subsidiary company of CHF 4'905'918 (2018: CHF 3'859'695). See also Note 12 Other Receivables from the Swiss GAAP FER consolidated financial statements. Loans to Board Members can be granted at market conditions and cannot exceed CHF 20 million in total.

2.4.2. Additional fees

There were no additional fees or remuneration paid by the Company or any of its group companies to Board Members in 2019, with the exception of Antoine Hubert and Raymond Loretan, who are employed by a group company.

2.4.3. Compensation and loans for former Board Members

There is no compensation conferred during 2019 neither loan outstanding to former Board Members.

3. Senior Management

3.1. Principles of compensation

According to article 23 quinquies of the Articles of Association, the compensation of Senior Management is based on fixed and/or variable elements. Total compensation takes into account the position and level of responsibility of the beneficiary and their achievement of objectives. The remuneration is accounted for using the accrual principle. The fixed compensation includes the base salary and can include other elements of remuneration. The variable remuneration is linked to performance measures (business success, turnover and revenue goals and personal objectives) and to the level of responsibility of the beneficiary. In 2019, the Senior Management received variable compensation of 164.5% (2018: 164.5%) in relation to the fixed compensation. The Board of Directors or, if this competence has been delegated, the Nomination and Compensation Committee, determines the performance measures and the target levels of the elements of variable remuneration, as well as their fulfilment. The Compensation can be paid in cash, in shares and/or other types of benefits. It can also be paid in the form of financial instruments or share-based units. The Board of Directors or, if this competence has been delegated, the Nomination and Compensation Committee, determines the grant conditions, the vesting conditions and the revoking of rights. Remuneration can be paid by the company or companies controlled by it. The variable compensation is always paid in the following year, after the publication of the full year results.

The Annual General Meeting approves the proposal of the Board of Directors in relation to the maximum aggregate amount of the compensation of the Senior Management of the previous fiscal year.

The Board of Directors can submit to the approval of the Annual General Meeting different or additional proposals covering the same period or different periods.

In the event the Annual General Meeting does not approve a proposal of the Board, the Board determines, taking into account all pertinent criteria, the total (maximum) amount or the partial respective (maximum) amounts and submits the(se) amount(s) thus determined to the approval of an Annual General Meeting. Notwithstanding the previously stated information, the company or companies controlled by it, can pay remunerations prior to the approval of the Annual General Meeting, subject to the approval by the Annual General Meeting.

According to article 23 quater of the Articles of Association, an additional amount of 40% of the total amount of compensation payable to the Senior Management that was last approved by the Annual General Meeting for the relevant period is available for the member(s) of the Senior Management appointed after the Annual General Meeting that voted on the total amount of compensation.

3.2. Compensation in 2019

The total remuneration of the Senior Management (including social insurance and pension contributions) amounts to CHF 1.4 million (2018: CHF 1.3 million). No stock options were granted to the Senior Management in 2019 (2018: 0).

The highest compensation in 2019 was conferred to Antoine Hubert, Delegate of the Board.

(In thousands of CHF)	2019 HIGHEST COMPEN-SATION	2019 OTHER MEMBERS	2019 TOTAL SENIOR MANAGE-MENT	2018 HIGHEST COMPEN-SATION	2018 OTHER MEMBERS	2018 TOTAL SENIOR MANAGE-MENT
Annual base salary	398.9	–	398.9	398.9	–	398.9
Variable cash compensation	745.4	–	745.4	656.2	–	656.2
Social insurance and pension contributions	279.4	–	279.4	255.7	–	255.7
Total	**1'423.7**	**–**	**1'423.7**	**1'310.8**	**–**	**1'310.8**

3.3. Shareholding in 2019

NAME	POSITION	2019 NUMBER OF SHARES HELD	2019 NUMBER OF OPTIONS HELD	2018 NUMBER OF SHARES HELD	2018 NUMBER OF OPTIONS HELD
Antoine Hubert	Delegate of the Board	16'262'974	–	16'603'640*	300'000*
Gilles Frachon	CFO	77'350	–	156'750	10'000

* Directly and/or indirectly held through his companies.

3.4. Share-based payment plans

In 2014, a stock option plan 14-A in favour of the Delegate of the Board was implemented. 100'000 options were granted, each giving rights to subscribe for one share at a unit price of CHF 34.

In 2016, a stock option plan 16-A in favour of the management, employees and consultants was implemented. 412'500 options were granted, each giving rights to subscribe for five shares at a unit price of CHF 38.

The details of the share based payment plans at the beginning of the schemes are as follows:

PLAN	BENEFICIARY / GRANT DATE	NUMBER OF INSTRUMENTS / EXERCISE PRICE	VESTING CONDITIONS	EXERCISE DATE	EXPIRY DATE
14-A	Delegate of the Board February 2014	100'000 CHF 34 1:1	Service condition	As of grant	30.03.2018
16-A	Group Senior Management, Group Management and Consultants April 2016	412'500 CHF 38 1:5	Service condition	As of grant	31.12.2019

The movements of share-based plans during 2018 and 2019 are the following:

	PLAN 14-A	PLAN 16-A
Outstanding options at 01.01.2018	100'000	410'000
Expired during the year		–
Exercised during the year	100'000	–
Granted during the year		–
Forfeited options during the year		–
Outstanding options at 31.12.2018	**–**	**410'000**
Expired during the year		–
Exercised during the year		410'000
Granted during the year		–
Forfeited options during the year		–
Outstanding options at 31.12.2019	**–**	**–**

3.5. Other audited information regarding the Senior Management

3.5.1. Loans

See Section 2.4.1.

3.5.2. Additional fees

During 2019, no additional fees were paid to Gilles Frachon for his terms as Board Member of GSMN Suisse SA and Swiss Medical Network Hospitals SA (2018: CHF 46'666).

During 2019, GCC Global Consulting et Communication S.à r.l., a company related to Antoine Hubert, has perceived honoraria of CHF 45'500 (2018: CHF 256'500) from Swiss Property Advisors SA (previously Patrimonium Healthcare Property Advisors AG), a company owned for 50% by the Company (fully-owned as of 31.12.2019).

During 2019, MR HOSPITALITY – GESTION SA, a company related to Michel Reybier, has received honoraria of CHF 498'964 (2018: CHF 304'253) from Victoria-Jungfrau SA, which is fully-owned by the Company.

There were no other additional fees or remuneration paid by the Company or any of its group companies to the Senior Management.

3.5.3. Compensation and loans for former members of the Senior Management

There is no compensation conferred during 2019 neither loan outstanding to former members of the Senior Management.

Berney Associés

Geneva, March 27, 2020

Report of the statutory auditor to the General meeting of AEVIS VICTORIA SA, Fribourg

We have audited the remuneration report of AEVIS VICTORIA SA for the year ended December 31, 2019. The audit was limited to the information according to articles 14-16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the sections 2.2 to 2.4 and sections 3.2 to 3.5 of the remuneration report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report for the year ended December 31, 2019 of AEVIS VICTORIA SA complies with Swiss law and articles 14–16 of the Ordinance.

Berney Associés Audit SA

BA Qualified electronic signature	BA Qualified electronic signature
Gregory GRIEB Licensed Audit Expert Auditor in charge	Vincent DUCOMMUN Licensed Audit Expert

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Audit
Comptabilité
Expertise & Conseil
Fiscalité
Payroll
Corporate finance

Consolidated Financial Statements

Consolidated Income Statement

(In thousands of CHF)	NOTE	2019	2018
Revenue from operations		697’234	641’740
Other revenue	5	235’935	15’465
Total revenue		**933’169**	**657’205**
External services		(88’324)	(80’177)
Net revenue		**844’845**	**577’028**
Production expenses		(150’216)	(129’755)
Personnel expenses	6	(281’559)	(265’185)
Other operating expenses	7	(104’646)	(97’406)
EBITDAR (Earnings before interest, taxes, depreciation, amortisation and rental expenses)		**308’424**	**84’682**
Rental expenses		(41’929)	(14’594)
EBITDA		**266’495**	**70’088**
Depreciation on tangible assets	14	(44’714)	(44’846)
Extraordinary depreciation on tangible assets	14	(1’499)	–
Amortisation on intangible assets	15	(12’990)	(8’570)
Extraordinary depreciation on intangible assets	15	(28’162)	–
EBIT		**179’130**	**16’672**
Financial result	8	(17’354)	(18’495)
Share of profit / (loss) of associates		(2’440)	(586)
Profit/(loss) before taxes		**159’336**	**(2’409)**
Income taxes	9	14’354	(4’206)
Profit/(loss) for the period		**173’690**	**(6’615)**
– Thereof attributable to shareholders of AEVIS VICTORIA SA		163’195	(8’659)
– Thereof attributable to minority interests		10’495	2’044
Non-diluted earnings per share (in CHF)	10	2.09	(0.11)
Diluted earnings per share (in CHF)	10	2.09	(0.11)

For a better comparability, the earnings per share figures in the table above have been retrospectively adjusted for 2018 to take the 1:5 share split into account.

Consolidated Balance Sheet

(In thousands of CHF)	NOTE	31.12.2019	31.12.2018
Assets			
Cash and cash equivalents		40’236	34’366
Marketable securities		845	–
Trade receivables	11	136’530	123’863
Other receivables	12	41’708	44’707
Inventories	13	26’738	21’147
Accrued income and prepaid expenses		36’780	42’387
Total current assets		**282’837**	**266’470**
Tangible assets	14	673’885	1’472’692
Intangible assets	15	24’730	47’770
Financial assets	16	209’109	67’946
Total non-current assets		**907’724**	**1’588’408**
Total assets		**1’190’561**	**1’854’878**
Liabilities and equity			
Trade payables	17	100’632	107’539
Other current liabilities	18	28’742	22’931
Short-term financial liabilities	19	68’221	163’840
Other short-term borrowings		1’856	1’056
Accrued expenses and deferred income	20	60’568	47’155
Short-term provisions	21	573	85
Total current liabilities		**260’592**	**342’606**
Long-term financial liabilities	19	410’231	901’034
Other long-term borrowings		15’065	16’905
Other non-current liabilities	18	3’082	8’575
Long-term provisions	21	57’756	140’732
Total non-current liabilities		**486’134**	**1’067’246**
Total liabilities		**746’726**	**1’409’852**
Equity			
Share capital	22	80’391	78’591
Capital reserves		186’827	244’114
Treasury shares	22.1	(864)	(13’575)
Offset goodwill		(93’924)	(36’037)
Currency translation differences		(1’278)	(825)
Retained earnings		215’161	51’960
Shareholders’ equity excl. minority interests		**386’313**	**324’228**
Minority interests		57’522	120’798
Shareholders’ equity incl. minority interests		**443’835**	**445’026**
Total liabilities and equity		**1’190’561**	**1’854’878**

Consolidated Statement of Changes in Equity

(In thousands of CHF)	SHARE CAPITAL	CAPITAL RESERVES	TREASURY SHARES	OFFSET GOODWILL	CURRENCY TRANSLATION DIFFERENCES	RETAINED EARNINGS	TOTAL EXCL. MINORITY INTERESTS	MINORITY INTERESTS	TOTAL INCL. MINORITY INTERESTS
Balance at 1 January 2018	**78'091**	**249'245**	**(8'139)**	**(35'799)**	**(609)**	**25'310**	**308'099**	**70'056**	**378'155**
Profit/(loss) for the period	–	–	–	–	–	(8'659)	(8'659)	2'044	(6'615)
Capital contribution distribution	–	(8'356)	–	–	–	–	(8'356)	–	(8'356)
Dividend distribution to minority interests	–	–	–	–	–	–	–	(190)	(190)
Capital increase	500	2'858	–	–	–	–	3'358	–	3'358
Acquisition of subsidiaries	–	–	–	(238)	–	–	(238)	–	(238)
Change in minority interests	–	–	–	–	–	35'309	35'309	48'888	84'197
Purchase of treasury shares	–	–	(15'512)	–	–	–	(15'512)	–	(15'512)
Sale of treasury shares	–	29	10'076	–	–	–	10'105	–	10'105
Share-based payments	–	338	–	–	–	–	338	–	338
Currency translation differences	–	–	–	–	(216)	–	(216)	–	(216)
Balance at 31 December 2018	**78'591**	**244'114**	**(13'575)**	**(36'037)**	**(825)**	**51'960**	**324'228**	**120'798**	**445'026**
Profit/(loss) for the period	–	–	–	–	–	163'195	163'195	10'495	173'690
Capital contribution distribution	–	(73'832)	–	–	–	–	(73'832)	–	(73'832)
Dividend distribution to minority interests	–	–	–	–	–	–	–	(24'821)	(24'821)
Capital increase	1'800	11'880	–	–	–	–	13'680	–	13'680
Acquisition of subsidiaries	–	–	–	(29'738)	–	–	(29'738)	–	(29'738)
Divestment of subsidiaries	–	–	–	(28'149)	–	–	(28'149)	(48'919)	(77'068)
Change in minority interests	–	–	–	–	–	6	6	(31)	(25)
Purchase of treasury shares	–	–	(40'237)	–	–	–	(40'237)	–	(40'237)
Sale of treasury shares	–	4'341	52'948	–	–	–	57'289	–	57'289
Share-based payments	–	324	–	–	–	–	324	–	324
Currency translation differences	–	–	–	–	(453)	–	(453)	–	(453)
Balance at 31 December 2019	**80'391**	**186'827**	**(864)**	**(93'924)**	**(1'278)**	**215'161**	**386'313**	**57'522**	**443'835**

Consolidated Cash Flow Statement

(In thousands of CHF)	2019	2018
Profit/(loss) for the period	173'690	(6'615)
Changes in provisions (incl. deferred taxes)	(18'376)	(1'336)
Depreciation and amortisation	57'704	53'416
Impairments	29'661	–
(Gain)/loss from sale of fixed assets	465	102
(Gain)/loss from sale of subsidiaries	(221'424)	–
Fair value (gains)/losses on marketable securities	–	34
(Gain)/loss from sale of financial assets and marketable securities	(1'245)	(6'630)
Share of (profit)/loss from associates	2'440	586
Share-based payments	324	338
Change in contribution reserve and other non-cash items	(484)	(2'074)
Cash flow from operating activities before changes in working capital	**22'755**	**37'821**
Change in trade receivables	(9'993)	(7'509)
Change in inventories	(2'595)	(632)
Change in other receivables and prepaid expenses	6'962	(17'307)
Change in trade payables	(5'266)	2'695
Change in other liabilities and accrued expenses	6'999	1'319
Cash flow from operating activities	**18'862**	**16'387**
Purchase of tangible assets	(91'239)	(90'772)
Proceeds from disposal of tangible assets	30	166
Purchase of intangible assets	(8'129)	(12'323)
Acquisition of subsidiaries, net of cash acquired	(29'591)	(2'136)
Divestment of subsidiaries, net of cash disposed	376'771	–
Investments in financial assets and marketable securities	(11'353)	(13'924)
Divestments of financial assets and marketable securities	6'753	27'998
Cash flow from investing activities	**243'242**	**(90'991)**
Distribution to shareholders	(73'832)	(8'356)
Dividends paid to minority interests	(24'821)	(190)
Proceeds from issuance of share capital, net of costs	13'680	3'358
Proceeds from issuance of bond	–	155'000
Repayment of bond	(145'000)	(100'000)
Sale/(purchase) of treasury shares	1'810	(5'407)
Change in minority interests	(25)	84'197
Change in short-term financial liabilities	652	(2'352)
Change in long-term financial liabilities	17'195	(33'503)
Change in other long-term liabilities and borrowings	(45'859)	(1'959)
Cash flow from financing activities	**(256'200)**	**90'788**
Currency translation effect on cash and cash equivalents	(34)	(5)
Change in cash and cash equivalents	**5'870**	**16'179**
Cash and cash equivalents at beginning of the period	34'366	18'187
Cash and cash equivalents at the end of the period	**40'236**	**34'366**

Notes to the Consolidated Financial Statements

1. General information

AEVIS VICTORIA SA (hereafter "The Company") has its registered offices at 1700 Fribourg, Switzerland. The Company's purpose consists of holding interests in financial, commercial and industrial enterprises in Switzerland and abroad, in areas such as medical treatment, healthcare and hotels.

2. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis in accordance with Swiss GAAP FER. They comply with the requirements of the Swiss law and with the listing rules of the SIX Swiss Exchange. The Swiss GAAP FER apply to all companies included in the scope of consolidation. The principle of individual valuation has been applied to assets and liabilities.

The consolidated financial statements were authorised for issue by the Board of Directors on 26 March 2020. Final approval is subject to acceptance by the Annual General Meeting of Shareholders on 30 April 2020.

3. Accounting policies

3.1 Consolidation

The consolidated financial statements of the Company for the year ended 31 December 2019 comprise the Company and its subsidiaries ("the Group") and interests in associates.

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 by 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. Joint ventures

A joint venture is a contractual agreement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control means that the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing the control. The Group's share of each of the assets, liabilities, income and expense is shown on each item of the consolidated financial statements on a pro rata basis in accordance with the share in capital the Group holds in the joint venture.

3.1.3. Associates

Associates are those entities in which the Group has significant influence, but no control (between 20% and 50% of voting rights) over the financial and operating policies. Associates are accounted for using the equity method (equity accounted investees). The consolidated financial statements include the Group's share of the profit or loss of equity accounted investees, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued, except to the extent that the Group has an obligation or has made payments on behalf of the investee.

3.1.4. 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.

3.1.5. 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. Unrealised gains and losses arising from transactions with associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are only eliminated to the extent that there is no evidence of impairment.

3.2. Foreign currency

The consolidated financial statements are presented in Swiss francs (CHF). Transactions in foreign currencies are translated to the respective functional currency of Group companies at exchange rates at the transaction dates. Foreign currency differences arising on retranslation are recognised in the income statement. Financial statements of subsidiaries reporting in foreign currencies are translated into Swiss francs (CHF) during consolidation process using year-end rates for balance sheet items, historical rates for equity and average rates of the year for income and cash flow statements. The translation differences are recognised in equity. Exchange differences arising from long-term intercompany loans with an equity character are booked to equity.

3.3. Income statement

3.3.1. Revenue

Revenue is recognised at the fair value of the consideration received or receivable, net of discounts, losses on accounts receivables and changes in allowances for doubtful accounts. Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the services at the reporting date. The stage of completion is assessed by reference to surveys of work performed. Other revenue does include gain from disposal of assets, the profit resulting from the sale of subsidiaries less third party costs and own work capitalised.

3.3.2. Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.3.3. 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. Marketable securities

Listed securities (incl. OTC securities with a market price) are valued at the market values prevailing on the balance sheet date. All realised and unrealised gains and losses resulting from variations in market values are recorded in the income statement.

3.4.3. 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.

3.4.4. Inventories

Inventories are measured at the lower of acquisition costs and net realisable value. The cost of inventories is based on the weighted average cost principle. Inventories are regularly adjusted to their net realisable value by the systematic elimination of out-of-date items. Cash discounts are accounted for as reduction of the acquisition value.

3.4.5. Tangible assets

Building position includes the building structure (roof, building facade, structure and basic installation such as heating) while all interior elements are included in leasehold improvements. Lands are not depreciated. 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. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. 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:

- Buildings 67–100 years
- Machinery and equipment 5–10 years
- Furniture 5–10 years
- Vehicles 4–8 years
- Leasehold improvements are depreciated over the shorter of their useful life or lease term: 10–33 years

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

3.4.6. Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified at inception as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Assets under finance leases are depreciated over their estimated useful lives (4 to 10 years).

Leases where substantially all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases.

3.4.7. Intangible assets

Intangible assets include IT software, internet websites, trademarks and other intangible assets. Intangible assets are amortised over their estimated useful lives (3 to 15 years). Amortisation is recognised in income statement on a straight-line basis.

3.4.8. Financial assets

The Group has investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured. These securities are initially recognised at cost and subsequently measured at cost less accumulated impairment losses. The related long-term loans are recognised at nominal value less impairment losses.

3.4.9. Impairment of assets

Assets are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell.

3.4.10. Trade and other payables

Trade and other payables are recognised at nominal value.

3.4.11. Financial liabilities and other borrowings

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

3.4.12. 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.

3.4.13. 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 Group 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 future, such assumptions and estimates deviate from the actual circumstances, the original assumptions and estimates will be modified as appropriate in the period in which the circumstances change.

3.6 Changes in scope of consolidation

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

ENTITY	EVENT / DATE	CAPITAL SHARE 31.12.2019	CAPITAL SHARE 31.12.2018
GENERALE BEAULIEU HOLDING SA	Increase in participation on 30.01.2019	69.40%	69.39%
HerzGefässKlinik Bethanien AG	Established on 27.05.2019	20.00%	–
Klinik Belair AG	Acquired on 01.10.2019	100.00%	–
Medgate Deutschland GmbH	Established on 03.12.2019	19.60%	–
Permanence Médicale de Fribourg SA	Established on 12.06.2019	33.33%	–
Rosenklinik AG	Acquired on 23.01.2019	40.00%	–
SARL P.A.R. (merged)	Acquired on 01.01.2019	100.00%	–
SCI Foncière François 1er	Acquired on 01.01.2019	100.00%	–
Seiler Hotels SA (formerly Seiler & Partenaires Holding SA)	Acquired in 2019	100.00%	–
Swiss Medical Transport AG	Increase in participation on 28.06.2019	100.00%	40.00%
Swiss Property Advisors AG (formerly Patrimonium Healthcare Property Advisors AG)	Increase in participation on 31.12.2019	100.00%	50.00%
Infracore SA	Decrease in participation on 26.05.2019	18.62%	80.00%
Infracore SA	Increase in participation on 12.12.2019	29.84%	80.00%
TMIP Holdings Pty Ltd	Decrease in participation in 2019	31.95%	32.94%
GENERALE-BEAULIEU IMMOBILIERE SA	Sold on 12.12.2019	–	69.39%

GENERALE BEAULIEU HOLDING SA, Seiler Hotels SA (formerly Seiler & Partenaires Holding SA), SARL P.A.R. and TMIP Holdings Pty Ltd are holding companies with several subsidiaries. All group companies are listed in note 32.

4. Segment information

The Group consists of the reported segments in the tables below. The decision makers measure the performance of the segments using the key figure EBITDA (Earnings before interest, taxes, depreciation, amortisation). Thus, the financial information for each segment is shown up to EBITDA.

2019 (In thousands of CHF)	HOSPITALS	HOSPITA- LITY	REAL ESTATE	OTHERS	CORPO- RATE	ELIMINA- TIONS	TOTAL
Net revenue 3rd	534'460	68'350	4'075	15'497	222'463	–	844'845
Net revenue IC	375	1'091	29'862	4'420	–	(35'748)	–
Net revenue	**534'835**	**69'441**	**33'937**	**19'917**	**222'463**	**(35'748)**	**844'845**
Production expenses	(139'310)	(11'731)	–	(3'339)	–	4'164	(150'216)
Personnel expenses	(226'600)	(35'101)	(397)	(12'243)	(7'218)	–	(281'559)
Other operating expenses	(81'274)	(10'692)	(3'475)	(5'177)	(5'772)	1'744	(104'646)
EBITDAR *	**87'651**	**11'917**	**30'065**	**(842)**	**209'473**	**(29'840)**	**308'424**
EBITDAR margin	*16.4%*	*17.2%*	*88.6%*	–	–	–	*36.5%*
Rental expenses	(54'838)	(11'417)	(1'526)	(3'245)	(742)	29'840	(41'929)
EBITDA	**32'813**	**500**	**28'539**	**(4'087)**	**208'731**	**–**	**266'495**
EBITDA margin	***6.1%***	***0.7%***	***84.1%***	–	–	–	***31.5%***

2018 (In thousands of CHF)	HOSPITALS	HOSPITA- LITY	REAL ESTATE	OTHERS	CORPO- RATE	ELIMINA- TIONS	TOTAL
Net revenue 3rd	493'814	61'643	5'119	13'599	2'853	–	577'028
Net revenue IC	3'001	750	53'081	3'471	1'200	(61'503)	–
Net revenue	**496'815**	**62'393**	**58'200**	**17'070**	**4'053**	**(61'503)**	**577'028**
Production expenses	(120'614)	(9'695)	–	(2'609)	–	3'163	(129'755)
Personnel expenses	(214'832)	(30'663)	(570)	(11'623)	(7'497)	–	(265'185)
Other operating expenses	(76'007)	(9'423)	(10'114)	(4'234)	(2'835)	5'207	(97'406)
EBITDAR *	**85'362**	**12'612**	**47'516**	**(1'396)**	**(6'279)**	**(53'133)**	**84'682**
EBITDAR margin	*17.2%*	*20.2%*	*81.6%*	–	–	–	*14.7%*
Rental expenses	(52'432)	(11'193)	(1'526)	(2'145)	(431)	53'133	(14'594)
EBITDA	**32'930**	**1'419**	**45'989**	**(3'541)**	**(6'710)**	**–**	**70'088**
EBITDA margin	***6.6%***	***2.3%***	***79.0%***	–	–	–	***12.1%***

* Earnings before interest, taxes, depreciation, amortisation and rental expenses.

The gain on sale of subsidiaries resulted from the divestment of Infracore SA and GENERALE-BEAULIEU IMMOBILIERE SA is shown in the Corporate segment.

5. Other revenue

(In thousands of CHF)	2019	2018
Gain on sale of subsidiaries	221'424	–
Other revenue	14'511	15'465
Total other revenue	**235'935**	**15'465**

The gain on sale of subsidiaries results from the partial divestment of Infracore SA and the sale of GENERALE-BEAULIEU IMMOBILIERE SA to Infracore SA.

6. Personnel expenses

(In thousands of CHF)	2019	2018
Salaries and wages	238'998	223'771
Social security expenses	25'062	25'010
Pension expenses	14'013	13'469
Other personnel expenses	3'486	2'935
Total personnel expenses	**281'559**	**265'185**
Number of employees		
Full Time Equivalents at year-end	**3'429**	**2'848**

The other personnel expenses include expenses for share-based payments at an amount of CHF 0.3 million (2018: CHF 0.3 million). Further information regarding the active share-based payment plans is mentioned under section 3.4 of the Remuneration Report 2019.

7. Other operating expenses

(In thousands of CHF)	2019	2018
Administrative expenses	30'211	28'803
Marketing expenses	13'742	12'969
Maintenance expenses	40'054	35'638
Energy expenses	10'067	9'519
Other expenses	10'572	10'477
Other operating expenses	**104'646**	**97'406**

8. Financial result

(In thousands of CHF)	2019	2018
Interest income	1'061	1'088
Gain on sale of financial assets and marketable securities	1'245	6'630
Other financial income	228	2'881
Total financial income	**2'534**	**10'599**
Interest expenses	(17'753)	(27'152)
Fair value losses on marketable securities	–	(34)
Other financial expenses	(2'135)	(1'908)
Total financial expenses	**(19'888)**	**(29'094)**
Financial result	**(17'354)**	**(18'495)**

The gain on sale of financial assets and marketable securities in 2019 results from the divestment of the stake held in iKentoo Inc. The gain on sale of financial assets and marketable securities in 2018 results from the divestment of the stake held in BioTelemetry Inc. The other financial income in 2018 results from an extinction of a third party loan granted to one of the Company's subsidiaries.

9. Income taxes

(In thousands of CHF)	2019	2018
Current taxes	(4'664)	(4'543)
Deferred taxes	19'018	337
Income taxes	**14'354**	**(4'206)**

The positive effect in 2019 results from the changes in income tax rates in connection with the Federal Act on Tax Reform and AHV Financing (TRAF) accepted by public referendum on 19 May 2019. The Group has adjusted the applicable tax rates for the calculation of the deferred tax assets and liabilities on assets and liabilities in those cantons where the legislative process has been completed and an enactment date of the new law defined.

(In thousands of CHF unless otherwise stated)	2019 RESULT	2019 TAX RATE IN %	2019 INCOME TAXES	2018 RESULT	2018 TAX RATE IN %	2018 INCOME TAXES
Average applicable tax rate and income taxes as a proportion of ordinary earnings (before consideration of tax loss carryforwards)	**159'336**	**18.48**	**29'442**	**(2'409)**	**19.40**	**(467)**
Use of not recognised tax loss carryforwards			(1'653)			–
Tax losses not recognised from current period			621			1'481
Expiry of recognised tax loss carryforwards			344			542
Changes in recognition of tax loss carryforwards from prior years			1'207			393
Average applicable tax rate and income taxes as a proportion of ordinary earnings (after consideration of tax loss carryforwards)	**159'336**	**18.80**	**29'961**	**(2'409)**	**n/a**	**1'949**
Expenses disregarded for tax purposes			7'847			16'701
Non-taxable income			(39'559)			(14'144)
Effects from changes in tax rate			(16'162)			(413)
Other effects			3'559			113
Effective tax rate and income taxes according to income statement	**159'336**	**n/a**	**(14'354)**	**(2'409)**	**n/a**	**4'206**

The effects from changes in tax rate results from the changes in income tax rates in connection with the Federal Act on Tax Reform and AHV Financing (TRAF). The other effects are mainly related to a revaluation of real estate in France during acquisition, which was partially taxable by the parent company.

10. Earnings per share

For the calculation of the earnings per share, the number of shares has been reduced by the weighted average number of shares held by the Group.

	2019	2018
Net profit/(loss) attributable to AEVIS VICTORIA SA shareholders (In thousands of CHF)	163'195	(8'659)
Weighted average number of shares outstanding	77'942'706	77'313'310
Non-diluted earnings per share (in CHF)	**2.09**	**(0.11)**
Net profit/(loss) attributable to AEVIS VICTORIA SA shareholders (In thousands of CHF)	163'195	(8'659)
Weighted average number of shares outstanding	77'942'706	77'313'310
Adjustment for assumed exercise of share-based payments	–	2'050'000
Weighted average potential number of shares outstanding	77'942'706	79'363'310
Diluted earnings per share (in CHF)	**2.09**	**(0.11)**

On 27 May 2019, The General Meeting of the Company approved the split of one existing share into five new shares. The conversion took place on 7 June 2019. For a better comparability, the figures in the table above have been retrospectively adjusted for 2018 to take the 1:5 share split into account.

11. Trade receivables

(In thousands of CHF)	2019	2018
Third parties	143'193	130'494
Associates	223	–
Other related parties	50	–
Allowances for doubtful accounts	(6'936)	(6'631)
Total trade receivables	**136'530**	**123'863**

12. Other receivables

(In thousands of CHF)	2019	2018
Third parties	19'140	23'692
Associates	3'197	3'326
Shareholders	17'520	16'132
Other related parties	1'851	1'557
Total other receivables	**41'708**	**44'707**

The receivables from shareholders and other related parties were charged interest with a rate of 2.78% (2018: 2.98%).

13. Inventories

(In thousands of CHF)	2019	2018
Medical supplies	14'856	13'701
Pharmaceutical products	5'264	4'659
Hotel and restaurant goods	4'560	1'773
Other inventories	2'058	1'014
Total inventories	**26'738**	**21'147**

14. Tangible assets

(In thousands of CHF)	LAND AND BUILDINGS	LEASEHOLD IMPROVE-MENTS	MACHINERY AND EQUIPMENT	UNDER CONSTRUC-TION	OTHERS	TOTAL
Cost						
Balance at 1 January 2018	**1'082'347**	**445'135**	**242'149**	**17'505**	**6'831**	**1'793'967**
Increase in scope of consolidation	–	3'244	3'690	–	69	7'003
Additions	17'792	12'036	27'999	49'764	827	108'418
Disposals	(47)	(283)	(10'058)	–	(740)	(11'128)
Reclassifications	4'852	4'693	(769)	(15'010)	–	(6'234)
Translation adjustments	–	(227)	(56)	–	–	(283)
Balance at 31 December 2018	**1'104'944**	**464'598**	**262'955**	**52'259**	**6'987**	**1'891'743**
Increase in scope of consolidation	54'420	63	6'902	–	91	61'476
Decrease in scope of consolidation	(926'559)	–	(436)	(34'524)	–	(961'519)
Additions	1'528	9'787	26'631	65'383	490	103'819
Disposals	–	(337)	(14'072)	(94)	(1'148)	(15'651)
Reclassifications	–	12'916	979	(14'201)	–	(306)
Translation adjustments	(311)	(254)	(65)	–	–	(630)
Balance at 31 December 2019	**234'022**	**486'773**	**282'894**	**68'823**	**6'420**	**1'078'932**
Accumulated depreciation						
Balance at 1 January 2018	**39'727**	**196'860**	**145'168**	**–**	**4'952**	**386'707**
Increase in scope of consolidation	–	1'524	3'329	–	54	4'907
Depreciation of the year	9'143	14'559	20'267	–	877	44'846
Disposals	(47)	(239)	(9'989)	–	(585)	(10'860)
Reclassifications	–	(3'793)	(2'641)	–	–	(6'434)
Translation adjustments	–	(68)	(47)	–	–	(115)
Balance at 31 December 2018	**48'823**	**208'843**	**156'087**	**–**	**5'298**	**419'051**
Increase in scope of consolidation	–	17	3'988	–	32	4'037
Decrease in scope of consolidation	(48'740)	–	(209)	–	–	(48'949)
Depreciation of the year	5'421	15'579	23'013	–	701	44'714
Impairment	–	241	1'258	–	–	1'499
Disposals	–	(432)	(13'599)	–	(1'125)	(15'156)
Reclassifications	–	–	(2)	–	–	(2)
Translation adjustments	–	(90)	(57)	–	–	(147)
Balance at 31 December 2019	**5'504**	**224'158**	**170'479**	**–**	**4'906**	**405'047**
Carrying amounts						
At 31 December 2018	**1'056'121**	**255'755**	**106'868**	**52'259**	**1'689**	**1'472'692**
At 31 December 2019	**228'518**	**262'615**	**112'415**	**68'823**	**1'514**	**673'885**
Net book value of leased equipment						
At 31 December 2018			**43'210**		**1'264**	**44'475**
At 31 December 2019			**45'879**		**1'186**	**47'065**

The additions in the category Under construction include own work capitalised at the amount of CHF 1.9 million (2018: CHF 2.4 million).

The impairment on tangible assets in 2019 relates to assets in the Hospitals segment, which are no longer used due to a repositioning of activities in one entity.

15. Intangible assets

(In thousands of CHF)	TRADEMARKS	SOFTWARE AND OTHER INTAN-GIBLE ASSETS	INTANGIBLE ASSETS UNDER CONSTRUCTION	TOTAL
Cost				
Balance at 1 January 2018	**27'184**	**46'019**	**1'549**	**74'752**
Increase in scope of consolidation	–	150	–	150
Additions	–	12'267	55	12'322
Disposals	–	(338)	(2)	(340)
Reclassifications	–	7	(375)	(368)
Translation adjustments	–	(25)	–	(25)
Balance at 31 December 2018	**27'184**	**58'080**	**1'227**	**86'491**
Increase in scope of consolidation	–	20	–	20
Additions	–	14'718	3'107	17'825
Disposals	–	(4'344)	(266)	(4'610)
Reclassifications	–	1'031	(737)	294
Translation adjustments	–	(29)	–	(29)
Balance at 31 December 2019	**27'184**	**69'476**	**3'331**	**99'991**
Accumulated amortisation				
Balance at 1 January 2018	**9'337**	**21'031**	**–**	**30'368**
Increase in scope of consolidation	–	150	–	150
Amortisation of the year	1'555	7'015	–	8'570
Disposals	–	(337)	–	(337)
Reclassifications	–	(28)	–	(28)
Translation adjustments	–	(2)	–	(2)
Balance at 31 December 2018	**10'892**	**27'829**	**–**	**38'721**
Increase in scope of consolidation	–	10	–	10
Amortisation of the year	1'553	11'437	–	12'990
Impairment	14'739	13'423	–	28'162
Disposals	–	(4'609)	–	(4'609)
Reclassifications	–	(11)	–	(11)
Translation adjustments	–	(2)	–	(2)
Balance at 31 December 2019	**27'184**	**48'077**	**–**	**75'261**
Carrying amounts				
At 31 December 2018	**16'292**	**30'251**	**1'227**	**47'770**
At 31 December 2019	**–**	**21'399**	**3'331**	**24'730**

The additions in the category Software and other intangible assets include own work capitalised at the amount of CHF 1.7 million (2018: CHF 2.5 million).

The impairment on intangible assets in 2019 mainly relates to acquired trademarks and client base in the Hospitals segment. Due to the strategic change to become an integrated care provider in Switzerland, the regional trademarks of a clinic will no longer be used under the new strategy.

16. Financial assets

(In thousands of CHF)	2019	2018
Equity accounted investees 1)	160’634	13’570
Loans to associates 2)	19’936	18’000
Loans to other related parties	4’327	10’451
Employer contribution reserves	4’661	4’661
Investments in unconsolidated companies	5’461	8’294
Other financial assets	3’586	3’154
Deferred tax assets 3)	10’504	9’816
Total financial assets	**209’109**	**67’946**

1) Equity accounted investees are disclosed net of share losses of CHF 1.0 million (2018: CHF 1.0 million) for which the Group has no obligation. Additionally goodwill has been directly offset with equity at the amount of CHF 34.3 million (2018: CHF 3.9 million).

2) Loans to associates are partially depreciated. The gross value of the loans amounts to CHF 22.4 million (2018: CHF 20.5 million).

3) The Group did not recognise deferred tax assets of CHF 7.2 million (2018: CHF 8.7 million) relating to unused tax losses amounting to CHF 36.1 million (2018: CHF 37.3 million), as it is not likely that future taxable profits will be available against which the Group can offset tax losses.

17. Trade payables

(In thousands of CHF)	2019	2018
Third parties	97’294	107’397
Associates	435	1
Other related parties	2’903	141
Total trade payables	**100’632**	**107’539**

18. Other liabilities

(In thousands of CHF)	2019	2018
Third parties	30’986	31’030
Associates	838	476
Total other liabilities	**31’824**	**31’506**
of which short-term	28’742	22’931
of which long-term	3’082	8’575

19. Financial liabilities

(In thousands of CHF, unless otherwise stated)	BOOK VALUE	AMOUNT IN FOREIGN CURRENCY	INTEREST RATE in %
Bank overdrafts	21		3.00
Current portion of bank loans (in EUR)	203	180	2.75
Current financial leases	11'946		1.20 – 4.88
Current portion of mortgage loans	6'670		1.20 – 1.80
Bonds (repayment within one year)	145'000		2.75
Short-term financial liabilities at 31 December 2018	**163'840**		
Bank loans	10'500		1.20
Non-current financial leases	18'947		1.20 – 4.88
Mortgage loans	421'587		1.00 – 2.90
Bonds issued by the company	350'000		2.00 – 2.50
Bond issued by a subsidiary	100'000		1.50
Long-term financial liabilities at 31 December 2018	**901'034**		
Total financial liabilities at 31 December 2018	**1'064'874**		
Current financial leases	12'721		1.20 – 4.88
Current portion of mortgage loans	500		1.25 – 1.50
Bonds (repayment within one year)	55'000		2.25
Short-term financial liabilities at 31 December 2019	**68'221**		
Bank loans	44'700		1.40 – 2.00
Non-current financial leases	18'056		1.20 – 4.88
Mortgage loans	52'475		1.25 – 2.15
Bonds issued by the company	295'000		2.00 – 2.50
Long-term financial liabilities at 31 December 2019	**410'231**		
Total financial liabilities at 31 December 2019	**478'452**		

Mortgage loans and bank loans are classified as short-term when payable or redeemed within 12 months.

As a guarantee for bank overdrafts and bank loans, the Group pledged trade receivables for an amount of CHF 67.4 million as at 31 December 2019 (2018: CHF 54.3 million). Mortgage loans are secured by real estate, pledged for an amount of CHF 205.9 million (2018: CHF 1'046.7 million).

The information about the bonds issued by AEVIS VICTORIA SA is detailed in the table below:

	AEV16	AEV161	AEV18
Bond type	Fixed rate	Fixed rate	Fixed rate
Nominal amount	CHF 150.0 million	CHF 145.0 million	CHF 55.0 million
Securities number	CH0325429162	CH0337829276	CH0420465954
Interest rate	2.50%	2.00%	2.25%
Term	07.06.2016 to 07.06.2021	19.10.2016 to 19.10.2022	29.06.2018 to 29.06.2020
Maturity	07.06.2021 at par value	19.10.2022 at par value	29.06.2020 at par value

20. Accrued expenses and deferred income

(In thousands of CHF)	2019	2018
Accrued personnel expenses	13’866	12’461
Accrued tax expenses	2’356	3’694
Deferred income	1	483
Other accrued expenses	44’345	30’517
Accrued expenses and deferred income	**60’568**	**47’155**

The accrued personnel expenses include pension plan liabilities (contributions) at the amount of CHF 3.2 million (2018: CHF 3.1 million).

21. Provisions

(In thousands of CHF)	DEFERRED TAXES	LEGAL OBLIGATIONS	OTHER PROVISIONS	TOTAL
Balance at 1 January 2018	**141’072**	**804**	**90**	**141’966**
Increase in scope of consolidation	196	–	–	196
Additions	2’645	–	10	2’655
Utilisation	–	–	–	–
Reversals	(3’768)	(209)	(15)	(3’992)
Translation adjustments	(8)	–	–	(8)
Balance at 31 December 2018	**140’137**	**595**	**85**	**140’817**
Of which short-term	–	–	*85*	*85*
Of which long-term	*140’137*	*595*	–	*140’732*
Increase in scope of consolidation	3’730	–	537	4’267
Decrease in scope of consolidation	(68’123)	–	–	(68’123)
Additions	891	50	50	991
Utilisation	–	–	–	–
Reversals	(19’615)	–	–	(19’615)
Translation adjustments	(8)	–	–	(8)
Balance at 31 December 2019	**57’012**	**645**	**672**	**58’329**
Of which short-term	–	–	*573*	*573*
Of which long-term	*57’012*	*645*	*99*	*57’756*

The average applicable tax rate for deferred tax liabilities is 19.0% (2018: 19.6%).

22. Equity

At 31 December 2019, the share capital of CHF 80.4 million (2018: CHF 78.6 million) consists of 80’391’035 fully paid-up registered shares (2018: 15’718’207) at a par value of CHF 1 each (2018: CHF 5). On 27 May 2019, The General Meeting of the Company approved the split of one existing share into five new shares. The conversion took place on 7 June 2019. The legally non-distributable reserves of the Company amount to CHF 16.9 million (2018: CHF 29.3 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.

22.1 Treasury shares

	NUMBER OF SHARES		IN THOUSANDS OF CHF	
	2019	2018	2019	2018
Balance at 1 January	**1'171'830**	**772'945**	**13'575**	**8'139**
Purchase of treasury shares	3'680'288	1'293'655	40'237	15'512
Sale of treasury shares	(4'786'347)	(894'770)	(52'948)	(10'076)
Balance at 31 December	**65'771**	**1'171'830**	**864**	**13'575**

In 2019, the group purchased 3'680'288 treasury shares at an average price of CHF 10.93 per share (2018: 1'293'655 at CHF 11.99) and sold 4'786'347 shares at an average price of CHF 11.97 (2018: 894'770 at CHF 11.41).

For a better comparability, the figures in the table and text above have been retrospectively adjusted for 2018 to take the 1:5 share split into account.

23. Non-cancellable operating leases

(In thousands of CHF)	2019	2018
Less than one year	66'051	13'029
Between one and three years	131'535	25'827
More than three years	1'412'590	78'136
Total non-cancellable operating leases	**1'610'176**	**116'992**

The non-cancellable lease rentals are mainly related to the third party buildings and buildings from associated companies in which some group entities are operating. The increase compared to prior year is related to the change in consolidation method of Infracore SA and GENERALE-BEAULIEU IMMOBILIERE SA.

24. Capital commitments

The Group has commitments to complete new constructions, renovations, leasehold improvements and to purchase equipment for a total amount of CHF 24.7 million as at 31 December 2019 (2018: CHF 34.5 million).

25. Contingent liabilities

The operations of the Group companies are exposed to risks related to 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.

26. Transactions with related parties

(In thousands of CHF)	2019	2018
Transactions with associates		
Net revenue	72	38
Production expenses	577	241
Other operating expenses	308	305
Financial income	533	498
Transactions with shareholders		
Net revenue	2	–
Financial income	462	427
Acquisition of subsidiary (purchase price)	13'129	–
Transactions with other related parties		
Net revenue	714	540
Personnel expenses	19	–
Rental expenses	1'095	730
Other operating expenses	1'854	1'999
Financial income	37	39
Purchase of intangible assets	9'679	1'887

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

The corresponding receivables and payables are reported separately in the respective notes to the consolidated financial statements (see notes 11, 12, 16, 17 and 18).

27. Acquisition and divestment of subsidiaries

Several changes in scope of consolidation made in 2019 were accounted for using the purchase method. There was one change in the consolidation scope in 2018, which was accounted for using the purchase method. The following table shows the amounts of assets and liabilities acquired or sold at the respective transaction date (see note 3.6).

	ACQUISITIONS		DIVESTMENTS	
(In thousands of CHF)	2019	2018	2019	2018
Cash and cash equivalents	8’139	427	(1’130)	–
Marketable securities	845	–	–	–
Trade accounts receivables (gross)	2’197	492	(535)	–
Allowances for doubtful accounts	(14)	(33)	–	–
Trade accounts receivable IC	–	–	–	–
Trade receivables	2’183	460	(535)	–
Other current assets	3’683	1’226	(2’291)	–
Tangible assets	57’438	2’097	(912’570)	–
Intangible assets	10	–	–	–
Other non-current assets	2’181	1’269	(344)	–
Assets	**74’479**	**5’479**	**(916’870)**	**–**
Short-term financial liabilities	4	6	(6’273)	–
Other current liabilities	7’871	773	(10’850)	–
Long-term financial liabilities	5’389	6	(472’023)	–
Other non-current liabilities	1’997	2’164	(5’398)	–
Long-term provisions	3’829	196	(68’372)	–
Liabilities	**19’090**	**3’145**	**(562’916)**	**–**
Total net assets	**55’389**	**2’334**	**(353’954)**	**–**

28. 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	**132’283**	**132’273**
Additions through business combinations	34’862	10
Decrease in scope of consolidation	(1’118)	–
Balance at 31 December	**166’027**	**132’283**
Accumulated amortisation		
Balance at 1 January	**129’011**	**125’860**
Decrease in scope of consolidation	(1’118)	–
Amortisation for the year (5 years)	2’519	3’151
Impairment	–	–
Balance at 31 December	**130’412**	**129’011**
Carrying amounts		
At 31 December	**35’615**	**3’272**

Impact on net earnings and balance sheet:

(In thousands of CHF)	2019	2018
Profit for the period	173’690	(6’615)
Amortisation goodwill	(2’519)	(3’151)
Impairment goodwill	–	–
Net earnings with capitalised goodwill	**171'171**	**(9’766)**
Equity including minority interests	443’835	445’026
Capitalised goodwill	35’615	3’272
Equity with capitalised goodwill	**479’450**	**448’298**

29. Pension plan institutions

There exist various pension schemes within the Group, which are based on regulations in accordance with Swiss pension fund law, except for the foreign subsidiary.

EMPLOYER CONTRIBUTION RESERVE – ECR	NOMINAL VALUE ECR	WAIVER OF USAGE	BALANCE SHEET	INCREASE IN 2018	BALANCE SHEET	RESULT FROM ECR IN PERSONNEL EXPENSES		CHANGE IN SCOPE OF CONSOLIDATION
(In thousands of CHF)	31.12.2019	31.12.2019	31.12.2019		31.12.2018	2019	2018	2019
Patronage funds / Patronage pension institutions	4'661	–	4'661	–	4'661	–	–	–
Pension institutions	–	–	–	–	–	–	(3)	–
Total	**4'661**	**–**	**4'661**	**–**	**4'661**	**–**	**(3)**	**–**

ECONOMICAL BENEFIT / OBLIGATION AND PENSION BENEFIT EXPENSES	SURPLUS / DEFICIT	ECONOMICAL PART OF THE ORGANISATION		CHANGE TO PRIOR YEAR OR RECOGNISED IN THE CURRENT RESULT OF THE PERIOD	CONTRIBUTIONS CONCERNING THE BUSINESS PERIOD*	PENSION BENEFIT EXPENSES WITHIN PERSONNEL EXPENSES	
(In thousands of CHF)	31.12.2019	31.12.2019	31.12.2018			2019	2018
Pension institutions with surplus	–	–	–	–	–	13'993	13'449
Pension institutions without surplus / deficit	–	–	–	–	–	20	21
Total	**–**	**–**	**–**	**–**	**–**	**14'013**	**13'469**

* Including result from employer contribution reserves

30. Subsequent events

On 16 March 2020, the Swiss Federal Council declared the "exceptional situation" under the Epidemics Act due to the spread of the new Coronavirus COVID-19. The restrictions linked to this decision will have a significant impact on the Swiss economy and the companies in Switzerland.

At the time of the publication of the annual report, the financial impacts of COVID-19 and the subsequent restrictions for the Group cannot be reliably measured due to the uncertainties regarding the duration and the severity of the COVID-19 spread.

The Board of Directors and the Management have already defined and implemented measures to ensure in particular the short-term availability of liquidity.

31. Risk assessment disclosure

The management proceeds to an annual review of the risks and protection measures. Risk assessment is reviewed by the Senior Management, discussed in the audit committee and approved by the Board of Directors.

32. List of Group companies

SEGMENT / COMPANY NAME	LOCATION	ACTIVITY		IN % ON GROUP LEVEL 31.12.2019	31.12.2018
Corporate					
AEVIS VICTORIA SA	Fribourg	Holding company	a)	100.0%	100.0%
Hospitals					
Swiss Medical Network SA	Genolier	Holding company	a)	100.0%	100.0%
GENERALE BEAULIEU HOLDING SA	Geneva	Holding company	a)	69.4%	69.4%
Centre Médico-Chirurgical des Eaux-Vives SA	Geneva	Day clinic	a)	100.0%	100.0%
CLINIQUE GENERALE-BEAULIEU SA	Geneva	Hospital	a)	69.4%	69.4%
GRGB Santé SA	Geneva	Hospital	b)	34.7%	34.7%
GSMN Suisse SA [1]	Genolier	Hospitals	a)	100.0%	100.0%
HerzGefässKlinik Bethanien AG	Zurich	Laboratory	c)	20.0%	–
IRJB Institut de Radiologie du Jura Bernois SA	Saint-Imier	Radiology institute	a)	51.0%	51.0%
IRP Institut de Radiologie Providence SA	Neuchâtel	Radiology institute	a)	51.0%	51.0%
Klinik Belair AG	Schaffhausen	Hospital	a)	100.0%	–
Klinik Pyramide am See AG	Zurich	Hospital	c)	20.0%	20.0%
Medgate Health Centers AG (merged) [1]	Basel	Health centers	a)	–	100.0%
Permanence médicale de Fribourg SA	Fribourg	Health center	c)	33.3%	–
Rosenklinik AG	Rapperswil-Jona	Hospital	c)	40.0%	–
Swiss Medical Network Hospitals SA	Fribourg	Hospitals	a)	100.0%	100.0%
Swiss Visio SA (formerly Genolier Swiss Visio Network SA)	Genolier	Ophthalmology	a)	80.0%	80.0%
Hospitality					
Victoria-Jungfrau AG (formerly Victoria-Jungfrau Collection AG)	Interlaken	Holding company	a)	100.0%	100.0%
CACM hôtels SA	Sion	Hotel	a)	100.0%	100.0%
Golf Mischabel AG	Randa	Golf course	c)	23.9%	–
Grand Hotel Victoria-Jungfrau AG [2]	Interlaken	Hotel	a)	100.0%	100.0%
Hotel Bellevue Palace AG	Bern	Hotel	a)	100.0%	100.0%
Hotel Eden au Lac AG	Zurich	Hotel	a)	100.0%	100.0%
VJC-Management AG (merged) [2]	Interlaken	Management	a)	–	100.0%
Seiler Hotels AG (formerly Seiler & Partenaires Holding SA) [3]	Zermatt	Hotels	a)	100.0%	–
Seiler Hotels AG (merged) [3]	Zermatt	Hotels	a)	100.0%	–
Welcome Parking AG	Täsch	Parking	c)	50.0%	–
Real estate					
GENERALE-BEAULIEU IMMOBILIERE SA (sold to Infracore SA)	Geneva	Healthcare real estate	c)/a)	29.8%	69.4%
Infracore SA (partially sold)	Fribourg	Healthcare real estate	c)/a)	29.8%	80.0%
Swiss Property Advisors AG (formerly Patrimonium Healthcare Property Advisors AG)	Fribourg	Real estate management	a)/b)	100.0%	50.0%
Swiss Hotel Properties AG (formerly Swiss Hospitality Properties AG)	Interlaken	Hospitality real estate	a)	100.0%	100.0%

[1] Medgate Health Centers AG was merged in November 2019 into GSMN Suisse SA with retroactive effect from 01.07.2019.
[2] VJC Managmeent AG was merged in June 2019 into Grand Hotel Victoria-Jungfrau AG with retroactive effect from 01.01.2019.
[3] Seiler Hotels AG was merged in March 2020 into Seiler & Partenaires Holding SA which was then renamed to Seiler Hotels AG with retroactive effect from 01.11.2019.

SEGMENT / COMPANY NAME	LOCATION	ACTIVITY		IN % ON GROUP LEVEL 31.12.2019	31.12.2018
Telemedicine					
Medgate Holding AG	Basel	Holding company	c)	40.0%	40.0%
Medgate Integrated Care Holding AG	Basel	Holding company	c)	40.0%	40.0%
Medgate (Asia) Holdings Pty Ltd	Darlinghurst (AU)	Holding company	c)	32.0%	32.9%
Medgate (Indonesia) Holdings Pty Ltd	Sydney (AU)	Holding company	c)	32.0%	32.9%
Medgate (Philippines) Holdings Pty Ltd	Sydney (AU)	Holding company	c)	32.0%	29.6%
TMIP Holdings Pty Ltd	Sydney (AU)	Holding company	c)	32.0%	32.9%
Medgate AG	Basel	Telemedicine	c)	24.0%	24.0%
Health Professional Sourcing GmbH	Lörrach (DE)	Telemedicine	c)	24.0%	24.0%
Health Professional Sourcing Spain SL	Madrid (ES)	Telemedicine	c)	24.0%	24.0%
Medgate Asia-Pacific AG	Basel	Telemedicine	c)	40.0%	40.0%
Medgate Deutschland GmbH	Bad Neustadt (DE)	Telemedicine	c)	19.6%	–
Medgate International AG	Basel	Telemedicine	c)	40.0%	40.0%
Medgate Mini Clinic AG	Basel	Mini clinic	c)	39.0%	24.0%
Medgate Philippines Inc	Manila (PH)	Telemedicine	c)	32.0%	29.6%
Medgate Technologies AG	Basel	IT service company	c)	24.0%	24.0%
Medgate (Philippines) Holdings Pty Ltd-Branch	Manila (PH)	Telemedicine	c)	32.0%	29.6%
Others					
Nescens					
Laboratoires Genolier SA	Genolier	Cosmetics	a)	89.1%	89.1%
Nescens Genolier SA	Genolier	Patient hotel	a)	100.0%	100.0%
NESCENS SA	Genolier	Better-aging	c)	36.2%	36.2%
Healthcare incubator					
Société Clinique Spontini SAS [4]	Paris (FR)	Aesthetic clinic	a)	100.0%	100.0%
SARL P.A.R. (merged) [4]	Paris (FR)	Holding company	a)	100.0%	
SCI Foncière François 1er	Paris (FR)	Healthcare real estate	a)	100.0%	
Swiss Ambulance Rescue Genève SA	Geneva	Ambulance services	a)	100.0%	100.0%
Swiss Medical Transport AG	Baar	Ambulance services	c)	100.0%	40.0%
Swiss Stem Cell Science SA	Fribourg	Stem Cells	a)	100.0%	100.0%
Non-core participations					
Academy & Finance SA	Geneva	Organisation of seminars	c)	22.5%	22.5%
Agefi Com SA	Geneva	Publishing	c)	49.0%	49.0%
Publications de l'économie et de la finance AEF SA	Lausanne	Publishing	c)	49.0%	49.0%
Publications Financières LSI SA	Geneva	Publishing (dormant)	a)	100.0%	100.0%

[4] SARL P.A.R. was merged in November 2019 into Société Clinique Spontini SAS with retroactive effect from 01.11.2019

a) Fully consolidated
b) Proportional method
c) Equity method

Berney Associés

Geneva, March 27, 2020

Statutory auditor's report to the general meeting of AEVIS VICTORIA SA, Fribourg

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of AEVIS VICTORIA SA and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2019, the consolidated income statement, consolidated statement of changes in equity, consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements (pages 54 to 81) give a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion

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

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

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

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Valuation of tangible assets

Key audit matter	How our audit addressed the key audit matter
We consider the valuation of tangible assets to be a key audit matter because they amounted to TCHF 673'885 on the consolidated balance sheet of the Group, representing a significant share of 56.6% of total assets. Tangible assets include lands and buildings, leasehold improvements, machinery and equipment, fixed assets under construction and other tangible assets. Tangible assets are measured at cost less accumulated depreciation and impairment losses. Lands are not depreciated. Depreciation is recognised in the income statement on a straight-line basis over estimated useful lives and with no residual value. The valuation of tangible assets depends on whether the initial recognition and the choice of an estimated useful life are correct and depends on the assessment by the management of the risk of impairment at the reporting date. For further information on tangible assets, please refer to Accounting policies and note 14 – Tangible assets.	We performed the following audit procedures: • We obtained an understanding of the process from capital expenditure budgeting to the assessment of the valuation of the tangible assets in the consolidated balance sheet. • We tested the effectiveness of key controls related to the tangible assets process. • We assessed whether transactions were accurately recorded in the tangible assets register and the consolidated balance sheet. • We tested the existence of assets under construction by visiting the major hospitals. • We challenged the estimated useful lives determined by management and verified the accuracy of the calculation of depreciation of the year. • We read the minutes of the meetings of the Board of Directors in order to identify indicators of any impairment. We obtained sufficient audit evidence to address the risk of valuation of tangible assets.

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Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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Report on other legal and regulatory requirements

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

We recommend that the consolidated financial statements submitted to you be approved.

Berney Associés Audit SA

BA Qualified electronic signature

Gregory GRIEB
Licensed Audit Expert
Auditor in charge

BA Qualified electronic signature

Vincent DUCOMMUN
Licensed Audit Expert

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Statutory Financial Statements

Statutory Balance Sheet

(In CHF)	NOTE	31.12.2019	31.12.2018
Assets			
Cash and cash equivalents		1'013'098	5'205'844
Marketable securities		782'424	–
Current receivables	2.1	74'945'447	51'790'908
Prepaid expenses and accrued income		3'050'517	6'310'255
Current assets		**79'791'486**	**63'307'007**
Financial assets	2.2	543'879'694	609'132'381
Investments in subsidiaries and associates	4	142'213'938	84'080'492
Equipment		75'000	–
Intangible assets	2.3	27'891'000	25'545'000
Non-current assets		**714'059'632**	**718'757'873**
Assets		**793'851'118**	**782'064'880**
Liabilities and shareholders' equity			
Trade payables (towards third parties)		1'336'013	3'473'767
Current interest bearing liabilities	2.4	30'189'592	93'548'584
Other current liabilities		62'512	61'011
Accrued expenses and deferred income		18'761'168	6'227'693
Interest bearing bonds issued by the company	5	55'000'000	145'000'000
Current liabilities		**105'349'285**	**248'311'055**
Interest bearing bonds issued by the company	5	295'000'000	350'000'000
Non-current liabilities		**295'000'000**	**350'000'000**
Liabilities		**400'349'285**	**598'311'055**
Share capital		80'391'035	78'591'035
Reserves from capital contributions		13'986'564	75'938'802
Other capital reserves		2'194'691	2'194'691
Legal capital reserves		**16'181'255**	**78'133'493**
General legal retained earnings		15'718'207	83'000
Legal retained earnings		**15'718'207**	**83'000**
Profit / loss carried forward		24'885'460	(30'011'619)
Net profit		257'189'477	70'532'286
Balance sheet profit		**282'074'937**	**40'520'667**
Treasury shares	6	(863'601)	(13'574'370)
Shareholders' equity		**393'501'833**	**183'753'825**
Liabilities and shareholders' equity		**793'851'118**	**782'064'880**

Statutory Income Statement

(In CHF)	NOTE	2019	2018
Dividend income		6'757'475	7'950'000
Other operating income	9	260'327'381	87'446'116
Total income		**267'084'856**	**95'396'116**
Expenses for obtained services		(6'894'047)	(7'158'335)
Administrative and other expenses		(5'971'100)	(2'833'341)
Operating expenses		**(12'865'147)**	**(9'991'676)**
EBITDA		**254'219'709**	**85'404'440**
Depreciation and amortisation on non-current assets		(8'737'681)	(4'620'621)
EBIT		**245'482'028**	**80'783'819**
Financial income	10	24'812'584	13'635'507
Financial expenses	10	(12'976'218)	(23'885'583)
EBT		**257'318'394**	**70'533'743**
Direct taxes		(128'917)	(1'457)
Net profit		**257'189'477**	**70'532'286**

Notes to the Statutory Financial Statements

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). When not legally prescribed, the significant accounting and valuation principles applied are described below.

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.

Financial assets

The financial assets comprise intercompany loans granted to subsidiaries, other loans and securities.

Investments in subsidiaries and associates

Investments and intangible assets are valued at acquisition costs less accumulated depreciation and impairment losses.

Financial liabilities / Bonds issued by the company

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

Treasury shares

Treasury shares are recognised at acquisition cost and deducted from shareholders' equity at the time of acquisition.

2. Information on balance sheet and income statement items

(In CHF)	31.12.2019	31.12.2018
2.1 Current receivables		
From third parties	5'348'022	17'468'534
From shareholders and governing bodies	13'992'744	13'614'382
From companies in which the entity holds an investment	67'422'627	32'525'937
Valuation adjustments	(11'817'946)	(11'817'946)
Total current receivables	**74'945'447**	**51'790'908**
2.2 Financial assets		
Securities	5'132'430	8'186'798
Loans to companies in which the entity holds an investment	544'530'359	609'419'889
Thereof as subordinated claim	544'530'359	609'419'889
Valuation adjustments	(5'783'095)	(8'474'306)
Total financial assets	**543'879'694**	**609'132'381**
2.3 Intangible assets		
Software / other intangible assets	10'900'000	5'155'000
Goodwill	16'991'000	20'390'000
Total intangible assets	**27'891'000**	**25'545'000**
2.4 Current interest bearing liabilities		
Other current interest bearing liabilities		
Due to companies in which the entity holds an investment	30'189'592	93'548'584
Total current interest bearing liabilites	**30'189'592**	**93'548'584**

3. Full-time equivalents

AEVIS VICTORIA SA does not have any employees.

4. Investments in subsidiaries and associates

COMPANY, LEGAL FORM AND DOMICILE	31.12.2019 SHARE CAPITAL AND VOTING RIGHTS	31.12.2018 SHARE CAPITAL AND VOTING RIGHTS
Swiss Medical Network SA, Genolier	100.0%	100.0%
Klinik Belair AG, Schaffhausen	100.0%	0.0%
Seiler Hotels AG, Zermatt (formerly Seiler & Partenaires Holding SA)	100.0%	0.0%
Victoria-Jungfrau AG, Interlaken (formerly Victoria-Jungfrau Collection AG)	100.0%	100.0%
Infracore SA, Fribourg (formerly Swiss Healthcare Properties SA)	16.1%	80.0%
Swiss Hotel Properties AG, Interlaken (formerly Swiss Hospitality Properties AG)	100.0%	100.0%
Swiss Property Advisors AG, Fribourg (formerly Patrimonium Healthcare Property Advisors AG)	100.0%	50.0%
Medgate Integrated Care Holding AG, Basel	40.0%	40.0%
Medgate Holding AG, Basel	40.0%	40.0%
Swiss Ambulance Rescue Genève SA, Geneva	100.0%	100.0%
Société Clinique Spontini SAS, Paris	100.0%	100.0%
Laboratoires Genolier SA, Genolier	89.1%	89.1%
NESCENS SA, Genolier	36.2%	36.2%
Swiss Stem Cell Science SA, Fribourg	100.0%	100.0%
Swiss Medical Transport AG, Baar	100.0%	40.0%
Publications Financières LSI SA, Geneva	100.0%	100.0%
Publications de l'économie et de la finance AEF SA, Lausanne	49.0%	49.0%
Agefi Com SA, Geneva	49.0%	49.0%
Academy & Finance SA, Geneva	22.5%	22.5%

The table above only lists direct investments, AEVIS VICTORIA SA also has significant indirect investments. We refer to the list of group companies in the consolidated financial statements, see note 32.

5. Bonds issued by the company

Information regarding Bonds issued by the company is mentioned in note 19 of the Swiss GAAP FER consolidated financial statements.

6. Treasury shares

Information regarding treasury shares is mentioned in note 22.1 of the Swiss GAAP FER consolidated financial statements.

7. Collateral provided for liabilities of third parties

(In CHF)	31.12.2019	31.12.2018
The Company pledged the shares of Swiss Medical Network SA for a total amount of CHF 20'000'000 (book value) as a guarantee for bank loans of	22'000'000	–

8. Contingent liabilities

(In CHF)	31.12.2019	31.12.2018
Guarantees in favour of subsidiaries	4’695’212	4’703’099
AEVIS sold a minority stake of 20% in Infracore AG to Baloise on December 27, 2018. After two years from this date, Baloise is entitled to exercise the following put option: Baloise may sell all or part of its Shares acquired directly from AEVIS at the initial purchase price with an annual return of 5%. In the event of an IPO of Infracore, the put-option will expire automatically. In 2019, AEVIS sold an additional stake of 63.9% in Infracore on end of May 2019 and the rights have been waived by the payment of a compensation by AEVIS to Baloise.	–	95’366’250
The company, as part of the group AEVIS VICTORIA SA, is subject to a group taxation with regards to Value Added Tax (VAT). The company is jointly liable for all VAT obligations towards the Federal Tax Authority.	n/a	n/a

9. Explanation of the other operating income

(In CHF)	2019	2018
Gain on sale of investments and financial assets (less third-party costs)	259’289’032	83’393’505
Other operating income	1’038’349	4’052’611
Total other operating income	**260’327’381**	**87’446’116**

10. Explanation to the financial result

(In CHF)	2019	2018
Interest income	11’853’950	13’506’874
Other financial income	12’958’634	128’633
Total financial income	**24’812’584**	**13’635’507**
Interest expenses	(12’031’218)	(15’445’572)
Other financial expenses	(945’000)	(8’440’011)
Total financial expenses	**(12’976’218)**	**(23’885’583)**

11. Subsequent events

On 16 March 2020, the Swiss Federal Council declared the “exceptional situation” under the Epidemics Act due to the spread of the new Coronavirus COVID-19. The restrictions linked to this decision will have a significant impact on the Swiss economy and the companies in Switzerland. At the time of the publication of the annual report, the financial impacts of COVID-19 and the subsequent restrictions for the Group cannot be reliably measured due to the uncertainties regarding the duration and the severity of the COVID-19 spread. The Board of Directors and the Management have already defined and implemented measures to ensure in particular the short-term availability of liquidity.

12. Additional information requested by the Swiss Code of Obligations

12.1 Share and stock options ownership

NAME (POSITION)	31.12.2019 NUMBER OF SHARES HELD*	31.12.2019 NUMBER OF OPTIONS HELD	31.12.2018 NUMBER OF SHARES HELD*	31.12.2018 NUMBER OF OPTIONS HELD
Board of Directors				
Christian Wenger (Chairman) **	2’039’805	–	2’036’460	–
Raymond Loretan (Vice-chairman)	348’100	–	148’100	40’000
Antoine Hubert (Delegate of the Board) and Michel Reybier (Member)***	61’005’129	–	60’363’255	300’000****
Cédric A. George (Member)	89’035	–	86’945	–
Antoine Kohler (Member)	12’065	–	6’495	–
Senior Managment				
Antoine Hubert (Delegate of the Board)*****	16’262’974	–	16’603’640	300’000
Gilles Frachon (CFO)	77’350	–	156’750	10’000

* Including the blocked shares received as Board Member compensation.
** Representing the shareholding of CHH Financière SA.
*** Antoine Hubert and Géraldine Reynard-Hubert indirectly hold AEVIS VICTORIA shares through M.R.S.I. Medical Research, Services and Investments SA, HR Finance & Participations SA (HRFP) and EVC Investments Holding SA (EVC). Antoine Hubert and Géraldine Reynard-Hubert hold 100% of the share capital and voting rights of HRFP. HRFP holds 50% of the share capital and voting rights of MRSI and 100% of the share capital and voting rights of EVC. Michel Reybier indirectly holds AEVIS VICTORIA shares through M.R.S.I. Medical Research, Services and Investments S.A. and EMER Holding SA (EMER). Michel Reybier holds 100% of the share capital and voting rights of EMER. EMER holds 50% of the share capital and voting rights of MRSI.
**** Attributed to Antoine Hubert (HR Finance & Participations SA).
***** Directly and/or indirectly held through his companies.

12.2 Significant shareholders

NAME	31.12.2019 NUMBER OF SHARES	31.12.2019 %	31.12.2018 NUMBER OF SHARES	31.12.2018 %
Group Hubert/Reybier/M.R.S.I. Medical Research, Services and Investments SA*	61’005’129	75.89	60’363’255	76.81
MPT Medical Properties Trust, Inc.	3’850’961	4.79	–	–
Kuwait Investment Office as agent for the Government of the State of Kuwait	2’666’560	3.32	2’666’560	3.39

* Antoine Hubert and Géraldine Reynard-Hubert indirectly hold AEVIS VICTORIA shares through M.R.S.I. Medical Research, Services and Investments SA, HR Finance & Participations SA (HRFP) and EVC Investments Holding SA (EVC). Antoine Hubert and Géraldine Reynard-Hubert hold 100% of the share capital and voting rights of HRFP. HRFP holds 50% of the share capital and voting rights of MRSI and 100% of the share capital and voting rights of EVC. Michel Reybier indirectly holds AEVIS VICTORIA shares through M.R.S.I. Medical Research, Services and Investments S.A. and EMER Holding SA (EMER). Michel Reybier holds 100% of the share capital and voting rights of EMER. EMER holds 50% of the share capital and voting rights of MRSI.

12.3 Foregoing a cash flow statement and additional disclosures in the notes

As the Company has prepared its consolidated financial statements in accordance with a recognized accounting standard (Swiss GAAP FER), it has decided to forego presenting additional information on interest-bearing liabilities and audit fees in the notes as well as a cash flow statement in accordance with the law.

Proposed appropriation of retained earnings

(In CHF)	2019	2018
Retained earnings available to the Annual General Meeting		
Profit / loss carried forward	24’885’460	(30’011’619)
Net profit	257’189’477	70’532’286
Balance sheet profit	**282’074’937**	**40’520’667**
Treasury shares (held directly)	(863’601)	(13’574’370)
Total available to the Annual General Meeting	**281’211’336**	**26’946’296**
Proposal of the Board of Directors		
Balance sheet profit	282’074’937	40’520’667
./. Allocation to the legal retained earnings	(360’000)	(15’635’207)
Balance brought forward	**281’714’937**	**24’885’460**

Proposed distribution from capital contribution reserve

The Board of Directors proposes to the Annual General Meeting of Shareholders the distribution of CHF 0.00 (2018: CHF 0.98) per share from capital contribution reserve.

(In CHF)	2019	2018
Account carried forward	2’106’564	73’080’483
Increase of capital contribution due to capital increase	11’880’000	2’858’319
Capital contribution reserve before proposed distribution	**13’986’564**	**75’938’802**
Proposed distribution from capital contribution reserve	–	(15’174’085)
Proposed conditional distribution from capital contribution reserve	–	(58’658’154)
Capital contribution reserve after proposed distribution	**13’986’564**	**2’106’564**

Berney Associés

Geneva, March 27, 2020

Statutory auditor's report to the general meeting of AEVIS VICTORIA SA, Fribourg

Report on the audit of the financial statements

Opinion

We have audited the financial statements of AEVIS VICTORIA SA, which comprise the balance sheet as at 31 December 2019, the income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion the accompanying financial statements (pages 88 to 94) as at 31 December 2019 comply with Swiss law and the company's articles of incorporation.

Basis for Opinion

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

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Valuation of investments in subsidiaries and associates and related loans to subsidiaries

Key audit matters

The company holds investments in subsidiaries and associates with a carrying value of CHF 142’213’938 as of 31 December 2019, representing 17.9% of total assets. The list of Group subsidiaries and associates can be found in note 4 to the financial statements. The valuation of these assets is dependent on the ability of these companies to generate positive cash flows in the future.

As described in notes 2.1 and 2.2, to the financial statements, the company has also provided loans to subsidiaries and associates for a total of CHF 611’952’986. These loans are subject to valuation adjustments amounting to CHF 17’601’041 The net book value of CHF 594’351’945 represents 74.9% of total assets.

In accordance with Article 960 CO, these investments are valued individually and the values must be tested annually for impairment. An impairment would need to be recorded if any of the recoverable values of investments were lower than the associated carrying values, or if loan balances were no longer considered recoverable from the associated entities.

The company uses the "income approach" for its impairment tests of investments and prepares a discounted cash flow forecast for each significant balance. The inputs to the impairment testing model which have the most significant impact on the recoverable value include :

- Projected revenue growth, EBITDA margins and operating cash-flows in the years 1-6;
- Stable long-term growth rates in perpetuity and
- Discount rates.

The annual impairment testing is considered to be a risk area for the Board of Directors and a key audit matter because the assumptions on which the tests are based are highly judgmental and are affected by future market and economic conditions which are inherently uncertain, and because of the materiality of the balances to the statutory financial statements as a whole.

How our audit addressed the key audit matter

We discussed with Management the adequate implementation of accounting policies and controls regarding the valuation of investments in subsidiaries and associates and related loans. We tested the design and implementation of controls to determine whether appropriate controls are in place. We critically assessed the methodology applied and the reasonableness of the underlying assumptions and judgements.

We assessed the discounted cash flow (DCF) models and calculations by :

- Checking the mechanical accuracy of DCF models.
- Challenging the significant inputs and assumptions used in the impairment testing for investments in AEVIS VICTORIA SA companies, such as the weighted average cost of capital and the projected revenues and EBITDA margin.

We tested balances on a sample basis to evidence the financial position of the entities concerned and challenged the recoverabilily of loans to subsidiaries and associates by assessing the projected cash flows.

Based on the audit procedures performed above, we consider Management’s estimates in the assessment of the recoverable value of investments in subsidiaries and associates and related loans to be fairly stated.

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Responsibility of the Board of Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

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

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

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

Report on other legal and regulatory requirements

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

We further confirm that the proposed appropriation of 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

BA Qualified electronic signature

Gregory GRIEB
Licensed Audit Expert
Auditor in charge

BA Qualified electronic signature

Vincent DUCOMMUN
Licensed Audit Expert

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