

Investing for a better life

Investing for a better life

**CHF
593M**
TOTAL REVENUE
INCREASED

15.6%
EBITDA
GROWTH

AEVIS VICTORIA SA invests in services to people, healthcare, hospitality, life sciences and lifestyle. AEVIS VICTORIA's main shareholdings are Swiss Medical Network SA, the second largest group of private hospitals in Switzerland, Victoria-Jungfrau Collection AG, a luxury hotel group managing five luxury hotels in Switzerland, a healthcare and hospitality real estate division, Medgate, the leading telemedicine provider in Switzerland, and NESSENS 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

**CHF
1.1BN**
REAL ESTATE
PORTFOLIO OF
44 PROPERTIES

**CHF
55.6M**
OPERATING
CASH FLOW

Key Figures

(In thousands of CHF unless otherwise stated)	FY2016	FY2016 (pro-forma incl. 12 months GBH)	FY2015 Restated
Total revenue	592'595	664'870	576'058
Net revenue	517'106	583'055	508'607
EBITDAR*	87'141	101'432	78'452
EBITDAR margin	16.9%	17.4%	15.4%
EBITDA	74'605	86'658	64'513
EBITDA margin	14.4%	14.9%	12.7%
EBIT	31'448	37'928	23'862
EBIT margin	6.1%	6.5%	4.7%
Profit for the period	2'692	5'791	3'747
Number of FTE at year-end	2'856		2'587
Market price per share at 31.12. in CHF	64.00		40.95
Number of outstanding shares	15'016'768		15'010'091
Market capitalisation	961'073		614'663

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

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The complete and legally binding annual report is available on www.aevis.com

Share and bond information

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

Number of shares

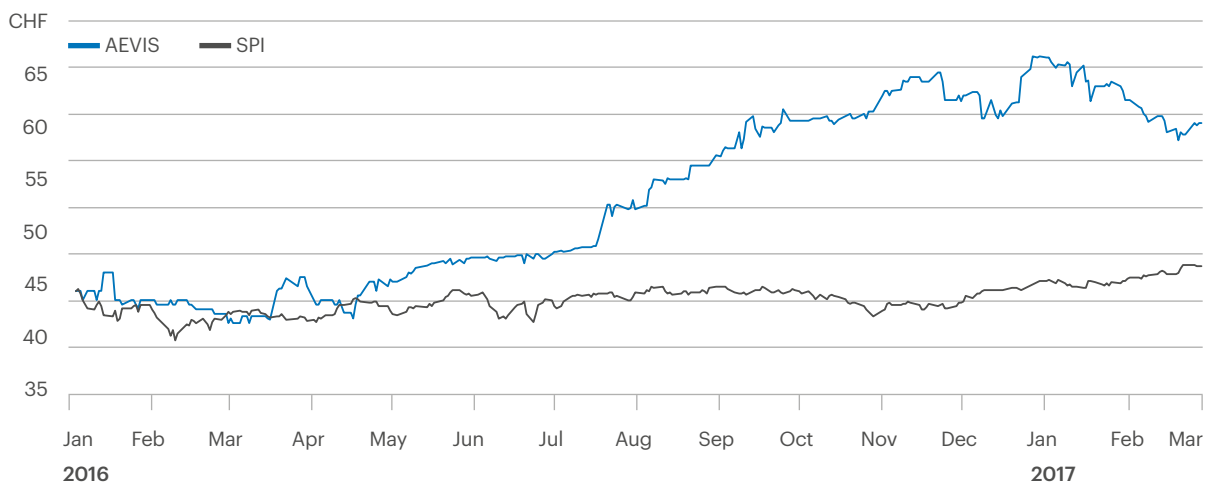
	31.12.2016	31.12.2015
Share capital (in CHF)	75'662'035	75'176'035
No. of registered shares issued	15'132'407	15'035'207
Nominal value per registered shares (in CHF)	5	5
No. of treasury shares	115'639	25'116
No. of registered shares outstanding	15'016'768	15'010'091

Data per share

	31.12.2016	31.12.2015
EBITDA per share* (in CHF)	4.99	4.41
High (in CHF)	64.40	47.10
Low (in CHF)	37.50	39.50
End price (in CHF)	64.00	40.95
Average volume per day	1'692	1'517
Market capitalisation (in CHF)	961'073'152	614'663'226

*EBITDA divided by the weighted average number of shares outstanding, excluding treasury shares.

Share price performance



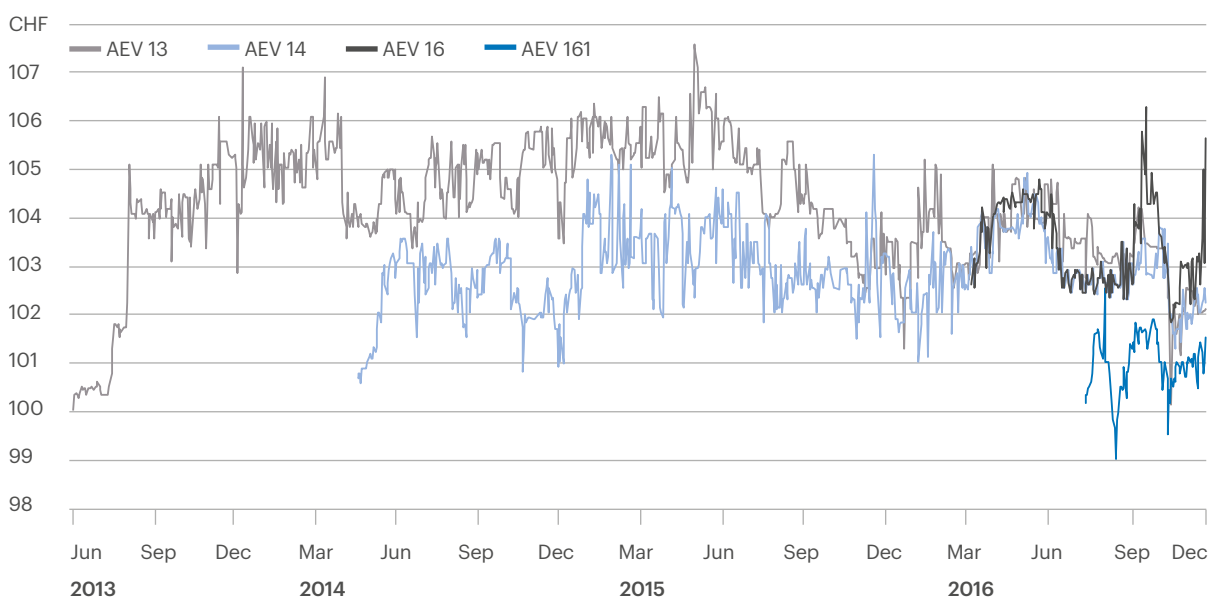
The registered shares of AEVIS VICTORIA SA are traded on the Swiss Reporting Standard of SIX Swiss Exchange and are part of the Swiss Performance Index SPI, the SXI Life Sciences Index (SLIFE) and the SXI Bio+Medtech Index (SBIOM).

Valor symbol:	AEVS	Bloomberg:	AEVS SW Equity
Valor no.:	1248819	Reuters:	AEVS.S.
ISIN:	CH0012488190		

AEVIS VICTORIA SA Bonds

- In July/August 2013, AEVIS has successfully issued a 5-year bond in the amount of CHF 100 million maturing on 02.07.2018. The coupon was set at 3.5%. The AEVIS VICTORIA bond is traded on SIX Swiss Exchange (Valor symbol: AEV13 / ISIN CH0214926096).
- In July/December 2014, AEVIS has successfully issued a 5-year bond in the amount of CHF 145 million maturing on 04.06.2019. The coupon was set at 2.75%. The AEVIS VICTORIA bond is traded on SIX Swiss Exchange (Valor symbol: AEV14 / ISIN CH0240109592).
- 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).

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Major shareholders

The following shareholders held more than 3% on 31 December 2016:

Group Hubert/Reybier/M.R.S.I. Medical Research, Services and Investments SA	77.49%
Kuwait Investment Office as agent for the Government of the State of Kuwait	3.52%
Total shareholders (31 December 2016)	1'640

Financial reporting

13 June 2017	Ordinary general shareholders meeting for the year 2016
15 September 2017	Publication of the 2017 Half-Year Results
November 2017	Publication of 3Q 2017 Revenue
March 2018	Publication of 2017 Revenue
29 March 2018	Publication of the 2017 Annual Results



Successful business year 2016



Dear Shareholder,

In 2016, all three major subsidiaries of AEVIS VICTORIA SA (AEVIS VICTORIA) realised operational and financial progress. Organic growth combined with targeted acquisitions and internal optimisations contributed to increased revenues and improved profit margins. Swiss Medical Network finalised the integration of Clinique Générale-Beaulieu in Geneva, Victoria-Jungfrau Collection improved revenues in spite of the negative trend in the luxury hotel industry, and the value of the property portfolio grew to more than one billion Swiss Francs. The corporate structure is designed to absorb the acquisitions of 2016 and allows the continuation of the successful buy-and-build-strategy at the same time.

Total revenues grew by 2.9% to CHF 592.6 million (2015: CHF 576.1 million) and net revenues (medical fees excluded) amounted to CHF 517.1 million (2015: CHF 508.6 million). Substantial efficiency gains and the exploitation of synergies contributed to a higher operating profit. The EBITDAR in the two main segments surpassed the 20% level in the year under review. On the Group level, an EBITDAR of CHF 87.1 million, up by 11.1% from the previous year (2015: CHF 78.5 million) resulted, corresponding to a solid EBITDAR margin of 16.9%. EBITDA reached CHF 74.6 million or 14.4% of turnover and the EBIT increased by 31.8% from CHF 23.9 million to CHF 31.4 million. The operating cash flow surged significantly by 52.0% to CHF 55.6 million in the year under review. The profit for the period amounts to CHF 2.7 million. On a pro-forma basis, consolidating Générale-Beaulieu for 12 months, the increases in sales, profit margins and net profit was even higher.

The Board of Directors will propose to the Annual General Meeting a distribution from capital contribution reserves of CHF 0.55 per share, in line with its long-term distribution policy.

High efficiency at hospitals of Swiss Medical Network

Swiss Medical Network performed well in 2016. An increased number of patients offset lower DRG and TARMED rates in Switzerland and resulted in a record turnover of CHF 521.0 million, up from CHF 482.8 million in the previous year. Operational improvements and synergies contributed to an EBITDAR of CHF 91.9 million, 29.8% more than a year ago. This solid operational result corresponds to an EBITDAR margin of 20.6% (2015: 17.0%). A full year consolidation of Clinique Générale-Beaulieu in Swiss Medical Network would have generated a pro forma revenue of CHF 591.0 million and a pro forma EBITDAR of 104.6 million.

Distribution from capital contribution reserves of CHF 0.55 per share proposed

The network's growth continued with the successful integration of Clinique Générale-Beaulieu in late 2016. The Geneva-based multidisciplinary hospital is specialised in orthopaedics, general surgery, urology, gynaecology and obstetrics. Clinique Générale-Beaulieu has 477 employees and 571 admitting physicians, and achieved a turnover of CHF 83.4 million and an EBITDAR of CHF 15.7 million in 2016. The network now consists of 15 hospitals, one affiliated hospital and one clinic, with 988 available beds, 1'782 admitting physicians and 2'948 employees.

Swiss Medical Network made a crucial contribution to contain healthcare costs in Switzerland in reducing its base rates. A common flat rate payment system for all listed hospitals at the rate of CHF 9'050 per case was introduced in March 2016, and it was further reduced on 1 January 2017 to CHF 8'930. These rates are substantially lower than the insurers' benchmark (HSK and Tarifsuisse, both around CHF 9'500) and around 10% below those of the public hospitals (above CHF 10'000).

Hotels of Victoria-Jungfrau Collection gain market share

The luxury hotels of Victoria-Jungfrau Collection achieved turnover gains despite a drop in tourism activities in Switzerland. The net revenue grew from CHF 58.9 million in 2015 to CHF 60.7 million in 2016. Palace Lucerne is operated by the Group but no longer consolidated, as a new management contract structure was put in place on 1 January 2016. The number of overnight stays remained constant at around 169'000 and the average room rate increased from CHF 366 a year ago to CHF 372 in the period under review (three fully consolidated hotels). Further efficiency gains and cost savings contributed to the profitability and the EBITDAR margin reached 20.1%. On 1 December 2016, Victoria-Jungfrau Collection acquired the operations of the Hotel Crans Ambassador, a luxury sport resort in Crans-Montana (canton of Valais), and thereby enlarged the portfolio to a fifth establishment. The hotel Crans Ambassador has 56 rooms and employs 60 people.

Healthcare- and hotel-related real estate exceeds CHF 1 billion

Rental income in the real estate segment, composed of healthcare- and hospitality-related real estate, amounted to CHF 51.2 (2015: CHF 36.4 million) and EBITDAR surged to CHF 42.4 (2015: CHF 32.5 million), which mostly corresponds to inter-company payments with AEVIS VICTORIA's hospital and hospitality segments. With the purchase of an office building in Echandens and the acquisition of three buildings in Geneva in connection with the integration of Générale Beaulieu, the property portfolio grew to 44 properties on 17 sites and represents a total rentable surface of 193'880 sqm with a market value of CHF 1'148.3 million.

An extensive refurbishment program was completed at Clinique de Valère in Sion, and further targeted investments were made in Clinique Générale in Fribourg, Clinique Montchoisi in Lausanne, Clinica Ars Medica in Gravesano, Privatklinik Lindberg in Winterthur and Privatklinik Bethanien in Zurich. At Privatklinik Villa im Park in Rothrist, construction of a new building will start in spring 2017 and rental space of 2'300 sqm with 30 new rooms will be available upon completion.

Acquisition of 40% of Medgate

In January 2016 the acquisition of 40% of Medgate Group, the leading provider of telemedical services in Switzerland, was completed. Since July 2016, AEVIS VICTORIA holds a participation in the listed company LifeWatch AG, a leading developer and provider of medical solutions and remote diagnostic monitoring services in the digital health market. After the purchase of a 4.6% stake within the context of LifeWatch's rights offering, the shareholding was further increased to 11.99% later in 2016.

AEVIS VICTORIA has a proven track record in transforming and growing companies in the health sector

Public takeover offer for LifeWatch

AEVIS VICTORIA launched a public takeover bid for all publicly held registered shares of LifeWatch in early 2017, with the offer period ranging from 7 March 2017 to 10 April 2017. LifeWatch shareholders can opt for an exchange offer or a cash alternative. For each registered share of LifeWatch, 0.1818 registered shares of AEVIS VICTORIA are offered. Alternatively, AEVIS VICTORIA offers CHF 10.00 in cash per registered share of LifeWatch.

In the event of a completion of its public takeover bid, AEVIS VICTORIA intends to significantly contribute to pursuing LifeWatch's growth strategy and is convinced that LifeWatch would benefit from the support of a reference shareholder with a strong presence in the healthcare sector. AEVIS VICTORIA would be able to provide a long-term vision and the necessary financial means to develop the business strategy of LifeWatch. AEVIS VICTORIA has a proven track record in transforming and growing companies in the health sector, and LifeWatch would also benefit from this broad experience.

On 9 March 2017, a committee of the Board of Directors of LifeWatch has recommended the rejection of AEVIS VICTORIA's offer. The committee considers AEVIS VICTORIA's offer not to be in the best interest of LifeWatch and its shareholders as they believe that it does not reflect the real value of the company. The committee has solicited alternative offers and mandated an investment bank to help them in this process. AEVIS VICTORIA is concerned about how the process is being handled by the committee and management of LifeWatch. AEVIS VICTORIA will wait and see how the transaction evolves and take the necessary measures in due course to protect the best interest of its shareholders.

Other activities

AEVIS VICTORIA invests in various other businesses along the value chain of its main pillars of activity. The rescue entity based in Geneva was rebranded as Swiss Ambulance Rescue in late September 2016. NESSENS preventive medical check-up centres are now operative in Genolier, Lausanne, Lugano and soon in Zurich, while NESSENS better-aging medspa programs are available in Interlaken and Geneva. For the first time, the anti-aging cosmetics of NESSENS are also sold in a dedicated e-shop targeting international buyers. In addition, Nescens Clinique de Genolier is offering a unique combination of both hotel services and medical care.

Authorised capital for potential acquisitions

The Board of Directors is authorised to increase the share capital by a nominal value of maximum CHF 35.5 million through the issuance of 7.1 million new shares until 28 June 2017, with the objective to finance potential acquisitions. This would also include the potential takeover of LifeWatch.

Successful bond issuances

AEVIS VICTORIA was once again active on the capital markets and benefited from favourable refinancing conditions. In May 2016 it successfully issued a new 5-year CHF 150 million straight bond with a coupon of 2.5%. The net proceeds of the bond were partially used to refinance the CHF 80 million, 4.25% bond AEV12 that matured on 3 August 2016. Another 6-year CHF 130 million straight bond with a coupon of 2.0% was issued on 20 September 2016. It was subsequently increased to CHF 145 million due to high investor demand.

Inclusion in Swiss Performance Index

As the free float soared above the 20% threshold following the full integration of Victoria-Jungfrau Collection, the nominal shares of AEVIS VICTORIA were included in the Swiss Performance Index (SPI) in late July 2016. They are also included in the SXI Life Sciences Index (SLIFE) and SXI Bio+Medtech Index (SBIOM) since 19 September 2016.

Outlook

For the entire business year 2017, AEVIS VICTORIA SA expects to realise a total revenue of more than CHF 700 million based on an unchanged portfolio consolidated over a 12-month period. AEVIS VICTORIA expects to realise an EBITDA of more than CHF 100 million, without acquisitions.

We would like to conclude by thanking our customers and partners for the gratifying development of our collaboration, our shareholders for their confidence and all our employees and physicians for their great work and commitment.

Fribourg, 24 March 2017

Christian Wenger
Chairman of the Board

Antoine Hubert
Delegate of the Board



Second largest network of private hospitals in Switzerland



Swiss Medical Network – Key Figures 2016

The network's growth path continued with the acquisition and integration of Clinique Générale-Beaulieu in Geneva in the last quarter of 2016. Overall, turnover of CHF 521.0 million, up from CHF 482.8 million in the previous year, represented growth of 7.9%.

AARGAU

- I Privatklinik Villa im Park

BASEL

- I Schmerzlinik Basel

FRIBOURG

- I Clinique Générale

GENEVA

- I Clinique Générale-Beaulieu
- I Centre Médical des Eaux-Vives

NEUCHÂTEL

- I Clinique Montbrillant
- I Hôpital de la Providence

SOLOTHURN

- I Privatklinik Obach

TICINO

- I Clinica Sant'Anna
- I Clinica Ars Medica

VALAIS

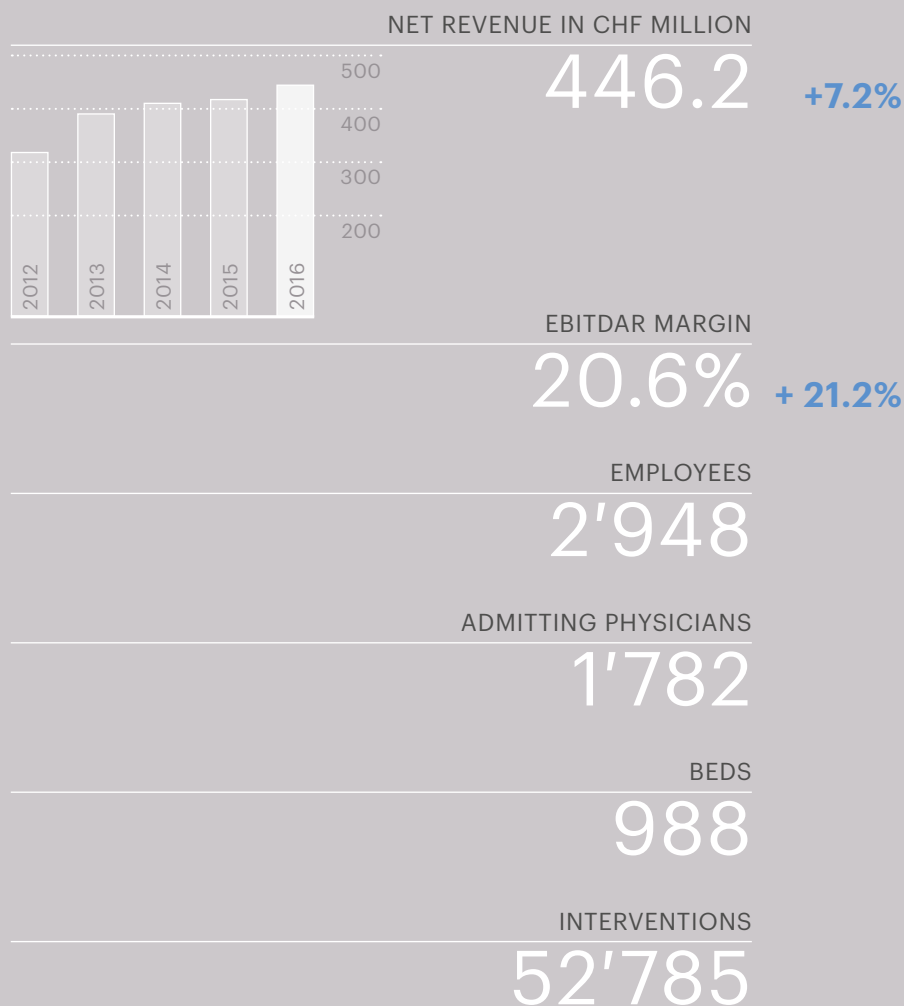
- I Clinique de Valère

VAUD

- I Clinique de Genolier
- I Clinique de Montchoisi
- I Clinique Valmont

ZURICH

- I Privatklinik Bethanien
- I Privatklinik Lindberg
- I Pyramide am See



Swiss Medical Network – Profile

Swiss Medical Network, founded in 2002, is one of Switzerland's leading private hospitals groups. Its hospitals, which are located in all three of the country's main language regions, provide first-class hospital treatment, care and assistance to patients from Switzerland and abroad.

All Swiss Medical Network hospitals are renowned for the quality of their services, their excellent medical facilities, their top-notch hotellerie and their pleasant ambience. With their state-of-the-art medical technology and their comprehensive specialist expertise, the hospitals of Swiss Medical Network offer reliable medical care of the very highest calibre which puts the patient's comfort and well-being firmly centre stage.

Swiss Medical Network continues to develop and expand its Swiss-wide network by acquiring and restructuring further hospital facilities. The network currently extends to 16 private institutions and one affiliated hospital in Switzerland, which count 1'782 doctors and employ 2'948 other personnel. Swiss Medical Network is also linked with Klinik Pyramide am See AG, which operates a hospital in the canton of Zürich.

The medical competences of the Swiss Medical Network hospitals are recognised beyond the Swiss borders with, for example, the first Breast Centre of a group of private hospitals to be certified in French speaking Switzerland, a pain clinic in Basel, expertise and high-tech oncology equipment and recognised maternity wards.

Swiss Medical Network SA is a fully-owned subsidiary of AEVIS VICTORIA.

www.swissmedical.net

Swiss Medical Network posts EBITDAR growth of 29.8%

Swiss Medical Network reached a turnover of CHF 521.0 million, up from CHF 482.8 million in the previous year, representing growth of 7.9%. Organic growth excluding acquisitions amounted to 4.3%. The exploitation of synergies and efficiency gains contributed to the improved EBITDAR of CHF 91.9 million, corresponding to an EBITDAR margin of 20.6%. The network's growth path continued with the acquisition and integration of Clinique Générale-Beaulieu in Geneva in the last quarter of 2016. Swiss Medical Network now consists of 15 hospitals, one affiliated hospital and one clinic in 10 cantons.

Growth continues as turnover reaches record level

An overall increase in the number of patients resulted in a record turnover, despite lower DRG and TARMED rates for the domestic activities of Swiss Medical Network. Medical tourism recovered compared to the previous year and surged by nearly 10%. In total, turnover including the residence Nescens Clinique de Genolier increased by 7.9% from CHF 482.8 million to CHF 521.0 million. Net revenues, excluding medical fees, amounted to CHF 446.2 million (2015: CHF 416.1 million).

Operational excellence across the board

All hospitals but Privatklinik Lindberg are in the optimisation phase of their business cycle and thereby contributed to the positive earnings. Further operational improvements combined with synergy gains led to an improved EBITDAR of CHF 91.9 million (2015: CHF 70.9 million) corresponding to a solid EBITDAR margin of 20.6% (2015: 17.0%). Once again, the actions initiated and implemented in the year under review proved to be effective. The substantial increase in operational profitability resulted in a margin of more than 20% for the first time.

Successful integration of Clinique Générale-Beaulieu in Geneva

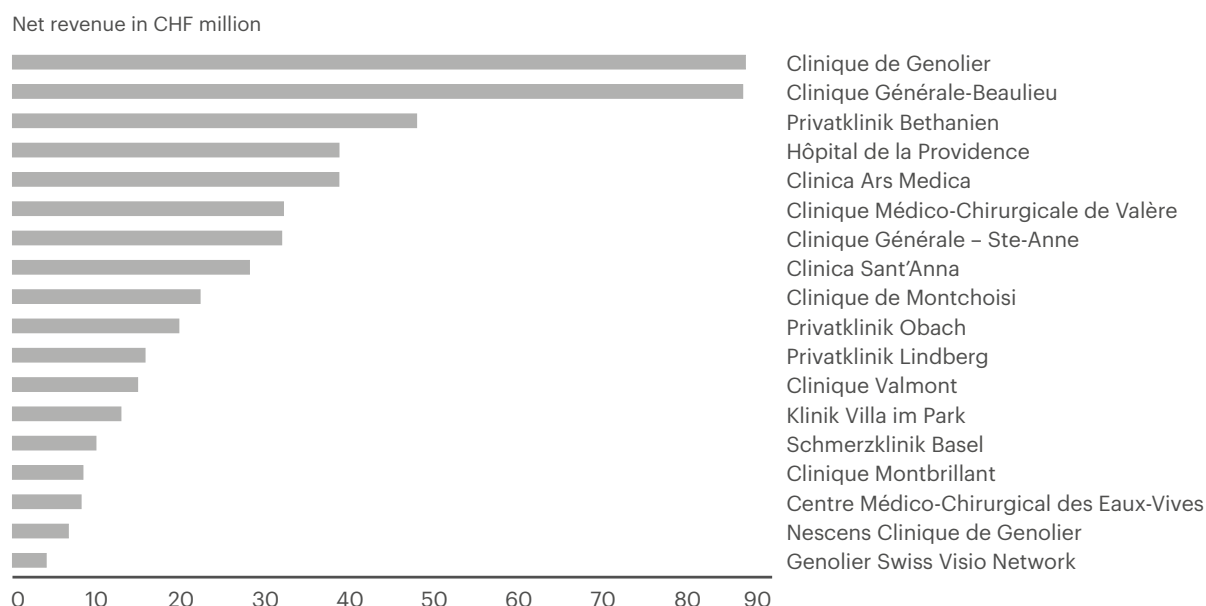
On 13 September 2016, Swiss Medical Network launched an acquisition offer for all shares of Générale Beaulieu Holding SA. The offered price per share of Générale Beaulieu Holding SA amounted to CHF 25'000. On 31 December 2016, Swiss Medical Network SA held 67.99% of Générale Beaulieu Holding SA. The Société coopérative médicale de Beaulieu, which holds 28.7% of Générale Beaulieu Holding SA, has until the end of 2017 to either sell its shares according to the conditions of the offer, or remain a shareholder alongside Swiss Medical Network. Générale Beaulieu Holding SA has been consolidated into Swiss Medical Network SA as of 1 November 2016.

Clinique Générale-Beaulieu, founded in 1899, is a multidisciplinary private hospital, specialised in orthopaedics, general surgery, urology, gynaecology and obstetrics. The hospital also has a radiology institute, an institute of nuclear medicine and a physiotherapy & functional rehabilitation centre. The hospital buildings, which are now owned by the Group, are ideally located in the heart of the residential area of Champel in Geneva, in very pleasant natural surroundings. The main building of the hospital was constructed in 1983 and has a total surface of 18,000 sqm. On its site and the various annex buildings, Clinique Générale-Beaulieu accommodates approximately 70 medical practices covering all medical specialties.

Organic growth
without acquisitions
of 4.3%

Clinique Générale-Beaulieu has 477 employees and 571 admitting physicians. With a turnover of CHF 83.4 million, Clinique Générale-Beaulieu is now the second largest hospital of Swiss Medical Network, followed by Clinique de Genolier and Privatlinik Bethanien.

After the integration of Clinique Générale-Beaulieu, the network now consists of 15 hospitals, one affiliated hospital as well as one clinic, with 988 available beds, 1'782 admitting physicians and 2'948 employees. Swiss Medical Network has an outstanding track record in acquiring and restructuring private hospitals. This buy-and-build strategy will be continued in the years to come as the Group matures on its way to reaching the medium-term goal of 20–25 hospitals in the majority of Switzerland's cantons. The current acquisition pipeline looks promising, and it is expected that Swiss Medical Network will again be engaged in acquisitions to expand its unique network of medical excellence in the months to come.



Attractive partner for admitting physicians

The number of admitting physicians continued to grow. The underlying attractiveness of the network's hospitals encouraged 76 new doctors to join the Group. The ability to perform state-of-the-art medicine in well-equipped hospitals applying an entrepreneurial approach, in a pleasant environment, makes the Swiss Medical Network hospitals unique working places. During the past year, the network's physicians conducted nearly 53'000 interventions and carried out more than 2'500 deliveries. A survey carried-out by ANQ, the Swiss association for quality development in hospitals and clinics, showed very high patient satisfaction in the hospitals of Swiss Medical Network.

1'782 admitting
physicians and **2'948**
employees

In addition, the establishment of competence centres and the build-up of regional platforms progressed in the reporting period. The aim of the network to continuously enhance the level of specialisation and quality is supported by investments in cutting-edge medical technology and infrastructure, including high-quality hospitality services. At Clinique de Genolier, a new catheterisation room equipped with a new cardiovascular technical platform helps to put the hospital at the top of the field. The creation of the "Gyne Centro Ticino" and the installation of a spectral computer tomography device at the Clinica Sant'Anna (only the second in Switzerland, with the other at Clinique de Genolier) upgraded the hospital's offering. At Privatklinik Bethanien, the creation of a new neurosurgery practice further strengthened the hospital's expertise in this growing field.

Proactive measures to contain healthcare costs

By further intensifying the efforts already made during the last years, Swiss Medical Network took another important step in reducing its tariffs. In early March 2016, a common flat rate payment system for all listed hospitals was introduced. As a direct consequence of the increased efficiency of the hospital group in the year under review, the base rates were further reduced by CHF 100 as of 1 January 2017. These base rates are substantially lower than the insurers' benchmark (HSK and Tarifsuisse, both around CHF 9'500) and around 10% below those of the public hospitals (above CHF 10'000). Swiss Medical Network remains committed to further improving efficiencies and passing on the gains to the insured, while generating profit margins that allow investments in infrastructure and people. The ability of Swiss Medical Network to lower its flat rate is a crucial contribution to containing healthcare costs in Switzerland and underlines the importance of well-managed, cost-conscious private healthcare providers.

Defence of private practice

The importance of the Group as a key partner is highlighted by the establishment of multi-year term tariff agreements with all major insurance companies for all the hospitals in the network. Swiss Medical Network thereby follows a flexible business model combining contracted hospitals with listed hospitals. In the field of contracted hospitals, insurance coverage for listed specialties can be negotiated while the hospitals remain a health partner for the public authorities. In the field of listed hospitals, a hospital can negotiate insurance coverage for non-listed specialties. Swiss Medical Network advocates for the equal treatment of private and public hospitals. Patients must have a real free choice to select their healthcare provider or physician, and every institution should be eligible to get the basic allowance ("Sockelbeitrag"). On the other hand, volume quotas for services or other limitations (medical materials) will be rejected going forward.

**Lowest base rate of
CHF 8'930 per case**

CANTON	HOSPITAL	EMPLOYEES	ADMITTING PHYSICIANS	AVAILABLE BEDS
Contracted hospitals				
Vaud	Clinique de Genolier	302	137	112
Vaud	Clinique de Montchoisi	99	120	22
Vaud	Clinique Valmont	122	6	59
Zurich	Privatklinik Bethanien	250	257	96
Zurich	Privatklinik Lindberg	200	89	73
Zurich	Pyramide am See*	115	125	40
Listed hospitals				
Neuchâtel	Clinique Montbrillant	60	97**	26
Neuchâtel	Hôpital de la Providence	240	97**	59
Fribourg	Clinique Générale	150	77	66
Geneva	Clinique Générale-Beaulieu	477	571	131
Valais	Clinique de Valère	158	52	46
Solothurn	Privatklinik Obach	120	40	54
Aargau	Privatklinik Villa im Park	90	42	39
Basel	Schmerzklinik Basel	70	31	15
Ticino	Clinica Sant'Anna	173	70	80
Ticino	Clinica Ars Medica	176	44	70
Clinic				
Geneva	Centre Médical des Eaux-Vives	29	24	0
Total		2'948***	1'782	988

* affiliated hospital

** All doctors accredited at Hôpital de la Providence are also accredited at Clinique Montbrillant.

*** Including the employees of the Group's central services

Outlook 2017

The development of Swiss Medical Network and the further integration of hospitals will continue, as the pipeline looks promising. The recruitment of new physicians is a key priority of Swiss Medical Network. New collaboration platforms and centers of excellence are being built up to promote the sharing of knowledge, resources and technology, in order to optimise the medical outcome for each patient. The focus on cost cutting, the exploitation of synergies and efficiency gains will have a positive effect on profitability. Swiss Medical Network will continue to be active on a federal and cantonal level to promote unbiased competition, for the benefit of the patients and for a more efficient healthcare system. Swiss Medical Network has the ambition to become the preferred partner for public institutions, the insurance sector and all stakeholders of the medical sector in Switzerland.

Recruitment of physicians is of key importance

Raymond Loretan
Executive Chairman

Beat Röthlisberger
CEO



Luxury hotels in unique settings in Switzerland



Victoria-Jungfrau Collection – Key Figures 2016

Net revenue of the fully consolidated hotels reached CHF 60.7 million, based on a well-diversified customer portfolio that once again proved advantageous in times where travel destinations change quickly.

ZÜRICH

| Eden au Lac

LUCERNE

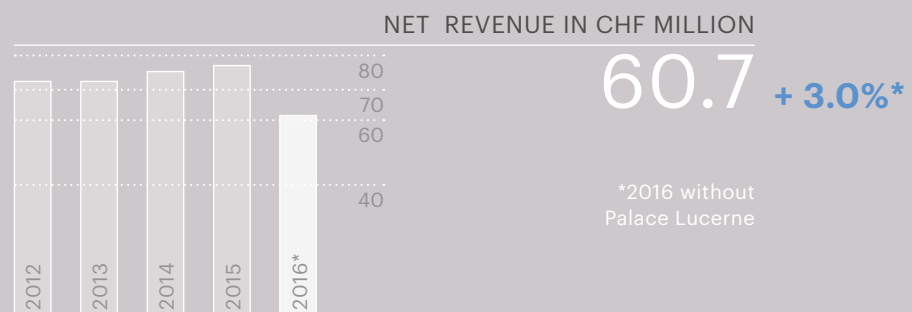
| Palace Luzern

BERNE

| Victoria-Jungfrau
Grand Hotel & SPA
| Bellvue Palace

VALAIS

| Crans Ambassador



EBITDAR MARGIN

20.1%

EMPLOYEES

575

OVERNIGHT STAYS

169'000

ROOMS

587

Ø ROOM RATE

372

Victoria-Jungfrau Collection – Profile

The Victoria-Jungfrau Collection is a small but exclusive hotel group with a unique portfolio of luxury five-star hotels of long standing. The Victoria-Jungfrau Grand Hotel & Spa in Interlaken and the Palace Luzern on the shores of Lake Lucerne were joined as members of the Victoria-Jungfrau Collection by the Eden au Lac in Zurich in November 2005 and the renowned Bellevue Palace in Bern in January 2007. The latest hotel to have joined the Collection is the Crans Ambassador Hotel in Crans-Montana.

All hotels are individually managed but share a commitment to personal hospitality and top-quality service. The historic establishments with Swiss tradition offer luxurious accommodation, gourmet cuisine, wellness and contemporary infrastructure to their guests. The Victoria-Jungfrau Collection yearly counts around 169'000 overnight bookings.

AEVIS VICTORIA owns 100% of the Interlaken based luxury hotel group.

www.vjc.ch

Hotels outperform in challenging environment

The offerings of the five luxury hotels of Victoria-Jungfrau Collection, the Victoria-Jungfrau Grand Hotel & Spa in Interlaken, the Eden au Lac in Zurich, the Bellevue Palace in Berne and the Palace in Lucerne, as well as the newly integrated Crans Ambassador in Crans-Montana, were in solid demand in 2016. Net revenue of the five hotels (12 months consolidated for three hotels, one month consolidated for the Crans Ambassador, management fees for the Palace in Lucerne) reached CHF 60.7 million, based on a well-diversified customer portfolio that once again proved advantageous in times where travel destinations change quickly. The management fee from the Palace in Lucerne, efficiency gains and cost savings contributed to the profitability, and the EBITDAR margin reached 20.1%.

EBITDAR surges to
CHF 12.2 million

Turnover gains despite drop in tourism activities in Switzerland

The tourism industry in Switzerland was affected by the fear of further terrorist attacks in Europe and the strong Swiss Franc, which remained a challenge. Overall, the number of travellers declined once again. However, the luxury hotels of Victoria-Jungfrau Collection were able to compensate, performing very well in the reporting period. The Bellevue Palace in Berne in particular displayed solid turnover growth, while the luxury hotels of the Group located in Interlaken and Zurich posted turnover in line with the previous year's figures. Overall, a highlight of the 2016 results was the net revenue growth from CHF 58.9 million in 2015 to CHF 60.7 million this year. The Palace Lucerne is operated by the Group but no longer consolidated since a new management contract structure was put in place on 1 January 2016. The number of overnight stays remained constant at around 169'000 and the average room rate increased from CHF 366 a year ago to CHF 372 in the period under review (three fully consolidated hotels).

Additional efficiency gains

Productivity further increased in 2016. In addition to increased turnover and the management fee earned from operations at the Palace in Lucerne, efficiency gains and the exploitation of synergies within the Group contributed an EBITDAR of CHF 12.2 million, corresponding to an EBITDAR margin of 20.1%. Further improvements are anticipated in the current business year as energy costs, which represent a sizable part of the cost structure of a hotel, will be reduced based on a Group-wide electricity procurement scheme.

Substantial increase
in guests from the
United States, the UAE,
France and Hong Kong

Diversified client portfolio

The management team has further intensified its national and international sales activities in order to respond to the challenging market environment. Although Victoria-Jungfrau Collection profits from a very well-diversified client base, continued efforts are necessary to counteract the difficult market circumstances. This strategy paid off in the period under review. The effects of a 19% decrease in Chinese guests, mainly triggered by new visa regulations, and fewer travellers from Russia and Great Britain, were offset by a substantial increase in guests coming from the United States, the United Arab Emirates, France and Hong Kong. Switzerland remained the biggest market, accounting for approximately 25% of turnover.

Successful management of the Palace Lucerne

The Palace Hotel in Lucerne, bought by Chinese investor Yunfeng Gao in 2015, remains managed by Victoria-Jungfrau Collection. The collaboration was successful in the reporting period, as highlighted by higher occupancy and surging operational profitability.

Regular investments into refurbishment projects and the expansion of services

Refurbishment projects bolster market position

Unique customer experiences and outstanding services are key to defending the solid market position achieved. Therefore, investments in refurbishment projects and the expansion of services are regularly implemented. At the Victoria-Jungfrau Grand Hotel & Spa in Interlaken, the flagship hotel of the group, the renovated restaurant "La Terrasse" was reopened in the spring, and "The Garden" is a new attraction during the summer months. In October 2016, the hotel inaugurated its new SPA Nescens, a comprehensive spa offering a unique range of services and better-aging programs, in an elegant, lush green setting. The refurbishment, including the installation of air conditioning in 30 rooms, has started, and as of next summer, an enhanced experience, especially during the summer, will be ensured. At the Bellevue Palace in Berne, a major renovation project has been completed and all rooms now offer state-of-the-art amenities. It is foreseen that the Eden au Lac in Zurich will undergo a major renovation phase in the years to come, in order to provide a facelift to the existing facilities and turn the establishment into an outstanding reference for city hotels. The intended project is currently in the approval process and clearance is expected later this year.

New hotel in Crans-Montana added to the Collection

On 1 December 2016, the Group acquired the operations of the Hotel Crans Ambassador, a luxury sport resort in Crans-Montana (canton of Valais). The hotel is ideally located in the prestigious ski resort of Crans-Montana, offering a panoramic view of the Swiss Alps. The Group does not own the hotel premises but signed a long-term lease with the owner. Results have been consolidated for the month of December 2016.

	TOTAL ROOMS	SUITES	SURFACE (sqm)	EMPLOYEES
Victoria-Jungfrau Grand Hotel and Spa	224	102	44'269	227
Eden au Lac	50	5	1'419	54
Palace Luzern	129	31	3'337	106
Bellevue Palace	128	25	3'296	128
Crans Ambassador	56	12	10'898	60

Outlook 2017

The Victoria-Jungfrau Collection product is attractive and in demand across a wide range of customers. Even though the Swiss tourism industry faces major challenges, the Group's hotels are expected to match the performance achieved in 2016. The diversified customer base, regular investments in the infrastructure and services and the exploitation of additional synergistic potential will remain the keys to success.

Christian Seiler
Chairman

Beat Sigg
CEO



Premium real estate portfolio with
a value of more than one billion CHF



Real Estate Segment – Key Figures 2016

With the acquisition of an office building in Echandens and the integration of three buildings in Geneva in connection with the acquisition of Générale Beaulieu Holding, the healthcare- and hotel-related real estate portfolio grew to 44 properties on 18 sites.

AARGAU

| Privatklinik Villa im Park

BERNE

| Hotel Victoria-Jungfrau

FRIBOURG

| Clinique Générale

GENEVA

| Clinique Générale-
Beaulieu

NEUCHÂTEL

| Clinique Montbrillant

SOLOTHURN

| Privatklinik Obach

TICINO

| Clinica Sant'Anna
| Clinica Ars Medica

VALAIS

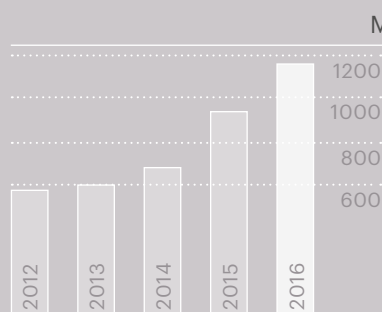
| Clinique de Valère
| Hangar SHP (Air-Glaciers)

VAUD

| Clinique de Genolier
| Clinique de Montchoisi
| Clinique Valmont
| Chocolatière 21

ZURICH

| Privatklinik Bethanien
| Privatklinik Lindberg
| Hotel Eden au Lac



MARKET VALUE IN CHF MILLION

1'148.3 +23.2%

EBITDAR MARGIN

82.8%

PROPERTIES

44

LOCATIONS

17

RENTAL SURFACE SQM

193'880

RENTAL INCOME IN CHF MILLION

51.2

Swiss Healthcare Properties and Swiss Hospitality Properties

Swiss Healthcare Properties AG (SHP I), founded in 1997, is a unique healthcare-related real estate company in Switzerland. The portfolio of SHP I, with a market value of CHF 779.4 million and a rental surface of 133'318 sqm consists of 33 quality entities situated in premium locations. All properties are fully let, mainly to the various Swiss Medical Network hospitals, and have been bought or constructed in the context of the development of the group. SHP I's properties present a development potential of 35'000 sqm. SHP I has a buy/build & hold strategy with a long-term perspective of ongoing renovation and maintenance programs.

The real estate company is committed over the long-term to the hospital's operations growth but also aims to realise healthcare-related real estate acquisitions with reliable operators outside the Swiss Medical Network. SHP I is a 100% subsidiary of AEVIS VICTORIA.

Générale-Beaulieu Immobilière SA owns the hospital premises of Clinique-Générale-Beaulieu as well as several other buildings surrounding the hospital. The three properties represent a rental surface of 18'990 sqm and a market value of CHF 190.8 million.

Swiss Hospitality Properties in Interlaken AG (SHP II) owns the buildings of the hotels Eden au Lac in Zurich and Victoria-Jungfrau Grand Hotel & Spa in Interlaken, as well as six smaller annex properties in Interlaken. The 8 properties represent a rental surface of 41'572 sqm and a market value of CHF 163.3 million. SHP II is a 100% subsidiary of AEVIS VICTORIA.

www.shp.net

Value of property portfolio crosses one billion CHF threshold

The real estate segment continued its expansion in the year under review. With the acquisition of an office building in Echandens and the integration of three buildings in Geneva in connection with the acquisition of Générale Beaulieu Holding, the healthcare- and hotel-related real estate portfolio grew to 44 properties on 17 sites. Rental income amounted to CHF 51.2 million (2015: CHF 36.4 million) and EBITDAR surged to CHF 42.4 million (2015: CHF 32.5 million), which mostly corresponds to intercompany payments with AEVIS VICTORIA's hospital and hotel segments. The portfolio represents a total rentable surface of 193'880 sqm with a market value of CHF 1'148.3 million. The loan to value remains very low at 35.2%. The average interest on mortgages was 1.72% at the end of 2016.

The real estate segment of AEVIS VICTORIA is composed of healthcare- and hospitality-related real estate and is subdivided into Swiss Healthcare Properties SA (SHP I), Swiss Hospitality Properties SA (SHP II) and Générale-Beaulieu Immobilière SA. SHP I owns most of the hospital buildings of Swiss Medical Network and some outbuildings next to the hospitals, used as doctors' offices and for administration, while SHP II owns the hotel premises of Victoria-Jungfrau Collection in Zurich and Interlaken. Générale-Beaulieu Immobilière SA owns the hospital premises of Clinique Générale-Beaulieu as well as several other buildings surrounding the hospital.

NAME	MAIN USE	PLACE (CANTON / NUMBER OF BUILDINGS)	RENTAL AREA (sqm)	PARKING SPACES
Clinique de Genolier	Multi-specialty hospital	Genolier (VD / 4)	32'903.7	388
Clinique de Montchoisi	Multi-specialty hospital	Lausanne (VD)	3'441.0	43
Clinique Valmont	Rehabilitation hospital	Glion-sur-Montreux (VD)	6'733.0	22
Clinique Générale	Multi-specialty hospital	Fribourg (FR)	6'540.1	
Clinica Ars Medica	Multi-specialty hospital	Gravesano (TI)	8'075.0	123
Clinica Sant'Anna	Multi-specialty hospital	Sorengo (TI / 6)	14'508.7	188
Privatklinik Lindberg	Multi-specialty hospital	Winterthur (ZH / 4)	13'078.6	117
Privatklinik Obach	Multi-specialty hospital	Solothurn (SO / 2)	5'838.9	92
Clinique de Valère	Multi-specialty hospital	Sion (VS / 2)	9'565.0	110
Privatklinik Bethanien	Multi-specialty hospital	Zürich (ZH / 5)	18'546.0	210
Klinik Villa im Park	Multi-specialty hospital	Rothrist (AG / 2)	4'320.0	77
Hangar SHP (Air-Glacières)	Hangar (air rescue)	Sion (VS)	2'284.9	14
Clinique Montbrillant	Multi-specialty hospital	La Chaux-de-Fonds (NE / 2)	5'715.0	59
Chocolatière 21	Offices	Echandens (VD)	1'768.0	53
Clinique Générale-Beaulieu	Multi-specialty hospital	Genève (GE / 3)	18'990.0	310
Hotel Victoria-Jungfrau	Hotel	Interlaken (BE / 7)	37'120.0	170
Hotel Eden au Lac	Hotel	Zürich (ZH / 1)	4'452.0	18

SHP I is composed of 33 quality entities on 14 sites with a rental surface of 133'318 sqm, a market value of CHF 779.4 million and additional development potential of up to 35'000 sqm. The portfolio was enlarged by one entity in the period under review with the integration of an office building in Echandens, located between Morges and Lausanne. The building is on a plot area of 2'881 sqm and offers rental space of 1'768 sqm with 53 parking spaces. The building is in very good condition and is fully let. Swiss Medical Network occupies the first floor, thus bundling all major administration-related works in one location.

Générale-Beaulieu Holding, operating a hospital in Geneva, was acquired in the second half of 2016 by Swiss Medical Network. The transaction included the purchase of three buildings on the hospital site in a residential area of Geneva. The properties offer 18'990 sqm rental space and had a market value of CHF 190.8 million at the end of 2016.

SHP II consists of seven properties in Interlaken (the Victoria-Jungfrau Grand Hotel & Spa and six smaller annex buildings) and the Eden au Lac building in Zurich, representing a total rental surface of 41'572 sqm and a market value of CHF 163.3 million. The old unoccupied building "Schweizerhof" in Interlaken has been demolished. The open space will be landscaped and the shopping area in proximity to the Victoria-Jungfrau Grand Hotel & Spa will be upgraded.

State-of-the art hospitals

An extensive refurbishment program was completed at Clinique de Valère in Sion. The standard for the patient rooms was improved, and new suites and hospital-ity areas were created. This major renovation will enable the hospital to further advance its activities in the years to come. Targeted investments have also been made in Clinique Générale in Fribourg, Clinique Montchoisi in Lausanne, Clinica Ars Medica in Gravesano, Privatklinik Lindberg in Winterthur and Privatklinik Bethanien in Zurich. All these investments contribute to a state-of-the-art patient experience and underpin the unique positioning of the hospitals of Swiss Medical Network. To save energy and reduce energy costs, the central heating regulation systems have been upgraded in Clinique de Genolier, Clinica Ars Medica and Clinica Sant'Anna.

Investments into
environment-friendly
technologies

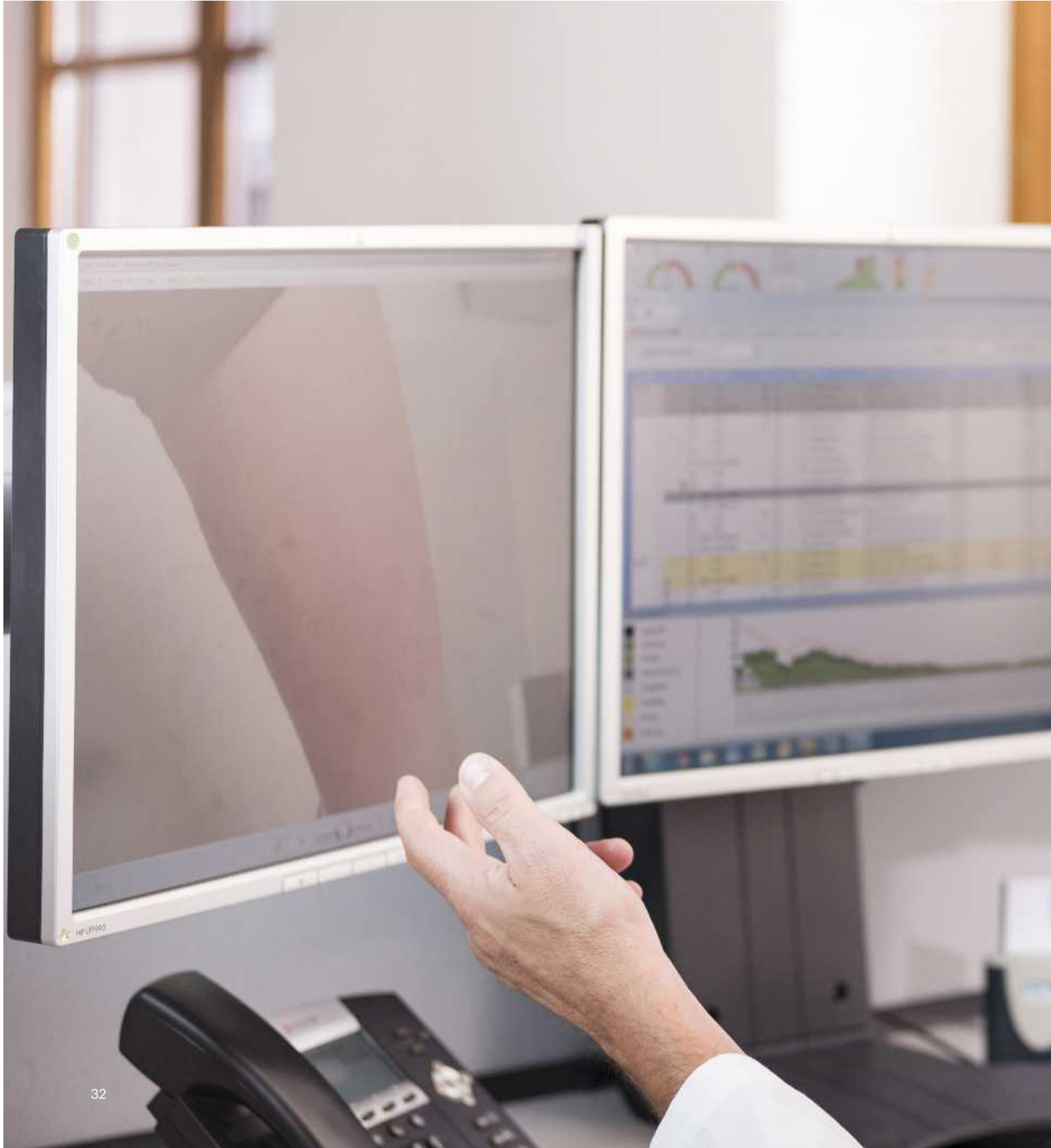
The construction of a new building in Rothrist for the Privatklinik Villa im Park will start in April 2017. The additional building will offer rental space of 2'300 sqm and contain 30 new rooms offering a maximum of 56 beds, 4 operating theatres and an underground parking with more than 100 places. Construction is expected to last until late 2018.

Development plans on various sites

The evolution of the hospital's activities creates a need for additional surfaces on many sites. In order to meet the expected future demand from the hospitals, plans are being developed to increase the ground area ratio either by changing area plans or by searching for new buildings near the current premises. In Zurich, adjacent to Privatklinik Bethanien, SHP I owns a plot of 4'623 sqm with three buildings. It is planned to replace the old buildings with a new one of around 6'000 sqm to be used by Privatklinik Bethanien. Furthermore, SHP I continued to work on the development of a large project in Genolier (additional 15'000 sqm on the existing plot) and expansion of the hospital in Gravesano (new land use plan in discussion), both of them depending on communal or cantonal approvals. The city of Winterthur and the canton of Zurich have approved the plans submitted by Privatklinik Lindberg to construct an additional 11'000 sqm on the plot.

Antoine Hubert
Chairman

Christoph Syz
CEO



AEVIS VICTORIA invests in various other activities along the value chain of its main divisions



Other participations

AEVIS VICTORIA SA invests in various other activities along the value chain of its main divisions. Although these ventures account for a small portion of total revenues, they reflect the Group's vision of becoming an integrated healthcare provider. In January 2016, AEVIS VICTORIA acquired a participation of 40% in Medgate Group, the leading provider of integrated out-patient healthcare in Switzerland. Furthermore, AEVIS VICTORIA and its reference shareholders acquired 11.99% of the listed company LifeWatch AG, a leading developer and provider of remote diagnostic monitoring services in the digital health market.

Medgate continues expansion

Medgate is one of the leading providers of integrated outpatient healthcare in Switzerland and employs around 100 physicians. The Medgate Telemedicine Center in Basel (in operation since 2000), Medgate Health Centres and the Medgate Partner Network work together closely. This network of telemedicine and medical centres, as well as external specialists and basic healthcare providers, guarantees comprehensive, efficient and high-quality care for patients. The Medgate Telemedicine Center is delivering up to 5'000 teleconsultations a day. Medgate internationalised its successful business model and offers its different telemedicine services in Abu Dhabi, in Australia and, since 2016, in the Philippines. AEVIS VICTORIA holds a 40% stake in the Medgate Group, while its founders, Andy Fischer and Lorenz Fitzi, remain the majority shareholders. Medgate continued to expand during the reporting period. In addition to the third international outlet, business Switzerland was bolstered once again. The partnership with the Federal Office of Health in the field of vaccination was renewed after 10 years, and the Medgate Telemedicine Centre will continue to operate the vaccine hotline for the next five years after winning a public tender. In general, demand for telemedical consultations is expected to increase significantly, both in Switzerland and abroad. On the medical side, this growth is driven by the pressure on healthcare costs and progress in the use of telemedicine sensors. On the technological side, it is driven by the increased availability of powerful transmission technologies.

Nescens

To lever and link selected points of excellence within both the hospital and hotel segments, AEVIS VICTORIA has developed the umbrella brand Nescens focused on products and services aimed at helping people to live and age better. Nescens is built on five pillars: Nescens Check-up Centres (linked with selected hospitals of Swiss Medical Network), Nescens better-aging therapies (linked with Victoria-Jungfrau Collection as well as La Reserve Hotel & Spa), Nescens aesthetic surgery and medicine (Clinique Nescens – Paris Spontini), Nescens cosmeceuticals (Laboratoires Genolier) and Nescens Swiss Stem Cell Science.

Swiss Ambulance Rescue

With Swiss Ambulance Rescue, AEVIS VICTORIA intends to contribute to a potential consolidation of the Swiss rescue sector, which is highly fragmented. AEVIS VICTORIA SA holds a 93.4% stake in Swiss Ambulance Rescue Genève SA, which is a leading private ambulance operator in Geneva. The company is specialised in repatriations, urgent patient transport and hospital transfers in the Geneva area. The company operates 11 vehicles and employs 66 people.

Public takeover offer for LifeWatch

Since 1993, LifeWatch has provided healthcare providers with comprehensive remote cardiac monitoring diagnostic services, allowing timely access to patient arrhythmia data and facilitating better collaboration on and earlier intervention in health events.

The company is listed on the international standard of SIX Swiss Exchange (LIFE, security no. 1'281'545). AEVIS VICTORIA and its reference shareholders hold an 11.99% participation in the company that was built up in the course of 2016. LifeWatch achieved a turnover of USD 113.8 million, an operating loss of USD 7.7 million and a net loss of USD 13.4 million in the financial year 2016.

On 24 January 2017, AEVIS VICTORIA launched a public takeover offer for all publicly held shares of LifeWatch AG, and on 20 February 2017 the corresponding prospectus was published. LifeWatch shareholders can opt for an exchange offer or a cash alternative. For each registered share of LifeWatch, AEVIS VICTORIA offers 0.1818 registered shares of AEVIS VICTORIA with a nominal value of CHF 5.00. Alternatively, AEVIS VICTORIA offers CHF 10.00 in cash per registered share of LifeWatch. The offer period will start on 7 March 2017 and end on 10 April 2017 at 16.00 CEST.

The public takeover offer is subject to several conditions, one of which being that AEVIS VICTORIA holds 67% of the LifeWatch registered shares at the end of the offer period. Upon successful completion of the offer, LifeWatch would become an independently managed subsidiary of AEVIS VICTORIA, allowing AEVIS VICTORIA to sustainably reinforce its telemedicine activities.

AEVIS VICTORIA intends to significantly contribute to pursuing LifeWatch's growth strategy and is convinced that LifeWatch would benefit from the support of a reference shareholder with a strong presence in the healthcare sector. AEVIS VICTORIA would be able to provide a long-term vision and the necessary financial means to develop the business model. AEVIS VICTORIA has a proven track record in transforming and growing companies in the health sector, and LifeWatch would also benefit from this broad experience.

On 9 March 2017, a committee of the Board of Directors of LifeWatch has recommended the rejection of AEVIS VICTORIA's offer. The committee considers AEVIS VICTORIA's offer not to be in the best interest of LifeWatch and its shareholders as they believe that it does not reflect the real value of the company. The committee has solicited alternative offers and mandated an investment bank to help them in this process. AEVIS VICTORIA is concerned about how the process is being handled by the committee and management of LifeWatch. AEVIS VICTORIA will wait and see how the transaction evolves and take the necessary measures in due course to protect the best interest of its shareholders.

Extract from the Corporate Governance report



From left to right:
ANTOINE HUBERT, CHRISTIAN WENGER, ANTOINE KOHLER,
RAYMOND LORETAN, CÉDRIC A. GEORGE, MICHEL REYBIER

Operational group structure

The AEVIS VICTORIA Group (hereinafter “the Group”) is active in services to people, healthcare, hospitality, life sciences and lifestyle. The Group's operational structure is divided into the following main business segments: hospitals, hospitality, telemedicine and real estate. The other smaller subsidiaries are active in life sciences (better aging) and in ambulance services. Each business segment is managed by an Executive Committee or Management Team, reporting to their respective Board of Directors.

All unlisted companies belonging to the Issuer's group

NAME	REGISTERED OFFICE	ACTIVITY	SHARE CAPITAL IN CHF	%
Swiss Medical Network SA	Genolier (VD)	Holding company of private hospitals	100'000	100.0
Victoria-Jungfrau Collection AG	Interlaken (BE)	Holding company of hotels	200'000	100.0
Swiss Healthcare Properties SA	Fribourg (FR)	Medical real estate	10'000'000	100.0
Swiss Hospitality Properties AG	Interlaken (BE)	Hospitality real estate	200'000	100.0
Patrimonium Healthcare Property Advisors AG	Baar (ZG)	Real estate management	100'000	50.0
Swiss Ambulance Rescue Genève SA	Geneva (GE)	Ambulance services	500'000	93.4
Medgate Integrated Care Holding AG	Zug (ZG)	Holding company in telemedicine	2'001'700	40.0
Medgate Holding AG	Zug (ZG)	Holding company in telemedicine	200'000	40.0
NESCENS SA	Genolier (VD)	Better aging	300'000	36.17
Laboratoires Genolier SA	Genolier (VD)	Cosmeceutical	866'700	84.0
Swiss Stem Cell Science SA	Fribourg (FR)	Stem Cells	100'000	70.0
Société Clinique Spontini SAS	Paris (France)	Aesthetic hospital in Paris (France)	2'000'000 EUR	100.0
Publications de l'économie et de la finance AEF SA	Lausanne (VD)	Publishing	665'000	49.0
Agefi Com SA	Geneva (GE)	Publishing (dormant)	200'000	49.0
Academy & Finances SA	Geneva (GE)	Organisation of seminars	250'000	22.5
Publications Financières LSI SA	Geneva (GE)	Publishing (dormant)	100'000	100.0

Significant shareholders

According to the information received by the Company, the shareholders holding directly or indirectly 3% or more of the share capital are:

NAME	31.12.2016 NUMBER OF SHARES	31.12.2016 %	31.12.2015 NUMBER OF SHARES	31.12.2015 %
Group Hubert/Reybier/M.R.S.I. Medical Research, Services and Investments SA*	11'726'172	77.49	11'634'382	77.38
Kuwait Investment Office as agent for the Government of the State of Kuwait	533'312	3.52	533'312	3.55

* Antoine Hubert and Géraldine Reynard-Hubert hold indirectly AEVIS VICTORIA shares through M.R.S.I. Medical Research, Services and Investments SA and HR Finance & Participations SA (HRFP). 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. Michel Reybier holds indirectly 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.

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

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. 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 Sherpany online platform.

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.

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 32 of the Stock Exchange Act are applicable.

Auditing body

Berney & Associés SA Société Fiduciaire, Geneva was first appointed on 09.06.2010 as auditor of the Company and of the Consolidated Financial Statements of the Group.

Compensation in 2016 – Board of Directors

NAME	POSITION	TOTAL	OF WHICH CASH (in '000 CHF)	OF WHICH BLOCKED SHARES	PREVIOUS PERIOD
Christian Wenger	Chairman	100.0	75.0	25.0	100.0
Raymond Loretan	Vice-chairman	-	-	-	-
Antoine Hubert	Delegate of the Board	-	-	-	-
Cédric A. George	Member	68.0	54.4	13.6	68.0
Antoine Kohler	Member	93.0	46.5	46.5	93.0
Michel Reybier	Member	50.0	25.0	25.0	50.0

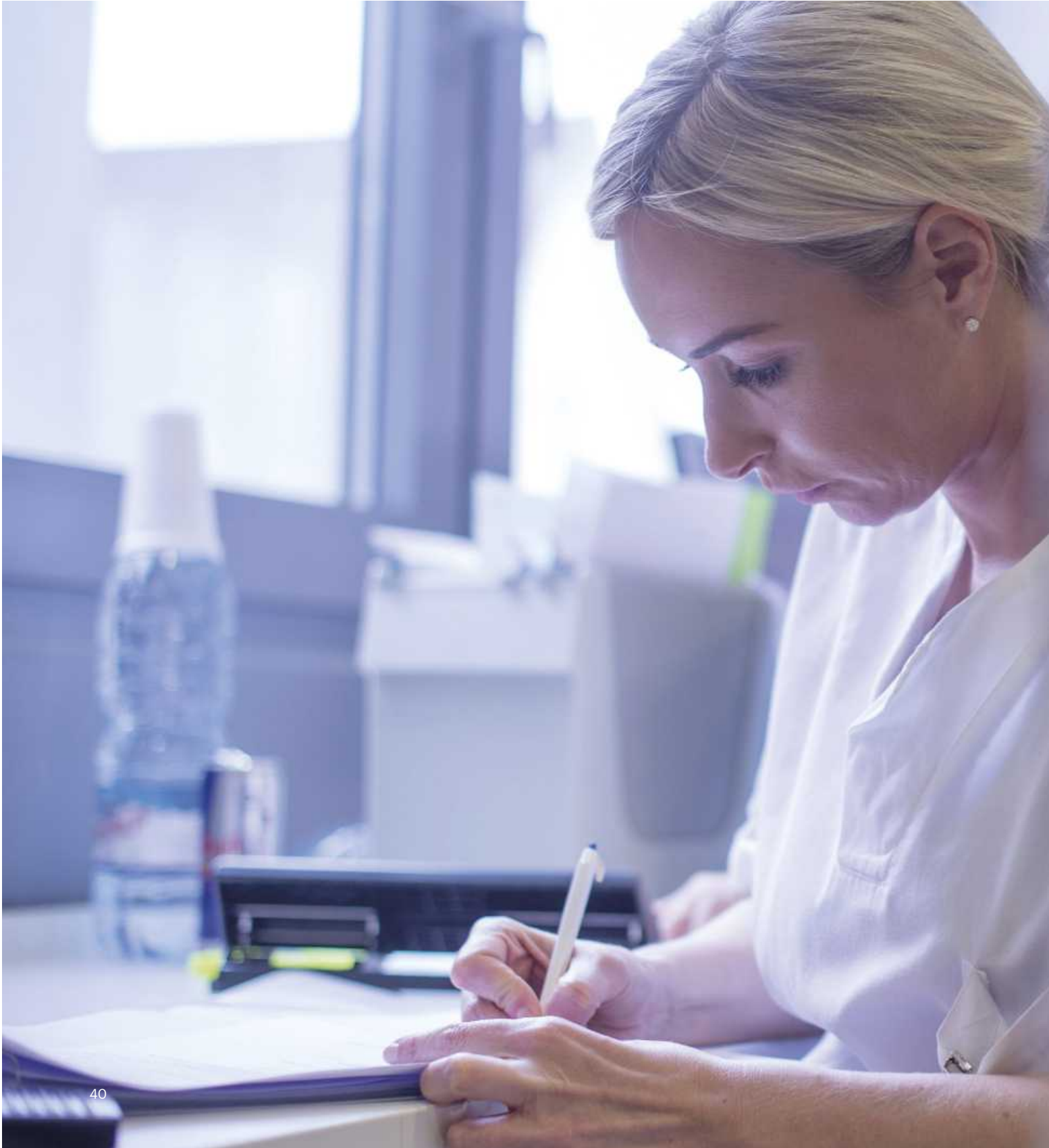
These are net amounts. Social insurance and pension contributions are paid by the company. Antoine Hubert and Raymond Loretan are employed by a Group's subsidiary and do not receive any Board Member compensation.

Compensation in 2016 – Senior Management

The total remuneration of the Senior Management (including social insurance and pension contributions) amounts to CHF 1.4 million (2015: CHF 0.50 million). Stock options were granted in 2016 (2015: n.a.). The highest compensation in 2016 was conferred to Antoine Hubert, Delegate of the Board.

In thousands of CHF	2016 HIGHEST COMPENSA- TION	2016 OTHER MEMBERS	2016 TOTAL SENIOR MANAGE- MENT	2015 HIGHEST COMPENSA- TION	2015 OTHER MEMBERS	2015 TOTAL SEN- IOR MAN- AGEMENT
Annual Base Salary	397.2	-	397.2	396	-	396
Variable cash compensation	422.7	-	422.7	-	-	-
Stock options*	447.0	29.8	476.8	-	-	-
Pension Scheme Contribution	112.9	-	112.9	108	-	108
Total	1'379.8	29.8	1'409.6	504	-	504

* Black-Scholes model



Consolidated Financial Statements of AEVIS VICTORIA SA



Consolidated Income Statement

(In thousands of CHF)	NOTES	2016	2015 RESTATED
Revenue from operations		584'453	564'938
Other revenue		8'142	11'120
Total revenue		592'595	576'058
External services		(75'489)	(67'451)
Net revenue		517'106	508'607
Production expenses		(115'383)	(112'514)
Personnel expenses	5	(236'985)	(236'996)
Other operating expenses	6	(77'597)	(80'645)
EBITDAR (Earnings before interest, taxes, depreciation, amortisation and rental expenses)		87'141	78'452
Rental expenses		(12'536)	(13'939)
EBITDA		74'605	64'513
Depreciation on tangible assets	14	(38'110)	(36'514)
Amortisation on intangible assets	15	(5'047)	(4'137)
EBIT		31'448	23'862
Financial result	7	(24'969)	(22'949)
Share of profit/(loss) of associates		(1'784)	(107)
Ordinary result		4'695	806
Extraordinary result	8	(96)	(326)
Profit before taxes		4'599	480
Income taxes	9	(1'907)	3'267
Profit for the period		2'692	3'747
– Thereof attributable to shareholders of AEVIS VICTORIA SA	10	2'309	3'770
– Thereof attributable to minority interests		383	(23)

Consolidated Balance Sheet

(In thousands of CHF)	NOTES	31.12.2016	31.12.2015
Assets			
Cash and cash equivalents		15'207	13'068
Marketable securities		9'829	–
Trade receivables	11	113'381	113'150
Other receivables	12	40'147	49'848
Inventories	13	19'201	17'514
Accrued income and prepaid expenses		35'108	23'308
Total current assets		232'873	216'888
Fixed assets	14	1'377'935	1'126'161
Intangible assets	15	40'249	25'491
Financial assets	16	68'704	17'518
Total non-current assets		1'486'888	1'169'170
Total assets		1'719'761	1'386'058
Liabilities and equity			
Trade payables	17	92'371	88'972
Other current liabilities	18	19'398	20'243
Short-term financial liabilities	19	23'172	100'197
Other short-term borrowings		800	800
Accrued expenses and deferred income	20	43'662	47'181
Short-term provisions	21	282	482
Total current liabilities		179'685	257'875
Long-term financial liabilities	19	993'125	703'621
Other long-term borrowings		16'270	16'755
Other non-current liabilities	18	13'919	14'412
Long-term provisions	21	135'262	92'844
Total non-current liabilities		1'158'576	827'632
Total liabilities		1'338'261	1'085'507
Equity			
Share capital	22	75'662	75'176
Capital reserves		245'945	251'075
Treasury shares	22.1	(5'630)	(1'075)
Offset goodwill		(30'370)	(47'480)
Currency translation differences		(1'077)	(990)
Retained earnings		26'198	24'021
Shareholders' equity excl. minority interests		310'728	300'727
Minority interests		70'772	(176)
Shareholders' equity incl. minority interests		381'500	300'551
Total liabilities and equity		1'719'761	1'386'058

Consolidated Cash Flow Statement

(In thousands of CHF)	2016	2015 RESTATED
Profit for the period	2'692	3'747
Changes in provisions (incl. deferred taxes)	(1'483)	(10'139)
Depreciation and amortisation	43'157	40'651
(Gain)/loss from sale of fixed assets	13	(514)
(Gain)/loss from sale of subsidiaries	(4)	-
Fair value (gains)/losses on marketable securities	(17)	-
Share of (profit)/loss from associates	1'793	107
Dividends received from associates	244	-
Share-based payments	548	346
Change in contribution reserve and other non-cash items	23	3'115
Cash flow from operating activities before changes in working capital	46'966	37'313
Change in trade receivables	13'112	(10'850)
Change in inventories	1'358	(215)
Change in other receivables and prepaid expenses	(4'346)	(9'037)
Change in trade payables	(98)	13'069
Change in other liabilities and accrued expenses	(1'392)	6'295
Cash flow from operating activities	55'600	36'575
Purchase of fixed assets	(45'925)	(124'389)
Proceeds from disposal of fixed assets	427	28'461
Purchase of intangible assets	(8'419)	(6'302)
Acquisition of subsidiaries, net of cash acquired	(126'525)	(17'820)
Divestment of subsidiaries, net of cash disposed	3	-
Investments in financial assets and marketable securities	(47'277)	7'468
Divestments of financial assets and marketable securities	2'934	-
Cash flow from investing activities	(224'782)	(112'582)
Distribution to shareholders	(8'103)	(7'670)
Proceeds from issuance of share capital, net of costs	2'722	-
Proceeds from issuance of bond	295'000	-
Repayment of bond	(80'000)	-
Sale/(purchase) of treasury shares	(11'365)	(912)
Change in minority interests	(64)	(10'308)
Change in short-term financial liabilities	1'915	1'030
Change in long-term financial liabilities	(28'888)	60'609
Change in other long-term liabilities and borrowings	109	(2'172)
Cash flow from financing activities	171'326	40'577
Currency translation effect on cash and cash equivalents	(5)	(76)
Change in cash and cash equivalents	2'139	(35'506)
Cash and cash equivalents at beginning of the period	13'068	48'574
Cash and cash equivalents at the end of the period	15'207	13'068

Segment Information

2016 (In thousands of CHF)	HOSPITALS	HOSPITA- LITY	REAL ESTATE	OTHERS	CORPO- RATE	ELIMINA- TIONS	TOTAL
Net revenue 3rd	443'187	59'888	3'525	10'483	23	-	517'106
Net revenue IC	3'046	782	47'705	285	1'093	(52'911)	-
Net revenue	446'233	60'670	51'230	10'768	1'116	(52'911)	517'106
Production expenses	(105'038)	(8'774)	-	(1'673)	-	102	(115'383)
Personnel expenses	(190'004)	(30'320)	(351)	(10'186)	(6'124)	-	(236'985)
Other operating expenses	(59'243)	(9'380)	(8'454)	(3'002)	(2'621)	5'103	(77'597)
EBITDAR*	91'948	12'196	42'425	(4'093)	(7'629)	(47'706)	87'141
<i>EBITDAR margin</i>	<i>20.6%</i>	<i>20.1%</i>	<i>82.8%</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>16.9%</i>

2015 (Restated) (In thousands of CHF)	HOSPITALS	HOSPITA- LITY	REAL ESTATE	OTHERS	CORPO- RATE	ELIMINA- TIONS	TOTAL
Net revenue 3rd	416'116	76'686	2'933	12'872	-	-	508'607
Net revenue IC	-	342	33'477	237	157	(34'213)	-
Net revenue	416'116	77'028	36'410	13'109	157	(34'213)	508'607
Production expenses	(99'621)	(11'152)	(88)	(1'808)	-	155	(112'514)
Personnel expenses	(185'831)	(37'459)	(323)	(10'671)	(2'712)	-	(236'996)
Other operating expenses	(59'808)	(12'495)	(3'546)	(3'945)	(1'432)	581	(80'645)
EBITDAR*	70'856	15'922	32'453	(3'315)	(3'987)	(33'477)	78'452
<i>EBITDAR margin</i>	<i>17.0%</i>	<i>20.7%</i>	<i>89.1%</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>15.4%</i>

* Earnings before interest, taxes, depreciation, amortisation and rent

