

MOBIMO

# ANNUAL REPORT 2017







## HERE TO STAY

“We are here to stay and take responsibility for the properties we design.” Mobimo’s credo shapes every stage in the planning and implementation of a real estate project. Those who come with the intention of staying carry out an in-depth evaluation of the location, familiarise themselves with the local conditions and select the best architects for the job. Those who come with the intention of staying assign the same level of care to the design of the free space as they do to the area being developed. This is the only way to develop areas in which people feel comfortable. The popular Le Flon district in the heart of Lausanne is one such area. In addition to this, two districts are currently undergoing development – the Aeschbachquartier in Aarau and the Mattenhof in Kriens – that will soon play a key role in our portfolio as lively and mixed residential and commercial areas. In this Annual Report, we will focus on some of the aspects of our multifaceted district development.

### A QUESTION OF BALANCE

Architect Kees Christiaanse developed the urban development guidelines for the Aeschbachquartier.

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### A DISTRICT COMES TO LIFE

Feyza Ciritoglu, Head of Sales and First-Time Letting, on the hunt for new residents for the Aeschbachquartier.

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### WELCOME TO THE CLUB D’ART

In the newest gallery to open in the arty Flon district, children are also welcome.

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### PREDICTING THE FUTURE OF TRANSPORT

Transport planner Guido Gisler discusses everything that will be going on in and around Mattenhof in the future.

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A breath of fresh air  
in the Flon district –  
Les Garages.



Further information  
on page 30.

# SELECTED KEY FIGURES 2017

Mobimo posted a pleasing operational performance in 2017. The profit generated on the sale of trading properties and development services increased, rental income was stable despite individual sales and the vacancy rate remained at a low level. Net income from revaluation was positive once again.

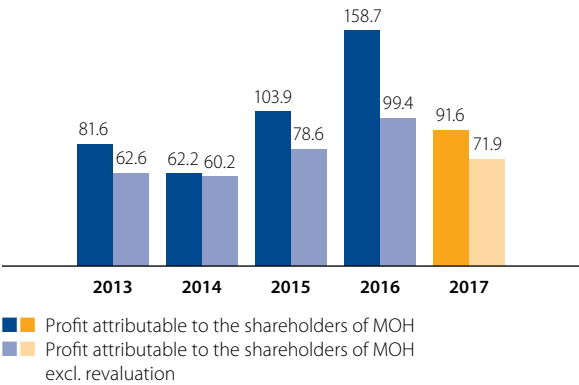
## Profit attributable to the shareholders of MOH

CHF million  
2016: 158.7

91.6

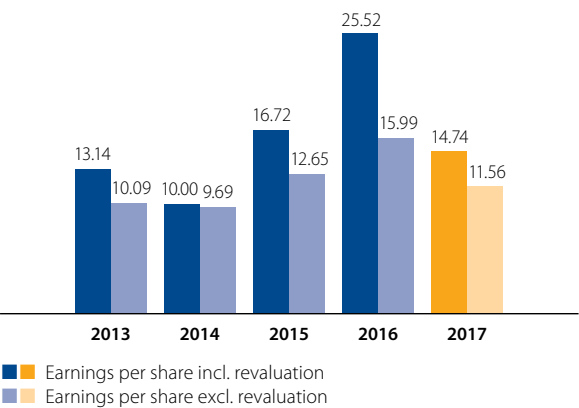
## Profit attributable to the shareholders of MOH including and excluding revaluation

CHF million



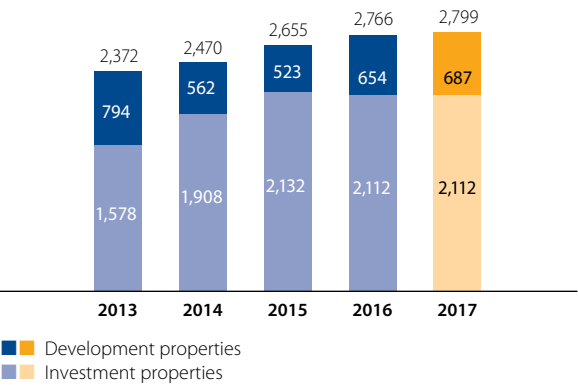
## Earnings per share including and excluding revaluation

CHF



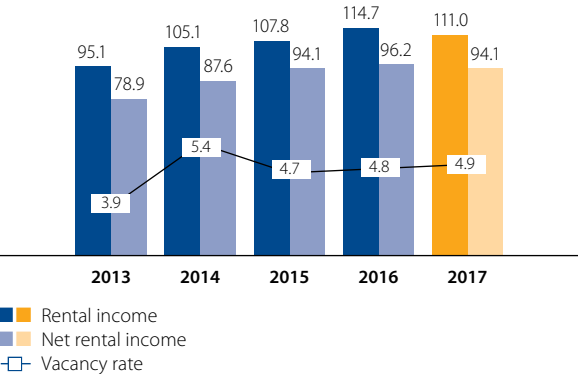
## Total portfolio value

CHF million



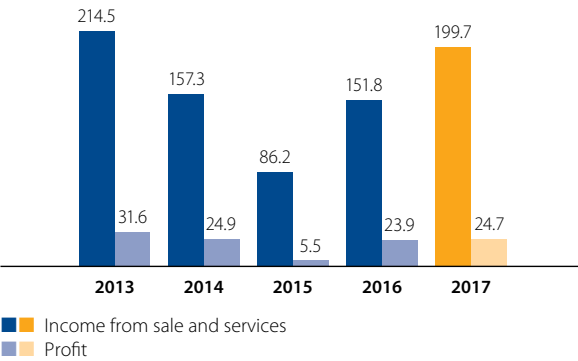
## Rental and net rental income and vacancy rate

CHF million / %



## Income and profit on sale of trading properties and development services

CHF million



Result	Unit	2017	2016	Change in %
Net rental income	CHF million	94.1	96.2	-2.2
Profit on sale of trading properties and development services	CHF million	24.7	23.9	3.5
Profit on disposal of investment properties	CHF million	27.5	34.9	-21.4
Net income from revaluation	CHF million	27.3	80.7	-66.2
Operating result (EBIT)	CHF million	142.3	200.3	-29.0
Operating result (EBIT) excluding revaluation	CHF million	115.0	119.6	-3.8
Profit	CHF million	91.5	159.4	-42.6
Profit attributable to the shareholders of MOH	CHF million	91.6	158.7	-42.2
Profit attributable to the shareholders of MOH excluding revaluation	CHF million	71.9	99.4	-27.7
Balance sheet	Unit	2017	2016	Change in %
Assets	CHF million	3,195.7	3,031.7	5.4
Equity	CHF million	1,399.1	1,366.3	2.4
Equity ratio	%	43.8	45.1	-2.9
Return on equity	%	7.0	13.1	-46.6
Return on equity excluding revaluation	%	5.5	8.2	-32.9
Interest-bearing liabilities	CHF million	1,512.8	1,349.4	12.1
Ø Rate of interest on financial liabilities (for the period)	%	2.17	2.38	-8.8
Ø Residual maturity of financial liabilities	years	6.5	6.9	-5.8
Net gearing	%	91.2	86.0	6.0
Portfolio	Unit	2017	2016	Change in %
Overall portfolio	CHF million	2,799	2,766	1.2
Investment properties	CHF million	2,112	2,112	0.0
Development properties	CHF million	687	654	5.1
Gross yield from investment properties	%	5.1	5.3	-3.8
Net yield from investment properties	%	4.0	4.1	-2.4
Investment property vacancy rate	%	4.9	4.8	2.1
Ø Discount rate for revaluation (nominal) <sup>1</sup>	%	4.1	n/a	n/a
Ø Capitalisation rate (real) <sup>1</sup>	%	3.6	n/a	n/a
EPRA	Unit	2017	2016	Change in %
EPRA profit	CHF million	50.0	51.4	-2.6
EPRA NAV per share	CHF	259.94	258.53	0.5
EPRA rental increase like for like	%	-0.4	0.4	nmf
EPRA vacancy rate	%	4.9	4.8	2.1
Headcount	Unit	2017	2016	Change in %
Ø Headcount (full-time basis for the period)	Number	137.3	126.2	8.8
Headcount (full-time basis)	Number	141.4	135.7	4.2
Share	Unit	2017	2016	Change in %
Shares outstanding <sup>2</sup>	Number	6,217,669	6,216,126	0.0
Nominal value per share	CHF	29.00	29.00	0.0
NAV per share (diluted)	CHF	222.58	217.33	2.4
Earnings per share	CHF	14.74	25.52	-42.2
Earnings per share excluding revaluation	CHF	11.56	15.99	-27.7
Distribution per share <sup>3</sup>	CHF	10.00	10.00	0.0
Distribution yield	%	3.8	3.9	-2.6
Share price at 31.12.	CHF	261.50	254.75	2.6

<sup>1</sup> The average capital-weighted nominal discount rate for the properties valued by Jones Lang LaSalle AG stood at 4.06% as at 31 December 2016 and the average capital-weighted real capitalisation rate at 3.56%. The average capital-weighted nominal discount rate for the properties valued by Wüest Partner AG as at 31 December 2016 was 3.78%.

<sup>2</sup> No. of shares issued 6,218,170 less treasury shares 501 = no. of outstanding shares 6,217,669.

<sup>3</sup> Distribution of CHF 10.00, of which CHF 4.40 as a distribution from the capital contribution reserves and CHF 5.60 in the form of a nominal value reduction, for the 2017 financial year in accordance with the proposal to the General Meeting of 27 March 2018. Some CHF 27.5 million was available for distribution from the capital contribution reserves as at 31 December 2017.



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## OUR PROFILE

Mobimo Holding AG was established in Lucerne in 1999 and has been listed on the SIX Swiss Exchange since 2005. With a real estate portfolio with a total value of CHF 2.8 billion, the Group is one of the leading real estate companies in Switzerland. The Mobimo portfolio comprises residential and commercial properties in first-class locations in German-speaking and French-speaking Switzerland.

The investment properties are characterised by a balanced portfolio mix and diligent management, thus guaranteeing stable revenues. The company uses its development projects to create potential for capital appreciation and gains for the entire portfolio and for third parties. The development and expansion of entire sites into lively, mixed-use districts is one of Mobimo's core competences.

The ongoing development of the market position creates added value for shareholders, customers and partners over the long term. Mobimo pursues a sustainable strategy, has a stable business model and employs highly qualified and motivated people.



# HIGHLIGHTS 2017

## SUCCESSFUL PROJECT IN BAD ZURZACH

The Salzturm project in Bad Zurzach, Aargau, comprises 97 rental apartments and 21 condominiums. The five apartment buildings fit harmoniously into the local environment, characterised by the historic salt drilling towers. The project, for which project developer BSS&M (in which Mobimo holds a majority interest) was responsible and which was carried out on behalf of an institutional investor, generated a great deal of interest. All of the apartments have been sold and all of the rental apartments from the first building stage have been leased and occupied. The second building stage will be completed in April 2018. Progress in renting out these apartments is encouraging.

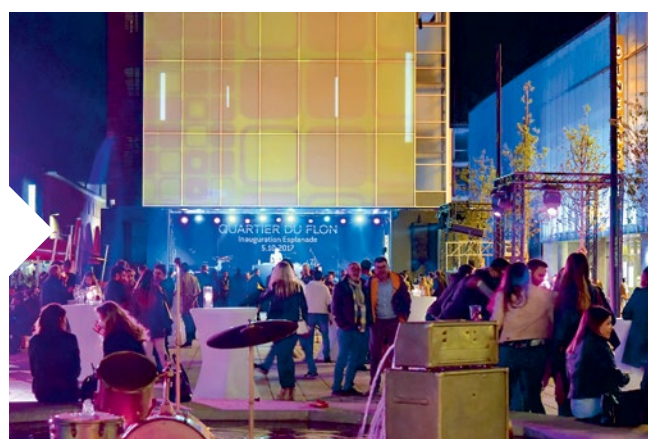


## FROM A FACTORY TO AN INDUSTRIAL AND SERVICE CENTRE

Once the head office of a textile machines factory, the Grob site will soon open its gates to an extraordinary 15,000 m<sup>2</sup> industrial and service centre – the Seehallen Horgen. New tenants from the insurance, catering, service, retail and fitness sectors are breathing life back into what used to be large production halls that exhibit a great deal of industrial character overlooking Lake Zurich. We have already arranged tenancy agreements for around 60% of the units. The unostentatious conversion work will be completed during the first quarter of 2018.

## OPENING OF THE ESPLANADE DU FLON

The new place to meet in the centre of Lausanne is the Esplanade du Flon. The official opening ceremony for the new square took place at the beginning of October and featured music, dancing and a breathtaking acrobatic display high above the many guests. In two years' time, the Esplanade will play host to sports enthusiasts from all over the world, as the medal ceremonies for the Youth Olympic Games Lausanne 2020 will be held here.





# A STRONG OPERATING PERFORMANCE IN 2017

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**Profit**

CHF million  
2016: 159.4

91.5

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**Return on equity**

%  
2016: 13.1

7.0

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**Rental income**

CHF million  
2016: 114.7

111.0



Dr. Christoph Caviezel, CEO,  
and Georges Theiler, Chairman  
of the Board of Directors.

## Dear shareholders

Mobimo can once again look back on a good financial year. The 2017 result was again strongly shaped by operational performance, whereas in the record-breaking years of 2015 and 2016 income from the sale of investment properties, high market-related upward valuations and a special item relating to deferred taxes had been prominent. Mobimo achieved profit attributable to the shareholders of Mobimo Holding AG of CHF 91.6 million including revaluation and CHF 71.9 million excluding revaluation (prior year: CHF 158.7 million and CHF 99.4 million respectively). The corresponding earnings per share stood at CHF 14.74 and CHF 11.56 (prior year: CHF 25.52 and CHF 15.99). The Board of Directors will propose a distribution of CHF 10.00 per share once again to the 2018 Annual General Meeting.

### Active portfolio management

In 2017, Mobimo acquired a plot of land in Meggen on the shores of Lake Lucerne as well as a commercial property situated next to the station square Lausanne. The company is planning to use the plot in Meggen to build 30 condominiums in the mid-price segment, which continue to be in high demand. Construction is scheduled to begin in 2019. The huge potential of the fully let building in Lausanne is to be unlocked through the development of the property. The profit generated by the sale of four investment properties, including three office and commercial properties, stands at CHF 27.5 million (prior year: CHF 34.9 million). As part of its property strategy, Mobimo will continue to take advantage of attractive transaction opportunities in the future with the aim of optimising its portfolio.

### Stable rental income with a persistently low vacancy rate

Despite the aforementioned sales, Mobimo recorded stable rental income of CHF 111.0 million, remaining at a similar level to the previous year (prior year: CHF 114.7 million). The vacancy rate remained at a low level of 4.9% (prior year: 4.8%), while the cost/income ratio arising from direct expenses for rented properties fell from 16% to 15% year-on-year. There were and still are slightly higher contract maturities than usual in 2017 and 2018. In light of this and in view of the increasingly competitive environment of the commercial space market, Mobimo considers its in-house management and facility management as well as its many years of development experience as valuable prerequisites for investment in long-term tenant retention and for maintaining a high level of occupancy.

### Pleasing result from trading properties and development

The profit generated on the sale of trading properties and development services totalled CHF 24.7 million (prior year: CHF 23.9 million), with the transfers of condominium ownership in Aarau's Aeschbachquartier contributing to this. The projects in Lucerne (Am Meggerwald) and Feldmeilen (Flair) were completed in 2017 with the sale of the final apartments. The Development for Third Parties business area played a significant role in achieving this pleasing result, with the sale of a building on the Labitzke site in Zurich and the successful completion of the first stage of the project being carried out in Bad Zurzach.

### Realisation on track

In the development business, Mobimo is on track to realise the major projects Mattenhof, Labitzke and Aeschbachquartier. With the Labitzke development, Mobimo is clearly addressing the high demand for affordable residential space in an urban environment. Four months prior to tenants moving in, all of the apartments and 75% of the commercial spaces have been let. It will, however, be more challenging to market the spaces in the Aeschbachquartier and Mattenhof projects, despite the good product and price-performance ratio.

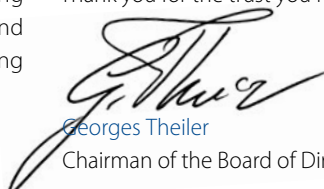
### Rejuvenation of the Executive Board

Mobimo enters the new financial year with a slight change in its organisational structure. The appointment of Vinzenz Manser and Marco Tondel has seen the Executive Board strengthened and rejuvenated with the addition of two longstanding members of management. In his role as Head of Realisation, Vinzenz Manser is responsible for ensuring that construction projects are realised within budget and on schedule, as well as for the quality assurance process and the smooth hand-over of units to tenants and buyers. Marco Tondel is in charge of the company's development activities. Andreas Hämmerli, previously Head of Development, stepped down from the Executive Board as at 1 January 2018. We would like to take this opportunity to thank him for his successful service to Mobimo in almost ten years with the company.

### Outlook

The Board of Directors and the Executive Board expect the Swiss real estate market to once again deliver a robust performance in 2018. The key indicators for the market, namely consumer sentiment, the Purchasing Manager Index and the KOF Economic Barometer, are looking positive. In 2017, the Swiss franc also weakened, and the mortgage interest rate remained at a record-low level, which resulted in the reference interest rate falling to 1.5%. The forecast economic growth could culminate in interest rate adjustments in the OECD area, which would also provide the Swiss National Bank with greater leeway in its monetary policy. Nevertheless, we expect interest rates to remain low in 2018. Real estate prices are therefore likely to remain stable. The pleasing economic outlook looks set to have a positive impact on the office space market, where location and product remain the factors for success. This also holds true for the rental apartment market. The high amount of residential construction activity is leading to a higher vacancy rate in peripheral areas, while demand for residential space in city centres and commuter towns close to centres remains consistently high. This is also the case, in a slightly adapted form, for the demand for condominiums. Thanks to our high-quality portfolio featuring real estate in excellent locations as well as the attractive pipeline, Mobimo is optimally prepared to overcome the future challenges it will face on the market. The company will adhere to its proven strategy and business model, thus ensuring attractive dividends are paid to shareholders, and is looking to the future with great confidence.

Thank you for the trust you have placed in Mobimo.

  
Georges Theiler  
Chairman of the Board of Directors

  
Dr. Christoph Caviezel  
CEO

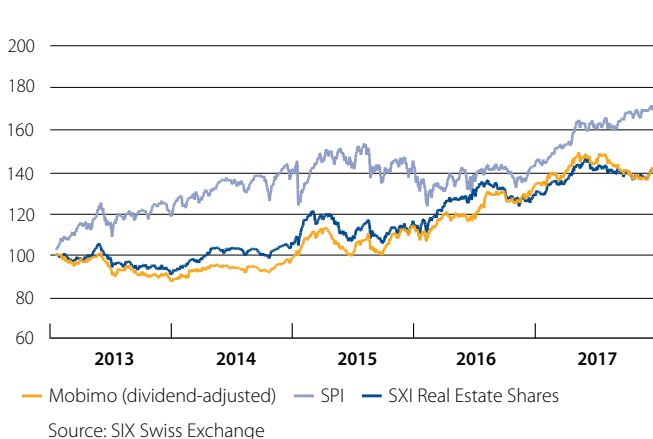
# MOBIMO ON THE CAPITAL MARKET

**The Board of Directors will once again propose to the Annual General Meeting a distribution of CHF 10.00 per share for the 2017 financial year. The Mobimo share price closed the year at CHF 261.50. Earnings per share were CHF 14.74.**

The registered shares of Mobimo Holding AG are traded on the SIX Swiss Exchange in Zurich and are listed in accordance with the Standard for Real Estate Companies.

Ticker symbol	MOBN
Swiss security no.:	1110887
ISIN code	CH0011108872
Bloomberg	MOBN SW Equity
Reuters	MOBN.S

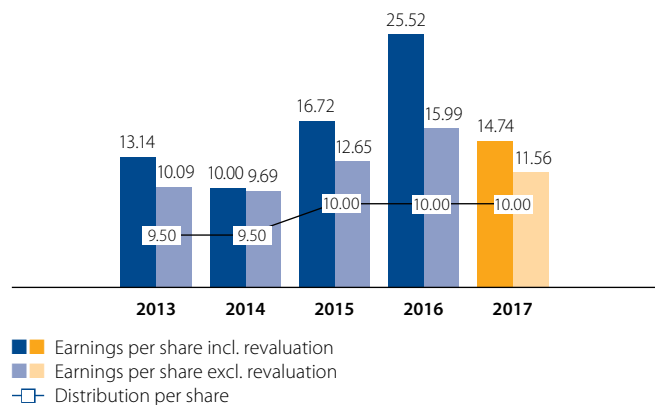
## Share performance (indexed) compared with SPI and SXI



- The dividend-adjusted share price increased by some 41% over a five-year period. The Swiss Performance Index (SPI) and SXI Real Estate Shares Index rose by 71% and 43% respectively over the same period.
- Average annual performance (total return) of 6.4% since the initial public offering in June 2005.
- The share price rose by 2.6% from CHF 254.75 at the start of the year to CHF 261.50 at the end of the year.
- Total return per share (incl. price changes) totalled 6.6% in 2017.

## Earnings per share and distribution per share

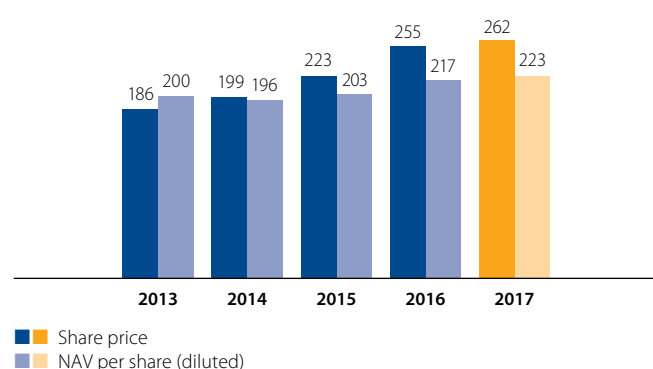
CHF



- Earnings per share excluding revaluation CHF 11.56 (prior year: CHF 15.99). Earnings per share including revaluation CHF 14.74 (prior year: CHF 25.52).
- Distribution per share for the financial year should be CHF 10.00 (prior year: CHF 10.00) subject to the approval of the Annual General Meeting.
- Based on the 2017 year-end price, the distribution yield stands at 3.8%.
- Average annual distribution yield of around 4.4%, calculated on the basis of the respective year-end share price over the last five years.
- Continued long-term and shareholder-friendly distribution policy. Attractive distribution per share in the form of a withholding-tax-exempt and tax-free nominal value repayment or capital repayment for private individuals since the Group was listed in 2005.

### Share price compared with NAV/share

CHF

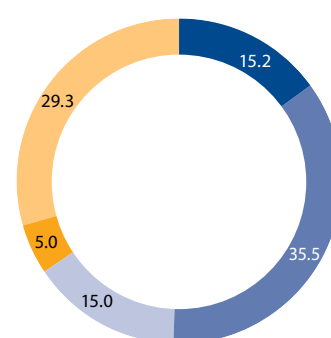


- Net asset value (NAV) per share stood at CHF 222.58 as at 31 December 2017 (prior year: CHF 217.33). Diluted NAV per share was CHF 222.58 (prior year: CHF 217.33). Difference compared with the prior year 2.4%.
- As at 31 December 2017, Mobimo's share price of CHF 261.50 was 17.5% above the diluted NAV of CHF 222.58.
- An average of 7,516 shares were traded each day (prior year: 10,035 shares). Average daily turnover of around CHF 2.0 million (prior year: CHF 2.2 million).
- Total trading volume in 2017 of CHF 497.3 million (prior year: CHF 581.2 million).

### Composition of shareholders

%

- Individuals
- Pension funds, insurers, banks
- Foundations, funds
- Other companies
- Shares pending registration



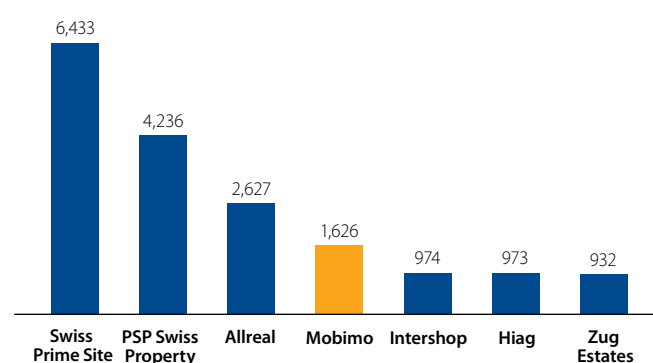
As at 31 December 2017, the following shareholders held 3% or more of the share capital:

- BlackRock, Inc., 4.41%
- Zuger Pensionskasse, 3.38%
- Norges Bank (the Central Bank of Norway), 3.14%
- Credit Suisse Funds AG, 3.10%

According to the SIX Swiss Exchange definition, the free float stood at 100% as at 31 December 2017.

### Market capitalisation in a sector comparison as at 31.12.2017

CHF million



- Fourth-largest Swiss real estate company measured in terms of its portfolio size and market capitalisation as at 31.12.2017.
- Market capitalisation increased from CHF 490 million to CHF 1,626 million during the period from December 2005 to December 2017.
- Market capitalisation increased by 2.6% over the course of the year.
- Market capitalisation stood at CHF 1,626 million at year-end (prior year: CHF 1,584 million).



## Mobimo share data

	Unit	2013	2014	2015	2016	2017
<b>Ratios at 31.12.</b>						
Share capital	CHF million	180.2	180.3	180.3	180.3	180.3
No. of registered shares issued	Number	6,214,478	6,216,606	6,218,170	6,218,170	6,218,170
Of which treasury shares	Number	2,148	1,623	1,247	2,044	501
No. of registered shares outstanding	Number	6,212,330	6,214,983	6,216,923	6,216,126	6,217,669
Nominal value per registered share	CHF	29.00	29.00	29.00	29.00	29.00
<b>Share data at 31.12.</b>						
Earnings per share	CHF	13.14	10.00	16.72	25.52	14.74
Earnings per share excluding revaluation	CHF	10.09	9.69	12.65	15.99	11.56
NAV per share (diluted)	CHF	200.01	195.93	202.45	217.33	222.58
Distribution per share <sup>1</sup>	CHF	9.50	9.50	10.00	10.00	10.00
Distribution yield	%	5.1	4.8	4.5	3.9	3.8
Payout ratio	%	72.3	95.0	59.8	39.2	67.8
<b>Share price</b>						
Share price – High	CHF	221.10	200.70	229.40	254.75	279.25
Share price – Low	CHF	182.80	182.00	190.50	206.10	250.25
Share price at 31.12.	CHF	186.10	199.20	222.70	254.75	261.50
Average no. of shares traded per day	Number	11,132	8,672	11,638	10,035	7,516
Market capitalisation at year-end	CHF million	1,156.5	1,238.3	1,384.8	1,584.1	1,626.1

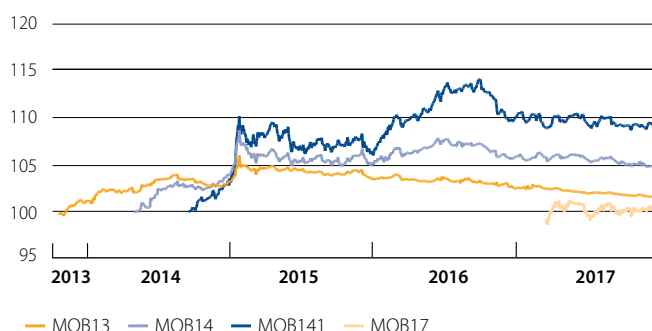
<sup>1</sup> Intended distribution of CHF 10.00, of which CHF 4.40 as a distribution from the capital contribution reserves and CHF 5.60 in the form of a nominal value reduction, for the 2017 financial year in accordance with the proposal to the General Meeting of 27 March 2018.

## Key Mobimo bond data

Issue date	29.10.2013	19.05.2014	16.09.2014	20.03.2017
Ticker symbol	MOB13	MOB14	MOB141	MOB17
Swiss security no.	22492349	24298406	25237980	35483611
ISIN code	CH0224923497	CH0242984067	CH0252379802	CH0354836113
Issue volume	CHF 165 million	CHF 200 million	CHF 150 million	CHF 225 million
Bloomberg	MOBN SW	MOBN SW	MOBN SW	MOBN SW
Reuters	785VD6	792ZMZ	797G6K	844KJX
Interest rate	1.500%	1.625%	1.875%	0.750%
Term	5 years	7 years	10 years	9 years
Maturity	29.10.2018	19.05.2021	16.09.2024	20.03.2026
Price as at 31.12.2017	CHF 101.46	CHF 104.85	CHF 108.95	CHF 100.65
Yield to maturity	-0.256%	0.188%	0.518%	0.669%

## Performance of bonds

CHF



- Long-term financing of the real estate portfolio and diversification of financial instruments by issuing bonds.
- Use of the attractive interest rate level.
- Issuing of a CHF 225 million bond with a coupon of 0.75% and a nine-year term in March 2017.
- A total of four bonds are traded on the SIX Swiss Exchange.
- The total bond volume amounts to CHF 740 million.

## Major capital market transactions and acquisitions

### 2016

Complete integration of FM Service & Dienstleistungs AG  
Majority shareholding in BSS&M Real Estate AG is acquired

### 2014

Bond issued in September: CHF 150 million  
Bond issued in May: CHF 200 million

### 2011

Capital increase of approximately CHF 193 million, new registered shares are issued

### 2009

Acquisition of LO Holding Lausanne-Ouchy SA; share capital is increased by CHF 27 million

### 2006

Capital increase of CHF 143 million

### 2000

Private placement, the share capital is CHF 181 million

### 2017

Bond with a volume of CHF 225 million is issued

### 2015

Majority shareholding in Dual Real Estate Investment SA is acquired

### 2013

October: bond with a volume of CHF 165 million is issued

### 2010

Convertible bond with a volume of CHF 175 million is placed

### 2007

Capital increase of CHF 149 million

### 2005

Mobimo Holding AG is floated on the stock exchange; the issue volume is CHF 112 million

### 1999

Mobimo Holding AG is established with share capital of CHF 73 million

## A QUESTION OF BALANCE

**The renowned architecture office KCAP Architects & Planners run by Dutch architect and ETH professor Kees Christiaanse is drawing up the urban development guidelines for the Aeschbachquartier.**



Renowned architect and city planner, Kees Christiaanse.

**Professor Christiaanse, one of the aspects of your study contract-winning project that impressed the jury was its openness to its surroundings. Why did you opt for such an open development?**

If a district hopes to be an integral part of a city, then it has to be penetrable. Noise protection is ensured through the positioning and design of the buildings; however, it is the openness of the buildings to the surrounding structures already in place that is the key to the success of a new district.

**Three different architecture offices designed the buildings within the Aeschbachquartier. Nevertheless, the district has one distinct architectural style. How was this achieved?**

We drafted the urban development guidelines for the Aeschbach-

quartier from which the rules for materials, colourings and building foundations, for example, were derived. It's all about finding the right balance between architectural individuality and urban cohesion.

**The twelve townhouses in the Aeschbachquartier are reminiscent of those in your home country, the Netherlands. What do you like about this type of building?**

Townhouses have a long tradition in urban environments in the Netherlands and England. The relationship between price and living quality in townhouses is impressive. Residents of townhouses do not have any neighbours upstairs or downstairs and have direct access to the ground floor and a great deal of flexibility.

**View of the residential units in the condominiums. Further information on page 12.**





# REAL ESTATE PORTFOLIO





# CONDIMINIUMS IN THE AESCHBACHQUARTIER

There are 92 condominiums in the Aeschbachquartier, with a varied selection of homes available. The new inhabitants of the district live in elegant apartments bordering the park, in Dutch-style townhouses with their own gardens, in spacious duplex apartments and in bright city apartments.

## PARK APARTMENTS

Sales volume	CHF 49 million
Types of homes	City villas as well as loft apartments with 1.5 to 4.5 rooms
Number of homes	63
Architect	Schneider & Schneider

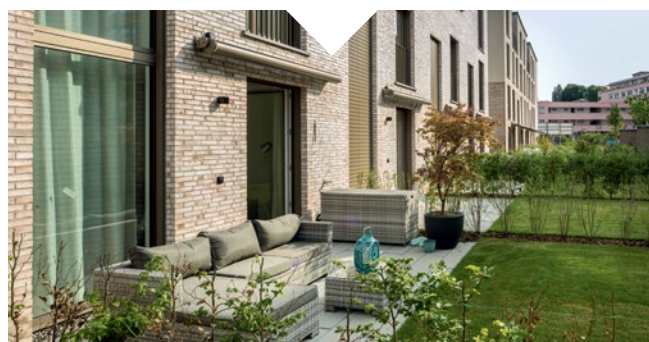
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## TOWNHOUSES

Sales volume	CHF 16 million
Types of homes	Townhouses with a garden and 5.5 or 7.5 rooms
Number of houses	12
Architect	KCAP

MINERGIE®



## CITY APARTMENTS

Sales volume	CHF 7 million
Types of homes	2.5 to 5.5-room apartments
Number of homes	9
Architect	KCAP

MINERGIE®



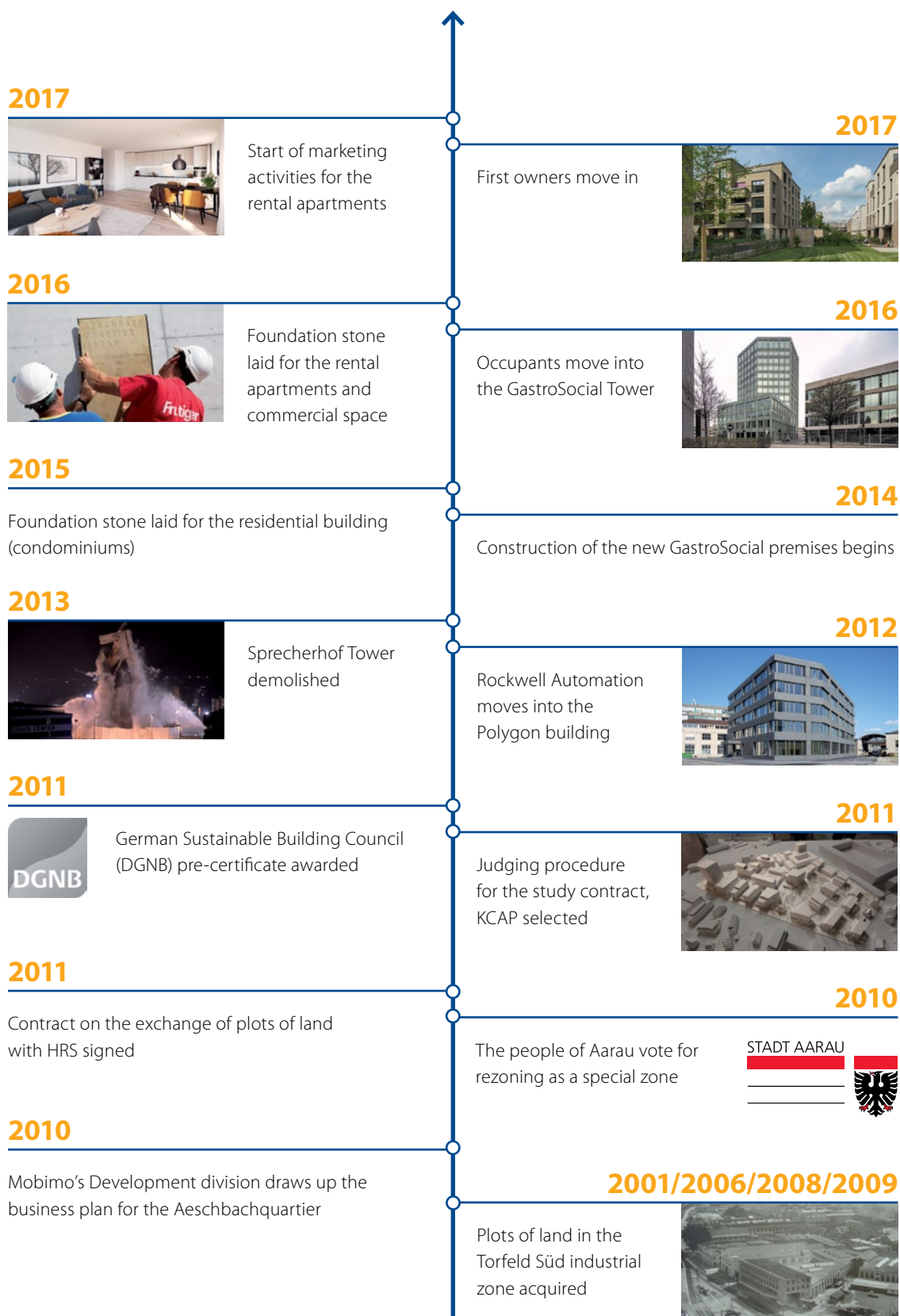
## DUPLEX APARTMENTS

Sales volume	CHF 8 million
Types of homes	Maisonette apartments with 4.5 or 6.5 rooms
Number of homes	8
Architect	KCAP

MINERGIE®



# MILESTONES IN THE DEVELOPMENT OF THE DISTRICT



# OVERVIEW OF THE PORTFOLIO

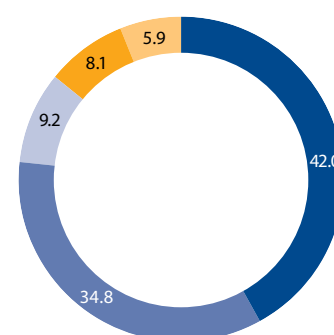
**Mobimo's portfolio is focused on the economic areas of Zurich and Lausanne/Geneva. The quality of the portfolio is improved on an ongoing basis through the addition of properties developed by the company and focused optimisations of existing holdings.**

As at 31 December 2017, Mobimo's real estate portfolio comprised 142 properties. It can be broken down into investment properties with a value of CHF 2,112 million and development properties with a value of CHF 687 million.

## Breakdown of portfolio by economic area<sup>1</sup>

%

- French-speaking Switzerland
- Zurich
- North-western Switzerland
- Central Switzerland
- Eastern Switzerland



<sup>1</sup> Breakdown of fair values/ carrying amounts of properties by economic area (overall portfolio).

## Total portfolio value

CHF million  
2016: 2,766

**2,799**

## Properties

Number  
2016: 148

**142**

## Proportion of investment properties in real estate portfolio

%  
2016: 76

**75**

## Portfolio figures

CHF million

### Total portfolio value

### Investment properties

Commercial investment properties<sup>1</sup>

Residential investment properties

### Development properties

Commercial properties (investment)

Residential properties (investment)

Commercial properties (trading)

Residential properties (trading)

	2017	%	2016	%
Total portfolio value	2,799	100	2,766	100
Investment properties	2,112	75	2,112	76
Commercial investment properties <sup>1</sup>	1,381	49	1,388	50
Residential investment properties	731	26	724	26
Development properties	687	25	654	24
Commercial properties (investment)	268	10	209	8
Residential properties (investment)	217	8	140	5
Commercial properties (trading)	55	2	59	2
Residential properties (trading)	147	5	246	9

<sup>1</sup> Incl. owner-occupied properties.

### Investment properties

75% of the real estate portfolio comprises investment properties. These are broadly diversified in terms of both their location in Switzerland's major economic areas and type of use. The annual potential rental income generated by the rentable area of 436,000 m<sup>2</sup> as at 31 December 2017 was CHF 109 million, producing stable and predictable income.

#### Details of the investment properties

	31.12.2017
<b>French-speaking Switzerland</b>	
Fair value TCHF	1,016,918
Target rental income TCHF	48,962
Vacancy rate	3.2%
Rentable area in m <sup>2</sup>	175,897
<b>Zurich area</b>	
Fair value TCHF	767,376
Target rental income TCHF	41,158
Vacancy rate	6.1%
Rentable area in m <sup>2</sup>	158,014
<b>Eastern Switzerland</b>	
Fair value TCHF	146,700
Target rental income TCHF	8,666
Vacancy rate	5.5%
Rentable area in m <sup>2</sup>	43,266
<b>North-western Switzerland</b>	
Fair value TCHF	136,380
Target rental income TCHF	7,076
Vacancy rate	9.0%
Rentable area in m <sup>2</sup>	45,731
<b>Central Switzerland</b>	
Fair value TCHF	44,220
Target rental income TCHF	2,723
Vacancy rate	14.3%
Rentable area in m <sup>2</sup>	13,320

### In-house portfolio management

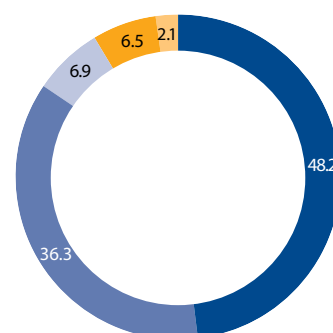
Mobimo manages the portfolio through its own in-house management team, which gives it proximity to the market and to its tenants. Close attention is paid to cultivating relationships with tenants. Mobimo ensures a high level of occupancy, imposes lean cost management and implements appropriate marketing strategies. The portfolio management team also helps preserve and enhance value through the portfolio strategy.

#### Breakdown of investment properties by economic area<sup>1</sup>

%

- French-speaking Switzerland
- Zurich
- Eastern Switzerland
- North-western Switzerland
- Central Switzerland

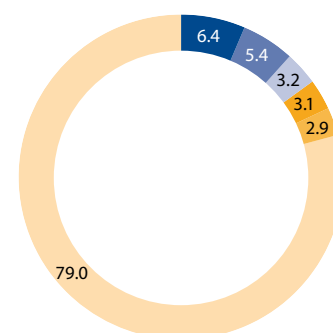
<sup>1</sup> Breakdown of fair values/ carrying amounts of properties by economic area (overall portfolio).



#### Shares of the five biggest tenants

%

- SV (Schweiz) AG
- Swisscom Group
- Senevita AG
- Coop
- Rockwell Automation Switzerland
- Other tenants

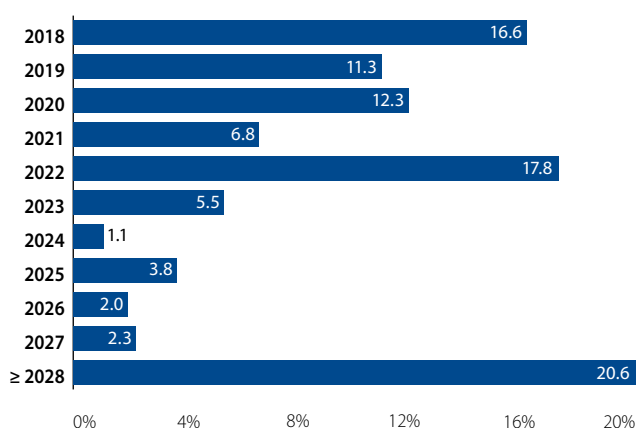


The five biggest tenants generate 21.0% of rental income. The existing fixed-term rental agreements primarily have a medium to long-term maturity profile. The average residual term is 6.4 years.



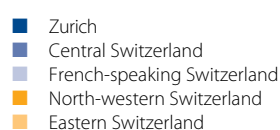
### Length of existing fixed rental agreements

As at each year-end



### Breakdown of development properties by economic area<sup>1</sup>

%



<sup>1</sup> Breakdown of fair values/  
carrying amounts of  
properties by economic area  
(overall portfolio).

### Development properties

The investment portfolio is fed on an ongoing basis through the development of residential and commercial properties for Mobimo's own portfolio. The newly constructed properties further enhance the portfolio's quality.

Mobimo is currently planning and realising properties with a total investment volume of around CHF 990 million from its own developments, broken down into CHF 840 million for investment properties for its own portfolio and CHF 150 million for condominiums to be sold.

### Development for Third Parties

In addition to developments for its own portfolio and for the sale of condominiums, Mobimo is also active in the area of development services for third parties. Its offering ranges from area, site and project developments to turn-key real estate investments for institutional and private investors. The form taken by each cooperation with a partner depends on the specific requirements and on the project phase reached. The volume of investment properties under construction or planned for third parties is CHF 850 million.

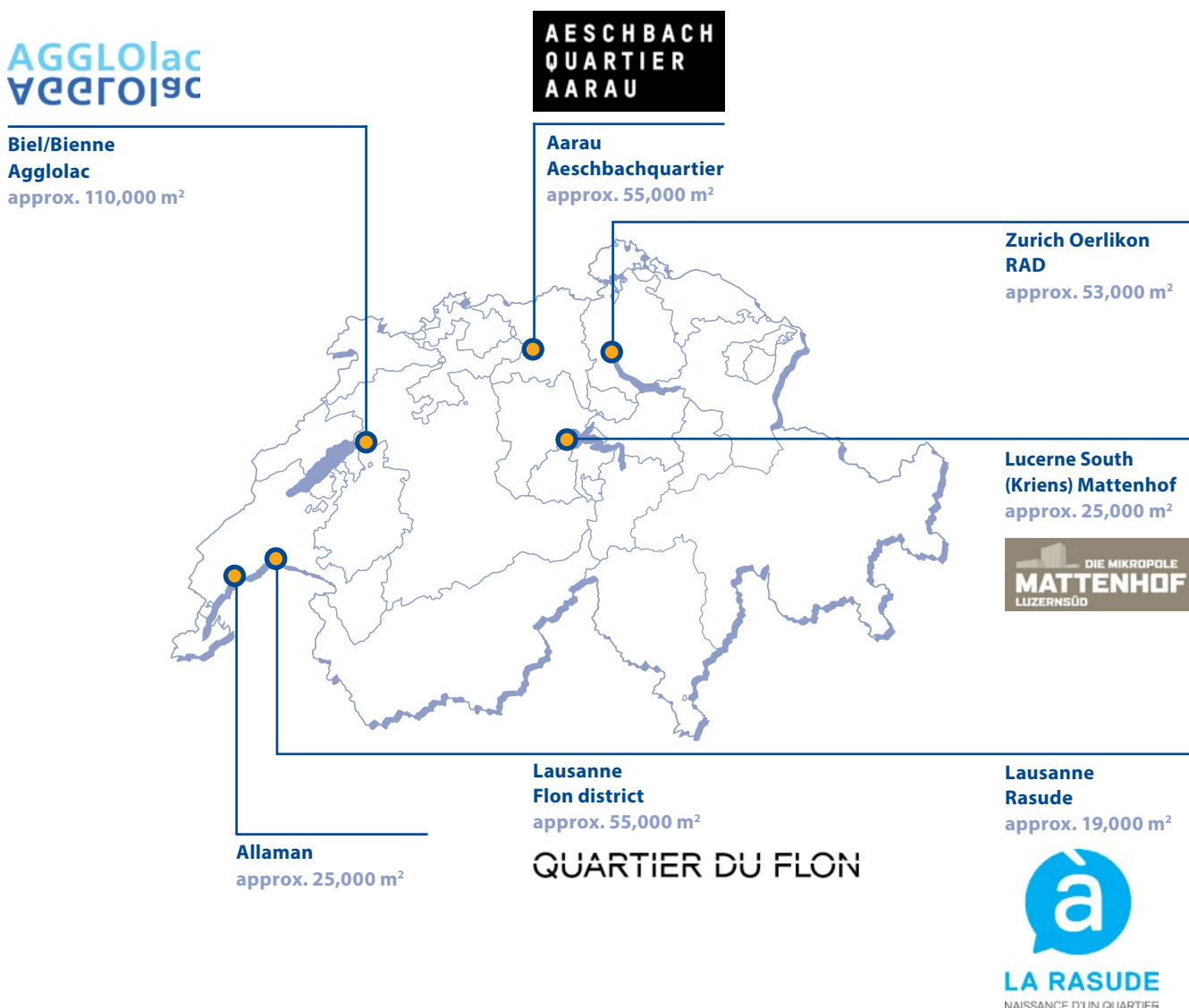
### Details of the development pipeline<sup>1</sup>

	31.12.2017
<b>French-speaking Switzerland</b>	
Own-portfolio development	34%
Development of condominiums for sale	0%
Planned investment volume	CHF 330 million
<b>Zurich area</b>	
Own-portfolio development	22%
Development of condominiums for sale	1%
Planned investment volume	CHF 220 million
<b>North-western Switzerland</b>	
Own-portfolio development	12%
Development of condominiums for sale	0%
Planned investment volume	CHF 120 million
<b>Central Switzerland</b>	
Own-portfolio development	17%
Development of condominiums for sale	14%
Planned investment volume	CHF 320 million

<sup>1</sup> Share of total investment volume of CHF 990 million (under construction and in planning).

### Selected site developments

Mobimo develops sites in first-class locations in Switzerland into modern, mixed districts with high-quality architecture and urban design. The map below shows the most important sites and their surrounding areas.





Feyza Ciritoglu – in charge of finding residents for the Aeschbachquartier.

## A DISTRICT COMES TO LIFE

**Feyza Ciritoglu is overseeing the sale and letting of apartments in the Aeschbach-quartier. And she makes a good case for this new district in Aarau.**

"It's always a very special experience to see a building filled with life. A building full of residents projects an entirely different image than a brand new, empty one does. This was true for the Aeschbachquartier, too. As soon as the first buyers moved into their new condominiums, the district came to life. Suddenly there were children, bikes, outdoor furniture and lit-up windows. That's when we knew for certain that the Aeschbachquartier was going to be a district people truly wanted to live in.

And we will be repeating that experience here in Aarau when the tenants of the 167 rental apartments move into their new homes. The marketing phase is in full swing, and feedback has been positive, with potential tenants particularly enamoured with the district's unique character. What's on offer here is more than just a rental apartment in a new build; it's a home in a pedestrianised area with a public park. People don't just live here; they work, play, shop, and wine and dine here. The Aeschbachquartier will also have its own childcare facility, which is another strong selling point for rental apartments in this district.

As we want to attract a wide range of target groups, we are offering an interesting mix of accommodation, ranging from a 1.5-room apartment for single households of any age to an 8.5-room apartment ideal for sharing. All apartments offer outdoor space in the form of a balcony, terrace or access balcony. The rental apartments are currently still under construction and should be ready for people to move in by autumn 2018. Then, the former unoccupied industrial site will have been fully transformed into a living, breathing part of the city."

**View over the Oehlerpark, a public park at the centre of the Aeschbachquartier.**



Visualisation





# GROUP MANAGEMENT REPORT





# STRATEGY AND BUSINESS MODEL

**Mobimo's long-term strategy is geared towards qualitative growth based on a balanced portfolio mix and active portfolio management. The company ensures that its activities are solidly financed and sustainable.**

Mobimo buys, plans, builds, maintains and sells high-yield investment properties. The investment portfolio comprises commercial, industrial and residential properties with broad-based rental income and correspondingly steady returns. Through its development properties, Mobimo generates considerable upside potential and capital gains. This area of activity includes the sale of condominiums. Development for Third Parties offers planning and implementation services for institutional and private investors. This covers all areas of planning, including the handover of turn-key properties.

Mobimo is solidly financed. In addition to long-term guaranteed financing, the expansion of the company is based on Mobimo's core competences: buying/selling, development and portfolio management.

The company uses the Mobimo brand in its communication with investors, the media, analysts and tenants. The Group brand is sometimes linked with targeted sponsorship and marketing measures. Communication and marketing at project level are generally tied to an image developed by Mobimo and a given project name that correspond to the objective, location and target audience. Although creative freedom is ensured, the Mobimo brand is positioned in all project marketing so that the creator and the responsibilities are always clear.

## Long-term strategy

### Qualitative growth

Mobimo strives to gradually grow its real estate portfolio. This growth takes place primarily through the construction of investment properties for the company's own portfolio as well as through the acquisition of individual properties and portfolios. Growth may also be achieved via company takeovers.

The decision to grow is taken when the elements of price, location and future prospects come together in such a way as to create value for shareholders. Mobimo invests in promising locations in Switzerland. It sees these primarily as the economic areas of Zurich

and Lausanne/Geneva, together with those of Basel, Lucerne/Zug, Aarau and St. Gallen. Investments are only made in sustainably good locations.

### Balanced portfolio mix

Generally, the strategic investment portfolio comprises approximately one-third residential usage, one-third office usage and one-third other commercial usage.

### Active portfolio management

The real estate portfolio is optimised on an ongoing basis. Value is rigorously maintained and increased by cultivating relationships with tenants, ensuring a high level of occupancy, optimising costs and implementing effective marketing strategies.

### Added value through development

Real estate development focuses on the following areas:

- development and construction of new investment properties for the company's own portfolio,
- site development,
- the continued development and optimisation of our own real estate holdings,
- development and investments for third parties,
- development, construction and sale of owner-occupied properties.

### Sustainability

For Mobimo, sustainability means striking a balance between generating profits today and preserving and enhancing value over the long term. Quality of life is reflected in the design of our living, leisure and working spaces. In addition to economic considerations, Mobimo also incorporates environmental and socio-cultural factors into its activities. This results in added value for both shareholders and the users of Mobimo properties.

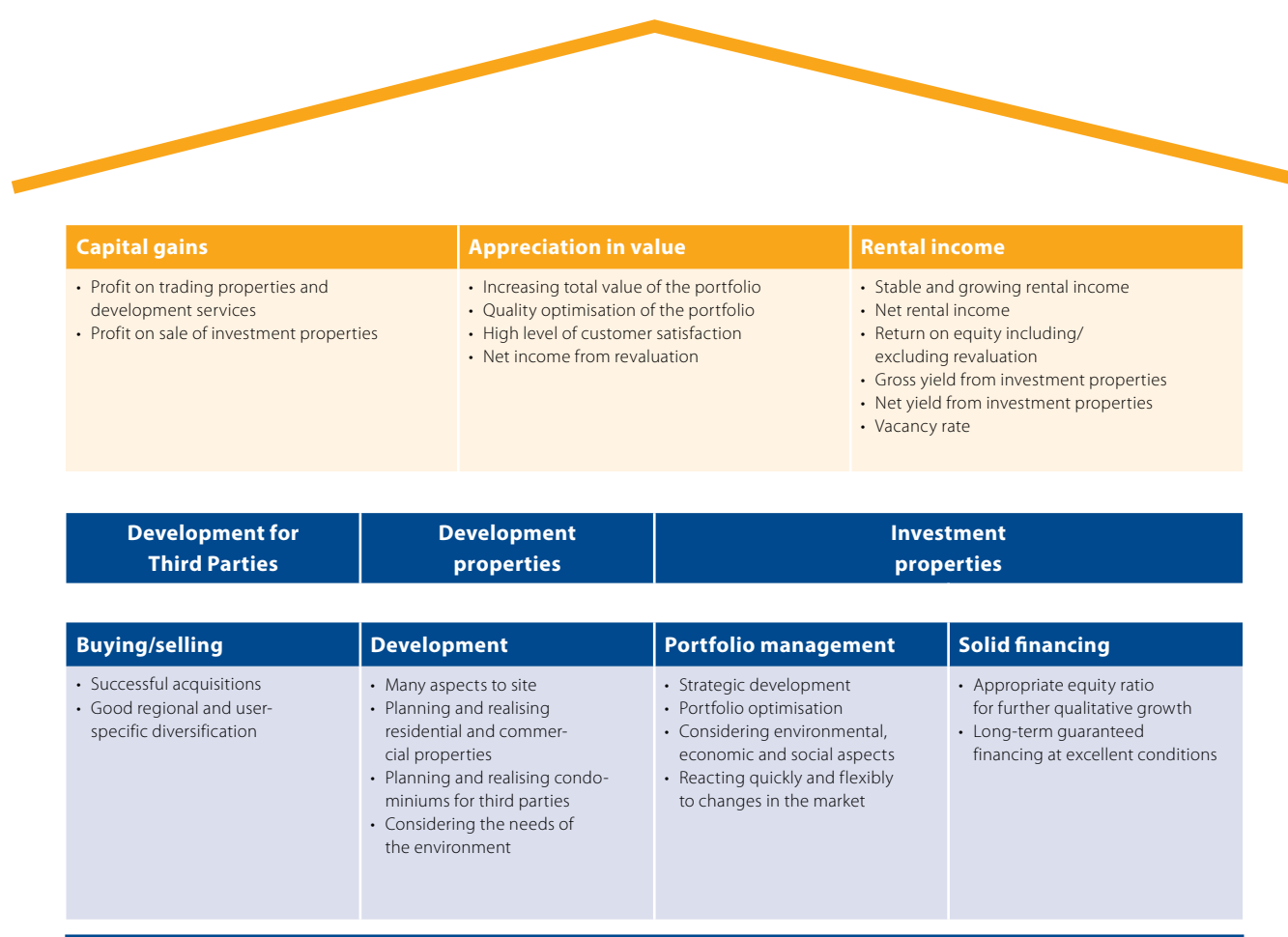
### Solid financing

Mobimo can borrow on both a short and long-term basis. Equity should represent at least 40% of total assets.

### Profitable investment

Mobimo shares are characterised by steady value growth and regular, attractive payouts.

## Business model and value creation process



# GROUP BUSINESS PERFORMANCE

**After the record result of 2016, Mobimo recorded a strong result in the 2017 financial year. The main contributors to this pleasing result were stable rental income, the demand for development services, the sale of condominiums and the positive net income from revaluation, which was mainly the result of the successful realisation of development properties for the company's own portfolio.**

## Financial performance

- After the record-breaking result of the previous year (CHF 159.4 million), Mobimo generated another strong result, with profit of CHF 91.5 million.
- Profit on the sale of trading properties and development services was CHF 24.7 million, exceeding the prior year (CHF 23.9 million).
- At CHF 111.0 million, rental income was stable and remained on a par with the prior year's figure (CHF 114.7 million) despite individual sales.
- A profit of CHF 27.5 million was also generated from the sale of individual investment properties (prior year: CHF 34.9 million).

The profit attributable to the shareholders of Mobimo totalled CHF 91.6 million (prior year: CHF 158.7 million) or CHF 71.9 million excluding revaluation (prior year: CHF 99.4 million). EBIT was CHF 142.3 million (prior year: CHF 200.3 million), the third-highest EBIT result recorded in the history of the company. The Company also achieved EBIT excluding revaluation of CHF 115.0 million (prior year: CHF 119.6 million), which was practically on a par with the previous year, reflecting the excellent performance of all operational areas. This operating result meant earnings per share of CHF 14.74 (prior year: CHF 25.52) and earnings per share excluding revaluation of CHF 11.56 (prior year: CHF 15.99). The Board of Directors will once again propose a distribution of CHF 10.00 per share at the forthcoming Annual General Meeting.

## Rental business and transaction market

Despite individual sales, the rental business posted stable income of CHF 111.0 million (prior year: CHF 114.7 million). The vacancy rate stood at 4.9% (prior year: 4.8%) as at 31 December 2017, thus remaining at a low level. This was mainly attributable to successful marketing as well as efficient and customer-oriented management

and active portfolio management. Like-for-like growth of -0.4% (prior year: 0.4%) was recorded in rental income.

In the 2017 financial year, the following four investment properties with combined target rental revenue of CHF 6.3 million were sold as part of focused portfolio optimisation:

- Kriens, Sternmatt 6 (partial sale of office building),
- Renens, Chemin de la Rueyre 116/118,
- Versoix, Chemin de l'Ancien Péage 2 – 4,
- Zürich, Stauffacherstrasse 41.

The sales generated income of CHF 128.0 million (prior year: CHF 158.5 million) and net income of CHF 27.5 million (prior year: CHF 34.9 million). Mobimo will reinvest the cash inflow from these sales in the realisation of projects in the pipeline.

## Key financial performance figures

	Unit	2017	2016	Change in %
Net rental income	CHF million	94.1	96.2	-2.2
Profit on sale of trading properties and development services	CHF million	24.7	23.9	3.5
Net income from revaluation	CHF million	27.3	80.7	-66.2
Profit on sale of investment properties	CHF million	27.5	34.9	-21.4
Operating result (EBIT) including revaluation	CHF million	142.3	200.3	-29.0
Operating result (EBIT) excluding revaluation	CHF million	115.0	119.6	-3.8
Financial result	CHF million	-28.6	-28.5	0.3
Tax expense	CHF million	-24.4	-15.1	61.5
Profit	CHF million	91.5	159.4	-42.6
Profit attributable to the shareholders of MOH	CHF million	91.6	158.7	-42.2
Profit attributable to the shareholders of MOH excluding revaluation	CHF million	71.9	99.4	-27.7

The following investment properties with combined target rental revenue of CHF 4.9 million were completed and transferred to the portfolio or acquired in the same period of time:

- Kriens, Mattenhof 10 (parking),
- Lausanne, Place de la Gare 10, Rue du Petit-Chêne 38,
- Lausanne, Rue des Côtes-de-Montbenon 1/3/5 (Les Garages),
- Rheinfelden, Rütteliweg 8; Spitalhalde 40.

The project pipeline also currently holds further investment properties under construction for the company's own portfolio. These properties represent a total investment volume of some CHF 470 million. The realisation of these projects will produce a further increase in potential target rental income of over CHF 25 million.

The cost/income ratio arising from direct expenses for rented properties was lower than in the previous year, coming in at 15% (prior year: 16%), which resulted in stable net rental income of CHF 94.1 million (prior year: CHF 96.2 million). Based on the market values as at 31 December 2017, a net yield of 4.0% (prior year: 4.1%) was achieved with investment properties in the 2017 financial year.

The share of rental income from residential usage as at 31 December 2017 was 30% (prior year: 29%). Mobimo maintains a balanced usage mix thanks to targeted portfolio diversification and aims at having an investment portfolio mix of approximately one-third residential use, one-third office use and one-third other commercial use.

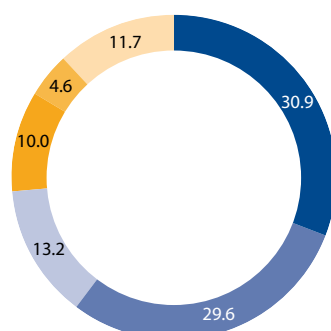
#### Rental income by type of use<sup>1</sup>

%

- Office
- Residential
- Retail
- Hotels/catering
- Industry
- Other use<sup>2</sup>

<sup>1</sup> Breakdown of target rental income by type of use (investment properties).

<sup>2</sup> Other use mainly comprises car parks and ancillary uses.



#### Sale of trading properties and development services

Income from the sale of trading properties and provision of development services totalled CHF 199.7 million (prior year: CHF 151.8 million), which resulted in a profit from trading properties and development services of CHF 24.7 million (prior year: CHF 23.9 million). This result includes valuation allowances totalling CHF 5.9 million, which are mainly due to the lower valuation of the St. Moritz, Vail Maistra project. In total, 82 condominiums and two plots of land were transferred to new owners. The Aarau, Site 4 (Torfeld Süd) project recorded the largest number of condominiums transferred, with 66. Two plots of land were transferred:

- Martigny, Rue du Léman 24,
- Zurich, Albulastrasse 42.

#### Revaluation

After a transitional phase with two appraisers, and more than ten years of successful collaboration with Wüest Partner AG, Mobimo has decided on a change and appointed Jones Lang LaSalle AG (JLL) for reasons of good governance. Since the 2017 financial year, JLL has been the appraiser for the entire real estate portfolio, performing all investment property revaluations for the first time.

The revaluation of investment properties and of investment properties under construction resulted in net income from revaluation of CHF 27.3 million (prior year: CHF 80.7 million). The highest contribution to revaluation income came from investment properties under construction for the company's own portfolio, totalling CHF 36.3 million. The valuation of the other investment properties resulted in depreciation of CHF -9.0 million, which corresponds to a drop in value of -0.4%.

#### Operating and administrative expenses

In 2016, Mobimo increased its earning power by expanding its service offering for customers through the acquisition of FM Service & Dienstleistungs AG and by increasing its range of services in Development for Third Parties through the acquisition of a majority shareholding in BSS&M Real Estate AG. As a result of this strategic expansion of our range of services, operating and administrative expenses were greater than in the prior year, totalling CHF 13.8 million (prior year: CHF 12.0 million). Due to the two acquisitions and individual operational reinforcements, the average number of FTEs increased to 137.3 in 2017 (prior year: 126.2). As at the reporting date of 31 December 2017, there were 141.4 FTEs (prior year: 135.7).



## Key financial position figures

	Unit	2017	2016	Change in %
Assets	CHF million	3,195.7	3,031.7	5.4
Non-current assets	CHF million	2,642.8	2,502.7	5.6
Current assets	CHF million	552.9	529.0	4.5
Equity	CHF million	1,399.1	1,366.3	2.4
Return on equity including revaluation	%	7.0	13.1	-46.6
Return on equity excluding revaluation	%	5.5	8.2	-32.9
Liabilities		1,796.6	1,665.4	7.9
• Current liabilities		288.5	203.2	42.0
• Non-current liabilities	CHF million	1,508.1	1,462.2	3.1
Equity ratio	%	43.8	45.1	-2.9

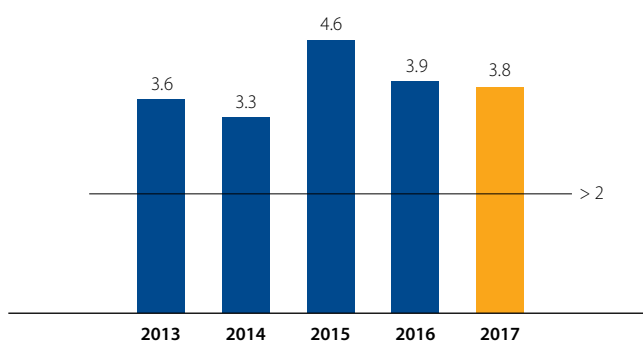
## Financial position

- At CHF 3,195.7 million, total assets were above the prior-year level (prior year: CHF 3,031.7 million).
- The equity ratio was a solid 43.8% (prior year: 45.1%) and continues to form the basis for further qualitative growth.

As at the end of the 2017 financial year, total assets had increased by 5.4% (prior year: 2.7%) to CHF 3,195.7 million. This was mainly attributable to the growth of the real estate portfolio to CHF 2,799.1 million (prior year: CHF 2,765.6 million) and the increase in short-term liquidity to CHF 237.1 million (prior year: CHF 173.9 million) as at the reporting date. The share of non-current assets in total assets was 82.7% as at the end of the financial year and was thus on a par with the previous year's figures (prior year: 82.6%).

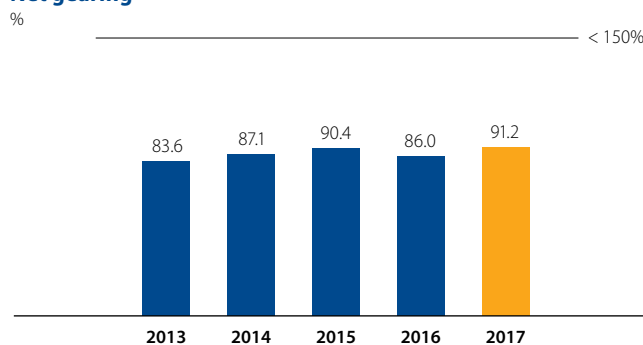
With an equity ratio of 43.8% as at 31 December 2017 (prior year: 45.1%), Mobimo continues to have a very solid capital base. According to the corporate strategy, the equity ratio should not fall below 40%. The gross loan to value (LTV) was 54.0% as at 31 December 2017 (prior year: 48.8%) and the net LTV 45.6% (prior year: 42.5%). At 3.8, the interest coverage ratio is clearly above the targeted 2.0. This means that Mobimo is readily able to finance its financial obligations from its operating activities. With regard to its capital

## Interest coverage ratio



— Target value

## Net gearing



— Limit value

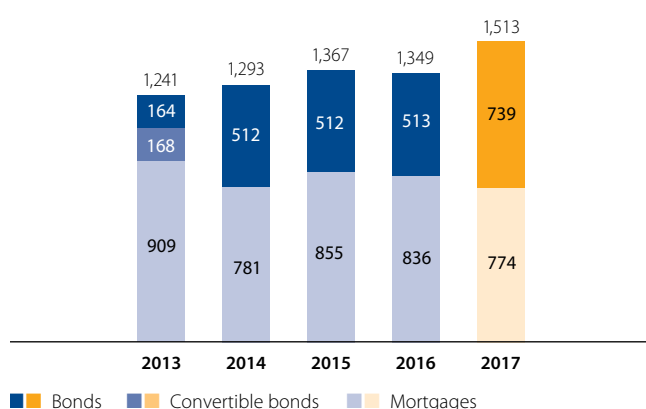
structure, Mobimo aims to achieve long-term net gearing of a maximum of 150%. On 31 December 2017, Mobimo recorded net gearing of 91.2% (prior year: 86.0%).

## Financial liabilities

Financial liabilities currently consist of listed bonds and mortgage-secured bank loans. The average interest rate for financial liabilities was 2.17% during the 2017 financial year, compared with 2.38% in the previous year. As at the reporting date of 31 December 2017, the average interest rate had fallen considerably and stood at 2.06% (prior year: 2.32%). Mobimo will continue to use the attractive interest rate environment to keep interest rates low in the long term. The average residual maturity of financial liabilities as at the reporting date was 6.5 years (prior year: 6.9 years), and therefore still in the targeted range. The long-term financing and solid capital base form an excellent foundation for the company's further qualitative growth and for investment in the projects in the pipeline.

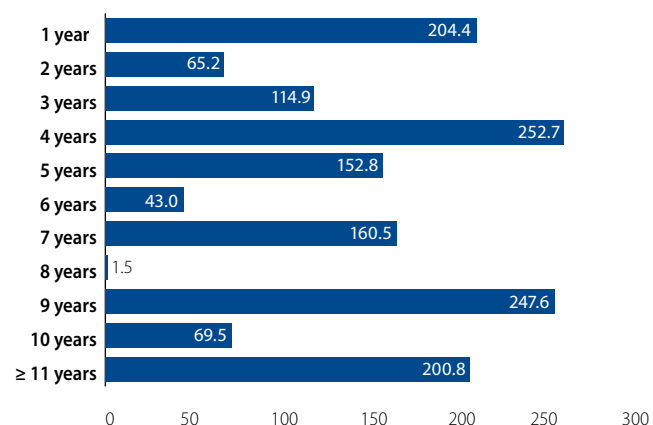
## Financial liabilities

CHF million



## Residual maturity of financial liabilities

CHF million



## Investments

Investment activities at Mobimo focus on the realisation of the project pipeline. As at 31 December 2017, the pipeline contained projects for the company's own portfolio with a total investment volume (incl. building plots) of some CHF 840 million, which included:

- investment properties for the company's own portfolio – under construction: CHF 470 million,
- investment properties for the company's own portfolio – currently being planned: CHF 370 million.

The pipeline for Development for Third Parties and condominium projects has a total investment volume of CHF 1 billion and can be broken down as follows:

- Trading properties: condominiums – under construction: no projects are currently under construction;
- Trading properties: condominiums – currently being planned: CHF 150 million,
- Development of income properties for third parties – under construction and in planning: CHF 850 million.

There is further medium-term investment potential from current site developments of approximately CHF 1 billion.

## Focus in 2018

As it enters 2018, Mobimo is full of optimism that the year, and likewise 2019, will be shaped by the completion of important major projects. Accordingly, the company will focus on successfully completing projects and adding these to the portfolio. The growth of the company and the significant new additions to the portfolio call for strict cost management and more efficient marketing – while continuing to maintain a low vacancy rate. As usual, Mobimo will avail itself of opportunities in the Development for Third Parties business area after carrying out diligent risk assessments. The same is true for the production of condominiums, which will only take place selectively in the segments and locations where demand is high. The focus of our portfolio activities will be on continuously increasing rental income by means of focused optimisations as well as on customer satisfaction. Mobimo intends to remain a security with an attractive distribution.

Manuel Itten  
CFO

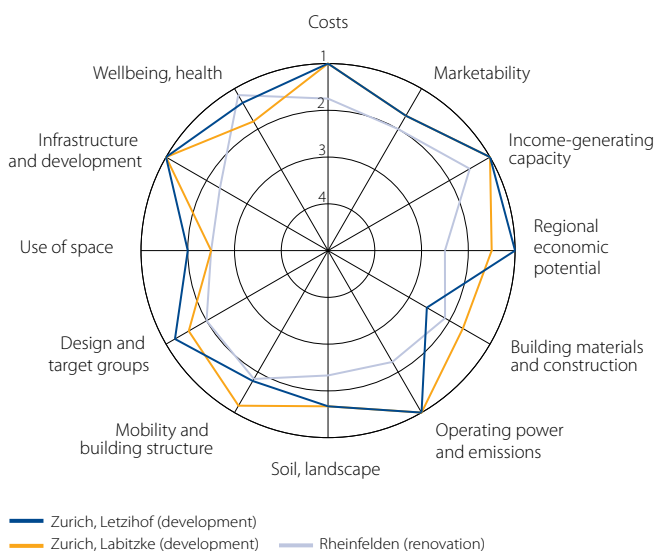
# SUSTAINABILITY AND CORPORATE RESPONSIBILITY

## Mobimo continues to pursue its sustainability strategy and again achieved excellent results in the internationally recognised sustainability ratings in 2017. The results in relation to the environment were particularly pleasing.

For more than six years, Mobimo has incorporated sustainability targets into its strategy, issued reports in accordance with the newest GRI standard and invited external assessors to review its sustainability performance. There are three dimensions to Mobimo's strategy: the economy, the environment and society. The Real Estate Committee of the Board of Directors is the top body responsible for reviewing sustainability targets and results. The sustainability team is responsible for operational implementation. EY compiles the assurance report for energy and emissions data.

### Internal sustainability rating of selected projects

Scale from 5 to 1 (best)



- Allows for a comparison of property and project quality within the portfolio.
- Allows for a comparison of individual properties with the portfolio average.
- Identifies the need for action within the portfolio.
- Helps to specify the high sustainability demands.

### Selected project – Letzihof, Zurich

Concept	Elegant residential building with three courtyards, walkways on each level of the building, 72 loft-style apartments with loggias and plenty of natural light
Materials used	50% of the flooring is bamboo parquet and 50% polished concrete. The exterior façades feature ribbon windows and a ventilated curtain façade made from a titanium-zinc alloy.
Green space	1,350 m <sup>2</sup> of green areas and extensive terrace gardens
Artwork on buildings	Panels bearing pieces by artist Annelies Štrba serve the residents as moveable screens.
Special structural features	Increased noise insulation requirements (SIA – Swiss Society of Engineers and Architects), large-scale glazing to ensure excellent natural lighting
Heating	Brine/water heat pumps
Certificate	<b>MINERGIE®</b>

### Economy

- The basic principle behind the strategy is to strike a balance between generating profits and safeguarding the future of the company.
- ➔ Further information on the share price, shareholders and distribution on pages 6 to 8, and on business performance on pages 22 to 25.

### Society

- The realisation of high-quality living and working spaces is the company's core competence.
- The major projects carried out by Mobimo represent an important contribution to society.
- The company plans and implements such projects with a commensurate degree of diligence and thoroughness.

### Customers

#### Commercial properties

%	
Development properties <sup>1</sup>	90.7
Investment properties <sup>2</sup>	93.2

<sup>1</sup> Buyers. <sup>2</sup> Tenants residential properties.

- Regular surveys on customer satisfaction.
- The criteria are quality of the property, service quality and customer care.

## Employees



### Women

Headcount: 78

50%



### Men

Headcount: 78

50%

- 156 employees (141.4 full-time equivalents (FTE)): +6.1%.
- The employee turnover rate is 12.2%.
- 17.5% (2016: 24%) of employees make use of the extensive training and development opportunities.

## Environment

- The top priority of the environment strategy is to cut the portfolio's energy consumption and emissions.
- The energy consumption for electricity and heating corresponds to the value billed for each investment project.
- The calculation of CO<sub>2</sub> emissions is based on heating systems, types of energy used and consumption including electricity.

## Key portfolio figures for energy and emissions

	2011 (baseline)	2016	2017 (actual)	Change in % <sup>1</sup>	Change in % <sup>2</sup>
Energy-consuming space (m <sup>2</sup> )	401,392	597,732	530,879	49	-11
Energy consumption for electricity and heating (MWh)	85,947	89,887	80,389	5	-11
Energy intensity (kWh/m <sup>2</sup> )	214	150	151	-30	1
Emissions (tCO <sub>2</sub> eq)	13,931	14,390	12,413	3	-14
Emissions intensity (kgCO <sub>2</sub> eq/m <sup>2</sup> )	35	24	23	-31	-4

Verification: Independent Assurance Report, available at [www.mobimo.ch](http://www.mobimo.ch).

<sup>1</sup> Between 2011 (baseline year) and 2016 (end of the first five-year stage).

<sup>2</sup> Between 2016 and 2017 (actual).

## Certifications

**MINERGIE®**

## Development properties

Certified (in %)  
2016: 100

100%

## Investment properties

Certified (in %)  
2016: 20  
Represents an improvement  
of 5 percentage points

25%



**AGGLOLAC | NIDAU**  
2000-Watt-Areal

- Joint development with Nidau and Biel/Bienne.
- The first 2,000-watt site in the Biel/Bienne region.
- The certificate proves that the planned urban expansion on the lake meets the criteria set out by the 2000-Watt Society for the sustainable use of energy resources.

### Concept

Densification and urban development of the former Expo grounds, expansion of Biel/Bienne and Nidau towards the lake and the taking of an exemplary role in terms of being a sustainable living area  
More: [www.agglolac.ch](http://www.agglolac.ch)

### Plot

Approx. 5.8 ha

### Usage

Mixed use

### Energy standard

SIA-Effizienzpfad-compatible ("SIA efficiency path")

### Heat generation

Lake water heat pump 95%, condensing gas heating 5%

### Electricity

Swiss consumer mix 37%, own production from photovoltaics 13%, hydropower 50%

## Standards and ratings

**GRI**

### GRI Standard: Comprehensive option

Mobimo produces its sustainability report in line with the GRI Standard, Comprehensive guidelines. The report is available at [www.mobimo.ch](http://www.mobimo.ch).



### GRESB GREEN STAR

Based on the 2017 results, the Mobimo portfolio has once again been awarded Green Star certification (best quadrant) (2017: 68 points; 2016: 72 points). Mobimo ranks second in Switzerland and fifth in Europe (in a peer group comparison). It is once again outperforming both its peer group and GRESB participants on average.



### CDP score B – status as sector leader

As in the previous year, Mobimo received a score of B (on a scale of A to F) and ranked third in the Real Estate sector in the DACH region. This places Mobimo among the best companies in the industry.



### Application of Best Practices

Mobimo reports its key performance and cost metrics in accordance with the Best Practices of the EPRA Reporting and Accounting Committee. More information on page 140.



# RISK REPORT

**Mobimo's risk management must identify risks as soon as possible, evaluate them and achieve a sensible balance between risks and returns using appropriate measures.**

The overarching risks are based on the corporate strategy. Mobimo defines risk as any event that could negatively impact the achievement of its objectives and existing business.

The processes applied are subject to regular review based on risk management principles in order to take account of changes in market conditions and in the activities of the Group. The aim is to use existing training and management guidelines and optimal

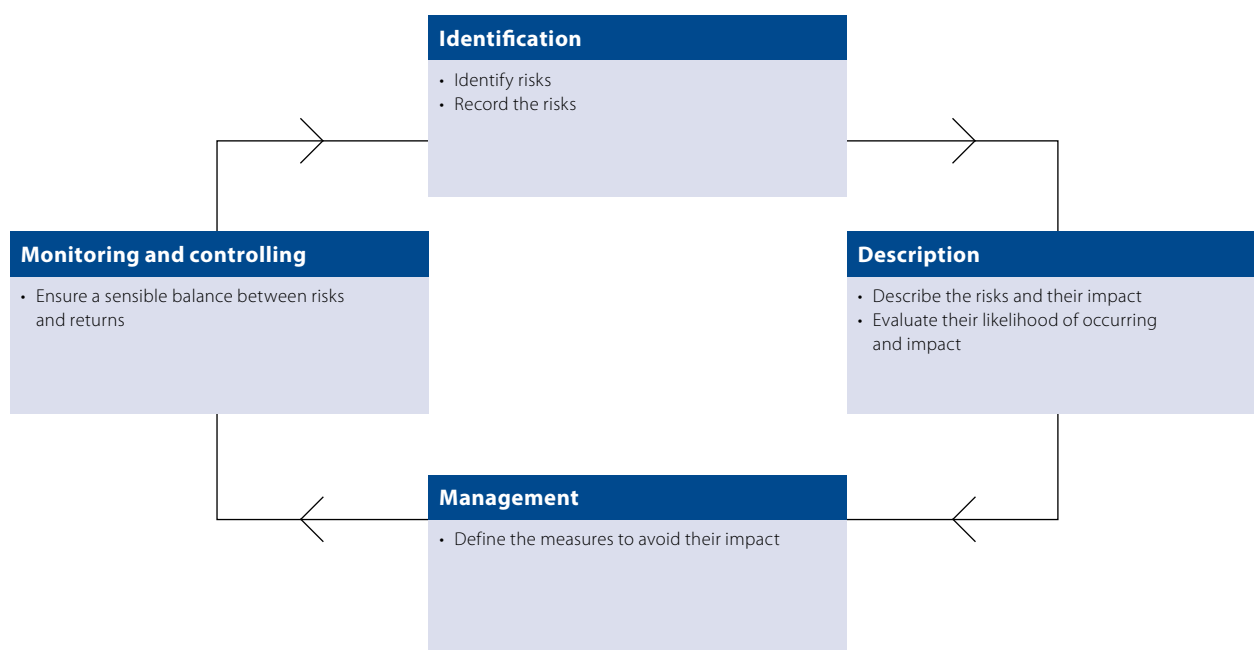
management processes to maintain a disciplined and constructive control environment in which all staff can fulfil their function and exercise their duties in the best way possible. Risk management is part of the processes of the integral management system.

## Risk management process

The risk management process covers all activities for handling risks in the company on an ongoing and systematic basis. The following graphic illustrates the key steps of this process: identification, description, management, monitoring and controlling various risk types.

Further information on the risks to which Mobimo is exposed can be found in the Notes to the Consolidated Financial Statements.

## Mobimo's risk management process



### Organisation

Internal control and risk management are performed by Finance. As the most senior management body, the Board of Directors is responsible for risk management. The Audit and Risk Committee (AC) supports the Board of Directors by means of preparatory work, audits and clarification in respect of risk assessment.

The AC also monitors Internal Controlling, which operates in accordance with the principles of Mobimo's risk management concept. The Executive Board is responsible for implementing risk management, particularly the transparent, timely and active management of risks. A formal internal audit is not appropriate due to the size of the company.

Management prepares an annual risk inventory for the AC, setting out significant risks by risk category. A risk owner is assigned to each risk. The impact and measures implemented are analysed and then evaluated on the basis of their likelihood of occurring and impact (financial and reputational damage). Where necessary, measures are defined for the ongoing management of the identified risks. Further information on responsibilities and the organisation of risk management can be found in the Corporate Governance report.

Agnieszka Pieta holds a passion for contemporary Swiss art.



## WELCOME TO THE CLUB D'ART

**The Club d'Art Contemporain owned by Agnieszka Pieta in the newly opened building on Les Garages adds a new dimension to the varied artistic attractions in the Flon district. The key message of the Club is that everyone is welcome.**

When the weather allows it, Agnieszka Pieta leaves the doors to the Club d'Art Contemporain open. "I want no one to be scared of coming into the Club. Everyone should feel welcome and be able to enjoy contemporary art," explains the owner, who attended art school in France. "I therefore consciously refrained from naming my place a gallery, as a club sounds much more inviting and welcoming." Agnieszka Pieta is the tenant in the garage building that was opened in September 2017 as a modular sales and exhibition space in the Flon district. Here, she exhibits pieces of art produced by contemporary artists living in Switzerland. In addition to this, she organises workshops, seminars and film evenings. Agnieszka Pieta's main focus is interaction. In her events, she encourages the nine artists who are currently exhibiting their work to mix and engage with those interested in art. She also puts on events for children, with a small hand-print on the wall of the Club's basement already attesting to this. Agnieszka Pieta has lived in Switzerland for more than ten years and has always found the Flon district to be extremely appealing: "Art has always played a special role in Flon; just think of the renowned Alice Pauli Gallery which has called the district its home for many years." She, too, has played a part in maintaining the Flon district's flair for art thanks to the exhibitions she has put on over the past two years. It was therefore an easy decision to open her Club in the new garage building. "All of the tenants are new to these buildings. We're all still settling in and finding our feet. Soon, though, you won't be able to imagine the district without the garage buildings," she said.

Adding new  
flair to the district –  
Les Garages.





# CORPORATE GOVERNANCE AND COMPENSATION REPORT





# CORPORATE GOVERNANCE REPORT

**For Mobimo, good corporate governance is a key element of business management. The company sees good corporate governance as being the responsible management and control of the company with a focus on sustainable value creation.**

The Corporate Governance report contains the information required under the SIX Swiss Exchange Directive Corporate Governance (DCG) and is largely based on the structure of the Annex to this directive. Cross-references are made to other sections of the Annual Report in order to avoid repetitions.

## Group structure and shareholders

### Group structure

Company	Mobimo Holding AG
Registered office	Lucerne
Place of listing	SIX Swiss Exchange
Market capitalisation as at 31.12.17	CHF 1,626 million
Swiss security no.	1110887
ISIN code	CH0011108872

Mobimo Holding AG is the parent company of the Mobimo Group and is listed on the SIX Swiss Exchange. An overview of all Group companies and shareholdings can be found in Note 34 to the consolidated annual financial statements on page 106.

The Board of Directors of Mobimo Holding AG has delegated the management of day-to-day business activities to the Executive Board. The Executive Board comprises the CEO, the CFO, the Heads of the Real Estate and Development business areas and the Head of Mobimo Suisse romande.

As per 31.12.2017 the two operational areas can be broken down as follows:

**Real Estate:** The Real Estate business area encompasses the tasks and services that come under portfolio management, site management, management and facility management as well as the marketing of the existing investment properties.

**Development:** The business area's activities include developing and realising construction projects on sites and building plots for third-party investors, for the company's own portfolio and as condominium projects for sale, monitoring construction activity during the construction phase and supporting buyers with condominium projects as well as selling condominiums.

As of 1 January 2018, Realisation (previously Project Management) will be headed by Vinzenz Manser as an independent area in the Executive Board. Thus, the main role in this area in terms of organisation will be ensuring that construction projects are realised within budget and on schedule, the quality assurance process is performed and the handover of units to tenants and buyers is carried out smoothly.

For the segment reporting with its clear market and investor focus, Development and Realisation will continue to be consolidated in the Development segment. Dividing project income into separate components for Development and Realisation would often be less informative and is also not intended for internal purposes. Segment reporting including further Notes on the segments can be found in Note 3 to the consolidated annual financial statements on page 65 of this annual report.

### Significant shareholders

An overview of significant shareholders and other shareholder details can be found in the Mobimo on the capital market section on page 6 of this Annual Report.

The disclosure reports drawn up in the reporting year within the meaning of Article 120 of the Swiss Federal Act on Stock Exchanges and Securities Trading (SESTA) and the provisions of the Ordinance on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FMIO) can be found on the SIX Exchange Regulation website ([www.six-exchange-regulation.com](http://www.six-exchange-regulation.com)) under Publications > Significant shareholders.

### Cross-shareholdings

There are no cross-shareholdings.

## Capital structure

### Capital

Capital as at 31 December 2017	Total (TCHF)	Number of registered shares	Nominal value per share (CHF)
Share capital	180,327	6,218,170	29.00
Authorised capital	max. 34,800	1,200,000	29.00
Conditional capital	max. 941	32,446	29.00

### Authorised and conditional capital

Authorised and conditional capital are defined in Articles 3a and 3b of the Articles of Association. The exact wording of the provisions of

the Articles of Association of Mobimo Holding AG regarding approved and conditional capital can be found under Investors > Corporate Governance > Articles of Association on [www.mobimo.ch](http://www.mobimo.ch).

#### Authorised capital

The Board of Directors is authorised until 2 April 2018 to increase the company's share capital by issuing a maximum of 1,200,000 fully paid-up registered shares. Increases may take place all in one go or in stages. The issue price, type of contributions, conditions governing the exercise of subscription rights, allocation of the excluded subscription rights and timing of the dividend entitlement are determined by the Board of Directors. The Board of Directors decides on unexercised subscription rights in the best interests of the company. Once acquired, the new registered shares are subject to restrictions on transfer. Shareholders' subscription rights may be excluded by the Board of Directors for the purpose of an acquisition (e.g. in the case of a share placement) or the financing of the acquisition of land by the company or a subsidiary or for the purpose of taking over or financing the takeover of companies, parts of companies or participations by the company or a subsidiary. Acquisitions or takeovers are permitted only in keeping with the purpose stipulated by the company.

#### Conditional capital

The share capital may be increased through the issue of up to 32,446 fully paid-up registered shares, subject to the exclusion of subscription rights. Use thereof is restricted as follows:

- up to 32,446 fully paid-up registered shares can be issued through the exercise of subscription rights in connection with subscription rights for employees created after 5 May 2010.

The acquisition of registered shares through the exercise of option rights and the subsequent transfer of these registered shares are subject to the following statutory restrictions on transfer.

As at the reporting date, there were no options to create registered shares from conditional capital.

#### Shares and participation certificates

Share capital stood at CHF 180,326,930 as at 31 December 2017 and comprised 6,218,170 fully paid-up registered shares with a nominal value of CHF 29.00. With the exception of the treasury shares held by Mobimo, every share entered with voting rights in the company's share register has one vote and every share (regardless of whether it is entered in the share register) is entitled to dividends. There are no preference shares or voting shares. Mobimo Holding AG has not issued any participation certificates.

#### Dividend-right certificates

Mobimo Holding AG has not issued any dividend-right certificates.

#### Restrictions on transferability and registration of nominees

Article 6 of the Articles of Association defines the restrictions on transferability. The exact wording of Article 6 of the Articles of Association can be found under Investors > Corporate Governance > Articles of Association at [www.mobimo.ch](http://www.mobimo.ch).

The Board of Directors may deny authorisation to transfer shares for the following reasons:

- Insofar as recognising a transferee as a shareholder may, according to the information available to it, hinder the company from providing proof of Swiss control as stipulated by federal laws; specifically, in accordance with the Swiss Federal Act on the Acquisition of Immovable Property in Switzerland by Foreign Non-Residents (ANRA) of 16 December 1983, including the amendments of 30 April 1997, and the Federal Council decision on measures against improper use of federal double taxation agreements of 14 December 1962;
- If, despite requests from the company, the transferee fails to expressly declare that they have acquired and intend to hold the shares in their own name and for their own account;
- If, following the acquisition of the shares, the number of shares held by the transferee exceeds 5% of the total number of shares recorded in the Commercial Register. Legal entities and partnerships vested with legal capacity which are grouped together in terms of capital or voting rights, by joint management or in a similar way, as well as natural persons or legal entities and partnerships which act together in a coordinated manner with a view to circumventing the restrictions on registration, shall be deemed as one transferee for the purposes of these conditions;
- As soon as and insofar as the acquisition of shares takes the total number of shares held by persons abroad as defined by the Swiss Federal Act on the Acquisition of Immovable Property in Switzerland by Foreign Non-Residents (ANRA) to over one-third of the shares recorded in the Commercial Register. This restriction shall apply subject to Article 653c paragraph 3 of the Swiss Code of Obligations, including in the case of registered shares acquired through the exercise of subscription, option or conversion rights.

In order to ensure compliance with the thresholds indicated, prior to being entered in the share register new shareholders are scrutinised as regards their status as Swiss citizens pursuant to ANRA. If they cannot be verified as Swiss citizens, then provided all other conditions are met they are entered in the category of restricted persons without voting rights, as long as the threshold of one-third of all shareholders is not exceeded and provided there is no other risk, such as tighter practices on the part of the licensing authority, that the entry of the non-Swiss shareholder will result in the company no longer being able to furnish evidence of Swiss control.

As at 31 December 2017, 12.8% of the shares were held by shareholders (of which 9.62 percentage points have voting rights and 3.18 percentage points do not) who are classified in the share register as non-Swiss or restricted persons (entered but without voting rights) according to the above definition.

The Articles of Association do not contain any provisions pertaining to the registration of nominees. The Board of Directors has laid down the following nominee registration principles in the regulations governing the administration of the share register and the recognition and registration of shareholders of Mobimo AG:

- without disclosure of the name, head office/address and shareholding of those shareholders for whose account the nominee holds the shares, the nominee shall be entered in the share register as a shareholder with voting rights up to a maximum recognition threshold of 2% of the registered shares entered in the Commercial Register;
- without disclosure of the name, head office/address and shareholding, no more than 0.25% of the share capital which is entered in the Commercial Register may be registered by the relevant nominee in the share register as shares with voting rights for one and the same purchaser;
- the nominee must conclude an agreement with the company which precisely defines the applicable rights and obligations. Nominee registrations may not in total exceed 10% of the shares entered in the Commercial Register. Once this 10% threshold is

reached, the company may not register any further nominees. As at the reporting date, nominee registrations accounted for 3.99% of registered shares (3.99% with voting rights). The restrictions mentioned above also apply (5% clause and maximum proportion of non-Swiss shares without voting right restrictions).

No registrations were rejected during the year under review. The Articles of Association do not contain any provisions pertaining to the revocation of statutory privileges (and none have been granted) or the revocation of restrictions on transferability. As a result, the provisions of the Swiss Code of Obligations apply.

### Convertible bonds and options

As at 31 December 2017, Mobimo had no outstanding convertible bonds or options.

### Changes in capital

Change	Total (TCHF)	Number of registered shares	Nominal value per share (CHF)
Share capital as at 31.12.2008	204,230	4,345,323	47.00
Share capital as at 31.12.2009	192,035	5,053,552	38.00
Share capital as at 31.12.2010	148,804	5,131,170	29.00
Share capital as at 31.12.2011	178,933	6,170,098	29.00
Share capital as at 31.12.2012	180,058	6,208,913	29.00
Share capital as at 31.12.2013	180,220	6,214,478	29.00
Share capital as at 31.12.2014	180,282	6,216,606	29.00
Share capital as at 31.12.2015	180,327	6,218,170	29.00
Share capital as at 31.12.2016	180,327	6,218,170	29.00
Share capital as at 31.12.2017	180,327	6,218,170	29.00
Authorised capital as at 31.12.2008	16,920	360,000	47.00
Authorised capital as at 31.12.2009	18,687	491,771	38.00
Authorised capital as at 31.12.2010	34,800	1,200,000	29.00
Authorised capital as at 31.12.2011	33,978	1,171,650	29.00
Authorised capital as at 31.12.2012	33,093	1,141,150	29.00
Authorised capital as at 31.12.2013	33,093	1,141,150	29.00
Authorised capital as at 31.12.2014	33,093	1,141,150	29.00
Authorised capital as at 31.12.2015	33,093	1,141,150	29.00
Authorised capital as at 31.12.2016	34,800	1,200,000	29.00
Authorised capital as at 31.12.2017	34,800	1,200,000	29.00
Conditional capital as at 31.12.2008	6,498	138,252	47.00
Conditional capital as at 31.12.2009	5,254	138,252	38.00
Conditional capital as at 31.12.2010	36,558	1,260,634	29.00
Conditional capital as at 31.12.2011	36,252	1,250,056	29.00
Conditional capital as at 31.12.2012	34,304	1,182,891	29.00
Conditional capital as at 31.12.2013	34,142	1,177,326	29.00
Conditional capital as at 31.12.2014	34,081	1,175,198	29.00
Conditional capital as at 31.12.2015	34,035	1,173,634	29.00
Conditional capital as at 31.12.2016	941	32,446	29.00
Conditional capital as at 31.12.2017	941	32,446	29.00

In 2017, a distribution of CHF 10.00 per share was paid out from capital contribution reserves. Further information on changes in capital can be found in Note 15 to the consolidated annual financial statements (see page 85 of this Annual Report).



## Board of Directors

### Members of the Board of Directors

The Board of Directors of Mobimo Holding AG consists of seven members as at the reporting date. All members are non-executive members of the Board of Directors pursuant to the Swiss Code of

Best Practice for Corporate Governance. None of the members of the Board of Directors have any significant business relationships with Mobimo Holding AG or with a Mobimo Group company.

#### Georges Theiler (CH)

##### Chairman

Certified Operating Engineer ETH, Entrepreneur

Born in: 1949



Georges Theiler has been a member of the Board of Directors since 2000 and Chairman of the Board of Directors of Mobimo Holding AG since September 2013.

#### Professional background

Since 1997 Owner of GT-Consulting (specialised in consulting and directorship mandates), Lucerne  
1978 – 1997 Chairman of the Executive Board and member of the Board of Directors of construction company and general contractor Theiler und Kalbermatter T + K Bau AG (building construction, tunnel construction, general contracting, real estate development and real estate management), Lucerne

#### Education

1976 Certified Operating Engineer, Swiss Federal Institute of Technology

#### Other activities and interests

- Chairman of the Board of Directors of Auto AG Holding, Rothenburg
- Member of the Board of Directors of Riva AG, Buochs
- Member of the Board of Directors of Wascosa Holding AG, Lucerne
- 1995 – 2011 Member of the National Council
- 2011 – 2015 Member of the Swiss Council of States

#### Peter Schaub, (CH)

##### Vice Chairman

Attorney at law

Born in: 1960



Peter Schaub has been a member of the Board of Directors of Mobimo Holding AG since 2008 and Vice Chairman since 2015.

#### Professional background

Since 1994 Partner in tax and law firm Weber Schaub & Partner, Zurich  
1990 – 1993 Tax commissioner, Canton of Zurich  
1987 – 1988 Legal advisor in law firm Schellenberg Wittmer, Zurich

#### Education

1990 Licence to practise law in the Canton of Zurich  
1987 Law degree (lic. iur.), University of Zurich

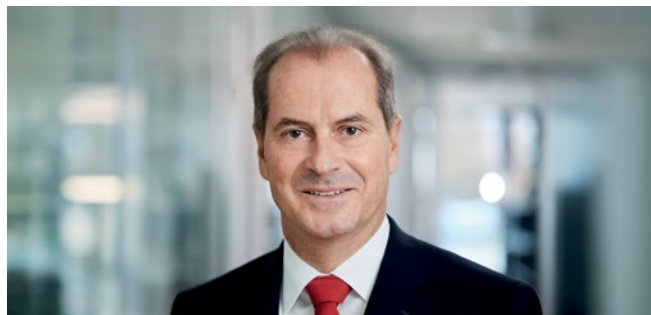
#### Other activities and interests

- Chairman of the Board of Directors of CPH Chemie + Papier Holding AG, Perlen
- Vice Chairman of the Board of Directors of UBV Holding AG, Uetikon am See
- Vice Chairman of the Board of Directors of Uetikon Industrieholding AG, Uetikon am See
- Member of the Foundation Board of the staff pension fund of UBV Uetikon Betriebs- und Verwaltungs AG (UBV-Personalfürsorgefonds)
- Member of the Board of Directors of Scobag Privatbank AG, Basel
- Chairman of the Foundation Board of the Swiss Foundation for the Deafblind (Schweizerische Stiftung für Taubblinde), Langnau am Albis
- Chairman of the Board of Directors of Zindel Immo Holding AG, Chur
- Member of the Board of Directors of Rüegg Cheminée Holding AG, Hinwil

## Peter Barandun (CH)

Executive MBA HSG

Born in: 1964



Peter Barandun was elected to the Board of Directors of Mobimo Holding AG on 26 March 2015.

### Professional background

Since 2002	CEO and Chairman of the Board of Directors, Electrolux AG, Zurich
1996 – 2002	Head of the divisions of Electrolux and Zanussi, Electrolux AG, Zurich
1990 – 1995	Head of Sales, Bauknecht AG, Lenzburg
1985 – 1990	Deputy Head of Sales, Grossenbacher, St. Gallen

### Education

2008	Executive MBA, University of St. Gallen (HSG)
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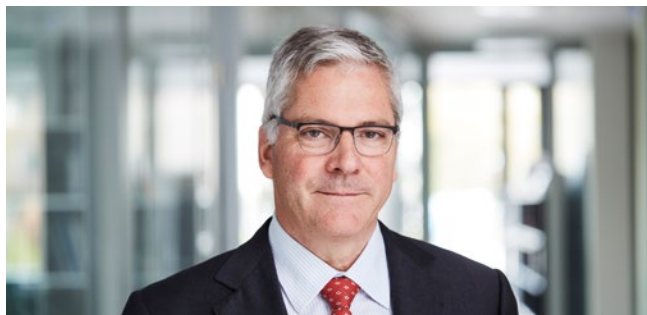
### Other activities and interests

- Chairman of the Board of Directors of Peter Barandun AG, Einsiedeln
- Member of the Board of Directors and Vice Chairman of the Nomination and Compensation Committee of Arbonia AG, Arbon
- Vice Chairman of Swiss-Ski, Muri bei Bern
- Vice Chairman of the Swiss Association for Household and Business Appliances (FEA), Zurich

## Daniel Crausaz (CH)

Engineer EPFL, MBA

Born in: 1957



Daniel Crausaz was a member of the Board of Directors of LO Holding Lausanne-Ouchy SA from 1999 to 2014 and has been a member of the Board of Directors of Mobimo Holding AG since 17 December 2009.

### Professional background

Since 2003	Independent consultant and since 2016 owner of daniel crausaz conseils Sàrl
1997 – 2003	Managing Director, Banque Cantonale Vaudoise (BCV), Lausanne
1990 – 1997	BCV, Lausanne
1985 – 1989	Engineer, Bonnard & Gardel Ingénieurs Conseils Lausanne SA, Lausanne
1983 – 1985	Engineer, Felix Constructions SA, Bussigny

### Education

1990	MBA, Faculty of Business and Economics at the University of Lausanne (HEC)
1982	Engineer, Swiss Federal Institute of Technology Lausanne (EPFL)

### Other activities and interests

- Chairman of the Board of Directors of CIEL Electricité S.A., Lausanne
- Member of the Board of Directors of Zimal SA, Sion
- Member of the Board of Directors of BIFF Bureau d'Ingénieur Fenêtres et Façades SA, Lausanne
- Member of the Board of Directors of Vertiqal AG, Zug
- Member of the Board of Directors of BG Bonnard & Gardel Holding SA, Lausanne
- Deputy Director of Agrifert SA, Lausanne

### Brian Fischer (CH)

Attorney at law, Swiss-certified tax expert  
Born in: 1971



Brian Fischer has been a member of the Board of Directors of Mobimo Holding AG in an independent capacity since 2008.

#### Professional background

Since 2001 Head of External Asset Managers,  
Bank Vontobel AG, Zurich  
1997 – 2000 Tax and legal advisor,  
PricewaterhouseCoopers AG, Zurich

#### Education

2000 Swiss-certified tax expert, Zurich  
1996 Licence to practise law in the Canton of Berne

#### Other activities and interests

- No other activities
- No other interests

### Bernard Guillelmon (CH/F)

Engineer EPFL, Masters in Energy, MBA  
Born in: 1966



Bernard Guillelmon was a member of the Board of Directors of LO Holding Lausanne-Ouchy SA from 2005 to 2009 and has been a member of the Board of Directors of Mobimo Holding AG since 17 December 2009.

#### Professional background

Since 2008 CEO, BLS AG, Berne  
2001 – 2008 Key positions (Energy, Infrastructure, Business  
Management) at SBB, Berne  
1999 – 2000 Independent consultant, Les Giettes  
1990 – 1998 Engineer, Department Head, BKW AG, Berne

#### Education

1999 MBA, INSEAD, Fontainebleau  
1992 Masters in Energy, Lausanne  
1990 Engineer, Swiss Federal Institute of Technology  
Lausanne (EPFL)

#### Other activities and interests

- Member of the Executive Board and Committee of the Swiss Association of Public Transport (Verband öffentlicher Verkehr, VöV), Berne
- Chairman of the Board of Directors of BLS Cargo AG, Berne
- Vice Chairman of the Board of Directors of JJM Holding, Lausanne
- Member of the Board of Directors of Ralpin AG, Olten
- Member of the Supervisory Board of Ermewa Holding, Paris

## Wilhelm Hansen (CH)

lic. rer. pol., management consultant

Born in: 1953



Wilhelm Hansen has been a member of the Board of Directors of Mobimo Holding AG since 2008.

### Professional background

Since 2002	Independent management consultant for organisational and strategy development and corporate governance, Basel
1995 – 2002	Co-owner of private bank Baumann & Cie., Basel
1982 – 1994	Head of Securities and Group Life Insurance, Baloise Versicherungen, Basel
1977 – 1982	Investment advisor, SBG, Basel

### Education

1977	Political Sciences degree (lic. rer. pol.), University of St. Gallen (HSG)/University of Basel
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### Other activities and interests

- Vice Chairman of the Board of Directors of Scobag Privatbank AG, Basel
- Member of the Board of Directors of Psychiatrie Baselland, Liestal
- Member of the Board of Directors of SUGRO Holding AG, Reinach
- Member of the Investment Committee of the Transparenta multi-employer plan, Aesch

## Members departing in the year under review

No members departed in the 2017 financial year.

### Honorary Chairmen

**Alfred Meili** is the Honorary Chairman of Mobimo Holding AG. He was the driving force behind the creation of the Mobimo Group and was Chairman of the Board of Directors until 2008.

**Laurent Rivier** is the Honorary Chairman of LO Holding Lausanne-Ouchy SA, having previously served as Chairman of the Board of Directors from 2000 to 2009.

Alfred Meili and Laurent Rivier were appointed Honorary Chairmen in recognition of their services to their respective companies. This office confers neither the right to sit on the Board of Directors, nor any other rights and obligations of a member of the Board of Directors, nor any entitlement to directors compensation or other compensation.

### Other activities and interests

Mobimo Holding AG has concluded special agreements with all members of the Board of Directors and Executive Board in order to avoid conflicts of interest. In these agreements, the members of the Board of Directors and Executive Board undertake:

- not to take up any office with other real estate companies without the approval of the Board of Directors of Mobimo Holding AG,
- to keep the company informed about any offers to acquire land and property and grant the company a priority claim, provided such offers are not confidential,
- not to accept any additional compensation such as arrangement commissions,
- not to acquire any shares of real estate, except for shares traded on the stock exchange and acquisitions of real estate through share purchases.

Besides those listed above, the members of the Board of Directors of Mobimo Holding AG do not occupy any further positions in the management and supervisory bodies of major Swiss and foreign entities or in institutions and foundations under public or private law, and also do not carry out any further long-term management or advisory functions for key Swiss or foreign interest groups. Furthermore, they do not perform any official functions or hold any political offices.

### Number of authorised activities in accordance with Article 12 paragraph 1 item 1 OaEC

The members of the Board of Directors may exercise the following additional activities in senior executive or administrative bodies of legal entities that are required to be entered in the Commercial Register or a corresponding foreign register and are neither controlled by the company nor in control of the company:

- up to three mandates for companies (in Switzerland or abroad) that meet the conditions for a public limited company in accordance with Article 727 paragraph 1 item 1 of the Swiss Code of Obligations, and
- up to 15 mandates for companies that are not considered as public limited companies in accordance with Article 727 paragraph 1 item 1 of the Swiss Code of Obligations.



There are no restrictions on mandates for legal entities that are not required to be entered in the Commercial Register or a corresponding foreign register, or on honorary directorships at organisations recognised for tax purposes as not-for-profit.

### Election and term of office

The Board of Directors of Mobimo Holding AG consists of at least three members and is elected for a period of one year at the General Meeting. The Board of Directors currently has seven members. The term of office of the members ends at the end of the next Annual General Meeting. The members of the Board of Directors may be immediately re-elected upon expiry of their term of office.

The General Meeting elects the Chairman of the Board of Directors. Re-election is permitted. The term of office of the Chairman ends at the end of the next Annual General Meeting. If the office of Chairman becomes vacant, the Board of Directors appoints a Chairman for the remaining term of office.

The Articles of Association do not contain any rules that differ from the statutory legal provisions with regard to the appointment of the independent shareholder representative.

### Internal organisation

In 2017, the General Meeting confirmed Georges Theiler as the Chairman of the Board of Directors. The Board of Directors appointed Peter Schaub as Vice Chairman of the Board of Directors.

The Board of Directors is quorate if the majority of its members are present and passes resolutions by a majority of the votes cast.

In general, three meetings of the Board of Directors are held in the first quarter of each year, two in the third quarter and three in the fourth quarter. The ordinary meetings are usually half-day. Besides a two-day strategy conference and a project inspection day, a total of ten meetings were held in 2017. The Board of Directors was present in full at every meeting.

The CEO, CFO and other members of the Executive Board occasionally take part in the meetings of the Board of Directors, although the Board of Directors always meets first without these persons present. The Chairman decides whether employees or other external advisors are to be included in the meeting in order to deal with specific issues.

The Board of Directors has three committees: the Real Estate Committee (IC), the Audit and Risk Committee (AC) and the Nomination and Compensation Committee (NCC). The purpose, tasks, duties and competences of the committees are summarised below.

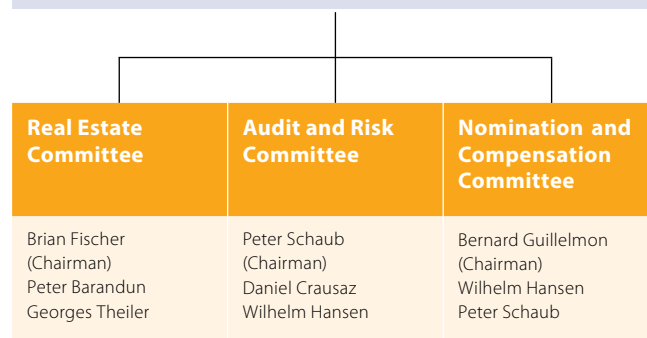
#### Real Estate Committee

The Real Estate Committee ensures that the strategic investment and divestment targets it sets each year are implemented successfully. It is also the body with primary responsibility for the sustainability strategy. The competences of the Board of Directors, Real Estate Committee and Executive Board with respect to purchases and sales are summarised under the definition of approval authority regulations on page 40. The

### Board of Directors

Chairman: Georges Theiler  
Vice Chairman: Peter Schaub

Peter Barandun, Daniel Crausaz, Brian Fischer,  
Bernard Guillelmon, Wilhelm Hansen



Real Estate Committee aims to provide the Board of Directors with real estate expertise that is as comprehensive as possible by:

- conducting ongoing market observations,
- developing the network for real estate investors, etc.,
- cooperating closely with management,
- providing regular information to the Board of Directors.

The Real Estate Committee fulfils three functions, namely:

- deciding on property purchases and divestments for property transactions between CHF 10 million and CHF 30 million,
- submitting requests to the Board of Directors for property transactions which have a volume of over CHF 30 million and therefore lie within its competence,
- supervising investment and development business as well as the external property appraisals to be carried out periodically.

The Real Estate Committee normally meets every two months. The Chairman of the Real Estate Committee may convene additional meetings at any time. A total of seven meetings were held in 2017. The meetings lasted an average of three hours. Minutes must be taken at every meeting and subsequently distributed to all members of the Board of Directors.

#### Audit and Risk Committee

The Audit and Risk Committee fulfils a supervisory function. It may request any measures it deems necessary in order to perform its duties and has direct access to all documentation, employees and the auditors. The main duty of this Committee is to support the Board of Directors by means of preparatory work, audits and clarification. The four areas in which the Audit and Risk Committee is active are as follows:

- budgeting, preparation of financial statements, external audit and external appraisal,
- risk management and internal control system (ICS), including adherence to legislation, directives and internal guidelines (compliance),
- financing,
- taxes.

The Board of Directors addresses its risk management responsibilities via the Audit and Risk Committee. Management prepares an annual risk inventory for the Audit and Risk Committee, setting out significant risks by risk category. For each risk, the risk owner, impact and measures implemented are analysed and then evaluated on the basis of likelihood, financial impact and damage to reputation and image. Where necessary, further measures are defined for the ongoing management of the assessed risks.

The Audit and Risk Committee meets on a quarterly basis and before the publication of the semi-annual and annual results. The Chairman of the Audit and Risk Committee may convene additional meetings at any time. A total of six meetings were held in 2017. The meetings lasted an average of three hours. If necessary, the Audit and Risk Committee may invite members of the Executive Board, other employees, external advisors or auditors to its meetings, or request that they meet with members of or advisors to the Audit and Risk Committee. Minutes are taken at every meeting and subsequently distributed to all members of the Board of Directors.

#### **Nomination and Compensation Committee**

The Nomination and Compensation Committee is a preparatory committee for the Board of Directors and has no decision-making powers. It has the following duties and responsibilities with regard to compensation:

- drawing up and reviewing the compensation policy, monitoring the implementation of the compensation policy and submitting proposals and recommendations on the compensation policy to the Board of Directors,
- drawing up and reviewing specific compensation models, monitoring the implementation of compensation models and submitting proposals and recommendations on specific compensation models to the Board of Directors,
- preparing all relevant decisions of the Board of Directors with regard to the compensation of the members of the Board of Directors and Executive Board and submitting proposals to the Board of Directors regarding the type and amount of the annual compensation of the members of the Board of Directors and Executive Board, including preparing the proposal for the maximum total amount to be submitted to the General Meeting for approval,
- reviewing the company's annual salary budget and the principles governing the payment of variable compensation to employees outside of the Executive Board,
- submitting proposals to the Board of Directors for approval of the awarding of mandates by the company or its subsidiaries to members of the Board of Directors or the Executive Board and to related legal entities and natural persons.

Furthermore, the Board of Directors has transferred responsibility for succession planning, performance appraisals, training and further development, and dealing with general questions on staff policy to the Nomination and Compensation Committee in its capacity as an advisory and preparatory committee to members of the Board of Directors and the Executive Board in the area of Human Resources.

The Nomination and Compensation Committee comprises at least three members, who are elected individually by the Annual General Meeting. Only members of the Board of Directors may be elected to the committee. The Chairman of the Nomination and Compensation Committee is proposed by the Board of Directors. The term of office of members of the Nomination and Compensation Committee ends at the end of the next Annual General Meeting. Re-election is permitted. If the Nomination and Compensation Committee is no longer complete or falls below the minimum number of three members, the Board of Directors appoints the necessary members for the remaining term of office.

The Nomination and Compensation Committee may also request the assistance of independent third parties in performing its tasks and compensate them accordingly.

The Nomination and Compensation Committee meets at least twice per year in connection with the tasks, duties and responsibilities for which it is responsible in accordance with the OaEC and the Articles of Association. These meetings usually take place in the first and last quarter of the year. The Chairman of the Nomination and Compensation Committee may convene additional meetings at any time. A total of six meetings were held in 2017. The meetings lasted an average of three hours. Minutes are taken at every meeting and subsequently distributed to all members of the Board of Directors.

#### **Approval authority regulations**

The Board of Directors is responsible for managing the company and supervising the Executive Board. It represents the company externally and makes decisions on all matters that do not fall under the remit of another body within the company by law or pursuant to the Articles of Association or other regulations. In addition to its non-transferable duties in accordance with Article 716a of the Swiss Code of Obligations, the Board of Directors also has the following duties and competences:

- defining the Group policy and business policy of the Group companies (such as defining the guidelines governing the strategic focus of the Group and of the Group companies/portfolio approach),
- making decisions regarding company or Group company investments and disposals over CHF 10 million,
- defining and reviewing the sustainability strategy,
- defining and monitoring the financial and investment budgets of the Group companies,
- making fundamental decisions with regard to electing and dismissing members of the Board of Directors, Group company auditors and valuation experts,
- passing resolutions on founding, acquiring and disposing of Group and affiliated companies,
- initiating business relations between the Mobimo Group and important third parties,
- overseeing the measures that need to be undertaken with regard to stock exchange listings,
- defining the corporate identity,

- defining the accounting principles, including the consolidation of all financial statements,
- approving participation and option plans.

In accordance with the delegation norm of Article 20 of the Articles of Association (cf. [www.mobimo.ch](http://www.mobimo.ch) under Investors > Corporate Governance > Articles of Association) and to the extent permitted by law and the Articles of Association, the Board of Directors has transferred the operational management of the Mobimo Group to the Executive Board under the direction of the CEO. The Executive Board implements the Group and business policies in line with the guidelines set by the Board of Directors.

The management has the following main tasks and competencies:

- Management of the company within the framework of corporate policy, medium-term planning and annual budgets,
- Execution of the resolutions of the Board of Directors,
- Preparation of the annual budget,
- Management of the Group companies at the level of the Board of Directors and/or the Executive Board, in compliance with the respective responsibilities and local organizational regulations,
- Tasks and public relations work associated with the public listing.

The competencies of the Board of Directors, Real Estate Committee and the Executive Committee for the purchase and sale of properties at Mobimo Holding AG are regulated as follows: The Board of Directors has delegated the operational decisions on property transactions up to an investment volume of CHF 10 million to the Executive Board. The Board of Directors of Mobimo Holding AG exercises the right to make decisions on real estate transactions with a total value of over CHF 30 million, while the Real Estate Committee is responsible for decisions on real estate transactions between CHF 10 million and CHF 30 million.

#### Information and control instruments with regard to the Executive Board

The Chairman of the Board of Directors holds regular coordination and information meetings with the CEO. The CEO also usually takes part in the committee meetings. The CFO also usually takes part in the Audit and Risk Committee meetings.

The entire Board of Directors receives a monthly report on current business performance and a quarterly report from the Executive Board informing them about the following areas: financial situation/budget achievement, risk situation, progress and planned activities of the operating and administrative areas, and personnel situation. The information relates to developments and events since the last management report, together with expected developments and planned activities. The Executive Board attends the meetings of the Board of Directors and reports on items on the agenda and/or is available for questions and information.

A formal internal audit is not appropriate due to the size of the company. Internal control and risk management are performed by Finance. The implementation of regulatory and accounting changes is worked out at an early stage in cooperation with the statutory auditors.

## Executive Board

### Members of the Executive Board

#### Dr. Christoph Caviezel (CH)

##### CEO

Dr. iur., attorney at law

Born in: 1957



Christoph Caviezel has been CEO of the Mobimo Group since 1 October 2008 and directly manages the Corporate Center and Purchase and Divestment division.

#### Chairman of Boards of Directors within the Mobimo Group

Mobimo AG, Mobimo Management AG, O4Real SA, Immobilien Invest Holding AG, Petit Mont-Riond SA, LO Holding Lausanne-Ouchy SA, LO Immeubles SA, Flonplex SA, Parking du Centre SA, Promisa SA, CC Management SA, Mobimo Zürich Nord AG

#### Professional background

2001 – 2008	CEO, Intershop Holding AG, Zurich (member of the Board of Directors from 2003)
1995 – 2001	Intershop Holding AG, Zurich (member of the Executive Board from 1999)
1986 – 1995	Head of Real Estate, SBB, Lucerne
1980 – 1986	Attorney at law

#### Education

1988	Doctor of law (Dr. iur.), University of Fribourg
1983	Admitted to the bar in the Canton of Grisons
1980	Law degree (lic. iur.), University of Fribourg

#### Other activities and interests

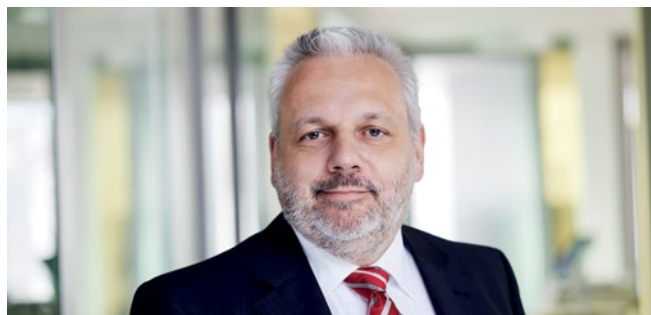
- Member of the Investment Committee of the Investment Foundation for Overseas Real Estate (Anlagestiftung für Immobilienanlagen im Ausland, AFIAA), Zurich
- Sits on the Bank Council of Graubündner Kantonalbank, Chur

## Manuel Itten (CH)

### CFO

Business Administration FH

Born in: 1965



Manuel Itten joined Mobimo in 2004, working as Head of Controlling until February 2009 and CFO since March 2009.

### Chairman of Boards of Directors within the Mobimo Group

BSS&M Real Estate AG, FM Service & Dienstleistungs AG

### Member of Boards of Directors within the Mobimo Group

Mobimo AG, Mobimo Management AG, LO Holding Lausanne-Ouchy SA, LO Immeubles SA, O4Real SA, Parking du Centre SA, Flonplex SA, Promisa SA, CC Management SA, Mobimo Zürich Nord AG

### Professional background

2004 – 2009 Head of Controlling, Mobimo, Küsnacht  
 2000 – 2004 Head of Controlling, Livit AG, Zurich  
 1999 – 2000 Auditor and consultant, Zurich  
 1988 – 1996 Various management positions in sales promotion (marketing)

### Education

1999 Business Administration degree (Business Economist HWV), FH Winterthur  
 1988 Completion of basic commercial and design studies

## Andreas Hämmerli (CH)

### Head of Development until 31 December 2017

Certified Architect HTL

Born in: 1957



Andreas Hämmerli headed the Development division of Mobimo from October 2008 to December 2017 and was thus responsible for all aspects of real estate development, construction and sales.

### Professional background

2003 – 2008 Managing Director, D4 Business Center Lucerne, Suva Asset Management (from 2007 member of the Executive Board of Suva Immobilien)  
 2000 – 2002 Head of Real Estate Consulting Switzerland (development, real estate trading/real estate trusts and first-time letting), Livit AG, Zurich (as member of the Executive Board)  
 1997 – 1999 Head of Real Estate Trading, Göhner Merkur AG, Zurich  
 1982 – 1997 Various roles in the architecture sector (development, project management, marketing, head of an architecture firm)

### Education

1982 Certified architect HTL, Burgdorf



## Marc Pointet (CH)

### Head of Mobimo Suisse romande

Certified architect ETH, Executive MBA HSG

Born in: 1974



Marc Pointet joined Mobimo in November 2006 and has been Head of Mobimo Suisse romande since March 2013. He has been a member of the Executive Board since April 2015.

#### Professional background

2006 – 2013	Head of Project Management team, Mobimo, Küsnacht
2004 – 2006	Branch Head, Karl Steiner AG, St. Moritz
2003 – 2004	Assistant to the CEO, Karl Steiner AG, Zurich
2002 – 2003	Project team member, Credit Suisse, Zurich

#### Education

2012	Executive MBA, University of St. Gallen (HSG)
2001	Architecture degree (Cert. Architect), ETH Zurich

## Thomas Stauber (CH)

### Head of Real Estate, Deputy CEO

Certified civil engineer ETH/SIA, NDS BWI

Born in: 1964



Thomas Stauber joined Mobimo in November 2011 and set up the Development for Third Parties business area. He has headed the Real Estate division since July 2014.

#### Member of Boards of Directors within the Mobimo Group

BSS&M Real Estate AG, FM Service & Dienstleistungs AG

#### Professional background

2011 – 2014	Head of Development for Third Parties, Mobimo, Küsnacht
2004 – 2011	Head of Acquisitions and Project Development, Allreal Generalunternehmung AG, Zurich (as a member of the Executive Board)
2002 – 2004	Managing Director, Bauengineering AG, Zurich
2000 – 2002	Head of Project Development, tk3 AG, Basel (as a member of the Executive Board)
1995 – 2000	Head of Technical Planning and Realisation of the Sony Center on Potsdamer Platz, Sony Berlin GmbH, Berlin
1989 – 1994	Project Managing Civil Engineer

#### Education

1994	Postgraduate studies in industrial management and manufacturing, ETH Zurich
1989	Cert. Civil Engineer, ETH Zurich

## Marco Tondel (CH)

### Head of Development effective 1 January 2018

Certified Architect ETH, Executive MBA ZHAW

Born in: 1974



Marco Tondel joined Mobimo in January 2012, working as Head of Development for Third Parties from 2014. In this function, he was responsible for the acquisition, development and sale of investment properties for third-party investors. He has been a member of the Executive Board since 1 January 2018 and heads up all of Mobimo's development activities.

#### Professional background

2014 – 2017	Head of Development for Third Parties, Mobimo, Küsnacht
2012 – 2014	Project Manager, Development for Third Parties, Mobimo, Küsnacht
2005 – 2011	Vice Director for Project Development for the Allreal portfolio and for third parties
2002 – 2005	Project Manager, Project Development and Design, BSS Architekten, Schwyz/Zurich
2000 – 2002	Project Manager, Design and Implementation, Architekturbüro Alioth Langlotz Stalder Buol, Zurich

#### Education

2008	Degree in Real Estate Investment Banking, European Business School, Wiesbaden
2005	Executive MBA, Zurich University of Applied Sciences, Winterthur
2000	Architecture degree (Cert. Architect), ETH Zurich

## Vinzenz Manser (CH)

### Head of Realisation effective 1 January 2018

Certified Architect HTL; MAS in Real Estate HWZ

Born in: 1967



Vinzenz Manser joined Mobimo in March 2002 and has been Head of Realisation since 2008. He is responsible for the realisation of construction projects, quality assurance and the handover of units to tenants and buyers. Vinzenz Manser has been a member of the Executive Board of Mobimo since 1 January 2018.

#### Professional background

2002 – 2008	Project Manager, Mobimo, Küsnacht
1999 – 2002	Overall Project Head, Mobag AG, Zurich
1994 – 1999	Construction manager, project lead, overall project head for various major construction projects, Caretta und Weidmann AG, Zurich
1993 – 1994	Planning manager and construction manager, Conarenco AG, Zurich
1990 – 1992	Construction manager and construction cost controller, Emch und Berger Zürich AG, Zurich

#### Education

2008	Master of Advanced Studies in Real Estate Management HWZ, Zurich
1997	Certified Architect HTL, Zurich
1990	Training as an underground engineering draughtsman, St. Gallen
1987	Training as a bricklayer, St. Gallen

## Executive Board

CEO	CFO	Head of Real Estate	Head of Mobimo Suisse romande	Head of Development	Head of Realisation (new as of 1.1.2018)
Dr. Christoph Caviezel	Manuel Itten	Thomas Stauber	Marc Pointet	Andreas Hämmerli (until 31.12.2017) Marco Tondel (effective 1.1.2018)	Vinzenz Manser

### Other activities and interests

The members of the Executive Board perform no long-term management or advisory functions for key Swiss or foreign interest groups, nor do they perform any official functions or hold any political offices.

In accordance with Article 12 paragraph 1 item 1 OaEC, the members of the Executive Board may exercise the following additional activities in senior executive or administrative bodies of legal entities that are required to be entered in the Commercial Register or a corresponding foreign register and are neither controlled by the company nor in control of the company:

- up to one mandate for companies (in Switzerland or abroad) that meet the conditions for a public limited company in accordance with Article 727 paragraph 1 item 1 of the Swiss Code of Obligations; and
- up to five mandates for companies that are not considered public limited companies in accordance with Article 727 paragraph 1 item 1 of the Swiss Code of Obligations.

There are no restrictions on mandates for legal entities that are not required to be entered in the Commercial Register or a corresponding foreign register, or on honorary directorships at organisations recognised for tax purposes as not-for-profit. The prior approval of the Board of Directors is required for such mandates and appointments.

### Management agreements

No management agreements have been concluded with third parties. There are service agreements between the Group companies and Mobimo Management AG and between the Group companies and FM Service & Dienstleistungen AG.

### Remuneration and profit-sharing

All information on the compensation of Mobimo's Board of Directors and Executive Board is provided in the separate compensation report from page 48 of this Annual Report.

### Shareholders' rights of participation

In connection with the shareholders' rights of participation, the relevant statutory provisions of Mobimo Holding AG are referred to below. The company's current Articles of Association are available at [www.mobimo.ch](http://www.mobimo.ch) under Investors > Corporate Governance > Articles of Association.

### Restrictions on voting rights and proxies

Only those persons entered in the share register are entitled to exercise their voting rights at General Meetings.

The Board of Directors may refuse to approve the transfer of registered shares, insofar as recognising a transferee as a shareholder may, according to the information available to it, hinder the company from providing proof of Swiss control as stipulated under federal law (in particular the Swiss Federal Act on the Acquisition of Immovable Property in Switzerland by Foreign Non-Residents, ANRA). The Board of Directors did not reject any entries in the share register in the year under review, insofar as shareholders provided the information required for entry (see above).

In accordance with Article 12 of the Articles of Association, any shareholder may be represented at the General Meeting by their legal representative, by a third party who has been granted written authorisation (and who does not need to be a shareholder), or by the independent proxy. The Board of Directors specifies the process and conditions for issuing authorisations and instructions to the independent proxy. Shareholders may issue general instructions both for proposals relating to agenda items set out in the invitation to the General Meeting and for undisclosed or new proposals. In particular, general instructions to vote in favour of the Board of Directors on proposals that are set out in the invitation or have not yet been disclosed are considered to be valid instructions on the exercise of voting rights. Shareholders have the option to receive their documents for the General Meeting or issue proxies and instructions to the independent proxy representative electronically via the Sherpany online shareholder platform.

The independent proxy is elected by the General Meeting. Natural persons and legal entities or partnerships are eligible for election. The term of office of the independent proxy ends at the end of the next Annual General Meeting. Reelection is permitted. If Mobimo does not have an independent proxy or the independent proxy is withdrawn due to a lack of independence or for any other reasons, an independent proxy is appointed by the Board of Directors for the current General Meeting or the next. Authorisations and instructions that have already been issued will remain valid for the new independent proxy, unless other authorisations and instructions have been explicitly issued by shareholders.

### **Quorum prescribed by the Articles of Association**

There is no quorum prescribed by the Articles of Association that goes beyond the statutory provisions on passing resolutions (Articles 703 and 704 of the Swiss Code of Obligations).

### **Convocation of General Meetings**

The convocation of General Meetings, the form of convocation and the right of shareholders to convene a General Meeting are governed by Articles 9 and 10 of the Articles of Association. The Annual General Meeting is convened by the Board of Directors or, if necessary, by the external auditor and is held once a year within six months of the end of the financial year. The Board of Directors may convene Extraordinary General Meetings at any time. Extraordinary General Meetings are to be convened by the Board of Directors on the basis of a resolution of the General Meeting, at the request of the auditor or if one or more shareholders who together represent at least 5% of the share capital request one in writing and submit the items for the agenda. Shareholders who represent shares with a nominal value totalling CHF 1 million may request that an item be placed on the agenda.

The liquidators also have the right to convene a General Meeting. The invitation to the General Meeting is issued at least 20 days prior to the date of the meeting via publication of a single notice in the Swiss Official Gazette of Commerce. Personal invitations are also sent to the shareholders entered in the share register giving the same notice. The invitation must set out all the items on the agenda together with the proposals of the Board of Directors and any shareholders who have requested that a General Meeting be convened. The annual report and auditor's report must be made available for inspection by shareholders at the company's registered office no later than 20 days prior to the Annual General Meeting. The availability of these reports and the right of shareholders to request that copies be sent to them must be indicated in the notice of convocation of the Annual General Meeting.

### **Agenda**

The statutory provisions set out in Article 699a of the Swiss Code of Obligations apply to the right of shareholders to propose agenda items referred to in Article 9 of the Articles of Association.

### **Entries in the share register**

Under Article 6 of the Articles of Association, anyone entered in the share register is recognised as a shareholder or usufructuary. Entry is conditional on the provision of evidence that the transfer meets formal requirements and is subject to the approval of the Board of Directors. The Board of Directors has transferred this approval authority to the Audit and Risk Committee. The Audit and Risk Committee has subsequently delegated all decisions that have no impact on stock exchange reporting thresholds or concern members of the Board of Directors or Executive Board to the CFO. No entries shall be made in the share register during a period ranging from a maximum of 20 days before the General Meeting up to the day after the General Meeting. Prior to the Annual General Meeting held in Lucerne on 27 March 2018, the share register will be closed for entries from 19 March 2018 onwards.

### **Compensation report**

The Board of Directors has decided to provide the shareholders with a compensation report each year and hold an annual consultative vote on it irrespective of whether or not there have been significant changes compared with the previous year. The compensation report can be found on pages 48 to 52 of this Annual Report.

### **Contributions to social and political organisations**

Following a consultative vote, the 2017 General Meeting approved the contributions made to social and political organisations in 2016 and authorised a budget of up to CHF 50,000 for contributions to social and political organisations in 2017. The budget was respected.

### **Change of control and defensive measures**

#### **Obligation to make an offer**

In view of the Swiss Federal Act on the Acquisition of Immovable Property in Switzerland by Foreign Non-Residents (ANRA), the company has chosen not to make use of the opportunity to include an opting-out or opting-up clause in its Articles of Association. The legal provisions under Article 135 Sesta governing the obligation to make a purchase offer therefore apply. Anyone who acquires shares directly, indirectly or by mutual agreement with third parties, with the result that their total holding, including the securities they already own, exceeds the threshold of 33% of the voting rights of a listed company, whether exercisable or not, must make an offer to acquire all listed shares of said company.

#### **Change of control clauses**

There are no change of control clauses.

### **Auditor**

#### **Duration of mandate and term of office of lead auditor**

Since Mobimo Holding AG was established in December 1999, the company's statutory auditor has been KPMG AG, Lucerne. The statutory auditor is appointed annually by the Annual General Meeting. Kurt Stocker has been lead auditor since 2013. His maximum term of office is seven years. The frequency of rotation corresponds to the legal regulation.

#### **Audit fee and additional fees**

The fees charged by KPMG AG for auditing the 2017 financial year were CHF 0.4 million (prior year: CHF 0.4 million). This figure includes the fees for auditing the consolidated financial statements, the statutory individual financial statements of all subsidiaries and the compensation report, and for reviewing the semi-annual result.

In the year under review, KPMG AG invoiced an additional fee of CHF 0.1 million (prior year: 0.1 million) for tax consulting services.

The fee paid to the independent property valuer Jones Lang LaSalle AG for the 2017 financial year amounted to CHF 0.5 million (prior year: CHF 0.4 million to Wüest Partner; CHF 0.1 million to Jones Lang LaSalle AG).



#### Information instruments of the external auditors

The Audit and Risk Committee usually holds two meetings with the auditors every year, at the time of the semi-annual results and the annual results. The Chairman of the Board of Directors, the Chairman of the Audit and Risk Committee and the auditors meet once a year. The Audit and Risk Committee receives the results of the audit in a comprehensive report and an accompanying presentation on the main findings.

#### Information policy

Mobimo Holding AG provides its shareholders and the capital market with information that is forthright, up to date and as transparent as possible.

The publication used by the company to make official announcements is the Swiss Official Gazette of Commerce (SOGC).

Financial reporting takes the form of semi-annual and annual reports. The consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and the consolidated interim financial statements in accordance with International Accounting Standard 34 (IAS 34) on interim financial reporting. They comply with both Swiss law and the provisions of the listing rules and additional rules for the listing of real estate companies issued by SIX Swiss Exchange.

The company is also subject to the obligation in respect of ad hoc publicity pursuant to Article 53 of the listing rules. Ad hoc news is available at [www.mobimo.ch](http://www.mobimo.ch) under Investors > Ad hoc news, and the form to sign up for the newsletter and ad hoc news can be found at [www.mobimo.ch](http://www.mobimo.ch) under Investors > Investor Services.

Further information about the company can be found on its website at [www.mobimo.ch](http://www.mobimo.ch).

#### Contact

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CH-6000 Lucerne 7

Dr. Christoph Caviezel, CEO  
Tel. +41 44 397 15 55  
[ir@mobimo.ch](mailto:ir@mobimo.ch)

# COMPENSATION REPORT

## The aim of Mobimo's compensation plan is to recruit, motivate and retain the loyalty of highly qualified managers.

The compensation report is drawn up in line with the Ordinance Against Excessive Compensation in Listed Companies (ERCO) of 20 November 2013, the SIX Swiss Exchange Directive Corporate Governance (DCG) and the principles of the economiesuisse Swiss Code of Best Practice for Corporate Governance.

This compensation report sets out the mechanisms used to determine the compensation and profit-sharing plans of the Board of Directors and Executive Board, along with the key provisions of the Articles of Association. It also provides a comparison of the compensation approved by the General Meeting and the compensation actually paid.

### Compensation of the Board of Directors

#### Principles

Article 22 of the Articles of Association governs the compensation of the Board of Directors. The Articles of Association are available at [www.mobimo.ch](http://www.mobimo.ch) under Investors > Corporate Governance > Articles of Association.

The members of the Board of Directors are entitled to compensation commensurate with their activities and to reimbursement of their expenses incurred in performing their duties in the interest of the company. All members of the Board of Directors are compensated on the basis of the same principles. The compensation model for members of the Board of Directors is modular in structure and takes account of the activities actually undertaken and functions

occupied by each member of the Board of Directors. The compensation of members of the Board of Directors is paid in addition to social insurance and pension contributions. Given the governance and supervisory function and the focus of the Board of Directors on long-term corporate strategy, the members of the Board of Directors do not receive performance-related compensation.

A portion of their compensation may be paid out in the form of shares. The number of shares allocated and the dates of allocation and transfer of ownership are approved by the Board of Directors at the request of the Nomination and Compensation Committee. The value of the shares is calculated based on the share price applicable on the date of allocation. The Board of Directors sets a vesting period, which is usually five years. From the date of allocation, the shares have both voting and dividend rights.

#### Approval of compensation by the General Meeting

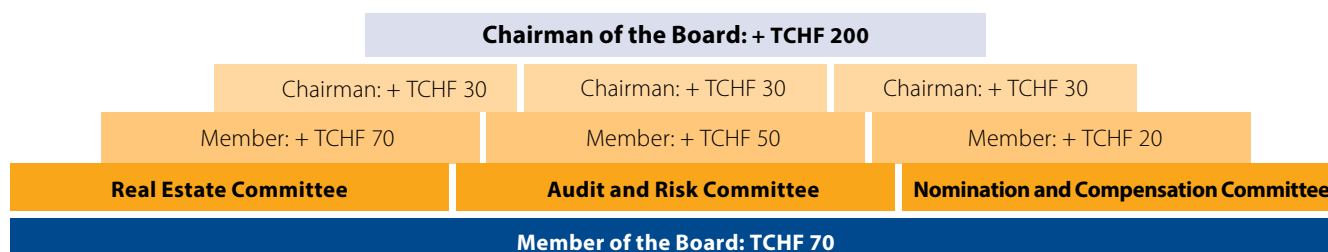
The maximum total amount of compensation payable to the Board of Directors must be approved annually in advance by the General Meeting for the period until the end of the next Annual General Meeting.

If the total amount of compensation payable to the Board of Directors is not approved, the Board of Directors may either submit a new proposal to the same General Meeting or convene an Extraordinary General Meeting at which it will submit a new proposal for the total amount.

#### Modular fixed compensation of the Board of Directors

The compensation of members of the Board of Directors consists of various modules depending on the relevant member's activities.

### Modular and function-related compensation of the Board of Directors



At the request of the Nomination and Compensation Committee, the Board of Directors may decide to pay part of the compensation in the form of shares.

It comprises a fixed basic compensation amount, plus fixed supplements for additional activities carried out and functions occupied. The basic compensation is CHF 70,000 per year for each member of the Board of Directors. The following fixed supplements are paid out for additional activities:

For activities exercised on a Board Committee:

- as a member of the Real Estate Committee (IC) CHF 70,000,
- as a member of the Audit Committee (AC) CHF 50,000,
- as a member of the Nomination and Compensation Committee (NCC) CHF 20,000.

For acting as Chairman:

- Chairman of the Board of Directors CHF 200,000,
- Chairman of a Board Committee CHF 30,000.

This ensures that the compensation paid to the Board of Directors is in line with the time required for their activities and the level of responsibility involved.

## Compensation of the Executive Board

### Principles

Articles 28 and 29 of the Articles of Association govern the compensation of the Executive Board. The Articles of Association are available at [www.mobimo.ch](http://www.mobimo.ch) under Investors > Corporate Governance > Articles of Association.

The compensation system must ensure the members of the Executive Board receive compensation in line with their success in implementing the strategy and their contribution to corporate performance. It is based on the three principles described below:

#### Performance-related

- Variable compensation is calculated using quantitative (35%) and qualitative (65%) criteria
- The compensation system is linked to the implementation of the corporate strategy

#### Competitive, in line with the market and transparent

- Attracts and retains highly qualified management
- Compensation is fair and reasonable in both an internal and external comparison with major listed Swiss real estate companies

#### Aligned with the interests of the shareholders

- Promotes outstanding performance and the generation of added value in the interests of the shareholders
- Variable compensation of at least 50% in the form of vested shares as a long-term incentive

The total compensation payable to each member of the Executive Board consists of a basic salary (incl. expenses allowance), any other non-performance-related elements and a performance-related element, plus social insurance contributions, ancillary pay and

pension contributions. Total compensation takes into account the level of responsibility, area of responsibility, expertise and function of the Executive Board member in question, their achievement of objectives and market conditions.

It is set by the entire Board of Directors at the request of the Nomination and Compensation Committee in line with market conditions, with a particular focus on salary levels in the Swiss real estate market, and reviewed annually. Salaries are compared against the major Swiss real estate companies listed on the SIX Swiss Exchange: Swiss Prime Site AG, PSP Swiss Property AG, Allreal Holding AG, Intershop Holding AG, Zug Estates Holding AG and Warteck Invest AG. This competitive compensation system should enable Mobimo to recruit the senior managers it wants from the relatively small pool of suitable executives and retain them for the company for the long term.

### Approval by the General Meeting

The maximum total amount of performance-related compensation payable to the Executive Board must be approved annually by the General Meeting for the financial year in which the General Meeting in question takes place. No performance-related compensation may be paid for the period in question before approval is given.

The maximum total amount of non-performance-related compensation payable to the Executive Board must be approved annually by the General Meeting for the financial year following the General Meeting in question.

If the total amount of compensation payable to the Executive Board is not approved, the Board of Directors may either submit a new proposal to the same General Meeting or convene an Extraordinary General Meeting at which it will submit a new proposal for the total amount of non-performance-related/performance-related compensation.

### Fixed compensation of the Executive Board

Like total compensation, the fixed salary is geared to the actual area of responsibility, professional requirements and expertise of each member of the Executive Board and the amount of work involved, and is paid in monthly instalments.

### Performance-related compensation of the Executive Board

The performance-related compensation payable to members of the Executive Board is based on the quantitative and qualitative objectives and parameters set by the Board of Directors. The Board of Directors issues regulations governing the details of performance-related compensation. In accordance with currently applicable employment contracts, the maximum performance-related compensation payable to each individual member of the Executive Board is limited to 100% of their non-performance-related gross salary, despite the Articles of Association allowing an upper limit of 150%. At least 50% of the variable compensation is paid as a long-term incentive, i.e. in shares in the company. The shares issued are subject to a vesting period of generally five years.

### Profit-sharing model

In accordance with the compensation regulations in force since 1 January 2015, the payment of the performance-related element of Executive Board members' compensation is conditional on certain quantitative targets being met by the company (65%) and on individual performance targets (qualitative targets) being met (35%). Under the compensation regulations, variable compensation is capped at 100% of the fixed gross salary.

Based on the corporate strategy, the Board of Directors has defined the key performance figure for calculating the extent to which quantitative targets have been met as the return on equity before accumulated revaluation income.

However, entitlement to compensation as a result of quantitative targets being met is conditional on the company achieving a minimum return on equity before revaluation income of 4.5%. Once this minimum return on equity has been achieved, the entitlement of the Executive Board members rises on a straight-line basis within a range defined by the Board of Directors.

The Board of Directors may reduce this portion of the variable compensation in line with the regulations if shareholders do not receive a dividend/capital repayment at least equivalent to that of the prior year.

Qualitative targets may comprise individual performance targets such as company, segment or function-specific targets or personal targets, as well as economic and/or market-relevant key figures. Every year, the Nomination and Compensation Committee sets objectives based on Mobimo's corporate strategy, which are then used to determine individual performance targets. The Chairman of the Executive Board then submits a concrete proposal for individual performance targets to the Nomination and Compensation Committee. The targets are then approved by the Nomination and Compensation Committee.

The extent to which qualitative targets have been met is assessed once a year, after the end of the financial year. The assessment is carried out in a first phase by the Chairman of the Executive Board for his fellow members of the Executive Board and the Chairman of the Board of Directors for his fellow members of the Board of Directors. In the second, the assessment is carried out by the Nomination and Compensation Committee. Whether or not a member of the Executive Board has met their target determines their individual entitlement to the portion of performance-related contribution based on the qualitative objectives.

### Payment of performance-related compensation

Performance-related compensation is always paid in the following year, at the latest prior to the date of the General Meeting.

At least 50% of the variable compensation is paid as a long-term incentive, i.e. in shares in the company. The shares are subject to a vesting period of generally five years. At the request of the

Nomination and Compensation Committee, the Board of Directors determines the dates of allocation and transfer of ownership, and the vesting periods. The share value equals the share price on the date of allocation. From the date of allocation, the shares have both voting and dividend rights.

The Board of Directors may decide to shorten or waive vesting periods, make compensation conditional on the achievement of objectives or not pay compensation at all due to the occurrence of pre-defined events such as a change of control or termination of an employment relationship. In particular, members of the Executive Board who are released from their contracts generally still receive a pro rata portion of the contractually agreed compensation until the end of their employment contract unless the employer terminated the employment relationship for good cause attributable to the employee. Performance-related compensation is generally also paid unless the member in question provided good cause for termination. In each individual case, the Board of Directors decides whether or not the compensation is to be paid and whether vesting periods are to be waived on the basis of the employment contract and the specific circumstances.

The company is entitled to the repayment of all variable compensation paid out on the basis of annual financial statements that do not reflect the company's actual results due to criminal activities or other forms of manipulation. The amount of the repayment entitlement corresponds to the extent of the falsification.

### Additional amount for compensation payable to members appointed after the General Meeting

Article 29 of the Articles of Association governs the additional amount for compensation payable to members appointed after the General Meeting. The Articles of Association are available at [www.mobimo.ch](http://www.mobimo.ch) under Investors > Corporate Governance > Articles of Association.

For each member of the Executive Board appointed after the General Meeting that voted on the total amount of compensation, there is an additional amount of 30% of the total compensation for the Executive Board already approved in advance for the relevant periods. This amount also covers the period between the member in question's appointment and the start of the already approved period. The additional amount that is actually used does not need to be approved by the General Meeting.

Within the limits of the total amount or additional amount already approved, the company may pay a new member of the Executive Board a joining bonus to offset any losses incurred due to the change of position.



### Comparison of compensation actually paid and the compensation approved by the General Meeting

The table below shows the approved compensation elements payable to the Board of Directors and Executive Board and compares the figures with the actual amounts recorded in 2017. In accordance with the Articles of Association, compensation payable to the Board of Directors is approved in advance for the period until the next Annual General Meeting. As a result, the approved compensation amount is reduced to the nine-month figure on a straight-line basis and compared with the payments recognised in the income statement for the period from April to December 2017.

BoD TCHF	Approved 28.3.2017 – 27.3.2018	Approved 28.3.2017 – 31.12.2017 (9 Monate/pro rata)	Paid 28.3.2017 – 31.12.2017	Approved 29.3.2016 – 28.3.2017	Paid 29.3.2016 – 28.3.2017
Fixed compensation incl. shares	1,300	975	943	1,300	1,258
Compensation for related parties	n/a	n/a	n/a	100	55

Executive Board TCHF	Approved 1.1.2017 – 31.12.2017	Paid 1.1.2017 – 31.12.2017	Approved 1.1.2016 – 31.12.2016	Paid 1.1.2016 – 31.12.2016
Fixed compensation	2,850	2,722	2,800	2,734
Performance-related compensation	2,850	1,537	2,800	2,345

### Compensation report for the 2017 financial year in accordance with the Ordinance Against Excessive Compensation in Listed Companies

#### Compensation payable to the Board of Directors and Executive Board and related parties

In the year under review, the members of the Board of Directors, related parties and the Executive Board received compensation as set out below.

#### Compensation payable to the Board of Directors

Name, function (TCHF)	Fees, salary	Shares	Social security contributions	2017 Total	Fees, salary	Shares	Social security contributions	2016 Total
<b>BoD</b>	<b>1,119</b>	<b>81</b>	<b>56</b>	<b>1,256</b>	<b>910</b>	<b>290</b>	<b>58</b>	<b>1,258</b>
Georges Theiler, Chairman BoD	340	0	21	361	340	0	21	361
Brian Fischer, BoD	170	0	12	182	55	115	10	180
Wilhelm Hansen, BoD	109	31	9	149	15	125	8	148
Peter Schaub, BoD	170	0	0	170	170	0	0	170
Daniel Crausaz, BoD	120	0	2	122	120	0	8	128
Bernard Guillemon, BoD	120	0	9	129	120	0	8	128
Peter Barandun, BoD	90	50	3	143	90	50	3	143

### Additional compensation payable to members of the Board of Directors and related parties or companies

No request was submitted to the 2017 Annual General Meeting for a sum for additional compensation of members of the Board of Directors and related parties or companies.

### Compensation payable to the Executive Board

Name, function (TCHF)	2017 Total	2016 Total	2017 Christoph Caviezel, CEO	2016 Christoph Caviezel, CEO
Fees, salary	2,198	2,198	703	703
Profit-sharing in cash	715	1,092	229	350
Profit-sharing in shares	717	1,093	229	350
Other contributions <sup>1</sup>	629	696	212	230
<b>Total</b>	<b>4,259</b>	<b>5,079</b>	<b>1,373</b>	<b>1,633</b>

<sup>1</sup> The other payments relate to pension contributions, any service anniversary gifts, private use of vehicles and employer's social insurance contributions.

Amounts for the 2017 financial year reflect the expense reported in the consolidated financial statements for the year under review (accrual accounting).

The General Meeting of 28 March 2017 approved fixed compensation of CHF 2.85 million for the Executive Board for the 2017 financial year.

Share-based compensation for the Executive Board was based on the assumption that a ratio of 50% (prior year: 50%) as stipulated in the compensation regulations applies.

### Loans and credit facilities granted to the Board of Directors, Executive Board and related parties

No loans or credit facilities were granted to members of the Board of Directors, Executive Board or related parties in the 2017 financial year, and there were no such receivables outstanding as at 31 December 2017.



# Report of the Statutory Auditor

## To the General Meeting of Shareholders of Mobimo Holding AG, Lucerne

We have audited the remuneration report dated 31 December 2017 of Mobimo Holding AG for the year ended 31 December 2017. The audit was limited to the information according to articles 14-16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies contained in the sections "Compensation report for the 2015 financial year in accordance with the Ordinance Against Excessive Compensation in Listed Companies" on pages 51 to 52 of the compensation report.

### Responsibility of the Board of Directors

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 against Excessive compensation in Stock Exchange Listed Companies (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 31 December 2017 of Mobimo Holding AG complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

A blue ink signature of Kurt Stocker, consisting of a stylized 'K' and 'S' intertwined.

Kurt Stocker  
Licensed Audit Expert  
Auditor in Charge

A blue ink signature of Reto Kaufmann, consisting of a stylized 'R' and 'K' intertwined.

Reto Kaufmann  
Licensed Audit Expert

Lucerne, 7 February 2018

KPMG AG, Pilatusstrasse 41, PO Box, CH-6003 Lucerne

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## PREDICTING THE FUTURE OF TRANSPORT

**Creating a transport planning system as part of the development of a district is a complicated affair. Specialist transport planners like Guido Gisler are familiar with the challenges these systems involve. They are much more complex than simply determining the number of parking spaces to be created.**

There are a wide range of complicated requirements needing to be met in a major project when implementing such a transport planning system and setting up the necessary infrastructure, including taking all traffic flows into account – pedestrians, cyclists, cars and public transport – and predicting their development. On the Mattenhof development, the transport planning office TEAMverkehr.zug ag entrusted Guido Gisler with this task as the project lead. His starting point in devising the necessary concepts and calculations is always the status quo. “The road network surrounding the Mattenhof site is already overburdened,” he said. “We had to run a simulation of how the development would affect the roads in future so that the planners and architects could plan everything – from the barrier systems and bicycle parking facilities to the underground car park exits – to ensure that the additional traffic would be absorbed without any problems.” The new development will bring additional traffic into the area, despite the fact that the Mattenhof site will be a low-traffic area. “We have put a great deal of hard work into reducing the number of parking spaces in this area,” explained Guido Gisler. “This means that there will not be a parking space for every apartment, which makes sense for a development in such a good location.” Gisler is of the opinion that there must be an appropriate and proportionate number of parking spaces. “We have ensured that this is indeed the case with the Mattenhof site thanks to the development of the multi-storey car park already in place and the two relatively small underground car parks.”



Transport planner Guido Gisler has put a great deal of hard work into the Mattenhof development.

Expanded: the multi-storey car park on the Mattenhof site.





# FINANCIAL REPORT



# CONSOLIDATED INCOME STATEMENT

TCHF	Note	2017	2016
Income from rental of properties	4	111,014	114,654
Income from sale of trading properties and development services	7	199,650	151,792
Other income		3,702	3,161
<b>Revenue</b>		<b>314,366</b>	<b>269,607</b>
Gains from revaluation of investment properties	5	64,159	114,652
Losses on revaluation of investment properties	5	-36,878	-33,948
<b>Net income from revaluation</b>		<b>27,281</b>	<b>80,704</b>
<b>Profit on disposal of investment properties</b>	6	<b>27,470</b>	<b>34,945</b>
Direct expenses for rented properties	4	-16,875	-18,426
Direct expenses from sale of trading properties and development services	7	-174,956	-127,932
<b>Direct operating expenses</b>		<b>-191,831</b>	<b>-146,358</b>
Capitalised own-account services		6,887	5,416
Personnel expenses	17	-25,351	-27,302
Operating expenses	21	-10,871	-8,989
Administrative expenses	22	-2,962	-2,990
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>		<b>144,988</b>	<b>205,034</b>
Depreciation	25	-1,685	-1,714
Amortisation and impairment losses	26	-1,006	-3,008
<b>Earnings before interest and tax (EBIT)</b>		<b>142,298</b>	<b>200,312</b>
Share of profit of equity-accounted investees		2,192	2,715
Financial income		2,974	2,595
Financial expense		-31,536	-31,075
<b>Financial result</b>	11	<b>-28,562</b>	<b>-28,479</b>
<b>Earnings before tax (EBT)</b>		<b>115,927</b>	<b>174,548</b>
Tax expense	20	-24,436	-15,130
<b>Profit</b>		<b>91,492</b>	<b>159,418</b>
Of which attributable to the shareholders of Mobimo Holding AG		91,650	158,656
Of which attributable to non-controlling interests		-158	762
EBITDA not including revaluation		117,708	124,330
Operating result (EBIT) not including revaluation		115,017	119,609
Earnings before tax (EBT) not including revaluation		88,646	93,844
Earnings per share in CHF	33	14.74	25.52
Diluted earnings per share in CHF	33	14.74	25.52

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TCHF	Note	2017	2016
<b>Profit</b>		<b>91,492</b>	<b>159,418</b>
<b>Items that may be reclassified subsequently to income statement</b>		<b>3,440</b>	<b>-3,314</b>
• Profit/loss on financial instruments for hedge accounting	12	4,258	-4,409
• Reclassification adjustments for amounts recognised in income statement		155	157
• Tax effects	20	-973	939
<b>Items that will not be reclassified to income statement</b>		<b>29</b>	<b>-691</b>
• Remeasurement in staff pension schemes	18	36	-817
• Tax effects	20	-7	126
<b>Total other comprehensive income</b>		<b>3,470</b>	<b>-4,005</b>
Of which attributable to the shareholders of Mobimo Holding AG		3,470	-4,005
Of which attributable to non-controlling interests		0	0
<b>Total comprehensive income</b>		<b>94,961</b>	<b>155,413</b>
Of which attributable to the shareholders of Mobimo Holding AG		95,119	154,651
Of which attributable to non-controlling interests		-158	762

# CONSOLIDATED BALANCE SHEET

TCHF	Note	31.12.2017	31.12.2016
<b>Assets</b>			
<b>Current assets</b>			
Cash	14	87,103	173,869
Trade receivables	23	73,749	13,479
Financial assets	28	150,000	0
Income tax receivables		13,089	8,773
Other receivables	24	24,546	25,605
Trading properties	8	201,845	304,844
Accrued income and prepaid expenses		2,565	2,431
<b>Total current assets</b>		<b>552,897</b>	<b>529,002</b>
<b>Non-current assets</b>			
Investment properties			
• Commercial properties	5	1,367,490	1,373,488
• Residential properties	5	730,650	724,076
• Development properties	5	118,960	121,104
• Investment properties under construction	5	366,660	228,130
Property, plant and equipment			
• Owner-occupied properties	25	13,454	13,982
• Other property, plant and equipment	25	5,889	3,570
Intangible assets	26	8,069	6,274
Investments in associates and joint ventures	27	27,968	27,609
Financial assets	28	1,849	1,966
Deferred tax assets	20	1,811	2,488
<b>Total non-current assets</b>		<b>2,642,799</b>	<b>2,502,686</b>
<b>Total assets</b>		<b>3,195,695</b>	<b>3,031,688</b>



TCHF	Note	31.12.2017	31.12.2016
<b>Equity and liabilities</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Current financial liabilities	12	204,421	92,597
Trade payables		29,604	31,384
Current tax liabilities		10,433	25,397
Derivative financial instruments	12/16	22	0
Other payables	29	5,055	10,133
Advance payments from buyers	10	1,923	11,197
Accrued expenses and deferred income	30	37,034	32,471
<b>Total current liabilities</b>		<b>288,492</b>	<b>203,181</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities	12	1,308,407	1,256,804
Employee benefit obligation	18	6,053	7,163
Derivative financial instruments	12/16	32,758	39,834
Deferred tax liabilities	20	160,878	158,440
<b>Total non-current liabilities</b>		<b>1,508,095</b>	<b>1,462,241</b>
<b>Total liabilities</b>		<b>1,796,588</b>	<b>1,665,421</b>
<b>Equity</b>	15		
Share capital		180,327	180,327
Treasury shares		-133	-446
Capital reserves		145,390	207,466
Retained earnings		1,058,352	963,589
<b>Total equity attributable to the shareholders of Mobimo Holding AG</b>		<b>1,383,935</b>	<b>1,350,936</b>
<b>Attributable to non-controlling interests</b>		<b>15,172</b>	<b>15,331</b>
<b>Total equity</b>		<b>1,399,108</b>	<b>1,366,267</b>
<b>Total equity and liabilities</b>		<b>3,195,695</b>	<b>3,031,688</b>

# CONSOLIDATED CASH FLOW STATEMENT

TCHF	Note	2017	2016
Earnings before tax		115,927	174,548
Net gains from revaluation of investment properties	5	-27,281	-80,704
Share-based payments	19	799	1,350
Depreciation on property, plant and equipment and amortisation of lease incentives		2,314	2,590
Amortisation of intangible assets	26	1,006	3,008
Profit on disposal of investment properties	6	-27,470	-34,945
Profit on disposal/derecognition of property, plant and equipment		-20	-2
Loss on disposal/derecognition of intangible assets		1	0
Share of profit of associates and joint ventures		-2,192	-2,715
Financial result	11	28,562	28,479
Changes			
• Trade receivables		-60,223	-7,053
• Trading properties		103,630	52,252
• Other receivables and accrued income and prepaid expenses		1,106	-20,498
• Employee benefit obligation		-1,074	506
• Trade payables		-3,727	3,161
• Advance payments from buyers		-9,275	-1,820
• Other liabilities and accrued expenses and deferred income		-4,649	1,656
Income tax paid		-38,842	-38,230
<b>Net cash from operating activities</b>		<b>78,593</b>	<b>81,582</b>
Investments in financial assets		-150,000	-117
Acquisition of subsidiaries, net of cash acquired	34	0	-10,851
Acquisition of investment properties	5	-183,428	-85,795
Acquisition of property, plant and equipment	25	-3,475	-1,488
Acquisition of intangible assets	26	-2,802	-2,297
Disposal of financial assets		117	0
Disposal of property, plant and equipment		20	2
Disposal of investment properties less selling costs		123,842	157,702
Disposal of associates		100	0
Dividends received		1,690	1,245
Interest received		41	183
<b>Net cash used in investing activities</b>		<b>-213,895</b>	<b>58,584</b>
Proceeds from financial liabilities	12	278,591	0
Repayment of financial liabilities	12	-133,836	-89,894
Distribution of capital contribution reserves	15	-62,174	-62,153
Acquisition of non-controlling interests		0	-208
Purchase of treasury shares	15	-745	-1,511
Interest paid		-33,300	-35,427
<b>Net cash used in financing activities</b>		<b>48,536</b>	<b>-189,193</b>
<b>Decrease in cash</b>		<b>-86,766</b>	<b>-49,028</b>
Cash at beginning of reporting period		173,869	222,897
<b>Cash at end of reporting period</b>		<b>87,103</b>	<b>173,869</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TCHF	Note	Share capital	Treasury shares	Capital reserves	Hedging reserve	Other retained earnings	Total retained earnings	Equity attributable to the shareholders of Mobimo Holding AG	Non-controlling interests	Total equity
<b>At 1 January 2016</b>		<b>180,327</b>	<b>-262</b>	<b>269,577</b>	<b>-21,187</b>	<b>830,162</b>	<b>808,975</b>	<b>1,258,617</b>	<b>6,074</b>	<b>1,264,691</b>
Profit 2016						158,656	158,656	158,656	762	159,418
Cash flow hedges:	12									
• Change in fair value					-4,409		-4,409	-4,409		-4,409
• Transfer to income statement					157		157	157		157
• Tax effects					939		939	939		939
Staff pension schemes:	18									
• Remeasurement						-817	-817	-817		-817
• Tax effects						126	126	126		126
<b>Other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>-3,314</b>	<b>-691</b>	<b>-4,005</b>	<b>-4,005</b>	<b>0</b>	<b>-4,005</b>
<b>Total comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>-3,314</b>	<b>157,965</b>	<b>154,651</b>	<b>154,651</b>	<b>762</b>	<b>155,413</b>
Distribution of capital contribution reserves	15			-62,153				-62,153		-62,153
Share-based payments:	19									
• Board of Directors and management			1,327	42		-19	-19	1,350		1,350
Purchase of treasury shares			-1,511					-1,511		-1,511
Non-controlling interests arising from acquisition									8,928	8,928
Acquisition of non-controlling interests						-17	-17	-17	-433	-450
<b>At 31 December 2016/ 1 January 2017</b>		<b>180,327</b>	<b>-446</b>	<b>207,466</b>	<b>-24,500</b>	<b>988,090</b>	<b>963,589</b>	<b>1,350,936</b>	<b>15,331</b>	<b>1,366,267</b>
Profit 2017						91,650	91,650	91,650	-158	91,492
Cash flow hedges:	12									
• Change in fair value					4,258		4,258	4,258		4,258
• Transfer to income statement					155		155	155		155
• Tax effects					-973		-973	-973		-973
Staff pension schemes:	18									
• Remeasurement						36	36	36		36
• Tax effects						-7	-7	-7		-7
<b>Other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>3,440</b>	<b>29</b>	<b>3,470</b>	<b>3,470</b>	<b>0</b>	<b>3,470</b>
<b>Total comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>3,440</b>	<b>91,679</b>	<b>95,119</b>	<b>95,119</b>	<b>-158</b>	<b>94,961</b>
Distribution of capital contribution reserves	15			-62,174				-62,174		-62,174
Share-based payments:	19									
• Board of Directors and management			1,057	98		-357	-357	799		799
Purchase of treasury shares			-745					-745		-745
<b>At 31 December 2017</b>		<b>180,327</b>	<b>-133</b>	<b>145,390</b>	<b>-21,060</b>	<b>1,079,412</b>	<b>1,058,352</b>	<b>1,383,935</b>	<b>15,172</b>	<b>1,399,108</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

## GENERAL INFORMATION

### 1. Business activities

Mobimo Holding AG is the parent company of the Mobimo Group, which operates exclusively in Switzerland.

Its business activities consist of the long-term holding and management of commercial, industrial and residential properties, the construction and selling of owner-occupied residential properties and the development of commercial and residential properties for its own portfolio and third-party investors.

Mobimo Holding AG is a public limited company under Swiss law, headquartered in Lucerne and listed on the SIX Swiss Exchange.

### 2. Group accounting policies

#### General information

The consolidated annual financial statements of Mobimo Holding AG are prepared in accordance with International Financial Reporting Standards (IFRS) and comply with legislation in Switzerland as well as with Article 17 of the Directive on Financial Reporting issued by the SIX Swiss Exchange.

Consolidation takes place on the basis of the individual financial statements from the Group companies. These statements are audited and drawn up in accordance with standardised guidelines. The reporting date is 31 December.

All amounts contained in the consolidated annual financial statements are shown in thousands of Swiss francs (TCHF), unless stated otherwise. The sums and totals of the individual positions may be larger or smaller than 100% due to rounding.

The consolidated annual financial statements have been prepared in accordance with the cost principle, with the exception of investment properties, investment properties under construction and derivatives, which are recognised at fair value, and investments in associates and joint ventures, which are initially valued at cost and subsequently according to Mobimo's share of equity.

The Notes to the Consolidated Financial Statements are divided into what Mobimo considers relevant sections to facilitate an understanding of the company's income and financial situation. Similarly, for the purpose of facilitating comprehension, the accounting principles applied and material uncertainties regarding estimations are expounded at the beginning of each relevant Note.

### Use of estimates and assumptions and the application of judgement

In preparing the consolidated annual financial statements in accordance with IFRS, management is required to make estimates and assumptions and apply its judgement in its application of the accounting policies. This can influence reported income, expenses, assets, liabilities and contingent assets and liabilities at the time the statements are drawn up. The estimates and assumptions used are based on past experience as well as on other factors which appear plausible at that specific point in time. If actual results in the future differ from such estimates and assumptions, the initial estimates and assumptions will be adjusted in the applicable reporting period accordingly.

The main estimates and assumptions used in the valuation of assets and liabilities are described in the following Notes:

- Fair value of investment properties, page 70
- Estimate of costs for trading properties and development services, page 79
- Income tax, page 95

### Changes in accounting policies

With effect from 1 January 2017, Mobimo uses the following newly applicable or amended standards and interpretations:

- Amendments to IFRS – Annual Improvements to IFRS 2014 – 2016
- Amendments to IAS 7 – Disclosure Initiative
- Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses

Due to the amendments to IAS 7, a reconciliation between the opening and closing balance sheet amounts for financial liabilities is reported for the first time. This can be found in Note 12. The amendments otherwise had no effect on the 2017 consolidated annual financial statements.

As regards information in the balance sheet, the following change has been made: in the case of property gains tax, escrow property tax payments made to the tax authorities in the event of a sale are offset against the tax liability calculated for every property sold. If this produces a receivable, this was previously reported in Other receivables. Now, this receivable will be posted in Income tax receivables (reclassification of CHF 10.0 million). The previous year has likewise been amended accordingly (reclassification of



CHF 5.8 million). If this offsetting resulted in a tax liability for the property, this was previously already reported in Liabilities from income tax.

### Standards/interpretations published but not yet applied

The following new and amended standards and interpretations were approved, but did not or will not take effect until a later date. They have not been adopted in advance in these consolidated annual financial statements. The impact on Mobimo's consolidated annual financial statements has not yet been systematically analysed. Consequently, their anticipated impact as disclosed in the footnotes to the table represents merely an initial estimate by the Executive Board.

Standard/Interpretation			Entry into force	Planned application by Mobimo (financial year)
Amendments to IFRSs 2014 - 2016	Annual Improvements to IFRSs 2014 – 2016 Cycle	*	1.1.2017/ 1.1.2018	2017 financial year/ 2018 financial year
IFRS 9	Financial Instruments	**	1.1.2018	2018 financial year
IFRS 15	Revenue from Contracts with Customers and related Clarifications	**	1.1.2018	2018 financial year
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions	*	1.1.2018	2018 financial year
IFRIC 22	Foreign Currency Transactions and Advance Considerations	*	1.1.2018	2018 financial year
Amendments to IAS 40	Transfer to and from Investment Property	*	1.1.2018	2018 financial year
IFRS 16	Leases	**	1.1.2019	2019 financial year
IFRIC 23	Uncertainty over Income Tax Treatments	*	1.1.2019	2019 financial year
Amendments to IFRSs 2015 - 2017	Annual Improvements to IFRSs 2015 – 2017 Cycle	*	1.1.2019	2019 financial year
Amendments to IAS 28	Long-term interests in associates and joint ventures	*	1.1.2019	2019 financial year

\* No impact or no significant impact expected on Mobimo's consolidated financial statements.

\*\* Mobimo is currently analysing the impact. See the Notes below for the individual standards.

### IFRS 9 – Financial Instruments

IFRS 9 Financial Instruments governs the classification and measurement of financial assets and liabilities as well as hedge accounting, and replaces standard IAS 39. Reductions have been made, for example, to the number of categories of financial assets, and the provisions for hedge accounting have been revised. Furthermore, an expected credit loss must be posted for financial assets upon being recognised in the balance sheet with the new impairment model. Based on the analysis performed, Mobimo believes that the application of the impairment model required under IFRS 9 will only have a negligible impact. The other changes will likewise at most have insignificant effects, or will result in specific changes being made to the designations and presentation of financial instruments in the annual report.

### IFRS 15 – Revenue Recognition

IFRS 15 introduces a new approach to revenue recognition according to which revenue is recognised when control of a product or service passes to the customer (instead of the previous approach

based on the time of the transfer of the risks and rewards of ownership). This consequently also redefines the scope for the application of the percentage of completion (POC) method. Instead of the previous practice under IAS 11, the application of the POC method under IFRS 15 no longer depends on whether the contract in question is a specific construction contract negotiated with the customer but instead on whether control has already been transferred. IFRS 15 makes a distinction between revenue recognition on a specific date and over time, with the latter corresponding to the POC method. While the provisions of IAS 17 (Leases) continue to apply to the rental of investment properties, which are consequently excluded from the new standard, IFRS 15 is to be applied to the sale of residential property and to development services for third-party investors.

Although Mobimo expects the changes to have no material impact on its development services for third-party investors, they affect revenue recognition on the sale of condominiums. The current guidelines under IFRIC 15 specify that revenue is to be recognised on the transfer of material risks and rewards when ownership is

transferred and therefore generally at the handover of the keys. According to IFRS 15, revenue is recognised when control of a product or service passes to the customer. Period-based revenue recognition is to be applied in accordance with IFRS 15.35c when performance creates an asset without an alternative use to the entity and the entity has an enforceable right to payment for performance completed. Following notarisation of a purchase contract with the buyer, Mobimo is no longer able to place an alternative apartment at the buyer's disposal without breaching the contract. The notarised purchase contract also fulfils the criterion of an enforceable right to payment for work already performed to date. In future, Mobimo will therefore recognise revenue and estimated share of profit for condominiums under a notarised purchase contract during the progress of construction if it has reasonable knowledge that the contract will very likely be fulfilled by both parties as part of the agreement with the buyer.

In addition, IFRS 15 includes more stringent requirements as regards the information in the Notes.

Mobimo will apply IFRS 15 for the first time using the "cumulative effect method", whereby only contracts that were not concluded before the standard was applied will be recognised in the balance sheet in accordance with IFRS 15. Mobimo will thus refrain from fully applying the provisions of IFRS 15 to the presented comparison periods and will enter the accumulated amounts adjusted as a result of the first-time application of the standard in Retained earnings from 1 January 2018. In the case of contracts that have been notarised but for which ownership of the property had not yet been transferred as at 31 December 2017, the turnover would have been recognised in 2017 in accordance with IFRS 15. As at 1 January 2018, the effect on equity as a result of these contracts (sale of condominiums) being treated differently amounts to CHF 0.7 million according to current calculations (five apartments had been notarised as at the reporting date but ownership of these apartments has not yet been transferred).

#### IFRS 16 – Leases

The previous IAS 17 (Leases) standard is being replaced by IFRS 16. This changes how leases are recognised. Henceforth, the lessee recognises leases under assets and liabilities in the balance sheet, provided it does not involve short-term contracts of less than 12 months or low-value leased assets. For the lessor, the requirements under IFRS 16 are similar to those under IAS 17, so leases continue to be recognised as finance or operating leases.

In accordance with its business model, Mobimo acts primarily as a lessor. In the case of transactions in which Mobimo acts as the lessee, Mobimo has analysed the existing rental/leasing agreements and possesses agreements in the following areas that are considered leasing agreements under IFRS 16 and must be recognised in the balance sheet in the future: building rights agreements as the grantee of building rights, long-term rents of premises, vehicles and office equipment. The rental/leasing payments arising from such agreements in future are presented in Note 32.

Mobimo will not apply IFRS 16 early, as was originally planned, and the first-time application will take place on 1 January 2019 – as scheduled by the standard setter. Mobimo plans to apply IFRS 16 for the first time using the "modified retrospective approach". Accordingly, the comparison periods will not undergo a complete restatement and the amounts adjusted as a result of the new standard will be recognised when IFRS 16 is applied for the first time.

## SEGMENT REPORTING

### 3. Segment reporting

Internal reporting to Mobimo's key decision-makers is based on the company's two business segments. The business activities of these two segments can be described as follows:

#### Real Estate

The Real Estate segment shows the profit from investment properties held on a long-term basis to generate rental income. This profit comprises the income and associated expenses relating to investment properties, including commercial and residential properties. The investment portfolio is constantly optimised by the company's Portfolio Management. An individual strategy is determined for each investment property based on the corporate strategy. The portfolio and tenant mix is constantly reviewed. Mobimo aims for significant diversification to generate stable and sustainable returns. The company's management and marketing teams are responsible for tenant support, operation and maintenance of properties and marketing residential, commercial and retail space. Following the integration of FM Service&Dienstleistungs AG in April 2016, the Real Estate segment now provides facility management and related services for the company's own selected investment properties as well as for third-party customers.

#### Development

The Development segment shows the profit from investment properties under construction for the company's own portfolio, development for institutional and private investors (Development for Third Parties) and the construction and sale of condominium apartments. The services provided by the Development for Third Parties business area range from purely development services to turn-key real estate. The business area's activities include developing and realising construction projects on sites and building plots, monitoring construction activity during the construction phase and supporting buyers with condominium projects as well as selling condominiums. Developments for sale (third parties and condominiums) are recognised under Trading properties as well as under Assets and liabilities from current projects (see Notes 8 and 9). Developments for the company's own portfolio are listed under Investment properties under construction (see Note 5).

The Board of Directors, which has been identified as the key decision-maker, monitors the results of the individual divisions on the basis of EBIT. These figures are determined using the same accounting principles as in the consolidated annual financial statements prepared in accordance with IFRS. Income tax and interest are not included in the segment results. The costs of central functions such as Finance and IT, Marketing and Communication, Legal Services and Central Services, such as the expenses for the Executive Board,

are attributed to the segments on the basis of usage. Expenses in connection with the Board of Directors are not attributed to the segments, but are reported under Reconciliation.

Segment assets include trading properties, receivables from current projects, investment properties and owner-occupied properties. No other assets are attributed to the segments. Segment assets are measured in the same way as in the consolidated annual financial statements prepared in accordance with IFRS.

With the exception of the transfer of segment assets, there were no transactions between the individual segments. Accordingly, there was no need to eliminate intersegment transactions.

Since Mobimo operates exclusively in Switzerland, revenues and non-current assets do not need to be broken down on a geographical basis.

A further breakdown of income by property type (commercial, residential and trading properties) can be found in Note 4.

## Financial report

Consolidated annual financial statements: Notes to the consolidated annual financial statements  
Segment reporting

### Segment information 2017

TCHF	Real Estate	Development	Total segments	Reconciliation	Total
Income from rental of properties	101,476	9,538	111,014		111,014
Net income from revaluation	-2,114	29,395	27,281		27,281
Income from sale of trading properties and development services	0	199,650	199,650		199,650
Profit on disposal of investment properties	27,470	0	27,470		27,470
Other income	3,702	0	3,702		3,702
<b>Total segment income</b>	<b>130,533</b>	<b>238,584</b>	<b>369,117</b>		<b>369,117</b>
<b>Segment result EBIT<sup>1</sup></b>	<b>100,462</b>	<b>43,132</b>	<b>143,594</b>	<b>-1,296</b>	<b>142,298</b>
Share of profit of equity-accounted investees					2,192
Financial result					-28,562
<b>Earnings before tax (EBT)</b>					<b>115,927</b>
Tax					-24,436
<b>Profit</b>					<b>91,492</b>
Trading properties		201,845	201,845		201,845
Receivables from current projects <sup>2</sup>		65,182	65,182		65,182
Investment properties	2,098,140	118,960	2,217,100		2,217,100
Owner-occupied properties	13,454		13,454		13,454
Investment properties under construction		366,660	366,660		366,660
<b>Total segment assets</b>	<b>2,111,594</b>	<b>752,647</b>	<b>2,864,240</b>		<b>2,864,240</b>
Non-attributed assets				331,455	331,455
<b>Total assets</b>					<b>3,195,695</b>
Depreciation and amortisation	-1,245	-1,446	-2,690		-2,690
Investments in non-current assets	88,951	120,301	209,251	6,277	215,528

<sup>1</sup> The reconciliation EBIT comprises compensation for the Board of Directors.

<sup>2</sup> The balance from current projects with net receivables is offset by projects with a net liability from advance payments from customers of TCHF 2,934.



## Segment information 2016

TCHF	Real Estate	Development	Total segments	Reconciliation	Total
Income from rental of properties	104,450	10,204	114,654		114,654
Net income from revaluation	45,149	35,555	80,704		80,704
Income from sale of trading properties and development services	0	151,792	151,792		151,792
Profit on disposal of investment properties	34,945	0	34,945		34,945
Other income	3,161	0	3,161		3,161
<b>Total segment income</b>	<b>187,705</b>	<b>197,551</b>	<b>385,256</b>		<b>385,256</b>
<b>Segment result EBIT<sup>1</sup></b>	<b>155,299</b>	<b>46,299</b>	<b>201,598</b>	<b>-1,286</b>	<b>200,312</b>
Share of profit of equity-accounted investees					2,715
Financial result					-28,479
<b>Earnings before tax (EBT)</b>					<b>174,548</b>
Tax					-15,130
<b>Profit</b>					<b>159,418</b>
Trading properties		304,844	304,844		304,844
Receivables from current projects <sup>2</sup>		6,081	6,081		6,081
Investment properties	2,097,564	121,104	2,218,668		2,218,668
Owner-occupied properties	13,982		13,982		13,982
Investment properties under construction		228,130	228,130		228,130
<b>Total segment assets</b>	<b>2,111,546</b>	<b>660,159</b>	<b>2,771,705</b>		<b>2,771,705</b>
Non-attributed assets				259,983	259,983
<b>Total assets</b>					<b>3,031,688</b>
Depreciation and amortisation	-1,138	-3,583	-4,721		-4,721
Investments in non-current assets	11,380	84,329	95,709	3,815	99,524

<sup>1</sup> The reconciliation EBIT comprises compensation for the Board of Directors.

<sup>2</sup> The balance from current projects with net receivables is offset by projects with a net liability from advance payments from customers of TCHF 5,816.

## INVESTMENT PORTFOLIO

### 4. Net rental income

#### Accounting principles

Income from the rental of properties includes net rental income, i.e. target rental income less rents lost due to vacancies. In the case of rental agreements classed as operating leases, rents are recognised on an accrual basis over the term of the lease. If the tenants are provided with significant incentives (e.g. tenant-specific finishings or rent-free periods), the cost of such incentives is recognised over the lease term on a straight-line basis as an adjustment of the rental income.

At present, Mobimo has no rental agreements classed as finance leases.

Direct expenses contains all costs relating to maintenance and administration (including building superintendent remuneration, marketing and property taxes) that cannot be passed on to tenants.

Rental income can be broken down as follows:

TCHF	2017	2016
Commercial properties	76,409	79,642
Residential properties	30,344	32,178
<b>Income from rental of investment properties</b>	<b>106,753</b>	<b>111,820</b>
Trading properties <sup>1</sup>	4,261	2,834
<b>Total income from rental of properties</b>	<b>111,014</b>	<b>114,654</b>
Commercial properties	-11,192	-11,801
Losses on receivables commercial properties	169	-203
Residential properties	-5,224	-6,049
Losses on receivables residential properties	-111	-20
<b>Investment property expense</b>	<b>-16,359</b>	<b>-18,073</b>
Rented trading properties <sup>1</sup>	-467	-399
Losses on receivables from trading properties <sup>1</sup>	-48	46
<b>Total expense for rental of properties</b>	<b>-16,875</b>	<b>-18,426</b>
<b>Net rental income</b>	<b>94,140</b>	<b>96,229</b>

<sup>1</sup> Rental income or expenses from development properties.

The year-on-year decrease in income/expenses from rented commercial and residential properties is mainly attributable to the sales of investment properties made during the reporting year and the previous year.

### Mobimo as landlord

The future rental income set out below will be generated from non-cancellable rental agreements for investment properties:

TCHF	Commercial properties	Residential properties	2017 Total
Rental income within 1 year	61,313	3,665	64,979
Rental income within 2 to 5 years	169,337	6,635	175,972
Rental income in over 5 years	266,402	2,955	269,357
<b>Total future rental income from non-cancellable rental agreements</b>	<b>497,052</b>	<b>13,255</b>	<b>510,307</b>

TCHF	Commercial properties	Residential properties	2016 Total
Rental income within 1 year	68,879	2,998	71,878
Rental income within 2 to 5 years	189,191	7,306	196,497
Rental income in over 5 years	177,559	4,498	182,057
<b>Total future rental income from non-cancellable rental agreements</b>	<b>435,630</b>	<b>14,802</b>	<b>450,431</b>

Rental agreements for commercial properties generally contain an index clause stating that rents may be increased on the basis of the consumer price index. Rent increases for residential properties are generally linked to factors including the mortgage interest rate (reference interest rate). As at 31 December 2017, 65.1% or CHF 69.8 million (prior year: 70.7% or CHF 78.5 million) of rental income came from rental agreements with index clauses. The vast majority of these agreements contain a 100% adjustment in line with the index.

The five biggest tenants generate the following shares of rental income:

%	31.12.2017	31.12.2016
SV (Schweiz) AG	6.4	6.3
Swisscom Group	5.4	5.3
Senevita AG	3.2	3.0
Coop	3.1	3.1
Rockwell Automation Switzerland <sup>1</sup>	2.9	n/a
<b>Total</b>	<b>21.0</b>	<b>17.7</b>

<sup>1</sup> As at 31 December 2017, Rockwell Automation AG is now one of the five biggest tenants, which is why Migros AG (as at 31 December 2016: 2.9%, therefore 20.6% in total) is no longer on the list.

## 5. Investment properties

### Critical estimates and assumptions

The properties are measured at fair value, determined in accordance with the provisions of IFRS 13. The valuations are based on various estimates and assumptions, which are explained in the Valuation details section of this Note. The sensitivity of the fair values of investment properties to a change in inputs and a quantitative analysis of the sensitivity of fair values to a change in the discount rate are also shown.

### Accounting principles

The investment properties are classified as investment properties under IAS 40. Mobimo differentiates between the following categories of investment property:

#### Commercial properties

These are properties that have been either acquired or built by the company and that are held and managed over a substantial period of time and are not rented out by Mobimo to private individuals as living space. Rental agreements for commercial properties generally contain an index clause stating that rents may be increased on the basis of the consumer price index.

#### Residential properties

These are properties that have been either acquired or built by the company and that will be held and managed over a substantial period of time and rented out to private individuals as living space. Rent increases for residential properties are generally linked to factors including the mortgage interest rate (reference interest rate).

In the case of mixed use, properties where more than 50% of rental income is generated from the rental of apartments are reported as residential properties and properties where more than 50% of rental income results from the rental of commercial premises are recognised as commercial properties.

### Development properties

These include properties with construction shortcomings or substantial vacancy rates, where vacancy is unlikely to be brought below 10% on a long-term basis without significant refurbishment measures. Renovation or conversion plans are developed for these properties. On the basis of these plans, the properties either are reclassified as investment properties under construction or as trading properties or revert to commercial or residential properties. Land held for undetermined future use is likewise classified as development property.

### Properties under construction

Properties are classified as investment properties under construction as soon as building permission has been granted and construction is to start in the near future. Following completion, they are reclassified as either residential or commercial properties.

Investment properties are initially valued at cost at the time of initial recognition including directly attributable transaction costs. After initial recognition, they are recognised at fair value and the changes in value are recognised in the income statement. To this end, an independent property expert conducts a valuation as at the reporting date. Fair value is determined on the basis of IFRS 13 (see section Valuation details).



Investment properties changed as follows:

TCHF	Commercial properties	Residential properties	Development properties	Investment properties under construction	2017 Total
<b>Market value at 1 January</b>	<b>1,373,488</b>	<b>724,076</b>	<b>121,104</b>	<b>228,130</b>	<b>2,446,798</b>
<b>Cumulative acquisition costs</b>					
At 1 January	1,199,237	572,878	142,746	210,699	2,125,561
Increases from purchases <sup>1</sup>	71,873	0	0	0	71,873
Increases from investments <sup>2</sup>	14,004	3,023	4,714	112,235	133,976
Capitalisation of borrowing costs	0	0	0	2,707	2,707
Capitalisation/amortisation of lease incentives	-579	0	0	645	65
Disposals	-67,333	-20,028	0	0	-87,362
Transfers between categories	2,761	6,165	0	-8,926	0
<b>Balance at 31 December</b>	<b>1,219,963</b>	<b>562,039</b>	<b>147,460</b>	<b>317,359</b>	<b>2,246,821</b>
<b>Cumulative revaluation</b>					
Balance at 1 January	174,251	151,198	-21,642	17,431	321,237
Gains on valuations <sup>3</sup>	9,829	15,493	0	38,837	64,159
Losses on valuations <sup>3</sup>	-25,544	-1,892	-6,858	-2,584	-36,878
Disposals <sup>4</sup>	-11,297	-282	0	0	-11,579
Transfers between categories	289	4,095	0	-4,384	0
<b>Cumulative revaluation at 31 December</b>	<b>147,527</b>	<b>168,611</b>	<b>-28,500</b>	<b>49,301</b>	<b>336,939</b>
<b>Market value at 31 December</b>	<b>1,367,490</b>	<b>730,650</b>	<b>118,960</b>	<b>366,660</b>	<b>2,583,760</b>

<sup>1</sup> Increases from purchases include non-cash transactions, especially due to the takeover of financial liabilities from the purchase of the property Lausanne, Place de la Gare 10 (see Note 12).

<sup>2</sup> Increases from investments include non-cash transactions from the accrual for construction costs and trade payables.

<sup>3</sup> Corresponds to the sum of "Gains from revaluation of investment properties" and "Losses on revaluation of investment properties" in the income statement and represents the unrealised gains on properties that were in the investment portfolio as at the end of the year under review.

<sup>4</sup> Included as a realised gain in "Profit on sale of investment properties" in the income statement.

## Financial report

Consolidated annual financial statements: Notes to the consolidated annual financial statements  
Investment portfolio

TCHF	Commercial properties	Residential properties	Development properties	Investment properties under construction	2016 Total
<b>Market value at 1 January</b>	<b>1,357,011</b>	<b>760,117</b>	<b>142,470</b>	<b>153,170</b>	<b>2,412,768</b>
<b>Cumulative acquisition costs</b>					
Balance at 1 January	1,189,840	632,180	161,599	153,867	2,137,486
Increases from investments <sup>1</sup>	10,274	1,107	15,732	66,698	93,811
Capitalisation of borrowing costs	0	0	309	1,589	1,898
Capitalisation/amortisation of lease incentives	-876	0	0	0	-876
Disposals	0	-86,453	0	0	-86,453
Transfers to trading properties	0	0	0	-20,306	-20,306
Transfers between categories	0	26,045	-34,895	8,850	0
<b>Balance at 31 December</b>	<b>1,199,237</b>	<b>572,878</b>	<b>142,746</b>	<b>210,699</b>	<b>2,125,561</b>
<b>Cumulative revaluation</b>					
Balance at 1 January	167,171	127,937	-19,129	-697	275,282
Gains on valuations <sup>2</sup>	35,151	39,013	9,628	30,861	114,652
Losses on valuations <sup>2</sup>	-28,071	-944	-2,680	-2,254	-33,948
Disposals <sup>3</sup>	0	-36,304	0	0	-36,304
Transfers to trading properties	0	0	0	1,556	1,556
Transfers between categories	0	21,495	-9,461	-12,034	0
<b>Balance at 31 December</b>	<b>174,251</b>	<b>151,198</b>	<b>-21,642</b>	<b>17,431</b>	<b>321,237</b>
<b>Market value at 31 December</b>	<b>1,373,488</b>	<b>724,076</b>	<b>121,104</b>	<b>228,130</b>	<b>2,446,798</b>

<sup>1</sup> Increases from investments include non-cash transactions from the accrual for construction costs and trade payables.

<sup>2</sup> Corresponds to the sum of "Gains from revaluation of investment properties" and "Losses on revaluation of investment properties" in the income statement and represents the unrealised gains on properties that were in the investment portfolio as at the end of the year under review.

<sup>3</sup> Included as a realised gain in "Profit on sale of investment properties" in the income statement.

**Movements in the year under review**

The Lausanne, Place de la Gare 10 commercial property was acquired at the start of December. The remaining shares of the condominiums (70/1,000) in the Sonnentalsstrasse 5 (commercial property) property in Dübendorf were also acquired during the year under review, which means that Mobimo now owns all of the shares (1,000/1,000) in this property.

Details of the properties sold can be found in Note 6.

The following properties are shown under transfers:

from	to
<b>Aarau, Bahnhofstrasse 102</b>	
Commercial properties	Investment properties under construction
<b>Kriens, Sternmatt 10 (car park; prior year; Kriens, Sternmatt 6 - Block C)</b>	
Investment properties under construction	Commercial properties
<b>Lausanne, Avenue Edouard Dapples 9/13/15/15a</b>	
Residential properties	Investment properties under construction
<b>Lausanne, Rue des Côtes-de-Montbenon 1/3/5</b>	
Investment properties under construction	Commercial properties
<b>Rheinfelden, Rütteliweg 8; Spitalhalde 40</b>	
Investment properties under construction	Residential properties

**Valuation details**

The valuation of investment properties is carried out in accordance with the provisions of IFRS 13, under which fair value is defined as the price that would be received when selling an asset or that would be paid when transferring a liability in an orderly transaction between market participants on the valuation date. For non-financial assets, management has to assume the "highest and best use" by a market participant, which may differ from its current use. Under IFRS 13, valuation techniques are categorised into three levels in a fair value hierarchy depending on the extent to which fair value is based on observable inputs.

- Level 1: valuations based on unadjusted, quoted prices.
- Level 2: valuations based on inputs other than quoted prices in active markets that are observable either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: valuations based on inputs not derived from observable market data.

The valuation of commercial, residential and development properties and of investment properties under construction and development properties is carried out using the discounted cash flow method (DCF), according to which a property's fair value is determined by calculating the net income (rental income less operating and

maintenance costs), discounted to the reporting date, that is expected to be generated in the future. In the case of investment properties under construction, the development and construction costs still to be incurred until completion must also be taken into account. Each property is subject to market-derived and risk-adjusted discounting, which is dependent on the individual opportunities and risks.

As at 31 December 2017, all commercial, residential and development properties, investment properties under construction and development properties were valued by the real estate appraisers Jones Lang LaSalle AG (JLL). Mobimo's Board of Directors appointed JLL appraisers for the entire property portfolio on 23 February 2017, and JLL valued the entire portfolio for the first time for the interim financial statements as at 30 June 2017. As at 31 December 2016, around 90% of the properties by value were still valued by Wüest Partner AG, and 10% by JLL. Both expert companies are external, independent and certified real estate appraisers.

JLL's valuations are based on a two-phase DCF model. This replicates the payment flows over a detailed ten-year observation period and a capitalised exit cash flow. A nominal discount rate is applied to the detailed observation period that takes account of the effect of inflation on the cash flows during that period. Conversely, the exit cash flow in the two-phase model is capitalised using a real capitalisation rate. The property valuations as at 31 December 2016 conducted by Wüest Partner AG used a single-phase DCF model, in which real net income over a review period of 100 years was discounted using a real discount rate. The scope to compare discount rates is limited due to the differing methodologies.

As the non-observable inputs with a material impact on valuations – such as discount rates, market rents, net sale proceeds and structural vacancy rates – generally have to be derived from information from less active markets, the properties are valued according to a Level 3 model-based approach incorporating adjusted Level 2 input parameters. Further details of the valuation methodology can be found in the Report of the independent valuation experts on pages 124 to 129.

**Rental income and vacancy rate**

The annual target rental income is estimated using the rental income at the measurement date, taking account of the indexation of rents deriving from contractual agreement or law. Rents for office and commercial spaces are normally linked to the national consumer price index, while residential leases are linked to the change in the reference interest rate calculated quarterly by the Swiss National Bank, but also include an inflation element.

Market rents that appear sustainable from the current standpoint are applied to expiring commercial leases. The time required to realise market rents is determined with reference to local laws and the risk of new tenants objecting to changes in rents, but without replicating these in detail. The corresponding market rents are based on the rental price databases and JLL's real estate research services. The lower of market rent and contract rent is generally used where tenants have the option to extend leases.

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For expiring commercial leases, a property and segment-specific vacancy is applied. The absorption time (vacancy in months after contract-end) is determined individually for each property and is usually between three and nine months. However, longer or shorter absorption times may be applied in special cases. Residential leases are usually open-ended, so specific vacancies are not modelled. Normal tenant fluctuation is taken into account using structural vacancy rates, which are applied specifically to the property.

### Operating, maintenance and repair costs

Historical property accounts and the appraisers' benchmarks are used to calculate the management costs built into valuations. The costs used consist of operating and upkeep costs that cannot be passed on to the tenant due to the contractual conditions or that must be borne by the owner due to vacancy.

The repair costs for the ten-year detailed observation period used in the valuations are based on detailed analysis of the building by the portfolio management team and the ensuing investment planning. These are plausibility-tested by JLL, adjusted if necessary and incorporated into the valuations. Jones Lang LaSalle AG also considers its own estimates of required investment during the ten-year period. The assumptions regarding the repair and renovation measures that will be required (capex), which are reflected in the exit value, are modelled specifically for each property by the appraiser under the assumption that certain elements of the substance of each individual building will need to be periodically renewed.

### Development and construction costs

The market value of investment properties under construction is determined using the DCF model, as for investment properties. This involves establishing the market value of the property upon completion (start of the usage phase). This figure is then discounted to the valuation date using the future implementation costs (fees, de-

velopment and construction costs, etc.), adjusted for risk. To determine future implementation costs, for each individual project Mobimo provides capital budgets, project status information (execution and letting progress, scheduled completion dates, etc.) and investment costs incurred by the valuation date, all as at the valuation date. The documents are plausibility-tested by the appraiser and taken into account in its valuations.

### Discount and capitalisation rates

The nominal discount and real capitalisation rates are property-specific and vary according to the macro and micro situation and property segment. The rates are based on the interest rate on long-term, risk-free investments (e.g. a ten-year federal government bond), adjusted for a specific risk premium that takes into consideration the current situation in the transaction market in addition to the usage, location and size of the property. The risk premium thus reflects market risks and the higher illiquidity associated with properties compared with risk-free investments.



**Non-observable input factors**

Non-observable input factors with a material impact have been identified as market rents, vacancy rates and discount and capitalisation rates. In the case of properties valued on the basis of their being sold as condominiums in accordance with the assumption of the highest and best use, condominium sale prices and not market rents are the most important input. The applied input values are summarised in the table below.

Asset class/level/valuation method	Fair value in CHF million	Input factors	Ranges (weighted average) 2017	Ranges (weighted average) 2016
Commercial investment properties Level 3 DCF	2017: 1,367 2016: 1,373	Discount rates JLL (nominal)	3.40% to 6.30% (4.31%)	4.20% to 6.30% (4.30%)
		Capitalisation rates JLL (real)	2.90% to 5.80% (3.81)	3.70% to 5.80% (3.80%)
		Discount rates WP (real)	n/a	2.80% to 4.90% (3.96%)
		Achievable long-term market rents	CHF 30 to CHF 1,080 (CHF 303)	CHF 87 to CHF 1,112 (CHF 236)
		Structural vacancy rates	0.0% to 20.0% (5.8%)	2.6% to 11.0% (5.0%)
		Discount rates JLL (nominal)	3.40% to 4.20% (3.68%)	3.90% to 4.30% (4.05%)
Residential investment properties Level 3 DCF	2017: 731 2016: 724	Capitalisation rates JLL (real)	2.90% to 3.70% (3.18%)	3.40% to 3.80% (3.55%)
		Discount rates WP (real)	n/a	2.60% to 3.80% (3.10%)
		Achievable long-term market rents	CHF 170 to CHF 412 (CHF 310)	CHF 160 to CHF 412 (CHF 315)
		Structural vacancy rates	0.5% to 4.1% (1.7%)	0.4% to 8.0% (1.8%)
		Discount rates JLL (nominal)	4.30% to 5.00% (4.47%)	n/a
		Capitalisation rates JLL (real)	3.80% to 4.50% (3.97%)	n/a
Commercial development properties Level 3 DCF	2017: 119 2016: 121	Discount rates WP (real)	n/a	4.10% to 5.60% (4.58%)
		Achievable long-term market rents	CHF 152 to CHF 370 (CHF 240)	CHF 138 to CHF 268 (CHF 222)
		Structural vacancy rates	4.4% to 22.5% (7.1%)	3.3% to 12.3% (5.7%)
		Discount rates JLL (nominal)	3.50% to 4.90% (4.02%)	n/a
		Capitalisation rates JLL (real)	3.00% to 4.40% (3.52%)	n/a
		Discount rates WP (real)	n/a	3.20% to 4.40% (3.71%)
Commercial investment properties under construction Level 3 DCF	2017: 367 2016: 228	Achievable long-term market rents	CHF 179 to CHF 311 (CHF 260)	CHF 193 to CHF 322 (CHF 265)
		Structural vacancy rates	1.4% to 11.5% (6.1%)	2.2% to 10.0% (3.8%)

An average capital-weighted nominal discount rate of 4.10%, within a range of 3.40% to 6.30%, was applied to all DCF valuations across all investment categories as at 31 December 2017. The average capital-weighted capitalisation rate as at 31 December 2017 was 3.60%, within a range of 2.90% to 5.80%.

Mobimo's strategy includes holding residential properties to generate stable, sustainable income from rent. However, Mobimo constantly reviews the current use of these and all other properties in the portfolio and develops strategies for their optimum use.

As at the reporting date, no properties were valued on the basis of their being sold as condominiums in accordance with the assumption of the highest and best use. In the previous year, this scenario produced a CHF 2.6 million gain for two properties, on a fair value including this gain of CHF 54.4 million.

**Sensitivity of inputs**

Fair value increases with lower discount rates and structural vacancy rates and with higher market rents and sale prices. The economic environment can be considered as exerting the greatest influence on inputs, with the factors outlined above influenced to varying degrees by market developments. If negative market sentiment results in higher vacancy rates, market rents tend to come under pressure. At the same time, low interest rates usually prevail in such market circumstances, which have a positive impact on discount rates. To an extent, therefore, changes in inputs offset each other. Ongoing optimisation measures made to Mobimo's property portfolio (e.g. conclusion/extension of long-term rental agreements, investments to expand rental space, etc.) provide a cushion against such short-term market shocks, which impact mainly on market rents and vacancy rates. The individual risk-adjusted discount rate of each property is, as already mentioned, in line with the return

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expectations of the investors or market participants in question and can only be influenced by Mobimo to a limited extent. On the real estate market at present it can be observed that, owing to the current negative interest rate environment, institutional investors are in some cases buying properties at good locations offering very low yields, their hands forced by the dearth of other investment options. This unpredictable investor behaviour could result in some properties fetching higher selling prices than their most recent estimates of market value.

A sensitivity analysis tested the impact of an increase or decrease in the discount and capitalisation rates used in the DCF valuation. A general reduction of 0.25 percentage points in the discount and capitalisation rates would increase the current fair value of the investment properties as at 31 December 2017 by 8.3% or CHF 215 million. A general increase of 0.25 percentage points in the discount and capitalisation rates would reduce the current fair value of the investment properties as at 31 December 2017 by 7.2% or CHF 186 million. Further sensitivity analysis findings can be found in the table below:

Change in discount/capitalisation rate in basis points	Change in fair value in % at 31.12.2017	Change in fair value in CHF million at 31.12.2017	Change in fair value in % at 31.12.2016	Change in fair value in CHF million at 31.12.2016
-0.40	13.9%	360	12.0%	300
-0.30	10.1%	261	8.8%	220
<b>-0.25</b>	<b>8.3%</b>	<b>215</b>	<b>7.3%</b>	<b>181</b>
-0.20	6.5%	169	5.7%	143
-0.10	3.2%	82	2.8%	70
+0.10	-3.0%	-77	-2.7%	-67
+0.2	-5.8%	-151	-5.2%	-131
<b>+0.25</b>	<b>-7.2%</b>	<b>-186</b>	<b>-6.5%</b>	<b>-161</b>
+0.30	-8.5%	-220	-7.7%	-192
+0.40	-11.1%	-286	-10.1%	-250

## Capital commitments

As at 31 December 2017, capital commitments for future construction investments in investment properties totalled CHF 99.9 million (prior year: CHF 179.9 million). These commitments relate to the agreements concluded on the construction and development of the investment properties under construction in Aarau, Site 2 (Torfeld Süd); Horgen, Seestrasse 93; Kriens, Am Mattenhof 4 – 16 and Zurich, Albulastrasse/Hohlstrasse. There are also notarised purchase agreements for investment properties representing a value of more than CHF 100.0 million.

## 6. Profit on sale of investment properties

### Accounting principles

Gains from the disposal of investment properties correspond to the difference between the net proceeds and the fair value recognised and attributable sales costs (e.g. notary and land registry fees). Disposals are recognised on the date when control and risks are transferred, which usually corresponds to the date of entry in the land register.

Income from disposals can be broken down as follows:

TCHF	2017	2016
Sales proceeds investment properties	127,950	158,492
Carrying amount	-98,941	-122,757
Sales costs	-1,540	-790
<b>Profit on disposal of investment properties</b>	<b>27,470</b>	<b>34,945</b>

In the year under review, the following properties were sold:

Investment property	Category of investment property
Kriens, Sternmatt 6 (office building)	Commercial property
Renens, Chemin de la Rueyre 116/118	Commercial property
Versoix, Chemin de l'Ancien Péage 2 – 4	Residential property
Zurich, Stauffacherstrasse 41	Commercial property

At the Kriens, Sternmatt 6 property, only the office building was sold. The industrial building remains in Mobimo's hands.

## TRADING PROPERTIES AND DEVELOPMENT SERVICES

### 7. Profit on sale of trading properties and development services

#### Accounting principles

In accordance with the provisions of IFRIC 15, proceeds from the sale of condominiums are recognised at the point when control and the significant risks and rewards of ownership are transferred. This is normally when construction is completed. For some of the apartments in the projects of BSS&M Real Estate AG, ownership was transferred before construction was completed. At the time at which the ownership of the apartments was transferred to the respective buyers, the income for these apartments was recognised for the first time during the construction work, as the use of the apartments and the risks therein had been transferred to the buyers.

The recognition of the proceeds generated in Development for Third Parties is dependent on the contractually agreed services and conditions, whereby revenue from pure service contracts is recognised pursuant to the percentage of completion on the reporting date.

The percentage of completion is normally calculated on the basis of the construction progress.

Income from sale of trading properties comprises the income from the sale of condominiums and the sale of properties and land by the Development for Third Parties business area.

The income from development services comprises the income from development and service contracts in which Mobimo is not or no longer the owner of the plot of land.

Profit on the sale of trading properties and development services is made up of the following:

TCHF	2017	2016
Income from sale of trading properties	172,175	128,968
Income from development services	27,475	22,824
<b>Total income from sale of trading properties and development services</b>	<b>199,650</b>	<b>151,792</b>
Construction costs of trading properties sold	-141,857	-106,705
Changes in valuation allowances	-5,891	-7,594
Direct expense development services	-27,208	-13,633
<b>Total expenses from sale of trading properties and development services</b>	<b>-174,956</b>	<b>-127,932</b>
<b>Profit on sale of trading properties and development services</b>	<b>24,694</b>	<b>23,860</b>

The change in valuation allowances is mainly attributable to the valuation allowances for the St. Moritz, Via Maistra 29 and Salenstein, Hauptstrasse 8 projects.



## 8. Trading properties

### Critical estimates and assumptions

A financial forecast is drawn up for each construction project, in which overall costs and sales proceeds are budgeted for. Budgeted overall costs and planned sales prices are determined on the basis of various factors and assumptions. These include past experience, project specifications for the properties, benchmark values for construction costs and other relevant factors such as the planned construction period. Financial forecasts are reviewed on an ongoing basis and adjusted where necessary.

If actual construction costs and sales proceeds differ from the planned figures or if new findings during the construction period make an adjustment of the financial forecasts necessary, an adjustment of carrying amounts, i.e. creation or adjustment of valuation allowances for loss-making projects, may become necessary.

### Accounting principles

Trading properties are development properties and new builds where Mobimo assumes the realisation of residential property and subsequently sells it. Trading properties also include properties that Mobimo has acquired as part of projects for Development for Third Parties and that it intends to sell to third-party investors in the future or other properties held for resale. Trading properties are valued at the lower of cost or market. With loss-making properties, provisions are created immediately for the final loss.

Plots that are already owned by Mobimo and advance payments for notarised land purchases, as well as the development costs incurred, are classified as land/development projects if the project is expected to be realised but construction work has not yet begun.

Projects that are currently under way and the construction of which is not yet complete are recognised as properties under construction.

Properties that are structurally complete or completed properties that have been acquired for immediate resale are classified as completed real estate. Condominiums for sale are classified as completed real estate at the latest upon their first transfer of ownership, with any costs still outstanding being recognised at this point in time. Development properties are properties that have been acquired with the intention of developing them and selling them on to third parties but are still being let at the reporting date. A property is reclassified if it is demolished or converted.

The recognised portfolio of properties comprises the following:

TCHF	31.12.2017	31.12.2016
Land/development projects	62,864	82,560
Properties under construction	0	97,480
Completed real estate and development properties	138,981	124,804
<b>Total trading properties</b>	<b>201,845</b>	<b>304,844</b>

The portfolio of building plots/development projects changed as follows in the reporting year:

The building plot in Martigny, Rue du Léman 24 was sold to a third-party investor, with a project development agreement concluded at the same time. A purchase contract was concluded for the construction of a ready-for-use property for the Glattbrugg, Schaffhauserstrasse 91 project, which is why the project is now recognised in the balance sheet under Receivables from current projects. A new addition to the portfolio is the Güttingen, Hauptstrasse project, for which there is an agreement in place regarding land acquisition, but where only development costs have been incurred.

With respect to properties under construction, the property Zurich, Albulastrasse 42 was sold in the reporting year to a third-party investor prior to its completion. The project is now entered on the balance sheet under Receivables from current projects (see Note 9). In the case of the Bad Zurzach, Weissensteinweg property – for which only the properties that had not yet been sold were listed as Properties under construction in the previous year while any receivables from construction services for the apartments sold were listed under Receivables (see Note 9) – the last five apartments were sold and the building was completed in the reporting year. The Aarau, Site 4 project was also completed during the course of the year. In this project, 92 apartments and townhouses were built to be sold, with 66 of these having been sold as at 31 December 2017.

The last four apartments in both the Meilen, Feldgüetliweg 143/145 and Lucerne, Büttenenhalde projects, which were completed in previous years, were sold, as were two apartments in the Zurich, Turbinenstrasse (Mobimo Tower) project and one in the property at Salenstein, Hauptstrasse 8. The Meggen, Gottliebenrain property was acquired as a development property, with a project being drawn up to create residential properties.

On trading properties, valuation allowances totalled CHF 15.9 million (prior year: CHF 10.2 million). The carrying amount for these properties/condominium units is CHF 18.9 million (prior year: CHF 19.5 million).

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### 9. Receivables and liabilities from current projects

#### Accounting principles

Receivables from projects in which income is recognised in line with the level of completion are entered in the balance sheet in accordance with the net principle. The advance payments received and receivables in line with the level of completion are offset against each other (order balance).

Positive net positions are included in the balance sheet items Trade receivables and negative net positions in the balance sheet item Trade payables.

The receivables and liabilities from current projects can be broken down as follows:

TCHF	2017	2016
Project costs incurred	114,437	19,082
Realised gains and losses projects	15,667	737
<b>Current projects gross</b>	<b>130,104</b>	<b>19,819</b>
Less advance payments projects received	-67,856	-19,554
<b>Current projects net</b>	<b>62,248</b>	<b>265</b>
<b>Receivables current projects</b>	<b>65,182</b>	<b>6,081</b>
<b>Payables current projects</b>	<b>2,934</b>	<b>5,816</b>

The receivables from current projects include the net receivables of CHF 48.5 million from the Zurich, Albulastrasse 42 property that is currently being built to be sold.

### 10. Advance payments from buyers

#### Accounting principles

Advance payments made by buyers in relation to projects for which income is not recognised in accordance with the stage of completion are reported at nominal value and reclassified when ownership is transferred as income from the sale of trading properties and development services.

Advance payments from buyers of CHF 1.9 million (prior year: CHF 11.2 million) include CHF 1.7 million (prior year: CHF 11.2 million) of reservation payments from purchasers of condominiums and CHF 0.2 million (prior year: CHF 0) of advance payments from third-party investors in the business area Development for Third Parties prior to the transfer of ownership.

# FINANCING AND RISK MANAGEMENT

## 11. Financial result

### Accounting principles

Interest on loans taken out to finance construction projects (trading properties and investment properties under construction) is capitalised over the construction period.

All other borrowing interest is recognised as an expense in the income statement using the effective interest method.

Current interest payments in relation to concluded interest rate swaps are recognised in interest expense. Changes in the fair value of interest rate swaps not classified as a cash flow hedge are reported in income from or cost of financial instruments (derivatives). Any ineffective portions of interest rate swaps classified as a cash flow hedge are reported under cost of financial instruments (derivatives).

The financial result in the year under review can be broken down as follows:

TCHF	2017	2016
<b>Financial income</b>		
Interest on bank and other deposits	39	191
Interest on loans to associates	3	0
Dividend income from financial assets	137	130
Income from financial instruments (derivatives)	2,795	2,274
<b>Total financial income</b>	<b>2,974</b>	<b>2,595</b>
<b>Financial expense</b>		
Interest expense	-31,190	-31,579
Cost of financial instruments (derivatives)	-196	1,103
Other financial charges	-151	-599
<b>Total financial expense</b>	<b>-31,536</b>	<b>-31,075</b>
<b>Total financial result</b>	<b>-28,562</b>	<b>-28,479</b>

During the year under review, no ineffective portions (prior year: CHF 1.3 million) were recorded under cost of financial instruments (derivatives).

In the 2017 financial year, a total of CHF 3.4 million (prior year: CHF 3.2 million) in interest on building loans was capitalised under receivables from current projects, trading properties, development properties and investment properties under construction. The average rate of interest for the capitalised interest was 2.17% (prior year: 2.38%).

## 12. Financial liabilities and derivative financial instruments

### Accounting principles

#### Financial liabilities

Financial liabilities consist of outstanding bonds and mortgage-secured bank loans. A long-term financial liability is one on which the agreed residual maturity is longer than twelve months. All other agreements are classified as short term, including amortisation payments that are due within twelve months of the reporting date.

At initial recognition, financial liabilities are recognised at fair value less transaction costs. Subsequently, financial liabilities are measured at amortised cost, with the difference between the amount to be repaid and the carrying amount being amortised over the term using the effective interest method.

#### Derivative financial instruments

Mobimo uses derivative financial instruments (e.g. interest rate swaps and forward rate agreements) to hedge the interest rate risks of financial liabilities.

Derivative financial instruments are measured at fair value at initial recognition and thereafter. Gains and losses from adjustments to fair values are treated as follows:

The hedging of interest rate risk on financial liabilities is classified as a cash flow hedge under certain circumstances. The effective portion of the change in the fair values of derivatives is recognised in other comprehensive income (equity) and not recognised in profit or loss. The ineffective portion is immediately recognised in the income statement. As soon as the hedged transactions (interest payments) take place, accumulated unrealised gains and losses are transferred to the income statement and recognised in the financial result.

Changes in the fair values of all other derivatives are recognised in profit or loss in the financial result.

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Financial liabilities can be broken down as follows:

TCHF	31.12.2017	31.12.2016
Fixed-rate mortgage amortisation due within 12 months	5,059	5,287
Mortgages due for extension or repayment within 12 months	34,506	87,310
Bond	164,856	0
<b>Total current financial liabilities</b>	<b>204,421</b>	<b>92,597</b>
Mortgages	734,675	743,844
Bonds	573,732	512,960
<b>Total non-current financial liabilities</b>	<b>1,308,407</b>	<b>1,256,804</b>
<b>Total financial liabilities</b>	<b>1,512,828</b>	<b>1,349,401</b>
Interest rate swaps through profit and loss	22	0
<b>Total current derivative financial instruments</b>	<b>22</b>	<b>0</b>
Interest rate swaps applying hedge accounting	26,515	30,773
Interest rate swaps through profit and loss	6,244	9,061
<b>Total non-current derivative financial instruments</b>	<b>32,758</b>	<b>39,834</b>
<b>Total derivative financial instruments</b>	<b>32,780</b>	<b>39,834</b>

Financial liabilities changed as follows:

TCHF	31.12.2016	Changes with cash effect		Changes with no cash effect				31.12.2017
		Inflow	Repayment	Inflow	Amortisation	Fair value adjustments	Re-classification	
Current financial liabilities	92,597	40,850	-120,376	0	4	0	191,347	204,421
Non-current financial liabilities	1,256,804	237,741	-13,459	18,884	-217	0	-191,347	1,308,407
Current derivative financial instruments	0	0	0	0	0	-359	381	22
Non-current derivative financial instruments	39,834	0	0	0	0	-6,694	-381	32,758
<b>Total</b>	<b>1,389,235</b>	<b>278,591</b>	<b>-133,836</b>	<b>18,884</b>	<b>-214</b>	<b>-7,054</b>	<b>0</b>	<b>1,545,608</b>

The takeover of debt upon purchasing the Lausanne, Place de la Gare 10 property is shown as an increase within changes with no cash effect.



The following bonds are included under non-current financial liabilities:

TCHF	1.5% bond (2013 – 2018)	1.625% bond (2014 – 2021)	1.875% bond (2014 – 2024)	0.75% bond (2017 – 2026)	Total
Net proceeds from issuance	164,158	197,967	149,452	0	511,577
Cumulative amortisations of issuance costs	526	737	120	0	1,383
Carrying amount 1.1.2017	164,684	198,705	149,572	0	512,960
Net proceeds from issuance	0	0	0	225,119	225,119
Amortisations of issuance costs	172	291	54	–8	508
Carrying amount 31.12.2017	164,856	198,996	149,625	225,111	738,587

Features	1.5% bond (2013 – 2018)	1.625% bond (2014 – 2021)	1.875% bond (2014 – 2024)	0.75% bond (2017 – 2026)
Volume:	CHF 165 million	CHF 200 million	CHF 150 million	CHF 225 million
Term:	5 years (29 October 2013 – 29 October 2018)	7 years (19 May 2014 – 19 May 2021)	10 years (16 September 2014 – 16 September 2024)	9 years (20 March 2017 – 20 March 2026)
Interest rate:	1.5% p.a., payable annually on 29 October, with the first payment on 29 October 2014	1.625% p.a., payable annually on 19 May, with the first payment on 19 May 2015	1.875% p.a., payable annually on 16 September, with the first payment on 16 September 2015	0.75% p.a., payable annually on 20 March, with the first payment on 20 March 2018
Effective rate of interest:	1.6070%	1.7921%	1.9264%	0.7550%
Listing:	SIX Swiss Exchange	SIX Swiss Exchange	SIX Swiss Exchange	SIX Swiss Exchange
Swiss security no.:	22492349	24298406	25237980	35483611

Mobimo has concluded separate interest rate hedges (interest rate swaps) totalling CHF 194.7 million (prior year: CHF 195.0 million). These are used to hedge loans in the form of fixed advances (terms of three to six months) against rising interest rates. Of these, CHF 118.4 million (prior year: CHF 118.7 million) are classified as cash flow hedges. The fair value of these instruments with a negative replacement value was CHF 26.5 million (prior year: CHF 30.8 million). In the prior year, the hedge using an interest rate swap of CHF 10 million had ceased to be effective, and the corresponding swap therefore began to be managed instead as an interest rate swap without the application of hedge accounting. Accumulated changes in valuation recognised in other comprehensive income until the point of ineffectiveness are rebooked to the income statement for the residual term of the interest rate swap. In the year under review, these came to CHF –0.2 million (prior year: CHF –0.2 million). The change in value of the interest rate swap that continues to be classified as a cash flow hedge is divided into an effective and an ineffective portion. The effective portion of the fair value adjustments of CHF 4.3 million (prior year: CHF –3.1 million) was recognised under other comprehensive income in equity. During the year under review, no ineffective portions (prior year: CHF 1.3 million) were recognised in the income statement under financial expense. There are also a further CHF 76.3 million (prior year: CHF 76.3 million) of interest rate hedges not classified as cash flow hedges. The fair value of interest rate swaps with a negative replacement value not held for hedge accounting purposes is CHF 6.3 million (prior year: CHF 9.1 million). Fair value adjustments of CHF 2.8 million (net) were recognised in profit or loss. As at 31 December 2017, the fair value of all derivatives totalled CHF 32.8 million (prior year: CHF 39.8 million).

Financial liabilities as at the reporting date comprised the following maturities, taking into account interest rate hedging, i.e. the maturities of designated swaps are taken into account instead of the maturities of fixed advances:

TCHF	31.12.2017	31.12.2016
Due within 1st year	204,421	92,597
Due within 2nd year	65,187	191,788
Due within 3rd year	114,918	65,453
Due within 4th year	252,676	115,042
Due within 5th year	152,803	255,252
Due within 6th year	43,005	147,960
Due within 7th year	160,518	36,047
Due within 8th year	1,502	151,074
Due within 9th year	247,550	1,502
Due within 10th year	69,488	22,440
Due within 11th year and longer	200,760	270,248
<b>Total financial liabilities</b>	<b>1,512,828</b>	<b>1,349,401</b>

The average residual term of overall financial liabilities is 6.5 years (prior year: 6.9 years).

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Interest rate periods are as follows (composition until next interest rate adjustment/taking into account interest rate hedging):

TCHF	31.12.2017	31.12.2016
Up to 1 year	204,421	92,597
Up to 2 years	65,187	191,788
Up to 3 years	114,918	65,453
Up to 4 years	252,676	115,042
Up to 5 years	152,803	255,252
Over 5 years	722,823	629,269
<b>Total financial liabilities</b>	<b>1,512,828</b>	<b>1,349,401</b>

Certain mortgage interest rates were formerly partially hedged in advance by means of forward rate agreements. Such forward rate agreements generally qualify as derivatives embedded in credit agreements and have to be measured at fair value in accordance with IAS 39. Some of these forward rate agreements were classified as cash flow hedges pursuant to IAS 39, and fair value adjustments relating to the effective portion of the hedge were recognised directly in equity via a separate item (hedging reserve). When the hedged interest cash flows occur, accumulated unrealised gains or losses are transferred to the income statement. This applies until 2022. TCHF 40 was reposted to the income statement in the year under review (prior year: TCHF 40). As at 31 December 2017 and 2016, no new forward rate agreements of this kind were used for cash flow hedges, or the term of the hedged financial liabilities had already started.

As at 31 December 2017, taking current interest rate swaps into account, CHF 1,500.1 million was subject to fixed interest rates, with CHF 12.7 million bearing variable rates. In addition to variable-rate mortgages and rollover mortgages, loans with a total maturity of less than one year (fixed advances) count as variable.

The average rate of interest for the period, taking interest rate swaps into account, was 2.17% (prior year: 2.38%).

## 13. Pledged assets/assets not freely disposable

The carrying amount of pledged assets is as follows:

TCHF	2017	2016
Trade receivables	200	231
Other receivables	22,645	22,673
Trading properties	11,222	22,404
Investment properties and investment properties under construction	2,238,900	2,224,990
Owner-occupied properties	13,454	13,982
<b>Carrying amount of pledged assets</b>	<b>2,286,420</b>	<b>2,284,279</b>

This is the carrying amount of those assets that are pledged either in full or in part for the purpose of securing bank mortgage loans and free limits. These assets were encumbered with mortgages totalling CHF 774.2 million (prior year: CHF 836.4 million) (see Note 12).

## 14. Cash

### Accounting principles

Cash comprises cash in hand and call deposits with banks as well as fixed-term deposits with banks and short-term money market investments with a term of up to 90 days from the time of acquisition. These are recognised at nominal value.

Cash comprises cash holdings and current account deposits of CHF 73.7 million (prior year: CHF 63.9 million) and money market account deposits of CHF 13.4 million (prior year: CHF 110 million) held at Swiss banks. The maximum notice period for withdrawals from money market accounts is 35 days. The average rate of interest applicable to cash was 0.00% (prior year: 0.00%).

## 15. Equity

### Accounting principles

#### Share capital

Share capital is reported as equity since there is no repayment obligation and no dividend guarantee. Transaction costs incurred during a capital increase that can be attributable directly to the issuing of new shares are deducted from the amount of the capital increase less associated income tax. Dividends are reported as liabilities as soon as they are approved by the General Meeting and are thus due.

#### Treasury shares

The costs of the acquisition (purchase price and directly attributable transaction costs) of treasury shares are offset against equity. Shares that have been bought back are classified as treasury shares and deducted from equity as a negative item.

### Equity holding

Changes in the equity holding can be summarised as follows:

No. of shares	Shares issued	Treasury shares	Shares outstanding
<b>At 1.1.2016</b>	<b>6,218,170</b>	<b>-1,247</b>	<b>6,216,923</b>
Share-based payments to Board of Directors and management		6,203	6,203
Acquisition of treasury shares		-7,000	-7,000
<b>At 31.12.2016/1.1.2017</b>	<b>6,218,170</b>	<b>-2,044</b>	<b>6,216,126</b>
Share-based payments to Board of Directors and management		4,348	4,348
Acquisition of treasury shares		-2,805	-2,805
<b>At 31.12.2017</b>	<b>6,218,170</b>	<b>-501</b>	<b>6,217,669</b>

### Capital structure

	TCHF	Number of registered shares	Nominal value per share (CHF)
Share capital	180,327	6,218,170	29.00
Authorised capital (until 29 March 2018)	max. 34,800	1,200,000	29.00
Conditional capital	max. 941	32,446	29.00

	TCHF	Number of registered shares	Nominal value per share (CHF)
Share capital	180,327	6,218,170	29.00
Authorised capital (until 29 March 2018)	max. 34,800	1,200,000	29.00
Conditional capital	max. 941	32,446	29.00

There was no change in share capital in the year under review.

Authorised share capital is also available, allowing the Board of Directors to increase the share capital of the company by a maximum of CHF 34.8 million within two years (up to March 2018) at most via the issue of up to 1,200,000 registered shares, to be fully paid up, with a nominal value of CHF 29.00 per share.

There is also conditional share capital of a maximum of CHF 0.9 million for the issue of up to 32,446 fully paid up registered shares with a nominal value of CHF 29.00 for the subscription rights created after 5 May 2010 under an employee share option programme. Shareholders' subscription rights are excluded.

### Dividend

The Annual General Meeting of 28 March 2017 approved a distribution from the capital contribution reserves of CHF 10.00 per share for the 2016 financial year, which was paid on 4 April 2017. The nominal value of Mobimo shares remains at CHF 29.00.

The Board of Directors will propose to the upcoming General Meeting of 27 March 2018 a distribution of CHF 27.4 million in the form of a distribution of paid-in capital of CHF 4.40 per share, together with a capital reduction of CHF 34.8 million in the form of a nominal value reduction of CHF 5.60 per share. This adds up to a proposed distribution of CHF 10.00 per share (total: CHF 62.2 million).

Over the past five years, the distribution yield (capital contribution or nominal value repayment), taking account of the planned distribution for the financial year, has averaged about 4.4% (prior year: 4.5%).

## 16. Financial risk management

Through its activities, Mobimo is exposed to various financial risks. These can be summarised as credit risks, liquidity risks and market risks. Of the various market risks, interest rate risk is particularly significant.

Risk management is assured by Internal Controlling. Internal Controlling operates in accordance with the principles of Mobimo's risk management concept, which are monitored by the Audit and Risk Committee.

The risk management principles and the processes applied are subject to regular review in order to take account of changes in market conditions and in the activities of the Group. The aim is to use existing training and management guidelines and processes to maintain a disciplined and constructive control environment in which all employees can fulfil their function and exercise their duties. Risk management is part of the processes that make up the integrated management system.

The following paragraphs provide an overview of the exposure to each of the individual financial risks, together with information on the objectives, policies and processes for measuring, monitoring and hedging risks and on capital management within the Group. Further information on financial risks can be found elsewhere in the Notes.

### Credit risk

Credit risk is the risk that Mobimo could suffer financial losses if clients or counterparties to a financial instrument fail to fulfil their contractual obligations. Credit risk arises primarily in connection with trade receivables and cash.

In order to minimise credit risk in connection with cash, short-term bank deposits are held with first-rate institutions. Trade receivables are receivables from property sales, from rental agreements and from current projects. Property sales are exposed to only limited credit risk, since these sales are based on a publicly certified purchase agreement that is regularly secured via an irrevocable promise to pay. With rental agreements, credit risk is reduced via creditworthiness checks and by monitoring the age structure of amounts outstanding. Deposits or bank guarantees of three to six times the monthly rent are also demanded. Receivables from current projects are either covered by promises to pay or relate to institutional investors with good credit quality. The contracts with these institutional investors also include predefined payment plans. The credit risk associated with receivables from current projects is therefore considered to be low.

The maximum credit risk exposure corresponds to the carrying amounts of the individual financial assets. There are no guarantees or similar obligations that could lead to an increase in risk in excess of the carrying amounts.

As at the reporting date, the maximum credit risk exposure was as follows:

TCHF	Carrying amounts 2017	Carrying amounts 2016
Cash (bank deposits)	87,103	173,869
Trade receivables	73,749	13,479
Other receivables <sup>1</sup>	23,876	24,364
Accrued income and prepaid expenses <sup>2</sup>	1,667	2,024
Financial assets (receivables and loans)	150,000	117
<b>Total</b>	<b>336,395</b>	<b>213,854</b>

<sup>1</sup> Not including tax receivables, receivables in connection with social security and advance payments.

<sup>2</sup> Not including costs paid in advance.

### Liquidity risk

Liquidity risk is the risk that Mobimo will not be able to meet its financial obligations when they become due. Investment properties are refinanced where necessary via medium to long-term loans, and residential development properties via short-term loans. If required, Mobimo can also obtain financing by issuing bonds. Liquidity is managed via a liquidity planning tool, in combination with a mortgage database.

The table below sets out the contractual maturities (including interest) of the financial liabilities held by Mobimo. Future variable rates of interest have been estimated using the yield curve as at the reporting date.

TCHF	Carrying amount 2017	Contractual cash flows	1 month or less	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years
<b>Non-derivative financial liabilities</b>							
Trade payables <sup>1</sup>	16,128	16,128		16,128			
Other payables <sup>2</sup>	4,503	4,503		4,503			
Accrued expenses and deferred income <sup>3</sup>	27,439	27,439		27,439			
Financial liabilities	1,512,828	1,673,599	2,723	13,465	213,179	660,632	783,599
<b>Derivative financial liabilities</b>							
Interest rate swaps	32,780	33,443	182	1,247	13,917	4,243	13,853
<b>Total</b>	<b>1,593,678</b>	<b>1,755,112</b>	<b>2,906</b>	<b>62,782</b>	<b>227,096</b>	<b>664,876</b>	<b>797,452</b>

TCHF	Carrying amount 2016	Contractual cash flows	1 month or less	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years
<b>Non-derivative financial liabilities</b>							
Trade payables <sup>1</sup>	16,184	16,184		16,184			
Other payables <sup>2</sup>	9,181	9,181		9,181			
Accrued expenses and deferred income <sup>3</sup>	28,881	28,881		28,881			
Financial liabilities	1,349,401	1,574,669	5,835	17,042	97,870	721,703	732,218
<b>Derivative financial liabilities</b>							
Interest rate swaps	39,834	40,152	188	1,267	4,498	17,920	16,278
<b>Total</b>	<b>1,443,481</b>	<b>1,669,066</b>	<b>6,022</b>	<b>72,555</b>	<b>102,369</b>	<b>739,624</b>	<b>748,496</b>

<sup>1</sup> Not including rents and ancillary costs paid in advance.

<sup>2</sup> Not including tax payables and payables in connection with social security.

<sup>3</sup> Not including deferred income and unused annual leave.

### Market risk

Market risk is the risk that changes in market prices such as exchange rates, interest rates and the fair value of financial instruments could have an impact on the profit from and market value of financial instruments held by Mobimo.

The aim behind the management of market risk is to monitor and control it to ensure that it does not exceed certain levels.

### Currency risk

The Group is only active in Switzerland, and almost all business is transacted in Swiss francs.

### Interest rate risk

Interest rate risk can be broken down into the interest-related risk of a change in market value, i.e. the risk that the market value of a financial instrument will change as a result of fluctuations in market interest rates, and an interest-related cash flow risk, i.e. the risk that future interest payments will change as a result of fluctuations in market interest rates.

A description of the interest-bearing financial instruments and sensitivity analyses of the two components of interest rate risk are provided below.

The Group's cash is used to reduce variable-rate mortgages or is invested on a short-term basis.

The interest on financial liabilities relates to bonds, loans for the financing of investment properties and trading properties. With investment properties, interest rate risk is generally addressed via



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the conclusion of long-term fixed-rate mortgage agreements. Where necessary, derivative financial instruments are also used to hedge interest rates.

As at the reporting date, there was no construction financing for investment properties (also none in the prior year).

Based on its market assessment, Mobimo has set itself the goal of maintaining the average residual term to maturity of financial liabilities as long-term, via long-term bonds, mortgages with long terms or derivative financial instruments.

Further information on the interest rate profile of financial liabilities, bonds, forward rate agreements and interest rate swaps can be found in Note 12.

### Fair value sensitivity analysis for fixed-rate financial instruments

Mobimo has no fixed-rate financial assets or liabilities that are classified at fair value in the income statement. Fixed-rate financial instruments are measured at amortised cost. With these positions, therefore, a change in market interest rates would have no impact on the profit for the year.

Mobimo may hold forward rate agreements and interest rate swaps measured at fair value. Changes in the fair value of interest rate swaps not held for hedge accounting purposes are recognised in the financial result and therefore have a direct impact on the profit for the year. Changes in the fair value of financial instruments used for hedge accounting purposes are recognised directly under other comprehensive income.

An increase of 100 basis points in the interest rate would have increased the Group result by CHF 1.8 million (prior year: CHF 2.7 million) as a result of changes in fair value for swaps not held for hedge accounting purposes. These changes in the fair value of swaps held for hedge accounting purposes would have increased other comprehensive income (equity) by CHF 20.2 million (prior year: CHF 20.8 million). An equivalent reduction in the interest rate would have reduced the Group result and other comprehensive income by a similar amount. This analysis is based on the assumption that all other variables remain unchanged.

### Cash flow sensitivity analysis for variable-rate financial instruments

Mobimo's variable-rate financial liabilities are exposed to interest rate-related cash flow risk. These liabilities generally bear interest at three-month Libor plus a margin. Of the variable-rate financial liabilities outstanding as at the reporting date, CHF 118.4 million were hedged by interest rate swaps. A change in the interest rate therefore results in a change in the fair value of the interest rate swaps (see Note 12). For the remaining CHF 12.7 million of variable-rate financial liabilities and for cash, an increase of 100 basis points in the interest rate would have had only a minor impact on the Group result given the negative interest rate situation. This analysis is based on the assumption that all other variables remain unchanged.

## Fair values

The carrying amounts in the annual financial statements for cash, trade receivables, other current receivables, current financial assets (time deposits) and current liabilities are very close to the fair values given the short terms involved.

Interest rate swaps and forward rate agreements are recognised at fair value in the balance sheet as at the reporting date. Fair value is the present value of the forward contract.

For fixed-rate financial liabilities, fair value is the time value of the future cash flows, discounted to the reporting date using the market interest rate. Rates of interest for discounting future cash flows are based on money and capital market rates as at the time of measurement plus an adequate interest rate spread of 0.80% (prior year: 0.80%). The discount rates applied as at 31 December 2017 were between 0.22% and 1.61% (prior year: between 0.14% and 1.49%). The fair value of bonds is the closing price on the stock exchange as at the reporting date.

	Carrying amount 31.12.2017	Fair value 31.12.2017	Carrying amount 31.12.2016	Fair value 31.12.2016
Mortgages (Level 2)	774,240	830,310	836,441	908,941
Bonds (Level 1)	738,587	766,997	512,960	545,643
<b>Total</b>	<b>1,512,828</b>	<b>1,597,307</b>	<b>1,349,401</b>	<b>1,454,583</b>

The table below shows financial instruments carried at fair value, by measurement method, as at the reporting date. For an explanation of the individual levels, see Note 5 "Investment properties".

31 December 2017	Level 1	Level 2	Level 3
Derivative financial instruments	0	32,780	0
31 December 2016	Level 1	Level 2	Level 3
Derivative financial instruments	0	39,834	0

Mobimo does not hold any financial instruments carried at fair value that would be classified as Level 1 or 3.

### Categories of financial instruments

The table below shows the carrying amounts of all financial instruments by category:

TCHF	Carrying amount 2017	Carrying amount 2016
<b>Loans and receivables</b>		
Cash	87,103	173,869
Trade receivables	73,749	13,479
Other receivables <sup>1</sup>	23,876	24,364
Accrued income and prepaid expenses <sup>2</sup>	1,667	2,024
Financial assets (loans)	150,000	117
<b>Total loans and receivables</b>	<b>336,395</b>	<b>213,854</b>
<b>Financial assets available for sale</b>		
Financial assets	1,849	1,849
<b>Financial liabilities measured at amortised cost</b>		
Trade payables <sup>3</sup>	16,128	16,184
Other payables <sup>4</sup>	4,503	9,181
Accrued expenses and deferred income <sup>5</sup>	27,439	28,881
Financial liabilities	1,512,828	1,349,401
<b>Total liabilities measured at amortised cost</b>	<b>1,560,898</b>	<b>1,403,647</b>
<b>Financial liabilities held for trading purposes</b>		
Derivative financial instruments	6,266	9,061
<b>Financial liabilities held for hedging purposes</b>		
Derivative financial instruments	26,515	30,773

<sup>1</sup> Not including tax receivables and receivables in connection with social security and advance payments.

<sup>2</sup> Not including costs paid in advance.

<sup>3</sup> Not including rents and ancillary costs paid in advance.

<sup>4</sup> Not including tax payables and payables in connection with social security.

<sup>5</sup> Not including deferred income taxes and unused annual leave.

### Capital management

The Board of Directors seeks to ensure a solid capital base. Under the investment guidelines, the equity ratio must be above 40%. With regard to its capital structure, Mobimo aims to achieve long-term net gearing (ratio of net debt to shareholders' equity) of a maximum of 150%.

Some of the contracts concluded with lenders contain clauses concerning minimum capitalisation (financial covenants). The key figures used are the equity ratio, net gearing and interest coverage factor. They were complied with without exception during the reporting period.

The key figures as at the reporting date are as follows:

TCHF	31.12.2017	31.12.2016
Equity	1,399,108	1,366,267
Equity and liabilities	3,195,695	3,031,688
<b>Equity ratio</b>	<b>43.8%</b>	<b>45.1%</b>
Current financial liabilities	204,421	92,597
Non-current financial liabilities	1,308,407	1,256,804
Cash	-87,103	-173,869
Current financial assets (time deposits)	-150,000	0
<b>Net financial debt</b>	<b>1,275,725</b>	<b>1,175,532</b>
Equity	1,399,108	1,366,267
<b>Net gearing</b>	<b>91.2%</b>	<b>86.0%</b>

## PERSONNEL

### 17. Personnel expenses

Personnel expenses can be broken down as follows:

TCHF	2017	2016
Salaries	-17,440	-16,442
Profit-sharing (management/employees)	-2,601	-4,076
Social security contributions	-1,783	-1,731
Defined contribution plans	-214	-213
Defined benefit plans	-56	-1,532
Compensation for Board of Directors	-1,198	-1,180
External training and education costs	-274	-165
Other personnel expenses	-1,786	-1,963
<b>Total personnel expenses</b>	<b>-25,351</b>	<b>-27,302</b>
Headcount at 31 December (full-time basis)	141,4	135,7
Average headcount (full-time basis)	137,3	126,2

In the year under review, the Board of Directors and Executive Board were paid the following compensation, reported in personnel expenses:

TCHF	2017	2016
<b>Members of the Board of Directors/ Executive Board</b>	<b>-5,515</b>	<b>-6,337</b>
Broken down as follows		
• salaries	-4,116	-4,295
• share-based payments	-798	-1,383
• social security contributions	-601	-659

Further details of Board of Directors and Executive Board remuneration can be found in Note 19.

### 18. Employee benefit obligation

#### Accounting principles

Liabilities from defined benefit plans are determined annually for each plan by setting the present value of the defined benefit obligation using the projected unit credit method. The discount rate used for the calculation is based on the interest rate of first-class industrial bonds with very similar maturities to the liabilities. The fair value of the plan assets is subsequently deducted. Pension costs, which are recognised in the income statement, comprise current service cost, past service cost, gains and losses on settlement and net interest expense. Gains and losses on plan curtailments are a component of past service cost. Net interest expense corresponds to the discount rate multiplied by the net benefit obligation as at the beginning of the financial year. Any revaluations, comprising actuarial gains and losses resulting from changes in assumptions and experience adjustments as well as investment income less contributions that are included in net interest expense, are recognised in other comprehensive income.

All Mobimo employees work in Switzerland. Pension plans in Switzerland are regulated by the Swiss Federal Act on Occupational Retirement, Survivors' and Disability Pension Plans (BVG). For the purposes of mandatory (legal minimum) and non-mandatory employee benefit insurance, Mobimo is thus affiliated with group administration plans ("Sammelstiftungen") that are organised as independent legal entities in accordance with the BVG. Participants in the plan are insured against the economic consequences of old age, disability and death. The risks of death and disability under non-mandatory employee benefit insurance are fully reinsured. The various benefits are stipulated in regulations; the BVG lays down minimum benefits. Contributions to the pension plan are paid by the employer and employees. In the case of a deficit, various measures (such as adjusting pension benefits by changing the conversion rates or by raising the amount of current contributions) may be approved.

The BVG governs how any deficit reduction measures are to be borne jointly by the employees and the employer. As Mobimo may be consequently obliged to finance deficit reduction measures, employee benefit plans qualify as defined benefit plans under IAS 19.

Benefit obligations developed as follows in the year under review:

TCHF	2017	2016
Present value of benefit obligations at the beginning of the period	40,218	30,537
Employer's current service cost	1,701	1,587
Interest expense	230	270
Employee contributions	994	908
Amounts paid	692	330
Actuarial (gains) losses		
• Effect of changes in demographic assumptions	0	-646
• Effect of changes in financial assumptions	-301	845
• Effect of experience adjustments	1,296	2,509
Past service cost	-1,673	-101
Additions from business combinations	0	3,979
<b>Present value of benefit obligations at the end of the period</b>	<b>43,157</b>	<b>40,218</b>

The effect of changes in financial assumptions (decrease of CHF 0.3 million) in the 2017 financial year is mainly attributable to the increase in the discount rate from 0.60% to 0.65%. The prior year's increase of CHF 0.8 million was mainly due to the reduction in the discount rate that year from 0.90% to 0.60%.

Plan assets developed as follows in the year under review:

TCHF	2017	2016
Plan assets at market values at the beginning of the period	33,055	24,697
Interest income	203	223
Employer contributions	1,130	1,026
Employee contributions	994	908
Amounts paid	692	330
Return on plan assets (excluding interest income)	1,031	3,280
Additions from business combinations	0	2,589
<b>Plan assets at market values at the end of the period</b>	<b>37,104</b>	<b>33,055</b>

The amounts recognised in the balance sheet for the defined benefit plans are made up as follows:

TCHF	2017	2016
Present value of benefit obligations	43,157	40,218
Market value of plan assets	-37,104	-33,055
<b>Net liability</b>	<b>6,053</b>	<b>7,163</b>

The expense recognised for these plans in the income statement is made up as follows:

TCHF	2017	2016
Current service cost	-1,701	-1,587
Interest expense	-230	-270
Interest income on plan assets	203	223
Recognition of past service cost	1,673	101
<b>Net benefit expense</b>	<b>-56</b>	<b>-1,532</b>

As in the prior year, the positive amount recognised in past service cost is attributable to the reduction in the conversion rate decided by the foundation board.

The expected employer contributions for the 2018 financial year are CHF 1.2 million.

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The following amounts are recognised in Other comprehensive income under Total comprehensive income:

TCHF	2017	2016
Actuarial gains (losses)		
• Effect of changes in demographic assumptions	0	646
• Effect of changes in financial assumptions	301	-845
• Effect of experience adjustments	-1,296	-2,509
Return on plan assets (excluding interest income)	1,031	3,280
Other effects	0	-1,390
<b>Total remeasurements included in other comprehensive income</b>	<b>36</b>	<b>-817</b>

The net obligation recognised in the balance sheet changed as follows:

TCHF	2017	2016
At 1 January	7,163	5,840
Company's net benefit expense	56	1,532
Employer contributions	-1,130	-1,026
Remeasurements included in other comprehensive income	-36	817
<b>At 31 December</b>	<b>6,053</b>	<b>7,163</b>

The following assumptions were applied to the expense reported in the income statement and pension liability reported in the balance sheet:

	2017	2016
Assumptions for the expenses in the income statement:		
Discount rate	0.60%	0.85%
Expected future salary increases	1.25%	1.25%
Expected future pension benefit increases	0.10%	0.10%
Longevity at age 65 for current members aged 45		
• Males	24.3	24.3
• Females	26.4	26.3
Longevity at age 65		
• Males	22.5	22.4
• Females	24.5	24.4
Assumptions for the pension liability in the balance sheet		
Discount rate	0.65%	0.60%
Expected future salary increases	1.25%	1.25%
Expected future pension benefit increases	0.10%	0.10%

Plan assets can be broken down into the following categories:

Asset classes	Plan assets 2017 in%	Market values 2017 in TCHF	Plan assets 2016 in%	Market values 2016 in TCHF
Cash and cash equivalents	4%	1,511	3%	996
Shares (listed)	29%	10,937	29%	9,475
Bonds and notes (listed)	44%	16,225	46%	15,351
Real estate	15%	5,522	17%	5,556
Alternative investments	8%	2,909	5%	1,677
<b>Total</b>	<b>100%</b>	<b>37,104</b>	<b>100%</b>	<b>33,055</b>

As at 31 December 2017, the plan assets did not include treasury shares or real estate in the companies' own use.



A change in the assumptions of +/- 25 basis points for the discount rate and salary increases and +/- 10 basis points for pension benefit increases would have the following percentage impact on the present value of the benefit obligations:

	2017	2017	2017
Impact on present value of benefit obligations due to the above mentioned changes in basis points:	Discount rate	Salary increases	Pension increases
Increase	-3.4%	0.2%	1.1%
Decrease	3.6%	-0.2%	-1.1%

	2016	2016	2016
Impact on present value of benefit obligations due to the above mentioned changes in basis points:	Discount rate	Salary increases	Pension increases
Increase	-3.5%	0.3%	1.1%
Decrease	3.8%	-0.3%	-1.1%

The following future benefit payments of the pension plan are expected for benefit obligations:

TCHF	2017	2016
Up to 1 year	960	491
Up to 5 years	5,787	2,963
Over 5 years	36,410	36,764
<b>Total</b>	<b>43,157</b>	<b>40,218</b>

Based on a DBO cash flow calculation, the duration of benefit obligations as at the reporting date was 18.8 years (prior year: 19.0 years).

## 19. Share-based payments

### Accounting principles

Share-based payments are transactions whereby the Mobimo Group receives goods or services in return for equity instruments such as shares or options. The Board of Directors and the Executive Board are currently subject to compensation rules under which compensation is paid partly in the form of shares. Both schemes are classified as share-based payments. The costs of share-based payments are recognised in the income statement in personnel expense, spread over the vesting period. The corresponding counter-posting takes place in equity. The vesting period is the period during which unlimited entitlement to the shares or options granted is earned. The valuation is based on the fair value of the equity instruments as at the grant date. The grant date is the date on which both parties agree to the plan for the share-based payment and reach a joint agreement on the terms and conditions of the plan.

### Board of Directors

In accordance with the regulations that came into effect in the 2009 financial year, the Board of Directors receives fixed compensation structured on a modular basis. The modules used reflect members' individual activities on the Board of Directors, thus ensuring that compensation is commensurate with the level of responsibility and time involved. Each member of the Board of Directors may receive the compensation in cash or partly or fully in shares in accordance with the allocation resolution. In total, compensation of CHF 1.1 million was paid in cash (prior year: CHF 0.9 million) and CHF 0.1 million in the form of shares (242 shares were issued and 73 shares were granted but will not be issued until 2018) in 2017 (prior year: CHF 0.3 million, 1,239 shares).

### Executive Board

Under the current compensation regulations (valid from 1 January 2015), 65% of variable compensation is based on quantitative criteria and 35% on qualitative criteria that are themselves based on Mobimo's strategy. The Board of Directors has defined the key performance figure for calculating the quantitative target as the return on equity before accumulated revaluation income. However, entitlement to compensation is conditional on the company achieving a minimum return on equity before revaluation income of 4.5%. Once this minimum return on equity has been achieved, the entitlement of the Executive Board members rises on a straight-line basis within a range defined by the Board of Directors.

Variable compensation is capped at 100% of the fixed salary. As such, the regulations allow the Board of Directors to reduce variable compensation if a dividend/capital repayment at least equivalent to that of the prior year cannot be distributed to shareholders.

At least 50% of the variable compensation is paid in shares in the company. The shares issued are subject to a vesting period of generally five years.

For the 2017 financial year, a total of 2,742 shares (prior year: 4,291) were granted to the Executive Board as a share of profits. The cost of the approved share allocation was recognised as CHF 0.7 million (prior year: CHF 1.1 million), measured at the share price on 31 December 2017 of CHF 261.50 per share (prior year: CHF 254.75). Share-based compensation for the Executive Board was based on the assumption that 50% would be taken in the form of shares (prior year: 50%).

### Option plan

No outstanding options exist.

# INCOME TAXES

## 20. Income taxes

### Critical estimates and assumptions

The taxation of gains on the disposal of properties is subject to a special property gains tax in various cantons. The tax rates applied depend on the length of time the property is held and can vary significantly.

In the calculation of deferred taxes on investment properties, a residual holding period is estimated for each property that reflects Mobimo's strategy. The tax payable on these properties is calculated on the basis of a holding period of up to 20 years. Should the actual holding period for a property deviate from the estimated holding period, the amount of tax applicable at the time the property is sold may vary considerably from the deferred tax estimated.

Applying the property gains tax rates that would be payable in the event of a theoretical sale of all properties on 1 January 2018, the deferred tax liabilities would be CHF 9.8 million higher than the reported deferred tax liabilities.

Various property gains tax amounts due on property sales in the current and previous periods are not yet definitive as at the reporting date. If the definitive amounts involved are not the same as the initial calculations, this may have a material effect on the tax expense for future periods.

### Accounting principles

Income taxes include current and deferred income taxes. They are recognised in the income statement, with the exception of income tax on transactions recognised in other income or directly in equity. In these cases, income tax is similarly charged to other comprehensive income or directly to equity.

Current income taxes include the expected taxes payable on the relevant taxable result, calculated using the tax rates enacted or substantially enacted at the reporting date, capital gains taxes on property sales effected and any adjustments to tax liabilities or assets from previous years.

Deferred taxes are recognised for temporary differences between the respective tax bases in the tax balance sheet and the consolidated balance sheet, in accordance with the balance sheet liability method. Measurement of deferred taxes takes account of the point in time when the asset/liability is expected to be realised/settled and the manner in which carrying amounts are expected to be recovered or settled. The tax rates used are those that are enacted or substantially enacted at the reporting date.

Deferred tax assets can only be recognised to the extent that it is probable that future profits will be available against which the temporary differences can be offset.

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Income tax

### Tax expense

Tax expense can be broken down as follows:

TCHF	2017	2016
<b>Total current tax expense</b>	<b>-21,318</b>	<b>-24,466</b>
<b>Deferred tax</b>		
Change in deferred tax	-2,898	-10,638
Changes in tax rate on deferred tax items recognised	-219	19,974
<b>Total deferred tax income/expense</b>	<b>-3,117</b>	<b>9,336</b>
<b>Total income tax expense</b>	<b>-24,436</b>	<b>-15,130</b>

On 20 March 2016, the electorate in the Canton of Vaud voted in a referendum in favour of the canton's new tax law, whose provisions include a substantial reduction in the canton's corporate tax rate. Consequently, the new lower tax rates are to already be applied for the calculation of deferred taxes for temporary differences realised only after 1 January 2019. This gave rise in the previous year to a non-recurring positive effect of CHF 21.5 million in deferred tax liabilities, in particular on the differences in value of investment properties.

Current tax expense contains an expense reduction of CHF 0.0 million (prior-year expense reduction: CHF 0.3 million) in tax on profits from prior periods.

Property gains tax is also contained in current tax expense and is incurred in those cantons that tax property gains on the disposal of properties and is thus cyclical in nature.

Current tax expense and other comprehensive income (equity) include current tax gains of CHF 1.0 million (prior-year tax expenses: CHF 0.9 million) from recognising the gains (prior year: losses) on financial instruments classified as cash flow hedges (interest rate swaps).

Tax expense can be analysed as follows:

	Unit	2017	2016
Group profit before tax	TCHF	115,927	174,548
Applicable tax rate	%	25	25
Tax expense at applicable tax rate	TCHF	-28,982	-43,637
Non-deductible expenses	TCHF	-651	-44
Creation/reversal for prior-year current tax	TCHF	-1	841
Utilisation of previously unrecognised tax losses	TCHF	-707	-1,131
Expense/income which is taxed at a lower/higher tax rate	TCHF	5,818	8,443
Impact of changes in tax rate on deferred tax items recognised	TCHF	-219	19,974
Other effects	TCHF	306	424
<b>Total taxes</b>	<b>TCHF</b>	<b>-24,436</b>	<b>-15,130</b>

The applicable tax rate in the year under review is a mixed rate. It takes account of the fact that gains subject to cantonal and municipal taxes are currently taxed at an average rate of 22% (including direct federal tax), while property gains subject to property gains tax are taxed at rates of up to 35%.

The effects that arise from the difference between the applicable tax rate and the tax rate that is actually valid for offsetting tax loss carry forwards during the offsetting of tax loss carry forwards for which there was a deferred tax asset at the end of the prior year are recognised in the balance sheet item Utilisation of previously unrecognised tax losses.

**Deferred tax**

Deferred tax liabilities and assets are allocated to the following balance sheet items:

TCHF	2017 Assets	2017 Liabili- ties	2016 Assets	2016 Liabili- ties
Investment properties		159,398		156,089
Employee benefit obligation	1,144		1,354	
Other items	1,462	5,450	2,162	7,645
<b>Deferred taxes on temporary differences</b>	<b>2,606</b>	<b>164,848</b>	<b>3,516</b>	<b>163,734</b>
Tax benefit of offsettable loss carryforwards	3,175		4,266	
<b>Total deferred taxes</b>	<b>5,781</b>	<b>164,848</b>	<b>7,782</b>	<b>163,734</b>
Offset of deferred tax assets and liabilities	-3,971	-3,971	-5,295	-5,295
<b>Deferred tax assets/liabilities</b>	<b>1,811</b>	<b>160,878</b>	<b>2,488</b>	<b>158,440</b>

Other assets of CHF 0.2 million in the year under review (prior year: CHF 0.6 million) relate to offsettable loss carry forwards for direct federal, cantonal and municipal taxes of CHF 0.8 million (prior year: CHF 2.5 million). There were otherwise no unrecognised loss carry forwards, as in the prior year.

No deferred taxes were recognised for undistributed earnings of subsidiaries, since no taxes are expected if a distribution were to take place.

Of the net increase in deferred tax liabilities of CHF 3.1 million (up from CHF 156.0 million to CHF 159.1 million) CHF –3.1 million was recognised in the income statement and CHF 0.0 million in financial instruments and directly in other comprehensive income under the employee benefit obligation (prior year: net decrease of CHF 4.7 million from CHF 160.7 million to CHF 156.0 million, of which CHF 4.8 million was from the acquisition of BSS&M Real Estate AG, CHF –9.3 million was recognised in the income statement and CHF –0.1 million was recognised in small part in financial instruments and in large part directly in other comprehensive income under the employee benefit obligation).

Deferred tax assets for loss carry-forwards are recognised to the extent that it is probable that future taxable profits will be available against which the loss carry-forwards can be utilised.

According to the current practice of the Zurich Cantonal Tax Office, cantonal losses for the purposes of income tax cannot be completely offset against gains in the same year. However, these losses are carried forward and may be offset against future gains. The tax benefit that Mobimo recognised in the income statement on these prior-period losses in the year under review decreased by CHF 0.7 million to CHF 3.0 million (prior year: reduction of the tax benefit recognised in the income statement by CHF 0.7 million to CHF 3.7 million).



## OTHER NOTES

### 21. Operating expenses

Operating expense includes expenditure on IT, communication, marketing, general office expenses and non-reclaimable input tax. Also included in operating expense are capital taxes of CHF 0.6 million (prior year: CHF 0.6 million) and planning costs of CHF 2.0 million (prior year: CHF 1.4 million). Planning costs relate to expenditure on the development and compilation of feasibility studies for projects subject to external influences that Mobimo cannot influence and for which there is uncertainty as to whether they can be at all realised. For this reason, these costs have been charged to operating expense until there is certainty about the realisation of the projects in question. Once this is the case, these costs will be capitalised.

### 22. Administrative expenses

Administrative expenses can be broken down as follows:

TCHF	2017	2016
Consulting expense	-2,115	-2,140
Consulting expense in respect of related parties	-57	-78
Other administrative expenses	-791	-773
<b>Total administrative expenses</b>	<b>-2,962</b>	<b>-2,990</b>

For further details of expense in respect of related parties, see Note 31. Other administrative expenses in the year under review include CHF 0.5 million in external administration costs of BSS&M Real Estate AG, which was acquired last year (prior year: CHF 0.3 million).

### 23. Trade receivables

Trade receivables can be broken down as follows:

TCHF	2017	2016
Outstanding purchase prices real estate due from third parties	846	2,417
Outstanding rents and ancillary costs due from third parties	8,272	5,603
Outstanding rents and ancillary costs due from associates and joint ventures	50	229
Less doubtful debt allowance for outstanding rent and ancillary costs	-601	-851
Receivables current projects	65,182	6,081
<b>Total trade receivables</b>	<b>73,749</b>	<b>13,479</b>

Further information on the Receivables from current projects item can be found in Note 9.

The age structure of receivables (excluding receivables from current projects) that are not impaired is as follows:

TCHF	2017	2016
Not past due	8,025	7,319
Up to 30 days	398	30
Up to 90 days	77	29
Over 90 days	67	21
<b>Total</b>	<b>8,568</b>	<b>7,398</b>

Doubtful debt allowances for outstanding rent and ancillary costs developed as follows in the year under review:

TCHF	2017	2016
<b>Specific valuation allowance</b>		
At 1 January	851	1,159
Change in valuation allowance	-249	-309
<b>At 31 December</b>	<b>601</b>	<b>851</b>

There were no general valuation allowances as at the reporting date. Based on past experience, Mobimo does not expect any additional defaults.

## 24. Other receivables

Other receivables total CHF 24.5 million (prior year: CHF 25.6 million) and include CHF 22.6 million (prior year: 22.7 million) of cash pledged to banks as collateral.

## 25. Property, plant and equipment

### Accounting principles

Property, plant and equipment, including owner-occupied properties, is measured at cost less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment is depreciated using the straight-line method over its estimated useful life.

Useful life is as follows:

Buildings	50 years
Interior fixtures and fittings	15 years
Building services	15 years
Office furnishings	8 years
Office equipment	5 years
Telephone installations	5 years
Vehicles	5 years
Hardware	3 – 4 years

The carrying amount of property, plant and equipment is assessed at least once a year. If there are indications that an asset may be impaired, an impairment test is carried out.

TCHF	Owner-occupied properties	Other P, P & E in use	Other P, P & E under construction	2017 Total
<b>Cumulative acquisition values</b>				
Balance at 1 January	20,954	6,029	1,269	28,253
Additions	300	915	2,260	3,475
Disposals	0	-1,024	0	-1,024
<b>Balance at 31 December</b>	<b>21,254</b>	<b>5,920</b>	<b>3,530</b>	<b>30,704</b>
<b>Cumulative depreciation</b>				
Balance at 1 January	-6,972	-3,728	0	-10,700
Depreciation	-829	-856	0	-1,685
Disposals	0	1,024	0	1,024
<b>Balance at 31 December</b>	<b>-7,800</b>	<b>-3,561</b>	<b>0</b>	<b>-11,361</b>
<b>Net carrying amount at 31 December</b>				
	<b>13,454</b>	<b>2,359</b>	<b>3,530</b>	<b>19,343</b>
Total other P, P & E at 31 December		5,889		

Owner-occupied properties include the property at Küsnacht, Seestrasse 59, and part of the property at Lausanne, Rue de Genève 7, which are used by Mobimo Management AG as its administrative premises. Also included is a room for cultural activities at the property in Lausanne, Rue des Côtes-de-Montbenon 16.

The usage of the property in Aarau, Buchserstrasse 27, as a project office and showroom for the "AQA" construction projects in Aarau was discontinued in the prior year and the property was reclassified as a trading property.

Other property, plant and equipment comprises computer hardware, movables and vehicles. Property, plant and equipment does not include any items under financial leasing arrangements.

Other property, plant and equipment currently under construction in the year under review comprises a power plant in Kriens. Once completed, the plant will provide residents and third parties in the Kriens district, Mattenhof with heating and cooling.

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TCHF	Owner-occupied properties	Other P, P & E in use	Other P, P & E under construction	2016 Total
<b>Cumulative acquisition values</b>				
Balance at 1 January	21,649	5,113	964	27,726
Additions	239	973	306	1,517
Disposals	0	-101	0	-101
Transfers to trading properties	-934	0	0	-934
Additions from business combinations	0	44	0	44
<b>Balance at 31 December</b>	<b>20,954</b>	<b>6,029</b>	<b>1,269</b>	<b>28,253</b>
<b>Cumulative depreciation</b>				
Balance at 1 January	-6,380	-2,960	0	-9,340
Depreciation	-874	-839	0	-1,714
Disposals	0	71	0	71
Transfers to trading properties	283	0	0	283
<b>Balance at 31 December</b>	<b>-6,972</b>	<b>-3,728</b>	<b>0</b>	<b>-10,700</b>
<b>Net carrying amount at 31 December</b>	<b>13,982</b>	<b>2,301</b>	<b>1,269</b>	<b>17,553</b>
Total other P, P & E at 31 December		3,570		

## 26. Intangible assets

### Accounting principles

Mobimo classifies the purchase rights/construction projects and software categories as intangible assets. Mobimo acquires purchase rights when it makes payments for the right to purchase a plot of land. Development services carried out for third parties and own work carried out on projects using non-current assets where a contractual basis for the acquisition of land exists but the title to the land has not yet been transferred are reported under construction projects. The software category comprises software that has been purchased for operational purposes. Intangible assets are measured at cost. Software is amortised individually over an estimated useful life of generally three to five years.

The carrying amount of intangible assets is assessed at least once a year. If there are indications that an asset may be impaired, an impairment test is carried out.

Recoverable amounts are calculated annually for other intangible assets with an indefinite useful life and intangible assets not yet available for use, even if there are no indications of impairment.

TCHF	Purchase options/ construction projects	Software	2017 Total
<b>Cumulative acquisition values</b>			
Balance at 1 January	4,325	6,539	10,864
Additions	1,024	1,778	2,802
Disposals	0	-457	-457
<b>Balance at 31 December</b>	<b>5,349</b>	<b>7,860</b>	<b>13,209</b>
<b>Cumulative amortisation and impairment losses</b>			
At 1 January	-2,165	-2,425	-4,590
Amortisation	0	-1,006	-1,006
Disposals	0	456	456
<b>Balance at 31 December</b>	<b>-2,165</b>	<b>-2,974</b>	<b>-5,139</b>
<b>Net carrying amount at 31 December</b>	<b>3,184</b>	<b>4,885</b>	<b>8,069</b>

Purchase options/construction projects consist of a notarised purchase option for a plot in Merlischachen in the Canton of Schwyz, and capitalised development costs for a construction project in Zurich Oerlikon in which Mobimo is not yet the owner of the property in question but has concluded a purchase contract. In the previous year, an impairment was recognised on the purchase option in Merlischachen, as the recoverable amount was less than the amount recognised in the balance sheet at the time.

TCHF	Purchase options/ construction projects	Software	2016 Total
<b>Cumulative acquisition values</b>			
Balance at 1 January	4,079	4,395	8,475
Additions	246	2,051	2,297
Transfers to investment properties under construction	0	92	92
<b>Balance at 31 December</b>	<b>4,325</b>	<b>6,539</b>	<b>10,864</b>
<b>Cumulative amortisation and impairment losses</b>			
Balance at 1 January	0	-1,582	-1,582
Amortisation	0	-843	-843
Impairment losses	-2,165	0	-2,165
<b>Balance at 31 December</b>	<b>-2,165</b>	<b>-2,425</b>	<b>-4,590</b>
<b>Net carrying amount at 31 December</b>	<b>2,160</b>	<b>4,114</b>	<b>6,274</b>

## 27. Investments in associates and joint ventures

### Accounting principles

Ownership interests of between 20% and 50% in companies over which Mobimo exerts a significant influence but does not control, as well as shares in joint ventures, are accounted for using the equity method and recognised separately in the balance sheet. The market value of the pro rata net assets is determined at the time of acquisition and recognised in the balance sheet together with any goodwill under Investments in associates. In subsequent reporting periods, this figure will be adjusted to reflect Mobimo's share of the additional capital and the profits generated, as well as any dividends.

TCHF	2017	2016
Parking du Centre SA, Lausanne (50% stake)	19,076	18,961
Flonplex SA, Lausanne (40% stake)	8,891	8,607
Zentrum Oberhof AG, Inwil (26.4% stake, 40% voting rights)	n/a	40
<b>Total</b>	<b>27,968</b>	<b>27,609</b>

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### Investments in joint ventures

#### FM Service & Dienstleistungs AG

On 5 April 2016, Mobimo Holding AG acquired the remaining 50% of capital and voting rights in FM Service & Dienstleistungs AG (FM), which is why the company has been fully consolidated from this date (see Note 34). The profit generated by FM between January and the start of April 2016 amounted to CHF –0.04 million.

#### Parking du Centre SA

Mobimo has a 50% investment in Parking du Centre SA, a car park operator in Lausanne held as a joint venture with Indigo Infra S.A. (formerly Vinci Park SA), a company active in the areas of urban mobility and parking solutions in Lausanne. The company is a public limited company under Swiss law, and Mobimo therefore has a claim on a share of the company's net assets. Mobimo accounts for its investment in Parking du Centre SA using the equity method.

The following is a summary of the key financial data of the joint venture that has been adjusted to the principles of the consolidated annual financial statements of Mobimo.

	Unit	2017	2016
Current assets	TCHF	4,523	3,292
Non-current assets	TCHF	51,625	52,600
Current liabilities	TCHF	9,302	3,822
Non-current liabilities	TCHF	8,693	14,147
The assets and liabilities above include the following details:			
Cash and cash equivalents	TCHF	4,190	3,118
Financial liabilities	TCHF	5,300	10,680
Revenue	TCHF	7,451	7,360
Depreciation and amortisation	TCHF	–975	–975
Financial expense	TCHF	–336	–344
Tax expense	TCHF	–598	1,298
Profit	TCHF	2,210	3,866
Net assets	TCHF	38,153	37,923
Proportion of the ownership interest	%	50	50
<b>Carrying amount of the interest</b>	<b>TCHF</b>	<b>19,076</b>	<b>18,961</b>
Dividends received from joint venture	TCHF	990	600

A tax rate cut for deferred taxes had a positive effect on the result in the previous year. If it were not for this effect, this year's result would have been on a par with the prior-year result.

### Investments in associates

#### Flonplex SA

Flonplex SA is a cinema operator in Lausanne whose majority shareholder is fellow cinema operator Pathé Schweiz AG; Mobimo holds an investment of 40%. The company is a public limited company under Swiss law, and Mobimo therefore has a claim on a share of the company's net assets. Mobimo accounts for its investment in Flonplex SA using the equity method. The following is a summary of the key financial data of Flonplex SA, adjusted to the principles of the consolidated annual financial statements of Mobimo.

	Unit	2017	2016
Current assets	TCHF	2,427	2,556
Non-current assets	TCHF	24,654	23,956
Current liabilities	TCHF	3,254	3,468
Non-current liabilities	TCHF	1,599	1,527
Revenue	TCHF	10,912	11,721
Profit	TCHF	2,110	3,294
Net assets	TCHF	22,228	21,518
Proportion of the ownership interest	%	40	40
<b>Carrying amount of the interest</b>	<b>TCHF</b>	<b>8,891</b>	<b>8,607</b>
Dividends received from the associate	TCHF	560	560

A tax rate cut for deferred taxes had a positive effect on the result in the previous year. If it were not for this effect, this year's result would have been on a par with the prior-year result.

#### Zentrum Oberhof AG

Zentrum Oberhof AG is a project company in Inwil in which BSS&M Real Estate AG held an investment of 40% as at 31 December 2016. Mobimo, for its part, holds 66% of the voting and capital rights of BSS&M Real Estate AG. This means that Mobimo had 40% of the voting rights and 26.4% of the capital rights as at 31 December 2016.

The investment in Zentrum Oberhof AG was sold for CHF 0.3 million on 24 October 2017, which resulted in a profit of CHF 0.2 million.



## 28. Financial assets

### Accounting principles

Financial assets comprise long-term loans to third parties and non-consolidated equity investments. Non-consolidated equity investments are those investments that give Mobimo less than 20% of the voting rights. Loans are recognised at amortised cost less any valuation allowance. Non-consolidated equity investments are classified as “available for sale” and measured at fair value; with the exception of impairments, changes in fair value are recognised in equity, not through the income statement. If a fair value cannot be reliably defined, the non-consolidated equity investment is measured at cost.

Financial assets can be broken down as follows:

TCHF	2017	2016
Fixed-time deposits	150,000	0
<b>Current financial assets</b>	<b>150,000</b>	<b>0</b>
Loans to associates	0	117
Non-consolidated equity investments (available for sale)	1,849	1,849
<b>Non-current financial assets</b>	<b>1,849</b>	<b>1,966</b>
<b>Total</b>	<b>151,849</b>	<b>1,966</b>

Non-consolidated equity investments primarily comprise the investment in Parking Saint-François SA.

Short-term financial assets include CHF 80 million in time deposits with an original maturity of more than three months and a residual maturity of less than twelve months and CHF 70 million with a residual maturity of more than twelve months. The entire CHF 150 million has a residual maturity of less than twelve months as at the reporting date.

Financial assets changed as follows:

TCHF	2017	2016
Cumulative acquisition values		
Balance at 1 January	1,966	1,849
Additions	150,000	117
Additions from business combinations	0	836
Disposals	-117	-836
<b>Balance at 31 December</b>	<b>151,849</b>	<b>1,966</b>
<b>Net carrying amount at 31 December</b>	<b>151,849</b>	<b>1,966</b>

## 29. Other payables

Other payables totalling CHF 5.1 million (prior year: CHF 10.1 million) in the year under review as well as the prior year are for the most part deferred purchase price payments for the already completed acquisition of companies. The residual amount comprises payables in connection with social security contributions, payables in connection with value added tax and other payables.

## 30. Accrued expenses and deferred income

TCHF	2017	2016
Accruals for construction work	11,783	9,224
Accruals from property accounts	7,922	6,699
Accruals for interest	4,992	3,651
Accruals for services for related parties	717	1,092
Other items	11,620	11,805
<b>Total accrued expenses and deferred income</b>	<b>37,034</b>	<b>32,471</b>

## OTHER FINANCIAL INFORMATION

### 31. Related parties

#### Accounting principles

Related parties include shareholders who could exert a significant influence over Mobimo, the Board of Directors and management, associates controlled by members of the Board of Directors of the Mobimo Group, and the Mobimo pension plan.

Note 17 gives details of the compensation paid to the members of the Board of Directors and Executive Board for their activities.

Among the companies controlled by members of the Board of Directors are the consultancy firm weber schaub & partner ag, which is co-owned by Peter Schaub. The income statement includes expenses of TCHF 57 (prior year: TCHF 78) for tax consulting by weber schaub & partner ag. The expenses invoiced relate to tax consulting services provided by employees of the firm. Consulting services provided directly by Peter Schaub are covered by his director's compensation.

The Mobimo income statement contains the following positions with joint venture Parking du Centre S.A. The prior-year figures included items with FM Service & Dienstleistungs AG up until its full acquisition (see Note 27):

Income from rental of properties of TCHF 505 (prior year: TCHF 516), no other income (prior year: TCHF 90) for services rendered, no direct expenses for rented properties (prior year: TCHF -29) and operating expense (rental expense) of TCHF -28 (prior year: TCHF -21). No refurbishment costs in property acquisition costs were recognised (prior year: TCHF 40).

In the year under review, no services (prior year: TCHF 81) that come under property ancillary costs were performed through joint ventures. These were passed on to tenants via ancillary cost charging.

The Mobimo income statement contains the following items with associates (see Note 27):

Income from rental of properties of TCHF 210 (prior year: TCHF 210) and other income of TCHF 22 (prior year: TCHF 22) for services rendered.

Transactions between Mobimo and the pension plans are listed in Note 18.

### 32. Operating leases (lessee)

#### Accounting principles

Mobimo does not have any leasing agreements classed as finance leases. Payments for operating leases are recognised in the income statement over the term of the lease.

Obligations from non-cancellable rental and leasing agreements are as follows:

TCHF	2017	2016
Rental and leasing obligations up to 1 year	393	154
Rental and leasing obligations 1 to 5 years	588	1,060
Rental and leasing obligations over 5 years	8,083	8,214
<b>Total future rental and leasing obligations</b>	<b>9,064</b>	<b>9,428</b>

The obligations relate primarily to building right interest for the properties St. Erhard, Langmatt, and Basel, Lyonstrasse 40. The remaining obligations relate to third-party leases for premises and car park facilities. The rental and leasing expenses charged to the income statement were CHF 0.5 million (prior year: CHF 0.3 million).

### 33. Earnings per share

#### Accounting principles

Earnings per share are calculated from the Group result attributable to the shareholders of Mobimo Holding AG, divided by the weighted average number of shares outstanding during the reporting period. Diluted earnings per share additionally take account of any shares arising from the exercise of option or conversion rights.

	2017	2016
<b>Calculation of earnings per share</b>		
Number of outstanding shares at 1 January	6,216,126	6,216,923
+ Effect of change in holdings of treasury shares	1,257	-1,184
= Average number of outstanding shares	6,217,383	6,215,739
= Effective number of shares as basis for calculation of diluted earnings per share	6,217,383	6,215,739
Profit in TCHF (attributable to the shareholders of Mobimo Holding AG)	91,650	158,656
./. Net income from revaluation in TCHF (attributable to the shareholders of Mobimo Holding AG)	-26,389	-78,989
+ Attributable deferred tax in TCHF	6,597	19,747
= Profit not including revaluation (and attributable deferred tax) in TCHF	71,858	99,415
Profit in TCHF (attributable to the shareholders of Mobimo Holding AG)	91,650	158,656
Profit not including revaluation in TCHF	71,858	99,415
Earnings per share in CHF	14.74	25.52
Diluted earnings per share in CHF	14.74	25.52
Earnings per share not including revaluation (and attributable deferred tax) in CHF	11.56	15.99
Diluted earnings per share not including revaluation (and attributable deferred tax) in CHF	11.56	15.99
<b>Calculation of net asset value (NAV) per share</b>		
Number of outstanding shares at 31 December	6,217,669	6,216,126
= Number of shares as basis for calculation of diluted NAV	6,217,669	6,216,126
Equity at 31 December in TCHF (attributable to the shareholders of Mobimo Holding AG)	1,383,935	1,350,936
NAV per share in CHF	222.58	217.33
NAV per share, diluted, in CHF	222.58	217.33

## Financial report

Consolidated annual financial statements: Notes to the consolidated annual financial statements  
Other financial information

### 34. Changes in the scope of consolidation (Group companies)

#### Accounting principles

The consolidated annual financial statements encompass all companies over which Mobimo Holding AG has either direct or indirect control. Control is deemed to exist where Mobimo is exposed to fluctuating income as a result of its holdings in a company and has rights over such income. Mobimo must also have the ability to influence this income through its power of disposal over the company. Group companies acquired or divested during the course of a year are consolidated from the date on which control is acquired or deconsolidated from the date on which control ceases. For fully consolidated companies, assets, liabilities, expenses and income are taken over on a 100% basis using the full consolidation method. All intragroup transactions and relationships and profit on intragroup transactions and balances are eliminated.

Ownership interests of between 20% and 50% in companies over which Mobimo exerts a significant influence, as well as shares in joint ventures, are accounted for using the equity method (see Note 27). Other interests are managed as financial investments (see Note 28).

Capital is consolidated at the time of acquisition using the purchase method. Companies holding real estate frequently do not, however, meet the definition of a business under IFRS 3. Upon such an acquisition, Mobimo allocates the costs of acquisition to the individually identifiable assets and liabilities at the time of acquisition on the basis of fair value. The acquisition of such a company does not result in goodwill. Non-controlling interests are shown separately from the Group's equity. Changes in the amount of proportionate interest that do not lead to loss of control are treated as transactions with equity owners. Any difference between the purchase price paid or the consideration received and the amount by which the non-controlling interests are being adjusted is recognised directly in equity.

The following companies fall under the scope of consolidation:

Company	Domicile	Share capital in TCHF	Ownership interest in %	Consolidation method
Mobimo Holding AG	Lucerne	180,327		F
BSS&M Real Estate AG	Küsnacht	500	66.00	F
CC Management SA	Geneva	4,700	100.00	F
FM Service & Dienstleistungs AG	Küsnacht	100	100.00	F
Immobilien Invest Holding AG	Glarus	150	75.33	F
LO Holding Lausanne-Ouchy SA	Lausanne	12,000	100.00	F
LO Immeubles SA	Lausanne	2,000	100.00	F
Mobimo AG	Küsnacht	72,000	100.00	F
Mobimo Management AG	Küsnacht	100	100.00	F
Mobimo Zürich Nord AG	Küsnacht	100	100.00	F
O4Real AG	Lausanne	1,000	100.00	F
Petit Mont-Riond SA	Lausanne	50	75.33	F
Promisa SA	Lausanne	100	100.00	F
Flonplex SA	Lausanne	2,000	40.00	E
Parking du Centre SA	Lausanne	6,000	50.00	E
Parking Saint-François SA	Lausanne	1,150	26.52 <sup>1</sup>	not cons.

<sup>1</sup> The share of voting rights is 5%.

F = fully consolidated.

E = equity valuation. For more information, see Note 27.

not cons. = not consolidated. For more information, see Note 28.

**Acquired and sold companies**

No new companies were acquired in the year under review.

The associate Zentrum Oberhof AG was sold in 2017. See Note 27 for further information.

**BSS&M Real Estate AG**

In July 2016, 66% of the shares in BSS&M Real Estate AG (BSS&M), a company operating in the fields of development, planning and realisation of real estate projects for third parties, were acquired. As BSS&M met the requirements of a business under IFRS 3, the acquisition is listed as a business combination. The company has no employees, but has a core team linked by mandate agreements. The purchase price was allocated fully to net assets. In so doing, net assets of CHF 26.3 million were identified, including non-controlling interests of CHF 8.9 million (34%). The purchase price therefore stood at CHF 17.3 million. After deducting the conditional purchase price of CHF 4.5 million and the acquired cash of CHF 1.6 million, the cash outflow from this transaction totalled CHF 11.2 million.

In the prior year, BSS&M contributed CHF 27.3 million to Group revenue or CHF –2.2 million to the Group result. If the acquisition had taken place on 1 January 2016, consolidated revenue would have totalled CHF 301.5 million in the prior year and the Group result CHF 156.6 million. Transaction costs in connection with the acquisition totalling CHF –0.2 million were recognised in the prior year under administrative expenses.

**FM Service & Dienstleistungs AG**

In the prior year, Mobimo Holding AG acquired the remaining 50% of the capital and voting rights in FM Service & Dienstleistungs AG. This acquisition was carried out at the value of the pro rata share of equity on the date of the takeover (CHF 0.28 million), i.e. at CHF 0.14 million. Cash totalling CHF 0.5 million was acquired, which resulted in net cash flow of CHF 0.4 million. The company has since been fully consolidated.

In the period from April to December 2016, FM contributed CHF 2.6 million to Group revenue or CHF 0.1 million to the Group result. If the acquisition had taken place on 1 January 2016, consolidated revenue would have totalled CHF 270.2 million in the prior year, and the Group result CHF 159.4 million. The acquisition gave rise to no transaction costs.

**Changes in the scope of consolidation**

On 9 March 2017, Mobimo Zürich Nord AG was founded as a project company with share capital of CHF 0.1 million.

In the previous year, the remaining shares in Dual Real Estate Investment SA, the parent company of the Dual Group, were acquired through purchases and through a squeeze-out merger into LO Holding Lausanne-Ouchy SA, Lausanne. The Dual Group comprised Dual Real Estate Investment SA and its subsidiary CC Management SA. Since then, Mobimo has held 100% of the shares in CC Management SA, Geneva.

In the prior year, to simplify the Group structure, the company ProviHold SA, Lausanne, was merged into LO Immeubles SA, Lausanne.

**35. Significant shareholders**

As at the reporting date, the following shareholders held 3% or more of the shares and options in Mobimo Holding AG:

%	2017	2016
BlackRock, Inc.	4.41	4.97
Pensionskasse des Kantons Zug	3.38	3.38
Norges Bank (the central bank of Norway)	3.14	n/a
Credit Suisse Funds AG	3.10	n/a

**36. Events after the reporting date**

The Board of Directors approved the consolidated annual financial statements for publication on 2 February 2018. These statements are also subject to approval by the General Meeting of Mobimo Holding AG on 27 March 2018.

On 22 January 2018, Mobimo announced that it intended to acquire a majority interest in real estate company Fadmat AG, and that a proposal to this effect had been submitted to the company's Board of Directors. Should this transaction take place, it would total approximately CHF 140 million. At least 50% of the purchase price would be paid in Mobimo shares.

On 1 February 2018, Mobimo acquired a property in Horgen as a development property in the trading properties area.

No other events took place between 31 December 2017 and the approval date of these consolidated financial statements that would require adjustments to the carrying amounts of assets and liabilities of the Group as at 31 December 2017 or that would require disclosure in this section.



# PROPERTY DETAILS

## Details of trading properties

Location, address	Description <sup>1</sup>	Built	Realisation period	Acquired	Carrying amount 31.12.2017 in TCHF
Brugg, Hauptstrasse	open		open	Jul 2016	2,919
Châtel-St. Denis, Chemin de la Chaux	open		open	Jul 2016	6,682
Güttingen, Hauptstrasse	open		open	Dec 2017	331
Lachen, Zürcherstrasse 19	open		open	Jul 2016	2,971
Langenthal, Kühlhausstrasse 8	open		open	Sep 2015	640
Merlischachen, Chappelmatt-Strasse (Burgmatt)	78 con		open	2014/2015	16,380
Regensdorf, Watterstrasse	open		open	Jul 2016	4,423
Schaffhausen, Fischerhäuserstrasse 61	open		open	Jul 2016	2,179
Uster, Berchtoldstrasse	open		open	Jul 2016	8,251
Weggis, Hertensteinstrasse 105	open		open	May 2010	10,654
Zurich, Allmendstrasse 92 – 96 (Manegg)	open		open	Mar 2015	7,435
<b>11 Land entities and development projects</b>					<b>62,864</b>
Aarau, Site 4 (Torfeld Süd)	92 con		2014/2017	Jun 2001	20,922
Aarau, Buchserstrasse 27	com	1885	2017/2018	Oct 2006	1,366
Allaman, Chemin des Grangettes 2 <sup>2</sup>	open	1991	open	Sep 2015	24,766
Cham, Brunnmatt 4 – 6	com		2010/2012	Jul 2016	41,029
Meggen, Gottliebenrain 5/7	open		open	Jul 2017	15,750
Regensdorf, Im Pfand 2 (Sonnenhof)	45 con		2013/2015	Jun 2007	233
Salenstein, Hauptstrasse	22 con		2012/2015	Jul 2016	8,883
St. Erhard, Längmatt	com	1979	open	Oct 2012	4,814
St. Moritz, Via Maistra 29 <sup>2</sup>	open	1930	open	Jul 2010	8,000
Zurich, Turbinenstrasse (Mobimo Tower)	53 con		2008/2011	May 2008	13,219
<b>10 Completed real estate and development properties</b>					<b>138,981</b>
<b>21 Trading properties</b>					<b>201,845</b>

<sup>1</sup> Com: commercial property; con: condominiums.

<sup>2</sup> Development properties.

Project status 31.12.2017	Sales volumes in TCHF	Sales status 31.12.2017 (certified purchase agreement)	Site area in m <sup>2</sup>	Register of polluted sites
in planning	open	open	4,228	no
in planning	open	open	21,231	yes (insignificant)
in planning	open	open	6,549	no
in planning	open	open	969	no
in planning	open	open	13,080	yes (insignificant)
in planning	open	open	15,522	no
in planning	open	open	12,897	no
in planning	open	open	916	no
in planning	open	open	4,069	no
in planning	open	0/1	3,043	no
in planning	open	open	11,247	yes (insignificant)
			<b>93,751</b>	
for sale	84,405	71/92	11,105	no
for sale	open	1/1	744	no
in planning	open	open	23,213	no
for sale	open	0/1	8,346	no
in planning	open	open	5,207	no
for sale	34,254	45/45	6,106	no
for sale	22,344	13/22	6,970	no
for sale	open	0/1	5,801	no
in planning	open	open	557	no
for sale	168,858	50/53	1,936	no
	<b>309,861</b>		<b>69,985</b>	
	<b>309,861</b>		<b>163,736</b>	

## Details of commercial properties

Location, address	Property description <sup>1</sup>	Built	Year renovated	Acquired	Fair value in TCHF	Gross yield in % <sup>2</sup>	Target rental revenues in TCHF <sup>3</sup>	Vacancy rate in % <sup>4</sup>
Aarau, Industriestrasse 20 (Polygon)	com	2012		Jun 2001	24,990	5.1	1,263	0.0
Aarau, Industriestrasse 28; Torfeldstrasse Parkhaus	com	1905/1916/ 1929/1943/ 1954/1974		Jun 2001/ Oct 2006	27,110	7.0	1,892	0.0
Affoltern am Albis, Obstgartenstrasse 9; Alte Obfelderstrasse 27/29	com/res	2014		Aug 2011	78,420	4.4	3,467	0.0
Basel, Lyon-Strasse 40	com	1940		Nov 2015	540	12.5	68	0.0
Brugg, Bahnhofstrasse 11	com	2005		Jun 2006	25,900	6.1	1,582	4.6
Dierikon, Pilatusstrasse 2	com	1990	2007	May 2009	9,850	7.8	764	3.3
Dübendorf, Sonnententalstrasse 5	com	1975	2000	Mar/Dec 1999	26,860	6.8	1,831	5.9
Dübendorf, Zürichstrasse 98	com	1965	1983	Jan 2000	20,120	7.0	1,403	5.9
Geneva, Rue des Etuves 16 – 18	com/res	1910		Nov 2015	11,200	4.8	543	40.4
Horgen, Seestrasse 80	com	1960	2000/2008	Nov 2005	7,730	6.7	518	0.2
Horgen, Seestrasse 82	CP	2010/2011		Nov 2005	5,990	4.6	276	14.2
Kreuzlingen, Lengwilerstrasse 2	com	2007		Apr 2007	6,240	5.1	318	0.0
Kreuzlingen, Leubernerstrasse 3; Bottighoferstrasse 1	com	1983/2003	2003	Nov 2006	57,120	6.2	3,558	4.5
Kreuzlingen, Romanshonerstrasse 126	BR	n/a		Nov 2006	1,860	4.3	80	0.0
Kriens, Am Mattenhof 10, Parking	CP	1986	2016	Feb 2004	15,190	5.4	818	0.0
Kriens, Sternmatt 6	com	1986	2008	Feb 2004	7,570	7.6	573	2.8
Lausanne, Avenue d'Ouchy 4 – 6 (Horizon)	com	1962	2013	May 2010	67,240	4.7	3,132	0.0
Lausanne, Flonplex	BR	n/a		Nov 2009	4,750	4.4	210	0.0
Lausanne, Parking du Centre	BR	n/a		Nov 2009	8,710	5.5	480	0.0
Lausanne, Place de la Gare 4	com	1961	2000	Nov 2009	30,630	4.9	1,502	0.0
Lausanne, Place de la Gare 10; Rue du Petit-Chêne 38	com	1957		Dec 2017	66,830	3.4	2,271	0.0
Lausanne, Place de la Navigation 4 – 6	com/h	1895	2002	Nov 2009	12,850	5.9	753	0.0
Lausanne, Place de l'Europe 6	com/h	1905	2012	Nov 2009	6,040	5.0	303	0.0
Lausanne, Place de l'Europe 7	com	1905	2001	Nov 2009	8,680	5.1	443	5.7
Lausanne, Place de l'Europe 8	com	1911	1989	Nov 2009	8,670	4.7	412	60.1
Lausanne, Place de l'Europe 9	com	1900	2002	Nov 2009	24,680	5.1	1,270	0.0
Lausanne, Rue de Genève 2/4/6/8	com	1904	2002	Nov 2009	23,440	5.6	1,308	0.0
Lausanne, Rue de Genève 7	com <sup>5</sup>	1932	1992/2011	Nov 2009	33,410	4.9	1,642	12.0
Lausanne, Rue de Genève 17	com	1884	2002	Nov 2009	22,460	6.4	1,448	12.7
Lausanne, Rue de Genève 23	com	1915	2005	Nov 2009	3,410	8.2	279	0.0
Lausanne, Rue de la Vigie 3	com	1964		Nov 2009	6,620	9.0	593	0.0
Lausanne, Rue de la Vigie 5	com	1963	1988	Nov 2009	14,430	6.0	860	0.0
Lausanne, Rue des Côtes-de-Montbenon 1/3/5	com	2017		Nov 2009	9,950	5.3	526	13.4
Lausanne, Rue des Côtes-de-Montbenon 6	com	1921	2009	Nov 2009	8,210	4.4	365	0.0
Lausanne, Rue des Côtes-de-Montbenon 8/10	com	1946	1998	Nov 2009	9,260	5.6	516	1.2
Lausanne, Rue des Côtes-de-Montbenon 12	com	1918	2004	Nov 2009	3,440	8.2	281	0.0
Lausanne, Rue des Côtes-de-Montbenon 16	com <sup>5</sup>	1912	2007	Nov 2009	5,730	5.4	311	9.3
Lausanne, Rue des Côtes-de-Montbenon 20 – 24	com	2013		Nov 2009	44,200	5.0	2,223	0.0
Lausanne, Rue des Côtes-de-Montbenon 26	BR	n/a		Nov 2009	1,830	4.3	79	0.0
Lausanne, Rue des Côtes-de-Montbenon 28/30	BR	n/a		Nov 2009	2,070	3.6	74	0.0
Lausanne, Rue du Port-Franc 9	com	1927	2009	Nov 2009	7,180	4.8	342	0.0
Lausanne, Rue du Port-Franc 11	com	2008		Nov 2009	12,690	5.6	709	0.0
Lausanne, Rue du Port-Franc 17	com	2002		Nov 2009	14,780	6.7	996	0.0

<sup>1</sup> BR: building right; com: commercial property; h: hotel; CP: multi-storey car park; res: residential property.<sup>2</sup> Target rental income as at 31.12.2017 as a % of market value.<sup>3</sup> Incl. building right interest.<sup>4</sup> Vacancy rate as at 31.12.2017 as a % of target rental income.<sup>5</sup> Share in investment property.

Total rentable area in m <sup>2</sup>	Office space in % <sup>6</sup>	Sales space in % <sup>6</sup>	Commercial space in % <sup>6</sup>	Residential space in % <sup>6</sup>	Other in % <sup>6</sup>	Vacant area in % <sup>6</sup>	Ownership <sup>7</sup>	Site area in m <sup>2</sup>	Register of polluted sites
4,465	91.4	0.0	0.0	0.0	8.6	0.0	SO	2,379	yes (to review)
24,267	0.0	0.0	100.0	0.0	0.0	0.0	SO	15,161	yes (insignificant)
10,625	0.0	0.0	0.0	93.0	7.0	0.0	SO	6,455	no
2,230	0.0	0.0	100.0	0.0	0.0	0.0	SO	1,910	no
4,022	33.4	33.8	21.1	0.0	11.7	3.2	con (773/1000)	2,726	no
4,375	60.0	15.9	15.1	0.0	9.0	3.7	SO	4,397	no
9,375	27.8	0.0	62.6	0.0	9.6	5.8	SO	4,269	yes (to review)
9,845	29.7	17.4	29.8	1.1	22.0	5.4	SO	9,809	yes (petrol station)
1,925	15.9	17.8	0.0	66.1	0.2	28.2	SO	484	no
2,151	76.2	0.0	19.0	0.0	4.8	0.0	SO	3,483	no
64	0.0	0.0	0.0	0.0	100.0	0.0	SO	0	no
1,348	0.0	66.5	0.0	0.0	33.5	0.0	SO	6,993	no
17,815	10.5	75.7	0.0	0.0	13.8	6.0	SO	25,529	no
2,214	0.0	0.0	0.0	0.0	100.0	0.0	SO	2,214	no
218	0.0	0.0	0.0	0.0	100.0	0.0	SO	5,028	no
6,741	0.5	0.0	52.5	0.0	47.0	5.6	SO	5,625	no
8,072	96.6	0.0	0.0	0.0	3.4	0.0	SO	12,612	yes (to review)
1,953	0.0	0.0	0.0	0.0	100.0	0.0	SO	1,953	yes (insignificant)
6,526	0.0	0.0	0.0	0.0	100.0	0.0	SO	6,526	yes (insignificant)
4,769	68.5	0.0	0.0	0.0	31.5	0.3	SO	630	no
10,184	57.1	37.7	0.0	1.1	4.1	0.0	SO	2,105	no
3,437	0.0	0.0	0.0	0.0	100.0	0.0	SO	1,731	yes (insignificant)
902	0.0	0.0	0.0	0.0	100.0	0.0	SO	369	yes (insignificant)
1,441	66.8	7.9	0.0	0.0	25.3	6.1	SO	391	yes (insignificant)
1,679	78.1	21.9	0.0	0.0	0.0	51.7	SO	1,035	yes (insignificant)
3,512	49.5	26.7	0.0	0.0	23.8	0.0	SO	975	yes (insignificant)
4,679	8.6	87.4	0.0	0.0	4.0	0.0	SO	2,260	yes (insignificant)
5,296	12.3	54.2	0.0	20.8	12.7	6.0	SO	3,343	yes (insignificant)
7,174	50.5	29.8	0.0	0.0	19.7	10.5	SO	2,312	yes (insignificant)
2,432	0.0	0.0	0.0	0.0	100.0	0.0	SO	994	yes (insignificant)
4,486	48.4	0.0	1.4	0.0	50.2	0.0	SO	972	yes (to review)
3,368	69.9	0.0	0.0	0.0	30.1	0.0	SO	852	yes (to review)
2,039	20.3	36.8	0.0	0.0	42.9	10.6	SO	1,691	yes (to review)
2,193	62.5	19.7	0.0	0.0	17.8	0.0	SO	533	yes (insignificant)
2,126	76.3	0.0	0.0	0.0	23.7	1.7	SO	587	yes (insignificant)
935	44.4	0.0	0.0	0.0	55.6	0.0	SO	773	yes (to review)
943	31.8	0.0	30.0	29.8	8.4	9.4	SO	779	yes (insignificant)
7,678	19.7	0.0	0.0	0.0	80.3	0.0	SO	2,653	yes
867	0.0	0.0	0.0	0.0	100.0	0.0	SO	867	yes (insignificant)
1,068	0.0	0.0	0.0	0.0	100.0	0.0	SO	1,067	yes (to review)
1,728	62.8	21.7	0.0	0.0	15.5	0.0	SO	895	yes (insignificant)
2,001	41.2	8.2	0.0	0.0	50.6	0.0	SO	612	yes (insignificant)
2,392	51.5	10.9	0.0	22.3	15.3	0.0	SO	766	yes (insignificant)

<sup>6</sup> Data as at 31.12.2017 as a % of the total rentable area.

<sup>7</sup> SO: sole ownership; con: condominiums.

## Commercial property details

Location, address	Property description <sup>1</sup>	Built	Year renovated	Acquired	Fair value in TCHF	Gross yield in % <sup>2</sup>	Target rental revenues in TCHF	Vacancy rate in % <sup>4</sup>
Lausanne, Rue du Port-Franc 22; Rue de la Vigie 1	com	2007		Nov 2009	19,750	5.8	1,146	0.0
Lausanne, Voie du Chariot 3	com	2008		Nov 2009	15,630	5.4	848	0.0
Lausanne, Voie du Chariot 4/6	com	2008		Nov 2009	32,340	5.7	1,850	0.0
Lausanne, Voie du Chariot 5/7	com	2008		Nov 2009	35,800	4.8	1,716	0.0
Lucerne, Alpenstrasse 9	com/res	1890	2001/2010	Jun 2007	11,610	4.9	568	0.0
Neuhausen, Victor-von-Bruns-Strasse 19	com	2007		Mar 2007	9,540	7.1	680	0.0
Regensdorf, Althardstrasse 10	com	1982		Dec 2001	20,570	9.1	1,875	12.3
St. Gallen, Schochengasse 6	com	1974	2000	Feb 2004	17,590	6.3	1,103	0.5
St. Gallen, St. Leonhardstrasse 22	com	1900	2002/2006	Dec 2004	5,730	4.7	271	0.0
St. Gallen, Wassergasse 42/44	com	1966	2000	Feb 2004	16,140	6.2	1,008	21.4
St. Gallen, Wassergasse 50/52	com	1998		Feb 2004	13,230	6.2	824	0.0
Winterthur, Industriestrasse 26	com	1994	2002	Oct 1999	19,630	7.8	1,532	7.5
Zurich, Bahnhofplatz 4	com	1881	2002/2005	Jul 2006	22,450	4.1	918	4.6
Zurich, Friedaustasse 17	com	1968	2013	Oct 1998	14,760	4.6	685	5.2
Zurich, Friesenbergstrasse 75; Im Tiergarten 7	com	1976/1992	1999	Feb 2014	86,780	6.7	5,793	23.0
Zurich, Hardturmstrasse 3/3a/3b (Mobimo-Hochhaus)	com	1974	2001/2008	Nov 1999	63,970	4.9	3,163	0.0
Zurich, Rautistrasse 12	com	1972	2011	Nov 1999	20,600	6.1	1,261	13.2
Zurich, Thurgauerstrasse 23; Siewerdtstrasse 25	com	1963/1968/ 1985	1998	Mar 2002	14,340	6.5	926	0.0
Zurich, Treichlerstrasse 10; Dolderstrasse 16	com	1963	2007	May 2014	15,400	5.6	870	0.0
Zurich, Turbinenstrasse 20 (Mobimo Tower Hotel)	com/h	2011		May 2008	122,750	6.0	7,345	0.0
<b>63 Commercial investment properties</b>					<b>1,367,490</b>	<b>5.6</b>	<b>76,664</b>	<b>4.7</b>
Lausanne, Avenue d'Ouchy 4 – 6	com	1962		May 2010	60,630	4.7	2,844	6.8
Lausanne, Rue de Genève 19	com	1893	2002	Nov 2009	3,510	13.1	460	92.5
Lausanne, Rue de Genève 21	com	1902		Nov 2009	3,380	14.3	482	88.0
Lausanne, Rue des Côtes-de-Montbenon 14	com	1963		Nov 2009	1,330	4.9	65	0.0
Lausanne, Rue du Port-Franc 20; Rue de Genève 33	com	2007		Nov 2009	36,110	6.9	2,487	0.0
Regensdorf, Althardstrasse 30	com	1976		Dec 2001	14,000	12.5	1,745	89.9
<b>6 Development properties (commercial properties)</b>					<b>118,960</b>	<b>6.8</b>	<b>8,083</b>	<b>32.3</b>

The acquisition costs for the commercial investment properties total **TCHF 1,219,963**. The acquisition costs for the development properties (commercial) total **TCHF 147,460**.

<sup>1</sup> Com: commercial property; h: hotel; res: residential property.

<sup>2</sup> Target rental income as at 31.12.2017 as a % of market value.

<sup>4</sup> Vacancy rate as at 31.12.2017 as a % of target rental income.



Total rentable area in m <sup>2</sup>	Office space in % <sup>6</sup>	Sales space in % <sup>6</sup>	Commercial space in % <sup>6</sup>	Residential space in % <sup>6</sup>	Other in % <sup>6</sup>	Vacant area in % <sup>6</sup>	Ownership <sup>7</sup>	Site area in m <sup>2</sup>	Register of polluted sites
3,384	87.6	10.3	0.0	0.0	2.1	0.0	SO	1,161	yes (insignificant)
2,278	73.4	17.3	0.0	0.0	9.3	0.0	SO	747	yes (insignificant)
5,452	32.3	64.9	0.0	0.0	2.8	0.0	SO	1,788	yes (insignificant)
4,965	54.7	15.8	0.0	15.5	14.0	0.0	SO	1,622	yes (insignificant)
1,986	12.6	13.1	0.0	64.6	9.7	0.0	SO	569	no
2,631	100.0	0.0	0.0	0.0	0.0	0.0	SO	1,596	no
13,540	39.3	28.6	7.5	0.0	24.6	7.4	SO	7,714	no
4,458	95.4	0.0	0.0	0.0	4.6	1.7	SO	1,315	no
1,092	79.1	12.7	0.0	0.0	8.2	0.0	SO	219	no
3,979	86.3	0.0	0.0	9.3	4.4	24.9	con (867/1,000)	1,713	no
3,554	72.3	0.0	0.0	0.0	27.7	0.0	SO	1,372	no
11,327	64.6	0.8	20.4	0.0	14.2	6.0	SO	3,583	yes (to review)
758	63.5	27.8	0.0	0.0	8.7	9.8	SO	189	yes
2,572	57.2	0.0	12.1	10.1	20.6	12.6	SO	869	no
22,828	76.5	0.0	0.0	0.0	23.5	21.9	SO	11,532	no
8,226	94.4	0.0	0.0	0.0	5.6	0.0	SO	1,975	yes
6,013	74.3	9.5	6.5	1.3	8.4	13.1	SO	1,894	yes (petrol station)
3,901	59.1	6.8	6.9	0.0	27.2	0.0	SO	2,651	no
2,682	48.3	0.0	18.2	7.1	26.4	0.0	SO	1,299	no
21,254	0.0	0.0	0.0	0.0	100.0	0.0	SO	5,808	no
<b>322,440</b>	<b>39.5</b>	<b>14.1</b>	<b>14.2</b>	<b>5.0</b>	<b>27.2</b>	<b>4.6</b>		<b>196,361</b>	
26,792	50.5	8.4	0.3	0.0	40.8	7.5	SO	12,612	yes (to review)
3,548	26.7	16.9	0.0	0.0	56.4	70.7	SO	1,838	yes (insignificant)
3,575	42.0	1.3	0.0	0.0	56.7	60.8	SO	1,530	yes (insignificant)
670	0.0	0.0	100.0	0.0	0.0	0.0	SO	529	yes (to review)
9,783	34.4	42.1	13.3	0.0	10.2	0.0	SO	2,816	yes (insignificant)
12,537	53.6	0.0	14.7	2.3	29.4	89.2	SO	9,355	no
<b>56,905</b>	<b>45.9</b>	<b>12.3</b>	<b>6.8</b>	<b>0.5</b>	<b>34.5</b>	<b>31.4</b>		<b>28,680</b>	

<sup>6</sup> Data as at 31.12.2017 as a % of the total rentable area.

<sup>7</sup> SO: sole ownership; con: condominiums.

## Details of residential properties

Location, address	Property description <sup>1</sup>	Built	Year renovated	Acquired	Fair value in TCHF	Gross yield in % <sup>2</sup>	Target rental revenues in TCHF	Vacancy rate in % <sup>3</sup>
Affoltern am Albis, Alte Obfelderstrasse 31 – 35	res	2013		Aug 2011	31,020	3.9	1,203	13.0
Bergdietikon, Baltenschwilerstrasse 3/5/7/9/11/13/15/17	res	1973/1980	1992/2007	Oct 2007	24,680	3.9	963	0.8
Binz, Zürichstrasse 244/246	res	1966	1997/2001	Nov 2005	12,550	4.0	498	12.0
Carouge, Place d'Armes 8	res	1932	2014	Nov 2015	8,990	5.3	474	8.4
Carouge, Rue de la Fontenette 13	res	1973	2014	Nov 2015	6,930	5.1	355	0.3
Geneva, Boulevard Carl-Vogt 6	res	1948		Nov 2015	8,440	4.7	400	0.0
Geneva, Boulevard de la Cluse 18	res	1951		Nov 2015	6,000	4.7	285	0.0
Geneva, Rue Chandieu 5	res	1976	2005	Nov 2015	12,360	4.5	551	2.0
Geneva, Rue Daubin 35	res	1952	2012	Nov 2015	7,250	4.9	358	16.0
Geneva, Rue de la Canonnière 11	res	1951	2005/2010/ 2011/2013	Nov 2015	8,330	5.0	413	6.9
Geneva, Rue de la Ferme 6	res	1900	2008/2010/ 2012/2014	Nov 2015	6,800	4.8	325	10.2
Geneva, Rue de la Poterie 34	res	1895	2012	Nov 2015	3,520	5.1	181	8.6
Geneva, Rue de l'Ecole-de-Médecine 3	res	1900	2014	Nov 2015	4,210	4.9	204	0.0
Geneva, Rue de Malatrex 30	res	1951	2012	Nov 2015	8,890	5.4	482	2.1
Geneva, Rue de Vermont 9	res	1969	2014	Nov 2015	7,950	5.2	416	9.5
Geneva, Rue des Confessions 9	res	1923	2013	Nov 2015	7,650	3.9	300	0.0
Geneva, Rue des Cordiers 5	res	1965	2008	Nov 2015	18,600	4.5	832	1.3
Geneva, Rue des Peupliers 13	res	1920	2010	Nov 2015	2,950	5.6	166	0.0
Geneva, Rue des Photographes 12	res	1905	2013	Nov 2015	4,430	4.8	214	11.2
Geneva, Rue Dr-Alfred-Vincent 23	res	1950	2010	Nov 2015	4,090	4.6	190	0.0
Geneva, Rue du 31 Décembre 35	res	1956	2014	Nov 2015	8,000	4.6	372	0.0
Geneva, Rue du Village Suisse 4	res	1900	2005	Nov 2015	3,080	5.4	166	0.0
Geneva, Rue Henri-Blanvalet 14	res	1915	2012	Nov 2015	6,200	4.5	280	0.8
Geneva, Rue Schaub 3	res	1960	2010	Nov 2015	9,650	4.5	437	2.8
Geneva, Rue Zurlinden 6	res	1985	2012	Nov 2015	11,370	4.9	561	14.5
Lausanne, Avenue d'Ouchy 70	res/com	1906	2004	Nov 2009	5,790	4.7	269	0.0
Lausanne, Avenue d'Ouchy 72/74	res	1907		Nov 2009	3,130	4.6	145	5.1
Lausanne, Avenue d'Ouchy 76	res/com	1907	2004	Nov 2009	16,610	4.2	700	0.9
Lausanne, Place de la Navigation 2	res/com	1895	2004	Nov 2009	6,990	4.1	290	0.0
Lausanne, Rue Beau-Séjour 8	res	2011		Nov 2009	103,710	4.0	4,165	1.6
Lausanne, Rue des Fontenailles 1	res	1910/1963	1993	Nov 2009/ Apr 2013	4,580	4.3	196	0.0
Lausanne, Rue Voltaire 2 – 12	res	2015		Oct 2012	74,490	3.8	2,846	2.1
Meyrin, Rue de Livron 17 – 19	res	1967	2010	Nov 2015	17,310	5.2	898	3.5
Münchwilten, Buchenacker 22/24/26/28; Unterer Buchenacker 7	res	1994/1995		Jun 2007	15,300	5.1	776	8.6
Onex, Avenue des Grandes Communes 21/23/25	res	1964	2012/2014	Nov 2015	38,080	4.8	1,836	3.6
Opfikon-Glattbrugg, Farmanstrasse 47/49	res	2008		Dec 2010	29,140	3.7	1,074	0.9
Regensdorf, Schulstrasse 95/97/99/101/103/105	res	2015		Jun 2007	61,310	3.7	2,284	3.8
Rheinfelden, Rütteliweg 8; Spitalhalde 40	res	1972	2017	Sep 2006	33,160	3.9	1,309	42.6
Wängi, Brühlwiesenstrasse 11a/11b/15a/15b/19a/19b	res	1984/1988		Jun 2007	13,490	5.4	727	4.3
Zurich, Katzenbachstrasse 239	res	1969		Mar 2008	6,580	4.4	292	3.5
Zurich, Letzigraben 134 – 136	res	2016		Sep 2006	67,040	3.3	2,245	1.6
<b>41 Residential investment properties</b>					<b>730,650</b>	<b>4.2</b>	<b>30,677</b>	<b>5.3</b>

The acquisition costs for the residential investment properties total **TCHF 562,039**.

<sup>1</sup> Com: commercial property; res: residential property.

<sup>2</sup> Target rental income as at 31.12.2017 as a % of market value.

<sup>3</sup> Vacancy rate as at 31.12.2017 as a % of target rental income.

Total rentable area in m <sup>2</sup>	1 – 1 ½- room apartments	2 – 2 ½- room apartments	3 – 3 ½- room apartments	4 – 4 ½- room apartments	5 or more room apartments	Total apartments	Other forms of use in % <sup>4</sup>	Vacant area in % <sup>4</sup>	Ownership <sup>5</sup>	Site area in m <sup>2</sup>	Register of polluted sites
4,706	0	1	15	26	0	42	0.8	12.7	SO	5,174	no
5,226	0	8	18	28	0	54	6.0	1.0	SO	11,131	no
2,580	0	6	12	12	0	30	4.5	9.6	SO	4,025	no
1,307	0	19	8	0	0	27	0.0	6.9	SO	250	no
1,188	1	6	7	3	6	23	0.0	0.0	SO	230	no
2,080	1	5	6	6	0	18	24.3	0.0	SO	436	no
855	0	14	5	2	0	21	0.0	0.0	SO	228	no
2,010	0	0	12	12	2	26	0.0	0.0	SO	315	no
1,043	1	20	0	7	0	28	0.0	10.5	SO	624	no
1,145	1	14	12	1	0	28	0.0	4.9	SO	248	no
857	5	16	4	0	0	25	3.2	9.9	SO	272	no
702	2	7	4	2	0	15	0.0	6.1	SO	242	no
800	0	0	6	4	0	10	0.0	0.0	SO	492	no
1,289	20	10	0	0	0	30	0.0	1.8	SO	241	no
1,153	9	0	0	5	4	18	0.0	6.2	SO	426	no
1,316	0	3	15	5	0	23	3.0	0.0	SO	351	no
2,786	0	0	2	22	3	27	13.9	9.0	SO	1157	no
513	0	2	3	4	1	10	0.0	0.0	SO	147	no
685	0	3	4	1	1	9	5.8	8.0	SO	188	no
707	0	8	6	1	0	15	0.0	0.0	SO	234	no
1,395	0	18	0	6	0	24	0.0	0.0	SO	290	no
511	0	3	5	2	1	11	0.0	0.0	SO	145	no
841	0	6	4	4	0	14	4.4	3.1	SO	260	no
1,857	0	0	14	12	1	27	4.7	2.7	SO	439	no
1,609	0	3	4	8	0	15	6.2	12.9	SO	437	no
1,122	0	0	5	1	4	10	0.0	0.0	SO	340	yes (insignificant)
995	0	6	3	3	0	12	0.0	10.2	E	n/a	yes (insignificant)
2,567	0	0	0	2	8	10	17.6	0.0	SO	778	yes (insignificant)
1,313	0	2	0	2	4	8	0.0	0.0	SO	398	yes (insignificant)
10,288	0	19	55	16	11	101	2.3	2.8	SO	3,758	yes (insignificant)
1,071	1	0	0	4	4	9	0.0	0.0	SO	853	no
8,663	1	21	41	21	14	98	0.6	0.8	SO	4,743	no
3,972	0	0	12	24	12	48	2.1	3.3	SO	670	no
4,367	0	4	20	20	0	44	4.9	8.3	SO	5,740	no
6,570	0	0	54	53	0	107	1.0	3.1	SO	930	no
3,609	1	13	16	9	0	39	0.4	0.0	SO	3,840	no
8,716	0	16	50	30	0	96	0.0	2.1	SO	10,551	no
5,521	8	30	0	46	0	84	0.5	38.7	SO	14,817	no
4,439	0	6	21	21	0	48	2.1	1.8	SO	7,413	no
1,589	0	5	8	5	0	18	0.0	0.0	SO	1,987	no
6,977	0	33	34	5	0	72	2.2	1.2	SO	5,003	no
<b>110,940</b>	<b>51</b>	<b>327</b>	<b>485</b>	<b>435</b>	<b>76</b>	<b>1,374</b>	<b>3.1</b>	<b>5.0</b>		<b>89,803</b>	

<sup>4</sup> Data as at 31.12.2017 as a % of the total rentable area.

<sup>5</sup> SO: sole ownership; E: easement.

### Details of investment properties under construction

Location, address	Description of property <sup>1</sup>	Built	Realisation period	Acquired	Fair value in TCHF
Aarau, Bahnhofstrasse 102 (Relais 102)	com	1975	2018	Mar 2004	21,300
Aarau, site 2 (Torfeld Süd)	res/com	1905/1916/ 1929/1943/ 1954	2016/2018	Oct 2006	72,720
Horgen, Seestrasse 93 (Seehallen)	com	1956	2017/2018	Nov 2005	35,880
Kriens, Am Mattenhof 4	com/res		2016/2019	Mar 2005/ Feb 2013	16,650
Kriens, Am Mattenhof 6	res/com		2016/2019	Mar 2005/ Feb 2013	7,340
Kriens, Am Mattenhof 8	com/res		2016/2019	Mar 2005/ Feb 2013	9,410
Kriens, Am Mattenhof 12/14	com/res		2016/2019	Mar 2005/ Feb 2013	38,130
Kriens, Am Mattenhof 16	com/h		2016/2019	Mar 2005/ Feb 2013	20,420
Lausanne, Avenue Edouard Dapples 9/13/15/15a	res	1925/1926	2018/2019	Apr 2013	22,900
Zurich, Hohlstrasse 481 – 485b; Albulastrasse 34 – 40	res/com	1896/1928	2016/2018	Apr 2010	121,910
<b>10 Properties under construction</b>					<b>366,660</b>

### Details of owner-occupied properties

Location, address	Description of property <sup>1</sup>	Built	Year renovated	Acquired	Carrying amount in TCHF
Küsnacht, Seestrasse 59	com	2006		Sep 2002	9,826
Lausanne, Rue de Genève 7	com <sup>2</sup>	1932	1992/2011	Nov 2009	3,108
Lausanne, Rue des Côtes-de-Montbenon 16	com <sup>2</sup>	1912	2007	Nov 2009	520
<b>3 Properties</b>					<b>13,454</b>

### Details of major shareholdings

Location, address	Description of property <sup>1</sup>	Built	Year renovated	Acquired	Fair value in TCHF
Lausanne, Flonplex	multiplex cinema	2003		Nov 2009	9,136
Lausanne, Parking du Centre	CP	2002		Nov 2009	32,530
<b>2 Co-ownership properties</b>					<b>41,666</b>

<sup>1</sup> Com: commercial property; h: hotel; CP: multi-storey car park; res: residential property.

<sup>2</sup> Share in own use.

Total rentable area in m <sup>2</sup>	Ownership <sup>3</sup>	Site area in m <sup>2</sup>	Register of polluted sites
13,667	SO	5,675	no
19,152	SO	18,526	yes (insignificant)
15,468	SO	10,542	yes
7,715	SO	3,130	no
2,875	SO	1,840	no
4,834	SO	2,080	no
13,598	SO	5,189	no
8,862	SO	3,554	no
7,443	SO	5,246	no
15,590	SO	8,304	no
<b>109,204</b>		<b>64,085</b>	

Total rentable area in m <sup>2</sup>	Ownership <sup>3</sup>	Site area in m <sup>2</sup>	Register of polluted sites
2,046	SO	2,125	no
632	SO	3,343	yes (insignificant)
170	SO	850	yes (insignificant)
<b>2,848</b>		<b>6,318</b>	

Total rentable area in m <sup>2</sup>	Ownership	Site area in m <sup>2</sup>	Register of polluted sites
5,519	co-ownership 40%	0	yes (insignificant)
25,808	co-ownership 50%	0	yes (insignificant)
<b>31,327</b>			

<sup>3</sup> SO: sole ownership.





# Statutory Auditor's Report

To the General Meeting of Mobimo Holding AG, Lucerne

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Mobimo Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2017 and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 56 to 117) give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Article 17 of the Directive on Financial Reporting (Directive Financial Reporting, DFR) of SIX Swiss Exchange and with Swiss law.

### Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under these 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, as well as the IESBA Code of Ethics for Professional Accountants, 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.

### Key Audit Matters



**Valuation of investment properties**



**Valuation of trading properties**



**Completeness and accuracy of deferred tax liabilities**

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



## Valuation of investment properties

### Key Audit Matter

Investment properties in the amount of TCHF 2'583'760 constitute a material component of the balance sheet. As at 31 December 2017, these had the following fair values (in TCHF):

- Commercial properties	1'367'490
- Residential properties	730'650
- Development properties	118'960
- Investment properties under construction	366'660

Investment properties are measured at fair value as of reporting date.

The annual valuation of investment properties is carried out by external valuation experts. The fair value estimated using a discounted cash flow model is materially influenced by management assumptions and estimates regarding expected future cash flows and the discount rate applied to each property based on its specific opportunities and risks.

Furthermore, due to the current negative interest rate environment, it can be observed that institutional investors are in some cases buying residential properties at good locations offering very low yields because little else is available. This unforeseeable investor behavior could result in some properties realizing sales prices that deviate from the most recent estimates of fair value

### Our response

Our audit included an assessment of the competence and independence of the external valuation experts. We attended the valuation meetings with the external valuation experts to discuss the valuation methodology and selected parameters relevant to the valuation. We used our own real estate valuation specialists to support our procedures.

Based on a sample selected according to qualitative and quantitative factors, our audit procedures included the following:

- Evaluation of the methodological accuracy of the model used to determine fair value;
- Challenging the key value-relevant parameters (in particular discount/capitalization rate, market rents, vacancy levels and management, maintenance, construction and refurbishment costs) based on past figures, benchmarks, publicly available information and our market estimates;
- Critical assessment of the disclosed sensitivities of the fair values of investment properties to a change in the input factors (in particular the discount/capitalization rate).

For further information on the valuation of investment properties, refer to note 5 to the consolidated financial statements on pages 70 to 76 and the reports of the independent valuation experts Jones Lang Lasalle AG on pages 124 to 126.



## Valuation of trading properties

### Key Audit Matter

Trading properties in the amount of TCHF 201'845 constitute a material component of the balance sheet and as at 31 December 2017 had the following carrying amounts (in TCHF):

- Land/development projects	62'864
- Properties under construction	0
- Completed real estate and development properties	138'981

Trading properties include development properties and newly built properties where Mobimo assumes the realization of residential property with subsequent sale. Trading properties are valued at the lower of cost or market value. With regard to loss-making properties, provisions are created immediately for the final loss.

Trading properties also include projects that Mobimo has acquired for the business area Development for Third Parties and that it intends or has agreed to sell to third-party investors in the future or other properties held for resale.

The valuation of trading properties is influenced by assumptions and estimates regarding construction costs to be incurred, and future market developments.

### Our response

Based on a sample selected according to qualitative and quantitative factors, our audit procedures included the following:

- Evaluation of recognized costs for selected projects in terms of eligibility for capitalization and allocation on the basis of the respective financial forecast;
- Identification of deviations between financial forecasts and the respective project accounts together with a critical assessment of these deviations through discussions with project managers, and reconciliation of actual costs with construction cost statements;
- Analysis of realizable values by inspecting the most recent sales contracts and comparing expected future costs, costs already capitalized and expected sales proceeds from remaining properties.

For further information on the valuation of trading properties, refer to note 8 to the consolidated financial statements on page 79.



## Completeness and accuracy of deferred tax liabilities

### Key Audit Matter

As at 31 December 2017, deferred tax liabilities amounted to TCHF 160'878.

Deferred taxes are recognized for temporary differences between the respective tax bases and the carrying amounts in the consolidated balance sheet. The measurement of deferred taxes takes account of the point in time when, and the manner in which, the asset or liability is expected to be realized or settled. The tax rates used are those that are enacted or substantially enacted at the reporting date. Deferred taxes result primarily from measurement differences between the fair values of investment properties and their values for tax purposes.

When calculating deferred tax liabilities, assumptions and estimates must be made regarding the investment costs relevant for tax purposes and the fair values of the properties, and the tax rates applicable at the time the difference is realized. If properties are held for long periods, the investment costs relevant for tax purposes may be determined using an alternative measure instead of the actual investment costs, depending on the respective cantonal rules (e.g. fair value 20 years ago for Zurich properties). Moreover, in cantons with a separate property gains tax, the residual holding period of the properties has to be estimated based on Mobimo's strategy.

For further information on deferred tax liabilities, refer to note 20 to the consolidated financial statements on pages 95 to 97.

### Our response

In the course of our audit, we critically assessed the calculation of deferred taxes on investment properties with the support of our tax specialists.

Based on the overall portfolio, our audit procedures included the following:

- Evaluation of the methodology for calculating deferred tax liabilities;
- Critical assessment of the tax rates used in the calculation and estimated to be applicable in each canton at the time the temporary tax difference will be realized.

Based on a sample selected according to qualitative and quantitative factors, our procedures also included the following:

- Reconciliation of fair values with the valuation documentation and reconciliation of investment costs relevant for tax purposes with the fixed assets register or management's detailed records;
- Testing the mathematical accuracy of the deferred tax calculation;
- Critical assessment of the residual holding periods estimated for individual properties with regard to their conforming to the strategy by reading the minutes of the Real Estate Committee.

**Other Information in the Annual Report**

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the Company, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibility 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 IFRS, Article 17 of the Directive on Financial Reporting (Directive Financial Reporting, DFR) of SIX Swiss Exchange 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, ISAs 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, ISAs 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 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 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.

#### Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the 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.

KPMG AG

A blue ink signature of Kurt Stocker, consisting of a stylized 'K' followed by a series of loops and a final horizontal stroke.

Kurt Stocker  
Licensed Audit Expert  
Auditor in Charge

A blue ink signature of Reto Kaufmann, featuring a large, stylized 'R' followed by a series of loops and a final horizontal stroke.

Reto Kaufmann  
Licensed Audit Expert

Lucerne, 7 February 2018



# REPORT OF THE INDEPENDENT VALUATION EXPERTS JONES LANG LASALLE AG

## Mandate

Jones Lang LaSalle AG (JLL) was commissioned by Mobimo Holding AG to perform the valuation (market value) for accounting purposes of the investment properties owned by the companies of the Mobimo Group (Mobimo) as at 31 December 2017. The valuation concerns all properties held as financial investments (including development properties and investment properties under construction). Trading properties are excluded.

## Valuation standard

JLL confirms that the valuations were carried out within the framework of common national and international standards and guidelines, in particular in accordance with the International Valuation Standards (IVS, RICS/Red Book) and the Swiss Valuation Standards (SVS). Furthermore, the valuations were realised according to the SIX Swiss Exchange requirements.

## Accounting standards

The market values determined for the investment properties represent the fair value as defined in the International Financial Reporting Standards (IFRS) on the basis of the revised IAS 40 (Investment Property) and IFRS 13 (Fair Value Measurement).

## Definition of fair value

The fair value is the price that would be received to sell an asset or paid to transfer a liability (debt) in an orderly transaction between market participants under normal market conditions at the measurement date (exit price).

An exit price is the selling price as stated in the purchase contract on which the parties have agreed.

Transaction costs, typically consisting of brokerage commissions, transaction taxes and land registration and notary fees, are not taken into account in the fair value. The fair value is therefore, in accordance with clause 25 of IFRS 13, not corrected for the transaction costs incurred by the purchaser in a sale (gross fair value). This corresponds to the Swiss valuation practice.

The fair value valuation assumes that the hypothetical transaction for the asset being valued takes place on the market with the greatest volume and the largest business activity (principal market), as well as that transactions of sufficient frequency and volume

occur so that sufficient pricing information is available for the market (active market). If such a principal market cannot be identified, a market for the asset is assumed that would maximise the selling price.

## Realisation of fair value

The fair value is determined on the basis of the best possible use of a property (highest and best use). The best use is the use that maximises the property's value. This assumption of use must be technically/physically possible, legally permissible and financially feasible. As maximisation of utility is assumed in the determination of fair value, the highest and best use may differ from the actual or planned use. Future capital expenditure that will improve or increase the value of a property is taken into account appropriately in the fair value measurement.

The application of the highest and best use approach is based on the principle of materiality of the potential difference in value in relation to the value of the individual property and of the total real estate assets, as well as in relation to the possible absolute value difference. Potential increased real estate values that lie within the usual valuation tolerance of a single valuation are considered to be insignificant and are disregarded as a result.

The determination of fair value is dependent on the quality and reliability of measurement parameters, with decreasing quality and reliability: Level 1 market prices, Level 2 modified market prices and Level 3 model-based valuation. For a fair value appraisal of a property, different levels for different application parameters can be applied simultaneously. In such cases, the entire valuation is classified according to the lowest level of the fair value hierarchy that contains major valuation parameters.

The investment properties of Mobimo are valued with a model-based valuation in accordance with Level 3, on the basis of input parameters not directly observable on the market. Adjusted Level 2 inputs (e.g. market rents, operational and maintenance costs, discount/capitalisation rates) are overlaid onto this. Non-observable inputs are only used when relevant observable inputs are not available.

The methodologies applied are appropriate in every circumstance and chosen in function of data availability, whereby the use of relevant observable inputs is maximised and use of non-observable inputs is minimised.

### Valuation method

JLL values the investment properties of Mobimo Holding AG using the discounted cash flow (DCF) method. This determines the yield potential of a property on the basis of future income and expenditure. The resulting cash flows correspond to the current and projected net cash flows after deduction of all costs not recoverable from the tenant (before taxes and borrowing costs). The annual cash flows are discounted to the valuation date. The discount rate used is based on the interest rate on long-term, risk-free investments, such as a 10-year federal bond, plus a specific risk premium. This takes into account market risks and the higher illiquidity of properties compared with federal bonds. The discount rates vary according to the macro and micro situation and property segment.

In valuing the investment properties under construction, JLL generally applies the residual valuation method. Under this method, the total construction costs of the project are subtracted from the future market value after completion. The underlying costs are related to preliminary works (e.g. demolition and infrastructural requirements), building and ancillary costs, as well as financing costs. After subtracting these costs from the market value after completion, taking into account the risk and time effect, a residual remains which represents the economically justifiable amount to acquire the project.

### Basis of the valuations

All properties are known to JLL through the inspections carried out and the documents provided. JLL conducted an analysis in terms of quality and risks (attractiveness and lettability of the rented premises, construction and condition, micro and macro location).

All properties were visited by JLL in 2017, with the exception of the property located at Place de la Gare 10 in Lausanne, which was visited in January 2018.

As a part of the revaluation services, JLL intends to inspect all investment properties every three years on a rolling basis. Furthermore, properties affected by major changes (e.g. completion of large renovation projects) compared with the previous reporting period will also be visited, after consultation with Mobimo.

### Valuation result

Taking into account the above statements, as at 31 December 2017 JLL assessed the market value of the 120 investment properties (including development properties and investment properties under construction) owned by Mobimo as follows:

Asset class	No.	Fair value
Commercial investment properties	63	CHF 1,367,490,000
Commercial development properties	6	CHF 118,960,000
Residential investment properties	41	CHF 730,650,000
Investment properties under construction	10	CHF 366,660,000
<b>Total investment properties</b>	<b>120</b>	<b>CHF 2,583,760,000</b>

The valuation result in words:

Two billion five hundred and eighty-three million seven hundred and sixty thousand Swiss francs.

### Changes during the reporting period

Within the reporting period from 1 January 2017 to 31 December 2017, the Renens, Chemin de la Rueyre 116/118, Versoix, Chemin de l'Ancien Péage 2 – 4 and Zurich, Stauffacherstrasse 41 properties, as well as a partial parcel of the investment property Sternmatt 6 in Kriens, were sold. The investment property Place de la Gare 10; Rue du Petit-Chêne 38 in Lausanne was bought.

Over the same period the Kriens, Am Mattenhof 10, Parking and Lausanne, Rue des Côtes-de-Montbenon 1, 3, 5 properties were reclassified from investment properties under construction to commercial investment properties. The Rheinfelden, Rütteliweg 8/ Spitalhalde 40 property was reclassified from investment properties under construction to residential investment properties.

Furthermore, the commercial property Aarau, Bahnhofstrasse 102 (Relais 102) and the residential property Lausanne, Avenue Edouard Dapples 9, 13, 15, 15a were reclassified from commercial and residential investment properties respectively to investment properties under construction.

## Financial report

Report of the independent valuation experts Jones Lang LaSalle AG

### Independence and purpose

In accordance with the business policy of JLL, the valuation of the properties held by subsidiaries of Mobimo Holding AG has been conducted independently and neutrally. It serves only the purpose previously mentioned. JLL assumes no liability to third parties.

The remuneration for the valuation services is independent of the valuation result and is based on consistent fee rates per property.

Jones Lang LaSalle AG  
Zurich, 1 February 2018



Jan P. Eckert, MRICS  
CEO Switzerland



Daniel Macht, MRICS  
Senior Vice President

## Appendix: valuation model and assumptions

### Valuation model

JLL's DCF model is a two-phase model that determines the market value of the properties based on future cash flows. Based on a forecast of future income and expenditure over a detailed analysis period of ten years, the potential annual target rental income is identified and reduced by costs that cannot be passed on to tenants. The resulting cash flows thus correspond to the projected net cash flows after deduction of all costs not recoverable from tenants, but before financing and taxes. At the end of the detailed analysis period, a residual value (exit value) is determined on the basis of a perpetual annuity from the exit cash flow, as well as taking into account the future repair works incumbent on the owner. The market value is the sum of the net cash flows discounted to the valuation date over the detailed analysis period and the discounted residual value.

### Discount and capitalisation rate

The discount rate used for the valuation is based on the interest rate on long-term, risk-free investments, such as a 10-year federal bond, plus a specific risk premium that takes into consideration the current situation in the transaction market in addition to usage, location and size of the property. This risk premium thus takes into account market risks and the higher illiquidity associated with properties compared with federal bonds. The yield difference (spread) between a federal bond and a property investment is regularly verified by JLL on the basis of property transactions.

The nominal discount and real capitalisation rates are differentiated according to property with regard to macro and micro situation as well as property segments:

Asset class	Input factors	Minimum	Weighted average	Maximum
Commercial investment properties	Discount rate (nominal)	3.4%	4.3%	6.3%
	Capitalisation rate (real)	2.9%	3.8%	5.8%
Commercial development properties	Discount rate (nominal)	4.3%	4.5%	5.0%
	Capitalisation rate (real)	3.8%	4.0%	4.5%
Residential investment properties	Discount rate (nominal)	3.4%	3.7%	4.2%
	Capitalisation rate (real)	2.9%	3.2%	3.7%
Investment properties under construction	Discount rate (nominal)	3.5%	4.0%	4.9%
	Capitalisation rate (real)	3.0%	3.5%	4.4%
<b>Total investment properties</b>	<b>Discount rate (nominal)</b>	<b>3.4%</b>	<b>4.1%</b>	<b>6.3%</b>
	<b>Capitalisation rate (real)</b>	<b>2.9%</b>	<b>3.6%</b>	<b>5.8%</b>

### Rental income

The valuations are based on the rental income at the valuation date of 31 December 2017. Starting from the current contractual rent, the annual target rental income is estimated. This takes account of the permitted indexation of rents deriving from contractual agreement or law, and in the case of expiring (commercial) leases by applying market rents that appear sustainable from the current standpoint. When establishing the time required to achieve market rents, account is taken of local legislation (e.g. the cantonal Residential Property Demolition, Conversion and Renovation Act, LDTR) as well as the risk of new tenants contesting higher rents, without modelling these in detail. In the case of expiring commercial leases, sustainable market rents as assessed from today's point of view are applied. The market rents are based on the rental price databases and the property research of JLL. Usually the lower of market rent and contract rent is used for tenant-side lease renewal options.

### Indexing

Rents for office and commercial spaces are normally linked to the national consumer price index (CPI), while rents for apartments are linked to the change in the reference interest rate calculated quarterly by the Swiss National Bank, but also include an inflation factor. Based on the forecasts of the relevant economic research agencies (KOF, BAK, SECO) for the trends in the CPI and mortgage interest rates, estimates are regularly made by JLL for the future indexing of the contractual rent, whereby the same assumptions are used for all valuations that are made on the same valuation date.

For the valuations on the valuation date, JLL assumed an annual increase of 0.50% in the first ten years in both commercial and residential rents. The contractually agreed percentage rates are taken into account in the valuations for each rental unit. The future rental income is linked 100% to the estimated inflation rate in cases of lack of information. The same growth rates are generally used for the future change in the market rents assessed from today's point of view as sustainable.

### Vacancy

For expiring leases of retail and office spaces, a property and segment-specific vacancy is applied. This absorption time (vacancy in months after contract-end) is specifically determined for each property and usually lies between three and nine months. In special cases longer or shorter re-letting scenarios can also be applied. The general vacancy risk is taken into consideration with a structural vacancy rate, which is also applied specifically to the property.

The market value determination of properties that are completely or partially vacant takes place on the assumption that re-letting will take a certain amount of time. Rent losses, rent-free periods and other incentives for new tenants, which correspond to market standards at the date of valuation, are taken into account in the assessment.

In the case of residential properties, no specific vacancies are usually applied, since the leases are usually open-ended. The normal tenant fluctuation is taken into account with the help of structural vacancies, which are applied specifically to the property.

### Operating costs

The property operating costs are based in principle on the respective property accounts. The non-recoverable costs concern operating and maintenance costs that cannot be passed on to tenants due to contractual conditions or running costs that the owner must bear due to vacancy. JLL models all future running costs on the basis of the analysis of the historical figures and benchmarks.

### Repair costs

As well as rental income, future repair costs are also very important. The investments considered during the ten-year DCF analysis period are based in part on the projections of the landlord or the property management company, plausibility-tested in advance by JLL.

The capital expenditure that will be needed on a long-term basis is calculated specifically for the property for the determination of the exit value on the assumption that, depending on the building method and use of the property, various parts of the building have limited

life spans and therefore must be renewed cyclically. The amount converted into a capital expenditure fund in the exit year considers only the cost of the ongoing renovation of the property, which secures on a long-term basis the contractual and market rents on which the valuation is based.

#### **Basis of valuation of investment properties under construction**

As a basis for the valuation of the investment properties under construction, Mobimo provides capital budgets and further project documentation, which give detailed information about the project status (construction status, letting status), project development and construction costs already incurred or estimated and deadlines (expected completion date). JLL conducts plausibility checks on the documentation provided, and these feed into the valuations.



# BALANCE SHEET

TCHF	Note	2017	2016
<b>Assets</b>			
<b>Current assets</b>			
Cash		14,335	41,781
Other current receivables – third parties		885	13
Other current receivables – participations		11,051	9,082
Accrued income and prepaid expenses – third parties		69	70
<b>Total current assets</b>		<b>26,341</b>	<b>50,946</b>
<b>Non-current assets</b>			
Financial assets			
• Loan – participations		1,052,269	801,044
Participations	2	354,402	357,469
<b>Total non-current assets</b>		<b>1,406,670</b>	<b>1,158,513</b>
<b>Total assets</b>		<b>1,433,012</b>	<b>1,209,459</b>

TCHF	Note	2017	2016
<b>Equity and liabilities</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables – third parties		363	205
Current interest-bearing liabilities – bond	3	165,000	0
Other current liabilities – third parties		296	1,182
Other current liabilities – participations		14	55
Accrued expenses and deferred income – third parties		5,927	9,556
Accrued expenses and deferred income – governing bodies		77	68
<b>Total current liabilities</b>		<b>171,677</b>	<b>11,066</b>
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities – bonds	3	575,000	515,000
<b>Total non-current liabilities</b>		<b>575,000</b>	<b>515,000</b>
<b>Total liabilities</b>		<b>746,677</b>	<b>526,066</b>
<b>Equity</b>	4		
Share capital		180,327	180,327
Statutory capital reserves			
• Capital contribution reserve		27,516	89,690
Statutory retained earnings			
• General legal reserves		45,795	45,795
Voluntary retained earnings			
Retained earnings			
• Profit carried forward		368,028	305,919
• Profit for the year		64,803	62,109
Treasury shares		–133	–446
<b>Total equity</b>		<b>686,335</b>	<b>683,393</b>
<b>Total equity and liabilities</b>		<b>1,433,012</b>	<b>1,209,459</b>

# INCOME STATEMENT

TCHF	Note	2017	2016
Income from participations		60,500	58,000
Income from cost charges – participations		2,206	2,157
Financial income – participations		15,857	14,296
Financial income – third parties		110	53
<b>Total income</b>		<b>78,674</b>	<b>74,506</b>
Personnel expenses	5	–1,298	–1,302
Administrative expenses – third parties		–2,158	–2,058
Interest expense for bonds		–9,892	–8,573
Other financial expense – third parties		–32	–34
Direct taxes		–490	–431
<b>Total expenses</b>		<b>–13,871</b>	<b>–12,397</b>
<b>Profit for the year</b>		<b>64,803</b>	<b>62,109</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## 1. General information

The annual financial statements of Mobimo Holding AG, with its registered office in Lucerne, were prepared in accordance with the provisions of Swiss accounting and financial reporting law (title 32 of the Swiss Code of Obligations). The main valuation principles used that are not prescribed by law are listed at the beginning of the relevant Note.

The consolidated annual financial statements of Mobimo Holding AG are prepared in accordance with International Financial Reporting Standards (IFRS). These annual financial statements therefore do not contain any additional disclosures, a cash flow statement or management commentary.

All amounts are shown in thousands of Swiss francs (TCHF), unless stated otherwise. The sums and totals of the individual positions may be larger or smaller than 100% due to rounding.

## 2. Equity investments

Name	Registered office	Share capital 2017 in TCHF	Equity interest in %	Share capital 2016 in TCHF	Equity interest in %
<b>Directly held participations</b>					
Mobimo AG	Küsnacht	72,000	100.0	72,000	100.0
Mobimo Management AG	Küsnacht	100	100.0	100	100.0
FM Service & Dienstleistungs AG <sup>1</sup>	Küsnacht	100	100.0	100	100.0
LO Holding Lausanne-Ouchy SA	Lausanne	12,000	100.0	12,000	100.0
Immobilien Invest Holding AG	Glarus	150	75.3	150	75.3
BSS&M Real Estate AG <sup>2</sup>	Küsnacht	500	66.0	500	66.0
<b>Indirectly held participations</b>					
Mobimo Zürich Nord AG <sup>3</sup>	Küsnacht	100	100.0	n/a	n/a
LO Immeubles SA	Lausanne	2,000	100.0	2,000	100.0
Promisa SA	Lausanne	100	100.0	100	100.0
CC Management SA	Geneva	4,700	100.0	4,700	100.0
O4Real SA	Lausanne	1,000	100.0	1,000	100.0
Petit Mont-Riond SA	Lausanne	50	75.3	50	75.3
Parking du Centre SA	Lausanne	6,000	50.0	6,000	50.0
Flonplex SA	Lausanne	2,000	40.0	2,000	40.0
Parking Saint-François SA <sup>4</sup>	Lausanne	1,150	26.5	1,150	26.5
Zentrum Oberhof AG <sup>2</sup>	Inwil	n/a	n/a	100	26.4

<sup>1</sup> The remaining 50% shares in FM Service & Dienstleistungs AG, Küsnacht were acquired in the prior year.

<sup>2</sup> 66% of the shares in BSS&M Real Estate AG, Küsnacht, were acquired in the prior year. BSS&M Real Estate AG, Küsnacht, held 40% of Zentrum Oberhof AG, Inwil. The indirect investment in Zentrum Oberhof AG, Inwil, was thus 26.4%, while the share of voting rights was 40%. BSS&M Real Estate AG, Küsnacht, sold its holding in Zentrum Oberhof AG, Inwil, during the 2017 financial year.

<sup>3</sup> Mobimo Zürich Nord AG was established on 9 March 2017 as a project company.

<sup>4</sup> The share of voting rights is 5%.

In the prior year, the company ProviHold SA, Lausanne, was merged with LO Immeubles SA, Lausanne, under a restructuring. Additional shares in Dual Real Estate Investment SA, Fribourg, were also acquired during the prior year by LO Holding Lausanne-Ouchy SA, Lausanne. As a consequence, as part of restructuring of the companies within the scope of consolidation, the company Dual Real Estate Investment SA, Fribourg, was merged via a squeeze-out into LO Holding Lausanne-Ouchy SA, Lausanne. The remaining outstanding shares were also acquired in the process, with the

indirect investment in CC Management SA, Geneva, a wholly owned subsidiary of Dual Real Estate Investment SA, Fribourg, also being increased to 100%.

Further information on the Group companies can be found in Note 34 to the consolidated annual statements.

### 3. Bonds

#### Accounting principles

Bonds are recognised in the balance sheet at nominal value. Issuance costs upon issue are offset against any premiums. Any resulting surplus is recognised in the balance sheet as accrued expenses and deferred income, whereas a negative figure is recognised in the income statement. The surplus carried in the balance sheet is depreciated over the remaining term of the bond.

A CHF 165 million bond maturing on 29 October 2018 was issued on 29 October 2013. The coupon is 1.5%.

A CHF 200 million bond maturing on 19 May 2021 was issued on 19 May 2014. The coupon is 1.625%.

A CHF 150 million bond maturing on 16 September 2024 was issued on 16 September 2014. The coupon is 1.875%.

A CHF 225 million bond maturing on 20 March 2026 was issued on 20 March 2017. The coupon is 0.75%.

### 4. Equity

#### Accounting principles

##### Treasury shares

Treasury shares are recognised in the balance sheet at the time of acquisition and at cost as a minus item in equity. The FIFO (first-in, first-out) principle is applied for determining the carrying amount in the event of a later resale.

#### Share capital

As at 31 December 2017, share capital stood at CHF 180.3 million and was composed of 6,218,170 registered shares with a nominal value of CHF 29.00 each. All outstanding shares – i.e. all shares in issue less treasury shares – are entitled to dividends and confer the right to one vote per share at the company's general meetings. There was no change in share capital in the year under review or the prior year.

#### Treasury shares

As at 31 December 2017, the company held 501 treasury shares. Over the course of the financial year, the initial holding as at 1 January of 2,044 shares was increased through the purchase of a total of

2,805 shares at an average price of CHF 265.59. 4,348 shares were granted to the Board of Directors and management as part of their remuneration arrangements.

#### Capital contribution reserves

The Annual General Meeting of 28 March 2017 approved a distribution from the capital contribution reserves of CHF 10.00 per share for the 2016 financial year, which was paid on 4 April 2017.

### 5. Income from participations for members of the Board of Directors

#### Accounting principles

Compensation for the Board of Directors may be partly drawn in the form of shares. The number of shares to which a Board member is entitled is calculated based on the share price applicable on the date of allocation. The value of the allocated shares is charged as a personnel expense to the income statement, while the difference between the share price and the carrying amount is reported in the financial result in accordance with the FIFO principle.

In the year under review, 242 shares with a value of TCHF 63 were allocated to the Board of Directors as compensation. In addition, 73 shares with a value of TCHF 19 were granted as at the reporting date, but not issued until 2018.

## 6. Shareholdings of members of the Board of Directors and Executive Board or related parties

As at 31 December 2017, the shareholdings of the members of the Board of Directors and the Executive Board or related parties were as set out below:

Name, function	No. of shares issued	No. of shares approved	Total 2017	Total 2016
<b>BoD</b>	<b>23,001</b>	<b>0</b>	<b>23,001</b>	<b>22,882</b>
Georges Theiler, BoD Chairman	5,845	0	5,845	5,845
Brian Fischer, BoD	3,245	0	3,245	3,245
Wilhelm Hansen, BoD	5,121	0	5,121	5,123
Peter Schaub, BoD	120	0	120	120
Daniel Crausaz, BoD	2,487	0	2,487	2,487
Bernard Guillelmon, BoD	5,711	0	5,711	5,711
Peter Barandun, BoD	472	0	472	351
<b>Executive Board</b>	<b>27,185</b>	<b>2,742</b>	<b>29,927</b>	<b>29,964</b>
Christoph Caviezel, CEO	12,584	878	13,462	14,247
Manuel Itten, CFO	7,292	521	7,813	7,327
Andreas Hämmerli, Head of Development	3,105	471	3,576	4,137
Thomas Stauber, Head of Real Estate	3,194	521	3,715	3,219
Marc Pointet, Head of Mobimo Suisse romande	1,010	351	1,361	1,034

The approved number of shares from the profit-sharing entitlement of the Executive Board was based on the assumption that a ratio of 50% as stipulated in the compensation regulations applies.

## 7. Significant shareholders

As at the reporting date, the following shareholders held 3% or more of the shares and options in Mobimo Holding AG:

%	31.12.2017	31.12.2016
BlackRock, Inc.	4.41	4.97
Pensionskasse des Kantons Zug	3.38	3.38
Norges Bank (the central bank of Norway)	3.14	n/a
Credit Suisse Funds AG	3.10	n/a

## 8. Headcount

As a holding company, Mobimo Holding AG has no employees.

## 9. Contingent liabilities

Mobimo Holding AG forms a VAT group together with CC Management SA, FM Service & Dienstleistungs AG, Immobilien Invest Holding AG, LO Holding Lausanne-Ouchy SA, LO Immeubles SA, Mobimo AG, Mobimo Management AG, Mobimo Zürich Nord AG, O4Real AG, Petit Mont-Riond SA and Promisa SA. Mobimo Zürich Nord AG was added to the VAT group on 9 March 2017. Mobimo Holding AG is jointly and severally liable for the liabilities arising from the VAT group.

As part of an external financing arrangement, Mobimo Holding AG gave an undertaking in a letter of comfort to ensure that Mobimo AG maintains equity of at least CHF 100 million.

As part of the purchase of the Dual Group, Mobimo Holding AG issued a guarantee for the subsidiary LO Holding Lausanne-Ouchy SA. This guarantee covers all future claims arising from this purchase up to a maximum of CHF 1.7 million.

## 10. Events after the reporting date

On 22 January 2018, Mobimo Holding AG announced that it intended to acquire a majority interest in real estate company Fadmat AG, and that a proposal to this effect had been submitted to that company's Board of Directors. Should this transaction take place, it would total approximately CHF 140 million. At least 50% of the purchase price would be paid in Mobimo shares.

No significant events took place after the reporting date that would require adjustments to the carrying amounts of assets and liabilities or would require disclosure in this section.



# PROPOSED APPROPRIATION OF PROFIT

TCHF	2017	2016
Balance brought forward	368,028	305,919
Profit for the year	64,803	62,109
Reversal of capital contribution reserves	27,360	62,174
<b>Retained earnings</b>	<b>460,191</b>	<b>430,202</b>
Treasury shares	-133	-446
<b>Total available to the General Meeting</b>	<b>460,057</b>	<b>429,756</b>
The Board of Directors proposes the following appropriation of profit to the General Meeting:		
Payment of a dividend in the form of a distribution of paid-in capital of	27,360	62,174
Carried forward to new account	432,831	368,028
<b>Total appropriation of profit proposed</b>	<b>460,191</b>	<b>430,202</b>
Treasury shares	-133	-446
<b>Appropriation of profit proposed less treasury shares</b>	<b>460,057</b>	<b>429,756</b>
Total dividend	27,360	62,174
Less share from capital contribution reserves	-27,360	-62,174

The Board of Directors is proposing the payment of a dividend of CHF 4.40 per share from the capital contribution reserves (total: CHF 27.4 million) and a capital reduction of CHF 5.60 per share (total: CHF 34.8 million) in the form of a nominal value reduction. This adds up to a total proposed distribution of CHF 10.00 per share (total: CHF 62.2 million). The distribution will be made upon completion of the capital reduction process (expected by the end of June).

Treasury shares are not entitled to a dividend.

The final figure for the reversal/distribution of capital contribution reserves depends on the number of treasury shares and the consequent number of shares with dividend entitlement issued by the date of the dividend distribution. If Mobimo Holding AG holds treasury shares on the date of the dividend distribution, the reversal/distribution from the capital contribution reserves will be correspondingly lower.



# Statutory Auditor's Report

To the General Meeting of Mobimo Holding AG, Lucerne

## Report on the Audit of the Financial Statements

### Opinion

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

In our opinion the financial statements (pages 130 to 136) for the year ended 31 December 2017 comply with Swiss law and the company's articles of incorporation.

### Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

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

### 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 skepticism 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. 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 para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

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

KPMG AG

A handwritten signature in blue ink, appearing to read 'K. Stocker', enclosed within a blue oval.

Kurt Stocker  
Licensed Audit Expert  
Auditor in Charge

A handwritten signature in blue ink, appearing to read 'R. Kaufmann', enclosed within a blue oval.

Reto Kaufmann  
Licensed Audit Expert

Lucerne, 7 February 2018

# EPRA KEY PERFORMANCE MEASURES

The Mobimo Group reports its key performance and cost ratio measures in accordance with the Best Practices Recommendations of the EPRA Reporting and Accounting Committee. The European Public Real Estate Association is an association of leading European property companies and is a partner of the FTSE EPRA/NAREIT index family, which added the Mobimo Holding AG share as one of its components on 20 June 2011. The figures published

elsewhere by Mobimo on NAV, net initial yield and vacancy rates may deviate from the EPRA measures set out below, as Mobimo does not, for example, include the market value of trading properties, which are recognised at cost, and bases its calculations on effective rents. However, when calculating earnings per share Mobimo does take account of gains on the sale of trading and investment properties.

A EPRA Earnings and EPRA Earnings Per Share

Unit

		2017	2016
<b>Earnings per IFRS income statement</b>		<b>91,650</b>	<b>158,656</b>
(i)	Changes in value of investment properties, development properties held for investment and other interests	-27,281	-80,704
(ii)	Profits or losses on disposal of investment properties, development properties held for investment and other interests	-27,470	-34,945
(iii)	Profits or losses on sales of trading properties and development services adjusted	371	2,257
(iv)	Tax on profits or losses on disposals	7,610	9,638
(v)	Negative goodwill/goodwill impairment	n/a	n/a
(vi)	Changes in fair value of financial instruments and associated close-out costs	-2,599	-3,387
(vii)	Acquisition costs on share deals and non-controlling joint venture interests	n/a	n/a
(viii)	Deferred tax in respect of EPRA adjustments	7,067	-1,474
(ix)	Adjustments (i) to (viii) above in respect of joint ventures	0	0
(x)	Non-controlling interests in respect of the above	696	1,338
<b>EPRA Earnings</b>		<b>50,044</b>	<b>51,378</b>
Average number of shares outstanding		6,217,383	6,215,739
<b>EPRA Earnings Per Share</b>		<b>8.05</b>	<b>8.27</b>

The definitions of the above key performance measures can be found at [www.epra.com](http://www.epra.com).

B EPRA Net Asset Value	Unit	31.12.2017	31.12.2016
<b>NAV per consolidated financial statements</b>	<b>TCHF</b>	<b>1,383,935</b>	<b>1,350,936</b>
Effect of exercise of options, convertibles and other equity instruments	TCHF	0	0
<b>Diluted NAV after the exercise of options, convertibles and other equity instruments</b>	<b>TCHF</b>	<b>1,383,935</b>	<b>1,350,936</b>
<b>Include</b>			
(i.a) Revaluation of investment properties (if IAS 40 cost model is used)	TCHF	n/a	n/a
(i.b) Revaluation of investment property under construction (IPUC) (if IAS 40 cost model is used)	TCHF	n/a	n/a
(i.c) Revaluation of other non-current investments (owner-occupied properties and joint ventures)	TCHF	24,175	26,207
(ii) Revaluation of tenant leases held as finance leases	TCHF	n/a	n/a
(iii) Revaluation of trading properties	TCHF	9,608	26,172
<b>Exclude</b>			
(iv) Fair value of financial instruments	TCHF	32,780	39,834
(v.a) Deferred tax	TCHF	163,386	161,572
(v.b) Goodwill as a result of deferred tax	TCHF	n/a	n/a
Adjustments to (i) to (v) in respect of joint ventures	TCHF	2,336	2,344
<b>EPRA NAV</b>	<b>TCHF</b>	<b>1,616,220</b>	<b>1,607,065</b>
Diluted no. of shares outstanding		6,217,669	6,216,126
<b>EPRA NAV per share</b>	<b>CHF</b>	<b>259.94</b>	<b>258.53</b>
<b>C Triple Net Asset Value (NNNAV)</b>	<b>Unit</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
<b>EPRA NAV</b>	<b>TCHF</b>	<b>1,616,220</b>	<b>1,607,065</b>
(i) Fair value of derivative financial instruments	TCHF	-32,780	-39,834
(ii) Fair value of financial liabilities	TCHF	-84,479	-105,182
(iii) Deferred tax	TCHF	-159,398	-156,089
<b>EPRA NNNAV</b>	<b>TCHF</b>	<b>1,339,562</b>	<b>1,305,960</b>
Diluted no. of shares outstanding		6,217,669	6,216,126
<b>EPRA NNNAV per share</b>	<b>CHF</b>	<b>215.44</b>	<b>210.09</b>

The definitions of the above key performance measures can be found at [www.epra.com](http://www.epra.com).



## Financial report

### EPRA key performance measures

D EPRA Net Initial Yield	Unit	31.12.2017	31.12.2016
Investment properties – wholly owned	TCHF	2,583,760	2,446,798
Investment properties – share of joint ventures/funds	TCHF	41,666	43,115
Trading property	TCHF	201,845	304,844
Less developments	TCHF	–445,445	–518,574
<b>Completed property portfolio</b>	<b>TCHF</b>	<b>2,381,826</b>	<b>2,276,183</b>
Allowance for estimated purchasers' costs	TCHF	0	0
<b>Gross up completed property portfolio valuation</b>	<b>TCHF</b>	<b>2,381,826</b>	<b>2,276,183</b>
Annualised cash passing rental income	TCHF	118,258	119,968
Direct cost of investment properties	TCHF	–17,023	–17,324
<b>Annualised net rents</b>	<b>TCHF</b>	<b>101,236</b>	<b>102,644</b>
Add: additional notional rent expiration of rent-free periods or other lease incentives	TCHF	0	0
<b>Topped-up net annualised rent</b>	<b>TCHF</b>	<b>101,236</b>	<b>102,644</b>
<b>EPRA net initial yield</b>	<b>%</b>	<b>4.3</b>	<b>4.5</b>
<b>EPRA "topped-up" net initial yield</b>	<b>%</b>	<b>4.3</b>	<b>4.5</b>

E EPRA Vacancy Rate	Unit	31.12.2017	31.12.2016
Estimated rental income potential from vacant space	TCHF	5,252	5,363
Estimated rental income from overall portfolio	TCHF	107,341	111,077
<b>EPRA vacancy rate</b>	<b>%</b>	<b>4.9</b>	<b>4.8</b>

The definitions of the above key performance measures can be found at [www.epra.com](http://www.epra.com).

F EPRA Cost Ratios	Unit	2017	2016
<b>EPRA Costs</b>			
Administrative operating expense lines per IFRS income statement			
Direct expenses for rented properties	TCHF	13,940	15,603
Personnel expenses	TCHF	7,779	7,574
Operating and administrative expenses	TCHF	1,996	1,768
<b>EPRA Costs (including direct vacancy costs)</b>	<b>TCHF</b>	<b>23,716</b>	<b>24,945</b>
Direct vacancy costs	TCHF	2,371	1,915
<b>EPRA Costs (excluding direct vacancy costs)</b>	<b>TCHF</b>	<b>21,345</b>	<b>23,030</b>
<b>EPRA Rental Income</b>			
Gross Rental Income less ground rent costs	TCHF	100,527	103,507
<b>Gross Rental Income</b>	<b>TCHF</b>	<b>100,527</b>	<b>103,507</b>
<b>EPRA Cost Ratio (including direct vacancy costs)</b>	<b>%</b>	<b>23.6</b>	<b>24.1</b>
<b>EPRA Cost Ratio (excluding direct vacancy costs)</b>	<b>%</b>	<b>21.2</b>	<b>22.2</b>

The definitions of the above key performance measures can be found at [www.epra.com](http://www.epra.com).

# FIVE-YEAR OVERVIEW

	Unit	2013	2014	2015	2016	2017	Change in %
<b>Results of operations</b>							
Net rental income	CHF million	78.9	87.6	94.1	96.2	94.1	-2.2
Profit on sale of trading properties and development services	CHF million	31.6	24.9	5.5	23.9	24.7	3.5
Profit on sale of investment properties	CHF million	7.1	4.9	63.8	34.9	27.5	-21.4
EBIT including revaluation	CHF million	119.4	97.6	170.4	200.3	142.3	-29.0
EBIT excluding revaluation	CHF million	94.1	93.8	135.7	119.6	115.0	-3.8
Tax expense	CHF million	-16.7	-4.8	-34.1	-15.1	-24.4	61.5
Profit	CHF million	81.6	63.2	105.0	159.4	91.5	-42.6
Profit including revaluation <sup>1</sup>	CHF million	81.6	62.2	103.9	158.7	91.6	-42.2
Profit excluding revaluation <sup>1</sup>	CHF million	62.6	60.2	78.6	99.4	71.9	-27.7
<b>Financial position</b>							
Non-current assets	CHF million	2,156.7	2,301.3	2,467.7	2,502.7	2,642.8	5.6
Current assets	CHF million	551.7	466.4	485.2	529.0	552.9	4.5
Equity as at 31.12.	CHF million	1,241.1	1,222.5	1,264.7	1,366.3	1,399.1	2.4
Equity ratio	%	45.8	44.2	42.8	45.1	43.8	-2.9
Liabilities	CHF million	1,467.4	1,545.2	1,688.2	1,665.4	1,796.6	7.9
• current	CHF million	373.7	114.2	138.3	203.2	288.5	42.0
• non-current	CHF million	1,093.7	1,431.1	1,549.9	1,462.2	1,508.1	3.1
<b>Share figures</b>							
Earnings per share	CHF	13.14	10.00	16.72	25.52	14.74	-42.2
Earnings per share excluding revaluation	CHF	10.09	9.69	12.65	15.99	11.56	-27.7
NAV per share (diluted)	CHF	200.01	195.93	202.45	217.33	222.58	2.4
Distribution yield	%	5.1	4.8	4.5	3.9	3.8	-2.6
Payout ratio	%	72.3	95.0	59.8	39.2	67.8	73.0
Year-end price	CHF	186.10	199.20	222.70	254.75	261.50	2.6
Average number of shares traded per day	Number	11.132	8.672	11.638	10.035	7.516	-25.1
Market capitalisation	CHF million	1,156.5	1,238.3	1,384.8	1,584.1	1,626.1	2.7
Share price – High	CHF	221.10	200.70	229.40	254.75	279.25	9.6
Share price – Low	CHF	182.80	182.00	190.50	206.10	250.25	21.4
<b>Portfolio figures</b>							
Overall portfolio	CHF million	2,371.9	2,469.7	2,654.6	2,765.6	2,799.1	1.2
• Investment properties	CHF million	1,577.7	1,907.4	2,132.4	2,111.5	2,111.6	0.0
• Development properties	CHF million	794.2	562.3	522.2	654.1	687.5	5.1
Gross yield from investment properties	%	5.7	5.6	5.4	5.3	5.1	-3.8
Net yield from investment properties	%	4.6	4.5	4.3	4.1	4.0	-2.4
Investment property vacancy rate	%	3.9	5.4	4.7	4.8	4.9	2.1

<sup>1</sup> Attributable to the shareholders of Mobimo Holding AG.

# GLOSSARY

## ANRA

Federal Act of 16 December 1983 on the Acquisition of Immovable Property in Switzerland by Foreign Non-Residents.

## Carbon Disclosure Project (CDP)

The CDP possesses the world's most comprehensive collection of environmental data from companies, organisations and governments and evaluates this systematically for investors.

## CO

Federal Act of 30 March 1911 on the Amendment of the Swiss Civil Code (Part Five: Code of Obligations).

## Con

Condominium.

## DCG

Directive Corporate Governance issued by the Swiss stock exchange (SIX Swiss Exchange).

## Discounted cash flow method (DCF)

The method used for calculating the fair value of real estate. The fair value of a property is calculated from the present values of net cash flows expected in the future (valuation period of 100 years). The net cash flows are discounted at a discount rate on the reporting date.

## Dividend yield

The annual dividend income of a share as a percentage of the current share price.

## Earnings per share

Earnings per share are calculated by dividing the Group result attributable to the shareholders of Mobimo Holding AG, by the weighted average of the number of shares outstanding during the reporting period.

## EBIT

Earnings before interest and tax.

## EBITDA

Earnings before interest, tax, depreciation and amortisation.

## ERCO

Ordinance of 20 November 2013 against Excessive Remuneration in Listed Companies Limited by Shares.

## European Public Real Estate Association (EPRA)

EPRA is an association of leading European property companies and is a partner of the FTSE EPRA/NAREIT index family.

## FMIA

Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading.

## German Sustainable Building Council (DGNB)

DGNB is an internationally recognised and comprehensive certification system used to objectively describe and assess the sustainability of buildings and districts. It comprises the six key aspects of sustainable building, namely environmental, economical, sociocultural and functional aspects, technology, processes and site.

## Global Real Estate Sustainability Benchmark (GRESB)

GRESB is the leading industry-oriented organisation for the assessment of the sustainability performance of real estate portfolios worldwide.

## Global Reporting Initiative (GRI)

GRI develops the guidelines for the creation of sustainability reports of major companies, small and medium-sized businesses, governments and NGOs.

## Gross loan to value (LTV) ratio

Total financial liabilities relative to total portfolio value.

## Income from rental of investment properties

Income from the rental of investment properties includes net rental income, i.e. target rental income less rents lost due to vacancies.

## Interest coverage ratio

The interest coverage ratio is calculated from the earnings before interest, tax, depreciation and amortisation (EBITDA) excl. revaluation, divided by the interest expense.

## Market capitalisation

Share price on the reporting date multiplied by the number of shares issued.

## Minergie

A building standard for new and modernised buildings. The focus of this standard is ensuring the comfort of the people working and living in the respective building.

## MOH

Mobimo Holding AG.

## Net asset value (NAV)

The value of equity as per the consolidated annual financial statements.

**Net gearing**

Net financial liabilities relative to equity.

**Net loan to value (LTV) ratio**

Total financial liabilities less cash and short-term financial assets relative to total portfolio value.

**Nmf**

Non-meaningful figure.

**Number of shares outstanding**

The number of shares issued minus the number of treasury shares.

**Payout ratio**

The payout ratio refers to the ratio of dividend payments (in accordance with the proposal to the General Meeting) to the profit earned by the company.

**Return on equity**

Profit (attributable to the shareholders of Mobimo Holding AG) in relation to average equity (attributable to the shareholders of Mobimo Holding AG; equity at 1 January plus capital increase/reduction).

**Return on equity not including revaluation**

Profit (attributable to the shareholders of Mobimo Holding AG) not including revaluation (and attributable deferred tax) relative to average equity (attributable to the shareholders of Mobimo Holding AG; equity at 1 January plus capital increase/reduction).

**SESTA**

Federal Act of 24 March 1995 on Stock Exchanges and Securities Trading.

**SPI**

The Swiss Performance Index (SPI) comprises practically all of the SIX Swiss Exchange-traded equity securities of companies that are domiciled in Switzerland or the Principality of Liechtenstein. It is therefore considered Switzerland's overall stock market index.

**SXI Swiss Real Estate Index**

The SXI Swiss Real Estate Indices bring together the five largest and most liquid real estate shares as well as the ten largest and most liquid real estate funds listed on the SIX Swiss Exchange.

**The Swiss Society of Engineers and Architects (SIA)**

The Swiss Society of Engineers and Architects is the main professional association for qualified experts from the fields of construction, technology and the environment.

**Vacancy rate**

This rate is calculated as the sum of all rent lost due to vacancy, divided by target rental income.

# ADDITIONAL INFORMATION

## Publication overview

### Annual report



### Half-year report



### Sustainability report



Mobimo publishes information on its business performance every six months. The annual report is available in German, English and French, with the French report being an abridged version. The half-year report is published in German and English. The sustainability report is released once a year in both German and English. The original German version is always binding.

All of the publications and further information are available at [www.mobimo.ch](http://www.mobimo.ch).

### Publishing details

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Mobimo Holding AG

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