

## Ina Invest Holding Ltd

### Consolidated opening balance sheet of Ina Invest Group as at 1 April 2020

# Consolidated opening balance sheet

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# Consolidated opening balance sheet

in CHF thousand	Note	01.04.2020
<b>Assets</b>		
Cash and cash equivalents		1,202
Promotional properties	2.1	70,550
<b>Total current assets</b>		<b>71,752</b>
Investment properties	2.2	159,771
Intangible assets	2.3	27,404
<b>Total non-current assets</b>		<b>187,175</b>
<b>Total assets</b>		<b>258,927</b>
<b>Liabilities and equity</b>		
Financial liabilities	3.1	20,000
Accrued expenses	2.4	34,398
<b>Total current liabilities</b>		<b>54,398</b>
Deferred tax liabilities	4.1	39,208
<b>Total non-current liabilities</b>		<b>39,208</b>
<b>Total liabilities</b>		<b>93,605</b>
Share capital	3.4	111
Capital reserves	3.4	82,715
<b>Equity attributable to shareholders of Ina Invest Holding Ltd</b>		<b>82,826</b>
Minority interests		82,496
<b>Total equity</b>		<b>165,322</b>
<b>Total liabilities and equity</b>		<b>258,927</b>

# Notes to the consolidated opening balance sheet

## 1 General information and principles

### 1.1 General information

Ina Invest Holding Ltd (the "Company") is a Swiss company domiciled at Binzmühlestrasse 11, Zurich, Switzerland. The Company's consolidated opening balance sheet consists of the Company and its subsidiaries (together: "the Group" or "Ina Invest"). The individual companies are considered to be group companies.

The Group's business activities consists of the development and building of real estate and building projects of all kinds, the planning and completion of new buildings and conversions of real estate held by Ina Invest, as well as the holding, the management, renting and brokering of real estate.

The consolidated opening balance sheet was prepared for the first time in accordance with the full Accounting and Reporting Recommendations (Swiss GAAP FER), including FER 31 "Complementary recommendation for listed companies" and provides a true and fair view of the Group's assets and financial situation. It complies with Swiss law. The Group discloses the additional information required for real estate companies by the Swiss stock exchange (SIX Swiss Exchange) (Scheme C / Article 17 of the Directive on Financial Reporting of SIX Exchange Regulation).

The consolidated opening balance sheet has been prepared under the assumption of going concern for the Group's business. The basis of valuation for the consolidated opening balance sheet is historical acquisition or production cost, unless a standard prescribes another valuation basis for an item in the financial statements or another value was used based on an accounting policy choice. This is the case for the investment properties presented in Note 2.2, which were valued at fair value. The accounting policies relevant to understanding the consolidated opening balance sheet are disclosed in the subsequent sections.

The consolidated opening balance sheet is presented in Swiss francs (CHF), the Company's functional currency. Unless otherwise stated, all financial information is presented in Swiss francs, rounded to the nearest thousand.

### 1.2 First-time adoption of Swiss GAAP FER

The cut-off date for the consolidated opening balance sheet is 1 April 2020. Various development projects, cash and cash equivalents and liabilities have been transferred retrospectively as at this date from Implenia Immobilien Ltd to Ina Invest Ltd. The transfer was carried out by means of an asset transfer agreement. Moreover, the Group was incorporated as at this date by the contribution of 50.1% of the shares in Ina Invest Ltd into the Company.

All of the Swiss GAAP FER requirements in force on 1 April 2020 have been applied in full.

The transferred assets and liabilities were valued and recognized at fair value of 1 April 2020. Promotional properties and intangible assets (purchase rights for plots of land) have also been valued in accordance with the principles and key assumptions set out in note 2.2 investment properties. Due to different valuation principles in the stand-alone financial statements of the group companies, there were temporary differences in the development projects, which triggered the recognition of deferred taxes.

### 1.3 Consolidation principles

The consolidated opening balance sheet is based on the consistent principles of the stand-alone financial statements prepared as at 1 April 2020 by all group companies, in which the Company directly or indirectly held more than 50% of voting rights or controls in another way. The entity included in the scope of consolidation together with the Company is Ina Invest Ltd.

Name of the company	Domicile	Business activity	Share capital in CHF thousand	Inclusion in consolidated opening balance sheet	Votes and capital share 01.04.2020
Ina Invest AG	Zurich	Real estate	100	Full consolidation	50.1%

Implenia Ltd owns 49.9% of the remaining voting rights and shares in Ina Invest Ltd. The percentage of these shares will be lowered once the planned capital increase will have been executed in June 2020. Implenia Ltd's share will be at least 40% after the planned capital increase.

Subsidiaries are included in the consolidated financial statements from the date on which control is assumed, and excluded from the date on which control is relinquished. These dates do not necessarily coincide with the acquisition or disposal date. Capital consolidation is performed according to the purchase method. In doing so, the group companies' equity is offset against the carrying amount of the parent company's investment at the time when it is purchased or at the date of incorporation. From this date, assets and liabilities of the group company will be measured at fair value according to principles that are consistent throughout the Group. Using the full consolidation method, the assets and liabilities of the consolidated companies were recognized in full in the consolidated opening balance sheet. Intragroup assets and liabilities are eliminated.

### 1.4 Management assumptions and estimates

In order to prepare the consolidated opening balance sheet according to Swiss GAAP FER, management has to make estimates, assessments and assumptions that impact the application of the accounting and valuation methods as well as the presentation and reported amounts of assets, liabilities, income and expenses. The estimates and assumptions are based on experience and various other factors that are considered relevant in the prevailing circumstances. The actual results may deviate from these estimates.

Estimates and assumptions are reviewed regularly. Changes in estimates may be necessary if the circumstances on which the estimated values are based have changed or if there is new information or additional insights. Such changes are recognized in the reporting period in which the estimate is adjusted.

Management estimates and assumptions in applying Swiss GAAP FER that may have a significant impact on the consolidated financial statements or involve a high risk of adjustment in the following year are explained in the subsequent notes:

Item	For more information
Investment properties	Note 2.2
Deferred taxes	Note 4.1

The first-time valuation of the items promotional properties, investment properties and intangible assets (purchase rights for plots of land) was done at fair value pursuant to the explanations in note 1.2. At the time of initial recognition, promotional properties and intangible assets have been valued in accordance with the principles and assumptions set out in note 2.2.

## 2 Operating activities

The following section presents the items in current and non-current assets and liabilities relevant to the Group's operating activities. The notes on assets primarily concern the promotional properties and investment properties.

### 2.1 Promotional properties

Promotional properties include projects with condominium apartments, intended for sale at a later date.

in CHF thousand

	01.04.2020
Projects under development	70,550
Projects under construction	-
Projects in sale	-
<b>Total promotional properties</b>	<b>70,550</b>

The plots of land on which the projects are being built are completely owned by Ina Invest in the beginning of a project. Ina Invest develops plots of land until it receives a building permit for it and then develops it further until it is ready for construction. Once most of the condominium apartments have been reserved, construction will begin. A general contractor executes the construction. Construction-ready projects as per opening balance sheet are carried out by Implenia Group as general contractor. Concerning risk and rewards, it is necessary to differentiate sold and unsold projects under construction as well as completed projects in sale:

- Projects under construction: During the construction phase, Ina Invest carries the risk and rewards from the development and the realization of projects until the time when the units are sold to an end customer. When units are sold during this project phase, Ina Invest transfers the finalized developed land and the general contractor transfers the work from the contract for work and services. After the sale, Ina Invest no longer carries any risk and rewards for these units. For units not sold, the legal ownership of the work provided by the general contractor is transferred to Ina Invest after completion of the construction activities. Ina Invest is obliged to take over the work provided during the construction phase. Investment commitments towards the general contractor for the realization of yet unsold units are disclosed in note 3.2.
- Projects in sale: Ina Invest sells units not yet sold by the end of the construction as turnkey units to the end customer. Ina Invest acts as seller and carries the significant risks and rewards from the development and the realization of the condominium units.

The following list shows the number of condominium apartments of projects included in promotional properties as at 1 April 2020.

in units	Projects under development	Projects under construction	Projects in sale	Total
<b>Units as at 01.04.2020</b>	<b>174</b>	<b>-</b>	<b>-</b>	<b>174</b>

For more information on the first-time valuation at the date of the opening balance sheet, please refer to Note 1.2.

## Projects under development

### Ernst-Jung-Gasse 18 (Lokstadt Tender), 8400 Winterthur

Project description	The 10-story-high Tender tower will hold 39 condominiums and a commercial unit on the ground floor. Residents will have at their disposition recessed balconies and a generously proportioned rooftop terrace with a view of the city of Winterthur. Much thought has gone into the layout of the condominiums, offering well-lit rooms that are flexible in their use with high-quality fittings. The building sports an attractive lobby area. The Tender tower with its striking architecture will be a landmark on the Lokstadt site that has been planned to be a 2,000-watt project.
Project status	The building permit was granted on 7 April 2020; it is expected to become legally binding by the end of May 2020. Currently, a construction tender is being planned. The construction will start at the beginning of Q3/2020.
Expected date of completion	Q2/2023

### Dialogplatz 1 (Lokstadt Rocket), 8400 Winterthur

Project description	By 2025, one of the highest residential towers of Switzerland will exist in the center of Winterthur. The project Rocket will be the crowning end to the Lokstadt development. The 80-100-meter-high tower will be one of the 3 highest buildings in the city of Winterthur and overlook the entire city and its surrounding areas. It is expected that it will contain about 75 apartments and commercial areas on the ground floor. The rooftop will be open to the public.
Project status	The legally binding layout design "Werk 1" is the conceptual basis. The already developed concept will be detailed further in 2020 before the study contract will be launched in the 2nd half of the year. The construction will start at the beginning of Q1/2023.
Expected date of completion	Q4/2025

### Auf der Höhe 12-18 (Am Schwinbach), 4144 Arlesheim

Project description	This project is located in the town of Arlesheim, near Basel. The plot of land with an area of 8,119 m <sup>2</sup> is not far from the center of Arlesheim. It is near the well-known Goetheanum in park-like surroundings. The four buildings to be constructed will have a total of 52 multi-family units with a total floor space of 5,588 m <sup>2</sup> . The buildings will be timber constructions and be categorized as Minergie Label P. The project's vision is "Live naturally healthy by the Schwinbach brook in beautiful Arlesheim".
Project status	The application for a building permit was submitted based on a legally binding neighborhood project at the beginning of 2020. In view of the objections lodged against this project, the legally binding building permit is expected to come through by the beginning of 2022. Construction would only begin in Q2/2023.
Expected date of completion	Q3/2025

## Accounting policies

In promotional properties, each unit is measured at the lower of acquisition cost and fair value less cost to sell. Any impairment to the lower fair value less cost to sell is recognized in the relevant category of the item promotional properties. Any value adjustments to the lower fair value less cost to sell as well as value recoveries on promotional properties are recognized in the result for the period.

The category projects under development includes plots of land owned by Ina Invest or down payments on certified land purchases as well as any accrued directly attributable development costs if construction has not yet been started.

At the start of construction activities, the costs capitalized for the project are reclassified to the category projects under construction. This category contains plots of land or parts of plots of land not yet sold on which properties are located whose construction has not been completed yet.

The capitalized acquisition cost of condominium apartments not yet sold include the plot of land, the directly attributable development costs as well as the accrued cost for the work from the contract for work and services. Accrued cost for work supplied owed to the general contractor is also recognized in accrued expenses.

Condominium units not sold but where construction is finalized are disclosed in the category projects in sale. Ina Invest sells these units turnkey to end customers. Ina Invest assumes the price and sales risk for unsold units but also receives the full economic benefit from their sale. Ina Invest is obliged to take over the work provided by the general contractor during the construction phase. The capitalized costs include the plot of land, the directly attributable development costs as well as the acquired costs for the work from the contract for work and services.

The category projects in sale may include completed apartments in condominium buildings which generate temporary rental income. However, they remain disclosed in promotional properties because they are intended for sale.

## 2.2 Investment properties

Investment properties contain plots of land and properties that are expected to be held and managed over a longer period of time. This item includes properties under development, properties under construction and portfolio properties.

in CHF thousand	Properties under development	Properties under construction	Portfolio properties	01.04.2020
<b>Total investment properties</b>	<b>159,771</b>	<b>-</b>	<b>-</b>	<b>159,771</b>

The category properties under development includes the property "Bestandeshallen" on Zürcherstrasse in Winterthur that showed a negative market value of CHF 27,060 thousand as at 1 April 2020 due to cross-site uses (e.g. kindergarten). These cross-site uses make the surrounding properties more attractive. Implenia Group has therefore entered into a contractual obligation to assume 40% of the cost for the work supplied under the contract for work and services. The obligation is limited to an amount of CHF 27,000 thousand excluding VAT and is subject to conditions regarding timing, specific use and a signed general contractor service contract with Implenia. The value for this property was therefore estimated to be CHF 0 because this is the price at arm's length under these circumstances.



## Properties under development

### Nordstrasse 1B (Unterfeld Süd), 6340 Baar

Project description	The Unterfeld site is one of the last larger building plots for development in the Canton of Zug which is contiguous, and is located on the border between Baar and Zug. It is in the immediate proximity of the city tram stop "Lindenpark" and will become a mixed-use area with living and working spaces, with specially designed leisure areas and with three higher structures. In total, there will be living space for about 1,000 inhabitants and about 2,000 work spaces. As part of the site development, embedded in a large green area, a 50-meter-high residential tower with attractive rental apartments with a view onto Lake Zug and the Alps will be built. The ground floor will be oriented towards the adjacent public plaza and will contain public use areas.
Project status	At this time, the construction and zoning is still outstanding (the community will vote on this item on 27 September 2020), construction is scheduled to begin in Q2/2025.
Expected date of completion	Q4/2027

### Nordstrasse 3 (Unterfeld Süd), 6340 Baar

Project description	As an additional part of the site development, construction site 3 will sport a prominent 6-floor-high office building with flexible spaces, located close to the city tram stop. The second main facade is oriented towards the public plaza. The ground floor is oriented towards both plazas, which will become neighborhood attractions in view of their public use.
Project status	At this time, the construction and zoning is still outstanding (the community will vote on this item on 27 September 2020), construction is scheduled to begin in Q2/2023.
Expected date of completion	Q3/2025

### Zürcherstrasse (Lokstadt Bestandeshallen), 8400 Winterthur

Project description	The historic production building that will have multiple and interesting uses will form the entry point to the new to-be-constructed part of town called Lokstadt. The object Bestandeshallen will be the centerpiece of the site. In order to bring it to life, Bestandeshallen will have a hotel as anchor tenant, gastronomical uses and rooms for events, co-working and manufacturing. Regardless of the planned projects for these rooms, Bestandeshallen should remain highly flexible so that it can be adapted to future user needs and changed market conditions.
Project status	Currently, two projects selected from the competitive process are being revised. The jury will decide in Q2/2020 and the project planning will start in mid-Q3/2020. The building permit is expected for the end of Q4/2021. Construction is scheduled to begin in Q1/2022.
Occupancy	<ul style="list-style-type: none"> <li>- Hotel operator: three letters of intent have been signed.</li> <li>- Co-working space: two letters of intent are being negotiated.</li> <li>- Fitness studio: one letter of intent has been signed.</li> </ul>
Expected date of completion	Q4/2023

### Zürcherstrasse 31 (Lokstadt Elefant), 8400 Winterthur

Project description	As at the end of 2022, an innovative office building that uses modern timber construction and integrating the historical industrial building will be constructed in the center of the city of Winterthur. In view of its visibility, flexibility, efficiency, productivity and modern architecture, this building will be ideal for companies and provide many advantages. Especially the two split-level halls located above each other that offer modern meeting and working opportunities flooded with light are unique. The project was planned in close cooperation with the main user and anchor tenant, SWICA.
Project status	The legally binding building permit was issued on 23 April 2020. Currently, a construction tender is being planned. The construction will start at the beginning of Q4/2020.
Occupancy	100% rented to SWICA.
Expected date of completion	Q4/2022

### Dialogplatz 1 (Lokstadt Rocket), 8400 Winterthur

Project description	By 2025, one of the highest residential towers of Switzerland will exist in the center of Winterthur. The project Rocket will be the crowning end to the Lokstadt development. The 80-100-meter-high tower will be one of the 3 highest buildings in the city of Winterthur and overlook the entire city and its surrounding areas. It is expected that it will contain about 75 apartments and commercial areas on the ground floor. The rooftop will be open to the public.
Project status	The legally binding layout design "Werk 1" is the conceptual basis. The already developed concept will be detailed further in 2020 before the study contract will be launched in the 2nd half of the year. The construction will start at the beginning of Q1/2023.
Expected date of completion	Q4/2025

### Ernst-Jung-Platz (Lokstadt Tigerli), 8400 Winterthur

Project description	A new lifestyle hotel with up to 150 rooms will be built in the center of the city of Winterthur by 2025. Adjacent to the first part of the hotel in the historic production halls, the Tigerli building will house the second part of this spectacular hotel. The project Tigerli, together with the 80-100-meter-high tower Rocket will be the crowning finale of the Lokstadt development.
Project status	The legally binding layout design "Werk 1" is the conceptual basis. The already developed concept will be detailed further in 2020 before the study contract will be launched in the 2nd half of the year. The construction will start at the beginning of Q1/2023.
Occupancy	Hotel operator: Letters of intent signed.
Expected date of completion	Q4/2025

#### Solarstrasse 11-21 (KIM, buildings Bodmer and Brown), 8404 Winterthur

Project description	KIM Winterthur will be a new lively and multifaceted neighborhood in the Neuhegi district of Winterthur, right next to the city's central station. It will sport different sized office buildings and residential buildings. The two sophisticated office buildings "Haus Bodmer " and "Haus Brown" feature a cosmopolitan atmosphere. The buildings' inviting character will make them ringers for international headquarters and offices; however, other commercial uses are also possible due to the flexible building design. In total, about 18,611 m <sup>2</sup> will be available for rent.
Project status	A legally binding building permit was issued on 26 January 2020. Construction is scheduled to begin in Q3/2025 (depending on the rental uptake).
Expected date of completion	Q4/2027

#### Hegenheimermattweg 179 (BaseLink Allschwil), 4123 Allschwil

Project description	In Allschwil, on the border of the prosperous three-country region (France/Germany/Switzerland), a new work area with floor space of about 75,000 m <sup>2</sup> will offer work space for about 10,000 persons. This new development site is called "BaseLink" and will be used by companies involved in research and development, production as well as administrative and service offices. Combined with an attractive green space concept connecting the buildings, this area will be home to modern and sustainable workplaces in appealing surroundings. New 3-star-plus business hotels with a total of 215 rooms that are of different sizes will serve as central location for short-term or long-term stays for business travelers to BaseLink. Development is expected to last from 2019 to 2025.
Project status	The legally binding building permit was issued in January 2020. Construction should begin in Q2/2020.
Occupancy	Hotel: A well-known hotel operator has signed the lease for the 125-room hotel. A lease is still in negotiation for the 90-room hotel.
Expected date of completion	Q4/2022

#### Chemin de l'Echo 9, 1213 Onex

Project description	This planned residential building is ideally located in the suburb of Geneva with close proximity to the city center. 115 rental apartments with 11,500 m <sup>2</sup> floor space will be constructed in leasehold on land held by a foundation. The apartments will have a view onto the Rhone. They are embedded in a public park with garden plots, an elementary school and sports facilities nearby. Public transport is conveniently close. The apartments in a so-called development zone provided by the Canton of Geneva covers the predominant needs of the population through controlled rents.
Project status	The neighborhood project will most likely enter into force in Q3/2021. The building permit will be applied for in Q4/2020 and construction will begin in Q1/2022
Expected date of completion	Q4/2023

## Avenue des Grandes - Communes (Les Tattes), 1213 Onex

Project description	This planned residential area is ideally located in the suburb of Geneva with close proximity to the city center. Three buildings with 17,740 m <sup>2</sup> floor space will be constructed in leasehold on land held by the municipality of Onex. The apartments will have a view onto the Rhone. The buildings consist of 215 rental apartments in a public park and 1,500 m <sup>2</sup> office floor space and a supermarket in the ground floor. Public transport is conveniently close. The apartments in a so-called development zone provided by the Canton of Geneva covers the predominant needs of the population through controlled rents.
Project status	The neighborhood project will most likely enter into force in Q3/2021. The building permit will be applied for in Q4/2020 and construction will begin in Q4/2023.
Expected date of completion	Q3/2026

### Valuation methods

The property valuation is carried out by Wüest Partner Ltd, Zurich, an external, independent and qualified valuation expert. The properties are valued in accordance with the discounted cash flow method (DCF method). According to the DCF method, the fair value of a property is determined by deriving the sum of the entire estimated future net income discounted to the present value. The net income (EBITDA) for each property is discounted individually taking into account property-specific risks and rewards. For properties under development or under construction, the value of the project is derived in three steps:

- Valuation of the property at the time of its completion, taking into account the current occupancy rate, market and cost estimates as at the balance sheet date;
- Determination of the market value as at balance sheet date, in light of the forecasted future investments;
- Estimation of risk, taking into account the separate cash flow of a cost item.

The discount rates, market rents and vacancy rates have been identified as material non-observable input factors. The values used are summarized below.

### Non-observable input factors used as at 1 April 2020

	Information in	Properties under development
<b>Discount rate</b>		
Discount rate, bandwidth	%	2.60%- 3.75%
<b>Achievable market prices</b>		
Offices	CHF per m <sup>2</sup>	208-280
Residential	CHF per m <sup>2</sup>	210-397
Hotel	CHF per m <sup>2</sup>	240-300
Indoor parking	CHF per unit	1,482-2,160
Commercial/industrial	CHF per m <sup>2</sup>	200-300
Others	CHF per m <sup>2</sup>	90-280
<b>Vacancy rates</b>		
Vacancy rates, bandwidth	%	1.50%- 5.80%

Beyond that, there are uncertainties regarding the remaining future investments. Details on the valuation methods and assumptions may be seen in the report by the valuation expert.

For more information on the first-time valuation at the date of the opening balance sheet, please refer to Note 1.2. All investment properties will be subsequently measured at fair value.

### Significant management assumptions and estimates

The investment properties have been valued at fair value, which is equal to the expected income, respectively cash flows discounted by using a risk-adjusted discount rate. The valuations are based on different significant estimates and assumptions, such as the achievable market rents, the expected vacancy rates and the discount rate. Projects under development also require estimates and assumptions regarding investments still to be made, permits and project timeline. Changes in these estimates and assumptions may cause material changes in the values recognized in the balance sheet.

The Coronavirus increases the future uncertainty in regard to the valuation. Note 4.4 includes the valuation effect between the indicative valuation as at 31 December 2019 and that as at 1 April 2020.

### Accounting policies

The initial recognition is at acquisition cost including directly attributable costs. Borrowing costs directly attributable to the properties under construction are capitalized. Investments for replacements and expansions are capitalized if they are likely to generate future economic benefits. Generally, this is the case if the market value or the value in use has substantially increased or if the useful life is significantly extended.

Investment properties are subsequently measured at fair value, provided the fair value can be determined reliably. As a rule, this will be the case as soon as a specific project exists. If the fair value of a property cannot be determined reliably, it is recognized in the balance sheet at acquisition cost less any impairment. Changes in the fair value are recorded in the result for the period.

The item properties under development comprises undeveloped plots of land and properties where comprehensive renovations are planned. For these properties, construction, renovation or repurposing plans are prepared. The category properties under construction consists of properties where a building permit is available and construction has already begun. Once construction starts, properties are transferred to this category. At the time the building is (partially) opened, it is transferred to the category portfolio properties that includes properties that are being held and rented for a longer period.

## 2.3 Intangible assets

in CHF thousand	Purchase rights and purchase commitments	01.04.2020
<b>Total intangible assets</b>	<b>27,404</b>	<b>27,404</b>

Intangible assets include purchase rights for plots of land on Schaffhauserstrasse 220, 222 und 224 in Zurich (property area 1,798 m<sup>2</sup>), Rue du Château in Préverenges (property area 2,763 m<sup>2</sup>) and Rue de Tivoli in Neuchâtel (property area 5,456 m<sup>2</sup>).

Purchase rights disclosed as intangible assets represent the acquisition costs of purchase rights, respectively purchase commitments. The nominal amount of non-recognizable commitments arising from purchase commitments amounts to a total of CHF 24,230 thousand.

For more information on the first-time valuation at the date of the opening balance sheet, please refer to note 1.2.

### Accounting policies

Intangible assets are identifiable, non-monetary assets without physical existence. As a rule, intangible assets are recognized in the balance sheet at acquisition or production costs less accumulated amortization and impairment.

In the case of purchase rights, Ina Invest acquires the right to purchase a plot of land. The payment of purchase rights as well as accrued development services of third parties and own services are recorded as intangible assets, provided there is contractual evidence of acquiring the plot of land but the plot has not yet passed into the ownership of Ina Invest. Purchase rights and purchase commitments for properties are initially recognized at acquisition costs and are not amortized subsequently.

Intangible assets are subject to an impairment test at each balance sheet date. If indicators exist that intangible assets could be impaired, the recoverable amount is determined. The recoverable amount is the higher of the net selling price and the value in use. Should the carrying amount of the asset exceed its recoverable amount, an impairment is recognized in the result for the period. Reversals of past impairment losses are recognized in the result for the period.

## 2.4 Accrued expenses

In the course of transferring development projects to Ina Invest Ltd, accrued expenses in the amount of CHF 34,398 thousand incurred for site investments and development costs. All of the accrued expenses as at 1 April 2020 are future trade payables to the related party, Implenla Immobilien Ltd.

The intention is to convert all or part of the payables arising from services from Implenla Immobilien Ltd accrued up to 12 June 2020 into equity during the planned capital increase at Ina Invest Ltd. The development costs incurred since 1 April 2020 are disclosed in note 4.4.

### Accounting policies

Accrued expenses are recognized and measured at nominal value.

### 3 Financing

This section contains information on the financing of the Group through debt and equity.

#### 3.1 Financial liabilities

in CHF thousand	Currency	Interest rate	Maturity period	01.04.2020
Loans from related parties	CHF	2.25%	31.12.2021	20,000
<b>Total financial liabilities</b>				<b>20,000</b>
<i>thereof short-term</i>				<i>20,000</i>

In the course of the asset transfer, Implenla Ltd granted Ina Invest Ltd a loan amounting to CHF 20,000 thousand. The loan can be terminated by either party with three months' notice and must be repaid by 31 December 2021 at the latest. In view of the termination option, the loan is disclosed in short-term financial liabilities. The intention is to convert all or part of the loan from Implenla Ltd into equity during the planned capital increase at Ina Invest Ltd.

#### Accounting policies

Financial liabilities are initially recognized at fair value less the directly attributable transaction costs. Subsequently, they are measured at amortized cost by using the effective interest rate method.

Financial liabilities maturing within 12 months after the balance sheet date are disclosed as short-term.

#### 3.2 Non-recognizable commitments

As at 1 April 2020, Ina Invest has non-recognizable commitments from agreements on future development and construction investments in the amount of CHF 130,824 thousand with the related party Implenla.

in CHF thousand	01.04.2020
Promotional properties	56,383
Investment properties	74,441
<b>Total non-recognizable commitments for future development and construction investments</b>	<b>130,824</b>

In addition Ina Invest has operating lease commitments in the amount of CHF 133,444 thousand at 1 April 2020 from building rights as with a residual lease term of approximately 100 years. The major part of these commitments is due later than 5 years.

### 3.3 Contingent liabilities

Each financial year, Implenia Ltd may sell up to 5% of its investment in Ina Invest Ltd for cash or Ina Invest Holding shares to Ina Invest Holding Ltd (put option). If Implenia Ltd exercises the put option, the sales price equals the implicit market value of Ina Invest Ltd. The corresponding contingent liability amounts to CHF 82,496 thousand (minority interest as per the opening balance sheet).

#### Accounting policies

Payment commitments to minority shareholders arising from minority shareholders' put options for their minority interests are contingent liabilities and therefore not recognized in the balance sheet.

### 3.4 Equity

#### Share capital

The share capital of the parent company, Ina Invest Holding, consists of 3,694,400 registered shares with a nominal value of CHF 0.03 each. Shareholders are entitled to receive the fixed dividends as well as one vote per share at the Company's annual general meeting.

#### Capital reserves

Capital reserves equal the difference between monetary contributions and contributions in kind by the shareholders, measured in accordance with the provisions of Swiss GAAP FER and the nominal value of the shares received related to the respective contribution. In view of the valuation differences, the capital reserves disclosed in the consolidated opening balance sheet are not identical with those in the Company's stand-alone financial statements.



### 3.5 Net Asset Value (NAV)

in CHF thousand	01.04.2020
Promotional properties	70,550
Investment properties	159,771
Purchase rights (after the exercise)	51,635
<b>Market value of properties</b>	<b>281,956</b>
Cash and cash equivalents	1,202
Purchase commitments	(24,230)
Accrued expenses	(34,398)
Financial liabilities	(20,000)
Deferred tax liabilities	(39,208)
<b>NAV (equity including minority interests)</b>	<b>165,322</b>
<b>NAV (equity excluding minority interests)</b>	<b>82,826</b>
<b>NAV (equity excluding minority interests) per share (in CHF)</b>	<b>22.4</b>

The total of purchase rights and purchase commitments are equal to the net value of the respective item in "intangible assets".

## 4 Other disclosures

This section contains information that has not been disclosed in the other parts of the consolidated opening balance sheet. Specifically this pertains to disclosures on income taxes, information on transactions and balances with related parties, as well as accounting policies which have not been disclosed elsewhere in the consolidated opening balance sheet.

### 4.1 Income taxes

in CHF thousand

	01.04.2020
<b>Total deferred tax liabilities</b>	<b>39,208</b>

If a revaluation in the consolidated opening balance sheet in comparison to the tax values involved recoverable write-offs, the taxes were segregated for each property after deducting any property gains tax and taken into account separately. In doing so, income tax rates between 12% and 20% were applied.

Where revaluations exceeded the recoverable write-offs, two different taxation systems were applied. Deferred taxes for cantons that do not foresee any particular taxation are also calculated with the tax rates mentioned above. Other cantons levy separate property gains tax ranging from 20% to 47%, depending on the duration of ownership.

Ina Invest generally expects the duration of ownership to be at least 20 years, which is why no speculative add-ons have been considered. In the case of promotional properties, the actual holding period up to the expected date of sale is taken into account. The overall average tax rate applied was 19%.

### Significant management assumptions and estimates

In various cantons, the taxation of profits from the sale of a property is subject to a special property gains tax. The level of the relevant tax rate depends on the property's holding period and may vary significantly. Should the actual holding period for the property differ from the expected holding period, this will result in a tax burden on the sale which diverges from the accrued deferred tax liabilities.

### Accounting policies

Income taxes include all current and deferred income taxes. Current income taxes are determined based on the taxable profit. Deferred income taxes are calculated based on the temporary differences between Swiss GAAP FER balance sheet items and the values indicated in the tax balance sheet, i.e. a balance sheet oriented concept. Deferred taxes are calculated using the expected tax rates applicable and the property gains tax on properties sold.

Deferred tax assets are only recognized to the extent that it is probable that they can be realized in future through sufficient taxable profits. Deferred tax assets are tested on the balance sheet date and reduced to the point where it is no longer likely that the relevant tax benefit can be realized.

Current income tax liabilities and assets and deferred income tax liabilities and assets are offset if they are levied by the same tax authorities and pertain to the same taxable entity.

## 4.2 Related party transactions

Besides the Company's board of directors and management, Implenla Ltd and organizations controlled by it (jointly known as "Implenia Group") are deemed to be related parties.

Ina Invest will enter into a strategic partnership with Implenla Group, which is why it has concluded several long-term agreements with Implenla ending on 31 December 2030. These agreements relate to the investment in Ina Invest Ltd, the development portfolio as well as the development and construction projects of Ina Invest.

The Company will conclude a shareholders' agreement with Implenla Ltd. This agreement contains provisions on the exclusivity of investment, veto rights, governance and prohibition of transfers as well as restrictions.

Implenia Group will provide services in the areas of portfolio and asset management, development, marketing and corporate management for Ina Invest Ltd. Key agreements between these two parties include a portfolio and asset management agreement, a service agreement and construction development agreements. Furthermore, realization agreements may be concluded with Implenla Group at project level. As a rule, Implenla has first call on the right to conclude general contractor service contracts at defined target costs with Ina Invest Ltd. Target costs are determined by an independent third party expert, taking into consideration the targeted yield defined by Ina Invest Ltd. When a general contractor service contract is signed, Implenla grants Ina Invest Ltd full access to the construction cost accounts at all times. Should Implenla waive its right to conclude a general contractor agreement at the price stipulated or if Ina Invest Ltd's Board of Directors can justify that another company should do for the sake of company interests, the construction agreement is tendered.

All transactions between Ina Invest Ltd and its related parties are settled at arms' length.

### Accounting policies

Related parties are deemed to be those who could have a significant influence on financial and operating decisions of Ina Invest Ltd. This is true for board members, members of management, significant shareholders with voting right shares larger than 20% as well as pension funds. Transactions executed at conditions that are not at arms' length are disclosed separately in the consolidated financial statements. This could include transactions without a price, such as making available know-how or transferring results of research and development.

## 4.3 Other accounting policies

### Cash and cash equivalents

Cash and cash equivalents include bank balances with maturity of a maximum of 90 days. They are recognized and measured at nominal value.

## 4.4 Events after the balance sheet date

The Board of Directors has approved the opening balance sheet on 27 May 2020.

### Coronavirus

On 11 March 2020, the World Health Organization (WHO) declared the outbreak of the Coronavirus (Sars-CoV-2) as a pandemic due its rapid and global spread. In the meantime, more than 150 countries are affected. Switzerland and many other countries put in place strict measures to contain the Coronavirus or to slow down its spread. Coronavirus increases economic uncertainty and will cause lower economic performance in Switzerland and around the globe.

At the time of the approval of the consolidated opening balance sheet as at 1 April 2020, it is very difficult to provide any prediction on how the Coronavirus and the related measures will affect the markets in which the Group is active. It is expected that Coronavirus will primarily negatively affect the retail space market and the tourist hotel segment. In both segments, the Group will be active and as a result, the market value of the portfolio may decline in the future. In addition, an increased instability of the political and economic environment could also lead to an increased cost of capital and affect the availability of financing options.

As at the balance sheet date of the opening balance sheet as at 1 April 2020, the developments caused by the Coronavirus and the countermeasures are considered to be events that occurred after the balance sheet date that need to be disclosed but which have no impact on the recognition and measurement of assets and liabilities. In comparison to the indicative valuation as at 31 December 2019, the market value of the properties has decreased by approximately 2.5%. Depending on further developments in connection with the Coronavirus pandemic, the net assets, financial position and results of operations of Ina Invest may deteriorate. However, management has not identified any significant uncertainties regarding the going concern of the Group.

### Exercising purchase right for "Neuchâtel, Rue de Tivoli (B2) and (B4)"

A purchase right was exercised on 15 April 2020 for the project "Neuchâtel, Rue de Tivoli (B2) and (B4)" against a liability of CHF 3,224 thousand. As at 1 April 2020 the purchase right was recognized in intangible assets. Upon exercising the purchase right, these two projects will be presented as investment properties.

### Accrued development and site investment costs

The accrued costs for development and site investments caused by Implenla Immobilien Ltd have increased from CHF 34,398 thousand as at 1 April 2020 to CHF 35,912 thousand. As at 1 April 2020 they are recognized in the balance sheet item accrued expenses.

### Non-recognizable commitments with regard to the upcoming capital increase

With regard to the upcoming capital increase, Ina Invest has non-recognizable commitments for third party costs and fees totaling CHF 5,900 thousand, which are recognized at Implenla. The obligation towards Implenla arises in mid-June after the transaction is completed.

No other significant events occurred after the balance sheet date up to the date of approval of the consolidated opening balance sheet.

## Additional information on real estate

	Balance sheet position	Fair value in CHF thousand	Year of construction / Expected date of completion	Ownership circumstances	Property area in m <sup>2</sup>	Usable space in m <sup>2</sup>	Share office space in % of usable space	Share residential space in % of usable space	Share hotel space in % of usable space	Share commercial space in % of usable space	Share other in % of usable space	Number of parking spaces (in addition to usable space)
Nordstrasse 1B (Unterfeld Süd), 6340 Baar	IP	39,740	2027	SO	5,115	8,604	0%	93%	0%	7%	0%	86
Dialogplatz 1 (Lokstadt Rocket), 8400 Winterthur	IP	24,950	2025	SO	567	7,824	0%	95%	0%	5%	0%	58
Dialogplatz 1 (Lokstadt Rocket), 8400 Winterthur	PP	33,290	2025	CO	567	7,824	0%	95%	0%	5%	0%	58
Ernst-Jung-Gasse 18 (Lokstadt Tender), 8400 Winterthur	PP	18,010	2023	CO	620	4,087	0%	96%	0%	4%	0%	30
Auf der Höhe 12-18 (Am Schwinbach), 4144 Arlesheim	PP	19,250	2025	CO	8,119	5,588	0%	97%	0%	3%	0%	69
Chemin de l'Echo 9, 1213 Onex	IP	7,880	2023	BR	20,026	9,198	0%	100%	0%	0%	0%	100
<b>Total residential properties</b>		<b>143,120</b>			<b>35,014</b>	<b>43,125</b>						<b>401</b>
Nordstrasse 3 (Unterfeld Süd), 6340 Baar	IP	24,210	2025	SO	4,761	13,760	92%	0%	0%	0%	8%	100
Zürcherstrasse 31 (Lokstadt Elefant), 8400 Winterthur	IP	43,120	2022	SO	3,050	13,014	97%	0%	0%	0%	3%	59
Solarstrasse 11-21 (KIM, Häuser Bodmer und Brown), 8404 Winterthur	IP	11,470	2027	SO	5,913	18,611	98%	0%	0%	0%	2%	102
Hegenheimermattweg 179 (Baselink Allschwil), 4123 Allschwil	IP	1,140	2022	BR	2,949	8,466	0%	0%	96%	0%	4%	79
<b>Total commercial properties</b>		<b>79,940</b>			<b>16,673</b>	<b>53,851</b>						<b>340</b>
Ernst-Jung-Platz (Lokstadt Tigerli), 8400 Winterthur	IP	5,280	2025	SO	1,191	6,391	0%	60%	31%	10%	0%	36
Zürcherstrasse (Lokstadt Bestandeshallen), 8400 Winterthur	IP	-	2023	SO	7,682	8,032	15%	0%	44%	6%	35%	0
Avenue des Grandes- Communes (Les Tattes), 1213 Onex	IP	1,981	2026	BR	13,220	17,740	4%	91%	0%	0%	5%	221
<b>Total properties with mixed use</b>		<b>7,261</b>			<b>22,093</b>	<b>32,163</b>						<b>257</b>
<i>thereof fair value promotional properties</i>		<i>70,550</i>										
<i>thereof fair value investment properties</i>		<i>159,771</i>										

### Legend

Balance sheet position: PP – Promotional properties; IP – Investment properties

Ownership circumstances: SO – Sole ownership; JO – Joint ownership; CO – Condominium ownership; BR – Building rights

All properties are in the development phase and do not yet generate rental income.

# Report of the auditor

## to the Board of Directors of Ina Invest Holding AG

### Zurich

On your instructions, we have audited the accompanying consolidated opening balance sheet of Ina Invest Holding AG ("the entity"), which comprise the balance sheet and notes, as at 1 April 2020.

The consolidated opening balance sheet has been prepared by the Board of Directors in accordance with Swiss GAAP FER and article 17 of the Directive on Financial Reporting (Directive Financial Reporting, DFR) of SIX Swiss Exchange for inclusion in a prospectus for initial public offering and listing of the entity's shares on the Standard for Real Estate Companies of SIX Swiss Exchange.

#### **Board of Directors' responsibility**

The Board of Directors is responsible for the preparation of the consolidated opening balance sheet in accordance with Swiss GAAP FER and article 17 of the DFR of SIX Swiss Exchange. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of a consolidated opening balance sheet that is free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated opening balance sheet. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated opening balance sheet, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated opening balance sheet in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the existence and effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated opening balance sheet. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the consolidated opening balance sheet as at 1 April 2020 give a true and fair view of the financial position in accordance with Swiss GAAP FER and comply with article 17 of the DFR of SIX Swiss Exchange.

#### **Other matter**

We draw to users' attention the fact that the consolidated opening balance sheet does not comprise a full set of financial statements prepared in accordance with Swiss GAAP FER.

PricewaterhouseCoopers AG



Dr. Michael Abresch

Audit expert



Diego J. Alvarez

Audit expert

Zurich, 27 May 2020

Enclosure:

- Consolidated opening balance sheet (balance sheet and notes)