La Tour Medical Group

La Tour Holding SA Annual report

2019

Management report

Corporate Information

La Tour Holding SA (formerly HDLT Holding SA) owns and operates the largest private hospital in the Canton of Geneva, collectively known as La Tour Medical Group comprising Hôpital de La Tour, Clinique de Carouge and Centre Médical de Meyrin.

La Tour Medical Group has an estimated market share of 29% in terms of private inpatient admissions in Geneva. Its focus is to provide medical services of outstanding quality to private inpatients, as well as offering state-of-the-art outpatient services to all patients with private or basic insurance. La Tour Medical Group is also included in the Canton of Geneva's hospital list and is mandated to receive patients without additional private health insurance in certain specialties. Outpatient services are available to all those with basic national health insurance (LAMal and LAA).

Hôpital de La Tour overview

Founded in 1976, Hôpital de La Tour is a private, independent, human-sized facility offering high-level acute care. Committed to delivering the best possible quality of life to its patients, La Tour places continuous improvement and medical excellence at the heart of its priorities. The hospital's ambitions are backed by highly skilled doctors and nursing staff, as well as state-of-the-art infrastructure.

Hôpital de La Tour has developed and expanded over the years to become Geneva's largest private full-service hospital in terms of beds, patient days and revenue, enjoying a unique position as the only hospital on Geneva's more densely populated right bank. As a leading institution in the canton of Geneva, Hôpital de La Tour stands apart from other private clinics mainly for its activities, with an organisational structure similar to that of a university hospital. In fact, it is the only private institution in French-speaking Switzerland to offer 24/7 emergency care, internal medicine, intensive and continuous care, as well as pneumology services for acute care. It is also equipped with an intermediate neonatal care unit and a sports-medicine facility as part of the Swiss Olympic Medical Center.

The opening of Hôpital de La Tour's new building in 2018 has enriched its campus while further reinforcing a multidisciplinary approach. The hospital is thus able to offer comprehensive care through personalised support, to the greater benefit of patients. Its healthcare services cover all the specialties needed to ensure patients total safety and well-being. These include:

- an orthopaedics and traumatology department with 11 joint specialists, ensuring a high-quality patient outcomes;
- a sports-medicine facility as part of the Swiss Olympic Medical Center featuring a rehabilitation unit and high-tech infrastructure to help patients improve their mobility and speed up their recovery;
- a cancer centre equipped with the latest technology;
- a centre dedicated to women, mothers and children, offering cutting-edge expertise for high-risk pregnancies and childbirth complications;
- a metabolism and obesity centre;
- a centre dedicated to cardio-pulmonary diseases.

The leading private teaching hospital in the French speaking part of Switzerland

Positioned as the leading private teaching hospital in the French speaking part of Switzerland, medical education is a core activity of La Tour Medical Group with currently 11 accredited training programs in post-graduate medical education in the subspecialties of general internal medicine, emergency medicine, family practice, cardiology, pneumology, paediatrics, orthopaedics and further. There are 53 residents and fellows trained each year and also new training programs in the process of obtaining accreditation.

There is a close collaboration with the Medical Faculty of Geneva University offering pre-graduate medical education within different medical services of La Tour Medical Group to over 80 medical students per year. Staff physicians also hold academic appointments within the Medical School. Their commitment to teaching assures the ongoing improvement in the quality of medical education, which will ultimately enhance patient care and safety.

On going training of nursing & paramedical staff

La Tour Medical Group genuinely believes in on going professional training as a means of constantly improving its patient services and employee satisfaction. Alongside a large spectrum of postgraduate training programs for medical employees, La Tour Medical Group focuses on developing skills that allow flexibility and responsiveness mainly in regards to patients' safety, medical excellence expertise and in anticipation of needs for new patient services. La Tour Medical Group is strongly committed to training future generations of health care professionals in various specialties such as nursing, physical therapy, medical imaging or nutrition. As part of its partnership with HES Geneva, La Tour Medical Group has a number of accredited training instructors supervising each year over 200 health care students participating in residential programs.

Key infrastructures

- 189 beds
- 1 certified intensive care unit with 10 beds
- 1 certified intermediate care unit with 4 beds
- 11 operating theatres
- 2 catheter labs
- 24/7 emergency services
- 4 delivery rooms
- 1 neonatal unit
- 1 sterilisation unit certified ISO 9001

State-of-the-art equipment

- 1 linear accelerator for radiation therapy (Varian Edge)
- 1 dedicated radiation therapy scanner
- 2 ultrasound rooms
- 1 mammography room
- 2 conventional radiography rooms
- 1 EOS system (whole of spine and lower extremities)
- 2 spectral scanners
- 3 MRI scanners
- 1 SPECT-CT scanner
- 1 PET-CT digital scanner
- 1 mineralometry scanner
- Da Vinci Xi ®
- O-arm™

Activity of the Group

2019 was an important year for Hôpital de La Tour. With the arrival in 2018 of a new management team committed to helping patients regain the best quality of life, we moved continuous improvement and the development of medical excellence to the top of our list of priorities. As a result, in 2019 we embarked on a range of innovative projects based on this objective, working closely with our doctors.

Consolidated revenues for La Tour totalled 240'682 KCHF (+10.0 % compared to prior year) and consolidated EBITDA stood at 51'053 KCHF (+12.5% compared to prior year).

Development of a department dedicated to movement

Our brand new B2 building saw its first full year of operation in 2019. Reflecting our desire to make physical activity and exercise a feature of sustainable health care, this state-of-the-art facility spurred the development of a specialised unit entirely dedicated to movement, with a sports medicine centre and orthopaedics department under the same roof. The unit looks after elite athletes whose trust in Hôpital de La Tour spans many years, as well as individuals who do not play sport on a regular basis but want to regain, improve or maintain their physical fitness (80% of our patient base).

Celebrating 35 years of cardiology care

Cardiology has always been a core specialty at Hôpital de La Tour and we celebrated its 35th anniversary in 2019. A series of conferences were held to demonstrate our renowned excellence in the field, the result of our multidisciplinary approach, the expertise of our medical and care teams and our state-of-the art facilities, which all guarantee the highest standards of care and safety for patients.

Innovations in cancer care

To enable even better patient outcomes, the nuclear medicine department at Hôpital de La Tour introduced the most advanced diagnostic procedure yet for the very early detection of cancer that has returned in patients being monitored after prostate cancer treatment: PSMA (Prostate-Specific Membrane Antigen) PET-CT imaging. At the same time, patients with brain tumours can now benefit from the highest standards of care in radiotherapy, with stereotactic radiosurgery treatment using state-of-the-art HyperArc™ technology. These ground-breaking initiatives are consistent with our focused approach to the continuous improvement of patient care.

New endoscopy facilities unveiled

Hôpital de La Tour now boasts the latest generation of endoscopy facilities for advanced care within our pulmonology and gastroenterology departments. Four fully equipped rooms mean that endoscopic examinations can be conducted to the highest quality standards. Direct access to the surgical suite means that complex procedures requiring general anaesthesia are now easier to perform, thereby providing an enhanced level of patient comfort and care. A joint recovery room with space for nine patients was also built to ensure optimal safety after examinations.

Inauguration of an additional internal medicine unit

To cater for Switzerland's ageing population and as part of our commitment to provide health care services to the people of Geneva, Hôpital de La Tour opened another in-patient unit in internal medicine, taking the department's capacity to 48 beds. Working closely with colleagues from other medical specialities, such as pulmonology, cardiology, intensive care and gastroenterology, the internal medicine department is renowned for providing fast diagnostic services and the highest level of care.

New care services in radiology

The radiology department at Hôpital de La Tour strengthened and expanded its field of expertise with the addition of diagnostic neuroradiology. This highly specialised discipline is still relatively rare in private health care facilities in French-speaking Switzerland and has proved to be of real benefit in providing the highest level of care in radiology.

Increased safety for mother and baby

With the arrival of new expertise, Hôpital de La Tour was able to enhance the safety of its mother and baby care services even further. We have embarked on the development of a maternal-foetal medicine centre to improve safety in high-risk pregnancy care.

Achievement of ESR accreditation

Hôpital de La Tour is committed to an environmentally responsible approach and has been pursuing a sustainable development strategy for several years. Starting in January 2018, we took steps to achieve ESR accreditation, a special certification for responsible health care facilities that assesses their corporate responsibility and practices in terms of sustainable development. Hôpital de La Tour was able to meet the stringent criteria and was therefore awarded the accreditation in September 2019. We are proud to be the very first facility in the canton of Geneva to achieve this accreditation.

1 130
employees

536
independent physicians

60
medical specialities

7 096
inpatient admissions

6 478
surgeries

491
deliveries

40 154
inpatient days

387 683
outpatient visits

46 210
emergency visits

Our plans for 2020

Strategy based on continuous improvement and medical excellence

In 2020, Hôpital de La Tour will pursue the strategy first adopted in 2019, by continuing to invest in developing medical excellence. Our efforts this year will focus on measuring our clinical outcomes to drive continuous improvement, so providing patients with the right choice of medical options so they can regain the best quality of life.

Did you know ?

53

residents and fellows trained every year

30%

market share of Geneva private inpatient admissions

Board of Directors of La Tour Holding SA

Name	Function	Domicile [country]	Citizenship
Evgenia Paizi	President, Chairman	Chambésy [CH]	Greece/Switzerland
John Spiro Latsis	Member	Bellevue [CH]	United Kingdom
Mira Isabella Petalas	Member	Geneva [CH]	Switzerland
Christopher Potter	Member	Commugny [CH]	United Kingdom
Aris Serbetis	Member	Collonge-Bellerive [CH]	Greece
Damien Tappy	Member	Coppet [CH]	Switzerland
Jean-Dominique Vassalli	Member	Collonge-Bellerive [CH]	Switzerland

Members of the Executive Management of La Tour Hôpital Privé SA

Rodolphe Eurin, CEO
Rodolphe Eurin holds a degree from the ETH Zürich and was awarded an MBA from the IMD. He has held executive positions in several multinationals in Switzerland and abroad in the fields of acute care, pharmaceuticals and medical technology.

Julien Heider, COO
Formerly CFO of a Swiss public hospital, Julien Heider holds a university degree from HEC Lausanne and an MBA from the MIT. He also has more than 10 years of experience in business consulting, mainly in the healthcare and insurance sectors.

Mehdi Bensouda, CFO
Mehdi Bensouda holds a master degree in finance and strategy degree from University Paris Dauphine and EMBA from IMD. He held several international executive positions in finance, business development and general management in medical technology.

Risk assessment

On a yearly basis, the Board of Directors conducts and approves an assessment of the risks facing the Group, with the participation and input of the Management. Identified risks are assessed according to their likelihood, severity and mitigation. Adequate measures to mitigate and manage risks are determined and responsibility is delegated to the management for the implementation of such measures.

Internal audits ensure the adequate implementation of such actions and findings are forwarded to the Board of Directors so that progress and identified risks can be monitored objectively and independently from Management.

Financial report - Consolidated annual financial statements

Consolidated balance sheet

Amounts expressed in '000 CHF	Note	**31.12.2019**	31.12.2018
ASSETS			
Current assets			
Cash and cash equivalent		28 558	13 815
Trade receivables	[5]	46 455	51 928
Tax receivable		722	181
Other receivables		512	493
Inventories	[6]	6 392	5 636
Prepaid expenses		3 112	2 274
Total current assets		**85 751**	74 327
Non-current assets			
Property, plant and equipment	[7]	405 272	430 272
Goodwill	[8]	97 972	105 413
Intangible assets other than goodwill	[8]	6 714	1 862
Financial assets		462	462
Deferred tax assets	[9]	0	2 490
Total non-current assets		**510 420**	540 499
TOTAL ASSETS		**596 171**	614 826

Consolidated balance sheet

Amounts expressed in '000 CHF	Note	**31.12.2019**	31.12.2018
LIABILITIES AND SHAREHOLDERS'EQUITY			
Current liabilites			
Trade payables		17 534	26 548
Other payables		9 356	3 990
Lease debt, short-term portion	[10]	0	262
Accrued taxes		2 263	2 367
Accrued expenses	[11]	18 784	9 492
Provision	[17]	10 912	0
Bank loans	[12]	154 250	0
Other loan	[16]	20 000	0
Total current liabilities		233 099	42 659
Non-current liabilities			
Loans from parent company	[13]	170 450	186 110
Bank loans	[12]	0	154 250
Bond loan	[14]	82 000	82 000
Other loan	[15]	20 000	40 000
Provision	[17]	0	10 287
Deferred tax liabilities	[9]	28 426	51 682
Total non-current liabilities		**300 876**	524 329
TOTAL LIABILITIES		533 975	566 988
Shareholders' equity			
Share capital	[19]	60 012	60 012
Capital reserve		443	443
Retained Earnings		1 741	-12 617
Total Shareholders' equity		**62 196**	47 838
TOTAL LIABILITIES AND SHAREHOLDERS'EQUITY		596 171	614 826

Consolidated income statement

Amounts expressed in '000 CHF	Note	**31.12.2019**	31.12.2018
INCOME STATEMENT			
INCOME			
Net income		236 464	214 118
Other operating income		4 218	4 585
Total income		**240 682**	218 703
EXPENSES			
Personnel expenses	[20]	-85 762	-80 441
Doctors fees		-38 814	-35 359
Medical material and supplies		-43 152	-39 691
Rental expenses		-2 896	-2 743
Other operating expenses		-19 005	-15 095
Total expenses		**-189 629**	-173 329
Earnings before interest, taxes, depreciation,		**51 053**	45 374
amortization and non-operating items		**21%**	21%
Depreciation	[7]	-34 291	-25 895
Amortization	[8]	-9 056	-8 174
Operating Result		**7 706**	11 305
Financial expenses		-10 366	-10 034
Financial incomes		3	12
Financial Result		**-10 363**	-10 022
Ordinary Result		**-2 657**	1 283
Other non-operating expenses		-1 081	-1 461
Other non-recurring expenses		0	-607
Total non-operating expenses		**-1 081**	-2 068
NET INCOME BEFORE TAX		**-3 738**	**-785**
Current taxes		-2 670	-5 850
Deferred taxes	[9]	20 766	2 525
Net (loss)/ profit for the year		**14 358**	-4 110
Earnings per share (EPS) expressed in CHF per share:			
Registered shares - Basic earnings per share		239	-68
Registered shares - Diluted earnings per share		239	-68

Consolidated cash flow statement

Amounts expressed in '000 CHF	**2019**	2018
NET (LOSS) / PROFIT AFTER TAX	14 356	-4 110
Non-cash items		
Depreciation of fixed assets	34 291	25 895
Amortization on intangible assets	9 056	8 174
Taxation	-18 096	2 304
Financial expenses and refinancing costs	10 366	10 034
Working capital adjustments		
Decrease (increase) in accounts receivable	5 474	-9 239
Decrease (increase) in inventories	-757	-541
Decrease (increase) in other current assets	-856	1 116
Increase (decrease) in accounts payable	-13 176	697
Increase (decrease) in other current liabilities	13 443	1 480
Income taxes payment	-1 740	-1 204
Net cash flow from operating activities	**52 361**	34 606
Financial assets	0	-6
Purchase of fixed assets	-5 454	-56 640
Purchase of intangible assets	-6 140	-1 971
Proceed from sale of lands and buildings	0	516
Net cash flow from investing activities	**-11 594**	-58 101
Proceeds from other loan	0	20 000
Proceed (repayment) of parent company loans	-15 660	21 500
Repayment from bank loans	0	-29 750
Interest paid	-10 364	-9 043
Net cash flow from financing activities	**-26 024**	2 707
Net increase (decrease) in cash and cash equivalents	**14 743**	-20 788
Cash and cash equivalents, beginning of the period	13 815	34 603
Cash and cash equivalents, end of the period	28 558	13 815

Consolidated change in equity statement

Amounts expressed in '000 CHF	Share capital	Capital reserve	Retained earnings	Total Equity
Balance at 31.12.2017	60 012	443	-8 507	51 948
Loss for the period	0	0	-4 110	-4 110
Balance at 31.12.2018	60 012	443	-12 617	47 838
Profit for the period	0	0	14 358	14 358
Balance at 31.12.2019	**60 012**	**443**	**1 741**	**62 196**

Notes

1. Corporate Information

La Tour Holding SA ("the Company"), a limited company, incorporated on 15 February 2013 in Geneva Switzerland, is based at 24, quai du Seujet, 1201 Geneva. On 26 February 2013, it acquired the group of companies owning and operating the largest private hospital in the Canton of Geneva: Hôpital de La Tour, Clinique de Carouge and Centre Médical de Meyrin.

2. Activity of the Group

The main activity of the Company and its consolidated subsidiaries (collectively "the Group") is to operate hospitals in Geneva, Switzerland.
In 2019, the Group employed 939 full time equivalent employees (2018: 867) and worked with more than 350 independent attending physicians with admission rights.

3. Consolidated Financial Statements

3.1 Basis of preparation
The consolidated financial statements give a true and fair view of the financial position, results of operations and cash flows of the Group. They have been prepared in accordance with the complete set of Swiss GAAP Accounting and Reporting Recommendations (Swiss GAAP RPC) and are based on the subsidiaries' annual financial statements at 31 December 2019 prepared using uniform classification and accounting policies. The consolidated financial statements are prepared under the going concern assumption, based on the historical cost principle.
There is no segment reporting because there is only a single business sector (medical) and a single geographical place (Geneva).

3.2 Basis of consolidation
Principles of consolidation

The consolidated financial statements comprise the accounts of the Company and its wholly owned subsidiaries, after elimination of all material inter-company transactions and balances. Subsidiaries are consolidated from the date the parent obtains control until such time as control ceases.
The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets acquired, equity instruments issued or exchanged and liabilities undertaken at the date of acquisition. Costs related to the acquisition are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the identifiable net assets of the subsidiary acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of income.

The consolidated financial statements include the financial statements of the Company and the subsidiaries listed below for 2018 and 2019:

Name	Place of incorporation	% equity interets and voting rights
La Tour Immobilière Sàrl	Meyrin, Switzerland	100
La Tour Hôpital Privé SA	Meyrin, Switzerland	100
Permanence de la Clinique de Carouge SA	Meyrin, Switzerland	100

3.3 Summary of significant accounting policies
3.3.1 Basis of presentation

The consolidated financial statements are presented in thousand Swiss francs ('000 CHF), which is the Group's functional and presentation currency. Other Group companies also have Swiss francs as their functional currency.

3.3.2 Estimates and judgments

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. If in future, such assumptions and estimates deviate from the actual circumstances, the original assumptions and estimates will be modified as appropriate in the period in which the circumstances change.
The key assumptions and estimates which have a risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

- Impairment of non-financial assets

  The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value-in-use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit, and chooses a suitable discount rate in order to calculate the present value of those cash flows.

- Claims relating to services rendered

  In the case of litigation and claims relating to services rendered, the amount that is ultimately recorded is the result of an assessment of a number of variables, and relies on Management's informed judgement about the circumstances surrounding the past provision of services. It also relies on expert legal advice. Changes in estimates are reflected in the income statement in the period in which the change occurs.

- Contingent liabilities

  The Group has various outstanding contingent liabilities; management judgment is required in order to determine the probability of materialisation of the underlying risk, and to determine whether or not a provision should be recorded. The determination of the provision, if any, is also subject to management judgment.

3.3.3 Balance sheet

3.3.3.1 Cash and cash equivalents

Cash and cash equivalents with original maturities of three months or less comprise cash in hand, deposits in postal and bank accounts. They are stated at nominal value.

3.3.3.2 Trade and other receivables

Receivables are carried at nominal value less allowance for doubtful receivables. The allowance is based on the aging of trade receivables, specific risks and historical loss experience. Given the significant number of patients, the Group provides its receivables on a statistical basis, based on historical observations, all receivable balances which are overdue for more than 210 days from the date of the end of treatment are fully provided for.

3.3.3.3 Inventories

Inventories, which are principally composed of medical material and drugs, are valued at the lower of cost and net realizable value, determined using the weighted average cost. When necessary, provision is made for obsolete, slow moving and defective stocks.

3.3.3.4 Fixed assets

Fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses.
Major additions and improvements that significantly increase values or asset lives are capitalized.
Borrowing costs related to construction-in-progress, premises and equipment, and costs of maintenance and repairs of fixed assets, are charged to the consolidated statement of income as incurred.
Assets under construction are not depreciated until the asset is available to be put into service.

Depreciation is computed on a straight-line basis over the estimated useful life of assets, other than land (which is not depreciated), as follows:

Designation	Number of years
Building	40
Major fixed equipment	20
Minor fixed equipment	4 to 10
Medical equipment	4 to 10
Office furniture and equipment	3 to 10
Vehicles	4

Fixed assets are de-recognized upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on de-recognition of the asset is included in the consolidated statement of income in the period the asset is de-recognized.

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year-end.

3.3.3.5 Intangible assets

- Goodwill

  Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business acquisition over the Group's interest in the fair value of the acquirer's identifiable assets, liabilities and contingent liabilities. Goodwill is stated at cost less accumulated amortization calculated on a straight-line basis over 20 years and less any accumulated impairment losses. Goodwill residual value, useful life and method of amortization are reviewed, and adjusted if appropriate, at each financial year-end.

- Other intangible assets

  Other intangible assets of the group are mainly composed of software, they are stated at cost less accumulated amortization calculated on useful economic life on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period is of 3 years and the amortization method is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.
  Assets under construction are not amortized until the asset is available to be put into service.
  Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when the asset is de-recognized.

3.3.3.6 Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the consolidated statement of income. Capitalized leased assets are depreciated over the shorter of the useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating leases payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term.

3.3.3.7 Investments and other financial assets / liabilities

Purchases and sales of financial assets are recognized on the trade date, which is the date when the Group commits to purchase or sell the asset.

3.3.3.8 Impairment of financial assets

The Group assesses at each financial year end whether a financial asset or group of financial assets is impaired.

3.3.3.9 Trade and other payables

Trade and other payables are recognized at nominal value.

3.3.3.10 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, if it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

3.3.3.11 Employee benefits

The Group entities contribute to various benefit plans according to Swiss law. Pension plans from autonomous pensions institutions are valued in accordance to Swiss GAAP RPC 16. At the reporting date, it is assessed if the Group has an economic benefit or obligation based on the financial statements of the funds.

3.3.3.12 Share-based capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

3.3.4 Consolidated statement of income

3.3.4.1 Revenue recognition

Net revenue includes the inflow of economic benefits from sale of goods and services within the scope of ordinary business during the period under review. Any revenue reductions such as discounts have been deducted from net revenue reported. All intercompany revenue is eliminated during consolidation. Revenue is recognized if significant risks and rewards of ownership have been transferred or services have been rendered and that the recoverability of the related receivable is sufficiently secured.

Interest income is recognized as interest accrues.

3.3.4.2 Taxes

Income taxes comprise current and deferred taxes.

- Current income taxes

  Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be paid to or recovered from the tax authorities. Tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date.

- Deferred income taxes

  Deferred taxes are recognized using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are measured at the tax rate expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted at the reporting date. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences or carryforward of unused tax losses can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4. Restatement

An error in the booking of revenues from 2010 to 2019 has been identified in 2019. The group decided to correct previous years errors with a restatement in a retrospective approach.

The main impacts of these restatements are a correction of the equity as per 31 December 2017 of KCHF 6'677 (over-invoicing of KCHF 8'810 with a deferred tax asset of KCHF 2'133), a correction of the result for 2018 of KCHF 1'120 (over-invoicing of KCHF 1'477 with a deferred tax asset of KCHF 357).

In the balance sheet a provision was created for KCH 10'287 in 2018 and KCHF 10'912 in 2019

5. Trade receivables

Amounts expressed in '000 CHF	**31.12.2019**	31.12.2018
Trade receivables	54 206	57 025
Allowance for doubtful receivables	-7 751	-5 097
TOTAL TRADE RECEIVABLES	**46 455**	**51 928**

6. Inventories

Inventories are mainly composed of drugs and medical supplies.

7. Property, Plant and equipment

Amounts Expressed in '000 CHF	Lands and buildings	Fittings and maintenance	Medical equipments	Assets under construction	Other fixed assets	Total
COST						
31.12.2017	342 396	17 453	29 748	113 301	8 879	511 777
Additions	0	1 114	8 498	39 602	2 323	51 537
Transfers	129 496	889	19 940	-150 969	644	0
Disposals	0	-10	-380	0	-2	-392
31.12.2018	471 892	19 446	57 806	1 934	11 844	562 922
Additions	0	840	1 801	6 123	529	9 293
Transfers	0	1 177	570	-1 822	75	0
Disposals	0	0	-440	0	0	-440
31.12.2019	**471 892**	**21 463**	**59 737**	**6 235**	**12 448**	**571 775**
ACCUMULATED DEPRECIATION						
31.12.2017	-81 783	-4 625	-16 844	0	-3 895	-107 147
Disposals	0	10	380	0	2	392
Depreciation	-18 204	-1 243	-4 842	0	-1 606	-25 895
31.12.2018	-99 987	-5 858	-21 306	0	-5 499	-132 650
Disposals	0	0	440	0	0	440
Depreciation	-11 714	-15 518	-5 340	0	-1 720	-34 292
31.12.2019	**-111 701**	**-21 376**	**-26 206**	**0**	**-7 219**	**-166 502**
NET BOOK VALUE						
31.12.2017	260 613	12 828	12 904	113 301	4 984	404 630
31.12.2018	371 905	13 588	36 500	1 934	6 345	430 272
31.12.2019	**360 191**	**87**	**33 531**	**6 235**	**5 229**	**405 273**

Interest expenses related to B2 building have been expensed in the consolidated income statement. During 2019, KCHF 0 (2018: KCHF 1'416) of internal costs have been capitalised as fixed assets.

8. Intangible assets

Amounts expressed in '000 CHF	Goodwill	Assets under construction	Other intangible assets	Total
COST				
31.12.2017	148 819	403	4 494	153 716
Additions	0	1 719	252	1 971
Transfers	0	-357	357	0
31.12.2018	148 819	1 765	5 103	155 687
Additions	0	1 336	5 131	6 467
Transfers	0	1 443	-1 443	0
31.12.2019	**148 819**	**4 544**	**8 791**	**162 154**
ACCUMULATED DEPRECIATION				
31.12.2017	-35 965	0	-4 273	-40 238
Amortization	-7 441	0	-733	-8 174
31.12.2018	-43 406	0	-5 006	-48 412
Amortization	-7 441	0	-1 615	-9 056
31.12.2019	**-50 847**	**0**	**-6 621**	**-57 468**
NET BOOK VALUE				
31.12.2017	112 854	403	221	113 478
31.12.2018	105 413	1 765	97	107 275
31.12.2019	**97 972**	**4 544**	**2 170**	**104 686**

During 2019, KCHF 848 (2018: KCHF 153) of internal costs have been capitalised as intangible assets.

9. Deferred tax assets and liabilities

The Swiss federal tax reform was approved by voters in May 2019. The Geneva cantonal tax reform was also approved in 2019. The newly enacted tax rate resulted in a decrease of the blended cantonal and federal tax rate from 24% to 14%. This change impacts the companies of the group. The enactment of these Swiss tax reforms (TRAF) required a revaluation of the deferred tax assets and liabilities to the newly enacted tax rates at the date of enactment. The following table shows the movements in deferred tax assets and liabilities together with the effect of tax rate change:

Amounts expressed in '000 CHF	Deferred tax assets	Deferred tax liabilities	Net
31.12.2017 corrected	2 133	-53 850	-51 717
Credited/(charged) to income statement	357	2 168	2 525
31.12.2018 corrected	2 490	-51 682	-49 192
Credited/(charged) to income statement	-2 490	1 439	-1 051
Effect of tax rate change (TRAF)	0	21 817	21 817
31.12.2019	**0**	**-28 426**	**-28 426**

As of December 2017, 2018 and 2019, tax losses to be carried forward amount to 0.

10. Lease debt

The Group had previously finance leases on medical equipment. These leases have been fully repaid in 2019.

Amounts expressed in '000 CHF	Total	Less than 1 year	Between 1 to 5 years	More than 5 years
Medical equipement	262	262	0	0
31.12.2018	262	262	0	0
Amounts expressed in '000 CHF	Total	Less than 1 year	Between 1 to 5 years	More than 5 years
Medical equipement	0	0	0	0
31.12.2019	**0**	**0**	**0**	**0**

11. Accrued expenses

Amounts expressed in '000 CHF	31.12.2019	31.12.2018
Accrued interests	2 001	1 566
Accrued personnel expenses	2 493	2 059
Other accrued expenses	14 290	5 867
TOTAL ACCRUED EXPENSES	**18 784**	**9 492**

The increase of the accrued expenses is mostly driven by a payable balance to the insurances given the decision of the Legal Court of Geneva in favor of the hospital. The Geneva Canton had to reimburse the hospital for services provided to its patients in accordance with the hospitalisation planning (2013-2019). Part of this amount has to be reimbursed to the insurances who covered the initial patient invoices issued by the hospital explaining the increase in accrued expenses.

12. Bank loans

The Group has the following committed bank loans and facilities outstanding:

Amounts expressed in '000 CHF	Total	Less than 1 year	Between 1 to 5 years	More than 5 years
Bank loans	154 250	0	154 250	0
31.12.2018	154 250	0	154 250	0
Amounts expressed in '000 CHF	Total	Less than 1 year	Between 1 to 5 years	More than 5 years
Bank loans	154 250	154 250	0	0
31.12.2019	**154 250**	**154 250**	**0**	**0**

Interest rate: floating (2018: floating) / The final maturity of all bank loans is 31 December 2021. However early repayment of the full outstanding loan (KCHF 154'250) occurred on 31 January 2020.

Bank loans and facilities are secured collectively by:

- pledge of mortgage over real estate of La Tour Immobilière Sàrl certificates for a total of CHF 477 million;
- pledge of shares of La Tour Immobilière Sàrl and La Tour Hôpital Privé SA;
- assignment of all existing and future intercompany loans and all existing and future shareholder loans;
- guarantee from La Tour Holding SA;
- pledge of La Tour Immobilière Sàrl receivable bank accounts.

13. Loans from parent company

The parent company Pronia Health SCA SICAR (previously named Pronia Holding SA) has granted a facility for a total amount of CHF 200 million, of which CHF 164 million (2018: 164 million) has been drawn as of 31 December 2019. The loan is unsecured and the interest level is adjusted on an annual basis according to the annual tax circular of the Swiss Federal Tax Administration (in 2019 amounting to 2.5% on the first million and to 0,75% on the balance) and the maximal interest deduction authorized as per the thin capitalization rules of the Swiss Federal Tax Administration. The facility is repayable on 31 December 2035.

On 9 October 2018 Pronia Holding (Luxembourg) SA has granted a loan for an amount of CHF 21.5 million, of which 21.5 million have been drawn as per 31 December 2018. During 2019, 15.66 million have been reimbursed. The remaining balance as per 31 December 2019 is 5.8 million. The loan is unsecured and the interest level is adjusted on an annual basis according to the annual tax circular of the Swiss Federal Tax Administration (in 2019 amounting to 2.5% on the first million and 0.75% on the balance) and the maximal interest deduction authorized as per the thin capitalization rules of the Swiss Federal Tax Administration. The facility is repayable on 30 September 2023.

In 2015, the company issued a convertible loan, amounting to CHF 0.6 million. As specific milestones were not achieved at 31 December 2018 ("Milestone Date"), the loan could not be converted into shares of the Company and according to the contract's terms was renewed as a simple non-interest-bearing shareholder loan as per 31 December 2018. As per 31 December 2019, the loan was again renewed as a simple non-interest-bearing shareholder loan.

14. Bond loan

On 30 November 2015, the company issued a bond (ISIN: CH0299477387) for a nominal value of CHF 82 million with a maturity date on 30 June 2022 and a redemption at par. Interest rate is fixed at 2.50 % p.a., payable annually on June 30.

15. Other loan in the non-current liabilities

The company issued loan notes for a total nominal value of CHF 20 million. The loan notes bear interest at 4.25% and are repayable on 25 July 2023.

16. Other loan in the current liabilities

In 2018, the company issued an additional loan for a total nominal value of CHF 20 million. The loan bears interest at 6% and has a final maturity as of 31 December 2021. This loan was fully repaid in January 2020.

17. Provision

Amounts expressed in '000 CHF	2019	2018
Opening balance	10 287	0
Addition of the period	625	10 287
Utilization of the period	0	0
TOTAL PROVISION	**10 912**	**10 287**
Short-term portion	10 912	0
Long-term portion	0	10 287

The nature of this provision is explained in the note 4.

18. Pension fund liability

The eligible Swiss employees of the Group are all affiliated to a pension plan in Switzerland. The Group sponsors an independent pension plan separate from the obligatory Swiss social security plans. Retirement benefits are based on contributions, computed as a percentage of salary, adjusted for the age of the employee and shared 50% / 50% by employee and employer. In addition to retirement benefits, the plan provides death and long-term disability benefits to the employees.

Amounts for the last period 2019 are as follows:

Amounts expressed in '000 CHF	Fondation de prévoyance de La Tour SA
Surplus	0
Economic part of the group	0
Change of economic part impacting current result	0
Employer's contributions concerning business period	4 393
Pension costs within personnel expenses	4 393

The total pension fund expense in 2019 included in Personnel expenses amounts to kCHF 4'393 (kCHF 4'157 for 2018).

Fondation de Prévoyance de La Tour SA pension fund reported a cover ratio of 101.2 % in 2018. The technical interest rate used is 2,0% in 2018 (2017: 2,25 %).

The cover ratio as well as technical interest rate are not yet known at the end of 2019 but the cover ratio will exceed 100 %.

19. Shareholders' Equity

At 31 December 2018 and 2019, the share capital of the company amounts to CHF 60'012'000, fully paid, divided into 60'012 registered shares of nominal value CHF 1'000.

20. Personnel expenses

Amounts expressed in '000 CHF	2019	2018
Salaries and wages	72 488	68 364
Social benefits	12 242	11 347
Other personnel costs	1 031	730
TOTAL PERSONNEL EXPENSES	**85 762**	80 441

21. Commitments and contingencies

Operating lease commitments
The Group has entered into operating leases for the use of administrative offices or physician offices. These rental contracts have duration between 1 and 12 years with a tacit renewal option included in the contracts. Guarantees for a total of KCHF 282 (2018: KCHF 282) were issued in favor of various third parties.

Future minimum rentals payable under non-cancellable operating leases are as follow:

Amounts expressed in '000 CHF	2019	2018
Due within 12 months	2 793	2 695
Due in 2-5 years	6 881	7 177
Due beyond 5 years	663	2 633
TOTAL NON-CANCELLABLE OPERATING LEASES	**10 337**	12 505

Contingent liabilities
One of the Group companies entered into a renewed agreement with the Association d'aide aux enfants malades du pavillon Gourgas («the Association») on 16 March 2009 (the old agreement was signed on 17 September 1991) whereby it was agreed that should the Company withdraw certain facilities, including hospital beds, and support to the Association then it would be obliged to repay CHF 9 million that the Association initially invested in the construction of the hospital.

Given its activity, the Group is potentially exposed to claims from patients. There are currently no claims outstanding against the Group that, in management's view, could materially affect the consolidated accounts.

Swap
La Tour has entered into an Interest Rate Swap Transaction with a termination date 31 December 2019, whereby La Tour pays a fixed rate of 0.77% in exchange of a floating rate of 6 month CHF Libor BBA.

Hospitalisation planning litigation (2013-2019)
Following to a decision of the Court, Geneva Canton had to reimburse a litigation about the hospitalisation planning (2013-2019) to La Tour Hôpital Privé SA. The repayment by La Tour Hôpital Privé SA to the health insurance follows an allocation key based on the cost weight. Some insurances found the reimbursement as not sufficient but none have made any claims.

22. Audit fees

Total audit fees paid to PricewaterhouseCoopers SA for the audit of the Company and the Group financial statements in 2019 amounted to KCHF 135 (2018: KCHF 110).

23. Related party

3 members of the board of the Company are as well board members of Gestron Services (Suisse) SA. Gestron Services (Suisse) SA has provided advices to the Group. Commercial transactions with related party are made at normal market prices.

24. Approval of financial statements

The Board of Directors is responsible for the preparation and presentation of the financial statements. These financial statements were authorised for issue by the Board of Directors on 27 April 2020.

25. Significant events occurring after the balance sheet date

a) In January 2020, coronavirus outbreak occurred in China and has now been spread to Switzerland and other regions. This is impacting the hospitals' business operation to a certain extent. The actual impact will depend on the situation and duration of coronavirus outbreak, which is hard to estimate now. Nevertheless, the Management has not identified a risk of going concern for La Tour Holding SA.

b) The Group signed a new Credit Facilities Agreement on 29 January 2020. The group was granted a senior non-amortizing term loan of KCHF 180'000 with a floating interest rate. The final maturity date is on 29 January 2027.

Report of the statutory auditor

to the General Meeting of La Tour Holding SA

Geneva

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of La Tour Holding SA and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2019, consolidated income statement, consolidated cash flow statement, consolidated change in equity statement 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 11 to 25) give a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion

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

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

Our audit approach

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 1'276'000
How we determined it	2,5 % of earnings before interest, tax, depreciation and amortisation (EBIT before depreciation and amortization)
Rationale for the materiality benchmark applied	We chose EBIT before depreciation and amortization as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and is a generally accepted benchmark within the hospital industry.

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We agreed with the Board of Directors that we would report to them misstatements above CHF 127'600 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group operates two private clinics – Hôpital de la Tour and Permanence de la Clinique de Carouge - in one single geographical location – Switzerland. The Group’s financial statements are a consolidation of four reporting units, comprising the Group’s holding entity, one operating entity, one entity owning the operating buildings and one dormant entity. We conducted full scope audit procedures on three Group entities (excluding the dormant one) and those audit procedures addressed 100% of the Group's revenues and 100% of the Group’s total assets.

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.

Responsibilities of the Board of Directors for the consolidated financial statements

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

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

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

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

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor’s report.

Report on other legal and regulatory requirements

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

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

PricewaterhouseCoopers SA

Philippe Tzaud	Jonathan Dadoun
Audit expert Auditor in charge	Audit expert

Geneva, 27 April 2020

Financial report - Annual financial statements of La Tour Holding SA

Balance sheet

Amounts expressed in '000 CHF	Note	31.12.2019	31.12.2018
ASSETS			
Current assets			
Cash and cash equivalent		4 588	8 656
Receivable from subsidiaries		0	1 277
Other receivables and prepayments		10	10
Total current assets		**4 598**	9 943
Non-current assets			
Investments	[2]	311 165	311 165
Loans to subsidiaries	[3]	10 310	22 800
Total non-current assets		**321 475**	333 965
TOTAL ASSETS		**326 073**	343 908

Amounts expressed in '000 CHF	Note	31.12.2019	31.12.2018
LIABILITIES AND SHAREHOLDERS'EQUITY			
Current liabilites			
Other payables		1 577	0
Accrued expenses			
due to shareholders		153	582
due to third parties		1 848	1 441
Total current liabilities		**3 578**	2 023
Non-current liabilites			
Interest-bearing liabilities			
due to shareholders	[4]	170 450	186 110
due to third parties	[5]	20 000	20 000
bond loan	[6]	82 000	82 000
Total non-current liabilities		**272 450**	288 110
TOTAL LIABILITIES		**276 028**	290 133
Shareholders' equity			
Share capital	[7]	60 012	60 012
Capital reserve		276	276
Accumulated deficit		-10 243	-6 513
Total Shareholders' equity		**50 045**	53 775
TOTAL LIABILITIES AND SHAREHOLDERS'EQUITY		**326 073**	343 908

Income statement

Amounts expressed in '000 CHF	Note	2019	2018
INCOME			
Financial income		396	239
Guarantee fees and commission income	[8]	871	869
Total Income		**1 267**	1 108
EXPENSES			
Financial expenses		-4 036	-3 972
Other operating expenses		-854	-117
Non-operating expenses		-107	-161
Total Expenses		**-4 997**	-4 250
RESULT BEFORE TAX		**-3 730**	-3 142
Income tax		0	0
Net result for the period		**-3 730**	-3 142
Accumulated deficit, beginning of the period		**-6 513**	-3 371
ACCUMULATED DEFICIT, END OF THE PERIOD		**-10 243**	-6 513

Notes

La Tour Holding SA ("the Company"), a limited company, incorporated on 15 February 2013 in Geneva Switzerland, is based at 24, quai du Seujet, 1201 Geneva. On 26 February 2013, it acquired the group of companies owning and operating the largest private hospital in the Canton of Geneva: Hôpital de la Tour, Clinique de Carouge and Centre Médical de Meyrin.

The company had no employees during the year.

1. Significant accounting policies

These financial statements have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations (Art. 957 to 963b CO, effective since January 2013).

Investments in subsidiaries
Investments in subsidiaries are valued individually at acquisition cost less an adjustment for impairment where appropriate.

All other assets and liabilities
All other assets and liabilities are recorded at nominal value.

2. Investments

Amounts expressed in '000 CHF	Place of incorporation (Switzerland)	Book value 31.12.2019	% equity interest and voting rights	Book value 31.12.2018	% equity interest and voting rights
Direct Investments					
La Tour Hôpital Privé SA	Meyrin	48 475	100%	48 475	100%
La Tour Immobilière Sàrl	Meyrin	262 690	100%	262 690	100%
Total		**311 165**		**311 165**	
Indirect investments					
Permanence de la Clinique de Carouge SA			100%		100%

3. Loans to subsidiaries

Amounts expressed in '000 CHF	31.12.2019	31.12.2018
La Tour Hôpital Privé SA	10 310	22 800
TOTAL LOANS TO SUBSIDIARIES	**10 310**	22 800

4. Interest-bearing liabilities due to shareholders

The parent company Pronia Health SCA SICAR (previously named Pronia Holding SA) has granted a facility for a total amount of CHF 200 million, of which CHF 164 million (2018: 164 million) has been drawn as of 31 December 2019. The loan is unsecured and the interest level is adjusted on an annual basis according to the annual tax circular of the Swiss Federal Tax Administration (in 2019 amounting to 2.5% on the first million and to 0,75% on the balance) and the maximal interest deduction authorized as per the thin capitalization rules of the Swiss Federal Tax Administration. The facility is repayable on 31 December 2035.

On 9 October 2018 Pronia Holding (Luxembourg) SA has granted a loan for an amount of CHF 21.5 million, of which 21.5 million have been drawn as per 31 December 2018. During 2019, 15.66 million have been reimbursed. The remaining balance as per 31 December 2019 is 5.8 million. The loan is unsecured and the interest level is adjusted on an annual basis according to the annual tax circular of the Swiss Federal Tax Administration (in 2019 amounting to 2.5% on the first million and 0.75% on the balance) and the maximal interest deduction authorized as per the thin capitalization rules of the Swiss Federal Tax Administration. The facility is repayable on 30 September 2023.

In 2015, the company issued a convertible loan, amounting to CHF 0.6 million. As specific milestones were not achieved at 31 December 2018 ("Milestone Date"), the loan could not be converted into shares of the Company and according to the contract's terms was renewed as a simple non-interest-bearing shareholder loan as per 31 December 2018. As per 31 December 2019, the loan was again renewed as a simple non-interest-bearing shareholder loan.

5. Interest-bearing liabilities due to third parties

The company issued loan notes for a total nominal value of CHF 20 million. The loan notes bear interest at 4.25% and are repayable on 25 July 2023.

6. Bond loan

On 30 November 2015, the company issued a bond (ISIN: CH0299477387) for a nominal value of CHF 82 million with a maturity date on 30 June 2022 and a redemption at par. Interest rate is fixed at 2.50 % p.a., payable annually on June 30.

7. Share capital

The share capital of the company as of 31 December 2019, amounts to CHF 60'012'000, fully paid, divided into 60'012 registered shares of nominal value CHF 1'000.

The Company has no own shares in 2018 and 2019.

8.Guarantee fees and commission income

Pledge of shares of La Tour Immobilière Sàrl and La Tour Hôpital Privé SA ;
Assignment of all existing and future intercompany loans and all existing and future shareholder loans;
Guarantee amounting to CHF 154.3 million (2018: 154.3 million) from La Tour Holding SA to the bank on banking loans to the subsidiaries. A yearly 0.5% fee on guaranteed amounts is due by the subsidiaries.

A yearly 0.5% fee is due by La Tour Immobilière Sàrl to La Tour Holding SA for assuming the legal risk of a loan agreement contracted with Rockefort International Finance Limited and for which La Tour Immobilière Sàrl assumes financial and economic risks.

9. Approval of financial statements and subsequent events

The Board of Directors is responsible for the preparation and presentation of the financial statements. These financial statements were authorised for issue by the Board of Directors on 27 April 2020.

In January 2020, coronavirus outbreak occurred in China and has now been spread to Switzerland and other regions. This is impacting the hospitals' business operation to a certain extent. The actual impact will depend on the situation and duration of coronavirus outbreak, which is hard to estimate now. Nevertheless, the Management has not identified a risk of going concern for La Tour Holding SA.

Report of the statutory auditor

to the General Meeting of La Tour Holding SA

Geneva

Report on the audit of the financial statements

Opinion

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

In our opinion, the financial statements (pages 31 to 34) as at 31 December 2019 comply with Swiss law and the company's articles of incorporation.

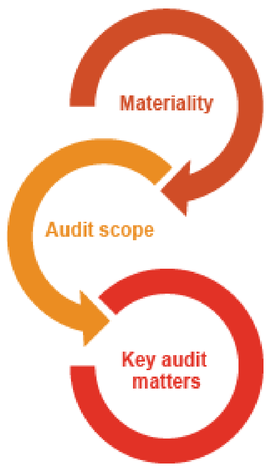
Basis for opinion

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

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

Our audit approach

Overview



Overall materiality: CHF 816'500

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter the following area of focus has been identified:

- Valuation of investments in subsidiaries

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or

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error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 816'500
How we determined it	0,25 % of total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it is the most relevant financial information of the company and it is a generally accepted benchmark for holding entities.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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

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

Valuation of investments in subsidiaries

Key audit matter	How our audit addressed the key audit matter
Investments in subsidiaries are valued individually at acquisition cost less an adjustment for impairment where appropriate. We considered the assessment of the carrying value of investments in subsidiaries as of 31 December 2019 to be a key audit matter for the following reasons: • As of 31 December 2019, the balance sheet discloses investments in subsidiaries of CHF 311 million, which is a significant amount. • In addition, judgement is required to determine the assumptions relating to future business results and to the EBIT before depreciation and amortization multiple applied for impairment testing purpose. Please refer to the notes to the financial statements, specifically the valuation principles (note 1) and the details of the investments (note 2).	We discussed with management the method used in assessing the carrying value of the investments in subsidiaries. We found that management had followed their defined process for impairment testing purposes which is subject to oversight and challenge by the Board of Directors. The valuation of the investment in La Tour Hôpital Privé SA is supported by a multiple of the EBIT before depreciation and amortization. We compared the multiple applied by management with those of the industry. Finally, we examined the sensitivity analysis prepared by management. The investment value in La Tour Immobilière Sàrl was externally appraised based on the building value. Such value was determined by a third party and we have verified the independence, competencies and results of the appraiser. We consider the valuation process and the assumptions applied by management to be adequate and a sufficient

	basis for the impairment testing of investments in subsidiaries.

Responsibilities 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.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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

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

PricewaterhouseCoopers SA

Philippe Tzaud	Jonathan Dadoun
Audit expert Auditor in charge	Audit expert

Geneva, 27 April 2020

ADDITIONAL INFORMATION

Information for bondholders:

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