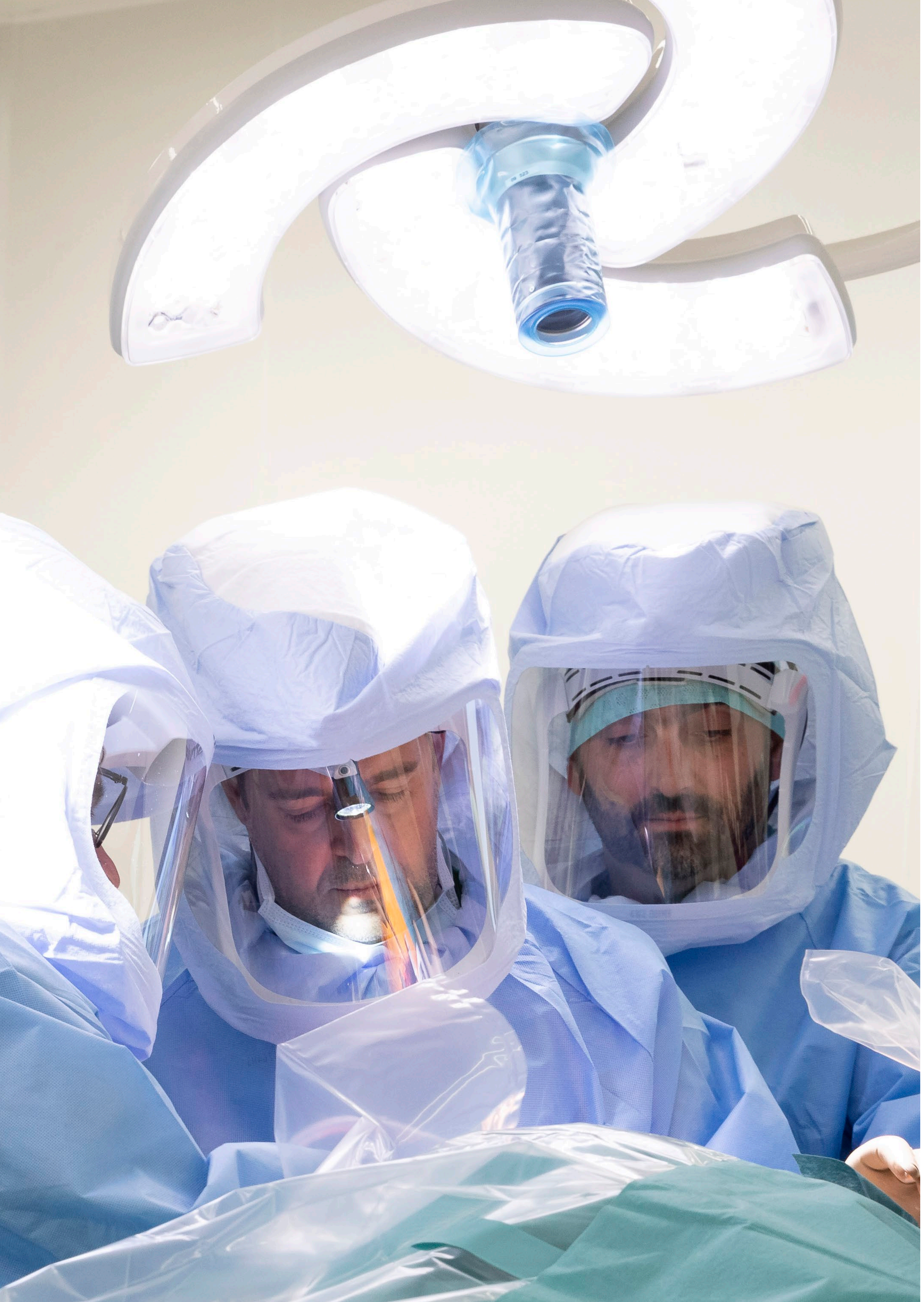
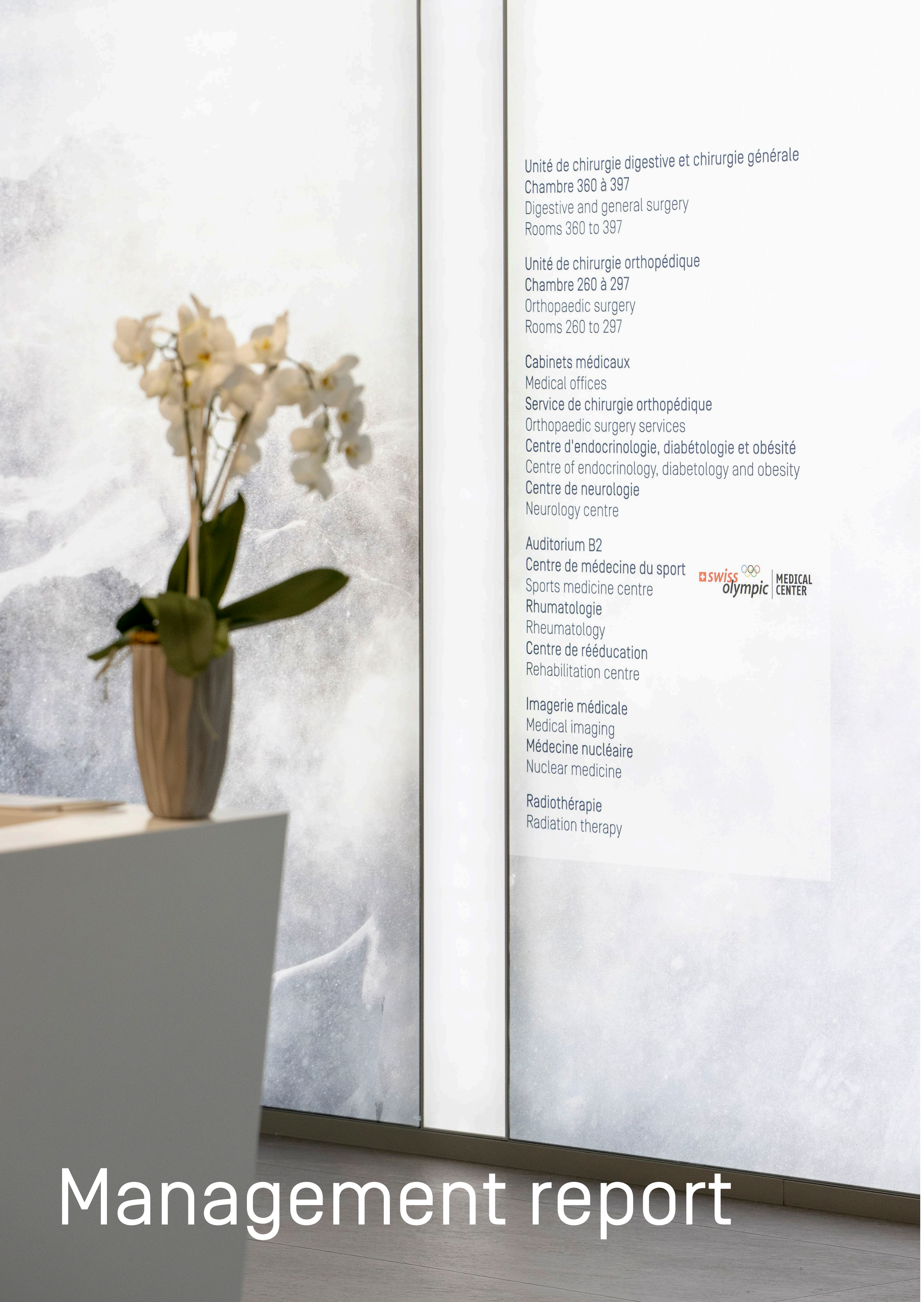
La Tour Holding SA Annual report

2018





Management report

Corporate Information

La Tour Holding SA (formerly HDLT Holding SA) owns and operates the largest private hospital group 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 30% market share of Geneva private inpatient admissions in private clinics. 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 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. It is, indeed, the only private establishment in French-speaking Switzerland to offer two 24/7 emergency services, certified intensive care and intermediate care units as well as a certified neonatal service officially recognised for its provision of care to babies born after 34 weeks. It also boasts an internal medicine department and pneumology department for care in acute cases with on-duty doctors present at all times.

Following the opening of the new building in 2018, Hôpital de La Tour is now a genuine campus, housing many specialists and thereby promoting pluridisciplinary collaborations. The hospital is thus able to offer fully coordinated and personalised care to patients, who receive individual assistance, ranging from diagnosis to treatment and monitoring. Firmly rooted in a long-standing tradition of patient respect and care, the hospital cultivates these aspects and maintains a human dimension, all the while expanding its range of care services. Doctors, medical teams and administrative staff execute their activities with professionalism and empathy to ensure that each patient has an experience as pleasant as possible.

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 ophthalmology. There are 52 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 in 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 healthcare students participating in residential programs.

Key infrastructures

- 190 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

The year 2018 was an important year for La Tour Medical Group, with the completion of the new B2 building equipped with the latest technology and the strong development of the activities launched as part of the 2017-2019 strategic plan. The group pursued investing in facilities and equipment as well as in the training of staff and the launching of new medical programs. Consolidated revenue for La Tour Medical Group totalled 220'180 KCHF (+5.9% compared to prior year) and consolidated EBITDA stood at 46'851 KCHF (+4.7% compared to prior year).

Opening of the new B2 building

The new B2 building was inaugurated in April 2018 and fully operational in September. B2 offers 26'000sqm and houses the Hôpital de La Tour Swiss Olympic Medical Centre. The building is the outcome of a 120 M CHF investment and establishes the pioneering role of La Tour Group in the field of sports medicine, enabling it to broaden its expertise. Patients benefit from state-of-the-art facilities on the same site, including prevention, diagnosis, surgery, rehabilitation and other services offering well-being. Aside from its sports medicine centre, B2 offers a technical facility comprising operating theatres, radiology and nuclear medicine equipment and a radiotherapy room. It offers 64 private hospital beds, as well as two floors of consultation rooms. Furthermore, B2 also boasts pluridisciplinarity by bringing together under one roof sports doctors, eleven joint-specific orthopaedic surgeons, a rheumatology centre, neurology centre and an endocrinology, diabetology and obesity centre. Such diversity not only caters to global care, but also permits synergies between all the medical activities of La Tour, from diagnosis to treatment.

Opening of the in-house cancer centre

The opening of a radiotherapy centre during summer 2018, one year after the launch of the in-house oncology centre partnered with the HUG university hospital, enabled the group to consolidate its global, pluridisciplinary cancer care services. The new facilities comprise of a PET-CT digital scanner (Philips VEREOS), whose revolutionary technology significantly increases the accuracy of examinations performed at all stages of the disease. The hospital has also acquired a new linear accelerator for radiation therapy (Varian EDGE) in order to meet the specific requirements of radiotherapy. The equipment increases the efficiency, speed and accuracy of the treatment delivery thanks to its ability to synchronise with the physiological movements of the tumour and adapt to the involuntary movements of the patient during irradiation.

Opening of the Pain Clinic

In order to meet increasing demand and to be able to offer its patients global healthcare, Hôpital de La Tour opened a Pain Clinic at the beginning of May 2018. Designed to provide outpatient consultations, the clinic is aimed at all patients suffering for more than three months from chronic pain that is failing to respond to conventional therapeutic treatments and consequently undermining quality of life. The clinic is run by two anaesthetists internationally renowned in the field of analgesia and neurostimulation, assisted by a specialised nursing team. The pluridisciplinary care is based on a broad range of diagnostic and therapeutic procedures deploying the latest technologies in the field of pain management, such as invasive and non-invasive neuromodulation, regenerative medicine, acupuncture, hypnosis, infiltrations and injections, to name but a few.

Opening of an express emergency lane at Hôpital de La Tour

In order to reduce of waiting time for emergency services, Hôpital de la Tour opened an express lane in August 2018 in order to take care to non-vital emergency situations requiring simple treatment and rapid diagnosis. It exists in parallel to the so-called «bedridden» lane dedicated to the most serious cases. Each lane thus has its own specific space and medical care team. The results of this new flow have been conclusive, reducing the waiting time of patients admitted via this lane to an average of 15 to 30 minutes.

Woman and child care centre

In November 2018, four new doctors joined the medical care team in the paediatrics department. The arrival of these new skills strengthens, in particular, the neonatal intermediate care unit, which provides care to in term and premature babies who are older than 34 weeks gestational age, and who have difficulties to adapt after birth. This discipline fits in with the group ambition to offer quality care and step up safety surrounding childbirth by ultimately becoming a centre of excellence for high-risk pregnancies.

Official certification of the intermediate care unit

The medico-surgical intermediate care unit attached to the cardio-pulmonary unit of Hôpital de La Tour has been officially certified by the Commission for the certification of intermediate care units (CRUIMC). It guarantees a level of quality that is required to meet demanding criteria, particularly in terms of clinical skills of the medical nursing teams, the space allocated to each patient, equipment and staffing. Hôpital de La Tour is, to date, the only private establishment in French-speaking Switzerland to have received this certification, which further strengthens its technical platform.

1 060
employees

501
independent physicians

53
medical specialities

6 928
inpatient admissions

6 272
surgeries

525
deliveries

37 496
inpatient days

345 396
outpatient visits

44 634
emergency visits

Prospects 2019

Further implementation of integrated healthcare pathways

As part of the strategy initially implemented in 2017 and thanks to its internal medicine department as an interconnection between all specialties, Hôpital de La Tour will continue developing healthcare pathways around its main strategic activities, namely:

- Orthopaedics
- Sports medicine and movement
- Cancer
- Cardiopulmonary diseases and heart surgery
- Women and child care
- Metabolic diseases and obesity

A strategy focused on medical excellence

More transparency on medical outcomes will become increasingly important over the next years in order to drive continuous improvement of medical care and better-informed choice of hospitals for patients. With the new management team, comes a clear focus on reinforcing the strengths of La Tour around medical excellence. Various programs aimed at reinforcing quality and building a strong institutional culture of continuous improvement have been launched and will guide 2019 priorities.

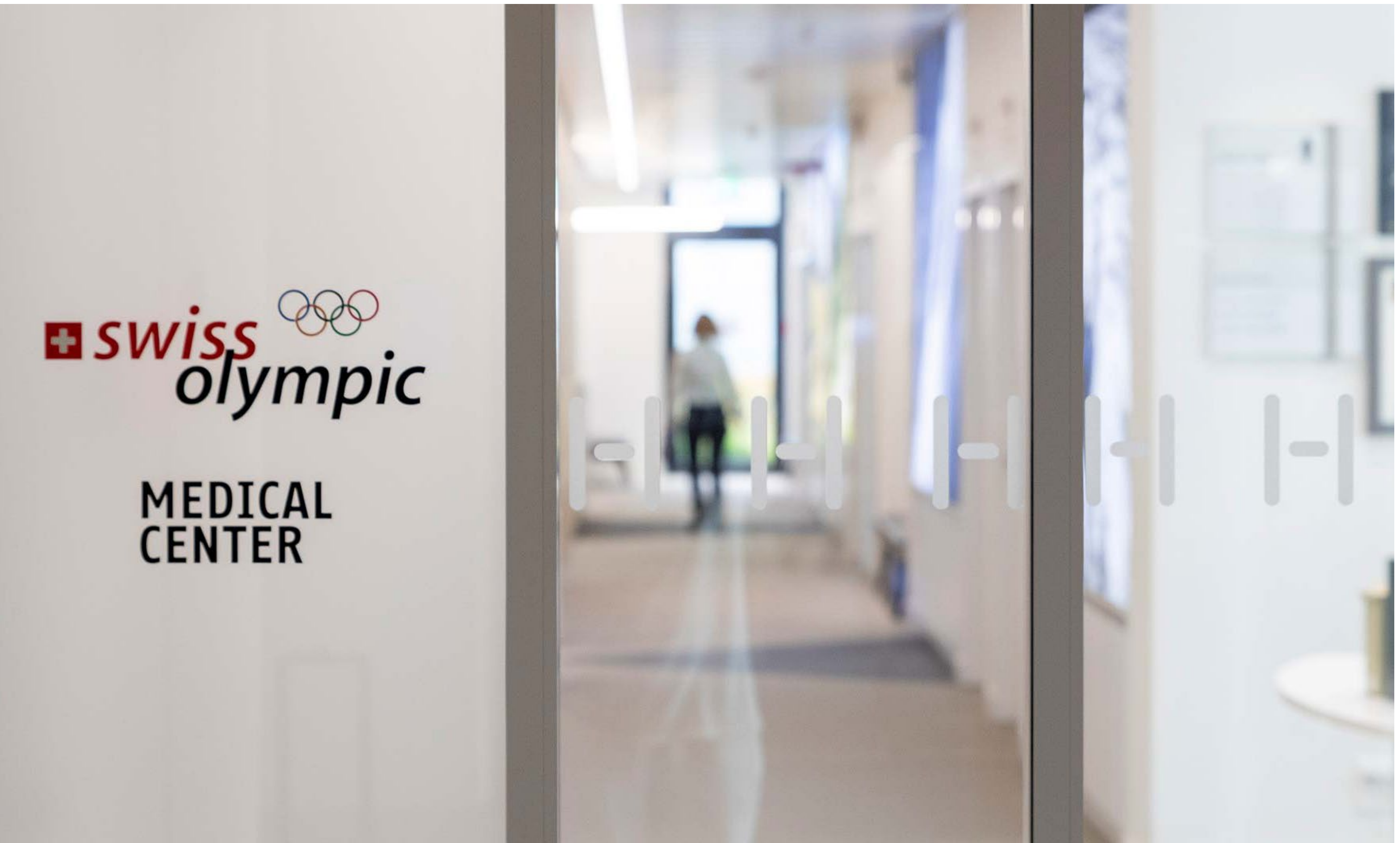
Did you know ?

52

residents and fellows trained every year

30%

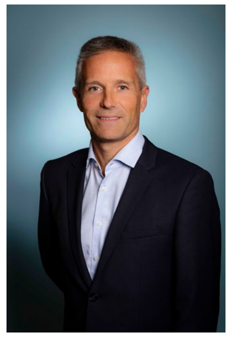
market share of Geneva private inpatient admissions



Board of Directors of La Tour Holding SA

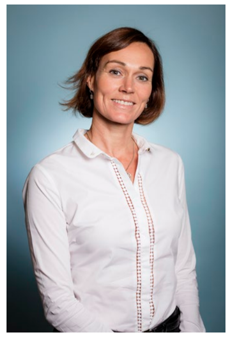
Name	Function	Domicile (country)	Citizenship
Evgenia Paizi	President	Chambésy (CH)	Greece/Switzerland
John Spiro Latsis	Member	Bellevue (CH)	United Kingdom
Mira Isabella Petalas	Member	Geneva (CH)	Switzerland
Christopher Potter	Member	Commugny (CH)	United Kingdom
Aris Serbetis	Member	Collonge-Bellerive (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.

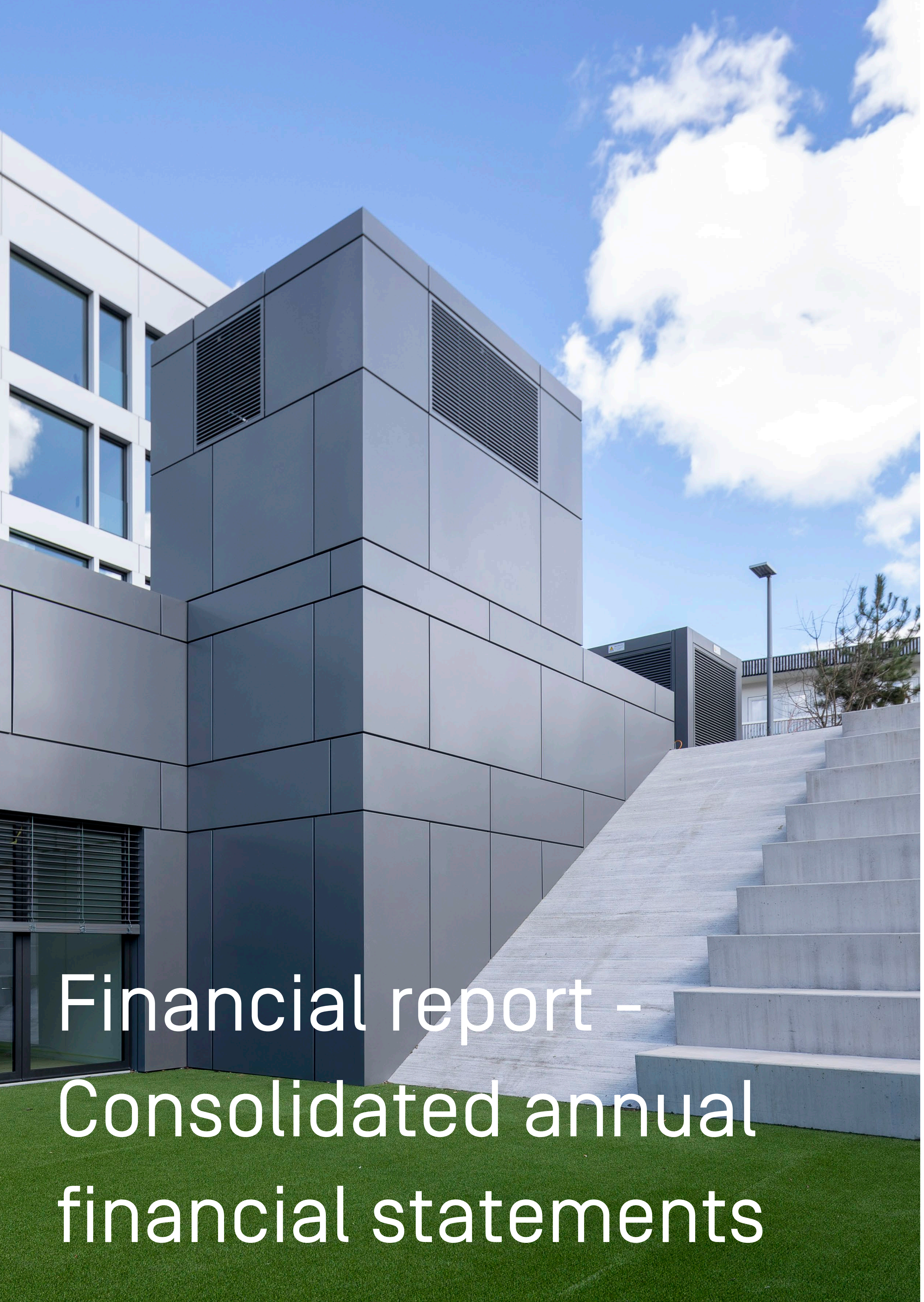


Rachel Sandoz, CFO
Rachel Sandoz holds a university degree from HEC Lausanne and is a Swiss Certified Tax Expert and a Swiss Certified Chartered Accountant. She joined La Tour Medical Group as director of financial projects in 2015. Prior to this she was a tax advisor and a financial auditor for more than 10 years.

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 Amounts expressed in '000 CHF	Note	**31.12.2018**	31.12.2017
ASSETS			
Current assets			
Cash and banks		13 815	34 603
Trade receivables, net	[4]	51 928	42 687
Tax receivable		181	2 397
Other receivables		493	299
Inventories	[5]	5 636	5 094
Prepaid expenses		2 274	3 584
Total current assets		**74 327**	88 664
Non-current assets			
Fixed assets	[6]	430 272	404 630
Intangible assets	[7]	107 275	113 478
Financial assets		462	456
Total non-current assets		**538 009**	518 564
TOTAL ASSETS		**612 336**	607 228

Consolidated balance sheet

Amounts Amounts expressed in '000 CHF	Note	**31.12.2018**	31.12.2017
LIABILITIES AND SHAREHOLDERS'EQUITY			
Current liabilites			
Trade payables		26 548	30 435
Other payables		3 990	1 450
Lease debt, short-term portion	[9]	262	815
Accrued taxes		2 367	64
Accrued expenses	[10]	9 492	11 117
Bank loans	[11]	0	16 500
Convertible loan	[13]	0	672
Total current liabilities		**42 659**	61'053
Non-current liabilities			
Loans from parent company	[12]	186 110	163 938
Bank loans	[11]	154 250	167 500
Bond loan	[14]	82 000	82 000
Other loans	[15]	40 000	20 000
Lease debt, long-term portion	[9]	0	262
Deferred tax liability	[8]	51 682	53 850
Total non-current liabilities		**514 042**	487 550
TOTAL LIABILITIES		556 701	548 603
Shareholders' equity			
Share capital	[18]	60 012	60 012
Capital reserve		443	443
Retained Earnings		-4 820	-1 830
Total Shareholders' equity		**55 635**	58 625
TOTAL LIABILITIES AND SHAREHOLDERS'EQUITY		612 336	607 228

Consolidated income statement

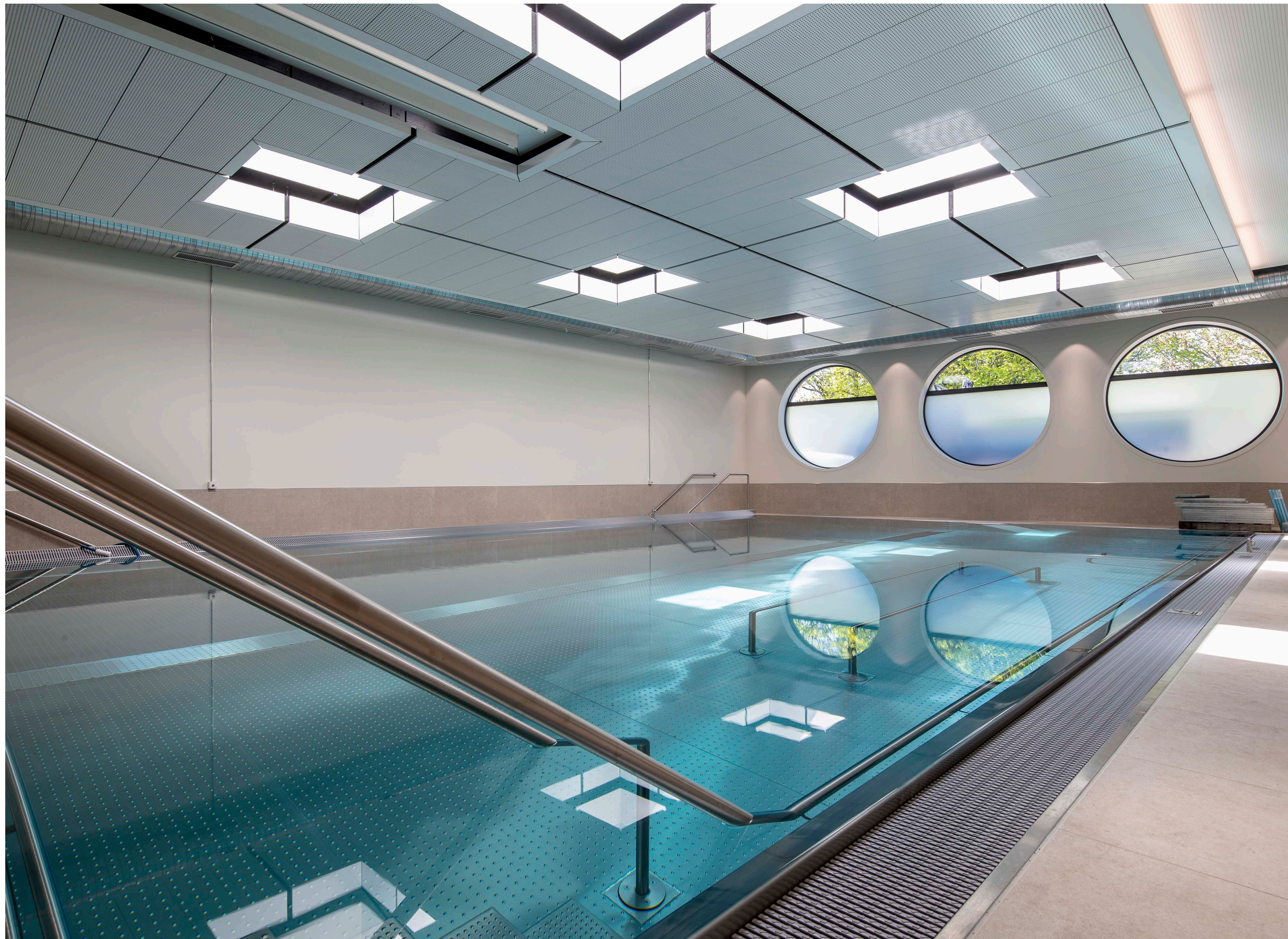
Amounts expressed in '000 CHF	Note	**31.12.2018**	31.12.2017
REVENUE			
Net revenue		215 595	204 270
Other operating income		4 585	3 586
Total revenue		**220 180**	207 856
EXPENSES			
Personnel expenses	[19]	-80 441	-77 821
Doctors fees		-35 359	-32 052
Medical material and supplies		-39 691	-36 398
Rental expenses		-2 743	-2 485
Other operating expenses		-15 095	-14 334
Total expenses		**-173 329**	-163 090
EBITDA (earnings before interest, taxes,		**46 851**	44 766
depreciation, amortization and non-operating items)		**21%**	22%
Depreciation on fixed assets	[6]	-25 895	-22 918
Amortization on intangible assets	[7]	-8 174	-7 844
Operating Result		**12 782**	14 004
Financial expenses		-10 034	-9 972
Financial incomes		12	9
Financial Result		**-10 022**	-9 963
Ordinary Result		**2 760**	4 041
Other non-operating expenses		-1 461	-498
Other non-recurring expenses	[22]	-607	-1 018
Total non-operating expenses		**-2 068**	-1 516
NET INCOME BEFORE TAX		**692**	**2 525**
Current taxes		-5 850	-2 163
Deferred taxes	[8]	2 168	-1 582
Net (loss)/ profit for the year		**-2 990**	-1 220
Earnings per share (EPS) expressed in CHF per share:			
Registered shares - Basic earnings per share		-50	-20
Registered shares - Diluted earnings per share	[13]	-50	-20

Consolidated cash flow statement

Amounts expressed in '000 CHF	Note	**2018**	2017
NET (LOSS) / PROFIT AFTER TAX		-2 990	-1 220
Non-cash items			
Depreciation of fixed assets		25 895	22 918
Amortization on intangible assets		8 174	7 844
Taxation		2 304	3 745
Financial expenses and refinancing costs		10 034	9 972
Working capital adjustments			
Decrease (increase) in accounts receivable		-9 239	289
Decrease (increase) in inventories		-541	-222
Decrease (increase) in other current assets		1 116	351
Increase (decrease) in accounts payable		697	12 100
Increase (decrease) in other current liabilities		360	2 077
Increase (decrease) in other liabilities		0	-288
Income taxes payment		-1 204	-289
Net cash flow from operating activities		**34 606**	57 277
Financial assets		-6	-75
Purchase of fixed assets		-56 640	-60 334
Purchase of intangible assets		-1 971	-413
Proceed from sale of lands and buildings		516	0
Net cash flow from investing activities		**-58 101**	-60 822
Proceeds from other loan		20 000	0
Proceed (repayment) of parent company loans		21 500	-10 362
Repayment from bank loans		-29 750	-5 500
Interest paid		-9 043	-9 733
Net cash flow from financing activities		**2 707**	-25 595
Net increase (decrease) in cash and cash equivalents		**-20 788**	-29 140
Cash and cash equivalents, beginning of the period		34 603	63 743
Cash and cash equivalents, end of the period		13 815	34 603

Consolidated change in equity statement

Amounts expressed in '000 CHF	Note	Share capital	Capital reserve	Retained earnings	Total Equity
Balance at 31.12.2016		60 012	443	-610	59 845
Loss for the period		0	0	-1 220	-1 220
Balance at 31.12.2017		60 012	443	-1 830	58 625
Loss for the period		0	0	-2 990	-2 990
Balance at 31.12.2018		**60 012**	**443**	**-4 820**	**55 635**



Notes

1. Corporate Information

La Tour Holding SA, formelly called HDLT 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 2018, the Group employed 867.6 full time equivalent employees 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 2018 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 cross-section analysis 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:

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

(*) subsidiaries were respectively formerly called La Tour Sàrl and La Tour Réseau de Soins SA

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.

- Deferred tax assets

  Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

- 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 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 amortized 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 ifappropriate, 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 net 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 Financial liabilities

Financial liabilities and other borrowings are initially recognized at fair value. The fair value of the transactions with third parties corresponds to the nominal value. For transactions with related parties, the difference between the fair value and the nominal value is recognized through equity. The related inherent interest charge is recorded in the income statement over the length of the borrowing. Transaction costs are recognized immediately in the consolidated statement of income. Financial liabilities and other borrowings are classified as short-term liabilities when payable or renewable within 12 months.

3.3.3.11 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.

3.3.3.12 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.

3.3.3.13 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 recovered from or paid to 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. Applicable income tax rate applicable to operational entities is 24%.

- Deferred income taxes

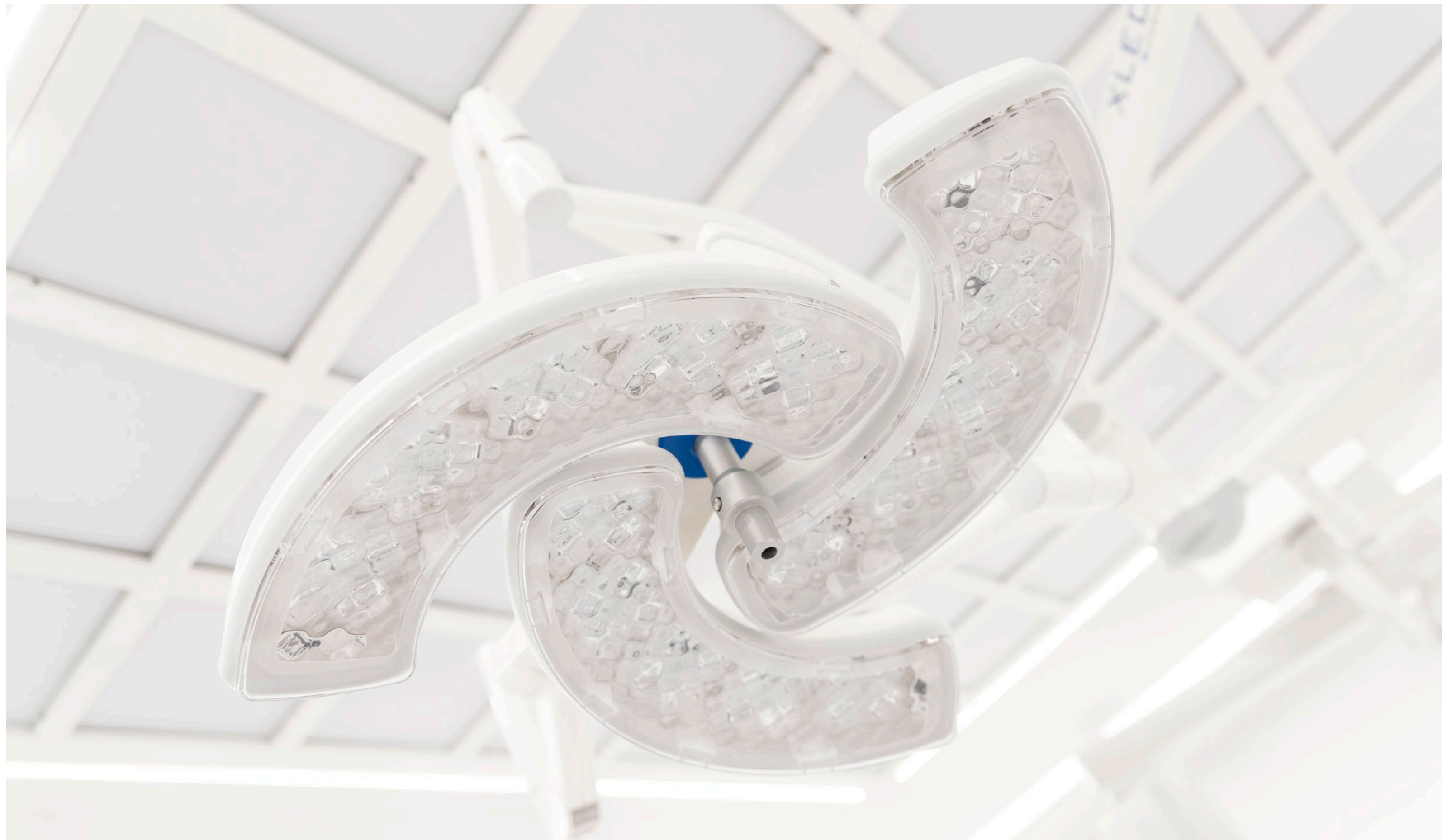
  Deferred taxes are recognized using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are measured at the tax rate (24%) expected to 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. Trade receivables, net

Amounts expressed in '000 CHF	**31.12.2018**	31.12.2017
Trade receivables	57 025	47 322
Allowance for doubtful receivables	-5 097	-4 635
TOTAL TRADE RECEIVABLES, NET	**51 928**	**42 687**

5. Inventories

Inventories are mainly composed of drugs and medical supplies.



6. Fixed Assets

Expressed in '000 CHF	Lands and buildings	Fittings and maintenance	Medical equipments	Assets under construction	Other fixed assets	Total
COST						
31.12.2016	342 396	9 202	23 122	73 414	6 187	454 321
Additions	0	1 732	3 275	51 006	1 486	57 499
Transfers	0	6 519	3 394	-11 119	1 206	0
Disposals	0	0	-43	0	0	-43
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**
ACCUMULATED DEPRECIATION						
31.12.2016	-64 889	-3 194	-13 363	0	-2 826	-84 272
Disposals	0	0	43	0	0	43
Depreciation	-16 894	-1 431	-3 524	0	-1 069	-22 918
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**
NET BOOK VALUE						
31.12.2016	277 507	6 008	9 759	73 414	3 361	370 049
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**

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

7. Intangible assets

Amounts expressed in '000 CHF	Goodwill	Assets under construction	Other intangible assets	Total
COST				
31.12.2016	148 819	75	4 409	153 303
Additions	0	413	0	413
Transfers	0	-85	85	0
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**
ACCUMULATED DEPRECIATION				
31.12.2016	-28 524	0	-3 870	-32 394
Amortization	-7 441	0	-403	-7 844
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**
NET BOOK VALUE				
31.12.2016	120 295	75	539	120 909
31.12.2017	112 854	403	221	113 478
31.12.2018	**105 413**	**1 765**	**97**	**107 275**

During 2018, KCHF 153 of internal costs have been capitalised as intangible assets.

8. Deferred tax assets and liabilities

Movements in deferred tax assets and liabilities during the period were as follows:

Amounts expressed in '000 CHF	Deferred tax assets	Deferred tax liabilities	Net
31.12.2016	3 911	-56 177	-52 266
Use of tax loss carry-forwards	-3 911	0	-3 911
Other movements	0	2 327	2 327
31.12.2017	0	-53 850	-53 850
Use of tax loss carry-forwards	0	0	0
Other movements	0	2 168	2 168
31.12.2018	**0**	**-51 682**	**-51 682**

The Group recognized deferred tax assets in connection with tax losses to be carried forwards of La Tour Hôpital privé SA and La Tour Immobilière Sàrl. As of December 2017 and 2018, tax losses to be carried forwards amount to 0.

9. Lease debt

The Group has entered into finance leases on medical equipment. These leases have renewal terms with purchase options and escalation clauses. Renewals are at the option of the entity that holds the lease. Fixed interest rates and payments terms are defined contractually.

Amounts expressed in '000 CHF	Total	Less than 1 year	Between 1 to 5 years	More than 5 years
Medical equipement	1 077	815	262	0
31.12.2017	1 077	815	262	0
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**

Interest rate: fixed (2017: fixed)

10. Accrued expenses

Amounts expressed in '000 CHF	31.12.2018	31.12.2017
Accrued interests	1 566	2 486
Accrued personnel expenses	2 059	1 882
Other accrued expenses	5 867	6 749
TOTAL ACCRUED EXPENSES	**9 492**	**11 117**

11. 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	184 000	16 500	167 500	0
31.12.2017	184 000	16 500	167 500	0
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**

Interest rate: floating (2017: floating) / The final maturity of all bank loans is 31 December 2021.

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.

12. 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 (2017: 164 million) has been drawn as of 31 December 2018. 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 2018 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, fully drawn as of 31 December 2018. 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 2018 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.

13. Convertible loan

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. However, and according to the contract's terms, the loan was renewed as a simple non-interest-bearing shareholder loan.

14. Bond loan

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

15. Other loans

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.

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.

16. Provision

Amounts expressed in '000 CHF	2018	2017
Opening balance	0	145
Addition of the period	0	0
Utilization of the period	0	-145
TOTAL PROVISION	**0**	**0**

17. 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 2018 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	4 087
Pension costs within personnel expenses	4 087

Fondation de Prévoyance de La Tour SA pension fund reported a cover ratio of 110.0 in 2017. 2018 cover ratio is not available yet.

18. Shareholders' Equity

At 31 December 2017 and 2018, 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.

19. Personnel expenses

Amounts expressed in '000 CHF	2018	2017
Salaries and wages	68 364	66 058
Social benefits	11 347	11 502
Other personnel costs	730	261
TOTAL PERSONNEL EXPENSES	80 441	77 821

20. 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 (2017: 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	2018	2017
Due within 12 months	2 695	2 699
Due in 2-5 years	7 177	8 215
Due beyond 5 years	2 633	3 731
TOTAL NON-CANCELLABLE OPERATING LEASES	12 505	14 645

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.

21. Audit fees

Total audit fees paid to PricewaterhouseCoopers SA for the audit of the Company and the Group financial statements in 2018 amounted to KCHF 110 (2017: KCHF 114).

22. Non recurring expenses

The KCHF 607 represent a non recurring expense, being the difference between the provisional and definitive 2012 SwissDRG baserate applicable for the Canton of Geneva, following final court decision issued in November 2017.

23. 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 25 April 2019.

There are no events after balance sheet date that could materially impact the financial statement.

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 2018, consolidated income statement, consolidated cash flow statement and 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 24) give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 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.

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Overall Group materiality	CHF 1'171'000
How we determined it	2.5% of earnings before interest, tax, depreciation and amortisation (EBITDA)
Rationale for the materiality benchmark applied	We chose EBITDA 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.

We agreed with the Audit Committee that we would report to them misstatements above CHF 117'100 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

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	Alex Fuhrer
Audit expert Auditor in charge	Audit expert

Geneva, 29 April 2019

Financial report - Annual financial statements of La Tour Holding SA

Balance sheet

Amounts expressed in '000 CHF	Note	31.12.2018	31.12.2017
ASSETS			
Current assets			
Cash and banks		8 656	2 645
Receivable from subsidiaries		1 277	1 140
Other receivables and prepayments		10	32
Total current assets		**9 943**	3 817
Non-current assets			
Investments, net	[2]	311 165	311 165
Loans to subsidiaries	[3]	22 800	11 000
Total non-current assets		**333 965**	322 165
TOTAL ASSETS		**343 908**	325 982

Amounts expressed in '000 CHF	Note	31.12.2018	31.12.2017
LIABILITIES AND SHAREHOLDERS'EQUITY			
Current liabilites			
Accrued expenses			
due to shareholders		582	1 023
due to third parties		1 441	1 432
Convertible loan		0	672
Total current liabilities		**2 023**	3 127
Non-current liabilites			
Interest-bearing liabilities			
due to shareholders	[4]	186 110	163 938
due to third parties	[5]	20 000	20 000
bond loan	[6]	82 000	82 000
Total non-current liabilities		**288 110**	265 938
TOTAL LIABILITIES		**290 133**	269 065
Shareholders' equity			
Share capital	[7]	60 012	60 012
Capital reserve		276	276
Accumulated deficit		-6 513	-3 371
Total Shareholders' equity		**53 775**	56 917
TOTAL LIABILITIES AND SHAREHOLDERS'EQUITY		**343 908**	325 982

Income statement

Amounts expressed in '000 CHF	Note	2018	2017
INCOME			
Financial income		239	7 720
Guarantee fees and commission income	[8]	869	920
Total Income		**1 108**	8 640
EXPENSES			
Financial expenses		-3 972	-3 934
Other operating expenses		-117	-80
Non-operating expenses		-161	-485
Total Expenses		**-4 250**	-4 499
RESULT BEFORE TAX		**-3 142**	4 141
Income tax		0	0
Net result for the period		**-3 142**	4 141
Accumulated deficit, beginning of the period		**-3 371**	-7 512
ACCUMULATED DEFICIT, END OF THE PERIOD		**-6 513**	-3 371

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, previously named HDLT Holding SA, changed its name on 25 April 2018.

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, net

Amounts expressed in '000 CHF	Place of incorporation (Switzerland)	Book value 31.12.2018	% equity interest and voting rights	Book value 31.12.2017	% 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%
31.12.2018		**311 165**		**311 165**	
Indirect investments					
Permanence de la Clinique de Carouge SA			100%		100%

La Tour Hôpital Privé SA, previously named La Tour Réseau de Soin SA, changed its name on 16 July 2018.
La Tour Immobilière Sàrl, previously named La Tour Sàrl, changed its name on 16 July 2018.

3. Loans to subsidiaries

Amounts expressed in '000 CHF	31.12.2018	31.12.2017
La Tour Hôpital Privé SA	22 800	11 000
TOTAL LOANS TO SUBSIDIARIES	**22 800**	11 000

4. Loans from shareholders

Pronia Health SCA SICAR (previously named Pronia Holding SA) has granted a facility for a total amount of CHF 200 million, of which CHF 163.938 million (2017: 163.938 million) has been drawn as of 31 December 2018. 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 2018 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 31 December 2035.

In 2015, the company issued a convertible loan, amounting to CHF 0.672 million. As specific milestones were not achieved at 31 December 2018 ("Milestone Date"), the loan could not be converted into shares of the Company. However, and according to the contract's terms, the loan was renewed as a simple non-interest-bearing shareholder loan.

On 9 October 2018 Pronia Holding (Luxembourg) SA has granted a loan for an amount of CHF 21.500 million, fully drawn as of 31 December 2018. 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 2018 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.

5. Loan notes

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 November 30, 2015, the company issued a bond (ISIN: CH0299477387) for a nominal value of CHF 82 million with a maturity date on June 30, 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 December 31, 2018, 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 2017 and 2018.

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 (2017: 184.0 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 25 April 2019.

There are no events, after balance sheet date, other than the ones already mentioned above, that could materially impact financial statement

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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 2018, income statement and notes for the year then ended, including a summary of significant accounting policies.

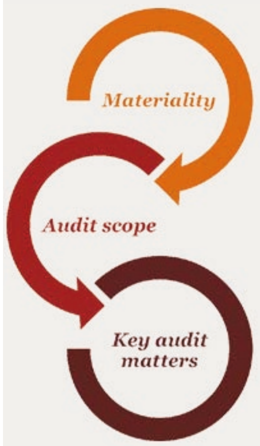
In our opinion, the statements (pages 29 to 32) as at 31 December 2018 comply with Swiss law and the company's articles of incorporation.

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 800'000

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

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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 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 800'000
How we determined it	0.2% 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 2018 to be a key audit matter for the following reasons: • As of 31 December 2018, 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 (earnings before interest and tax) multiple applied for impairment testing purposes. 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. 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	Alex Fuhrer
Audit expert Auditor in charge	Audit expert

Geneva, 29 April 2019

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ADDITIONAL INFORMATION

Information for bondholders:

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