

INVESTMENT REGULATIONS OF INVESTIS

Investis Holding SA
16 June 2016

1. INTRODUCTION

The following investment regulations (the "**Investment Regulations**") approved by the Board of Directors of Investis Holding SA (the "**Company**") are the basis for real estate property investment and acquisition decisions made by the Company and its direct and indirect subsidiaries (together "**Investis**" or the "**Group**"). They define the types of real estate properties in which the Group invests, the conditions under which development projects are pursued by the Group, the investment objectives and strategy pursued, as well as the financing and risk diversification guidelines in respect to the property portfolio.

2. INVESTMENT OBJECTIVES AND STRATEGY

Investis aims to provide capital appreciation and dividend income to its shareholders by investing in real estate properties through its subsidiaries. It assumes a long-term investment perspective by pursuing a "buy-and-hold" strategy, i.e., it acquires, develops, and actively manages and exploits real estate properties to create long-term value and growth-oriented earnings. Investis seeks to maximise rent potential and to obtain a high rental yield from secure cash flows. It aims at a granular tenant base and a low vacancy rate.

Additionally to the investments in properties, Investis sources add-on acquisitions at attractive valuations in the field of real estate services.

3. ELIGIBLE INVESTMENT PROPERTIES AND INVESTMENT CRITERIA

The Group predominantly (but not exclusively) invests in middle-income Swiss residential properties that are situated in the Lake Geneva region. The exposure to commercial real estate, defined as buildings with preponderant commercial use, should not exceed 20% of the property portfolio value.

The Group invests primarily in real estate properties suitable for long-term holding and expected to yield steady and sustainable returns ("**Investment Properties**"). Investment Properties may particularly include residential buildings, mixed-use buildings, and condominium buildings. The Group may also pursue opportunistic investments in real estate development projects with high return on invested capital ("**Development Properties**"). As Development Properties, the Group can in particular acquire land/building plots, properties for demolition, and unfinished construction projects.

Eligible forms of property are (i) parcels of land and the buildings thereon; (ii) distinct and permanent rights recorded in the land register; and (iii) co-ownership shares in immovable property. The Group may also acquire equity holdings in other real estate companies.

In selecting properties, the Group especially takes into consideration the following investment criteria:

- Quality of the location;
- Actual level of the rents and rent potential;
- Letting opportunities;

- Demographical developments.

As a general rule, real estate properties are only acquired by the Group if (i) the value of the property determined in accordance with the discounted cash flow ("DCF") method is CHF 2 million or more and (ii) the gross yield at the date of investment is equal to or greater than 5%, based on the current market environment.

4. RISK DIVERSIFICATION

The Group diversifies its real estate portfolio and minimises concentration risk, inter alia by applying the following investment criteria on a consolidated basis:

- the total investment volume must be distributed across a minimum of 50 properties;
- the value of a single property must not be higher than CHF 150 million and must not exceed 25% of the total value of the real estate portfolio;
- Development Properties intended for sale may not involve an equity capital exposure of more than CHF 10 million per project (this does not apply to developments of rental properties);
- equity holdings in other real estate property companies (excluding Group companies) may not exceed CHF 250 million;
- the rental income from a single tenant may not exceed 20% of the total income from all tenants.

5. PROACTIVE ASSET MANAGEMENT

Investis engages in proactive real estate asset management. It valorises its properties through systematic renovations and modernisations. It employs quality and budget control tools to ensure that refurbishments are completed in a cost efficient manner. The Group may also extend or modify Investment Properties, e.g. through the addition of floors.

6. FINANCING PRINCIPLES AND RISK HEDGING

The Group may acquire short-term and long-term debt capital. It may obtain (re-)financing in the capital markets or through loans by banks, insurances, and other financial institutions. It may mortgage real estate properties to secure loans.

As a general rule, the Group targets a gross loan-to-value ratio (defined as interest bearing financial debt over Investment Properties) of not more than 40%.

7. VALUATION

The Group uses the appraisal services of one or more independent valuation experts for properties subject to an investment or disposal by the Group. In addition, the entire portfolio is appraised at market value on a yearly basis and the results are published in the annual report. The valuation is carried out using the DCF method for Investment Properties.

8. ACCOUNTING STANDARDS

The Group's financial accounting is carried out under the Swiss GAAP FER standards and the relevant regulations of the SIX Swiss Exchange.

9. OBSERVANCE AND AMENDMENT OF THE INVESTMENT REGULATIONS

These Investment Regulations may only be deviated from in exceptional circumstances and on a temporary basis to secure the interests of Investis and its shareholders. Compliance with these Investment Regulations is verified periodically by the Board of Directors of the Company.

These Investment Regulations may be modified or amended at any time by the Board of Directors within the corporate objective as set out in the articles of association.

Investors shall be notified of modifications at least one month before their date of effect by means of an announcement in the relevant official publications.

**10. ENTRY INTO FORCE AND SCOPE
OF APPLICATION**

These Investment Regulations were adopted on 16 June 2016 by the Board of Directors of the Company and entered into force on the same day. They apply to all group companies of Investis that engage in investments in real estate properties. The Investment Regulations have been approved by the boards of directors of those group companies.