

INVESTIS **25**  
ANNIVERSARY

REAL ESTATE GROUP

# FULL-YEAR 2018 RESULTS

IR-Presentation – 28 March 2019



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## Focus points

## Agenda

- Highlights on Group performance and market overview
- Details on Full Year 2018 performance
- Outlook
- Appendix

1994  
Founded

CHF 0.8 bln  
Market Cap

CHF 1.3 bln  
Portfolio  
value

157  
Properties  
95%  
Focus on  
Lake Geneva

CHF 1.74 bln  
Rents under  
management

0.5 %  
Average  
interest  
rate

+32.8 %  
Net profit  
excluding  
revaluation  
effect

59.59  
NAV  
per share  
excl deferred  
taxes with regard  
to properties



# Main developments 2018 – substantial increase in Net profit excluding revaluation effect

## Investis Group:

- Net profit at CHF 54.4m
- NAV per share excluding deferred taxes with regard to properties at CHF 59.59 (CHF 55.91)
- Proposed gross dividend: CHF 2.35 / Dividend yield: 3.8% / Payout ratio: 55%
- Net profit excluding revaluation effect +32.8% to CHF 35.6m (2017: CHF 26.8m)

## Properties:

- Portfolio value at CHF 1.3bln / 92% residential / 72% in Geneva / 13 developments
- Like-for-like rental growth +1.7%, overall rental increase +15.8%
- EBITDA before revaluations/disposals +7.9%
- Unchanged underlying occupancy rate at 99%

## Real Estate Services:

- Organic growth in both activities
- EBIT margin at 5.2% vs 5.3% for FY 2017 – contrary development in both activities
- Rents under Management raised to CHF 1.74bln following the conclusion of new mandate agreements

## On track to achieve mid-term targets for 2019 announced pre IPO in June 2016

- Properties: annualised rental income > CHF 50m
- Real Estate Services: high single-digit EBIT margin
- Financing: through unsecured senior debt



WIP



# Real Estate Market in Geneva

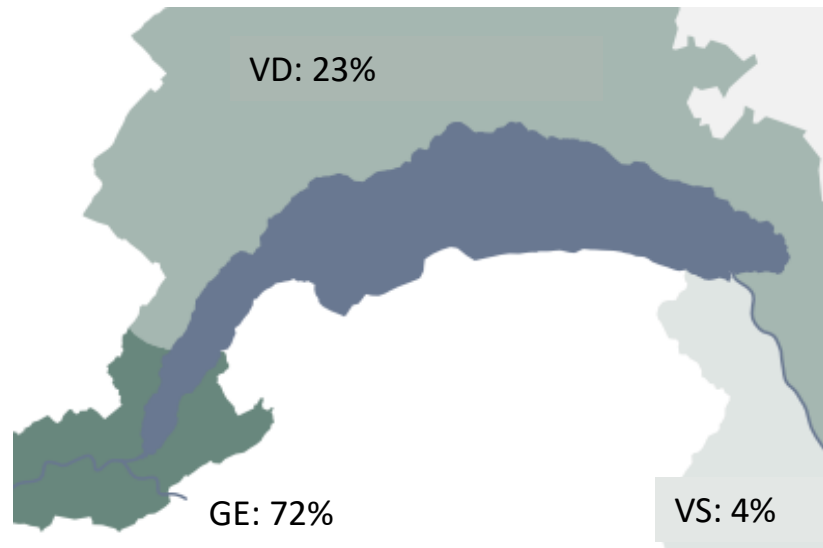
Population growth in terms of immigration expected to continue but changes in way of living will require more apartments going forward

1. Half of the expected household growth in Geneva until 2040 (expected anywhere between 26'000 and 43'000 households depending on different scenarios <sup>1)</sup>) will be composed of one person households – aging of the population
2. In 2018 the canton of Geneva passed the threshold of 0.5 million inhabitants – it took 22 years to grow by 0.1 million on an annual population growth of 1.02% -> in addition the threshold of 0.3 million Swiss inhabitants was passed i.e. not only immigration of foreigners but also influx from Swiss people grows the market
3. Geneva shows a constant undersupply in residential accommodation due to
  - a highly regulated market leading to limited construction activity
  - scarce free building land
  - higher share of renting vs ownership
  - low rate of institutional investors investing into new rental apartments

<sup>1)</sup> Source: Office cantonal de la statistique (OCSTAT), 10 January 2019

# Regional focus around Lake Geneva of the property portfolio is an advantage

Proving successful in a very regulated environment – positive net migration an asset



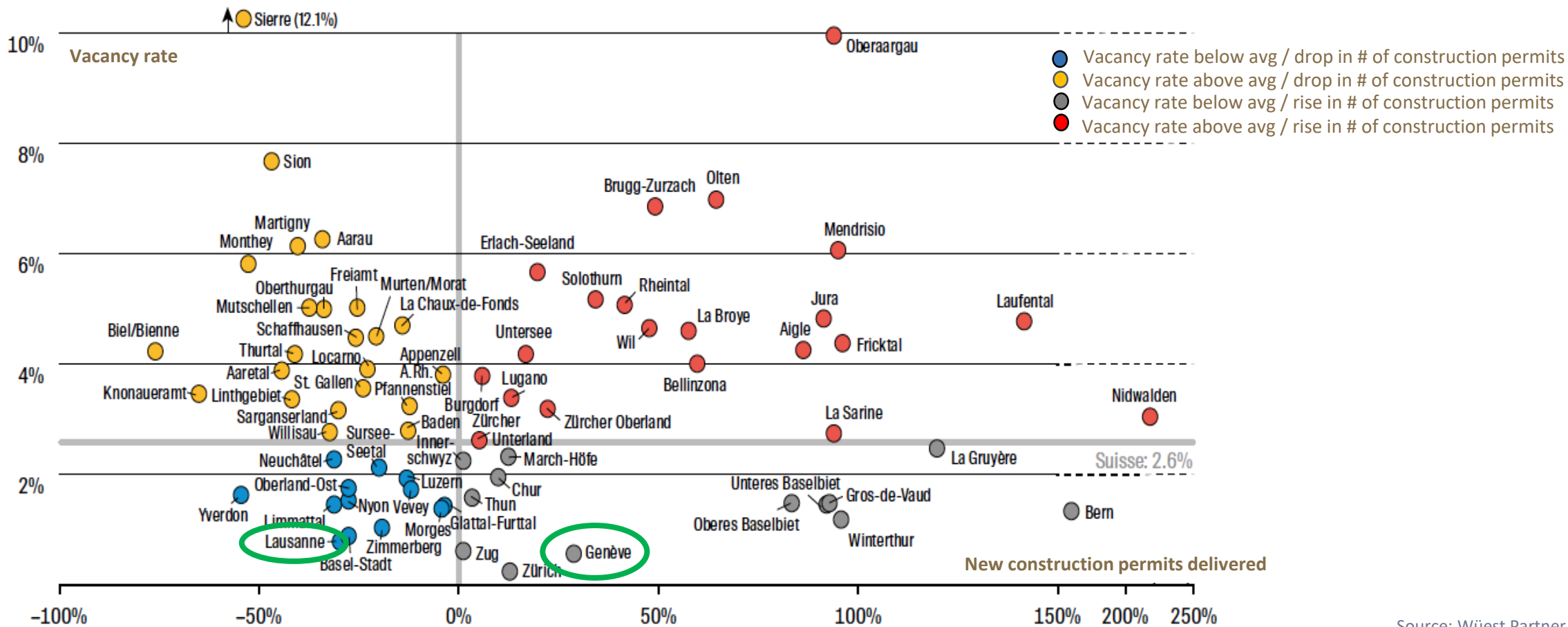
- Limited availability and high regulatory obstacles in the residential properties sector in the area increases the barriers to successfully enter the residential property investment market
- Value creation through execution on rent upside potential
- Housing supply in this region still well below ongoing population growth (in canton of GE + 3,527 people in 2018)
- 2'682 new apartments came onto the market (canton Geneva) (all time high since 1996 – around 1'500 on average p.a. in the last 20 years)
- Net immigration into Switzerland p.a.

2017	2018	2019 (E)
51,000	50,000	55,000



# Real Estate Market in Switzerland

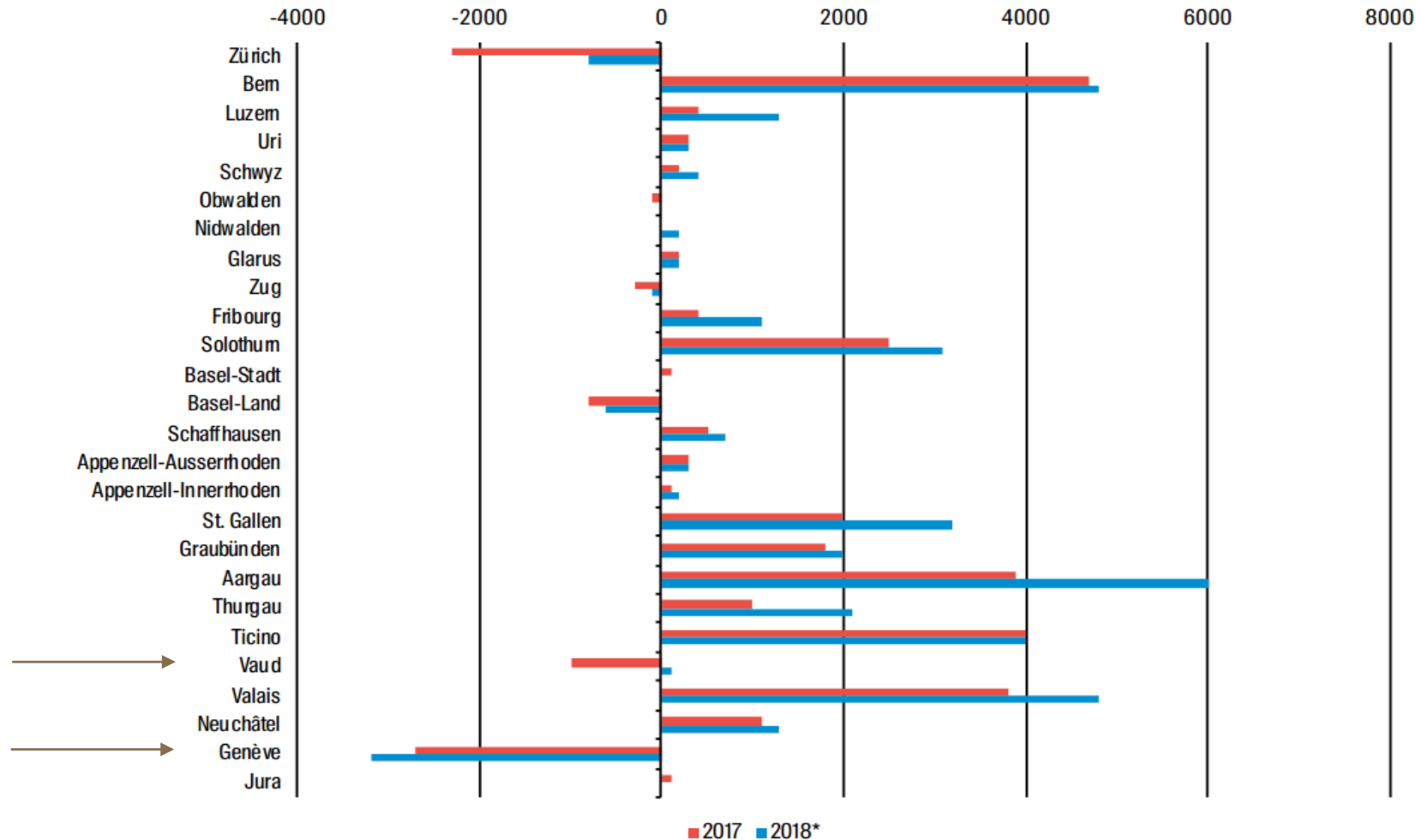
## Low vacancy rates in Investis' key markets



Source: Wüest Partner

# Real Estate Market in Switzerland

## Shortage of apartments in Investis' key markets

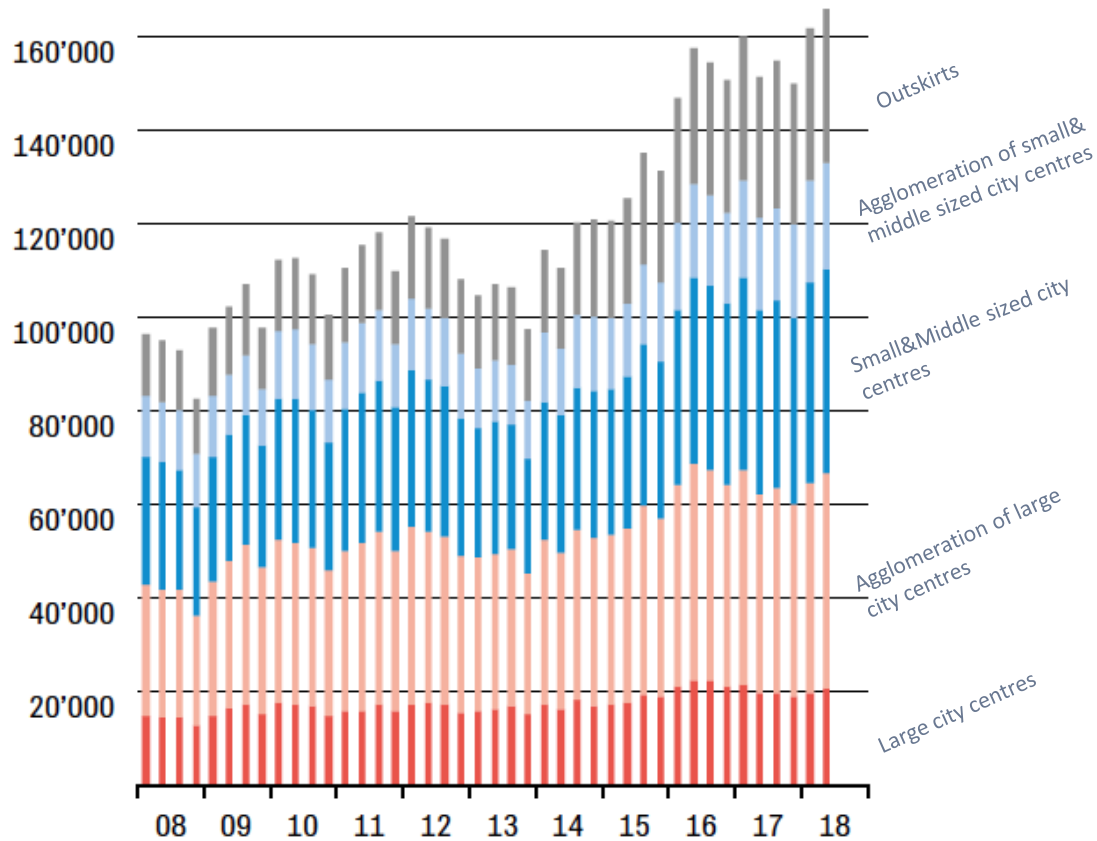


\* forecast

Source: Wüest Partner October 2018

# Real Estate Market in Switzerland

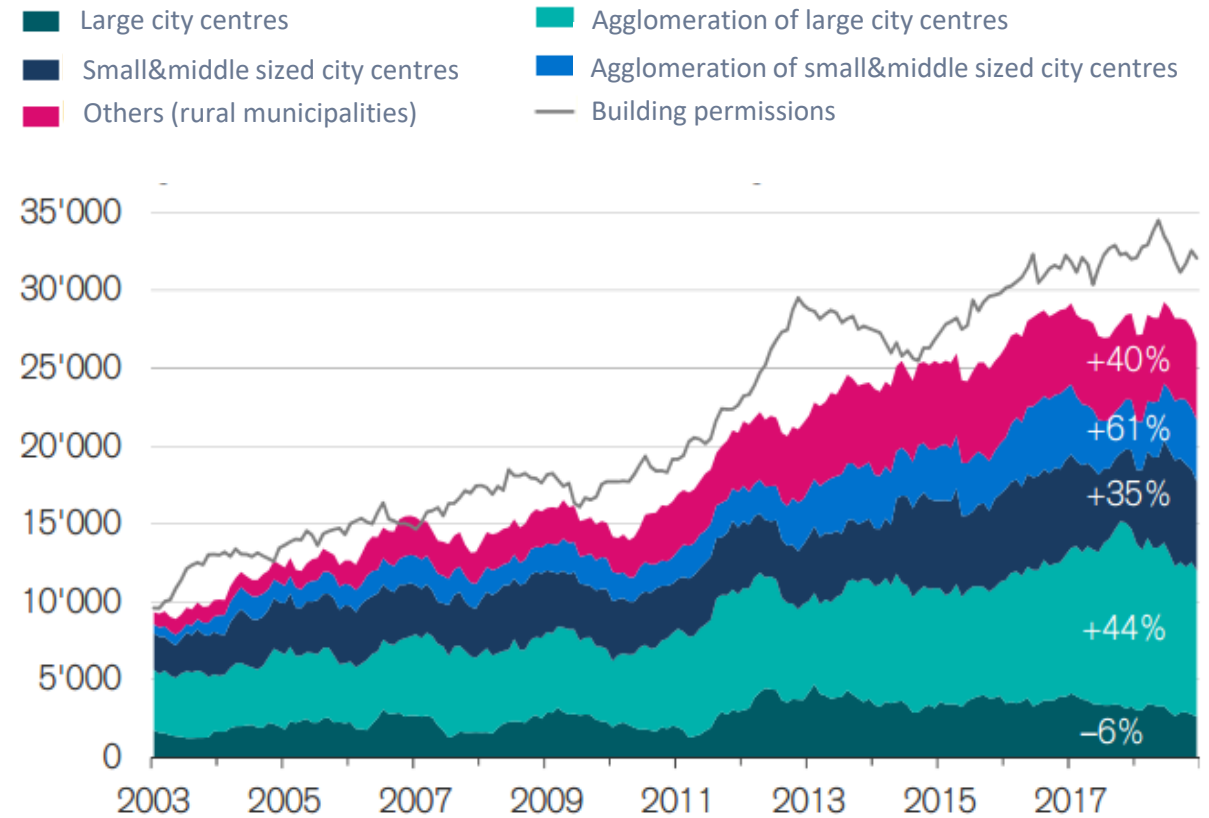
The offer of residential properties in big city centres does not grow .....



Source: Wüest Partner

.... the construction activity is even regressive in large city centres

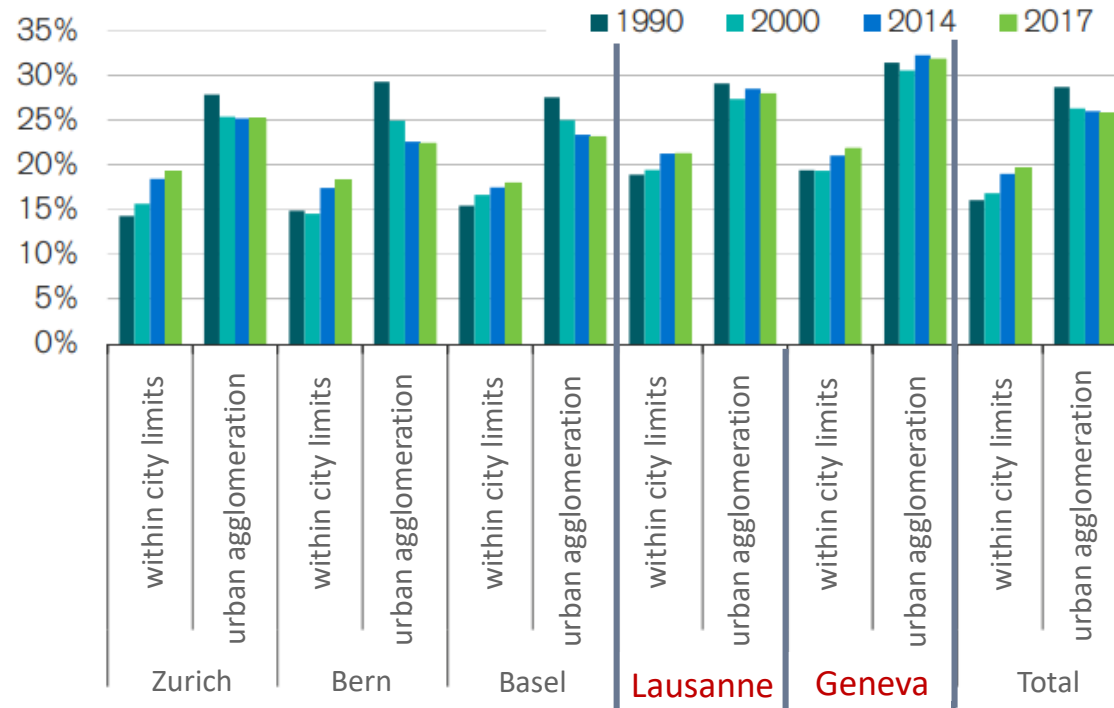
Construction permits for rental apartments: white figures – variance to the average 2003-2018



Source: Credit Suisse

# Real Estate Market in Switzerland

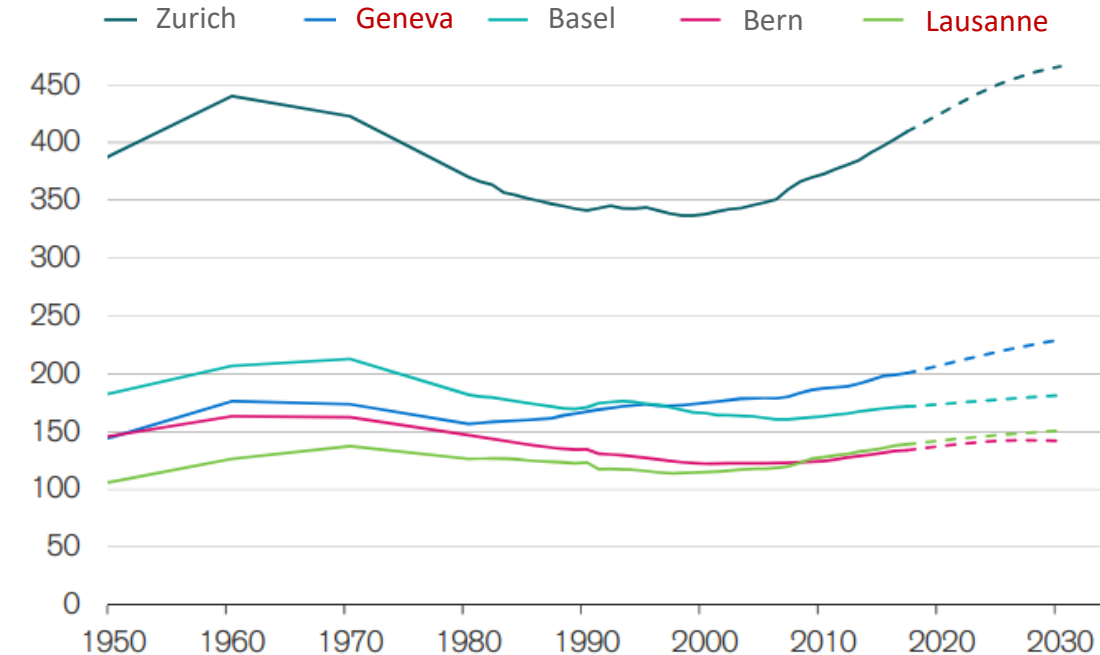
Growing attractiveness of city centres for families .....



Source: Credit Suisse

..... but not only – population in large cities are expected to grow overall

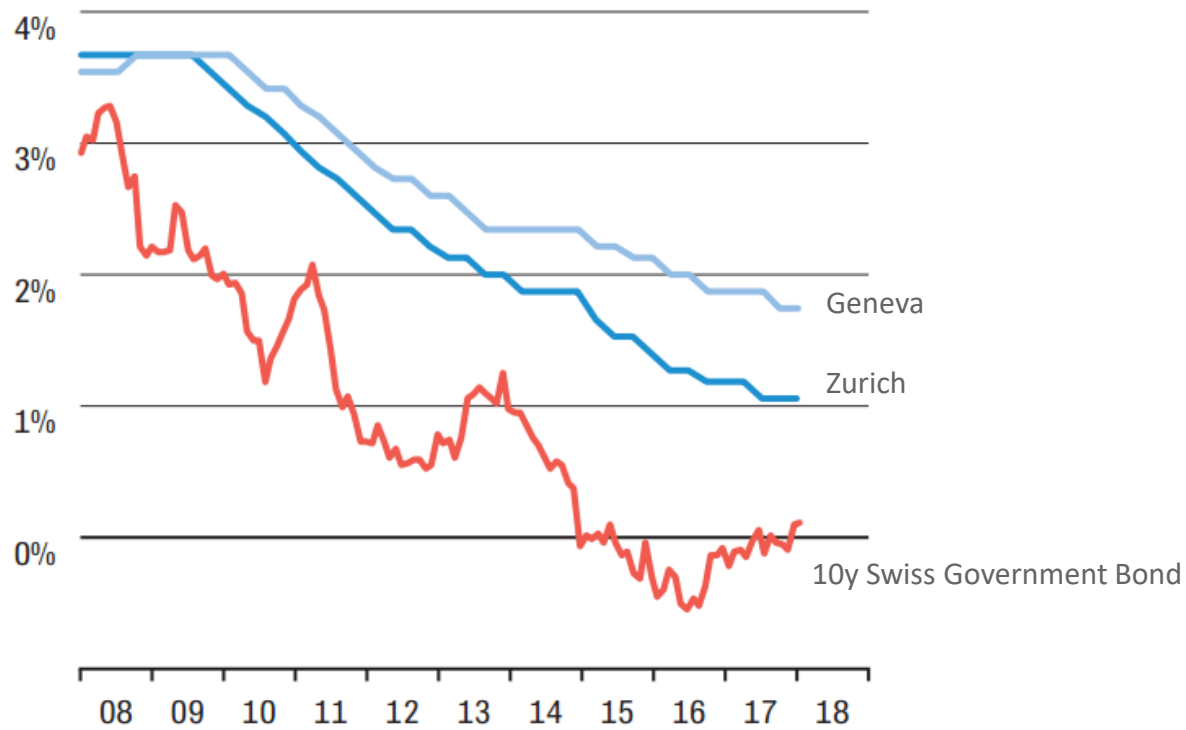
Population in '000



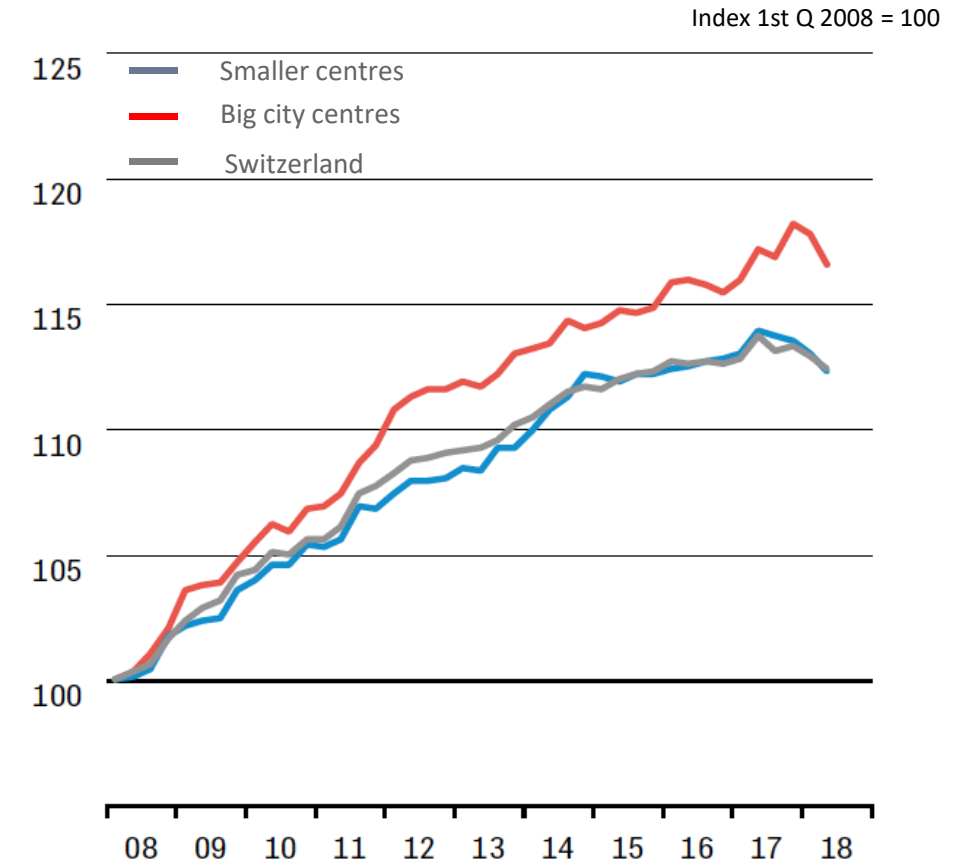
Source: Credit Suisse

# Real Estate Market in Switzerland

## Higher yields in Geneva

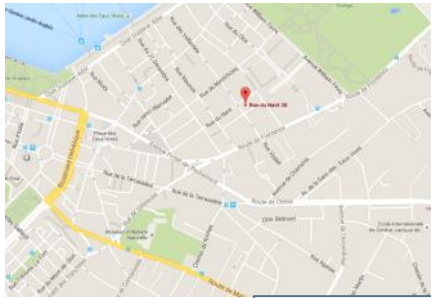


## Rent developments



# Case study: Buy and hold strategy

## Rue du Nant 30 – Geneva

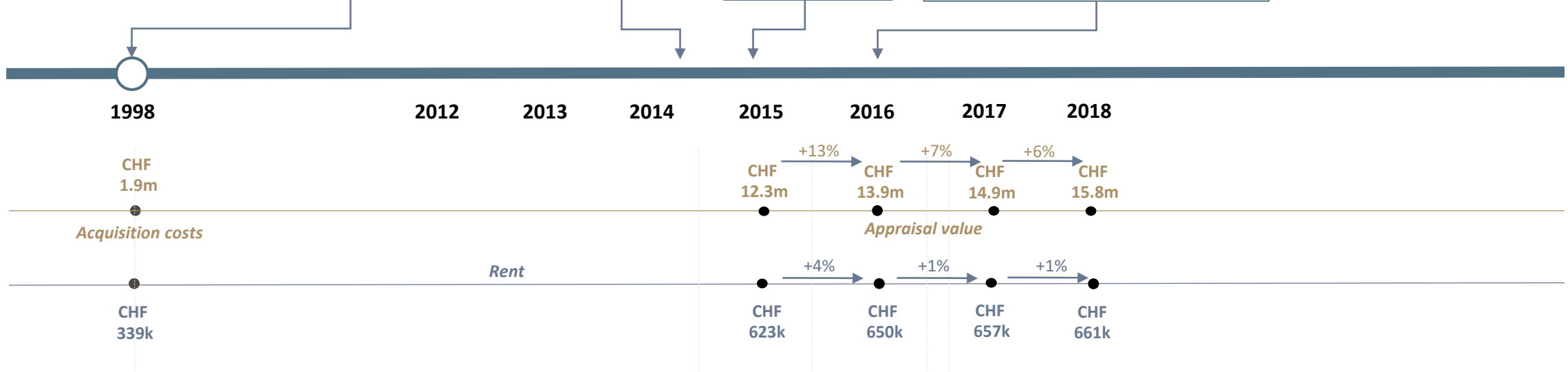


Acquisition in December 1998 for CHF 1.9m  
Residential block built in 1986 with  
40 residential units and two retail units

Renovation of  
bathrooms and  
kitchens

Additional energy  
efficiency renovation  
works

New lifts /  
Painting of stairs



## Focus points

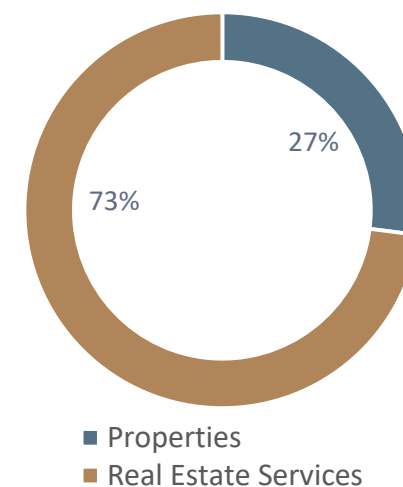
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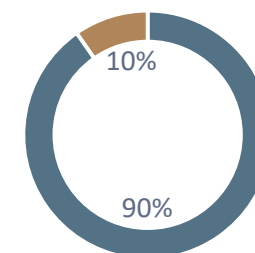
# Investis Group: substantial growth in Net Profit excluding revaluation by almost one third

(CHFm)	FY 2015	FY 2016	FY 2017	FY 2018	Δ to '17 in %
Revenue	157.4	161.9	190.0	197.5	+3.9
EBITDA before revaluations/disposals	29.9	28.7	37.3	39.7	+6.5
Income from revaluations / from disposal of properties	32.1	49.6	25.6	36.9	+44.0
EBIT	60.2	76.4	60.9	74.6	+22.5
Financial result	-6.3	-17.7	-3.4	-3.8	-11.2
Income taxes	-9.3	-13.6	0.2	-16.4	n/a
Net Profit	44.6	45.1	57.6	54.4	-5.6
<i>Net Profit excluding revaluation effect</i>	18.2	9.4	26.8	35.6	+32.8

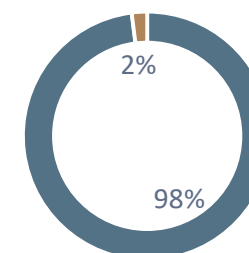
FY 2018 Revenues



FY 2018 EBIT



FY 2018 Invested Capital



- Headcount 1,391 as per 31.12.2018; FTE 1,169 (avg of the period)



## Properties: Target set for 2019 reached in 2018

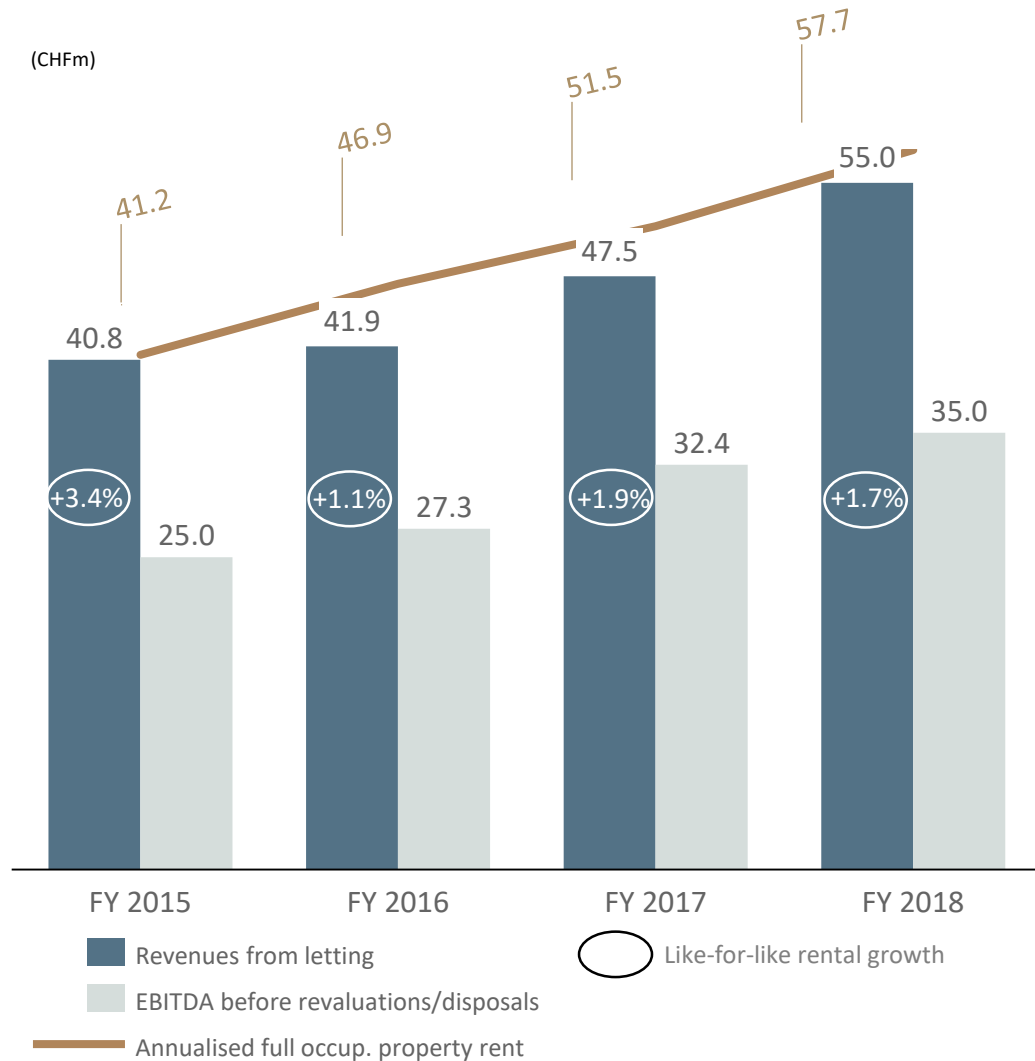
### Significant growth in rental income coupled with consummated rental increases

(CHFm)	FY 2015	FY 2016	FY 2017	<b>FY 2018</b>
Revenue from letting of properties	40.8	41.9	47.5	55.0
EBITDA before revaluations/disposals	25.0	27.3	32.4	35.0
Revaluations & disposals	32.1	49.6	25.6	36.9
EBIT	56.9	76.7	58.0	71.9

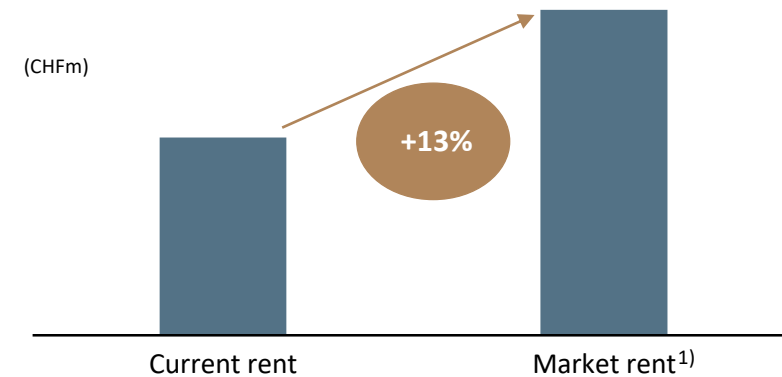
- GoP margin at 70% (PY 73%) due to higher renovation costs
- CHF 242m invested in 2018 (including 17 acquired buildings)
- Gains on disposal derived mainly from the sale of “Rue Peillonex” and development “Logis de Prilly”
- Annualised full occupancy property rent at CHF 57.7m (PY CHF 51.5m)

- Like-for-like rental growth +1.7% (PY 1.9%)
- Vacancy rate at 2.9% (PY 3.5%) as per 31.12.2018
- Avg real discount rate at 3.49% (PY 3.62%) according to Wüest Partner (nominal +0.5%)
- Revaluation gains based on positive cash flow generation and lower discount rate in city centres

# Properties: Target set for 2019 reached in 2018 – further potential for rent increases



## Rent potential based on Wüest Partner appraisal



74% of rental income indexed with annual adjustment to the Swiss Consumer Price Index

10% tenant turnover representing opportunities to increase rents to market level

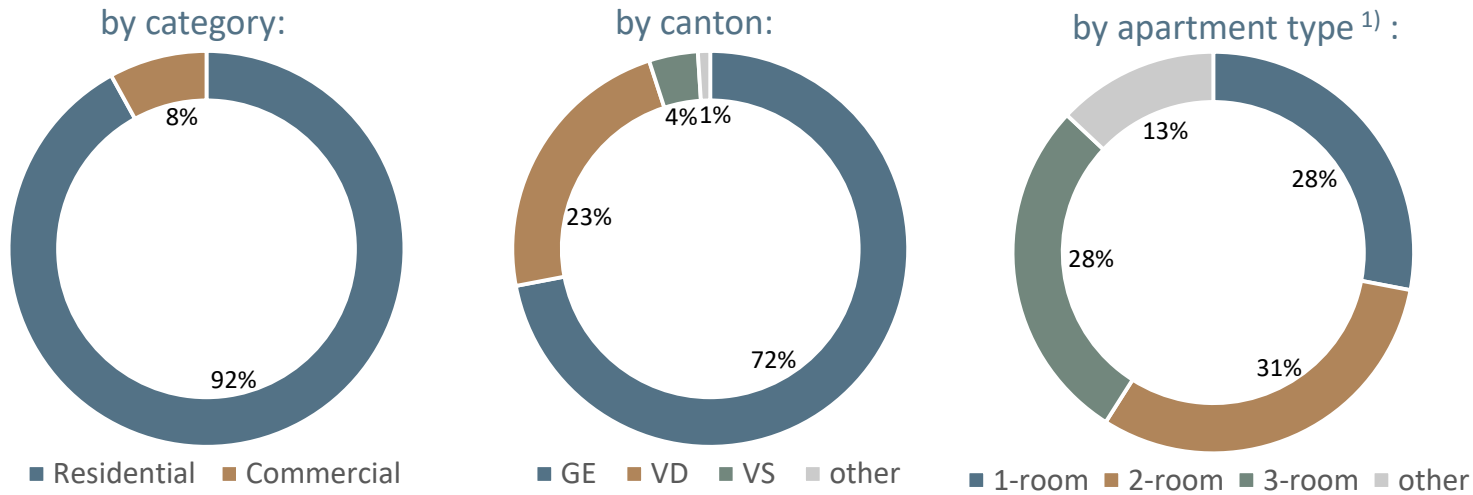
1-2% yearly like-for-like rental growth

Note:

<sup>1)</sup> Based on Wüest Partner appraisal FY 2018

# Properties: Further expanding portfolio -> adding value & rental growth

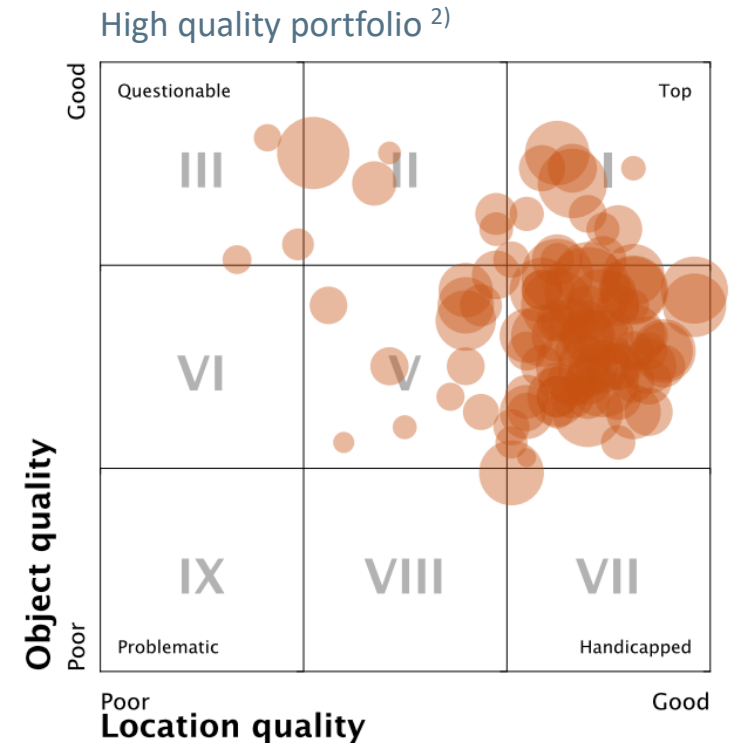
## Investment Properties: 157 properties – 2,911 residential units



Low vacancy at 2.9%



Residential GE	2.7%
Residential VD	0.8%
Furnished apartments (GE)	21.0%
Commercial properties	1.0%



Note:

<sup>1)</sup> Based on number of apartments. In the canton of Geneva the kitchen is considered as one room whilst it is not in other cantons. To allow for a comparison, the figures for the canton of Geneva have been adjusted to the system of calculation prevalent in other cantons.

<sup>2)</sup> Based on Wüest Partner appraisal FY 2018

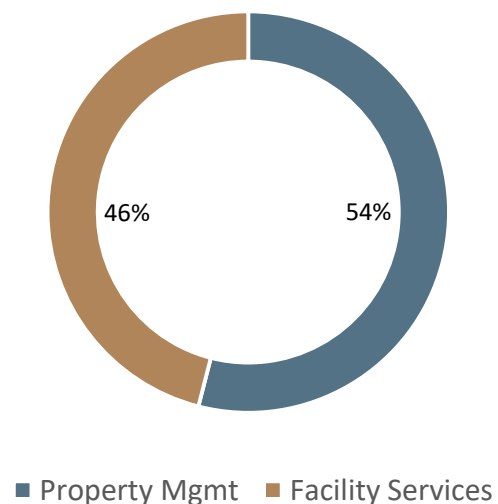
# Real Estate Services: slower development as anticipated

## Confirming the targets set for 2019

(CHFm)	FY 2015	FY 2016	FY 2017	<b>FY 2018</b>
Revenue	131.3	136.1	147.6	147.8
EBIT	6.2	3.9	7.8	7.7
EBIT margin	4.7%	2.9%	5.3%	5.2%

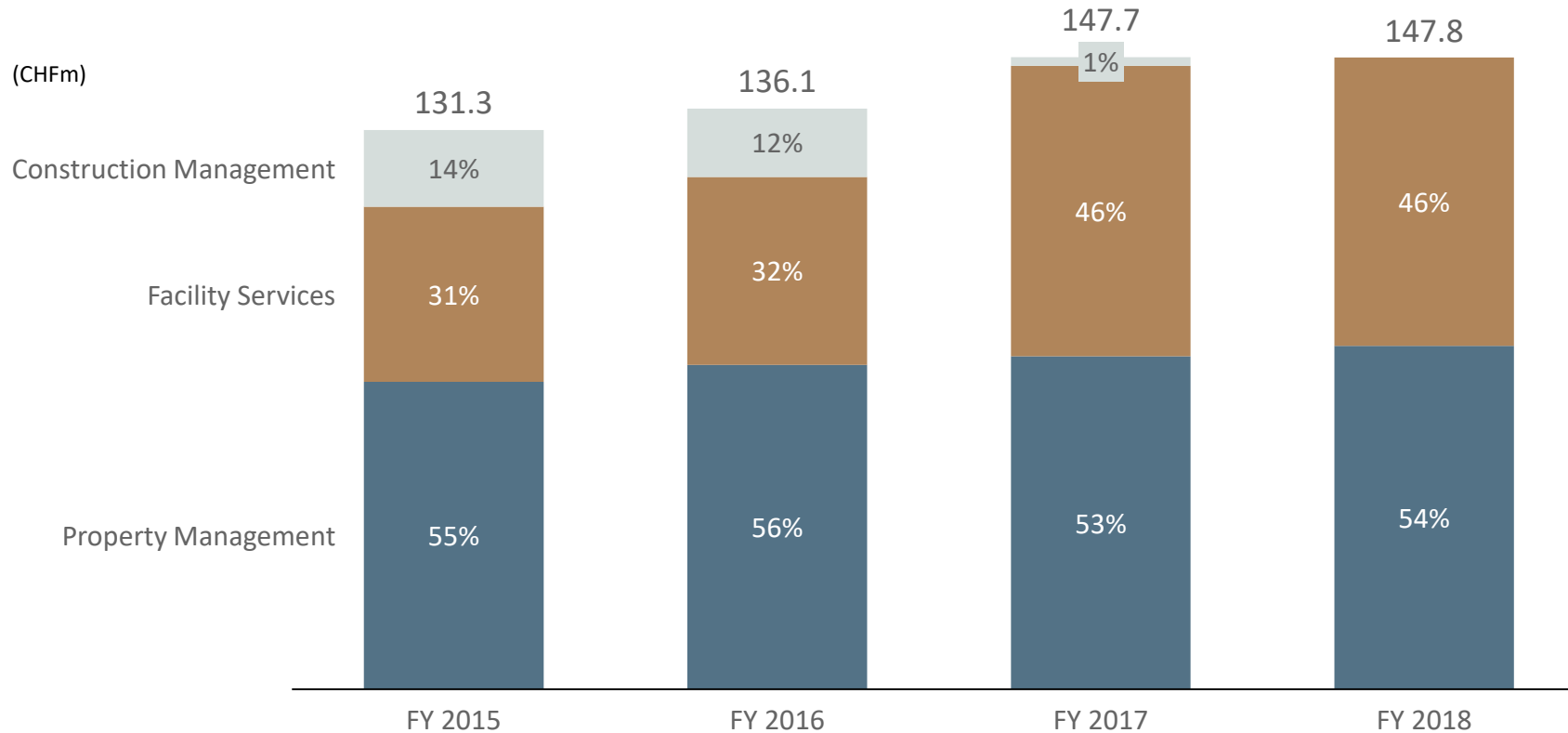
- Steady positive development in Property Management – organic growth by 1.9%
  - Despite the adjustment of the portfolio of mandates
  - Rents under Management increased to CHF 1.74bln (vs CHF 1.68bln)
- Slower development in Facility Services as anticipated
  - a year of integration – further costs in 2nd HY2018 – impacted EBIT margin
- RES is a fast changing industry requiring flexibility in all aspects, however remaining highly attractive

Revenue split



# Real Estate Services: further organic growth in both segments

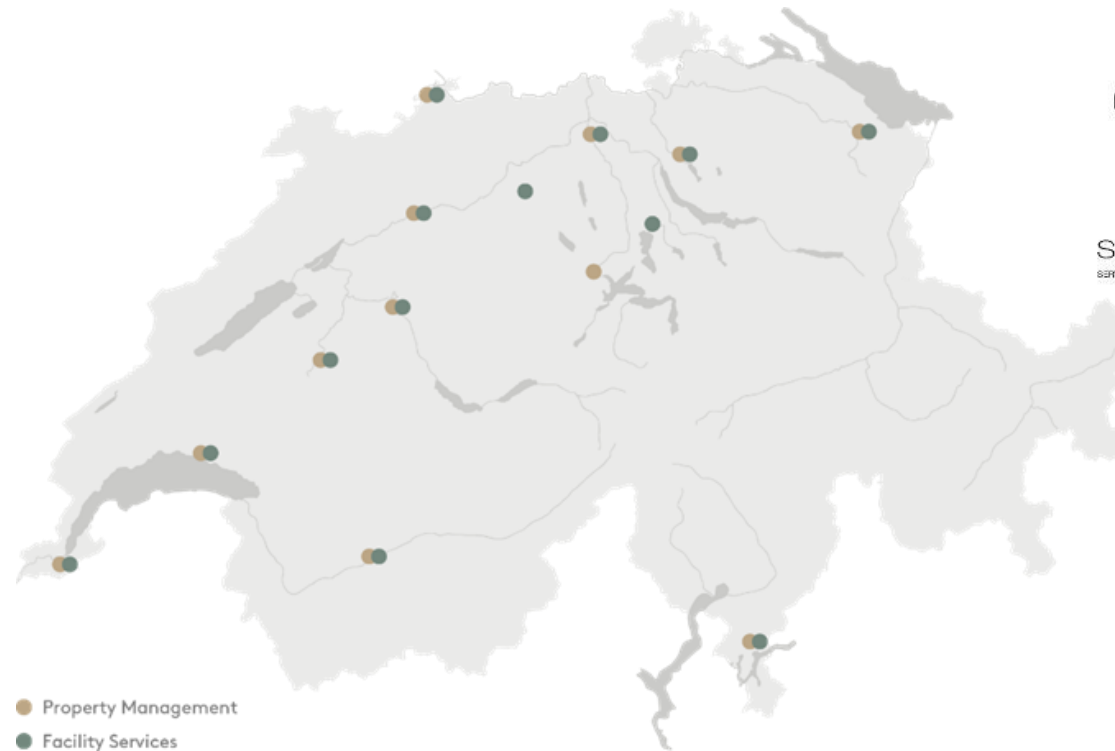
## Rise in Rents under Management to CHF 1.74bIn (+CHF 60m)



- Top line organic growth in Property Management (PM) by 1.9% and Facility Services (FS) by 0.4%

# Real Estate Services: active nationwide with well-known local brands

## Focus on two Activities: Property Management and Facility Services



### Property Management

- Property management
- Co-ownership associations
- Center management
- Letting management
- Brokerage
- Construction management

### Facility Services

- Caretaking services
- Cleaning services
- Building technology
- Technical services
- Concierge services

# Investis Group: Considerable improvement in Net profit excluding revaluation effect

## Lowering of financing costs pursued – normalised effective tax rate

(CHFm)	31.12.2015	31.12.2016	31.12.2017	<b>31.12.2018</b>
EBIT	60.2	76.4	60.9	74.6
Financial income	1.3	2.0	0.6	0.1
Financial expenses	-7.7	-19.7	-4.1	-3.9
EBT	53.9	58.7	57.4	70.8
Income taxes	-9.3	-13.6	0.2	-16.4
Income tax rate	17%	23%	0%	23%
Net profit	44.6	45.1	57.6	54.4
<i>Net profit excluding revaluation effect</i>	<i>18.2</i>	<i>9.4</i>	<i>26.8</i>	<i>35.6</i>

- Continuous reduction of average interest rate
  - 2018: 0.5%
  - 2017: 0.7%
  - 2016: 2.0%
  - 2015: 2.2%
- Normalised effective tax rate of 23.1% in 2018
  - Positive tax effects in 2015 and 2017 from partial release of deferred taxes
- Net profit excluding revaluation effect increased by one third

## Solid Balance sheet prevails – LTV at 41% within target range

Implementation of financial strategy completed as of Q1 2019 – no subordinated debt

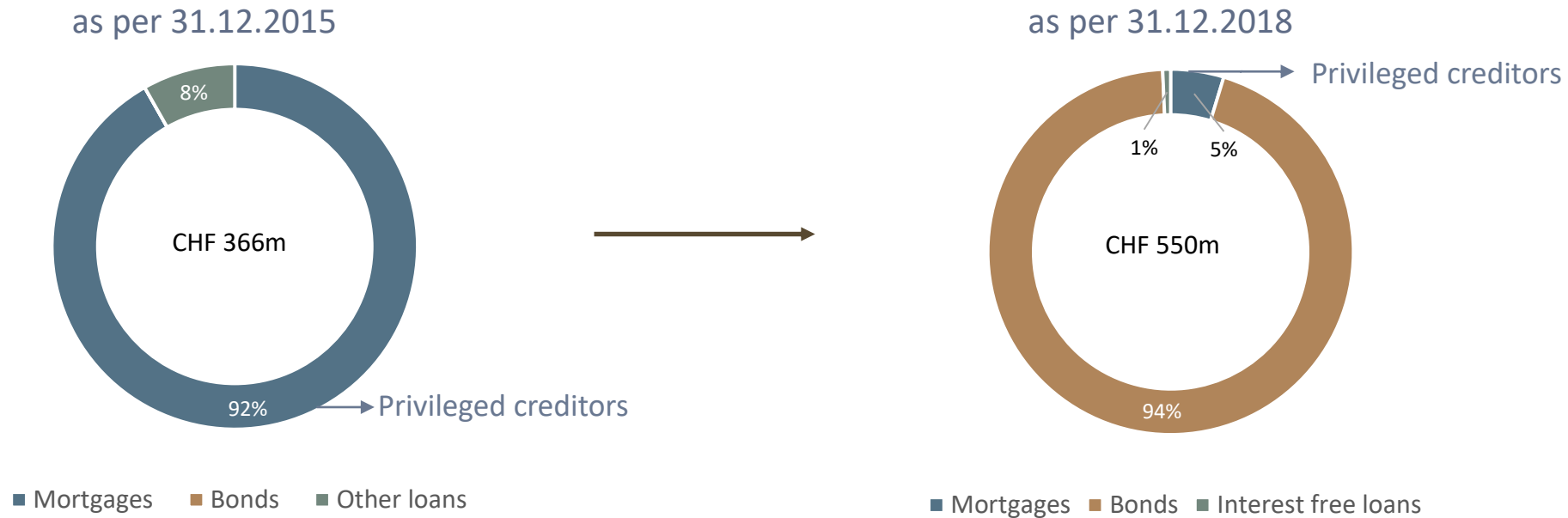
<b>Balance Sheet</b> (CHFm)	31.12.2015	31.12.2016	31.12.2017	<b>31.12.2018</b>	$\Delta$ 15 vs 18
Cash and cash equivalents	48	53	51	33	-15
Properties portfolio	857	981	1,121	1,345	+488
Total assets	984	1,100	1,238	1,424	
Financial liabilities	366	338	446	550	+184
<i>Gross LTV</i> <sup>1)</sup>	39%	33%	39%	41%	
Deferred tax liabilities <sup>2)</sup>	133	146	155	178	+45
Shareholders' equity	427	558	569	589	+162
<i>Equity ratio</i>	43%	51%	46%	41%	

Note: (1) Interest bearing financial debt over investment properties.  
(2) Not discounted



# Attractive financial profile with strong resilience supported by flexibility in leverage

## Evolution of the Financial debt over the last 3 years



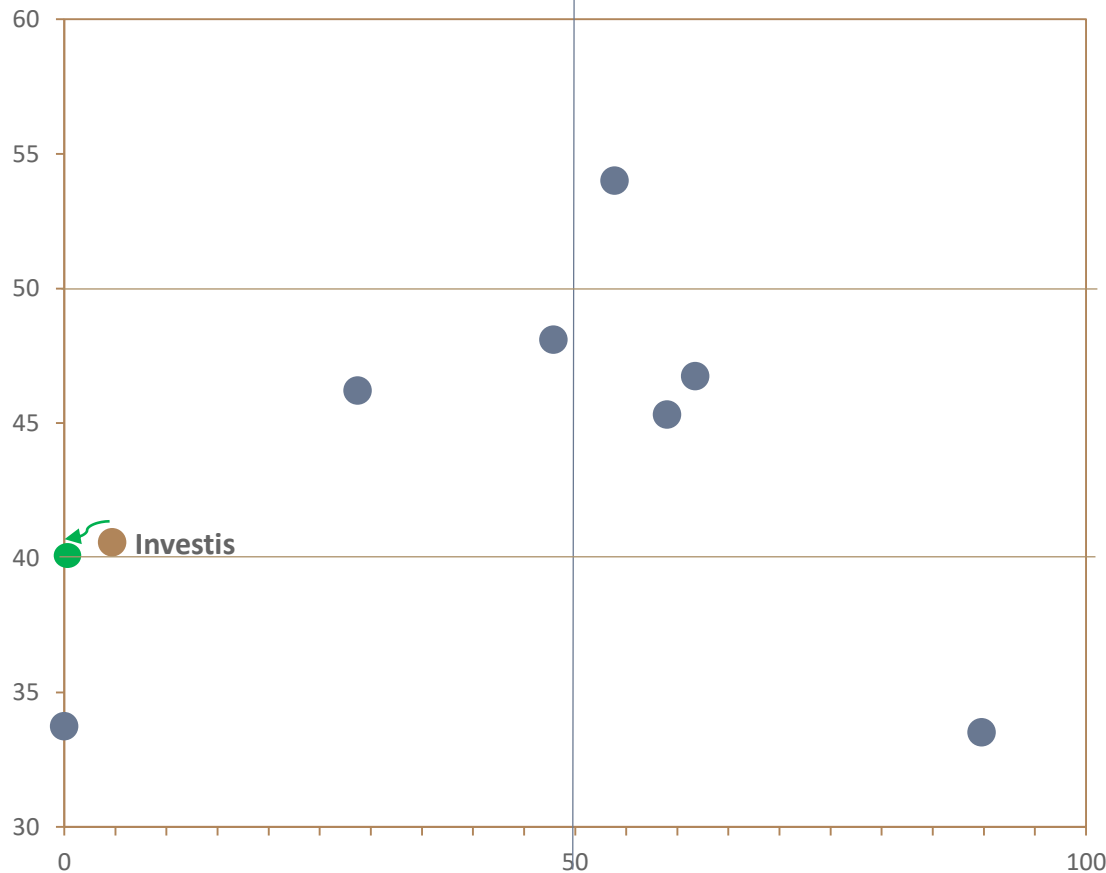
	31.12.2015	31.12.2018
Avg. interest rate	2.2%	0.5%
Interest coverage <sup>1)</sup>	4.5x	18x
Avg. maturity (in months)	7	25

1)  $\frac{\text{EBITDA excl revaluation effect}}{\text{interest income} - \text{interest expenses}}$

# No subordination of bondholders at Investis anymore

## Among the best in its peer group

Gross leverage (Financial debt in % of Portfolio value)



As per 28 March 2019:

- New credit facility in place
- No security provided
- All mortgages notes recovered
  - Except for two fixed term mortgage loans of CHF 7m expiring in fall 2019 and summer 2020

- As at 28 March 2019
- As at 31 December 2018
- Peers as at 31 December 2018

Based on available figures as per 31.12.2018

Share of prioritised creditors (in %)

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# Outlook

## Mid-term targets 2019 confirmed

- Real Estate Services: High single digit EBIT margin

## Post Closing events

- Successful issue of a fixed-rate bond CHF 140m with a tenor of 2 years and a coupon of 0.773% to refinance the bond expiring in February 2019
- Closing of the sale of its subsidiary Régie du Rhône Crans-Montana SA
- Sale of half of the stake in the project company La Foncière de la Dixence SA – remains shareholder with 41.7%

# Outlook

## Basic parameters influencing the real estate market 2019 in the Lake Geneva region

### Im- /Migration



- Into Switzerland
- From other cantons into the canton of Geneva
- Population getting older requiring more smaller apartments

### Construction activity



- Limited activity especially in GE
- Scarce free building land
- Tight regulations
- Constant undersupply in residential

### Regulations



- Tax regime for corporations about to change

### Capital Markets



- CHF interest rates expected to remain stable at very low levels

# Outlook

AGM 29 April 2019

- All Board members to stand for re-election
- The two members of the Compensation Committee to stand for re-election
- Distribution from statutory capital contribution reserves of CHF 2.35 per registered share or CHF 30 million recommended to shareholders
  - Free of withholding tax
  - Pay-out ratio of 55%
  - Dividend yield: 3.8%

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Investis Group is a leading Swiss residential property company in the Lake Geneva region and a national real estate services provider

## Strategy and investment policy



Continuation of the buy-and-hold strategy through selected investments in the properties segment

Preservation and increase of portfolio values through active portfolio management

Income growth through a broad range of Real Estate Services across Switzerland

Greater efficiency and enhanced quality through digitalization

Solid financing strategy with a sound capital base









# Fundamental business strengths

## Value proposition

PROPERTIES	REAL ESTATE SERVICES
Pure Swiss player	
Stable financing and financial flexibility to take advantage of market opportunities	
Established position with high barriers to entry and differentiated success factors	
Highly entrepreneurial management with a track record of value creative growth	
Attractive and stable return profile	
Largest listed residential portfolio in the Swiss market	Nation wide service with own local offices
Robust and well maintained portfolio focused on the Lake Geneva region – first class location quality	Top-tier Property Management activity with largest diversified customer base of institutional clients
Low vacancy rates	Covering all aspects of Facility Services
Value creation through execution on rent upside potential	Digitalisation leads to greater efficiency – enhanced quality and innovative products

## IPO Commitments .....

..... done back in June 2016

1. Investments into Portfolio and achieve rental income of > CHF 50m by 2019 
2. Strengthening Real Estate Services and achieve high single digit EBIT margin by 2019 
3. Debt restructuring by 2019  no subordination of bond holders 
4. Buyout minority shareholder 
5. Dividend pay-out of CHF 30m in two consecutive years 2017 and 2018 (only 50% being cash-effective) 

# Main achievements since IPO

## ▪ Development of the property portfolio

- Portfolio value up 54% since IPO to CHF 1.3 bln
- CHF 451m invested since 30.6.2016
- Annualised full occupancy property rent increased to CHF 57.7m from CHF 41.8m (June 2016)
- Revaluation gains: 2016: CHF 47m / 2017: CHF 25m / FY 2018: CHF 24m
- Development site Prilly completed in 2018; Hérémece well advanced, first apartments sold; Saanen on track to be finished in 2019

## ▪ Development of the Services Segment

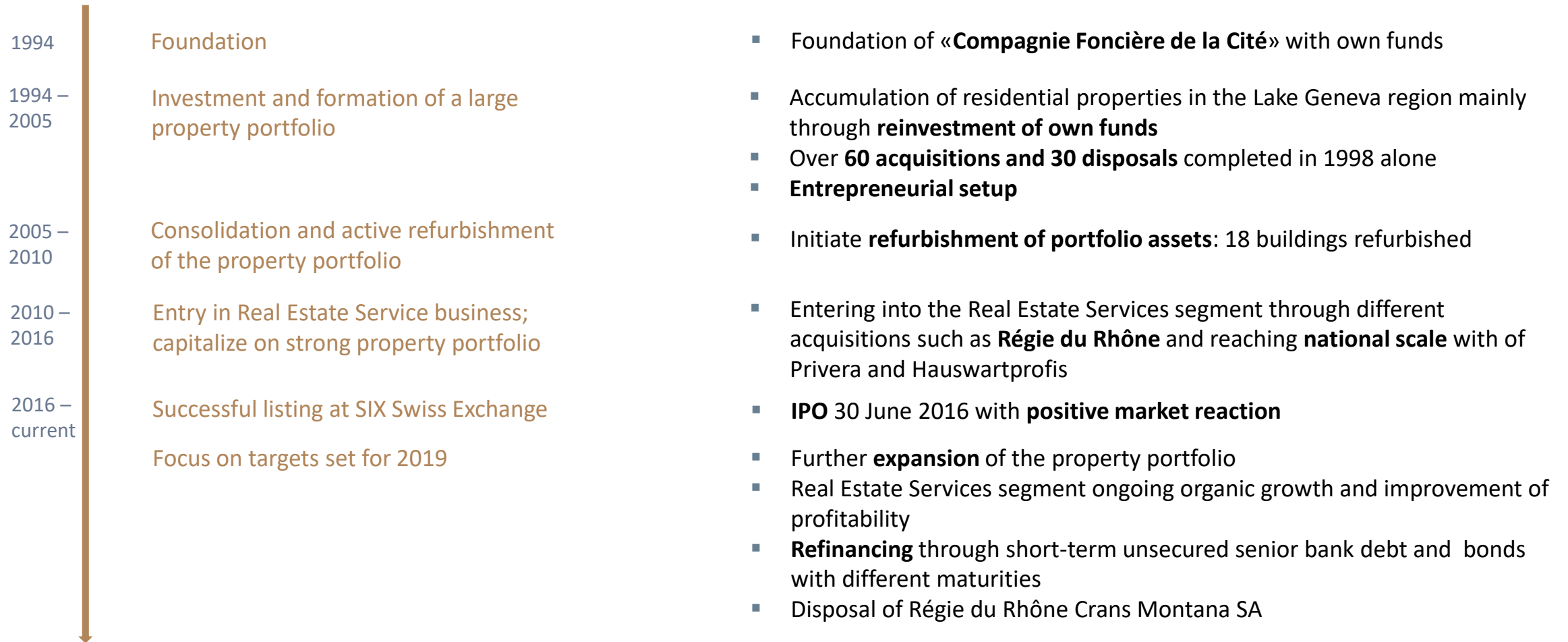
- Substantial improvement of EBIT margin from 2.9% in 2016 to 5.2% for FY 2018
- Growth of the Rents under management by CHF 200m to CHF 1.74bln (in PM) since 30.6.2016
- Disposal of Régie du Rhône Crans-Montana SA (completed in Q1 2019)
- Successful acquisition and integration of Hauswartprofis (in FS)
- Decision and execution of withdrawal from Construction Management as General Contractor

## ▪ Debt restructuring away from mortgages towards unsecured senior debt – Lowering financing interest rate substantially from 2% to 0.5%

## ▪ Strategic investments in digitalisation – various participations in start-ups

# Investis Group has been an entrepreneurial business since 1994

## Celebrating 25<sup>th</sup> anniversary in 2019



# Highly entrepreneurial and experience management in place

## BOARD OF DIRECTORS



**Riccardo Boscardin**  
Chairman  
Independent member  
Member of the Audit and Compensation Committee



**Albert Baehny**  
Vice-Chairman  
Independent member  
Chairman of the Compensation Committee



**Thomas Vettiger**  
Independent member  
Chairman of the Audit Committee



**Stéphane Bonvin**  
Executive member

## EXECUTIVE BOARD



**Stéphane Bonvin**  
CEO Investis Group  
Head of Properties



**René Häslér**  
CFO Investis Group



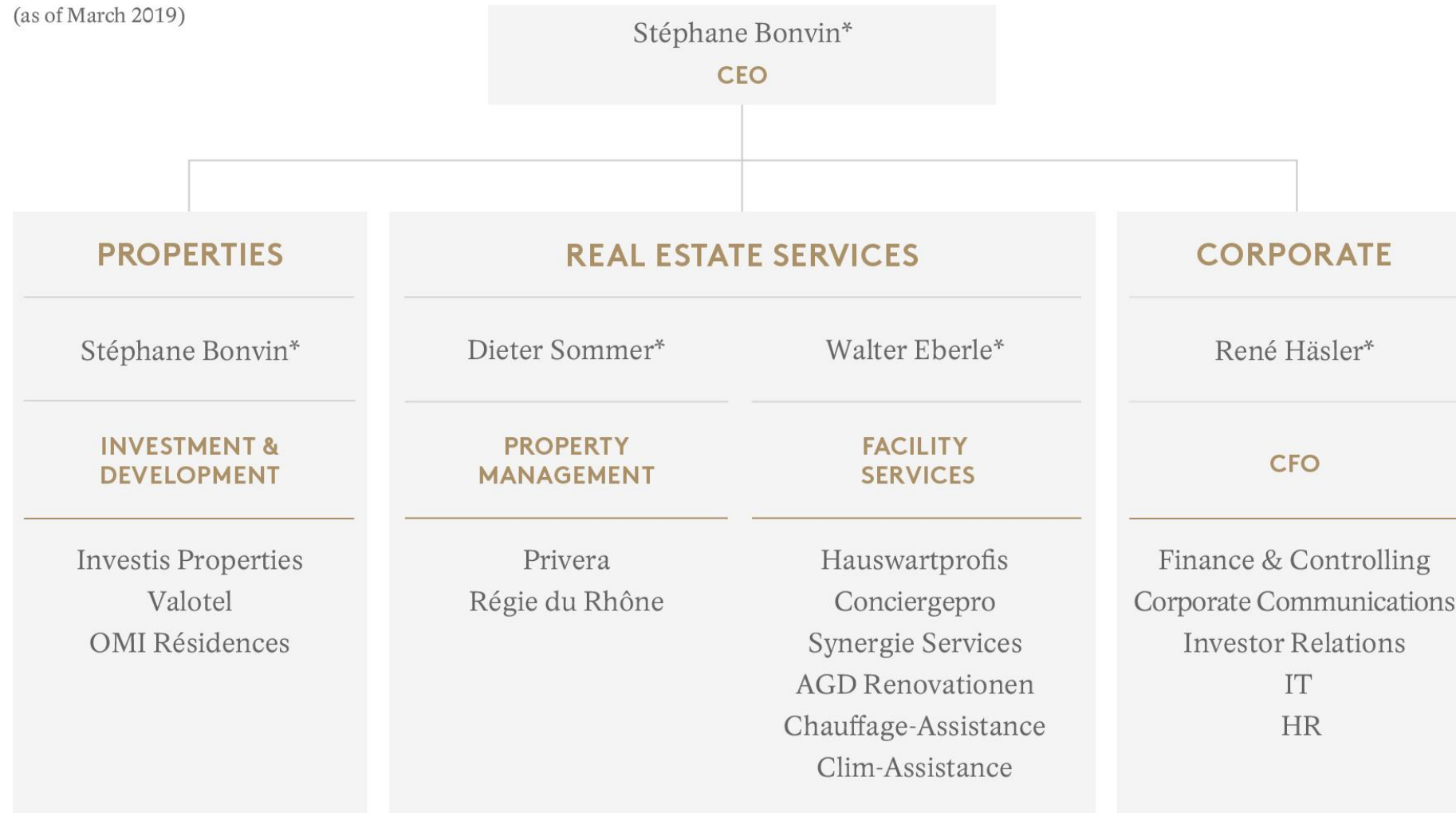
**Dieter Sommer**  
Head Property Management



**Walter Eberle**  
Head Facility Services

# Organisation

(as of March 2019)



\* Member of the Executive Board

Thank you for your attention!

