

## REPORT TO SHAREHOLDERS

### An excellent financial year for Investis

Dear Shareholders  
Dear Sir or Madam

Investis can look back on an excellent financial year. Its success in the Properties segment was based on investments in the portfolio and an organic growth in rental income, as well as the recurrence of a positive revaluation effect and disposal gains. The Real Estate Services segment is on track and also generated organic growth. Financing costs were further reduced as planned.



Location: OurPlace, Morges ([www.our-place.ch](http://www.our-place.ch))

#### INVESTIS GROWS NET PROFIT EXCLUDING REVALUATION EFFECT

Investis generated CHF 197 million of revenue in 2018 (prior year CHF 190 million). EBITDA before revaluations and disposal gains rose by 6% to CHF 39.7 million (prior year CHF 37.3 million). Including the gain on revaluations and disposals, EBIT increased by 23% to CHF 74.6 million (prior year CHF 60.9 million).

The average interest rate was further reduced to 0.5% (prior year 0.7%). Consequently, financial expenses decreased to CHF 3.9 million (prior year CHF 4.1 million) despite higher financial liabilities. Tax expense was CHF 16.4 million in the year under review, corresponding to a normalised effective tax rate of 23.1%.

Group profit was CHF 54.4 million (prior year CHF 57.6 million) and earnings per share were CHF 4.27 (prior year CHF 4.49). Net profit excluding revaluation effect grew significantly, increasing by 33% to CHF 35.6 million (prior year CHF 26.8 million).

Net asset value (NAV) per share excluding deferred taxes with regard to properties rose to CHF 59.59 (prior year CHF 55.91).

### PROPERTIES: RENTAL INCOME INCREASES TO CHF 55 MILLION

Investis achieved a very good result in the Properties segment, where it made further sustainable investments in the portfolio and in development projects (CHF 242 million, prior year CHF 131 million). Rental income rose by 16% to CHF 55.0 million in the year under review (prior year CHF 47.5 million), corresponding to an increase of 1.7% (prior year 1.9%) on a like-for-like basis. Compared to the prior year (3.5%), the vacancy rate was further reduced to 2.9%, representing a low level compared to the industry in general.

Property costs reflected the slightly higher need for renovation of several acquired properties. Based on increased rental income and lower discount rates, the revaluation gain was CHF 24.2 million (prior year CHF 25.0 million). The sale of individual properties resulted in disposal gains of CHF 12.8 million (prior year CHF 0.7 million).

Overall, operating profit (EBIT) in the Properties segment rose by 24% to CHF 71.9 million (prior year CHF 58.0 million). The portfolio value increased by 20% to CHF 1,345 million at the end of 2018 (prior year CHF 1,121 million) and is based on an annualised full occupancy property rent of CHF 57.7 million. The portfolio contained 157 properties with 2,911 residential units as of 31 December 2018.

### REAL ESTATE SERVICES SEGMENT ON TRACK – REORGANISATION COMPLETED

Revenue in the Real Estate Services segment totalled CHF 148 million, a slight increase compared to the prior year. While the results generated by the **Property Management** activity for 2018 exceeded expectations, **Facility Services** had a challenging year that was dominated by the rebranding of all caretaker services under a single brand and the corresponding reorganisation costs. The Real Estate Services segment produced an operating profit (EBIT) of CHF 7.7 million (prior year CHF 7.8 million) and the EBIT margin was 5.2% (prior year 5.3%).

In **Property Management**, organic revenue growth of 1.9% was achieved despite the adjustment of its portfolio of mandates. The measures initiated in prior years to improve results led to a renewed increase in operating profitability. Following the conclusion of new mandate agreements, rents under management rose to CHF 1.74 billion (prior year CHF 1.68 billion).

The **Facility Services** activity recorded slower revenue growth, as expected. With organic growth of 0.4%, revenue was virtually unchanged from the prior year. The costs resulting from the brand mergers had a corresponding impact on the EBIT margin. The reorganisation of this activity was thus successfully completed, creating the basis for further growth and higher profitability.

### VERY SOLID BALANCE SHEET – LOAN-TO-VALUE RATIO REMAINS LOW AT 41%

Total assets increased by 15% to CHF 1.4 billion as of 31 December 2018, with Investis retaining its comfortable equity ratio of over 40%. Interest-bearing financial liabilities resulted in a loan-to-value ratio of 41%, which is comparatively low by industry standards. The relevant deferred tax liabilities increased to CHF 178 million (prior year CHF 155 million).

## ANNUAL GENERAL MEETING 2019

At the Annual General Meeting that will be held on 29 April 2019 in Zurich, a dividend of CHF 2.35 per share in the form of a repayment from reserves from capital contributions – unchanged from the prior year – will be proposed to Investis shareholders. This corresponds to a dividend payout ratio of 55%. All members of the Board of Directors and the Compensation Committee are standing for re-election.

## EVENTS AFTER THE BALANCE SHEET DATE

In February 2019, Investis placed another bond issue with a volume of CHF 140 million and a coupon of 0.773% on the market. The issue has a tenor of two years. The proceeds were used to refinance the bond with the same amount that matured in February 2019.

The financing strategy based on unsecured senior debt was successfully implemented in the first quarter of 2019. The first unsecured credit agreement was concluded in mid-March 2019.

The previously announced sale of the 100% subsidiary Régie du Rhône Crans-Montana SA, Lens, was completed on 28 February 2019, as planned. In addition, Investis sold half of its shares in the project company La Foncière de la Dixence on 25 March 2019. Following this sale, Investis continues to hold 41.7% of the project company.

Investis has appointed CBRE (Geneva) SA as the independent external valuation expert for the entire real estate portfolio. CBRE will perform the valuations for the first time as part of the 2019 half-year results. CBRE will thus succeed Wüest Partner AG after six years of excellent collaboration in this function.

## MARKET ENVIRONMENT AND 2019 OUTLOOK

The Investis portfolio consists primarily of residential properties in the mid-price segment at central locations in the Lake Geneva region. Strong demand due to continued migration, coupled with demographic change and the low proportion of new properties being realised in central areas, is continuing to have a positive impact on the rental situation.

The environment remains challenging for the Real Estate Services segment. Increased automation of business processes is leading to shorter and more efficient workflows. In the year under review, Investis acquired stakes in various innovative start-ups in the real estate sector to allow for the joint development of digital solutions.

The employment world is currently also in a transition phase. The need for flexible working has clearly grown and traditional offices are increasingly being replaced by co-working spaces. Investis is also addressing this trend and has created its first pilot project with the “OurPlace” brand. It recently held the official opening of the first OurPlace office, which is located in an Investis property in Morges.

Investis is celebrating its 25th anniversary in 2019 and can thus look back on an exciting success story. The Board of Directors and the Executive Board believe that with its business model as well as its strategy and investment policy, Investis remains well positioned to achieve continued success in a challenging market environment.

Investis is planning to acquire investment properties at attractive locations with a focus on the Lake Geneva region in order to drive the further sustainable growth of its real estate portfolio. It is confirming its remaining mid-term target for 2019: the generation of a high single-digit EBIT margin in the Real Estate Services segment.

The Board of Directors and Executive Board of Investis Holding SA would like to express their sincere thanks to our valued shareholders for the trust they have placed in us, and to our staff for their great commitment and loyalty.



**Riccardo Boscardin**  
Chairman of the Board of Directors



**Stéphane Bonvin**  
CEO