

## REPORT TO SHAREHOLDERS

### Excellent results for 2020 – Increased dividend

Dear Shareholders  
Dear Sir or Madam

#### STATEMENT FROM STÉPHANE BONVIN, CEO INVESTIS GROUP

«In a year as challenging and unpredictable as 2020, we proved the strength of the Investis business model. We can look back on an excellent year. But it is what is behind these numbers and successes that makes me really proud of Investis. We have done our utmost to keep our employees safe, healthy, and committed, while also implementing new ways of working. I believe that in future, change will remain the only constant in the real estate business. We are well positioned for the current year, as we continue to absorb and deal with the challenges of the COVID-19 pandemic.»



## VERY GOOD EARNINGS SITUATION UNDER DIFFICULT CONDITIONS

The Group achieved revenues of CHF 179 million in 2020 (prior year: CHF 188 million). This net-decrease of 4.7% is due to our exit from the serviced apartments business and to the sale of Real Estate Services subsidiaries in financial year 2019.

EBITDA before revaluations and disposal gains was CHF 46 million (CHF 47 million). Higher cash flows from properties and lower discount rates led to revaluation gains of CHF 79 million. The average weighted discount rate for the entire portfolio was 3.15% on a real basis at the end of 2020. The sale of individual properties generated gains of CHF 14 million. This resulted in an excellent EBIT of CHF 136 million (CHF 127 million), an increase of 7.1%. This positive underlying trend can be attributed to a professional crisis management and the strong market position we enjoy in both segments.

## PROPERTIES

The Properties segment achieved revenue of CHF 58 million, an increase of 1.6%. Like-for-like rental income performed very well, rising +1.6%. This segment achieved an outstanding EBIT of CHF 131 million (CHF 103 million), which represents an increase of 27.3%. This notable result includes revaluation effects of CHF 79 million as well as income from disposal of properties of CHF 14 million.

The portfolio was valued at CHF 1,490 million at the end of the year, an increase of 3.6%. This resilient portfolio is comprised of 167 buildings with 3,006 residential units. The vacancy rate fell to 3.0% (previous year: 3.2 %). Annualised full occupancy property rent as per 31.12.2020 was CHF 58.6 million (CHF 61.2 million). The decrease is due to the sale of mainly commercial properties in the second half of the year. Following these sales, residential properties now make up 95% of the total portfolio.

## REAL ESTATE SERVICES

The Real Estate Services segment generated revenue of CHF 125 million, an increase of CHF 9 million compared with the sales-adjusted figure for the previous year (decline in revenue by CHF 21 million). Privera and hauswartprofis both achieved organic growth. This revenue growth was partly due to various acquisitions. In the Property Management segment, rents under management amounted to CHF 1.42 billion (31.12.2019: CHF 1.41 billion).

Operating profit (EBIT) in this segment came to CHF 10.8 million (CHF 11.5 million). In a challenging market environment, extra personnel had to be taken on for the additional pandemic-related services that were needed. It was not quite possible to maintain the previous year's EBIT margins for either of the two main activities. However, thanks to new activities the overall EBIT margin improved by 0.2 percentage points to 8.6%.

## FINANCIAL RESULT

Financial income stood at CHF 0.5 million. The equivalent figure of CHF 5.8 million in 2019 included the positive effect of reducing the stake in Polytech Ventures Holding SA. Due to reduced financial debt financial expenses decreased to CHF 4.0 million (CHF 5.2 million).

## INCOME TAXES

The tax rate was a low 14.4% (previous year: tax income). The prior-year figures were affected by the implementation of the TRAF tax reform in Canton Geneva: CHF 61 million of deferred tax liabilities were released, leading to a net tax income of CHF 45 million in 2019.

## NET PROFIT

Net profit was an excellent CHF 114 million (2019: CHF 173 million / 2018: CHF 54 million), which is equivalent to CHF 8.91 per share (2019: CHF 13.59 / 2018: CHF 4.27). Net profit excluding revaluation effect came to CHF 45 million. The comparative figures from 2019 were boosted by the one-time release of tax liabilities and the proceeds from sales of subsidiaries.

## VERY SOLID BALANCE SHEET – GROSS LTV BELOW 38%

Total assets came to CHF 1.56 billion as at 31 December 2020, with a very comfortable equity ratio of 53% (47%). Bonds worth CHF 100 million that fell due in June 2020 were repaid. Deferred tax liabilities increased to CHF 138 million (CHF 127 million).

The property portfolio, which is focused on residential properties in central locations, was valued CHF 1.49 billion at the end of financial year 2020 (CHF 1.44 billion). In relation to interest-bearing financial liabilities this resulted in a loan-to-value of less than 38% (46%). The property portfolio remains unencumbered, and all mortgage notes are held by Investis itself.

Net asset value (NAV) per share excluding deferred taxes with regard to properties increased year-on-year to an excellent CHF 74.80 (CHF 67.61).

## 2021 ANNUAL GENERAL MEETING OF SHAREHOLDERS

The 2021 Annual General Meeting will take place on 27 April 2021, though once again with special restrictions. In accordance with Ordinance 3 on Measures to Combat Coronavirus (Covid-19 Ordinance 3), which the Federal Council has extended until 31 December 2021, the General Meeting will again **take place without public attendance**.

Shareholders are requested to cast their votes in advance by sending their voting instructions to the independent proxy holder. Neither the Chairman of the Board of Directors or Group Management will be making a speech. The event will not be broadcast. Only the independent proxy holder will be allowed to cast votes on behalf of shareholders. These measures are being taken to protect the health of shareholders, employees and external service providers.

At the General Meeting, Investis shareholders will be asked to approve an increased dividend of CHF 2.50 per share, half of which would be in the form of a repayment from capital contribution reserves. This represents a dividend payout ratio of 28.2%.

Following a tender process the Board of Directors has decided to propose to the General Meeting that KPMG be elected as auditors.

## MARKET ENVIRONMENT AND OUTLOOK FOR 2021

Although the impact of the COVID-19 crisis posed multiple challenges to the economy, the likes of which are rarely seen, the residential property market remained relatively unaffected. Some segments of the real estate industry were certainly hurt – particularly commercial property and the hotel segment, but the Swiss housing sector, which is a stable anchor for the property market, was only marginally affected by the coronavirus crisis. Neither did COVID-19 trigger a flight from the cities, despite tales of how the pandemic was supposedly making urban centres less appealing. And there was no sign of a trend towards more ownership: the increase in property searches was just as strong for rental property as for owner-occupied homes.

95% of the Investis portfolio is made up of residential property with mid-priced apartments in central locations in the Lake Geneva region. Its focus on this region is the Investis Group's USP. Average rents in Geneva have gone up by 2% in the last 12 months (to CHF 2,350). Average rents in the city of Lausanne are stable at CHF 1,650 per month, only slightly higher than the Swiss average (CHF 1,597). The highly regulated market keeps new investments at a low level, so demand remains high. It is still unclear how the current phenomenon of working from home will impact the size and location of apartments. Investis believes that despite everything, people will still want to live close to city centres.

Immigration into Switzerland remains an important driver of demand and of vacancy rates. According to the Federal Office of Statistics, net migration into Switzerland continues to be positive at +11.6% per end-of 2020. Migration flows were subject to strong fluctuations last year. These fluctuations should stabilise as soon as the COVID-19 situation is under control.

Investis plans to maintain its expansion through targeted acquisitions of in attractive locations, with a focus on the Lake Geneva region. Profitable revenue growth in both activities within the Real Estate Services segment remains the priority coupled with selective acquisitions.

Investis believes that in times of uncertainty, companies with a low debt ratio and a stable balance sheet, including low average borrowing costs, will remain in favour of capital markets. Despite COVID-19 and helped by a low interest rate environment that seems to be continuing for the time being, we think that demand for residential properties in central locations in Switzerland will remain healthy, as will demand for providers of high-quality real estate services.

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