# REPORT TO SHAREHOLDERS

## Paving the way for sustainable profitable growth

Dear Shareholder
Dear Reader

### STATEMENT FROM STÉPHANE BONVIN, CEO INVESTIS GROUP

"I am delighted with our strong operating performance in both segments in 2023. In the Real Estate Services segment, we were able to increase revenues while maintaining a remarkable EBIT margin. Our decision in autumn 2021 to sell a portfolio of eleven properties in order to reduce our LTV has proved correct. The balance sheet has been further strengthened, giving us a solid basis for future growth. The vacancy rate has continued to fall. Given the record-high level of immigration into Switzerland, the housing shortage is likely to get even more acute – especially in the two hotspots in western Switzerland. Despite the economic uncertainties, we were able to increase rents thanks to persistently high demand and a low level of construction activity. The lower valuation of our portfolio is due to a rise in interest rates and is market-driven. This does not affect the strong profitability and above-average quality of the portfolio.

In an environment where the industry has had to adjust to higher capital costs, we managed to create value in both our segments. I am very satisfied with these results.

I would like to thank all our employees for their commitment and dedication to the Company."

Thomas Vettiger (Chairman of the BoD) and Stéphane Bonvin (CEO and Member of the BoD)

## IMPRESSIVE GROUP OPERATING RESULT

Despite the successful sale of eleven properties in 2022, the Group succeeded in increasing revenue by 1.7% to CHF 231.5 million (previous year CHF 227.5 million) during the year under review. This net increase was achieved organically and through acquisitions. EBITDA before revaluations and disposal gains was CHF 50.1 million (CHF 53.5 million).

The continued increase in cash flow from investment properties underlines the quality of the portfolio. The higher average real discount rate of 2.97% (2.74% as of 31.12.2022) led to a devaluation of CHF 47.7 million in the reporting year. This resulted in an overall operating loss (EBIT) of CHF 1.5 million. The previous year had been marked by high disposal and revaluation gains, which helped produce an operating profit of CHF 180.4 million.

The net loss in 2023 was CHF 5.4 million (net profit 2022: CHF 151.8 million), or CHF –0.42 per share (CHF 11.90). Excluding revaluation effects, net profit came to CHF 35.5 million, compared to CHF 93.8 million in 2022, which included CHF 63.4 million of disposal gains.

## INCREASED RENTAL INCOME AND SUSTAINABLY HIGH OPERATING MARGIN IN THE SERVICE SEGMENT

### PROPERTIES

The Properties segment recorded revenue of CHF 53.1 million (CHF 57.8 million), with the net decline being solely attributable to the rental income lost from the properties that were sold in 2022. Rental income increased by an excellent 3.1% on a like-for-like basis (also +3.1% for residential properties). The vacancy rate was further reduced to a very low 0.9% (1.3% as of 31.12.2022). Due to the higher discount rates, the revaluation effect came to CHF –47.7 million. The purchase of two properties and the increase in like-for-like rental income pushed gross rental income up to CHF 57.9 million as of 31.12.2023 (CHF 53.9 million as of 31.12.2022). This segment achieved an impressive EBITDA of CHF 33.7 million (CHF 36.8 million). EBIT came to CHF –13.9 million (CHF 167.3 million). The prior-year figure included disposal gains of CHF 63.4 million from the aforementioned property sales, as well as revaluation effects of CHF 67.2 million.

### REAL ESTATE SERVICES

The Real Estate Services segment saw revenue increase by another 4.7% to CHF 181.7 million (CHF 173.5 million). EBIT margin for the segment reached an excellent 9.9% (10.6%). This segment thus contributes around 40% of the Group’s operating result. Rents under management in the property management sector reached CHF 1.53 billion, with revenue slightly below the previous year. The Facility Services business increased revenue to CHF 122.6 million, an increase of +8.5%. Facility Services now accounts for 67% of the segment revenue.

## CAPITAL STRUCTURE REMAINS VERY SOLID – GROSS LTV OF 26%

Total assets came to CHF 1.6 billion as at 31 December 2023, with the equity ratio remaining very comfortable at 64% (31.12.2022: 67%). The ratio between the value of the portfolio and the interest-bearing financial liabilities of just CHF 397.0 million (CHF 319.0 million) resulted in a low loan-to-value (LTV) of 26%. The property portfolio was valued at CHF 1,518 million. On the balance sheet date, it comprised 152 buildings with 2,477 residential units. Deferred tax liabilities fell to CHF 140.8 million (CHF 142.6 million).

Net proceeds from the previous year's property sales were used entirely to reduce financial liabilities. Two properties were acquired during the year under review. The Group's strong capacity for future investments thus remains as high as before.

Net asset value (NAV) per share excluding deferred tax relating to properties came to CHF 92.00 (31.12.2022: CHF 95.07).

## NON-FINANCIAL REPORTING

Investis strives to create long-term value by integrating economic, social and environmental factors (ESG) at all levels of the company. Investis is committed to the sustainable development of its real estate portfolio. While the focus of renovation activity over the past ten years has been on interiors and thus on tenant comfort ("S"), Investis is increasingly investing in renovations that reduce the environmental footprint of its real estate portfolio in order to comply with the Swiss government's 2050 net-zero strategy. To achieve this goal, Investis, in collaboration with Signa-Terre, Services Industriels de Genève and SSREI, carried out a comprehensive assessment of its buildings' energy consumption and greenhouse gas emissions with the aim of identifying energy-saving potential.

Within the Real Estate Services segment, Investis is striving to further reduce its environmental impact: by improving operations, consistently using environmentally friendly products, promoting innovative, resource-efficient solutions, and by offering training to customers and employees. The companies are in the process of converting to electric vehicles and using local suppliers wherever possible. For Investis, sustainability is a long-term commitment.

In addition to environmental aspects, Investis attaches great importance to specific social and governance practices. These include actively involving tenants through surveys to determine their expectations and overall rates of satisfaction, favouring high quality housing and providing homes for different income groups to ensure that the housing stock is inclusive. Investis' commitment also extends to creating a positive and safe working environment for its employees, with a focus on gender equality and a zero-tolerance policy towards discrimination.

In accordance with Switzerland's Ordinance on Climate Reporting (KVI), Investis reports in detail on the status and progress of its non-financial reporting as part of its 2023 Annual Report.

## 2024 ANNUAL GENERAL MEETING OF SHAREHOLDERS

At this year's Annual General Meeting on 18 April 2024, Investis shareholders will be asked to approve an unchanged dividend of CHF 2.50 per share. All members of the Board of Directors are standing for re-election.

## MARKET ENVIRONMENT AND OUTLOOK FOR 2024

Investis expects the market to normalise in 2024. Rental market fundamentals are likely to remain solid. Continued immigration and below-average construction activity in Switzerland mean that demand for rental apartments remains high, creating sustained excess demand. Cantons Geneva and Vaud still have some of the lowest residential ownership rates in Switzerland, which continues to boost rental activity. Against this background, we can expect a further increase in market rents in the Lake Geneva region. In line with interest rates, residential yields in the region have moved slightly up in 2023. Investis expects an increased liquidity in the investment market as institutional investors return.

Ninety percent of the Investis investment portfolio consists of centrally located residential properties in the middle price segment in the Lake Geneva region. Its concentration on this region is the Investis Group's USP. Vacancy rates in the Lake Geneva region are currently at a very low level. The Group's low LTV allows it to make targeted acquisitions to expand its portfolio.

The subsidiaries of the Real Estate Services segment are excellently positioned. They offer an outstanding range of services throughout Switzerland over the entire property lifecycle. Their focus continues to be on recurring earnings from real estate management and maintenance/servicing. Consolidating the excellent EBIT margin, which facilitates healthy organic growth, remains another priority. The growing importance of sustainability in the real estate industry is a major diver of market development in this segment.

Investis is confident that it is very well equipped and positioned to meet the current challenges, and it expects a very good operating result for the 2024 financial year.

## THANK YOU

The Board of Directors and the Executive Board of Investis Holding SA wish to express their sincere thanks and appreciation to you, our shareholders, for your support and to our partners and customers. Finally, we would like to thank each and every one of our colleagues who ensure that the Group performs in a challenging and rapidly changing environment.

**Dr. Thomas Vettiger**
Chairman of the Board of Directors

**Stéphane Bonvin**
CEO