

INVESTIS

REAL ESTATE GROUP

# HALF-YEAR REPORT 2024

2 September 2024



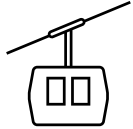
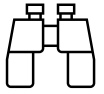
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# Agenda



Highlights of HY 2024

Market trends

Financial overview HY 2024

Outlook

Q & A

Annexes

# Highlights HY 2024

Strong operating performance – property acquisitions and successful sale of the entire Real Estate Services segment – LTV at 19%

## Group

- Top line growth +1.5% to CHF 117m
- Gain from the disposal of the RES segment CHF 122.2m
- Net profit excluding revaluation effect at CHF 139.1m
- NAV per share at CHF 107.92 excluding deferred taxes with regard to properties
- Very solid capital structure – LTV at 19% - Equity ratio at 72%

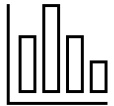
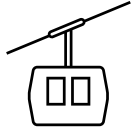
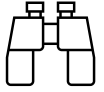
## Properties

- Portfolio value at CHF 1,605m
- Excellent like-for-like rental growth by +1.8% (residential +2.0%)
- Vacancy rate at a very low level of 1.0%
- Marginal rise in the average discount rate by 2 BP to 2.99%
- Revaluation gains of CHF 4.5m

## Real Estate Services

- Very successful sale of the segment as per 24 June 2024
- Excellent EBIT margin at 9.8%

# Agenda



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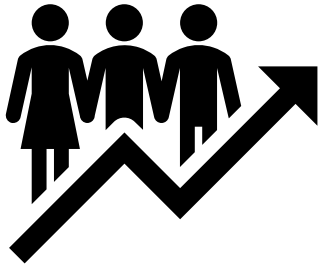
Outlook

Q & A

# Real Estate Market in the Lake Geneva region

## A very attractive location

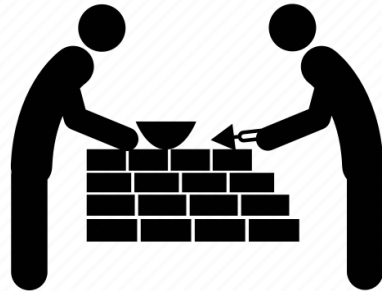
### Migration/ Demography



- Immigration expected to remain high
- Net immigration into CH for 2023 at a peak
- Growth of population in GE for the last 12 months +1.1%

Source: OCSTAT

### Construction activity



- Lowest portion of homeowners in CH i.e. highest portion letting vs buying
- Number of construction permits at its lowest
- Lowest vacancy rate in CH

### Regulations



- Tax regime for corporations in the Lake Geneva region remains among the most attractive in CH

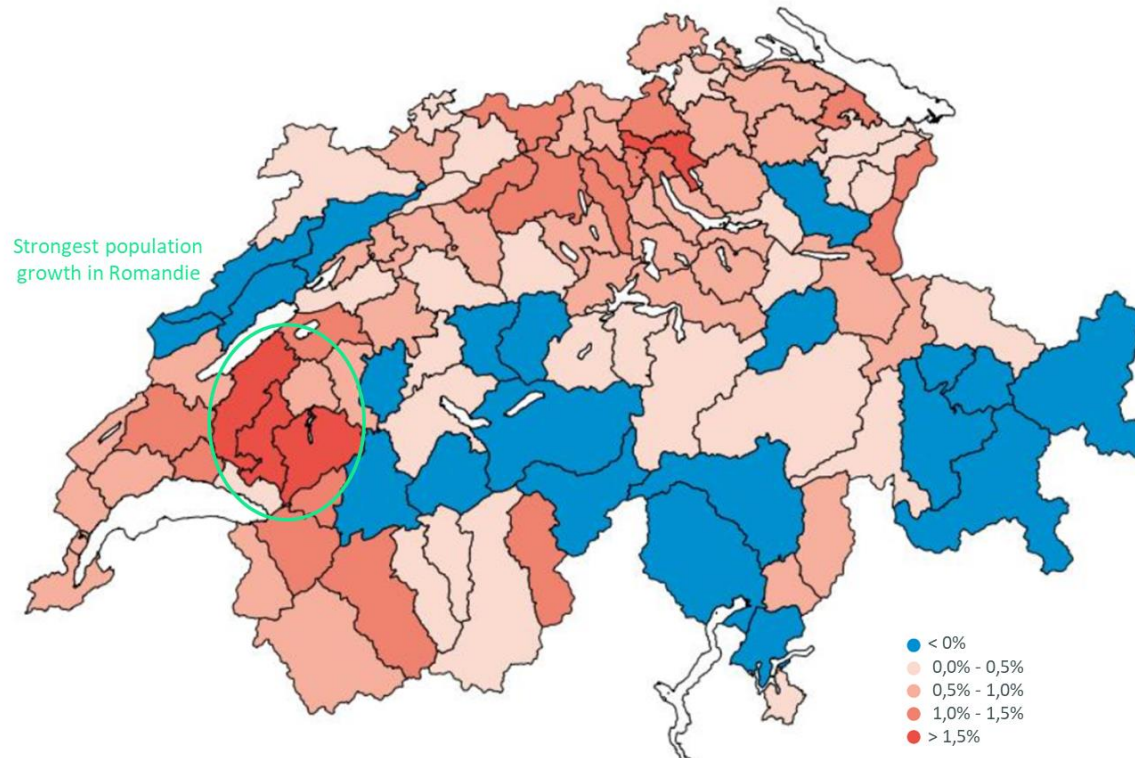
### Capital Markets



- Lowered inflation rate in CH
- Further interest rate cuts expected in 2024

# Real Estate Market in the Lake Geneva region

## Population growth forecasts till 2030



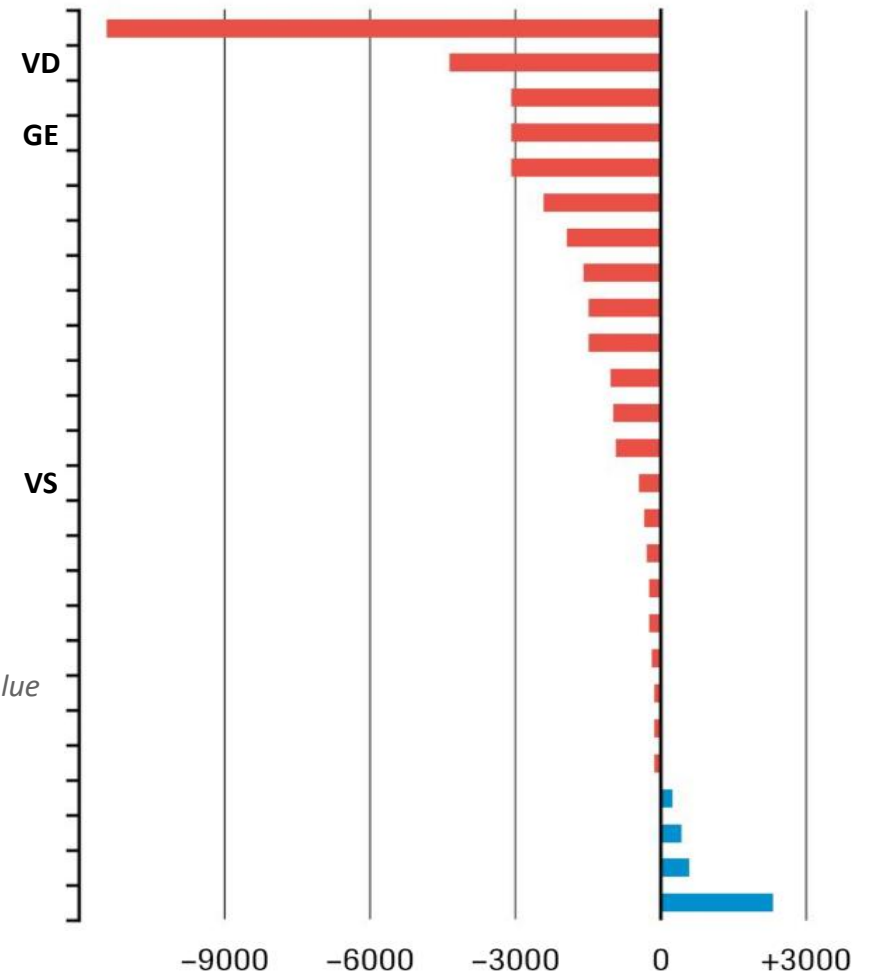
- The cantons of Vaud and Geneva are expected to see above-average population growth, given their superior economic attractiveness and young population
- However, the strongest demographic growth is likely to be more in the countryside, where lower prices and rents are increasingly attracting households "priced out" of the Lausanne and Geneva agglomerations.

# Real Estate Market in the Lake Geneva region

## Unabated undersupply situation

- Strong population growth and limited development activity translate in a stronger residential undersupply situation in the Lake Geneva region
- As new supply is not able to meet demand, rents and prices are further trending upwards

*Undersupply in red, oversupply in blue*

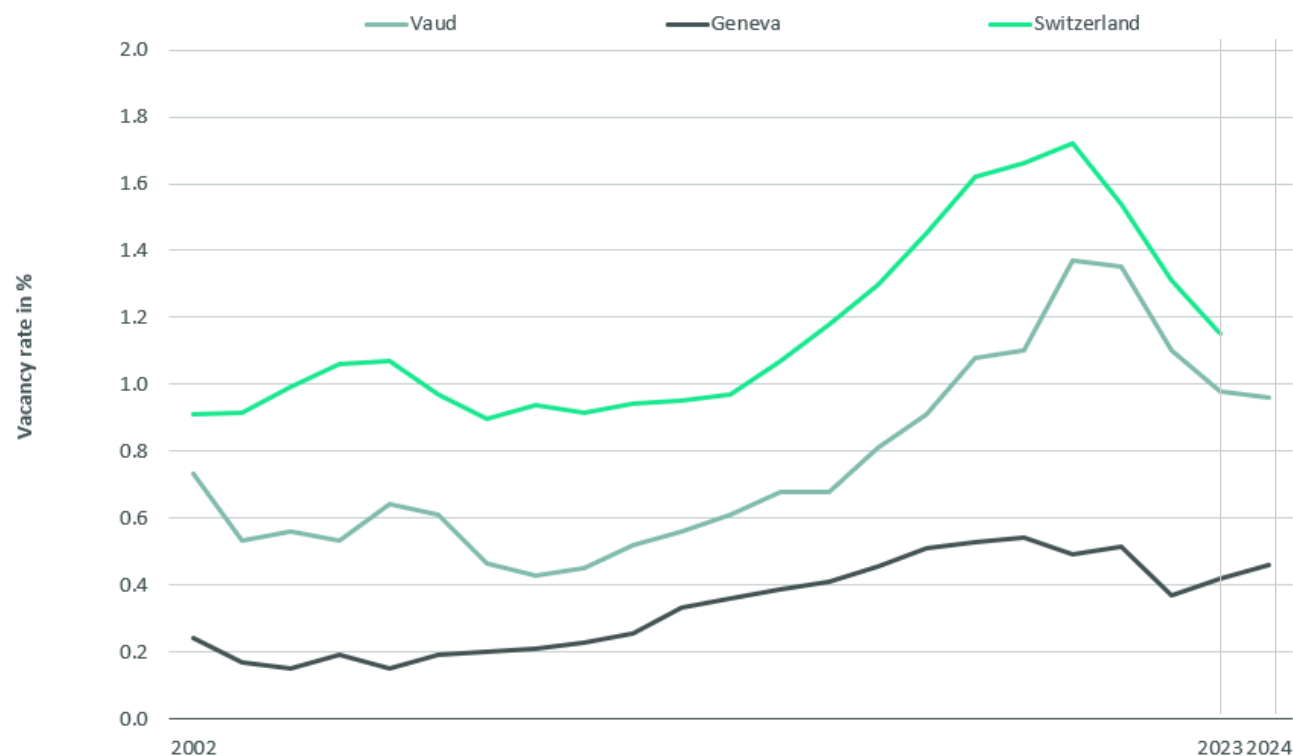


Source: CBRE, Wuest Partner, May 2024



# Real Estate Market in the Lake Geneva region

## Vacancy rates in Investis' key markets well below Swiss average

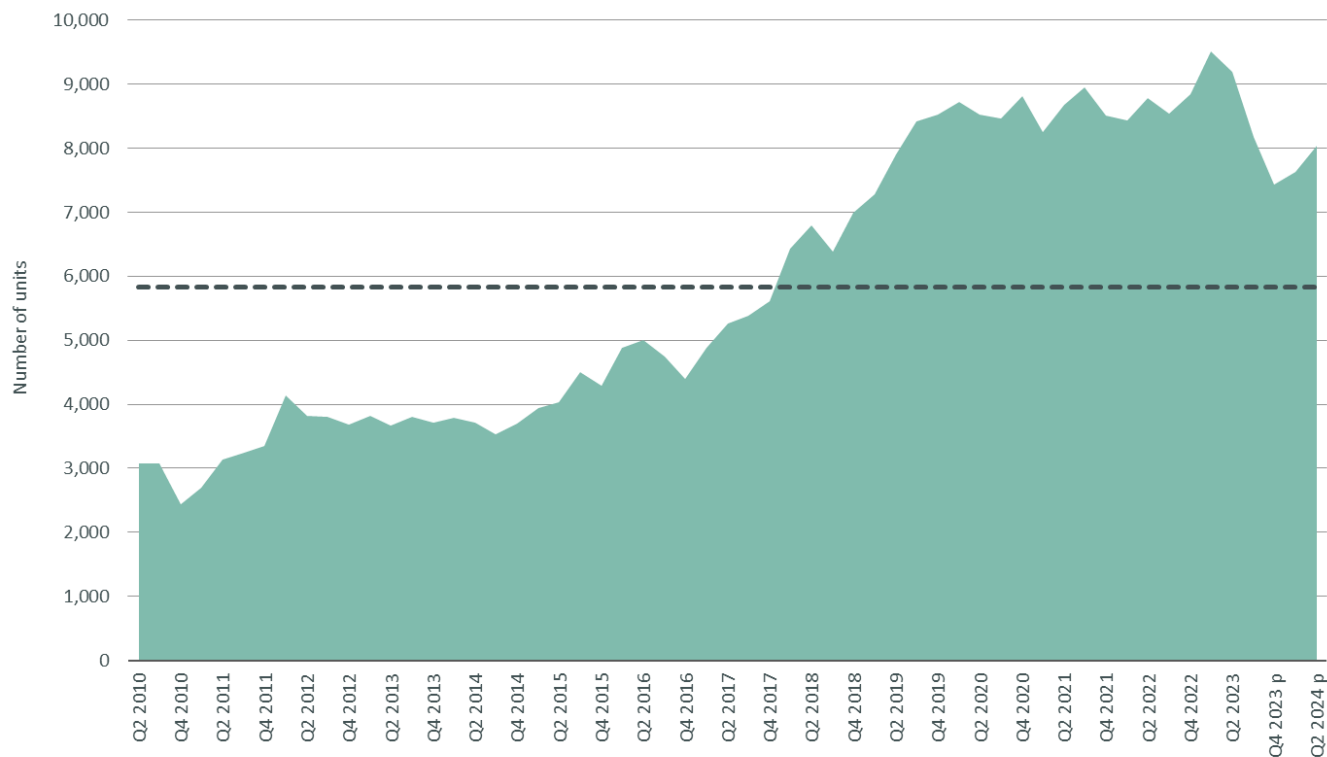


- The vacancy remains well below the 1.0% mark in the canton of Vaud
- The rate remains very low in the canton of Geneva, albeit unabated new construction activity
- The undersupply situation is mostly visible in the large cities: in the canton of GE overall, Lausanne and its agglomeration as well as along the Geneva lake (Nyon, Morges, Vevey)

Source: StatVD, OCSTAT, CBRE August 2024

# Real Estate Market in the Lake Geneva region

## Market absorption remains very quick due to ongoing strong demand



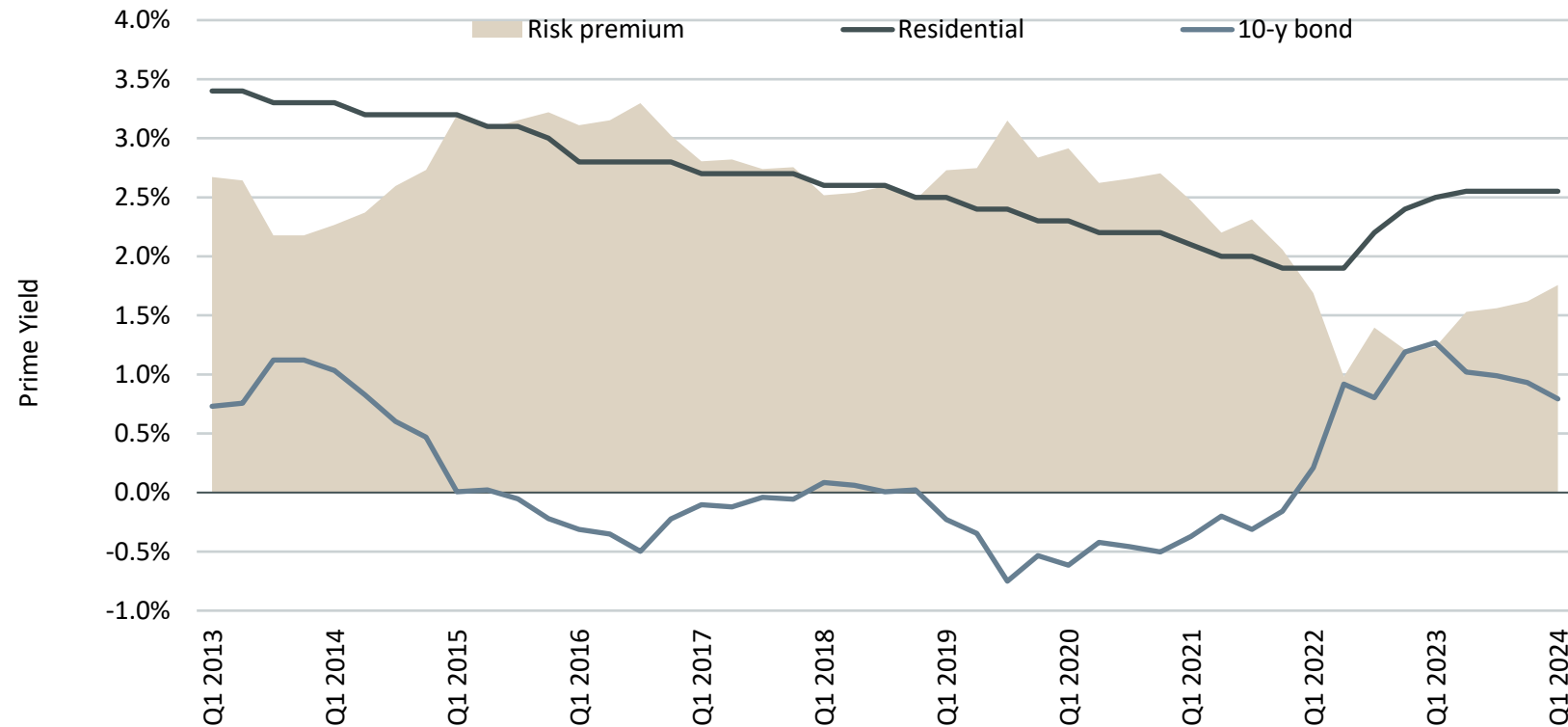
- Apartments under construction in Geneva represented approx. 8,000 units in HY 2024, rebounding from Q4 2023 when it recorded its lowest level in 5 years
- Despite above-average construction activity, the vacancy rate has kept below 0.5%
- Market absorption in the canton of Geneva remains very quick due to the strong underlying demand fed by
  - domestic demographic pressure
  - immigration

Source: OCSTAT, CBRE August 2024

# Real Estate Market in the Lake Geneva region

## The real estate yield premium has become attractive again

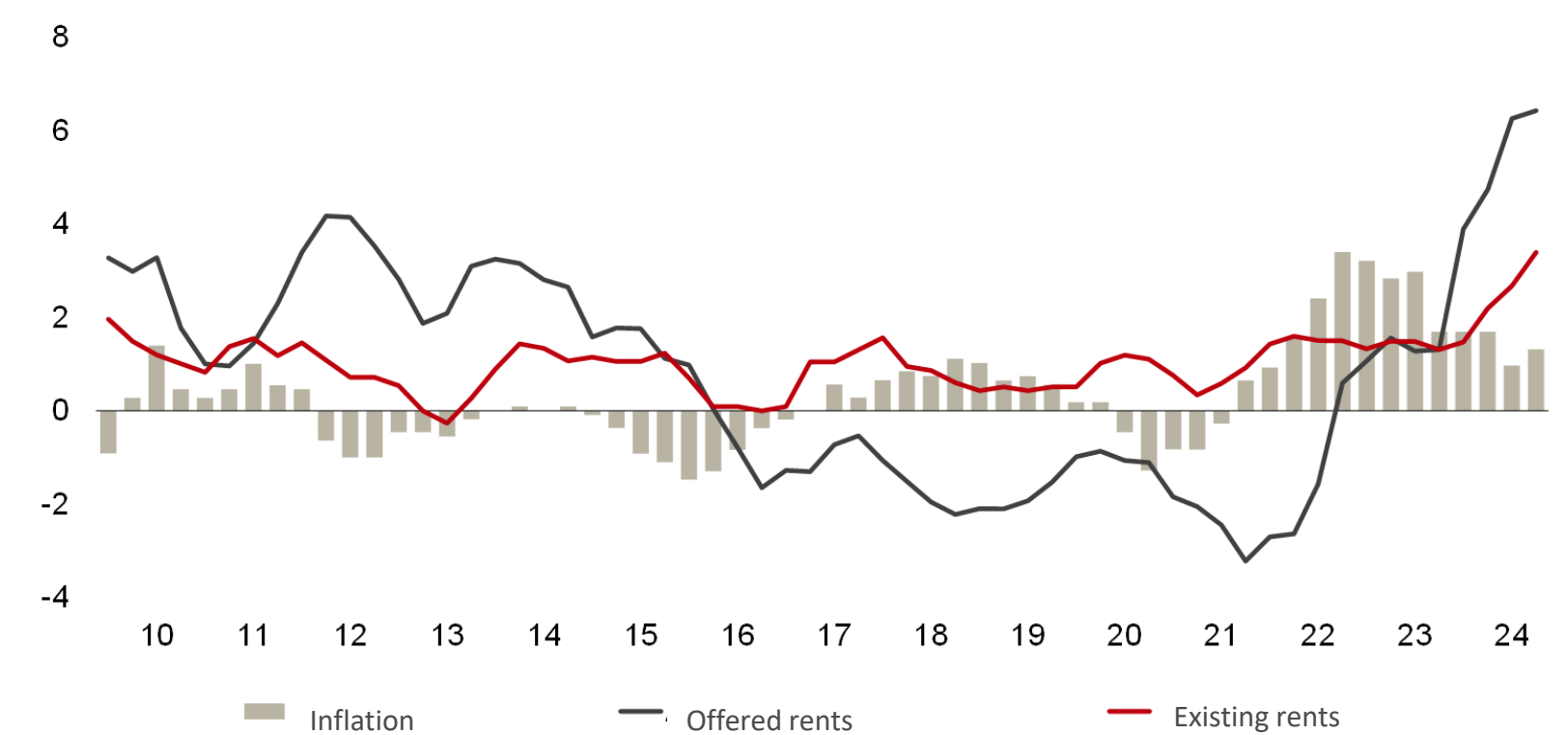
Investors' activity could pick up from H2 2024 as further interest rates cuts are expected



Source: CBRE, SNB, June 2024

# Real Estate Market in Switzerland

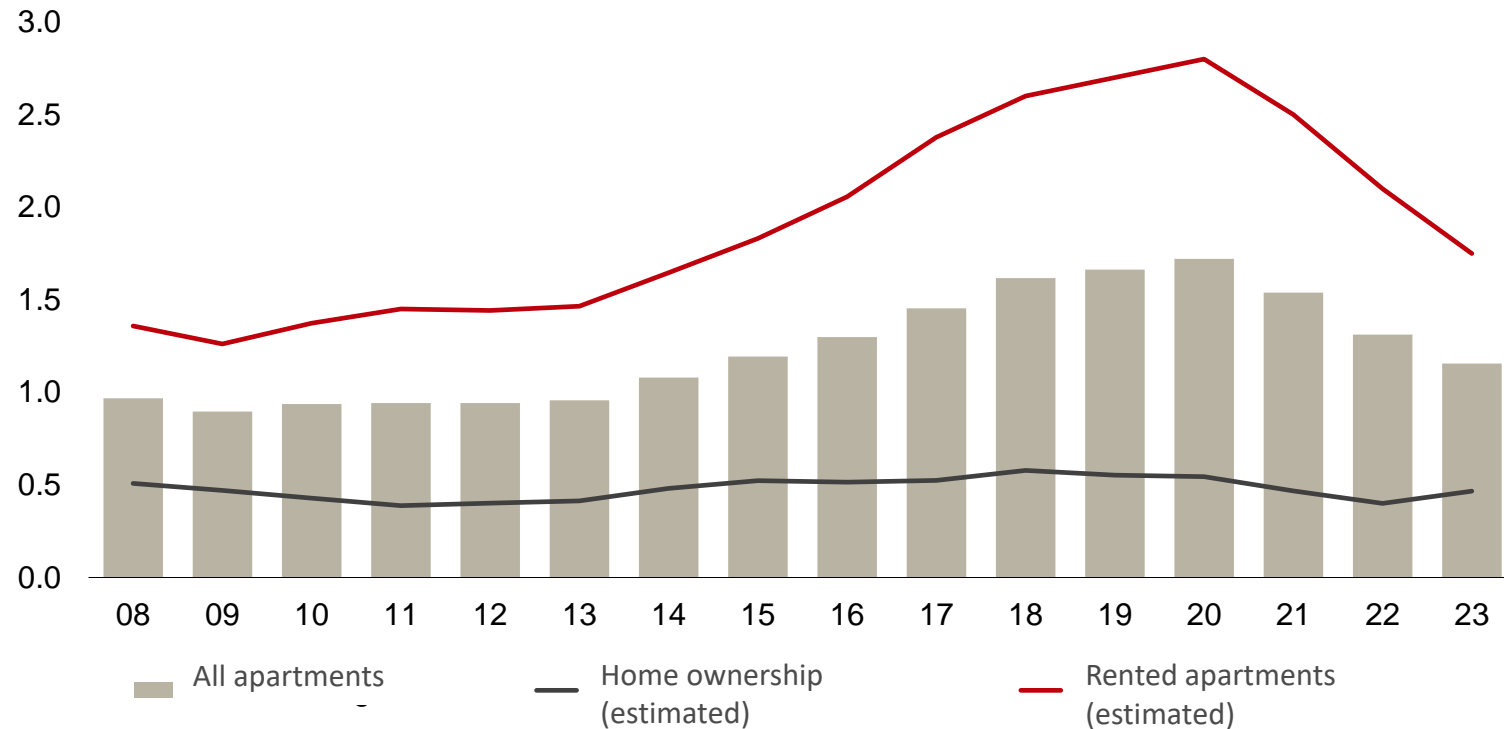
## Rents on the rise (change compared to the same quarter of the previous year, in per cent)



Source: UBS, Jul 2024

# Real Estate Market in Switzerland

## Vacancy rate (in %) – clear trend for rented apartments



Source: UBS, Jul 2024

# Real Estate Market in the Lake Geneva region

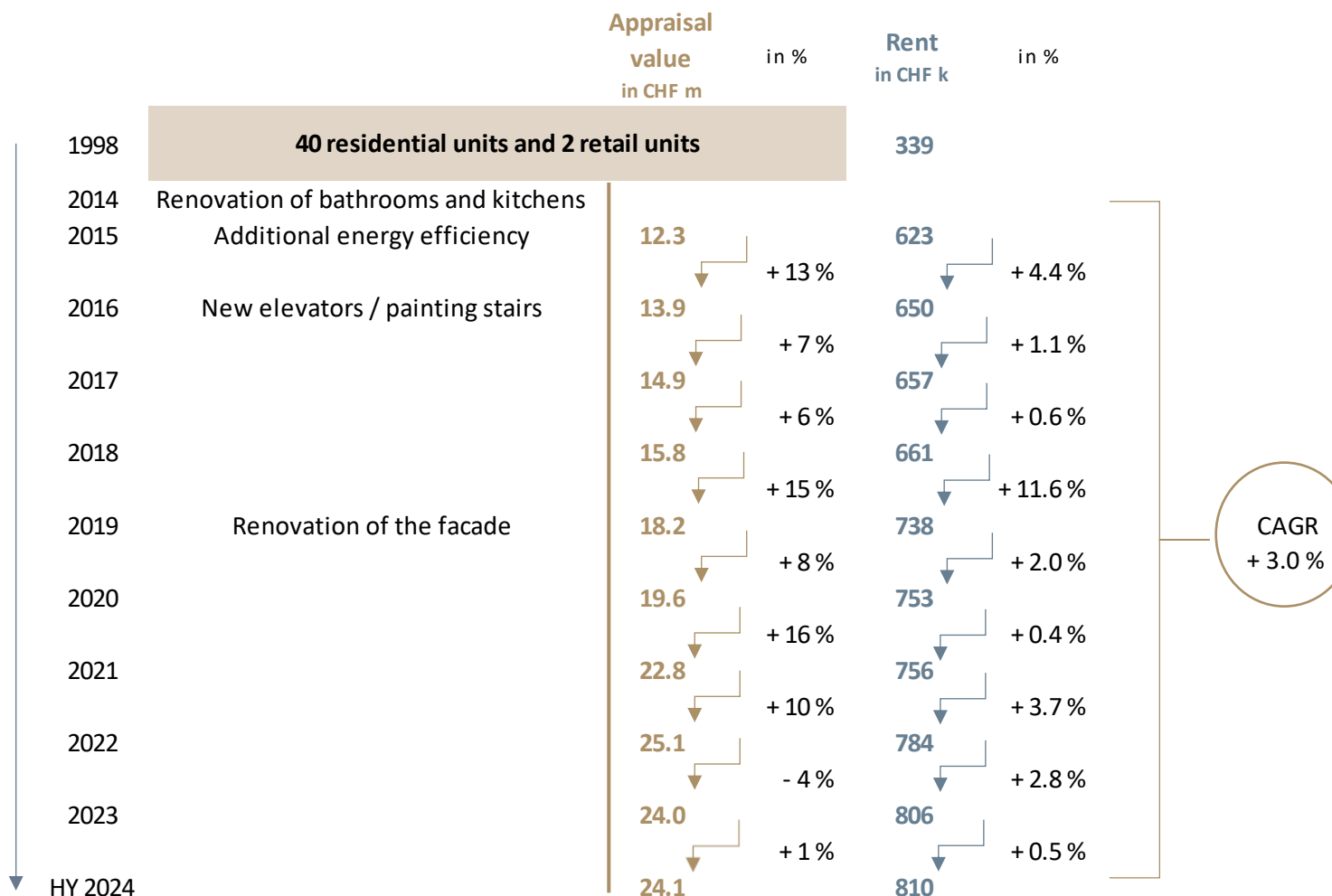
## Market outlook: strong market fundamentals

- Real estate investment activity has shown signs of recovery in first HY 2024, especially in the residential sector
- The strong fund-raising activity since the beginning of the year bodes well for a more dynamic investment market in the second HY 2024
- Residential real estate investment has become more attractive again relative to “risk-free” investment, following the two SNB’s interest rates cuts in HY 2024
- The downward trend in the residential vacancy is expected to continue in the second HY 2024, as construction activity is by far not offsetting demographic growth, which remains unabated
- The cantons of Vaud and Geneva continue to show the lowest affordability ratio for home ownership in CH and therefore remain supportive of the renting activity
- Swiss market fundamentals remain strong, especially in the Lake Geneva region
- Residential portfolios have proven very resilient over the years

Source: CBRE, SNB, July 2024

# Strategy: Buy and hold while improving tenant comfort

## Rue du Nant 30 – Geneva – Acquisition in December 1998



# Investis' position in the Real Estate Market in Switzerland is unique

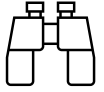
- Active in markets where there is a constant situation of undersupply
  - Low vacancy rates
- Focus on middle segment of the market – no luxury homes
- Number of residential properties in city centers does not grow
- Highest demand
- Sustainable high rental growth
- Highest average asking rents per square meter
- Fundamentals remain strong



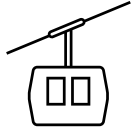
Rue des Asters 8, 1202 Geneva  
Facade and roof renovated, new heating system



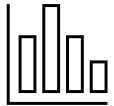
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Q & A

Excellent result overall – LTV remains very low at 18.7%

NAV at CHF 107.92 per share excluding deferred taxes with regard to properties

■ Investis Group:

- Revenue of CHF 117m (HY 2023: CHF 115m) – a 1.5% growth through acquisitions and rent increases
- Sale of the segment Real Estate Services as at 24.6.2024 – gain on the disposal of CHF 122.2m
- Net profit of CHF 143m (Net result of CHF –24.4m due to revaluation loss in HY 2023)
- Gross LTV at a very low level of at 18.7%
- Equity ratio further strengthened at 72%

■ Properties:

- Portfolio value at CHF 1,605m
- Like-for-like rental growth overall +1.8%;  
for residential +2.0%
- Vacancy rate kept at a very low 1.0%

■ Real Estate Service:

- Excellent EBIT margin at 9.8%
- Successful sale of the segment with a considerable gain

## Investis Group: Excellent operating performance HY 2024 – considerable income from disposal of subsidiaries

(CHFm)	HY 2024	Δ in %	HY 2023	FY 2023	FY 2022
Revenue	<b>116.5</b>	1.5	114.8	231.5	227.5
EBITDA <i>before revaluations/disposals</i>	<b>26.4</b>	6.9	24.6	50.1	53.5
Income from revaluations	<b>4.5</b>	n/a	-48.8	-47.7	67.2
Income from disposal of properties	<b>0.1</b>	63.9	0.0	0.2	63.4
Income from disposal of subsidiaries	<b>122.2</b>	n/a	-	-	-
EBIT	<b>150.9</b>	n/a	-25.9	-1.5	180.4
Financial result	<b>-3.5</b>	n/a	-0.7	-2.7	-2.4
Income taxes	<b>-4.3</b>	n/a	2.2	-1.2	-26.1
Net profit	<b>143.0</b>	n/a	-24.4	-5.4	151.8

## Properties: Excellent operating performance

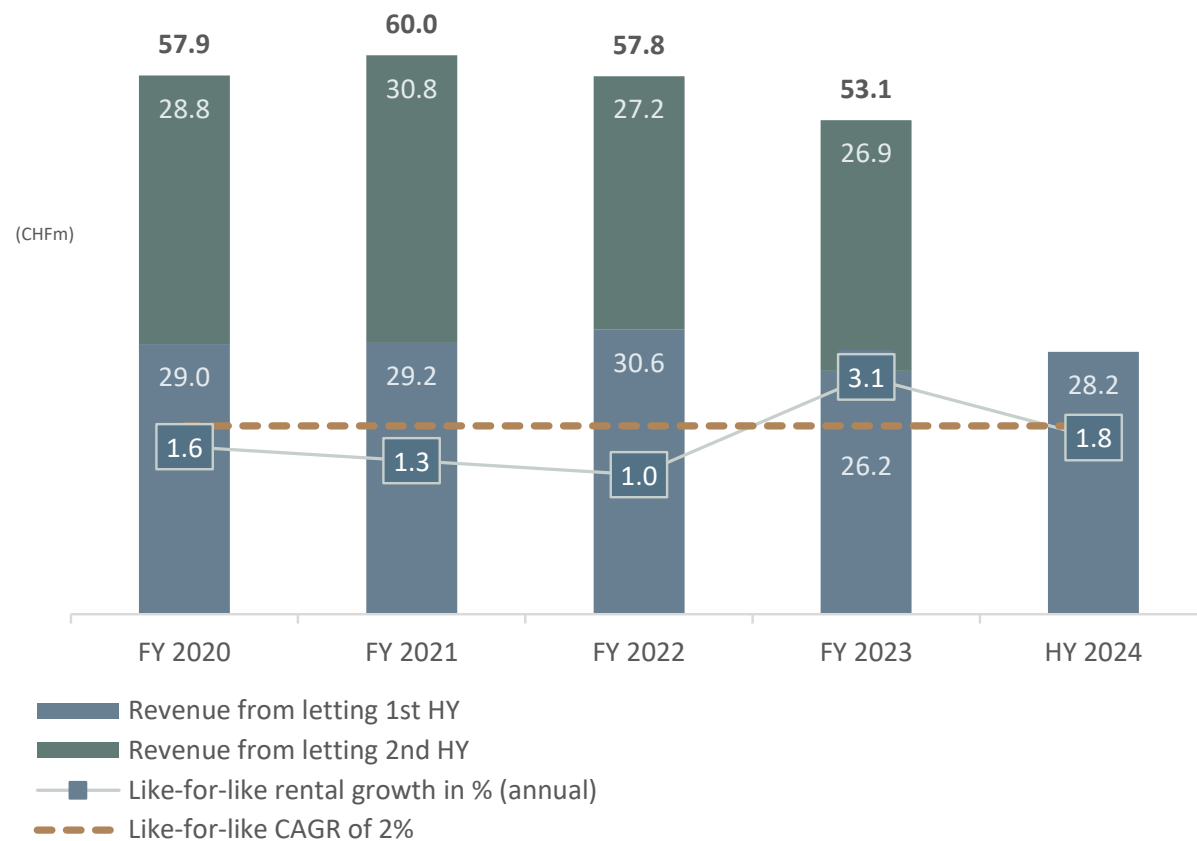
Like-for-like rental income further grows while vacancy rate is kept at its lowest

(CHFm)	HY 2024	Δ in %	HY 2023	FY 2023	FY 2022
Revenue	<b>28.2</b>	+7.7	26.2	53.1	57.8
EBITDA <i>before revaluations/disposals</i>	<b>17.9</b>	+8.3	16.5	33.7	36.8
Income from revaluations / from disposal of properties	<b>4.5</b>	n/a	-48.7	-47.5	130.6
EBIT	<b>22.4</b>	n/a	-32.2	-13.9	167.3

- Like-for-like rental growth +1.8%
  - in residential +2.0%
- Vacancy ratio kept very low at 1.0% (31.12.2023: 0.9%)
- Average real discount rate at 2.99% (31.12.2023: 2.97%) (nominal +1.0%) – almost unchanged
- Gross rental income up to CHF 62.0m (CHF 57.9m at 31.12.2023)

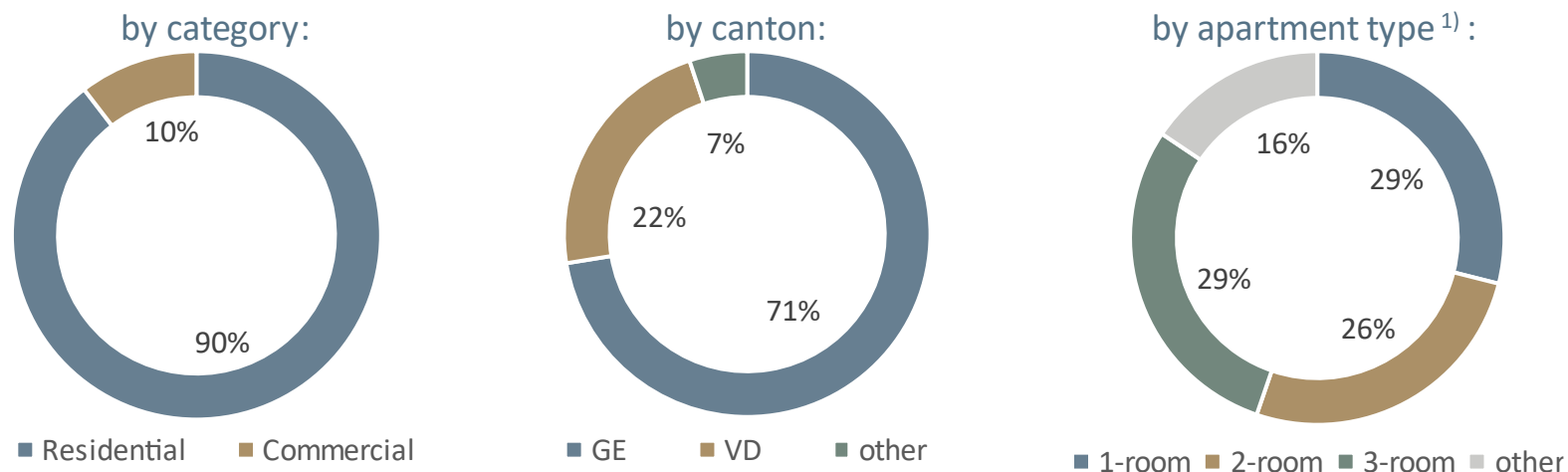
# Properties: Evolution of the revenues

Compound average like-for-like growth rate of 2% since 2020



# Properties: vacancy rate kept at a very low level

Property Portfolio: 162 buildings – 2,599 residential units – value CHF 1,605m



Low vacancy 1.0%

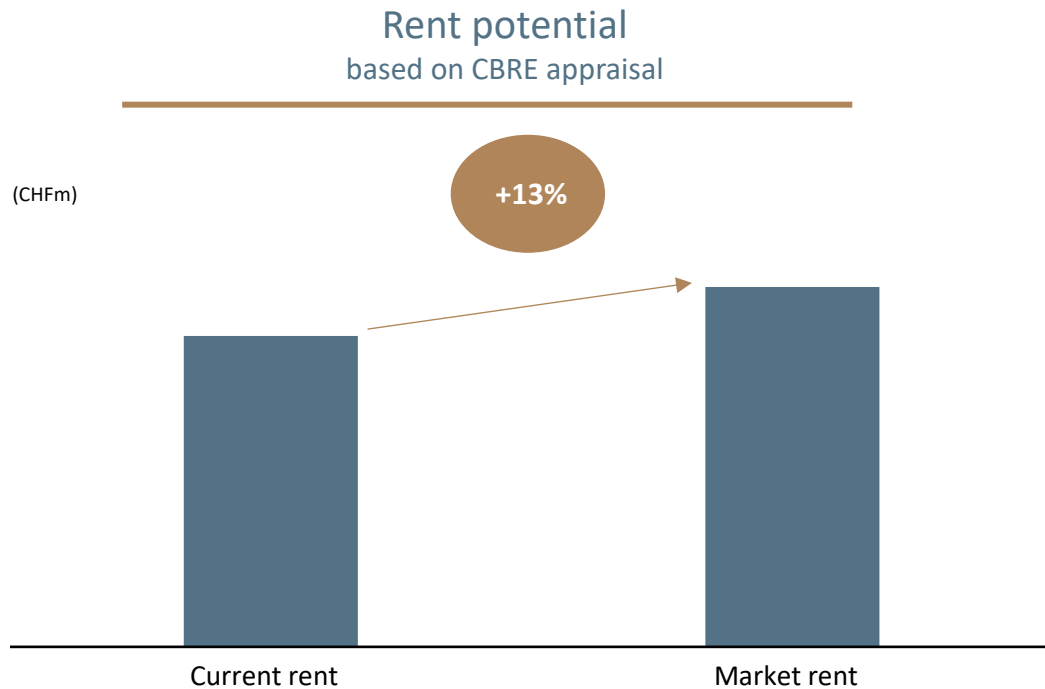


Residential GE	0.7%
Residential VD	0.7%
Commercial properties	0.5%

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.

# Properties: Rent potential remains double digit at 13% ....

.... despite continuous like-for-like rent increases



69% of the residential and commercial rental contracts are indexed to the CPI (Swiss Consumer Price Index)

11% tenant turnover representing opportunities to increase rents to market level

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

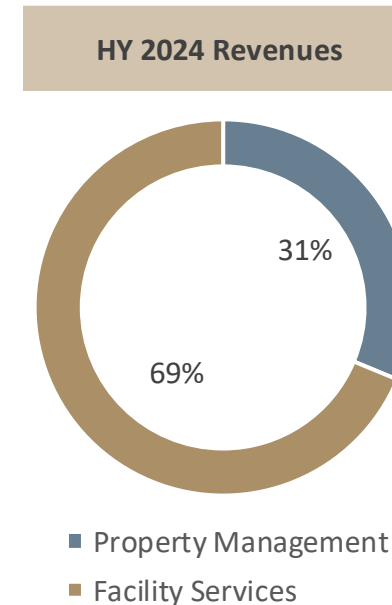
Note:  
<sup>1)</sup> Based on CBRE appraisal HY 2024

# Real Estate Services: segment sold on 24 June 2024 with a gain of CHF 122.2m

## Organic growth in revenue and excellent EBIT margin

(CHFm)	1.1.- 24.06.2024	Δ in %	HY 2023	FY 2023	FY 2022
Revenue	89.9	-0.3	90.2	181.7	173.5
EBIT	8.8	-1.4	8.9	17.9	18.4
EBIT margin	9.8%	n/a	9.9%	9.9%	10.6%

- Top line organic growth by 3.5% as at 24.06.2024
- Very successful disposal of the segment to PHM Group
- Enterprise value amounted to CHF 240m / sales price CHF 243m

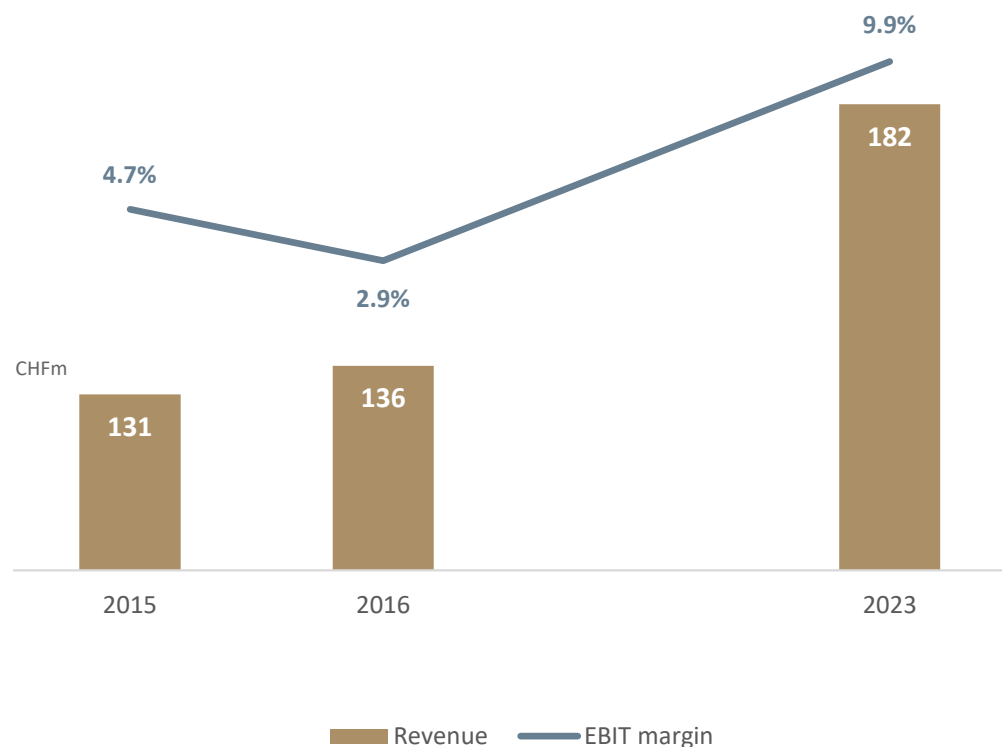




# Real Estate Services: BOTH - a very successful journey and disposal

Evolution of the segment over the years – gain on the disposal CHF 122m

Evolution of Revenue and EBIT margin



Net assets at IPO	CHF	20 m
Net assets at 31.12.2023	CHF	54 m
Net assets at 24.06.2024	CHF	26 m
Goodwill* at 24.06.2024	CHF	95 m
<b>Invested Capital</b>	<b>CHF</b>	<b>121 m</b>
<b>Gain on disposal</b>	<b>CHF</b>	<b>122 m</b>
<b>Selling price</b>	<b>CHF</b>	<b>243 m</b>

\*charged to equity and recycled on disposal date

## On a Group level: Very pleasing Net profit

### Higher interest costs and lower income taxes

(CHFm)	HY 2024	Δ in %	HY 2023 restated	FY 2023 restated	FY 2022 restated
EBIT	<b>150.9</b>	n/a	-25.9	-1.5	180.4
Result from associates	<b>-0.4</b>	n/a	0.1	0.1	-0.6
Financial income	<b>0.2</b>	+9.5	0.2	0.3	1.0
Financial expenses	<b>-3.3</b>	+237.2	-1.0	-3.1	-2.2
EBT	<b>147.3</b>	n/a	-26.6	-4.2	178.0
Income taxes	<b>-4.3</b>	n/a	2.2	-1.2	-26.1
Income tax rate	<b>2.9%</b>	n/a	8.3%	-28.6%	14.7%
Net profit	<b>143.0</b>	n/a	-24.4	-5.4	151.8
<i>Net profit excluding revaluation effect</i>	<b>139.1</b>	+697.3	17.4	35.5	93.8

- Financial expenses in 2023 benefited from a very low coupon bond (0.05%), which was redeemed in October 2023
- Weighted average interest costs of 1.60% in HY 2024 vs 0.55% in HY 2023
- Gain on disposal of subsidiaries largely exempt from income tax resulting in a positive impact on income tax rate

# Solid capital structure prevailing

## Excellent equity ratio, very low LTV

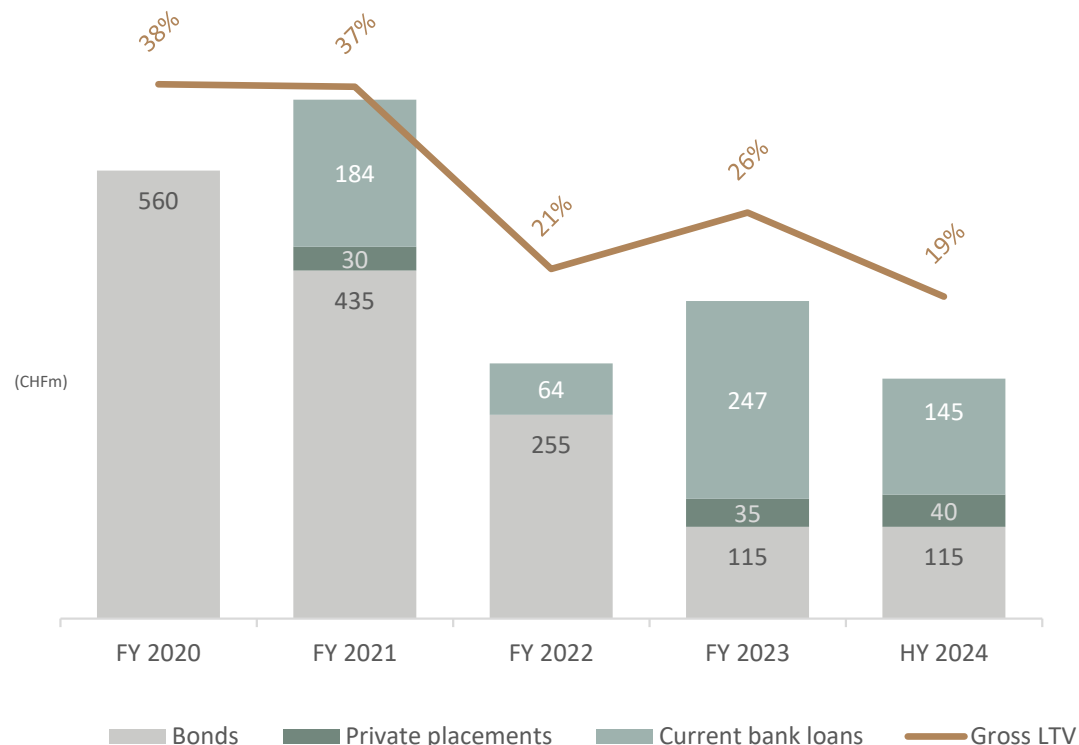
Balance Sheet (CHFm)	30.06.2024	Δ in %	31.12.2023 restated	31.12.2022 restated	31.12.2021 restated
Cash and cash equivalents	3	-26.3	4	4	5
Properties portfolio	1,605	+5.7	1,518	1,508	1,735
Financial assets	75	+158.0	29	26	26
<b>Total assets</b>	<b>1,707</b>	<b>+6.1</b>	<b>1,610</b>	<b>1,593</b>	<b>1,817</b>
Financial liabilities	300	-24.4	397	319	649
Deferred tax liabilities <sup>1)</sup>	142	+0.8	141	143	165
Shareholders' equity	1,236	+20.1	1,029	1,066	965
Gross LTV <sup>2)</sup>	19%		26%	21%	37%
Equity ratio	72%		64%	67%	53%

Note: (1) Not discounted. (2) Interest-bearing financial liabilities over property portfolio.

- Financial assets contain the minority investment in PHM Group
- NAV per share at CHF 96.80
- NAV per share at 107.92 excluding deferred taxes with regard to properties

# Debt structure – all unsecured – no pledged properties

Short term financing – weighted average interest rate of 1.20% on outstanding debt

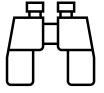


Debt structure (CHFm)	30.06.2024
Bonds	115
Private placement	40
Current bank loans (Credit lines used)	145
<b>Total Financial liabilities</b>	<b>300</b>
Credit lines unused (CHFm)	230
Average maturity (in mths)	3

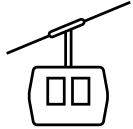
Maturity of financial liabilities (CHFm)	30.06.2024
Due within the first year	145
	40
	115

New Bond issue on 16 August 2024	
CHF 100m fixed rate bond	
Coupon 1.45%	
Maturity 16 October 2026	

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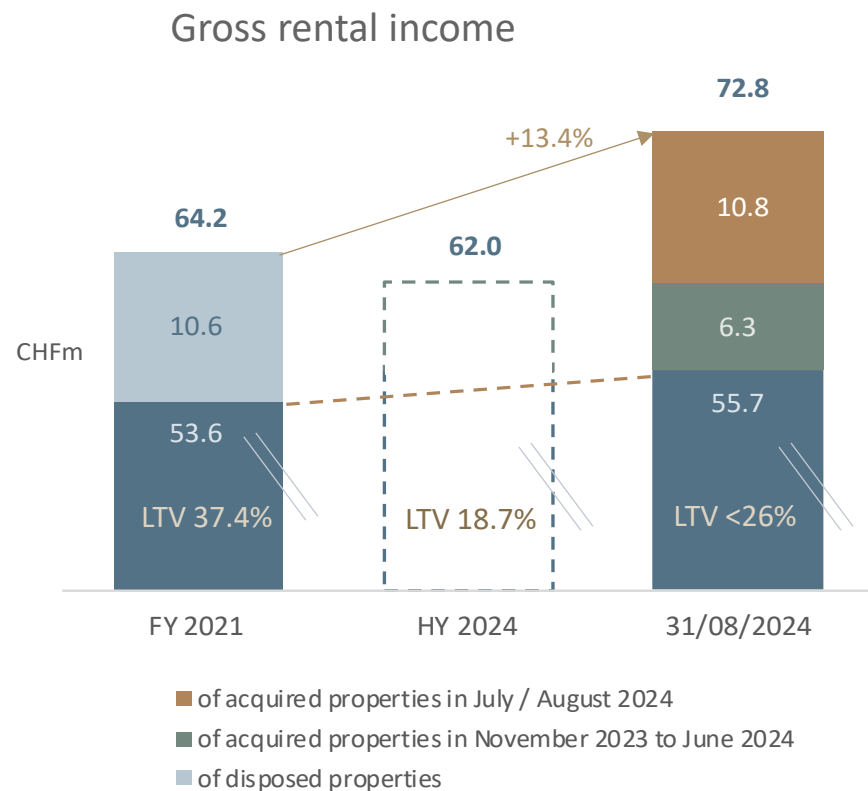


Outlook

Q & A

# Properties: Boost of Gross rental income and NAV in the last three years

Funds from disposals in 2021 strategically reinvested in 2023/24 to acquire quality properties at half the price



- In 2021 a portfolio of 11 properties was sold
- Acquired properties have significantly higher gross yields

Recap on transactions	Value CHFm	Gross Rental Income CHF m	Gross Yield in %
Disposals 2022	376	10.6	2.82
Acquisitions Nov 2023 to Aug 2024	289	17.1	5.92

Key figures	Portfolio value CHFm	LTV in %	NAV CHF m
as at 31.12.2021	1,735	37.4	968
as at 31.08.2024	>1,765	<26	>1,240

# Outlook 2024

## Market Environment

- Net migration – continuous to be a significant driver of demand, particularly in the Lake Geneva region
- Housing shortage – particularly in central locations
  - 279 new apartments for 2,248 new inhabitants in Geneva Q1 2024
  - Shortfall of 50,000 apartments across the country by 2026
- Restricted construction activity prevails – lengthy approval process
- Effective Portfolio management through targeted acquisitions in a competitive market

These fundamentals indicate a stable yet competitive market environment for residential real estate in 2024

# Outlook 2024

## For Investis in particular

- Focus on residential market in the Lake Geneva region
  - Demography
  - Region is an international business center
  - Stringent building regulations
  - Rising rental income
- Double digit rent potential since IPO despite rental increase year by year
- Continuous tenant turnover, allowing rent increases
- Low debt, strong balance sheet, aiming at low funding costs
- Four additional properties were acquired and one signed with a total gross rental income of CHF 10.8m



# Why to invest in INVESTIS?

## The only listed residential real estate company in Switzerland

- Quality of the portfolio with well-maintained properties
- Largest listed residential property owner in the undersupplied Lake Geneva region
  - sustained demand, high return, low vacancies
  - continuous rent potential remains well above 10%
- High barriers of entry for new market players in Investis' key markets
- Solid balance sheet – conservative financing – increased investment power
- Earned dividend with operating cashflow (FFO)
- Experienced and proven management

# Fundamental business strengths

## Value proposition

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 creating growth
Attractive and stable return profile
Largest listed residential portfolio in the Swiss market
Robust and well-maintained portfolio focused on the Lake Geneva region – first class location quality
Low vacancy rates
Value creation through execution on rent upside potential

THANK YOU FOR YOUR ATTENTION

