

## REPORT TO SHAREHOLDERS

### Significantly improved results in both business segments

Dear Shareholders  
Dear Sir or Madam

2017 was a very positive year for both parts of the business. This success was due to organic growth and acquisitions in the Company's two segments – **Properties** and **Real Estate Services** – as well as to further sustainable cost optimisations. The value of the property portfolio rose thanks to purchases made in attractive locations, as well as to revaluations. The Real Estate Services segment increased its revenue organically through new mandates, and the full integration of Hauswartprofis. Measures taken to increase profitability in this segment already had a positive effect, leading to a further sustainable increase in the EBIT margin. Financial expenses were significantly reduced as planned.



#### SUSTAINABLE REVENUE GROWTH – INCREASE IN NET PROFIT

Investis saw revenue increase 17% to CHF 190 million in 2017 (prior year CHF 162 million). EBITDA before revaluations and gains on disposals rose year-on-year by 30% to CHF 37.3 million (CHF 28.7 million). Market-driven portfolio appreciation of CHF 25.0 million, plus disposal gains and depreciation, led to an EBIT of CHF 60.9 million. EBIT had reached CHF 76.4 million in 2016 owing to unusually high, market-driven valuation gains.

The optimisation of financing structures begun in 2016 was continued during the year under review with the issue of two further bonds. Investis placed its second-ever bond issue, with a volume of CHF 140 million, a two-year term and a coupon of 0.25%, in February 2017, followed by a third in October 2017 worth CHF 180 million, with a coupon of 0.75% and a term of five years. The average interest rate during the year under review was 0.7% (prior year 2.0%). Investis used the attractive conditions on the capital market to reduce its financial expenses significantly to CHF 4.1 million. The equivalent figure in 2016 (CHF 19.7 million) included CHF 5.9 million for the premature termination of swap contracts and CHF 6.6 million for the recognition of the remaining swaps in the income statement. Adjusted for these swap costs of CHF 12.5 million, financial expenses were reduced by 43% in the year under review.

Tax income stood at CHF 0.2 million (prior year tax expense of CHF 13.6 million), which includes a positive deferred tax effect of CHF 10.8 million (implementation of corporate tax reform in Canton Vaud). However, the expected average tax rate remains 23% (prior year 24%) until the implementation of Tax Proposal 17.

Overall this left Investis with a 28% higher net profit of CHF 57.6 million (prior year CHF 45.1 million). Earnings per share went up to CHF 4.49 (prior year CHF 3.88). Net profit excluding revaluation effects came to CHF 26.8 million (prior year CHF 9.4 million).

Net asset value (NAV) per share excluding deferred tax relating to properties rose to CHF 55.91 (prior year CHF 54.85). The increase was small because the goodwill from the acquisition of Hauswartprofis was charged against equity. This meant that the benchmark figure was diluted by CHF 1.16 per share.

Investis is outperforming expectations and gained further in stature over the last financial year. The Company's very good result underlines the progress made in both segments of its business, and the successful implementation of its growth strategy. After a very pleasing first six months of 2017, results for the second half were even better. Its increasing revenue momentum makes Investis confident about the further growth of business activities.

#### ADDING VALUE BY EXPANDING THE PORTFOLIO AND SUSTAINABLY INCREASING RENTAL INCOME IN THE PROPERTIES SEGMENT

CHF 131 million was invested in the acquisition of additional investment properties as well as in development projects. Some properties have also been sold. Together with revaluation gains of CHF 25.0 million (prior year CHF 46.6 million), the value of the portfolio increased by 14% to CHF 1,121 million (prior year CHF 981 million). As at 31.12.2017, the portfolio comprised 139 properties with 2,508 residential units.

During the year under review, rental income increased by 13% to CHF 47.5 million (prior year CHF 41.9 million), with a continued low vacancy rate of 3.5 % (prior year 3.7%). On a like-for-like basis, rental income went up by a pleasing 1.9% (prior year 1.1%), pushing growth to the upper end of the long-term trend of 1 – 2%. By contrast, property costs only rose slightly, leading to an increase in the gross margin to 73% (prior year 70%). Overall, the Properties segment achieved operating profit (EBIT) of CHF 58.0 million (prior year CHF 76.7 million). Operating profit in 2016 was boosted by unusually high valuation gains.

In November 2017, Investis increased its stake in “La Foncière de la Dixence SA” – the project company planning and financing the Dixence Resort in Hérémece – from 50% to 75%, thus becoming the majority shareholder. Since then, the Dixence Resort project in Hérémece has been fully consolidated in the results.

#### FURTHER INCREASE IN PROFITABILITY IN THE REAL ESTATE SERVICES SEGMENT

Investis also continued its growth in Real Estate Services, increasing this segment’s revenue to CHF 148 million (prior year CHF 136 million). There was organic revenue growth in both activities, **Property Management** and **Facility Services**. The full integration of Hauswartprofis, the company acquired in January 2017, contributed CHF 18 million to revenue. The cessation of general contractor activities in the construction management business resulted in a CHF 15 million reduction in revenue. Rents under management in the Property Management business went up to CHF 1.68 billion (prior year CHF 1.58 billion).

The number of employees in the Real Estate Services segment rose to 1,397 (prior year 1,132), mainly due to the acquisition of Hauswartprofis.

Revenue growth and the operational improvements made as a result of initiatives taken to increase profitability led to an EBIT margin of 5.3% (prior year 2.9%), as well as a doubling of operating profit (EBIT) to CHF 7.8 million (prior year CHF 3.9 million). After the increase in the EBIT margin to 5.0% in the first half-year, it went up again in the second half to 5.6%, which exceeded expectations.

#### VERY SOLID BALANCE SHEET

Total assets increased to CHF 1.2 billion as at 31.12.2017, with a comfortable equity ratio of 46.0% (prior year 50.7%). Deferred tax liabilities came to CHF 155 million (prior year CHF 146 million). Interest-bearing financial liabilities amounted to CHF 436 million (prior year CHF 326 million) while the loan-to-value ratio increased from 33% to 39% as at end-2017.

#### DEMAND FOR RENTAL APARTMENTS IN THE LAKE GENEVA REGION REMAINS VERY HIGH - BUSINESS MODELS FOR REAL ESTATE SERVICES IN TRANSITION

The real estate market around Lake Geneva remains very attractive. Demand is still high, especially for rental apartments in the lower and middle price bands in central locations, i.e. in the cities of Geneva and Lausanne and their conurbations. This situation is reflected in the fact that Investis has a very low vacancy rate compared to the industry in general. Likewise, investor demand for residential properties remains high.

Digitalisation is bringing ongoing change to the real estate services business, and this is creating significant opportunities. Investis is fully committed to digital transformation and is stepping up cooperation with innovative start-up companies that are driving digitalisation in the real estate sector. The Company wants to digitalise most of its activities and processes, so optimised and innovative products and services can be offered to customers. This will create highly efficient workflows for all stakeholders.

## ANNUAL GENERAL MEETING: DIVIDEND PAYMENT OF CHF 30 MILLION AND CREATION OF ADDITIONAL CONDITIONAL CAPITAL

At the Annual General Meeting on 20 April 2018, shareholders will be asked to approve an unchanged dividend of CHF 30.08 million, or CHF 2.35 per share, in the form of a repayment from reserves from capital contributions. This corresponds to a dividend payout ratio of 52%. The Board of Directors will also propose the creation of additional conditional share capital in the amount of CHF 128,000, divided into 1,280,000 registered shares with a nominal value of CHF 0.10 each, in order to have the option to issue bonds or similar debt instruments with conversion rights and/or warrants.

## OUTLOOK

The outstanding results reported for 2017 vindicate and reaffirm the growth strategy pursued by Investis. Based on the progress being made and the Company's good market position, the Board of Directors and Executive Board believe that both segments will see another sustainable increase in revenue in 2018. The Real Estate Services segment is targeting a further increase in its EBIT margin.

Investis is confirming its medium-term targets for 2019:

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

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