



Investis Holding SA

# IR-PRESENTATION

## HALF-YEAR 2017 RESULTS - 31 AUGUST 2017

**INVESTIS**

REAL ESTATE GROUP

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# Agenda

1. View on the Swiss Real Estate Market 2017
2. Highlights HY 2017
3. Financials HY 2017
4. Outlook
5. Q&A
6. Appendix
  - Strategy
  - Business Profile
  - Investment highlights
  - History, Management, others



# Macroeconomic Overview

## Overall positive environment for the real estate market prevailing

- Globally: increased growth expectation for Swiss economy by the International Monetary Fund (IMF)
- Swiss economy slowly recovering from the effects of the abolition of the Franc-Euro exchange rate mechanism
- Interest rates: geopolitical uncertainties lead to volatility especially at the longer end of the interest curve
- FX: post elections in France soft weakening of the CHF vs €, further weakening witnessed during the summer months
- Expected GDP growth of 1.7% and 1.8% in Switzerland for the years 2017 and 2018 respectively vs inflation expected to be at 0.4% this year and 0.7% in 2018

# Highlights on Swiss Real Estate Market

## High demand persistent

- Continuing immigration but at a lower level
- Focused demand on reasonably priced rental units ongoing high
  - 38% of online search subscriptions focus on these apartments, but they represent only 25% of the offering (source: WüestPartner)
  - Over demand of rental units in big city centres in Switzerland i.e. Geneva and Lausanne among others
- Rise in rents in big city centres well above Swiss average
- Property value expected to further increase for apartment buildings mainly in big city centres

## Real Estate will be impacted by digital technologies – like any other industry

- Few innovation was done so far – especially in Switzerland
- Property managers will have to offer more value added services – create a journey for the customer
- Internet of Things and Big Data are providing huge opportunities for PM and FM to create new competitive advantage
- Investis sees great opportunities in transforming the PM an FM business with digital technologies and innovative digital business models
- Investis is among first movers in the sector

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# Main developments HY 2017

## ▪ **Investis Group:**

- Top line growth by +18%, mainly driven by organic growth, investments in Properties and acquisitions in Facility Management
- Substantial improvement of operating performance; EBITDA before revaluations/disposals +35%
- Further reduction of mortgage exposure
- Net profit up by 40% to CHF 28m

## ▪ **Properties**

- Value of portfolio tops CHF 1 bln for the first time – majority residential
- Like-for-like rental increase of 2.0%
- Unchanged underlying occupancy at 99%

## ▪ **Real Estate Services**

- EBIT margin substantially improved to 5% (vs. 2.1%)
- Rents-under-Management +6.6% to CHF 1.64 bln
- Facility Mgmt revenues +57.0% – driven by organic growth and acquisitions



# Main achievements since IPO

## ■ Development of the property portfolio

- Portfolio value at CHF 1,036m as at 30.6.2017 vs CHF 875m a year ago; +18%
- CHF 167m<sup>1)</sup> invested since 30.6.2016; Gross yield of acquired properties >5%
- Revaluation gains: 1HY 2016: CHF 17m / 2HY 2016: CHF 30m / 1HY 2017: CHF 17m
- Construction started at development sites in Hérémence and Saanen
- Annualized full occupancy property rent increased from CHF 41.8m (30.6.2016) to CHF 51.7m as at 31.8.2017

## ■ Restructuring of the Services Segment

- Substantial improvement of EBIT-margin from 2.1% in HY 2016 to 5% for HY 2017
- Successful acquisition and integration of Hauswartprofis
- Decision and execution of withdrawal from Construction Management as General Contractor

## ■ Debt restructuring away from mortgages towards unsecured senior debt – Lowering financing interest rate substantially from 2% to 0.7%

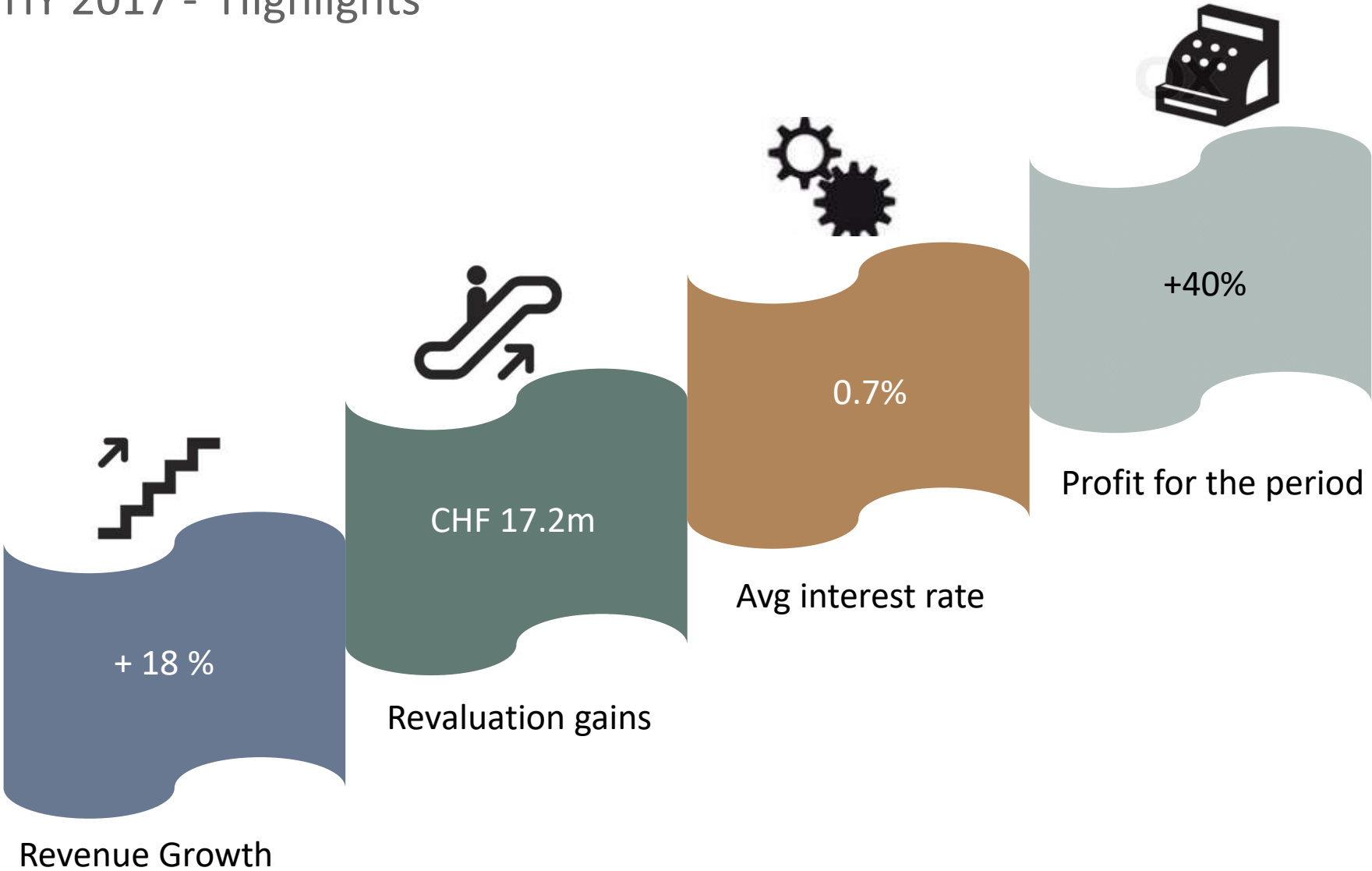
1) includes purchases in July/August 2017

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# HY 2017 - Highlights

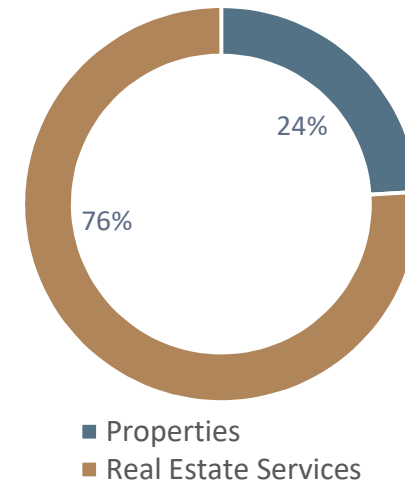


# Solid performance in both segments

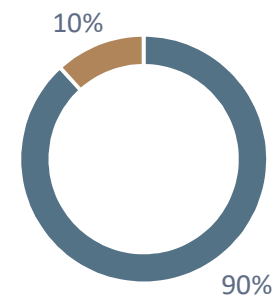
(CHFm)	<b>HY 17</b>	HY 16	Δ in %
Revenue	<b>93.6</b>	79.3	<b>+18.0</b>
EBITDA before revaluation/disposals	<b>17.6</b>	13.0	<b>+35.0</b>
Income from revaluations	<b>17.2</b>	16.7	<b>+2.5</b>
EBIT	<b>34.3</b>	29.7	<b>+15.6</b>
<i>EBIT margin</i>	<b>36.7%</b>	37.4%	
Net financial expenses	<b>-1.5</b>	-3.8	<b>+60.4</b>
Income taxes	<b>-5.2</b>	-6.2	<b>+17.0</b>
Net Profit	<b>27.7</b>	19.7	<b>+40.5</b>

- Headcount 1,434 as per 30.06.2017, FTE 1,138 (avg of the period)

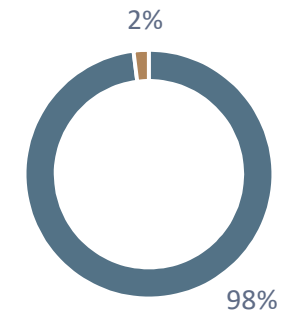
**HY 2017 Revenues**



**HY 2017 EBIT**



**HY 2017 Invested Capital**



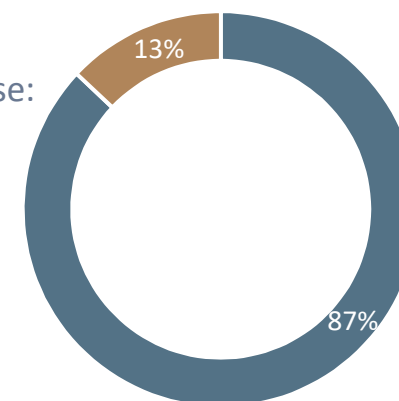
# Property portfolio passing the threshold of CHF 1bln in value

(CHFm)	<b>HY 17</b>	HY 16	<b>Δ%</b>
Revenue from letting of properties	<b>23.3</b>	20.2	<b>+15.7</b>
EBITDA before revaluations/disposals	<b>15.3</b>	12.2	<b>+25.6</b>
Revaluations & disposals	<b>17.8</b>	17.6	<b>+0.8</b>
EBIT	<b>33.1</b>	29.8	<b>+11.3</b>

- Double digit growth while costs remain stable
- 2,354 middle-income residential units
- 138 buildings
- CHF 47m invested into the portfolio, including additional properties with a gross yield of >5%
- Like-for-like rental increase of 2.0% (1.1% as at 31.12.2016)
- Annualised full occupancy property rent CHF 48.9m (30.6.2017)
- Vacancy rate 3.3% (3.7% as at 31.12.2016)
- Revaluation gains predominately on residential properties
- Average real discount rate at 3.62% vs 3.71% (31.12.2016) according to WüestPartner (nom disc rate +0.5%)
- No exposure to properties in the luxury segment

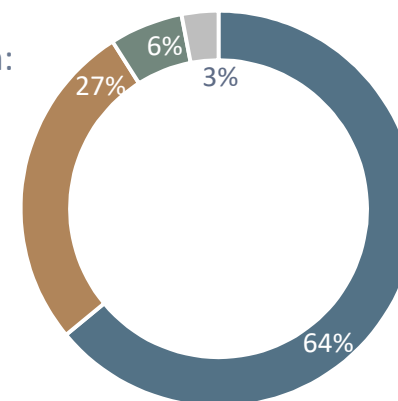
**Property Portfolio**  
138 properties – 2,354 residential units

... by main use:



■ Residential ■ Commercial

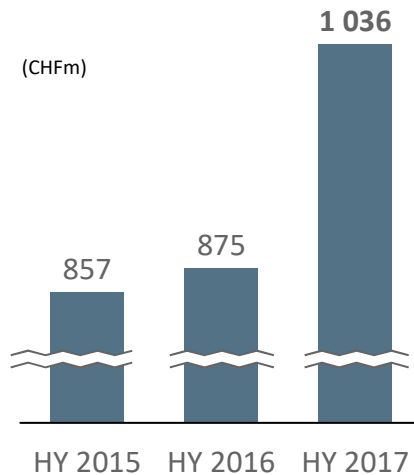
... by region:



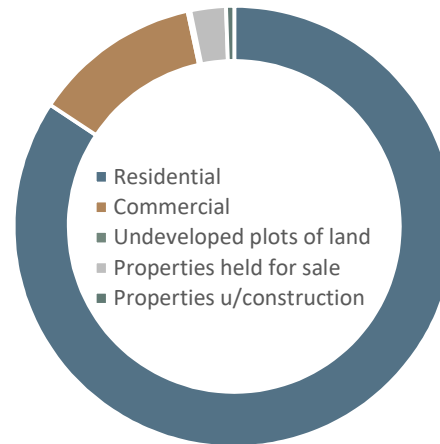
■ GE ■ VD ■ VS ■ other

# Stable and further improved operating performance in Properties

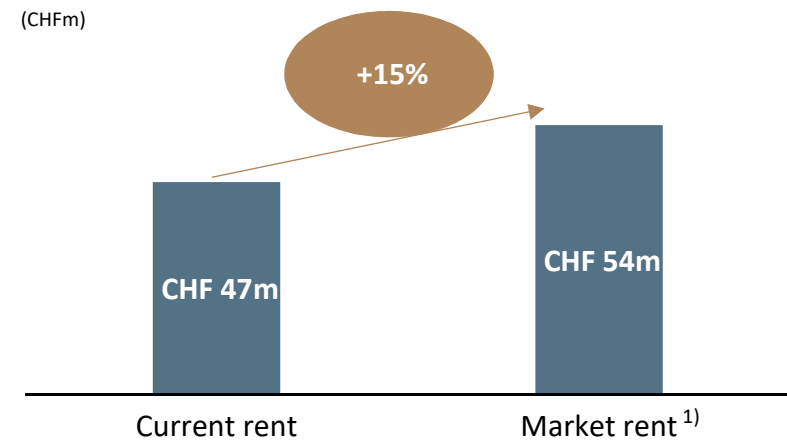
Portfolio value



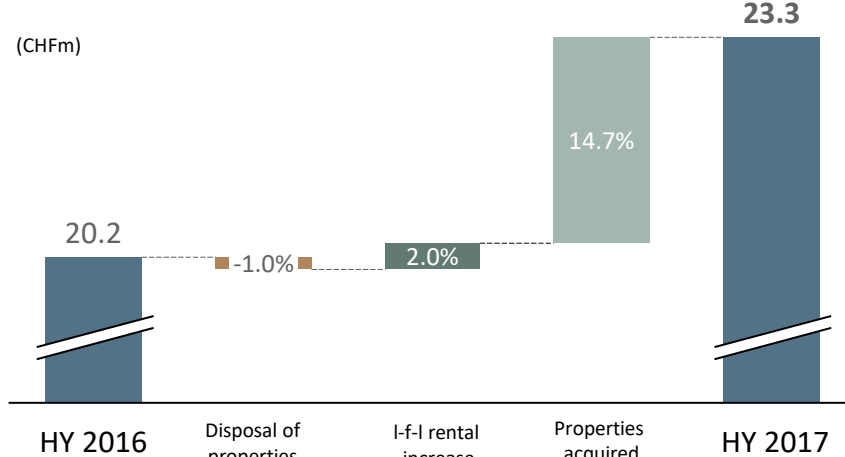
Portfolio split



Rent potential based on Wüest Partner appraisal



Revenue developments year on year



- 82% of rental income indexed with annual adjustment to the Swiss Consumer Price Index
- 10% tenant turnover representing opportunities to increase rents to market level
- 1-2% yearly like-for-like rental growth

Note:

<sup>1)</sup> Based on Wüest Partner appraisal HY 2017 excluding single family homes and condominiums

# Robust and well-maintained residential portfolio further expanded in one of Switzerland's most dynamic regions

## A robust, large and ....

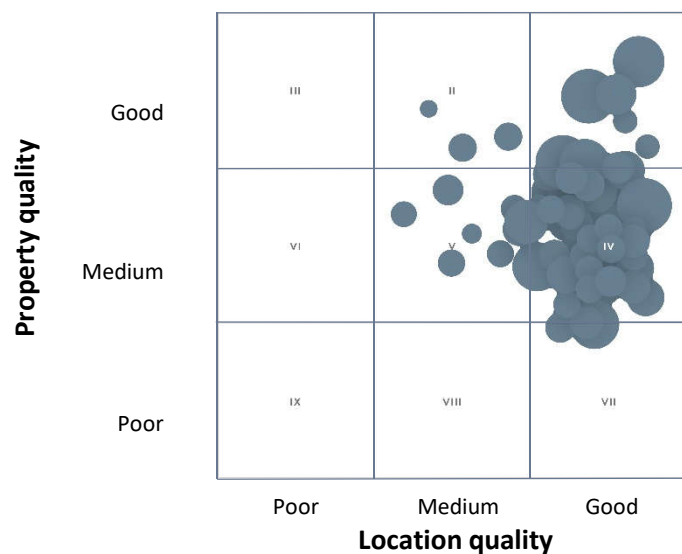
91% located in the wealthy and stable Lake Geneva region

87% share of residential <sup>(1)</sup>

99% underlying occupancy <sup>(2)</sup>  
(96.7% including renovation and strategic vacancies)

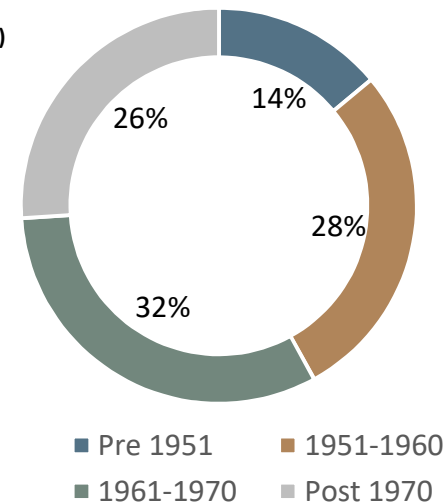
Efficient management out of own offices

## .... high quality portfolio based on WP appraisals

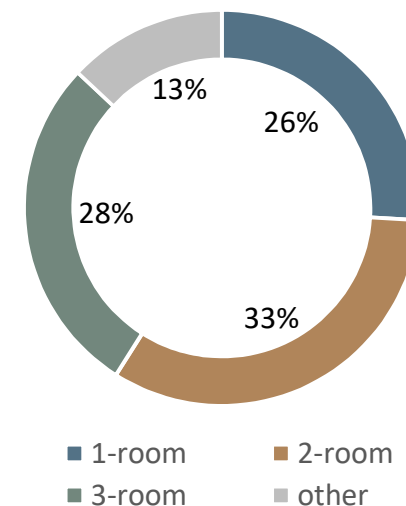


## Portfolio structure

### Year of construction<sup>(3)</sup>

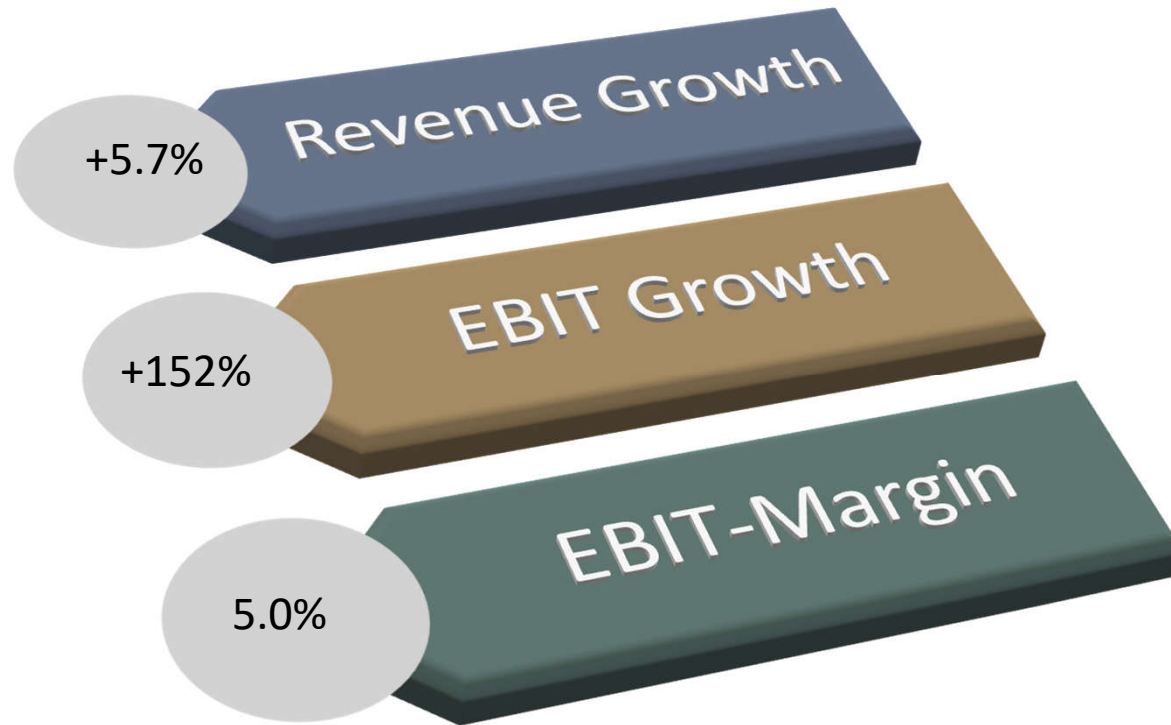


### Apartment type<sup>(4)</sup>



Note: (1) Based on market value and main use as of 30 June 2017.  
 (2) Occupancy rate based on rental income HY 2017.  
 (3) Based on market value as of 30 June 2017.  
 (4) 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.

# HY 2017 - Highlights Real Estate Services

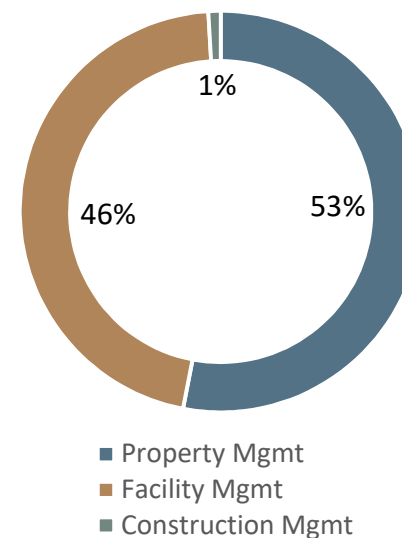




# Real Estate Services – developments above expectations

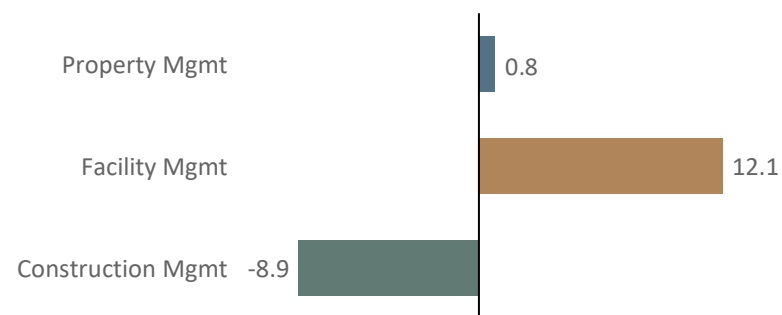
(CHFm)	<b>HY 17</b>	HY 16	<b>Δ%</b>
Revenue	<b>72.6</b>	68.7	<b>+5.7</b>
Direct expenses	<b>-7.1</b>	-14.9	<b>+52.5</b>
Personnel expenses	<b>-50.0</b>	-42.3	<b>-18.3</b>
EBIT	<b>3.7</b>	1.5	<b>+152</b>
EBIT margin	<b>5.0%</b>	2.1%	
Average FTEs	<b>1,121</b>	875	<b>+28.1</b>

Revenue split



- Successful year in Property Management
  - Rents under Management further increased to CHF 1.64 bln (vs CHF 1.58 bln as at 31.12.2016)
- HWP acquisition positively impacted top line and profitability
- Withdrawal from Construction Management (CM) as General Contractor made its top line share reduced to 1% (prior year 14%)
  - In return considerable decrease in direct expenses
  - Substantially reducing risk going forward
- Sizeable improvement in EBIT margin to 5.0%

A combined growth (in CHFm):



Real Estate Services: Considerable improvement in operating performance as a result of ...

### EBIT Bridge

(CHFm)



# Investis Group:

## Lower interest expenses and tax rate improved net profit further

(CHFm)	<b>HY 17</b>	HY 16	<b>Δ%</b>
EBIT	<b>34.3</b>	29.7	<b>+15.6</b>
Financial income	<b>0.3</b>	0.2	<b>+101.6</b>
Financial expenses	<b>-1.8</b>	-4.0	<b>+53.4</b>
EBT	<b>32.8</b>	25.9	<b>+26.7</b>
Income taxes	-5.2	-6.2	<b>+17.0</b>
Income tax rate	15.7%	24.0%	
Net profit	27.7	19.7	<b>+40.5</b>

- Substantial decrease of average interest rate to 0.7% (from 2.0% in 2016)
  - First bond issued in November 2016
  - Second bond issued in Feb 2017 nom CHF 140m with a coupon of 0.25% and a tenor of 2 years
  - Two remaining SWAP contracts settled in June
  - As at 30 June no derivative financial instruments anymore
- Slightly lower tax rate in the canton VD led to a partial reversal of deferred taxes (CHF 1.5m)
- Net profit increase of > 40% achieved
- EPS at CHF 2.16 (PY 1.75)

## Sound Balance Sheet prevails – conservative financing strategy

<b>Balance Sheet</b> (CHFm)	<b>30.06.17</b>	<b>31.12.16</b>	<b>Δ%</b>
Cash and cash equivalents	56	53	+5.5
Properties portfolio	1,036	981	+5.7
<b>Total assets</b>	<b>1,154</b>	<b>1,100</b>	<b>+5.0</b>
Financial liabilities	402	338	+19.0
Gross LTV <sup>1)</sup>	38%	33%	
Deferred tax liabilities <sup>2)</sup>	152	146	+4.5
Shareholders equity	540	558	-3.1
<b>Equity ratio</b>	<b>47%</b>	<b>51%</b>	

- Property Portfolio value +5.7 % to surpass CHF 1 bln for the first time
- Mortgages to be replaced by unsecured senior debt financing (i.e. no preferred bank debts (mortgages))
- First bond (CHF 100m / Coupon 0.55% / maturing Nov 2021) placed in Nov 2016
- Second bond (CHF 140m / Coupon 0.25% / maturing in Feb 2019) placed in Feb 2017
- NAV per share CHF 42.14
- NAV per share CHF 54.02 excl. deferred taxes with regard to investment properties
- Outstanding shares 12.8m
- Nominal value per share CHF 0.10

Note: (1) Interest bearing financial debt over investment properties.  
 (2) Not discounted.(IFRS methodology)

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# Outlook – solid performance expected for 2017

## Investis Group:

- EBITDA (before revaluations and disposals) to be at least 10% higher than 2016
- Mid-term targets 2019 confirmed:
  - Properties: annualised rental income > CHF 50m
  - Real Estate Services: High single digit EBIT-margin
  - Financing: through unsecured senior debt

## Properties:

- 7 residential buildings acquired since 1st July for a total of CHF 53m
  - Annualised full property rent to rise up to CHF 51.7m
- Need for renovations to remain low

## Real Estate Services:

- Excellent market position in both activities Property and Facility Management
- Discontinuing of Construction Management as general contractor impacts top line
- Pursue efforts in digitalisation

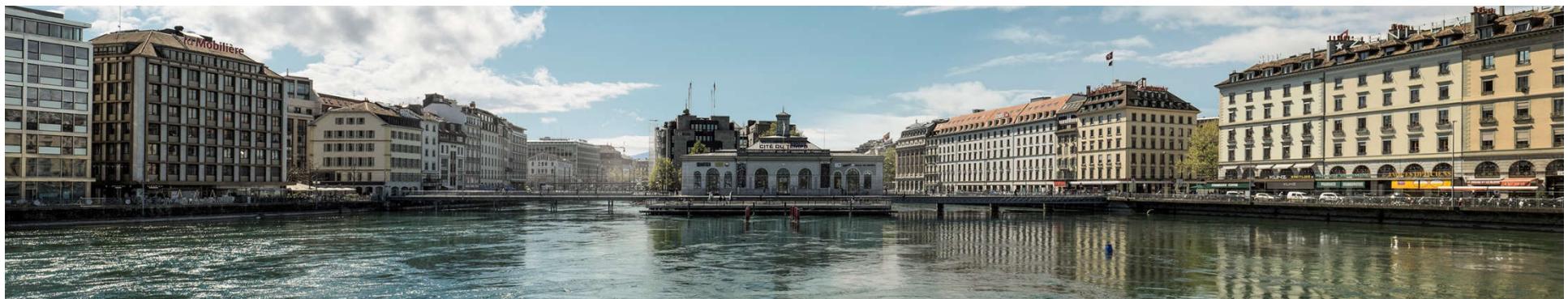
## Upcoming Dates

- Publication of FY 2017 results 21 March 2018
- AGM 20 April 2018



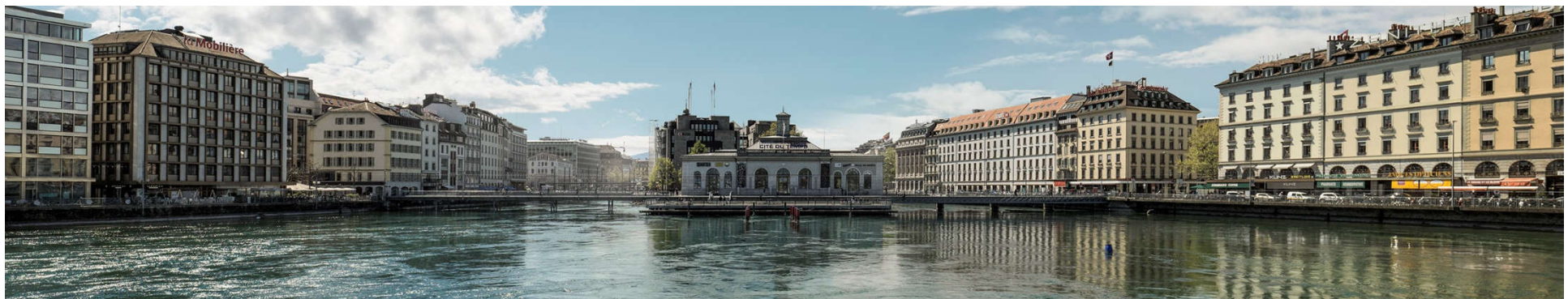
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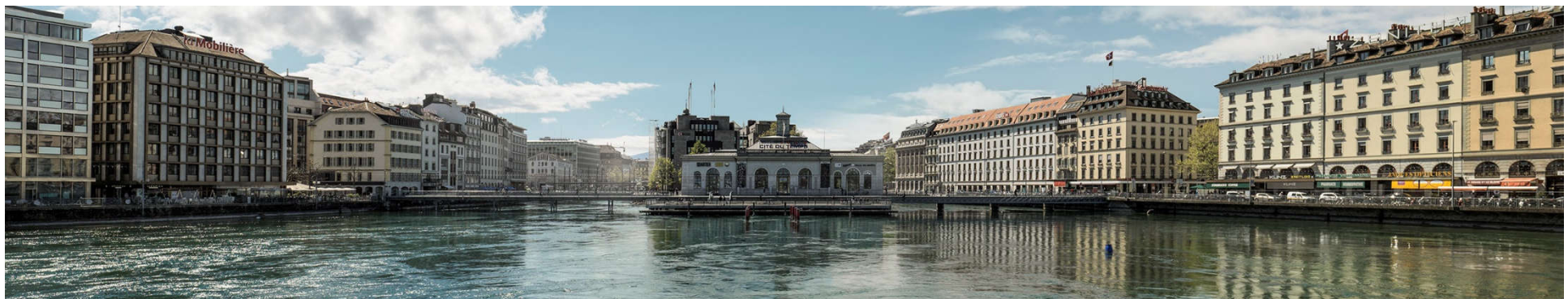


# Q&A



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Investis Group is a leading Swiss residential property company in the Lake Geneva region and a national real estate services provider



## STRATEGY AND INVESTMENT POLICY

- Continuation of the buy-and-hold strategy through selected investments in the properties segment
- Preservation and increase of portfolio values through active portfolio management
- Income growth through a broad range of Real Estate Services across Switzerland
- Greater efficiency and enhanced quality through digitalization
- Solid financing strategy with a sound capital base

# Major development projects are:

## Hérémente

Time of construction: 2016-2026  
Total costs: CHF 90m (current project)  
Land size: 25'088 m<sup>2</sup>  
To be built: 1 Hotel (60 rooms)  
1 Spa area (approx. 3'300 m<sup>2</sup>)  
5 Chalets (individual)  
7 buildings with 99 apartments to be sold  
individually or en bloc

Ownership: JV 50/50



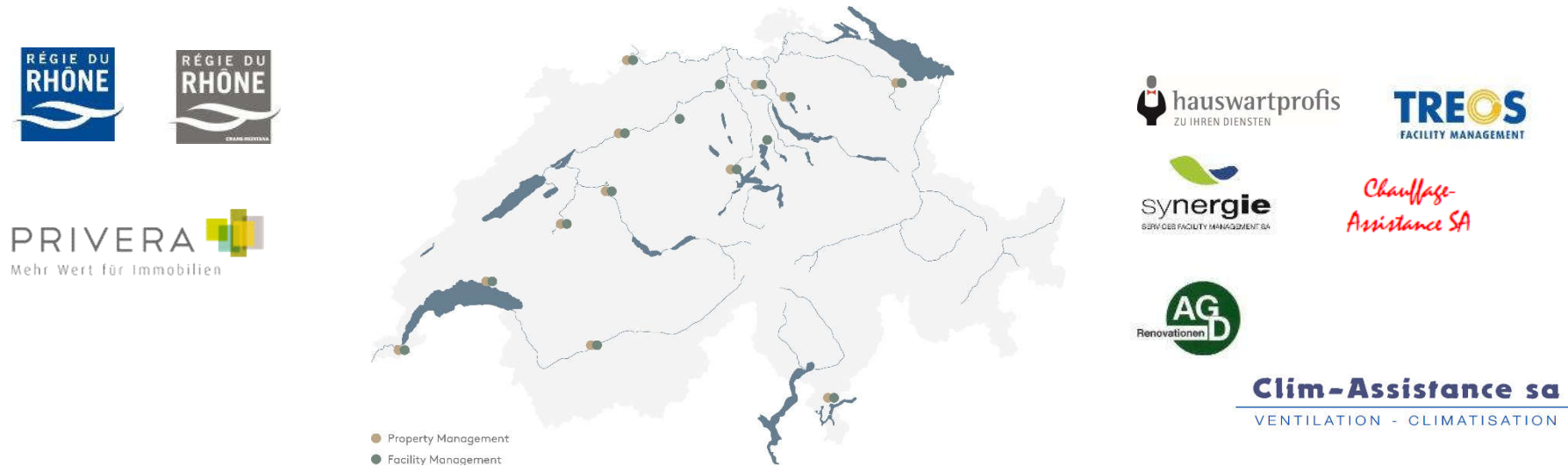
## Saanen

Time of construction: 2017-2019  
Total costs: CHF 22m (current project)  
Land size: 2'346 m<sup>2</sup>  
To be built: 3 Chalets with 18 condos and 5 shops to be sold



# Investis Real Estate Services is active throughout Switzerland with well-known local brands

Focus on two activities: Property Management and Facility Management



## Property Management

- Property Management
- Co-ownership associations
- Center management
- Letting management
- Brokerage
- Construction management

## Facility Management

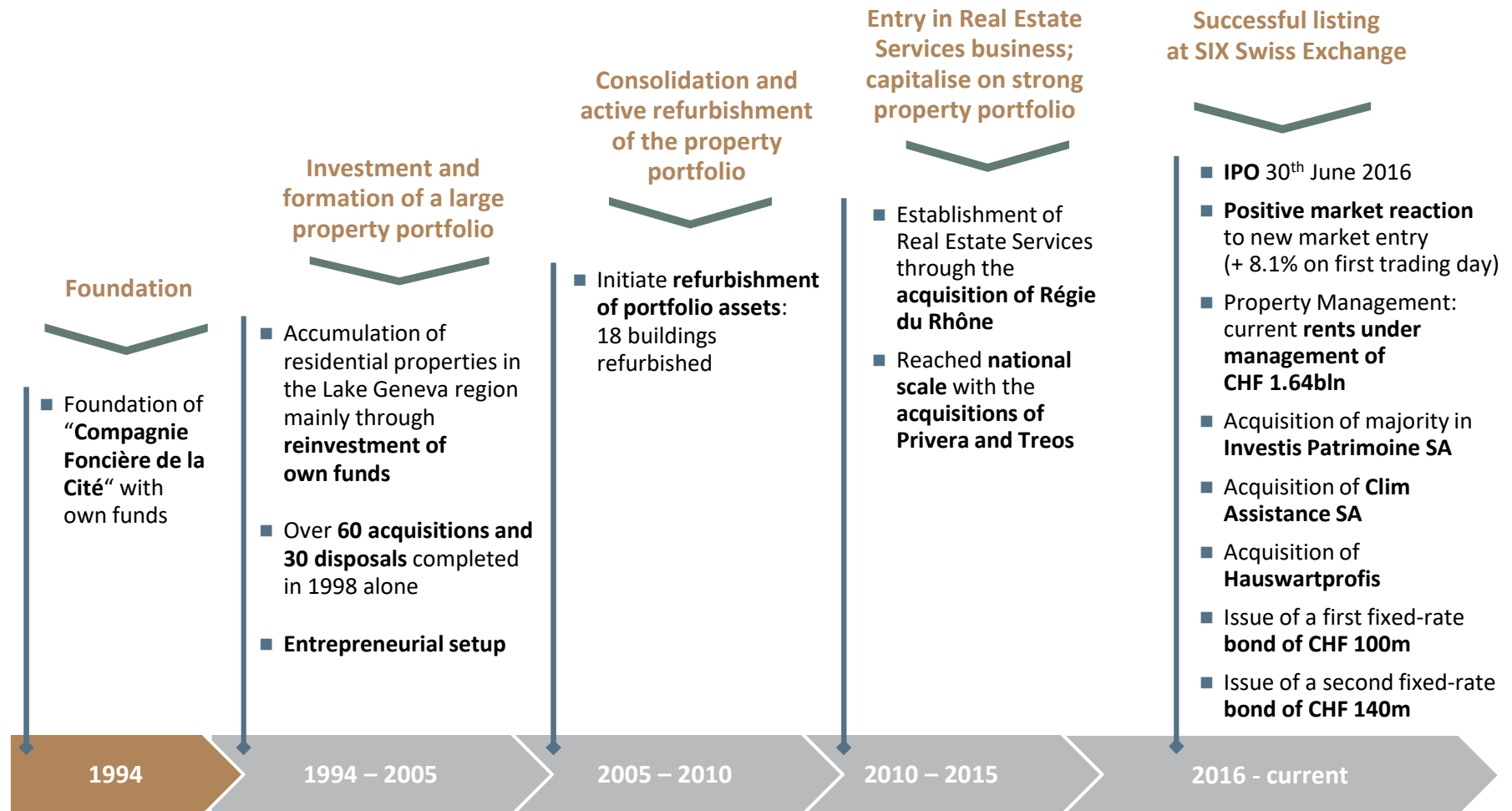
- Caretaking services
- Management Services
- Cleaning services
- Building technology
- Concepts
- Project management
- Building services
- Concierge services

# A compelling investment case for investors

## Why invest in INVESTIS?

- Largest listed residential portfolio in the Swiss market
- Robust and well maintained portfolio focused on the Lake Geneva region
- Low vacancy
- Pure Swiss player
- Attractive and stable return profile – high dividend
- Value creation through execution on rent upside potential in Properties
- 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 creative growth

# Investis Group has been an entrepreneurial business since 1994



# Entrepreneurial Management

## Board of Directors



**Riccardo Boscardin**  
**Chairman**  
**Independent member**  
Member of the Audit and  
Compensation Committee



**Albert Baehny**  
**Vice-Chairman**  
**Independent member**  
Chairman of the Compensation  
Committee



**Thomas Vettiger**  
**Independent member**  
Chairman of the Audit Committee



**Stéphane Bonvin**  
**Executive member**

## Executive Board



**Stéphane Bonvin**  
**CEO Investis Group**  
**Head of Properties**



**René Häslér**  
**CFO Investis Group**



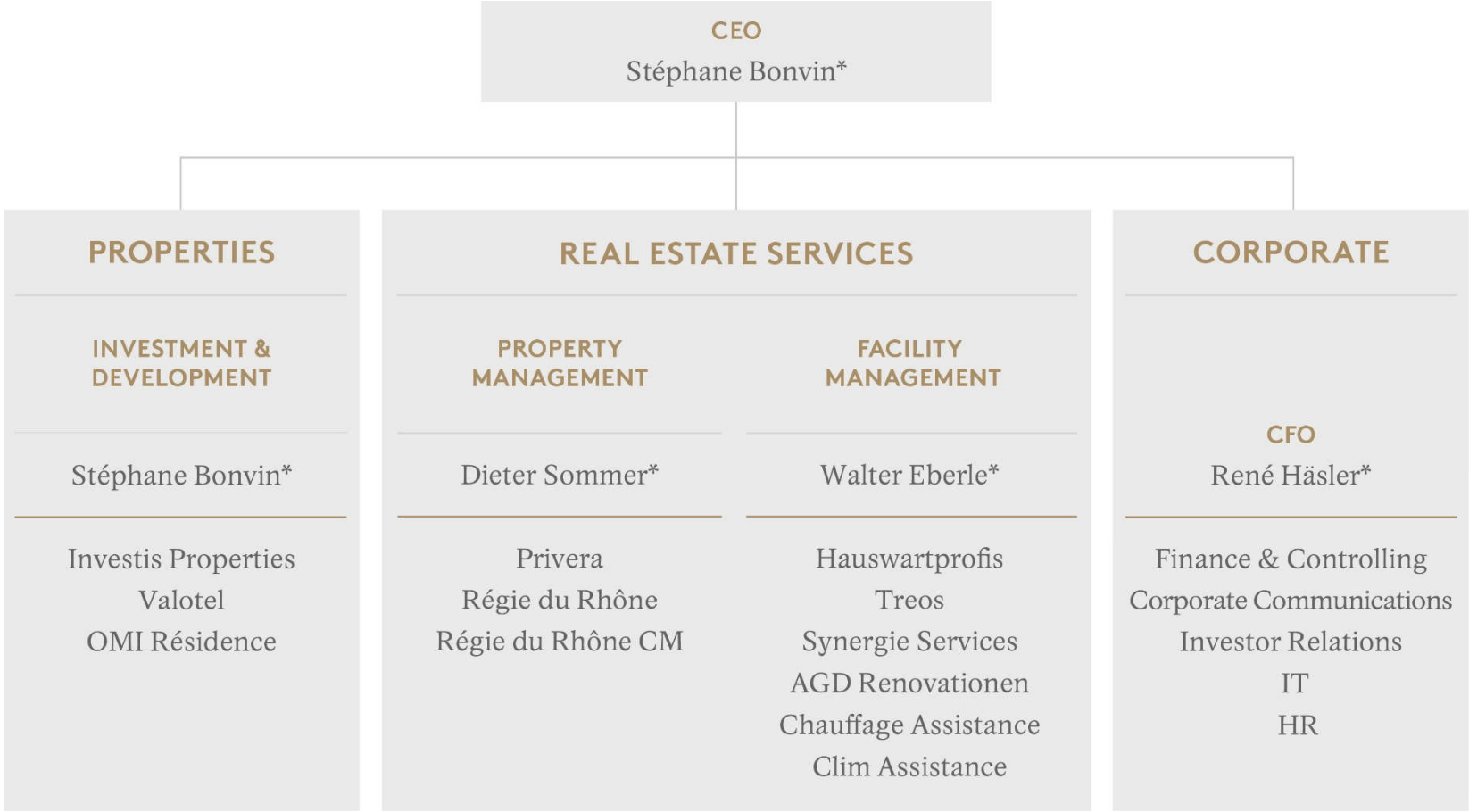
**Dieter Sommer**  
**Head Property Management**



**Walter Eberle**  
**Head Facility Management**



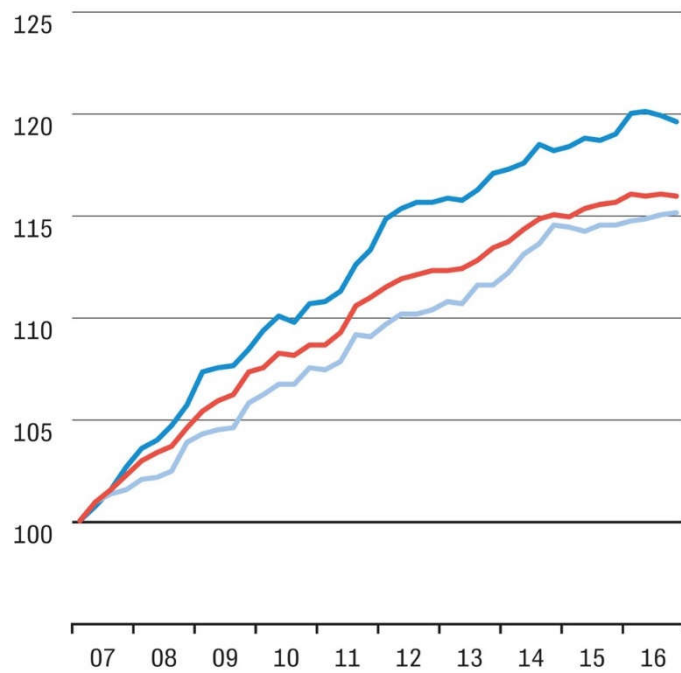
# Organisation



\* Member of the Executive Board

# Highlights on Swiss Real Estate Market

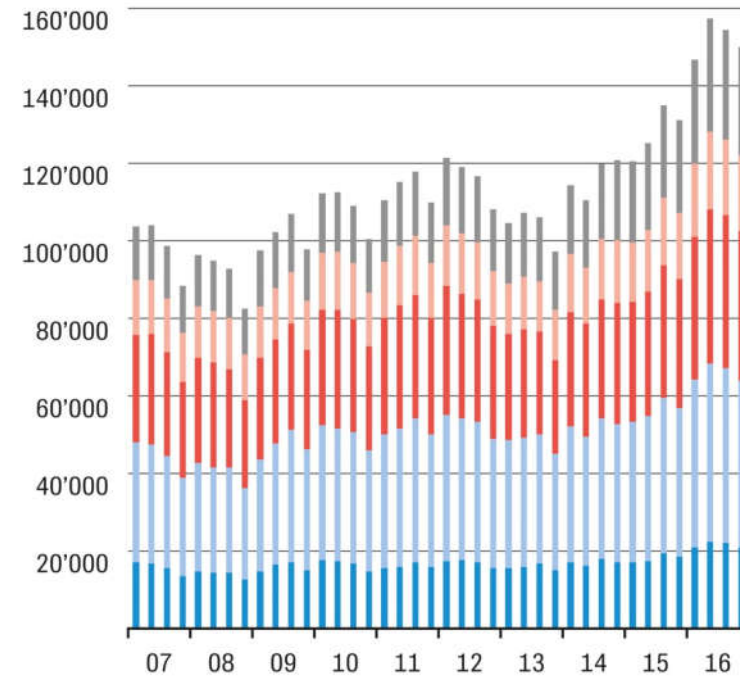
## Rent evolution for rental accommodation



— Switzerland — big city centers — smaller city centers

Source: WüestPartner

## Offer on rental accommodation

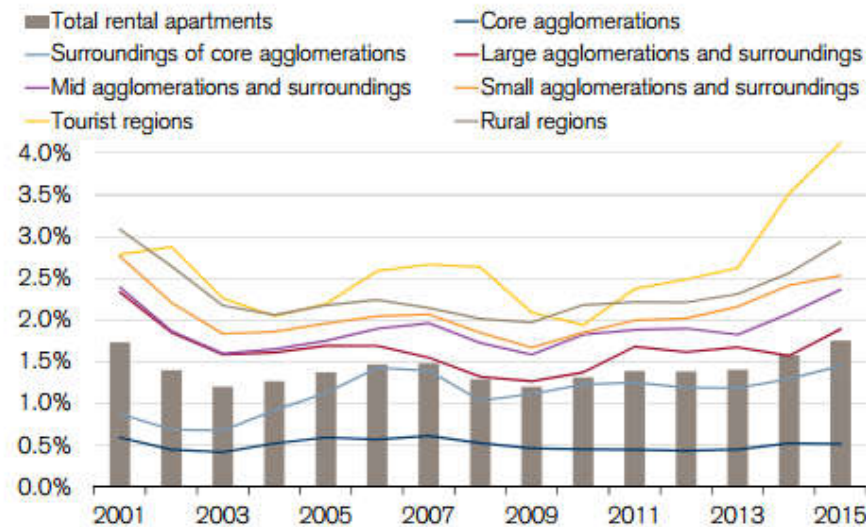


— big city centers — agglomeration of big city centers  
 — small and medium city centers — periphery  
 — agglomeration of small and medium city centers

# Vacancy rates in core agglomerations stable – sideways movement to be expected

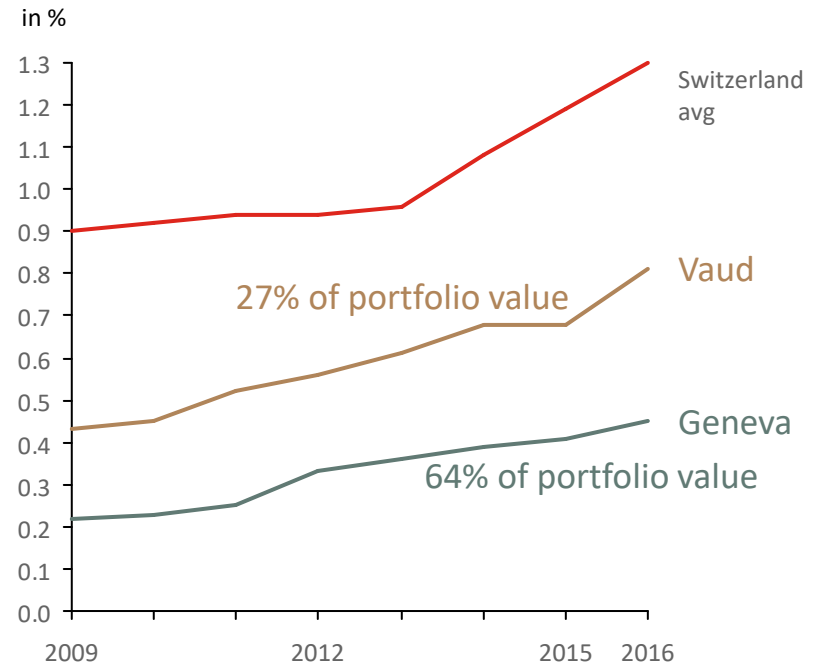
## Vacancy rates by type of area

As % of number of rental apartments (estimate) as per 1 June



Source: Swiss Federal Statistical Office, Credit Suisse

## Flatter curve in GE vs average



Source: Swiss Federal Statistical Office

# Case study: Buy and hold strategy / Rue du Nant 30 – Geneva



Acquisition in December 1998 for CHF 1.9m Residential block built in 1986 with 40 residential units and two retail units

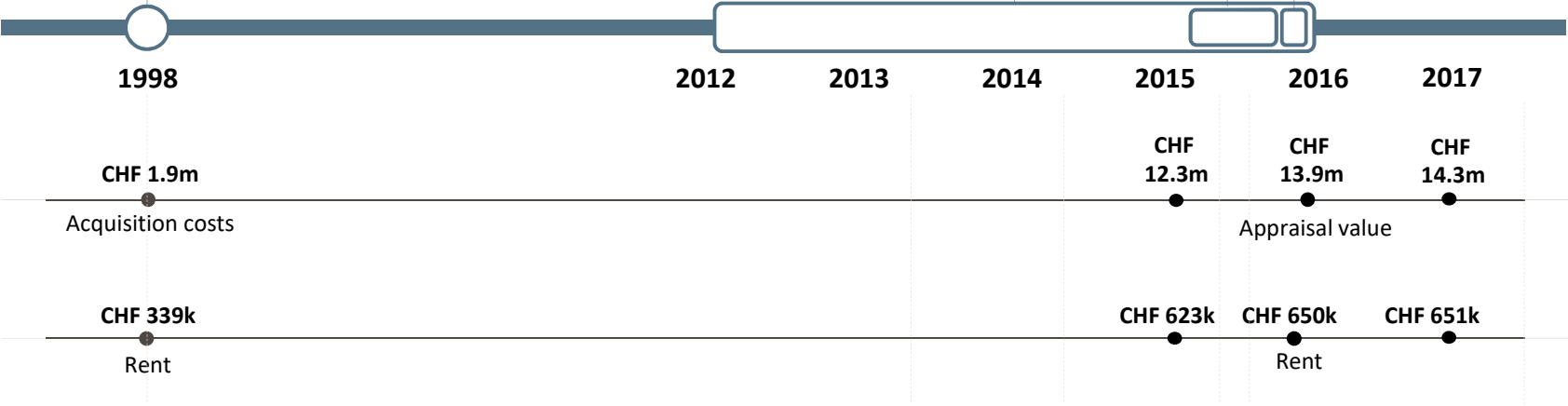


Renovation of the bathrooms and kitchens. Additional energy efficiency renovation works in 2014-2015



New lifts

Stairs painting



Thank you for your attention!

