

Press release

Zurich, 28 March 2019

Significant increase in net profit excluding revaluation effect in financial year 2018

- **Revenue up 4% to CHF 197 million**
- **EBIT up 23% to CHF 74.6 million**
- **Net profit excluding revaluation effect up by 33% to CHF 36 million**
- **Acquisitions and investments in the property portfolio of CHF 242 million**
- **Rental income rises to CHF 55 million, like-for-like rental income up by 1.7%**
- **Vacancy rate further reduced to 2.9%**
- **NAV per share, excluding deferred taxes with regard to properties, rises to CHF 59.59**
- **Dividend proposal of CHF 2.35 per share, unchanged from the prior year**

Investis can look back on an excellent financial year. Its success in the Properties segment was based on investments in the portfolio and an organic growth in rental income, as well as the recurrence of a positive revaluation effect and disposal gains. The Real Estate Services segment is on track and also generated organic growth. Financing costs were further reduced as planned.

Investis grows net profit excluding revaluation effect

Investis generated CHF 197 million of revenue in 2018 (prior year CHF 190 million). EBITDA before revaluations and disposal gains rose by 6% to CHF 39.7 million (prior year CHF 37.3 million). Including the gain on revaluations and disposals, EBIT increased by 23% to CHF 74.6 million (prior year CHF 60.9 million).

The average interest rate was further reduced to 0.5% (prior year 0.7%). Consequently, financial expenses decreased to CHF 3.9 million (prior year CHF 4.1 million) despite higher financial liabilities. Tax expense was CHF 16.4 million in the year under review, corresponding to a normalised effective tax rate of 23.1%.

Group profit was CHF 54.4 million (prior year CHF 57.6 million) and earnings per share were CHF 4.27 (prior year CHF 4.49). Net profit excluding revaluation effect grew significantly, increasing by 33% to CHF 35.6 million (prior year CHF 26.8 million).

Net asset value (NAV) per share excluding deferred taxes with regard to properties rose to CHF 59.59 (prior year CHF 55.91).

Properties: Rental income increases to CHF 55 million

Investis achieved a very good result in the Properties segment, where it made further sustainable investments in the portfolio and in development projects (CHF 242 million, prior year CHF 131 million). Rental income rose by 16% to CHF 55.0 million in the year under review (prior year CHF 47.5 million), corresponding to an increase of 1.7% (prior year 1.9%) on a like-for-like basis. Compared to the prior year (3.5%), the vacancy rate was further reduced to 2.9%, representing a low level compared to the industry in general.

Property costs reflected the slightly higher need for renovation of several acquired properties. Based on increased rental income and lower discount rates, the revaluation gain was CHF 24.2 million (prior year CHF 25.0 million). The sale of individual properties resulted in disposal gains of CHF 12.8 million (prior year CHF 0.7 million).

Overall, operating profit (EBIT) in the Properties segment rose by 24% to CHF 71.9 million (prior year CHF 58.0 million). The portfolio value increased by 20% to CHF 1,345 million at the end of 2018 (prior year CHF 1,121 million) and is based on an annualised full occupancy property rent of CHF 57.7 million. The portfolio contained 157 properties with 2,911 residential units as of 31 December 2018.

Real Estate Services segment on track – reorganisation completed

Revenue in the Real Estate Services segment totalled CHF 148 million, a slight increase compared to the prior year. While the results generated by the **Property Management** activity for 2018 exceeded expectations, **Facility Services** had a challenging year that was dominated by the rebranding of all caretaker services under a single brand and the corresponding reorganisation costs. The Real Estate Services segment produced an operating profit (EBIT) of CHF 7.7 million (prior year CHF 7.8 million) and the EBIT margin was 5.2% (prior year 5.3%).

In **Property Management**, organic revenue growth of 1.9% was achieved despite the adjustment of its portfolio of mandates. The measures initiated in prior years to improve results led to a renewed increase in operating profitability. Following the conclusion of new mandate agreements, rents under management rose to CHF 1.74 billion (prior year CHF 1.68 billion).

The **Facility Services** activity recorded slower revenue growth, as expected. With organic growth of 0.4%, revenue was virtually unchanged from the prior year. The costs resulting from the brand mergers had a corresponding impact on the EBIT margin. The reorganisation of this activity was thus successfully completed, creating the basis for further growth and higher profitability.

Very solid balance sheet – loan-to-value ratio remains low at 41%

Total assets increased by 15% to CHF 1.4 billion as of 31 December 2018, with Investis retaining its comfortable equity ratio of over 40%. Interest-bearing financial liabilities resulted in a loan-to-value ratio of 41%, which is comparatively low by industry standards. The relevant deferred tax liabilities increased to CHF 178 million (prior year CHF 155 million).

Annual General Meeting 2019

At the Annual General Meeting that will be held on 29 April 2019 in Zurich, a dividend of CHF 2.35 per share in the form of a repayment from reserves from capital contributions – unchanged from the prior year – will be proposed to Investis shareholders. This corresponds to a dividend payout ratio of 55%. All members of the Board of Directors and the Compensation Committee are standing for re-election.

Events after the balance sheet date

In February 2019, Investis placed another bond issue with a volume of CHF 140 million and a coupon of 0.773% on the market. The issue has a tenor of two years. The proceeds were used to refinance the bond with the same amount that matured in February 2019.

The financing strategy based on unsecured senior debt was successfully implemented in the first quarter of 2019. The first unsecured credit agreement was concluded in mid-March 2019.

The previously announced sale of the 100% subsidiary Régie du Rhône Crans-Montana SA, Lens, was completed on 28 February 2019, as planned. In addition, Investis sold half of its shares in the project company La Foncière de la Dixence on 25 March 2019. Following this sale, Investis continues to hold 41.7% of the project company.

Investis has appointed CBRE (Geneva) SA as the independent external valuation expert for the entire real estate portfolio. CBRE will perform the valuations for the first time as part of the 2019 half-year results. CBRE will thus succeed Wüest Partner AG after six years of excellent collaboration in this function.

Market environment and 2019 outlook

The Investis portfolio consists primarily of residential properties in the mid-price segment at central locations in the Lake Geneva region. Strong demand due to continued migration, coupled with demographic change and the low proportion of new properties being realised in central areas, is continuing to have a positive impact on the rental situation.

The environment remains challenging for the Real Estate Services segment. Increased automation of business processes is leading to shorter and more efficient workflows. In the year under review, Investis acquired stakes in various innovative start-ups in the real estate sector to allow for the joint development of digital solutions.

The employment world is currently also in a transition phase. The need for flexible working has clearly grown and traditional offices are increasingly being replaced by co-working spaces. Investis is also addressing this trend and has created its first pilot project with the “OurPlace” brand. It recently held the official opening of the first OurPlace office, which is located in an Investis property in Morges.

Investis is celebrating its 25th anniversary in 2019 and can thus look back on an exciting success story. The Board of Directors and the Executive Board believe that with its business model as well as its strategy and investment policy, Investis remains well positioned to achieve continued success in a challenging market environment.

Investis is planning to acquire investment properties at attractive locations with a focus on the Lake Geneva region in order to drive the further sustainable growth of its real estate portfolio. It is confirming its remaining mid-term target for 2019: the generation of a high single-digit EBIT margin in the Real Estate Services segment.

Reporting

The 2018 Annual Report is available at <https://reports.investisgroup.com/18/ar> and on our website at www.investisgroup.com/en under Investors / Reporting.

A conference call on the annual results for media and analysts (in English) will be held today at 10.00 a.m. Following the presentation of the annual results, Stéphane Bonvin (CEO) and René Hasler (CFO) will be available to answer questions.

The dial-in numbers are as follows:

+41 (0)58 310 50 00 (Europe)

+44 (0)207 107 06 13 (UK)

+1 (1)631 570 56 13 (USA)

Please dial in 5 minutes prior to the start of the conference call. The accompanying presentation is also available on our website from 7.00 a.m. under Investors / Reporting: (<https://www.investisgroup.com/nc/en/investors/>).

Interested parties are also invited to follow the media and analysts conference call via live webcast on our website (www.investisgroup.com) under Investors / Reporting.

Agenda

29 April 2019 Ordinary Annual General Meeting 2019

29 August 2019 Publication of the half-year results 2019

If you have any questions, please contact:

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About Investis Group

Founded in 1994, Investis Group is a leading residential property company in the Lake Geneva region and a national real estate services provider active in the two synergetic segments of Properties and Real Estate Services. The portfolio of Investis Properties consists almost exclusively of residential properties located in the Lake Geneva region and was valued at CHF 1,345 million as at 31 December 2018. Investis Real Estate Services is active throughout Switzerland with well-known local brands. For further information: www.investisgroup.com

SELECTED KEY FIGURES

Investis financial key figures		31.12.2018	31.12.2017
Revenue	CHF 1,000	197,491	189,987
EBITDA before revaluations/disposals	CHF 1,000	39,724	37,311
EBIT	CHF 1,000	74,575	60,871
Net profit	CHF 1,000	54,376	57,604
Net profit excluding revaluation effect	CHF 1,000	35,576	26,789
Funds from operations (FFO) ¹⁾	CHF 1,000	61,145	29,460
Total assets			
Total assets	CHF 1,000	1,423,653	1,238,222
Mortgages and bonds	CHF 1,000	545,631	436,357
Gross LTV		41%	39%
Deferred tax liabilities	CHF 1,000	177,639	154,977
Shareholders' equity	CHF 1,000	588,511	568,989
Equity ratio		41.3%	46.0%
Number of employees			
Headcount (as at period end)		1,391	1,420
FTE (full-time equivalent, average over the period)		1,169	1,143

1) FFO is defined as cash flow from operating activities + investments in properties held for sale + interest received less interest paid.

Data per share		31.12.2018	31.12.2017
Share ratios			
Share capital	CHF 1,000	1,280	1,280
Number of registered shares issued		12,800,000	12,800,000
Nominal value per share	CHF	0.10	0.10
Share data			
NAV per share	CHF	45.89	44.38
NAV per share excluding deferred taxes with regard to properties	CHF	59.59	55.91
Earnings per share (basic/diluted)	CHF	4.27	4.49
Gross dividend ¹⁾	CHF	2.35	2.35
Dividend yield ¹⁾		3.8%	3.8%
Payout ratio ¹⁾		55.4%	52.4%
Share price			
Share price – high	CHF	67.80	64.95
Share price – low	CHF	56.60	55.40
Share price at end of period	CHF	61.80	62.65
Average number of shares traded per day		1,762	5,562
Market capitalisation at end of period	CHF 1,000	791,040	801,920

1) Intended distribution per share 2018 in accordance with the proposal to the Annual General Meeting of 29 April 2019.

INVESTIS GROUP
ANNUAL REPORT 2018

Properties key figures		31.12.2018	31.12.2017	
Residential investment properties	CHF 1,000	1,146,271	940,629	
Commercial investment properties	CHF 1,000	102,729	127,784	
Investment properties under construction	CHF 1,000	25,073	14,826	
Undeveloped plots of land	CHF 1,000	1,673	1,673	
Properties held for sale	CHF 1,000	69,476	35,805	
Total property portfolio	CHF 1,000	1,345,221	1,120,717	
Total buildings		157	139	
Total residential units		2,911	2,508	
Average discount rate		3.49%	3.62%	
Revenue		CHF 1,000	54,983	47,492
Like-for-like rental growth		1.7%	1.9%	
EBITDA before revaluations/disposals		CHF 1,000	34,953	32,394
EBIT		CHF 1,000	71,864	58,039
Annualised full occupancy property rent		CHF million	57.7	51.5
Annualised property rent		CHF million	56.0	49.6
Vacancy rate		2.9%	3.5%	
Real Estate Services key figures		31.12.2018	31.12.2017	
Rents under management	CHF billion	1.74	1.68	
Revenue		CHF 1,000	147,832	147,637
Of which property management		54%	53%	
Of which facility services		46%	46%	
Of which other		0%	1%	
EBIT		CHF 1,000	7,701	7,839
EBIT margin		5.2%	5.3%	