

INVESTIS

REAL ESTATE GROUP

# HALF-YEAR REPORT 2023

29 August 2023



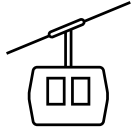
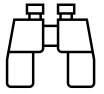
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# Agenda



Highlights of HY 2023

Market trends

Financial overview HY 2023

Outlook

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# Highlights HY 2023

Excellent operating performance and continued cash flow generation – lower valuation of the portfolio leads to a reported loss – non-cash

## Group

- EBITDA before revaluation/disposals of CHF 24.6m
- Net profit excluding revaluation effect of CHF 17.4m
- NAV per share at CHF 90.21 excluding deferred taxes with regard to properties
- Very solid balance sheet
  - Gross LTV at 24.9%
  - Equity ratio at 64.8%

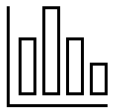
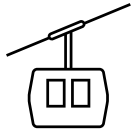
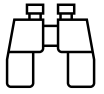
## Properties

- Excellent like-for-like rental growth of 3.1% for residential properties (overall +2.5%)
- Vacancy rate very low at 1.0%
- Negative revaluation of CHF 48.8m

## Real Estate Services

- Top line growth +8.6%
- Further improved EBIT margin to an excellent 9.9%

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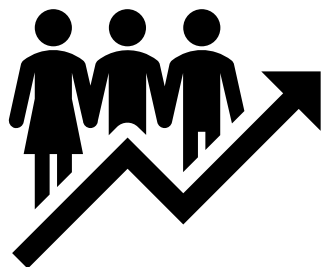
Q & A

Annexes

# Real Estate Market in the Lake Geneva region

## A very attractive location

### Migration/ Demography



- Net immigration in CH for 2022 +81'345 – on the higher end
- Net immigration in GE for 2022 +5'881 or +1.1% of residential population
- Net immigration in VD for 2022 +6'910 or +0.8% of residential population
- Immigration for 2023 expected to be very high

### Construction activity



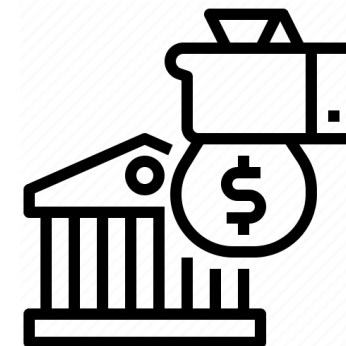
- Demand for small apartments further increases
- Construction activity remains low compared to the demand
- High entry hurdle for home ownership supports continuous demand for rental apartments
- High portion of letting vs buying
- Declining number of construction permits

### Regulations



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

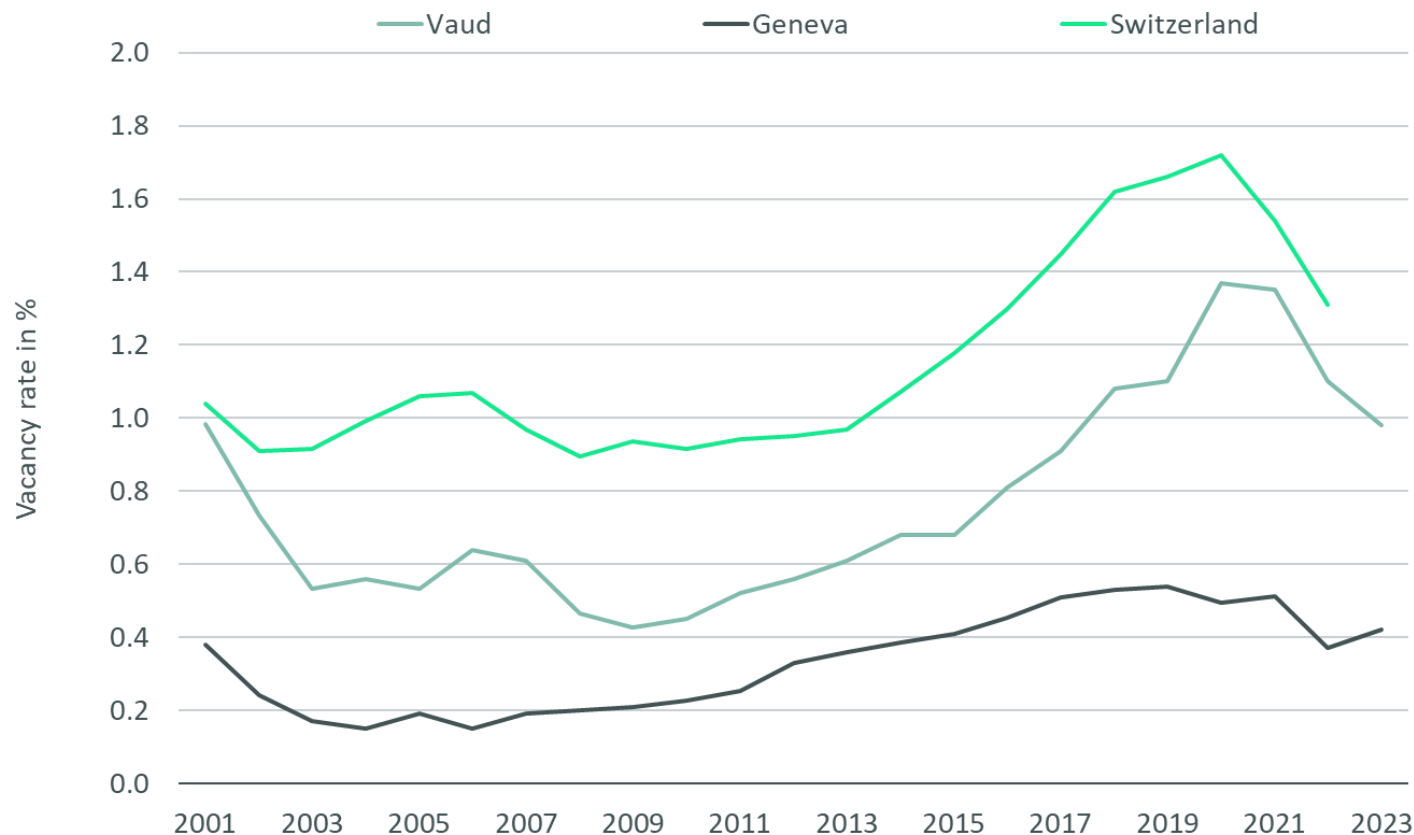
### Capital Markets



- Key interest rates have either peaked or are about to peak
- Evolution will depend on the development of inflation
- Real estate investments remain attractive

# Real Estate Market in the Lake Geneva region

## Decline in the residential vacancy rate <1% in the Vaud canton as of June 2023



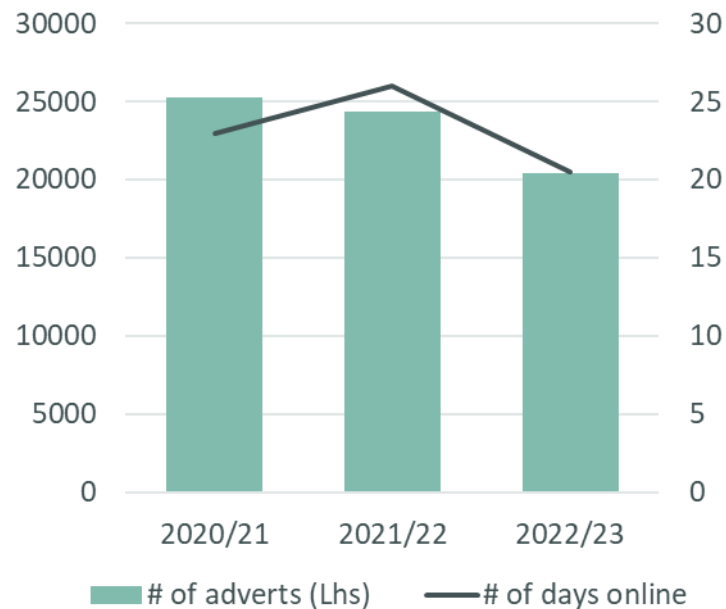
- The vacancy rate has fallen below the 1.0% mark in the canton of Vaud as of June 2023
- The vacancy rate in the canton of Geneva has slightly gone up but remains well below the Swiss standards.
- The undersupply situation is mostly visible in the large cities: in Geneva overall, Lausanne and its agglomeration as well as along the shore of the lake.

# Real Estate Market in the Lake Geneva region

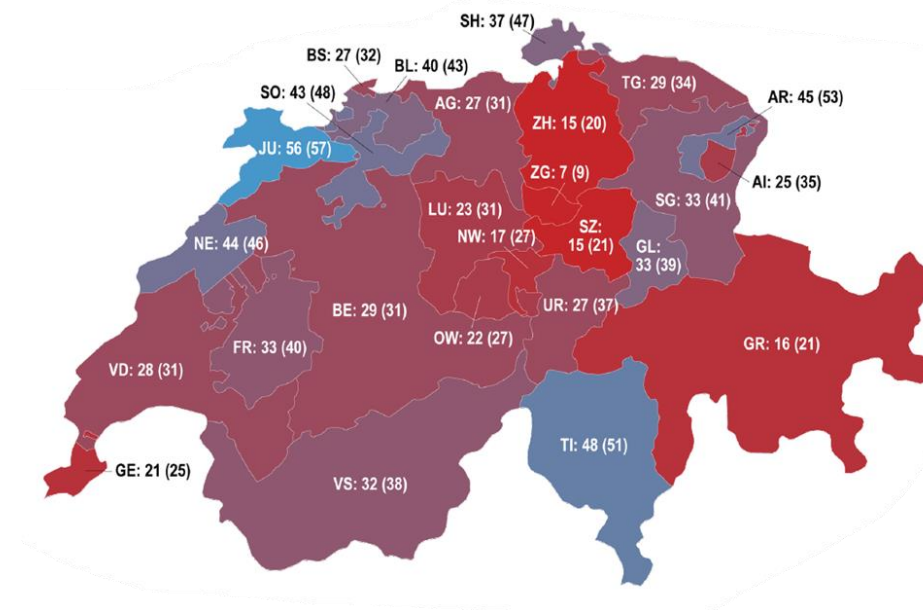
## Residential rental offers in Geneva/Lausanne

Less advertisements on the market for a shorter period of availability

Residential rental offers in Geneva/Lausanne



Residential rental offers: availability in number of days 2022/23



- 15% fewer online residential adverts in CH over one year
- Stronger demand is reflected by shorter periods of marketing (-6 days in Geneva and Lausanne)
- More expensive units (CHF 2'500.- - CHF 3'500.-) are more sought-after in the main cities, including Lausanne and Geneva

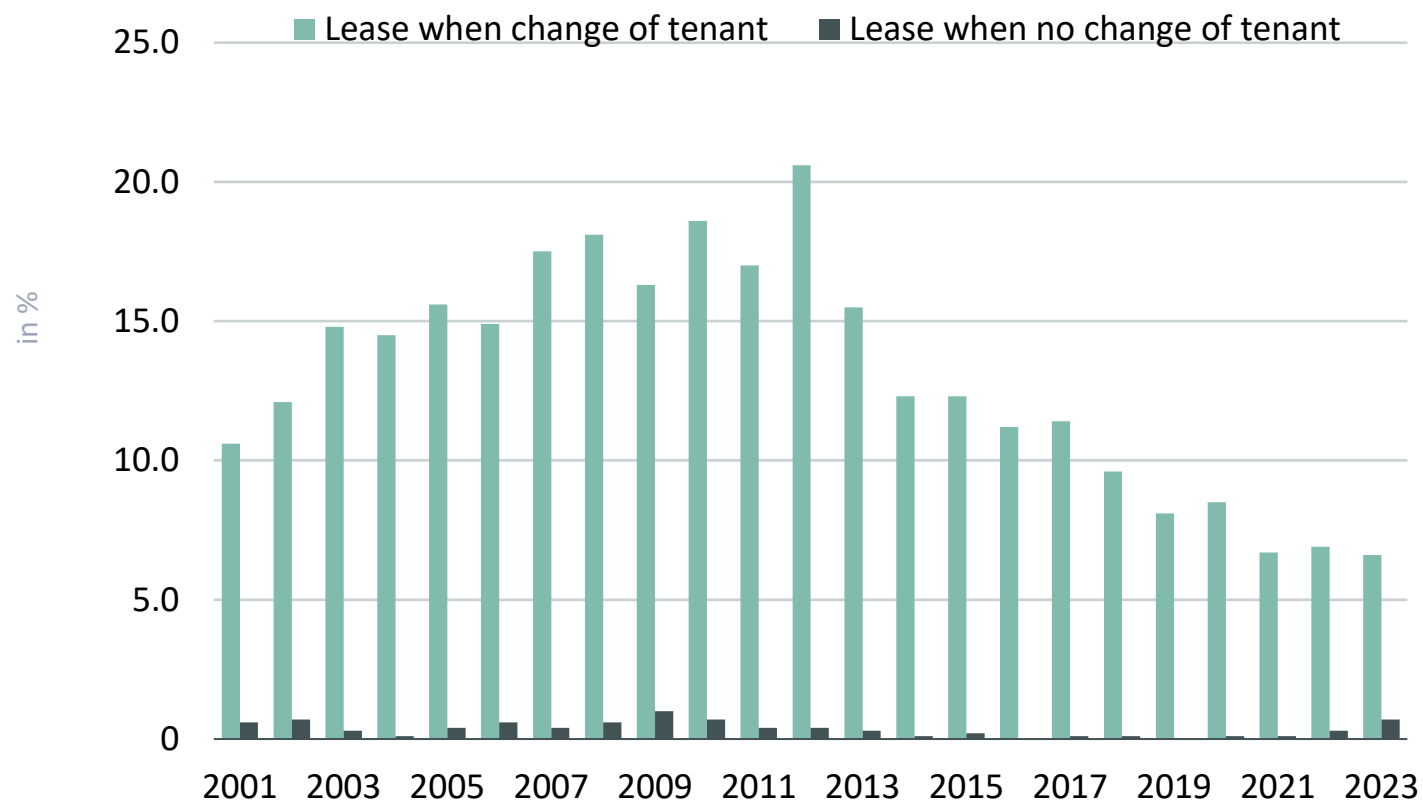


# Real Estate Market in the Lake Geneva region

## Rents with tenants in place growing at their fastest pace since 2010

Annual rental growth – Rented apartments – Canton of Geneva

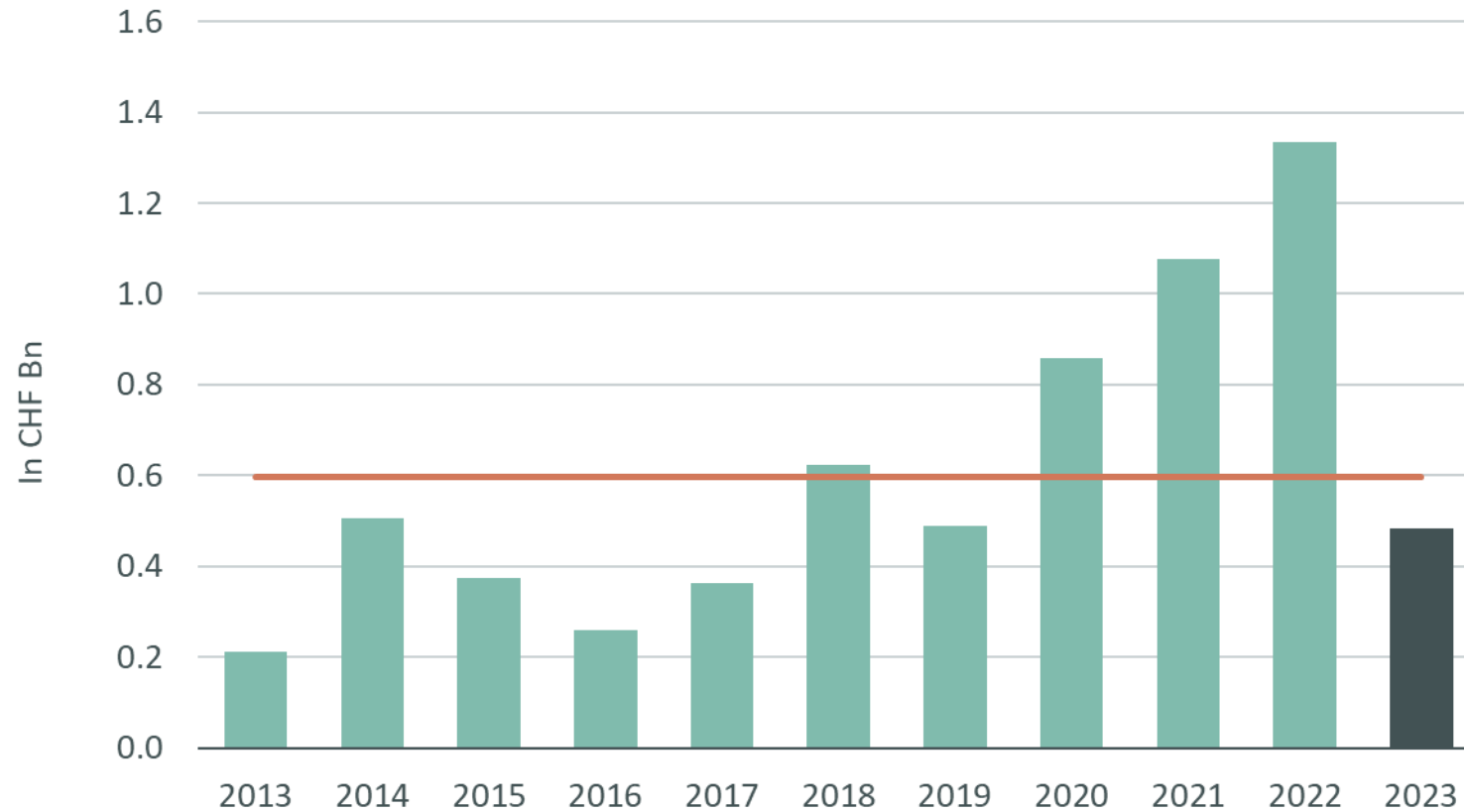
Evolution of effective rents based on current leases (“free” rental market, excluding new apartments)



# Real Estate Market in the Lake Geneva region

## Significant slowdown in residential sales during H1 2023

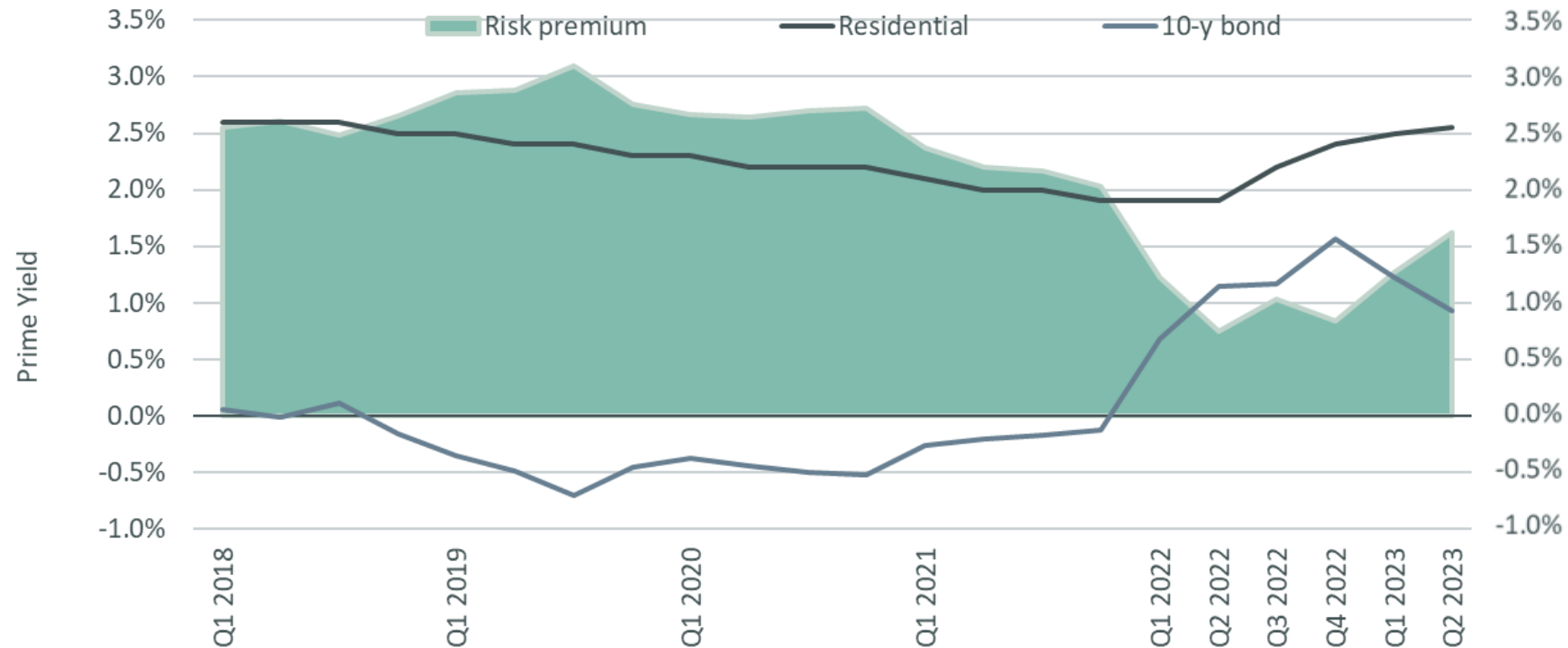
Residential transactions of above CHF 5 million, excluding villas and PPE



# Real Estate Market in the Lake Geneva region

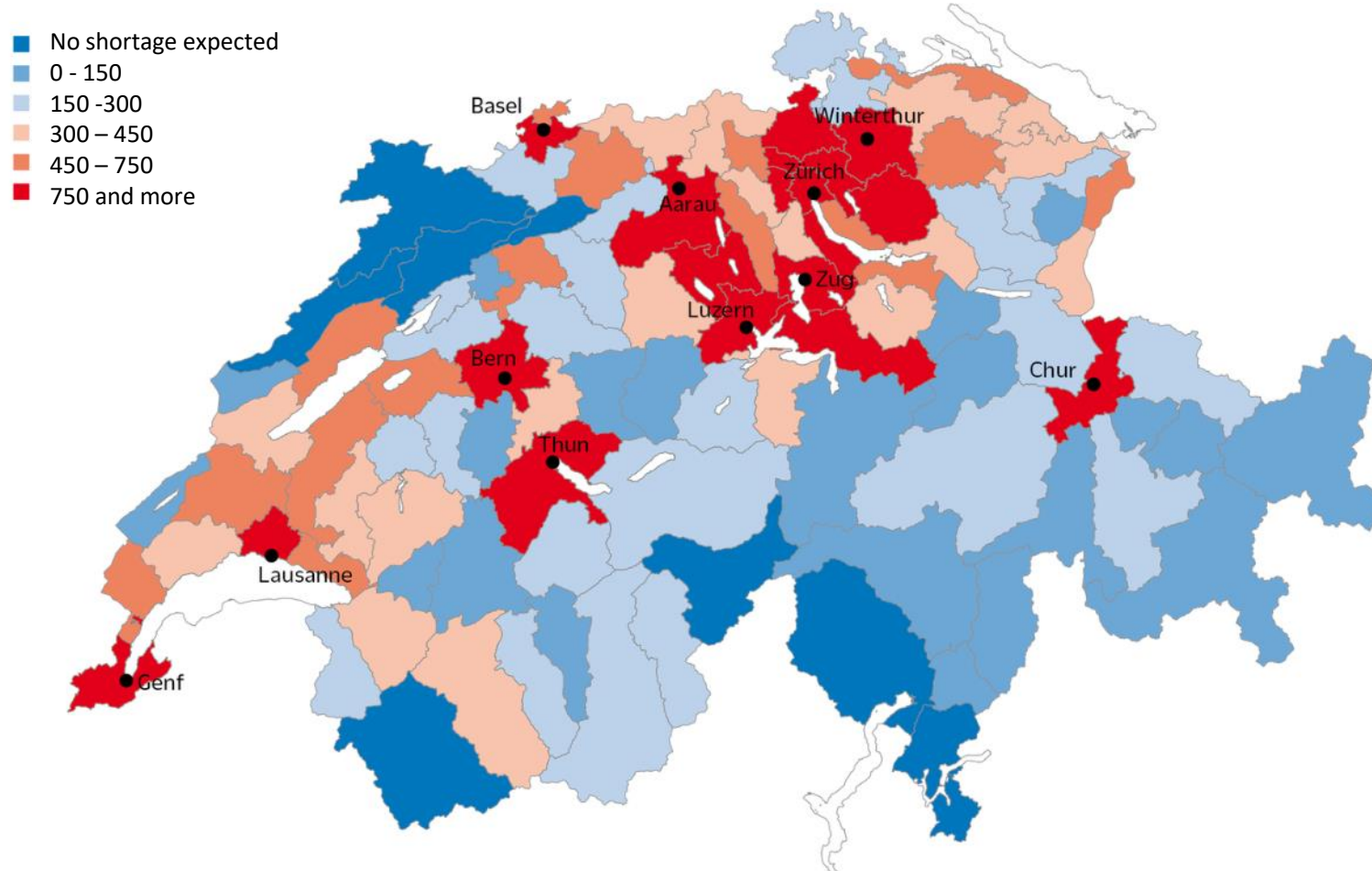
## Residential prime yields in Geneva are still moving upwards, although at a slower pace

Swiss 10y bond yields have been trending down significantly over the past two quarters, although interest rates and mortgages rates have continued to rise



# Real Estate Market in Switzerland

As of 2026 a shortage of 50'000 apartments is expected mainly in the red areas



Source: WP & NZZaS Feb 2023

# Real Estate Market in Geneva

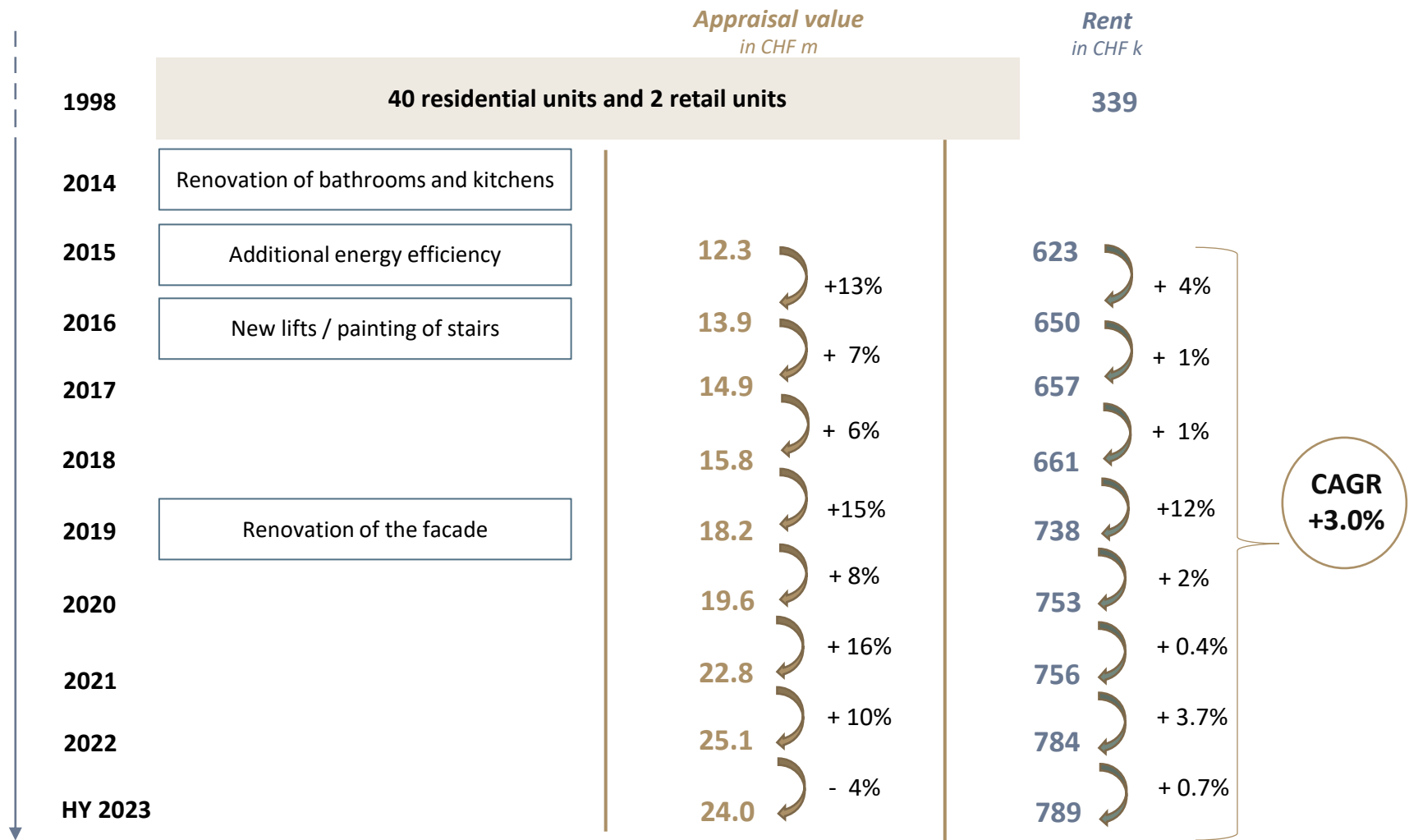
## Market outlook: strong market fundamentals remain sustained

- Strong household demand for rental apartments in the Lage Geneva region fuelled by ongoing strong migration and tighter access to homeownership as mortgages rates are rising
- As a result, already low vacancy rates are further decreasing in 2023 and there are no signs of reversing trends in the near/medium future due to administrative burdens on planning permissions and restricted land availability
- Due to persistent supply and demand imbalance, rents are expected to grow substantially going forward
  - A combination of above-average inflation and rising reference rates also pushes rents upwards for in-place tenants by +3% at least for 2023
- Yields and market liquidity have moved more significantly in Romandie than in German-speaking Switzerland
  - As the SNB's interest rate hike is expected to end soon, property yields might reach a peak soon
- Residential portfolios have proven more resilient than commercial and mixed portfolios overall

Source: CBRE, July 2023

# Strategy: Buy and hold while improving tenant comfort

## Rue du Nant 30 – Geneva – Acquisition in December 1998, build in 1986



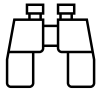
# Investis' position in the Real Estate Market in Switzerland is unique

- 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
- Higher rental growth
- Highest average asking rents per square meter
- Fundamentals remain strong

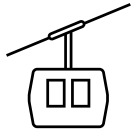


Rue Daubin 35, Geneva  
Freshly renovated

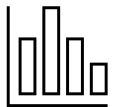
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## Solid operating results – lower portfolio valuation leads to loss

NAV at CHF 90.21 per share excluding deferred taxes – Low LTV allows portfolio expansion

### ■ Investis Group:

- Revenue of CHF 115m (HY 2022: CHF 112m) – a 2.8% growth despite the sale of properties in 2022
- EBITDA before revaluations/disposals at CHF 24.6m
- Revaluation loss of CHF 48.8m
- Net result of CHF -24.4m (CHF 126m – boosted by positive revaluation and the sale of properties in prior year)
- Gross LTV low at 24.9%
- Equity ratio at a very strong 64.8%

### ■ Properties:

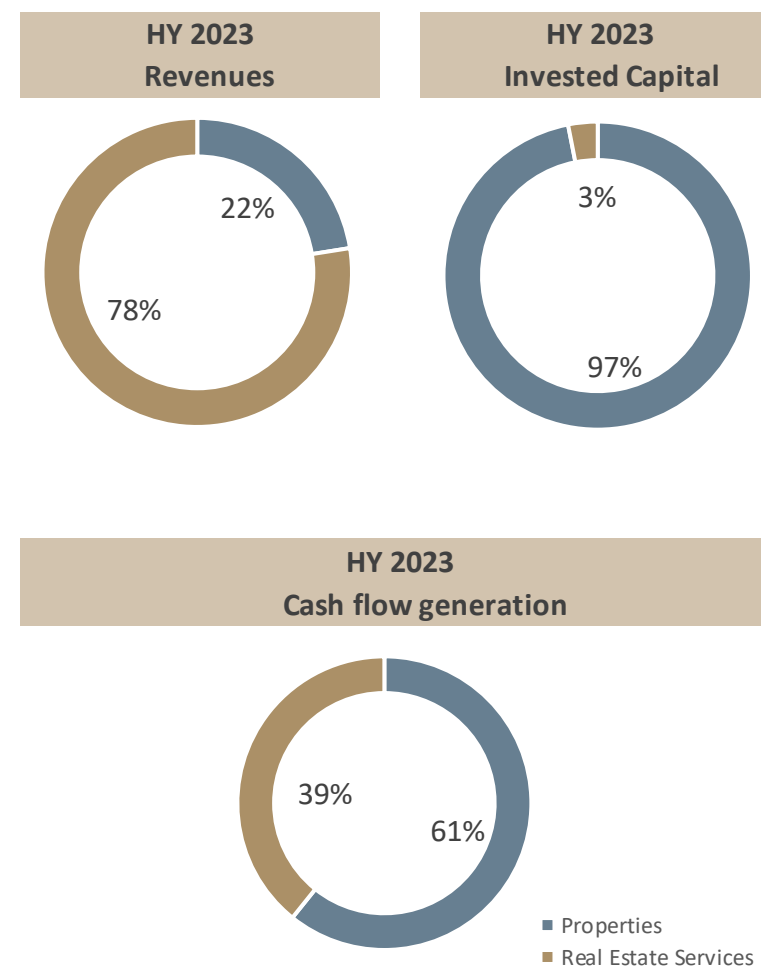
- Portfolio value at CHF 1'460m
- Like-for-like rental growth for residential + 3.1%
- Low vacancy rate at 1.0%

### ■ Real Estate Service:

- Rents under Management in PM at CHF 1.54 bln
- Excellent and further improved EBIT margin to 9.9% (9.7%)

# Investis Group: Overview on the excellent operating performance HY 2023

(CHFm)	HY 2023	Δ in %	HY 2022	FY 2022	FY 2021
Revenue	<b>114.8</b>	2.8	111.7	227.5	216.0
EBITDA <i>before revaluations/disposals</i>	<b>24.6</b>	-9.2	27.2	53.5	53.7
Revaluation of properties	<b>-48.8</b>	-176.0	64.1	67.2	184.1
Income from disposal of properties	<b>0.0</b>	-99.9	58.2	63.4	1.1
EBIT	<b>-25.9</b>	-117.6	147.7	180.4	235.1
Financial result	<b>-0.7</b>	-17.1	-0.9	-2.4	-1.2
Income taxes	<b>2.2</b>	-110.5	-21.0	-26.1	-33.2
Net result	<b>-24.4</b>	-119.4	125.8	151.8	200.7
Net profit <i>excluding revaluation effect</i>	<b>17.4</b>	-75.2	70.5	93.8	41.3



Properties: Excellent rise in like-for-like rental income for residential properties +3.1%

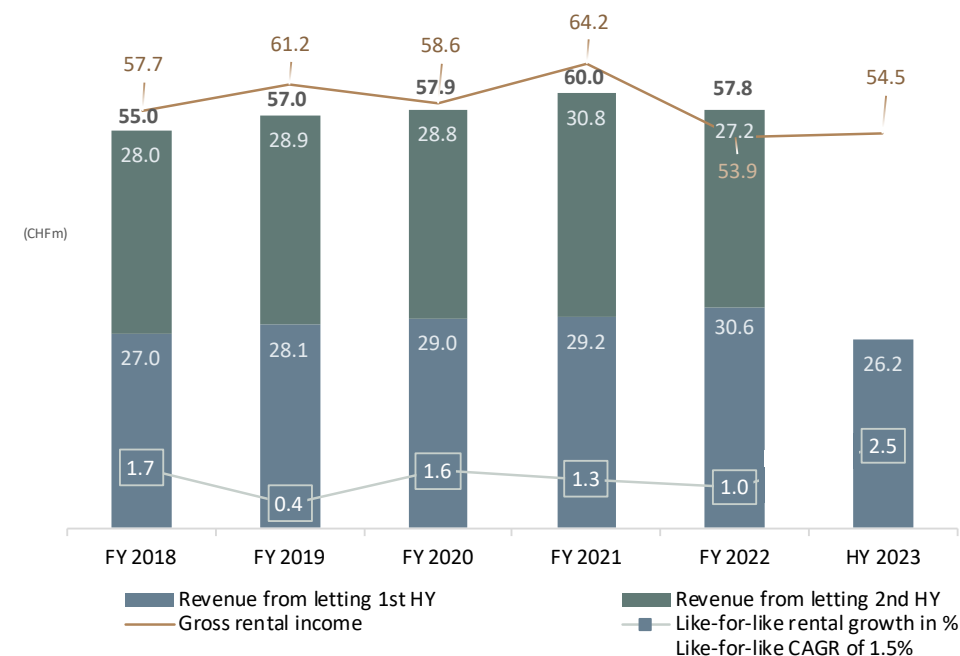
Lower EBITDA as a result of the successful sale of 11 properties in 2022

(CHFm)	HY 2023	Δ in %	HY 2022	FY 2022	FY 2021
Revenue	26.2	-14.5	30.6	57.8	60.0
EBITDA <i>before revaluations/disposals</i>	16.5	-17.8	20.1	36.8	40.0
Revaluation of investment properties	-48.8	-176.0	64.1	67.2	184.1
Income from disposal of properties	0.0	n/a	58.2	63.4	1.1
EBIT	-32.2	-122.6	142.4	167.3	225.1

- Like-for-like rental growth +2.5% (30.06.2022: +2.5%);
  - in residential +3.1%
- Lowered vacancy ratio to 1.0% (30.06.2022: 1.4%)
- Average real discount rate at 2.84% (2.74% at 31.12.2022) (nominal +1.0%)
- Gross rental income up to CHF 54.5m (CHF 53.9m at 31.12.2022)

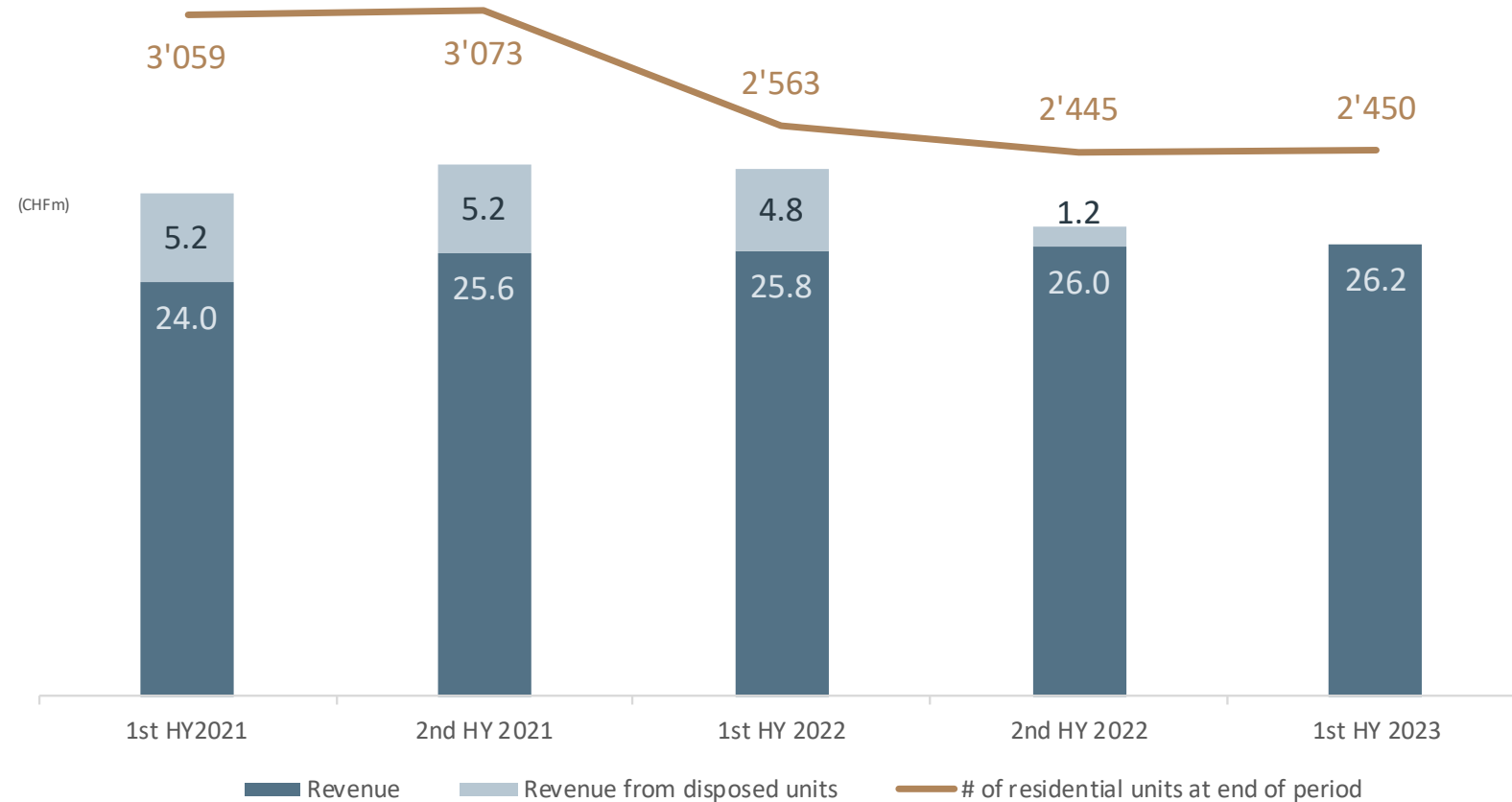
Revenue and like-for-like rental growth

(Revenue in CHFm)



# Properties: Visualisation of the rental income of the buildings sold in 2022

## Contribution of the buildings sold over the past five semesters

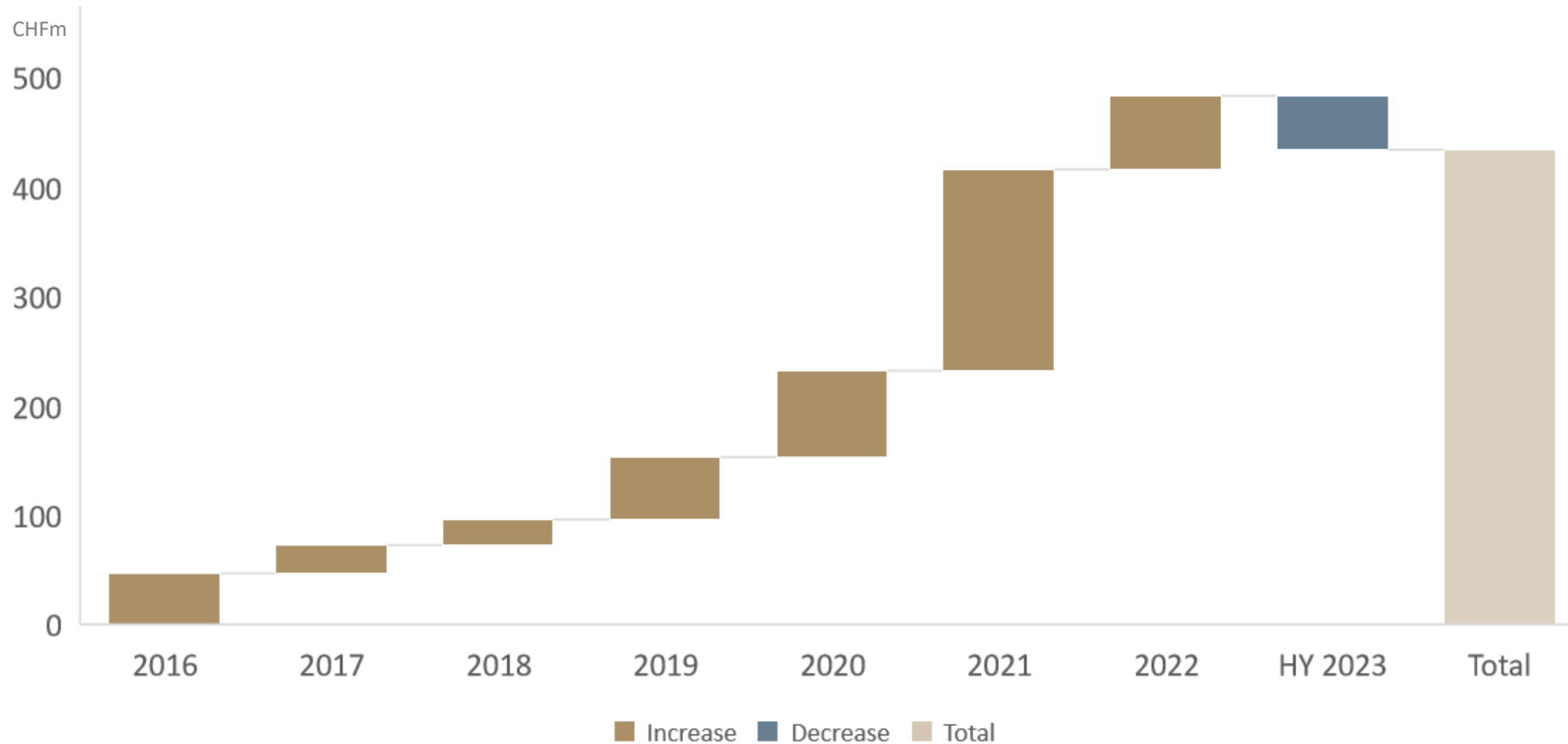


### 11 buildings sold in 2022

- Rental income CHF 10.4 (FY 2021)
- Rental income of CHF 4.8m (1<sup>st</sup> HY 2022)
- EBIT contribution CHF 3.5m (1<sup>st</sup> HY 2022)
- Gain on the sale CHF 63m (FY 2022)

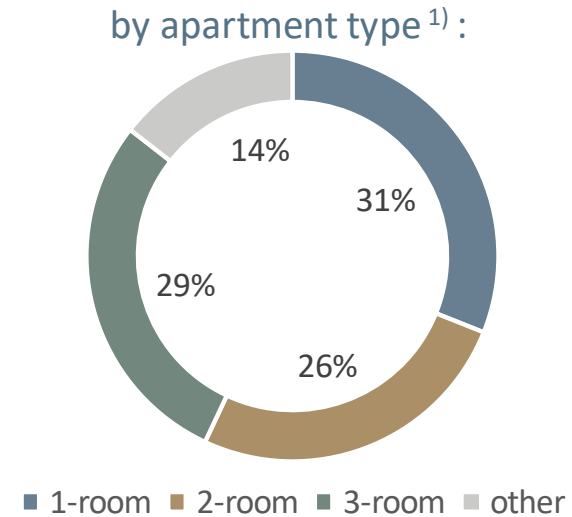
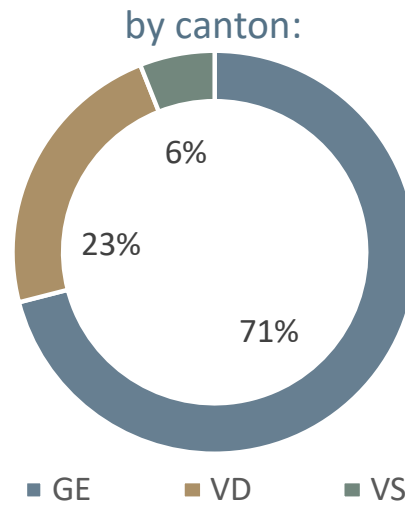
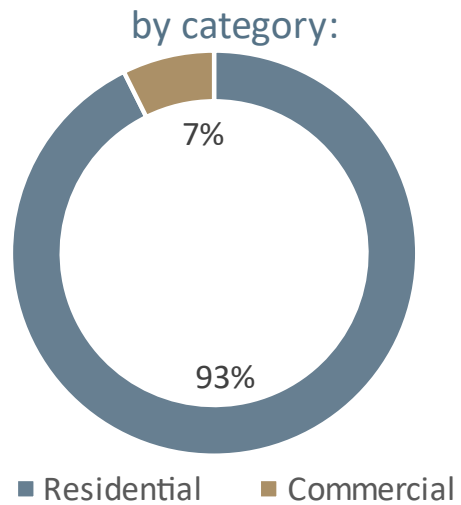
# Properties: Revaluation effects over the years bringing this year's devaluation into perspective

## Positive net revaluation gains of CHF 434 m since the IPO



# Properties: characteristics of the portfolio

149 buildings – 2'450 residential units – value CHF 1,460m

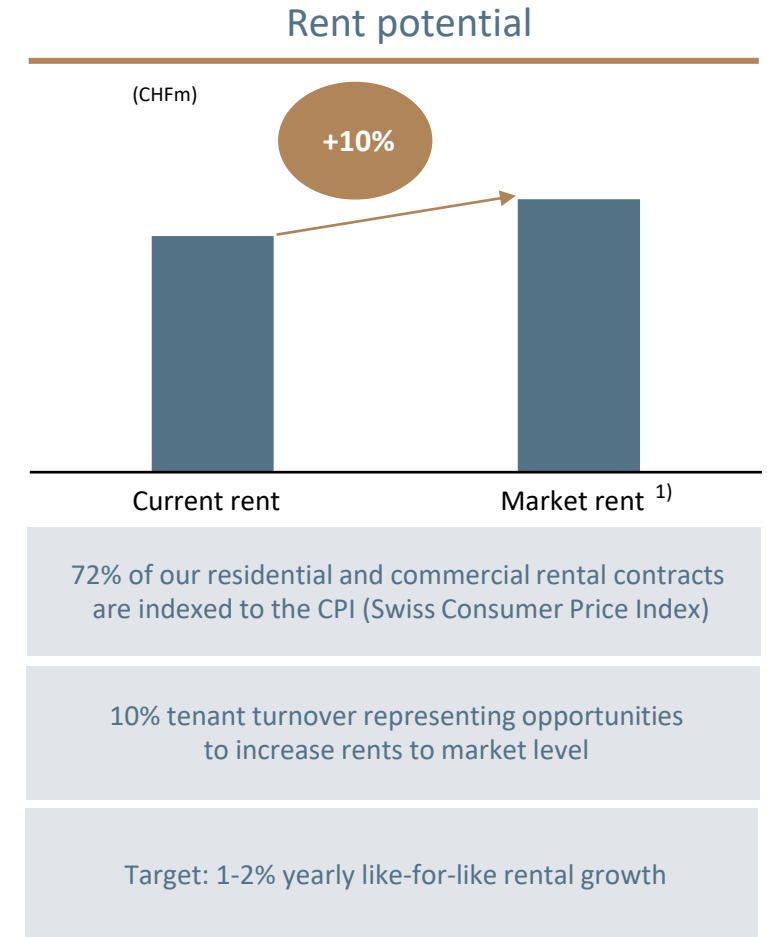
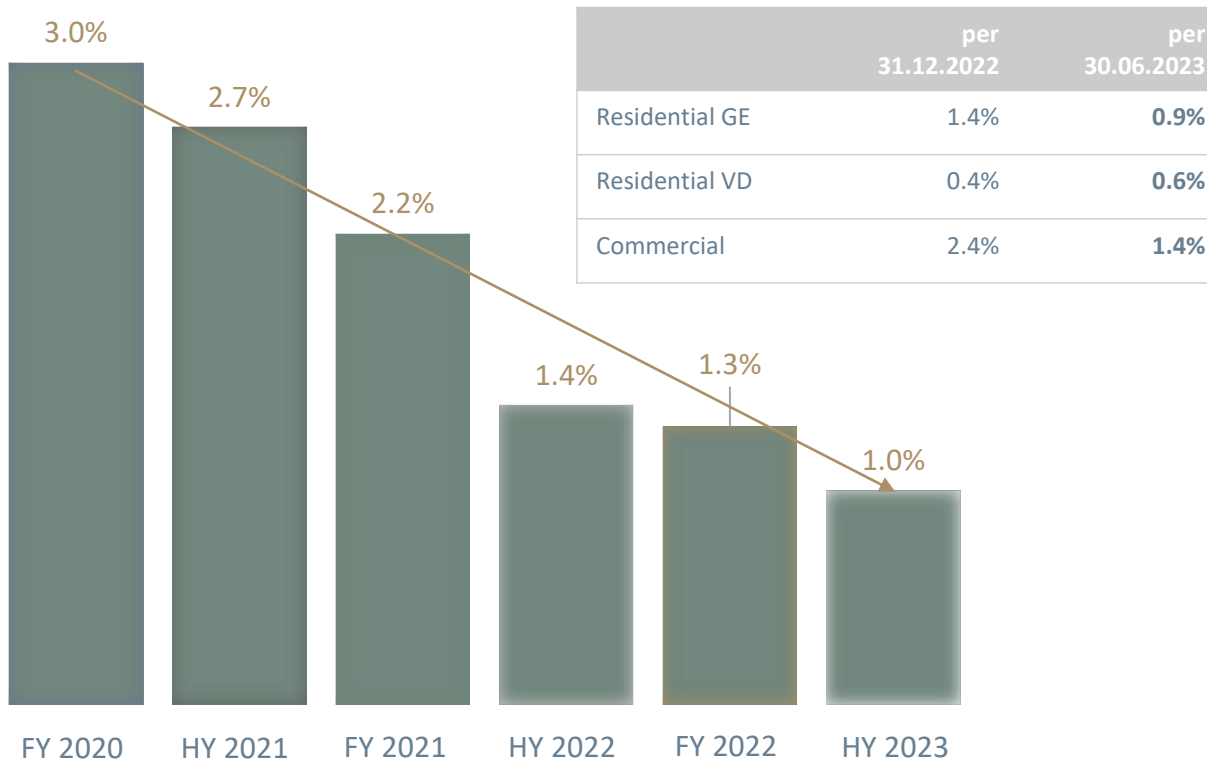


Note:  
<sup>1)</sup> Based on number of apartments. In the Canton of Geneva the kitchen is considered as one room whilst it is not in other cantons. To allow for a comparison, the figures for the canton of Geneva have been adjusted to the system of calculation prevalent in other cantons.

# Properties: continuous reduction in vacancy rate

Rent potential remains intact although a like-for-like CAGR at 1.5% over the last 5.5 years

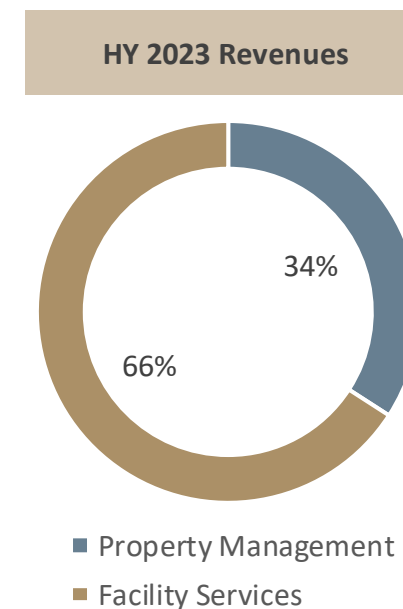
Evolution of the vacancy rate



# Real Estate Services: increases its contribution to the Group's EBITA

Excellent EBIT margin further improved in HY 2023 vs HY 2022

(CHFm)	HY 2023	Δ in %	HY 2022	FY 2022	FY 2021
Revenue	90.2	+8.6	83.1	173.5	159.8
EBIT	8.9	+10.8	8.0	18.4	14.9
EBIT margin	9.9%	n/a	9.7%	10.6%	9.3%



- Revenue growth to a large extent achieved through acquisitions of Home Service and Aatest
- Rents under management at CHF 1.54 bln (CHF 1.58 bln at 31.12.2022)
- EBITDA contribution of the segment at around 40% (Group EBITDA before revaluations/disposals)

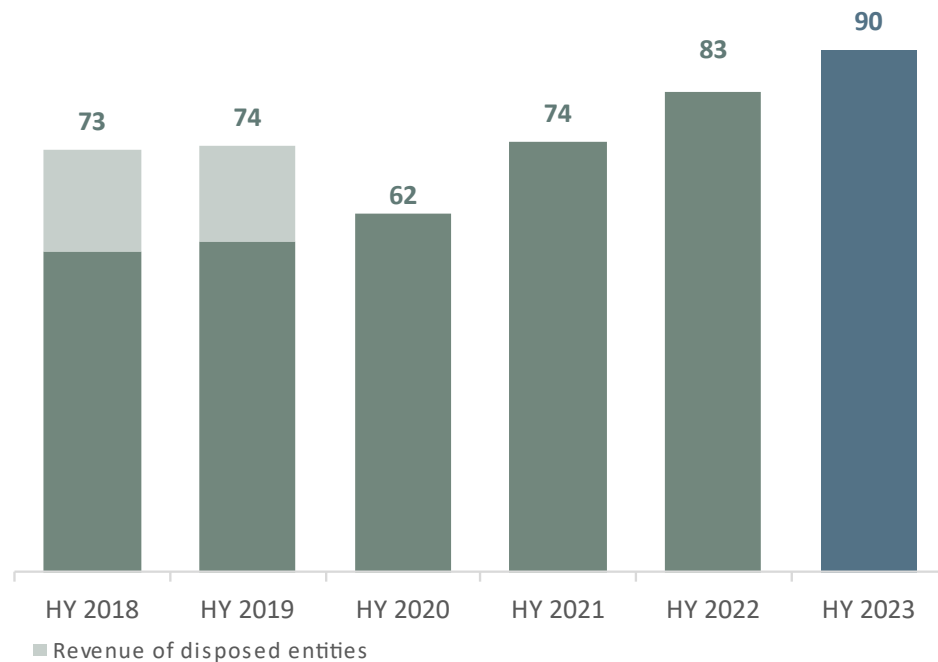


# Real Estate Services: further improved excellent EBIT margin at 9.9%

Steady and profitable growth ongoing – very solid operating performance

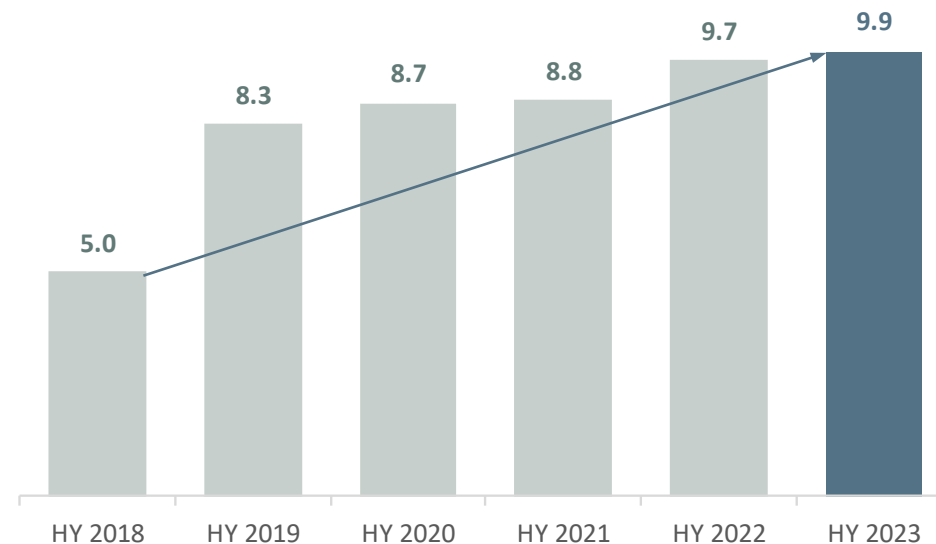
### Revenue evolution

(CHFm)



### EBIT margin evolution

(in %)



# Investis Group: Notable operating performance

## Net profit excluding revaluation effect CHF 17.4m

(CHFm)	HY 2023	Δ in %	HY 2022	FY 2022	FY 2021
EBIT	<b>-25.9</b>	-117.6	147.7	180.4	235.1
Financial income	<b>0.3</b>	+0.9	0.3	0.4	3.2
Financial expenses	<b>-1.0</b>	-12.8	-1.1	-2.8	-4.4
EBT	<b>-26.6</b>	-118.1	146.8	178.0	233.9
Income taxes	<b>2.2</b>	-110.5	-21.0	-26.1	-33.2
Income tax rate	<b>8.3%</b>	n/a	14.3%	14.7%	14.2%
Net result	<b>-24.4</b>	-119.4	125.8	151.8	200.7
Net profit <i>excluding revaluation effect</i>	<b>17.4</b>	-75.2	70.5	93.8	41.3

- Average interest expense at 0.55% (0.36% for FY 2022)
- Low net financial result due to significantly lower debt figure – short-term and flexible financing
- Due to the lower valuation reserves on the property portfolio, total net tax income came to CHF 2.2 m (HY 2022: tax expense of CHF 21m)
- Properties sold in 2022 positively contributed to the HY 2022 result by CHF 53m (after tax)
- EPS at CHF -1.91

# Solid capital structure – investment power intact

## Strong balance sheet – low financial debt – very sound equity ratio

Balance Sheet (CHFm)	30.06.2023	Δ in %	31.12.2022	31.12.2021	31.12.2020
Cash and cash equivalents	4	+1.1	4	5	15
Properties portfolio	1'460	-3.2	1'508	1'735	1'490
<b>Total assets</b>	<b>1'566</b>	<b>-2.0</b>	<b>1'597</b>	<b>1'821</b>	<b>1'556</b>
Financial liabilities	364	+14.1	319	649	560
Deferred tax liabilities <sup>1)</sup>	137	-3.8	143	165	138
Shareholders' equity	1'014	-5.2	1'070	968	822

Debt structure (CHFm)	30.06.2023
Bonds	255
Private placement	10
Current bank loans (Credit lines used)	99
<b>Total Financial liabilities</b>	<b>364</b>

Credit lines unused (CHFm)	282
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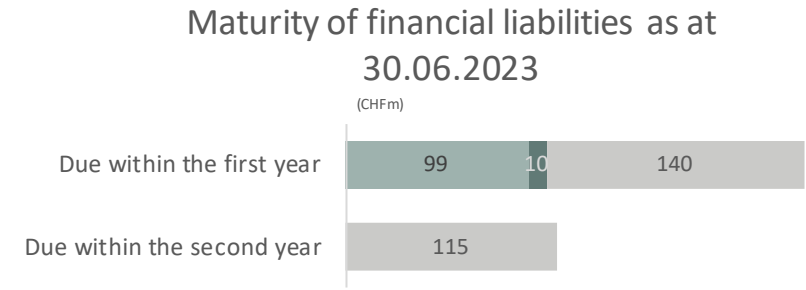
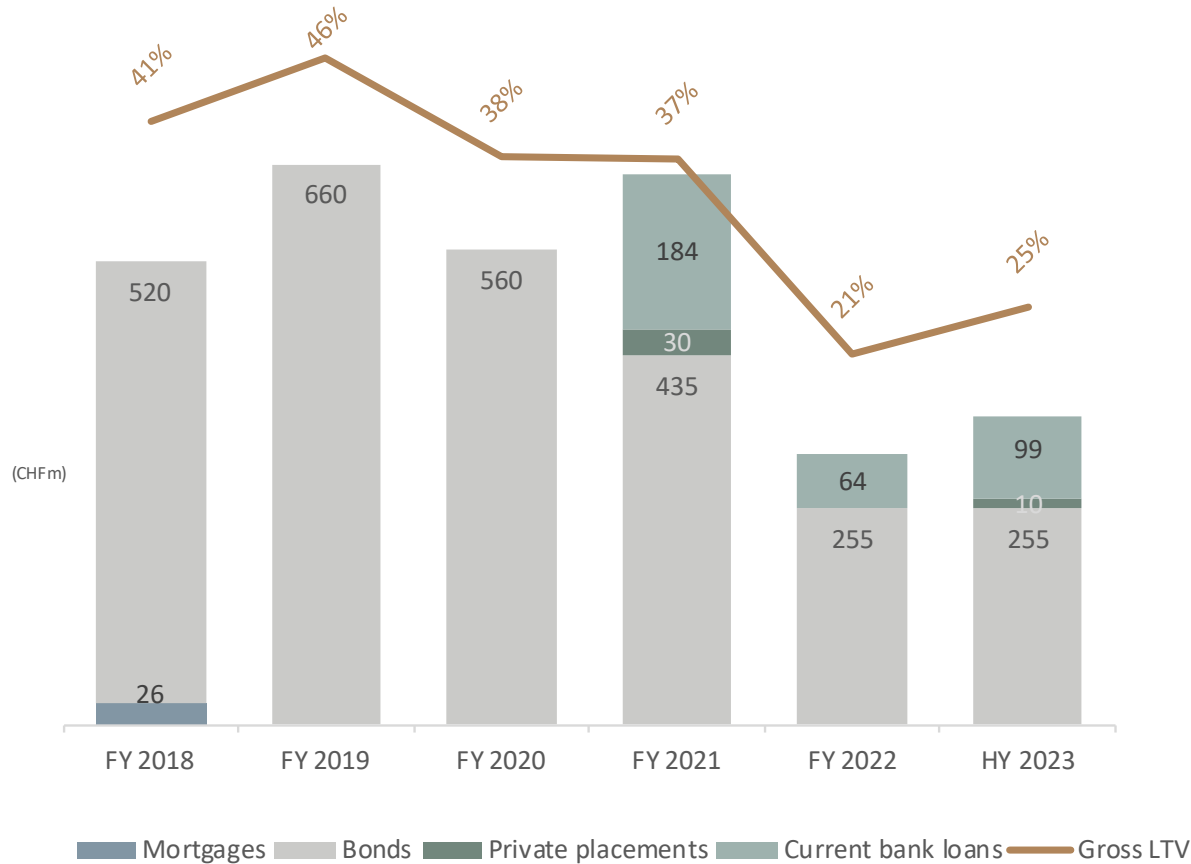
Gross LTV <sup>2)</sup>	25%	21%	37%	38%
Equity ratio	65%	67%	53%	53%
Average interest rate (end of period)	0.77%	0.39%	0.34%	0.55%
Interest coverage ratio	30.8x	68.7x	17.2x	18.2x
Average maturity (in months)	8	13	14	17

(CHF)	30.06.2023
NAV per share	79.54
NAV per share excluding deferred taxes with regard to properties	90.21

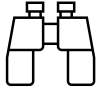
Note: (1) Not discounted. (2) Interest-bearing financial liabilities over property portfolio.

# Debt structure – no properties are pledged to secure available credit lines

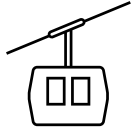
Strategy of a low LTV of around 40% unchanged since IPO



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# ESG

## The focus is on all three topics....

- “E” – minimising our ecological footprint through ongoing energy efficient renovations, investments in renewable energies, monitoring the evolution of our portfolio with SSREI benchmark
- “S” – improving tenants’ quality of life by renovating in a proven and efficient process; despite these renovations rents remain at an affordable level
  - 1.9% of the total property portfolio, 63 apartments in the City of Geneva, is rented to Hospice Général – the second single largest tenant (Social housing)
  - Over 90% of the portfolio is centrally located – with short distances to public transport
  - Prioritise the health of all employees by creating a positive working environment
- “G” – committed to high standards of corporate governance; the entire documentation can be found on group website or in the latest annual report

# Outlook 2023

## Residential properties market in CH has solid fundamentals despite rising interest rates

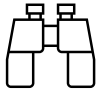
- Demand for residential properties in prime Swiss locations remains healthy and strong
  - Net migration into Switzerland and especially into the Lake Geneva region remains an important driver and is expected to further grow
    - The residential market is expected to be short of 50'000 apartments by 2026, especially in central locations (source: WP)
  - Construction activity continues to decline due to rising interest rates, long approval procedures
- Manage the portfolio through targeted acquisitions
- Real Estate Services to be further developed with a consolidation of margins as well as further push on digitalisation
- Low debt, strong balance sheet, aiming at low funding costs

# Why to invest in INVESTIS?

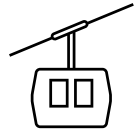
- Quality of the portfolio with well-maintained properties
- Largest listed residential property owner in the undersupplied Lake Geneva region
  - sustained demand, high return, low vacancies
  - continuous rent potential of around 10%
  - low exposure in commercial properties → lower cyclical
- Attractive for Non-Swiss investors to invest in Swiss residential (otherwise restricted by Lex Koller)
- Lowered LTV increases future investment power
- High barriers of entry for new market players in Investis' key markets
- Leading position in the Real Estate Services business across Switzerland
  - diversified business model with a focus on recurring, contract-based revenues
- Solid balance sheet – conservative financing
- Operating cash flow earns dividend
- Experienced and proven management



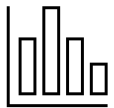
# Agenda



Highlights of HY 2023



Market trends



Financial overview HY 2023



Outlook

Q & A

Annexes

INVESTIS

REAL ESTATE GROUP

THANK YOU FOR YOUR ATTENTION



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



- Focus on residential properties in GE and VD
- Buy and hold
- Growth through the realisation of rent potential
- Expansion of portfolio through targeted acquisitions

- Focus on institutional clients
- In PM: – Focus on national recurring services
- In FS: – Growth through organic and targeted bolt-on acquisitions
- Consolidation of margins and further push on digitalisation

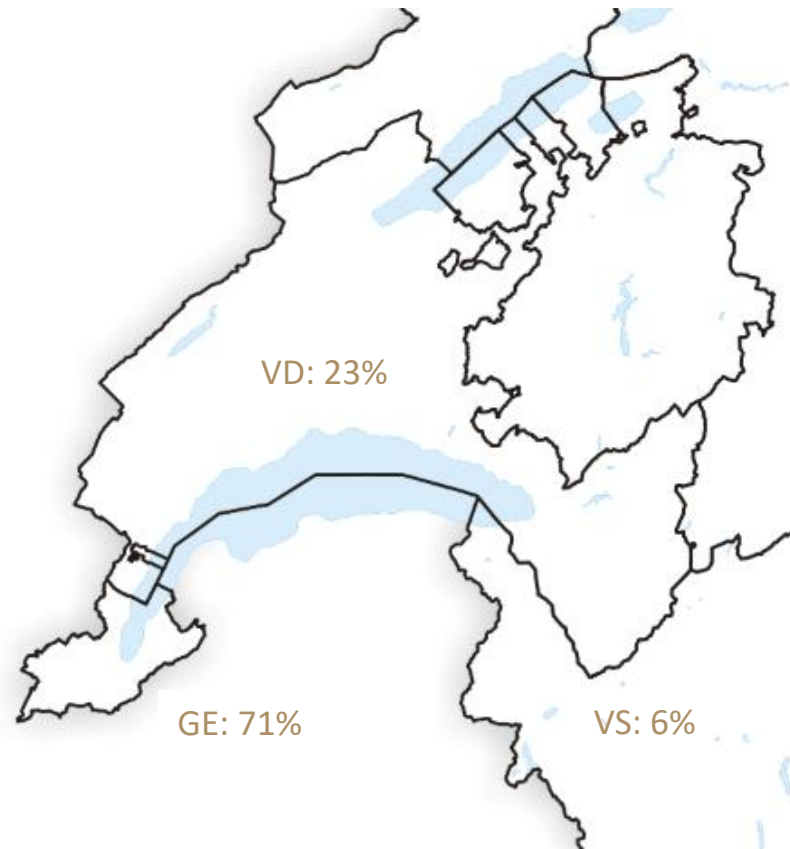
# Fundamental business strengths

## Value proposition

PROPERTIES	REAL ESTATE SERVICES
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	Nationwide service with own local offices in both activities
Robust and well-maintained portfolio focused on the Lake Geneva region – first class location quality	Top-tier Property Management activity with largest diversified customer base of institutional clients
Low vacancy rates	Leading Facility Services activities
Value creation through execution on rent upside potential	Digitalisation leads to greater efficiency – enhanced quality and innovative products

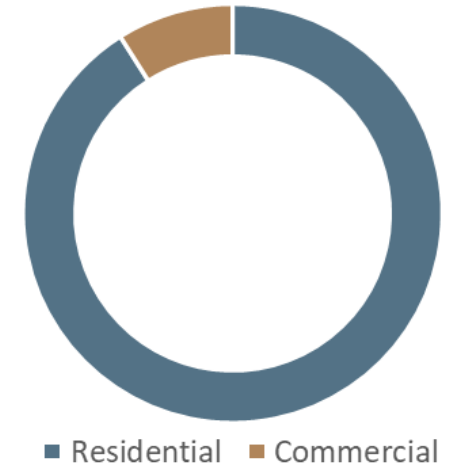
# Very focused and attractive portfolio around the Lake Geneva

Strategy buy and hold – continuous realisation of rent upside potential



Focus is on:

- Residential
  - 93% Residential
  - 7% Commercial
- Lake Geneva region
- Middle segment (no luxury apartments)
- Low vacancy rates

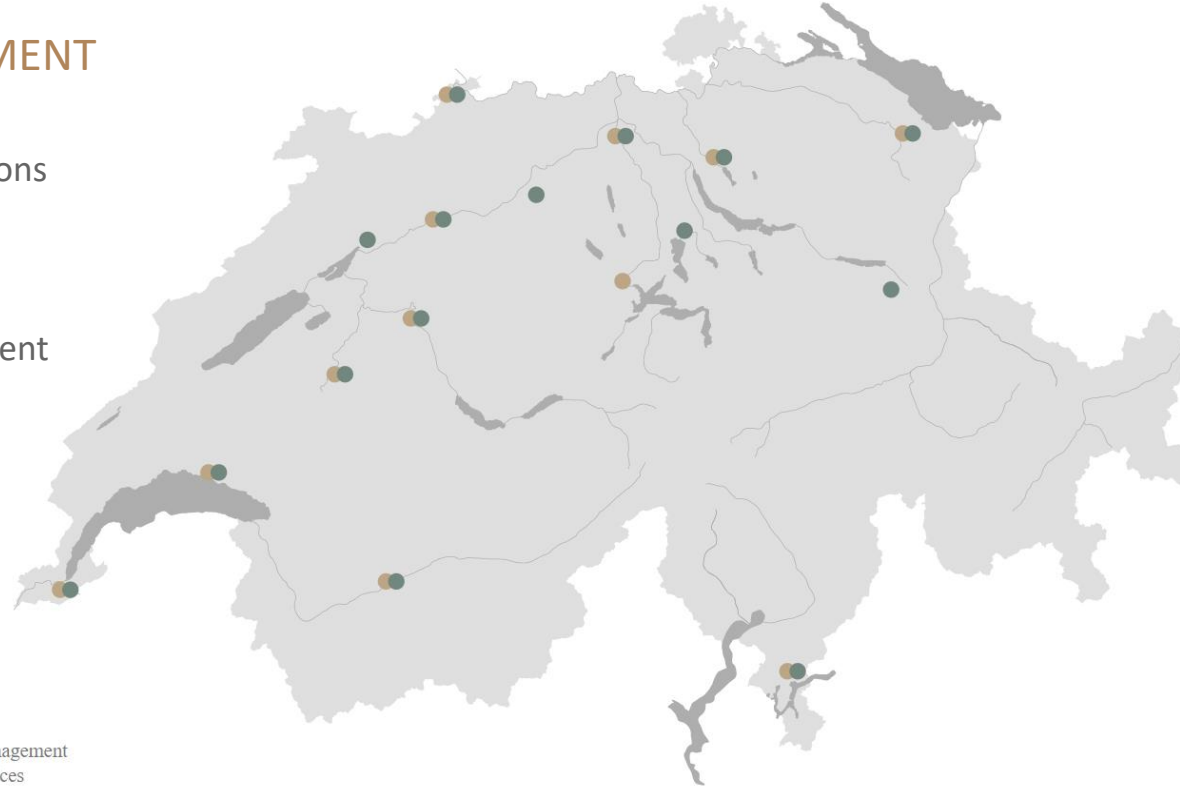


# Real Estate Services: active nationwide with well-known brands

## Focus on two Activities and two national brands for

### PROPERTY MANAGEMENT

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



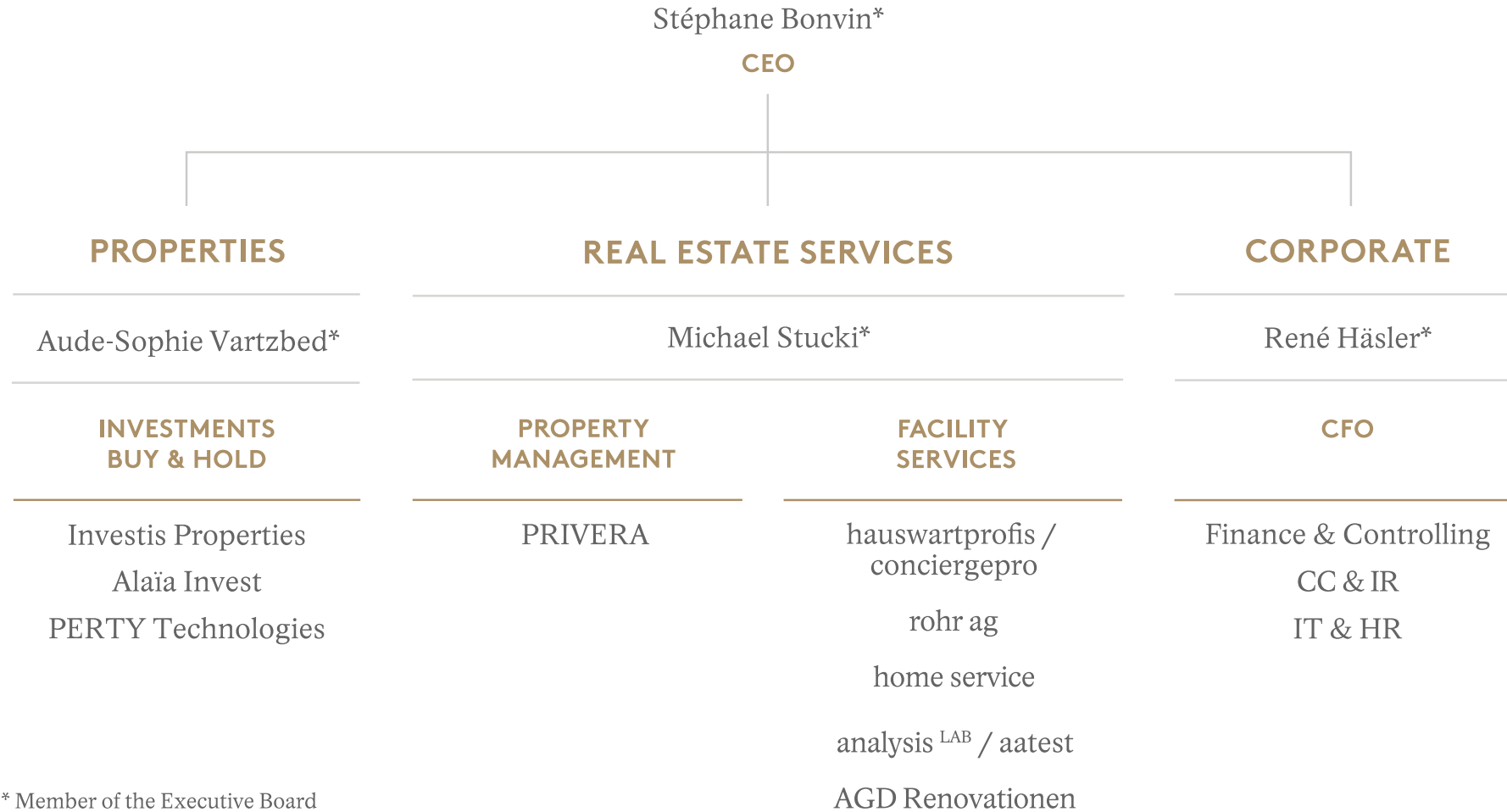
● Property Management  
● Facility Services

### FACILITY SERVICES

- Caretaking services
- Cleaning services
- Building technology
- Technical services
- Concierge services
- Façade cleaning
- Clean room competence center
- Asbestos analysis



# Organisation



THANK YOU FOR YOUR ATTENTION

