

REPORT TO SHAREHOLDERS

2016 – a milestone year for Investis

Dear Shareholders

Dear Sir or Madam

2016 will go down as a pivotal year in the Company's history of more than two decades. The successful listing on the stock exchange (IPO) in June, and the associated step into the wider public arena, marked the beginning of a new era for Investis. Entering the capital market enabled Investis to expand its shareholder base and its access to funds, which will help fuel the sustainable growth planned for the two segments Properties and Real Estate Services.

In its first half-year as a listed company Investis has progressed as planned. The proceeds from the IPO were used to make some attractive investments and highly promising acquisitions. Investis acquired the minority stake in Investis Patrimoine SA and took over facility management company Clim-Assistance SA. In 2016 Investis achieved a solid result. It was able to further enhance its position as the leading company for residential properties in the Lake Geneva region, and as a provider of real estate services throughout Switzerland.



SIGNIFICANT RISE IN OPERATING PROFIT – SUSTAINABLE REVENUE GROWTH

Investis increased its revenue by 3% to CHF 162 million in 2016 (prior year: CHF 157 million). The **Properties** and **Real Estate Services** segments both contributed to this growth. As expected, operating expenses rose accordingly. In particular, personnel reinforcements at Property and Facility Management, and the strengthening of Corporate, had an impact on reported costs. Significantly higher valuation gains of CHF 46.6 million were recorded in the existing portfolio thanks to the 1.1% increase in like-for-like rental income and continuing lower interest rates. Overall, Investis increased its operating profit (EBIT) by 27% to CHF 76.4 million (PY: CHF 60.2 million).

In order to optimise its financing structure and to benefit from the current attractive conditions on the capital market, Investis successfully issued a CHF 100 million fixed-rate bond with a coupon of 0.55% and a tenor of five years. The proceeds were used to repay mortgages. As a consequence, some interest rate swaps were terminated prematurely, resulting in settlement payments of CHF 5.9 million, while the remaining swaps were recognised in the financial statements. Due to these additional swap costs, financial expenses increased to CHF 19.7 million (PY: 7.7 million). Weighted average interest costs were reduced by 0.2% to 2.0% (PY: 2.2%). The effective tax rate amounted to 23% (PY: 17%). Net profit stood at CHF 45.1 million, slightly above the prior year (CHF 44.6 million). Net asset value (NAV) per share excluding deferred taxes with regard to investment properties rose to CHF 54.85 (PY: CHF 52.93).

Investis has proved itself as a listed company, and has implemented the current growth strategy as planned. The solid result underscores the reliability of the business model, which is based on the two segments **Properties** and **Real Estate Services**. The attractive property portfolio in the Lake Geneva region, which is being further optimised by strategic investments, provides a very solid earnings base. In the Real Estate Services division, highly promising growth prospects are opening up as part of the ongoing consolidation. In both these segments Investis has made effective use of opportunities for sustainable growth and further improved its market position.

HIGHER REVALUATION GAINS STRENGTHEN FOCUS ON LAKE GENEVA REGION

Rental income rose by 3% to CHF 41.9 million (PY: CHF 40.8 million), while direct expenses fell to just over 30% (PY: 36%) thanks to a reduced need for renovation works and a continuing increase in cost effectiveness.

Investis has developed its property portfolio effectively, investing a total of CHF 88 million in buying new properties with a gross yield of above 5% and completing the construction of two new investment properties. At the same time, it has made strategic sales, securing a gain on disposal of CHF 3.0 million. Significant revaluation gains of CHF 46.6 million (PY: CHF 31.0 million) reinforce the Group's focus on residential properties in prime locations in the Lake Geneva region, as well as on rental activities and active portfolio management. The Properties segment reported an operating profit (EBIT) of CHF 76.7 million, an increase of 35% over the prior year (CHF 56.9 million).

Purchases and revaluation gains led to an increase in the value of the property portfolio to CHF 981 million (PY: CHF 857 million). At the end of the year the portfolio comprised 136 properties with 2,334 residential units.

The annualised full occupancy property rent as at 31 December 2016 rose to CHF 46.9 million. The vacancy rate stood at 3.7%, which is slightly higher than a year ago, though still very low for the sector. The increase is attributable to properties acquired or completed in the year under review which were not yet fully rented, as well as to the total overhaul of one building.

FURTHER GROWTH POTENTIAL IN THE REAL ESTATE SERVICES SEGMENT

The Real Estate Services segment reported a positive performance with an increase in revenue of 4% to CHF 136 million (PY: CHF 131 million). This growth was driven by Property Management and Facility Management services, while Construction Management saw a decline in revenue. Property Management – the strongest revenue pillar, contributing 56% of the total – increased its revenue in 2016 by 4.3% thanks to newly gained mandates, which also entailed initial costs. The rents under management by Property Management rose by CHF 200 million to CHF 1.58 billion. Revenue at Facility Management (share of revenue: 32%) rose by 7.9%, mainly due to the expansion of complementary services. By contrast, Construction Management (share of revenue: 12%) reported a decline in revenue of 10.6%. The larger overall business volumes also called for additional resources, hence the rise in headcount to 1,132 employees and the 9% increase in associated personnel expenses. These higher expenses led to a decline in the Real Estate Services segment's operating profit (EBIT) to CHF 3.9 million (PY: CHF 6.2 million).

Investis aims to exploit the growth potential of the Real Estate Services segment more systematically in future by concentrating on its Property and Facility Management services. Construction Management as a general contracting service will no longer be offered. This will reduce risk and increase the operating margins.

Investis acquired the company Hauswartprofis AG in January 2017. Hauswartprofis is a respected and established brand that will bring additional experience and expertise to Facility Management. With this acquisition, Investis is gradually implementing its growth strategy in the Real Estate Services segment and expanding its market position.

SUCCESSFUL AND EFFICIENT REFINANCING – VERY SOLID BALANCE SHEET – DIVIDEND PAYOUT OF CHF 30 MILLION

Investis made use of the attractive conditions on the capital market and investors' great trust and confidence to further optimise its financing structure. After the successful capital increase during the IPO in June, a five-year bond was issued to reduce mortgage financing. As a consequence of the new financing strategy, some swaps were terminated prematurely in 2016 and the designated purpose of the remaining swaps was changed from hedging to trading. The negative fair value of CHF 6.6 million (volume of CHF 72.5 million) was recognised in the financial statements.

Total assets increased by 12% to CHF 1.1 billion. 89% of assets are tied to the property portfolio, and the Loan-To-Value (LTV) decreased to 33%. Provisions for deferred tax liabilities were CHF 146 million (+9.8%). The equity ratio at the end of 2016 was a comfortable 50.7% (PY: 43.4%), attesting to the financial stability of Investis. The Group's financing policy remains conservative.

As announced, a dividend payment of CHF 30.08 million, or CHF 2.35 per share, will be proposed to shareholders at the Annual General Meeting on 27 April 2017. This corresponds to a payout ratio of 68%.

BROADENING OF CAPABILITIES THANKS TO AN EXPANDED EXECUTIVE BOARD

To support the growth strategy in the Real Estate Services segment, the Board of Directors has decided to broaden the Executive Board's skill base. With effect from 1 April 2017, Dieter Sommer (CEO of Privera since 2014) and Walter Eberle (CEO of Hauswartprofis since 2009 and CEO of Treos since January 2017) will join and strengthen the Executive Board. Management of the Real Estate Services segment will be spread across the two activities Property Management and Facility Management. Dieter Sommer will head Property Management services and Walter Eberle will be responsible for Facility Management services.

Catherine Dubey, who has made a major contribution to the successful development of the Real Estate Services segment in recent years, will now concentrate on development activities in the Properties segment, and will therefore be stepping down from the Executive Board. The Board of Directors and Executive Board would like to thank Catherine Dubey for her great commitment and enthusiasm in developing the Real Estate Services segment.

PROPERTY MARKET REMAINS VERY ATTRACTIVE

In 2016, Switzerland's property market was affected by a negative interest rate environment and a slight uptick in the Swiss economy. Thanks to persistently low interest rates, property continues to be a very popular investment; as a result, property prices are going up and yields are falling. Although the Swiss economy rallied a little, office and retail properties are still having to combat high vacancy rates, in part because of the ever-increasing share of shopping done online. Residential property, by contrast, continues to enjoy lively demand, especially in the major urban centers. These market developments vindicate the strategy and investment policy pursued by Investis. With a portfolio made up primarily of residential properties in attractive locations close to Lake Geneva, demand continues to be high, so vacancy rates remain low.

In the real estate services business, pressure on margins intensified further, though the trend towards digitalisation offers major opportunities here. Automation can make internal processes faster and more efficient, leaving employees to focus more on customer support and property-related services. The Investis Group identified this structural change long ago, and is committed to ever-greater digitalisation within the property sector.

With its business model, its strategy and its investment policy, Investis is very confident that it remains well positioned in a challenging market environment.

OUTLOOK

The accelerated dynamics resulting from the listing will continue to invigorate the Group's growth strategy in 2017. Sustainable increases in revenue are expected in all areas of activity. However, discontinuation of the Construction Management activity as a general contracting service will have a negative impact on revenue, but will have a positive impact on the EBIT margin.

The acquisition of Hauswartprofis AG will also contribute to revenue growth in the Real Estate Services segment. Investis will continue to optimise the Group, particularly with regard to financing. In February 2017 another bond of CHF 140 million with a coupon of 0.25% and a tenor of two years was placed to pay off mortgages.

In view of the current progress and good market positioning in both segments, we expect our solid business performance to continue in the 2017 financial year. Our medium-term targets remain unchanged.

On behalf of the Board of Directors and the Executive Board of Investis Holding SA, we would like to express our sincere gratitude to our shareholders for placing their trust in Investis, and to our staff for their great commitment and loyalty.



Riccardo Boscardin
Chairman of the Board of Directors



Stéphane Bonvin
CEO