

**Press release of 1<sup>st</sup> March 2017**

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## **Intershop reports on another very successful year**

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In the financial year 2016, the Intershop Group achieved an increase in profit of 5.9% compared to the previous year.

- **The net profit amounted to CHF 59.5 million or CHF 29.77 per share, equivalent to a return on equity of 10.7%.**
- **Equity rose significantly by 6% to CHF 591 million or CHF 295 per share. This corresponds to an equity ratio of 42.3%.**
- **Net yield of the investment properties remained high at 5.6%.**
- **The vacancy rate of the investment properties increased by 0.7 percentage points to 11.3%.**
- **The Board of Directors will again propose to the Annual General Meeting a dividend CHF 20.00 per share.**

Despite the prevailing challenging environment, Intershop once again achieved an above-average **Return on Equity of 10.7%** in the last financial year. In addition to the sale of two smaller investment properties and one commonhold apartment with a profit of CHF 4 million, the Group also disposed of the investment in Corestate Capital S.A. generating a profit of CHF 7.6 million. The reduction in rental income cause by property sales was compensated by the completion of the apartments in Kilchberg and the acquisition of the World Trade Center Lausanne.

At the balance sheet date the **portfolio** consisted of 58 properties including development properties and promotional projects. Rental income in the reporting period analysed by usage comprised 48% office and further education, 33% commercial and logistics, 6% retail and restaurants as well as 6% residential and 7% parking.

The value of the **real estate portfolio** amounted to CHF 1,362 million at the end of the reporting period reflecting an increase predominantly through acquisitions of 9.3% compared to the previous year. After deduction of the capital expenditure in the reporting period, the increase in the fair value of the portfolio amounted to CHF 3.6 million of 0.3%.

**Total rental income** of CHF 84 million was at par with the previous year. While the rental income from the investment portfolio increased marginally, the income from the development property portfolio fell slightly as anticipated, especially due to the fact that the asset in Au-Wädenswil is in the process of being emptied due to the planned conversion.

Despite the **vacancy rate** increasing to 11.3% in a challenging letting market, a **gross yield** of 6.4% was achieved through a stable rental income.

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The net gains from **property disposal** amounted in a pleasing CHF 4 million which was lower than in the previous year as only a minor profit from the sale of promotional properties was achieved.

The **property expense** decreased slightly to CHF 8.9 million and the **net yield** of the investment property portfolio remained at a consistently high level of 5.6%.

Due to the acquisition of WTCL Services SA, the number of **employees** rose to 69. The **other income** was slightly increased by the services provided by this subsidiary.

The **average interest rate** on interest bearing debt at the balance sheet date amounted to 2.18% with an average maturity of 4.8 years. From the proceeds of the bond issued in 2015, mortgages in the amount of CHF65 million were repaid. The acquisition of the World Trade Center Lausanne was funded by cash and the short term use of a CHF 44 million loan, which was replaced by a long term mortgage of CHF 65 million after the balance sheet date.

The **equity** increased considerably to CHF 591 million, essentially as a result of the sale of the investment in Corestate Capital S.A.

The Board of Directors will propose to the Annual General Meeting a stable **dividend** of CHF 20.00 per registered share, corresponding to a distribution of CHF 40 million. Based on the share price at the balance sheet date this reflects a dividend yield of 4%. The total return of the share, including increases in share price and dividend payments, amounted to 29.4% in the financial year and has outperformed the comparative index SXI Swiss Real Estate Shares TR (11.4%) again strongly.

## Outlook

Intershop is looking to the current financial year with confidence. The strengthened rental income base resulting from the acquisition of the World Trade Center Lausanne will facilitate the disposal of properties while at the same time keeping the profit from letting activities at a minimum of CHF 40 million to ensure a stable dividend.

The letting market will remain challenging. Due to the prevailing high number of newly built floor space and the ongoing considerable pressure on companies to cut costs, Intershop anticipates that it will not be able to reduce the vacancy rate of the investment property portfolio substantially in the next year and that it will remain at the level of the end of 2016.

In addition, the company assumes that the interest rate environment will remain negative during 2017, which will result in a corresponding impact, although there are signs that the interest rates have bottomed out.

Intershop will continue to capitalize on opportunities to dispose of, or acquire, real estate, provided they help to realise or sustain added value.

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**Company portrait**

Intershop is a real estate company listed on the SIX Swiss Exchange and active in Switzerland, which primarily invests in commercial properties. As of 31/12/2016 its portfolio comprised 58 properties with a lettable area of 594,000 m<sup>2</sup> and a market value of some 1.4 billion Swiss francs. Intershop invests mainly in the Zurich area, around Lake Geneva and along the main traffic arteries. Its portfolio combines high yields with security, thanks to diversification by geography and type of use, with considerable potential for value appreciation in the properties with development potential.

**Agenda:**

30/03/2017      Annual General Meeting 2017  
30/08/2017      Publication of Half-Year Report 2017

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[Summary 2016 \(Download, pdf\)](#)

Please find additional information on the Intershop Group on [www.intershop.ch](http://www.intershop.ch)

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## Key figures Intershop Group

		2016	2015
<b>FINANCIALS</b>			
Net rental income	m CHF	75.1	74.8
Net gains from property disposal	m CHF	4.0	12.5
Changes in fair value of properties	m CHF	3.6	2.6
Operating result (EBIT)	m CHF	74.4	81.3
Earnings before taxes (EBT)	m CHF	68.5	69.1
Net income	m CHF	59.5	56.2
Cash flow from operations	m CHF	48.9	61.1
Investment in properties	m CHF	122.9	32.5
Total assets	m CHF	1'397.0	1'404.8
Total properties	m CHF	1'362.0	1'246.2
Financial liabilities	m CHF	620.4	661.7
Shareholders' equity	m CHF	590.9	557.5
Return on equity <sup>1)</sup>		10.7%	10.4%
Return on equity excl. changes in fair value of properties <sup>1), 5)</sup>		10.2%	10.1%
<b>PORTFOLIO</b>			
Number of investment properties		49	49
Number of development properties <sup>6)</sup>		9	11
Lettable area	in m <sup>2</sup>	593,608	581,689
Gross yield <sup>2), 3)</sup>		6.4%	6.5%
Net yield <sup>2), 4)</sup>		5.6%	5.7%
Vacancy rate <sup>2)</sup>		11.3%	10.6%
<b>PERSONNEL</b>			
Number of employees		69	55
<b>SHARE</b>			
Earnings per share	CHF	29.77	28.11
Earnings per share excl. changes in fair value of properties <sup>5)</sup>	CHF	28.42	27.14
Net Asset Value per share (NAV)	CHF	295.47	278.76
Share price at balance sheet date	CHF	501.00	402.50
Dividend per share <sup>7)</sup>	CHF	20.00	20.00

1) Based on the average shareholders' equity during the period

2) Figures relate to investment properties at the balance sheet date

3) Effective annual gross rental income in proportion to the market value of the properties at the balance sheet date

4) Effective annual gross rental income less directly attributable property costs (excluding interest expense) in proportion to the market value of the properties at the balance sheet date

5) After deducting of changes in fair value of properties and the associated deferred tax

6) Including promotional properties

7) 2016: Proposal of the Board of Directors to the AGM