

Press release of 30 August 2017

Intershop: Significant increase in rental income in the first half-year 2017

Intershop has successfully concluded a challenging first half-year 2017:

- **The net income of CHF 29.4 million or CHF 14.69 per share is 6.5% lower as the result for the same period last year which benefited from a one-off effect.**
- **The investment portfolio generated a gross yield of 6.3% and a net yield of 5.5%.**
- **The return on equity amounted to 10.1%.**
- **Shareholders' equity as per 30th June 2017 amounted to CHF 585 million or CHF 292 per share, which represents an equity ratio of 41.7%.**
- **Due to successful lettings, the vacancy rate of the investment properties decreased to 10.2%.**

Due to the acquisition of the World Trade Center at the end of last year, the **rental income** increased by 5.7% to CHF 44 million despite the disposal of two investment properties in the second half of the prior-year.

As of the reporting date, the **portfolio** comprised 57 properties, including the development and promotional properties. Rental income in the reporting period was derived from the following types of use: 50% office and education, 30% light-industrial and logistics, 6% retail and food and 14% residential and parking.

The **market value of the properties** at the end of the reporting period was CHF 1,364 million, up marginally by CHF 0.1 million (0.01%) after deducting investments made.

The **property expense** increased by CHF 0.4 million to CHF 4.8 million and the **personnel and administrative expense** by CHF 0.9 million to CHF 6.5 million mainly due to the cost structure of the World Trade Center and the acquisition of the WTCL Services SA. In contrast, the service revenue generated by WTCL Services SA lead to an increase of the other income by CHF 0.6 million to CHF 2.1 million.

The **net yield** of the investment portfolio of 5.5% remained at an attractive level.

A **financial income** of CHF 2.1 million resulted from interest income, the profit from sales and the reversal of a prior-year valuation adjustment on the bond portfolio held as short term investment.

Financial expenses were reduced to CHF 7.0 million.

In the first half of 2017, Intershop refrained from **acquisitions**. In addition to the **development** of its own portfolio, the focus remained on letting and re-letting activities which resulted in the lower vacancy rate of 10.2% as of the balance sheet date. In the reporting period, the sales agreements for all the commonhold apartments of the project «eden7» were notarised and the building work is proceeding according to plan. Whilst the building permission for the «Albanteich-Promenade» site in Basel was being developed further, the revised zoning and development plan for «AuPark» in Wädenswil is still being reviewed by the authorities. Discussions continued with the canton of Zurich about the location of the «Zimmerberg secondary school». Simultaneously, the preparatory works for the planned renovation and addition of more storeys to the property in Rue de Lausanne in Geneva and the complete refurbishment of a building on the light-industrial site in Flurlingen are in progress.

In the reporting period, the **sale** of a smaller commercial property in Winterthur has been concluded. Together with the sale of the parking lots this resulted in a gain of CHF 1.1 million.

Outlook

Despite the increasingly positive developments in the economy, commercial lettings will remain challenging in the medium term. Intershop expects the vacancy rate for investment properties to increase slightly during the second half-year and move to a level similar to that of the previous year end. Following the reduction in the reference interest rate to 1.50% in June, revenues from residential properties are expected to fall. Due to the restructuring of some interest rate hedges a slight reduction in financing costs is anticipated.

It is expected that at the end of October the property in Moosseedorf will be purchased by its tenant.

The prevailing low-interest-rate environment continues to encourage property sales at attractive prices. Intershop will continue to follow the transaction market with great attention and seize any opportunities for promising acquisitions.

Altogether, Intershop expects a positive operating result for the year, which should make it possible to maintain the previous dividend policy.

Attachment: Key figures Intershop Group

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Company portrait

Intershop is a real estate company listed on the SIX Swiss Exchange and active in Switzerland, which invests principally in commercial properties. As per 30/06/2017 its portfolio comprised 57 properties with a lettable area of 590,000 m² and a market value of some 1.4 billion Swiss francs. Intershop invests mainly in the Zurich area, around Lac Lemman 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.

Timetable

28/02/2018	Publication of annual report 2017 with media and financial analysts conference
28/03/2018	Annual General Meeting 2018
29/08/2018	Publication of half-year report 2018 with online presentation for media and financial analysts

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[Summary Half-year report 2017 \(Download, pdf\)](#)

Please find additional information on the Intershop Group on www.intershop.ch

Key figures for the Intershop Group

		1HY 2017	1HY 2016
FINANCIALS			
Net rental income	m CHF	39.6	37.6
Net gains from property disposal	m CHF	1.1	0.2
Changes in fair value of properties	m CHF	0.1	0.4
Operating result (EBIT)	m CHF	36.4	34.1
Earnings before taxes (EBT)	m CHF	31.4	33.9
Net income	m CHF	29.4	31.4
Cash flow from operations	m CHF	22.1	18.9
Investment in properties	m CHF	6.3	9.6
Total assets ²⁾	m CHF	1,403.9	1,397.0
Total properties ²⁾	m CHF	1,364.2	1,362.0
Financial liabilities ²⁾	m CHF	641.4	620.4
Shareholders' equity ²⁾	m CHF	584.9	590.9
Return on equity ¹⁾		10.1%	11.5%
Return on equity excluding changes in fair value of properties ^{1), 6)}		10.1%	11.4%
PORTFOLIO			
Number of investment properties ²⁾		48	49
Number of development properties ^{2), 7)}		9	9
Lettable area ²⁾	in m ²	589,898	593,608
Gross yield ^{2), 3), 4)}		6.3%	6.4%
Net yield ^{2), 3), 5)}		5.5%	5.6%
Vacancy rate ^{2), 3)}		10.2%	11.3%
PERSONNEL			
Number of employees ²⁾		68	69
SHARE			
Earnings per share	CHF	14.69	15.72
Earnings per share excluding changes in fair value of properties ⁶⁾	CHF	14.67	15.58
Net Asset Value per share (NAV) ²⁾	CHF	292.44	295.47
Share price at balance sheet date ²⁾	CHF	481.00	501.00

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

2) Figures as per 30/06/2017 and 31/12/2016

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

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

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

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

7) Including promotional properties