

**Press release of 29 August 2018**

---

## **Intershop increases profits by 11% due to promotion revenue**

---

Intershop has concluded a very successful first half-year 2018:

- **Net income came to CHF 32.7 million, or CHF 16.35 per share, which represents a return on equity of 10.7%.**
- **Shareholder's equity amounted to CHF 610.5 million as of 30/06/2018, or CHF 305.24 per share. This represents an equity ratio of 44%.**
- **The investment portfolio generated a net yield of 5.5%.**
- **Due to successful lettings, the vacancy rate of the investment properties decreased to 9.7%.**

Due to the disposal of properties in the previous year, **rental income** slightly decreased by 1.5% to CHF 43.7 million. The investment properties' **gross yield** remained stable at 6.3%.

As of the reporting date, the **portfolio** comprised 55 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% trade and logistics, 6% retail and gastronomy, and 14% residential and parking.

The **market value of the properties** at the end of the reporting period amounted to CHF 1,362 million, slightly increasing by CHF 0.6 million (0.04%) after deducting the investments made.

**Property expense** fell by 3.1% to CHF 4.7 million, amounting to 10.7% of rental income. **Personnel expense** rose by 9.7% to CHF 5.5 million amongst others due to a larger workforce, resulting from the integration of the property management team of the industrial site in Winterthur-Neuhegi and the filling of vacancies in the construction and development department. In contrast, **administrative expense** amounting to CHF 1.4 million was slightly below the comparable figure for the previous year, at 2%.

The **net yield** of the investment portfolio reached an attractive 5.5%.

**Interest expense** declined by CHF 0.7 to CHF 6.3 million due to lower debt and lower interest rates. On the other hand, **financial income** fell sharply to CHF 0.1 million.

The significant rise in **tax expense** from CHF 2.1 million to CHF 8 million resulted from profits on disposals which are subject to real estate gains tax, and from a reduction in deferred tax liabilities of CHF 3 million recorded in the previous year due to tax rate adjustments.

In the first half of 2018, Intershop also refrained from acquisitions. The focus continued to be on reducing vacancies and on development projects. On the one hand, successful new lettings have resulted in significantly reducing the vacancy rate from 11% at the end of the previous year to 9.7% as of the reporting date. On the other hand, the promotional property «eden7» was successfully completed, and the development projects being carried out in parallel such as «AuPark» in Au-Wädenswil and the «Albanteichpromenade» in Basel, could be advanced according to plan. Furthermore, progress was made in terms of planning for the conversion of the property at Römerstrasse in Baden, and the addition of more storeys to the property at Rue de Lausanne 42/44 in Geneva, as well as for the refurbishment of «Building S» at the Arova site in Flurlingen.

The **sale** of the promotional property «eden7», as well as previously created car parks, allowed Intershop to generate a very positive profit exceeding CHF 11 million.

The total return of the share, made up of the share price increase and the dividend payment, came to 8.2% in the first half-year, and was significantly higher than the peer group index SXI Swiss Real Estate Shares TR, at 3.1%.

### **Outlook**

Despite a certain stimulation of demand for rental space given the positive economic development, the persistently high level of new construction does not allow a noticeable easing of the letting market. Nevertheless, Intershop expects a further slight decrease in the vacancy rate during the second half-year. However, a significant increase must be expected over the course of the next year, since in the first half-year 2019, a major tenant will vacate premises which are no longer under contract.

The transactions market is also being carefully monitored. On the one hand, it is important to take advantage of acquisition opportunities with sustainable potential for value creation. On the other hand, Intershop intends to exploit the positive market environment for the sale of properties whose development has been completed, in order to realise the generated added value.

Overall, Intershop once again expects a positive operating result for the year, which should make it possible to maintain the attractive dividend policy.

### Attachment

Key figures Intershop Group

### **Contact**

Cyrill Schneuwly, CEO  
Thomas Kaul, CFO

### **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 of 30/06/2018, its portfolio comprised 55 properties with a lettable area of approx. 585,000 m<sup>2</sup> 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.

### **Agenda**

28/02/2019	Publication of annual report 2018 with media and financial analysts conference
04/04/2019	Annual General Meeting 2019
29/08/2019	Publication of half-year report 2019 with online presentation for media and financial analysts

[Summary Half-year report 2018 \(Download, pdf\)](#)

Further information on Intershop is available from the website [www.intershop.ch](http://www.intershop.ch)

---

## Key figures Intershop Group

1<sup>st</sup> Sem. 2018      1<sup>st</sup> Sem. 2017

<b>FINANCIALS</b>			
Net rental income	CHF m	39.0	39.6
Net gains from property disposal	CHF m	12.1	1.1
Changes in fair value of properties	CHF m	0.6	0.1
Operating result (EBIT)	CHF m	46.9	36.4
Earnings before taxes (EBT)	CHF m	40.7	31.4
Net income	CHF m	32.7	29.4
Cash flow from operations	CHF m	31.5	22.1
Investments in properties	CHF m	12.1	6.3
Total assets <sup>2)</sup>	CHF m	1,386.5	1,413.0
Properties <sup>2)</sup>	CHF m	1,361.9	1,362.9
Financial liabilities <sup>2)</sup>	CHF m	599.0	607.0
Shareholders' equity <sup>2)</sup>	CHF m	610.5	619.2
Return on equity <sup>1)</sup>		10.7%	10.1%
Return on equity excluding changes in fair value of properties <sup>1) 6)</sup>		10.6%	10.1%

<b>PORTFOLIO</b>			
Number of investment properties <sup>2)</sup>		47	47
Number of development properties <sup>2) 7)</sup>		8	9
Lettable area <sup>2)</sup>	in m <sup>2</sup>	585,377	585,141
Gross yield <sup>2) 3) 4)</sup>		6.3%	6.3%
Net yield <sup>2) 3) 5)</sup>		5.5%	5.4%
Vacancy rate <sup>2) 3)</sup>		9.7%	11.0%

<b>PERSONNEL</b>			
Number of employees <sup>2)</sup>		72	68

<b>SHARE</b>			
Earnings per share	CHF	16.35	14.69
Earnings per share excluding changes in fair value of properties <sup>6)</sup>	CHF	16.12	14.67
Net asset value per share (NAV) <sup>2)</sup>	CHF	305.24	309.93
Share price at balance sheet date <sup>2)</sup>	CHF	505.00	487.00

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

2) Figures as per 30/06/2018 and 31/12/2017

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 any directly attributable property expenses (excluding interest expense) in proportion to the market value of the properties at the balance sheet date

6) Not accounting for changes in fair value of properties and the associated deferred tax

7) Including promotional properties