

Press release of 28 February 2018

Intershop closes 2017 with outstanding result and increases dividend

Change in the Board of Directors

The Intershop Group reported a year-on-year increase in profits of 6.7% for the financial year 2017.

- **Net income came to CHF 63.5 million, or CHF 31.76 per share, which represents a return on equity of 10.7%.**
- **Equity rose to CHF 619 million as of 31st December 2017 and now corresponds to CHF 310 per share. This represents an equity ratio of 43.8%.**
- **The net yield on investment properties remained high at 5.4%.**
- **The vacancy rate of the investment property portfolio fell slightly to 11.0%.**
- **At the Annual General Meeting, the Board of Directors will propose to increase the dividend by 10% to CHF 22.00 per share.**

Rental income was up by 6% on the previous year, as a result of acquisitions. This and the **gains on disposals** of CHF 9.9 million helped Intershop to generate a **return on equity** of 10.7%.

On the reporting date, the **portfolio** comprised 56 properties, including development and promotional properties. Rental income in the reporting period was composed of the following types of use: 51% office and education, 29% light-industrial and logistics, 6% retail and food, 6% residential and 8% parking.

The **market value of the property portfolio** as of year-end was CHF 1,363 million. After deducting capital expenditure in the reporting year this represents an increase of CHF 4.2 million or 0.3%.

Primarily thanks to the World Trade Center in Lausanne, **rental income** rose to CHF 89.2 million, even though several properties were sold in the reporting year and the previous year. The **gross yield** on the investment properties was 6.3%.

In a still very demanding letting environment the **vacancy rate** for the investment properties was reduced slightly to 11.0%.

Property expense went up by 10.9% to CHF 9.9 million, partly due to higher expenses for maintenance and repairs, but still only accounted for 11.1% of rental income. The **net yield** on the investment properties came to 5.4%.

Thanks to the service revenue generated in the World Trade Center, **other income** improved by 46% to CHF 4.2 million. As expected, **administrative expense** rose accordingly by 37% to CHF 2.6 million and **personnel expense** by 9% to CHF 10.1 million. The costs of local staff as well as for the serviced offices and conference facilities provided are included for the full financial year for the first time.

The **average interest rate** on interest-bearing debt came to 2.02% as of the reporting date, with an average fixed-interest term of 6.2 years. **Interest expenses** were down by 6% to CHF 13.6 million due to lower debt and lower interest rates.

Equity rose by CHF 28 million to CHF 619 million despite the dividend payment of CHF 40 million. This was 4.8% higher than the previous year.

The Board of Directors will propose a **dividend** increase of CHF 2.00 to CHF 22.00 per registered share at the Annual General Meeting, which represents a total distribution of CHF 44 million. Based on the share price on the reporting date this corresponds to a dividend yield of 4.5%. The total share performance, made up of the share price increase and the dividend payment, came to 1.2% in the reporting year, which in contrast to prior years was less than the peer group index SXI Swiss Real Estate Shares TR, which increased by 9.9%.

Outlook

Intershop is confident for the current financial year. Rental income is expected to be slightly lower to stable, not including any transactions. Although the letting business is expected to remain demanding, Intershop aims to compensate for the rental income lost due to property disposals and achieve further reductions in the vacancy rate. Over the year, Intershop anticipate that the vacancy rate for investment properties will fall by 0.5% to 1.0%.

The sale of the units in the promotion project «eden7» in Zurich is forecast to generate a high single-digit million pre-tax profit for Intershop in the first half-year 2018.

Sales opportunities and attractive acquisition opportunities will still be seized, provided they help to realise or create sustainable added value.

Change in the Board of Directors

Dr. Michael Dober will not stand for re-candidacy at the 55th Annual General Meeting. Intershop thanks Michael Dober for his great commitment during his three-year of service and his contribution to the success of the company.

Ernst Schaufelberger is proposed for the election. Mr. Schaufelberger completed a notary's degree and various further education courses in the areas of taxes, finance and real estate. He holds the certificate of eligibility as a notary. After various activities and functions as a notary, for a trust company and institutional real estate investors, he joined today's AXA Investment Managers Switzerland AG in 2005. He is responsible for Real Assets as a member of the Board of Directors and Deputy Managing Director.

Attachments

Key figures Intershop Group

CV Ernst Schaufelberger

Contact:

Cyrill Schneuwly

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 31/12/2017 its portfolio comprised 56 properties with a lettable area of 585,000 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 creation in the properties with development potential.

Timetable:

28/03/2018 Annual General Meeting 2018
29/08/2018 Publication of half-year report 2018

Download/Links

[summary annual report 2017 \(download the PDF file\)](#)

[Intershop Investor Relations/Annual report 2017](#)

[Online annual report 2017 \(german\)](#)

Further information on Intershop is available from the website www.intershop.ch

Key figures Intershop Group

		2017	2016
FINANCIALS			
Net rental income	CHF m	79.3	75.1
Net gains from property disposal	CHF m	9.9	4.0
Changes in fair value of properties	CHF m	4.2	3.6
Operating result (EBIT)	CHF m	84.8	74.4
Earnings before taxes (EBT)	CHF m	74.9	68.5
Net income	CHF m	63.5	59.5
Cash flow from operations	CHF m	50.1	48.9
Investments in properties	CHF m	17.4	122.9
Total assets	CHF m	1,413.0	1,397.0
Total properties	CHF m	1,362.9	1,362.0
Financial liabilities	CHF m	607.0	620.4
Shareholders' equity	CHF m	619.2	590.9
Return on equity ¹⁾		10.7%	10.7%
Return on equity excl. changes in fair value of properties ^{1), 5)}		10.2%	10.2%
PORTFOLIO			
Number of investment properties		47	49
Number of development properties ⁶⁾		9	9
Lettable area	in m ²	585,141	593,608
Gross yield ^{2), 3)}		6.3%	6.4%
Net yield ^{2), 4)}		5.4%	5.6%
Vacancy rate ²⁾		11.0%	11.3%
PERSONNEL			
Number of employees		68	69
SHARE			
Earnings per share	CHF	31.76	29.77
Earnings per share excl. changes in fair value of properties ⁵⁾	CHF	30.16	28.42
Net Asset Value per share (NAV)	CHF	309.93	295.47
Share price at balance sheet date	CHF	487.00	501.00
Dividend per share ⁷⁾	CHF	22.00	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 cost (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) 2017: proposal of the Board of Directors to the AGM

Short CV

Personal information

Name Ernst Schaufelberger
Birth 1954
Nationality Schweizer

Initial and continuing education

- Apprenticeship as a notary
- Lecture visits at the Faculty of Law at the University of Zurich
- Holder of the certificate of eligibility as a notary
- Various trainings in tax, finance and real estate

Professional background

1981 – 1984 Notary Zurich-Unterstrass
Deputy Notary

1985 – 1990 Trust company
Mandate management in inheritance, property, corporate and tax law

1990 – 1999 Intrag AG (Fund management company of SBG/UBS)
Various functions for real estate investment funds

2000 – 2003 Swiss Life Real Estate Partners AG, Zug
CEO, Creation and development of various focused real estate investment structures and associated management organization

Current activities

since 2005 AXA Investment Managers Schweiz AG, former «Winterthur» Investment Management AG
Head of Real Assets Switzerland and temporarily the same function in Germany and Eastern Europe
Member of the Board of Directors and Deputy Managing Director

Other mandates and non-professional activities

Member of various boards of foreign companies and management organizations in connection with investments of the AXA Group

since 2013 President of the Board of Trustees, Serata, Stiftung für das Alter, Thalwil

since 2016 President of the Board of Directors, Zürcher Freilager AG, Zurich

since 2014 Member of the Board of Trustees, Stiftung Waldegg, Zurich