

Press release dated 28<sup>th</sup> February 2019

---

## Intershop achieves a record result in 2018 and plans share buyback

---

The Intershop Group achieved an outstanding result in the 2018 financial year:

- **Net income reached CHF 119.6 million, or CHF 59.84 per share, and stands at almost 90% above the already good result for the previous year. The return on equity increased to 19.3%.**
- **As at 31/12/2018, the shareholders' equity increased to CHF 690 million and amounts to CHF 348 per share. This represents an equity ratio of 47%.**
- **The net yield of the investment property portfolio remained high at 5.4%.**
- **The vacancy rate of the investment property portfolio fell to 9.8%.**
- **The Board of Directors is proposing to the Annual General Meeting a dividend payment of CHF 22.00 per share.**

The **disposal** of investment and promotional properties resulted in earnings before taxes of CHF 82 million, which contributed significantly to the strong increase in the **return on equity** to 19.3%.

As of the reporting date, the **portfolio** included 54 properties, including the development and promotional properties. The rental income during the reporting period consisted of the following types of usage: 50% office and educational use, 30% light-industrial and logistics, 6% retail and food, 6% residential and 8% parking.

The **value of the property portfolio** at the end of the reporting year came to CHF 1,303 million. The decrease of CHF 60 million is essentially attributable to property disposals. After deducting the investments made during the reporting period, including the purchase of a commercial property in Wohlen, this resulted in a positive change in market value of 16.2 million or 1.3%.

Due to disposals of properties and the proposed termination of leases for selected development properties, **rental income** in 2018 fell slightly by 1.4% to CHF 88 million as expected. The **gross yield** from the investment property portfolio remains unchanged at 6.3%.

Despite the challenging environment and the sale of two almost fully let properties, it was possible to reduce the **vacancy rate** of the investment properties to 9.8%,

**Property expenditure** recorded a slight fall of 1.6% to CHF 9.7 million and stands at only 11% of rental income. The **net yield** of the investment portfolio reached 5.4%.

As a result of an increase in headcount and higher performance-related compensation, **personnel expense** rose by 13.5% to CHF 11.4 million. **Administration expense**, including taxes on capital, recorded an increase of 6.6% to CHF 2.8 million.

Following a reduction of CHF 18 million, the interest-bearing **liabilities** came to CHF 589 million on the balance sheet date, with an **average interest rate** of 1.97%. The average fixed interest term was 5.3 years and **interest expense** fell by 8.5% to CHF 12.5 million due to the smaller debt burden and lower interest rates.

Despite the dividend payment of CHF 44 million, **equity** grew by CHF 71 million to CHF 690 million, which represents an equity ratio of 47.4%.

The Board of Directors is once again proposing to the shareholders a **dividend** of CHF 22.00 per registered share, which is equivalent to a total distribution of CHF 44 million. Based on the share price at the balance sheet date, this results in a dividend yield of 4.5%. The total performance per share, which consists of the price gain and the dividend paid, reached 4.7% in the financial year and significantly exceeded the performance of the peer index SXI Swiss Real Estate Shares TR (-2.0%).

## Outlook

Intershop is optimistic for the current financial year, although it does not expect gains from property disposals at the level of the reporting year and no promotional project will be completed. As a result of disposals of investment properties and the planned terminations of leases for several development properties, a fall in rental income in the order of 10% is expected. The focus of operational activity will therefore be on marketing the vacant properties. Over the course of the year, Intershop expects a vacancy rate at the same level as today's.

The transactions market will continue to be monitored consistently in order to recognise rewarding opportunities both to buy and sell.

The sale of the property at Zürcherstrasse 15-21 in Winterthur, which was registered in December, was completed at the end of January 2019. Due to the repayment of the bond that matured on 14 February 2019, the company expects finance costs to be lower, while the continuing negative interest environment will have a noticeable impact on interest income in the current financial year.

Intershop continues to assume that it will achieve a return on equity equivalent to the average yearly rate of at least 8%.

## Share buyback planned to reduce the share capital

The outstanding result has led to a further increase of the already comfortable equity position. As in the prevailing interest environment additional acquisitions are rather unlikely, the Board of Directors has decided to undertake a share buyback of up to 5% of the outstanding shares by way of a fixed price offer of CHF 515 per share. The Board recommends to the Annual General Meeting that the repurchased shares be subsequently cancelled. Following the reduction of the share capital by up to 5%, the annual dividend amount will be reduced by up to CHF 2.2 million.

The terms and conditions of this buyback are expected to be published on 5<sup>th</sup> March 2019.

## **Election to the Board of Directors**

Following the death of Charles Stettler, a long-standing board member who had helped shape the success of the group since 2011, this position must now be filled. As already notified on 8<sup>th</sup> January 2019, the Board of Directors is proposing as his successor Kurt Ritz, who will seek election at this year's Annual General Meeting.

## **Auditors**

Intershop put the audit mandate out to tender in 2018 and four audit companies took part in the selection process. Having examined the offers and presentations in detail, and following discussions, the Board of Directors has decided to propose to the Annual General Meeting that PricewaterhouseCoopers Ltd. be chosen again as auditors. The criteria considered in the selection included relevant experience in the auditing of listed corporates and property companies, the audit team, their independence, the use of audit tools and the company's fees.

## Annex

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 31/12/2018, its portfolio included 54 properties with a lettable area of approx. 578,000 m<sup>2</sup> and a market value of some 1.3 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**

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

## **Download/Links**

**Summary annual report 2018 (download as pdf file)**

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

---

## Key figures Intershop Group

		2018	2017
<b>FINANCIALS</b>			
Net rental income	million CHF	78.2	79.3
Net gains from property disposal	million CHF	82.0	9.9
Changes in fair value of properties	million CHF	16.2	4.2
Operating result (EBIT)	million CHF	166.7	84.8
Earnings before taxes (EBT)	million CHF	154.4	74.9
Net income	million CHF	119.6	63.5
Cash flow from operations	million CHF	23.1	50.1
Investments in properties	million CHF	37.1	17.4
Total assets	million CHF	1,454.5	1,413.0
Total Properties	million CHF	1,302.7	1,362.9
Financial liabilities	million CHF	589.0	607.0
Shareholders' equity	million CHF	690.1	619.2
Return on equity <sup>1)</sup>		19.3%	10.7%
Return on equity excluding changes in fair value of properties <sup>1) 5)</sup>		17.3%	10.2%
<b>PORTFOLIO</b>			
Number of investment properties		43	47
Number of development properties <sup>6)</sup>		11	9
Lettable area	in m <sup>2</sup>	578,127	585,141
Gross yield <sup>2) 3)</sup>		6.3%	6.3%
Net yield <sup>2) 4)</sup>		5.4%	5.4%
Vacancy rate <sup>2)</sup>		9.8%	11.0%
<b>PERSONNEL</b>			
Number of employees		70	68
<b>SHARE</b>			
Earnings per share	CHF	59.84	31.76
Earnings per share excluding changes in fair value of properties <sup>5)</sup>	CHF	53.60	30.16
Net asset value per share (NAV)	CHF	347.69	309.93
Share price at balance sheet date	CHF	488.00	487.00
Dividend per share <sup>7)</sup>	CHF	22.00	22.00

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 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) 2018: Proposal of the Board of Directors to the AGM