

Return to former profitability level expected**Ongoing rise of rental income - consolidation in retail trade**

The Jelmoli Group has focused systematically over the last few years on the two business fields retail trade (Jelmoli Zurich, Fust, Portable Shop) and retail real estate (property construction, development and management).

Real estate business on growth course: 7.5% rise in rental income

In autumn 2002 Jelmoli Real Estate's growth strategy was successfully implemented with the first two large development projects in Geneva: La Praille Shopping Center and Place du Molard city-centre complex (total investment sum CHF 270 million), creating thereby substantial value-added.

Rental income has increased by 7.5 percent to CHF 96.1 million (prior year: CHF 89.4 million). Comparable rental income – not including real estate portfolio additions and reductions – has risen encouragingly by 2.5 percent despite less favourable market conditions meanwhile in the real estate and retail trade sectors.

Jelmoli and Fust core business turnovers 2.0% higher than record level of prior year; 17.3% decline in Portable Shop and Fust kitchen/bathroom turnover due to restructuring

After the steep growth of prior year (17.5% turnover rise), the Jelmoli Group underwent a consolidation phase in 2002. The Jelmoli Zurich store with Molino Restaurants, Fashion Bazaars and Beach Mountain, and the Fust core activities (domestic appliances and consumer electronics) exceeded the record turnover level of prior year again by 2.0 percent despite a steep decline in some markets (textiles and consumer electronics).

As in the first half of 2002, however, Portable Shop and Fust kitchen/bathroom, not only as a consequence of restructuring measures (closure of 15 branches and the Portable Shop business-to-business activities; change of Fust- kitchen/bathroom supplier) but also due to the respective market declines, realised a turnover decline by 17.3%.

The net result of these diverging developments is a 3.7 percent decline of Group turnover (comparable decline: 2.4%) to CHF 1.080 billion (prior year: CHF 1.121 billion).

Expected return to former profitability level

The Jelmoli Group annual accounts for 2002 will be published on April 8, 2003. Current estimates show that after the decline in 2001, the targeted return to former profitability level (2000: CHF 89.4 million) will be attained despite slow turnover development, thanks to proactive management of offering and costs and the ongoing rise in retail real estate income (both operational income and property development value-added).

For further details, see annex.

Annual accounts 2002:	April 8, 2003	11.00	Media conference	UBS Grüenhof
		13.30	Analyst conference	UBS Grüenhof

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Detailed report on Jelmoli Group turnover for 2002

Jelmoli AG turnover rose by 0.9 percent, thus matching on a comparable basis the record level attained with a steep rise of 8.0 percent in prior year, despite a marked decline in the general situation and consumer purchasing since then.

With a turnover rise of 0.4 percent *Jelmoli Zurich*, Switzerland's largest and best-situated department store with a mix of own offers and numerous shop-in-shop tenants, no longer matched the steep increases of prior years. Although the significant decline of the employment situation in Zurich's financial district seriously affected weekday turnover at this city-centre shopping gallery, the ongoing increase in weekend business reflected the further rise in consumer attraction. Above all textiles turnover was negatively affected by the unusually warm autumn and early winter weather. The regularly measured market share of frequency of *Jelmoli Zurich* in city centre consumer purchasing has again risen, and the test purchases also carried out regularly show for the first time a customer satisfaction level exceeding that at the Bahnhofstrasse speciality stores.

The turnover development of *Dipl. Ing. Fust AG* in 2002 must likewise be compared with the steep rise of 14.6 percent in prior year. Furthermore, the prior year figures also included high but unprofitable turnovers by the former ElectroPlus stores which were taken over with retrospective effect. The deliberate reduction of these turnovers after the takeover, in favour of higher gross margins, is now reflected in slow but more profitable turnover development slightly above the prior year level (+0.5%).

Turnover in the Fust core business of domestic appliances rose again to a high level despite the declining trend, with profit-oriented expansion of the market position.

SoundVision-Fust turnover increased significantly notwithstanding the steep market decline, with a marked gain in market share accordingly, despite the deliberate turnover reduction of former ElectroPlus centres in favour of higher margins. SoundVision-Fust has thus attained not only a market breakthrough to leader position in some segments, but also a profitability turnaround.

Turnover declined significantly in the Fust kitchen/bathroom segment, which as of the second semester 2001 was seriously affected by a change of main supplier and a steep decline in consumer home investment purchasing. Thanks to numerous improvement measures, more orders were received in the fourth quarter 2002 despite market decline, but their positive effect on turnover will not be felt until 2003.

Portable Shop AG has been affected since spring 2001 by an overall market decline in personal computers, notebooks and mobile phones. Against this background and due to branch closures for restructuring reasons, turnover has declined by 18.7 percent (comparable: 14.5%). Budgeted turnovers for the second semester 2002 were attained. Thanks to the restructuring measures, costs and inventories were significantly reduced during the second quarter 2002, warehouse turnaround increased and gross margins improved, so that with the high seasonal turnover in December a break-even was achieved in operating income (EBITDA).

Rental income

Nearly all Jelmoli properties are situated at top inner-city locations and rented out to first class retail trading tenants. Many of these locations comprise large office centres, all of which are fully rented out on a long-term basis.

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Two thirds of the CHF 6.7 million rise in rental income (+7.5%) to CHF 96.1 million (prior year: CHF 89.4 million) is attributable to new openings. On a comparable basis – i.e. not including real estate portfolio additions and reductions – rental income has increased by 2.5 percent thanks to reduction of vacant floor areas, staggered minimum rentals, and index adjustments, despite the slight reduction in turnover-linked rental income due to market decline.

Jelmoli properties are booked according to IAS40 at market value determined by an independent third party based on the discounted cash flow method. Any change in market value since the previous valuation is reflected in the income statement as profit or loss accordingly. Valuation is not expected to reveal any significant change in overall market value of the existing real estate portfolio for 2002 as a whole. If first valuation of properties opened during the course of the business year reveals a market value higher or lower than the respective investment cost, development profit or loss is booked according to the difference.

Jelmoli's first two large development projects – La Praille shopping center and Place du Molard in Geneva – are now due for valuation (total investment sum CHF 270 million). Since the La Praille property is fully rented out even beyond the ambitious targets, and the current rental situation with Place du Molard is very favourable, we expect substantial added value.

Two smaller properties in Rheinfelden and Lausanne not conforming with the development strategy have been sold for almost precisely the value of CHF 4.5 million determined in prior year by Wüst & Partner as independent real estate assessors.

	2002 million CHF	2001 million CHF	Deviation from prior year nonadjusted	Deviation from prior year comparable	Notes
<u>Turnover</u>					
Jelmoli AG (incl. Molino, Fashion Bazaars Beach M.)	260,6	258,3	+0,9%	+0,0%	1)
Dipl. Ing. Fust AG	625,9	625,5	+0,1%	+0,5%	2)
Portable Shop AG	193,2	237,8	-18,8%	-14,5%	3)
Total Jelmoli Group	1079,7	1121,6	-3,7%	-2,4%	
<u>Rental income</u>					
(total including self-rentals)					
Jelmoli AG	84,0	77,6	+8,2%	+2,5%	4)
Dipl. Ing. Fust AG	12,1	11,8	+2,5%	+2,5%	
Total Jelmoli Group	96,1	89,4	+7,5%	+2,5%	
of which turnover-linked rentals	6,3	6,7	-6,0%		
Total turnover and rental income	1175,8	1211,0	-2,9%	-2,0%	
1) Molino (one new opening as of Nov.), Beach Mountain (two new openings as of Nov.)					
2) Various closures and new openings in connection with the Rediffusion integration					
3) New openings in 2nd semester 2001 / restructuring closures in May/June 2002					
4) Opening of La Praille and Molard (Nov.); sale of two small properties					