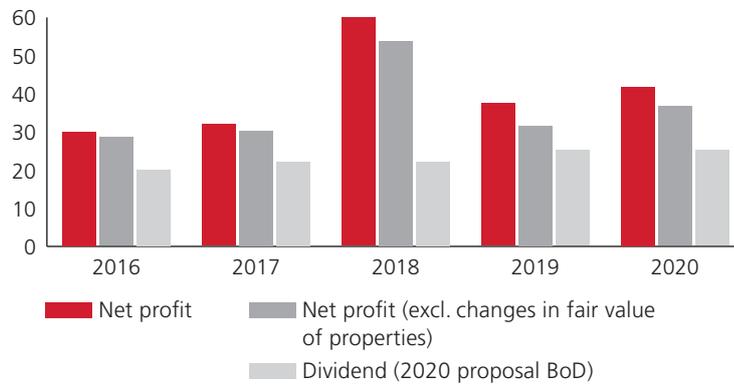


Annual report 2020



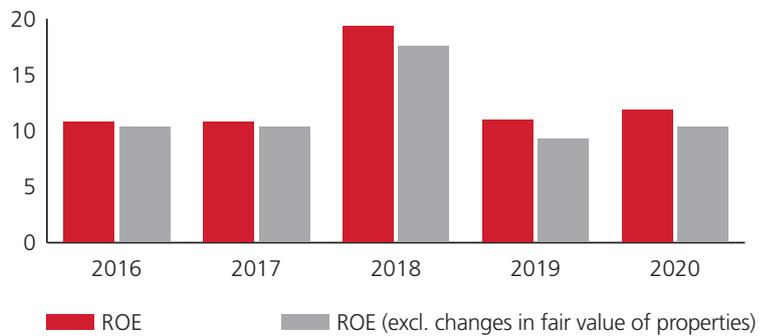
Earnings per share

(in CHF)



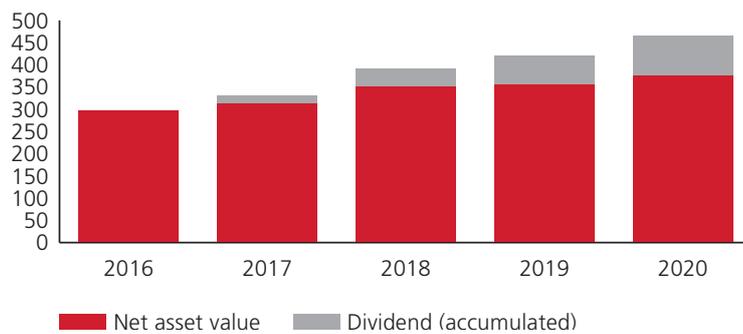
Return on equity

(in percent)



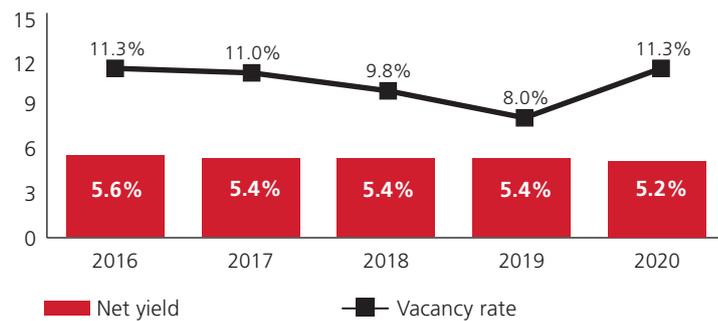
NAV per share

(in CHF)



Net yield and vacancy rate

(in percent)



Key figures Intershop Group

		2020	2019	
Financials	Net rental income	m CHF	70.4	73.9
	Net gains from property disposals	m CHF	33.4	7.4
	Changes in fair value of properties	m CHF	13.4	16.6
	Operating result (EBIT)	m CHF	107.6	88.9
	Earnings before tax (EBT)	m CHF	98.8	79.1
	Net income	m CHF	78.4	71.0
	Net cash from operations	m CHF	45.6	36.0
	Investments in real estate	m CHF	61.7	35.3
	Total assets	m CHF	1,378.3	1,343.0
	Total value of property portfolio	m CHF	1,333.3	1,312.8
Financial liabilities	m CHF	465.1	504.0	
Shareholders' equity	m CHF	710.6	666.1	
Return on equity ¹⁾		11.8%	10.9%	
Return on equity excl. changes in fair value of properties ¹⁾		10.3%	9.2%	
Portfolio	Number of investment properties		40	42
	Number of development properties ³⁾		12	12
	Lettable area	in m ²	544,440	565,880
	Gross yield ^{2) 4)}		6.0%	6.2%
	Net yield ^{2) 5)}		5.2%	5.4%
	Vacancy rate ²⁾		11.3%	8.0%
Personnel	Number of employees		71	72
Share	Earnings per share ⁶⁾	CHF	41.67	37.33
	Earnings per share excl. change in fair value of properties ⁷⁾	CHF	36.44	31.47
	Net asset value per share (NAV) ⁸⁾	CHF	374.02	354.33
	Share price at balance sheet date	CHF	615.00	567.00
	Dividend per share ⁹⁾	CHF	25.00	25.00

1) Based on the average shareholders' equity during the period, see «Alternative performance measures», p 116

2) Figures relate to investment property portfolio as at the balance sheet date

3) Including promotional properties

4) Effective annual gross rental income in proportion to the market value of the properties at the balance sheet date, see «Alternative performance measures», p 116

5) Effective annual gross rental income less directly attributable property costs (excluding interest expense) in proportion to the market value of the properties at the balance sheet date, see «Alternative performance measures», p 116

6) See «Earnings per share», p 79

7) After deducting changes in fair value of properties and associated deferred tax, see «Earnings per share», p 79

8) See «Net asset value per share», p 74

9) 2020: Proposal of the Board of Directors

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Letter to shareholders

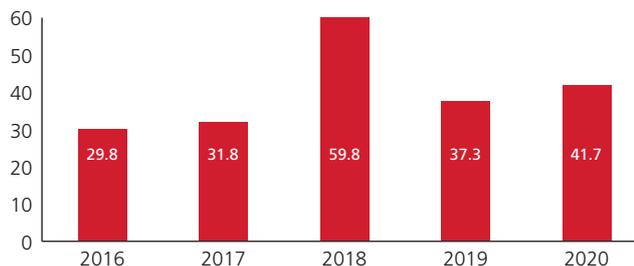
Overview

Dear shareholders, valued business partners and employees

Despite an extremely challenging environment, Intershop has once again recorded a very pleasing result:

- Group net income was CHF 78.4 million, or CHF 41.67 per share, representing a return on equity of 11.8%. Net income is therefore 10% above that of the previous year.
- Equity increased to CHF 711 million, or CHF 374 per share.
- The net return on investment properties decreased slightly to 5.2%.
- The vacancy rate of investment properties increased to 11.3%.
- The overall performance of Intershop shares reached 12.9%.
- The Board of Directors proposes to the Annual General Meeting an unchanged dividend of CHF 25.

Earnings per share in CHF



Once again, the focus on return rather than growth has proved its worth, as reflected in the above-average return on equity. Intershop aims to acquire real estate in Switzerland with value added potential, to develop this potential and realise it in the medium to long term through disposals. Derived from this, the unchanged operating objectives for the year under review were:

1. Acquisition of new properties with value added potential
2. A reduction of the vacancy rate
3. Driving forward developments in our own portfolio
4. Realisation of added value through the disposal of developed property

The transaction market changed very little in 2020 and the demand for real estate remained high throughout the reporting year. TINA («There Is No Alternative») continued to shape both the stock market and real values. During the temporary flattening of transaction volume due to the pandemic, no attractive acquisition opportunities could be identified. COVID-19 had a considerably greater impact on operations. Various lease negotiations that were already in an advanced stage were suspended or cancelled. Prospective tenants that did not have acute needs for change, hesitated to enter into long-term lease commitments and adopted an attitude of «wait and see». As a result, the vacancy rate increased to 11.3%, which was slightly higher than expected. On a like-for-like basis, excluding transactions, the vacancy increase was 3.0 percent.

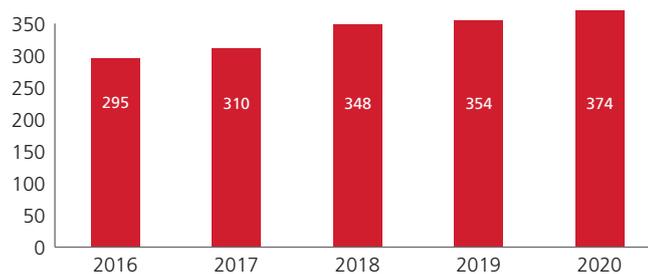
tage points. Project developments progressed well. The design plan for the «AuPark» project in Wädenswil became legally binding during the reporting year, and a building application was submitted. Of the 108 commonhold apartments being built on the two ongoing promotional projects in Baden and Basel, 103 had already been sold and notarised by the end of the year. In addition, two investment properties and a part of a plot of land in Oberwinterthur were also sold. Overall a considerable profit of CHF 33.4 million was generated from these disposals.

As expected, due to disposals and the conversion and renovation of two larger buildings, the rental income decreased. Furthermore, individual solutions were also reached with those tenants that were affected by the pandemic-related government restrictions resulting in a further negative impact on revenue. This impact amounted to CHF 1.2 million for the reporting year. In total, rental income fell by CHF 3.1 million to CHF 79.7 million, compared to the previous year. Property expense amounted to CHF 9.3 million corresponding to 11.7% of rental income and continues to remain at a low level. Both the gross and net yield of the portfolio remained at a very attractive level of 6.0% and 5.2% respectively. A revaluation of the real estate portfolio by KPMG resulted in a valuation uplift of some 1.1% or CHF 13.4 million.

Interest expense decreased significantly by 10% as a result of a reduction in interest-bearing debt to CHF 465 million. This corresponds to a loan-to-value (LTV) ratio of 35%. In contrast, tax expense normalised once again. The Federal Act on tax reform and OASI (TRAF) had reduced the expense in the previous year by approximately CHF 8 million. The net income amounted to a satisfying CHF 78.4 million. The return on equity was a considerable 11.8%.

As of the balance sheet date, Group equity amounted to CHF 711 million, almost 7% higher compared to the previous year. The corresponding net asset value (NAV) per share amounted to CHF 374.

Net asset value per (NAV) in CHF



The sustainability report, published for the first time in the previous year in accordance with GRI (Global Reporting Initiative™) standards, has been expanded and can be found on pages 38-48. The energy consumption and the CO₂ emissions of the investment property portfolio per m² were reduced by 3% and 2.5% respectively.

Business review

After a confident start to the reporting year, the economy slid into one of the largest recessions in recent times as the impacts of the increasing restrictions and subsequent lockdown due to the spread of the coronavirus took effect. Thanks to various governmental relief packages however, a larger wave of bankruptcies has so far failed to materialise, although the economic performance in Switzerland (GDP) did decrease by more than 3% overall. It needs to be stressed that

the particularly hard-hit sectors, such as non-food retail, hotels, and restaurants, make up an insignificant part of the Group's portfolio. Nevertheless, Intershop did agree individual solutions with companies from these sectors and other tenants hard hit by the crisis, in order to contribute to their future security and to retain them as tenants. With enormous amounts of money being pumped into the economy as part of worldwide rescue measures, interest rates will inevitably remain at an exceptionally low level for longer than were previously expected. Although inflation is not expected in the short term, there is a risk that the various fiscal policy stimulation measures and the excessive overborrowing of many states might lead to inflationary tendencies in the long term. This situation has stimulated investor interest in first-class real estate and Intershop were able to take advantage of this and disposed of two investment properties and part of a plot of land during the reporting period.

Development projects progressing favourably

The progress on the various development projects was overall encouraging, even though the realisation times have been somewhat delayed due to the pandemic. On the «Gellerstrasse» promotional project in Basel, 27 of the 30 condominiums under construction were sold as of the balance sheet date. The apartments are expected to be transferred at the beginning of the second quarter of 2021. After the sales start in April 2020, 76 of the 78 apartments on the «Römerstrasse» project in Baden have already been sold as at the balance sheet date. In Wädenswil, the private «AuPark» design plan became legally binding in July, enabling the building application to be submitted in November. In Oberwinterthur-Neuhegi, the work on the access road was completed and construction work on the assembly plant for Stadler Rail began in autumn. The work on Redingstrasse in Basel, where the two existing high-rise buildings are being significantly extended and renovated, also began according to schedule. However, major delays were encountered on Rue de Lausanne in Geneva and completion is now expected during the current year.

Subdued demand for long-term leases

The lockdown during the spring prompted many companies to increasingly allow work-from-home arrangements. The largely positive experiences are helping to establish home office as an inherent part of the working world of the future. As a result, a reduction in the demand for commercial space is to be expected. However, many companies have found that communication and creativity has suffered during long absences and, as a result, the amount of time spent in home office may remain limited. In addition, it can also be assumed that an increased demand for space will arise as companies seek to increase the sense of personal safety for their employees and maintain minimum distance requirements. It appears that the long-standing trend of continually reducing office space by condensing workplaces has come to an end. The extent to which the decrease in demand due to home office arrangements will outpace the additional demand for space for employees on-site in the long term remains to be seen.

The uncertainty arising from these upheavals prevented some lease negotiations from being successfully concluded during the reporting year. A number of potential tenants preferred to wait before relocating or increasing spaces. For this reason, the vacancy rate was somewhat higher than expected at the end of the reporting year. Intershop is nevertheless confident that some of these negotiations will be successfully finalised once the pandemic-related uncertainties have subsided. For the WTC in Lausanne, Intershop has now decided to start work on a sustainable renovation of the entire complex following the loss of a major tenant and to keep at least some

of the freed up space available for existing tenants, which is why higher vacancy rates can be expected there for two to three years.

In December, Parliament fortunately rejected the controversial draft bill for a retroactive waiver of rent. The fact that, like Intershop, many owners found individual solutions with affected tenants, demonstrated that such a retroactive interference in rights of ownership was not necessary. It is not least in the interests of real estate owners, that tenants who find themselves in a difficult situation through no fault of their own, are able to find their own way out of the situation and can be retained as tenants.

Annual General Meeting, Board of Directors and Shareholders

At the 2020 Annual General Meeting, which took place in the absence of the shareholders due to the pandemic, all three members of the Board of Directors were re-elected for an additional year, and Dieter Marmet was re-elected as Chairman. As of the balance sheet date, Intershop had 1,089 registered shareholders. On 21 September 2020 BlackRock notified that it exceeded the threshold of 3%. No other shareholders exceeded or fell below a reportable threshold during the reporting period.

Outlook

The outlook for the current financial year is difficult because of the pandemic. If, as expected, the situation normalises thanks to the ongoing vaccinations during the first half of the year, Intershop expects a decrease in rental income in the mid-single-digit percentage range primarily due to the disposals in previous periods. The letting up of vacant spaces or spaces for which termination notices have been received, will remain an operational priority. Based on the aforementioned presumptions, Intershop expects a decrease of the vacancy rate to around 10%. The sale of the apartments in the «Gellertstrasse» project will yield a profit in the region of ten million Swiss francs. The transaction market will continue to be closely monitored and attractive opportunities will be exploited in both acquisitions and disposals. Financing costs are expected to remain stable. Savings due to expiring hedged interest rate transactions will be compensated by interest on additional loans for current developments. The development of the market values of the properties and their impact on the 2021 annual accounts cannot be estimated at this point in time. Intershop continues to expect that its' multi-year average return on equity of at least 8% will be achieved.

Thanks

We extend our deepest thanks to you, the shareholders, for the trust you have placed in us. We would also like to thank our customers and especially our employees, whose motivation and commitment provided for a favourable conclusion to an extraordinary year.



Dieter Marmet
Chairman of the Board of Directors



Cyrill Schneuwly
Chief Executive Officer

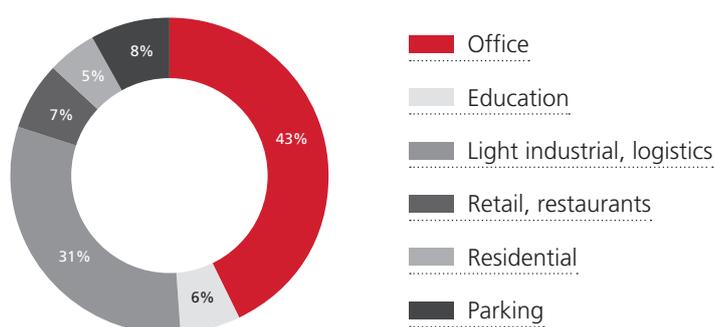
Zurich, 24 February 2021

Real estate portfolio

The year 2020 will certainly be remembered. The pandemic, the effects of which probably only very few could foresee, has changed many things. Entire sectors were ordered to close for weeks, and many companies recorded major drops in revenue. Within a very short period, many saw themselves facing existential challenges. Real estate companies like Intershop have so far got off relatively mildly in this situation. On the one hand, reductions in rental income were recorded as Intershop agreed to defer or, in individual cases, waive rental payments from tenants affected by the pandemic. It also became much more challenging to lease commercial premises as prospective tenants tended to defer decisions in these uncertain times. However, real estate values remained stable or in the case of commonhold apartments and core properties, even increased. The reasons for this are that interest rates are expected to remain low for a lot longer than previously anticipated, and the expectation that real values will be protected in the event of any future inflation. Within this environment, Intershop were unable to identify any acquisition opportunities that met its return requirements and consequently refrained from additional purchases. However, Intershop does expect that it will, sooner or later, be able to take advantage of attractive purchasing opportunities.

The «Schlossmatt» residential building project completed by Intershop in Kilchberg was sold during the reporting year. The apartments of the three blocks in a prime location have become so popular that no vacancy has been recorded since the completion of construction. The sale price was more than 50% higher than the construction cost. In the middle of the year, a further 16,235 m² of the newly developed plot of land in Oberwinterthur was sold. And shortly before the end of the year, an institutional investor purchased the commercial property in Dietikon. Intershop had purchased this building as part of a sale-and-leaseback transaction during the 2009 financial crisis. Today, the building is let to two solvent tenants on long-term contracts.

Portfolio by type of use (rental income in the year under review)

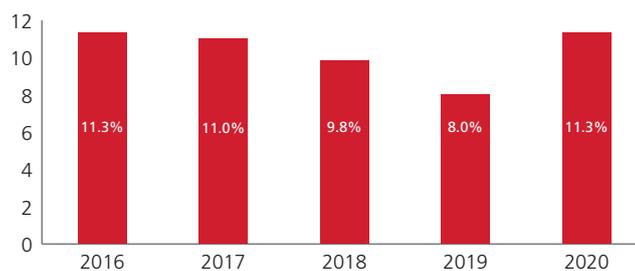


Decrease in rental income and significant increase in vacancy rate

As expected, rental income remained stable during the second half of the year. However, when compared to the previous year, rental income fell by CHF 3.1 million or 3.8%, due to previous disposals and the conversion and renovation of two larger buildings in Baden and Pfäffikon SZ. In addition, pandemic-related rent reductions and waivers resulted in an CHF 1.2 million impact. The vacancy rate of the investment property portfolio increased from 8.0% to 11.3% primarily as a result of a major tenant in the World Trade Centre (WTC) in Lausanne moving out. Excluding additions and disposals (on a like-for-like basis), the income from the investment property

portfolio decreased by only 0.2%. Excluding the impact of COVID-19, the like-for-like earnings rose by 1.2%. Intershop were able to record favourable letting success, including Rue des Uttins in Yverdon-les-Bains and in Vernier, where the lease with the existing tenant of the logistics building was extended by 20 years. The tenant will continue to sublet the building in the future and Intershop will participate in the profits from the subleases above a certain threshold. In Wohlen, a long-term lease agreement was signed with the current main tenant and will take effect once the office building has been renovated. For an office space in Puls 5 that was vacated as at the balance sheet date, a long-term lease agreement could already be signed at the beginning of February with an internationally renowned advertising company. The tenant will move in during the second half of 2021. Due to the ongoing renovations, the vacancy rates in Rue de Lausanne in Geneva, Redingstrasse in Basel, and Dammweg in Bern have increased significantly. As the World Trade Centre in Lausanne will undergo a sustainable renovation during the next few years while operations continue, some of the vacant spaces will be utilised as alternative space for existing tenants. A substantial decrease in the vacancy rate on this property can thus not be expected before 2024.

Development of the vacancy rate in %



Investment property portfolio

Whilst the investment properties in Kilchberg and Dietikon were sold during the reporting year, there were no additions made to the portfolio. Renovations are currently underway on several residential properties. The significant extension and renovation work on the high-rise properties in Redingstrasse in Basel began in autumn. At the same time, the work began in Dammweg in Bern. Due to construction delays, however, work is still being carried out to the properties in Rue de Lausanne in Geneva. As the existing vacant apartments and those vacated shortly before and during the renovation work were purposely not re-let or, as in the case of the property in Bern, where the building was entirely emptied in advance, this had noticeable effect on the vacancy rate. Intershop is nevertheless convinced that the apartments will be quickly re-let once work has been completed.

Development property portfolio

Two significant milestones were reached on the «AuPark» project in Wädenswil. At the beginning of July 2020, the private design became legally binding. The resulting building application was then submitted in November. Provided there are no objections against the building permit, the first stage of construction work is expected to start in 2022.

Intershop can also report that equally pleasing progress has been made on the redevelopment of the plot of land in the industrial area in Oberwinterthur-Neuegi. Shortly after the redevelopment of the plot was completed, which included the construction of the new access road

«Fabrikstrasse», just over 16,000 m² of land were sold to an owner-occupier at the end of June for the construction of a data centre. The buyer was also granted a purchase right subject to compensation for an additional approximately 11,500 m². In addition, the construction work for an assembly plant on an area of approximately 13,000 m² for Stadler Rail commenced in autumn. The long-term lease agreement with Stadler Rail will commence once construction work is completed, estimated to be at the beginning of 2022.

The modernisation of the commercial property in Pfäffikon SZ, which includes Minergie standard renovation work and comprises multi-tenant usage, went largely according to plan. By the end of the year, most of the basic construction work had been completed and the first new tenants had already moved in.

Promotional properties

At Gellerstrasse in Basel, Intershop is building three blocks comprising 30 commonhold apartments. The construction project is expected to be completed during the first quarter of 2021 so that the apartments can be handed over during the second quarter. As at the balance sheet date, 27 apartments were already notarised and one apartment was reserved.

At Römerstrasse in Baden, Intershop is building 78 commonhold apartments. The initial demolition work began at the beginning of 2020 and marketing began in the middle of April 2020. As at the balance sheet date, 76 apartments have already been notarised and one apartment was reserved. Construction is expected to be completed and the apartments handed over in the second half of 2022.

The planned urban densification on the «Am Wildbach» land reserve of some 35,000 m² in Solothurn is still in the approval process.

Financials

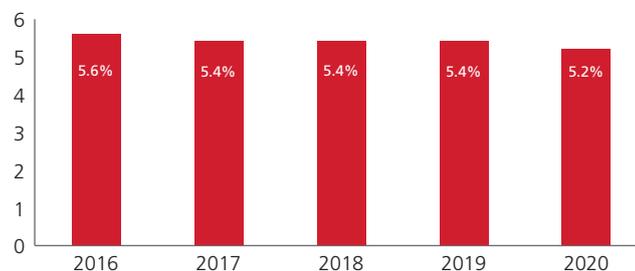
Successful financial year with return on equity of 11.8%

The rental income of Intershop fell by 3.8% to CHF 79.7 million in 2020 compared to the previous year. The decline is primarily attributable to the tenants vacating both development properties in Pfäffikon and Baden, as well as the effects of the disposals made in 2019 and 2020. In addition, the pandemic-related negative effect amounted to CHF 1.2 million. The gross yield of the investment property portfolio was 6.0%, 0.1 percentage points lower due to the effects of COVID-19.

The disposal of the residential buildings in Kilchberg, the commercial property in Dietikon, and a part of the plot of land in Oberwinterthur-Neuhegi resulted in a profit of CHF 33.4 million. Other income slightly decreased to CHF 4.2 million.

Property expenses increased by 4.3% but remained at a low 11.7% of rental income. The disproportionate increase in comparison to income is due primarily to one-off effects in the previous year as well as non-recoverable service charge costs on vacancies. The net yield on the investment property portfolio, calculated using rental income received less property-related costs, amounted to 5.2%, which despite the effects of the pandemic, represents another outstanding result.

Net yield on the investment property portfolio %



Notwithstanding a slight reduction in the number of employees from 72 to 71, personnel expenses increased by 2.2% due to higher performance-related remuneration and an increase in social security costs. Administrative expenses, including capital taxes, decreased by 10.0% to CHF 2.6 million as expected.

The market value of the real estate portfolio was again assessed by KPMG Real Estate as of 31 December 2020. The significant value drivers were changes to the rental situation, current and newly planned investments and, especially as a result of the change in inflation assumptions, slightly lower discount rates. As in the previous year, properties under long-term leases in central locations tended to increase in value, while properties with more vacancies and a higher future investment requirement tended to decrease in value. After deducting investments made during the reporting period, the market value of the portfolio rose by CHF 13.4 million, or 1.1%. The capital-weighted average nominal discount rate was 4.62% (previous year 4.85%) for investment properties and 5.32% (5.56%) for development properties. The range of nominal discount rates narrowed slightly to 3.5% to 6.6% compared to the previous year's assessment of 3.2% to 6.7%.

Interest expense fell by CHF 1.0 million to CHF 8.9 million due to a reduction in debt of CHF 39 million compared to the end of the previous year and lower interest rates. This included an additional cost of CHF 1.0 million (previous year CHF 1.2 million) for the effects of negative interest rates on mortgages with interest rate hedging. As in the previous year, financial income of around CHF 0.1 million was generated.

Tax expense increased significantly by CHF 12.3 million to CHF 20.4 million compared to the previous year. In the previous year one-off effects were recorded as a result of tax rate reductions enacted in accordance with Federal Act on tax reform and OASI (TRAF) which resulted in a reduction in deferred taxes by some CHF 8.3 million.

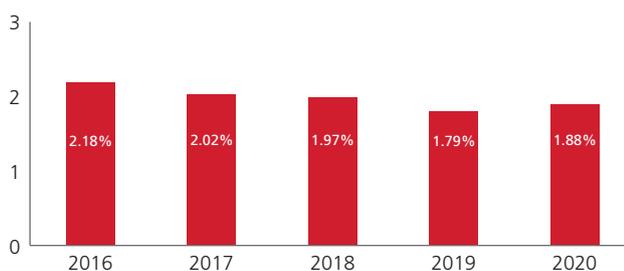
Profit after tax was 10.3% above the previous year's value and amounted to CHF 78.4 million and corresponds to a return on equity of 11.8%.

Strong balance sheet with equity ratio of 51.6%

Due to the investments made in 2020 in the portfolio and in the promotional projects, the value of the real estate portfolio rose slightly compared to the previous year, despite the disposals. Interest-bearing financial liabilities amounted to CHF 465.1 million, CHF 38.9 million lower than as at 31 December 2019, the loan-to-value ratio has thus decreased to a very low 34.9%. The average interest rate increased from 1.79% to 1.88% due to the reduction in short-term financing.

Despite the dividend distribution of CHF 47.0 million, equity increased by CHF 44.5 million. This resulted in a solid equity ratio of 51.6%.

Average interest rate on financial liabilities (incl. follow-up financing)

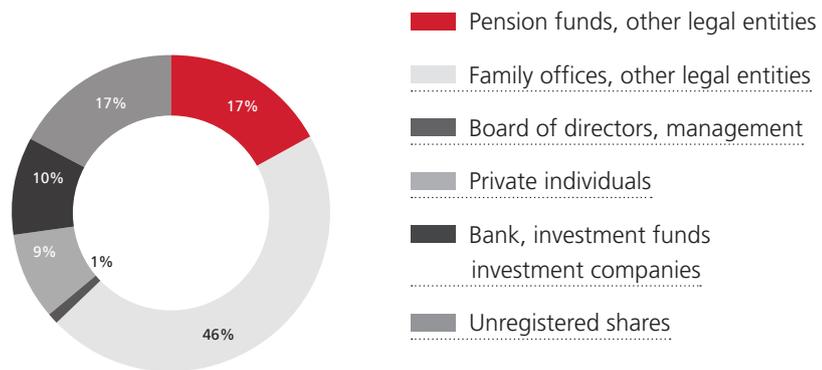


Above-average performance of Intershop shares

The total return on Intershop shares in 2020, i.e., the change in the stock market price plus the dividend paid, amounted to 12.9% and was thus, in contrast to the financial year 2019, significantly above the SXI Swiss Real Estate Shares TR benchmark index of -8.6%.

Stable shareholder base

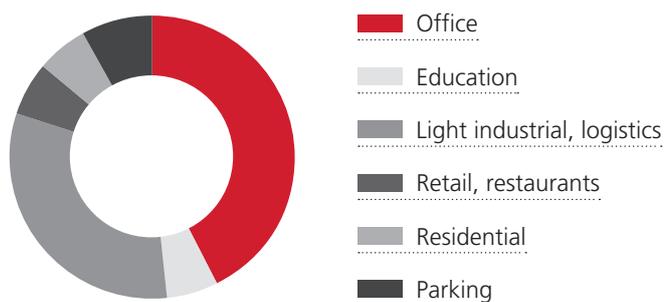
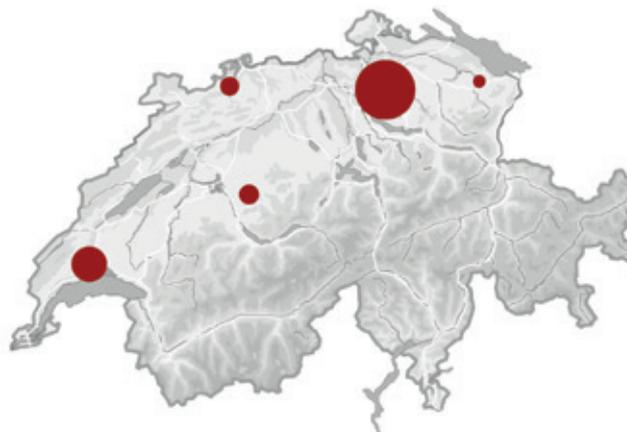
At the end of 2020, Intershop had 1,089 registered shareholders. The reportable threshold of 3% was exceeded by BlackRock. Since 31 December 2019, the number of unregistered shares has increased from 14.0% to 17.2%. As in the past, approximately 98% of the shares registered with voting rights are held by shareholders resident in Switzerland.



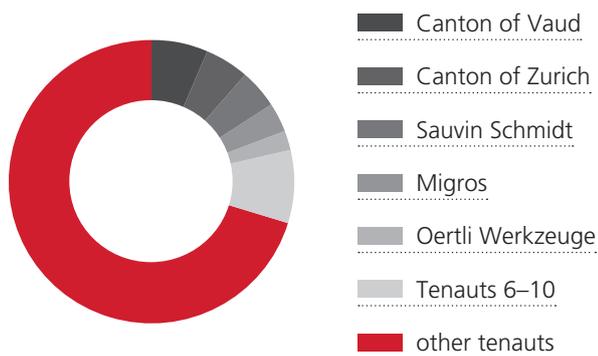
Overview 2020

Portfolio

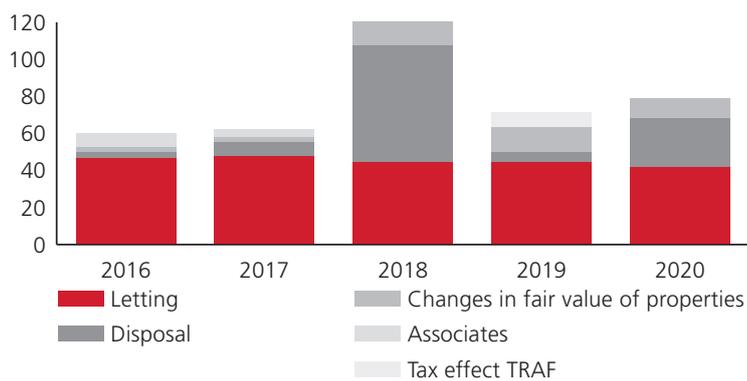
CHF 1.3 bn



Tenants



Net income (in m CHF)



	2020	2019	
Portfolio value	CHF 1,333 m	CHF 1,313 m	Investments and revaluations exceed effect of disposals
Net rental income	CHF 70.4 m	CHF 73.9 m	Reduction due to property disposals and conversion of several properties and effects of the pandemic
Properties	52	54	Disposal of two investment properties
Vacancy rate of investment property portfolio	11.3%	8.0%	Increase in vacancy rate as a result of large tenants moving out of the WTC in Lausanne and renovation of residential properties
Net yield of investment property portfolio	5.2%	5.4%	Still high net yield on the investment property portfolio despite a slight decrease due to the effects of the pandemic
Return on equity	11.8%	10.9%	Return on equity again significantly over the multi-year average target of 8%
Equity ratio	51.6%	49.6%	Increase due to reduction of debt and increase in equity
NAV per share	CHF 374.02	CHF 354.33	5.6% increase despite dividend distribution of CHF 25 per share
Earnings per share	CHF 41.67	CHF 37.33	Increase of 11.6% as a result of the higher profit from property disposals
Earnings per share excluding changes in fair value	CHF 36.44	CHF 31.47	Increase of 15.8% due to higher profit from disposals; basis for dividend
Dividend per share	CHF 25.00 Proposal of the Board of Directors	CHF 25.00	Corresponds to an attractive return of 4.1% on the share price as at 31.12.2020
Total return per share	12.9%	20.7%	Total return is based on the dividend yield and the price gain; the SXI Swiss Real Estate Shares TR benchmark index was exceeded significantly this year (-8.6%, previous year: 40.2%)

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Group structure

Intershop Holding AG is a real estate company which focuses on the purchase, development and sale of real estate in Switzerland. The operational group structure can be seen in the following diagram:



Intershop Management AG is entrusted with the operational management of all companies of the Group. With 39 staff, it employs the majority of the 71 employees, including group management. A detailed overview of all Intershop Group companies can be found on pages 112 and 113. With the exception of Intershop Holding AG, no group company is listed.

Intershop Holding AG has its headquarters in Zurich, Switzerland. The company's shares are listed on the SIX Swiss Exchange (value number: 27377479; ISIN: CH0273774791). The stock exchange capitalisation as of 31 December 2020 was CHF 1,169 million.

There are no cross-holdings with other companies.

Key shareholders

The following shareholders were entered in the share register with a share of at least 3% as of 31 December 2020 or have published a disclosure according to FMIA:

(in %)	31.12.2020
Patinex AG, Wilen (Martin and Rosmarie Ebner)	35.3
AXA Leben AG, Winterthur	3.8
Relag Holding AG, Hergiswil	3.5
BlackRock, Inc. New York, USA	3.3
Hansjörg Graf, Wollerau (direct and indirect)	3.2

BlackRock Inc. New York, USA announced on 24 September 2020 that it had exceeded the threshold of 3%. All reportable transactions can be viewed at: <https://www.ser-ag.com/de/resources/notifications-market-participants/significant-shareholders.html>.

Capital structure

The share capital amounted to CHF 19 million at the end of 2020 and was made up of 1,900,000 registered shares with a nominal value of CHF 10, which are fully entitled to dividends.

There is neither approved nor conditional capital.

Shareholder structure

The structure of the shareholders registered in the share register as of 31 December 2020 in the share register is as follows:

Number of registered shares	Number of shareholders	Number of shares	in %
1 to 100	729	28,654	1.5
101 to 1,000	263	90,622	4.7
1,001 to 10,000	78	245,573	12.9
10,001 to 100,000	18	539,234	28.4
over 100,000	1	670,000	35.3
Total registered	1,089	1,574,083	82.8
Not registered		325,917	17.2
Total shares		1,900,000	100.0

Region	Number of shareholders	Registered shares	Voting rights	in %
Switzerland	1,028	1,457,616	1,455,731	98.0
Europe (without Switzerland)	51	108,738	30,348	2.0
Rest of the world	10	7,729	50	0.0
Total registered shares or voting rights respectively	1,089	1,574,083	1,486,129	100.0
Not registered or no voting rights respectively		325,917	413,871	
Total shares		1,900,000	1,900,000	

Capital changes of the last three financial periods

At the Annual General Meeting of 4 April 2019, the Board of Directors proposed a capital reduction from CHF 20 million to CHF 19 million by cancelling 100,000 registered shares. These had previously been acquired by the company in a public buyback offer. There have been no further changes in capital in the last three financial periods.

Limitations of transferability and nominee entries

Transferability of registered shares is not limited. Nominees are entered into the share register without voting rights. Agreements with nominees regarding the conditions of entry do not exist.

Convertible and option rights

No convertible bonds or option rights issued by the Intershop Group were outstanding on the balance sheet date.

Board of Directors

At the Annual General Meeting of 2 April 2020, Dieter Marmet as Chairman as well as Ernst Schaufelberger and Kurt Ritz as members were re-elected.

At the same meeting, all Board members were re-elected to the Remuneration Committee. A further division of tasks within the Board of Directors is not envisaged. At the constitutive meeting of the Board of Directors convened after the Annual General Meeting, Dieter Marmet was appointed Chairman of the Remuneration Committee.

In addition to the constituent meeting, the Board of Directors held four ordinary sessions in the reporting year. In addition, two extraordinary meetings were held. Regular meetings generally lasted half a day, whereby the preparatory session for the Annual General Meeting took about two hours. In addition, a single-day strategy workshop took place during the reporting year. Four of these above-mentioned Board meetings were conducted by video conference.

The board members were present at all meetings and resolutions. At the beginning of the regular meetings, the Board of Directors generally met for approximately one hour without the participation of the Executive Board, with the CEO being consulted on individual agenda items. The Executive Board then joined for the rest of the ordinary and extraordinary meetings, with the exception of one ordinary meeting at which a member of the Executive Board was excused. The Executive Board was also fully present at the strategy workshop. The Remuneration Committee held two meetings within the framework of the ordinary meetings of the Board of Directors.

All decisions of the Board of Directors are made jointly by all members, whereupon Art. 20 of the Articles of Association requires a majority of the members present. In the event of a tie, the Chairman or Chairperson has the deciding vote, while elections are decided by lot.

The composition of the Board of Directors and additional information on individual board members can be found on pages 26 and 27.

Pursuant to Art. 23 of the Articles of Association, members of the Board of Directors may no longer exercise more than four additional mandates in listed companies and no more than twelve mandates in other legal entities that require entry in the commercial register.

Every member of the Board of Directors will be newly elected each year for the duration of a further year. There are no restrictions to the term of office.

Division of authority

With the exception of the tasks listed below, the Board of Directors delegated all powers to the Executive Board:

- All non-transferable tasks pursuant to Article 716a para. 1 CO;
- Definition and modification of the strategy and investment policy of the company;
- Investment decisions in new business areas;
- Strategic investments and partnership agreements (joint ventures);
- Disposals, investments and recurring obligations above a defined value;
- Investment and financial policy (in particular capital market transactions);
- Principles of financing;
- Acceptance of the budget;
- Approval of the PR concept;
- Personnel decisions and compensation at management level.

Information and control instruments

The Board of Directors receives a consolidated financial statement with notes on a monthly basis. As part of this reporting, it is also informed about important operational changes. In addition, an information tool (as part of the Group's Management Information System (MIS)) is utilised to show portfolio development at individual property level and is presented to the Board of Directors several times a year. Selected properties, any operational and financial risks and important business transactions are discussed at every regular Board meeting. The progress of the development projects and the financing and liquidity planning are also discussed in detail. In addition, the Board of Directors receives a Risk Inventory which illustrates the main risks and their potential influences, as well as a summary of the findings resulting from the review of the internal control system (ICS). Board meetings are generally attended by all members of the Ex-

ecutive Board. An internal audit does not exist due to the size of the company. Therefore, third parties or auditors are contracted for any necessary clarifications or reviews, which was not the case in the year under review.

Executive Board

The Executive Board consists of four members, details of which are disclosed on pages 28 and 29.

There are no contracts with third parties relating to management tasks.

Pursuant to Art. 31 of the Articles of Association, members of the Executive Board may no longer exercise more than two mandates in listed companies and no more than four mandates in other legal entities that require entry in the commercial register.

Remuneration, participations and loans

The Board of Directors receives a fixed fee each financial period. Cash is paid in the following spring. If necessary, extraordinary services may be compensated separately.

The compensation of the members of the Executive Board consists of a basic salary, a profit-based remuneration and a performance-based remuneration. The basic salary was paid monthly in the year under review, while the profit- and performance-based remuneration are determined after financial statements are drawn up and settled in the following spring. The compensation model is described in detail in the remuneration report on pages 32 to 36.

Both the compensation of the Board of Directors and Executive Board will be stipulated by the Board of Directors upon recommendation of the Remuneration Committee and will be re-assessed yearly (incl. share programme). The involvement of an external consultant is waived. The compensation of the Board of Directors for the term of office, together with the maximum compensation for the Executive Board for the coming year, will be submitted for approval at the forthcoming General Meeting.

The compensation of the individual members of the Board of Directors remained unchanged in the reporting year. Due to the higher result compared to the previous year, compensation to the members of the Executive Board has increased overall.

There are no loans to or sureties or security services in favour of current or former executive body members or persons close to them.

Further information on the remuneration and ownership of the Board of Directors and the Executive Board is disclosed in the remuneration report (pages 34 to 35).

Rights of participation of the shareholders

Limitation of voting rights and representation

Each share, whose owner or beneficiary is registered as shareholder with voting rights in the share register, has a vote. There are no restrictions on voting rights. Representation at the General Meeting is possible in accordance with Art. 12 of the Articles of Association with written power of attorney. Representation by the independent proxy, which is also possible by means of electronic instruction, is regulated in Art. 13 of the Articles of Association.

Statutory quora

There is no regulation deviating from law.

Convening the General Meeting

There is no regulation deviating from law.

Agenda

Shareholders who represent shares with the nominal value of one hundred and ninety thousand francs can demand in accordance with Art. 8 of the Articles of Association that an item be put on the agenda. The corresponding application must be submitted in writing within a period published by the Company prior to the General Meeting, stating the subject matter and motion of the shareholder.

Entry in the share register

In accordance with Art. 6a of the Articles of Association, the Board of Directors can refuse the approval of the entry as a voting shareholder or proxy in the following cases:

- a) for foreign buyers, if the entry could prevent the company from providing evidence of the composition of the group of shareholders required by federal laws;
- b) if the purchaser does not explicitly state that he has acquired the shares in his own name and on his own account, despite being requested to by the company.

The reference date for the entries in the share register with regard to participation in the General Meeting is specified in accordance with Art. 12 of the Articles of Association by the Board of Directors. This reference date will be announced to the shareholders at the latest with the invitation to the General Meeting.

Change of control and defence measures

Duty to make an offer

According to Art. 5 of the Articles of Association, there is no duty for shareholders to submit a takeover offer in accordance with FMIA (Financial Market Infrastructure Act) (opting-out) upon reaching the threshold value of 33 1/3% of the voting rights.

Change of control clauses

There is neither termination pay nor are there contracts with an unusually long term within the meaning of Art. 7.2 DCG (Directive Corporate Governance of SIX Swiss Exchange) which should protect members of the Board of Directors or the Executive Board from undesired takeovers. In the framework of the company investment programme, shares procured by the Executive Board will be given free irrespective of the agreed vesting period, if Intershop Holding AG were to be taken over.

Auditors

The auditor is PricewaterhouseCoopers AG. Its predecessor was entered as an auditor in the commercial register on 21 July 1992.

Lead auditor

Since the 2015 financial year, Sandra Böhm Uglow has been responsible as lead auditor. The lead auditor may exercise the mandate in accordance with Art. 730a CO (Swiss Code of Obligations) for a maximum of seven years.

Fees

The total audit fee for the period under review amounted to CHF 178,400. Fees paid for other services amounted to CHF 31,900 for the same period.

Supervisory and control instruments for the auditor

In connection with the audit planning in 2020, the auditor submitted a comprehensive report for the Board of Directors, in which the fundamental business risks and audit areas in particular were presented from the perspective of the auditors. It also included more detailed explanatory notes on the scope of the audit, requirements, expectations and fee. This report was discussed at a meeting between the company and the auditors and submitted to the Board of Directors for discussion at the subsequent Board meeting. Intershop assesses the cooperation with the auditors and their performance annually and monitors compliance with the legal limits with regard to the mandate.

The Board of Directors meets once a year to discuss the annual financial statements together with the auditors and to obtain information on the audit procedures and findings that were brought to their attention in the comprehensive report. In the process, any changes on the legal or regulatory level and their influences on the Intershop Group will be explained in detail. If necessary, the auditor can also be consulted on further meetings.

Information policy

The company shall publish financial reporting information about the course of the business twice a year. In addition, important changes are published in the form of ad-hoc publications and can be found on the company's homepage (<https://www.intershop.ch/news>). Interested parties can register to receive information electronically using the following link on the homepage (<https://intershop.ch/unternehmen/kontakt/-anfahrtsplan/kontakt/-adressen>). Further information about the company and its properties can be found on the company's homepage «www.intershop.ch».

The contact persons for Investor Relations are Cyrill Schneuwly and Thomas Kaul, Intershop Holding AG, Giessereistrasse 18, CH-8031 Zurich, Telephone +41 44 544 10 00, info@intershop.ch.

**Members of the Board of
Directors****Dieter Marmet, 1966, Swiss citizen, Zürich**

Education	lic. oec. publ., Economist
Professional experience	<ul style="list-style-type: none"> – Corporate publicist, Zürcher Kantonalbank, 1993–1994 – Consultant, Wüest & Partner, Zurich, 1994–1998 – Partner, Wüest & Partner AG, Zurich, 1999–2005 – Managing Partner, Wüest & Partner AG, Zurich, 2005–2010 – Managing Director and owner, Senozon (Schweiz) AG, Zurich, 2012–2013
Current activities	<ul style="list-style-type: none"> – Self-employed management consultant – Chairman of the Board of Directors, Real Estate Digital AG, Wollerau – Chairman of the Board of Directors, SI Stradun Immobilien AG, Winterthur – Member of the Board of Directors, Rakali AG, Zürich
Board of Directors Intershop	<ul style="list-style-type: none"> – Non-executive member since 2010 – Chairman since 2011 – Elected until General Meeting 2021

Kurt Ritz, 1963, Swiss citizen, Fehraltorf

Education	<ul style="list-style-type: none"> – Apprenticeship as structural engineering draughtsman – Study of architecture, University of Applied Sciences for Technology and Architecture, Lucerne – Studies of economics and business administration, University of Berne – Certified real estate trustee, SVIT
Professional experience	<ul style="list-style-type: none"> – Architectural office Balzani, Brig, 1979–1983 – Suter + Suter, General planning, Zurich, 1987–1989 – PricewaterhouseCoopers AG, Zurich, 1995–2019 <ul style="list-style-type: none"> – Management of the real estate practice PwC Switzerland, 2002 – Admission to PwC Partnership, 2004 – Real estate sector leader of PwC Switzerland, 2006 – PICO (Branch manager) Zurich, 2010 – Election as member of the Swiss Oversight Board of PwC Switzerland, 2013 – Head of «Deals Team» und member of executive board «Advisory Services», 2013
Current activities	<ul style="list-style-type: none"> – Chairman of the Board of Directors, Imufin AG, Volketswil, since 2019 – Member of the Board of Directors, Warteck Invest AG, Basel, since 2019 – Consultant to Investment Committee, BVK, Zurich
Board of Directors Intershop	<ul style="list-style-type: none"> – Non-executive member since 2019 – Elected until General Meeting 2021

Ernst Schaufelberger, 1954, Swiss citizen, Au (Wädenswil)

Education	<ul style="list-style-type: none"> – Notarial apprenticeship and attending lectures at the Faculty of Law and Political Science at the University of Zurich – Holder of the certificate as notary
Professional experience	<ul style="list-style-type: none"> – Notary Zurich-Unterstrass, Deputy notary, 1981–1984 – Trust company, mandate management in inheritance, property, corporate and tax law, 1985–1990 – Intrag AG, various positions in the property fund business, 1990–1999 – Swiss Life Reals Estate Partners AG, CEO, creation and development of various real estate investment structures and associated management organization, 2000–2003 – AXA Investment Managers Schweiz AG, Head of Real Assets Switzerland and temporarily in Germany and Eastern Europe, member of the Board of Directors and Deputy Managing Director and member of various boards of foreign companies and management organisations in connection with investments of the AXA Group, 2005 until 2019
Current activities	<ul style="list-style-type: none"> – Chairman of the Board of Directors, Zürcher Freilager AG, Zurich – Chairman of the Board of Directors, Töpferdörfli AG, Zurich – Chairman of the Board of Trustees, Serata, Stiftung für das Alter, Thalwil – Vice-Chairman of the Board of Trustees and Chairman of the Investment Committee, AXA Anlagestiftung, Winterthur – Member of the Board of Directors, Swisshaus AG, Lenzburg – Member of the Board of Directors, Swisshaus Projekte AG, Lenzburg – Member of the Board of Trustees, Stiftung Waldegg, Zurich
Board of Directors Intershop	<ul style="list-style-type: none"> – Non-executive member since 2018 – Elected until General Meeting 2021

None of the members of the Board of Directors had an operational function in the Intershop Group or had a significant business relationship with the Group in the three years prior to, or during the year under review.

Members of the Executive Board **Cyrill Schneuwly, 1963, Swiss citizen, Hittnau**

Education	Business economist FH, certified auditor
Professional experience	<ul style="list-style-type: none"> – Schweizerischen Bankverein, Zurich, 1980–1987 – Audit and consulting, Zurich, 1990–1995 – Corporate Controller with an international services and trade group, Baar, 1995–1997 – Chief Financial Officer, Intershop Group, 1998–2008 – Member of the Investment Committee, Corestate Capital AG, Zug, 2013–2016 – Member of the Board of Directors, mobilezone holding ag, Regensdorf, 2009–2018
Current activities	<ul style="list-style-type: none"> – Chief Executive Officer, Intershop Group, since 2008 – Member of the Investment Committee, AFIAA Anlagestiftung für Immobilienanlagen im Ausland, Zurich – Member of the Board of Trustees, UZH Foundation, Zurich, since March 2020

Christian Baldinger, 1965, Swiss citizen, Freienbach/SZ

Education	Architect HTL, Business Engineer NDS FH
Professional experience	<ul style="list-style-type: none"> – Self-employed architect, 1992–1993 – Architect/project manager, current TK Architekten AG, Zurich, 1995 – Leading architect, Kamata AG, Baar, 1996–1997 – Leading architect and owner, Kamata GmbH, Zurich, 1997–1999 – Managing Director, Baldinger Architekten GmbH, Zurich, 1999–2004 – Head of Development, Intershop Group, 2004–2007
Current activities	<ul style="list-style-type: none"> – Head of Building and Development, Intershop Group, since 2008 – No activities or functions outside the Intershop Group

Thomas Kaul, 1970, Swiss citizen, Uster

Education	lic. oec., Business Economist
Professional experience	<ul style="list-style-type: none">– Corporate Finance Advisor, UBS AG, Zurich, 1996–2000– Deputy CFO, Züblin Immobilien Holding AG, Zurich, 2001–2004– Chief Financial Officer, Züblin Immobilien Holding AG, Zurich, 2005–2006– Real Estate Private Equity Investment Manager, Sal. Oppenheim jr. & Cie. Corporate Finance (Schweiz) AG, Zurich, 2007–2010– Chief Financial Officer, Gutta International AG, Zug, 2010–2012
Current activities	<ul style="list-style-type: none">– Chief Financial Officer, Intershop Group, since 2012– No activities or functions outside the Intershop Group

Andreas Wirz, 1970, Swiss citizen, Zurich

Education	Architect ETH
Professional experience	<ul style="list-style-type: none">– Self-employed architect, 1994–1997– Consultant, Wüest & Partner AG, Zurich, 1998–2006– Investment Advisor, Rossberg Capital AG, Zug, 2006–2007– Interim management for private property company, 2008– Member of the Board of Directors, Corestate Capital AG, Zug, 2013–2016– Member of the Board of Directors, Corestate Capital Holding S.A., Luxembourg, 2015–2016
Current activities	<ul style="list-style-type: none">– Head of Portfolio Management, Intershop Group, since 2008– No activities or functions outside the Intershop Group

Other management staff of the Intershop Group

Intershop Management AG

Alberto Acampora, Management, Project manager Building and development
 Christian Bianda, Management, Project manager Building and development
 Philippe Burkhard, Management, Accounting
 Marc Essig, Senior Management, Head Accounting
 Rudolf Graf, Management, Property management
 Yannick Pietro Hartmann, Management, Portfolio management
 Ian Keeble, Senior Management, Head Controlling
 Susanna Langhart, Management, Property management
 Mireille Lehmann, Management, Project manager Building and development
 Markus Lisibach, Senior Management, Project manager Building and development
 Dimitri Andreas Meier, Management, Property management
 Carole Nägeli, Management, Treasury/Controlling*
 Jasmin Nold-Eugen, Management, Property management
 Pascale Uehli, Senior Management, Head Property management

Centre St Roch – Yverdon-les-Bains S.A.

Vivianne André, Head Property management Centre St Roch, Yverdon

Realconsult AG

Christian Strebel, Managing Director

WTCL Services SA

Thibault Goinère, Managing Director

* from January 2021

32	Principles, Compensation of the Board of Directors
33	Compensation of the Executive Board
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36	Report of the statutory auditors

The remuneration report is drawn up in accordance with the legal and regulatory provisions (Swiss Code of Obligation (CO), Ordinance against Excessive Compensation in stock exchange listed companies (VegüV) and the listing rules of the SIX Swiss Exchange) and the Articles of Association. This remuneration report sets out the mechanisms used to determine the compensation and profit-sharing plans of the Board of Directors and Executive Board. In addition, it provides information about the effective compensation paid together with details of shareholdings of each member.

Intershop pursues a compensation policy that is performance-based, transparent and is aligned with the long-term prosperity of the company. Accordingly, members of the Executive Board are offered the opportunity to receive their performance-based compensation in the form of shares in Intershop Holding AG that are subject to a multi-year vesting period.

Principles

In accordance with the Articles of Association, the Board of Directors shall submit to the annual general meeting for approval its maximum total compensation for the following period of office. Should unforeseen events lead to extraordinary encumbrances on the Board of Directors, the Board may submit for approval varying or additional compensation proposals for the same or subsequent periods of office.

For the term of office from the 2020 General Meeting to the 2021 General Meeting, the Board of Directors shall receive a fixed fee in cash within the framework of the total amount of CHF 0.4 million approved at the 2020 General Meeting.

The members of the Executive Board receive a basic salary as well as a performance-based and a profit-based compensation. For year under review the compensation was determined by the Board of Directors upon recommendation by the Remuneration Committee based on contractual obligations and the maximum total compensation approved by the General Meeting. For this purpose, the CEO makes recommendations for the performance-based remuneration as well as possible remuneration adjustments for the other members of the Executive Board and took part in the relevant meeting of the Remuneration Committee as a guest without voting rights. The CEO was not present for the assessment of his own performance and his remuneration. The Remuneration Committee waived the involvement of an external consultant.

At the Annual General Meeting 2021, the Board of Directors will prospectively propose for approval of a remuneration framework together with the maximum compensation for the Executive Board for the financial year 2022. The maximum total compensation for the Executive Board for the financial year 2021 was determined at the 2020 Annual General Meeting and stands at an unchanged CHF 3.7 million.

Compensation of the Board of Directors

The Board of Directors consists of a minimum number of three members as required by the Articles of Association. With exception of the Remuneration Committee which is required by law, there were no other committees formed. All Board members were elected to the Remuneration Committee at the General Meeting. As a result, compensation also included participation in the Remuneration Committee. The compensation paid to the Chairman was twice that of other members of the Board due to the additional involvement and time commitment. There was no provision for any performance-based compensation.

Compensation of the Executive Board

The total remuneration of the Executive Board comprises the following:

- 1) Basic salary
- 2) corporate profit-based compensation
- 3) performance-based compensation

In addition to the above, other compensation included pension contributions and social security costs.

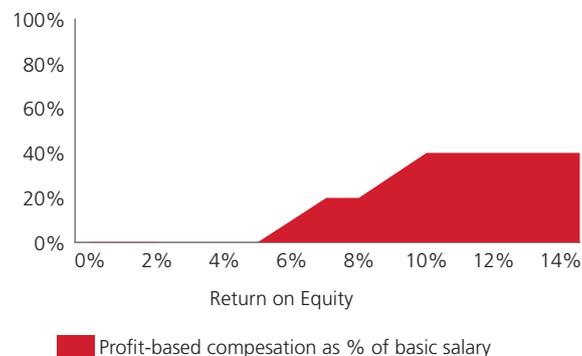
Basic salary

The basic salary is paid monthly to the members of the Executive Board and is the basis for the pension fund contributions.

Corporate profit-based compensation

The profit-based compensation is based on one or more performance indicators that are defined by the Board of Directors in advance and applies to both the year under review and the current period. It is determined based on the achieved return on equity (ROE). If this is below 5%, then there is no entitlement to any profit-based compensation. In the case of a target ROE of between 7% and 8%, then 20% of the basic salary will be paid out. This increases to a maximum of 40% should the ROE reach at least 10%. Between these levels, the compensation increases linearly. Due to the equity yield of 11.8% achieved in the year under review, the Executive Board will be entitled to receive 40% of the basic salary.

Profit-based compensation as a percentage of basic salary in relation to return on equity (ROE):



Performance-based compensation

In addition to the above, the Board of Directors can award each member of the Executive Board a performance-based compensation. This is based on the service and success of each Board member and is without written specifications or target agreements. The maximum performance-based compensation amounts to 60% of the basic salary. In the year under review, the performance-based compensation amounted between 45% and 60% of the basic salary.

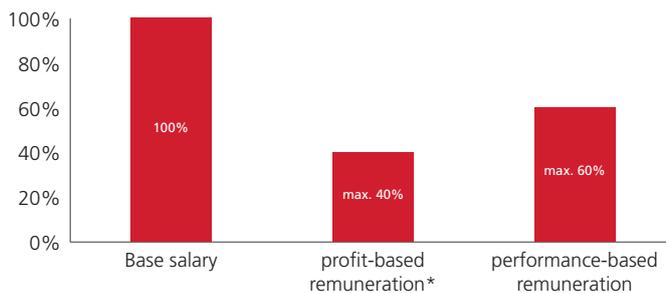
Payment of profit-based compensation in shares

The members of the Executive Board have the option of receiving the profit-based remuneration in whole or in part in shares of Intershop Holding AG, which are blocked for several years (executive share scheme). Generally, the vesting period, i.e. the duration during which the management member cannot dispose of the shares, is five years. The purchase price corresponds to the stock exchange closing rate of the date of acquisition. Depending on the return on equity achieved

ved, the proportion of obtainable shares is increased. In the case of a return of at least 6%, the obtainable amount in shares is increased by 50%, and is doubled with a return of at least 7%.

Maximum compensation

The maximum level of compensation that a member of the Executive Board can receive in cash, based on a return of equity of at least 10%, is as follows:



*basic salary, profit-based compensation, performance-based compensation

In the event of a complete settlement of profit-based compensation in shares and a maximum performance-based payment, the total amount cannot exceed 140% of the basic salary.

Compensation 2020

For the year under review, the following remuneration was paid to the Board of Directors:

(in CHF 1,000)	Fee	Other compensation ¹⁾	Total 2020	Total 2019
Dieter Marmet, Chairman	150	10	160	160
Ernst Schaufelberger, Member	75	3	78	78
Kurt Ritz, Member	75	5	80	80
Total Board of Directors²⁾	300	18	318	318

1) Employer's contribution to social and personnel insurance (OASI, DI, etc)

2) The maximum amount approved by the General Meeting was CHF 0.4 million (previous year CHF 0.4 million)

For the year under review, the following remuneration was paid to the Executive Board:

(in CHF 1,000)	Base salary	Profit-based remuneration	Performance-based remuneration	Other remuneration ¹⁾	Total 2020	Total 2019
Cyrrill Schneuwly, CEO	500	400	225	161	1,306	1,271
Total Executive Board²⁾	1,275	1,020	670	427	3,432	3,270

1) Employer's contribution to social security, social and personnel insurance (OASI, DI, etc) and benefits in kind

2) The maximum amount approved by the General Meeting was CHF 3.7 million (previous year CHF 3.7 million)

The amounts shown above for the Executive Board include certain estimates since the share-based part of the remuneration will only be decided upon once the financial statements have been published. In the year under review, the estimate for the CEO amounted to CHF 0.4 million (representing 64% of variable remuneration) and for the entire Executive Board it amounted to CHF 1.0 million (representing 60% of variable remuneration).

Fixed expenses that are approved by the tax authorities are not included in the above table as they represent the reimbursement of expenses paid. In the year under review, the fixed expenses amounted to between CHF 12,960 and CHF 21,600 per member.

The employment contracts of the Executive Board are indefinite but can be terminated with a maximum of 12 months, notice. No termination pay has been agreed.

Share ownership

As at the reporting date, the Board of Directors and Executive Board held the following interests in Intershop Holding AG:

(Number of shares)	31.12.2020	31.12.2019
Dieter Marmet, Chairman	3,300	3,000
Ernst Schaufelberger, Member	250	200
Kurt Ritz, Member	100	100
Cyrell Schneuwly, CEO	6,233	6,392
Christian Baldinger, Head of Building and Development	2,567	2,147
Thomas Kaul, CFO	3,000	3,000
Andreas Wirz, Head of Portfolio Management	3,484	4,200
Total	18,934	19,039

The blocked shares acquired by the Executive Board within the framework of the executive share scheme are not released in the event of the departure of a member. However, the vesting period is suspended if employment is terminated due to retirement, death or disability, or the member is dismissed due to restructuring. The shares are also released in the event of a de-listing or in the event Intershop Holding AG is taken over (change of control). The restriction of disposal has no influence on the payment of dividends on the subscription rights in the case of capital increases and on the exercise of the voting rights.

Executive body loans

There are no loans, securities nor security services in favour of current or former Board members or related parties.

Report of the statutory auditor

to the General Meeting of Intershop Holding AG

Zurich

We have audited the remuneration report of Intershop Holding AG for the year ended 31 December 2020. The audit was limited to the information according to articles 14 to 16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained on pages 34 and 35 (Compensation 2020) of the remuneration report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report of Intershop Holding AG for the year ended 31 December 2020 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG



Sandra Böhm
Audit expert
Auditor in charge



Philipp Gnädinger
Audit expert

Winterthur, 24 February 2021

PricewaterhouseCoopers AG, Bahnhofplatz 17, Postfach, CH-8400 Winterthur, Switzerland
Telefon: +41 58 792 71 00, Telefax: +41 58 792 71 10, www.pwc.ch

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Preface

Dear shareholders, valued business partners and employees

Intershop is publishing, for the second time, a comprehensive sustainability report for the year under review, in accordance with the GRI standards, which provides an insight into the value-creation fundamentals of the Group. This report has also been further developed to reflect the expansion of Intershop's sustainability management in connection with integrated value creation.

In the year under review, the economic and social effects of the pandemic, which will hopefully be short-lived, were a major area of focus. In 2020, Intershop also addressed very closely its role as a real estate owner with respect to the sustainable management of resources and its effects on climate since current investment decisions can have ecological effects that last for decades. In almost all refurbishment and development projects, more sustainable energy supplies are either being implemented or planned. More details about this can be found in the «Property-oriented resource optimisation» section. We are pleased to report that the energy consumption of the investment property portfolio was reduced by 3.0% on a like-for-like basis.

Especially in large development projects such as «AuPark», great importance has been placed on social considerations, such as the creation of long-term usable living and working spaces as well as a perfect interaction between private and public usage. This is reflected in the establishment of a public park that is accessible to everyone including the secondary school.

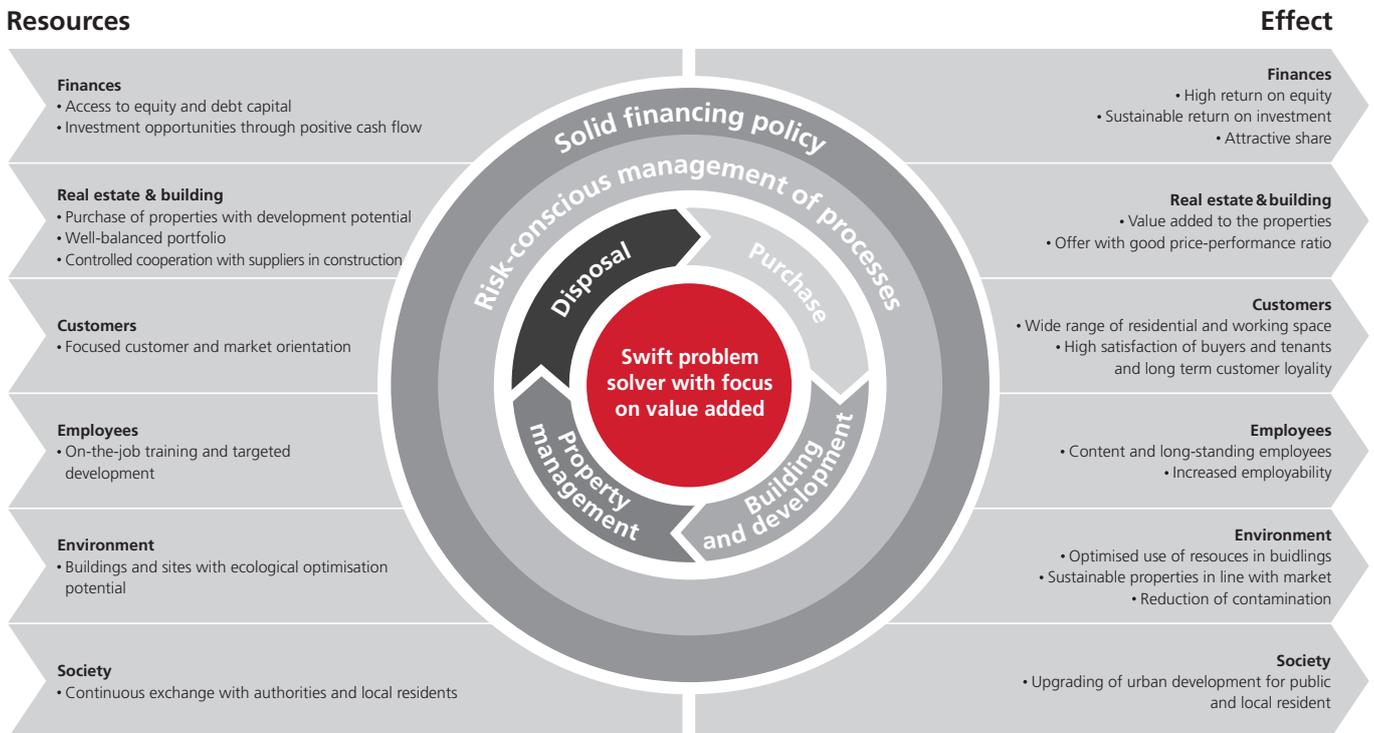
A pronounced customer-orientated approach led Intershop to deepen the value chain many years ago, by creating more and more points of contact with our customers through our own motivated employees. More than 10 years ago, Intershop started the process of insourcing its facility management. Regular discussions with the larger tenants provide an insight into their needs and a feedback on the services we offer. In the financial year 2020, discussions with many tenants focused on the respective impact of the pandemic, which for many small tenants took on existence-threatening dimensions. Intershop reviewed in detail approximately 200 requests for support and, where meaningful and necessary, offered collaborative solutions such as deferred payment schemes and, in some cases, rent waivers.

The Group also places great importance on a good working environment, which for many years has been evidenced by the very low turnover rate. We also invest heavily in the training and further education of our employees and offer them the greatest possible flexibility through part-time employment. This is reflected in the fact that we have currently three apprentices in training. Intershop takes its environmental and social responsibilities seriously to ensure the long-term value creation of the business and is continuously expanding its activities and processes as well as its reporting.



Cyrill Schneuwly
Chief Executive Officer

Integrated value creation with effect



A central aspect of Intershop's business model is to increase the value of real estate through development. Development projects are often associated with specific challenges that have to be solved with a high degree of agility. This can only be achieved if all the resources that Intershop uses for its business activities are integrated into business processes as effectively as possible. These include financial resources as well as access to real estate on the market, a sharp focus on customers and markets, motivated employees with a high level of personal responsibility and the ability to meet both ecological and economic requirements and social expectations. At the same time, this means that Intershop is focused on long-term value creation, which is measured not only in terms of financial success and the real estate properties developed, but also in terms of the value Intershop creates for its customers, employees, the environment, and society. Intershop's holistic understanding of sustainability is summarised in the above figure, which describes the company as an organisation focused on multidimensional value creation.

Sustainability and material topics

Sustainability covers a broad spectrum of economic, environmental and social issues. The first step in implementing the GRI standards was to identify the material topics to be reported on. In the year under review, the management, with the support of external experts, carried out a materiality analysis. External stakeholders were not explicitly consulted. Their known interests were, however, taken into account by the management in the assessment. In a workshop process, both company- and industry-specific topics as well as other topics proposed by the GRI standards were examined. These topics were then modified to fit the requirements of the company.

Materiality was assessed on the basis of relevance to the long term business success, to the stakeholders and in terms of impact on the sustainable development. The result of the materiality analysis is shown in the following diagram (GRI 102-46, GRI 102-47):

Key economic, environmental, and social topics for Intershop

Economic topics	Environmental topics	Social topics
<ul style="list-style-type: none"> • Profitability before growth • High attractiveness for investors • Agile problem solver with focus on properties with value added potential • Distinct customer orientation and good price-performance-ratio • Lean processes with a high level of in-house competence 	<ul style="list-style-type: none"> • Optimisation of property-related resources a.o. with <ul style="list-style-type: none"> - energy consumption - share of renewable energy - CO₂ emissions - water consumption - electricity production 	<ul style="list-style-type: none"> • Responsible business activity • Attractive employer with good development opportunities • High degree of personal responsibility of employees

The key issues mentioned above are addressed in the sustainability reporting. Applied to the GRI standards, the following topics are considered material (GRI 102-47): **Economic performance, procurement practices, anti-corruption, anti-competitive behaviour, energy, emissions, environmental compliance, employment, education and training, customer health and safety and socio-economic compliance**. Management approaches and indicators for the above GRI topics are also integrated into the reporting.

Intershop's key stakeholders include tenants, buyers, employees, shareholders, government agencies, and suppliers (GRI 102-40). Stakeholders arise from the company's business activities and value chain. They are either affected by the impacts of business activities or have a significant influence on business activities (GRI 102-42). Thanks to the lean corporate structure, the management and many employees are in regular contact with various stakeholders and it is the individual business relationship with the stakeholders that determines how regularly these discussions take place. In addition, Intershop places emphasis on a culture of open communication and informs its stakeholders and the public through news, press releases, presentations, conferences, annual general meetings and annual reports (GRI 102-43). One example of the repeatedly expressed concerns of stakeholder groups is the provision of common facilities for tenants, such as showers for bike commuters and athletes and charging stations for electric vehicles. In the year under review, many tenants presented requests related to coping with the pandemic, including requests for rent deferrals and waivers. These were reviewed individually and, where meaningful, help was provided in coming up with collaborative solutions. Details are described in the Management Report (pages 7ff and 13). In the financial year 2020, shareholder representatives acknowledged the need for comprehensive sustainability reporting (GRI 102-44). A major need of investors was also transparent reporting on how pandemic-related challenges were handled and especially on how earnings and ongoing construction and development projects were impacted.

An in-depth dialogue was held with authorities and various stakeholders regarding major development projects in particular. For the «AuPark» project, the objections regarding the traffic plan and power supply as well as the points brought up by environmentalists regarding moorland protection and light emissions were taken into account in the design plan.

Responsible business activity

Values and principles

Intershop assumes social and individual responsibility and is committed to fair competition and the free market, and to fair business relationships. In addition, the company strives to achieve sustainable corporate success geared to future viability, which should create added value for shareholders and stakeholders in the medium to long term. Long-term value creation is therefore the focus of our business activities. Satisfied customers - especially satisfied, long-term tenants - are the basis for long-term successful business development. Accordingly, the focus is on the respective needs of tenants, buyers or service recipients. Intershop constantly strives to offer economically attractive, sophisticated and sustainable products and services.

The basis for the implementation of the values and principles in everyday corporate life is an open communication and discussion culture and a flat hierarchy. The organisation and processes are geared towards risk-, resource- and cost-conscious action. Responsibility for compliance with the core corporate values is regulated in a code of conduct, which is publicly available on the website (www.intershop.ch/unternehmen/verhaltenskodex). Intershop pays particular attention to sustainability aspects such as environmental resources, energy consumption and emissions, interaction with various interest groups and employee satisfaction and development. They are anchored in the business processes, including the preparation, discussion and implementation of investment proposals.

Profitability before growth

Profitability is the basis for long-term value creation for shareholders and stakeholders. Investments in new properties and development projects must meet the requirements for value creation and, in particular, a return on equity. In line with the corporate goal of achieving a return on equity of at least 8% on a multi-year average, each individual acquisition must generally meet this target. The focus on the return on equity is also promoted by the fact that the remuneration of the management depends on the success of the company, which is also linked to the return on equity. The long-term orientation of management towards the interests of shareholders is also supported by the incentive of share ownership with a five-year lock-up period. One challenge for Intershop is that the current situation on the real estate market, combined with the strict profitability requirements on acquisitions, makes it difficult to purchase new properties. Thus, the current market environment is primarily used for disposals, and the implementation of developments in the company's own portfolio is pushed forward. Despite these challenges, Intershop generated a return on equity of 11.8% in the year under review, thus significantly surpassing the goal of 8% once again. The profits from disposals and the favourable change in valuation contributed to this, in addition to the high yield of the real estate portfolio.

High attractiveness for investors

The purpose of the company is to create value for shareholders through real estate investments. Intershop strives to offer shareholders an indirect real estate investment with an attractive return and to allow them to participate in its success, primarily through dividend payments. The corporate strategy is based on combining a high-yield portfolio of investment properties with the value creation potential of development properties. The conscious handling of risks on the real estate market and the financing structure are central pillars in the implementation of the strategy. In each of the last ten financial years, a return on equity of more than 10% was generated, with an average of 11.6%.

Compliance and society

As a listed company, compliance with all legal requirements is of paramount importance to Intershop. Moreover, corruption is not compatible with the goals and values of the company. Company-specific corporate governance forms the basis for long-term corporate development while taking the interests of stakeholders into account. Effective corporate governance with integrated compliance management helps in the recognition of market trends and changes in general regulatory conditions and in the prevention of fines and penalties, thus supporting the long-term success of the company. Compliance issues are implemented in daily business through guidelines, directives and training. For example, there have been anti-corruption provisions since 2006 and a code of conduct since 2012. In addition, external specialists are regularly consulted for certain legal areas such as the environment, contaminated sites and building regulations.

In 2020, as in previous years, there were no major fines or non-monetary sanctions for non-compliance with laws or regulations. Intershop was also not involved in any proceedings for anti-competitive behaviour or breaches of antitrust and monopoly laws. Moreover, no cases of corruption have been registered.

Intershop is politically neutral and therefore does not support political parties. Donations to charitable organisations remained unchanged at CHF 2,500 per year. As in the previous year, Intershop did not conduct any sponsoring activities in the year under review. To better serve its own interests, Intershop is a member of VIS Verband Immobilien Schweiz, the Swiss Real Estate Association, SVIT, the Swiss Real Estate Association, the Swiss Homeowners Association, and several smaller local associations and societies.

Customer-oriented services**Swift problem solver with focus on value-added properties**

Intershop is characterised by an integrated business model along the entire value chain with internal competencies in asset management, property management, construction and development, and facility management. This enables Intershop to respond agilely to tenants' needs on the one hand and to analyse and develop value enhancement potential for acquisitions and development projects by forming interdisciplinary project teams on the other. Due to the size of the company, the management team knows all the properties in detail and contributes know-how and experience. The long years of service of many key employees promote the continuous implementation of value enhancement projects, which is particularly important for development projects with a planning and approval phase of many years. In the 2020 financial year, various development projects were driven forward, and important milestones were reached. Details are described in the Management Report (pages 6 to 12).

Distinct customer orientation and good price-performance ratio

Intershop's clients include private, public and commercial tenants of real estate, private buyers of commonhold apartments in promotional properties, and institutional and private investors as purchasers of investment and development properties. Intershop uses various tools, such as websites, advertisements, and brochures, to communicate with customers although personal contact with the customer, but also with commissioned architects, planners and brokers plays a central role.

The integrated business model with broad in-house competence enables fast reaction times in letting and is characterised by a strong customer-oriented approach with its own property and facility management on site. In some properties, additional services are offered to tenants. At the World Trade Centre in Lausanne, for example, there are serviced offices, telephone and postal services, meeting and conference rooms and co-working premises. Intershop focuses on the lower and mid-range price segment in the rental and sale of condominiums. For example, a high degree of standardization in the construction of condominiums leads to an attractive price-performance ratio.

Tenant and buyer satisfaction

Satisfied customers, i.e. tenants and buyers of commonhold apartments in particular, are key to the success of a real estate company. In addition to our organisation's customer-oriented approach and the attractive value-for-money pricing, the quality of the leased space or the commonhold apartment as a product stands at the forefront. This has a considerable impact on the well-being and satisfaction of the customer and impacts directly on their length of stay and, thereby, the long-term profitability. With Intershop's integrated approach with its own property and facility management as well as the construction and development department, interdisciplinary teams can create appropriate solutions and assist tenants and buyers alike with their space selection and any associated improvements. In 2020 Intershop offered where meaningful and necessary, individual pandemic-related solutions in the form of deferred payment schemes and, in some cases rent waivers, for tenants hard hit by the crisis.

Quality management of development projects also includes health and safety aspects. The requirements of the federal government, cantons, Suva, SIA, fire police, etc. as well as internal guidelines are implemented on a case-by-case basis. In addition, attention is paid to accessibility and external design. Health aspects in working and living areas are also taken into account. In 2020, as in previous years, there were no breaches of regulations regarding the impact of products and services on the health and safety of customers.

Pragmatically controlled value chain

Lean processes with high in-house competence

Intershop's organisation is distinguished by the fact that the value chain is managed with a high level of internal expertise and flat hierarchies. Short decision-making channels all the way to the board of directors make it possible to act with agility on the transaction market. On the other hand, the well-founded specialist knowledge enables the efficient implementation of development projects that require interdisciplinary action for their risk analysis and assessment. The close cooperation between property management, construction and development, and facility management also allows for fast reaction times, for example, when presenting customer-specific solutions for letting.

The efficient procedures and rapid decision-making processes are pursued through flat hierarchies and an open discussion culture. For example, managers and project managers can address problems, present ideas and projects and discuss them in interdisciplinary weekly meetings with the management and heads of department.

An internal control system (ICS) ensures that internal processes are regularly checked for functionality and efficiency. This results in suggestions for improving processes, which are implemented in the context of employee briefing sessions and training.

Supply chain and procurement practices

Intershop's diverse group of suppliers, including contracted service providers and partners, determine a significant portion of the services provided to customers. These include building contractors, craftsmen, architects, planners, estate agents, property managers, utilities, building cleaners and consultants. In addition to the price and quality of service, reliability and experience are also central to the selection process. Other criteria include knowledge of the area and short distances.

Due to the spectrum of the business model, which ranges from large new buildings and property developments to smaller renovations and the simple leasing of existing properties, and due to the geographical distribution of the portfolio, the management of the respective project- and property-related supply chains is complex. On the one hand, personal, long-term relationships are of great importance. On the other hand, both the selection of suppliers and the terms of delivery must meet the strict requirements of an institutional environment. For example, for orders with a value exceeding CHF 5,000, generally three offers must be obtained and submitted. Intershop operates exclusively in Switzerland. Consequently, the suppliers and service providers involved come mainly from the respective geographical regions. In 2020, Intershop worked with approximately 1,500 suppliers. The providers with the highest turnover include general contractors, planners, construction companies, utility companies and insurance companies. The 50 suppliers with the largest turnover were all domiciled in Switzerland.

Property-integrated environmental protection

Property-oriented resource optimisation

The conservation of natural resources and energy efficiency are central criteria in the operation of real estate, but also in new construction projects and major renovations and conversions. Decisions in the real estate industry have very long-term effects, which is why environmental criteria play an important role in real estate development, especially for larger areas. Efficient buildings have lower costs and are more marketable over the long term because tenants and investors are increasingly demanding sustainable buildings.

Intershop's portfolio is diverse and ranges from investment properties renovated in accordance with sustainability criteria to development sites with historical building fabric and outdated building technology. For this reason, the sustainability assessment and resource optimisation is reviewed on an individual property basis, taking into account the life cycle of the properties.

With investment properties, the focus is on the continuation of day-to-day operations. The existing portfolio of investment properties is continuously analysed for sustainability-relevant optimisation measures and sustainably renovated within the context of imminent refurbishments, taking into account use and life cycle. In the process, the facilities are made more energy efficient and, where possible, switched over to renewable energy sources to reduce CO₂ emissions. In addition, the certification of refurbished or newly built properties or the fulfilment of standards even without certification is important for the long-term maintenance of value.

Ongoing projects in investment property portfolio

Property	Project	Energy production	Certificate
Geneva, Rue de Lausanne 42-44	Addition of stories and refurbishment	Air-source heat pump and solar energy	SNBS
Zurich, Rautistrasse 33	Replacement of heating	Air-source heat pump	–
Basle, Redingstrasse 10/12 + 20/22	Annex to high rise buildings and refurbishment	District heating	SNBS

Sustainability-related upgrades are also being implemented in the development properties, some of which are rented out. However, the main focus with regard to sustainability aspects is on development aspects. These are diverse and include the disposal of contaminated sites, long-term socially relevant aspects of site development and the certification of new buildings.

Ongoing project in the portfolio of development and promotional properties

Property	Project	Energy production	Certificate
Basle, Gellertstrasse	Construction of commonhold apartments	Heat pump with ground probe	–
Baden, Römerstrasse	Construction of commonhold apartments	District heating and solar energy	Minergie
Pfäffikon, Talstrasse 35-37	Refurbishment	District heating and solar energy	Minergie
Au, AuPark	Construction of apartments and neighbourhood supply	Ground or water sourced heat pump and solar energy	SNBS

Intershop works with experienced external partners and actively promotes the further education and training in resource optimisation of its own staff.

In the year under review, it was possible to reduce the energy consumption of the portfolio on a like-for-like basis (84% of investment properties) by 3.0%. The reduction is explained by more efficient heating, fewer heating degree days and less use due to the pandemic. 87% of the electricity and 10 % of the thermal energy requirement of the portfolio was derived from renewable energy. The like-for-like portfolio includes only the properties under our operational control and classified as investment properties both in the year under review and in the previous year. The changes are thus related to exactly the same number of properties. This allows for conclusions to be drawn regarding efficiency improvements and impacts of measures taken during operations.

Absolute energy consumption increased slightly in comparison to the previous year particularly because the analysed portfolio increased and its composition changed due to disposals. In 2020, as in previous years, there were no fines or non-monetary penalties for non-compliance with environmental laws or regulations.

Energy consumption, energy generation, CO₂-emissions and water consumption

		absolute		like-for-like		in %
		2020	2019	2020	2019	
Energy consumption						
Electricity	MWh	5,303	5,504	5,303	5,576	-4.9%
Heat						
District heating	MWh	5,334	5,533	5,334	5,533	-3.6%
Gas	MWh	19,169	18,834	19,169	19,977	-4.0%
Oil	MWh	6,003	5,781	6,003	5,826	3.0%
Total	MWh	35,809	35,652	35,809	36,912	-3.0%
Electricity intensity	kwh/m ²	16	17	16	17	-4.9%
Heat intensity	kwh/m ²	91	95	91	93	-2.6%
Energy intensity	kwh/m²	107	112	107	110	-3.0%
Share of renewable energy						
Electricity	in %			87%	87%	0.3%
Heat	in %			10%	9%	4.5%
CO₂ emissions						
Gas	t CO ₂ e	4,372	4,295	4,372	4,556	
Oil	t CO ₂ e	1,789	1,723	1,789	1,737	
Total Scope 1	t CO ₂ e	6,161	6,018	6,161	6,293	
Electricity	t CO ₂ e	530	550	530	558	
District heating	t CO ₂ e	403	418	403	418	
Total Scope 2	t CO ₂ e	933	968	933	976	
Total	t CO₂e	7,094	6,986	7,094	7,269	-2.4%
CO₂ intensity	k CO₂e/m²	21	22	21	22	-2.5%
Water consumption	m³	199,288	223,015	199,288	228,548	-12.8%
Water intensity	m³/m²	0.59	0.70	0.59	0.68	-12.8%
Energy production	MWh	2,457	2,591	2,457	2,591	-6.4%
CO ₂ equivalent	t CO ₂ e	246	259	246	259	
Data basis						
Number of properties		34	32	34	34	
	in % der IP	85	76	85	81	
Leasable area	m ²	335,041	316,679	335,041	334,639	
	in % der IP	84	76	84	84	

The analysis is based on the investment properties (IP). Properties with individual tenants or condominium associations where Intershop does not exercise operational control were not included. A total of 85% of the properties or 84% of the leasable area of the total portfolio of investment properties as of 31.12.2020 was included in the analysis. Development properties were not analysed, as these are generally in a transformation phase and the focus in terms of sustainability is on the development and not on the current ongoing operation. For individual properties, the calculation of heating oil consumption is not based on the reporting date 31.12.2020, but on the last reporting date of the service charge billing period. For individual properties for which no final utility bill was available as of the balance sheet date, individual values were estimated based on the previous year's figures. The reported value for the previous year differs from the published value in the previous year, as the estimated values were replaced by actual values and individual data errors were corrected. The electricity consumption refers to the general building areas without the specific consumption of the tenants. The calculation of the intensity indicators is based on the rentable area and conversion factors according to www.energie-umwelt.ch are used for the calculation of CO₂ emissions.

High degree of personal responsibility of the employees

Central to the success of the company are its employees. Qualified staff, entrepreneurial action and appropriate risk and cost awareness are key to implementing Intershop's value creation strategy. Intershop attaches great importance to personal responsibility in order to promote entrepreneurial behaviour and increase job satisfaction and commitment among its employees. Individual responsibility is strengthened by an open culture of communication and discussion as well as by the flat hierarchy and the manageable size of the company. Through direct contact between management and employees, the degree of personal responsibility can be regularly assessed on the basis of their suggestions and ideas and their implementation.

Dealings with and between employees are governed by the Code of Conduct and internal instructions. It is made unmistakably clear that the corporate values do not condone any type of discrimination, nor will discrimination be tolerated. The turnover rate is historically low and was 10% for all Group companies (previous year 11%). In 2020, six people joined and seven left the company, one male and five female and six male and one female respectively.

Attractive employer with good development opportunities

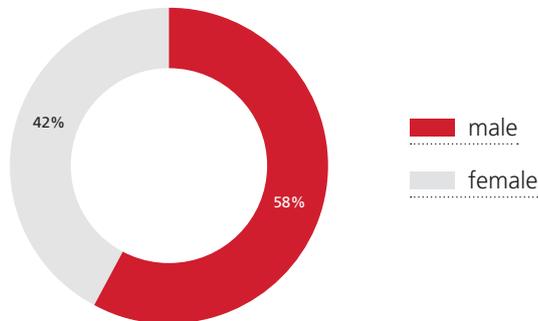
Since the qualification of the employees is an essential factor for the success of the company, training and further education is particularly encouraged and supported. In the year under review, the employees of the Intershop Group took part in further education and training on a total of 244 days (207 days). This corresponds to an average of 3.4 training days (2.9 days) per employee. In addition to daily training and further education, comprehensive training courses are also offered, for example, to acquire a specialist certificate in property management or a «Master of Advanced Studies (MAS) in Real Estate». Intershop promotes training and further education by providing financial and time support. Intershop also regularly trains apprentices. On 31 December 2020, three apprentices were in training (four in the previous year).

Every year a structured appraisal interview is held between all employees and their respective direct supervisor for the purpose of mutual assessment and goal setting.

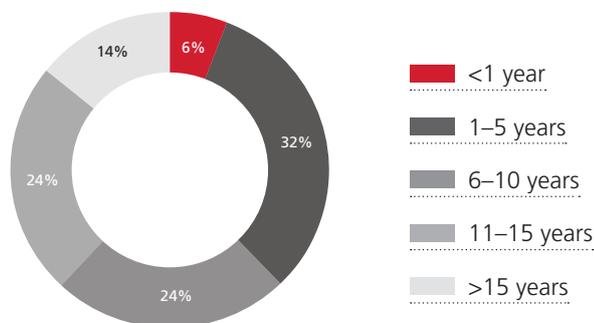
Employee structure

	31.12.2020	in %	31.12.2019	in %
Level of employment				
full time	47	66%	52	72%
part time	24	34%	20	28%
Total	71		72	
Full-time equivalents	62		65	
Gender				
male	41	58%	46	64%
female	30	42%	26	36%
Total	71		72	

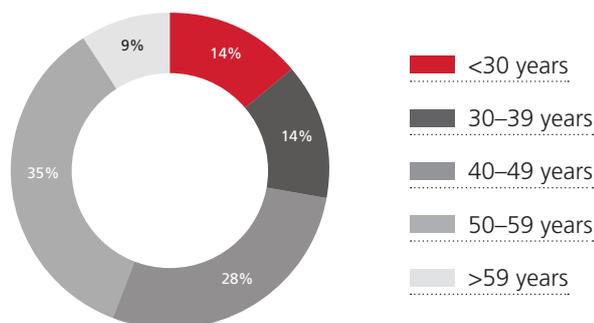
Gender of employees



Length of service of employees



Age structure of employees



About this report
(GRI 102-48; 102-49)

This report was prepared in accordance with the GRI standard option "Core". The contact person is the CFO. Intershop reports annually on its sustainability topics; no restatements of information are included in this first report. The reporting period is set from 1 January 2020 to 31 December 2020. Intershop has not obtained external confirmation of the information and data in the sustainability report. The content of this report focuses on topics that are relevant to Intershop or its stakeholders or that have a significant influence on sustainable development. Additional information is included in the «Sustainability and important topics» section and can be taken from the GRI Index on the website at https://intershop.ch/fileadmin/Daten/PDF/GRI/2020_Index.pdf.

Strategy and investment policy Intershop buys, develops, manages and sells real estate.

The investment policy of Intershop Holding AG aims to generate sustainable added value on investments and to realise this in the medium term through sales, whereby the focus lies on real estate with sufficient development potential. This is the case when a reduction in vacancy rate, optimisation of the area, usage and tenant structure as well as cost reduction can improve the earnings flow of the investment in a sustainable manner. The company utilises changes in market and regulatory conditions to identify and secure added value. Long-term investments will be considered if a corresponding yield can be achieved.

Direct ownership is preferred, although investments in leasehold property, commonhold property as well as indirect participation in companies or joint ventures cannot be excluded.

The company concentrates on properties with a minimum volume of at least five to ten million Swiss francs. The portfolio must consist of at least 20 properties, whereby the maximum single property value cannot exceed 25% of the total market value of the portfolio. In addition, the share of residential property may not exceed the limit that would lead to a restriction within the framework of «Lex Koller» and is, in any event, limited to a maximum of 15% of the total market value of the portfolio.

To ensure sufficient diversification of usage, the company focuses on office, commercial and retail space. Revenue from office space may not exceed two thirds, and that of retail and commercial areas, 50% of total rental income.

In the interest of long term value creation, Intershop takes the needs of all stakeholders into account. In addition to financial performance, the value created for customers, employees, the environment, and society is also a key component of Intershop's business model. Intershop's understanding of sustainability includes economic, ecological, and social impacts on stakeholders.

Whilst the company focuses on urban centres and the main transport axes of Switzerland; the decisive factor for any investment decision in a particular location lies in its suitable usage options. Consequently, Intershop detracts from investing in exposed locations and situations that are detrimentally affected by fluctuations in rental price and value caused by the accumulation of luxury and enthusiast projects.

Investments outside Switzerland are possible.

Rental income should be sustainable and inflation-protected.

In order to optimize the return on equity, Intershop aims to finance the investments adequately with debt. Financial instruments for interest rate or currency hedging are only used in the normal course of business.

A portion of the profits from operating activities is distributed to shareholders in the form of dividends.

The strategy and investment policy of Intershop Holding AG is determined by the Company's Board of Directors, is reviewed annually and can only be modified by the Board of Directors.

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Consolidated balance sheet

(in CHF 1,000)

Assets

	Notes	31.12.2020	31.12.2019
Current assets			
Cash	4	33,471	17,155
Trade receivables	5	324	1,563
Other receivables	5	9,284	9,309
Investment properties for disposal	7	0	14,209
Promotional properties	6	54,485	32,249
Accrued income and prepaid expenses	5	848	752
Total current assets		98,412	75,237
Non-current assets			
Investment properties	7	1,131,190	1,137,356
Development properties	8	147,649	128,954
Other equipment		309	348
Intangible assets		3	12
Deferred tax assets	12	161	147
Assets from pension benefits	23	596	938
Total non-current assets		1,279,908	1,267,755
Total assets		1,378,320	1,342,992
Current liabilities			
Short term financial liabilities	11	156,000	80,850
Trade payables	9	31,127	11,146
Tax liabilities		18,222	6,527
Derivative financial instruments	11	1,175	0
Short term provisions	10	3,134	3,098
Accrued expenses and deferred income	9	24,316	23,019
Total current liabilities		233,974	124,640
Non-current liabilities			
Long term financial liabilities	11	309,094	423,136
Derivative financial instruments	11	9,298	12,273
Deferred tax liabilities	12	111,806	111,723
Long term provisions	10	3,516	5,074
Total non-current liabilities		433,714	552,206
Total liabilities		667,688	676,846
Shareholders' equity			
Share capital	13	19,000	19,000
Capital reserves		7,762	6,071
Retained earnings		683,870	641,075
Total shareholders' equity		710,632	666,146
Total shareholders' equity and liabilities		1,378,320	1,342,992

**Shareholders' equity
and liabilities**

The disclosures in the notes form an integral part of the consolidated financial statements.

Consolidated income statement

(in CHF 1,000)

	Notes	2020	2019
Rental income	17	79,732	87,955
Net gains from property disposal	18	33,413	7,411
Other income	19	4,188	4,773
Total operating income		117,333	95,027
Property expense	20	9,290	8,907
Personnel expense	21	11,149	10,914
Administrative expense	22	2,642	2,933
Total operating expense		23,081	22,754
Changes in fair value of properties	24	13,371	16,631
Operating result (EBIT)		107,623	88,904
Financial income	25	78	95
Financial expense	25	-8,932	-9,924
Profit before taxes		98,769	79,075
Tax expense	26	-20,413	-8,067
Net income		78,356	71,008
There are no minority interests.			
Earnings per share (CHF)	27	41.67	37.33
Earnings per share (diluted) (CHF)	27	41.67	37.33

The disclosures in the notes form an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

(in CHF 1,000)

	Note	Share capital	Capital reserves	Treasury shares	Retained earnings		Total capital
					Other retained earnings ¹⁾	Hedging reserve	
Balance as at 1.1.2019		20,000	6,035	-7,578	681,454	-9,843	690,068
Purchase of treasury shares	14			-54,875			-54,875
Share-based payments (participation plan)	14		36	974			1,010
Capital reduction	14	-1,000		51,500	-50,500		0
Dividend payment					-41,316		-41,316
Change of derivative financial instruments	12					251	251
Net income 2019					71,008		71,008
Balance as at 31.12.2019		19,000	6,071	-9,979	660,646	-9,592	666,146
Purchase of treasury shares	14			-1,298			-1,298
Share-based payments (participation plan)	14		-289	1,298			1,009
Sale of treasury shares	16		1,980	9,979			11,959
Dividend payment					-46,960		-46,960
Change of derivative financial instruments	12					1,420	1,420
Net income 2020					78,356		78,356
Balance as at 31.12.2020		19,000	7,762	0	692,042	-8,172	710,632

1) Thereof non-distributable legal reserves amounting to TCHF 78,270 (TCHF 69,806)

The disclosures in the notes form an integral part of the consolidated financial statements.

Consolidated cash flow statement

(in CHF 1,000)

	Notes	2020	2019
Net income		78,356	71,008
Taxes	26	20,413	8,067
Changes in fair value of properties	24	-13,371	-16,631
Depreciation		142	130
Interest income	25	-78	-30
Other financial income	25	8	-65
Interest received		92	17
Interest expense	25	8,924	9,924
Interest paid		-9,003	-11,635
Taxes paid		-9,329	-16,940
Net gains from property disposal	18	-33,413	-7,416
Receipts from sale of promotional properties		20,808	4,138
Payments for investments in promotional properties		-21,047	-5,244
Non-cash change in provisions		-113	0
Changes in net working capital		3,244	698
Net cash from operating activities		45,633	36,021
Payments for investments in investment properties		-22,341	-20,358
Receipts from disposals of investment properties		73,846	50,493
Payments for investments in development properties		-17,668	-9,742
Receipts from disposals of development properties		12,089	0
Payments for purchases of securities and fixed deposits		0	-6,503
Receipts from disposals of securities and fixed deposits		0	14,842
Payments for purchases of other equipment and intangible assets		-93	-191
Net cash from investing activities		45,833	28,541
Proceeds from financial liabilities	11	41,250	70,000
Repayment of financial liabilities	11	-80,100	-155,000
Dividend payment		-46,960	-41,316
Purchase of treasury shares	13	-1,298	-54,875
Sale of treasury shares	13	11,958	0
Net cash used for financing activities		-75,150	-181,191
Change in cash		16,316	-116,629
Cash at beginning of reporting period		17,155	133,784
Cash at end of reporting period		33,471	17,155

The disclosures in the notes form an integral part of the consolidated financial statements.

Accounting principles

Basis of consolidation

The consolidated financial statements of the Intershop Group have been prepared in accordance with all existing guidelines of Swiss GAAP FER (accounting and reporting regulations, including FER 31) and the regulations for real estate companies set out by SIX Swiss Exchange and provide a true and fair view of the financial position of the Intershop Group and of its earnings and cash flows.

Principles of consolidation

Scope of consolidation

The consolidated financial statements of the Intershop Group include the financial statements of Intershop Holding AG and all the subsidiaries it controls either directly or indirectly by majority of votes or other means (hereinafter referred to as «Intershop Group» or «Group»). These investments are fully consolidated. Investments in associated companies where the share of investment is between 20% and 50% of the voting rights, are accounted for using the equity method. Investments with a share of less than 20% are recognised at acquisition cost less any provision for impairment. The consolidated financial statements are based on the individual financial statements from the group companies prepared in accordance with standard guidelines. The reporting date is 31 December. Prior year figures are shown in brackets.

Intercompany transactions and relationships

All intercompany assets and liabilities as well as intercompany services have been eliminated within the framework of the consolidation.

Capital consolidation

Capital consolidation is carried out using the purchase method. On initial recognition, share capital of the subsidiary company is set off against the investment in the parent company. For newly-formed subsidiaries, this occurs at the time of its foundation. The difference between the purchase price of an acquired company and the fair value of the resulting net assets acquired is set off against shareholders' equity. Upon subsequent disposal of an investment in group companies, the difference between the sales proceeds and pro rata book value including historical goodwill is disclosed as profit or loss in the consolidated income statement. Subsidiaries disposed of during the course of the year will be eliminated from the consolidation from the date of sale. The share of equity and profit attributable to minority shareholders will be separately disclosed in the consolidated accounts. At the balance sheet date, no outstanding minority interests existed.

Foreign currency conversion

All amounts contained in the consolidated financial statements are shown in Swiss francs (CHF). The individual subsidiaries prepare their financial statements in local currency. If no other information is provided, the disclosure is in CHF 1,000.

Exchange gains and losses from transactions in foreign currencies and from adjustments to foreign currency positions as at the balance sheet date are recognised in the consolidated income statement.

Segment reporting

The companies of the Intershop Group are currently operating exclusively in the Swiss property market and do not perform any significant activities for third parties. The real estate portfolio, consisting of investment, development and promotional properties, is managed as a single business unit. For this reason, no segment reporting has been prepared. However, to assess the separate categories of property, certain additional data has been published.

Valuation principles	The consolidated financial statements have been prepared in accordance with the historical cost principle, with the exception of investment and development property, securities and fixed deposits and derivative financial instruments, which are measured at fair value.
Cash and cash equivalents	Cash comprises cash in hand, post and bank deposits as well as fixed-term deposits with a term of up to 90 days and are recognised at nominal value.
Trade receivables	This position includes receivables from ordinary activities, primarily rent receivables, which are recognised at nominal value less any necessary business impairment. As a rule, rent receivables that are older than two months are considered at risk and are suitably provided for. Changes in the value of these provisions are disclosed as part of rental income.
Other receivables and accruals	Other receivables are recognised at nominal value less any necessary impairment.
Promotional properties	Promotional properties are properties under construction, which are intended to be disposed of immediately after completion. They are disclosed as inventories and recorded at amortised cost less any impairment and shown as part of current assets. The profit from the sale of promotional properties is shown as «net gains from property disposal».
Investment properties	Investment properties are properties held for long-term purposes and are measured at fair value. The valuation is determined by an independent property valuer using the discounted cash flow method (DCF). Changes in fair value, together with the associated deferred tax are charged or credited to the result for the period. Investment properties are not depreciated. Investment properties whose disposal within twelve months of the balance sheet date is very probable, are disclosed under «Investment properties for disposal» and shown as part of current assets. As a rule, these are properties that are already under contract for sale at the balance sheet date. Such properties are recorded at the lower of fair value and expected selling price less selling costs.
Development properties	<p>Development properties are either properties under construction that will be reclassified as investment properties once construction work has been completed, or properties for which substantial development is envisaged, and for which a sustainable re-usage is envisaged.</p> <p>Properties under construction will be measured at fair value as soon as a fair value can be reliably determined. This valuation is determined by an independent property valuer using the discounted cash flow method (DCF). The prerequisites for a reliable fair value are the existence of a specific construction project in which the costs and revenues can be reliably determined and the existence of a legally binding building permission. If these conditions are not met, then the development properties are recorded at amortised cost.</p> <p>Properties for which a substantial development programme is envisaged, will be transferred from investment to development properties as soon as the decision to develop has been made. Such properties will continue to be valued assuming a continuation of current use by the independent property valuer using the discounted cashflow method (DCF), until a specific construction project is determined. The reclassification from development to investment properties occurs, once construction work has been completed. Changes in fair value on the development properties measured at fair value, together with the associated deferred tax, are charged or credited to the result for the period.</p>

Other tangible assets

Other tangible assets are recognised at acquisition cost less depreciation. The depreciation is calculated on a straight-line basis over the expected useful life of between three and five years.

Intangible assets

Acquired intangible assets are recognised when they bring a measurable benefit over several years. It comprises of software and is recognised at acquisition cost less amortisation. The amortisation is calculated on a straight-line basis over the expected useful life of four years.

Employee pensions

The Group has several pension plans for its employees that are organised in independent foundations or insurance companies and are in accordance with the legal requirements in Switzerland. They provide benefits in the event of retirement, death or invalidity. The plans are financed by employer and employee contributions and are calculated as a percentage of the insured salaries. The consolidated income statement includes accrued payments due to the foundations and insurance companies as well as the ongoing expenses for the fulfilment of the remaining pension plans. The valuation and disclosure of the swiss pension obligations is in accordance with Swiss GAAP FER 16. Actual economic effects on the Group of the pension plans are considered at the balance sheet date. An economic benefit is disclosed as an asset if it can be used to reduce future pension expenses of the Group. An economic obligation is disclosed as a liability if the prerequisites for a future pension provision of the Group exist. Freely available employer contribution reserves are separately recorded as assets. The change in the employer contribution reserve is recorded in the consolidated income statement as a personnel expense or financial income.

Financial liabilities

Loans, mortgages and bonds which are generally concluded on a long-term basis are recognised as long term financial liabilities in the consolidated balance sheet. The tranches due within twelve months of the balance sheet date are disclosed as short term financial liabilities.

Derivative financial instruments

In the Intershop Group, derivative financial instruments are usually used for interest rate hedges and sometimes in currency hedging. They are recognised in the consolidated balance sheet at the acquisition date at original value and subsequently at fair value. The changes in fair value resulting from cash-flow-hedges (unrealised gains and losses) are recognised directly in equity. Changes in the fair value of derivatives without hedging components are booked in the consolidated income statement. Contracts due within twelve months of the balance sheet date are disclosed as short term financial liabilities.

Trade payables

Trade payables and other liabilities are recognised at nominal value.

Provisions

Provisions are obligations arising from past events whose amounts and/or due dates are uncertain but can be estimated. Provisions are recognised based on the probable expected cash outflows and are re-assessed at each balance sheet date. They are disclosed in the consolidated balance sheet in accordance with the expected due dates as either short or long-term liabilities.

Deferred tax assets and liabilities

Deferred tax liabilities are accounted for in accordance with the balance sheet liability method. They are recognised on temporary differences between the consolidated balance sheet and the local tax balance sheet value of assets and liabilities and calculated using the current tax rates applicable for the respective locations and expensed through the consolidated income statement

and disclosed as non-current liabilities in the consolidated balance sheet. They include deferred taxes on the revaluation of investment and development property. In determining any property gains tax, the rate will be calculated using the individual tax system governing at the location of the property and include a realistic holding period for each property. For newly-acquired properties, a minimum holding period of three years will be used to reduce the effects of any existing speculation surcharges. Changes to local tax rates will be included in the calculation of deferred tax. The temporary differences are netted against any eligible taxable losses at individual company level. In addition, deferred tax assets from tax loss carry-forwards are only capitalised if it is reasonably certain that they are recoverable through future taxable income.

Income taxes

The current income taxes are calculated using the appropriate local current tax rates and are in accordance with the current fiscal regulations. They are also based on the expected tax results for the period and are disclosed as tax liabilities on the consolidated balance sheet.

Income recognition

The «rental income» is income from the rental of properties and includes net rental income, i.e. target rental income less rents lost due to vacancies. Income is recorded on an accruals basis in the consolidated income statement and is based on the contractual agreements.

The «net gains from property disposal» consists of the difference between the net sales proceeds on the disposal of investment and development property (i.e. after deduction of all costs relating to the sales but excluding taxes) and its fair value as reported in the previous year's consolidated balance sheet plus any capitalised investment made during the course of the year under review. This position also includes proceeds from the disposal of promotional property which are recorded in the consolidated income statement at the date at which the asset is legally transferred.

The «other income» primarily includes services that are charged to third parties (usually tenants). The income is recorded on an accruals basis.

The «property expense» consists of maintenance and repair work and general operating expenses (property management expenses, insurance costs, property taxes and fees and land rents). In addition, non-refundable service charges are also recorded under this position.

The investment and development properties are valued by an independent property valuer. The «changes in fair value of properties» are disclosed in the consolidated income statement.

Estimates and assumptions

In preparing the consolidated financial statements in accordance with Swiss GAAP FER, management is required to make estimates and assumptions that can influence reported income, expense, assets and liabilities at the time the statements are drawn up. The estimates and assumptions used are based on past experience as well as on other factors which appear plausible at that specific point in time. The estimates and assumptions are reviewed on an ongoing basis. The effective values can nevertheless deviate from the original estimates. The most important items that are based on estimates and assumptions are listed below.

Fair value of investment and development properties	The fair value of the investment and development portfolio is determined by an independent, qualified property valuer. Incorrect assumptions or unexpected developments can significantly affect the fair value of the properties in the future.
Provisions	The Group has created provisions for legal disputes and warranty commitments based on current risk assessments. The effective values can nevertheless deviate from the original estimates and, as such, can have a significant effect on future periods.
Deferred tax liabilities	The calculation of deferred tax liabilities is based on the current and expected future tax rates known at the balance sheet date and the property gains tax based on an estimated holding period. Changes to the tax rates and to the estimated holding periods used for calculating the property gains tax can have a significant impact on the tax expense in future periods.

Risk management

Principle

At the Intershop Group, a high level of importance is attributed to risk management and it is regularly addressed in the Executive Board and Board of Directors meetings. The following risks can greatly influence the future income of the Group and consequently the value of the company.

Market risk

The general economic development strongly influences the demand for rental space, the level of rental prices as well as the reduction in vacancies. As regional and industry-specific economic developments are heterogeneous, Intershop tries to counteract this risk by means of well-diversified real estate portfolios, in both terms of geography and utilisation. Market rents considered in the market value (fair value) assessments are taken from the databases used by the independent property valuers. Reductions to any existing vacancies will be determined by the independent property valuer based on actual market developments.

An increase or decrease of 5% in the estimated rental market prices of all properties would result in an increase in the investment and development property portfolio as at the balance sheet date amounting to CHF 48 million or 3.8% (CHF 46 million or 3.5%) or a decrease amounting to CHF 48 million or 3.8% (CHF 46 million or 3.5%) respectively.

In accordance with the Group's investment strategy, the real estate portfolio must consist of at least 20 properties, whereby the maximum single property value cannot exceed 25% of the total market value of the portfolio. To ensure sufficient diversification of usage, the company focuses on office, commercial and retail space. Revenue from office space may not exceed two thirds, and that of retail and commercial areas, not more than 50% of total rental income. Intershop also invests primarily in real estate in good locations with average rental price level, which usually react less strongly to changes in economic development.

Credit risk

The general economic development can also impact on the solvency of the tenants and can lead to loss of rent. Intershop therefore try where possible to avoid dependency on one major tenant, unless the latter has an above-average credit rating. The risk of unpaid rent receivables is counteracted by active debt management. Rent that is overdue for longer than two months is considered at risk and are provided for, unless the claim can be considered not to be at risk due to the specific facts (e.g. if there are no doubts about the creditworthiness of the Lessee). Receivables from tenants who are known to be in financial difficulties are immediately provided for. Liquid funds are invested in companies with high credit ratings. For financial assets with inherent credit risks, the balance sheet value equates to the maximum default risk.

Interest and refinancing risk

Intershop is cautious when managing its external debt. According to the investment policy, real estate can be adequately financed with debt. Accordingly, there is a dependency on the development of interest rates. Since the sale of developed properties is an integral part of the Intershop strategy, generally only part of the financing will be with fixed interest debt in order to prevent any penalty arising from early settlement. For this reason, the average interest rate period is generally only between two and three years. In the case of a favourable market situation (e.g. low long-term interest rates), the average interest rate period can also be extended. In the case of fixed mortgages, Intershop strives for a balanced maturity profile. Interest hedging transactions can also be used to hedge mortgages with short-term interest rates.

Based on interest rates as at the balance sheet date, a reduction in the short-term interest rate of half a percentage point (50 base points) would increase the annual interest costs of the financial liabilities by CHF 0.9 million (CHF 0.8 million) whereas an increase in short-term rates would give rise to a reduction of CHF 0.7 million (CHF 0.8 million). The influence of the cash flow hedges on equity following an increase of 50 basis points would amount to CHF 2.6 million (CHF 3.3 million). With a decrease of 50 basis points, the effect would amount to CHF –2.8 million (CHF –3.6 million).

Rising interest rates can also have a negative impact on the market value (fair value) of the properties, since the discount and capitalisation interest rates have a certain correlation with the interest rates for long-term, risk-free investments. As the largest part of the rental contracts of the Intershop Group are indexed or are reliant on sales (turnover rents), the effects of inflation and the effects on the value of property (despite increasing discount rates) should remain aligned long term. A reduction in the average weighted discount rate of 0.1 percentage point would increase the value of the investment and development property portfolio by CHF 33 million or 2.6% respectively (CHF 30 million or 2.3%), whereas a corresponding increase in the discount rate would reduce it by CHF 33 million or 2.6% respectively (CHF 30 million or 2.3%).

Liquidity risk

The aim of liquidity management of Intershop is to ensure sufficient liquid reserves at all times. This includes the ability to finance smaller and medium-sized acquisitions out of the Group's own resources. In purchase negotiations, this often means an additional advantage. A key indicator is the liquidity reserve calculated as follows:

Liquid assets
+ short-term securities
+ additional committed financing potential for properties
= Liquidity reserve

The liquidity reserve should generally be at least CHF 20 million. As at the balance sheet date, it amounted to CHF 211 million (CHF 150 million). The group had no callable credit line (CHF 5.7 million) as at the balance sheet date.

Development risk

The processing of larger conversions and new construction works also includes various risks. There are uncertainties regarding rentability, cost control as well as regarding planning permissions and requirements. Intershop will therefore only begin such projects once an appropriate level of rental income is guaranteed, or corresponding commitments exist. To help minimise the cost risk, a general contractor will be appointed and/or a cost limit agreed for major projects. For acquisitions of larger development projects, paragraphs will be included in the purchase contracts that will allow for the purchase to be reversed if either planning permission is not obtained, or unreasonable conditions are imposed.

Contamination risk

In the case of acquisitions, there is a risk that properties being acquired are contaminated. Consequently, Intershop will initiate a comprehensive contamination examination if there is any suspicion of contamination. Should this be the case, the risk will be quantified by experts and either deducted from the purchase price or, if the counterparty is deemed to have the necessary solvency, guaranteed by the latter. The estimated costs for the overhaul of the contaminated areas are classified as future investment in the event that they are not guaranteed by a third party and are included in the valuations carried out by the independent property valuers.

Currency risk

Intershop currently has no directly held properties abroad and there are no significant balance sheet items in foreign currencies.

Capital risk

The economic equity corresponds to the capital reported in the balance sheet. In the multi-year average, Intershop aims to achieve a return on equity of at least 8%. In order to achieve this target, external financing is also used, provided, that the Group's good credit rating is not affected. For this reason, the properties are generally financed up to a maximum of two thirds of their market value. Financial indicators such as interest cover factors and minimal equity capital equipment are stipulated in some financing contracts. These covenants are in part defined as quota and in part in absolute terms. The strictest specifications include a minimum equity ratio of 30% and/or a minimum equity of CHF 350 million. As at the balance sheet date, the equity ratio was 51.6% (49.6%), and equity amounted to CHF 711 million (CHF 666 million). A part of the profits generated will be distributed in the form of dividends to the shareholders. The proposals of the Board of Directors do, however, take the current market conditions into consideration. This means that if the market conditions do not allow adequate reinvestment of the profit, the unused funds can be returned to shareholders by way of a higher dividend or in another form.

Notes to the consolidated financial statements

1 Business activity

The Intershop Group is a real estate company that focuses on the purchase, development and sale of real estate primarily in Switzerland.

Intershop Holding AG, headquartered in Zurich, Switzerland, is listed on the SIX Swiss Exchange and controls all companies in the Intershop Group.

2 Scope of consolidation

In the year under review, Einkaufszentrum Herti AG and EZ Volketswil AG were merged with SGI City Immobilien AG.

As at the balance sheet date, the Intershop Holding AG basis of consolidation comprised the following subsidiaries, all of which are wholly owned by the Group:

- Centre St Roch – Yverdon-les-Bains S.A., Yverdon-les-Bains; Switzerland
- De Bary & Co. AG, Basle; Switzerland
- Intershop Bau AG, Basle; Switzerland
- Intershop Management AG, Zurich; Switzerland
- Realconsult AG, Zurich; Switzerland
- SGI City Immobilien AG, Zurich; Switzerland
- SGI Promotion AG, Zurich; Switzerland
- SGI Schweizerische Gesellschaft für Immobilien AG, Zurich; Switzerland
- WTCL Services SA, Lausanne; Switzerland.

A detailed overview of all Intershop Group companies can be found on pages 112 and 113.

3 Investment policy

The investment policy was complied with at all times during the entire year under review.

4 Cash

(in CHF 1,000)	31.12.2020	31.12.2019
Bank and cash balances	33,471	17,155
Short-term bank deposits	0	0
Total	33,471	17,155

The cash and cash equivalents analysed by credit rating as at the balance sheet date are shown as follows:

(in CHF 1,000)	31.12.2020	31.12.2019
Rating AAA	2,014	1,158
Rating AA	1,519	1,307
Rating A	16,692	4,901
Rating BBB	12,836	9,468
No rating available	410	321
Total	33,471	17,155

The classification is based on the official long-term ratings of either Standard and Poor's (S&P) or Moody's. If no such rating is available, then the ratings published by Swiss banks are used. In accordance with a settlement agreement that existed at the balance sheet date, an amount of CHF 16.4 million (CHF 4.9 million) disclosed under Rating A can be fully offset against significantly higher financial liabilities should the bank in question become insolvent.

5 **Short-term receivables**

(in CHF 1,000)	31.12.2020	31.12.2019
Trade receivables	324	1,563
Other receivables	9,284	9,309
Total receivables	9,608	10,872
Accrued income and prepaid expenses	849	752
Total	10,457	11,624

Other short-term receivables mainly include tax receivables.

The allowance for doubtful debts is determined on an individual basis (tenant credit rating) and based on experience. The historical default rate is less than one percent of rental income. As a rule, rent receivables that are older than two months are considered at risk and are suitably provided for. In the case of significant outstanding amounts, existing securities (e.g. rent deposits or guarantees) are taken into account.

(in CHF 1,000)	31.12.2020	31.12.2019
Gross trade receivables	923	2,531
Allowance for doubtful debts	-599	-968
Net trade receivables	324	1,563

The book value of receivables corresponds to their fair value. Changes in the allowance for doubtful debts are included in the income statement under rental income or other income and are shown as follows:

(in CHF 1,000)	2020	2019
Balance as at 1.1.	968	1,276
Increase	174	398
Allowance used	-263	-115
Decrease	-280	-591
Balance as at 31.12.	599	968

6 **Promotional properties**

(in CHF 1,000)	2020	2019
Balance as at 1.1.	32,249	8,823
Investments	22,236	5,239
Disposals	0	0
Transfer from development properties	0	18,187
Balance as at 31.12.	54,485	32,249

No promotional properties were sold during the year under review. The property Römerstrasse 36-36c in Baden was transferred from development properties to promotional properties in the previous year.

Income from the sale of promotional properties amounted to CHF 0.0 million (CHF 0.0 million).

The fire insurance value and the construction period insurance of the promotional properties amounted to CHF 74 million (CHF 74 million).

Details of the promotional properties are shown on pages 86 to 87.

Current status of promotional properties**Basle, «Gellertstrasse»**

Project description:

In the project at Gellertstrasse 151, 157, 163, which is part of the «Albanteich-Promenade» development, 30 commonhold apartments are being built.

Project status:

Following the demolition of the existing buildings and preparatory work, construction of the three apartment buildings began in June 2019. Completion is scheduled for the second quarter 2021.

Sales status:

The sale also started in June 2019, and at the date of this report, 27 apartments were already under contract and a further three apartments had been reserved.

Baden, «Römerstrasse»

Project description:

The property at Römerstrasse 36-36c in Baden will be converted into 78 commonhold apartments.

Project status:

The partial demolition of the existing buildings and the new construction started at the beginning of 2020. Completion is scheduled for the second semester of 2022.

Sales status:

Sales commenced in April 2020 and, at the date of this report, 76 apartments were already under contract and one additional apartment had been reserved.

Other projects

The revised design plan for the «Am Wildbach» project in Solothurn is currently in the approval process. The site is to be developed or sold in stages.

7 Investment properties

(in CHF 1,000)	Office properties	Commercial properties	Residential properties	Total properties
Balance as at 1.1.2019	771,696	311,922	70,872	1,154,490
Purchases	650	0	0	650
Investments	18,935	1,362	1,279	21,576
Disposals	-44,400	0	0	-44,400
Changes in fair value 2019	14,991	1,996	2,262	19,249
Balance as at 31.12.2019¹⁾	761,872	315,280	74,413	1,151,565
Investments	9,725	2,906	8,175	20,806
Disposals	0	-36,212	-14,230	-50,442
Changes in fair value 2020	4,643	5,462	-844	9,261
Balance as at 31.12.2020	776,240	287,436	67,514	1,131,190

1) Includes an investment property (residential property) held for disposal TCHF 14,209.

In the year under review, the investment properties Kilchberg, Schlossmattstrasse 9 and Dietikon, Lagerstrasse 6-8 were sold. Intershop acquired the outstanding minority interest in the property at Bibersteinstrasse 4 in Rombach and sold the property at Zürcherstrasse 15-21 in Winterthur in the previous year. Details of the purchases and disposals are shown on pages 86 and 87. There were no significant disposals within the meaning of the SIX Swiss Exchange Listing Rules (i.e. > 5 % of the total portfolio) in the year under review.

Acquisition costs and market value by region:

(in CHF 1,000)	Acquisition costs ¹⁾		Market value ²⁾	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Investment properties				
Office properties				
Zurich area	395,961	392,572	524,298	513,746
Lake Geneva area	158,082	152,168	163,003	157,499
Basle / Berne / Midlands	86,019	85,597	85,588	87,198
Other areas	3,674	3,674	3,351	3,429
Total office properties	643,736	634,011	776,240	761,872
Commercial properties				
Zurich area	63,768	90,969	60,661	96,406
Lake Geneva area	126,674	126,354	160,681	152,086
Basle / Berne / Midlands	24,126	23,594	32,194	32,460
Other areas	29,468	28,457	33,900	34,328
Total commercial properties	244,036	269,374	287,436	315,280
Residential properties				
Zurich area	0	11,367	0	14,209
Basle / Berne / Midlands	61,759	53,605	67,514	60,204
Total residential properties	61,759	64,972	67,514	74,413
Total investment properties	949,531	968,357	1,131,190	1,151,565

1) The acquisition costs include all costs associated with the purchase as well as value-enhancing investments.

2) Market value according to external valuer (see pages 88 to 92)

The fire insurance value of the investment property portfolio amounts to CHF 1,367 million as at 31 December 2020 (CHF 1,376 million).

Details of the investment property portfolio are shown on pages 82 to 85.

8 Development properties

(in CHF 1,000)	2020	2019
Balance as at 1.1.	128,954	139,380
Purchases	0	1,973
Investments	18,038	8,405
Disposals	-3,453	0
Changes in fair value	4,110	-2,617
Transfer to promotional properties	0	-18,187
Balance as at 31.12.	147,649	128,954

In the period under review, a plot of land amounting to 16,325 m² on the industrial park Oberwinterthur-Neuhegi in Winterthur was sold. In the previous year, the property Oststrasse 23 in St. Gallen was acquired and the property Römerstrasse 36-36c in Baden was transferred to the promotion properties.

Acquisition costs and market value by region:

(in CHF 1,000)	Acquisition costs ¹⁾		Market value ²⁾	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Development properties				
Zurich area	135,080	120,901	139,676	121,435
Basle/Berne/Midlands	8,244	7,838	7,973	7,519
Total development properties	143,324	128,739	147,649	128,954

1) The acquisition costs include all costs associated with the purchase as well as value-enhancing investments.

2) Market value according to external valuer (see pages 88 to 92)

As at 31 December 2020 and 31 December 2019, no development properties were carried at cost.

The fire insurance value of the development property portfolio amounts to CHF 437 million (CHF 430 million) as at 31 December 2020.

Details of the development property portfolio are shown on pages 86 and 87.

9 **Liabilities**

(in CHF 1,000)	31.12.2020	31.12.2019
Trade payables	31,127	11,146
Accrued expenses and deferred income	24,316	23,019
Total	55,443	34,165

Trade payables include rental deposits as well as sales deposits for promotional properties. Accrued expenses include prepaid rent, heating and service charges, interest, performance-related compensation and unpaid investments.

10 **Provisions**

(in CHF 1,000)	31.12.2020	31.12.2019
Warranties	5,411	6,969
Other	1,239	1,203
Total	6,650	8,172
thereof short term	3,134	3,098
thereof long term	3,516	5,074

Additional information:

(in CHF 1,000)	Warranties ¹⁾	Other ²⁾	Total
Balance as at 1.1.2019	8,529	703	9,232
Provisions used	-242	0	-242
Increase	0	550	550
Decrease	-1,318	-50	-1,368
Balance as at 31.12.2019	6,969	1,203	8,172
Provisions used	-241	0	-241
Increase	0	36	36
Decrease	-1,317	0	-1,317
Balance as at 31.12.2020	5,411	1,239	6,650

1) In the year under review and in the previous year, provisions for warranties were utilised. In addition, provisions from previous disposals were released..

2) Other provisions comprise property-related provisions, primarily from disputes with tenants and purchasers of properties.

11 **Financial liabilities**

(in CHF 1,000)	31.12.2020	31.12.2019
Mortgages and loans	156,000	80,850
Total current financial liabilities	156,000	80,850
Mortgages and loans	209,000	323,000
Bond	100,094	100,136
Total long-term financial liabilities	309,094	423,136
Total financial liabilities	465,094	503,986

Current financial liabilities are mortgages whose contractual term ends within 12 months of the balance sheet date.

Maturities of interest-bearing current and non-current financial liabilities and fixed interest rates as of 31 December 2020:

(in CHF 1,000)	Maturities	Fixed interest term
2021	156,000	107,000
2022	14,000	14,000
2023	100,094	100,094
2024	0	0
2025	0	0
thereafter	195,000	195,000
Total	465,094	416,094

The total book value of pledged assets amounts to CHF 804 million (CHF 880 million). Financial liabilities totalling CHF 365 million (CHF 404 million) are secured through property mortgages.

Financial liabilities are reported at nominal value. Their fair value lies CHF 19 million higher (CHF 21 million higher) than the balance sheet value. The reason for this is that the interest rates for some of the fixed mortgages and the bond were fixed at a time when interest rates were higher than at the balance sheet date.

The average interest rate on financial liabilities is 1.88% (1.79%) with an average fixed interest period of 58 months (64 months), taking into account current interest rate hedging transactions. At the balance sheet date, 89% (85%) were fixed-rate mortgages, interest rate hedged rollover loans or fixed-rate bonds and 11% (15%) rollover loans without interest rate hedging.

Different financial covenants were agreed with various banks, all of which were complied with in the reporting period. The most important financial covenants are the consolidated equity ratio (at least 30%) and the absolute amount of equity (at least CHF 350 million). In some loan agreements, financial key figures relating to the interest cover factor (≥ 2.0) or the maximum loan-to-value ratio are also contractually fixed. The latter vary greatly according to use, occupancy rate and credit institution. A breach of covenants would allow the bank to demand immediate repayment of the loan regardless of the contractually agreed term.

The outstanding bond is reported as follows and is shown as long term financial liabilities in the consolidated balance sheet.

(in CHF 1,000)	2020	2019
Balance as at 1.1.	100,136	225,172
Repayment	0	-125,000
Amortisation issue premium and issue costs	-42	-36
Balance as at 31.12.	100,094	100,136

The outstanding bond was issued on the following terms:

	1.125% bond 2015–2023
Volume	CHF 100 million
Term	8 years (17.4.2015–17.4.2023)
Coupon	1.125%, payable annually on 17.4.
effective interest rate	1.09%
Listing	SIX Swiss Exchange
Swiss security number	27,577,643

The terms and conditions of the bond include obligations that limit the collateralisation of certain liabilities and limit the amount of consolidated financial liabilities to 70% of the market value of the properties. These conditions were met during the year under review.

At the balance sheet date, cash flow interest rate hedging transactions (interest rate swaps) with a contract volume of CHF 157 million (CHF 157 million) were in place. The details are shown in the tables below:

31.12.2020 (in CHF 1,000)

Maturity	Interest rate	Contract value	Fair value	
			positive	negative
2021	1.19%	45,000	-	677
2021	0.93%	30,000	-	392
2021	1.33%	20,000	-	106
2028	1.46%	24,000	-	3,528
2028	1.47%	38,000	-	5,769
Total		157,000	-	10,472

31.12.2019 (in CHF 1,000)

Maturity	Interest rate	Contract value	Fair value	
			positive	negative
2021	1.19%	45,000	-	1,514
2021	0.93%	30,000	-	868
2021	1.33%	20,000	-	519
2028	1.46%	24,000	-	3,572
2028	1.47%	38,000	-	5,800
Total		157,000	-	12,273

Changes in the fair value of interest rate hedges of CHF 1.8 million (CHF 0.3 million) were recognized directly in equity after taking into account the corresponding taxes of CHF –0.4 million (CHF –0.1 million).

All reported interest rate swaps are valued externally using quoted prices for similar financial instruments.

**12 Deferred tax assets
and liabilities**

The following table shows the deferred taxes per balance sheet item, which result from the difference between the balance sheet according to Group guidelines and the tax balance sheet of the consolidated company:

(in CHF 1,000)	31.12.2020		31.12.2019	
	Assets	Liabilities	Assets	Liabilities
Properties	0	111,680	0	111,525
Employee pensions	0	126	0	198
Other balance sheet items	92	0	82	0
Losses	69	0	65	0
Total	161	111,806	147	111,723

There are no tax losses carried forward whose realisation is not probable, and were therefore not included in the calculation of deferred tax assets.

Temporary differences relating to the Intershop Holding AG's subsidiaries, on which no deferred tax liabilities are recognized, amounted to CHF 517 million (CHF 483 million) at the balance sheet date.

13 Share capital

	Shares at nominal CHF 10 (number)	Total nominal value (in CHF 1,000)
Issued share capital as at 31.12.2019	1,900,000	19,000
Issued share capital as at 31.12.2020	1,900,000	19,000

Following the repurchase of 100,000 treasury shares via a public buyback offer in March 2019, the Annual General Meeting of 4 April 2019, approved the reduction of the share capital by CHF 1 million.

Treasury shares

	(Number)	(in CHF 1,000)
Balance as at 1.1.2019	15,291	7,578
Purchase of treasury shares	106,729	54,875
Share-based payments (participation plan)	-2,020	-1,010
Capital reduction	-100,000	-51,500
Price difference	-	36
Balance as at 31.12.2019	20,000	9,979
Purchase of treasury shares	2,122	1,298
Share-based payments (participation plan)	-2,122	-1,009
Sale of treasury shares	-20,000	-11,958
Price difference	-	1,690
Balance as at 31.12.2020	0	0

14 Net asset value (NAV) per share

	31.12.2020	31.12. 2019
Shareholders' equity ¹⁾	710,632	666,146
Number of shares outstanding ²⁾	1,900,000	1,880,000
Shareholders, equity per share (Net asset value, NAV)³⁾	374.02	354.33

1) In CHF 1,000

2) Issued shares less treasury shares at balance sheet date

3) In CHF

15 **Key shareholders**

The following shareholders were entered in the share register with an interest of at least 3% or have reported a corresponding disclosure in accordance with FMIA:

(in %)	31.12.2020	31.12.2019
Patinex AG, Wilen	35.3	35.1
AXA Leben AG, Winterthur	3.8	3.8
Relag Holding AG, Hergiswil	3.5	3.5
BlackRock Inc., New York, USA	3.3	n/a
Hansjörg Graf, Wollerau	3.2	3.2

16 **Related parties**

In addition to the Board of Directors, the Executive Board and companies controlled by them, Patinex AG is also considered a related entity due to its shareholding of 35.3%. During the year under review, the compensation paid to non-executive directors amounted to CHF 0.3 million (CHF 0.3 million) and the total compensation paid to the Executive Board amounted to CHF 3.4 million (CHF 3.3 million). The latter included CHF 0.2 million (CHF 0.2 million) in pension contributions and CHF 1.0 million (CHF 1.0 million) in share-based compensation. The disclosure according to Swiss Code of Obligations Art. 663bbis and Art. 663c (Transparency Act) is in the remuneration report on pages 32 to 35 and in the individual financial statements of Intershop Holding AG (Note 12) on page 104 of this annual report. There were no further transactions with related parties. Both in the year under review and the previous year, there were no guarantees or other financial obligations given in favour of related parties.

17 **Rental income**

(in CHF 1,000)	2020	2019
Investment properties		
Office properties	44,128	44,048
Commercial properties	21,098	23,983
Residential properties	2,811	3,605
Development properties	9,133	11,008
Disposals	2,562	199
Total	79,732	82,843

The income from the property transferred from development to promotional properties as at 31.12.2019 is shown under development properties.

Real estate income declined due to the disposal of properties in the previous year and the conversion or renovation of two larger development properties. In addition, rent waivers granted to tenants particularly affected by the pandemic-related government restrictions reduced income by CHF 1.2 million.

Lease maturity as at the balance sheet date is as follows:

(in % of rental income)	31.12.2020	31.12.2019
Residential	5.4	6.4
without fixed maturity	18.0	17.8
< 1 year	6.5	8.2
1 to 2 years	14.7	14.5
2 to 3 years	10.5	11.8
3 to 4 years	12.1	8.5
4 to 5 years	12.0	10.2
> 5 years	20.8	22.6
Total	100.0	100.0

Lease agreements for residential properties are generally not concluded for a fixed term, but can be terminated, taking into account the legal conditions. Lease agreements without a fixed term are those that have been extended beyond their original term and do no longer have a fixed termination date.

The five largest tenants as at the balance sheet date are listed below:

(in % of rental income)	31.12.2020	31.12.2019
Canton of Vaud	6.6	6.3
Canton of Zurich	4.9	4.4
Sauvin Schmidt SA	4.4	4.2
Migros	3.5	3.4
Oertli Werkzeuge AG	2.2	n/a
Galderma SA	-	2.6
Total	21.6	20.9

The share of the public sector, which includes all lease agreements with the Confederation, cantons, municipalities or related legal entities and organisations, amounted to 14.1% (13.0%) as at the balance sheet date.

18 **Net gains from property disposals**

(in CHF 1,000)	2020	2019
Sales proceeds investment properties	74,100	50,650
Provision for warranties	1,318	1,318
Fair value at the start of the year	-50,368	-42,486
Current year investment	-75	-1,914
Gross gains from property disposal	24,975	7,568
Disposal costs	-352	-157
Net gains investment properties	24,623	7,411
Sales proceeds development properties	12,244	0
Fair value at the start of the year	-1,894	0
Current year investment	-1,487	0
Gross gains from property disposal	8,863	0
Disposal costs	-73	0
Net gains development properties	8,790	0
Total net gains from property disposal	33,413	7,411

In the year under review, the investment properties Kilchberg, Schlossmattstrasse 9 and Dietikon, Lagerstrasse 6-8 as well as a plot of land amounting to 16,325 m² of the development plot in Oberwinterthur-Neuhegi in Winterthur were sold. In the previous year, Intershop sold the investment property at Zürcherstrasse 15-21 in Winterthur. Detailed information on the disposals is shown on pages 86 and 87.

19 Other income	(in CHF 1,000)	2020	2019
	Service income Realconsult (Facility Management)	2,502	2,618
	Service income WTCL	1,045	1,257
	Service income Intershop Management	533	559
	Other revenues	108	339
	Total	4,188	4,773

Other income includes income from services provided by Group companies to third parties.

20 Property expense	(in CHF 1,000)	2020	2019
	Investment properties		
	Office properties	4,742	4,720
	Commercial properties	1,930	1,696
	Residential properties	433	684
	Development properties	2,059	1,870
	Disposals	126	-63
	Total	9,290	8,907

The expenses of the property transferred from development to promotional properties as at 31.12.2019 is shown under development properties.

Property expense is comprised of the following:

(in CHF 1,000)	2020	2019
Maintenance and repair	3,340	3,210
Third-party rent	25	40
Insurance expense	1,023	1,052
Taxes and duties	809	788
Ground rent	860	996
Property management fees	430	449
Non-recoverable service charges	2,171	1,712
Other expenses	632	660
Total	9,290	8,907

21 Personnel expense	(in CHF 1,000)	2020	2019
	Wages and salaries	7,178	7,244
	Performance-related compensation	2,197	2,013
	Social security	889	791
	Pension contributions	651	644
	Other personnel expenses	234	222
	Total	11,149	10,914

22 **Administrative expense**

(in CHF 1,000)	2020	2019
Administrative and general expense	2,138	2,426
Capital tax	362	377
Depreciation	142	130
Total	2,642	2,933

23 **Employee pensions**

Intershop has various pension plans, all of which are defined contribution plans under Swiss law. The contributions are based on the insured annual salary of the employees. There is also a management insurance plan.

Employer contribution reserve (ECR)

(in CHF 1,000)	Nominal value 31.12.2020	Waiver of use 2020	Balance sheet 31.12.2020	Creation in 2020	Balance sheet 31.12.2019	Result from ECR	
						2020	2019
Pension plans	596	–	596	–	938	–342	–392
Total	596	–	596	–	938	–342	–392

Economic benefit, economic liability and pension expense

(in CHF 1,000)	Excess cover/ shortfall 31.12.2020	Economic benefit of the or- ganisation 31.12.2020	Change to 2019 or effecting inco- me statement in 2020 31.12.2019	Contributions accrued for the period 2020	Pension expense in per- sonnel expense	
					2020	2019
Pension plans wi- thout excess cover/ shortfall	–	–	–	–	246	246
Pension plans with excess cover	0	–	–	–	405	392
Total	0	–	–	–	651	643

24 **Changes in fair value of
properties**

(in CHF 1,000)	2020	2019
Increase in value of investment properties	21,189	25,658
Decrease in value of investment properties	–11,928	–6,410
First time valuation of newly acquired properties	0	–607
Increase in value of development properties	5,018	2,795
Decrease in value of development properties	–908	–4,805
Total	13,371	16,631

The report of the external property valuers, KPMG AG, is shown on pages 88 to 92 of this annual report.

The increase in value of investment properties comprised CHF 12.8 million (CHF 19.4 million) for office properties, CHF 8.4 million (CHF 4.0 million) for commercial properties and CHF 0 million (CHF 2.3 million) for residential properties. The decrease in value of investment properties comprised CHF 8.2 million (CHF 4.4 million) for office properties, CHF 2.9 million (CHF 2.0 million) for commercial properties and CHF 0.8 million (CHF 0 million) for residential properties.

25 **Financial result**

(in CHF 1,000)	2020	2019
Interest income	78	30
Other financial income	0	65
Total financial income	78	95
Interest expense	-8,924	-9,924
Other financial expense	-8	0
Total financial expense	-8,932	-9,924

Interest income includes interest on cash and cash equivalents, securities and fixed deposits. Interest expense includes interest on mortgages, loans and bonds. Other financial income and expenses include valuation results from the management of liquid assets.

26 **Tax expense**

(in CHF 1,000)	2020	2019
Ordinary income tax	20,345	13,542
Deferred taxes	68	-5,475
Total	20,413	8,067

The following table shows the effects that caused the tax expense to differ from the average rate:

(in CHF 1,000)	2020	2019
Profit before taxes	98,769	79,075
Average tax rate	18.70%	18.70%
Income tax at average rate	18,470	14,787
Taxes at other rates ¹⁾	3,493	2,496
Tax rate reductions	-1,429	-8,366
Adjustments in respect of prior years,	-121	-850
Total tax expense	20,413	8,067

1) Includes the effects of property gains taxes

27 **Earnings per share**

	2020	2019
Net income ¹⁾	78,356	71,008
Average number of shares outstanding ²⁾	1,880,392	1,902,242
Number of shares outstanding for the calculation of diluted earnings ³⁾	1,880,392	1,902,242
Earnings per share⁵⁾	41.67	37.33
Diluted earnings per share⁵⁾	41.67	37.33
Net income ¹⁾	78,356	71,008
Changes in fair value of properties ¹⁾	-13,371	-16,631
Deferred tax on changes in fair value of properties ^{1) + 4)}	3,539	5,488
Net income excluding changes in fair value of properties	68,524	59,865
Average number of shares outstanding ²⁾	1,880,392	1,902,242
Earnings per share excl. changes in fair value of properties	36.44	31.47

1) In CHF 1,000

2) Issued shares less treasury shares calculated on a daily basis

3) Taking into account any additional shares created through conversion or option rights

4) Calculated using the deferred tax rate per property. Previously, an average rate for the portfolio was applied. The previous year was adjusted.

5) In CHF

- 28 **Contingent liabilities** As in the previous year, there were no contingent liabilities or guarantees as at 31 December 2020.
- 29 **Investments** For the coming five years, total planned investments amount to CHF 304 million (CHF 221 million) excluding promotional properties and major development projects such as AuPark.
- 30 **Participation plans** Members of the Executive Board may choose to receive part or all of their profit-based compensation in the form of shares in Intershop Holding AG with a vesting period of five years. Depending on the return on equity (ROE) achieved, the value of that portion of the bonus taken in shares could, at most, double. Details of compensation and shareholdings are disclosed in the Remuneration Report shown on pages 32 to 35.
- 31 **Events after the balance sheet date** These consolidated financial statements were approved for publication by the Board of Directors on 24 February 2021. They are subject to approval by the Annual General Meeting on 31 March 2021.

Up to 24 February 2021, no significant events occurred after the balance sheet date.

Detailed information on the investment property portfolio

Balance as at 31 December 2020

Location	Address	Owner	Type of ownership	Percentage of ownership	Year of acquisition	Year of construction	Year of renovation
Office properties							
Zurich area							
Cham	Gewerbestrasse 11	SGIC	AE	100%	2006	1990/91	–
Dielsdorf	Honeywellplatz 1	SGIC	AE	100%	2009	1987	2016-18
Dubendorf	Stettbachstrasse 7	SGI	AE	100%	2008	1971	1994
Zurich	Baslerstrasse 30/Freihofstrasse 9	SGI	AE	100%	1999	1948–63	2002–04
Zurich	Hohlstrasse 190+192	SGIC	AE	100%	2007	1985	–
Zurich	Puls 5, Bürogebäude	SGIP	AE	100%	2002	2001–04	–
Zurich	Puls 5, Giessereihalle	SGIP	SW	51.0%	2002	2001–04	–
Zurich	Rautistrasse 33	SGIC	AE	100%	2010	1984	2012/16
Zurich	Sihlquai 253–259	SGI	SW/BR	45.9%	02/06	1986	–
Zurich	Staffelstrasse 8+10+12	SGI	AE	100%	1998	1923–63	2002–04
Zurich	Uetlibergstrasse 124, 130, 132, 134	SGI	AE	100%	1999	1893/1958	2002/08
Zurich area							
Lake Geneva area							
Geneva	Rue de Lausanne 42+44	SGI	AE	100%	99/05	1961	2019-2021
Lausanne	World Trade Center, Avenue Gratta-Paille 1-2	SGI	AE	100%	2016	1991-92	–
Pully	Avenue C.-F. Ramuz 43	SGI	AE	100%	1999	1987	–
Lake Geneva area							
Basle / Berne / Midlands							
Basle	Lehenmattstrasse 260	DB	AE	100%	2006	1962	–
Belp	Airport Business Center, Hühnerhubelstrasse 58,60,62,64,66	SGI	SW	95.0%	1997	1992	–
Berne	Waldhöhweg 1	SGI	AE	100%	1998	1961	1996
Fribourg	Rue de l'Industrie 21	SGI	AE	100%	1999	1969	1985
Grenchen	Postmarkt, Kirchstrasse 1	SGI	AE	100%	1998	1988–90	1998–00
Oberentfelden	Ausserfeldstrasse 9	SGI	BR	100%	1998	1989	–
Reinach/BL	Sternenhofstrasse 15/15A	SGI	SW	100%	98/08	1989	–
Rombach	Bibersteinerstrasse 4	SGI	AE	100%	99/19	1991	2009
Studen/BE	Sägweg 7	SGI	AE	100%	1998	1989	–
Basle/Berne/Midlands							
Other areas							
St. Gallen	Heiligkreuzstrasse 9+11	SGI	AE	100%	1998	1960	2012/13
Other areas							

Total office properties

1) As at the balance sheet date

2) During the reporting period

Abbreviations are shown on page 86

Area (in m ²)	Office	Leasable area (in m ²)				Other	Number of Total parking spaces	Target rent (in TCHF)	Vacancy rate ¹⁾ (in %)	Rental income (in TCHF) ²⁾		
		Retail	Industrial/storage	Residential						Gross	Expense	Net
4,109	5,463	0	1,799	0	16	7,278	159	1,606	35.7			
8,361	3,105	0	5,644	0	552	9,301	158	1,389	25.2			
9,434	3,723	0	4,017	0	0	7,740	95	1,457	1.7			
28,381	10,390	0	11,206	273	1,100	22,969	164	4,576	7.8			
3,884	4,047	1,086	2,872	163	68	8,236	193	1,893	1.3			
4,658	10,748	1,424	579	0	0	12,751	42	4,547	0.1			
7,567	6,588	1,286	1,144	0	4,488	13,506	79	5,053	10.8			
1,428	2,745	427	913	0	0	4,085	84	959	13.6			
3,212	5,438	0	2,636	0	0	8,074	41	1,969	0.7			
4,009	8,167	0	4,201	0	85	12,453	84	2,957	6.1			
12,656	12,772	0	1,710	272	430	15,184	165	5,537	0.3			
87,699	73,186	4,223	36,721	708	6,739	121,577	1,264	31,943	7.0	29,068	2,427	26,641
948	1,949	682	0	2,630	0	5,261	0	1,750	43.9			
14,651	16,019	69	1,723	0	1,058	18,869	663	7,054	28.4			
3,178	2,313	0	578	0	0	2,891	53	965	1.5			
18,777	20,281	751	2,301	2,630	1,058	27,021	716	9,769	28.5	8,950	1,241	7,709
1,842	0	1,028	221	0	121	1,370	0	233	0.0			
28,738	11,405	0	8,393	202	1,946	21,946	306	2,881	33.5			
1,178	0	2,084	476	780	0	3,340	32	723	0.0			
787	537	0	519	0	0	1,056	14	147	5.1			
2,283	2,386	1,173	285	949	185	4,978	85	683	13.8			
5,920	1,937	0	1,400	151	63	3,551	83	488	39.3			
4,389	3,805	1,259	2,545	0	935	8,544	140	1,505	10.2			
5,346	0	814	1,327	326	1,450	3,917	62	523	10.8			
5,663	1,540	0	1,309	107	28	2,984	79	384	41.1			
56,146	21,610	6,358	16,475	2,515	4,728	51,686	801	7,567	21.5	5,971	1,058	4,913
866	810	0	507	0	0	1,317	18	247	44.3			
866	810	0	507	0	0	1,317	18	247	44.3	139	16	123
163,488	115,887	11,332	56,004	5,853	12,525	201,601	2,799	49,526	13.6	44,128	4,742	39,386

Detailed information on the investment property portfolio (continued)

Balance as at 31 December 2020

Location	Address	Owner	Type of ownership	Percentage of ownership	Year of acquisition	Year of construction	Year of renovation
Commercial properties							
Zurich area							
Hori	Hofstrasse 1	SGI	AE	100%	2000	1990	–
Regensdorf	Althardstrasse 301	SGI	AE	100%	2000	1965	1992
Ruti	Im Neuhof	SGI	AE	100%	1999	1993	–
Wurenlos	Landstrasse 2	SGI	AE	100%	2002	1984	–
Zurich area							
Lake Geneva area							
Vernier	Chemin de Morglas	SGI	BR	100%	2002	2000–2002	–
Yverdon	Centre St-Roch, Rue des Pêcheurs 8	SGI	AE	100%	1997	1956	seit 1998
Yverdon	Rue des Uttins 27	SGI	AE	100%	2007	1970	2007/08
Lake Geneva area							
Basle/Berne/Midlands							
Berne	Hofweg 5/Dammweg 27	SGI	AE	100%	2005	1935/1956	2020-21
Interlaken	Untere Bönigstrasse 27	SGIC	AE	100%	2012	2013	–
Lyss	Industriering 43	SGI	AE	100%	1999	1964–91	2001/02
Lyss	Südstrasse 17	SGIC	AE	100%	2012	2007	2011
Basle/Berne/Midlands							
Other areas							
Bad Ragaz	Elestastrasse 16, 16a+18	SGI	AE	100%	1999	1960/1987	1999–02
St.Gallen	Oststrasse 25/Schlösslistrasse 20	SGI	AE	100%	1998	1962	–
St.Gallen	Oststrasse 29+31	SGI	AE	100%	1998	1968	2000
St.Gallen	Spinnereistrasse 10+12+14	SGI	AE	100%	1998	1968	1983
Other areas							
Total commercial properties							
Residential properties							
Basle/Berne/Midlands							
Basle	Redingstrasse 10/12+20/22	DB	AE	100%	2006	1969	2020-22
Total residential properties							
Total investment properties							

1) As at the balance sheet date

2) During the reporting period

Abbreviations are shown on page 86

Area (in m ²)	Office	Leasable area (in m ²)				Other	Number of Total parking spaces	Target rent (in TCHF)	Vacancy rate ¹⁾ (in %)	Rental income (in TCHF) ²⁾		Net
		Retail	Industrial/storage	Residential						Gross	Expense	
10,622	3,787	0	10,566	0	110	14,463	125	1,670	0.0			
16,471	1,828	0	12,323	211	0	14,362	69	1,708	3.0			
6,949	879	0	3,857	0	0	4,736	80	586	0.0			
5,877	502	0	5,908	386	292	7,088	63	711	7.1			
39,919	6,996	0	32,654	597	402	40,649	337	4,675	2.2	4,524	248	4,276
30,725	0	0	41,496	0	0	41,496	0	3,718	0.0			
57,846	29,661	2,472	11,588	1,102	1,928	46,751	641	7,822	4.5			
3,101	1,801	0	382	0	0	2,183	40	407	30.0			
91,672	31,462	2,472	53,466	1,102	1,928	90,430	681	11,947	4.0	11,731	1,187	10,544
1,875	143	0	2,182	1,353	0	3,678	10	636	27.4			
3,467	0	0	1,133	0	20	1,153	20	215	0.0			
44,908	3,162	0	13,044	0	50	16,256	430	1,664	35.6			
2,220	0	0	1,230	0	0	1,230	11	164	0.0			
52,470	3,305	0	17,589	1,353	70	22,317	471	2,679	28.6	1,914	264	1,650
16,540	2,627	0	9,936	0	133	12,696	150	1,236	6.0			
2,905	1,717	0	3,652	170	0	5,539	59	593	0.0			
2,307	88	0	2,075	1,107	0	3,270	12	318	0.0			
3,528	2,495	0	4,464	0	0	6,959	79	941	0.7			
25,280	6,927	0	20,127	1,277	133	28,464	300	3,088	2.6	2,929	231	2,698
209,341	48,690	2,472	123,836	4,329	2,533	181,860	1,789	22,389	6.4	21,098	1,930	19,168
11,966	0	0	0	17,177	0	17,177	188	2,925	10.1	2,811	433	2,378
11,966	0	0	0	17,177	0	17,177	188	2,925	10.1	2,811	433	2,378
384,795	164,577	13,804	179,840	27,359	15,058	400,638	4,776	74,840	11.3	68,037	7,105	60,932

Detailed information on the development and promotional property portfolio

Balance as at 31 December 2020

Location	Address	Owner	Type of ownership	Percentage of ownership	Year of acquisition	Year of construction	Year of renovation
All regions							
Au-Wädenswil	Seestrasse 295	SGL	AE	100%	2001	1960–1987	–
Baden	Romerstrasse 36–36c ³⁾	SGL	AE	100%	06/07	n/a	–
Basle	Gellertstrasse 151, 157, 163 ³⁾	DB	AE	100%	2006	n/a	–
Biel	Maurerweg 10+12	SGL	AE	100%	1998	n/a	–
Flurlingen	Winterthurerstrasse 702 (Arova-Hallen)	SGL	AE	100%	2007	1875–1963	2018
Pfaffikon/SZ	Talstrasse 35–37	SGL	BR	100%	2000	1987	2020
St. Gallen	Oststrasse 23	SGL	AE	100%	2019	1920–1970	–
Winterthur	Industrial park Oberwinterthur-Neuhegi	SGIC	AE	100%	2012	1947–2005	–
Wohlen	Nordstrasse 1	SGL	AE/BR	100%	2018	1972–1987	1990
Zurich	Rudigerstrasse 1 (edeneins) ³⁾	SGL	SW	0.2%	1998	2007–2009	–
Zurich	Staffelstrasse 14–22 (edendre) ³⁾	SGL	SW	0.8%	1998	2009–2011	–
Land plots							
Solothurn	Oberer Bruhl (Am Wildbach) ³⁾	SGL	AE	100%	1998	n/a	n/a

Total development and promotional properties**Detailed information on the acquisitions and disposals of property**

Balance as at 31 December 2020

Location	Address	Owner	Type of ownership	Percentage of ownership	Year of acquisition	Transfer date
Disposals						
Kilchberg	Schlossmattstrasse 9	SGL	BR	100%	2014	31.03.2020
Winterthur	Industrial park Oberwinterthur-Neuhegi ⁴⁾	SGIC	AE	100%	2012	29.06.2020
Dietikon	Lagerstrasse 6–8	SGL	AE	100%	2009	18.12.2020

1) As at the balance sheet date

2) During the reporting period

3) Promotional properties

4) Partial disposal

Abbreviations

Owner:	DB	= De Bary & Co. AG
	SGL	= SGL Schweizerische Gesellschaft für Immobilien AG
	SGIC	= SGL City Immobilien AG
	SGIP	= SGL Promotion AG
Type of ownership:	AE	= Freehold
	BR	= Leasehold
	ME	= Joint ownership
	SW	= Joint ownership; the percante shown represents the part owned by intershop

Area (in m ²)	Office	Leasable area (in m ²)				Other	Total	Number of parking spaces	Target rent (in TCHF)	Vacancy rate ¹⁾ (in %)	Rental income (in TCHF) ²⁾		
		Retail	Industrial/storage	Residential							Gross	Expense	Net
42,965	5,772	0	20,636	0	880	27,288	304	549	14.7				
9,274	0	0	0	0	0	0	0	n/a	n/a				
5,031	0	0	0	0	0	0	0	n/a	n/a				
1,492	0	0	0	0	0	0	0	n/a	n/a				
54,001	4,123	0	32,219	268	369	36,979	278	3,195	41.8				
9,349	3,849	0	4,787	97	0	8,733	140	1,526	86.5				
1,728	0	0	632	306	0	938	1	70	36.9				
119,828	10,367	0	42,031	0	4,355	56,753	602	6,453	14.0				
17,414	3,232	0	9,879	0	0	13,111	164	746	30.1				
5	0	0	0	0	0	0	2	n/a	n/a				
30	0	0	0	0	0	0	10	n/a	n/a				
37,557	0	0	0	0	0	0	0	n/a	n/a				
298,674	27,343	0	110,184	671	5,604	143,802	1,501	12,539	31.0	9,133	2,059	7,074	

Area (in m ²)	Office	Leasable area (in m ²)				Other	Total	Number of parking spaces
		Retail	Industrial/storage	Residential				
3,126	0	0	0	1,928	70	1,998	28	
16,325	0	0	0	0	0	0	0	
15,965	3,703	0	9,807	0	2,502	16,012	65	



Report of the independent property valuer

To the Executive Board of Intershop Holding AG, Zurich

Fair value measurement of Intershop Group's investment and development properties as of December 31, 2020

1. Assignment

KPMG AG Real Estate ("KPMG") was commissioned by the respective property management companies to measure Intershop Group's real estate at fair value for accounting purposes as of December 31, 2020. This relates to a total of 40 investment properties and 7 development properties.

2. Valuation standard and fair values

KPMG confirms that the market values determined correspond to "current values" in accordance with Swiss GAAP FER 18 and were prepared in accordance with the usual standards and guidelines, in particular the International Valuation Standards (IVS) and the Swiss Valuation Standards (SVS). Market value is defined as "the estimated amount a property asset should be exchanged for on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after an appropriate marketing period, whereby each party acts knowledgeably, prudently and without compulsion".

3. Valuation method and bases of valuation

The fair value of Intershop Group's investment properties is determined using the discounted cash flow (DCF) method. Accordingly, the fair value is calculated as the sum of the future net cash flows discounted to the measurement date after deduction of all costs that cannot be allocated to the tenant. The discount rate used for this purpose is determined on a property-specific basis, taking into account the location, use and current market situation.

The market value of properties that are completely or partially vacant is determined on the assumption that their re-letting will take some time. Loss of rental income, rent-free periods and other incentives for new tenants that correspond to the usual market forms on the valuation date are taken into account accordingly in the valuation.

Borrowing costs, income taxes and value added taxes, as well as the (property) profit taxes and transaction costs due on a future sale are not taken into account in determining fair value.

The development properties are valued on the basis of a continuation scenario; any potential for expansion and/or conversion is not taken into account. Development properties under construction are valued taking into account the construction costs still outstanding as at the reporting date and an appropriate allowance for project risk.

All properties are known to KPMG on the basis of the inspections and the documents provided by the owners and are inspected at least once every three years.

The breakout of the coronavirus (COVID-19) has an impact on the global financial markets. Market activity across a broad array of sectors is being impacted and its consequences for the economy as a whole, including the real estate market, are not yet foreseeable, because there are not yet sufficient comparative transactions under the current condition. As a result, previous market data can only have limited significance to assess fair market values. Consequently, the current



valuation uncertainty is increased and hence the appraisal should be viewed with greater caution than otherwise.

4. Valuation result

Taking into account the above, KPMG estimates the market value of the 47 valued investment and development properties as of 31 December 2020 at total (rounded):

CHF 1,278,839,000

(one billion two hundred seventy-eight million eight hundred thirty-nine thousand Swiss francs)

5. Change in value

The fair value of Intershop Group's investment and development properties thus declined by CHF 1.7 million or 0.1% year-on-year. This net change is the result of an intrinsic increase in the value of the existing portfolio with a simultaneous decrease in the portfolio holdings.

6. Independence and confidentiality

Finally, we would like to point out that the present valuation is intended solely for the above-mentioned purpose and refer to the limitations of liability on which the valuation is based. We assure you that we have prepared the valuations impartially.

Zurich, February 10, 2021

KPMG AG

Handwritten signature of Ulrich Prien in black ink.

Ulrich Prien
Partner

Handwritten signature of Myra Rotermund in black ink.

Myra Rotermund
Manager



Annex: Valuation method and assumptions

Valuation method

The valuation of investment properties is based on the discounted cash flow method ("DCF"). The valuation is based on the provisions, guidelines and standards of ISVC, RICS, TEGoVA. The market values determined correspond to "current values" according to Swiss GAAP FER 18.

The DCF model used is a two-phase model and determines the market value of the property on the basis of future cash flows. This includes a forecast of potential future income and expenses in connection with the letting or use of the property over an assumed detailed observation period of 10 years. Based on the achievable rents and rent increases, the annual target rental income is determined and reduced by the costs that cannot be transferred to the tenants. The resulting cash flows thus correspond to the forecast net cash flows after deduction of all costs that cannot be allocated to the tenants, but before financing and taxes. At the end of the detailed analysis period, the proceeds from an assumed sale of the property ("exit value") are also included in the valuation. The exit value is calculated using the present value over the assumed remaining life of the property from the exit year. The market value is thus the sum of the future net cash flows discounted to the valuation date over the detailed observation period plus the discounted exit value.

Some of Intershop Group's development properties under valuation are properties that currently generate rental income but which are to be transformed and/or put to another use in the medium term by means of significant construction work. These properties are valued on the basis of a continuation scenario with the existing use without taking into account any long-term expansion and/or conversion potential.

Discount rate

The discount rate used for the valuation is based on the interest rate for long-term, risk-free investments, such as a 10-year Federal bond and a specific risk premium (general property risk). This risk surcharge takes into account the general property risk and the associated higher illiquidity of a property compared with a risk-free investment, as well as the property-specific risk due to the location, use and quality of the property.

The two-phase DCF calculation model used distinguishes between nominal and real cash flows in value derivation. Thus, nominal, indexed cash flows are depicted in the detailed observation period of the first ten years and a corresponding discount rate is selected. The exit value is calculated as the present value over the remaining life after the exit year (usually 90 years). The discount rate used here implies real, that is, inflation-adjusted cash flows and is therefore lower than the discount rate for the detailed analysis period.

The cash flows for years 1 to 10 are discounted at mid-year (in arrears), while the exit value is estimated at the end of year 10 (in arrears). The nominal discount rates for years 1 to 10 range between 3.50% and 6.60% for Intershop Group's properties valued as of December 31, 2020. The capital-weighted average nominal discount rate is 4.62% for the investment properties and 5.32% for the development properties. At this point, however, we would like to point out that the comparison of discount rates of different real estate portfolios, especially in the case of different valuation companies, is per se not possible or not meaningful, but should only be carried out in conjunction with an in-depth analysis of all value-relevant valuation assumptions.



Indexation

The indexation of future rental income is one of the essential elements of the inflation protection of real estate and should therefore be considered in a dynamic view. Rents for office and commercial premises are usually linked to the national consumer price index (LIK), while rental agreements for residential premises are linked to changes in the reference rate calculated by the National Bank on a quarterly basis, but also include an inflation component. Based on the forecasts of the relevant economic research institutes and organisations (SNB, KOF, BAK, SECO, OECD), the following assumptions are made for the future development of rents, which do not necessarily represent the exact change in LIK or mortgage interest rates:

Year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Exit
Growth rate	0.00%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

These growth rates represent the estimated rent increase with full indexation. For the individual valuations, the contractually agreed or tenancy law-related possible percentage indexation is taken into account for each individual rental unit. Further rent increases as a result of possible future mortgage rate increases are not taken into account due to the expected inertia of the reference interest rate. The growth rates shown also apply to the future development of market rents that are currently considered sustainable.

Rental income

The valuations are based on the effective rental income as shown in Intershop Group's rental schedule as of December 31, 2020, with annual target rental income forecast on the basis of current contractual rents. This is done by indexing the contractual rents as agreed in the lease or as permitted by rental law and, in the case of expiring (business) leases, by applying market rents that are currently deemed sustainable. In the case of unlimited rental agreements, sustainable market rents are applied at the latest in the exit year. It is assumed that the provisions of the rental agreements are observed by the respective tenants.

Vacancy

The general vacancy risk of a property is taken into account by means of an individual structural vacancy rate for each property. In the case of expiring leases for sales, storage, commercial and office space, vacancies specific to the property and segment are also recognised in the form of an absorption period (vacancy in months after expiry of the contract). When residential leases expire, specific vacancies are also generally recognised, but these are usually lower than for commercial properties.

Operating and maintenance costs

Management costs consist of property taxes, insurance premiums, administrative and general operating costs that cannot be passed on to tenants as incidental costs. Where available, the historical values from the property accounts are used as comparative figures and to verify future expectations. These figures are checked for plausibility using our own benchmarks and, if necessary, adjusted during the period under review, taking into account contractual agreements and the condition of the property. The same procedure is followed for maintenance costs.

**Future maintenance costs**

In addition to rental income, future maintenance costs are of great importance. The investments considered during the period under review are based on Intershop Group's 10-year investment plans. These are checked for plausibility, adjusted where necessary, and taken into account accordingly in the valuations.

The necessary long-term maintenance measures ("capex") to be taken into account in determining the exit value are calculated on a property-specific basis, assuming that, depending on the construction method and use of the property, the individual parts of the building structure have a limited life and must therefore be renewed cyclically over the entire life of the property. The future maintenance costs determined in this way are converted into an imputed fund per exit year, which is deducted accordingly when calculating the sustainable cash flow in the exit year. Only the costs to be borne by the owner to maintain the substance of the property are included, which secure the contractual and market interest level on which the valuation is based in the long term.

Report of the statutory auditor

to the General Meeting of Intershop Holding AG

Zurich

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Intershop Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2020, the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting principles.

In our opinion, the consolidated financial statements (pages 54 to 87) give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and the provisions of article 17 of the Directive on Financial Reporting (DFR) issued by SIX Swiss Exchange and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall Group materiality: CHF 3.5 million

We have audited the Group centrally. Our audit addressed the Group's earnings, assets and liabilities.

As key audit matters, the following areas of focus were identified:

- Valuation of investment and development properties – assumptions/changes in valuation
- Deferred tax liabilities arising from property valuation differences

PricewaterhouseCoopers AG, Bahnhofplatz 17, Postfach, 8400 Winterthur
Telefon: +41 58 792 71 00, Telefax: +41 58 792 71 10, www.pwc.ch

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Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

On the basis of our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 3.5 million
How we determined it	0.5% of the net assets (equity) of the Group
Rationale for the materiality benchmark applied	We chose net assets as the benchmark because it is a generally accepted industry benchmark for materiality considerations relating to real-estate companies.

We agreed with the Board of Directors that we would report to them misstatements above CHF 350,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of Intershop Holding AG and nine other Group companies in Switzerland, including four real-estate companies and five service companies. We concluded audit work at all of the Group companies.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment and development properties – assumptions/changes in valuation

Key audit matter	How our audit addressed the key audit matter
<p>The Intershop Group's non-current assets consist mainly of investment properties and development properties valued at CHF 1.1 billion and CHF 148 million, respectively, as at 31 December 2020.</p> <p>In accordance with SIX Swiss Exchange's requirements, market values are determined by an independent, qualified property appraiser, who prepares a valuation report. The expert confirms that the market values determined correspond to the 'actual values' according to Swiss GAAP FER 18 and were determined in accordance with common standards and guidelines, in particular International Valuation Standards (IVS) and Swiss Valuation Standards (SVS).</p> <p>We consider the valuation of the property portfolio a key audit matter owing to its significance in relation to total assets (approx. 93%) and owing to the assumptions and scope for judgement involved in valuation models such as the DCF method. A DCF valuation in the property industry requires, among others, input parameters that cannot readily be observed in a market (e.g. assumed future vacancy rates, future capital expenditure and various components of the discount factor). Inappropriate assumptions or errors in the DCF valuations could lead therefore to significant differences in valuation, due to the long time-horizons of the assumptions used for the valuations.</p> <p>Please refer to the accounting principles (page 58 et seq.), the note on valuation methods and assumptions (pages 90 to 92), Note 7 and 8 'Investment and development properties' (pages 69 and 70) and the report of the independent property appraiser (pages 88 and 89).</p>	<p>We performed the following audit procedures, among others:</p> <p>With regard to the valuation of the property portfolio, we performed sample testing to check that the data supplied to the expert was complete and accurate, and that the valuation according to the valuation report is appropriate and evidence-based.</p> <p>For the examination of the valuation report, we involved our own real-estate subject matter experts. This included an assessment of the completeness and appropriateness of the report, a check of formal aspects (compliance with standards, professional competence, independence) and an appraisal of the appropriateness of the valuation method used and the valuation assumptions. Applying risk-based selection criteria, we tested a random sample for mathematical accuracy by reperforming the basic steps in the calculation. The accuracy of the basic data used in the DCF valuation for the individual properties in the property portfolio (e.g. rental income, vacancies, etc.) was verified on a sample basis, by means of additional audit procedures. Furthermore, the specific discount rates used for the DCF valuations as well as any change in those rates were assessed.</p> <p>On the basis of our audit procedures, we obtained adequate assurance with regard to the appropriateness of the valuation of the property portfolio.</p>

Deferred tax liabilities arising from property valuation differences

Key audit matter	How our audit addressed the key audit matter
<p>Deferred tax liabilities on property valuation differences amount to approximately CHF 112 million as at 31 December 2020. The deferred tax liabilities are based on the tax computed on the valuation difference between the tax base value and the higher current value recognised in the financial statements.</p> <p>We consider deferred tax liabilities on property valuation differences to be a key audit matter for the following two reasons.</p> <p>First, deferred tax liabilities on property valuation differences account for approximately 17% of the Group's liabilities and represent a significant balance sheet item. Second, the calculation of deferred tax liabilities is complex and involves significant scope for judgement by Management, for example in relation to the expected holding period of the properties.</p> <p>Errors and inappropriate assumptions can have a significant impact on the amount of the deferred tax liabilities, which is why Management's assumptions are critical to the assessment of deferred taxes.</p> <p>Please refer to the accounting principles (page 58 et seq.) and Note 12 'Deferred tax assets and liabilities' (pages 73 and 74).</p>	<p>We have assessed and checked the determination of deferred tax liabilities on properties. We performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> • We checked the plausibility of management's assumptions regarding the holding period on the basis of internal project documents and the minutes of meetings at which the properties were discussed. • We assessed jointly with internal tax specialists the tax rates used for the purposes of (federal, cantonal and municipal) income taxes and any property gains taxes. • In addition, we reperformed the calculations of the differences between the values disclosed in the consolidated financial statements and the tax basis values. <p>On the basis of our audit procedures, we obtained adequate assurance with regard to the determination and disclosure of deferred tax liabilities on properties.</p>

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER, article 17 of the Directive on Financial Reporting (DFR) issued by SIX Swiss Exchange and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is available on the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Sandra Böhm
Audit expert
Auditor in charge



Philipp Gnädinger
Audit expert

Winterthur, 24 February 2021

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Balance sheet

(in CHF 1,000)

Assets

	Notes	2020	2019
Current assets			
Cash		8,131	173
Other receivables			
from Group companies		86,225	58,406
from third parties		1	8
Accrued income and prepaid expenses			
from third parties		0	0
Total current assets		94,357	58,587
Non-current assets			
Investments in subsidiaries	1	232,963	232,963
Total non-current assets		232,963	232,963
Total assets		327,320	291,550

Shareholders' equity and liabilities

Current liabilities			
Bonds	2 / 3	0	0
Other liabilities			
to Group companies		30,827	6,189
to third parties		41	80
Accrued expenses and deferred income			
to third parties		1,486	1,384
Total current liabilities		32,354	7,653
Non-current liabilities			
Bonds	2 / 3	100,000	100,000
Total non-current liabilities		100,000	100,000
Total liabilities		132,354	107,653
Shareholders' equity			
Share capital	4	19,000	19,000
General legal reserve		3,800	3,800
Other general reserve	5	51,701	39,743
Retained earnings brought forward		74,355	2,926
Profit for the year		46,110	118,428
Total shareholders' equity		194,966	183,897
Total shareholders' equity and liabilities		327,320	291,550

Income statement

(in CHF 1,000)

	Notes	2020	2019
Income from participations	6	48,215	120,315
Other income		0	137
Other expense	7	-1,555	-1,584
Operating result before interest and taxes		46,660	118,868
Financial income	8	926	1,040
Financial expense	9	-1,347	-1,446
Profit before taxes		46,239	118,462
Tax expense		-129	-34
Profit		46,110	118,428

Notes to the annual financial statements

Accounting principles

Accounting law

These financial statements have been prepared in accordance with the provisions of Swiss accounting and financial reporting law in the Swiss Code of Obligations (Art. 957-963b CO).

Receivables and liabilities

Receivables and liabilities are stated at nominal value and, where applicable, divided in the balance sheet between «third parties» and «Group companies».

Bonds

Bonds are recognised in the balance sheet at nominal value. The issue premium and the issuing costs are recorded under accrued and deferred items and amortised over the term of the bond.

Treasury shares

Treasury shares held by Intershop Holding AG are carried at cost as a negative item in equity from the date of acquisition. If they are subsequently resold, the difference between the selling price and the acquisition cost is recognized directly in equity

Waiver of the additional disclosures

The consolidated financial statements of Intershop Holding AG are prepared in accordance with Swiss GAAP FER. These annual financial statements therefore do not include additional disclosures such as cash flow statement and management report.

Information on balance sheet and income statement items

1 Scope of consolidation

In the year under review, Einkaufszentrum Herti AG and EZ Volketswil AG were merged with SGI City Immobilien AG. Details of the participations are shown on pages 112 and 113.

2 Bonds

In the 2015 financial year, a bond of CHF 100 million with a term of 8 years (17.4.2015-17.4.2023) was issued, which is listed on the SIX Swiss Exchange. The coupon of 1.125% is payable annually on 17 April. Premiums and issuing costs are recognised as accruals and are amortised over the life of the bond.

Outstanding bonds:

(in CHF 1,000)	31.12.2020	31.12.2019
1.125% bond 2015–2023	100,000	100,000
Total outstanding bonds	100,000	100,000

3 Maturity structure of the interest-bearing liabilities

(in CHF 1,000)	31.12.2020	31.12.2019
under 5 years	100,000	225,000
Total liabilities	100,000	225,000

4 Share capital

The Company has 1,900,000 issued registered shares with a nominal value of CHF 10.

Information on the key shareholders is provided in the consolidated financial statements in note 15 on page 75.

	(Number)	(in CHF 1,000)
5 Treasury shares/ Reserve for treasury shares		
Balance as at 1.1.2019	15,291	7,578
Purchase of treasury shares	106,729	54,875
Share-based payments (participation plan)	-2,020	-1,010
Capital reduction	-100,000	-51,500
Price difference	-	36
Balance as at 31.12.2019	20,000	9,979
Purchase of treasury shares	2,122	1,298
Share-based payments (participation plan)	-2,122	-1,009
Sale of treasury shares	-20,000	-11,958
Price difference	-	1,690
Balance as at 31.12.2020	0	0

The company did not hold any treasury shares as of 31.12.2020. The treasury shares held by the company as of 31.12.2019 were deducted from free reserves at cost.

	(in CHF 1,000)	2020	2019
6 Income from participations			
Dividends from Group companies		48,215	120,315
Total income from participations		48,215	120,315

	(in CHF 1,000)	2020	2019
7 Other operating expense			
Compensation of the Board of Directors		319	319
Other operating expense Group companies		900	850
Other operating expense third parties		336	415
Total other operating expense		1,555	1,584

	(in CHF 1,000)	2020	2019
8 Financial income			
Interest income Group companies		921	967
Other financial income third parties		5	73
Total financial income		926	1,040

Other financial income includes income from the management of cash and cash equivalents.

	(in CHF 1,000)	2020	2019
9 Financial expense			
Interest expense bonds		1,094	1,329
Interest expense Group companies		235	103
Other financial expense third parties		18	14
Total Finanzaufwand		1,347	1,446

Other financial expenses include bank charges and exchange rate results.

Additional information

10 **Company name and registered office** Intershop Holding AG is a public limited company with its registered office at Giessereistrasse 18, 8005 Zurich, Switzerland.

11 **Full-time equivalents** Intershop Holding AG has no employees.

12 **Participations of the Board of Directors and the Executive Board** As at the reporting date, the Board of Directors and Executive Board held the following interests in Intershop Holding AG in accordance with Article 663c of the Swiss Code of Obligations:

(Number of shares)	31.12.2020	31.12.2019
Dieter Marmet, Chairman of the Board of Directors	3,300	3,000
Kurt Ritz, Member of the Board of Directors	100	100
Ernst Schaufelberger, Member of the Board of Directors	250	200
Cyrill Schneuwly, CEO	6,233	6,392
Christian Baldinger, Head of Building and Development	2,567	2,147
Thomas Kaul, CFO	3,000	3,000
Andreas Wirz, Head of Portfolio Management	3,484	4,200
Total	18,934	19,039

The Board of Directors and Executive Board together held 1.00% (1.00%) of the share capital and voting rights.

The details of compensation to the Board of Directors and the Executive Board are shown in the Remuneration Report on pages 32 to 35.

13 **Contingent liabilities** As at 31 December 2020, letters of comfort and guarantees in favour of Group companies amounted to CHF 155 million (CHF 182 million)

14 **Pledged assets** No assets were pledged as of 31 December 2020.

15 **Events after the balance sheet date** Up to 24 February 2020, no significant events occurred after the balance sheet date.

Proposed appropriation of retained earnings for the financial year 2020

The Board of Directors' proposes the following appropriation of retained earnings to the forthcoming Annual General Meeting:

(in CHF)	2020	2019
Retained earnings brought forward	74,354,728	2,926,343
Profit for the year	46,109,992	118,428,385
Total retained earnings available for distribution	120,464,720	121,354,728
Dividend ¹⁾	-47,500,000	-47,000,000
Retained earnings carried forward	72,964,720	74,354,728

¹⁾ 2019: Resolution of the Annual General Meeting

With the acceptance of this proposal, each registered share of CHF 10 nominal value will receive the following dividend on 8 April 2021 (ex date 6 April 2021):

Gross dividend	CHF	25.00
less 35% withholding tax	CHF	8.75
Net payment	CHF	16.25

Report of the statutory auditor

to the General Meeting of Intershop Holding AG

Zurich

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Intershop Holding AG, which comprise the balance sheet as at 31 December 2020 and the income statement for the year then ended and notes, including a summary of significant accounting principles.

In our opinion, the financial statements (pages 100 to 105 and 112 and 113) as at 31 December 2020 comply with Swiss law and the articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall materiality: CHF 975,000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter, the following area of focus has been identified:

- Impairment of direct and indirect investments in group companies

*PricewaterhouseCoopers AG, Bahnhofplatz 17, Postfach, 8400 Winterthur
Telefon: +41 58 792 44 00, Telefax: +41 58 792 44 10, www.pwc.ch*

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Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

On the basis of our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 975,000
How we determined it	0.5% of the net assets (equity) reported in the financial statements
Rationale for the materiality benchmark applied	We chose net assets as the benchmark because, in our view, it is a generally accepted benchmark for materiality considerations in relation to a holding company.

We agreed with the Board of Directors that we would report to them misstatements above CHF 97,500 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Impairment of direct and indirect investments in group companies

Key audit matter	How our audit addressed the key audit matter
<p>The Company recorded as at 31 December 2020 direct investments (100%) in four real-estate companies and three service companies, and indirect investments in a further two service companies, for a total book value of CHF 233 million. All of these investments concern Swiss companies.</p> <p>These investments are stated at acquisition cost in accordance with the commercial accounting and financial reporting provisions of the Swiss Code of Obligations. If necessary, impairments are made in the event of a decrease in value. The investments are valued individually.</p> <p>We consider the impairment testing of investments as a key audit matter owing to their significance on the balance sheet.</p> <p>Please refer to the accounting principles (page 102) and note 1 (page 102).</p>	<p>We performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> • Comparison of the book values of the investments in subsidiaries with the economic value of the equity of each company. <p>On the basis of our audit, we obtained adequate assurance with regard to the impairment testing of the investments. During the audit, we did not become aware of any indicators that would render impairment necessary.</p>

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors intends either to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is available from the website of EXPERTSuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.



Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Sandra Böhm
Audit expert
Auditor in charge



Philipp Gnädinger
Audit expert

Winterthur, 24 February 2021

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Subsidiaries and participations

As at 31 Dezember 2020

(GRI 102-45)

Legal name, registered office		Group participation (in %)
Centre St Roch – Yverdon-les-Bains S.A., Yverdon-les-Bains	▲	100.00
De Bary & Co. AG, Basle	■	100.00
Intershop Bau AG, Basle	▲	100.00
Intershop Management AG, Zurich	▲	100.00
Realconsult AG, Zurich	▲	100.00
SGL City Immobilien AG, Zurich	■	100.00
SGL Promotion AG, Zurich	■	100.00
SGL Schweizerische Gesellschaft für Immobilien AG, Zurich	■	100.00
WTCL Services SA, Lausanne	▲	100.00

■ = Property company

▲ = Service company

(GRI 102-45)

Parent company	Paid-in capital	Method of consolidation
SGI Schweizerische Gesellschaft für Immobilien AG	100,000 CHF	full consolidation
Intershop Holding AG	1,500,000 CHF	full consolidation
Intershop Holding AG	100,000 CHF	full consolidation
Intershop Holding AG	250,000 CHF	full consolidation
Intershop Holding AG	100,000 CHF	full consolidation
Intershop Holding AG	25,000,000 CHF	full consolidation
Intershop Holding AG	12,000,000 CHF	full consolidation
Intershop Holding AG	150,000,000 CHF	full consolidation
SGI Schweizerische Gesellschaft für Immobilien AG	102,000 CHF	full consolidation

Intershop Group

Five year overview

		2020	2019	2018	2017	2016
Assets						
Current assets	m CHF	98	75	201	65	41
Tangible assets	m CHF	1,279	1,267	1,251	1,346	1,354
Financial assets	m CHF	1	1	2	2	2
Total assets	m CHF	1,378	1,343	1,454	1,413	1,397
Liabilities						
Short term financial liabilities	m CHF	234	125	199	71	116
Long term financial liabilities	m CHF	433	552	565	723	690
Total shareholders' equity Intershop Group	m CHF	711	666	690	619	591
Net rental income	m CHF	70	74	78	79	75
Changes in fair value of properties	m CHF	13	17	16	4	4
Net gains from property disposals	m CHF	33	7	82	10	4
Operating result (EBIT)	m CHF	108	89	167	85	74
Earnings before taxes	m CHF	99	79	154	75	68
Net income Intershop Group	m CHF	78	71	120	64	60
Cash flow from operations	m CHF	46	36	23	50	49
Return on equity Intershop Group						
based on the average shareholders' equity	%	11.8	10.9	19.3	10.7	10.7
Net income Intershop Group						
per outstanding share of CHF 10	CHF	41.67	37.33	59.84	31.76	29.77
Net income Intershop Group excl. changes in fair value						
per outstanding share of CHF 10	CHF	36.44	31.47	53.60	30.16	28.42
Payout ratio¹⁾	%	68.6	82.1	41.0	72.9	70.4
Investments in real estate	m CHF	62	35	37	17	123
Equity per share outstanding (NAV)	CHF	374	354	348	310	295
Number of employees		71	72	70	68	69

1) Based on the net income of the Intershop Group excluding changes in fair value of properties

Intershop Holding AG

Five year overview

		2020	2019	2018	2017	2016
Share capital (nominal)						
Number of shares of CHF 10		1,900,000	1,900,000	2,000,000	2,000,000	2,000,000
Nominal amount	m CHF	19.0	19.0	20.0	20.0	20.0
Share capital outstanding as at 31.12.						
Number of shares of CHF 10		1,900,000	1,880,000	1,986,709	2,000,000	2,000,000
Nominal amount	m CHF	19.0	18.8	19.9	20.0	20.0
Share price (high/low)¹⁾						
	CHF	686/476	576/491	508/465	507/471	510/400
Share price as at 31.12.						
	CHF	615.00	567.00	488.00	487.00	501.00
Market capitalisation as at 31.12.						
	m CHF	1,169	1,077	976	974	1,002
Net income Intershop Holding AG						
	m CHF	46.1	118.4	42.7	37.0	42.9
per outstanding share of CHF 10	CHF	24.27	62.99	21.49	18.50	21.44
Dividend per share						
	CHF	25.00 ²⁾	25.00	22.00	22.00	20.00

1) Daily closing prices

2) Proposal of the Board of Directors

Alternative performance measures

Gross yield

The gross yield is calculated by comparing the effective yearly rental income (rental income) of the investment property portfolio held at the end of the reporting period with its fair value as at the balance sheet date.

(in CHF 1,000)	2020	2019
Rental income of the investment properties	70,599	71,836
Effect of property disposals	-2,562	-199
Adjusted rental income of the investment properties ¹⁾	68,037	71,637
Fair value of the investment properties as at the balance sheet date ¹⁾	1,131,190	1,151,565
Gross yield of the investment property portfolio	6.0%	6.2%

1) of all investment properties held at the balance sheet date

Net yield

The net yield is calculated by comparing the effective yearly net rental income of the investment property portfolio held at the end of the reporting period with its fair value as at the balance sheet date.

(in CHF 1,000)	2020	2019
Adjusted rental income of the investment properties	68,037	71,637
Property expense of the investment properties	-7,231	-7,037
Effect of property disposals	126	-63
Intercompany property management fees	-2,003	-2,164
Adjusted net rental income of investment properties ¹⁾	58,929	62,372
Fair value of the investment properties as at the balance sheet date ¹⁾	1,131,190	1,151,565
Net yield of the investment property portfolio	5.2%	5.4%

1) of all investment properties held at the balance sheet date

Return on equity

The return on equity is calculated by comparing the net income for the reporting period as shown in the consolidated income statement with the monthly average of shareholders' equity

(in CHF 1,000)	2020	2019
Net income ¹⁾	78,356	71,008
Average equity ¹⁾	665,870	653,603
Return on equity	11.8%	10.9%
Net income excl. changes in fair value of properties ²⁾	68,524	59,865
Return on equity excl. changes in fair value of properties	10.3%	9.2%

1) based on monthly figures

2) see note 27, p 79; the calculation of the net income excluding changes in fair value of properties in the previous year has been adjusted.

Glossary of key terms

Changes in fair value of properties	The changes in fair value amount to the difference between the market value at the end of the reporting period and the market value at the beginning of the reporting period less any value-enhancing investments capitalised.
Equity ratio	The percentage of shareholder equity in relation to the balance sheet total.
First time valuation of newly acquired properties	The difference between the accumulated acquisition cost (including any subsequent value-enhancing investments) of a property and its first market valuation.
Development property	Properties or land plots for which substantial development is envisaged. The changes in their fair value are, as with the investment property portfolio, disclosed in the consolidated income statement.
Vacancy rate	The vacancy rate is the percentage of the market rent of all vacant areas according to the rent roll set in relation to the maximum gross rental income (target rent) as at the balance sheet date.
Property expense	Property expenses include all costs that can be directly attributed to the real estate. This does not include any income tax, financial expense nor any administration expense of the Group.
Rental income	Rental income is the gross accounting rent receivable of properties (excluding service charges) based on the contractual agreements. This corresponds to target rent less rents lost due to vacancies, defaults, tenants incentives and the like.
Market value	The market value (or fair value) of the investment and development property portfolio is assessed by external property valuers. It equates to the selling price that is achievable in a functioning real estate market between two independent parties and following an appropriate marketing period. Both parties have sufficient knowledge, care and attention and without constraint.
Net rental income	Equates to the rental income receivable in the period after deduction of direct property expenses (rental income minus property expense).
Promotional property	Development property that is being built or developed with the aim of immediate sale. Usually, these are developments in the area of commonhold apartments. Promotional properties are carried at cost. Any reclassifications from investment or development properties are made at market value.
Investment property	The changes in their fair value are disclosed in the consolidated income statement The changes in their fair value are disclosed in the consolidated income statement
Target rent	Corresponds to the maximum achievable rent on the reporting date assuming full occupancy.

Addresses

Holding

Registered office

Intershop Holding AG
Puls 5
Giessereistrasse 18
CH-8005 Zurich

Mail address

P.O. Box
CH-8031 Zurich
Phone +41 44 544 10 00
Fax +41 44 544 10 01
www.intershop.ch
info@intershop.ch

Management companies

Intershop Management AG
Puls 5
Giessereistrasse 18
CH-8005 Zurich
Phone +41 44 544 10 00
Fax +41 44 544 10 01

Centre St Roch – Yverdon-les-Bains S.A.
Rue des Pêcheurs 8
CH-1400 Yverdon-les-Bains
Phone +41 24 425 22 00
Fax +41 24 425 08 88
www.st-roch.ch
immo@st-roch.ch

WTCL Services SA
Avenue de Gratta-Paille 1-2
CH-1018 Lausanne
Phone +41 21 641 11 11
www.wtc.ch
info@wtc.ch

Realconsult AG
Puls 5
Giessereistrasse 18
CH-8005 Zurich
Phone +41 44 544 10 77
Fax +41 44 544 10 01

58th Annual General Meeting

Wednesday, 31 March 2021
Cigarettenfabrik Eventhalle 268
Sihlquai 268, 8005 Zurich

Reporting

Presentation of Annual Report	2 March 2021
Presentation of Half-Year Report 2021	24 August 2021

Listing

SIX Swiss Exchange

Investment products

	Security number	Ticker
Registered share	27'377'479	ISN
1.125% bond 2015–2023	27'577'643	ISH15

Swiss tax value as at 31.12.2020

Registered share	CHF 615.00
1.125% bond 2015–2023	101.25

Investor Relations

Cyrill Schneuwly
Thomas Kaul

Languages

German and English

This Annual report 2020 is a translation of the Annual report 2020 in German. Only the Annual report in German which is available on www.intershop.ch is legally binding.

