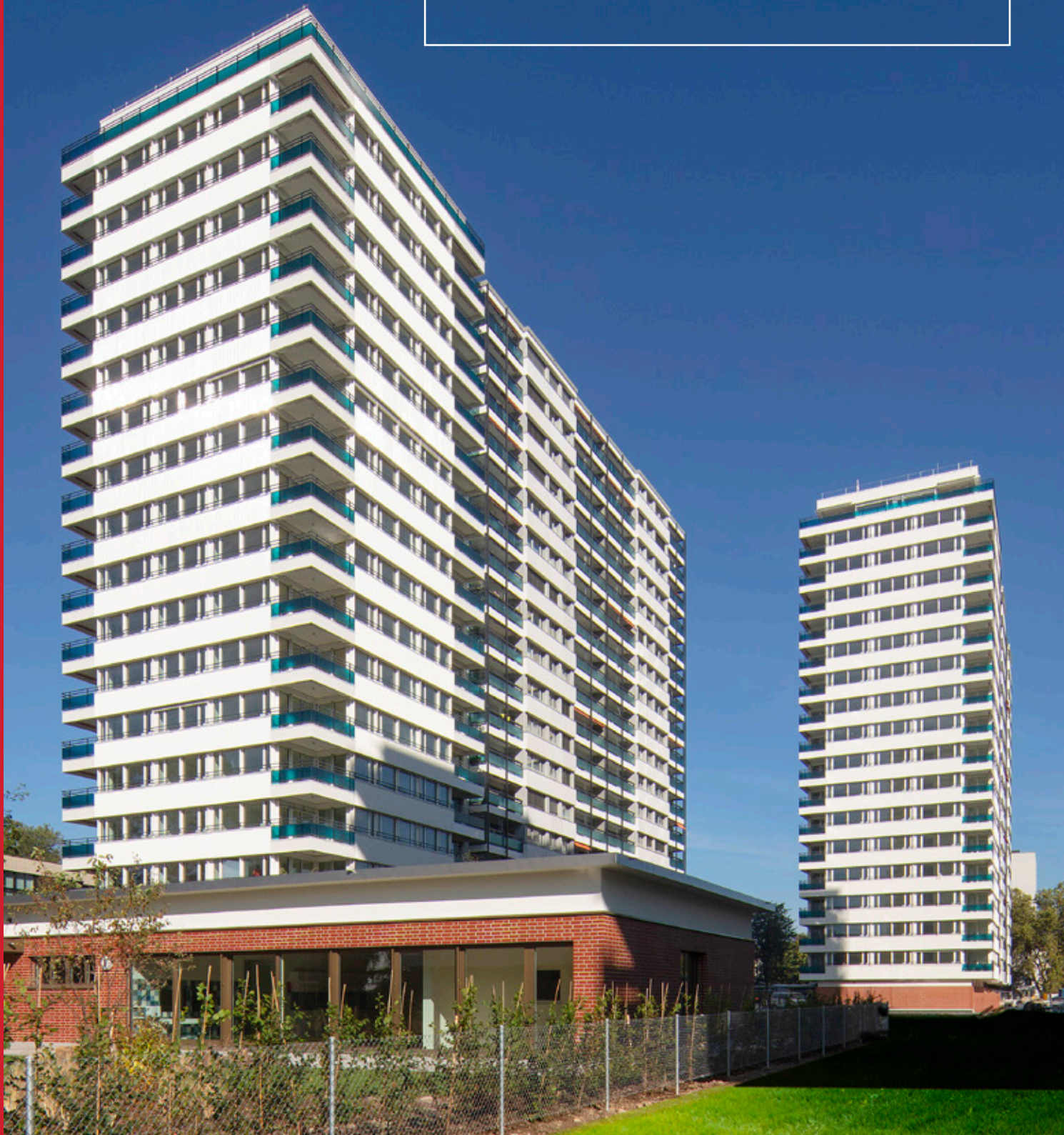
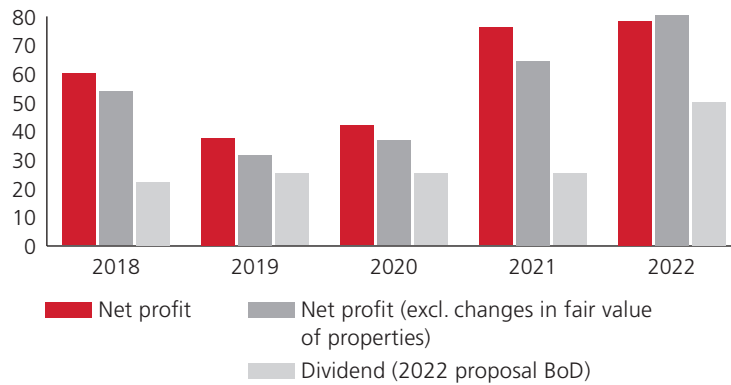


Annual report 2022



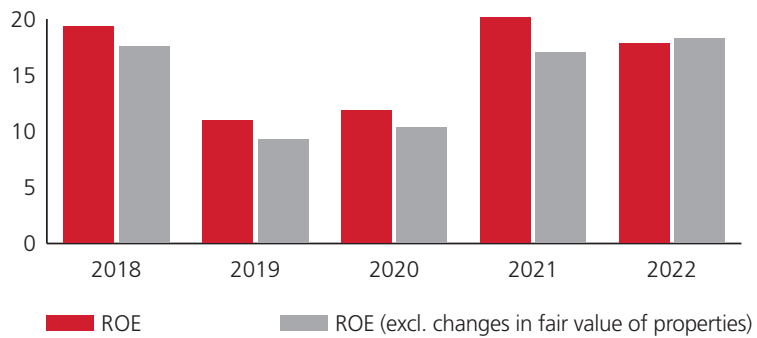
Earnings per share

(in CHF)



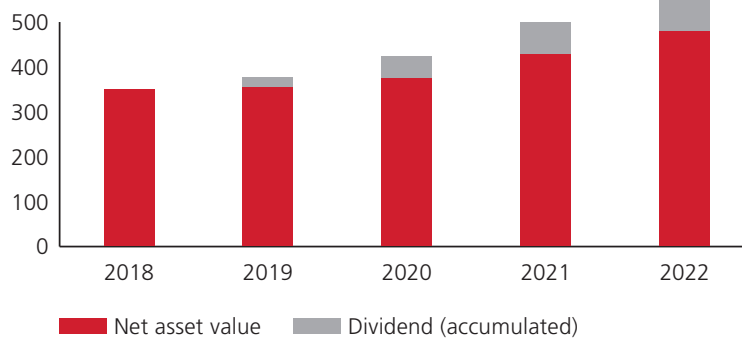
Return on equity

(in percent)



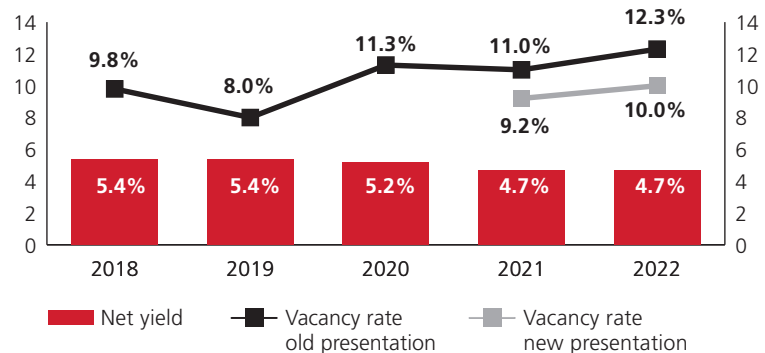
NAV per share

(in CHF)



Net yield and vacancy rate

(in percent)



Key figures Intershop Group

		2022	2021	
Financials	Net rental income	m CHF	68.3	66.8
	Net gains from property disposals	m CHF	133.2	106.1
	Changes in fair value of properties	m CHF	-1.6	32.3
	Operating result (EBIT)	m CHF	191.6	195.1
	Earnings before tax (EBT)	m CHF	185.6	187.3
	Net income	m CHF	145.5	144.2
	Net cash from operations	m CHF	4.9	33.3
	Investments in real estate	m CHF	83.6	84.1
	Total assets	m CHF	1'456.3	1'426.7
	Total value of property portfolio	m CHF	1'393.5	1'387.3
Financial liabilities	m CHF	394.9	428.9	
Shareholders' equity	m CHF	878.8	809.7	
Return on equity ¹⁾		17.8%	20.1%	
Return on equity excl. changes in fair value of properties ¹⁾		18.2%	17.0%	
Portfolio	Number of investment properties		29	39
	Number of development properties ³⁾		20	12
	Lettable area	in m ²	517'468	513'253
	Gross yield ^{2) 4)}		5.4%	5.4%
	Net yield ^{2) 5)}		4.7%	4.7%
	Vacancy rate investment property portfolio ^{2) 3)}		10.0%	9.2%
	Vacancy rate development property portfolio ²⁾		20.2%	19.8%
	Vacancy rate total portfolio ²⁾		13.3%	12.8%
Personnel	Number of employees		65	74
Share	Earnings per share ⁶⁾	CHF	78.18	75.92
	Earnings per share excl. change in fair value of properties ⁷⁾	CHF	80.19	64.22
	Net asset value per share (NAV) ⁸⁾	CHF	476.70	426.40
	Share price at balance sheet date	CHF	603.00	612.00
	Dividend per share ⁹⁾	CHF	50.00	25.00

1) Based on the average shareholders' equity during the period, see «Alternative performance measures», p 124

2) Figures relate to investment property portfolio as at the balance sheet date, figures as at 31.12.2021 adjusted for the new presentation of the portfolio from 01.01.2022 as described on p 11

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 124

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 124

6) See «Earnings per share», p 88

7) After deducting changes in fair value of properties and associated deferred tax, see «Earnings per share», p 88

8) See «Net asset value per share», p 83

9) 2022: Proposal of the Board of Directors to pay an ordinary dividend of CHF 25 and a one-off extraordinary dividend of CHF 25 per share

Management report 2022	6	Letter to shareholders
	10	Real estate portfolio
	6	Financials
	18	Overview 2022
Corporate Governance	22	Group structure, key shareholders, capital structure
	23	Shareholder structure, capital changes, limitations of transferability, Convertible and option rights, Board of Directors
	25	Division of authority, information and control instruments, Executive Board
	26	Remuneration, participations and loans, Rights of participation of the shareholders
	27	Change of control and defence measures, Auditors
	28	Information policy, closed periods
	29	Members of the Board of Directors
	32	Members of the Executive Board
	34	Other management staff of the Intershop Group
Remuneration report 2022	36	Principles, compensation of the Board of Directors
	37	Compensation of the Executive Board
	39	Compensation 2022
	40	Share ownership, executive body loans
	41	Report of the statutory auditor
Sustainability report 2022	44	Preface
	45	Integrated value creation, sustainability and material topics
	47	Integrated governance of sustainability, responsible business activity
	49	Customer-oriented services
	50	Pragmatically controlled value chain
	51	Property-integrated environmental protection
	52	CO ₂ reduction target and CO ₂ reduction path
	53	Environmental key figures
	55	High degree of personal responsibility of the employees
	56	Employee structure and about this report

Strategy and investment policy	58	Strategy and investment policy
Intershop Group Consolidated financial statements 2022	62	Consolidated balance sheet
	63	Consolidated income statement
	64	Consolidated statement of changes in equity
	65	Consolidated cash flow statement
	66	Group accounting policies, principles of consolidation
	71	Risk management
	74	Notes to the consolidated financial statements
	90	Detailed information on the investment property portfolio
	94	Detailed information on the development and promotional property portfolios and the additions and disposals of property
	96	Report of the independent valuation experts
	102	Report of the statutory auditor
Intershop Holding AG Annual financial statements 2022	108	Balance sheet
	109	Income statement
	110	Notes to the annual financial statements
	113	Proposed appropriation of profit
	114	Report of the statutory auditor
Group companies Five year overviews	120	Subsidiaries and participations
	122	Five year overview Intershop Group
	123	Five year overview Intershop Holding AG
Alternative performance measures	124	Alternative performance measures
Glossary	125	Glossary of key terms
Adresses	126	Adresses

6	Letter to shareholders
10	Real estate portfolio
15	Financials
18	Overview 2022

Letter to shareholders

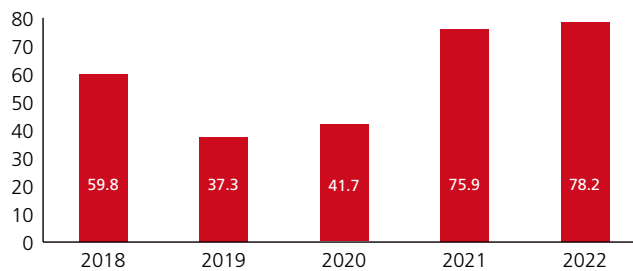
Overview

Dear shareholders, dear Ladies and Gentlemen

In a challenging environment, Intershop closed the financial year as follows:

- The Group's net profit amounted to CHF 145.5 million or CHF 78.18 per share, which corresponds to a return on equity of 17.8%. The result is slightly above that of the previous year.
- Equity increased to CHF 879 million or CHF 477 per share.
- The net yield on the investment property portfolio remained stable at an attractive 4.7%.
- The vacancy rate of the investment property portfolio amounted to 10.0%.
- The overall performance of the Intershop share reached 2.6%.
- The Board of Directors proposes to the Annual General Meeting an unchanged ordinary dividend of CHF 25 and a one-off extraordinary dividend of CHF 25 per share.

Earnings per share in CHF



The result has been significantly influenced by the sale of the «AuPark» in Au-Wädenswil in August of the financial year, which successfully completed the project redevelopment and repositioning of the former industrial site that began more than ten years ago. The pre-tax profit from this transaction amounted to CHF 125 million.

Business review

The status of the transaction market has changed due to rising inflation and increasing interest rates. Significant losses recorded on both shares and fixed-income investments have caused the real estate quota to rise among many institutional investors, which has led to an increased reluctance to make acquisitions. On the other hand, there is only limited evidence that transaction prices have perceptibly fallen. Many potential sellers are therefore not prepared to make any price reductions. In this environment, Intershop was unable to identify any significant acquisition opportunities with attractive added value potential. In addition to the «AuPark», the Group also disposed of a residential project in Biel, a commercial building in Oberentfelden and 18 commonhold apartments at the «Römerstrasse» promotional project in Baden.

Rental income showed some positive development and amounted to CHF 76.1 million, despite Intershop disposing of several properties with rental income of a good CHF 2 million in the previous year. The expiry of pandemic-related government support led to an increase in bankruptcies throughout Switzerland. Intershop was also affected by such cases and had to accept the termination of individual tenancy agreements. The resulting losses were compensated by rental income from Stadler's newly constructed assembly plant in Oberwinterthur and by further let-

ting successes. Excluding transactions (like-for-like), rental income from the investment property portfolio rose by 1.7 %. The vacancy rates have decreased since the middle of the reporting year, but at 10.0% for the investment property portfolio and 13.3% for the entire portfolio, are still above the values at the end of 2021.

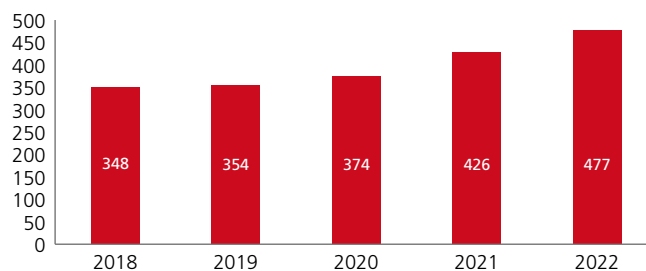
Real estate expenses reduced by 5.9% to CHF 7.8 million, primarily due to lower non-recoverable service charges. The gross and net yields of the investment property portfolio remained at the previous year's level of 5.4% and 4.7% respectively, whilst the development property portfolio increased to 7.1% and 6.0% respectively. The revaluation of the properties by KPMG resulted in a slight revaluation loss of 0.1% or CHF 1.6 million. This decrease in value was, amongst other things, the result of the inclusion of approximately CHF 80 million of additional planned investment in the sustainability of the real estate portfolio over the next 20 years in accordance with the published CO₂ reduction path. In the previous year, the portfolio recorded a net revaluation surplus of CHF 32.3 million or 2.6%, of which 90% of the revaluation related to the «AuPark» project.

The substantial sales proceeds allowed a significant reduction in debt. Interest expense amounted to CHF 6.1 million in the reporting year and was 23% below the previous year's value. The loan-to-value ratio (LTV) of the portfolio at the balance sheet date was a low 28%. The bottom line resulted in a pleasing net profit of CHF 145.5 million and a return on equity of 17.8%.

As at the balance sheet date, the Group equity amounted to CHF 879 million and was 8.5% higher than in the previous year. This corresponds to an equity ratio of 60%. The proportionate equity per share (NAV) amounted to CHF 477.

The result of the year under review in combination with the high equity base has prompted the Board of Directors to propose to the Annual General Meeting the distribution of a one-off extraordinary dividend of CHF 25 in addition to the ordinary dividend of CHF 25 per share.

Net asset value per share (NAV) in CHF



Sustainability

The fourth sustainability report according to the GRI-Standards (Global Reporting Initiative™) was further expanded and can be found in the annual report on pages 44 – 56. For the first time, it also includes a CO₂ reduction path for the Group. Intershop has set itself the goal of at least halving its CO₂ emissions (Scope 1-2) within 10 years and achieving net zero by 2050.

Development projects making progress

The development projects are largely proceeding according to plan. In Basle, Redingstrasse, the 68 new flats in the two high-rise extensions were completed at the end of November. At the balance sheet date, 41 flats have already been let and rental contracts for a further 19 flats have been signed, which will be occupied in 2023. The refurbishment of the existing high-rise buildings has been largely completed. Of the 93 flats that were vacant due to renovation, 62 were already re-let at the end of 2022. At the «Römerstrasse» promotional project in Baden, 18 commonhold apartments were handed over in the reporting year. The transfer of ownership of the remaining 60 flats will take place in the first quarter of 2023. The renovation of the office building in Wohlen and the replacement of the oil heating system with a pellet heating system were completed. The occupancy rate improved substantially from 46% to 73%. In the second half of the reporting year, construction began on the «Orubi» commercial building in Vernier. The commercial space will be marketed under the brand name «Métiers Vernier». Completion of the sustainably designed building, among other things, regarding the energy supply with district heating from geothermal probes, with around 12,500 m² of flexible commercial space is scheduled for the first quarter of 2024.

Organisation and shareholders

At the 2022 Annual General Meeting, Ernst Schaufelberger was elected to succeed Dieter Marmet as Chairman, Kurt Ritz was confirmed as a member of the Board of Directors for another year and Dr. Christoph Nater was elected as an additional member.

In December 2022, the long-standing CEO Cyrill Schneuwly informed that he will leave the Intershop Group in autumn 2023 after a good 25 years of service. The Board of Directors would like to thank Cyrill Schneuwly already now for the excellent work he has done for the Intershop Group. He has led the Group with great skill over the years and has contributed significantly to the Group's success. The evaluation of his successor is underway.

As at the balance sheet date, Intershop had 1,180 registered shareholders. In the reporting year, both AXA Leben AG and Credit Suisse Funds AG disclosed that they had fallen below the 3% threshold. No shareholder exceeded thresholds that were subject to disclosure.

Outlook

Due to the geopolitical situation and the uncertainty regarding further economic development, any outlook is difficult. In principle, Intershop views the outlook as positive, but considers different scenarios when making decisions. If Switzerland remains unaffected by a sharp economic downturn, Intershop can expect an increase in rental income in the low single-digit percentage range, excluding acquisitions and disposals (like-for-like). The operational focus on letting vacant space will remain, so that not only the vacancy rate of the investment property portfolio, but also the entire portfolio should be reduced.

A profit contribution of slightly more than CHF 10 million is expected from the sale of the remaining commonhold apartments at the «Römerstrasse» project in Baden. The transaction market will continue to be closely monitored and attractive opportunities for the realisation of further added value as well as for the acquisition of interesting opportunities will be seized.

Financing costs should develop in a stable manner. Their development depends, in particular, upon the refinancing of the bond that matures in April 2023. The development of the property market values and their influence on the 2023 financial statements cannot be estimated at the present time. While further interest rate increases might lead to higher discount rates that may put pressure on the property values, increasing rental income due to indexation should have a stabilising effect. Intershop remains committed to its goal of achieving a return on equity of at least 8% on a multi-year average.

Thanks

We would like to thank all our shareholders for the trust they have placed in us. We would also like to thank all our clients and, in particular, our employees, whose motivated efforts made this excellent result possible in the first place.



Ernst Schaufelberger
Chairman of the Board of Directors



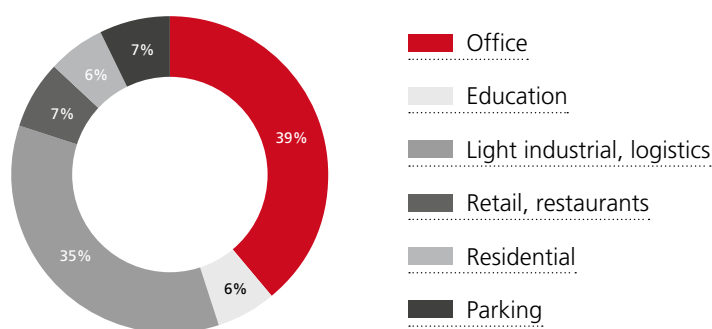
Cyrill Schneuwly
Chief Executive Officer

Zurich, 22 February 2023

Real estate portfolio

The year under review proved to be challenging in various respects. In addition to geopolitical challenges, isolated delivery problems and material price increases, there were also very volatile energy costs and rising interest rates. In this environment, real estate values in Switzerland have shown surprising stability. Given this current situation, Intershop decided to realise more of the added value it has generated. In addition to the sale of the «AuPark» project, which had a significant impact on the annual financial result with a pre-tax profit contribution of almost CHF 125 million, a residential project in Biel, a commercial building in Oberentfelden and 18 commonhold apartments in Baden were also sold. A small commonhold unit was added to the existing building at «Sihlcenter» in Zurich.

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



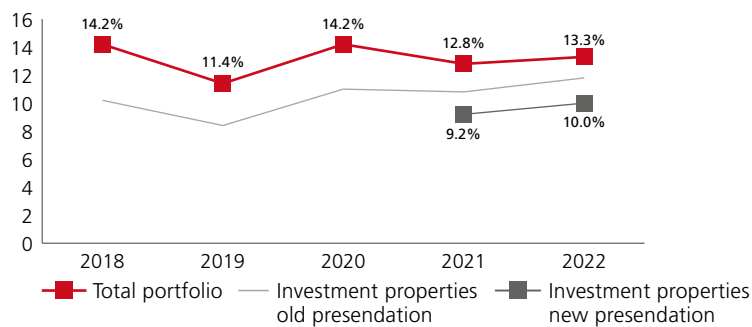
Largely stable earnings

Rental income increased by 1.3% compared to the previous year. The loss of a good CHF 2 million rental income due to property disposals in the previous year and the increase in vacancy of CHF 0.6 million due to the planned renovation of the World Trade Center in Lausanne were compensated thanks to the rental of the assembly plant in Oberwinterthur to Stadler Rail AG and various other rental successes. Like-for-like income from the investment property portfolio increased by 1.7% and income from development property portfolio by 3.3%. Real estate expense decreased by CHF 0.5 million due to lower non-recoverable service charges, which corresponded to a low 10.3% of rental income. Overall, net rental income reached CHF 68.3 million, a good 2% above the comparable value of the previous year.

Encouraging letting successes were achieved in Dübendorf, Pfäffikon SZ, Rue de Lausanne in Geneva and in the commercial properties in Wohlen and Lyss. The residential development in Basle performed very well, with 60 of the 68 newly built flats already let as at the balance sheet date. Of the 93 vacant flats in the renovated high-rise buildings, 62 had already been re-let. Since not all of the flats let were occupied by the year end, the rental success has only partially been reflected in the vacancy rate as at the balance sheet date. Less satisfactory are the vacancy rates of the properties in Cham and Würenlos, where major tenants went bankrupt. The vacancy rate at the World Trade Center in Lausanne also increased significantly. Further tenants left the building due to the upcoming renovation. The rental situation will not improve significantly until the refurbishment is completed. In Pully, the main tenant moved out in the middle of 2022, which caused the vacancy rate to rise to 76%. Fortunately, as at the balance sheet date, all office space has successfully been re-let. As the new tenants will take up their leases at the beginning of 2023, this is not yet reflected in the occupancy rate. Overall, the vacancy rate of the investment

property portfolio has fallen by 0.6 percentage points compared to the middle of 2022, but at 10.0% is still 0.8 percentage points above the level at the beginning of the reporting period. In relation to the entire portfolio, the vacancy rate as at the balance sheet date was 13.3%, which is 0.5 percentage points below the level at mid-year and 0.5 points above the beginning of the year. Of the total vacancies, around a quarter, i.e. 2.8 percentage points, are intentional since the spaces are not currently being re-let due to upcoming or ongoing renovation work.

Development of the vacancy rate in %



New presentation of the portfolio from 2022

For reasons of transparency, Intershop has decided to adjust the presentation of the portfolio as of 1 January 2022. Properties that are to be repositioned or converted in the short to long term will now be consistently shown as development properties. After completion of the transformation, the properties will be reallocated to the investment property portfolio. Properties intended for immediate sale after completion or development will continue to be allocated to the promotional property portfolio. The following investment properties were reclassified to development properties as of 1 January 2022:

- Zurich, Mediacampus, Baslerstrasse 30 / Freihofstrasse 9
- Lausanne, World Trade Center, Avenue Gratta-Paille 1-2
- Basle, Lehenmattstrasse 260
- Berne, Waldhöhweg 1
- Fribourg, Rue de l'Industrie 21
- Regensdorf, Althardstrasse 301
- Bad Ragaz, Elestastrasse 16, 16a + 18
- St. Gallen, Oststrasse 25 sowie 29+31
- Lyss, Industriering 43

Investment property portfolio

In the reporting year, a commercial property in Oberentfelden was sold and a commonhold unit was added to the existing building at «Sihlcenter», Zurich. The property in Pfäffikon SZ, whose renovation has been completed, was reclassified from development to the investment property portfolio at the end of the reporting period. Certification with the Minergie label is still pending, as the supplier of the district heating is behind schedule with the connection. The rentals of the renovated residential properties in Geneva and Berne developed favourably. At the end of the year, all flats in both properties were let. The renovation and densification of Redingstrasse in Basle went according to plan. The aim is to achieve an SNBS «Gold» sustainability label.

Development property portfolio

After a planning and development phase of more than ten years and after the legally valid design plan and building permit had been obtained, Intershop sold the «AuPark» project in Wädenswil to an institutional investor in August 2022. The sale price of CHF 190 million resulted in a pre-tax profit contribution of almost CHF 125 million. At the end of the year, Intershop still held the plot of land on which the Zimmerberg secondary school is to be built by the Canton of Zurich. The transfer to the Canton of Zurich took place on 16 February 2023. This transaction of CHF 19.8 million will not result in a significant profit in the current year.

In Wohlen, the office building was renovated in the year under review, the building was opened towards Nordstrasse and the existing oil heating system was replaced by a pellet heating system, which will result in a noticeable reduction in CO₂ emissions for the entire Group. The new appearance of the area has also had a positive effect on the occupancy rate and the target rent. The vacancy rate halved to 27% and the target rent increased by CHF 0.2 million. Thanks to contracts that have been already signed, the situation will improve even further in 2023. After completion of the renovation work, the property will be reclassified to the investment property portfolio. Intershop expects a gross return of more than 6% when fully let, based on acquisition costs and including investments.

The World Trade Center in Lausanne (WTCL) is to be comprehensively refurbished over a period of two years from middle of 2023. The investment is expected to cost between CHF 60 - 70 million. The revitalisation of the individual buildings will be staggered by temporarily relocating the affected tenants to one of the other buildings. The aim is to achieve an SNBS «Gold» sustainability label. In view of the impending disruptions for the tenants, the vacant spaces are currently not being actively re-let. Accordingly, the occupancy rate of this property will hardly improve during the refurbishment phase. After refurbishment, a gross yield of at least 4.5% is expected.

The small retail building on Lehenmattstrasse in Basle is located directly next to the renovated and extended high-rise residential buildings. As a final development phase, a new replacement building is being planned to secure the attractiveness and to supply the area and the neighbourhood in the long term. For this reason, all existing tenancy agreements have been terminated. The construction of the new, somewhat larger and very energy-efficient low-tech building is planned from the middle of 2023 to the end of 2024. Advanced lease negotiations are underway with the current and future anchor tenant and a bakery.

Promotional properties

The «Römerstrasse» promotional project in Baden is nearing completion. It was not possible to make up for the time lost due to more extensive civil engineering work and delivery difficulties. Nevertheless, 18 of the 78 flats were handed over in the fourth quarter of the reporting year. The realised gain on sale amounted to CHF 3.7 million. The remaining flats will all be transferred to the new owners in the first quarter of 2023.

Ongoing conversions and repositioning

Vernier, Chemin de l'Émeraude 10, 22, 24, «Orubi» project

Construction of the access road started at the beginning of 2022, and construction work on the sustainably designed commercial building began in the 3rd quarter of 2022. Both should be completed in the first quarter of 2024 with the aim of achieving a Minergie certification. Marketing has been launched under the brand name «Métiers Vernier» (www.metiersvernier.ch). The property will have around 12,500 m² of well-lit, flexible commercial space on four floors, efficiently accessed and suitable for commercial activities. The expected investment volume is between CHF 35 and 40 million and, after deducting the ground rent, should achieve a gross return of over 5%.

Conversion and repositioning in planning

Flurlingen, «Arova Hallen», Winterthurerstrasse 702

The site with more than 50,000 m² has about a dozen buildings with very heterogeneous building structure. Some buildings have already been extensively renovated, others are architecturally valuable, while others have a limited lifespan. In 2022, Intershop launched a participatory process to develop a new use and development concept. The aim of the participatory process is to create a broad-based concept in which tenants, neighbours, the municipality, the region and other interested parties can all have their say. The utilisation and development concept is to be completed in 2023 and forms the basis for any adjustments to the communal and cantonal planning regulations. Interim leasing will continue to be actively promoted and framed with low threshold offers to help to increase the attractiveness of the site.

Lausanne, «World Trade Center»

The property will be comprehensively renovated between 2023 and 2025 and adapted to the current needs of office tenants. In terms of sustainability, the aim is to achieve an SNBS «Gold» standard certification.

Zurich, «Mediacampus», Baslerstrasse 30 / Freihofstrasse 9

The site of around 28,000 m², which is currently mostly used for commercial purposes, is currently located in a five-storey residential zone. The location next to the slaughterhouse and entries in the municipal structure plan mean that there is significant interdependence with the City of Zurich. For this reason, Intershop and the City of Zurich have been working for a good two years on various scenarios in several working groups that best reflect the interests of the public sector and those of the landowners. The majority of the current leases run until the end of 2026 at the latest and construction of a residential development with a commercial component with approx. 58,000 m² of allowable floor space is conceivable from 2027. The decision of the Zurich city council to close the slaughterhouse in 2030 has made the site even more attractive.

Conversion and repositioning planned for the medium to long term

Bad Ragaz, Elestastrasse 16-18

The commercial and industrial buildings on the 16,000 m² site in Bad Ragaz are in an outdated condition. In addition, the site is located near the railway station and adjacent to a residential area. Intershop intends to replace the buildings in the medium to long term. The necessary rezoning of the property to residential or mixed use is to be included in the upcoming local planning revision procedure, which is expected to be completed in 2027. Based on discussions with the municipality, Intershop applied for rezoning to a residential zone back in 2021.

St. Gallen, Oststrasse 23, 25, 29 and 31

Intershop has had two mixed-use properties on Oststrasse for many years which were supplemented in 2019 by the purchase of a neighbouring property. A large part of the building fabric dates back to the 1960s or earlier, which is why a new development of the property with a land area of around 7,000 m² is being examined. As a basis for a possible special use plan for the development of the site, a variance procedure with the participation of seven architectural firms was carried out with the involvement of the city. The winning project by EMI Architekten is now being worked on in more detail and will serve as the basis for the subsequent special use plan procedure in 2023/2024. A possible start of construction could take place at the earliest in the middle of 2025.

Winterthur, Oberwinterthur-Neuhegi Industrial Park

In Neuhegi (Oberwinterthur), Intershop is the owner of an industrial site of more than 100,000 m². A purchase option has been granted to an interested party for a land parcel of 11,500 m². Along Sulzerallee there are primarily large production plants and some smaller buildings. Since the production plants are let on a long-term basis, there are currently no concrete development plans. The section of the site on Else-Züblin-Strasse contains a large office building, a laboratory building and various older outbuildings. While the first two buildings are to be preserved, the various outbuildings are to be replaced in the medium term. Initial studies have been carried out and the preparation of the legal basis will be initiated in 2023.

Yverdon-les-Bains, Avenue des Sports 32

For the more than 20,000 m² plot of land in the immediate vicinity of the Centre St-Roch, the procedure to determine the conditional framework for the development of a neighbourhood plan has been underway for several years, which should ensure the continued proper functioning of the existing Centre St-Roch. It is planned to build around 70% residential usage on the site. The location is characterised by its proximity to the lake and the old town. The railway station is also within walking distance. Due to the lengthy preliminary work, Intershop estimates that it will take several years before a legally valid neighbourhood plan is available.

Financials

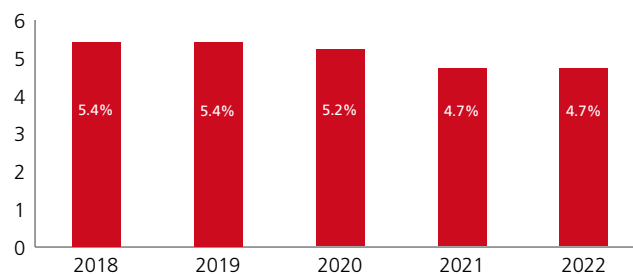
Successful business year with return on equity of 17.8%

Intershop's rental income increased by 1.3% to CHF 76.1 million in 2022 compared to the previous year. The increase is due to letting successes, the completion and letting of an assembly plant in Oberwinterthur and the absence of the pandemic-related negative effects in the previous year. This additional income exceeded the effects of the disposals made in 2021 and 2022 and the increase in vacancy. The gross yield of the investment property portfolio after the new portfolio allocation remained unchanged at 5.4%.

The sale of the «AuPark» development project in Wädenswil, the sale of an investment property in Oberentfelden and a development property in Biel, as well as the transfer of 18 of 78 commonhold apartments from the «Römerstrasse» promotional project in Baden resulted in a profit of CHF 133.2 million, significantly exceeding the previous year's result of CHF 106.1 million.

Real estate expenses decreased by 5.9% and equated to a low 10.3% of rental income. The disproportionate reduction compared to income is due in particular to non-recoverable service charges from previous years, which were lower than expected. The net return on the investment property portfolio remained stable at 4.7%.

Net yield on the investment property portfolio %



Due to lower accruals for performance-related compensation, personnel expenses decreased by 3.8%. Administrative expenses, which also include capital taxes, fell by CHF 0.2 million to CHF 2.4 million.

The market value of the properties at the end of the year was again determined by KPMG Real Estate and resulted in a net revaluation loss of CHF 1.6 million or 0.1% of the portfolio value, compared to a net revaluation gain of CHF 32.3 million in the previous year. The main value drivers were, on the one hand, higher inflation expectations and changes in the rental situation, and, on the other hand, higher planned or completed investments. In particular, higher expenditure to improve sustainability and comply with the CO₂ reduction path were taken into account. Major changes in value resulted on the one hand from a revaluation surplus of CHF 10 million of the residential buildings on Redingstrasse in Basle following the completion of the extension and renovation project, and on the other hand from a revaluation loss of CHF 7 million of the World Trade Center in Lausanne as a result of the planned revitalisation which is proving more extensive than previously planned. The capital-weighted average nominal discount rate was 4.25% (previous year 4.41%, like-for-like 4.35%) for the investment property portfolio and 4.71% (4.60%, like-for-like 4.79%) for the development property portfolio. The reduction is mainly due to the

changed portfolio composition, as the discount rate was only changed for a few properties. The range of nominal discount rates has shifted slightly to 3.10% to 6.30% compared to the assessment at the end of 2021 with 3.20% to 6.40%.

Interest expenses decreased by CHF 1.9 million or 23.2% to CHF 6.1 million due to the slightly lower level of debt and lower interest rates, while the financial income decreased slightly from CHF 0.2 million to CHF 0.1 million compared to the previous year.

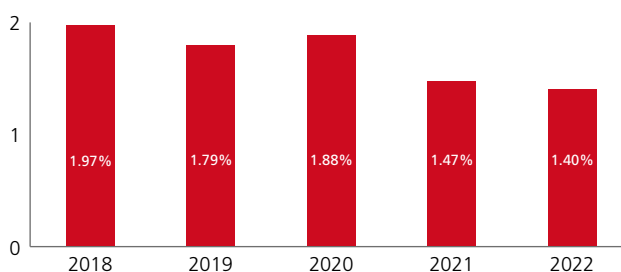
At CHF 40.1 million, the tax expense almost reached the previous year's level due to taxes on property disposals since these were mainly subject to property gains tax.

Profit after tax was 0.9% above the previous year's figure and amounted to CHF 145.5 million, which equates to a return on equity of 17.8%.

Strong balance sheet with equity ratio of 60.3% and active management of capital structure

Due to the investments of CHF 83.6 million made in 2022, the value of the real estate portfolio has increased slightly despite the sales and the small net revaluation loss. At CHF 394.9 million, interest-bearing financial liabilities are CHF 34.0 million lower than on 31 December 2021, while the average interest rate has decreased from 1.47% at 2021 year-end to 1.40%.

Average interest rate on financial liabilities in %



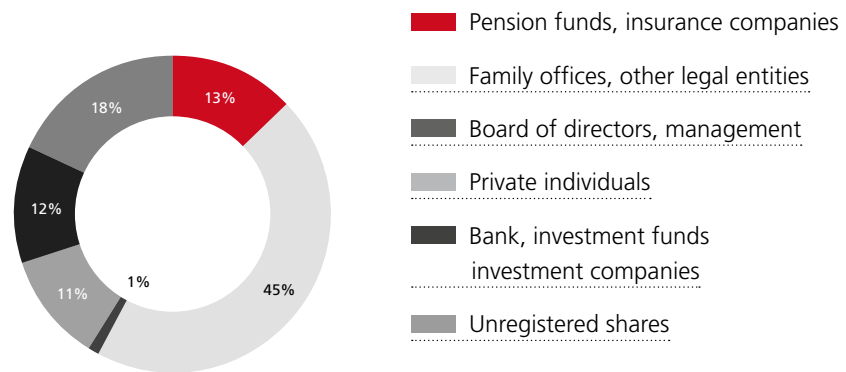
As part of the management of the capital structure, 56,500 treasury shares were acquired for CHF 35.8 million. Despite these share purchases and the dividend distribution of CHF 47.4 million, equity increased by CHF 69.1 million, resulting in a very solid equity ratio of 60.3%.

Above-average performance of Intershop shares

The total return of the Intershop share in 2022, i.e., the change in the share price plus the dividend paid, amounted to 2.6% and was thus significantly above the benchmark index SXI Swiss Real Estate Shares TR with -9.3%.

Stable shareholder base

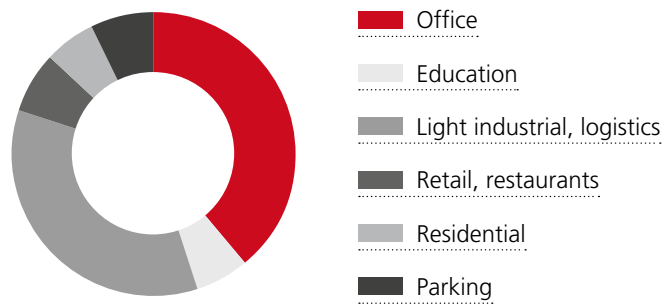
At the end of 2022, Intershop had 1,180 registered shareholders. AXA Leben AG informed at the end of April 2022 and Credit Suisse Funds AG at the end of August that they had both fallen below the 3% threshold. Since the end of the year, the unregistered shares have risen slightly from 17.4% to 17.8%. Around 97% of the shares registered with voting rights are still held by shareholders domiciled in Switzerland.



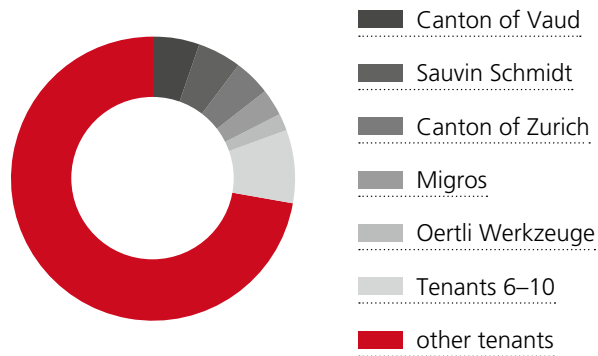
Overview 2022

Portfolio

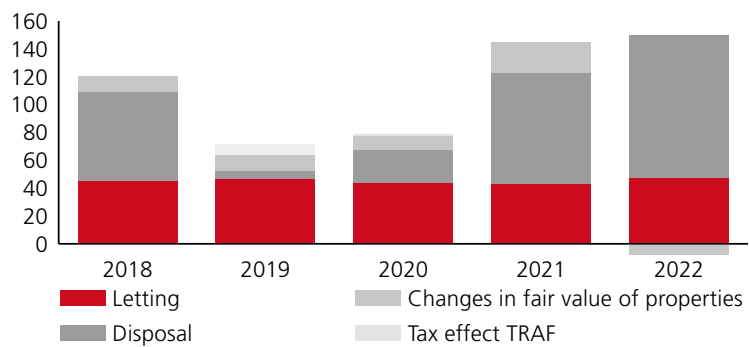
CHF 1.4 bn



Tenants



Net income (in m CHF)



	2022	2021	
Portfolio value	CHF 1,394 Mio.	CHF 1,387 Mio.	Stable portfolio value; investment volume slightly higher than effect of disposals and decrease in valuation
Net rental income	CHF 68.3 Mio.	CHF 66.8 Mio.	Thanks to successful lettings, new developments and lower expenses, it was possible to more than compensate for the loss of income due to sales.
Properties	49	51	Disposal of an investment property and a development property
Vacancy rate of investment property portfolio	10.0%	9.2%	Slight increase of vacancy rate also due to bankruptcies
Net yield of investment property portfolio	4.7%	4.7%	Still high net yield on the investment property portfolio despite investments and increase in value
Return on equity	17.8%	20.1%	Return on equity again significantly over the multi-year average target value of 8%
Equity ratio	60.3%	56.8%	Increase due to reduction of debt and increase in equity
NAV per share	CHF 476.70	CHF 426.40	11.8% increase despite dividend distribution of CHF 25 per share
Earnings per share	CHF 78.18	CHF 75.92	Increase of 3.0% as a result of the higher profit from property disposals despite negative revaluation
Earnings per share excluding changes in fair value	CHF 80.19	CHF 64.22	Increase of 24.9% due to higher profit from disposals
Dividend per share	CHF 25.00	CHF 25.00	Corresponds (including the one-off extraordinary dividend) to an attractive return of 8.3% on the share price as at 31.12.2022
One-off extraordinary dividend	CHF 25.00 <small>Proposal of the Board of Directorss</small>	CHF 0.00	
Total return per share	2.6%	3.6%	Total return is based on the dividend and the price gain; the performance exceeded the SXI Swiss Real Estate Shares TR benchmark of -9.3% significantly (previous year: 4.2%)

- 22 Group structure, key shareholders, capital structure
- 23 Shareholder structure, capital changes, limitations of transferability
Convertible and option rights, Board of Directors
- 25 Division of authority, information and control instruments, Executive Board
- 26 Remuneration, participations and loans, rights of participation of the shareholders
- 27 Change of control and defence measures, auditors
- 28 Information policy, closed periods
- 29 Members of the Board of Directors
- 32 Members of the Executive Board
- 34 Other management staff of the Intershop Group

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 38 staff, it employs the majority of the 65 employees, including group management. A detailed overview of all Intershop Group companies can be found on pages 120 and 121. 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 2022 was CHF 1,146 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 2022 or have published a disclosure according to FMIA:

(in %)	31.12.2022
Patinex AG, Wilen (Martin and Rosmarie Ebner)	37.4
Relag Holding AG, Hergiswil	3.5
Hansjörg Graf, Wollerau	3.2
BlackRock, Inc. New York, USA	≥3.0

AXA Leben AG, Winterthur, reported falling below the 3% threshold on 30 April 2022 and Credit Suisse Funds AG, Zurich, reported falling below the 3% threshold on 25 August 2022. 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 2022 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 2022 in the share register is as follows:

Number of registered shares	Number of shareholders	Number of shares	in %
1 to 100	814	31,108	1.6
101 to 1,000	268	88,140	4.7
1,001 to 10,000	82	247,350	13.0
10,001 to 100,000	15	484,806	25.5
over 100,000	1	710,891	37.4
Total registered	1,180	1,562,295	82.2
Not registered		337,705	17.8
Total shares		1,900,000	100.0

Region	Number of shareholders	Registered shares	Voting rights	in %
Switzerland	1,114	1,441,116	1,383,197	97.4
Europe (without Switzerland)	55	112,748	36,763	2.6
Rest of the world	11	8,431	212	0.0
Total registered shares or voting rights respectively	1,180	1,562,295	1,420,172	100.0
Not registered or no voting rights respectively		337,705	479,828	
Total shares		1,900,000	1,900,000	

Capital changes of the last three financial periods

There have been no changes in capital in the last three financial years.

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 on 31 March 2022, Ernst Schaufelberger was elected Chairman to succeed Dieter Marmet, who did not stand for re-election. Kurt Ritz was re-elected as a member and Christoph Nater was newly elected.

At the same time, all members of the Board of Directors were elected to the Compensation Committee. At the constituent meeting of the Board of Directors convened after the Annual General Meeting, Ernst Schaufelberger was appointed Chairman of the Compensation Committee.

Due to the size of the company and the Board of Directors, no further division of responsibilities is envisaged within the Board of Directors. The full Board of Directors assumes, in particular, the tasks of a nomination committee and also takes responsibility in the area of sustainability.

The selection of the members of the Board of Directors focuses on experience in leadership and management functions as well as listed companies, real estate development and real estate asset management, finance and risk management as well as a knowledge of the Swiss real estate market and in aspects of sustainability.

In addition to the constituent meeting, the full Board of Directors held four ordinary meetings in the reporting year. In addition, five extraordinary meetings were held, and one circular resolution was passed. The ordinary meetings usually lasted half a day, with the preparatory meeting for the annual general meeting taking about two hours. In addition, a one-day strategy workshop was held in the reporting year. All Board members were fully present at all meetings and resolutions. At the beginning of the ordinary meetings, the Board of Directors generally met for about one hour without the participation of the Executive Board, although the CEO was called in for individual agenda items. Except for one extraordinary meeting and one excused absence, the entire Executive Board attended all ordinary and extraordinary meetings. The Executive Board was also fully present at the strategy workshop. The Compensation Committee held two meetings as part of the regular Board meetings.

All decisions of the Board of Directors are made jointly by all members, whereby Art. 20 of the Articles of Association requires a majority vote of the members present. In the event of a tie, the President or the Chairman decides, and in the case of elections, the decision is made by drawing lots, although such a presidential decision was not necessary in the year under review. Potential conflicts of interest are communicated by the Board members to the full Board of Directors. In the event of a conflict of interest, the Board member concerned does not take part in the discussion of the subject matter and the passing of resolutions. There were no conflicts of interest in the reporting year.

The composition of the Board of Directors as well as further information on their education, professional experience and competences can be found on pages 29 to 31. All three members of the Board of Directors are independent. Any vested interests, such as mandates outside the Intershop Group, as well as other significant activities are also listed.

Intershop obtains legal advice from several law firms, including MME Legal AG, of which Christoph Nater is a partner. In fiscal year 2022, fees of CHF 35,000 were invoiced.

Pursuant to Art. 23 of the Articles of Association, members of the Board of Directors may not hold more than four other mandates in listed companies and, in addition, no more than twelve mandates in other legal entities that are required to be entered in the commercial register.

All Board members are elected individually each year for a term of one year. There are no term limits.

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, acquisitions, 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 Executive 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 required in the year under review.

Executive Board

The Executive Board consists of four members, details of which are disclosed on pages 32 and 33.

The long-standing CEO Cyrill Schneuwly will end his activities for the Intershop Group on 30 September 2023. The Board of Directors has started an evaluation process and will announce the successor in due course.

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 36 to 40.

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). As a general rule, 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 39 and 40).

**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 representing shares with a nominal value of ninety-five thousand Swiss francs may request that an item be placed on the agenda of the General Meeting of Shareholders pursuant to art. 699b par. 1 fig. 1 of the Swiss Code of Obligations in conjunction with art. 4 par. 1 of the Articles of Association. The corresponding request must be submitted in writing within a period published by the Company prior to the General Meeting, stating the item to be discussed and the shareholder's proposals.

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 2022 financial year, Philipp Gnädinger 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 12,900 for the same period.

Supervisory and control instruments for the auditor

In connection with the audit planning in 2022, 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, share-price relevant facts are published in the form of ad-hoc publications and other information published as media releases and can be found on the company's website (<https://www.intershop.ch/news>). Interested parties can register to receive ad-hoc publications, media releases and annual reports 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 website «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.

Closed periods

For the Board of Directors, the Executive Board and other employees who have sensitive information, there are closed periods from the balance sheet date until the publication of the annual or semi-annual report and for special transactions.

**Members of the Board of
Directors****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 Real 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 – 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 2023
Expertise	<ul style="list-style-type: none"> – Experience in the Swiss real estate market – Real estate development – Real estate asset management – Sustainability – Risk management

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 – Member of the Board of Directors, Warteck Invest AG, Basle – Member of the Board of Directors, Seewarte Holding AG, Zug – Member of the Board of Trustees, Sammelstiftung Vorsorge Schweiz, Zürich* – 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 2023
Expertise	<ul style="list-style-type: none"> – Experience in the Swiss real estate market – M&A and valuation in the real estate sector – Technology and digitalisation – Sustainability – Corporate management

* from January 2023

Dr. Christoph Nater, 1980, Swiss citizen, Zollikon

Education	<ul style="list-style-type: none">– Law degree (lic. jur.), University of Zurich– Holder of the admission to the bar of the Canton of Zurich– Dissertation on «The formation of wills in the GmH», University of Basle– Master of Law (LL.M.), Georgetown University Law Center, Washington, D.C., USA
Professional experience	<ul style="list-style-type: none">– Meilen district court, Auditor, 2005–2006– Niederer Kraft & Frey, Attorneys at law, Zurich, 2009–2011
Current activities	<ul style="list-style-type: none">– Lawyer at MME Legal AG, Zurich, since 2012 (Partner since 2016)– Member of the Board of Directors, Balanx AG, Zurich– Member of the Board of Trustees, Stiftung Diakoniewerk Neumünster - Schweizerische Pflegerinnenschule, Zollikon– Member of the Board of Trustees, Stiftung Davos Festival, Davos– Member of the Board of Trustees, Stiftung Right to Play, Zurich
Board of Directors Intershop	<ul style="list-style-type: none">– Non-executive member since 2022– Elected until General Meeting 2023
Expertise	<ul style="list-style-type: none">– Construction and real estate law– Corporate management– Communication

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

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
 Philippe Burkhard, Management, Accounting
 Marc Essig, Senior Management, Head Accounting
 Yannick Pietro Hartmann, Senior Management*, Head transactions, Portfolio management
 Elvira Hofmann, Senior Management*, Head asset management/property 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

**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 2023

36	Principles, compensation of the Board of directors
37	Compensation of the Executive Board
39	Compensation 2022
40	Share ownership, executive body loans
41	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 2022 General Meeting to the 2023 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 2022 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 2023, 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 2024. The maximum total compensation for the Executive Board for the financial year 2023 was determined at the 2022 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.

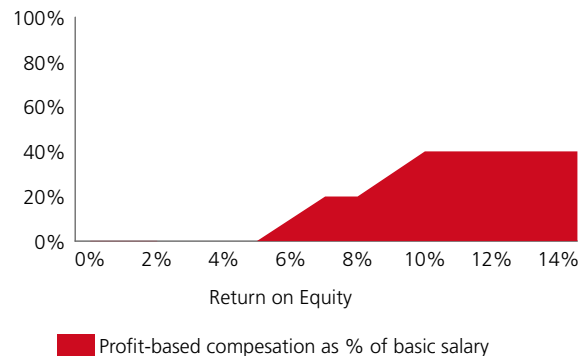
Basic salary

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 17.8% 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 to 56% of the basic salary.

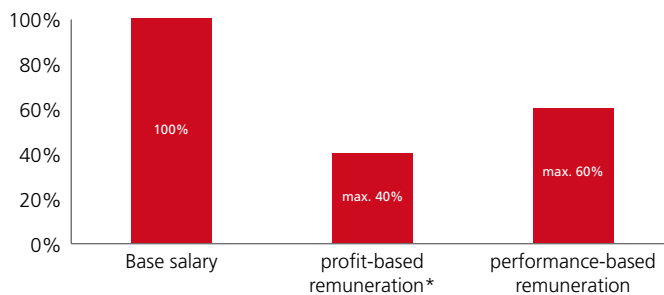
Payment of profit-based compensation in shares

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,

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 2022

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

(in CHF 1,000)	Fee	Other compensa- tion ¹⁾	Total 2022	Total 2021
Ernst Schaufelberger, Chairman	150	7	157	78
Kurt Ritz, Member	75	5	80	80
Christoph Nater, Member	75	5	80	n/a
Dieter Marmet, former Chairman	n/a	n/a	n/a	160
Total Board of Directors²⁾	300	17	317	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 remunera- tion	Performace- based remunera- tion	Other remunera- tion ¹⁾	Total 2022	Total 2021
Cyrill Schneuwly, CEO	500	200	250	178	1,128	1,384
Total Executive Board²⁾	1,284	827	720	476	3,307	3,529

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 0.0 million (representing 0% of variable remuneration) and for the entire Executive Board it amounted to CHF 0.6 million (representing 41% 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.

The pay ratio in the Group was 10.4 in the reporting year and is unchanged from the previous year at 10.4. The pay ratio is the ratio of the annual total remuneration of the highest paid person in the Group to the median of the annual total remuneration for all employees as at the balance sheet date, excluding the highest earner, temporary employees and apprentices.

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)	31.12.2022	31.12.2021
Ernst Schaufelberger, Chairman	350	300
Dieter Marmet, former Chairman	n/a	3,300
Kurt Ritz, Member	200	100
Christoph Nater, Member	40	n/a
Cyrill Schneuwly, CEO	6,516	6,882
Christian Baldinger, Head of Building and Development	3,108	2,891
Thomas Kaul, CFO	3,200	3,292
Andreas Wirz, Head of Portfolio Management	3,833	3,673
Total	17,247	20,438

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

Report on the audit of the remuneration report

Opinion

We have audited the remuneration report of Intershop Holding AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14 to 16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Ordinance) on pages 39 to 40 of the remuneration report.

In our opinion, the information on remuneration, loans and advances in the remuneration report (pages 39 to 40) complies with Swiss law and article 14 to 16 of the Ordinance.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the remuneration report' section of our report. We are independent of the Company 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.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the information on remuneration, loans and advances in the remuneration report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

Our opinion on the remuneration report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the remuneration report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the remuneration report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the remuneration report

The Board of Directors is responsible for the preparation of a remuneration report 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 a remuneration report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

PricewaterhouseCoopers AG, Bahnhofplatz 8, Postfach, 8400 Winterthur, Switzerland
Telefon: +41 58 792 71 00, www.pwc.ch

PricewaterhouseCoopers AG is a member of the global PricewaterhouseCoopers network of firms, each of which is a separate and independent legal entity.

Auditor's responsibilities for the audit of the remuneration report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to article 14 to 16 of the Ordinance is 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 SA-CH 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 this remuneration report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the remuneration report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

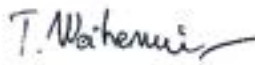
We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

PricewaterhouseCoopers AG



Philipp Gnädinger
Licensed audit expert
Auditor in charge



Tobias Weihenmaier
Licensed audit expert

Winterthur, 22 February 2023

44	Preface
45	Integrated value creation, sustainability and material topics
47	Integrated governance of sustainability, responsible business activity
49	Customer-oriented services
50	Pragmatically controlled value chain
51	Property-integrated environmental protection
52	CO ₂ reduction target and CO ₂ reduction path
53	Environmental key figures
55	High degree of personal responsibility of the employees
56	Employee structure, about this report

Preface

Dear shareholders, dear Ladies and Gentlemen

For the year under review, Intershop has published its fourth comprehensive sustainability report in accordance with the GRI standards, which provides insight into the company's value-creating processes. Intershop takes its ecological and social responsibility seriously to ensure long-term success on the one hand, but also to make its contribution to a future worth living. The corresponding activities and processes as well as reporting are continuously being expanded. The examination of Intershop's role as a real estate owner in connection with the sustainable use of resources and the impact on the climate was continued at various levels.

The analysis of the portfolio regarding CO₂ emissions was refined with the help of specialists and the future development was modelled within the framework of various scenarios. On the one hand, results have been encompassed into current and planned operational optimisation projects together with any revitalisation and development project in which more sustainable energy sources are to be realised or planned. The latter is described in detail in the section «Property-focused resource optimisation». On the other hand, the analyses at portfolio level have enabled Intershop to define a concrete, realistic CO₂ reduction path, which is presented in this sustainability report. The goal is to halve CO₂ emissions in operations by 2032 and to reach the CO₂ net zero target by 2050, thereby contributing to fighting climate change in accordance with the Paris Climate Agreement.

It is gratifying to note, for example, that the SNBS «Gold»-certified revitalisation and extension of the property at 42+44 Rue de Lausanne in Geneva, which included replacing the oil heating system with an air-source heat pump, has reduced CO₂ emissions per square metre of effective energy-related area from an average of over 30 kg CO₂e before the renovation to the current level of around 2.4 kg CO₂e.

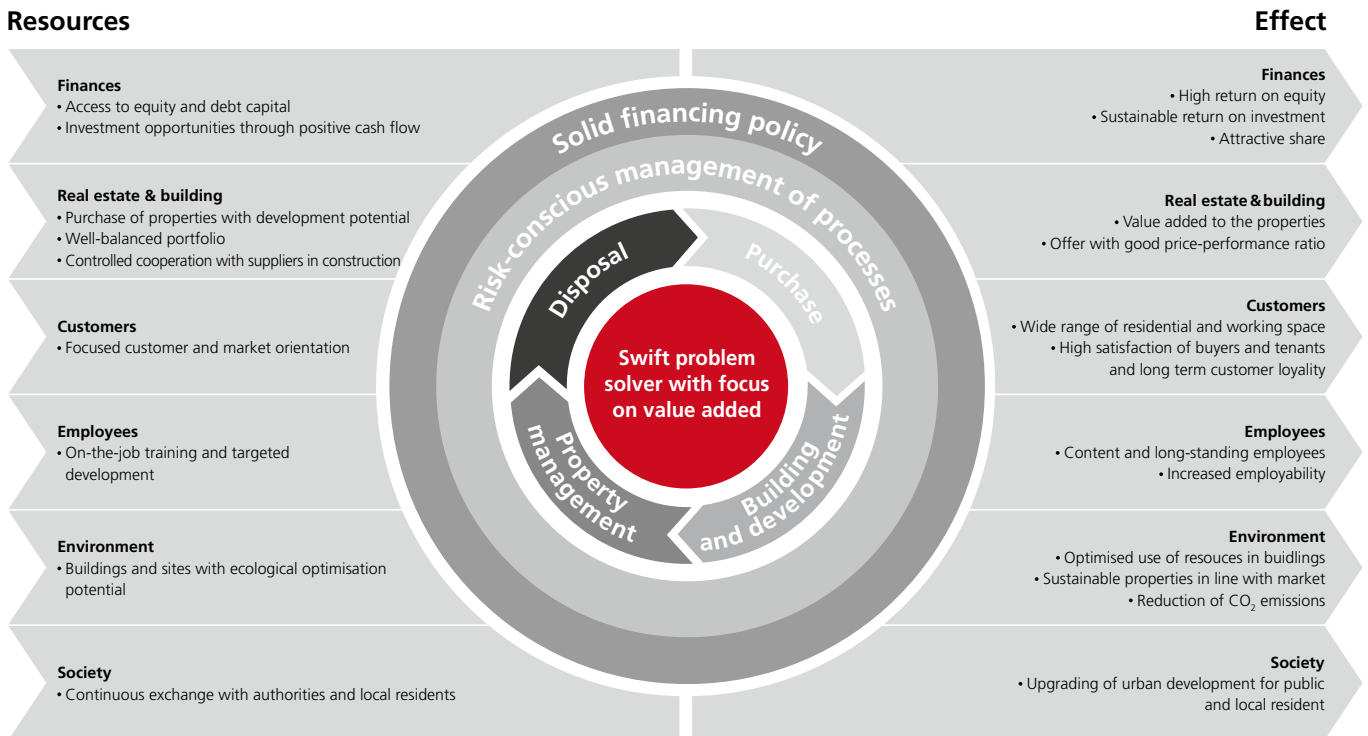
The Intershop Group attaches great importance to a good working atmosphere and a lot has been invested in the training and further education of employees and the greatest possible flexibility is offered through part-time employment. In fiscal year 2022, Intershop conducted a comprehensive employee survey for the second time together with a specialised company. This resulted in a positive overall assessment, and Intershop was once again awarded the title «Great Place to Work». At the same time, some areas for potential improvement were identified and these are being addressed with appropriate measures.



Cyrill Schneuwly
Chief Executive Officer

Zurich, 22 February 2023

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 must be solved with a high degree of agility. This can only be achieved if all the resources that Intershop draws on for its business activities are integrated into business processes as effectively as possible. These include access to financial and real estate markets, a high level of customer and market orientation, motivated employees with a high level of personal responsibility and the ability to meet both ecological and economic requirements and social expectations. Simultaneously 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 that Intershop creates for customers, employees, the environment and society. Intershop's integrated understanding of sustainability is summarised in the above diagram, 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. As part of the initial implementation of the GRI standards, the material topics to be reported on were determined with the support of external experts. This materiality analysis is reviewed annually by the Executive Board and this year in particular, where the new GRI-Standards 2021 have been incorporated. External stakeholders were not explicitly consulted. However, their known interests are taken into account by the Executive Board in the assessment.

Materiality was assessed on the basis of relevance for long-term business success, for stakeholders and in terms of impact on the economy, the environment and society. The result of the materiality analysis is shown in the following diagram (GRI 3-1, 3-2):

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 and CO₂ reduction path - 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 aforementioned material topics are addressed in the sustainability reporting, whereby management approaches and key figures are integrated.

Intershop's key stakeholders include tenants, buyers, employees, shareholders as well as authorities and suppliers. The stakeholders are derived from the business activities and value chain of the company. They are either affected by the impact of, or have significant influence on the business activities. Thanks to the lean corporate structure, the Executive Board and many of the employees are in regular contact with various stakeholders and it is this individual business relationship with the stakeholders that defines the regularity of these exchanges. In addition, Intershop places emphasis on a culture of open communication and informs its stakeholders and the public through news, press releases, presentations, conferences and general meetings, as well as annual reports. Examples of the repeatedly expressed concerns of stakeholder groups include the provision of common facilities for tenants, such as showers for bike-to-work commuters and other athletes, as well as charging stations for electric vehicles. In the reporting year, a small number of tenants again benefited from partnership schemes agreed in the previous year in connection with the management of the Covid 19 pandemic. In the 2022 financial year, shareholder representatives and investors in the Green Bond affirmed the need for more comprehensive sustainability reporting. A major concern of investors was the further expansion of sustainability reporting, the introduction of reporting in accordance with GRESB and the publication of a CO₂ reduction path. Such a path was developed together with external specialists and is published in this report. Particularly in connection with the larger development projects such as the «Mediacampus» in Zurich, an ongoing, in-depth dialogue with the authorities and various stakeholders is being conducted.

Integrated governance of sustainability

As part of the strategy definition, the Board of Directors is responsible for the essential aspects in the area of sustainability. In this context, sustainability has also been anchored into the strategy and investment policy on pages 58 and 59 and is described in the value chain. Essential aspects are also set out in the Code of Conduct, which is binding for all employees of the Group. The development of further guidelines, for example for suppliers, is planned for 2023.

The Board of Directors has delegated the implementation of sustainability issues and in particular the analysis of the company's impact on its environment to the Executive Board. The Executive Board reports on the development of sustainability issues at all regular meetings of the Board of Directors. Due to the size of the company, the entire Executive Board assumes responsibility in the area of sustainability, including the annual review of the material topics. As part of the reporting process, the Board of Directors reviews and approves the Sustainability Report as part of the Annual Report.

Critical concerns can be communicated by stakeholders to the Board of Directors and raised by shareholders at the Annual General Meeting. There were no critical issues raised in the reporting year. Tenants' concerns are addressed through regular dialogue. Employees concerns are identified through annual appraisal interviews and the anonymous employee survey. As part of the annual risk assessment by the Board of Directors, critical issues are proactively analysed, discussed and, if necessary, measures are initiated.

The Board of Directors and the Executive Board regularly receive further training in ESG topics. In 2021, for example, the annual strategy workshop was dedicated to the topic of sustainability, to which external expert speakers and representatives of stakeholders were also invited. In addition, the members of the Board of Directors contribute their many years of experience in the area of sustainability from previous activities.

As part of its annual self-assessment, the Board of Directors also evaluates its own performance with regard to sustainability criteria.

Responsible business activity

Values and principles

Intershop assumes social and individual responsibility, is committed to fair competition and the free market and to fair business relationships. In addition, the company strives to achieve sustainable corporate success that is geared towards future viability and is intended to create added value for shareholders and stakeholders in the medium to long term. Long-term value creation continues to be the focus of the company's business activities. Satisfied customers - especially satisfied, long-term tenants - are the basis for a 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 areas, real estate and services.

The basis for implementing the values and principles in everyday corporate life is an open culture of communication and discussion as well as 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 stakeholders 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 of 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, 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 will be analysed in this regard. The focus on return on equity is also promoted by the fact that the remuneration of the Executive Board depends, not only on the company's success but is also linked to the return on equity. Management's long-term focus on shareholder interests is further supported by a share ownership incentive with a vesting period of five years. 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 acquire new properties. Thus, the current market environment is primarily used for disposals and the implementation of developments in the company's own portfolio has been pushed forward. Despite these challenges, Intershop generated a return on equity of 17.8% in the year under review, thus once again significantly surpassing the target of 8%. In addition to the high return on the property portfolio, profits from disposals helped to contribute to this.

High attractiveness for investors

The purpose of the company is to create risk-adjusted added value for shareholders through real estate investments. Intershop strives to offer its shareholders with an indirect real estate investment with an attractive return and to allow them to participate in its success primarily, through dividend distributions. 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 in the real estate market and the financing structure are central pillars in the implementation of this strategy. In each of the last ten financial years, a return on equity of more than 10% was generated, with an average value of 13.4%. In 2021, a green bond for CHF 100 million with a term of 5 years was successfully placed. The funds were invested in «green buildings» in accordance with the Green Bond Framework, such as the SNBS «Gold» certified property on Rue du Lausanne in Geneva. On the one hand, this ensured the financing of sustainable investments and, on the other, created a fixed-interest investment instrument for sustainability-oriented investors.

Compliance and society

As a listed company, compliance with all legal regulations 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 the long-term corporate development whilst taking the interests of the stakeholders into account. Effective corporate governance with integrated compliance management helps in the recognition of market trends and changes in general regulatory frameworks and to protect against fines and penalties, thus supporting the long-term success of the company. Compliance issues are implemented in the company's day-to-day operations through guidelines, directives and training.

For example, anti-corruption regulations have been in place 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 2022, as in previous years, there were no significant fines or non-monetary sanctions due to non-compliance with laws or regulations. Intershop was also not involved in any proceedings due to anti-competitive behaviour or violations of antitrust and monopoly laws. Furthermore, no cases of corruption were registered.

Intershop is politically neutral and therefore does not support any political parties. Donations to charitable organisations remained unchanged at CHF 2,500 per year. In the year under review, as in the previous year, Intershop did not engage in any sponsoring. In order to better serve its own interests, Intershop is a member of Verband Immobilien Schweiz (VIS), Swiss Real Estate Association (SVIT) and Swiss Homeowners Association, as well as 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 the needs of the tenant and to analyse and work out value enhancement potential in acquisitions and development projects by forming interdisciplinary project teams. Due to the size of the company, the management team knows all properties in detail and contributes know-how and experience. The long years of service of many key employees helps to promote the continuous implementation of value enhancement projects, which is particularly relevant for development projects with a long planning and approval phase. In the 2022 business year, various development projects have progressed, and significant milestones were reached. Details are described in the management report (pages 6 to 17).

Distinct customer orientation and good price-performance ratio

Intershop's clients include private, public and commercial tenants in real estate, private buyers of commonhold apartments in promotion properties and institutional and private investors as buyers of investment and development properties. Intershop uses various tools such as websites, online 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 expertise enables fast response times in letting and is characterised by a strong customer-orientated approach with its own property and facility management services on site. In some properties, additional services are offered to tenants. At the World Trade Center in Lausanne, for example, there are serviced offices, telephone and postal services, meeting and conference rooms available. Intershop focuses on the lower and mid-range price segments in rental and sale of commonhold apartments. For example, a high degree of standardisation in the construction of leads to an attractive price-performance ratio.

Tenant and customer satisfaction

Satisfied customers, i.e., tenants and buyers of commonhold apartments, are key to the success of a real estate company. In addition to the organisation's customer-orientated approach and 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 significant 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 necessary improvements. In 2022, a few tenants again benefited from partnership schemes agreed in the previous year in connection with the management of the pandemic. Quality management for 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 the working and living areas are also taken into account. In 2022, as in previous years, there were no breaches of regulations related to 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 competence 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 of property management, construction and development, and facility management also enables fast reaction times, for example when presenting customiser-specific solutions for letting. The efficient procedures and rapid decision-making processes are pursued through flat hierarchies and an open culture of discussion. For example, facility managers and project managers can address problems, present ideas and projects and discuss them in interdisciplinary weekly meetings with 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 the processes, which are implemented within the framework of employee information 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, utility companies, building cleaners, lawyers and consultants. In addition to price and quality of service, reliability and experience are also central to the selection process. Other criteria include local knowledge 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 letting of existing properties, the management of the respective project and property-related supply chains is complex. On the one hand, personal, long-standing relationships are of great importance. On the other hand, 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 are predominantly from the respective geographical regions. In 2022, Intershop worked with approximately 1,700 suppliers. The largest suppliers in terms of revenue 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-focused resource optimisation

The conservation of natural resources and energy efficiency are not only key criteria in the operation of real estate, but also in new construction projects and major renovations and conversions. Decisions in the real estate sector have very long-term effects, which is why environmental criteria play an important role in real estate development, especially for larger sites. Efficient buildings have lower costs and are more marketable in the long term because tenants and investors increasingly demand sustainable buildings. Intershop's portfolio is diverse and ranges from investment properties renovated in accordance with sustainability criteria to development sites with an historic building fabric and outdated building technology. For this reason, the sustainability assessment and resource optimisation is carried out on an individual property basis taking into account the property's life cycle.

With investment properties, the focus is on the continuation of current operations. The existing portfolio of investment properties is continuously analysed for sustainability-relevant optimisation measures, taking into account use and life cycle. In the process, the facilities are made more energy efficient and, where possible, switched to renewable energy sources to reduce CO₂ emissions. In addition, the certification of refurbished or newly constructed properties, or the fulfilment of standards even without certification, is important for long-term value retention. For example, the SNBS «Gold» certified revitalisation and extension of the property at 42+44 Rue de Lausanne in Geneva, which included replacing the oil heating system with an air-source heat pump, reduced the CO₂ emissions per square metre of effective energy-related area from an average of over 30 kg CO₂e to the current level of around 2.4 kg CO₂e.

Completed projects in investment and development property portfolio

Property	Project	Energy production	Certificate
Geneva, Rue de Lausanne 42+44	Addition of stories and refurbishment	Air-sourced heat pump and solar energy	SNBS Gold
Pfäffikon, Talstrasse 35-37	Refurbishment	District heating and solar energy	Minergie ¹⁾
Wohlen, Nordstrasse 1	Refurbishment	Wood pellets	-
Winterthur, Fabrikstrasse 2	Construction of assembly plant	District heating and solar energy	-

1) Certification is expected to take place in the 2nd quarter 2023

Ongoing projects in investment property portfolio

Property	Project	Energy production	Certificate
Basle, Redingstrasse 10/12/14 + 20/22/24	Annex to high rise buildings and refurbishment	District heating and solar energy	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

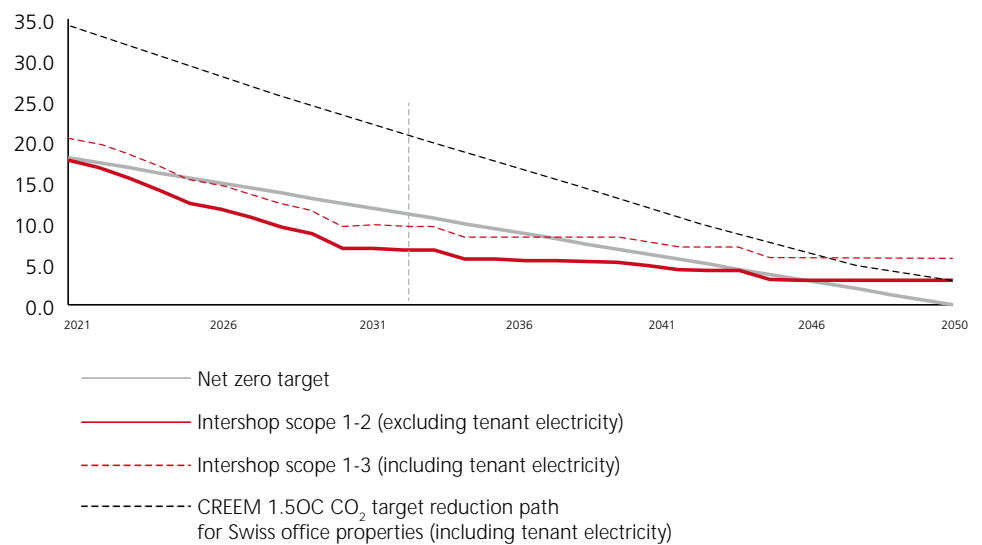
Property	Project	Energy production	Certificate
Baden, Römerstrasse	Construction of commonhold apartments	District heating and solar energy	Minergie
Lausanne, World Trade Center	Refurbishment	District heating and solar energy	SNBS
Vernier, Chemin de l'Emeraude 10, 22, 24	Construction of commercial property	Heat pump and solar energy	Minergie

CO₂ reduction target and CO₂ reduction path

The analysis of the portfolio regarding CO₂ emissions, which was started in 2021, was refined with the help of specialists and the future development was modelled within the framework of various scenarios. On the one hand, results have been encompassed into current and planned operational optimisation projects together with any revitalisation and development project in which more sustainable energy sources are to be realised or planned. The latter is described in detail in the section «Property-focused resource optimisation». On the other hand, the analyses at portfolio level have enabled Intershop to define a concrete, realistic CO₂ reduction path, which is presented in this sustainability report. The actual condition and the strategy of the properties, together with the viability and timing of the applicable investments were all taken into account. The reduction path is to be understood as a dynamic forecast that is regularly adjusted for the current status of the portfolio in terms of energy consumption, mixture, planned investments and property strategies. The result is that a goal has been defined to halve CO₂ emissions in operations by 2032 compared to 2021 and to achieve the net zero CO₂ target by 2050, thereby contributing to the fight against climate change in accordance with the Paris Climate Agreement. At the centre of the measures to realise the CO₂ reduction path is the replacement of fossil heating systems with heat pumps or district heating, which have lower CO₂ emissions. It should be noted that the implementation of district heating, for example, is dependent on third parties. The reduction path refers to the Scope 1 and Scope 2 emissions from property

operations directly under the control of Intershop as property owner. A reduction path from CRREM is presented as a reference. CRREM is an organisation that publishes global benchmarks for compliance with a 1.5% global warming target for various property types. As a further reference, Scope 3 values, including tenant electricity have been added to the Intershop reduction path. Further Scope 3 emissions, which arise, for example, from the production of the building materials used and in the construction process, have not been taken included.

CO₂-emissions in kg CO₂e per m²



Environmental key figures

In the reporting year, the monitoring and reporting of environmental indicators has been significantly expanded and now covers the entire portfolio. In 2022, the energy consumption of the «like-for-like» portfolio fell by 13.4% from 88.7 kWh/m² to 76.8 kWh/m². CO₂ emissions were reduced by 16.4% from 17.9 kg CO₂e/m² to 15.0 kg CO₂e/m². In addition to a reduction due to more efficient heating systems, initial operational optimisation and cost-saving efforts of both the tenants and Intershop in light of the impending energy shortage, contributed to this improvement. Furthermore, the heating demand was lower due to significantly fewer heating degree days. 91% of the electricity demand and 12% of the heating energy for the portfolio is covered by renewable energy sources. The «like-for-like» portfolio includes only those properties that were under operational control in both reporting periods. This allows conclusions to be drawn regarding efficiency improvements and the effects of measures taken under operational control. With the commissioning of additional solar plants, electricity production was increased by 32%.

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

		absolute		like-for-like		
		2022	2021	2022	2021	in %
Energy consumption						
Electricity	MWh	5,733	5,803	5,733	5,775	-0.7%
Heat						
District heating	MWh	9,812	9,964	9,429	9,964	-5.4%
Gas	MWh	19,627	23,253	19,627	22,914	-14.3%
Oil	MWh	7,369	10,116	7,369	10,116	-27.2%
Total	MWh	42,541	49,135	42,157	48,768	-13.6%
Electricity intensity	kwh/m ²	11.4	11.4	11.4	11.5	-0.7%
Heat intensity	kwh/m ²	65.0	77.3	65.5	77.3	-15.3%
Energy intensity	kwh/m²	76.4	88.7	76.8	88.7	-13.4%
Share of renewable energy						
Electricity	in %	91%	91%	91%	90%	
Heat	in %	12%	10%	11%	10%	
CO₂ emissions						
Gas	t CO ₂ e	4,476	5,303	4,476	5,226	
Oil	t CO ₂ e	2,218	3,045	2,218	3,045	
Total Scope 1	t CO ₂ e	6,694	8,348	6,694	8,271	
Electricity						
District heating	t CO ₂ e	1,024	1,040	984	1,040	
Total Scope 2	t CO ₂ e	1,609	1,632	1,569	1,629	
Total	t CO₂e	8,303	9,980	8,263	9,900	-16.5%
CO₂ intensity	k CO₂e / m²	14.8	17.9	15.0	17.9	-16.4%
Water consumption	m³	177,822	153,256	177,449	152,728	16.2%
Water intensity	m³/m²	0.31	0.27	0.32	0.27	16.2%
Energy production	MWh	3,007	2,279	2,649	2,279	16.2%
CO ₂ equivalent	t CO ₂ e	307	232	270	232	
Data basis						
Number of properties		44	44	43	43	
in % of total portfolio		100	96	98	93	
Energy reference area	m ²	566,257	560,734	556,463	556,463	

The presentation is based on all properties in the portfolio with the exception of the promotion properties, the properties under construction and the land parcels. A total of 100% of the relevant properties as at 31.12.2022 were included in the analysis. For individual properties, the calculation of heating oil consumption is not based on the reporting date 31.12.2022, but on the last reporting date of the service charge accounts period. For some properties for which no final utility bill was available as of the closing date, individual values were estimated based on the previous year's figures. The electricity consumption refers to the general building areas without the specific consumption of the tenants. Properties with individual tenants or condominium associations where Intershop does not exercise operational control were not included in the general electricity consumption. The calculation of the intensity ratios is based on the measured or estimated energy reference area and conversion factors according to the Coordination Conference of Building and Property Bodies of Public Builders (KBOB) are used for the calculation of CO₂ emissions. The absolute values reported for the previous year differ from the values published in the Annual Report 2021, as the previous year's values only related to part of the portfolio (82% of the investment properties), the estimated values were replaced by actual values and individual data errors were corrected. The CO₂ intensities of the previous year also deviate from the published values, as the energy reference area instead of the rented area is now used for the calculation and in some cases other emission factors are used.

High degree of personal responsibility of the employees

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

Intershop works with experienced external partners and promotes the competencies of employees in resource optimisation and sustainable construction through education and training. In 2022, as in previous years, there were no fines or non-monetary penalties for non-compliance with environmental laws or regulations.

High employee satisfaction

In fiscal year 2022, Intershop again conducted a comprehensive employee survey together with a specialised company. The result was another positive overall assessment and Intershop was awarded the title «Great Place to Work». 83% (previous year: 84%) of the employees answered positively to the question regarding job satisfaction. Above-average positive ratings were achieved, for example, in topics such as occupational safety, fairness and availability of managers. Potential for improvement was identified in areas such as error culture, innovativeness and communication. These are to be addressed with appropriate measures.

The Code of Conduct and internal directives regulate dealings with and between employees. It is unequivocally clear that discrimination of any kind is neither covered by the corporate values nor tolerated. The historically low fluctuation rate increased significantly and amounted to 24% for all Group companies (previous year: 8%). The comparatively high turnover rate was due, among other things, to the restructuring of certain facility management tasks and the departure of apprentices after their training. In 2022, there were nine arrivals and eighteen departures, three male and six female and eight male and ten female respectively.

Attractive employer with good development opportunities

Since the qualifications of the employees are an essential part of the company's success, training and further education are particularly promoted and supported. In the reporting year, the employees of the Intershop Group took part in training and development measures on a total of 238 days (previous year: 252 days). This corresponds to an average of 3.9 training days (previous year: 4.0 days) per full-time employee. In addition to one-day training and further education, comprehensive training courses were also completed, for example to obtain the «Real Estate Management Certificate» or a «Master of Advanced Studies (MAS) in Real Estate». Intershop promotes training and further education in the form of financial support and time made available. In addition, Intershop regularly trains apprentices. As of 31.12.2022, two apprentices were in training (previous year: four).

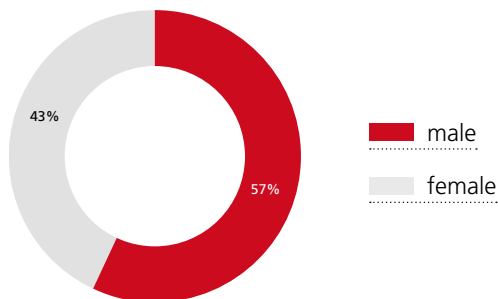
A structured appraisal interview with the direct supervisor is held annually with all employees, which serves the purpose of mutual assessment and target setting.

Employee structure

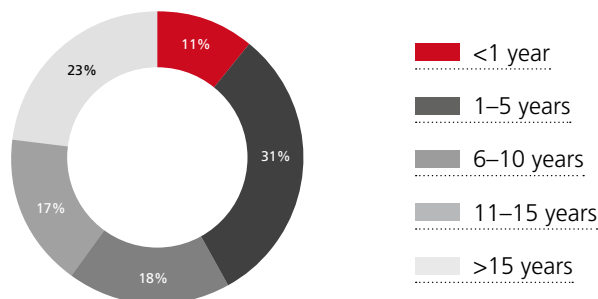
	31.12.2022	in %	31.12.2021	in %
Level of employment				
full time	41	63%	49	66%
part time	24	37%	25	34%
Total	65		74	
Gender				
male	37	57%	42	57%
female	28	43%	32	43%
Total	65		74	
Full-time equivalents	57.6		64.8	

As the Intershop Group operates exclusively in Switzerland, reporting by region is not provided. As of 31.12.2022, 6 employees were employed in facility management on an hourly wage basis without a guaranteed number of working hours. The Intershop Group does not employ any staff who are not employees.

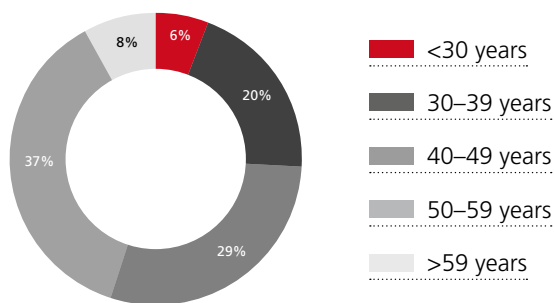
Gender of employees



Length of service of employees



Age structure of employees



About this report

The Intershop Group has reported in accordance with the GRI Standards for the period from 1.1.2022 to 31.12.2022. For the Service Content Index Essentials, GRI Services verified that the GRI Index is presented clearly and in accordance with the Standards and that the references for Disclosures 2-1 to 2-5, 3-1 and 3-2 are consistent with the corresponding sections in the body of the Report. This service was provided for the German version of the report. Intershop reports annually on its sustainability topics. The publication date of this report is 28.02.2023. The contact person is the CFO. The information on energy consumption and CO₂ emissions has been recalculated for the entire portfolio and on the basis of the energy reference area. A restatement of other information is not included in this report. Intershop has not obtained external assurance on the sustainability reporting information and data. The content of this report focuses on those topics that are relevant to Intershop or its stakeholders or have a material impact on sustainable development. Further information is provided in the section «Sustainability and material topics» and can be found in the GRI Content Index. https://intershop.ch/fileadmin/Daten/PDF/GRI/2022_Index_fLz5.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.

62	Consolidated balance sheet
63	Consolidated income statement
64	Consolidated statement of changes in equity
65	Consolidated cash flow statement
66	Accounting policies, principles of consolidation
71	Risk management
74	Notes to the consolidated financial statements
90	Detailed information on the investment property portfolio
94	Detailed information on the development and promotional property portfolio and the additions and disposals of property
96	Report of the independent valuation experts
102	Report of the statutory auditor

Consolidated balance sheet

(in CHF 1,000)

Assets

	Notes	31.12.2022	31.12.2021
Current assets			
Cash	4	52,729	31,701
Trade receivables	5	1,809	252
Other receivables	5	5,421	5,944
Development properties held for disposal	8	19,195	0
Promotional properties	6	50,426	45,068
Accrued income and prepaid expenses	5	1,192	966
Total current assets		130,772	83,931
Non-current assets			
Investment properties	7	991,118	1,153,767
Development properties	8	332,809	188,459
Other equipment		253	249
Intangible assets		1,184	0
Deferred tax assets	12	203	155
Assets from pension benefits	23	0	170
Total non-current assets		1,325,567	1,342,800
Total assets		1,456,339	1,426,731
Shareholders' equity and liabilities			
Current liabilities			
Short term financial liabilities	11	100,012	34,000
Trade payables	9	24,381	21,664
Tax liabilities		10,760	12,255
Short term provisions	10	4,504	1,335
Accrued expenses and deferred income	9	17,616	19,016
Total current liabilities		157,273	88,270
Non-current liabilities			
Long term financial liabilities	11	294,875	394,892
Derivative financial instruments	11	0	6,437
Deferred tax liabilities	12	123,389	124,655
Long term provisions	10	1,997	2,741
Total non-current liabilities		420,261	528,725
Total liabilities		577,534	616,995
Shareholders' equity			
Share capital	13	19,000	19,000
Capital reserves		7,781	7,757
Treasury shares		-35,789	-631
Retained earnings		887,813	783,610
Total shareholders' equity		878,805	809,736
Total shareholders' equity and liabilities		1,456,339	1,426,731

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

Consolidated income statement

(in CHF 1,000)

	Notes	2022	2021
Rental income	17	76,069	75,128
Net gains from property disposal	18	133,166	106,082
Other income	19	5,469	4,250
Total operating income		214,704	185,460
Property expense	20	7,810	8,304
Personnel expense	21	11,303	11,746
Administrative expense	22	2,359	2,604
Total operating expense		21,472	22,654
Changes in fair value of properties	24	-1,600	32,273
Operating result (EBIT)		191,632	195,079
Financial income	25	96	177
Financial expense	25	-6,115	-7,966
Profit before taxes		185,613	187,290
Tax expense	26	-40,143	-43,053
Net income		145,470	144,237

There are no minority interests.

Earnings per share (CHF)	27	78.18	75.92
Earnings per share (diluted) (CHF)	27	78.18	75.92

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 1.1.2021		19,000	7,762	0	692,042	-8,172	710,632
Purchase of treasury shares	13			-1,654			-1,654
Share-based payments (participation plan)	13		-5	1,023			1,018
Dividend payment					-47,500		-47,500
Change of derivative financial instruments	11					3,003	3,003
Net income 2021					144,237		144,237
Balance as at 31.12.2021		19,000	7,757	-631	788,779	-5,169	809,736
Purchase of treasury shares	13			-36,152			-36,152
Share-based payments (participation plan)	13		24	994			1,018
Dividend payment					-47,387		-47,387
Change of derivative financial instruments	11					6,120	6,120
Net income 2022					145,470		145,470
Balance as at 31.12.2022		19,000	7,781	-35,789	886,862	951	878,805

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

Consolidated cash flow statement

(in CHF 1,000)

	Notes	2022	2021
Net income		145,470	144,237
Taxes	27	40,143	43,053
Changes in fair value of properties	24	1,600	-32,273
Depreciation		131	136
Interest income	25	-96	-169
Other financial income	25	9	8
Interest received		88	161
Interest expense	25	6,107	7,950
Interest paid		-6,129	-7,891
Taxes paid		-43,528	-32,247
Net gains from property disposal	18	-133,166	-106,082
Receipts from sale of promotional properties		18,950	34,986
Payments for investments in promotional properties		-19,942	-17,627
Non-cash change in provisions	10	-1,519	97
Change in trade receivables		-268	72
Change in accrued expenses and deferred income		-2,762	529
Changes in net working capital		-102	-1,594
Net cash from operating activities		4,885	33,346
Payments for investments in investment properties		-40,523	-39,127
Receipts from disposals of investment properties		5,481	116,986
Payments for investments in development properties		-23,168	-27,320
Receipts from disposals of development properties		192,027	0
Payments for purchase of participations		0	-247
Payments for purchases of other equipment and intangible assets		-135	-74
Net cash from investing activities		133,682	50,218
Proceeds from financial liabilities	11	0	119,820
Repayment of financial liabilities	11	-34,000	-156,000
Dividend payment		-47,387	-47,500
Purchase of treasury shares	11	-36,152	-1,654
Net cash used for financing activities		-117,539	-85,334
Change in cash		21,028	-1,770
Cash at beginning of reporting period		31,701	33,471
Cash at end of reporting period		52,729	31,701

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», «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. If no other information is provided, the disclosure is in CHF 1,000.

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. 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. The investment properties are divided into categories according to the predominant type of use.
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>

Properties for which a substantial development programme is envisaged, will be transferred from investment to development properties. 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.

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, private placements 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 current assets or 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 holding period based on the asset strategy 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.

Leasing

Contracts for the use of land for which ground rent is paid are assessed to determine whether they are to be classified as operating leases or finance leases. Payments under operating leases are recognised in the income statement over the term of the lease or building lease and are disclosed in the notes.

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 51 million or 3.8% (CHF 58 million or 4.3%) or a decrease amounting to CHF 51 million or 3.8% (CHF 58 million or 4.3%) 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 reduce the annual interest costs of the financial liabilities by CHF 0.0 million (CHF 0.2 million increase) whereas an increase in short-term rates would give rise to an increase of CHF 0.0 million (CHF 0.2 million decrease). The influence of the cash flow hedges on equity following an increase of 50 basis points would amount to CHF 1.3 million (CHF 2.0 million). With a decrease of 50 basis points, the effect would amount to CHF -1.4 million (CHF -2.1 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 property portfolio by CHF 35 million or 2.6% respectively (CHF 40 million or 3.0%), whereas a corresponding increase in the discount rate would reduce it by CHF 35 million or 2.6% respectively (CHF 40 million or 3.0%).

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 376 million (CHF 353 million). The group had no unsecured overdraft limits 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 60.3% (56.8%), and equity amounted to CHF 879 million (CHF 810 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

There were no changes in the scope of consolidation in the year under review.

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
- Orubi SA, Geneva; 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 120 and 121.

3 Investment policy

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

4 Cash

(in CHF 1,000)	31.12.2022	31.12.2021
Bank and cash balances	14,729	31,701
Short-term bank deposits	38,000	0
Total	52,729	31,701

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

(in CHF 1,000)	31.12.2022	31.12.2021
Rating AAA	1,655	3,198
Rating AA	39,431	3,512
Rating A	7,375	11,232
Rating BBB	4,172	8,124
No rating available	96	5,635
Total	52,729	31,701

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 7.4 million (CHF 9.8 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)	31.12.2022	31.12.2021
Net trade receivables	1,809	252
Other receivables	5,421	5,944
Total receivables	7,230	6,196
Accrued income and prepaid expenses	1,192	966
Total	8,422	7,162

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)	31.12.2022	31.12.2021
Gross trade receivables	2,703	1,024
Allowance for doubtful debts	-894	-772
Net trade receivables	1,809	252

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)	2022	2021
Balance as at 1.1.	772	599
Increase	327	427
Allowance used	-131	-71
Decrease	-74	-183
Balance as at 31.12.	894	772

6 **Promotional properties**

(in CHF 1,000)	2022	2021
Balance as at 1.1.	45,068	54,485
Investments	23,404	18,288
Disposals	-18,046	-27,527
Transfer to development properties	0	-178
Balance as at 31.12.	50,426	45,068

In the period under review, 18 of the 78 commonhold apartments of the «Römerstrasse» project in Baden and 10 parking spaces of the «Gellertstrasse» project in Basel were transferred. In the previous year, all 30 commonhold apartments of the «Gellertstrasse» project were sold and individual parking spaces of the «edeneins» and «edendreis» projects were allocated to the investment property Zurich, Staffelstrasse 8/10/12. Income from the sale of promotional properties amounted to CHF 22 million (CHF 41 million). The fire insurance value respectively the construction period insurance of the promotional properties amounts to CHF 58 million (CHF 57 million). Details on the promotional properties can be found on pages 94 and 95.

Current status of promotional properties**Baden, «Römerstrasse»**

Project description:	At the property at Römerstrasse 36-36c in Baden, 78 commonhold apartments are being realised
Project status:	The partial demolition of the existing buildings and the new construction started at the beginning of 2020. In the 4th quarter of 2022, 18 flats were completed and handed over to the buyers. The completion and handover of the remaining 60 flats is scheduled for the 1st quarter of 2023.
Sales status:	Sales commenced in April 2020 and there are notarised purchase contracts for all 60 remaining apartments.

Other projects

After years of approval and appeal proceedings, the cantonal government of Solothurn has cancelled the positive decision of the Solothurn municipal council of 18 June 2019 on the partial zoning and design plan «Wohnpark Wildbach» for the project «Am Wildbach» in Solothurn and has not approved the partial zoning and design plan. Intershop filed an appeal with the Administrative Court in January 2023.

8 Investment properties

(in CHF 1,000)	Office properties	Commercial properties	Residential properties	Total properties
Balance as at 1.1.2021	776,240	287,436	67,514	1,131,190
Investments	8,578	3,548	26,678	38,805
Disposals	-34,354	0	0	-34,354
Changes in fair value 2021	5,739	416	-2,917	3,238
Transfer from and to development properties	0	14,710	0	14,710
Transfer from promotional properties	178	0	0	178
Reclassification as at 31.12.2021	41,021	-117,684	76,663	0
Balance as at 31.12.2021	797,403	188,426	167,938	1,153,767
Purchases	488	0	0	488
Investments	6,209	2,354	31,969	40,532
Disposals	-2,899	0	0	-2,899
Changes in fair value 2022	-2,721	-3,578	17,188	10,889
Transfer from and to development properties	-147'113	-64,546	0	-211,659
Balance as at 31.12.2022	651,367	122,656	217,095	991,118

During the period under review, Intershop acquired a commonhold unit in the property Sihlquai 253-259 in Zurich and sold the property Ausserfeldstrasse 9 in Oberentfelden. In addition, ten properties were reclassified from investment properties to development properties as described on page 11. Furthermore, the property Talstrasse 35-37 in Pfäffikon SZ was transferred from development to investment properties due to the completed revitalisation.

In the previous year, the two investment properties Studen, Sägeweg 7 and Zurich, Hohlstrasse 190/192 were sold. The newly built assembly plant at Fabrikstrasse 2 in Winterthur was reallocated from development to investment properties, and individual parking spaces from the «edeneins» and «edendreis» projects were reallocated from promotion to investment properties. A largely unused parcel of land on the Centre St-Roch site was separated and reallocated to the development properties. The properties at 42/44 Rue de Lausanne, Geneva, and Hofweg/Dammweg, Bern, were reclassified from commercial to residential properties, and Yverdon, Centre St-Roch from commercial to commercial properties.

Details of the purchases and disposals are shown on pages 94 and 95. 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⁾	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Investment properties				
Office properties				
Zurich area	354,190	371,671	472,248	509,097
Lake Geneva area	92,901	201,635	112,709	201,473
Basle / Berne / Midlands	60,332	81,749	63,101	83,195
Other areas	3,674	3,674	3,309	3,638
Total office properties	511,097	658,729	651,367	797,403
Commercial properties				
Zurich area	59,850	78,802	52,903	81,103
Lake Geneva area	46,086	45,840	54,942	52,827
Basle / Berne / Midlands	5,616	15,824	6,162	21,529
Other areas	11,773	30,344	8,649	32,967
Total commercial properties	123,325	170,810	122,656	188,426
Residential properties				
Lake Geneva area	39,498	39,576	68,995	63,460
Basle / Berne / Midlands	130,556	98,508	148,100	104,478
Total residential properties	170,054	138,084	217,095	167,938
Total investment properties	804,476	967,623	991,118	1,153,767

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 96 to 100)

The fire insurance value of the investment property portfolio amounts to CHF 1,022 million as at 31 December 2022 (CHF 1,318 million). Details of the investment property portfolio are shown on pages 90 to 93.

8 **Development properties**

(in CHF 1,000)	2022	2021
Balance as at 1.1.	188,459	147,649
Purchases	0	1,595
Investments	26,213	24,890
Disposals	-61,838	0
Changes in fair value	-12,489	29,035
Transfer to and from investment properties	211,659	-14,710
Balance as at 31.12.¹⁾	352,004	188,459

1) 31.12.2022 including a development property held for disposal of TCHF 19'195

During the period under review, the property Maurerweg 10+12 in Biel and part of the land parcel of the property Seestrasse 295 in Au-Wädenswil were sold with the development project «AuPark». As described on p. 11, ten properties were reclassified from investment properties to development properties and the property Talstrasse 35-37 in Pfäffikon SZ was transferred from development properties to investment properties due to the completed revitalisation. In the previous period, the Orubi development project in Vernier, Chemin de l'Emeraude 10, 22, 24 was acquired and the newly built assembly plant in Winterthur, Fabrikstrasse 2 was transferred from development to investment properties. A largely unused parcel of land on the site of the Centre St-Roch investment property was separated and reassigned to the development properties as Yverdon, Ave. des Sports 32.

Acquisition costs and market value by region:

(in CHF 1,000)	Acquisition costs ¹⁾		Market value ²⁾	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Development properties				
Zurich area	158,877	140,221	195,607	170,350
Lake Geneva area	121,309	5,605	92,387	6,602
Basle/Berne/Midlands	42,538	11,007	44,823	10,114
Other areas	20,867	1,974	19,187	1,393
Total development properties	343,591	158,807	352,004	188,459

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 96 to 100)

As at 31 December 2022 and 31 December 2021, no development properties were carried at cost. The fire insurance value of the development property portfolio amounts to CHF 668 million (CHF 370 million) as at 31 December 2022. Details of the development property portfolio are shown on pages 94 and 95.

9 **Liabilities**

(in CHF 1,000)	31.12.2022	31.12.2021
Trade payables	24,381	21,664
Accrued expenses and deferred income	17,616	19,016
Total	41,997	40,680

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)	31.12.2022	31.12.2021
Warranties	6,285	3,240
Other	216	836
Total	6,501	4,076
thereof short term	4,504	1,335
thereof long term	1,997	2,741

Additional information:

(in CHF 1,000)	Warranties ¹⁾	Other ²⁾	Total
Balance as at 1.1.2021	5,411	1,239	6,650
Provisions used	0	-516	-516
Increase	1,050	153	1,203
Decrease	-3,221	-40	-3,261
Balance as at 31.12.2021	3,240	836	4,076
Provisions used	-11	-98	-109
Increase	4,053	0	4,053
Decrease	-997	-522	-1,519
Balance as at 31.12.2022	6,285	216	6,501

1) In connection with the «AuPark» and «Römerstrasse» property sales, provisions for warranties were accrued for in the 2022 financial year. In addition, provisions from previous sales were released in the reporting period and in the previous year.

2) Other provisions include property-related provisions, primarily from disputes with tenants and buyers of properties. In the reporting period, other provisions were reversed.

11 **Financial liabilities**

(in CHF 1,000)	31.12.2022	31.12.2021
Mortgages, loans and private placements	0	34,000
Bonds	100,012	0
Total current financial liabilities	100,012	34,000
Mortgages and loans	195,000	195,000
Bonds	99,875	199,892
Total long-term financial liabilities	294,875	394,892
Total financial liabilities	394,887	428,892

Current financial liabilities are mortgages, loans and private placements 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 2022:

(in CHF 1,000)	Maturities	Fixed interest term
2023	100,012	100,012
2024	0	0
2025	0	0
2026	99,875	99,875
2027	68,000	68,000
thereafter	127,000	127,000
Total	394,887	394,887

The total book value of pledged assets amounts to CHF 358 million (CHF 385 million). Financial liabilities totalling CHF 195 million (CHF 209 million) are secured through property mortgages.

Financial liabilities are reported at nominal value. Their fair value lies CHF 19 million lower (CHF 12 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 1.40% (1.47%) with an average fixed interest period of 59 months (65 months), taking into account current interest rate hedging transactions. At the balance sheet date, 100% (100%) were fixed-rate mortgages, interest rate hedged rollover loans or fixed-rate bonds and 0% (0%) 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.

In the liabilities from long-term and short-term financing, the outstanding bonds are reported as follows:

(in CHF 1,000)	2022	2021
Balance as at 1.1.	199,892	100,094
Repayment	0	99,821
Amortisation issue premium and issue costs	-5	-23
Balance as at 31.12.	199,887	199,892

The outstanding bonds were issued on the following terms:

	1.125% bond 2015–2023	0.3% Green Bond 2021-2026
Volume	CHF 100 million	CHF 100 million
Term	8 years (17.4.2015–17.4.2023)	5 years (29.6.2021-29.6.2026)
Coupon	1.125%, payable annually on 17.4.	0.3%, payable annually on 29.6.
effective interest rate	1.09%	0.35%
Listing	SIX Swiss Exchange	SIX Swiss Exchange
Swiss security number	27,577,643	111 139 299

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. The proceeds from the green bond are used for the financing of sustainable investments on the basis of the Green Bond Framework. 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 62 million (CHF 62 million) were in place. The details are shown in the tables below:

31.12.2022 (in CHF 1,000)

Maturity	Interest rate	Contract value	Fair value	
			positive	negative
2028	1.46%	24,000	402	0
2028	1.47%	38,000	782	0
Total		62,000	1,184	0

31.12.2021 (in CHF 1,000)

Maturity	Interest rate	Contract value	Fair value	
			positive	negative
2028	1.46%	24,000	0	2,473
2028	1.47%	38,000	0	3,964
Total		62,000	0	6,437

Changes in the fair value of interest rate hedges of CHF 7.6 million (CHF 4.0 million) were recognized directly in equity after taking into account the corresponding taxes of CHF -1.5 million (CHF -1.0 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)	31.12.2022		31.12.2021	
	Assets	Liabilities	Assets	Liabilities
Properties	0	123,389	0	124,622
Employee pensions	0	0	0	33
Other balance sheet items	77	0	78	0
Losses	126	0	77	0
Total	203	123,389	155	124,655

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

Temporary differences relating to subsidiaries of Intershop Holding AG's, on which no deferred tax liabilities are recognized, amounted to CHF 658 million (CHF 605 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 31.12.2021	1,900,000	19,000
Issued share capital as at 31.12.2022	1,900,000	19,000

Treasury shares

	(Number)	(in CHF 1,000)
Balance as at 1.1.2021	0	0
Purchase of treasury shares	2,694	1,654
Share-based payments (participation plan)	-1,654	-1,018
Price difference	-	-5
Balance as at 31.12.2021	1,040	631
Purchase of treasury shares	57,076	36,152
Share-based payments (participation plan)	-1,616	-1,018
Price difference	-	24
Balance as at 31.12.2022	56,500	35,789

14 **Net asset value (NAV)
per share**

	31.12.2022	31.12.2021
Shareholders' equity ¹⁾	878,805	809,736
Number of shares outstanding ²⁾	1,843,500	1,898,960
Shareholders, equity per share (Net asset value, NAV)³⁾	476.70	426.40

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 %)	31.12.2022	31.12.2021
Patinex AG, Wilen (Martin und Rosmarie Ebner)	37.4	35.3
Relag Holding AG, Hergiswil	3.5	3.5
Hansjörg Graf, Wollerau	3.2	3.2
BlackRock Inc., New York, USA	≥3.0	≥3.0
AXA Leben AG, Winterthur	n/a	3.8
Credit Suisse Funds AG, Zürich	n/a	≥3.0

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 37.4%. 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 3.3 million (CHF 3.5 million). The latter included CHF 0.2 million (CHF 0.2 million) in pension contributions and CHF 0.6 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 36 to 40 and in the individual financial statements of Intershop Holding AG (Note 12) on page 112 of this annual report. Intershop obtains legal advice from several law firms, including MME Legal AG, where Christoph Nater is a partner. In fiscal year 2022, fees of CHF 0.04 million were invoiced. 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)	2022	2021
Investment properties		
Office properties	35,893	46,561
Commercial properties	10,488	13,452
Residential properties	5,114	4,238
Development properties	24,548	8,841
Disposals	26	2,036
Total	76,069	75,128

The income from the properties reclassified from investment properties to development properties as at 1.1.2022 is already included in development properties in 2022. The income from the property in Pfäffikon reclassified from development to investment properties as at 31.12.2022 is still shown under development properties in 2022. The income from the properties reclassified as investment properties as at 31.12.2021 is already included in the new category in 2021.

Real estate income declined due to the disposal of properties in the previous year and the increase in vacancy rates.

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

(in % of rental income)	31.12.2022	31.12.2021
Residential	9.3	6.0
Parking without fixed maturity	3.6	3.8
Without fixed maturity	14.0	13.6
< 1 year	4.1	7.9
1 to 2 years	15.0	10.6
2 to 3 years	13.0	13.4
3 to 4 years	9.7	12.4
4 to 5 years	8.6	9.9
> 5 years	22.7	22.4
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)	31.12.2022	31.12.2021
Canton of Vaud	5.5	6.7
Sauvin Schmidt SA	4.8	5.0
Canton of Zurich	4.3	4.5
Migros	2.9	3.2
Oertli Werkzeuge AG	2.2	2.2
Total	19.7	21.6

The share of the public sector, which includes all lease agreements with the Confederation, cantons, municipalities or related legal entities and organisations, amounted to 12.4% (13.7%) as at the balance sheet date.

18 **Net gains from property disposals**

(in CHF 1'000)	2022	2021
Sales proceeds investment properties	5,550	117,200
Reversion of provision for warranties	406	2,731
Fair value at the beginning of the year	-2,825	-34,296
Investments current year	-74	-58
Gross gains from property disposals	3,057	85,577
Disposal costs	-69	-314
Net gains investment properties	2,988	85,263
Sales proceeds development properties	192,850	0
Creation of provision for warranties	-3,800	0
Fair value at the beginning of the year	-52,712	0
Investments current year	-9,126	0
Gross gains from property disposals	127,212	0
Disposal costs	-824	0
Net gains development properties	126,388	0
Sales proceeds promotional properties	21,836	41,047
Change of provisions and accruals for warranties	-253	6,351
Value at the beginning of the year	-9,866	-20,821
Investments current year	-7,558	-4,955
Gross gains from property disposals	4,159	21,622
Disposal costs	-369	-803
Net gains promotional properties	3,790	20,819
Total	133,166	106,082

In the year under review, Intershop sold the investment property Ausserfeldstrasse 9 in Oberentfelden as well as the development property Maurerweg 10+12 in Biel and part of the land parcel of the property Seestrasse 295 in Au-Wädenswil with the «AuPark» development project. In addition, 18 of the 78 condominiums of the «Römerstrasse» project in Baden and 10 parking spaces of the «Gellertstrasse» project in Basel were sold.

In the previous year, the 30 commonhold apartments of the «Gellertstrasse» promotional project and the two investment properties Studen, Sägeweg 7 and Zurich, Hohlstrasse 190/192 were sold. Detailed information on the disposals can be found on pages 94 and 95.

19 **Other income**

(in CHF 1,000)	2022	2021
Service income Realconsult (Facility Management)	2,431	2,456
Service income WTCL Services	607	982
Service income Intershop Management	473	428
Other revenues	1,958	384
Total	5,469	4,250

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

20 **Property expense**

(in CHF 1,000)	2022	2021
Investment properties		
Office properties	3,195	4,967
Commercial properties	988	1,214
Residential properties	1,022	794
Development properties	2,773	1,139
Disposals	-168	190
Total	7,810	8,304

The expense of the properties reclassified from investment properties to development properties as at 1.1.2022 is already included in development properties in 2022. The expense of the property in Pfäffikon reclassified from development to investment properties as at 31.12.2022 is still shown under development properties in 2022. The expenses of the properties reclassified within investment properties as at 31.12.2021 are already included in the new category in 2021.

Property expense is comprised of the following:

(in CHF 1,000)	2022	2021
Maintenance and repair	3,156	3,193
Third-party rent	18	30
Insurance expense	941	1,012
Taxes and duties	816	826
Ground rent	1,054	820
Property management fees	442	393
Non-recoverable service charges	722	1,495
Other expenses	661	535
Total	7,810	8,304

21 **Personnel expense**

(in CHF 1,000)	2022	2021
Wages and salaries	7,331	7,275
Performance-related compensation	2,108	2,612
Social security	955	941
Pension contributions	716	662
Other personnel expenses	193	256
Total	11,303	11,746

22 **Administrative expense**

(in CHF 1,000)	2022	2021
Administrative and general expense	2,449	2,113
Capital tax	-221	355
Depreciation	131	136
Total	2,359	2,604

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 31.12.2022	Waiver of use 2022	Balance sheet 31.12.2022	Creation in 2022	Balance sheet 31.12.2021	Result from ECR 2022	2021
Pension plans	0	-	0	-	170	-170	-426
Total	0	-	0	-	170	-170	-426

Economic benefit, economic liability and pension expense

(in CHF 1,000)	Excess cover/ shortfall 31.12.2022	Economic benefit of the or- ganisation 31.12.2021	Change to 2021 or effecting inco- me statement in 2022	Contributions accrued for the period	Pension expense in per- sonnel expense 2022	2021
Pension plans wi- thout excess cover/ shortfall	-	-	-	281	281	254
Pension plans with excess cover	-	-	-	435	435	408
Total	-	-	-	716	716	662

24 **Changes in fair value of properties**

(in CHF 1,000)	2022	2021
Increase in value of investment properties	32,428	31,003
Decrease in value of investment properties	-21,539	-27,765
First time valuation of newly acquired properties	0	81
Increase in value of development properties	7,378	31,537
Decrease in value of development properties	-19,867	-2,583
Total	-1,600	32,273

The report of the external property valuers, KPMG AG, is shown on pages 96 to 100 of this annual report.

The increase in value of investment properties comprised CHF 10.6 million (CHF 15.2 million) for office properties, CHF 4.6 million (CHF 3.4 million) for commercial properties and CHF 17.2 million (CHF 12.4 million) for residential properties. The decrease in value of investment properties comprised CHF 13.3 million (CHF 21.4 million) for office properties, CHF 8.2 million (CHF 3.5 million) for commercial properties and CHF 0.0 million (CHF 2.9 million) for residential properties.

25 **Financial result**

(in CHF 1,000)	2022	2021
Interest income	96	169
Other financial income	0	8
Total financial income	96	177
Interest expense	-6,107	-7,950
Other financial expense	-8	-16
Total financial expense	-6,115	-7,966

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)	2022	2021
Ordinary income tax	41,457	30,198
Deferred taxes	-1,314	12,855
Total	40,143	43,053

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

(in CHF 1,000)	2022	2021
Profit before taxes	185,613	187,290
Average tax rate	18.70%	18.70%
Income tax at average rate	34,709	35,023
Taxes at other rates ¹⁾	8,728	9,516
Tax rate reductions	-339	-3
Adjustments in respect of prior years,	-2,955	-1,483
Total tax expense	40,143	43,053

1) Includes the effects of property gains taxes

27 **Earnings per share**

	2022	2021
Net income ¹⁾	145,470	144,237
Average number of shares outstanding ²⁾	1,860,646	1,899,971
Number of shares outstanding for the calculation of diluted earnings ³⁾	1,860,646	1,899,971
Earnings per share⁵⁾	78.18	75.92
Diluted earnings per share⁵⁾	78.18	75.92
Net income ¹⁾	145,470	144,237
Changes in fair value of properties ¹⁾	1,600	-32,273
Deferred tax on changes in fair value of properties ^{1) + 4)}	2,134	10,057
Net income excluding changes in fair value of properties	149,204	122,021
Average number of shares outstanding ²⁾	1,860,646	1,899,971
Earnings per share excl. changes in fair value of properties	80.19	64.22

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.

5) In CHF

- 28 **Contingent liabilities** As at 31 December 2022, there were contingent liabilities or guarantees of CHF 0.5 million (previous year none).
- 29 **Operating leases** As at 31 December 2022, there were future obligations of CHF 53.1 million (CHF 55.7 million) for operating lease agreements not recognised in the balance sheet, in particular ground rent. Of this amount, CHF 47.5 million is due in more than five years. The ground rents have remaining terms of between 36 and 63 years and a weighted average remaining term of 47 years.
- 30 **Investments** For the coming five years, total planned investments amount to CHF 315 million (CHF 339 million) excluding promotional properties.
- 31 **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 36 to 40.
- 32 **Events after the balance sheet date** These consolidated financial statements were approved for publication by the Board of Directors on 23 February 2023. They are subject to approval by the Annual General Meeting on 30 March 2023.
- On 16 February 2023, the remaining land parcel at Seestrasse 295 in Au-Wädenswil was transferred to the Canton of Zurich for CHF 19.8 million. No significant events occurred after the balance sheet date until 22 February 2023.

Detailed information on the investment property portfolio

Balance as at 31 December 2022

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
Dübendorf	Stettbachstrasse 7	SIG	AE	100%	2008	1971	1994
Pfäffikon SZ	Talstrasse 35–37	SIG	BR	100%	2000	1987	2020–22
Zurich	Puls 5, Bürogebäude	SGIP	AE	100%	2002	2001–04	–
Zurich	Puls 5, Giessereihalle	SGIP	SW	51.0%	2002	2001–04	–
Zurich	Rautstrasse 33	SGIC	AE	100%	2010	1984	2012/16
Zurich	Sihlquai 253–259	SIG	SW/BR	46.6%	02/06/22	1986	–
Zurich	Staffelstrasse 8+10+12	SIG	AE	100%	1998	1923–63	2002–04
Zurich	Uetlibergstrasse 124, 130, 132, 134	SIG	AE	100%	1999	1893/1958	2002/08
Zurich area							
Lake Geneva area							
Pully	Avenue C.-F. Ramuz 43	SIG	AE	100%	1999	1987	–
Yverdon	Centre St-Roch, Rue des Pêcheurs 8	SIG	AE	100%	1997	1956	seit 1998
Lake Geneva area							
Basle/Berne/Midlands							
Belp	Hühnerhubelstrasse 58,60,62,64,66	SIG	SW	95.0%	1997	1992	–
Grenchen	Postmarkt, Kirchstrasse 1	SIG	AE	100%	1998	1988–90	1998–00
Reinach/BL	Sternenhofstrasse 15/15A	SIG	AE	100%	98/08	1989	–
Rombach	Bibersteinerstrasse 4	SIG	AE	100%	99/19	1991	2009
Basle/Berne/Midlands							
Other areas							
St. Gallen	Heiligkreuzstrasse 9+11	SIG	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 94

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	5,422	0	1,774	0	16	7,212	159	1,580	28.5			
8,361	3,316	0	5,642	0	292	9,250	152	1,372	17.6			
9,434	3,723	0	4,030	0	0	7,753	95	1,482	3.3			
9,349	4,446	0	4,039	97	6	8,588	142	1,474	15.3			
4,658	10,754	1,424	579	0	0	12,757	42	4,570	13.8			
7,567	6,620	1,286	1,144	0	4,488	13,538	79	5,186	0.8			
1,428	2,735	427	913	0	0	4,075	84	1,037	20.8			
3,262	5,438	0	2,807	0	0	8,245	44	2,009	2.5			
4,009	8,167	0	4,204	0	135	12,506	96	2,999	11.1			
12,656	12,772	0	1,873	272	580	15,497	167	5,535	2.1			
64,833	63,393	3,137	27,005	369	5,517	99,421	1,060	27,244	8.6	23,092	2,071	21,021
3,178	2,313	0	578	0	0	2,891	53	967	76.5			
36,319	29,537	1,691	10,791	560	508	43,087	377	7,398	1.3			
39,497	31,850	1,691	11,369	560	508	45,978	430	8,365	10.0	7,913	316	7,597
28,738	11,406	0	8,393	202	1,946	21,947	306	2,868	36.3			
2,283	2,386	1,173	285	949	185	4,978	85	686	17.3			
4,389	3,805	1,259	2,569	0	935	8,568	141	1,514	9.3			
5,346	0	823	1,327	326	1,450	3,926	64	534	1.3			
40,756	17,597	3,255	12,574	1,477	4,516	39,419	596	5,602	23.4	4,706	799	3,907
866	810	0	507	0	0	1,317	18	247	23.0			
866	810	0	507	0	0	1,317	18	247	23.0	182	9	173
145,952	113,650	8,083	51,455	2,406	10,541	186,135	2,104	41,458	11.0	35,893	3,195	32,698

Detailed information on the investment property portfolio (continued)

Balance as at 31 December 2022

Location	Address	Owner	Type of ownership	Percentage of ownership	Year of acquisition	Year of construction	Year of renovation
Commercial properties							
Zurich area							
Höri	Hofstrasse 1	SGI	AE	100%	2000	1990	–
Rüti	Im Neuhof	SGI	AE	100%	1999	1993	–
Winterthur	Fabrikstrasse 2	SGIC	AE	100%	2012	2021	–
Würenlos	Landstrasse 2	SGI	AE	100%	2002	1984	–
Zurich area							
Lake Geneva area							
Vernier	Chemin de Morglas 8	SGI	BR	100%	2002	2000–02	–
Yverdon	Rue des Uttins 27	SGI	AE	100%	2007	1970	2007–08
Lake Geneva area							
Basle/Berne/Midlands							
Interlaken	Untere Bönigstrasse 27	SGIC	AE	100%	2012	2013	–
Lyss	Südstrasse 17	SGIC	AE	100%	2012	2007	2011
Basle/Berne/Midlands							
Other areas							
St. Gallen	Spinnereistrasse 10+12+14	SGI	AE	100%	1998	1968	1983
Other areas							
Total commercial properties							
Residential properties							
Lake Geneva area							
Geneva	Rue de Lausanne 42+44	SGI	AE	100%	99/05	1961	2019–22
Lake Geneva area							
Basle/Berne/Midlands							
Basle	Redingstrasse 10/12/14+20/22/24	DB	AE	100%	2006	1969	2020–22
Berne	Hofweg 5/Dammweg 27	SGI	AE	100%	2005	1935/56	2020–22
Basle/Berne/Midlands							
Total residential properties							
Total investment properties							

1) as at the balance sheet date

2) during the reporting period

Abbreviations are shown on page 94

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	1,669	0.0			
6,949	879	0	3,832	0	0	4,711	80	643	33.4			
13,228	0	0	8,161	0	0	8,161	0	1,365	0.0			
5,877	502	0	5,914	386	292	7,094	63	715	15.9			
36,676	5,168	0	28,473	386	402	34,429	268	4,392	7.5	4,119	201	3,918
30,725	0	0	41,496	0	0	41,496	0	4,120	0.0			
3,101	1,801	0	382	0	0	2,183	40	413	27.1			
33,826	1,801	0	41,878	0	0	43,679	40	4,533	2.5	5,038	718	4,320
3,467	0	0	1,133	0	20	1,153	20	251	0.0			
2,220	0	0	1,230	0	0	1,230	11	164	0.0			
5,687	0	0	2,363	0	20	2,383	31	415	0.0	385	33	352
3,528	2,463	0	4,464	0	0	6,927	79	941	0.9			
3,528	2,463	0	4,464	0	0	6,927	79	957	0.9	478	16	462
79,717	9,432	0	77,198	386	422	87,438	418	10,265	4.9	5,402	462	4,940
948	1,889	610	93	3,934	0	6,526	0	2,252	4.4			
948	1,889	610	93	3,934	0	6,526	0	2,252	4.4	2,059	314	1,745
11,966	0	0	0	24,281	0	24,281	281	5,526	17.1			
1,875	143	0	2,190	1,375	0	3,708	11	740	0.0			
13,841	143	0	2,190	25,656	0	27,989	292	6,266	15.1	3,055	708	2,347
14,789	2,032	610	2,283	29,590	0	34,515	292	8,518	12.2	5'114	1'022	4,092
240,458	125,114	8,693	130,916	32,382	10,963	308,068	2,814	60,257	10.0	51,495	5,205	46'290

Detailed information on the development and promotional property portfolio

Balance as at 31 December 2022

Location	Address	Owner	Type of ownership	Percentage of ownership	Year of acquisition	Year of construction	Year of renovation
All regions							
Au-Wädenswil	Seestrasse 295	SGI	AE	100%	2001	1960–1987	–
Baden	Römerstrasse 36–36c ³⁾	SGI	SW	77%	06/07	n/a	–
Bad Ragaz	Elestastrasse 16, 16a+18	SGI	AE	100%	1999	1960/87	1999–02
Basle	Gellertstrasse 151, 157, 163 ³⁾	DB	SW	0.7%	2006	2021	–
Basle	Lehenmattstrasse 260	DB	AE	100%	2006	1962	–
Bernê	Waldhöhweg 1	SGI	AE	100%	1998	1961	1996
Flurlingen	Winterthurerstrasse 702 (Arova-Hallen)	SGI	AE	100%	2007	1875–1963	2018
Fribourg	Rue de l'Industrie 21	SGI	AE	100%	1999	1969	1985
Lausanne	World Trade Center, Avenue Gratta-Paille 1-2	SGI	AE	100%	2016	1991-92	–
Lyss	Industriering 43	SGI	AE	100%	1999	1964–91	2001–02
Regensdorf	Althardstrasse 301	SGI	AE	100%	2000	1965	1992
St. Gallen	Oststrasse 23	SGI	AE	100%	2019	1920–1970	–
St. Gallen	Oststrasse 25/Schlösslistrasse 20	SGI	AE	100%	1998	1962	–
St. Gallen	Oststrasse 29+31	SGI	AE	100%	1998	1968	2000
Vernier	Chemin de l'Emeraude 10, 22, 24	OR	BR	100%	2021	2022–2024	–
Winterthur	Industriepark Oberwinterthur-Neuhegi	SGIC	AE	100%	2012	1947–2005	–
Wohlen	Nordstrasse 1	SGI	AE/BR	100%	2018	1972–1987	2021–22
Yverdon	Avenue des Sports 32	SGI	AE	100%	1997	1956	–
Zurich	Baslerstrasse 30/Freihofstrasse 9	SGI	AE	100%	1999	1948–63	2002–04

Land plots

Solothurn	Oberer Brühl (Am Wildbach) ³⁾	SGI	AE	100%	1998	n/a	n/a
-----------	--	-----	----	------	------	-----	-----

Total promotional and development properties

Detailed information on the acquisitions and disposals of property

Balance as at 31 December 2022

Location	Address	Owner	Type of ownership	Percentage of ownership	Year of acquisition	Transfer date
Purchase						
Zürich	Sihlquai 253–259	SGI	SW/BR	0.7%	2022	28.02.22
Disposals						
Au-Wädenswil	Seestrasse 295 ⁴⁾	SGI	AE	100%	2001	19.08.22
Baden	Römerstrasse 36–36c ^{3) 4)}	SGI	SW	23%	06/07	11.22-12.22
Basel	Gellertstrasse 151, 157, 163 ^{3) 4)}	DB	SW	2%	2006	01.22-03.22
Biel	Maurerweg 10+12	SGI	AE	100%	1998	01.06.22
Oberentfelden	Ausserfeldstrasse 9	SGI	BR	100%	1989	01.12.22

1) as at the balance sheet date

2) during the reporting period

3) Promotional properties

4) parital sale

Abbreviations

Owner:	DB	= De Bary & Co. AG
	OR	= Orubi SA
	SGI	= SGI Schweizerische Gesellschaft für Immobilien AG
	SGIC	= SGI City Immobilien AG
	SGIP	= SGI Promotion AG

Type of ownership:	AE	= Freehold
	BR	= Leasehold
	ME	= Joint ownership
	SW	= Joint ownership; the percentage shown represents the part owned by Intershop

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
10,880	0	0	0	0	0	0	0	n/a	n/a			
7,141	0	0	0	0	0	0	0	n/a	n/a			
16,540	2,624	0	9,783	0	133	12,540	152	1,233	2.0			
35	0	0	0	0	0	0	0	n/a	n/a			
1,842	0	1,018	231	0	121	1,370	7	233	84.7			
1,178	0	2,111	449	780	0	3,340	32	740	0.6			
54,001	4,151	0	32,627	268	413	37,459	266	3,099	36.9			
787	537	0	519	0	0	1,056	13	146	48.2			
14,651	16,019	69	1,723	0	1,058	18,869	660	6,634	39.6			
44,908	3,162	0	13,044	0	50	16,256	430	1,611	11.5			
16,471	1,828	0	12,351	211	0	14,390	69	1,725	2.7			
1,728	0	0	632	306	0	938	1	73	0.0			
2,905	1,717	0	3,652	170	0	5,539	59	594	0.0			
2,307	88	0	2,075	1,107	0	3,270	12	318	11.0			
7,165	0	0	0	0	0	0	0	n/a	n/a			
106,600	10,344	0	42,249	0	4,501	57,094	512	6,458	12.1			
17,414	2,617	568	10,085	0	143	13,413	164	1,020	27.1			
21,526	0	144	284	302	208	938	265	250	0.2			
28,381	9,993	0	11,541	273	1,121	22,928	164	4,585	8.6			
37,557	0	0	0	0	0	0	0	n/a	n/a			
394,017	53,080	3,910	141,245	3,417	7,748	209,400	2,806	28,719	20.2	24,548	2,773	21,775

Area (in m ²)	Office	Leasable area (in m ²)				Other	Number of Total parking spaces
		Retail	Industrial/storage	Residential			
49	134	0	44	0	0	178	3
32,085	0	0	0	0	0	0	0
2,133	0	0	0	0	0	0	0
101	0	0	0	0	0	0	10
1,492	0	0	0	0	0	0	0
5,920	1,905	0	1,400	151	63	3,519	83



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, 2022

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, 2022. This relates to a total of 29 investment properties and 17 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.



4. Valuation result

Taking into account the above, KPMG estimates the market value of the 46 valued investment and development properties as of 31 December 2022 at total (rounded):

CHF 1,343,122,000

(one billion three hundred forty-three million one hundred twenty-two thousand Swiss francs)

5. Change in value

The fair value of Intershop Group's investment and development properties thus increases by CHF 0.9 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, 07. February 2023

KPMG AG

Handwritten signature of Ulrich Prien in black ink.

Ulrich Prien
Partner

Handwritten signature of Florian Moritz Meier in black ink.

Florian Moritz Meier
Assistant 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 a 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, 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 3.10% and 6.30% for Intershop Group's properties valued as of December 31, 2022. The capital-weighted average nominal discount rate is 4.25% for the investment properties and 4.71% 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	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Growth rate	0.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

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 changes in reference interest rates 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, 2022, 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 2022, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 62 to 95) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and 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 Standards on Auditing (SA-CH). 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 4'300'000



Our audit addressed the Group's income, assets and liabilities. We performed a full scope audit of two group companies and specified procedures at two group companies. Our procedures therefore addressed 95% of the operating income and 90% of the assets of the group.

As key audit matters the following areas of focus have been identified:

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

PricewaterhouseCoopers AG, Bahnhofplatz 8, Postfach, 8400 Winterthur, Switzerland
Telefon: +41 58 792 71 00, www.pwc.ch

PricewaterhouseCoopers AG is a member of the global PricewaterhouseCoopers network of firms, each of which is a separate and independent legal entity.

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.

Based on 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 4'300'000
Benchmark applied	Net assets (Equity)
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.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated 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.

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.

Key audit matters

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 Group's non-current assets consist mainly of investment properties and development properties valued at CHF 991 million and CHF 333 million, respectively, as at 31 December 2022.</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. 92%) 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 66 et seq.), the note on valuation methods and assumptions (pages 98 et seq.), Note 7 and 8 'Investment and development properties' (pages 77 and 79) and the report of the independent property appraiser (pages 96 and 100).</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 investment and development properties.</p>

Deferred tax liabilities arising from property valuation differences**Key audit matter**

Deferred tax liabilities on property valuation differences amount to approximately CHF 123 million as at 31 December 2022. 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.

We consider deferred tax liabilities on property valuation differences to be a key audit matter for the following two reasons.

First, deferred tax liabilities on property valuation differences account for approximately 21% 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.

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.

Please refer to the accounting principles (page 66 et seq.) and Note 12 'Deferred tax assets and liabilities' (page 82).

How our audit addressed the key audit matter

We have assessed and checked the determination of deferred tax liabilities on properties. We performed the following audit procedures, among others:

- 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.

On the basis of our audit procedures, we obtained adequate assurance with regard to the determination and disclosure of deferred tax liabilities on properties by management.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with Swiss GAAP FER and the provisions of article 17 of the Directive on Financial Reporting (DFR) of 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 SA-CH 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.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

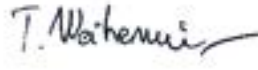
In accordance with article 728a paragraph 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

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

PricewaterhouseCoopers AG



Philipp Gnädinger
Licensed audit expert
Auditor in charge



Tobias Weihenmaier
Licensed audit expert

Winterthur, 22 February 2023

108	Balance sheet
109	Income statement
110	Notes to the annual financial statements
113	Proposed appropriation of profit
114	Report of the statutory auditors

Balance sheet

(in CHF 1,000)

Assets

	Notes	2022	2021
Current assets			
Cash		615	1,682
Other receivables			
from Group companies		2,683	2,458
from third parties		9	2
Accrued income and prepaid expenses			
from third parties		125	108
Total current assets		3,432	4,250
Non-current assets			
Loans			
to Group companies		189,000	229,000
Investments in subsidiaries	1	233,211	233,211
Total non-current assets		422,211	462,211
Total assets		425,643	466,461
Current liabilities			
Bonds and private placements	2 / 3	100,000	20,000
Other liabilities			
to Group companies		3,102	38,547
to third parties		10	8
Accrued expenses and deferred income			
to third parties		1,584	1,508
Total current liabilities		104,696	60,063
Non-current liabilities			
Bonds	2 / 3	100,000	200,000
Total non-current liabilities		100,000	200,000
Total liabilities		204,696	260,063
Shareholders' equity			
Share capital	4	19,000	19,000
General legal reserve		3,800	3,800
Other general reserve		51,701	51,070
Treasury shares	5	-35,789	0
Reserve for treasury shares	5	0	631
Retained earnings brought forward		84,471	72,965
Profit for the year		97,764	58,932
Total shareholders' equity		220,947	206,398
Total shareholders' equity and liabilities		425,643	466,461

Shareholders' equity and liabilities

Income statement

(in CHF 1,000)

	Notes	2022	2021
Income from participations	6	99,300	60,060
Other expense	7	-1,877	-1,291
Operating result before interest and taxes		97,423	58,769
Financial income	8	2,095	1,562
Financial expense	9	-1,692	-1,341
Profit before taxes		97,826	58,990
Tax expense		-62	-58
Profit		97,764	58,932

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

There were no changes in the participations in the year under review. Details of the participations are shown on pages 120 and 121.

2 Bonds and private placements

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.

In the 2021 financial year, a CHF 100 million bond with a term of 5 years (29.6.2021-29.6.2026) was issued as a green bond, which is listed on the SIX Swiss Exchange. The coupon of 0.3% is payable annually on 29 June. The premium and issuing costs are recognised as accrued expenses and will be amortised over the term of the bond.

As at 31 December 2021, a private placement of CHF 20 million with a maturity of 3 months (3.12.2021-3.3.2022) was outstanding which was paid back at the maturity. The coupon of 0.05% was payable at maturity. The premium and issuing costs are recognised as accrued expenses and will be amortised over the term of the private placement.

Outstanding bonds and private placements:

(in CHF 1,000)	31.12.2022	31.12.2021
1.125% bond 2015–2023	100,000	100,000
0.3% green bond 2021-2026	100,000	100,000
0.05% private placement 2021-2022	0	20,000
Total outstanding bonds and private placements	200,000	220,000

3 **Maturity structure of the interest-bearing liabilities**

(in CHF 1,000)	31.12.2022	31.12.2021
under 5 years	203,102	258,547
Total liabilities	203,102	258,547

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 83.

5 **Treasury shares/
Reserve for treasury shares**

	Shares (Number)	Shares (in CHF 1,000)
Balance as at 1.1.2021	0	0
Purchase of treasury shares	2,694	1,654
Share-based payments (participation plan)	-1,654	-1,018
Price difference	-	-5
Balance as at 31.12.2021	1,040	631
Purchase of treasury shares	57,076	36,152
Share-based payments (participation plan)	-1,616	-1,018
Price difference	-	24
Balance as at 31.12.2022	56,500	35,789

The Company held 56,500 treasury shares as at 31 December 2022 (previous year: none). A corresponding «Reserve for treasury shares» was created in the previous year for the 1,040 shares in Intershop Holding AG held by a subsidiary as of 31 December 2021.

6 **Income from participations**

(in CHF 1,000)	2022	2021
Dividends from Group companies	99,300	60,060
Total income from participations	99,300	60,060

7 **Other operating expense**

(in CHF 1,000)	2022	2021
Compensation of the Board of Directors	317	319
Other operating expense Group companies	1,125	725
Other operating expense third parties	435	247
Total other operating expense	1,877	1,291

8 **Financial income**

(in CHF 1,000)	2022	2021
Interest income Group companies	2,095	1,555
Other financial income third parties	0	7
Total financial income	2,095	1,562

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

9	Financial expense	(in CHF 1,000)	2022	2021
		Interest expense bonds	1,442	1,269
		Interest expense Group companies	232	60
		Other financial expense third parties	18	12
		Total Finanzaufwand	1,692	1,341

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)	31.12.2022	31.12.2021
Ernst Schaufelberger, Chairman of the Board of Directors	350	300
Dieter Marmet, former Chairman	n/a	3,300
Christoph Nater, Member of the Board of Directors	40	n/a
Kurt Ritz, Member of the Board of Directors	200	100
Cyrill Schneuwly, CEO	6,516	6,882
Christian Baldinger, Head of Building and Development	3,108	2,891
Thomas Kaul, CFO	3,200	3,292
Andreas Wirz, Head of Portfolio Management	3,833	3,673
Total	17,247	20,438

The Board of Directors and Executive Board together held 0.91% (1.08%) 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 36 to 40.

13 **Contingent liabilities** As at 31 December 2022, letters of comfort and guarantees in favour of Group companies amounted to CHF 92 million (CHF 102 million).

14 **Pledged assets** No assets were pledged as of 31 December 2022.

15 **Events after the balance sheet date** Up to 22 February 2023, no significant events occurred after the balance sheet date.

Proposed appropriation of retained earnings for the financial year 2022

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

(in CHF)	2022	2021
Retained earnings brought forward	84,471,111	72,964,720
Profit for the year	97,764,255	58,932,141
Total retained earnings available for distribution	182,235,366	131,896,861
Ordinary dividend ¹⁾	-47,500,000	-47,425,750
One-off extraordinary dividend ¹⁾	-47,500,000	0
Retained earnings carried forward	87,235,366	84,471,111

¹⁾ 2021: 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 5 April 2023 (ex date 3 April 2023):

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

One-off extraordinary 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 (the Company), which comprise the balance sheet as at 31 December 2022, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 108 to 113) comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). 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 Company 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 1'100'000

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 Company, the accounting processes and controls, and the industry in which the Company operates.

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

- Impairment of investments in group companies

PricewaterhouseCoopers AG, Bahnhofplatz 8, Postfach, 8400 Winterthur, Switzerland
Telefon: +41 58 792 71 00, www.pwc.ch

PricewaterhouseCoopers AG is a member of the global PricewaterhouseCoopers network of firms, each of which is a separate and independent legal entity.

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.

Based on 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 1'100'000
Benchmark applied	Net assets (Equity)
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.

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.

Key audit matters

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 investments in group companies

Key audit matter

The Company recorded as at 31 December 2022 direct investments (100%) in five real-estate companies and three service companies for a total book value of CHF 233 million. All these investments concern Swiss companies.

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.

We consider the impairment testing of investments as a key audit matter owing to their significance on the balance sheet.

Please refer to the accounting principles and note 1 (page 110).

How our audit addressed the key audit matter

We performed the following audit procedures, among others:

- We assessed the management's assessment of possible indicators of an impairment of the investments.
- We checked whether the subsidiary's equity, determined at business values, exceeds the book value of the investment.
- A comparison was also made with the company's market capitalization to check the plausibility of the book value.

Based on our audit procedures, we have obtained sufficient assurance with regard to impairment of investments in group companies..

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities 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 Company'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 Company 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 SA-CH 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.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

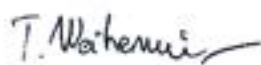
In accordance with article 728a paragraph 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

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



Philipp Gnädinger
Licensed audit expert
Auditor in charge



Tobias Weihenmaier
Licensed audit expert

Winterthur, 22 February 2023

Scope of consolidation, 119
Five year overview,
Alternative performance
measures, Glossary,
Addresses

- 120 Subsidiaries and participations
- 122 Five year overview Intershop Group
- 123 Five year overview Intershop Holding AG
- 124 Alternative performance measures
- 125 Glossary of key terms
- 126 Addresses

Subsidiaries and participations

As at 31 Dezember 2022

(GRI 2-2)

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
Orubi SA, Geneva	■	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 2-2)

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	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

		2022	2021	2020	2019	2018
Assets						
Current assets	m CHF	131	84	98	75	201
Tangible assets	m CHF	1,324	1,342	1,279	1,267	1,251
Financial assets	m CHF	1	1	1	1	2
Total assets	m CHF	1,456	1,427	1,378	1,343	1,454
Liabilities						
Short term financial liabilities	m CHF	157	88	234	125	199
Long term financial liabilities	m CHF	420	529	433	552	565
Total shareholders' equity Intershop Group	m CHF	879	810	711	666	690
Net rental income	m CHF	68	67	70	74	78
Changes in fair value of properties	m CHF	-2	32	13	17	16
Net gains from property disposals	m CHF	133	106	33	7	82
Operating result (EBIT)	m CHF	192	195	108	89	167
Earnings before taxes	m CHF	186	187	99	79	154
Net income Intershop Group	m CHF	145	144	78	71	120
Cash flow from operations	m CHF	5	33	46	36	23
Return on equity Intershop Group						
based on the average shareholders' equity	%	17.8	20.1	11.8	10.9	19.3
Net income Intershop Group						
per outstanding share of CHF 10	CHF	78.18	75.92	41.67	37.33	59.84
Net income Intershop Group excluding changes in fair value						
per outstanding share of CHF 10	CHF	80.19	64.22	36.44	31.47	53.60
Payout ratio¹⁾	%	62.4	38.9	68.6	82.1	41.0
Investments in real estate	m CHF	84	84	62	35	37
Equity per share outstanding (NAV)	CHF	477	426	374	354	348
Number of employees		65	74	71	72	70

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

Intershop Holding AG

Five year overview

		2022	2021	2020	2019	2018
Share capital (nominal)						
Number of shares of CHF 10		1,900,000	1,900,000	1,900,000	1,900,000	2,000,000
Nominal amount	m CHF	19.0	19.0	19.0	19.0	20.0
Share capital outstanding as at 31.12.						
Number of shares of CHF 10		1,843,500	1,898,960	1,900,000	1,880,000	1,986,709
Nominal amount	m CHF	18.4	19.0	19.0	18.8	19.9
Share price (high/low)¹⁾						
	CHF	677/581	637/568	686/476	576/491	508/465
Share price as at 31.12.						
	CHF	603.00	612.00	615.00	567.00	488.00
Market capitalisation as at 31.12.						
	m CHF	1'146	1'163	1,169	1,077	976
Net income Intershop Holding AG						
	m CHF	97.8	58.9	46.1	118.4	42.7
per outstanding share of CHF 10	CHF	53.03	31.02	24.27	62.99	21.49
Dividend per share						
	CHF	50.00 ^{2) 3)}	25.00	25.00	25.00	22.00

1) Daily closing prices

2) Proposal of the Board of Directors

3) incl. one-off extraordinary dividend of CHF 25.00

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)	2022	2021 ²⁾
Rental income of the investment properties	51,495	51,050
Effect of property disposals	2,067	-2,036
Adjusted rental income of the investment properties ¹⁾	53,562	49,014
Fair value of the investment properties ¹⁾	991,118	921,062
Adjustment for property reclassified as at the reporting date	0	-21,638
Adjusted fair value of the investment properties	991,118	899,424
Gross yield of the investment property portfolio	5.4%	5.4%

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

2) Previous year's values as at 31.12.2021 adjusted to the new presentation of the portfolio as of 01.01.2022 as per p. 11

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)	2022	2021 ²⁾
Adjusted rental income of the investment properties	53,562	49,014
Property expense of the investment properties	-5,205	-5,596
Effect of property disposals	15	188
Intercompany property management fees	-1,677	-1,633
Adjusted net rental income of investment properties ¹⁾	46,695	41,973
Fair value of the investment properties ¹⁾	991,118	899,424
Net yield of the investment property portfolio	4.7%	4.7%

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

2) Previous year's values as at 31.12.2021 adjusted to the new presentation of the portfolio as of 01.01.2022 as per p. 11

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)	2022	2021
Net income ¹⁾	145,470	144,237
Average equity ¹⁾	818,246	717,860
Return on equity	17.8%	20.1%
Net income excl. changes in fair value of properties ²⁾	149,204	122,021
Return on equity excl. changes in fair value of properties	18.2%	17.0%

1) based on monthly figures

2) see note 27, p 88

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	Property held for investment that is valued at market value and shown in the consolidated balance sheet. Changes to the market values are recorded under changes in fair values of properties 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

60th Ordinary Annual General Meeting

Thursday, 30 March 2023
Cigarettenfabrik Eventhalle 268
Sihlquai 268, 8005 Zurich

Reporting

Presentation of Annual Report	28 February 2023
Presentation of Half-Year Report 2023	22 August 2023

Listing

SIX Swiss Exchange

Investment products

	Security number	Ticker
Registered share	27 377 479	ISN
1.125% bond 2015–2023	27 577 643	ISH15
0.3% green bond 2021–2026	111 139 299	ISH21

Swiss tax value as at 31.12.2022

Registered share	CHF 603.00
1.125% bond 2015–2023	99.74
0.3% green bond 2021–2026	93.55

Investor Relations

Thomas Kaul

Languages

German and English

This Annual report 2022 is a translation of the Annual report 2022 in German. Only the Annual report in German which is available on www.intershop.ch is legally binding.

