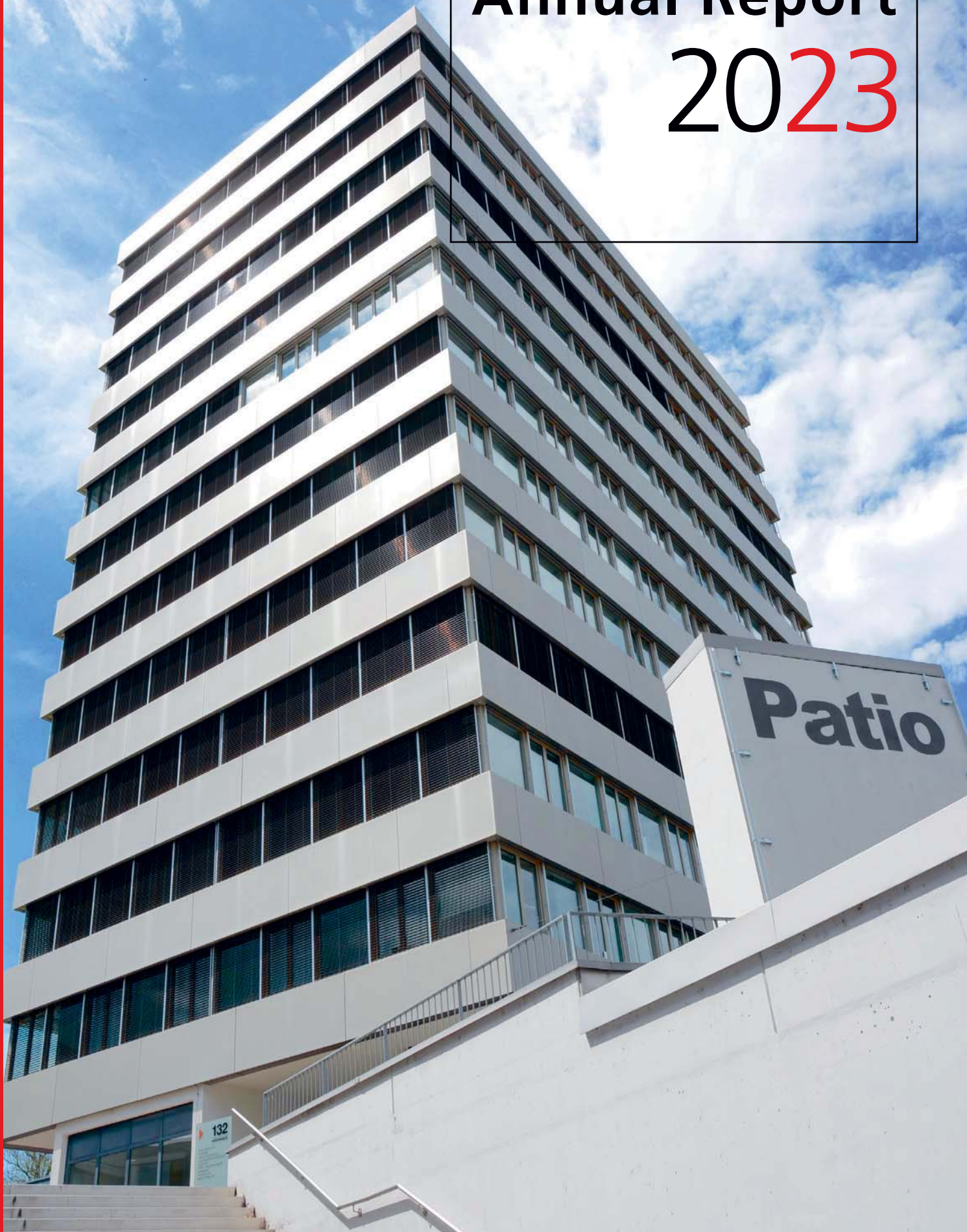
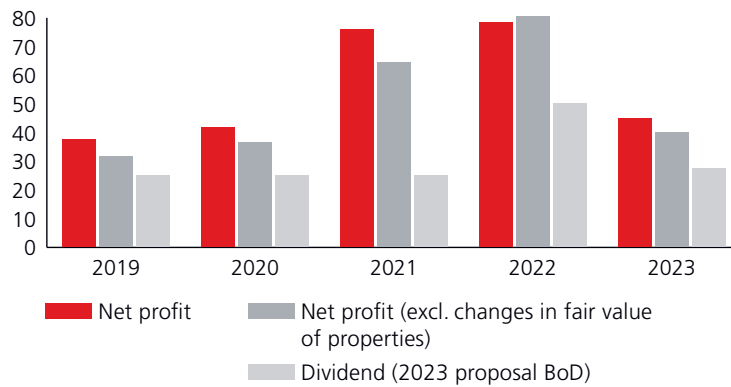


Annual Report 2023



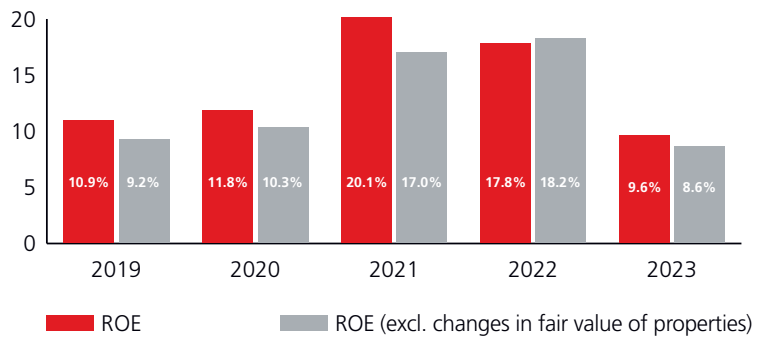
Earnings per share

(in CHF)



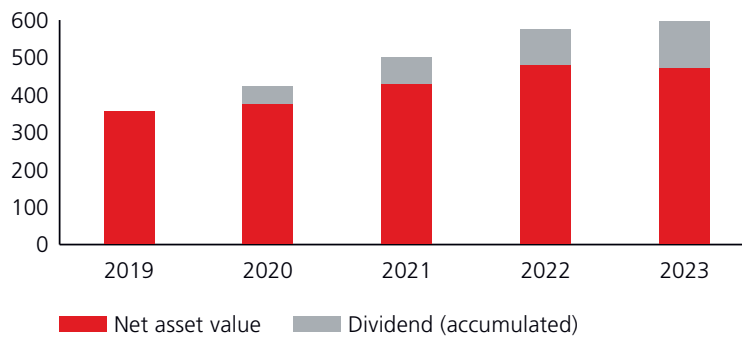
Return on equity

(in percent)



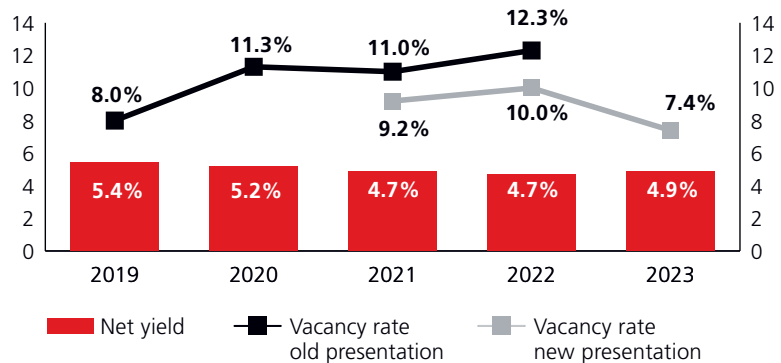
NAV per share

(in CHF)



Net yield and vacancy rate of investment property portfolio

(in percent, from 2021 new presentation)



Key figures Intershop Group

		2023	2022	
Financials	Net rental income	m CHF	71.8	68.3
	Net gains from property disposals ³⁾	m CHF	31.6	133.2
	Changes in fair value of properties	m CHF	12.0	-1.6
	Operating result (EBIT)	m CHF	105.2	191.6
	Earnings before tax (EBT)	m CHF	99.2	185.6
	Net income	m CHF	82.5	145.5
	Net cash from operations	m CHF	81.2	4.9
	Investments in real estate	m CHF	77.1	83.6
	Total assets	m CHF	1,400.0	1,456.3
	Total value of property portfolio	m CHF	1,375.3	1,393.5
Financial liabilities	m CHF	381.3	394.9	
Shareholders' equity	m CHF	867.3	878.8	
Return on equity ¹⁾		9.6%	17.8%	
Return on equity excl. changes in fair value of properties ¹⁾		8.6%	18.2%	
Portfolio	Number of investment properties		27	29
	Number of development properties ³⁾		16	20
	Lettable area	in m ²	502'181	517'468
	Gross yield ^{2) 4)}		5.6%	5.4%
	Net yield ^{2) 5)}		4.9%	4.7%
	Vacancy rate investment property portfolio		7.4%	10.0%
	Vacancy rate development property portfolio		18.4%	20.2%
	Vacancy rate total portfolio ²⁾		10.7%	13.3%
Personnel	Number of employees		70	65
Share	Earnings per share ⁶⁾	CHF	44.76	78.18
	Earnings per share excl. change in fair value of properties ⁷⁾	CHF	39.99	80.19
	Net asset value per share (NAV) ⁸⁾	CHF	470.47	476.70
	Share price at balance sheet date	CHF	615.00	603.00
	Dividend per share ⁹⁾	CHF	27.50	50.00

1) Based on the average shareholders' equity during the period, see «Alternative performance measures», p 138

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

3) Including promotional properties

4) Effective annual gross rental income in proportion to the market value of the properties at the balance sheet date, see «Alternative performance measures», p 138

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 138

6) See «Earnings per share», p 102

7) After deducting changes in fair value of properties and associated deferred tax, see «Earnings per share», p 102

8) See «Net asset value per share», p 97

9) 2023: Proposal of the Board of Directors; 2022: Payment of an ordinary dividend of CHF 25 and a one-off extraordinary dividend of CHF 25 per share

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Letter to shareholders

Overview

Dear shareholders, dear Ladies and Gentlemen

We are delighted to be able to send you this letter to shareholders on behalf of the Intershop Group. This is also the first time we are doing so on behalf of our new CEO, Simon Haus.

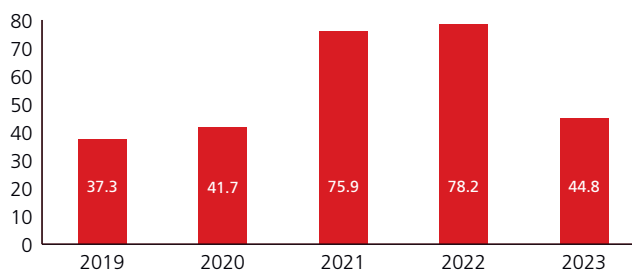
Intershop achieved a good result in a challenging environment with volatile interest rates and above average inflation. We owe this to our great employees and loyal business partners as well as our proven corporate strategy.

The key figures for the 2023 financial year are shown below (the previous year's figures are shown in brackets):

- Net profit: CHF 82.5 million, CHF 44.76 per share (CHF 145.5 million, CHF 78.18 per share)
- Equity: CHF 867 million, CHF 470 per share (CHF 879 million, CHF 477 per share)
- Return on equity: 9.6% (17.8%)
- Net rental income: CHF 71.8 million (CHF 68.3 million)
- Vacancy rate for the investment property portfolio: 7.4% (10.0%)
- CO₂ emissions portfolio (Scope 1+2): 10.4 kg CO₂e/m² (11.7 kg CO₂e/m²)

Due to the pleasing net profit and the good equity base, the Board of Directors proposes to the Annual General Meeting an increase in the ordinary dividend of 10% from CHF 25.00 per share to CHF 27.50 per share.

Earnings per share in CHF



The total return on Intershop shares in the year under review was 10.3%. Over a 5-year period, this amounts to 62.1%, compared to 34.3% of the benchmark index SXI Real Estate Broad TR.

Business review

Good annual result in a challenging market

As expected, Intershop's rental income rose by 5.8% year-on-year to CHF 80.5 million in 2023. Inflation-related rent increases of CHF 1.0 million and the reduction in the vacancy rate from a total of 13.3% to 10.7%, which, in particular was attributable to a reduction in the vacancy rate of the investment property portfolio from 10.0% to 7.4%, contributed significantly to this. Property expenses increased by 11.3% to CHF 8.7 million, primarily due to higher non-recoverable service charges.

The lower economic growth had no discernible impact on Intershop's SME tenant base during the year under review. There were no significant bankruptcies, no increase in outstanding receivables and no major terminations. Key lease extensions were concluded with the Canton of Zurich in Puls 5, Zurich, and with Kistler Instrumente AG in the Oberwinterthur-Neuhegi industrial park. The WAULT, i.e. the weighted average remaining term of the fixed-term rental agreements, amounted to 4 years. Both the gross and net yields of the investment property portfolio increased slightly to 5.6% and 4.9% respectively, whilst yield on the development property portfolio was down on the previous year at 6.3% and 5.3% respectively.

In addition to the transfer of 60 commonhold apartments from the «Römerstrasse» promotional project in Baden, four commercial properties in Berne, Lyss, Grenchen and Rombach were sold during the year under review with a target rental income of CHF 2.1 million per year. The sale of these four properties and the reversal of provisions for warranties from previous sales resulted in net gains from property disposal of CHF 13.6 million (excluding promotional projects). In return, a small condominium unit was acquired in the «Sihlcenter» in Zurich.

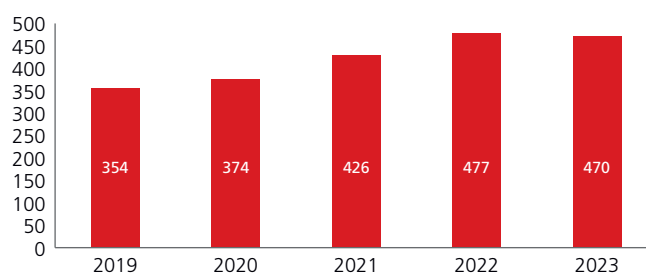
The revaluation of the properties resulted in a slight increase in value of 0.9% or CHF 12.0 million. The increase in value was due, in particular, to the revaluation of the investment property on Redingstrasse in Basel due to letting successes following completion of the redevelopment works, as well as the «Mediacampus» development property in Zurich. Excluding these two increases, this would have resulted in a slight devaluation of 0.6%. At the end of the year under review, the portfolio comprised 43 properties with a lettable area of 502,000 m² and a market value of CHF 1,375.3 million.

Strong balance sheet

Financial liabilities decreased by 3.4% to CHF 381.3 million (CHF 394.9 million), while interest expenses remained stable at CHF 6.2 million. The loan-to-value ratio (LTV) of the portfolio remained low at 28% as at the balance sheet date.

As at the balance sheet date, the Group's equity totalled CHF 867.3 million, down 1.3% on the previous year's figure of CHF 878.8 million. This corresponds to a continued high equity ratio of 62.0% and a pro rata equity per share (NAV) of CHF 470. The net profit of CHF 82.5 million resulted in a return on equity of 9.6%. The result for the year under review and the good equity base have prompted the Board of Directors to propose an increase of the ordinary dividend of CHF 25 per share by 10% to CHF 27.50 per share to the Annual General Meeting.

Net asset value per share (NAV) in CHF



Development projects make progress

In the year under review, a total of CHF 48.5 million was invested in the development portfolio. The refurbishment of the commercial property in Wohlen was completed and the property was reclassified to the investment property portfolio. The occupancy rate improved further from 73% to 90%. Construction work on the «Métiers Vernier» commercial property is progressing according to plan. Completion of the sustainably designed building with around 12,500 m² of flexible commercial space is scheduled for the first quarter of 2024. Rental contract negotiations with prospective tenants are underway. The extensive renovation of the former World Trade Centre in Lausanne, which has been operating under the new «Bloom» brand since November 2023, also began in summer 2023. The refurbishment work will last until 2025 and will be completed in stages. The «Römerstrasse» promotional project in Baden was successfully completed with a total profit of CHF 20.3 million, of which CHF 16.7 million was attributable to the 2023 financial year.

Intershop expands sustainability efforts

Intershop is aware that properties cause high CO₂ emissions. Sustainability is therefore a central component of the strategy, also to avoid individual properties sharing the fate of so-called «stranded assets». The emissions intensity of the portfolio was reduced by 11.1% to a low level of 10.4 kg CO₂e/m² thanks to operational optimisations and the replacement of heating systems. Other milestones in the reporting year included the first participation in the Global Real Estate Sustainability Benchmark GRESB, the first limited assurance of selected sustainability indicators by PricewaterhouseCoopers AG and the expansion of the sustainability report to include climate risks.

Organisation and shareholders

Stable shareholder base

As at the balance sheet date, Intershop had 1,257 registered shareholders. In 2023, Credit Suisse Funds AG reported several cases of shareholders exceeding or falling below the 3% threshold. There were no other reportable changes in our shareholder base. As at the end of 2023, the non-registered shares stood at 20.7%. Around 99% of the shares registered with voting rights are held by shareholders domiciled in Switzerland.

Board of Directors

Kurt Ritz will not be standing for re-election at the 61st Annual General Meeting. The Board of Directors would like to thank him for his many years of successful commitment. As his successor, the Board of Directors will propose Dr Gregor Bucher to the Annual General Meeting for election to the Board of Directors. Dr. Gregor Bucher has in-depth knowledge of the Swiss real estate market and can draw on extensive expertise in corporate management, real estate portfolio and asset management, sustainability issues, technology and digitalization as well as in stock exchange law.

Personnel changes

The replacement of the Executive Board was successfully completed during the year under review. We would like to thank the former Executive Board for the smooth handover. Simon Haus took over as Chairman of the Executive Board at the end of August 2023.

Mireille Lehmann, Head of Construction and Development, and Yannick Hartmann, Head of Real Estate, started as members of the Executive Board in their respective roles in January 2024. Both Mireille Lehmann and Yannick Hartmann can look back on successful careers at Intershop spanning

several years and are very familiar with the corporate culture. With their appointment as members of the Executive Board, Intershop is creating continuity and ensuring targeted further development. Florian Balschun, designated Chief Financial Officer, accompanied the current CFO Thomas Kaul during the closing period and will take over the division on 1 April 2024. In addition to an outstanding track record in finance, Florian Balschun has extensive capital market experience and also has a strong affinity for digitalisation. We are certain that he will bring new impetus to the company.

Outlook

Asset management and property development require ever more comprehensive expertise due to the increasing complexity of property management, construction, and marketing. In addition to the high demands already placed on construction, an ever-widening circle of stakeholders, the growing importance of sustainability and the needs of customers must be intelligently integrated into the project planning process from the outset. With a well-positioned and motivated team and a clear and stringent corporate strategy, Intershop believes it is very well positioned to use the challenges described as opportunities to realise value-added potential in terms of shareholder value.

After a seller-friendly cycle with numerous successful disposals, the focus in the current year, depending on the market environment, is primarily on acquisitions. In addition, sales that promise a profit contribution will continue to be examined.

The further reduction of vacancies is also a high operational priority. Letting the «Bloom» in Lausanne (formerly the «World Trade Centre») and the «Métiers Vernier» project will be challenging. However, the first letting successes should materialise soon.

Thanks

We would like to thank all our shareholders for their loyalty and trust. We would also like to thank all our customers and especially our 70 employees, who have contributed to this good result with their tireless efforts.



Ernst Schaufelberger
Chairman of the Board of Directors



Simon Haus
Chief Executive Officer

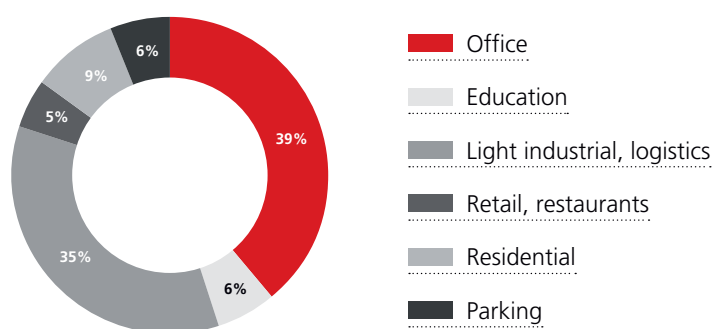
Zurich, 22 February 2024

Real estate portfolio

The year under review was characterised by volatile interest rates, above-average inflation and continuing geopolitical and economic uncertainties. In addition to focusing on letting, Intershop once again placed selected developments at the centre of its operating activities.

In addition to the transfer of the 60 commonhold apartments in the «Römerstrasse» promotion project in Baden, four commercial properties with a target rental income of some CHF 2.1 million at Waldhöhweg 1 in Berne, Südstrasse 17 in Lyss, Postmarkt in Grenchen and Bibersteinerstrasse 4 in Rombach were sold during the year under review. The sale of these four properties and the reversal of provisions for warranties from previous sales resulted in a net gain of CHF 13.6 million. A small floor unit was acquired in the «Sihlcenter» in Zurich. The composition of the portfolio by type of use did not change significantly in the 2023 financial year:

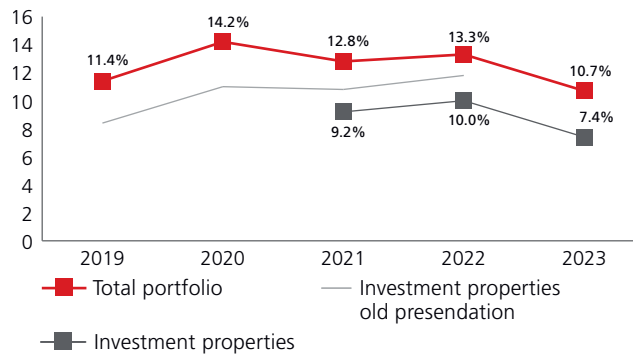
Portfolio by type of use (basis rental income in the year under review)



Rental income increased by 5.8% compared to the previous year. The loss of rental income due to disposals in the previous year and the increase of CHF 0.6 million in lost rental income as a result of the ongoing renovation of the «Bloom» in Lausanne (formerly the «World Trade Centre») were offset by the letting of, amongst others, the flats on Redingstrasse in Basel and other letting successes.

In relation to the entire portfolio, the vacancy rate as at the balance sheet date was 10.7%, which is 2.6 percentage points below the level at the beginning of the year. Of the total vacancies, 30%, i.e. 3.2 percentage points, are intentional vacancies that are not currently being re-let due to pending or ongoing refurbishment. Although property expenses increased by CHF 0.9 million due to higher non-recoverable service charges, they still correspond to a low 10.8% of rental income. Overall, net rental income totalled CHF 71.8 million, a good 5.1% above the previous year's figure.

Development of the vacancy rate in %



Investment properties

The investment property portfolio comprised 27 properties with a market value of CHF 1,016.7 million at the end of 2023, i.e. adjusted for the sales and the reclassification of a development property to investment property. CHF 17.3 million were invested in the investment property portfolio in the financial year to sustainably secure and selectively strengthen profitability.

Like-for-like rental income from the investment property portfolio increased by around CHF 2.9 million, which corresponds to a substantial increase in rental income of 5.7%. Overall, the vacancy rate of the investment property portfolio fell by 0.5 percentage points compared to mid-2023 and, at 7.4%, is 2.6 percentage points below the level at the beginning of 2023.

Pleasing letting successes were achieved in Reinach BL and in the commercial property in Wohl-en. The residential development in Basel also developed very positively, with all but two of the 68 newly built flats let at the balance sheet date. Of the flats in the renovated high-rise buildings that were vacant at the end of 2022, all had been re-let by the end of the year under review.

Property expenses for investment properties increased by CHF 1.1 million, mainly due to higher non-recoverable service charges; however, this still corresponds to a low 10.7% of property income. Overall, net rental income totalled CHF 50.2 million, 8.1% above the previous year's figure.

Development and promotional property portfolios

The development property portfolio comprised 16 properties with a market value of CHF 355.6 million as at the balance sheet date. CHF 48.5 million were invested in development projects during the financial year. The «Römerstrasse» promotion project in Baden was completed in the reporting year. Of the total of 78 flats, 18 flats were handed over to buyers in the previous year and 60 flats in the first quarter of 2023. The realised sales profit for the entire project amounts to CHF 20.3 million, of which CHF 18.0 million is attributable to the 2023 financial year. The land parcel at Seestrasse 295 in Au-Wädenswil was transferred to the canton of Zurich on 16 February 2023 as planned. The canton of Zurich is planning to build the Zimmerberg secondary school on the plot in question.

Like-for-like, property income from the development property portfolio increased by around 2.8% or CHF 0.6 million. Overall, the vacancy rate for development property portfolio increased by 0.1 percentage points compared to mid-2023 and, at 18.4%, is 1.8 percentage points below the level at the beginning of the year.

Pleasingly, a 5-year rental agreement had been concluded with MAN Energy Solutions Schweiz AG in Flurlingen by the balance sheet date, reducing the vacancy rate in the «Arova Hallen» and increasing the target rent. In addition, the vacancy rate in Puls 5 was further reduced with the letting to UMB AG. This is not yet reflected in the occupancy rate as the new tenants will be taking up occupancy at the beginning of 2024. The vacancy rate in «Bloom» in Lausanne (formerly «World Trade Centre») has increased significantly. Due to the ongoing refurbishment, further tenants have left the buildings and the spaces will not be re-let during the refurbishment period to allow for the switching of tenants.

Property expenses for development property portfolio were reduced by 4.5%, reaching a low 11.0% of property income. Overall, net rental income totalled CHF 21.5 million, which is 1.1% less than the previous year's figure.

Ongoing conversions and repositioning

Lausanne, «Bloom»

The former World Trade Centre in Lausanne was remarketed under the name «Bloom» in November 2023. The property has been undergoing extensive refurbishment since mid-2023 that will last for a good two years. The revitalisation of the individual buildings will be staggered to allow for temporary relocation of the affected tenants to one of the other buildings. In terms of sustainability, the aim is to achieve SNBS «Gold» certification. In view of the impending disruption for the tenants, the vacant space will not be re-let for the duration of the refurbishment. Accordingly, the occupancy rate of this property will hardly improve during the refurbishment work.

Vernier, Chemin de l'Emeraude 10, 22, 24, Project «Métiers Vernier»

The construction of the flexible and sustainable commercial building «Métiers Vernier» is proceeding according to plan and is scheduled for completion in the first quarter of 2024. The building with ground rent comprises around 12,500 m² on four floors. The investment amounts to around CHF 40 million and the aim is to achieve a gross yield of at least 5% after deducting the ground rents. Lease negotiations are at an advanced stage with several prospective tenants.

Basel, «Lehenmatt Ensemble» shopping centre

Now that the residential development has been completed with the extensions and the renovation of the existing flats, the final stage of development is being realised with the replacement construction of the site's new retail centre. The retail centre with around 1,800 m² of rentable space is intended to ensure the attractiveness and supply amenities to the neighbourhood in the long term. The construction of this new and highly energy-efficient low-tech building is expected to last until the end of 2024. Long-term rental agreements have already been signed with Migros as the anchor tenant, a bakery and a pharmacy, and a pre-letting rate of 80% has been achieved.

Repurposing and repositioning in planning

Zurich, «Mediacampus», Baslerstrasse 30 / Freihofstrasse 9

The site of around 28,000 square metres, which is currently used mainly for commercial purposes and is already located in a five-storey residential zone. The location next to the abattoir and entries in the municipal structure plan lead to various mutual dependencies with the City of Zurich. Intershop and the City of Zurich have together been involved in several working groups to develop different scenarios that best reflect the interests of the public sector and landowners. On this basis, test planning is to be carried out in 2024 with the involvement of the City of Zurich with the aim of evaluating the potential for densification on the site. Zurich City Council has decided to cease operations of the slaughterhouse on its neighbouring property in 2030.

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

Intershop has owned two mixed-use properties on Oststrasse for years, which were expanded in 2019 by purchasing a neighbouring property. Much of the building fabric dates from the 1960s or earlier, which is why a redevelopment of the property with a land area of around 6,500 m² for residential use is being examined. As the basis for a special utilisation plan for the development site, a project competition was carried out with the participation of the City of St. Gallen and seven architectural firms. The winning project was then converted into an indicative project and served as the basis for a special utilisation plan which was submitted to the City of St. Gallen as a preliminary draft in the fourth quarter of 2023. Assuming that the special utilisation plan procedure will not be completed before the first half of 2025, Intershop estimates that the construction work will not start until mid-2026 at the earliest.

Bad Ragaz, Elestastrasse 16-18

The commercial and industrial buildings on the 16,000 m² site in Bad Ragaz, adjacent to a residential neighbourhood, are structurally outdated. Intershop intends to replace the buildings in the medium to long term.

Flurlingen, «Arova Hallen», Winterthurerstrasse 702

The site, which covers more than 50,000 m², has around a dozen buildings with a very heterogeneous building fabric. Some buildings have already been extensively renovated, others are architecturally valuable, while others only have a limited lifespan. In 2022, Intershop launched a participatory process to draw up a new utilisation and development concept, which was completed in 2023. The aim of the process was to develop a broad-based concept with the involvement of tenants, neighbours, the council, the region and other interested parties. The utilisation and development concept, which combines mixed residential and commercial use, serves as the basis for further planning steps and any adjustments to the overriding planning instruments. Interim letting will continue to be actively promoted and framed with low-threshold offers to increase the attractiveness of the site.

Winterthur, Oberwinterthur-Neuhegi Industrial Park

Intershop is the owner of an industrial plot of more than 100,000 m² in Neuhegi (Oberwinterthur). Around 40,000 m² of this land has been developed with the construction of an assembly plant for Stadler Rail and the sale of a plot of land including the associated purchase right for the expansion of the data centre. The next development step is the potential assessment of around 25,000 m² of land on the part of the site on Else-Züblin-Strasse and the refurbishment of the laboratory building. Along Sulzerallee there are primarily large production buildings and a few smaller buildings. Due to the long-term rental agreements, there are currently no concrete development plans for production buildings.

Yverdon-les-Bains, Avenue des Sports 32

Together with the city, the framework for a neighbourhood plan is being created for a plot of land of more than 20,000 m² in the immediate vicinity of the Centre St-Roch, Yverdon. The aim is to enable around 70% residential use on the site. Due to the lengthy preparatory work, Intershop expects it to take several years before a legally valid neighbourhood plan is available.

Financials

Successful financial year with return on equity of 9.6%

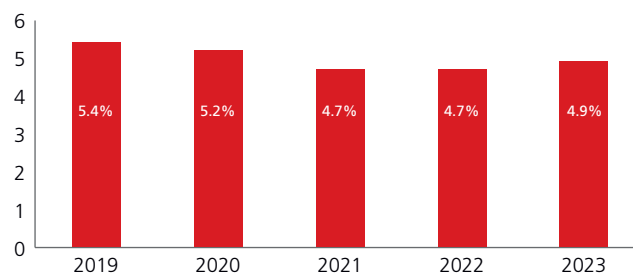
As expected, Intershop's rental income rose by 5.8% year-on-year to CHF 80.5 million in 2023. The increase is attributable to successful lettings, particularly in the residential properties on Reidingstrasse in Basel, as well as rent increases due to index adjustments. This additional income more than offset the negative impact of the sales made in 2022 and 2023. The gross yield realised on the investment property portfolio in the 2023 financial year increased slightly to 5.6%.

The sales of the investment properties in Grenchen, Rombach and Lyss, a development property in Berne, the land plot in Au-Wädenswil and the transfer of the remaining 60 of 78 commonhold apartments in the «Römerstrasse» promotion project in Baden resulted in a pre-tax profit of CHF 31.6 million. Despite these very pleasing transaction results, the previous year's result of CHF 133.2 million, which was mainly due to the successful sale of the «AuPark» development project in Wädenswil, was not matched.

The treatment and disclosure of net gains from property disposal of promotional properties (properties under construction for sale after completion of construction) were adjusted in the 2023 financial year. Income and expenses from the sale of promotional properties are now reported separately in the income statement, whereas they were previously reported net as «Net gains from property disposal» with the corresponding income and expenses recognised in the notes. The previous year's figures have been adjusted accordingly.

At CHF 4.4 million, other income was CHF 1.1 million lower, as the previous year's figure was positively influenced by the reversal of provisions. Property expenses increased by 11.3% to CHF 8.7 million, but still accounted for a low 10.8% of rental income. The disproportionate increase compared to income can be explained in particular by non-recoverable service charges on vacant properties. The net yield realised on the investment property portfolio in the 2023 financial year increased slightly to 4.9%.

Net yield on the investment property portfolio %



Personnel expenses rose slightly by 2.2% or CHF 0.2 million as a result of higher salaries due to the slight increase in headcount despite lower performance-related compensation. Administrative expenses, which also include capital taxes, rose by CHF 0.7 million to CHF 3.0 million, particularly as accruals for capital taxes were reversed in the previous year.

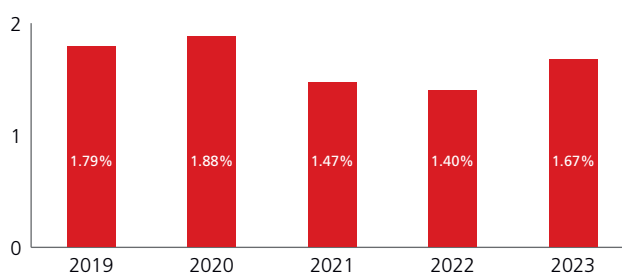
The market values of the property portfolio (excluding promotional properties) at the end of the year were again determined by KPMG Real Estate and increased by CHF 12.0 million or 0.9% of the portfolio value. The increase in value resulted in particular from the revaluation of the investment property on Redingstrasse in Basel due to letting successes following completion of the redevelopment works, as well as the «Mediacampus» development property in Zurich. Excluding these two increases, this would have resulted in a slight devaluation of 0.6%. The capital-weighted average nominal discount rate was 4.64% for the investment property portfolio (31 December 2022: 4.25%) and 5.13% (4.71%) for development property portfolio. The increase is due to the changed market environment. The negative effect of higher discount rates on the valuation was more than offset by the adjustment of the inflation forecasts in the valuation model and the improvement in the letting situation. At 3.5% to 6.7%, the range of nominal discount rates has shifted compared to the assessment at the end of 2022 of 3.1% to 6.4%.

Interest expenses increased by CHF 0.1 million or 1% to CHF 6.2 million due to higher interest rates, while the financial income generated also increased by CHF 0.1 million to CHF 0.2 million compared to the previous year. Tax expenses fell significantly by CHF 23.4 million to CHF 16.7 million due to the high level of sales proceeds in the previous year, most of which were subject to property gains tax. Profit after tax was 43.3% below the previous year's figure and totalled CHF 82.5 million, which corresponds to an attractive return on equity of 9.6%.

Strong balance sheet with equity ratio of 62.0%

Due to the investments of CHF 77.1 million made in 2023 and the aforementioned positive changes in market value, the value of the property portfolio (including promotional properties) only fell by 1.3% to CHF 1,375.3 million despite the sales. At CHF 381.3 million, interest-bearing financial liabilities were CHF 13.6 million lower than on 31 December 2022, while the average interest rate increased from 1.40% at the end of 2022 to 1.67%.

Average interest rate on financial liabilities in %



Despite the distribution of the dividend together with a special dividend totalling CHF 92.2 million, equity decreased by only CHF 11.5 million to CHF 867.3 million, resulting in a very solid equity ratio of 62.0%.

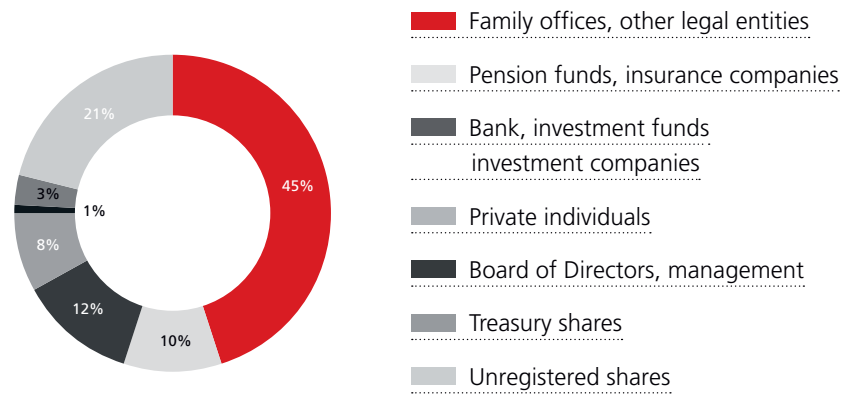
Long-term performance of the Intershop share unchanged above average

The total return of the Intershop share was an attractive 10.3% in the reporting year, but performed slightly less well than the benchmark index SXI Real Estate Shares Broad TR (+10.7%) despite the special dividend of CHF 25 per share. After performing positively in 2022 (+2.4%) and thus escaping the broad price decline (SXI Real Estate Shares Broad TR -9.0%), the Intershop share was unable to benefit from the recovery in share prices to the same extent in 2023. In all

of the last five calendar years, the Intershop share has achieved a positive performance (TR), while the SXI Real Estate Shares Broad TR has suffered a decline in two of the five years. In the aforementioned five-year period, Intershop's shares rose by 62.1% and the SXI Real Estate Shares Broad TR by 34.3%.

Stable shareholder base

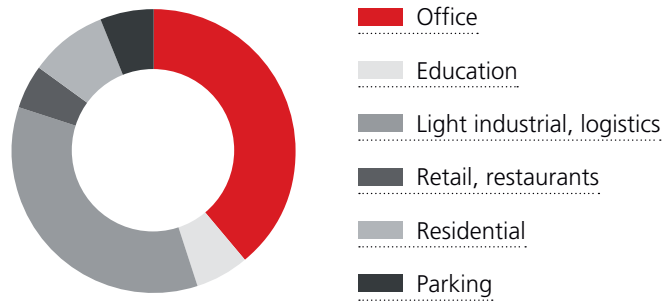
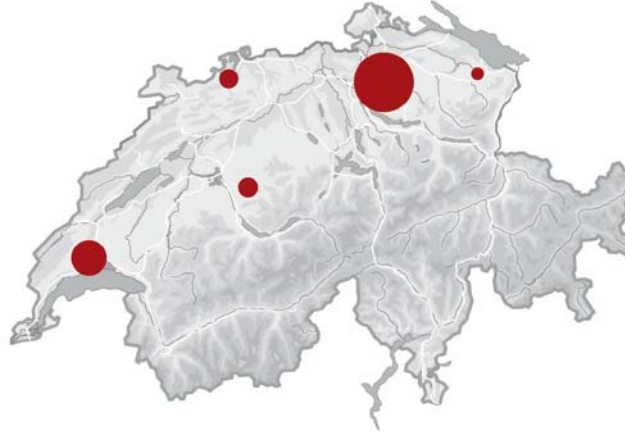
At the end of 2023, Intershop had 1,257 registered shareholders. Since the end of 2022, the number of not registered shares has risen from 17.8% to 20.7%. Around 99% of the shares registered with voting rights are still held by shareholders domiciled in Switzerland.



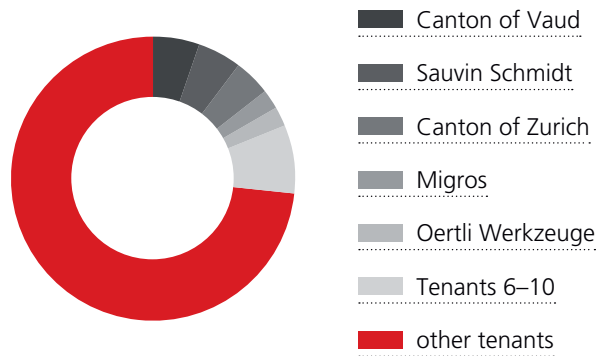
Overview 2023

Portfolio

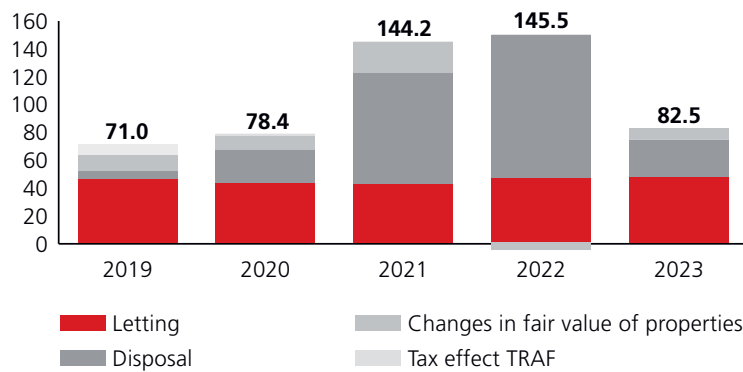
CHF 1.4 bn



Tenants



Net income (in m CHF)



	2023	2022	
Portfolio value	CHF 1,375m	CHF 1,394m	Stable portfolio value; investment volume and increase in valuation slightly lower than effect of disposals
Net rental income	CHF 71.8m	CHF 68.3m	The loss of income due to disposals was more than compensated for thanks to successful lettings, indexation and expansion in Basel
Properties	43	49	Sale of three investment properties, two development properties and a promotional project
Vacancy rate of investment property portfolio	7.4%	10.0%	Significant decrease of vacancy rate also due to successful lettings
Net yield of investment property portfolio	4.9%	4.7%	Thanks to successful lettings, net yield on investment properties remains high despite investments and revaluations
Return on equity	9.6%	17.8%	Return on equity again over the multi-year average target value of 8%
Equity ratio	62.0%	60.3%	Increase due to reduction of debt
NAV per share	CHF 470.47	CHF 476.70	Reduction of only 1.3% despite distribution of an ordinary dividend of CHF 25 per share and a one-off extraordinary dividend of CHF 25 per share
Earnings per share	CHF 44.76	CHF 78.18	Reduction of 42.7% due to lower profit from disposals
Earnings per share excluding changes in fair value	CHF 39.99	CHF 80.19	Reduction of 50.1% due to lower profit from disposals
Dividend per share One-off extraordinary dividend	CHF 27.50 Proposal of the Board of Directors	CHF 25.00 CHF 25.00	After the 10% increase, this corresponds to an attractive yield of 4.5% on the share price as at 31 December 2023
Total return per share	10.3%	2.6%	Total return is based on the dividend and the price gain. The return slightly underperformed that of the SXI Swiss Real Estate Shares TR (13.4%, previous year: -9.3%).

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Group structure

Intershop Holding AG is a real estate company which focuses on the purchase, development, property management 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 43 staff, it employs the majority of the 70 employees, including group management. A detailed overview of all Intershop Group companies can be found on pages 134 and 135. 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 (security number: 27377479; ISIN: CH0273774791). The stock market capitalisation as of 31 December 2023 was CHF 1,169 million.

There are no cross-holdings with other companies.

Key shareholders

The following shareholders were entered in the share register with holdings of at least 3% as of 31 December 2023 or have published a disclosure according to FMIA:

(in %)	31.12.2023
Patinex AG, Wilen (Martin and Rosmarie Ebner)	38.5
Hansjörg Graf, Wollerau und Grapal Holding AG	4.3
Relag Holding AG, Hergiswil	3.5
BlackRock, Inc. New York, USA	≥3.0

Credit Suisse Funds AG, Zurich, has reported several cases of exceeding or falling below the 3% limit. Hansjörg Graf, Wollerau, has reported another direct participant, Grapal Holding AG. 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 2023 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 nor a capital band.

Shareholder structure

The structure of the shareholders registered in the share register as of 31 December 2023 in the share register is as follows:

Number of registered shares	Number of shareholders	Number of shares	in %
1 to 100	895	32,457	1.7
101 to 1,000	268	89,762	4.7
1,001 to 10,000	78	241,458	12.7
10,001 to 100,000	15	410,555	21.6
over 100,000	1	732,020	38.5
Total registered	1,257	1,506,252	79.3
Not registered		393,748	20.7
Total shares		1,900,000	100.0

Region	Number of shareholders	Registered shares	Voting rights	in %
Switzerland	1,191	1,468,928	1,412,039	99.8
Europe (without Switzerland)	57	30,074	2,182	0.2
Rest of the world	9	7,250	1	0.0
Total registered shares or voting rights respectively	1,257	1,506,252	1,414,222	100.0
Not registered or no voting rights respectively		393,748	485,778	
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 30 March 2023, Ernst Schaufelberger, Kurt Ritz and Christoph Nater were re-elected as members of the Board of Directors and Ernst Schaufelberger as Chairman of the Board of Directors.

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

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 is focused 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, six extraordinary meetings were held and one circular resolution was passed. The ordinary meetings generally lasted half a day, with the preparatory meeting for the Annual General Meeting lasting around two hours. All members of the Board of Directors were present at all meetings. At the beginning of the ordinary meetings, the Board of Directors generally met for around an hour without the participation of the Executive Board, with the CEO being called in to discuss individual agenda items. The entire Executive Board was present in full at all ordinary meetings with one exception. Three extraordinary meetings were held without the full Executive Board, with the newly appointed CEO present at two of these meetings. The entire Executive Board was present at all but one of the three other extraordinary meetings. The Remuneration Committee held two meetings as part of the ordinary meetings of the Board of Directors.

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 30 to 32. 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 disclosed.

Intershop obtains legal advice from several law firms, including MME Legal AG, of which Christoph Nater is a partner. In fiscal year 2023, fees of CHF 138,500 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. Compliance with this obligation has been confirmed by the Board of Directors.

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. As an essential part of integrated risk management, the Board of Directors receives a risk inventory that presents the most important risks and quantifies and assesses their possible impact and probability of occurrence. The 21 risk factors also include compliance, legal, IT and cyber risks as well as climate-related risks. The Board of Directors discusses and assesses the risk inventory and decides on any measures to be taken. It also receives a summary of the findings resulting from the audit of the internal control system (ICS). As a rule, the Executive Board is present in full at all meetings of the Board of Directors relating to these instruments.

Due to the size of the company, there is no internal audit function. Third parties or the auditors are therefore mandated to carry out any necessary investigations or audits, although this was not necessary in the reporting year.

Executive Board

The Executive Board consists of four members. Detailed information on the members of the Executive Board, including their interests such as mandates outside the Intershop Group and other significant activities, can be found on pages 33 and 36.

Cyrill Schneuwly, the long-standing CEO, ended his work for the Intershop Group at the end of August 2023 and was granted a leave of absence until the end of December 2023. In return, Simon Haus, who had already taken up his position on 1 July 2023, was appointed as the new Chief Executive Officer at the end of August 2023.

The previous members of the Executive Board, Christian Baldinger and Andreas Wirz, terminated their employment contracts at the end of March 2024 and the end of May 2024 respectively. Both were granted leave of absence from 1 January 2024. Mireille Lehmann and Yannick Hartmann have been appointed as their successors as members of the Executive Board. Mireille Lehmann is responsible for the Construction and Development division, while Yannick Hartmann is in charge of the Real Estate division. Thomas Kaul, the long-standing CFO, will step down at

the end of the 61st Annual General Meeting at the end of March 2024. He will be succeeded by Florian Balschun, who started working for the Intershop Group on 1 January 2024 and will take over as CFO on 1 April 2024.

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 not longer exercise more than two mandates in listed companies and not more than four mandates in other legal entities that require entry in the commercial register. As part of the revision of the Articles of Association, which will be submitted to the 61st Annual General Meeting on 27 March 2024 for approval, Art. 31 will be amended and members of the Executive Board may no longer hold mandates in listed companies.

Remuneration, participations and loans

The Board of Directors receives a fixed fee per term of office. The cash payment is made in the spring of each year. Any necessary extraordinary services can be remunerated separately.

The remuneration of the members of the Executive Board consists of a basic salary, performance-related remuneration and performance-based remuneration. The basic salary was paid monthly in the reporting year, while the performance-related remuneration is paid in the following spring once the financial statements are available. The remuneration model is described in detail in the remuneration report on pages 38 to 43. The remuneration of both the Board of Directors and the Executive Board is determined by the Board of Directors at the proposal of the Remuneration Committee and reassessed annually (including the share programme).

The remuneration of the Board of Directors is determined prospectively from Annual General Meeting to Annual General Meeting and the maximum total remuneration of the Executive Board for the following financial year is submitted to the Annual General Meeting for approval. The remuneration of the individual members of the Board of Directors remained unchanged in the reporting year. Compensation paid to the members of the Executive Board fell slightly overall compared to the previous year despite certain duplicate appointments.

The existing remuneration systems for the Board of Directors and the Executive Board are being revised and are to take effect from the 2025 financial year. Intershop has engaged MME Legal AG, Zurich, to provide legal support in the preparation of the underlying regulations. Generally, the involvement of an external advisor is waived.

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 41 and 42).

**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. The lowering of the thresholds for shareholders' rights to convene meetings, place items on the agenda and submit motions is planned as part of the revision of the Articles of Association due to the new company law. The revised Articles of Association will be submitted to the 61st Annual General Meeting on 27 March 2024 for approval.

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 Annual 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 Annual 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's investment programme, shares acquired 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

For the current year under review, the auditors invoiced fees totalling CHF 187,000 for statutory audits and CHF 25,000 for additional auditing services, in particular in connection with the sustainability report. No other consulting services were provided by the auditors.

Supervisory and control instruments for the auditor

In connection with the audit planning in 2023, the auditor submitted a comprehensive report for the Board of Directors, in which the key 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 as 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 website: <https://intershop.ch/unternehmen/kontakt/kontakt-/-adressen>. Further information about the company and its properties can be found on the company's website www.intershop.ch.

The contact person for Investor Relations is Florian Balschun, 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, closed periods are in effect 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 – Chairman since 2022 – Elected unteil Annual General Meeting 2024
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, Zurich– Consultant to Investment Committee, BVK, Zurich
Board of Directors Intershop	<ul style="list-style-type: none">– Non-executive member since 2019– Elected until Annual General Meeting 2024
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

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 Directors, Athlema AG, Cham – 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 – Member of the Board of Trustees, AF Tierschutzstiftung, Baden
Board of Directors Intershop	<ul style="list-style-type: none"> – Non-executive member since 2022 – Elected until Annual General Meeting 2024
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 Simon Haus, 1978, Swiss citizen, Meilen

Education	<ul style="list-style-type: none">– Dip. Ing. FH/BA– Master of Advanced Studies (MAS) in Real Estate Management– Degree course (DAS) Business Law for Managers (WRM-HSG)
Professional experience	<ul style="list-style-type: none">– Architectural draughtsman in various architecture and property companies, 1995–2000– Architectural draughtsman, KPMB Architects, Toronto, Canada, 2001–2003– Project Manager, Verit Immobilien AG, Zurich, 2003–2004– AXA Investment Managers Schweiz AG, AXA Real Assets, Zurich, 2007–2023<ul style="list-style-type: none">- Project Manager Development & Construction, 2007–2012- Team Leader Asset Management, 2012–2018- Head of Asset Management, 2018–2023
Current activities	<ul style="list-style-type: none">– Chief Executive Officer, since August 2023– Member of the Board of Trustees, Serata Stiftung für das Alter, Thalwil

Yannick Hartmann, 1987, Swiss citizen, Ottenbach

Education	<ul style="list-style-type: none">– Master of Advanced Studies (MAS) in Corporate Finance & Corporate Banking– Bachelor of Science ZFH in Business Law
Professional experience	<ul style="list-style-type: none">– Assistant of Partner, Homburger AG, Zurich, 2011–2015– Portfolio management Intershop Management AG, Zurich 2015–2022– Portfolio management, Head Transactions and Asset Management Management Western Switzerland, Intershop Management AG, Zurich 2023
Current activities	<ul style="list-style-type: none">– Head of Real Estate, since January 2024– 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, 2012 until March 2024 – No activities or functions outside the Intershop Group

Mireille Lehmann, 1983, Swiss citizen, Dällikon

Education	<ul style="list-style-type: none"> – Master of Science in Architecture – Master of Advanced Studies (MAS) in Real Estate Management – Certificate of Advanced Studies (CAS) in General Management
Professional experience	<ul style="list-style-type: none"> – Architect, Deputy Project Manager, Team Leader, Bolts- hauser Architekten AG, Zurich, 2012–2015 – Self-employed architect, 2015–2016 – Project Manager, Owner representation and overall management, Ernst Basler & Partner AG, Zurich, 2016 – Project Manager, Building and Development Intershop Management AG, Zurich, 2016–2023
Current activities	<ul style="list-style-type: none"> – Head of Building and Development, since January 2024 – No activities or functions outside the Intershop Group

**Former 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, 2008 until August 2023– 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, 2008 until December 2023– 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, 2008 until December 2023 – 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
 Elvira Hofmann, Senior Management, Head asset management/property management
 Ian Keeble, Senior Management, Head Controlling
 Susanna Langhart, Management, Property management
 Markus Lisibach, Senior Management, Project manager Building and development
 Carole Nägeli, Senior 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

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The remuneration report is prepared in accordance with the legal and regulatory provisions (Swiss Code of Obligation (CO) 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 on 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 of the 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 2023 Annual General Meeting to the 2024 Annual 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 2023 General Meeting.

The members of the Executive Board receive a basic salary as well as a performance-based and a profit-based compensation. For the 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 opted not to engage an external consultant.

At the Annual General Meeting 2024, 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 2025. The maximum total compensation for the Executive Board for the financial year 2024 was determined at the 2023 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 Annual General Meeting. As a result, compensation also included participation in the Remuneration Committee. The compensation paid to the Chairman was twice that of other Board member 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.

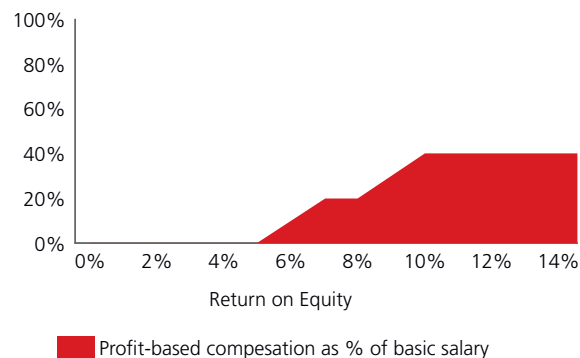
Basic salary

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 return on equity of 9.6% achieved in the year under review, the Executive Board will be entitled to receive 36% of the basic salary.

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



Performance-based compensation

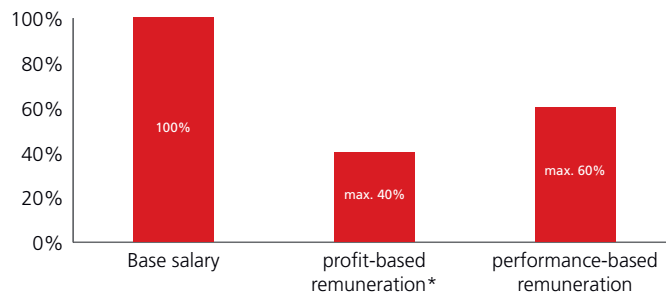
In addition to the above, the Board of Directors can award each member of the Executive Board a performance-based compensation. This is based on the service and success of each Executive Board member and is without written specifications or target agreements. The maximum performance-based compensation amounts to 60% of the basic salary. In the year under review, the performance-based compensation amounted to 57% 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.

New compensation scheme

The Board of Directors plans to replace the current remuneration scheme for the Board of Directors and the Executive Board with effect from 1 January 2025.

It is planned that 30% of the remuneration of the Board of Directors will be paid out in shares from the 2025 Annual General Meeting, subject to a vesting period of five years.

The remuneration of the members of the Executive Board is to consist of a non-performance-related basic salary and a bonus (gratuity). The bonus is derived from the company's success, taking into account the individual performance of the respective member of the Executive Board.

The performance-related component is based on three key performance indicators, namely the return on equity, the achievement of ESG targets defined by the Board of Directors and the relative performance of the company compared to an index of Swiss real estate shares.

The individual performance-related component takes into account the personal target achievement of each member of the Executive Board and is measured, assessed and determined by the Board of Directors. The performance-related component is then multiplied by the factor resulting from the individual target achievement. This factor ranges from zero to 1.5 for members of the Executive Management and from zero to 2.0 for the CEO.

The bonus for members of the Executive Management is limited to 60% to 80% of the basic salary and is paid out 70% in cash and 30% in the form of shares. The CEO receives 60% of his bonus in cash and 40% in the form of shares. The members of the Executive Management can individually increase the number of shares they receive up to 50% of their remuneration. Remuneration paid in shares is subject to a vesting period of 5 years. In addition, the shares of the members of the Executive Management are blocked up to one basic salary, and up to two basic salaries for the CEO, as a liability substrate.

The members of the Executive Board newly appointed as at 1 January 2024 and the CEO will receive fixed performance-related remuneration for 2024.

Compensation 2023

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

(in CHF 1,000)	Fee	Other compensation ¹⁾	Total 2023	Total 2022
Ernst Schaufelberger, Chairman	150	7	157	157
Kurt Ritz, Member	75	5	80	80
Christoph Nater, Member	75	5	80	80
Total Board of Directors²⁾	300	17	317	317

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

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

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

(in CHF 1,000)	Base salary	Profit-based remuneration	Performance-based remuneration	Other remuneration ¹⁾	Total 2023	Total 2022
Cyrell Schneuwly, former CEO	500	180	250	177	1,107	1,128
Total Executive Board²⁾	1,468	464	830	503	3,265	3,307

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)

Due to the departure of the previous members of the Executive Board, it is not possible to subscribe shares or the associated increase for the 2023 financial year. The new CEO will not receive any performance-related compensation for the 2023 financial year and it is therefore not possible to subscribe shares. The purchase of shares therefore amounts to CHF 0.0 million (0% of variable remuneration) for the previous CEO and the new CEO and also CHF 0.0 million (0% of variable remuneration) for the entire Executive Board.

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 13,200 and CHF 15,200 per member.

The employment contracts of the former members of the Executive Board were indefinite but could be terminated with a maximum of 12 months notice. The employment contract of the new CEO can be terminated for 6 months. No termination pay has been agreed.

The pay ratio in the Group was 8.2 in the reporting year and has decreased significantly 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)	31.12.2023	31.12.2022
Ernst Schaufelberger, Chairman	450	350
Christoph Nater, Member	40	40
Kurt Ritz, Member	200	200
Simon Haus, CEO	0	n/a
Cyrill Schneuwly, former CEO	n/a	6,516
Christian Baldinger, Head of Building and Development	2,734	3,108
Thomas Kaul, CFO	3,100	3,200
Andreas Wirz, Head of Portfolio Management	4,004	3,833
Total	10,528	17,247

The vested shares acquired by the Executive Board within the framework of the executive share participation plan 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.

Non-market remuneration

In the 2023 financial year, no non-market remuneration was paid to persons related to current or former members of governing bodies, nor was any compensation paid in connection with non-competition agreements.

Standard market compensation was paid to MME Legal AG, Zurich, in connection with legal advice.

Activities of members of the Board of Directors and the Executive Board

<p>Ernst Schaufelberger Chairman</p>	<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
<p>Christoph Nater Member</p>	<ul style="list-style-type: none"> – Lawyer at MME Legal AG, Zurich, since 2012 – Member of the Board of Directors, Balanx AG, Zurich – Member of the Board of Directors, Athlema AG, Cham – 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 – Member of the Board of Trustees, AF Tierschutzstiftung, Baden
<p>Kurt Ritz Member</p>	<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, Zurich – Consultant to Investment Committee, BVK, Zurich
<p>Simon Haus CEO from end of August 2023</p>	<ul style="list-style-type: none"> – Member of the Board of Trustees, Serata Stiftung für das Alter, Thalwil
<p>Yannick Hartmann Head Real Estate from January 2024</p>	<ul style="list-style-type: none"> – No activities or functions outside the Intershop Group
<p>Thomas Kaul CFO</p>	<ul style="list-style-type: none"> – No activities or functions outside the Intershop Group
<p>Mireille Lehmann Head Building and Development from January 2024</p>	<ul style="list-style-type: none"> – No activities or functions outside the Intershop Group
<p>Cyrill Schneuwly CEO until end of August 2023</p>	<ul style="list-style-type: none"> – Member of the Investment Committee, AFIAA Anlagestiftung für Immobilienanlagen im Ausland, Zurich – Member of the Board of Trustees, UZH Foundation, Zurich

Christian Baldinger

Head Building and Development
until December 2023

– No activities or functions outside the Intershop Group

Andreas Wirz

Head Portfolio management
until December 2023

– No activities or functions outside the Intershop Group

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 2023. The audit was limited to the information on remuneration, loans and advances and activities of members of the Board of Directors and the Executive Board pursuant to article 734a-734f CO in the tables marked 'audited' on pages 41 to 43 of the remuneration report.

In our opinion, the information on remuneration, loans and advances and activities of members of the Board of Directors and the Executive Board pursuant to article 734a-734f CO in the remuneration report (pages 41 to 43) complies 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 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 and activities of members of the Board of Directors and the Executive Board in the remuneration report, 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. It is also responsible for designing the remuneration system and defining individual remuneration packages.

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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 and activities of members of the Board of Directors and the Executive Board pursuant to article 734a-734f CO 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 judgement 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.

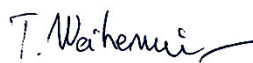
We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 2024

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Preface

Dear shareholders, dear Ladies and Gentlemen

For the financial year under review, Intershop is publishing its fifth comprehensive sustainability report in accordance with the GRI standards, which provides an insight into the company's value-adding processes. Intershop recognises its ecological and social responsibility to ensure, not only, its long-term success, but also to make its contribution to a future worth living in. The corresponding activities, processes and reporting are being continuously expanded. At various levels, Intershop continued to examine its role as a property owner in connection with the sustainable use of resources and the impact on the climate.

The analysis of the portfolio regarding CO₂ emissions, on the basis of which a specific, ambitious CO₂ reduction path was defined in the 2022 Annual Report, was deepened. Two of the largest properties, «Puls5» and «Patio» in Zurich, were certified in accordance with BREEAM. The results have been incorporated into ongoing and planned operational optimisation, as well as revitalisation and development projects, in which more sustainable energy generation is being systematically implemented or planned, as described in detail in the section «Property-focused resource optimisation». In the «Nordeins» property in Wohlen, for example, the replacement of the oil heating system with a pellet heating system has led to a significant reduction in CO₂ emissions. Such measures will help to halve CO₂ emissions from operations by 2032 (based on 2021 levels) and achieve the net-zero CO₂ target by 2050, thereby helping to combat climate change in line with the Paris Climate Agreement.

To offer interested investors greater transparency with regard to sustainability issues, the Intershop Group took part in the international GRESB (Global Real Estate Sustainability Benchmark, www.gresb.com) for the first time. The results of the assessment will be published after the second participation in autumn 2024. This sustainability report was expanded again with voluntary reporting on climate risks in accordance with the TCFD (Task Force on Climate-Related Financial Disclosures, www.fsb-tcf.d.org). In addition, for the 2023 financial year selected sustainability indicators were subject to limited assurance by PricewaterhouseCoopers AG. With the appointment of a sustainability manager as of 1 December 2023, additional resources will be available for further sustainability initiatives.

In the 2023 financial year, Intershop conducted a comprehensive employee survey together with a specialised company for the third time and expanded the group of participating employees to include all Group companies. This again resulted in a positive overall assessment and Intershop was once again recognised as a «Great Place to Work». Simultaneously, potential for improvement was identified in some areas, and these are being addressed with appropriate measures.



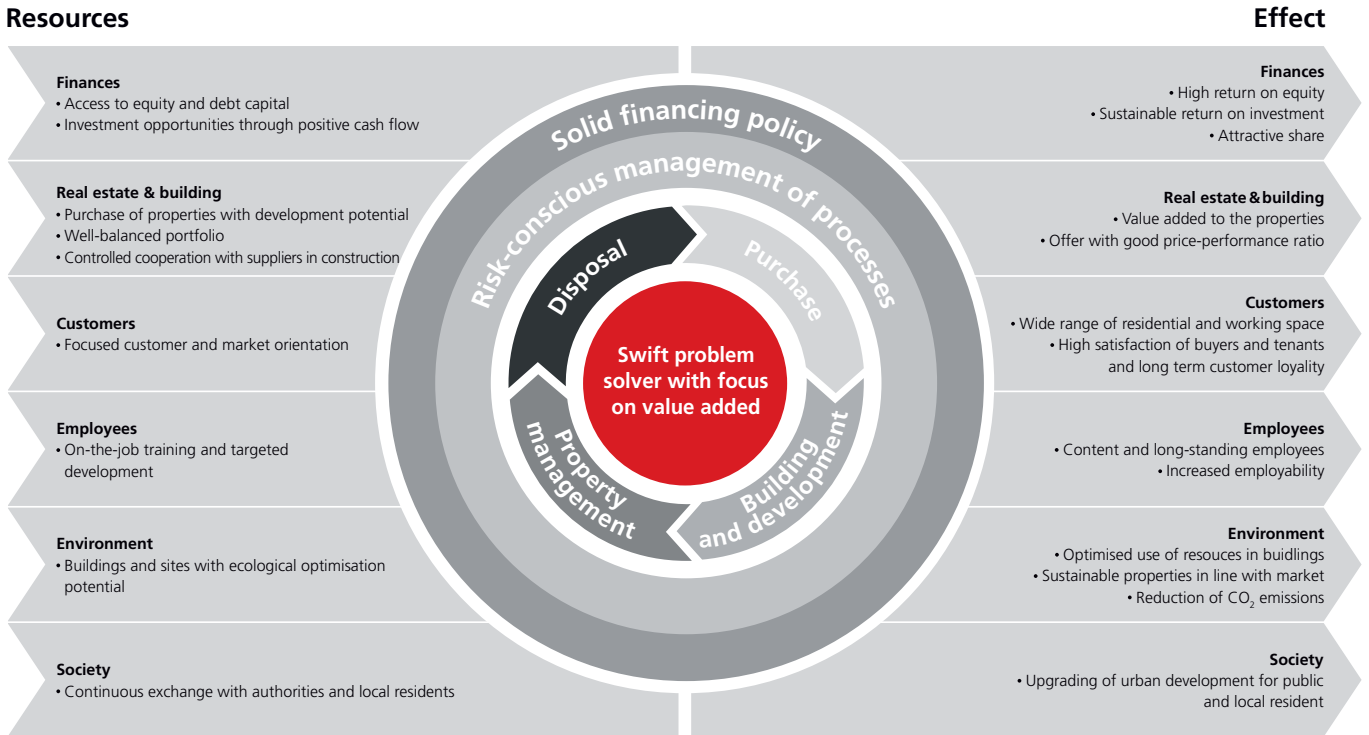
Ernst Schaufelberger
Chairman of the Board of Directors



Simon Haus
Chief Executive Officer

Zurich, 22 February 2024

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. 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 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 - biodiversity 	<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. These and other concerns are identified through discussions with tenants, among other things. For example, at least one personal feedback meeting is held with tenants with an annual rent of over CHF 150,000. This means that tenants accounting for 55% of the total annual rental income are surveyed. Selected commercial tenants were also given feedback on the energy consumption of their rental space.

Shareholder representatives and investors in the Green Bond confirmed the need for more comprehensive sustainability reporting in the 2023 financial year. One concern of many investors was the further expansion of sustainability reporting, participation in the GRESB and the publication of a CO₂ reduction pathway. In particular in connection with development projects such as the «Mediacampus» in Zurich, an in-depth dialogue with authorities and various stakeholder groups is conducted on an ongoing basis. In 2023, for example, Intershop completed a participatory process to draw up a new utilisation and development concept for the property

in Flurlingen and laid the foundations for a possible adaptation of the municipal and cantonal planning instruments. Tenants, neighbours, the municipality, the region and other interested parties were able to get involved in this process.

Integrated governance of sustainability

As part of the strategy definition, the Board of Directors is also responsible for the key aspects of sustainability. Sustainability has also been anchored in the strategy and investment policy (see pages 72 and 73) and described in the value chain. Key aspects are also set out in the new sustainability guideline and in the Code of Conduct, which is binding for all Group employees. The sustainability guideline describes the understanding of sustainability as well as the key topics and regulates responsibilities. The Code of Conduct from 2012 was revised in 2023 and an independent reporting office for employees and third parties was introduced.

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 relevant developments at all ordinary meetings of the Board of Directors. Due to the size of the company, the entire Executive Board assumes responsibility for sustainability, including the annual review of material topics. A full-time sustainability manager was hired in 2023 to expand and coordinate sustainability issues. 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 to the Board of Directors by stakeholders or reported via the independent reporting office and raised by shareholders at the Annual General Meeting. There were no critical concerns in the reporting year. Tenants' concerns are taken into account through regular dialogue. Their concerns are identified through discussions and the anonymous employee survey conducted by a specialised company. As part of the annual risk assessment by the Board of Directors, critical issues are proactively analysed, discussed and, if necessary, measures are introduced. In 2023, the assessment of climate risks in particular was expanded.

Intershop has established processes to ensure compliance with Swiss legislation to prevent child labour and minimise risks from conflict minerals. Intershop is exempt from Swiss due diligence and reporting requirements for child labour and from Swiss and EU due diligence and reporting requirements for minerals and metals from conflict and high-risk areas.

The Board of Directors and the Executive Board regularly undergo further training on ESG topics. The Board of Directors also 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 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.

An open culture of communication and discussion and a flat hierarchy form the basis for implementing the values and principles in day-to-day business. The organisation and processes are geared towards risk-, resource- and cost-conscious action. Intershop pays particular attention to sustainable aspects such as environmental resources, energy consumption and emissions, dealing with the various stakeholders and employee satisfaction and development. Responsibility for compliance with key corporate values is governed by a Code of Conduct, which is publicly available on the website (www.intershop.ch/unternehmen/richtlinien/verhaltenskodex). Aspects of sustainability are also 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 has been 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 9.6% 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 fifteen financial years, a return on equity of more than 9.5% was generated, with an average value of 13.3%.

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, which was renewed in 2023, as well as a sustainability guideline. In addition, external specialists are regularly consulted for specific legal areas such as the environment, contaminated sites and building regulations.

In 2023 and in previous years, there were no significant fines or non-monetary sanctions due to non-compliance with laws or regulations, in particular environmental laws or regulations. Intershop was also not involved in any proceedings due to anti-competitive behaviour or violations of antitrust and monopoly law. 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 reporting year, as in the previous year, Intershop did not sponsor any organisations. In order to better represent its own interests and promote dialogue on relevant topics, Intershop is a member of VIS Verband Immobilien Schweiz, Schweizerischer Verband der Immobilienwirtschaft SVIT, Hauseigentümerverband Schweiz and EPRA (European Public Real Estate 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 2023 business year, various development projects have progressed, and significant milestones were reached. Details are described in the management report (pages 6 to 14).

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. 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 2023, 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 2023, Intershop worked with approximately 1,600 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.

In the case of investment properties, the focus is on the continuation of ongoing operations. The existing portfolio of investment properties is continuously analysed for sustainability-related optimisation measures and, as part of upcoming renovations, they are sustainably refurbished, taking into account their use and life cycle. In order to improve the energy efficiency of the facilities, detailed operational optimisations were carried out with external specialists at four properties in the 2023 financial year. During refurbishments, the properties are converted to renewable energy sources where possible in order to reduce CO₂ emissions. At the «Nordeins» property in Wohlen, for example, a significant reduction in CO₂ emissions from over 40 kg CO₂ e/m² of energy reference area to around 3 kg CO₂ e/m² was achieved in the 2023 financial year by replacing the oil heating with a pellet heating system.

In order to verify the results of property-focused resource optimisation by external parties, the certification of renovated or newly constructed properties or the fulfilment of standards even without certification is important for long-term value retention. With the «Puls5» and the «Patio» in Zurich, two of the largest properties were certified according to BREEAM in the 2023 financial year.

Completed projects of investment, development and promotional property portfolio

Property	Project	Energy production	Certification
Baden, Römerstrasse	Construction of commonhold apartments	District heating and solar energy	Minergie
Basle, Redingstrasse 10/12/14 + 20/22/24	Annex to high rise buildings and refurbishment	District heating and solar energy	SNBS ¹⁾
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
Wohlen, Nordstrasse 1	Refurbishment	Wood pellets	-
Winterthur, Fabrikstrasse 2	Construction of assembly plant	District heating and solar energy	-
Zürich, Sihlquai 253-259	Renewal heating system	District heating	-

1) Certification is expected to take place mid 2024

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 of portfolio of development properties

Property	Project	Energy production	Certification
Lausanne, World Trade Center	Refurbishment	District heating and solar energy	SNBS
Oberwinterthur, Industrial park	Refurbishment building 730	District heating and solar energy	Minergie
Vernier, Chemin de l'Emeraude 10, 22, 24	Construction of commercial property	Heat pump and solar energy	Minergie

Promoting biodiversity in development projects

Intershop wants to take advantage of opportunities to counteract the loss of biodiversity. Great attention is therefore paid to the promotion of biodiversity as an important element of property-integrated environmental protection. When realising projects, Intershop examines the implementation of corresponding projects as part of the regular construction process and is in close contact with the relevant stakeholder groups. In the «Bloom» revitalisation project in Lausanne, the following measures, among others, will contribute to the preservation of urban biodiversity: outdoor design with networked green spaces, indigenous biodiversity and a reduction in concreted areas, preservation and promotion of trees and shrubs, as well as the removal of barriers and obstacles to promote fauna. For the revitalisation project on Redingstrasse in Basel a biodiversity concept was also developed implemented and included, among others, the following measures: ecological fringe with trees and shrubs around the project perimeter, ecological enhancement with flower meadows between the buildings, gravel turf along the asphalted footpaths to support drainage and local infiltration.

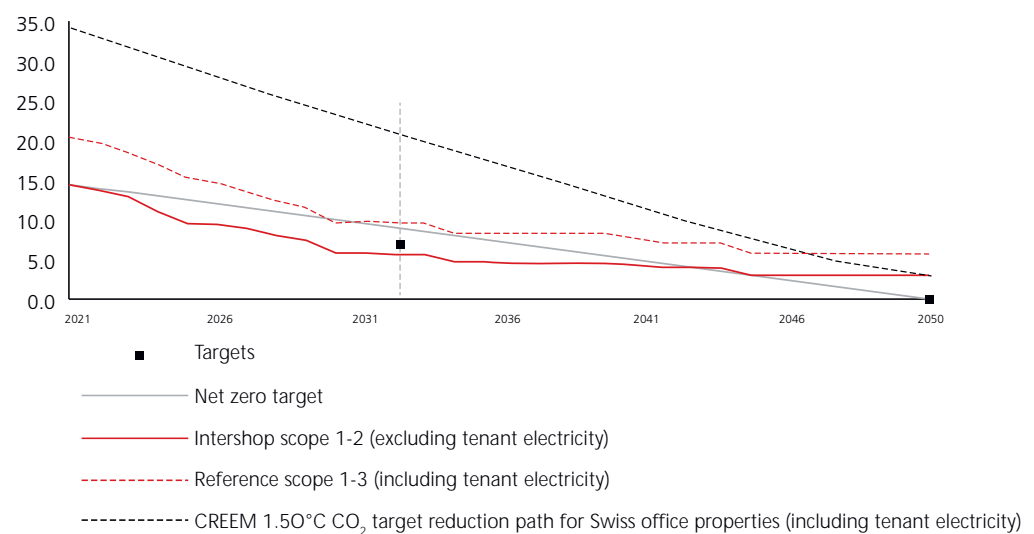
CO₂ reduction target and CO₂ reduction path

The CO₂ emissions analysis of the portfolio, which began in 2021, was further refined with the help of specialists. On the one hand, the results are being incorporated into ongoing and planned operational optimisation schemes as well as revitalisation and development projects in which more sustainable energy generation is being systematically implemented or planned, as described in detail in the section «Property-focused resource optimisation». On the other hand, the analyses at portfolio level enabled a specific, ambitious CO₂ reduction path to be defined, which was first presented in the 2022 Annual Report. The actual condition and strategy of the buildings, as well as the level of investment and the optimal timing of the measures, were taken into account.

The reduction path is to be understood as a dynamic forecast that is regularly adjusted to the current status of the portfolio with regard to energy consumption, composition, planned investments and property strategies. The reduction path refers to Scope 1 and Scope 2 emissions due to the operation of the properties, as these are subject to operational control by Intershop as the property owner and therefore does not include tenant electricity. For the update of the reduction path, the new emission factors according to KBOB were used in accordance with the GHG Protocol, which exclude Scope 3 emissions contained in the energy sources. The defined target of halving CO₂ emissions in operations by 2032 based on 2021 levels and achieving the net-zero CO₂ target by 2050 and helping to combat climate change in accordance with the Paris Climate Agreement remains unchanged, but the absolute target figure has now been reduced by the previously included Scope 3 emissions. The defined target of halving CO₂ emissions by 2032 is now 7.2 kg CO₂ e/m² instead of 8.9 kg CO₂ e/m².

The measures for realising the CO₂ reduction path focus on replacing fossil heating systems with heat pumps and district heating, which have lower CO₂ emissions. It should be noted that the implementation of district heating, for example, is dependent on third parties. A reduction path from CRREM is shown as a reference. CRREM is an organisation that publishes global benchmarks for compliance with a 1.5°C global warming target for various types of property. The Intershop reduction path including model values of Scope 3 emissions, i.e. with tenant electricity and Scope 3 emissions from energy sources, is shown as a comparative value. Other Scope 3 emissions, such as those generated in the production of the building materials used and in the construction process, are not taken into account.

CO₂-emissions in kg CO₂e per m²



Environmental indicators

Collection of environmental indicators

The monitoring and reporting of environmental indicators was further expanded and refined in the reporting year. The calculation basis for the environmental key figures includes the entire property portfolio of Intershop Holding AG and its Group companies as at the balance sheet date, with the exception of promotional properties, properties under construction and plots of land. The like-for-like comparison only includes those properties that were under operational control in both the reporting year and the previous year. This allows conclusions to be drawn regarding efficiency improvements and the effects of measures taken during operation. Energy consumption data is collected from utility bills or meter readings and is generally reported per calendar year. Where consumption data is not available as at the closing date, individual estimates are made based on the previous year's figures.

For reporting purposes, the new emission factors according to KBOB (KBOB/ecobau/IPB 2009/1:2022, V2) were used in accordance with the GHG Protocol (financial control approach), which excludes Scope 3 emissions contained in the energy sources. For district heating networks, the greenhouse gas emission factors are determined annually based on the energy mix supplied by the utility company. The area figures used refer to the energy reference area (EBF). If available, the measured energy reference areas are used. If the energy reference areas are not available, they are converted using appropriate conversion factors based on the rentable areas. To ensure comparability, the previous year's figures were adjusted accordingly. In addition, selected indicators for the period ended 31 December 2023 were subject to limited assurance

by PricewaterhouseCoopers AG (refer to the independent practitioner's limited assurance report on selected indicators, pages 65-67).

Development of environmental indicators

In 2023, the portfolio's like-for-like energy consumption fell by 10.0% from 76.7 kWh/m² to 69.0 kWh/m². CO₂ emissions were reduced by 10.7 % from 11.7 kg CO₂e/m² to 10.4 kg CO₂e/m². In addition to a reduction through new heating systems with district heating and pellets, both initial operational optimisation schemes and the savings efforts of tenants and Intershop contributed to this development. 90% of the electricity requirements and 18% of the thermal energy for the portfolio are covered by renewable energy sources.

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

		absolute		like-for-like		
		2023	2022	2023	2022	in %
Energy consumption						
Electricity	MWh	5,207*	5,868	5,207	5,708	-8.8%
Heat						
District heating	MWh	9,021*	9,679	9,021	9,629	-6.3%
Gas	MWh	16,049*	20,108	16,049	19,035	-15.7%
Oil	MWh	7,410*	7,277	7,410	7,277	1.8%
Pellets	MWh	519*	-	519	-	
Total	MWh	38,206	42,932	38,206	41,648	-8.3%
Electricity intensity	kwh/m ²	10.2*	11.6	10.2	11.2	-8.9%
Heat intensity	kwh/m ²	58.8*	65.5	58.8	65.5	-10.2%
Energy intensity	kwh/m²	69.0	77.1	69.0	76.7	-10.0%
Share of renewable energy						
Electricity	in %	90%	90%	90%	91%	
Heat	in %	18%	11%	18%	11%	
CO₂ emissions						
Gas	t CO ₂ e	2,875*	3,595	2,875	3,411	
Oil	t CO ₂ e	1,866*	1,832	1,866	1,832	
Pellets	t CO ₂ e	14*	-	14	-	
Total Scope 1	t CO ₂ e	4,755	5,427	4,755	5,243	
Electricity	t CO ₂ e	651*	734	651	714	
District heating	t CO ₂ e	387*	413	387	410	
Total Scope 2	t CO ₂ e	1,038	1,147	1,038	1,124	
Total	t CO₂e	5,793	6,574	5,793	6,367	-9.0%
CO₂ intensity	k CO₂e/m²	10.4*	11.8	10.4	11.7	-11.1%
Water consumption	m³	180,704*	177,264	180,704	170,360	6.1%
Water intensity	m³/m²	0.32*	0.31	0.32	0.31	3.2%
Energy production	MWh	2,826	3,030	2,775	3,027	-8.3%
CO ₂ equivalent	t CO ₂ e	353*	379	347	378	
Data basis						
Number of properties		39	44	39	39	
in % of total portfolio		100	100	100	89	
Energy reference area	m ²	561,416	566,257	561,416	548,455	

*The highlighted sustainability indicators were subject to limited assurance by PricewaterhouseCoopers AG, refer to the independent practitioner's limited assurance report on selected indicators (pages 67-69).

The presentation is based on all properties in the portfolio as at the balance sheet date with the exception of promotional properties, properties under construction and the land parcel. In total, 100% of the relevant properties as at 31.12.2023 were included in the analysis. For some properties, the calculation of heating oil consumption is not based on the reporting date of 31 December 2023, but on the last reporting date of the heating and ancillary cost billing period. For some properties for which no final utility bill was available on the closing date, individual values were estimated based on the previous year's figures. The electricity consumption relates to the general building areas without the specific consumption of the tenants. Properties with individual tenants or condominium owners' associations where Intershop has no operational control were not included in the general electricity consumption. The calculation of the intensity indicators is based on the measured or estimated energy reference area and conversion factors are used to calculate the CO₂ emissions in accordance with the Coordination Conference of the Construction and Real Estate Bodies of Public Building Owners KBOB (KBOB/ecobau/PB 2009/1:2022, V2). The absolute values shown for the previous year differ from the values published in the 2022 Annual Report, as the estimated values were replaced by actual values and individual data errors were corrected. The CO₂ intensities of the previous year also differ from the published values, as new emission factors were used.

Management of climate related opportunities and risks (TCFD)

In addition to the impact of properties on the environment, Intershop also examines the extent to which environmental influences and climate risks currently affect the buildings or could affect them in the future. Intershop is not subject to the new legal provisions of Art. 964 of the Swiss Code of Obligations on transparency relating to non-financial matters, as the number of employees in the Group is less than 500 full-time equivalents. Intershop is therefore voluntarily reporting for the first time in accordance with the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD) on the impact of climate-related financial risks on the company's business activities and the measures taken to proactively manage these risks. The portfolio is only exposed to natural hazards such as flooding, landslides and avalanches to a limited extent due to its location. Rising temperatures in summer have been identified as the greatest risk in connection with the physical effects of climate change.

Governance

As part of the strategy definition, the Board of Directors is responsible for the key aspects of sustainability, including climate risks. The Board of Directors has delegated the implementation of the sustainability strategy, including analysing the company's impact on its environment and, in particular, the implementation of the CO₂ reduction path and the analysis of climate risks, to the Executive Board. The Executive Board reports on relevant developments at all ordinary meetings of the Board of Directors. Due to the size of the company, the entire Executive Board assumes responsibility in the area of sustainability. A full-time sustainability manager was hired in 2023 to expand and coordinate sustainability issues, including the analysis of climate risks. As part of the reporting process, the Board of Directors reviews and approves the report on climate risks as part of the annual report.

Risk management

Intershop is exposed to both physical and transitional risks in connection with the effects of climate change. These all have a direct impact on Intershop and are therefore included as a key part of risk management. The effects of the risks are analysed and assessed based on their probability of occurrence. Integration into the existing process ensures that climate-related risks are effectively identified, assessed and managed.

In 2023, an initial location-based assessment of Intershop's property portfolio of the physical risks was carried out using a "climate value-at-risk" model. This analysis showed that the direct physical climate risks for the property portfolio in Switzerland over the next 10 years are comparatively low. Rising temperatures and heavy rainfall were identified as the greatest risks. Intershop will pursue the further development of these analysis options and, if necessary, carry out additional assessments also at building level.

Intershop is of the opinion that the short and medium-term transitional risks resulting from social change and the tightening of regulations are more important than the physical risks and will expand its analysis and assessment of these risks.

Strategy

Physical risks

Description of the risks	Effects on Intershop	Measures and metrics	Need for action
Extreme weather events such as <ul style="list-style-type: none"> – Storms – Heavy knock-downs – Floods, high water, landslides 	<ul style="list-style-type: none"> – Increasing demands on location quality – Increased risk of damage to the building fabric – Higher insurance costs and increased liability risk towards tenants – Restriction of usability 	<ul style="list-style-type: none"> – Site analysis of potential environmental damage by external experts – Specific property analyses regarding building structure and structural measures – Regular review of the insurance cover <p>Metrics:</p> <ul style="list-style-type: none"> – Insurance claims reporting insurance – Climate Value at Risk in % 	<ul style="list-style-type: none"> – Need for action still low. <p>The risk is determined using science-based "climate value-at-risk" modelling and has already been quantified in some cases.</p>
Climate change like <ul style="list-style-type: none"> – Rising temperatures – Persistent heat periods 	<ul style="list-style-type: none"> – Rising service charges due to increased energy requirements for cooling – Restriction of usability, lettability and higher vacancy rate – Higher requirements for the building envelope and building services 	<ul style="list-style-type: none"> – Object-focused resource optimisation and continuation of operational optimisations – Regular updating of the CO₂ reduction path and implementation of measures/investments – Rental agreement provisions regarding ancillary costs and indoor climate condition <p>Metrics:</p> <ul style="list-style-type: none"> – Investment planning to achieve the CO₂reduction target – Climate Value at Risk in % 	<ul style="list-style-type: none"> – Medium need for action to optimise operations and ongoing review of investment and decision planning

Transitions risks

Social impact of climate change

Description of the risks	Effects on Intershop	Measures and metrics	Need for action
Changed customer behaviour and market developmentg	<ul style="list-style-type: none"> – Increased requirements from tenants and buyers for buildings, space standards and certifications – Tenant, buyer and investor requirements regarding sustainable materials and technologies 	<ul style="list-style-type: none"> – Consideration of sustainability criteria for investment and development properties (certifications) – Comprehensive reporting – Supplier Code of Conduct Metrics: <ul style="list-style-type: none"> – Share of certified buildings and rented space – Enquiries from tenants, investors and the public about the sustainability of properties 	<ul style="list-style-type: none"> – High for the certification of new buildings and existing properties as well as the expansion of reporting.
Changing awareness of people's health and safety	<ul style="list-style-type: none"> – Increasing demands on comfort, indoor climate and building quality – Reduced attractiveness and lettability of unrenovated space 	<ul style="list-style-type: none"> – Site analyses regarding the influence of rising temperatures – Consideration of sustainability criteria for yield and development properties (avoidance of heat islands) Metrics: <ul style="list-style-type: none"> – Number of tenant complaints – Tenant feedback and future tenant surveys 	<ul style="list-style-type: none"> – Currently still little need for action. Expansion of tenant feedback planned.

Regulatory changes

Description of the risks	Effects on Intershop	Measures and metrics	Need for action
Laws and regulations relating to energy sources and CO₂ emissions	<ul style="list-style-type: none"> – Increased requirements for building technology – Additional costs for replacing fossil fuels before the end of their service life – Levies and taxes on CO₂ emissions 	<ul style="list-style-type: none"> – Consideration of new regulations in property strategies for investment properties – Implementation of specifications for development projects – Regular updating of CO₂ reduction path and investment planning Metrics: <ul style="list-style-type: none"> – Energy consumption – CO₂ Intensity – Share of renewable energies 	<ul style="list-style-type: none"> – Medium need for action in order to continue to comply with new laws and regulations.
Investors and the public are stepping up their sustainability efforts	<ul style="list-style-type: none"> – Growing demand from investors and the public for sustainable properties – Increasing relevance of reporting – Attractiveness for investors decreases, potential impact on the share price 	<ul style="list-style-type: none"> – ESG manager recruitment – Continuous expansion of reporting – Improvement in GRESB rating – Prompt response to questionnaires from investors and rating agencies Metrics: <ul style="list-style-type: none"> – Investor enquiries – Sustainability ratings (GRESB, etc.) 	<ul style="list-style-type: none"> – Increasing pressure from investors to reduce the portfolio's CO₂ emissions and expand sustainability reporting.

High degree of personal responsibility of the employees

Employees are central to the company's success. Qualified personnel, entrepreneurial behaviour 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 behaviour and increase employee job satisfaction and commitment. Personal responsibility is strengthened by a culture of open communication and discussion, a flat hierarchy and the manageable size of the company. Thanks to the direct contact between management and employees, the degree of personal responsibility can be regularly assessed on the basis of their suggestions and ideas and their implementation.

High level of employee satisfaction

In the 2023 financial year, Intershop once again conducted a comprehensive employee survey together with a specialised company. The group of participating employees was expanded by Intershop Management AG to include all Group companies, and 78% of employees took part. This again resulted in a positive overall assessment and Intershop was honoured as a «Great Place to Work». 87% (previous year: 83%) of employees responded positively to the question regarding job satisfaction. The survey also included questions on job security and management changes at management level. Above-average positive ratings were achieved in areas such as occupational safety, fairness, accessibility of managers and error culture. Potential for improvement was identified in areas such as innovativeness, communication and decision-making processes. These are to be addressed with appropriate measures.

The Code of Conduct and internal directives regulate dealings with and between employees. It is made unequivocally clear that, in particular, discrimination of any kind is neither covered by the company's values nor will it be tolerated. The fluctuation rate, which rose significantly in the previous year, has fallen again and totalled 9% for all Group companies (previous year: 24%). The historically high fluctuation rate in the previous year is partly due to the restructuring of certain facility management tasks and the departure of apprentices following their training. In 2023, there were eleven new employees of which six were male and five female, and six departures, comprising four male and two female.

Attractive employer with good development opportunities

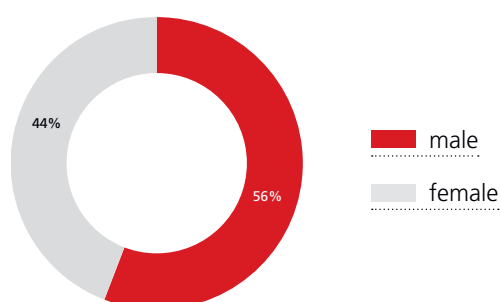
As the qualifications of employees play a key role in ensuring the company's success, training and further education is particularly encouraged and supported. In the year under review, Intershop Group employees took part in training and development programmes for a total of 190 days (previous year: 238 days). This corresponds to an average of 3.2 training days (previous year: 3.9 days) per full-time employee. In addition to one-day training and development courses, comprehensive training courses are also completed, for example to obtain a «Specialist Certificate in Real Estate Management» 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 to external training and further education, Intershop also organised internal training courses in the financial year, particularly in the areas of IT security awareness and sustainability. Intershop also regularly trains apprentices. As at 31 December 2023, two apprentices were in training (previous year: two). Every year, all employees have a structured appraisal interview with their direct line manager, which is used for mutual assessment and target setting.

Employee structure

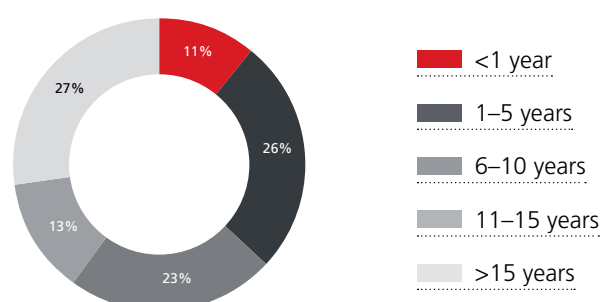
	31.12.2023	in %	31.12.2022	in %
Level of employment				
full time	45	64	41	63
part time	25	36	24	37
Total	70		65	
Full-time equivalents	62.7		57.6	
Gender				
male	39	56	37	57
female	31	44	28	43
Total	70		65	

As the Intershop Group operates exclusively in Switzerland, reporting by region is not provided. As of 31.12.2023, 5 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.

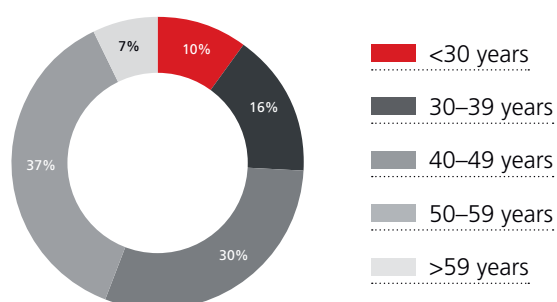
Gender of employees



Length of service of employees



Age structure of employees



Training and absences

	31.12.2023	in %	31.12.2022	in %
Training days	190	1.2	238	1.5
Sick days	355	2.3	682	4.3

About this report

The Intershop Group has reported in accordance with the GRI Standards for the period from 1 January 2023 to 31 December 2023. For the Content Index - Essentials Service, GRI Services has verified that the GRI Index has been presented in a manner consistent with the reporting requirements of the GRI Standards and that the information in the GRI Index is clearly presented and accessible to stakeholders. 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 27 February 2024 and the contact person is the CFO. All information and key figures in the Sustainability Report cover all Group companies of Intershop Holding AG. The new emission factors according to KBOB (KBOB/ecobau/IPB 2009/1:2022, V2) were used for the environmental indicators in accordance with the GHG Protocol (financial control approach). The calculation basis and the new presentation of the sustainability indicators, in particular the calculation of CO₂ emissions and intensities based on the current emission factors, as well as the adjustments to the previous year's figures are described on pages 58-59. In 2023, selected indicators marked with a *symbol in the table of environmental indicators were subject to limited assurance by PricewaterhouseCoopers AG for the first time (refer to the independent practitioner's limited assurance report on selected indicators, pages 67-69). The content of this Sustainability Report focusses on topics that are relevant to Intershop or its stakeholders or that have a material impact on sustainable development. Further information is contained in the section «Sustainability and material topics» and can be found in the GRI Index https://intershop.ch/fileadmin/Daten/PDF/GRI/2023_Index_4RtGh.pdf.

Independent practitioner's limited assurance report

on the selected 2023 indicators in the chapter Sustainability Report 2023 of the Annual Report 2023 to the Board of Directors of Intershop Holding AG

Zürich

We have been engaged by the Board of Directors to perform assurance procedures to provide limited assurance on the selected 2023 indicators in the chapter Sustainability Report 2023 (including the GHG statement) of the Annual Report 2023 ("Sustainability report") of Intershop Holding AG and its consolidated subsidiaries ("Intershop") for the period ended 31 December 2023.

Scope and subject matter

The subject of our assurance engagement are selected 2023 indicators in the table "Energy consumption, energy generation, CO₂-emissions and water consumption" presented on page 60 in the Sustainability report ("selected 2023 indicators") of Intershop AG, which you have published on the website <https://intershop.ch/unternehmen/nachhaltigkeit> ⁽¹⁾ and that are marked with the symbol ***.

We do not comment on, nor conclude on any prospective or retrospective information nor did we perform any assurance procedures on the information other than those stated above for the reporting period 2023, accordingly we provide no assurance on other information.

Criteria

The selected 2023 indicators in the Sustainability report were prepared by the Board of Directors of Intershop based on the principles presented in the sections "Collection of environmental indicators" on pages 58-59 and "About this report" on page 66 (integrated part of the published Sustainability report), which describe and define principles, processes as well as the data collection and reporting of sustainability reporting (the "suitable Criteria"). These principles were developed using the GRI Sustainability Reporting Standards published by the Global Reporting Initiative (GRI), Version 2021 and the Greenhouse Gas (GHG) Protocol Corporate Standard (Revised edition).

Inherent limitations

The accuracy and completeness of the selected 2023 indicators in the Sustainability report are subject to inherent limitations given their nature and methods for determining, collecting, calculating and estimating such data. In addition, the quantification of GHG emissions is subject to inherent uncertainty, because of incomplete scientific knowledge used to determine GHG emission factors and the values needed to combine e.g. emissions of different gases. Our assurance report will therefore have to be read in connection with the suitable Criteria.

Board of Directors' responsibility

The Board of Directors of Intershop Holding AG is responsible for the preparation and presentation of the chapter Sustainability Report 2023 in accordance with the suitable Criteria. This responsibility includes designing, implementing and maintaining an internal control system related to the preparation and presentation of the Sustainability Report 2023 that is free from material misstatement, whether due to fraud or error. Further, the Board of Directors is also responsible for the selection and application of the suitable Criteria, appropriate reporting policies and making estimates that are reasonable in the circumstances as well as for an adequate record keeping.

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Telefon: +41 58 792 51 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.

Independence and quality management

We are independent of the Intershop Holding AG in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

PricewaterhouseCoopers AG applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's responsibility

Our responsibility is to perform a limited assurance engagement and to express a conclusion on the selected 2023 indicators in the table "Energy consumption, energy generation, CO₂-emissions and water consumption" presented on page 60 in the chapter Sustainability Report 2023 (including the GHG statement) of the Annual Report 2023, which you have published on the website <https://intershop.ch/unternehmen/nachhaltigkeit>⁽¹⁾ and that are marked with the symbol "***". We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) 'Assurance engagements other than audits or reviews of historical financial information' and the International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements ('ISAE 3410'), issued by the International Auditing and Assurance Standards Board. Those standards require that we plan and perform our procedures to obtain limited assurance whether anything has come to our attention that causes us to believe that the selected 2023 indicators in the table "Energy consumption, energy generation, CO₂-emissions and water consumption" presented on page 60 in the chapter Sustainability report 2023 (including the GHG statement) of the Annual Report 2023, which you have published on the website <https://intershop.ch/unternehmen/nachhaltigkeit>⁽¹⁾ and that are marked with the symbol "***" were not, in all material aspects, prepared in accordance with the suitable Criteria.

Based on risk and materiality considerations, we performed our procedures to obtain sufficient and appropriate assurance evidence. The procedures selected depend on the assurance practitioner's judgement. A limited assurance engagement under ISAE 3000 (Revised) and ISAE 3410 is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

Summary of the work performed

Our limited assurance procedures included, amongst others, the following work:

- Assessment of the sections "Collection of environmental indicators" published on pages 58-59 and "About this Report" on page 66, including the criteria to determine whether they are appropriate when applied in relation to the disclosures and indicators;
- Inquiries and detailed walkthroughs with the relevant stakeholders for the selected 2023 indicators in the Sustainability report;
- Inspection of documents (e.g. processes and control description, policies and other relevant documents);
- Analytical procedures;
- Reperformance of relevant calculations;
- Selected test of details based on sample testing of underlying data (e.g. sample testing of source data, invoices etc.); and
- Reading of Sustainability report to identify any potential significant inconsistencies or material misstatements of facts within the Sustainability report (other information) as a whole.

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

Conclusion

Based on the work we performed, nothing has come to our attention that causes us to believe that the in the table "Energy consumption, energy generation, CO2-emissions and water consumption" presented on page 60 in the chapter Sustainability Report 2023 of the Annual Report 2023 of Intershop AG for the period ended 31 December 2023, which you have published on the website <https://intershop.ch/unternehmen/nachhaltigkeit>⁽¹⁾ and that are marked with the symbol "*" are not, in all material respects, prepared in accordance with the suitable Criteria described above.

Intended users and purpose of the report

This report is prepared for, and only for, the Board of Directors of Intershop Holding AG, and solely for the purpose of reporting to them on the selected 2023 indicators in the Sustainability report and no other purpose. We do not, in giving our conclusion, accept or assume responsibility (legal or otherwise) or accept liability for, or in connection with, any other purpose for which our report, including the conclusion, may be used, or to any other person to whom our report is shown or into whose hands it may come, and no other persons shall be entitled to rely on our conclusion.

We permit the disclosure of our report, in full only and in combination with the suitable Criteria, to enable the Board of Directors to demonstrate that they have discharged their governance responsibilities by commissioning an independent assurance report over the selected 2023 indicators in the Sustainability report, without assuming or accepting any responsibility or liability to any third parties on our part. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors of Intershop Holding AG for our work or this report.

PricewaterhouseCoopers AG

Ralf Hofstetter

Christine Blass

Basel, 27 February 2024

⁽¹⁾ *The maintenance and integrity of Intershop's website <https://intershop.ch/unternehmen/nachhaltigkeit> and its content are the responsibility of the Board of Directors; the work carried out by the assurance provider does not involve consideration of the maintenance and integrity of the Intershop's website, accordingly, the assurance providers accept no responsibility for any changes that may have occurred to the reported selected 2023 indicators in the chapter Sustainability Report 2023 (including the GHG statement) of the Annual Report 2023 or the suitable Criteria since they were initially presented on the website.*

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 profitability of the investment in a sustainable manner. The company utilises changes in market and regulatory conditions to identify and secure added value. Long-term investments will be considered if a corresponding yield can be achieved.

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

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

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

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

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

Investments outside Switzerland are possible.

Rental income should be sustainable and inflation-protected.

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

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

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

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Consolidated balance sheet

(in CHF 1,000)

Assets

	Notes	31.12.2023	31.12.2022
Current assets			
Cash	4	17,301	52,729
Trade receivables	5	811	1,809
Other receivables	5	4,730	5,421
Properties held for disposal	8	0	19,195
Promotional properties	6	3,070	50,426
Accrued income and prepaid expenses		1,470	1,192
Total current assets		27,382	130,772
Non-current assets			
Investment properties	7	1,016,667	991,118
Development properties	8	355,552	332,809
Other equipment		147	253
Derivate financial instruments	11	0	1,184
Deferred tax assets	12	239	203
Total non-current assets		1,372,605	1,325,567
Total assets		1,399,987	1,456,339
Current liabilities			
Short term financial liabilities	11	86,400	100,012
Trade payables	9	4,539	24,381
Tax liabilities		5,758	10,760
Short term provisions	10	704	4,504
Accrued expenses and deferred income	9	13,355	17,616
Total current liabilities		110,756	157,273
Non-current liabilities			
Long term financial liabilities	11	294,911	294,875
Derivative financial instruments	11	1,081	0
Deferred tax liabilities	12	124,391	123,389
Long term provisions	10	1,534	1,997
Total non-current liabilities		421,917	420,261
Total liabilities		532,673	577,534
Shareholders' equity			
Share capital	13	19,000	19,000
Capital reserves		7,759	7,781
Treasury shares	13	-35,767	-35,789
Retained earnings		876,322	887,813
Total shareholders' equity		867,314	878,805
Total shareholders' equity and liabilities		1,399,987	1,456,339

**Shareholders' equity
and liabilities**

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

Consolidated income statement

(in CHF 1,000)

	Notes	2023	2022
Rental income	17	80,465	76,069
Income from sale of promotional properties	18	73,612	21,836
Net gains from property disposal	19	13,605	129,376
Other income	20	4,370	5,469
Total operating income		172,052	232,750
Property expense	21	8,695	7,810
Expense for sale of promotional properties	18	55,601	18,046
Personnel expense	22	11,552	11,303
Administrative expense	23	3,028	2,359
Total operating expense		78,876	39,518
Changes in fair value of properties	25	11,997	-1,600
Operating result (EBIT)		105,173	191,632
Financial income	26	224	96
Financial expense	26	-6,169	-6,115
Profit before taxes		99,228	185,613
Tax expense	27	-16,724	-40,143
Net income		82,504	145,470
There are no minority interests.			
Earnings per share (CHF)	28	44.76	78.18
Earnings per share (diluted) (CHF)	28	44.76	78.18

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 1.1.2022		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
Purchase of treasury shares	13			-626			-626
Share-based payments (participation plan)	13		-22	648			626
Dividend payment					-92,175		-92,175
Change of derivative financial instruments ¹⁾	11					-1,820	-1,820
Net income 2023					82,504		82,504
Balance as at 31.12.2023		19,000	7,759	-35,767	877,191	-869	867,314

¹⁾ after tax effects

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

Consolidated cash flow statement

(in CHF 1,000)

	Notes	2023	2022
Net income		82,504	145,470
Taxes	27	16,724	40,143
Changes in fair value of properties	24	-11,997	1,600
Depreciation		127	131
Interest income	25	-213	-96
Other financial income	25	-8	8
Interest received		221	88
Interest expense	25	6,166	6,107
Interest paid		-7,018	-6,129
Taxes paid		-19,555	-43,528
Net gains from property disposal	18	-31,616	-133,166
Net gains from sale of equipment		-9	0
Receipts from sale of promotional properties		56,622	18,850
Payments for investments in promotional properties		-11,342	-19,942
Non-cash change in provisions	10	-650	-1,519
Change in trade receivables		998	-268
Change in accrued expenses and deferred income		333	-2,762
Other non-cash income and expense		-120	-102
Net cash from operating activities		81,167	4,885
Payments for investments in investment properties		-17,279	-40,523
Receipts from disposals of investment properties		20,842	5,481
Payments for investments in development properties		-48,525	-23,168
Receipts from disposals of development properties		34,780	192,027
Payments for purchase of participations		9	0
Payments for purchases of other equipment and intangible assets		-21	-135
Net cash from investing activities		-10,194	133,682
Proceeds from financial liabilities	11	86,400	0
Repayment of financial liabilities	11	-100,000	-34,000
Dividend payment		-92,175	-47,387
Purchase of treasury shares	11	-626	-36,152
Net cash used for financing activities		-106,401	-117,539
Change in cash		-35,428	21,028
Cash at beginning of reporting period		52,729	31,701
Cash at end of reporting period		17,301	52,729

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

Accounting principles

Basis of consolidation

The consolidated financial statements 2023 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.

Adjustment of the presentation of the sale of promotional properties

The treatment and disclosure of net gains from property disposal of promotional properties (properties under construction for sale after completion of construction) were adjusted for the 2023 financial year. Income and expenses from the sale of promotional properties are now reported separately in the income statement, whereas they were previously reported as «Net gains from property disposal» with the corresponding income and expenses recognised in the notes. The valuation of promotional properties remains unchanged at amortised cost less any value adjustments. In the cash flow statement, cash flows from investments in and the sale of promotional properties are shown unchanged under cash flow from operating activities.

Effect of the correction

As a result of the new presentation, «Income from the sale of promotional properties» of CHF 73.6 million is recognised in operating income and «Expenses from the sale of promotional properties» of CHF 55.6 million in operating expenses in the income statement for the 2023 financial year. The previous year's figures were adjusted, resulting in «Income from the sale of promotional properties» of CHF 21.8 million and «Expenses from the sale of promotional properties» of CHF 18.0 million. The restatement has no impact on the net profit for 2023 or on the result for the same period of the previous year.

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. Income and expenses from the sale of promotional properties are recognised in the income statement as «Income from the sale of promotional properties» and «Expenses from the sale of promotional properties».
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

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.

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.

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. Income and expenses from the sale of promotional properties are recognised in the income statement as «Income from the sale of promotional properties» and «Expenses from the sale of promotional properties». It is recognised at the time the respective units are 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 50 million or 3.7% (CHF 51 million or 3.8%) or a decrease amounting to CHF 50 million or 3.7% (CHF 51 million or 3.8%) 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 0.5 million (CHF 0.0 million decrease) whereas an increase in short-term rates would give rise to an increase of CHF 0.4 million (CHF 0.0 million increase). The influence of the cash flow hedges on equity following an increase of 50 basis points would amount to CHF 1.2 million (CHF 1.3 million). With a decrease of 50 basis points, the effect would amount to CHF -1.2 million (CHF -1.4 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 35 million or 2.6%), whereas a corresponding increase in the discount rate would reduce it by CHF 35 million or 2.6% respectively (CHF 35 million or 2.6%).

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 245 million (CHF 376 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 62.0% (60.3%), and equity amounted to CHF 867 million (CHF 879 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 134 and 135.

3 Investment policy

The maximum percentage of residential properties of 15.0% of the total market value of all investments in accordance with the strategy and investment policy was exceeded and stood at 17.3% as at 31 December 2023. Due to the small excess and the fact that this was caused by investments in and revaluations of existing residential properties, the Board of Directors has classified the deviation as not material and, in accordance with the SIX Swiss Exchange Listing Rules, no action is required.

4 Cash

(in CHF 1,000)	31.12.2023	31.12.2022
Bank and cash balances	17,301	14,729
Short-term bank deposits	0	38,000
Total	17,301	52,729

The cash and cash equivalents were allocated as follows on the balance sheet date:

(in CHF 1,000)	31.12.2023	31.12.2022
Rating AAA	692	1,655
Rating AA	1,297	39,431
Rating A	14,738	7,375
Rating BBB	0	4,172
No rating available	574	96
Total	17,301	52,729

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 14.5 million (CHF 7.4 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)	31.12.2023	31.12.2022
Net trade receivables	811	1,809
Other receivables	4,730	5,421
Total receivables	5,541	7,230
Accrued income and prepaid expenses	1,470	1,192
Total	7,011	8,422

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)	31.12.2023	31.12.2022
Gross trade receivables	1,546	2,703
Allowance for doubtful debts	-735	-894
Net trade receivables	811	1,809

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)	2023	2022
Balance as at 1.1.	894	772
Increase	157	327
Allowance used	-102	-131
Decrease	-214	-74
Balance as at 31.12.	735	894

6 **Promotional properties**

(in CHF 1,000)	2023	2022
Balance as at 1.1.	50,426	45,068
Investments ¹⁾	8,246	23,404
Disposals	-55,602	-18,046
Balance as at 31.12.	3,070	50,426

1) Investments include non-cash transactions from the accrual of construction costs and from trade payables

In the year under review, 60 commonhold apartments in the «Römerstrasse» project in Baden were sold generating disposal proceeds of CHF 73.6 million, while in the previous year 18 of the 78 commonhold apartments in the project and 10 parking spaces in the «Gellertstrasse» project in Basel were transferred. Details of the promotional properties can be found on pages 108 and 109.

Current status of promotional properties

Baden, «Römerstrasse»

Project description:

At the property at Römerstrasse 36-36c in Baden, 78 commonhold apartments have been realised

Project status:

The partial demolition of the existing properties and the new construction started at the beginning of 2020. 18 flats were completed and handed over to the buyers in the fourth quarter of 2022. The remaining 60 flats were completed and handed over to the buyers in the first quarter of 2023, meaning that all flats have been sold and handed over.

Other projects

After years of approval and appeal proceedings, the cantonal government of Solothurn did not approve the «Wildbach residential park» subzone and design plan and revoked the positive decision of the Solothurn municipal council of 18 June 2019. Intershop lodged an appeal with the Administrative Court in January 2023, but the ruling in December 2023 was unfavourable to Intershop. With regard to the pending local planning revision of the city of Solothurn, which also includes the «Wildbach» area, the decision of the cantonal government is currently still pending due to several appeals. Once this decision is available, the content relevant to the planning area will be analysed and the next steps will be discussed with the city of Solothurn.

7 Investment properties

(in CHF 1,000)	Office properties	Commercial properties	Residential properties	Total properties
Balance as at 1.1.2022	797,403	188,426	167,938	1,153,767
Purchases	488	0	0	488
Investments ¹⁾	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
Purchases	640	0	0	640
Investments ¹⁾	4,140	657	11,205	16,002
Disposals	-13,571	-2,316	0	-15,887
Changes in fair value 2023	-4,111	638	10,168	6,695
Transfer from and to development properties	0	18,099	0	18,099
Balance as at 31.12.2023	638,465	139,734	238,468	1,016,667

1) Investments include non-cash transactions from trade payables

During the year under review, Intershop sold the properties at Kirchstrasse 1 in Grenchen, Biibersteinerstrasse 4 in Rombach and Südstrasse 17 in Lyss and acquired a share in the property at Sihlquai 253-259 in Zurich. The property at Nordstrasse 1 in Wohlen was transferred from development properties to investment properties following the completion of the revitalisation.

In the previous year, a share in the Sihlquai 253-259 property in Zurich was acquired and the Auserfeldstrasse 9 property in Oberentfelden was sold. In addition, ten properties were reclassified from investment properties to development properties. Furthermore, the property at Talstrasse 35-37 in Pfäffikon SZ was transferred from development properties to investment properties due to the completed revitalisation.

Details of additions and disposals are listed on pages 108 and 109. There were no significant disposals within the meaning of the SIX Swiss Exchange Directive on Financial Reporting (i.e. > 5% of the total portfolio) in the reporting year.

Acquisition costs and market value by region:

(in CHF 1,000)	Acquisition costs ¹⁾		Market value ²⁾	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Investment properties				
Office properties				
Zurich area	358,050	354,190	474,348	472,248
Lake Geneva area	93,301	92,901	112,237	112,709
Basle / Berne / Midlands	42,848	60,332	48,600	63,101
Other areas	3,674	3,674	3,280	3,309
Total office properties	497,873	511,097	638,465	651,367
Commercial properties				
Zurich area	60,320	59,850	54,659	52,903
Lake Geneva area	46,240	46,086	54,599	54,942
Basle / Berne / Midlands	20,084	5,616	21,758	6,162
Other areas	11,782	11,773	8,718	8,649
Total commercial properties	138,426	123,325	139,734	122,656
Residential properties				
Lake Geneva area	39,705	39,498	70,051	68,995
Basle / Berne / Midlands	141,553	130,556	168,417	148,100
Total residential properties	181,258	170,054	238,468	217,095
Total investment properties	817,557	804,476	1,016,667	991,118

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 110 to 114)

Details of the investment property portfolio are shown on pages 104 to 107.

8 **Development properties**

(in CHF 1,000)	2023	2022
Balance as at 1.1.	352,004	188,459
Purchases	0	0
Investments ¹⁾	46,275	26,213
Disposals	-29,929	-61,838
Changes in fair value	5,301	-12,489
Transfer to and from investment properties	-18,099	211,659
Balance as at 31.12.²⁾	355,552	352,004

1) Investments include non-cash transactions from the accrual of construction costs and from trade payables

2) 31.12.2022 including a development property held for disposal of TCHF 19'195

The property at Waldhöhweg 1 in Berne and the remaining part of the land parcel of the property at Seestrasse 295 in Au-Wädenswil were sold during the year under review. The property at Nordstrasse 1 in Wohlen was transferred from development properties to investment properties due to the completion of the revitalisation.

In the previous year, the property at Maurerweg 10+12 in Biel and part of the land parcel at Seestrasse 295 in Au-Wädenswil with the «AuPark» development project were sold. In addition, ten properties were reclassified from investment properties to development properties and one property from development properties to investment properties.

Acquisition costs and market value by region:

(in CHF 1,000)	Acquisition costs ¹⁾		Market value ²⁾	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Development properties				
Zurich area	155,778	158,877	186,148	195,607
Lake Geneva area	161,240	121,309	131,850	92,387
Basle/Berne/Midlands	16,885	42,538	18,571	44,823
Other areas	21,164	20,867	18,893	19,187
Total development properties	355,067	343,591	355,552	352,004

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 110 to 114)

As at 31 December 2023 and 31 December 2022, no development properties were carried at cost. Details of the development property portfolio are shown on pages 108 and 109.

9 **Liabilities**

(in CHF 1,000)	31.12.2023	31.12.2022
Trade payables	4,539	24,381
Accrued expenses and deferred income	13,355	17,616
Total	17,894	41,997

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)	31.12.2023	31.12.2022
Warranties	2,022	6,285
Other	216	216
Total	2,238	6,501
thereof short term	704	4,504
thereof long term	1,534	1,997

Additional information:

(in CHF 1,000)	Warranties ¹⁾	Other ²⁾	Total
Balance as at 1.1.2022	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
Provisions used	0	-50	-50
Increase	847	50	897
Decrease	-5110	0	-5,110
Balance as at 31.12.2023	2,022	216	2,238

1) In connection with the «Römerstrasse» property sales, provisions for warranties were accrued for in the 2023 financial year. In addition, provisions from previous sales such as «AuPark» and «Gellertstrasse» were released in the year under review and in the previous year.

2) Other provisions include property-related provisions, primarily from disputes with tenants and buyers of properties. Other provisions were used and recognised in the year under review.

11 **Financial liabilities**

(in CHF 1,000)	31.12.2023	31.12.2022
Mortgages, loans and private placements	86,400	0
Bonds	0	100,012
Total current financial liabilities	86,400	100,012
Mortgages and loans	195,000	195,000
Bonds	99,911	99,875
Total long-term financial liabilities	294,911	294,875
Total financial liabilities	381,311	394,887

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 2023:

(in CHF 1,000)	Maturities	Fixed interest term
2024	86,400	15,000
2025	0	0
2026	99,911	99,911
2027	68,000	68,000
2028	62,000	62,000
thereafter	65,000	65,000
Total	381,311	309,911

The total book value of pledged assets amounts to CHF 554 million (CHF 358 million). Financial liabilities totalling CHF 266 million (CHF 195 million) are secured through property mortgages.

Financial liabilities are reported at nominal value. Their fair value lies CHF 5 million lower (CHF 19 million lower) 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 1.67% (1.40%) with an average fixed interest period of 51 months (59 months), taking into account current interest rate hedging transactions. At the balance sheet date, 77% (100%) were fixed-rate mortgages, interest rate hedged rollover loans or fixed-rate bonds and 23% (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)	2023	2022
Balance as at 1.1.	199,887	199,892
Repayment	100,000	0
Amortisation issue premium and issue costs	-24	-5
Balance as at 31.12.	99,911	199,887

The outstanding bonds were issued on the following terms:

	0.3% Green Bond 2021-2026
Volume	CHF 100 million
Term	5 years (29.6.2021-29.6.2026)
Coupon	0.3%, payable annually on 29.6.
effective interest rate	0.35%
Listing	SIX Swiss Exchange
Swiss security number	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:

31.12.2023 (in CHF 1,000)

Maturity	Interest rate	Contract value	Fair value	
			positive	negative
2028	1.46%	24,000	0	388
2028	1.47%	38,000	0	693
Total		62,000	0	1,081

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

Changes in the fair value of interest rate hedges of CHF -2.3 million (CHF 7.6 million) were recognized directly in equity after taking into account the corresponding taxes of CHF 0.4 million (CHF -1.5 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)	31.12.2023		31.12.2022	
	Assets	Liabilities	Assets	Liabilities
Properties	0	124,391	0	123,389
Employee pensions	0	0	0	0
Other balance sheet items	78	0	77	0
Losses	161	0	126	0
Total	239	124,391	203	123,389

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, on which no deferred tax liabilities are recognized, amounted to CHF 599 million (CHF 658 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 31.12.2022	1,900,000	19,000
Issued share capital as at 31.12.2023	1,900,000	19,000

Treasury shares

	(Number)	(in CHF 1,000)
Balance as at 1.1.2022	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
Purchase of treasury shares	1,023	626
Share-based payments (participation plan)	-1,023	-626
Price difference	-	-22
Balance as at 31.12.2023	56,500	35,767

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

	31.12.2023	31.12.2022
Shareholders' equity ¹⁾	867,313	878,805
Number of shares outstanding ²⁾	1,843,500	1,843,500
Shareholders, equity per share (Net asset value, NAV)³⁾	470.47	476.70

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 %)	31.12.2023	31.12.2022
Patinex AG, Wilen (Martin und Rosmarie Ebner)	38.5	37.4
Hansjörg Graf, Wollerau und Grapal Holding AG	4.3	3.2
Relag Holding AG, Hergiswil	3.5	3.5
BlackRock Inc., New York, USA	≥3.0	≥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 38.5%. 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 3.3 million). The latter included CHF 0.3 million (CHF 0.2 million) in pension contributions and CHF 0.0 million (CHF 0.6 million) in share-based compensation. The disclosure according to Swiss Code of Obligations Art. 734 to 734f is in the remuneration report on pages 41 to 43 and in the individual financial statements of Intershop Holding AG (Note 12) on page 126 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 2023, fees of CHF 0.1 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)	2023	2022
Investment properties		
Office properties	37,028	35,893
Commercial properties	10,650	10,488
Residential properties	8,115	5,114
Development properties	23,546	24,548
Disposals	1,126	26
Total	80,465	76,069

The income from the property in Wohlen reclassified from development properties to investment properties as at 31 December 2023 is still reported under development properties in 2023. The income from the properties reclassified from investment properties to development properties as at 1 January 2022 is already included in development properties in 2022. The income from the property in Pfäffikon reclassified from development properties to investment properties as at 31 December 2022 is still reported under development properties in 2022

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)	31.12.2023	31.12.2022
Residential	9.5	9.3
Parking without fixed maturity	3.8	3.6
Without fixed maturity	13.0	14.0
< 1 year	5.4	4.1
1 to 2 years	18.9	15.0
2 to 3 years	12.0	13.0
3 to 4 years	9.5	9.7
4 to 5 years	8.7	8.6
> 5 years	19.2	22.7
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)	31.12.2023	31.12.2022
Canton of Vaud	5.5	5.5
Sauvin Schmidt SA	4.9	4.8
Canton of Zurich	4.3	4.3
Migros	2.6	2.9
Oertli Werkzeuge AG	2.1	2.2
Total	19.4	19.7

The share of the public sector, which includes all lease agreements with the Confederation, cantons, councils or related legal entities and organisations, amounted to 12.2% (12.4%) as at the balance sheet date.

¹⁸ **Net gain from sale of promotional properties**

(in CHF 1,000)	2023	2022
Income from sale of promotional properties	73,612	21,836
Adjustments of provisions and accruals for warranties	447	-253
Fair value at the beginning of the year	-47,342	-9,866
Investments current year	-7,525	-7,558
Disposal costs	-1,181	-369
Expense for sale of promotional properties	-55,601	-18,046
Net gain from sale of promotional properties	18,011	3,790

Intershop transferred 60 commonhold apartments of the «Römerstrasse» project in Baden during the reporting period. In addition, provisions for warranties from previous disposals were released. In the previous year, 18 of the 78 commonhold apartments in the project and 10 car parking spaces in the «Gellertstrasse» project were sold.

19 **Net gains from property disposals**

(in CHF 1'000)	2023	2022
Sales proceeds investment properties	21,245	5,550
Reversion of provision for warranties	0	406
Fair value at the beginning of the year	-15,837	-2,825
Investments current year	-50	-74
Gross gains from property disposals	5,358	3,057
Disposal costs	-106	-69
Net gains investment properties	5,252	2,988
Sales proceeds development properties	34,800	192,850
Change in provision for warranties	5,286	-3,800
Fair value at the beginning of the year	-30,281	-52,712
Investments current year	-1,134	-9,126
Gross gains from property disposals	8,671	127,212
Disposal costs	-318	-824
Net gains development properties	8,353	126,388
Total	13,605	129,376

In the year under review, the investment properties Kirchstrasse 1 in Grenchen, Bibersteinerstrasse 4 in Rombach and Südstrasse 17 in Lyss as well as the development property Waldhöhweg 1 in Berne and the remaining part of the land parcel of the property Seestrasse 295 in Au-Wädenswil were sold. In the previous year, Intershop sold the investment property at Ausserfeldstrasse 9 in Oberentfelden as well as the development property at Maurerweg 10+12 in Biel and part of the land parcel of the property at Seestrasse 295 in Au-Wädenswil with the development project «AuPark». Detailed information on the sales can be found on pages 108 and 109.

20 **Other income**

(in CHF 1,000)	2023	2022
Service income Realconsult (Facility Management)	2,604	2,431
Service income WTCL Services	673	607
Service income Intershop Management	451	473
Other revenues	642	1,958
Total	4,370	5,469

Other income includes income from services provided by Group companies to third parties as well as other revenues. In the previous year, other revenues included one-off reversals of provisions.

21 **Property expense**

(in CHF 1,000)	2023	2022
Investment properties		
Office properties	4,090	3,195
Commercial properties	1,071	988
Residential properties	801	1,022
Development properties	2,587	2,773
Disposals	146	-168
Total	8,695	7,810

The expenses for the properties reclassified from investment properties to development properties as at 1 January 2022 are already included in development properties in 2022. The expenses for the property in Pfäffikon reclassified from development properties to investment properties as at 31 December 2022 are still reported under development properties in 2022.

Property expense is comprised of the following:

(in CHF 1,000)	2023	2022
Maintenance and repair	2,750	3,156
Third-party rent	29	18
Insurance expense	1,057	941
Taxes and duties	721	816
Ground rent	1,009	1,054
Property management fees	508	442
Non-recoverable service charges	1,701	722
Other expenses	920	661
Total	8,695	7,810

22 Personnel expense

(in CHF 1,000)	2023	2022
Wages and salaries	7,656	7,331
Performance-related compensation	1,942	2,108
Social security	821	955
Pension contributions	793	716
Other personnel expenses	340	193
Total	11,552	11,303

23 Administrative expense

(in CHF 1,000)	2023	2022
Administrative and general expense	2,492	2,449
Capital tax	409	-221
Depreciation	127	131
Total	3,028	2,359

24 **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	Waiver of use	Balance sheet	Creation in	Balance sheet	Result from ECR	
	31.12.2023	2023	31.12.2023	2023	31.12.2022	2023	2022
Pension plans	0	–	0	–	0	0	–170
Total	0	–	0	–	0	0	–170

Economic benefit, economic liability and pension expense

(in CHF 1,000)	Excess cover/ shortfall	Economic benefit of the organisation	Change to 2022 or effecting inco- me statement in 2023	Contributions accrued for the period	Pension expense in per- sonnel expense		
	31.12.2023	31.12.2023	31.12.2022		2023	2022	
Pension plans wi- thout excess cover/ shortfall	–	–	–	–	296	296	281
Pension plans with excess cover	–	–	–	–	497	497	435
Total	–	–	–	–	793	793	716

The surpluses in the corresponding pension plans are not intended for economic utilisation by the Group.

25 **Changes in fair value of
properties**

(in CHF 1,000)	2023	2022
Increase in value of investment properties	13,386	32,428
Decrease in value of investment properties	–6,690	–21,539
First time valuation of newly acquired properties	0	0
Increase in value of development properties	14,157	7,378
Decrease in value of development properties	–8,856	–19,867
Total	11,997	–1,600

The report of the external property valuers, KPMG AG, is shown on pages 110 to 114 of this annual report.

The increase in value resulted in particular from the revaluation of the investment property on Redingstrasse in Basel due to letting successes following completion of the redevelopment works, as well as the «Mediacampus» development property in Zurich. Excluding these two increases, this would have resulted in a slight devaluation of 0.6%. The higher valuation of the investment properties comprises CHF 1.5 million (CHF 10.6 million) for commercial properties, CHF 1.7 million (CHF 4.6 million) for commercial properties and CHF 10.2 million (CHF 17.2 million) for residential properties. CHF 5.6 million (CHF 13.3 million) of the lower valuation of investment properties relates to commercial properties, CHF 1.1 million (CHF 8.2 million) to commercial properties and CHF 0.0 million (CHF 0.0 million) to residential properties.

26 **Financial result**

(in CHF 1,000)	2023	2022
Interest income	213	96
Other financial income	11	0
Total financial income	224	96
Interest expense	-6,166	-6,107
Other financial expense	-3	-8
Total financial expense	-6,169	-6,115

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.

27 **Tax expense**

(in CHF 1,000)	2023	2022
Ordinary income tax	15,758	41,457
Deferred taxes	966	-1,314
Total	16,724	40,143

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

(in CHF 1,000)	2023	2022
Profit before taxes	99,229	185,613
Average tax rate	18.70%	18.70%
Income tax at average rate	18,555	34,709
Taxes at other rates ¹⁾	-810	8,728
Tax rate reductions	-271	-339
Adjustments in respect of prior years	-750	-2,955
Total tax expense	16,724	40,143

1) Includes the effects of property gains taxes

28 **Earnings per share**

	2023	2022
Net income ¹⁾	82,504	145,470
Average number of shares outstanding ²⁾	1,843,413	1,860,646
Number of shares outstanding for the calculation of diluted earnings ³⁾	1,843,413	1,860,646
Earnings per share⁵⁾	44.76	78.18
Diluted earnings per share⁵⁾	44.76	78.18
Net income ¹⁾	82,504	145,470
Changes in fair value of properties ¹⁾	-11,997	1,600
Deferred tax on changes in fair value of properties ^{1) + 4)}	3,216	2,134
Net income excluding changes in fair value of properties	73,723	149,204
Average number of shares outstanding ²⁾	1,843,413	1,860,646
Earnings per share excl. changes in fair value of properties	39.99	80.19

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

- 29 **Contingent liabilities** As at 31 December 2023, there were contingent liabilities or guarantees of CHF 0.0 million (CHF 0.5 Mio.).
- 30 **Operating leases** As at 31 December 2023, there were future obligations of CHF 52.1 million (CHF 53.1 million) for operating lease agreements not recognised in the balance sheet, in particular ground rent. Of this amount, CHF 46.4 million is due in more than five years. The ground rents have remaining terms of between 35 and 62 years and a weighted average remaining term of 46 years.
- 31 **Participation plans** Members of the Executive Board can choose to receive a portion of any bonus in shares of Intershop Holding AG with a vesting period of five years (management participation plan) or in cash. Depending on the return on equity (ROE) achieved, part of the bonus amount can be doubled at most in the event of a share subscription. Due to the departure of the previous members of the Executive Board and the arrival of the new CEO, a share subscription and the associated increase for the 2023 financial year are not possible. Details on compensation and shareholdings can be found in the remuneration report from page 38 onwards.
- 32 **Events after the balance sheet date** These consolidated financial statements were approved for publication by the Board of Directors on 22 February 2024. They are subject to approval by the Annual General Meeting on 27 March 2024. No significant events occurred after the balance sheet date until 22 February 2024.

Detailed information on the investment property portfolio

Balance as at 31 December 2023

Location	Address	Owner	Type of ownership	Percentage of ownership	Year of acquisition	Year of construction	Year of renovation	Certificate
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	SGI	AE	100%	2008	1971	1994	
Pfäffikon SZ	Talstrasse 35–37	SGI	BR	100%	2000	1987	2020–22	M
Zürich	Puls 5, Bürogebäude	SGIP	AE	100%	2002	2001–04	–	B
Zürich	Puls 5, Giessereihalle	SGIP	SW	51.0%	2002	2001–04	–	B
Zürich	Rautistrasse 33	SGIC	AE	100%	2010	1984	2012/16	
Zürich	Sihlquai 253–259	SGI	SW/BR	47.9%	02/06/22	1986	–	
Zürich	Staffelstrasse 8+10+12	SGI	AE	100%	1998	1923–63	2002–04	
Zürich	Uetlibergstrasse 124, 130, 132, 134	SGI	AE	100%	1999	1893/1958	2002/08	B
Zurich area								
Lake Geneva area								
Pully	Avenue C.-F. Ramuz 43	SGI	AE	100%	1999	1987	–	
Yverdon	Centre St-Roch, Rue des Pêcheurs 8	SGI	AE	100%	1997	1956	seit 1998	
Lake Geneva area								
Basle/Berne/Midlands								
Belp	Hühnerhubelstrasse 58,60,62,64,66	SGI	SW	95.0%	1997	1992	–	
Reinach/BL	Sternenhofstrasse 15/15A	SGI	AE	100%	98/08	1989	–	
Basle/Berne/Midlands								
Other areas								
St. Gallen	Heiligkreuzstrasse 9+11	SGI	AE	100%	1998	1960	2012–13	
Other areas								

Total office properties

1) as at the balance sheet date

2) during the reporting period

Abbreviations are shown on page 108

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	1,609	27.8			
8,361	3,187	0	5,675	0	292	9,154	148	1,396	6.4			
9,434	3,723	0	4,030	0	0	7,753	95	1,512	2.3			
9,349	4,446	0	4,039	97	6	8,588	142	1,454	5.8			
4,658	10,753	1,424	579	0	0	12,756	42	4,549	14.1			
7,567	6,620	1,282	1,148	0	4,488	13,538	79	5,322	0.5			
1,428	2,735	427	913	0	0	4,075	84	1,045	45.2			
3,352	5,542	0	2,776	0	0	8,318	44	2,081	2.7			
4,009	8,178	0	4,204	0	135	12,517	96	3,106	7.7			
12,656	12,748	0	1,873	272	580	15,473	167	5,688	6.3			
64,923	63,354	3,133	27,011	369	5,517	99'384	1'056	27,761	8.8	25,101	2,718	22,383
3,178	2,186	0	578	0	0	2,784	53	915	14.6			
36,319	29,543	1,691	10,797	560	508	43,099	377	7,580	1.3			
39,497	31,729	1,691	11,395	560	508	45,883	430	8,495	2.7	8,282	815	7,467
28,738	11,406	0	7,943	202	1,946	21'497	306	2,835	32.7			
4,389	3,805	1,259	2,488	0	935	8,487	141	1,549	0.1			
33'127	15,211	1'259	10'431	202	2,881	29'984	447	4'385	21.2	3,449	543	2,906
866	810	0	507	0	0	1,317	18	251	22.6			
866	810	0	507	0	0	1'317	18	251	22.6	196	14	182
138'413	111'104	6'083	49'344	1'131	8,906	176,568	1,951	40,892	9.0	37,028	4,090	32,938

Detailed information on the investment property portfolio (continued)

Balance as at 31 December 2023

Location	Address	Owner	Type of ownership	Percentage of ownership	Year of acquisition	Year of construction	Year of renovation	Certificate
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	–	
Wohlen	Nordstrasse 1	SGI	AE/BR	100%	2018	1972–1987	2021–22	
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								
Genf	Rue de Lausanne 42+44	SGI	AE	100%	99/05	1961	2019–22	S
Lake Geneva area								
Basle/Berne/Midlands								
Basel	Redingstrasse 10/12/14+20/22/24	DB	AE	100%	2006	1969	2020–22	S ³⁾
Bern	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

3) Certification expected in 1st half-year 2024

Abbreviations are shown on page 108

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	733	0	3,882	0	0	4,615	80	635	9.5			
13,228	0	0	8,229	0	0	8,229	0	1,313	0.0			
5,877	518	0	5,914	370	292	7,094	64	749	0.0			
36,676	5,038	0	28,591	370	402	34,401	269	4,366	1.4	4,317	302	4,015
30,725	0	0	41,496	0	0	41,496	0	4,285	0.0			
3,101	1,801	0	382	0	0	2,183	40	418	29.9			
33,826	1,801	0	41,878	0	0	43,679	40	4,703	2.7	5,170	691	4,479
3,467	0	0	1,133	0	20	1,153	20	241	0.0			
17,414	2,298	568	10,710	0	24	13,600	164	1,430	10.2			
20,881	2,298	568	11,843	0	44	14,753	184	1,671	8.7	249	6	243
3,528	2,463	0	4,470	0	0	6,933	79	946	14.6			
3,528	2,463	0	4,470	0	0	6,933	79	946	14.6	914	72	842
94,911	11,600	568	86,782	370	446	99,766	572	11,686	4.0	10,650	1,071	9,579
948	1,878	610	97	3,935	0	6,520	0	2,295	2.5			
948	1,878	610	97	3,935	0	6,520	0	2,295	2.5	2,206	182	2,024
11,966	0	0	66	24,281	0	24,347	282	5,782	5.8			
1,875	143	0	2,190	1,375	0	3,708	11	751	0.0			
13,841	143	0	2,256	25,656	0	28,055	293	6,533	5.1	5,909	620	5,289
14,789	2,021	610	2,353	29,591	0	34,575	293	8,828	4.4	8'115	802	7,313
248,113	124,725	7,261	138,479	31,092	9,352	310,909	2,816	61,406	7.4	55,793	5,963	49'830

Detailed information on the development and promotional property portfolio

Balance as at 31 December 2023

Location	Address	Owner	Type of ownership	Percentage of ownership	Year of acquisition	Year of construction	Year of renovation	Certificate
All regions								
Bad Ragaz	Elestastrasse 16, 16a+18	SGI	AE	100%	1999	1960/87	1999–02	
Basel	Gellertstrasse 151, 157, 163 ³⁾	DB	SW	0.7%	2006	2021	–	
Basel	Lehenmattstrasse 260	DB	AE	100%	2006	2022-2024	–	
Flurlingen	Arova-Hallen, Winterthurerstrasse 702	SGI	AE	100%	2007	1875–1963	2018	
Fribourg	Rue de l'Industrie 21	SGI	AE	100%	1999	1969	1985	
Lausanne	Bloom, 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	–	
Yverdon	Avenue des Sports 32	SGI	AE	100%	1997	1956	–	
Zürich	Baslerstrasse 30/Freihofstrasse 9	SGI	AE	100%	1999	1948–63	2002–04	
Landparzellen								
Solothurn	Oberer Brühl (Am Wildbach) ³⁾	SGI	AE	100%	1998	n.v.	n.v.	

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

Balance as at 31 December 2023

Location	Address	Owner	Type of ownership	Percentage of ownership	Year of acquisition	Transfer date
Zugang						
Zürich	Sihlquai 253–259	SGI	SW/BR	1.3%	2023	01.09.23
Disposals						
Au-Wädenswil	Seestrasse 295	SGI	AE	100%	2001	16.02.23
Baden	Römerstrasse 36–36c ³⁾	SGI	SW	77%	06/07	01.23-03.23
Bern	Waldhöhweg 1	SGI	AE	100%	1998	01.11.23
Grenchen	Postmarkt, Kirchstrasse 1	SGI	AE	100%	1998	17.03.23
Lyss	Südstrasse 17	SGIC	AE	100%	2012	01.11.23
Rombach	Bibersteinerstrasse 4	SGI	AE	100%	99/19	01.06.23

1) as at the balance sheet date

2) during the reporting period

3) promotional properties

Abbreviations

Owner:	DB	= De Bary & Co. AG	Nachhaltigkeits-	S	= SNBS
	OR	= Orubi SA	zertifikate	M	= Minergie
	SGI	= SGI Schweizerische Gesellschaft für Immobilien AG		B	= BREEAM
	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		Target rent (in TCHF)	Vacancy rate ¹⁾ (in %)	Rental income (in TCHF) ²⁾		
		Retail	Industrial/storage	Residential			Total parking spaces				Gross	Expense	Net
16,540	2,670	0	9,735	0	133	12,538	152	1,212	3.9				
35	0	0	0	0	0	0	0	n.v.	n.v.				
1,842	0	0	0	0	0	0	0	n.v.	n.v.				
54,001	4,160	0	32,608	268	413	37,449	265	3,145	32.8				
787	537	0	519	0	0	1,056	13	148	47.8				
14,651	16,019	69	1,723	0	1,058	18,869	660	6,643	41.5				
44,908	3,141	0	13,044	0	50	16,235	430	1,717	9.8				
16,471	1,828	0	12,351	211	0	14,390	69	1,765	2.6				
1,038	0	0	632	306	0	938	1	67	0.0				
2,905	1,717	0	3,652	170	0	5,539	59	381	0.0				
2,307	88	0	2,075	1,107	0	3,270	12	203	0.5				
7,165	0	0	0	0	0	0	0	n.v.	n.v.				
106,600	10,350	0	42,293	0	4,651	57,294	512	6,564	5.9				
21,526	0	144	284	302	208	938	265	251	0.2				
28,381	9,801	0	11,561	273	1,121	22,756	164	4,694	8.6				
37,557	0	0	0	0	0	0	0	n.v.	n.v.				
356,714	50,311	213	130,477	2,637	7,634	191,272	2,602	26,790	18.4	23,546	2,587	20,959	

Area (in m ²)	Office	Leasable area (in m ²)				Other	Number of	
		Retail	Industrial/storage	Residential			Total parking spaces	
90	154	0	0	0	0	154	0	
10,880	0	0	0	0	0	0	0	
7,141	0	0	0	0	0	0	0	
1,178	0	2,111	449	780	0	3,340	32	
2,283	2,386	1,173	285	949	185	4,978	85	
2,220	0	0	1,230	0	0	1,230	11	
5,346	0	823	1,327	326	1,450	3,926	64	



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, 2023

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, 2023. This relates to a total of 27 investment properties and 14 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 41 valued investment and development properties as of 31 December 2023 at total (rounded):

CHF 1,372,219,000

(one billion three hundred seventy-two million two hundred nineteen thousand Swiss francs)

5. Change in value

The fair value of Intershop Group's investment and development properties thus increases by CHF 29.1 million or 2.2% 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, 15 February 2024

KPMG AG

A handwritten signature in black ink, appearing to read 'U. Prien', written over a light grey rectangular background.

Ulrich Prien
Partner

A handwritten signature in black ink, appearing to read 'Eric Delé', written over a light grey rectangular background.

Eric Delé
Senior 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 3.50% and 6.70% for Intershop Group's properties valued as of December 31, 2023. The capital-weighted average nominal discount rate is 4.64% for the investment properties and 5.13% 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	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Growth rate	0.00%	2.00%	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, 2023, 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 2023, and 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 76 to 109) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 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 Exchange Regulation 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



We concluded full scope audit work for two group companies and specified procedures at two group companies. Our procedures addressed 86% 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

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Materiality

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

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 (property portfolio) valued at CHF 1,017 million and CHF 356 million, respectively, as at 31 December 2023.</p> <p>In accordance with SIX Exchange Regulation'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. 98%) 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 80 et seq.), the note on valuation methods and assumptions (pages 110 et seq.), Note 7 and 8 'Investment and development properties' (pages 91 and 92) and the report of the independent property appraiser (pages 110 and 114).</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 124 million as at 31 December 2023. 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 23% 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 80 et seq.) and Note 12 'Deferred tax assets and liabilities' (page 96).

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 assessed the appropriateness of the discount rate used in the DCF valuation.

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 that give a true and fair view in accordance with Swiss GAAP FER, the provisions of article 17 of the Directive on Financial Reporting (DFR) of SIX Exchange Regulation 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 judgement 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 regarding 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 para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed, pursuant to the instructions of the Board of Directors, for the preparation of the consolidated financial statements.

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 2024

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Balance sheet

(in CHF 1,000)

Assets

	Notes	2023	2022
Current assets			
Cash		1,872	615
Other receivables			
from Group companies		2,532	2,683
from third parties		13	9
Accrued income and prepaid expenses			
from third parties		89	125
Total current assets		4,506	3,432
Non-current assets			
Loans			
to Group companies		191,000	189,000
Investments in subsidiaries	1	233,211	233,211
Total non-current assets		424,211	422,211
Total assets		428,717	425,643
Current liabilities			
Bonds and private placements	2 / 3	15,000	100,000
Other liabilities			
to Group companies		43,743	3,102
to third parties		12	10
Accrued expenses and deferred income			
to third parties		988	1,584
Total current liabilities		59,743	104,696
Non-current liabilities			
Bonds	2 / 3	100,000	100,000
Total non-current liabilities		100,000	100,000
Total liabilities		159,743	204,696
Shareholders' equity			
Share capital	4	19,000	19,000
General legal reserve		3,800	3,800
Other general reserve		51,679	51,701
Treasury shares	5	-35,767	-35,789
Retained earnings brought forward		90,060	84,471
Profit for the year		140,202	97,764
Total shareholders' equity		268,974	220,947
Total shareholders' equity and liabilities		428,717	425,643

Shareholders' equity and liabilities

Income statement

(in CHF 1,000)

	Notes	2023	2022
Income from participations	6	140,505	99,300
Other expense	7	-1,709	-1,877
Operating result before interest and taxes		138,796	97,423
Financial income	8	2,937	2,095
Financial expense	9	-1,292	-1,692
Profit before taxes		140,441	97,826
Tax expense		-239	-62
Profit		140,202	97,764

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 134 and 135.

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% was payable annually on 17 April and the bond was repayed on 17 April 2023. 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 2023, a private placement of CHF 15 million with a term of 3 months (27.10.2023-29.01.2024) was outstanding, which was repaid on maturity. The coupon of 2.05% was payable on maturity. The premium and issue costs were recognised as deferred income and amortised over the term of the private placement.

Outstanding bonds and private placements:

(in CHF 1,000)	31.12.2023	31.12.2022
1.125% bond 2015–2023	0	100,000
0.3% green bond 2021-2026	100,000	100,000
2.05% private placement 2023-2024	15,000	0
Total outstanding bonds and private placements	115,000	200,000

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

(in CHF 1,000)	31.12.2023	31.12.2022
under 5 years	158,743	203,102
Total liabilities	158,743	203,102

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 97.

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

	Shares (Number)	Shares (in CHF 1,000)
Balance as at 1.1.2022	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
Purchase of treasury shares	1,023	626
Share-based payments (participation plan)	-1,023	-626
Price difference	-	-22
Balance as at 31.12.2023	56,500	35,767

The Company held 56,500 treasury shares as at 31 December 2023 (previous year: 56,500).

6 **Income from participations**

(in CHF 1,000)	2023	2022
Dividends from Group companies	140,505	99,300
Total income from participations	140,505	99,300

7 **Other operating expense**

(in CHF 1,000)	2023	2022
Compensation of the Board of Directors	320	317
Other operating expense Group companies	900	1,125
Other operating expense third parties	489	435
Total other operating expense	1,709	1,877

8 **Financial income**

(in CHF 1,000)	2023	2022
Interest income Group companies	2,920	2,095
Other financial income third parties	17	0
Total financial income	2,937	2,095

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

9	Financial expense	(in CHF 1,000)	2023	2022
			730	1,442
			544	232
			18	18
		Total Finanzaufwand	1,292	1,692

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 959c of the Swiss Code of Obligations:

	31.12.2023		31.12.2022	
	Number of shares	Value of shares (in CHF 1'000)	Number of shares	Value of shares (in CHF 1'000)
Ernst Schaufelberger, Chairman of the Board of Directors	450	277	350	211
Christoph Nater, Member of the Board of Directors	40	25	40	24
Kurt Ritz, Member of the Board of Directors	200	123	200	121
Simon Haus, CEO	0	0	n.a.	n.a.
Cyrrill Schneuwly, former CEO	n.a.	n.a.	6,516	3,929
Christian Baldinger, Head of Building and Development	2,734	1,681	3,108	1,874
Thomas Kaul, CFO	3,100	1,907	3,200	1,930
Andreas Wirz, Head of Portfolio Management	4,004	2,462	3,833	2,311
Total	10,528	6,475	17,247	10,400

The Board of Directors and Executive Board together held 0.55% (0.91%) 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 38 to 43.

- 13 **Contingent liabilities** As at 31 December 2023, letters of comfort and guarantees in favour of Group companies amounted to CHF 116 million (CHF 92 million).
- 14 **Pledged assets** As in the previous year no assets were pledged as of 31 December 2023.
- 15 **Events after the balance sheet date** Up to 22 February 2024, no significant events occurred after the balance sheet date.

Proposed appropriation of retained earnings for the financial year 2023

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

(in CHF)	2023	2022
Retained earnings brought forward	90,060,366	84,471,111
Profit for the year	140,202,049	97,764,255
Total retained earnings available for distribution	230,262,415	182,235,366
Ordinary dividend ¹⁾	-52,250,000	-46,087,500
One-off extraordinary dividend ¹⁾	0	-46,087,500
Retained earnings carried forward	178,012,415	90,060,366

¹⁾ 2022: 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 4 April 2024 (ex date 2 April 2024):

Ordinary gross dividend	CHF	27.50
less 35% withholding tax	CHF	9.63
Net payment	CHF	17.87

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 2023, 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 122 to 127) 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 1,300,000

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

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Materiality

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

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 1,300,000
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	How our audit addressed the key audit matter
<p>The Company recorded as at 31 December 2023 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.</p> <p>These investments are stated at acquisition cost in accordance with the commercial accounting and financial reporting provisions of the Swiss Code of Obligations. If necessary, impairments are made in the event of a decrease in value. The investments are valued individually.</p> <p>We consider the impairment testing of investments as a key audit matter owing to their significance on the balance sheet.</p> <p>Please refer to the accounting principles and note 1 (page 124).</p>	<p>We performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> • 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. <p>Based on our audit procedures, we have obtained sufficient assurance with regard to impairment of investments in group companies.</p>

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 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 judgement and maintain professional scepticism 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 regarding 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 para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed, pursuant to the instructions of the Board of Directors, for the preparation of the financial statements.

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 2024

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Subsidiaries and participations

As at 31 Dezember 2023

(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

		2023	2022	2021	2020	2019
Assets						
Current assets	m CHF	27	131	84	98	75
Tangible assets	m CHF	1,372	1,324	1,342	1,279	1,267
Financial assets	m CHF	1	1	1	1	1
Total assets	m CHF	1,400	1,456	1,427	1,378	1,343
Liabilities						
Short term financial liabilities	m CHF	111	157	88	234	125
Long term financial liabilities	m CHF	422	420	529	433	552
Total shareholders' equity Intershop Group	m CHF	867	879	810	711	666
Net rental income	m CHF	72	68	67	70	74
Changes in fair value of properties	m CHF	12	-2	32	13	17
Net gains from property disposals	m CHF	32	133	106	33	7
Operating result (EBIT)	m CHF	105	192	195	108	89
Earnings before taxes	m CHF	99	186	187	99	79
Net income Intershop Group	m CHF	83	145	144	78	71
Cash flow from operations	m CHF	81	5	33	46	36
Return on equity Intershop Group						
based on the average shareholders' equity	%	9.6	17.8	20.1	11.8	10.9
Net income Intershop Group						
per outstanding share of CHF 10	CHF	44.76	78.18	75.92	41.67	37.33
Net income Intershop Group excluding changes in fair value						
per outstanding share of CHF 10	CHF	39.99	80.19	64.22	36.44	31.47
Payout ratio¹⁾	%	68.8	62.4	38.9	68.6	82.1
Investments in real estate	m CHF	77	84	84	62	35
Equity per share outstanding (NAV)	CHF	470	477	426	374	354
Number of employees		70	65	74	71	72

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

Intershop Holding AG

Five year overview

		2023	2022	2021	2020	2019
Share capital (nominal)						
Number of shares of CHF 10		1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Nominal amount	m CHF	19.0	19.0	19.0	19.0	19.0
Share capital outstanding as at 31.12.						
Number of shares of CHF 10		1,843,500	1,843,500	1,898,960	1,900,000	1,880,000
Nominal amount	m CHF	18.4	18.4	19.0	19.0	18.8
Share price (high/low)¹⁾						
	CHF	674/585	677/581	637/568	686/476	576/491
Share price as at 31.12.						
	CHF	615.00	603.00	612.00	615.00	567.00
Market capitalisation as at 31.12.						
	m CHF	1'169	1'146	1'163	1,169	1,077
Net income Intershop Holding AG						
	m CHF	140.4	97.8	58.9	46.1	118.4
per outstanding share of CHF 10	CHF	76.05	53.03	31.02	24.27	62.99
Dividend per share						
	CHF	27.50 ²⁾	50.00 ³⁾	25.00	25.00	25.00

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)	2023	2022
Rental income of the investment properties	55,793	51,495
Effect of property disposals and property reclassified	1,266	2,067
Adjusted rental income of the investment properties ¹⁾	57,059	53,562
Fair value of the investment properties	1,016,667	991,118
Gross yield of the investment property portfolio	5.6%	5.4%

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

Net yield

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

(in CHF 1,000)	2023	2022
Adjusted rental income of the investment properties	57,059	53,562
Property expense of the investment properties	-5,962	-5,205
Effect of property disposals and property reclassified	124	15
Intercompany property management fees	-1,724	-1,677
Adjusted net rental income of investment properties ¹⁾	49,497	46,695
Fair value of the investment properties ¹⁾	1,016,667	991,118
Net yield of the investment property portfolio	4.9%	4.7%

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

Return on equity

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

(in CHF 1,000)	2023	2022
Net income ¹⁾	82,504	145,470
Average equity ¹⁾	858,612	818,246
Return on equity	9.6%	17.8%
Net income excl. changes in fair value of properties ²⁾	73,723	149,204
Return on equity excl. changes in fair value of properties	8.6%	18.2%

1) based on monthly figures

2) see note 28, p 102

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

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61th Ordinary Annual General Meeting

Wednesday, 27 March 2024
Cigarettenfabrik Eventhalle 268
Sihlquai 268, 8005 Zurich

Reporting

Presentation of Annual Report	27 February 2024
Presentation of Half-Year Report 2024	27 August 2024

Listing

SIX Swiss Exchange

Investment products

	Security number	Ticker
Registered share	27 377 479	ISN
0.3% green bond 2021 –2026	111 139 299	ISH21

Swiss tax value as at 31.12.2023

Registered share	CHF 615.00
0.3% green bond 2021 –2026	96.05%

Investor Relations

Florian Balschun

Languages

German and English

This Annual Report 2023 is a translation of the Annual Report 2023 in German. Only the Annual Report in German which is available on www.intershop.ch is legally binding.

