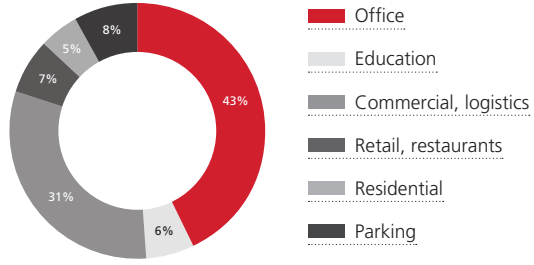


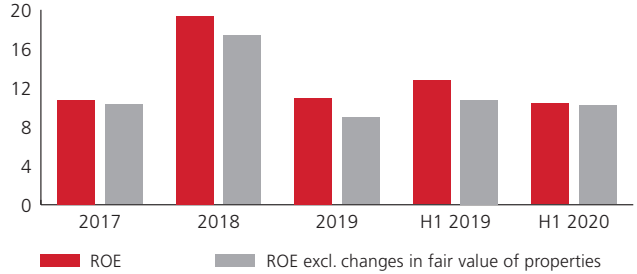
**Summary
Half-year report**

2020

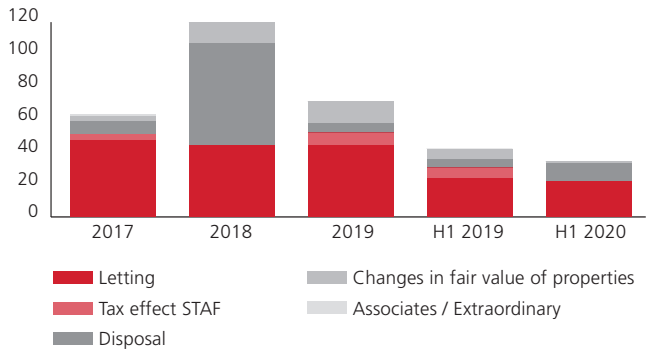
Portfolio by use (in CHF)



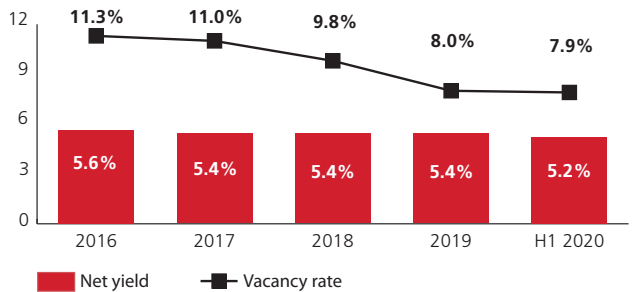
Return on equity (in percent)



Net profit (in CHF m)



Net yield and vacancy rate (in percent)



Key figures intershop Group

		1st HY 2020	1st HY 2019
Financials			
Net rental income	m CHF	35.3	37.7
Net gains from property disposals	m CHF	14.5	6.4
Changes in fair value of properties	m CHF	0.9	8.4
Operating result (EBIT)	m CHF	46.1	48.0
Earnings before tax (EBT)	m CHF	41.7	42.9
Net profit	m CHF	33.9	41.9
Net cash from operations	m CHF	15.5	8.1
Investments in real estate	m CHF	27.8	12.6
Total assets ²⁾	m CHF	1,361.0	1,343.0
Total value of property portfolio ²⁾	m CHF	1,323.6	1,312.8
Financial liabilities ²⁾	m CHF	531.0	504.0
Shareholders' equity ²⁾	m CHF	653.1	666.1
Return on equity ¹⁾		10.3%	12.7%
Return on equity excl.changes in fair value of properties ^{1) 6)}		10.1%	10.7%

Portfolio

Number of investment properties ²⁾		41	42
Number of development properties ^{2) 7)}		12	12
Lettable area ²⁾	in m ²	562,939	565,880
Gross yield ^{2) 3) 4)}		6.0%	6.2%
Net yield ^{2) 3) 5)}		5.2%	5.4%
Vacancy rate ^{2) 3)}		7.9%	8.0%

Personnel

Number of employees ²⁾		75	72
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Share

Earnings per share ⁶⁾	CHF	18.06	21.77
Earnings per share excl.changes in fair value of properties ⁶⁾	CHF	17.69	18.34
Net asset value per share (NAV) ^{2) 8)}	CHF	347.41	354.33
Share price at balance sheet date ²⁾	CHF	567.00	567.00
Dividend per share ⁹⁾	CHF	25.00	22.00

1) Based on the average shareholders' equity during the period, see «Alternative performance measures», Annual report 2019, p 118

2) Figures as at 30.6.2020 and as at 31.12.2019

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

4) Effective annual gross rental income in proportion to the market value of the properties at the balance sheet date, see «Alternative performance measures», Annual report 2019, p 118

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», Annual report 2019, p 118

6) See «Earnings per share», Half-year report 2020, p 27

7) Including promotional properties

8) See «Net asset value per share», Half-year report 2020, p 24

9) Dividend paid for the financial year 2019 and 2018 in the first half-year

Letter to shareholders

Dear shareholders, business partners and employees

Despite a turbulent first half, Intershop's business performance has shown welcome stability. As expected, the results and rental income reduced as a result of the earlier property disposals and the termination of the leases of two larger development properties. Net profit decreased over the exceptional previous year by 19% to CHF 34 million, which represents a profit of CHF 18.06 per share. The return on equity amounted to 10.3%. However, in addition to aforementioned causes, Covid-19 has also left its mark with a further reduction in rental income of around CHF 1 million in the form of waivers of rent and valuation adjustments on deferred payment schemes. Overall, rental income reduced by almost 6%. A profit contribution of CHF 14.5 million came from the sale of the apartment complex in Kilchberg and a plot of land in the industrial park in Oberwinterthur-Neuhegi. The revaluation of the portfolio resulted in a marginal appreciation of CHF 0.9 million, while interest expenses shrank by more than 12% due to cheaper refinancing. In contrast, tax expenses increased significantly. The previous period was influenced by a reduction in deferred taxes of more than CHF 6 million.

Intershop started the current financial year in a confident mood, which was reflected in February in the 2019 Annual Report. Around one month later, Switzerland was in lockdown due to the pandemic and the economy was on a direct course into recession. This dramatic development has had an impact on the property sector. Many companies had to temporarily stop their business activities or to some extent were confronted with significant reductions in demand. Accordingly, the previously robust demand for rental space dropped almost completely and individual tenants were no longer able to fulfill their contractual obligations in full. In addition, the transaction market has responded sluggishly. Previously negotiated transactions largely went through, although new offers for commercial property rarely appeared on the market since the prevailing restrictions of Covid-19 made pricing more difficult. Several reasons for lower property values, such as the looming recession and changes in user behaviour, the key word here being homeoffice, have been balanced by the knowledge that the low interest rate phase will now last much longer than previously expected and that any renewed significant increases in liquidity will enhance the demand for safe investment opportunities. In this challenging environment, Intershop sold two investments, but made no purchases.

At the end of the reporting period, equity capital stood at CHF 653 million, a fall of only CHF 13 million below the level at the beginning of the year. Some 72% of the dividend, increased to CHF 25 per share, has already been generated during the first half of the year. Net asset value per share amounted to CHF 347 at the end of the reporting period.

Business review

As mentioned before, after a hopeful start to the new year, the situation changed spectacularly. Companies that were immediately and heavily affected by the lockdown, such as restaurants, hotels and non-food retailers luckily do not form a significant part of the Intershop tenant mix. Nevertheless, some 200 tenants with an annual rental volume of approximately CHF 20 million reached out with the aim of discussing their rent payment obligation. Intershop decided from the start to review all cases individually and, where appropriate and necessary, to offer a hand for solutions. Granting payment postponement in the form of deferred payment scheme was paramount and, in justified cases, rent was even waived. This resulted in a further reduction of rental income amounting to some CHF 1.0 million caused by rent waivers and valuation adjustments on deferred payment schemes.

In terms of transactions, Intershop sold the apartment complex in Kilchberg, a plot of land in the industrial park in Oberwinterthur-Neuhegi and certified the sale of 63 commonhold apartments, currently under construction in Basle and Baden. As of the balance sheet date, 78 of the 108 apartments were sold and 22 reserved in writing. No favourable acquisitions could be identified.

Property management, leasing and developments as a priority

Supporting our customers or tenants proved to be extremely challenging and time-consuming in the first half of the year. A key operational focus was the leasing of spaces that are vacant or for which notice has been received. Although a fully leased property was sold in Kilchberg, the vacancy rate of the investment properties reduced slightly from 8.0% to 7.9%. The net yield of the investment property portfolio came to an appealing 5.2% in the first half of the year despite corona-related pressure.

In addition, work on the ongoing development projects continued intensively. All planning and construction projects moved forward, with pandemic-related restrictions leading to delays both in the approval process and on the construction sites. In the meantime, however, all projects and construction works are largely operating normally again. The private design plan for the «AuPark» in Wädenswil, near Zurich was reviewed and approved in the first half of the year by the Canton of Zurich's building department and became legally valid in July. The completion of the construction at Rue de Lausanne 42+44 in Geneva has been delayed by about three months and is now expected in the fourth quarter of 2020. The access road to develop the plot of land in Oberwinterthur-Neuhegi was completed and on 29 June 2020, the sale of a part of this plot of approx. 16,000 m² was recorded in the land register. The buyer plans to construct and operate a data centre. The building permit for an assembly plant for «Stadler» arrived in August. Both parties have a right to withdraw from the lease agreement and are currently examining the consequences of the imposed conditions.

tive disposal opportunities arise, they will continue to be seized. No statements can be made regarding the further development of the market value of property in general. Ignoring any changes to market values and provided that the consequences of the pandemic do not negatively influence the second half of the year, Intershop will again be able to achieve good year-end figures which should enable it to maintain its attractive dividend policy.



Dieter Marmet
Chairman of the
Board of directors

Cyrill Schneuwly
Chief Executive Officer

Zurich, 20 August 2020

Organisation

At the 57th annual general meeting, which took place without the participation of shareholders due to the corona pandemic, all agenda items were agreed. Amongst others, the present Board of Directors was confirmed for another period of office.

Outlook

The longer-term consequences of the Covid-19 pandemic and its associated restrictions are currently difficult to assess. Even if the leasing market has recovered since the balance sheet date, demand is significantly below the level pre-coronavirus. In the current situation, many prospective tenants are afraid to commit to long-term obligations. Despite the positive trend for vacancy levels in the first half of the year, Intershop still expects an increase in the vacancy rate on a scale of a good 10% by the end of the year due to the departure of the largest tenant at the World Trade Center in Lausanne. On a like-for-like basis, rental income should be in the range of the first half of the year, provided we do not have another complete lockdown. On the transaction side, Intershop continues to monitor the market very closely. Any buying opportunities are exploited if sustainable added value can be achieved as a result. As before, the aim is to sell all the commonhold apartments under development in Basle and Baden before construction is complete. Due to construction delays, the apartments in Basle are now expected to be transferred towards the end of the first quarter of 2021. If other attrac-

Consolidated balance sheet

(in CHF 1,000)

Assets	30.06.2020	31.12.2019
Current assets		
Cash	24,718	17,155
Trade receivables	420	1,563
Other receivables	9,431	9,309
Investment properties held for disposal	0	14,209
Promotional properties	41,513	32,249
Accrued income and prepaid expenses	1,606	752
Total current assets	77,688	75,237
Non-current assets		
Investment properties	1,150,788	1,137,356
Development properties	131,277	128,954
Other equipment	319	348
Intangible assets	8	12
Deferred tax assets	155	147
Employer contribution reserves	771	938
Total non-current assets	1,283,318	1,267,755
Total assets	1,361,006	1,342,992
Shareholders' equity and liabilities		
Current liabilities		
Short term financial liabilities	134,850	80,850
Trade payables	15,337	11,146
Tax liabilities	9,247	6,527
Derivative financial instruments	310	0
Short term provisions	3,098	3,098
Accrued expenses and deferred income	22,262	23,019
Total current liabilities	185,104	124,640
Non-current liabilities		
Long term financial liabilities	396,115	423,136
Derivative financial instruments	11,597	12,273
Deferred tax liabilities	110,706	111,723
Long term provisions	4,354	5,074
Total non-current liabilities	522,772	552,206
Total liabilities	707,876	676,846
Shareholders' equity		
Share capital	19,000	19,000
Capital reserves	5,782	6,071
Retained earnings	628,348	641,075
Total shareholders' equity	653,130	666,146
Total shareholders' equity and liabilities	1,361,006	1,342,992

Consolidated income statement

(in CHF 1,000)

	1st HY 2020	1st HY 2019
Rental income	39,500	41,944
Net gains from property disposals	14,515	6,433
Other income	2,114	2,223
Total operating income	56,129	50,600
Property expense	4,169	4,204
Personnel expense	5,442	5,361
Administrative expense	1,265	1,410
Total operating expense	10,876	10,975
Changes in fair value of properties	883	8,401
Operating result (EBIT)	46,136	48,026
Financial income	54	45
Financial expense	-4,528	-5,147
Profit before taxes	41,662	42,924
Tax expense	-7,718	-1,022
Net profit	33,944	41,902
Earnings per share (CHF)	18.06	21.77

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Annual General Meeting 2021

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

Reporting

Presentation Half-year report 2020	27 August 2020
Presentation of Annual report	2 March 2021

Investment products

Registered share
1.125% bond 2015–2023

Security number

27'377'479
27'577'643

Ticker

ISN
ISH15

Tax value

CHF 567.00
102.90

Investor Relations

Cyrell Schneuwly
Thomas Kaul

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