

24th August 2021

Ad hoc announcement pursuant to Article 53 KR

Gratifying development in the first half of 2021

Despite a second lockdown, the first half of 2021 developed favourably:

- **Net profit increased by 20% to CHF 40.9 million or CHF 21.51 per share, which equates to a return on equity of 11.6%.**
- **Shareholders' equity as at 30.06.2021 amounted to CHF 705.9 million or CHF 371.52 per share. This results in an equity ratio of 50.2%.**
- **The investment property portfolio generated a net yield of 4.9%.**
- **Profits from the sale of real estate amounted to CHF 17.7 million.**

The impact of the pandemic on the rental market was also noticeable in the past half year. Office tenants in particular, adopted a wait-and-see attitude, as they found it difficult to estimate their future demands for space. As a result, the reduction of vacancies is taking longer than expected. In addition, Intershop granted rent reductions to tenants directly affected by the second lockdown of around CHF 0.4 million after a thorough examination of their respective applications. Meanwhile, Intershop benefited from the continuing interest in residential property and successfully completed the "Gellertstrasse" promotion project in Basel.

As the balance sheet date, the **property portfolio** comprised 52 properties including development and promotional properties. Rental income by usage for the reporting period amounted to 48% office and education, 32% light-industrial and logistics, 7% retail and restaurants and 13% residential and parking.

The **market value of the property portfolio** amounted to CHF 1,348 million at the end of the reporting period. After deduction of the investments made, the market value increased by CHF 6.2 million or 0.5% of the portfolio value. The increase is mainly attributable to changes in rental situation, investments and lower discount rates for core und residential properties.

As expected, **rental income** fell by 5.6% to CHF 37.3 million, partly due to the fact that it was not possible to compensate for the sale-related decline in income of around CHF 1.4 million. The **gross yield** of the investment properties declined by 0.3 percentage points to 5.7%.

The **sale** of the commonhold apartments on Gellertstrasse, Basel, and the release of provisions for warranties on earlier sales resulted in a profit contribution of CHF 17.7 million.

Property expenses decreased by 8.5% and amounted to CHF 3.8 million, a low 10.2% of rental income. The **net yield** of the investment property portfolio amounted to 4.9%.

While **administrative expenses** and **personnel expenses** increased slightly, both **financial expenses** decreased due to lower debt and lower interest rates compared to the previous year, as well as **tax expenses**.

The **vacancy rate** of the investment property portfolio increased by 0.5 percentage points to 11.8% in the first half of the year, which is mainly due to the renovation of three residential properties.

In the period under review, the ongoing project developments proceeded largely according to plan. The extension and refurbishment on Rue de Lausanne, Geneva, was completed and rental contracts have been signed for the majority of the flats. Both the new extensions and the renovation of the high-rise buildings on Redingstrasse, Basel are on schedule. However, due to the inconvenience caused by the construction work, about a quarter of the tenants vacated their flats, which correspondingly impacted on the vacancy rate. As mentioned above, the owner-occupied flats on Gellertstrasse were handed over and a pleasing profit of CHF 13.7 million was generated on completion of the project. Work also progressed in Baden, Römerstrasse. Construction of the 78 notarised commonhold apartments is expected to be completed by the end of 2022.

The planning and construction preparations for the "AuPark" project were advanced and the building application was published on 2 July 2021. In order not to delay the upcoming demolition, the property was largely vacated by the end of June 2021. The construction of the assembly plant for Stadler Rail in Oberwinterthur made rapid progress and the basic interior construction in Pfäffikon SZ, Talstrasse, was completed as planned. Any outstanding tenants' improvements will only be completed once contracts have been signed.

Intershop followed the transaction market very closely during the reporting period but was unable to identify any attractive purchase opportunities.

The total return of the share, which is made up of the price gain and the dividend paid, amounted to 2.9% and was thus below the benchmark index SXI Swiss Real Estate Shares TR with 4.0%.

Outlook

If the economic upswing and the slow easing of the pandemic situation continues, Intershop expects demand for office space to pick up. However, since vacant space at the World Trade Center in Lausanne will not be re-let whilst the planned sustainable renovation works progress and the new and re-letting of the residential development on Redingstrasse, Basel, will not take effect until construction work has been completed in 2023, the company expects the vacancy rate to be reduced to slightly below 11% at the end of the current year. Excluding additions and disposals, rental income should develop stably in the second half of the year and rise again from next year.

The transaction market will continue to be closely monitored. Any acquisition opportunities will only be considered if a sustainable added value can be achieved. Should attractive sales opportunities arise, they will be strongly considered.

Provided that the effects of the pandemic do not have an unexpected negative impact on the second half of the year, Intershop again expects to close the year with a good result, which should enable it to maintain its attractive dividend policy.

Attachment

Key figures Intershop Group

Contact

Cyrill Schneuwly, CEO
Thomas Kaul, CFO

Company portrait

Intershop is a real estate company listed on the SIX Swiss Exchange and active in Switzerland, which invests principally in commercial properties. As at 30/06/2021, its portfolio comprised 52 properties with a lettable area of approx. 546,000 m² and a market value of some 1.3 billion Swiss francs. Intershop invests mainly in the Zurich area, around Lac Lemman and along the main traffic arteries. Its portfolio combines high yields with security, thanks to diversification by geography and type of use, with considerable potential for value appreciation in the properties with development potential.

Agenda

01/03/2022	Publication of annual report 2021 with media and financial analysts conference
31/03/2022	Annual General Meeting 2022
25/08/2022	Publication of half-year report 2022 with online presentation for media and financial analysts

[Half-year report 2021 \(Download, pdf\)](#)

Further information on Intershop is available from the [website](#).

Key figures Intershop Group

		1 st HY 2021	1 st HY 2020
FINANCIALS			
Net rental income	CHF m	33.5	35.3
Net gains from property disposal	CHF m	17.7	14.5
Changes in fair value of properties	CHF m	6.2	0.9
Operating result (EBIT)	CHF m	52.4	46.1
Earnings before taxes (EBT)	CHF m	48.2	41.7
Net profit	CHF m	40.9	33.9
Net cash from operations	CHF m	34.0	15.5
Investments in real estate	CHF m	33.9	27.8
Total assets ²⁾	CHF m	1,407.2	1,378.3
Total value of property portfolio ²⁾	CHF m	1,348.0	1,333.3
Financial liabilities ²⁾	CHF m	515.9	465.1
Shareholders' equity ²⁾	CHF m	705.9	710.6
Return on equity ¹⁾		11.6%	10.3%
Return on equity excluding changes in fair value of properties ^{1) 6)}		10.1%	10.1%
PORTFOLIO			
Number of investment properties ²⁾		40	40
Number of development properties ^{2) 7)}		12	12
Lettable area ²⁾	in m ²	545,722	544,440
Gross yield ^{2) 3) 4)}		5.7%	6.0%
Net yield ^{2) 3) 5)}		4.9%	5.2%
Vacancy rate ^{2) 3)}		11.8%	11.3%
PERSONNEL			
Number of employees ²⁾		72	71
SHARE			
Earnings per share ⁶⁾	CHF	21.51	18.06
Earnings per share excluding changes in fair value of properties ⁶⁾	CHF	18.82	17.82
Net asset value per share (NAV) ^{2) 8)}	CHF	371.52	374.02
Share price at balance sheet date ²⁾	CHF	608.00	615.00
Dividend paid ⁹⁾	CHF	25.00	25.00

1) Based on the average shareholders' equity during the reporting period, see «Alternative Performance Measures», Annual report 2020, page 116

2) Figures as per 30/06/2021 and 31/12/2020

3) Figures relate to investment properties 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 2020, page 116

5) Effective annual gross rental income less any directly attributable property expenses (excluding interest expense) in proportion to the market value of the properties as at the balance sheet date see «Alternative Performance Measures», Annual report 2020, page 116

6) See «Earnings per share», see Half-year report 2021, page 27

7) Including promotional properties

8) See «Net asset value per share», see Half-year report 2021, page 24

9) Dividend paid for the financial year 2020 and 2019 in the first half-year