

Press release dated 2<sup>nd</sup> March 2021

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## Intershop holds its own in the challenging year 2020

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In the extremely challenging environment of 2020, Intershop has once again achieved a very pleasing result:

- **Group profit reached CHF 78.4 million or CHF 41.67 per share, representing a return on equity of 11.8%. This result is thus 10% above the previous year's result.**
- **Equity as at 31<sup>st</sup> December increased to CHF 711 million and amounts to CHF 374 per share. This corresponds to an equity ratio of 51.6%.**
- **Profitability on investment property portfolio decreased slightly to a net yield of 5.2%.**
- **The vacancy rate on the investment property portfolio rose to 11.3%.**
- **The Board of Directors proposes to the Annual General Meeting a dividend of CHF 25 per share.**

In 2020, business operations were influenced by the prevailing pandemic. Some rental negotiations that were already at an advanced stage were either suspended or cancelled. In addition, prospective tenants that did not have acute needs for change adopted a «wait-and-see» attitude.

As expected, **rental income** fell due to previous disposals of real estate and the conversion or renovation of two larger properties. In addition, individual solutions were also reached with those tenants that were affected by the pandemic-related government restrictions resulting in a further negative impact on revenue amounting to CHF 1.2 million. Overall **rental income** fell by CHF 3.1 million compared to the previous year and amounted to CHF 79.7 million. The **gross yield** of the investment properties amounted to 6.0%.

As of the balance sheet date, the **portfolio** comprised 52 properties, including development and promotional properties. Analysed by usage, the rental income for the year under review was: 49% office and education, 31% trade and logistics, 7% retail and catering, 5% residential and 8% parking.

The **value of the property portfolio** amounted to CHF 1,333 million. The valuation of the investment and development properties by KPMG resulted in a revaluation surplus of 1.1% or CHF 13.4 million.

The **disposal** of real estate resulted in profits of CHF 33.4 million.

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Mainly due to the expected loss of the largest tenant in the WTC in Lausanne and the pandemic-related decline in demand, the **vacancy rate** of the investment property portfolio increased to 11.3%.

**Property expenses** increased by 4.3% to CHF 9.3 million due to non-recoverable service charges on vacancies and the absence of one-off effects from previous year but remain at a low 11.7% of rental income. The net yield of the investment portfolio fell slightly to an again attractive 5.2%.

Despite the slight decrease in the number of employees to 71, **personnel expenses** increased by 2.2% to CHF 11.1 million. As expected, **administrative expenses**, including capital taxes, decreased by 10.0% to CHF 2.6 million.

Interest-bearing **financial liabilities** decreased by CHF 39 million to CHF 465 million. As a result, and thanks to lower average interest rates, **interest expenses** fell by CHF 1.0 million to CHF 8.9 million. The **average interest rate** amounted to 1.88% with an average fixed-interest period of 58 months.

Despite the dividend payment of CHF 47 million, **shareholders' equity** rose by CHF 44.5 million to CHF 711 million and corresponds to a very solid equity ratio of 51.6%.

Against the background of low interest rates that are likely to last longer than expected as a result of the pandemic, the transaction market hardly changed in the reporting year and demand for real estate remained high. Even during a temporary flattening of the transaction volume, no acquisition opportunities that met the yield requirements could be identified and therefore no acquisitions were made.

However, Intershop took advantage of the market conditions to sell the residential property "Schlossmatt" in Kilchberg and the commercial property in Dietikon at attractive conditions. In addition, after completion of the development of the land plot in Oberwinterthur-Neuhegi, including the construction of a new access road, it was possible to sell a part comprising a good 16,000 m<sup>2</sup>. The buyer, who was also granted a purchase right for a further 11,500 m<sup>2</sup> of land, is building a data centre on the site.

The construction of the buildings comprising 30 commonhold apartments at Gellertstrasse in Basel is expected to be completed in the second quarter of 2021. As at the balance sheet date, 27 apartments were under contract and further apartment has been reserved. Marketing of the commonhold apartment project "Römerstrasse" in Baden, which is expected to be completed in the second half of 2022, started in mid-April. At the end of the reporting year, 76 of the 78 apartments were already under contract and one apartment has been reserved.

The private design plan for the "AuPark" in Wädenswil became legally binding in July, after which the building application was submitted in November. Provided that no objections are raised during the building permit procedure, construction of the first stage could conceivably begin in 2022. The sustainable renovation and conversion of the commercial property in Pfäffikon SZ which allows for multi-tenant usage went according to plan and the first new tenants could be identified.

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

After the introduction in the previous year, Intershop has published its second extended sustainability report according to the standards of the GRI (Global Reporting Initiative™).

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Due to the continued good business performance, the Board of Directors has decided to propose a dividend of CHF 25 per share, corresponding to a distribution volume of CHF 47.5 million.

## **Outlook**

Due to the ongoing pandemic, the outlook for the 2021 financial year is subject to uncertainties. The operational focus will remain on letting vacant spaces and those recently terminated. Should the situation normalise in the first half of the year as a result of the ongoing vaccination campaign, Intershop expects a primarily sales-related decline in rental income in the mid-single-digit percentage range. Based on this assumption, the vacancy rate for the investment property portfolio is expected to fall to around 10% by the end of 2021.

Intershop expects a profit of slightly over CHF 10 million from the sale of the apartments at the "Gellertstrasse" promotional project in Basel during the course of the current financial year.

The transaction market will continue to be closely monitored in order to be able to take advantage of any attractive acquisition or sales opportunities.

Intershop continues to expect a multi-year average return on equity of at least 8%.

## Annex

Key figures Intershop Group

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## **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 of 31/12/2020, its portfolio included 52 properties with a lettable area of approx. 544,000 m<sup>2</sup> 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**

31/03/2021 Annual General Meeting 2021

24/08/2021 Publication of half-year report 2021 with online presentation for media and financial analysts

## **Download/Links**

[Annual report 2020 \(download as PDF-file\)](#)

[Intershop Investor Relations](#)

Further information on Intershop is available from the website [www.intershop.ch](http://www.intershop.ch)

## Key figures Intershop Group

|  |                   | 2020    | 2019    |
|--|-------------------|---------|---------|
| <b>FINANCIALS</b>  |                   |         |         |
| Net rental income  | million CHF       | 70.4    | 73.9    |
| Net gains from property disposal   | million CHF       | 33.4    | 7.4     |
| Changes in fair value of properties  | million CHF       | 13.4    | 16.6    |
| Operating result (EBIT)  | million CHF       | 107.6   | 88.9    |
| Earnings before taxes (EBT)  | million CHF       | 98.8    | 79.1    |
| Profit   | million CHF       | 78.4    | 71.0    |
| Cash flow from operations  | million CHF       | 45.6    | 36.0    |
| Investments in properties  | million CHF       | 61.7    | 35.3    |
| Total assets   | million CHF       | 1'378.3 | 1,343.0 |
| Total properties   | million CHF       | 1'333.3 | 1,312.8 |
| Financial liabilities  | million CHF       | 465.1   | 504.0   |
| Shareholders' equity   | million CHF       | 710.6   | 666.1   |
| Return on equity <sup>1)</sup>   |                   | 11.8%   | 10.9%   |
| Return on equity excluding changes in fair value of properties <sup>1)</sup>   |                   | 10.3%   | 9.2%    |
| <b>PORTFOLIO</b>   |                   |         |         |
| Number of investment properties  |                   | 40      | 42      |
| Number of development properties <sup>3)</sup>                                 |                   | 12      | 12      |
| Lettable area  | in m <sup>2</sup> | 544'440 | 565,880 |
| Gross yield <sup>2) 4)</sup>   |                   | 6.0%    | 6.2%    |
| Net yield <sup>2) 5)</sup>   |                   | 5.2%    | 5.4%    |
| Vacancy rate <sup>2)</sup>   |                   | 11.3%   | 8.0%    |
| <b>PERSONNEL</b>   |                   |         |         |
| Number of employees  |                   | 71      | 72      |
| <b>SHARE</b>   |                   |         |         |
| Earnings per share <sup>6)</sup>   | CHF               | 41.67   | 37.33   |
| Earnings per share excluding changes in fair value of properties <sup>7)</sup> | CHF               | 36.44   | 31.47   |
| Net asset value per share (NAV) <sup>8)</sup>                                  | CHF               | 374.02  | 354.33  |
| Share price at balance sheet date  | CHF               | 615.00  | 567.00  |
| Dividend per share <sup>9)</sup>   | CHF               | 25.00   | 25.00   |

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

2) Figures relate to investment properties 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», Annual report 2020, p 116

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

6) See «Earnings per share», Annual report 2020, p 79

7) After deducting changes in fair value of properties and associated deferred tax, see «Earnings per share», Annual report 2020, p 79

8) See «Net asset value per share», Annual report 2020, p 74

9) 2020: Proposal of the Board of Directors