

28th February 2023

Ad hoc announcement pursuant to Article 53 LR

Intershop closes 2022 with very good results, publishes a CO₂ reduction path and proposes a one-off extraordinary dividend

In a challenging environment, Intershop closed the 2022 financial year as follows:

- **The Group's net profit amounted to CHF 145.5 million or CHF 78.18 per share, which corresponds to a return on equity of 17.8%. The result is slightly above that of the previous year.**
- **Shareholders' equity as at 31/12/2022 increased to CHF 879 million or CHF 477 per share. This corresponds to an equity ratio of 60.3%.**
- **The net yield on the investment property portfolio remained stable at an attractive 4.7%.**
- **The vacancy rate of the investment property portfolio amounted to 10.0%.**
- **The overall performance of the Intershop share reached 2.6%.**
- **The Board of Directors proposes to the Annual General Meeting an unchanged ordinary dividend of CHF 25 and a one-off extraordinary dividend of CHF 25 per share.**

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

Rental income rose slightly by 1.3% to CHF 76.1 million compared to the previous year. The loss of approx. CHF 2.6 million of rental income due to property disposals in previous years and further lease terminations at the World Trade Center, in Lausanne due to ongoing renovation work, was compensated by rental income from the newly constructed assembly plant in Oberwinterthur let to Stadler Rail AG and other successful lettings. The **gross return on the investment property portfolio** was 5.4%.

At the balance sheet date, the **portfolio** comprised 49 properties including development and promotion properties. Rental income for the reporting period analysed by usage consisted of 45% office and education, 35% commercial and logistics, 7% retail and gastronomy, 6% residential and 7% parking.

The **market value of the real estate portfolio** at the end of the reporting year was CHF 1,394 million. After deducting the investments made in the reporting period, the revaluation of the portfolio by KPMG resulted in a slight revaluation deficit of CHF 1.6 million or 0.1%. This decrease in value was due, amongst other things, to the inclusion of additional planned investment in the sustainability of the real estate portfolio.

The **sale of** properties resulted in a profit of CHF 133.2 million, which was attributable to the sale of the development project "AuPark", Au-Wädenswil, a residential project in Biel, an investment property in Oberentfelden and some of the commonhold apartments of the promotional project in Baden.

The **vacancy rate of** the investment property portfolio increased by 0.8 percentage points to 10.0% compared to the previous year. Compared to the situation as at 30th June 2022, the rate has reduced by 0.6 percentage points. At 13.3%, the vacancy rate for the entire portfolio was 0.5 percentage points higher than at the end of 2021.

Real estate expenses were reduced by 5.9% to CHF 7.8 million or a low 10.3% of rental income, which was primarily due to lower than expected non-recoverable service charges from previous years. The **net yield of** the investment property portfolio remained stable at 4.7%.

As a result of lower accruals for performance-related compensation, **personnel expenses** decreased by 3.8% to CHF 11.3 million. **Administrative expenses**, including capital taxes, decreased by CHF 0.2 million to CHF 2.4 million.

Interest-bearing **financial liabilities** were CHF 34.0 million lower than in the previous year at CHF 394.9 million. As a result, and thanks to lower interest rates, **interest expenses** fell by CHF 1.9 million or 23.2% to CHF 6.1 million. The **average interest rate** fell from 1.47% to 1.40% with an average fixed interest period of 59 months.

Despite the dividend payment of CHF 47.4 million and the purchase of treasury shares worth CHF 35.8 million, **shareholders' equity** increased by CHF 69.1 million to CHF 878.8 million, which corresponds to an equity ratio of 60.3%.

The total return of the shares, which consists of share price change and the dividend paid, amounted to 2.6% in the reporting year and was thus significantly above the benchmark index SXI Swiss Real Estate Shares TR with -9.3%.

Higher inflation and rising interest rates have led to a reluctance on the part of institutional investors to make acquisitions. On the other hand, there is only limited evidence that transaction prices have perceptibly fallen. In this environment, Intershop was unable to identify any significant acquisition opportunities with attractive added value potential and has refrained from making any significant acquisitions.

Development projects proceeding largely according to plan

The new high-rise extensions in Redingstrasse, Basel, with 68 flats were completed at the end of November. 41 flats were occupied as at the balance sheet date, and rental contracts for a further 19 flats have been signed. The refurbishment of the existing high-rise buildings has also been largely completed. Of the 93 flats that were vacant due to renovation, 62 were already re-let at the end of 2022.

18 commonhold apartments at the "Römerstrasse" project, Baden, were handed over in the reporting period. The transfer of ownership of the 60 remaining apartments will take place in the first quarter of 2023. In Wohlen, Nordstrasse, the renovation of the office building and the replacement of the oil heating system with a pellet heating system have also been completed. The occupancy rate increased substantially from 46% to 73%.

In the second half of the year, construction began on the sustainably designed "Orubi" commercial building in Vernier with around 12,500 m² of rental space, which is scheduled for completion in the first quarter of 2024.

Halving of CO₂ emissions planned by 2032

The fourth sustainability report according to the GRI standards (Global Reporting Initiative™) was further expanded and includes for the first time a CO₂ reduction path. Intershop has set itself the goal of at least halving CO₂ emissions (Scope 1-2) by 2032 and achieving net zero by 2050.

Application for one-off extraordinary dividend planned

The result of the year under review in combination with the high equity base, has prompted the Board of Directors to propose a one-off extraordinary dividend of CHF 25 per share in addition to the ordinary dividend of CHF 25. This corresponds to a total distribution volume of CHF 95 million.

Outlook

In principle, Intershop views the outlook as positive, but considers various scenarios when making decisions. If Switzerland remains unaffected by a sharp economic downturn, Intershop can expect an increase in rental income in the low single-digit percentage range, excluding additions and disposals. The operational focus on letting vacant space will remain, so that not only the vacancy rate of the investment property portfolio, but also the entire portfolio should decrease.

A profit contribution of slightly more than CHF 10 million is expected from the sale of the remaining commonhold apartments in the promotional project in Baden.

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

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

Appendix

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 of 31/12/2022, its portfolio included 49 properties with a lettable area of approx. 517,000 m² and a market value of some 1.4 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

30/03/2023	60 th Annual General Meeting
22/08/2023	Publication of half-year report 2023 with online presentation for media and financial analysts

Download/Link

Summary 2022 (download, PDF-file)

Intershop Investor Relations

Further information on Intershop is available from the Website.

Key figures Intershop Group

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

- 1) Based on the average shareholders' equity during the period, see «Alternative Performance Measures», Annual report 2022, page 124
- 2) Figures relate to investment properties at the balance sheet date; figures as at 31/12/2021 adjusted for the new presentation of the portfolio from 01/01/2022 as described in the Annual report 2022, page 11
- 3) Including promotional properties
- 4) Effective annual gross rental income in proportion to the market value of the properties at the balance sheet date, see «Alternative Performance Measures», Annual report 2022, page 124
- 5) Effective annual gross rental income less directly attributable property costs (excluding interest expense) in proportion to the market value of the properties at the balance sheet date, see «Alternative Performance Measures», Annual report 2022, page 124
- 6) See «Earnings per share», Annual report 2022, page 88
- 7) After deducting changes in fair value of properties and associated deferred tax, see «Earnings per share», Annual report 2022, page 88
- 8) See «Net asset value per share», Annual report 2022, page 83
- 9) 2022: Proposal of the Board of Directors for the payment of an ordinary dividend of CHF 25 and a one-off extraordinary dividend of CHF 25 per share