

27th February 2024

Ad hoc announcement pursuant to Article 53 LR

Intershop increases rental income, realises profits on disposal and raises dividend

In a challenging environment with volatile interest rates and above-average inflation, Intershop closed the financial year as follows (previous year's figures 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 property portfolio (scope 1+2): 10.4 kg CO₂ e/m²** (11.7 kg CO₂ e/m²)

Intershop has experienced a successful year in terms of operational performance. The positive drivers for the pleasing 2023 annual result were the increase in net rental income and the realisation of profits from the disposal of commonhold apartments, investment and development properties.

The total return on Intershop shares was 10.3% in 2023. Over a 5-year period, the cumulative return reached 62.1%, compared to the benchmark index SXI Real Estate Shares Broad TR, which achieved 34.3%.

As expected, **rental income** rose by 5.8% year-on-year to CHF 80.5 million in 2023, mainly due to successful lettings and rent increases from index adjustments. The **gross yield of the investment property portfolio** rose slightly to 5.6%.

Despite the very pleasing results from the **disposal** of three investment properties, a development property, a plot of land and the transfer of 60 commonhold apartments in Baden, it was not possible to match the previous year's net gain from property disposal sposal profit, which was largely attributed to the net profit from disposal of the development project in Au-Wädenswil.

As at the balance sheet date, the **portfolio** comprised 43 properties including development and promotional properties. Rental income for the year under review was attributed to the following types of use: 45% office and education, 35% commercial and logistics, 5% retail and catering, 9% residential and 6% parking.

The **value of the property portfolio** amounted to CHF 1,375 million at the end of the reporting year. The revaluation of the portfolio resulted in a net gain of CHF 12.0 million or 0.9% of the portfolio value. The appreciation in value was due, in particular, to the revaluation of the

investment property on Redingstrasse in Basel due to the letting success following completion of the redevelopment works and the "Mediacampus" development property in Zurich. Excluding these two increases, there would have been a marginal depreciation of 0.6%.

The **vacancy rate** of the overall property portfolio was reduced by 2.6 percentage points to 10.7%. The vacancy rate for the investment property portfolio fell from 10.0% to 7.4%.

Property expenses rose by 11.3% to CHF 8.7 million or continued low 10.8% of rental income, which was primarily due to higher non-recoverable service charges. The **net yield on the investment property portfolio** increased slightly to 4.9%.

As a result of higher salaries due to the slightly higher headcount, **personnel expenses** rose slightly by 2.2% to CHF 11.6 million despite lower performance-related remuneration. **Administrative expenses**, including capital taxes, increased by CHF 0.7 million to CHF 3.0 million, following the reversal of accruals for capital taxes in the previous year.

At CHF 381.3 million, interest-bearing **financial liabilities** were CHF 13.6 million lower than in the previous year. **Interest expenses** rose slightly by 1% to CHF 6.2 million due to higher interest rates. The **average interest rate** as at the balance sheet date was 1.67%, which was higher than the previous year's figure of 1.40%. The average fixed-interest period was 51 months (previous year 59 months).

Despite the dividend payment of CHF 92.2 million, **equity** fell by just 1.3% to CHF 867.3 million, which corresponds to an equity ratio of 62.0%.

Property portfolio

In addition to the transfer of 60 commonhold apartments on Römerstrasse in Baden, four commercial properties in Berne, Lyss, Grenchen and Rombach and a plot of land were sold. A further condominium unit was acquired in the "Sihlcenter" in Zurich.

During the year under review, operating activities again centred on letting and project development.

Pleasing letting successes were recorded in the properties in Reinach and Wohlen as well as in the residential development in Basel, Redingstrasse, where all renovated and almost all newly built flats were let on the balance sheet date.

Development and promotional properties

The "Römerstrasse" promotional project in Baden was completed in the reporting year. All commonhold apartments were sold and handed over.

The "Bloom" (formerly the World Trade Centre) in Lausanne has been undergoing extensive and sustainable refurbishment since mid-2023, with the aim of achieving SNBS "Gold" certification. Due to the disruption caused during this two-year refurbishment phase, the vacant space will not be let. Consequently, it is anticipated that the occupancy rate will not see improvement until the completion of the refurbishment activities.

The construction of the flexible and sustainable commercial building "Métiers Vernier" with around 12,500 m² of space on four floors is proceeding according to plan. Completion is scheduled for the first quarter of 2024. Lease negotiations are at an advanced stage with several interested parties.

Following the completion of the renovation and extension work on the high-rise residential buildings in Basel, Redingstrasse, the final development step on the entire site is now being realised with the replacement construction of the new retail centre on Lehenmattstrasse. Construction of the extremely energy-efficient, low-tech building with around 1,800 square meters of retail space is expected to last until the end of 2024. Long-term rental agreements have already been concluded with Migros as the anchor tenant and a bakery.

Intershop further intensifies its sustainability efforts

The emissions intensity of the portfolio was reduced by 11.1% to a level of 10.4 kg CO₂ e/m² thanks to operational optimisation schemes and the replacement of heating systems. Intershop also participated in the Global Real Estate Sustainability Benchmark GRESB for the first time and expanded its sustainability report to include climate risks and selected sustainability indicators were subject to limited assurance by PricewaterhouseCoopers AG.

Personnel

The replacement of the Executive Board was successfully completed. We would like to thank the former Executive Board for the smooth handover. Following Simon Haus, CEO, at the end of August 2023, Mireille Lehmann, Head of Construction and Development, and Yannick Hartmann, Head of Real Estate, both at the beginning of January 2024, Florian Balschun, who has already started at Intershop, will take over as CFO from Thomas Kaul at the beginning of April.

Revision of the Articles of Association

The Board of Directors will propose a number of amendments to the Articles of Association to the Annual General Meeting on 27 March 2024, which are primarily due to the changes resulting from the revision of company law. In addition, the Board of Directors recommends a share split at a ratio of 1 to 5. Intershop's share price is significantly higher than that of its peers. The proposed share split is intended to facilitate trading in Intershop shares. The Board of Directors is also proposing to the Annual General Meeting the adoption of a capital band, permitting a maximum alteration - either increase or decrease - of the capital by up to 20% over a period of five years. This initiative aims to leverage the enhanced capital management flexibility afforded by the amendments to the company law.

Outlook

Following a series of numerous successful disposals, the focus in the current year will predominantly shift towards acquisitions, contingent upon market conditions. In addition, disposal that promise a material profit contribution will continue to be planned. High priority is also being given to the further reduction of vacancies together with property redevelopment to exploit value-added potential, thereby enhancing shareholder value.

The Board of Directors will propose to the Annual General Meeting that the ordinary dividend be increased by 10% from CHF 25 per share to CHF 27.50 per share due to the pleasing net profit and the good equity base.

Appendix

Key figures Intershop Group

Contact

Simon Haus, 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 31/12/2023, its portfolio included 43 properties with a lettable area of approx. 502,000 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

27/03/2024	61 th Annual General Meeting
27/08/2024	Publication of half-year report 2024 with online presentation for media and financial analysts

Download/Link

[Summary 2023 \(download, PDF-file\)](#)

[Intershop Investor Relations](#)

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

Key figures Intershop Group

		2023	2022
FINANCIALS			
Net rental income	million CHF	71.8	68.3
Net gains from property disposal ³⁾	million CHF	31.6	133.2
Changes in fair value of properties	million CHF	12.0	-1.6
Operating result (EBIT)	million CHF	105.2	191.6
Earnings before taxes (EBT)	million CHF	99.2	185.6
Net income	million CHF	82.5	145.5
Cash flow from operations	million CHF	81.2	4.9
Investments in properties	million CHF	77.1	83.6
Total assets	million CHF	1,400.0	1,456.3
Total properties	million CHF	1,375.3	1,393.5
Financial liabilities	million CHF	381.3	394.9
Shareholders' equity	million CHF	867.3	878.8
Return on equity ¹⁾		9.6%	17.8%
Return on equity excluding 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		10.7%	13.3%
PERSONNEL			
Number of employees		70	65
SHARE			
Earnings per share ⁶⁾	CHF	44.76	78.18
Earnings per share excluding changes 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», Annual report 2023, page 138

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 2023, page 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», Annual report 2023, page 138

6) See «Earnings per share», Annual report 2023, page 102

7) After deducting changes in fair value of properties and associated deferred tax, see «Earnings per share», Annual report 2023, page 102

8) See «Net asset value per share», Annual report 2023, page 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