Allreal Holding AG statutory annual accounts

Income statement

CHF million	Note	2022	2021
Income from investments	2	250.0	35.0
Financial income	3	24.7	22.8
Income		**274.7**	**57.8**
Personnel expenses		–1.2	–1.0
Other expenses	4	–1.4	–1.9
Expenses		**–2.6**	**–2.9**
Operating profit (EBIT)		**272.1**	**54.8**
Financial expenses	5	–11.1	–11.8
Profit before tax		**261.0**	**43.0**
Tax expense		–1.3	–0.9
Net profit		**259.7**	**42.1**

Balance sheet as at 31 December

Cash		0.1	1.5
Short-term accounts receivable from Group companies		11.1	9.1
Short-term accounts receivable from third parties		0.9	6.6
Current assets		**12.1**	**17.2**
Financial assets held in investments		1 299.4	1 244.3
Investments	6	1 387.9	1 382.7
Non-current assets		**2 687.3**	**2 627.0**
Assets		**2 699.4**	**2 644.2**
Short-term liabilities towards investments		0.4	1.0
Short-term liabilities towards third parties		0.7	1.0
Short-term interest-bearing liabilities	7	174.0	50.0
Accrued expenses and prepaid income		6.0	7.7
Current liabilities		**181.1**	**59.7**
Long-term liabilities towards investments		107.2	173.3
Long-term interest-bearing liabilities third parties	7	1 155.9	1 298.3
Non-current liabilities		**1 263.1**	**1 471.6**
Liabilities		**1 444.2**	**1 531.3**
Share capital	8	16.6	16.6
Statutory capital reserves			
Reserves from contribution of capital	9	586.5	644.3
Other capital reserves	10	7.6	7.6
Statutory retained earnings			
General statutory retained earnings		133.8	133.8
Voluntary retained earnings			
Profit carried forward		265.4	281.9
Net profit		259.7	42.1
Balance sheet profit		525.1	324.0
Treasury shares	11	–14.4	–13.4
Equity		**1 255.2**	**1 112.9**
Equity and liabilities		**2 699.4**	**2 644.2**

Note

1. Basic principles and details of the methods applied to the annual accounts

Allreal Holding AG, domiciled in Baar ZG was founded on 17 May 1999. As a holding company it is not engaged in any operating activities. Its function is limited to managing and financing Allreal Group.

The Allreal Holding AG annual accounts have been prepared in accordance with the provisions of the Swiss Code of Obligations (32nd title of the Swiss Code of Obligations). They supplement the consolidated financial statements, which are prepared in accordance with the Accounting and Reporting Recommendations (Swiss GAAP FER). Whereas the consolidated financial statements provide information about the business situation of the Group as a whole, the information in the annual accounts of Allreal Holding AG relates solely to the Group's parent company.

Treasury shares are recognised at acquisition cost and deducted from shareholders' equity at the time of acquisition. In the case of a resale, the gain or loss is recognised through the income statement as financial income or financial expense.

2. Income from investments

CHF million	2022	2021
Allreal Generalunternehmung AG	170.0	14.0
Allreal Home AG	0.0	7.0
Allreal Office AG	40.0	0.0
Allreal Vulkan AG	20.0	7.0
Allreal West AG	20.0	7.0
Income from investments	**250.0**	**35.0**

Dividends received from the subsidiary companies are booked to the accounts of Allreal Holding AG upon payment.

3. Financial income

CHF million	2022	2021
Compensation from Group companies for guarantees issued	1.9	1.4
Interest income on investments	21.6	20.3
Interest income on private placement	0.2	0.2
Issuing premium on 0.6% bond issue 2021–2030	–	0.2
Income in connection with treasury shares	0.0	0.7
Income in connection with own bonds	1.0	0.0
Financial income	**24.7**	**22.8**

4. Other operating expenses

Other operating expenses include the normal administrative expenses incurred by a holding company (legal advice, audit fees, insurance, fees and capital taxes). The management fees paid to Allreal Generalunternehmung AG amount to CHF 0.6 million, unchanged from the previous year.

5. Financial expense

CHF million	**2022**	2021
Interest expenses bonds	–8.9	–8.1
Issuing expenses bond issue	–	–1.6
Expenses treasury shares	–0.5	0.0
Interest expense shareholdings	–1.5	–2.0
Other financial expense	–0.2	–0.1
Financial expense	**–11.1**	**–11.8**

6. Holdings

Company	Registered office	Share capital CHF million	**Share-holding[1] 31.12.2022**	Share-holding[1] 31.12.2021
Allreal Finanz AG[2]	Baar ZG	–	–	100%
Allreal Generalunternehmung AG	Opfikon ZH	10.00	100%	100%
Allreal Home AG	Opfikon ZH	26.52	100%	100%
Allreal Office AG	Opfikon ZH	150.00	100%	100%
Allreal Romandie SA	Plan-les-Ouates GE	0.10	100%	100%
Allreal Toni AG	Opfikon ZH	90.00	100%	100%
Allreal Vulkan AG	Opfikon ZH	50.00	100%	100%
Allreal West AG	Opfikon ZH	20.00	100%	100%
Apalux AG	Opfikon ZH	0.90	100%	100%
Bülachguss AG[3]	Opfikon ZH	0.10	100%	100%
Creactive Properties SA	Meyrin GE	0.10	100%	100%
Elevate SA	Plan-les-Ouates GE	0.12	100%	100%
Immologic Promotion Chavannes SA	Plan-les-Ouates GE	0.23	100%	100%
Immologic Promotion Veyriert SA	Meyrin GE	0.10	100%	–
Immologic Promotions Sàrl	Plan-les-Ouates GE	0.02	100%	100%
Immologic Sàrl	Plan-les-Ouates GE	0.02	100%	100%
Roof SA	Plan-les-Ouates GE	0.50	100%	100%
Serenity OpCo Holding SA	Plan-les-Ouates GE	0.10	100%	100%
SI Grand-Pré 57 SA[4]	Plan-les-Ouates GE	–	–	100%
Société Anonyme Vermont-Parc[4]	Plan-les-Ouates GE	–	–	100%
Société Immobilière Avenir-Levant SA[4]	Plan-les-Ouates GE	–	–	100%
Trebla SA lettre A[4]	Plan-les-Ouates GE	–	–	100%

1 Share in equity and voting rights
2 Merged with Apalux AG on 1 July 2022
3 Indirect holding
4 Merged with Allreal Romandie SA (formerly Immologic Properties SA) on 1 July 2022

The value of the holding increased by CHF 5.2 million to CHF 1,387.9 million in the period under review. The change concerns Allreal Romandie SA, Plan-les-Ouates GE (CHF 3.8 million) and Immologic Promotion Veyriert SA, Meyrin GE (CHF 1.4 million), which was taken over by Allreal Holding AG on 30 November 2022.

7. Interest-bearing liabilities

CHF million	Issue amount	Issue price	Par value[1]	Maturity in years
0.6% bond issue 2019–15.07.2030	250.0	100.131%	242.6	9
0.4% bond issue 2019–26.09.2029	200.0	100.098%	181.7	10
0.7% bond issue 2020–22.09.2028	175.0	100.176%	175.0	7.997
0.875% bond issue 2017–30.03.2027	160.0	100.550%	158.6	10
0.75% bond issue 2017–19.06.2026	150.0	100.298%	148.3	8.5
1.375% bond issue 2015–31.03.2025	100.0	100.910%	100.0	10
0.625% bond issue 2016–10.05.2024	150.0	100.000%	149.6	8
0.5% bond issue 2018–19.04.2023	125.0	100.123%	124.1	5
–0.3% private placement 2022–15.01.2023	50.0	100.000%	50.0	1

1 Par value equals issue amount offset against repurchased bonds

All bonds may be redeemed early, and the bond terms customary for such capital market instruments shall apply. Specifically, this includes an option for early redemption at any time at par, including accrued interest, provided that at least 85% of the original principal amount has been redeemed by Allreal. As at 31 December 2022 and for the duration of the period under review, the conditions for early redemption had not been met.

8. Share capital

As at the balance sheet cut-off date, the share capital of Allreal Holding AG comprises 16,592,821 registered shares with a par value of CHF 1.00 each. Each share carries one vote and confers entitlement to attend the annual general meeting if entered in the share register.

The Board of Directors was authorised by the annual general meeting on 8 April 2022 to increase the share capital – restricting or excluding the subscription rights of shareholders as applicable – until 8 April 2024 to acquire businesses, business units, participating interests or real estate through an exchange of shares, for financing or refinancing the acquisition of businesses, business units, participating interests or investment projects, or for the purpose of an international placement of shares worth up to CHF 1,000,000 by issuing up to 1,000,000 registered shares each with a par value of CHF 1.00 (authorised capital, Art. 3a of the articles of association).

For the purpose of issuing convertible bonds, warrant bonds or other financial instruments, there exists – excluding the subscription rights of shareholders – conditional capital of up to CHF 500,000 through the issue of up to 500,000 registered shares with a nominal value of CHF 1.00 each. Bearers of the convertible and/or warrant bonds are entitled to subscribe to the new shares (conditional capital, Art. 3b of the articles of association).

The Board of Directors will propose to the annual general meeting of Allreal Holding AG on 21 April 2023 a stable distribution of CHF 7.00 per share in the form of a dividend of CHF 3.50 per share plus repayment of reserves from contribution of capital amounting to CHF 3.50 per share. This corresponds to a maximum total amount of CHF 116.1 million. In 2022, CHF 115.6 million was paid out in the form of a dividend of CHF 3.50 per share and the repayment of reserves from contribution of capital of CHF 3.50 per share (CHF 7.00 per share).

9. Reserves from contribution of capital

CHF million	2022	2021
Premium from capital increases	771.9	771.9
Premium from conversion of convertible bonds	0.4	0.4
Transfer to other capital reserves	–7.6	–7.6
Transfer from nominal value reduction	781.7	781.7
Distribution to shareholders	–961.7	–903.7
Distribution on treasury shares	1.8	1.6
Reserves from contribution of capital as at 31 December	**586.5**	**644.3**

10. Other capital reserves

CHF million	2022	2021
Transfer from reserves from contribution of capital	7.6	7.6
Other capital reserves as at 31 December	**7.6**	**7.6**

11. Treasury shares

	2022 Number of shares	2022 Value CHF million	Number of shares	2021 Value CHF million
Acquisition cost as at 1 January	70 752	13.4	43 045	6.7
Purchases[1]	9 858	1.9	1 117 426	210.0
Sales	–2 083	–0.4	–1 089 719	–204.0
Income on treasury shares		–0.5		0.7
Acquisition cost as at 31 December	**78 527**	**14.4**	**70 752**	**13.4**

1 Purchases in the financial year 2021 include the 650,000 registered shares from the increase in authorised capital.

The average purchase price per share stands at CHF 183.41 (31.12.2021: CHF 189.15).

12. Significant shareholders

As at 31 December, the following shareholders were entered in the share register of Allreal Holding AG as having a shareholding (direct and/or indirect) which exceeds a threshold of 3 percent:

CHF million	2022	2021
Credit Suisse Funds AG, Zurich	>10%	9.6%
Plan Olivier, Geneva[1]	6.5%	6.5%
Spuhler Peter, Weiningen TG	3.5%	3.4%
BlackRock Inc., USA - New York	>3%	>3%
Dimensional Holdings Inc., USA - Delaware	>3%	>3%
UBS Fund Management AG (Switzerland), Basel	>3%	3.5%

1 Holding direct and via Immosynergies Holding SA, Plan-les-Ouates GE

13. Investments of the Board of Directors and Group Management

The details required under Article 663c CO are presented in Note 5.5 to the annual accounts of Allreal Group ("Transactions with related parties") and in the compensation report.

14. Number of employees

As in the previous year, Allreal Holding AG did not employ any personnel.

15. Contingent liabilities

As at 31 December 2022, guarantees and sureties to third parties in connection with the financing of Allreal group companies amounted to CHF 322.9 million (31.12.2021: CHF 339.1 million). Under the Swiss value added tax group taxation arrangement, Allreal Holding AG is jointly and severally liable vis-à-vis the Swiss Federal Tax Authority for all value added tax obligations of the other Allreal Group companies.

Proposal for the appropriation of net profit

The Board of Directors will propose to the annual general meeting of 21 April 2023 a stable distribution of CHF 7.00 per share, with CHF 3.50 per share deemed to be a dividend and CHF 3.50 per share deemed to be repayment of reserves from contribution of capital.

Appropriation of balance sheet profit

The Board of Directors will submit to the annual general meeting the following proposal regarding the appropriation of the balance sheet profit:

CHF million	**2022**	2021
Carried forward from previous year	265.9	281.9
Net profit	259.7	42.1
Balance sheet profit as at 31 December (at the disposal of the annual general meeting)	**525.6**	**324.0**
Distribution of CHF 3.50 per share (prior year: CHF 3.50 per share)	–58.1	–58.1
Brought forward to new account	**467.5**	**265.9**

Since the general statutory retained earnings exceed 50 percent of the share capital, there will be no further allocation.

Appropriation of reserves from contribution of capital

CHF million	**2022**	2021
Reserves from contribution of capital as at 31 December (at the disposal of the annual general meeting)	**586.2**	**644.3**
Distribution of CHF 3.50 per share (prior year: CHF 3.50 per share)	–58.1	–58.1
Brought forward to new account	**528.1**	**586.2**

The treasury shares of the company do not rank for distributions.

The distribution per share for the financial year 2022 as determined by the annual general meeting will be paid out to shareholders on or after 28 April 2023 in the form of CHF 3.50 from reserves from contribution of capital (without deduction of withholding tax) and CHF 3.50 as a dividend (with deduction of withholding tax).

Baar, 27 February 2023

On behalf of the Board of Directors:
Ralph-Thomas Honegger
Chairman of the Board of Directors

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To the General Meeting of
Allreal Holding AG, Baar

Zurich, 27 February 2023

Report of the statutory auditor

(This Report of the statutory auditor is only a translation of the legally binding German version)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Allreal Holding AG (the Company), which comprise the statement of financial position as at 31 December 2022, the statement of income for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 124 to 130) comply with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of equity investments and loans to equity investments	
Risk	Management's impairment testing of equity investments and loans was key for our audit because this item entails significant estimates based on assumptions (including fair value of investment properties as well as development of operating income, profitability and equity position) and the equity investments and loans to equity investments of CHF 2'583.7m were significant for the statement of financial position. The equity investments are listed in the notes to the financial statements under 6 "Equity investments".
Our audit response	Among other audit procedures, we assessed the Company's process for valuing equity investments and loans to equity investments. We also analyzed the underlying data for testing the impairment of equity investments and loans to equity investments.

Other information
The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the financial statements
The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an

auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

Furthermore, we confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Tobias Meyer
Licensed audit expert
(Auditor in charge)

Silvan Rüegsegger
Licensed audit expert