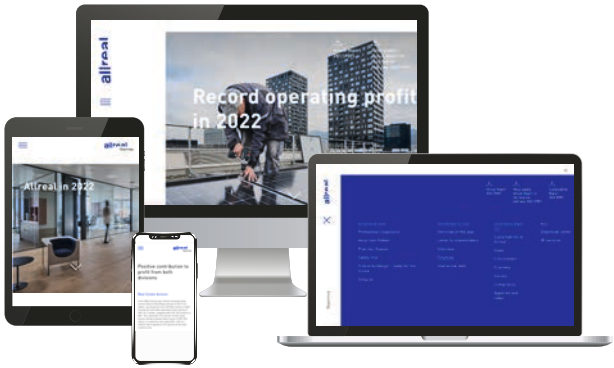
Value Update
2022 Annual Report

allreal

The value update provides a quick overview of the key developments at Allreal in the 2022 financial year. The interactive Annual Report with multimedia content, as well as the full Annual Report, can be downloaded at reporting.allreal.ch.

reporting.allreal.ch – available whenever and wherever you want:

- video with assessments from Ralph-Thomas Honegger (COB), Roger Herzog (CEO) and Stefan Dambacher (Head of Development and member of Group Management)
- 2022 in brief
- interactive data
- download centre



The reporting platform with multimedia content can be found at:

reporting.allreal.ch

Main information in brief

Net profit
(excl. revaluation effect)
CHF million

142.9

Net operating profit increased due to higher rental income, low financial expense and positive tax effects

Record result
Allreal achieved record operating profit in the 2022 financial year and benefited from the expansion of its business activities in western Switzerland.

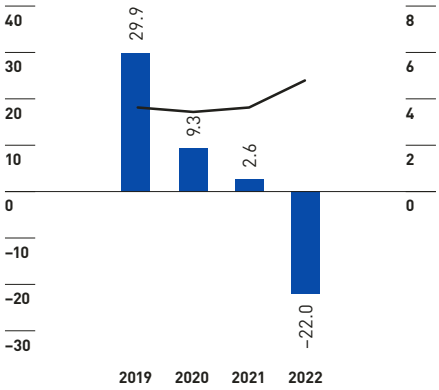
Real Estate division
Rental income was up on the previous year as a result of the portfolio of yield-producing properties being expanded in western Switzerland and vacancy rates remaining low.

Rental income
CHF million

214.2

Rental income up by 4.8%

Overview of share performance

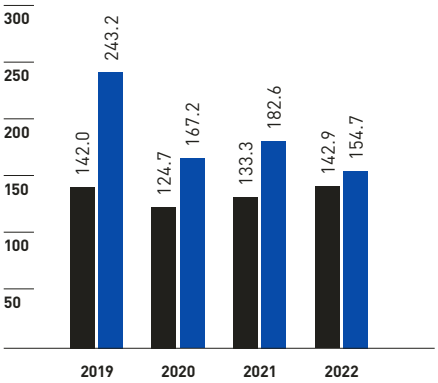


Overall performance: Price change plus payout to shareholders as a percentage of the share price as of 1 January

Payout to shareholders as a percentage of the share price as of 1 January

Net profit

CHF million

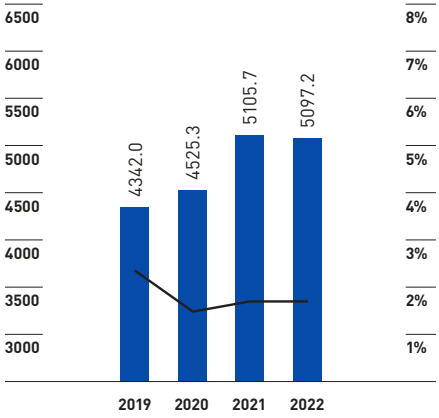


Net profit incl. revaluation effect

Net profit excl. revaluation effect

Market value and vacancy rate

CHF million

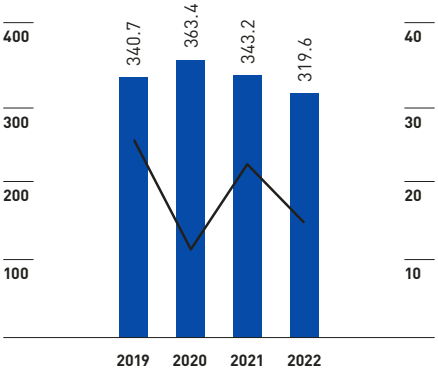


Market value investment real estate

Vacancy rate in %

Completed project volume and EBIT Projects & Development division

CHF million



Completed project volume Projects & Development division

EBIT Projects & Development division

Key figures at a glance

		2022* 31.12.2022	2021* 31.12.2021	Change in %[1]
Group	CHF million			
Total sales[2]		533.8	547.6	–2.5
Operating profit (EBIT) incl. revaluation gains		200.7	246.6	–18.6
Net profit incl. revaluation effect[3]		154.7	182.6	–15.3
Operating profit (EBIT) excl. revaluation gains		184.2	182.3	1.0
Net profit excl. revaluation effect[3]		142.9	133.3	7.2
Cash flow from operating activities		159.6	164.4	–2.9
Return on equity incl. revaluation effect[3]	%	6.0	7.3	–1.3
Return on equity excl. revaluation effect[3]	%	6.7	6.5	0.2
Equity ratio on cut-off date	%	45.6	44.1	1.5
Net gearing[4] on cut-off date	%	99.9	103.7	–3.8
Net financial debt[5]		2 594.6	2 652.3	–2.2
Average interest rate on financial liabilities on cut-off date	%	0.86	0.61	0.25
Average duration of financial liability on cut-off date	months	37	44	–7
Sales Projects & Development division		319.6	343.2	–6.9
Earnings from Projects & Development division[6]		54.6	53.4	2.2
Gross margin third-party projects Projects & Development division[7]	%	11.0	9.1	1.9
Employees on cut-off date	full-time equivalents	227	243	–16
Share				
Earnings per share incl. revaluation effect[3]	CHF	9.36	11.43	–18.1
Earnings per share excl. revaluation effect[3]	CHF	8.65	8.34	3.7
Net asset value (NAV) per share before deferred tax on cut-off date	CHF	179.75	177.25	1.4
Net asset value (NAV) per share after deferred tax on cut-off date	CHF	157.20	154.85	1.5
Profit distribution per share[8]	CHF	7.00	7.00	–
Share price on cut-off date	CHF	150.40	202.00	–25.5
Dividend/Profit distribution yield[9]	%	4.7	3.5	1.2
Valuation on cut-off date	CHF million			
Market capitalisation[10]		2 483.7	3 337.5	–25.6
Enterprise value[11]		5 078.3	5 989.8	–15.2

* Should no further particulars be given, values referring to the income statement concern the full year and balance sheet value the cut-off dates 31.12.2022 and 31.12.2021.

1 Changes in number and percentage values are shown as an absolute difference

2 Income from rental of investment real estate plus completed project volume in the Projects & Development division

3 Revaluation effects correspond to gains from the revaluation of investment real estate less deferred taxes on revaluation

4 Borrowings minus cash and marketable securities as a percentage of equity

5 Borrowings minus cash and marketable securities

6 Income from realisation Projects & Development, sales Development, capitalised company-produced assets and various revenues minus direct expenses from realisation Projects & Development and sales Development

7 Earnings from realisation Projects & Development as a percentage of income from realisation Projects & Development

8 Board of Directors proposal of CHF 7.00 per share for the financial year 2022

9 Yield corresponds to the distribution per share as a percentage of the share price on the cut-off date

10 Share price at balance sheet date multiplied by the number of outstanding shares

11 Market capitalisation plus net finance debts

Allreal achieves record operating profit

- Net operating profit hits new record
- Revaluation gains confirm real estate portfolio is robust
- Future growth underwritten by large pipeline of developments
- CO_2 reduction path set as part of ESG targets
- Proposal for a stable profit distribution of CHF 7.00 per share

Dear shareholders,
In a challenging environment, Allreal achieved a record operating profit in 2022. The whole market was affected by geopolitical changes and their impact on the overall economic conditions, with inflation rising and interest rates moving up. At the same time the after-effects of the coronavirus continued to make themselves felt, as reflected in shortages of various materials and products. However the portfolio of yield-producing properties enjoys an attractive level of protection against inflation, because rents on commercial properties are indexed and residential rents are tied to the reference rate.

Allreal took its first steps towards achieving the sustainability targets set under the ESG strategy. As a real estate company with its own Project & Developments division, the ambitions Allreal has set itself include halving the share of fossil fuels in its energy consumption by 2030 and being carbon-neutral in the portfolio of yield-producing properties by 2050. During the period under review the company set the carbon-reduction pathway and, having reviewed various standards, confirmed it will report following the rules of the Global Reporting Initiative (GRI). From 2023 onwards, the Sustainability Report will also be audited.

Record operating profit

In the period under review the company generated net operating profit of CHF 142.9 million, well ahead of last year (2021: CHF 133.3 million) and a new record. The main drivers behind the 7.2 percent increase were higher rental income in the Real Estate division, sustained low financial expenses and positive one-off tax effects.

Including the revaluation effect, however, net profit of CHF 154.7 million marked a decline year on year (2021: CHF 182.6 million). This was because revaluation gains on properties were lower than the year before at CHF 16.5 million (2021: CHF 64.3 million).

Board fo Directors proposes a stable profit distribution of CHF 7.00 per share

In a negative environment for the stock market overall, Allreal put in a disappointing share price performance. On the reporting date the shares stood at CHF 150.40, a decline of –25.5 percent from the closing price on 31 December 2021. Including the distribution of CHF 7.00 paid in April 2022 gives a total negative performance of 22.0 percent per share.

The Board of Directors is proposing to the annual general meeting to be held on 21 April 2023 an unchanged distribution of CHF 7.00 per share. This is composed of an ordinary dividend of CHF 3.50 per share and a distribution of CHF 3.50 per share from capital reserves, which is tax-free to Swiss private investors.

Marked boost to rental income in the Real Estate division

In the Real Estate division Allreal increased rental income by 4.8 percent year on year to CHF 214.2 million (2021: CHF 204.4 million). The clear growth in income was thanks to the expansion of the portfolio of yield-producing properties in western Switzerland and sustained low vacancies.

The cumulative vacancy rate remained at 1.6 percent, the same level as last year and still very low by sector standards. The low vacancy rate had a positive impact on the net yield, which was a respectable 3.8 percent. Allreal had already considerably improved the maturity profile of the leases last year. The company continues to work hard to extend more leases ahead of schedule.

Direct expenses for yield-producing properties in the period under review were steady at CHF 27.4 million, slightly below last year. The expense ratio was 12.8 percent. At the end of December 2022, the company sold two residential buildings in Basel for CHF 62.5 million, roughly 2.6 percent over market value, on ESG grounds and because they lacked upside potential.

Despite a hefty increase of some 40 basis points on average in discount and capitalisation rates, the valuation of the investment properties by an external valuer resulted in a pre-tax increase in value of CHF 16.5 million. The market value of the whole portfolio was CHF 5.10 billion in total, in line with the previous year (31.12.2021: CHF 5.11 billion).

Pleasing contribution to profit from the Projects & Development division

Allreal's Projects & Development division posted a slightly higher profit at CHF 54.6 million (2021: CHF 53.4 million). Similar to last year, the company benefited from one-off effects from selling development properties while also seeing improved profitability in third-party business.

The Realisation department managed an impressive improvement year on year in the gross margin for third-party projects, despite a challenging market with various construction materials in short supply and rising production costs, at 11.0 percent (2021: 9.1%). The volume of projects completed by the Projects and Development division in the year under review was CHF 319.6 million (2021: CHF 343.2 million). Of this figure, 22.4 percent related to in-house projects.

The secured order backlog as at the end of the year amounted to around CHF 611 million, enough to utilise the capacity available for around two years.

In French-speaking Switzerland the company successfully completed several new-build projects, such as two residential builds in Veyrier GE and Meyrin GE, and the interior fitting out of its own commercial property in Plan-les-Ouates GE, the location of the new premises for employees in western Switzerland since July 2022.

In the Development department Allreal successfully held numerous competitions to drive ahead various in-house projects for residential property or the real estate portfolio.

The total potential investment volume for these in-house projects comes to over CHF 2.0 billion. Assuming sound financing can be arranged, Allreal will be able to manage the release of this potential itself over the long term. The Development department plays a key role in the further growth in investment properties and is making an increasing contribution to utilisation for in-house projects in the Realisation department, so it is less dependent on the external market.

Stronger financing

Allreal finances up to two thirds of its financial liabilities on the capital market. Given the rise in interest rates, no use was made of the capital market in the period under review.

As at the reporting date, financial liabilities were CHF 116.2 million lower than the previous year at CHF 2.61 billion (31 December 2021: CHF 2.73 billion). Of this amount, 50.9 percent were bonds, 21.0 percent fixed-rate mortgages and 28.1 percent fixed advances.

The average interest rate on financial liabilities as at 31 December 2022 was a low 0.86 percent. The average fixed-interest period was 37 months (31 December 2021: 44 months).

The reduction in net financial debt led to a considerable improvement in the loan to value and equity ratios, confirming that Allreal continues to stand on stable financial foundations.

Group equity rose to CHF 2.60 billion, equivalent to a net asset value (NAV) per share of CHF 179.75 before deferred taxes. As at 31 December 2022 the equity ratio was 45.6 percent, net gearing was 99.9 percent and the interest coverage ratio was 11.5 (31 December 2021: 44.1% / 103.7% / 12.9).

Profit expected to be lower in 2023

Despite the change in general conditions, the prospects for the Swiss real estate and construction industry remain good overall. Demand is still high, especially for attractive residential properties in urban locations and for commercial premises in the heart of major economic centres. In the construction sector the availability of materials and the price situation on the procurement market are expected to ease slightly.

On the other hand, the impact of higher interest rates will both increase future financing costs and cool building activity in Switzerland.

In the Real Estate division Allreal will achieve operating profit (EBIT) in line with last year, thanks to higher rental income. Projects & Development will do less well despite rising fees and construction earnings, because these will be lower due to the cyclicality of recognising gains on sales in 2023.

Appreciably higher net financial expense and the absence of positive one-off tax effects mean an impact on net operating profit can be anticipated.

For fiscal year 2023, Allreal therefore expects its operating result to be lower than in the previous year.

The Board of Directors and Group Management would like to take this opportunity to thank employees for contributing to the record profit, and the shareholders for the trust they have placed in us.

Ralph-Thomas Honegger
Chairman of the
Board of Directors

Roger Herzog
CEO

top: Ralph-Thomas Honegger, Chairman of the Board of Directors

bottom: Roger Herzog, CEO

Video interview with Ralph-Thomas Honegger, Roger Herzog and Stefan Dambacher

Allreal has reached the end of an eventful year. The economic climate has changed dramatically. Are you worried at all about inflation?

Ralph-Thomas Honegger I am not too worried about the current inflation rates in Switzerland. Thanks to our depth of experience, we know how to handle the situation. Recent years were marked by the central banks' aggressive monetary policies. We experienced extraordinary circumstances with negative interest rates, and essentially no inflation. From a historical point of view, this situation was an exception that is currently being corrected. The interest rate environment is returning to normal. Allreal was able to profit from these extraordinary circumstances and has once more achieved excellent results for the 2022 financial year. However, our business model is not designed for these extraordinary circumstances. It has already proved its worth in a regular interest rate environment, and it will continue to do so in the years to come. I am convinced of this. It is important that we keep our eye on the rise in building costs, both for our own and third-party projects. We are able to discern that it is slowing down. Even so, if the rise in building costs continues, investment calculations for our own projects will have to be reviewed.

Allreal launched its new sustainability strategy in 2021. Are you on track with that?

RTH We are on target. The first measures have already been put into action, with more being defined and prepared for implementation. We have outlined our plan to reduce our carbon emissions and have confirmed our first important interim target: we aim to halve the share of fossil fuel in our energy consumption by 2030 across our portfolio of yield-producing properties. In 2022, we looked into and started working on the expansion of photovoltaic plants. We are also on track for the expansion of charging stations for electric vehicles. Last year alone, we invested over CHF 2 million into this.

Allreal achieved a record operating profit. Are you pleased with the result?

Roger Herzog With a net operating profit of almost CHF 143 million, it is fair to say that my employees have achieved an outstanding result. CHF 143 million is the highest net operating profit in our 23 years as a company. Our Real Estate division has achieved a vacancy rate of only 1.6 percent. We are best in class. With the expansion of our portfolio in western Switzerland, we were able to increase our rental income to CHF 214 million, another record high. The Projects & Development division has an order backlog of over CHF 600 million, an impressive profit of CHF 12.3 million, and was able to increase the margin in third-party business to 11 percent. So, yes, I am very happy with the result. And I am proud of what we have achieved.

You mentioned that the economic climate has changed. In what tangible ways are you seeing that?

RH As a result of the turnaround on interest rates individual market participants have to reassess their return prospects. Allreal is no exception. The number of potential clients in the transaction market for yield-producing properties has significantly decreased. It is more of a standing on the sidelines, observing the developments of the market, than an active involvement in market activities. As such, this is not concerning for the valuation of yield-producing properties, since there is a high demand for residential and commercial real estate. That demand is faced with a rather short supply. This will also support the valuations in our accounts. But we have to accept that drastic revaluation gains are a thing of the past. Or they will only be possible, where real value is added. I welcome this development. At the end of the day, this is how true value is recognized.

"It is important that we keep our eye on the rise in building costs, both for our own and third-party projects."

Ralph-Thomas Honegger, Chairman of the Board of Directors

Allreal has increased its rental income thanks in part to the expansion in western Switzerland. Have you identified any further potential to boost income and profit in the Real Estate division?

RH Indeed, we profited from extraordinary circumstances in 2022. But we also did a good job. There is no doubting our potential for future growth on a grand scale. We possess many development reserves, especially in western Switzerland. But we also have plans for added value optimization in our current portfolio. Thanks to rising inflation and interest rates, we are sure to profit from higher rental prices in 2023. This is even supported by the high demand we are facing. Population growth is adding to this effect for residential real estate too. But in the short-term, we will certainly experience another aspect of this development: financing costs are sure to increase drastically in 2023.

Stefan Dambacher,
Head of Development and
Member of Group Management

Ralph-Thomas Honegger,
Chairman of the Board
of Directors

Roger Herzog, CEO

And what progress is being made in the Projects & Development division?
RH Our order backlog of over CHF 600 million is very telling. Over the years, we have grown more selective of the mandates we accept. Even so, we have enough work for the next two years. In the long term, our annual project volume is going to even out at CHF 300 million to CHF 350 million. We need to disengage from the third-party market in the field of construction. As such, it is important that we can undertake bigger projects of our own in this new year. I am very happy with this development. Due to cyclicity, we will see a decrease in gains on sales for our in-house projects in 2023. This will lead to lower results when compared to 2022. But that's only a short-term development. The long-term is important, and we are heading in the right direction.

What are Allreal's expectations for the new financial year?
RH We are part of a competitive environment. We cannot change that. Due to higher financing costs and lower sales profits from the Projects & Development division we will see a decrease in net operating profit.

"I am very happy with the result. And I am proud of what we have achieved."

Roger Herzog, CEO

In-house projects are becoming increasingly important at Allreal. The Development department plays a key strategic role in that. What's the pipeline looking like?
Stefan Dambacher Over the past few years, we have achieved a very attractive pipeline of far more than CHF 1.5 billion. In 2021, we expanded to western Switzerland. Furthermore, we drew up individual strategies for certain properties in our portfolio. We took a close look at the properties that hold return potential. All in all, we have defined an important role for ourselves over the past few years. We are relatively independent of the current acquisitions market.

Not all in-house projects stay in the portfolio. Which factors help you decide whether to sell a project or keep it in your own portfolio?
SD We decide which property is sold and which isn't, case by case, based on criteria such as location, capital commitment, size, and fit for our portfolio. We aim to increase the residential share in our portfolio. 30 percent of the entire portfolio should be attainable. Even so, commercial real estate will continue to make up the lion's share of our portfolio.

"We make sure to include our sustainability goals in the development stage. It's vital to set the course from the start."

Stefan Dambacher, Head of Development and member of Group Management

Allreal will be focusing on developing projects in western Switzerland over the next few years. But regulation is much tighter in the cantons of Geneva and Vaud. How does Allreal handle that?

SD The regulatory density is far higher in those cantons than in Zurich. However, thanks to our know-how, we will be able to adapt to the situation. In fact, this can even be a local advantage, for those who have extensive knowledge of building laws and the right contacts. After our expansion in 2021, we now possess that local expert knowledge. We are confident in our standing in that region which promises growth in residential real estate in particular.

Building standards are also changing in line with sustainability requirements. How does Allreal address that at the development stage?

SD We make sure to include our sustainability goals in the development stage. It's vital to set the course from the start. We believe that a key factor for our success is that we only invite tenders through competitive procedures. This way, we can incorporate our goals, which are growing more complex due to our high sustainability standards, in the early development stage for study projects, for example, and thus pick the best project and the best team.

The video interview can be found at:
reporting.allreal.ch/en/interview

Positive contribution to profit from both divisions

Real Estate division

In the 2022 financial year, Allreal increased rental income within its Real Estate division to CHF 214.2 million, up 4.8 percent from CHF 204.4 million in 2021. Commercial real estate generated rental income of CHF 161.2 million, compared with CHF 160.3 million in 2021. This represents 75.3 percent of total rental income. Allreal achieved rental income of CHF 53.0 million on residential real estate (2021: CHF 44.1 million), which equates to 24.7 percent of the total rental income.

The steep rise in rental income from residential real estate is due to the acquisition in western Switzerland in October 2021 and the growth in the portfolio this brought about.

The very low cumulative vacancy rate is an indicator of the excellent work being done in the Real Estate division and the quality of the portfolio. This remained unchanged on the previous year at 1.6 percent. On 31 December 2022, the weighted remaining term of fixed-term leases for commercial properties stood at 5.1 years.

Expenditure on property was in line with the previous year at CHF 27.4 million (2021: CHF 27.8 million). The expense rate in terms of total rental income was 12.8 percent (2021: 13.6%). With a low vacancy rate, modest defaults and stable expenditure on property, Allreal achieved an attractive net yield of 3.8 percent (2021: 4.0%).

Valuation of the investment property portfolio carried out by an external valuer as at the end of the year resulted in a positive value adjustment before taxes of CHF 16.5 million, compared with CHF 64.3 million in 2021.

Despite the sale of two properties in Basel, the market value of the real estate portfolio was only CHF 8.6 million lower than at the end of the previous year at CHF 5.10 billion (31 December 2021: CHF 5.11 billion).

Within the Real Estate division, Allreal recorded net profit excluding revaluation effect of CHF 133.6 million (2021: CHF 123.4 million).

Projects & Development division

In the 2022 financial year, earnings from the Allreal Projects & Development division of CHF 54.6 million were slightly higher than in the previous year (2021: CHF 53.4 million).

In Rümlang ZH, the company sold the final part of the Bäuler development reserve, profiting from the high prices for building land. Together with the sales of residential property in Winterthur ZH and three projects in western Switzerland, the result was a respectable profit of CHF 17.2 million from selling development real estate (2021: CHF 21.0 million).

Operating expenses were up by 20.1 percent year on year to CHF 48.3 million (2021: CHF 40.2 million), largely due to the expansion in western Switzerland that took place last year. Operating profit was CHF 13.9 million (2021: CHF 20.9 million).

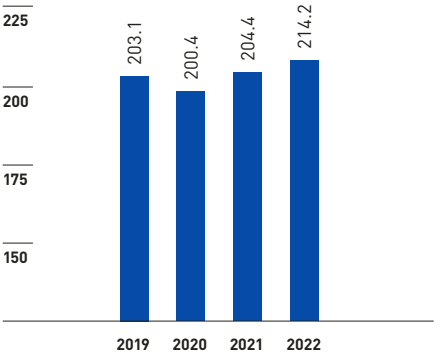
The potential investment volume worked through by the Development department is over CHF 2.0 billion. This gives the department a key role in releasing future growth potential and it makes a major contribution to utilisation in the Realisation department.

The Realisation department completed a project volume of CHF 319.6 million in the period under review (2021: CHF 343.2 million). This represents a decline of 6.9 percent compared to the previous year. Meanwhile, earnings from realisation Projects & Development rose to CHF 27.2 million (2021: CHF 24.5 million). The gross margin on executing projects for third parties was 11.0 percent, putting it well ahead of the 9.1 percent seen last year.

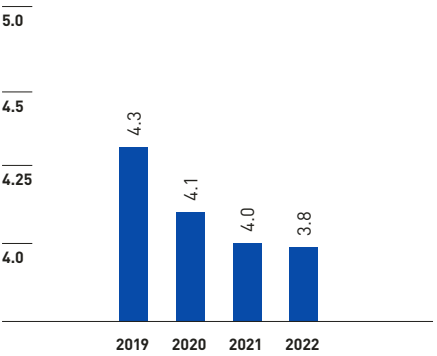
The secured order backlog as at the reporting date amounted to CHF 611 million, equivalent to capacity utilisation for about two years.

The Projects & Development division achieved a net profit of CHF 12.3 million in the 2022 financial year, compared with CHF 13.8 million in the previous year.

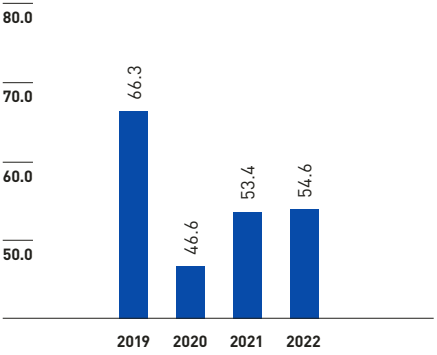
Income from yield-producing properties
CHF million



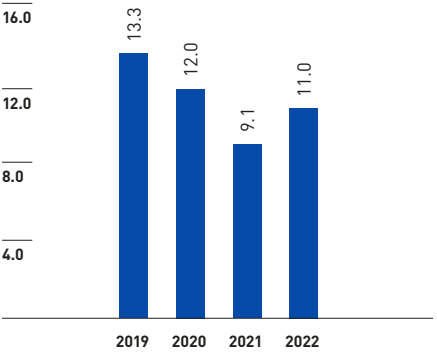
Net yield investment real estate
as a percentage



Earnings from Projects & Development division
CHF million



Gross margin third-party projects
as a percentage



Sustainability

Allreal's way of thinking and working is defined by responsible business practice and sustainable management. The company is aware of, and assumes, its responsibility to the environment and society. During the 2022 financial year, Allreal started taking action towards its goals, outlining its pathway to achieve carbon neutrality by 2050 and confirming that it would be following the Global Reporting Initiative (GRI) standard going forward.

Environment

The vision is clear: Allreal wants to become completely carbon neutral across its entire portfolio of yield-producing properties by 2050 and halve the share of fossil fuels in its energy consumption by 2030. In doing so, Allreal will focus on close collaboration with users of the buildings, on individual strategies for the properties and on a broad-based drive to install solar power systems. The first installation projects were completed during the 2022 financial year, with more set to follow in the coming years. As it stands, around 36 percent of the total energy consumption is covered by renewable energy sources. In relation to the activities of the Projects & Development division, Allreal is also placing more of a focus on the systematic use of renewable materials.

Economy

Allreal covers the entire property value chain, from development and realisation to long-term property investment including portfolio management, building management and real estate management. Allreal strives to achieve consistent qualitative growth, steady returns and a stable distribution yield for its shareholders aimed at dividend growth.

Allreal publishes a sustainability report in accordance with the GRI Standards for the fourth time.

reporting.allreal.ch/en/sustainability

Society

Efficient, capable and motivated employees are especially important for successful long-term business activity. Allreal pays all employees – regardless of whether they are full-time or part-time – fair salaries that do not discriminate based on gender and are in line with the market, and provides above-average social and fringe benefits. Allreal attaches great importance to workplace health and safety. The increased flexibility in terms of when employees do their work is helping to make careers compatible with family life and creating genuine equal opportunities.

Compliance

Allreal wants to be a fair and reliable partner in its relationships with stakeholders. As a total and general contractor, Allreal is responsible for compliance with minimum wage laws and the statutory working conditions offered by both contractors and all of their sub-contractors in the supply chain. Every year, the company reports on the progress made and is measured against the ESG targets formulated, with the remuneration of Group Management also dependent on these targets being met.

Consolidated financial statements of Allreal Group

Consolidated income statement

CHF million	2022	2021
Income from renting investment real estate	214.2	204.4
Income from realisation Projects & Development	247.9	269.6
Income from sales Development	38.4	77.2
Diverse income	1.5	1.7
Operating income	**502.0**	**552.9**
Direct expenses for rented investment real estate	–27.4	–27.8
Direct expenses from realisation Projects & Development	–220.7	–245.1
Direct expenses from sales Development	–21.2	–56.2
Direct operating expenses	**–269.3**	**–329.1**
Personnel expenses	–41.9	–36.8
Other operating expenses	–13.8	–9.4
Operating expenses	**–55.7**	**–46.2**
Capitalised company-produced assets	**8.7**	**6.2**
Earnings from sale of investment real estate	**0.3**	**0.0**
Higher valuation of yield-producing properties	57.3	109.1
Lower valuation of yield-producing properties	–44.3	–51.9
Higher valuation of investment real estate under construction	3.6	7.1
Lower valuation of investment real estate under construction	–0.1	0.0
Earnings from revaluation of investment real estate	**16.5**	**64.3**
EBITDA	**202.5**	**248.1**
Depreciation other property, plant and equipment	–1.4	–1.4
Depreciation intangible assets	–0.4	–0.1
Operating profit (EBIT)	**200.7**	**246.6**
Financial income	2.4	1.4
Financial expenses	–18.6	–15.6
Earnings before tax	**184.5**	**232.4**
Tax expenses	–29.8	–49.8
Net profit	**154.7**	**182.6**
Earnings per share in CHF	9.36	11.43
Diluted earnings per share in CHF	9.36	11.43

Consolidated balance sheet

CHF million	31.12.2022	31.12.2021
Yield-producing properties	4 917.6	4 954.6
Investment real estate under construction	179.6	151.1
Other property, plant and equipment	12.3	10.0
Financial assets	96.5	100.3
Intangible assets	0.4	0.3
Deferred tax assets	1.4	1.2
Non-current assets	**5 207.8**	**5 217.5**
Development real estate	418.2	434.8
Trade receivables	42.0	64.2
Tax receivables	0.0	2.6
Other receivables	7.0	11.7
Cash	14.1	73.4
Current assets	**481.3**	**586.7**
Assets	**5 689.1**	**5 804.2**
Share capital	16.6	16.6
Capital reserves	586.5	644.3
Goodwill	–47.1	-47.1
Treasury shares	–14.4	–13.4
Retained earnings	2 054.3	1 957.9
Equity	**2 595.9**	**2 558.3**
Long-term borrowings	1 642.0	1 821.1
Deferred tax liabilities	374.0	371.8
Long-term provisions	1.1	1.3
Long-term liabilities	**2 017.1**	**2 194.2**
Trade payables	65.4	107.4
Current tax liabilities	3.0	0.0
Other current liabilities	39.2	37.0
Provisions	1.8	2.7
Borrowings	966.7	904.6
Short-term liabilities	**1 076.1**	**1 051.7**
Liabilities	**3 093.2**	**3 245.9**
Equity and liabilities	**5 689.1**	**5 804.2**

Environmental efforts

The future is bright with solar power

With its sights set firmly on its ambitious goal to halve the share of fossil fuels in energy consumption by 2030 and ensure that its whole portfolio of yield-producing properties is fully carbon neutral by 2050 at the latest, Allreal has decided to invest in the large-scale installation of solar power systems at its own yield-producing properties. A total of 31 properties have been deemed eligible, with several of them located in Zurich Altstetten. One example is Bändliweg 21, where work to install a solar power system began in December 2022.

> "The already planned solar power systems will contribute to reducing the CO_2 emissions from Allreal's portfolio of yield-producing properties."

Giuseppe Cecere,
Head of Building Service Engineering

The full report can be found at:
reporting.allreal.ch/en/photovoltaic

Haus zum Falken

A complex project at a transport hub
Allreal is developing a five-floor office and commercial building designed by the architect Santiago Calatrava right next to Zürich Stadelhofen train station on behalf of Axa-Anlagestiftung. The limited space available and the proximity to the train and tram lines are making the building work more complex and there's a need to plan every last detail with precision and take extensive security measures.

reporting.allreal.ch/en/haus-zum-falken

Allreal Romandie

New opportunities at new base in Plan-les-Ouates

In October 2021, Allreal acquired a property portfolio and several companies in western Switzerland. It soon became clear that those companies would be working together much more closely following the acquisition. As a result, Allreal immediately prioritised the move to a new base that would provide plenty of space for all the teams, a modern technology set-up and scope to simplify communications.

reporting.allreal.ch/en/plan-les-ouates

Strategy and business model

Allreal covers the entire property value chain, from development and realisation to long-term property investment including portfolio management, building management and real estate management.

Allreal strives to achieve sustainability-oriented, consistent qualitative growth, steady returns and a stable distribution yield for its shareholders aimed at dividend growth.

The portfolio is developed organically and by means of acquisitions on a continuous basis. High quality standards are adhered to at all times. Allreal operates exclusively on the Swiss market.

The synergies between the two divisions Real Estate and Projects & Development are obvious: the Group develops and realises sustainable projects for its own portfolio and for sale to third parties. At the same time, Projects & Development also carries out orders for third parties. Allreal focuses on projects with calculable risks, realistic contract terms and intact profit expectations. With its selective participation in the third-party market, Allreal ensures that construction activities remain competitive.

In the Real Estate division, the company has considerable expertise thanks to its many years of experience in portfolio management and the technical and commercial management of its own yield-producing properties. The investments are located mainly in Switzerland's business centres, especially in the metropolitan area of Zurich and the canton of Geneva. Residential properties account for at least 20 percent of total rental income.

The most important operating and financial targets are defined as follows:

Distribution yield – share of the Real Estate division's net profit (excl. revaluation effect)	≤100%
Relative share performance – positive deviation from the SXI Real Estate Shares TR comparison index	>0
Share of residential segment in total rental earnings	>20%
Weighted average unexpired lease term (WAULT)	>48 Monate
Gross margin third-party projects Projects & Development division	>10%
Interest lock-in period for financial liabilities	>48 Monate
Return on equity excl. revaluation effect	>5%
Equity ratio	>35%
Net gearing	<150%
Interest coverage ratio	>2.0
Capital gearing on investment real estate and development real estate	<70%

Allreal has many years of experience in the holistic assessment of properties and offers customers tailored solutions covering everything from development and realisation to the operation of a property. Since the company is active neither in the construction industry nor in the ancillary building trade and holds no such investments, independence and transparency in terms of contract awarding are assured.

Real Estate division

The Real Estate division secures stable added value over the long term with its active management and focus on a high-quality portfolio. Portfolio growth is primarily driven by in-house projects, but the acquisition of individual properties or whole property portfolios is also considered on an ongoing basis. Acquisitions are optimised for yield and, depending on the objective and the market situation, are either kept or sold. The focus is on a high level of customer benefit combined with an increase in profitability with the lowest possible vacancy rates.

Projects & Development division

The Projects & Development division provides services in the development and realisation of real estate. In doing so, Allreal focuses on quality, adherence to deadlines and cost control. The division's offering comprises all services necessary for delivering fair market returns and optimal added value on new buildings and building conversions and renovations. The Development department acquires development reserves or properties with upside potential. In these spaces, Allreal plans new properties using a holistic approach and realises them in such a way that economic, environmental and social aspects are taken into account as comprehensively as possible. Further activities include the sale of residential property developed and realised in-house by Allreal.

Real Estate		Projects & Development
Portfolio Management	**Experience**	Development
Building Management	**Value creation**	Realisation
Real Estate Management	**Expertise**	

Allreal Group

Organisation

Board of Directors

Ralph-Thomas Honegger
Chairman,
member since 2012

Andrea Sieber
Vice Chairwoman,
member since 2016

Olivier Steimer
Member since 2013

Peter Spuhler
Member since 2013

Thomas Stenz
Member since 2016

Philipp Gmür
Member since 2019

Jürg Stöckli
Member since 2019

Anja Wyden Guelpa
Member since 2022

Allreal Group

Roger Herzog*

Bern
Manuel Otter

Romandie
Benoît Debrosse (ad interim)

Finance & Controlling
Thomas Wapp*

Sustainability
David Guthörl

Human Resources
Barbara Tomezzoli

Communi-cations
Reto Aregger

Internal Owner Organisation
Angelo Moser

Sales/ Contracting
Peter Pantucek

Internal Auditing
Bruno Schelling

Real Estate
Alain Paratte*

Projects & Development

Portfolio Management
Philipp Ricklin

Building Management
Mathias Knellwolf

Real Estate Management
Claudine Engeli

Development
Stefan Dambacher*

Realisation
Simon Räbsamen*

* Member of Group Management

Statutory auditors
Ernst & Young AG, Zurich

External real estate valuer
Jones Lang LaSalle AG, Zurich

Information for investors and analysts

Details of the share and distribution to shareholders

In the 2022 financial year, an overall performance of –22.0 percent was achieved with the Allreal share, based on the market price on 31 December 2021. This performance comprises the decrease in the share price (–25.5%) and the distribution to shareholders (3.5%).

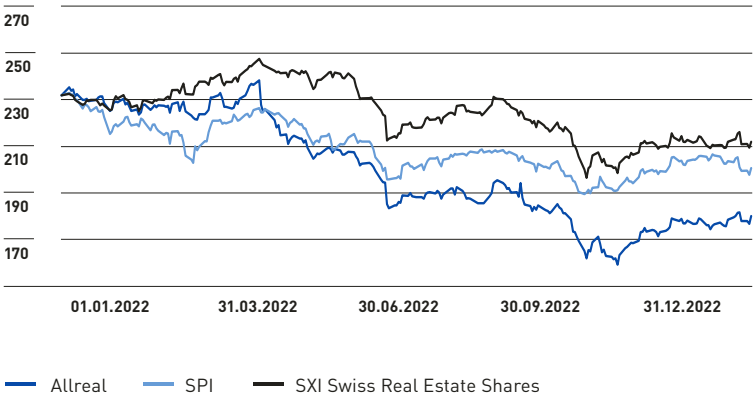
In the last three years, investors obtained an overall performance of 9.3 percent (2020), 2.6 percent (2021) and –22.0 percent (2022) with the Allreal share.

On 31 December 2022, market capitalisation amounted to CHF 2483.7 million. As at the balance sheet cut-off date, consolidated equity came to CHF 2595.9 million, resulting in a discount (difference between the market price and equity per share) of 4.3 percent.

The Board of Directors will propose to the annual general meeting of 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.

The distribution amounts to 86.9 percent of the Real Estate division's net profit excluding revaluation effect, corresponding to a cash yield of 4.7 percent based on the closing price of the share on 31 December 2022.

Share price (indexed)
January 2022 to December 2022



Multi-year overview

Key financial figures (in CHF million)	2022	2021	2020	2019	2018
Earnings from rental and sale of investment real estate	187.1	176.6	172.5	177.3	172.2
Earnings from Projects & Development division	54.6	53.4	46.6	66.3	52.6
Completed project volume Projects & Development division	319.6	343.2	363.4	340.7	351.9
Net profit incl. revaluation effect	154.7	182.6	167.2	243.2	161.0
Net profit excl. revaluation effect	142.9	133.3	124.7	142.0	115.6
Net yield investment real estate (%)	3.8	4.0	4.1	4.3	4.4
Gross margin third-party projects Projects & Development division (%)	11.0	9.1	12.0	13.3	13.0
Net debt liabilities	2594.6	2652.3	2138.5	1971.6	2031.3
Average interest rate on financial liabilities (%)	0.86	0.61	0.71	0.83	1.48
Average remaining term of financial liabilities (months)	37	44	49	56	52
Return on equity incl. revaluation effect (%)	6.0	7.3	7.0	10.6	7.3
Return on equity excl. revaluation effect (%)	6.7	6.5	6.2	7.2	5.9
Share of equity on 31 December (%)	45.6	44.1	48.4	49.6	48.1
Market capitalisation on 31 December	2483.7	3337.5	3235.6	3058.6	2432.1

Aktie	2022	2021	2020	2019	2018
Earnings per share excl. revaluation effect	8.65	8.34	7.84	8.94	7.28
Payout per share	7.00[1]	7.00	6.75	6.75	6.50
Net asset value (NAV) per share after deferred taxes on 31 December	157.20	154.85	151.75	148.00	139.65
Market price high	208.50	206.00	223.50	197.70	168.10
Market price low	126.40	179.20	159.80	155.90	149.50
Market price on 31 December	150.40	202.00	203.50	192.40	153.10
Cash yield payout (%)	4.7	3.5	3.3	3.5	4.2

[1] Proposal of the Board of Directors to the annual general meeting of 21 April 2023 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

Organisation and schedule

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Schedule

Annual general meeting 2023
21 April 2023, 4 p.m.

Half-year results 2023
30 August 2023

Annual results 2023
28 February 2024

Annual general meeting 2024
19 April 2024

Half-year results 2024
28 August 2024

Share register

Responsibility for address changes and other changes in the share register lies with:

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builds value