

# Consolidated half-year financial statements of Allreal Group

## Consolidated financial statements

CHF million	Note	1st half-year 2021	1st half-year 2020
Income from renting investment real estate	2	101.8	100.1
Income from realisation Projects & Development	3	133.1	135.7
Income from sales Development	3	75.5	12.1
Diverse income	3	0.7	0.9
<b>Operating income</b>		<b>311.1</b>	<b>248.8</b>
Direct expenses for rented investment real estate	4	-10.0	-13.2
Direct expenses from realisation Projects & Development	3	-117.9	-116.9
Direct expenses from sales Development	3	-57.1	-10.5
<b>Direct operating expenses</b>		<b>-185.0</b>	<b>-140.6</b>
Personnel expenses		-18.3	-20.0
Other operating expenses		-3.7	-5.3
<b>Operating expenses</b>		<b>-22.0</b>	<b>-25.3</b>
<b>Capitalised company-produced assets</b>		<b>3.2</b>	<b>3.3</b>
Higher valuation of yield-producing properties		68.1	23.1
Lower valuation of yield-producing properties		-32.7	-12.9
Higher valuation of investment real estate under construction		6.4	17.5
Lower valuation of investment real estate under construction		0.0	0.0
<b>Earnings from revaluation of investment real estate</b>	5	<b>41.8</b>	<b>27.7</b>
<b>EBITDA</b>		<b>149.1</b>	<b>113.9</b>
Depreciation other property, plant and equipment		-0.6	-0.1
Depreciation intangible assets		-0.1	0.0
<b>Operating profit (EBIT)</b>		<b>148.4</b>	<b>113.8</b>
Financial income		0.7	1.2
Financial expenses	6	-7.8	-9.1
<b>Earnings before tax</b>		<b>141.3</b>	<b>105.9</b>
Tax expenses		-30.0	-19.5
<b>Net profit</b>		<b>111.3</b>	<b>86.4</b>
Earnings per share in CHF		7.03	5.43
Diluted earnings per share in CHF		7.03	5.43

## Consolidated balance sheet

CHF million	Note	30.06.2021	31.12.2020 audited
Yield-producing properties	8	4 457.3	4 428.5
Investment real estate under construction	8	122.9	96.8
Other property, plant and equipment		9.8	10.4
Financial assets		104.2	108.2
Intangible assets		0.3	0.2
Deferred tax assets		13.7	15.0
<b>Non-current assets</b>		<b>4 708.2</b>	<b>4 659.1</b>
Development real estate	9	184.2	223.7
Trade receivables		59.5	62.4
Tax receivables		6.3	0.0
Other receivables		3.4	2.5
Cash		26.2	40.5
<b>Current assets</b>		<b>279.6</b>	<b>329.1</b>
<b>Assets</b>		<b>4 987.8</b>	<b>4 988.2</b>
Share capital	10	15.9	15.9
Capital reserves		524.5	575.9
Treasury shares		- 25.5	- 6.7
Retained earnings		1 883.9	1 827.8
<b>Equity</b>		<b>2 398.8</b>	<b>2 412.9</b>
Long-term borrowings	11	1 505.1	1 587.6
Deferred tax liabilities		311.8	295.3
Long-term provisions		1.3	1.4
<b>Long-term liabilities</b>		<b>1 818.2</b>	<b>1 884.3</b>
Trade payables		48.5	68.9
Current tax liabilities		0.0	0.6
Other current liabilities		21.5	23.5
Provisions		2.3	6.6
Borrowings	11	698.5	591.4
<b>Short-term liabilities</b>		<b>770.8</b>	<b>691.0</b>
<b>Liabilities</b>		<b>2 589.0</b>	<b>2 575.3</b>
<b>Equity and liabilities</b>		<b>4 987.8</b>	<b>4 988.2</b>

## Consolidated statement of changes in shareholders' equity

CHF million	Retained earnings					
	Share capital	Capital reserves	Treasury shares	Revaluation reserves	Other retained earnings	Total
<b>As at 31 December 2019</b>	<b>15.9</b>	<b>628.0</b>	<b>-7.1</b>	<b>359.7</b>	<b>1 356.1</b>	<b>2 352.6</b>
Net profit					86.4	86.4
Sale treasury shares			0.2		0.0	0.2
Distribution to shareholders		-51.7			-55.6	-107.3
Share-based reimbursement			0.2			0.2
Reclassification				23.4	-23.4	0.0
<b>As at 30 June 2020</b>	<b>15.9</b>	<b>576.3</b>	<b>-6.7</b>	<b>383.1</b>	<b>1 363.5</b>	<b>2 332.1</b>
Net profit					80.8	80.8
Purchase treasury shares			0.0			0.0
Sale treasury shares			0.0		0.1	0.1
Share-based reimbursement			0.0			0.0
Reclassification		-0.4		19.1	-18.7	0.0
<b>As at 31 December 2020</b>	<b>15.9</b>	<b>575.9</b>	<b>-6.7</b>	<b>402.2</b>	<b>1 425.6</b>	<b>2 412.9</b>
Net profit					111.3	111.3
Purchase treasury shares			-19.1			-19.1
Sale treasury shares			0.1		0.1	0.2
Distribution to shareholders		-51.4			-55.3	-106.7
Share-based reimbursement			0.2			0.2
Reclassification				32.2	-32.2	0.0
<b>As at 30 June 2021</b>	<b>15.9</b>	<b>524.5</b>	<b>-25.5</b>	<b>434.4</b>	<b>1 449.5</b>	<b>2 398.8</b>

## Consolidated cash flow statement

CHF million	Note	1st half- year 2021	1st half- year 2020
Net profit before tax		141.3	105.9
Net financial expenses		7.1	7.8
Earnings from revaluation of investment real estate	5	-41.8	-27.7
Depreciation other property, plant and equipment		0.6	0.1
Depreciation intangible assets		0.1	0.0
Capitalisation of company-produced assets in development real estate		-2.1	-0.7
Share-based reimbursement		0.2	0.2
Other items		0.8	1.3
<b>Change in development real estate</b>		<b>41.6</b>	<b>-17.0</b>
Change in trade receivables		2.9	0.9
Change in other receivables		-0.9	-2.8
Change in provisions		-4.4	3.2
Change in trade payables		-20.4	0.8
Change in other current liabilities		-2.0	6.3
Cost of finance paid		-10.1	-10.5
Financial income received		0.7	0.7
Income tax paid		-19.5	-0.3
<b>Cash flow from operating activities</b>		<b>94.1</b>	<b>68.2</b>
Investment in yield-producing properties	8	-11.6	-4.8
Investment in investment real estate under construction	8	-0.9	-17.4
Acquisition of other property, plant and equipment		0.0	-4.9
Investment in intangible assets		-0.2	-0.1
Increase in financial assets		-0.3	-0.6
Decrease in financial assets		5.7	5.0
<b>Cash flow from investing activities</b>		<b>-7.3</b>	<b>-22.8</b>
Increase in borrowings		220.0	177.0
Decrease in borrowings		-75.5	-96.3
Repayment of bond loan		-119.9	0.0
Purchase treasury shares		-19.1	0.0
Sale treasury shares		0.1	0.2
Distribution to shareholders		-106.7	-107.3
<b>Cash flow from financing activities</b>		<b>-101.1</b>	<b>-26.4</b>
<b>Change in cash</b>		<b>-14.3</b>	<b>19.0</b>
Cash at 1 January		40.5	37.3
<b>Cash at 30 June</b>		<b>26.2</b>	<b>56.3</b>

## Segment information for the first half-year 2021

CHF million	Real Estate	Projects & Development	Total segments	Holding/ eliminations	Total
<b>Income statement</b>					
Operating income	101.8	209.3	311.1	0.0	311.1
Profit from intercompany services	-4.3	4.6	0.3	-0.3	0.0
Direct operating expenses	-10.0	-175.0	-185.0	0.0	-185.0
Operating expenses	-1.4	-20.0	-21.4	-0.6	-22.0
Capitalised company-produced assets	0.0	3.2	3.2	0.0	3.2
Earnings from revaluation of investment real estate	41.8	0.0	41.8	0.0	41.8
<b>EBITDA</b>	<b>127.9</b>	<b>22.1</b>	<b>150.0</b>	<b>-0.9</b>	<b>149.1</b>
Depreciation and amortisation	0.0	-0.7	-0.7	0.0	-0.7
<b>Operating profit (EBIT)</b>	<b>127.9</b>	<b>21.4</b>	<b>149.3</b>	<b>-0.9</b>	<b>148.4</b>
Financial income	0.7	0.0	0.7	0.0	0.7
Financial expense	-7.4	-0.4	-7.8	0.0	-7.8
Tax expense	-22.9	-6.4	-29.3	-0.7	-30.0
<b>Net profit</b>	<b>98.3</b>	<b>14.6</b>	<b>112.9</b>	<b>-1.6</b>	<b>111.3</b>
EBITDA excl. revaluation gains	86.1	22.1	108.2	-0.9	107.3
Operating profit (EBIT) excl. revaluation gains	86.1	21.4	107.5	-0.9	106.6
<b>Net profit excl. revaluation effect</b>	<b>66.1</b>	<b>14.6</b>	<b>80.7</b>	<b>-1.6</b>	<b>79.1</b>
Operating margin in percent <sup>1</sup>	93.8	57.1	83.1	0.0	82.4
Rental income from real estate	101.8	0.0	101.8	0.0	101.8
Completed project volume third-party projects	0.0	133.1	133.1	0.0	133.1
Completed project volume own projects	0.0	27.4	27.4	0.0	27.4
Total sales (according to internal reporting)	101.8	160.5	262.3	0.0	262.3
less sales from intercompany services	0.0	-13.9	-13.9	0.0	-13.9
Total sales to third parties (according to internal reporting)	101.8	146.6	248.4	0.0	248.4
plus reconciliation item external reporting	0.0	62.0	62.0	0.0	62.0
Diverse income	0.0	0.7	0.7	0.0	0.7
Operating income	101.8	209.3	311.1	0.0	311.1
<b>Balance sheet as at 30.06.2021</b>					
Non-current assets	4 697.4	9.9	4 707.3	0.9	4 708.2
Current assets	22.3	255.3	277.6	2.0	279.6
<b>Total assets</b>	<b>4 719.7</b>	<b>265.2</b>	<b>4 984.9</b>	<b>2.9</b>	<b>4 987.8</b>
Provisions	0.0	3.6	3.6	0.0	3.6
Other debt (excl. financing and taxes)	20.0	49.6	69.6	0.4	70.0
Financial liabilities	2 097.4	106.2	2 203.6	0.0	2 203.6
Tax liabilities	311.6	0.2	311.8	0.0	311.8
<b>Total debt</b>	<b>2 429.0</b>	<b>159.6</b>	<b>2 588.6</b>	<b>0.4</b>	<b>2 589.0</b>
<b>Total assigned equity<sup>2</sup></b>	<b>2 290.7</b>	<b>105.6</b>	<b>2 396.3</b>	<b>2.5</b>	<b>2 398.8</b>
Investment in non-current assets	12.5	0.2	12.7	0.0	12.7

1 EBIT less revaluation gains as a percentage of income from business activity (balance of operating income, direct operating expenses, capitalised company-produced assets, and earnings from sale of investment real estate)

2 Assignment of equity to individual segments corresponds to internal financial reporting guidelines requiring an equity ratio of 40% for the Projects & Development division; financial and tax liabilities will be assigned accordingly

## Segment information for the first half-year 2020

CHF million	Real Estate	Projects & Development	Total segments	Holding/ eliminations	Total
<b>Income statement</b>					
Operating income	100.1	148.7	248.8	0.0	248.8
Profit from intercompany services	-4.1	4.4	0.3	-0.3	0.0
Direct operating expenses	-13.2	-127.4	-140.6	0.0	-140.6
Operating expenses	-1.7	-22.9	-24.6	0.7	-25.3
Capitalised company-produced assets	0.0	3.3	3.3	0.0	3.3
Earnings from revaluation of investment real estate	27.7	0.0	27.7	0.0	27.7
<b>EBITDA</b>	<b>108.8</b>	<b>6.1</b>	<b>114.9</b>	<b>-1.0</b>	<b>113.9</b>
Depreciation and amortisation	0.0	-0.1	-0.1	0.0	-0.1
<b>Operating profit (EBIT)</b>	<b>108.8</b>	<b>6.0</b>	<b>114.8</b>	<b>-1.0</b>	<b>113.8</b>
Financial income	1.2	0.0	1.2	0.0	1.2
Financial expense	-8.8	-0.3	-9.1	0.0	-9.1
Tax expense	-19.2	-0.9	-20.1	0.6	-19.5
<b>Net profit</b>	<b>82.0</b>	<b>4.8</b>	<b>86.8</b>	<b>-0.4</b>	<b>86.4</b>
EBITDA excl. revaluation gains	81.1	6.1	87.2	-1.0	86.2
Operating profit (EBIT) excl. revaluation gains	81.1	6.0	87.1	-1.0	86.1
<b>Net profit excl. revaluation effect</b>	<b>58.6</b>	<b>4.8</b>	<b>63.4</b>	<b>-0.4</b>	<b>63.0</b>
Operating margin in percent <sup>1</sup>	93.3	24.4	78.1	0.0	77.2
Rental income from real estate	100.1	0.0	100.1	0.0	100.1
Completed project volume third-party projects	0.0	135.7	135.7	0.0	135.7
Completed project volume own projects	0.0	42.9	42.9	0.0	42.9
Total sales (according to internal reporting)	100.1	178.6	278.7	0.0	278.7
less sales from intercompany services	0.0	-31.6	-31.6	0.0	-31.6
Total sales to third parties (according to internal reporting)	100.1	147.0	247.1	0.0	247.1
plus reconciliation item external reporting	0.0	0.8	0.8	0.0	0.8
Diverse income	0.0	0.9	0.9	0.0	0.9
Operating income	100.1	148.7	248.8	0.0	248.8
<b>Balance sheet as at 31.12.2020</b>					
Non-current assets	4 647.6	10.5	4 658.1	1.0	4 659.1
Current assets	20.7	306.9	327.6	1.5	329.1
<b>Total assets</b>	<b>4 668.3</b>	<b>317.4</b>	<b>4 985.7</b>	<b>2.5</b>	<b>4 988.2</b>
Provisions	0.0	8.0	8.0	0.0	8.0
Other debt (excl. financing and taxes)	20.0	72.4	92.4	0.0	92.4
Financial liabilities	2 070.3	108.7	2 179.0	0.0	2 179.0
Tax liabilities	294.0	1.4	295.4	0.5	295.9
<b>Total debt</b>	<b>2 384.3</b>	<b>190.5</b>	<b>2 574.8</b>	<b>0.5</b>	<b>2 575.3</b>
<b>Total assigned equity<sup>2</sup></b>	<b>2 284.0</b>	<b>126.9</b>	<b>2 410.9</b>	<b>2.0</b>	<b>2 412.9</b>
Investment in non-current assets	22.2	5.0	27.2	0.0	27.2

1 EBIT less revaluation gains as a percentage of income from business activity (balance of operating income, direct operating expenses, capitalised company-produced assets, and earnings from sale of investment real estate)

2 Assignment of equity to individual segments corresponds to internal financial reporting guidelines requiring an equity ratio of 40% for the Projects & Development division; financial and tax liabilities will be assigned accordingly

## Selected notes

### 1. Basic principles

#### 1.1 Presentation of accounts

The consolidated half-year financial statements 2021 were prepared in accordance with Swiss GAAP FER 31 “Complementary recommendation for listed companies” and are compatible with the Listing Rules as well as Article 17 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange. The same accounting principles apply as for the consolidated financial statements for 2020. No new FER standards had come into force as at 1 January 2021.

Individual business activities of Allreal Group are subject to fluctuations over the course of the year, in particular in the Projects & Development division – for example the planning and execution of construction projects and the sale of development real estate. No exceptional circumstances came about in the first half of 2021 that had a significant impact on the asset, financial or earnings situation of Allreal Group.

The consolidated half-year financial statements 2021 were approved by the Board of Directors of Allreal Holding AG on 18 August 2021.

#### 1.2 Scope of consolidation

The scope of consolidation remained unchanged in the first half of 2021.

#### 1.3 Valuation uncertainties

##### Investment real estate

Owing to the coronavirus (COVID-19), the evaluation of the market value of investment real estate is subject to increased uncertainty. Accordingly, external real estate valuer JLL issued the following disclosure:

“The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a ‘Global Pandemic’ on 11 March 2020, has affected many aspects of daily life and the global economy – with real estate markets experiencing lower levels of transactional activity and, in part, lower liquidity. However, in Switzerland, as at the valuation date, we consider that there exists an adequate amount of relevant market information upon which to base opinions of value for the portfolio.

Given the unknown future impact that COVID-19 might have on the real estate market, with many business practices and behaviours needing to change either temporarily or permanently, we recommend keeping the valuations contained within this report under frequent review.”

## 2. Income from rental of investment real estate

CHF million	1st half-year 2021	1st half-year 2020
Rental income from residential properties	20.8	18.3
Rental income from commercial properties	81.0	81.8
<b>Income from renting investment real estate</b>	<b>101.8</b>	<b>100.1</b>

The cumulative vacancy rate for the first half of 2021 was unchanged year on year, totalling 1.5% of projected rental income. This can be broken down into 1.1% for residential real estate and 1.6% for commercial real estate, compared with 2.1% and 1.3%, respectively, in the first half of 2020.

The property at Bellerivestrasse 36, Zurich Riesbach, has been recognised as real estate under construction since 1 April 2021. Rental income up until the reclassification amounted to CHF 1.5 million and is allocated to commercial real estate.

## 3. Earnings from Projects & Development division

CHF million	1st half-year 2021	1st half-year 2020
Income from realisation Projects & Development	133.1	135.7
Direct expenses from realisation Projects & Development	-117.9	-116.9
<b>Earnings from realisation Projects &amp; Development</b>	<b>15.2</b>	<b>18.8</b>
Income from sales Development	75.5	12.1
Direct expenses from sales Development	-57.1	-10.5
<b>Income from sales Development</b>	<b>18.4</b>	<b>1.6</b>
<b>Capitalised company-produced assets</b>	<b>3.2</b>	<b>3.3</b>
<b>Diverse income</b>	<b>0.7</b>	<b>0.9</b>
<b>Earnings from Projects &amp; Development division</b>	<b>37.5</b>	<b>24.6</b>

Earnings from realisation Projects & Development consist of architects' and project & development fees of CHF 12.0 million, as well as earnings from construction activity of CHF 3.9 million, compared with CHF 10.4 million and CHF 11.1 million, respectively, in the first half of 2020. This contrasts with directly offset sales deductions of CHF 0.7 million (1st half-year of 2020: CHF 2.7 million).

Earnings from sales Development is made up of the disposal of the Neuweisen development reserve in Dielsdorf ZH (CHF 51.1 million) and the partial disposal of the Bäuler development reserve in Rümlang ZH (CHF 3.9 million), as well as revenue from the Florenstrasse in Winterthur ZH (CHF 2.2 million) and Alter Züriweg in Zufikon AG (CHF 18.3 million) residential real estate projects. This resulted in gains on sales of CHF 18.4 million.



#### 4. Direct expenses for rented investment real estate

CHF million	1st half-year 2021	1st half-year 2020
Administrative and operating expenses, residential real estate	-0.9	-0.9
Administrative and operating expenses, commercial real estate	-2.3	-2.6
Maintenance and repair expenses, residential real estate	-1.9	-2.4
Maintenance and repair expenses, commercial real estate	-4.9	-7.3
<b>Real estate expenses</b>	<b>-10.0</b>	<b>-13.2</b>

#### 5. Earnings from revaluation of investment real estate

CHF million	1st half-year 2021	1st half-year 2020
Higher valuation of yield-producing properties	68.1	23.1
Higher valuation of investment real estate under construction	6.4	17.5
Lower valuation of yield-producing properties	-32.7	-12.9
Lower valuation of investment real estate under construction	0.0	0.0
<b>Earnings from revaluation of investment real estate</b>	<b>41.8</b>	<b>27.7</b>

The higher valuation of yield-producing properties can be attributed to a revaluation of residential real estate amounting to CHF 48.1 million and a revaluation of commercial real estate amounting to CHF 20.0 million, compared with CHF 3.9 million and CHF 19.2 million, respectively, in the first half of 2020. As in the corresponding period last year, the lower valuation of yield-producing properties (CHF 32.7 million compared with CHF 12.9 million in the first half of 2020) relates exclusively to commercial real estate.

The average discount rates as at 30 June 2021 for the entire portfolio of yield-producing properties amount to 3.75%, compared with 3.84% as at 31 December 2020. As at 30 June 2021, the average capitalisation rates amounted to 3.26%, down from 3.36% as at 31 December 2020.

As in the previous year, Jones Lang LaSalle AG acts as the real estate valuer on a contract basis.

#### 6. Financial expense

CHF million	1st half-year 2021	1st half-year 2020
Interest expense for bond issues	-4.0	-5.2
Interest expense payable to banks/insurance companies for liabilities	-3.9	-4.0
Capitalised building loan interest	0.1	0.1
<b>Financial expense</b>	<b>-7.8</b>	<b>-9.1</b>

## 7. Earnings per share / net asset value (NAV) per share

	1st half-year 2021	1st half-year 2020
Number of outstanding shares as at 1 January (in thousands)	15 900	15 897
Change in holdings of treasury shares (in thousands)	- 99	3
Number of outstanding shares on cut-off date (in thousands)	15 801	15 900
Average number of outstanding shares (in thousands)	15 834	15 898
Net profit excl. revaluation effect (in CHF million)	79.1	63.0
Earnings from revaluation of investment real estate (in CHF million)	41.8	27.7
Deferred taxes on revaluation gains (in CHF million)	-9.6	-4.3
Net profit incl. revaluation effect (in CHF million)	111.3	86.4
<b>Earnings per share incl. revaluation effect (CHF)</b>	<b>7.03</b>	<b>5.43</b>
<b>Earnings per share excl. revaluation effect (CHF)</b>	<b>5.00</b>	<b>3.96</b>
<b>Diluted earnings per share</b>		
- incl. revaluation effect (CHF)	7.03	5.43
- excl. revaluation effect (CHF)	4.99	3.96

The share-based remuneration of members of Group Management has the effect of diluting the net profit per share. For this calculation, the average number of outstanding shares increases from 15,833,846 to 15,835,863 shares.

CHF million	30.06.2021	31.12.2020
Outstanding shares (in thousands) on cut-off date	15 801	15 900
Equity on cut-off date (CHF million)	2 398.8	2 412.9
<b>Net asset value (NAV) per share after deferred taxes (CHF)</b>	<b>151.80</b>	<b>151.75</b>
Equity plus provision for deferred taxes less deferred tax assets (CHF million)	2 696.9	2 693.2
<b>Net asset value (NAV) per share before deferred taxes (CHF)</b>	<b>170.70</b>	<b>169.40</b>

## 8. Investment real estate

CHF million	30.06.2021	31.12.2020
Residential real estate	1 248.1	1 029.3
Commercial real estate	3 209.2	3 399.2
Yield-producing properties	4 457.3	4 428.5
Investment real estate under construction	122.9	96.8
<b>Investment real estate</b>	<b>4 580.2</b>	<b>4 525.3</b>

The changes in the first half of 2021 can be summarised as follows:

CHF million	Residential real estate	Commercial real estate	Total yield-producing properties	Investment real estate under construction	Total investment real estate
As at 01.01.2021	1 029.3	3 399.2	4 428.5	96.8	4 525.3
Purchases	0.0	0.0	0.0	0.0	0.0
Value-enhancing investments	3.9	7.7	11.6	0.9	12.5
Capitalised building loan interest	0.0	0.0	0.0	0.1	0.1
Disposals	0.0	0.0	0.0	0.0	0.0
Reclassifications	166.8	-185.5	-18.7	18.7	0.0
Market value adjustments	48.1	-12.7	35.4	6.4	41.8
Rent-free periods	0.0	0.5	0.5	0.0	0.5
<b>As at 30.06.2021</b>	<b>1 248.1</b>	<b>3 209.2</b>	<b>4 457.3</b>	<b>122.9</b>	<b>4 580.2</b>
of which pledged or subject to transfer restrictions	1 056.7	2 286.4	3 343.1	0.0	3 343.1
	84.7%	71.2%	75.0%	0.0%	73.0%

The value-enhancing investments relate to the yield-producing properties at the Escher-Wyss site, Zurich Aussersihl (CHF 4.7 million); the Grünhof site, Zurich Aussersihl (CHF 3.9 million); Hardstrasse 299/301, Zurich Aussersihl (CHF 1.3 million); Bellerivestrasse 36, Zurich Riesbach (CHF 1.2 million); and four other properties (CHF 0.5 million).

The reclassification for residential real estate concerns the Grünhof site, Zurich Aussersihl, in that the majority of properties on the site are now for residential use (CHF 166.8 million). Previously, the inner courtyard of this site had been reported as investment real estate under construction (CHF 96.8 million) and the perimeter buildings (CHF 70.0 million) as part of commercial real estate. In addition, the property at Bellerivestrasse 36, Zurich Riesbach, was reclassified from commercial real estate to real estate under construction on 1 April 2021 (CHF 115.5 million; balance sheet as at 31 December 2020).

#### Largest tenants: commercial real estate

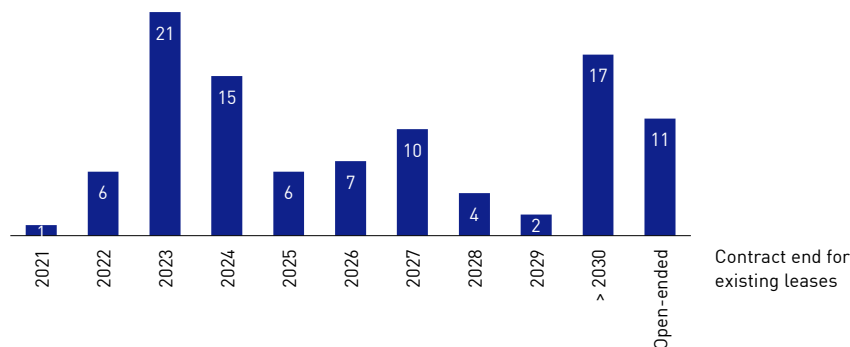
The five largest tenants account for 41% of the total rental income from commercial real estate:

CHF million	30.06.2021	31.12.2020
Canton Zurich	15%	15%
Generali Switzerland	7%	7%
Allianz Suisse Insurance Company Ltd	7%	7%
MAN Energy Solutions Switzerland Ltd	6%	6%
Swiss Confederation	6%	6%
<b>Total</b>	<b>41%</b>	<b>41%</b>

The five largest tenants' share of total rental income from all yield-producing properties (residential and commercial) in the first half of 2021 amounted to around 34% (Canton of Zurich 12%, Generali Switzerland 6%, Allianz Suisse Insurance Company Ltd 6%, MAN Energy Solutions Switzerland Ltd 5% and Swiss Confederation 5%).

### Maturity profile of commercial real estate leases

as a percentage of outstanding rental income (in CHF million – rounded)



The weighted remaining term of fixed-term leases for commercial real estate is 4.9 years (compared with 5.0 years as at 31 December 2020) and takes into account the earliest possible date that the tenants can terminate their contract.

### Investment real estate under construction as at 30 June 2021

Location	Property	Acquisition/ project start	Area of property in m <sup>2</sup>	Register of suspected contami- nated sites	Market value CHF million <sup>1</sup>	Estimated investment volume CHF million <sup>2</sup>	Target rental income on completion p.a. CHF million	Expected completion
Zürich	Bellerivestrasse 36	2004/2021	10 494	no	122.9	173.0	6.8	2023
<b>Total investment real estate under construction</b>					<b>122.9</b>	<b>173.0</b>	<b>6.8</b>	

1 As per 30.06.2021 valuation

2 Building and land costs

#### Bellerivestrasse 36, Zurich

Since 1 April 2021, the property at Bellerivestrasse 36, Zurich Riesbach, which had hitherto been reported as commercial real estate, has been reported as investment real estate under construction. The property is being comprehensively renovated and will conform to the high standards that are in place in terms of energy efficiency. The project is being built by the Projects & Development division and, upon completion in the second half of 2023, will again be reported in the portfolio of yield-producing properties. For the market valuation as at the balance sheet cut-off date, nominal discount and capitalisation rates of 3.60% and 3.10%, respectively, were applied.

The investment real estate under construction is 100% solely owned by Allreal.

## 9. Development real estate

CHF million	Development reserves	Buildings under construction	Completed real estate	Development real estate
As at 01.01.2021	179.7	44.0	0.0	223.7
Purchases	0.0	0.3	0.0	0.3
From construction activity/development	1.2	16.1	0.0	17.3
Income from sales Development	16.3	2.1	0.0	18.4
Impairment	0.0	0.0	0.0	0.0
Disposals/offsetting prepayments	-55.0	-20.5	0.0	-75.5
Reclassifications	0.0	0.0	0.0	0.0
<b>As at 30.06.2021</b>	<b>142.2</b>	<b>42.0</b>	<b>0.0</b>	<b>184.2</b>

The disposals of development reserves relate to Neuwisen in Dielsdorf ZH (CHF 51.1 million) and Bäuler in Rümlang ZH (CHF 3.9 million; partial disposal).

In the case of projects in progress, all units at Alter Züriweg in Zufikon AG were disposed of for CHF 18.3 million following a transfer of ownership, while prepayments for notarised units were offset to the amount of CHF 2.2 million for Florenstrasse in Winterthur ZH.

As at 30 June 2021, the balance sheet position of development properties comprised the following:

Location	Property	Acquisition/ project start	Site area in m <sup>2</sup>	Register of suspected contaminated sites	Book value in CHF million <sup>2</sup>	Estimated investment volume CHF million <sup>1</sup>	Project status	Expected completion
<b>Development reserves</b>								
Lucerne	Eggen	2018	8 386	no	34.6	72.5	in planning	open
Riehen	Inzlingerstrasse	2019	10 883	no	18.7	52.6	in planning	open
Rümlang	Bäuler	1987	10 583	yes	5.6	24.7	in planning	open
Zumikon	Am Strubenacher	2019	4 569	no	12.8	33.8	in planning	open
Zurich	Badenerstrasse 501-505	2020	1 739	no	31.5	61.1		
Zurich	Hauserstrasse	2019	1 341	no	7.1	15.0	in planning	open
Zurich	Spiserstrasse	2018/2019	3 001	no	31.9	75.2	in planning	open
<b>Total development reserves</b>					<b>142.2</b>	<b>334.9</b>		
<b>Buildings under construction</b>								
Winterthur	Florenstrasse	2016	11 582	no	38.1	57.2	in progress	2022
Bülach	Widstud	2021	56 945	yes	3.9	30.8	in progress	2022
<b>Total buildings under construction</b>					<b>42.0</b>	<b>88.0</b>		
<b>Completed real estate</b>								
<b>Total completed real estate</b>					<b>0.0</b>			
<b>Total development real estate</b>					<b>184.2</b>	<b>422.9</b>		

1 Land and building costs

2 Book value includes acquisition costs for the land 100% owned by Allreal and accrued project costs of third parties

### Florenstrasse, Winterthur ZH

Eight new-build apartment buildings with a total of 51 condominiums and 74 underground parking spaces, with lettable floor space (100% residential) of 6,232 square metres. It is being built by the Projects & Development division and is scheduled for completion in 2022. As at 30 June 2021, contracts of sale had been notarised for all 51 residential units. The ownership had not yet been transferred for any of these units.

### Widstud, Bülach ZH

New-build shooting centre with various indoor and outdoor facilities. The land was acquired in the first half of 2021 and the project comprises around 6,800 square metres of floor space. The property will be incorporated into the development real estate portfolio by the Projects & Development division upon completion. It is being built by the Projects & Development division. The work is due to be completed in autumn 2022, with the centre scheduled to open its doors in summer 2023. Widstud-Betriebsgesellschaft AG will act as the operating company under a long-term rental agreement with Allreal covering at least 30 years.

## 10. Share capital

As at the balance sheet cut-off date, the share capital of Allreal Holding AG comprises 15,942,821 registered shares with a par value of CHF 1.00 each. Each share carries one vote and confers entitlement to attend the general meeting if entered in the share register.

Shareholdings developed as follows:

Number of shares	Shares issued	Treasury shares	Outstanding shares
<b>2020</b>			
As at 1 January	15 942 821	45 708	15 897 113
Purchase of treasury shares		75	
Sale of treasury shares		-1 346	
Share-based reimbursement		-1 392	
<b>As at 31 December</b>	<b>15 942 821</b>	<b>43 045</b>	<b>15 899 776</b>
<b>2021</b>			
As at 1 January	15 942 821	43 045	15 899 776
Purchase of treasury shares		100 024	
Sale of treasury shares		- 418	
Share-based reimbursement		- 928	
<b>As at 30 June</b>	<b>15 942 821</b>	<b>141 723</b>	<b>15 801 098</b>

The average purchase price per share stands at CHF 180.05, compared with CHF 155.45 as at 31 December 2020. The total purchase price is deducted from consolidated equity.

The Board of Directors is authorised by the annual general meeting to increase the share capital – excluding the subscription rights of shareholders as applicable – until 24 April 2022 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).

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 1,000,000 through the issue of up to 1,000,000 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.

Further, Allreal Holding AG has conditional capital of CHF 0.2 million (200,000 registered shares at a par value of CHF 1.00 each) at its disposal for the purpose of issuing options to the members of the Board of Directors and management.

The annual general meeting of Allreal Holding AG of 16 April 2021 voted in favour of a distribution of CHF 6.75 per share, corresponding to a total amount of CHF 107.6 million. Of this amount, CHF 3.25 per share was paid out in the form of a repayment of reserves from contribution of capital and CHF 3.50 per share as a dividend.

## 11. Short-term borrowings

Maturity of financial liabilities (capital lock-up at nominal values)

CHF million	< 1 year	1–3 years	3–5 years	> 5 years	Total
As at 31.12.2020					
Borrowings	591.4	334.4	249.6	1 004.6	2 180.0
<b>Total in %</b>	<b>27.1</b>	<b>15.3</b>	<b>11.5</b>	<b>46.1</b>	<b>100.0</b>
As at 30.06.2021					
Borrowings	698.5	401.5	248.3	856.3	2 204.6
<b>Total in %</b>	<b>31.7</b>	<b>18.2</b>	<b>11.3</b>	<b>38.8</b>	<b>100.0</b>

The financial liabilities consist of loans secured by mortgage (fixed advances and fixed-rate mortgages) and of bond issues. The bank loans in the form of fixed advances are extended on a rolling basis.

The average interest lock-in period for all financial liabilities decreased to 44 months as at the balance sheet cut-off date (compared with 49 months as at 31 December 2020).

As at the balance sheet date, the bond issues and fixed-rate mortgages are recognised as follows:

CHF million	Effective interest	Fair value category	Nominal value <sup>1</sup>	Book value as at 30.06.2021	Fair value as at 30.06.2021	Book value as at 31.12.2020	Fair value as at 31.12.2020
0.4% bond issue 2019–26.09.2029	0.43%	200.0	192.6	192.1	191.3	192.0	193.6
0.7% bond issue 2020–22.09.2028	0.73%	175.0	175.0	174.6	178.5	174.6	180.7
0.875% bond issue 2017–30.03.2027	0.86%	160.0	158.6	158.7	164.2	158.8	165.8
0.75% bond issue 2017–19.06.2026	0.76%	150.0	148.3	148.2	152.8	148.2	152.8
1.375% bond issue 2015–31.03.2025	1.32%	100.0	100.0	100.2	104.8	100.2	105.5
0.625% bond issue 2016–10.05.2024	0.68%	150.0	149.6	149.4	152.4	149.3	152.3
0.5% bond issue 2018–19.04.2023	0.55%	125.0	124.1	124.0	125.9	123.9	125.8
0.75% bond issue 2015–31.03.2021	0.67%	120.0	119.9	–	–	119.9	120.3
–0.35% private placement 2020–15.01.2022	–0.35%	50.0	50.0	50.0	50.0	50.0	50.0
Fixed-rate mortgages			569.3	567.8	573.9	569.3	578.6

1 Par value equals issue amount offset against repurchased bonds.

During the period under review, CHF 0.1 million was spent on the amortisation of the issuing costs for the bonds, the same as in the first half of 2020.

As at 30 June 2021, fixed advances amounting to CHF 538.5 million and fixed-rate mortgages amounting to CHF 567.8 million (at nominal values) are in place, all of which were taken out with Swiss banks, insurance companies or pension funds. Immediately callable credit limits are in place amounting to CHF 267.8 million.

The average interest rate of all financial liabilities as at 30 June 2021 is 0.66% (31.12.2020: 0.71%).

During the reporting period, the contractual clauses (financial covenants) relating to minimum capitalisation (equity ratio, net gearing, interest coverage ratio and refinancing of properties) agreed upon with the lenders were complied with without exception.

## 12. Capital commitments, contingent liabilities and legal disputes

There are no purchase commitments, guarantees or sureties in favour of third parties. Beyond this, in the individual financial statement, Allreal Holding AG has issued guarantees and sureties amounting to CHF 318.4 million in connection with financing transactions with third parties on behalf of individual subsidiaries (31.12.2020: CHF 298.6 million).

As at 30 June 2021, there are no pending legal disputes of a nature liable to have a significant impact on the asset and income situation of Allreal Group for which no corresponding provisions are in place.

## 13. Events after the balance sheet cut-off date

Between 30 June 2021 and 18 August 2021 (the date on which the consolidated half-year financial statements were approved by the Board of Directors), no events took place which would result in any adjustments to the book values of the assets and liabilities or which would need to be disclosed here.