

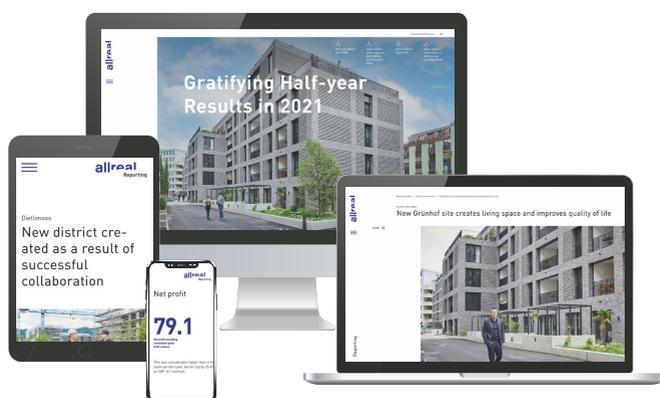
Value Update
Half-year Report 2021

allreal

The value update provides a quick overview of the key developments at Allreal in the first half of 2021. The interactive Half-Year Report with multimedia content, as well as the full Half-Year Report, can be downloaded at reporting.allreal.ch

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

- the first half of 2021 in brief
- download centre



The reporting platform with multimedia content can be found at:
reporting.allreal.ch

Main information in brief

Net profit

incl. revaluation effect
(CHF million)

111.3

The portfolio was revalued again, which had a positive impact on the result

Vacancy rate

(as a percentage of annual target rental income)

1.5

Still at an exceptionally low level by industry standards

Rental income

(CHF million)

101.8

Increase in rental income of 1.7%

Earnings from Projects & Development division

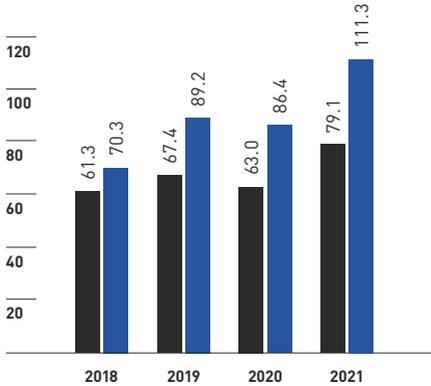
(CHF million)

37.5

Income from the sale of development real estate has a significant impact on the result

Net profit

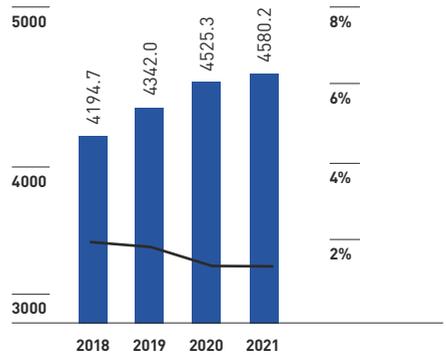
1st half-year (CHF million)



■ Net profit excl. revaluation effect
■ Net profit incl. revaluation effect

Market values and vacancy rate

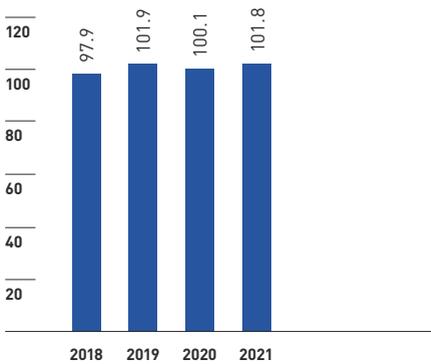
As at 30 June and 31 December (CHF million)



■ Investment real estate
— Vacancy rate in %

Income from investment real estate

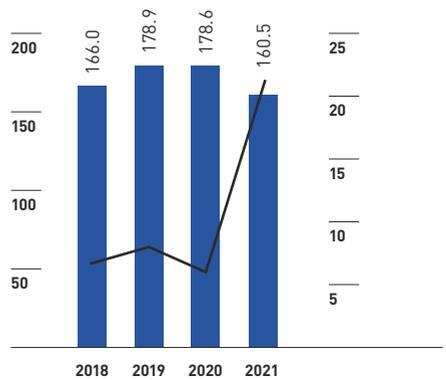
1st half-year (CHF million)



Completed project volume and EBIT

Projects & Development division

1st half-year (CHF million)



■ Completed project volume Projects & Development division
— EBIT Projects & Development division

Key figures at a glance

Group	CHF million	1st half-year 2021 as at 30.06.2021*	1st half-year 2020 as at 31.12.2020*	Change in % ¹
Total sales ²		262.3	278.7	-5.9
Operating profit (EBIT) incl. revaluation gains		148.4	113.8	30.4
Net profit incl. revaluation effect ³		111.3	86.4	28.8
Operating profit (EBIT) excl. revaluation gains		106.6	86.1	23.8
Net profit excl. revaluation effect ³		79.1	63.0	25.6
Cash flow		94.1	68.2	38.0
Return on equity incl. revaluation effect ³	%	9.3	7.4	1.9
Return on equity excl. revaluation effect ³	%	8.0	6.4	1.6
Equity ratio on cut-off date	%	48.1	48.4	-0.3
Net gearing ⁴ on cut-off date	%	90.8	88.6	2.2
Average interest rate on financial liabilities on cut-off date	%	0.66	0.71	-0.05
Average duration of financial liability on cut-off date	months	44	49	-5
Sales Projects & Development division		160.5	178.6	-10.1
Earnings from Projects & Development division ⁵		37.5	24.6	52.4
Gross margin third-party projects Projects & Development division ⁶	%	11.4	13.8	-2.4
Employees on cut-off date	full-time equivalents	203	206	-3
Share				
Earnings per share incl. revaluation effect ³	CHF	7.03	5.43	29.5
Earnings per share excl. revaluation effect ³	CHF	5.00	3.96	26.3
Net asset value (NAV) per share before deferred tax on cut-off date	CHF	170.70	169.40	0.8
Net asset value (NAV) per share after deferred tax on cut-off date	CHF	151.80	151.75	0.0
Share price on cut-off date	CHF	182.20	203.50	-10.5
Valuation on cut-off date				
	CHF million			
Market capitalisation ⁷		2879.0	3235.6	-11.0
Enterprise value ⁸		5056.4	5374.1	-5.9

* Should no further particulars be given, values referring to the income statement concern the first half-year, and balance sheet values the cut-off dates 30 June 2021 and 31 December 2020.

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

⁶ Earnings from realisation Projects & Development as a percentage of income from realisation Projects & Development

⁷ Share price at balance sheet date multiplied by the number of outstanding shares

⁸ Market capitalisation plus net finance debts

Letter to shareholders

- Significant increase in net operating profit
- Gratifying result in Real Estate division strengthened even further by revaluation gains
- Projects & Development division performs well thanks to gains on sales
- Clear vision for sustainability: portfolio of yield-producing properties will be fully carbon neutral by 2050
- Net operating profit for 2021 now expected to be above CHF 130 million

Allreal reported net profit including revaluation effect of CHF 111.3 million in the first half of 2021, compared with CHF 86.4 million in the same period 2020 – a rise of 28.8%. This gratifying performance was partly a result of an upward revaluation of the portfolio by CHF 41.8 million before tax compared with CHF 27.7 million in the first half of 2020.

Both divisions performed well overall and made a positive contribution to net operating profit of CHF 79.1 million. This represents an impressive increase on a year-on-year basis of 25.6% (1st half-year 2020: CHF 63.0 million).

On the cut-off date, Allreal's share price closed at CHF 182.20, which was 10.5% below the closing price on 31 December 2020. If the distribution of CHF 6.75 per share in April 2021 is included, an overall performance of -7.1% was recorded in the first half of 2021.

Strong real estate earnings and revaluation gains in the Real Estate division

In the Real Estate division, Allreal's rental income rose by 1.7% to CHF 101.8 million owing to various additions to the portfolio generating income for the first time. In connection with the pandemic, the company waived rent payments to the amount of CHF 0.5 million in the first half of 2021 – much less than in the first half of 2020. The cumulative vacancy rate of 1.5% made a significant contribution to the healthy net yield of 4.2%. In the first half of 2021, Allreal stepped up its efforts to extend leases early for several large customers. The company is confident that early extensions will be agreed for a number of the rental agreements that are due to expire in 2023. The valuation of the investment real estate resulted in a net upward revaluation of CHF 41.8 million and portfolio value of CHF 4.58 billion as at the balance sheet cut-off date.

Projects & Development division generates high level of income from the sale of development real estate

Earnings from the Projects & Development division went up by 52.4% to CHF 37.5 million. Allreal benefited from the high price level on the transaction market and generated a high level of income from the sale of two pieces of land. Meanwhile, business was challenging for the Realisation department in the first half of 2021. The impact of the coronavirus could be seen in inefficiencies in the construction process and a rise in additional expenses as a result. Prices and margins are under increased pressure. Because of this, the markets need to be watched even more closely and the services provided need to be kept under review.

Clear commitment to sustainability

The company continued to work on developing a clear and measurable sustainability strategy in the first half of 2021. The vision is clear: the portfolio of yield-producing properties will be fully carbon neutral by 2050 and the share of fossil fuels in energy consumption will be halved by 2030. Among the factors contributing to this will be the active management of tenants' behaviour, the broadbased expansion of photovoltaic systems and parking spaces for electric vehicles, and the consistent use of reusable materials. Allreal will also provide information about the ESG strategy at an Investors' Day in November 2021.

Improved outlook for full-year 2021

Allreal remains to be very solidly financed. This allows it to take advantage of opportunities in the real estate market, including those that arise at short notice. As at the cut-off date, the equity ratio amounted to 48.1%, net gearing to 90.8% and the interest coverage ratio to 15.1.

Allreal now expects a net operating profit for 2021 as a whole that is likely to come in above CHF 130 million.

The Board of Directors and Group Management would like to take this opportunity to thank employees for their hard work and commitment during these challenging times, as well as shareholders for their trust and support.

Consolidated half-year financial statements of Allreal Group

Consolidated financial statements

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

Consolidated balance sheet

CHF million	30.06.2021	31.12.2020 audited
Yield-producing properties	4 457.3	4 428.5
Investment real estate under construction	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
Non-current assets	4 708.2	4 659.1
Development real estate	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
Current assets	279.6	329.1
Assets	4 987.8	4 988.2
Share capital	15.9	15.9
Capital reserves	524.5	575.9
Treasury shares	-25.5	-6.7
Retained earnings	1 883.9	1 827.8
Equity	2 398.8	2 412.9
Long-term borrowings	1 505.1	1 587.6
Deferred tax liabilities	311.8	295.3
Long-term provisions	1.3	1.4
Long-term liabilities	1 818.2	1 884.3
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	698.5	591.4
Short-term liabilities	770.8	691.0
Liabilities	2 589.0	2 575.3
Equity and liabilities	4 987.8	4 988.2



Grünhof site: boosting quality of life through densification

New Grünhof site provides housing and improves quality of life

Projections suggest that 520,000 people will be living in the city of Zurich by 2040, i.e. 100,000 more than now. The need to live and work in a city is still very much a megatrend. As a full-service provider with decades of experience, Allreal creates environments in which residents and neighbours are able to enjoy quality of life and attaches importance to providing high-quality architecture.



[reporting.allreal.ch/
en/gruenhof](https://reporting.allreal.ch/en/gruenhof)



Dietlimoos: Allreal builds value

New district created as a result of successful collaboration

An owner with a great affinity for all things cars and mobility, and a real estate company with its own Projects & Development division. Two business partners that appear to be very different on the surface but actually have a lot in common, including high quality standards, a reputation for being reliable and skilled staff with a clear focus on giving their customers what they want. In Adliswil, Allreal is developing a mixed-use neighbourhood for the Merbag.



[reporting.allreal.ch/
en/dietlimoos](https://reporting.allreal.ch/en/dietlimoos)

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.

In all that it does, Allreal strives to achieve 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 its Projects & Development division remains 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. 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 months
Gross margin third-party projects Projects & Development division	>12%
Interest lock-in period for financial liabilities	>48 months
Return on equity excl. revaluation effect	>5%
Equity ratio	>35%
Net gearing (ratio of net financial debt and equity)	<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 own projects, but the acquisition of individual properties or whole real estate portfolios is also considered. 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

Portfolio Management
 Building Management
 Real Estate Management

**Experience
 Value creation
 Expertise**

Projects & Development

Development
 Realisation

Real estate at a glance

		1st half- year 2021 as at 30.06.2021*	1st half- year 2020 as at 31.12.2020*	Change in % ¹
Yield-producing properties				
Residential real estate on cut-off date ²	number	22	21	1
Commercial real estate on cut-off date ³	number	43	45	-2
Market value on cut-off date	CHF million	4 457.3	4 428.5	0.7
Rental income from investment real estate	CHF million	101.8	100.1	1.7
Vacancy rate ⁴	%	1.5	1.5	0.0
Real estate expenses	CHF million	-10.0	-13.2	-24.2
	in % of			
Real estate expenses	rental income	9.9	13.2	-3.3
Gross yield ⁵	%	4.6	4.7	-0.1
Net yield ⁶	%	4.2	4.1	0.1
Investment real estate under construction				
Buildings on cut-off date	number	1	1	0
Market value on cut-off date	CHF million	122.9	96.8	27.0
Investment volume	CHF million	173.0	80.2	115.7
Development real estate				
Book value development reserves on cut-off date	CHF million	142.2	179.7	-20.9
Estimated investment volume development reserves	CHF million	334.9	515.2	-35.0
Book value buildings under construction on cut-off date	CHF million	42.0	44.0	-4.5
Estimated investment volume buildings under construction	CHF million	88.0	74.3	18.4
Book value completed real estate on cut-off date	CHF million	0.0	0.0	-

* Should no further particulars be given, values referring to the income statement concern the first half-year, and balance sheet values the cut-off dates 30 June 2021 and 31 December 2020.

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

² The accruals in the case of residential real estate are a result of the reclassification of the Grünhof site, Zurich Aussersihl, in that the majority of properties on the site are now for residential rather than commercial use

³ The disposals in the case of commercial real estate are a result of the reclassification of the Grünhof site, Zurich Aussersihl as residential real estate, as well as the reclassification of the property at Bellerivestrasse 36, Zurich Riesbach, as investment real estate under construction

⁴ As a percentage of target rental income, cumulative as at cut-off date

⁵ Rental income from investment real estate as a percentage of continued market value of yield-producing properties as at 1 January

⁶ Rental income from investment real estate as a percentage of continued market value of yield-producing properties as at 1 January

Organisation and schedule

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Schedule

Investor day 2021

15 November 2021

Annual results 2021

23 February 2022

Annual general meeting 2022

8 April 2022

Half-year results 2022

24 August 2022

Share register

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

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