

# Consolidated half-year financial statements of Allreal Group

## Consolidated financial statements

CHF million	Note	1st half-year 2022	1st half-year 2021
Income from renting investment real estate	2	106.8	101.8
Income from realisation Projects & Development	3	120.0	133.1
Income from sales Development	3	26.5	75.5
Diverse income	3	0.9	0.7
<b>Operating income</b>		<b>254.2</b>	<b>311.1</b>
Direct expenses for rented investment real estate	4	-10.8	-10.0
Direct expenses from realisation Projects & Development	3	-106.6	-117.9
Direct expenses from sales Development	3	-10.9	-57.1
<b>Direct operating expenses</b>		<b>-128.3</b>	<b>-185.0</b>
Personnel expenses	5	-21.8	-18.3
Other operating expenses	6	-7.4	-3.7
<b>Operating expenses</b>		<b>-29.2</b>	<b>-22.0</b>
<b>Capitalised company-produced assets</b>		<b>5.0</b>	<b>3.2</b>
Higher valuation of yield-producing properties		14.1	68.1
Lower valuation of yield-producing properties		-14.4	-32.7
Higher valuation of investment real estate under construction		1.5	6.4
Lower valuation of investment real estate under construction		-0.1	0.0
<b>Earnings from revaluation of investment real estate</b>	7	<b>1.1</b>	<b>41.8</b>
<b>EBITDA</b>		<b>102.8</b>	<b>149.1</b>
Depreciation other property, plant and equipment		-0.8	-0.6
Depreciation intangible assets		-0.2	-0.1
<b>Operating profit (EBIT)</b>		<b>101.8</b>	<b>148.4</b>
Financial income		1.7	0.7
Financial expenses	8	-8.6	-7.8
<b>Earnings before tax</b>		<b>94.9</b>	<b>141.3</b>
Tax expenses		-12.2	-30.0
<b>Net profit</b>		<b>82.7</b>	<b>111.3</b>
Earnings per share in CHF		5.01	7.03
Diluted earnings per share in CHF		5.00	7.03

## Consolidated balance sheet

CHF million	Note	30.06.2022	31.12.2021 audited
Yield-producing properties	10	4 963.6	4 954.6
Investment real estate under construction	10	164.5	151.1
Other property, plant and equipment		10.4	10.0
Financial assets		96.9	100.3
Intangible assets		0.6	0.3
Deferred tax assets		1.5	1.2
<b>Non-current assets</b>		<b>5 237.5</b>	<b>5 217.5</b>
Development real estate	11	381.1	434.8
Trade receivables		60.4	64.2
Tax receivables		10.4	2.6
Other receivables		12.8	11.7
Cash		31.2	73.4
<b>Current assets</b>		<b>495.9</b>	<b>586.7</b>
<b>Assets</b>		<b>5 733.4</b>	<b>5 804.2</b>
Share capital	12	16.6	16.6
Capital reserves		586.5	644.3
Goodwill		- 47.1	- 47.1
Treasury shares		- 13.1	- 13.4
Retained earnings		1 982.8	1 957.9
<b>Equity</b>		<b>2 525.7</b>	<b>2 558.3</b>
Long-term borrowings	13	1 709.4	1 821.1
Deferred tax liabilities		368.8	371.8
Long-term provisions		1.1	1.3
<b>Long-term liabilities</b>		<b>2 079.3</b>	<b>2 194.2</b>
Trade payables		55.7	107.4
Other current liabilities		37.2	37.0
Provisions		3.4	2.7
Borrowings	13	1 032.1	904.6
<b>Short-term liabilities</b>		<b>1 128.4</b>	<b>1 051.7</b>
<b>Liabilities</b>		<b>3 207.7</b>	<b>3 245.9</b>
<b>Equity and liabilities</b>		<b>5 733.4</b>	<b>5 804.2</b>

## Consolidated statement of changes in shareholders' equity

CHF million	Retained earnings						Total
	Share capital	Capital reserves	Treasury shares	Goodwill	Revaluation reserves	Other retained earnings	
<b>As at 31 December 2020</b>	<b>15.9</b>	<b>575.9</b>	<b>-6.7</b>	<b>-</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>-</b>	<b>434.4</b>	<b>1 449.5</b>	<b>2 398.8</b>
Net profit						71.3	71.3
Purchase treasury shares			-71.1				-71.1
Sale treasury shares			203.7			2.7	206.4
Authorised capital increase	0.7	119.8	-120.5				0.0
Share-based reimbursement			0.0				0.0
Offsetting goodwill			0.0	-47.1			-47.1
Reclassification					17.2	-17.2	0.0
<b>As at 31 December 2021</b>	<b>16.6</b>	<b>644.3</b>	<b>-13.4</b>	<b>-47.1</b>	<b>451.6</b>	<b>1 506.3</b>	<b>2 558.3</b>
Net profit						82.7	82.7
Purchase treasury shares			0.0				0.0
Sale treasury shares			0.1				0.1
Distribution to shareholders		-57.8				-57.8	-115.6
Share-based reimbursement			0.2				0.2
Reclassification					0.9	-0.9	0.0
<b>As at 30 June 2022</b>	<b>16.6</b>	<b>586.5</b>	<b>-13.1</b>	<b>-47.1</b>	<b>452.5</b>	<b>1 530.3</b>	<b>2 525.7</b>

Capital reserves represent the amount (premium) earned by shareholders over and above the nominal value on subscription of share capital of Allreal Holding AG after deduction of the corresponding issue costs. The capital reserves and retained earnings can be distributed to shareholders up to the statutory minimum requirement of CHF 8.3 million (50% of share capital).

## Consolidated cash flow statement

CHF million	Note	1st half- year 2022	1st half- year 2021
Net profit before tax		94.9	141.3
Net financial expenses		6.9	7.1
Earnings from revaluation of investment real estate	7	-1.1	-41.8
Depreciation other property, plant and equipment		0.8	0.6
Depreciation intangible assets		0.2	0.1
Capitalisation of company-produced assets in development real estate		-3.0	-2.1
Share-based reimbursement		0.2	0.2
Other items		1.0	0.8
<b>Change in development real estate</b>		<b>53.7</b>	<b>41.6</b>
Change in trade receivables		3.8	2.9
Change in other receivables		-1.1	-0.9
Change in provisions		0.5	-4.4
Change in trade payables		-51.7	-20.4
Change in other current liabilities		0.2	-2.0
Cost of finance paid		-9.3	-10.1
Financial income received		0.7	0.7
Income tax paid		-22.6	-19.5
<b>Cash flow from operating activities</b>		<b>73.9</b>	<b>94.1</b>
Investment in yield-producing properties	10	-8.0	-11.6
Investment in investment real estate under construction	10	-11.9	-0.9
Acquisition of other property, plant and equipment		-1.6	0.0
Investment in intangible assets		-0.1	-0.2
Increase in financial assets		-0.7	-0.3
Decrease in financial assets		5.0	5.7
<b>Cash flow from investing activities</b>		<b>-17.3</b>	<b>-7.3</b>
Increase in borrowings		110.0	220.0
Decrease in borrowings		-76.0	-75.5
Repayment of bond loan		-	-119.9
Purchase of bond loan		-17.3	-
Purchase treasury shares		0.0	-19.1
Sale treasury shares		0.1	0.1
Distribution to shareholders		-115.6	-106.7
<b>Cash flow from financing activities</b>		<b>-98.8</b>	<b>-101.1</b>
<b>Change in cash</b>		<b>-42.2</b>	<b>-14.3</b>
Cash at 1 January		73.4	40.5
<b>Cash at 30 June</b>		<b>31.2</b>	<b>26.2</b>

## Segment information for the first half-year 2022

CHF million	Real Estate	Projects & Development	Total segments	Holding/ eliminations	Total
<b>Income statement</b>					
Operating income	106.8	147.4	254.2	0.0	254.2
Profit from intercompany services	-4.6	4.9	0.3	-0.3	0.0
Direct operating expenses	-10.8	-117.5	-128.3	0.0	-128.3
Operating expenses	-2.8	-25.5	-28.3	-0.9	-29.2
Capitalised company-produced assets	0.0	5.0	5.0	0.0	5.0
Earnings from revaluation of investment real estate	1.1	0.0	1.1	0.0	1.1
<b>EBITDA</b>	<b>89.7</b>	<b>14.3</b>	<b>104.0</b>	<b>-1.2</b>	<b>102.8</b>
Depreciation and amortisation	0.0	-1.0	-1.0	0.0	-1.0
<b>Operating profit (EBIT)</b>	<b>89.7</b>	<b>13.3</b>	<b>103.0</b>	<b>-1.2</b>	<b>101.8</b>
Financial income	0.6	0.0	0.6	1.1	1.7
Financial expense	-8.0	-0.6	-8.6	0.0	-8.6
Tax expense	-10.8	-0.8	-11.6	-0.6	-12.2
<b>Net profit</b>	<b>71.5</b>	<b>11.9</b>	<b>83.4</b>	<b>-0.7</b>	<b>82.7</b>
EBITDA excl. revaluation gains	88.6	14.3	102.9	-1.2	101.7
Operating profit (EBIT) excl. revaluation gains	88.6	13.3	101.9	-1.2	100.7
<b>Net profit excl. revaluation effect</b>	<b>70.6</b>	<b>11.9</b>	<b>82.5</b>	<b>-0.7</b>	<b>81.8</b>
Operating margin in percent <sup>1</sup>	92.3	38.1	77.9	-	76.9
Rental income from real estate	106.8	0.0	106.8	0.0	106.8
Completed project volume third-party projects	0.0	120.0	120.0	0.0	120.0
Completed project volume own projects	0.0	35.5	35.5	0.0	35.5
Total sales (according to internal reporting)	106.8	155.5	262.3	0.0	262.3
less sales from intercompany services	0.0	-16.7	-16.7	0.0	-16.7
Total sales to third parties (according to internal reporting)	106.8	138.8	245.6	0.0	245.6
plus reconciliation item external reporting	0.0	7.7	7.7	0.0	7.7
Diverse income	0.0	0.9	0.9	0.0	0.9
Operating income	106.8	147.4	254.2	0.0	254.2
<b>Balance sheet as at 30.06.2022</b>					
Non-current assets	5 225.3	11.2	5 236.5	1.0	5 237.5
Current assets	19.8	470.2	490.0	5.9	495.9
<b>Total assets</b>	<b>5 245.1</b>	<b>481.4</b>	<b>5 726.5</b>	<b>6.9</b>	<b>5 733.4</b>
Provisions	0.0	4.5	4.5	0.0	4.5
Other debt (excl. financing and taxes)	25.1	67.4	92.5	0.4	92.9
Financial liabilities	2 539.8	201.7	2 741.5	0.0	2 741.5
Tax liabilities	353.5	15.3	368.8	0.0	368.8
<b>Total debt</b>	<b>2 918.4</b>	<b>288.9</b>	<b>3 207.3</b>	<b>0.4</b>	<b>3 207.7</b>
<b>Total assigned equity<sup>2</sup></b>	<b>2 326.7</b>	<b>192.5</b>	<b>2 519.2</b>	<b>6.5</b>	<b>2 525.7</b>
Investment in non-current assets	19.9	1.7	21.6	0.0	21.6

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 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	-	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 31.12.2021</b>					
Non-current assets	5 206.3	10.5	5 216.8	0.7	5 217.5
Current assets	19.5	559.7	579.2	7.5	586.7
<b>Total assets</b>	<b>5 225.8</b>	<b>570.2</b>	<b>5 796.0</b>	<b>8.2</b>	<b>5 804.2</b>
Provisions	0.0	4.0	4.0	0.0	4.0
Other debt (excl. financing and taxes)	25.4	118.2	143.6	0.8	144.4
Financial liabilities	2 532.5	193.2	2 725.7	0.0	2 725.7
Tax liabilities	354.8	16.4	371.2	0.6	371.8
<b>Total debt</b>	<b>2 912.7</b>	<b>331.8</b>	<b>3 244.5</b>	<b>1.4</b>	<b>3 245.9</b>
<b>Total assigned equity<sup>2</sup></b>	<b>2 313.1</b>	<b>238.4</b>	<b>2 551.5</b>	<b>6.8</b>	<b>2 558.3</b>
Investment in non-current assets	29.6	0.2	29.8	0.0	29.8

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 2022 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 2021. No new FER standards had come into force as at 1 January 2022.

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 2022 that had a significant impact on the asset, financial or earnings situation of Allreal Group.

The consolidated half-year financial statements 2022 were approved by the Board of Directors of Allreal Holding AG on 18 August 2022.

#### 1.2 Scope of consolidation

The scope of consolidation remained unchanged in the first half of 2022.

#### 1.3 Valuation uncertainties

##### Investment real estate

Owing to the geopolitical situation and the interest rate environment, the external real estate valuer JLL issued the following disclosure when determining the market value of the investment real estate:

"In a press release entitled "Monetary policy assessment of 16 June 2022", the Swiss National Bank (SNB) decided to raise the SNB policy rate and the interest rate on sight deposits at the SNB by half a percentage point, from -0.75% to -0.25%. As a result, interest rates for mortgage financing rose significantly. At the time this report was issued, previous real estate transactions therefore represent only a partial basis for comparison for our market value estimates.

In addition, the ongoing war in Ukraine and the sanctions imposed on Russia are leading to increased volatility in the international capital markets and uncertainties regarding the costs and security of supply of energy and natural resources. The influence on property markets outside the region directly affected is still uncertain at the time this report was issued.

The above-mentioned explanations of the current market conditions are included in the valuation report for transparency purposes and provide an overview of the market conditions in which the valuation report was carried out. It should be noted that this valuation is based on market data and comparables available at the time this report was issued and that the volatile market conditions mentioned may result in rapid changes in property yields. We therefore recommend a regular review of the valuation result as of the reporting date."

## 2. Income from rental of investment real estate

CHF million	1st half-year 2022	1st half-year 2021
Rental income from residential properties	26.4	20.8
Rental income from commercial properties	80.4	81.0
<b>Income from renting investment real estate</b>	<b>106.8</b>	<b>101.8</b>

The cumulative vacancy rate for the first half of 2022 was unchanged year on year, totalling 1.5% of target rental income. This can be broken down into 1.2% for residential real estate and 1.6% for commercial real estate (compared with 1.1% and 1.6%, respectively, in the first half of 2021).

The investment real estate that was acquired in Western Switzerland on 15 October 2021 contributed CHF 5.6 million to rental income in the first half of 2022.

## 3. Earnings from Projects & Development division

CHF million	1st half-year 2022	1st half-year 2021
Income from realisation Projects & Development	120.0	133.1
Direct expenses from realisation Projects & Development	-106.6	-117.9
<b>Earnings from realisation Projects &amp; Development</b>	<b>13.4</b>	<b>15.2</b>
Income from sales Development	26.5	75.5
Direct expenses from sales Development	-10.9	-57.1
<b>Income from sales Development</b>	<b>15.6</b>	<b>18.4</b>
<b>Capitalised company-produced assets</b>	<b>5.0</b>	<b>3.2</b>
<b>Diverse income</b>	<b>0.9</b>	<b>0.7</b>
<b>Earnings from Projects &amp; Development division</b>	<b>34.9</b>	<b>37.5</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 2.5 million, compared with CHF 12.0 million and CHF 3.9 million, respectively, in the first half of 2021. This contrasts with directly offset sales deductions of CHF 1.1 million (first half-year of 2021: CHF 0.7 million).

Earnings from sales Development is made up of the disposal of the Bäuler development reserve in Rümlang ZH (CHF 18.8 million), as well as revenue from the Florenstrasse in Winterthur ZH (CHF 2.2 million), Av. Louis Casai 68-70 and Chemin De-Joinville 43 in Meyrin GE, and Route du Pas-de-l'Echelle 51 in Veyrier GE (CHF 5.5 million) residential real estate projects. This resulted in gains on sales of CHF 15.6 million.



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

CHF million	1st half-year 2022	1st half-year 2021
Administrative and operating expenses, residential real estate	-1.4	-0.9
Administrative and operating expenses, commercial real estate	-2.2	-2.3
Maintenance and repair expenses, residential real estate	-3.2	-1.9
Maintenance and repair expenses, commercial real estate	-4.0	-4.9
<b>Real estate expenses</b>	<b>-10.8</b>	<b>-10.0</b>

#### 5. Personnel expenses

CHF million	1st half-year 2022	1st half-year 2021
Salaries and wages	-16.9	-14.7
Social insurance benefits	-1.7	-1.3
Employee pension plans	-1.5	-1.3
Share-based reimbursement	-0.2	-0.2
Other personnel expenses	-1.5	-0.8
<b>Personnel expenses</b>	<b>-21.8</b>	<b>-18.3</b>

#### 6. Other operating expenses

CHF million	1st half-year 2022	1st half-year 2021
IT expenses	-0.9	-0.7
Rental expenses	-0.8	-0.5
Consultancy and legal fees	-1.2	-0.9
Administration expenses	-1.7	-0.6
Capital taxes	-1.2	-0.8
Other general operating expenses	-1.6	-0.2
<b>Other operating expenses</b>	<b>-7.4</b>	<b>-3.7</b>

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

CHF million	1st half-year 2022	1st half-year 2021
Higher valuation of yield-producing properties	14.1	68.1
Higher valuation of investment real estate under construction	1.5	6.4
Lower valuation of yield-producing properties	-14.4	-32.7
Lower valuation of investment real estate under construction	-0.1	0.0
<b>Earnings from revaluation of investment real estate</b>	<b>1.1</b>	<b>41.8</b>

The higher valuation of yield-producing properties can be attributed to a revaluation of residential real estate amounting to CHF 9.3 million and a revaluation of commercial real estate amounting to CHF 4.8 million, compared with CHF 48.1 million and CHF 20.0 million, respectively, in the first half of 2021. CHF 1.0 million of the lower valuation of yield-producing properties relates to residential real estate and CHF 13.4 million to commercial real estate (the latter accounted for CHF 32.7 million in the first half of 2021).

The average discount rates as at 30 June 2022 for the entire portfolio of yield-producing properties amounted to 3.63% (compared with 3.64% as at 31 December 2021). As at 30 June 2022, the average capitalisation rates amounted to 3.14%, unchanged from 31 December 2021.

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

## 8. Financial expense

CHF million	1st half-year 2022	1st half-year 2021
Interest expense for bond issues	-4.6	-4.0
Interest expense payable to banks/insurance companies for liabilities	-4.0	-3.9
Capitalised building loan interest	0.1	0.1
Other financial expenses	-0.1	0.0
<b>Financial expense</b>	<b>-8.6</b>	<b>-7.8</b>

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

	1st half-year 2022	1st half-year 2021
Number of outstanding shares as at 1 January (in thousands)	16 522	15 900
Authorized capital increase	-	-
Change in holdings of treasury shares (in thousands)	2	- 99
Number of outstanding shares on cut-off date (in thousands)	16 524	15 801
Average number of outstanding shares (in thousands)	16 523	15 834
Net profit excl. revaluation effect (in CHF million)	81.8	79.1
Earnings from revaluation of investment real estate (in CHF million)	1.1	41.8
Deferred taxes on revaluation gains (in CHF million)	-0.2	-9.6
Net profit incl. revaluation effect (in CHF million)	82.7	111.3
<b>Earnings per share incl. revaluation effect (CHF)</b>	<b>5.01</b>	<b>7.03</b>
<b>Earnings per share excl. revaluation effect (CHF)</b>	<b>4.95</b>	<b>5.00</b>
<b>Diluted earnings per share</b>		
- incl. revaluation effect (CHF)	5.00	7.03
- excl. revaluation effect (CHF)	4.95	4.99

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 16,523,054 to 16,525,067 shares.

CHF million	30.06.2022	31.12.2021
Outstanding shares (in thousands) on cut-off date	16 524	16 522
Equity on cut-off date (CHF million)	2 525.7	2 558.3
<b>Net asset value (NAV) per share after deferred taxes (CHF)</b>	<b>152.85</b>	<b>154.85</b>
Equity plus provision for deferred taxes less deferred tax assets (CHF million)	2 893.0	2 928.9
<b>Net asset value (NAV) per share before deferred taxes (CHF)</b>	<b>175.10</b>	<b>177.25</b>

## 10. Investment real estate

CHF million	30.06.2022	31.12.2021
Residential real estate	1 659.2	1 647.1
Commercial real estate	3 304.4	3 307.5
<b>Yield-producing properties</b>	<b>4 963.6</b>	<b>4 954.6</b>
Investment real estate under construction	164.5	151.1
<b>Investment real estate</b>	<b>5 128.1</b>	<b>5 105.7</b>

The changes in the first half of 2022 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 01.01.2022	1 647.1	3 307.5	4 954.6	151.1	5 105.7
Purchases	0.0	0.0	0.0	0.0	0.0
Value-enhancing investments	3.8	4.2	8.0	11.9	19.9
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	0.0	0.0	0.0	0.0	0.0
Market value adjustments	8.3	-8.6	-0.3	1.4	1.1
Rent-free periods	0.0	1.3	1.3	0.0	1.3
<b>As at 30.06.2022</b>	<b>1 659.2</b>	<b>3 304.4</b>	<b>4 963.6</b>	<b>164.5</b>	<b>5 128.1</b>
of which pledged or subject to transfer restrictions	1 152.3	2 414.4	3 566.7	144.5	3 343.1
	69.4%	73.1%	71.9%	87.7%	72.4%

The value-enhancing investments relate to the yield-producing properties at Route de Saint-Julien 198, Plan-les-Outes GE (CHF 3.1 million), Chemin De-Joinville 32 und 34, Meyrin GE (CHF 1.8 million), Rue de Frontenex 51, Genf (CHF 1.7 million), Baarermatte, Baar ZG (CHF 0.5 million); and twelve other properties (CHF 0.9 million).

### Largest tenants: commercial real estate

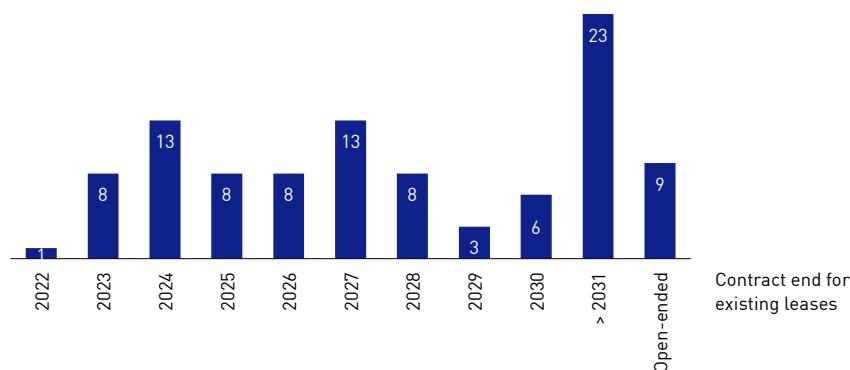
The five largest tenants account for 41% of the total rental income from commercial real estate:

CHF million	30.06.2022	31.12.2021
Canton Zurich	15%	15%
Generali Switzerland	8%	8%
Allianz Suisse Insurance Company Ltd	6%	6%
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 2022 amounted to around 31% (Canton of Zurich 11%, Generali Switzerland 6%, Allianz Suisse Insurance Company Ltd 5%, MAN Energy Solutions Switzerland Ltd 5% and Swiss Confederation 4%).

**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 5.3 years (31.12.2021: 5.7 years) and takes into account the earliest possible date that the tenant can terminate their contract.

**Investment real estate under construction as at 30 June 2022**

Location	Property	Acquisition/ project start	Area of property in m <sup>2</sup>	Register of suspected contami- nated sites	Market value CHF mil- lion <sup>1</sup>	Estimated investment volume CHF mil- lion <sup>2</sup>	Target rental income on completion p.a. CHF million	Expected completion
Geneva	Avenue de l'Amondolier 21	2021	1667	no	8.6	9.6	0.4	2024
Petit Lancy GE	Avenue de Cimetière 22	2021	2116	no	11.7	8.7	0.4	2023
Zurich	Bellerivestrasse 36	2004/2021	10 494	no	144.2	177.3	7.1	2023
<b>Total investment real estate under construction</b>					<b>164.5</b>	<b>195.6</b>	<b>7.9</b>	

1 As per 30.06.2022 valuation

2 Building and land costs

**Avenue de l'Amondolier 21, Geneva**

Construction of a new apartment building with 16 rental apartments, as well as retail space. The amount of space available for rent totals 1,288 square metres. The project is being executed by the Projects & Development division and, upon completion in the second half of 2024, will 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 2.85% and 2.35%, respectively, were applied and are unchanged from 31 December 2021.

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

**Avenue du Cimetière 22, Petit-Lancy GE**

Construction of a new apartment building with 17 rental apartments. The amount of space available for rent totals 1,067 square metres. The project is being executed by the Projects & Development division and, upon completion in the first half of 2023, will 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 3.05% and 2.55%, respectively, were applied and are unchanged from 31 December 2021.

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

### Bellerivestrasse 36, Zurich

Comprehensive total refurbishment of a commercial property, conforming to the high standards that are in place in terms of energy efficiency. The project is being executed by the Projects & Development division and, upon completion in the second half of 2023, will 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 3.50% and 3.00%, respectively, were applied (compared with 3.55% and 3.05%, respectively, as at 31 December 2021).

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

## 11. Development real estate

CHF million	Development reserves	Buildings under construction	Completed real estate	Development real estate
As at 01.01.2022	417.4	17.4	0.0	434.8
Purchases	0.3	0.0	0.0	0.3
From construction activity/development	1.0	10.9	0.0	11.9
Income from sales Development	14.3	1.3	0.0	15.6
Impairment	0.0	0.0	0.0	0.0
Disposals/offsetting prepayments	-18.9	-62.6	0.0	-81.5
Reclassifications	-67.2	67.2	0.0	0.0
<b>As at 30.06.2022</b>	<b>346.9</b>	<b>34.2</b>	<b>0.0</b>	<b>381.1</b>

The disposal of development reserves relate to Bäuler in Rümlang ZH (CHF 18.9 million), in the case of buildings under construction, all units at Florenstrasse in Winterthur ZH (CHF 9.5 million), at Route du Pas-de-l'Echelle 51 in Veyrier GE (CHF 24.3 million), at Chemin De-Joinville 43 in Meyrin GE (CHF 16.3 million) and at Av. Louis Casai 68-70 in Meyrin GE (CHF 12.6 million) were disposed of following a transfer of ownership.

As at 30 June 2022, the composition of the balance sheet position of development real estate was as follows:

Location	Property	Acquisition/ project start	Site area in m <sup>2</sup>	Register of suspected contamin- ated sites	Book value in CHF million	Estimated investment volume CHF million <sup>1</sup>	Project status	Expected comple- tion
<b>Development reserves</b>								
Chavannes-près-Renens VD	Av. de la Gare 84	2021	33 111	no	116.0 <sup>2</sup>	337.0	in planning	open
Confignon GE	Route de Base / Ch. des Grands-Champs 23	2021	6 232	no	17.6 <sup>2</sup>	60.0	in planning	open
Geneva	Av. Louis Casai 12	2021	3 153	no	7.3 <sup>2</sup>	24.6	in planning	open
Geneva	Ch. du Dr J-L Prevost 3	2021	1 186	no	4.0 <sup>2</sup>	12.0	in planning	open
Geneva	Ch. Buisson 6	2021	476	no	5.3 <sup>2</sup>	15.0	in planning	open
Geneva	Ch. Mestrezat 5A, 5B et 7	2021	4 752	no	22.9 <sup>2</sup>	45.0	in planning	open
Geneva	Parcelle Joli-Mont 2	2021	1 041	no	2.4 <sup>2</sup>	8.1	in planning	open
Geneva	Rue Edouard Rod A4	2021	879	no	8.8 <sup>2</sup>	15.0	in planning	open
Grand-Lancy GE	Cure Baud 22	2021	1 040	no	6.4 <sup>2</sup>	13.0	in planning	open
Lucerne	Eggen	2018	8 386	no	34.6 <sup>2</sup>	72.5	in planning	open
Nyon VD	Tattes d'Oie 83 et 91	2021	6 093	yes	7.3 <sup>2</sup>	44.0	in planning	open
Riehen BS	Inzlingerstrasse	2019	10 883	no	19.3 <sup>2</sup>	52.6	in planning	open
Sunikon ZH	Hohlgasse 7	2022	4 817	no	0.3 <sup>2</sup>	25.7	in planning	open
Veyrier Nord GE	Pré des Dames	2021	14 557	no	10.5 <sup>2</sup>	84.0	in planning	open
Zumikon ZH	Am Strubenacher	2019	4 569	no	12.9 <sup>2</sup>	33.8	in planning	open
Zurich	Badenerstrasse 501-505	2020	1 739	no	31.9 <sup>2</sup>	61.1		
Zurich	Hauserstrasse	2019	1 341	no	7.1 <sup>2</sup>	15.0	in planning	open
Zurich	Spiserstrasse	2018/2019	3 001	no	32.3 <sup>2</sup>	75.2	in planning	open
<b>Total development reserves</b>					<b>346.9</b>	<b>993.6</b>		
<b>Buildings under construction</b>								
Bülach ZH	Widstud	2021	56 945	yes	16.7 <sup>2</sup>	29.2	in progress	2022
Geneva	Av. de l'Amandolier 21	2021	822	no	5.1 <sup>2</sup>	10.8	in progress	2024
Lancy GE	Av. du Cimetière 22	2021	1 053	no	12.4 <sup>2</sup>	12.1	in progress	2023
<b>Total buildings under construction</b>					<b>34.2</b>	<b>52.1</b>		
<b>Completed real estate</b>								
<b>Total completed real estate</b>					<b>0.0</b>			
<b>Total development real estate</b>					<b>381.1</b>	<b>1 045.7</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

3 Book value includes acquisition costs for prepayments made for land and accrued project costs of third parties (transfer of ownership for land outstanding)

### 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.

## 12. Share capital

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

Shareholdings developed as follows:

Number of shares	Shares issued	Treasury shares	Outstanding shares
<b>2021</b>			
As at 1 January	15 942 821	43 045	15 899 776
Authorized capital increase	650 000		
Purchase of treasury shares		1 117 426	
Sale of treasury shares		-1 088 791	
Share-based reimbursement		- 928	
<b>As at 31 December</b>	<b>16 592 821</b>	<b>70 752</b>	<b>16 522 069</b>
<b>2022</b>			
As at 1 January	16 592 821	70 752	16 522 069
Purchase of treasury shares		0	
Sale of treasury shares		- 927	
Share-based reimbursement		- 819	
<b>As at 30 June</b>	<b>16 592 821</b>	<b>69 006</b>	<b>16 523 815</b>

The average purchase price per share stands at CHF 189.15, compared with CHF 189.15 as at 31 December 2021. 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 8 April 2024 to acquire businesses, business units, participating interests or real estate through an exchange of shares, for financing or refinancing the acquisition of businesses, business units, participating interests or investment projects, or for the purpose of an international placement of shares worth up to CHF 1,000,000 by issuing up to 1,000,000 registered shares each with a par value of CHF 1.00 (authorised capital).

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

The annual general meeting of Allreal Holding AG of 8 April 2022 voted in favour of a distribution of CHF 7.00 per share, corresponding to a total amount of CHF 116.1 million. Of this amount, CHF 3.50 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.

### 13. Short-term borrowings

Maturity of liabilities at nominal values:

CHF million	< 1 year	1–3 years	3–5 years	> 5 years	Total
As at 31.12.2021					
Borrowings	904.6	468.3	348.3	1 006.3	2 727.5
<b>Total in %</b>	<b>33.2</b>	<b>17.2</b>	<b>12.8</b>	<b>36.8</b>	<b>100.0</b>
As at 30.06.2022					
Borrowings	1 032.8	444.6	392.4	874.3	2 744.1
<b>Total in %</b>	<b>37.6</b>	<b>16.2</b>	<b>14.3</b>	<b>31.9</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 41 months as at the balance sheet cut-off date (compared with 44 months as at 31 December 2021).

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 30.06.2022	Fair value as at 30.06.2022	Book value as at 31.12.2021	Fair value as at 31.12.2021
0.6% bond issue 2019–15.07.2030	0.66%	250.0	242.6	241.5	203.6	248.7	248.1
0.4% bond issue 2019–26.09.2029	0.43%	200.0	181.7	181.3	156.4	192.1	189.8
0.7% bond issue 2020–22.09.2028	0.73%	175.0	175.0	174.7	158.0	174.7	176.8
0.875% bond issue 2017–30.03.2027	0.86%	160.0	158.6	158.7	148.1	158.7	162.7
0.75% bond issue 2017–19.06.2026	0.76%	150.0	148.3	148.2	142.1	148.2	151.1
1.375% bond issue 2015–31.03.2025	1.32%	100.0	100.0	100.1	98.1	100.2	104.3
0.625% bond issue 2016–10.05.2024	0.68%	150.0	149.6	149.4	147.1	149.4	151.7
0.5% bond issue 2018–19.04.2023	0.55%	125.0	124.1	124.0	123.3	124.0	125.2
–0.30% private placement 2022–15.01.2023	–0.30%	50.0	50.0	50.0	50.0	–	–
–0.35% private placement 2021–15.01.2022	–0.35%	50.0	50.0	–	–	50.00	50.00
Fixed-rate mortgages	–	–	745.3	745.3	719.3	761.3	763.7

<sup>1</sup> Par value equals issue amount offset against repurchased bonds

CHF 0.2 million was spent on the amortisation of the issuing costs for the bonds in the period under review (compared with CHF 0.1 million in the first half of 2021).

As at 30 June 2022, fixed advances amounting to CHF 668.9 million and fixed-rate mortgages amounting to CHF 745.3 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 210.0 million.

The average interest rate of all financial liabilities as at 30 June 2022 is 0.63% (31.12.2021: 0.61%). In the first half of the financial year 2022, outstanding bond issues in the amount of CHF 17.3 million were purchased, with the company recording financial income of CHF 1.1 million.



The contractual clauses agreed with lenders (financial covenants) concerning minimum capitalisation (equity ratio, net gearing, interest coverage ratio and refinancing of properties) were complied with without exception in the period under review.

#### **14. 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 312.4 million in connection with financing transactions with third parties on behalf of individual subsidiaries (31.12.2021: CHF 339.1 million).

As at 30 June 2022, 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.

#### **15. Events after the balance sheet cut-off date**

Between 30 June 2022 and 18 August 2022 (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.