

# Allreal Holding AG annual accounts

## Income statement

CHF million	Note	2016	2015
Income from investments	2	36.0	30.0
Financial income	3	17.5	20.3
<b>Income</b>		<b>53.5</b>	<b>50.3</b>
Personnel expenses		-0.7	-0.6
Other expenses	4	-1.0	-1.2
<b>Expenses</b>		<b>-1.7</b>	<b>-1.8</b>
<b>Operating result</b>		<b>51.8</b>	<b>48.5</b>
Depreciation and amortisation		0.0	-9.2
<b>Operating profit (EBIT)</b>		<b>51.8</b>	<b>39.3</b>
Financial expenses	5	-9.5	-10.2
<b>Profit before tax</b>		<b>42.3</b>	<b>29.1</b>
Tax expense		-0.6	-0.2
<b>Net profit</b>		<b>41.7</b>	<b>28.9</b>

## Balance sheet as at 31 December

Cash		2.4	2.6
Short-term accounts receivable from Group companies		5.1	1.8
Short-term accounts receivable from third parties		0.3	0.0
<b>Current assets</b>		<b>7.8</b>	<b>4.4</b>
Financial assets held in investments		1 051.9	1 106.5
Investments	6	906.7	904.6
<b>Non-current assets</b>		<b>1 958.6</b>	<b>2 011.1</b>
<b>Assets</b>		<b>1 966.4</b>	<b>2 015.5</b>
Short-term interest-bearing liabilities		0.0	150.0
Short-term liabilities towards third parties		0.0	0.3
Accrued expenses and prepaid income		5.0	6.7
<b>Short-term liabilities</b>		<b>5.0</b>	<b>157.0</b>
Long-term interest-bearing liabilities	7-11	645.0	495.0
<b>Long-term liabilities</b>		<b>645.0</b>	<b>495.0</b>
<b>Liabilities</b>		<b>650.0</b>	<b>652.0</b>
Share capital	12	797.1	797.1
Statutory capital reserves			
Reserves from contribution of capital	13	141.1	232.7
Other capital reserves	14	7.1	7.1
Statutory retained earnings			
General statutory retained earnings	15	21.1	12.2
Voluntary retained earnings			
Profit carried forward		310.0	290.0
Net profit		41.7	28.9
<b>Balance sheet profit</b>		<b>351.7</b>	<b>318.9</b>
Treasury shares	16	-1.7	-4.5
<b>Equity</b>		<b>1 316.4</b>	<b>1 363.5</b>
<b>Equity and liabilities</b>		<b>1 966.4</b>	<b>2 015.5</b>

## Notes

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

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

The Allreal Holding AG annual accounts have been prepared in accordance with Swiss legislation (32<sup>nd</sup> title of the Swiss Code of Obligations). They supplement the consolidated financial statements (pages 60 to 126) prepared in accordance with International Financial Reporting Standards (IFRS). Whereas the consolidated financial statements provide information about the business situation of the Group as a whole, the information in the annual accounts of Allreal Holding AG relates solely to the Group's parent company.

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

### 2 Income from investments

CHF million	2016	2015
Allreal Generalunternehmung AG	5.0	5.0
Allreal Home AG	10.0	10.0
Allreal Office AG	0.0	10.0
Allreal Vulkan AG	3.0	0.0
Allreal West AG	3.0	3.0
Allreal Finanz AG	5.0	2.0
Apalux AG	10.0	0.0
<b>Income from investments</b>	<b>36.0</b>	<b>30.0</b>

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

### 3 Financial income

CHF million	2016	2015
Interest income on investments	15.9	17.2
Compensation from Group companies for guarantees issued	1.5	2.1
Issuing premium on 1.375% bond issue 2015–2025	0.0	0.5
Issuing premium on 0.75% bond issue 2015–2021	0.0	0.5
Income in connection with treasury shares	0.1	0.0
<b>Financial income</b>	<b>17.5</b>	<b>20.3</b>

#### 4 Other operating expenses

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

#### 5 Financial expenses

CHF million	2016	2015
Interest expense 0.625% bond issue 2016–2024	-0.6	0.0
Interest expense 1.375% bond issue 2015–2025	-1.4	-1.0
Interest expense 0.75% bond issue 2015–2021	-0.9	-0.7
Interest expense 2.00% bond issue 2013–2020	-3.0	-3.0
Interest expense 1.25% bond issue 2014–2019	-1.6	-1.6
Interest expense 2.50% bond issue 2011–2016	-1.4	-3.8
Issuing expense 0.625% bond issue 2016–2024	-0.6	0.0
Income in connection with treasury shares	0.0	-0.1
<b>Financial expenses</b>	<b>-9.5</b>	<b>-10.2</b>

#### 6 Investments

Company	Registered office	Share capital CHF million	Investment <sup>1</sup> 31.12.2016	Investment <sup>1</sup> 31.12.2015
Allreal Finanz AG	Baar	100.5	100%	100%
Allreal Generalunternehmung AG	Zurich	10.0	100%	100%
Allreal Home AG	Zurich	26.5	100%	100%
Allreal Office AG	Zurich	150.0	100%	100%
Allreal Toni AG	Zurich	90.0	100%	100%
Allreal Vulkan AG	Zurich	50.0	100%	100%
Allreal West AG	Zurich	20.0	100%	100%
Apalux AG	Zurich	0.9	100%	100%
Hammertor AG	Cham	0.1	–	100%
Hammer Retex AG <sup>2</sup>	Cham	0.5	100%	100%
Bülachguss AG <sup>3</sup>	Bülach	0.1	100%	–

<sup>1</sup> Share in equity and voting rights

<sup>2</sup> Indirect investment in the previous year

<sup>3</sup> Indirect investment

The scope of consolidation changed from the previous year as a consequence of the absorption of Hammertor AG into Hammer Retex AG.

On 28 July 2016, the subsidiary company Allreal Generalunternehmung AG, Zurich, acquired 100% of the share capital of Bülachguss AG, Bülach.

## **7 1.375% bond issue 2015–2025**

Amount	CHF 100.0 million
Issue price	100.91%
Coupon	1.375% p. a., payable annually on 31 March
Maturity	10 years
Repayment	On 31 March 2025 at par

The bond may be redeemed early, and the bond terms customary for such capital market instruments shall apply. Specifically, this includes an option for early redemption at any time at par, including accrued interest, provided that at least 85% of the original principal amount has been redeemed by Allreal. As at 31 December 2016, the conditions for premature redemption had not been met.

## **8 0.625% bond issue 2016–2024**

Amount	CHF 150.0 million
Issue price	100.00%
Coupon	0.625% p. a., payable annually on 10 May
Maturity	8 years
Repayment	On 10 May 2024 at par

The bond may be redeemed early, and the bond terms customary for such capital market instruments shall apply. Specifically, this includes an option for early redemption at any time at par, including accrued interest, provided that at least 85% of the original principal amount has been redeemed by Allreal. As at 31 December 2016, the conditions for premature redemption had not been met.

## **9 0.75% bond issue 2015–2021**

Amount	CHF 120.0 million
Issue price	100.808%
Coupon	0.75% p. a., payable annually on 31 March
Maturity	6 years
Repayment	On 31 March 2021 at par

The bond may be redeemed early, and the bond terms customary for such capital market instruments shall apply. Specifically, this includes an option for early redemption at any time at par, including accrued interest, provided that at least 85% of the original principal amount has been redeemed by Allreal. As at 31 December 2016, the conditions for premature redemption had not been met.

## 10 2.00% bond issue 2013–2020

Amount	CHF 150.0 million
Issue price	100.31%
Coupon	2.00% p. a., payable annually on 23 September
Maturity	7 years
Repayment	On 23 September 2020 at par

The bond may be redeemed early, and the bond terms customary for such capital market instruments shall apply. Specifically, this includes an option for early redemption at any time at par, including accrued interest, provided that at least 85% of the original principal amount has been redeemed by Allreal. As at 31 December 2016, the conditions for premature redemption had not been met.

## 11 1.25% bond issue 2014–2019

Amount	CHF 125.0 million
Issue price	100.49%
Coupon	1.25% p. a., payable annually on 2 April
Maturity	5 years
Repayment	On 2 April 2019 at par

The bond may be redeemed early, and the bond terms customary for such capital market instruments shall apply. Specifically, this includes an option for early redemption at any time at par, including accrued interest, provided that at least 85% of the original principal amount has been redeemed by Allreal. As at 31 December 2016, the conditions for premature redemption had not been met.

## 12 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 50 each (fully paid up). The premium paid in by means of capital increases and the conversion of convertible bonds is reported under reserves from contribution of capital.

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 15 April 2018 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 50.0 million by issuing up to 1 000 000 registered shares each with a par value of CHF 50 (authorised capital).

For the purpose of issuing convertible bonds, warrant bonds or other financial instruments, the annual general meeting of 31 March 2006 created – excluding the subscription rights of shareholders – conditional capital of up to CHF 125.0 million through the issue of up to 2 500 000 registered shares with a par value of CHF 50 each. Bearers of the convertible and/or warrant bonds are entitled to subscribe to the new shares. This conditional capital

decreased by CHF 0.2 million to CHF 124.8 million (as at 31 December 2016) following the conversion of convertible bonds into shares in previous years.

Further, Allreal Holding AG has conditional capital of CHF 10.0 million (200 000 registered shares at a par value of CHF 50 each) at its disposal for the purposes of issuing options to the members of the Board of Directors and management. This conditional capital has not been drawn on.

### 13 Reserves from contribution of capital

CHF million	2016	2015
Premium from capital increases	652.1	652.1
Premium from conversion of convertible bonds	0.4	0.4
Transfer to other capital reserves	-7.1	-7.1
Distribution to shareholders	-505.1	-413.4
Distribution on treasury shares	0.8	0.7
<b>Reserves from contribution of capital as at 31 December</b>	<b>141.1</b>	<b>232.7</b>

### 14 Other capital reserves

CHF million	2016	2015
Transfer from reserves from contribution of capital	7.1	7.1
<b>Other capital reserves as at 31 December</b>	<b>7.1</b>	<b>7.1</b>

### 15 Statutory retained earnings

CHF million	2016	2015
Assignment of balance sheet profit	21.1	12.2
<b>General statutory retained earnings as at 31 December</b>	<b>21.1</b>	<b>12.2</b>

### 16 Treasury shares

	Number of shares	2016 value CHF million	Number of shares	2015 value CHF million
Market value as at 1 January	33 220	4.5	1 568	0.2
Purchases	130 555	18.3	205 499	27.6
Sales	-151 775	-21.1	-173 847	-23.2
Income on treasury shares as at 31 December		0.1		-0.1
<b>Market value as at 31 December</b>	<b>12 000</b>	<b>1.8</b>	<b>33 220</b>	<b>4.5</b>

The average purchase price per share stands at CHF 139.97 (31.12.2015: CHF 134.38).

## 17 Significant shareholders

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

	2016	2015
Helvetia Group, St. Gallen	10.0%	10.0%
Swiss Mobiliar Group, Bern	3.8%	3.2%
Pension Fund of Oerlikon Contraves AG, Zurich	3.8%	4.1%
GastroSocial Pension Fund, Aarau	3.4%	3.4%
PKE-CPE Pension Foundation, Zurich	3.3%	3.3%
Pension Fund of the canton of Basel-Landschaft, Liestal	3.1%	3.1%
Canton Zurich, BVK Employee Pension Fund of the canton of Zurich, Zurich	< 3.0%	3.4%
Highclere International Investors LLP, London, UK	< 3.0%	> 3.0%

## 18 Investments of the Board of Directors and Group Management

The details required under Article 663c CO are presented in Note 5.5 of the consolidated financial statements of Allreal Group.

## 19 Headcount

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

## 20 Contingent liabilities

As at 31 December 2016, guarantees and sureties to third parties in connection with the financing of Allreal group companies amounted to CHF 421.6 million (31.12.2015: CHF 539.6 million). Under the Swiss value added tax group taxation arrangement, Allreal Holding AG is jointly and severally liable vis-à-vis the Swiss Federal Tax Authority for all value added tax obligations of the other Allreal Group companies.

### Proposal regarding the appropriation of the balance sheet profit

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

CHF million	2016	2015
Carried forward from previous year	310.0	290.0
Net profit	41.7	28.9
<b>Balance sheet profit as at 31 December (at the disposal of the annual general meeting)</b>	<b>351.7</b>	<b>318.9</b>
Allocation to general reserves	-101.7	-8.9
<b>Brought forward to new account</b>	<b>250.0</b>	<b>310.0</b>

The Board of Directors will propose to the annual general meeting of 21 April 2017 a distribution of capital of CHF 91.7 million by means of repayment of reserves from contribution of capital of CHF 5.75 per registered share.

CHF million	2016	2015
<b>Reserves from contribution of capital as at 31 December (at the disposal of the annual general meeting)</b>	<b>141.1</b>	<b>232.7</b>
Payment of a distribution (CHF 5.75 per share for 2016)	-91.7	-91.6
<b>Brought forward to new account</b>	<b>49.4</b>	<b>141.1</b>

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

The distribution for the 2016 financial year as determined by the annual general meeting will be paid out to shareholders at the designated place of payment on or after 27 April 2017 free of charge and without deduction of withholding tax.

Baar, 7 February 2017

On behalf of the Board of Directors:  
Bruno Bettoni, Chairman