

# Consolidated half-year financial statements of Allreal Group

## Consolidated statement of comprehensive income

CHF million	Notes	1 <sup>st</sup> half-year 2019	1 <sup>st</sup> half-year 2018
Income from renting investment real estate	2	102.6	97.9
Income from real estate management services	3	0.0	3.0
Income from realisation Projects & Development	4	147.4	140.1
Income from sales Development	4	22.4	27.5
Diverse income	4	0.6	1.5
<b>Operating income</b>		<b>273.0</b>	<b>270.0</b>
Direct expenses for rented investment real estate	6	-11.4	-8.9
Direct expenses from realisation Projects & Development	4	-126.7	-119.9
Direct expenses from sales Development	4	-19.0	-25.4
<b>Direct operating expenses</b>		<b>-157.1</b>	<b>-154.2</b>
Personnel expenses		-21.3	-21.3
Other operating expenses		-4.1	-5.8
<b>Operating expenses</b>		<b>-25.4</b>	<b>-27.1</b>
<b>Capitalised company-produced assets</b>	4	<b>3.4</b>	<b>3.4</b>
Higher valuation of yield-producing properties		39.3	13.0
Lower valuation of yield-producing properties		-15.5	-7.3
Higher valuation of investment real estate under construction		5.9	7.2
Lower valuation of investment real estate under construction		0.0	0.0
<b>Earnings from revaluation of investment real estate</b>	7	<b>29.7</b>	<b>12.9</b>
<b>EBITDA</b>		<b>123.6</b>	<b>105.0</b>
Depreciation other property, plant and equipment		-1.7	0.0
Amortisation intangible assets		-0.1	-0.1
<b>Operating profit (EBIT)</b>		<b>121.8</b>	<b>104.9</b>
Finance income		0.7	0.9
Finance expenses	8	-14.5	-15.0
<b>Net profit before tax</b>		<b>108.0</b>	<b>90.8</b>
Tax expenses		-22.9	-20.5
<b>Net profit</b>		<b>85.1</b>	<b>70.3</b>
Items subsequently restated in profit or loss statement:			
Valuation of financial instruments		4.5	6.0
Deferred taxes resulting from valuation of financial instruments		-1.0	-1.3
Items not subsequently restated in profit or loss statement:			
Changes in employee benefits		4.5	2.1
Deferred taxes from changes in employee benefits		-1.0	-0.5
<b>Other comprehensive income</b>		<b>7.0</b>	<b>6.3</b>
<b>Total comprehensive income</b>		<b>92.1</b>	<b>76.6</b>
Earnings per share in CHF		5.36	4.42
Diluted earnings per share in CHF		5.36	4.42

## Consolidated balance sheet

CHF million	Notes	30.06.2019	31.12.2018 audited
Investment real estate	10	4 163.8	4 101.8
Investment real estate under construction	10	73.7	58.1
Other property, plant and equipment		6.4	1.1
Financial assets		136.3	135.9
Intangible assets		0.2	0.2
Deferred tax assets		14.2	27.8
<b>Non-current assets</b>		<b>4 394.6</b>	<b>4 324.9</b>
Development real estate	11	156.5	147.6
Contract assets		53.8	48.3
Trade receivables		41.5	45.8
Tax receivables		1.6	0.0
Other receivables		3.1	2.3
Cash		38.8	40.6
<b>Current assets</b>		<b>295.3</b>	<b>284.6</b>
<b>Assets</b>		<b>4 689.9</b>	<b>4 609.5</b>
Share capital	12	15.9	15.9
Capital reserves		628.0	731.3
Treasury shares	12	-8.7	-8.9
Retained earnings		1 572.6	1 480.5
<b>Equity</b>		<b>2 207.8</b>	<b>2 218.8</b>
Borrowings	13	1 550.5	1 551.9
Deferred tax liabilities		239.6	237.2
Retained earnings		1.9	2.0
Leasing liabilities		35.0	0.0
<b>Long-term liabilities</b>		<b>1 827.0</b>	<b>1 791.1</b>
Contract liabilities		39.1	31.5
Trade payables		24.0	23.0
Prepayments for development real estate		0.4	0.2
Current tax liabilities		0.0	8.1
Other current liabilities		13.4	14.9
Short-term provisions		2.3	1.9
Leasing liabilities		4.6	0.0
Short-term borrowings	13	571.3	520.0
<b>Short-term liabilities</b>		<b>655.1</b>	<b>599.6</b>
<b>Liabilities</b>		<b>2 482.1</b>	<b>2 390.7</b>
<b>Equity and liabilities</b>		<b>4 689.9</b>	<b>4 609.5</b>

## Consolidated statement of changes in shareholders' equity

CHF million				Retained earnings			Total
	Share capital	Capital reserves	Treasury shares	Hedging reserves	Revaluation reserves	Other retained reserves	
<b>As at 1 January 2018</b>	<b>797.1</b>	<b>49.4</b>	<b>-4.9</b>	<b>-25.1</b>	<b>214.2</b>	<b>1 120.0</b>	<b>2 150.7</b>
First adoption IFRS 15						1.5	1.5
Net profit						70.3	70.3
Valuation of financial instruments				4.7			4.7
Changes in employee benefits						1.6	1.6
Total comprehensive income				4.7		71.9	76.6
Purchase treasury shares			-18.4				-18.4
Sale treasury shares			14.3			0.0	14.3
Pay-out of reserves from capital contributions	-781.2	681.9					-99.3
Share-based reimbursement			0.1				0.1
Reclassification					8.7	-8.7	0.0
<b>As at 30 June 2018</b>	<b>15.9</b>	<b>731.3</b>	<b>-8.9</b>	<b>-20.4</b>	<b>222.9</b>	<b>1 184.7</b>	<b>2 125.5</b>
Net profit						90.7	90.7
Valuation of financial instruments				4.7			4.7
Changes in employee benefits						-1.8	-1.8
Total comprehensive income				4.7		88.9	93.6
Purchase treasury shares			-17.7				-17.7
Sale treasury shares			17.6			-0.3	17.3
Nominal value reduction		99.3					99.3
Payout of reserves from capital contributions		-99.3					-99.3
Share-based reimbursement			0.1				0.1
Reclassification					36.6	-36.6	0.0
<b>As at 31 December 2018</b>	<b>15.9</b>	<b>731.3</b>	<b>-8.9</b>	<b>-15.7</b>	<b>259.5</b>	<b>1 236.7</b>	<b>2 218.8</b>
Net profit						85.1	85.1
Changes in financial instruments				3.5			3.5
Changes in employee benefits						3.5	3.5
Total comprehensive income				3.5		88.6	92.1
Purchase treasury shares			0.0				0.0
Sale treasury shares			0.0			0.0	0.0
Nominal value reduction / payment to shareholders		-103.3					-103.3
Share-based reimbursement			0.2				0.2
Reclassification					21.3	-21.3	0.0
<b>As at 30 June 2019</b>	<b>15.9</b>	<b>628.0</b>	<b>-8.7</b>	<b>-12.2</b>	<b>280.8</b>	<b>1 304.0</b>	<b>2 207.8</b>

## Consolidated cash flow statement

CHF million	Notes	1 <sup>st</sup> half-year 2019	1 <sup>st</sup> half-year 2018
Earnings before tax		108.0	90.8
Net financial expense		13.8	14.1
Earnings from revaluation of investment real estate	7	-29.7	-12.9
Depreciation other property, plant and equipment		1.7	0.0
Depreciation intangible assets		0.1	0.1
Capitalisation of company-produced assets in development real estate		-1.0	-2.0
Share-based reimbursement		0.2	0.1
Change in pension fund obligations affecting net income		0.5	1.3
Other items		1.6	0.3
Change in development real estate		-9.9	3.8
Change in contract assets		-5.5	26.6
Change in trade receivables		4.3	-12.0
Change in other receivables		-0.8	-2.2
Change in provisions		0.4	-5.1
Change in contract liabilities		7.6	-31.5
Change in trade payables		1.0	25.4
Change in down payments for development real estate		0.2	-5.0
Change in other current liabilities		-1.5	-3.1
Cost of finance paid		-11.5	-10.5
Financial income received		0.7	0.8
Income tax paid		-16.2	-15.3
<b>Cash flow from operating activities</b>		<b>64.0</b>	<b>63.7</b>
Investment in yield-producing properties	10	-4.2	-5.3
Investment in investment real estate under construction	10	-9.6	-9.7
Acquisition of other property, plant and equipment		-0.2	0.0
Investment in intangible assets		-0.1	0.0
Sale of company (price minus cash)	5	0.0	-0.2
Increase in financial assets		-1.2	-0.3
Decrease in financial assets		4.9	4.8
<b>Cash flow from investing activities</b>		<b>-10.4</b>	<b>-10.7</b>
Increase in borrowings		219.0	85.5
Decrease in borrowings		-169.2	-267.5
Issue of bond loan		0.0	124.7
Redemption leasing liabilities		-1.9	0.0
Purchase treasury shares		0.0	-18.4
Sale treasury shares		0.0	14.3
Payout of reserves from capital contributions		-103.3	0.0
<b>Cash flow from financing activities</b>		<b>-55.4</b>	<b>-61.4</b>
<b>Change in cash</b>		<b>-1.8</b>	<b>-8.4</b>
Cash at 1 January		40.6	38.1
<b>Cash at 30 June</b>		<b>38.8</b>	<b>29.7</b>

## Segment information for the first half-year 2019

CHF million	Real estate	Projects & Development	Total segments	Holding/ eliminations	Total
<b>Income statement</b>					
Operating income	102.6	170.4	273.0	0.0	273.0
Profit from intercompany services	-3.9	4.2	0.3	-0.3	0.0
Direct operating expenses	-11.4	-145.7	-157.1	0.0	-157.1
Operating expenses	-1.5	-23.2	-24.7	-0.7	-25.4
Capitalised company-produced assets	0.0	3.4	3.4	0.0	3.4
Earnings from revaluation of investment real estate	29.7	0.0	29.7	0.0	29.7
<b>EBITDA</b>	<b>115.5</b>	<b>9.1</b>	<b>124.6</b>	<b>-1.0</b>	<b>123.6</b>
Depreciation and amortisation	0.0	-1.8	-1.8	0.0	-1.8
<b>Operating profit (EBIT)</b>	<b>115.5</b>	<b>7.3</b>	<b>122.8</b>	<b>-1.0</b>	<b>121.8</b>
Financial income	0.7	0.0	0.7	0.0	0.7
Financial expense	-13.8	-0.7	-14.5	0.0	-14.5
Tax expense	-21.3	-1.1	-22.4	-0.5	-22.9
<b>Net profit</b>	<b>81.1</b>	<b>5.5</b>	<b>86.6</b>	<b>-1.5</b>	<b>85.1</b>
EBITDA excl. revaluation gains	85.8	9.1	94.9	-1.0	93.9
Operating profit (EBIT) excl. revaluation gains	85.8	7.3	93.1	-1.0	92.1
<b>Net profit excl. revaluation effect</b>	<b>59.8</b>	<b>5.5</b>	<b>65.3</b>	<b>-1.5</b>	<b>63.8</b>
Operating margin in percent <sup>1</sup>	94.1	26.0	78.0	0.0	77.2
Rental income and income from real estate management	102.6	0.0	102.6	0.0	102.6
Completed project volume third-party projects	0.0	147.4	147.4	0.0	147.4
Completed project volume own projects	0.0	31.5	31.5	0.0	31.5
Total sales (according to internal reporting)	102.6	178.9	281.5	0.0	281.5
less sales from intercompany services	0.0	-18.5	-18.5	0.0	-18.5
Total sales to third parties (according to internal reporting)	102.6	160.4	263.0	0.0	263.0
plus reconciliation item external reporting	0.0	9.4	9.4	0.0	9.4
Diverse income	0.0	0.6	0.6	0.0	0.6
Operating income	102.6	170.4	273.0	0.0	273.0
<b>Balance sheet as at 31.12.2019</b>					
Non-current assets	4 378.8	15.8	4 394.6	0.0	4 394.6
Current assets	14.4	279.6	294.0	1.3	295.3
<b>Total assets</b>	<b>4 393.2</b>	<b>295.4</b>	<b>4 688.6</b>	<b>1.3</b>	<b>4 689.9</b>
Provisions	0.0	4.2	4.2	0.0	4.2
Other debt (excl. financing and taxes)	49.0	67.5	116.5	0.0	116.5
Financial liabilities	2 022.0	99.8	2 121.8	0.0	2 121.8
Tax liabilities	232.3	6.3	238.6	1.0	239.6
<b>Total debt</b>	<b>2 303.3</b>	<b>177.8</b>	<b>2 481.1</b>	<b>1.0</b>	<b>2 482.1</b>
<b>Total assigned equity<sup>2</sup></b>	<b>2 089.9</b>	<b>117.6</b>	<b>2 207.5</b>	<b>0.3</b>	<b>2 207.8</b>
Investment in non-current assets	13.8	0.1	13.9	0.0	13.9

<sup>1</sup> EBIT less revaluation gains in percent of income from business activity (balance of operating income, direct operating expenses, capitalised company-produced assets, and earnings from sale of investment real estate)

<sup>2</sup> 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 2018

CHF million	Real estate	Projects & Development	Total segments	Holding/ eliminations	Total
<b>Income statement</b>					
Operating income	100.9	169.1	270.0	0.0	270.0
Profit from intercompany services	-3.8	4.1	0.3	-0.3	0.0
Direct operating expenses	-8.9	-145.3	-154.2	0.0	-154.2
Operating expenses	-1.8	-24.6	-26.4	-0.7	-27.1
Capitalised company-produced assets	0.0	3.4	3.4	0.0	3.4
Earnings from revaluation of investment real estate	12.9	0.0	12.9	0.0	12.9
<b>EBITDA</b>	<b>99.3</b>	<b>6.7</b>	<b>106.0</b>	<b>-1.0</b>	<b>105.0</b>
Depreciation and amortisation	0.0	-0.1	-0.1	0.0	-0.1
<b>Operating profit (EBIT)</b>	<b>99.3</b>	<b>6.6</b>	<b>105.9</b>	<b>-1.0</b>	<b>104.9</b>
Financial income	0.9	0.0	0.9	0.0	0.9
Financial expense	-14.5	-0.5	-15.0	0.0	-15.0
Tax expense	-19.0	-1.2	-20.2	-0.3	-20.5
<b>Net profit</b>	<b>66.7</b>	<b>4.9</b>	<b>71.6</b>	<b>-1.3</b>	<b>70.3</b>
EBITDA excl. revaluation gains	86.4	6.7	93.1	-1.0	92.1
Operating profit (EBIT) excl. revaluation gains	86.4	6.6	93.0	-1.0	92.0
<b>Net profit excl. revaluation effect</b>	<b>57.7</b>	<b>4.9</b>	<b>62.6</b>	<b>-1.3</b>	<b>61.3</b>
Operating margin in percent <sup>1</sup>	93.9	24.3	78.0	0.0	77.2
Rental income and income from real estate management	100.9	0.0	100.9	0.0	100.9
Completed project volume third-party projects	0.0	140.1	140.1	0.0	140.1
Completed project volume own projects	0.0	25.9	25.9	0.0	25.9
Total sales (according to internal reporting)	100.9	166.0	266.9	0.0	266.9
less sales from intercompany services	0.0	-15.9	-15.9	0.0	-15.9
Total sales to third parties (according to internal reporting)	100.9	150.1	251.0	0.0	251.0
plus reconciliation item external reporting	0.0	17.5	17.5	0.0	17.5
Diverse income	0.0	1.5	1.5	0.0	1.5
Operating income	100.9	169.1	270.0	0.0	270.0
<b>Balance sheet as at 30.06.2018</b>					
Non-current assets	4 313.0	11.9	4 324.9	0.0	4 324.9
Current assets	10.1	273.3	283.4	1.2	284.6
<b>Total assets</b>	<b>4 323.1</b>	<b>285.2</b>	<b>4 608.3</b>	<b>1.2</b>	<b>4 609.5</b>
Provisions	0.0	3.9	3.9	0.0	3.9
Other debt (excl. financing and taxes)	10.1	59.4	69.5	0.0	69.5
Financial liabilities	1 972.9	99.0	2 071.9	0.0	2 071.9
Tax liabilities	235.1	8.8	243.9	1.5	245.4
<b>Total debt</b>	<b>2 218.1</b>	<b>171.1</b>	<b>2 389.2</b>	<b>1.5</b>	<b>2 390.7</b>
<b>Total assigned equity<sup>2</sup></b>	<b>2 105.0</b>	<b>114.1</b>	<b>2 219.1</b>	<b>-0.3</b>	<b>2 218.8</b>
Investment in non-current assets	30.5	0.3	30.8	0.0	30.8

<sup>1</sup> EBIT less revaluation gains in percent of income from business activity (balance of operating income, direct operating expenses, capitalised company-produced assets, and earnings from sale of investment real estate)

<sup>2</sup> 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 2019 consolidated semi-annual financial statements were prepared in accordance with International Financial Reporting Standard IAS 34 on Interim Financial Reporting and conform to the Listing Rules as well as Article 17 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange. The same principles of accounting apply as for the 2018 consolidated financial statements.

Of the new or amended IFRS standards and interpretations which entered into force on 1 January 2019, only IFRS 16 "Leases" (explained below) had an impact on the consolidated financial statements.

#### IFRS 16

The standard sets out the principles for the recognition, measurement and presentation of leases previously defined in IAS 17. The changes affect in particular operating lease contracts with the lessee, which are now recognised in the balance sheet.

Initial application of the new standard followed the modified retrospective approach, thus eliminating the need to restate the previous year's figures.

As lessee, Allreal is affected in its capacity as ground lessee of yield-producing properties and with regard to long-term rental agreements for offices and parking spaces. As ground lessee, Allreal recognised a right-of-use asset of CHF 34.8 million for future ground rent and a right-of-use asset of CHF 6.8 million for long-term rental agreements. At the same time, for both positions a lease liability in the same amount was recognised on 1 January 2019.

Leasehold agreements are in place in connection with yield-producing properties or investment real estate properties under construction. Ground rent accruing is index-linked, any changes in the index are made prospectively. Ground rent was previously deducted from income from renting investment real estate. Right-of-use assets arising from leasehold agreements count as yield-producing properties and are reported separately in the notes.

The initial valuation of lease liabilities for both positions corresponds to the value of the discounted future payments. An interest rate with a comparable term and level of security is used as discounting rate. Lease liabilities incurred in the capacity as ground lessee bore an interest rate of 2.0%, and long-term rental agreements an interest rate of 0.5%. Right-of-use assets were initially recognised at the amount of the lease liabilities.

Right-of-use assets arising from long-term rental agreements for offices and parking spaces are reported under other property, plant and equipment. Right-of-use assets are depreciated on a straight-line basis. This position was previously recognised as rental expenses under other operating expenses.

Payments of ground rent and rental expenses are now divided into an amortisation component and an interest component and thus result in shifts between cash flow from financing activities and cash flow from operating activities.

Application of the new standard does not entail any material adjustments for Allreal in its capacity as lessor.

### Effects of initial application of IFRS 16

	Effect of IFRS 16
Operating lease liabilities under ground rent as at 1 January 2019	49.0
Operating lease liabilities under long-term rental agreements as at 1 January 2019	6.8
Scope of application for short-term leases	0.0
Scope of application for leases of assets of low value	0.0
<b>Gross lease liabilities as at 1 January 2019</b>	<b>55.8</b>
Discount rate	-14.2
<b>Lease liability as at 1 January 2019</b>	<b>41.6</b>

### Opening balance sheet after application of IFRS 16

	31.12.2018	Application of IFRS 16	01.01.2019
Yield-producing properties	4 101.8	34.8	4 136.6
Other property, plant and equipment	1.1	6.8	7.9
Non-current assets	4 324.9	41.6	4 366.5
Current assets	284.6	0.0	284.6
<b>Assets</b>	<b>4 609.5</b>	<b>41.6</b>	<b>4 651.1</b>
Equity	2 218.8	0.0	2 218.8
Lease liabilities	0.0	37.0	37.0
Long-term liabilities	1 791.1	37.0	1 828.1
Lease liabilities	0.0	4.6	4.6
Short-term liabilities	599.6	4.6	604.2
<b>Equity and liabilities</b>	<b>4 609.5</b>	<b>41.6</b>	<b>4 651.1</b>



Seen over the course of the year, individual business activities of the Allreal Group are subject to fluctuations, in particular in the Projects & Development division – for instance, the planning and execution of construction projects or the sale of development real estate. In the first half of 2019, no unusual events occurred that had a material impact on the assets, financial position and earnings of the Allreal Group.

The 2019 consolidated semi-annual financial statements were approved by the Board of Directors of Allreal Holding AG on 13 August 2019.

## 1.2 Scope of consolidation

The scope of consolidation remained unchanged in the 2019 financial year.

## 2 Income from renting investment real estate

CHF million	1 <sup>st</sup> half-year 2019	1 <sup>st</sup> half-year 2018
Rental income from residential properties	17.5	16.7
Rental income from commercial properties	85.1	81.2
<b>Income from renting investment real estate</b>	<b>102.6</b>	<b>97.9</b>

The cumulative vacancy rate for the first half of 2019 totalled 1.9% of target rental income (1<sup>st</sup> half-year 2018: 2.0%), broken down into 3.8% for residential properties and 1.5% for commercial properties (1<sup>st</sup> half-year 2018: 2.1% and 2.0%).

## 3 Income from real estate management services

CHF million	1 <sup>st</sup> half-year 2019	1 <sup>st</sup> half-year 2018
Income from administration and management	0.0	0.9
Income from sale of companies	0.0	2.1
<b>Income from real estate management services</b>	<b>0.0</b>	<b>3.0</b>

Hammer Retex AG, together with its facility management service operation for third parties, was divested in the first half of 2018, see 5.

#### 4 Earnings from Projects & Development division

CHF million	1 <sup>st</sup> half-year 2019	1 <sup>st</sup> half-year 2018
Income from realisation Projects & Development	147.4	140.1
Direct expenses from realisation Projects & Development	-126.7	-119.9
<b>Earnings from realisation Projects &amp; Development</b>	<b>20.7</b>	<b>20.2</b>
Income from sales Development	22.4	27.5
Direct expenses from sales Development	-19.0	-25.4
<b>Income from sales Development</b>	<b>3.4</b>	<b>2.1</b>
<b>Capitalised company-produced assets</b>	<b>3.4</b>	<b>3.4</b>
<b>Diverse income</b>	<b>0.6</b>	<b>1.5</b>
<b>Earnings from Projects &amp; Development division</b>	<b>28.1</b>	<b>27.2</b>

Earnings from realisation Projects & Development consists of architects' and project & development fees (CHF 11.1 million) and earnings from construction activity (CHF 12.1 million) (1<sup>st</sup> half-year 2018: CHF 12.3 million and CHF 8.8 million, respectively). This contrasts with directly offset sales deductions (CHF 2.5 million) (1<sup>st</sup> half-year 2018: CHF 0.9 million).

Income from sales Development is attributable to revenue from the project Soli-strasse in Bülach ZH (CHF 22.4 million) which comprises 73 units, resulting in gains on sales of CHF 3.4 million. As at the balance sheet cut-off date, contracts of sale had been notarised for 71 units.

#### 5 Sale of companies

Hammer Retex AG, together with its facility management service operation for third parties, was divested for CHF 0.75 million in the first half of 2018.

The disposal of net assets resulted in earnings from the sale of companies of CHF 2.05 million, which were taken to the 2018 income statement as a component of the item Income from real estate management services.

## 6 Direct expenses for rented investment real estate

CHF million	1 <sup>st</sup> half-year 2019	1 <sup>st</sup> half-year 2018
Administrative and operating expenses, residential properties	-0.9	-0.7
Administrative and operating expenses, commercial real estate	-2.7	-2.4
Maintenance and repair expenses, residential real estate	-1.6	-1.8
Maintenance and repair expenses, commercial real estate	-6.2	-4.0
<b>Real estate expenses</b>	<b>-11.4</b>	<b>-8.9</b>

## 7 Earnings from revaluation of investment real estate

CHF million	1 <sup>st</sup> half-year 2019	1 <sup>st</sup> half-year 2018
Higher valuation of yield-producing properties	39.3	13.0
Higher valuation of investment real estate under construction	5.9	7.2
Higher valuation of right-of-use asset classified as investment real estate	0.0	0.0
Lower valuation of yield-producing properties	-15.0	-7.3
Lower valuation of investment real estate under construction	0.0	0.0
Lower valuation of right-of-use asset classified as investment real estate	-0.5	0.0
<b>Earnings from revaluation of investment real estate</b>	<b>29.7</b>	<b>12.9</b>

CHF 13.6 million of the higher valuation of yield-producing properties relates to residential real estate and CHF 25.7 million to commercial real estate (1<sup>st</sup> half-year 2018: CHF 1.1 million and CHF 11.9 million, respectively). CHF 0.7 million of the lower valuation of yield-producing properties relates to residential real estate and CHF 14.3 million to commercial real estate (1<sup>st</sup> half-year 2018: CHF -7.3 million for commercial real estate).

In connection with the introduction of IFRS 16, a right-of-use asset classified as investment real estate was recognised. The first-time valuation reduced the valuation by CHF 0.5 million.

The average discount rates as at 30 June 2019 for the entire portfolio of yield-producing properties amount to 4.10% (31.12.2018: 4.15%). The average capitalisation rates as at 30 June 2019 amount to 3.61% (31.12.2018: 3.66%).

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

## 8 Financial expense

CHF million	1 <sup>st</sup> half-year 2019	1 <sup>st</sup> half-year 2018
Expense for derivatives	-4.5	-6.0
Interest expense for bond issues	-5.5	-5.4
Interest expense payable to banks/insurance companies for liabilities	-4.3	-3.7
Interest expenses for lease liabilities	-0.3	0.0
Capitalised building loan interest	0.1	0.1
<b>Financial expense</b>	<b>-14.5</b>	<b>-15.0</b>

Expense for derivatives is in connection with the recycling of hedging reserves, CHF 4.5 million (1<sup>st</sup> half-year 2018: CHF -6.0 million) of which was charged to the income statement as non-cash expense in the period under review.

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

	1 <sup>st</sup> half-year 2019	1 <sup>st</sup> half-year 2018
Number of outstanding shares as at 01.01. (in thousands)	15 886	15 913
Change in holdings of treasury shares (in thousands)	1	-26
Number of outstanding shares as at 30.06. (in thousands)	15 887	15 887
Average number of outstanding shares (in thousands)	15 886	15 888
Net profit excl. revaluation effect (in CHF million)	63.8	61.3
Earnings from revaluation of investment real estate (in CHF million)	29.7	12.9
Deferred taxes on revaluation gains (in CHF million)	-8.4	-3.9
Net profit incl. revaluation effect (in CHF million)	85.1	70.3
<b>Earnings per share incl. revaluation effect (CHF)</b>	<b>5.36</b>	<b>4.42</b>
<b>Earnings per share excl. revaluation effect (CHF)</b>	<b>4.02</b>	<b>3.86</b>
<b>Diluted earnings per share</b>		
— incl. revaluation effect (CHF)	5.36	4.42
— excl. revaluation effect (CHF)	4.02	3.86

The share-based remuneration of members of Group Management has the effect of diluting the earnings per share. For this calculation, the average number of outstanding shares increases from 15,886,232 to 15,887,486 shares.

	30.06.2019	31.12.2018
Outstanding shares (in thousands) on cut-off date	15 887	15 886
Equity on cut-off date (CHF million)	2 207.8	2 218.8
<b>Net asset value (NAV) per share after deferred taxes (CHF)</b>	<b>138.95</b>	<b>139.65</b>
Equity plus provisions for deferred taxes less deferred tax assets (CHF million)	2 433.2	2 428.2
<b>Net asset value (NAV) per share before deferred taxes (CHF)</b>	<b>153.15</b>	<b>152.85</b>

## 10 Investment real estate

CHF million	30.06.2019	31.12.2018
Residential real estate	924.4	910.8
Commercial real estate	3 205.1	3 191.0
Right-of-use asset classified as investment real estate	34.3	0.0
<b>Yield-producing properties</b>	<b>4 163.8</b>	<b>4 101.8</b>
Investment real estate under construction	73.7	58.1
<b>Investment real estate</b>	<b>4 237.5</b>	<b>4 159.9</b>

The changes in the first half of 2019 can be summarised as follows:

CHF million	Residential real estate	Commercial real estate	Right of use	Total yield-producing properties	Investment real estate under construction	Total investment real estate
As at 31.12.2018	910.8	3 191.0	–	4 101.8	58.1	4 159.9
First adoption IFRS 16			34.8	34.8		34.8
As at 01.01.2019	910.8	3 191.0	34.8	4 136.6	58.1	4 194.7
Purchases	0.0	0.0	0.0	0.0	0.0	0.0
Value-enhancing investments	0.7	3.5	0.0	4.2	9.6	13.8
Capitalised building loan interest	0.0	0.0	0.0	0.0	0.1	0.1
Disposals	0.0	0.0	0.0	0.0	0.0	0.0
Reclassifications	0.0	0.0	0.0	0.0	0.0	0.0
Market value adjustments <sup>1</sup>	12.9	11.4	–0.5	23.8	5.9	29.7
Rent-free periods	0.0	–0.8	0.0	–0.8	0.0	–0.8
<b>As at 30.06.2019</b>	<b>924.4</b>	<b>3 205.1</b>	<b>34.3</b>	<b>4 163.8</b>	<b>73.7</b>	<b>4 237.5</b>
of which pledged or subject to transfer restrictions	825.6 89.3%	2 713.7 84.7%	0.0 0.0%	3 539.3 85.0%	0.0 0.0%	3 539.3 83.5%

The value-enhancing investments relate to the yield-producing properties Grünstrasse 27–31/Badenerstrasse 119–133, Zurich (CHF 3.1 million), Fanglethenstrasse 4, Bülach ZH (CHF 0.4 million), Engstringermatte, Schlieren ZH (CHF 0.2 million), and seven other properties (CHF 0.5 million).

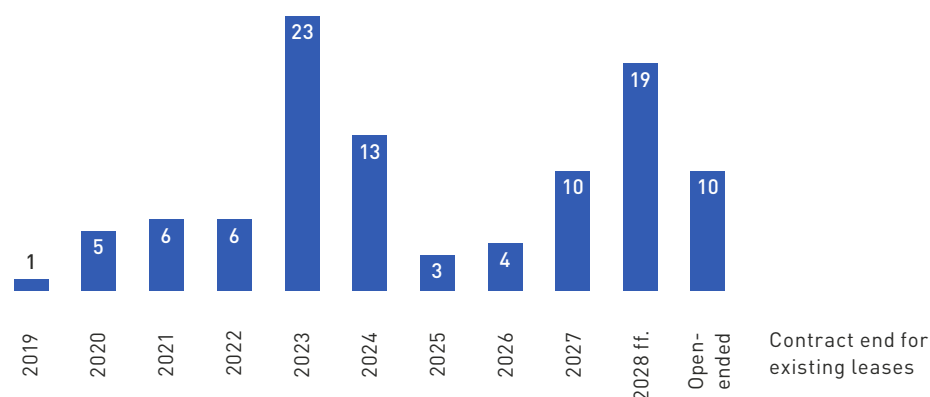
### Largest tenants, commercial real estate

Share in total rental income from commercial real estate:

	30.06.2019	31.12.2018
Canton Zurich	15%	16%
Generali Switzerland	7%	8%
Allianz Suisse Insurance Company Ltd	7%	7%
MAN Energy Solutions Switzerland Ltd	6%	6%
Swiss Confederation	6%	–
UPC Switzerland GmbH	–	5%
<b>Total</b>	<b>41%</b>	<b>42%</b>

In the first half of 2019, the five largest tenants accounted for a lower share of around 33% of total rental income from all yield-producing properties (commercial and residential).

**Profile of terms of rental contracts for commercial real estate**  
in percent of outstanding rental income in CHF million



The weighted remaining term of fixed-term rental contracts for commercial real estate is 6.1 years (31.12.2018: 6.4 years).

### Investment real estate under construction as at 30 June 2019

Location	Property	Acquisition/ project start	Area of property in m <sup>2</sup>	Register of suspected contami- nated sites	Minergie	Market value CHF mil- lion <sup>1</sup>	Estimated investment volume CHF million <sup>2</sup>	Target rental income on completion p.a. CHF million	Expected completion
Zurich	Grünhof-Areal	2002/2018	7 088	yes	yes	47.7	80.2	4.3	2020
Zurich	Hardstrasse 301	2002/2018	1 988	yes	yes	26.0	37.3	2.3	2020
<b>Total investment real estate under construction</b>						<b>73.7</b>	<b>117.5</b>	<b>6.6</b>	

<sup>1</sup> As per 30.06.2019 valuation

<sup>2</sup> Building and land costs

### Grünhof site, Zurich

New-build six-floor apartment building with 80 rental apartments in the inner courtyard (previously used for commercial purposes) plus realisation of a replacement new-build containing eight rental apartments in addition to office and commercial space on Badenerstrasse. The rentable residential, office and commercial area in the new-builds on the 7,870 square metre plot in Zurich Aussersihl is 8,022 square metres in total. The project is being built by the Projects & Development division and, upon completion in 2020/2021, 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 3.80/4.00% and 3.30/3.50% were applied (31.12.2018: 3.90/4.10% and 3.40/3.60%).

### Hardstrasse 301, Zurich

New-built six-floor commercial building with lettable floor space of 5,800 square metres, comprising 4,900 square metres of office space on the upper floors, 580 square metres of commercial space on the ground floor, 320 square metres of storage area in the basement as well as an underground garage with 21 parking spaces. The project is being built by the Projects & Development division and, upon completion in 2020, 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 4.30% and 3.80%, respectively, were applied (31.12.2018: 4.40% and 3.90%).

The two investment real estate properties under construction are 100% solely owned by Allreal.

Recognised at fair value as at 30 June 2019, yield-producing properties (CHF 4,163.8 million) and investment real estate under construction (CHF 73.7 million) qualify as category 3 fair values. No adjustments were made to valuation techniques or processes during the period under review.

## 11 Development real estate

Book value in CHF million	Development reserves	Buildings under construction	Completed real estate	Total development real estate
As at 01.01.2019	136.2	11.4	0.0	147.6
Purchases	7.0	0.0	0.0	7.0
From construction activity/development	1.9	19.0	0.0	20.9
Income from sales Development	0.0	3.4	0.0	3.4
Impairment	0.0	0.0	0.0	0.0
Disposals/reclassification to contract assets	0.0	-22.4	0.0	-22.4
Reclassifications	-6.6	6.6	0.0	0.0
<b>As at 30.06.2019</b>	<b>138.5</b>	<b>18.0</b>	<b>0.0</b>	<b>156.5</b>

The addition to development reserves relates to the property on Hauserstrasse in Zurich. The reclassification from development reserves to buildings under construction relates to the project Alter Züriweg in Zufikon AG as a result of the start of construction in the period under review. The other changes to buildings under construction relate to the project Solistrasse in Bülach ZH, i.e. in connection with the 71 notarisations, income from sales Development of CHF 3.4 million was recognised and CHF 22.4 million restated as contract assets.

## Development real estate as at 30 June 2019

Location	Property	Acquisition/ project start	Area of property in m <sup>2</sup>	Register of suspected contaminated sites	Book value CHF million	Estimated investment volume CHF million <sup>1</sup>	Project status	Expected completion
<b>Development reserves</b>								
Dielsdorf	Neuwisen	2013	46 419	no	37.1 <sup>2</sup>	175.0	in planning	open
Lucerne	Eggen	2018	8 386	no	40.0 <sup>2</sup>	70.0	in planning	open
Rümlang	Bäuler	1987	30 278	yes	16.0 <sup>2</sup>	100.0	in planning	open
Winterthur	Florenstrasse	2016	11 582	no	21.8 <sup>2</sup>	55.0	in planning	open
Zurich	Hauserstrasse	2019	1 341	no	7.0 <sup>2</sup>	15.0	in planning	open
Zurich	Spiserstrasse	2018	2 195	no	22.6 <sup>2</sup>	47.0	in planning	open
<b>Total development reserves</b>					<b>138.5</b>	<b>462.0</b>		
<b>Buildings under construction</b>								
Bülach	Solistrasse	2011	18 586	yes	11.3	55.0	in progress	2019
Zufikon	Alter Züriweg	2017	3 806	no	6.7 <sup>2</sup>	17.0	in progress	2021
<b>Total buildings under construction</b>					<b>18.0</b>	<b>72.0</b>		
<b>Completed real estate</b>								
<b>Total completed real estate</b>					<b>0.0</b>			
<b>Total development real estate</b>					<b>156.5</b>	<b>534.0</b>		

<sup>1</sup> Land and building costs

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

### Solistrasse, Bülach ZH

Five new-build apartment buildings with a total of 73 condominiums and 78 underground parking spaces to Minergie-Eco standard with lettable floor space (100% residential) of 8,150 square metres. It is being built by the Projects & Development division and is scheduled for completion in 2019. As at 30 June 2019, contracts of sale had been notarised for 71 out of 73 residential units, 0 of which with transfer of ownership.

### Alter Züriweg, Zufikon AG

Two connected new-build stepped apartment blocks with a total of 20 condominiums and 30 underground parking spaces to Minergie standard with lettable floor space (100% residential) of 2,007 square metres. It is being built by Allreal Generalunternehmung AG and is scheduled for completion in 2021. As at 30 June 2019, contracts of sale had been notarised for none of the 20 residential units, nor had any transfers of ownership been recorded.



## 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 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>2018</b>			
As at 1 January	15 942 821	29 528	15 913 293
Purchase treasury shares		228 316	
Sale treasury shares		-199 596	
Share-based reimbursement		-1 193	
<b>As at 31 December</b>	<b>15 942 821</b>	<b>57 055</b>	<b>15 885 766</b>
<b>2019</b>			
As at 1 January	15 942 821	57 055	15 913 293
Purchase treasury shares		221	
Sale treasury shares		-114	
Share-based reimbursement		-1 424	
<b>As at 30 June</b>	<b>15 942 821</b>	<b>55 738</b>	<b>15 887 083</b>

On 30 June 2019, Allreal held 55,738 treasury shares (31.12.2018: 57,055 shares). The average purchase price per share stands at CHF 155.35 (31.12.2018: CHF 155.35). 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 20 April 2020 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 2.5 million through the issue of up to 2,495,763 registered shares with a par 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 200,000 (200,000 registered shares at a nominal value of CHF 1.00 each) at its unrestricted disposal for the purpose of issuing options to the members of the Board of Directors and management. This conditional capital has not been drawn on.

The annual general meeting of Allreal Holding AG of 12 April 2019 voted in favour of making a distribution of CHF 6.50 per share, corresponding to a total amount of CHF 103.3 million, in the form of a repayment of reserves from contribution of capital.

### 13 Financial liabilities

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

CHF million	<1 year	1–3 years	3–5 years	>5 years	Total
<b>As at 31.12.2018</b>					
<b>Borrowings</b>	<b>520.0</b>	<b>301.0</b>	<b>361.3</b>	<b>890.0</b>	<b>2072.3</b>
Total in %	25.1	14.5	17.4	43.0	100.0
<b>As at 30.06.2019</b>					
<b>Borrowings</b>	<b>571.3</b>	<b>383.5</b>	<b>427.3</b>	<b>740.0</b>	<b>2122.1</b>
Total in %	26.9	18.1	20.1	34.9	100

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 46 months (31.12.2018: 52 months).

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

CHF million	Effective interest	Nominal amount	Book value as at 30.06.2019	Fair value as at 30.06.2019	Book value as at 31.12.2018	Fair value As at 31.12.2018
0.875 bond issue 2017–30.03.2027	0.86%	160.0	160.2	166.0	160.2	156.3
0.75% bond issue 2017–19.06.2026	0.76%	150.0	149.9	155.8	149.9	148.4
1.375% bond issue 2015–31.03.2025	1.32%	100.0	100.3	107.8	100.3	104.3
0.625% bond issue 2016–10.05.2024	0.68%	150.0	149.6	153.7	149.6	150.2
0.50% bond issue 2018–19.04.2023	0.55%	125.0	124.7	127.6	124.7	125.5
0.75% bond issue 2015–31.03.2021	0.67%	120.0	120.2	121.6	120.2	121.2
2.00% bond issue 2013–23.09.2020	2.12%	150.0	149.8	153.7	149.7	154.7
1.25% bond issue 2014–02.04.2019	1.32%	125.0	–	–	125.0	125.5
Fixed-rate mortgages	–	598.8	598.8	606.9	600.3	609.1

During the period under review, CHF 0.1 million was spent on the amortisation of the issuing costs for the bonds (1<sup>st</sup> half-year 2018: CHF 0.1 million).

As at 30 June 2019, fixed advances amounting to CHF 568.3 million and fixed-rate mortgages amounting to CHF 598.8 million (at nominal values) are in place, all of which were taken out with Swiss banks, insurance companies or pension funds.

The average interest rate of all financial liabilities as at 30 June 2019 is 1.27% (31 December 2018: 1.48%).

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.

#### **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 452.0 million in connection with financings with third parties on behalf of individual subsidiaries (31.12.2018: CHF 373.5 million).

As at 30 June 2019, 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 date**

Between 30 June 2019 and 13 August 2019 (date on which the consolidated semi-annual financial statements were approved by the Board of Directors), no further 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.

# Information on the real estate portfolio

## Residential real estate as at 31 December 2018

Location	Address	Ownership status <sup>1</sup>	Year acquired	Year of construction	Renovation <sup>2</sup>	Site area in m <sup>2</sup>	Register of suspected contaminated sites	Minergie
<b>City of Zurich</b>								
Zurich	Hardturmstrasse 5	CO <sup>6</sup>	2004	2014		2 651	no	yes
Zurich	Heerenwiesen 23-41	CoO <sup>5</sup>	2003	1996		6 970	no	no
Zurich	Josefstrasse 137	SO	1999	1984		903	no	no
Zurich	Neunbrunnenstrasse 47-53	SO	1993	2013		4 291	yes	yes
Zurich	Schiffbaustrasse 7	SO	2010	2016		1 610	no	yes
Zurich	Zollikerstrasse 185-187	SO	2008	1984	2017 PR	1 445	no	no
<b>Total city of Zurich</b>						<b>17 870</b>		
<b>Rest of Canton Zurich</b>								
Adliswil	Moosstrasse 1-13/ Grütstrasse 33-39	SO	2005	2011		13 901	no	yes
Bülach	Hohfurstrasse 7-11/ Unterweg 55-59/Im Stuppen 2	SO	1999	1979	2013 TR	8 412	no	no
Bülach	Fangletenstrasse 4-18 <sup>7</sup>	SO	2018	2018			no	yes
Fällanden	Unterdorfstrasse 2/4/ Unterdorfwäg 2-22	SO	2003	2008		23 691	no	no
Glattbrugg	Hohenstieglens- strasse 1-23, 2-16	SO	1999	1990	2017 PR	29 639	no	no
Kloten	Schaffhauserstrasse 117/119	SO	2001	1992		3 643	no	no
Oberglatt	Chlirietstrasse 6/8/10	SO	2003	1974	2006/2007 PR	2 028	no	no
Schlieren	Limmataustrasse 2-8/ Limmatstrasse 9-11/ Engstringermatte	SO	1999	1984	2018 TR	8 907	no	no
Schlieren	Schulstrasse 71-77/ Flöhrebenstrasse 6	CO <sup>6</sup>	2002	1988		2 543	no	no
Volketswil	Sunnebüelstrasse 1-17/ Ifangstrasse 12-20/ Neufund 1/3	SO	1999	1968	2002/2003 TR	20 110	no	no
Wallisellen	Escherweg 2-6/Favreweg 1-5/ Richtiarkade 13-15/ Richtiring 14-16 (Richti site)	SO	2002	2014		8 242	no	yes
<b>Total rest of Canton Zurich</b>						<b>132 134</b>		
<b>Other regions</b>								
Allschwil	Kurzelängeweg 26-38+32a	SO	1999	1989	2010 PR	6 260	no	no
Basel	Achilles Bischoff-Strasse 2-10	SO	2006	1969	2009 TR	2 420	no	no
Basel	Grosspeterstrasse 45/ St.-Jakobs-Strasse 108	SO	2006	1995		2 067	no	no
Gland	Chemin du Molard 10/ Allée Leotherius 2/ Allée Louis Cristin 1	SO	2011	2014		1 173	no	yes
<b>Total other regions</b>						<b>11 920</b>		
<b>Total residential real estate</b>						<b>161 924</b>		

<sup>1</sup> SO = sole ownership; CoO = coownership; CO = condominium ownership

<sup>2</sup> TR = total renovation; PR = partial renovation

<sup>3</sup> Cumulative vacancy rate as a percentage of target rental income for 2019

<sup>4</sup> As per 31.12.2019 valuation (nominal rates)

<sup>5</sup> 60% co-ownership Allreal

<sup>6</sup> Condominium property owned 100% by Allreal

<sup>7</sup> Rental income from 01.10.2018

Habitable area in m <sup>2</sup>	1-1½-room apartments	2-2½-room apartments	3-3½-room apartments	4-4½-room apartments	≥5-room apartments	Total apartments	Other uses in m <sup>2</sup>	Target rental income in CHF million for 2019	Vacancy rate in % <sup>3</sup>	Discount/capitalisation rate in % <sup>4</sup>
6 087	0	17	27	6	1	51	0	2.6	2.1	3.30/2.80
4 670	5	7	15	17	4	48	1 799	1.5	2.0	3.70/3.20
2 747	4	36	0	0	0	40	212	0.9	0.1	3.40/2.90
4 640	0	0	14	21	5	40	0	1.5	1.0	3.20/2.70
2 333	0	3	16	3	1	23	1 002	1.3	0.0	3.30/2.80
1 637	2	2	4	4	2	14	165	0.6	0.7	3.20/2.70
<b>22 114</b>	<b>11</b>	<b>65</b>	<b>76</b>	<b>51</b>	<b>13</b>	<b>216</b>	<b>3 178</b>	<b>8.4</b>	<b>1.2</b>	
13 299	0	27	62	38	10	137	350	3.7	0.8	3.50/3.00
3 850	0	9	16	18	6	49	50	1.0	2.4	3.70/3.20
7 253	0	14	25	31	6	76	0	2.0	34.1	3.70/3.20
14 903	0	20	41	56	22	139	2 392	4.1	1.9	3.80/3.30
14 654	18	30	71	41	0	160	659	3.1	2.7	3.70/3.20
2 090	0	4	0	10	4	18	200	0.5	0.4	3.60/3.10
2 479	0	17	17	0	0	34	9	0.5	0.6	3.70/3.20
5 100	0	18	24	12	0	54	286	1.0	8.1	3.60/3.10
3 332	0	0	24	16	0	40	354	0.8	8.9	3.60/3.10
12 236	0	0	48	60	40	148	110	2.4	0.9	3.70/3.20
13 856	1	18	75	22	2	118	1 208	3.9	1.6	3.60/3.10
<b>93 052</b>	<b>19</b>	<b>157</b>	<b>403</b>	<b>304</b>	<b>90</b>	<b>973</b>	<b>5 618</b>	<b>22.9</b>	<b>4.9</b>	
4 015	0	7	20	20	0	47	490	1.0	4.6	3.90/3.40
5 954	28	24	28	24	0	104	1 040	1.6	1.1	3.50/3.00
3 022	5	19	11	8	0	43	47	0.9	8.4	3.70/3.20
4 981	1	21	29	9	5	65	0	1.6	0.0	3.70/3.20
<b>17 972</b>	<b>34</b>	<b>71</b>	<b>88</b>	<b>61</b>	<b>5</b>	<b>259</b>	<b>1 577</b>	<b>5.1</b>	<b>1.4</b>	
<b>133 138</b>	<b>64</b>	<b>293</b>	<b>567</b>	<b>416</b>	<b>108</b>	<b>1 448</b>	<b>10 373</b>	<b>36.4</b>	<b>3.8</b>	

## Commercial real estate as at 30 June 2019

Location	Address	Ownership status <sup>1</sup>	Year acquired	Year of construction	Renovations <sup>2</sup>	Area of property in m <sup>2</sup>
<b>City of Zurich</b>						
Zurich	Bändliweg 21	SO	2005	1995	2019 PR	9 254
Zurich	Bellerivestrasse 30	SO	2004	1986	2017 TR	2 316
Zurich	Bellerivestrasse 36	SO	2004	1974	2009/2010 PR	10 494
Zurich	Binzmühlestrasse 95-99/Therese Giehse-Strasse 1	SO	2005	2001	2019 PR	11 712
Zurich	Birmensdorferstrasse 108/Weststrasse 75	SO	2000	1983	2007/2008 TR	1 254
Zurich	Brandschenkestrasse 38/40	SO	2001	1992	2013 PR	1 402
Zurich	Förrlibuckstrasse 109 (Toni site)	SO	2007	1977/2014		24 477
Zurich	Grüngasse 27-31/Badenerstrasse 119-133 (Grünhof site) <sup>5</sup>	SO	2002	1925	2006/2007 PR	7 870
Zurich	Hardstrasse 319 (Escher-Wyss site) <sup>6</sup>	SO	2002	1945/2010		40 350
Zurich	Herostrasse 12	SO	2010	2014		4 027
Zurich	Hohlstrasse 600	SO	2001	1986	2006/2012 TR	2 894
Zurich	Kalchbühlstrasse 22/24	SO	2000	1976	2014/2015 TR	3 101
Zurich	Kreuzstrasse 5	LO	2004	2006		3 333
Zurich	Renggerstrasse 3	SO	1999	1966	2001 PR	1 389
Zurich	Schiffbaustrasse 2 (Schiffbauplatz)	SO	2002	2017		9 338
Zurich	Vulkanstrasse 106	SO	2002	2005		12 295
Zurich	Weststrasse 74	SO	1996	1995		1 482
Zurich	Zollikerstrasse 183	SO	2008	1984	2007 PR	3 371
Zurich	Zollstrasse/Josefstrasse 23-29/Klingenstrasse 4	SO	1993/2006	1997	2017 PR	4 201
<b>Total city of Zurich</b>						<b>154 560</b>

<sup>1</sup> SO = sole ownership; LO = leasehold owned 100% by Allreal

<sup>2</sup> TR = total renovation; PR = partial renovation

<sup>3</sup> Cumulative vacancy rate as a percentage of target rental income for the first half-year 2019

<sup>4</sup> As per 30.06.2019 valuation (nominal rates)

<sup>5</sup> The new-build in the inner courtyard and the replacement new-build at Badenerstrasse 131 are reported as investment real estate under construction

<sup>6</sup> The new-build at Hardstrasse 301 is reported as investment real estate under construction

Register of suspected contaminated sites	Minergie	Floor space in m <sup>2</sup>	Percentage of office space	Percentage of retail space	Percentage of residential space	Percentage of other uses	Target rental income in CHF million for 2019	Vacancy rate in % <sup>3</sup>	Discount/capitalisation rate in % <sup>4</sup>
no	no	18 642	90.8	0.0	0.0	9.2	7.0	0.0	3.90/3.40
no	no	3 078	94.7	0.0	0.0	5.3	1.6	0.0	4.00/3.50
no	no	11 950	73.6	0.0	0.0	26.4	5.6	0.3	3.90/3.40
no	no	26 139	7.8	54.6	32.7	4.9	6.9	0.3	3.80/3.30
no	no	4 743	74.5	3.0	10.5	12.0	1.4	1.6	4.10/3.60
no	no	4 856	33.8	0.0	19.3	46.9	1.9	2.1	4.10/3.60
no	yes	87 004	87.2	0.0	12.8	0.0	21.0	0.3	4.10/3.70
yes	no	12 847	16.5	7.6	32.8	43.1	1.1	9.3	3.80/3.30
yes	no	50 432	32.3	0.0	0.0	67.7	10.0	0.0	-/-
no	yes	11 256	95.8	0.0	0.0	4.2	3.6	0.0	4.30/3.80
no	no	10 190	91.0	0.0	0.0	9.0	4.1	0.3	4.20/3.70
no	no	6 244	45.8	0.0	6.0	48.2	1.6	0.2	4.50/4.00
no	no	1 628	95.7	0.0	0.0	4.3	1.0	0.0	3.90/3.40
no	no	1 729	77.1	0.0	0.0	22.9	0.5	6.2	4.30/3.80
yes	yes	13 141	81.5	5.7	0.0	12.8	4.8	0.0	3.70/3.20
no	yes	36 311	95.1	0.0	0.0	4.9	11.8	0.0	4.30/3.80
no	no	3 277	33.5	0.0	55.3	11.2	0.8	1.2	3.90/3.40
no	no	2 777	81.7	0.0	0.0	18.3	1.2	0.0	4.30/3.80
no	no	10 703	56.9	3.3	29.8	9.9	4.2	0.9	3.60/3.10
		<b>316 947</b>	<b>66.9</b>	<b>5.2</b>	<b>9.3</b>	<b>18.6</b>	<b>89.8</b>	<b>0.4</b>	

## Commercial real estate as of 30 June 2019

Location	Address	Ownership status <sup>1</sup>	Year acquired	Year of construction	Renovations <sup>2</sup>	Area of property in m <sup>2</sup>
<b>Rest of Canton Zurich</b>						
Adliswil	Soodmattenstrasse 2/4/6/8/10 <sup>8</sup>	SO	2017	1989/90	2016 PR	24 834
Dübendorf	Sonnentalstrasse 8	SO	2015	1974	2006 PR	16 621
Glattbrugg	Thurgauerstrasse 111	SO	1997	1969	1995 PR	4 086
Kloten	Schaffhauserstrasse 115/121	SO	2001	1992		4 000
Opfikon	Boulevard Lilienthal 2-8	SO	2007	2014		5 167
Opfikon	Lindbergh-Allee 1 <sup>5</sup>	SO	1987	2007		5 241
Schlieren	Bernstrasse 55	SO	2003	2003		7 089
Schlieren	Zürcherstrasse 104	SO	2002	1988	2012 PR	4 724
Urdorf	In der Luberzen 29	SO	2000	1993		4 667
Wallisellen	Allianz office building <sup>6</sup>	SO	2002	2013		13 078
Wallisellen	UPC office building <sup>7</sup>	SO	2002	2014		16 875
Winterthur	Schützenstrasse 2 / Zürcherstrasse 12+14 <sup>8</sup>	SO	2002	1928/53/86	2016/2017 PR	18 386
<b>Total rest of Canton Zurich</b>						<b>124 768</b>
<b>Other regions</b>						
Baar	Baarermatte	SO	2002	1981		17 960
Basel	Missionsstrasse 60-62a	SO	1999	1972	2014 TR	1 811
Basel	Missionsstrasse 64-64a	SO	2007	1972	2014 TR	1 658
Basel	Steinenvorstadt 36	SO	1999	1982	2012/2013 PR	718
Basel	Viaduktstrasse 40-44 / Binningerstrasse 35	SO	2009	1998		5 454
Bern	Freiburgstrasse 130	LO	2018	1999		7 323
Le Grand-Saconnex	Route François-Peyrot 10-14	SO	2011	2004		8 442
Nyon	Avenue Perdtemps 239	SO	2017	2006		6 451
Petit-Lancy	Chemin des Olliquettes 4 / Chemin du Gué 99	SO	2008	2010		1 417
<b>Total other regions</b>						<b>51 234</b>
<b>Total commercial real estate</b>						<b>330 562</b>

<sup>1</sup> SO = sole ownership; LO = leasehold owned 100% by Allreal

<sup>2</sup> TR = total renovation; PR = partial renovation

<sup>3</sup> Cumulative vacancy rate as a percentage of target rental income for the first half-year 2019

<sup>4</sup> As per 30.06.2019 valuation (nominal rates)

<sup>5</sup> Lightcube office building and co-ownership rights to the TMC Galleria car park

<sup>6</sup> Allianz office building with retail space in Konradhof and Escherhof

<sup>7</sup> UPC Switzerland office building with retail space and peripheral plots

<sup>8</sup> Three properties



Register of suspected contaminated sites	Minergie	Floor space in m <sup>2</sup>	Percentage of office space	Percentage of retail space	Percentage of residential space	Percentage of other uses	Target rental income in CHF million for 2019	Vacancy rate in % <sup>3</sup>	Discount/capitalisation rate in % <sup>4</sup>
no	no	38 933	77.4	5.6	1.6	15.3	8.0	0.0	4.00/3.50
no	no	26 006	25.9	1.5	0.5	72.1	2.5	0.0	4.90/4.40
no	no	7 417	9.0	74.7	0.0	16.3	1.6	15.5	5.20/4.70
no	no	4 343	97.5	0.0	0.0	2.5	1.0	9.4	4.80/4.30
no	yes	13 414	93.2	0.0	0.0	6.8	3.9	0.1	4.70/4.20
no	yes	13 314	90.8	0.0	0.0	9.2	4.3	0.0	4.72/4.22
no	no	10 193	88.2	0.0	0.0	11.8	2.1	0.9	4.70/4.20
no	no	2 705	35.5	43.1	0.0	21.4	0.9	0.0	5.10/4.60
yes	no	9 456	74.1	0.0	0.0	25.9	1.5	6.2	5.70/5.20
no	yes	50 819	74.7	12.9	0.0	12.4	13.0	0.6	4.50/4.00
no	yes	25 525	77.8	16.2	0.0	6.0	9.5	3.8	4.50/4.00
no	no	24 319	82.1	0.0	0.0	17.9	5.3	1.8	4.58/4.08
		<b>226 444</b>	<b>71.0</b>	<b>8.9</b>	<b>0.4</b>	<b>19.7</b>	<b>53.6</b>	<b>1.8</b>	
no	no	10 112	76.4	0.0	0.0	23.6	2.6	21.9	4.50/4.00
no	no	3 985	81.8	0.0	8.0	10.2	1.2	0.8	4.50/4.00
no	no	2 829	71.9	0.0	3.4	24.7	0.6	0.4	4.50/4.00
no	no	4 292	37.5	27.8	30.3	4.4	1.4	9.7	4.30/3.80
no	no	20 213	61.8	20.2	0.0	18.0	5.2	2.0	4.20/3.70
no	no	22 540	85.7	1.8	0.0	12.6	9.6	0	4.40/3.90
no	no	5 498	92.8	0.0	0.0	7.2	3.1	11.1	4.50/4.00
no	no	15 172	77.6	10.1	0.0	12.3	4.5	0.0	4.10/3.60
yes	yes	5 516	91.8	0.0	0.0	8.2	2.3	0.0	4.30/3.80
		<b>90 157</b>	<b>75.8</b>	<b>8.0</b>	<b>1.9</b>	<b>14.3</b>	<b>30.5</b>	<b>3.8</b>	
		<b>633 548</b>	<b>69.6</b>	<b>6.9</b>	<b>5.1</b>	<b>18.4</b>	<b>174.0</b>	<b>1.5</b>	

# EPRA key figures

## EPRA earnings and EPRA earnings per share

CHF million	1 <sup>st</sup> half-year 2019	1 <sup>st</sup> half-year 2018
<b>Earnings according to IFRS income statement</b>	<b>85.1</b>	<b>70.3</b>
Adjusted by:		
Earnings from revaluation of investment real estate	-29.7	-12.9
Earnings from sale of investment real estate	0.0	0.0
Earnings from development real estate held for sale including impairment	-3.4	-2.1
Pro-rata income tax on sales	0.9	0.6
Negative goodwill / goodwill impairment	-	-
Change in the market value of financial instruments	3.5	6.0
Transaction costs for the purchase of shareholdings	-	-
Deferred taxes on EPRA adjustments	8.4	2.6
Effect on associated companies	-	-
Minority interests on the above positions	-	-
<b>EPRA earnings</b>	<b>64.8</b>	<b>64.5</b>
Average number of outstanding shares	15 886 232	15 887 687
<b>EPRA earnings per share in CHF</b>	<b>4.08</b>	<b>4.06</b>

## EPRA equity (NAV)

CHF million	30.06.2019	31.12.2018
<b>Equity (NAV) according to consolidated financial statements</b>	<b>2 207.8</b>	<b>2 218.8</b>
Dilution effects due to options, convertible bonds and other equity instruments	-	-
Diluted equity (NAV) after options, convertible bonds and other equity instruments	2 207.8	2 218.8
Plus:		
Revaluation of investment real estate (if acquisition cost model in accordance with IAS 40)	-	-
Revaluation of investment real estate under construction (if acquisition cost model in accordance with IAS 40)	-	-
Revaluation of other assets	-	-
Revaluation of real estate tenancies under finance leases	-	-
Valuation difference on development real estate	32.1	-2.4
Less:		
Market value of derivative financial instruments	12.2	15.7
Deferred taxes	225.4	209.4
Goodwill from deferred taxes	-	-
Effect on associated companies	-	-
<b>EPRA equity (NAV)</b>	<b>2 477.5</b>	<b>2 446.3</b>
Number of outstanding shares (diluted)	15 888 617	15 886 880
<b>EPRA equity (NAV) per share in CHF</b>	<b>155.95</b>	<b>154.00</b>

## EPRA triple net asset value (NNNAV)

CHF million	30.06.2019	31.12.2018
<b>EPRA equity (NAV)</b>	<b>2 477.5</b>	<b>2 446.3</b>
Less:		
Market value of derivative financial instruments	-12.2	-15.7
Market value of financial liabilities	-39.3	-15.6
Deferred taxes	-225.4	-210.4
<b>EPRA NNNAV</b>	<b>2 200.5</b>	<b>2 204.6</b>
Number of outstanding shares (diluted)	15 888 617	15 886 880
<b>EPRA NNNAV per share in CHF</b>	<b>138.50</b>	<b>138.75</b>

## EPRA net yield from rental income

CHF million	30.06.2019	31.12.2018
Owned investment real estate	4 237.5	4 159.9
Investment real estate in joint ventures / funds	-	-
Development real estate	156.3	147.6
Less development real estate and investment real estate under construction	-230.0	-205.7
<b>Market value of yield-producing properties</b>	<b>4 163.8</b>	<b>4 101.8</b>
Annualised actual rental income	204.0	202.8
Direct expenses for investment real estate	-29.0	-24.8
<b>Annualised net rental income</b>	<b>175.0</b>	<b>178.0</b>
Plus expected additional rental income after expiry of rental discounts	1.6	2.1
<b>Topped-up annualised net rental income</b>	<b>176.6</b>	<b>180.1</b>
<b>EPRA net yield from rental income</b>	<b>4.2%</b>	<b>4.3%</b>
<b>EPRA topped-up net yield from rental income</b>	<b>4.2%</b>	<b>4.4%</b>

## EPRA vacancy rate

CHF million	30.06.2019	31.12.2018
Estimated rental potential of vacant premises	4.2	4.3
Estimated rental income from total portfolio	210.6	210.3
<b>EPRA vacancy rate</b>	<b>2.0%</b>	<b>2.0%</b>

## EPRA operating expense ratio

CHF million	1 <sup>st</sup> half-year 2019	1 <sup>st</sup> half-year 2018
Operating expenses of investment real estate according to IFRS income statement:		
Direct expenses for rented investment real estate	11.4	8.9
Personnel expenses	0.6	1.3
Other operating expenses	4.8	4.3
<b>EPRA operating expenses (including vacancy costs)</b>	<b>16.8</b>	<b>14.5</b>
Direct vacancy costs	0.5	0.2
<b>EPRA operating expenses (excluding vacancy costs)</b>	<b>16.3</b>	<b>14.3</b>
Gross rental income	102.6	97.8
<b>EPRA rental income</b>	<b>102.6</b>	<b>97.8</b>
<b>EPRA operating expense ratio (including direct vacancy costs)</b>	<b>16.4%</b>	<b>14.8%</b>
<b>EPRA operating expense ratio (excluding direct vacancy costs)</b>	<b>15.9%</b>	<b>14.6%</b>

## EPRA value-enhancing investments in investment properties

CHF million	1 <sup>st</sup> half-year 2019	1 <sup>st</sup> half-year 2018
Purchases	0.0	0.0
Value-enhancing investments (investment real estate under construction)	9.6	9.7
Value-enhancing investments (like-for-like yield-producing properties)	4.2	5.9
Capitalised building loan interest	0.1	0.1
<b>EPRA value-enhancing investments</b>	<b>13.9</b>	<b>15.7</b>