

# Consolidated half-year financial statements of Allreal Group

## Consolidated statement of comprehensive income

CHF million	Notes	1 <sup>st</sup> half-year 2020	1 <sup>st</sup> half-year 2019 restated <sup>1</sup>
Income from renting investment real estate	3	100.1	101.9
Income from realisation Projects & Development	4	135.7	147.4
Income from sales Development	4	12.1	22.4
Diverse income	4	0.9	0.6
<b>Operating income</b>		<b>248.8</b>	<b>272.3</b>
Direct expenses for rented investment real estate	5	-13.2	-11.4
Direct expenses from realisation Projects & Development	4	-116.9	-126.7
Direct expenses from sales Development	4	-10.5	-19.0
<b>Direct operating expenses</b>		<b>-140.6</b>	<b>-157.1</b>
Personnel expenses		-20.0	-20.8
Other operating expenses		-5.3	-5.7
<b>Operating expenses</b>		<b>-25.3</b>	<b>-26.5</b>
<b>Capitalised company-produced assets</b>	4	<b>3.3</b>	<b>3.4</b>
Higher valuation of yield-producing properties		23.1	39.3
Lower valuation of yield-producing properties		-12.9	-15.0
Higher valuation of investment real estate under construction		17.5	5.9
Lower valuation of investment real estate under construction		0.0	0.0
<b>Earnings from revaluation of investment real estate</b>	6	<b>27.7</b>	<b>30.2</b>
<b>EBITDA</b>		<b>113.9</b>	<b>122.3</b>
Depreciation other property, plant and equipment		-0.1	-0.1
Amortisation intangible assets		0.0	-0.1
<b>Operating profit (EBIT)</b>		<b>113.8</b>	<b>122.1</b>
Financial income		1.2	0.7
Financial expense	7	-9.1	-9.6
<b>Net profit before tax</b>		<b>105.9</b>	<b>113.2</b>
Tax expense		-19.5	-24.0
<b>Net profit</b>		<b>86.4</b>	<b>89.2</b>
Earnings per share in CHF		5.43	5.61
Diluted earnings per share in CHF		5.43	5.61

<sup>1</sup> The consolidated half-year financial statements 2020 were prepared in accordance with Swiss GAAP FER for the first time. The previous year's figures have been restated accordingly, see section 2 of the selected notes

## Consolidated balance sheet

CHF million	Notes	30.06.2020	31.12.2019 restated <sup>1</sup>
Yield-producing properties	9	4 257.3	4 242.4
Investment real estate under construction	9	134.6	99.6
Other property, plant and equipment		6.3	1.5
Financial assets		114.2	118.8
Intangible assets		0.1	0.1
Deferred tax assets		17.4	19.5
<b>Non-current assets</b>		<b>4 529.9</b>	<b>4 481.9</b>
Development real estate	10	185.1	167.6
Trade receivables		55.3	56.1
Other receivables		4.6	1.9
Cash		48.8	29.8
<b>Current assets</b>		<b>293.8</b>	<b>255.4</b>
<b>Assets</b>		<b>4 823.7</b>	<b>4 737.3</b>
Share capital	11	15.9	15.9
Capital reserves		576.3	628.0
Treasury shares	11	-6.7	-7.1
Retained earnings		1 746.6	1 715.8
<b>Equity</b>		<b>2 332.1</b>	<b>2 352.6</b>
Borrowings	12	1 467.2	1 598.4
Deferred tax liabilities		280.1	270.1
Long-term provisions		1.3	1.3
<b>Long-term liabilities</b>		<b>1 748.6</b>	<b>1 869.8</b>
Trade payables		75.5	75.1
Prepayments for development real estate		4.4	0.0
Current tax liabilities		15.3	9.1
Other current liabilities		24.1	22.2
Provisions		8.7	5.5
Short-term borrowings	12	615.0	403.0
<b>Short-term liabilities</b>		<b>743.0</b>	<b>514.9</b>
<b>Liabilities</b>		<b>2 491.6</b>	<b>2 384.7</b>
<b>Equity and liabilities</b>		<b>4 823.7</b>	<b>4 737.3</b>

<sup>1</sup> The consolidated half-year financial statements 2020 were prepared in accordance with Swiss GAAP FER for the first time. The previous year's figures have been restated accordingly, see section 2 of the selected notes

## Consolidated statement of changes in shareholders' equity

CHF million	Retained earnings						Total <sup>1</sup>
	Share capital	Capital reserves	Treasury shares	Hedging reserves <sup>1</sup>	Revaluation reserves	Other retained earnings <sup>1</sup>	
<b>As at 31 December 2018 according to IFRS</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>
Reconciliation from IFRS to Swiss GAAP FER <sup>1</sup>				15.7		-24.0	-8.3
<b>As at 1 January 2019 according to Swiss GAAP FER</b>	<b>15.9</b>	<b>731.3</b>	<b>-8.9</b>	<b>-</b>	<b>259.5</b>	<b>1 212.7</b>	<b>2 210.5</b>
Net profit						89.2	89.2
Purchase treasury shares			0.0				0.0
Sale treasury shares			0.0			0.0	0.0
Distribution 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>-</b>	<b>280.8</b>	<b>1 280.7</b>	<b>2 196.7</b>
Net profit						154.0	154.0
Purchase treasury shares			0.0				0.0
Sale treasury shares			1.6			0.3	1.9
Share-based reimbursement			0.0				0.0
Reclassification					78.9	-78.9	0.0
<b>As at 31 December 2019</b>	<b>15.9</b>	<b>628.0</b>	<b>-7.1</b>	<b>-</b>	<b>359.7</b>	<b>1 356.1</b>	<b>2 352.6</b>
Net profit						86.4	86.4
Sale treasury shares			0.2			0.0	0.2
Distribution to shareholders		-51.7				-55.6	-107.3
Share-based reimbursement			0.2				0.2
Reclassification					23.4	-23.4	0.0
<b>As at 30 June 2020</b>	<b>15.9</b>	<b>576.3</b>	<b>-6.7</b>	<b>-</b>	<b>383.1</b>	<b>1 363.5</b>	<b>2 332.1</b>

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## Consolidated cash flow statement

CHF million	Notes	1 <sup>st</sup> half-year 2020	1 <sup>st</sup> half-year 2019 restated <sup>1</sup>
Net profit before tax		105.9	113.2
Net financial expense		7.8	9.0
Earnings from revaluation of investment real estate	6	-27.7	-30.2
Depreciation other property, plant and equipment		0.1	0.1
Depreciation intangible assets		0.0	0.1
Capitalisation of company-produced assets in development real estate		-0.7	-1.0
Share-based reimbursement		0.2	0.2
Other items		1.3	1.6
<b>Change in development real estate</b>		<b>-17.0</b>	<b>-18.2</b>
Change in trade receivables		0.9	7.0
Change in other receivables		-2.8	-0.9
Change in provisions		3.2	0.4
Change in trade payables		0.8	8.5
Change in down payments for development real estate		3.8	0.2
Change in other current liabilities		2.5	-1.5
Cost of finance paid		-10.5	-11.5
Financial income received		0.7	0.7
Income tax paid		-0.3	-16.2
<b>Cash flow from operating activities</b>		<b>68.2</b>	<b>61.5</b>
Investment in yield-producing properties	9	-4.8	-4.2
Investment in investment real estate under construction	9	-17.4	-9.6
Acquisition of other property, plant and equipment		-4.9	-0.2
Investment in intangible assets		-0.1	-0.1
Increase in financial assets		-0.6	-1.2
Decrease in financial assets		5.0	4.9
<b>Cash flow from investing activities</b>		<b>-22.8</b>	<b>-10.4</b>
Increase in borrowings		177.0	219.0
Decrease in borrowings		-96.3	-169.2
Purchase treasury shares		0.0	0.0
Sale treasury shares		0.2	0.0
Distribution to shareholders		-107.3	-103.3
<b>Cash flow from financing activities</b>		<b>-26.4</b>	<b>-53.5</b>
<b>Change in cash</b>		<b>19.0</b>	<b>-2.4</b>
Cash at 1 January		29.8	40.6
<b>Cash at 30 June 2020</b>		<b>48.8</b>	<b>38.2</b>

<sup>1</sup> The consolidated half-year financial statements 2020 were prepared in accordance with Swiss GAAP FER for the first time. The previous year's figures have been restated accordingly, see section 2 of the selected notes

## Segment information for the first half-year 2020

CHF million	Real Estate	Projects & Development	Total segments	Holding/ eliminations	Total
<b>Income statement</b>					
Operating income	100.1	148.7	248.8	0.0	248.8
Profit from intercompany services	-4.1	4.4	0.3	-0.3	0.0
Direct operating expenses	-13.2	-127.4	-140.6	0.0	-140.6
Operating expenses	-1.7	-22.9	-24.6	-0.7	-25.3
Capitalised company-produced assets	0.0	3.3	3.3	0.0	3.3
Earnings from revaluation of investment real estate	27.7	0.0	27.7	0.0	27.7
<b>EBITDA</b>	<b>108.8</b>	<b>6.1</b>	<b>114.9</b>	<b>-1.0</b>	<b>113.9</b>
Depreciation and amortisation	0.0	-0.1	-0.1	0.0	-0.1
<b>Operating profit (EBIT)</b>	<b>108.8</b>	<b>6.0</b>	<b>114.8</b>	<b>-1.0</b>	<b>113.8</b>
Financial income	1.2	0.0	1.2	0.0	1.2
Financial expense	-8.8	-0.3	-9.1	0.0	-9.1
Tax expense	-19.2	-0.9	-20.1	0.6	-19.5
<b>Net profit</b>	<b>82.0</b>	<b>4.8</b>	<b>86.8</b>	<b>-0.4</b>	<b>86.4</b>
EBITDA excl. revaluation gains	81.1	6.1	87.2	-1.0	86.2
Operating profit (EBIT) excl. revaluation gains	81.1	6.0	87.1	-1.0	86.1
<b>Net profit excl. revaluation effect</b>	<b>58.6</b>	<b>4.8</b>	<b>63.4</b>	<b>-0.4</b>	<b>63.0</b>
Operating margin in percent <sup>1</sup>	93.3	24.4	78.1	0.0	77.2
Rental income and income from real estate management	100.1	0.0	100.1	0.0	100.1
Completed project volume third-party projects	0.0	135.7	135.7	0.0	135.7
Completed project volume own projects	0.0	42.9	42.9	0.0	42.9
Total sales (according to internal reporting)	100.1	178.6	278.7	0.0	278.7
less sales from intercompany services	0.0	-31.6	-31.6	0.0	-31.6
Total sales to third parties (according to internal reporting)	100.1	147.0	247.1	0.0	247.1
plus reconciliation item external reporting	0.0	0.8	0.8	0.0	0.8
Diverse income	0.0	0.9	0.9	0.0	0.9
Operating income	100.1	148.7	248.8	0.0	248.8
<b>Balance sheet as at 30.06.2020</b>					
Non-current assets	4 522.5	6.2	4 528.7	1.2	4 529.9
Current assets	23.6	269.2	292.8	1.0	293.8
<b>Total assets</b>	<b>4 546.1</b>	<b>275.4</b>	<b>4 821.5</b>	<b>2.2</b>	<b>4 823.7</b>
Provisions	0.0	10.0	10.0	0.0	10.0
Other debt (excl. financing and taxes)	21.5	82.5	104.0	0.0	104.0
Financial liabilities	2 020.3	61.9	2 082.2	0.0	2 082.2
Tax liabilities	283.8	10.8	294.6	0.8	295.4
<b>Total debt</b>	<b>2 325.6</b>	<b>165.2</b>	<b>2 490.8</b>	<b>0.8</b>	<b>2 491.6</b>
<b>Total assigned equity<sup>2</sup></b>	<b>2 220.5</b>	<b>110.2</b>	<b>2 330.7</b>	<b>1.4</b>	<b>2 332.1</b>
Investment in non-current assets	22.2	5.0	27.2	0.0	27.2

<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 2019<sup>1</sup>

CHF million	Real Estate	Projects & Development	Total segments	Holding/ eliminations	Total
<b>Income statement</b>					
Operating income	101.9	170.4	272.3	0.0	272.3
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	-24.3	-25.8	-0.7	-26.5
Capitalised company-produced assets	0.0	3.4	3.4	0.0	3.4
Earnings from revaluation of investment real estate	30.2	0.0	30.2	0.0	30.2
<b>EBITDA</b>	<b>115.3</b>	<b>8.0</b>	<b>123.3</b>	<b>-1.0</b>	<b>122.3</b>
Depreciation and amortisation	0.0	-0.2	-0.2	0.0	-0.2
<b>Operating profit (EBIT)</b>	<b>115.3</b>	<b>7.8</b>	<b>123.1</b>	<b>-1.0</b>	<b>122.1</b>
Financial income	0.7	0.0	0.7	0.0	0.7
Financial expense	-8.9	-0.7	-9.6	0.0	-9.6
Tax expense	-22.3	-1.2	-23.5	-0.5	-24.0
<b>Net profit</b>	<b>84.8</b>	<b>5.9</b>	<b>90.7</b>	<b>-1.5</b>	<b>89.2</b>
EBITDA excl. revaluation gains	85.1	8.0	93.1	-1.0	92.1
Operating profit (EBIT) excl. revaluation gains	85.1	7.8	92.9	-1.0	91.9
<b>Net profit excl. revaluation effect</b>	<b>63.0</b>	<b>5.9</b>	<b>68.9</b>	<b>-1.5</b>	<b>67.4</b>
Operating margin in percent <sup>2</sup>	94.0	27.8	78.3	0.0	77.5
Rental income and income from real estate management	101.9	0.0	101.9	0.0	101.9
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)	101.9	178.9	280.8	0.0	280.8
less sales from intercompany services	0.0	-18.5	-18.5	0.0	-18.5
Total sales to third parties (according to internal reporting)	101.9	160.4	262.3	0.0	262.3
plus reconciliation item external reporting	0.0	9.1	9.1	0.0	9.1
Diverse income	0.0	0.9	0.9	0.0	0.9
Operating income	101.9	170.4	272.3	0.0	272.3
<b>Balance sheet as at 31.12.2019</b>					
Non-current assets	4 480.4	1.5	4 481.9	0.0	4 481.9
Current assets	8.5	245.9	254.4	1.0	255.4
<b>Total assets</b>	<b>4 488.9</b>	<b>247.4</b>	<b>4 736.3</b>	<b>1.0</b>	<b>4 737.3</b>
Provisions	0.0	6.8	6.8	0.0	6.8
Other debt (excl. financing and taxes)	23.9	73.4	97.3	0.0	97.3
Financial liabilities	1 940.8	60.6	2 001.4	0.0	2 001.4
Tax liabilities	265.0	13.7	278.7	0.5	279.2
<b>Total debt</b>	<b>2 229.7</b>	<b>154.5</b>	<b>2 384.2</b>	<b>0.5</b>	<b>2 384.7</b>
<b>Total assigned equity<sup>3</sup></b>	<b>2 259.2</b>	<b>92.9</b>	<b>2 352.1</b>	<b>0.5</b>	<b>2 352.6</b>
Investment in non-current assets	13.8	0.1	13.9	0.0	13.9

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<sup>2</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>3</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

Since 1 January 2020, the financial statements of Allreal Group have been prepared according to Swiss GAAP FER (FER). The consolidated half-year financial statements 2020 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 effects of the change in accounting standards from IFRS to FER on the principles of recognition and valuation are outlined under section 2.

#### 1.2 Scope of consolidation

The scope of consolidation remained unchanged in the first half of 2020.

#### 1.3 Valuation uncertainties

##### Investment real estate

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

“The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a ‘Global Pandemic’ on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuations are therefore reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuations of under frequent review.

For the avoidance of doubt, the inclusion of the ‘material valuation uncertainty’ declaration above does not mean that the valuation cannot be relied upon. Rather, the phrase is used in order to be clear and transparent with all parties, in a professional manner that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is a disclosure, not a disclaimer.

Although we reflect our general understanding of the status of the tenants based on publicly available information which may not be up to date, we are not qualified to advise you on the financial standing of the tenants. Based on the information currently available, we assume that the tenants have sufficient covenant status.

With the ongoing outbreak of COVID-19 virus, uncertain trading and credit market conditions may lead to rapid changes in covenant strength and/or sentiment.”

## **2 Restatement to Swiss GAAP FER**

The effects that the change in accounting standards from IFRS to Swiss GAAP FER has on the principles of recognition and valuation are outlined in the following. The principles which remain unaffected are not shown. The effects on the consolidated financial statements and on consolidated equity are stated under section 2.8.

### **2.1 Earnings from renting investment real estate / investment real estate**

Income from renting investment real estate includes net rental income after deduction of vacancy losses, losses due to bad debts and (new) deduction of ground rent. Under IFRS, ground rent was capitalised as a right-of-use asset and reported under yield-producing properties. Changes in right-of-use assets were recognised under gains from the revaluation of investment real estate. The change in recognition of ground rent obviates the need to capitalise it as a right-of-use asset and report it under yield-producing properties as per IFRS.

### **2.2 Employee pension plans**

Under IFRS, pension funds were classed as defined benefit plans, with plan assets recognised at fair value and liabilities valued using the projected unit credit method.

Pension expenses comprised a past service and a net interest component which were recognised under personnel expenses, as well as a revaluation component which contains actuarial gains and losses and was recognised through other comprehensive income under changes in the pension fund.



Pension plans are now recognised in accordance with Swiss GAAP FER 16 “Pension benefit obligations”. Accordingly, actual expenditure for the pension fund is charged to personnel expenses. In application of the new standard, any economic benefit or obligation existing on the cut-off date must be taken to the balance sheet. The previous practice of reporting the net position “Pension plan assets” in the balance sheet under financial assets no longer applies.

### **2.3 Other operating expenses/other property, plant and equipment**

Rental expenses from long-term rental agreements for offices and parking spaces are now recognised as operating leases and charged to income under other operating expenses. Under IFRS, these obligations were capitalised as right-of-use assets under the position “Other property, plant and equipment” and depreciated over the term. They are no longer capitalised as right-of-use assets under FER.

### **2.4 Financial expenses/Derivative financial instruments**

In December 2016, Allreal terminated interest swaps (swaps) early. Their remaining negative replacement value (after deferred tax) was reported in the hedging reserve and under IFRS released to the income statement over the original residual term to maturity of the swaps.

Under FER, the balance of negative hedging reserves was allocated in the opening balance sheet of 1 January 2019 to retained earnings and has not been charged to the consolidated statement of comprehensive income since 2019.

### **2.5 Development real estate**

Development real estate comprises land reserves, buildings under construction, and completed properties. Under FER, accrued investment costs (land and project costs) for notarised units are now no longer reported as contract assets or liabilities but – as buildings under construction – fall under development real estate.

### **2.6 Short-term receivables and liabilities**

Receivables from construction activities undertaken on behalf of third parties are recognised according to the net principle, i.e. payments on account received from clients and partial settlements of accounts arising from the construction activities are offset against each other (order balances). In accordance with IFRS, positive net positions were previously reported as contract assets and negative net positions as contract liabilities. Now, under FER, order balances are reported as trade receivables or trade payables accordingly.

## 2.7 Lease liabilities

In connection with the two types of right-of-use assets – i.e. arising from ground rent and from long-term rental agreements – a long- and a short-term lease liability was recognised under IFRS. Under FER, rental expenses and ground rent are charged to the income statement as incurred, and no right-of-use assets are capitalised. Accordingly, there are no long- and short-term lease liabilities to recognise.

## 2.8 Reconciliation of net profit and equity

The changes in principles of accounting following adoption of FER were applied retroactively to 1 January 2019 with a restatement of the previous year's figures. The effects of the change from IFRS to FER on net profit and equity are shown in the following tables.

### Reconciliation of net profit from IFRS to FER

CHF million	6 months 01.01.–30.06.2019	12 months 01.01.–31.12.2019
<b>IFRS net profit</b>	<b>85.1</b>	<b>234.8</b>
Changes in employee benefits	0.5	1.5
Expense for derivatives	4.5	8.9
Income from renting investment real estate	-0.7	-1.3
Other operating expenses	-1.6	-4.4
Earnings from revaluation of investment real estate	0.5	0.9
Depreciation other property, plant and equipment	1.6	4.4
Financial expense	0.4	0.7
Tax expense	-1.1	-2.3
<b>FER net profit</b>	<b>89.2</b>	<b>243.2</b>

## Reconciliation of equity from IFRS to FER

CHF million	Share capital	Capital reserves	Treasury shares	Hedging reserves	Revaluation reserves	Other retained reserves	Total
<b>As at 31 December 2018 according to IFRS</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>
<b>Eliminations</b>							
Changes in employee benefits						-10.6	-10.6
Deferred taxes from changes in employee benefits						2.3	2.3
<b>Reclassification</b>							
Reclassification of hedging reserves				15.7		-15.7	0.0
<b>As at 1 January 2019 according to FER</b>	<b>15.9</b>	<b>731.3</b>	<b>-8.9</b>	<b>0.0</b>	<b>259.5</b>	<b>1 212.7</b>	<b>2 210.5</b>

CHF million	Share capital	Capital reserves	Treasury shares	Hedging reserves	Revaluation reserves	Other retained reserves	Total
<b>As at 30 June 2019 according to IFRS</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>
<b>Elimination</b>							
Changes in employee benefits						-14.5	-14.5
Deferred taxes from changes in employee benefits						3.2	3.2
Leasing expenses						0.2	0.2
<b>Reclassification</b>							
Reclassification of hedging reserves				12.2		-12.2	0.0
<b>As at 30 June 2019 according to FER</b>	<b>15.9</b>	<b>628.0</b>	<b>-8.7</b>	<b>0.0</b>	<b>280.8</b>	<b>1 280.7</b>	<b>2 196.7</b>

CHF million	Share capital	Capital reserves	Treasury shares	Hedging reserves	Revaluation reserves	Other retained reserves	Total
<b>As at 31 December 2019 according to IFRS</b>	<b>15.9</b>	<b>628.0</b>	<b>-7.1</b>	<b>-8.7</b>	<b>359.7</b>	<b>1 380.7</b>	<b>2 368.5</b>
<b>Elimination</b>							
Changes in employee benefits						-20.2	-20.2
Deferred taxes from changes in employee benefits						4.0	4.0
Leasing expenses						0.3	0.3
<b>Reclassification</b>							
Reclassification of hedging reserves				8.7		-8.7	0.0
<b>As at 31 December 2019 according to FER</b>	<b>15.9</b>	<b>628.0</b>	<b>-7.1</b>	<b>0.0</b>	<b>359.7</b>	<b>1 356.1</b>	<b>2 352.6</b>

### 3 Income from renting investment real estate

CHF million	1 <sup>st</sup> half-year 2020	1 <sup>st</sup> half-year 2019 <sup>1</sup>
Rental income from residential properties	18.3	17.5
Rental income from commercial properties	81.8	84.4
<b>Income from renting investment real estate</b>	<b>100.1</b>	<b>101.9</b>

<sup>1</sup> Previous year's figures restated, see section 2

The accumulated vacancy rate for the first half of 2020 amounted to a total of 1.5% of projected rental income (1<sup>st</sup> half-year 2019: 1.9%), broken down into 2.1% for residential properties and 1.3% for commercial properties (1<sup>st</sup> half-year 2019: 3.8% and 1.5%).

### 4 Earnings from Projects & Development division

CHF million	1 <sup>st</sup> half-year 2020	1 <sup>st</sup> half-year 2019
Income from realisation Projects & Development	135.7	147.4
Direct expenses from realisation Projects & Development	-116.9	-126.7
<b>Earnings from realisation Projects &amp; Development</b>	<b>18.8</b>	<b>20.7</b>
Income from sales Development	12.1	22.4
Direct expenses from sales Development	-10.5	-19.0
<b>Income from sales Development</b>	<b>1.6</b>	<b>3.4</b>
<b>Capitalised company-produced assets</b>	<b>3.3</b>	<b>3.4</b>
<b>Diverse income</b>	<b>0.9</b>	<b>0.6</b>
<b>Earnings from Projects &amp; Development division</b>	<b>24.6</b>	<b>28.1</b>

Earnings from realisation Projects & Development consists of architects' and project & development fees (CHF 10.4 million) and earnings from construction activity (CHF 11.1 million) (1<sup>st</sup> half-year 2019: CHF 11.1 million and CHF 12.1 million, respectively). This contrasts with directly offset sales deductions (CHF 2.7 million) (1<sup>st</sup> half-year 2019: CHF 2.5 million).

Income from sales Development is attributable to revenue from the projects Soli-strasse in Bülach ZH (CHF 4.2 million) and Alter Züriweg in Zufikon AG (CHF 7.9 million), resulting in gains on sales of CHF 1.6 million.

## 5 Direct expenses for rented investment real estate

CHF million	1 <sup>st</sup> half-year 2020	1 <sup>st</sup> half-year 2019
Administrative and operating expenses, residential real estate	-0.9	-0.9
Administrative and operating expenses, commercial real estate	-2.6	-2.7
Maintenance and repair expenses, residential real estate	-2.4	-1.6
Maintenance and repair expenses, commercial real estate	-7.3	-6.2
<b>Real estate expenses</b>	<b>-13.2</b>	<b>-11.4</b>

## 6 Earnings from revaluation of investment real estate

CHF million	1 <sup>st</sup> half-year 2020	1 <sup>st</sup> half-year 2019 <sup>1</sup>
Higher valuation of yield-producing properties	23.1	39.3
Higher valuation of investment real estate under construction	17.5	5.9
Lower valuation of yield-producing properties	-12.9	-15.0
Lower valuation of investment real estate under construction	0.0	0.0
<b>Earnings from revaluation of investment real estate</b>	<b>27.7</b>	<b>30.2</b>

<sup>1</sup> Previous year's figures restated, see section 2

CHF 3.9 million of the higher valuation of yield-producing properties relates to residential real estate and CHF 19.2 million to commercial real estate (1<sup>st</sup> half-year 2019: CHF 13.6 million and CHF 25.7 million, respectively). CHF 0.0 million of the lower valuation of yield-producing properties relates to residential real estate and CHF 12.9 million to commercial real estate (1<sup>st</sup> half-year 2019: CHF 0.7 million and CHF 14.3 million, respectively).

The average discount rates as at 30 June 2020 for the entire portfolio of yield-producing properties amount to 3.92% (31.12. 2019: 3.93%). The average capitalisation rates as at 30 June 2020 amount to 3.43% (31.12. 2019: 3.44%).

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

## 7 Financial expense

CHF million	1 <sup>st</sup> half-year 2020	1 <sup>st</sup> half-year 2019 <sup>1</sup>
Interest expense for bond issues	-5.2	-5.5
Interest expense payable to banks/insurance companies for liabilities	-4.0	-4.2
Capitalised building loan interest	0.1	0.1
<b>Financial expense</b>	<b>-9.1</b>	<b>-9.6</b>

<sup>1</sup> Previous year's figures restated, see section 2

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

	1 <sup>st</sup> half-year 2020	1 <sup>st</sup> half-year 2019 <sup>1</sup>
Number of outstanding shares as at 1 January (in thousands)	15 897	15 886
Change in holdings of treasury shares (in thousands)	3	1
Number of outstanding shares as at cut-off date (in thousands)	15 900	15 887
Average number of outstanding shares (in thousands)	15 898	15 886
Net profit excl. revaluation effect (in CHF million)	63.0	67.4
Earnings from revaluation of investment real estate (in CHF million)	27.7	30.2
Deferred taxes on revaluation gains (in CHF million)	-4.3	-8.4
Net profit incl. revaluation effect (in CHF million)	86.4	89.2
<b>Earnings per share incl. revaluation effect (CHF)</b>	<b>5.43</b>	<b>5.61</b>
<b>Earnings per share excl. revaluation effect (CHF)</b>	<b>3.96</b>	<b>4.26</b>
<b>Diluted earnings per share</b>		
— incl. revaluation effect (CHF)	5.43	5.61
— excl. revaluation effect (CHF)	3.96	4.26

<sup>1</sup> Previous year's figures restated, see section 2

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 15,898,289 to 15,899,887 shares.

	30.06.2020	31.12.2019 <sup>1</sup>
Outstanding shares (in thousands) on cut-off date	15 900	15 887
Equity on cut-off date (CHF million)	2 332.1	2 352.6
<b>Net asset value (NAV) per share after deferred taxes (CHF)</b>	<b>146.70</b>	<b>148.10</b>
Equity plus provisions for deferred taxes less deferred tax assets (CHF million)	2 594.8	2 603.2
<b>Net asset value (NAV) per share before deferred taxes (CHF)</b>	<b>163.20</b>	<b>163.85</b>

<sup>1</sup> Previous year's figures restated, see section 2

## 9 Investment real estate

CHF million	30.06.2020	31.12.2019 <sup>1</sup>
Residential real estate	1 014.2	1 010.2
Commercial real estate	3 243.1	3 232.2
<b>Yield-producing properties</b>	<b>4 257.3</b>	<b>4 242.4</b>
Investment real estate under construction	134.6	99.6
<b>Investment real estate</b>	<b>4 391.9</b>	<b>4 342.0</b>

<sup>1</sup> Previous year's figures restated, see section 2

The changes in the first half of 2020 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 01.01.2020	1 010.2	3 232.2	4 242.4	99.6	4 342.0
Purchases	0.0	0.0	0.0	0.0	0.0
Value-enhancing investments	0.1	4.7	4.8	17.4	22.2
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	3.9	6.3	10.2	17.5	27.7
Rent-free periods	0.0	-0.1	-0.1	0.0	-0.1
<b>As at 30.06.2020</b>	<b>1 014.2</b>	<b>3 243.1</b>	<b>4 257.3</b>	<b>134.6</b>	<b>4 391.9</b>
of which pledged or subject to transfer restrictions	850.2	2 761.6	3 611.8	0.0	3 611.8
	83.8%	85.2%	84.8%	0.0%	82.2%

The value-enhancing investments relate to the yield-producing properties Grün-gasse 27–31/Badenerstrasse 119–133, Zurich (CHF 2.0 million), Bellerivestrasse 36, Zurich (CHF 1.1 million), Zollstrasse /Josefstrasse 23–29/Klingenstrasse 4, Zurich (CHF 0.7 million), the Escher-Wyss site, Zurich (CHF 0.7 million) and seven other properties (CHF 0.3 million).

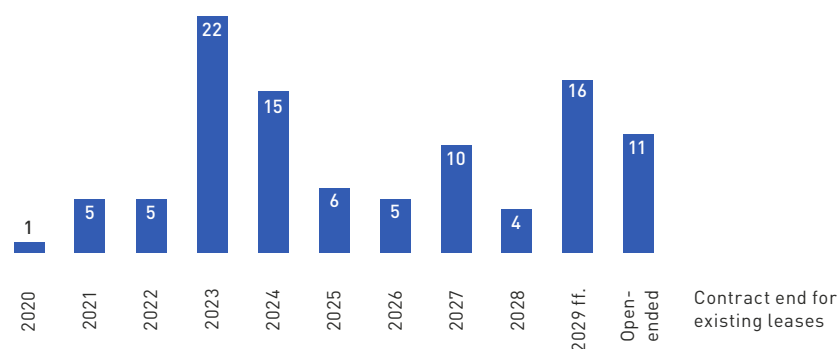
### Largest tenants, commercial real estate

Share in total rental income from commercial real estate:

	30.06.2020	31.12.2019
Canton Zurich	16%	15%
Generali Switzerland	8%	7%
Allianz Suisse Insurance Company Ltd	7%	7%
MAN Energy Solutions Switzerland Ltd	6%	6%
Swiss Confederation	6%	6%
<b>Total</b>	<b>43%</b>	<b>41%</b>

In the first half of 2020, the five largest tenants' share of total rental income from all yield-producing properties (commercial and residential) came to about 35%.

Profile of terms of rental contracts for commercial real estate  
in percent of outstanding rental income in CHF million (rounded)



The weighted remaining term of fixed-term rental contracts for commercial real estate is 5.7 years (31.12.2019: 5.8 years).

#### Investment real estate under construction as at 30 June 2020

Location	Property	Acquisition/ project start	Area of property in m <sup>2</sup>	Register of suspected contam- inated sites	Minergie	Market value CHF million <sup>1</sup>	Estimated investment volume CHF million <sup>2</sup>	Target rental income on completion p.a. CHF million	Expected completion
Zurich	Grünhof site	2002/2018	7 088	yes	yes	84.8	79.9	4.3	2020/2021
Zurich	Hardstrasse 301	2002/2018	1 988	yes	yes	49.8	35.9	2.3	2020
<b>Total investment real estate under construction</b>						<b>134.6</b>	<b>115.8</b>	<b>6.6</b>	

<sup>1</sup> As per 30.06.2020 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 7,088 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 (prospectively as at 1 December 2020 and 1 February 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 3.3/3.5% and 2.8/3.0%, respectively, were applied (31.12.2019: 3.80/4.00% and 3.30/3.50%).



### Hardstrasse 301, Zurich

New-build 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 3.90% and 3.40%, respectively, were applied (31.12.2019: 4.30% and 3.80%).

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

## 10 Development real estate

Book value in CHF million	Development reserves	Buildings under construction	Completed real estate	Total development real estate
As at 01.01.2020	134.9	31.9	0.4	167.2
Purchases	11.0	0.0	0.0	11.0
From construction activity/development	0.3	7.0	2.0	9.3
Income from sales Development	0.0	0.0	1.6	1.6
Impairment	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	-4.0	-4.0
Reclassifications	0.0	0.0	0.0	0.0
As at 30.06.2020	146.2	38.9	0.0	185.1

The addition to development reserves relates to the property Am Strubenacher in Zumikon ZH, ownership of which was transferred in the first half. The changes to buildings under construction relate to the projects Alter Züriweg in Zufikon AG and Florenstrasse in Winterthur ZH. The disposal of completed real estate is in connection with the transfer of ownership of residential units under the project Solistrasse in Bülach ZH. This generated income from sales Development of CHF 1.6 million.

## Development real estate as at 30 June 2020

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	37.4 <sup>2</sup>	175.0	in planning	open
Lucerne	Eggen	2018	8 386	no	34.4 <sup>2</sup>	72.5	in planning	open
Riehen	Inzlingerstrasse	2019	10 883	no	18.6 <sup>2</sup>	52.6	in planning	open
Rümlang	Bäuler	1987	12 854	yes	6.8 <sup>2</sup>	30.0	in planning	open
Zumikon	Am Strubenacher	2019	4 569	no	11.0 <sup>2</sup>	33.8	in planning	open
Zurich	Hauserstrasse	2019	1 341	no	7.1 <sup>2</sup>	15.0	in planning	open
Zurich	Spiserstrasse	2018/2019	3 001	no	30.9 <sup>2</sup>	75.2	in planning	open
<b>Total development reserves</b>					<b>146.2</b>	<b>454.1</b>		
<b>Buildings under construction</b>								
Winterthur	Florenstrasse	2016	11 582	no	27.1 <sup>2</sup>	57.0	in progress	2022
Zufikon	Alter Züriweg	2017	3 806	no	11.8 <sup>2</sup>	17.0	in progress	2021
<b>Total buildings under construction</b>					<b>38.9</b>	<b>74.0</b>		
<b>Completed real estate</b>								
Bülach	Solistrasse	2011	18 586	yes	0.0 <sup>2</sup>			
<b>Total completed real estate</b>					<b>0.0</b>			
<b>Total development real estate</b>					<b>185.1</b>	<b>528.1</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

### Florenstrasse, Winterthur ZH

Eight new-build apartment buildings with a total of 51 condominiums and 74 underground parking spaces with lettable floor space (100% residential) of 6,232 square metres. It is being built by Allreal Generalunternehmung AG and is scheduled for completion in 2022. As at 30 June 2020, contracts of sale had been notarised for 0 of the 51 residential units and 44 had been reserved.

### Alter Züriweg, Zufikon AG

Two connected new-build stepped apartment blocks with a total of 20 condominiums and 30 underground parking spaces 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 2020, contracts of sale had been notarised for 17 of the 20 residential units, 0 of which with transfer of ownership, and 2 had been reserved.

## 11 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>2019</b>			
As at 1 January	15 942 821	57 055	15 913 293
Purchase treasury shares		254	
Sale treasury shares		-10 177	
Share-based reimbursement		-1 424	
<b>As at 31 December</b>	<b>15 942 821</b>	<b>45 708</b>	<b>15 897 113</b>
<b>2020</b>			
As at 1 January	15 942 821	45 708	15 897 113
Purchase treasury shares		-	
Sale treasury shares		-1 191	
Share-based reimbursement		-1 392	
<b>As at 30 June</b>	<b>15 942 821</b>	<b>43 125</b>	<b>15 899 696</b>

On 30 June 2020, Allreal held 43,125 treasury shares (31.12.2019: 45,708 shares). The average purchase price per share stands at CHF 155.40 (31.12.2019: CHF 155.40). The total purchase price is deducted from consolidated equity.

The Board of Directors is authorised by the annual general meeting to increase the share capital – excluding the subscription rights of shareholders as applicable – until 24 April 2022 to acquire businesses, business units, participating interests or real estate through an exchange of shares, for financing or refinancing the acquisition of businesses, business units, participating interests or investment projects, or for the purpose of an international placement of shares worth up to CHF 1,000,000 by issuing up to 1,000,000 registered shares each with a par value of CHF 1.00 (authorised capital).

For the purpose of issuing convertible bonds, warrant bonds or other financial instruments, there exists – excluding the subscription rights of shareholders – conditional capital of up to CHF 1,000,000 through the issue of up to 1,000,000 registered shares with a nominal value of CHF 1.00 each. Bearers of the convertible and/or warrant bonds are entitled to subscribe to the new shares.

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

The annual general meeting of Allreal Holding AG of 24 April 2020 voted in favour of a distribution of CHF 6.75 per share, corresponding to a total amount of CHF 107.3 million. Of this amount, CHF 3.25 per share was paid out in the form of a repayment of reserves from contribution of capital and CHF 3.50 per share as a dividend.

## 12 Borrowings

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 31.12.2019</b>					
<b>Borrowings</b>	<b>428.0</b>	<b>336.3</b>	<b>298.0</b>	<b>940.0</b>	<b>2 002.3</b>
Total in %	21.4	16.8	14.9	46.9	100.0
<b>As at 30.06.2020</b>					
<b>Borrowings</b>	<b>630.2</b>	<b>362.8</b>	<b>250.0</b>	<b>840.0</b>	<b>2 083.0</b>
Total in %	30.3	17.4	12.0	40.3	100.0

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 49 months as at the balance sheet cut-off date (31.12.2019: 56 months).

In the first half of 2020, bond issues in the amount of CHF 10 million were redeemed on the market and offset against the nominal amount of outstanding borrowings. The resultant financial income of CHF 0.4 million was credited to income.

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

CHF million	Effective interest	Issue amount	Nominal amount <sup>1</sup>	Book value As at 30.06.2020	Fair value as at 30.06.2020	Book value as at 31.12.2019	Fair value as at 31.12.2019
0.4% bond issue 2019–26.09.2029	0.43%	200.0	194.4	193.8	187.0	199.4	198.4
0.875% bond issue 2017–30.03.2027	0.86%	160.0	158.6	158.8	161.1	160.2	166.2
0.75% bond issue 2017–19.05.2026	0.76%	150.0	148.3	148.2	151.1	149.9	154.7
1.375% bond issue 2015–31.03.2025	1.32%	100.0	100.0	100.3	105.3	100.3	106.1
0.625% bond issue 2016–15.05.2024	0.68%	150.0	149.6	149.3	152.2	149.7	154.5
0.5% bond issue 2018–19.04.2023	0.55%	125.0	124.1	123.9	125.4	124.8	128.2
0.75% bond issue 2015–31.03.2021	0.67%	120.0	119.9	120.0	120.7	120.1	121.6
–0.35% bond issue 2020–15.01.2021 <sup>2</sup>	–0.34%	50.0	50.0	50.1	50.1	–	–
2% bond issue 2013–23.09.2020	2.12%	150.0	150.0	150.0	150.6	149.9	152.7
Fixed-rate mortgages	–	–	595.8	595.8	603.8	597.3	606.6

<sup>1</sup> The nominal amount is the issue amount net of redeemed bond issues

<sup>2</sup> Private Placement

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 2019: CHF 0.1 million).

As at 30 June 2020, fixed advances amounting to CHF 292 million and fixed-rate mortgages amounting to CHF 595.8 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 2020 is 0.83% (31.12.2019: 0.88%).

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.

### **13 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 284.4 million in connection with financing transactions with third parties on behalf of individual subsidiaries (31.12.2019: CHF 246.5 million).

As at 30 June 2020, 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.

### **14 Events after the balance sheet date**

On 6 July 2020, a property on Badenerstrasse 501–505 in Zurich Albisrieden was acquired at a price of CHF 31.5 million as part of the development real estate. The property is suitable for new residential construction with an investment volume of about CHF 61 million. Otherwise, between 30 June 2020 and 18 August 2020 (date on which the consolidated half-year 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.