

- Results reflect sales growth and lower portfolio valuation
- Consistently stable income-producing properties
- Projects & Development division with full utilisation
- High financial power permitted further investments
- Proposal for unchanged payment of CHF 5.50 per share

Net profit including revaluation gains reported by Allreal for the 2012 financial year amounted to CHF 98.0 million. The main reason for the lower result compared to the previous year refers to the temporary lower valuation of the Toni-Areal in Zurich-West owing to its delayed completion by one year. It is however expected that the market value determined by an external real-estate valuator will exceed capital expenditure. Valuation gains are therefore expected for the subsequent periods. The rental agreement with Canton of Zurich will become effective from 1 July 2014, and the 20-year lease duration will remain unaffected.

The total operating performance generated in the period under review by the two divisions, Projects & Development and Real Estate, grew by a considerable 22.6% to CHF 1086 million. The completed project volume, which was again reported considerably higher and amounted to some CHF 940 million, made a significant contribution to this result.

Net profit excluding revaluation gains amounted to CHF 105.1 million, or 8.6% below that of the previous year. Operating results were characterised especially by higher project-related labour costs in the Projects & Development division. While rental income remained practically unchanged, profits from contract awarding and the number of ownership transfers remained below that of the previous year, as expected.

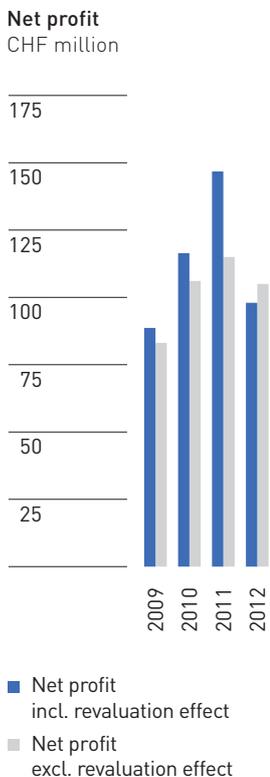
The acquisition of the Hammer Retex Group provides Allreal with the prerequisite for geographic expansion of its general contracting activities into the Zug metropolitan area. Furthermore, Allreal is now capable of managing selected yield-producing properties itself.

Sound and attractive share

Allreal's share closed at CHF 141.10 on the cut-off date. The year-end price was therefore 3.4% above that of the previous year. The positive share-price development, the pay-out for the 2011 financial year, and the subscription rights connected with the capital increase resulted in an overall performance of a considerable 9.2%.

The capital increase with subscription rights successfully carried out in May 2012 resulted in net proceeds of CHF 265 million. The additional means will be used to finance on-going and scheduled own projects.

At the Shareholders' Meeting of Allreal Holding AG scheduled for 5th April 2013, the Board of Directors will propose the pay-out of CHF 5.50 per share. As the necessary means for this pay-out will be generated from capital reserves, the paid out amount is considered tax-free for private investors. Related to the year-end share price, the pay-out corresponds to a cash yield of 3.9%.



Stable progress of the Real Estate division

Of the yield-producing properties, only one was sold in the period under review, namely a smaller commercial building in Muttenz.

Taking into consideration the single divestment, the portfolio of yield-producing buildings at 31 December 2012 consisted of 45 commercial and 19 residential properties at an average market value of CHF 39.5 million.

In the period under review, the only addition to the portfolio of investment real estate under construction refers to the Favrehof residential building on the Richti-Areal in Wallisellen. On the cut-off date the portfolio therefore consisted of six properties.

Toni-Areal in Zurich-West, a highly complex conversion and construction project in terms of planning, construction and logistics, will not be completed on schedule. Tenancy by the Zurich University of Applied Sciences (ZHAW) and the Zurich University of the Arts (ZHdK) will consequently be delayed by one year. The higher cost of production and the later date of occupancy resulted in a downward valuation of the property. Consequently, the valuation of the entire portfolio of investment real estate was reduced by CHF 8.2 million, or 0.3% of the portfolio's market value.

On the cut-off date the entire portfolio was valued at CHF 3.16 billion; yield-producing real estate represented CHF 2.53 billion and investment real estate under construction CHF 628 million.

As expected, the vacancy rate in the year under review increased to 5.0%, owing especially to a commercial building in Zurich that has remained vacant since March 2012. The value continues to remain far below the average market value, thanks not least to the successful extension of existing leases and marketing activities for the rental of spaces becoming vacant.

Despite slightly higher real estate expenses, net yield of the yield-producing properties is reported at a favourable 4.9%.

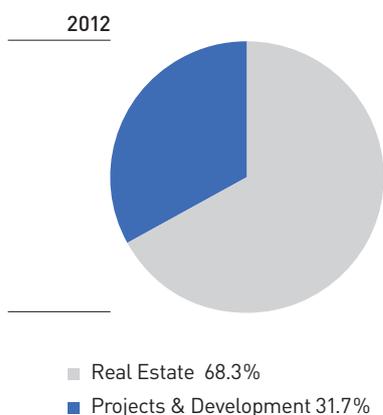
Significantly higher project volume for the Projects & Development division

Earnings from operations of CHF 115.8 million for the Projects & Development division remained 1.4% below the previous year's value. This was due to the lower number of completed projects and fewer transfers of residential ownership compared to 2011 and to lower profits obtained from contract awarding to sub-contractors.

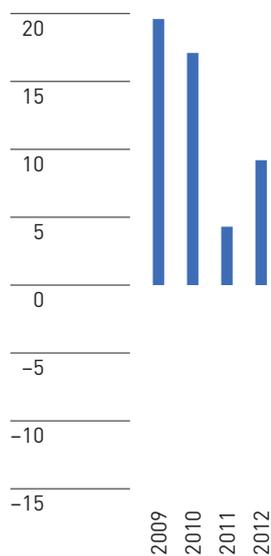
As operating expenses grew significantly in the period under review, operating profit of CHF 54.7 million remained below that of the previous year.

Completed project volume grew by 26.4% to CHF 939.6 million due to substantial demand and numerous large projects intended both for third parties and for the own portfolio. This in turn led to a substantial growth in staff.

The divisions' contribution toward operating profit



Overview of share performance



Overall performance:
Price change plus profit distribution
plus subscription rights resulting
from capital increase in percent of
share price as on 1 January

Order backlog on the cut-off date amounted to some CHF 1.7 billion, representing full utilisation for a period of about two years. The declared order backlog includes only secured projects with sound margins and profit expectations.

Scope of action thanks to well-secured financing

Compared to the previous year, Allreal's financing in 2012 continued to remain extremely favourable owing to a slightly lower average interest rate on debt of 2.13% and a term to maturity of 54 months.

The capital increase successfully implemented in the year under review resulted in a market capitalisation growth of 20.7% to CHF 2.2 billion and a rise in equity ratio to 48.7%. Thanks to additional equity capital of CHF 265 million, Allreal's debt capacity on the cut-off date amounted to about CHF 1.3 billion, providing outstanding conditions for further growth.

Carefully optimistic outlook

Despite an anticipated downturn in economic growth and increased competition in a consistently demanding market environment, the Board of Directors and Group Management remain carefully optimistic concerning the 2013 financial year.

Allreal expects the operating result for 2013 to exceed that of the period under review due to its proven business model, the growth of its stable-income real-estate portfolio, good capacity utilisation of the Projects & Development division with third-party orders and own projects, and its sound and well secured financing.

The Board of Directors and Group Management wish to take this opportunity to thank all staff members for their contribution toward the outstanding financial results and our shareholders for their trust and support.

Thomas Lustenberger
Chairman

Bruno Bettoni
Chief Executive Officer

Key figures at a glance

		2012 31.12.2012*	2011 31.12.2011*	Change in % ¹
Group				
Total sales ²	CHF million	1 086.1	886.1	+22.6
Operating profit (EBIT) incl. revaluation gains	CHF million	162.3	226.7	-28.4
Net profit incl. revaluation effect	CHF million	98.0	146.8	-33.2
Operating profit (EBIT) excl. revaluation gains	CHF million	170.5	182.0	-6.3
Net profit excl. revaluation effect	CHF million	105.1	115.0	-8.6
Cash flow	CHF million	72.2	-22.9	-
Return on equity incl. revaluation effect	%	5.6	9.2	-3.6
Return on equity excl. revaluation effect	%	6.1	7.6	-1.5
Equity ratio on cut-off date	%	48.7	43.6	+5.1
Net gearing on cut-off date ³	%	80.5	98.7	-18.2
Average interest rate on financial liabilities on cut-off date	%	2.13	2.30	-0.17
Average duration of financial liability	months	54	51	+3
Sales Projects & Development division	CHF million	939.6	743.2	+26.4
Earnings from Projects & Development division ⁴	CHF million	115.8	117.5	-1.4
Operating margin Projects & Development division ⁵	%	47.2	55.6	-8.4
Employees (number) on cut-off date	full-time equivalents	378	297	+81
Allreal Holding AG				
Net profit	CHF million	42.6	72.3	-41.1
Share capital	CHF million	797.1	683.2	+16.7
Share				
Earnings per share incl. revaluation effect	CHF	6.33	10.56	-40.1
Earnings per share excl. revaluation effect	CHF	6.79	8.27	-17.9
Net asset value (NAV) per share before deferred tax on cut-off date	CHF	126.05	125.45	+0.5
Net asset value (NAV) per share after deferred tax on cut-off date	CHF	119.90	118.25	+1.4
Profit distribution per share ⁶	CHF	5.50	5.50	-
Share price on cut-off date	CHF	141.10	136.50	+3.4
Dividend/Profit distribution yield ⁶	%	3.9	4.0	-0.1
Valuation on cut-off date				
Market capitalisation ⁷	CHF million	2 248.3	1 863.3	+20.7
Enterprise value ⁸	CHF million	3 785.8	3 457.4	+9.5

* Should no further particulars be given, values referring to the income statement concern the full year and balance sheet value the cut-off dates 31.12.2012 resp. 31.12.2011

¹ Changes in quantum and percentage values shown as absolute difference

² Sales resulting from rental of investment real estate plus completed project volume Projects & Development division

³ Finance liabilities minus cash and marketable securities as percentage of equity

⁴ Income from realisation in Projects & Development, Sales Development, capitalised services and various revenues minus direct expenses from realisation in Projects & Development, Sales Development

⁵ EBIT excl. revaluation and restoration of value adjustments on projects as percentage of profit from business activity

⁶ Board of directors proposal of CHF 5.50 per share for the 2012 financial year by means of repayment of reserves from capital contributions

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

⁸ Market capitalisation plus net finance debts

Real estate at a glance

		2012 31.12.2012*	2011 31.12.2011*	Change in % ¹
Yield-producing properties				
Commercial real estate on cut-off date	number	45	46	-1
Residential real estate on cut-off date	number	19	19	-
Market value on cut-off date	CHF million	2 530.9	2 529.2	+0.1
Average market value by object	CHF million	39.5	38.9	+1.5
Rental income from investment real estate	CHF million	142.1	142.9	-0.6
Vacancy rate ²	%	5.0	4.4	+0.6
Real estate expenses	CHF million	19.6	19.0	+3.2
Real estate expenses	in % of rental income	13.8	13.3	+0.5
Gross yield ³	%	5.6	5.8	-0.2
Net yield ⁴	%	4.9	5.1	-0.2
Investment real estate under construction				
Buildings on cut-off date	number	6	5	+1
Market value on cut-off date	CHF million	628.1	421.8	+48.9
Investment volume	CHF million	912.0	835.0	+9.2
Development real estate				
Cost value land reserves on cut-off date	CHF million	149.4	226.3	-34.0
Estimated investment volume land reserves	CHF million	739.0	992.0	-25.5
Cost value buildings under construction on cut-off date	CHF million	396.3	306.7	+29.2
Estimated investment volume buildings under construction	CHF million	840.0	604.0	+39.1
Cost value completed buildings on cut-off date	CHF million	49.1	0.0	-

* Should no further particulars be given, values referring to the income statement concern the full year and balance sheet value the cut-off dates 31.12.2012 resp. 31.12.2011

¹ Changes in quantum and percentage values are shown as absolute difference

² In percent of targeted rental income, cumulated at cut-off date

³ Rental income from investment real estate in percent of continued market value as at 1 January

⁴ Rental profit from investment real estate in percent of continued market value as at 1 January

Consolidated financial statements of Allreal Group

Consolidated statement of comprehensive income

CHF million	2012	2011 ¹
Income from renting investment real estate	142.1	142.9
Income from real estate management services	4.4	0.0
Income from realisation Projects & Development	522.4	434.4
Income from sales Development	161.9	225.5
Divers Income	1.0	1.1
Operating income	831.8	803.9
Direct expenses for rented investment real estate	-19.6	-19.0
Direct expenses from realisation Projects & Development	-461.4	-380.9
Direct expenses from sales Development	-144.6	-190.0
Direct operating expenses	-625.6	-589.9
Personnel expenses	-57.7	-46.9
Other operating expenses	-11.6	-12.4
Operating expenses	-69.3	-59.3
Capitalised company-produced assets	36.5	27.4
Earnings from sale of investment real estate	-0.4	0.8
Higher valuation of yield-producing properties	32.5	54.1
Lower valuation of yield-producing properties	-32.8	-24.8
Higher valuation of investment real estate under construction	16.1	15.4
Lower valuation of investment real estate under construction	-24.0	0.0
Earnings from revaluation of investment real estate	-8.2	44.7
EBITDA	164.8	227.6
Depreciation other property, plant and equipment	-1.1	-0.9
Depreciation intangible assets	-1.4	0.0
Operating profit (EBIT)	162.3	226.7
Finance income	0.3	0.5
Finance expenses	-34.4	-32.8
Net profit before tax	128.2	194.4
Tax expenses	-30.2	-47.6
Net profit	98.0	146.8
Valuation financial instruments	9.4	-32.0
Deferred taxes from valuation of financial instruments	-2.0	7.0
Other comprehensive income	7.4	-25.0
Total comprehensive income	105.4	121.8
Earnings per share in CHF	6.33	10.56
Diluted earnings per share in CHF	6.10	9.91

¹ Adjusted values due to restatement according IAS 8

Consolidated balance sheet

CHF million	31.12.2012	31.12.2011	01.01.2011 ¹
Investment real estate	2 530.9	2 529.2	2 373.3
Investment real estate under construction	628.1	421.8	246.0
Other property, plant and equipment	2.3	2.4	2.3
Financial assets	11.9	10.5	8.7
Intangible assets	5.7	0.0	0.0
Deferred tax assets	47.9	43.0	34.1
Non-current assets	3 226.8	3 006.9	2 664.4
Development real estate	594.8	533.0	520.6
Trade receivables	76.8	85.1	60.5
Other receivables	2.9	3.6	4.1
Cash	26.1	71.9	33.9
Current assets	700.6	693.6	619.1
Assets	3 927.4	3 700.5	3 283.5
Share capital	797.1	683.2	683.2
Capital reserves	495.3	419.2	494.0
Treasury shares	-1.0	-1.9	-1.3
Retained earnings	619.3	513.8	391.3
Equity	1 910.7	1 614.3	1 567.2
Long-term borrowings	409.6	356.0	204.5
Deferred tax liabilities	146.0	141.4	118.1
Long-term provisions	3.8	4.2	4.9
Other long-term liabilities	72.4	77.4	48.9
Long-term liabilities	631.8	579.0	376.4
Trade payables	147.1	120.4	71.4
Prepayments for development real estate	32.4	18.2	63.2
Current tax liabilities	16.0	19.9	18.7
Other current liabilities	32.1	36.0	36.8
Short-term provisions	3.3	2.7	2.3
Short-term borrowings	1 154.0	1 310.0	1 147.5
Short-term liabilities	1 384.9	1 507.2	1 339.9
Liabilities	2 016.7	2 086.2	1 716.3
Equity and liabilities	3 927.4	3 700.5	3 283.5

¹ Adjusted values due to restatement according IAS 8

Consolidated statement of changes in shareholders' equity

CHF million	Share capital	Capital reserves	Treasury shares	Retained earnings			Total
				Hedging reserves	Revaluation reserves	Other retained earnings	
As at 1 January 2010	569.3	382.8	-5.7	-37.6	70.9	297.8	1 277.5
Net profit						116.4	116.4
Valuation of financial instruments				-0.7			-0.7
Total comprehensive income				-0.7		116.4	115.7
Capital increase	113.9	111.2					225.1
Purchase treasury shares			-34.8				-34.8
Sale treasury shares			39.2			0.5	39.7
Dividend payment						-56.9	-56.9
Reclassification					13.6	-13.6	0.0
As at 31 December 2010	683.2	494.0	-1.3	-38.3	84.5	344.2	1 566.3
Adjusted values due to restatement ¹						0.9	0.9
As at 1 January 2011 (adjusted)	683.2	494.0	-1.3	-38.3	84.5	345.1	1 567.2
Net profit ¹						146.8	146.8
Valuation of financial instruments				-25.0			-25.0
Total comprehensive income				-25.0		146.8	121.8
Purchase treasury shares			-43.8				-43.8
Sale treasury shares			43.1			0.7	43.8
Payment to shareholders		-74.9					-74.9
Creation of shares from convertible bond	0.0	0.1					0.1
Share-based reimbursement			0.1				0.1
Reclassification					-1.4	1.4	0.0
As at 31 December 2011	683.2	419.2	-1.9	-63.3	83.1	494.0	1 614.3
Net profit ¹						98.0	98.0
Valuation of financial instruments				7.4			7.4
Total comprehensive income ¹				7.4		98.0	105.4
Purchase treasury shares			-38.7				-38.7
Sale treasury shares			39.5			0.1	39.6
Payment to shareholders		-75.0					-75.0
Creation of shares from convertible bond	113.9	151.1					265.0
Share-based reimbursement			0.1				0.1
Reclassification					-7.1	7.1	0.0
As at 31 December 2012	797.1	495.3	-1.0	-55.9	76.0	599.2	1 910.7

¹ Adjusted values due to restatement according IAS 8

Consolidated cash flow statement

CHF million	2012	2011 ¹
Net profit before tax	128.2	194.4
Net financial expenses	34.1	32.3
Earnings from revaluation of investment real estate	8.2	-44.7
Depreciation other property, plant and equipment	1.1	0.9
Depreciation intangible assets	1.4	0.0
Earnings from sale of investment real estate	0.4	-0.8
Capitalisation of company produced assets	-21.2	-19.8
Share-based reimbursement	0.2	0.1
Other items	1.0	-0.3
Change in development real estate	-51.8	-100.3
Change in trade receivables	8.8	-26.2
Change in other receivables	0.7	1.5
Change in provisions	0.2	-0.3
Change in trade payables	26.8	48.9
Increase (decrease) of prepayments for development real estate	14.2	-45.0
Change in other current liabilities	-1.3	-2.7
Cost of finance paid	-38.7	-35.6
Financial income received	0.3	0.5
Income taxes paid	-40.4	-25.8
Cash flow from operating activities	72.2	-22.9
Investment in yield-producing properties	-9.9	-74.7
Proceeds from sale of yield-producing properties	6.9	10.3
Investment in investment real estate under construction	-196.3	-106.5
Divestment of investment real estate under construction	0.0	0.0
Acquisition other property, plant and equipment	-0.9	-1.0
Divestment of other property, plant and equipment	0.0	0.0
Acquisition of companies (acquisition price minus cash)	-1.8	0.0
Increase financial assets	-2.3	-3.8
Decrease in financial assets	1.1	0.2
Cash flow from investing activities	-203.2	-175.5
Increase in borrowings	561.8	628.0
Decrease in borrowings	-667.5	-465.5
Capital increase	265.0	0.0
Issue of bond loan	0.0	148.6
Purchase treasury shares	-38.7	-43.8
Sale treasury shares	39.6	44.0
Payout of capital reserves	-75.0	-74.9
Cash flow from financing activities	85.2	236.4
Change in cash	-45.8	38.0
Cash at 1 January	71.9	33.9
Cash at 31 December	26.1	71.9

¹ Adjusted values due to restatement according IAS 8

Annual financial statements of Allreal Holding AG

Income statement

CHF million	2012	2011
Income from investments	31.0	62.0
Financial income	21.6	21.0
Income	52.6	83.0
Other expense	-1.5	-1.4
Financial expense	-8.0	-8.1
Tax expense	-0.5	-1.2
Expense	-10.0	-10.7
Net profit	42.6	72.3

Balance sheet as at 31 December

Investments	817.8	809.7
Loans to Group companies	1 042.6	817.9
Non-current assets	1 860.4	1 627.6
Short-term accounts receivables from Group companies	0.5	0.9
Short-term accounts receivables from third parties	0.1	0.1
Securities	1.1	1.8
Cash	2.3	2.1
Current assets	4.0	4.9
Assets	1 864.4	1 632.5
Share capital	797.1	683.2
Legal reserves		
General reserves	6.1	4.9
Reserves from contribution of capital	495.2	419.5
Reserves for treasury shares	1.1	1.9
Balance sheet profit	210.4	167.8
Equity	1 509.9	1 277.3
2.50% bond 2011-2016	150.0	150.0
2.125% convertible bond 2009-2014	200.0	200.0
Long-term liabilities	350.0	350.0
Short-term liabilities	4.5	5.2
Short-term liabilities	4.5	5.2
Liabilities	354.5	355.2
Equity and liabilities	1 864.4	1 632.5

Share information

Details of the share and distribution to shareholders

In 2012, an overall performance of 9.2% was achieved with the Allreal share, based on the market price of 1 January 2012. This performance comprises the price gain (3.4%) and the distribution to shareholders (4.0%) and revenues from the sale of subscription rights for the capital increase (1.8%), while the latter refers to the volume-weighted average price of the subscription rights (7–11 May 2012).

In the past three years, investors obtained an annualised overall performance of 17.1% (2010), 4.3% (2011) and 9.2% (2012) with the Allreal share, corresponding to an average constant return of 11.1% p.a.

On 31 December 2012, the Allreal Group's market capitalisation stood at CHF 2 248.3 million.

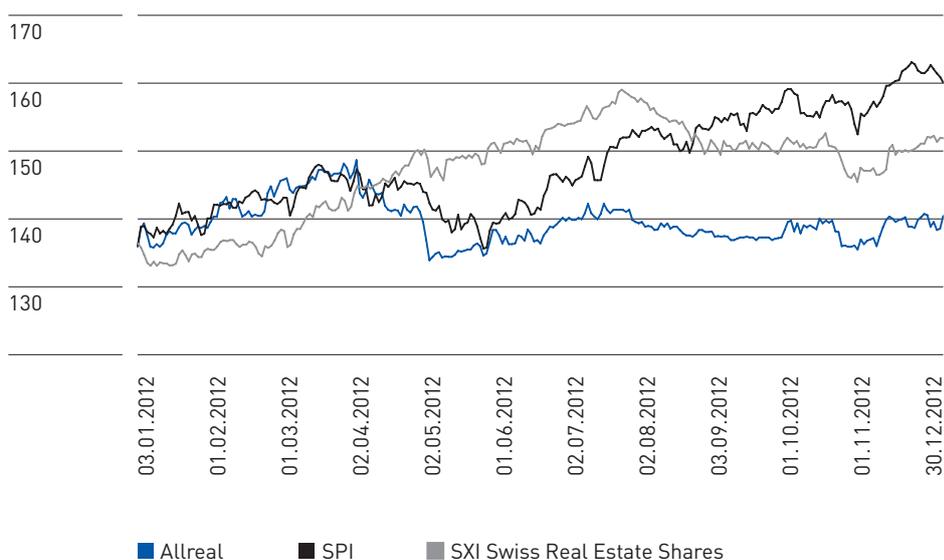
As at the balance sheet date, consolidated equity came to CHF 1 910.7 million, resulting in a premium (difference between the market price and equity per share) of 17.7 percent (31.12.2011: 15.4%).

The Board of Directors will propose to the annual general meeting of 5 April 2013 a distribution of CHF 5.50 (unchanged from the previous year) per registered share in the form of a repayment of reserves from contribution of capital ("capital contribution principle").

The distribution amounts to 83.4 percent of the net profit excl. profit from revaluation effect, corresponding to a cash yield of 3.9 percent, based on the closing price of the registered share on 31 December 2012.

Share price (indexed)

January 2012–December 2012



Organisation and schedule

Board of Directors

Dr. Thomas Lustenberger (*1951, Swiss) Chairman, member since 1999	Dr. Ralph-Thomas Honegger (*1959, Swiss), Vice Chairman, member since 2012	Dr. Rudolf W. Hug (*1944, Swiss) Member since 2003	Dr. Jakob Baer (*1944, Swiss) Member since 2005	Albert Leiser (*1957, Swiss) Member since 2005
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All members of the board of directors of Allreal Holding AG are non-executive in the company. None of the board members in the past held operating management functions within the Allreal Group. There are two board of directors committees (Risk and Audit Committee, and Nomination and Compensation Committee). The board members are appointed individually for a total of three years.

Group Management

Bruno Bettoni (*1949, Swiss) Chief Executive Officer since 1999	Hans Engel (*1955, Swiss) Head of Investments Member of Group Management since 1999	Alain Paratte (*1964, Swiss) Head of Real Estate Member of Group Management since 2013	Nigel Woolfson (*1958, Swiss) Head of Project Development, member of Group Management since 2013	Roger Herzog (*1972, Swiss) Chief Financial Officer Member of Group Management since 2004
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Auditors

KPMG AG, Zurich

External real estate valuer

Jones Lang LaSalle AG, Zurich

The full version of the Annual Report is available online at <http://ir.allreal.ch>

Contacts

Bruno Bettoni
Chief Executive Officer
T +41 44 319 12 37
F +41 44 319 15 35
bruno.bettoni@allreal.ch

Roger Herzog
Chief Financial Officer
T +41 44 319 12 04
F +41 44 319 15 35
roger.herzog@allreal.ch

Matthias Meier
Chief Communications Officer
T +41 44 319 12 67
F +41 44 319 15 35
matthias.meier@allreal.ch

Schedule

Annual general meeting 2013
5 April 2013, 16:00
Kaufleutensaal
Pelikanplatz
8001 Zurich

Half-year results 2013
22 August 2013

Annual results 2013
27 February 2014

Annual general meeting 2014
28 March 2014

Share register

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

SIX SAG AG
Baslerstrasse 90
P.O. Box
4601 Olten
T +41 62 311 61 20
F +41 62 311 61 92
office@sag.ch

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6340 Baar
T +41 41 711 33 03, F +41 41 711 33 09
www.allreal.ch

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