

allreal

Half-year Report 2021

Table of contents

Management report

Key figures at a glance	3
Real estate at a glance	5
Letter to shareholders	6
Report on the first half of 2021	8

Financial report

Consolidated half-year financial statements of Allreal Group	12
Information on the real estate portfolio	28

Additional information

EPRA key figures	34
Alternative performance measures	37
Information on investment real estate	40
Key share data	41
Organisation and schedule	42

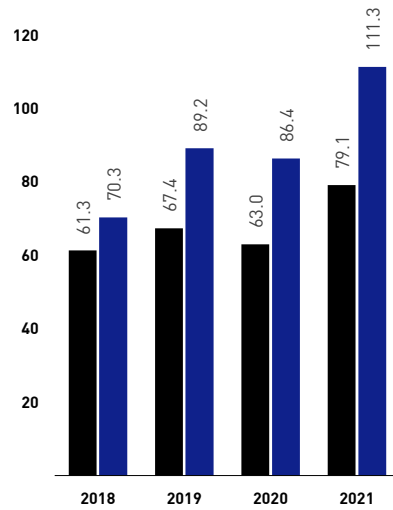
Key figures at a glance

		1st half-year 2021 as at 30.06.2021*	1st half-year 2020 as at 31.12.2020*	Change in % ¹
Group				
Total sales ²	CHF million	262.3	278.7	-5.9
Operating profit (EBIT) incl. revaluation gains	CHF million	148.4	113.8	30.4
Net profit incl. revaluation effect ³	CHF million	111.3	86.4	28.8
Operating profit (EBIT) excl. revaluation gains	CHF million	106.6	86.1	23.8
Net profit excl. revaluation effect ³	CHF million	79.1	63.0	25.6
Cash flow	CHF million	94.1	68.2	38.0
Return on equity incl. revaluation effect ³	%	9.3	7.4	1.9
Return on equity excl. revaluation effect ³	%	8.0	6.4	1.6
Equity ratio on cut-off date	%	48.1	48.4	-0.3
Net gearing ⁴ on cut-off date	%	90.8	88.6	2.2
Average interest rate on financial liabilities on cut-off date	%	0.66	0.71	-0.05
Average duration of financial liability on cut-off date	months	44	49	-5
Sales Projects & Development division	CHF million	160.5	178.6	-10.1
Earnings from Projects & Development division ⁵	CHF million	37.5	24.6	52.4
Gross margin third-party projects Projects & Development division ⁶	%	11.4	13.8	-2.4
Employees on cut-off date	full-time equivalents	203	206	-3
Share				
Earnings per share incl. revaluation effect ³	CHF	7.03	5.43	29.5
Earnings per share excl. revaluation effect ³	CHF	5.00	3.96	26.3
Net asset value (NAV) per share before deferred tax on cut-off date	CHF	170.70	169.40	0.8
Net asset value (NAV) per share after deferred tax on cut-off date	CHF	151.80	151.75	0.0
Share price on cut-off date	CHF	182.20	203.50	-10.5
Valuation on cut-off date				
Market capitalisation ⁷	CHF million	2 879.0	3 235.6	- 11.0
Enterprise value ⁸	CHF million	5 056.4	5 374.1	-5.9

* Should no further particulars be given, values referring to the income statement concern the first half-year, and balance sheet values the cut-off dates 30 June 2021 and 31 December 2020.

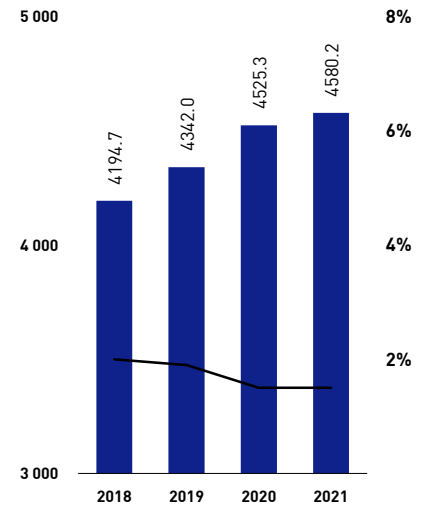
- 1 Changes in number and percentage values are shown as an absolute difference
- 2 Income from rental of investment real estate plus completed project volume in the Projects & Development division
- 3 Revaluation gains refer to gains from the revaluation of investment real estate less deferred taxes on revaluation
- 4 Borrowings minus cash and marketable securities as a percentage of equity
- 5 Income from realisation Projects & Development, sales Development, capitalised company-produced assets and various revenues minus direct expenses from realisation Projects & Development and sales Development
- 6 Earnings from realisation Projects & Development as a percentage of income from realisation Projects & Development
- 7 Share price at balance sheet date multiplied by the number of outstanding shares
- 8 Market capitalisation plus net finance debts

Net profit
1st half-year (CHF million)



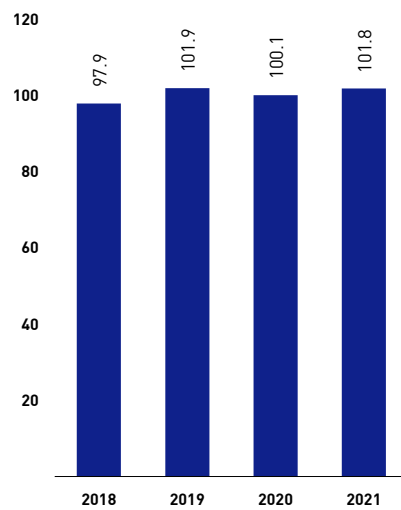
■ Net profit excl. revaluation effect
■ Net profit incl. revaluation effect

Market values and vacancy rate
As at 30 June and 31 December (CHF million)

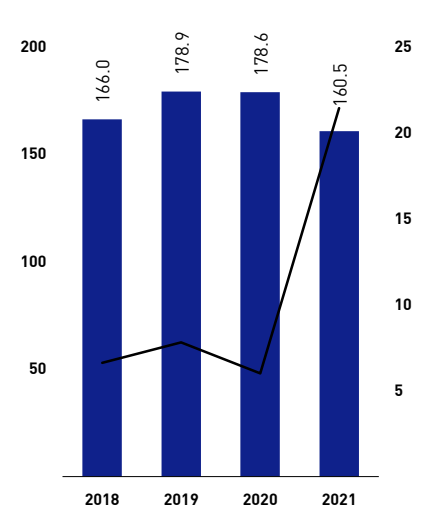


■ Investment real estate
— Vacancy rate in %

Income from investment real estate
1st half-year (CHF million)



Completed project volume and EBIT Projects & Development division
1st half-year (CHF million)



■ Completed project volume
Projects & Development division
— EBIT Projects & Development division

Real estate at a glance

		1st half-year 2021 as at 30.06.2021*	1st half-year 2020 as at 31.12.2020*	Change in % ¹
Yield-producing properties				
Residential real estate on cut-off date ²	number	22	21	1
Commercial real estate on cut-off date ³	number	43	45	-2
Market value on cut-off date	CHF million	4 457.3	4 428.5	0.7
Rental income from investment real estate	CHF million	101.8	100.1	1.7
Vacancy rate ⁴	%	1.5	1.5	0.0
Real estate expenses	CHF million	-10.0	-13.2	-24.2
Real estate expenses	in % of rental income	9.9	13.2	-3.3
Gross yield ⁵	%	4.6	4.7	-0.1
Net yield ⁶	%	4.2	4.1	0.1
Investment real estate under construction				
Buildings on cut-off date	number	1	1	0
Market value on cut-off date	CHF million	122.9	96.8	27.0
Investment volume	CHF million	173.0	80.2	115.7
Development real estate				
Book value development reserves on cut-off date	CHF million	142.2	179.7	-20.9
Estimated investment volume development reserves	CHF million	334.9	515.2	-35.0
Book value buildings under construction on cut-off date	CHF million	42.0	44.0	-4.5
Estimated investment volume buildings under construction	CHF million	88.0	74.3	18.4
Book value completed real estate on cut-off date	CHF million	0.0	0.0	-

* Should no further particulars be given, values referring to the income statement concern the first half-year, and balance sheet values the cut-off dates 30 June 2021 and 31 December 2020.

- 1 Changes in number and percentage values are shown as an absolute difference
- 2 The accruals in the case of residential real estate are a result of the reclassification of the Grünhof site, Zurich Aussersihl, in that the majority of properties on the site are now for residential rather than commercial use
- 3 The disposals in the case of commercial real estate are a result of the reclassification of the Grünhof site, Zurich Aussersihl, as residential real estate, as well as the reclassification of the property at Bellerivestrasse 36, Zurich Riesbach, as investment real estate under construction
- 4 As a percentage of target rental income, cumulative as at cut-off date
- 5 Rental income from investment real estate as a percentage of continued market value of yield-producing properties as at 1 January
- 6 Rental income from investment real estate as a percentage of continued market value of yield-producing properties as at 1 January

Letter to shareholders

- **Significant increase in net operating profit**
- **Gratifying result in Real Estate division strengthened even further by revaluation gains**
- **Projects & Development division performs well thanks to gains on sales**
- **Clear vision for sustainability: portfolio of yield-producing properties will be fully carbon neutral by 2050**
- **Net operating profit for 2021 now expected to be above CHF 130 million**

Allreal reported net profit including revaluation effect of CHF 111.3 million in the first half of 2021, compared with CHF 86.4 million in the same period 2020 – a rise of 28.8%. This gratifying performance was partly a result of an upward revaluation of the portfolio by CHF 41.8 million before tax compared with CHF 27.7 million in the first half of 2020.

Both divisions performed well overall and made a positive contribution to net operating profit of CHF 79.1 million. This represents an impressive increase on a year-on-year basis of 25.6% (1st half-year 2020: CHF 63.0 million).

On the cut-off date, Allreal's share price closed at CHF 182.20, which was 10.5% below the closing price on 31 December 2020. If the distribution of CHF 6.75 per share in April 2021 is included, an overall performance of –7.1% was recorded in the first half of 2021.

Strong real estate earnings and revaluation gains in the Real Estate division

In the Real Estate division, Allreal's rental income rose by 1.7% to CHF 101.8 million owing to various additions to the portfolio generating income for the first time. In connection with the pandemic, the company waived rent payments to the amount of CHF 0.5 million in the first half of 2021 – much less than in the first half of 2020. The cumulative vacancy rate of 1.5% made a significant contribution to the healthy net yield of 4.2%. In the first half of 2021, Allreal stepped up its efforts to extend leases early for several large customers. The company is confident that early extensions will be agreed for a number of the rental agreements that are due to expire in 2023. The valuation of the investment real estate resulted in a net upward revaluation of CHF 41.8 million and portfolio value of CHF 4.58 billion as at the balance sheet cut-off date.

Projects & Development division generates high level of income from the sale of development real estate

Earnings from the Projects & Development division went up by 52.4% to CHF 37.5 million. Allreal benefited from the high price level on the transaction market and generated a high level of income from the sale of two pieces of land. Meanwhile, business was challenging for the Realisation department in the first half of 2021. The impact of the coronavirus could be seen in inefficiencies in the construction process and a rise in additional expenses as a result. Prices and margins are under increased pressure. Because of this, the markets need to be watched even more closely and the services provided need to be kept under review.

Clear commitment to sustainability

The company continued to work on developing a clear and measurable sustainability strategy in the first half of 2021. The vision is clear: the portfolio of yield-producing properties will be fully carbon neutral by 2050 and the share of fossil fuels in energy consumption will be halved by 2030. Among the factors contributing to this will be the active management of tenants' behaviour, the broad-based expansion of photovoltaic systems and parking spaces for electric vehicles, and the consistent use of reusable materials. Allreal will also provide information about the ESG strategy at an Investors' Day in November 2021.

Improved outlook for full-year 2021

Allreal remains to be very solidly financed. This allows it to take advantage of opportunities in the real estate market, including those that arise at short notice. As at the cut-off date, the equity ratio amounted to 48.1%, net gearing to 90.8% and the interest coverage ratio to 15.1.

Allreal now expects a net operating profit for 2021 as a whole that is likely to come in above CHF 130 million.

The Board of Directors and Group Management would like to take this opportunity to thank employees for their hard work and commitment during these challenging times, as well as shareholders for their trust and support.

Report on the first half of 2021

Real Estate division increases profit significantly

The Real Estate division again performed well in the first half of 2021. Rental income increased by 1.7% to CHF 101.8 million (1st half-year 2020: CHF 100.1 million).

This positive development was partly attributable to the rental income that was generated by various additions to the portfolio for the first time. In the second half of 2020, Allreal acquired an office building in Wetzikon ZH with annual target rental income of CHF 2.9 million. Allreal has developed and realised a replacement new build at Hardstrasse 299/301 on the Escher-Wyss site in Zurich-West. The annual target rental income for this commercial property, which began to contribute to net income in the second quarter of 2021, is CHF 2.3 million. In addition, all the new apartments on the Grünhof site in Zurich Aussersihl were let at the end of January 2021. Going forward, the Grünhof site will generate annual target rental income of CHF 5.4 million.

The commercial real estate at Bellerivestrasse 36, Zurich Riesbach, was reclassified as investment real estate under construction on 1 April 2021. The office building will be totally renovated in the next two years and delivered rental income of CHF 1.5 million in the first quarter of 2021, compared with CHF 2.8 million in the first half of 2020.

In addition, rent payments were waived to the amount of around CHF 0.5 million in the first half of 2021 in connection with the pandemic, compared with CHF 1.4 million in the first half of 2020.

The cumulative vacancy rate stood at 1.5%, meaning that it was persistently at an exceptionally low level by industry standards. Indeed, vacancies actually decreased even further in the residential segment, while – as expected – there was a slight increase in the case of commercial space.

Allreal is holding advanced negotiations with several large customers on extending leases early; these should be completed in the next few months. The weighted remaining term of fixed-term leases would then increase to 5.7 years, compared with 4.9 years as at 30 June 2021.

Allreal expects the cumulative vacancy rate to rise only very slightly over 2021 as a whole based on the high quality of its real estate management and the fact that no more major leases are up for renewal in the current year.

Direct expenses for yield-producing properties fell from CHF 13.2 million in the first half of 2020 to CHF 10.0 million in the period under review. Various renovation projects will come to execution in the second half of 2021. Accordingly, the property expense rate declined temporarily to 9.9%, down from 13.2% in 2020.

The lower property expense rate and the slightly higher rental income resulted in the net return of yield-producing property reaching a healthy 4.2%, up from 4.1% in the first half of 2020.

Construction work to extensively modernise the commercial building at Belle-rievestrasse 36 in Zurich Riesbach began at the end of July 2021. The property is being refurbished in accordance with the plans of the Danish architecture firm

C.F. Møller and, in aiming to achieve LEED Platinum certification, will meet high sustainability standards. After around two years of construction, the office building will be a new lakeside landmark in Zurich and generate annual target rental income of CHF 6.8 million.

The valuation of the investment real estate carried out by an external real estate valuer on 30 June 2021 resulted in an upward revaluation of CHF 41.8 million. Of this, residential real estate accounted for CHF 48.1 million, commercial real estate for CHF –12.7 million and investment real estate under construction for CHF 6.4 million.

The total value of the portfolio of investment real estate on the cut-off date amounted to CHF 4.58 billion, compared with CHF 4.53 billion on 31 December 2020. The market value of the residential real estate came to CHF 1.25 billion, while that of commercial real estate amounted to CHF 3.21 billion. The market value of investment real estate under construction was CHF 122.9 million.

The Real Estate division reported net profit excluding revaluation gains of CHF 66.1 million in the first half of 2021, compared with CHF 58.6 million in the same period 2020. This represents an 81.9% share in the Group's net operating profit.

Projects & Development division performs well thanks to gains on sales

Allreal combines the Group's development and realisation expertise in the Projects & Development division. The division plans and implements its own projects, buys and sells development real estate, and provides services in the area of developing and realising projects – including for third parties. Earnings from the Projects & Development division amounted to CHF 37.5 million in the period under review, compared with CHF 24.6 million in the first half of 2020.

Income from the sale of development real estate had significantly impacted the result. Meanwhile, business was challenging for the Realisation department. The impact of the coronavirus could be seen in inefficiencies in the construction process. In some cases, work was commissioned but cancelled by the service provider at short notice, which led to an increased need for flexibility in the construction process. Nevertheless, all the projects that were terminated in the period under review at the handover stage managed to be completed on time and, most importantly, without quality being compromised. The increase seen in the cost of some building materials on the market did not have any significant impact on ongoing projects, as delivery times and prices are normally fixed in advance.

Earnings from realisation Projects & Development fell to CHF 15.2 million in the first half of 2021 from CHF 18.8 million in the same period 2020, also as a result of these factors. Although the gross margin – which was generated with the development and execution of projects for third parties – remained at a respectable level with 11.4%, it was still below the company's expectations (1st half-year 2020: 13.8%).

Allreal disposed of two pieces of land from its development reserves in the period under review. In Dielsdorf ZH, the company sold a plot at Neuwisen comprising 46,419 square metres for a high price, and in Rümlang ZH Allreal divested part of

the Bäuler development reserve for a profit. As with the sale of residential real estate from the projects at Florenstrasse in Winterthur ZH and Alter Züriweg in Zufikon AG, the sale of development real estate generated a sizeable income of CHF 18.4 million (1st half-year 2020: CHF 1.6 million).

In the Development department, Allreal launched a new project at Renggerstrasse in Zurich Wollishofen. The commercial property has been owned by the company and part of its portfolio of yield-producing properties since 1999. A new residential property with 21 units is to be built on the land, which covers 1389 square metres. The property will remain in Allreal's portfolio once completed. The investment volume amounts to about CHF 12 million. It is envisaged that construction will start in autumn 2022 and that the property will be occupied from summer 2024.

In the Realisation department, the large third-party projects are broadly on schedule. In the first quarter of 2021, for example, Allreal successfully completed a project on behalf of Helvetia Insurance Group to build 13 five-storey apartment buildings with 180 rental units and an underground car park on Bellarain in Zurich Wollishofen. At Badenerstrasse 170-172 in Zurich Wiedikon, where Allreal implemented a total refurbishment and extension of an office complex on behalf of Swiss Life, the job was likewise completed and handed over to the client on time.

At Hohlstrasse in Zurich Altstetten, work on the Letzi Turm project is progressing well. Allreal, as the total contractor, is erecting two 70-metre residential high-rise buildings for Swiss Federal Railways comprising 178 rental units. The order volume is about CHF 70 million. The project is due to be completed and handed over to the client in the second half of 2022.

In Adliswil ZH, the company is developing and realising a residential and commercial complex on the Dietlimoos-Moos development site for a private investor. A residential and commercial estate will be created on six construction lots, comprising a total of 325 apartments and about 9,000 square metres of space reserved for trade and services. The construction volume amounts to over CHF 170 million. The first four lots are scheduled for completion between summer 2022 and summer 2023.

The Realisation department's completed project volume stood at CHF 160.5 million in the period under review, compared with CHF 178.6 million in the first half of 2020. Of this, third-party projects accounted for CHF 133.1 million, or 82.9 percent, and own projects for CHF 27.4 million, or 17.1 percent.

The order intake was very slow in the first half of 2021, as there was a noticeable decline in the number of tenders issued on the market. The secured order backlog as at the cut-off date amounted to around CHF 638 million, corresponding to capacity utilisation for around 21 months.

The operating expenses of the Projects & Development division fell by around 12.7% from CHF 22.9 million in the first half of 2020 to CHF 20.0 million in the first half of 2021.

The Projects & Development division recorded a net profit of CHF 14.6 million in the period under review, compared with CHF 4.8 million in the first half of 2020. This represents an 18.1% share in the Group's net operating profit.

Long-term and stable financing

As at the cut-off date, financial liabilities had increased by CHF 24.6 million to CHF 2.20 billion, up from CHF 2.18 billion on 31 December 2020. Of this amount, bond issues accounted for 49.8%, fixed-rate mortgages for 25.8% and fixed advances for 24.4%.

On 30 June 2021, the average interest rate for financial liabilities amounted to 0.66%, or five basis points below the comparable figure on 31 December 2020. The average interest lock-in period amounted to 44 months.

With a fixed-income 0.6% bond issue of over CHF 170 million and a term of nine years being paid in mid-July 2021, the credit limits available after the balance sheet cut-off date again amounted to more than CHF 430 million. As a result, the average interest lock-in period increased to 52 months.

As at per 30 June 2021, the equity ratio amounted to 48.1%, net gearing to 90.8% and interest coverage ratio to 15.1, compared with 48.4%, 88.6% and 11.0, respectively, on 31 December 2020.

Outlook for full-year 2021

The strong half-yearly financial statements give Allreal reason to be confident that its results for the full year 2021 will be very good.

In the Real Estate division, the increased customer focus in recent years has paid off and allows for results-orientated discussions in order to understand tenants' needs and offer flexible solutions. By having its own Projects & Development division, Allreal is able to quickly adapt office and commercial space to meet these changing needs. Furthermore, no major commercial leases are up for renewal in the immediate future, so the vacancy rate will remain at a very low level over the year as a whole. Earnings will remain predictable even when taking into consideration the slightly more volatile real estate expenses. Net operating profit in the Real Estate division is therefore likely to be higher than in the previous year.

In the Projects & Development division, prices and margins remain under pressure. Because of this, the markets need to be watched closely and the services provided need to be kept under review. However, net operating profit is expected to be higher than in the same period last year owing to the secured order backlog and the focus on projects with calculable risks and whose profit expectations remain intact, as well as the gains already realised from the sale of development real estate.

The company's considerable financial strength gives it the freedom to invest substantial amounts of money in real estate within a short time.

Allreal now expects a net operating profit for the full-year 2021 that is likely to come in above CHF 130 million.

Consolidated half-year financial statements of Allreal Group

Consolidated financial statements

CHF million	Note	1st half-year 2021	1st half-year 2020
Income from renting investment real estate	2	101.8	100.1
Income from realisation Projects & Development	3	133.1	135.7
Income from sales Development	3	75.5	12.1
Diverse income	3	0.7	0.9
Operating income		311.1	248.8
Direct expenses for rented investment real estate	4	-10.0	-13.2
Direct expenses from realisation Projects & Development	3	-117.9	-116.9
Direct expenses from sales Development	3	-57.1	-10.5
Direct operating expenses		-185.0	-140.6
Personnel expenses		-18.3	-20.0
Other operating expenses		-3.7	-5.3
Operating expenses		-22.0	-25.3
Capitalised company-produced assets		3.2	3.3
Higher valuation of yield-producing properties		68.1	23.1
Lower valuation of yield-producing properties		-32.7	-12.9
Higher valuation of investment real estate under construction		6.4	17.5
Lower valuation of investment real estate under construction		0.0	0.0
Earnings from revaluation of investment real estate	5	41.8	27.7
EBITDA		149.1	113.9
Depreciation other property, plant and equipment		-0.6	-0.1
Depreciation intangible assets		-0.1	0.0
Operating profit (EBIT)		148.4	113.8
Financial income		0.7	1.2
Financial expenses	6	-7.8	-9.1
Earnings before tax		141.3	105.9
Tax expenses		-30.0	-19.5
Net profit		111.3	86.4
Earnings per share in CHF		7.03	5.43
Diluted earnings per share in CHF		7.03	5.43

Consolidated balance sheet

CHF million	Note	30.06.2021	31.12.2020 audited
Yield-producing properties	8	4 457.3	4 428.5
Investment real estate under construction	8	122.9	96.8
Other property, plant and equipment		9.8	10.4
Financial assets		104.2	108.2
Intangible assets		0.3	0.2
Deferred tax assets		13.7	15.0
Non-current assets		4 708.2	4 659.1
Development real estate	9	184.2	223.7
Trade receivables		59.5	62.4
Tax receivables		6.3	0.0
Other receivables		3.4	2.5
Cash		26.2	40.5
Current assets		279.6	329.1
Assets		4 987.8	4 988.2
Share capital	10	15.9	15.9
Capital reserves		524.5	575.9
Treasury shares		- 25.5	- 6.7
Retained earnings		1 883.9	1 827.8
Equity		2 398.8	2 412.9
Long-term borrowings	11	1 505.1	1 587.6
Deferred tax liabilities		311.8	295.3
Long-term provisions		1.3	1.4
Long-term liabilities		1 818.2	1 884.3
Trade payables		48.5	68.9
Current tax liabilities		0.0	0.6
Other current liabilities		21.5	23.5
Provisions		2.3	6.6
Borrowings	11	698.5	591.4
Short-term liabilities		770.8	691.0
Liabilities		2 589.0	2 575.3
Equity and liabilities		4 987.8	4 988.2

Consolidated statement of changes in shareholders' equity

CHF million	Retained earnings					Total
	Share capital	Capital reserves	Treasury shares	Revaluation reserves	Other retained earnings	
As at 31 December 2019	15.9	628.0	-7.1	359.7	1 356.1	2 352.6
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
As at 30 June 2020	15.9	576.3	-6.7	383.1	1 363.5	2 332.1
Net profit					80.8	80.8
Purchase treasury shares			0.0			0.0
Sale treasury shares			0.0		0.1	0.1
Share-based reimbursement			0.0			0.0
Reclassification		-0.4		19.1	-18.7	0.0
As at 31 December 2020	15.9	575.9	-6.7	402.2	1 425.6	2 412.9
Net profit					111.3	111.3
Purchase treasury shares			-19.1			-19.1
Sale treasury shares			0.1		0.1	0.2
Distribution to shareholders		-51.4			-55.3	-106.7
Share-based reimbursement			0.2			0.2
Reclassification				32.2	-32.2	0.0
As at 30 June 2021	15.9	524.5	-25.5	434.4	1 449.5	2 398.8

Consolidated cash flow statement

CHF million	Note	1st half- year 2021	1st half- year 2020
Net profit before tax		141.3	105.9
Net financial expenses		7.1	7.8
Earnings from revaluation of investment real estate	5	-41.8	-27.7
Depreciation other property, plant and equipment		0.6	0.1
Depreciation intangible assets		0.1	0.0
Capitalisation of company-produced assets in development real estate		-2.1	-0.7
Share-based reimbursement		0.2	0.2
Other items		0.8	1.3
Change in development real estate		41.6	-17.0
Change in trade receivables		2.9	0.9
Change in other receivables		-0.9	-2.8
Change in provisions		-4.4	3.2
Change in trade payables		-20.4	0.8
Change in other current liabilities		-2.0	6.3
Cost of finance paid		-10.1	-10.5
Financial income received		0.7	0.7
Income tax paid		-19.5	-0.3
Cash flow from operating activities		94.1	68.2
Investment in yield-producing properties	8	-11.6	-4.8
Investment in investment real estate under construction	8	-0.9	-17.4
Acquisition of other property, plant and equipment		0.0	-4.9
Investment in intangible assets		-0.2	-0.1
Increase in financial assets		-0.3	-0.6
Decrease in financial assets		5.7	5.0
Cash flow from investing activities		-7.3	-22.8
Increase in borrowings		220.0	177.0
Decrease in borrowings		-75.5	-96.3
Repayment of bond loan		-119.9	0.0
Purchase treasury shares		-19.1	0.0
Sale treasury shares		0.1	0.2
Distribution to shareholders		-106.7	-107.3
Cash flow from financing activities		-101.1	-26.4
Change in cash		-14.3	19.0
Cash at 1 January		40.5	37.3
Cash at 30 June		26.2	56.3

Segment information for the first half-year 2021

CHF million	Real Estate	Projects & Development	Total segments	Holding/ eliminations	Total
Income statement					
Operating income	101.8	209.3	311.1	0.0	311.1
Profit from intercompany services	-4.3	4.6	0.3	-0.3	0.0
Direct operating expenses	-10.0	-175.0	-185.0	0.0	-185.0
Operating expenses	-1.4	-20.0	-21.4	-0.6	-22.0
Capitalised company-produced assets	0.0	3.2	3.2	0.0	3.2
Earnings from revaluation of investment real estate	41.8	0.0	41.8	0.0	41.8
EBITDA	127.9	22.1	150.0	-0.9	149.1
Depreciation and amortisation	0.0	-0.7	-0.7	0.0	-0.7
Operating profit (EBIT)	127.9	21.4	149.3	-0.9	148.4
Financial income	0.7	0.0	0.7	0.0	0.7
Financial expense	-7.4	-0.4	-7.8	0.0	-7.8
Tax expense	-22.9	-6.4	-29.3	-0.7	-30.0
Net profit	98.3	14.6	112.9	-1.6	111.3
EBITDA excl. revaluation gains	86.1	22.1	108.2	-0.9	107.3
Operating profit (EBIT) excl. revaluation gains	86.1	21.4	107.5	-0.9	106.6
Net profit excl. revaluation effect	66.1	14.6	80.7	-1.6	79.1
Operating margin in percent ¹	93.8	57.1	83.1	0.0	82.4
Rental income from real estate	101.8	0.0	101.8	0.0	101.8
Completed project volume third-party projects	0.0	133.1	133.1	0.0	133.1
Completed project volume own projects	0.0	27.4	27.4	0.0	27.4
Total sales (according to internal reporting)	101.8	160.5	262.3	0.0	262.3
less sales from intercompany services	0.0	-13.9	-13.9	0.0	-13.9
Total sales to third parties (according to internal reporting)	101.8	146.6	248.4	0.0	248.4
plus reconciliation item external reporting	0.0	62.0	62.0	0.0	62.0
Diverse income	0.0	0.7	0.7	0.0	0.7
Operating income	101.8	209.3	311.1	0.0	311.1
Balance sheet as at 30.06.2021					
Non-current assets	4 697.4	9.9	4 707.3	0.9	4 708.2
Current assets	22.3	255.3	277.6	2.0	279.6
Total assets	4 719.7	265.2	4 984.9	2.9	4 987.8
Provisions	0.0	3.6	3.6	0.0	3.6
Other debt (excl. financing and taxes)	20.0	49.6	69.6	0.4	70.0
Financial liabilities	2 097.4	106.2	2 203.6	0.0	2 203.6
Tax liabilities	311.6	0.2	311.8	0.0	311.8
Total debt	2 429.0	159.6	2 588.6	0.4	2 589.0
Total assigned equity²	2 290.7	105.6	2 396.3	2.5	2 398.8
Investment in non-current assets	12.5	0.2	12.7	0.0	12.7

1 EBIT less revaluation gains as a percentage of income from business activity (balance of operating income, direct operating expenses, capitalised company-produced assets, and earnings from sale of investment real estate)

2 Assignment of equity to individual segments corresponds to internal financial reporting guidelines requiring an equity ratio of 40% for the Projects & Development division; financial and tax liabilities will be assigned accordingly

Segment information for the first half-year 2020

CHF million	Real Estate	Projects & Development	Total segments	Holding/ eliminations	Total
Income statement					
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
EBITDA	108.8	6.1	114.9	-1.0	113.9
Depreciation and amortisation	0.0	-0.1	-0.1	0.0	-0.1
Operating profit (EBIT)	108.8	6.0	114.8	-1.0	113.8
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
Net profit	82.0	4.8	86.8	-0.4	86.4
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
Net profit excl. revaluation effect	58.6	4.8	63.4	-0.4	63.0
Operating margin in percent ¹	93.3	24.4	78.1	0.0	77.2
Rental income from real estate	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
Balance sheet as at 31.12.2020					
Non-current assets	4 647.6	10.5	4 658.1	1.0	4 659.1
Current assets	20.7	306.9	327.6	1.5	329.1
Total assets	4 668.3	317.4	4 985.7	2.5	4 988.2
Provisions	0.0	8.0	8.0	0.0	8.0
Other debt (excl. financing and taxes)	20.0	72.4	92.4	0.0	92.4
Financial liabilities	2 070.3	108.7	2 179.0	0.0	2 179.0
Tax liabilities	294.0	1.4	295.4	0.5	295.9
Total debt	2 384.3	190.5	2 574.8	0.5	2 575.3
Total assigned equity²	2 284.0	126.9	2 410.9	2.0	2 412.9
Investment in non-current assets	22.2	5.0	27.2	0.0	27.2

1 EBIT less revaluation gains as a percentage of income from business activity (balance of operating income, direct operating expenses, capitalised company-produced assets, and earnings from sale of investment real estate)

2 Assignment of equity to individual segments corresponds to internal financial reporting guidelines requiring an equity ratio of 40% for the Projects & Development division; financial and tax liabilities will be assigned accordingly

Selected notes

1. Basic principles

1.1 Presentation of accounts

The consolidated half-year financial statements 2021 were prepared in accordance with Swiss GAAP FER 31 “Complementary recommendation for listed companies” and are compatible with the Listing Rules as well as Article 17 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange. The same accounting principles apply as for the consolidated financial statements for 2020. No new FER standards had come into force as at 1 January 2021.

Individual business activities of Allreal Group are subject to fluctuations over the course of the year, in particular in the Projects & Development division – for example the planning and execution of construction projects and the sale of development real estate. No exceptional circumstances came about in the first half of 2021 that had a significant impact on the asset, financial or earnings situation of Allreal Group.

The consolidated half-year financial statements 2021 were approved by the Board of Directors of Allreal Holding AG on 18 August 2021.

1.2 Scope of consolidation

The scope of consolidation remained unchanged in the first half of 2021.

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 11 March 2020, has affected many aspects of daily life and the global economy – with real estate markets experiencing lower levels of transactional activity and, in part, lower liquidity. However, in Switzerland, as at the valuation date, we consider that there exists an adequate amount of relevant market information upon which to base opinions of value for the portfolio.

Given the unknown future impact that COVID-19 might have on the real estate market, with many business practices and behaviours needing to change either temporarily or permanently, we recommend keeping the valuations contained within this report under frequent review.”

2. Income from rental of investment real estate

CHF million	1st half-year 2021	1st half-year 2020
Rental income from residential properties	20.8	18.3
Rental income from commercial properties	81.0	81.8
Income from renting investment real estate	101.8	100.1

The cumulative vacancy rate for the first half of 2021 was unchanged year on year, totalling 1.5% of projected rental income. This can be broken down into 1.1% for residential real estate and 1.6% for commercial real estate, compared with 2.1% and 1.3%, respectively, in the first half of 2020.

The property at Bellerivestrasse 36, Zurich Riesbach, has been recognised as real estate under construction since 1 April 2021. Rental income up until the reclassification amounted to CHF 1.5 million and is allocated to commercial real estate.

3. Earnings from Projects & Development division

CHF million	1st half-year 2021	1st half-year 2020
Income from realisation Projects & Development	133.1	135.7
Direct expenses from realisation Projects & Development	-117.9	-116.9
Earnings from realisation Projects & Development	15.2	18.8
Income from sales Development	75.5	12.1
Direct expenses from sales Development	-57.1	-10.5
Income from sales Development	18.4	1.6
Capitalised company-produced assets	3.2	3.3
Diverse income	0.7	0.9
Earnings from Projects & Development division	37.5	24.6

Earnings from realisation Projects & Development consist of architects' and project & development fees of CHF 12.0 million, as well as earnings from construction activity of CHF 3.9 million, compared with CHF 10.4 million and CHF 11.1 million, respectively, in the first half of 2020. This contrasts with directly offset sales deductions of CHF 0.7 million (1st half-year of 2020: CHF 2.7 million).

Earnings from sales Development is made up of the disposal of the Neuweisen development reserve in Dielsdorf ZH (CHF 51.1 million) and the partial disposal of the Bäuler development reserve in Rümlang ZH (CHF 3.9 million), as well as revenue from the Florenstrasse in Winterthur ZH (CHF 2.2 million) and Alter Züriweg in Zufikon AG (CHF 18.3 million) residential real estate projects. This resulted in gains on sales of CHF 18.4 million.

4. Direct expenses for rented investment real estate

CHF million	1st half-year 2021	1st half-year 2020
Administrative and operating expenses, residential real estate	-0.9	-0.9
Administrative and operating expenses, commercial real estate	-2.3	-2.6
Maintenance and repair expenses, residential real estate	-1.9	-2.4
Maintenance and repair expenses, commercial real estate	-4.9	-7.3
Real estate expenses	-10.0	-13.2

5. Earnings from revaluation of investment real estate

CHF million	1st half-year 2021	1st half-year 2020
Higher valuation of yield-producing properties	68.1	23.1
Higher valuation of investment real estate under construction	6.4	17.5
Lower valuation of yield-producing properties	-32.7	-12.9
Lower valuation of investment real estate under construction	0.0	0.0
Earnings from revaluation of investment real estate	41.8	27.7

The higher valuation of yield-producing properties can be attributed to a revaluation of residential real estate amounting to CHF 48.1 million and a revaluation of commercial real estate amounting to CHF 20.0 million, compared with CHF 3.9 million and CHF 19.2 million, respectively, in the first half of 2020. As in the corresponding period last year, the lower valuation of yield-producing properties (CHF 32.7 million compared with CHF 12.9 million in the first half of 2020) relates exclusively to commercial real estate.

The average discount rates as at 30 June 2021 for the entire portfolio of yield-producing properties amount to 3.75%, compared with 3.84% as at 31 December 2020. As at 30 June 2021, the average capitalisation rates amounted to 3.26%, down from 3.36% as at 31 December 2020.

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

6. Financial expense

CHF million	1st half-year 2021	1st half-year 2020
Interest expense for bond issues	-4.0	-5.2
Interest expense payable to banks/insurance companies for liabilities	-3.9	-4.0
Capitalised building loan interest	0.1	0.1
Financial expense	-7.8	-9.1

7. Earnings per share / net asset value (NAV) per share

	1st half-year 2021	1st half-year 2020
Number of outstanding shares as at 1 January (in thousands)	15 900	15 897
Change in holdings of treasury shares (in thousands)	- 99	3
Number of outstanding shares on cut-off date (in thousands)	15 801	15 900
Average number of outstanding shares (in thousands)	15 834	15 898
Net profit excl. revaluation effect (in CHF million)	79.1	63.0
Earnings from revaluation of investment real estate (in CHF million)	41.8	27.7
Deferred taxes on revaluation gains (in CHF million)	-9.6	-4.3
Net profit incl. revaluation effect (in CHF million)	111.3	86.4
Earnings per share incl. revaluation effect (CHF)	7.03	5.43
Earnings per share excl. revaluation effect (CHF)	5.00	3.96
Diluted earnings per share		
- incl. revaluation effect (CHF)	7.03	5.43
- excl. revaluation effect (CHF)	4.99	3.96

The share-based remuneration of members of Group Management has the effect of diluting the net profit per share. For this calculation, the average number of outstanding shares increases from 15,833,846 to 15,835,863 shares.

CHF million	30.06.2021	31.12.2020
Outstanding shares (in thousands) on cut-off date	15 801	15 900
Equity on cut-off date (CHF million)	2 398.8	2 412.9
Net asset value (NAV) per share after deferred taxes (CHF)	151.80	151.75
Equity plus provision for deferred taxes less deferred tax assets (CHF million)	2 696.9	2 693.2
Net asset value (NAV) per share before deferred taxes (CHF)	170.70	169.40

8. Investment real estate

CHF million	30.06.2021	31.12.2020
Residential real estate	1 248.1	1 029.3
Commercial real estate	3 209.2	3 399.2
Yield-producing properties	4 457.3	4 428.5
Investment real estate under construction	122.9	96.8
Investment real estate	4 580.2	4 525.3

The changes in the first half of 2021 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 01.01.2021	1 029.3	3 399.2	4 428.5	96.8	4 525.3
Purchases	0.0	0.0	0.0	0.0	0.0
Value-enhancing investments	3.9	7.7	11.6	0.9	12.5
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	166.8	-185.5	-18.7	18.7	0.0
Market value adjustments	48.1	-12.7	35.4	6.4	41.8
Rent-free periods	0.0	0.5	0.5	0.0	0.5
As at 30.06.2021	1 248.1	3 209.2	4 457.3	122.9	4 580.2
of which pledged or subject to transfer restrictions	1 056.7	2 286.4	3 343.1	0.0	3 343.1
	84.7%	71.2%	75.0%	0.0%	73.0%

The value-enhancing investments relate to the yield-producing properties at the Escher-Wyss site, Zurich Aussersihl (CHF 4.7 million); the Grünhof site, Zurich Aussersihl (CHF 3.9 million); Hardstrasse 299/301, Zurich Aussersihl (CHF 1.3 million); Bellerivestrasse 36, Zurich Riesbach (CHF 1.2 million); and four other properties (CHF 0.5 million).

The reclassification for residential real estate concerns the Grünhof site, Zurich Aussersihl, in that the majority of properties on the site are now for residential use (CHF 166.8 million). Previously, the inner courtyard of this site had been reported as investment real estate under construction (CHF 96.8 million) and the perimeter buildings (CHF 70.0 million) as part of commercial real estate. In addition, the property at Bellerivestrasse 36, Zurich Riesbach, was reclassified from commercial real estate to real estate under construction on 1 April 2021 (CHF 115.5 million; balance sheet as at 31 December 2020).

Largest tenants: commercial real estate

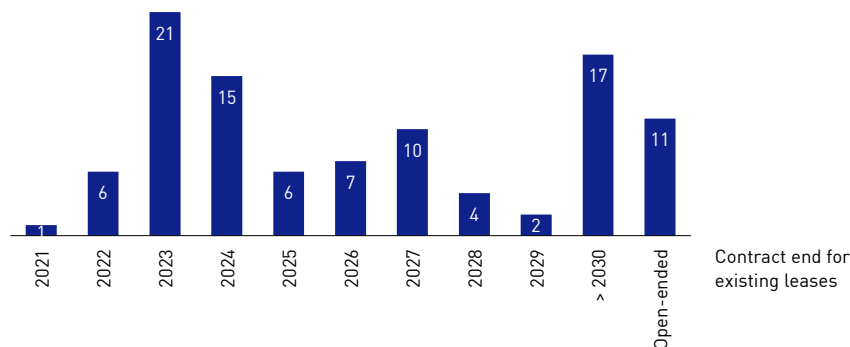
The five largest tenants account for 41% of the total rental income from commercial real estate:

CHF million	30.06.2021	31.12.2020
Canton Zurich	15%	15%
Generali Switzerland	7%	7%
Allianz Suisse Insurance Company Ltd	7%	7%
MAN Energy Solutions Switzerland Ltd	6%	6%
Swiss Confederation	6%	6%
Total	41%	41%

The five largest tenants' share of total rental income from all yield-producing properties (residential and commercial) in the first half of 2021 amounted to around 34% (Canton of Zurich 12%, Generali Switzerland 6%, Allianz Suisse Insurance Company Ltd 6%, MAN Energy Solutions Switzerland Ltd 5% and Swiss Confederation 5%).

Maturity profile of commercial real estate leases

as a percentage of outstanding rental income (in CHF million – rounded)



The weighted remaining term of fixed-term leases for commercial real estate is 4.9 years (compared with 5.0 years as at 31 December 2020) and takes into account the earliest possible date that the tenants can terminate their contract.

Investment real estate under construction as at 30 June 2021

Location	Property	Acquisition/ project start	Area of property in m ²	Register of suspected contami- nated sites	Market value CHF million ¹	Estimated investment volume CHF million ²	Target rental income on completion p.a. CHF million	Expected completion
Zürich	Bellerivestrasse 36	2004/2021	10 494	no	122.9	173.0	6.8	2023
Total investment real estate under construction					122.9	173.0	6.8	

1 As per 30.06.2021 valuation

2 Building and land costs

Bellerivestrasse 36, Zurich

Since 1 April 2021, the property at Bellerivestrasse 36, Zurich Riesbach, which had hitherto been reported as commercial real estate, has been reported as investment real estate under construction. The property is being comprehensively renovated and will conform to the high standards that are in place in terms of energy efficiency. The project is being built by the Projects & Development division and, upon completion in the second half of 2023, will again 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 3.60% and 3.10%, respectively, were applied.

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

9. Development real estate

CHF million	Development reserves	Buildings under construction	Completed real estate	Development real estate
As at 01.01.2021	179.7	44.0	0.0	223.7
Purchases	0.0	0.3	0.0	0.3
From construction activity/development	1.2	16.1	0.0	17.3
Income from sales Development	16.3	2.1	0.0	18.4
Impairment	0.0	0.0	0.0	0.0
Disposals/offsetting prepayments	-55.0	-20.5	0.0	-75.5
Reclassifications	0.0	0.0	0.0	0.0
As at 30.06.2021	142.2	42.0	0.0	184.2

The disposals of development reserves relate to Neuwisen in Dielsdorf ZH (CHF 51.1 million) and Bäuler in Rümlang ZH (CHF 3.9 million; partial disposal).

In the case of projects in progress, all units at Alter Züriweg in Zufikon AG were disposed of for CHF 18.3 million following a transfer of ownership, while prepayments for notarised units were offset to the amount of CHF 2.2 million for Florenstrasse in Winterthur ZH.

As at 30 June 2021, the balance sheet position of development properties comprised the following:

Location	Property	Acquisition/ project start	Site area in m ²	Register of suspected contamin- ated sites	Book value in CHF million ²	Estimated investment volume CHF million ¹	Project status	Expected completion
Development reserves								
Lucerne	Eggen	2018	8 386	no	34.6	72.5	in planning	open
Riehen	Inzlingerstrasse	2019	10 883	no	18.7	52.6	in planning	open
Rümlang	Bäuler	1987	10 583	yes	5.6	24.7	in planning	open
Zumikon	Am Strubenacher	2019	4 569	no	12.8	33.8	in planning	open
Zurich	Badenerstrasse 501-505	2020	1 739	no	31.5	61.1		
Zurich	Hauserstrasse	2019	1 341	no	7.1	15.0	in planning	open
Zurich	Spiserstrasse	2018/2019	3 001	no	31.9	75.2	in planning	open
Total development reserves					142.2	334.9		
Buildings under construction								
Winterthur	Florenstrasse	2016	11 582	no	38.1	57.2	in progress	2022
Bülach	Widstud	2021	56 945	yes	3.9	30.8	in progress	2022
Total buildings under construction					42.0	88.0		
Completed real estate								
Total completed real estate					0.0			
Total development real estate					184.2	422.9		

1 Land and building costs

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

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 the Projects & Development division and is scheduled for completion in 2022. As at 30 June 2021, contracts of sale had been notarised for all 51 residential units. The ownership had not yet been transferred for any of these units.

Widstud, Bülach ZH

New-build shooting centre with various indoor and outdoor facilities. The land was acquired in the first half of 2021 and the project comprises around 6,800 square metres of floor space. The property will be incorporated into the development real estate portfolio by the Projects & Development division upon completion. It is being built by the Projects & Development division. The work is due to be completed in autumn 2022, with the centre scheduled to open its doors in summer 2023. Widstud-Betriebsgesellschaft AG will act as the operating company under a long-term rental agreement with Allreal covering at least 30 years.

10. 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
2020			
As at 1 January	15 942 821	45 708	15 897 113
Purchase of treasury shares		75	
Sale of treasury shares		-1 346	
Share-based reimbursement		-1 392	
As at 31 December	15 942 821	43 045	15 899 776
2021			
As at 1 January	15 942 821	43 045	15 899 776
Purchase of treasury shares		100 024	
Sale of treasury shares		- 418	
Share-based reimbursement		- 928	
As at 30 June	15 942 821	141 723	15 801 098

The average purchase price per share stands at CHF 180.05, compared with CHF 155.45 as at 31 December 2020. 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 16 April 2021 voted in favour of a distribution of CHF 6.75 per share, corresponding to a total amount of CHF 107.6 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.

11. Short-term borrowings

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

CHF million	< 1 year	1–3 years	3–5 years	> 5 years	Total
As at 31.12.2020					
Borrowings	591.4	334.4	249.6	1 004.6	2 180.0
Total in %	27.1	15.3	11.5	46.1	100.0
As at 30.06.2021					
Borrowings	698.5	401.5	248.3	856.3	2 204.6
Total in %	31.7	18.2	11.3	38.8	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 44 months as at the balance sheet cut-off date (compared with 49 months as at 31 December 2020).

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

CHF million	Effective interest	Fair value category	Nominal value ¹	Book value as at 30.06.2021	Fair value as at 30.06.2021	Book value as at 31.12.2020	Fair value as at 31.12.2020
0.4% bond issue 2019–26.09.2029	0.43%	200.0	192.6	192.1	191.3	192.0	193.6
0.7% bond issue 2020–22.09.2028	0.73%	175.0	175.0	174.6	178.5	174.6	180.7
0.875% bond issue 2017–30.03.2027	0.86%	160.0	158.6	158.7	164.2	158.8	165.8
0.75% bond issue 2017–19.06.2026	0.76%	150.0	148.3	148.2	152.8	148.2	152.8
1.375% bond issue 2015–31.03.2025	1.32%	100.0	100.0	100.2	104.8	100.2	105.5
0.625% bond issue 2016–10.05.2024	0.68%	150.0	149.6	149.4	152.4	149.3	152.3
0.5% bond issue 2018–19.04.2023	0.55%	125.0	124.1	124.0	125.9	123.9	125.8
0.75% bond issue 2015–31.03.2021	0.67%	120.0	119.9	–	–	119.9	120.3
–0.35% private placement 2020–15.01.2022	–0.35%	50.0	50.0	50.0	50.0	50.0	50.0
Fixed-rate mortgages			569.3	567.8	573.9	569.3	578.6

1 Par value equals issue amount offset against repurchased bonds.

During the period under review, CHF 0.1 million was spent on the amortisation of the issuing costs for the bonds, the same as in the first half of 2020.

As at 30 June 2021, fixed advances amounting to CHF 538.5 million and fixed-rate mortgages amounting to CHF 567.8 million (at nominal values) are in place, all of which were taken out with Swiss banks, insurance companies or pension funds. Immediately callable credit limits are in place amounting to CHF 267.8 million.

The average interest rate of all financial liabilities as at 30 June 2021 is 0.66% (31.12.2020: 0.71%).

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.

12. 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 318.4 million in connection with financing transactions with third parties on behalf of individual subsidiaries (31.12.2020: CHF 298.6 million).

As at 30 June 2021, 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.

13. Events after the balance sheet cut-off date

Between 30 June 2021 and 18 August 2021 (the date on which the consolidated half-year financial statements were approved by the Board of Directors), no events took place which would result in any adjustments to the book values of the assets and liabilities or which would need to be disclosed here.

Information on the real estate portfolio

Residential properties as at 30 June 2021

Location	Address	Ownership status ¹	Year acquired	Year of construction	Renovation ²	Area of property in m ²	Register of suspected contaminated sites	Minergie
City of Zurich								
Zurich	Grünhof site ⁵	SO	2002	1925	2019/2020 PR 2019-2021 TR	7 870	yes	no
Zurich	Hardturmstrasse 5	CO ⁶	2004	2014		2 651	no	yes
Zurich	Heerenwiesen 23-41	CoO	2003	1996		11 616	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
Total city of Zurich						30 386		
Rest of Canton Zurich								
Adliswil	Moosstrasse 1-13 / Grütstrasse 33-39	SO	2005	2011		13 901	no	yes
Bülach	Hohfuristrasse 7-11 / Unterweg 55-59 / Im Stumpen 2	SO	1999	1979	2013 TR	8 412	no	no
Bülach	Fangletenstrasse 4-18	SO	2018	2018		11 018	no	yes
Fällanden	Unterdorfstrasse 2/4 / Unterdorfwäg 2-22	SO	2003	2008	2019/2020 PR	23 691	no	no
Glattbrugg	Hohenstieglenstrasse 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 ⁶	2002	1988		2 543	no	no
Volketswil	Sunnebuelstrasse 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-Areal)	SO	2002	2014		8 242	no	yes
Total rest of Canton Zurich						132 134		
Other regions								
Allschwil BL	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 VD	Chemin du Molard 10 / Allée Leotherius 2 / Allée Louis Cristin 1	SO	2011	2014		1 173	no	yes
Total other regions						11 920		
Total residential real estate						174 440		

1 SO = sole ownership; CoO = co-ownership owned 100% by Allreal; CO = condominium ownership

2 TR = total renovation; PR = partial renovation

3 Cumulative vacancy rate as a percentage of target rental income for 2021

4 As per valuation on 30 June 2021 (nominal rates)

5 The Grünhof site includes the properties at Ankerstrasse 23-27, Badenerstrasse 119-131, Feldgüetliweg 2, Grüngasse 31 and Köchlistrasse 20. It will be reported among residential real estate for the first time now that the majority of properties on the site are for residential use

6 Condominium property owned 100% by Allreal

Half-year Report 2021

Management report

Financial report

Additional information

Area of property in m ²	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 ²	Target rental income in CHF million for 2021	Vacancy rate in % ¹	Discount/capitalisation rate in % ⁴
11'555	2	39	53	36	3	133	2 662	5.4	3.7	3.40/2.90
6'087	-	17	27	6	1	51	0	2.6	0.5	3.05/2.55
7'782	8	12	25	29	6	80	2 836	2.4	1.1	3.15/2.65
2'747	4	36	-	-	0	40	212	0.9	0.9	2.95/2.45
4'640	-	0	14	21	5	40	0	1.5	0.0	2.95/2.45
2'333	-	3	16	3	1	23	1 002	1.3	1.9	3.05/2.55
1'637	2	2	4	4	2	14	165	0.6	1.6	2.95/2.45
36'781	16	109	139	99	18	381	6 877	14.7	1.7	
13 299	-	27	62	38	10	137	350	3.7	0.4	3.15/2.65
3 850	-	9	16	18	6	49	50	1.0	1.4	3.35/2.85
7 253	-	14	25	31	6	76	0	2.0	8.2	3.35/2.85
14 903	-	20	41	56	22	139	2 392	4.1	1.9	3.35/2.85
14 654	18	30	71	41	0	160	659	3.1	1.3	3.25/2.75
2 090	-	4	-	10	4	18	200	0.5	1.0	3.25/2.75
2 479	-	17	17	-	0	34	9	0.5	2.1	3.25/2.75
5 100	-	18	24	12	0	54	286	1.1	1.5	3.05/2.55
3 332	-	0	24	16	0	40	354	0.8	1.5	3.15/2.65
12 236	-	0	48	60	40	148	110	2.4	0.3	3.35/2.85
13 856	1	18	75	22	2	118	1 208	3.9	1.4	3.25/2.75
93 052	19	157	403	304	90	973	5 618	23.1	1.8	
4 015	-	7	20	20	0	47	490	1.0	2.5	3.55 /3.05
5 954	28	24	28	24	0	104	1 040	1.6	1.1	3.05/2.55
3 022	5	19	11	8	0	43	47	0.9	5.0	3.25/2.75
4 981	1	21	29	9	5	65	0	1.6	1.2	3.25/2.75
17 972	34	71	88	61	5	259	1 577	5.1	2.1	
147 805	69	337	630	464	113	1 613	14 072	42.8	1.1	

Commercial properties as at 30 June 2021

Location	Address	Ownership status ¹	Year acquired	Year of construction	Renovations ²	Area of property in m ²
City of Zurich						
Zurich	Bändliweg 21	SO	2005	1995	2019 PR	9 254
Zurich	Bellerivestrasse 30	SO	2004	1986	2017 TR	2 316
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	Hardstrasse 299/301	SO	2002	2020		1 988
Zurich	Escher-Wyss site ⁵	SO	2002	1945/2010	2019 PR	38 362
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	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
Total city of Zurich						136 196

1 SO = sole ownership; LO = leasehold owned 100% by Allreal

2 TR = total renovation; PR = partial renovation

3 Cumulative vacancy rate as a percentage of target rental income for 2021

4 As per valuation on 30 June 2021 (nominal rates)

5 The Escher-Wyss site comprises the buildings at Hardstrasse 303/305/315/319, as well as Technoparkstrasse 7/9/11

Half-year Report 2021

Management report

Financial report

Additional information

Register of suspected contaminated sites	Minergie	Floor space in m ²	Percentage of office space	Percentage of retail space	Percentage of residential space	Percentage of other uses	Target rental income in CHF million for 2021	Vacancy rate in % ³	Discount/capitalisation rate in % ⁴
no	no	18 642	90.8	0.0	0.0	9.2	5.6	0.0	3.75/3.25
no	no	3 078	94.7	0.0	0.0	5.3	1.5	0.0	3.55/3.05
no	no	26 139	7.8	54.6	32.7	4.9	6.8	0.3	3.55/3.05
no	no	4 743	74.5	3.0	10.5	12.0	1.4	0.3	3.65/3.15
no	no	4 856	33.8	0.0	19.3	46.9	1.9	1.5	3.55/3.05
no	yes	87 004	87.2	0.0	12.8	0.0	20.9	0.1	3.85/3.45
no	no	5 960	88.0	5.2	0.0	6.8	2.3	0.0	3.45/2.95
yes	no	50 432	32.3	0.0	0.0	67.7	9.7	0.0	4.86/4.36
no	yes	11 256	95.8	0.0	0.0	4.2	3.3	0.0	3.95/3.45
no	no	10 190	91.0	0.0	0.0	9.0	4.1	0.3	3.85/3.35
no	no	6 244	45.8	0.0	6.0	48.2	1.6	0.0	4.15/3.65
no	no	1 628	95.7	0.0	0.0	4.3	1.0	0.0	3.55/3.05
no	no	1 729	77.1	0.0	0.0	22.9	0.5	3.5	3.05/2.55
yes	yes	13 141	81.5	5.7	0.0	12.8	4.8	0.0	3.45/2.95
no	yes	36 311	95.1	0.0	0.0	4.9	11.1	0.0	3.85/3.35
no	no	3 277	33.5	0.0	55.3	11.2	0.8	0.3	3.35/2.85
no	no	2 777	81.7	0.0	0.0	18.3	1.2	0.0	3.95/3.45
no	no	10 703	56.9	3.4	29.8	9.9	4.2	0.3	3.45/2.95
		298 110	69.4	5.1	8.1	17.4	82.7	0.2	

Commercial properties as at 30 June 2021

Location	Address	Ownership status ¹	Year acquired	Year of construction	Renovations ²	Area of property in m ²
Rest of Canton Zurich						
Adliswil	Soodmattenstrasse 2/4/6/8/10 ³	SO	2017	1989/90	2016 PR	24 834
Dübendorf	Sonnentalstrasse 8	SO	2015	1974	2006 PR	16 621
Kloten	Schaffhauserstrasse 115/121	SO	2001	1992		4 000
Opfikon	Boulevard Lilienthal 2-8	SO	2007	2014		5 167
Opfikon	Lindbergh-Allee 1 ⁵	SO	1987	2007		5 241
Schlieren	Bernstrasse 55	SO	2003	2003		7 089
Schlieren	Zürcherstrasse 104	SO	2002	1988	2012 TR	4 724
Urdorf	In der Luberzen 29	SO	2000	1993		4 667
Wallisellen	Bürogebäude Allianz ⁶	SO	2002	2013		13 078
Wallisellen	Bürogebäude UPC ⁷	SO	2002	2014		16 875
Wetzikon	Binzstrasse 32	SO	2020	2009		10 368
Winterthur	Schützenstrasse 2 / Zürcherstrasse 12+14 ⁸	SO	2002	1928/53/86		18 386
Total rest of Canton Zurich						131 050
Other regions						
Baar ZG	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 GE	Route François-Peyrot 10-14	SO	2011	2004		8 442
Nyon VD	Avenue Perdtemps 23	SO	2017	2006		6 451
Petit-Lancy GE	Chemin des Olliquettes 4 / Chemin du Gué 99	SO	2008	2010		1 417
Total other regions						51 234
Total commercial real estate						318 480

1 SO = sole ownership; LO = leasehold owned 100% by Allreal

2 TR = total renovation; PR = partial renovation

3 Cumulative vacancy rate as a percentage of target rental income for 2021

4 As per valuation on 30 June 2021 (nominal rates)

5 Lightcube office building and co-ownership rights to the TMC Galleria car park

6 Allianz office building with retail space in Konradhof and Escherhof

7 UPC office building with retail space and peripheral plots

8 Three properties

Register of suspected contaminated sites	Minergie	Floor space in m ²	Percentage of office space	Percentage of retail space	Percentage of residential space	Percentage of other uses	Target rental income in CHF million for 2021	Vacancy rate in % ³	Discount/capitalisation rate in % ⁴
no	no	38 933	77.5	5.6	1.6	15.3	8.1	0.0	3.95/3.45
no	no	26 006	25.9	1.5	0.5	72.1	2.5	0.0	4.85/4.35
no	no	4 343	97.5	0.0	0.0	2.5	1.0	8.4	4.35/3.85
no	yes	13 414	93.2	0.0	0.0	6.8	3.8	0.8	4.35/3.85
no	yes	13 314	90.8	0.0	0.0	9.2	3.9	0.0	4.37/3.87
no	no	10 193	88.2	0.0	0.0	11.8	2.1	7.2	4.35/3.85
no	no	2 705	35.5	43.1	0.0	21.4	0.9	0.0	4.95/4.45
yes	no	9 456	74.1	0.0	0.0	25.9	1.4	12.5	5.15/4.65
no	yes	50 819	74.7	12.9	0.0	12.4	13.0	0.2	4.30/3.80
no	yes	25 525	77.7	16.2	0.0	6.1	9.4	0.0	4.25/3.75
yes	no	16 235	52.1	0.0	0.0	47.9	2.9	0.0	3.80/3.30
no	no	24 319	82.1	0.0	0.0	17.9	5.3	4.9	4.32/3.82
		235 262	71.7	6.2	0.3	21.8	54.3	1.4	
no	no	10 112	76.4	0.0	0.0	23.6	2.2	10.2	4.55/4.05
no	no	3 985	81.8	0.0	8.0	10.2	1.2	0.3	4.25/3.75
no	no	2 829	71.9	0.0	3.4	24.7	0.6	0.2	4.25/3.75
no	no	4 292	37.5	27.8	30.3	4.4	1.2	1.3	4.05/3.55
no	no	20 213	61.8	20.2	0.0	18.0	5.2	13.2	3.85/3.35
no	no	22 540	85.7	1.8	0.0	12.5	9.5	0	4.15/3.65
no	no	5 498	92.8	0.0	0.0	7.2	2.8	19.2	4.25/3.75
no	no	15 172	77.6	10.1	0.0	12.3	4.6	0.0	4.00/3.50
yes	yes	5 516	91.8	0.0	0.0	8.2	2.2	15.3	4.05/3.55
		90 157	75.8	8.0	1.9	14.3	29.5	6.2	
		623 539	70.4	6.1	5.1	18.4	166.4	1.6	

EPRA key performance measures

EPRA earnings and EPRA earnings per share

CHF million	1st half-year 2021	1st half-year 2020
Earnings according to income statement	111.3	86.4
Adjusted by:		
Earnings from revaluation of investment real estate	-41.8	-27.7
Earnings from sale of investment real estate	-	-
Earnings from development real estate held for sale incl. impairment	-18.4	-1.6
Pro-rata income tax on sales	6.5	0.4
Negative goodwill / goodwill impairment	-	-
Change in the market value of financial instruments	-	-
Transaction costs for the purchase of shareholdings	-	-
Deferred taxes on EPRA adjustments	9.6	4.3
Effect on associated companies	-	-
Minority interests on the above positions	-	-
EPRA earnings	67.2	61.8
Average number of outstanding shares	15 833 846	15 898 289
EPRA earnings per share in CHF	4.25	3.89

EPRA equity (NAV)

CHF million	30.06.2021	31.12.2020
Equity (NAV) according to consolidated financial statements	2 398.8	2 412.9
Dilution effects	0.0	0.0
Diluted equity (NAV)	2 398.8	2 412.9
Less:		
Revaluation of investment real estate	-	-
Revaluation of investment real estate under construction	-	-
Revaluation of other assets	-	-
Revaluation of real estate tenancies under finance leases	-	-
Valuation difference on development real estate	15.1	29.3
Plus:		
Market value of derivative financial instruments	-	-
Deferred taxes	298.1	280.3
Goodwill from deferred taxes	0.0	0.0
Effect on associated companies	0.0	0.0
EPRA equity (NAV)	2 712.0	2 722.5
Number of outstanding shares (diluted)	15 803 734	19 901 404
EPRA equity (NAV) per share in CHF	171.60	171.20

EPRA triple net asset value (NNNAV)

CHF million	30.06.2021	31.12.2020
EPRA equity (NAV)	2 712.0	2 722.5
Less:		
Market value of derivative financial instruments	0.0	0.0
Market value of financial liabilities	-28.8	-39.0
Deferred taxes	-298.1	-280.3
EPRA NNNAV	2 385.1	2 403.2
Number of outstanding shares (diluted)	15 803 734	15 901 404
EPRA NNNAV per share in CHF	150.90	151.15

EPRA equity (NRV – NTA – NDV)

CHF million	EPRA NRV		EPRA NTA		EPRA NDV	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020	30.06.2021	31.12.2020
Equity (NAV) according to consolidated financial statements	2 398.8	2 412.9	2 398.8	2 412.9	2 398.8	2 412.9
Dilution effects	0.0	0.0	0.0	0.0	0.0	0.0
Diluted NAV	2 398.8	2 412.9	2 398.8	2 412.9	2 398.8	2 412.9
Include:						
ii.a) Revaluation of IP	-	-	-	-	-	-
ii.b) Revaluation of IPUC	-	-	-	-	-	-
ii.c) Revaluation of other non-current investments	-	-	-	-	-	-
iii) Revaluation of tenant leases held as finance leases	-	-	-	-	-	-
iv) Revaluation of development properties	15.1	29.3	15.1	29.3	15.1	29.3
Diluted NAV at market value	2 413.9	2 442.2	2 413.9	2 442.2	2 413.9	2 442.2
Exclude:						
v) Deferred tax in relation to the revaluation of IP	311.8	295.3	155.9	147.7	-	-
vi) Market value of financial instruments	-	-	-	-	-	-
vii) Goodwill as a result of deferred tax	-	-	-	-	-	-
viii.a) Goodwill as per balance sheet	-	-	-	-	-	-
viii.b) Intangibles as per balance sheet	0.3	0.2	0.0	0.0	0.0	0.0
Include:						
ix) Market value of fixed interest rate debt					-28.8	-39.0
x) Revaluation of intangibles to market value	-	-	-	-	-	-
xi) Real estate transfer tax	-	-	-	-	-	-
EPRA equity	2 726.0	2 737.7	2 569.8	2 589.9	2 385.1	2 403.2
Fully diluted number of shares	15 803 734	15 901 404	15 803 734	15 901 404	15 803 734	15 901 404
EPRA equity per share in CHF	172.50	172.15	162.60	162.85	150.90	151.15

EPRA net yield from rental income

CHF million	30.06.2021	31.12.2020
Owned investment real estate	4 580.2	4 525.3
Investment real estate in joint ventures / funds	–	–
Development real estate	184.2	223.7
Less development real estate and investment real estate under construction	–307.1	–320.5
Market value of yield-producing properties	4 457.3	4 428.5
Annualised actual rental income	206.4	208.2
Direct expenses for investment real estate	–30.0	–29.9
Annualised net rental income	176.4	178.3
Plus expected additional rental income after expiry of rental discounts	0.7	0.7
Topped-up annualised net rental income	177.1	179.0
EPRA net yield from rental income	4.0%	4.0%
EPRA topped-up net yield from rental income	4.0%	4.0%

EPRA vacancy rate

CHF million	30.06.2021	31.12.2020
Estimated rental potential of vacant premises	3.7	3.1
Estimated rental income from total portfolio	209.9	209.4
EPRA vacancy rate	1.8%	1.5%

EPRA operating expense ratio

CHF million	1st half-year 2021	1st half-year 2020
Operating expenses of investment real estate according to income statement:		
Direct expenses for rented investment real estate	10.0	13.2
Personnel expenses	9.5	4.8
Other operating expenses	1.8	1.0
EPRA operating expenses (incl. vacancy costs)	21.3	19.0
Direct vacancy costs	1.2	1.0
EPRA operating expenses (excl. vacancy costs)	20.1	18.0
Gross rental income less ground rent	101.8	100.1
EPRA rental income	101.8	100.1
EPRA operating expense ratio (incl. direct vacancy costs)	20.9%	19.0%
EPRA operating expense ratio (excl. direct vacancy costs)	19.7%	18.0%

EPRA value-enhancing investments in investment properties

CHF million	1st half-year 2021	1st half-year 2020
Purchases	0.0	0.0
Value-enhancing investments (investment real estate under construction)	0.9	17.4
Value-enhancing investments (like-for-like yield-producing properties)	11.6	4.8
Capitalised building loan interest	0.1	0.1
EPRA value-enhancing investments	12.6	22.3

Alternative performance measures

The definitions and verification of the calculation of the Allreal Group's alternative performance measures for the first half-year 2021 are set out below.

Total sales

Total sales resulting from rental of investment real estate plus completed project volume in the Projects & Development division.

CHF million	1st half-year 2021	1st half-year 2020
Rental income from investment real estate	101.8	100.1
Sales Projects & Development division	160.5	178.6
Total sales	262.3	278.7

Operating profit (EBIT) excl. revaluation gains

CHF million	1st half-year 2021	1st half-year 2020
Operating profit (EBIT)	148.4	113.8
Earnings from revaluation of investment real estate	-41.8	-27.7
Operating profit (EBIT) excl. revaluation gains	106.6	86.1

Net profit excl. revaluation effect

CHF million	1st half-year 2021	1st half-year 2020
Net profit	111.3	86.4
Earnings from revaluation of investment real estate	-41.8	-27.7
Deferred taxes on revaluation	9.6	4.3
Net profit excl. revaluation effect	79.1	63.0

Return on equity incl. revaluation effect

Annualised net profit in relation to average group equity (balance from 1 January and 30 June, divided by two).

CHF million	1st half-year 2021	1st half-year 2020
Annualised net profit incl. revaluation effect	222.6	172.8
Group equity, balance as at 1 January	2 412.9	2 352.6
Group equity, balance as at 30 June	2 398.8	2 332.1
Average group equity incl. revaluation effect	2 405.9	2 342.4
Return on equity incl. revaluation effect	9.3%	7.4%

Return on equity excl. revaluation effect

Annualised net profit excl. revaluation effect in relation to average group equity without the revaluation reserves recognised in group equity (balance from 1 January and 30 June, divided by two).

CHF million	1st half-year 2021	1st half-year 2020
Annualised net profit excl. revaluation effect	158.2	126.0
Group equity, balance as at 1 January	2 412.9	2 352.6
Revaluation reserves, balance as at 1 January	-402.2	-359.7
Group equity, balance as at 30 June	2 398.8	2 332.1
Revaluation reserves, balance as at 30 June	-434.4	-383.1
Average group equity without revaluation reserves	1 987.6	1 971.0
Return on equity excl. revaluation effect	8.0%	6.4%

Sales Projects & Development division

Completed project volume of third-party projects and own projects corresponds to the total of all project costs, fees and profits accrued according to the progress of construction.

CHF million	1st half-year 2021	1st half-year 2020
Completed project volume third-party projects	133.1	135.7
Completed project volume own projects	27.4	42.9
Sales Projects & Development division	160.5	178.6

Gross margin third-party projects Projects & Development division

Gross margin reflects earnings from the Projects & Development division as a percentage of income from realisation Projects & Development.

CHF million	1st half-year 2021	1st half-year 2020
Earnings from realisation Projects & Development	15.2	18.8
Completed project volume third-party projects	133.1	135.7
Gross margin third-party projects Projects & Development	11.4%	13.8%

Gross yield

Gross yield reflects the income from rental of investment properties as a percentage of the amortised market value of the yield-producing properties as at 1 January, without rights of use of investment properties, adjusted for portfolio changes over time.

CHF million	1st half-year 2021	1st half-year 2020
Annualised income from renting investment real estate	203.6	200.2
Amortised market value of yield-producing properties as at 1 January without rights of use of investment real estate	4 428.5	4 242.4
Portfolio changes over time	9.5	0.0
Own use	-37.8	0.0
Amortised market value of yield-producing properties as at 1 January without rights of use of investment real estate after portfolio changes	4 400.2	4 242.4
Gross yield	4.6%	4.7%

Net yield

Net yield reflects earnings from renting investment real estate as a percentage of amortised market value of yield-producing properties as at 1 January, without rights of use of investment real estate, adjusted by portfolio changes over time.

CHF million	1st half-year 2021	1st half-year 2020
Annualised earnings from renting investment real estate	183.6	173.8
Amortised market value of yield-producing properties as at 1 January without rights of use of investment real estate	4 428.5	4 242.4
Portfolio changes over time	9.5	0.0
Own use	-37.8	0.0
Amortised market value of yield-producing properties as at 1 January without rights of use of investment real estate after portfolio changes	4 400.2	4 242.4
Net yield	4.2%	4.1%

Vacancy rate

Vacancy rate corresponds to the cumulated vacancy rate due to non-letting as a percentage of the target rental income for one year.

CHF million	1st half-year 2021	1st half-year 2020
Vacancy loss	-1.6	-1.5
Targeted rental income	105.1	104.1
Vacancy rate	1.5%	1.5%

Information on investment real estate

		City of Zurich		Rest of Canton of Zurich		Other regions		Total real estate	
		2021*	2020*	2021*	2020*	2021*	2020*	2021*	2020*
Residential real estate									
Number of properties		7	6	11	11	4	4	22	21
Living space	'000 m ²	37	25	93	93	18	18	148	136
Number of clients		432	349	987	992	263	261	1 682	1 602
Vacancy rate ¹	%	1.7	0.8	0.6	2.7	1.5	1.5	1.1	2.1
Rental income	CHF million	6.9	4.6	11.4	11.1	2.5	2.5	20.8	18.3
Earnings on property ²	CHF million	6.2	4.4	9.8	8.6	2.0	2.1	18.0	15.0
Gross return	%	3.9	3.4	–	3.6	3.9	3.9	3.8	3.6
Net yield ³	%	3.5	3.2	3.2	2.8	3.1	3.3	3.3	3.0
Acquisition value	CHF million	289.9	171.8	376.0	376.0	84.4	84.4	750.3	632.2
Market value	CHF million	481.1	284.3	637.4	618.9	129.6	126.1	1 248.1	1 029.3
Average market value per property	CHF million	68.7	47.4	58.0	56.3	32.4	31.5	56.7	49.0
Change in market value ⁴	CHF million	26.1	3.7	18.5	0.2	3.5	0.0	48.1	3.9
Commercial real estate									
Number of properties		18	20	16	16	9	9	43	45
Floor space	'000 m ²	298	317	235	235	90	90	624	642
Number of clients		486	557	133	131	83	92	702	780
Vacancy rate ¹	%	0.2	0.6	1.3	1.7	6.1	2.9	1.6	1.3
Rental income	CHF million	42.6	44.4	25.6	23.9	12.8	13.5	81.0	81.8
Earnings on property ²	CHF million	38.9	38.0	23.5	21.9	11.3	11.9	73.7	71.8
Gross return	%	4.5	4.7	5.2	5.2	6.1	6.2	4.9	5.1
Net yield ³	%	4.1	4.1	4.7	4.8	5.4	5.4	4.4	4.4
Acquisition value	CHF million	1 545.6	1 669.1	1 048.5	1 048.5	531.9	531.7	3 125.9	3 249.2
Market value	CHF million	1 823.7	1 983.0	979.7	994.6	405.9	421.6	3 209.2	3 399.2
Average market value per property	CHF million	101.3	99.2	61.2	62.2	45.1	46.9	74.6	75.5
Change in market value ⁴	CHF million	18.2	13.0	-14.8	-2.5	-16.1	-4.2	-12.7	6.3
Investment real estate under construction									
Number of properties		1	1	–	–	–	–	1	1
Land area	'000 m ²	7	7	–	–	–	–	7	7
Acquisition value	CHF million	95.9	62.5	–	–	–	–	95.9	62.5
Market value	CHF million	122.9	96.8	–	–	–	–	122.9	96.8
Change in market value ⁴	CHF million	6.4	17.5	–	–	–	–	6.4	17.5
Investment volume	CHF million	173.0	80.2	–	–	–	–	173.0	80.2

* Should no further particulars be given, values referring to the income statement concern the first half-year, and balance sheet values the cut-off dates 30 June 2021 and 31 December 2020.

- 1 As a percentage of target rental income, cumulative as at cut-off date
- 2 Rental income minus real estate expenses
- 3 Rental income as a percentage of continued market value as at 1 January
- 4 From revaluation in first half-year 2021 or 2020, respectively

Key share data

		1st half-year 2021 as at 30.06.2021	1st half-year 2020 as at 30.06.2020
Issued share capital on cut-off date	CHF million	15.9	15.9
Approved capital on cut-off date	CHF million	1.0	1.0
Conditional capital on cut-off date	CHF million	1.2	1.2
Issued shares on cut-off date	number	15 942 821	15 942 821
Treasury shares on cut-off date	number	141 723	43 045
Outstanding shares on cut-off date ¹	number	15 801 098	15 899 776
Annual average of outstanding shares	number	15 833 846	15 898 915
Market price high	CHF	206.00	223.50
Market price low	CHF	179.20	159.80
Market price on cut-off date (tax value)	CHF	182.40	203.50
Market capitalisation on cut-off date ²	CHF million	2 879.0	3 235.6
Average trading volume per day (on-exchange)	number of shares	28 537	27 980

1 Number of shares issued minus treasury shares

2 Share price on cut-off date multiplied by the number of outstanding shares on cut-off date

Share statistics

Share type	Registered share
Nominal value per share	CHF 1.00
Securities number	883 756
SIX symbol	ALLN
ISIN	CH0008837566
Bloomberg	ALLN SW
Reuters	ALLN. S

Shareholder structure as at 30 June 2021

Number of shares	Number of shareholders	Number of shares	%
> 478 284 shares (> 3%)	4	3 240 833	20.3%
100 001–478 284 shares	17	4 460 623	28.0%
10 001–100 000 shares	96	2 671 996	16.7%
1001–10 000 shares	376	1 159 750	7.3%
1–1000 shares	3 850	752 677	4.7%
Total registered	4 343	12 285 879	77.1%
Not registered		3 656 942	22.9%
Total shares		15 942 821	100.0%

34.4% of the share capital is owned by pension funds and insurance companies and 9.8% by natural persons. A further 32.0% is owned by other legal entities as well as funds, investment companies, foundations and banks. 23.8% of the share capital has not been submitted for registration in the share register. Foreign investors own 8.9% (registered shares).

The treasury shares held by Allreal are not taken into account in the total number of shares entered.

Organisation and schedule

Structure and addresses

Allreal Holding AG Allreal Finanz AG

Grabenstrasse 25, 6340 Baar

Allreal Home AG Allreal Office AG Allreal Toni AG Allreal Vulkan AG Allreal West AG Apalux AG

Lindbergh-Allee 1, 8152 Glattpark

Allreal Generalunternehmung AG Bülachguss AG

Lindbergh-Allee 1, 8152 Glattpark
 Zieglerstrasse 53, 3007 Bern

Lindbergh-Allee 1, 8152 Glattpark

Organisation chart

Allreal Group

Roger Herzog

Finance & Controlling

Thomas Wapp

Sales/Contracting

Peter Pantucek

Internal Owner Organisation

Angelo Moser

Communications

Reto Aregger

Human Resources

Barbara Tomezzoli

Real Estate

Alain Paratte

Projects & Development

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Alain Paratte

Real Estate Management

Claudine Engeli

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Schedule

Investor day 2021

15 November 2021

Annual results 2021

23 February 2022

Annual general meeting 2022

8 April 2022

Half-year results 2022

24 August 2022

Share register

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

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Reporting by financial analysts

The Allreal Group is valued and analysed by the following banks, among others:

Equity research

Baader Helvea
Bank Vontobel
Research Partners
UBS
Zürcher Kantonalbank

Credit research

Credit Suisse
UBS
Zürcher Kantonalbank

Half-year Report 2021

Management report

Financial report

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The interactive Half-year Report is available online in German and English at reporting.allreal.ch.

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