

# Annual Report 2003

**allreal**

**holding**



# Key figures at a glance

		2003	2002	Change in % <sup>1</sup>
<b>Allreal Group</b>				
Total income incl. revaluation gains	CHF million	145.7	160.7	-9.3
Operating profit (EBIT) incl. revaluation gains	CHF million	88.5	104.7	-15.5
Net profit incl. revaluation gains	CHF million	52.7	51.1	+3.1
Total income excl. revaluation gains	CHF million	150.6	133.9	+12.5
Operating profit (EBIT) excl. revaluation gains	CHF million	93.5	77.9	+20.0
Net profit excl. revaluation gains	CHF million	56.0	39.9	+40.4
Cash flow <sup>2</sup>	CHF million	88.4	81.5	+8.5
Return on equity incl. revaluation effect	%	8.4	8.6	-0.2
Return on equity excl. revaluation effect	%	8.9	6.7	+2.2
Return on cash flow <sup>2</sup>	%	13.9	12.8	+1.1
Equity ratio	%	47.0	35.0	+12.0
Net gearing <sup>3</sup>	%	89.5	144	-54.5
Market value real estate investments	CHF million	1420.1	1505.9	-5.7
Sales Projects & Development Division	CHF million	442.3	570.0	-22.4
Headcount as at 31 December	full-time equivalents	207	208	-
<b>Allreal Holding AG</b>				
Net profit	CHF million	60.1	62.1	-3.2
Share capital	CHF million	406.6	325.2	+25.0
<b>Allreal shares</b>				
Earnings per share incl. revaluation gains	CHF	7.90	8.25	-4.2
Earnings per share excl. revaluation gains	CHF	8.39	6.44	+30.3
Cash flow per share <sup>2</sup>	CHF	13.24	13.16	+0.6
Dividend per share	CHF	4.50 <sup>4</sup>	4.50	-
Net asset value (NAV) per share	CHF	96.10	98.63	-2.6
Share price as at 31 December	CHF	93.25	76.32	+22.2
Dividend yield	%	4.8 <sup>4</sup>	5.7	-0.9
<b>Operating key figures</b>				
Net yield real estate investments <sup>5</sup>	%	5.6	5.7	-0.1
Average interest rate on financial liabilities as at 31 December	%	2.9	2.4	+0.5
Operating margin Projects & Development Division <sup>6</sup>	%	38.6	30.6	+8.0
<b>Valuation as at 31 December</b>				
Market capitalisation	CHF million	755.9	488.1	+54.9
Enterprise value <sup>7</sup>	CHF million	1452.6	1368.7	+6.1
Average EV/EBITDA excl. revaluation gains		16.1	15.4	+4.5

<sup>1</sup> Changes in percentage values shown as absolute difference

<sup>2</sup> The cash flow statement was closer aligned to IAS 7. To assure comparability, prior year was updated as well.

<sup>3</sup> Finance liabilities minus cash and marketable securities as percentage of equity

<sup>4</sup> Board of directors proposal of CHF 4.50 per share unchanged for both years

<sup>5</sup> Real estate profit as percentage of continued market value at 01 January

<sup>6</sup> EBIT excl. revaluation and restoration of value adjustments on projects as percentage of earnings from business activity

<sup>7</sup> Market capitalisation plus net debts

# Real estate at a glance

	City of Zurich		Remaining Canton of Zurich		Other Regions		Total Real Estate	
	2003	2002	2003	2002	2003	2002	2003	2002
<b>Commercial real estate</b>								
<b>Portfolio</b>								
Number of properties	24	26	10	7	7	7	41	40
Useable floor space '000 m <sup>2</sup>	159	181	64	54	32	31	255	266
Vacancy rate <sup>1</sup> %	1.4	4.9	1.8	1.6	4.5	6.2	1.9	4.2
Rental income CHF million	40.6	37.7	15.7	9.8	8.2	7.2	64.5	54.1
Real estate profit <sup>2</sup> CHF million	36.5	35.4	13.8	9.0	7.0	5.8	57.3	50.2
Gross yield %	6.6	6.1	6.5	6.4	6.1	6.5	6.9	6.2
Net yield %	5.9	6.2	5.6	6.3	5.2	5.2	5.7	5.7
Historical book value CHF million	585.5	678.1	234.2	198.1	135.3	136.3	955.0	1012.5
Market value CHF million	609.3	745.6	250.0	205.6	127.7	134.1	987.0	1085.3
Average market value <sup>3</sup> CHF million	25.4	28.7	25.0	29.4	18.2	19.2	24.1	27.1
Change in market value <sup>4</sup> CHF million	-10.6	33.0	8.3	0.0	-5.5	0.7	-7.8	33.7
<b>Portfolio under construction</b>								
Useable floor space '000 m <sup>2</sup>	38	16	-	7	-	-	38	23
Investment volume CHF million	185.0	200.0	-	45.0	-	-	185.0	245.0
Book value CHF million	101.3	63.3	-	30.6	-	-	101.3	93.9
<b>Land reserves</b>								
Land '000 m <sup>2</sup>	7	2	16	16	-	-	23	18
Investment volume CHF million	35.0	35.0	130.0	130.0	-	-	165.0	165.0
Book value CHF million	9.9	9.9	24.8	24.1	-	-	34.7	34.0
<b>Residential real estate</b>								
Number of properties	5	4	18	17	1	2	24	23
Useable floor space '000 m <sup>2</sup>	13	10	69	78	4	13	86	101
Vacancy rate <sup>1</sup> %	0.1	0.2	1.1	1.7	1.1	3.4	1.1	1.6
Rental income CHF million	2.8	2.6	15.3	14.6	1.8	2.5	19.1	19.7
Real estate profit <sup>2</sup> CHF million	2.1	2.2	11.2	11.6	1.4	1.9	14.7	15.7
Gross yield %	6.6	6.9	6.9	7.5	6.8	6.7	6.8	6.9
Net yield %	5.2	5.7	5.6	5.9	5.4	5.1	5.3	5.5
Historical book value CHF million	37.3	37.3	232.9	211.3	15.6	37.6	285.8	286.2
Market value CHF million	38.4	38.4	242.9	217.1	15.8	37.2	297.1	292.7
Average market value <sup>3</sup> CHF million	7.7	9.6	13.5	12.8	15.8	18.6	12.4	12.7
Change in market value <sup>4</sup> CHF million	0.1	-1.4	2.2	-5.3	0.5	-0.2	2.8	-6.9
<b>Real estate for development</b>								
<b>Land reserves</b>								
Land '000 m <sup>2</sup>	68.4	43	126.8	97	-	-	195.2	140
Investment volume CHF million	257.5	241.0	548.5	470.0	-	-	806.0	711.0
Book value CHF million	57.8	28.5	42.6	61.9	-	-	100.4	90.4
<b>Buildings under construction</b>								
Investment volume CHF million	0.0	104.0	95.0	23.0	75.3	-	170.3	127.0
Book value CHF million	0.0	36.6	31.6	12.7	0.5	-	32.1	49.3

<sup>1</sup> Percentage of target rental income

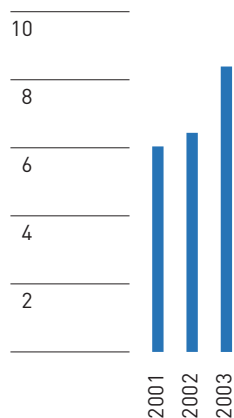
<sup>2</sup> Rental income minus real estate expenses

<sup>3</sup> Per property

<sup>4</sup> Based on revaluation as compared to previous year

# Allreal – building value

Income per share  
excl. revaluation gains  
CHF



- Share price increases by more than 22 percent
- Operating net profit improves by 40 percent
- Return on equity of 8.4 percent
- Successful capital increase sets the tone for future growth

Dear Shareholders

In an economically challenging environment Allreal again reports pleasing results. Compared to the previous year, there were increases in both operating net profit (net profit excluding revaluation gains) and cash flow. Despite the absence of revaluation gains, net profit remains slightly above that of 2002.

Allreal combines a real estate portfolio providing stable earnings with the activities of a project developer and general contractor. This strategy, consistently implemented since the company's public listing in the year 2000, represents the reliable and future-oriented basis of our successful business activity. As a supplier of the whole range of real estate activities and with more than 30 years of experience, Allreal is in a position to cover the complete value added chain in real estate and take advantage of a wide range of synergies. Allreal's portfolio of residential and commercial buildings focuses on business centres; it is thus able to soften market fluctuations and, to a certain degree, even compensate for them.

Allreal took advantage of the historically low level of interest rates in the first half of 2003 to secure approximately two-thirds of its current long-term debt at favourable interest rates. The average interest rate at 31 December 2003 was 2.9 percent at an average pegging of 49 months.

## **Proven strategy and consistent performance constitute a sound foundation**

Positive results on a regular basis, sound financing, a dividend yield of nearly five percent, and proof of successful performance over several years resulted in a considerable increase in value of the Allreal stock – and thus a substantial decrease of the discount. Furthermore, with the successfully implemented capital increase in 2003 the company created the preconditions to continue with its expansion policy. Allreal plans to appropriate the proceeds from the capital increase of CHF 120.3 million to acquire additional residential and commercial buildings in particular, and to finance own projects to be included in the portfolio upon completion.

## **Rental income from the streamlined real estate portfolio ensures a stable cash flow and steady income**

The steady portfolio growth during the year 2002 resulted in a considerable growth in rental income, namely from CHF 73.8 million to CHF 83.2 million, while the vacancy rate remained constant at a low 1.7 percent. Thanks to the continued streamlining of strategic management and control, gross yield was reported at 5.6 percent, thus 0.1 percent above the long-term target rate of 5.5 percent.

The completion of the DaimlerChrysler headquarters in Schlieren during the spring triggered a considerable increase in rental income. Furthermore, four commercial properties and two residential building, valued at CHF 229 million in total, were sold with a capital gain to institutional investors. This reduced the total value of the portfolio. Divestments and a valuation loss resulting from an external real estate valuation led to a 5.7 percent reduction in the value of Allreal's portfolio to CHF 1420 million.

At 31 December 2003, Allreal's portfolio included a total of 65 properties at an average value of CHF 20 million. The share of residential and commercial buildings remained practically unchanged when compared to the previous year: commercial buildings represent 70 percent of the portfolio and residential buildings 21 percent. The book value of the properties under construction is reported at 9 percent.

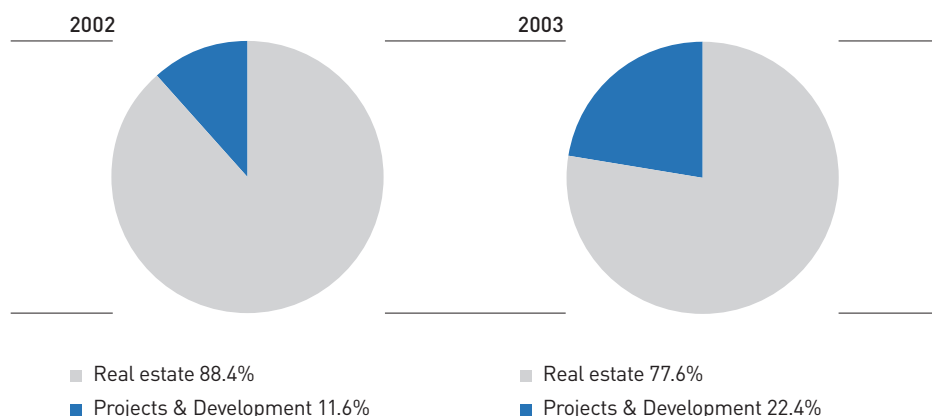
89 percent of the real estate is located in the City (51%) and remaining Canton (38%) of Zurich, and 11 percent in Cantons Aargau, Basel City, Basel Country and Zug. Thanks to the focus on business centres – and especially on the dynamic Zurich region – the mixed portfolio is highly resistant to market fluctuations. A prudent investment policy coupled with the many years of experience available in the company furthermore ensure that risks are recognised at an early stage.

The operating profit share of commercial real estate compared to operating profit of the group dropped to 77.6 percent (previous year: 88.4 percent).

### Improved operating margin confirms competitiveness of Projects & Development

Despite a difficult business environment characterised by weak demand for construction and a constantly decreasing investment volume, the Projects & Development division continued the positive results of the previous year. As the result of an improved operating margin compared to the previous year and a growth in income of 6 percent to CHF 66.8 million, net profit grew from CHF 5.0 million to CHF 13.5 million, a clear proof of the company's productivity and competitiveness. The project development, project management and real estate services departments contributed equally to the division's good results. In 2003 the Projects & Development division worked at full capacity and handled a volume of CHF 442 million. The slight decrease compared to

Share of net profit (excl. revaluation gains)



the previous year was brought about by the cyclical nature of the general contracting business: while several large projects were completed in the course of 2003, new projects and planned projects did not yet contribute to the financial results.

#### **The Allreal stock provides earnings comparable with direct investments in real estate**

Allreal's dividend policy ensures investors a yield of approximately 5 percent. This compares with earnings obtained from a direct investment in real estate. Allreal intends to keep its dividend policy unchanged in the future: a stable-income portfolio, favourable financing over the long term, and profits obtained from the Projects & Development division guarantee the availability of sufficient means for future dividend payments.

#### **Carefully optimistic for 2004 despite many uncertainties**

Despite the fact that we are still awaiting the economic recovery – although it has been forecast so often – the signs of a business upswing and of growth are becoming more concrete. However, for reasons specific to the industry, we do not expect an improvement in the economic climate to exert a positive influence on the real estate market or construction activity as early as 2004. Yet Allreal is carefully optimistic about the future. The main reasons for this positive assessment lie in the consolidation and optimisation of the real estate portfolio and financial structures last year and in the synergies resulting from the combination of real estate with general contracting activity. Our confidence is furthermore based on

- a series of projects with planning permission and thus ready for execution and realisation in the short term
- the freedom of action resulting from the successful capital increase
- the possibility of increasing the share of residential real estate, either through acquisition or realisation of own projects.

Allreal owns a high-quality real estate portfolio and has outstanding proof of performance as a reliable, successful and dependable general contractor. Both shareholders and customers can rely entirely on the company's soundness, seriousness and entrepreneurial competence. Allreal's focus in the future will remain on fulfilling the relatively high expectations concerning income and share price. A clear and risk-conscious working method linked to the sense of responsibility and professional know how held by more than 200 employees represent a sound foundation for successful business activity in the future.

The Board of Directors and Group management wish to take this opportunity to thank all members of staff for their dedication during the past year and the shareholders for their trust and support.



Thomas Lustenberger  
Chairman



Bruno Bettoni  
Chief Executive Officer

# Allreal – consistent performance and a steady dividend

Despite a difficult economic environment, Allreal's net profit (after revaluation gains) rose by CHF 1.6 million to CHF 52.7 million (2002: CHF 51.1 million). The operating result (net profit before revaluation gains) increased considerably by CHF 16.1 million to CHF 56.0 million (2002: CHF 39.9 million). Cash flow grew by CHF 6.9 million to CHF 88.4 million.

As in previous years, the long-term goals defined by the company with regard to return on equity were reached and partly even surpassed:

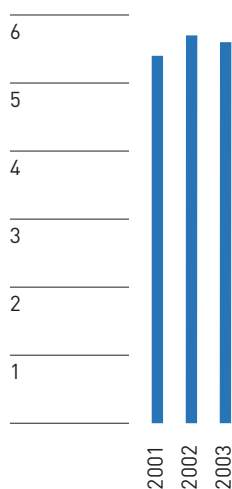
Return on equity	sustained goal	2003	2002	2001	2000
excl. revaluation gains	6–7%	8.9%	6.7%	6.9%	7.4%
incl. revaluation gains	7–10%	8.4%	8.6%	9.2%	12.6%

All value drivers of relevance to Allreal were positive for 2003:

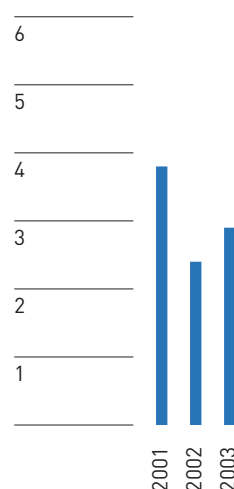
- Owing to a higher real estate inventory compared to the annual average, rental income grew from CHF 73.8 million to CHF 83.2 million.
- Effective gross yield, and thus profitability, of the portfolio grew from 6.4 percent in 2002 to 6.5 percent in the year under review, mainly due to a lower vacancy rate which decreased from 3.6 percent to 1.7 percent. This low rate by market comparison is due to the fact that in 2003 two properties with considerable vacancies were sold at a profit.
- The effective net yield amounted to 5.6 percent, reflecting a 0.1 percent reduction when compared to the previous year (5.7 percent). The reason for this slight decrease lies in the fact that real estate expenses rose in 2003 as the result of a higher share of operating and service and maintenance cost for office space rented to new tenants.

Allreal took advantage of the historically low level of interest rates to peg the rates over the long term and thus ensure low costs for borrowed capital. The average pegging of interest rates was increased from 1.5 years to 4.1 years, and as a result the average interest rate rose from 2.4 percent to 2.9 percent.

**Net yield on portfolio**  
in percent

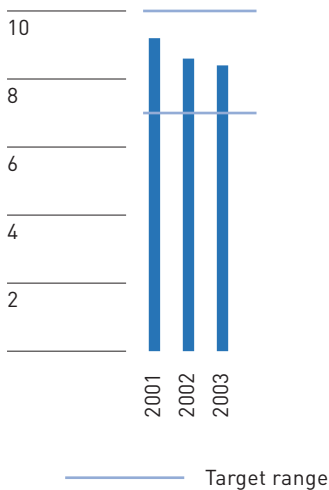


**Average interest rate at 31 December**  
in percent

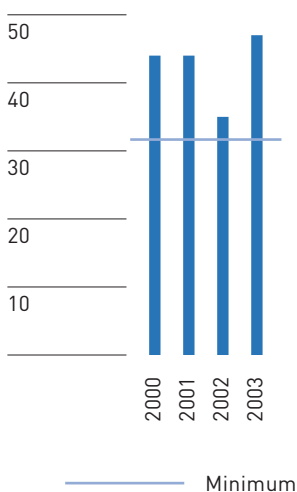




**Return on equity**  
incl. revaluation gains  
in percent



**Capital ratio**  
in percent



- In 2003 real estate valued at CHF 229 million was sold at a profit of CHF 2.8 million compared to the book value calculated by the DCF method. Thanks to the stable value of the residential portfolio and positive additions resulting from own projects, the total revaluation loss amounted to only CHF 5.0 million.
- The Projects & Development division increased earnings from business activity from CHF 62.8 million to CHF 66.8 million, thus increasing the margin from 30.6 percent to 38.6 percent. The Projects & Development division's share of net profit is reported at 22.4 percent (2002: 11.6 percent).

### Excellent stock performance and almost complete elimination of the discount

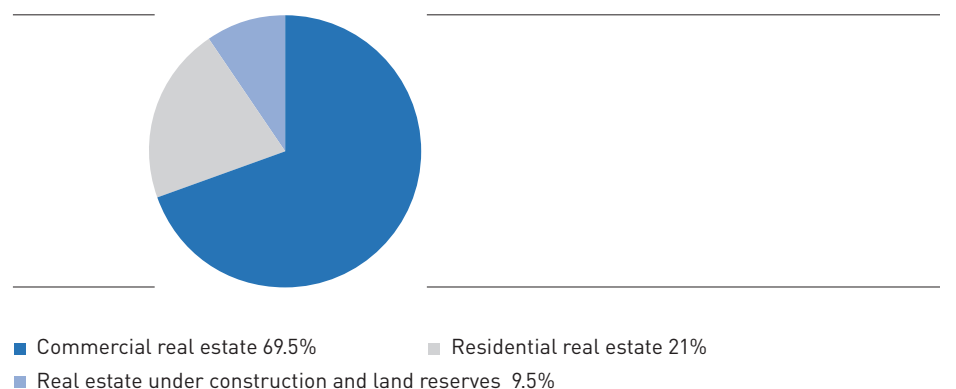
The capital increase implemented in 2003 served to ensure future growth and a continued sound equity basis. The additional means of CHF 120.3 million resulted in a higher equity ratio of 47 percent (2002: 35 percent).

Within the parameters of the capital increase, 99.93 of the subscription rights were exercised and 1,626,205 new shares issued. Despite a 25 percent increase in the number of shares the operating profit per share rose from CHF 6.44 to CHF 8.39 thanks to a significant increase in net profit before revaluation gains. Net profit per share amounted to CHF 7.9 (2002: CHF 8.25).

The share attained an absolute performance increase of 22.2 percent in 2003 and was thus slightly above the SPI (22.06 percent). When including dividends and allotment yield, the overall increase amounted to 31.2 percent. At the end of the year the share price reached a value of CHF 93.25, approximately 3 percent below the share's net asset value of CHF 96.1. As a result, in 2003 Allreal was able to almost eliminate the discount which is typical for most real estate companies.

For the shareholder, the good 2003 financial year is reflected in considerable value gains on the Allreal share and a proposed dividend of CHF 4.50, unchanged from the previous year. The resulting 4.8 percent yield reflects the dividend policy which compares favourably to the yield obtained from direct investments in real estate.

### Break up of real estate investments



# Consolidated financial statements

## Consolidated income statement

	2003	2002
Income from real estate	86.0	73.2
Income from projects & development	64.7	60.7
Revaluation gains	-5.0	26.8
<b>Total income</b>	<b>145.7</b>	<b>160.7</b>
Property expense	-11.5	-8.5
Personnel expense	-32.5	-32.1
Other operating expense	-11.6	-12.6
<b>EBITDA</b>	<b>90.1</b>	<b>107.5</b>
Depreciation	-0.7	-1.1
Amortisation	-0.9	-1.7
<b>Operating profit (EBIT)</b>	<b>88.5</b>	<b>104.7</b>
Finance income	3.9	1.3
Finance expense	-26.0	-23.7
<b>Profit before tax</b>	<b>66.4</b>	<b>82.3</b>
Current tax	-17.2	-12.3
Deferred tax on revaluation gains	6.0	-15.6
Other deferred taxes	-2.5	-3.3
<b>Net profit</b>	<b>52.7</b>	<b>51.1</b>
Total income excl. revaluation gains	150.7	133.9
EBITDA excl. revaluation gains	95.1	80.7
EBIT excl. revaluation gains	93.5	77.9
<b>Net profit excl. revaluation gains</b>	<b>56.0</b>	<b>39.9</b>
<b>Net profit per share in CHF</b>		
- incl. revaluation gains	7.90	8.25
- excl. revaluation gains	8.39	6.44
<b>Diluted earnings per share in CHF</b>		
- incl. revaluation gains	7.88	8.19
- excl. revaluation gains	8.37	6.39

## Consolidated balance sheet as at 31 December

CHF million	2003	2002
Real estate investments	1 420.1	1 505.9
Real estate for development	135.1	157.6
Intangible assets	0.2	2.6
Property, plant and equipment	1.0	1.7
Deferred tax assets	7.5	4.7
Financial assets	10.8	0.0
<b>Fixed assets</b>	<b>1 574.7</b>	<b>1 672.5</b>
Trade receivables	44.9	55.7
Other receivables	28.9	14.2
Cash	6.6	3.2
<b>Current assets</b>	<b>80.4</b>	<b>73.1</b>
<b>Total assets</b>	<b>1 655.1</b>	<b>1 745.6</b>
Share capital	406.6	325.2
Capital reserves	210.3	175.8
Treasury shares	-2.1	-24.6
Retained earnings	164.0	134.9
<b>Total equity</b>	<b>778.8</b>	<b>611.3</b>
Long-term borrowings	703.3	853.8
Prepayments received	3.7	4.2
Deferred tax liabilities	52.1	66.1
Other provisions	16.3	7.6
Other long-term liabilities	8.5	12.3
<b>Long-term liabilities</b>	<b>783.9</b>	<b>944.0</b>
Trade payables	47.8	108.0
Current tax liabilities	23.1	14.8
Other current liabilities	21.5	37.5
Short-term borrowings	0.0	30.0
<b>Short-term liabilities</b>	<b>92.4</b>	<b>190.3</b>
<b>Total liabilities</b>	<b>876.3</b>	<b>1 134.3</b>
<b>Total equity and liabilities</b>	<b>1 655.1</b>	<b>1 745.6</b>
<b>Equity (NAV) per share in CHF</b>		
- before deferred tax	101.55	108.54
- after deferred tax	96.1	98.63

## Consolidated statement of changes in shareholders' equity

CHF million	Share capital	Capital reserves	Treasury shares	Financial instruments	Revaluation reserve	Other retained earnings	Total
<b>As at 1 January 2001</b>	<b>325.2</b>	<b>175.3</b>	<b>-11.7</b>	<b>-1.6</b>	<b>23.6</b>	<b>41.4</b>	<b>552.2</b>
Valuation of financial instruments				-0.8			-0.8
Purchase of own stock			-8.6				-8.6
Net profit					12.4	38.2	50.6
Reclassification		0.8				-0.8	0.0
Rounding difference						-0.1	-0.1
<b>As at 31 December 2001</b>	<b>325.2</b>	<b>176.1</b>	<b>-20.3</b>	<b>-2.4</b>	<b>36.0</b>	<b>78.7</b>	<b>593.3</b>
Expenses from 2000 capital increase		-0.3					-0.3
Dividend payment						-18.6	-18.6
Valuation of financial instruments				-9.9			-9.9
Purchase of own shares			-4.3				-4.3
Net profit					11.2	39.9	51.1
Reclassification					10.1	-10.1	0.0
<b>As at 31 December 2002</b>	<b>325.2</b>	<b>175.8</b>	<b>-24.6</b>	<b>-12.3</b>	<b>57.3</b>	<b>89.9</b>	<b>611.3</b>
Expenses from capital increase	81.4	34.5					115.8
Dividend payment						-28.8	-28.8
Valuation of financial instruments				5.2			5.2
Purchase of own shares			22.5				22.5
Net profit					-3.3	56.0	52.7
Reclassification					-19.9	19.9	0
<b>As at 31 December 2003</b>	<b>406.6</b>	<b>210.3</b>	<b>-2.1</b>	<b>-7.1</b>	<b>34.1</b>	<b>137.0</b>	<b>778.8</b>

## Consolidated cash flow statement<sup>1</sup>

CHF million	2003	2002
Earnings before tax	66.4	82.3
Net financial expense	22.1	22.4
Revaluation gains (losses)	5.0	-26.8
Depreciation of tangible fixed assets	0.7	1.1
Amortisation of goodwill	0.9	1.7
Change in proceeds from sale of real estate	-2.8	0.6
Capitalisation of company produced assets	-11.5	-8.6
Change in other provisions not affecting liquidity	0.9	1.8
Other items	6.7	7.0
<b>Operating cash flow before change in net current assets</b>	<b>88.4</b>	<b>81.5</b>
Change in securities	0.0	2.2
Change in trade receivables	10.8	9.8
Change in other receivables	-14.7	-4.4
Change in trade payables	-60.2	71.0
Change in other current liabilities	-16.0	15.2
Changes in net current assets not affecting liquidity	0.0	0.4
<b>Operating cash flow after changes in net current assets</b>	<b>8.3</b>	<b>175.7</b>
Cost of finance paid	-17.9	-18.3
Financial income received	0.7	0.3
Income taxes paid	-9.9	-7.4
<b>Cash flow from operations</b>	<b>-18.8</b>	<b>150.3</b>
Purchase of real estate investments	-147.2	-508.8
Disposal of real estate investments	232.8	54.8
Disposal of real estate for development	22.5	48.8
Change in intangible assets	1.5	0.0
Disposal/purchase of plant, property and equipment	0.0	-1.9
Change in financial assets	-10.8	18.6
<b>Cash flow from investing activities</b>	<b>98.8</b>	<b>-388.5</b>
Change in prepayments received on development real estate	-0.5	-10.9
Change in short-term borrowings	-30.0	-92.7
Change in long-term borrowings	-150.5	364.4
Change in other provisions	-5.2	0.0
Capital increase	115.9	0.0
Change in treasury shares	22.5	-4.3
Dividend payment	-28.8	-18.6
<b>Cash flow from financing activities</b>	<b>-76.6</b>	<b>237.9</b>
<b>Change in cash</b>	<b>3.4</b>	<b>-0.3</b>
Cash at 01.01.	3.2	3.5
Cash at 31.12.	6.6	3.2
<b>Change in cash</b>	<b>3.4</b>	<b>-0.3</b>

<sup>1</sup> The cash flow statement was closer aligned to IAS 7. To assure comparability, prior year was updated as well.

**Segment Information**  
**Year ended 31 December 2003**

CHF million	Real Estate	Projects & Development	Other	Total
<b>Income statement</b>				
Income from operations	86.6	66.8	-2.7	150.7
Revaluation gains	-5.0	0.0	0.0	-5.0
<b>Total income</b>	<b>81.6</b>	<b>66.8</b>	<b>-2.7</b>	<b>145.7</b>
Operating expense	-14.9	-40.3	-0.4	-55.6
<b>EBITDA</b>	<b>66.7</b>	<b>26.5</b>	<b>-3.1</b>	<b>90.1</b>
Depreciation and amortisation	0.0	-0.7	-0.9	-1.6
<b>Operating profit (EBIT)</b>	<b>66.7</b>	<b>25.8</b>	<b>-4.0</b>	<b>88.5</b>
Net finance expense	-22.7	0.6	0.0	-22.1
Taxes	-0.4	-12.9	-0.4	-13.7
<b>Net profit</b>	<b>43.6</b>	<b>13.5</b>	<b>-4.4</b>	<b>52.7</b>
EBITDA excl. revaluation gains	71.7	26.5	-3.1	95.1
EBIT excl. revaluation gains	71.7	25.8	-4.0	93.5
<b>Net profit excl. revaluation gains</b>	<b>46.9</b>	<b>13.5</b>	<b>-4.4</b>	<b>56.0</b>
Operating margin in % <sup>1</sup>	82.8	38.6	n. m.	62.0
Operating net cash flow <sup>2</sup>	33.7	26.5	0.0	60.2
<b>Balance sheet</b>				
Non-current assets	1427.7	146.8	0.2	1574.7
Current assets	8.4	71.6	0.3	80.3
<b>Total assets</b>	<b>1436.2</b>	<b>218.4</b>	<b>0.5</b>	<b>1655.1</b>
Deferred tax liabilities and provisions	46.5	21.9	0.0	68.4
Non-financial liabilities	30.4	71.6	2.6	104.6
<b>Net operating assets</b>	<b>1359.3</b>	<b>124.9</b>	<b>-2.1</b>	<b>1481.1</b>
Interest bearing debts	706.8	0.0	-3.5	703.3
<b>Equity</b>	<b>652.5</b>	<b>124.9</b>	<b>1.4</b>	<b>778.6</b>
<b>Cash flow statement</b>				
Cash flow before change in net current assets	71.3	21.0	-3.9	88.4
Cash flow from operations	51.5	-63.9	-6.4	-18.7
Cash flow from investment activities	85.6	11.8	1.5	98.9
Cash flow from financing activity	-152.3	-33.7	109.4	-76.8
<b>Purchase of plant, property &amp; equipment</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<sup>1</sup> EBIT less revaluation gains in percent of income from operations

<sup>2</sup> EBITDA less revaluation gains, reversal of project write-downs, capital expenditures, and purchase/sale of property, plant and equipment

Allreal operates in Switzerland only. Therefore, no geographical break-down is provided.

## Segment Information

### Year ended 31 December 2002

CHF million	Real Estate	Projects & Development	Other	Total
<b>Income statement</b>				
Income from operations	74.5	62.8	-3.4	133.9
Revaluation gains	26.8	0.0	0.0	26.8
<b>Total income</b>	<b>101.3</b>	<b>62.8</b>	<b>-3.4</b>	<b>160.7</b>
Operating expense	-13.1	-42.5	2.4	-53.2
<b>EBITDA</b>	<b>88.2</b>	<b>20.3</b>	<b>-1.0</b>	<b>107.5</b>
Depreciation and amortisation	0.0	-1.1	-1.7	-2.8
<b>Operating profit (EBIT)</b>	<b>88.2</b>	<b>19.2</b>	<b>-2.7</b>	<b>104.7</b>
Net finance expense	-22.2	-0.3	0.1	-22.4
Taxes	-16.7	-13.9	-0.6	-31.2
<b>Net profit</b>	<b>49.3</b>	<b>5.0</b>	<b>-3.2</b>	<b>51.1</b>
EBITDA excl. revaluation gains	61.4	20.3	-1.0	80.7
EBIT excl. revaluation gains	61.4	19.2	-2.7	77.9
<b>Net profit excl. revaluation gains</b>	<b>38.1</b>	<b>5.0</b>	<b>-3.2</b>	<b>39.9</b>
Operating margin in % <sup>1</sup>	82.4	30.6	n.m.	58.2
Operating net cash flow <sup>2</sup>	47.7	18.4	0.0	66.1
<b>Balance sheet</b>				
Non-current assets	1510.5	159.4	2.6	1672.5
Current assets	8.5	62.4	2.2	73.1
<b>Total assets</b>	<b>1519.0</b>	<b>221.8</b>	<b>4.8</b>	<b>1745.6</b>
Deferred tax liabilities and provisions	-54.5	-19.2	0.0	-73.7
Non-financial liabilities	-29.1	-150.0	2.3	-176.8
<b>Net operating assets</b>	<b>1435.4</b>	<b>52.6</b>	<b>7.1</b>	<b>1495.1</b>
Interest bearing debts	-853.8	-30.0	0.0	-883.8
<b>Equity</b>	<b>581.6</b>	<b>22.6</b>	<b>7.1</b>	<b>611.3</b>
<b>Cash flow statement</b>				
Cash flow before change in net current assets	62.0	18.1	1.4	81.5
Cash flow from operations	37.8	113.6	-1.1	150.3
Cash flow from investment activities	-454.0	60.9	4.6	-388.5
Cash flow from financing activity	364.4	-103.6	-22.9	237.9
<b>Purchase of plant, property &amp; equipment</b>	<b>0.0</b>	<b>1.9</b>	<b>0.0</b>	<b>1.9</b>

<sup>1</sup> EBIT less revaluation gains in percent of income from operations

<sup>2</sup> EBITDA less revaluation gains, reversal of project write-downs, capital expenditures, and purchase/sale of property, plant and equipment

Allreal operates in Switzerland only. Therefore, no geographical break-down is provided.

# Key figures in Euro

Euro million	2003	2002
<b>Consolidated income statement</b>		
Total income	95.9	109.3
EBITDA	59.4	73.1
Operating profit (EBIT)	58.2	71.2
Net profit	34.7	34.8
Total income excl. revaluation gains	99.1	91.1
EBIT excl. revaluation gains	61.5	53.0
Net profit excl. revaluation gains	36.8	27.1
Net profit per share incl. revaluation gains	5.20	5.61
Net profit per share excl. revaluation gains	5.52	4.38
<b>Consolidated balance sheet as at 31 December</b>		
Real estate investments	910.3	1 031.4
Other assets	150.6	164.2
Total assets	1 061.0	1 195.6
Equity	499.2	418.7
Borrowings	450.9	605.3
Other liabilities	110.9	171.6
Net Asset Value (NAV) per share	61.6	67.55
<b>Consolidated cash flow statement</b>		
Cash flow before change in net current assets	58.2	55.4
Cash flow from operations	-12.4	98.9
Cash flow from investing activities	65.1	-264.2
Cash flow from financing activities	-50.4	161.8
<b>Company valuations</b>		
Market capitalisation	484.6	334.3
Enterprise value	931.2	937.5
<b>Exchange rates</b>		
Average rate for income statement/cash flow statement	1.52	1.47
Year-end rate for balance sheet/valuations	1.56	1.46



# Organisation

## Allreal Group

Bruno Bettoni

### Finance & Controlling

Dr. Peter Ilg

### Real Estate Residential and Office Properties

Hans Engel

### General Contracting and Project Management

Bruno Bettoni

### Project Development and Real Estate Services

Eugen Bentele

## Board of Directors

**Dr. Thomas Lustenberger** (\*1951, Swiss)  
Chairman, Member since 1999

Dr. iur., LL.M.

Attorney-at-law and partner with a law firm in Zurich, member of the Board of Directors of Calida Holding AG (Chairman), Micronas Semiconductor Holding AG (Vice Chairman), Schlatter Holding AG (Vice Chairman), SEZ Holding AG and Vittrashop Holding AG

**Erich Walser** (\*1947, Swiss)  
Vice Chairman, Member since 1999

lic. oec. HSG, lic. iur.

Chairman of the Board and CEO of Helvetia Patria Group, member of the Board of Directors of Neue Rückversicherungsgesellschaft, Hermann Koller AG (chairman), Loppacher AG and Metrohm AG

**Dr. Rudolf W. Hug** (\*1944, Swiss)  
Member, Member since 2003

Dr. iur., MBA INSEAD

Management consultant and independent Board member, former chief executive of SKA, former member of the group management of Credit Suisse and Credit Suisse First Boston, member of the Board of Directors of Deutsche Bank (Schweiz) AG, Micronas Semiconductor Holding AG, Orell Füssli Holding AG and the Swiss Post

All members of the board of directors of Allreal Holding AG are non-executive in the company and independent. None of the board members in the past held operating management functions within the Allreal Group. There are no board of directors committees. The board members were appointed for a total of three years and will remain in office until the 2006 annual general meeting of shareholders.

## Group Management

**Bruno Bettoni** (\*1949, Swiss)  
Chief Executive Officer since 1999  
Vice-President of the Swiss Association of General Contractors  
Member of the Board of Directors of Eurogate AG  
1995–1999 managing director of Oerlikon-Bührle Immobilien AG  
1983–1995 member of the group management of Oerlikon-Bührle Immobilien AG  
1973 joined Oerlikon-Bührle Immobilien AG as project manager

**Hans Engel** (\*1955, Swiss)  
Member of the Group Management since 1999  
Holder of the Swiss federal diploma of a real estate trustee  
1987–1999 member of the group management of Oerlikon-Bührle Immobilien AG  
1981 joined Oerlikon-Bührle Immobilien AG as an expert for contracts as well as the purchase, sale and development of real estate

**Eugen Bentele** (\*1953, Swiss)  
Member of the Group Management since 2002  
1992–1999 member of the group management of Oerlikon-Bührle Immobilien AG  
1981 joined Oerlikon-Bührle Immobilien AG as Head of Sales Group Management

**Peter Ilg** (\*1965, Swiss)  
Chief Financial Officer and Member of the Group Management since 2003  
Dr. oec. publ., Swiss-certified auditor, CPA (AICPA)  
2002–2003 Zurich Financial Services, Head of Group Controlling  
1994–2002 PricewaterhouseCoopers, Senior Manager Auditing and Consulting

With the exception of directorships held within the Allreal Group and the companies mentioned above, the board members serve on no other such boards, and they especially hold no official functions or political offices.

## Auditors

Ernst & Young AG, Zurich (appointed for one year until the 2004 AGM)

# Adresses, contacts, schedule

## Structure and addresses

Allreal Holding AG  
Allreal Finance AG

Zugerstrasse 50  
6340 Baar

Allreal Office AG  
Allreal Vulkan AG  
Allreal West AG

Allreal Generalunternehmung AG

Allreal Home AG

Eggbühlstrasse 15  
8050 Zurich  
T 01 319 11 11

Eggbühlstrasse 15  
8050 Zurich  
T 01 319 11 11

Eggbühlstrasse 15  
8050 Zurich  
T 01 319 11 11

St. Alban-Vorstadt 80  
4052 Basel  
T 061 206 96 96

Talgut-Zentrum 25  
3063 Bern-Ittigen  
T 031 917 18 88

## Contacts

**Bruno Bettoni**  
Chief Executive Officer

T 01 319 12 37  
F 01 319 15 35  
bruno.bettoni@allreal.ch

**Dr. Peter Ilg**  
Chief Financial Officer

T 01 319 15 51  
F 01 319 15 35  
peter.ilg@allreal.ch

**Matthias Meier**  
Communications

T 01 319 12 67  
F 01 319 14 77  
matthias.meier@allreal.ch

## Schedule

Annual general meeting 2004

19 March 2004, 16.00 h  
Mehrzweckgebäude ATZ, Binzmühlestr. 81  
Zurich-Oerlikon

Half-year results 2004

2 September 2004

Annual results 2004

24 February 2005

Annual general meeting 2005

8 April 2005



Allreal Holding AG  
Zugerstrasse 50  
CH-6340 Baar/Switzerland  
T +41 41 711 33 03  
F +41 41 711 33 09  
E-Mail: [info@allreal.ch](mailto:info@allreal.ch)  
[www.allreal.ch](http://www.allreal.ch)

**allreal**

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