

**allreal**

**holding**



# Key figures at a glance

		2004	2003	Change in % <sup>1</sup>
<b>Allreal Group</b>				
Total income incl. revaluation gains	CHF million	137.6	145.7	-5.6
Operating profit (EBIT) incl. revaluation gains	CHF million	77.7	88.5	-12.2
Net profit incl. revaluation gains	CHF million	49.5	52.7	-6.1
Total income excl. revaluation gains	CHF million	145.8	150.7	-3.3
Operating profit (EBIT) excl. revaluation gains	CHF million	85.9	93.5	-8.1
Net profit excl. revaluation gains	CHF million	56.6	56.0	+1.1
Cash flow	CHF million	84.2	87.5	-3.8
Return on equity incl. revaluation effect	%	6.4	8.4	-2.0
Return on equity excl. revaluation effect	%	7.3	8.9	-1.6
Equity ratio	%	41.7	47.0	-5.3
Net gearing <sup>2</sup>	%	111.3	89.5	+21.8
Market value real estate investments	CHF million	1577.8	1420.1	+11.1
Sales Projects & Development Division	CHF million	407.7	442.3	-7.8
Headcount as at 31 December	full-time equivalents	232	207	+12.1
<b>Allreal Holding AG</b>				
Net profit	CHF million	71.7	60.1	+19.3
Share capital	CHF million	406.6	406.6	-
<b>Allreal shares</b>				
Earnings per share incl. revaluation gains	CHF	6.10	7.90	-22.8
Earnings per share excl. revaluation gains	CHF	6.97	8.39	-16.9
Cash flow per share	CHF	10.38	13.24	-21.6
Dividend per share <sup>3</sup>	CHF	4.50	4.50	-
Net asset value (NAV) per share	CHF	96.30	96.10	+0.2
Share price as at 31 December	CHF	110.40	93.25	+18.4
Dividend yield <sup>3</sup>	%	4.1	4.8	-0.7
<b>Operating key figures</b>				
Net yield real estate investments <sup>4</sup>	%	5.4	5.6	-0.2
Average interest rate on financial liabilities as at 31 December	%	2.77	2.90	-0.1
Operating margin Projects & Development Division <sup>5</sup>	%	33.4	38.6	-5.2
<b>Valuation as at 31 December</b>				
Market capitalisation <sup>6</sup>	CHF million	897.1	755.9	+18.7
Enterprise value <sup>7</sup>	CHF million	1768.0	1452.6	+21.7

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

<sup>2</sup> Finance liabilities minus cash and marketable securities as percentage of equity

<sup>3</sup> Board of directors proposal of CHF 4.50 per share unchanged for both years

<sup>4</sup> Real estate profit as percentage of continued market value at 1 January

<sup>5</sup> EBIT excl. revaluation and restoration of value adjustments on projects as percentage of earnings from business activity

<sup>6</sup> Stock price at balance sheet date multiplied by the number of outstanding shares

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

Allreal is listed on the Swiss Exchange SWX (symbol: ALLN, securities number 883 756).

# Real estate at a glance

	City of Zurich		Remaining Canton of Zurich		Other Regions		Total Real Estate	
	2004	2003	2004	2003	2004	2003	2004	2003
<b>Commercial real estate</b>								
<b>Portfolio</b>								
Number of properties	25	24	10	10	7	7	42	41
Useable floor space '000 m <sup>2</sup>	173	159	64	64	32	32	269	255
Vacancy rate <sup>1</sup> %	3.2	1.4	7.6	1.8	7.1	4.5	4.7	1.9
Rental income CHF million	42.3	40.6	15.6	15.7	8.5	8.2	66.4	64.5
Real estate profit <sup>2</sup> CHF million	35.3	36.5	13.8	13.8	6.7	7.0	55.8	57.3
Gross yield %	6.6	6.6	6.3	6.5	6.5	6.1	6.5	6.9
Net yield <sup>3</sup> %	5.5	5.9	5.5	5.6	5.3	5.2	5.5	5.7
Historical book value CHF million	696.2	585.5	234.2	234.2	135.3	135.3	1065.7	955.0
Market value CHF million	717.6	609.3	242.5	250.0	126.6	127.7	1086.7	987.0
Average market value <sup>4</sup> CHF million	28.7	25.4	24.3	25.0	18.1	18.2	25.9	24.1
Change in market value <sup>5</sup> CHF million	-2.3	-10.6	-7.5	8.3	-0.9	-5.5	-10.7	-7.8
<b>Portfolio under construction</b>								
Useable floor space '000 m <sup>2</sup>	38	38	15	-	-	-	53	38
Investment volume CHF million	185.0	185.0	55.0	-	-	-	240.0	185.0
Book value CHF million	150.1	101.3	13.8	-	-	-	163.9	101.3
<b>Land reserves</b>								
Land '000 m <sup>2</sup>	15	7	11	16	-	-	26	23
Investment volume CHF million	37.0	35.0	90.0	130.0	-	-	127.0	165.0
Book value CHF million	21.5	9.9	14.1	24.8	-	-	35.6	34.7
<b>Residential real estate</b>								
Number of properties	5	5	15	18	1	1	21	24
Useable floor space '000 m <sup>2</sup>	13	13	67	69	4	4	84	86
Vacancy rate <sup>1</sup> %	1.0	0.1	1.5	1.1	2.7	1.1	1.4	1.1
Rental income CHF million	3.9	2.8	13.7	15.3	1.0	1.0	18.6	19.1
Real estate profit <sup>2</sup> CHF million	3.4	2.1	11.4	11.2	0.7	1.4	15.5	14.7
Gross yield %	6.2	6.6	6.4	6.9	6.3	6.8	6.4	6.8
Net yield <sup>3</sup> %	5.4	5.2	5.4	5.6	4.4	5.4	5.3	5.3
Historical book value CHF million	37.3	37.3	226.2	232.9	15.6	15.6	279.1	285.8
Market value CHF million	37.7	38.4	238.0	242.9	15.9	15.8	291.6	297.1
Average market value <sup>4</sup> CHF million	7.5	7.7	15.9	13.5	15.9	15.8	13.9	12.4
Change in market value <sup>5</sup> CHF million	-0.7	0.1	3.1	2.2	0.1	0.5	2.5	2.8
<b>Real estate for development</b>								
<b>Land reserves</b>								
Land '000 m <sup>2</sup>	6.8	68.4	131.8	126.8	55.4	-	194.0	195.2
Investment volume CHF million	38.0	257.5	469.0	548.5	88.0	-	595.0	806.0
Book value CHF million	8.4	57.8	67.6	42.6	8.3	-	84.3	100.4
<b>Buildings under construction</b>								
Investment volume CHF million	104.5	-	70.0	95.0	41.5	75.3	216.0	170.3
Book value CHF million	45.3	-	19.6	31.6	16.0	0.5	80.9	32.1

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

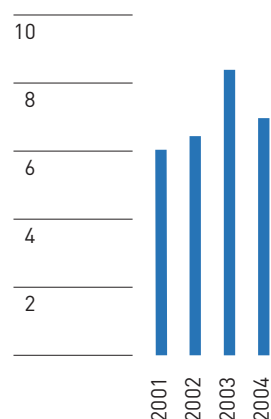
<sup>2</sup> Rental income minus real estate expenses

<sup>3</sup> In percent of market value

<sup>4</sup> Per property

<sup>5</sup> Based on revaluation as compared to previous year

Income per share  
excl. revaluation gains  
CHF



- Confirmation of the share as a secure value
- Solid results and efficient financing
- Consolidated and highly successful portfolio
- Profitable Projects & Development division

In line with previous years, Allreal reported positive results for the 2004 financial year. At CHF 56.6 million, net profit excluding revaluation gains was even higher than the outstanding result reported for 2003. As expected, the revaluation of the portfolio resulted in a negative value correction of CHF 8.2 million, which corresponds to 0.6 percent of the real estate's market value. Consequently, net profit including revaluation effect declined slightly by CHF 3.2 million and amounted to CHF 49.5 million.

Both the repeated positive result and the regular financial performance since the company's foundation in 1999 represent convincing confirmation that a secure-earnings real-estate portfolio combines well with the activities of a project developer and general contractor. This combination remains an excellent base for successful business activity in the future and for further growth.

The good results which Allreal achieved in a demanding economic environment are proof of the company's high capacity for performance and competitiveness. Allreal's stock also performed well: within the year, the Allreal share price increased by 18 percent from CHF 93.25 to CHF 110.40. This gratifying growth resulted in a respectable increase in the company's market capitalisation to CHF 897.1 million. At 31 December 2004, Allreal's stock was traded at a premium of 15 percent compared to its net asset value (NAV).

### Successful divisions

Both divisions – Real Estate and Projects & Development – again contributed significantly toward the positive operating result.

The average net yield achieved by the portfolio amounted to a respectable 5.4 percent. Rental income grew by 2.1 percent to CHF 85.0 million. While the vacancy rate increased to 4.0 percent, it remained clearly below the average value taken for canton Zurich of approximately 10 percent.

The portfolio of the Real Estate division was further optimised by the purchase of two outstanding business properties in Zurich's Seefeld district and by divestments. On the cut-off date, the portfolio's value including buildings under construction amounted to CHF 1.58 billion, an increase of 11.1 percent compared to the previous year.

The Projects & Development division comprises Project Development, Project Management (execution) and Real Estate Services. Due mainly to the good results achieved for the second half-year, these three units reported total earnings of CHF 64.6 million and an operating profit of CHF 21.6 million. Despite lower sales of CHF 407.7 million, the division again generated approximately a quarter of the group's earnings before income and tax (EBIT). The operating margin amounted to an outstanding 33.4 percent.

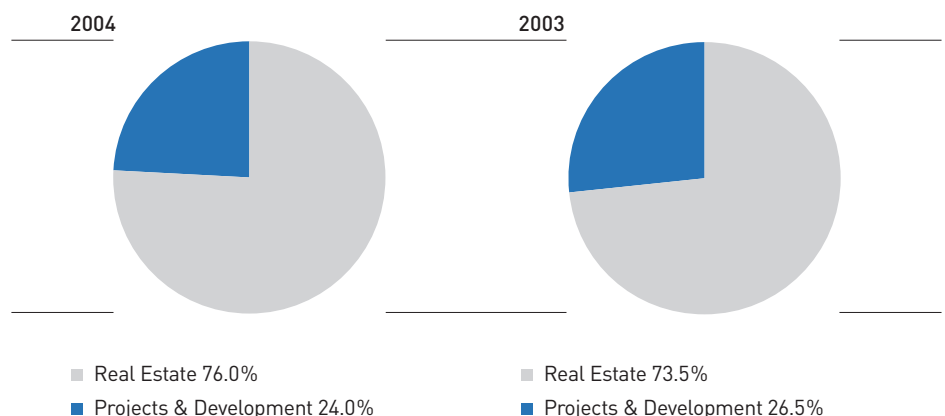
### Solid financing

Allreal's financing is sound thanks to the favourable level of interest rates secured for the long term. At an average pegging of 47 months the average interest rate at 31 December 2004 amounted to 2.77 percent.

With net gearing of 111.3 percent and an interest rate coverage index of 4.3, the ambitious targets defined in the strategy have again been achieved. Cash flow from operating activity as a measure of operating performance amounted to a convincing CHF 84.2 million.

In 2004, the financial means obtained from the 2003 capital increase were invested in real estate and properties for development. The equity ratio at 31 December 2004 amounted to 41.7 percent, considerably above the defined minimum of 35 percent.

The divisions' contribution toward operating profit



### **Good prospects**

Despite many insecurities, especially concerning economic development, a realistic assessment of risks, and conservative evaluation of opportunities, Allreal remains confident about the medium-term and expects business to continue on a stable course. The reasons for the company's successful performance, both on the market and the stock exchange, are based especially on the combination of real estate activities with those of a general contractor and sound financing. Furthermore, shareholders and clients can rely on Allreal's business and professional capabilities and the experience of its over 230 employees.

The board of directors and group management wish to take this opportunity to thank all members of staff for their contribution to the good financial results and the shareholders for their trust and support.



Thomas Lustenberger  
Chairman



Bruno Bettoni  
Chief Executive Officer

# Business model and strategy

Allreal combines a secure-income real-estate portfolio with the successful activity of a general contractor, project developer and real estate services provider.

The portfolio consists of commercial and residential properties in the business centres and a clear focus on the Greater Zurich Area.

This business model allows Allreal to cover the whole value-adding chain in real estate, from project development and realisation to an investment in real-estate showing a profit over the long term. The company furthermore benefits from synergies resulting from the combination of the two divisions, Real estate and Projects & Development.

Allreal defines its target values as:

Return on equity excl. revaluation effect:	6–7% p. a.
Return on equity incl. revaluation effect:	7–10% p. a.
Share of residential properties in real estate portfolio:	20–30%
Net yield on investments / Net yield on total portfolio:	> 5%
Equity ratio:	> 35%
Net gearing / ratio of net financial debt to equity:	< 150%
Interest coverage ratio:	> 2.0
Share of liabilities for portfolio properties:	< 80%
Dividend policy:	≤ 75% of net profit (excl. revaluation effect)

## Real Estate division

The active management of the real estate portfolio allows for sustained added value and a consistently high cash flow from operating activity. The division acquires individual properties and whole real estate portfolios which may either be kept in the portfolio and maintained, or – depending on the objective and the market situation – refurbished and sold. The focus is on first rate residential and commercial properties at attractive locations in Switzerland's business centres. The aim is to maintain the real estate portfolio as one of the three largest of the listed Swiss real estate companies and with residential properties representing 20–30 percent. The costly administration of the properties is carried out by companies that are well established in their home towns or regions.

## Projects & Development division

The Projects & Development division combines project development with project management and offers numerous real estate services.

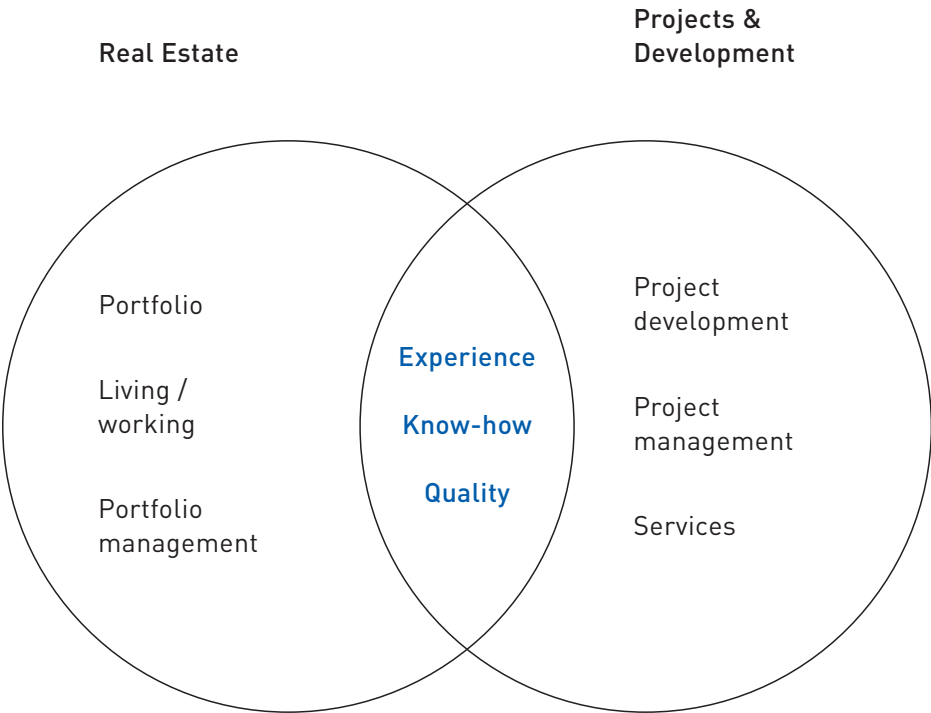
Allreal develops projects in all segments of real estate for investors and owners, for the sale of own projects to third parties, and for its own portfolio. The results are projects ready for construction with a sustained yield at the best possible added value.



Project Management comprises planning and realisation of buildings of any size or complexity, be it new construction, additions or renovations, on time and in the quality demanded while remaining within budgeted cost.

Allreal consults private individuals, companies and institutional investors in all matters concerning real estate. The most important services comprise sourcing and selling plots of land; selling, marketing and initial renting of residential and commercial properties, single-family homes and condominiums; drawing up valuations and contracts; consulting for sales transactions and initial rentals.

The aim is to be one of the three largest Swiss real estate companies and to be market leader in the Greater Zurich Area.



# Organisation

## Allreal Group

Bruno Bettoni

### Finance & Controlling

Roger Herzog

### Real Estate

#### Residential and commercial properties

Hans Engel

### Communication

Matthias Meier

### Projects & Development

Bruno Bettoni

#### Project Development and Real Estate Services

Eugen Bentele

### Human resources

Verena Tanner

#### Project management

Bruno Bettoni

## Board of Directors

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

Dr. iur., LL.M.

Since 1980

Partner in Zurich law firm, Meyer Lustenberger

Member of the Board of Directors of Calida Holding AG, Oberkirch (Chairman); Micronas Semiconductor Holding AG, Zurich (Vice Chairman); Schlatter Holding AG, Schlieren (Vice Chairman); SEZ Holding AG, Zurich, and other non-listed companies

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

lic. oec. HSG, lic. iur

Since 2003

Chairman of the Board and CEO of Helvetia Patria Group; responsible for country markets Italy and Spain; CEO of the pension plans of Helvetia Patria Versicherungen

1994–2003

CEO Helvetia Patria Group

1991–1993

CEO Helvetia Versicherungen

1979–1990

Various management functions with Helvetia

Member of the Board of Huber + Suhner AG, Pfäffikon, and other non-listed companies

Member of the Board of Swiss Insurance Association, Zurich

Chairman of Fördergesellschaft des Instituts für Versicherungswirtschaft der Universität St. Gallen

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

Dr. iur., MBA INSEAD

Since 1997

Independent management consultant

1987–1997

Managing Director, International Division Credit Suisse/CSFB

1983–1986

Manager of Credit Suisse Bern branch

1977–1982

Manager of Credit Suisse North America department

1972–1976

International credit business Chase Manhattan Bank New York and Düsseldorf

Member of the Board of Swiss Post, Bern; Micronas Semiconductor Holding AG, Zurich; Deutsche Bank (Switzerland) Ltd.; Orell Füssli Holding AG, Zurich; Schlatter Holding AG, Schlieren

All members of the board of directors of Allreal Holding AG are non-executive in the company and independent, and they especially hold no official functions or political offices. 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

<p><b>Bruno Bettoni</b> (*1949, Swiss) Chief Executive Officer since 1999</p> <p>Vice-President of the Swiss Association of General Contractors</p> <p>Member of the Board of Directors of Eurogate AG</p> <p>1995–1999 Managing director of Oerlikon-Bührle Immobilien AG</p> <p>1983–1995 Member of Group Management of Oerlikon-Bührle Immobilien AG</p> <p>1973 Joined Oerlikon-Bührle Immobilien AG as project manager</p> <p>Training as architectural draughtsman Additional apprenticeship as bricklayer Various management-related courses</p>	<p><b>Hans Engel</b> (*1955, Swiss) Member of Group Management since 1999</p> <p>Holder of the Swiss federal diploma as real estate trustee</p> <p>1987–1999 Member of the group management of Oerlikon-Bührle Immobilien AG</p> <p>1981 Joined Oerlikon-Bührle Immobilien AG as an expert for contracts and the purchase, sale and development of real estate</p> <p>1974–1980 Recording officer in two Zurich notaries' offices</p> <p>Commercial apprenticeship Various job-related courses</p>	<p><b>Eugen Bentele</b> (*1953, Swiss) Member of Group Management since 2002</p> <p>1992–1999 Member of Group Management of Oerlikon-Bührle Immobilien AG</p> <p>1980 Joined Oerlikon-Bührle Immobilien AG as Head of Sales</p> <p>1972–1980 Recording officer in several notaries' offices in canton Zurich</p>	<p><b>Roger Herzog</b> (*1972, Swiss) Chief Financial Officer and Member of Group Management since 2004</p> <p>Swiss certified auditor</p> <p>2003 Joined Allreal Group as Head Accounting</p> <p>1998–2003 PricewaterhouseCoopers, Manager Auditing and Consulting</p> <p>1995–1998 Zurich Business School, degree in Business Administration</p> <p>1988–1995 Credit Suisse, employee in foreign exchange and commercial credit divisions</p>
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None of the members of Group Management hold other such functions, with the exception of directorships within the Allreal Group and the companies mentioned above and especially hold no official functions or political offices.

### Auditors

KPMG Fides Peat, Zurich

### External independent real estate evaluator

Ernst & Young AG, Zurich

## **Consolidated income statement**

Allreal reports operating net profit (net profit excluding revaluation effect) at a very satisfactory CHF 56.6 million, representing a 1.1% increase over the previous year's result. Our operational performance therefore remains at a high level.

While we reached the strategic target value of 7.3 percent (6%–7% range) for return on equity excluding revaluation effect in the period under review, the return on equity including revaluation effect of 6.4% (range 7%–10%) was below expectations and was a consequence of the value correction of the portfolio.

In the Real Estate division, rental income grew by 2.1% despite the difficult circumstances in the market for commercial real estate and increasing vacancy rates. Excluding additions and disposals, rental income of investment properties rose by 2.8% (like-for-like growth), and at 5.4% net yield remained at a constant level. Profit from the sale of residential and commercial properties amounted to CHF 0.2 million.

The valuation by an external valuator reflects the situation on the market for real estate. The valuation resulted in a valuation increase for residential property of CHF 2.5 million and a valuation decrease for commercial property of CHF 10.7 million, amounting to a total valuation decrease of CHF 8.2 million, or 0.6% of the total portfolio's value. The comparatively low valuation loss emphasises the high quality of our portfolio. It is noteworthy that by comparison to the market the vacancy rate remains low. After taking into consideration the deferred tax effect resulting from the value corrections, the negative revaluation effect for 2004 amounts to 7.1 million.

The Projects & Development division reported consolidated earnings of CHF 60.6 million owing to the completion of several projects and increased construction volume during the second half-year. Of the revenue, 73.6% is allotted to third-party projects, 17.7% to the construction of condominiums on own account, and 8.7% to construction activity for the own real estate portfolio.

Goodwill was completely written down during the first half-year with a charge of CHF 0.2 million to the earnings statement.

Compared to the previous year, net financial expense decreased by 8.1% to CHF 20.3 million. This is mainly due to the fact that in 2003 (prior to the capital increase) the company held higher fixed-rate debt, and due to the increased investment value of real estate under construction the capitalised interest for building finance increased to CHF 1.5 million. Financial expense decreased as the result of capitalising interest for building finance.

The introduction of a linear tax rate in canton Zurich effective 1 January 2005 and the decision taken by the Zurich administrative court in April 2004, whereby taxes on earnings from property can be declared as a deductible expense, resulted in a downward adjustment of the consolidated tax rate from 25% to 22% (on the results before tax). The positive contribution to the earnings statement is consequently shown as CHF 1.2 million.

### Consolidated balance sheet / proof of equity

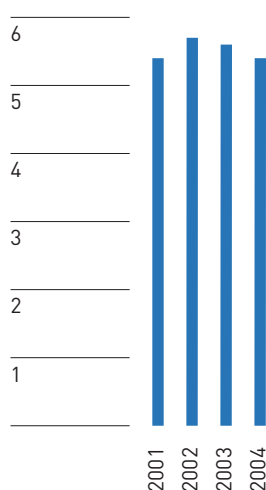
The value of the investment real estate increased by 11.1% to CHF 1577.8 million. The purchase of two commercial properties in Zurich's Seefeld district (CHF 113.5 million), the increased value of buildings under construction (IBM headquarters and Lightcube) and the purchase of land reserves (CHF 10.1 million) are set-off by the divestment of four smaller residential and commercial buildings (CHF 11.4 million) during the first six months of 2004.

Due to strategically important expansion, property for development increased by CHF 34.7 million to CHF 169.8 million as at 31 December 2004. Reserves for development (unused land) represent a 49.6% share of the property for development item. The realisation of these reserves for development will provide income from project development and construction activity over the coming years.

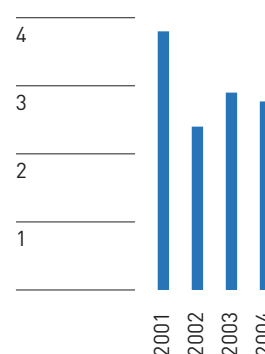
Although the project volume grew during the second half-year, and thanks to consistent credit management, short-term accounts receivable of CHF 77.5 million are reported only marginally above those of the previous year (CHF 73.8 million).

As a consequence of the larger real estate portfolio, interest-bearing debt grew by CHF 197.7 million to CHF 901.0 million. Net finance debt amounted to CHF 870.9 million. As a result of increasing construction activity for own projects, accounts receivable increased to CHF 68.2 million (2003: CHF 47.8 million).

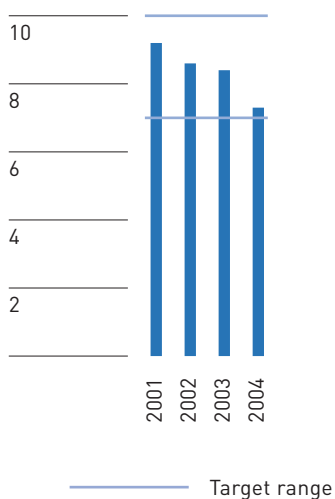
**Net yield on portfolio**  
in percent



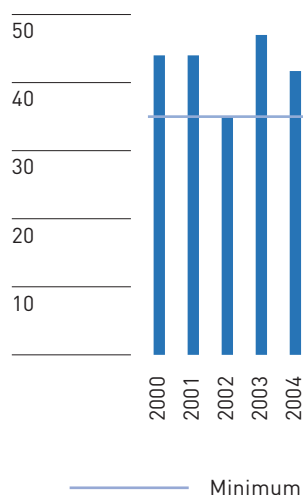
**Average interest charges at 31 December 2004**  
in percent



**Return on equity  
excl. revaluation**  
in percent



**Equity ratio**  
in percent



During the period under review, equity rose by CHF 3.6 million to CHF 782.4 million. Dividend payments of CHF 36.5 million, and an increase in negative replacement costs not affecting the operating result for derivative financial instruments of CHF 11.3 million, were more than offset by the sale of own stock (CHF 1.8 million) and net profit of CHF 49.5 million.

The increase in cash as at 31 December 2004 is due to the cut-off date.

#### Consolidated cash flow statement

Compared to the previous year, operating cash flow before adjustments to arrive at net cash flow, as a yardstick for a company's operating strength, decreased slightly by 3.8% to CHF 84.2 million. The cash flow was used to pay for interest on borrowed capital (CHF 19.7 million), and for tax on income and earnings from the sale of property (CHF 15.7 million). Together with the reduction of net cash flow of CHF 19.9 million, this resulted in an addition of cash from operating activity of CHF 68.7 million.

Due to the growth of the real estate portfolio and that of the land reserves in the Real Estate division and the development property in the Projects & Development division, the outflow of cash from investment activity amounted to CHF 204.5 million.

In order to finance investments and dividend payments, bank debt increased by CHF 197.7 million. Together with lower prepayments on development properties shown as a liability (CHF 3.7 million) and the treasury stock, cash flow from financial activity amounted to CHF 159.3 million.

#### Financial situation

In the year under review, the financial means resulting from the 2003 capital increase amounting to net CHF 115.9 million were successfully invested in the two divisions, Real Estate and Projects & Development. The group's internal investment guidelines represent the basis on which investment decisions are taken, and they define the financial ratios, which were maintained at 31 December 2004: the equity ratio amounts to 41.7% (minimum 35%); net gearing 111.3% (maximum 150%); and interest coverage 4.3 (minimum 2.0).

The average interest rate for financial liabilities at the end of 2004 amounted to 2.77% (2003: 2.90%) at an average time to maturity of 47 months (2003: 49 months). Approximately 85% of the interest-bearing debt was successfully hedged against increasing market rates. A 1% increase in the level of interest rates would burden the earnings statement additionally by only CHF 1.4 million. The company is thus well hedged in the long term against increasing rates.

**Holding report**

Allreal Holding AG's profit for the 2004 financial year increased to CHF 71.7 million (2003: CHF 60.1 million). Essentially, the higher dividend payments by group companies of CHF 63.2 million (2003: CHF 54 million) and higher financial income from loans of CHF 11.1 million (2003: CHF 8.3 million) had a positive effect on the earnings statement.

By taking into consideration the dividend payments in 2003 and the 2004 annual profit, equity at 31 December 2004 amounted to CHF 748.9 million.

# Consolidated financial statements

## Consolidated income statement

CHF million	2004	2003
Income from real estate	85.2	86.0
Income from Projects & Development	60.6	64.7
Revaluation gains	-8.2	-5.0
<b>Total income</b>	<b>137.6</b>	<b>145.7</b>
Property expense	-12.0	-11.5
Personnel expense	-34.8	-32.5
Other operating expense	-12.4	-11.6
<b>EBITDA</b>	<b>78.4</b>	<b>90.1</b>
Depreciation	-0.5	-0.7
Amortisation of goodwill	-0.2	-0.9
<b>Operating profit (EBIT)</b>	<b>77.7</b>	<b>88.5</b>
Finance income	0.5	3.9
Finance expense	-20.8	-26.0
<b>Profit before tax</b>	<b>57.4</b>	<b>66.4</b>
Current tax	-7.7	-17.2
Deferred tax on revaluation gains	0.2	6.0
Other deferred taxes	-0.4	-2.5
<b>Net profit</b>	<b>49.5</b>	<b>52.7</b>
Total income excl. revaluation gains	145.8	150.7
EBITDA excl. revaluation gains	86.6	95.1
EBIT excl. revaluation gains	85.9	93.5
<b>Net profit excl. revaluation gains</b>	<b>56.6</b>	<b>56.0</b>
<b>Net profit per share in CHF</b>		
- incl. revaluation gains	6.10	7.90
- excl. revaluation gains	6.97	8.39
<b>Diluted earnings per share in CHF</b>		
- incl. revaluation gains	6.10	7.88
- excl. revaluation gains	6.97	8.37



## Consolidated balance sheet as at 31 December

CHF million	2004	2003
Real estate investments	1 577.8	1 420.1
Real estate for development	169.8	135.1
Property, plant and equipment	0.5	1.0
Intangible assets	0.0	0.2
Deferred tax assets	8.9	7.5
Financial assets	10.7	10.8
<b>Fixed assets</b>	<b>1 767.7</b>	<b>1 574.7</b>
Trade receivables	75.8	44.9
Other receivables	1.7	28.9
Cash	30.1	6.6
<b>Current assets</b>	<b>107.6</b>	<b>80.4</b>
<b>Total assets</b>	<b>1 875.3</b>	<b>1 655.1</b>
Share capital	406.6	406.6
Capital reserves	210.6	210.3
Treasury shares	-0.6	-2.1
Retained earnings	165.8	164.0
<b>Total equity</b>	<b>782.4</b>	<b>778.8</b>
Long-term borrowings	890.5	703.3
Prepayments received	0.0	3.7
Deferred tax liabilities	55.3	52.1
Long-term provisions	5.6	5.6
Other long-term liabilities	18.4	8.5
<b>Long-term liabilities</b>	<b>969.8</b>	<b>773.2</b>
Trade payables	68.2	47.8
Current tax liabilities	9.0	23.1
Other current liabilities	25.4	21.5
Short-term borrowings	10.0	10.7
Short-term provisions	10.5	0.0
<b>Short-term liabilities</b>	<b>123.1</b>	<b>103.1</b>
<b>Total liabilities</b>	<b>1 092.9</b>	<b>876.3</b>
<b>Total equity and liabilities</b>	<b>1 875.3</b>	<b>1 655.1</b>
<b>Equity (NAV) per share in CHF</b>		
- before deferred tax	102.00	101.55
- after deferred tax	96.30	96.10

## Consolidated statement of changes in shareholders' equity

CHF million	Share capital	Capital reserves	Treasury shares	Retained earnings			Total
				Hedging reserves	Revaluation reserves	Other retained earnings	
<b>As at 1 January 2002</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>
Capital increase 2000		-0.3					-0.3
Dividend payment						-18.6	-18.6
Valuation of financial instruments				-9.9			-9.9
Purchase of own stock			-4.3				-4.3
Net profit					11.2	51.1	51.1
Reclassification					21.3	-21.3	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>
Capital increase 2003	81.4	34.5					115.9
Dividend payment						-28.8	-28.8
Valuation of financial instruments				5.2			5.2
Sale treasury shares			22.5				22.5
Net profit						52.7	52.7
Reclassification					-23.2	23.2	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>
Dividend payment						-36.5	-36.5
Valuation of financial instruments				-11.3			-11.3
Sale treasury shares		0.3	1.5				1.8
Net profit						49.5	49.5
Reclassification / Rounding difference					-8.8	8.9	0.1
<b>As at 31 December 2004</b>	<b>406.6</b>	<b>210.6</b>	<b>-0.6</b>	<b>-18.4</b>	<b>25.3</b>	<b>158.9</b>	<b>782.4</b>

Total profit and loss directly accrued to equity in 2004 amounted to CHF -11.3 million (2003: CHF 5.2 million).

## Consolidated cash flow statement

CHF million	2004	2003
Earnings before tax	57.4	66.4
Net financial expense	20.3	22.1
Revaluation losses	8.2	5.0
Depreciation of tangible fixed assets	0.5	0.7
Amortisation of goodwill	0.2	0.9
Change in proceeds from sale of real estate	-0.2	-2.8
Capitalisation of company produced assets	-2.2	-11.5
Other items	0.0	6.7
<b>Operating cash flow before change in net current assets</b>	<b>84.2</b>	<b>87.5</b>
Change in trade receivables	-30.9	10.8
Change in other receivables	27.2	-14.7
Change in provisions	-0.7	-4.3
Change in trade payables	20.4	-60.2
Change in other current liabilities	3.9	-16.0
<b>Operating cash flow after changes in net current assets</b>	<b>104.1</b>	<b>3.1</b>
Cost of finance paid	-20.2	-17.9
Financial income received	0.5	0.7
Income taxes paid	-15.7	-9.9
<b>Cash flow from operations</b>	<b>68.7</b>	<b>-24.0</b>
Purchase of real estate investments	-181.3	-147.2
Disposal of real estate investments	11.4	232.8
Disposal of real estate for development	77.6	-72.3
Investment real estate for development	42.9	94.8
Change in intangible assets	0.0	1.5
Change in financial assets	0.1	-10.8
<b>Cash flow from investing activities</b>	<b>-204.5</b>	<b>98.8</b>
Change in prepayments received on development real estate	-3.7	-0.5
Change in short-term borrowings	10.5	-30.0
Change in long-term borrowings	187.2	-150.5
Capital increase	0.0	115.9
Change in treasury shares	1.8	22.5
Dividend payment	-36.5	-28.8
<b>Cash flow from financing activities</b>	<b>159.3</b>	<b>-71.4</b>
<b>Change in cash</b>	<b>23.5</b>	<b>3.4</b>
Cash at 1.1.	6.6	3.2
Cash at 31.12.	30.1	6.6
<b>Change in cash</b>	<b>23.5</b>	<b>3.4</b>

## Segment Information

### Year ended 31 December 2004

CHF million	Real Estate	Projects & Development	Holding functions	Eliminations	Total
<b>Income statement</b>					
Income from operations	85.7	64.6	0.0	-4.5	145.8
Revaluation gains	-8.2	0.0	0.0	0.0	-8.2
<b>Total income</b>	<b>77.5</b>	<b>64.6</b>	<b>0.0</b>	<b>-4.5</b>	<b>137.6</b>
Operating expense	-17.2	-42.5	-2.2	2.7	-59.2
<b>EBITDA</b>	<b>60.3</b>	<b>22.1</b>	<b>-2.2</b>	<b>-1.8</b>	<b>78.4</b>
Depreciation and amortisation	0.0	-0.5	-0.2	0.0	-0.7
<b>Operating profit (EBIT)</b>	<b>60.3</b>	<b>21.6</b>	<b>-2.4</b>	<b>-1.8</b>	<b>77.7</b>
Net finance expense					-20.3
Taxes					-7.9
<b>Net profit</b>					<b>49.5</b>
EBITDA excl. revaluation gains	68.5	22.1	-2.2	-1.8	86.6
EBIT excl. revaluation gains	68.5	21.6	-2.4	-1.8	85.9
<b>Net profit excl. revaluation gains</b>					<b>56.6</b>
Operating margin in % <sup>1</sup>	79.9	33.4	-	-	58.9
Operating net cash flow <sup>2</sup>	64.7	22.1	-2.2	-1.8	82.8
<b>Balance sheet<sup>3</sup></b>					
Non-current assets	1586.7	181.0	0.0	-	1767.7
Current assets	31.7	74.5	1.4	-	107.6
<b>Total assets</b>	<b>1618.4</b>	<b>255.5</b>	<b>1.4</b>	<b>-</b>	<b>1875.3</b>
Deferred tax liabilities and provisions	0.2	15.4	0.0	-	15.6
Non-financial liabilities	91.0	84.6	0.7	-	176.3
<b>Net operating assets</b>	<b>1527.2</b>	<b>155.5</b>	<b>0.7</b>	<b>-</b>	<b>1683.4</b>
Interest bearing debts	847.7	53.3	0.0	-	901.0
<b>Equity<sup>4</sup></b>	<b>679.5</b>	<b>102.2</b>	<b>0.7</b>	<b>-</b>	<b>782.4</b>
<b>Cash flow statement<sup>3</sup></b>					
Cash flow before change in net current assets	68.2	20.0	-4.0	-	84.2
Cash flow from operations	48.9	27.2	-7.4	-	68.7
Cash flow from investment activities	-169.9	-34.6	0.0	-	-204.5
Cash flow from financing activity	152.1	41.9	34.7	-	159.3
<b>Historical cost of property, plant and equipment and intangible assets</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Purchase of plant, property &amp; equipment</b>	<b>0.0</b>	<b>1.9</b>	<b>17.7</b>	<b>0.0</b>	<b>19.6</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

<sup>3</sup> Balance sheet and cash flow segment information is shown consolidated

<sup>4</sup> An equity ratio of 40% was allocated to the Projects & Development segment in accordance with internal financial reporting. Accounts payable from financing activity were assigned accordingly

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

## Segment Information

### Year ended 31 December 2003

CHF million	Real Estate	Projects & Development	Holding functions	Eliminations	Total
<b>Income statement</b>					
Income from operations	86.8	66.8	0.0	-2.7	150.7
Revaluation gains	-5.0	0.0	0.0	0.0	-5.0
<b>Total income</b>	<b>81.6</b>	<b>66.8</b>	<b>0.0</b>	<b>-2.7</b>	<b>145.7</b>
Operating expense	-14.9	-40.3	-1.4	1.0	-55.6
<b>EBITDA</b>	<b>66.7</b>	<b>26.5</b>	<b>-1.4</b>	<b>-1.7</b>	<b>90.1</b>
Depreciation and amortisation	0.0	-0.7	-0.9	0.0	-1.6
<b>Operating profit (EBIT)</b>	<b>66.7</b>	<b>25.8</b>	<b>-2.3</b>	<b>-1.7</b>	<b>88.5</b>
Net finance expense					-22.1
Taxes					-13.7
<b>Net profit</b>					<b>52.7</b>
EBITDA excl. revaluation gains	71.7	26.5	-1.4	-1.7	95.1
EBIT excl. revaluation gains	71.7	25.8	-2.3	-1.7	93.5
<b>Net profit excl. revaluation gains</b>					<b>56.0</b>
Operating margin in % <sup>1</sup>	82.8	38.6	-	-	62.0
Operating net cash flow <sup>2</sup>	33.7	26.5	-1.4	-1.7	57.1
<b>Balance sheet<sup>3</sup></b>					
Non-current assets	1427.7	146.8	0.2	-	1574.7
Current assets	8.5	71.6	0.3	-	80.4
<b>Total assets</b>	<b>1436.2</b>	<b>218.4</b>	<b>0.5</b>	<b>-</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>-</b>	<b>1482.1</b>
Interest bearing debts	669.2	37.6	-3.5	-	703.3
<b>Equity<sup>4</sup></b>	<b>690.1</b>	<b>87.3</b>	<b>1.4</b>	<b>-</b>	<b>778.8</b>
<b>Cash flow statement<sup>3</sup></b>					
Cash flow before change in net current assets	71.3	21.0	-3.9	-	87.5
Cash flow from operations	51.5	-63.9	-6.4	-	-24.0
Cash flow from investment activities	88.5	11.8	1.5	-	98.8
Cash flow from financing activity	-152.3	-33.7	109.4	-	-71.4
<b>Historical cost of property, plant and equipment and intangible assets</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Purchase of plant, property &amp; equipment</b>	<b>0.0</b>	<b>1.9</b>	<b>17.7</b>	<b>0.0</b>	<b>19.6</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

<sup>3</sup> Balance sheet and cash flow segment information is shown consolidated

<sup>4</sup> An equity ratio of 40% was allocated to the Projects & Development segment in accordance with internal financial reporting. Accounts payable from financing activity were assigned accordingly

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

# Key figures in Euro

Euro million	2004	2003
<b>Consolidated income statement</b>		
Total income	89.1	95.9
EBITDA	50.8	59.4
Operating profit (EBIT)	50.3	58.2
Net profit	32.1	34.7
Total income excl. revaluation gains	94.5	99.1
EBIT excl. revaluation gains	55.7	61.5
Net profit excl. revaluation gains	36.7	36.8
Net profit per share incl. revaluation gains	3.95	5.20
Net profit per share excl. revaluation gains	4.52	5.52
<b>Consolidated balance sheet as at 31 December</b>		
Real estate investments	1 021.9	910.3
Other assets	192.7	150.6
Total assets	1 214.6	1 061.0
Equity	506.7	499.2
Borrowings	583.5	450.9
Other liabilities	124.4	110.9
Net Asset Value (NAV) per share	62.37	61.6
<b>Consolidated cash flow statement</b>		
Cash flow before change in net current assets	54.6	57.6
Cash flow from operations	44.5	-12.4
Cash flow from investing activities	-132.5	65.0
Cash flow from financing activities	103.2	-50.4
<b>Company valuations</b>		
Market capitalisation	581.0	484.6
Enterprise value	1 145.1	931.2
<b>Exchange rates</b>		
Average rate for income statement/cash flow statement	1.5435	1.52
Year-end rate for balance sheet/valuations	1.5440	1.56

# Adresses, contacts, schedule

## Structure and addresses

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Allreal Vulkan AG  
Allreal West AG

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## Schedule

Annual general meeting 2005

8 April 2005, 16.00 h  
New HQ of IBM Switzerland,  
Vulkanstrasse 106, Zurich-Altstetten

Half-year results 2005

25 August 2005

Annual results 2005

16 February 2006

Annual general meeting 2006

31 March 2006, 16.00 h

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