

- Pleasing net profit
- Significant sales profits generated by Real Estate division
- Projects & Development with record-high project volume
- Continued sound and advantageous financing
- Proposal for unchanged distribution of CHF 5.50 per share

Allreal reports pleasing net profit excluding revaluation gains of CHF 116.1 million for the 2013 financial year, or 11% above that of the previous year. Higher rental income, profits deriving from the sale of income-producing properties and residential property as well as low financial expenses contributed to this gratifying result.

Growth in rental income in the Real Estate division and the repeatedly and clearly higher project volume in the Projects & Development division resulted in a total operating performance of CHF 1 242.3 million, 14.4% above that of 2012.

As at 31 December 2013, Allreal employed a total of 388 employees at its locations in Zurich, Basel, Bern, Cham and St. Gallen. The number of full-time positions on the cut-off date amounted to 371.

Net profit including revaluation gains of CHF 121.8 million is reported 24.9% above that of the previous year, reflecting mainly the valuation gains credited to residential properties.

Allreal share with 4.5% distribution yield

The Allreal share closed on 31 December 2013 at CHF 123.50, or 12.5% below the year-end price recorded the previous year. The negative price development, with which all larger real estate companies listed on the SIX Swiss Exchange are confronted with, and the distribution in April 2013 for the 2012 financial year resulted in an overall performance of -8.6%.

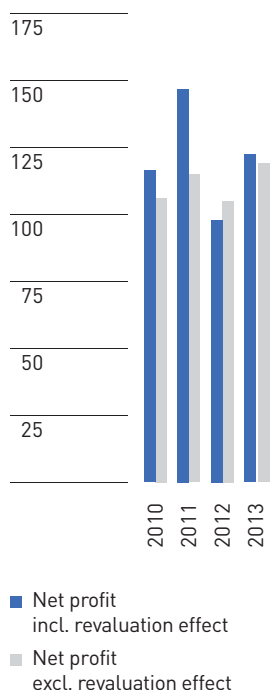
At the Shareholders' Meeting scheduled for 28 March 2014, and based on the good results reported for the 2013 financial year, the Board of Directors will propose a pay-out of CHF 5.50 per share. Related to the year-end share price, the pay-out corresponds to a cash yield of 4.5%. As the necessary means for the proposed pay-out will be generated from capital reserves, the distributed amount is considered tax-free for private investors.

High-income Real Estate division

In combination with a lower vacancy-related loss of income, rental income grew by 4.5% to CHF 148.5 million. At slightly higher real-estate expenses, the portfolio's yield is again reported at a respectable 4.8%.

In the first half of 2013, the portfolio of yield-producing buildings was extended by the reclassified residential building on Neunbrunnenstrasse in Zurich Oerlikon and the office buildings located at Richti-Areal in Wallisellen leased to Allianz Suisse. Both additions became fully income relevant in the second half of 2013.

Net profit
CHF million



The divestments represent two residential and four commercial buildings amounting to a total of CHF 217 million. The sum of the sales resulted in a gratifying profit before tax of CHF 20 million.

On the cut-off date the entire portfolio of yield-producing real estate included 42 commercial and 18 residential buildings.

In the period under review, investment real estate under construction experienced the addition of three commercial buildings and the reclassification of a residential and a commercial building each to yield-producing real estate. Consequently, compared to the cut-off date the previous year, the portfolio grew by one building to a total of seven buildings under construction, all of which were completed in 2014.

Valuation of investment real estate by an external real estate valuer resulted in the higher valuation of the entire portfolio by CHF 8.1 million. The positive change in value was due mainly to revaluation gains in investment residential real estate and real estate under construction and the IFRS 13 accounting standards introduced with effect from 1 January 2013.

When taking into consideration changes of ownership, reclassifications and revaluations, total value of the investment real estate on the cut-off date amounted to CHF 3.44 billion. Compared to the previous year this corresponds to a 9.1% increase in value. Compared to the market value of the total portfolio, the share of yield-producing real estate amounted to CHF 2 610.2 million, or 75.8%, and that of investment real estate under construction to CHF 835.6 million or 24.2%.

Project & Development division with significantly higher project volume

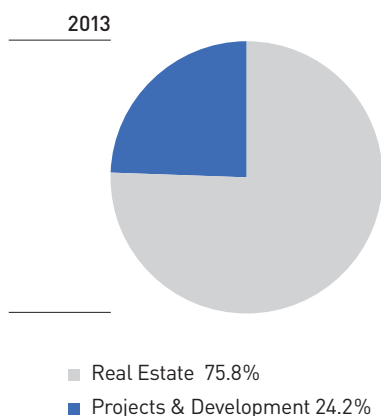
Earnings from operations for the Projects & Development division in the 2013 financial year amounted to CHF 110.7 million. Despite demanding parameters, the division's results are reported only slightly below those of the previous year. The good result can be especially attributed to the successful sale of condominiums from own development and realisation.

The operating result in the period under review amounted to CHF 45.2 million. Essentially, clearly higher personnel expenses as well as lower profits and fees obtained from contract awarding to sub-contractors represent the main reason for the 16.5% decrease compared to the previous year.

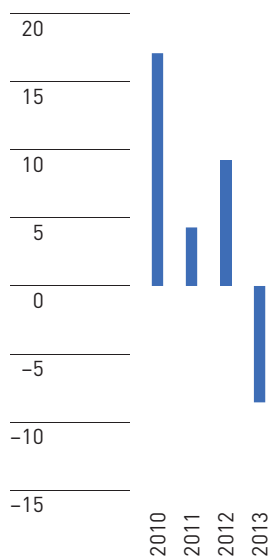
Project volume grew by 15.7% compared to the previous year to a record-high CHF 1087 million. Completion or imminent completion of several projects connected with a focus on intact profit expectations will in the short to medium term lead to a desired lower project volume.

On the cut-off date, the secured order backlog amounted to CHF 1.4 billion. This value is below that of previous year and represents a desired utilisation of existing capacity for a period of about 18 months.

The divisions' contribution toward operating profit



Overview of share performance



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

Sound financing guarantees scope of action

On the cut-off date, the average interest rate for outside capital amounted to a low 2.13% at an average term to maturity of 56 months. Allreal's financing consequently remains extremely favourable and sound.

Thanks to the successful issue in the third quarter of a CHF 150 million bond loan 2013–2020 at 2.00%, Allreal is in a position in the short-term to invest sufficient funds secured at a low interest level.

With an equity share of 49.3% and an immediately available credit line of more than CHF 650 million, Allreal's short-term debt capacity on the cut-off date amounted to CHF 1.4 billion.

Cautious outlook on the 2014 financial year

Allreal assumes that the expected excess supply of office space and continued pressure on margins in the Projects & Development division will have a noticeable effect on the company's business operations. Higher real estate expenses budgeted for 2014 and lower profit contributions from the sale of real estate will show a negative effect on results. As a result, the company expects operating results for the 2014 financial year at a level seen in previous years but below that period under review.

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

Dr. Thomas Lustenberger
Chairman

Bruno Bettoni
Chief Executive Officer

Key figures at a glance

		2013 31.12.2013*	2012 31.12.2012*	Change in % ¹
Group				
Total sales ²	CHF million	1 242.3	1 086.1	+14.4
Operating profit (EBIT) incl. revaluation gains	CHF million	192.8	161.7	+19.2
Net profit incl. revaluation effect	CHF million	121.8	97.5	+24.9
Operating profit (EBIT) excl. revaluation gains	CHF million	184.7	169.9	+8.7
Net profit excl. revaluation effect	CHF million	116.1	104.6	+11.0
Cash flow	CHF million	157.6	72.2	+118.3
Return on equity incl. revaluation effect	%	6.3	5.5	+0.8
Return on equity excl. revaluation effect	%	6.2	6.0	+0.2
Equity ratio on cut-off date	%	49.3	48.6	+0.7
Net gearing on cut-off date ³	%	80.8	80.6	+0.2
Average interest rate on financial liabilities on cut-off date	%	2.13	2.13	-
Average duration of financial liability	months	56	54	+2
Sales Projects & Development division	CHF million	1 087.0	939.6	+15.7
Earnings from Projects & Development division ⁴	CHF million	110.7	115.8	-4.4
Operating margin Projects & Development division ⁵	%	40.8	46.7	-5.9
Employees (number) on cut-off date	full-time equivalents	371	378	-7
Allreal Holding AG				
Net profit	CHF million	44.3	42.6	+4.0
Share capital	CHF million	797.1	797.1	-
Share				
Earnings per share incl. revaluation effect	CHF	7.66	6.30	+21.6
Earnings per share excl. revaluation effect	CHF	7.29	6.76	+7.8
Net asset value (NAV) per share before deferred tax on cut-off date	CHF	130.90	125.80	+4.1
Net asset value (NAV) per share after deferred tax on cut-off date	CHF	123.80	119.70	+3.4
Profit distribution per share ⁶	CHF	5.50	5.50	-
Share price on cut-off date	CHF	123.50	141.10	-12.5
Dividend/Profit distribution yield ⁶	%	4.5	3.9	+0.6
Valuation on cut-off date				
Market capitalisation ⁷	CHF million	1 964.7	2 248.3	-12.6
Enterprise value ⁸	CHF million	3 555.1	3 785.8	-6.1

* Should no further particulars be given, values referring to the income statement concern the full year and balance sheet value the cut-off dates 31.12.2013 resp. 31.12.2012

¹ Changes in quantum and percentage values shown as absolute difference

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

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

⁴ Income from realisation in Projects & Development, Sales Development, capitalised company-produced assets and various revenues minus direct expenses from realisation in Projects & Development and Sales Development

⁵ EBIT excl. revaluation and restoration of value adjustments on projects as percentage of profit from business activity (balance of operating income, direct operating expenses, capitalised company-produced assets and earnings from sale of investment real estate)

⁶ Board of directors proposal of CHF 5.50 per share for the 2013 financial year by means of repayment of reserves from capital contributions

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

⁸ Market capitalisation plus net finance debts

Real estate at a glance

		2013 31.12.2013*	2012 31.12.2012*	Change in % ¹
Yield-producing properties				
Residential real estate on cut-off date	number	18	19	-1
Commercial real estate on cut-off date	number	42	45	-3
Market value on cut-off date	CHF million	2 610.2	2 530.9	+3.1
Average market value by object	CHF million	43.5	39.5	+10.1
Rental income from investment real estate	CHF million	148.5	142.1	+4.5
Vacancy rate ²	%	4.7	5.0	-0.3
Real estate expenses	CHF million	22.3	19.6	+13.8
Real estate expenses	in % of rental income	15.0	13.8	+1.2
Gross yield ³	%	5.6	5.6	-
Net yield ⁴	%	4.8	4.9	-0.1
Investment real estate under construction				
Buildings on cut-off date	number	7	6	+1
Market value on cut-off date	CHF million	835.6	628.1	+33.0
Investment volume	CHF million	950.0	912.0	+4.2
Development real estate				
Cost value land reserves on cut-off date	CHF million	51.0	149.4	-65.9
Estimated investment volume land reserves	CHF million	694.0	739.0	-6.1
Cost value buildings under construction on cut-off date	CHF million	287.6	396.3	-27.4
Estimated investment volume buildings under construction	CHF million	490.0	840.0	-41.7
Cost value completed buildings on cut-off date	CHF million	43.9	49.1	-10.6

* Should no further particulars be given, values referring to the income statement concern the full year and balance sheet value the cut-off dates 31.12.2013 resp. 31.12.2012

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

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

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

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

Consolidated financial statements of Allreal Group

Consolidated statement of comprehensive income

CHF million	2013	2012 ¹
Income from renting investment real estate	148.5	142.1
Income from real estate management services	6.8	4.4
Income from realisation Projects & Development	620.6	522.4
Income from sales Development	293.9	161.9
Divers Income	1.3	1.0
Operating income	1 071.1	831.8
Direct expenses for rented investment real estate	-22.3	-19.6
Direct expenses from realisation Projects & Development	-569.5	-461.4
Direct expenses from sales Development	-260.2	-144.6
Direct operating expenses	-852.0	-625.6
Personnel expenses	-62.3	-58.3
Other operating expenses	-13.9	-11.6
Operating expenses	-76.2	-69.9
Capitalised company-produced assets	24.6	36.5
Earnings from sale of investment real estate	20.0	-0.4
Higher valuation of yield-producing properties	59.2	32.5
Lower valuation of yield-producing properties	-70.3	-32.8
Higher valuation of investment real estate under construction	26.7	16.1
Lower valuation of investment real estate under construction	-7.5	-24.0
Earnings from revaluation of investment real estate	8.1	-8.2
EBITDA	195.6	164.2
Depreciation other property, plant and equipment	-0.9	-1.1
Depreciation intangible assets	-1.9	-1.4
Operating profit (EBIT)	192.8	161.7
Finance income	1.2	0.3
Finance expenses	-33.4	-34.4
Net profit before tax	160.6	127.6
Tax expenses	-38.8	-30.1
Net profit	121.8	97.5
Items subsequently restated in earnings statement:		
Valuation of financial instruments	37.3	9.4
Deferred taxes resulting from valuation of financial instruments	-8.2	-2.0
Items not subsequently restated in earnings statement:		
Changes in staff pension fund	2.6	-3.8
Deferred taxes from changes in staff pension fund	-0.6	0.9
Other comprehensive income	31.1	4.5
Total comprehensive income	152.9	102.0
Earnings per share in CHF	7.66	6.30
Diluted earnings per share in CHF	7.34	6.07

¹ Adjusted values owing to restatement in accordance with IAS19 (revised) to reflect pension fund assets and pension fund obligations

Consolidated balance sheet

CHF million	31.12.2013	31.12.2012 ¹	01.01.2012 ¹
Investment real estate	2 610.2	2 530.9	2 529.2
Investment real estate under construction	835.6	628.1	421.8
Other property, plant and equipment	1.9	2.3	2.4
Financial assets	14.6	11.9	10.5
Intangible assets	3.8	5.7	0.0
Deferred tax assets	42.2	48.9	43.0
Non-current assets	3 508.3	3 227.8	3 006.9
Development real estate	382.5	594.8	533.0
Trade receivables	74.4	76.8	85.1
Other receivables	4.5	2.9	3.6
Cash	25.0	26.1	71.9
Current assets	486.4	700.6	693.6
Assets	3 994.7	3 928.4	3 700.5
Share capital	797.1	797.1	683.2
Capital reserves	407.7	495.3	419.2
Treasury shares	-4.3	-1.0	-1.9
Retained earnings	768.8	615.9	513.8
Equity	1 969.3	1 907.3	1 614.3
Long-term borrowings	431.0	409.6	356.0
Deferred tax liabilities	155.7	146.0	141.4
Long-term provisions	4.3	3.8	4.2
Other long-term liabilities	45.7	76.8	77.4
Long-term liabilities	636.7	636.2	579.0
Trade payables	119.6	147.1	120.4
Prepayments for development real estate	20.3	32.4	18.2
Current tax liabilities	18.5	16.0	19.9
Other current liabilities	36.6	32.1	36.0
Short-term provisions	9.3	3.3	2.7
Short-term borrowings	1 184.4	1 154.0	1 310.0
Short-term liabilities	1 388.7	1 384.9	1 507.2
Liabilities	2 025.4	2 021.1	2 086.2
Equity and liabilities	3 994.7	3 928.4	3 700.5

¹ Adjusted values owing to restatement in accordance with IAS19 (revised) to reflect pension fund assets and pension fund obligations

Consolidated statement of changes in shareholders' equity

CHF million	Share capital	Capital reserves	Treasury shares	Retained earnings			Total
				Hedging reserves	Revaluation reserves	Other retained earnings	
As at 31 December 2011	683.2	419.2	-1.9	-63.3	83.1	494.0	1 614.3
Adjusted values due to restatement ¹						0.0	0.0
As at 1 January 2012 (adjusted)	683.2	419.2	-1.9	-63.3	83.1	494.0	1 614.3
Net profit ¹						97.5	97.5
Valuation of financial instruments				7.4			7.4
Changes in staff pension fund						-2.9	-2.9
Total comprehensive income				7.4		94.6	102.0
Purchase treasury shares			-38.7				-38.7
Sale treasury shares			39.5			0.1	39.6
Payment to shareholders		-75.0					-75.0
Creation of shares from convertible bond	113.9	151.1					265.0
Share-based reimbursement			0.1				0.1
Reclassification					-7.1	7.1	0.0
As at 31 December 2012	797.1	495.3	-1.0	-55.9	76.0	595.8	1 907.3
Net profit ¹						121.8	121.8
Valuation of financial instruments				29.1			29.1
Changes in staff pension fund						2.0	2.0
Total comprehensive income				29.1		123.8	152.9
Purchase treasury shares			-25.2				-25.2
Sale treasury shares			21.7				21.7
Payment to shareholders		-87.6					-87.6
Creation of shares from convertible bond	0.0	0.0					0.0
Share-based reimbursement			0.2				0.2
Reclassification					16.3	-16.3	0.0
As at 31 December 2013	797.1	407.7	-4.3	-26.8	92.3	703.3	1 969.3

¹ Adjusted values owing to restatement in accordance with IAS19 (revised) to reflect pension fund assets and pension fund obligations

Consolidated cash flow statement

CHF million	2013	2012 ¹
Net profit before tax	160.6	127.6
Net financial expenses	32.2	34.1
Earnings from revaluation of investment real estate	-8.1	8.2
Depreciation other property, plant and equipment	0.9	1.1
Depreciation intangible assets	1.9	1.4
Earnings from sale of investment real estate	-20.0	0.4
Capitalisation of company produced assets	-17.6	-21.2
Share-based reimbursement	0.2	0.2
Change in pension fund obligations affecting net income	0.7	0.6
Other items	2.0	-0.3
Change in development real estate	93.2	-50.5
Change in trade receivables	6.3	8.8
Change in other receivables	-1.6	0.7
Change in provisions	6.5	0.2
Change in trade payables	-27.5	26.8
Increase (decrease) of prepayments for development real estate	-12.1	14.2
Change in other current liabilities	5.6	-1.3
Cost of finance paid	-36.2	-38.7
Financial income received	1.1	0.3
Income taxes paid	-30.5	-40.4
Cash flow from operating activities	157.6	72.2
Investment in yield-producing properties	-8.6	-9.9
Proceeds from sale of yield-producing properties	216.1	6.9
Investment in investment real estate under construction	-321.3	-196.3
Divestment of investment real estate under construction	0.0	0.0
Acquisition other property, plant and equipment	-0.5	-0.9
Divestment of other property, plant and equipment	0.0	0.0
Acquisition of companies (acquisition price minus cash)	0.0	-1.8
Increase financial assets	-3.0	-2.3
Decrease in financial assets	1.0	1.1
Cash flow from investing activities	-116.3	-203.2
Increase in borrowings	620.0	561.8
Decrease in borrowings	-720.4	-667.5
Capital increase	0.0	265.0
Issue of bond loan	148.9	0.0
Purchase treasury shares	-25.2	-38.7
Sale treasury shares	21.9	39.6
Payout of capital reserves	-87.6	-75.0
Cash flow from financing activities	-42.4	85.2
Change in cash	-1.1	-45.8
Cash at 1 January	26.1	71.9
Cash at 31 December	25.0	26.1

¹ Adjusted values owing to restatement in accordance with IAS19 (revised) to reflect pension fund assets and pension fund obligations

Annual financial statements of Allreal Holding AG

Income statement

CHF million	2013	2012
Income from investments	33.0	31.0
Financial income	24.3	21.6
Income	57.3	52.6
Other expense	-1.5	-1.5
Financial expense	-10.3	-8.0
Tax expense	-1.2	-0.5
Expense	-13.0	-10.0
Net profit	44.3	42.6

Balance sheet as at 31 December

Investments	817.8	817.8
Loans to Group companies	1 144.5	1 042.6
Non-current assets	1 962.3	1 860.4
Short-term accounts receivables from Group companies	4.2	0.5
Short-term accounts receivables from third parties	0.0	0.1
Securities	4.1	1.1
Cash	1.9	2.3
Current assets	10.2	4.0
Assets	1 972.5	1 864.4
Share capital	797.1	797.1
Legal reserves		
General reserves	2.8	6.1
Reserves from contribution of capital	407.7	495.2
Reserves for treasury shares	4.3	1.1
Balance sheet profit	254.7	210.4
Equity	1 466.6	1 509.9
2.00% bond 2013–2020	150.0	0.0
2.50% bond 2011–2016	150.0	150.0
2.125% convertible bond 2009–2014	0.0	200.0
Long-term liabilities	300.0	350.0
2.125% convertible bond 2009–2014	199.9	0.0
Short-term liabilities	6.0	4.5
Short-term liabilities	205.9	4.5
Liabilities	505.9	354.5
Equity and liabilities	1 972.5	1 864.4

Share information

Details of the share and distribution to shareholders

In 2013, an overall performance of -8.6% was achieved with the Allreal share, based on the market price of 31 December 2013. This performance comprises the decrease in share price (-12.5%) and the distribution to shareholders (3.9%).

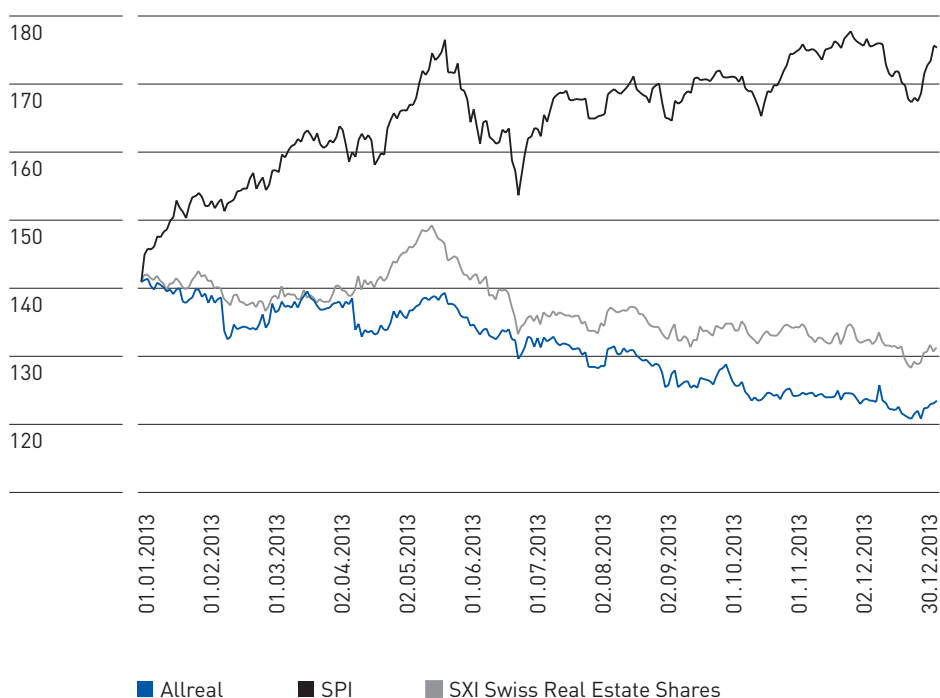
In the past three years, investors obtained an annualised overall performance of 4.3% (2011), 9.2% (2012) and -8.6% (2013), with the Allreal share, corresponding to an average constant return of 1.4% p.a.

On 31 December 2012, the Allreal Group's market capitalisation stood at CHF 1964.7 million. As at the balance sheet date, consolidated equity came to CHF 1969.3 million, resulting in a discount (difference between the market price and equity per share) of -0.2 percent (31.12.2012: 17.9%).

The Board of Directors will propose to the annual general meeting of 28 March 2014 a distribution of CHF 5.50 (unchanged from the previous year) per registered share in the form of a repayment of reserves from contribution of capital ("capital contribution principle").

The distribution amounts to 75.6 percent of the net profit excl. profit from revaluation effect, corresponding to a cash yield of 4.5 percent, based on the closing price of the registered share on 31 December 2013.

Share price (indexed)
January 2013–December 2013



Organisation and schedule

Board of Directors

Dr. Thomas Lustenberger (*1951, Swiss) Chairman, member since 1999	Dr. Ralph-Thomas Honegger (*1959, Swiss), Vice Chairman, member since 2012	Dr. Jakob Baer (*1944, Swiss) Member since 2005	Albert Leiser (*1957, Swiss) Member since 2005	Olivier Steimer (*1955, Swiss) Member since 2013	Peter Spuhler (*1959, Swiss) Member since 2013
---	--	--	---	---	---

All members of the board of directors of Allreal Holding AG are non-executive in the company. None of the board members in the past held operating management functions within the Allreal Group. There are two board of directors committees (Risk and Audit Committee, and Nomination and Compensation Committee). The board members are appointed individually for a total of three years.

Group Management

Bruno Bettoni (*1949, Swiss) Chief Executive Officer since 1999	Hans Engel (*1955, Swiss) Head of Investments Member of Group Management since 1999	Roger Herzog (*1972, Swiss) Chief Financial Officer Member of Group Management since 2004	Alain Paratte (*1964, Swiss) Head of Real Estate Member of Group Management since 2013	Nigel Woolfson (*1958, Swiss) Head of Project Development, member of Group Management since 2013	Raymond Cron (*1959, Swiss) Head of Realisation Member of Group Management since 2013
--	---	---	--	--	---

Auditors

Ernst & Young AG, Zurich

External real estate valuer

Jones Lang LaSalle AG, Zurich

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

Contacts

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

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

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

Schedule

Annual general meeting 2014
28 March 2014, 16:00
Kaufleutensaal
Pelikanplatz
8001 Zurich

Half-year results 2014
28 August 2014

Annual results 2014
26 February 2015

Annual general meeting 2015
17 April 2015

Share register

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

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

Publisher

Allreal Holding AG
Grabenstrasse 25
6340 Baar
T +41 41 711 33 03, F +41 41 711 33 09
www.allreal.ch

Imprint

Text and editorial office
Allreal Corporate Communications
Eggbühlstrasse 15, 8050 Zurich
Graphic concept
WBG AG für visuelle Kommunikation,
8045 Zurich

Layout/Prepress/Press
Linkgroup AG, 8008 Zurich

Printed on PlanoJet