

# 2015 Half-year Report

**allreal**

**holding**

# Key figures at a glance

		1 <sup>st</sup> half-year 2015 resp. 30.06.2015*	1 <sup>st</sup> half-year 2014 resp. 31.12.2014*	Change in % <sup>1</sup>
<b>Group</b>				
Total sales <sup>2</sup>	CHF million	395.5	567.7	-30.3
Operating profit (EBIT) incl. revaluation gains	CHF million	103.7	105.5	-1.7
Net profit incl. revaluation effect	CHF million	67.2	65.2	+3.1
Operating profit (EBIT) excl. revaluation gains	CHF million	93.2	93.1	+0.1
Net profit excl. revaluation effect	CHF million	59.1	55.4	+6.7
Cashflow	CHF million	14.0	120.6	-88.4
Return on equity incl. revaluation effect (annualised)	%	6.9	6.7	+0.2
Return on equity excl. revaluation effect (annualised)	%	6.4	6.0	+0.4
Equity ratio on cut-off date	%	47.3	47.6	-0.3
Net gearing <sup>3</sup> on cut-off date	%	90.4	87.9	+2.5
Average interest rate on financial liabilities on cut-off date	%	2.34	1.93	+0.41
Average duration of financial liabilities	months	58	50	+8
Sales Projects & Development division	CHF million	303.8	489.6	-37.9
Earnings from Projects & Development division <sup>4</sup>	CHF million	36.1	63.0	-42.7
Operating margin Projects & Development division <sup>5</sup>	%	16.6	50.2	-33.6
Employees on cut-off date	number of full-time equivalents	330	348	-18
<b>Share</b>				
Earnings per share incl. revaluation effect	CHF	4.22	4.09	+3.2
Earnings per share excl. revaluation effect	CHF	3.71	3.48	+6.6
Net asset value (NAV) per share before deferred taxes on cut-off date	CHF	128.00	129.10	-0.9
Net asset value (NAV) per share after deferred taxes on cut-off date	CHF	120.95	122.55	-1.3
Share price on cut-off date	CHF	129.00	137.10	-5.9
<b>Valuation on cut-off date</b>				
Market capitalisation <sup>6</sup>	CHF million	2 049.7	2 185.5	-6.2
Enterprise value (EV) <sup>7</sup>	CHF million	3 787.0	3 903.9	-3.0

\* Should no further particulars be given, values referring to the income statement concern the 1<sup>st</sup> half-year and balance sheet value the cut-off dates on 30.06.2015 resp. 31.12.2014.

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

<sup>2</sup> Income resulting from rental of investment real estate and real estate management services plus completed project volume Projects & Development division

<sup>3</sup> Financial liabilities minus cash as percentage of equity

<sup>4</sup> Income from realisation Projects & Development, sales development, capitalised company-produced assets and diverse income minus direct expenses for realisation Projects & Development and sales development

<sup>5</sup> 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)

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

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

# Real estate at a glance

		1 <sup>st</sup> half-year 2015 resp. 30.06.2015*	1 <sup>st</sup> half-year 2014 resp. 31.12.2014	Change in % <sup>1</sup>
<b>Yield-producing properties</b>				
Residential real estate	number	19	20	-1
Commercial real estate	number	43	44	-1
Market value on cut-off date	CHF million	3 439.3	3 509.6	-2.0
Average market value by object	CHF million	55.5	54.8	+1.3
Rental income from investment real estate	CHF million	88.5	74.6	+18.6
Vacancy rate <sup>2</sup>	%	7.6	5.6	+2.0
Real estate expenses	CHF million	-15.9	-10.9	+45.9
Real estate expenses	in % of rental income	18.0	14.6	+3.4
Gross yield <sup>3</sup>	%	5.2	5.7	-0.5
Net yield <sup>4</sup>	%	4.2	4.8	-0.6
<b>Real estate under construction</b>				
Buildings	number	2	1	+1
Market value on cut-off date	CHF million	33.8	4.0	-
Investment volume	CHF million	96.0	23.0	-
<b>Real estate for development</b>				
Cost value land reserves on cut-off date	CHF million	40.4	39.0	+3.6
Estimated investment volume land reserves	CHF million	691.0	784.0	-11.9
Cost value buildings under construction on cut-off date	CHF million	200.0	167.4	+19.5
Estimated investment volume buildings under construction	CHF million	290.0	265.0	+9.4
Cost value completed buildings on cut-off date	CHF million	66.4	94.8	-30.0

\* Should no further particulars be given, values referring to the income statement concern the 1<sup>st</sup> half-year and balance sheet value the cut-off dates on 30.06.2015 resp. 31.12.2014.

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

<sup>2</sup> In percent of targeted rental income, cumulated at cut-off date

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

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

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# Stable business development in first half of 2015

- Profitable sale of portfolio properties
- Rewarding focus on projects with good profit potential
- Secured freedom of action thanks to sound financing
- Confirmation of expectations for the 2015 financial year

Net profit excluding revaluation gains achieved in real estate and general contracting in the first half of 2015 amounted to CHF 59.1 million, 6.7% above that of the previous year. One-time profits resulting from the sale of yield-producing real estate and the steady rise in rental income contributed to the gratifying development. This result, generated in an increasingly demanding market environment, substantiates both the company's operating strength and its earning power.

In the period under review, the overall positive value adjustment of investment real estate resulted in net profit including revaluation gains of CHF 67.2 million, 3.1% above that reported the previous year.

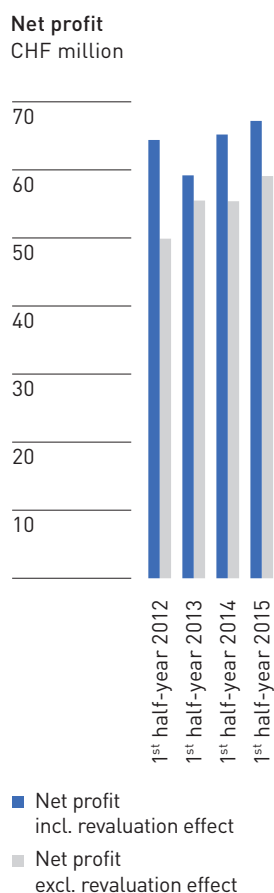
In the first six months of 2015, revenue derived from the rental and management of properties and from completed project volume represents a total performance of CHF 395.5 million (1<sup>st</sup> half 2014: CHF 567.7 million). The 30.3% decline compared to the comparable period the previous year is due to the Project & Development division's restriction to projects with a sound profit potential and the connected decline in project volume.

The company managed by CEO Roger Herzog since 1 May 2015 with branches in Basel, Bern, Cham, St. Gallen and Zurich engaged a total of 351 employees (31 December 2014: 376). By means of natural fluctuation, the number of full-time positions in the period under review declined by 5% to 330.

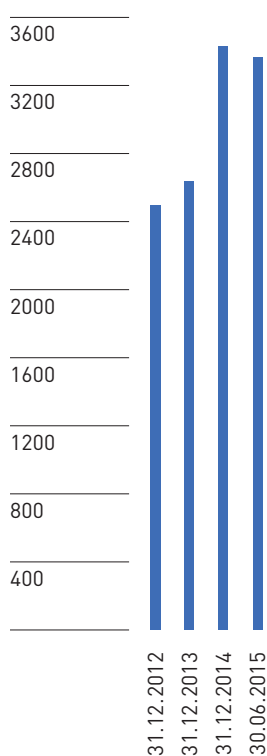
## Real Estate division

Owing to the previous years' growth in the portfolio of yield-producing properties, rental income in the first half of 2015 increased significantly by 18.6% to CHF 88.5 million (1<sup>st</sup> half 2014: CHF 74.6 million). Properties which in the first half of 2015 affected net income the first time for an entire reporting period have made a significant contribution to the vigorous growth. These properties include the residential complexes Eikenøtt in Gland VD and Favrehof in Wallisellen, Toni-Areal in Zurich-West, Richtiring office building in Wallisellen let to UPC Cablecom, and the commercial properties Lilienthal in Opfikon and Herostrasse in Zurich Altstetten.

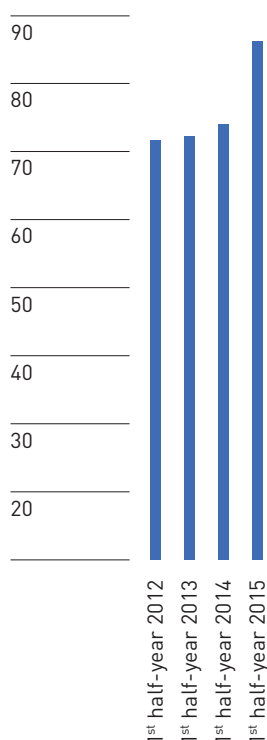
The cumulative vacancy rate decreased in the period under review by 0.3 percentage points to 7.6% of target rental income. The reduction remained low despite successful re-letting and the sale of a mostly vacant commercial property in Zurich Oerlikon because the first-time rental of residential apartments in Zurich-West was slow, and the reduction of vacancies in several commercial properties in the Zurich metropolitan area has not been fully implemented. Owing to ongoing negotiations with several interested parties, Allreal expects the vacancy rate to probably decrease in the second half of 2015.



**Investment real estate**  
CHF million



**Income from investment real estate**  
CHF million



Real-estate expenses in the first half of 2015 amounted to CHF 15.9 million, or 18.0% of total rental income. The increase over the comparable period the previous year reflects mainly the implementation of structural measures made in view of successful re-letting and first-time letting. The largest share applied to renovation measures connected with the properties on 309 Hardstrasse (Escher-Wyss-Areal) and 22/24 Kalchbühlstrasse in Zurich Wollishofen.

Owing to higher real-estate expenses and the vacancy-related losses of income, net yield in the first half of 2015 decreased by 4.2% compared to the previous year.

Hammer Retex reported earnings for the first half of 2015 of CHF 3.2 million (1st half 2014: CHF 3.5 million). The company managed 40% of Allreal's portfolio in terms of market value of the yield-producing properties.

Two yield-producing properties were sold in the period under review. The profit resulting from the sale of a residential property in Effretikon to a private investor and a commercial building in Zurich Oerlikon to the City of Zurich amounted to CHF 18.4 million, 26% above the balance sheet market value.

In the first half of 2015, no additions were recorded to the portfolio of yield-producing properties. On the cut-off date, the portfolio comprised 19 residential and 43 commercial properties at an average market value of CHF 55.5 million.

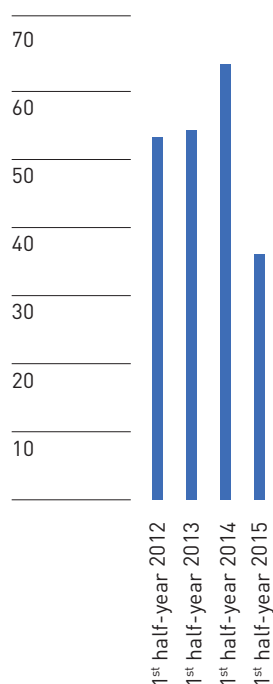
At the end of April, on Schiffbauplatz, a part of the Escher-Wyss-Areal, construction began on an office building with over 10 000 square metres of useful space at an investment volume of CHF 73 million. On 30 June 2015, the project from Allreal's own development was transferred to the real estate under construction portfolio. Consequently, on the cut-off date, the portfolio comprised two projects with a total investment volume of CHF 96 million and a value of CHF 33.8 million.

The valuation of the 62 yield-producing properties and 2 investment properties under construction by an external estimator as at 30 June 2015 resulted in a positive total value adjustment of CHF 10.5 million. Of this amount, CHF 2.0 million apply to yield-producing properties and CHF 8.5 million to real estate under construction.

The value of the investment real estate portfolio on the cut-off date amounted to CHF 3.47 billion (31.12.2014: CHF 3.51 billion). The yield-producing properties represent a market value of CHF 3.44 billion and investment real estate under construction CHF 0.03 billion.

## Earnings from Projects & Development

CHF million



Operating result excluding revaluation gains (EBIT) reported by the Real Estate division for the period under review amounts to CHF 88.3 million (1<sup>st</sup> half 2014: CHF 62.4 million), and the share in the Group's operating result was a high 94.2% (1<sup>st</sup> half 2014: 64.4%).

### Projects & Development division

Profitability-raising measures introduced in the Realisation department resulted in 13% higher earnings from realisation in general contracting (third-party projects) amounting to CHF 26.0 million compared to the previous year. In contrast, earnings generated from the sale of development real estate amounted to only CHF 3.6 million. The significantly higher value of CHF 28.3 million reported the previous year was characterised by the gainful sale of a large development property in Wallisellen to an institutional investor. Consequently, earnings from general contracting in the first half of 2015 decreased by 42.7% to CHF 36.1 million (1<sup>st</sup> half 2014: 63.0 million).

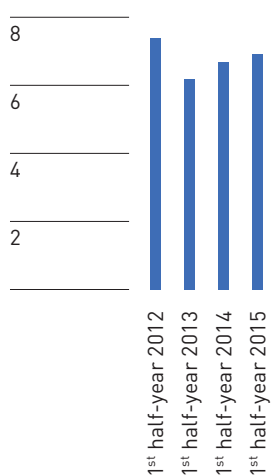
Despite lower operating expenses compared to the first half of 2014, the department's operating result (EBIT) of CHF 6.0 million is reported significantly below that of the previous year (1<sup>st</sup> half 2014: CHF 31.6 million). Profits accrued in the second half of 2015 resulting from the sale of condominiums in the Guggach project will show a balancing effect on both EBIT and earnings from general contracting.

The Project Development department contributes significantly toward the department's earnings and to the entire company by developing projects both for sale to third parties and for the own portfolio. Projects taken to the construction stage and transferred to the Realisation department include the commercial building on Schiffbauplatz in Zurich-West, a residential and commercial building designated for an investor in Romanshorn and a residential complex comprising 18 condominiums in Steinen.

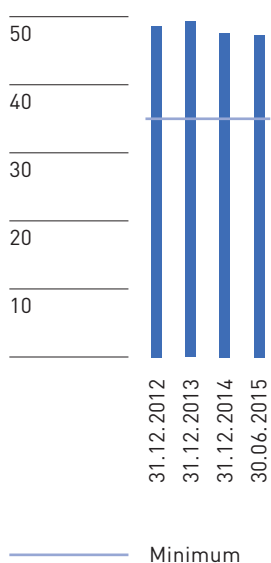
Following the legally binding adoption of the Bülach Nord layout plan, Allreal exercised an option to acquire a segment of the Bülachguss site with effect from 1 July 2016. Based on the existing urban planning reference project for the site measuring 55 000 square metres and starting in the second half of 2016, Allreal plans to implement an urban development comprising 450 rental apartments and condominiums plus commercial and trade areas representing an investment volume of CHF 300 million. In addition, amongst others, the following projects were advanced: Kirschblütenweg in Basel, Bäuler-Areal in Rümlang, Neuwisen-Areal in Dielsdorf, Jungholz/Neunbrunnen-Areal in Zurich Oerlikon und Delta-Areal in Solothurn. Moreover, in the period under review the Project Development department won three investor and overall performance competitions.

The lower number of own projects implemented in the period under review and the consistent restriction to third-party projects representing predictable risks and sound profit expectations resulted in an expected 37.9% decline in completed projects to CHF 303.8 million.

**Return on equity (RoE)**  
incl. revaluation effect  
in percent



**Equity ratio**  
in percent



Of the project volume processed in the first half of 2015, CHF 224 million applied to third-party projects, CHF 36 million to development projects for sale to third parties, and CHF 44 million to projects designated for Allreal's own portfolio. The share of newly constructed buildings was 76.4% and that of refurbishment and conversion projects 23.6%. In terms of geographic distribution, Zurich represented 84.2%, Cham 8.4%, St. Gallen 3.2%, Basel 2.7% and Bern 1.5%. About 100 buildings on average were under construction in the period under review. The secured order backlog on the cut-off date amounted to CHF 895 million.

In addition to his function as Chief Executive Officer, Roger Herzog was appointed head of the Realisation department.

In the period under review, 20 condominiums from own development and realisation were sold for a total of CHF 31.9 million. Consequently, the result from the sale of development real estate is considerably lower than that reported the previous year, which was characterised by the sale of a residential and a commercial building (1<sup>st</sup> half 2014: 47 units/CHF 182.8 million). Transfers of ownership and occupation of the first of 197 apartments of the Guggach complex in Zurich Unterstrass are scheduled to start in November 2015. In this connection, substantial profits are expected from the sale of the apartments which will show a positive effect on the Project & Development division's results.

Transfer of ownership of the last apartment in the Stockenstrasse project in Kilchberg ZH was carried out in the period under review. As a result, on the cut-off date, a total of 118 residential units in six projects, 36 of them ready for occupation, were for sale.

In the first half of 2015, the Projects & Development division's share in the Group's net operating result was 5.8% (1<sup>st</sup> half 2014: 35.6%).

### Financing

Financial debt of CHF 1.75 billion as at 30 June 2015 remained unchanged to that on the cut-off date the previous year as the income resulting from the divestment of two yield-producing properties served as compensation for the profit distribution to shareholders of CHF 87.7 million.

Two debenture bonds totalling CHF 220 million issued in March 2015 permit both the financing of ongoing own projects and the acquisition of further properties and parcels of land. Interest on the bonds is 0.75% and 1.375% with a time to maturity of six years (CHF 120 million) and ten years (CHF 100 million), respectively.

Financial expenditure for interest rate swaps rose by CHF 2.4 million due to the introduction of negative interest rates in Switzerland in the period under review. Related to this was the rise in the average interest rate for debt by 0.41 percentage points to 2.34%. As at 30 June 2015, the average fixed interest period was 58 months (31.12.2014: 50 months).



With open credit lines at short call of CHF 673 million, debt capacity on the cut-off date amounted to approximately CHF 1.4 billion, providing Allreal with the necessary security and flexibility to finance ongoing business and take advantage of opportunities.

As at 30 June 2015, equity ratio amounted to 47.3% and net gearing to 90.4% (31.12.2014: 47.6%/87.9%). Return on equity excluding revaluation gains in the period under review increased by 0.4 percentage points to 6.4% compared to the previous year. As a result of the lower share price, market capitalisation fell by 6.2% to CHF 2 049.7 million (31.12.2014: CHF 2 185.5 million).

### **Outlook**

It has become increasingly demanding within the parameters of the current economic situation to bring down the vacancy rate as targeted, to consolidate the real estate portfolio which was expanded strongly in 2013 and 2014, and to improve the Project & Development division's earning power. However, Allreal's tried-and-tested combination of a stable-income real-estate portfolio with the activities of a general contractor connected with a broad range of services and the company's financial power creates interesting possibilities to be taken advantage while carefully evaluating the related risks.

Allreal's Board of Directors and Group Management expect business activity in the second half year of 2015 to remain stable. The company therefore anticipates operating net profit for the entire 2015 financial year to compare to at least that of the previous year.

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



Dr Thomas Lustenberger  
Chairman



Roger Herzog  
Chief Executive Officer

# Consolidated semi-annual financial statements of Allreal Group

## Consolidated statement of comprehensive income

CHF million	Notes	1 <sup>st</sup> half-year 2015 reviewed	1 <sup>st</sup> half-year 2014 reviewed
Income from renting investment real estate	2	88.5	74.6
Income from real estate management services	3	3.2	3.5
Income from realisation Projects & Development	4	223.7	281.7
Income from sales Development	4	31.9	182.8
Diverse income	4	0.1	1.0
<b>Operating income</b>		<b>347.4</b>	<b>543.6</b>
Direct expenses for rented investment real estate	5	-15.9	-10.9
Direct expenses from realisation Projects & Development	4	-197.7	-258.7
Direct expenses from sales Development	4	-28.3	-154.5
<b>Direct operating expenses</b>		<b>-241.9</b>	<b>-424.1</b>
Personnel expenses		-28.8	-29.0
Other operating expenses		-7.1	-7.7
<b>Operating expenses</b>		<b>-35.9</b>	<b>-36.7</b>
<b>Capitalised company-produced assets</b>	4	<b>6.4</b>	<b>10.7</b>
<b>Earnings from sale of investment real estate</b>	6	<b>18.4</b>	<b>0.9</b>
Higher valuation of yield-producing properties		35.5	31.0
Lower valuation of yield-producing properties		-33.5	-21.2
Higher valuation of investment real estate under construction		8.5	5.6
Lower valuation of investment real estate under construction		0.0	-3.0
<b>Earnings from revaluation of investment real estate</b>	7	<b>10.5</b>	<b>12.4</b>
<b>EBITDA</b>		<b>104.9</b>	<b>106.8</b>
Depreciation other property, plant and equipment		-0.2	-0.3
Amortisation intangible assets		-1.0	-1.0
<b>Operating profit (EBIT)</b>		<b>103.7</b>	<b>105.5</b>
Finance income		0.9	0.2
Finance expenses	8	-18.8	-19.6
<b>Net profit before tax</b>		<b>85.8</b>	<b>86.1</b>
Tax expenses		-18.6	-20.9
<b>Net profit</b>		<b>67.2</b>	<b>65.2</b>
Items subsequently restated in profit or loss statement:			
Valuation of financial instruments		-7.2	-20.5
Deferred taxes resulting from valuation of financial instruments		1.6	4.5
Items not subsequently restated in profit or loss statement:			
Changes in employee benefits		1.5	-3.7
Deferred taxes from changes in employee benefits		-0.3	0.8
<b>Other comprehensive income</b>		<b>-4.4</b>	<b>-18.9</b>
<b>Total comprehensive income</b>		<b>62.8</b>	<b>46.3</b>
Earnings per share in CHF	9	4.22	4.09
Diluted earnings per share in CHF	9	4.23	3.97

## Consolidated balance sheet

CHF million	Notes	30.06.2015 reviewed	31.12.2014 audited
Investment real estate	10	3 439.3	3 509.6
Investment real estate under construction	10	33.8	4.0
Other property, plant and equipment		1.7	1.6
Financial assets		148.6	142.5
Intangible assets		0.9	1.9
Deferred tax assets		32.3	31.7
<b>Non-current assets</b>		<b>3 656.6</b>	<b>3 691.3</b>
Development real estate	11	306.8	301.2
Trade receivables		74.2	75.8
Other receivables		5.4	8.0
Cash		17.4	31.9
<b>Current assets</b>		<b>403.8</b>	<b>416.9</b>
<b>Assets</b>		<b>4 060.4</b>	<b>4 108.2</b>
Share capital	12	797.1	797.1
Capital reserves		232.7	320.2
Treasury shares	12	-7.3	-0.1
Retained earnings		899.5	836.8
<b>Equity</b>		<b>1 922.0</b>	<b>1 954.0</b>
Long-term borrowings	13	747.4	650.1
Deferred tax liabilities		144.2	135.6
Long-term provisions		3.4	3.9
Liabilities staff pension fund		13.5	14.1
Derivative financial instruments		74.8	66.7
<b>Long-term liabilities</b>		<b>983.3</b>	<b>870.4</b>
Trade payables		76.2	79.4
Payments for development real estate		32.2	26.8
Current tax liabilities		8.5	19.6
Derivative financial instruments		0.9	1.8
Other current liabilities		24.6	46.0
Short-term provisions		5.4	10.0
Short-term borrowings	13	1 007.3	1 100.2
<b>Short-term liabilities</b>		<b>1 155.1</b>	<b>1 283.8</b>
<b>Liabilities</b>		<b>2 138.4</b>	<b>2 154.2</b>
<b>Equity and liabilities</b>		<b>4 060.4</b>	<b>4 108.2</b>

## Consolidated statement of changes in shareholders' equity

CHF million	Share capital	Capital reserves	Treasury shares	Retained earnings			Total
				Hedging reserves	Revaluation reserves	Other retained reserves	
<b>As at 1 January 2014</b>	<b>797.1</b>	<b>407.7</b>	<b>-4.3</b>	<b>-26.8</b>	<b>92.3</b>	<b>703.3</b>	<b>1 969.3</b>
Net profit						65.2	65.2
Valuation of financial instruments				-16.0			-16.0
Changes in employee benefits						-2.9	-2.9
Total comprehensive income				-16.0		62.3	46.3
Purchase treasury shares			-8.0				-8.0
Sale treasury shares			11.1			-0.1	11.0
Pay-out of reserves from capital contributions		-87.6					-87.6
Share-based reimbursement			0.1				0.1
Reclassification					9.8	-9.8	0.0
<b>As at 30 June 2014 (reviewed)</b>	<b>797.1</b>	<b>320.1</b>	<b>-1.1</b>	<b>-42.8</b>	<b>102.1</b>	<b>755.7</b>	<b>1 931.1</b>
Net profit						39.2	39.2
Valuation of financial instruments				-7.8			-7.8
Changes in employee benefits						-9.6	-9.6
Total comprehensive income				-7.8		29.6	21.8
Purchase treasury shares			-7.0				-7.0
Sale treasury shares			7.9				7.9
Creation of shares from convertible bond	0.0	0.1					0.1
Share-based reimbursement			0.1				0.1
Reclassification					-17.0	17.0	0.0
<b>As at 31 December 2014 (audited)</b>	<b>797.1</b>	<b>320.2</b>	<b>-0.1</b>	<b>-50.6</b>	<b>85.1</b>	<b>802.3</b>	<b>1 954.0</b>
Net profit						67.2	67.2
Valuation of financial instruments				-5.6			-5.6
Changes in employee benefits						1.2	1.2
Total comprehensive income				-5.6		68.4	62.8
Purchase treasury shares			-17.1				-17.1
Sale treasury shares			9.8			-0.1	9.7
Pay-out of reserves from capital contributions		-87.5					-87.5
Share-based reimbursement			0.1				0.1
Reclassification					19.3	-19.3	0.0
<b>As at 30 June 2015 (reviewed)</b>	<b>797.1</b>	<b>232.7</b>	<b>-7.3</b>	<b>-56.2</b>	<b>104.4</b>	<b>851.3</b>	<b>1 922.0</b>

## Consolidated cash flow statement

CHF million	Notes	1 <sup>st</sup> half-year 2015 reviewed	1 <sup>st</sup> half-year 2014 reviewed
Earnings before tax		85.8	86.1
Net financial expense		17.9	19.4
Earnings from revaluation of investment real estate	7	-10.5	-12.4
Depreciation other property, plant and equipment		0.2	0.3
Depreciation intangible assets		1.0	1.0
Earnings from sale of investment real estate	6	-18.4	-0.9
Capitalisation of company-produced assets in development real estate		-4.7	-5.9
Share-based reimbursement		0.1	0.1
Change in pension fund obligations affecting net income		0.8	-0.1
Other items		1.1	1.3
<b>Change in development real estate</b>		<b>-0.1</b>	<b>88.3</b>
Change in trade receivables		-3.5	-25.0
Change in other receivables		2.8	0.8
Change in provisions		0.2	0.2
Change in trade payables		-3.2	-8.1
Change in down payments for development real estate		5.4	-1.6
Change in other current liabilities		-23.3	13.3
Cost of finance paid		-20.0	-14.3
Financial income received		0.9	0.2
Income tax paid		-18.5	-22.1
<b>Cash flow from operating activities</b>		<b>14.0</b>	<b>120.6</b>
Acquisition of investment real estate	10	-12.7	-15.2
Proceeds from sale of investment real estate	6	88.2	6.8
Investment in investment real estate under construction	10	-6.0	-148.3
Divestment of investment real estate under construction		0.0	7.8
Acquisition of other property, plant and equipment		-0.3	-0.3
Divestment of other fixed assets		0.0	0.0
Increase financial assets		-11.3	-3.8
Decrease in financial assets		4.2	0.9
<b>Cash flow from investing activities</b>		<b>62.1</b>	<b>-152.1</b>
Increase in borrowings		95.0	160.0
Decrease in borrowings		-311.9	-161.9
Issue of bond loan		221.1	124.6
Purchase treasury shares		-17.1	-8.0
Sale treasury shares		9.8	11.1
Payout of reserves from capital contributions		-87.5	-87.6
<b>Cash flow from financing activities</b>		<b>-90.6</b>	<b>38.2</b>
<b>Change in cash</b>		<b>-14.5</b>	<b>6.7</b>
Cash at 1 January		31.9	25.0
<b>Cash at 30 June</b>		<b>17.4</b>	<b>31.7</b>

## Segment information for the first half-year 2015

CHF million	Real estate	Projects & Development	Total segments	Holding/ eliminations	Total
<b>Earnings statement</b>					
Operating income	91.7	255.7	347.4	0.0	347.4
Profit from intercompany services	-2.4	2.7	0.3	-0.3	0.0
Direct operating expenses	-15.9	-226.0	-241.9	0.0	-241.9
Operating expenses	-3.1	-32.0	-35.1	-0.8	-35.9
Capitalised company-produced assets	0.0	6.4	6.4	0.0	6.4
Earnings from sale of investment real estate	18.4	0.0	18.4	0.0	18.4
Earnings from revaluation of investment real estate	10.5	0.0	10.5	0.0	10.5
<b>EBITDA</b>	<b>99.2</b>	<b>6.8</b>	<b>106.0</b>	<b>-1.1</b>	<b>104.9</b>
Depreciation and amortisation	-0.4	-0.8	-1.2	0.0	-1.2
<b>Operating profit (EBIT)</b>	<b>98.8</b>	<b>6.0</b>	<b>104.8</b>	<b>-1.1</b>	<b>103.7</b>
Net financial expense	-16.9	-1.0	-17.9	0.0	-17.9
Tax expense	-16.6	-1.5	-18.1	-0.5	-18.6
<b>Net profit</b>	<b>65.3</b>	<b>3.5</b>	<b>68.8</b>	<b>-1.6</b>	<b>67.2</b>
EBITDA excl. revaluation gains	88.7	6.8	95.5	-1.1	94.4
Operating profit (EBIT) excl. revaluation gains	88.3	6.0	94.3	-1.1	93.2
<b>Net profit excl. revaluation effect</b>	<b>57.2</b>	<b>3.5</b>	<b>60.7</b>	<b>-1.6</b>	<b>59.1</b>
Operating margin in percent <sup>1</sup>	93.7	16.6	72.4	-	71.5
Rental income and income from real estate management	91.7	0.0	91.7	0.0	91.7
Completed project volume third-party projects	0.0	223.7	223.7	0.0	223.7
Completed project volume own projects	0.0	80.1	80.1	0.0	80.1
Total sales (according to internal reporting)	91.7	303.8	395.5	0.0	395.5
less earnings from intercompany services	0.0	-44.3	-44.3	0.0	-44.3
Total sales to third parties (according to internal reporting)	91.7	259.5	351.2	0.0	351.2
less reconciliation item external reporting	0.0	-3.9	-3.9	0.0	-3.9
Diverse income	0.0	0.1	0.1	0.0	0.1
Operating income	91.7	255.7	347.4	0.0	347.4
<b>Balance sheet as at 30.06.15</b>					
Non-current assets	3 651.4	5.2	3 656.6	0.0	3 656.6
Current assets	9.2	382.4	391.6	12.2	403.8
<b>Total assets</b>	<b>3 660.6</b>	<b>387.6</b>	<b>4 048.2</b>	<b>12.2</b>	<b>4 060.4</b>
Provisions	0.0	8.8	8.8	0.0	8.8
Other debt (excl. financing and taxes)	95.7	126.5	222.2	0.0	222.2
Financial liabilities	1 660.8	93.9	1 754.7	0.0	1 754.7
Tax liabilities	138.9	3.4	142.3	10.4	152.7
<b>Total debt</b>	<b>1 895.4</b>	<b>232.6</b>	<b>2 128.0</b>	<b>10.4</b>	<b>2 138.4</b>
<b>Total assigned equity<sup>2</sup></b>	<b>1 765.2</b>	<b>155.0</b>	<b>1 920.2</b>	<b>1.8</b>	<b>1 922.0</b>
Investment in non-current assets	18.8	0.3	19.1	0.0	19.1

<sup>1</sup> EBIT less revaluation gains in percent of income from business activity (balance of operating income, direct operating expenses, capitalised company-produced assets and earnings from sale of investment real estate)

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

Allreal operates in Switzerland only. A geographical breakdown of sales and non-current assets is therefore not required.

## Segment information for the first half-year 2014

CHF million	Real estate	Projects & Development	Total segments	Holding/ eliminations	Total
<b>Earnings statement</b>					
Operating income	78.1	465.5	543.6	0.0	543.6
Profit from intercompany services	-2.3	2.6	0.3	-0.3	0.0
Direct operating expenses	-10.9	-413.2	-424.1	0.0	-424.1
Operating expenses	-3.0	-33.1	-36.1	-0.6	-36.7
Capitalised company-produced assets	0.0	10.7	10.7	0.0	10.7
Earnings from sale of investment real estate	0.9	0.0	0.9	0.0	0.9
Earnings from revaluation of investment real estate	12.4	0.0	12.4	0.0	12.4
<b>EBITDA</b>	<b>75.2</b>	<b>32.5</b>	<b>107.7</b>	<b>-0.9</b>	<b>106.8</b>
Depreciation and amortisation	-0.4	-0.9	-1.3	0.0	-1.3
<b>Operating profit (EBIT)</b>	<b>74.8</b>	<b>31.6</b>	<b>106.4</b>	<b>-0.9</b>	<b>105.5</b>
Net financial expense	-18.5	-0.9	-19.4	0.0	-19.4
Tax expense	-9.8	-10.4	-20.2	-0.7	-20.9
<b>Net profit</b>	<b>46.5</b>	<b>20.3</b>	<b>66.8</b>	<b>-1.6</b>	<b>65.2</b>
EBITDA excl. revaluation gains	62.8	32.5	95.3	-0.9	94.4
Operating profit (EBIT) excl. revaluation gains	62.4	31.6	94.0	-0.9	93.1
<b>Net profit excl. revaluation effect</b>	<b>36.7</b>	<b>20.3</b>	<b>57.0</b>	<b>-1.6</b>	<b>55.4</b>
Operating margin in percent <sup>1</sup>	91.6	50.2	71.7	-	71.0
Rental income and income from real estate management	78.1	0.0	78.1	0.0	78.1
Completed project volume third-party projects	0.0	281.7	281.7	0.0	281.7
Completed project volume own projects	0.0	207.9	207.9	0.0	207.9
Total sales (according to internal reporting)	78.1	489.6	567.7	0.0	567.7
less earnings from intercompany services	0.0	-112.5	-112.5	0.0	-112.5
Total sales to third parties (according to internal reporting)	78.1	377.1	455.2	0.0	455.2
plus reconciliation item external reporting	0.0	87.4	87.4	0.0	87.4
Diverse income	0.0	1.0	1.0	0.0	1.0
Operating income	78.1	465.5	543.6	0.0	543.6
<b>Balance sheet as at 31.12.2014</b>					
Non-current assets	3 685.4	5.9	3 691.3	0.0	3 691.3
Current assets	7.1	396.1	403.2	13.7	416.9
<b>Total assets</b>	<b>3 692.5</b>	<b>402.0</b>	<b>4 094.5</b>	<b>13.7</b>	<b>4 108.2</b>
Provisions	0.0	13.9	13.9	0.0	13.9
Other debt (excl. financing and taxes)	98.9	135.9	234.8	0.0	234.8
Financial liabilities	1 663.9	86.4	1 750.3	0.0	1 750.3
Tax liabilities	138.5	5.0	143.5	11.7	155.2
<b>Total debt</b>	<b>1 901.3</b>	<b>241.2</b>	<b>2 142.5</b>	<b>11.7</b>	<b>2 154.2</b>
<b>Total assigned equity<sup>2</sup></b>	<b>1 791.2</b>	<b>160.8</b>	<b>1 952.0</b>	<b>2.0</b>	<b>1 954.0</b>
Investment in non-current assets	168.6	0.3	168.9	0.0	168.9

<sup>1</sup> EBIT less revaluation gains in percent of income from business activity (balance of operating income, direct operating expenses, capitalised company-produced assets and earnings from sale of investment real estate)

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

Allreal operates in Switzerland only. A geographical breakdown of sales and non-current assets is therefore not required.

## Selected notes

### 1 Basic principles

The 2015 consolidated semi-annual financial statements were prepared in accordance with International Financial Reporting Standard IAS 34 on interim financial reporting and conform to the Listing Rules as well as Article 17 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange. The same principles of accounting apply as for the 2014 consolidated financial statements. The scope of consolidation remains unchanged.

Since 1 January 2015, the following new or amended IFRS accounting standards and interpretations have been used in the consolidated financial statements for the first time:

Standard/Interpretation	Description	Entry into force	Application from financial year
IAS 19 (Amendment)	Employee Benefits entitled Defined Benefit Plans: Employee Contributions	1 July 2014	2015
Improvement to IFRSs (2010–2013)	Cycle – various standards	1 July 2014	2015

The revised standards and the new interpretations have no significant impact on the consolidated result or on the consolidated equity of the Allreal Group.

Seen over the course of the year, individual business activities of the Allreal Group are subject to fluctuations, in particular in the Projects & Development division; for instance, the planning and execution of construction projects or the sale of development real estate. In the first half of 2015, no unusual events occurred that had a material impact on the assets, financial position and earnings of the Allreal Group.

The 2015 consolidated semi-annual financial statements were approved by the Board of Directors of Allreal Holding AG on 20 August 2015.

### 2 Income from renting investment real estate

CHF million	1 <sup>st</sup> half-year 2015	1 <sup>st</sup> half-year 2014
Rental income from residential properties	15.6	12.7
Rental income from commercial properties	72.9	61.9
<b>Income from renting investment real estate</b>	<b>88.5</b>	<b>74.6</b>



Income from renting investment real estate increased year-on-year by 18.6% to CHF 88.5 million, which is essentially attributable to an increase in the portfolio of yield-producing properties through the transfer of investment real estate under construction.

The cumulative vacancy rate for the first half of 2015 totalled 7.6% of target rental income (2014: 7.9%), broken down into 8.0% for commercial properties and 6.1% for residential properties (2014: 7.8% and 8.5%).

### 3 Income from real estate management services

CHF million	1 <sup>st</sup> half-year 2015	1 <sup>st</sup> half-year 2014
Income from administration and management	2.6	2.6
Income from sale and brokerage	0.6	0.9
<b>Income from real estate management services</b>	<b>3.2</b>	<b>3.5</b>

### 4 Earnings from Projects & Development division

CHF million	1 <sup>st</sup> half-year 2015	1 <sup>st</sup> half-year 2014
Income from realisation Projects & Development	223.7	281.7
Direct expenses from realisation Projects & Development	-197.7	-258.7
<b>Earnings from realisation Projects &amp; Development</b>	<b>26.0</b>	<b>23.0</b>
Income from sales Development	31.9	182.8
Direct expenses from sales Development	-28.3	-154.5
<b>Earnings from sales Development</b>	<b>3.6</b>	<b>28.3</b>
<b>Capitalised company-produced assets</b>	<b>6.4</b>	<b>10.7</b>
<b>Diverse income</b>	<b>0.1</b>	<b>1.0</b>
<b>Earnings from Projects &amp; Development division</b>	<b>36.1</b>	<b>63.0</b>

Earnings from realisation Projects & Development consists of architects' and project & development fees (CHF 18.7 million) and earnings from construction activity (CHF 6.9 million) (1<sup>st</sup> half of 2014: CHF 18.5 million and CHF 6.6 million respectively). This contrasts with directly offset sales deductions (CHF 0.4 million (1<sup>st</sup> half of 2014: CHF -2.1 million)).

In the first half of 2015, ownership of units under the projects Holengass Meilen (CHF 11.8 million), Lerchenbergstrasse Erlenbach (CHF 8.4 million), Cholplatz Bülach (CHF 5.7 million), Stockenstrasse Kilchberg (CHF 4.9 million) and Escherhof Wallisellen (CHF 1.1 million) was transferred to third parties, resulting in gains on sales of CHF 3.6 million.

## 5 Direct expenses for rented investment real estate

CHF million	1 <sup>st</sup> half-year 2015	1 <sup>st</sup> half-year 2014
Administrative and operating expenses, residential real estate	-0.9	-0.7
Administrative and operating expenses, commercial real estate	-3.0	-2.7
Maintenance and repair expenses, residential real estate	-1.0	-0.8
Maintenance and repair expenses, commercial real estate	-11.0	-6.7
<b>Real estate expenses</b>	<b>-15.9</b>	<b>-10.9</b>

The increase in maintenance and repair expenses for commercial real estate compared with the year-back period mainly relates to extensive renovation work for the buildings at Kalchbühlstrasse 22/24, Zurich (CHF 2.2 million), and the Escher-Wyss site, Zurich (CHF 4.0 million).

## 6 Earnings from sale of investment real estate

CHF million	1 <sup>st</sup> half-year 2015	1 <sup>st</sup> half-year 2014
Proceeds from sale	88.5	7.0
Transaction costs on sale	-0.3	-0.2
Balance sheet value = market value on 31.12 of the previous year	-69.8	-5.9
<b>Earnings from sale of investment real estate</b>	<b>18.4</b>	<b>0.9</b>

As at 1 March 2015, the residential properties Im Lindenhof 7/9/11 in Effretikon (target rental income of CHF 0.4 million p.a.) were sold and as at 1 April 2015, the commercial property Eggbühlstrasse 21-25 in Zurich (target rental income CHF 4.7 million p.a.) was sold. After deduction of transaction costs, the sale resulted in total earnings of CHF 18.4 million on a selling price of CHF 88.5 million.

In the first half of 2014, the sale of one property produced earnings of CHF 0.9 million.

## 7 Earnings from revaluation of investment real estate

CHF million	1 <sup>st</sup> half-year 2015	1 <sup>st</sup> half-year 2014
Higher valuation of yield-producing properties	35.5	31.0
Higher valuation of investment real estate under construction	8.5	5.6
Lower valuation of yield-producing properties	-33.5	-21.2
Lower valuation of investment real estate under construction	0.0	-3.0
<b>Earnings from revaluation of investment real estate</b>	<b>10.5</b>	<b>12.4</b>

CHF 29.3 million of the higher valuation of yield-producing properties relates to residential real estate and CHF 6.2 million to commercial real estate (1<sup>st</sup> half-year 2014: CHF 4.5 million and CHF 26.5 million respectively). CHF -0.9 million of the lower valuation of yield-producing properties relates to residential real estate and CHF -32.6 million to commercial real estate (1<sup>st</sup> half-year 2014: CHF -0.2 million and CHF -21.0 million, respectively). CHF -0.2 million/CHF -21.0 million).

The average discount rates as at 30 June 2015 for the entire portfolio of yield-producing properties amount to 4.73% (31.12.2014: 4.92% adjusted). The average capitalisation rates as at 30 June 2015 amount to 4.51% (31.12.2014: 4.43% adjusted).

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

## 8 Financial expense

CHF million	1 <sup>st</sup> half-year 2015	1 <sup>st</sup> half-year 2014
Interest expense payable to banks/insurance companies for liabilities	-4.6	-4.9
Interest expense for derivatives	-10.1	-7.9
Interest expense for bond issue	-5.0	-4.0
Interest expense for convertible bonds	0.0	-4.9
Capitalised building loan interest	0.9	2.1
<b>Financial expense</b>	<b>-18.8</b>	<b>-19.6</b>

Capitalised building loan interest of CHF 0.9 million (1<sup>st</sup> half-year 2014: CHF 2.1 million) breaks down into development real estate under construction (CHF 0.8 million) and investment real estate under construction (CHF 0.1 million), applying an average interest rate of 2.10% to 2.30% (1<sup>st</sup> half-year 2014: 2.03 bis 2.11%).

Interest expense for derivatives includes CHF 2.4 million of additional charges owing to the payment of negative CHF Libor interest on interest rate swaps (1<sup>st</sup> half-year 2014: CHF 0.0 million).

## 9 Earnings (NAV) per share

	1 <sup>st</sup> half- year 2015	1 <sup>st</sup> half- year 2014
Number of outstanding shares as at 01.01. (in thousands)	15 941	15 909
Change in holdings of treasury shares (in thousands)	-52	24
Number of outstanding shares as at 30.06. (in thousands)	15 889	15 933
Average number of outstanding shares (in thousands)	15 911	15 924
Net profit excl. revaluation effect (in CHF million)	59.1	55.4
Earnings from revaluation of investment real estate (in CHF million)	10.5	12.4
Deferred taxes on revaluation gains (in CHF million)	-2.4	-2.6
Net profit incl. revaluation effect (in CHF million)	67.2	65.2
<b>Earnings per share incl. revaluation effect</b>	<b>4.22</b>	<b>4.09</b>
<b>Earnings per share excl. revaluation effect (CHF)</b>	<b>3.71</b>	<b>3.48</b>
<b>Diluted earnings per share</b>		
— incl. revaluation effect (CHF)	4.23	3.97
— excl. revaluation effect (in CHF)	3.72	3.41

The share-based remuneration of members of Group Management has the effect of diluting the earnings per share. To calculate the dilution, the net profit was corrected for the effects resulting from the share-based remuneration. This results in a diluted net profit of CHF 67.3 million including revaluation effect and CHF 59.2 million excluding revaluation effect. The average number of outstanding shares increases from 15 911 213 to 15 912 448.

	30.06.2015	31.12.2014
Outstanding shares (in thousands) on cut-off date	15 889	15 941
Equity on cut-off date (CHF million)	1 922.0	1 954.0
<b>Net asset value (NAV) per share after deferred taxes (CHF)</b>	<b>120.95</b>	<b>122.55</b>
Equity plus provision for deferred taxes less deferred tax assets (CHF million)	2 033.9	2 057.9
<b>Net asset value (NAV) per share before deferred taxes (CHF)</b>	<b>128.00</b>	<b>129.10</b>

## 10 Investment real estate

CHF million	30.06.2015	31.12.2014
Residential real estate	715.8	692.5
Commercial real estate	2 723.5	2 817.1
<b>Yield-producing properties</b>	<b>3 439.3</b>	<b>3 509.6</b>
Investment real estate under construction	33.8	4.0
<b>Investment real estate</b>	<b>3 473.1</b>	<b>3 513.6</b>

The changes in the first half of 2015 can be summarised as follows:

CHF million	Residential real estate	Commercial real estate	Total yield-producing properties	Investment real estate under construction	Total yield-producing properties
As at 01.01.15	692.5	2 817.1	3 509.6	4.0	3 513.6
Purchases	0.0	0.0	0.0	0.0	0.0
Value-enhancing investments	1.3	11.4	12.7	6.0	18.7
Capitalised building loan interest	0.0	0.0	0.0	0.1	0.1
Disposals	-6.4	-63.4	-69.8	0.0	-69.8
Reclassifications	0.0	-15.2	-15.2	15.2	0.0
Market value adjustments	28.4	-26.4	2.0	8.5	10.5
<b>As at 30.06.2015</b>	<b>715.8</b>	<b>2 723.5</b>	<b>3 439.3</b>	<b>33.8</b>	<b>3 473.1</b>
of which pledged or subject to restricted disposability	683.2	2 504.5	3 187.7	26.1	3 213.8

Within the commercial real estate portfolio, the value-enhancing investments relate to the Escher Wyss site, Zurich (CHF 5.1 million), the Toni site, Zurich (CHF 2.6 million), Boulevard Lilienthal 2-8, Opfikon (CHF 1.3 million), the UPC Cablecom office building, Wallisellen (CHF 1.0 million) and four other properties (CHF 1.4 million). Within the residential real estate portfolio, the value-enhancing investments relate to the apartment high-rise at Hardturmstrasse 5, Zurich.

The disposals of yield-producing properties relate to the sale of the residential property Im Lindenhof 7/9/11, Effretikon (CHF 6.4 million), and the commercial property Eggbühlstrasse 21-25, Zurich (CHF 63.4 million).

The reclassification from yield-producing properties to investment real estate under construction (CHF 15.2 million) relates to the separation of the project execution, begun in the first half 2015, of the commercial building at Schiffbauplatz, Zurich, which had previously been reported as part of the Escher-Wyss site.

### Largest tenants, commercial real estate

Share in total rental income from commercial real estate:

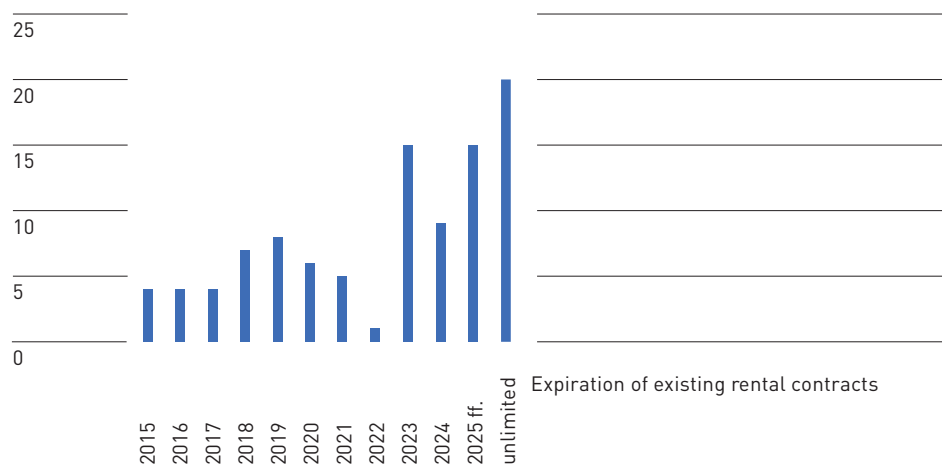
	30.06.2015	31.12.2014
Canton Zurich	19%	16%
Allianz Suisse Insurance Company	8%	8%
MAN Diesel & Turbo Switzerland AG	7%	7%
IBM Switzerland Ltd	6%	7%
UPC Cablecom GmbH	5%	-
Partner Reinsurance Company Ltd. (PartnerRe)	-	4%
<b>Total</b>	<b>45%</b>	<b>42%</b>

In the first half of 2015, the five largest tenants account for 45% of rental income from commercial real estate. The ten largest tenants generate 59% of rental income from commercial real estate.

The five largest tenants' share of total rental income from all yield-producing properties (commercial and residential) declined to around 37% in the first half of 2015.

### Profile of terms of rental contracts for commercial real estate

In percent of outstanding rental income in CHF million



The weighted remaining term of fixed-term rental contracts is 8.6 years (versus 8.7 years on 31.12.2014).

### Investment real estate under construction as at 30 June 2015

Location	Property	Acquisition/ project start	Area of property in m <sup>2</sup>	Register of suspected contaminated sites	Minergie	Market value CHF million <sup>1</sup>	Estimated investment volume CHF million <sup>2</sup>	Target rental income on completion p.a. CHF million	Expected completion
Zurich	Schiffbaustrasse	2010	1 610	no	yes	7.7	23.0	1.2	2016
Zurich	Schiffbauplatz	2002/2014	11 180	yes	yes	26.1	73.0	4.7	2017
<b>Total investment real estate under construction</b>						<b>33.8</b>	<b>96.0</b>	<b>5.9</b>	

<sup>1</sup> According to valuation as at 30.06.2015

<sup>2</sup> Building and land costs

### **Schiffbaustrasse, Zurich**

New-build seven-floor residential and commercial building to Minergie standard with lettable floor space of 3 397 square metres. The project comprises 450 square metres of commercial space on the ground floor, 590 square metres of office space on the first floor, 23 2½- to 5½-room rental apartments on the second to sixth floors and 15 parking spaces in the underground car park. The project is being built by the Projects & Development division and, upon completion in the first half of 2016, will be reported under the portfolio of yield-producing properties. For the market valuation as at the balance sheet cut-off date, nominal discount and capitalisation rates of 4.50% and 4.00% were applied (31.12.2013: 4.50%). 4.50%).

### **Schiffbauplatz, Zurich**

New-build five- to six-floor residential building to Minergie standard with lettable floor space of 13 100 square metres. The project comprises 10 700 square metres of office space on the first to fifth floors, 1 800 square metres of space for catering and commercial businesses on the ground floor, 600 square metres of storage space and 36 parking spaces in the underground car park. Two ten-year rental agreements have been concluded for the whole of the office space and part of the storage space. The project is being built by the Projects & Development division and, upon completion in the second half of 2017, will be reported under the portfolio of yield-producing properties. For the first-time market valuation as at the balance sheet cut-off date, nominal discount and capitalisation rates of 5.00% and 4.90%, respectively were applied.

All investment real estate properties under construction are solely owned by Allreal.

Yield-producing properties recognised at fair values as at 30 June 2015 (CHF 3 439.3 million) and investment real estate under construction (CHF 33.8 Mio.) qualify as fair values according to category 3. No adjustments were made to valuation techniques or processes during the period under review.

## 11 Development real estate

Book value in CHF million	Development reserves	Buildings under construction	Completed real estate	Total development real estate
As at 01.01.15	39.0	167.4	94.8	301.2
Purchases	0.0	0.0	0.0	0.0
From construction activity/ development	1.8	32.2	-0.1	33.9
Income from sales development	0.0	0.0	3.6	3.6
Impairment	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	-31.9	-31.9
Reclassifications	-0.4	0.4	0.0	0.0
<b>As at 30.06.2015</b>	<b>40.4</b>	<b>200.0</b>	<b>66.4</b>	<b>306.8</b>

### Development real estate as at 30 June 2015

Location	Property	Acquisition/ project start	Area of property in m <sup>2</sup>	Register of suspected contaminated sites	Book value CHF million	Estimated investment volume CHF million <sup>1</sup>	Project status	Expected completion
<b>Development reserves</b>								
Basel	Kirschblütenweg	2011	3 948	no	7.0 <sup>2</sup>	16.0	in planning	undecided
Bassersdorf	Grindelstrasse	2008	6 000	no	3.7 <sup>2</sup>	15.0	in planning	undecided
Bülach	Fangleten/Solistrasse	2011	55 318	yes	4.7 <sup>3</sup>	303.0	in planning	undecided
Dielsdorf	Neuwisen	2013	46 419	no	1.1 <sup>3</sup>	217.0	in planning	undecided
Rümlang	Airport Business Park	1987	30 278	yes	15.6 <sup>2</sup>	100.0	in planning	undecided
Steinen	Schwyzstrasse	2012	3 100	no	4.8 <sup>2</sup>	15.0	building permit	undecided
Volketswil	Guntenbachstrasse	2008	5 330	no	3.5 <sup>2</sup>	25.0	in planning	undecided
<b>Total development reserves</b>					<b>40.4</b>	<b>691.0</b>		
<b>Buildings under construction</b>								
Mettmenstetten	Pfruendmatt	2012	6 989	no	19.6	36.0	under completion	2016
Romanshorn	Bodan site	2014	3 937	no	3.9	33.0	under completion	2017
Zurich	Guggach	2011	20 045	no	176.5	221.0	under completion	2016
<b>Total buildings under construction</b>					<b>200.0</b>	<b>290.0</b>		
<b>Completed real estate</b>								
Bülach	Cholplatz	2014 <sup>4</sup>			20.2			
Erlenbach	Lerchenbergstrasse	2014 <sup>4</sup>			34.2			
Meilen	Holengass	2012 <sup>4,5</sup>			5.3			
Wallisellen	Escherhof	2013 <sup>4</sup>			6.7			
<b>Total completed real estate</b>					<b>66.4</b>			
<b>Total development real estate</b>					<b>306.8</b>	<b>981.0</b>		

<sup>1</sup> Land and building costs

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

<sup>3</sup> Book value includes acquisition costs for downpayments made for land and accrued project costs of third parties (transfer of ownership for land pending)

<sup>4</sup> Completion

<sup>5</sup> Value adjustments amounting to CHF 0.8 million (2014) and CHF 1.7 million (2012) were deducted from acquisition costs, resulting in a book value of CHF 5.3 million as at the balance sheet cut-off date.



## 12 Share capital

As at the balance sheet cut-off date, the share capital of Allreal Holding AG comprises 15 942 821 registered shares with a par value of CHF 50 each. Each share carries one vote and confers entitlement to attend the general meeting if entered in the share register.

Shareholdings developed as follows:

Number of shares	Shares issued	Treasury shares	Outstanding shares
<b>2014</b>			
As at 1 January	15 941 829	33 237	15 908 592
Conversion of convertible bond	992		
Purchase treasury shares		120 347	
Sale treasury shares		-150 576	
Share-based reimbursement		-1 440	
<b>As at 31 December</b>	<b>15 942 821</b>	<b>1 568</b>	<b>15 941 253</b>
<b>2015</b>			
As at 1 January	15 942 821	1 568	15 941 253
Purchase treasury shares		124 490	
Sale treasury shares		-71 310	
Share-based reimbursement		-925	
<b>As at 30 June</b>	<b>15 942 821</b>	<b>53 823</b>	<b>15 888 998</b>

On 30 June 2015, Allreal held 53 823 treasury shares (31.12.2014: 1 568 shares). The average purchase price per share stands at 137.24 (31.12.2014: CHF 126.18). The total purchase price is deducted from consolidated equity.

The Board of Directors is authorised by the annual general meeting to increase the share capital – excluding the subscription rights of shareholders as applicable – until 28 March 2016 to acquire businesses, business units, participating interests or real estate through an exchange of shares, for financing or refinancing the acquisition of businesses, business units, participating interests or investment projects, or for the purpose of an international placement of shares worth up to CHF 100.0 million by issuing up to 2 000 000 registered shares each with a par value of CHF 50 (authorised capital).

For the purpose of issuing convertible bonds, warrant bonds or other financial instruments, the annual general meeting of 31 March 2006 created – excluding the subscription rights of shareholders – conditional capital of up to CHF 125.0 million through the issue of up to 2 500 000 registered shares with a par value of CHF 50 each. Bearers of the convertible and/or warrant bonds are entitled to subscribe to the new shares. This conditional capital decreased by CHF 0.2 million to CHF 124.8 million (as at 30 June 2015) following the conversion of convertible bonds into shares in previous years.

Further, Allreal Holding AG has conditional capital of CHF 10.0 million (200 000 registered shares at a par value of CHF 50 each) at its disposal for the purposes of issuing options to the members of the Board of Directors and management. This conditional capital has not been drawn on.

The annual general meeting of Allreal Holding AG of 17 April 2015 voted in favour of making a distribution of CHF 5.50 per share, corresponding to a total amount of CHF 87.5 million, in the form of a repayment of reserves from contribution of capital.

### 13 Borrowings

#### Maturity of the financing (capital lock-up at nominal values)

CHF million	<1 year	1–3 years	3–5 years	>5 years	Total
As at 31.12.2014	1 100.2	173.5	131.0	347.3	1 752.0
<b>As at 30.06.2015</b>	<b>1 007.3</b>	<b>6.0</b>	<b>131.0</b>	<b>610.8</b>	<b>1 755.1</b>
of which with repayment/ redemption	469.8	6.0	131.0	610.8	1 217.6
Repayment p.a.	3.4	0.0	0.0	0.0	3.4

The financial liabilities consist of bank loans secured by mortgage (fixed advances and fixed-rate mortgages) and five bond issues. The bank loans in the form of fixed advances are extended on a rolling basis. Apart from the bond issues, only bank loans with contractually agreed remaining terms to maturity greater than twelve months are reported as long-term financial liabilities.

During the reporting period, a 2015–2021 0.75% bond issued at an issue price of 100.808% (CHF 120 million) and a 2015–2025 1.375% bond issued at an issue price of 100.910% (CHF 100 million) were paid up on 31 March 2015. In addition to the actual interest rates of 0.75% and 1.375% to be paid, the expense, which corresponds to an effective interest rate of 0.67% and 1.32%, is also deferred to the income statement.

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

CHF million	Nominal amount	Book value as at 30.06.2015	Fair value as at 30.06.2015	Book value as at 31.12.2014	Fair value as at 31.12.2014
1.375% bond issue 2015–31.03.2025	100.0	100.5	102.8	–	–
0.75% bond issue 2015–31.02.2021	120.0	120.5	122.0	–	–
2.00% bond issue 2013–23.09.2020	150.0	149.2	162.2	149.1	158.0
1.25% bond issue 2014–02.04.2019	125.0	124.7	129.7	124.7	126.9
2.50% bond issue 2011–12.05.2016	150.0	149.7	153.2	149.6	153.9
Fixed-rate mortgages	273.3	273.3	284.9	229.8	239.8

During the period under review CHF 0.2 million was spent on the amortisation of the issuing costs for the bonds (1<sup>st</sup> half-year 2014: CHF 3.0 million).

### Maturity of interest rates (interest lock-in period at nominal values)

CHF million	<1 year	1-3 years	3-5 years	>5 years	Total
<b>As at 31.12.2014</b>					
Borrowings	1 098.7	173.5	131.0	348.8	1 752.0
Effect of interest rate swaps	-735.0	100.0	150.0	485.0	0.0
<b>Total</b>	<b>363.7</b>	<b>273.5</b>	<b>281.0</b>	<b>833.8</b>	<b>1 752.0</b>
Total in %	20.8	15.6	16.0	47.6	100.0
<b>As at 30.06.2015</b>					
Borrowings	1 005.8	6.0	131.0	612.3	1 755.1
Effect of interest rate swaps	-735.0	100.0	250.0	385.0	0.0
<b>Total</b>	<b>270.8</b>	<b>106.0</b>	<b>381.0</b>	<b>997.3</b>	<b>1 755.1</b>
Total in %	15.5	6.0	21.7	56.8	100.0

The classification of financial liabilities by interest lock-in periods is done on the basis of the actual date of maturity of the underlying fixed advances and mortgages and the maturity of the bond issues. In calculating the capital lock-up and interest lock-in periods, the respective par values of the bonds and their coupons were taken into account.

As at 30 June 2015, fixed advances amounting to CHF 836.8 million and fixed-rate mortgages amounting to CHF 273.3 million (at nominal values) are in place, all of which were taken out with Swiss banks or insurance companies.

In the next twelve months, two interest rate swaps will mature with a value of CHF 50 million at 2.14% in September 2015 and at 2.10% in December 2015.

The average interest rate of all financial liabilities as at 30 June 2015 is 2.34% (31 December 2014: 1.93%).

The average interest lock-in period for all financial liabilities as at 30 June 2015 is 58 months (31 December 2014: 50 months).

During the reporting period, the contractual clauses (financial covenants) relating to minimum capitalisation (equity ratio, net gearing, interest coverage ratio and refinancing of properties) agreed upon with the lenders were complied with without exception.

## 14 Fair value financial instruments

Financial instruments recognised at fair value breakdown into the following categories as at the balance sheet cut-off date:

CHF million	Category 1	Category 2	Category 3	Total
<b>As at 31.12.2014</b>				
Receivables arising from derivative financial instruments	0.0	-68.5	0.0	-68.5
<b>As at 30.06.2015</b>				
Receivables arising from derivative financial instruments	0.0	0.4	0.0	0.4
Receivables arising from derivative financial instruments	0.0	-75.7	0.0	-75.7

During the period under review, no adjustments were made to valuation techniques or processes and there were no reclassifications within the categories.

## 15 Capital commitments, contingent liabilities and legal disputes

CHF million	30.06.2015	31.12.2014
Purchase commitments	71.5	39.2
Guarantees and sureties	0.0	0.0

The capital commitments relate to contractual agreements for the acquisition of development real estate. Whether the commitment is invoked depends on the fulfilment of the conditions agreed with the counterparties.

There are no guarantees or sureties in favour of third parties. Beyond this, in the individual financial statement, Allreal Holding AG has issued guarantees and sureties amounting to CHF 545.2 million in connection with financings and derivative financial transactions with third parties on behalf of individual subsidiaries (31.12.2014: CHF 659.6 million).

In a decision supplementing a ruling of the Swiss Federal Supreme Court handed down on 5 October 2012 concerning the Swiss tax liability of the business establishment of Allreal Finanz AG in the Cayman Islands, which has since been liquidated, the Administrative Court of Zug specified that the tax liability would only commence from the date of the Supreme Court's ruling. The Swiss Federal Tax Administration as opposing party represents a different opinion and has therefore referred the case to the Swiss Federal Supreme Court. As at 20 August 2015 (date of the approval of the consolidated half-year financial statements by the Board of Directors), no decision has yet been made. The company believes that as of the balance sheet cut-off date, sufficient tax provisions are in place.

As at 30 June 2015, there are no pending legal disputes of a nature liable to have a significant impact on the asset and income situation of the Allreal Group for which no corresponding provisions or bad debt allowances are in place.

## **16 Transactions with related parties**

In the first half of 2015, the Projects & Development division carried out construction projects for a total of CHF 14.8 million for several parties to the shareholders' pooling agreement under standard market conditions, which corresponds to 6.6% of income from realisation Projects & Development (1<sup>st</sup> half of 2014: CHF 14.2 million/5.0%).

## **17 Events after the balance sheet date**

Between 30 June 2015 and 20 August 2015 (date on which the consolidated semi-annual financial statements were approved by the Board of Directors), no events took place which would result in any adjustments to the book values of the assets and liabilities or which would need to be disclosed here.

# Information on the real estate portfolio

## Residential real estate as at 30 June 2015

Location	Address	Ownership status <sup>1</sup>	Year acquired	Year of construction	Renovation <sup>2</sup>	Area of property in m <sup>2</sup>	Register of suspected contaminated sites	Minergie	Area of property in m <sup>2</sup>
<b>City of Zurich</b>									
Zurich	Hardturmstrasse 5	CO <sup>7</sup>	2004	2014		2 651	yes	yes	6 087
Zurich	Heerenwiesen 23-41	CoO <sup>5</sup>	2003	1996		6 970	no	no	4 670
Zurich	Josefstrasse 137	SO	1999	1984		903	no	no	2 747
Zurich	Neunbrunnenstrasse 47-53	SO	1993	2013		4 291	yes	yes	4 640
Zurich	Zollikerstrasse 185-187 <sup>6</sup>	SO	2008	1984		1 445	no	no	1 637
<b>Total city of Zurich</b>						<b>16 260</b>			<b>19 781</b>
<b>Rest of Canton Zurich</b>									
Adliswil	Moosstrasse 1-13 / Grütstrasse 33-39	SO	2005	2011		13 901	no	yes	13 299
Bülach	Hohfuristrasse 7-11 / Unterweg 55-59/Im Stumpfen 2	SO	1999	1979	2013 TR	8 412	no	no	3 850
Fällanden	Unterdorfstrasse 2/4 / Unterdorfwäg 2-22	SO	2003	2008		23 691	no	no	14 903
Glattbrugg	Hohenstieglenstrasse 1-23, 2-16	SO	1999	1990		29 639	no	no	14 654
Kloten	Schaffhauserstrasse 117/119	SO	2001	1992		3 643	no	no	2 090
Oberglatt	Chlirietstrasse 6, 8, 10	SO	2003	1974	2006/2007 PR	2 028	no	no	2 479
Schlieren	Limmatstrasse 2-8 / Limmatstrasse 9-11 / Engstringermatte	SO	1999	1984		8 907	no	no	5 100
Schlieren	Schulstrasse 71-77 / Flöhrebenstrasse 6	CO <sup>7</sup>	2002	1988		2 543	no	no	3 332
Volketswil	Sunnebüelstrasse 1-17 / Ifangstrasse 12-20 / Neufund 1/3	SO	1999	1968	2002/2003 TR	20 110	no	no	12 236
Wallisellen	Escherweg 2-6 / Favreweg 1-5 / Richtiarkade 13-15 / Richtiring 14-16	SO	2002	2014		8 242	no	yes	13 856
<b>Rest of Canton Zurich</b>						<b>121 116</b>			<b>85 799</b>
<b>Total other regions</b>									
Allschwil	Kurzelängeweg 26-38+32a	SO	1999	1989	2010 PR	6 260	no	no	4 015
Basel	Achilles Bischoff-Strasse 2-10	SO	2006	1969	2009 TR	2 420	no	no	5 954
Basel	Grosspeterstrasse 45 / St.-Jakobs-Strasse 108	SO	2006	1995		2 067	no	no	3 022
Gland	Chemin du Molard 10 / Allée Leotherius 2 / Allée Louis Cristin 1	SO	2011	2014		1 173	no	yes	4 981
<b>Total other regions</b>						<b>11 920</b>			<b>17 972</b>
<b>Total residential real estate</b>						<b>149 296</b>			<b>123 552</b>

<sup>1</sup> SO = sole ownership; CoO = coownership; CO = condominium ownership

<sup>2</sup> TR = total renovation; PR = partial renovation

<sup>3</sup> Cumulative vacancy rate as a percentage of target rental income for the first half-year 2015

<sup>4</sup> As per 30.06.2015 valuation (nominal rates)

<sup>5</sup> 60% co-ownership Allreal

<sup>6</sup> Valuation as at 30.06.2015 according to IFRS 13

<sup>7</sup> Condominium property owned 100% by Allreal

1-1½- room apart- ments	2-2½- room apart- ments	3-3½- room apart- ments	4-4½- room apart- ments	≥5- room apart- ments	Total apartments	Other uses in m²	Target rental income in CHF million for 2015	Vacancy rate in % <sup>3</sup>	Discount/ capitalisation rate in % <sup>4</sup>
0	17	27	6	1	51	0	2.7	43.6	4.30/3.80
5	7	15	17	4	48	1 799	1.4	1.3	4.20/3.70
4	36	0	0	0	40	212	0.8	0.0	4.10/3.60
0	0	14	21	5	40	0	1.6	0.6	4.20/3.70
2	2	4	4	2	14	165	0.6	0.4	-/-
<b>11</b>	<b>62</b>	<b>60</b>	<b>48</b>	<b>12</b>	<b>193</b>	<b>2 176</b>	<b>7.1</b>	<b>7.1</b>	
0	27	62	38	10	137	350	3.7	0.7	4.00/3.50
0	9	16	18	6	49	50	1.0	2.8	4.40/3.90
0	20	41	56	22	139	2 392	4.0	3.3	4.40/3.90
18	30	71	41	0	160	659	3.1	2.8	4.30/3.80
0	4	0	10	4	18	200	0.6	9.0	4.50/4.00
0	17	17	0	0	34	9	0.5	1.0	4.40/3.90
0	18	24	12	0	54	286	0.9	3.9	4.30/3.80
0	0	24	16	0	40	354	0.8	0.6	4.30/3.80
0	0	48	60	40	148	110	2.4	0.3	4.40/3.90
1	18	75	22	2	118	1 208	4.1	6.2	4.30/3.80
<b>19</b>	<b>143</b>	<b>378</b>	<b>273</b>	<b>84</b>	<b>897</b>	<b>5 618</b>	<b>21.1</b>	<b>3.0</b>	
0	7	20	20	0	47	490	1.0	3.9	4.30/3.80
28	24	28	24	0	104	1 040	1.6	0.6	4.50/4.00
5	19	11	8	0	43	47	0.9	3.6	4.40/3.90
1	21	29	9	5	65	0	1.6	10.8	4.40/3.90
<b>34</b>	<b>71</b>	<b>88</b>	<b>61</b>	<b>5</b>	<b>259</b>	<b>1 577</b>	<b>5.1</b>	<b>5.0</b>	
<b>64</b>	<b>276</b>	<b>526</b>	<b>382</b>	<b>101</b>	<b>1 349</b>	<b>9 371</b>	<b>33.3</b>	<b>6.1</b>	

## Residential real estate as at 30 June 2015

Location	Address	Ownership status <sup>1</sup>	Year acquired	Year of construction	Renovation <sup>2</sup>	Area of property in m <sup>2</sup>
<b>City of Zurich</b>						
Zurich	Badenerstrasse 141	LO	2002	1968	2002 PR	713
Zurich	Bändliweg 21	SO	2005	1995		9 254
Zurich	Bellerivestrasse 30	SO	2004	1986		2 316
Zurich	Bellerivestrasse 36	SO	2004	1974	2009/2010 PR	10 494
Zurich	Binzmühlestrasse 95-99, Therese Giehse-Strasse 1	SO	2005	2001		11 712
Zurich	Birmensdorferstrasse 108 / Weststrasse 75	SO	2000	1983	2007/2008 TR	1 254
Zurich	Brandschenkestrasse 38/40	SO	2001	1992	2013 PR	1 402
Zurich	Förrlibuckstrasse 109 (Toni site)	SO	2007	1977/2014		24 477
Zurich	Grüngasse 27-31 / Badenerstrasse 119-133	SO	2002	1925	2006/2007 PR	7 870
Zurich	Hardstrasse 319 (Escher-Wyss-Areal) <sup>5</sup>	SO	2002	1945/2010	2015 PR	40 350
Zurich	Herostrasse 12	SO	2010	2014		4 027
Zurich	Hohlstrasse 600	SO	2001	1986	2006/2012 TR	2 894
Zurich	Kalchbühlstrasse 22/24	SO	2000	1976	2014/2015 TR	3 101
Zurich	Kreuzstrasse 5	LO	2004	2006		3 333
Zurich	Lagerstrasse 41/45	SO	2001	1954	2005 TR	1 909
Zurich	Max Högger-Strasse 2	SO	2003	1975	2012 PR	2 131
Zurich	Renggerstrasse 3	SO	1999	1966	2001 PR	1 389
Zurich	Vulkanstrasse 106	SO	2002	2005		12 295
Zurich	Weststrasse 74	SO	1996	1995		1 482
Zurich	Zollikerstrasse 183	SO	2008	1984	2007 PR	3 371
Zurich	Zollstrasse / Josefstrasse 23-29 / Klingenstrasse 4	SO	1993/2006	1997		4 201
<b>Total city of Zurich</b>						<b>149 975</b>

<sup>1</sup> SO = sole ownership; LO = leasehold owned 100% by Allreal

<sup>2</sup> TR = total renovation; PR = partial renovation

<sup>3</sup> Cumulative vacancy rate as a percentage of target rental income for the first half-year 2015

<sup>4</sup> As per 30.06.2015 valuation (nominal rates)

<sup>5</sup> Valuation as at 30.06.2015 according to IFRS 13



Register of suspected contaminated sites	Minergie	Floor space in m <sup>2</sup>	Percentage of office space	Percentage of retail space	Percentage of residential space	Percentage of other uses	Target rental income in CHF million for 2015	Vacancy rate in % <sup>3</sup>	Discount/capitalisation rate in % <sup>4</sup>
yes	no	2 600	85.1	0.0	0.0	14.9	0.9	31.1	4.70/4.20
no	no	18 642	90.8	0.0	0.0	9.2	7.0	0.0	4.80/4.80
no	no	3 078	94.7	0.0	0.0	5.3	1.6	99.0	4.80/4.80
no	no	11 950	73.6	0.0	0.0	26.4	5.6	0.3	4.60/4.60
no	no	26 139	7.8	54.6	32.7	4.9	6.9	3.9	4.70/4.70
no	no	4 743	74.5	3.0	10.5	12.0	1.4	30.3	4.90/4.90
no	no	4 856	33.8	0.0	19.3	46.9	2.3	36.5	4.70/4.20
yes	yes	87 004	87.2	0.0	12.8	0.0	21.6	5.4	4.50/4.10
yes	no	12 847	16.5	7.6	32.8	43.1	3.2	2.8	4.99/4.99
yes	no	50 432	32.3	0.0	0.0	67.7	10.0	0.2	-/-
no	yes	11 256	95.8	0.0	0.0	4.2	3.7	41.6	5.10/5.10
no	no	10 190	91.0	0.0	0.0	9.0	4.3	0.0	4.80/4.80
no	no	6 244	45.8	0.0	6.0	48.2	1.6	1.1	5.30/4.80
no	no	1 628	95.7	0.0	0.0	4.3	1.0	0.0	4.40/4.40
no	no	5 279	75.4	0.0	0.0	24.6	2.6	0.0	4.50/4.50
no	no	6 967	83.2	0.0	0.0	16.8	1.5	23.8	5.50/5.50
no	no	1 729	77.1	0.0	0.0	22.9	0.5	0.7	4.90/4.90
no	yes	36 311	95.1	0.0	0.0	4.9	10.9	2.2	4.80/4.80
no	no	3 277	33.5	0.0	55.3	11.2	0.8	22.1	4.80/4.30
no	no	2 777	81.7	0.0	0.0	18.3	1.3	0.0	4.90/4.90
no	no	10 703	56.9	3.3	29.8	9.9	4.1	0.9	4.60/4.60
		<b>318 652</b>	<b>66.9</b>	<b>4.9</b>	<b>9.2</b>	<b>19.0</b>	<b>92.8</b>	<b>7.4</b>	

Location	Address	Ownership status <sup>1</sup>	Year acquired	Year of construction	Renovation <sup>2</sup>	Area of property in m <sup>2</sup>
<b>Rest of Canton Zurich</b>						
Bassersdorf	Grindelstrasse 3/5	SO	2008	1988	2001 PR	6 004
Dietlikon	Alte Dübendorferstrasse 17	SO	2006	2006		2 464
Glattbrugg	Thurgauerstrasse 111	SO	1997	1969	1995 PR	4 086
Kloten	Schaffhauserstrasse 115/121	SO	2001	1992		4 000
Opfikon	Boulevard Lilienthal 2-8	SO	2007	2014		5 167
Opfikon	Lindbergh-Allee 1 <sup>5</sup>	SO	1987	2007		5 241
Schlieren	Bernstrasse 55	SO	2003	2003		7 089
Schlieren	Zürcherstrasse 104	SO	2002	1988	2012 TR	4 724
Urdorf	In der Luberzen 29	SO	2000	1993		4 667
Wallisellen	Allianz office building <sup>6</sup>	SO	2002	2013		13 078
Wallisellen	UPC Cablecom office building <sup>7</sup>	SO	2002	2014		16 875
Winterthur	Schützenstrasse 2 / Zürcherstrasse 12/14 <sup>8</sup>	SO	2002	1928/53/86		18 386
<b>Total rest of Canton Zurich</b>						<b>91 781</b>
<b>Other regions</b>						
Baar	Baarermatte	SO	2002	1981		17 960
Baar	Oberdorfstrasse 9-13	SO	2000	1989	2013/2014 PR	5 204
Basel	Missionsstrasse 60-62a	SO	1999	1972	2014 TR	1 811
Basel	Missionsstrasse 64-64a	SO	2007	1972	2014 TR	1 658
Basel	Steinenvorstadt 36	SO	1999	1982	2012/2013 PR	718
Basel	Viaduktstrasse 40-44 / Binningerstrasse 35	SO	2009	1998		5 454
Le Grand-Saconnex	Route François-Peyrot 10-14	SO	2011	2004		8 442
Petit-Lancy	Chemin des Olliquettes 4 / Chemin du Gué 99	SO	2008	2010		1 417
<b>Total other regions</b>						<b>42 664</b>
<b>Total commercial real estate</b>						<b>284 420</b>

<sup>1</sup> SO = sole ownership; LO = leasehold owned 100% by Allreal

<sup>2</sup> TR = total renovation; PR = partial renovation

<sup>3</sup> Cumulative vacancy rate as a percentage of target rental income for the first half-year 2015

<sup>4</sup> As per 30.06.2015 valuation (nominal rates)

<sup>5</sup> Lightcube office building and co-ownership rights to the TMC Galleria car park

<sup>6</sup> Allianz office building with retail space in Konradhof and Escherhof

<sup>7</sup> UPC Cablecom office building with retail space and peripheral plots

<sup>8</sup> Three properties

Register of suspected contaminated sites	Minergie	Floor space in m <sup>2</sup>	Percentage of office space	Percentage of retail space	Percentage of residential space	Percentage of other uses	Target rental income in CHF million for 2015	Vacancy rate in % <sup>3</sup>	Discount/capitalisation rate in % <sup>4</sup>
no	no	12 586	55.9	0.0	0.0	44.1	1.9	10.5	5.70/5.20
no	no	2 730	0.0	75.8	0.0	24.2	1.2	0.0	5.20/5.20
no	no	7 417	9.0	74.7	0.0	16.3	1.7	23.9	5.60/5.10
no	no	4 343	97.5	0.0	0.0	2.5	1.1	6.4	5.30/5.30
no	yes	13 414	93.2	0.0	0.0	6.8	4.5	48.3	4.80/4.80
no	yes	13 314	90.8	0.0	0.0	9.2	4.0	0.0	5.20/5.20
no	no	10 193	88.2	0.0	0.0	11.8	2.5	6.8	5.10/4.60
no	no	2 705	35.5	43.1	0.0	21.4	1.0	14.1	5.50/5.50
yes	no	9 456	74.1	0.0	0.0	25.9	2.1	47.4	6.00/5.50
no	yes	50 819	74.7	12.9	0.0	12.4	13.6	3.8	4.90/4.90
no	yes	25 525	77.8	16.1	0.0	6.1	9.9	2.9	5.00/5.00
no	no	24 319	82.1	0.0	0.0	17.9	5.3	18.5	5.30/4.80
		<b>176 821</b>	<b>74.1</b>	<b>11.0</b>	<b>0.0</b>	<b>14.8</b>	<b>48.8</b>	<b>11.2</b>	
no	no	10 112	76.4	0.0	0.0	23.6	2.8	1.3	5.30/4.80
no	no	6 572	59.7	17.0	10.6	12.8	1.7	10.4	5.30/4.80
no	no	3 985	81.8	0.0	8.0	10.2	1.2	0.5	5.00/5.00
no	no	2 829	71.9	0.0	3.4	24.7	0.6	1.8	5.00/5.00
no	no	4 292	37.5	27.8	30.3	4.4	1.5	3.0	4.80/4.80
no	no	20 213	61.8	20.2	0.0	18.0	5.4	0.6	4.90/4.90
no	no	5 498	92.8	0.0	0.0	7.2	3.4	3.1	4.90/4.40
yes	yes	5 516	91.8	0.0	0.0	8.2	2.3	0.0	4.70/4.70
		<b>59 017</b>	<b>69.8</b>	<b>10.8</b>	<b>4.1</b>	<b>15.3</b>	<b>18.9</b>	<b>2.2</b>	
		<b>554 490</b>	<b>69.5</b>	<b>7.5</b>	<b>5.7</b>	<b>17.3</b>	<b>160.5</b>	<b>8.0</b>	

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# EPRA key figures

## EPRA earnings and EPRA earnings per share

CHF million	1 <sup>st</sup> half-year 2015	1 <sup>st</sup> half-year 2014
<b>Earnings according to IFRS income statement</b>	<b>67.2</b>	<b>65.2</b>
Adjusted by:		
Earnings from revaluation of investment real estate	-10.5	-12.4
Earnings from sale of investment real estate	-18.4	-0.9
Earnings from development real estate held for sale including impairment	-3.6	-28.3
Pro-rata income tax on sales	5.6	10.7
Negative goodwill/goodwill impairment	-	-
Change in the market value of financial instruments	-	0.8
Transaction costs for the purchase of shareholdings	-	-
Deferred taxes on EPRA adjustments	2.4	2.4
Effect on associated companies	-	-
Minority interests on the above positions	-	-
<b>EPRA earnings</b>	<b>42.7</b>	<b>37.5</b>
Average number of outstanding shares	15 911 213	15 924 314
<b>EPRA earnings per share in CHF</b>	<b>2.68</b>	<b>2.35</b>

## EPRA equity (NAV)

CHF million	30.06.2015	31.12.2014
<b>Equity (NAV) according to consolidated financial statements</b>	<b>1 922.0</b>	<b>1 954.0</b>
Dilution effects due to options, convertible bonds and other equity instruments	0.1	0.2
<b>Diluted equity (NAV) after options, convertible bonds and other equity instruments</b>	<b>1 922.1</b>	<b>1 954.2</b>
Plus:		
Revaluation of investment real estate (if acquisition cost model in accordance with IAS 40)	-	-
Revaluation of investment real estate under construction (if acquisition cost model in accordance with IAS 40)	-	-
Revaluation of other assets	-	-
Revaluation of real estate tenancies under finance leases	-	-
Valuation difference on development real estate	37.1	29.2
Less:		
Market value of derivative financial instruments	75.3	68.5
Deferred tax	116.1	109.8
Goodwill from deferred taxes	-	-
Effect on associated companies	-	-
<b>EPRA equity (NAV)</b>	<b>2 150.6</b>	<b>2 161.7</b>
Number of outstanding shares (diluted)	15 912 448	15 931 099
<b>EPRA equity (NAV) per share in CHF</b>	<b>135.15</b>	<b>135.69</b>

## EPRA triple net asset value (NNNAV)

CHF million	30.06.2015	31.12.2014
<b>EPRA equity (NAV)</b>	<b>2 150.6</b>	<b>2 161.7</b>
Less:		
Market value of derivative financial instruments	-75.3	-68.5
Market value of financial liabilities	-36.9	-25.4
Deferred tax	-119.9	-113.6
<b>EPRA NNAV</b>	<b>1 918.5</b>	<b>1 954.2</b>
Number of outstanding shares (diluted)	15 912 448	15 931 099
<b>EPRA NNAV per share in CHF</b>	<b>120.57</b>	<b>122.67</b>

## EPRA net yield from rental income

CHF million	30.06.2015	31.12.2014
Owned investment real estate	3 473.1	3 513.6
Investment real estate in joint ventures/funds	-	-
Development real estate	306.8	301.2
Less development real estate and investment real estate under construction	-340.6	-305.2
<b>Market value of yield-producing properties</b>	<b>3 439.3</b>	<b>3 509.6</b>
Annualised actual rental income	176.9	181.4
Direct expenses for investment real estate	-30.1	-28.7
<b>Annualised net rental income</b>	<b>146.8</b>	<b>152.8</b>
Plus expected additional rental income after expiry of rental discounts	2.6	2.4
<b>Topped-up annualised net rental income</b>	<b>149.4</b>	<b>155.2</b>
<b>EPRA net yield from rental income</b>	<b>4.3%</b>	<b>4.4%</b>
<b>EPRA topped-up net yield from rental income</b>	<b>4.3%</b>	<b>4.4%</b>

## EPRA vacancy rate

CHF million	30.06.2015	31.12.2014
Estimated potential of vacant premises	15.2	21.3
Estimated rental income from total portfolio	194.0	199.0
<b>EPRA vacancy rate</b>	<b>7.8%</b>	<b>10.7%</b>

## EPRA operating expense ratio

CHF million	1 <sup>st</sup> half-year 2015	1 <sup>st</sup> half-year 2014
Operating expenses of investment real estate according to IFRS income statement:		
Direct expenses for rented investment real estate	15.9	10.9
Personnel expenses	2.0	2.0
Other operating expenses	3.5	3.3
<b>EPRA operating expenses (including vacancy costs)</b>	<b>21.4</b>	<b>16.2</b>
Direct vacancy costs	1.4	0.7
<b>EPRA operating expenses (including vacancy costs)</b>	<b>20.0</b>	<b>15.5</b>
Gross rental income less ground rent	88.5	74.6
<b>EPRA rental income</b>	<b>88.5</b>	<b>74.6</b>
<b>EPRA operating expenses (including vacancy costs)</b>	<b>24.2%</b>	<b>21.7%</b>
<b>EPRA operating expenses (excluding direct vacancy costs)</b>	<b>22.6%</b>	<b>20.8%</b>

## EPRA value-enhancing investments in investment properties

CHF million	1 <sup>st</sup> half-year 2015	1 <sup>st</sup> half-year 2014
Purchases	0.0	6.0
Value-enhancing investments (investment real estate under construction)	6.0	148.3
Value-enhancing investments (like-for-like yield-producing properties)	12.7	9.2
Capitalised building loan interest	0.1	1.3
<b>EPRA value-enhancing investments in investment properties</b>	<b>18.8</b>	<b>164.8</b>

# Additional information

## Information on investment real estate properties

	City of Zurich		Rest of Canton Zurich		Other regions		Total real estate	
	2015*	2014*	2015*	2014*	2015*	2014*	2015*	2014*
<b>Residential real estate</b>								
Number	5	5	10	11	4	4	19	20
Living space 000 m <sup>2</sup>	20	20	86	88	18	18	124	126
Vacancy rate <sup>1</sup> %	16.4	19.7	3.0	2.6	5.0	0.9	6.1	6.1
Rental income CHF million	2.9	2.3	10.3	8.5	2.4	1.9	15.6	12.7
Earnings on property <sup>2</sup> CHF million	2.6	2.1	9.0	7.6	2.1	1.5	13.7	11.2
Gross yield %	3.9	3.9	4.7	4.8	5.0	5.9	4.6	4.7
Net yield <sup>3</sup> %	3.5	3.5	4.1	4.3	4.3	4.7	4.0	4.2
Acquisition value CHF million	120.4	119.0	331.1	336.9	84.2	84.2	535.7	540.1
Market value CHF million	153.9	148.6	461.6	447.2	100.3	96.7	715.8	692.5
Average market value by property CHF million	30.8	29.7	46.2	40.7	25.1	24.2	37.7	34.6
Change in market value <sup>4</sup> CHF million	3.9	-0.2	20.8	4.1	3.7	0.4	28.4	4.3
<b>Commercial real estate</b>								
Number	21	22	14	14	8	8	43	44
Floor space 000 m <sup>2</sup>	317	344	177	177	59	59	554	580
Vacancy rate <sup>1</sup> %	7.4	4.5	11.2	9.2	2.2	2.4	8.0	5.5
Rental income CHF million	43.3	36.6	20.6	16.3	9.0	9.0	72.9	61.9
Earnings on property <sup>2</sup> CHF million	33.1	33.2	17.8	14.1	8.0	5.2	58.9	52.5
Gross yield %	5.2	6.0	5.3	5.9	5.6	5.6	5.3	5.9
Net yield <sup>3</sup> %	4.0	5.4	4.6	5.1	5.0	3.2	4.3	5.0
Acquisition value CHF million	1 611.3	1 705.5	773.2	770.9	334.1	333.4	2 718.6	2 809.8
Market value CHF million	1 648.7	1 727.6	759.7	769.8	315.1	319.7	2 723.5	2 817.1
Average market value by property CHF million	78.5	78.5	54.8	54.8	39.4	40.0	63.3	64.0
Change in market value <sup>4</sup> CHF million	-8.6	5.1	-12.5	2.6	-5.3	-2.2	-26.4	5.5
<b>Investment real estate under construction</b>								
Number	2	1	-	-	-	-	2	1
Land area 000 m <sup>2</sup>	13	2	-	-	-	-	13	2
Acquisition value CHF million	26.0	4.7	-	-	-	-	26.0	4.7
Market value CHF million	33.8	4.0	-	-	-	-	33.8	4.0
Change in market value <sup>4</sup> CHF million	8.5	5.6	-	-3.0	-	-	8.5	2.6
Investment volume CHF million	96.0	23.0	-	-	-	-	96.0	23.0

\* Should no further particulars be given, values referring to the income statement concern the 1<sup>st</sup> half-year, and balance sheet values the cut-off date on 30.06.2015 or 31.12.2014.

<sup>1</sup> In percent of target rental income, cumulative as at cut-off date

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

<sup>3</sup> Rental earnings in percent of continued market value on 1 January

<sup>4</sup> From revaluation in first half-year 2015 or 2014 respectively



## Key figures of Allreal share

		1 <sup>st</sup> half-year 2015 resp. 30.06.2015	1 <sup>st</sup> half-year 2014 resp. 31.12.2014
Issued share capital on cut-off date	CHF million	797.1	797.1
Authorised capital on cut-off date	CHF million	100.0	100.0
Conditional capital on cut-off date	CHF million	134.8	134.8
Issued shares on cut-off date	number	15 942 821	15 942 821
Treasury shares on cut-off date	number	53 823	1 568
Outstanding shares on cut-off date <sup>1</sup>	number	15 888 998	15 941 253
Outstanding shares on average <sup>2</sup>	number	15 911 213	15 924 314
Share price high	CHF	128.10	138.20
Share price low	CHF	150.20	120.20
Share price on cut-off date	CHF	129.00	137.10
Market capitalisation on cut-off date <sup>3</sup>	CHF million	2 049.7	2 185.5
Average trading volume per day (on exchange)	number of shares	17 829	12 587

<sup>1</sup> Number of issued shares minus treasury shares

<sup>2</sup> Average number of shares outstanding according to IAS 33

<sup>3</sup> Share price on cut-off date multiplied by the number of outstanding shares on cut-off date

## Share statistics

Share type	Registered share
Par value	CHF 50
Securities number	883 756
SIX symbol	ALLN
ISIN	CH0008837566
Bloomberg	ALLN SW

## Shareholder structure as at 30 June 2015

Number of shares	Number of shareholders	Number of shares	%
>478 284 shares (>3%)	8	5 489 753	34.4
100 001–478 284 shares	17	3 445 623	21.6
10 001–100 000 shares	115	2 894 987	18.2
1001–10 000 shares	397	1 126 609	7.1
1–1000 shares	2 770	680 037	4.2
<b>Total registered</b>	<b>3 307</b>	<b>13 637 009</b>	<b>85.5</b>
Not registered		2 305 812	14.5
<b>Total shares</b>		<b>15 942 821</b>	<b>100.0</b>

54.8% of share capital is held by pension funds and insurance companies and 7.9% by individual persons. A further 22.8% is held by legal entities as well as funds, foundations and banks. 14.5% of share capital is not registered in the share register. 6.6% of share capital is held by non-Swiss shareholders (registered).

# Structure, Contacts and Schedule

## Structure and Addresses

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Allreal Holding AG  
Allreal Finanz AG  
Grabenstrasse 25, 6340 Baar

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Allreal Home AG  
Allreal Office AG  
Allreal Toni AG  
Allreal Vulkan AG  
Allreal West AG  
Apalux AG  
Hammer Retex AG  
Eggbühlstrasse 15, 8050 Zurich

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Allreal Generalunternehmung AG  
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### Schedule

2015 Annual results  
1 March 2016

2016 Annual shareholders'  
meeting  
15 April 2016

2016 Half-year results  
30 August 2016

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### Publisher

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### Imprint

**Text and editorial office**  
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**Graphic design**  
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**Layout/Prepress/Press**  
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