

2016 Half-year Report

allreal

holding

Key figures at a glance

		1 st half-year 2016 as at 30.06.2016*	1 st half-year 2015 as at 31.12.2015*	Change in % ¹
Group				
Total sales ²	CHF million	348.9	395.5	-11.8
Operating profit (EBIT) incl. revaluation gains	CHF million	110.4	103.7	+6.5
Net profit incl. revaluation effect	CHF million	69.8	67.2	+3.9
Operating profit (EBIT) excl. revaluation gains	CHF million	100.1	93.2	+7.4
Net profit excl. revaluation effect	CHF million	61.4	59.1	+3.9
Cash flow	CHF million	181.4	14.0	-
Return on equity incl. revaluation effect (annualised)	%	7.1	6.9	+0.2
Return on equity excl. revaluation effect (annualised)	%	6.6	6.4	+0.2
Equity ratio on cut-off date	%	49.9	48.2	+1.7
Net gearing ³ on cut-off date	%	80.4	88.0	-7.6
Average interest rate on financial liabilities on cut-off date	%	2.14	2.15	-0.01
Average duration of financial liabilities	months	61	52	+9
Sales Projects & Development division	CHF million	260.2	303.8	-14.4
Earnings from Projects & Development division ⁴	CHF million	49.8	36.1	+38.0
Operating margin Projects & Development division ⁵	%	48.8	16.6	+32.2
Employees on cut-off date	number of full-time equivalents	286	312	-26
Share				
Earnings per share incl. revaluation effect	CHF	4.38	4.22	+3.8
Earnings per share excl. revaluation effect	CHF	3.85	3.71	+3.8
Net asset value (NAV) per share before deferred taxes on cut-off date	CHF	130.90	132.95	-1.5
Net asset value (NAV) per share after deferred taxes on cut-off date	CHF	123.20	125.35	-1.7
Share price on cut-off date	CHF	135.00	133.60	+1.0
Valuation on cut-off date				
Market capitalisation ⁶	CHF million	2 151.2	2 125.5	+1.2
Enterprise value (EV) ⁷	CHF million	3 730.7	3 879.7	-3.8

* Should no further particulars be given, values referring to the income statement concern the 1st half-year and balance sheet value the cut-off dates on 30.06.2016 as at 31.12.2015.

¹ Changes in quantum and percentage values shown as absolute difference

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

³ Financial liabilities minus cash as percentage of equity

⁴ Income from realisation Projects & Development, sales development, capitalised company-produced assets and diverse income minus direct expenses for realisation 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 Stock price at balance sheet date multiplied by the number of outstanding shares

⁷ Market capitalisation plus net debts

Real estate at a glance

		1 st half-year 2016 as at 30.06.2016*	1 st half-year 2015 as at 31.12.2015	Change in % ¹
Yield-producing properties				
Residential real estate	number	20	19	+1
Commercial real estate	number	39	43	-4
Market value on cut-off date	CHF million	3 418.6	3 475.3	-1.6
Rental income from investment real estate	CHF million	86.5	88.5	-2.3
Vacancy rate ²	%	6.2	7.6	-1.4
Real estate expenses	CHF million	-11.5	-15.9	-27.7
Real estate expenses	in % of rental income	13.3	18.0	-4.7
Gross yield ³	%	5.2	5.2	-
Net yield ⁴	%	4.3	4.2	+0.1
Real estate under construction				
Buildings	number	2	2	-
Market value on cut-off date	CHF million	45.8	49.9	-8.2
Investment volume	CHF million	111.0	96.0	+15.6
Investment real estate for development				
Book value development reserves on cut-off date	CHF million	64.0	71.4	-10.4
Estimated investment volume development reserves	CHF million	559.0	637.0	-12.2
Book value buildings under construction on cut-off date	CHF million	69.3	171.4	-59.6
Estimated investment volume buildings under construction	CHF million	283.0	268.0	+5.6
Book value completed real estate on cut-off date	CHF million	28.2	52.7	-46.5

* Should no further particulars be given, values referring to the income statement concern the 1st half-year and balance sheet value the cut-off dates on 30.06.2016 as at 31.12.2015.

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

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Strong 2016 Half-year Result

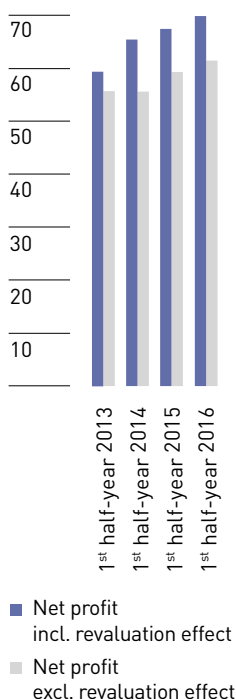
- Convincing real-estate operating result
- Continued and sustained reduction of vacancy rate
- Gratifying Projects and Development result thanks to earnings from sales and consistent profitability in third-party business
- Confirmation of expectations for entire 2016 financial year

Allreal very successfully held its own in an increasingly demanding market environment. Net profit including revaluation effect for the first half year in 2016 amounted to CHF 69.8 million, or 3.9% above the comparable result the previous year (1st half 2015: CHF 67.2 million). The gratifying result is characterised by good real-estate earnings in the Real Estate division on the one hand, and by earnings from the sale of development real estate and pleasing earnings from third-party business in the Projects & Development division on the other.

Valuation of the properties held in investment real estate resulted in a value increase comparable to that of the previous year of CHF 10.3 million in total. Adjusted for the positive value correction, net profit of CHF 61.4 million was reported slightly above the very good result of the comparable period the previous year of CHF 59.1 million.

In the first six months of the year, revenue derived from the rental and management of properties and from the activity as a general contractor represents a total performance of CHF 348.9 million. As expected, this amount is 11.8% below that of the comparable period the previous year (1st half 2015: CHF 395.5 million). The decline is due mainly to the reduced project volume handled by the Projects & Development division.

Net profit
CHF million



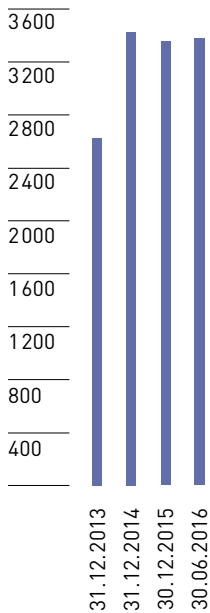
On the cut-off date, Allreal employed a total of 308 employees (31.12.2015: 337 employees) in Basel, Bern, Cham and Zurich. The lower number of employees reflects the company's consistent focus on projects with calculable risks and a sound profit potential and the ensuing lower project volume.

Real Estate division

Owing to the sale of yield-producing properties in the second half of 2015 and in the period under review, rental income declined slightly by 2.3% to CHF 86.5 million when compared to the comparable period the previous year (1st half 2015: CHF 88.5 million). Compared to the second half of 2015, rental income in the period under review grew as a result of the lower vacancy rate and despite the reduced inventory of yield-producing properties.

Thanks to numerous achievements concerning initial letting and re-letting of both residential and commercial real estate, the cumulative vacancy rate declined by 1.4 percentage points to 6.2% of target rental income (1st half 2015: 7.6%). Owing to positive negotiations with various prospective tenants, Allreal expects the vacancy rate to continue to decline in the second half of 2016. This is based, not least, on a rental agreement signed after the cut-off date concerning the office building on Lilienthal Boulevard 2–8 in Opfikon ZH comprising 13,400 square metres of useful space. As a result, the building is fully let.

Yield-producing properties
CHF million



Real-estate expenses for the first half of 2016 amounted to CHF 11.5 million which, in terms of total rental income, represents an expense rate of 13.3% (1st half 2015: CHF 15.9 million/18.0%). The value is therefore clearly below the standard range of 15% to 17% but is expected to approach the 15% level in the second half of 2016.

The reduced loss in revenue connected with the decreasing vacancy rate and the lower real-estate expenses resulted in a net yield of 4.3%.

In the period under review, Hammer Retex recorded sales of CHF 2.2 million (1st half 2015: CHF 3.2 million) by means of management, maintenance and marketing of real estate. The decline is primarily due to the higher share of work for the group.

Operating profit excluding revaluation gains of CHF 77.0 million reported by the Real Estate division for the first half of 2016 is 12.8% below that of the comparable period the previous year (1st half 2015: CHF 88.3 million) which was characterised by extraordinary sales profits.

The portfolio of yield-producing properties experienced one addition and four divestments in the first half of 2016.

The addition concerns a residential and commercial building from Allreal's own development and realisation located on Schiffbaustrasse in Zurich-West; at the time of completion in June 2016, all apartments and a considerable share of the commercial space in the building were let.

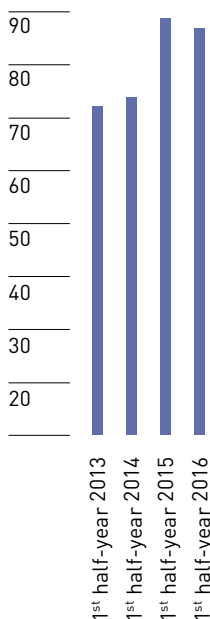
In the period under review, three commercial properties in Zurich and Dietlikon with total floor space of 15,000 square metres were sold to an institutional investor and an office building in Zurich Aussersihl. The profit resulting from the sale amounts to CHF 5.6 million (1st half 2015: CHF 18.4 million) or 6.0% above the total book value of the four divested buildings.

The portfolio of yield-producing properties as at 30 June 2016 comprised 20 residential and 39 commercial buildings.

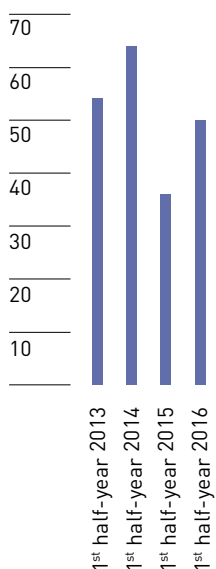
Following the addition of a planned commercial building in Bülach ZH and the divestment of a residential and commercial building in Zurich-West – both by means of reclassification – the portfolio of investment real estate under construction comprised two projects representing a total market value on the cut-off date of CHF 45.8 million, an estimated investment volume of CHF 111.0 million and annual target rental income of CHF 6.7 million.

The valuation of the investment properties by an external estimator as at 30 June 2016 resulted in a positive total value adjustment before tax of CHF 10.3 million (1st half 2015: CHF 10.5 million). Of this amount, CHF 3.8 million applied to yield-producing properties and CHF 6.5 million to investment real estate under construction.

Income from investment real estate
CHF million



Earnings from Projects & Development
CHF million



The total value of the portfolio including divestments and reclassifications effected in the period under review and the positive value adjustments as at the cut-off date amounted to CHF 3.42 billion (1st half 2015: CHF 3.53 billion).

The Real Estate division's share in the group's net operating result was 70.8% (1st half 2015: 94.2%).

Projects & Development division

Earnings generated by the Projects & Development division in the first half of 2016 from the development and realisation for third parties, sale of development real estate and capitalised performance of own projects amounted to CHF 49.8 million (1st half 2015: CHF 36.1 million).

Gains resulting from the sale of development real estate of CHF 22.1 million – of which a share of more than 80% relates to the ownership transfer of 90 units in the Guggach residential project in Zurich Unterstrass – represent a significant contribution toward the earnings result reported 38% above the comparable value the previous year.

Earnings of CHF 24.4 million generated by the Realisation department – development and realisation for third parties – remained at the previous year's level representing a pleasingly stable gross margin of 11.3% (1st half 2015: 11.6%).

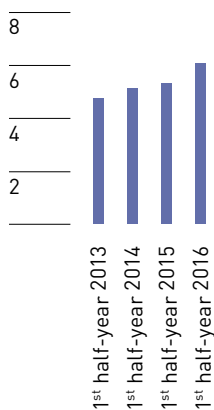
Profits of CHF 24.3 million reported by the Projects & Development division accrued in the first half of 2016 (1st half 2015: CHF 6.0 million) from the sale of development real estate and lower operating expenses resulted in distinctly higher earnings before interest and taxes (EBIT) compared to the previous year.

Allreal is currently planning the realisation of a site in Bülach-Nord measuring over 55,000 square metres to be used mainly for residential purposes comprising about 420 rental and 70 condominium units in the medium price range plus office and commercial space.

The investment volume of the project developed by Allreal itself amounts to over CHF 306 million. In the period under review, Project Development transferred the first of eight sub-projects to the Realisation department. The residential complex for Allreal's own portfolio to be completed by 2018 includes four blocks comprising a total of 76 rental apartments. A large share of the remaining project is to be sold to a certain investor who has already been determined.

In the period under review, the development property on Kirschblütenweg in Basel was brought to the construction stage and transferred to the Realisation department. The 12 residential units ready for occupation in 2018 have already been sold.

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



The project volume completed by the Realisation department in the first half of 2016 amounted to CHF 260.2 million (1st half 2015: 303.8 million). The lower amount compared to the comparable period the previous year reflects Allreal's consistent focus on the realisation of projects with calculable risks and sound profit potential.

The share of the project volume handled for third parties amounted to CHF 215.5 million, that of development projects designated for the sale to third parties to CHF 17.8 million, and that of own projects for Allreal's own portfolio to CHF 26.9 million (1st half 2015: CHF 224 million/CHF 36 million/CHF 44 million).

Of the entire project volume, 69.2% represents new construction projects and 30.8% refurbishment and conversion projects (1st half 2015: 76.4% / 23.6%). Secured order backlog on the cut-off date amounted to CHF 714 million which will guarantee utilisation of existing capacity for a period of over 12 months.

With 49 units sold, the sale of development real estate was gratifying. Profit of CHF 22.1 million accrued in the period under review was derived to a large degree from the Guggach project in Zurich Unterstrass. The projects Kirschblütenweg in Basel, Pfruendmatt in Mettmenstetten and Cholplatz in Bülach contributed to the good result. Following the sale of the last condominium in the Holengasse project in Meilen, 38 units in 6 projects were available on the cut-off date, 14 of the units ready for occupation.

In the first half of 2016, the Project & Development division's share in the Group's net operating result represented 29.2% (1st half 2015: 5.8%).

Advantageous financing despite negative interest rates

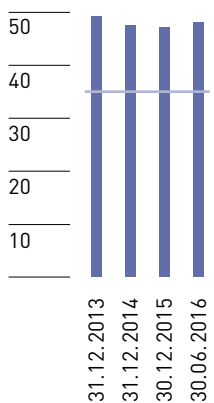
Owing to the immense inflow of funds resulting from the sale of development real estate and yield-producing real estate, financial debt as at the cut-off date decreased by CHF 170 million to 1.61 billion (31.12.2015: CHF 1.78 billion).

In the period under review, a 2.50% debenture loan of CHF 150 million was redeemed by a 0.625% debenture loan for the same amount to be released in 2024. Negative interest rates applying to interest swaps resulted in slightly higher financial expenses for the period under review. The average interest rate for debt on the cut-off date was 2.14% at an average time to maturity of 61 months (31.12.2015: 2.15% / 52 months).

Freely available lines of credit as at 30 June 2016 amounted to CHF 643 million with a debt capacity of CHF 1.4 billion. The company thus enjoys advantageous financing and is in a position to take efficient advantage of opportunities as they arise.

As at 30 June 2016, Allreal's equity ratio amounted to 49.8% and net gearing to 80.4% (31.12.2015: 48.2% / 88.0%). Return on equity excluding revaluation gains grew by 0.2 percentage points to 6.6% in the period under review.

Equity ratio
in percent



Minimum

Outlook

For more than a decade the real-estate market has experienced continuous growth. Insecurity concerning the further course of the economy and the development of the legal and political parameters connected with an over-supply of residential and commercial space apparent in certain regions will inevitably lead to an increasingly demanding market environment.

Thanks to the combination of a stable-income real-estate portfolio with the activity of a general contractor, this development can be connected with opportunities for Allreal. Consequently, the company looks to the future optimistically and with confidence.

Allreal recognises potential especially in the development and realisation of residential and commercial properties for our own portfolio and for profitable sale to third parties. Own projects already started on or far advanced in development allow for portfolio growth possible in the coming years of more than 200 million francs in total.

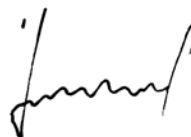
Parallel to the stronger focus on project development and its dynamisation, Allreal aims to consistently implement measures to continue reducing the vacancy rate and to increase efficiency while securing quality and profitability.

The company expects business in the second half of 2016 to continue developing at a constant rate and, therefore, it anticipates operating net profit for the entire 2016 financial year to compare to that of the previous year.

The Board of Directors and Group Management wish to take this opportunity to thank our shareholders for their trust and all staff members for their commitment. These two conditions are indispensable for both the strong 2016 half-year results and the optimistic assessment of future prospects.



Bruno Bettoni
Chairman



Roger Herzog
Chief Executive Officer

Consolidated half-year financial statements of Allreal Group

Consolidated statement of comprehensive income

CHF million	Notes	1 st half-year 2016	1 st half-year 2015 reviewed
Income from renting investment real estate	2	86.5	88.5
Income from real estate management services	3	2.2	3.2
Income from realisation Projects & Development	4	215.5	223.7
Income from sales Development	4	170.3	31.9
Diverse income	4	0.2	0.1
Operating income		474.7	347.4
Direct expenses for rented investment real estate	5	-11.5	-15.9
Direct expenses from realisation Projects & Development	4	-191.1	-197.7
Direct expenses from sales Development	4	-148.2	-28.3
Direct operating expenses		-350.8	-241.9
Personnel expenses		-25.1	-28.8
Other operating expenses		-7.1	-7.1
Operating expenses		-32.2	-35.9
Capitalised company-produced assets	4	3.1	6.4
Earnings from sale of investment real estate	6	5.6	18.4
Higher valuation of yield-producing properties		21.6	35.5
Lower valuation of yield-producing properties		-17.8	-33.5
Higher valuation of investment real estate under construction		6.5	8.5
Lower valuation of investment real estate under construction		0.0	0.0
Earnings from revaluation of investment real estate	7	10.3	10.5
EBITDA		110.7	104.9
Depreciation other property, plant and equipment		-0.3	-0.2
Amortisation intangible assets		0.0	-1.0
Operating profit (EBIT)		110.4	103.7
Finance income		0.9	0.9
Finance expenses	8	-22.5	-18.8
Net profit before tax		88.8	85.8
Tax expenses		-19.0	-18.6
Net profit		69.8	67.2
Items subsequently restated in profit or loss statement:			
Valuation of financial instruments		-2.5	-7.2
Deferred taxes resulting from valuation of financial instruments		0.5	1.6
Items not subsequently restated in profit or loss statement:			
Changes in employee benefits		-13.5	1.5
Deferred taxes from changes in employee benefits		3.0	-0.3
Other comprehensive income		-12.5	-4.4
Total comprehensive income		57.3	62.8
Earnings per share in CHF	9	4.38	4.22
Diluted earnings per share in CHF	9	4.39	4.23

Consolidated balance sheet

CHF million	Notes	30.06.2016	31.12.2015 audited
Investment real estate	10	3 418.6	3 475.3
Investment real estate under construction	10	45.8	49.9
Other property, plant and equipment		1.4	1.6
Financial assets		139.7	143.4
Deferred tax assets		41.5	42.2
Non-current assets		3 647.0	3 712.4
Development real estate	11	161.5	295.5
Trade receivables		87.6	96.4
Other receivables		11.5	8.3
Cash		27.7	23.4
Current assets		288.3	423.6
Assets		3 935.3	4 136.0
Share capital	12	797.1	797.1
Capital reserves		141.1	232.7
Treasury shares	12	-0.8	-4.4
Retained earnings		1 026.0	968.7
Equity		1 963.4	1 994.1
Long-term borrowings	13	922.2	774.1
Deferred tax liabilities		164.1	163.4
Long-term provisions		2.7	3.0
Liabilities staff pension fund		18.4	4.2
Derivative financial instruments		76.6	71.8
Long-term liabilities		1 184.0	1 016.5
Trade payables		66.4	62.7
Payments for development real estate		8.9	24.1
Current tax liabilities		0.0	9.1
Derivative financial instruments		1.8	0.0
Other current liabilities		21.4	21.9
Short-term provisions		4.4	4.1
Short-term borrowings	13	685.0	1 003.5
Short-term liabilities		787.9	1 125.4
Liabilities		1 971.9	2 141.9
Equity and liabilities		3 935.3	4 136.0

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	
As at 1 January 2015	797.1	320.2	-0.1	-50.6	85.1	802.3	1 954.0
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
As at 30 June 2015 (reviewed)	797.1	232.7	-7.3	-56.2	104.4	851.3	1 922.0
Net profit						54.7	54.7
Valuation of financial instruments				6.8			6.8
Changes in employee benefits						7.7	7.7
Total comprehensive income				6.8		62.4	69.2
Purchase treasury shares			-10.5				-10.5
Sale treasury shares			13.3				13.3
Share-based reimbursement			0.1				0.1
Reclassification					12.0	-12.0	0.0
As at 31 December 2015 (audited)	797.1	232.7	-4.4	-49.4	116.4	901.7	1 994.1
Net profit						69.8	69.8
Valuation of financial instruments				-2.0			-2.0
Changes in employee benefits						-10.5	-10.5
Total comprehensive income				-2.0		59.3	57.3
Purchase treasury shares			-7.9				-7.9
Sale treasury shares			11.4				11.4
Pay-out of reserves from capital contributions		-91.6					-91.6
Share-based reimbursement			0.1				0.1
Reclassification					26.9	-26.9	0.0
As at 30 June 2016	797.1	141.1	-0.8	-51.4	143.3	934.1	1 963.4

Consolidated cash flow statement

CHF million	Notes	1 st half-year 2016	1 st half-year 2015 reviewed
Earnings before tax		88.8	85.8
Net financial expense		21.6	17.9
Earnings from revaluation of investment real estate	7	-10.3	-10.5
Depreciation other property, plant and equipment		0.3	0.2
Depreciation intangible assets		0.0	1.0
Earnings from sale of investment real estate	6	-5.6	-18.4
Capitalisation of company-produced assets in development real estate		-2.1	-4.7
Share-based reimbursement		0.1	0.1
Change in pension fund obligations affecting net income		0.6	0.8
Other items		0.4	1.1
Change in development real estate		134.5	-0.1
Change in trade receivables		8.8	-3.5
Change in other receivables		-3.2	2.8
Change in provisions		-0.3	0.2
Change in trade payables		3.8	-3.2
Change in down payments for development real estate		-15.2	5.4
Change in other current liabilities		-0.5	-23.3
Cost of finance paid		-22.1	-20.0
Financial income received		0.9	0.9
Income tax paid		-19.1	-18.5
Cash flow from operating activities		181.4	14.0
Acquisition of investment real estate	10	-7.0	-12.7
Proceeds from sale of investment real estate	6	98.8	88.2
Investment in investment real estate under construction	10	-13.6	-6.0
Divestment of investment real estate under construction		0.0	0.0
Acquisition of other property, plant and equipment		0.1	-0.3
Divestment of other fixed assets		0.0	0.0
Increase financial assets		-2.6	-11.3
Decrease in financial assets		5.8	4.2
Cash flow from investing activities		81.5	62.1
Increase in borrowings		65.0	95.0
Decrease in borrowings		-235.0	-311.9
Issue of bond loan		149.4	221.1
Repayment bond loan		-150.0	0.0
Purchase treasury shares		-7.9	-17.1
Sale treasury shares		11.5	9.8
Payout of reserves from capital contributions		-91.6	-87.5
Cash flow from financing activities		-258.6	-90.6
Change in cash		4.3	-14.5
Cash at 1 January		23.4	31.9
Cash at 30 June		27.7	17.4

Segment information for the first half-year 2016

CHF million	Real estate	Projects & Development	Total segments	Holding/eliminations	Total
Income statement					
Operating income	88.7	386.0	474.7	0.0	474.7
Profit from intercompany services	-2.5	2.8	0.3	-0.3	0.0
Direct operating expenses	-11.5	-339.3	-350.8	0.0	-350.8
Operating expenses	-3.3	-28.0	-31.3	-0.9	-32.2
Capitalised company-produced assets	0.0	3.1	3.1	0.0	3.1
Earnings from sale of investment real estate	5.6	0.0	5.6	0.0	5.6
Earnings from revaluation of investment real estate	10.3	0.0	10.3	0.0	10.3
EBITDA	87.3	24.6	111.9	-1.2	110.7
Depreciation and amortisation	0.0	-0.3	-0.3	0.0	-0.3
Operating profit (EBIT)	87.3	24.3	111.6	-1.2	110.4
Net financial expense	-20.8	-0.8	-21.6	0.0	-21.6
Financial income	0.9	0.0	0.9	0.0	0.9
Financial expense	-21.7	-0.8	-22.5	0.0	-22.5
Tax expense	-13.5	-5.1	-18.6	-0.4	-19.0
Net profit	53.0	18.4	71.4	-1.6	69.8
EBITDA excl. revaluation gains	77.0	24.6	101.6	-1.2	100.4
Operating profit (EBIT) excl. revaluation gains	77.0	24.3	101.3	-1.2	100.1
Net profit excl. revaluation effect	44.6	18.4	63.0	-1.6	61.4
Operating margin in percent ¹	93.0	48.8	76.4	0.0	75.5
Rental income and income from real estate management	88.7	0.0	88.7	0.0	88.7
Completed project volume third-party projects	0.0	215.5	215.5	0.0	215.5
Completed project volume own projects	0.0	44.7	44.7	0.0	44.7
Total sales (according to internal reporting)	88.7	260.2	348.9	0.0	348.9
less sales from intercompany services	0.0	-26.9	-26.9	0.0	-26.9
Total sales to third parties (according to internal reporting)	88.7	233.3	322.0	0.0	322.0
plus reconciliation item external reporting	0.0	152.5	152.5	0.0	152.5
Diverse income	0.0	0.2	0.2	0.0	0.2
Operating income	88.7	386.0	474.7	0.0	474.7
Balance sheet as at 30.06.2016					
Non-current assets	3 641.6	5.4	3 647.0	0.0	3 647.0
Current assets	18.6	268.5	287.1	1.2	288.3
Total assets	3 660.2	273.9	3 934.1	1.2	3 935.3
Provisions	0.0	25.5	25.5	0.0	25.5
Other debt (excl. financing and taxes)	92.5	82.6	175.1	0.0	175.1
Financial liabilities	1 551.1	56.1	1 607.2	0.0	1 607.2
Tax liabilities	164.1	0.0	164.1	0.0	164.1
Total debt	1 807.7	164.2	1 971.9	0.0	1 971.9
Total assigned equity²	1 852.5	109.7	1 962.2	1.2	1 963.4
Investment in non-current assets	20.6	0.1	20.7	0.0	20.7

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

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

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 2015

CHF million	Real estate	Projects & Development	Total segments	Holding/eliminations	Total
Earnings statement					
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
EBITDA	99.2	6.8	106.0	-1.1	104.9
Depreciation and amortisation	-0.4	-0.8	-1.2	0.0	-1.2
Operating profit (EBIT)	98.8	6.0	104.8	-1.1	103.7
Financial income	0.9	0.0	0.9	0.0	0.9
Financial expense	-17.8	-1.0	-18.8	0.0	-18.8
Tax expense	-16.6	-1.5	-18.1	-0.5	-18.6
Net profit	65.3	3.5	68.8	-1.6	67.2
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
Net profit excl. revaluation effect	57.2	3.5	60.7	-1.6	59.1
Operating margin in percent ¹	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 sales 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
Balance sheet as at 31.12.2015					
Non-current assets	3 709.9	2.5	3 712.4	0.0	2 712.4
Current assets	8.2	411.8	420.0	3.6	423.6
Total assets	3 718.1	414.3	4 132.4	3.6	4 136.0
Provisions	0.0	11.3	11.3	0.0	11.3
Other debt (excl. financing and taxes)	88.9	91.6	180.5	0.0	180.5
Financial liabilities	1 638.7	138.9	1 777.6	0.0	1 777.6
Tax liabilities	164.6	6.8	171.4	1.1	172.5
Total debt	1 892.2	248.6	2 140.8	1.1	2 141.9
Total assigned equity²	1 825.9	165.7	1 991.6	2.5	1 994.1
Investment in non-current assets	18.8	0.3	19.1	0.0	19.1

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

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

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

Selected notes

1 Basic principles

The 2016 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 2015 consolidated financial statements. The number of consolidated companies decreased in the period under review as a consequence of the merger of the company Hammertor AG into Hammer Retex AG. As the two companies were directly or indirectly 100% held by Allreal Holding AG, the merger had no financial impact on the 2016 consolidated semi-annual financial statements.

Since 1 January 2016, 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 1 (Amendment)	Disclosure Initiative	1 January 2016	2016
IAS 16 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	2016
IAS 27 (Amendment)	Equity Method in Separate Financial Statement	1 January 2016	2016
IAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	2016
IFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Other Entities	1 January 2016	2016
IFRS 10/IAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016	2016
Improvements to IFRSs (Dec 2012–2014)	Cycle	1 July 2014/ 1 January 2016	2015/2016

These IFRS changes have no significant impact on the consolidated financial statements.

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 2016, no unusual events occurred that had a material impact on the assets, financial position and earnings of the Allreal Group.

The 2016 consolidated semi-annual financial statements were approved by the Board of Directors of Allreal Holding AG on 16 August 2016.

2 Income from renting investment real estate

CHF million	1 st half-year 2016	1 st half-year 2015
Rental income from residential properties	16.0	15.6
Rental income from commercial properties	70.5	72.9
Income from renting investment real estate	86.5	88.5

Income from renting investment real estate decreased year-on-year by 2.3% to CHF 86.5 million, which is essentially attributable to the sale of four yield-producing properties.

The cumulative vacancy rate for the first half of 2016 totalled 6.2% of target rental income (1st half-year 2015: 7.6%), broken down into 7.0% for commercial properties and 2.7% for residential properties (1st half-year 2015: 8.0% and 6.1% respectively).

3 Income from real estate management services

CHF million	1 st half-year 2016	1 st half-year 2015
Income from administration and management	2.0	2.6
Income from sale and brokerage	0.2	0.6
Income from real estate management services	2.2	3.2

4 Earnings from Projects & Development division

CHF million	1 st half-year 2016	1 st half-year 2015
Income from realisation Projects & Development	215.5	223.7
Direct expenses from realisation Projects & Development	-191.1	-197.7
Earnings from realisation Projects & Development	24.4	26.0
Income from sales Development	170.3	31.9
Direct expenses from sales Development	-148.2	-28.3
Income from sales Development	22.1	3.6
Capitalised company-produced assets	3.1	6.4
Diverse income	0.2	0.1
Earnings from Projects & Development division	49.8	36.1

Earnings from realisation Projects & Development consists of architects' and project & development fees (CHF 17.3 million) and earnings from construction activity (CHF 8.0 million) (1st half-year 2015: CHF 18.7 million and CHF 6.9 million, respectively). This contrasts with directly offset sales deductions (CHF -0.9 million) (1st half-year 2015: CHF 0.4 million).

In the first half of 2016, ownership of units under the projects Holengass Meilen (CHF 2.8 million), Lerchenbergstrasse Erlenbach (CHF 10.9 million), Cholplatz Bülach (CHF 9.4 million), Guggach Zurich (CHF 112.2 million), Pfruendmatt Mettmenstetten (CHF 27.4 million) and Escherhof Wallisellen (CHF 3.0 million) was transferred to third parties, resulting in gains on sales of CHF 21.1 million. In addition, the Guntenbachstrasse property in Volketswil (CHF 4.6 million) held under development reserves was sold.

5 Direct expenses for rented investment real estate

CHF million	1 st half-year 2016	1 st half-year 2015
Administrative and operating expenses, residential real estate	-0.9	-0.9
Administrative and operating expenses, commercial real estate	-3.5	-3.0
Maintenance and repair expenses, residential real estate	-1.0	-1.0
Maintenance and repair expenses, commercial real estate	-6.1	-11.0
Real estate expenses	-11.5	-15.9

6 Earnings from sale of investment real estate

CHF million	1 st half-year 2016	1 st half-year 2015
Proceeds from sale	100.4	88.5
Transaction costs on sale	-1.6	-0.3
Balance sheet value = market value on 31 December of the previous year	-93.2	-69.8
Earnings from sale of investment real estate	5.6	18.4

As at 1 March 2016, the commercial properties Lagerstrasse 41/45 in Zurich (target rental income of CHF 2.6 million p.a.), Max Högger-Strasse 2 in Zurich (target rental income of CHF 1.5 million p.a.) and Alte Dübendorferstrasse 17 in Dietlikon (target rental income of CHF 1.2 million p.a.) were sold. As at 1 April 2016, Allreal sold the leasehold commercial property Badenerstrasse 141 (target rental income CHF 0.9 million p.a.). After deduction of transaction costs, the sale of these properties resulted in total earnings of CHF 5.6 million on selling prices of CHF 100.4 million.

In the first half of 2015, the sale of two properties produced earnings of CHF 18.4 million.

7 Earnings from revaluation of investment real estate

CHF million	1 st half-year 2016	1 st half-year 2014
Higher valuation of yield-producing properties	21.6	35.5
Higher valuation of investment real estate under construction	6.5	8.5
Lower valuation of yield-producing properties	-17.8	-33.5
Lower valuation of investment real estate under construction	0.0	0.0
Earnings from revaluation of investment real estate	10.3	10.5

CHF 11.4 million of the higher valuation of yield-producing properties relates to residential real estate and CHF 10.2 million to commercial real estate (1st half-year 2015: CHF 29.3 million and CHF 6.2 million, respectively). CHF 17.8 million of the lower valuation of yield-producing properties relates to commercial real estate (1st half-year 2015: CHF -32.6 million).

The average discount rates as at 30 June 2016 for the entire portfolio of yield-producing properties amount to 4.71% (31.12.2015: 4.73%). The average capitalisation rates as at 30 June 2016 amount to 4.22% (31.12.2015: 4.51%).

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 st half-year 2016	1 st half-year 2015
Interest expense payable to banks/insurance companies for liabilities	-3.3	-4.6
Expense for derivatives	-14.6	-10.1
Interest expense for bond issues	-5.0	-5.0
Capitalised building loan interest	0.4	0.9
Financial expense	-22.5	-18.8

Interest expense for derivatives comprises interest paid of CHF 10.5 million, an ineffective portion of the change in fair value of CHF 2.8 million from interest rate swaps and CHF 1.3 million for an interest rate swap which no longer fulfils the requirements for hedge accounting.

Capitalised building loan interest of CHF 0.4 million (1st half-year 2015: CHF 0.9 million) breaks down into development real estate under construction (CHF 0.2 million) and investment real estate under construction (CHF 0.2 million), applying an average interest rate of 1.90 to 2.10% (1st half-year 2015: 2.10 to 2.30%).

9 Earnings per share/net asset value (NAV) per share

	1 st half- year 2016	1 st half- year 2015
Number of outstanding shares as at 01.01. (in thousands)	15 910	15 941
Change in holdings of treasury shares (in thousands)	25	-52
Number of outstanding shares as at 30.06. (in thousands)	15 935	15 889
Average number of outstanding shares (in thousands)	15 928	15 911
Net profit excl. revaluation effect (in CHF million)	61.4	59.1
Earnings from revaluation of investment real estate (in CHF million)	10.3	10.5
Deferred taxes on revaluation gains (in CHF million)	-1.9	-2.4
Net profit incl. revaluation effect (in CHF million)	69.8	67.2
Earnings per share incl. revaluation effect (CHF)	4.38	4.22
Earnings per share excl. revaluation effect (CHF)	3.86	3.71
Diluted earnings per share		
— incl. revaluation effect (CHF)	4.39	4.23
— excl. revaluation effect (CHF)	3.87	3.72

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 69.9 million including revaluation effect or CHF 61.5 million excluding revaluation effect. For this calculation, the average number of outstanding shares increases from 15 928 240 to 15 928 681.

	30.06.2016	31.12.2015
Outstanding shares (in thousands) on cut-off date	15 935	15 910
Equity on cut-off date (CHF million)	1 963.4	1 994.1
Net asset value (NAV) per share after deferred taxes (CHF)	123.20	125.35
Equity plus provisions for deferred taxes less deferred tax assets (CHF million)	2 086.0	2 115.3
Net asset value (NAV) per share before deferred taxes (CHF)	130.90	132.95

10 Investment real estate

CHF million	30.06.2016	31.12.2015
Residential real estate	757.2	719.6
Commercial real estate	2 661.4	2 755.7
Yield-producing properties	3 418.6	3 475.3
Investment real estate under construction	45.8	49.9
Investment real estate	3 464.4	3 525.2

The changes in the first half of 2016 can be summarised as follows:

CHF million	Residential real estate	Commercial real estate	Total yield-producing properties	Investment real estate under construction	Total investment real estate
As at 01.01.2016	719.6	2 755.7	3 475.3	49.9	3 525.2
Purchases	0.0	0.0	0.0	0.0	0.0
Value-enhancing investments	0.0	7.0	7.0	13.6	20.6
Capitalised building loan interest	0.0	0.0	0.0	0.2	0.2
Disposals	0.0	-93.7	-93.7	0.0	-93.7
Reclassifications	26.2	0.0	26.2	-24.4	1.8
Market value adjustments	11.4	-7.6	3.8	6.5	10.3
As at 30.06.2016	757.2	2 661.4	3 418.6	45.8	3 464.4
of which pledged or subject to restricted disposability	709.8	2 443.1	3 152.9	0.0	3 152.9

Within the commercial real estate portfolio, the value-enhancing investments relate to the Escher Wyss site, Zurich (CHF 2.9 million), Grüngasse 27-31/Badenerstrasse 119-133, Zurich (CHF 2.0 million) and four other properties (CHF 0.6 million).

The disposals of yield-producing properties relate to the sale of the commercial properties Lagerstrasse 41/45 (CHF 48.8 million) and Max Högger-Strasse 2 (CHF 19.6 million), Badenerstrasse 141 in Zurich (CHF 8.6 million) and Alte Dübendorferstrasse 17 in Dietlikon (CHF 16.7 million).

The reclassification from investment real estate under construction to yield-producing properties relates to the commercial property Schiffbaustrasse 7, Zurich (CHF 26.2 million) completed as at 1 June 2016. The Fangletenstrasse project in Bülach (CHF 1.8 million) was reclassified from development reserves to investment real estate under construction as a result of the start of building.

Largest tenants, commercial real estate

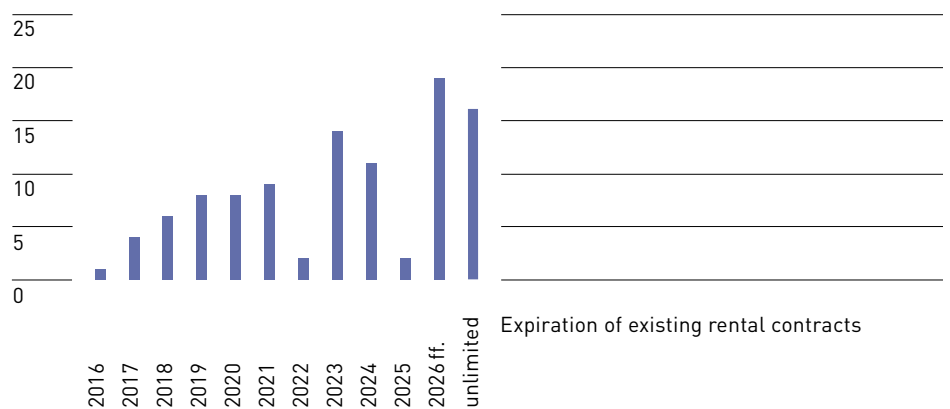
Share in total rental income from commercial real estate:

	30.06.2016	31.12.2015
Canton Zurich	18%	19%
Allianz Suisse Insurance Company	8%	8%
MAN Diesel & Turbo Switzerland Ltd	7%	7%
IBM Switzerland Ltd	6%	6%
UPC Switzerland GmbH	5%	5%
Total	44%	45%

In the first half of 2016, the five largest tenants accounted for 44% of rental income from commercial real estate. The ten largest tenants generated 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 36% in the first half of 2016.

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 7.6 years (31.12.2015: 7.8 years).

Investment real estate under construction as at 30 June 2016

Location	Property	Acquisition/ project start	Area of property in m ²	Register of suspected contaminated sites	Minergie	Market value CHF million ¹	Estimated investment volume CHF million ²	Target rental income on completion p.a. CHF million	Expected completion
Bülach	Fangletenstrasse	2011	11 250	yes	yes	2.4	38.0	2.0	2018
Zurich	Schiffbauplatz	2002/2014	11 180	yes	yes	43.4	73.0	4.7	2017
Total investment real estate under construction						45.8	111.0	6.7	

¹ According to valuation as at 30.06.2016

² Building and land costs

Schiffbauplatz, Zurich

New-build five- to six-floor commercial 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. Ten-year rental contracts 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 market valuation as at the balance sheet cut-off date, nominal discount and capitalisation rates of 4.8% and 4.3% were applied.

The property is 100% solely owned by Allreal.

Fangletenstrasse, Bülach

Four new-build apartment buildings with a total of 76 rental apartments to Minergie-Eco standard on the 11 250 square metre plot on Fangletenstrasse in Bülach-Nord. The rentable area is 7387 square metres. The project is being built by the Projects & Development division and, upon completion in 2018, 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 4.5% and 4.0% were applied.

Yield-producing properties (CHF 3418.6 million) and investment real estate under construction (CHF 45.8 million) are recognised as at 30 June 2016 at 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 01.01.2016	71.4	171.4	52.7	295.5
Purchases	0.0	0.0	0.0	0.0
From construction activity/ development	4.9	11.0	0.1	16.0
Income from sales Development	1.1	19.3	1.7	22.1
Impairment	0.0	0.0	0.0	0.0
Disposals	-4.6	-139.4	-26.3	-170.3
Reclassifications	-8.8	7.0	0.0	-1.8
As at 30.06.2016	64.0	69.3	28.2	161.5

Development real estate as at 30 June 2016

Location	Property	Acquisition/ project start	Area of property in m ²	Register of suspected contaminated sites	Book value CHF million	Estimated investment volume CHF million ¹	Project status	Expected completion
Development reserves								
Bassersdorf	Grindelstrasse	2008	6 000	no	3.7 ²	15.0	in planning	open
Bülach	Fangleten/Solistrasse	2011	44 084	yes	9.1 ³	269.0	in planning	open
Dielsdorf	Neuwisen	2013	46 419	no	35.2 ²	175.0	in planning	open
Rümlang	Bäuler	1987	30 278	yes	16.0 ²	100.0	in planning	open
Total development reserves					64.0	559.0		
Buildings under construction								
Basel	Kirschblütenweg	2011	3 948	no	7.0	16.0	under completion	2018
Mettmenstetten	Pfruendmatt	2012	6 989	no	5.4	34.0	under completion	2016
Steinen	Stauffacher	2012	3 100	no	9.1	15.0	under completion	2017
Zurich	Guggach	2011	20 045	no	47.8	218.0	under completion	2016
Total buildings under construction					69.3	283.0		
Completed real estate								
Bülach	Cholplatz	2014 ⁴			6.8			
Erlenbach	Lerchenbergstrasse	2014 ⁴			20.3			
Wallisellen	Escherhof	2013 ⁴			1.1			
Total completed real estate					28.2			
Total development real estate					161.5	842.0		

¹ Land and building costs

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

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

⁴ Completion

Kirschblütenweg, Basel

New-build complex of 12 terraced houses and 24 garage parking spaces to Minergie standard with lettable floor space (100% residential) of 1967 square metres. It is being built by Allreal Generalunternehmung AG and is scheduled for completion in 2017. As at 30 June 2016, all residential units had been sold, 0 of which with transfer of ownership.

Pfruendmatt, Mettmenstetten ZH

New-build complex of 35 terraced houses and 72 parking spaces to Minergie standard with lettable floor space (100% residential) of 5578 square metres. The project is being built by Allreal Generalunternehmung AG and is scheduled for completion in autumn 2016. As at 30 June 2016, 30 out of 35 residential units had been sold, 26 of which with transfer of ownership. 5 terraced houses were still for sale.

Stauffacher, Steinen SZ

Two new-build apartment buildings with a total of 18 condominiums and 30 garage parking spaces to Minergie standard with lettable floor space (100% residential) of 2 249 square metres. The project is being built by Hammer Retex AG and is scheduled for completion in 2017. As at 30 June 2016, 11 out of 18 residential units had been sold, 0 of which with transfer of ownership. 7 apartments were still for sale.

Guggach, Zurich

Four new-build apartment buildings with a total of 197 condominiums and 219 underground parking spaces to Minergie standard with lettable floor space (100% residential) of 25 919 square metres. The project is being built by Allreal Generalunternehmung AG. The first stage was completed in the fourth quarter of 2015 and handed over to the buyers. The second stage is scheduled for completion and handover to the buyers in 2016. As at 30 June 2016, 184 out of 197 residential units had been sold, 156 of which with transfer of ownership. 13 apartments were still for sale.

Cholplatz, Bülach ZH

Five new-build apartment buildings with a total of 82 condominiums and 135 underground parking spaces to Minergie standard with lettable floor space (100% residential) of 9148 square metres. The project was built by Allreal Generalunternehmung AG and completed in 2014. As at 30 June 2016, 75 out of 82 residential units had been sold, 73 of which with transfer of ownership. 7 apartments were still for sale.

Lerchenbergstrasse, Erlenbach ZH

Five new-build semi-detached houses and three new-build apartment buildings with a total of 39 residential units and 93 underground parking spaces to Minergie standard with lettable floor space (100% residential) of 7730 square metres. The project was built by Allreal Generalunternehmung AG and completed in 2014. As at June 2016, 31 out of 33 residential units had been sold, 31 of which with transfer of ownership. 6 apartments were still for sale.

Escherhof, Wallisellen ZH

New-build apartment building with 122 condominiums, space for commercial and catering businesses on the ground floor and 116 underground parking spaces to Minergie standard with lettable floor space of 14 510 square metres. The project was built by Allreal Generalunternehmung AG and completed in 2013. As at June 2016, 122 out of 122 residential units had been sold, 121 of which with transfer of ownership.

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
2015			
As at 1 January	15 942 821	1 568	15 941 253
Purchase treasury shares		205 499	
Sale treasury shares		-172 454	
Share-based reimbursement		-1 393	
As at 31 December	15 942 821	33 220	15 909 601
2016			
As at 1 January	15 942 821	33 220	15 909 601
Purchase treasury shares		59 058	
Sale treasury shares		-83 828	
Share-based reimbursement		-621	
As at 30 June	15 942 821	7 829	15 934 992

On 30 June 2016, Allreal held 7829 treasury shares (31.12.2015: 33 220 shares). The average purchase price per share stands at CHF 134.15 (31.12.2015: CHF 134.38). 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 15 April 2018 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 50.0 million by issuing up to 1 000 000 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 2016) following the conversion of convertible bonds into shares in previous years.

Further, Allreal Holding AG has conditional capital of CHF 10.0 million (200 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 15 April 2016 voted in favour of making a distribution of CHF 5.75 per share, corresponding to a total amount of CHF 91.6 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 31.12.2015	1 003.5	6.0	306.0	662.3	1 777.8
As at 30.06.2016	686.5	131.0	301.0	489.3	1 607.8
of which with repayment/ redemption	3.0	131.0	301.0	489.3	924.3
Repayment p.a.	3.0	3.0	3.0	3.0	–

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 2016–2024 0.625% bond issued at an issue price of 100.000% (CHF 150.0 million) was paid up on 12 May 2016. In addition to the interest rate of 0.625% actually payable, the expense – corresponding to an effective interest rate of 0.68% – is also deferred in the earnings statement. On the same date, a 2.50% bond (CHF 150 million) was paid back at 100%.

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

CHF million	Nominal amount	Book value		Fair value	
		as at 30.06.2016	as at 30.06.2016	as at 31.12.2015	as at 31.12.2015
2.00% bond issue 2013–23.09.2020	150.0	149.3	162.2	149.2	160.4
1.25% bond issue 2014–02.04.2019	125.0	124.8	129.1	124.7	129.0
1.375% bond issue 2015–31.03.2025	100.0	100.5	108.6	100.5	103.4
0.75% bond issue 2015–31.03.2021	120.0	120.4	123.5	120.5	122.3
0.625% bond issue 2016–10.05.2024	150.0	149.4	154.0	–	–
Fixed-rate mortgages	277.8	277.8	287.2	296.8	307.3

During the period under review CHF 0.2 million was spent on the amortisation of the issuing costs for the bonds (1st half-year 2015: CHF 0.2 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
As at 31.12.2015					
Borrowings	1 005.0	6.0	306.0	460.8	1 777.8
Effect of interest rate swaps	-735.0	200.0	250.0	285.0	0.0
Total	270.0	206.0	556.0	745.8	1 777.8
Total in %	15.2	11.6	31.3	41.9	100.0
As at 30.06.2016					
Borrowings	686.5	131.0	301.0	489.3	1 607.8
Effect of interest rate swaps	-635.0	150.0	200.0	285.0	0.0
Total	51.5	281.0	501.0	774.3	1 607.8
Total in %	3.2	17.5	31.2	48.1	100.0

Financial liabilities by interest lock-in periods are classified 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 2016, fixed advances amounting to CHF 685.0 million and fixed-rate mortgages amounting to CHF 277.8 million (at nominal values) are in place, all of which were taken out with Swiss banks or insurance companies.

The average interest rate of all financial liabilities as at 30 June 2016 is 2.14% (31 December 2015: 2.15%).

The average interest lock-in period for all financial liabilities as at 30 June 2016 is 61 months (31 December 2015: 52 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 break down into the following categories as at the balance sheet cut-off date:

CHF million	Category 1	Category 2	Category 3	Total
As at 31.12.2015				
Liabilities from derivative financial instruments	0.0	-71.8	0.0	-71.8
As at 30.06.2016				
Liabilities from derivative financial instruments	0.0	-78.4	0.0	-78.4

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	30.06.2016	31.12.2015
Purchase commitments	35.0	35.0
Guarantees and sureties	0.0	0.0

The capital commitment relates 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 470.9 million in connection with financings and derivative financial transactions with third parties on behalf of individual subsidiaries (31.12.2015: CHF 539.6 million).

As at 30 June 2016, 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 2016, the Projects & Development division carried out construction projects for a total of CHF 7.0 million for several parties to the shareholders' pooling agreement under standard market conditions, which corresponds to 3.2% of income from realisation Projects & Development (1st half of 2015: CHF 14.8 million/6.6%).

17 Events after the balance sheet date

On 28 July 2016, 100% of the shares of Bülachguss AG were acquired at a purchase price of CHF 39.3 million in connection with the Fangleten-/Solisstrasse project in Bülach ZH. Between 30 June 2016 and 16 August 2016 (date on which the consolidated semi-annual financial statements were approved by the Board of Directors), no other 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 2016

Location	Address	Ownership status ¹	Year acquired	Year of construction	Renovation ²	Area of property in m ²	Register of suspected contaminated sites	Minergie	Area of property in m ²
City of Zurich									
Zurich	Hardturmstrasse 5	CO ⁷	2004	2014		2 651	no	yes	6 087
Zurich	Heerenwiesen 23-41	CoO ⁵	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	Schiffbaustrasse 7 ⁶	SO	2010	2016		1 610	no	yes	2 333
Zurich	Zollikerstrasse 185-187	SO	2008	1984		1 445	no	no	1 637
Total city of Zurich						17 870			22 114
Rest of Canton Zurich									
Adliswil	Moosstrasse 1-13/ Grütstrasse 33-39	SO	2005	2011		13 901	no	yes	13 299
Bülach	Hohfuristrasse 7-11/ Unterweg 55-59/Im Stumpen 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 ⁷	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
Total rest of canton Zurich						121 116			85 799
Other regions									
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
Total other regions						11 920			17 972
Total residential real estate						150 906			125 885

¹ SO = sole ownership; CoO = coownership; CO = condominium ownership

² TR = total renovation; PR = partial renovation

³ Cumulative vacancy rate as a percentage of target rental income for the first half-year 2016

⁴ As per 30.06.2016 valuation (nominal rates)

⁵ 60% co-ownership Allreal

⁶ Rental income from 01.06.2016

⁷ 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 2016	Vacancy rate in % ³	Discount/ capitalisation rate in % ⁴
0	17	27	6	1	51	0	2.6	13.8	3.90/3.40
5	7	15	17	4	48	1 799	1.4	0.6	4.20/3.70
4	36	0	0	0	40	212	0.8	1.1	4.00/3.50
0	0	14	21	5	40	0	1.5	1.3	4.10/3.60
0	3	16	3	1	23	1 002	0.8	-	4.10/3.60
2	2	4	4	2	14	165	0.6	0.4	3.60/3.10
11	65	76	51	13	216	3 178	7.8	6.2	
0	27	62	38	10	137	350	3.7	0.3	4.00/3.50
0	9	16	18	6	49	50	1.0	2.4	4.30/3.80
0	20	41	56	22	139	2 392	4.0	2.4	4.40/3.90
18	30	71	41	0	160	659	3.1	1.2	4.20/3.70
0	4	0	10	4	18	200	0.5	0.0	4.40/3.90
0	17	17	0	0	34	9	0.5	0.1	4.40/3.90
0	18	24	12	0	54	286	0.9	1.4	4.30/3.80
0	0	24	16	0	40	354	0.8	1.7	4.20/3.70
0	0	48	60	40	148	110	2.4	0.8	4.40/3.90
1	18	75	22	2	118	1 208	4.0	3.6	4.30/3.80
19	143	378	273	84	897	5 618	20.9	1.7	
0	7	20	20	0	47	490	1.0	3.1	4.30/3.80
28	24	28	24	0	104	1 040	1.6	0.5	4.40/3.90
5	19	11	8	0	43	47	0.9	3.1	4.40/3.90
1	21	29	9	5	65	0	1.6	6.3	4.40/3.90
34	71	88	61	5	259	1 577	5.1	3.3	
64	279	542	385	102	1 372	10 373	33.8	2.7	

Commercial real estate as at 30 June 2016

Location	Address	Ownership status ¹	Year acquired	Year of construction	Renovation ²	Area of property in m ²
City of Zurich						
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 site) ⁵	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	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
Total city of Zurich						145 222

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

² TR = total renovation; PR = partial renovation

³ Cumulative vacancy rate as a percentage of target rental income for the first half-year 2016

⁴ As per 30.06.2016 valuation (nominal rates)

⁵ Valuation as at 30.06.2016 according to IFRS 13

Register of suspected contaminated sites	Minergie	Floor space in m ²	Percentage of office space	Percentage of retail space	Percentage of residential space	Percentage of other uses	Target rental income in CHF million for 2016	Vacancy rate in % ³	Discount/capitalisation rate in % ⁴
no	no	18 642	90.8	0.0	0.0	9.2	7.0	0.0	5.00/4.50
no	no	3 078	94.7	0.0	0.0	5.3	1.5	96.7	5.00/4.50
no	no	11 950	73.6	0.0	0.0	26.4	5.7	0.4	4.70/4.20
no	no	26 139	7.8	54.6	32.7	4.9	7.0	3.8	4.70/4.20
no	no	4 743	74.5	3.0	10.5	12.0	1.4	2.4	5.00/4.50
no	no	4 856	33.8	0.0	19.3	46.9	2.1	24.8	4.50/4.00
yes	yes	87 004	87.2	0.0	12.8	0.0	21.0	3.3	4.40/4.00
yes	no	12 847	16.5	7.6	32.8	43.1	3.3	7.1	4.88/4.38
yes	no	50 432	32.3	0.0	0.0	67.7	10.3	0.4	-/-
no	yes	11 256	95.8	0.0	0.0	4.2	3.6	38.8	5.20/4.70
no	no	10 190	91.0	0.0	0.0	9.0	4.3	0.0	5.00/4.50
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	4.50/4.00
no	no	1 729	77.1	0.0	0.0	22.9	0.5	0.1	4.90/4.40
no	yes	36 311	95.1	0.0	0.0	4.9	11.5	0.1	4.90/4.40
no	no	3 277	33.5	0.0	55.3	11.2	0.9	23.1	4.40/3.90
no	no	2 777	81.7	0.0	0.0	18.3	1.3	0.0	4.70/4.20
no	no	10 703	56.9	3.3	29.8	9.9	4.1	2.7	4.70/4.20
		303 806	66.2	5.2	9.7	18.9	87.8	5.5	

Location	Address	Ownership status ¹	Year acquired	Year of construction	Renovation ²	Area of property in m ²
Rest of Canton Zurich						
Bassersdorf	Grindelstrasse 3/5	SO	2008	1988	2001 PR	6 004
Dübendorf	Sonnentalstrasse 8	SO	2015	1974	2006 PR	16 621
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 ⁵	SO	1987	2007		5 241
Schlieren	Bernstrasse 55	SO	2003	2003		7 089
Schlieren	Zürcherstrasse 104	SO	2002	1988	2012 TR	4 724
Urdorf	In der Luberzen 29	SO	2000	1993		4 667
Wallisellen	Allianz office building ⁶	SO	2002	2013		13 078
Wallisellen	UPC Cablecom office building ⁷	SO	2002	2014		16 875
Winterthur	Schützenstrasse 2/Zürcherstrasse 12/14 ⁸	SO	2002	1928/53/86		18 386
Total rest of canton Zurich						105 938
Other regions						
Baar	Baarermatte	SO	2002	1981		17 960
Basel	Missionsstrasse 60-62a	SO	1999	1972	2014 TR	1 811
Basel	Missionsstrasse 64-64a	SO	2007	1972	2014 TR	1 658
Basel	Steinenvorstadt 36	SO	1999	1982	2012/2013 PR	718
Basel	Viaduktstrasse 40-44/Binneringerstrasse 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
Total other regions						37 460
Total commercial real estate						288 620

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

² TR = total renovation; PR = partial renovation

³ Cumulative vacancy rate as a percentage of target rental income for the first half-year 2016

⁴ As per 30.06.2016 valuation (nominal rates)

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

⁶ Allianz office building with retail space in Konradhof and Escherhof

⁷ UPC Switzerland office building with retail space and peripheral plots

⁸ Three properties

Register of suspected contaminated sites	Minergie	Floor space in m ²	Percentage of office space	Percentage of retail space	Percentage of residential space	Percentage of other uses	Target rental income in CHF million for 2016	Vacancy rate in % ³	Discount/capitalisation rate in % ⁴
no	no	12 586	55.9	0.0	0.0	44.1	1.8	28.7	5.60/5.10
no	no	26 006	25.9	1.5	0.5	72.1	2.5	0.0	4.90/4.40
no	no	7 417	9.0	74.7	0.0	16.3	1.8	20.9	5.60/5.10
no	no	4 343	97.5	0.0	0.0	2.5	0.9	1.4	5.40/4.90
no	yes	13 414	93.2	0.0	0.0	6.8	3.8	39.7	5.10/4.60
no	yes	13 314	90.8	0.0	0.0	9.2	4.4	0.0	5.00/4.50
no	no	10 193	88.2	0.0	0.0	11.8	2.0	8.0	5.10/4.60
no	no	2 705	35.5	43.1	0.0	21.4	0.9	0.0	5.40/4.90
yes	no	9 456	74.1	0.0	0.0	25.9	1.7	44.8	6.00/5.50
no	yes	50 819	74.7	12.9	0.0	12.4	13.5	3.3	5.10/4.60
no	yes	25 525	77.8	16.1	0.0	6.1	9.7	5.7	5.00/4.50
no	no	24 319	82.1	0.0	0.0	17.9	5.3	13.1	5.20/4.70
		200 097	68.8	8.9	0.1	22.1	48.4	10.0	
no	no	10 112	76.4	0.0	0.0	23.6	2.8	13.4	5.00/4.50
no	no	3 985	81.8	0.0	8.0	10.2	1.2	0.3	5.00/4.50
no	no	2 829	71.9	0.0	3.4	24.7	0.6	0.1	5.00/4.50
no	no	4 292	37.5	27.8	30.3	4.4	1.5	3.4	4.90/4.40
no	no	20 213	61.8	20.2	0.0	18.0	5.4	1.1	4.90/4.40
no	no	5 498	92.8	0.0	0.0	7.2	3.2	18.0	4.90/4.40
yes	yes	5 516	91.8	0.0	0.0	8.2	2.2	0.0	4.80/4.30
		52 445	71.1	10.1	3.3	15.6	16.9	6.3	
		556 348	67.6	7.0	5.6	19.7	153.1	7.0	

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EPRA key figures

EPRA earnings and EPRA earnings per share

CHF million	1 st half-year 2016	1 st half-year 2015
Earnings according to IFRS income statement	69.8	67.2
Adjusted by:		
Earnings from revaluation of investment real estate	-10.3	-10.5
Earnings from sale of investment real estate	-5.6	-18.4
Earnings from development real estate held for sale including impairment	-22.1	-3.6
Pro-rata income tax on sales	8.6	5.6
Negative goodwill/goodwill impairment	-	-
Change in the market value of financial instruments	3.2	-
Transaction costs for the purchase of shareholdings	-	-
Deferred taxes on EPRA adjustments	1.9	2.4
Effect on associated companies	-	-
Minority interests on the above positions	-	-
EPRA earnings	45.5	42.7
Average number of outstanding shares	15 934 992	15 911 213
EPRA earnings per share in CHF	2.86	2.68

EPRA equity (NAV)

CHF million	30.06.2016	31.12.2015
Equity (NAV) according to consolidated financial statements	1 963.4	1 994.1
Dilution effects due to options, convertible bonds and other equity instruments	0.1	0.1
Diluted equity (NAV) after options, convertible bonds and other equity instruments	1 963.5	1 994.2
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	46.4	35.0
Less:		
Market value of derivative financial instruments	78.4	71.8
Deferred taxes	145.9	147.2
Goodwill from deferred taxes	-	-
Effect on associated companies	-	-
EPRA equity (NAV)	2 234.2	2 248.2
Number of outstanding shares (diluted)	15 935 433	15 909 656
EPRA equity (NAV) per share in CHF	140.20	141.31

EPRA triple net asset value (NNNAV)

CHF million	30.06.2016	31.12.2015
EPRA equity (NAV)	2 234.2	2 248.2
Less:		
Market value of derivative financial instruments	-78.4	-71.8
Market value of financial liabilities	-36.9	-32.1
Deferred taxes	-152.6	-150.7
EPRA NNNAV	1 966.3	1 993.0
Number of outstanding shares (diluted)	15 935 433	15 909 656
EPRA NNNAV per share in CHF	123.39	125.27

EPRA net yield from rental income

CHF million	30.06.2016	31.12.2015
Owned investment real estate	3 464.4	3 525.2
Investment real estate in joint ventures/funds	-	-
Development real estate	161.5	295.5
Less development real estate and investment real estate under construction	-207.3	-345.4
Market value of yield-producing properties	3 418.6	3 475.3
Annualised actual rental income	171.4	177.4
Direct expenses for investment real estate	-25.7	-30.2
Annualised net rental income	145.7	147.2
Plus expected additional rental income after expiry of rental discounts	2.6	2.6
Topped-up annualised net rental income	148.3	149.8
EPRA net yield from rental income	4.3%	4.2%
EPRA topped-up net yield from rental income	4.3%	4.3%

EPRA vacancy rate

CHF million	30.06.2016	31.12.2015
Estimated rental potential of vacant premises	11.5	13.1
Estimated rental income from total portfolio	188.1	193.1
EPRA vacancy rate	6.1%	6.8%

EPRA operating expense ratio

CHF million	1 st half-year 2016	1 st half-year 2015
Operating expenses of investment real estate according to IFRS income statement:		
Direct expenses for rented investment real estate	11.5	15.9
Personnel expenses	2.3	2.0
Other operating expenses	3.8	3.5
EPRA operating expenses (including vacancy costs)	17.6	21.4
Direct vacancy costs	1.3	1.4
EPRA operating expenses (excluding vacancy costs)	16.3	20.0
Gross rental income less ground rent	86.5	88.5
EPRA rental income	86.5	88.5
EPRA operating expenses (including direct vacancy costs)	20.3%	24.2%
EPRA operating expenses (excluding direct vacancy costs)	18.8%	22.6%

EPRA value-enhancing investments in investment properties

CHF million	1 st half-year 2016	1 st half-year 2015
Purchases	0.0	0.0
Value-enhancing investments (investment real estate under construction)	13.6	6.0
Value-enhancing investments (like-for-like yield-producing properties)	7.0	12.7
Capitalised building loan interest	0.2	0.1
EPRA value-enhancing investments	20.8	18.8

Additional information

Information on investment real estate properties

	City of Zurich		Rest of Canton Zurich		Other regions		Total real estate	
	2016*	2015*	2016*	2015*	2016*	2015*	2016*	2015*
Residential real estate								
Number	6	5	10	10	4	4	20	19
Living space 000 m ²	22	20	86	86	18	18	126	124
Vacancy rate ¹ %	6.2	16.4	1.7	3.0	1.9	5.0	2.7	6.1
Rental income CHF million	3.3	2.9	10.2	10.3	2.5	2.4	16.0	15.6
Earnings on property ² CHF million	2.9	2.6	9.2	9.0	2.0	2.1	14.1	13.7
Gross yield %	4.2	3.9	4.4	4.7	4.9	5.0	4.4	4.6
Net yield ³ %	3.7	3.5	4.0	4.1	3.9	4.3	3.9	4.0
Acquisition value CHF million	142.2	120.4	331.1	331.1	84.2	84.3	557.5	535.8
Market value CHF million	193.0	155.3	462.6	462.7	101.6	101.6	757.2	719.6
Average market value by property CHF million	32.2	31.3	46.3	46.3	25.4	25.4	37.9	37.9
Change in market value ⁴ CHF million	11.4	3.9	0.0	20.8	0.0	3.7	11.4	28.4
Commercial real estate								
Number	18	21	14	15	7	7	39	43
Floor space 000 m ²	304	319	200	203	52	52	556	574
Vacancy rate ¹ %	5.5	7.4	10.0	11.2	6.3	2.2	7.0	8.0
Rental income CHF million	41.8	43.3	21.0	20.6	7.7	9.0	70.5	72.9
Earnings on property ² CHF million	36.4	33.1	18.0	17.8	6.5	8.0	60.9	58.9
Gross yield %	5.2	5.2	5.3	5.3	5.2	5.6	5.2	5.3
Net yield ³ %	4.5	4.0	4.5	4.6	4.5	5.0	4.5	4.3
Acquisition value CHF million	1 558.6	1 622.6	798.4	822.6	303.2	303.0	2 660.2	2 748.2
Market value CHF million	1 588.0	1 655.6	787.9	808.7	285.5	291.4	2 661.4	2 755.7
Average market value by property CHF million	88.2	78.8	56.3	53.9	40.8	41.6	68.2	64.1
Change in market value ⁴ CHF million	2.9	-8.6	-4.3	-12.5	-6.2	-5.3	-7.6	-26.4
Investment real estate under construction								
Number	1	2	1	-	-	-	2	2
Land area 000 m ²	11	13	11	-	-	-	22	13
Acquisition value CHF million	28.8	36.8	1.9	-	-	-	30.7	26.0
Market value CHF million	43.4	49.9	2.4	-	-	-	45.8	33.8
Change in market value ⁴ CHF million	6.0	8.5	0.5	-	-	-	6.5	8.5
Investment volume CHF million	73.0	96.0	38.0	-	-	-	111.0	96.0

* Should no further particulars be given, values referring to the income statement concern the 1st half-year, and balance sheet values the cut-off date on 30.06.2016 or 31.12.2015.

¹ In percent of target rental income, cumulative as at cut-off date

² Rental income minus real estate expenses

³ Rental earnings in percent of continued market value on 1 January

⁴ From revaluation in first half-year 2016 or 2015 respectively

Key figures of Allreal share

		1 st half-year 2016 resp. 30.06.2016	1 st half-year 2015 resp. 31.12.2015
Issued share capital on cut-off date	CHF million	797.1	797.1
Authorised capital on cut-off date	CHF million	50.0	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	7 829	33 220
Outstanding shares on cut-off date ¹	number	15 934 992	15 909 601
Outstanding shares on average ²	number	15 928 240	15 911 213
Share price high	CHF	142.20	150.20
Share price low	CHF	128.40	128.10
Share price on cut-off date	CHF	135.00	133.60
Market capitalisation on cut-off date ³	CHF million	2 151.2	2 125.5
Average trading volume per day (on exchange)	number shares	12 746	17 829

¹ Number of issued shares minus treasury shares

² Average number of shares outstanding according to IAS 33

³ 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 per share	CHF 50
Securities number	883 756
SIX symbol	ALLN
ISIN	CH0008837566
Bloomberg	ALLN SW
Renters	ALLN.S

Shareholder structure as at 30 June 2016

Number of shares	Number of shareholders	Number of shares	%
>478 284 shares (>3%)	7	4 805 228	30.1
100 001–478 284 shares	17	3 401 211	21.3
10 001–100 000 shares	107	3 362 063	21.1
1001–10 000 shares	423	1 207 228	7.6
1–1000 shares	2 970	716 834	4.5
Total registered	3 524	13 492 564	84.6
Not registered		2 450 257	15.4
Total shares		15 942 821	100.0

53.4% of share capital is held by pension funds and insurance companies and 9.2% by individual persons. A further 22.0% is held by legal entities as well as funds, foundations and banks. 15.4% of share capital is not registered in the share register. 6.7% of share capital is held by non-Swiss shareholders (registered).

Organisation and Schedule

Structure and Addresses

Allreal Holding AG
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Grabenstrasse 25, 6340 Baar

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

Allreal Generalunternehmung AG
Eggbühlstrasse 15, 8050 Zurich
Zieglerstrasse 53, 3007 Bern
Sinserstrasse 67, 6330 Cham
Gaiserwaldstrasse 14, 9015 St. Gallen

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The interactive online version of this half-year report is available at <http://ir.allreal.ch>.

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Schedule

2016 Annual results
28 February 2017

2017 Annual shareholders'
meeting
21 April 2017

2017 Half-year results
29 August 2017

Share register

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changes and other changes
in the share register lies with:

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building value