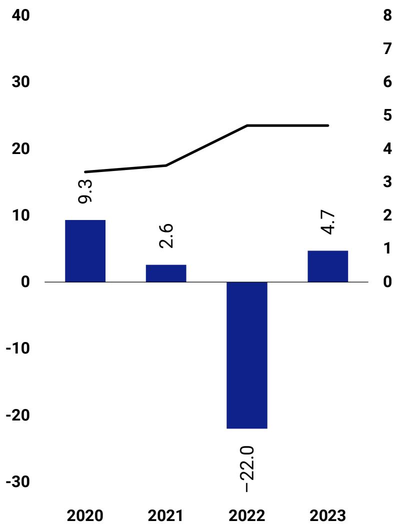
allreal

Annual Report 2023

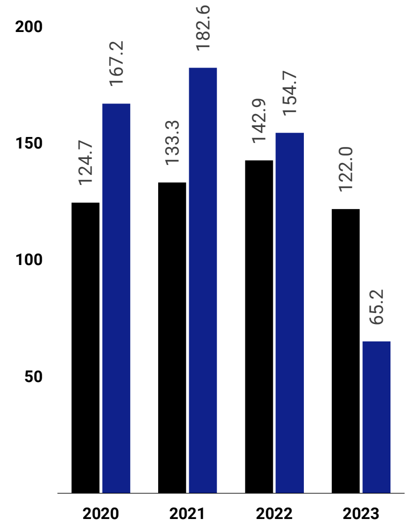
Overview of share performance



Total performance: Price change plus payout to shareholders as a percentage of the share price as of 1 January

Payout to shareholders as a percentage of the share price as of 1 January

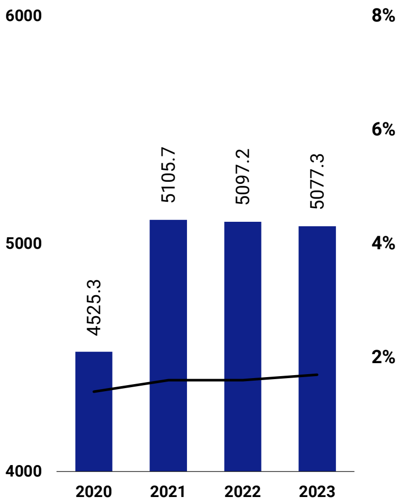
Net profit
CHF million



Net profit excl. revaluation effect

Net profit incl. revaluation effect

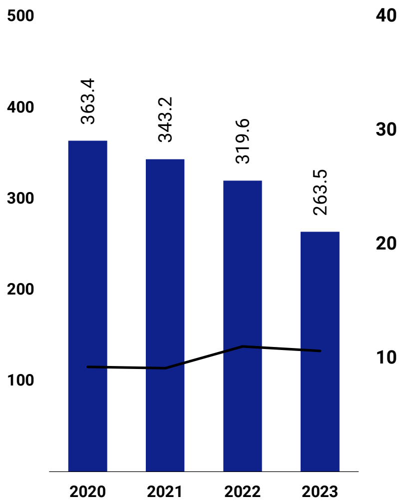
Market values and vacancy rate
CHF million



Investment real estate

Vacancy rate in %

Completed project volume and gross margin third-party projects
CHF million



Completed project volume Realisation division

Gross margin third-party projects

Key figures at a glance

		2023* **31.12.2023**	2022* 31.12.2022	Change in %[1]
Group				
Total sales[2]	CHF million	483.3	533.8	−9.5
Operating profit (EBIT) incl. revaluation gains	CHF million	116.1	200.7	−42.2
Net profit incl. revaluation effect[3]	CHF million	65.2	154.7	−57.9
Operating profit (EBIT) excl. revaluation gains	CHF million	180.6	184.2	−2.0
Net profit excl. revaluation effect[3]	CHF million	122.0	142.9	−14.6
Cash flow from operating activities	CHF million	25.0	159.6	−84.3
Return on equity incl. revaluation effect[3]	%	2.5	6.0	−3.5
Return on equity excl. revaluation effect[3]	%	5.7	6.7	−1.0
Equity ratio on cut-off date	%	44.5	45.6	−1.1
Net gearing[4] on cut-off date	%	105.3	99.9	5.4
Net financial debt[5]	CHF million	2 679.1	2 594.6	3.3
Average interest rate on financial liabilities on cut-off date	%	1.30	0.86	0.44
Average duration of financial liability on cut-off date	months	40	37	3
Sales Realisation division	CHF million	263.5	319.6	−17.6
Earnings from Development & Realisation segment[6]	CHF million	37.7	54.6	−31.0
Gross margin third-party projects Realisation division[7]	%	10.6	11.0	−0.4
Employees on cut-off date	full-time equivalents	228	227	1
Share				
Earnings per share incl. revaluation effect[3]	CHF	3.95	9.36	−57.8
Earnings per share excl. revaluation effect[3]	CHF	7.39	8.65	−14.6
Net asset value (NAV) per share before deferred tax on cut-off date	CHF	177.02	179.75	−1.5
Net asset value (NAV) per share after deferred tax on cut-off date	CHF	154.16	157.20	−1.9
Profit distribution per share[8]	CHF	7.00	7.00	–
Share price on cut-off date	CHF	150.40	150.40	–
Dividend/Profit distribution yield[9]	%	4.7	4.7	–
Valuation on cut-off date				
Market capitalisation[10]	CHF million	2 483.1	2 483.7	0.0
Enterprise value[11]	CHF million	5 162.2	5 078.3	1.7

* Should no further particulars be given, values referring to the income statement concern the full year and balance sheet value the cut-off dates 31.12.2023 and 31.12.2022.

1 Changes in number and percentage values are shown as an absolute difference
2 Rental income from investment properties plus completed project volume in the Realisation division
3 Revaluation effects correspond to gains from the revaluation of investment real estate less deferred taxes on revaluation
4 Borrowings minus cash and marketable securities as a percentage of equity
5 Borrowings minus cash and marketable securities
6 Income from Development & Realisation segment, Sales Development, capitalised own developments and various revenues minus direct expenses from Development & Realisation and Sales Development
7 Earnings from Development & Realisation as a percentage of income from Development & Realisation
8 Board of Directors proposal of CHF 7.00 per share for the financial year 2023
9 Yield corresponds to the distribution per share as a percentage of the share price on the cut-off date
10 Share price at balance sheet date multiplied by the number of outstanding shares
11 Market capitalisation plus net finance debts

Real estate at a glance

		2023* 31.12.2023	2022* 31.12.2022	Change in %[1]
Investment properties				
Residential properties on cut-off date[2]	number	36	37	–1
Commercial properties on cut-off date[3]	number	42	42	–
Market value on cut-off date	CHF million	5 016.3	4 917.6	2.0
Rental income from investment properties	CHF million	219.8	214.2	2.6
Vacancy rate[4]	%	1.7	1.6	0.1
Real estate expenses	CHF million	–29.0	–27.4	5.8
Real estate expenses	in % of rental income	13.2	12.8	0.4
Gross yield[5]	%	4.4	4.4	–
Net yield[6]	%	3.8	3.8	–
Investment properties under construction				
Buildings on cut-off date	number	4	3	1
Market value on cut-off date	CHF million	61.0	179.6	–66.0
Investment volume	CHF million	54.5	196.2	–72.2
Development properties				
Book value development reserves on cut-off date	CHF million	439.4	381.0	15.3
Estimated investment volume development reserves	CHF million	1 524.9	915.5	66.6
Book value buildings under construction on cut-off date	CHF million	32.4	37.2	–12.9
Estimated investment volume buildings under construction	CHF million	85.4	48.4	76.4
Book value completed properties on cut-off date	CHF million	0.0	0.0	–

* Should no further particulars be given, values referring to the income statement concern the full year and balance sheet value the cut-off dates 31.12.2023 and 31.12.2022.

1 Changes in number and percentage values are shown as an absolute difference
2 The change includes the sale of the properties Kurzelängeweg 26-36 und 32a in Allschwil BL and Chlirietstrasse 6/8/10 in Oberglatt ZH as on 31.12.2023. This was followed by the reclassification of the completed Avenue du Cimetière 22, Petit-Lancy in Western Switzerland.
3 The change includes the reclassification of Bellerivestrasse 36, Zürich and of shooting range Widstud Marterlochstrasse 21, Bülach from investment properties under construction to investment properties. The reclassification of Freiburgstrasse 130 in Berne from the portfolio to investment properties under construction. As well as the sale of the property In der Luberzen 29 in Urdorf as at 30.06.2023.
4 As a percentage of target rental income, cumulative as at cut-off date
5 Rental income from investment properties as a percentage of continued market value as at 1 January
6 Rental profit from investment properties as a percentage of continued market value as at 1 January

Table of contents

Management report

Letter to shareholders

Dear shareholders

Allreal can look back on a turbulent year for the business in 2023. After ten years of expansion and growth the real estate sector is facing challenges from the economic environment. Higher interest rates are pushing up financing costs. The flow of net new money into real estate has slowed considerably. Constant revaluations upwards are a thing of the past. All this is reflected in the transaction market. Moreover, the shortage of skilled staff and inflation are driving up construction costs, slowing demand for new build projects.

But thanks to the robust state of the Swiss economy, demand for modern office space remains steady. The anticipated growth of the population will also ensure the demand for residential space continues to increase in future. So high-quality properties will remain a secure, long-term investment with reliable payouts. They provide stability and form a key part of any investment strategy.

Our three divisions Real Estate, Development and Realisation cover the entire value chain. At the heart is a high-quality portfolio of modern office and residential premises in well-connected locations in the metropolitan area of Zurich and around Lake Geneva. We manage the portfolio actively and are constantly optimising the income and costs of our properties. The high level of development and realisation expertise creates long-term added value and enables entrepreneurial growth.

Because the portfolio has a sound economic basis we are able to take a long-term view when it comes to project development. By getting our construction skills involved at an early stage and applying our knowledge as owners we can ensure projects are developed and realised efficiently and to a high standard. This expertise in construction and development also helps us to generate maximum value from the portfolio.

Operating profit in line with expectations

The good operating profit in 2023 confirms the Group is well placed to cope with a challenging environment. Adjusted for the revaluation effect, the profit was CHF 122.0 million. Rental income on our properties rose 2.6% due amongst other things to a slight increase in sales-based rents, the indexation of commercial rents and the fact that residential rents are linked to the reference interest rate. This was more than enough to make up for the CHF 3.1 million of rental income no longer received after the sale of two properties in Basel in the previous year and from the sale of a property in Urdorf ZH in the first half of the year. In addition, we recognised a gain overall from selling several properties that no longer fitted in the portfolio. The revaluation of our properties was negative at CHF –64.5 million. On a portfolio worth more than CHF 5 billion the effect is minor and underlines the high fundamental quality of our portfolio. The vacancy rate at the balance sheet date was a very low 1.7%. The net yield on the portfolio is 3.8%.

The earnings from Development & Realisation were considerably lower than the previous year. Apart from special effects in the previous period this was also caused by lower construction volumes on third-party projects and irregular earnings from selling condominiums. Our gross margin on realisation for third parties was a solid 10.6%.

Our purchase of the Rieter site in Winterthur ZH secured us a large plot in an urban location with much long-term potential. The site has already been generating income since ownership was transferred in September, and this is gradually being increased. In the long term we are keen to develop in dialogue with the city of Winterthur and other stakeholders an attractive district that has both jobs and homes.

Several of our own development plans are in the planning phase or under way. The office building at Bellerivestrasse 36 in Zurich was fully renovated and handed over to new tenants at the end of the year. We are realising pioneering sustainability projects for our own portfolio, for instance in Baar ZG and on Badenerstrasse in Zurich. And by selling condominiums we are raising further income, as on Spiserstrasse in Zurich, in Zumikon ZH, Lucerne and Riehen BS. Allreal has also proved itself to be a reliable partner for complex new build and conversion projects in the third-party market. High-profile buildings we are working on include the Höfe in Adliswil ZH, the Rieter Campus in Winterthur ZH and the Haus zum Falken at Stadelhofen station in Zurich.

Payout remains stable

Allreal shares underperformed the sector index last year. On the balance sheet date Allreal shares were unchanged from the previous year at CHF 150.40.

Allreal has a predictable dividend policy. This stipulates that up to 100% of the net operating profit from the Real Estate segment can be distributed. Our shareholders too will once again benefit from the good performance last year. The Board of Directors is proposing to the annual general meeting to be held on 19 April 2024 an unchanged distribution of CHF 7.00 per share, giving an attractive yield of 4.7%.

Outlook 2024

Allreal faces 2024 with confidence despite the challenging environment. Real estate offers reliable protection against inflation thanks to the indexation of commercial rents and the fact that residential rents are linked to the reference interest rate. Demand for apartments in the urban centres of Zurich and Geneva remains strong in the new year and attractive commercial premises are still finding takers. Our extensive pipeline of developments also gives us long-term growth potential which we have the ability to control ourselves in terms of when investments have to be made.

However, net financial expense will increase again in 2024, placing a significant burden on net operating profit. We therefore assume net operating profit will be slightly down from the previous year.

Proposals to the annual general meeting

All members of the Board of Directors are standing for re-election at the forthcoming 25th annual general meeting. The meeting will also consider a proposal to amend the company's articles of association to bring them up to date. In addition, an entirely revamped remuneration system for Group Management will be put forward to meet the expectations of the capital market for the remuneration policy to be transparent and based on the company's long-term performance.

The Board of Directors and Group Management would like to take this opportunity to thank employees for the work they put in last year, and the shareholders for the trust they have placed in us.

Ralph-Thomas Honegger	Stephan Widrig
Chairman of the Board of Directors	CEO

Financial commentary

Good result in line with expectations

In 2023 Allreal generated a good net operating profit of CHF 122.0 million (2022: CHF 142.9 million). This was in line with expectations, and is mainly due to the higher rental income, with property expenses up slightly from the previous year and the portfolio actively managed with success. The decline from the previous year is partly due to a one-off effect from the sale of a development reserve, and partly due to a positive tax effect in 2022.

Including the revaluation effect, net profit was lower at CHF 65.2 million (2022: CHF 154.7 million). The revaluation effect in the reporting period was CHF –64.5 million (2022: CHF 16.5 million).

Real Estate segment increases rental income

In the Real Estate segment rental income rose 2.6% to CHF 219.8 million (2022: CHF 214.2 million), despite the sale of two properties in Basel the previous year. There were two main reasons for the growth in income. Firstly, rental income increased because commercial rents are linked to inflation and because the reference interest rate for residential rents went up. Secondly, we completed the total renovation of the property at Bellerivestrasse 36 in Zurich. This office building is fully let and has been generating income again since the third quarter. In Bülach ZH we handed over the Widstud shooting centre to the operating company in the summer. This specialist asset has been contributing income ever since and has a very long-term lease. On the expense side, the sharp rise in interest costs was especially noticeable.

We successfully signed major new leases with BLS as the new anchor tenant for our property on Freiburgstrasse in Bern and for the vacated space in Richtiring in Wallisellen (formerly UPC), where almost two-thirds of the space will be taken over without interruption. In addition, we gained attractive commercial clients in Zollikerstrasse and Kalchbühlstrasse in Zurich who will occupy the space in these two properties. In total we signed leases for around 52,200 m^2 in the reporting year.

A further demonstration of the high quality of the portfolio and the work done is the sustained low level of vacancies in our properties. The cumulative vacancy rate was 1.7%, only marginally up from the previous year (2022: 1.6%). We remain among the best in the sector in this regard.

The weighted remaining term of fixed-term commercial leases at 31 December 2023 was 5 years. Around 22% of leases are due to expire within the next two years. Experience indicates that some of these will not be renewed. We are therefore constantly in discussions with both existing and new clients. We are confident that vacancies will not rise materially in the next few years.

Direct expenses for the portfolio increased slightly in the reporting period to reach a total of CHF 29.0 million (2022: CHF 27.4 million). The expense ratio was 13.2%. Thanks to the low vacancies, modest defaults and low write-downs, the net yield was unchanged at an attractive 3.8%.

Active portfolio management
Active management includes reviewing the portfolio on an ongoing basis. In the first half of the year we disposed of a commercial property in Urdorf ZH that no longer fitted in our portfolio. In the second half we also sold one residential building each in Oberglatt ZH and Allschwil BL. Overall, the sales generated earnings of CHF 5.8 million and confirm that our properties are valued in line with the market.

At the reporting date the portfolio comprised a total of 78 properties, 36 residential and 42 commercial. In total 4 properties were under construction, either for our own portfolio or to sell.

The valuation by the external expert showed a total negative value adjustment on the portfolio of CHF –64.5 million (2022: CHF 16.5 million). This fall was primarily due to the lower valuation on the residential portfolio in Western Switzerland and on the property on Freiburgstrasse in Bern. It was not possible to maintain the above-average rents from the past when the announced change of tenant took place. Discounting and capitalisation rates were also 29 basis points higher on average, putting slight downward pressure on property valuations. Higher rental income overall and the good quality of the portfolio with low vacancies were not enough to make up for all of these effects.

Of the total change in value, CHF –18.0 million came from the residential properties (2022: CHF 20.7 million), CHF –38.8 million from the commercial properties (2022: CHF –7.7 million) and CHF –7.7 million from the investment properties under construction (2022: CHF 3.5 million).

Despite this write-down and the sales, the market value of the portfolio is roughly CHF 5.08 billion, almost the same as the previous year (31.12.2022: CHF 5.10 billion).

Ultimately, the Real Estate segment generated stable net profit excluding the revaluation effect of CHF 124.4 million (2022: CHF 133.6 million).

Development & Realisation segment
Income from business activities in the Development & Realisation segment was CHF 37.7 million (2022: CHF 54.6 million). The lower result is partly due to lower income from new Realisation projects. Also, the previous year was significantly affected by a one-off effect from the sale of a development reserve.

Project volume completed was CHF 263.5 million (2022: CHF 319.6 million). Of this, 25.7% related to own projects intended either for our portfolio or to sell. The gross margin on third-party projects was 10.6% (2022: 11.0%). This shows that even in a challenging market environment with a shortage of skilled workers and rising staff costs we were still able to realise our projects profitably and implement strict cost management.

The sale of condominiums generated total earnings of CHF 7.1 million (2022: CHF 17.2 million). At the Spiserstrasse project in Zurich Albisrieden, at the end of the year out of a total of 63 condominiums 49 units were reserved and 45 had been notarised. The contribution to earnings from sales in this project will be higher in the years until completion in 2025 than they were in the reporting year. Other sales successes in 2023 included the projects at Avenue du Cimetière in Petit-Lancy GE and Route du Pas-de-l'Echelle in Veyrier GE.

Of the earnings from Realisation in the reporting period, CHF 20.7 million or 54.9% came from third-party projects (2022: CHF 27.2 million or 49.8%) and CHF 17.0 million or 45.1% from own projects (2022: CHF 27.4 million or 50.2%).

Operating expenses fell 12.4% year-on-year to CHF 42.3 million (2022: CHF 48.3 million). Operating profit was CHF 2.7 million (2022: CHF 13.9 million).

Building added value with development skills

Last year we acquired a 75,000 m² site from Maschinenfabrik Rieter for CHF 96 million. The site in Winterthur Töss has attractive long-term development potential and has already been generating stable income since ownership was transferred in September 2023.

In Baar ZG, we submitted the simple development plan for the Baarermatte project at the end of the year. This brings the project one step closer to obtaining planning permission, which is due to be submitted in 2024. A mixed-use development with 110 rental flats and 7,400 m² of office space is being built on our own site, which will fulfil very high sustainability requirements. In Zumikon ZH we have moved ahead with work on the Strubenacher project, allowing the design plan to be published in early 2024. A residential complex with a total of 19 single-family terraced houses will be built for sale on a site covering around 4,500 m². Construction is scheduled to start in 2025.

A legally enforceable layout plan for the Eggen project in the Büttenen district of Lucerne has been held since March. In the autumn we submitted the planning application for the five-storey multi-family building with 76 condominiums. Construction is scheduled to start in the first half of 2025, with completion in the second half of 2027.

At Badenerstrasse 501–505 in Zurich Altstetten Allreal is developing a carbon-neutral block with 64 rental apartments and commercial space. We are currently finalising the project so the planning application can be submitted in 2024. The decision by the relevant authorities for Inzlingerstrasse in Riehen BS was still outstanding at the year-end. As soon as we have construction approval the project will move into realisation. In Sünikon-Steinmaur ZH a new residential complex on a site of just under 5,000 m² in the village centre is to be built to plans by Buol & Zünd Architekten, Basel, and Neuland Architektur Landschaft, Zurich. The planning application is due to be submitted in the second half of 2024.

In Western Switzerland development projects on Avenue de l'Amandolier in Geneva and on Avenue du Curé Baud in Grand-Lancy GE have moved into realisation. The large development projects in Chavannes-près-Renens VD and Veyrier GE are on track.

Construction skills an excellent complement

During the reporting period the volume of projects completed was CHF 263.5 million (2022: CHF 319.6 million). This equates to a decline of 17.6% from the previous year, which was due to lower demand for new construction projects, especially third-party orders, and stiff internal selection criteria. We stepped up our acquisition efforts last year while sticking to our proven risk approach, and stocked up the backlog of work again.

The earnings from realisation was CHF 20.7 million (2022: CHF 27.2 million). Gross margin on third-party projects was stable at 10.6%. Capitalisation of own developments amounted to CHF 7.9 million (2022: CHF 8.7 million).

Net profit in the Development & Realisation segment was CHF 0.7 million (2022: CHF 12.3 million).

Projects successfully completed

At the major project Höfe Adliswil in Zurich we transferred three out of a total of six construction lots to the private owner. The Libellenhof had been completed the year before. Allreal developed the project and since 2019 has realised a new district with a total of 325 apartments and roughly 9,000 m^2 of commercial and service space. Total construction volume is more than CHF 200 million.

In Bülach ZH we handed over the Widstud shooting centre to the operating company on schedule in the second half of the year. Allreal retains ownership of the property. Widstud-Betriebsgesellschaft AG will act as the operating company under a long-term lease lasting at least 30 years.

We successfully completed the Bassy and La Bâtie projects in Anières GE and Petit-Lancy GE. Both residential assets were handed over to the new owners on schedule.

Ongoing and new projects

A new head office building is being built for the long-standing company Rieter on Klosterstrasse in Winterthur ZH. The complex will cover around 30,000 m^2 and house a customer centre, space for product and technology development and management offices. The project will be handed over to the client in early 2024. The construction sum is around CHF 60 million.

What is currently our largest construction project in Western Switzerland will also be completed in 2024. Over four storeys the Clinique de Genolier in Genolier VD will offer laboratories, operating theatres, radiotherapy treatment rooms, an auditorium, an information centre, offices and a car park. The construction sum is around CHF 58 million.

We won several orders as a result of our intensivied acquisition efforts. For example, we were appointed as total contractor by a large institutional investor for a new residential complex in Dietikon ZH. The order volume is roughly CHF 80 million. Construction on the eight buildings is expected to start in the second quarter of 2025.

The secured order backlog grew to CHF 565 million at the end of the year. We only recognise projects in the backlog if a legally enforceable construction permit is in place or for which a total contractor mandate has been appointed. In addition to foreseeable higher volumes from own projects, the volume of third-party projects is also to be increased slightly in order to improve the profitability of the Realisation division again over the next few years.

Capital recycling continues

We successfully continued our capital recycling strategy last year with the sale of three properties that were no longer in line with our strategy. The three properties were sold above book value overall. With the purchase of the Rieter site in the centre of Winterthur, a strategic acquisition for the future was made in the reporting year, which is already generating current income with the transfer of ownership in autumn.

In April we issued our first green bond for CHF 150 million, maturing in 2028. Our intention is to drive ahead with green financing and be active on the capital market.

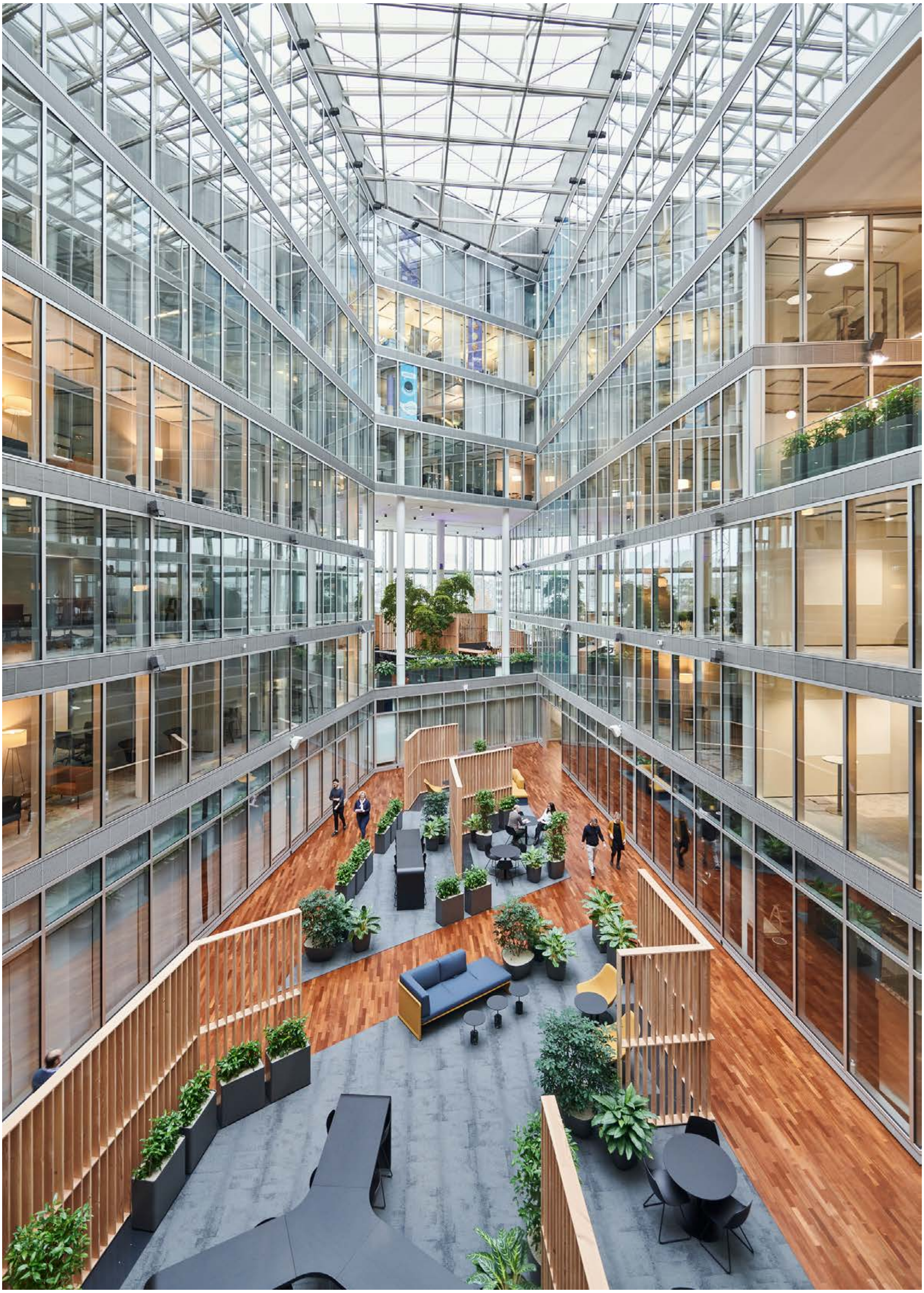
Financial liabilities on the cut-off date increase by CHF 83.0 million from the previous year to CHF 2.69 Mia. (31.12.2022: CHF 2.61 Mia.). Of these, 48.5% were bonds, 34.1% fixed-rate mortgages and 17.4% fixed advances.

The average interest rate on financial liabilities at 31 December 2023 was a low 1.30% (31.12.2022: 0.86%). The average fixed-rate period was 40 months (31.12.2022: 37 months).

Group equity declined to CHF 2.55 Mia. Earnings per share excluding the revaluation effect were CHF 7.39. The equity ratio at 31 December 2023 was 44.5%, net gearing was 105.3% and the interest coverage ratio was 5.9 (31.12.2022: 45.6% / 99.9% / 11.5).

Marc Frei
CFO

About Allreal



Strategy and business model

Allreal covers the entire property value chain, from development and realisation to long-term property investment. The portfolio is developed organically and by means of acquisitions on an ongoing basis. All our projects meet high quality standards. Allreal operates solely in the Swiss market.

In our own portfolio we hold high-quality commercial properties in busy urban areas and residential properties in the metropolitan regions of Zurich and Lake Geneva. These form a secure investment with a stable distribution. When added to our skills in development and realisation, the result is added value and growth.

The integration of the three divisions under one roof allows to act in a way that is agile, without complex contracts and interfaces. Because the portfolio has a sound economic basis we are able to take a long-term view when it comes to project development. Involving construction skills at an early stage when developing projects ensures implementation is efficient and to a high standard. The expertise in construction and development allows us to generate maximum value from the portfolio.

Real Estate		**Development & Realisation**
Portfolio management Building management Operational management	**Experience** **Value creation** **Specialist expertise**	Development Realisation

Real Estate division

The Real Estate division secures stable added value over the long term with its active management and focus on a high-quality portfolio. Allreal has extensive technical expertise, thanks to many years of experience in portfolio management and in managing the technical and commercial aspects of its own properties. The focus is on a high level of customer benefit combined with an increase in profitability with the lowest possible vacancy rates.

Development division

As a developer we buy land, individual properties, entire portfolios and development sites and realise high-value, sustainable properties on them for our own portfolio, to sell or on behalf of clients. We set development and marketing strategies and ensure planning and construction are run professionally.

Realisation division

In the Realisation division Allreal focuses on quality, adherence to deadlines and cost control. Our offering comprises all services necessary for delivering fair market returns and optimal added value on new build, conversion and renovation projects. Realisation orders from third parties make us more competitive and help to ensure steady utilisation of the capacity required. Strict risk management and careful consideration of risks and opportunities are essential.

Organisation

Board of Directors

The Board of Directors consists exclusively of members who do not perform executive duties within the organisation and have not done so in the past. With the exception of the mandates disclosed below, none of the members holds an official or political position. There are three Board committees (Audit and Risk Committee, Investment Committee and Nomination and Compensation Committee). The members of the Board of Directors are elected individually for a term of office of one year up to the next annual general meeting.

Ralph-Thomas Honegger

Dr. rer. pol. (1959, Swiss)

Chairman, member since 2012

Member of the Investment Committee

2002–2019
Chief Investment Officer and Member of the Executive Management of the Helvetia Group

1996–2001
Various management functions at Helvetia Patria Versicherungen and Member of the Executive Management Switzerland

1987–1995
Various management functions at Patria Versicherungen

Other activities and vested interests
— Member of the investment committees of two occupational pension funds

Andrea Sieber

Lawyer, lic. iur. HSG, LL. M. (1976, Swiss)

Vice Chairwoman, member since 2016

Chairwoman of the Nomination and Compensation Committee

Since 2003
Lawyer and partner at law firm MLL Legal AG (formerly MLL Meyerlustenberger Lachenal Froriep AG)

2020–2023
Member of the executive management (CFO) at law firm MLL Meyerlustenberger Lachenal Froriep AG

2011–2017
Chairwoman of the Supervisory Board of Roth+Rau AG, Germany (now: Meyer Burger Germany GmbH)

Other activities and vested interests
— Chairwoman of the Board of Directors of JJF-Gemma Capital AG, Küsnacht
— Member of the Board of Directors of Inergies Capital AG, Wollerau, and Global-e CH AG, Baar
— Managing Director of Borderfree PayCO Switzerland GmbH, Baar

Olivier Steimer
Lic. iur. (1955, Swiss)

Member since 2013

Member of the Audit and Risk Committee and the Investment Committee

2002–2017
Chairman of the Board of Directors of Banque Cantonale Vaudoise

2001–2002
CEO Private Banking International of the Credit Suisse Group

1997–2001
Member of the Executive Board Private Banking of the Credit Suisse Group

1983–1996
Various functions at the Credit Suisse Group

Other activities and vested interests
— Member of the Board of Directors of Chubb Limited, Zurich, and Bank Lombard Odier & Co AG, Geneva

Peter Spuhler
(1959, Swiss)

Member since 2013

Member of the Nomination and Compensation Committee

2020–2022
Group CEO a.i. of Stadler Rail AG

1989–2017
Owner, Chairman of the Board of Directors and Group CEO of Stadler Rail AG

Other activities and vested interests
— Chairman of the Board of Directors of Stadler Rail AG, Bussnang and board member at five further group companies
— Member of the Board of Directors of Rieter Holding AG, Winterthur
— Member of the Supervisory Board of Robert Bosch GmbH (Foundation), Stuttgart
— Chairman of the Board of Directors of Aebi Schmidt Holding AG, Frauenfeld and Rana Aps AG, Warth-Weiningen
— Vice Chairman of DSH Holding AG, Warth-Weiningen
— Member of the Board of Directors of European Loc Pool AG, Frauenfeld, Sönmez Transformer Company (STS), Dilovasi (TR), Florhof Immobilien AG, Zurich and Chesa Sül Spelm AG, Frauenfeld
— Member of the Board of Trustees of Tele D, Diessenhofen

Thomas Stenz
Swiss-certified accountant / auditor (1959, Swiss)

Member since 2016

Chairman of the Audit and Risk Committee

Since 2014 independent business consultant

2002–2014
Partner at Ernst & Young AG (Head of Auditing 2007-2010, Chairman of the Board of Directors 2009-2014)

1978–2002
Management functions at Arthur Andersen AG (appointed partner in 1990, Head of Auditing 1999-2002)

Other activities and vested interests
- Chairman of the Board of Directors of AAC Consulting AG and Controva AG, both Zurich
- Member of the Board of Directors of Capvis AG, Baar

Philipp Gmür
Lawyer, Dr. iur., LL. M (1963, Swiss)

Member since 2019

Member of the Nomination and Compensation Committee

2016–2023
CEO of the Helvetia Group (Group CEO)

2003–2016
CEO of Helvetia Switzerland and Member of the Helvetia Group Management Board

1993–2002
Various management functions at Helvetia Versicherungen

1991–1993
Clerk at the High Court of Lucerne

Other activities and vested interests
- Chairman of the Board of Directors of Gmür & Co. AG, Emmen
- Member of the Board of Directors of Kursaal Casino AG, Grand Casino Luzern AG and Casino Online AG, all Lucerne
- Chairman of the Promotion Society of the Institute of Insurance Economics at the University of St. Gallen; Member of the Executive Committee of the Institute of Insurance Economics at the University of St. Gallen
- Member of the Board of Trustees of Kuoni-Hugentobler Stiftung, Stans

Jürg Stöckli
Lawyer, Executive MBA HSG
(1969, Swiss)

Member since 2019

Chairman of the Investment Committee

Since 2019 independent entrepreneur and Board member

2010–2018
Head of Real Estate and Member of the Management Board of SBB

2007–2010
Various management functions at Privera AG

2001–2006
Head of Legal Affairs and Procurement and member of management of SBB Real Estate

Other activities and vested interests
— Chairman of the Board of Directors of Gashi Bodenbeläge AG, Dietlikon, SREI Holding AG, Zurich and Fore Immobilien AG, Zug
— Board Member of Swiss Mobiliar Cooperative, Berne, Erne Gruppe, Laufenburg, Merbag Holding AG, Baar, Schulthess Maschinen AG, Cham, Tibits AG, Zurich, Markstein AG, Baden and Garaio REM AG, Berne

Anja Wyden Guelpa
MA in Politics / MSc in Public Management (1973, Swiss)

Member since 2022

Member of the Investment Committee

Founder and CEO of consulting and coaching firm civicLab

2009–2018
State Chancellor for the Canton of Geneva

2003–2009
Various senior positions within the administration of the Canton of Geneva

2001–2003
Consultant at IBM Business Consulting Services, Geneva and Berne

1998–2001
Project Manager at the State Secretariat for Economic Affairs (SECO)

Other activities and vested interests
— Member of the Board of Directors of the Cantonal Bank of Valais, Sitten, Swiss Mobiliar Cooperative, Berne, Swiss Risk and Care, Vésenaz, Swiss Tourism and Farner Consulting AG, both Zurich

Group Management

The Group Management has overall responsibility for running the operations of the company. With the exception of the mandates disclosed below, none of the members holds an official or political position.

Stephan Widrig

lic.rer.publ. HSG
(1972, Swiss)

CEO since 2023

2008–2023
Member of the Executive Board of Flughafen Zürich AG, CEO from 2015

2005–2008
Chief Financial and Chief Commercial Officer at Bangalore International Airport Ltd, India

1999–2005
Senior functions at Flughafen Zürich AG

1997–1999
Business Consultant at Arthur Andersen

Master of Arts in International Affairs, University of St. Gallen

Other activities and vested interests
— Member of the Board of Directors of Schweiter Technologies AG

Marc Frei

Swiss-certified expert in accounting and controlling
(1986, Swiss)

CFO since 2023

2019–2022
Joined Allreal as Group Controller; Head of Controlling from 2021

2013–2017
Controller and Head of Group Accounting at Maerz Ofenbau AG

Alain Paratte

Graduate architect. ETH/SIA, post-graduate studies in general building management (ETH) (1964, Swiss)

Head of Real Estate, member since 2013

2009 Joined Allreal Generalunternehmung AG as Head of Portfolio Management

2003–2009
Portfolio manager Turidomus real estate foundation at Pensimo Management AG

1998–2003
Project developer at Oerlikon-Bührle Immobilien AG/Allreal Generalunternehmung AG

1992–1996
Regional planning specialist at Planpartner AG

Architect degree from ETH Zurich, post-graduate studies in general building management at ETH Zurich

Stefan Dambacher

Degree in architectural engineering, Executive MBA HSG, MSc in Real Estate (1975, Swiss)

Head of Development, member since 2018

2010–2017
Head of Project Development at Mobimo Management AG

2006–2010
Team Head Project Development at Karl Steiner AG

2003–2006
Project Head at Theo Hotz Architects

Degree in architecture from Berlin University of the Arts, Executive MBA HSG, MSc in Real Estate

Simon Räbsamen
Degree in civil engineering from ETH, Executive MBA FHO in Digital Transformation (1981, Swiss)

Head of Realisation, left effective 31.12.2023

2010–2020
Management functions at Verkehrsbetriebe Zürich (from 2014 Head of Infrastructure and Member of the Executive Board and from 2017 also CEO of Forchbahn AG)

2009–2010
Head of Cable Technology department at SBB AG

2007–2008
Consultant at pom+ Consulting AG

Degree in civil engineering from ETH Zurich, Executive MBA FHO in Digital Transformation

Signatory authority
Members of the Board of Directors and of Group Management have joint signatory authority for the Allreal Holding AG.

Statutory auditors
Ernst & Young AG, Zurich

External valuation expert
Jones Lang LaSalle AG, Zurich

Information for investors and analysts

Details of the share and distribution to shareholders

In the 2023 financial year, an overall performance of 4.7% was achieved with the Allreal share, based on the market price on 31 December 2022. The share price was unchanged on the cut-off date at the end of the reporting period.

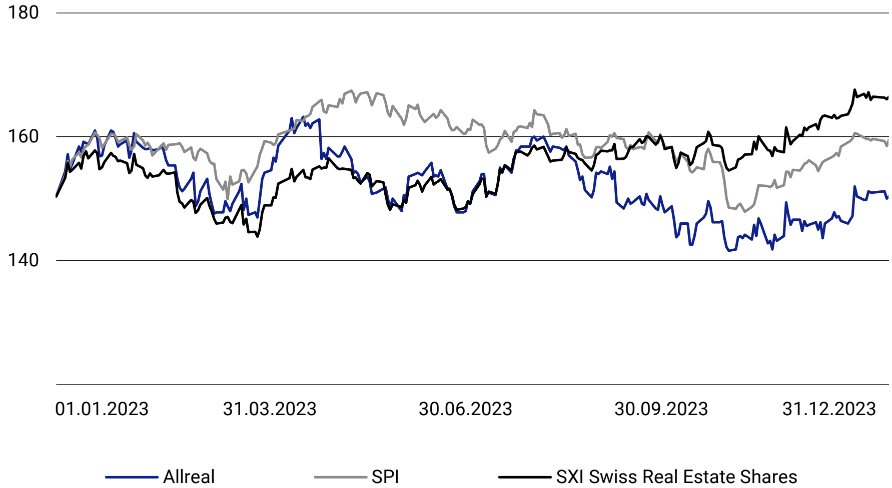
In the last three years, investors obtained a total performance of 2.6% (2021), –22.0% (2022) and 4.7% (2023) with the Allreal share.

On 31 December 2023 market capitalisation amounted to CHF 2483.1 million As at the balance sheet date, consolidated equity came to CHF 2545.1 million, resulting in a discount (difference between the market price and equity per share) of 2.4%.

The Board of Directors will propose to the annual general meeting of 19 April 2024 a stable distribution of CHF 7.00 per share in the form of a dividend of CHF 3.50 per share plus repayment of reserves from contribution of capital amounting to CHF 3.50 per share.

The distribution amounts to 92.9% of the Real Estate segment's net profit excluding revaluation effect, corresponding to a cash yield of 4.7%, based on the closing price of the share on 31 December 2023.

Share price (indexed)
January 2023 to December 2023



Key share data

		2023	2022
Issued share capital on 31 December	CHF million	16.6	16.6
Approved capital on 31 December	CHF million	–	1.0
Conditional capital on 31 December	CHF million	–	0.5
Capital band on 31 December	CHF million	1.7	–
Issued shares on 31 December	number	16 592 821	16 592 821
Treasury shares on 31 December	number	82 549	78 527
Outstanding shares on 31 December[1]	number	16 510 272	16 514 294
Annual average of outstanding shares	number	16 510 917	16 521 065
Market price high	CHF	163.20	208.50
Market price low	CHF	141.60	126.40
Market price on 31 December (tax value)	CHF	150.40	150.40
Market capitalisation on 31 December[2]	CHF million	2 483.1	2 483.7
Average trading volume per day (on-exchange)	number of shares	23 772	24 149

1 Number of shares issued minus treasury shares
2 Market price on 31 December multiplied by number of outstanding shares on 31 December

Share statistics

Share type	Registered share
Nominal value per share	CHF 1.00
Securities number	883 756
SIX symbol	ALLN
ISIN	CH0008837566
Bloomberg	ALLN SW
Reuters	ALLN.S
Ex date	23 April 2024
Record date	24 April 2024
Payment date	25 April 2024

Shareholder structure as at 31 December 2023

Number of shares	Number of shareholders	Number of shares	%
> 497 784 shares (> 3%)	3	2 081 809	12.5%
100 001–497 784 shares	20	4 298 738	25.9%
10 001–100 000 shares	119	3 734 049	22.5%
1001–10 000 shares	399	1 206 963	7.3%
1–1000 shares	5 140	919 424	5.6%
Total registered	**5 681**	**12 240 983**	**73.8%**
Not registered		4 351 838	26.2%
Total shares		**16 592 821**	**100.0%**

As at the cut-off date, 26.3% of the share capital was owned by pension funds and insurance companies and 17.1% by individuals. A total of 29.9% was owned by other legal entities as well as funds, investment companies, foundations and banks. As at 31 December 2023, 26.7% of the share capital had not been submitted for registration in the share register. Foreign investors owned 3.1% (registered shares).

Bonds

In total, Allreal Holding AG has eight bonds outstanding on the capital market. Further information on borrowings and bonds can be found on page 140 and on the Allreal website.

CHF million	Issue amount	Issue price	Par value[1]	Maturity in years
0.6% bond issue 2019–15.07.2030	250.0	100.131%	242.6	9
0.4% bond issue 2019–26.09.2029	200.0	100.098%	181.7	10
0.7% bond issue 2020–22.09.2028	175.0	100.176%	175.0	7.997
0.875% bond issue 2017–30.03.2027	160.0	100.550%	158.6	10
0.75% bond issue 2017–19.06.2026	150.0	100.298%	148.3	8.5
1.375% bond issue 2015–31.03.2025	100.0	100.910%	100.0	10
0.625% bond issue 2016–10.05.2024	150.0	100.000%	149.6	8
3.0% bond issue 2023–19.04.2028	150.0	100.057%	150.0	5

1 Par value equals issue amount offset against repurchased bonds

Additional information on valuation

		2023	2022
Invested capital[1]	CHF million	5 236.8	5 208.0
Average invested capital	CHF million	5 222.4	5 246.7
Return on invested capital (ROIC)[2]	%	3.5	3.5
Average investment real estate portfolio	CHF million	5 087.2	5 101.4
Interest coverage ratio[3]		5.9	11.5
Payout ratio[4]	%	92.9	86.9
Total performance[5]	%	4.7	−22.0
Absolute performance[6]	%	–	−25.5
Relative performance[7]	%	−1.4	−5.5
Earnings yield[8]	%	2.6	6.2
Price/earnings ratio (P/E ratio)[9]		38.1	16.1
Market to book value[10]		97.6	95.7
Average EV/EBITDA excl. earnings from revaluation		28.2	27.3
EV / invested capital	%	98.6	97.5
Free float	%	100.0	93.5

1 All assets minus non-interest-bearing liabilities and deferred tax credits
2 EBIT excl., revaluation gains as a percentage of average invested capital
3 EBITDA excl. revaluation gains divided by net financial expense
4 Payout to shareholders as a percentage of the net profit of the Real Estate segment excl. revaluation effect
5 Payout to shareholders plus price change as a percentage of the share price as at 1 January
6 Change in price as a percentage of the share price as at 1 January
7 Absolute performance minus percentage change in SPI since 1 January
8 Net profit divided by market capitalisation
9 Market price on 31 December divided by earnings per share incl. revaluation effect
10 Market capitalisation divided by equity

Information on investment properties

		City of Zurich		Rest of Canton of Zurich		Western Switzerland		Other regions		Total real estate	
		2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Residential properties											
Number[1]		7	7	10	11	18	17	1	2	36	37
Living space	’000 m²	55	37	119	92	39	35	1	5	214	169
Numer of clients		425	424	960	1 008	590	559	11	69	1 986	2 060
Vacancy rate[2]	%	0.3	0.7	0.4	0.5	1.3	2.2	4.5	3.3	0.7	1.0
Rental income	CHF million	15.1	14.8	23.3	22.9	12.9	11.8	1.1	3.5	52.4	53.0
Earnings on property[3]	CHF million	12.5	13.3	19.6	16.7	10.6	9.7	0.7	2.6	43.4	42.3
Gross return	%	3.0	3.1	3.5	3.6	2.9	2.7	4.1	3.9	3.2	3.2
Net yield[4]	%	2.5	2.7	3.0	2.6	2.4	2.3	2.7	2.9	2.7	2.6
Acquisition value	CHF million	292.1	292.0	368.1	376.2	444.7	428.7	4.2	19.9	1 109.1	1 116.8
Market value	CHF million	511.5	497.4	650.6	656.3	414.5	435.6	3.9	27.0	1 580.6	1 616.3
Average market value per property	CHF million	73.1	71.1	65.1	59.7	23.0	25.6	3.9	13.5	43.9	43.7
Change in market value[5]	CHF million	14.1	12.7	8.3	13.9	−39.9	−4.5	−0.3	−1.4	−17.8	20.7
Commercial properties											
Number[6]		18	17	14	14	5	5	5	6	42	42
Floor space	’000 m²	609	290	508	235	63	36	103	63	1 283	624
Numer of clients		397	412	143	161	35	30	72	64	647	667
Vacancy rate[2]	%	0.3	0.9	1.2	0.9	13.3	9.8	9.0	3.0	2.1	1.8
Rental income	CHF million	87.4	82.1	52.1	50.7	9.9	10.4	18.1	18.0	167.5	161.2
Earnings on property[3]	CHF million	78.6	73.1	45.9	45.8	6.9	8.7	16.0	16.9	147.4	144.5
Gross return	%	4.5	4.4	5.3	5.2	4.2	4.4	7.8	7.6	4.9	4.9
Net yield[4]	%	4.0	4.0	4.7	4.7	3.0	3.7	6.9	7.1	4.3	4.4
Acquisition value	CHF million	1 700.5	1 545.6	1 036.3	1 048.4	313.4	311.6	192.5	303.2	3 242.7	3 208.8
Market value	CHF million	2 045.1	1 856.7	982.1	977.7	227.7	234.0	181.0	232.9	3 435.9	3 301.3
Average market value per property	CHF million	113.6	109.2	75.6	69.8	38.0	46.8	36.2	38.8	81.8	78.6
Change in market value[5]	CHF million	−6.0	9.9	−13.0	−4.6	−8.8	−5.9	−10.9	−7.1	−38.7	−7.7
Investment properties under construction											
Number		1	1	–	–	2	2	1	–	4	3
Land area	’000 m²	1	10	–	–	3	4	7	–	11	14
Acquisition value	CHF million	11.8	128.6	–	–	20.8	19.8	43.5	–	76.1	148.4
Market value	CHF million	11.5	158.1	–	–	24.2	21.5	25.4	–	61.1	179.6
Change in market value[5]	CHF million	7.5	2.9	–	–	3.4	0.6	−18.9	–	−8.0	3.5
Investment volume	CHF million	14.4	177.7	–	–	15.7	18.5	24.4	–	54.5	196.2

1 The change includes the properties at Kurzelängeweg 26–38 and 32a in Allschwil BL and Chlirietstrasse 6/8/10 in Oberglatt ZH. The property completed at Avenue du Cimetière 22, Petit-Lancy GE was also reclassified.
2 As a percentage of target rental income, cumulative as at cut-off date
3 Rental income minus real estate expenses
4 Rental income as a percentage of continued market value as at 1 January
5 From revaluation in comparison 31 December 2023 and 31 December 2022
6 The change includes the reclassification of Bellerivestrasse 36, Zurich and the Widstud shooting centre at Materlochstrasse 21, Bülach ZH from investment properties under construction to investment properties. The reclassification of Freiburgstrasse 130 in Berne from the portfolio to investment properties under construction. And the sale of the property at In der Luberzen 29 in Urdorf ZH effective 30 June 2023.

Multi-year overview

Key financial figures (in CHF million)	**2023**	2022	2021	2020	2019
Total sales	483.3	533.8	547.6	563.8	543.8
Earnings from rental and sale of investment properties	196.6	187.1	176.6	172.5	177.3
Earnings from real estate management services	–	–	–	–	–
Earnings from Development & Realisation segment	37.7	54.6	53.4	46.6	66.3
Completed project volume Realisation division	263.5	319.6	343.2	363.4	340.7
Operating profit (EBIT) incl. revaluation gains	116.1	200.7	246.6	225.3	329.8
Operating profit (EBIT) excl. revaluation gains	180.6	184.2	182.3	170.1	189.8
Net profit incl. revaluation effect	65.2	154.7	182.6	167.2	243.2
Net profit excl. revaluation effect	122.0	142.9	133.3	124.7	142.0
Cash flow from operating activities	25.0	159.6	164.4	61.8	186.3
Cash flow from investing activities	6.3	12.6	−181.7	−130.1	−33.9
Cash flow from financing activities	−32.8	−231.5	50.2	71.5	−172.0
Total assets as at 31 December	5 725.0	5 689.1	5 804.2	4 988.2	4 742.9
Market value of investment properties on 31 December	5 077.3	5 097.2	5 105.7	4 525.3	4 342.0
Balance sheet value development properties as at 31 December	471.7	418.2	434.8	223.7	167.6
Net yield investment properties (%)	3.8	3.8	4.0	4.1	4.3
Gross margin third-party projects Realisation division (%)	10.6	11.0	9.1	12.0	13.3
Net debt liabilities	2 679.1	2 594.6	2 652.3	2 138.5	1 971.6
Average interest rate on financial liabilities (%)	1.30	0.86	0.61	0.71	0.83
Average remaining term of financial liabilities (months)	40	37	44	49	56
Return on equity incl. revaluation effect (%)	2.5	6.0	7.3	7.0	10.6
Return on equity excl. revaluation effect (%)	5.7	6.7	6.5	6.2	7.2
Share of equity on 31 December (%)	44.5	45.6	44.1	48.4	49.6
Net gearing on 31 December (%)	105.3	99.9	103.7	88.6	83.5
Market capitalisation on 31 December	2 483.1	2 483.7	3 337.5	3 235.6	3 058.6

Share (in CHF)	**2023**	2022	2021	2020	2019
Earnings per share incl. revaluation effect	3.95	9.36	11.43	10.52	15.30
Earnings per share excl. revaluation effect	7.39	8.65	8.34	7.84	8.94
Payout per share	7.00	7.00	7.00	6.75	6.75
Net asset value (NAV) per share before deferred taxes on 31 December	177.02	179.75	177.25	169.40	163.75
Net asset value (NAV) per share after deferred taxes on 31 December	154.16	157.20	154.85	151.75	148.00
Market price high	163.20	208.50	206.00	223.50	197.70
Market price low	141.60	126.40	179.20	159.80	155.90
Market price on 31 December	150.40	150.40	202.00	203.50	192.40
Cash yield payout (%)	4.7	4.7	3.5	3.3	3.5
Payout ratio of the net profit excl. Revaluation effect of the the real estate segment (%)	92.9	86.9	94.1	90.7	85.9

1 Proposal of the Board of Directors to the annual general meeting of 19 April 2024 in the form of a dividend of CHF 3.50 per share plus repayment of reserves from contribution of capital amounting to CHF 3.50 per share

Sustainability report

Sustainability at Allreal

Dear reader

Constructing and operating buildings and infrastructure account for roughly half of the raw materials needed in Switzerland, one third of the CO_2 emissions and over 80% of the waste. The high demand for properties and the associated construction activity are such that this situation will not change unless the parties involved act with commitment. That is why the way we build and how we manage our portfolio are so crucial.

As a real estate company with integrated development and construction expertise we are well aware of our responsibility. The goals set in our sustainability strategy include cutting carbon emissions and reducing our use of resources. For us, building in a way that is sustainable, like using recyclable construction materials and renewable sources of energy, is essential for long-term success. Last year we again devoted our attention to achieving our ambitious sustainability targets and further refining our strategy.

In the middle of the year we and eleven other large property developers signed up to the Circular Building Charter (Charta kreislauforientiertes Bauen). Our stated ambition by 2030 is to cut the use of non-renewable primary raw materials to 50% of total volume, rigorously log and significantly reduce indirect greenhouse gas emissions and improve the recyclability of renovation work and new builds.

Since 2023 we have also been represented on the board of the Sustainable Construction Network Switzerland (Netzwerk Nachhaltiges Bauen Schweiz). Once again we are leading the way in developing sustainable solutions and boosting the collaboration between the worlds of business, government, education, politics and academia.

We entered into a close dialogue with our stakeholders last year to bring greater focus to our key sustainability topics. The result is the latest matrix of material topics, which forms the basis for directing our sustainability efforts.

In April 2023 we issued our first green bond, raising CHF 150 million. Issuing a green bond is a logical consequence of implementing our sustainability strategy. We are using the capital generated to finance investments to improve energy efficiency and reduce greenhouse gas emissions in our portfolio.

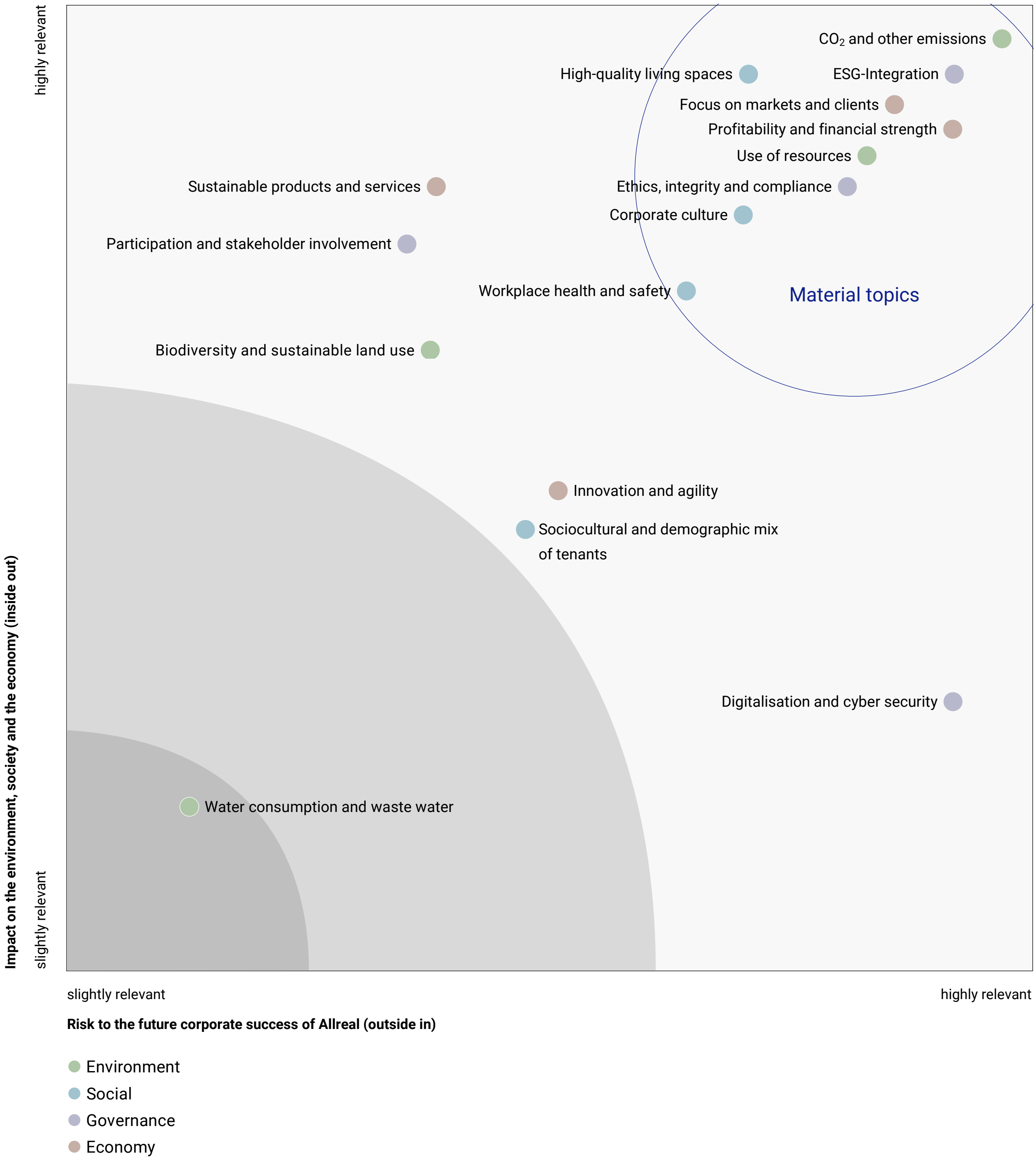
Ralph-Thomas Honegger	**Stephan Widrig**
Chairman of the Board of Directors	CEO

Stakeholder dialogue and key sustainability topics
(GRI 3-1, 3-2)

The focus on markets and clients is a material topic for Allreal. That is why we keep up an active dialogue with stakeholders. This includes regular conversations at management level with authorities and customers, engaging in industry bodies, customer satisfaction surveys, employee surveys and training sessions on the Code of Conduct, and ongoing discussions with suppliers and contractors. Allreal is also in regular dialogue with investors and financial analysts and holds an analyst and media conference twice a year when the annual and half-year reports are published.

At the end of 2023 we launched a multi-level, systematic stakeholder dialogue to define and review the key sustainability topics. This was initially internal, with selected employees from all divisions and levels of seniority, then external, and included tenant representatives, suppliers and representatives from academia, civil society and the financial services industry. The aim was to become more familiar with stakeholders' challenges, needs and expectations as regards the key sustainability topics and pick up suggestions on how to develop and improve sustainability engagement at Allreal. A widely circulated written survey on the material topics was carried out at the same time. The topics raised were assessed and analysed for their relevance for Allreal and our stakeholders.

Taking account of the suggestions from the internal and external dialogue and the written survey, Allreal drew up the following materiality matrix:



Based on this matrix, Allreal defined the following key topics:

Environment	Social	Governance	Economy
– CO_2 and other emissions – Use of resources	– High-quality living spaces – Corporate culture – Workplace health and safety	– ESG integration – Ethics, integrity and compliance	– Profitability and financial strength – Focus on markets and clients

Goals and goal achievement

The Allreal sustainability strategy we issued in 2021 and reviewed in 2023 had 12 thematic focuses in the three dimensions of environmental, social and governance. It sets clear performance metrics with a time horizon of three years in each case and a CO_2 reduction path out to 2050.

Guiding principle	Allreal builds value		
Visions	**...by being fully carbon-neutral**	**...by taking responsibility**	**...by having credible company management**
Thematic areas	**Environment** – Carbon-neutrality by 2050 – Sustainable construction – Recyclable construction – Sustainable energy management	**Social** – Comprehensive workplace health and safety – Genuinely equal opportunities – High-quality living spaces – Data protection	**Governance** – Sustainability of company management – Recipient-friendly reporting – Simple remuneration with long-term elements – Appropriate composition of Board of Directors/Group Management

Under the Environment heading we want to achieve full carbon-neutrality across the whole portfolio of investment properties by 2050 and halve the share of fossil fuels in our energy consumption by 2030 from the base year of 2021. The company is also committed to sustainable and recyclable construction.

Environment

Environment	Goal	Actions 2023	Performance metrics	2022	2023	Target figure 2024	Status
Carbon-neutrality by 2050	Allreal will halve the use of fossil fuels in by 2030 and be carbon-neutral by 2050	– Renovation project at Birmensdorferstrasse/Weststrasse started – Properties in western Switzerland included for the reduction path – Continue to partial offset CO_2 emissions by buying certificates	– Share of fossil fuels generating electricity for investment properties[3]	59%	58%	<59%	on track
			– Number of tonnes of CO_2 emissions partially offset by buying certificates[3]	8000 tonnes	6,000 tonnes	< 4,000 tonnes	planned
Sustainable construction	Allreal encourages sustainable building projects and takes climate risks and biodiversity into account	– Allreal label strategy approved – First SNBS site certification for Baarermatte started – Allreal takes a seat on the board of the NNBS – Internal workshop on sustainable construction held – LEED Platinum project at Bellerivestrasse 36 completed with green roof terrace	– Percentage of space in investment properties with certification/sustainability label[2]	40%	41.4%	>42%	planned
			– Number of own-developed projects with intensive greenery on roof or façades[2]	1	2	2	on track
Recyclable construction	Allreal wants to steadily reduce the resources used to realise new builds	– Founding member of the Circular Building Charter with a seat on the executive committee – Strategy to encourage recyclable construction approved	– Number of training sessions on raising awareness of the value of materials in the Realisation department[1]	0	1	1	on track
			– Number of disposal plans requested by the Realisation division that are optimised by material[2]	0	1	>4	planned
Sustainable energy management	Allreal uses sustainable energy management	– Digital consumption recording started, roll-out of first automated measurements in the properties – Added more PV systems with 3,319 kW peak output in 2023	– Percentage of space in investment properties where consumption is recorded[3]	23%	42%	>80%	planned
			– Installed kWp output of PV systems in investment properties[3]	137	3456	>5,500	planned
			– Share of parking spaces in residential properties with electric charging point[3]	20%	20%	>25%	planned
			– Energy consumption per square metre ($kWh/m^2/a$)[1]	84.5	76	<77	on track

1 Target figure per year
2 Cumulative target figure to end 2024
3 Target figure as at 31 December 2024

The focus areas in the Social category are aimed at creating a pleasant and safe working environment for staff and working on processes to create high-quality living spaces.

Social

	Goal	Actions 2023	Performance metrics	2022	2023	Target figure 2024	Status
Workplace health and safety	Allreal values workplace health and safety	– Safety rules checked in unannounced site audits – Information on the findings from the audits used in internal training sessions – Staff trained on internal safety organisation – Maintain collaboration with external specialist centre for bullying and harassment	– Number of unannounced site audits conducted[1] – Safety risks as a percentage of all shortcomings identified in site audits[1] – Number of reports to the external specialist centre for bullying and harassment[1]	12 8% 0	14 8.8% 0	>10 <5% 0	on track planned on track
Genuinely equal opportunities	Allreal promotes equal opportunities and ongoing employee training	– Continue HR strategy actively promoting work-life balance – Continue career development and active promotion of training sessions – Further develop corporate culture and values	– Number of hours of training per employee[1] – Percentage of the workforce working part-time[3] – Number of equal-pay studies showing positive confirmation[2] – Number of people from Athletes Network doing internships at Allreal[1]	28.6 18% 0 2	28.5 18% 0 0	>25 >25% 1 2	on track not on track planned planned
High-quality living spaces	Allreal designs high-quality projects and cooperates actively with external stakeholders	– Finalise living space evaluation template and add one member to the external advisory board – Two project reviews carried out	– Number of project meetings held by the living space advisory board[1] – Number of surveys on tenant satisfaction, the rental offering and management[3]	2 1	2 1	>2 2	planned planned
Data protection	Allreal ensures a high level of data protection by using the latest IT architecture	– IT penetration tests and cyber risk analysis for real estate portfolio carried out by external specialists – Data protection training given to all Allreal employees	– Number of IT penetration tests carried out externally[1] – Number of staff training sessions on data security and/or data protection carried out[3]	1 0	1 1	1 2	on track planned

1 Target figure per year
2 Cumulative target figure to end 2024
3 Target figure as at 31 December 2024

Good management is at the heart of the Governance section. This covers the appropriate composition of company bodies, the remuneration system and reporting.

Governance

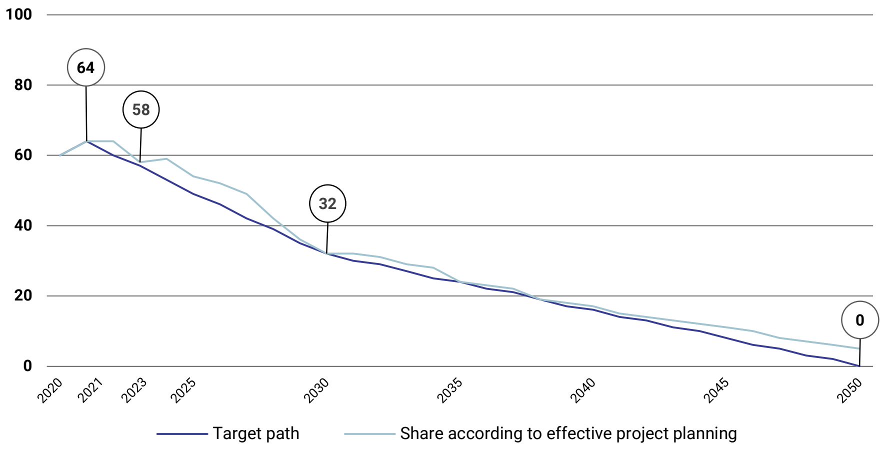
	Goal	Actions 2023	Performance metrics	2022	2023	Target figure 2024	Status
Sustainability in company management	Sustainability is firmly embedded in senior management at Allreal	– Internal training sessions on ESG held for Group Management – Stakeholder dialogue held with representatives from Board of Directors and Group Management	– Number of Group Management meetings with ESG items on the agenda[1] – Number of external training hours related to ESG per member of Group Management[1]	5 0	4 8	>6 >8	planned on track
Recipient-friendly reporting	Allreal announces every year the extent to which the ESG strategy has been achieved and has the sustainability metrics audited from 2023 onwards	– Reporting uses limited assurance – CO_2 emissions reported under the GHG Protocol. Factors adjusted. – Internal and external stakeholder dialogue held, plus written survey	– Number of external audits of ESG metrics[2] – Number of events held with relevant stakeholders related to ESG[2]	0 0	1 2	2 2	on track on track
Simple remuneration with long-term elements	Allreal takes sustainability factors into account in the remuneration of Group Management and selected individuals	– Each member of Group Management has individual ESG targets that affect their function bonus	– Average extent to which Group Management achieves ESG targets[1] – Percentage of the workforce with ESG performance metrics in their target agreements[3]	100% 2%	90% 2%	80% >20%	planned not on track
Appropriate composition of Board of Directors/Group Management	Allreal is keen to increase the share of women on the Board of Directors and in Group Management		– Share of women on the Board[3] – Share of women in Group Management[3]	25% 0%	25% 0%	>25% >0%	not on track not on track

1 Target figure per year
2 Cumulative target figure to end 2024
3 Target figure as at 31 December 2024

CO_2 reduction path

A focus in the Environment section is achieving carbon-neutrality by 2050. An important intermediate goal is to reduce the share of fossil fuels by 50% by 2030 (from 64% fossil fuels in 2021 to 32%).

CO_2 reduction path
Percentage of fossil fuels in the investment properties portfolio



To reach the ambitions goals in the reduction path, we have set clear rules for renovating and building new investment properties, with thresholds for permissible greenhouse gas emissions (Section Label strategy). We follow the Sustainable Construction Switzerland standard (SNBS) for this.

The reduction path is calculated based on the assumption that district heating will continue to be partly based on fossil fuels in future. If district heating can be fully decarbonised more quickly, the CO_2 reduction goals can be achieved correspondingly faster.

Allreal offsets some of its CO_2 emissions. In 2023 roughly 6,000 tonnes of CO_2 were offset by climate projects certified to recognised standards such as the Gold Standard or the Verified Carbon Standard (VCS).

Contribution to sustainable development goals

In 2015 the member states of the United Nations approved the 2030 Agenda for Sustainable Development. At the heart of this agenda are the 17 Sustainable Development Goals (SDGs), with 169 sub-goals. These are to be achieved globally and by all UN members by 2030. Allreal contributes to achieving several of these goals by its business activities and sustainability strategy.

The guiding principle for Allreal is derived from the business model: "Sustainable Cities and Communities".

Guiding principle

Other topics are:

Climate and energy

Encouraging the circular economy

Allreal as an attractive and safe employer

Environment

When it comes to the environment the main topics and associated goals are reducing CO_2 and other emissions and cutting the use of resources. The guidelines are set out in the Circular Building Charter and the label strategy. Responsibility for implementation lies with the Development, Realisation and Real Estate divisions, with advice and support from the sustainability unit. Since 2023 Allreal has been represented on the board of the Sustainable Construction Network Switzerland (NNBS). This underscores the Allreal commitment to developing sustainable solutions and collaboration between the worlds of business, government, education, politics and academia.

Diverse engagement

During the reporting year 14 photovoltaic installations with a peak output of 3,319 kW went into operation. Previously installed systems together generated 878 MWh of renewable electricity in the calendar year. We also further boosted the share of renewable energy in the portfolio and are encouraging heating systems that use renewable energy sources in new build and renovation projects. In e-mobility, no additional charging points were installed in 2023, as those put in last year have not yet all been let.

Value-enhancing investments of around CHF 60 million in renewable energy sources and energy efficiency measures in German-speaking Switzerland are planned out to 2030 to achieve the CO_2 reduction path. The expansion of the portfolio in French-speaking Switzerland following an acquisition in 2021 has made additional capital expenditure of around CHF 5 million necessary to renovate the properties in that part of the country. By 2030, a total of around CHF 65 million will have been invested in value-enhancing renewable energy sources and energy efficiency measures.

In April 2023 Allreal issued its first green bond, raising CHF 150 million. These funds were used in full in 2023 to build and renovate properties to a high standard of sustainability and to install photovoltaic systems. Thanks in part to measures like this, it looks likely that the target of halving the share of fossil fuels to 32% by 2030 can be achieved. The reduction path is on track at present, with a 58% share of fossil fuels in 2023.

By signing the Circular Building Charter Allreal is committed to the shared ambition of cutting the use of non-recyclable primary raw materials to 50% of the total volume, logging and significantly reducing indirect greenhouse gas emissions and measuring and improving the recyclability of renovation work and new builds, by 2030. Read more in the online report on the topic of circular construction.

Label strategy

To reach the ambitious goals under the reduction path, Allreal has set clear rules for renovation and building new properties. We follow the Sustainable Construction Switzerland standard (SNBS) for this. All new builds are completed and certified to SNBS Gold. This includes ambitious thresholds for permissible greenhouse gas emissions, when under construction and in operation. To date the focus as far as energy is concerned has mainly been on the energy used in operation (replacing heating systems, improving insulation, etc.); now emissions during construction and when manufacturing the building materials are also considered, making the methodology more comprehensive. Grey energy captures all the processes across the lifecycle of a building or component; it includes manufacturing, replacement investment and disposal, taking the depreciation periods of individual components into account.

	Renovation		New build	
Property development for portfolio and sale	Preferably SNBS renovation*		SNBS Gold	
Ambitious target values for operating emissions**	**Residential** ≤ 4.0 kg CO_2e/m^2a	**Commercial** ≤ 5.0 kg CO_2e/m^2a	**Residential** 0.0 kg CO_2e/m^2a	**Commercial** ≤ 1.0 kg CO_2e/m^2a

* If not feasible, then alternatives such as Minergie ECO or BREEAM in Use
** Threshold and target values calculated according to SIA 390/1, SIA 2032, KBOB

Energy consumption and CO_2 emissions ☑

(GRI 302-1, 302-3, 305-1–4)

Allreal is committed to keeping energy consumption and the associated greenhouse gas emissions low and steadily reducing them. Apart from the structure of a building and its operation, environmental conditions affect the use of heating (and hence energy) in the winter.

The energy consumption shown in this report covers all investment properties owned by Allreal as at 31 December 2023. Buildings that were sold or not rented out during the reporting period owing to complete renovations or refurbishments are not included. Where buildings were transferred to the portfolio of investment properties during the reporting period, these are included in the energy figures for the first time if consumption data is available for at least 12 months. As a result, the rentable area of properties with an energy evaluation may be less than the total rentable area shown in the Annual Report. In 2023 a total of 800,460 m^2 of rentable area was included in the energy figures.

The components of energy consumption are as follows:
- Primary energy demand for room heating and electrical energy for heat pump systems
- Electrical energy used in the common areas and in general infrastructure, such as stairwells, corridors, lifts, cooling systems and ventilation systems
- Electricity used by tenants is not shown

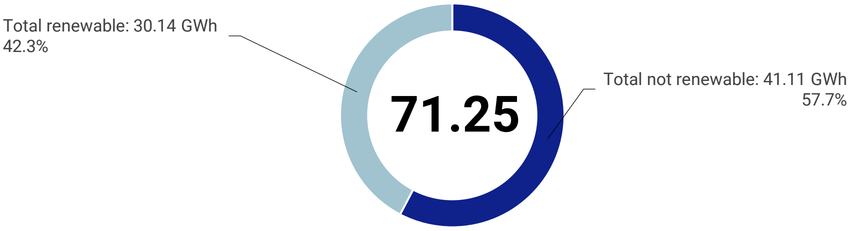
The following changes from the previous year should be mentioned in the methodology used to measure energy consumption and CO_2 figures:
- The portfolio acquired in French-speaking Switzerland in 2021 is now fully covered in the data, so the rentable area has risen.
- From this year on, Allreal uses the internationally recognised Greenhouse Gas Protocol to measure greenhouse gas emissions. Allreal includes Scopes 1 (direct emissions), 2 (indirect emissions) and 3.3 (fuel and energy-related emissions). Electricity used by tenants is not currently shown.
- Since 2023 we have also been reporting which property is connected to which district heating network in a different way. This is because the different district heating providers use different sources of heat and hence generate more or fewer CO_2 emissions. The data for 2022 and 2021 have been restated using this methodology to make it possible to provide accurate and comparable information (the market-based approach). The figures for previous years shown in this report are therefore not identical to the ones which appeared in previous reports.

Total energy consumption fell 2.8% in 2023 from the previous year to 71.25 GWh. Energy intensity was 89.0 kWh/m^2 of rentable space, compared to 94.8 kWh/m^2 the previous year. This is mainly due to the mild winter, which resulted in a year-on-year decline in heating degree days.

Ernst & Young Ltd provided limited assurance on the information marked with ☑ for 2023. The Independent Assurance Report is included in the Appendix.

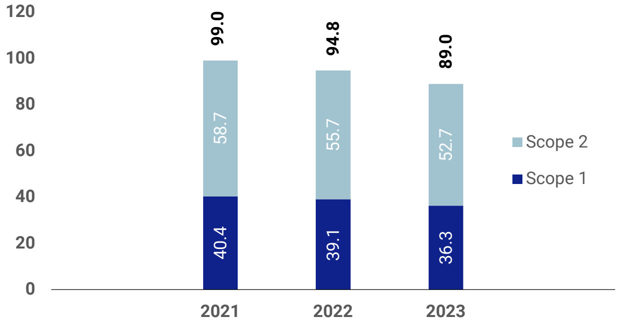
For more details on the methodology and data, please see the Appendix.

Proportion of renewable energy
in GWh

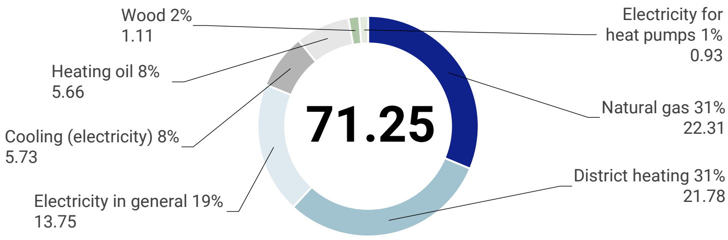


Residential and commercial properties with a total rentable area of 800,460m².

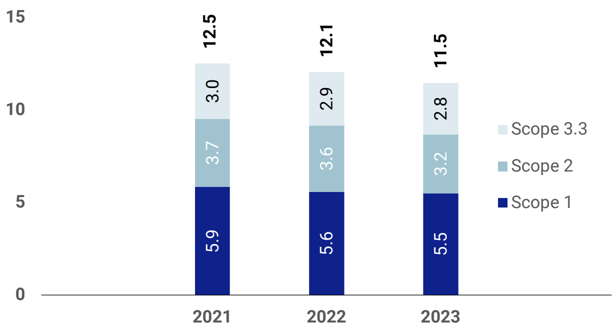
Energy intensity
in kWh/m² of rentable area



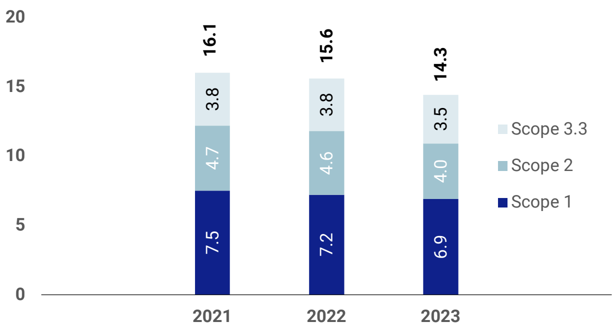
Overall energy consumption by source
in GWh



Greenhouse gas emissions
Scope 1, Scope 2 (market-based) and Scope 3.3, in 1,000t CO_2 equivalent



Greenhouse gas emissions
Scope 1, Scope 2 (market-based) and Scope 3.3, in kg CO_2 equivalent/m² of rentable area



Energy monitoring

To improve energy efficiency you have to know exactly how much energy and media are being used. Last year we started digitalising the data collection, as a way of improving data quality. Now the consumption figures can be processed directly in specially designed software. The improved data basis will allow us to design targeted measures in future to increase energy efficiency.

Social

The Social heading covers both corporate culture and workplace health and safety. In terms of society, the focus is on high-quality living spaces as a key topic. The corporate culture is shaped by all employees. Shared values were defined in a participative process and are lived out by the whole workforce. When it comes to workplace health and safety, the Realisation division takes the lead. The Development, Realisation and Real Estate divisions work together and with expert support from an external board and from the sustainability unit to create high-quality living spaces.

We set great store by labour relations that are fair, long-term oriented and based on a partnership. This is apparent from an average length of service that is high by sector standards. Efficient, capable and motivated employees are crucially important for successful long-term business activity. Allreal pays all employees a fair market salary regardless of gender and the nature of their employment, and also offers above-average social and monetary ancillary benefits. The company encourages ongoing education and training and equal pay and offers a system of agile working.

Last year we defined our values in a participative process: professional, entrepreneurial, human. These shape our culture and guide our behaviour. They reflect our mission and how we treat each other. And they stand for an attitude that makes for our shared success.

Workplace health and safety ☑
(GRI 403-5, 403-9)

Workplace safety is a top priority for Allreal, with a particular focus on construction sites. Project and site managers support and monitor contractors in planning and implementing all measures to prevent accidents. The Allreal quality management system provides them with various aids such as checklists and regulations for this purpose.

They also ensure the visitors to construction sites are given safety equipment and briefed on the safety rules.

In office locations, the company medical service responds rapidly to provide first aid in cases of emergency. All employees who work on building sites or in the company medical service are given annual training on different safety issues so they are able to perform these tasks as well as possible. Since the system of safety audit monitoring was introduced in 2016, we have halved the number of significant safety issues logged in each audit.

During the course of the year under review, the individuals responsible for workplace health and safety conducted a total of 14 unannounced site audits and recorded their findings. Safety risks were identified in 8.8% of all shortcomings. Together with the site managers, the necessary measures were put in place immediately to remedy these risks. The points raised were covered again in internal training sessions the following year to increase awareness.

There were no fatal or serious accidents on Allreal building sites in 2023. All in all, three people employed by Allreal or freelancers suffered minor injuries during working hours, equivalent to 1.3% of the workforce or 1.3 incidents per 200,000 hours worked. Read more about our occupational safety measures in the online report.

High-quality living spaces

Allreal builds high-quality living spaces people enjoy living and working in. They include an attractive external design with greenery, semi-public spaces and covered parking, especially for sustainable mobility (bike parking places and charging infrastructure for electromobility).

As part of our sustainability strategy, in December 2022 we set up the living space advisory board. This assesses Allreal projects in terms of social issues, as a way of contributing to achieving the goals under the sustainability strategy. The focus of the advisory board is on looking at the way living space is designed, and in particular on making qualitative statements on the design of public and semi-public spaces. In addition to reviewing completed projects, it also issues recommendations on future ones. These are reflected when studies are put out to tender, for example. The advisory board consists of two Allreal representatives (the CEO and the Head of Sustainability) and two external members. It is chaired by one of the external members.

During the reporting year the two sites Dietlimoos in Adliswil ZH and Grünhof in Zurich were scrutinised. The evaluation template was made tighter and simpler as a result of the experience gathered on the site visits (read more in our story).

Staff development ☑

(GRI 404-1, 404-2)

Allreal attaches great importance to ongoing internal and external employee training and education and covers a large share of the costs incurred. The company makes time available during working hours. This way we ensure that employees are up to date with their skills and in a position to do their job well. Training may involve short courses or longer programmes at master, bachelor, certificate of advanced studies or federal diploma level. An introductory pre- and onboarding is available online for new joiners, to give them an overview of organisational structure and processes.

Allreal employees underwent an average of 28.5 hours of training in 2023. The company invested a total of CHF 386,061 on this. This is equivalent to an average of CHF 1,609 per employee.

Training
Hours per employee 2023

28.5

To be able to deliver a good performance, you have to have sufficient rest. All employees at Allreal enjoy at least five weeks of leave. An attractive annual working time model also affords staff the flexibility to plan their own time. Allreal gives all employees with an office job the chance to work from home. With these measures the company helps to promote a better work-life balance.

Employees receive a special gift for every five years of service in the form of shares, annual leave allowance or a lump-sum payment. For employees in German-speaking Switzerland Allreal also has its own pension fund, which offers attractive benefits and has an above-average cover ratio. In 2023, the employees of Allreal Romandie SA were given new employment contracts with terms closely based on those of Allreal Generalunternehmung AG. At the same they also received a considerably improved insurance solution for their occupational pensions.

Allreal offers staff who do not use a private car and take public transport a free annual season ticket for the entire public transport network in the canton of Zurich, or equivalent alternatives for Geneva, Bern and Basel.

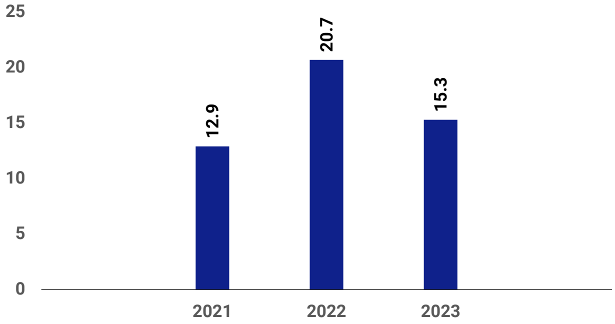
Employment ☑
(GRI 2-7, 404-3, 405-1)

All Allreal employees receive an annual evaluation of their performance combined with target setting for the following year. This standardised process is supported by a specially developed digital solution.

On 31 December 2023 the headcount stood at 240 employees, equivalent to 228 full-time equivalents. For us it goes without saying that all company benefits are offered to all employees, regardless of whether they work full time or part time. In addition, as at 31 December 2023 there were four freelancers working for Allreal, equal to 2.7 full-time equivalents. The share of women is 32.1%. This has been steadily increased in recent years and should continue to do so in the years to come. Women made up 25% of the Board of Directors in the reporting year.

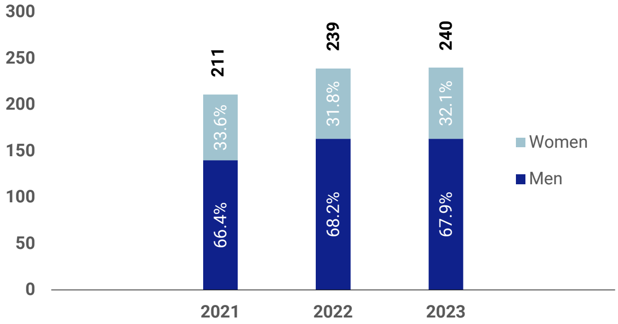
The turnover rate at Allreal in the reporting year was 15.3%, a decline of 5.4 percentage points from the previous year.

Turnover rate
(in %)

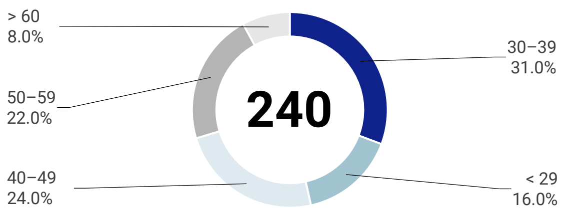


The figure shown here has been calculated using a methodology that is more detailed than the GRI turnover rate (GRI 401-1b). The two figures are therefore not identical.

Number of employees
Employees by gender



Employee age structure 2023
percentage share



For more details on the data, please see the Appendix.

Governance

When it comes to Governance, the key topics are ESG integration and ethics, integrity and compliance. The fundamental principles of collaboration for Allreal are laid down in the Code of Conduct. They include the following points: acting and behaving lawfully and with integrity, non-discrimination, data protection and confidentiality, workplace health and safety and protecting the environment. These topics are dealt with in the company by the internal auditor and HR; data protection is handled by the IT department. All employees share equal responsibility for implementation. Regular training sessions are held on the various topics. ESG integration takes place across the group and at all levels of seniority, directed overall by the sustainability unit.

Embedding sustainability in the organisational structure
(GRI 2-13, 2-17)

Sustainability is embedded in the strategy and corporate culture of Allreal. Ultimate responsibility lies with the Board of Directors, but it affects all business activities and requires the commitment of all employees. The Board of Directors decides Allreal's sustainability strategy and goals and monitors how they are developed and implemented. The Board is informed about sustainability issues at least once a year. It discusses and approves the annual sustainability reporting and the key topics. In addition, it was involved in the stakeholder dialogue and the materiality analysis. By doing so it gathered and absorbed the knowledge and suggestions from representatives of business, civil society and academia. The sustainability unit reports directly to the CEO. Working groups and committees are set up for special tasks and projects.

For the green bond an ESG Committee was established comprising the CEO, the CFO, the Head of Real Estate and the Head of Sustainability. The committee is responsible for selecting and evaluating suitable financing projects within the Green Bond Framework and oversees the allocation of funds and their impact on sustainability targets being achieved.

The living space advisory board is made up of the CEO, the Head of Sustainability and two external specialists. It assesses the impact of our projects in terms of social topics and, in particular, makes qualitative suggestions on the design of public and semi-public spaces.

As well as being embedded in the organisational structure and integrated across the group, sustainability topics are increasingly being integrated in training sessions as well as processes and procedures. Several courses were held in 2023, reaching roughly 20% of employees. The suggestions and needs raised by employees in the internal dialogue on key sustainability topics will be incorporated into future action plans and strategies. In 2023, various guidelines were also issued or revised, such as the label strategy, a concept paper on resource efficiency, the guidelines on high-quality living spaces and the conditions for the works contract.

New Data Protection Act
On 1 September 2023 the fully revised Data Protection Act came into effect. This affects Allreal mainly in connection with buying, selling and managing properties, and also in Human Resources. We provided information on the forthcoming

changes in good time and held several training events to ensure that all employees have the necessary knowledge.

Integrated quality management

Allreal has a comprehensive and standardised quality and cost management system that is implemented consistently and updated regularly. The web-based database "Processes at Allreal for Quality" (PAQ) defines standards and processes, and provides all employees with tools such as regulations, templates and examples for their day-to-day work.

Procurement

As a total and general contractor, Allreal is liable for any failure to comply with minimum wage laws or the statutory working conditions offered by both contractors and all of their subcontractors. The high cost and time pressures so prevalent in the construction sector give rise to a degree of risk of violations of labour and social security provisions. These not only involve quality risks, but also liability and reputation risks. We strongly condemn illegal labour and wage dumping, and oblige all contractors to adhere strictly to the applicable provisions.

We did not note any violations on our construction sites in 2023. We took a range of actions to further minimise the risk of violations of the Posted Workers Act, including strict contract terms, an ID requirement for construction workers and access checks on large construction sites. Allreal has developed the Qualiconstruct programme – a collaborative model in which it works in very close partnership with selected companies that are known for their excellent track record in terms of quality, cost-effectiveness, credit rating and innovative capacity. As at the end of 2023 a total of 50 companies in 16 employment categories had joined the programme. Individual company affiliations to Qualiconstruct are reviewed annually.

We have also been working with the information system Informationssystem Allianz Bau (ISAB), which involves collaboration between employers and employees, since 2020. This data-based electronic platform is supported by the major social partners in the construction and renovation sectors and maximises transparency surrounding compliance with minimum working conditions. ISAB membership is an important criterion for us when awarding tenders.

Allreal operates solely in Switzerland and complies with the Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour. Work contracts specify that companies engaged by Allreal are likewise responsible for meeting their due diligence obligations under the Swiss Code of Obligations.

During the reporting period 99.5% of work by project volume was placed with companies and suppliers based in Switzerland.

Allreal site managers, who are deployed on-site and present for the entire construction period, monitor and manage compliance with standards and laws as well as the quality of execution. The company’s own service organisation ensures that any defects that occur after the building has been handed over are rectified in a fast and straightforward way. A specially developed online platform is available to those responsible for administering corrective action. Systematically recording the defects also guarantees that any clusters of defects are discovered and precluded in future as early as the planning stage.

Customer surveys

Once construction work is complete, both customers who have purchased residential property from Allreal and a selection of building owners of third-party projects are given the opportunity to evaluate us and make specific suggestions for improvement using a standardised questionnaire. Of the eight questionnaires sent out in 2023, five were returned. In the overall assessment, 20% of developers of third-party projects were "very satisfied" with Allreal and the remaining 80% were "satisfied". Allreal did not hand over any new apartments to buyers in the reporting year.

Every two years the Allreal operational management team conducts a representative customer survey of residential and commercial tenants. The results provide additional valuable tips on further improving portfolio management, building management and operational management services. The next survey will be held in 2024.

Code of Conduct

(GRI 2-24, 205)

The Code of Conduct, which is binding for the entire Allreal Group, outlines the business conduct expected of employees and business partners and defines the guidelines that must be respected and followed with no exceptions or limitations. It also specifies the sanctions in the event of violations. Our activity is based on taking personal responsibility for observing ethical standards and strictly complying with all legislation relevant to the company.

The Code of Conduct came into force in 2018 and defines the following corruption risks as material: the award of planning and sub-contracting services, the award of property management and facility management contracts, the acquisition of development properties, the acquisition of GC/TC contracts and the purchase/sale of investment properties. All new employees are informed of the Code of Conduct. On the instructions of the Board of Directors and Group Management, all employees also receive annual compulsory training on a specific issue covered in the Code of Conduct. During the reporting year the focus was on the topic of bribery and corruption. You can find the Code of Conduct on our website.

Whistleblower hotline and continuous improvement

(GRI 2-16, 2-27, 406, 418)

Employees and third parties who discover or suspect violations of applicable laws or the Code of Conduct are able to report these to a whistleblower hotline. Reports can be made using the online form on the Allreal intranet and the company website. Use of a third-party provider ensures whistleblowers always remain anonymous and information is kept confidential. The hotline ensures whistleblowers do not suffer any negative consequences from making contact.

One incident was reported in 2023. As no violation of the Code of Conduct could be determined it was not followed up and the case was closed.

In addition to the existing whistleblower hotline, Allreal also works with the Swiss centre addressing bullying and harassment. The centre is on hand to advise employees and members of Group Management who are concerned about signs of bullying, sexual harassment and discrimination in the workplace, with anonymity maintained at all times. The last training session on this issue took place in autumn 2021. During the reporting period, there were no reports of bullying, sexual harassment or discrimination in the workplace.

No violations of the protection of customer data or freedom from discrimination were reported in 2023. Neither was Allreal sanctioned or fined in the reporting period for failing to comply with social and economic legislation and regulations or failing to comply with environmental laws.

Group Management sends a standardised report to the Board every quarter on relevant events that could potentially negatively affect Allreal's business relationships or operating business.

Allreal employees can submit ideas and suggestions for improvement in an online form as a way of ensuring continuous improvement of working processes. Group Management assets the feasibility of the suggestions collected and provides an update on the latest status of proposals every six months.

Appendix

GRI content index 2023

Allreal Holding AG has reported in accordance with the GRI Standards for the period 01.01.2023 –31.12.2023.
GRI 1: Foundation 2021
No applicable sector standards available

GRI Standard		Disclosure	Text/location
General disclosures			
GRI 2: General Disclosures 2021	2-1	Organisational details	a. Allreal Holding AG b. Annual Report 2023 – Corporate Governance c. Legal HQ: CH-6340 Baar Operational HQ: CH-8152 Glattpark d. Switzerland
	2-2	Entities included in the organization's sustainability reporting	a Allreal Romandie SA, Allreal Generalunternehmung AG, Allreal Home AG, Allreal Office AG, Allreal Toni AG, Allreal West AG b No differences c All entities are treated the same
	2-3	Reporting period, frequency and contact point	a. Calendar year, annual (the reporting period for energy data is 01.06.2022 – 31.07.2023; the reporting period for all other information is 01.01.2023 – 31.12.2023) b. Calendar year, annual c. 27 February 2024 d. David Guthörl
GRI 2: General Disclosures 2021	2-4	Restatements of information	a.i. Reason: in 2023 a different method was used to measure energy and CO_2 data (the GHG Protocol instead of KBOB). a.ii. The energy and CO_2 data for 2021 and 2022 were restated using the new methodology to maintain comparability
	2-5	External assurance	a. The Audit and Risk Committee was involved in drafting the specifications and the contract for the external audit. b. EY limited assurance (Appendix Sustainability Report 2023)
	2-6	Activities, value chain and other business relationships	a. Annual Report 2023 – Business model and strategy b. Annual Report 2023 – Business model and strategy c. No other relevant business relationships d. No material changes
	2-7	Employees	Sustainability Report 2023 – Employment
	2-8	Workers who are not employees	Sustainability Report 2023 – Employment
	2-9	Governance structure and composition	Annual Report 2023 – Organisation
	2-10	Nomination and selection of the highest governance body	a. Annual Report 2023 – Articles of Association and Corporate Governance b. Annual Report 2023 – Corporate Governance
	2-11	Chair of the highest governance body	Annual Report 2023 – Organisation
	2-12	Role of the highest governance body in overseeing the management of impacts	a. Annual Report 2023 – Corporate Governance Report and Organisational Regulations b. Annual Report 2023 – Corporate Governance c. Annual Report 2023 – Corporate Governance Report and Organisational Regulations, Sustainability Report 2023 – Governance

GRI Standard		Disclosure	Text/location
	2-13	Delegation of responsibility for managing impacts	Sustainability Report 2023 – Embedding sustainability in the organisational structure
	2-14	Role of the highest governance body in sustainability reporting	Annual Report 2023 – Corporate Governance, Sustainability Report 2023 – Embedding sustainability in the organisational structure
	2-15	Conflicts of interest	Annual Report 2023 – Corporate Governance
	2-16	Communication of critical concerns	Sustainability Report 2023 – Whistleblower hotline and continuous improvement
	2-17	Collective knowledge of the highest governance body	Sustainability Report 2023 – Embedding sustainability in the organisational structure
	2-18	Evaluation of the performance of the highest governance body	Annual Report 2023 – Corporate Governance
	2-19	Remuneration policies	Annual Report 2023 – Compensation report
	2-20	Process to determine remuneration	a. Annual Report 2023 – Compensation report b. Minutes of the annual general meeting
	2-21	Annual total compensation ratio	Annual Report 2023 – Compensation report
	2-22	Statement on sustainable development strategy	Sustainability Report 2023 – Sustainability at Allreal
	2-23	Policy commitments	Code of Conduct of 9 December 2021: allreal.ch/en/company/code-of-conduct
	2-24	Embedding policy commitments	Sustainability Report 2023 – Code of Conduct Sustainability Report 2023 – Whistleblower hotline and continuous improvement
	2-25	Process to remediate negative impacts	Sustainability Report 2023 – Code of Conduct Sustainability Report 2023 – Whistleblower hotline and continuous improvement
	2-26	Mechanisms for seeking advice and raising concerns	Sustainability Report 2023 – Whistleblower hotline and continuous improvement
	2-27	Compliance with laws and regulations	Sustainability Report 2023 – Governance
	2-28	Membership of associations	– Avenir Suisse – Verband Immobilien Schweiz – Verein Minergie – Charta Kreislauforientiertes Bauen – öbu Verband für nachhaltiges Wirtschaften – Netzwerk Nachhaltiges Bauen Schweiz
	2-29	Approach to stakeholder engagement	Sustainability Report 2023 – Stakeholder dialogue and key sustainability topics
	2-30	Collective bargaining agreements	0% of employees covered by collective agreements
Material topics			
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Sustainability Report 2023 – Stakeholder dialogue and key sustainability topics
	3-2	List of material topics	Sustainability Report 2023 – Stakeholder dialogue and key sustainability topics
Economic performance			
GRI 3: Material Topics 2021	3-3	Management of material topics	Annual Report 2023 - Financial report
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Annual Report 2023 – Consolidated financial statements
	201-3	Defined benefit plan obligations and other retirement plans	Annual Report 2023 – Notes to the consolidated financial statements
Procurement practices			
GRI 3: Material Topics 2021	3-3	Management of material topics	Sustainability Report 2023 – Governance
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Sustainability Report 2023 – Procurement

GRI Standard		Disclosure	Text/location
Anti-corruption			
GRI 3: Material Topics 2021	3-3	Management of material topics	Sustainability Report 2023 – Governance
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	Sustainability Report 2023 – Code of Conduct
	205-2	Communication and training about anti-corruption policies and procedures	Sustainability Report 2023 – Code of Conduct
	205-3	Confirmed incidents of corruption and actions taken	Sustainability Report 2023 – Code of Conduct
Energy			
GRI 3: Material Topics 2021	3-3	Management of material topics	Sustainability Report 2023 – Environment
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Sustainability Report 2023 – Energy consumption and CO_2 emissions
	302-3	Energy intensity	Sustainability Report 2023 – Energy consumption and CO_2 emissions
Emissions			
GRI 3: Material Topics 2021	3-3	Management of material topics	Sustainability Report 2023 – Environment
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Sustainability Report 2023 – Energy consumption and CO_2 emissions
	305-2	Energy indirect (Scope 2) GHG emissions	Sustainability Report 2023 – Energy consumption and CO_2 emissions
	305-3	Other indirect (Scope 3) GHG emissions	Sustainability Report 2023 – Energy consumption and CO_2 emissions
	305-4	GHG emissions intensity	Sustainability Report 2023 – Energy consumption and CO_2 emissions
Employment			
GRI 3: Material Topics 2021	3-3	Management of material topics	Sustainability Report 2023 – Social
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Sustainability Report 2023 – Employment
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Sustainability Report 2023 – Employment. All benefits are provided to all employees, regardless of whether they work full time or part time.
Workplace health and safety			
GRI 3: Material Topics 2021	3-3	Management of material topics	Sustainability Report 2023 – Social
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Sustainability Report 2023 – Workplace health and safety
	403-2	Hazard identification, risk assessment, and incident investigation	Sustainability Report 2023 – Workplace health and safety
	403-5	Worker training on occupational health and safety	Sustainability Report 2023 – Workplace health and safety
	403-8	Workers covered by an occupational health and safety management system	Sustainability Report 2023 – Workplace health and safety
	403-9	Work-related injuries	Sustainability Report 2023 – Workplace health and safety
Training and education			
GRI 3: Material Topics 2021	3-3	Management of material topics	Sustainability Report 2023 – Social

GRI Standard		Disclosure	Text/location
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Sustainability Report 2023 – Employee development
	404-2	Programs for upgrading employee skills and transition assistance programs	Sustainability Report 2023 – Employee development
	404-3	Percentage of employees receiving regular performance and career development reviews	Sustainability Report 2023 – Employment
Diversity and Equal Opportunity			
GRI 3: Material Topics 2021	3-3	Management of material topics	Sustainability Report 2023 – Social
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Annual Report 2023 – Organisation
Non-discrimination			
GRI 3: Material Topics 2021	3-3	Management of material topics	Sustainability Report 2023 – Governance
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Sustainability Report 2023 – Whistleblower hotline and continuous improvement
Customer privacy			
GRI 3: Material Topics 2021	3-3	Management of material topics	Sustainability Report 2023 – Governance
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainability Report 2023 – Whistleblower hotline and continuous improvement

Methodology

Methodology for measuring energy consumption

- The components of energy consumption are as follows:
  - Primary energy demand for room heating and electrical energy for heat pump systems
  - Electrical energy used in the common areas and in general infrastructure, such as stairwells, corridors, lifts, cooling systems and ventilation systems
  - Electricity used by tenants is not shown
- The energy consumption shown in this report covers all investment properties owned by Allreal in the financial year as at 31 December. Properties that were not rented out during the reporting period owing to complete renovations or refurbishments are not included. Where buildings were transferred to the portfolio of investment properties during the reporting period, these are included in the energy figures for the first time if consumption data is available for at least 12 months. As a result, the rentable area of properties with an energy evaluation may be less than the total rentable area shown in the Annual Report. In 2023 a total of 800,460m^2 of rentable area was included in the energy figures.
- At present, energy consumption is collected via the calculation of incidental costs. These cover different periods that do not always exactly match the energy year (from July of the previous year to June of the current year). So where data for the reporting year are incomplete or missing, they are projected using the accumulated temperature difference (atd) method for the previous year's data to fill in the gaps.
- The CO2MPASS simulation tool is used to make estimates when consumption data is missing. The tool uses a thermal model based on the standards of the SIA (the Swiss Society of Engineers and Architects), taking input data on the building in question (location, age, energy reference area, building envelope, heating system, etc.). A final manual plausibility check improves the quality of this data further.

Methodology for measuring CO_2 data

- Allreal calculates CO_2 emissions using the internationally recognised GHG Protocol. Allreal includes Scopes 1 (direct emissions), 2 (indirect emissions) and 3.3 (fuel and energy-related emissions). Electricity used by tenants is not currently shown.
- The source Allreal uses for emission factors for Scopes 1, 2 and 3 is data from intep.[1]
- The consolidation approach used by Allreal is based on operational control.

1 https://intep.com/projekte/emissionsfaktoren-fuer-den-gebaeudesektor/

The methodology used to measure energy consumption and CO_2 emissions differs from the previous year in the following ways:

— The portfolio of properties acquired in French-speaking Switzerland in 2021 is now fully covered in the data, so the rentable area has risen.
— Allreal calculates CO_2 emissions using the internationally recognised GHG Protocol and no longer applies the method of the KBOB.
— Since 2023 we have also been reporting which property is connected to which district heating network in a different way. This is because the different district heating providers use different sources of heat and hence generate more or fewer CO_2 emissions. The data for 2022 and 2021 have been restated using this methodology to make it possible to provide accurate and comparable information (the market-based approach). The figures for previous years shown in this report are therefore not identical to the ones which appeared in previous reports.

Employee data ☑

GRI 401: New employee hires and employee turnover

GRI 401-1a: Total number and rate of new employee hires during the reporting period, by age group, gender and region

Gender	Number of new employees
Female	19
Male	21
Total	**40**

Age group	Number of new employees	Rate in %
< 29	14	35.0
30–39	11	27.5
40–49	9	22.5
50–59	6	15.0
> 60	0	0
Total	**40**	**16.7**

Region	Number of new employees
German-speaking Switzerland	30
French-speaking Switzerland	10
Total	**40**

GRI 401-1b: Total number and rate of employee turnover during the reporting period, by age group, gender and region

Gender	Number of employee turnover
Female	18
Male	26
Total	**44**

Age group	Number of employee turnover	Rate in %
< 29	7	15.9%
30–39	13	29.5%
40–49	11	25.0%
50–59	9	20.5%
> 60	4	9.1%
Total	**44**	**18.3%**

Region	Number of employee turnover
German-speaking Switzerland	30
French-speaking Switzerland	14
Total	**44**

GRI 404-1 Average hours of training per year per employee[1]

Gender	Number of employees	Total hours of training and education	Avg. number of hours per employee
Female	43	2,250.28	29.2
Male	83	4,597.86	28.2
Total	**126**	**6,848.14**	**28.5**

Employee category	Number of employees	Total hours of training and education	Avg. number of hours per employee
Management	1	17.20	3.4
Management Team	8	324.20	14.1
Employees	117	6,506.74	30.7
Total	**126**	**6,848.14**	**28.5**

1 126 out of 240 employees completed training. The average number of hours was calculated across all 240.

GRI 405-1 Diversity of governance bodies and employees

GRI 405-1a. Percentage of people on the governance body

Gender	Number	Share in %
Female	2	25
Male	6	75
Total	**8**	**100**

Age structure	Number	Share in %
< 29	0	0
30–39	0	0
40–49	1	13
50–59	2	25
> 60	5	63
Total	**8**	**100**

Region	Number	Share in %
German-speaking Switzerland	6	75
French-speaking Switzerland	2	25
Total	**8**	**100**

GRI 405-1 b. Percentage of employees per employee category

Gender	Number	Share in %
Female	77	32.1
Male	163	67.9
Total	**240**	**100**

Age structure	Number	Share in %
< 29	38	16
30–39	75	31
40–49	57	24
50–59	52	22
> 60	18	8
Total	**240**	**100**

Region	Number	Share in %
German-speaking Switzerland	197	82.1
French-speaking Switzerland	43	17.9
Total	**240**	**100**

Energy data

Reida[1]

Basic data		2023	2022
Cover ratio[2]		100%	100%
ERA (m^2)		928 473	867 698
RS (m^2)		800 460	773 130

Energy consumption [MWh]	Share 2023	2023	2022
Total energy consumption	**100.0%**	**71 251**	**73 309**
Non-renewable energy sources	**57.7%**	**41 115**	**43 264**
Heating oil	7.9%	5 658	3 793
Natural gas	31.3%	22 306	25 365
District heating (non-renewable)	18.2%	12 943	13 925
Electricity (non-renewable)	0.3%	209	181
Renewable energy sources	**42.3%**	**30 135**	**30 045**
District heating (renewable)	12.4%	8 835	10 756
Electricity (renewable)	28.3%	20 194	18 179
Wood	1.6%	1 106	1 110

Heat source [MWh]	Share 2023	2023	2022
Heating oil	10.9%	5 658	3 793
Natural gas	43.1%	22 306	25 365
Biogas	0.0%	0	0
Electricity for heat pumps	1.8%	926	952
Wood	2.1%	1 106	1 110
District heating (renewable)	17.1%	8 835	10 756
District heating (non-renewable)	25.0%	12 943	13 925
Total heat sources	**100.0%**	**51 773**	**55 901**

AMAS | Reida[1]

	GHG		KBOB 2022[1]	
	2023	2022	2023	2022
Energy intensity [kWh/m^2 ERA]	**76.0**	**84.5**	**76.0**	**84.5**
Renewable share	42.3%	41.0%	42.3%	41.0%
Non-renewable share	57.7%	59.0%	57.7%	59.0%
CO_2 intensity [kgCO_2e/m^2 ERA]	**12.2**	**13.9**	**10.0**	**11.2**
Scope 1 [kgCO_2e/m^2 ERA]	5.9	6.4	5.9	6.4
Scope 2 (market-based) [kgCO_2e/m^2 ERA]	3.4	4.1	1.6	1.9
Scope 3.3 [kgCO_2e/m^2 ERA]	3.0	3.3	2.6	2.9

1 The REIDA calculation uses the emission factors from KBOB 2022. As a result, emissions from district heating powered by incineration are considerably lower in Scope 2 and Scope 3.3 under REIDA compared to the GHG Protocol. Our REIDA calculation is not climate adjusted, so it is equivalent to the real consumption figures and not suitable as a benchmark.
2 The cover ratio refers to the composition of the portfolio as at 31.12.2023. It shows the percentage of properties in the total portfolio for which energy consumption data are collected.

Glossary:
Real Estate Investment Data Association (REIDA)
Asset Management Association Switzerland (AMAS)
Energy reference area (ERA)
Rentable space (RS)
Koordinationsgremium der Bauorgane des Bundes [Coordination Conference of Federal Construction Agencies] (KBOB)

Water data

	2023	2022
Water consumption total [m^3]	**411,997**	**394,316**
Water consumption intensity [m^3/m^2 rentable space]	0.515	0.510

Building a better working world

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To the Board of Directors of
Allreal Holding AG, Baar

Zurich, 27 February 2024

Independent Assurance Report on selected sustainability KPIs in the Sustainability Report

We have been engaged to perform a limited assurance engagement (the engagement) on the following metrics disclosed in Allreal Holding AG's (the Company's) Sustainability Report 2023 (the report) marked with a "☑" (the KPIs) for the reporting period from 1 January 2023 to 31 December 2023:

- Energy consumption and CO_2 emissions (GRI 302-1, 302-3, 305-1-4)
- Workplace health and safety (GRI 403-5, 403-9)
- Staff development (GRI 404-1, 404-2)
- Employment (GRI 2-7, 404-3, 405-1)
- Employee data (GRI 401-1, 401-2, 404-1, 405-1)

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the report, and accordingly, we do not express a conclusion on this information.

Applicable criteria

The Company defined as applicable criteria (applicable criteria):

- Global Reporting Initiative Sustainability Reporting Standards (GRI Standards).

A summary of the standards is presented on the GRI homepage. We believe that these criteria are a suitable basis for our limited assurance engagement.

Responsibility of the Board of Directors

The Board of Directors is responsible for the selection of the applicable criteria and for the preparation and presentation, in all material respects, of the disclosed KPIs in accordance with the applicable criteria. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation of the KPIs that are free from material misstatement, whether due to fraud or error.

Independence and quality control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to express a conclusion on the above mentioned KPIs based on the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the KPIs in the report are free from material misstatement, whether due to fraud or error.

Summary of work performed

Based on risk and materiality considerations we have undertaken procedures to obtain sufficient evidence. The procedures selected depend on the practitioner's judgment. This includes the assessment of the risks of material misstatements in the above mentioned KPIs. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in scope than, for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

The Greenhouse Gas (GHG) quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

Our limited assurance procedures included, amongst others, the following work:

- Assessment of the suitability of the underlying criteria and their consistent application
- Interviews with relevant personnel to understand the business and reporting process, including the sustainability strategy, principles and management
- Interviews with the Company's key personnel to understand the sustainability reporting system during the reporting period, including the process for collecting, collating and reporting the KPIs
- Checking that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the applicable criteria
- Analytical review procedures to support the reasonableness of the data
- Identifying and testing assumptions supporting calculations
- Testing, on a sample basis, underlying source information to check the accuracy of the data

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the KPIs for the reporting period from 1 January 2023 to 31 December 2023 have not been prepared, in all material respects, in accordance with the applicable criteria.

Ernst & Young AG

Tobias Meyer
(Qualified Signature)

Executive in charge

Claude-Aline Dubi
(Qualified Signature)

Manager

Corporate governance

Corporate governance

Basic principles and introduction

The corporate governance report outlines the principles of management and control at the highest corporate level of Allreal Group. The information in this report complies with the Corporate Governance Directive (DCG) of SIX Exchange Regulation AG of 29 June 2022 and follows the structure used in the DCG.

The articles of association of Allreal Holding AG can be accessed on the company website: allreal.ch/en/investors-and-media/download-centre#unternehmen

1. Group structure and shareholders

1.1 Group structure

Allreal Group operates solely in Switzerland. Its legal structure and participating interests as at 31 December 2023 are shown below.

Allreal Holding AG
Baar

Allreal Home AG Glattpark (Opfikon)	**Allreal Office AG** Glattpark (Opfikon)	**Allreal Romandie SA** Plan-les-Ouates	**Allreal Toni AG** Glattpark (Opfikon)	**Allreal West AG** Glattpark (Opfikon)	**Creactive Properties SA** Meyrin
Allreal Generalunternehmung AG Glattpark (Opfikon)	**Roof SA** Plan-les-Ouates				

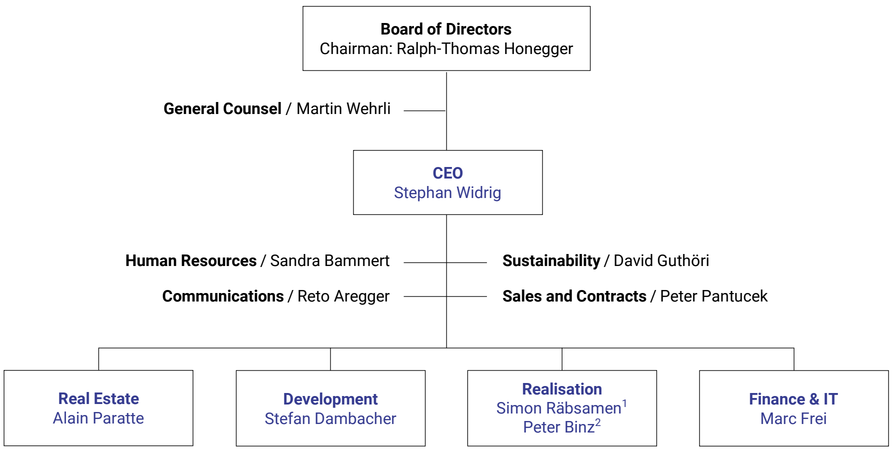
Company	Registered office	Share capital in CHF million	% of shares held
Allreal Generalunternehmung AG	Opfikon ZH	10.00	100%
Allreal Home AG	Opfikon ZH	26.52	100%
Allreal Office AG	Opfikon ZH	150.00	100%
Allreal Romandie SA	Plan-les-Ouates GE	0.10	100%
Allreal Toni AG	Opfikon ZH	90.00	100%
Allreal Vulkan AG[1]	Opfikon ZH	–	0%
Allreal West AG	Opfikon ZH	20.00	100%
Apalux AG[1]	Opfikon ZH	–	0%
Bülachguss AG[2]	Opfikon ZH	–	0%
Creactive Properties SA	Meyrin GE	0.10	100%
Elevate SA[3]	Plan-les-Ouates GE	–	0%
Immologic Promotion Chavannes SA[3]	Plan-les-Ouates GE	–	0%
Immologic Promotion Veyriert SA[3]	Meyrin GE	–	0%
Immologic Promotions Sàrl[3]	Plan-les-Ouates GE	–	0%
Immologic Sàrl[3]	Plan-les-Ouates GE	–	0%
Roof SA	Plan-les-Ouates GE	0.50	100%
Serenity OpCo Holding SA[3]	Plan-les-Ouates GE	–	0%

1 Merged with Allreal Office AG effective 1 January 2023
2 Merged with Allreal Generalunternehmung AG effective 1 January 2023
3 Merged with Roof SA effective 1 January 2023

All shareholdings are unlisted companies which are fully consolidated in the Group’s financial statements.

Compared to the previous year, the scope of consolidation changed following the absorption of Allreal Vulkan AG and Apalux AG by Allreal Office AG, Bülachguss AG by Allreal Generalunternehmung AG and Elevate SA, Immologic Promotion Chavannes SA, Immologic Promotion Veyriert SA, Immologic Promotions Sàrl, Immologic Sàrl and Roofs SA by Serenity OpCo Holding (renamed Roof SA). All companies were already fully owned directly or indirectly by Allreal Holding AG in the previous year, meaning that there are no changes for consolidation purposes.

Allreal divides its activities into two business segments: Real Estate and Development & Realisation. The Group’s operating structure comprises the Real Estate, Development and Realisation divisions, Finance & IT and other head office departments.



1 Simon Räbsamen resigned with effect from 31 December 2023
2 Peter Binz is joining Group Management on 1 March 2024

Real Estate division
In this division Allreal combines its investment activity in commercial and residential properties and provides portfolio management, operational and building management services for its own portfolio.

Development division
In Development the Group concentrates on buying and selling real estate projects and developing sites, as well as selling condominiums and consulting services.

Realisation division
The Realisation division is responsible for project management and implementing own and third-party construction projects.

1.2 Significant shareholders
Allreal Holding AG has its registered office in Baar ZG, Switzerland, and is listed on SIX Swiss Exchange. On 31 December 2023, market capitalisation amounted to CHF 2483.1 million

The registered shares are traded on the main segment (security number 883756, ISIN CH0008837566, symbol ALLN).

As at 31 December 2023, the following shareholders were entered in the share register of Allreal Holding AG as having a shareholding (direct and/or indirect) of more than 3% or have informed the company accordingly by means of a disclosure notice ("Significant shareholders"):

	2023	2022
Credit Suisse Funds AG, Zurich	9.3%	>10%
Plan Olivier, Geneva[1]	5.5%	6.5%
Spuhler Peter, Weiningen TG	4.3%	3.5%
UBS Fund Management (Switzerland) AG, Basel	3.6%	>3%
Dimensional Holdings Inc., USA – Delaware	>3%	>3%
BlackRock Inc., USA – New York	>3%	>3%

1 Held directly and via Immosynergies Holding SA, Plan-les-Ouates GE

For further details of the composition of the shareholder base, see page 25 of the Annual Report. A total of two disclosure notices were submitted in 2023 by significant shareholders who had exceeded the level at which a stake in Allreal Holding AG had to be reported.

All notices disclosing shareholdings pursuant to Article 120 FinMIA published during the year and since 1 January 2024 can be accessed at the following link to the Disclosure Office of SIX Swiss Exchange AG (ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/).

1.3 Cross-shareholdings
There are no cross-shareholdings.

2. Capital structure
2.1 Capital
As at 31 December 2023, Allreal Holding AG had the following capital structure:

CHF million	2023	2022
Share capital issued	16.6	16.6
Authorised capital	–	1.0
Conditional capital	–	0.5
Capital band	between a maximum of 18.25 and minimum 15.76	–

During the year there were no capital increases from authorised capital in accordance with the rules below.

2.2 Capital band
On 21 April 2023 the annual general meeting authorised the Board of Directors to increase or decrease the share capital within the recently introduced capital band

at any time, on one or more occasions and in any amounts, up to 21 April 2028 or until the capital band lapses.

The ceiling stands at CHF 18,252,103 and would be reached by issuing up to 1,659,282 fully paid-up registered shares of CHF 1.00 par value each. The floor stands at CHF 15,763,180 and would be reached by cancelling up to 829,641 fully paid-up registered shares of CHF 1.00 par value each.

Capital reductions may take the form of reducing the par value of the shares or cancelling shares. A combination of the two methods is also permissible. In the event of a capital increase, the Board of Directors is authorised to exclude or restrict the subscription rights of shareholders on important grounds and assign subscription rights to individual shareholders, third parties, the company or one of its affiliated companies. Important grounds and other arrangements for a capital increase within the capital band are set out in detail in Article 3a of the articles of association of Allreal Holding AG.

Subscription and purchase of new shares and any subsequent transfer of shares are also subject to restrictions specified in Articles 6 of the articles of association. The company's articles of association can be found on the Allreal website: allreal.ch/en/investors-and-media/download-centre#unternehmen

No capital increases or capital reductions within the capital band were approved during the reporting year.

2.3 Changes in capital

The annual general meeting of 21 April 2023 agreed to cancel the existing authorised capital and conditional capital and create a capital band as described above.

Under Articles 3a and 3b of the articles of association at the time, the annual general meeting of 8 April 2022 approved the extension and increase of authorised capital to 1,000,000 registered shares with a nominal value of CHF 1.00 each and the reduction of conditional capital to 500,000 registered shares with a nominal value of CHF 1.00 each.

The year before that, on 15 October 2021 the ordinary share capital had been increased by 650,000 to 16,592,821 registered shares with a nominal value of CHF 1.00 each by making use of authorised capital. This capital increase took place in connection with the acquisition of individual companies of Immosynergies Holding Sàrl. The sellers received half the purchase price in registered shares of Allreal Holding AG.

CHF	**31.12.2023**	31.12.2022	31.12.2021
Ordinary share capital	16 592 821	16 592 821	16 592 821
Authorised share capital	–	1 000 000	350 000
Conditional share capital	–	500 000	1 200 000
Capital band	between maximum 18 252 103 and minimum 15 763 180	–	–

2.4 Shares and participation certificates

The share capital is divided into 16,592,821 fully paid-up registered shares with a par value of CHF 1.00 each. All shares belong to a single class. There are no preference shares or shares with special voting rights. The registered shares are issued in the form of book-entry securities.

All shares are dividend-bearing. Exercise of membership rights is conditional on entry in the share register. Each registered share carries one vote at the annual general meeting.

Treasury shares have no votes. No dividends are paid on such shares.

The company has no participation certificate capital.

2.5 Dividend-right certificates

Allreal has not issued any dividend-right certificates.

2.6 Limitations on transferability and nominee registrations

Every shareholder is entitled to be entered in the share register, which simultaneously serves as a register of uncertificated securities. Under Article 6 Paragraph 4 of the articles of association, the Board of Directors may reject an entry for the following two reasons:

— if the number of registered shares held by the buyer, or by a group of shareholders acting jointly, exceeds 5% of the share capital.
— insofar and as long as recognising an acquisition as a full shareholder could prevent the company from providing proof that it is Swiss-controlled as stipulated by Swiss law ("Lex Koller"), namely in the event that the sum of shares not entered in the share register and shares held by non-Swiss persons exceeds the threshold of one-third of share capital.

Subject to these two points, nominee registrations are admissible without any limitations on voting rights.

The Board of Directors did not reject any entries in the share register in the year.

2.7 Convertible bonds and options
The company had issued neither convertible bonds or warrant bonds nor option plans on Allreal registered shares as at the balance sheet date.

3. Board of Directors
3.1 Members of the Board of Directors
Under the articles of association, the Board of Directors of Allreal Holding AG must consist of a minimum of three and a maximum of nine members. Since 2022 there have been eight members. For the composition of the Board and information on individual members, please refer to pages 17 to 20 of the Annual Report.

None of the Board members perform executive duties in the company and none have performed operational management functions within Allreal in the past.

Allreal obtains legal consulting services from several law firms, including MLL Legal AG (formerly known as MLL Meyerlustenberger Lachenal Froriep AG), of which Andrea Sieber is a partner. In the financial year 2023, Allreal was charged fees amounting to CHF 0.109 million. Services were provided in line with the arm's length principle.

MLL Legal AG (formerly known as MLL Meyerlustenberger Lachenal Froriep AG) is a tenant of office space in the commercial properties at Schiffbaustrasse 2 and Hardstrasse 319 (Escher-Wyss site) in Zurich on market terms. The annual rent is CHF 1.60 million.

There are no other business relationships between Allreal and members of the Board of Directors.

3.2 Other activities and vested interests
For details of other work and functions performed by individual members of the Board of Directors outside Allreal, please see pages 17 to 20 of the Annual Report.

3.3 Articles of association provisions relating to the number of permissible activities

Members of the Board of Directors may not hold more than five additional mandates in publicly owned companies or more than 15 mandates in unlisted companies (Article 28 of the articles of association).

3.4 Elections and terms of office

The members of the Board of Directors, the Chairman of the Board of Directors and the members of the Nomination and Compensation Committee are all elected individually on an annual basis by the annual general meeting. Re-election is permitted. The age limit is 70.

Ralph-Thomas Honegger was first elected to the Board of Directors in 2012, Olivier Steimer and Peter Spuhler in 2013, Andrea Sieber and Thomas Stenz in 2016, Philipp Gmür and Jürg Stöckli in 2019 and Anja Wyden Guelpa in 2022.

3.5 Internal organisation

The annual general meeting of 21 April 2023 elected Ralph-Thomas Honegger as Chairman of the Board of Directors. The Board of Directors constitutes itself otherwise and has appointed Andrea Sieber to serve as Vice Chair. The function of Board Delegate does not exist.

The Board of Directors has a quorum if at least half of its members are present. It passes its resolutions with the majority of the votes cast; the Chairman has a casting vote.

The Board of Directors held eight meetings in 2023. Three of the meetings lasted an average of five hours; one was a one-and-half-day off-site meeting and the other meetings lasted around an hour on average. All members were present throughout all meetings apart from Peter Spuhler, Philipp Gmür and Andrea Sieber, who each had to send apologies for one meeting. In addition, the Board of Directors passed several resolutions by circulation on a number of individual business transactions and organisational changes.

The meetings focused on the areas of responsibility of the Board of Directors as set down in the articles of association and organisational regulations. Particular attention was paid to supervising management, the finances and financing of Allreal Group, budgeting, setting and reviewing the company strategy on an ongoing basis, appointing new members of Group Management, and taking decisions reserved for the Board of Directors under the delineation of powers.

The members of Group Management normally take part in the meetings of the Board of Directors. The Board of Directors also invited Allreal's senior management to its meetings for the purpose of exchanging information on individual agenda items. Each meeting normally has a session where just the members of the Board of Directors speak among themselves.

The Chairman is the main point of contact for the CEO between meetings. The performance of these duties generally includes at least one meeting per month and frequent telephone contact (weekly).

The Board of Directors regularly carries out performance assessments of its work and that of its individual members, most recently in early 2024. Its chairman initialises the process and can call upon external support if needed. The performance assessment covers composition of membership, cooperation, working methods, division of responsibilities, selection of topics and organisation of meetings.

3.6 Board committees

With a view to integrating the specialist expertise and experience of individual Board members into the decision-making process and enabling the Board to produce reports as part of its supervisory duties, the Board of Directors has formed three committees as provided for in the organisational regulations. Each of these has its own regulations approved by the Board of Directors. These govern the respective duties and powers. The Chairs of the committees inform the Board of Directors of the key findings of the committee meetings and/or present the resulting proposals.

Audit and Risk Committee

The Audit and Risk Committee deals with all Board matters involving financial and non-financial reporting, risk management and compliance and external and internal audit.

Its duties primarily consist of:

- Reviewing the structure of the accounting system (accounting regulations to be applied, internal financial reporting to the Board of Directors and external financial reporting)
- Reviewing the structure of non-financial external reporting
- Monitoring the liquidity and financing guidelines
- Defining the risk management concept
- Monitoring corporate risk assessment
- Assessing the structure, effectiveness and efficiency of the internal control system
- Assessing the relevance of new legal requirements
- Monitoring compliance with stock market regulations
- Reviewing the performance and independence of the external auditors and making recommendations for elections to the Board of Directors and the annual general meeting
- Assessing and approving the audit plan and the focal points of the external and internal audits

The Audit and Risk Committee comments on matters over which the Board of Directors has the authority to make decisions. Under its own, final authority, the Audit and Risk Committee decides on the approval of the annual audit plan for the external and internal audits, the detailed consultation on the audit reports, the monitoring and implementation of recommendations from the auditors and the auditors' remuneration, including authorisation and remuneration of additional work.

The Audit and Risk Committee is made up of Thomas Stenz (Chairman) and Olivier Steimer (member). Meetings are attended by the CFO. The external and the internal auditors attend Audit and Risk Committee meetings for agenda items that are relevant to them.

Three meetings were held in 2023, lasting around seven hours altogether. The focus of activities included reviewing the 2022 annual results and the 2023 half-yearly results and the process for auditing ESG reports. In addition, new requirements were introduced concerning the disclosure of non-financial information. In addition, cooperation with the external auditors and the operational management was assessed and specific results from the internal audit were discussed in detail. Meetings were attended by all Audit and Risk Committee members for the full duration.

Investment Committee

The Investment Committee deals with all Board matters relating to the purchase and sale of investment and development properties, the definition of lease conditions for investment properties and tendering for third-party realisation projects above a set threshold.

Its duties primarily consist of:

- Buying and selling investment and development properties, including setting the acquisition strategy
- Defining lease conditions for investment properties
- Tender approval and actual costing for third-party realisation projects
- Holding discussions with and preparing market forecasts in collaboration with the external valuation expert, plus assessing their performance
- Monitoring the portfolio strategy and portfolio management
- Monitoring compliance with the investment and financing guidelines

In addition, the Investment Committee comments on business and transactions that are directly assigned to the Board of Directors. Under its own authority, the Investment Committee makes final decisions on matters that are assigned to it according to the definition of the areas of responsibility.

It is made up of Jürg Stöckli (Chairman), Ralph-Thomas Honegger (member), Olivier Steimer (member) and Anja Wyden Guelpa (member). Meetings are attended by the CEO and, depending on the matter at hand, other members of Group Management.

Two meetings were held in 2023, lasting around three hours altogether. The meetings were attended by all Committee members for the full duration.

Nomination and Compensation Committee

The Nomination and Compensation Committee deals with all Board matters related to compensation issues, staff and succession planning at the most senior level of management, mandates and secondary employment, non-compete arrangements and similar matters concerning members of the Board of Directors and Group Management.

Its specific tasks also include managing the selection process and succession planning for members of the Board of Directors and Group Management, the composition of the Board of Directors' individual committees, reviewing and submitting the total annual remuneration and composition of the components of remuneration, examining and discussing the annual compensation of members of the

Board of Directors and Group Management, and reviewing the salary policy suggested by the CEO for employees of Allreal Group, as well as the resulting submission of proposals to the Board of Directors.

The annual general meeting of 21 April 2023 elected Andrea Sieber (Chair), Philipp Gmür (member) and Peter Spuhler (member) to the Nomination and Compensation Committee for a further year. The Chairman of the Board of Directors and/or CEO attend some of the meetings depending on what is on the agenda.

The Nomination and Compensation Committee held six meetings in 2023, each lasting around two hours on average. All members took part in these meetings. Peter Spuhler had to give his apologies for one meeting. During the reporting year, the focus was on selecting and appointing the new CFO to succeed Thomas Wapp, selecting a new Head of Realisation to succeed Simon Räbsamen, and reviewing and designing a new remuneration system for Group Management and the Board of Directors (further details can be found in the compensation report on the pages 97 to 99). When reviewing and designing the new remuneration system, the Chair of the Nomination and Compensation Committee had a number of meetings with external advisors and was joined by other members of the Nomination and Compensation Committee or the Chair of the Board of Directors for conversations with shareholder and voting representatives. The Nomination and Compensation Committee also focused on medium-term succession planning for the Board of Directors. The Nomination and Compensation Committee also dealt with the compensation and target agreements for the members of Group Management, salary policy for the entire company and reviewing and discussing the remuneration system and the remuneration components for the Board of Directors and its committees.

3.7 Definition of areas of responsibility

By law, the Board of Directors is responsible for the ultimate direction and oversight of Allreal Group. The Board of Directors performs its non-transferable and irrevocable duties in accordance with Art. 716a para. 1 of the Swiss Code of Obligations. The Board of Directors can also make decisions on all matters that do not need to be taken to the annual general meeting by law or according to the articles of association.

According to Art. 21 para. 3 of the articles of association, the Board of Directors has delegated all company operations to the CEO and set down their responsibilities in the organisational regulations, with important operational decisions to be presented to the Board of Directors for approval. The CEO heads up Group Management and is supported by the members of Group Management.

Besides its legal duties in line with the articles of association, the main duties and powers of the Board of Directors are as follows:

— Definition and periodic review of the company strategy, business policy and organisation of Allreal Group
— Strategic planning, including the definition of the investment strategy
— Strategic acquisitions and other major and/or strategic changes to the Group structure

- Definition of the sustainability strategy and targets in relation to ESG issues and discussion and approval of the annual sustainability report focusing on ESG issues
- Definition of the overall financing strategy and external financing through the capital market
- Decisions on major transactions, in particular investments and divestments
- Appointment, dismissal and compensation of members of Group Management (subject to the approval authority of the annual general meeting)
- Review of the key aspects of succession planning for the Board of Directors and Group Management
- Approval of share and option schemes, including allocation (subject to the approval authority of the annual general meeting)
- Definition of the risk management strategy of Allreal Group and monitoring and assessment of risks to the company, including climate-related risks
- Responsibility for ensuring compliance with applicable standards

3.8 Information and control instruments vis-à-vis Group Management

The following are some of the supervisory and control instruments the Board of Directors has at its disposal:

- Quarterly statements with presentation of the financial situation (including budget comparison, end-of-year forecast and corresponding variance analysis) and management reports on key business events and project risks (monthly)
- Balanced scorecard on key data and targets (quarterly)
- Reports on compliance with the investment and financing guidelines (quarterly)
- Comparative calculation of the annual budget for business planning and corresponding variance analysis (annually)
- Reporting on the functioning and effectiveness of the internal control system (ICS) for financial reporting (annually)
- Risk matrix and assessments at Group level and of specific major projects, divided into quantifiable and non-quantifiable risks (half-yearly)
- Detailed reports from Group Management on the trend of business in the individual business areas through presentations at the ordinary meetings of the Board of Directors (quarterly)

Allreal has internal auditors, who report directly to the Audit and Risk Committee on a regular and at least half-yearly basis.

3.9 Gender quotas

With the re-election of all members of the Board of Directors at the annual general meeting of 21 April 2023 the highest governing body of Allreal Holding AG consists of three-quarters male members and one-quarter female members, as was the case the previous year too. As part of the succession planning for this body, the intention is to increase female representation to at least 30%.

4. Group Management

4.1 Members of Group Management

Group Management is appointed by the Board of Directors. On the balance sheet date, it consisted of five members. The contractual period of notice for all members of Group Management is six months, with the exception of the CEO, whose period of notice is twelve months. There are no agreements in place for severance payments or signing bonuses. For information on individual members of Group Management, refer to pages 21 to 23 of the Annual Report.

4.2 Other activities and vested interests

CEO Stephan Widrig is a member of the Board of Directors of Schweiter Technologies AG, a listed company. No other members of Group Management have any other material activities or vested interests.

4.3 Articles of association provisions relating to the number of permissible activities

According to Article 28 of the articles of association, each member of Group Management may hold a maximum of three remunerated mandates outside Allreal, not more than one of which may be with a publicly owned company.

4.4 Management contracts

Allreal has not outsourced any management activities to third parties.

4.5 Gender quotas

When filling vacancies in Group Management the emphasis is on candidates' skills and experience. Soft skills are also important, however, if open positions are to be filled successfully for the long term. Where two equal candidates are available, Allreal will pick the female one. In recent appointments to Group Management Allreal has looked hard for skilled individuals, using external consultants, and chosen the most suitable people. The company continues to strive to improve the gender balance in Group Management.

5. Compensation, shareholdings and loans

Details of the remuneration and shareholdings of members of the Board of Directors and Group Management as well as loans granted to them can be found in the compensation report (pages 96 to 97). The compensation report also outlines the content and procedures for determining compensation, as well as the relevant rules in the articles of association.

6. Shareholders' participation rights

6.1 Voting right restrictions and representation

All shareholders entered in the share register as having a vote on the relevant qualifying date are entitled to participate in the annual general meeting and vote. Apart from restricted transferability, the articles of association do not provide for any restriction on shareholder voting rights (see section 2.6). Each share has one vote. The registration restrictions may be lifted by a simple majority decision taken by the annual general meeting. There are no further restrictions beyond this.

In the 2023 financial year, the Board of Directors did not reject any share register entries.

Every shareholder has the option of representing their shares personally at the annual general meeting or of having themselves represented by a proxy, authorised in writing, who need not be a shareholder.

Moreover, every shareholder may have their shares represented by the independent proxy, who is elected annually by the annual general meeting. The proxy exercises the voting rights assigned to them as instructed. In the absence of any instructions they abstain.

The articles of association do not contain any provisions regarding the issuance of instructions to the independent proxy or electronic participation in the annual general meeting.

The articles of association and the minutes of annual general meetings of Allreal Holding AG can be accessed on the Allreal website: allreal.ch/en/investors-and-media/download-centre#unternehmen

6.2 Statutory quorums

The annual general meeting always passes resolutions and conducts votes based on a simple majority of valid shareholder votes, with abstentions not being counted. The articles of association do not specify any quorums over and above the statutory rules on the adoption of resolutions (Articles 703 and 704 of the Swiss Code of Obligations). This applies namely to voting on the remuneration of the Board of Directors and Group Management at the annual general meeting (see page 95 of the Annual Report).

6.3 Convocation of annual general meetings

The convocation of the annual general meeting is governed by the statutory provisions (Articles 699 and 700 CO) and by Article 10 of the articles of association.

6.4 Agenda

Shareholders individually or jointly representing at least 0.5% of the share capital may submit to the Board of Directors written proposals and requests for items to be added to the agenda provided that they are submitted to the Board of Directors in writing before the annual general meeting is convened.

If so decided by the annual general meeting, items to be discussed can be admitted for discussion without prior announcement. However, with the exception of the convening of an extraordinary general meeting or a special audit, a resolution may only be passed at the next annual general meeting.

No prior announcement is required to submit proposals to the annual general meeting in connection with items to be discussed.

6.5 Entries in the share register

The agenda for the annual general meeting is published in the Swiss Official Gazette of Commerce (SHAB) at least 20 days in advance. Shareholders are entitled to vote if they are entered in the share register as shareholders with a vote on the date on which the invitation to the annual general meeting is published in the SHAB.

The qualifying date for the 25th annual general meeting on 19 April 2024 is 27 March 2024.

7. Changes of control and defence measures

7.1 Obligation to make an offer

Allreal's articles of association do not contain any provisions for an opting-out or opting-up clause. Accordingly, the obligation to make an offer in accordance with the Financial Market Infrastructure Act shall apply under which a shareholder is required to make a public takeover offer if their holding has reached the threshold of 33 ⅓ %.

7.2 Change-of-control clauses

In the event of a change in the majority control of the company, there are no agreements in place benefiting the members of the Board of Directors or Group Management or other members of senior management.

7.3 Transparency in non-financial matters

Since 2019 Allreal has published a sustainability report that meets the requirements of the Global Reporting Initiative (GRI). In this report, the company provides transparent information on non-financial matters, especially relating to issues concerning the environment (including the CO_2 reduction path), social issues (including employee concerns and compliance with human rights) and governance (combating corruption, amongst other things); please see pages 30 to 62.

8. Statutory auditors

8.1 Duration of the mandate and term of office of the lead auditor

The annual general meeting of 21 April 2023 elected Ernst & Young AG as auditors of Allreal Holding AG and all subsidiaries included in the scope of consolidation for the 2023 financial year.

Ernst & Young AG was first chosen as the auditor by the annual general meeting in 2013. Tobias Meyer, Partner, took over the function of lead auditor from the 2020 financial year.

8.2 Audit fees

An audit fee of CHF 0.44 million was agreed for 2023. This includes the fees for auditing the consolidated annual accounts and the statutory individual accounts of all subsidiaries, the sustainability report and the audit confirmation for the compensation report. In addition, the scope of services covers complementary risk-based audit procedures.

8.3 Additional fees

No additional services were provided by Ernst & Young AG.

8.4 Information tools pertaining to the external audit

The Audit and Risk Committee maintains an exchange of information with the external auditors within the scope of the tasks described on page 74 and 75 of the Annual Report.

During the reporting period, the auditors spent several weeks inspecting the half-year results, checking the existence of the internal control system (ICS), auditing the annual results and auditing the sustainability report. The results and recommendations were discussed with management in advance.

In addition to the statutory report to the annual general meeting, the auditors also prepare a comprehensive report to the Board of Directors which, together with further findings and proposals for improvement, is presented to a meeting of the Audit and Risk Committee and discussed in detail.

To this end, the external auditors held two meetings with the Audit and Risk Committee in the 2023 financial year.

Specifically, the comprehensive report for the reporting period contained key audit matters with material findings on the consolidated financial statements, the focus of the audit, individual matters from an accounting perspective, the impact of estimation processes, and uncorrected audit differences, as well as comments on the internal control system (ICS). Other areas on which the audit focused and commented in consultation with the Audit and Risk Committee were process controls, IT controls and ICS implementation in French-speaking Switzerland. The auditors also presented their digital approach to the audit using data analysis and automation as well as disclosing additional findings from the year under review and other information in a comprehensive report. The Chairman of the Audit and Risk Committee conveyed the key findings of these discussions to the Board of Directors.

9. Information policy

Allreal provides information on its business performance and financial situation twice yearly by means of an annual and a half-year report, as well as an annual sustainability report on its efforts in the area of ESG. Financial reporting is in compliance with Swiss GAAP FER and the provisions of the SIX Exchange Regulation AG Listing Rules. Moreover, the consolidated financial statements and the annual financial statements as at 31 December are in accordance with Swiss legislation. The Sustainability Report is prepared in accordance with the Global Reporting Initiative (GRI) standard.

Shareholders entered in the company's share register receive a short report on business performance ("Value Update") together with the invitation to, and agenda for, the annual general meeting. Annual and half-year reports are no longer produced in printed form. The Annual Report and the Audit Report will be available for inspection at the company's head office no later than 20 days before the annual general meeting.

All information published by Allreal Group, including the Annual Report, can be accessed in printable PDF format on the company website: allreal.ch/en.

Analysts' and media conferences are held half-yearly. Furthermore, Allreal is subject to the ad hoc publicity obligation according to Art. 53 of the Listing Rules. Ad hoc communications can be found on the Allreal website: allreal.ch/en/investors-and-media/media

Ad hoc communications will be e-mailed to interested parties on request. To subscribe or unsubscribe, please go the company website: allreal.ch/en/investors-and-media/media/subscribe-to-media-releases

The address of the company and the contact addresses are shown on page 184 of the Annual Report.

We provide below a schedule of key dates:

Annual shareholders meeting 2024	19 April 2024
Half-year results 2024	28 August 2024
Annual results 2024 (incl. conference)	21 February 2025
Annual shareholders meeting 2025	25 April 2025
Half-year results 2025	22 August 2025

10. Blackout periods

All members of the Board of Directors and Group Management as well as managers and other employees of Allreal Group who have access to insider information are subject to special provisions contained in a separate internal regulation. This stipulates that trading in the securities of the company is not permitted during a 40-day blackout period before publication of Allreal's annual and half-year results. The blackout period ends on the day on which the results are published.

Variable blackout periods also apply when there are specific corporate projects (such as M&A deals, planned transactions in the capital markets, impending restructurings, etc.). These are notified to everyone involved on a project-specific basis. These blackout periods apply from notification of the project until stock exchange closing one trading day after the insider information has been announced (cooling-off period). No exceptions to these rules were permitted during the year.

Compensation report

Dear shareholders,

On behalf of the Nomination and Compensation Committee, I am pleased to present the compensation report for 2023.

The compensation report is crucial for transparent communication of our remuneration system. Our remuneration system reflects not just the strategy of Allreal, but also the representation of shareholders' interests.

The Board of Directors decided to conduct a comprehensive audit of the remuneration system for itself and Group Management in 2023, thereby actively responding to feedback from our shareholders at the last annual general meeting and enhancing our remuneration practices in line with the highest standards. The compensation report was likewise fundamentally revised in respect of its transparency and legibility. Consequently, this report contains a description of future developments relating to our remuneration system in addition to an explanation of the current remuneration guidelines for 2023 in a revised form. We continually audit and enhance our remuneration system to ensure that it meets current expectations of corporate governance and at the same time supports the long-term value creation of Allreal.

From the 2024 financial year, a new remuneration system will be introduced based on the results of the audit. The remuneration system for the Board of Directors is also being adjusted. Specifically, one portion of the remuneration will be issued in cash and the other in restricted shares from 2024 onwards. The new remuneration system for Group Management is based entirely on Group targets and continues to incorporate ESG targets into the performance review. Remuneration in shares has been replaced by a performance share unit (PSU) plan. The PSU portion of variable remuneration for Group Management has also been supplemented by a clawback clause, while the existing guidelines on minimum shareholdings have been revised.

The "Outlook" section of the compensation report contains an explanation of the main changes, but the compensation report for 2024 will have the full details. We are confident that these adjustments will help to further improve our remuneration system and in the long term align the interests of our Group Management even more closely with those of our shareholders, as well as strengthening the bond between members of our Group Management and Allreal.

On behalf of the Nomination and Compensation Committee, I would like to thank you for your support and the trust you have placed in us. In a constantly changing corporate environment, we will be reviewing our remuneration system again in the future to ensure that it remains fit for purpose. The Nomination and Compensation Committee welcomes your ongoing feedback.

Yours faithfully

Andrea Sieber
Chairwoman of the Nomination and Compensation Committee

Compensation report

Introduction and principles

The compensation report of Allreal Holding AG contains information on the remuneration paid to members of the Board of Directors and Group Management in the reporting period. The compensation report is in accordance with the following regulations and guidelines:

— Swiss Code of Obligations (CO)
— Corporate Governance Directive (DCG) issued by SIX Exchange Regulation AG
— Articles of association of Allreal Holding AG

The articles of association of Allreal Holding AG can be accessed on the company's website: allreal.ch/en/investors-and-media/download-centre#unternehmen

The remuneration system in place for members of the Board of Directors and Group Management is simple and transparent. It is designed to achieve sustainable business success with corporate leadership which takes a long-term view, supported by a competitive, performance-based remuneration policy.

Principles of the remuneration system

Simplicity and transparency	Long-term orientation and sustainability	Competitiveness and performance-based approach
The level of variable remuneration is dependent on meeting challenging financial and qualitative targets. Upper and lower limits apply for the maximum degree to which these targets can be achieved.	Disclosure in respect of remuneration takes into account the company's internal and external expectations, conforms to best practice and the practices of good corporate governance.	The remuneration system encourages the sustainable achievement of the strategic corporate goals and makes it possible to attract talented individuals and keep them motivated over the long term.

1. Responsibilities and procedures for determining remuneration

1.1 Responsibilities of the annual general meeting

In accordance with the articles of association, the Board of Directors will, on a yearly basis, submit a binding proposal to the annual general meeting for the total remuneration to be paid to the members of the Board of Directors for the period up until the next annual general meeting and the total fixed remuneration (basic salary and employer's contributions to the management pension plan) to be paid to Group Management for the current financial year. Furthermore, the total variable remuneration to be paid to Group Management and, where applicable, the Board of Directors for the past financial year is subject to the binding approval of the annual general meeting.

Under the articles of association, the Board of Directors can submit proposals to the annual general meeting for approval in regard to the maximum total amounts or individual remuneration components for other periods or other matters.

Accordingly, the annual general meeting of 19 April 2024 will vote on the total remuneration to be paid to the Board of Directors for the period from 20 April 2024 until the annual general meeting of 25 April 2025 and the total fixed remuneration to be paid to Group Management for the 2024 financial year and the total variable remuneration to be paid to Group Management for the 2023 financial year. In the future, it is planned that the annual general meeting will approve variable remuneration components as well as fixed components for the following calendar year beforehand. So that no gap emerges in the approved variable remuneration of Group Management, the Board of Directors will therefore propose that the annual general meeting of 19 April 2024 (subject to acceptance of the amendments to the articles of association necessary for this) prospectively approve the variable remuneration of Group Management for the current 2024 financial year and the fixed and variable remuneration for the following 2025 financial year. More information can be found in the "Outlook" on page 97 and 99.

If the annual general meeting refuses to approve individual components of remuneration, the Board of Directors may submit a new proposal or convene a new general meeting.

1.2 Responsibilities of the Board of Directors

The Board of Directors submits yearly to the annual general meeting a compensation report detailing the remuneration paid to the Board of Directors and Group Management. The annual general meeting holds a consultative vote on this report.

Among other things, the Board of Directors requests that the annual general meeting approve the maximum total remuneration of the Board of Directors, as well as the maximum level of total remuneration for Group Management. It makes the final decision on appointing and dismissing members of Group Management and the key terms of their employment contracts, as well as defining the annual targets for Group Management and assessing the degree to which they have been attained at the end of the year, and on that basis determines the exact level of total remuneration for the members of Group Management.

The functions performed by members of the Board of Directors in other companies are described in detail (see pages 17 to 20).

1.3 Responsibilities of the Nomination and Compensation Committee

The Nomination and Compensation Committee prepares all Board matters related to remuneration, as well as recruitment and succession planning for members of the Board of Directors and Group Management, and submits the resulting proposals to the Board of Directors. The tasks and responsibilities of the Nomination and Compensation Committee are described in detail in the corporate governance report on pages 67 to 82.

The Committee meets at the invitation of the Chairwoman or the request of a member and as often as business requires, but at least twice a year. The Chairwoman reports to the Board of Directors on the activities of the Committee when the Board next meets.

As part of the remuneration assessment, a regular comparison is made with the remuneration at listed competitors within the same sector. The proposals of the

Nomination and Compensation Committee for the remuneration of the members of the Board of Directors and Group Management are addressed at meetings of the Board of Directors at which the members of Group Management are not present and thus have neither the right to attend nor to be heard.

The annual general meeting of 21 April 2023 appointed Andrea Sieber (Chairwoman), Philipp Gmür (member) and Peter Spuhler (member) to the Nomination and Compensation Committee.

1.4 Gender balance on the Board of Directors and in Group Management

The Board of Directors consists of eight members in total. Two of those members are female (corresponding to a proportion of women of 25%). There is no female representation in Group Management at present. There are no vacancies on the Board of Directors or in Group Management at the moment. When recruiting and promoting members, however, the Board of Directors is careful to ensure that gender diversity can be continuously increased by taking targeted measures to find suitable female candidates in order to meet the targets set. These criteria were also taken into consideration when recruiting and appointing the new CEO in 2023 and addressed when mandating the external HR consultant who was involved in the recruitment process. For reasons of continuity, know-how and stability within the finance division of Allreal Group, an internal solution was sought and found when appointing the new CFO. We are aware of the importance of the gender issue and remain extremely committed to strengthening the diversity of our Board of Directors and Group Management in the future.

2. Remuneration system

2.1 Articles of association provisions

Art. 30 to 33 of the articles of association of Allreal Holding AG govern the principles of remuneration. They provide that the Board of Directors and Group Management may, in addition to a fixed remuneration, also receive results-based and performance-based cash remuneration, equity securities or convertible and warrant bonds. Variable remuneration will be dependent on performance (allreal.ch/en/investors-and-media/download-centre#unternehmen).

In the case of members of Group Management appointed after the total fixed remuneration for the current year has been approved by the annual general meeting, an additional amount of a maximum 20% of the fixed total remuneration paid to the respective predecessor is available. This additional amount may not, however, exceed 50% of the approved total remuneration for Group Management.

The articles of association do not contain any special rules regarding loans, credits and pension benefits granted to members of the Board of Directors and Group Management.

2.2 Remuneration paid to the members of the Board of Directors

The members of the Board of Directors receive fixed remuneration for work done between the 2023 and 2024 annual general meetings. This is paid out in cash after the annual general meeting has approved the annual accounts for 2023.

The remuneration takes account of the claims made on the individual members and their responsibilities and is not tied to company targets.

It is regularly compared against the remuneration paid to the members of the Boards of Directors of listed competitors from the real estate sector and presented annually to the annual general meeting for approval.

Lump-sum remuneration paid to members of the Board of Directors for each position

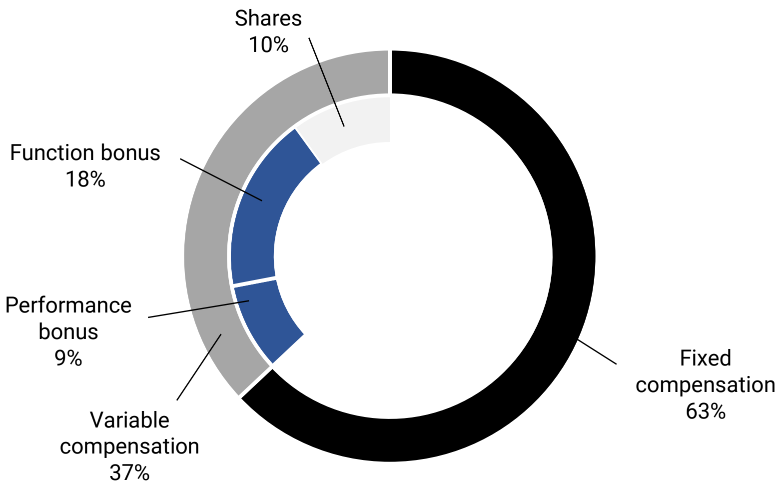
Type of remuneration	Position	CHF million 2023	CHF million 2022
Basic remuneration	Chairman of the Board of Directors	0.1500	0.1475
	Vice Chairman of the Board of Directors	0.0800	0.0750
	Full member	0.0800	0.0750
Committee remuneration	Chairman of the Investment Committee (IC)	0.0400	0.0400
	Member of the Investment Committee (IC)	0 0400	0.0400
	Chairman of the Nomination and Compensation Committee (NCC)	0.0400	0.0200
	Member of the Nomination and Compensation Committee (NCC)	0.0200	0.0200
	Chairman of the Audit & Risk Committee (AC)	0.0200	0.0200
	Member of the Audit & Risk Committee (AC)	0.0200	0.0200

Members of the Board of Directors solely receive fixed remuneration as a lump sum. No further remuneration is paid to the Board of Directors. The level of remuneration for the last reporting period can be found in section 3.1.

2.3 Remuneration paid to the members of Group Management

In addition to their fixed basic salary (including fringe benefits and employer's contributions to the management pension plan), members of Group Management also receive variable remuneration (target bonus), which is based on the company's annual result (performance bonus) and the attainment of individual targets (function bonus). This is paid in cash. Over and above this, members of Group Management also receive variable remuneration in the form of share allocations geared to Allreal's long-term value, the amount of which is dependent on the achievement of individual targets for the function bonus.

The Board of Directors intended the remuneration system to ensure that the variable remuneration components for the individual members of Group Management meet the target in amounting to around 37% of the total remuneration paid to the members of Group Management. This variable remuneration was composed of performance bonus, function bonus and remuneration in shares:



The functions performed by members of Group Management in other companies are described in detail, see pages 21 to 23.

Fixed basic salary

The amount of the fixed basic salary in cash is dependent on the individuals' tasks and responsibilities, experience and proven track record. The basic salary is determined on joining the company or on being appointed to Group Management and is based on salary levels in the Swiss real estate sector. To this end, regular comparisons are made against the remuneration levels at listed competitors and reviewed annually by the Nomination and Compensation Committee.

Variable remuneration

The variable remuneration is dependent on the contribution of the members of Group Management to the performance of the Group, as well as the meeting of individual targets.

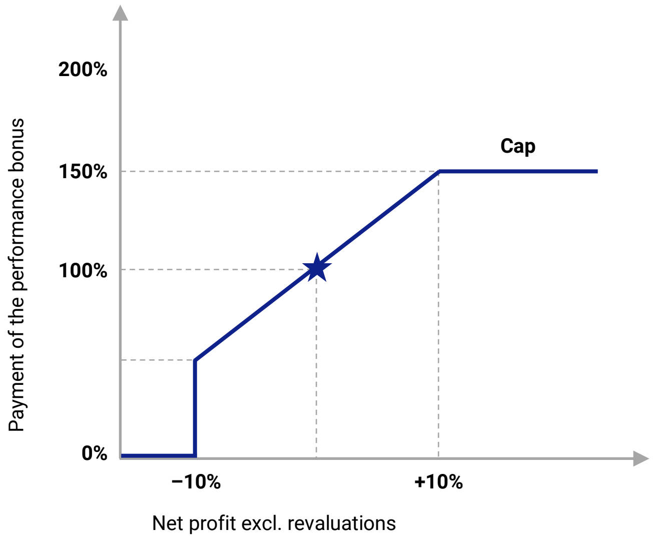
The target bonus consists of the performance and function bonuses.

Performance bonus

The performance bonus is based on the budgeted net operating profit (net profit excluding revaluation effect). If the budget is achieved and once the annual accounts have been approved by the annual general meeting, the performance bonus is paid out in the following year.

If the net operating profit falls short of the budget by 10% or more, no performance bonus is paid out. If the net operating profit is 10% or more above budget, 150% of the agreed performance bonus is paid out (cap). If the net operating profit is less than 10% above or below budget, the performance bonus is calculated on a linear basis.

Targets for the performance bonus



With net profit excluding revaluation effect at CHF 122.0 million, the result was 0.9% higher than budgeted (2022: +5.5%).

Function bonus

The function bonus is dependent on the performance of the member of Group Management in his area of responsibility and functions and hence on individual target attainment. If the individual targets are not achieved, no bonus is paid out. If some of the individual targets are not achieved, the function bonus is adjusted/reduced on a linear basis. If the individual targets are exceeded, the function bonus is not increased.

			2023			2022
	Function bonus 100% target attainment		**Function bonus actual target attainment**	Function bonus 100% target attainment		Function bonus actual target attainment
	(CHF million)	**(CHF million)**	**(%)**	(CHF million)	(CHF million)	(%)
Roger Herzog, CEO (until 30.04.2023)	n/a	n/a	n/a	0.224	0.155	69
Stephan Widrig, CEO (from 1.05.2023)	0.173	0.173	100	0	0	0
Other members of Group Management	0.380	0.288	76	0.470	0.374	80
Total	n/a	n/a	n/a	**0.694**	**0.529**	**76**

In addition to meeting the financial targets for the entire company, the CEO's individual targets for the 2023 financial year included targets on sustainability and on a smooth transition of operations in the context of the change of management, setting the future strategy and developing the corporate culture further, as well as integrating newly acquired companies.

Selection of individual targets for the CEO in 2023

Dimensions	Goals	Weighting
Financial	Achievement of budget targets	20%
Strategy	Design of new strategy Transition of business activities	20%
M&A	Integration of companies acquired	20%
ESG	Further development of corporate culture	20%

For the other members of Group Management, targets relating to sustainability, income and cost requirements, acquisition and divestment goals, the integration of activities in Western Switzerland and strategic and organisational matters were defined for the 2023 financial year depending on their area of responsibility.

Selection of individual targets for Group Management in 2023

Dimensions	Examples of targets	Weighting'
Financial & acquisition	New own projects Extension of the portfolio Acquisition of third-party projects	20–40%
Strategic goals	Digitalisation	10%
Integration	Integration of companies acquired	20–30%
ESG	ESG contribution Reduction in turnover rate	10–20%

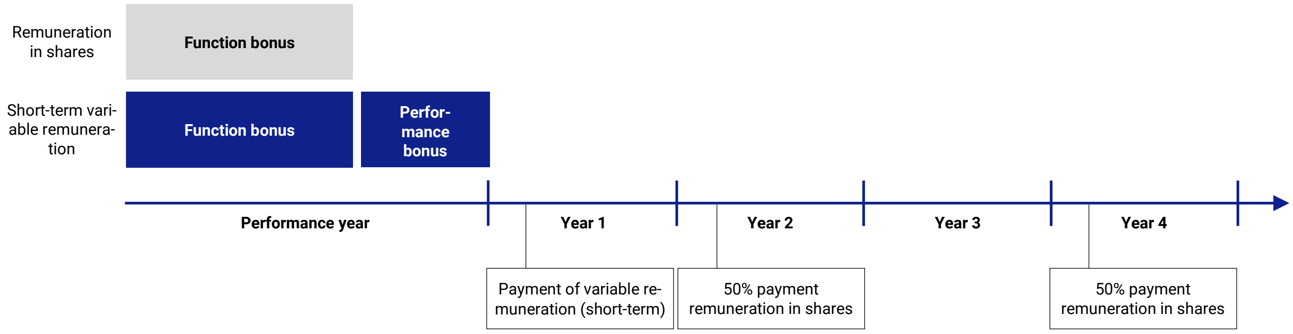
In the 2023 financial year, the average individual target attainment for Group Management as a whole amounted to 76% (2022: 76%), ranging from 53% to 100% depending on the member of Group Management.

For the members of Group Management who stepped down in the course of the first half of the reporting period (CEO Roger Herzog and CFO Thomas Wapp), the (pro rata) variable remuneration for the 2023 financial year had already been approved at the 2023 annual general meeting. The level of remuneration paid to the two members of the Group who stepped down is shown in the table in section 3.2 entitled "Remuneration paid to the members of Group Management".

Remuneration in shares

In addition to the performance and function bonuses, members of Group Management will be awarded a variable remuneration component for the 2023 financial year in the form of shares. Within this, the target remuneration in shares amounts to 10% of the total remuneration. The effective amount of the remuneration awarded in shares is dependent on performance and measured by the degree to which the targets for the function bonus have been reached. That means that the (target) remuneration components paid in shares are multiplied by the degree to which the targets for the function bonus have been reached. It is not possible to use the (target) bonus to increase the (target) remuneration components paid in shares. This means that the remuneration paid in shares likewise depends on the individual performance of the members of Group Management. They will be able to access half of the allocated shares after one year and the remainder after three years provided their position is not under notice of termination.

Variable remuneration paid to the members of Group Management



Any member of Group Management whose employment relationship has not been terminated may sell available shares for the first time if the total holding exceeds 100% of the annual fixed basic salary ("minimum shareholding").

Shares are no longer allocated to members of Group Management once their employment relationship has been terminated. This applied to one person in the reporting period. Furthermore, if a member of Group Management leaves, they are no longer entitled to shares from previous financial years that have not yet been transferred to them or to compensation. During the reporting period, 554 shares that were allocated to members of Group Management in this or previous reporting periods expired ("expiry within blocking periods").

No severance payments were paid to the members of Group Management who left in the reporting period.

2.4 Adjustments made in the reporting period

Compared with the previous year, no adjustments were made to the remuneration system.

A comprehensive audit involving external consultants was carried out for the remuneration of Group Management and the Board of Directors in the 2023 financial year. The main changes are set out in section 6 ("Outlook").

3. Remuneration paid in the 2023 financial year

3.1 Remuneration paid to the members of the Board of Directors

Members of the Board of Directors receive a fixed remuneration in cash per year in office. Each member's year in office lasts from one annual general meeting until the next.

The members of the Board of Directors receive fixed remuneration of a total of CHF 0.99 million (2022: CHF 0.95 million) for the year in office served.

Name		Title		**CHF million 2023**	CHF million 2022
	IC	NCC	ACC		
Ralph-Thomas Honegger (Chairman)	M			0.1900	0.1875
Andrea Sieber (Vice Chairwoman)		C		0.1200	0.0975
Philipp Gmür		M		0.1000	0.0975
Peter Spuhler		M		0.1000	0.0975
Olivier Steimer	M		M	0.1400	0.1375
Thomas Stenz			C	0.1000	0.0975
Jürg Stöckli	C			0.1200	0.1175
Anja Wyden Guelpa	M			0.1200	0.1175
Total remuneration				**0.9900**	**0.9500**

1 Amounts including social insurance contributions
IC = Investment Committee, NCC = Nomination and Compensation Committee, AC = Audit Committee
C = Chairman, M = Member

The remuneration comprises basic remuneration of CHF 0.1500 million for the Chairman of the Board of Directors and CHF 0.0800 million for the other Board members. In addition, remuneration of between CHF 0.0200 million and CHF 0.0600 million per committee member was paid for committee work.

3.2 Remuneration paid to the members of Group Management

The total remuneration paid to the members of Group Management rose by 7.0% year on year to CHF 3.79 million (2022: CHF 3.54 million). Because there were numerous changes in Group Management during this reporting period, comparability with the previous reporting period 2022 is not given.

At CHF 0.98 million, the highest total remuneration was paid to Stephan Widrig, CEO. The post of CEO also received the highest remuneration in the previous year

(2022: CHF 1.08 million). The remuneration paid to the CEO and the other members of Group Management is broken down as follows:

	2023		2022	
	CHF million	Share	CHF million	Share
Roger Herzog, CEO (until 30.04.2023)				
Fixed basic salary	0.30	52%	0.60	55%
Employer's contributions to pension plan	0.10	18%	0.18	17%
Variable bonus in form of cash payment	0.17	30%	0.30	28%
Variable remuneration in form of shares[1]	–	–	–	–
Total remuneration	**0.57**	**100%**	**1.08**	**100%**
Stephan Widrig, CEO (since 01.05.2023)				
Fixed basic salary	0.47	48%	–	–
Employer's contributions to pension plan	0.14	14%	–	–
Variable bonus in form of cash payment	0.26	27%	–	–
Variable remuneration in form of shares[1]	0.11	11%	–	–
Total remuneration	0.98	100%	–	–
Other members of Group Management				
Fixed basic salary	1.23	55%	1.27	52%
Employer's contributions to pension plan	0.32	14%	0.35	14%
Variable bonus in form of cash payment	0.56	25%	0.67	27%
Variable remuneration in form of shares[1]	0.13	6%	0.17	7%
Total remuneration	**2.24**	**100%**	**2.46**	**100%**

1 calculated at the market value on the date of allocation

Of the total remuneration intended for the members of Group Management for the 2023 financial year in the amount of CHF 3.79 million, 68% was fixed remuneration (annual basic salary and contributions to pension funds) and 32% was the variable salary component (performance and function bonuses plus shares) (2022: 68% / 32%). The variable elements of remuneration will be paid out following the resolution taken by the annual general meeting in 2024. The variable component amounted to between 18% and 39% of the total remuneration, depending on the member of Group Management, and was calculated on the basis of the principles and explanations in section 2.3.

The total of the variable remuneration for all members of Group Management of CHF 0.99 million (2022: CHF 0.97 million) breaks down into performance bonuses of CHF 0.28 million and function bonuses of CHF 0.71 million (2022: CHF 0.44 million / CHF 0.53 million).

4. Comparison of the remuneration paid with the remuneration approved at the annual general meeting of 21 April 2023

4.1 Fixed remuneration paid to the members of the Board of Directors

Period	Remuneration paid CHF million	Remuneration approved CHF million
22.04.2023–19.04.2024	0.99	1.10

4.2 Fixed remuneration paid to the members of Group Management

Period	Remuneration paid CHF million	Remuneration approved CHF million
01.01.2023–31.12.2023	2.55	2.60

4.3 Variable remuneration paid to the members of Group Management

Period	Remuneration paid CHF million	Remuneration approved CHF million
01.01.2022–31.12.2022	1.14	1.20

5. Further transactions with members of the Board of Directors and Group Management

5.1 Former members

In the reporting period and in the previous year, no loans, credits or sureties were granted directly or indirectly to former members of these bodies, nor was remuneration of any kind paid to them.

5.2 Related parties

As in the previous year, no remuneration was paid directly or indirectly at non-market rates to parties related to current or past members of the Board of Directors or Group Management.

5.3 Loans and credits

As in the previous year, in the 2023 financial year, no loans, credits or sureties were granted to members of the Board of Directors or Group Management, or to parties related to them or former members of the Board of Directors or Group Management. Accordingly, there are no receivables outstanding.

5.4 Management transactions

In the 2023 financial year, five management transactions with shares of Allreal Holding AG were registered. Details can be accessed on the website of SIX Exchange Regulation AG:

Date	Title	Transaction	Number of shares	Transaction value CHF million
10.03.2023	Member of the Board of Directors	Buy	100 000	15.000
24.03.2023	Member of the Management	Sell	5 352	0.802
04.09.2023	Member of the Board of Directors	Buy	247	0.004
04.09.2023	Member of the Board of Directors	Buy	10 000	1.495
24.10.2023	Member of the Board of Directors	Buy	30 000	4.305

In addition, in the reporting period, a total of 813 shares of Allreal Holding AG were allocated to the members of Group Management as a component of their remuneration from previous years (2022: 819 shares).

5.5 Participation rights

Please see below the participation rights in Allreal Holding AG, as well as options on such rights held by current members of the Board of Directors and Group Management and parties related to the respective member:

Name	Title	**Number of shares**	**Value in CHF million 2023**	Number of shares	Value in CHF million 2022
Ralph-Thomas Honegger	Chairman of the Board of Directors	1 750	0.26	1 750	0.26
Philipp Gmür	Member of the Board of Directors	1 500	0.23	1 500	0.23
Peter Spuhler	Member of the Board of Directors	716 142	107.71	576 142	86.65
Olivier Steimer	Member of the Board of Directors	1 000	0.15	1 000	0.15
Thomas Stenz	Member of the Board of Directors	1 350	0.20	1 350	0.20
Jürg Stöckli	Member of the Board of Directors	600	0.09	600	0.09
Anja Wyden Guelpa	Member of the Board of Directors	247	0.04	–	–
Stephan Widrig	CEO	10	–	–	–
Stefan Dambacher	Member of Group Management	892	0.13	543	0.08
Alain Paratte	Member of Group Management	2 126	0.32	1 804	0.27
Simon Rabsamen	Member of Group Management	230	0.03	88	0.01
Marc Frei	Member of Group Management	–	–	–	–
Roger Herzog	CEO	–	–	5 352	0.80
Thomas Wapp	Member of Group Management	–	–	935	0.14

The shares attributable to the Board of Directors and Group Management correspond to 4.37% of the company's share capital (31.12.2022: 3.56%).

6. Outlook

In 2023, an audit was conducted of the remuneration of the Board of Directors and the current remuneration system for Group Management. It involved a review of the level, structure and design of the remuneration in respect of common market practice, the requirements of the new corporate strategy and the culture of Allreal. The feedback from shareholders concerning the last annual general meeting was also actively addressed. The Board of Directors approved the new remuneration system for itself and Group Management. It came into force on 1 January 2024.

6.1 Adjustment of the remuneration scales for the Board of Directors

In the year of office following the annual general meeting in 2024, the remuneration of the Board of Directors is to be more closely linked to the respective positions and responsibilities, with the position of committee chairman receiving higher compensation than that of ordinary committee member. Furthermore, the positions of chairman and vice chairman are to receive remuneration in the form of a lump sum. The chairman of the Board of Directors will not receive separate remuneration for committee work. The level of compensation is to be standardised for all committees.

In the year of office following the annual general meeting in 2024, the Board of Directors is to receive 70% of its total remuneration in cash. 30% of the total remuneration is to be paid in shares in future, with a three-year blackout period in place for the shares allocated. In addition, there are now shareholding rules under which members of the Board of Directors are obliged to hold 100% of the annual basic remuneration in shares. The required shareholding must be built up within four years.

This will more closely align the remuneration of Board members with market practice.

6.2 New remuneration system for Group Management from 2024

The new remuneration system is based on remuneration principles that were derived from Allreal's new strategic initiatives. What makes it stand out is that it is simple and therefore easy for members of Group Management to understand. The system is also based on support for the long-term corporate targets in the context of the revised strategy, as well as strengthened collaboration between the new management.

Like the previous remuneration system, the new one consists of fixed remuneration in cash and performance-based variable remuneration. From the 2024 financial year, individual targets will no longer be taken into account – only group targets. This is so that the corporate strategy can become more firmly anchored. It should mean that the conduct of Group Management members is more closely aligned to the interests of the Group. Measurement of the annual performance is therefore based on a uniform group factor. Moreover, qualitative targets are also taken into account to determine the group factor. 70% of the annual variable remuneration is paid out in cash, while 30% is deferred over three years in a long-term plan and converted into performance share units (PSUs). As a share-based plan, this follows best practice among listed Swiss companies and brings the interests of Group Management more closely in line with those of the shareholders. PSUs represent prospective share entitlements and are dependent on challenging performance conditions. Provided that the targets are met, each PSU granted will be converted into 0 to 2 shares at the end of the vesting period. In addition, the long-term variable remuneration has a clawback clause enabling the shares transferred or an equivalent amount in cash to be reclaimed under certain circumstances. The conditions concerning the minimum shareholding were also amended. Now, any member of Group Management whose employment relationship has not been terminated may sell available shares for the first time if the total holding exceeds the equivalent value of an annual fixed basic salary ("minimum shareholding"). For the CEO, the minimum shareholding is 130% of the fixed basic salary, while for the other members of Group Management it is 100%.

In respect of the revised remuneration system for Group Management, the Board of Directors will propose to the annual general meeting of 2024 that, in future, the variable remuneration be approved prospectively for the following calendar year as well as the fixed remuneration. This will enable a degree of legal security in relation to the variable remuneration to be paid out in the respective following financial year, as well as ensuring that the total remuneration of Group Management can be approved in a standardised way for the same period. The prospective approval of the fixed and variable remuneration is an important sign of trust in the members of Group Management and is likely to have a positive impact on their level of commitment.

6.3 Proposals to the annual general meeting

In addition to the consultative vote on the compensation report, the annual general meeting of 19 April 2024 will vote on the total fixed remuneration to be paid to the Board of Directors for the period from the annual general meeting of 2024 until the annual general meeting of 2025, the total fixed remuneration to be paid to Group Management for the 2024 financial year, and the total variable remuneration to be paid to Group Management for the 2023 financial year. So that no gap in the remuneration agreements emerges as a result of the aforementioned switch from retrospective to prospective approval of the variable remuneration of Group Management, the Board of Directors will propose to the annual general meeting of 19 April 2024 (subject to acceptance of the proposed amendments to the articles of association) that the variable remuneration to be paid to Group Management for the 2024 financial year, as well as the fixed and variable remuneration for the 2025 financial year, be approved. The relevant proposals can be found in the invitation to the annual general meeting and are based on the information above.

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To the General Meeting of
Allreal Holding AG, Baar

Zurich, 27 February 2024

Report of the statutory auditor on the audit of the compensation report

Opinion
We have audited the compensation report of Allreal Holding AG (the Company) for the year ended 31 December 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the tables in the chapters 3 to 5 on pages 94 to 97 of the compensation report.

In our opinion, the information pursuant to Art. 734a-734f CO in the compensation report complies with Swiss law and the Company's articles of incorporation.

Basis for opinion
We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the compensation report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information
The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables in the chapters 3 to 5 on pages 94 to 97 in the compensation report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the compensation report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the compensation report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the compensation report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the compensation report
The Board of Directors is responsible for the preparation of a compensation report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the

preparation of a compensation report that is free from material misstatement, whether due to fraud or error. It is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibilities for the audit of the compensation report
Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this compensation report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the compensation report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Ernst & Young Ltd

Tobias Meyer (Qualified Signature)	Silvan Rüegsegger (Qualified Signature)
Licensed audit expert (Auditor in charge)	Licensed audit expert

Financial report

Consolidated financial statements of Allreal Group

Consolidated income statement

CHF million	Note	2023	2022
Rental income from investment properties	3.1	219.8	214.2
Income from Realisation	3.4	195.7	247.9
Income from sales Development	3.4	10.8	38.4
Other income	3.4	2.0	1.5
Operating income		**428.3**	**502.0**
Direct expenses for rented investment properties	3.2	−29.0	−27.4
Direct expenses from Realisation	3.4	−175.0	−220.7
Direct expenses from sales Development	3.4	−3.7	−21.2
Direct operating expenses		**−207.7**	**−269.3**
Personnel expenses	3.5	−40.8	−41.9
Other operating expenses	3.6	−10.7	−13.8
Operating expenses		**−51.5**	**−55.7**
Capitalised own developments	3.4	**7.9**	**8.7**
Earnings from sale of investment properties	3.3	**5.8**	**0.3**
Higher valuation of investment properties	4.1	39.8	57.3
Lower valuation of investment properties	4.1	−96.5	−44.3
Higher valuation of investment properties under construction	4.1	11.2	3.6
Lower valuation of investment properties under construction	4.1	−19.0	−0.1
Earnings from revaluation of investment properties		**−64.5**	**16.5**
EBITDA		**118.3**	**202.5**
Depreciation other property, plant and equipment	4.3	−1.8	−1.4
Depreciation intangible assets	4.5	−0.4	−0.4
Operating profit (EBIT)		**116.1**	**200.7**
Financial income	3.7	1.3	2.4
Financial expenses	3.8	−32.5	−18.6
Earnings before tax		**84.9**	**184.5**
Tax expenses	5.1	−19.7	−29.8
Net profit		**65.2**	**154.7**
Earnings per share in CHF	3.9	3.95	9.36
Diluted earnings per share in CHF	3.9	3.95	9.36

Consolidated balance sheet

CHF million	Note	31.12.2023	31.12.2022
Investment properties	4.1	5 016.3	4 917.6
Investment properties under construction	4.1	61.0	179.6
Other property, plant and equipment	4.3	16.7	12.3
Financial assets	4.4	91.9	96.5
Intangible assets	4.5	0.1	0.4
Deferred tax assets	5.1.2	1.5	1.4
Non-current assets		**5 187.5**	**5 207.8**
Development properties	4.2	471.7	418.2
Trade receivables	4.6	42.0	42.0
Tax receivables		0.6	0.0
Other receivables	4.7	10.6	7.0
Cash	4.8	12.6	14.1
Current assets		**537.5**	**481.3**
Assets		**5 725.0**	**5 689.1**
Share capital	4.9	16.6	16.6
Capital reserves		528.7	586.5
Goodwill	3.12	−47.1	−47.1
Treasury shares	4.9	−14.9	−14.4
Retained earnings		2 061.8	2 054.3
Equity		**2 545.1**	**2 595.9**
Long-term borrowings	4.10	2 090.0	1 642.0
Deferred tax liabilities	5.1.2	379.0	374.0
Long-term provisions	4.11	0.9	1.1
Long-term liabilities		**2 469.9**	**2 017.1**
Trade payables	4.12	55.6	65.4
Current tax liabilities		0.0	3.0
Other current liabilities	4.13	51.0	39.2
Provisions	4.11	1.7	1.8
Borrowings	4.10	601.7	966.7
Short-term liabilities		**710.0**	**1 076.1**
Liabilities		**3 179.9**	**3 093.2**
Equity and liabilities		**5 725.0**	**5 689.1**

Consolidated statement of changes in shareholders' equity

CHF million				Retained earnings			
	Share capital	Capital reserves	Treasury shares	Goodwill	Revaluation reserves	Other retained earnings	Total
As at 31 December 2021	**16.6**	**644.3**	**−13.4**	**−47.1**	**451.6**	**1 506.3**	**2 558.3**
Net profit						154.7	154.7
Purchase treasury shares			−1.4				−1.4
Sale treasury shares			0.3			−0.5	−0.2
Authorised capital increase							0.0
Distribution to shareholders		−57.8				−57.8	−115.6
Share-based remuneration			0.1				0.1
Offsetting goodwill							0.0
Reclassification					11.8	−11.8	0.0
As at 31 December 2022	**16.6**	**586.5**	**−14.4**	**−47.1**	**463.4**	**1 590.9**	**2 595.9**
Net profit						65.2	65.2
Purchase treasury shares			−0.8				−0.8
Sale treasury shares			0.2				0.2
Distribution to shareholders		−57.8				−57.8	−115.6
Share-based remuneration			0.2				0.2
Reclassification					−56.7	56.7	0.0
As at 31 December 2023	**16.6**	**528.7**	**−14.8**	**−47.1**	**406.7**	**1 655.0**	**2 545.1**

Capital reserves represent the amount (premium) earned by shareholders over and above the nominal value on subscription of share capital of Allreal Holding AG after deduction of the corresponding issue costs. The capital reserves and retained earnings can be distributed to shareholders up to the statutory minimum requirement of CHF 8.3 million (50% of share capital).

Consolidated cash flow statement

CHF million	Note	2023	2022
Net profit before tax		84.9	184.5
Net financial expenses	3.7/3.8	31.2	16.2
Earnings from revaluation of investment properties	4.1	64.5	−16.5
Depreciation other property, plant and equipment	4.3	1.8	1.4
Depreciation intangible assets	4.5	0.4	0.4
Adjustment financial assets	4.4	0.0	0.0
Earnings from sale of investment properties	3.3	−5.8	−0.3
Capitalisation of own developments		−2.8	−3.4
Share-based remuneration	3.11	0.2	0.1
Other items		1.2	2.5
Decrease / (Increase) in development properties		−100.1	27.8
Decrease / (increase) in trade receivables		−0.1	22.2
Decrease / (increase) in other receivables		−4.2	4.6
Increase / (decrease) in provisions		−0.3	−1.1
Increase / (decrease) in trade payables		−9.8	−41.9
Increase / (decrease) Change in other current liabilities		12.0	2.2
Cost of finance paid		−29.5	−18.1
Financial income received		1.1	1.3
Income tax paid		−19.7	−22.3
Cash flow from operating activities		**25.0**	**159.6**
Investment in investment properties	4.1	−33.0	−20.0
Divestment of investment properties	3.3	57.0	62.5
Investment in investment properties under construction	4.1	−15.1	−24.7
Acquisition of other property, plant and equipment	4.3	−6.5	−4.6
Investment in intangible assets	4.5	−0.1	−0.1
Acquisition of companies (price less cash)		0.0	−4.3
Increase in financial assets		−7.6	−6.2
Decrease in financial assets		11.6	10.0
Cash flow from investing activities		**6.3**	**12.6**
Increase in borrowings		523.6	129.0
Decrease in borrowings		−416.0	−226.8
Issue of bond loan	5.4.3	150.0	0.0
Repayment of bond loan	5.4.3	−174.1	−18.3
Purchase treasury shares		−0.8	0.0
Sale treasury shares		0.1	0.2
Distribution to shareholders		−115.6	−115.6
Cash flow from financing activities		**−32.8**	**−231.5**
Change in cash		**−1.5**	**−59.3**
Cash at 1 January		14.1	73.4
Cash at 31 December		**12.6**	**14.1**

Segment information for the financial year 2023

CHF million	Real Estate	Development & Realisation[1]	Total segments	Holding/ eliminations	Total
Income statement					
Operating income	219.8	208.5	428.3	0.0	428.3
Profit from intercompany services	−8.9	9.5	0.6	−0.6	0.0
Direct operating expenses	−29.0	−178.7	−207.7	0.0	−207.7
Operating expenses	−7.6	−42.3	−49.9	−1.6	−51.5
Capitalised own developments	0.0	7.9	7.9	0.0	7.9
Earnings from sale of investment properties	5.8	0.0	5.8	0.0	5.8
Earnings from revaluation of investment properties	−64.5	0.0	−64.5	0.0	−64.5
EBITDA	**115.6**	**4.9**	**120.5**	**−2.2**	**118.3**
Depreciation and amortisation	0.0	−2.2	−2.2	0.0	−2.2
Operating profit (EBIT)	**115.6**	**2.7**	**118.3**	**−2.2**	**116.1**
Financial income	1.3	0.0	1.3	0.0	1.3
Financial expense	−30.1	−2.4	−32.5	0.0	−32.5
Tax expense	−19.2	0.4	−18.8	−0.9	−19.7
Net profit	**67.6**	**0.7**	**68.3**	**−3.1**	**65.2**
EBITDA excl. revaluation gains	180.1	4.9	185.0	−2.2	182.8
Operating profit (EBIT) excl. revaluation gains	180.1	2.7	182.8	−2.2	180.6
Net profit excl. revaluation effect	**124.4**	**0.7**	**125.1**	**−3.1**	**122.0**
Operating margin in percent[2]	91.6	7.2	78.0	0.0	77.1
Rental income from investment properties	219.8	0.0	219.8	0.0	219.8
Completed project volume third-party projects	0.0	195.7	195.7	0.0	195.7
Completed project volume own projects	0.0	67.8	67.8	0.0	67.8
Total sales (according to internal reporting)	219.8	263.5	483.3	0.0	483.3
less sales from intercompany services	0.0	−62.9	−62.9	0.0	−62.9
Total sales to third parties (according to internal reporting)	219.8	200.6	420.4	0.0	420.4
plus reconciliation item external reporting[3]	0.0	5.9	5.9	0.0	5.9
Other income	0.0	2.0	2.0	0.0	2.0
Operating income	219.8	208.5	428.3	0.0	428.3
Balance sheet as at 31.12.2023					
Non-current assets	5 169.3	17.5	5 186.8	0.7	5 187.5
Current assets	9.5	527.3	536.8	0.7	537.5
Total assets	**5 178.8**	**544.8**	**5 723.6**	**1.4**	**5 725.0**
Provisions	0.0	2.6	2.6	0.0	2.6
Other debt (excl. financing and taxes)	37.2	69.5	106.7	0.0	106.7
Financial liabilities	2 447.4	244.3	2 691.7	0.0	2 691.7
Tax liabilities	368.4	10.5	378.9	0.1	379.0
Total debt	**2 853.0**	**326.9**	**3 179.9**	**0.1**	**3 180.0**
Total assigned equity[4]	**2 325.8**	**217.9**	**2 543.7**	**1.3**	**2 545.0**

1 The Projects & Development segment was renamed Development & Realisation
2 EBIT less revaluation gains as a percentage of income from business activity (balance of operating income, direct operating expenses, capitalised own developments, and income from sale of investment properties)
3 See 2.6 for an explanation of the reconciliation item
4 Assignment of equity to individual segments corresponds to internal financial reporting guidelines requiring an equity ratio of 40% for the Development & Realisation segment; financial and tax liabilities will be assigned accordingly

Segment information for the financial year 2022

CHF million	Real Estate	Development & Realisation[1]	Total segments	Holding/ eliminations	Total
Income statement					
Operating income	214.2	287.8	502.0	0.0	502.0
Profit from intercompany services	−8.8	9.4	0.6	−0.6	0.0
Direct operating expenses	−27.4	−241.9	−269.3	0.0	−269.3
Operating expenses	−5.7	−48.3	−54.0	−1.7	−55.7
Capitalised own developments	0.0	8.7	8.7	0.0	8.7
Earnings from sale of investment properties	0.3	0.0	0.3	0.0	0.3
Earnings from revaluation of investment properties	16.5	0.0	16.5	0.0	16.5
EBITDA	**189.1**	**15.7**	**204.8**	**−2.3**	**202.5**
Depreciation and amortisation	0.0	−1.8	−1.8	0.0	−1.8
Operating profit (EBIT)	**189.1**	**13.9**	**203.0**	**−2.3**	**200.7**
Financial income	1.3	0.0	1.3	1.1	2.4
Financial expense	−17.3	−1.3	−18.6	0.0	−18.6
Tax expense	−27.7	−0.3	−28.0	−1.8	−29.8
Net profit	**145.4**	**12.3**	**157.7**	**−3.0**	**154.7**
EBITDA excl. revaluation gains	172.6	15.7	188.3	−2.3	186.0
Operating profit (EBIT) excl. revaluation gains	172.6	13.9	186.5	−2.3	184.2
Net profit excl. revaluation effect	**133.6**	**12.3**	**145.9**	**−3.0**	**142.9**
Operating margin in percent[2]	92.3	25.5	77.2	0.0	76.2
Rental income from investment properties	214.2	0.0	214.2	0.0	214.2
Completed project volume third-party projects	0.0	247.9	247.9	0.0	247.9
Completed project volume own projects	0.0	71.7	71.7	0.0	71.7
Total sales (according to internal reporting)	214.2	319.6	533.8	0.0	533.8
less sales from intercompany services	0.0	−62.2	−62.2	0.0	−62.2
Total sales to third parties (according to internal reporting)	214.2	257.4	471.6	0.0	471.6
plus reconciliation item external reporting[3]	0.0	28.9	28.9	0.0	28.9
Other income	0.0	1.5	1.5	0.0	1.5
Operating income	214.2	287.8	502.0	0.0	502.0
Balance sheet as at 31.12.2022					
Non-current assets	5 193.8	13.3	5 207.1	0.7	5 207.8
Current assets	22.9	457.4	480.3	1.0	481.3
Total assets	**5 216.7**	**470.7**	**5 687.4**	**1.7**	**5 689.1**
Provisions	0.0	2.9	2.9	0.0	2.9
Other debt (excl. financing and taxes)	23.7	80.9	104.6	0.0	104.6
Financial liabilities	2 427.2	181.5	2 608.7	0.0	2 608.7
Tax liabilities	359.5	16.8	376.3	0.7	377.0
Total debt	**2 810.4**	**282.1**	**3 092.5**	**0.7**	**3 093.2**
Total assigned equity[4]	**2 406.3**	**188.6**	**2 594.9**	**1.0**	**2 595.9**

1 The Projects & Development segment was renamed Development & Realisation
2 EBIT less revaluation gains as a percentage of income from business activity (balance of operating income, direct operating expenses, capitalised own developments, and income from sale of investment properties)
3 See 2.6 for an explanation of the reconciliation item
4 Assignment of equity to individual segments corresponds to internal financial reporting guidelines requiring an equity ratio of 40% for the Development & Realisation segment; financial and tax liabilities will be assigned accordingly

Notes to the consolidated financial statements

1. Basic principles

1.1 Activity

Allreal Group is a real estate company which operates exclusively in Switzerland, with the main focus on the Zurich and Geneva business regions. It is involved in the development and management of its portfolio of residential and commercial properties and engages in management activities for its own investment properties (Real Estate segment). Allreal also handles basic planning, the execution of construction projects and the purchase and sale of properties (Development & Realisation segment).

Allreal Holding AG (parent company) has its registered office in Baar ZG, Switzerland, and is listed on SIX Swiss Exchange.

On 27 February 2024, the Board of Directors of Allreal Holding AG approved the consolidated financial statements for publication. They are also subject to the approval of the annual general meeting of Allreal Holding AG of 19 April 2024.

1.2 Basis of preparation

The consolidated financial statements were prepared as at 31 December 2023 in accordance with the Accounting and Reporting Recommendations (Swiss GAAP FER) and are compatible with the Listing Rules, as well as Article 17 of the Financial Reporting Directive (DFR) of SIX Swiss Exchange, and with Swiss law.

1.3 Method of consolidation

Subsidiaries are fully consolidated with effect from the date of their acquisition, i.e. from the date on which Allreal gains control. Allreal will be deemed to have gained control if, on the basis of existing rights, it is able to direct those activities of the subsidiaries that significantly affect their returns.

Capital is consolidated at the time of purchase using the acquisition method. Transaction costs in connection with a corporate acquisition are entered as part of the acquisition cost. The difference between the purchase price of an acquired company and the fair value of the net assets taken on at the time of the acquisition is offset against shareholders' equity as goodwill. The impact of a theoretical capitalisation of the goodwill is shown in the Notes. When a company is sold, the theoretical book value of the goodwill is taken to income.

Subsidiaries are deconsolidated with effect from the date on which control ends.

All intra-Group balances, income and expenses, as well as unrealised gains and losses from intra-Group transactions, are fully eliminated.

1.4 Scope of consolidation

Company	Registered office	Share capital CHF million	Share-holding in 2023	Share-holding in 2022
Allreal Holding AG	Baar ZG	16.60	–	–
Allreal Generalunternehmung AG	Opfikon ZH	10.00	100%	100%
Allreal Home AG	Opfikon ZH	26.52	100%	100%
Allreal Office AG	Opfikon ZH	150.00	100%	100%
Allreal Romandie SA	Plan-les-Ouates GE	0.10	100%	100%
Allreal Toni AG	Opfikon ZH	90.00	100%	100%
Allreal Vulkan AG[1]	Opfikon ZH	–	–	100%
Allreal West AG	Opfikon ZH	20.00	100%	100%
Apalux AG[1]	Opfikon ZH	–	–	100%
Bülachguss AG[2]	Opfikon ZH	–	–	100%
Creactive Properties SA	Meyrin GE	0.10	100%	100%
Elevate SA[3]	Plan-les-Ouates GE	–	–	100%
Immologic Promotion Chavannes SA[3]	Plan-les-Ouates GE	–	–	100%
Immologic Promotion Veyriert SA[3]	Meyrin GE	–	–	100%
Immologic Promotions Sàrl[3]	Plan-les-Ouates GE	–	–	100%
Immologic Sàrl[3]	Plan-les-Ouates GE	–	–	100%
Roof SA	Plan-les-Ouates GE	0.50	100%	100%
Serenity OpCo Holding SA[3]	Plan-les-Ouates GE	–	–	100%

1 Merged with Allreal Office AG effective 1 January 2023
2 Merged with Allreal Generalunternehmung AG effective 1 January 2023
3 Merged with Roof SA effective 1 January 2023

Compared to the previous year, the scope of consolidation changed following the absorption of Allreal Vulkan AG and Apalux AG by Allreal Office AG, Bülachguss AG by Allreal Generalunternehmung AG and Elevate SA, Immologic Promotion Chavannes SA, Immologic Promotion Veyriert SA, Immologic Promotions Sàrl, Immologic Sàrl and Roof SA by Serenity OpCo Holding SA (renamed Roof SA). All companies were already fully owned directly or indirectly by Allreal Holding AG in the previous year, meaning that there were no changes for consolidation purposes.

1.5 Segment reporting

Allreal Group is subdivided into the two segments Real Estate and Development & Realisation, which constitute divisions in their own right. This presentation is in line with the internal reporting to Group Management as the decision-making body that monitors the two segments on the level of net profit on a quarterly basis. Since the Group operates in Switzerland only, a geographical breakdown is not required.

The Real Estate segment comprises the companies Allreal Home AG (residential properties), Allreal Office AG (commercial properties), Allreal Toni AG (Toni site in Zurich-West) and Allreal West AG (residential and commercial properties in Zurich-West), as well as Allreal Romandie SA (residential and commercial properties in Geneva) and Creactive Properties SA (commercial properties in Geneva).

The Development & Realisation segment largely comprises the companies Allreal Generalunternehmung AG and Roof SA.

The activities of Allreal Holding AG (parent company) are not assigned to the two segments, as its business activities do not generate any operating income. They are listed in the segment information under holding company/eliminations.

2. Accounting and valuation principles

2.1 General

The preparation of the consolidated financial statements requires estimates and assumptions to be made. These relate to the reported amounts of assets, liabilities and contingent liabilities on the balance sheet date and to income and expenditure during the reporting period. The balance sheet is prepared strictly on the basis of acquisition costs, with the exception of investment properties, which are set at market values. For significant estimates and assumptions, see the following accounting and valuation principles, in particular 2.26.

2.2 Rental income from investment properties

Rental income from investment properties comprises net rental income after deduction of vacancy losses, of losses due to bad debts, and of ground rents. Management, operation, maintenance and repairs are reported separately in the income statement as direct expenses for rented investment properties.

Rent-free periods in commercial premises are recognised on a straight-line basis over the contract term.

2.3 Income from sale of investment properties

Gains and losses on the sale of investment properties correspond to the difference between the realised net proceeds after deduction of transaction costs and the latest recorded market value of the properties sold. The income is taken to the income statement at the time of the transfer of control.

2.4 Income from revaluation of investment properties

The revaluation of investment properties and investment properties under construction shows changes in the market value of the property portfolio. The report of the external valuation expert serves as the basis. The property valuation underlying the revaluation excludes the deduction of transaction costs at the time of sale.

2.5 Earnings from Development & Realisation

Earnings from Development & Realisation include income from Realisation (third-party projects), income from sales Development (own projects), capitalised own developments and other income.

Income from Realisation includes the project volume completed during the reporting period for third parties (third-party projects) and corresponds to the total of all project costs, fees and earnings from construction activity recognised by the percentage of completion (POC) method. In the case of loss-making projects, provisions are immediately made for the estimated final loss in the order balances.

Direct expenses from Realisation contain the accrued project costs of all third-party projects.

Income from the sale of development properties is recognised as of the time the contract of sale of the development property unit is notarised. Project costs and gains on the notarised units are recognised along the construction progress by the POC method.

Direct expenses from sales Development contain the accrued project costs.

Capitalised own developments accrue from investment properties under construction as well as development properties and are taken to income at cost.

2.6 Reconciliation of segment reports to the income statement

The presentation of net profit in the internal reports is similar to that in the segment reports. As regards the Development & Realisation segment, the segment reports differ from the income statement in respect of the quantification of sales.

In the segment reports, the volume of projects completed for all third-party and own projects is taken as the relevant sales figure.

In the income statement, sales from Realisation and sales of development properties are recognised in accordance with 2.5. In the segment reports, in respect of the volume of projects completed for the Real Estate segment (intra-Group sales) and for own projects, the difference between projects completed and sales Development is stated.

2.7 Financial expense / capitalised building loan interest

Interest expenses are accrued/deferred between reporting periods on the basis of the effective interest rate method and taken to income.

For development properties under construction and investment properties under construction, debt interest is capitalised. The underlying debt interest rate is the average borrowing rate during the reporting period.

2.8 Investment properties

The investment properties reported under non-current assets are divided into investment properties (residential and commercial properties) and investment properties under construction. All investment properties are carried at market value. The valuation of residential and commercial properties at the time of initial recognition is based on acquisition cost, including directly attributable transaction costs. After the initial recognition, the external valuation expert regularly determines the market values on the balance sheet date using the discounted cash flow method (DCF). For details of the valuation method and the key assumptions, see 2.26. Changes in the market value are taken to the income statement, factoring in deferred taxes. In the consolidated statement of changes in shareholders' equity, the cumulative difference between the acquisition cost and market value of all investment properties, factoring in deferred taxes encumbering said properties, is recognised as part of retained earnings (revaluation reserves). Investment properties whose book value is not likely to be derived from continued use but through a sale are reported separately at market value in current assets as investment properties held for sale. This is conditional on the sale being highly probable and the investment properties being in a condition ready to be sold immediately. For a sale to be classified as highly probable, it must be expected to take place within one year. For projects to be assigned to investment properties under construction, realisation must be intended for the portfolio of investment properties, which is conditional on a minuted decision by the Board of Directors. It must also be possible to form a reliable estimate of expenditure and income, and a building permit and construction approval which can no longer be contested by third parties need to have been issued for the project.

2.9 Development properties

Development properties include land reserves, buildings under construction, and completed properties whose ownership has not yet been transferred. If the criteria for investment properties under construction mentioned in 2.8 are not met, such projects are carried on the balance sheet as development properties.

Development properties are recognised at acquisition or production costs or, if lower, their net realisable value. The latter corresponds to the estimated selling price less expected project, construction and sales costs up until the disposal. Any impairment is taken to direct expenses from sales Development.

Land already owned by Allreal or payments on account for planned land purchases and third-party costs (but not own development) are capitalised under development reserves if the project is expected to be realised, but work has not yet started.

Projects in progress for which the transfer of ownership to a third party has not yet occurred are recognised as buildings under construction. Realised development properties which have reached structural completion and development properties destined for immediate sale to third parties are reported as completed buildings up to the transfer of ownership. The prepayments made by purchasers are offset against the costs incurred as of notarisation.

2.10 Other property, plant and equipment

Other property, plant and equipment is stated at acquisition or production costs less operationally necessary depreciation and, where appropriate, less additional depreciation as a result of impairment losses. The estimated useful life of tenant fit-outs is ten years, while for plant and equipment, vehicles as well as charging stations it is four to five years, three years for IT infrastructure and twenty years for solar systems. The depreciation is carried out on a straight-line basis.

2.11 Financial assets

Financial assets include long-term loans in the context of usual business operations for prefinancing tenant fit-outs. Loans are stated using the amortised cost method since the associated payments qualify as repayment and interest only. They are freely available and not pledged.

2.12 Intangible assets

Intangible assets comprise software and IT developments, which are recognised at acquisition costs and, from the time they are first used, are depreciated to the income statement on a straight-line basis over their estimated useful life of three years.

2.13 Short-term receivables

Receivables from construction activities undertaken on behalf of third parties are recognised according to the net principle, i.e. payments on account received from clients and partial settlements of accounts arising from the construction activities are offset against each other (order balances). Positive net items are shown under trade receivables, while negative net items are shown under trade payables; see also 2.6

Trade receivables and other receivables are reported at their transaction price less necessary value adjustments for irrecoverable claims. Value adjustments are based on an individual assessment of the claim in the light of deposited collateral and also take account of historical empirical values as well as future factors. All short-term receivables are freely disposable and are not pledged.

2.14 Cash

Cash includes cash on hand, sight deposits with banks and short-term time deposits with maximum maturities of 90 days. They are reported at nominal value and correspond to the fund for the cash flow statement.

2.15 Share capital / Equity / Goodwill

The share capital of Allreal Holding AG is reported as equity as it is not subject to any repayment obligation or dividend guarantee. Issuing costs which are incurred in connection with a capital increase and are directly attributable to the issuance of new shares are offset against the capital reserves under equity. The premium paid with capital increases or through conversion of a convertible bond is reported under capital reserves. The overall purchase price of the treasury shares is deducted from the consolidated equity.

Goodwill corresponds to the difference between the purchase price of an acquired company and the fair value of the net assets taken on at the time of the acquisition and is offset against shareholders' equity. The impact of a theoretical capitalisation of the goodwill is shown in the Notes. The depreciation of the goodwill would take place over five years.

2.16 Bonds

Bonds are recognised on issue on the basis of the proceeds received, net of transaction costs. The difference between reported financial liabilities and the repayment amount is amortised to the income statement over the bond's term to maturity using the effective interest method.

2.17 Long-term borrowings

In addition to bond issues, financial debt includes loans secured by mortgages and is recognised under financial liabilities. Borrowings are recognised at amortised costs using the effective interest method.

2.18 Long-term provisions

Provisions are made to the extent that corresponding obligations exist at the balance sheet date and the respective event is in the past. In addition, the amount can be estimated reliably and the probability of occurrence is rated higher than that of non-occurrence. If the effect is material, provisions are discounted.

2.19 Leasing

Leasing agreements are recognised as financial leasing if all risks and opportunities associated with ownership of the leased item are essentially handed over to Allreal. Each leasing agreement is classified at the beginning of the lease. In the initial recognition, the leased item is entered at the lower of the present value of the lease payments, or the market value. The payment instalments are divided into interest payments and repayments. The leased item is depreciated over its estimated useful life or the lease term where this is shorter.

Expenses for operating leases are taken to income at the time of recognition.

2.20 Current liabilities

Trade payables, prepayments for development properties up to notarisation and other liabilities (accrued liabilities) due within one year are recorded at their nominal value.

2.21 Impairment

If there is reason to believe that the value of property, plant and equipment and intangible assets has been impaired, an impairment test will be carried out and the realisable value will be estimated. The realisable value is the higher of value in use or market value less selling costs. Any difference between the asset and the realisable value is depreciated to the income statement and reported separately in the notes to the consolidated financial statements.

2.22 Taxes

Tax expense covers current taxes on business activities, deferred taxes on revaluation and other deferred taxes.

Current taxes on business activities include income taxes due for the financial year as well as property gains tax on the completion and sale of development properties (Development & Realisation segment) and the sale of investment properties (Real Estate segment).

Current income taxes are calculated net of tax loss carry-forwards and in compliance with the applicable tax regulations.

Deferred taxes are determined using the balance sheet liability method and are calculated at the tax rates in force or announced on the balance sheet date. Changes in deferred taxes are taken to the income statement.

Deferred tax liabilities take account of discrepancies in income and property gains taxes between the valuation for purposes of the consolidated financial statements and the applicable tax valuation of individual assets and liabilities for tax purposes. At the same time, a deferred tax is calculated on discrepancies leading to delays in the timing of taxation. For the higher revaluation of investment properties, an individual tax rate is applied, with a holding period of at least ten years defined for said investment property. Following this ten-year holding period, a three-year holding period is assumed for calculating the deferred tax liabilities.

Deferred tax assets from tax loss carry-forwards and the lower revaluation of investment properties (negative difference between tax value and market value) are capitalised at the prevailing tax rate if they appear certain to be recoverable with future taxable income.

2.23 Employee pension plans

Employees of Allreal Generalunternehmung AG are covered by the Allreal pension fund for mandatory and extra-mandatory staff pension provision as required by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG).

The Allreal pension fund is a legally independent pension institution based on the principle of defined contributions in accordance with Swiss law and is financed by matching contributions from the employer and employees. Any surpluses or deficits are determined on the basis of the annual accounts issued in accordance with Swiss GAAP FER 26.

Employees of Allreal Romandie SA and Roof SA are members of a semi-autonomous collective fund for mandatory and extra-mandatory staff pension provision as required by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG). The employer and employees pay matching contributions into the foundation, and any surpluses or deficits are determined on the basis of the annual accounts issued in accordance with Swiss GAAP FER 26.

If permitted and intended, any economic benefit resulting from these pension plans is recorded in the balance sheet as to take the form of a reduction of future contributions to the pension fund. Any economic obligations are carried as liabilities, provided that the preconditions for the formation of accruals are met. Personnel expenses comprise the employer's pension expenses, as well as changes in the balance sheet items.

Some staff are also covered by a management insurance scheme arranged with an insurance company which is classed as a defined contribution plan. The expenditure reported during the reporting period corresponds to the employer's payments to the plan.

2.24 Share-based remuneration

Part of the variable remuneration may be paid to the members of Group Management in the form of shares of Allreal Holding AG. Beneficiaries have a right of disposal over the first half of the shares allocated to them after one year. The second half will be placed at the beneficiary's disposal in three years, provided that the employment relationship has not been terminated. Entitlements are satisfied by the company by means of treasury shares. The amount resulting from the share allocation is charged to personnel expenses over the vesting period. Shares are recognised at market value at the time of allocation.

2.25 Earnings per share

Net profit per share is calculated by dividing net profit by the weighted average number of shares outstanding during the reporting period. Diluted earnings per share take account of additional shares that may be created as a result of the exercising of option or conversion rights and will have a dilutive effect on the result.

2.26 Valuation uncertainties

Investment properties

As at 31 December 2023, Allreal holds investment properties with a book value of CHF 5,077.3 million (31.12.2022: CHF 5,097.2 million). The investment properties are valued at market value calculated using the discounted cash flow method (DCF). The DCF method is based on various estimates and assumptions, with the yield potential of a property being derived on the basis of future revenue and expenditure. Market values do not take account of transaction costs upon sale.

Future rental income is forecasted on the basis of current contractual rents and target annual rental income. In the case of expiring commercial leases, a typical local market rent which appears sustainable from a current perspective is used. Moreover, property-specific assumptions with regard to temporary and structural vacancies will be factored into the market valuation.

Management and building costs are in principle based on the relevant property accounts and include non-apportionable operating and maintenance costs, as well as future repair costs based on Allreal's multi-year budgets. These costs include costs for asset maintenance to secure the long-term level of contractual and market interest rates on which the valuation is based as well as value-enhancing investments generating future additional income. Interest expenses for existing leasehold agreements are also taken into account.

A property-specific discount is made on each investment property on the basis of macro and micro-locational considerations and depending on property segment. Inflation is taken into account in the forecasted cash flows. The discount and capitalisation rates are based on the interest paid on long-term, risk-free investments plus a specific risk premium.

If the actual market rents in subsequent years are lower than projected in the DCF valuations, this may lead to an adjustment of the market values. This devaluation effect on investment properties would be even stronger in combination with rising discount and capitalisation rates.

In the case of investment properties under construction, future rental income is also ascertained on the basis of typical local market rents or rents already contractually agreed. On the cost side, expenses are determined with the aid of investment calculations, the chronological progress of construction phases and cost forecasts.

Development properties

As at 31 December 2023, Allreal holds development properties with a book value of CHF 471.7 million (31.12.2022: CHF 418.2 million). It was valued at acquisition or production costs – including own development for buildings under construction – less value adjustments for impairment losses. On the balance sheet date at the latest, an impairment test is carried out for all development projects by comparing incurred and future costs with the realisable value. On the cost side, expenses are, among other methods, determined with the aid of investment calculations, the chronological progress of construction phases and cost forecasts. The proceeds are based on market assessments, empirical values and completed sales to date.

If actual construction costs and sales proceeds in subsequent periods differ from the estimates and planned figures, the book values may need to be adjusted.

Taxes

Allreal has deferred tax assets totalling CHF 1.5 million (31.12.2022: CHF 1.4 million) and liabilities totalling CHF 379.0 million (31.12.2022: CHF 374.0 million), which stem mainly from valuation differences relating to investment properties; see **2.22**. In calculating the deferred taxes on investment properties, a remaining holding period was estimated for each property. If the actual holding period of the investment properties does not correspond to the assumed holding period, this may result in a considerable difference between the tax due and the capitalised deferred taxes when the property is sold.

2.27 Information on the implementation of a risk assessment

Allreal has a comprehensive management system (PAQ) in place. This system describes all parent processes and associated controls, and integrates the tasks of management, operational processes and support processes. The PAQ also covers non-financial processes in particular. There is also a documented internal control system in place for accounting and financial reporting to prevent, minimise or identify the risk of material misrepresentation in the annual accounts.

Once a year, the Board of Directors evaluates at corporate level the risk assessment prepared by the Audit and Risk Committee (ARC) (identification, quantification, monitoring and control). In particular, the risk assessment must explicitly give consideration to the reliability and completeness of financial information (fair presentation), asset protection, compliance with laws, regulations and contracts, as well as the risk of balance sheet fraud.

Effective internal control and management systems are in place to ensure that the consolidated financial statements of Allreal Group comply with the applicable accounting rules and to ensure the fair presentation of reporting. Accounting and valuation involve making forward-looking estimates and assumptions. Estimates and assumptions which pose a significant risk in the form of an adjustment to the book values of assets and liabilities within the next financial year are shown under the individual positions in the Notes; see 2.26.

3. Notes to the consolidated income statement

3.1 Rental income from investment properties

CHF million	**2023**	2022
Rental income from residential properties	52.3	53.0
Rental income from commercial properties	167.5	161.2
Rental income from investment properties	**219.8**	**214.2**

Rental income is calculated as follows:

CHF million	**2023**	2022
Target rental income	227.5	221.4
Vacancy	−3.8	−3.6
Collection losses and loss of income as a result of rent-free periods	−2.6	−2.3
Ground rent	−1.3	−1.3
Rental income from investment properties	**219.8**	**214.2**

The cumulated vacancy rate for the financial year 2023 amounted to a total of 1.7% of target rental income (2022: 1.6%), with residential properties accounting for 0.8% and commercial properties 1.9% (2022: 1.0% and 1.8%, respectively).

The rest of the rental income breaks down as follows:

CHF million	**2023**	2022
Residential properties held on a continuous basis	50.8	50.6
Commercial properties held on a continuous basis	166.8	161.2
Sold properties	2.2	2.4
Rental income from investment properties	**219.8**	**214.2**

The properties in Urdorf ZH, Allschwil BL and Oberglatt ZH that were sold in 2023 generated rental income of CHF 2.2 million in the reporting period.

3.2 Direct expenses for rented investment properties

CHF million	2023	2022
Administrative and operating expenses, residential properties	−2.7	−2.7
Administrative and operating expenses, commercial properties	−6.1	−5.0
Maintenance and repair expenses, residential properties	−6.2	−8.1
Maintenance and repair expenses, commercial properties	−14.0	−11.6
Real estate expenses	**−29.0**	**−27.4**

The property expenses relate solely to the investment properties in the Real Estate segment.

CHF million	2023	2022
Administrative fees and costs	−3.7	−2.9
Insurance, fees and charges	−2.7	−2.6
Janitorial services	−0.7	−0.5
Other expense and ancillary costs (borne by owner)	−1.7	−1.7
Administrative and operating expenses	**−8.8**	**−7.7**

In 2023, real estate expenses for unlet properties amounted to CHF 1.3 million (2022: CHF 1.0 million).

3.3 Income from sale of investment properties

CHF million	2023	2022
Proceeds from sale	58.8	62.5
Transaction costs on sale	−1.1	−1.3
Balance sheet value = market value on 31 December of the previous year	−51.9	−60.9
Earnings from sale of investment properties	**5.8**	**0.3**

In 2023, the commercial property at In der Luberzen 29 in Urdorf ZH and the residential properties at Kurzlängerweg 26–38 and 32a in Allschwil BL and at Chlirietstrasse 6/8/10 in Oberglatt ZH were divested at a sale price of CHF 58.8 million. After deduction of transaction costs, earnings from sale of investment properties amounted to CHF 5.8 million.

3.4 Earnings from Development & Realisation

CHF million	2023	2022
Income from Realisation	195.7	247.9
Direct expenses from Realisation	–175.0	–220.7
Earnings from realisation Development & Realisation	**20.7**	**27.2**
Income from sales Development	10.8	38.4
Direct expenses from sales Development	–3.7	–21.2
Income from sales Development	**7.1**	**17.2**
Capitalised own assets	**7.9**	**8.7**
Other income	**2.0**	**1.5**
Earnings from Development & Realisation segment	**37.7**	**54.6**

Income from realisation consists of architects' and project & development fees (CHF 16.1 million) and earnings from construction activity (CHF 5.5 million) (2022: CHF 24.6 million/CHF 4.0 million). This contrasts with directly offset sales deductions of CHF –0.9 million for warranty expenses, construction insurance and guarantees, performance guarantees, bad debt allowances and third-party expenses arising from tendering (2022: CHF –1.4 million).

Income from sales Development is made up of revenue from the Spiserstrasse in Zurich, Avenue du Cimetière 22 in Petit-Lancy GE and Route du Pas-de-l'Echelle 51 in Veyrier GE real estate projects (CHF 10.8 million). This resulted in gains on sales of CHF 7.1 million.

Other income includes fees for third-party project development activities amounting to CHF 0.2 million, as well as other earnings from commissions and services provided for third parties amounting to CHF 0.3 million and rental income from development reserves in the amount of CHF 1.5 million.

3.5 Personnel expenses

CHF million	2023	2022
Salaries and wages	–32.2	–32.8
Social insurance costs	–3.1	–2.9
Employee pension plans	–2.4	–2.5
Share-based remuneration	–0.2	0.0
Other personnel expenses	–2.9	–3.7
Personnel expenses	**–40.8**	**–41.9**

Other personnel expenses include spending on actual and flat-rate staff expenses (CHF –1.2 million), training and development (CHF –0.4 million), costs for the recruitment of new employees (CHF –0.3 million), freelancers for Realisation department projects (CHF –0.5 million) and other directly attributable staff expenses (CHF –0.5 million).

On the balance sheet date, the staff headcount stood at 240 employees, corresponding to 228 full-time equivalents (31.12.2022: 239 employees/227 full-time equivalents).

3.6 Other operating expenses

CHF million	2023	2022
IT expenses	−2.0	−1.9
Rental expenses	−0.5	−1.5
Consultancy and legal fees	−2.8	−3.5
Administration expenses	−3.3	−3.1
Capital taxes	−1.6	−3.0
Other general operating expenses	−0.5	−0.8
Other operating expenses	**−10.7**	**−13.8**

3.7 Financial income

CHF million	2023	2022
Interest income on financial assets	1.3	1.3
Interest income on privat placement	0.0	0.1
Financial income on bond issue buy-back	0.0	1.0
Financial income	**1.3**	**2.4**

3.8 Financial expense

CHF million	2023	2022
Interest expense for bond issues	−12.2	−9.1
Interest expense payable to banks/insurance companies for liabilities	−20.2	−9.3
Capitalised building loan interest	0.3	0.3
Other financial expenses	−0.4	−0.5
Financial expense	**−32.5**	**−18.6**

The interest expense for bond issues includes paid and accrued interest of CHF −12.3 million as at the balance sheet date (2022: CHF −8.8 million) and amortisation of CHF 0.1 million between the debt components and the redemption amounts (2022: CHF −0.3 million).

Capitalised building loan interest of CHF 0.3 million (2022: CHF 0.3 million) relates in full to investment properties under construction, applying an average interest rate of 1.30% and debt financing of 50% (2022: 0.86% and 50%).

3.9 Net profit per share / net asset value (NAV) per share

	2023	2022
Number of outstanding shares as at 1 January (in thousands)	16 514	16 522
Change in holdings of treasury shares (in thousands)	−4	−8
Number of outstanding shares as at 31 December (in thousands)	16 510	16 514
Average number of outstanding shares (in thousands)	16 511	16 521
Net profit excl. revaluation effect (in CHF million)	122.0	142.9
Earnings from revaluation of investment properties (in CHF million)	−64.5	16.5
Deferred taxes on revaluation gains (in CHF million)	7.7	−4.7
Net profit incl. revaluation effect (in CHF million)	65.2	154.7
Earnings per share incl. revaluation effect (CHF)	**3.95**	**9.36**
Earnings per share excl. revaluation effect (CHF)	**7.39**	**8.65**
Diluted earnings per share		
– incl. revaluation effect (CHF)	3.95	9.36
– excl. revaluation effect (CHF)	7.39	8.65

The share-based remuneration of members of Group Management has the effect of diluting the earnings per share. For this calculation, the average number of outstanding shares decreases from 16,522,639 to 16, 512,387 shares.

CHF million	**2023**	2022
Outstanding shares (in thousands) as at 31 December	16 510	16 514
Equity as at 31 December (CHF million)	2 545.1	2 595.9
Net asset value (NAV) per share after deferred taxes (CHF)	**154.16**	**157.20**
Equity plus provision for deferred taxes less deferred tax assets (CHF million)	2 922.6	2 968.5
Net asset value (NAV) per share before deferred taxes (CHF)	**177.02**	**179.75**

3.10 Employee pension plans

Swiss pension institutions are subject to the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG). The BVG stipulates that pension institutions must be managed autonomously and as legally independent institutions. The Board of Trustees, as the governing body of the pension fund, is made up of an equal number of employee and employer representatives. The Board of Trustees defines and implements an investment strategy.

Plan members of the pension fund are insured against the economic consequences of old age, disability and death, in respect of which the BVG stipulates minimum benefits. Both employer and employee pay a share of the contributions to the pension fund; these are based on the insured salary and on the age of the plan member. Pension contributions and annual interest are credited to the individual savings accounts. Upon retirement of a plan member, the balance of the savings account is either paid out or, applying a statutory conversion rate, converted into a retirement pension. Benefits will also be paid in cases of long-term occupational disability.

All actuarial risks, comprising demographic risks (life expectancy) as well as financial risks (return on plan assets or development of wages, salaries and pensions), are borne by the pension fund and regularly assessed by the Board of Trustees. In the event of a shortfall in coverage as defined by the BVG, recourse may be taken to various measures. These primarily include increasing current contributions, payment of additional restructuring contributions by the employer, or adjusting the conversion rates.

On 31 December 2022, the pension institution of Allreal Generalunternehmung AG had a surplus totalling CHF 39.7 million, and there was also a surplus on the balance sheet date. At no point did Allreal Group derive any economic benefit from these surpluses. Expenses of CHF 1.7 million were recorded for the pension institution in the period (2022: CHF 1.8 million).

Employees of the companies Allreal Romandie SA und Roof SA are members of a semi-autonomous collective fund. The fund had a surplus as at the balance sheet date from which the companies do not benefit. Expenses of CHF 0.2 million were recorded for this collective fund in the period (2022: CHF 0.2 million).

Some Allreal staff are covered by a management insurance plan taken out with an insurance company. This management insurance scheme is part of a collective fund and does not show a surplus or shortfall. Allreal's only commitment in respect of this plan is to pay the annual contributions. In the reporting period these amounted to CHF 0.7 million (2022: CHF 1.0 million).

3.11 Share-based remuneration

Members of Group Management receive remuneration in the form of shares in Allreal Holding AG. Entitlements are satisfied by the company by means of treasury shares.

Time of allocation	Number of Allreal shares	Share price in CHF	Expenses 2023 in CHF million	Availability
14.03.2020	348	180.00	0.021	30.04.2023
06.04.2021	411	193.40	0.026	30.04.2023
15.03.2022	465	193.80	0.023	12.03.2023
15.03.2022	465	193.80	0.023	15.03.2025
14.03.2023	412	147.80	0.015	14.03.2023
14.03.2023	412	147.80	0.015	14.03.2026

Provided that all preconditions are met, a total of 2513 shares of Allreal Holding AG will in future be distributed to eligible beneficiaries. Total expenses for share-based remuneration amounted to CHF 0.2 million in the reporting period (2022: CHF 0.1 million), of which CHF 0.0 million was recognised in profit or loss and CHF 0.2 million in equity (2022: CHF 0.0 million/CHF 0.2 million).

3.12 Purchase of companies / Goodwill

On 30 November 2022, Allreal Holding AG acquired the company Immologic Promotion Veyriert SA for CHF 3.8 million. The sole holdings of the company are two development reserves in Veyrier Nord GE and is reported as part of the Pré des Dames development reserve. The purchase price was paid with liquid funds and is in line with the value of these reserves.

On 15 October 2021, Allreal Holding AG acquired various companies in the amount of CHF 489.8 million. The companies hold investment and development properties and are also active in the Development & Realisation segment with the company Roof SA. The acquisition resulted in goodwill of CHF 47.1 million. This was offset against retained earnings at the time of the acquisition.

In the event that it were capitalised and depreciated over five years, the goodwill would be written down by CHF 9.4 million in the financial year 2023 and have the following impact on the net profit and shareholders' equity of the company:

CHF million	**2023**	2022
Goodwill		
Goodwill at 1 January	35.7	45.1
Goodwill depreciation	−9.4	−9.4
Goodwill at 31 December	**26.3**	**35.7**
Impact on net profit		
Net Profit before Goodwill depreciation	65.2	154.7
Goodwill depreciation	−9.4	−9.4
Net Profit after Goodwill depreciation	**55.8**	**145.3**
Impact on equity		
Equity at 31 December after offsetting Goodwill	2 545.1	2 595.9
Capitalisation Goodwill	26.3	35.7
Equity at 31 December without offsetting Goodwill	**2 571.4**	**2 631.6**

4. Notes to the consolidated balance sheet

4.1 Investment properties

	Residential properties		Commercial properties		Total investment properties	
CHF million	**2023**	2022	**2023**	2022	**2023**	2022
Acquisition costs						
As at 1 January	1 116.8	1 146.4	3 208.8	3 205.6	4 325.6	4 352.0
Change in scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0
Purchases	0.0	0.0	0.0	0.0	0.0	0.0
Investments	7.3	9.4	25.7	10.6	33.0	20.0
Capitalised building loan interest	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	−24.8	−39.0	−44.1	0.0	−68.9	−39.0
Reclassifications	11.2	0.0	52.9	−7.4	64.1	−7.4
As at 31 December	1 110.5	1 116.8	3 243.3	3 208.8	4 353.8	4 325.6
Revaluation						
As at 1 January	499.5	500.7	92.5	101.9	592.0	602.6
Higher valuations	23.6	30.9	16.2	26.4	39.8	57.3
Lower valuations	−41.5	−10.2	−55.0	−34.1	−96.5	−44.3
Rent-free periods	0.0	0.0	1.9	1.9	1.9	1.9
Disposals	−11.7	−21.9	29.6	0.0	17.9	−21.9
Reclassifications	0.1	0.0	107.3	−3.6	107.4	−3.6
As at 31 December	470.0	499.5	192.5	92.5	662.5	592.0
Balance sheet value = market value on 1 January	**1 616.3**	**1 647.1**	**3 301.3**	**3 307.5**	**4 917.6**	**4 954.6**
Balance sheet value = market value on 31 December	**1 580.5**	**1 616.3**	**3 435.8**	**3 301.3**	**5 016.3**	**4 917.6**
of which pledged or subject	1 073.8	1 111.4	2 665.0	2 408.2	3 738.8	3 519.6
to restricted disposability	67.9%	68.8%	77.6%	72.9%	74.5%	71.6%

The value-enhancing investments relate to the properties Bellerivestrasse 36, Zurich (CHF 15.3 million), Baarermatte, Baar ZG (CHF 1.9 million), Route de Saint-Julien 198, Plan-les-Ouates GE (CHF 1.8 million), Vulkanstrasse 106, Zurich (CHF 1.0 million), Route de Frontenex 51, Geneva (CHF 3.5 million), Avenue du Cimetière, Petit-Lancy GE (CHF 1.7 million) and 23 other investment properties (CHF 7.8 million).

The reclassification concerns the additions of commercial properties at Bellerivestrasse 36, Zurich and Jagdschiessanlage Widstud, Bülach ZH, the residential property at Avenue du Cimetière 22, Petit-Lancy GE, and the office building currently being renovated at an der Freiburgstrasse 130, Bern (balance sheet value: CHF 171.5 million).

The commercial and residential properties sold in 2023 at In der Luberzen, Urdorf ZH, Kurzelängeweg 26–38 and 32a, Allschwil BL and Chlirietstrasse 6/8/10, Oberglatt ZH are recognised in disposals at their balance sheet value of CHF 51.0 million.

	Investment properties		Investment properties under construction		Total investment properties	
CHF million	**2023**	2022	**2023**	2022	**2023**	2022
As at 1 January	4 325.6	4 352.0	148.5	123.5	4 474.1	4 475.5
Change in scope of consolidation	0.0	–	0.0	–	0.0	–
Purchases	0.0	0.0	0.0	0.0	0.0	0.0
Investments	33.0	20.0	15.1	24.7	48.1	44.7
Capitalised building loan interest	0.0	0.0	0.3	0.3	0.3	0.3
Disposals	−68.9	−39.0	0.0	0.0	−68.9	−39.0
Reclassification as revaluation	0.0	0.0	0.0	0.0	0.0	0.0
Reclassifications	64.1	−7.4	−17.8	0.0	46.3	−7.4
As at 31 December	4 353.8	4 325.6	146.1	148.5	4 499.9	4 474.1
Revaluation						
As at 1 January	592.0	602.6	31.1	27.6	623.1	630.2
Higher valuations	39.8	57.3	11.2	3.6	51.0	60.9
Lower valuations	−96.5	−44.3	−19.0	−0.1	−115.5	−44.4
Rent-free periods	1.9	1.9	0.0	0.0	1.9	1.9
Disposals	17.9	−21.9	0.0	0.0	17.9	−21.9
Reclassification of acquisition costs	0.0	0.0	0.0	0.0	0.0	0.0
Reclassifications	107.4	−3.6	−108.4	0.0	−1.0	−3.6
As at 31 December	662.5	592.0	−85.1	31.1	577.4	623.1
Balance sheet value = market value on 1 January	**4 917.6**	**4 954.6**	**179.6**	**151.1**	**5 097.2**	**5 105.7**
Balance sheet value = market value on 31 December	**5 016.3**	**4 917.6**	**61.0**	**179.6**	**5 077.3**	**5 097.2**
of which pledged or subject	3 738.8	3 519.6	0.0	158.1	3 738.8	3 677.7
to restricted disposability	74.5%	71.6%	0.0%	88.0%	73.6%	72.2%

4.2 Development properties

	Development reserves		Buildings under construction		Completed properties		Development properties	
CHF million	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
As at 1 January	381.0	417.4	37.2	17.4	0.0	0.0	418.2	434.8
Change in scope of consolidation	0.0	3.8	0.0	0.0	0.0	0.0	0.0	3.8
Purchases	100.2	11.7	0.0	0.0	0.0	0.0	100.2	11.7
From construction activity/development	7.8	10.5	10.0	9.9	0.0	0.0	17.8	20.4
Income from sales Development	0.0	13.1	7.1	4.1	0.0	0.0	7.1	17.2
Impairment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Disposals/offsetting prepayments	0.0	−18.9	−24.9	−61.8	0.0	0.0	−24.9	−80.7
Reclassifications	−49.6	−56.6	2.9	67.6	0.0	0.0	−46.7	11.0
As at 31 December = balance sheet value	**439.4**	**381.0**	**32.3**	**37.2**	**0.0**	**0.0**	**471.7**	**418.2**
of which pledged or subject to restricted disposability	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

The additions of development reserves relate to the Rieter site (CHF 96.6 million), a plot at Spiserstrasse 15 in Zurich Albisrieden (CHF 3.3 million), a prepayment for a plot at Avenue Louis-Casaï 60–62 in Meyrin GE (CHF 0.3 million), as well as other prepayments for existing development reserves. In the case of buildings under construction, all units at Avenue du Cimetière 22/24 in Petit-Lancy GE were disposed of following a transfer of ownership. The prepayments received following notarisation at Spiserstrasse in Zurich were offset (CHF 24.9 million). The reclassifications relate to Renggerstrasse 3 in Zurich Wollishofen and Rue Edouard-Rod in Geneva as investment properties under construction, Spiserstrasse in Zurich Albisrieden as buildings under construction and the Widstud shooting centre in Bülach ZH as investment properties (CHF 46.7 million).

As at 31 December 2023, the composition of the balance sheet position of development properties was as follows:

Location	Property	Acquisition/ project start	Site area in m²	Register of suspected contaminated sites	Book value in CHF million	Estimated investment volume CHF million[1]	Project status	Expected completion
Development reserves								
Chavannes-près-Renens VD	Av. de la Gare 84 bis / Route de la Maladière	2021	33 111	no	125.6[2]	341.0	in planning	open
Confignon GE	Rte. de Base / Ch. des Charrotons 25 / Ch. des Grands-Champs 23	2021	6 231	no	20.8[2]	61.0	in planning	open
Geneva	Ch. du Dr-J-L Prévost 3	2021	1 186	no	10.1[2]	30.0	in planning	open
Geneva	Ch. Buisson 6	2021	480	no	3.2[2]	4.0	in planning	open
Geneva	Ch. Mestrezat 5A, 5B and 7	2021	3 762	no	22.0[2]	40.0	in planning	open
Geneva	Av. de Joli-Mont 2 / Av. Louis-Casaï 12 / Av. de Riant-Parc	2021	2 038	no	7.1[2]	22.0	in planning	open
Geneva	Av. Louis-Casaï 62	2023	1 932	no	0.3[2]	18.1	in planning	open
Grand-Lancy GE	Av. du Curé Baud 22	2021	1 040	no	2.3[2]	12.0	in planning	open
Lucerne	Eggen	2018	8 386	no	35.4[2]	93.0	in planning	open
Nyon VD	Rte. des Tattes d’Oie 83 and 91	2021	6 093	yes	10.0[2]	42.0	in planning	open
Riehen BS	Inzlingerstrasse	2019	10 883	no	19.9[2]	62.0	in planning	open
Sunikon-Steinmaur ZH	Hohlgasse 7	2022	4 916	no	11.8[2]	51.0	in planning	open
Veyrier GE	Pré des Dames	2021	15 441	no	18.2[2]	92.0	in planning	open
Winterthur	Rieter-Areal	2023	75 000	yes	96.6[0]	535.0	in planning	open
Zumikon ZH	Am Strubenacher	2019	4 569	no	13.3[2]	42.0	in planning	open
Zurich	Badenerstrasse 501–505	2020	1 739	no	32.3[2]	63.0	in planning	open
Zurich	Hauserstrasse	2019	1 341	no	7.1[2]	11.0	in planning	open
Zurich	Spiserstrasse 15	2023	387	no	3.3[2]	5.8	in planning	open
Total development reserves					**439.3**	**1 524.9**		
Buildings under construction								
Geneva	Av. de l’Amandolier 21	2021	997	no	4.5[2]	11.0	in progress	2024
Zurich	Spiserstrasse	2018/2019	3 066	no	27.9[2]	74.4	in progress	2025
Total buildings under construction					**32.4**	**85.4**		
Completed real estate								
Total completed real estate					**0.0**			
Total development properties					**471.7**	**1 610.3**		

1 Land and building costs
2 Book value includes acquisition costs for the land 100% owned by Allreal as well as accrued project costs of third parties offset against prepayments for the notarised units

Avenue de l’Amandolier 21, Geneva

New-build of 14 condominiums and 14 underground parking spaces. The project covers floor space (100% residential) of 1,549 m². It is being built by the Realisation division and is scheduled for completion in 2024. As at 31 December 2023, 14 out of 14 residential units had been reserved. Contracts of sale had not yet been notarised for any of these units.

Spiserstrasse, Zurich

Construction of a new residential complex with 57 condominiums, 6 townhouses and 35 underground parking spaces. The project covers 6,406 m² in residential space. It is being built by the Realisation division and is scheduled for completion in 2025. As at 31 December 2023, 49 out of 63 residential units had been reserved and 45 had been notarised.

4.3 Other property, plant and equipment

	Tenant fit-out		Other		Total	
CHF million	**2023**	2022	**2023**	2022	2023	2022
Acquisition costs						
As at 1 January	10.1	10.1	12.4	8.1	22.5	18.2
Additions	0.1	0.0	6.5	4.6	6.6	4.6
Change in scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	−0.4	−0.2	−0.4	−0.2
Reclassification	0.0	0.0	0.0	−0.1	0.0	−0.1
As at 31 December	10.2	10.1	18.5	12.4	28.7	22.5
Accumulated depreciation						
As at 1 January	2.5	1.5	7.7	6.7	10.2	8.2
Additions	1.1	1.0	0.7	0.4	1.8	1.4
Disposals	0.0	0.0	0.0	0.0	0.0	0.0
Reclassification	0.0	0.0	0.0	0.6	0.0	0.6
As at 31 December	3.6	2.5	8.4	7.7	12.0	10.2
Book value as at 31 December	**6.6**	**7.6**	**10.1**	**4.7**	**16.7**	**12.3**
of which pledged or subject to restricted disposability	0.0	0.0	0.0	0.0	0.0	0.0

The tenant fit-out costs refer to the business premises at the site at Lindbergh-Allee 1, Opfikon ZH. The leases for the other sites, with annual rents of CHF 0.5 million, have fixed terms, the longest of which runs until December 2031.

As at the balance sheet date, the book value of other property, plant and equipment includes solar power systems (CHF 7.3 million) and electric vehicle charging stations (CHF 1.9 million) in investment properties, as well as IT equipment (CHF 0.2 million) and vehicles used by the company and other property, plant and equipment (CHF 0.7 million).

4.4 Financial assets

CHF million	**31.12.2023**	31.12.2022
Prefinancing of tenant fit-outs	91.9	96.5
Financial assets	**91.9**	**96.5**

In the Real Estate segment, Allreal provided tenants with prefinancing of costs for interior fit-outs of business and commercial premises which will be repaid in full by the tenants over the term of their leases on an annuity basis. Final maturities for repayment of the prefinanced tenant fit-outs run until 2042, with interest rates at 1.00 to 5.55%, depending on the individual contractual arrangements. The Canton of Zurich as a counterparty accounts for the largest individual items for tenant fit-outs on the Toni site, Zurich, and on Zürcherstrasse, Winterthur ZH (CHF 75.6 million) (31.12.2022: CHF 82.4 million).

As at the balance sheet date, the prefinanced tenant fit-outs break down as follows:

CHF million	2023	2022
Acquisition costs		
As at 1 January	98.2	102.7
Additions	9.7	6.7
Disposals	−14.3	−11.2
As at 31 December	93.6	98.2
Accumulated depreciation		
As at 1 January	1.7	2.4
Additions	0.0	0.0
Disposals	0.0	−0.7
As at 31 December	1.7	1.7
Book value as at 31 December	**91.9**	**96.5**

4.5 Intangible assets

CHF million	2023	2022
Acquisition costs		
As at 1 January	2.0	0.9
Additions	0.1	0.1
Disposals	0.0	0.0
Reclassification	0.0	1.0
As at 31 December	2.1	2.0
Accumulated depreciation		
As at 1 January	1.6	0.6
Additions	0.4	0.4
Disposals	0.0	0.0
Reclassification	0.0	0.6
As at 31 December	2.0	1.6
Book value as at 31 December	**0.1**	**0.4**

4.6 Trade receivables

CHF million	**31.12.2023**	31.12.2022
Receivables Development & Realisation segment	14.3	5.7
Order balances Development & Realisation segment	26.2	34.2
Receivables Real Estate segment	1.5	2.1
Trade receivables	**42.0**	**42.0**

The maturities structure for the non-value-adjusted receivables of Development & Realisation was as follows as at 31 December:

CHF million	**2023**	2022
Not due	14.3	5.2
Overdue by up to 30 days	0.0	0.5
Overdue by between 31 and 60 days	0.0	0.0
Overdue by between 61 and 120 days	0.0	0.0
Overdue by more than 120 days	0.0	0.0
Receivables Development & Realisation segment	**14.3**	**5.7**

The stated values of the order balances are after deduction of prepayments made for each project which as at 31 December is under construction for third parties and has not yet been billed and paid.

CHF Mio.	**2023**	2022
Contract costs incurred	346.4	423.6
Fee income booked	33.1	39.4
Gains and losses booked	9.7	13.1
Services provided	389.2	476.1
Less prepayments received	−408.9	−500.1
Total project balances	**−19.7**	**−24.0**
of which with credit balance (recognised as trade receivables)	26.2	34.2
of which with debt balance (recognised as trade payables)	45.9	58.2

4.7 Other receivables

CHF million	**31.12.2023**	31.12.2022
Prepaid expenses and accrued income	6.5	5.3
Diverse other receivables	4.1	1.7
Other receivables	**10.6**	**7.0**

4.8 Cash

Of the cash amounting to CHF 12.6 million (31.12.2022: CHF 14.1 million), CHF 12.1 million is freely disposable in the form of current account balances and CHF 0.5 million can only be used for certain third-party construction projects of the Realisation division.

4.9 Share capital

As at the balance sheet date, the share capital of Allreal Holding AG comprises 16, 592, 821 registered shares with a par value of CHF 1.00 each. Each share carries one vote and confers entitlement to attend the annual general meeting if entered in the share register.

Shareholdings developed as follows:

Number of shares	Shares issued	Treasury shares	Outstanding shares
2022			
As at 1 January	16 592 821	70 752	16 522 069
Purchase of treasury shares		9 858	
Sale of treasury shares		–1 264	
Share-based remuneration		–819	
As at 31 December	**16 592 821**	**78 527**	**16 514 294**
2023			
As at 1 January	16 592 821	78 527	16 514 294
Purchase of treasury shares		5 365	
Sale of treasury shares		–530	
Share-based remuneration		–813	
As at 31 December	**16 592 821**	**82 549**	**16 510 272**

The average purchase price per treasury share stands at CHF 181.25 (31.12.2022: CHF 183.41).

On 21 April 2023, the annual general meeting approved the introduction of a capital band. Within the capital band, the Board of Directors is authorised to increase the share capital one or more times and by any amount up to a maximum of CHF 18,252,103 at any time up to 21 April 2028, or the expiry of the capital band if earlier, by issuing up to 1,659,282 fully paid-up registered shares with a par value of CHF 1.00 each and/or to reduce it down to a minimum of CHF 15,763,180 by eliminating up to 829,641 fully paid-up registered shares with a par value of CHF 1.00 each. Capital reductions may be conducted by either reducing the par value of the shares or eliminating shares, or a combination of both.

The Board of Directors will propose to the Allreal Holding AG annual general meeting of 19 April 2024 a stable distribution of CHF 7.00 per share, corresponding to a maximum total amount of CHF 116.1 million. Of this amount, CHF 3.50 per share is deemed to be repayment of reserves from contribution of capital and CHF 3.50 per share is deemed to be a dividend. In 2023, CHF 115.6 million was distributed to shareholders through repayments of reserves from contribution of capital of CHF 3.50 per share and as a dividend of CHF 3.50 per share (CHF 7.00 per share).

4.10 Borrowings
Maturity of liabilities at nominal values

CHF million	< 1 year	1–3 years	3–5 years	> 5 years	Total
As at 31.12.2022					
Borrowings	967.5	384.6	384.9	874.3	2 611.3
Total in %	**37.1**	**14.7**	**14.7**	**33.5**	**100.0**
As at 31.12.2023					
Borrowings	752.6	436.3	841.6	664.3	2 694.8
Total in %	**27.9**	**16.2**	**31.2**	**24.7**	**100.0**

The financial debt consists of loans secured by mortgage (fixed advances and fixed-rate mortgages) and of bond issues. The bank loans in the form of fixed advances are extended on a revolving basis.

Bond issues with a total nominal value of CHF 1,305.9 million (31.12.2022: CHF 1,329.9 million) and a book value of CHF 1,304.0 million (31.12.2022: CHF 1,328.1 million) are recognised under borrowings. CHF –0.1 million was spent on the amortisation of the issuing costs in the reporting period.

4.11 Long-term provisions
The provisions for construction guarantees cover risks arising from current or completed projects of the Realisation division. The other provisions comprise possible outflows of funds arising from pending litigation.

Short-term provisions

	Construction guarantees		Other		Total	
CHF million	**2023**	2022	**2023**	2022	**2023**	2022
As at 1 January	0.4	1.9	1.4	0.8	1.8	2.7
Allocation	0.4	1.6	0.0	0.0	0.4	1.6
Utilisation	–0.4	–2.4	0.0	0.0	–0.4	–2.4
Write-back	–0.1	–0.1	0.0	0.0	–0.1	–0.1
Reclassification	0.0	–0.6	0.0	0.6	0.0	0.0
As at 31 December	**0.3**	**0.4**	**1.4**	**1.4**	**1.7**	**1.8**

Long-term provisions

	Construction guarantees		Other		Total	
CHF million	**2023**	2022	**2023**	2022	**2023**	2022
As at 1 January	1.1	1.3	0.0	0.0	1.1	1.3
Allocation	0.0	0.0	0.0	0.0	0.0	0.0
Utilisation	0.0	0.0	0.0	0.0	0.0	0.0
Write-back	–0.2	–0.2	0.0	0.0	–0.2	–0.2
As at 31 December	**0.9**	**1.1**	**0.0**	**0.0**	**0.9**	**1.1**

4.12 Trade payables

CHF million	31.12.2023	31.12.2022
Payables Development & Realisation segment	8.2	5.1
Order balances Development & Realisation segment	45.9	58.2
Payables Real estate segment	1.5	2.1
Trade payables	**55.6**	**65.4**

4.13 Other current liabilities

CHF million	31.12.2023	31.12.2022
Accrued expenses and prepaid income	46.4	26.9
Prepayments for development properties	0.4	0.0
Accrual of staff holiday entitlements	0.8	0.8
Other liabilities	3.4	11.5
Other current liabilities	**51.0**	**39.2**

As at the balance sheet date, all holiday entitlement not yet utilised by employees is evaluated on the basis of individual rates of pay and is recognised as an accrual in the consolidated financial statements. As at 31 December 2023, accruals stood at CHF 0.8 million (31.12.2022: CHF 0.8 million).

Accrued expenses and prepaid income essentially comprise accrued interest expenses arising from financial liabilities, real estate expenses or operating expenses not yet settled and remuneration not yet paid to the Board of Directors and Group Management.

5. Additional information

5.1 Taxes

5.1.1 Tax expense

In the income statement, the tax expense for 2023 and 2022 breaks down as follows:

CHF million	2023	2022
Income taxes	−10.5	−18.2
Property gains taxes	−4.3	−1.1
Total current taxes on business activities	**−14.8**	**−19.3**
Deferred taxes on revaluation	7.7	−4.7
Other deferred taxes	−12.6	−5.8
Total deferred taxes on business activities	**−4.9**	**−10.5**
Total tax expense	**−19.7**	**−29.8**

In the Development & Realisation segment, expenses for property gains taxes are contingent on the time of sale of development properties; in the Real Estate segment, they are contingent on sales from the portfolio. These property taxes are incurred on an irregular basis accordingly.

5.1.2 Deferred tax liabilities and assets

The deferred tax liabilities from the provision for deferred taxes reported under long-term liabilities break down as follows:

CHF million	31.12.2023	31.12.2022
From higher valuation of investment properties	219.1	238.9
From temporary valuation differences on investment properties	160.7	135.5
From temporary valuation differences on other balance sheet items	−1.2	−0.8
From recognition of bond issues	0.4	0.4
Provisions for deferred tax	**379.0**	**374.0**

The deferred tax liabilities in connection with the higher valuation of investment properties are based on a tax rate of up to 32% (2022: 32%).

Valuation differences on write-downs on investment properties in the Canton of Zurich and on other balance sheet positions are calculated at a rate of 18%–19% (2022: 18–19%). A tax rate of up to 21% was applied to valuation differences on write-downs on investment properties outside the Canton of Zurich (2022: up to 21%).

Deferred tax assets comprise the following positions:

CHF million	31.12.2023	31.12.2022
From tax loss carry-forwards	0.8	0.8
From temporary valuation differences on other balance sheet items	0.7	0.6
Deferred tax assets	**1.5**	**1.4**

5.1.3 Reconciliation

The following table shows the reconciliation between the theoretical tax rates applicable to the Group and the effective taxes:

CHF million	2023	2022
Net profit before tax	84.9	184.5
Reference tax rate in percentage	20.0	20.0
Expected tax expense at the reference tax rate	17.0	36.9
Adjustment of different tax rates	2.6	−3.7
Deferred taxes credited/debited for previous years	0.2	−3.4
Effective tax expense	**19.7**	**29.8**

The reference tax rate used is the sum total of the national, cantonal and municipal income tax rates which are applied on average.

Income subject to a lower tax rate factors in that a number of the Group companies are domiciled, or an investment property is situated, at a location where the total tax burden is lower than the reference tax rate.

Income subject to a higher tax rate factors in that gains on real estate subject to property gains tax are taxed at total tax rates of up to 40%. In particular, this relates to gains taxed in connection with the invoicing of completed projects in the Development & Realisation segment or from the sale of investment properties in the Real Estate segment. The higher tax rate is also applied when determining deferred taxes on revaluation, as well as for properties located where tax rates are higher.

5.2 Capital commitments, contingent liabilities and legal disputes

CHF million	**31.12.2023**	31.12.2022
Purchase commitments	33.9	38.2
Guarantees and sureties	0.0	0.0

The purchase commitments are related to contractual agreements for the acquisition of development properties. The utilisation of the obligation is dependent on the fulfilment of the conditions agreed with the counterparties.

As in the previous year, 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 an additional CHF 57.8 million in connection with financing transactions with third parties on behalf of individual subsidiaries (2022: CHF 322.9 million).

5.3 Assets pledged as security for own liabilities

CHF million	**31.12.2023**	31.12.2022
Investment properties	5 077.3	5 097.2
Development properties	471.7	418.2
Total assets affected	**5 549.0**	**5 515.4**
of which pledged or subject to restricted disposability	3 738.8	3 677.7
of which actually utilised (borrowings)	1 389.0	1 281.4

5.4 Finance, capital and risk management

5.4.1 Management of financing and capital

Investment and financing guidelines are in place which define Allreal Group’s maximum amount of external debt. The share of consolidated equity must be over 35% on the balance sheet date, net gearing must not exceed 150%, the interest coverage ratio must not fall below 2.0 and the investment and development properties’ balance sheet positions may only be refinanced with a maximum of 70% interest-bearing borrowings.

The Audit and Risk Committee regularly reviews the capital structure and monitors in particular compliance with the limits set out in the investment and financing guidelines. Capital management encompasses both equity capital and interest-bearing borrowings (net financial debt).

The contractual terms agreed with lenders regarding minimum capitalisation (financial covenants) are identical to those laid down by the investment and financing guidelines. During the reporting period, they were complied with without exception and are as follows as at the balance sheet date:

Equity ratio
(equity as a percentage of total assets)

CHF million	31.12.2023	31.12.2022
Equity	2 545.1	2 595.9
Total assets	5 725.0	5 689.1
Equity ratio	**44.5%**	**45.6%**

Net gearing
(net financial debt as a percentage of consolidated equity)

CHF million	31.12.2023	31.12.2022
Borrowings	2 691.7	2 608.7
Cash	−12.6	−14.1
Net financial debt	**2 679.1**	**2 594.6**
Equity	**2 545.1**	**2 595.9**
Net gearing	**105.3%**	**99.9%**

Interest coverage ratio
(EBITDA excl. revaluation gains divided by net financial expense)

CHF million	31.12.2023	31.12.2022
EBITDA excl. revaluation gains	182.8	186.0
Net financial expense	31.2	16.2
Interest coverage ratio	**5.9**	**11.5**

Refinancing of properties

(Borrowings as a percentage of the book value of investment and development properties)

CHF million	31.12.2023	31.12.2022
Borrowings	**2 691.7**	**2 608.7**
Investment properties	5 077.3	5 097.2
Development properties	471.7	418.2
Total properties	**5 549.0**	**5 515.4**
Refinancing of properties	**48.5%**	**47.3%**

If the financial covenants are not complied with, the lenders are in some cases contractually entitled to raise the margins for financing, introduce amortisation obligations or demand full repayment of loans.

5.4.2 Financial risk management

Allreal Group is exposed to various financial risks stemming from the market, changes in interest rates, receivables, refinancing and liquidity. Risk management is conducted in compliance with the investment and financing guidelines.

Interest rate risks

As at 31 December 2023, fixed advances amounting to CHF 468.0 million (17.4% of all financial liabilities) are in place.

The average interest rate of all financial liabilities as at 31 December 2023 is 1.30% (31.12.2022: 0.86%).

The average interest lock-in period for all financial liabilities as at 31 December 2023 is 40 months (31.12.2022: 37 months).

For the purposes of a sensitivity analysis, it was assumed that all balance sheet positions as at 31 December were in place on the same scale for a whole year and that the interest rate level changes by one percentage point at the beginning of the period. This would mean that net profit before tax would rise by CHF 4.7 million if interest rates fell by 1%, and fall by the same amount if interest rates rose by 1% (2022: CHF 7.3 million / CHF –7.0 million).

Credit risks

At CHF 4.2 million, the maximum default risk relating to cash is lower than the book value of CHF 12.6 million, since waiver of the right to offset credit balance against liabilities was contractually excluded with a number of lending banks.

On the balance sheet date, borrowings (excluding bond issues) existed at nominal values towards the following Swiss counterparties:

Counterparty		**2023**		2022
CHF million	**Amount**	**Share in %**	Amount	Share in %
Swiss cantonal banks	912.1	65.7	627.5	49.0
Swiss big banks	235.8	17.0	412.8	32.2
Other Swiss banks	36.0	2.6	36.0	2.8
Swiss insurance companies	127.0	9.1	127.0	9.9
Swiss pension funds	78.0	5.6	78.0	6.1
Total	**1 388.9**	**100.0**	**1 281.3**	**100.0**

The guarantees and sureties issued in favour of banks in connection with financing transactions are not likely to give rise to any additional charges greater than the recognised borrowings from lenders.

Refinancing and liquidity risk

Under the financial covenants, Allreal has the option of taking out around CHF 1.1 billion in new borrowings before new equity is required. There are unutilised immediately callable credit limits in an amount of CHF 354 million granted by banks; these were not used as at the balance sheet date.

5.4.3 Market valuation of financial assets and liabilities

Financial assets and borrowings are recognised using the amortised cost method.

With the exception of the borrowings shown below, it can be assumed that the book values of the financial assets and the other financial liabilities correspond to market values.

CHF million	Effective interest	Issue amount	Nominal value	**Book value as at**	**Fair value as at**	Book value as at	Fair value as at
				31.12.2023	**31.12.2023**	31.12.2022	31.12.2022
0.6% bond issue 2019–15.07.2030	0.66%	250.0	242.6	241.7	224.2	241.5	205.6
0.4% bond issue 2019–26.09.2029	0.43%	200.0	181.7	181.4	167.0	181.3	154.2
0.7% bond issue 2020–22.09.2028	0.73%	175.0	175.0	174.8	167.4	174.7	156.2
0.875% bond issue 2017–30.03.2027	0.86%	160.0	158.6	158.7	154.7	158.7	148.7
0.75% bond issue 2017–19.06.2026	0.76%	150.0	148.3	148.3	145.2	148.2	139.8
1.375% bond issue 2015–31.03.2025	1.32%	100.0	100.0	100.1	99.7	100.1	97.9
0.625% bond issue 2016–10.05.2024	0.68%	150.0	149.6	149.6	148.9	149.4	146.9
0.5% bond issue 2018–19.04.2023	0.55%	125.0	124.1	0.0	0.0	124.0	123.6
−0.3% private placement 2022–15.01.2023	−0.30%	50.0	50.0	0.0	0.0	50.0	50.0
3.0% bond issue 2023–19.04.2028	3.05%	150.0	150.0	149.7	157.6	0.0	0.0
Fixed-rate mortgages	–		548.0	921.0	906.3	548.0	514.9

The market values of the fixed-rate mortgages are determined using the CHF interest rates current as at 31 December 2023 for the respective terms plus a credit margin of 0.40% (2022: 0.40%).

5.5 Transactions with related parties

The Board of Directors, Group Management and the Allreal pension fund are deemed to be related parties. The remuneration of the Board of Directors and

Group Management, as well as their indirect investment in Allreal Holding AG, can be found in the compensation report.

In the reporting period and in the previous year, no loans, credits or sureties were granted to members of the Board of Directors and Group Management or parties related to them, nor to former members of these bodies.

Allreal obtains legal consulting services from several law firms, including MLL Legal AG (formerly known as MLL Meyerlustenberger Lachenal Froriep AG), of which Andrea Sieber is a partner. In the financial year 2023, Allreal was charged fees amounting to CHF 0.109 million.

MLL Legal AG (formerly MLL Meyerlustenberger Lachenal Froriep AG) is a tenant of office space in the commercial properties at Schiffbaustrasse 2 and Hardstrasse 319 (Escher-Wyss site) in Zurich in line with the arm's length principle from 2023 and with an annual rental volume of CHF 1.60 million.

There are no other business relationships between Allreal and members of the Board of Directors.

5.6 Events after the balance sheet date

Between 31 December 2023 and 27 February 2024 (date on which the consolidated financial statements were approved by the Board of Directors), no further 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

In terms of individual regions and property types, the breakdown of acquisition costs and market values of the investment properties as at 31 December was as follows:

	Acquisition costs		Market value		Change in market value[1]	
CHF million	**2023**	2022	**2023**	2022	**2023**	2022
City of Zurich	292.1	292.0	511.5	497.4	14.1	12.7
Rest of Canton Zurich	368.1	376.2	650.6	656.3	8.3	13.9
Western Switzerland	444.7	428.7	414.5	435.6	−39.9	−4.5
Other regions	4.2	19.9	3.9	27.0	−0.3	−1.4
Residential properties	**1 109.1**	**1 116.8**	**1 580.5**	**1 616.3**	**−17.8**	**20.7**
City of Zurich	1 700.5	1 545.6	2 045.1	1 856.7	−6.0	9.9
Rest of Canton Zurich	1 036.3	1 048.4	982.1	977.7	−13.0	−4.6
Western Switzerland	313.4	311.6	227.7	234.0	−8.8	−5.9
Other regions	192.5	303.2	180.9	232.9	−10.9	−7.1
Commercial properties	**3 242.7**	**3 208.8**	**3 435.8**	**3 301.3**	**−38.7**	**−7.7**
City of Zurich	11.8	128.6	11.5	158.1	7.5	2.9
Rest of Canton Zurich	0.0	0.0	0.0	0.0	0.0	0.0
Western Switzerland	19.0	19.8	24.2	21.5	3.4	0.6
Other regions	113.8	0.0	25.3	0.0	−18.9	0.0
Investment properties under construction	**144.6**	**148.4**	**61.0**	**179.6**	**−8.0**	**3.5**

1 From revaluation in comparison with previous year

Costs incurred in connection with the acquisition (purchase price, notary’s fees, property transaction costs, commission payments) are recognised under acquisition costs, as are the actual production costs of the additions from construction activity and value-enhancing investments and total renewals.

The revaluation of the investment properties is based on the valuation conducted on 31 December by the external valuation expert using the discounted cash flow method (see pages 159 to 168 of the Annual Report).

The valuation process involves the external valuation expert inspecting each property at least once every three years, as well as after additional acquisitions or on completion of major alterations. The valuation expert calculates the payment flows on the basis of the rent rolls provided by Allreal (cut-off date 1 January of the following year), all commercial leases, detailed budgets and medium-term planning per property, as well as planned and executed investment projects. From these parameters, the valuation expert infers his view of the contractual market rents achievable on a sustainable basis and the future real estate expenses. The results of the valuation are discussed with Group Management, which assesses their plausibility.

As in the previous year, Jones Lang LaSalle AG acts as the external valuation expert on a contract basis. There are no further business connections or investments between Allreal and the external valuation expert.

The valuation of the investment properties as at 31 December 2023 was based on the following rent bandwidths for the various regions and types of properties:

	Residential properties				Commercial properties			
	Contractual rents		Market rents		Contractual rents		Market rents	
CHF per m² and year	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
City of Zurich	230	450	230	430	210	650	210	640
Rest of Canton Zurich	160	290	160	280	120	360	120	290
Western Switzerland	250	450	300	460	300	420	280	390
Other regions	210	290	230	320	230	260	200	250
All regions	**160**	**450**	**160**	**460**	**120**	**650**	**120**	**640**

A 5% increase or reduction in the market rents (serving as a basis of the valuations) of all investment properties would result in an increase or reduction in value of CHF 262.0 million (2022: CHF 271.6 million).

On the basis of a sensitivity analysis of properties with a market value of CHF 5,077.3 million on the balance sheet date (31.12.2022: CHF 5,097.2 Mio.), an isolated change in discount and capitalisation rates by 50 basis points would lead to a change in value of CHF 1,032.2 million or CHF 720.5 million, respectively (31.12.2022: CHF 1,070.2 million / CHF 738.2 million). The bandwidths for the capitalisation and discount rates used in the sensitivity analysis range between 2.04% and 3.29% in the case of residential properties and between 2.83% and 4.05% in the case of commercial properties for lower interest rates, and between 3.04% and 4.29% in the case of residential properties and between 3.83% and 5.08% in the case of commercial properties for higher interest rates.

Leasehold properties

Location	Address	Length of agreement	Ground rent p. a. CHF million
Zürich	Kreuzstrasse 5	20 October 2086	–
Bern	Freiburgstrasse 130[1]	31 December 2052	1.1
Bern	Freiburgstrasse 130[1]	31 December 2064	0.2

1 indexed

Future ground rents, regardless of indexing, will fall due as follows:

CHF million	2023	2022
Ground rents up to 1 year	1.3	1.3
Ground rents from 2–5 years	5.2	5.2
Ground rents after 5 years	33.7	35.0
Total future ground rents	**40.2**	**41.5**

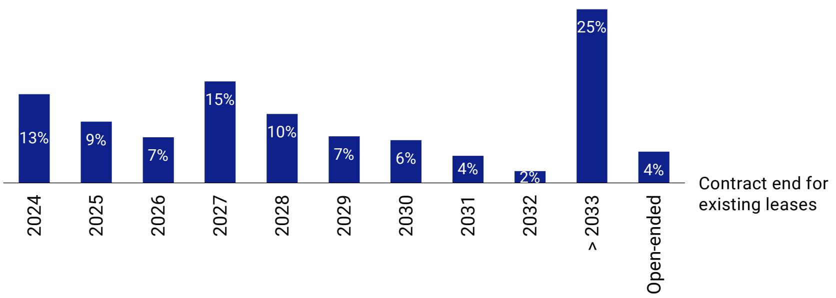
Largest tenants, commercial properties

Share in total rental income from commercial properties:

CHF million	2023	2022
Canton of Zurich	15%	15%
Allianz Suisse Insurance Company Ltd	6%	7%
Generali Switzerland	6%	6%
MAN Energy Solutions Switzerland Ltd	6%	6%
Sunrise	5%	6%
Total	**38%**	**40%**

The five largest tenants' share of total rental income from all investment properties (residential and commercial) in 2023, amounted to 29% (Canton of Zurich 11%, Allianz Suisse Insurance Company Ltd 5%, Generali Switzerland 5%, MAN Energy Solutions Switzerland Ltd 4% and Sunrise 4%).

Maturity profile of commercial property leases
as a percentage of outstanding rental income (CHF million – rounded)



The weighted remaining term of fixed-term leases for commercial properties is 5.0 years (31.12.2022: 5.1 years) and takes into account the earliest possible date that the tenant can terminate their contract.

Future income from fixed-term contracts

As a result of fixed-term rental contracts on investment properties, the following nominal rental income will accrue in future:

CHF million	2023	2022
Residential properties		
Rental income up to 1 year	5.6	4.0
Rental income from 2–5 years	9.7	10.5
Rental income after 5 years	3.1	6.6
Total future rental income from fixed-term contracts	**18.4**	**21.1**
Commercial properties		
Rental income up to 1 year	147.4	156.9
Rental income from 2–5 years	429.1	480.5
Rental income after 5 years	249.9	249.1
Total future rental income from fixed-term contracts	**826.4**	**886.5**
Total future rental income from fixed-term contracts investment properties	**844.8**	**907.6**

94.3% of all rental income for commercial space is indexed, i.e. rents are adjusted for inflation in accordance with the Swiss Consumer Price Index (CPI) (2022: 90.1%).

89.4% of rental contracts for residential space are for an unlimited term (2022: 93.6%). The weighted remaining term of fixed-term rental contracts for residential property is 3.3 years (31.12.2022: 3.8 years). Rental prices are based, among other factors, on the development of the mortgage reference rate calculated quarterly by the Swiss National Bank and last published on 1 December 2023, when it was raised to 1.75%.

As at 31 December 2023, 70.3% of all rental contracts contained index clauses, corresponding to a target rental income of CHF 152.9 million (2022: 67.9%, CHF 160.7 million).

Investment properties under construction as at 31 December 2023

Location	Property	Acquisition/ project start	Area of property in m²	Register of suspected contami-nated sites	Market value CHF million[1]	Estimated investment volume CHF million[2]	Target rental income on completion p.a. CHF million	Expected completion
Geneva	Avenue de l’Amandolier 21	2021	1667	no	10.8	9.5	0.4	2025
Geneva	Rue Edouard-Rod 10	2021	1706	no	13.3	15.8	0.5	2025
Zurich	Renggerstrasse 3	2023	1389	no	11.5	25.4	0.7	2025
Berne	Freiburgstrasse 130	2023	7 323	no	25.4	67.5	4.2	2025
Total investment properties under construction					**61.0**	**118.2**	**5.8**	

1 As per valuation on 31.12.2023
2 Building and land costs

Avenue de l’Amandolier 21, Geneva

Construction of a new apartment building with 16 rental apartments, as well as retail space. The amount of space available for rent totals 1,291m^2. The project is being executed by the Realisation division and, upon completion in the first half of 2025, will be reported in the portfolio of investment properties. For the market valuation as at the balance sheet date, nominal discount and capitalisation rates of 3.60% and 2.35% were applied (31.12.2022: 3.25% / 2.25%).

The investment property under construction is 100% solely owned by Allreal.

Rue Edouard-Rod 10, Geneva

Construction of a new apartment building with 16 rental apartments, as well as retail space on the ground floor. The amount of space available for rent totals 1,328m^2. The project is being managed by the Realisation and, upon completion in the first half of 2025, will be reported in the portfolio of investment properties. For the market valuation as at the balance sheet date, nominal discount and capitalisation rates of 3.55% and 2.30%, respectively, were applied.

The investment property under construction is 100% solely owned by Allreal.

Renggerstrasse 3, Zurich

Conversion of a commercial building into an apartment building consisting of 21 apartments, covering 1,591 m^2 of rentable space in total. The project is being executed by the Realisation division and, upon completion in the second half of 2025, will be reported in the portfolio of investment properties. For the market valuation as at the balance sheet date, nominal discount and capitalisation rates of 3.55% and 2.30%, respectively, were applied.

The investment property under construction is 100% solely owned by Allreal.

Freiburgstrasse 130, Berne

Modernisation of a commercial building, including transformation from single to multi-tenant. The amount of space available for rent totals 18,564 m^2. The project is being executed by the Realisation division and, upon completion in the first half of 2025, will be reported in the portfolio of investment properties. For the market valuation as at the balance sheet date, nominal discount and capitalisation rates of 4.85% and 3.60%, respectively, were applied.

The investment property under construction is 100% solely owned by Allreal.

Residential properties as at 31 December 2023

Location	Address	Ownership status[1]	Year acquired	Year of construction	Renovation[2]	Area of property in m²	Register of suspected contaminated sites	Minergie
City of Zurich								
Zurich	Grünhof-Areal[5]	SO	2002	1925	2019/2020 PR 2019–2021 TR	7 870	yes	no
Zurich	Hardturmstrasse 5	LO	2004	2014		2 651	no	yes
Zurich	Heerenwiesen 23–41 / Winterthurerstrasse 563 / Schürgistrasse 18/20	SO	2003	1996		11 616	no	no
Zurich	Josefstrasse 137	SO	1999	1984		903	no	no
Zurich	Neunbrunnenstrasse 47–53	SO	1993	2013		4 291	yes	yes
Zurich	Schiffbaustrasse 7	SO	2010	2016		1 610	no	yes
Zurich	Zollikerstrasse 185–187	SO	2008	1984	2017 PR	1 445	no	no
Total City of Zurich						**30 386**		
Rest of Canton of Zurich								
Adliswil	Moosstrasse 1–13 / Grütstrasse 33–39	SO	2005	2011		13 901	no	yes
Bülach	Hohfuristrasse 7–11 / Unterweg 55–59 / Im Stumpen 2	SO	1999	1979	2013 TR	8 412	no	no
Bülach	Fangletenstrasse 4–18	SO	2018	2018		11 018	no	yes
Fällanden	Unterdorfstrasse 2/4 / Unterdorfwäg 2–22	SO	2003	2008	2019–2022 PR	23 691	no	no
Glattbrugg	Hohenstieglen 1–23, 2–16	SO	1999	1990	2017 PR	29 639	no	no
Kloten	Schaffhauserstrasse 117/119	SO	2001	1992		3 643	no	no
Schlieren	Limmataustrasse 2–8 / Limmatstrasse 9–11 / Engstringermatte	SO	1999	1984	2018 TR	8 907	no	no
Schlieren	Schulstrasse 71–77 / Flöhrebenstrasse 6	LO	2002	1988		2 691	no	no
Volketswil	Sunnebüelstrasse 1–17 / Ifangstrasse 12–20 / Neufund 1/3	SO	1999	1968	2002/2003 TR	20 110	no	no
Wallisellen	Escherweg 2–6 / Favreweg 1–5 / Richtiarkade 13–15 / Richtiring 14–16 (Richti-Areal)	SO	2002	2014		8 242	no	yes
Total rest of Canton of Zurich						**130 254**		

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 2023
4 As per valuation on 31 December 2023 (nominal rates)
5 The Grünhof site includes Ankerstrasse 23–27, Badenerstrasse 119–131, Feldgüetliweg 2, Grüngasse 31 and Köchlistrasse 20.

Area of property in m²	1–1½-room apartments	2–2½-room apartments	3–3½-room apartments	4–4½-room apartments	≥ 5-room apartments	Total apartments	Other uses in m²	Target rental income in CHF million for 2023	Vacancy rate in %[3]	Discount/ capitalisation rate in %[4]
11 555	2	39	53	36	3	133	2 668	5.7	0.4	3.68/2.43
6 095	–	17	27	6	1	51	14	2.6	0.1	3.65/2.40
7 782	8	12	25	29	6	80	2 365	2.4	0.6	3.85/2.60
2 763	4	36	–	–	–	40	212	0.9	0.6	3.55/2.30
4 640	–	–	14	21	5	40	–	1.5	0.3	3.65/2.40
2 331	–	3	16	3	1	23	1 018	1.3	0.0	3.75/2.50
1 656	2	2	4	4	2	14	100	0.6	0.1	3.60/2.35
36 822	**16**	**109**	**139**	**99**	**18**	**381**	**6 377**	**15**	**0.3**	
13 381	–	28	62	38	10	138	285	3.8	0.2	3.85/2.60
3 850	–	9	16	18	6	49	20	1	0.3	4.00/2.75
7 253	–	14	25	31	6	76	–	2	0.1	4.00/2.75
14 903	–	20	40	57	22	139	2 067	4.1	0.2	4.05/2.80
14 578	18	30	71	41	–	160	428	3.1	0.7	3.90/2.65
2 090	–	4	–	10	4	18	201	0.5	1.8	3.90/2.65
5 100	–	18	24	12	–	54	–	1.2	1.9	3.80/2.55
3 332	–	–	24	16	–	40	191	0.8	1	3.80/2.55
12 236	–	–	48	62	38	148	136	2.5	0.2	4.05/2.80
12 659	1	18	75	22	2	118	1 201	4	0.1	3.90/2.65
89 382	**19**	**141**	**385**	**307**	**88**	**940**	**4 529**	**23**	**0.4**	

Residential properties as at 31 December 2023

Location	Address	Ownership status[1]	Year acquired	Year of construc-tion	Renovation[2]	Area of property in m²	Register of suspected contamina-ted sites	Minergie
Western Switzerland								
Bernex GE	Rue de Bernex 315-327	SO	2021	1964	2019 PR	5 713	no	no
Carouge GE	Avenue Industrielle 18	SO	2021	1915	2020 PR	462	no	no
Carouge GE	Rue Daniel-Gevril 10 / Rue Saint-Nicolas-le-Vieux 9–11	SO	2021	1965	2013 PR	1 364	no	no
Geneva	Rue Jean-Jaquet 3	SO	2021	1936	2015 PR	252	no	no
Geneva	Rue de Zurich 1	SO	2021	1936	2018 TR	203	no	no
Geneva	Rue de Zurich 3	SO	2021	1910	2021 PR	282	no	no
Geneva	Rue de Zurich 3A/5/7	SO	2021	1952	2020 PR	1 154	no	no
Geneva	Rue du Grand-Pré 57	SO	2021	1960	2020 PR	457	no	no
Geneva	Rue de Vermont 32–40	SO	2021	1960	2020 PR	3 526	no	no
Geneva	Rue Gustave-Muller-Brun 3	SO	2021	1937	2014 TR	375	no	no
Geneva	Route de Frontenex 51	SO	2021	1970	2022 PR	639	no	no
Gland VD	Chemin du Molard 10 / Allée Leotherius 2 / Allée Louis Cristin 1	SO	2011	2014		1 173	no	yes
Grand-Lancy GE	Chemin des Semailles 19	SO	2021	2021		225	no	yes
Meyrin GE	Chemin de-Joinville 32–34[5]	SO	2021	2021		2 191	no	no
Onex GE	Chemin de la Traille 21/25/35[6]	SO	2021	1961	2021 PR	842	no	no
Onex GE	Route de Loëx 51	SO	2021	1961	2015 TR	367	no	no
Petit-Lancy GE	Avenue du Cimetière	SO	2023	2023		280	no	no
Petit-Lancy GE	Chemin des Pâquerettes 20	SO	2021	2017		446	no	yes
Total western Switzerland						**19 951**		
Other regions								
Basel	Efringerstrasse 15	SO	2021	1905	1990 TR	222	no	no
Total other regions						**222**		
Total residential real estate						**180 813**		

1 SO = sole ownership
2 TR = total renovation; PR = partial renovation
3 Cumulative vacancy rate as a percentage of target rental income for 2023
4 As per valuation on 31 December 2023 (nominal rates)
5 Two properties
6 Three properties

Area of property in m²	1–1½-room apartments	2–2½-room apartments	3–3½-room apartments	4–4½-room apartments	≥ 5-room apartments	Total apartments	Other uses in m²	Target rental income in CHF million for 2023	Vacancy rate in %[3]	Discount/ capitalisation rate in %[4]
2 101	–	4	12	11	5	32	958	1.1	0.4	4.20/2.95
1 005	–	20	1	2	1	24	–	0.5	0.9	3.55/2.30
3 254	3	2	16	22	10	53	750	1.3	0.5	3.55/2.30
635	1	8	2	3	–	14	195	0.4	–	3.60/2.35
849	1	6	11	–	–	18	147	0.3	0.2	3.65/2.40
858	–	7	7	3	–	17	–	0.3	0.2	3.50/2.25
2 639	2	24	22	1	7	56	–	1.2	1.0	3.50/2.25
1 167	–	–	19	–	–	19	98	0.3	–	3.75/2.50
5 387	3	29	44	16	4	96	51	1.5	4.2	3.70/2.45
1 888	–	7	12	5	2	26	236	0.8	0.0	3.55/2.30
2 800	7	–	18	9	9	43	667	1.0	3.5	3.60/2.35
4 922	1	21	29	9	5	65	–	1.6	–	3.95/2.70
654	–	–	1	9	–	10	–	0.2	–	3.65/2.40
2 400	–	–	11	11	13	35	337	0.9	–	3.80/2.55
2 421	1	3	3	8	12	27	66	0.6	8.3	3.75/2.50
1 068	–	5	–	8	3	16	–	0.3	–	3.75/2.50
1 067	–	–	5	11	1	17	–	0.4	5.7	3.65/2.40
1 204	–	–	6	1	8	15	–	0.3	0.0	3.70/2.45
36 319	**19**	**136**	**219**	**129**	**80**	**583**	**3 505**	**13.1**	**1.5**	
531	2	10	–	–	–	12	–	0.1	6.9	3.70/2.45
531	**2**	**10**	**0**	**0**	**0**	**12**	**0**	**0.1**	**6.9**	
163 054	**56**	**396**	**743**	**535**	**186**	**1 916**	**14 411**	**51.2**	**0.7**	

Commercial properties as at 31 December 2023

Location	Address	Ownership status[1]	Year acquired	Year of construction	Renovations[2]	Area of property in m²
City of Zurich						
Zurich	Bändliweg 21	SO	2005	1995	2019 PR	9 254
Zurich	Bellerivestrasse 30	SO	2004	1986	2017 TR	2 316
Zürich	Bellerivestrasse 36	SO	2004	1974	2023 TR	10 494
Zurich	Binzmühlestrasse 95–99 / Therese-Giese-Strasse 1	SO	2005	2001	2019 PR	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-Areal)	SO	2007	1977/2014		24 477
Zurich	Hardstrasse 299/301	SO	2002	2020		1 988
Zurich	Hardstrasse 319 (Escher-Wyss-Areal)	SO	2002	1945/2010	2019/2021 PR	38 362
Zurich	Herostrasse 12	SO	2002	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		2 279
Zurich	Schiffbaustrasse 2	SO	2002	2017		9 338
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	2021 PR	4 201
Total City of Zurich						**144 247**

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 2023
4 As per valuation on 31 December 2023 (nominal rates)

Register of suspected contaminated sites	Minergie	Floor space in m²	Percentage of office space	Percentage of retail space	Percentage of residential space	Percentage of other uses	Target rental income in CHF million for 2023	Vacancy rate in %[3]	Discount/ capitalisation rate in %[4]
no	no	18 640	89.0	0.0	0.0	11.0	5.7	0.0	4.35/3.10
no	no	3 256	93.2	0.0	0.0	6.8	1.6	0.0	4.25/3.00
no	yes	12 437	78.2	3.5	0.0	18.3	3.6	3.3	4.20/2.95
no	no	25 711	10.3	40.1	33.0	16.7	7.0	0.6	4.15/2.90
no	no	4 848	75.9	2.9	10.4	10.8	1.5	1.6	4.30/3.05
no	no	4 965	44.0	0.0	25.2	30.7	1.9	1.2	4.25/3.00
no	yes	86 666	81.9	0.0	11.4	6.8	21.3	0.2	4.55/3.30
no	yes	5 960	88.6	0.8	0.0	10.6	2.4	0.1	4.15/2.90
yes	no	47 465	32.2	0.0	0.0	67.8	10.5	0.0	5.27/4.02
no	yes	11 287	95.5	0.0	0.0	4.5	3.8	0.1	4.55/3.30
no	no	10 327	70.0	4.6	0.0	25.4	4.2	0.7	4.45/3.20
no	no	5 518	67.9	0.0	6.8	25.4	1.6	0.0	4.65/3.40
no	no	1 628	95.7	0.0	0.0	4.3	1.0	0.0	4.25/3.00
yes	yes	13 138	81.7	0.0	0.0	18.3	5.0	0.0	4.20/2.95
no	yes	32 775	94.6	0.0	0.0	5.4	11.4	0.0	4.50/3.25
no	no	3 274	22.4	7.8	55.3	14.5	0.8	0.1	3.95/2.70
no	no	2 776	81.8	0.0	0.0	18.2	1.2	0.0	4.65/3.40
no	no	11 583	45.4	11.8	27.6	15.3	4.3	0.6	4.15/2.90
		302 254	**67.1**	**4.3**	**8.4**	**20.2**	**88.8**	**0.3**	

Commercial properties as at 31 December 2023

Location	Address	Ownership status[1]	Year acquired	Year of construction	Renovations[2]	Area of property in m²
Rest of Canton Zurich						
Adliswil	Soodmattenstrasse 2/4/6/8/10[8]	SO	2017	1989/1990	2016 PR	24 834
Bülach	Marterlochstrasse 21	SO	2023	2023		56 945
Dübendorf	Sonnentalstrasse 8	SO	2015	1974	2006 PR	16 621
Kloten	Schaffhauserstrasse 115/121	SO	2001	1992	2021 PR	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		6 775
Schlieren	Zürcherstrasse 104	SO	2002	1988	2012 TR	4 724
Wallisellen	Bürogebäude Allianz[6]	SO	2002	2013		13 078
Wallisellen	Bürogebäude Richtiring[7]	SO	2002	2014		16 875
Wetzikon	Binzstrasse 32	SO	2020	2009		10 368
Winterthur	Schützenstrasse 2 / Zürcherstrasse 12 and 14[8]	SO	2002	1928/53/86		18 386
Total rest of Canton Zurich						**183 014**
Western Switzerland						
Aïre GE	Chemin de la Verseuse 3	SO	2021	1986	2019 PR	4 442
Le Grand-Saconnex GE	Route François-Peyrot 10–14	SO	2011	2004		8 442
Nyon VD	Avenue Perdtemps 23	SO	2017	2006		6 451
Petit-Lancy GE	Chemin des Olliquettes 4 / Chemin du Gué 99	SO	2008	2010		1 417
Plan-les-Ouates GE	Route de Saint Julien 198 (Ch. du Pré-Fleuri 15)	SO	2021	2018	2022 PR	11 271
Total western Switzerland						**32 023**
Other regions						
Baar ZG	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	2013 PR	718
Basel	Viaduktstrasse 40–44 / Binningerstrasse 35	SO	2009	1998		5 454
Total other regions						**27 601**
Total commercial real estate						**386 885**

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 2023
4 As per valuation on 31 December 2023 (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 Office building with retail space and peripheral plots
8 Three properties

Register of suspected contaminated sites	Minergie	Floor space in m²	Percentage of office space	Percentage of retail space	Percentage of residential space	Percentage of other uses	Target rental income in CHF million for 2023	Vacancy rate in %[3]	Discount/ capitalisation rate in %[4]
no	no	38 933	77.4	0.0	1.6	21.0	8.4	0.0	4.75/3.50
yes	no	5 821	0.0	0.0	0.0	100.0	1.4	0.0	5.30/4.05
no	no	26 006	25.9	0.0	0.5	73.6	2.6	0.0	5.35/4.10
no	no	4 336	71.8	0.0	0.0	28.2	1.0	9.3	4.90/3.65
no	yes	13 384	89.2	0.0	0.0	10.8	3.9	0.3	4.90/3.65
no	yes	13 605	87.6	0.0	0.0	12.4	4.0	0.2	4.88/3.63
no	no	7 870	83.3	0.0	0.0	16.7	2.1	6.1	4.85/3.60
no	no	4 876	25.3	23.1	0.0	51.7	0.9	0.0	5.55/4.30
no	yes	50 346	82.0	5.1	0.0	12.8	12.2	0.1	4.81/3.56
no	yes	26 124	78.5	12.4	0.0	9.2	9.7	0.0	4.95/3.70
yes	no	16 235	52.1	0.0	0.0	47.9	3.0	0.0	4.55/3.30
no	no	24 980	78.2	0.0	0.0	21.9	5.5	15.6	4.89/3.64
		232 516	**69.4**	**3.0**	**0.3**	**27.3**	**54.7**	**2.0**	
no	no	3 205	0.0	0.0	0.0	100.0	0.7	1.2	5.25/4.00
no	no	5 316	92.6	0.0	0.0	7.4	2.6	28.7	4.85/3.60
no	no	12 448	77.1	0.0	0.0	22.9	4.0	19.3	4.70/3.45
yes	yes	5 463	91.3	0.0	0.0	8.7	2.2	1.0	4.70/3.45
no	yes	9 754	62.9	0.0	0.0	37.1	2.2	0.0	4.35/3.10
		36 186	**70.9**	**0.0**	**0.0**	**29.1**	**11.7**	**13.1**	
no	no	10 222	79.4	0.0	0.0	20.6	2.2	6.7	5.05/3.80
no	no	3 962	83.1	0.0	8.1	8.9	1.2	0.7	4.80/3.55
no	no	2 600	77.1	0.0	3.7	19.2	0.6	0.5	4.80/3.55
no	no	3 859	1.6	23.9	33.4	41.0	1.1	35.3	4.75/3.50
no	no	20 192	72.2	0.0	0.0	27.8	5.2	7.3	4.50/3.25
		40 835	**68.7**	**2.3**	**4.2**	**24.8**	**10.3**	**9.0**	
		611 791	**68.4**	**3.4**	**4.6**	**23.7**	**165.5**	**2.3**	

Building a better working world

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To the General Meeting of
Allreal Holding AG, Baar

Zurich, 27 February 2024

Report of the statutory auditor

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Allreal Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2023, the consolidated income statement, the consolidated statement of changes in shareholders' equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 103 to 154) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with article 17 of the Directive on Financial Reporting (DRF) of SIX Swiss Exchange as well as with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Market valuation of investment properties and investment properties under construction

Risk	The market valuation of investment properties and investment properties under construction was key for our audit because this process entails significant estimates based on assumptions and the assets measured in this way amounted to CHF 5'016.3 million and CHF 61.0 million and were significant for the Group's consolidated financial statements. As disclosed in the notes to the consolidated financial statements under Notes to the consolidated balance sheet (4.1 "Investment properties") and Basic principles (2.8 "Investment properties"), the market values were calculated by an external valuation expert using the discounted cash flow method. These estimations of market value were based on assumptions, relating in particular to rental income, discount rates, vacancies and maintenance expenses as well as development risks in the case of investment properties under construction.
Our audit response	Among other audit procedures, we assessed the objectivity, independence and competence of the external valuation expert as well as the valuation model used. We also examined on a sample basis the correctness of property-specific data (including rental income, maintenance expenses) included in the valuation. Furthermore, we assessed the underlying key assumptions of the external valuation expert by discussing these with management. Our audit procedures did not lead to any reservations regarding market valuation of investment properties and investment properties under construction.

Recognition of income and expenses (profit recognition according to the percentage of completion method) for realisation projects

Risk	Correct profit recognition by management for realisation projects was key for our audit because this process entails significant estimates based on assumptions and the income from realisation of CHF 195.7 million as well as direct expenses from realisation of CHF 175 million were significant for the Group's consolidated financial statements. As disclosed in the consolidated financial statements under Notes to the consolidated income statement (3.4 "Earnings from Development & Realisation") and significant accounting policies (2.5 "Earnings from Development & Realisation"), project estimates and profit recognition are based on assumptions relating to current cost forecasts and the contractually agreed project income, claims approved, and further claims raised. The project estimates (stage of completion and earnings forecast) determine the timing and extent of profit recognition.

Our audit response	We assessed the design of the relevant internal process for the recognition of revenue and costs. Among other audit procedures, we made inquiries of various parties involved in selected projects (including project managers, controlling, and management) and compared project-specific forecasts of anticipated costs to complete the project, including claims approved and further claims raised, with the originally planned project costs. Furthermore, we tested the allocation of the costs incurred to projects and periods by inspecting third-party invoices on a sample basis. We assessed the stage of project completion using internal project documents and assessed profit recognition according to the percentage of completion and revenue recognition using the general contracting agreement between the Company and the third party. Our audit procedures did not lead to any reservations regarding recognition of income and expenses for realisation projects.

Other information
The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the compensation report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the consolidated financial statements
The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error,

and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Tobias Meyer
(Qualified Signature)

Licensed audit expert
(Auditor in charge)

Silvan Rüegsegger
(Qualified Signature)

Licensed audit expert

SEE A BRIGHTER WAY

To the Board of Directors of

Allreal Holding AG, Baar

Zurich, 22 February 2024

Market value of the investment properties of Allreal Group as at 31 December 2023

1 Mandate

Jones Lang LaSalle AG («JLL») was commissioned by Allreal Group to perform the valuation (market value) for accounting purposes of the investment properties owned by Allreal Group as at 31 December 2023. The valuation is being conducted on 36 residential real estate properties, 42 commercial real estate properties and four investment properties under construction.

2 Valuation standards

JLL confirms that the valuations were carried out in compliance with national and international standards and guidelines, and in particular in accordance with the International Valuation Standards (IVS, RICS/Red Book) and the Swiss Valuation Standards (SVS). Furthermore, the valuations were performed according to the SIX Swiss Exchange requirements.

3 Accounting standards

The market values determined represent the current value as defined in the «Accounting and Reporting Recommendations» (Swiss GAAP FER) according to FER 18.

4 Definition of market value

Market value is defined as the estimated amount for which a property could be sold in a transaction in the ordinary course of business in a functioning real estate market as of the valuation date, between a willing buyer and a willing seller in an arm's-length transaction, after a

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reasonable marketing period and wherein each party had acted with expertise, prudence and without compulsion.

Transaction costs, usually consisting of broker commissions, transaction taxes as well as land registry and notary fees, are not taken into account when determining the market value. The market value is not adjusted by transaction costs incurred by the buyer in the event of a sale. This is in line with Swiss valuation practice.

5 Valuation method

JLL values the yield-producing properties owned by Allreal Group using the discounted cash flow (DCF) method. The yield potential of a property is being determined on the basis of future income and expenditure. The resulting cash flows correspond to the current and projected net cash flows after deduction of all costs not recoverable from the tenant (before taxes and borrowing costs). The annual cash flows are discounted to the valuation date. The discount rate used is based on the interest rate of long-term, risk-free investments, such as a ten-year federal bond, plus a specific risk premium. This takes into account market risks and the higher illiquidity of real estate assets compared with federal bonds. The discount rates vary according to the macro and micro situation and property segment.

To determine the market values of the investment properties under construction, the residual value method is applied. With this method, a qualified investor determines the project value using a retroactive calculation. All costs incurred or outstanding in connection with the construction of the planned building are deducted from the future market value of the completed property. The costs include the demolition of any existing building structures, the creation of necessary infrastructure, construction costs and ancillary construction costs, as well as costs for financing the project. After subtracting these costs from the market value after completion, a residual remains, which represents the market value of the development project. As a basis for determining the market value of the investment properties under construction, Allreal Group provides project reports that provide information on the status of the project (status of execution, status of letting), the project costs incurred and those expected to be incurred, and a time schedule (expected completion date). The documents are reviewed for plausibility by JLL and taken into account in the valuations.

The market value of properties that are completely or partially vacant is determined on the assumption that re-letting will take a certain amount of time. Rent losses, rent-free periods as well as other incentives for new tenants that correspond to market standards at the date of the valuation are taken into account in the assessment.

6 Basis of the valuations

All properties are known to JLL through inspections and documentation. JLL conducts an analysis in terms of quality and risks (attractiveness and lettability of the premises, construction and condition, micro and macro location).

The properties are inspected by JLL at least every three years on a rolling basis. Furthermore, properties newly acquired, or properties affected by major renovation projects are inspected. In the reporting period, 20 properties owned by Allreal Group have been inspected.

7 Important information regarding the current market conditions

At the time this report was drafted, several negative factors are recognized as affecting the Swiss property market and may exert downward pressure on property values and reduce liquidity. These include:

Global economy

The wider global economy continues to face challenges that cumulatively contribute to cost inflation, interest rate changes and consumer confidence thereby resulting in a more volatile transactional market. Issues in the banking and financial services sectors may prove to exacerbate an already volatile situation.

Market activity

The Swiss real estate market can mostly be described as functioning but there is reduced transaction activity and the sentiment of buyers and sellers across some markets has been impacted. These factors have led to softer pricing across all sectors. There is a general perception and expectation of continued changes, and there is a risk that continued volatility, coupled with changes in debt costs, will have a direct impact on pricing as yields tend to evolve. There remains evidence of wide bid spreads, price renegotiations and transactions taking a long time to complete, which all add to the

market dynamics. The project development market faces particular challenges due to the above factors. Increased construction costs and unstable supply chains can lead to volatility in land value and development project viability.

Ukraine

The war in Ukraine is continuing and its wider long-term implications remain unknown. At the present time, certain locations within Europe are facing difficult investment market conditions as a direct result of the war.

These explanations are intended to ensure transparency and provide insight into the market context in which the valuation report was prepared. Given that market conditions can change rapidly, we highlight the critical importance of the valuation date and recommend that the valuation is reviewed regularly and at an early stage.

.

8 Valuation result

Taking into account the above statements, as at 31 December 2023, JLL assessed the market value of the 78 yield-producing properties and the four investment properties under construction, owned by Allreal Group, as follows:

Residential properties	CHF	1,580.6 Mio.
Commercial properties	CHF	3,435.7 Mio.
Total yield-producing properties	**CHF**	**5,016.3 Mio.**
Investment real estate under construction	CHF	61.0 Mio.
Total investment properties	**CHF**	**5,077.3 Mio.**

The valuation result in words:
five billion seventy-seven million and three hundred thousand Swiss francs

9 Independence and purpose

In accordance with the business policy of JLL, the valuation of the properties held by subsidiaries of Allreal Group has been conducted independently and neutrally. It serves only the aforementioned purpose. JLL assumes no liability to third parties.

The remuneration for the valuation services is independent of the valuation result and is based on consistent fee rates per property.

Jones Lang LaSalle AG

Jan Eckert MRICS
CEO Switzerland

Daniel Macht MRICS
Managing Director / Head Valuation & Advisory Switzerland

Appendix

1 Valuation model and assumptions

1.1 Valuation model

JLL's DCF model is a two-phase model that determines the market value of the properties based on future cash flows. Based on a forecast of future income and expenditure over a detailed analysis period of ten years, the potential annual target rental income is identified and reduced by costs that cannot be passed on to tenants. The resulting cash flows thus correspond to the projected net cash flows after deduction of all costs not recoverable from tenants, but before financing and taxes. At the end of the detailed analysis period, a residual value (exit value) is determined on the basis of a perpetual annuity from the exit cash flow, as well as taking into account future owner-heavy maintenance measures. The market value is the sum of the net cash flows discounted to the valuation date over the detailed analysis period and the discounted residual value.

1.2 Discount and capitalization rate

The nominal discount rate used to determine the value is based on the interest rate of long-term, risk-free investments, such as a 10-year federal bond, and a specific risk premium, which takes into account not only the use, location and size of the property but also the current situation on the transaction market. This risk premium thus takes into account market risks and the higher illiquidity associated with a real estate property compared to a federal bond. The yield difference (spread) between a federal bond and a real estate investment is regularly verified by JLL against real estate transactions.

The discount and capitalization rates are differentiated on a property-specific basis according to macro and micro location as well as property segments. The cash flows for years 1 to 10 and the exit value are discounted as of the middle of each year («mid-year»). In this way, the actual accrual of the cash flows is modelled as realistically as possible.

The capital-weighted average nominal discount rate as of 31 December 2023 for the residential real estate segment is 3.79% (31 December 2022: 3.46%), while the capital-weighted average real capitalization rate is 2.54% (31 December 2022: 2.46%).

The capital-weighted average nominal discount rate as of 31 December 2023 for the commercial real estate segment is 4.58% (31 December 2022: 4.33%), while the capital-weighted average real capitalization rate is 3.33% (31 December 2022: 3.33%).

1.3 Rental income

The valuations are based on the rental income at the reporting date of 1 January 2023. The annual target rental income is projected based on the current contractual rent. This is done by indexing the contractual rents as agreed in the lease or as permitted by rental law and in the case of expiring (commercial) leases, by applying market rents judged to be sustainable from today's perspective. The market rents are based on the rental price databases as well as research of JLL. In the case of renewal options on a tenant's side, the lower rent between the market rent and the contractual rent is generally applied. In the case of open-ended residential leases, sustainable market rents are also applied if the contractual rents deviate significantly from the market level.

1.4 Indexation

Rents for office and commercial spaces are normally linked to the national consumer price index (CPI), while residential rents are linked to the change in the reference interest rate calculated quarterly by the Federal Office for Housing, but also include an inflation component. JLL studies the forecasts of the relevant economic research agencies (KOF, BAK, SECO) regarding the development of the CPI and mortgage interest rates. Hence, regular assumptions for the future indexation of the contractual rents are made, whereby the same assumptions are used for all valuations prepared as of the same valuation date.

For the valuations as at 31 December 2023, JLL assumes a long-term average inflation rate of 1.25% annually from year 2 until the exit year. In the case of commercial rents, the contractually agreed percentage rates of the CPI indexation are considered in the valuations for each rental unit. In the absence of such information, 100% of future rental income is linked to the assumed growth rates. Based on relevant legislation regarding rent adjustments under the Swiss Code of Obligations, it is assumed that residential rents are linked at 40% to the effective inflation rates during the 10-year detailed planning period. For residential market rents considered to be sustainable from today's perspective, an inflation rate of 100% is assumed. In the first ten years, inflation is taken into account in the cash flows, and a real capitalization rate reduced by inflation is used for the exit value. In connection with the increase of the reference interest rate (publication of the Federal Office for Housing dated 1 June 2023 and 1 December 2023), Allreal will apply permissible rent increases from 1 April 2024 and 1 May 2024, which are taken into account in the valuations as at 31 December 2023.

1.5 Vacancy

For expiring leases of retail and office spaces, a property- and segment-specific vacancy is applied. This absorption time (vacancy in months after contract-end) is specifically determined for each property and usually lies between three and twelve months. In special cases, longer or shorter re-letting scenarios can also be applied. The general vacancy risk is taken into consideration with a structural vacancy rate, which is also applied specifically to the property.

In the case of residential properties, no specific vacancy rates are generally applied, as the rental agreements are usually not of a fixed term. The normal tenant fluctuation is taken into account with the help of structural vacancies, which are applied specifically to the property.

1.6 Operating costs

The property operating costs are based in principle on the respective property accounts as well as the cost budgets for the year 2024. The non-recoverable costs concern operating and maintenance costs that cannot be passed on to tenants due to contractual conditions or running costs that the owner must bear due to vacancy. JLL models all future running costs after analyzing historical figures and benchmarks.

1.7 Repair costs

In addition to rental income, future maintenance costs are highly significant. Allreal Group maintains detailed 10-year budgets for repair and maintenance. These are reviewed for plausibility by JLL and taken into account in the valuations if necessary. In addition, JLL considers its own estimates for necessary investments during the ten-year DCF analysis period.

The long-term maintenance measures («Capex») required to determine the exit value are calculated on a property-specific basis under the assumption that, depending on the construction method and use of the property, certain parts of the building substance have a limited lifespan and therefore need to be renewed cyclically. The amount converted into a (maintenance) fund in the exit year exclusively takes into account costs for maintaining the substance of the property, which secure the contractual and market rents on which the valuation is based in the long term.

2 General overview on Switzerland's real estate market

2.1 Rental market for multi-family housing

On 31 December 2022, the permanent resident population of Switzerland comprised 8,815,400 people, 0.9% more than in 2021. The permanent resident population thus increased by 76,600 people (+0.9%). Population growth is continuing, albeit at a slower rate than prior to 2017. In the last five years, it has ranged between +0.7% and +0.8%. In 2022, it was slightly higher than in previous years at +0.9%. Between 48,000 and 53,000 residential units have been built in Switzerland on an annual basis since 2013, although new construction activity has slowed since 2021.

Between 2009 and 2020, the number of vacant apartments in Switzerland rose continuously from 34,800 to 78,800 units, with the vacancy rate increasing from 0.90% to 1.72%. However, the number of vacant apartments has declined again since 2021, with 54,800 vacant apartments recorded in June 2023 (1.15%). There are significant regional differences. While the supply of vacant rental apartments in core cities is at a very low level, vacancy rates in rural regions are significantly higher in some cases.

The level of asking rents in Switzerland has been moving horizontally for many years, but rents have recently experienced a sharp upturn. The increase in Homegate asking rents amounts to a substantial 4.4% in 2023 and is thus, as in the previous year, well above the annual inflation rate in Switzerland (inflation according to CPI for 2023: 2.1%). In summary, this significant increase is the result of an increasing shortage on the rental housing market, growing demand in urban areas, rising heating and ancillary costs and a higher reference interest rate.

The reference interest rate is based on the volume-weighted average interest rate for domestic mortgage receivables and has fallen since its introduction in 2008 from 3.5% to 1.25% in 2020. In the past year of 2023, increases were recorded for the first time (two increases of +0.25%). The average interest rate calculated as at 30 September 2023 rose from 1.59% to 1.69% compared to the previous quarter. The reference interest rate applicable under tenancy law is commercially rounded to a quarter of a percent. It therefore amounts to 1.75% and has been valid since 2 December 2023. It will remain at this level until the average interest rate falls below 1.63% or rises above 1.87%.

In view of the comparatively good economic situation in Switzerland, continuing immigration and reduced construction activity in combination with already declining vacancy rates, the prospects for property owners to realize rental income potential are generally favorable. However, in this environment, construction and financing costs have also risen. It should also be noted that more and more political bodies are attempting to intervene in the free market and regulate residential rents, resulting in an increasingly unfriendly climate for investors.

2.2 Transaction market for multi-family housing

The central banks' higher key interest rates have led to higher market interest rates for bonds, with the result that investors' yield expectations have risen across all asset classes. Real estate investors can no longer count on the leverage effect of increasing their return on equity by means of low interest rates on borrowed capital. Demand for real estate in prime locations is therefore subdued.

With a time lag, Swiss real estate investors are also adapting to the changed conditions and adopting a more defensive stance with a reduced willingness to pay. As a result, prime yields for residential real estate have risen by 80 to 100 basis points in the last two years; at the end of 2023, they stood at 2.3% and 2.8% in Zurich and Geneva respectively.

The spread between prime residential yields and 10-year federal bonds improved over the course of 2023 to 164 and 214 basis points respectively and was thus above the long-term average (144 and 177 basis points) as at the end of Q4 2023, for the first time since the end of 2021. This is particularly due to the fact that yields on 10-year Confederation bonds fell by over 50 basis points to 0.66% in the last quarter.

The activities and behavior of investors have changed significantly in recent quarters. For several years, insurance companies and funds dominated the acquisition market. Under the new conditions, these two groups became predominantly passive or even emerged as sellers. Family offices, UHNWIs and housing cooperatives are now increasingly involved in transactions.

As in the second half of 2022, the past year has also shown that the growth of investment vehicles through emissions or listings is much slower. Various capital increases proceeded slowly and the target volumes could not be fully achieved. Some projects even had to be postponed or canceled altogether. As a result, less fresh capital from institutional investors is flowing into the transaction market.

In the coming decade, sustainability aspects will gain importance. In the case of older properties, higher investments are to be expected in the pursuit of reducing the carbon footprint. This might at times be reflected in pricing and liquidity on the transaction market, in addition to the now higher financing costs.

2.3 Rental market for office properties

In the five largest office markets in Switzerland - Zurich, Geneva, Bern, Basel and Lausanne - the supply ratio of available space increased marginally from 4.5% to 4.6% within twelve months. The highest supply rate can currently be found in the Geneva market (6.1%). The total measured increase in available space of 32,400 sqm in the five largest office markets was due to increases in the Zurich (+31,500 sqm) and Geneva (+9,500 sqm) regions. Bern recorded only a slight change (+1,100 sqm), while office supply in Lausanne (-5,100 sqm) and Basel (-4,600 sqm) decreased compared to the previous year.

The office market experienced considerable momentum last year with numerous lettings and relocations. Several flex space providers and private banks experienced growth. However, demand cooled noticeably as the year progressed, although this has not yet had a significant impact on the development of supply. In addition, office vacancy rates in Switzerland are low by European standards. The average vacancy rate in 24 European cities recently amounted to 7.7% (previous year: 7.2%)

Construction activity has noticeably slowed. In the years 2024 and 2025, 118,000 sqm and 139,000 sqm of new office space will be created, which is only half as much as between 2019 and 2023 (Ø 265,000 sqm per year).

2.4 Transaction market for office properties

While changes in the commercial real estate market can only be measured with a time lag, the capital market usually reacts immediately to changes in market conditions, which is also immediately reflected in the transaction business.

In line with the transaction market for multi-family housing, investors' yield expectations for office properties have also risen (see section 2.2). As a result, prime yields for office properties have risen by 60 to 80 basis points in the last two years and stand at 2.5% in Zurich and 2.9% in Geneva at the end of 2023.

Overall, fewer deals are being closed as the expectations of sellers and buyers are often still far apart. Although there are selective signs that sellers are now also accepting lower prices, the pricing and revaluation phase is not yet complete. However, the market in Switzerland is generally liquid, particularly in comparison with other countries.

Allreal Holding AG annual accounts

Allreal Holding AG annual accounts

Income statement

CHF million	Note	2023	2022
Income from investments	2	200.0	250.0
Financial income	3	30.9	24.7
Income		**230.9**	**274.7**
Personnel expenses		−1.1	−1.2
Other expenses	4	−1.1	−1.4
Expenses		**−2.2**	**−2.6**
Value adjustments and depreciation		−52.0	0.0
Operating profit (EBIT)		**176.7**	**272.1**
Financial expenses	5	−13.5	−11.1
Profit before tax		**163.2**	**261.0**
Tax expense		−1.1	−1.3
Net profit		**162.1**	**259.7**

Balance sheet as at 31 December

Cash		0.6	0.1
Short-term accounts receivable from Group companies		7.3	11.1
Short-term accounts receivable from third parties		0.1	0.9
Current assets		**8.0**	**12.1**
Financial assets held in investments		1 310.2	1 299.4
Investments	6	1 335.9	1 387.9
Non-current assets		**2 646.1**	**2 687.3**
Assets		**2 654.1**	**2 699.4**
Short-term liabilities towards investments		0.1	0.4
Short-term liabilities towards third parties		0.1	0.7
Short-term interest-bearing liabilities	7	187.6	174.0
Accrued expenses and prepaid income		8.9	6.0
Current liabilities		**196.7**	**181.1**
Long-term liabilities towards investments		0.1	107.2
Long-term interest-bearing liabilities third parties	7	1 156.3	1 155.9
Non-current liabilities		**1 156.4**	**1 263.1**
Liabilities		**1 353.1**	**1 444.2**
Share capital	8	16.6	16.6
Statutory capital reserves			
Reserves from contribution of capital	9	528.7	586.5
Other capital reserves	10	7.6	7.6
Statutory retained earnings			
General statutory retained earnings		133.8	133.8
Voluntary retained earnings			
Profit carried forward		467.2	265.4
Net profit		162.1	259.7
Balance sheet profit		629.3	525.1
Treasury shares	11	−15.0	−14.4
Equity		**1 301.0**	**1 255.2**
Equity and liabilities		**2 654.1**	**2 699.4**

Note

1. Basic principles and details of the methods applied to the annual accounts

Allreal Holding AG, domiciled in Baar ZG, was founded on 17 May 1999. As a holding company it is not engaged in any operating activities. Its function is limited to managing and financing Allreal Group.

The Allreal Holding AG annual accounts have been prepared in accordance with the provisions of the Swiss Code of Obligations (32nd title of the Swiss Code of Obligations). They supplement the consolidated financial statements, which are prepared in accordance with the Accounting and Reporting Recommendations (Swiss GAAP FER). Whereas the consolidated financial statements provide information about the business situation of the Group as a whole, the information in the annual accounts of Allreal Holding AG relates solely to the Group's parent company.

Treasury shares are recognised at acquisition cost and deducted from shareholders' equity at the time of acquisition. In the case of a resale, the gain or loss is recognised through the income statement as financial income or financial expense.

2. Income from investments

CHF million	**2023**	2022
Allreal Generalunternehmung AG	100.0	170.0
Allreal Home AG	65.0	0.0
Allreal Office AG	35.0	40.0
Allreal Vulkan AG	0.0	20.0
Allreal West AG	0.0	20.0
Income from investments	**200.0**	**250.0**

Dividends received from the subsidiary companies are booked to the accounts of Allreal Holding AG upon payment.

3. Financial income

CHF million	**2023**	2022
Compensation from Group companies for guarantees issued	1.6	1.9
Interest income on investments	29.2	21.6
Interest income on private placement	–	0.2
Income in connection with own bonds	0.1	1.0
Financial income	**30.9**	**24.7**

4. Other operating expenses

Other operating expenses include the normal administrative expenses incurred by a holding company (legal advice, audit fees, insurance, fees and capital taxes). The management fees paid to Allreal Generalunternehmung AG amount to CHF 0.6 million, unchanged from the previous year.

5. Financial expense

CHF million	2023	2022
Interest expenses bonds	−12.1	−8.9
Expenses treasury shares	–	−0.5
Interest expense shareholdings	−0.8	−1.5
Other financial expense	−0.6	−0.2
Financial expense	**−13.5**	**−11.1**

6. Investments

Company	Registered office	Share capital CHF million	Shareholding[1] 31.12.2023	Shareholding[1] 31.12.2022
Allreal Generalunternehmung AG	Opfikon ZH	10.00	100%	100%
Allreal Home AG	Opfikon ZH	26.52	100%	100%
Allreal Office AG	Opfikon ZH	150.00	100%	100%
Allreal Romandie SA	Plan-les-Ouates GE	0.10	100%	100%
Allreal Toni AG	Opfikon ZH	90.00	100%	100%
Allreal Vulkan AG[2]	Opfikon ZH	–	–	100%
Allreal West AG	Opfikon ZH	20.00	100%	100%
Apalux AG[2]	Opfikon ZH	–	–	100%
Bülachguss AG[3]	Opfikon ZH	–	–	100%
Creactive Properties SA	Meyrin GE	0.10	100%	100%
Elevate SA[4]	Plan-les-Ouates GE	–	–	100%
Immologic Promotion Chavannes SA[4]	Plan-les-Ouates GE	–	–	100%
Immologic Promotion Veyriert SA[4]	Meyrin GE	–	–	100%
Immologic Promotions Sàrl[4]	Plan-les-Ouates GE	–	–	100%
Immologic Sàrl[4]	Plan-les-Ouates GE	–	–	100%
Roof SA	Plan-les-Ouates GE	0.50	100%	100%
Serenity OpCo Holding SA[4]	Plan-les-Ouates GE	–	–	100%

1 Share in equity and voting rights
2 Merged with Allreal Office AG effective 1 January 2023
3 Indirect holding; merged with Allreal Generalunternehmung AG effective 1 January 2023
4 Merged with Allreal Romandie SA effective 1 January 2023

The value of the holding decreased by CHF 52 million in the reporting period. The change concerns the holdings in Western Switzerland Allreal Romandie SA and Roof SA, for which a value adjustment was made in the reporting period.

7. Interest-bearing liabilities

CHF million	Issue amount	Issue price	Par value[1]	Maturity in years
0.6% bond issue 2019–15.07.2030	250.0	100.131%	242.6	9
0.4% bond issue 2019–26.09.2029	200.0	100.098%	181.7	10
0.7% bond issue 2020–22.09.2028	175.0	100.176%	175.0	7.997
0.875% bond issue 2017–30.03.2027	160.0	100.550%	158.6	10
0.75% bond issue 2017–19.06.2026	150.0	100.298%	148.3	8.5
1.375% bond issue 2015–31.03.2025	100.0	100.910%	100.0	10
0.625% bond issue 2016–10.05.2024	150.0	100.000%	149.6	8
3.0% bond issue 2023–19.04.2028	150.0	100.057%	150.0	5

1 Par value equals issue amount offset against repurchased bonds

All bonds may be redeemed early, and the bond terms customary for such capital market instruments shall apply. Specifically, this includes an option for early redemption at any time at par, including accrued interest, provided that at least 85% of the original principal amount has been redeemed by Allreal. As at 31 December 2023 and for the duration of the reporting period, the conditions for early redemption had not been met.

8. Share capital

As at the balance sheet date, the share capital of Allreal Holding AG comprises 16,592,821 registered shares with a par value of CHF 1.00 each. Each share carries one vote and confers entitlement to attend the annual general meeting if entered in the share register.

On 21 April 2023, the annual general meeting approved the introduction of a capital band. Within the capital band, the Board of Directors is authorised to increase the share capital one or more times and by any amount up to a maximum of CHF 18,252,103 at any time up to 21 April 2028, or the expiry of the capital band if earlier, by issuing up to 1,659,282 fully paid-up registered shares with a par value of CHF 1.00 each and/or to reduce it down to a minimum of CHF 15,763,180 by eliminating up to 829,641 fully paid-up registered shares with a par value of CHF 1.00 each. Capital reductions may be conducted by either reducing the par value of the shares or eliminating shares, or a combination of both.

The Board of Directors will propose to the annual general meeting of Allreal Holding AG on 19 April 2024 a stable distribution of CHF 7.00 per share in the form of a dividend of CHF 3.50 per share plus repayment of reserves from contribution of capital amounting to CHF 3.50 per share. This corresponds to a maximum total amount of CHF 116.1 million. In 2023, CHF 115.6 million was paid out in the form of a dividend of CHF 3.50 per share and the repayment of reserves from contribution of capital of CHF 3.50 per share (CHF 7.00 per share).

9. Reserves from contribution of capital

CHF million	**2023**	2022
Premium from capital increases	771.9	771.9
Premium from conversion of convertible bonds	0.4	0.4
Transfer to other capital reserves	–7.6	–7.6
Transfer from nominal value reduction	781.7	781.7
Distribution to shareholders	–1 019.5	–961.7
Distribution on treasury shares	1.8	1.8
Reserves from contribution of capital as at 31 December	**528.7**	**586.5**

10. Other capital reserves

CHF million	**2023**	2022
Transfer from reserves from contribution of capital	7.6	7.6
Other capital reserves as at 31 December	**7.6**	**7.6**

11. Treasury shares

	2023 Number of shares	**2023** Value CHF million	2022 Number of shares	2022 Value CHF million
Acquisition cost as at 1 January	78 527	14.4	70 752	13.4
Purchases	5 365	0.8	9 858	1.9
Sales	−1 343	−0.2	−2 083	−0.4
Income on treasury shares		0.0		−0.5
Acquisition cost as at 31 December	**82 549**	**15.0**	**78 527**	**14.4**

The average purchase price per share stands at CHF 181.25 (31.12.2022: CHF 183.41).

12. Significant shareholders

As at 31 December, the following shareholders were entered in the share register of Allreal Holding AG as having a shareholding (direct and/or indirect) which exceeds a threshold of 3%:

CHF million	**2023**	2022
Credit Suisse Funds AG, Zurich	9.3%	> 10%
Plan Olivier, Geneva[1]	5.5%	6.5%
Spuhler Peter, Weiningen TG	4.3%	3.5%
UBS Fund Management AG (Switzerland), Basel	3.6%	> 3%
Dimensional Holdings Inc., USA – Delaware	> 3%	> 3%
BlackRock Inc., USA – New York	> 3%	> 3%

1 Held directly and via Immosynergies Holding SA, Plan-les-Ouates GE

13. Investments of the Board of Directors and Group Management

The details required under Article 663c CO are presented in Note 5.5 to the annual accounts of Allreal Group (“Transactions with related parties”) and in the compensation report.

14. Number of employees

As in the previous year, Allreal Holding AG did not employ any personnel.

15. Contingent liabilities

As at 31 December 2023, guarantees and sureties to third parties in connection with the financing of Allreal group companies amounted to CHF 57.8 million (31.12.2022: CHF 322.9 million). Under the Swiss value added tax group taxation arrangement, Allreal Holding AG is jointly and severally liable vis-à-vis the Swiss Federal Tax Authority for all value added tax obligations of the other Allreal Group companies.

Proposal for the appropriation of net profit

The Board of Directors will propose to the annual general meeting of 19 April 2024 a stable distribution of CHF 7.00 per share, with CHF 3.50 per share deemed to be a dividend and CHF 3.50 per share deemed to be repayment of reserves from contribution of capital.

Appropriation of balance sheet profit

The Board of Directors will submit to the annual general meeting the following proposal regarding the appropriation of the balance sheet profit:

CHF million	2023	2022
Carried forward from previous year	467.5	265.9
Net profit	162.1	259.7
Balance sheet profit as at 31 December (at the disposal of the annual general meeting)	**629.6**	**525.6**
Distribution of CHF 3.50 per share (prior year: CHF 3.50 per share)	–58.1	–58.1
Brought forward to new account	**571.5**	**467.5**

Since the general statutory retained earnings exceed 50% of the share capital, there will be no further allocation.

Appropriation of reserves from contribution of capital

CHF million	2023	2022
Reserves from contribution of capital as at 31 December (at the disposal of the annual general meeting)	**528.7**	**586.5**
Distribution of CHF 3.50 per share (prior year: CHF 3.50 per share)*	–58.1	–57.8
Brought forward to new account	**470.6**	**528.7**

*Proposed dividend payout adjusted to actual payout, difference due to treasury shares

The treasury shares of the company do not rank for distributions.

The distribution per share for the financial year 2023 as determined by the annual general meeting will be paid out to shareholders on or after 26 April 2024 in the form of CHF 3.50 from reserves from contribution of capital (without deduction of withholding tax) and CHF 3.50 as a dividend (with deduction of withholding tax).

Baar, 27 February 2024

On behalf of the Board of Directors:
Ralph-Thomas Honegger
Chairman of the Board of Directors

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To the General Meeting of
Allreal Holding AG, Baar

Zurich, 27 February 2024

Report of the statutory auditor

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Allreal Holding AG (the Company), which comprise the balance sheet as at 31 December 2023, the income statement for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 170 to 175) comply with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of investments and financial assets held in investments

Risk	Management’s impairment testing of investments and financial assets held in investments was key for our audit because this item entails significant estimates based on assumptions (including fair value of investment properties as well as development of operating income, profitability and equity position) and the investments and financial assets held in investments of CHF 1’335.9 million respectively 1’310.2 million were significant for the statement of financial position. The equity investments are listed in the notes to the financial statements under 6 “Holdings”.
Our audit response	Among other audit procedures, we assessed the Company’s process for valuing investments and financial assets held in investments. We also analyzed the underlying data for testing the impairment of investments and financial assets held in investments. Our audit procedures did not lead to any reservations regarding the valuation of investments and financial assets held in investments.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the compensation report and our auditor’s reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors’ responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings and the proposed repayment of legal capital reserve comply with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Tobias Meyer (Qualified Signature)	Silvan Rüegsegger (Qualified Signature)
Licensed audit expert (Auditor in charge)	Licensed audit expert

Additional information

Alternative performance measures

The definitions and verification of the calculation of Allreal Group's alternative performance measures for the financial years 2023 and 2022 (Swiss GAAP FER) are set out below.

Total sales

Total rental income from investment properties plus completed project volume in the Realisation division for a reporting period.

CHF million	**2023**	2022
Rental income from investment properties	219.8	214.2
Sales Development & Realisation segment	263.5	319.6
Total sales	**483.3**	**533.8**

Operating profit (EBIT) excl. revaluation gains

CHF million	**2023**	2022
Operating profit (EBIT)	116.1	200.7
Earnings from revaluation of investment properties	64.5	−16.5
Operating profit (EBIT) excl. revaluation effect	**180.6**	**184.2**

Net profit excl. revaluation effect

CHF million	**2023**	2022
Net profit incl. revaluation effect	65.2	154.7
Earnings from revaluation of investment properties	64.5	−16.5
Deferred taxes on revaluation	−7.7	4.7
Net profit excl. revaluation effect	**122.0**	**142.9**

Return on equity incl. revaluation effect

Net profit in relation to average group equity (balance from 1 January and 31 December, divided by two).

CHF million	**2023**	2022
Net profit incl. revaluation effect	65.2	154.7
Group equity, balance as at 1 January	2 595.9	2 558.3
Group equity, balance as at 31 December	2 545.1	2 595.9
Average group equity incl. revaluation effect	2 570.5	2 577.1
Return on equity incl. revaluation effect	**2.5%**	**6.0%**

Return on equity excl. revaluation effect

Net profit excl. revaluation effect in relation to average group equity excluding the revaluation reserves recognised in group equity (balance from 1 January and 31 December, divided by two).

CHF million	**2023**	2022
Net profit excl. revaluation effect	122.0	142.9
Group equity, balance as at 1 January	2 595.9	2 558.3
Revaluation reserves, balance as at 1 January	−463.4	−451.6
Group equity, balance as at 31 December	2 545.1	2 595.9
Revaluation reserves, balance as at 31 December	−406.7	−463.4
Average group equity without revaluation reserves	2 135.4	2 119.6
Return on equity excl. revaluation effect	**5.7%**	**6.7%**

Completed project volume Realisation

Completed project volume of third-party and own projects corresponds to the total of all project costs, fees and profits accrued according to the progress of construction for a reporting period.

CHF million	**2023**	2022
Completed project volume third-party projects	195.7	247.9
Completed project volume own projects	67.8	71.7
Sales Development & Realisation segment	**263.5**	**319.6**

Gross margin third-party projects Realisation

Gross margin reflects earnings from Realisation as a percentage of income from Realisation.

CHF million	**2023**	2022
Earnings from Realisation	20.7	27.2
Income from Realisation	195.7	247.9
Gross margin third-party projects Realisation	**10.6%**	**11.0%**

Gross return

Gross yield reflects rental income from investment properties as a percentage of the amortised market value of the investment properties as at 1 January, adjusted for portfolio changes over time.

CHF million	**2023**	2022
Income from renting investment properties	219.8	214.2
Amortised market value of investment properties as at 1 January without rights of use of investment properties	4 917.6	4 954.6
Portfolio changes over time	118.1	−2.7
Own use	−39.1	−38.7
Amortised market value of investment properties as at 1 January without rights of use of investment properties after portfolio changes	4 996.6	4 913.2
Gross yield	**4.4%**	**4.4%**

Net yield

Net yield reflects rental income from investment properties as a percentage of the amortised market value of the investment properties as at 1 January, adjusted for portfolio changes over time.

CHF million	**2023**	2022
Earnings from renting investment properties	190.8	186.8
Amortised market value of investment properties as at 1 January without rights of use of investment properties	4 917.6	4 954.6
Portfolio changes over time	118.1	−2.7
Own use	−39.1	−38.7
Amortised market value of investment properties as at 1 January without rights of use of investment properties after portfolio changes	4 996.6	4 913.2
Net yield	**3.8%**	**3.8%**

Vacancy rate

Vacancy rate corresponds to the cumulative vacancy rate as a result of non-letting as a percentage of the target rental income for one year.

CHF million	**2023**	2022
Vacancy loss	−3.8	−3.6
Targeted rental income	227.5	221.4
Vacancy rate	**1.7%**	**1.6%**

The indicators below were calculated according to the usual international parameters and allow a comparison with other market participants.

Operating profit and operating profit per share

The operating profit shows the net profit adjusted for revaluation effect and income from sale of investment properties, as well as the relevant tax implications.

CHF million	**2023**	2022
Earnings according to income statement	**65.2**	**154.7**
Adjusted by:		
Earnings from revaluation of investment properties	64.5	−16.5
Earnings from sale of investment properties	-5.8	-0.3
Earnings from development properties held for sale incl. Impairment	−7.1	−17.2
Pro-rata income tax on sales	1.7	4.0
Deferred taxes on revaluation	−7.7	4.7
Operating earnings	**110.8**	**129.4**
Average number of outstanding shares	16 510 917	16 521 065
Operating earnings per share in CHF	**6.71**	**7.83**

Adjusted equity (NAV) and adjusted equity (NAV) per share

Adjusted equity shows the equity adjusted for changes in the fair value of the development properties, the market value of financial instruments and deferred taxes.

CHF million	31.12.2023	31.12.2022
Equity (NAV) according to consolidated financial statements	**2 545.1**	**2 595.9**
Dilution effects	0.0	0.0
Diluted equity (NAV)	**2 545.1**	**2 595.9**
Less:		
Valuation difference on development properties	68.9	70.9
Plus:		
Deferred taxes	377.5	372.6
Adjusted equity (NAV)	**2 991.5**	**3 039.4**
Number of outstanding shares (diluted)	16 511 742	16 515 983
Adjusted equity (NAV) per share in CHF	**181.17**	**184.05**

Vacancy rate as at balance sheet date

The vacancy rate relates to the vacancy rate as a result of non-letting as a percentage and taking into account the market rent for the vacant space on the balance sheet date.

CHF million	31.12.2023	31.12.2022
Estimated rental potential of vacant premises	3.8	4.2
Estimated rental income from total portfolio	219.8	218.8
Vacancy rate at balance sheet date	**1.7%**	**1.9%**

Organisation and schedule

Structure and addresses

Allreal Holding AG
Grabenstrasse 25, 6340 Baar

Allreal Home AG
Allreal Office AG
Allreal Toni AG
Allreal West AG
Allreal Generalunternehmung AG
Lindbergh-Allee 1, 8152 Glattpark

Allreal Romandie SA
Creactive Properties SA
Roof SA
Route de Saint-Julien 198
1228 Plan-les-Ouates

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Schedule

Annual general meeting 2024
19 April 2024

Half-year results 2024
28 August 2024

Annual results 2024
21 February 2025

Annual general meeting 2025
25 April 2025

Half-year results 2025
22 August 2025

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

areg.ch ag
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www.areg.ch

Reporting by financial analysts
Allreal Group is valued and analysed by the following banks, among others:

Equity research
Baader Helvea
Bank Vontobel
Research Partners
Zürcher Kantonalbank

Credit research
Credit Suisse
UBS
Zürcher Kantonalbank

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The interactive Annual Report is available online in German and English at allreal.ch.

Publisher
Allreal Holding AG
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T +41 41 711 33 03
www.allreal.ch

Imprint
Text and editorial office
Allreal Communications
Lindbergh-Allee 1, CH-8152 Glattpark

Conzept, design and realisation (online and print)
Linkgroup AG, CH-8008 Zürich
www.linkgroup.ch

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