

Dear Shareholder,

The Board of Directors and Management of Allreal are pleased to welcome you among our shareholders. This quarterly report is the first of a series of reports you will be receiving regularly on the company's activities and financial results. Since the Allreal Group subscribes to a direct and transparent information policy, in conjunction with our recent IPO, we have undertaken to provide quarterly reports in accordance with international accounting standards (IAS). We will also be happy to personally answer any questions you might have. Please visit our website at www.allreal.ch for further information on our operations.

1st quarter 2000 results (in CHF thousands)

	31.3.2000	31.12.1999
Income	31,456	
general contracting	19,543	
investment activities	11,442	
other operating income	471	
Expenses	13,754	
direct expenses for investment activities	2,107	
personnel expenses	6,895	
other expenses	4,752	
Operating profit	17,702	
Group profit after tax	10,938	
Earnings per share in CHF	2.49	
Net Asset Value (NAV)	514,411	204,531

Allreal Holding

Successful IPO and business on target

The Allreal Group can look back on an eventful 1st quarter 2000. Planned and staged with impressive commitment by staff and external partners, the most notable occurrence was clearly the successful IPO and subsequent listing of Allreal Holding AG in early March, making it the first new-style real estate portfolio management company to be quoted on SWX Swiss Exchange's main board.

Overall a total of 2.5 million new shares with a par value of CHF 50 were placed at an issue price of CHF 95. After deduction of IPO costs, a total of CHF 224 million in new funds accrued to the Company, CHF 155 million of which was used to repay debts.

The Group also expanded its business activities according to plan, closing the 1st quarter 2000 with an after-tax net profit of CHF 10.9 million or CHF 2.49 per share. In line with our expectations all segments made a positive contribution to this result.

As Allreal Holding does not complete its first full year of operation until the end of the current month, we cannot present comparative figures for 1999. A roundup of the main events at our individual segments follows.

Allreal Home/Office

Portfolio expanded, new commercial property projects

Allreal Home/Office increased real estate holdings by some CHF 170 million to CHF 670 million through the acquisition of entire portfolios as well as select residential and commercial properties mainly in the Zurich area. Construction work on two new office buildings in Zurich started (Eggbühlstrasse and Andreasstrasse) and will bolster Allreal Office's portfolio by a further CHF 100 million.

Allreal Generalunternehmung

Increase in work at hand, construction started on sizeable service buildings and residential projects

The first quarter proved a gratifying period for our general construction segment. In addition to two large office buildings for Allreal Office, the first ground was broken for a major new office property for Gretag AG in Regensdorf. New orders have increased the workload to last for the next two and a half years. The sale of just under 10,000 square meters of land in Zurich's Seebach district to an investor is associated with the first phase (100-apartment complex) of a large construction project. Talks on subsequent phases are currently underway.

During the entire 1st quarter, intensive negotiations were conducted on the Eurogate project, a major office and residential development over the tracks of Zurich's main station. In the meantime an agreement has been reached with the Zurich city authorities on a building permit, and UBS AG has become an investor for the CHF 1.4 billion project.

Allreal has a one-third stake in the overall management of the project.

In the owner-occupied property sector, planning has begun on several large developments in Fällanden, Küsnacht and Oberrieden with a total of around 125 living units. Initial sales notices have met with a lively response from potential buyers.

Outlook

Allreal is right on track in terms of expectations for 2000. The excellent economic outlook for Switzerland in general and the Zurich area in particular are translating into continued demand for office and commercial sites as well as owner-occupied properties. Allreal's Board of Directors, Management and Staff are committed to seizing every opportunity presented by the current favourable situation to strengthen the Company's position.

We would like to thank you for the interest you have shown in our activities, and very much look forward to counting on your loyalty in the future as well.

Sincerely yours,



Jack Schmuckli
Chairman of the Board of Directors



Bruno Bettoni
CEO

Events

Semi-annual report as at 30 June 2000:

Mid-August 2000

3rd quarter report as at 30 September 2000:

Mid-November 2000

Annual report as at 31 December 2000:

Mid-February 2001

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Financial report 1st quarter 2000

Consolidated income statement 1st quarter 2000 (in CHF thousands)	1st quarter 2000	
	Income from general contracting	19,543
	Income from investment activities	11,442
	Other operating income	471
	Total operating income	31,456
	Direct expenses for investment activities	2,107
	Personnel expenses	6,895
	Other expenses	4,752
	Operating profit	17,702
	Financial expense, net	3,705
	Other income	4
	Group profit before tax	14,001
	Taxes	3,063
	Group profit after tax	10,938
	Earnings per share in CHF	2.49
Consolidated balance sheet as at 31 December 1999 and 31 March 2000 (in CHF thousands)	31.3.2000	31.12.1999
	Assets	
	Liquid assets	85,753
	Other current assets	334,581
	Total current assets	420,334
	Real estate	655,574
	Other fixed assets	29,537
	Total fixed assets	685,111
	Total assets	1,105,445
	Liabilities and shareholders' equity	
	Current financing liabilities	244,412
	Other current liabilities	177,889
	Total current liabilities	422,301
	Provisions	27,838
	Non-current financial liabilities	140,895
	Total non-current liabilities	168,733
	Total liabilities	591,034
	Share capital	325,241
	Reserves	180,248
	Treasury shares	-9,451
	Retained earnings	18,373
	Total shareholders' equity	514,411
	Total liabilities and shareholders' equity	1,105,445

Changes in components of shareholders' equity 1st quarter 2000 (in CHF thousands)		1st quarter 2000
	As at 31.12.1999	204,531
	Group profit 1st quarter 2000	10,938
	Increase in treasury shares	-9,102
	Capital increases less capital increase costs	308,044
	As at 31.3.2000	514,411
Consolidated cash flow statement 1st quarter 2000 (in CHF thousands)	Cash flow from operations	-5,825
	Cash flow from investment activities	-151,797
	Cash flow from financing activities	216,774
	Increase in liquid assets	59,152
	Liquid assets as at 31.12.1999	26,601
	Liquid assets as at 31.3.2000	85,753

Notes

The present consolidated statements (after referred to as the "consolidated quarterly statements") comprise the statements of Allreal Holding AG and the statements of its subsidiaries for the quarter ending 31 March 2000. As Allreal Holding AG was founded on 17 May 1999, no prior year figures are available for the consolidated income statement, the changes in the components of shareholders' equity and the consolidated cash flow statement. The consolidated quarterly statements were prepared in accordance with the International Accounting Standard on interim reporting.

Principles of consolidation

The principles of accounting applied to the consolidated quarterly statements are the same as those applied to the consolidated annual statements.

Scope of consolidation

In the period under review the Group acquired the entire share capital of Innovita Spisermarkt AG domiciled in St. Gallen and of Hans Imholz Immobilien AG domiciled in Zollikon. These two companies merged with retroactive effect from 1 January 2000 with Allreal Office AG such that all assets and liabilities were taken over by the acquiring company by universal succession.

Segment information quarter 2000 (CHF thousands)	Sales	Operating profit
Home	4,341	3,194
Office	7,105	5,918
General contracting	20,412	9,658
Other		-1'068
Eliminations	-402	-
Total	31,456	17,702

Shareholders' equity	During the period under review Allreal Holding AG staged two capital increases in nominal amounts of CHF 56.3 million and 125.0 million respectively. After deduction of IPO costs, the capital surplus came to approximately CHF 126.8 million.
Financial liabilities	The new funds accruing to the Company from the IPO were used mainly to repay financial liabilities of CHF 155.0 million.
Significant items	During the period under review the Group sold part of its land reserves. Gross proceeds before-tax amount to around CHF 7.9 million and are reported under "Income from general contracting". Given the nature of the Company's activities, this transaction does not qualify as extraordinary since similar transactions of the same scope were conducted in previous years.
Events subsequent to the balance sheet date	No significant events have occurred subsequent to the balance sheet date.

Information:

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10 May 2000

REGISTRATION FORM

In order to best provide you with efficient reporting and service, we ask you to give us the following information:

In future, I wish to receive the information as follows:

in:

German

English

by:

e-mail

fax

letter

First Name

Last Name

Title

Company/Media

Department

Private

Business

Address

Zip Code/City

Country

Telephone

Fax

E-mail

Please send this form to the following address or fax to

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