

Report

1 January 2000 to 30 June 2000

**allreal**

**holding**

## To our shareholders

The Allreal Group had a good first six months of 2000. The major event of the period was its successful IPO which raised CHF 224 million in new funds for the Group.

In the past six months the Group has expanded its business activities according to plan and ended the first half-year 2000 with a profit after tax of CHF 17.89 million, or CHF 2.87 per share. In line with expectations, all divisions made a positive contribution to these results.

### Results 1 January 2000 to 30 June 2000

(in CHF thousands)	30.6.2000	31.12.1999
<b>Income</b>	<b>55'356</b>	
general contracting	29'941	
investment activities	23'965	
other operating income	1'450	
<b>Expenses</b>	<b>26'558</b>	
direct expenses for investment		
activities	3'490	
personnel expenses	14'245	
other expenses	8'823	
<b>Operating profit</b>	<b>28'798</b>	
<b>Group profit after tax</b>	<b>17'890</b>	
<b>Earnings per share in CHF</b>	<b>2.87</b>	
<b>Net Asset Value (NAV)</b>	<b>516'619</b>	204'531

## Allreal Home/Office

### Portfolio adjusted and expanded, new office building projects under construction

At the time of the IPO, real estate investments of the Allreal Home/Office division totalled CHF 670 million. Since then, an office block in Zurich-Enge was acquired for CHF 34 million and a deposit paid on another site that involves an investment cost of CHF 10 million. A book-entry profit was made on the sale of a relatively small residential and office block in the centre of Zurich. The construction of the office buildings in Eggbühlstrasse and Andreasstrasse in Zurich are proceeding according to plan. They will raise the value of the Allreal Office portfolio by some CHF 100 million.

The semi-annual revaluation of the properties in the portfolio as of 30 June 2000 was undertaken in accordance with IAS40 principles for the first time. On account of higher rental income, the revaluation resulted in an appreciation of the real estate portfolio by CHF 1.289 million with a direct effect on the profit and loss account. Changes in market conditions which would have allowed the application of a lower discount rate were not factored in (lower discount rate = higher value).

## Allreal Generalunternehmung

### Increase in work on hand, important office buildings and residential projects begun

Allreal's general contracting subsidiary Generalunternehmung reported good first-half results. Apart from the two large office blocks for Allreal Office, the ground was broken for a new office building for Gretag AG in Regensdorf. The amount of work on hand for two and a half years is continually assured. Just under 10,000 square metres of land in Zurich-Seebach was sold for the first stage of a project involving the construction of 100 apartments. Construction has already started. Discussions on the sale of further parcels of land are in progress.

The first six months of 2000 also brought a significant breakthrough in the Eurogate project, a major office and residential development over the railway tracks of the main station in Zurich. As general contractor, Allreal executes the equivalent of one third of the project's total investment volume of CHF 1.4 billion. The preliminary work for the beginning of construction is in full swing.

In the owner-occupied property sector, preparations for several large developments in Fällanden, Küsnacht and Oberrieden involving a total of 125 units made clear progress. More than a third of these dwellings were sold within the period of a few weeks. The sale of units in another residential project involving more than 100 units in north Zurich is scheduled to start in the near future.

## Outlook

Allreal is on track concerning its targets for the financial year 2000. The positive business outlook for Switzerland is reflected in the solid demand for office and commercial space as well as for private residential property. The greater Zurich area is benefiting more from the economic upturn than any other region in the country. Allreal has addressed this situation by focusing more strongly on the development of residential and office developments in this region. The Board of Directors and the Corporate Management of Allreal look toward the future with confidence and are convinced that the necessary steps have been initiated in all divisions to ensure that the company derives optimum benefit from the favourable economic environment.

We take pleasure in knowing that we can continue to count on the trust that you have placed in Allreal.

Yours sincerely,



Jack Schmuckli  
Chairman of the Board of Directors



Bruno Bettoni  
Chief Executive Officer

Zug, 18 August 2000

**Consolidated income statement**  
1 January 2000 to 30 June 2000  
resp. 1 April 2000 to 30 June 2000

(in CHF thousands)	1. 1.–30. 6. 2000	1.4–30. 6. 2000
Income from general contracting	29'941	10'398
Income from investment activities	23'965	12'523
Other operating income	1'450	979
<b>Total operating income</b>	<b>55'356</b>	<b>23'900</b>
Direct expenses for investment activities	3'490	1'383
Personnel expenses	14'245	7'350
Other expenses	8'823	4'071
<b>Operating profit</b>	<b>28'798</b>	<b>11'096</b>
Financial expense, net	6'252	2'547
Other income	56	52
<b>Group profit before tax</b>	<b>22'602</b>	<b>8'601</b>
Taxes	4'712	1'649
<b>Group profit after tax</b>	<b>17'890</b>	<b>6'952</b>
Earnings per share in CHF	2.87	–

**Consolidated cash flow statement**  
1 January 2000 to 30 June 2000

(in CHF thousands)	1. 1.–30. 6. 2000
Cash flow from operations	–18'311
Cash flow from investment activities	–184'704
Cash flow from financial activities	231'670
<b>Increase in liquid assets</b>	<b>28'655</b>
Liquid assets as at 31. 12. 1999	26'601
<b>Liquid assets as at 30. 6. 2000</b>	<b>55'256</b>

**Consolidated balance sheet**  
as at 31 December 1999 and 30 June 2000

(in CHF thousands)	30. 6. 2000	31. 12. 1999
<b>Assets</b>		
Liquid assets	55'256	26'601
Other current assets	371'761	315'580
<b>Total current assets</b>	<b>427'017</b>	<b>342'181</b>
Real estate	688'788	504'255
Other fixed assets	19'699	19'968
<b>Total fixed assets</b>	<b>708'487</b>	<b>524'223</b>
<b>Total assets</b>	<b>1'135'504</b>	<b>866'404</b>
<b>Liabilities and shareholders' equity</b>		
Current financial liabilities	258'600	338'077
Other current liabilities	192'980	159'712
<b>Total current liabilities</b>	<b>451'580</b>	<b>497'789</b>
Provisions	30'910	27'084
Non-current financial liabilities	136'395	137'000
<b>Total non-current liabilities</b>	<b>167'305</b>	<b>164'084</b>
<b>Total liabilities</b>	<b>618'885</b>	<b>661'873</b>
Share capital	325'241	143'969
Reserves	176'262	53'476
Treasury shares	–10'209	–349
Retained earnings	25'325	7'435
<b>Total shareholders' equity</b>	<b>516'619</b>	<b>204'531</b>
<b>Total liabilities and shareholders' equity</b>	<b>1'135'504</b>	<b>866'404</b>

**Changes in components of shareholders' equity**  
1 January 2000 to 30 June 2000

(in CHF thousands)	1. 1.–30. 6. 2000
<b>As at 31. 12. 1999</b>	<b>204'531</b>
Group profit for 1st half 2000	17'890
Increase in treasury shares	–9'860
Capital increases less capital increase costs	304'058
<b>As at 30. 6. 2000</b>	<b>516'619</b>

## Notes

The present consolidated statements (hereafter referred to as the "consolidated quarterly statements") comprise the statements of Allreal Holding AG and of its subsidiaries for the period ending 30 June 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 for the same period last year. The consolidated quarterly statements were prepared in accordance with the International Accounting Standards 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 and, for the first time, IAS 40 was applied.

## 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 based in Zollikon. These two companies merged with Allreal Office AG with retroactive effect from 1 January 2000 such that all assets and liabilities were taken over by the acquiring company by universal succession.

## Segment information 1. 1. 2000 – 30. 6. 2000

(in CHF thousands)	Sales	Operating profit
Home	13'448	11'211
Office	10'517	9'136
General contracting	32'191	10'781
Other	4	-2'330
Eliminations	-804	-
<b>Total</b>	<b>55'356</b>	<b>28'798</b>

## Events

3 <sup>rd</sup> quarter report as at 30 September 2000	8 November 2000
Year end report as at 31 December 2000	19 February 2001
Annual Press Conference	3 April 2001
Annual General Meeting	24 April 2001

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Sales of the Home and Office divisions break down as follows:

(in CHF thousands)	1. 1.–30. 6. 2000
Rental income Home	9'444
Rental income Office	12'869
Revaluations	1'289
Capital gains	363
<b>Total</b>	<b>23'965</b>

Revaluations were made on the basis of a discount rate of 5.5%. Changes in market conditions which would have allowed the application of a lower rate were not factored in (lower discount rate = higher value).

## 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 122.7 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 approximately 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

No significant events have occurred subsequent to the balance sheet date.

## Contacts

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