

Report

1 January 2000 to 30 September 2000

allreal

holding

To our shareholders

During the third quarter, Allreal continued to build on its prior success. For the first nine months of the year, the Allreal Group posted earnings after tax of CHF 24.9 million, or CHF 3.92 per share. All divisions again made a positive contribution to this result.

Results 1 January 2000 to 30 September 2000

(in CHF thousands)	30.9.2000	31.12.1999
Income	81'335	
general contracting activities	43'790	
investment activities	35'420	
other income	2'125	
Expenses	39'985	
direct expenses for investment	5'051	
personnel expenses	21'554	
other expenses	13'380	
Operating profit	41'350	
Group profit after tax	24'922	
Earnings per share in CHF	3.92	
Net Asset Value (NAV)	523'449	204'531

Allreal Home/Office

Portfolio continues to expand, new office building projects on track

Construction work on office buildings for the Allreal portfolio in Eggbühlstrasse and Andreasstrasse in Zurich-Oerlikon is proceeding according to plan.

Since the close of the reporting period ended 30 September 2000, Allreal acquired the "in der Luberzen 29" office block for CHF 44 million. The property is located in Urdorf, one of Zurich's fast-growing suburbs. Allreal also paid the final instalment on a property at Farlifangstrasse 1 in Zumikon, one of the most attractive communities in the Zurich area. Over the last half year, the value of the Allreal Office portfolio increased by some CHF 85 million to around CHF 740 million.

Allreal Generalunternehmung

Increased project development activity

Allreal's general contracting subsidiary Generalunternehmung showed a solid performance over the nine months from 1 January to 30 September 2000. Significant progress was made on all building sites. Construction was completed at the Swiss Federal Railways' Herdern location, marking an important stage in the Zurich rail hub's expansion project.

Thanks to new acquisitions, the company's work on hand persisted at a high level of CHF 1.4 billion.

The sale of a 5,400 sq. m. plot of land on the Eichrain site in Zurich's Seebach district generated pre-tax proceeds of approx. CHF 5.4 million. Construction work began on over 300 apartments at the Eichrain complex in the first half of the current year. Negotiations on the sale of the final parcel are currently underway.

In addition to the development of promotion properties for the company itself, Allreal Generalunternehmung has increasingly landed contracts for the promotion of large construction sites owned by third parties.

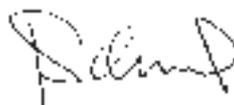
The period under review saw the beginning of sales of the 116-apartment Frohbühl development in Zürich-Seebach. Buyers had been found for ten percent of apartments after just four weeks. Demand for the other three residential developments in Küsnacht, Fällanden and Oberrieden was also outstanding. By the end of the third quarter, 58 (45 percent) of the 130 dwellings had been sold. The new owners can expect to move in between spring and autumn 2002 (2003 at Frohbühl).

Outlook

Allreal is on schedule to meet its targets for the year. A revaluation of the properties in the Allreal portfolio as at 31 December 2000 will reflect improved conditions on the real estate market.

The Board of Directors and the Corporate Management of Allreal are convinced that Allreal is well equipped and ideally positioned in the market to tap the full earnings potential offered by the sound economic development predicted for the coming years.

Yours sincerely,



Jack Schmuckli
Chairman of the Board of Directors



Bruno Bettoni
Chief Executive Officer

Zug, 8 November 2000

Consolidated income statement
1 January 2000 to 30 September 2000
resp. 1 July 2000 to 30 September 2000

(in CHF thousands)	1.1.–30.9.2000	1.7.–30.9.2000
Income from general contracting	43'790	13'849
Income from investment activities	35'420	11'455
Other operating income	2'125	675
Total operating income	81'335	25'979
Direct expenses for investment activities	5'051	1'561
Personnel expenses	21'554	7'309
Other expenses	13'380	4'557
Operating profit	41'350	12'552
Financial expense, net	10'280	4'028
Other income	280	224
Group profit before tax	31'350	8'748
Taxes	6'428	1'716
Group profit after tax	24'922	7'032
Earnings per share in CHF	3.92	–

Consolidated cash flow statement
1 January 2000 to 30 September 2000

(in CHF thousands)	1.1.–30.9.2000
Cash flow from operations	–46'272
Cash flow from investment activities	–189'193
Cash flow from financial activities	240'969
Increase in liquid assets	5'504
Liquid assets as at 31. 12. 1999	26'601
Liquid assets as at 30. 9. 2000	32'105

Consolidated balance sheet
as at 31 December 1999 and 30 September 2000

(in CHF thousands)	30.9.2000	31.12.1999
Assets		
Liquid assets	32'105	26'601
Other current assets	419'045	315'580
Total current assets	451'150	342'181
Real estate	693'001	504'255
Other fixed assets	18'873	19'968
Total fixed assets	711'874	524'223
Total assets	1'163'024	866'404
Liabilities and shareholders' equity		
Current financial liabilities	199'065	338'077
Other current liabilities	209'606	159'712
Total current liabilities	408'671	497'789
Provisions	25'488	27'084
Non-current financial liabilities	205'416	137'000
Total non-current liabilities	230'904	164'084
Total liabilities	639'575	661'873
Share capital	325'241	143'969
Reserves	176'150	53'476
Treasury shares	–10'299	–349
Retained earnings	32'357	7'435
Total shareholders' equity	523'449	204'531
Total liabilities and shareholders' equity	1'163'024	866'404

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

(in CHF thousands)	1.1.–30.9.2000
As at 31. 12. 1999	204'531
Group profit for 1.1.–30.9.2000	24'922
Increase in treasury shares	–9'950
Capital increases less capital increase costs	303'946
As at 30. 9. 2000	523'449

Notes

The present consolidated statements (hereafter referred to as the "consolidated quarterly statements") comprise the statements of Allreal Holding AG and its subsidiaries for the period ending 30 September 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 statements as at 30 September 2000 were prepared in accordance with the International Accounting Standards on interim reporting.

Principles of consolidation

The principles of accounting applied to the consolidated statements as at 30 September 2000 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 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 – 30.9.2000

(in CHF thousands)	Sales	Operating profit
Home	18'144	14'631
Office	17'280	14'813
General contracting	47'117	14'373
Other	-	-2'467
Eliminations	-1'206	-
Total	81'335	41'350

Events

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.-30.9.2000
Rental income Home	14'136
Rental income Office	19'632
Revaluations	1'289
Capital gains	363
Total	35'420

Revaluations were made on the basis of a discount rate of 5.5 percent. 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 CHF 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 5.4 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.

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