

Half year Report

1 January to 30 June 2001

allreal

holding

Key Figures at a Glance

Allreal Group		1st half year 2001	1st half year 2000
		resp. 30.06.2001	resp. 31.12.2000
Total income	CHF million	65.1	55.4
Operating profit (EBIT)	CHF million	35.5	28.8
Net profit	CHF million	22.4	17.9
Commercial real estate portfolio	CHF million	606.8	505.8
Residential real estate portfolio	CHF million	252.7	264.8
Equity ratio	%	46.2	44.4
Net gearing		0.8	0.7
Headcount	full-time equivalents	233.0	239.0
Allreal share			
Earnings per share	CHF	3.53	3.30
Net asset value per share	CHF	90.23	86.60

Events

Year end report 2001	28 February 2002
Annual General Meeting 2002	21 March 2002

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Allreal: Developer with a Portfolio

To our shareholders

Allreal made use of the first half-year 2001 to consistently expand the two pillars of its business, namely

- Development: We develop and realise demanding construction projects for own use, the same as commissioned by third parties.
- Real Estate: We enlarge and actively manage of our portfolio existing of first-rate business and residential buildings in Switzerland.

This two-pillar concept represents the foundation for our long-term growth and the basis for sustained, above-average profitability. We focus particular attention on the Development division.

Development as a strategic focus

For Allreal, development is neither a fad nor an individual project. Development also represents more than re-utilising existing property. For us, development is a core capability and a business activity in which we have been successfully active for decades and have thus gained corresponding experience. Today, this know-how is at the disposal of the whole company. Synergies are taken advantage of especially in the area of real estate – starting with acquisition, project development, re-utilisation and modernisation through to the search for suitable tenants.



An overview of development projects

In Zurich North, we are currently developing for our portfolio two business properties, the one at Andreasstrasse (CHF 80 million project volume) and the other at Eggbühlstrasse (CHF 40 million project volume). Both properties will be ready for rental during the first half-year 2002. Building application has already been made for two construction projects near Zurich, the "Airport Business Park" in Rümlang and the

"Lightcube" office building in Opfikon. Construction on the "turbo" office building in Schlieren near Zurich will begin shortly and will house the new headquarters for DaimlerChrysler Schweiz AG. Allreal Office AG is the owner of the land and will furthermore figure as the owner of this building with a construction volume of CHF 37 million after its completion by Allreal's Development division in the year 2003. Allreal Office AG has signed a long-term lease agreement with DaimlerChrysler.

Construction of condominiums and one-family residential houses is currently under way in Zurich, Erlenbach, Männedorf, Küsnacht, Fällanden, Oberrieden (all near Zurich) and Liestal (near Basle). Further buildings are in the project phase. We are currently negotiating with institutional investors regarding various rental apartment buildings.

Furthermore, we hold land reserves for construction of over 130,000 m², mainly in Zurich North. Based on defined utilisation concepts and schedules these reserves form the basis of our development activities over the coming years.

As a professional developer, Allreal Generalunternehmung AG also realises projects for third parties, among them property re-utilisation projects such as West-Side for Swiss Life in Zurich West (the former Steinfels property), and Switzerland's largest office building constructed according to minimal energy standards in Regensdorf. The building is owned by Gretag AG and will be leased by SAP.

The withdrawal of the Eurogate Project designed to cover the tracks of Zurich Main Station, of which Allreal held a 33.3% participation, represents a setback for Zurich and for the whole region. However, the withdrawal provides additional opportunities for our development properties in Zurich North.

Creating value with development

For Allreal, a completed project volume of CHF 300 million for the first half-year implied full capacity operation. The order backlog remained at a high level. We expect a series of important projects to be completed during the second half-year. The noticeable margins improvement is a welcome change.

Assuming an average net yield of 5.5% on fixed assets in the classical real-estate business, the upward range of capital yield is limited. In the development sector, the situation is completely different; in the first half-year of 2001 we achieved a rate of return on equity of nearly 20%.

A survey conducted among the workforce at the end of last year showed an extremely high degree of satisfaction, despite a heavy workload on the individual employees.

Consolidation in the Real Estate division

We have further optimised the property inventory in the Real Estate division. We acquired a residential and business property in Kloten (near Zurich) and building land for DaimlerChrysler Schweiz AG's new headquarters in Schlieren. As announced in the 2000 financial report, we sold several buildings with insufficient potential. At 5.5%, net yield remained at a positive level (5.7% the previous year). The vacancy rate fell from 2.3% to 1.9%.

Noticeable operational improvement

During the first-half year 2001, Allreal's operational performance continued on the positive level reported for the year 2000. This is especially true for the Development division, where we increased revenue by a considerable 25% when including the profit ascribed to this division from the re-evaluation of investment property. Revenue from real estate grew by 14%. Overall, the EBIT of CHF 35.5 million represents an improvement by 23%, and net profit of CHF 22.4 million corresponds to a growth of 25%.

The nearly unchanged equity ratio of 46.2% (44.4% at the end of 2000) connected with a very conservative gearing of 0.8 (0.7 at the end of 2000) signalises financial strength and thus represents an outstanding basis for further growth. Net asset value per share (excluding undisclosed reserves on development properties and the value of the Development division as a going concern) increased from CHF 86.60 at 31 December 2000 to CHF 90.23 at 30 June 2001.

Good financial results expected for 2001

We expect the gratifying development of operational income experienced in the first half-year 2001 to continue. Furthermore, for the second half-year we anticipate positive impulses from planned land sales and a revaluation of office buildings currently under construction in the Zurich North Area. From today's perspective, we assume that the good performance seen in the year 2000 will continue, and we will thus be able to provide our shareholders with an attractive dividend.



Jack Schmuckli
Chairman of the Board



Bruno Bettoni
Chief Executive Officer

A handwritten signature in black ink, appearing to read 'Schmuckli'.A handwritten signature in black ink, appearing to read 'Bettoni'.

Consolidated Financial Statements

Consolidated Income Statement

CHF million	1 st half year 2001	1 st half year 2000
Income from development	29.3	31.4
Income from real estate	25.8	22.7
Revaluation of real estate investments	10.0	1.3
Total income	65.1	55.4
Personnel expenses	-16.6	-14.7
Real estate operating expenses	-5.3	-3.5
Depreciation	-0.8	-0.4
Amortisation	-1.7	-1.9
Other operating expenses	-5.2	-6.1
Operating profit (EBIT)	35.5	28.8
Finance income	1.0	0.8
Finance expenses	-8.4	-7.0
Profit before tax	28.1	22.6
Income tax	-5.7	-4.7
Net profit	22.4	17.9
Earnings per share (CHF)	3.53	3.30*

*adjusted

Consolidated Balance Sheet

CHF million	30.06.2001	31.12.2000
Real estate investments	859.5	770.6
Intangible assets	10.5	12.2
Property, plant and equipment	1.3	1.8
Financial assets	2.1	2.2
Non-current assets	873.4	786.8
Cash and securities	16.2	42.8
Trade receivables	89.9	193.6
Other receivables	27.9	1.5
Real estate for development	224.7	220.6
Current assets	358.7	458.5
Total assets	1232.1	1245.3
Share capital	325.2	325.2
Capital reserves	174.7	173.7
Treasury shares	-17.5	-11.7
Retained earnings	86.5	65.0
Total equity	568.9	552.2
Long-term borrowings	392.1	235.8
Deferred tax liabilities	20.4	19.5
Provisions	5.5	19.3
Non-current liabilities	418.0	274.6
Trade payables	56.8	149.4
Prepayments received	53.9	40.5
Current tax liabilities	11.3	8.9
Other current liabilities	47.4	9.1
Short-term borrowings	75.8	210.6
Current liabilities	245.2	418.5
Total liabilities	663.2	693.1
Total equity and liabilities	1232.1	1245.3

Consolidated Cash Flow Statement

CHF million	1 st half year 2001	1 st half year 2000*
Net profit	22.4	17.9
Revaluation of real estate investments	-10.0	-1.3
Depreciation	0.8	0.4
Amortisation	1.7	1.9
Change in deferred tax liabilities and provisions	-12.9	3.5
Other non-cash items	-38.8	-0.4
Change in trade receivables	103.7	-31.9
Change in other receivables	-26.4	20.7
Change in real estate for development	-4.1	-45.1
Change in trade payables	-92.6	16.4
Change in prepayments received	13.4	16.4
Change in other current liabilities	40.7	0.7
Cash flow from operations	-2.1	-0.8
Purchase of real estate investments	-64.7	-183.9
Sale of real estate investments	24.5	0.0
Purchase/sale of plant, property and equipment	-0.3	-0.8
Change in financial assets	0.1	0.0
Cash flow from investing activities	-40.2	-184.7
Change in short-term borrowings	-134.8	-75.0
Change in long-term borrowings	156.3	-5.1
Net proceeds from issue of shares	0.0	304.1
Purchase/sale of treasury shares	-5.8	-9.9
Cash flow from financing activities	15.7	214.1
Change in cash and securities	-26.6	28.6
Cash and securities as of 01.01.	42.8	26.6
Cash and securities as of 30.06.	16.2	28.6
Change in cash and securities	-26.6	55.2

*after partial reshuffling for the purpose of adjustment to the presentation for 2001

Segment Information

1st half year 2001

CHF million	Home	Office	Develop- ment	Other	Elimination	Group
Consolidated income statement 1st half year 2001						
Income from operations	10.1	15.7	30.2	0.4	-1.3	55.1
Revaluation of real estate investments	0.0	0.0	10.0	0.0	0.0	10.0
Total income	10.1	15.7	40.2	0.4	-1.3	65.1
Depreciation and amortisation	0.0	0.0	-0.6	-1.9	0.0	-2.5
Other operating expenses	-3.1	-3.5	-20.8	-1.0	1.3	-27.1
Operating profit (EBIT)	7.0	12.2	18.8	-2.5	0.0	35.5

Consolidated Balance sheet 30.06.2001

Non-current assets	252.7	606.8	2.3	11.6		873.4
Current assets	18.8	0.3	335.2	4.4		358.7
Total assets	271.5	607.1	337.5	16.0		1232.1
Deferred tax liabilities and provisions	-5.0	-11.5	-9.4	0.0		-25.9
Non-financial liabilities	-5.1	-38.9	-125.0	-0.4		-169.4
Net assets	261.4	556.7	203.1	15.6		1036.8
Borrowings	-109.4	-249.7	-108.8	0.0		-467.9
Total equity	152.0	307.0	94.3	15.6		568.9

Capital expenditure	8.0	56.7	0.3	0.0		65.0
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1st half year 2000

Consolidated income statement 1st half year 2000

Income from operations	9.4	13.3	32.2	0.0	-0.8	54.1
Revaluation of real estate investments	4.0	-2.7	0.0	0.0	0.0	1.3
Total income	13.4	10.6	32.2	0.0	-0.8	55.4
Depreciation and amortisation	0.0	0.0	-0.4	-1.9	0.0	-2.3
Other operating expenses	-2.2	-1.5	-21.0	-0.4	0.0	-25.1
Operating profit (EBIT)	11.2	9.1	10.8	-2.3	0.0	28.8

Consolidated Balance sheet 30.06.2000

Non-current assets	264.8	505.8*	3.7	12.5		786.8
Current assets	6.4	28.0	417.6	6.5		458.5
Total assets	271.2	533.8	421.3	19.0		1245.3
Deferred tax liabilities and provisions	-5.1	-9.1	-24.6	0.0		-38.8
Non-financial liabilities	-4.0	-5.6	-203.4	5.1		-207.9
Net assets	262.1	519.1	193.3	24.1		998.6
Borrowings	-116.2	-243.4	-86.6	-0.2		-446.4
Total equity	145.9	275.7	106.7	23.9		552.2

Capital expenditure	37.6	145.7	0.6	0.0		183.9
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*adjusted statement compared with financial report as of 31.12.2000

Allreal Group operates in Switzerland only. A break-down per geographical segments is therefore not required.

Massive columns support the
70 m long suspended
"Wolkenbügel" office section of
the "West-Side" development in
the Zurich's former industrial
district. It is the first building in
Switzerland constructed above
an existing structure. Owners:
Rentenanstalt/Swiss Life,
Realisation: Allreal
Generalunternehmung AG.

Portfolio addition in Kloten near
Zurich: Residential and
commercial buildings at
Schaffhauserstrasse 115-121.