

Key Figures Züblin Immobilien Group

in CHF million	1/1/1999 to 3/31/2000 15 months	1/1/1998 to 12/31/1998 12 months
Income Statement		
Total operating income	69.6	7.3
Total operating expenses	9.2	2.3
EBIT	60.4	5.0
Net income from portfolio management operations	31.4	0.4
Consolidated net income	23.2	19.5 ¹
Balance Sheet		
Real estate portfolio	856.4	240.7
Total assets	1,022.3	277.0
Shareholders' equity	316.6	78.2
Minority interests	23.9	23.6
Net assets ²	340.5	101.8
Total liabilities	681.8	175.2
Net assets as % of total assets	33.3%	36.8%
Return on equity (ROE) ³	15.7%	n. a.
Share Capital		
Share capital	284.8	77.3
Authorized capital	57.0	38.6
Free float	69.5%	28.1%
Key Figures per Share with Nominal Value CHF 10		
Net income per share in CHF ⁴	1.58	n. a.
Net asset value (NAV) per share in CHF	11.10	10.12
Dividends in CHF	0.20 ⁵	0.00

¹ After restructuring contributions in the construction sector of CHF 20.6 million

² Net assets = shareholders' equity + minority interests

³ Consolidated net income on a 12 month basis/average shareholders' equity available

⁴ Consolidated net income on a 12 month basis/weighted average number of shares outstanding

⁵ Proposal to shareholders at their general meeting on July 7, 2000

Lean Management Structure

Züblin's lean, efficient management structure is a distinguishing feature. The strategic management lies in the hands of the three members of the Board of Directors who take the decisions for all real estate acquisitions and sales upon proposal of the Group Management. The operative responsibility lies with the Group Management consisting of the CEO and the CFO. For questions relating to specific business areas, the Group Management has the assistance of external specialists who belong to the Management Support Team.

Structure of Participations (as of 5/31/2000)

Züblin Holding AG			
Züblin Immobilien AG	99.96%	Swiss Property and Investments N.V.	100%
Züblin Immobilien Romandie AG	100%	Freeward I C.V.	95%
Immobilien-gesellschaft Fiducia AG	100%	European City Estates N.V.	97%
		Delva 1, 7, 9, 10 B.V. (4 companies)	100%
		ZH Immobilien GmbH	100%
		ZH Immobilien-verwaltungs GmbH	100%
Switzerland		Benelux	
		Germany	

In addition, Züblin Holding AG has a 40% share in ZüblinSchlittler Bau AG.

Management Structure

Board of Directors

- Dr. Franz Hidber, age 65, Chairman
- Pierre N. Rossier, age 56, Vice-Chairman
- Jan G.M. Bosch, age 62, Member

The mandates for all members of the board expire as of the general meeting 2000. The extraordinary general meeting on December 10, 1999 has resolved that the term of office will be three years, starting in 2000.

Group Management

- Dr. Franz Hidber, age 65, CEO
- Bruno Schefer, age 47, CFO

Auditors

ATAG Ernst & Young AG, Zurich

Management Support Team

- Marc Bloch, Real Estate Acquisition and Divestment Switzerland
- Enrico van Erkelens, Real Estate Acquisition and Divestment in selected European countries
- Sükrü Evrengün, Project Financing
- Haydar Odok, Capital Markets
- Dr. Christoph Joller, Legal Aspects of Real Estate Transactions

Goal: Consistent Performance

Züblin concentrates its efforts on the further expansion and the professional management of a portfolio of commercial real estate that is geographically distributed over Switzerland and selected European countries. Züblin aims at a consistent performance by increasing the value of the portfolio on a continuous basis and wants to achieve a return on equity of at least 10 percent with an equity ratio of 30 percent.

Clear Strategy

Expansion of the portfolio

Consistent expansion of the existing portfolio, especially with properties that are offered in the market as a result of outsourcing programs. The acquisition of a property is based on a three-tiered decision process: identification, evaluation and proposal by the Group Management to the Board of Directors.

Making use of European real estate cycles

Specific use of the different phases of the real estate cycles in the various European countries and economic regions as well as risk optimization of the investments.

Management of the portfolio

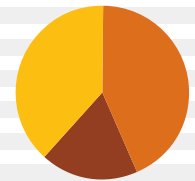
Increase of profits (optimization of all cost and income factors) through active management of the properties by means of professional, external asset management: consistent optimization of utilization, reduction of total operating costs, value maintenance by means of technical support, transparency and comparability of costs and services.

Optimization of financing

As a rule, the properties are financed by loans and equity capital at a 70:30 ratio. The loans are procured on the international capital markets taking the prevailing market situation into consideration; the equity capital is created through capital increases and retention of earnings. The financing model "Real Estate against Shares" gains increasing importance.

Realization of added value

The sale of real estate is a strategic element of the portfolio management of Züblin. When a property reaches its peak of optimization, when the real estate cycle of a certain region approaches the top, or if for another reason, an attractive exit possibility arises, Züblin realizes the maximum added value possible. The funds thus generated are then reinvested in new real estate without delay.



Geographic distribution according to market value as of 3/31/2000

38.5% Switzerland
43.3% Benelux
18.2% Germany



RETURN ON EQUITY
AT LEAST 10%

Successful Positioning

Dear Shareholders,

I am pleased to inform you today that what we had planned 18 months ago, namely to restructure Züblin into an attractive real estate investment company, has been almost completed. Züblin Holding AG is positioned in the capital markets as an attractive real estate investment, as has been confirmed by the successful capital increase completed in February this year.

Return on Equity: 15.7 Percent

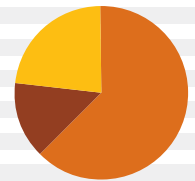
The most important goal we had set, namely to achieve a return on equity of at least 10 percent, has been more than achieved with a return of 15.7 percent. The total equity amounted to CHF 316.6 million as of March 31, 2000. The total operating income amounted to CHF 69.6 million as of March 31, 2000, and the net income from portfolio management operations from real estate activities amounted to CHF 31.4 million. The profit per share of CHF 10 nominal value amounts to CHF 1.58 calculated on a 12 month basis. Considering the fact that, due to the significant influx of funds through the capital increase, the larger part of the real estate portfolio was acquired only during the past few months, and as a consequence, was either not or only partially affecting income for the reported period, the result is indeed very pleasing. Thanks to our outsourcing strategy which enables us to obtain the support of external specialists as the need arises, without having to employ them permanently, the structural costs were kept low despite intensive build-up work.

First Stage Is Almost Reached: CHF 1 Billion

In autumn 1998, we planned to build up a real estate portfolio worth CHF 1 billion by the end of the business year 1999/2000. We have now almost reached this stage. As of the end of May 2000, we have an international real estate portfolio with a market value of CHF 950 million. The acquisition of the properties was concentrated on the period of the past few weeks. The income from these real estate acquisitions will have a positive influence on the new business year.

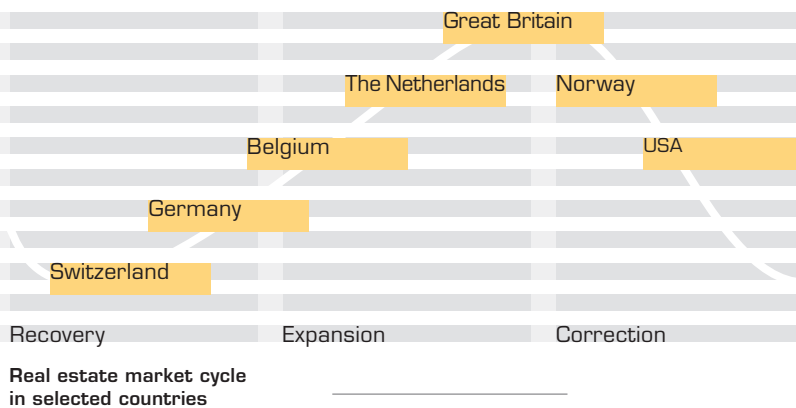
Broadening the Equity Capital Base

With CHF 316.6 million, the equity capital base was considerably enlarged by means of four capital increases and the profit accrued during the reported period compared to the previous year. As of March 31, 2000, the ratio between net assets and liabilities amounts to 1/3 to 2/3. The most recent capital increase was carried out on February 18, 2000 through issuance of 17,114,182 bearer shares at a nominal value of CHF 10. Deutsche Bank as global coordinator, together with Zürcher Kantonalbank, Lombard Odier & Cie, Banca del Gottardo and Union Bancaire Privée placed the shares.



Geographic distribution according to operating income

23.0% Switzerland
62.7% Benelux
14.3% Germany



Real Estate Cycles

We have invested in Switzerland and in other selected European countries. With our strategy of geographic diversification, we want to take advantage of the different real estate cycles of the European countries and, at the same time, reduce the risks of recessionary developments in the individual countries. The decisive factors for investments abroad are:

- Present status of a country on the real estate market cycle curve;
- The economic potential of a country;
- The market for commercial real estate in an economic region;
- Stable political environment, high legal security and acceptable fiscal conditions;
- Local partnership for an active real estate market management.

Participation in Freeward I C.V. Increased

Züblin already owned 27 commercial properties in The Netherlands at the end of the previous reported period. These properties are consolidated in Freeward I

C.V., in which the Züblin subsidiary Swiss Property and Investments N.V. (SPI) held a 52.4 percent share since July 1, 1998. In March this year, we acquired an additional 42.6 percent and have thus increased our participation in Freeward I to 95 percent.

Acquisition of European City Estates N.V.

On March 27, 2000, Züblin submitted a public offer to the shareholders of the listed Dutch real estate company European City Estates N.V. (EurCE). Up to the deadline for the offer on April 19, 2000, 97 percent of the outstanding EurCE shares were tendered to Swiss Property and Investments N.V. (SPI), a wholly-owned subsidiary of Züblin. The total portfolio of the EurCE package has a market value of CHF 263.2 million (consolidated). The return on equity is above the 10 percent minimum standard required by Züblin. With this acquisition, a negative goodwill was created which had a positive influence on the consolidated income statement.

Professional Portfolio Management

The primary interest of Züblin Real Estate is the performance. With the help of stringent criteria, the properties are identified, acquired, actively managed and sold. Emphasis is placed on the creation of added value and the realization of these values. In order to reach these goals, various par-

ameters have to be followed closely: market transparency, availability of information, professionalism of the management, controlling instruments, etc. It is our intention to sell 5 to 7 percent of the total portfolio every year. Presently, such sales are initiated primarily in The Netherlands, since there is high demand on the one hand and no significant tax burden on the other hand. During the reported period, the accrued added value of a property in Zoetermeer (The Netherlands) was realized through its sale.

Real Estate Investment Companies Take Off

The real estate markets, especially the segment of commercial properties, have experienced new impulses in the past months, a fact that has triggered the interest of many investors in Europe. Besides conventional investment forms such as closed end or open end real estate funds as well as the classical direct investment, the new investment vehicle, i. e. shares of listed real estate investment companies, has experienced a strong upturn.

Competition on the Capital Markets

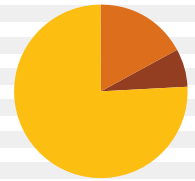
Even the rather conservative Swiss market was invigorated through various capital market transactions. The newly listed companies all want to grow and are aiming at portfolio sizes that are significantly above CHF 1 billion. This development will intensify the competition between the different investment forms. In particular, the listed real estate investment companies will be affected, since they need more funds from the capital markets in order to realize their growth strategy.

More Transparency for the Investors

In the fight for investors, the degree of transparency will be a factor for success. Compared to real estate funds, the real estate investment companies already provide more information. Nonetheless, we welcome the fact that the SWX Swiss Exchange takes the investors' demands for transparency seriously and therefore intends to create specific listing regulations for real estate investment companies. We, on our own initiative, want to surpass the legal publicity requirements in that we inform our investors regularly and extensively. We create new standards and evaluation criteria for analysts which support a qualified evaluation of our share and its development potential. In order to increase transparency, we will use the internet. On our website (www.zueblin.ch) we offer a complete and detailed overview of our portfolio.

New Reporting Standards in Accordance with IAS

The present consolidated financial statements have for the first time not been made in accordance with FER (Swiss Accounting and Reporting Recommendations), but have been made in accordance with the International Accounting Standards (IAS). In this connection, the standard of IAS 40 – Investment Property – was applied. This reporting method increases transparency, which is of special importance to the economic success of a real estate investment company.



EurCE portfolio according to geographic distribution

75.8% ■ The Netherlands
17.1% ■ Germany
7.1% ■ Luxembourg

Real Estate Appraisal

The appraisal of our real estate is carried out annually on the basis of open market values. The computing method of discounted cash flow is applied. This dynamic valuation method is based on the assumption that the current market value of a property is determined by the sum of the total net income that can be expected in the future. This income is discounted to the present time whereas the discount rate applied to the individual property is determined by prevailing market conditions.

Sale of Majority in Construction Company

Züblin Holding AG has sold a majority share of 60 percent of ZüblinSchlittler Bau AG to CI Contractors Investors AG retroactively as of December 31, 1999. Züblin has thus taken the strategic step towards a listed company that invests in real estate exclusively. The investment in ZüblinSchlittler Bau AG which so far was managed autonomously and totally independently from the real estate business in its operations has a historical background. The declared goal of Züblin was to continuously develop the construction company so that it can exist as an independent company. To this aim, Züblin Bau AG acquired Schlittler Bau AG in 1999 and has thus created a sound basis for the future. The two companies merged to become ZüblinSchlittler Bau AG. Their most important activities are tunnel construction and civil engineering, construction engineering, urban civil engineering as well as earth moving and removal and treatment of contaminated soil.

The sale of the majority interest in ZüblinSchlittler Bau AG creates a high development potential since the new majority shareholder pursues a strategy of growth

in the Swiss construction industry. A powerful environment has thus been created for ZüblinSchlittler Bau AG. The construction companies in which CI Contractors Investors AG intends to participate as a holding company should be able to work independently on the market on the one hand but also benefit from the synergies of the group as a whole on the other hand.

Responsible for these construction activities is Hendrik A. van Dijk, CEO of ZüblinSchlittler Bau AG.

Share Price Development – Internal and External Influences

The present share price is considerably below the net asset value of the Züblin portfolio. We are convinced that the basis for a significant price increase has been created since our investment successes are underlined by corresponding operating results. In addition, it is an advantage that we are now, after selling the majority interest in ZüblinSchlittler Bau AG, a pure real estate company.

Besides the internal efforts, external factors also have an influence on the share price development of listed real estate investment companies:

– The competition between individual segments of the stock exchange (for example technology versus real estate) takes place between the two poles of risk and stability and can hardly be influenced from the outside.

- The enormous advantage of the free tradability of real estate shares compared to other real estate investments, or to direct investment, has not yet been fully recognized.
- The confidence in the real estate market could not be fully regained after eight years of recession.
- The high demand on the capital markets by the different real estate companies absorbed the capital allotted to real estate by the institutional investors.

Thanks to Shareholders, Partners and Employees

We would like to thank our shareholders for the confidence they have given us by exercising their subscription rights in February and May 1999, as well as in February 2000. In particular, we would like to thank our major shareholder, Co-operative Investment Fund Westblaak U. A., who presently has a share of 30.5 percent in Züblin Holding AG, for its support for the various capital increases, and its shareholder-friendly attitude for granting the subscription rights.

Our thanks also go to the members of our Management Support Team who have significantly contributed to the success of our company with their high expert competence. We also thank everybody who, despite strong time pressure, have supported us with all their strength and motivation during the preparation and carrying out of the capital increases.

Our heartfelt thanks go to our employees. They were confronted with very high demands in a period of great dynamism. Their personal identification with the company and their efforts were the most important prerequisites that we were able to achieve positive results.

Prospects

After having almost completed our first stage, namely the build-up of a portfolio worth CHF 1 billion, we will focus our efforts on the active management of the individual properties in the months to come. In particular, we will try to realize the full value increase potential of individual properties through specific asset sales. We continue to actively pursue the acquisition of new properties. It is our intention to increasingly finance real estate with Züblin shares. For this purpose, we will use the authorized capital in the amount of CHF 57 million and also will propose to create additional authorized capital at the next general meeting. Thanks to the good results in the reported business year we are confident to achieve a return on equity that is significantly above 10 percent in the current year as well. The planned rental income and financing for the business year 2000/2001 are the basis for this projection. With strictest adherence to our strategy, we will do our utmost to continue to keep the Züblin Immobilien Group on track for success.



A handwritten signature in green ink, which appears to read 'F. Hidber'. The signature is fluid and cursive.

Dr. Franz Hidber
Chairman of the Board of Directors



PROFESSIONAL
PORTFOLIO MANAGEMENT

Active Investor Relations Create Transparency

Züblin Holding AG informs the capital markets regularly and extensively. The essential medium is the internet. The website (www.zueblin.ch) conveys a complete, up-to-date and detailed overview on the real estate portfolio. The Annual Report and the Interim Report are available in printed versions. By means of presentations, road shows and one-on-one meetings, the contact to investors, analysts and the economic press is cultivated.

Investor Relations

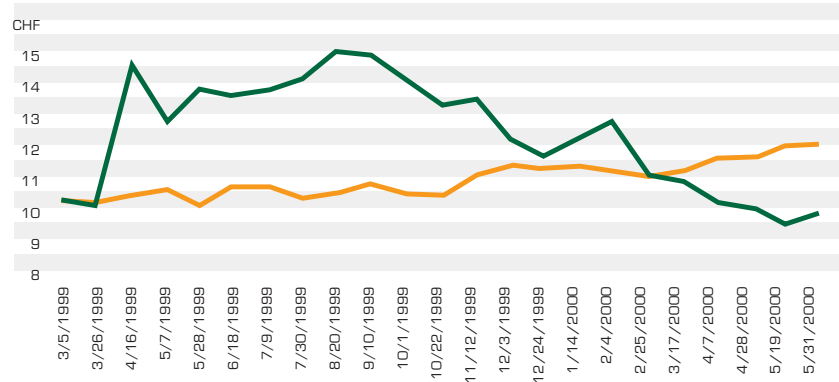
Responsible for investor relations is Dr. Franz Hidber, Chairman of the Board of Directors, telephone +41 1 206 29 39, franz.hidber@zueblin.ch

Share Prices March 5, 1999 until March 31, 2000

High	CHF 15.70
Low	CHF 10.00
3/31/2000	CHF 10.30

Market Capitalization as of March 31, 2000

CHF 293,299,061
(last paid price: CHF 10.30)



Share Price Development
of Züblin Share
March 5, 1999 until
May 31, 2000

■ Züblin Holding AG
■ Swiss Performance Index SPI

Source: Primark

Share

The bearer share with a nominal value of CHF 10 has been listed on the SWX Swiss Exchange since February 12, 1999. With the exception of two days, the title was traded daily. The total volume amounted to 14,843,217 shares with a value of CHF 195.8 million. On a daily average, 58,209 shares with a value of CHF 768,359 were traded (average price per share CHF 13.20).

Share Key Figures

Nominal value	
of bearer share	CHF 10.00
Net income	
per bearer share*	CHF 1.58
NAV per bearer share	CHF 11.10
Proposed dividend	
per bearer share	CHF 0.20

*calculated on a 12 month basis

Trading on the Stock Exchange/ Trade Symbols

SWX Swiss Exchange,
Swiss Securities No. 976 983
Telekurs ZUB
Reuters ZUBZ.S

Major Shareholders

With a 30.5 percent participation, Co-operative Investment Fund Westblaak U.A., Rotterdam (Westblaak), is the major shareholder of Züblin Holding AG. Westblaak is indirectly controlled by Barron Trust which was set up for the benefit of family

members of Jan Bosch, who is member of the Board of Directors of Züblin Holding AG. According to the company's knowledge, no other shareholder is in possession of 5 percent of the shares or more as of March 31, 2000. Under a lock-up agreement on the occasion of the capital increase, Westblaak has guaranteed not to sell any shares without previous consent of Deutsche Bank for the duration of 6 months after the listing of the new shares (February 18, 2000).

Opting Out is Deleted

According to the Swiss Stock Exchange Act, shareholders and shareholder groups who pursue a common strategy and who acquire more than 33.33 percent of voting rights of a listed Swiss company are required to submit a take-over offer to all other shareholders. Under certain circumstances, this mandatory offer may be excluded or restricted in the company's by-laws according to the Swiss Stock Exchange Act. Züblin Holding AG has, on the occasion of the reorganization of the company in 1998, taken the opportunity to include this option by excluding the mandatory offer (opting out) in Article 4 of the company's by-laws. Due to the development in the shareholder structure of Züblin Holding AG, the Board of Directors will propose the deletion of the opting out clause in the company's by-laws to the general meeting of July 7, 2000.

Dividend Policy

Züblin Holding AG intends to pay out 30 to 40 percent of the annual consolidated net income (excluding valuation reserves) as a dividend.

Changes in the Capital since September 9, 1998

in CHF thousand	Change in capital	Ordinary capital	Authorized capital
February/March 2000	171,142	285,236	57,047
Capital increase with subscription rights offer			
Reason: Expansion of the real estate portfolio			
October 1999	5,654	114,094	1,826
Capital increase excluding subscription rights			
Reason: Real estate acquisition in Geneva			
September 1999	5,400	108,440	7,480
Capital increase excluding subscription rights			
Reason: Real estate acquisition in Geneva			
April/May 1999	25,760	103,040	12,880
Capital increase with subscription rights offer			
Reason: Real estate acquisitions in Hamburg			
January/February 1999	0	77,280	38,640
Subscription rights offer			
Reason: Public placement of shares			
September 1998	76,800	77,280	38,640
Capital increase fully underwritten by Westblaak U.A. for the newly issued shares of CHF 10 nominal value			
Reason: Recapitalization of the company and acquisition of Swiss Property and Investments N.V. with real estate in The Netherlands			
September 1998	- 47,520	480	
Capital decrease			
Reason: Reduction of the nominal value of the shares from CHF 100 to CHF 1			

All changes in the capital are presented in detail on pages 78/79.

Exclusive Rating System

In January 2000, the rating system Züblin-Immobilienrating™ was implemented. This system serves as a decision-making instrument for the rating of individual properties on the one hand, and on the other hand it is an aid to increase transparency in the presentation of the real estate portfolio. The rating system was developed by Züblin Holding AG with the support of external specialists and is a registered trademark™.

Criterion	Factor
Location	
Location/connection to transportation network	• • •
Economic region	• •
Quality of surrounding properties	•
Building	
Utilization	•
Concept of building	• •
Suitability for reutilization	•
Scope of necessary renovation work	•
State of all technical systems	•
Tenants	
Tenant mix	•
Creditworthiness of tenants	•
Vacancies and rent guarantees	•
Present rents/rent increase potential	•
Passing on of operating costs	•
Yield	
Net income in %, 5.0–6.0/6.1–6.9/>7.0	• •
ROE in %, 10.0–11.0/11.1–13.4/>13.5	• • •

Practice-oriented System – Stringent Selection

The Züblin-Immobilienrating™ comprises 15 criteria that are individually rated with zero to three points (unsatisfactory, satisfactory, good, very good). The criteria are distributed to four different issues:

- Location
- Building
- Tenants
- Yield

According to the Züblin investment strategy, these criteria are weighted by a factor (1 to 3). On the basis of the number of points (max. 66), the rating is determined:

52 to 66 points AAA
 37 to 51 points AA
 22 to 36 points A

Only a small part of the commercial properties that are presently on the market can fulfill the requirements of the Züblin-Immobilienrating™. The Züblin investment strategy focuses on those properties. Properties for sale that do not reach a minimum A rating are not further evaluated.

Examples of the Rating Process

Location

The decisive criteria for the quality of location are:

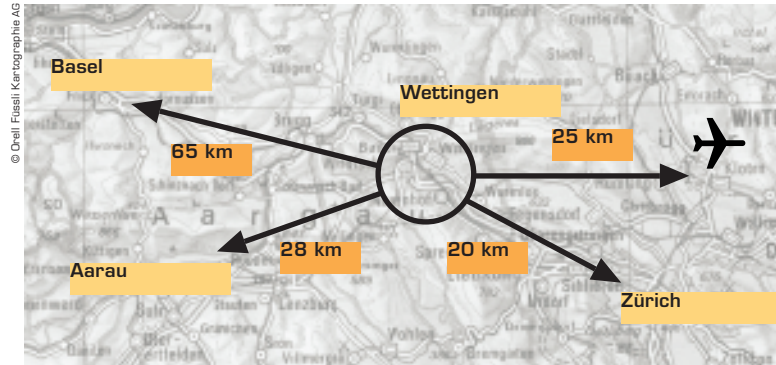
- Connection to the public transportation network
- Connection to the road network
- Noise and air pollution levels
- Vicinity to the center
- Shopping opportunities
- Residential opportunities

Due to the importance of the location quality, this criteria is weighted threefold. In the history of real estate it has been shown that properties with a high location quality have experienced smaller losses in value even in declining real estate cycles and that they are quickly back in top positions during recovery phases.



Factor	● ● ●
Points	● ● ●
Total	9

Determination criteria for quality of location



Factor	● ●
Points	● ●
Total	4

Determination criteria for economic region

Economic region

The following criteria are decisive:

- Present/future economic vitality
- Political environment
- Legal environment
- Marketing of location
- Positioning opportunities of the competition

As a rule, there are two different aspects in an expertise, namely on the macro level (productivity, employment rate, etc.) and the micro level (specific business situation). The extent of the term "location" shows the attention that Züblin pays to the location quality.

Building

For buildings, the criterion of utilization flexibility has a prominent position since organizational and labor structures in the service sector are subject to rapid changes. The most important changes are the growing importance of flexible teams, desk sharing (the working place is not a fixed installation, but is used according to the needs), tele jobs, etc. All these alternatives in the use of office space require a high flexibility of the technical installations and pose high demands on the statics of a building. Properties that can adapt to changes due to a high utilization flexibility are much less prone to vacancies.

GEOGRAPHIC DIVERSIFICATION

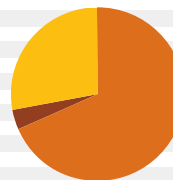


Structure of the Portfolio as of March 31, 2000

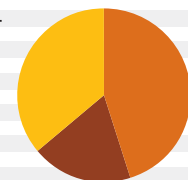
For the build-up and expansion of the portfolio, the stringent criteria of the Züblin-Immobilienrating™ are consistently applied. The Züblin Immobilien Group invests in Switzerland and selected European countries. With the help of its policy of geographic diversification, the opportunities of the various real estate cycles in the different European countries are fully exploited and, at the same time, the risk of recessionary developments in the individual countries is reduced.

Total Portfolio as of March 31, 2000

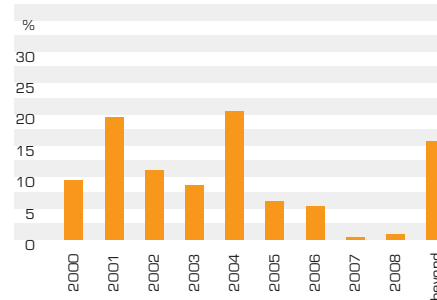
Market value	CHF 856.4 million
Number of properties	56
Rentable area	399,994 m ²
Total rental income target	CHF 63.1 million



Distribution according to Züblin-Immobilienrating™



Geographic distribution according to rental income



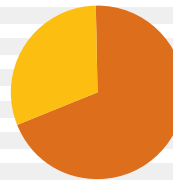
Expiry of rental contracts in % of total rental income



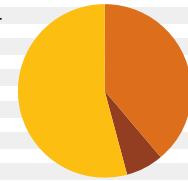
FOCUSED ON
COMMERCIAL REAL ESTATE

Swiss Portfolio as of March 31, 2000

Market value	CHF 330.1 million
Number of properties	13
Rentable area	117,549 m²
Total rental income target	CHF 22.7 million



Distribution according to Züblin-Immobilienrating™



Geographic distribution (agglomeration) according to market value

City	Address	Date of acquisition	Year of construction/renovation	Plot size in m ²	Usable area in m ²	Net rental income CHF	Züblin-Immobilienrating™
Baden	Rütistrasse 3/3a	3/1/2000	1960/61	1,172	4,256	1,005,630	AA
Bern	Morgenstrasse 131	12/15/1999	1994	5,719	13,958	2,757,383	AA
Biel	Florastrasse 16/18	12/31/1999	1953/55	2,710	6,799	2,018,475	AA
Geneva	Boulevard Carl-Vogt 17/19	9/1/1999	1963	2,066	6,530	1,464,402	AA
Pully	Av. Général-Guisan 46-46a	2/1/1999	1988	1,966	1,254	320,652	AAA
Rümlang	Riedmattstrasse 9	12/1/1999	1982	5,090	11,911	1,171,290	AA
Schwerzenbach	Bahnstrasse 24	3/31/2000	1991	11,460	14,731	3,000,000	AA
Wettingen	Landstrasse 99	3/1/2000	1994	5,453	11,273	2,421,399	AA
Wettingen	Landstrasse 115	12/31/1999	1990	1,347	2,602	547,286	AAA
Winterthur	Im Hölderli 10	3/31/2000	1991/92	3,495	7,312	923,542	AA
Zollikofen	Industriestrasse 1	12/21/1998	1990/91	4,942	30,182	4,933,746	AAA
Zurich	Hardturmstrasse 76	3/20/2000	1967	1,100	3,291	568,002	AA
Zurich	Talstrasse 82	1/1/2000	1950	574	3,450	1,612,585	AAA

Market Development

The Swiss economy has overcome a period of stagnation. All relevant growth indicators show a clear upward trend. In 1999, the fast economic recovery has led to increased demand for office space, in particular in Zurich, Basel, Geneva and Lausanne. The rents for prime locations increased to a level unseen since the recession of the real estate market approximately 10 years ago. Due to the price increase for commercial properties already effected, the gross yields have decreased. The gross yields for office space in prime locations are presently between 5.5 and 6.5 percent. Since the available office space decreased in the past years, the demand for large areas in important economic centers cannot be covered on a short-term basis. The emerging disparity between supply and demand for high-quality commercial space is evident.

Zurich

The upturn in the market for office space was most pronounced in the economic area of Zurich, where demand for large, connected properties (above 10,000 m²) dominated the market. Vacancies declined by approximately 55 percent over the course of 1999 to 52,000 m² (approximately 2.5 percent of the total amount) in the city of Zurich and to 73,000 m² in the greater region. On average, office rents for new contracts increased by 30 percent in the city of Zurich and by 16 percent in the greater region. The price gap for office rents between the inner city and the whole city of Zurich amounts to approximately 50 percent. Since this gap also has an influence on investments and thus on returns, Züblin does not concentrate on inner city locations for real estate acquisitions.



Bern, Morgenstrasse



Wettingen, Landstrasse 99



Winterthur, Im Hölderli



Schwerzenbach, Bahnstrasse

Prospects

With the exception of the major economic regions, the market for office space will continue to show vacancy rates of approximately 10 percent. In the economic regions the market for large-area commercial properties will continue to diminish and the competition between investors for quality real estate will become tougher. Since, in the short term, the increasing demand for office space in prime locations cannot be satisfied by the existing supply, significant price increases are expected. In the economic region of Zurich, newly constructed properties with large office space will lead to an increased supply in 2001 at the earliest. Nonetheless, Züblin is convinced that, in the economic regions as well, opportunities for the acquisition of commercial properties with value increase potential will be available.

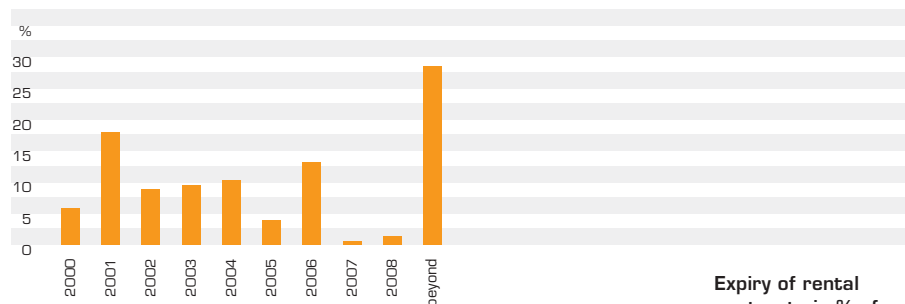
Real Estate Acquisitions 1999/2000

At the beginning of 1999, the Züblin portfolio in Switzerland comprised one property with an asset value of CHF 59 million. In the reported year, twelve new properties were acquired in the economic areas of Zurich, Bern and Lake of Geneva. The asset value of the Swiss properties amounted to CHF 330.1 million as of March 31, 2000. The special qualities of the portfolio lie in the criteria location, connection to transportation network, economic region and quality of surroundings. With two exceptions, all properties are as good as new. The quality of the tenants is good to very good. All properties offer potential for value increase in various degrees.

Source Market Zurich: Wüest & Partner, Immo-Monitoring 1999, vol. 2, Geschäftsflächenmarkt; Colliers Spaltenstein, Marktbericht über die Büronutzflächen im Wirtschaftsraum Zürich, 2000.

Expiry of Rental Contracts

The present structure of the Züblin portfolio is optimal with respect to the duration of rental contracts and the discrepancy between market rents and contract rents. Since the rents will increase significantly due to the increased demand for commercial properties in the economic regions, higher rental income can be expected from future rental contracts.



Expiry of rental contracts in % of total rental income

Asset Management

For parts of the asset management, contracts for individual properties were made with Karl Steiner AG. With respect to the exact agreements, the technical, economic and tenant-related needs of each property were carefully analyzed. The financial controlling comprises all properties and provides uniform data to the management.

Appraisals

According to Züblin's decision-making guidelines for the acquisition of real estate, a neutral valuation expertise is provided by ATAG Ernst & Young. Independently, all properties acquired in the reported period were appraised by Jones Lang LaSalle on the basis of open market values.



FIRST-CLASS
LOCATION QUALITY

Benelux Portfolio as of March 31, 2000

Market value	CHF 370.8 million	<p>Distribution according to Züblin-Immobilienrating™*</p> <ul style="list-style-type: none"> 29.4% AAA 67.7% AA 2.9% A 	<p>Geographic distribution according to market value</p> <ul style="list-style-type: none"> 24.0% Amsterdam 10.9% The Hague 22.1% Rotterdam 15.9% Utrecht 5.1% Luxembourg 22.0% Others
Number of properties	36		
Rentable area	219,086 m²		
Total rental income target	CHF 28.5 million		

*Excluding two properties presently under renovation

Gouda, Kampenring



Amsterdam, Paasheuvelweg



De Meern, Rijnzathe

City	Address	Date of acquisition	Year of construction/ renovation	Plot size in m ²	Usable area in m ²	Net rental income CHF	Züblin-Immobilien-rating™
The Netherlands							
Almere Haven	Kerkstraat 26	7/1/1998	1980	250	489	0	AA
Almere Haven	Kerkstraat 8-22	7/1/1998	1980	813	2,190	210,565	AA
Amsterdam	Paasheuvelweg 26	1/1/2000	1991	2,940	3,627	686,076	AAA
Amsterdam	Plantage Middenlaan 14	7/1/1998	1978	2,610	6,212	988,787	AAA
Amsterdam	Zekeringstraat 1-23	1/1/2000	1995	130,688	12,371	1,649,535	AA
Amsterdam	Zekeringstraat 39-47	1/1/2000	1992	14,400	11,495	2,098,738	AAA
Apeldoorn	Sleutelbloemstraat 22	7/1/1998	1976	1,858	1,051	137,709	AA
Arnhem	Oude Oeverstraat 120	7/1/1998	1973	1,055	6,224	1,091,021	AA
De Bilt	Utrechtseweg 370	7/1/1998	1982	1,998	2,093	340,653	AA
De Meern	Rijnzathe 8	1/1/2000	1990	8,205	7,002	1,430,986	AAA
Diemen	Diemerhof 10-12, 16-18	1/1/2000	1990	6,611	6,000	1,096,838	AA
Dordrecht	Stationsweg 4	7/1/1998	1962	3,001	5,081	694,584	AAA
Enschede	Van Loenshof 56-168	1/1/2000	1984/2000	2,292	6,805	1,680,012	AA
Gouda	Kampenring 47	1/1/2000	1980	5,980	4,145	504,003	A
Gouda	Tielweg 6	7/1/1998	1990	1,800	2,026	329,992	AA
Groningen	Aweg 29	7/1/1998	1980	398	894	128,646	AA
Hilversum	Marathon 11	7/1/1998	1995	4,023	4,888	1,045,213	AAA
Huizen	Huizermaatweg 9-37	7/1/1998	1986	950	3,089	519,376	AAA
Moerdijk	Middenweg 49	1/1/2000	1998	120,298	54,774	3,542,141	AA
Nieuwegein	Meentwal 1	7/1/1998	1991	1,160	1,825	326,987	AAA
Nieuwegein	Zoomstede 13-19	7/1/1998	1989	1,555	7,101	1,245,789	AAA
Rotterdam*	Schiekade 34	7/1/1998	1961/2000	2,576	10,294	85,712	*
Rotterdam	s-Gravendijkwal 28-36	7/1/1998	1976	1,423	4,047	560,767	AA
The Hague	Daendelstraat 57	7/1/1998	1979	506	1,202	229,111	AA
The Hague*	Laan van Meerdervoort 51	7/1/1998	1986/2000	1,942	4,110	0	*
The Hague	Grote Marktstraat 39,43, 50,51 & Wagenstraat 31, 33,37,39	1/1/2000	1986	2,990	11,036	2,822,804	AAA
Utrecht	Kaap Hoorndreef 10-14	7/1/1998	1972	606	3,344	502,816	AA
Utrecht	Kaap Hoorndreef 66-78	7/1/1998	1975	606	3,048	536,009	AA
Utrecht	Pahud de Mortangesdreef 61-65	7/1/1998	1989	2,470	2,078	344,228	AA
Veenendaal	Standaardruiter 13	7/1/1998	1988	1,185	1,531	120,768	AA
Veldhoven	De Run 1120-1150	1/1/2000	1990	5,925	3,560	641,511	AA
Waalwijk	Grotestraat 341	7/1/1998	1956	4,896	4,378	465,366	AA
Zeist	Bergweg 25	7/1/1998	1983	1,770	1,610	272,325	AA
Zeist	Huis ter Heideweg 30-40	7/1/1998	1980	5,465	4,637	405,667	AA
Zwolle	Zwarte Waterallee 14	7/1/1998	1975	3,102	3,629	831,166	AA
Luxembourg							
Howald	Rue des Scillas 20	1/1/2000	1970/2000	23,000	11,200	904,014	AA

* under renovation

Market Development in The Netherlands

Since 1998, the demand for office space in The Netherlands has exceeded supply. This applies particularly to offices with good access to transportation. There is a shortage of office space meeting modern requirements. Office rents continued to rise in recent years. Therefore, net returns declined in the four economic regions Amsterdam, Rotterdam, The Hague and Utrecht (the so-called “Randstad Conurbation”). The decline in office vacancies over the last five years can be attributed to increased demand on the one hand and to the absence of speculative development

projects on the other hand. Property developers have shown considerable restraint following the failures of previous years. The increase in demand can be attributed to the sustained strength of the Dutch economy. Office vacancy rates in the Randstad Conurbation are between 2 and 5 percent.

At NLG 8 billion the volume of new investments in Dutch commercial real estate reached a new record level in 1999. Low interest rates and a modest economic growth in Germany together largely contributed to a high volume of German investments in Dutch commercial real estate. The high demand of foreign investors in the Dutch commercial real estate market increased the pressure on returns. Approximately 80 percent of investments in commercial real estate were made for office buildings. The Randstad Conurbation was the most favored region for investments.

Amsterdam, Zekeringstraat 1-23



Amsterdam, Zekeringstraat 39-47



Diemen, Diemerhof

The Randstad Conurbation

In the Randstad Conurbation the demand for office space has grown in the last two years. The highest rents are achieved in the south of Amsterdam. Rents have also increased in medium-quality areas and even lower-quality areas. Nonetheless, rents are low in comparison to other European cities, reaching top levels of approximately NLG 700/m². As a result of the over-proportional price increase for commercial real estate, the net returns for high-quality office space in Amsterdam fell to approximately 6 percent. The returns on medium-quality properties are approximately 7.25 to 7.50 percent.

Nieuwegein, Zoomstede



Prospects

Züblin expects demand for office buildings to remain high in the next two years, especially in the Randstad Conurbation. Pressure on net returns will persist and real estate prices will further increase, although less so than in 1998 and 1999.

Real Estate Acquisitions 1999/2000

Freeward I C.V.

By acquiring an additional 42.6 percent, Züblin now owns 95 percent of this interesting package with 25 properties whose return on equity is above 12 percent. Due to the company, respectively participation structure implemented by Freeward I C.V., properties can be sold from the existing Dutch portfolio without having to pay property sales taxes.

European City Estates N.V. (EurCE)

With the acquisition of EurCE, the rentable area within the Benelux portfolio increased by 132,015 m². For Züblin, the acquisition of this package is not only interesting because of the return but is also a real opportunity because of the consistently high demand of investors for office buildings. The acquisition of EurCE gives Züblin the chance to actively manage a considerable real estate portfolio with the goal of achieving a value increase in a country that has not reached the peak of its real estate cycle.

Expiry of Rental Contracts

Considering the spread of the duration of rental contracts, an attractive profit potential can be realized with the help of professional management.

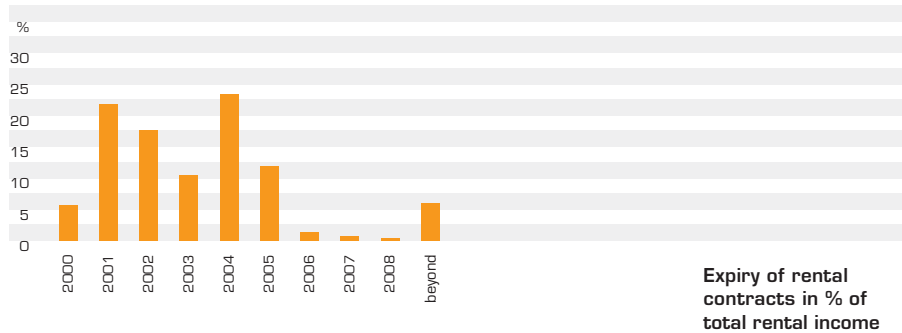
Asset Management

Equity Estate B.V. is in charge of asset management for all properties in The Netherlands and in Luxembourg. Furthermore, Equity Estate B.V. searches for potential buyers for those properties in the Dutch portfolio whose potential for value increase has been achieved.

Appraisals

Troostwijk Taxation B.V., Amsterdam, has carried out the appraisal of the Freeward I portfolio and Jones Lang LaSalle of the EurCE package as of March 31, 2000. The most recent market values are 5.76 percent above book values.

Source Randstad Conurbation: Catella Property Market Trends "The Netherlands" 1999



Expiry of rental contracts in % of total rental income

Hilversum, Marathon



Nieuwegein, Meentwal



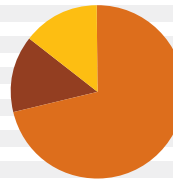
Veldhoven, De Run

HIGH FLEXIBILITY FOR REUTILIZATION

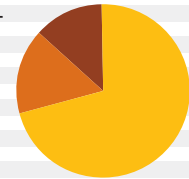


German Portfolio as of March 31, 2000

Market value	CHF 155.5 million
Number of properties	7
Rentable area	63,359 m²
Total rental income target	CHF 11.8 million



Distribution according to Züblin-Immobilienrating™



Geographic distribution according to market value

City	Address	Date of acquisition	Year of construction/renovation	Plot size in m ²	Usable area in m ²	Net rental income CHF	Züblin-Immobilienrating™
Frankfurt	Genferstrasse 11/11a	1/1/2000	1970	7,331	8,301	968,022	AA
Hamburg	A. Einsteinring 17-21	1/1/1999	1992	7,538	13,709	2,610,786	AA
Hamburg	Nagelsweg 37, 39	1/1/1999	1986	4,116	9,296	2,057,665	AA
Hamburg	Pappelallee 33	1/1/1999	1991	2,956	6,501	1,171,759	AA
Hamburg	Wandsbeker Zollstr. 11-19	1/1/1999	1970/1991	2,901	6,708	1,348,075	A
Rüsselsheim	Eisenstrasse 2-4	1/1/2000	1974/1989	11,620	10,113	2,220,212	AA
Stuttgart	Vor dem Lauch 14	1/1/2000	1984	4,852	8,731	1,472,967	AAA

Hamburg, Pappelallee



Hamburg, Albert Einsteinring

Market Development

In 1999, the German commercial real estate market continued to enjoy the positive environment of the previous year. New structures and the concentration of various companies as well as a gradual improvement in the economic environment led to a sustained demand for office space, especially in economic areas such as Berlin, Dusseldorf, Frankfurt, Hamburg, Munich and Stuttgart. This demand, however, was aimed primarily at properties of high quality. The rents did not increase significantly since a number of development projects provided an increased supply of commercial properties. Medium-quality properties suffered high vacancy rates despite attractive rents.

Hamburg

The office space in Hamburg amounted to 11.78 million m² as of March 2000. The vacancy rate is only 4%. In the first quarter 2000, 68,800 m² new office space was completed for rental and for own utilization. This is a pronounced increase compared to the first quarter of last year. For the years 2001 and 2002, the newly completed office space is expected to decline to 241,000 m² and 152,000 m² respectively. Only in 2003, the supply of newly constructed area will significantly increase to approximately 500,000 m². In Hamburg the demand for office space and thus the annual volume of new rental contracts has

continued to rise, namely from 205,000 m² (1996) to 460,000 m² (1999). In the first quarter 2000, however, the turnover declined by 10% compared to the previous year, so that the very high value of 1999 will probably not quite be achieved this year.

Frankfurt

The turnover for office space in the region of Frankfurt amounted to 200,000 m² in 1999. This represents a decline compared to the 280,000 m² in the record year 1998. On the other hand, the demand for offices in commercial centers was higher in the first quarter 2000 with 60,000 m² compared to the actual turnover of 40,000 m². This shows a shortage of supply in this market segment. The price span for rents in the region and in commercial centers is between DEM 220 and 340/m² and thus has remained stable since the beginning of 1999. Should the excessive demand, which so far was only experienced in certain market segments, be extended, an increase of rents will result. Storage space is presently rented at DEM 120 to 150/m². Service areas achieve DEM 180 to 200/m². In these areas, the rents are a little higher than in 1999. Presently, top rents for office space are achieved in Rüsselsheim at DEM 265/m² and in Nieder-Eschbach at DEM 275/m². Also in the future, the span for returns is expected to be between 6.75 and 7.75 percent.

Stuttgart

The available office space in the region of Stuttgart amounted to 6.5 million m² as of March 2000. Compared to 1999, vacancies continued to decline. The vacancy rate of less than 1 percent shows a massive short-

age in supply. As a result of the high demand, the rent level has increased compared to 1999. Presently, top rents of DEM 380 to 400/m² are paid in Stuttgart for office space and in some instances even more. The returns of 5.25 to 5.75 percent of 1999 in the inner city of Stuttgart and of 6.25 to 6.75 percent in the greater area are expected to decline if the players in the market conclude that rents will increase in the long term due to excessive demand.

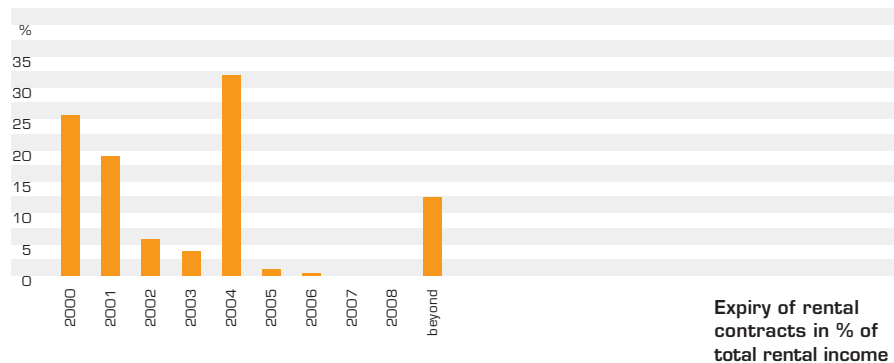
Prospects

In the years to come, it is anticipated that the vacancies will decline in Germany's economic centers. In the medium term, rents and property prices will increase, at least in economic centers. The commercial real estate market in the different economic regions will continue to develop at different rates. Züblin expects that, for its real estate in Germany, further value increases will result.

Real Estate Acquisitions 1999/2000

In 1999, four commercial properties were acquired in Hamburg. Each of the properties is held by a company constituted under Dutch law (Delva 1, 7, 9 and 10). The rentable area amounts to 36,214 m². The annual rental income target as of

March 31, 2000 amounts to CHF 7.2 million. Through the acquisition of European City Estates N.V. (EurCE), three properties in Germany were included in the portfolio with a rentable area of 27,145 m². The annual rental income target in the amount of CHF 4.6 million will contribute to the income beginning January 1, 2000.



Expiry of Rental Contracts

The durations of rental contracts show a healthy spread, i.e. further value increases can be achieved with the help of professional management.

Asset Management

Equity Estate B.V., Amsterdam, is in charge of asset management. The most successful business activity was the initial renting-out of 3,076 m² in Hamburg to H. F. Reemtsma GmbH & Co.

Appraisals

Jones Lang LaSalle has carried out a new appraisal of the seven properties in Germany as of March 31, 2000, showing a market value of CHF 155.5 million.

Sources Markets Hamburg, Frankfurt, Stuttgart: JLL-Research, Hamburg; JLL-Industrial, Frankfurt; DTZ, Stuttgart.



REAL ESTATE PORTFOLIO IN ATTRACTIVE LOCATIONS