

ANNUAL REPORT 2002 | 2003

züblin
IMMOBILIEN

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Agenda

04.07.2003	14 th annual general meeting
21.11.2003	Publication semi-annual report
31.03.2004	Balance sheet date
16.06.2004	Presentation of annual results
09.07.2004	15 th annual general meeting

Züblin share

Trading	SWX Swiss Exchange
Security number	976 983
ISIN	CH0009769834
Ticker symbols	ZUB und ZUBZ.S

Züblin convertible bond

Trading	SWX Swiss Exchange
Security number	1 507 328
ISIN	CH0015073288
Ticker symbol	ZUB02

Dieser Geschäftsbericht
liegt auch in Deutsch vor.

Key figures

in CHF million	1.4.2002 to 31.3.2003	1.4.2001 to 31.3.2002
Income statement		
Rental income	88.7	77.2
Operating income	78.9	82.9
EBITDA	57.5	64.5
Net income	20.1	34.7
Return on equity from rental activities	7.3%	7.2%
Return on equity	5.7%	10.5%
Gross yield	7.3%	7.2%
Net yield	6.4%	6.5%
Balance sheet		
Investment properties	1,343.5	1,101.6
Total assets	1,462.4	1,169.5
Shareholders' equity	393.2	357.2
Minority interests	14.3	19.3
Net assets ¹	407.5	376.5
Total liabilities	1,054.9	793.0
Net assets in % of total assets	27.9%	32.2%
Share capital		
Share capital ²	277.6	281.7
Authorized capital	142.6	142.6
Conditional capital	146.4	60.0
Free float	68.1%	69.3%
Key figures per share with nominal value CHF 10		
Net income (EPS) in CHF ³	0.72	1.23
Net asset value (NAV) in CHF	13.08	12.68
Share price as of 31.3. in CHF	8.00	10.10
P/E ratio	11.1	8.2
Nominal value repayment/dividend in CHF	0.40 ⁴	0.35
Dividend yield as of 31.3.	5.0% ⁴	3.5%
Valuation		
Entreprise value (EV) in CHF million ⁵	1,260.1	1,019.8
EV/EBITDA ratio	21.9	15.8

¹ Net assets = shareholders' equity + minority interests

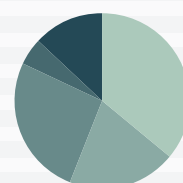
² Share capital after deduction of treasury shares

³ Net income divided by average number of shares entitled to dividends

⁴ Proposal to the Annual General Meeting on 4 July 2003

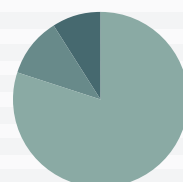
⁵ EV = market capitalisation + net debt

For definition of terms see page 117



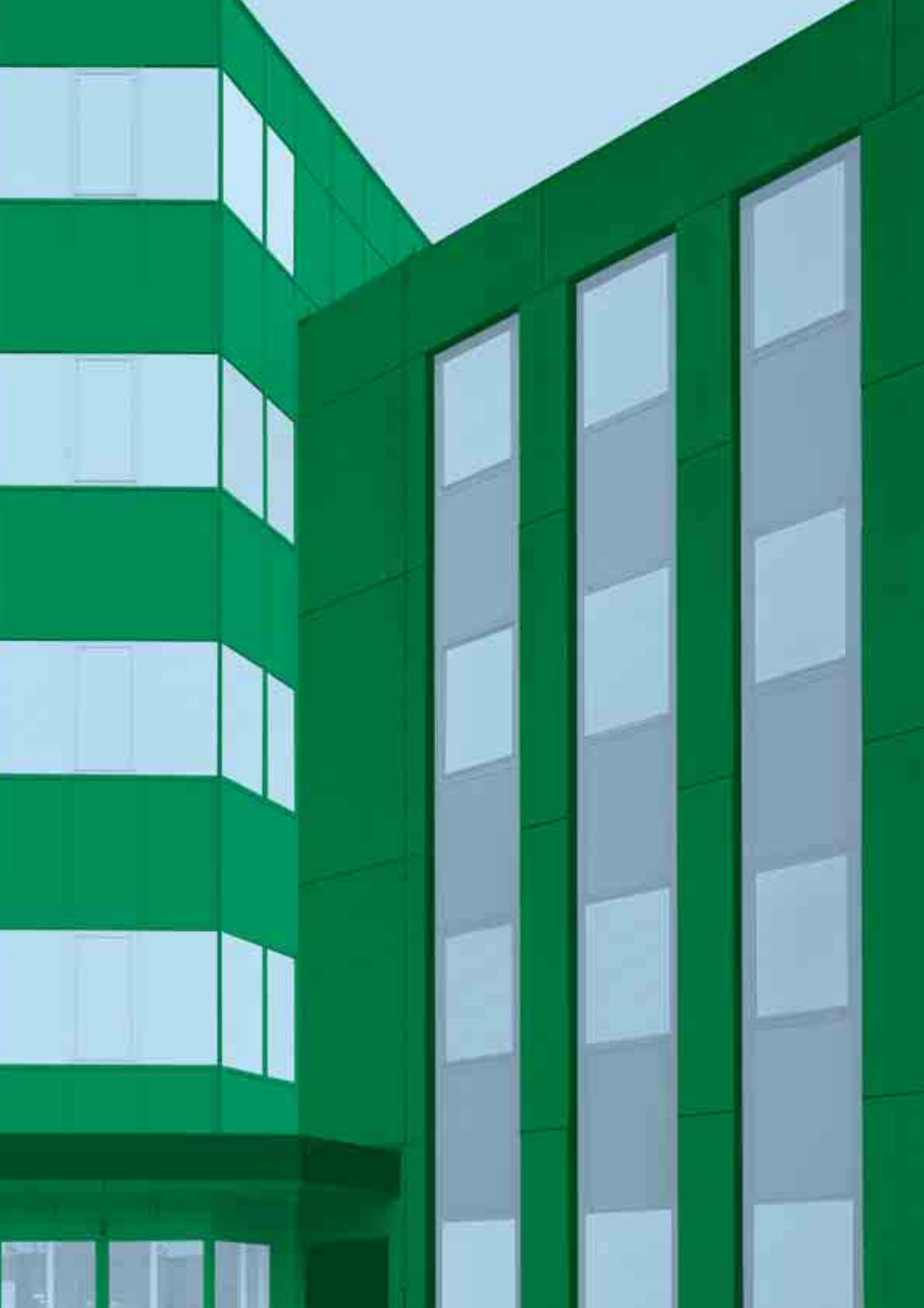
**Regional structure of the
portfolio by market value
as of 31.3.2003**

36% Switzerland
20% Germany
26% Netherlands
5% Belgium/Luxembourg
13% France



**Structure of the portfolio
by investment category
in % of annual rental income
as of 31.3.2003**

80% Office
11% Trade/logistics
9% Retail



Profile

The Züblin Immobilien Group pursues a strategy of value creation through the selective purchase, active management and optimal sale of commercial properties in European economic regions.

- Market value of properties: CHF 1.34 billion
- 66 properties
- 6 countries
- 16 economic regions

A clear focus

- Concentration on office premises
- Abstaining from development projects
- Financing structure:
30 percent shareholders' equity and 70 percent debt financing
- Profit payout:
30 to 50 percent of operating profit

Ambitious goals

- Return on equity:
7.5 percent p.a. from rental activities
2.5 percent p.a. from increase in market value and sale of properties
(average over several years)
- Portfolio growth:
CHF 2 billion by 31 March 2006

Sound profit quality despite difficult business conditions

Dear Shareholders
Dear Reader

Given the current economic and geopolitical difficulties, I am pleased to be able to report that the Züblin Immobilien Group held up well in the past financial year. For the past five years, the company has systematically concentrated on buying, managing and selling commercial premises in selected European economic regions. Our good operational development is the result of our focus on growth geared to quality and returns.



Dr. Franz Hidber
Chairman of the Board
of Directors

Milestones during the financial year

Entering the French market

At the start of July 2002 we purchased three business properties in Paris in partnership with Deutsche Bank (Real Estate Private Equity Group). We hold a 51 percent stake in the company set up to carry out this transaction. At the date of purchase the portfolio had a market value of CHF 170 million and on which it generated an above-average net return of 8.1 percent. Paris is one of the largest and most liquid real estate markets in Europe. A report by Jones Lang LaSalle on regional economic growth in Europe forecasts that Paris has the highest growth potential.

Expansion of the logistics properties segment

In February 2003 we bought two logistics centres at strategically important sites in the Netherlands for CHF 75 million. These are let to Vos Logistics, a leading Dutch transport and logistics company, under a ten-year lease. Annual rental income is CHF 6.3 million, giving a net return of 8.3 percent. This investment has strengthened Züblin's presence in this future-oriented market segment and raised the return on the real estate portfolio.

Successful convertible bond issue

Züblin is the only Swiss real estate company with a diversified international investment strategy. Since we are convinced that the current economic changes in Europe will open up attractive opportunities for the purchase of real estate, we issued a CHF 100 million convertible bond in November 2002 to ensure we have the freedom and the funds if and when opportunities arise. The bond, which has a maturity of 6 years and a coupon of 3.55 percent, also attracted high interest from shareholders who were given advance subscription rights.

Higher operating income and profit payout

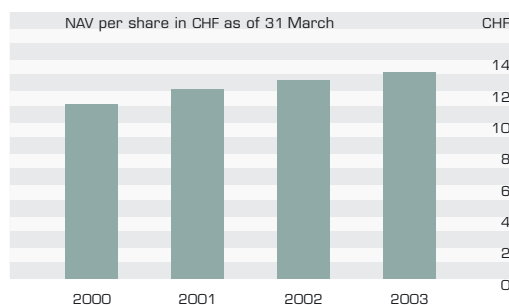
As a result of the increase of the portfolio during the business year 2002/2003, rental income increased by 15 percent to CHF 89 million. The profit from rental activities was CHF 27 million, giving a return on equity from rental business of 7.3 percent. The improvement in operating cash flow allows a renewed increase in our cash payout to shareholders. In recent years, the repayment of nominal value has become established as a shareholder-friendly alternative to the payment of dividends. At the General Shareholders' Meeting, the Board of Directors will therefore be proposing a repayment of CHF 0.40 of the nominal value of each share. This is in line with our objective of paying out 30–50 percent of the operating profit.

Consolidated net income diminished by volatility of valuations

As a consequence of the difficult economic conditions, the valuation of the portfolio by the independent real estate appraisers Jones Lang LaSalle and CB Richard Ellis trimmed the market value of the portfolio by CHF 16 million or 1.3 percent of the portfolio value. The reduction of the market value is recorded in the income statement and thus represents the IAS 40 philosophy and the DCF valuation. Taking into account deferred taxes and profits resulting from the acquisition of minority shareholdings, the net impact on the income statement is CHF –3 million. After deduction of the minority interests of CHF –4 million, the consolidated net income amounts to CHF 20 million and corresponds to an equity ratio of 5.7 percent. The long-term goal of an average return on equity of 10 percent can only be achieved if the company generates a return on equity of at least 2.5 percent from appreciation of the market value of its portfolio or the sale of real estate in addition to the return on equity from rental business. The present challenging market conditions prevent an increase in the market value of the portfolio.

Positive development of net asset value (NAV)

The net asset value (NAV) of our shares has increased steadily over the past four years. On 31 March 2003, the NAV per Züblin share (nominal value CHF 10) was CHF 13.08 (previous year: CHF 12.68). This reflects the valuation of the real estate portfolio using stringent criteria, including a conservative assessment of deferred capital gains taxes.



Qualitative growth has priority

During the past financial year, we selectively expanded our portfolio by CHF 242 million to CHF 1,343 million. We give top priority to evaluating real estate on the basis of cash flow, diversification and risk profile, based on the flexibility of use and prospective tenants. As part of our company's value-added strategy, the geographic focus of acquisitions in the last year was the Paris market, while usage focused on the logistics segments. Both investments have helped optimize the risk profile.

Vacancies generate potential to create value

At the end of the financial year, the vacancy rate for the portfolio as a whole was 13.3 percent of annual rental income potential, and thus far higher than at the end of the previous financial year. To highlight the significance of active management of vacancies, we dedicate pages 30 and 31 of this annual report to a detailed overview of this issue. About half of the vacancies

relate to 4 properties which are being completely renovated or assigned to a new use. These vacancies offer considerable potential to create value. The goal is to realize this through active management and corresponding investment in the future. Leaving aside these properties, the vacancy rate is 7.7 percent, which is roughly in line with average for the relevant regions.

Outlook

We assume that the economic upturn in Europe will prove sluggish. Consequently, demand on the European real estate market will probably continue to stagnate. However, there is unlikely to be a significant increase in the present overcapacity in the office premises market in some areas thanks to the cautious approach to new development projects, the slowdown in the construction sector and the restrictive lending criteria applied by banks. In view of this, there are no signs of a real estate crash at the moment.

In light of this market situation, we will be concentrating on the management of properties rather than on expansion of our portfolio. The main focus will be on reducing vacancy rates. Since the properties where we have vacancies are in good locations and the buildings are designed to allow modification of use, we anticipate that reducing vacancy rates will enable us to realize considerable potential to create value. In this way, we should be able to raise the quality of profits and continue to report an attractive return on equity from our rental business. Taking into account the profit payout, we aim to increase the net asset value (NAV) of Züblin shares to CHF 13.50 by 31 March 2004.

Thanks

On behalf of the Board of Directors and Group Management, I would like to thank you for your confidence in the Züblin Immobilien Group. I would also like to thank all staff for their enormous personal commitment over the past financial year. At the same time, I would like to extend my thanks to our partners who have provided key support in the implementation of innovative solutions.



Dr. Franz Hidber
Chairman of the Board of Directors

Management of the Züblin Immobilien Group

Board of Directors	Dr. Franz Hidber , Chairman
	Pierre N. Rossier , Deputy Chairman
	Jan G. Bosch
	Dr. Dr. h.c. Henri B. Meier
Group Management	Dr. Franz Hidber , CEO
	Bruno Schefer , CFO
Management Team	Maria Annunziata , Portfolio Management Switzerland
	Enrico van Erkelens , Portfolio Management Europe, excluding Switzerland
	Thomas Kaul , Finance



The Board of Directors is responsible for defining the company's strategy, while the Group Management is responsible for implementing this strategy. The management of Züblin comprises the Group Management (CEO and CFO) and the Management Team. It focuses on operational tasks and represents the Züblin Immobilien Group in dealings with third parties.

The Group Management also works with specialists who prepare the documents required to support the decision-making process and act as advisers. The external specialists are not authorized to represent the company. Further information on the members of the Board of Directors, Group Management, Management Team and the external specialists can be found at www.zueblin.ch.

Board and Group Management from left-to-right:
Bruno Schefer, Jan G. Bosch, Dr. Franz Hidber, Dr. Dr. h.c. Henri B. Meier, Pierre N. Rossier
in front of the picture
"5 years Züblin Immobilien"
of the artist Miryan Klein.

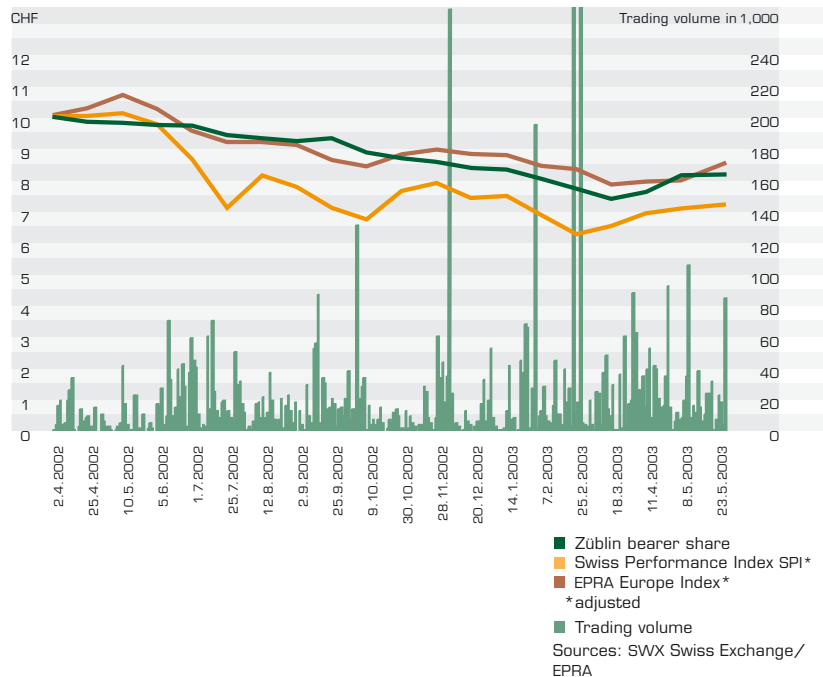


Decreasing share price – SPI clearly outperformed

Share price performance

Shares in Züblin once again proved relatively stable in the business year 2002/2003, despite the persistently poor conditions on the stock market. After adjustment for the dividend payment, Züblin shares slipped 17.1 percent, but nevertheless clearly outperformed the SPI (Swiss Performance Index), which declined 37 percent between 1 April 2002 and 31 March 2003. Shares in Züblin underperformed the Wupix A Index of listed Swiss real estate companies (–11.6 percent), which is calculated by Wüest & Partner AG, and the EPRA index of European real estate companies (–4.6 percent). The discount in the share price relative to the net asset value (NAV) of the share was 39 percent as of 31 March 2003 and thus considerably higher than the previous year's level of 20 percent.

Züblin shares thus have significant upside potential on the basis of both NAV and capitalized income value. Moreover, they generate an attractive dividend yield. The Board of Directors is proposing to repay CHF 0.40 of the nominal value per share, which would give a yield of 5 percent based on the share price on 31 March 2003.



Share prices, key data per share and trading volume

Bearer shares, nominal value CHF 10	1.4.2002 to 31.3.2003	1.4.2001 to 31.3.2002
High in CHF ¹	10.00	10.10
Low in CHF ¹	7.30	8.05
Price on 1 April in CHF	10.00	9.00
Price on 31 March in CHF	8.00	10.10
Net income per share (EPS) in CHF	0.72	1.23
Operating cash flow per share in CHF	0.99	0.73
NAV per share in CHF	13.08	12.68
P/E ratio	11.1	8.2
Repayment of nominal value ² /dividend in CHF	0.40 ²	0.35
Dividend yield in %	5.0 ²	3.5
Average trading volume per day in units	39,200	32,500
Average trading volume per day in CHF	347,700	307,500
Total trading volume in CHF	87,980,000	76,000,000
Market capitalization as of 31 March	238,106,000	288,115,000

¹ Basis: Closing rates on the SWX Swiss Exchange

² Proposal to be submitted to the Annual General Meeting on 4 July 2003

Outstanding convertible bond

As at 31 March 2003, a 3.55 percent convertible bond issued by Züblin Immobilien Limited, Jersey, with a nominal value of CHF 100,000,000 was outstanding. The holders of the bonds have the right to convert these into Züblin shares by 18 November 2008 at a conversion price of currently CHF 10 per share. The conversion price will be reduced every year during the term of the bond by the amount of the dividend payment or repayment of nominal value made to shareholders. Züblin can demand conversion of up to 30 percent of the nominal value of the bond by 5 December 2008 if less than 30 percent of the nominal value has been converted by then. The bond, which matures on 19 December 2008, is guaranteed by Züblin Immobilien Holding AG. To secure the conversion rights, Züblin Immobilien Holding AG has currently reserved 10,000,000 bearer shares from its conditional capital.

Outstanding options

As at 31 March 2003, 238,970 options were outstanding under the profit-sharing plan for the Board of Directors and Group Management for the business year 2000/2001. One option entitles the holder to buy one share in Züblin Immobilien Holding AG. The options may be exercised between 7 May 2004 and 6 May 2006 at a strike price of CHF 12.08 per share.

Treasury shares

As at 31 March 2003 the Züblin Immobilien Group held 2,002,596 shares in the company as treasury shares. 238,970 of these are reserved for outstanding options. In addition, Züblin Immobilien Holding AG has an obligation to acquire 500,000 shares in the company in June 2003 under an option transaction.

Dividend policy

The annual payout ratio should be between 30 and 50 percent of operating profit. At the Annual General Meeting, the Board of Directors will be proposing a cash payout of CHF 0.40 per share for the business year 2002/2003 in the form of a repayment of nominal value of the share. That would reduce the nominal value per Züblin share from CHF 10 to CHF 9.60.

Significant shareholders as of 31 March 2003

Züblin Immobilien Holding AG is aware of the following shareholders, with holdings exceeding the level required for disclosure:

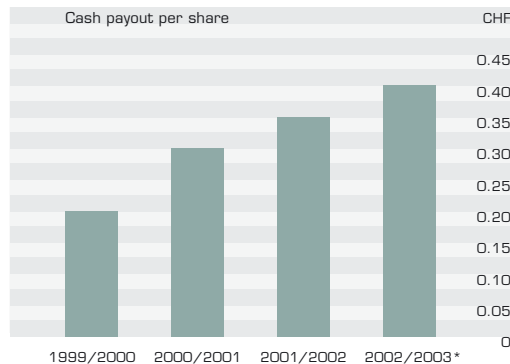
- Co-operative Investment Fund Westblaak UA, Rotterdam 31.9 percent
- Roche Holding AG and subsidiaries 8.7 percent
(Publication on 21 August 2002: 8.86 %)
- Züblin Immobilien Holding AG and subsidiaries 6.7 percent
(Publication on 24 December 2002: 6.41 %)

Cross-shareholdings

There are no cross-shareholdings with other companies.

Financial analysts' reports

Züblin is covered by financial analysts at many banks. Further information and analysts' reports are published regularly on our website www.zueblin.ch.



* Proposal to be submitted to the AGM on 4 July 2003.

Investor Relations

Züblin Immobilien Holding AG is dedicated to maximizing transparency and ensuring that its shareholders and the capital markets receive open and up-to-date information. The main instruments used for this are the annual and semi-annual report, the corporate website www.zueblin.ch, press releases, financial presentations for the media and analysts and the Annual General Meeting. The main dates are printed inside the cover of this report.

As a listed company, Züblin Immobilien Holding AG is required to disclose information that may affect its share price (ad hoc disclosures, Art. 72 of the Listing Rules). The Listing Rules can be viewed at www.swx.com.

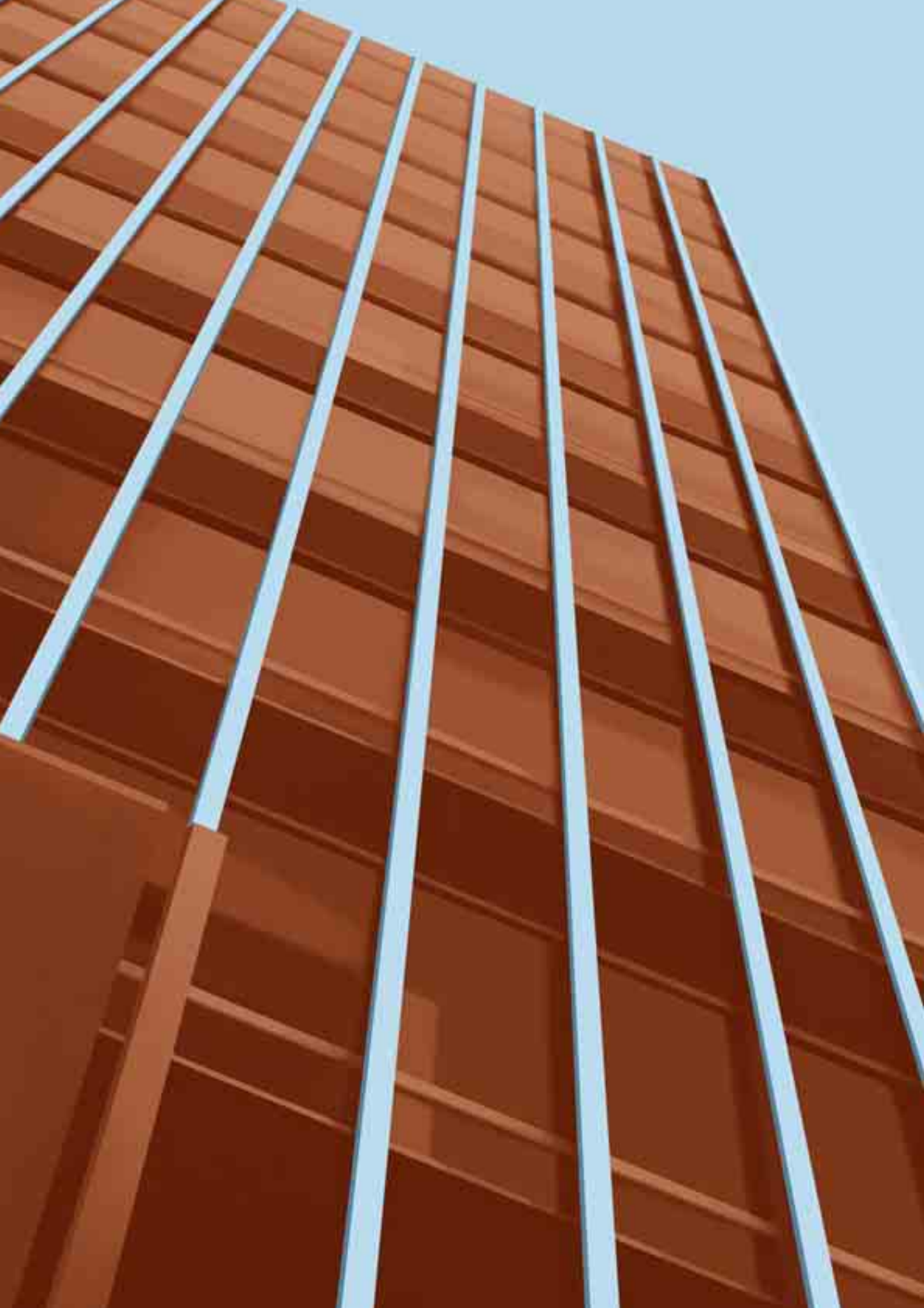
For further information on investor relations, please contact:

Dr. Franz Hidber

Chairman of the Board of Directors and CEO

Phone: +41 1 206 29 39

franz.hidber@zueblin.ch



French market debut

The Züblin Immobilien Group's longstanding plans to enter the strategically significant French market reached fruition on 4 July 2002 with the acquisition of three commercial properties worth CHF 170 million in Paris. This enabled the Group to secure a foothold in an economic region with high growth potential.

Prime location and first-rate tenants

Along with central Paris, the district around La Défense to the west of the centre is a particularly attractive office site. The three properties acquired by the Züblin Immobilien Group, which exclusively provide office accommodation, are situated in this area. Two are in Neuilly sur Seine on the Île de la Jatte in the immediate vicinity of La Défense, while the third is in Saint Cloud, somewhat further south. They boast first-rate public transport links and, in all, over 650 underground parking spaces. Long-term leases exist with distinguished companies: the largest building is the seat of Roche France, the second largest is let to Yves Saint Laurent, while Daimler-Chrysler and Ethypharm occupy premises in the third.

Partnership with Deutsche Bank and capital increase from authorized capital

In acquiring the Paris properties the Züblin Immobilien Group partnered the Deutsche Bank, whose Real Estate Private Equity Group is already heavily engaged in the French real estate market. Züblin has a 51 percent and the Deutsche Bank a 49 percent stake in the company specially formed to acquire and actively manage the portfolio. A significant portion of the equity was provided in the form of Züblin shares. These were created from the authorized capital and taken up by a Roche Group company. With this transaction, the Roche Group exceeded the 5 percent disclosure threshold on 4 July 2002.

28–34, boulevard du Parc



52, boulevard du Parc



Expansion of logistics property segment

On 17 February 2003, the Züblin Immobilien Group purchased two logistics centres in the Netherlands for CHF 75 million. These acquisitions served to further diversify the portfolio, raising the share of industrial and logistics properties – which are subject to different market cycles from office premises – to 11 percent from the previous year's figure of 9 percent.

Presence in key logistics market

The newly acquired logistics centres are located at two strategically important sites in the Netherlands, itself a key centre of trade within Europe. In terms of risk spread, it is significant that the two properties are situated in regions with a different commercial focus. Veendam, in the north-east of the Netherlands, is a prime trading

location for agricultural produce, while Oss, in the south, is a major hub for consumer goods and intermediate petrochemical products.

Long-term lettings

Both properties are let for a 10-year term to Vos Logistics, a leading transportation and logistics company in the Netherlands, and score AA on the Züblin Immobilien Rating™ system. The annual rental income of CHF 6.3 million guarantees an attractive net yield of 8.3 percent.



Waalkade, Oss



Spoorhavenweg, Veendam

Diversification creates optimal risk-return profile

The Züblin portfolio

Switzerland

- 1 Zurich
- 2 Berne
- 3 Geneva

Germany

- 4 Berlin
- 5 Frankfurt
- 6 Hamburg
- 7 Stuttgart
- 8 Munich
- 9 Düsseldorf

The Netherlands

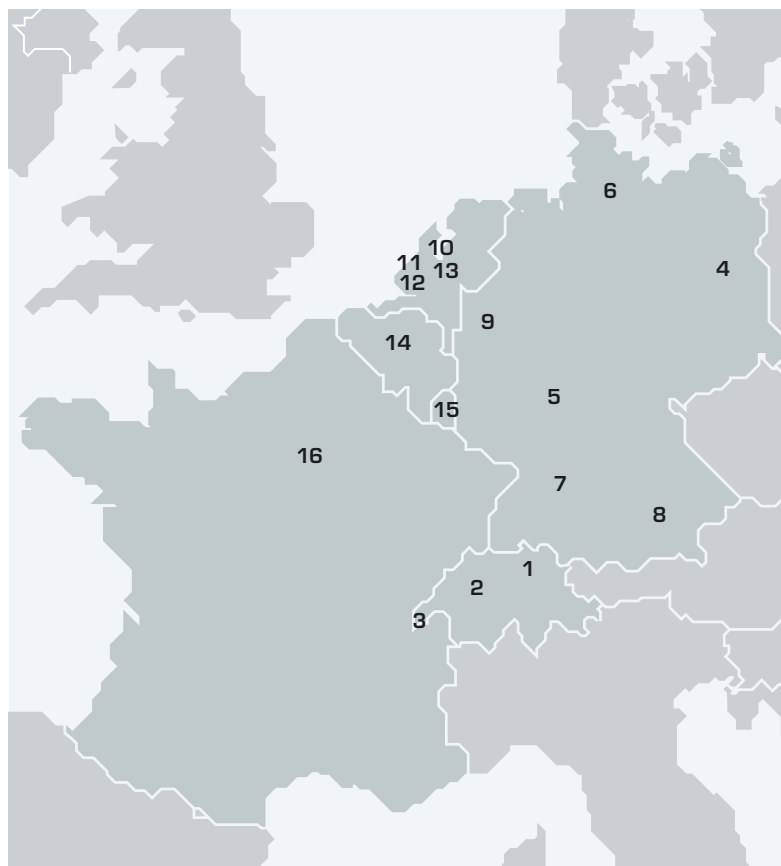
- 10 Amsterdam
- 11 The Hague
- 12 Rotterdam
- 13 Utrecht

Belgium/Luxembourg

- 14 Brussels
- 15 Luxembourg

France

- 16 Paris



Investment strategy

Through its policy of diversification across several European economic regions, the Züblin Immobilien Group has optimized the risk-return profile of its commercial property portfolio.

Property management begins with the evaluation of the property, to which stringent selection criteria are applied. These include the quality of the location, the building's physical characteristics, the rental situation

and the revenue potential. After the purchase, the properties are actively managed through various measures designed to translate the identified added value potential into added value. The added value generated is then realized by sale of the property, taking account of the current market situation.

While the Züblin Immobilien Group, as part of its risk-conscious approach, deliberately refrains from implementing its own development projects, collaboration with property developers ensures the timely acquisition of attractive properties.

Total portfolio as of 31 March 2003

CHF/EUR in million	Switzerland	Germany	Netherlands	Belgium/ Luxembourg	France	Total
Market value	CHF 479.4 EUR 324.7	CHF 266.8 EUR 180.7	CHF 355.6 EUR 240.8	CHF 71.3 EUR 48.3	CHF 170.4 EUR 115.4	CHF 1,343.5 EUR 909.9
Number of properties	20	13	26	4	3	66
Annual rental income ¹	CHF 30.0	CHF 17.4	CHF 26.6	CHF 5.2	CHF 14.0	CHF 93.2
Vacancy rate (CHF) ^{1,2}	9.5%	20.2%	18.1%	14.0%	0.0%	13.3%
Office m ²	83,581	106,914	100,528	15,624	23,968	330,615
Trade/logistics m ²	27,328	806	180,643	0	0	208,777
Retail m ²	15,092	0	10,560	12,150	0	37,802
Total floorspace m ²	161,406	113,631	291,933	29,905	27,868	624,743

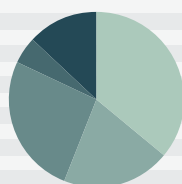
¹ For definition of terms, see page 117.

² For information on vacancies, see pages 30 to 31.

Portfolio development

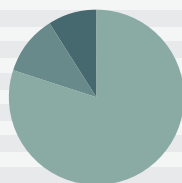
Fiscal 2002/2003 saw the Züblin Immobilien Group systematically expand its European property portfolio through the purchase, for CHF 245 million, of five properties in France and the Netherlands. At the same time, the extension of Group's logistics holdings ensured further diversification. A profit in relation to book value was

achieved through acquisition of a joint venture partner's stake in three Dutch properties. Following an assessment of yields and markets, none of the projected sales was realized. The annual valuation underlined the merits of diversification. The slight depreciation recorded in the Swiss, German and Dutch markets stood in contrast to the gentle rise in property values in France, Belgium and Luxembourg. Overall, the value adjustment for the portfolio totalled some CHF –16 million (1.3 percent).



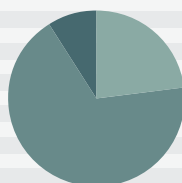
Regional portfolio structure by market value

36%	Switzerland
20%	Germany
26%	Netherlands
5%	Belgium/Luxembourg
13%	France



Portfolio structure by investment category in % of annual rental income

80%	Office
11%	Trade/logistics
9%	Retail



Portfolio structure by Züblin Immobilien Rating™

15	AAA
45	AA
6	A

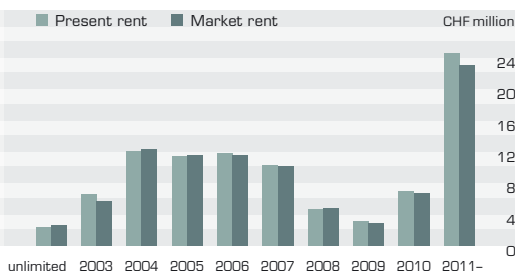
Market trends

The worldwide economic and political turbulence along with the conservative forecasts for 2003 and 2004 have curbed the demand for commercial premises in most European economic regions. The economic stagnation that took hold in late 2001 and attendant easing in market rents in some parts of continental Europe persist. The waning demand is particularly noticeable at those locations where large quantities of floor-space have been provided in recent years for IT, telecom and financial services companies. Any market assessment needs to consider the economic region (and, to a certain extent, sub-region), facility types and demand. Business centres at peripheral sites, for instance, exhibit appreciably higher vacancy levels than CBD locations. Despite the higher vacancy rates in almost all economic regions of continental Europe, fears of a real estate crisis are unfounded given the decline in development activity and shelving or abandonment of many new-build schemes. This clearly distinguishes the present situation from the real estate crisis in the early 1990s.

The decline in demand in the letting market stands in contrast to a resurgence of activity in the investment market. On the one hand, the supply of real estate has risen throughout Europe and the increasingly widespread selling pressure fuelled by restructuring programmes is providing scope for interesting transactions. On the other hand, uncertainty on the stock markets and persistently low interest rates have raised the profile of real estate holdings for many investors, triggering a rise in demand especially for fully let investment properties.

Lease analysis

The overall portfolio shows a balanced distribution of lease expiries. The properties are predominantly let on a long-term basis. Contracts that represent 50 percent of the annual rental income will be due for reversion starting from 2007.



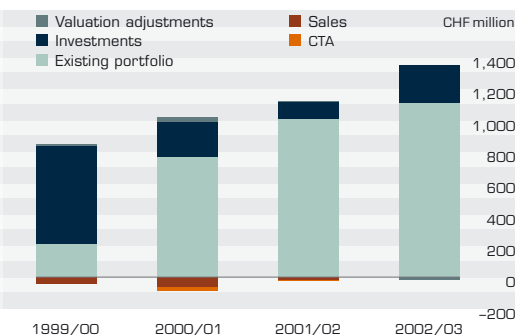
Actual rental: based on effective rental income from expiring leases. **Market rent:** based on assumption that expiring leases will be renewed or substituted at rents reflecting current market conditions.

Major tenants

	Sector	Percentage share of annual rental income
Roche (France) SA (France)	Pharmaceuticals	10.4
Vos Logistics (Netherlands)	Transportation/logistics	6.7
Yves Saint Laurent (France)	Leisure	3.5
Walter Meier Group (Switzerland)	Building services	3.3
Unaxis Management AG (Switzerland)	Technology	1.7
Total		25.6

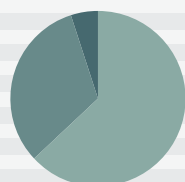
Portfolio value trends

In the reporting period, the portfolio was increased by 22.7 percent through selective acquisitions. Due to the negative change in market value the portfolio value fell by 1.3 percent.



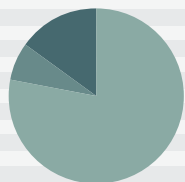
Swiss portfolio as of 31 March 2003

Market value	CHF 479.4 million
	EUR 324.7 million
Annual rental income	CHF 30.0 million
Vacancy rate (CHF)	9.5%



Regional portfolio structure by market value

63% Zurich
32% Berne
5% Geneva



Portfolio structure by investment category in % of annual rental income

78% Office
7% Trade/logistics
15% Retail

Portfolio development

Züblin's focus during fiscal 2002/2003 was on managing the existing portfolio. While various potential acquisitions were considered, none of these met the Group's requirements and no new properties were purchased in Switzerland. Vacant storage space in the Florastrasse facility in Biel was successfully converted into retail premises and

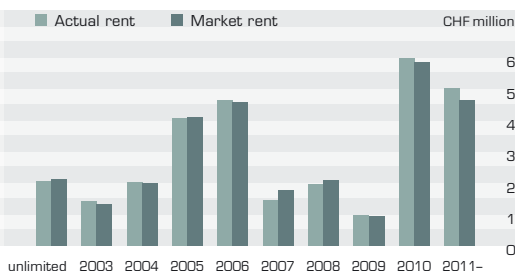
let to H&M until 2011, appreciably boosting the property's market value. A third of the floorspace in the Tramont property (Binzmühlestrasse, Zurich), which until 31 December 2002 had generated income from the expiring lease with TeleCity, was relet as of 1 January 2003. Various conversion schemes are in preparation for the remaining floorspace. This vacancy, along with the unlet warehousing space in the Industriestrasse property in Zollikofen, have forced up the vacancy rate in terms of value from 2.1 percent to 9.5 percent. Without the Tramont industrial building, the vacancy rate stood at 4.3 percent. The annual rental income from the Swiss portfolio fell accordingly from CHF 34.4 million to CHF 30.0 million. The gentle slide in market rents and existing vacancy levels triggered a fall in the market value of the portfolio by CHF 9.6 million or 1.9 percent.

Market trends

The stalling economy, the continuing crisis in the financial sector and isolated events such as the collapse of Swissair combined to squeeze the demand for office space in Switzerland. With the completion of various development schemes simultaneously pushing up the supply, vacancy rates rose and, since the end of 2001, rents have been edging downwards. The vacancy rate in Zurich rose to 5.9 percent, which, though a high figure in historical terms, is in fact a level of liquidity necessary for market activity. Given the shelving of several projected schemes, no significant overheating seems likely, though specific sub-regions such as Zurich North or Zurich Airport look set to witness an increase in oversupply.

Lease analysis

The properties in Switzerland are predominantly let on a long-term basis. Contracts that generate 47 percent of the annual rental income have a maturity of more than 5 years. Despite the fall in rent levels in the last year, the actual rents are not higher than the market rates.



Actual rental: based on effective rental income from expiring leases. **Market rent:** based on assumption that expiring leases will be renewed or substituted at rents reflecting current market conditions.

Major tenants

	Sector	Percentage share of annual rental income	
		Swiss portfolio	Total portfolio
Walter Meier Group, Schwerzenbach	Building services	10.2	3.3
Unaxis Management AG, Pfäffikon	Technology	5.1	1.7
Etat de Genève Police, Geneva	Public services	5.1	1.6
SBB General Directorate, Zollikofen	Transportation/logistics	4.9	1.6
LGT Capital Management AG, Pfäffikon	Financial services	3.7	1.2
Total		29.0	9.4

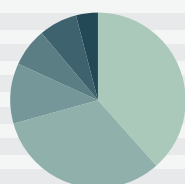
Swiss office market

Region/	31.3.2002		31.3.2003		Trend (2 to 3 years)		
City	Vacancy rate	Top rents per m ²	Vacancy rate	Top rents per m ²			
	%	CHF/year	%	CHF/year	Demand	Supply	Rents
Basel	2.7	600	2.9	600	→	↗	↘
Berne	3.9	750	3.9	710	→	→	→
Geneva	4.0	1,020	3.1	950	→	→	→
Zurich	1.3	1,280	5.9	1,050	↘	↗	↘

Sources: Jones Lang LaSalle, Wüest & Partner, Q1 2003

German portfolio as of 31 March 2003

Market value	CHF 266.8 million
	EUR 180.7 million
Annual rental income	CHF 17.4 million
Vacancy rate (CHF)	20.2%



Regional portfolio structure by market value

38%	Hamburg
32%	Stuttgart
11%	Frankfurt
7%	Berlin
7%	Düsseldorf
5%	Munich

Portfolio development

In Germany too, fiscal 2002/2003 saw Züblin focus on managing the existing portfolio, which remained unchanged. Despite the numerous properties offered to Züblin, no new acquisitions were made due to the continuing uncertainty. A difficult local market has so far prevented letting of the vacant Maxstrasse property in Berlin. Here, the

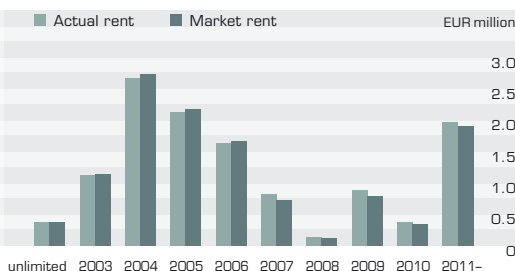
expiry of the vendor's rent guarantee increased the vacancy rate. Following completion of the comprehensive refurbishment to the Wandsbeker Zollstrasse property in Hamburg, the first lettings were successfully concluded in the first quarter of 2003. Given its attractive location, the over 4,500 m² of floorspace that became vacant in the Nagelsweg property in Hamburg was immediately relet to the distinguished logistics group Panalpina. The refurbishment scheme in Rüsselsheim was likewise completed. Yet, due to the sluggish market, none of the floorspace has yet been relet. In local currency terms, the value of the portfolio fell by 1.3 percent, which is nonetheless a testament to its quality in view of the subdued property market.

Market trends

The rapidly worsening economic climate took its toll on the German property sector, with all markets experiencing rising vacancy levels and falling rents. Yet, notable differences remain between the various economic regions. While in Munich and Frankfurt the exceedingly low vacancy rates of 1.8 and 3.3 percent rose to 5.1 and 5 percent respectively, Berlin recorded only a moderate increase from 6.6 to 7.6 percent. With sizeable unlet development schemes still on site in practically all business centres, a burgeoning supply overhang with an attendant rise in vacancies and pressure on rents seems on the cards for 2003.

Lease analysis

During the next four years contracts that represent 65 percent of the annual rental income will be due for reversion. The current market rents of these contracts are slightly above the actual rents. This reduces the vacancy risk and implies addition potential for value increases.



Actual rental: based on effective rental income from expiring leases. **Market rent:** based on assumption that expiring leases will be renewed or substituted at rents reflecting current market conditions.

Major tenants

	Sector	Percentage share of annual rental income	
		German portfolio	Total portfolio
General Motor Services, Rüsselsheim	Automotive	8.4	1.6
Panalpina, Hamburg	Transportation/logistics	5.2	1.0
Strabag AG, Hamburg	Construction	4.7	0.9
Topbau, Hamburg	Construction	4.2	0.8
H.F. Reemtsma, Hamburg	Consumer goods	4.1	0.8
Total		26.6	5.1

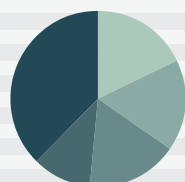
German office market

Region/	31.3.2002		31.3.2003		Trend (2 to 3 years)		
City	Vacancy rate	Top rents per m ²	Vacancy rate	Top rents per m ²			
	%	EUR/year	%	EUR/year	Demand	Supply	Rents
Berlin	6.6	336	7.6	264	→	→	↘
Düsseldorf	4.9	306	8.6	276	→	↗	↘
Frankfurt	3.3	570	5.0	480	→	↗	↘
Hamburg	2.7	294	5.7	246	→	↗	↘
Munich	1.8	384	5.1	378	→	↗	↘
Stuttgart	1.8	234	1.1	233	n. a.	n. a.	n. a.

Source: Jones Lang LaSalle, Q1 2003

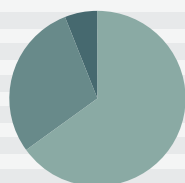
Dutch portfolio as of 31 March 2003

Market value	CHF 355.6 million
	EUR 240.8 million
Annual rental income	CHF 26.6 million
Vacancy rate (CHF)	18.1%



Regional portfolio structure by market value

18%	Amsterdam
17%	Rotterdam
11%	Utrecht
37%	Others



Portfolio structure by investment category in % of annual rental income

65%	Office
29%	Trade/logistics
6%	Retail

Portfolio development

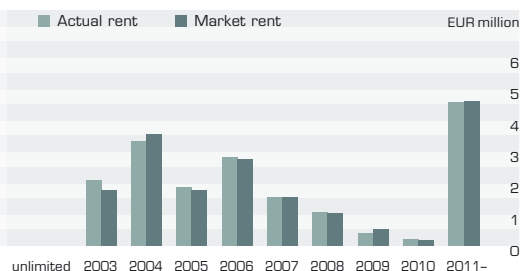
The purchase of two logistics centres allowed a strategic expansion of the Dutch portfolio, while promoting diversification in terms of occupancy. Also, the stake in three properties of joint venture partner Apollo Real Estate was acquired as of 31 March 2003 at an attractive price below book value. Most of the refurbishments in Amsterdam were completed. Yet, the letting process is being considerably impeded by the persisting oversupply. No tenant has yet been found for the major vacancy in the Moerdijk property. Marketing efforts will be renewed in collaboration with the present tenant. The vacancy rate edged downwards due to the expansion of the portfolio, while the market value, adjusted for acquisitions, fell by 1.8 percent in local currency terms.

Market trends

As elsewhere, economic growth in the Netherlands was substantially lower than anticipated and the recovery is expected to be slow. The fall in demand coupled with a rise in the supply of floorspace pushed up vacancy levels. The vacancy rate in Amsterdam, currently over 10 percent, looks set to rise further and put pressure on rents following completion of various unlet development schemes. Vacancy levels also headed up in other cities such as Rotterdam, The Hague and Utrecht, albeit much less dramatically than in Amsterdam. These areas also showed signs of a turnaround, with the last quarter of 2002 seeing across-the-board growth in top rents, which, in Rotterdam for instance, clearly topped the end-of-year levels for 2001.

Lease analysis

The portfolio is predominantly let on a long-term basis. 60 percent of the contracts are due for reversion from 2006 onwards. The rents of the contracts expiring in the current year are above the market rents, while in the year 2004 the market rents are higher than the actual rents.



Actual rental: based on effective rental income from expiring leases. **Market rent:** based on assumption that expiring leases will be renewed or substituted at rents reflecting current market conditions.

Major tenants

	Sector	Percentage share of annual rental income	
		Dutch portfolio	Total portfolio
Vos Logistics, Oss and Veendam	Transportation/logistics	23.6	6.7
Moerdijk Marine Terminal, Rotterdam	Transportation/logistics	5.9	1.7
Commit Arbo, De Meern	Public administration	5.1	1.5
Rijksgebouwendienst, Nieuwegein	Public administration	4.4	1.3
ABZ Nederland BV, Zeist	Technology	3.6	1.0
Total		42.6	12.2

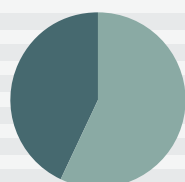
Dutch office market

Region/	31.3.2002		31.3.2003		Trend (2 to 3 years)		
City	Vacancy rate	Top rents per m ²	Vacancy rate	Top rents per m ²			
	%	EUR/year	%	EUR/year	Demand	Supply	Rents
Amsterdam	6.5	363	10.5	330	→	↗	↘
The Hague	3.7	182	5.7	210	→	→	↘
Rotterdam	2.8	209	4.9	190	→	↗	→
Utrecht	3.1	197	8.8	198	↗	↗	↘

Source: Jones Lang LaSalle, Q1 2003

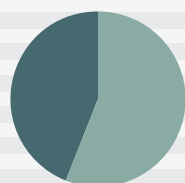
Belgian and Luxembourg portfolio as of 31 March 2003

Market value	CHF 71.3 million
	EUR 48.3 million
Annual rental income	CHF 5.2 million
Vacancy rate (CHF)	14.0%



**Regional portfolio
structure
by market value**

57% ■ Brussels
43% ■ Luxembourg



**Portfolio structure by
investment category
in % of annual
rental income**

56% ■ Office
44% ■ Retail

Portfolio development

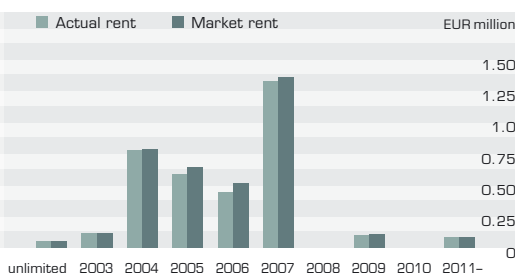
The portfolio in Belgium and Luxembourg remained unchanged during fiscal 2002/2003. Conversion of the property in Luxembourg was completed, and the retail centre is now fully let. The vacant premises in the Avenue Louise property in Brussels are currently being refurbished, and some of the units are already let as of 1 June 2003. Despite rising vacancy levels, the market value increased by 6.2 percent in local currency terms thanks to the stability of the Brussels market and the added value created in Luxembourg.

Market trends

As in previous years, Brussels proved a stable market despite the unfavourable economic backdrop. Although vacancy levels are slightly up on the previous year, a quarterly analysis points to a turnaround in the third quarter of 2002. At the same time, major differences emerge in terms of location. While the vacancy rate topped the 10 percent mark in some outlying districts, inner-city premises are still in short supply and top rents are holding steady or edging up. The positive trend in Brussels looks set to continue in the years ahead in the wake of eastward EU enlargement. The vacancy rate also rose in Luxembourg due to dwindling demand in the financial sector and a growth in the supply of floor-space from speculative developments. Yet, the figure of slightly over 4 percent gave little cause for concern, and top rents remained static at the previous year's level. In Luxembourg, the lower floorspace demand from the financial services sector should be partly offset by the additional premises needed to cater for the expansion of international organisations, prompted by the eastward EU enlargement.

Lease analysis

During the next three years leases corresponding to 43 percent of the current annual rental income will expire. The market rents are slightly above the actual rents. Therefore, we believe that the contracts will be renewed at least at the current terms.



Actual rental: based on effective rental income from expiring leases. **Market rent:** based on assumption that expiring leases will be renewed or substituted at rents reflecting current market conditions.

Major tenants

	Sector	Percentage share of annual rental income	
		Belgian/Luxembourgian portfolio	Total portfolio
Abay TS, Brussels	Financial services	25.6	1.4
Aventure Luxembourg SA, Luxembourg	Retail	7.6	0.4
Staples, Brussels	Retail	7.3	0.4
Van Rymenant, Brussels	Construction	5.5	0.3
JBC, Luxembourg	Retail	4.6	0.3
Total		50.6	2.8

Belgium/Luxembourgian office market

Region/	31.3.2002		31.3.2003		Trend (2 to 3 years)		
City	Vacancy rate	Top rents per m ²	Vacancy rate	Top rents per m ²			
	%	EUR/year	%	EUR/year	Demand	Supply	Rents
Brussels	8.1	248	9.0	248	↗	↗	↗
Luxembourg	2.4	402	5.2	378	→	↗	→

Source: Jones Lang LaSalle, Q1 2003

French portfolio as of 31 March 2003

Market value	CHF 170.4 million
	EUR 115.4 million
Annual rental income	CHF 14.0 million
Vacancy rate (CHF)	0.0%

Portfolio development

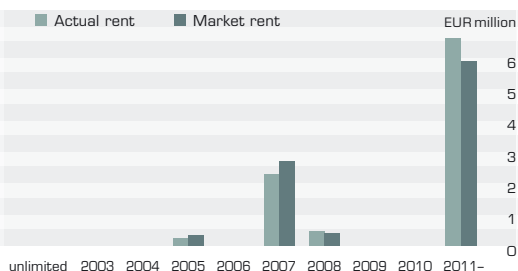
The French portfolio, comprising three properties in Paris, was acquired in fiscal 2002/2003 in partnership with the Deutsche Bank. The transaction is described on page 13. While the tenancy situation remained unchanged, the portfolio's market value rose slightly by CHF 2.4 million or 1.4 percent due to the higher valuation figure and exchange rate fluctuations.

Market trends

France, like the other countries, was dogged by the continuing economic slowdown, which squeezed demand for commercial premises and lifted vacancy rates. In Paris, demand from the public administration sector – which, in 2002, accounted for 20 percent of the newly occupied premises – had a stabilizing effect. Rents in the inner city held steady during the second half of 2002, after a 4 percent fall in the first half-year according to figures published by Jones Lang LaSalle. Market values in Paris, widely regarded as one of the largest and most liquid property markets in Europe, were only slightly down, due to the steadily high level of investments effected, for example, by open-ended real estate investment funds in Germany.

Lease analysis

The properties in Paris are let on a long-term basis. The first significant contract is due for renewal in 2004 and the current market rate is 19 percent above the actual rent.



Actual rental: based on effective rental income from expiring leases. **Market rent:** based on assumption that expiring leases will be renewed or substituted at rents reflecting current market conditions.

Major tenants

	Sector	Percentage share of annual rental income	
		French portfolio	Total portfolio
Roche (France), Paris	Pharmaceuticals	68.7	10.4
Yves Saint Laurent, Paris	Leisure	23.4	3.5
Ethypharm, Paris	Pharmaceuticals	5.2	0.8
DaimlerChrysler, Paris	Automotive	2.7	0.4
Total		100.0	15.1

Parisian office market

Region/	31.3.2002		31.3.2003		Trend (2 to 3 years)		
City	Vacancy rate	Top rents per m ²	Vacancy rate	Top rents per m ²			
	%	EUR/year	%	EUR/year	Demand	Supply	Rents
Paris	4.8	700	6.1	685	↗	↗	↘

Source: Jones Lang LaSalle, Q1 2003

Vacancies with added-value potential

Analysis of vacancy rate added value

Vacancy rates play a key role in the analysis of real estate companies, particularly in difficult economic times, as vacancies diminish the present earnings power while also providing the necessary scope for creating added value through active management. The interpretation of this indicator requires detailed analysis. In keeping with the Group's policy of transparent reporting, we shall proceed to examine this issue more closely.

Reasons for vacancies

Measured in terms of annual rental income potential, the Züblin property portfolio recorded a 13.3 percent vacancy rate at the end of the business year 2002/2003, representing a substantial year-on-year increase. While this trend is partly attributable to the continuing economic downturn and consequent fall in the demand for floorspace, the main cause of the higher vacancy levels – as the four principal vacancies show – lies in property-specific factors. Three of

Properties assigned to a new use or under renovation

Property	Annual rental income potential CHF 1,000	Vacancies at market rent CHF 1,000	Comments
Zurich, Binzmühlestrasse			
Industrial building	2,979	1,862	Conversion Despite the vacancy, rent was paid for the entire building up to 31 December 2002. One third of the premises was relet as of 1 January 2003. Various conversion schemes are being drawn up for the remaining floorspace.
Berlin, Maxstrasse			
Office building	2,115	1,634	Conversion Though part of the property was already vacant on 31 March 2002, income was secured by rent guarantees. A conversion scheme is being drawn up.
Hamburg, Wandsbeker Zollstrasse			
Office complex	1,422	987	Refurbishment The property has been extensively refurbished. Reletting is proceeding successfully.
Moerdijk, Middenweg			
Sheds for container handling	3,881	2,317	Conversion Part of the property was already vacant on 31.3.2002. A conversion scheme is being drawn.

Country	Vacancy rate	Vacancy rate
	(CHF) %	(CHF) %
		excl. 4 properties
Switzerland	9.5	4.3
Germany	20.2	9.7
Netherlands	18.1	12.5
Belgium/Luxembourg	14.0	14.0
France	0.0	0.0
Total	13.3	7.7

these properties are being converted, while the fourth has been completely refurbished. These four properties account for 48 percent of the current vacancy rate. Without these four properties, the figure would total 7.7 percent.

Vacancy rate within European context

Any appraisal of the vacancy rate of a diversified portfolio should take account of the market conditions in the relevant economic regions. These are dictated both by the specific economic backdrop and market-specific particularities. As the Property Market Analysis (PMA) model shows, an annual decline in office rents of 5 percent producing a vacancy rate of 4.5 percent in Munich

would lead to a figure of 12 percent in Milan. The table shows that the current vacancy rate for the Züblin portfolio, measured in terms of annual rental income potential and excluding those properties currently being converted or refurbished, stands at 7.7 percent and is thus par for the relevant markets.

Impact of vacancies on valuation

Allowance is made for the present vacancies in the property valuation prepared by the external valuers. By factoring in the probability of current leases being renewed along with the standard tenancy periods, the valuation also takes account of possible future vacancies. For this reason, a change in the vacancy rate of a portfolio does not necessarily prompt a value adjustment on the same scale. Indeed, the vacancies in the four properties described above were partly factored into last year's valuation.



Consolidated financial statements

Züblin Immobilien Group

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Increase of operating result

Difficult market environment weighs on return on equity

Despite the prevailing economic and political uncertainties, the Züblin Immobilien Group again achieved its target yield on rental income of 7.3 percent. However, following three positive years, the market value of properties declined, which had a negative impact on the overall result. Taking the negative changes in market value into account, the return on equity came to 5.7 percent.

Positive result from rental income

The result from rental income was up 10 percent on the year-back figure to CHF 26.7 million. Once again, costs in relation to rental income were kept low: while direct property costs increased marginally to 12.3 percent and percentage costs for maintenance and repairs were unchanged, the proportionate administrative expenditure was reduced by 2 percentage points. Financial expenditure changed only very little in relation to the average mortgage portfolio compared with the previous year. The costs for the issue of the convertible bond and the higher interest paid for short-term bank loans led to a slight increase in total financial expense.

Profit from the purchase of minority interests

A profit of CHF 6.3 million from negative goodwill was generated from the purchase of minority interests in connection with the Mingari portfolio.

Negative change in market value

The difficult market environment was also reflected in the valuation of the real estate portfolio. A negative adjustment had to be made once again for Germany and the

Netherlands. In Switzerland, the partial vacancy of the "Tramonthalle" in Zurich resulted in a reduction in market value. In Belgium, Luxembourg and France, though, market values were increased slightly. The net change was CHF 16.2 million. Owing to the negative valuation and the longer holding period, there was an appreciable reduction of deferred tax liabilities, which fell CHF 6.3 million compared with the previous year. Factoring in the costs for valuation and tax advice, the net effect on the bottom line was CHF –10.9 million.

Positive change in deferred tax assets from previous year's losses

The company structures were optimized in fiscal terms once again last year. As a result, deferred tax assets, amounting to CHF 1.8 million after deduction of costs, were capitalized.

Composition of profit

The net income of CHF 20 million is made up of the following items

in CHF million	02 / 03	01 / 02
Rental activities	26.8	24.2
Negative goodwill/sales	6.3	0.5
Deferred tax assets	1.9	4.2
Associated company	0.6	0.5
Profit before change in market value and minority interests	35.6	29.4
Change in market value ¹	– 10.9	6.4
Minority interests	– 4.6	– 1.1
Net income	20.1	34.7

¹ incl. deferred taxes and costs of CHF 1 million

Positive trend in net asset value (NAV)

Based on the NAV as per 31 March 2002 of CHF 12.68 – after deduction of a dividend for the year 2001/2002 of CHF 0.35, this year's profit of CHF 0.72 and the impact of currency translation and the valuation of financial instruments of CHF 0.03 – the NAV as per 31 March 2003 was CHF 13.08.



Bruno Schefer, CFO

Consolidated income statement

in CHF thousand	Notes	1.4.2002 to 31.3.2003	1.4.2001 to 31.3.2002
Income			
Rental income		88,691	77,217
Profit from sales of investment properties		0	501
Income from negative goodwill	1	6,348	0
Changes in market value of investment properties	2	- 16,157	5,220
Total operating income		78,882	82,938
Expenses			
Real estate expense		8,512	5,836
Maintenance and repairs		2,427	2,015
Administrative expense	3	10,752	10,940
Net financial expense	4	43,236	35,743
Total operating expenses		64,927	54,534
Result			
Operating profit		13,955	28,404
Result from associated company	9	599	496
Net income before taxes and minority interests		14,554	28,900
Taxes	5	10,106	6,863
Net income before minority interests		24,660	35,763
Minority interests	12	- 4,577	- 1,088
Net income		20,083	34,675
Net income per share with nominal value CHF 10	6	CHF 0.72	CHF 1.23
Diluted net income per share with nominal value CHF 10	6	CHF 0.56	CHF 1.23

Information contained in the notes to the consolidated financial statements is an integral part of the consolidated financial statements.

Consolidated balance sheet

in CHF thousand	Notes	31.3.2003	31.3.2002
Assets			
Non-current assets			
Investment properties	2	1,343,456	1,101,618
Projects	8	29,499	827
Furnishings and equipment	7	1,885	2,004
Investment in associated company	9	6,515	5,916
Deferred tax assets	5	28,078	17,501
Total non-current assets		1,409,433	1,127,866
Current assets			
Accounts receivable and other assets	10	21,701	23,412
Cash and cash equivalents		31,292	18,250
Total current assets		52,993	41,662
Total assets		1,462,426	1,169,528

Information contained in the notes to the consolidated financial statements is an integral part of the consolidated financial statements.

Consolidated balance sheet

in CHF thousand	Notes	31.3.2003	31.3.2002
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	11	277,606	281,681
Reserves		41,869	9,451
Retained earnings		73,738	66,056
Total shareholders' equity		393,213	357,188
Minority interests	12	14,267	19,280
Liabilities			
Mortgages payable	13	874,560	708,140
Convertible bond	15	67,707	0
Deferred tax liabilities	5	59,139	30,923
Long-term liabilities		1,001,406	739,063
Accounts payable and accrued liabilities	14	48,258	29,629
Liabilities from income tax		1,258	1,823
Bank overdraft		4,024	22,545
Current liabilities		53,540	53,997
Total liabilities		1,054,946	793,060
Total shareholders' equity and liabilities		1,462,426	1,169,528

Information contained in the notes to the consolidated financial statements is an integral part of the consolidated financial statements.

Consolidated cash flow statement

in CHF thousand		Notes	1.4.2002 to 31.3.2003	1.4.2001 to 31.3.2002
1. Cash flows from operating activities	Net income		20,083	34,675
	Adjustments for:			
	Minority interests in net income		4,577	1,088
	Interest expense	4	44,065	36,876
	Changes in market value of investment properties	2	16,157	- 5,220
	Changes in deferred taxes	5	- 8,119	- 7,583
	Current taxes		- 1,987	0
	Income from negative goodwill	1	- 6,348	0
	Depreciation of furnishings and equipment	7	473	321
	Result from associated company		- 599	- 496
	Cash flow before changes in net current assets		68,302	59,661
	Decrease in provisions		0	- 1,155
	Changes in net current assets		- 9,685	13,504
	Interest paid		0	- 541
	Net cash from operating activities		58,617	71,469
2. Cash flows for investing activities	Investments in investment properties		- 84,028	- 93,684
	Disposals of investment properties		0	7,425
	Investments in subsidiaries excluding cash acquired	1	- 121,735	- 1,639
	Investments in projects	8	- 27,727	0
	Capital expenditures in furnishings and equipment	7	- 354	- 1,820
	Net cash for investing activities		- 233,844	- 89,718
3. Cash flows from financing activities	Bank overdrafts		- 18,521	7,545
	Mortgages	13	163,352	53,495
	Interest paid		- 40,734	- 36,220
	Convertible bond	14	100,000	0
	Issue cost convertible bond		- 2,475	0
	Financial instruments		- 94	- 141
	Capital increase	11	14,626	0
	Dividends paid to shareholders		- 9,858	- 8,460
	Change in minority interests	12	- 4,032	0
	Acquisition of treasury shares		- 14,254	- 973
	Net cash from financing activities		188,016	15,246
	Foreign currency translation adjustments for cash and cash equivalents		259	- 442
	Increase/decrease in cash and cash equivalents		13,042	- 3,445
	Cash and cash equivalents as of the beginning of period		18,250	21,695
	Cash and cash equivalents as of the end of period		31,292	18,250

Information contained in the notes to the consolidated financial statements is an integral part of the consolidated financial statements.

Consolidated statement of changes in shareholders' equity

in CHF thousand	Share capital	Reserves	Retained earnings	Total shareholders' equity
Balance as of 1.4.2001	282,771	9,451	49,111	341,333
Dividends			- 8,460	- 8,460
Capital increase	26		- 26	0
Derivative financial instruments			94	94
Treasury shares	- 1,116		143	- 973
Foreign currency translation adjustments			- 9,481	- 9,481
Net income			34,675	34,675
Balance as of 31.3.2002	281,681	9,451	66,056	357,188
Dividends			- 9,858	- 9,858
Capital increase	12,370	2,474		14,844
Costs for capital increase		- 218		- 218
Treasury shares	- 16,445		2,142	- 14,303
Convertible bond		30,162		30,162
Derivative financial instruments			- 5,715	- 5,715
Foreign currency translation adjustments			1,710	1,710
Change in minority interests			- 680	- 680
Net income			20,083	20,083
Balance as of 31.3.2003	277,606	41,869	73,738	393,213
Treasury shares				
Balance as of 1.4.2002	- 3,581		266	- 3,315
Increase (nominal value)	- 16,445			- 16,445
Adjustment to acquisition cost			2,142	2,142
Balance as of 31.3.2003 at cost	- 20,026		2,408	- 17,618
Foreign currency translation adj.				
Balance as of 1.4.2002			- 18,284	- 18,284
Adjustments in the reported period			1,710	1,710
Balance as of 31.3.2003			- 16,574	- 16,574

Notes to the consolidated financial statements

General business information

The consolidated financial statements of Züblin Immobilien Holding AG (Züblin Immobilien Group) for the business year ended 31 March 2003 were approved by the Board of Directors on 21 May 2003 and will be proposed for approval by the Annual General Meeting on 4 July 2003. Züblin Immobilien Holding AG is a Swiss corporation domiciled in Zurich (Claridenstrasse 20) and represents the ultimate parent company of the Züblin Immobilien Group.

The activities of the Züblin Immobilien Group are concentrated entirely on the management of its international real estate portfolio. In addition to Switzerland, the Züblin Immobilien Group operates in Germany, the Netherlands, Belgium, Luxembourg and France. The Group had 9 employees as of 31 March 2003. For questions relating to specific business areas, the Group Management has the assistance of selected consultants.

Significant accounting principles

International Financial Reporting Standards (IFRS)

The accompanying consolidated financial statements of the Züblin Immobilien Group were prepared in accordance with International Financial Reporting Standards (IFRS) on the basis of historical costs. The requirements of IAS 40 – Investment Property – were applied since 1 January 1999.

In addition, the consolidated financial statements comply with Swiss regulations as well as with the listing rules and the additional rules for the listing of real estate companies (in force since 1 May 2001) of the SWX Swiss Exchange. The consolidation was based on the audited financial statements of the individual subsidiary companies as of 31 March 2003.

Method of consolidation

The consolidated financial statements include the accounts of Züblin Immobilien Holding AG (parent company) and its subsidiaries over which it exercises control, following the elimination of all significant intercompany transactions. Subsidiary companies are consolidated from the date the parent gains control until such control ceases. The subsidiaries' financial statements cover the same accounting period as that of the parent company.

Minority interests represent interests in subsidiaries (real estate investment companies or real estate companies) not directly or indirectly held by the Group. A list of the Group companies is included in the other notes to the consolidated financial statements (see note 1).

Investment in associated company/Equity method of accounting

The stake of Züblin Immobilien Holding AG in CI Contractors Investors AG is accounted for using the equity method. The reported book value of the investment corresponds to the participation in the shareholders' equity of the associated company as of the end of the business year of CI Contractors Investors AG, i. e. as of 31 December 2002. Similarly, the pro rata share of the income is reported in the income statement which is based on the business year of CI Contractors Investors AG.

Translation of foreign currencies**Foreign currency transactions**

Balance sheet positions which are denominated in foreign currencies are translated using the foreign exchange rates effective on the balance sheet date. Exchange differences on foreign currency transactions are included in the income statement.

Foreign subsidiaries

For the consolidated financial statements, assets and liabilities of foreign subsidiaries are translated into Swiss francs using foreign rates effective on the balance sheet date. Income and expenses are translated using average exchange rates for the period reported. The effects of their translation, under "Foreign currency translation adjustments" (CTA), are recorded directly in retained earnings (equity). The translation rates used are disclosed on page 54 in the other notes to the consolidated financial statements.

Valuation principles**General**

The preparation of the consolidated financial statements requires that management make estimates and assumptions which impact the values reported for the financial situation, the contingent liabilities at year-end and income and expenses for the reporting period. These estimates and assumptions have been made using management's best judgment and knowledge. In the event that they subsequently deviate from actual circumstances, the initial estimates and assumptions are revised to reflect such changed circumstances during the business year in which these changes occur.

Income statement**Rental income**

Income reported from real estate operations includes exclusively net rental income without taking rental expenses into account. Rental income is reported on an accrual basis (pro rata temporis).

Profit from sales of investment properties

The profit from sales of investment properties represents the difference between sales proceeds and the latest reported market value of the individual property.

Changes in market value of investment properties

In compliance with IAS 40, changes in the market value of investment properties are included in the income statement.

Maintenance and repairs

The cost for maintenance and repairs of investment properties incurred during the year are debited to the income statement. Expenditures that result in a value increase are capitalized and are indirectly reflected in the income statement via the change in market value of investment properties.

Real estate expense

All costs for administration, insurance, facility management, etc. which are directly associated with the investment properties are reported as real estate expense.

Administrative expense

All administrative expenses which cannot directly be allocated to the individual investment properties are included under administrative expense: personnel, consulting, audit and appraisal fees, holding costs, public relations expenses, capital tax, etc.

Net financial expense

Upon due date, credit interest payments are immediately included in the income statement.

Taxes

The current income and annual capital taxes are calculated by taking into account the available tax loss carry forwards, based on the current statutory results reported locally by the individual Group companies. For Switzerland, federal, cantonal and communal taxes are taken into account. The same applies for foreign taxes.

Wherever the tax base differs positively from Group values, deferred income taxes are determined (liability method). Deferred taxes on properties are calculated on the basis of the tax rates applicable as of the balance sheet date or according to the tax system applicable to the individual property.

Negative differences are capitalized as deferred tax assets if according to the local tax rules such differences can be offset against taxable profits.

Deferred tax assets from tax loss carry forwards as of the balance sheet date are capitalized to the extent that the offset against future taxable profits is deemed probable.

In Switzerland, depending upon the canton, the maximum income tax rate applicable to companies with an ordinary tax status ranges from 20 to 25 percent (combined maximum tax rate for federal, cantonal and communal taxes on profit before taxes). The rates for cantonal and communal real estate capital gains taxes are between 20 and 60 percent (up to 50 percent extra charge for speculative transactions with a short-term property holding period of 1 to 2 years, up to 50 percent reduction for a long-term property holding duration of, for example, 20 years) depending upon the canton and the property holding period. Annual capital tax as an average of the cantons is approximately 0.35 percent of the company's equity.

For foreign properties, the following rates were applied for the calculation of the deferred taxes:

– Germany:	26.375 %
– Netherlands:	34.5 %
– Belgium:	40.17 %
– Luxembourg:	30.38 %
– France:	34.33 %

Withholding taxes on the distribution of retained earnings of subsidiaries are considered only to the extent that the distribution of such earnings is currently planned.

Balance sheet

Investment properties

In accordance with IAS 40, investment properties are stated at market value. Each year, appraisals of the market value are carried out by external, independent appraisers certified by the Royal Institution of Chartered Surveyors (RICS). The appraisals are made according to the DCF method (discounted cash flow). For this, the future cash flows (net cash flow) are determined as reliably as possible on the basis of existing rental contracts and other input data such as current market rents for comparable properties. With the application of a discount rate which reflects the uncertainty of cash flows regarding amount and timing, the net cash flow is discounted accordingly and the market value is determined. The changes of the market values are reported each year in the income statement as “changes in market value of investment properties”.

Furnishings and equipment

Furniture, fixtures and equipment are stated at their acquisition cost less accumulated depreciation. Office furnishings and office refurbishments are subject to straight-line depreciation over 5 years and EDP equipment over 2.5 years.

Accounts receivable

Accounts receivable are stated at their nominal value. For recognised individual risks, an appropriate allowance is considered.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, current postal and bank accounts as well as short-term money market deposits.

Treasury shares

Treasury shares are netted against shareholders' equity in accordance with IAS 32 (SIC 16).

Mortgages payable

Mortgages represent long-term loans secured by liens on real estate which are subject to different interest rates. Distinction is made between mortgages with floating interest rates (1–12 months) and mortgages subject to fixed interest rates maturing from 1 to 3 years respectively beyond 3 years. Mortgages are denominated in currencies congruent with the related investment.

Retirement benefits

The Züblin Immobilien Group employed 9 persons as of 31 March 2003. Of these, 8 employees are members of a defined contribution retirement benefit plan. With the exception of the annual payment of the fixed contribution to the retirement benefit plan, no further obligations exist.

Profit-sharing plan

With the payment of a share of the profits, Züblin Immobilien Holding AG wants to create an incentive to reach the company's annual targets and thus bring in line the interests of the Board of Directors and the Group Management with those of the shareholders.

Profit-sharing benefits consist of one third in cash, one third in shares with a staggered lock-up period of 1 to 3 years and one third in shares with a fixed lock-up period of 4 years. The specific share of the profits to be distributed is primarily based on the return on equity that has been achieved.

The shares for the profit-sharing plan will be purchased by Züblin Immobilien Holding AG on the stock exchange.

Financial instruments

All financial instruments are initially recorded at their acquisition cost, including transaction costs. Following the initial recording, the derivative financial instruments are reported at their market value. The derivatives are valued by renowned financial institutions. With the exception of those derivative financial instruments which either fulfil the requirements of a "cash flow hedge" or of an equity hedging instrument, the changes in market value are reported under financial income (financial expenses) of the reported period.

The Züblin Immobilien Group uses some derivative financial instruments in order to actively control the spread between rental income and refinancing costs. The so-called interest rate forward contracts or swaps are treated as “cash flow hedges”. “Cash flow hedges” serve to hedge those risks which may have an effect on the amounts or the schedule of future cash flows. In order to be able to account a hedging transaction, the hedging instrument and the underlying transaction have to fulfil certain requirements regarding documentation, probability of actually materializing, effectiveness and reliable valuation. For “cash flow hedges”, the hedging instrument is reported at market value. When accounting for the change in market value of the hedging instrument, the part which is effective for the hedging transaction is reported under shareholders’ equity and the remaining part having no influence on the transaction is reported under financial income (financial expenses). If a hedging transaction is related to a fixed commitment or to a planned business transaction with a high probability of materializing, the accrued market value changes of the hedging instrument reported under shareholders’ equity are dissolved on the date of the initial recording of the liability to be hedged and are included in the initial book value of the liability.

For the management of treasury shares which are either used as payment for real estate acquisitions or serve as collateral for the options of the profit-sharing plan, derivative financial instruments are employed. They are accounted as derivative financial instruments. Changes in the market value are reported under shareholders’ equity.

On issue of convertible debt instruments, the share of debt is calculated using the market interest rate for an equivalent non-convertible instrument (reference rate). The difference between the share of debt and the net proceeds is reported as equity and will not be changed during the life of the bond. The difference between the interest expense calculated using the reference rate and the coupon of the convertible bond is reported as debt. The issue commission is amortised during the term of the bond.

Segment information

The primary business segment information is shown by geographical location of the investment properties. The secondary reporting format is presented by investment categories of the investment properties. The Züblin Immobilien Group has defined the investment categories as follows: office, trade/logistics and retail (see segment information, pages 52 to 53).

Impairment of assets (IAS 36)

As of each balance sheet date, an enterprise has to assess whether there is any indication that any assets may be impaired. If any such indication exists, the enterprise has to assess the recoverable amount of the asset and reduce its possibly higher book value to the lower recoverable amount. The recoverable value is the higher of an asset’s net selling price and its value in use (present value of the asset’s future cash flows).

Financial risk management

Within the Züblin Immobilien Group, financial risk management is performed according to guidelines established by the management. In particular, the guidelines govern the management of cash and cash equivalents and the obtaining of short- and long-term loans.

If appropriate, currency and interest rate risks can be hedged by the use of financial instruments. Nevertheless, management is of the opinion that it is not in the best interest of the Group to hedge all market fluctuations entirely. The use of financial instruments should aim at increasing and optimizing income. Decisions regarding the use of such financial instruments are made exclusively by the Group Management. Information regarding outstanding financial instruments as well as cash and cash equivalent balances are reported to the Group Management at least monthly.

Foreign currency risks

In addition to Switzerland, the Züblin Immobilien Group currently operates in Germany, The Netherlands, Belgium, Luxembourg and France. Fluctuations in the euro against the Swiss franc may impact the Group's financial position and earnings situation.

Interest rate risks

Changes in interest rates have an impact on the Group's financial position and earnings situation. For the Züblin Immobilien Group such fluctuations result primarily in changes in the interest expense related with mortgages.

As can be seen in note 13, a significant portion of the Group's credit instruments is subject to fixed interest rates. Thus, the impact of fluctuations in interest rates on the Group's earnings situation can be estimated for the medium term. Short-term interest rate risks can be hedged locally by Group companies upon consultation with the Group Management by using financial instruments such as interest rate forward contracts, swaps or options. No financial instruments are used for speculative purposes.

Credit risks

The credit risk is widely spread over the tenants. No significant open positions exist with single tenants.

Segment information for the business year 2002/2003

in CHF thousand	Switzerland	Germany	Netherlands	Belgium/ Luxembourg	France	Holding inkl. Jersey	Total
Income							
Rental income	33,148	18,019	22,059	4,938	10,527	0	88,691
Profit from sales	0	0	0	0	0	0	0
Income from neg. goodwill	0	0	6,348	0	0	0	6,348
Changes in market value	- 9,581	- 5,037	- 2,822	960	323	0	- 16,157
Total operating income	23,567	12,982	25,585	5,898	10,850	0	78,882
Expenses							
Real estate expense	2,782	1,754	3,206	381	389	0	8,512
Maintenance and repairs	888	317	880	182	160	0	2,427
Administrative expense	4,174	1,207	1,957	775	175	2,464	10,752
Net financial expense	14,471	10,706	8,471	2,419	5,720	1,449	43,236
Total operating expenses	22,315	13,984	14,514	3,757	6,444	3,913	64,927
Result							
Operating profit	1,252	- 1,002	11,071	2,141	4,406	- 3,913	13,955
Associated Company						599	599
Net income before taxes and minority interests	1,252	- 1,002	11,071	2,141	4,406	- 3,314	14,554
Taxes	4,732	525	2,115	625	2,109	0	10,106
Net income before minority interests	5,984	- 477	13,186	2,766	6,515	- 3,314	24,660
Minority interests	0	0	- 1,384	0	- 3,193	0	- 4,577
Net income	5,984	- 477	11,802	2,766	3,322	- 3,314	20,083
Assets							
Investment properties	479,400	266,786	355,569	71,310	170,391	0	1,343,456
Other assets	20,158	15,426	14,782	35,836	10,896	21,872	118,970
Total assets	499,558	282,212	370,351	107,146	181,287	21,872	1,462,426
Liabilities							
Mortgages payable	311,030	193,635	191,933	52,579	125,383	0	874,560
Other liabilities	34,504	7,441	12,125	21,316	34,864	70,136	180,386
Total liabilities	345,534	201,076	204,058	73,895	160,247	70,136	1,054,946
Gross yield	6.9%	6.7%	6.9%	7.2%	8.3%		7.3%
Net yield	6.1%	6.0%	5.7%	6.3%	7.9%		6.4%

Segment information for the business year 2001/2002

in CHF thousand	Switzerland	Germany	Nether- lands	Belgium/ Luxembourg	Holding	Total
Income						
Rental income	32,033	17,575	22,647	4,962	0	77,217
Profit from sales	0	127	374	0	0	501
Income from negative goodwill	0	0	0	0	0	0
Changes in market value	11,038	- 6,991	- 2,015	3,188	0	5,220
Total operating income	43,071	10,711	21,006	8,150	0	82,938
Expenses						
Real estate expense	2,351	587	2,794	104	0	5,836
Maintenance and repairs	884	190	725	216	0	2,015
Administrative expense	4,552	1,341	1,475	316	3,256	10,940
Net financial expense	13,319	10,952	9,321	2,250	- 99	35,743
Total operating expenses	21,106	13,070	14,315	2,886	3,157	54,534
Result						
Operating profit	21,965	- 2,359	6,691	5,264	- 3,157	28,404
Associated Company					496	496
Net income before taxes and minority interests	21,965	- 2,359	6,691	5,264	- 2,661	28,900
Taxes	5,649	- 6,077	- 5,034	- 1,401	0	- 6,863
Net income before minorities	16,316	3,718	11,725	6,665	- 2,661	35,763
Minority interests			- 1,088			
Net income	16,316	3,718	10,637	6,665	- 2,661	34,675
Assets						
Investment properties	486,600	268,608	279,647	66,763	0	1,101,618
Other assets	15,528	13,775	17,635	5,576	15,396	67,910
Total assets	502,128	282,383	297,282	72,339	15,396	1,169,528
Liabilities						
Mortgages payable	310,233	196,662	165,436	35,809	0	708,140
Other liabilities	36,754	10,356	12,680	6,986	18,144	84,920
Total liabilities	346,987	207,018	178,116	42,795	18,144	793,060
Key figures						
Gross yield	6.9%	6.9%	7.9%	8.5%		7.2%
Net yield	6.2%	6.5%	6.7%	8.0%		6.5%

Segment information for the business year 2002/2003

Investment properties and changes in market value (fair value)						
in CHF thousand	Switzerland	Germany	Nether-lands	Belgium/Luxembourg	France	Total
Market value as of 1.4.2002	486,600	268,608	279,647	66,763	0	1,101,618
CTA to initial value	0	1,721	1,792	428	0	3,941
Currency-adjusted market value	486,600	270,329	281,439	67,191	0	1,105,559
Acquisitions	0	0	75,073	0	169,246	244,319
Value-enhancing expenditures	2,381	1,505	1,643	1,966	280	7,775
Disposals	0	0	0	0	0	0
CTA to transactions	0	5	245	6	541	797
Market value as of 31.3.2003 before reappraisal	488,981	271,839	358,400	69,163	170,067	1,358,450
Positive adjustments	5,041	1,550	6,111	2,795	846	16,343
Negative adjustments	- 14,622	- 6,587	- 8,933	- 655	- 523	- 31,320
Gross change in market value	- 9,581	- 5,037	- 2,822	2,140	323	- 14,977
CTA to change of market value	0	- 16	- 9	7	0	- 17
Market value as of 31.3.2003	479,400	266,786	355,569	71,310	170,391	1,343,456
Gross change in market value	- 9,581	- 5,037	- 2,822	2,140	323	- 14,977
Profit share third parties	0	0	0	- 1,180	0	- 1,180
Net change in market value	- 9,581	- 5,037	- 2,822	960	323	- 16,157
Net influence on income statement						
Change in market value	- 9,581	- 5,037	- 2,822	960	323	- 16,157
Change in deferred taxes	6,041	- 290	1,504	- 505	- 481	6,269
Expenses						- 1,000
Net influence	- 3,540	- 5,327	- 1,318	455	- 158	- 10,888

Segment information for the business year 2001/2002

Investment properties and changes in market value (fair value)					
in CHF thousand	Switzerland	Germany	Nether-lands	Belgium/Luxembourg	Total
Market value as of 1.4.2001	442,100	244,361	295,233	49,967	1,031,661
CTA to initial value	0	- 9,741	- 11,767	- 1,991	- 23,499
Currency-adjusted market value	442,100	234,620	283,466	47,976	1,008,162
Acquisitions	30,905	40,053	0	13,539	84,497
Value-enhancing expenditures	2,558	2,396	4,776	32	9,762
Disposals	0	- 766	- 6,659	0	- 7,425
CTA to transactions	- 1	- 847	37	- 276	- 1,087
Market value as of 31.3.2002 before reappraisal	475,562	275,456	281,620	61,271	1,093,909
Positive adjustments	23,037	207	5,696	5,607	34,547
Negative adjustments	- 11,999	- 7,198	- 7,711	0	- 26,908
Gross change in market value	11,038	- 6,991	- 2,015	5,607	7,639
CTA to change of market value	0	143	42	- 115	70
Market value as of 31.3.2002	486,600	268,608	279,647	66,763	1,101,618
Gross change in market value	11,038	- 6,991	- 2,015	5,607	7,639
Profit share third parties	0	0	0	- 2,419	- 2,419
Net change in market value	11,038	- 6,991	- 2,015	3,188	5,220
Net influence on income statement					
Change in market value	11,038	- 6,991	- 2,015	3,188	5,220
Change in deferred taxes	- 4,141	766	5,320	756	2,701
Expenses		- 1,000	- 1,588		- 2,588
Net influence of change in market value	6,897	- 7,225	1,717	3,944	5,333

Segment information for the business year 2002/2003

Segment information according to investment categories

in CHF thousand	Switzerland	Germany	Nether-lands	Belgium/Luxembourg	France	Total
Annual rental income						
Office	23,429	17,374	17,113	2,886	14,053	74,855
Trade/logistics	2,054	0	7,838	0	0	9,892
Retail	4,513	0	1,663	2,291	0	8,467
Total annual rental income	29,996	17,374	26,614	5,177	14,053	93,214
Market value						
Office	358,700	266,786	218,397	40,749	170,391	1,055,023
Trade/logistics	47,100	0	112,273	0	0	159,373
Retail	73,600	0	24,899	30,561	0	129,060
Total market value	479,400	266,786	355,569	71,310	170,391	1,343,456
Usable area in m²						
Office	118,308	113,631	104,095	18,410	27,868	382,312
Trade/logistics	24,911	0	181,175	0	0	206,086
Retail	18,187	0	6,663	11,495	0	36,345
Total usable area in m²	161,406	113,631	291,933	29,905	27,868	624,743
Vacancy in m²						
Office ¹	12,699	25,404	17,128	4,156	0	59,387
Trade/logistics	11,507	0	34,716	0	0	46,223
Retail	380	0	2,509	0	0	2,889
Total vacancy in m²	24,586	25,404	54,353	4,156	0	108,499
Overview of the expiry of rental contracts ²						
unlimited	6%	0%	0%	1%	0%	2%
2003	5%	9%	12%	3%	0%	7%
2004	7%	23%	19%	22%	0%	13%
2005	14%	19%	10%	17%	3%	12%
2006	16%	14%	16%	13%	0%	13%
2007	5%	7%	9%	37%	23%	11%
2008	7%	1%	6%	0%	5%	5%
2009	3%	7%	2%	4%	0%	3%
2010	20%	3%	1%	0%	0%	7%
2011–	17%	17%	25%	3%	69%	27%
	100%	100%	100%	100%	100%	100%

¹ 9,600 m² of the 12,699 m² vacant space in office buildings in Switzerland are storage areas.

² Annual rental income according to the expiry of rental contracts.

Segment information for the business year 2001/2002

Segment information according to investment categories

in CHF thousand	Switzerland	Germany	Nether-lands	Belgium/Luxembourg	Total
Annual rental income					
Office	24,098	18,528	17,324	3,303	63,253
Trade/logistics	5,728	0	1,509	0	7,237
Retail	4,577	0	1,210	2,213	8,000
Total annual rental income	34,403	18,528	20,043	5,516	78,490
Market value					
Office	360,700	268,608	219,280	40,357	888,945
Trade/logistics	52,400	0	35,721	0	88,121
Retail	73,500	0	24,646	26,406	124,552
Total market value	486,600	268,608	279,647	66,763	1,101,618
Usable area in m²					
Office	121,869	111,752	104,009	18,053	355,683
Trade/logistics	24,832	0	54,754	0	79,586
Retail	18,260	0	6,663	11,300	36,223
Total usable area in m²	164,961	111,752	165,426	29,353	471,492
Vacancy in m²					
Office	5,952	12,533	10,579	754	29,818
Trade/logistics	0	0	34,716	0	34,716
Retail	1,079	0	2,509	2,800	6,388
Total vacancy in m²	7,031	12,533	47,804	3,554	70,922
Overview of the expiry of rental contracts¹					
2002	19%	18%	19%	16%	19%
2003	8%	21%	16%	16%	14%
2004	7%	15%	19%	18%	13%
2005	9%	21%	18%	16%	14%
2006	15%	5%	14%	4%	12%
2007–	42%	20%	14%	30%	28%
	100%	100%	100%	100%	100%

¹ Annual rental income according to the expiry of rental contracts.

Other notes

Foreign exchange rates

Balance sheet

Income statement/Cash flow statement (average rate)

	31.3.2003	31.3.2002	2002/2003	2001/2002
in CHF				
1 EUR	1.4764	1.4670	1.4717	1.4975

1. Investments in subsidiaries

Group companies as of 31 March 2003

The consolidated financial statements include the accounts of Züblin Immobilien Holding AG (the parent company) and its subsidiaries over which it exercises control, after elimination of all significant intercompany transactions. The following directly held subsidiaries are included as of 31 March 2003:

Company	Domicile	31.3.2003	31.3.2002
		Share in %	Share in %
Züblin Immobilien AG	Zurich	99.96	99.96
European City Estates NV	Amsterdam	100.00	100.00
Züblin Immobilien Limited	Jersey	100.00	–

The companies in which third parties hold minority interests can be found under “minority interests” on page 68. A complete list of all Group companies and real estate companies is included in the additional information, pages 114 to 115.

Changes during the reporting period

Reorganization Freeward I CV

The complex structure of partnerships in Freeward I CV, which held 14 properties in the Netherlands, was simplified as of 31 March 2003. The properties were transferred to General City III BV, which held 94.9 percent of Freeward I CV. The other shareholders Sixth Sense BV and Delva 22 BV have transferred their shares in Freeward I CV of 0.1 percent and 5 percent respectively to General City III BV. Subsequently, Freeward I CV was liquidated as of 1 April 2003. The two companies Sixth Sense BV and Delva 22 BV are held as reserve for the acquisition of new properties.

Züblin Immobilien Limited, Jersey

In connection with the issue of the convertible bond in November 2002 Züblin Immobilien Limited, Jersey, was founded with a share capital of EUR 2 as of 13 November 2002.

EurCE Immobilière France SAS, Paris

On 28 May 2002, EurCE Immobilien AG, Munich, a wholly owned subsidiary of European City Estates NV, in partnership with Wepla GmbH, a subsidiary of Deutsche Bank, founded EurCE Immobilière France SAS, Paris, with a share capital of EUR 40,000. EurCE Immobilien AG has a 51 percent stake in the new company, formed for the purpose of acquiring a real estate company holding three properties in Paris, France. The share capital was increased to EUR 7,040,000 on 26 June 2002.

NBPL Investissements SCI, Paris

On 4 July 2002, EurCE Immobilière France SAS acquired NBPL Investissements SA, Basel, (NBPL) with effect as of 1 July 2002. NBPL owns three office properties in Paris. After the transfer of domicile to Paris, France, NBPL was converted into a partnership (société civile).

in thousands	EUR	CHF
Acquisition price 100%	83,278	121,923
Investment properties	115,000	168,366
Other assets	258	378
Cash and cash equivalents	561	821
Total assets	115,819	169,565
Total liabilities	32,541	47,642
Net assets at market value	83,278	121,923

Purchase of the minority interest in the Mingari portfolio

As of 31 March 2003 the 50 percent minority interest in the Mingari partnerships was acquired. The three Mingari properties are held as of 31 March 2003 by the three real estate companies Mingari Marktstraat BV, Mingari Omegapark I BV and Mingari Omegapark II BV. Subsequently, the partnerships Marktstraat VOF, Omegapark I VOF and Omegapark II VOF were liquidated.

in thousands	EUR	CHF
Acquisition price	6,150	9,080
Net assets at market value (100%)	20,926	30,895
Acquired share of 50%	10,463	15,448
CTA		- 20
Profit from negative goodwill	- 4,313	- 6,348

A profit (negative goodwill) was achieved and reflected in the profit and loss statement due to the fact that the acquisition price was significantly below the market value.

2. Investment properties and changes in market value (fair value)

Confirmation of market values

in CHF thousand	Switzerland	Germany	Nether-lands	Belgium/Luxembourg	France	Total
Appraisal by:						
Jones Lang LaSalle	479,400	266,786		71,310	170,391	987,887
CB Richard Ellis			355,569			355,569
Properties at market value as of 31.3.2003	479,400	266,786	355,569	71,310	170,391	1,343,456

The reports of the two real estate appraisers for the reappraisal as of 31 March 2003 are reproduced on pages 78 to 81.

Change in market values

Business year 2001/2002	11,038	- 6,991	- 2,015	3,188		5,220
Business year 2002/2003	- 9,581	- 5,037	- 2,822	960	323	- 16,157

For each country, the development of the market values with acquisitions and sales, positive and negative adjustments to market values, is shown under segment information, pages 50 to 51.

Adjustments to market value are made on the basis of expert reports by external, independent real estate appraisers who are certified by the Royal Institution of Chartered Surveyors (RICS). The assessments are made on the basis of open market values, as defined in the RICS Manual "Appraisal and Valuation". For this, the discounted cash flow method is applied. With this method, projected renovation or marketing expenses are reflected in the valuation.

The principles and assumptions for the valuations in each country are described on pages 76 to 77.

3. Administrative expense	in CHF thousand	2002/2003	2001/2002
Personnel		2,472	2,675
Portfolio Management Europe		941	1,003
Audit expense		294	845
Other administrative expense		5,973	5,701
Capital taxes		599	395
Depreciation		473	321
Administrative expense		10,752	10,940

Total administrative expenditure was reduced slightly despite the increase in rental income. A total of CHF 0.7 million (previous year CHF 1.15 million) for the profit-sharing plan is included in the personnel expenses. The allocations within the profit-sharing plan are explained in note 20 on page 72.

4. Net financial expense	in CHF thousand	2002/2003	2001/2002
Mortgage interest expense		40,905	35,420
Interest expense		1,820	1,456
Interest expense convertible bond		1,340	0
Interest income		- 816	- 567
Income from securities		0	- 566
Exchange differences		- 13	0
Net financial expense		43,236	35,743

5. Taxes

Tax expense

in CHF thousand	Switzerland	Germany	Nether- lands	Belgium/ Luxembourg	France	Total
Business year 2001/2002						
Current taxes	0	255	286	0	0	541
Change of deferred tax assets from tax loss carry forwards	1,508	- 5,566	0	- 645	0	- 4,703
Change of deferred tax assets from negative valuations	- 1,491	- 2,815	0	- 455	0	- 4,761
Change of deferred tax liabilities from positive valuations	5,632	2,049	- 5,320	- 301	0	2,060
Total tax expense	5,649	- 6,077	- 5,034	- 1,401	0	- 6,863
Business year 2002/2003						
Current taxes						
Current taxes (income)	0	- 283	- 611	0	- 1,093	- 1,987
Current taxes (expense)	0	0	0	0	0	0
Deferred tax assets from tax loss carry forwards						
Increase (income)	0	- 882	0	- 1,239	- 1 497	- 3,618
Realisation (expense)	1,307	350	0	109	0	1,766
Deferred tax assets from negative valuations						
Increase (income)	- 3,860	- 543	- 4,801	- 34	0	- 9,238
Realisation (expense)	49	496	0	72	0	617
Deferred tax liabilities from positive valuations						
Realisation (income)	- 4,810	- 78	0	0	0	- 4,888
Increase (expense)	2,580	415	3,297	467	481	7,240
Total tax expense/income	- 4,734	- 525	- 2,115	- 625	- 2,109	- 10,108

The tax expense comprises all income taxes, including property capital gain taxes. Capital taxes are included in operating expenses.

The tax expense includes non-recoverable withholding taxes on interest and dividends. During the business year 2002/2003 no such expenses arose.

Income tax derivation

in CHF thousand	Switzerland/ Jersey	Germany	Nether- lands	Belgium/ Luxembourg	France	Total
Income tax derivation						
Profit before tax	- 2,146	- 930	11,082	2,141	4,407	14,554
Reference rate	30.88 %	26.38 %	34.50 %	31.06 %	34.33 %	
Income tax at reference rate	- 663	- 245	3,823	665	1,513	5,093
Change in tax rates	- 3,082	0	19	0	0	- 3,063
Adjustment provision for current taxes	0	- 283	- 1,168	0	- 1,093	- 2,544
Adjustment deferred tax assets						
from tax loss carry forwards	- 2,007	896	0	- 1,222	- 1,263	- 3,596
Adjustment deferred tax assets from valuation	0	0	- 980	- 1	0	- 981
Adjustment deferred tax liabilities from valuation	0	- 337	539	- 469	- 480	- 747
Difference of tax deductions	757	- 555	- 1,508	416	- 785	- 1,675
Tax free positions	262	0	- 2,190	0	0	- 1,928
Minorities in the Netherlands	0	0	- 484	0	0	- 484
Various	- 1	- 1	- 166	- 14	- 1	- 183
Income tax (current and deferred)	- 4,734	- 525	- 2,115	- 625	- 2,109	- 10,108

Switzerland

In the cantons which do not levy separate real estate capital gains taxes on property sales, ordinary income tax of 21 percent (average – including federal income tax) is applied on the capital gain. In cantons which levy real estate capital gains tax, tax rates of between 50 and 60 percent (including federal income tax) are applied, depending on the duration of ownership. Real estate capital gains tax includes extra charges for speculative transactions as well as discounts for long-term ownership; therefore, the tax burden decreases parallel to the duration of ownership. In the event that write-offs are recaptured, they are subject to ordinary income tax. Due to tax loss carry forwards no taxable income results in the reporting period. The reduction of deferred tax liabilities due to a reduction of tax rate and additional tax assets from valuation differences and tax loss carry forwards lead to a negative tax expense of CHF 4.7 million in the reporting period. As a holding company, Züblin Immobilien Holding AG is not subject to cantonal or communal income tax, but to reduced annual capital tax only (holding privilege). On the federal level, a holding company is subject to ordinary taxation, whereas dividends and capital gains on qualifying participations are neutralized as a result of the participation exemption.

Foreign countries

In the Netherlands, the current income tax rate is 34.5 percent. Taxable real estate income is reduced by depreciation and interest expense. The Dutch subsidiaries have no tax loss carry forwards. As of 31 March 2001, all existing tax loss carry forwards were compensated by an increase of the property values in the statutory accounts. This lead to an additional potential for tax depreciation. As the deferred tax assets from negative valuation differences of CHF 4.8 million were taken into account for the first time, a negative tax expense of CHF 2.1 million resulted.

In Germany, the current income tax rate is 27.9575 percent (including the solidarity surcharge of 5.5 percent). Due to tax depreciation and previous year losses no taxable income resulted in Germany in the reporting period.

The current income tax rate in Belgium is 40.17 percent. The income tax rate in Luxembourg is 30.38 percent. Due to tax depreciation and previous year losses, no income tax is due for the real estate investment companies in Belgium and Luxembourg.

The income tax rate France is 34.33 percent. Due to capitalization of previous year losses and the cancellation of provisions for current taxes a negative tax expense of CHF 2.1 million resulted in the reporting period.

Deferred tax assets from tax loss carry forwards

in CHF thousand	Switzerland	Germany	Nether- lands	Belgium/ Luxembourg	France	Total
Balance as of 1.4.2001	5,100	3,257	0	0	0	8,357
CTA to initial balance	0	- 130	0	0	0	- 130
Balance as of 1.4.2001 after currency adjustments	5,100	3,127	0	0	0	8,227
Additions	0	0	0	0	0	0
Increase (income)	0	5,566	0	645	0	6,211
Realisation (expense)	- 1,508	0	0	0	0	- 1,508
CTA to transactions	0	- 113	0	- 13	0	- 126
Balance as of 31.3.2002	3,592	8,580	0	632	0	12,804
Balance as of 1.4.2002	3,592	8,580	0	632	0	12,804
CTA to initial balance	0	55	0	4	0	59
Balance as of 1.4.2002 after currency adjustments	3,592	8,635	0	636	0	12,863
Additions	0	0	0	0	0	0
Increase (income)	0	882	0	1,239	1,497	3,618
Realisation (expense)	- 1,307	- 350	0	- 109	0	- 1,766
CTA to transactions	0	1	0	4	4	9
Balance as of 31.3.2003	2,285	9,168	0	1,770	1,501	14,724

Deferred tax assets relate exclusively to tax loss carry forwards from realized losses. These are recorded only to the extent that it is deemed probable that the related tax assets will be realized in the future.

Deferred tax assets from tax loss carry forwards not capitalized

in CHF thousand	Switzerland	Germany	Nether- lands	Belgium/ Luxembourg	France	Total
Balance as of 31.3.2002	4,100	8,582	991	632	0	14,305
Balance as of 31.3.2003	1,230	9,169	0	1,772	1,503	13,674

Deferred tax assets from negative valuations

in CHF thousand	Switzerland	Germany	Nether- lands	Belgium/ Luxembourg	France	Total
Balance as of 1.4.2001	0	0	0	0	0	0
Additions	0	0	0	0	0	0
Increase (income)	1,491	2,815	0	455	0	4,761
Realization (expense)	0	0	0	0	0	0
CTA to transactions	0	- 56	0	- 8	0	- 64
Balance as of 31.3.2002	1,491	2,759	0	447	0	4,697
Balance as of 1.4.2002	1,491	2,759	0	447	0	4,697
CTA to initial balance	0	17	0	2	0	19
Balance as of 1.4.2002 after currency adjustments	1,491	2,776	0	449	0	4,716
Additions	0	0	0	0	0	0
Increase (income)	3,860	543	4,801	34	0	9,238
Realization (expense)	- 49	- 496	0	- 72	0	- 617
CTA to transactions	0	0	15	2	0	17
Balance as of 31.3.2003	5,302	2,823	4,816	413	0	13,354

Deferred tax assets from negative valuations are created if the consolidated book values of properties are below the related taxable book values.

Total deferred tax assets

in CHF thousand	Switzerland	Germany	Nether- lands	Belgium/ Luxembourg	France	Total
Deferred tax assets from tax loss carry forwards	3,592	8,580	0	632	0	12,804
Deferred tax assets from negative valuations	1,491	2,759	0	447	0	4,697
Balance as of 31.3.2002	5,083	11,339	0	1,079	0	17,501
Deferred tax assets from tax loss carry forwards	2,285	9,168	0	1,770	1,501	14,724
Deferred tax assets from negative valuations	5,302	2,823	4,816	413	0	13,354
Balance as of 31.3.2003	7,587	11,991	4,816	2,183	1,501	28,078

Deferred tax liabilities

in CHF thousand	Switzerland	Germany	Nether- lands	Belgium/ Luxembourg	France	Total
Balance as of 1.4.2001	14,910	3,331	8,070	3,051	0	29,362
CTA to initial balance	0	- 133	- 321	- 121	0	- 575
Balance as of 1.4.2001 after currency adjustments	14,910	3,198	7,749	2,930	0	28,787
Additions	0	0	0	0	0	0
Increase (expense)	12,121	2,049	0	671	0	14,841
Realization (income)	- 6,489	0	- 5,320	- 972	0	- 12,781
CTA to transactions	0	- 41	107	10	0	76
Balance as of 31.3.2002	20,542	5,206	2,536	2,639	0	30,923
Balance as of 1.4.2002	20,542	5,206	2,536	2,639	0	30,923
CTA to initial balance	0	32	17	17	0	66
Balance as of 1.4.2002 after currency adjustments	20,542	5,238	2,553	2,656	0	30,989
Additions	0	0	0	1,679	24,021	25,700
Increase (expense)	2,580	415	3,297	467	481	7,240
Realization (income)	- 4,810	- 78	0	0	0	- 4,888
CTA to transactions	0	1	10	8	79	98
Balance as of 31.3.2003	18,312	5,576	5,860	4,810	24,581	59,139

The deferred tax liabilities relate to positive valuation differences in the consolidated financial statements to the actual tax value of the properties. They are calculated on the basis of tax rates valid as of the balance sheet date.

In the case of a sale of shares of foreign real estate companies, no capital gain tax is due. The transfer of deferred tax liabilities to a buyer of shares is taken into account based on local business practice by offering a discount on the purchase price in the amount of 50 percent of the deferred tax liabilities. This deferred discount on the purchase price is reported in the consolidated financial statements as a deferred tax liability.

6. Net income per share

Net income per share corresponds to the reported consolidated net income, divided by the average number of shares entitled to dividends. Treasury shares are deducted.

Diluted net income per share corresponds to the reported consolidated net income (adjusted for the interest of the convertible bond), divided by the average number of shares entitled to dividends (adjusted for the dilution effect resulting from a 100 percent conversion of the convertible bond as of 19 December 2008).

The calculations including the used parameters for net income and number of shares are shown as detailed below:

in CHF	1.4.2002 to 31.3.2003	1.4.2001 to 31.3.2002
Average number of shares entitled to dividends	27,964,410	28,222,620
Net income	20,083,351	34,675,489
Net income per share	0.72	1.23

The dilution effect from the potential conversion of the outstanding convertible bonds includes the increase of the number of shares outstanding as well as the increase of the net income due to the reduction of the interest expense. No dilution results from the exercise of the outstanding options from the profit-sharing plan as the exercise price is above the market value of the shares. The outstanding options are therefore not taken into account in the calculation below.

in CHF	1.4.2002 to 31.3.2003	1.4.2001 to 31.3.2002
Average number of shares entitled to dividends	27,964,410	28,222,620
Maximum number of shares from convertible bond	10,000,000	
Adjusted number of shares	37,964,410	28,222,620
Net income	20,083,351	34,675,489
Expense for convertible bond (19.12.2003–31.3.2003)	1,340,113	
Adjusted net income	21,423,464	34,675,489
Diluted net income per share	0.56	1.23

7. Furnishings and equipment	in CHF thousand	Office re-	Office	EDP	Total	Total
		furbishment	furnishings		2002/2003	2001/2002
	Acquisition costs					
	Balance as of 1.4.	1,167	790	669	2,626	806
	Additions	0	27	327	354	1,820
	Disposals	0	0	0	0	0
	Balance as of 31.3.	1,167	817	996	2,980	2,626
	Accumulated depreciation					
	Balance as of 1.4.	41	329	252	622	302
	Additions	54	155	264	473	320
	Disposals	0	0	0	0	0
	Balance as of 31.3.	95	484	516	1,095	622
	Net book value as of 31.3.	1,072	333	480	1,885	2,004
8. Projects	in CHF			31.3.2003	31.3.2002	
	UTA SA, Luxembourg			28,748	0	
	Conversion projects			751	827	
	Total			29,499	827	

During the last year, an agreement with a real estate developer was made to acquire UTA SA which holds a property under construction. The property will be delivered during the next business year. The project is recorded at cost. After the delivery a rental guarantee of the developer for 18 months exists which provides a market yield.

9. Investment in associated company

CI Contractors Investors AG is the holding company of ZüblinSchlittlerSpaltenstein Bau AG and Eggstein AG. Both are construction companies. In the past the participation in CI Contractors Investors AG was reported as “discontinuing operations”.

in CHF thousand	31.12.2002	31.12.2001
Equity of CI Contractors Investors Group	27,033	23,665
Participation of Züblin Immobilien Holding AG in %	24.1%	25.0%
	31.3.2003	31.3.2002
Value as of the balance sheet date	6,515	5,916

The stated book value of the participation corresponds to the interest in the consolidated equity of the CI Contractors Investors Group at the end of its business year as of 31 December. The change in the book value is recorded in the profit and loss statement.

10. Accounts receivable and other assets (current)

in CHF thousand	31.3.2003	31.3.2002
Property designated for sale	423	423
Other current receivables	17,067	12,499
Derivative financial instruments	0	9
Prepaid expenses and accrued income	4,211	10,481
Total accounts receivable and other assets	21,701	23,412

Current receivables mostly represent outstanding rental payments, while prepaid expenses and accrued income are primarily prepayments.

11. Share capital		Number of shares	in CHF thousand
Balance as of	Outstanding shares		
31.3.2002	Bearer shares with nominal value CHF 10	28,526,256	285,263
	Treasury shares		
	Bearer shares with nominal value CHF 10	358,097	3,581
	Shares entitled to dividends		
	Bearer shares with nominal value CHF 10	28,168,159	281,682
Changes in the capital	Capital increase from authorized capital as of 4.7.2002 in connection with the acquisition of the properties in Paris		
	Bearer shares with nominal value CHF 10	1,237,000	12,370
Balance as of	Outstanding shares		
31.3.2003	Bearer shares with nominal value CHF 10	29,763,256	297,633
	Treasury shares		
	Bearer shares with nominal value CHF 10	2,002,596	20,026
	Shares entitled to dividends		
	Bearer shares with nominal value CHF 10	27,760,660	277,607
Authorized and conditional capital	Authorized capital		
	Balance as of 31.3.2002 (AGM 7.7.2000)	14,261,818	142,618
	Balance as of 31.3.2003 (AGM 4.7.2002)	14,263,128	142,631
	Conditional capital for convertible bond		
	Balance as of 31.3.2002 (AGM 7.7.2000)	5,000,000	50,000
	Balance as of 31.3.2003 (eo AGM 13.11.2002)	14,642,658	146,427
	Conditional capital for profit-sharing plan		
	Balance as of 31.3.2002 (AGM 7.7.2000)	1,000,000	10,000
	Balance as of 31.3.2003 (BoD 24.10.2002)	238,970	2,390

12. Minority interests	in CHF thousand	31.3.2003	31.3.2002
	Minority interests	14,267	19,280

The following minority interests represent interest in real estate investment companies or real estate companies not held directly or indirectly by the Züblin Immobilien Holding AG.

		31.3.2003	31.3.2002
	Minority interests in real estate investment companies		
EurCE Immobilière France SAS ¹	Portfolio	49%	–
	Minority interests in real estate companies		
	of EurCE, NL		
Mingari Marktstraat BV	The Hague	0%	50%
Mingari Omegapark I BV	Amsterdam	0%	50%
Mingari Omegapark II BV	Amsterdam	0%	50%
General City Moerdijk BV	Moerdijk	10%	10%
General City II BV	Enschede	25%	25%

¹ The Züblin Immobilien Group acquired the properties in Paris in partnership with Deutsche Bank. Züblin has a 51% stake in the new joint-venture company formed in June 2002, with Deutsche Bank holding the remaining 49%. Züblin is given the right to acquire the Deutsche Bank's 49% stake from July 2005 onwards, while Deutsche Bank, in turn, is entitled to sell its share to Züblin between July 2005 and June 2007. The exercise price of the put option corresponds to an annual return on the invested capital of 15%.

13. Mortgages payable

Mortgages are long-term loans secured by liens on real estate which are subject to varying interest rates. Distinction is made between mortgages with floating interest rates (1–12 months) and mortgages subject to fixed interest rates maturing from 1 to 3 years, respectively beyond 3 years. Mortgages are denominated in currencies congruent with the related real estate investments. In Switzerland, forward-swaps were entered into, to secure low interest rates.

in CHF thousand		Switzerland	Germany	Nether-lands	Belgium/Luxembourg	France	Total	%
Duration of contracts as of 31.3.2003								
	1–12 months	99,960	43,321	15,566	8,877	0	167,724	19%
	1–3 years	74,661	0	60,999	0	0	135,660	16%
	beyond 3 years	136,409	150,314	115,368	43,702	125,383	571,176	65%
	Total	311,030	193,635	191,933	52,579	125,383	874,560	100%
Term structure as of 31.3.2003								
	1–12 months	106,017	43,321	108,923	34,522	0	292,783	33%
	1–3 years	118,282	0	58,059	5,563	0	181,904	21%
	beyond 3 years	86,731	150,314	24,951	12,494	125,383	399,873	46%
	Total	311,030	193,635	191,933	52,579	125,383	874,560	100%
Average interest rates as of 31.3.2003								
	1–12 months	4.28%	3.83%	4.07%	3.68%		4.06%	
	1–3 years	4.71%		4.82%	6.60%		4.80%	
	beyond 3 years	4.44%	5.63%	5.13%	6.14%	5.86%	5.42%	
	Total	4.49%	5.22%	4.44%	4.53%	5.86%	4.84%	
Repayment and amortization as of 31.3.2003								
	Loans to be amortized	162,290	193,635	105,983	25,646	125,383	612,937	
	in % of borrowings	52%	100%	55%	49%	100%	70%	
Repayment 1.4.02–31.3.03								
		4,972	4,583	2,966	2,104	3,174	17,799	
	in % of amortized loans	3.1%	2.4%	2.8%	8.2%	2.5%	2.9%	
	in % of borrowings	1.6%	2.4%	1.5%	4.0%	2.5%	2.0%	
Term structure including swap transactions as of 31.3.2003								
	1–12 months	24,817	43,321	108,923	34,522	0	211,583	24%
	1–3 years	74,282	0	58,059	5,563	0	137,904	16%
	beyond 3 years	211,931	150,314	24,951	12,494	125,383	525,073	60%
	Total	311,030	193,635	191,933	52,579	125,383	874,560	100%

14. Accounts payable and accrued liabilities (current)	in CHF thousand	31.3.2003	31.3.2002
	Other current accounts payable	29,948	19,554
	Derivative financial instruments	5,608	35
	Accrued liabilities	12,702	10,040
	Total accounts payable and accrued liabilities	48,258	29,629

Other current accounts payable relate mainly to acquisitions of real estate and creditors from conversion and refurbishment projects, while accrued liabilities largely contain accrued interest expense and prepaid rents.

15. Convertible bond

As of 31 March 2003 the 3.55 percent convertible bond issued by Züblin Immobilien Limited, Jersey, of CHF 100 million was outstanding. The holders of the convertible bonds have the right to convert their bonds into Züblin shares until 18 November 2008 at the conversion price of currently CHF 10.00. The conversion price will be reduced annually for the dividends and reductions of nominal values paid to the shareholders during the life of the bond. Züblin has the right to force the bondholders to convert up to 30 percent of the initial amount of the bond until 5 December 2008 if less than 30 percent of the nominal value of the bond has been converted at that time. Based on this clause, an amount of CHF 30 million can be classified as equity according to IAS 39. In the profit and loss statement not only the interest to be paid is recorded but also an expense which corresponds to a reference rate for a bond without conversion rights and the depreciation of the issue cost of CHF 2.4 million, which mainly consist of the issue commission.

	in CHF thousand	31.3.2003	31.3.2002
	Balance sheet positions		
	Amount of debt	67,707	0
	Amount of equity	30,162	0
	Profit and loss statement		
	Expense for interest and depreciation of issue commission (Reference rate 4.8%)	1,340	0

16. Derivative financial instruments

As of 31 March 2003, interest rate swaps and options on Züblin shares with the following parameters were recorded:

In CHF thousand	Expiry	Contract value	Replacement value		Effect
			positive (assets)	negative (liabilities)	on income statement
Forward interest rate swap	3.2006	17,400		818	2003/06
Forward interest rate swap	3.2007	20,800		1,120	2004/07
Forward interest rate swap	12.2007	43,000		2,058	2003/07
Forward interest rate swap	4.2008	28,000		921	2005/08
Forward interest rate swap	8.2008	16,000		464	2005/08
Option on Züblin shares	6.2003	4,250		227	
Total		129,450		5,608	

The changes in the market value of “cash flow hedges” and the option on Züblin shares are reported in shareholders’ equity as follows:

in CHF thousand	2002/2003	2001/2002
Balance as of 1.4.	94	0
Change in the reporting period	- 5,715	94
Effect on the income statement	0	0
Balance as of 31.3.	- 5,621	94

17. Guarantees, contingent liabilities

in CHF thousand	31.3.2003	31.3.2002
Guarantees for pension fund ZüblinSchlittlerSpaltenstein Bau AG	2,400	2,400
Bank guarantees for ZüblinSchlittlerSpaltenstein Bau AG	9,000	9,000

18. Assets pledged as security for own debt

in CHF thousand	31.3.2003	31.3.2002
Book value of assets pledged (investment property)	1,343,456	1,101,618
Credit drawn (debt secured)	874,560	708,140

19. Liabilities from long-term rental contracts

In connection with the rental agreement for the company offices of Züblin Immobilien AG, a fixed rental commitment until 31 March 2006 in the amount of CHF 1.1 million was entered into. Of this, commitments in the amount of CHF 0.12 million were transferred to a third party with a contract duration of 9 months. The rent recorded in the profit and loss statement in the reporting period was CHF 0.25 million.

20. Profit-sharing plan

For the business year 2002/2003, the Board of Directors determined a profit share of CHF 725,000 (previous year 1,125,000). Of this, CHF 75,000 (previous year CHF 110,000) is paid to employees in cash. CHF 650,000 (previous year 1,015,000) is paid under the profit-sharing plan in cash (one third) and in the form of Züblin shares (two thirds). 50 percent of the Züblin shares are allocated with a staggered lock-up period of up to 3 years and 50 percent are allocated with a fixed lock-up period of 4 years. The shares were already bought in the market. The issue price for all 52,992 shares is CHF 8.19 per share.

Profit-sharing plan for the business year 2002/2003

	Number	in CHF
Cash payment		216,000
Shares with staggered lock-up periods of 1–3 years	26,496	217,000
Shares with fixed lock-up period of 4 years	26,496	217,000
Total		650,000

Overview of shares with a lock-up and options after allocation for the business year 2002/2003

		Price ¹	locked up until				
		in CHF	May 2004	May 2005	May 2006	May 2007	Total
			No.	No.	No.	No.	No.
Shares	Staggered lock-up period						
	Profit-sharing plan 2000/2001	8.91	12,159				12,159
	Profit-sharing plan 2001/2002	9.96	11,328	11,329			22,657
	Profit-sharing plan 2002/2003	8.19		8,832	8,832	8,832	26,496
Shares	Fixed lock-up period						
	Profit-sharing plan 2001/2002	9.96			33,985		33,985
	Profit-sharing plan 2002/2003	8.19				26,496	26,496
Options	Exercise period 7.5.04 – 7.5.06						
	Profit-sharing plan 2000/2001	12.08	238,971				238,971
Total			262,458	20,161	42,817	35,328	360,764

¹ Issue price, respectively exercise price

21. Contributions to retirement benefit plan

The Züblin Immobilien Group employed 9 persons as of the balance sheet date of 31 March 2003. 8 persons are members of a defined contribution retirement benefit plan. Except for the annual payment of the fixed contribution to the retirement benefit plan, no other obligations exist. The total contribution by the employer amounted to CHF 104,750 in the business year 2002/2003 (previous year CHF 85,795).

22. Related parties For the business year 2002/2003, no major transactions with related parties have to be reported. Information on the remuneration of the Board of Directors and of the Group Management are included in the chapter on corporate governance, page 99.

23. Subsequent events No significant events occurred since the balance sheet date.

24. Information according to the additional rules for the listing of real estate companies on the SWX Swiss Exchange Art. 13 (annual reporting) of the Additional Rules for the Listing of Real Estate Companies on the SWX Swiss Exchange stipulates: "In addition to the provisions contained in Art. 64 LR, the following additional information must be included in the annex to the annual financial statements of real estate companies":

Information on real estate and investments

(Art. 13, clause 1, annex – scheme D point 1.3.3)

General information on real estate (scheme D point 1.3.3.1)

A complete list of the properties with all information required can be found on pages 106 to 113 of the annual report. This additional information is an integral part of the notes to the consolidated financial statements.

General information on the individual investment categories (scheme D point 1.3.3.2)

The information required is given under segment information on pages 52 to 53.

Information on the major tenants (scheme D point 1.3.3.3)

	Percentage share of annual rental income
Roche (France) SA (France)	10.4%
Vos Logistics (Netherlands)	6.7%
Yves Saint Laurent (France)	3.5%
Walter Meier Gruppe (Switzerland)	3.3%
Unaxis Management AG (Switzerland)	1.7%
Total	25.6%

Information on development projects (scheme D point 1.3.3.4)

The Züblin Immobilien Group has a co-operation project with a real estate developer. It is described in note 8 on page 65.

Investments in real estate companies (scheme D point 1.3.3.5)

A complete list of all participations as of 31 March 2003 can be found on pages 114 to 115. This additional information is an integral part of the notes to the consolidated financial statements.

Present value (fair value) of the real estate portfolio (Art. 13, clause 2)

As of the balance sheet date, a revaluation of all properties was carried out by external, independent real estate appraisers certified by the Royal Institution of Chartered Surveyors (RICS). The current fair values are listed in the segment information, broken down by investment category on pages 52 to 53.

Details on the initial and final inventories of real estate holdings as well as changes in market values (Art. 13, clause 3)

The changes in initial and final inventories with investments and disposals as well as the total profit and loss are presented separately under Segment Information, broken down by investment category, on pages 50 to 51.

Individual disclosure of significant investments and disposals (Art. 13, clause 4)

The properties acquired or sold during the reported period can be found on pages 106 to 113 and are specially marked.

Deviations from the investment policy (Art. 13, clause 5)

The Züblin Immobilien Group has not deviated from the strategy described on pages 3 and 16 during the business year 2002/2003.

Business transactions with related parties or companies associated with the Züblin Immobilien Group (Art. 13, clause 6)

No business transactions were carried out with related parties or with associated companies.

Information on contingent liabilities, off-balance-sheet obligations and derivative financial instruments as well as assessment criteria applied in determining the current fair value (Art. 13, clause 7a)

The assessment criteria and the business transactions are described in detail in the notes to the consolidated financial statements on pages 45 to 46 as well as under other notes 16 and 17 in the notes to the consolidated financial statements.

Information on the changes in the global assumptions and assessment criteria (Art. 13, clause 7b)

The assessment criteria were not changed. The statutory auditor examined the plausibility of the valuation method applied and concluded that the method allows the fair value to be determined.

Disclosure of the appraisers commissioned to conduct the valuation of the real estate holdings as well as disclosure of the valuation method (Art. 13, clauses 8 and 9)

The expert appraisers Jones Lang LaSalle and CB Richard Ellis are independent of the Züblin Immobilien Group and all other persons retained.

The reports of the appraisers are printed on pages 78 to 81. In Switzerland, Germany, Belgium, Luxembourg and France, the portfolio was appraised by Jones Lang LaSalle and in The Netherlands by CB Richard Ellis. The valuation methods are described in detail on pages 76 to 77 as well as in the expert reports.

Overview of maturities of long-term rental contracts (Art. 13, clause 10)

An overview of maturities of the rental contracts broken can be found on page 52.

Property management (Art. 13, clause 11)

The management of the properties is carried out by the Group Management and by the Management Team on page 7.

Information on financing (Art. 13, clause 12)

Details on maturities, interest rates and amortisation of the financing are given on page 69.

Information on potential conflicts of interest (Art. 13, clause 13)

Potential conflicts of interest exist neither for members of the Board of Directors and the Group Management nor for the statutory auditors, property managers and real estate appraisers.

Accounting of the real estate portfolio at current fair values

The investment properties are accounted for at fair values in accordance with IAS 40 as of the balance sheet date.

Background to property valuation

Valuation method

The portfolio valuation performed by Jones Lang LaSalle and CB Richard Ellis involves a determination of the market values of the individual properties owned by the Züblin Immobilien Group. The definition of market value accords with that prescribed by the Royal Institution of Chartered Surveyors (RICS) and the International Valuation Standards Committee (IVSC) and is as follows:

“Market value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

This definition ignores the impact on value of any subjective factors specific to either party, such as sentimental or bartering value, and is consistent with the fair value model applicable under IAS 40 to the valuation of investment properties.

The discounted cash flow (DCF) technique is employed in conjunction with other valuation methods (for plausibility testing) to establish the market value as per valuation date. The DCF procedure equates the value of a real or financial asset with the sum of all discounted cash flows appertaining to the owner. The DCF analysis adopts a ten-year horizon for modelling the cash flows. For simplicity’s sake, an annual income in perpetuity is assumed for the period after this. Known as the “terminal value”, its net present value is equal to the assumed resale value at the end of the projection period. The market value of the property is calculated from the total discounted cash flows during the projection period plus the terminal value discounted to the valuation date.

Calculation of cash flows for discounting

The projected gross rental income is determined on the basis of existing tenancies and assumptions on reletting at current market rents, with allowance made for the relevant marketing periods and the probability of current leases being renewed. The rents assumed for reletting are based on the local market conditions pertaining to the individual properties. The net income is taken as the gross rental income minus those property-specific costs that cannot be passed on to tenants. The cash flows occasioned by the property are then calculated by deducting from the net income any capital expenditure for maintenance or modernization along with costs for refurbishment prior to reletting.

Determination of discount and capitalization rates

All future cash flows are discounted to the valuation date to establish their net present value. The discount rate is determined on the basis of net initial yields from market transactions involving comparable properties. As the net initial yields are likely to reflect purchasers’ expectations in respect of sustainable returns from rental income given the property-specific risks, this approach may be considered to be in line with the market. The capitalization rate, which is used to determine the assumed resale value at the end of the projection period, is based on the discount rate applied to the specific property.

Allowance for rental growth

To factor in the potential growth in rental income, e.g. through inflation-indexed rentals, one of two approaches may be adopted: The **explicit method** incorporates specific growth projections and entails a rise in rental income during the projection period. At the same time, a higher discount rate is applied which normally diverges from the capitalization rate used to calculate the terminal value.

The alternative **implicit method** refrains from any explicit modelling of growth. Instead, allowance is implicitly made for growth by selection of a uniform and – compared to the explicit method – lower discount and capitalization rate. This method assumes that market players' expectations regarding growth and inflation are already embodied in the net initial yields observable in the market, thus obviating the need for any subjective estimate of growth parameters by the valuer.

Country-specific procedure

The procedure adopted for modelling potential growth varies on a regional basis.

While the implicit method with uniform discount and capitalization rate (equivalent yield) was adopted for Switzerland, Germany and France, explicit growth projections were applied to the valuation of properties in the Netherlands, Belgium and Luxembourg. This two-pronged approach is justified by the prevailing modelling preferences among players in the various markets and ensures that the determined values closely reflect the market situation.

The different methods, along with varying local market conditions, explain the discrepancies particularly in the discount rates between the various countries. The divergent approaches severely complicate any comparison of the valuation parameters used by different valuers for different property companies in different countries.

The table below sets out the discount and capitalization rates adopted by the independent valuers for the Züblin property portfolio as 31.3.2003.

Country	Method	Discount rate (%)			Capitalization rate (%)		
		Min.	Max.	Average ¹	Min.	Max.	Average ¹
Switzerland ²	implicit	5.25	8.50	6.41	5.25	7.50	6.34
Germany	implicit	6.25	9.00	7.20	6.25	9.00	7.20
France	implicit	7.35	8.25	7.48	7.35	8.25	7.48
Netherlands	explicit	7.50	11.00	8.62	7.50	11.50	8.55
Belgium	explicit	9.00	10.00	9.46	7.50	8.25	7.77
Luxembourg	explicit	9.50	9.50	9.50	7.50	7.50	7.50

¹ Weighted according to market value.

² A lower capitalization rate was used for one property in Switzerland.

Report of real estate appraisers

Jones Lang LaSalle GmbH

To the Directors of Züblin Immobilien Holding AG

As instructed, we have valued for the purposes of your company's annual accounts the following properties held as of 31 March 2003.

In Switzerland

Baden, Rütistrasse 3/3a
Bern, Morgenstrasse 131
Bern, Morgenstrasse 136
Biel, Florastrasse 16/18
Egg, Gewerbestrasse 12/12a
Geneva, Boulevard Carl-Vogt 17/19
Hombrechtikon, Feldbachstrasse 81
Pfäffikon, Churerstrasse 120/122
Pully, Avenue Général-Guisan 46-46a
Rümlang, Riedmattstrasse 9
Schwerzenbach, Bahnstrasse 24
Schwerzenbach, Eschenstrasse 2-6
Wettingen, Landstrasse 99
Wettingen, Landstrasse 115
Winterthur, Im Hölzli 10
Zollikofen, Industriestrasse 1
Zurich, Binzmühlestrasse 154
Zurich, Feldstrasse 133
Zurich, Hardturmstrasse 76
Zurich, Talstrasse 82

In Germany

Berlin, Maxstrasse 2-4
Berlin, Maxstrasse 3a

Düsseldorf, Ross Strasse 96

Germering, Streiflacher Strasse 7
Hamburg, Albert-Einstein-Ring 17-21
Hamburg, Nagelsweg 37, 39
Hamburg, Pappelallee 33
Hamburg, Wandsbeker Zollstrasse 11-19
Rüsselsheim, Eisenstrasse 2-4
Stuttgart, Mittlerer Pfad 2-4
Stuttgart, Mittlerer Pfad 9
Stuttgart, Vor dem Lauch 14
Wiesbaden, Kreuzberger Ring 24

In Belgium

Brussels, Avenue Hermann Debroix 17-19
Brussels, Avenue Louise 120
Brussels, Rue de Genève 4

In Luxembourg

Howald, Rue de Scillas 20

In France

Neuilly Sur Seine, Boulevard du Parc 52
Neuilly Sur Seine, Boulevard du Parc 28-34
St. Cloud, Bureaux de la Colline

The properties are known to us, and inspections have been made of all properties in accordance with your requirements. We have made relevant local enquiries and obtained such further information as we considered necessary for our purposes.

We confirm that the valuations have been carried out by us as external valuers, qualified for the purposes of providing valuations in accordance with the Appraisal and Valuation Manual published by the Royal Institution of Chartered Surveyors, and that they represent our opinion of the market values as at 31 March 2003 of the relevant interest in each of the above properties. No allowance has been made for any expenses of realisation, value added tax or for taxation which might arise in the event of a disposal, nor costs of disposal such as legal and agency fees.

Our valuations are made on the basis of market value as defined by the Royal Institution of Chartered Surveyors. Market value means the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The above definitions concur with those of fair value as defined under paragraphs 27–49 of IAS 40 (2000), dated March 2000.

Furthermore, all property is considered as if free and clear of all encumbrances, i.e. easements, pre-emption clauses, liens or any other restriction on title. We do not take into account any liability of the property owner regarding taxes, single or recurring public or private contributions, charges, local community taxes and costs.

The market valuations of buildings in the course of development/refurbishment are made on the assumption that the development/refurbishment works have been completed (with the benefit of any contracted lettings) less the estimated cost required to complete the development/refurbishment works.

The market valuations of properties, which are completely/partially vacant are made on the assumption that the vacant accommodation will take a certain period of time to re-let. Suitable rental voids, rent-free periods and other incentives offered to the in-going tenants, in accordance with common practices in the open market as at the valuation date, have been considered in the valuation exercise. Consequently, the capitalisation rates are adjusted to provide the necessary net initial yield and running yields that the market place will accept for each property.

Having regard to the foregoing, we are of the opinion that the total gross market value of the previously mentioned properties as at 31 March 2003 was:

		Gross	Gross
		market value	market value
		EUR	CHF
Switzerland	20 properties	324,708,751	479,400,000
Germany	13 properties	180,700,000	266,785,480
Belgium and Luxembourg	4 properties	48,300,000	71,310,120
France	3 properties	115,410,000	170,391,324
Total value		669,118,751	987,886,924
(as sum of the individual values)			

Finally and in accordance with our standard practice, we must state that this valuation certificate is for the use only of the parties to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents. Neither the total report nor any reference to the report must be published in any document, circular letter or paper, without our previous written consent regarding the form as well as the connection in which it will be published.

Frankfurt, 1 April 2003

Jones Lang LaSalle GmbH

ppa. Andrew M. Groom MRICS

Report of real estate appraisers

CB Richard Ellis BV

To the directors of Züblin Immobilien Holding AG

As instructed, we have valued for the purposes of your company's annual accounts the following properties held as at 31 March 2003.

Amsterdam , Paasheuvelweg 26	Enschede , Van Loenshof 56-168
Amsterdam , Zekeringstraat 1-23	Gouda , Tielweg 6
Amsterdam , Zekeringstraat 39-43	Huizen , Huizermaatweg 9-37
Amsterdam , Zekeringstraat 45-47	Moerdijk , Middenweg 49
Arnhem , Oude Oeverstraat 120	Nieuwegein , Meentwal 1
De Bilt , Utrechtseweg 370	Nieuwegein , Zoomstede 13-19
Den Haag , Daendelstraat 57	Oss , Waalkade 4-17
Den Haag , Grote Marktstraat 39-53	Rotterdam , Schiekade 34
Den Haag , Laan van Meerdervoort 51	Utrecht , Kaaphoorndreef 10-14
De Meern , Rijnzathe 8	Utrecht , Kaaphoorndreef 66-78
Diemen , Diemerhof 10-12	Veendam , Spoorhavenweg
Diemen , Diemerhof 16-18	Zeist , Bergweg 25
Dordrecht , Stationsweg 4	Zeist , Huis ter Heideweg 30-40

The properties are known to us, and inspections have been made of all properties in accordance with your requirements. We have made relevant local enquiries and obtained such further information as we considered necessary for our purposes.

We confirm that the valuations have been carried out by us as External Valuers, qualified for the purposes of providing valuations in accordance with the Statements of Asset Valuation Practice and Guidance Notes published by the Royal Institution of Chartered Surveyors, and that they represent our opinion of the Open Market Values as at 31 March 2003 of the relevant interest in each of the above properties. No allowance has been made for any expenses of realisation, Value Added Tax or for taxation which might arise in the event of a disposal, nor costs of disposal such as legal and agency fees.

Our valuations are made on the basis of Open Market Value as defined by the Royal Institution of Chartered Surveyors. Open Market Value means the best price at which the sale of an interest in property might reasonably be expected to have been completed unconditionally for cash consideration on the date of valuation, assuming:

- a willing seller;
- that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale;
- that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- that no account is taken of any additional bid by a prospective purchaser with a special interest;
- that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

The above definitions concur with those of Fair Value as defined under paragraphs 27-49 of IAS 40 (2000), dated March 2000.

Furthermore, all property is considered as if free and clear of all encumbrances, i.e. easements, pre-emption clauses, liens or any other restriction on title. We do not take into account any liability of the property owner regarding taxes, single or recurring public or private contributions, charges, local community taxes and costs.

The Open Market Valuations of buildings in the course of development/refurbishment are made on the assumption that the development/refurbishment works have been completed (with the benefit of any contracted lettings) less the estimated cost required to complete the development/refurbishing works.

The Open Market Valuations of properties, which are completely/partially vacant are made on the assumption that the vacant accommodation will take a certain period of time to re-let. Suitable rental voids, rent free periods and other incentives offered to the in-going tenants, in accordance with common practices in the open market as at the valuation date, have been considered in the valuation exercise.

Consequently, the capitalisation rates are adjusted to provide the necessary net initial yield and running yields that the market place will accept for each property.

Having regard to the foregoing, we are of the opinion that the total Gross Open Market Value of the above-mentioned properties, as at 31 March 2003 was:

EUR 240,835,000 CHF 355,568,794

Finally, and in accordance with our standard practice, we must state that this valuation certificate is for the use only of the parties to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents.

Amsterdam, April 9, 2003

CB Richard Ellis BV

M.C. Fidler MRICS RT
Associate Director Valuations

Report of the group auditors

To the general meeting of Züblin Immobilien Holding AG, Zurich

Zurich, 28 May 2003

As auditors of the Group, we have audited the consolidated financial statements (income statement, balance sheet, cash flow statement, statement of changes in shareholders' equity and notes, pages 35 to 75) of the Züblin Immobilien Group for the year ended as of 31 March 2003.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS), and comply with Swiss law.

We recommend that the consolidated financial statements submitted to you be approved

Ernst & Young AG

Martin Stäubli
Certified Accountant
(Auditor in charge)

André Kym
Certified Accountant

Financial statements

Züblin Immobilien Holding AG

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Income statement

in CHF thousand	Notes	2002/2003	2001/2002
Income			
Dividend and other income	1	18,951	25,945
Release of provision for associated company	2	599	496
Financial income		152	728
Foreign currency translation adjustments	3	511	0
Total income		20,213	27,169
Expenses			
Administrative expense	4	2,575	3,256
Financial expense		654	629
Fair value adjustment treasury shares		661	0
Foreign currency translation adjustments	3	0	6,689
Amortization of organization costs	5	500	500
Total expenses		4,390	11,074
Result			
Income before taxes		15,823	16,095
Taxes		0	0
Net income		15,823	16,095

Information contained in the notes to the financial statements is an integral part of the financial statements.

Balance sheet

in CHF thousand	Notes	31.3.2003	31.3.2002
Assets			
Non-current assets			
Investments in subsidiaries	6	180,554	180,554
Investments in associated company	7	6,515	5,916
Organization costs	5	500	1,000
Loans to subsidiaries	8	141,093	135,194
Total non-current assets		328,662	322,664
Current assets			
Dividend receivables	9	18,951	0
Other receivables		803	811
Treasury shares	10	2,951	3,315
Cash and cash equivalents		310	7,010
Total current assets		23,015	11,136
Total assets		351,677	333,800
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	11	297,633	285,263
Additional paid-in capital	12	11,707	9,451
General legal reserve	13	2,500	1,500
Free reserves		4,000	0
Reserve for treasury shares	10	17,619	3,315
Retained earnings	14	2,789	16,128
Total shareholders' equity		336,248	315,657
Current liabilities			
Current payables		251	308
Bank overdraft	15	105	17,025
Accrued liabilities		995	810
Loans from group companies	8	14,078	0
Total liabilities		15,429	18,143
Total shareholders' equity and liabilities		351,677	333,800

Information contained in the notes to the financial statements is an integral part of the financial statements.

Notes to the financial statements

General information

Züblin Immobilien Holding AG is the parent company of the Züblin Immobilien Group. The Group's operations are concentrated entirely on the management of its international real estate portfolio.

Züblin Immobilien Holding AG's financial statements have been prepared in compliance with Swiss Corporate Law and generally accepted economic principles. While the consolidated financial statements reflect the economic situation of the Group as a whole, the information contained in the Züblin Immobilien Holding AG's financial statements relates to the ultimate parent company alone. The retained earnings reported in these financial statements provide the basis for the decision regarding the allocation of earnings to be made during the Annual General Meeting.

Notes

1. Dividend and other income	in CHF thousand	2002/2003	2001/2002
	Züblin Immobilien AG	18,951	
	Income from restructuring		25,945
	Total dividend and other income	18,951	25,945

The dividend of Züblin Immobilien AG relates to the fiscal year that closed on 31 March 2003 and was booked to Züblin Immobilien Holding AG concurrently as direct investment income. This is an acceptable accounting practice since both companies close their accounts on the same day and the Annual General Meeting of Züblin Immobilien AG held on 30 May 2003 adopted the motion before the Annual General Meeting of Züblin Immobilien Holding AG.

2. Release of provision associated company	in CHF thousand	2002/2003	2001/2002
	Release of provision for CI Contractors Investors AG	599	496

Due to the positive income development of CI Contractors Investors AG, the provision was again reduced by the amount of the income from the participation for the year 2002.

3. Foreign currency translation adjustments	The currency differences relate mostly to loans to subsidiaries and are, in most cases, not realized.
4. Administrative expense	The administrative expense was reduced by 21 percent compared to the previous year. Included in the expense are the costs for investor relations activities such as the annual report, the semiannual report and the website. In addition, capital taxes are included in this position.
5. Depreciation of organization costs	Organization costs are depreciated straight-line over 5 years.
6. Investments in subsidiaries	In connection with the issue of the convertible bond in December 2002, the subsidiary Züblin Immobilien Limited, Jersey, was founded. All subsidiaries held directly by Züblin Immobilien Holding AG are listed in the notes to the consolidated financial statements under note 1 "Investments in subsidiaries".
7. Investments in associated company	In this position, the minority interest in CI Contractors Investors AG in the amount of CHF 6.5 million (previous year CHF 5.9 million) is reported. The increase of the book value is the result of the partial release of the provision (see also note 2).
8. Loans to/from subsidiaries	Loans granted to subsidiaries support long-term financing of investment properties or investments in real estate companies. The amount of CHF 141.1 million consists of loans granted to Züblin Immobilien AG of CHF 59.7 million (previous year CHF 61.4 million) and to European City Estates NV of CHF 81.4 million (previous year CHF 73.8 million). In addition, a loan of CHF 14.1 million was received from Züblin Immobilien Limited, Jersey.
9. Dividend receivables	The dividend decided by Züblin Immobilien AG is due for payment in the new business year.

10. Treasury shares

Treasury shares are stated at the lower of cost or year-end market price. A reserve for treasury shares equal to the total acquisition cost is set aside for “Reserve for treasury shares” in shareholders’ equity. This reserve also reflects the shares held by subsidiaries.

	2002/2003		2001/2002	
	Number of	in CHF	Number of	in CHF
	shares		shares	
Bearer shares with nominal value CHF 10				
Balance as of 1.4.	358,097	3,315,401	198,556	1,861,546
Purchase of bearer shares	80,701	736,895	111,541	973,855
Allocation profit-sharing plan	- 67,970	- 644,355	0	0
Sale of bearer shares	- 2,000	- 19,440	0	0
Addition due to conversion into bearer shares of CHF 1 nominal value			48,000	480,000
Total acquisition costs as of 31.3.	368,828	3,388,501	358,097	3,315,401
Allowance for loss in value		- 437,877		0
Total balance as of 31.3. at CHF 8.-	368,828	2,950,624		3,315,401

The Züblin Immobilien Holding AG and its subsidiaries hold 2,002,596 treasury shares which were bought at the stock exchange.

11. Share capital		Number of shares	in CHF thousand
Balance as of	Outstanding shares		
31.3.2002	Bearer shares with nominal value CHF 10	28,526,256	285,263
Changes in the capital	Capital increase from authorized capital as of 4.7.2002 in connection with the acquisition of the properties in Paris		
	Bearer shares with nominal value CHF 10	1,237,000	12,370
Balance as of	Outstanding shares		
31.3.2003	Bearer shares with nominal value CHF 10	29,763,256	297,633
Authorized and conditional capital	Authorized capital		
	Balance as of 31.3.2002 (AGM 7.7.2000)	14,261,818	142,618
	Balance as of 31.3.2003 (AGM 4.7.2002)	14,263,128	142,631
	Conditional capital for convertible bond		
	Balance as of 31.3.2002 (AGM 7.7.2000)	5,000,000	50,000
	Balance as of 31.3.2003 (BoD 13.11.2002)	14,642,658	146,427
12. Additional paid-in capital	in CHF thousand	2002/2003	2001/2002
	Balance as of 1.4.	9,451	9,451
	Paid-in capital from capital increase	2,474	0
	Costs of capital increase	- 218	0
	Balance as of 31.3.	11,707	9,451
13. General legal reserve	in CHF thousand	2002/2003	2001/2002
	Balance as of 1.4.	1,500	500
	Allocation from retained earnings	1,000	1,000
	Balance as of 31.3.	2,500	1,500

14. Retained earnings	in CHF thousand		
	Retained earnings as of 31.3.2002 for allocation by AGM 2002		16,128
	Allocation to legal reserve		- 1,000
	Allocation to free reserves		- 4,000
	Dividend payment		- 9,859
	Carry forward to new period		1,269
	Net income for the business year 2002/2003		15,823
	Allocation to reserve for treasury shares		- 14,303
	Retained earnings as of 31.3.2003 for allocation by AGM 2003		2,789

15. Contingent liabilities	in CHF thousand	31.3.2003	31.3.2002
	Surety for subsidiaries	53,480	50,480
	Guarantees for subsidiaries	421,225	201,361
	Guarantee for convertible bond of Züblin Immobilien Limited	100,000	0
	Surety for ZüblinSchlittlerSpaltenstein Bau AG	9,000	9,000

16. Major shareholders As of 31 March 2003, the Co-operative Investment Fund Westblaak UA, domiciled in Rotterdam, the Netherlands, held 31.9 percent of the shares of Züblin Immobilien Holding AG. Westblaak is controlled indirectly by a trust which is set up for the benefit of members of the family of Jan Bosch.

Roche Holding AG and its subsidiaries held 8.7 percent of the shares.

In addition, Züblin Immobilien Holding AG and its subsidiaries held 6.7 percent of the shares in treasury.

17. Subsequent events No significant events occurred since the balance sheet date.

Proposal of the Board of Directors for the allocation of retained earnings

	in CHF
Earnings available for allocation	
Retained earnings from previous year	1,268,744.57
Net income for the business year 2002/2003	15,823,376.41
Allocation to reserves for treasury shares	- 14,303,218.85
Retained earning as of 31.3.2003 for allocation by the AGM 2003	2,788,902.13
Allocation of earnings	
Allocation to the general legal reserve	1,000,000.00
Carry forward to new period	1,788,902.13
General legal reserve	
General legal reserve as of 31.3.2003	2,500,000.00
Allocation	1,000,000.00
Total general legal reserve after allocation	3,500,000.00

The Board of Directors proposes to the Shareholders' Annual General Meeting on 4 July 2003 to reduce the share capital by CHF 11,905,302.40 by means of a nominal value repayment of CHF 0.40 per bearer share instead of a dividend payment.

Report of the statutory auditors

To the general meeting of Züblin Immobilien Holding AG, Zurich

Zurich, 28 May 2003

As statutory auditors, we have audited the accounting records and the financial statements (income statement, balance sheet and notes, pages 84 to 91) of Züblin Immobilien Holding AG for the year ended 31 March 2003.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with Swiss law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

Ernst & Young AG

Martin Stäubli
Certified Accountant
(Auditor in charge)

André Kym
Certified Accountant

Additional information

Züblin Immobilien Group

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Transparency in corporate governance

Introduction

Since its reorganization in 1998, the Züblin Immobilien Group has been committed to a high level of transparency. The information in this annual report conforms to the SWX Swiss Exchange's Corporate Governance Directive. The requirements of a

state-of-the-art corporate governance have also been incorporated into the company's organizational regulations. The disclosures on corporate governance were reviewed by the auditors. The report can be found on page 105.

Share capital as of 31 March 2003

Ordinary capital	CHF 297,632,560 divided into 29,763,256 bearer shares with a nominal value of CHF 10 per share ¹ . The bearer shares are unitary shares with identical rights to the capital and identical voting rights. The voting rights and the rights of treasury shares connected therewith lie dormant.
Authorized capital	CHF 142,631,280 divided into 14,263,128 bearer shares with a nominal value of CHF 10 per share ¹ . Issuance permitted until 4 July 2004. Subscription rights for shareholders may be waived if the new shares are to be used to acquire companies or real estate or to finance such transactions.
Conditional capital	CHF 146,426,580 (for convertible bonds or bonds with warrants) divided into 14,642,658 bearer shares with a nominal value of CHF 10 per share ¹ . Pre-emption rights for shareholders are excluded; but they are entitled to advanced subscription rights. CHF 2 389 700 (for profit-sharing plan) divided into 238,970 bearer shares with a nominal value of CHF 10 per share ¹ . Pre-emption rights for shareholders are excluded. These shares are reserved for allocation to the management or members of the Board of Directors.

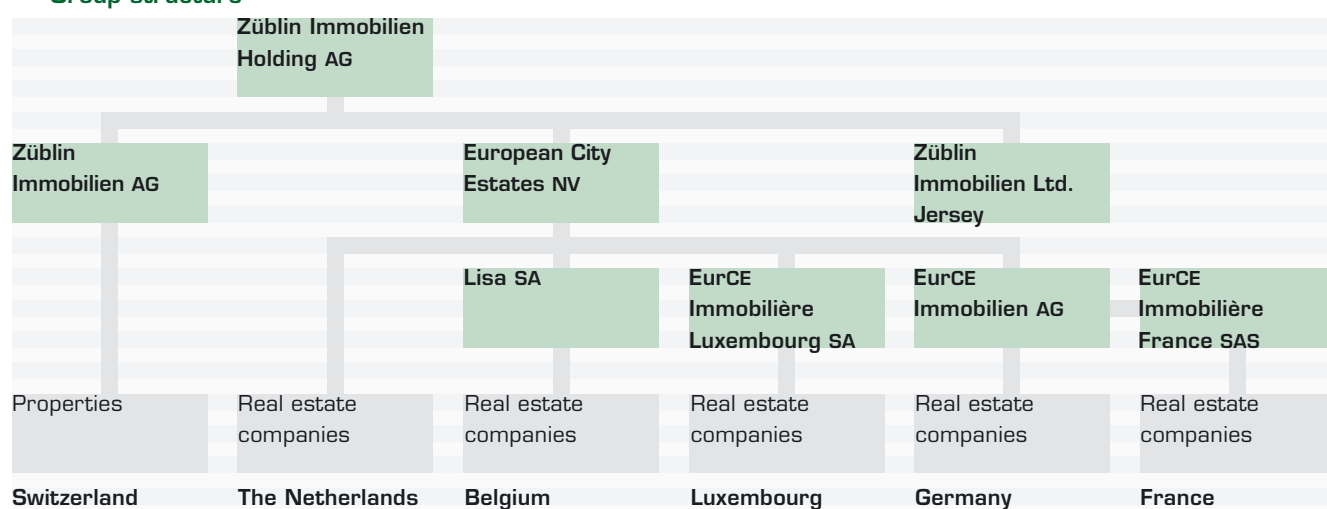
¹ At the Annual General Meeting, the Board of Directors will be proposing a repayment of the nominal value amounting to CHF 0.40 per share.

Changes in share capital in the past 3 years

6 July 2001	Introduction of a unitary share structure by converting 477,090 bearer shares with a nominal value of CHF 1 per share into 47,709 bearer shares with a nominal value of CHF 10 per share, accompanied by a CHF 26,190 capital increase.
9 July 2002	CHF 12,370,000 capital increase out of authorized capital, without subscription rights, fully paid up in cash, in connection with the acquisition of 3 properties in Paris.

For information on the change in reserves and net profit, please see the statement of shareholders' equity on page 39 and the corresponding statement in the annual report for the business year 2001/2002.

Group structure



Züblin Immobilien Holding AG's stakes in the various subholdings and subsidiaries are listed on page 54 (Group companies as of 31 March 2003) and pages 114/115 (overview of ownership). The management of the subholdings and subsidiaries merely

fulfil legal and statutory duties and otherwise act in accordance with the directives of the Group Management. In addition to the participations mentioned, the group also has a minority interest of 24 percent in CI Contractors Investors AG.

Board of Directors

	Member since	Elected until	Committees	
Franz Hidber, Chairman	1998	2003		
(1934), Dr. oec., Swiss citizen, resident in Wollerau. CEO of the Züblin Immobilien Group. Chairman of the Board of Directors of CI Contractors Investors AG.				
Pierre N. Rossier, Deputy Chairman	1998	2003	■	■
(1944) Business Economist, Swiss citizen, resident in Erlenbach. CEO of Rossier Mari & Associates AG, Investment Consultants, Zurich.				
Jan G. Bosch	1998	2003	■	■
(1938) Commercial diploma, Dutch citizen, resident in Fribourg. Business interests in the international real estate and hotel sectors. Represents Züblin Immobilien Holding AG's largest shareholder on the Board of Directors: Co-operative Investment Fund Westblaak UA, Rotterdam.				
Henri B. Meier	2001	2004	■	■
(1936) Dr. Dr. h.c., Swiss citizen, resident in Buonas. Board of Directors of Roche Holding AG, Givaudan AG, Rentenanstalt/Swiss Life, Grand Hotel Victoria-Jungfrau AG, HBM Bioventures AG.				

■ Member of the Audit Committee

■ Member of the Compensation Committee

The members of the Board of Directors are elected by the General Shareholders' Meeting for a term of three financial years. As a self-constituting body, the Board of Directors elects its chairman and deputy chairman from among the Board members. As a rule, the members of the Board of Directors resign from their positions when they reach the age of 70. The Board of Directors is currently composed of the Chairman, who is also the Chief Executive Officer (CEO) of the Züblin Immobilien Group, and three non-executive directors. There are not currently any mutual seats on other Boards of Directors. Bruno Schefer, CFO, attends the meetings of the Board of Directors.

Executive member

The dual role of Chairman and CEO reflects the present size of the Züblin Immobilien Group. The Board of Directors can benefit fully from the expertise and market knowledge of the Chairman/CEO. This dual role ensures an efficient decision-making process and enhances speed and flexibility of major decisions, i. e. on the purchase and sale of real estate.

Non-executive members

The non-executive members of the Board of Directors ensure effective corporate governance as they also take on the duties of the Audit and Compensation Committees. None of the non-executive directors has held an executive office within the Züblin Immobilien Group in the past three years or has any major business relations with the Group.

Duties and competencies

The Board of Directors convenes as often as business requires. In the business year 2002/2003 it held seven meetings. It is quorate if a majority of the members is present. Decisions require a majority of the votes. The Board of Directors is responsible for defining the group's strategy, supervising the company and defining the organizational structure, appointing and dismissing members of the Group Management and shaping accounting, financial planning and financial controlling. The Board of Directors takes all decisions on the purchase and sale of real estate and sets the annual targets, annual budget and investment budget for the real estate portfolio.

Committees

The Audit Committee supervises the Group Management to ensure implementation of corporate strategy, compliance with statutory and other regulations, in-house rules and directives and risk management criteria. The Audit Committee also supervises the external auditor and examines the results of the audit, the accounting principles and financial control mechanisms.

The Compensation Committee sets the principles for the compensation of the Board of Directors and Group Management (including the profit-sharing plan).

Both committees take decisions on the basis of majority votes and report and make proposals to the Board of Directors. They met three times in fiscal 2002/2003.

Information and control instruments vis-à-vis the Group Management

The flow of information between the Board of Directors and Group Management is ensured by the fact that the Chairman of the Board of Directors also exercises the function of CEO and by the fact that the CFO attends meetings of the Board of Directors. The control instruments available to the Board of Directors include the annual budget, detailed reports on business performance submitted by the Management Team and regular reports on cash and risk management.

Group Management

Members of the Group Management

- Franz Hidber, CEO
(1934) Dr. oec., Swiss citizen, in Wollerau. Chief Executive Officer (CEO) of Züblin Immobilien Group and Chairman of the Board of Directors of Züblin Immobilien Holding AG since 1998.
Franz Hidber worked in the textile industry for 13 years, where he held a variety of functions. He subsequently spent 13 years working for the construction industry, latterly as Head of the Zschokke companies in the Zurich region. From 1988 until he joined the Züblin Immobilien Group at the start of 1998 he worked as a consultant on real estate promotions and participations and held seats on the Boards of Directors of real estate funds in what was then the Swiss Bank Corporation Group.
- Bruno Schefer, CFO
(1953) Commercial diploma, Swiss citizen, in Herrliberg. Chief Financial Officer (CFO) of the Züblin Immobilien Group since 1999. Bruno Schefer represented Schweiz Versicherung, a subsidiary of SwissRe, in various European countries from 1972 to 1987. Between 1987 and 1998 he was a partner in SIS, a service company operating in the insurance sector. In addition, he was involved in the reorganization of the former Züblin construction group in 1997 and 1998.

The members of the Group Management do not exercise any significant functions in addition to their functions in the Züblin Immobilien Group.

Management contracts

Certain portfolio management duties in Germany, the Netherlands, Belgium, Luxembourg and France have been delegated to Equity Estate BV, Amsterdam, Netherlands, through management contracts. Under these contracts, Enrico van Erkelens, Managing Director of Equity Estate BV, and Léon Vié act as managing directors of various Group companies, together with the CFO of Züblin Immobilien Group, and thus exercise an executive function. In the business year 2002/2003 remuneration of Equity Estate BV totalled CHF 941,100 and was principally dependent on EBITDA and the transactions conducted (purchases and sales). These contracts run until 31 March 2006.

Compensation

The Board of Directors sets the annual compensation for the members of the Board of Directors and Group Management on the basis of a proposal submitted by the Compensation Committee. Compensation comprises a base salary and a component linked to personal performance and the achievement of business targets (see profit-sharing plan).

Non-executive members of the Board of Directors

In the business year 2002/2003, a total amount of CHF 151,000 was recorded for the compensation of non-executive members of the Board of Directors. In addition, they will be allocated a total of 9,036 free shares under the profit-sharing plan with a market value of CHF 74,000.

Group Management including executive member of the Board of Directors

For the total compensation (emoluments as a member of the Board of Directors, salaries, cash bonuses under the profit-sharing plan) of the members of the Group Management the amount of CHF 1,064,000 was recorded. They will also be allocated a total of 43,956 free shares under the profit-sharing plan for the business year 2002/2003 with a market value of CHF 360,000. Apart from the salary paid to the CFO, which includes a pension entitlement, the members of the Board of Directors and Group Management have no claims on the pension fund.

The employment contracts with the members of the Group Management include a period of notice of one year. The severance payment in the event of termination of the contract by the employer comprises two years' pay including profit-sharing plan, based on the average for the last two full financial years prior to termination of the contract.

In the business year 2002/2003, the highest individual compensation, including the market value of the shares allocated, totalled CHF 804,000 and was paid to the Chairman of the Board of Directors and CEO.

Profit-sharing plan

The Board of Management introduced a profit-sharing plan in 2000/2001. Following revision in fiscal 2001/2002, this comprises the allocation of shares to the Board of Directors and Group Management with lock-up periods. The profit-sharing plan is principally dependent on the achievement of targets, especially a return on equity of 7.5 percent based on rental activities.

Additional fees/Compensation paid to former members of the management
Members of the Board of Directors and Group Management did not receive any further fees for additional services rendered. No compensation was paid to former members of the management in the year under review.

Loans to members of governing bodies

No loans have been granted to members of the Board of Directors or Group Management.

Shareholdings

As of 31 March 2003 the members of the Board of Directors and Group Management and related persons held the following shares in Züblin Immobilien Holding AG:

Shareholdings	Number of shares ¹		
Non-executive members of the Board of Directors ²	349,956		
Chairman of the Board of Directors and CFO	95,768		
Total	445,724		
in % of outstanding capital	1.5		

Share options ³	Number of options	Strike price ⁴ in CHF	Exercise period
Non-executive members of the Board of Directors	40,440	12.08	7.5.04 to 6.5.06
Chairman of the Board of Directors and CFO	198,530	12.08	7.5.04 to 6.5.06
Total	238,970		

¹ Shares allocated under the profit-sharing plan are subject to a lock-up period (see page 72).

² Not including the stake held by Co-operative Investment Fund Westblaak, which is listed as a significant shareholder in the chapter on Züblin share.

³ The options were allocated in FY 2001/2002 as part of the profit-sharing plan for FY 2000/2001. One option entitles the bearer to purchase one share.

⁴ The strike price for options cannot be altered.

Auditors

Ernst & Young AG, Zurich, has audited the Züblin Immobilien Group and Züblin Immobilien Holding AG since 1998. Martin Stäubli has been the lead auditor since the 1999/2000 business year. The auditors are appointed by the General Shareholders' Meeting for a period of one year. They carry out their duties in compliance with the statutory requirements and professional standards. The Audit Committee may ask the auditors to undertake additional auditing tasks, in particular to identify key risk factors. The auditors report regularly to the Group Management and the Audit Committee on their findings and propose improvements. In the business year 2002/2003 the fees paid to Ernst & Young comprised CHF 470,000 for the legal audit and CHF 202,000 for other services, chiefly legal advice.

Independent real estate appraisers

The fair market value (open market value) of each property in Züblin's portfolio is determined by independent real estate appraisers on 30 September (semi-annual report) and 31 March (annual report). This procedure complies with the regulations set out in IAS 40 (Investment Property), which is applied by the Züblin Immobilien Group. The two international specialists secured to conduct this valuation – Jones Lang LaSalle (Switzerland, Germany, Belgium, Luxembourg, France) and CB Richard Ellis (Netherlands) – use the discounted cash flow method for their assessments. In this procedure, the present value of the real estate is determined by discounting the future income and expenses forecast for a period of ten years. In the business year 2002/2003 the following fees were paid for the semi-annual assessment of property values: CHF 399,000 to Jones Lang LaSalle and CHF 92,000 to CB Richard Ellis. For additional services CHF 738,000 were paid to Jones Lang LaSalle and CHF 53,000 to CB Richard Ellis.

Shareholders' participation rights and protection of shareholders

Bearer shares in Züblin Immobilien Holding AG are unitary shares giving all shareholders the same participation rights. There are no restrictions on voting rights. Shareholders in Swiss stock companies benefit from extended participation and protection rights. These include, among other things, the right to information and inspection (Art. 696, 697 CO), the right to call a special audit (Art. 697a CO), the right to convene a General Shareholders' Meeting (Art. 699/III CO), the right to have items included on the agenda (Art. 699/III CO), the right to challenge resolutions made by the general shareholders' meeting (Art. 706 f CO) and the right to sue for damages (Art. 752 ff CO). Participations rights include primarily the right to attend the General Shareholders' Meeting, freedom of opinion and the right to vote (Art. 694 CO). The articles of the Swiss Code of Obligations can be found at www.admin.ch, while the articles of incorporation of Züblin Immobilien Holding AG can be downloaded from www.zueblin.ch.

Change of control and defence measures

The company's statutes do not contain either an "opting-in" or an "opting-out" clause. Therefore, according to Art. 32 para. 1 of the Federal Act on Stock Exchanges and Securities Trading (SESTA), anyone whose direct or indirect shareholdings exceed 33⅓ percent of the voting rights is required to make a full tender offer for the company. Under Art. 29 Stock Exchange and Securities Trading Act (SESTA), if a public takeover offer has been made, the Board of Directors is required to provide shareholders with the information required to assess the offer. Moreover, the Board of Directors may not conclude any transactions that would have a significant impact on the assets or liabilities of the company, except for transactions that have been approved by the general shareholders' meeting. The provisions of the SESTA can be viewed at www.admin.ch.

In the case of takeover, the Board of Directors and Group Management are entitled to a takeover bonus. This is dependent on the takeover price. A takeover is effected if more than 50 percent of shares in Züblin Immobilien Holding AG are acquired. Any member of the Board of Directors or Group Management who ceases to work for the Züblin Immobilien Group after a takeover shall be entitled to a severance payment comprising three years annual salary, excluding any share of the profits. This ruling may not be applied cumulatively with any other severance payment in the event of termination of the contract by the employer.

Additional Information

Information on shareholders, information policy and the outstanding convertible bond and options can be found in the section on the Züblin share on pages 9 to 11.

Risk management

Background

The Züblin Immobilien Group buys property in European business regions and creates value through active management and subsequent sale of such properties. To refinance the real estate portfolio, loans are taken out in the currency of the relevant country for up to 70 percent of an investment. The loans are predominantly a mixture of fixed and floating rate mortgages. The maturity and conditions attached to these loans depend on the rental situation and the planned time frame for the sale of the relevant properties.

Risk categories

Business risks include primary risks which are inherent to the business strategy and secondary risks that may arise from business activities. Clear definition of these risks enables shareholders to assess the risk/return profile of Züblin shares.

Primary risks comprise:

- Real estate risks
- Interest-rate risks
- Currency risks

The **secondary risks** include refinancing or liquidity risk, credit risk and tax risks, especially the risks relating to deferred taxes.

Principles and objectives of financial risk management

In order to achieve the target of an annual return on equity of 7.5 percent from rental income, the Züblin Immobilien Group implements a consistent risk management policy. In this way, it manages the spread between rental income and refinancing costs. Diversification across different geographic areas and types of use makes Züblin an optimized real estate investment with limited currency risk.

Real estate risks

The management of real estate risks is one of the core competencies of the Züblin Immobilien Group. Basically, it includes the risks involved in the real estate market and rental risks. Market risks are a direct result of the real estate cycle. This risk can be reduced to some extent by the group's strategy of diversified investment in various parts of Europe. Rental risks relate to the use of the property, the tenant mix, the credit standing of the tenants, scope to raise rents and recoverable costs. The role of real estate management is to control the risks arising from these risk factors.

Interest-rate risks

Interest-rate risks arise from fluctuations in interest rates and the development of the yield curve. These risks are only incurred insofar as is necessary for optimum refinancing of the real estate portfolio. Interest-rate risks are kept to a minimum by selecting suitable interest-rate and lending structures. Depending on the circumstances, they may be further reduced by the use of marketable hedging instruments. A risk management system is used to record and evaluate hedging transactions. The Züblin Immobilien Group abstains from speculative financial transactions.

Primary risks	Real estate risks	Interest-rate risks	Currency risks
Nature or extent	Main risk of a real estate company	Depends on the degree of debt financing	Depends on investment strategy and refinancing
Risk management	<ul style="list-style-type: none"> – Minimized through diversification of real estate portfolio – Minimized through real estate management 	<ul style="list-style-type: none"> – Active management of the spread between rental income and refinancing costs through structuring of the mortgage portfolio and hedging measures 	<ul style="list-style-type: none"> – Minimized through refinancing in the same currency
Secondary risks	<ul style="list-style-type: none"> – Refinancing and liquidity risks – Credit risks – Tax risks 		

Currency risks
Approximately two-thirds of the Züblin Immobilien Group's real estate portfolio is invested in the euro zone. Most of the related currency risk is eliminated by financing these investments in euros. The remaining currency risk relating to the shareholders' equity invested in the European portfolio and the net income stemming from the euro zone is not hedged.

Structures of financial risk management

The Board of Directors of Züblin Immobilien Holding AG defines the risk policy for the Züblin Immobilien Group and decides on medium-term risk-management measures. The Group Management is responsible for monitoring the risk profile, implementing the risk management measures, including the use of hedging instruments, and regular reporting. An asset-liability management system tailored to the specific needs of the Züblin Immobilien Group is provided for ongoing measurement of financial risks and to monitor the development of risks. This ensures continuous identification and evaluation of all interest-rate and currency risks, including interest-rate hedges.

Review of Corporate Governance Disclosures

To the general meeting of Züblin Immobilien Holding AG, Zurich

Zurich, 28 May 2003

You engaged us to review the corporate governance disclosures of Züblin Immobilien Holding AG made pursuant to the Corporate Governance Directive of the SWX Swiss Exchange for the year ended March 31, 2003. These disclosures are made in a separate section (pages 94 to 104) of the annual report. The board of directors is responsible for the content of these disclosures. Our responsibility is to issue a report based on our review.

A review, which provides less assurance than an audit, seeks to obtain moderate assurance about whether the corporate governance disclosures are complete and free from material misstatement. A review is limited primarily to inquiries of company personnel that participated in the preparation of the disclosures, to reviews of pertinent documents, and analytical procedures related to the corporate governance disclosures. We have not performed an audit, and, accordingly, we do not express an audit opinion.

Regarding the data for Chapter 5 (Compensations, shareholdings and loans) of the Corporate Governance Directive, we have also examined the information gathering processes. In addition, we have requested a representation letter from the persons concerned.

In our opinion, the corporate governance disclosures comply with the formal requirements of the Corporate Governance Directive. During our review, nothing has come to our attention that causes us to believe that the disclosures are not complete or contain material misstatements.

Ernst & Young AG

Martin Stäubli
Certified Accountant
(Auditor in charge)

André Kym
Certified Accountant

Swiss portfolio as of 31 March 2003

Property No.	City, address	Date of acquisition	Year of construction/ renovation	Annual rental income CHF 1,000	Vacancy rate (CHF) %	Ownership ¹ %	Discount-/ Cap. rate
Region of Zurich							
1	Baden, Rütistrasse 3/3a	1.3.2000	1960/1990	774	4.1	100	6.50
2	Egg, Gewerbestrasse 12/12a	1.4.2000	1982/1987	1,160	5.1	100	6.50
3	Hombrechtikon, Feldbachstrasse 81	30.6.2000	1990	681	0.0	100	6.50
4	Pfäffikon, Churerstrasse 120/122	27.3.2002	2002	2,647	0.0	100	6.25
5	Rümlang, Riedmattstrasse 9	1.12.1999	1982	1,823	0.9	100	6.50
6	Schwerzenbach, Bahnstrasse 24	31.3.2000	1991	3,066	0.0	100	5.75
7	Schwerzenbach, Eschenstrasse 2-6	1.1.2001	1991	450	0.0	100	6.25
8	Wettingen, Landstrasse 115	31.12.1999	1990	474	5.8	100	6.25
9	Wettingen, Landstrasse 99	1.3.2000	1994	2,428	3.6	100	6.25
10	Winterthur, Im Hölzli 10	31.3.2000	1991/1992	937	4.1	100	6.50
11	Zurich, Binzmühlestrasse 154	23.1.2001	1965/1988	1,117	62.5	100	8.50/7.50
12	Zurich, Feldstrasse 133	1.10.2000	1972/1999	754	3.1	100	6.25
13	Zurich, Hardturmstrasse 76	20.3.2000	1967/2001	620	0.0	100	6.25
14	Zurich, Talstrasse 82	1.1.2000	1950	1,294	0.0	100	5.25
Total region of Zurich				18,225	10.6		
Region of Berne							
15	Berne, Morgenstrasse 131	15.12.1999	1994	2,564	7.3	100	6.25
16	Berne, Morgenstrasse 136	1.6.2000	1991	954	9.1	100	6.75
17	Biel, Florastrasse 16/18	31.12.1999	1953/1955	2,085	0.6	100	5.75
18	Zollikofen, Industriestrasse 1	21.12.1998	1990/1991	4,201	14.3	100	6.75
Total region of Berne				9,804	9.3		
Region of Geneva							
19	Geneva, Boulevard Carl-Vogt 17/19	1.9.1999	1963	1,587	0.0	100	7.25
20	Pully, Avenue Général-Guisan 46	1.2.1999	1988	380	0.0	100	6.50
Total region of Geneva				1,967	0.0		
Total Swiss portfolio (20 properties)				29,996	9.5		

¹ Information on the owners see overview of ownership, pages 116–117.

	Plot size m ²	Office m ²	Trade/ logistics m ²	Retail m ²	Storage m ²	Resi- dential m ²	Total us- able area m ²	Vacancy rate (m ²) %	No. of parking spaces	Invest- ment category	Züblin Immobilien Rating™
	1,172	2,899	414	-	1,105	106	4,524	7.9	34	Office	AA
	4,894	3,325	1,098	-	1,764	-	6,187	4.3	85	Office	AA
	6,440	1,852	-	-	1,789	-	3,641	0.0	99	Office	AA
	5,428	5,249	-	-	279	-	5,528	0.0	162	Office	AAA
	5,090	10,050	-	1,250	1,192	-	12,492	0.4	188	Office	AAA
	11,460	9,580	3,450	200	1,500	-	14,730	0.0	222	Office	AA
	3,009	1,600	-	-	945	105	2,650	0.0	40	Office	AA
	1,347	1,449	-	330	808	-	2,587	11.3	37	Office	AA
	5,453	2,403	-	5,216	3,241	236	11,096	5.1	200	Retail	AA
	3,495	178	3,655	-	3,479	-	7,312	2.6	39	Trade	AA
	46,069	442	17,157	-	-	-	17,599	64.3	40	Trade	A
	1,281	2,141	-	-	1,923	393	4,457	5.7	27	Office	AA
	1,100	2,427	283	15	838	-	3,563	0.0	34	Office	AA
	574	2,322	468	220	360	65	3,435	4.0	0	Office	AAA
	96,812	45,917	26,525	7,231	19,223	905	99,801	13.5	1,207		
	5,719	10,366	350	1,502	1,843	-	14,061	6.9	195	Office	AA
	2,740	4,808	453	1,144	150	-	6,555	8.3	120	Office	AA
	2,710	-	-	4,849	621	1,621	7,091	1.2	2	Retail	AAA
	4,942	15,231	-	-	10,896	-	26,127	36.6	231	Office	AAA
	16,111	30,405	803	7,495	13,510	1,621	53,834	20.7	548		
	2,066	6,161	-	366	-	-	6,527	0.0	60	Office	AA
	1,966	1,098	-	-	146	-	1,244	0.0	38	Office	AA
	4,032	7,259	-	366	146	-	7,771	0.0	98		
	116,955	83,581	27,328	15,092	32,879	2,526	161,406	15.2	1,853		

German portfolio as of 31 March 2003

Property No.	City, address	Date of acquisition	Year of construction/renovation	Annual rental income CHF 1,000	Vacancy rate (CHF) %	Ownership ¹ %	Discount-/Cap. rate
Region of Berlin							
² 21	Berlin, Maxstrasse 2-4	27.9.2000	1908/1993	-	100.0	100	8.25
22	Berlin, Maxstrasse 3a	27.9.2000	1994	481	29.4	100	8.00
	Total region of Berlin			481	77.3		
Region of Frankfurt							
23	Rüsselsheim, Eisenstrasse 2-4	1.1.2000	1974/1989	1,464	22.7	100	9.00
24	Wiesbaden, Kreuzberger Ring 24	1.8.2001	2001	876	0.0	100	6.75
	Total region of Frankfurt			2,339	15.5		
Region of Hamburg							
25	Hamburg, Albert-Einstein-Ring 17-21	1.1.1999	1992	2,571	6.8	100	7.00
26	Hamburg, Nagelsweg 37, 39	1.1.1999	1986	1,906	9.9	100	6.25
27	Hamburg, Pappelallee 33	1.1.1999	1991	1,414	0.0	100	6.50
28	Hamburg, Wandsbeker Zollstrasse 11-19	1.1.1999	1970/2002	435	69.4	100	7.75
	Total region of Hamburg			6,326	17.9		
Region of Stuttgart							
29	Stuttgart, Mittlerer Pfad 2-4	1.12.2000	1991	3,421	14.9	100	7.25
30	Stuttgart, Mittlerer Pfad 9	1.6.2000	1991	1,449	0.0	100	7.00
31	Stuttgart, Vor dem Lauch 14	1.1.2000	1982/1994	1,542	4.4	100	7.50
	Total region of Stuttgart			6,412	9.4		
Region of Munich							
32	Munich-Germering, Streifacher Strasse 7	1.3.2002	1999	730	0.0	100	6.75
	Total region of Munich			730	0.0		
Region of Düsseldorf							
33	Düsseldorf, Ross Strasse 96	1.11.2001	1984	1,086	19.9	100	7.00
	Total region of Düsseldorf			1,086	19.9		
	Total German portfolio (13 properties)			17 374	20.2		

¹ Information on the owners see overview of ownership, pages 116-117.

² Under renovation.

	Plot size m ²	Office m ²	Trade/ logistics m ²	Retail m ²	Storage m ²	Resi- dential m ²	Total us- able area m ²	Vacancy rate (m ²) %	No. of parking spaces	Invest- ment category	Züblin Immobilien Rating™
	3,904	9,112	-	-	773	-	9,885	100.0	78	Office	A
	2,034	3,789	-	-	73	-	3,862	29.9	33	Office	A
	5,938	12,901	-	-	846	-	13,747	80.3	111		
	11,620	9,835	259	-	-	-	10,094	22.2	323	Office	AA
	2,372	3,631	-	-	77	-	3,708	0.0	85	Office	AAA
	13,992	13,466	259	-	77	-	13,802	16.2	408		
	7,538	13,527	-	-	349	-	13,876	6.4	242	Office	AA
	4,616	8,929	-	-	490	-	9,419	8.6	191	Office	AA
	2,956	6,456	-	-	150	-	6,606	0.0	113	Office	AA
	2,901	6,726	-	-	782	-	7,508	70.5	99	Office	A
	18,011	35,638	-	-	1,771	-	37,409	18.7	645		
	8,521	19,968	-	-	1,718	-	21,686	15.9	298	Office	AA
	3,620	7,186	-	-	878	-	8,064	0.0	106	Office	AA
	6,998	7,788	547	-	333	-	8,668	4.5	177	Office	AAA
	19,139	34,942	547	-	2,929	-	38,418	10.0	581		
	2,512	3,288	-	-	234	-	3,522	0.0	68	Office	AA
	2,512	3,288	-	-	234	-	3,522	0.0	68		
	1,315	6,679	-	-	54	-	6,733	19.0	75	Office	AA
	1,315	6,679	-	-	54	-	6,733	19.0	75		
	60,907	106,914	806	-	5,911	-	113,631	22.4	1,888		

Dutch portfolio as of 31 March 2003

Property No.	City, address	Date of acquisition	Year of construction/renovation	Annual rental income CHF 1,000	Vacancy rate (CHF) %	Ownership ¹ %	Discount-/Cap. rate
Region of Amsterdam							
34	Amsterdam, Paasheuvelweg 26	1.1.2000	1991	367	47.2	100	8.6/8.5
35	Amsterdam, Zekeringstraat 1-23	1.1.2000	1995	1,792	0.0	100	11.0/11.5
² 36	Amsterdam, Zekeringstraat 45-47	1.1.2000	1992	620	54.6	100	8.4/7.6
² 37	Amsterdam, Zekeringstraat 39-43	1.1.2000	1992	354	55.0	100	8.8/7.6
38	Diemen, Diemerhof 10-12	1.1.2000	1990	407	1.1	100	8.8/8.0
39	Diemen, Diemerhof 16-18	1.1.2000	1990	728	0.0	100	8.3/8.0
	Total region of Amsterdam			4,267	26.2		
Region of The Hague							
40	The Hague, Daendelstraat 57	1.7.1998	1979	-	100.0	100	9.3/8.4
² 41	The Hague, Grote Marktstraat 39-51	1.1.2000	1986	2,997	0.0	100	8.5/8.3
42	The Hague, Laan van Meerdervoort 51	1.7.1998	1987/2001	716	4.3	100	8.4/7.5
	Total region of The Hague			3,713	6.4		
Region of Rotterdam							
43	Dordrecht, Stationsweg 4	1.7.1998	1962	676	15.5	100	9.3/9.0
44	Gouda, Tielweg 6	1.7.1998	1990	357	2.6	100	7.9/8.4
45	Moerdijk, Middenweg 49	1.1.2000	1998	1,564	59.7	90	10.6/10.3
46	Rotterdam, Schiekade 34	1.7.1998	1961/2000	926	35.7	100	10.2/7.6
	Total region of Rotterdam			3,523	45.7		
Region of Utrecht							
47	De Bilt, Utrechtseweg 370	1.7.1998	1982	200	45.6	100	9.8/8.9
48	De Meern, Rijnzathe 8	1.1.2000	1990	1,634	0.2	100	7.5/7.6
49	Nieuwegein, Meentwal 1	1.7.1998	1991	324	0.0	100	7.7/8.5
50	Nieuwegein, Zoomstede 13-19	1.7.1998	1989	1,283	0.0	100	7.7/8.3
51	Utrecht, Kaap Hoorndreef 10-14	1.7.1998	1972/2001	776	0.0	100	7.7/8.5
52	Utrecht, Kaap Hoorndreef 66-78	1.7.1998	1975	528	5.9	100	9.0/8.6
	Total region of Utrecht			4,744	4.1		
Other regions							
53	Arnhem, Oude Oeverstraat 120	1.7.1998	1973	595	46.6	100	8.6/9.3
54	Enschede, Van Loenshof 56-168	1.1.2000	2000	1,663	20.6	75	7.9/7.5
55	Huizen, Huizermaatweg 9-37	1.7.1998	1986	549	0.0	100	9.0/7.5
56	Zeist, Bergweg 25	1.7.1998	1983	292	0.0	100	7.8/9.0
57	Zeist, Huis ter Heideweg 30-40	1.7.1998	1980/2001	995	0.0	100	7.9/8.4
■ 58	Oss, Waalkade	17.2.2003	1974/1990	2,458	0.0	100	8.7/8.5
■ 59	Veendam, Sporhavenweg	17.2.2003	1974/1999	3,816	0.0	100	8.4/8.5
	Total other regions			10,368	8.4		
	Total Dutch portfolio (26 properties)			26,615	18.1		

■ Newly purchased properties in the business year 2002/2003.

¹ Information on the owners see overview of ownership, pages 116-117.

² Under renovation.

	Plot size m ²	Office m ²	Trade/ logistics m ²	Retail m ²	Storage m ²	Resi- dential m ²	Total us- able area m ²	Vacancy rate (m ²) %	No. of parking spaces	Invest- ment category	Züblin Immobilien Rating™
	2,940	3,644	-	-	-	-	3,644	47.7	66	Office	AA
	13,068	12,094	-	-	-	-	12,094	0.0	233	Office	AA
	9,030	5,132	1,809	-	10	-	6,951	55.7	129	Office	AA
	5,370	3,535	993	-	-	-	4,528	49.1	118	Office	AA
	2,668	2,008	-	-	-	-	2,008	0.0	57	Office	AA
	3,943	3,672	-	-	-	-	3,672	0.0	117	Office	AA
	37,019	30,085	2,802	-	10	-	32,897	23.8	720		
	506	1,202	-	-	-	-	1,202	100.0	21	Office	AA
	2,990	9,738	-	1,383	-	-	11,121	0.0	43	Office	AA
	1,942	3,506	-	-	-	-	3,506	4.8	47	Office	AA
	5,438	14,446	-	1,383	-	-	15,829	8.7	111		
	3,001	3,752	-	-	-	-	3,752	11.5	72	Office	AA
	1,800	2,021	-	-	-	-	2,021	0.0	56	Office	AA
	120,298	1,550	53 204	-	-	-	54,754	63.4	30	Logistics	A
	2,576	7,029	-	1,594	-	-	8,623	34.0	46	Office	AA
	127,675	14,352	53 204	1,594	-	-	69,150	55.1	204		
	1,998	2,093	-	-	-	-	2,093	42.0	36	Office	AA
	8,205	7,002	-	-	-	-	7,002	0.0	182	Office	AAA
	1,160	1,825	-	-	-	-	1,825	0.0	-	Office	AA
	1,555	7,341	-	-	-	-	7,341	0.0	50	Office	AAA
	606	3,344	-	-	-	-	3,344	0.0	-	Office	AA
	606	3,150	-	-	-	-	3,150	5.7	-	Office	AA
	14,130	24,755	-	-	-	-	24,755	4.3	268		
	1,055	6,923	-	-	-	-	6 923	50.5	9	Office	A
	2,292	-	-	6,663	-	-	6 663	37.7	-	Retail	AA
	950	3,048	-	-	-	-	3 048	0.0	-	Office	AAA
	1,700	690	-	920	-	-	1 610	0.0	21	Office	AA
	5,465	4,637	-	-	-	-	4 637	0.0	64	Office	AA
	127,683	1,193	34,432	-	-	192	35 817	0.0	-	Logistics	AA
	122,621	399	90,205	-	-	-	90 604	0.0	-	Logistics	AA
	261,766	16,890	124,637	7,583	-	192	149,302	4.0	94		
	446,028	100,528	180,643	10,560	10	192	291,933	18.6	1 397		

Belgian, Luxembourgian and French portfolio as of 31 March 2003

Portfolio Belgium/Luxembourg

Property No.	City, address	Date of acquisition	Year of construction/renovation	Annual rental income CHF 1,000	Vacancy rate (CHF) %	Ownership ¹ %	Discount-/Cap. rate
Region of Brussels							
60	Brussels, Avenue Louise 120	1.10.2000	1976	652	37.3	100	9.0/7.5
² 61	Brussels, Rue de Genève 4	1.10.2000	1970	1,381	2.0	100	10.0/8.25
62	Brussels, Avenue Hermann Debroux 17-19	1.9.2001	1989	853	33.4	100	9.25/7.5
Total region of Brussels				2,886	22.7		
Region of Luxembourg							
63	Howald, Rue des Scillas 20	1.1.2000	1970/2001	2,291	0.0	100	9.5/7.5
Total region of Luxembourg				2,291	0.0		
Total Belgium/Luxembourg (4 properties)				5,178	14.0		

Portfolio France

Region of Paris

■ 64	Paris, 52, Boulevard du Parc	1.7.2002	1971	9,656	0.0	51	7.35
■ 65	Paris, 25-34, Boulevard du Parc	1.7.2002	1976	3,290	0.0	51	7.60
■ 66	Paris, Colline de St. Cloud	1.7.2002	1975	1,107	0.0	51	8.25
Total region of Paris				14,052	0.0		
Total French portfolio (3 properties)				14,052			

Total portfolio

Total portfolio (66 properties)

93,214 13.3

■ Newly purchased properties in the business year 2002/2003.

¹ Information on the owners see overview of ownership, pages 116-117.

² Condominium ownership 36% of the property.

	Plot size m ²	Office m ²	Trade/ logistics m ²	Retail m ²	Storage m ²	Resi- dential m ²	Total us- able area m ²	Vacancy rate (m ²) %	No. of parking spaces	Invest- ment category	Züblin Immobilien Rating™
	933	3,600	-	655	48	547	4,850	34.5	87	Office	AA
	3,554	6,618	-	-	698	-	7,316	2.0	95	Office	AA
	5,082	5,406	-	-	838	-	6,244	37.4	183	Office	AA
	9,569	15,624	-	655	1,584	547	18,410	22.6	365		
	23,000	-	-	11,495	-	-	11,495	0.0	400	Retail	AAA
	23,000	-	-	11,495	-	-	11,495	0.0	400		
	32,569	15,624	-	12,150	1,584	547	29,905	13.9	765		
	5,800	15,179	-	-	2,845	-	18,024	0.0	408	Office	AAA
	3,223	6,037	-	-	855	-	6,892	0.0	163	Office	AAA
	n. a.	2,752	-	-	200	-	2,952	0.0	72	Office	AAA
	9,023	23,968	-	-	3,900	-	27,868	0.0	643		
	9,023	23,968	-	-	3,900	-	27,868	0.0	643		
	665,482	330,615	208,777	37,802	44,284	3,265	624,743	17.4	6,546		

Overview of ownership

Company code	Company name	City, address	Capital	Function	Owner of
Switzerland					
H1	Züblin Immobilien Holding AG	Zurich, Claridenstrasse 20	CHF 297,632,560	H	Participation in I2-012-S51-AC4 (24%)F91
I2	Züblin Immobilien AG	Zurich, Claridenstrasse 20	CHF 15,000,000	I	Properties Nos. Nr. 1–20
O3	Weilimmo AG	Zurich, Claridenstrasse 20	CHF 1,000,000	O	Property No. 30
AC4	CI Contractors Investors AG	Zurich, Okenstrasse 8	CHF 17,670,000	AC	
Germany					
S11	EurCE Immobilien AG	Munich, Brienner Strasse 9	EUR 50,000	S	Participation in 03-012-013-014-015-016-017-018-S81(51%)
O12	Maxstrasse 2–4, 3a Immobilien GmbH	Munich, Brienner Strasse 9	EUR 30,000	O	Properties Nos. 21–22
O13	Vor dem Lauch Liegenschafts GmbH	Munich, Brienner Strasse 9	EUR 3,790,000	O	Property No. 31
O14	Mittlerer Pfad 2–4 Immobilien GmbH	Munich, Brienner Strasse 9	EUR 25,000	O	Property No. 29
O15	Eisenstrasse Liegenschafts GmbH	Munich, Brienner Strasse 9	EUR 3,790,000	O	Property No. 23
O16	Kreuzberger Ring 24 Immobilien GmbH	Munich, Brienner Strasse 9	EUR 25,000	O	Property No. 24
O17	Rossstrasse 96 Immobilien GmbH	Munich, Brienner Strasse 9	EUR 25,000	O	Property No. 33
O18	Streiflacher Strasse 7 Immobilien GmbH	Munich, Brienner Strasse 9	EUR 25,000	O	Property No. 32
Belgium					
S31	Lisa SA	Brussels, Rue Wiertz 50	EUR 261,919	S	Participation in 032-033-034-035
O32	Gilts Investments SA	Brussels, Rue Wiertz 50	EUR 1,210,754	O	Participation in 033; Property No. 60
O33	Le Genève No 4 SA	Brussels, Rue Wiertz 50	EUR 3,402,118	O	Participation in S31-032-034-035; Property No. 61
O34	Ave Hermann Debroux 17–19 Property NV	Brussels, Rue Wiertz 50	EUR 62,000	O	Property No. 62
O35	EurCE Belco I NV	Brussels, Rue Wiertz 50	EUR 62,000	O	Property No. 62
Luxembourg					
S41	EurCE Immobilière Luxembourg SA	Luxembourg, Blv. de la Foire 5	EUR 31,000	S	Participation in 042-043
O42	Société d'Investissement de Howald SA	Luxembourg, Route d'Esch 400	EUR 1,115,521	O	Property No. 63
O43	Uta SA	Luxembourg, Route d'Esch 400	EUR 30,987	O	Co-operation project

H = Holding company
 S = Subholding company
 P = Partnership company (managing partner/limited partner)
 I = Real estate investment company (owner of various properties)
 O = Real estate company (owner of one property)
 F = Finance company
 AC = Associated company

If no percentage of the participation is indicated the holding of Züblin Immobilien Holding AG (direct and indirect) is 100%.

Inactive companies that will be liquidated are not listed.

Com- pany code	Company name	City, address	Capital	Function	Owner of
The Netherlands					
S51	European City Estates NV	Amsterdam, Kabelweg 37	EUR 10,213,817	S	Participation in S11-013-015-S31-034-S41-S52-153-154-S55-S59-P61-S63-067-068-069-070
S52	Vanfair BV	Amsterdam, Kabelweg 37	EUR 18,000	S	Participation in 042-043
I53	General City III BV	Amsterdam, Kabelweg 37	EUR 252,000	I	Properties Nos. 40-42-43-44-46-47-49-50-51-52-53-55-56-57
I54	General City IV BV	Amsterdam, Kabelweg 38	EUR 18,000	I	Properties Nos. 58-59
S55	General City Property Holding BV	Amsterdam, Kabelweg 37	EUR 593,730	S	Participation in I56-S57
I56	General City Properties BV	Amsterdam, Kabelweg 37	EUR 18,000	I	Properties Nos. 34-35-38-39
S57	Rijnveste Property Holding BV	Amsterdam, Kabelweg 37	EUR 18,000	S	Participation in 058
O58	Rijnveste Property BV	Amsterdam, Kabelweg 37	EUR 18,000	O	Property No. 48
S59	General City II BV	Amsterdam, Kabelweg 37	EUR 18,000	S	Participation in 060 (75%)
O60	Zuidmolen VOF	Amsterdam, Kabelweg 37	EUR n. a.	O	Property No. 54
P61	General City Moerdijk BV	Amsterdam, Kabelweg 37	EUR 18,000	P	Participation in 062 (90%)
O62	Moerdijk Middenweg CV	Amsterdam, Kabelweg 37	EUR n. a.	O	Property No. 45
S63	Mingari BV	Amsterdam, Kabelweg 37	EUR 18,000	S	Participation in 064-065-066
O64	Mingari Marktstraat BV	Amsterdam, Kabelweg 37	EUR 18,000	O	Property No. 41
O65	Mingari Omegapark I BV	Amsterdam, Kabelweg 37	EUR 18,000	O	Property No. 36
S66	Mingari Omegapark II BV	Amsterdam, Kabelweg 37	EUR 18,000	O	Property No. 37
O67	Delva 1 BV	Amsterdam, Kabelweg 37	EUR 39,000	O	Property No. 28
O68	Delva 7 BV	Amsterdam, Kabelweg 37	EUR 39,000	O	Property No. 26
O69	Delva 9 BV	Amsterdam, Kabelweg 37	EUR 39,000	O	Property No. 27
O70	Delva 10 BV	Amsterdam, Kabelweg 37	EUR 39,000	O	Property No. 25
France					
S81	EurCE Immobilière France SAS	Paris, 38, rue de Berni	EUR 7,040,000	S	Participation in I82
I82	NBPL Investissement SCI	Paris, 38, rue de Berni	EUR 450,000	I	Properties Nos. 64-65-66
Jersey					
F91	Züblin Immobilien Limited	St Helier, Don Street	EUR 2	F	Issue of convertible bond

H = Holding company

S = Subholding company

P = Partnership company (managing partner/limited partner)

I = Real estate investment company (owner of various properties)

O = Real estate company (owner of one property)

F = Finance company

AC = Associated company

If no percentage of the participation is indicated the holding of Züblin Immobilien Holding AG (direct and indirect) is 100%.

Inactive companies that will be liquidated are not listed.

Multi-year overview

in CHF million	1.4.2002 to 31.3.2003	1.4.2001 to 31.3.2002	1.4.2000 to 31.3.2001	1.1.1999 to 31.3.2000 ¹
Income statement				
Rental income	88.7	77.2	70.1	42.8
Changes in market value of investment properties	- 16.1	5.2	38.4	16.6
Real estate expense and maintenance	10.9	7.9	7.7	4.4
Administrative expense	10.8	10.9	9.8	4.8
Net financial expense	43.2	35.7	31.4	16.0
Result from rental activities	26.8	24.2	22.0	18.2
Result from negative goodwill/sales	6.3	0.5	4.3	10.1
Result from valuation ²	- 10.9	6.4	16.0	11.6
Net income	20.1	34.7	41.3	23.2
Balance sheet				
Market value investment properties	1,343.5	1,101.6	1,031.7	856.4
Total assets	1,462.4	1,169.5	1,097.4	1,022.3
Shareholders' equity	393.2	357.2	341.3	316.6
Minority interests	14.3	19.3	18.9	23.9
Total liabilities	1,054.9	793.0	737.2	681.8
Key figures				
Gross yield	7.3%	7.2%	7.2%	7.8%
Net yield	6.4%	6.5%	6.4%	7.0%
ROE from rental activities	7.3%	7.2%	7.1%	12.4%
Total ROE	5.7%	10.5%	13.3%	15.7%
Equity ratio (equity + minorities)	27.9%	32.2%	32.8%	33.3%
in CHF				
Züblin share				
Net income per share (EPS)	0.72	1.23	1.46	1.58
Operating cash flow per share ³	0.99	0.73	0.75	0.27
Nominal value repayment ⁴ /dividend	0.40 ⁴	0.35	0.30	0.20
Dividend yield as of 31.3.	5.0% ⁴	3.5%	3.3%	1.9%
Net asset value (NAV) per share	13.08	12.68	12.07	10.30
Share price as of 31.3.	8.00	10.10	9.00	10.30

¹ Business year of 15 months

² Including changes in tax assets and tax liabilities from valuations and valuation costs

³ Without changes in net current assets

⁴ Proposal to the AGM on 4 July 2003

Definition of terms

Annual rental income

Annual rent stemming from rental contracts as of the balance sheet date. This figure does not include any recoverable costs which can be charged to tenants.

EBITDA (Earnings before interest, tax, depreciation and amortization)

Operating income plus net financing expenses and amortization.

Enterprise value (EV)

Market capitalisation as of the balance sheet date plus minority interests and net debt (liabilities subject to interest, excluding current assets).

Equity per share (net asset value; NAV)

Shareholders' equity as of the balance sheet date (after deduction of deferred taxes), divided by the number of shares entitled to dividends (outstanding shares, excluding treasury shares).

Gross yield

Rental income of the reported period in percent of the average market value of the investment properties.

Market value investment properties

As of the balance sheet date, the market value is assessed by independent external real estate appraisers.

Net income per share (earnings per share; EPS)

Consolidated net income (after taxes), divided by the number of shares entitled to dividends (outstanding shares, excluding treasury shares).

Net yield

Rental income of the reported period less maintenance and repairs as well as real estate expense in percent of the average market value of the investment properties.

Return on equity

Consolidated net income (after taxes) in percent of the equity used (shareholders' equity at the beginning of the reported period, after dividend payments and changes in shareholders' equity).

Vacancy (CHF)

Vacant space as of the balance sheet date, valued at market conditions (market rent).

Vacancy rate (CHF)

Vacancy (CHF) in percent of annual rental income potential (annual rental income plus vacancy (CHF)).

Vacancy rate (m²)

Vacant space as of the balance sheet date in percent of the total usable area.

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