

## **Press Release**

Zurich, 11 November 2015

### **Züblin Immobilien Holding AG achieves EBIT of CHF 9.5 million in first half-year 2015/16**

- Streamlined high quality portfolio after exit from French market
- Falling vacancy rates and positive revaluations in strategic portfolio
- Turnaround materialising with net profit of CHF 3.0 million in core business
- Capital increase will lead to normalised equity ratio allowing to start new expansion phase

Züblin Immobilien Holding AG (Züblin) made significant steps forward in its turnaround. The business covering commercial real estate in Switzerland and Germany was strengthened while the burdening operations in France have been discontinued. The upcoming capital increase will return the equity ratio back to sustainable levels and will make a new phase of sustained growth possible in the key markets in German speaking Europe.

#### **Stable, cash generating operations**

Rental income of the streamlined portfolio was CHF 9.3 million in the first half-year 2015/16, a decrease of CHF 2 million compared to the prior year explained by the sale of properties and the impact of the exchange rate CHF to EUR. The vacancy rate in Switzerland declined to 12.8% (previously 13.6%) and to 7.2% (previously 8.4%) in the strategic portfolio in Germany. These operational improvements in our key markets together with the current market environment were further confirmed by positive revaluations in the amount of CHF 4.4 million.

As a result, Züblin's EBIT improved to CHF 9.5 million in comparison to an EBIT of CHF - 28.2 million a year ago which was triggered by substantial market valuation adjustments of the investment properties. Earnings from continued operations also improved substantially. The net loss from the previous period of CHF 46.8 million was reversed and a net profit of CHF 3.0 million resulted in the first half-year 2015/16. One-time charges in relation to the withdrawal from the French market affect the consolidated results negatively and led to a consolidated net loss of CHF 23.6 million.

#### **Exit from French market completed**

The economic withdrawal from the French market was completed in the period under review. As planned, Züblin has found a strategic investor for its French subsidiary Züblin Immobilière France and has written off its remaining interest in the French company. The exit and the associated transaction led to charges of CHF 26.6 million whereof CHF 15.1 million were related to the recycling of the currency differences and cash flow hedges, and had no impact on the NAV.

## **Forward strategy leads to measurable improvements**

We are confident that the extraordinary and negative developments of the past quarters have bottomed and that Züblin is on the right track to regain its position as an investable real estate company. The Board of Directors continues to focus on the implementation of Züblin's new strategy consisting of three main stages. The first step, the concentration on core competencies, was successfully achieved with the economic withdrawal from the French market and the advanced sale of all non-strategic properties. Currently, the management is working on phase two by stabilising both the core business and the financial position of Züblin. This should allow the company to initiate stage three, and to achieve growth in Züblin's target markets.

## **Extraordinary General Meeting approves capital restructuring measures**

Züblin shareholders met on 29 October 2015 and approved a cut in the company's share capital by reducing the nominal value of each share immediately followed by a capital increase in the amount of CHF 71.7 million to strengthen the balance sheet. Further, they also approved the creation of authorized capital in the amount of CHF 37.3 million until 28 October 2017 in order to finance potential future acquisitions.

## **Balance sheet changes**

As of 30 September 2015, the Net Asset Value amounted to CHF 0.32 per share and the market value of the strategic investment properties was CHF 323.2 million. The outstanding bond in the amount of CHF 35.3 million was repaid in July 2015. Further, the upcoming repayment of the Lamesa loan will result in savings of interest expenses and further improve Züblin's financial performance.

## **Outlook 2015/16**

The focus of activities in the second half-year 2015/2016 will be a successful capital increase, the further implementation of the new strategy and the strengthening of the core portfolio in Switzerland and Germany. We are confident that these measures will stabilize the company and allow Züblin to deliver value to its shareholders in the years to come.

(Contact information on next page)

## Detailed reporting

The full half-year report 2015/16 can be downloaded on our website using the following link:  
<http://reports.zueblin.ch>

## Conference call today at 10:30 CET

Züblin Immobilien Holding AG will hold a conference call for analysts and investors today at 10:30 CET. Dr. Iosif Bakaleynik, Chairman & CEO and Mr. Thomas Wapp, CFO/COO, will present the results and answer questions. The presentation will be in English. The corresponding presentation is available at [www.zueblin.ch](http://www.zueblin.ch).

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## Key figures

Continuing operations relate to the core markets Switzerland and Germany, while discontinued operations relates to France.

in million CHF

	<b>1.4.2015 to 30.9.2015</b>	1.4.2014 to 31.3.2015	1.4.2014 to 30.9.2014
<b>Income statement</b>			
Rental income	9.3	21.6	11.3
Change in market value of investment properties	4.4	-33.5	-34.8
EBITDA	5.4	13.2	7.5
Earnings	-23.6	-212.2	-118.2
- from continuing operations	3.0	-84.2	-46.8
- from discontinuing operations	-26.6	-128.0	-71.4
EPRA Return on equity	-42.2%	-301.8%	-80.3%
<b>Balance sheet</b>			
Investment properties	330	531	688
- from continuing operations	330	322	n.a.
- from discontinuing operations	0	209	n.a.
Equity	19	26	107
Equity Ratio	5.5%	4.8%	14.9%
EPRA Equity	56	70	147
EPRA Equity ratio	16.3%	12.7%	20.5%
Mortgages	215	370	471
- from continuing operations	215	218	n.a.
- from discontinuing operations	0	152	n.a.
Loan to Value	65.2%	69.7%	68.4%
- from continuing operations	65.2%	67.9%	n.a.
- from discontinuing operations	n.a.	72.5%	n.a.
<b>Key figures per share in CHF</b>			
Earnings of shareholders	-0.35	-2.89	-1.32
- from continuing operations	0.05	-1.43	-0.79
- from discontinuing operations	-0.40	-1.46	-0.53
NAV per share	0.32	0.40	1.73
EPRA NAV per share	0.94	1.10	2.33
Share price	0.44	1.10	1.82
<b>Portfolio</b>			
Annual rental income	18.9	24.0	32.3
- from continuing operations	18.9	18.8	22.8
- from discontinuing operations	n.a.	5.2	9.5
EPRA Net Initial Yield (NIY)	4.9%	2.8%	3.1%
- from continuing operations	4.9%	4.7%	n.a.
- from discontinuing operations	n.a.	0.6%	n.a.
Average interest rate	1.8%	2.6%	3.9%
- from continuing operations	1.8%	2.0%	n.a.
- from discontinuing operations	n.a.	3.5%	n.a.
Vacancy rate monetary	13.0%	41.4%	37.1%
- from continuing operations	13.0%	13.7%	13.7%
- from discontinuing operations	n.a.	72.8%	62.0%