

Press Release

Zurich, 18 November 2014

Züblin Immobilien Holding AG half-year results impacted by substantial revaluations

Züblin Immobilien Holding AG (Züblin) had a difficult first half-year. The sale of properties in the last eighteen months led to significantly lower rental income of CHF 16 million in the period under review compared to CHF 23 million a year earlier. The operating profit at the EBITDA level fell to CHF 9 million or 30% below the results for the previous period. In combination with the negative valuation adjustments of CHF 103 million and the negative revaluation of interest rate swaps of CHF 6 million, a net loss of CHF 118 million was registered for the period, compared to a net loss of CHF 15 million in the first six months of the previous year.

Substantial negative revaluations

The Board of Directors appointed JLL (formerly known as Jones Lang LaSalle) in October 2014 as new appraiser for the entire Züblin portfolio, in order to obtain a consistent view of the portfolio. JLL appraised all property values as of 30 September 2014, and the results thereof are reflected in the half-year figures.

France remains the most challenging market for Züblin. Commercial real estate in Paris is faced with ample supply, higher vacancies and low rental prices. Therefore the company decided to reduce its rental rates in order to accelerate the leasing of its high end premises which have not been let yet. This impacted the values of the properties and led to negative revaluations of CHF 68 million or 17% of the portfolio in France alone. The French portfolio consists of six properties with an estimated market value of CHF 332 million. The vacancy rate remained high at 62%. After the end of the reporting period the property "Chaganne" located in Paris was sold for EUR 30 million inline with the valuation.

The Swiss properties have been completely renovated in recent years and most of them are in first-rate locations. Currently, the Swiss portfolio contains five buildings with a rental surface of 28'123 m² and a market value of CHF 189 million. The vacancy rate at the end of the reporting period was 12%. In Germany, the core portfolio consists of eleven properties with a rental surface of 84'550 m² and a market value of CHF 139 million. As of 30 September 2014, the vacancy rate stood at 11%. The seven non-strategic properties in the Netherlands and Germany were valued at CHF 29 million at the end of September 2014. In early November two properties in the Netherlands valued at CHF 15 million were sold.

The write-downs in market values in France in combination with the negative adjustments in Switzerland of CHF 1 million, in Germany of CHF 32 million and in the Netherlands of CHF 2 million led to the total negative revaluation effect of CHF 103 million or 12.9% of the entire portfolio value. The adjusted portfolio value at the end of 30 September 2014 was CHF 688 million compared to CHF 791 million on 31 March 2014. The additional losses reduced the equity to CHF 107 million, corresponding to an equity ratio of 14.9%. The loan-to-value ratio (LTV) surged from 61.3% to 68.4% as of 30 September 2014.

Bond repayment

Following the write downs and the non-compliance with the equity clause of consolidated equity to be not less than 20% of consolidated assets in the terms of the bond, Züblin will make an offer to the bondholders of the 4% bond maturing on 20 July 2015 for an early redemption of their bonds. The offer starts as of 25 November 2014 and will be made at the nominal value of the bond. The tender period will last until 12 January 2015 with settlement on 22 January 2015. In addition to a credit line securing Züblin's short term financing needs the major shareholder Lamesa will also grant a loan to Züblin in order to finance the bond repayment.

Strategic review

The Board of Directors defined measures to strengthen the company's capital base and rebuild a solid operational and financial foundation for Züblin. The sale of the Swiss portfolio initiated in spring has been terminated, while Züblin continues to pursue the sale of the remaining non-strategic properties, four in Germany and one in the Netherlands. In addition, an investment bank has been appointed to find a strategic investor for the French subsidiary.

Outlook

Our main focus of activities in the remainder of financial year 2014/15 will be on finding an investor for the French subsidiary, reducing vacancies, as well as the assessment and implementation of additional strategic measures allowing us to subsequently develop new growth plans.

Detailed reporting

The half-year report 2014/15 can be downloaded on our website using the following link:

www.zueblin.ch

Conference call for analysts and media representatives today at 15.00 CET

Züblin Immobilien Holding AG will hold a conference call about the results in the first half-year 2014/15. The call will be held in English, and the accompanying presentation can be downloaded via our homepage.

Further information

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Further information is available at www.zueblin.ch

Brief portrait of the Züblin Group

The Züblin Group invests in energy-efficient office properties in prime locations. Züblin's core markets are Switzerland, France and Germany. Within these countries, the Company concentrates its investments on a few selected cities. As of 30 September 2014 the market value of the portfolio is CHF 688 million.