



# Semi-Annual Report 2015 – 2016

12a

## Agenda

Balance sheet date	31 March 2016
Publication of annual results	19 May 2016
27th Annual General Meeting	21 June 2016

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## The Half-Year in Review

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**Concentration  
and focus  
Building for the  
future.**

# Key figures

in CHF million	1.4.2015 to 30.9.2015	1.4.2014 to 31.3.2015	1.4.2014 to 30.9.2014
<b>Income statement</b>			
from continuing operations			
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.

The above key figures are either deducted directly from the consolidated income statement or balance sheet, explained in the definition of terms on pages 60 to 62 or calculated in the EPRA Performance Measures on pages 51 to 54.

in CHF million	1.4.2015 to 30.9.2015	1.4.2014 to 31.3.2015	1.4.2014 to 30.9.2014
<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%

The above key figures are either deducted directly from the consolidated income statement or balance sheet, explained in the definition of terms on pages 60 to 62 or calculated in the EPRA Performance Measures on pages 51 to 54.

## Facts

### Strategy

Economic withdrawal from the French market completed. Capital measures resulting in a capital increase of CHF 72 million, fully underwritten by the main shareholder, approved by the EGM and launched. Authorized capital of CHF 37 million approved by the EGM offering flexibility for acquisitions.

### Portfolio

LTV reduced to 65.2% – Vacancy ratio further improved to 13% – one German non strategic property sold – positive change in market value of CHF 4 million.

### Financials

Loss of CHF 24 million, however CHF 15 million related to recycling of currency translation and cash flow hedges and therefore NAV neutral – positive earnings of the continuing operations of CHF 3 million – NAV reduced to CHF 0.32 compared to CHF 0.40 as of 31 March 2015.



# Significant shareholders

Züblin Immobilien Holding AG is aware of the following shareholders with holdings exceeding a disclosure threshold:

Number of shares registered in the Commercial Register as of 30 September 2015: 59 724 486	
	30.9.2015
Lamesa Holding SA, Panama <sup>1</sup>	33.02%
SUVA, Lucerne	5.01%

<sup>1</sup> The Company is represented in the Board of Directors by Dr. Iosif Bakaleynik (Chairman), Vladislav Osipov and Iakov Tesis.





Dr Iosif Bakaleynik, Chairman and CEO

Thomas Wapp, CFO and COO

## Letter to our Shareholders

**Dear  
Shareholders**

**Ladies and Gentlemen**

Züblin Immobilien Holding AG (Züblin) made significant steps forward in its turnaround initiated a few months ago. The core business covering commercial real estate in Switzerland and Germany was strengthened while the burdening operations in France have been discontinued. The upcoming recapitalisation of the company, which is expected to be completed in December, should be assessed in light of the operational progress achieved as well as the future potential of Züblin. The transaction 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.

**EBIT of CHF 9.5 million**

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 EUR/CHF exchange rate. The vacancy rate declined to 12.8% (previously 13.6%) in Switzerland 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 on the investment properties. Earnings from continued operations also improved substantially. The net loss in the previous period of CHF 46.8 million was reversed and a net profit of CHF 3 million was reported for the first half-year 2015/16. One-time charges in relation to the withdrawal from the French market affected 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 measureable 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.

**Resilient key markets**

Real estate markets in Switzerland and Germany continue to be stable while offering sound long-term potential. Office real estate in Switzerland is expected to deliver solid cash flows in the months ahead especially if the properties are both in good locations and in good condition. The Züblin property portfolio does meet these requirements and the improvements achieved in the reporting period are supporting this trend. In Germany, commercial real estate remains attractive as the economy performs well leading to solid demand in all key economic areas of the country.

**Extraordinary General Meeting approves capital measures**

The shareholders meeting in June 2015 approved capital increase in the amount of CHF 71.7 million. Due to high market volatility in late August and early September, the Board of Directors decided to postpone the transaction. However, an ordinary capital increase needs to be executed within 3 months after approval under Swiss law. Therefore, the Board of Directors called an extraordinary shareholders meeting to re-approve the capital measures. Züblin shareholders met on 29 October 2015 and approved a reduction of 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.

**Discounted rights offering to be completed before year end**

With the launch of the ordinary capital increase the company's share capital is to be increased by CHF 71.7 million through the issuance of 1'433'387'664 new shares with a nominal value of CHF 0.05 per share. The subscription price for each new share has been set at CHF 0.05. Existing shareholders will be offered subscription rights to purchase 24 new shares for each share held. Subscription rights will be tradable on the SIX Swiss Exchange from 13 November until 24 November 2015 and can be exercised until 26 November 2015, 12:00 noon (CET). Lamesa, Züblin's major shareholder, has fully underwritten the offering.

**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, Lamesa extended its shareholder loan until the closing of the planned capital increase. Repayment of this loan will result in substantial savings of interest expenses and further improve Züblin's financial performance.

**Outlook 2015/16**

The focus of activities in the second half-year 2015/16 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.



Dr Iosif Bakaleynik  
Chairman and  
Chief Executive Officer



Thomas Wapp  
Chief Financial Officer  
and Chief Operating Officer

## Portfolio

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**Forward-  
looking attitude  
Utilizing  
innovation.**

**Commentary  
on the Portfolio**

As at the reporting date the Group's portfolio comprises investment properties in Switzerland and Germany. The transaction announced in June 2015 in relation to the French portfolio was completed. Züblin Immobilien Holding AG has therefore effected its economic withdrawal from the French market, with the result that this segment is no longer included in the financial report.

The overall value of the portfolio was CHF 330 million as of 30 September 2015. This represents an increase of CHF 8.4 million compared with 31 March 2015 and reflected successful lettings and an associated increase in market values by CHF 4.4 million combined with positive currency translation effects of CHF 5.7 million. The portfolio value was also increased by investments of CHF 1.5 million. Against this, one non-strategic property was sold in Germany at the market value of CHF 3.3 million.

Annual rental income was CHF 18.9 million as of 30 September 2015. The vacancy rate excluding the French portfolio improved from 13.7% to 13.0% during the reporting period. Only considering the strategic portfolio, the vacancy rate reduced from 10.8% to 9.7%. The two non-strategic properties in Jettingen and Neumünster which are almost completely vacant are due to be sold shortly.

The Swiss rental market has been stable in the office segment in the last six months. In the second quarter vacant office space in the Zurich region rose by around 3% to 403,000 m<sup>2</sup>, equivalent to 5.2% of the overall Zurich office market. There was a slight decline in vacancy rates in the Zurich CBD, top rents remaining steady at CHF 825/m<sup>2</sup>. Following the introduction of negative interest rates by the Swiss National Bank, expected peak yields for top office properties in Zurich city centre have fallen by around 20 basis points. The entire Zurich region is likely to remain a tenant's market for some time due to the continued high level of building activity.

Sentiment in Germany remains strong on both the rental and transaction markets. Low interest rates, the fall in the oil price and a favourable euro exchange rate are ensuring largely positive news from the corporate sector. In the seven main German property centres of Berlin, Düsseldorf, Frankfurt, Hamburg, Munich, Cologne and Stuttgart take up of office space rose by 18% in the first nine months of 2015 to 2.49 million m<sup>2</sup> (Q1-3 2014: 2.11 million m<sup>2</sup>). Letting activity therefore picked up compared with the first six months of the year. As a result the cumulative vacancy rate stood at 6.17 million m<sup>2</sup> at 30 September 2015, a fall of 12% compared with a year ago. The average vacancy rate across the seven leading German cities has fallen by 1 percentage point to 6.9% over the last twelve months.

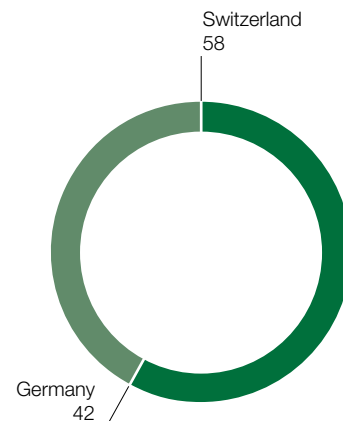
# Portfolio overview

CHF/EUR in million		Switzerland	Germany	Total
Market value	CHF	191.9	138.2	330.0
	EUR	175.8	126.6	302.3
	%	58.1	41.9	100.0
Number of properties		5	14	19
Annualized adjusted contracted rent	CHF	7.9	11.0	18.9
	EUR	7.2	10.1	17.3
Vacancy rate	%	12.8	13.1	13.0
Office	m <sup>2</sup>	21 384	78 087	99 471
Retail	m <sup>2</sup>	2 005	16 369	18 374
Trade/logistics	m <sup>2</sup>	1 055	922	1 977
Other	m <sup>2</sup>	3 679	5 336	9 015
<b>Total usable area</b>	<b>m<sup>2</sup></b>	<b>28 123</b>	<b>100 714</b>	<b>128 837</b>

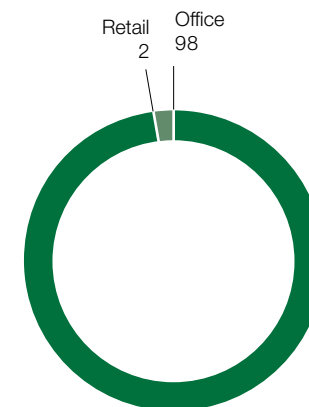
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Portfolio by markets in %



Portfolio by investment category in %



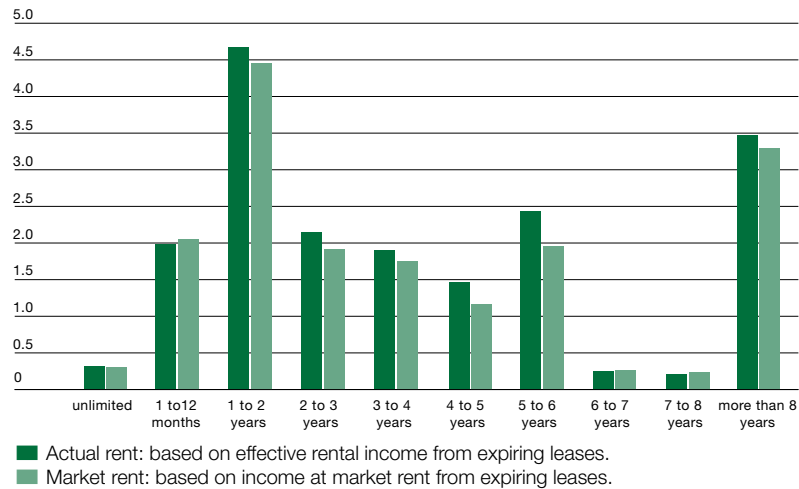
Vacancy rate

	total as of 30.9.2015	total as of 31.3.2015	strategic as of 30.9.2015	strategic as of 31.3.2015	non-strategic as of 30.9.2015	non-strategic as of 31.3.2015
Switzerland	12.8%	13.6%	12.8%	13.6%	n.a.	n.a.
Germany	13.1%	13.8%	7.2%	8.4%	67.2%	41.0%
<b>Total</b>	<b>13.0%</b>	<b>13.7%</b>	<b>9.7%</b>	<b>10.8%</b>	<b>67.2%</b>	<b>41.0%</b>

Major tenants

Tenant	Sector	% share of annual rental income
Baker & McKenzie, Zurich	Law firm	15.5%
Bosch Groupe, Stuttgart	Technology	7.4%
Roland Berger, Zurich	Consulting	7.4%
Panalpina Weltransport (D) GmbH, Hamburg	Logistic	4.1%
European X-Ray Free Electron Laser Facility GmbH, Hamburg	Technology	2.8%
<b>Total</b>		<b>37.2%</b>

Lease contract analysis  
CHF in million



# Portfolio Switzerland as of 30.9.2015

Prop. No.	City, address	Property certifi- cates	Züblin EMS	Date of acquisition	Year of construc- tion/ renovation	Annual rental income CHF 1000	Vacancy (CHF) %	Capitalisa- tion rate in %	Discount rate (real) %	Ownership	Plot size m <sup>2</sup>	Office m <sup>2</sup>	Retail m <sup>2</sup>	Trade/ logistics m <sup>2</sup>	Other space m <sup>2</sup>	Total usable space m <sup>2</sup>	Vacancy m <sup>2</sup>	Vacancy (m <sup>2</sup> ) %	No. of parking spaces
1	Baden, Rütistrasse 3/3a		Ⓜ	1.3.2000	1961 2012	1003	1.8	4.50	4.50	☐	1172	3378	404	–	1184	4966	78	1.6	6
2	Egg, Gewerbestrasse 12/12a	M	Ⓜ	1.4.2000	1982/87 2012	939	10.0	5.00	5.00	☐	4894	3552	–	1055	1110	5717	437	7.6	110
3	Zurich, Hardturmstrasse 76		Ⓜ	20.3.2000	1967 2010	929	0.0	4.40	4.40	☐	1100	3099	–	–	608	3707	–	0.0	26
4	Zurich, Holbeinstrasse 22/30	M	Ⓜ	1.7.2008	1961/72 2010	4330	0.0	3.80	3.80	☐	1660	5524	–	–	279	5803	–	0.0	45
<b>Total region of Zurich</b>						<b>7201</b>	<b>1.7</b>				<b>8826</b>	<b>15553</b>	<b>404</b>	<b>1055</b>	<b>3181</b>	<b>20193</b>	<b>515</b>	<b>2.6</b>	<b>187</b>
5	Berne, Morgenstrasse 136	M	Ⓜ	1.6.2000	1991 2013	703	59.5	5.30	5.30	☐	2740	5831	1601		498	7930	4859	61.3	89
<b>Total Swiss portfolio</b>						<b>7904</b>	<b>12.8</b>				<b>11566</b>	<b>21384</b>	<b>2005</b>	<b>1055</b>	<b>3679</b>	<b>28123</b>	<b>5374</b>	<b>19.1</b>	<b>276</b>

☐ Ownership of 100%

M Minergie  
 DGNB Deutsche Gesellschaft für Nachhaltiges Bauen  
 HQE Haute qualité environnementale  
 BREEAM BRE environmental assessment method

Ⓜ Energie-Monitoring-Systems (EMS) existing  
 Ⓜ Energie-Monitoring-Systems (EMS) in planning

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# Portfolio Germany as of 30.9.2015

Prop. No.	City, address	Property certifi- cates	Züblin EMS	Date of acquisition	Year of construc- tion/ renovation	Annual rental income CHF 1000	Vacancy (CHF) %	Capitalisa- tion rate in %	Discount rate (real) %	Ownership	Plot size m <sup>2</sup>	Office m <sup>2</sup>	Retail m <sup>2</sup>	Trade/ logistics m <sup>2</sup>	Other space m <sup>2</sup>	Total usable space m <sup>2</sup>	Vacancy m <sup>2</sup>	Vacancy (m <sup>2</sup> ) %	No. of parking spaces
<b>Office</b>																			
6	Hamburg, A.-Einstein-Ring 17-21		Ⓜ	1.1.1999	1992	1841	4.8	7.00	7.50	☐	7 538	13 590	–	–	340	13 930	648	4.7	246
7	Hamburg, Nagelsweg 37, 39		Ⓜ	1.1.1999	1986	1 353	2.5	6.25	6.75	☐	4 616	8 873	–	–	490	9 363	–	0.0	191
8	Hamburg, Wandsbeker Zollstr. 11-19		Ⓜ	1.1.1999	1970 2002	903	9.8	6.50	7.25	☐	2 901	6 531	–	–	782	7 313	694	9.5	100
<b>Total region of Hamburg</b>						<b>4 097</b>	<b>5.2</b>				<b>15 055</b>	<b>28 994</b>	<b>–</b>	<b>–</b>	<b>1 612</b>	<b>30 606</b>	<b>1 342</b>	<b>4.4</b>	<b>537</b>
9	Dusseldorf, Rosstrasse 96		Ⓜ	1.11.2001	1984 2009	1 027	5.6	7.00	8.25	☐	1 315	6 393	–	–	46	6 439	281	4.4	75
10	Dortmund, Hansastrasse 30	DGNB	Ⓜ	1.7.2004	1986 2011	613	0.0	6.00	7.00	☐	627	3 015	544	–	286	3 845	–	0.0	0
11	Witten, Marktstrasse 2			1.7.2004	2002	362	15.6	7.50	9.00	☐	687	1 780	1 110	–	620	3 510	1 026	29.2	0
<b>Total region of Dusseldorf</b>						<b>2 002</b>	<b>6.0</b>				<b>2 629</b>	<b>11 188</b>	<b>1 654</b>	<b>–</b>	<b>952</b>	<b>13 794</b>	<b>1 307</b>	<b>9.5</b>	<b>75</b>
12	Stuttgart, Vor dem Lauch 14			1.1.2000	1982	966	8.5	8.50	9.00	☐	6 880	7 788	–	547	333	8 668	1 023	11.8	180
13	Stuttgart, Mittlerer Pfad 2-4			1.12.2000	1991	1 834	12.1	7.50	8.25	☐	8 521	15 816	–	–	710	16 526	2 319	14.0	414
14	Stuttgart, Mittlerer Pfad 9			1.6.2000	1991	911	7.1	7.50	8.50	☐	3 620	7 348	–	375	123	7 845	582	7.4	121
<b>Total region of Stuttgart</b>						<b>3 711</b>	<b>10.0</b>				<b>19 021</b>	<b>30 952</b>	<b>–</b>	<b>922</b>	<b>1 166</b>	<b>33 039</b>	<b>3 924</b>	<b>11.9</b>	<b>715</b>
15	Wiesbaden, Kreuzberger Ring 24			1.8.2001	2001	358	14.6	7.50	8.00	☐	2 372	3 631	–	–	77	3 708	1 067	28.8	98
16	Munich-Germering, Streiflacher Strasse 7			1.3.2002	1999	416	0.0	6.25	7.50	☐	2 512	2 954	–	–	449	3 403	180	5.3	70
<b>Total others regions</b>						<b>774</b>	<b>7.3</b>				<b>4 884</b>	<b>6 585</b>	<b>–</b>	<b>–</b>	<b>526</b>	<b>7 111</b>	<b>1 247</b>	<b>17.5</b>	<b>168</b>
<b>Total office</b>						<b>10 584</b>	<b>7.2</b>				<b>41 589</b>	<b>77 719</b>	<b>1 654</b>	<b>922</b>	<b>4 256</b>	<b>84 550</b>	<b>7 820</b>	<b>9.2</b>	<b>1 495</b>

☐ Ownership of 100%

Ⓜ Minergie  
DGNB Deutsche Gesellschaft für Nachhaltiges Bauen  
HQE Haute qualité environnementale  
BREEAM BRE environmental assessment method

Ⓜ Energie-Monitoring-Systems (EMS) existing  
Ⓜ Energie-Monitoring-Systems (EMS) in planning

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Prop. No.	City, address	Property certifi- cates	Züblin EMS	Date of acquisition	Year of construc- tion/ renovation	Annual rental income CHF 1000	Vacancy (CHF) %	Capitalisa- tion rate in %	Discount rate (real) %	Ownership	Plot size m <sup>2</sup>	Office m <sup>2</sup>	Retail m <sup>2</sup>	Trade/ logistics m <sup>2</sup>	Other space m <sup>2</sup>	Total usable space m <sup>2</sup>	Vacancy m <sup>2</sup>	Vacancy (m <sup>2</sup> ) %	No. of parking spaces
<b>Retail</b>																			
17	Marl, Marler Stern 1-80			1.7.2004	1974	380	10.3	10.00	12.50	○	2222	-	2563	-	-	2563	407	15.9	0
<b>Total region of Stuttgart</b>																			
18	Jettingen, Heilbergstrasse 5			1.7.2004	1971	-	100.0	8.50	10.00	□	18875	-	5815	-	-	5815	5815	100.0	201
19	Neumünster, Haart 190			1.7.2004	1998	26	94.1	7.50	10.00	□	20459	368	6337	-	1080	7785	7417	95.3	207
<b>Total retail (non-strategic)</b>						<b>406</b>	<b>67.2</b>				<b>41 556</b>	<b>368</b>	<b>14 715</b>	<b>-</b>	<b>1 080</b>	<b>16 163</b>	<b>13 639</b>	<b>84.4</b>	<b>408</b>
<b>Total German portfolio</b>						<b>10990</b>	<b>13.1</b>				<b>83 145</b>	<b>78 087</b>	<b>16 369</b>	<b>922</b>	<b>5 336</b>	<b>100 713</b>	<b>21 459</b>	<b>21.3</b>	<b>1 903</b>

- Ownership of 100%  
○ Condominium ownership

## Financial Report

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**In exchange  
with partners  
open  
communication.**

# Consolidated income statement and consolidated statement of comprehensive income

## Consolidated income statement

in CHF thousand		1.4.2015 to 30.9.2015	1.4.2014 to 30.9.2014 reviewed adjusted
	Notes		
<b>Continuing operations</b>			
Rental income	1	9348	11 320
<b>Total operating income</b>		<b>9348</b>	<b>11 320</b>
Real estate expense	3	-498	-916
Maintenance and repairs		-398	-643
<b>Net operating income</b>		<b>8452</b>	<b>9761</b>
Administrative expense	4	-3046	-2320
Result from the sale of investment properties strategic	2	-20	-126
Result from the sale of investment properties non-strategic	2	-269	-729
Change in market value of investment properties strategic	7	4395	-27 559
Change in market value of investment properties non-strategic	7	21	-7 199
<b>Earnings before interest and taxes (EBIT)</b>		<b>9533</b>	<b>-28 172</b>
Financial expense	5	-7060	-8442
Changes in market value and derecognition of swaps	5	324	-5521
Financial income	5	17	6
<b>Earnings before taxes (EBT)</b>		<b>2814</b>	<b>-42 129</b>
Income taxes		209	-4 687
<b>Earnings from continuing operations</b>		<b>3023</b>	<b>-46 816</b>
<b>Discontinued operations</b>			
Result from discontinued operations	6	-26610	-71 379
<b>Earnings</b>		<b>-23 587</b>	<b>-118 195</b>
of which attributable to:			
- Shareholders of Züblin Immobilien Holding AG		-20969	-77 840
- Non-controlling interests		-2618	-40 355
Earnings per share		-0.35	-1.32
Diluted earnings per share		-0.35	-1.32
Earnings per share from continuing operations		0.05	-0.79
Diluted earnings per share from continuing operations		0.05	-0.79

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**Consolidated statement  
of comprehensive income**

in CHF thousand	1.4.2015 to 30.9.2015	1.4.2014 to 30.9.2014 reviewed adjusted
Notes		
<b>Earnings</b>	<b>-23 587</b>	<b>-118 195</b>
Change in cash flow hedges	339	1 845
Income taxes from change in cash flow hedges	173	-34
Currency translation adjustments	116	-210
Change in discontinued operations	15 116	0
<b>Items subsequently reclassified to income statement</b>	<b>15 744</b>	<b>1 601</b>
Change in net pension obligation	101	-56
<b>Items subsequently not reclassified to income statement</b>	<b>101</b>	<b>-56</b>
<b>Other comprehensive income</b>	<b>15 845</b>	<b>1 545</b>
<b>Net comprehensive income</b>	<b>-7 742</b>	<b>-116 650</b>
of which attributable to:		
- Shareholders of Züblin Immobilien Holding AG	-5 124	-76 793
- Non-controlling interests	-2 618	-39 857

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

# Consolidated balance sheet

## Assets

in CHF thousand	Notes	30.9.2015	31.3.2015
<b>Non-current assets</b>			
Investment properties strategic	7	323 190	311 886
Furnishing		128	136
Deferred tax assets		71	87
<b>Total non-current assets</b>		<b>323 389</b>	<b>312 109</b>
<b>Current assets</b>			
Investment properties non-strategic held for sale	7	6 822	9 762
Trade accounts receivable		1 033	523
Derivative financial instruments	10	0	334
Other current assets		9 096	7 720
Cash and cash equivalents		2 680	2 787
<b>Total current assets</b>		<b>19 631</b>	<b>21 126</b>
Assets directly associated with disposal group		0	219 518
<b>Total assets</b>		<b>343 020</b>	<b>552 753</b>

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## Equity and liabilities

in CHF thousand	Notes	30.9.2015	31.3.2015
<b>Equity</b>			
Share capital	8	59 724	59 724
Capital reserves		1 158 722	1 598 722
Retained earnings		-1 217 111	-1 428 868
Treasury shares	8	0	-2 243
Reserve for cash flow hedges		-6 068	-6 581
Currency translation adjustments		-28 801	-28 916
Reserve of discontinued operation		0	-15 116
<b>Equity of the shareholders of Züblin Immobilien Holding AG</b>		<b>19 016</b>	<b>23 872</b>
Non-controlling interests		0	2 618
<b>Total equity</b>		<b>19 016</b>	<b>26 490</b>
<b>Liabilities</b>			
Non-current mortgages strategic	11	1 294 442	1 291 135
Other non-current liabilities		336	409
Deferred tax liabilities		9 500	8 833
Derivative financial instruments	10	25 315	25 092
<b>Total Non-current liabilities</b>		<b>1 645 593</b>	<b>1 634 469</b>
Liabilities from shareholder loan	13	56 428	49 584
Mortgages non-strategic held for sale	11	7 771	13 801
Current mortgages strategic	11	78 062	75 475
Bond	12	0	35 272
Derivative financial instruments	10	2 170	4 389
Income tax liabilities		2 779	4 081
Trade accounts payable		1 199	714
Other current liabilities		11 002	12 273
<b>Total Current liabilities</b>		<b>159 411</b>	<b>195 589</b>
Liabilities directly associated with disposal group		0	167 205
<b>Total liabilities</b>		<b>324 004</b>	<b>526 263</b>
<b>Total equity and liabilities</b>		<b>343 020</b>	<b>552 753</b>

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

# Consolidated cash flow statement

in CHF thousand	Notes	1.4.2015 to 30.9.2015	1.4.2014 to 30.9.2014 reviewed adjusted
<b>Cash flow from operating activities</b>			
Earnings from continuing operations		3023	-46816
Adjustments for:			
– Result from the sale of investment properties	2	289	855
– Net financial expenses	5	6719	13957
– Change in market value of investment properties	7	-4416	34758
– Income taxes		-209	4687
– Depreciation		15	34
– Other non cash flow-related effects		29	188
<b>Cash flow before change in net current assets</b>		<b>5449</b>	<b>7860</b>
Change in net working capital		-6122	-9948
Income taxes paid		0	-29
Income taxes received		2	58
Interest received		17	15
<b>Net cash flow from operating activities</b>		<b>-654</b>	<b>-2241</b>
<b>Cash flow from investing activities</b>			
Investments in investment properties	7	-1509	-3351
Divestments of investment properties	7	3009	4466
Sale Shareholder Loan France	6	45010	0
Investments in furnishing		-2	0
<b>Net cash flow from investing activities</b>		<b>46508</b>	<b>1115</b>

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



in CHF thousand	Notes	1.4.2015 to 30.9.2015	1.4.2014 to 30.9.2014 reviewed adjusted
<b>Cash flow from financing activities</b>			
Decrease of bond	12	-35300	0
Increase of shareholder loan		4926	0
Utilization bank overdraft		-905	5067
Decrease of mortgages	11	-7897	-9467
Interest paid		-7089	-9761
Sale of treasury shares	8	267	0
<b>Net cash flow used in financing activities</b>		<b>-45998</b>	<b>-14160</b>
Currency translation adjustments for cash and cash equivalents		37	-27
<b>Change in cash and cash equivalents</b>		<b>-107</b>	<b>-15314</b>
Cash and cash equivalents as of the beginning of the period		2787	17882
<b>Cash and cash equivalents as of the end of the period</b>		<b>2680</b>	<b>2568</b>

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

# Consolidated statement of changes in shareholders' equity

in CHF thousand	Share capital	Capital reserves	Special reserve from capital decrease	Retained earnings	Treasury shares	Reserve for cash flow hedges	Currency translation adjustments <sup>2</sup>	Reserve of discontinued operation <sup>3</sup>	Equity of the shareholders of ZIHAG	Non-controlling interests	Total equity
<b>Balance as of 31.3.2014</b>	<b>59724</b>	<b>159872</b>	<b>0</b>	<b>27551</b>	<b>-2243</b>	<b>-10621</b>	<b>-55535</b>	<b>0</b>	<b>178748</b>	<b>44957</b>	<b>223705</b>
Earnings				-77840					-77840	-40355	-118195
Other comprehensive income				-58		1121	-16		1047	498	1545
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-77898</b>	<b>0</b>	<b>1121</b>	<b>-16</b>	<b>0</b>	<b>-76793</b>	<b>-39857</b>	<b>-116650</b>
Change in treasury shares					0				0	-53	-53
<b>Balance as of 30.9.2014</b>	<b>59724</b>	<b>159872</b>	<b>0</b>	<b>-50347</b>	<b>-2243</b>	<b>-9500</b>	<b>-55551</b>	<b>0</b>	<b>101955</b>	<b>5047</b>	<b>107002</b>
Earnings				-92822					-92822	-1195	-94017
Other comprehensive income				301		-1239	15677		14739	-1279	13460
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-92521</b>	<b>0</b>	<b>-1239</b>	<b>15677</b>	<b>0</b>	<b>-78083</b>	<b>-2474</b>	<b>-80557</b>
Change in treasury shares									0	45	45
Discontinued operations <sup>3</sup>						4158	10958	-15116	0	0	0
<b>Balance as of 31.3.2015</b>	<b>59724</b>	<b>159872</b>	<b>0</b>	<b>-142868</b>	<b>-2243</b>	<b>-6581</b>	<b>-28916</b>	<b>-15116</b>	<b>23872</b>	<b>2618</b>	<b>26490</b>
Earnings				-20969					-20969	-2618	-23587
Other comprehensive income				101		513	115	15116	15845	0	15845
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-20868</b>	<b>0</b>	<b>513</b>	<b>115</b>	<b>15116</b>	<b>-5124</b>	<b>-2618</b>	<b>-7742</b>
Change in treasury shares				-1975	2243				268	0	268
Offset of retained loss <sup>1</sup>		-44000		44000		0	0	0	0	0	0
<b>Balance as of 30.9.2015</b>	<b>59724</b>	<b>115872</b>	<b>0</b>	<b>-121711</b>	<b>0</b>	<b>-6068</b>	<b>-28801</b>	<b>0</b>	<b>19016</b>	<b>0</b>	<b>19016</b>

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

<sup>1</sup> Offset of loss carryforwards of CHF 60'000'000.00 in accordance with the AGM resolution of 30 June 2015 (thereof CHF 44'000'000.00 with capital reserves).

<sup>2</sup> As of 30 September 2015 and 31 March 2015 this relates to Germany. In case of termination of the operative activity, the respective CTA amount will be recycled through profit and loss.

<sup>3</sup> The business segment France was discontinued in fiscal year 2014/2015.

# Segment information

## Income statement

in CHF thousand	1.4.2015 - 30.9.2015						1.4.2014 - 30.9.2014 <sup>3</sup>					
	Switzerland	Germany	Netherlands	Holding <sup>1</sup>	Consolidation <sup>2</sup>	Total	Switzerland	Germany	Netherlands	Holding <sup>1</sup>	Consolidation <sup>2</sup>	Total
Rental income	3953	5423	-28	0	0	9348	3700	6205	1415	0	0	11320
Intercompany	0	0	0	448	-448	0	0	0	0	583	-583	0
<b>Total operating income</b>	<b>3953</b>	<b>5423</b>	<b>-28</b>	<b>448</b>	<b>-448</b>	<b>9348</b>	<b>3700</b>	<b>6205</b>	<b>1415</b>	<b>583</b>	<b>-583</b>	<b>11320</b>
Real estate expense	-244	-494	-18	0	258	-498	-258	-747	-299	-6	394	-916
Maintenance and repairs	-79	-319	0	0	0	-398	-80	-365	-198	0	0	-643
<b>Net operating income</b>	<b>3630</b>	<b>4610</b>	<b>-46</b>	<b>448</b>	<b>-190</b>	<b>8452</b>	<b>3362</b>	<b>5093</b>	<b>918</b>	<b>577</b>	<b>-189</b>	<b>9761</b>
Administrative expense	-373	-626	1	-2238	190	-3046	396	-837	-64	-2004	189	-2320
<b>Result from the sale</b>												
Investment properties strategic	-20	0	0	0	0	-20	-126	0	0	0	0	-126
Investment properties non-strategic	0	-269	0	0	0	-269	0	-563	-166	0	0	-729
<b>Change in market value</b>												
Investment properties strategic	1831	2564	0	0	0	4395	-812	-26747	0	0	0	-27559
Investment properties non-strategic	0	21	0	0	0	21	0	-5072	-2127	0	0	-7199
<b>Earnings before interest and taxes (EBIT)</b>	<b>5068</b>	<b>6300</b>	<b>-45</b>	<b>-1790</b>	<b>0</b>	<b>9533</b>	<b>2820</b>	<b>-28126</b>	<b>-1439</b>	<b>-1427</b>	<b>0</b>	<b>-28172</b>
Net financial expenses	-588	-1649	0	-4806	0	-7043	-2027	-3783	-241	-2385	0	-8436
Changes in market value and derecognition of swaps	324	0	0	0	0	324	-5458	-28	-35	0	0	-5521
<b>Earnings before taxes</b>	<b>4804</b>	<b>4651</b>	<b>-45</b>	<b>-6596</b>	<b>0</b>	<b>2814</b>	<b>-4665</b>	<b>-31937</b>	<b>-1715</b>	<b>-3812</b>	<b>0</b>	<b>-42129</b>
Income taxes	259	-44	0	-6	0	209	-4864	184	0	-7	0	-4687
<b>Earnings from continuing operations</b>	<b>5063</b>	<b>4607</b>	<b>-45</b>	<b>-6602</b>	<b>0</b>	<b>3023</b>	<b>-9529</b>	<b>-31753</b>	<b>-1715</b>	<b>-3819</b>	<b>0</b>	<b>-46816</b>
of which non-controlling interests	0	0	0	0	0	0	0	0	0	0	0	0
Non-cash effects in EBIT	1831	2571	0	0	0	4402	-812	-31920	-2117	-4	0	-34853

<sup>1</sup> The segment "Holding" is comprised of Züblin Immobilien Holding AG, Züblin Immobilien Management AG and Züblin Immobilière Belgium SA.

<sup>2</sup> Consolidation of Intercompany Management Fees and Property Management Fees in the income statement as well as intercompany loans and current accounts in the balance sheet.

<sup>3</sup> adjusted

# Segment information

## Balance sheet

in CHF thousand	30.9.2015						31.3.2015					
	Switzerland	Germany	Netherlands	Holding <sup>1</sup>	Consolidation <sup>2</sup>	Total	Switzerland	Germany	Netherlands	Holding <sup>1</sup>	Consolidation <sup>2</sup>	Total
Investment properties												
– strategic	191 850	131 340	0	0	0	323 190	189 720	122 166	0	0	0	311 886
– non-strategic held for sale	0	6 822	0	0	0	6 822	0	9 762	0	0	0	9 762
Furnishing	0	123	0	5	0	128	0	130	0	6	0	136
Other assets	6 305	6 506	1 150	100 202	–101 283	12 880	6 407	6 949	1 799	92 005	–95 709	11 451
<b>Total assets</b>	<b>198 155</b>	<b>144 791</b>	<b>1 150</b>	<b>100 207</b>	<b>–101 283</b>	<b>343 020</b>	<b>196 127</b>	<b>139 007</b>	<b>1 799</b>	<b>92 011</b>	<b>–95 709</b>	<b>333 235</b>
Mortgages strategic	108 156	21 286	0	0	0	129 442	108 156	20 979	0	0	0	129 135
Mortgages non-strategic held for sale	0	7 771	0	0	0	7 771	0	13 801	0	0	0	13 801
Mortgages current strategic	0	78 062	0	0	0	78 062	0	75 475	0	0	0	75 475
Other liabilities	38 669	55 601	54 744	60 998	–101 283	108 729	41 269	50 008	51 900	93 179	–95 709	140 647
<b>Total liabilities</b>	<b>146 825</b>	<b>162 720</b>	<b>54 744</b>	<b>60 998</b>	<b>–101 283</b>	<b>324 004</b>	<b>149 425</b>	<b>160 263</b>	<b>51 900</b>	<b>93 179</b>	<b>–95 709</b>	<b>359 058</b>

<sup>1</sup> The segment "Holding" is comprised of Züblin Immobilien Holding AG, Züblin Immobilien Management AG and Züblin Immobilière Belgium SA.

<sup>2</sup> Consolidation of Intercompany Management Fees and Property Management Fees in the income statement as well as intercompany loans and current accounts in the balance sheet.

# Segment information

## Property key figures

per country and investment category	30.9.2015			31.3.2015		
	Switzerland	Germany	Total	Switzerland	Germany	Total
in CHF thousand						
<b>Annual rental income</b>						
<b>Strategic</b>						
Office	7 904	10 584	18 488	7 825	9 738	17 563
<b>Non-strategic</b>						
Office	0	0	0	0	0	0
Retail	0	406	406	0	1 255	1 255
Logistics	0	0	0	0	0	0
<b>Total non-strategic</b>	<b>0</b>	<b>406</b>	<b>406</b>	<b>0</b>	<b>1 255</b>	<b>1 255</b>
<b>Total annual rental income</b>	<b>7 904</b>	<b>10 990</b>	<b>18 894</b>	<b>7 825</b>	<b>10 993</b>	<b>18 818</b>
<b>Investment properties</b>						
<b>Strategic</b>						
Office	191 850	131 340	323 190	189 720	122 166	311 886
<b>Non-strategic</b>						
Retail	0	6 822	6 822	0	9 762	9 762
<b>Total investment properties</b>	<b>191 850</b>	<b>138 162</b>	<b>330 012</b>	<b>189 720</b>	<b>131 928</b>	<b>321 648</b>

The investment properties are, based on the main use, fully allocated to the corresponding investment category and can be compared with pages 10 to 16.  
See definition of terms on pages 60 to 62.

per country and investment category	30.9.2015			31.3.2015		
	Switzerland	Germany	Total	Switzerland	Germany	Total
in m <sup>2</sup>						
<b>Usable area</b>						
<b>Strategic</b>						
Office	28 123	84 551	112 674	28 123	84 551	112 674
<b>Non-strategic</b>						
Office	0	0	0	0	0	0
Retail	0	16 163	16 163	0	23 789	23 789
Logistics	0	0	0	0	0	0
<b>Total non-strategic</b>	<b>0</b>	<b>16 163</b>	<b>16 163</b>	<b>0</b>	<b>23 789</b>	<b>23 789</b>
<b>Total usable area</b>	<b>28 123</b>	<b>100 714</b>	<b>128 837</b>	<b>28 123</b>	<b>108 340</b>	<b>136 463</b>
<b>Vacancy</b>						
<b>Strategic</b>						
Office	5 374	7 820	13 194	5 707	10 821	16 528
<b>Non-strategic</b>						
Retail	0	13 639	13 639	0	14 344	14 344
<b>Total vacancy</b>	<b>5 374</b>	<b>21 459</b>	<b>26 833</b>	<b>5 707</b>	<b>25 165</b>	<b>30 872</b>

The investment properties are, based on the main use, fully allocated to the corresponding investment category and can be compared with pages 10 to 16.  
See definition of terms on pages 60 to 62.

# Segment information

## Overview of the expiry of rental contracts

strategic	30.9.2015			strategic	31.3.2015		
	Switzerland	Germany	Total		Switzerland	Germany	Total
unlimited	3%	1%	2%	unlimited	3%	1%	2%
1 to 12 months	2%	17%	11%	1 to 12 months	4%	15%	10%
1 to 2 years	6%	38%	24%	1 to 2 years	8%	39%	25%
2 to 3 years	6%	16%	12%	2 to 3 years	7%	17%	12%
3 to 4 years	10%	10%	10%	3 to 4 years	7%	10%	9%
4 to 5 years	10%	5%	7%	4 to 5 years	7%	8%	8%
5 to 6 years	21%	8%	13%	5 to 6 years	22%	4%	12%
6 to 7 years	0%	2%	1%	6 to 7 years	0%	4%	2%
7 to 8 years	0%	2%	1%	7 to 8 years	0%	0%	0%
more than 8 years	42%	1%	19%	more than 8 years	42%	2%	20%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
EPRA Gross Initial Yield (GIY) (unaudited)	4.1%	7.5%	5.6%		4.1%	7.4%	5.5%
EPRA Net Initial Yield (NIY) (unaudited)	3.8%	6.5%	4.9%		3.7%	6.1%	4.7%

See definition of terms on pages 60 to 62.

non-strategic	30.9.2015		non-strategic	31.3.2015	
	Germany	Total		Germany	Total
unlimited	0%	0%	unlimited	0%	0%
1 to 12 months	14%	14%	1 to 12 months	3%	3%
1 to 2 years	35%	35%	1 to 2 years	82%	82%
2 to 3 years	3%	3%	2 to 3 years	5%	5%
3 to 4 years	14%	14%	3 to 4 years	0%	0%
4 to 5 years	25%	25%	4 to 5 years	4%	4%
5 to 6 years	0%	0%	5 to 6 years	3%	3%
6 to 7 years	0%	0%	6 to 7 years	0%	0%
7 to 8 years	0%	0%	7 to 8 years	0%	0%
more than 8 years	9%	9%	more than 8 years	3%	3%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>Total</b>	<b>100%</b>	<b>100%</b>

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# Notes to the consolidated semi-annual financial statements

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## 1. General information on the company

Züblin Immobilien Holding AG and its subsidiaries (together the Züblin Group) are focused on the management of the Group's European real estate portfolio. In addition to Switzerland, the Züblin Group operates in Germany and employed 12 persons as of 30 September 2015 (31 March 2015: 15).

Züblin Immobilien Holding AG is a Swiss stock corporation domiciled at Claridenstrasse 20, Zurich, Switzerland, and is the parent company of the Züblin Group. The Company's shares are traded on the Main Segment of SIX Swiss Exchange.

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## 2. Significant accounting policies

### 2.1 Basic principles

The consolidated semi-annual financial statements of the Züblin Group have been prepared in accordance with IAS 34 "Interim Financial Reporting" and with Art. 17 of the SIX Swiss Exchange Directive on Financial Reporting. The consolidated semi-annual financial statements do not contain all of the information and notes that are required at the financial year-end and should therefore be read along with the consolidated annual financial statements for the Züblin Group for the financial year ending 31 March 2015. The consolidated semi-annual financial statements for the Züblin Group as of 30 September 2015 were approved by the Board of Directors on 10 November 2015.

### 2.2 Changes to accounting policies

With the exception of standards and interpretations newly applied in the financial year the semi-annual consolidated financial statements are based on the same accounting and valuation policies used in the previous year.

The following standards and interpretations have been introduced since 1 April 2015:

- IAS 19 (rev.): Defined Benefit Plans: Employee Contributions
- Annual improvements to IFRS 2010-2012 cycle and 2011-2013 cycle

The above amendments, interpretations and improvements had no material impact on the consolidated financial statements.

### 2.3 Future changes to accounting policies

The following new or revised standards and interpretations are to be applied at the earliest for financial years beginning after 1 April 2015:

- |  |               |
|--|---------------|
| – IAS 1 (rev.): Disclosure initiative  | from 1.1.2016 |
| – IAS 16 /IAS 38 (rev.): Clarification of Acceptable Methods of Depreciation and Amortisation                  | from 1.1.2016 |
| – IAS 27 (rev.): Equity Method in Separate Financial Statements  | from 1.1.2016 |
| – IFRS 9: Financial Instruments  | from 1.1.2018 |
| – IFRS 11 (rev.): Accounting for Acquisitions of Interests in Joint Operations                                 | from 1.1.2016 |
| – IFRS 14: Regulatory Deferral Accounts  | from 1.1.2016 |
| – IFRS 15: Revenue from Contracts with Customers   | from 1.1.2018 |
| – IFRS 10/IAS 28 (rev.): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | from 1.1.2016 |
| – IFRS10/IFRS12/IAS 28 (rev.): Investment Entities: Applying the Consolidation Exception                       | from 1.1.2016 |
| – Improvements to IFRS Cycle 2012-2014   | from 1.1.2016 |

None of the new or revised standards and interpretations were adopted early in the preparation of the financial statements of the Züblin Group. Although a systematic analysis has not been performed, it is not anticipated that the new or amended standards and interpretations above will have any material impact on the financial reporting of the Züblin Group.

### 3. Critical accounting estimates and judgements

The preparation of the consolidated semi-annual financial statements requires the use of estimates and judgements by the Company's management. These estimates and judgements affect the way in which assets, liabilities, income and expenses are reported and their valuation, as well as the disclosure of contingent liabilities and other disclosures in the semi-annual financial statements.

The actual outturn may differ from assumptions and estimates that have been used. In the event that they subsequently differ from the actual outturn, the initial estimates and assumptions are revised to reflect the changed circumstances during the financial year in which these changes occur. In the Züblin Group the main accounting estimates and judgements relate to the valuation of investment property and income taxes. The disclosures of critical accounting estimates and judgements in the annual consolidated financial statements are unchanged.

There were no changes in the valuation criteria in connection with IFRS 13 during the reporting period and there were no reclassifications within this category. The investment properties recognized at fair value as of 30 September 2015 qualify unchanged to 31 March 2015 as level 3 fair value inputs. As at 30 September 2015, the derivative financial instruments held at 31 March 2015 continue to fall into the level 2 fair value category.

### 4. Scope of consolidation

During the first six months of financial year 2015/2016 the Group has effected its economic withdrawal from the French market. As of March 31, 2015, the business segment "France" – then consisting of the shareholding of 59.16 % of the share capital of the French subsidiary (Züblin Immobilière France – hereafter ZIF) or 46.49 % on a diluted basis – has been classified as a disposal group held for sale. On July 31, 2015 the Group reduced its investment to 33.5%. As of July 31, 2015 ZIF was deconsolidated and is now accounted for as investment in associates. See also note 6 in this section as well as note 6 in the other notes for further details.

### 5. Exchange rates

in CHF	Balance sheet rate 30.9.2015	Balance sheet rate 31.3.2015	Average rate 1.4.2015 to 30.9.2015	Average rate 1.4.2014 to 30.9.2014
1 EUR	1.0915	1.0463	1.0572	1.2152

**6. Discontinued operations held for sale**

Züblin has closed on July 31, 2015 a transaction with the result of the Groups economic withdrawal from the French market.

The new investor has subscribed to a reserved capital increase of Züblin Immobilière France S.A. (ZIF) of € 11.5 million and to a convertible bonds reserved issue for € 20.8 million. Following all transactions, the Groups shareholding in ZIF has decreased to 33.5%, and the new investor now holds 50.1% of the share capital and voting rights (both on a non diluted basis).

Furthermore the new investor purchased the shareholder loan granted by Züblin to ZIF and received a call option from Züblin to buy its remaining shares in ZIF during a term of 5 years at a price depending on the financial vacancy rate in the French portfolio. Therefore Züblin has written off its remaining interest in ZIF.

Based on this transaction the Group deconsolidated ZIF as of July 31, 2015 and now accounts for ZIF as an investment in associates.

The result of discontinued operation is excluded from the result of the Groups' continuing operations and are presented as a single amount as result from discontinued operations in the consolidated income statement. The prior-year figures of the income statement and comprehensive income statement, the cash flow statement and the segment reporting were adjusted and accordingly as such indicated in the respective columnne. See also note 6 for further details.

# Other notes

## 1. Rental income

in CHF thousand	Switzerland	Germany	Netherlands	Total
<b>1st half-year 2014/2015</b>				
Rental income in presentation currency	3 700	6 205	1 415	<b>11 320</b>
Rental income in local currency	3 700	5 106	1 165	
<b>1st half-year 2015/2016</b>				
Rental income in presentation currency	3 953	5 423	-28	<b>9 348</b>
Rental income in local currency	3 953	5 130	-26	
Change to previous year in local currency	253	24	-1 191	
arising from:				
- Disposals	0	-208	-1 191	
- Vacancy and indexation	253	232	0	

The reduction in rental income by CHF 2.0 million (previous year decrease of CHF 7.5 million) stems from several factors. The primary driver is the sale of investment properties in the Netherlands and Germany, alongside the depreciation of the Euro against the Swiss Franc.

## 2. Result from the sale of investment properties

in CHF thousand	1.4.2015 to 30.9.2015	1.4.2014 to 30.9.2014 reviewed adjusted
<b>Investment properties strategic</b>		
Follow-up cost of prior years sales	-20	-126
<b>Result from the sale of investment properties strategic</b>	<b>-20</b>	<b>-126</b>
<b>Investment properties non-strategic</b>		
Sales proceeds	3 009	4 466
Market value as of the last valuation	-3 278	-5 195
<b>Result from the sale of investment properties non-strategic</b>	<b>-269</b>	<b>-729</b>

In the first half of the financial year 2015/2016 one non-strategic investment property was sold in Germany. This compares with three sales in the same period last year.

### 3. Real estate expense

in CHF thousand	1.4.2015 to 30.9.2015	1.4.2014 to 30.9.2014 reviewed adjusted
Property taxes	-17	-67
Legal fees	-23	-34
Bad debts	-61	-88
External property management fees	-7	-178
Non recoverable service charges	-298	-410
Other property-related expense	-92	-139
<b>Total real estate expense</b>	<b>-498</b>	<b>-916</b>

The sale of investment properties in the Netherlands and Germany in the prior financial year led to a reduction of real estate expenses.

### 4. Administrative expense

in CHF thousand	1.4.2015 to 30.9.2015	1.4.2014 to 30.9.2014 reviewed adjusted
Salaries and Board of Directors' fees	-1 386	-1 518
Valuation	-37	-220
Audit	-229	-190
Legal and tax advisory	-184	-202
Other taxes	-65	-103
Depreciation	-15	-34
Bookkeeping and IT	-124	-145
Other advisory and investor relations	-657	-279
Other administrative expense	-349	371
<b>Total administrative expense</b>	<b>-3 046</b>	<b>-2 320</b>

Administrative expenses were influenced positively due to the decline in Salaries and Board of Directors' fees as well as valuation fees. With advisory fees increased and one-off subsidies in the prior year, administrative expenses increased overall by CHF 0.7 million.

5. Financial expense and income

in CHF thousand	1.4.2015 to 30.9.2015	1.4.2014 to 30.9.2014 reviewed adjusted
<b>Financial expense</b>		
Mortgage <sup>1</sup> and swaps interest expense <sup>2</sup>	-2 165	-6 014
Interest expense shareholder loan <sup>1</sup>	-4 067	0
Interest expense and other financial charges <sup>1</sup>	-32	-33
Interest expense 4% bond Züblin Immobilien Holding AG <sup>1</sup>	-461	-1 064
Currency translation adjustments	-335	-1 331
<b>Total financial expense</b>	<b>-7 060</b>	<b>-8 442</b>
<b>Changes in market value and derecognition of Swaps</b>	<b>324</b>	<b>-5 521</b>
<b>Financial income</b>		
Interest income <sup>3</sup>	17	6
<b>Total financial income</b>	<b>17</b>	<b>6</b>
<b>Net financial expense</b>	<b>-6 719</b>	<b>-13 957</b>

<sup>1</sup> The respective liabilities belong to the category "Financial liabilities at amortized cost".

<sup>2</sup> The liabilities from interest swaps belong to the category "Financial liabilities at fair value".

<sup>3</sup> The assets to which this income relates belong to the category "Loans and receivables at amortized cost".

**Financial expense**

Total financial expenses declined by CHF 1.3 million to CHF 7.1 million (previous year CHF 8.4 million). The decrease in mortgage loans as a result of the sale of investment properties as well as the refinancing of the Germany portfolio at the end of December 2014 had positive impacts.

**Changes in market value and derecognition of Swaps**

Prior years' expenses related to the change in the fair value of derecognised swaps and led to a charge of CHF 5.5 million through the income statement whereas current years valuation led to a positive impact of CHF 0.3 million.

## 6. Discontinued operations

The result from discontinued operation until loss of control was a loss of CHF 26.6 million during the first half year of fiscal year 2015/2016 (a loss of CHF 71.4 million resulted during the respective prior year period). The loss was mainly a result of negative impacts recycled from equity reserves relating to currency translation differences (CHF 11.0 million) and cash flow hedges (CHF 4.1 million). These recycled losses did not have an impact on the equity of the Group compared to March 31, 2015. The remaining loss of CHF 11.5 million relates to operating losses during the first six months ended 30 September 2015 of the discontinued operation and is explained as shown below. As a result this partially led to a final price adjustment regarding the sale of the IC loan.

in CHF thousand	1.4.2015 to 30.9.2015 <sup>1</sup>	1.4.2014 to 30.9.2014
Rental income	1 917	4 390
<b>Total operating income</b>	<b>1 917</b>	<b>4 390</b>
Real estate expense	-2 114	-1 456
Maintenance and repairs	-200	-109
<b>Net operating income</b>	<b>-397</b>	<b>2 825</b>
Administrative expense	-3 099	-1 071
Change in market value of investment properties strategic	-4 451	-67 810
<b>Earnings before interest and taxes (EBIT)</b>	<b>-7 947</b>	<b>-66 056</b>
Financial expense	-3 547	-5 146
Changes in market value and derecognition of swaps	-4 158	-186
Currency losses	-10 958	0
Financial income	0	9
<b>Earnings from discontinued operations</b>	<b>-26 610</b>	<b>-71 379</b>
of which attributable to:		
- Shareholders of Züblin Immobilien Holding AG	-23 992	-31 024
- Non-controlling interests	-2 618	-40 355
Earnings per share from discontinued operations	-0.40	-0.53

<sup>1</sup> until loss of control on 31 July 2015

Cash flow from discontinued operations were as follows:

in CHF thousand	1.4.2015 to 30.9.2015 <sup>1</sup>	1.4.2014 to 30.9.2014
Operating activities	869	5 649
Investing activities	-1 592	-7 886
Financing activities	1 083	2 474
<b>Net-Cashflow</b>	<b>359</b>	<b>238</b>

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<sup>1</sup> until loss of control on 31 July 2015



**7. Investment properties**

1st half-year 2015/2016

in CHF thousand	Switzerland	Germany strategic	Total strategic	Germany non-strategic	Total non-strategic	Total
<b>Balance as of 31.3.2015</b>	<b>189 720</b>	<b>122 166</b>	<b>311 886</b>	<b>9 762</b>	<b>9 762</b>	<b>321 648</b>
Value-enhancing investments	299	1 210	1 509	0	0	1 509
Sales	0	0	0	-3 278	-3 278	-3 278
Positive change in market value	2 121	2 612	4 733	84	84	4 817
Negative change in market value	-290	-48	-338	-63	-63	-401
Currency translation adjustments	0	5 400	5 400	317	317	5 717
<b>Balance as of 30.9.2015</b>	<b>191 850</b>	<b>131 340</b>	<b>323 190</b>	<b>6 822</b>	<b>6 822</b>	<b>330 012</b>
- of which strategic	191 850	131 340	323 190	0	0	323 190
- of which non-strategic held for sale	0	0	0	6 822	6 822	6 822
<b>Reconciliation of market value to book value 30.9.2015</b>						
Valuation by external appraiser <sup>1</sup>	191 850	131 340	323 190	6 822	6 822	330 012
<b>Balance as of 30.9.2015</b>	<b>191 850</b>	<b>131 340</b>	<b>323 190</b>	<b>6 822</b>	<b>6 822</b>	<b>330 012</b>

<sup>1</sup> The report of the independent appraiser (Jones Lange LaSalle AG) as of 30 September 2015 may be found on pages 55 to 59.

The increase in the value of the investment properties from CHF 321.6 million to CHF 330.0 million stems from the following factors:

- The value of the portfolio was increased by investments of CHF 1.5 million (full previous year CHF 14.1 million) which the Company made in the reporting period. More than two thirds of these investments relate to tenant improvements in Germany the remainder accounted for by investment properties in Switzerland.
- The Company sold one investment property in Germany, which led to a decrease in book value of CHF 3.3 million (full previous year CHF 57.2 million).
- On the other hand the revaluation of the investment properties led to a positive overall impact of 1.4% and amounted to CHF 4.4 million across the portfolio (full previous year decline of CHF 153.1 million). This increase is corresponding to the current market environment. Assumptions regarding reletting and market rents mainly remained unchanged.
- Movements in the CHF/EUR exchange had a positive impact of CHF 5.7 million on the value of the investment properties (full previous year negative impact of CHF 63.4 million).

Financial year 2014/2015

in CHF thousand	Switzerland	France	Germany strategic	Total strategic	Germany non-strategic	Netherlands non-strategic	Total non-strategic	Total
<b>Balance as of 31.3.2014</b>	<b>188 610</b>	<b>395 951</b>	<b>164 565</b>	<b>749 126</b>	<b>18 595</b>	<b>22 803</b>	<b>41 398</b>	<b>790 524</b>
Purchases	0	0	0	0	0	0	0	0
Value-enhancing investments	1 227	8 359	4 527	14 113	0	0	0	14 113
Sales	0	-35 624	0	-35 624	-1 619	-19 959	-21 578	-57 202
Positive change in market value	3 222	0	243	3 465	0	0	0	3 465
Negative change in market value	-3 339	-119 620	-26 196	-149 155	-5 351	-2 061	-7 412	-156 567
Currency translation adjustments	0	-39 806	-20 973	-60 779	-1 863	-783	-2 646	-63 425
Assets directly associated with disposal group	0	-209 260	0	-209 260	0	0	0	-209 260
<b>Balance as of 31.3.2015</b>	<b>189 720</b>	<b>0</b>	<b>122 166</b>	<b>311 886</b>	<b>9 762</b>	<b>0</b>	<b>9 762</b>	<b>321 648</b>
- of which strategic	189 720	0	122 166	311 886	0	0	0	311 886
- of which strategic held for sale	0	0	0	0	0	0	0	0
- of which non-strategic held for sale	0	0	0	0	9 762	0	9 762	9 762
<b>Reconciliation of market value to book value</b>								
<b>31.3.2015</b>								
Valuation by external appraiser <sup>1</sup>	189 720	0	122 166	311 886	9 762	0	9 762	321 648
<b>Balance as of 31.3.2015</b>	<b>189 720</b>	<b>0</b>	<b>122 166</b>	<b>311 886</b>	<b>9 762</b>	<b>0</b>	<b>9 762</b>	<b>321 648</b>

<sup>1</sup> The report of the independent appraisers (Jones Lang LaSalle AG) as of 31 March 2015 may be found in the annual report 2014/2015.

## 8. Share capital

	Number of shares	in CHF thousand
<b>Share capital</b>		
<b>Issued shares at a nominal value CHF 1.00 as of 31.3.2014</b>	<b>59 724 486</b>	<b>59 724</b>
No changes in capital structure in financial year 2014/2015	–	–
<b>Issued shares at a nominal value CHF 1.00 as of 31.3.2015</b>	<b>59 724 486</b>	<b>59 724</b>
No changes in capital structure in 1st half-year 2015/2016	–	–
<b>Issued shares at a nominal value CHF 1.00 as of 30.9.2015</b>	<b>59 724 486</b>	<b>59 724</b>

	Number of shares	in CHF thousand
<b>Treasury shares</b>		
<b>Balance as of 31.3.2014</b>	<b>679 877</b>	<b>2 243</b>
<b>Balance as of 31.3.2015</b>	<b>679 877</b>	<b>2 243</b>
Sale of treasury shares	–679 877	–2 243
<b>Balance as of 30.9.2015</b>	<b>0</b>	<b>0</b>

During the first half year of financial year 2015/2016 the company sold all treasury shares.

Historical acquisition cost of the treasury shares amounted to CHF 2.2 million. The sale took place on several transaction days at market prices. The cash proceeds had a positive impact to the shareholders' equity in the amount of CHF 0.3 million.

9. Future contractual maturities

	Carrying value	< 1 year		1 to 3 years		3 to 5 years		> 5 years	
		interest	amortisation	interest	amortisation	interest	amortisation	interest	amortisation
in CHF thousand									
<b>As of 30.9.2015</b>									
Mortgages	215 275	1 627	85 833	1 525	110 557	753	2 401	3 790	16 484
Liabilities from shareholder loans	56 428	1 376	56 428	0	0	0	0	0	0
Trade accounts payable	1 199	0	1 199	0	0	0	0	0	0
Derivative financial instruments	27 485	5 540	0	7 802	0	5 590	0	8 553	0
Other short-term liabilities	8 804	0	8 578	0	0	0	0	0	226
<b>Total as of 30.9.2015</b>	<b>309 190</b>	<b>8 543</b>	<b>152 038</b>	<b>9 327</b>	<b>110 557</b>	<b>6 343</b>	<b>2 401</b>	<b>12 343</b>	<b>16 710</b>
<b>As of 31.3.2015</b>									
Mortgages	218 411	2 585	89 276	2 089	110 458	712	2 302	3 067	16 375
Bond	35 272	1 412	35 272	0	0	0	0	0	0
Liabilities from shareholder loans	49 584	4 195	49 584	0	0	0	0	0	0
Trade accounts payable	714	0	714	0	0	0	0	0	0
Derivative financial instruments	29 481	6 114	0	7 946	0	5 767	0	9 654	0
Other short-term liabilities	8 004	0	7 754	0	0	0	0	0	250
<b>Total as of 31.3.2015</b>	<b>341 466</b>	<b>14 306</b>	<b>182 600</b>	<b>10 035</b>	<b>110 458</b>	<b>6 479</b>	<b>2 302</b>	<b>12 721</b>	<b>16 625</b>

In the next twelve months CHF 152.0 million (previous year CHF 182.6 million) of the liabilities reported above are due to mature. Of this amount, CHF 85.8 million (previous year CHF 89.3 million) relates to mortgages; CHF 84.6 million of these mortgages relate to a maturing mortgage in Germany, of which CHF 7.8 million are held for sale. The remainder consists of normal loan repayments. The extension of this loan based on current negotiations with the bank is expected to be rolled over in the normal course of business. Liabilities from shareholder loans in the amount of CHF 56.4 million are planned to be repaid after the completion of the announced ordinary capital increase and capital reduction which is expected to take place within the next three months. Trade accounts payable and the other short-term liabilities are incurred in the course of the Group's operating activities and are covered by the short-term assets.

10. Derivative financial instruments

	in CHF thousand	Notional amounts 30.9.2015	Notional amounts 31.3.2015	Fair value 30.9.2015	Fair value 31.3.2015
<b>Cash flow hedges</b>					
	1 to 12 months	120000	120000	2 169	4 389
	1 to 3 years	40000	40000	1 386	1 389
	3 to 5 years	32 745	31 389	4 463	4 805
	More than 5 years	80000	80000	19 467	18 898
	<b>Total cash flow hedges</b>	<b>272 745</b>	<b>271 389</b>	<b>27 485</b>	<b>29 481</b>
	– of which liabilities			27 485	29 481

The Züblin Group uses interest rate swaps to reduce the cash flow risks arising from its exposure to movements in interest rates.

As a result of the derecognitions in prior years, as at 30 September 2015 swaps with a notional value of CHF 104.6 million are subject to hedge accounting and have been designated as effective under the criteria of IAS 39. One swap which was derecognised due the planned sale of the Swiss portfolio with a notional amount of CHF 80 million was redesignated to hedge accounting. Changes in the fair value of hedge-effective swaps are recognized in the consolidated statement of comprehensive income. The change in fair value of the derecognized cash flow hedges of CHF 0.3 million (previous year -CHF 5.5 million) was recognized in the income statement.

	in CHF thousand	Notional amounts 30.9.2015	Notional amounts 31.3.2015	Fair value 30.9.2015	Fair value 31.3.2015
<b>Currency options</b>					
	1 to 12 months	0	9 500	0	334
	1 to 3 years	0	0	0	0
	3 to 5 years	0	0	0	0
	<b>Total foreign currency put-options</b>	<b>0</b>	<b>9 500</b>	<b>0</b>	<b>334</b>
	– of which assets			0	334

	in CHF thousand	Notional amounts 30.9.2015	Notional amounts 31.3.2015	Fair value 30.9.2015	Fair value 31.3.2015
<b>Total Derivative financial instruments</b>					
Cash flow hedges		272 745	271 389	-27 485	-29 481
Foreign currency put-options		0	9 500	0	334
<b>Total derivative financial instruments</b>		<b>272 745</b>	<b>280 889</b>	<b>-27 485</b>	<b>-29 147</b>
- of which liabilities				-27 485	-29 481
- of which assets				0	334

## 11. Mortgages

### Overview mortgages as of 30.09.2015

In CHF thousand	Switzerland	Germany	Total	%
<b>Interest term structure, including hedge effective swaps</b>				
1 to 12 months	28 156	84 632	112 788	52%
1 to 3 years	0	0	0	0%
3 to 5 years	0	22 487	22 487	10%
More than 5 years	80 000	0	80 000	37%
<b>Total</b>	<b>108 156</b>	<b>107 119</b>	<b>215 275</b>	<b>100%</b>
<b>Average interest rates</b>	<b>0.80%</b>	<b>2.83%</b>	<b>1.80%</b>	
<b>Average duration</b>	<b>7.8</b>	<b>1.2</b>	<b>4.6</b>	
<b>Contractual maturity dates of mortgages</b>				
1 to 12 months	0	85 833	85 833	40%
1 to 3 years	108 156	2 401	110 557	51%
3 to 5 years	0	2 401	2 401	1%
More than 5 years	0	16 484	16 484	8%
<b>Total</b>	<b>108 156</b>	<b>107 119</b>	<b>215 275</b>	<b>100%</b>
<b>Average duration</b>	<b>2.0</b>	<b>4.2</b>	<b>3.1</b>	
of which:				
– Non-current mortgages strategic	108 156	21 286	129 442	
– Current mortgages strategic	0	78 062	78 062	
– Mortgages non-strategic held for sale	0	7 771	7 771	
<b>Fair value of mortgages</b>				
Variable rate mortgages	108 046	107 247	215 293	100%
<b>Total</b>	<b>108 046</b>	<b>107 247</b>	<b>215 293</b>	<b>100%</b>

Overview mortgages as of 31.3.2015

In CHF thousand	Switzerland	Germany	Total	%
<b>Interest term structure, including hedge effective swaps</b>				
1 to 12 months	108 156	78 866	187 022	86%
1 to 3 years	0	0	0	0%
3 to 5 years	0	31 389	31 389	14%
More than 5 years	0	0	0	0%
<b>Total</b>	<b>108 156</b>	<b>110 255</b>	<b>218 411</b>	<b>100%</b>
<b>Average interest rates</b>	<b>0.85%</b>	<b>2.80%</b>	<b>1.83%</b>	
<b>Average duration</b>	<b>0.5</b>	<b>1.6</b>	<b>0.8</b>	
<b>Contractual maturity dates of mortgages</b>				
1 to 12 months	0	89 276	89 276	41%
1 to 3 years	108 156	2 301	110 457	51%
3 to 5 years	0	2 302	2 302	1%
More than 5 years	0	16 376	16 376	7%
<b>Total</b>	<b>108 156</b>	<b>110 255</b>	<b>218 411</b>	<b>100%</b>
<b>Average duration</b>	<b>2.5</b>	<b>4.5</b>	<b>3.5</b>	
of which:				
– Non-current mortgages strategic	108 156	20 979	129 135	
– Current mortgages strategic	0	75 475	75 475	
– Mortgages strategic held for sale	0	0	0	
– Mortgages non-strategic held for sale	0	13 801	13 801	
<b>Fair value of mortgages</b>				
Variable rate mortgages	108 156	110 622	218 778	100%
<b>Total</b>	<b>108 156</b>	<b>110 622</b>	<b>218 778</b>	<b>100%</b>



In the first half of the financial year 2015/2016, the Company repaid mortgages of CHF 7.9 million. As of 30 September 2015 Züblin Group's real estate portfolio is financed entirely by variable-rate loans. The figure for mortgages includes closing fees of CHF 0.1 million (March 31, 2015: CHF 0.4 million).

Some of the mortgages include financial covenants which specify, among other things, adherence to certain financial indicators (level of interest cover, loan-to-value ratio and equity ratio). The financial covenants vary by country and loan contract, as summarized in the table below:

	Switzerland
Interest coverage ratio	1.6
Loan to value	65%
Equity %	32.5%

The Company monitors these covenants every quarter to changes in earnings, interest rate movements and investment property valuations. The breach of a covenant may have a variety of consequences depending upon the individual contract, but in the first instance typically leads to a higher interest rate and/or an accelerated repayment schedule. The Company then normally has a certain period in which to correct the breach. If the breach has not been corrected at the end of this period, the bank normally demands a faster repayment schedule or a (partial) repayment of the loan. The mortgage agreement for the Swiss portfolio contains a clause which stipulates certain consequences, such as declaring the loan to be immediately due and repayable in the event that a single shareholder acquires more than 50% of Züblin Immobilien Holding AG.

As of balance sheet date, the Company was in compliance with all of its covenants.

The table below summarizes the value of investment properties pledged as security for mortgages:

in CHF thousand	30.9.2015	31.3.2015
Book value of assets pledged (investment properties)	330012	321648
Credit drawn (debt secured)	215275	218778

Future rental fee receivables for investment properties and insurance policies for investment properties have been pledged as security over and above the mortgage liens.

**12. 4% Bond 11/15**

in CHF thousand	Nominal value	Price in %	Fair value	Effective interest rate in % <sup>1</sup>
<b>As of 30.9.2015</b>	0	n.a.	0	n.a.
<b>As of 31.3.2015</b>	35 300	97.00%	34 241	4.42%

<sup>1</sup> The effective interest rate is made up of the coupon of 4% and the amortisation of the transaction costs.

On 20 July 2011 Züblin Immobilien Holding AG issued a 4% bond of CHF 60.0 million. The bond was quoted on the SIX Swiss Exchange. The bond had a maturity of four years and its proceeds were used to repay short-term loans, refinance a number of mortgages and to finance a renovation project in France.

On 20 July 2015 the Company fully repaid the remaining part of the outstanding bond.

**13. Liabilities from shareholder loan**

Lamesa Holding SA, Panama has extended a US dollar loan to the value of CHF 60 million to the Company. This was used to fund the bond buyback and to cover the Company's short-term liabilities. CHF 52.4 million of the loan, which has a maturity date of 30 September 2016, had been drawn down at the reporting date. The amount shown in the balance sheet (CHF 56.4 million) includes accrued interest. The loan carries an interest rate of 15% p.a., of which 13% is payable in cash and 2% is capitalised.

**14. Events after the balance sheet date**

On 29 October 2015 an Extraordinary General Meeting was held in Zurich. The EGM was necessary as the approved capital measures from the AGM on 30 June 2015 were postponed due to the turmoil and volatility in the financial markets.

The EGM re-approved a share capital reduction and a simultaneous ordinary increase of the share capital by a discounted rights offering in the amount of CHF 71.7 million. In addition authorized share capital in an amount equal to 50% of the restructured share capital to increase Züblin's flexibility for potential real estate acquisitions was approved.

# Report of the independent auditor

To the Board of Directors of Züblin Immobilien Holding AG, Zurich

Zurich, 10 November 2015

## **Independent auditor's report on the interim condensed consolidated financial statements**

We have audited the interim condensed consolidated financial statements of Züblin Immobilien Holding AG, which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in shareholder's equity and a summary of significant accounting policies and other explanatory information (pages 18 to 48), for the period from 1 April 2015 to 30 September 2015.

### **Board of Directors' responsibility**

The Board of Directors is responsible for the preparation of the interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting" and art. 17 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange, and for such internal control as the Board of Directors determines is necessary to enable the preparation of interim condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the interim condensed consolidated financial statements. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the interim condensed consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim condensed consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the interim condensed consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the interim condensed consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the presentation of the interim condensed consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the interim condensed consolidated financial statements of Züblin Immobilien Holding AG for the period ended 30 September 2015 is prepared, in all material respects, in accordance with the International Financial Reporting Standard IAS 34 "Interim Financial Reporting" and art. 17 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange.

**Other matter**

The comparative financial information for the period from 1 April 2014 to 30 September 2014 was not audited.

Ernst & Young Ltd

Christian Krämer  
Swiss Certified Accountant  
(Auditor in charge)

Daniel Lanfranconi  
Swiss Certified Accountant

# EPRA Performance Measures

The EPRA (European Public Real Estate Association) has developed Best Practice Recommendations for Reporting, Accounting and Corporate Governance in the listed real estate sector in recent years. The aim is to ensure consistency and transparency throughout the real estate sector. In addition to the EPRA Performance Measures, Züblin is also disclosing a number of other company-specific figures.

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## A.1 EPRA Earnings per share

in CHF thousand	1.4.2015 to 30.9.2015	1.4.2014 to 30.9.2014
<b>Earnings of shareholders of Züblin Immobilien Holding AG</b>	<b>-20 969</b>	<b>-77 840</b>
<b>Adjustments:</b>		
Change in market value of investment properties strategic	-4 395	27 559
Change in market value of investment properties non-strategic	-21	7 199
Result from the sale of investment properties strategic	20	126
Result from the sale of investment properties non-strategic	269	729
Changes in fair value derivative financial instruments recorded in income statement	-324	5 521
Deferred taxes in respect of EPRA Earnings adjustments	1 112	-699
Currency differences	335	1 331
Result from discontinued operations	26 610	71 379
Non-controlling interests in respect of the above	-2 618	-40 355
<b>EPRA Earnings of shareholders</b>	<b>19</b>	<b>-5 050</b>
Average number of outstanding shares	59 263 089	59 044 609
<b>EPRA Earnings per share</b>	<b>0.00</b>	<b>-0.09</b>

<sup>1</sup> Calculated with the effective tax rate for Switzerland with 21.17% (previous year 21.17%) and for Germany 31.225% (previous year 31.225%).

**B. EPRA Equity  
and EPRA Equity ratio**

in CHF thousand	30.9.2015	31.3.2015
Number of issued shares	59 724 486	59 724 486
Number of treasury shares	0	-679 877
<b>Number of outstanding shares at balance sheet date</b>	<b>59 724 486</b>	<b>59 044 609</b>
Equity of shareholders	19 016	23 872
<b>Equity per share</b>	<b>0.32</b>	<b>0.40</b>
<b>Equity of shareholders</b>	<b>19 016</b>	<b>23 872</b>
<b>Adjustments:</b>		
Fair Value of derivative financial instruments <sup>1</sup>	27 485	32 087
Deferred taxes (net) <sup>2</sup>	9 429	8 746
<b>EPRA Net Asset Value (NAV) of shareholders</b>	<b>55 930</b>	<b>64 705</b>
<b>EPRA NAV per share</b>	<b>0.94</b>	<b>1.10</b>
<b>EPRA Net Asset Value (NAV) of shareholders</b>	<b>55 930</b>	<b>64 705</b>
<b>Adjustments:</b>		
Non-controlling interests	0	2 618
Fair value of derivative financial instruments from non-controlling interests <sup>1</sup>	0	2 999
<b>EPRA Equity</b>	<b>55 930</b>	<b>70 322</b>
Total Assets	343 020	552 753
<b>EPRA Equity ratio</b>	<b>16.3%</b>	<b>12.7%</b>

<sup>1</sup> The total of these two amounts agrees with the total of the short-term and long-term derivative financial instruments shown in the consolidated balance sheet and the amount shown in note 6 which relates to discontinued operations.

<sup>2</sup> This amount includes all deferred taxes and agrees with the net amount of the deferred tax assets and deferred tax liabilities as stated in the consolidated balance sheet.

**C. EPRA Triple Net Asset Value (NNNAV)**

in CHF thousand	30.9.2015	31.3.2015
<b>EPRA Net Asset Value (NAV) of shareholders</b>	<b>55 930</b>	<b>64 705</b>
<b>Adjustments:</b>		
Fair value of derivative financial instruments	-27 485	-32 087
Deferred taxes (net)	-9 429	-8 746
Deviation to fair value of mortgages	-18	-367
<b>EPRA NNNAV</b>	<b>18 998</b>	<b>23 505</b>
Number of outstanding shares at balance sheet date	59 724 486	59 044 609
<b>EPRA NNNAV per share</b>	<b>0.32</b>	<b>0.40</b>

**D. EPRA Net Yield Disclosure**

in CHF thousand	30.9.2015	31.3.2015
<b>Investment properties</b>	<b>330 012</b>	<b>530 908</b>
<b>Adjustments:</b>		
Investment properties discontinued operations	0	-209 260
Investment properties non-strategic held for sale	-6 822	-9 762
<b>Investment properties available for lease</b>	<b>323 190</b>	<b>311 886</b>
<b>Adjustments:</b>		
Transaction costs in case of sale	9 532	9 239
<b>Gross-up valuation of Investment properties available for lease (A)</b>	<b>332 722</b>	<b>321 125</b>
<b>Annual rental income investment properties available for lease (B)</b>	<b>18 488</b>	<b>17 563</b>
Property expenses	-2 078	-2 414
<b>Net Annual rental income (C)</b>	<b>16 410</b>	<b>15 149</b>
Adjustment for lease incentives	n.a.	n.a.
<b>"Topped-up" Net annual rental income (D)</b>	<b>16 410</b>	<b>15 149</b>
<b>EPRA Gross Initial Yield (GIY) (B/A)</b>	<b>5.6%</b>	<b>5.5%</b>
<b>EPRA Net Initial Yield (NIY) (C/A)</b>	<b>4.9%</b>	<b>4.7%</b>
<b>EPRA "topped-up" NIY (D/A)</b>	<b>4.9%</b>	<b>4.7%</b>

**E.1 EPRA Vacancy Rate  
monetary**

in CHF thousand	30.9.2015	31.3.2015
<b>Continuing operations</b>		
Estimated market rental income of vacant space (A)	2 815	2 996
Estimated market rental value of the whole portfolio (B)	19 863	20 542
<b>EPRA Vacancy rate (A/B)</b>	<b>14.2%</b>	<b>14.6%</b>

**E.2 Züblin Vacancy Rate  
monetary**

in CHF thousand	30.9.2015	31.3.2015
<b>Continuing operations</b>		
Estimated annual rental income of vacant space (A)	2 815	2 996
Projected annual rental income of the whole portfolio (B)	21 709	21 814
<b>Züblin Vacancy rate (A/B)</b>	<b>13.0%</b>	<b>13.7%</b>



# Independent valuer's report Jones Lang LaSalle (JLL)

## 1 Instruction

On behalf of the management of Züblin Immobilien Holding AG, the local subsidiaries of Jones Lang LaSalle ("JLL") have valued all investment properties of Züblin Immobilien Holding AG or its affiliated companies ("Züblin Group") in Switzerland and Germany for accounting purposes as at 30 September 2015.

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## 2 JLL Offices Involved

The portfolio of the Züblin Group is diversified within Switzerland and Germany. All valuations were prepared by the JLL valuation teams in the respective countries.

Switzerland: JLL Zurich office

Germany: JLL Frankfurt am Main, Hamburg und Munich office

## 3 Valuation Standards

The valuers hereby confirm that the valuations have been performed in accordance with national and international standards and guidelines as set out in the International Valuation Standards (IVS) and the standards of the Royal Institution of Chartered Surveyors (RICS / Red Book).

## 4 Accounting Standards

The market values determined for the investment properties represent Fair Value as defined in the International Financial Reporting Standards (IFRS) on the basis of revised IAS 40 (Investment Property) and IFRS 13 (Fair Value Measurement).

## 5 Definition of "Fair Value"

The Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

An exit price is the selling price as stated in the purchase contract on which the parties have agreed.

The Fair Value valuation assumes that the hypothetical transaction for the asset being valued takes place on the market with the greatest volume and the largest business activity (principal market), as well as transactions of sufficient frequency and volume occur so that sufficient pricing information is available for the market (active market). If such a market cannot be identified, a market for the asset is assumed that maximises the selling price.

## 6 Realisation of “Fair Value”

The Fair Value is determined on the basis of the best possible use of a property (highest and best use). The best use is the use that maximises the property's value. This assumption of use must be technically /physically possible, legally permissible and financially feasible. As a maximisation of utility is assumed in the determination of Fair Value, the best use may differ from the actual or planned use. Future capital expenditures that will improve or increase the value of a property are taken into account appropriately in the Fair Value Measurement.

The application of the highest and best use approach is based on the principle of materiality of the potential difference in value in relation to the value of the individual property and of the total real estate assets, as well as in relation to the possible absolute value difference. Potential increased real estate values that lie within the usual valuation tolerance of a single valuation are considered to be insignificant and neglected as a result.

The determination of Fair Value is dependent on the quality and reliability of measurement parameters, with decreasing quality and reliability: Level 1 market price, level 2 modified market price and level 3 model-based valuation. For a Fair Value appraisal of a property, different levels for different application parameters can be applied simultaneously. The entire valuation is classified according to the lowest level of the Fair Value hierarchy, which contains the main valuation parameters.

The valuation of investment properties of the Züblin Group are performed with a model-based valuation in accordance with level 3, on the basis of input parameters not directly observable on the market. Based on this level, adapted level 2 input parameters are used (e.g. market rents, operational and maintenance costs, discount / capitalisation rates). Not observable inputs are only used when relevant observable inputs are not available.

## 7 Valuation Method

Valuation procedures have been applied that are appropriate in the particular circumstances and for which sufficient data are available to determine the Fair Values, in which the use of relevant observable inputs are maximised and those unobservable inputs are minimised.

The market valuations of properties that are completely or partially vacant are calculated on the assumption that a re-letting takes a certain period of time. Loss of rent, rent-free periods and other incentives for new tenants that meet the market standard are taken into account in the valuation.

To determine the market value across all countries an income-based approach was applied. In this case, the potential yield of a property is determined on the basis of future revenues and expenditures. The resulting cash flows correspond to the current and projected cash flows after deducting all nonrecoverable costs to the tenant (before taxes and borrowing costs). The interest rate used is based on the rate of long-term, risk-free investments and a specific risk premium, which reflects the current situation on the transaction market, the local real estate market and the characteristics of the property.

The discounted cash flow method (DCF method) was used where the annual cash flows are discounted to the valuation date. At the end of the period in which the cash flows are projected in detail, a residual value (exit value) is determined on basis of a perpetual annuity of the exit cash flow. The market value is calculated as the sum of the discounted net cash flows. The market value is the sum of the net cash flows discounted to the valuation date beyond the detailed analysis period and the discounted residual value.

## 8 Basis of the Valuations

All properties are known to JLL due to the inspections carried out and the documents provided. JLL conducted a detailed analysis in terms of quality and risks (attractiveness and lettability of the rented premises, construction and condition, micro and macro location). The properties are visited by JLL at acquisition and every three years or upon completion of larger refurbishments thereafter.

## 9 Results

A total of 19 properties were valued as at 30 September 2015. The Fair Value of the properties according to IAS 40 and IFRS 13 is estimated as at the valuation date as follows:

Switzerland (5 properties):	CHF 191'850'000 (Gross Fair Value)
Germany (14 properties):	EUR 126'580'000 (Net Fair Value)

Gross Fair Value: The fair value according to paragraph 25 IFRS 13 is not corrected by the transaction costs incurred by the purchaser. This corresponds to the Swiss valuation practice.

Net Fair Value: For the valuation of foreign properties, transaction costs are deducted in accordance with IFRS.

**10 Independency and  
Purpose**

JLL confirms that the valuations have been created independently and neutrally and are intended only for the aforementioned purpose.  
JLL assumes no liability to third parties.

JLL Switzerland:  
Zurich, 30 September 2015

Daniel Schneider MRICS  
Head Valuation Switzerland

Gregor Strocka, CAIA, MRICS  
Senior Vice President

JLL Germany  
Frankfurt, 30 September 2015

Ralf Kemper  
Head of Valuation Advisory Germany

Patrick Metzger MRICS  
National Director

## Appendix – Valuation Assumptions

The following general assumptions apply for the valuation of the properties.

- The valuations are based on rent rolls of the Züblin Group as at 1 October 2015.
- In the valuation models with nominal discounting, unless otherwise specified, the following inflation rates are assumed: Switzerland: 0.5%, Germany: 1.67% on average over the period of consideration.
- With regard to operating expenses, it is assumed that ancillary expenses are treated separately and thus tenant related costs are borne by the tenants.
- The discount rate and capitalisation rate is based on a risk-adjusted interest rate. The respective rate is determined individually for each investment property by use of benchmark data from arm's-length transactions. In case there are not sufficient comparable transactions, the discount and capitalisation rates are determined taking into account the current market environment, the macro and micro location, type of use, cash flow risk and any other specific factors.
- As at 30 September 2015 the following interest rates have been applied:
  - For the valuations in Switzerland the discount rates are between 3.80% and 5.30% amounting to a capital-weighted discount rate of 4.24%. The capitalisation rates are between 3.30% and 4.80%, amounting to a capital-weighted capitalisation rate of 3.74%.  
  
Compared to the prior valuation as at 31 March 2015, JLL used a slightly technically adapted valuation model for the valuations as at 30 September 2015. The discount and capitalisation rates are therefore not directly comparable with the rates used as at 31 March 2015.
  - For the valuations in Germany the discount rates are between 6.75% and 12.50% amounting to a capital-weighted discount rate of 7.90%. The capitalisation rates are between 6.00% and 10.00%, amounting to a capital-weighted capitalisation rate of 7.05%.

# Definition of terms

## Income statement

### EBITDA

Earnings before interest and taxes (EBIT) excluding net changes in market value of investment properties, result from the sale of investment properties and depreciation.

### EPRA Earnings

Earnings excluding net changes in market value of investment properties, result from the sale of investment properties, changes in fair value of derivative financial instruments and non-controlling interests.

### EPRA Return on equity

Ratio of earnings to the EPRA Net Asset Value at the beginning of the financial year adjusted for any dividends and/or capital transactions.

## Balance sheet

### Market value of investment properties

The market value of investment properties as assessed by independent external real estate appraisers. In Germany after deduction of the transaction costs payable on a sale.

### EPRA Equity

Equity excluding fair value of derivative financial instruments and the net amount of deferred taxes.

### EPRA Equity of shareholders

EPRA Equity excluding non-controlling interests.

### EPRA Equity Ratio

Ratio of EPRA Equity to total assets.

## Key figures per share

### Number of outstanding shares

Number of shares of Züblin Immobilien Holding AG in issue less treasury shares. In the case of figures relating to the balance sheet the number of treasury shares at the balance sheet date is deducted, while in the case of the income statement, the average number of treasury shares is used.

### EPRA Earnings

EPRA Earnings divided by average number of outstanding shares.

### EPRA Net Asset Value (NAV)

EPRA Net Asset Value of the shareholders of ZIHAG divided by the average number of outstanding shares.

### EPRA Triple Net Asset Value (NNNAV)

EPRA Net Asset Value of the shareholders of ZIHAG less the fair value of derivative financial instruments, the net amount of deferred taxes and the difference between the fair value and cost of mortgages divided by the number of outstanding shares at the balance sheet date.

## Portfolio

### Annual rental income

Annualized gross rental income based on the contractual rents passing at the balance sheet date. This amount does not include any recoverable costs which can be charged to tenants.

### Projected annual rental income

Annual rental income added to the estimated annual rental income of vacant space.

### Estimated market rental value (ERV)

All rentable space of the whole portfolio calculated at market rent.

### Analysis of the various yields on rental income

### Investment properties available for lease

Investment properties excluding redevelopment projects and investment properties held for sale.

### EPRA Gross Initial Yield

Ratio of annual rental income of investment properties available for lease to the investment properties available for lease as of the balance sheet date.

**EPRA Net Initial Yield**

Ratio of annual rental income excluding real estate expenses and maintenance and repairs of investment properties available for lease to the market value of the investment properties available for lease inclusive of the estimated sale transaction costs as of the balance sheet date.

**Analysis of the vacancy levels**

**Estimated annual rental income of vacant space**

Vacant space in m<sup>2</sup> calculated at market rent.

**Züblin Vacancy rate**

The estimated annual rental income of vacant space divided by the projected annual rental income.

**EPRA Vacancy rate**

The estimated annual rental income of vacant space divided by the estimated market rental value of the whole portfolio.

**Vacancy rate (m<sup>2</sup>)**

Vacant space as of the balance sheet date divided by the rentable space.



Züblin has published its semi-annual and annual reports on its website, which the company believes is the most user-friendly format. As a result, and for environmental reasons, the company has decided to no longer print these reports. This copy has been printed internally.

The semi-annual and annual reports are published in German and English. The binding version is the German version.

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