

Media Release

Zurich, 18 May 2017

Züblin Immobilien Holding AG publishes 2016/17 annual report

Züblin Immobilien Holding AG (Züblin) completed the financial year 2016/17 with a profit of CHF 29.9 million (CHF 9.02 per share), compared with an overall net loss of CHF 18.9 million in the previous year. An improved asset management performance in Switzerland, cost reductions resulting from the restructuring measures initiated in 2014 and a favourable market environment all contributed to the positive result. The decision to sell the German portfolio (disclosed as a discontinued operation) to take advantage of the attractive market dynamics for office properties in Germany had a further positive impact on performance. The planned transaction had a positive impact of CHF 13 million on reported profit, and is expected to be completed within the first half of the financial year 2017/18. When the transaction closes, the expected net inflow of around CHF 55 million will be reinvested into carefully selected investment opportunities to ensure continued value-generating growth; in addition, the Board of Directors may consider proposing a dividend to the shareholders at an Annual General Meeting. In combination with the solid portfolio in Switzerland, we expect these measures to support the share price and help close the current discount of 41% to net asset value (NAV).

Profit increase

After Züblin Group reported a profit in September 2016 for the first time since March 2012, the Group also significantly increased its profit in the second half of financial year 2016/17. Multiple factors contributed to the improved results. Successful letting activities led to rental income of CHF 8.0 million in the continuing Swiss operations, up 1.4% from the previous year. Strong rental income combined with the continued supportive market environment led to positive valuation effects of CHF 2.4 million. Administrative expenses amounted to CHF 4.2 million, down around 16% from the previous year thanks to cost savings and the release of reserves. More importantly, the restructuring measures implemented by the company lowered net financial expenses by around CHF 6.4 million to CHF 2.4 million. EBIT amounted to CHF 5.8 million. Profit before tax from continuing operations in Switzerland rose by CHF 4.4 million to CHF 3.8 million (compared to the prior-year loss of CHF 0.6 million) or CHF 2.1 million after tax. Including the results from discontinued operations, the company achieved an annual profit of CHF 29.9 million (CHF 9.02 per share), compared to a loss of CHF 18.9 million (CHF –5.70 per share) in the prior year.

Substantial value realization through sale of the German portfolio

Investment demand for office properties in good locations with low vacancy rates is very high in Germany and this has created a seller's market. This opened the door for Züblin to realize value at attractive levels. The Board of Directors therefore decided to sell the German portfolio and selected Colliers International as the exclusive transaction agent. Selected bidders analysed the portfolio. A transaction is currently being negotiated with the aim of completing it within a few

months. It is expected that a sale would be completed at a price approx. CHF 13 million higher than the appraised value of the properties, underlining the attractiveness of the transaction for Züblin and its shareholders. A successful sale would generate net proceeds of approx. CHF 55 million and enable Züblin to grow the portfolio again subsequently.

Market value of Swiss portfolio CHF 198.5 million

The overall market value of the Swiss portfolio rose by 1.3% or CHF 2.6 million. This upward revaluation reflected reduced investor yield expectations on the one hand, which leads to a market-driven increase in valuations, but also negative adjustments to forecast rental income from the Arco West property in Berne. As at 31 March 2017, the value of the Swiss portfolio was CHF 198.5 million. The overall vacancy rate of the Swiss properties improved by 2 percentage points as at 31 March 2017 to 10.6%. However, the vacancy rate excluding the challenging Arco West property remains very low at 1.0%. All properties are in good locations, have a solid tenant base and are well maintained; Arco West is currently being repositioned. 89% of the total portfolio value relates to properties located in the Zurich area and 90% of the total rental income originates from these properties.

Strengthened balance sheet

Züblin ended the financial year 2016/17 with a solid balance sheet. The restructuring measures launched in 2014 and successfully completed in 2016 paid off and resulted in the elimination of almost all legacy financial burdens. The balance sheet of CHF 384 million now consists of the investment properties in Switzerland valued at CHF 198.5 million and the assets held for sale in Germany of CHF 167.8 million. The equity ratio was 31.8% at the end of the reporting period, while the LTV stood at 54.4%.

Net asset value of CHF 36.82 per share compared to a share price of CHF 21.95

The positive earnings led to a significant increase in net asset value (NAV) to CHF 36.82 as of the balance sheet date, compared to CHF 26.98 a year ago. However, the share price does not yet reflect the positive consequences of the restructuring measures and the resulting upturn in operational profitability. Including the positive impact on net profit from the planned sale of the German assets, the company generated a profit per share of CHF 9.02 in the year under review. Nevertheless, as of 31 March 2017 the share price stood at CHF 21.95, representing a 41% discount to NAV. The Board is convinced that the attractive Swiss portfolio combined with new reinvestment opportunities after the completion of the German transaction will contribute to a narrowing of this discount in financial year 2017/18.

Changes in the Board of Directors and Group Management

Mr. Iakov Tesis, a member of the Board of Directors of Züblin Immobilien Holding AG since 2014, stepped down from his role on 21 March 2017. Mr. Tesis informed the company that he could no longer fulfil his duties as a member of the Board of Directors of Züblin due to his other commitments. The Board of Directors would like to thank Mr. Tesis for his outstanding contribution during the demanding restructuring phase. The four remaining board members will all stand for re-election at the upcoming Annual General Meeting and, if elected, form a balanced Board of Directors consisting of two independent directors, an executive director, and one board member who is related to the majority shareholder.

Regarding the operational management of Züblin, Roland Friederich, formerly Head of Group Reporting, replaced Thomas Wapp as CFO and member of Group Management effective 1 December 2016.

Outlook for financial year 2017/18

Züblin expects to complete the sale of the German portfolio in the first half of the financial year 2017/18. If the transaction is completed, the expected net cash inflow of approx. CHF 55 million will be reinvested into carefully selected investment opportunities to enable further growth of shareholder value. Upon completion of the transaction, Züblin will be well positioned for targeted growth initiatives that ensure the company continues to generate value going forward. Züblin is therefore currently monitoring all segments of the real estate market to identify options with the potential to offer attractive risk-adjusted returns. In addition, the Board of Directors may consider proposing a dividend to the shareholders at a General Meeting.

* * * * *

Full annual report

The full 2016/17 annual report is available on our website at the following link:

<http://reports.zueblin.ch>

Press conference today at 09.30 (CET)

Züblin Immobilien Holding AG will hold a press and analysts' conference at 09.30 CET today at SIX Swiss Exchange, Room Decision, Selnaustrasse 30, 8001 Zurich. The presentation can also be viewed on our website.

Further information

Dr. Iosif Bakaleynik CEO

Züblin Immobilien Holding AG, Klausstrasse 4, CH-8008 Zurich

Tel. +41 44 206 29 39, iosif.bakaleynik@zueblin.ch

Further information is also available at www.zueblin.ch

KEY FIGURES AS OF 31 MARCH 2017

in million CHF	1.4.2016 to 31.3.2017	1.4.2015 to 31.3.2016
Income statement		
Rental income	8.0	7.9
Change in market value of investment properties	2.4	5.7
EBITDA	3.4	2.5
Earnings	29.9	-18.9
- from continuing operations	2.1	1.2
- from discontinuing operations	27.8	-20.1
EPRA Return on equity	19.9%	-15.1%
Balance sheet		
Investment properties	357	331
- from continuing operations	198	196
- from discontinuing operations	159	135
Equity	122	90
Equity Ratio	31.8%	25.1%
EPRA Equity	151	126
EPRA Equity ratio	39.2%	35.3%
Mortgages	205	210
- from continuing operations	108	108
- from discontinuing operations	97	102
Loan to Value	57.4%	63.4%
- from continuing operations	54.4%	55.1%
- from discontinuing operations	61.2%	75.4%
Key figures per share in CHF		
Earnings of shareholders	9.02	-5.70
- from continuing operations	0.64	0.40
- from discontinuing operations	8.38	-6.10
NAV per share	36.82	26.98
EPRA NAV per share	45.39	37.93
Share price	21.95	18.50
Portfolio		
Annual rental income	18.8	19.1
- from continuing operations	8.1	7.9
- from discontinuing operations	10.7	11.2
EPRA Net Initial Yield (NIY)	4.6%	4.9%
- from continuing operations	3.7%	3.7%
- from discontinuing operations	5.7%	7.0%
Average interest rate	1.3%	1.3%
- from continuing operations	0.9%	0.8%
- from discontinuing operations	1.8%	1.8%
Vacancy rate monetary	10.7%	9.0%
- from continuing operations	10.6%	12.4%
- from discontinuing operations	10.8%	6.4%