

Media Release

Zurich, 19 May 2016

Züblin Immobilien Holding AG publishes 2015/16 annual report

The financial year 2015/16 was dominated for Züblin Immobilien Holding AG (Züblin) by the implementation of the revised strategy. This involved refocusing on core competences with a concentration on the office markets in Switzerland and Germany combined with the successful strengthening of the capital base. The results for the financial year already reflected some initial success in this turnaround. Following the refocus the company is operationally and financially prepared for a new and sustained period of growth.

EBIT of CHF 18.1 million and reduced vacancy rate of 9%

Rental income from continuing operations, which includes all activities in Switzerland and Germany, was down by CHF 2.8 million compared with the prior year to CHF 18.7 million. This decline primarily reflected sales of properties and the impact of the CHF/EUR exchange rate. The good performance of the German portfolio was the main reason for the fall in the vacancy rate to 9.0% (previous year 13.7%). These operating improvements and the generally robust market environment in Züblin's core markets led to positive revaluation effects of CHF 7.8 million. This contributed to EBIT of CHF 18.1 million in 2015/16, compared with a valuation-induced operating loss of CHF 22.9 million in the prior-year period.

Earnings from continuing operations also improved substantially, with the company reporting a profit of CHF 7.7 million for 2015/16, compared with a loss of CHF 84.2 million in the prior year. In addition to downward revaluations, this loss in 2014/15 was also affected by financial expenses of CHF 43 million relating to currency translation and the derecognition of swaps.

Exit from the French market completed

The economic withdrawal from the French market took place at the end of July 2015, as Züblin found an investor for its French subsidiary Züblin Immobilière France. The company then wrote off its stake in the French subsidiary. The costs of the withdrawal amounted to CHF 26.6 million, producing a consolidated loss of CHF 18.9 million (previous year: loss of CHF 212.2 million). CHF 15.1 million of this loss related to the de-recognition of currency translation adjustments and cash flow hedges, which had no impact on Net Asset Value (NAV).

Quality portfolio in solid markets

Züblin's core portfolio currently consists of 17 office properties in Switzerland and Germany with a portfolio value of CHF 331 million at 31 March 2016, of which Switzerland accounts for CHF 196 million and Germany CHF 135 million. The Swiss portfolio comprises five properties with a vacancy rate of 12.4% (previous year: 13.6%), while the German portfolio contains twelve properties and saw an impressive reduction in the vacancy rate from 13.8% to just 6.4%.

Bond and loan repaid – balance sheet changes

The outstanding bond of CHF 35.3 million was fully repaid at the end of its term in July 2015. Interest costs fell significantly after the successful capital increase and the repayment of the shareholder loan from Lamesa Holding SA in December 2015. Outstanding mortgages amounted to CHF 210 million at 31 March 2016 and had an average interest rate of 1.8% and an average term of 5.3 years. Net Asset Value (NAV) was CHF 89.5 million or CHF 26.98 per share at 31 March 2016, compared with CHF 9.10 at 31 March 2015, primarily due to the capital increase. The loan-to-value (LTV) ratio was reduced to 63.4% (previous year: 69.7%).

Successful capital restructuring

After the losses in 2014/15 the consolidated equity ratio decreased to 4.8%, which made a restructuring of the company's capital necessary. At an Extraordinary General Meeting on 29 October 2015 Züblin's shareholders approved a capital reduction by way of a reduction in the nominal value of the share capital, followed by a capital increase of CHF 71.7 million to strengthen the company's capital base. Lamesa, Züblin's main shareholder, underwrote the capital increase, as a result of which its stake rose from 33.1% to 37.3%. The shareholders also approved the creation of CHF 37.3 million of authorised capital to fund potential future acquisitions.

Reverse stock split

At the Extraordinary General Meeting on 29 February 2016 the shareholders approved the Board of Directors' proposal for a reverse stock split of the shares in a ratio of 450:1 together with a corresponding amendment to the articles of association. Züblin's ordinary share capital remained unchanged at CHF 74,655,607.50 following the stock split, but is now divided into 3,318,027 fully paid-up registered shares with a par value of CHF 22.50 each. The par value of the shares within conditional and authorised capital was also re-denominated to CHF 22.50.

Stronger capital base to enable new growth phase

The new strategic focus launched in the prior year led to significant improvements in financial year 2015/16. The first steps in the new strategy, the concentration on core competences, the creation of value in office properties in Switzerland and Germany and the stabilisation of the financial position have been successfully implemented. Züblin is now well placed for the next phase of growth in its core markets of Switzerland and Germany. The growth plans are based on the purchase of office properties with an upside potential in good locations in A cities and in premium locations in B cities in the German-speaking countries. In the longer term Züblin intends to develop into a specialist provider of active real estate asset management.

Board of Directors

All current members of the Board of Directors will stand for re-election at the upcoming Annual General Meeting. The compensation of the members of the Board of Directors is

adjusted. The base salary paid in cash is reduced and in the same amount a compensation component with a greater emphasis on long-term performance, is introduced.

Outlook 2016/2017

In 2016/17 Züblin will remain focused on implementing the strategy to generate solid growth in its target markets of Switzerland and Germany. Züblin is confident that the value-creating steps it has taken will improve market perception of the company and lay the basis for sustained future growth.

Full annual report

The full 2015/16 annual report is available on Züblin's website at the following link: <http://reports.zueblin.ch>

Press and analysts' conference at 09.30 CET today

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

Further information:

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Key Figures

in million CHF	1.4.2015 to 31.3.2016	1.4.2014 to 31.3.2015
Income statement		
Rental income	18.7	21.6
Change in market value of investment properties	7.8	-33.5
EBITDA	10.6	13.2
Earnings	-18.9	-212.2
- from continuing operations	7.7	-84.2
- from discontinuing operations	-26.6	-128.0
EPRA Return on equity	-15.1%	-301.8%
Balance sheet		
Investment properties	331	531
- from continuing operations	331	322
- from discontinuing operations	0	209
Equity	90	26
Equity Ratio	25.1%	4.8%
EPRA Equity	126	70
EPRA Equity ratio	35.3%	12.7%
Mortgages	210	370
- from continuing operations	210	218
- from discontinuing operations	0	152
Loan to Value	63.4%	69.7%
- from continuing operations	63.4%	67.9%
- from discontinuing operations	n.a.	72.5%
Key figures per share in CHF		
Earnings of shareholders	-5.70	-65.03*
- from continuing operations	2.68	-32.08*
- from discontinuing operations	-8.38	-32.95*
NAV per share	26.98	9.10*
EPRA NAV per share	37.93	24.66*
Share price	18.50	24.75*
Portfolio		
Annual rental income	19.1	24.0
- from continuing operations	19.1	18.8
- from discontinuing operations	n.a.	5.2
EPRA Net Initial Yield (NIY)	4.9%	2.8%
- from continuing operations	4.9%	4.7%
- from discontinuing operations	n.a.	0.6%
Average interest rate	1.8%	2.6%
- from continuing operations	1.8%	2.0%
- from discontinuing operations	n.a.	3.5%
Vacancy rate monetary	9.0%	41.4%
- from continuing operations	9.0%	13.7%
- from discontinuing operations	n.a.	72.8%

* prior year figures adjusted based on recalculated average number of shares in order to consider share split and reverse split