

Press Release

Zurich, 10 April 2014

Züblin concentrates on Germany and France

At its meeting yesterday the Board of Directors of Züblin Immobilien Holding decided to concentrate the Company's portfolio on Germany and France and to sell the Swiss properties. As a result the Company will offer an early redemption to the bondholders of the 4% bond maturing on 20 July 2015, probably in the second half of 2014. There has been further progress with the disposal of the non-strategic properties in Germany and the Netherlands, but a further write-down of values is required. Based on unaudited preliminary figures Züblin anticipates a consolidated loss of CHF 65 million for the year ending 31 March 2014 of which CHF 16 million had no impact on the net asset value (NAV).

The Board of Directors has requested the Group Management to sell the remaining Swiss properties. This will allow the Company to exploit the current level of high demand for commercial property in prime locations in Switzerland. With all of the Swiss properties having been completely renovated and most of them in first-rate locations, the Company expects the sale to be successful.

Early redemption offer to the holders of the 4% bond 2015

In line with the proposed sale of the Swiss properties, the Board of Directors has decided to make an offer to the bondholders for early redemption of the outstanding 4% bond with a maturity date of 20 July 2015. Every bondholder will be able to decide whether or not he wants to sell his bonds to the Company in advance of the maturity date as a result of the Company's change of strategy. After consultation with the lead manager, Neue Helvetische Bank, the redemption offer will be circulated to the bondholders after the sale of the Swiss properties has been completed, which is expected in the second half of 2014. The redemption price, which will be paid in cash, will be calculated in line with market conditions on the basis of the outstanding coupon on the one hand and the Libor rate for the residual maturity plus the original spread of 2.96% p.a. used on the placement date on the other. In addition to the redemption price the accrued interest will be paid out up to the effective date of the redemption offer.

Completion of "Newtime" in Paris

The comprehensive renovation of the "Newtime" building in Paris has now been completed and the building is available for letting.

Disposal of non-strategic properties with write-downs

In the past financial year 2013/2014, 15 non-strategic properties have been sold, of which seven are in Germany. The remaining five non-strategic properties in Germany are valued at CHF 19 million as of 31 March 2014.

In the Netherlands eight properties have been sold and five properties remain for sale with a value of CHF 25 million at year end.

During the year, the value of the non-strategic properties were written down by CHF 38 million, of which CHF 17 million was the German portfolio and CHF 21 million was the Dutch properties.

Portfolio value stands at CHF 793 million

The total value of Züblin's portfolio was CHF 793 million at 31 March 2014 against CHF 1'065 at 31 March 2013 which split 50% in France, 24% in Switzerland and 21% in Germany. The non-strategic portfolio totalling CHF 44 million therefore now accounts for only 5% of the overall portfolio compared to 14% as of 31 March 2013.

Züblin anticipates a consolidated loss of CHF 65 million

As a consequence of the vacancy during the reconstruction of French and Swiss properties an operating annual loss of CHF 11 million has been recorded, which was mostly offset by the gain of CHF 11 million for the sale of certain strategic properties.

In addition to the realised and non-realised valuation adjustments of CHF 38 million from the non-strategic portfolio, the deteriorating market conditions in France led to a downward movement in property values by CHF 9 million, while values in Switzerland and Germany were largely unchanged.

After a tax charge of CHF 2 million, an overall loss of CHF 49 million will be shown in the accounts before reclassification of the interest rate swap transactions.

During the reporting period the interest rate swap transactions again had to be reclassified from equity to the income statement with a negative impact of CHF 16 million on the income statement. Some CHF 12 million resulted from the planned sales of strategic properties. As

this valuation adjustment was already fully recognised in equity, there was no negative impact on the Net Asset Value (NAV).

The above mentioned reclassification results in an overall consolidated loss of CHF 65 million in the financial year 2013/2014 compared with a loss of CHF 89 million in the prior year.

Impact on key figures

Basic NAV per share is expected to amount to CHF 3.01 at 31 March 2014 (prior year CHF 3.59), while EPRA NAV per share will be reported as CHF 3.60 (prior year CHF 4.57). Based on the share price of CHF 1.96 on 31 March 2014, this would represent a discount to intrinsic value of 35% (Basic NAV) and 46% (EPRA NAV).

The loan-to-value ratio has continued to improve as planned and fell to 61.4% at 31 March 2014 compared to 65.7% in the previous year. The vacancy rate rose from 10.5% to 42.9% after the inclusion of all properties under renovation; this must be seen against the backdrop of the impending lettings in Paris and Berne.

Final results

Züblin will publish its full results at its results presentation on 15 May 2014 (9.30 am, SIX Swiss Exchange, Zurich).

For further information

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