



Pierre N. Rossier, Chairman of the Board of Directors, and Bruno Schefer, Chief Executive Officer

Letter to our Shareholders

Dear
Shareholders

Züblin generated solid earnings in financial year 2011/2012 in spite of a still challenging economic environment and the expected decline in rental income.

Züblin once again significantly strengthened the balance sheet. The loan-to-value ratio improved from 68.8% in 2010/2011 to 64.4% this year, while the EPRA equity ratio rose from 30.7% to 31.8%.

The French authorities have given the go-ahead for the Newtime (Jatte 1) renovation project, which is in a prime location in Paris. Construction began in March 2012. This project is being financed internally within the Group.

**Solid financials – Costs
pared further**

Züblin generated rental income of CHF 73 million in 2011/2012, which represents a reduction of 20% compared with the previous year. The reasons for this decline were the sale of seven non-strategic properties in the Netherlands and Germany, the temporary loss of rental income due to the renovation of several buildings (particularly Jatte 1 in Paris) and a further decline in the euro. In spite of this reduction in revenues Züblin was able to generate consolidated earnings of CHF 4.7 million (previous year CHF 7.3 million) thanks to further cost cuts of 8%. This was particularly pleasing since Züblin achieved a profit of CHF 3.3 million for the shareholders, compared with a loss of CHF 0.8 million in 2010/2011.

Improved portfolio makeup

The total value of the property portfolio amounted to CHF 1 206 million as of 31 March 2012. Switzerland accounted for CHF 370 million of this, France for CHF 383 million, Germany CHF 331 million and the Netherlands CHF 122 million. While market values rose again in Switzerland, values had to be corrected downwards slightly in France and Germany and more significantly in the Netherlands due to the ongoing weakness of the Dutch property market. The overall market value of the portfolio fell by 0.2% or CHF 2.6 million compared with a decline of 1.3% or CHF 17 million in 2010/2011. The vacancy rate (excluding properties undergoing renovation) remained unchanged compared with 31 March 2011 at 11.4%. The non-strategic portfolio still accounted for 24% of the overall portfolio as of 31 March 2012.

Stronger balance sheet

During the financial year Züblin Immobilien Holding AG issued a Swiss franc bond for CHF 60 million with a 4% coupon and a term of four years. These funds were used to repay short-term property borrowings, redeem a loan at holding level and fund the Newtime (Jatte 1) renovation project internally from the Group's own resources. Moreover, the majority of the income from property disposals was repaid to the banks, which led to a decline in the loan-to-value ratio. The loan-to-value ratio stood at 64.2% as of 31 March 2012, compared with 68.8% a year ago and 70.8% two years ago. Moreover, all short-term borrowings were either redeemed or extended for three or five years. In spite of the issuance of the bond the EPRA equity ratio rose to 31.8%, compared with 30.7% last year.

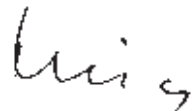
**Newtime (Jatte 1) renovation
project underway in Paris**

The extensive preparatory work on Züblin Group's largest renovation project in Paris was completed with the award of the contract to Bouygues Group as total general contractor. This gave Züblin certainty over timing, costs and quality. The total investment cost is EUR 55 million. After the building permit was issued by the authorities, the French subsidiary fired the starting gun for the renovation work to begin in March 2012. The work is now in full swing. The planned completion date for the building is 15 March 2014. In line with its strategy Züblin is converting Newtime into a modern energy-efficient office building. Züblin has secured the funding for the renovation project internally.

Outlook

The ongoing restructuring of the German and Dutch portfolio, together with the renovation work in Paris and Berne, will lead to a 15–20% decline in rental income in the next two years. As soon as new tenants move into the properties, the properties' market values will rise sharply as a consequence of the investments that have been carried out, while the rigorous cost control will mean that the additional rental income feeds straight through to the bottom line. The creation of added value underpins the aims of Züblin's strategy: providing tenants with high-quality properties, investing in energy efficiency and boosting the equity ratio — and so securing the Group's sustained development.

The Board of Directors and Group Management would like to thank all staff and business partners for their committed work for the Company and all shareholders for the trust they have placed in the Company and their continued support.



Pierre N. Rossier
Chairman of the Board of Directors



Bruno Schefer
Chief Executive Officer