

Financial Report

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Investing in
quality
sustainable
future

Consolidated income statement and consolidated statement of comprehensive income

Consolidated income statement

in CHF thousand			1.4.2013 to 30.9.2013 reviewed	1.4.2012 to 30.9.2012 reviewed
	Notes			
Rental income	1		23 214	29 134
Total operating income			23 214	29 134
Real estate expense	3		-4 746	-4 425
Maintenance and repairs			-1 068	-838
Net operating income			17 400	23 871
Administrative expense	4		-4 555	-5 120
Result from the sale of investment properties strategic	2		10 746	6 599
Result from the sale of investment properties non-strategic	2		-783	-1 588
Change in market value of investment properties strategic	6		1 312	-3 611
Change in market value of investment properties non-strategic	6		-15 684	-19 960
Total change in market value			-14 372	-23 571
Earnings before interest and taxes (EBIT)			8 436	191
Financial expense	5		-17 154	-19 133
Derecognition Swaps	5		-4 140	-3 809
Financial income	5		311	864
Earnings before taxes (EBT)			-12 547	-21 887
Income taxes			-2 450	-67
Earnings			-14 997	-21 954
of which attributable to:				
- Shareholders of Züblin Immobilien Holding AG			-13 671	-17 389
- Non-controlling interests			-1 326	-4 565
Earnings per share			-0.23	-0.29
Diluted earnings per share			-0.23	-0.29

¹ Amounts have been adjusted based upon the restated presentation (see section 2.4 in the notes to the consolidated semi-annual financial statements)
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 comprehensive income**

in CHF thousand			1.4.2013 to 30.9.2013 reviewed	1.4.2012 to 30.9.2012 reviewed
	Notes			
Earnings			-14 997	-21 954
Change in cash flow hedges	9		14 446	-233
Income taxes from change in cash flow hedges	9		-1 355	-1 024
Change in net pension obligation			-55	-150
Currency translation adjustments			180	291
Other comprehensive income			13 216	-1 116
Net comprehensive income			-1 781	-23 070
of which attributable to:				
- Shareholders of Züblin Immobilien Holding AG			-2 598	-17 789
- Non-controlling interests			817	-5 281

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

Consolidated balance sheet

Assets

in CHF thousand	Notes	30.9.2013 reviewed	31.3.2013 audited ¹	1.4.2012 audited ¹
Non-current assets				
Investment properties strategic	6	744 271	854 295	847 221
Furnishing		439	539	551
Deferred tax assets		1 902	2 385	3 608
Derivative financial instruments	9	43	138	561
Other non-current receivables		3 327	4 633	7 227
Total non-current assets		749 982	861 990	859 168
Current assets				
Investment properties strategic held for sale	6	0	65 353	66 160
Investment properties non-strategic held for sale	6	104 398	145 144	292 762
Trade accounts receivable		3 806	3 980	5 854
Receivable from income taxes		1 987	5 381	3 659
Other current assets		20 044	22 813	19 565
Cash and cash equivalents		60 973	36 632	39 555
Total current assets		191 208	279 303	427 555
Total assets		941 190	1 141 293	1 286 723

¹ Amounts have been adjusted based upon the restated presentation (see section 2.4 in the notes to the consolidated semi-annual financial statements).
Information contained in the notes to the consolidated semi-annual financial statements is an integral part of the consolidated semi-annual financial statements.

Equity and liabilities

in CHF thousand	Notes	30.9.2013 reviewed	31.3.2013 audited ¹	1.4.2012 audited ¹
Equity				
Share capital	7	59 724	59 724	59 724
Capital reserves ²		159 871	37 036	37 036
Special reserve from capital decrease ²		0	367 306	367 306
Retained earnings ²		66 151	-164 593	-82 978
Treasury shares	7	-2 243	-2 134	-2 632
Reserve for cash flow hedges	9	-18 615	-29 686	-40 579
Currency translation adjustments		-55 556	-55 614	-55 890
Equity of the shareholders of Züblin Immobilien Holding AG		209 332	212 039	281 987
Non-controlling interests		52 774	51 979	56 440
Total equity		262 106	264 018	338 427
Liabilities				
Non-current mortgages strategic	10	246 235	477 522	444 711
Bond	11	57 786	59 369	59 102
Mandatory Convertible Securities		2 371	3 092	3 719
Other non-current liabilities		950	890	771
Deferred tax liabilities		8 194	21 300	20 820
Derivative financial instruments	9	33 075	49 100	53 192
Non-current liabilities		348 611	611 273	582 315
Mortgages strategic held for sale	10	0	45 122	40 247
Mortgages non-strategic held for sale	10	93 333	127 044	190 292
Current mortgages strategic	10	200 969	50 149	98 680
Mandatory Convertible Securities		718	683	644
Derivative financial instruments	9	3 532	323	896
Income tax liabilities		7	41	198
Trade accounts payable		4 401	14 022	3 161
Other current liabilities		27 513	28 618	31 863
Current liabilities		330 473	266 002	365 981
Total liabilities		679 084	877 275	948 296
Total equity and liabilities		941 190	1 141 293	1 286 723

¹ Amounts have been adjusted based upon the restated presentation (see section 2.4 in the notes to the consolidated semi-annual financial statements).

² Offset of loss carryforwards of CHF 244'470'162.91 in accordance with the AGM resolution of 11 June 2013 (see consolidated statement of equity on page 31).
Information contained in the notes to the consolidated semi-annual financial statements is an integral part of the consolidated semi-annual financial statements.

Consolidated cash flow statement

in CHF thousand			1.4.2013 to 30.9.2013 reviewed	1.4.2012 to 30.9.2012 reviewed
	Notes			
Cash flow from operating activities				
Earnings			-14997	-21 954
Adjustments for:				
- Result from the sale of investment properties	2		-9963	-5 011
- Net financial expenses	5		20983	22 078
- Change in market value of investment properties	6		14372	23 571
- Income taxes			2450	67
- Depreciation			102	177
- Other non cash flow-related effects			5	-65
Cash flow before change in net current assets			12952	18863
Change in net working capital			-5419	-4 121
Income taxes paid			-14 147	-276
Income taxes received			58	4
Interest received			28	82
Net cash flow from operating activities			-6528	14552
Cash flow from investing activities				
Investments in investment properties	6		-38 108	-43 299
Divestments of investment properties	2		252 361	155 881
Investments in furnishing			0	-254
Change in other non-current assets			1 329	1 203
Net cash flow from investing activities			215582	113531

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	1.4.2013 to 30.9.2013 reviewed	1.4.2012 to 30.9.2012 reviewed
Cash flow from financing activities			
Decrease of bond		-1 720	0
Increase of mortgages		0	190 000
Decrease of mortgages		-162 058	-275 856
Interest paid		-20 881	-22 091
Purchase of treasury shares	7	-109	-450
Sale of treasury shares	7	0	900
Net cash flow used in financing activities		-184 768	-107 497
Currency translation adjustments for cash and cash equivalents		55	196
Change in cash and cash equivalents		24 341	20 782
Cash and cash equivalents as of the beginning of the period		36 632	39 555
Cash and cash equivalents as of the end of the period		60 973	60 337

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	Equity of the shareholders of ZIHAG	Non-controlling interests	Total equity
Balance as of 31.3.2012	59 724	37 036	367 306	-82 978	-2 632	-40 579	-55 890	281 987	56 440	338 427
Earnings				-17 389				-17 389	-4 565	-21 954
Other comprehensive income				-150		-322	72	-400	-716	-1 116
Total comprehensive income	0	0	0	-17 539	0	-322	72	-17 789	-5 281	-23 070
Change in treasury shares				-48	498			450	7	457
Balance as of 30.9.2012	59 724	37 036	367 306	-100 565	-2 134	-40 901	-55 818	264 648	51 166	315 814
Earnings				-64 068				-64 068	-3 374	-67 442
Other comprehensive income				40		11 215	204	11 459	4 162	15 621
Total comprehensive income	0	0	0	-64 028	0	11 215	204	-52 609	788	-51 821
Change in treasury shares								0	25	25
Balance as of 30.9.2012	59 724	37 036	367 306	-164 593	-2 134	-29 686	-55 614	212 039	51 979	264 018
Earnings				-13 671				-13 671	-1 326	-14 997
Other comprehensive income				-56		11 071	58	11 073	2 143	13 216
Total comprehensive income	0	0	0	-13 727	0	11 071	58	-2 598	817	-1 781
Change in treasury shares				0	-109			-109	-22	-131
Offset of retained loss ¹		122 835	-367 306	244 471				0	0	0
Balance as of 30.9.2013	59 724	159 871	0	66 151	-2 243	-18 615	-55 556	209 332	52 774	262 106

¹ Offset of loss carryforwards of CHF 244'470'162.91 in accordance with the AGM resolution of 11 June 2013.

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

Segment information

Income statement

in CHF thousand	1.4.2013 – 30.9.2013							1.4.2012 – 30.9.2012 ³						
	Switzerland	France	Germany	Netherlands	Holding ¹	Consolidation ²	Total	Switzerland	France	Germany	Netherlands	Holding ¹	Consolidation ²	Total
Rental income	5 277	5 004	8 785	4 148	0	0	23 214	6 829	6 125	10 807	5 373	0	0	29 134
Intercompany	0	0	0	0	1 073	-1 073	0	0	0	0	0	1 205	-1 205	0
Total operating income	5 277	5 004	8 785	4 148	1 073	-1 073	23 214	6 829	6 125	10 807	5 373	1 205	-1 205	29 134
Real estate expense	-600	-2 409	-1 236	-1 033	0	532	-4 746	-633	-1 714	-1 413	-1 308	0	643	-4 425
Maintenance and repairs	-127	-216	-432	-293	0	0	-1 068	-100	-170	-435	-133	0	0	-838
Net operating income	4 550	2 379	7 117	2 822	1 073	-541	17 400	6 096	4 241	8 959	3 932	1 205	-562	23 871
Administrative expense	-388	-1 393	-780	-262	-2 273	541	-4 555	-439	-1 533	-958	-336	-2 416	562	-5 120
Result from the sale														
Investment properties strategic	7 296	3 450	0	0	0	0	10 746	6 691	-92		0	0	0	6 599
Investment properties non-strategic	0	0	-759	-24	0	0	-783	0	0	-131	-1 457	0	0	-1 588
Change in market value														
Investment properties strategic	937	1 671	-1 296	0	0	0	1 312	1 708	-3 288	-2 031	0	0	0	-3 611
Investment properties non-strategic	0	0	-13 058	-2 626	0	0	-15 684	0	0	-7 707	-12 253	0	0	-19 960
Total change in market value	937	1 671	-14 354	-2 626	0	0	-14 372	1 708	-3 288	-9 738	-12 253	0	0	-23 571
Earnings before interest and taxes (EBIT)	12 395	6 107	-8 776	-90	-1 200	0	8 436	14 056	-672	-1 868	-10 114	-1 211	0	191
Net financial expenses	-2 919	-5 579	-5 136	-2 067	-1 142	0	-16 843	-3 292	-6 212	-5 953	-1 170	-1 642	0	-18 269
Derecognition Swaps	-3 666	0	-474	0	0	0	-4 140	0	-798	-3 011	0	0	0	-3 809
Earnings before taxes	5 810	528	-14 386	-2 157	-2 342	0	-12 547	10 764	-7 682	-10 832	-11 284	-2 853	0	-21 887
Income taxes	-2 468	0	18	0	0	0	-2 450	-1 672	0	1 651	0	-46	0	-67
Earnings	3 342	528	-14 368	-2 157	-2 342	0	-14 997	9 092	-7 682	-9 181	-11 284	-2 899	0	-21 954
of which non-controlling interests	0	-1 326	0	0	0	0	-1 326	0	-4 565	0	0	0	0	-4 565
Non-cash effects in EBIT	937	1 629	-14 383	-2 026	-33	0	-13 876	1 708	-3 409	-9 801	-12 616	-36	0	-24 154

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

² 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.

³ Amounts have been adjusted based upon the restated presentation (see section 2.4 in the notes to the consolidated semi-annual financial statements).

Segment information balance sheet

in CHF thousand	30.9.2013							31.3.2013 ³						
	Switzerland	France	Germany	Netherlands	Holding ¹	Consolidation ²	Total	Switzerland	France	Germany	Netherlands	Holding ¹	Consolidation ²	Total
Investment properties														
– strategic	186 020	395 882	162 369	0	0	0	744 271	321 260	371 204	161 831	0	0	0	854 295
– strategic held for sale	0	0	0	0	0	0	0	0	65 353	0	0	0	0	65 353
– non-strategic held for sale	0	0	44 239	60 159	0	0	104 398	0	0	68 486	76 658	0	0	145 144
Furnishing	0	223	166	0	50	0	439	0	261	164	7	107	0	539
Other assets	61 984	27 818	11 096	1 417	150 540	–160 773	92 082	29 075	32 939	12 667	3 091	132 997	–134 807	75 962
Total assets	248 004	423 923	217 870	61 576	150 590	–160 773	941 190	350 335	469 757	243 148	79 756	133 104	–134 807	1 141 293
Mortgages strategic	107 196	220 185	119 823	0	0	0	447 204	188 920	219 125	119 626	0	0	0	527 671
Mortgages strategic held for sale	0	0	0	0	0	0	0	0	45 122	0	0	0	0	45 122
Mortgages non-strategic held for sale	0	0	50 753	42 580	0	0	93 333	0	0	64 801	62 243	0	0	127 044
Other liabilities	29 512	105 114	35 265	52 964	76 465	–160 773	138 547	43 712	108 370	33 258	50 345	76 560	–134 807	177 438
Total liabilities	136 708	325 299	205 841	95 544	76 465	–160 773	679 084	232 632	372 617	217 685	112 588	76 560	–134 807	877 275

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

² 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.

³ Amounts have been adjusted based upon the restated presentation (see section 2.4 in the notes to the consolidated semi-annual financial statements)

Segment information

Property key figures

per country and investment category	30.9.2013					31.3.2013				
	Switzerland	France	Germany	Netherlands	Total	Switzerland	France	Germany	Netherlands	Total
in CHF thousand										
Annual rental income										
Strategic										
Office	7 120	8 820	10 959	0	26 899	13 336	12 206	10 723	0	36 265
Non-strategic										
Office	0	0	0	5 058	5 058	0	0	0	5 267	5 267
Retail	0	0	6 468	0	6 468	0	0	7 317	0	7 317
Logistics	0	0	0	1 990	1 990	0	0	0	4 229	4 229
Total non-strategic	0	0	6 468	7 048	13 516	0	0	7 317	9 496	16 813
Total annual rental income	7 120	8 820	17 427	7 048	40 415	13 336	12 206	18 040	9 496	53 078
Investment properties										
Strategic										
Office	186 020	395 882	162 369	0	744 271	321 260	436 557	161 831	0	919 648
Non-strategic										
Office	0	0	0	42 433	42 433	0	0	0	45 561	45 561
Retail	0	0	44 239	0	44 239	0	0	68 486	0	68 486
Logistics	0	0	0	17 726	17 726	0	0	0	31 097	31 097
Total non-strategic	0	0	44 239	60 159	104 398	0	0	68 486	76 658	145 144
Total investment properties	186 020	395 882	206 608	60 159	848 669	321 260	436 557	230 317	76 658	1 064 792

The investment properties are, based on the main use, fully allocated to the corresponding investment category and can be compared with pages 18 to 23.
See definition of terms on pages 68 to 70.

per country and investment category						30.9.2013					31.3.2013				
in m ²	Switzerland	France	Germany	Netherlands	Total	Switzerland	France	Germany	Netherlands	Total	Switzerland	France	Germany	Netherlands	Total
Usable area															
Strategic															
Office	27 975	58 367	89 739	0	176 081	60 456	74 107	89 864	0	224 427					
Non-strategic															
Office	0	0	0	52 654	52 654	0	0	0	54 847	54 847					
Retail	0	0	51 168	0	51 168	0	0	61 640	0	61 640					
Logistics	0	0	0	82 250	82 250	0	0	0	172 854	172 854					
Total non-strategic	0	0	51 168	134 904	186 072	0	0	61 640	227 701	289 341					
Total usable area	27 975	58 367	140 907	134 904	362 153	60 456	74 107	151 504	227 701	513 768					
Vacancy															
Strategic															
Office ¹	771	5 587	18 223	0	24 581	6 661	0	18 436	0	25 097					
Non-strategic															
Office	0	0	0	17 328	17 328	0	0	0	18 363	18 363					
Retail	0	0	3 387	0	3 387	0	0	5 599	0	5 599					
Logistics	0	0	0	0	0	0	0	0	0	0					
Total non-strategic	0	0	3 387	17 328	20 715	0	0	5 599	18 363	23 962					
Total vacancy	771	5 587	21 610	17 328	45 296	6 661	0	24 035	18 363	49 059					

¹ Excluding renovation projects

The investment properties are, based on the main use, fully allocated to the corresponding investment category and can be compared with pages 18 to 23.

See definition of terms on pages 68 to 70.

Segment information

Overview of the expiry of rental contracts

strategic	30.9.2013				strategic	31.3.2013			
	Switzerland	France	Germany	Total		Switzerland	France	Germany	Total
unlimited	4%	0%	8%	4%	unlimited	5%	0%	8%	4%
1 to 12 months	3%	0%	11%	5%	1 to 12 months	2%	0%	15%	5%
1 to 2 years	5%	0%	23%	11%	1 to 2 years	4%	4%	14%	7%
2 to 3 years	6%	0%	11%	6%	2 to 3 years	13%	4%	20%	12%
3 to 4 years	6%	0%	24%	12%	3 to 4 years	13%	2%	13%	9%
4 to 5 years	5%	21%	11%	13%	4 to 5 years	7%	14%	17%	13%
5 to 6 years	7%	9%	9%	8%	5 to 6 years	7%	10%	4%	7%
6 to 7 years	3%	0%	0%	1%	6 to 7 years	0%	1%	6%	2%
7 to 8 years	20%	10%	1%	9%	7 to 8 years	17%	5%	0%	8%
more than 8 years	41%	60%	2%	31%	more than 8 years	32%	60%	3%	33%
Total	100%	100%	100%	100%	Total	100%	100%	100%	100%
EPRA Gross Initial Yield (GIY) (unaudited)	4.4%	4.5%	6.4%	5.1%		4.4%	6.8%	6.3%	5.4%
EPRA Net Initial Yield (NIY) (unaudited)	3.9%	3.4%	5.3%	4.4%		4.0%	6.5%	5.8%	5.2%

See definition of terms on pages 68 to 70.

non-strategic	30.9.2013			non-strategic	31.3.2013		
	Germany	Netherlands	Total		Germany	Netherlands	Total
unlimited	1%	0%	0%	unlimited	5%	0%	2%
1 to 12 months	37%	11%	25%	1 to 12 months	8%	10%	9%
1 to 2 years	7%	8%	7%	1 to 2 years	8%	25%	18%
2 to 3 years	14%	17%	16%	2 to 3 years	16%	8%	11%
3 to 4 years	20%	15%	17%	3 to 4 years	19%	12%	15%
4 to 5 years	5%	13%	9%	4 to 5 years	12%	12%	12%
5 to 6 years	4%	1%	2%	5 to 6 years	21%	7%	13%
6 to 7 years	0%	4%	2%	6 to 7 years	0%	3%	2%
7 to 8 years	5%	0%	3%	7 to 8 years	5%	0%	2%
more than 8 years	7%	31%	19%	more than 8 years	6%	23%	16%
Total	100%	100%	100%	Total	100%	100%	100%
EPRA Gross Initial Yield (GIY) (unaudited)	13.8%	11.3%	12.4%		10.1%	11.6%	10.9%
EPRA Net Initial Yield (NIY) (unaudited)	10.9%	7.1%	8.7%		6.4%	7.8%	7.1%

See definition of terms on pages 68 to 70.

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 France, Germany and the Netherlands and employed 28 persons as of 30 September 2013 (31 March 2013: 29).

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.

Züblin Group
Semi-annual Report 13_14

The Half-Year in Review
Letter to Shareholders
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Portfolio
Financial Report

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 comply with Swiss statutory regulations as well as with Art. 17 of 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 2013. The consolidated semi-annual financial statements for the Züblin Group as of 30 September 2013 were approved by the Board of Directors on 13 November 2013.

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 2013:

- IFRS 7 (rev.): Disclosures – Offsetting Financial Assets and Financial Liabilities
- IFRS 10: Consolidated Financial Statements
- IFRS 11: Joint Arrangements
- IFRS 12: Disclosure of Interests in Other Entities
- IFRS 13: Fair Value Measurement
- IAS 1 (rev.): Presentation of Financial Statements
- IAS 19 (rev.): Employee Benefits
- IAS 27 (rev.): Investment Entities
- IAS 28 (rev.): Investment in Associates
- IFRIC 20: Stripping Costs in the Production Phase of a Surface Mine
- Diverse: Annual improvement project 2010-2012

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

IFRS 13 lays down uniform guidelines for measuring fair value and will therefore complement the guidance in IAS 40 on determining fair value for investment properties. Besides a slight modification of the definition of fair value, the main innovation of the new standard is the introduction of the "Highest and Best Use" concept. The application of IFRS 13 with effect from 1 April 2013 had no impact on the value of Züblin's portfolio as of 30 September 2013. The investment properties recognized at fair value as of 30 September 2013 qualify as level 3 fair value inputs. There were no changes in the valuation criteria or processes during the reporting period and there

were no reclassifications within this category. IFRS 13 also had no impact on the valuation criteria and processes for financial instruments during the reporting year. As at 31 March 2013, the derivative financial instruments held at 30 September 2013 continue to fall into the level 2 fair value category.

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 2014:

– IFRS 9:	Financial Instruments	from 1.1.2015
– IFRS 10 (rev.):	Investment Entities	from 1.1.2014
– IFRS 12 (rev.):	Investment Entities	from 1.1.2014
– IAS 27 (rev.):	Investment Entities	from 1.1.2014
– IAS 32 (rev.):	Offsetting Financial Assets and Financial Liabilities	from 1.1.2014

None of the new or revised standards and interpretations were adopted early in the preparation of the semi-annual 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.

2.4 Revision of criteria for investment properties held for sale

Since the close from financial year 2012/2013 the non-strategic investment properties are reported as held for sale. Therefore, one of the three criteria for an investment property being classified as held for sale has been amended. Previously an executed letter of intent was required; now there must be an intention to sell the investment property and it must be actively marketed.

The market environment for the non-strategic investment properties has continued to weaken and is expected to remain challenging in the future. Moreover, significant investment would be required in the near future to reduce vacancy rates or extend expiring rental contracts. Due to the poor prospects for these non-strategic investment properties the assumption of the Company is that the required investment would not generate added value and we are therefore reducing this to a minimum. As a result the Company is sticking to its strategy and intends to sell the non-strategic properties as quickly as possible in a manner that protects shareholders' interests.

The amendment was implemented retrospectively as of 1 April 2011 and had impact on the balance sheet, income statement and on selected information in the notes. The amendment had no impact on the Company's net earnings.

The amendments made and their impact are shown in the tables below. The amendments made and their impact on the balance sheet in the previous period can be found in the annual report 2012/2013.

in CHF thousand	1.4.2012 to 30.9.2012 after restatement	1.4.2012 to 30.9.2012 before restatement
Consolidated income statement		
Result from the sale of investment properties	0	5 011
Result from the sale of investment properties strategic (new)	6 599	0
Result from the sale of investment properties non-strategic (new)	-1 588	0
Positive change in market value of investment properties	0	5 540
Negative change in market value of investment properties	0	-29 111
Change in market value of investment properties strategic (new)	-3 611	0
Change in market value of investment properties non-strategic (new)	-19 960	0

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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 outcome may differ from assumptions and estimates that have been used. In the event that they subsequently differ from the actual outcome, 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.

4. Scope of consolidation

During the first six months of financial year 2013/2014 there were no changes to the scope of consolidation.

5. Exchange rates

in CHF	Balance sheet rate 30.9.2013	Average rate 31.3.2013	Balance sheet rate 1.4.2013 to 30.9.2013	Average rate 1.4.2012 to 30.9.2012
1 EUR	1.2225	1.2195	1.2330	1.2027

Other notes

1. Rental income

in CHF thousand	Switzerland	France	Germany	Netherlands	Total
1st half-year 2012/2013					
Rental income in reporting currency	6 829	6 125	10 807	5 373	29 134
Rental income in local currency	6 829	5 093	8 985	4 468	
1st half-year 2013/2014					
Rental income in presentation currency	5 277	5 004	8 785	4 148	23 214
Rental income in local currency	5 277	4 059	7 125	3 364	
Change to previous year in local currency	-1 552	-1 034	-1 860	-1 104	
arising from:					
- Purchases	0	0	0	0	
- Disposals	-1 491	-529	-1 653	-806	
- Vacancy and indexation	-61	-505	-207	-298	

The reduction in rental income by CHF 5.9 million (previous year decrease of CHF 10.5 million) resulted mainly from the sales of investment properties and the temporary loss of rent due to the renovation projects in Berne and Paris.

2. Result from the sale of investment properties

in CHF thousand	1.4.2013 to 30.9.2013 reviewed	1.4.2012 to 30.9.2012 reviewed
Investment properties strategic		
Sales proceeds	227 137	88 073
Market value as of the last valuation	-216 391	-81 474
Result from the sale of investment properties strategic	10 746	6 599
Investment properties non-strategic		
Sales proceeds	25 224	67 808
Market value as of the last valuation	-26 007	-69 396
Result from the sale of investment properties non-strategic	-783	-1 588

In the first half of the financial year 2013/2014 eight investment properties were sold (previous year six sales), of which four were non-strategic (two one each in Germany and in the Netherlands) and four were strategic (three in Switzerland, one in France). For three of the investment properties the selling price was equal to or slightly above market value. Three were sold at a profit of CHF 16.6 million, two at a loss of CHF 6.6 million. Net of all selling costs there was a profit of CHF 10.0 million on the sales.

3. Real estate expense

in CHF thousand	1.4.2013 to 30.9.2013 reviewed	1.4.2012 to 30.9.2012 reviewed
Property taxes	-143	-177
Legal fees	-80	-144
Bad debts	-199	-358
External property management fees	-149	-106
Non recoverable service charges	-2 397	-3 038
Temporary relocation cost	-1 056	0
Other property-related expense	-722	-602
Total real estate expense	-4 746	-4 425

The increase in real estate expenses stems mainly from non-recurring expenses relating to various renovations in France.

4. Administrative expense

in CHF thousand	1.4.2013 to 30.9.2013 reviewed	1.4.2012 to 30.9.2012 reviewed
Salaries and Board of Directors' fees	-2 922	-2 842
Valuation	-90	-119
Audit	-257	-276
Legal and tax advisory	-94	-105
Other taxes	-176	-298
Depreciation	-102	-177
Bookkeeping and IT	-426	-459
Other advisory and investor relations	-239	-405
Other administrative expense	-249	-439
Total administrative expense	-4 555	-5 120

As a result of the reduced portfolio and other savings, the administrative expense declined.

5. Financial expense and income

in CHF thousand	1.4.2013 to 30.9.2013 reviewed	1.4.2012 to 30.9.2012 reviewed
Financial expense		
Mortgage ¹ and swaps interest expense ²	-15 519	-16 803
Interest expense and other financial charges ¹	-151	-892
Interest expense 4% bond Züblin Immobilien Holding AG ¹	-1 397	-1 337
Interest expense mandatory convertible securities Züblin France ¹	-87	-101
Total financial expense	-17 154	-19 133
Swaps disqualified from hedge accounting	-4 140	-3 809
Financial income		
Interest income ³	28	151
Currency translation adjustments	283	713
Total financial income	311	864
Net financial expense	-20 983	-22 078

¹ The respective liabilities belong to the category "Financial liabilities at amortized cost".

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

³ 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 1.9 million to CHF 17.2 million (previous year CHF 19.1 million). The decrease in mortgage loans as a result of the sale of investment properties had a positive impact.

Swaps disqualified from hedge accounting

In addition the disqualification of four swaps as a result of investment property disposals led to a charge of CHF 4.1 million through the income statement (previous year CHF 3.8 million).

Financial income

The Züblin Group recorded financial income of CHF 0.3 million (previous year CHF 0.9 million). The decline was primarily due to the absence of one-off positive currency effects earned in the same period last year.

6. Investment properties

1st half-year 2013/2014

in CHF thousand	Switzerland	France	Germany strategic	Total strategic	Germany non-strategic	Netherlands non-strategic	Total non-strategic	Total
Balance as of 31.3.2013	321 260	436 557	161 831	919 648	68 486	76 658	145 144	1 064 792
Purchases	0	0	0	0	0	0	0	0
Value-enhancing investments	13 121	23 315	1 438	37 874	74	160	234	38 108
Sales	-149 298	-67 092	0	-216 390	-11 643	-14 365	-26 008	-242 398
Positive change in market value	1 751	2 820	282	4 853	0	0	0	4 853
Negative change in market value	-814	-1 149	-1 578	-3 541	-13 058	-2 626	-15 684	-19 225
Currency translation adjustments	0	1 431	396	1 827	380	332	712	2 539
Balance as of 30.9.2013	186 020	395 882	162 369	744 271	44 239	60 159	104 398	848 669
- of which strategic	186 020	395 882	162 369	744 271	0	0	0	744 271
- 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	44 239	60 159	104 398	104 398
Reconciliation of market value to book value								
30.9.2013								
Valuation by external appraiser ¹	186 020	395 882	162 369	744 271	47 508	63 704	111 212	855 483
Valuation adjustment property held for sale ²	0	0	0	0	-3 269	-3 545	-6 814	-6 814
Balance as of 30.9.2013	186 020	395 882	162 369	744 271	44 239	60 159	104 398	848 669

¹ The report of the independent appraisers (Wüest & Partner [CH + GER], BNP Paribas [FR] and Troostwijk [NL] as of 30 September 2013 may be found on pages 62 to 67.

² In certain cases, the Company has made adjustments to the valuations from the external appraisers. These reflect results from ongoing sales negotiations.

The reduction in the value of the investment properties from CHF 1 064.8 million to CHF 848.7 million stems from the following factors:

- The value of the portfolio was increased by investments of CHF 38.1 million (full previous year CHF 92.9 million) which the Company made in the reporting period. Around two-thirds of these investments related to renovations in Paris, with the remainder accounted for by investment properties in Berne and Zollikofen.
- At the same time the Company sold investment properties for CHF 242.4 million (full previous year CHF 162.7 million). The sales took place in Switzerland, France, Germany and the Netherlands. The selling price for each of the investment properties sold in Zurich, Talstrasse 82, Zollikofen and Lyon exceeded 5% of the overall portfolio as at 31 March 2013.
- The net downward revaluation of CHF 14.4 million across the portfolio as a whole (full previous year CHF 81.1 million). While values rose by 0.5% in both Switzerland and France, there were downward revaluations in Germany of 0.8% on the strategic portfolio, 22.7% on the non-strategic portfolio and 4.2% in the Netherlands.
- Movements in the CHF/EUR exchange had a positive impact of CHF 2.5 million on the value of the investment properties (full previous year negative impact of CHF 9.6 million).

The fire insurance value of the investment properties amounts to CHF 579.1 million (previous year CHF 803.1 million).

Financial year 2012/2013

in CHF thousand	Switzerland	France	Germany strategic	Total strategic	Germany non-strategic	Netherlands non-strategic	Total non-strategic	Total
Balance as of 31.3.2012	370360	382730	160291	913381	170541	122221	292762	1206143
Purchases	0	0	0	0	0	0	0	0
Value-enhancing investments	24026	63810	3296	91132	692	1077	1769	92901
Sales	-66346	-15298	0	-81644	-75130	-5966	-81096	-162740
Positive change in market value	6939	9739	535	17213	264	0	264	17477
Negative change in market value	-13719	-9565	-4282	-27566	-29212	-41836	-71048	-98614
Currency translation adjustments	0	5141	1991	7132	1331	1162	2493	9625
Balance as of 31.3.2013	321260	436557	161831	919648	68486	76658	145144	1064792
- of which strategic	321260	371204	161831	854295	0	0	0	854295
- of which strategic held for sale	0	65353	0	65353	0	0	0	65353
- of which non-strategic held for sale	0	0	0	0	68486	76658	145144	145144
Reconciliation of market value to book value								
31.3.2013								
Valuation by external appraiser ¹	321260	436557	161831	919648	71971	81524	153495	1073143
Valuation adjustment property held for sale ²	0	0	0	0	-3485	-4866	-8351	-8351
Balance as of 31.3.2013	321260	436557	161831	919648	68486	76658	145144	1064792

¹ The report of the independent appraisers (Wüest & Partner [CH + GER], BNP Paribas [FR] and Troostwijk [NL]) as of 31 March 2013 may be found in the annual report 2012/2013.

² In certain cases, the Company has made adjustments to the valuations from the external appraisers. These reflect results from ongoing sales negotiations.

7. Share capital

Share capital

	Number of shares	in CHF thousand
Issued shares at a nominal value CHF 1.00 as of 31.3.2012	59 724 486	59 724
No changes in capital structure in financial year 2012/2013	–	–
Issued shares at a nominal value CHF 1.00 as of 31.3.2013	59 724 486	59 724
No changes in capital structure in 1st half-year 2013/2014	–	–
Issued shares at a nominal value CHF 1.00 as of 30.9.2013	59 724 486	59 724

Treasury shares

	Number of shares	in CHF thousand
Balance as of 31.3.2012	749 877	2 632
Purchase of treasury shares	150 000	450
Sale of treasury shares	–270 000	–900
Result from treasury shares		–48
Balance as of 31.3.2013	629 877	2 134
Purchase of treasury shares	50 000	109
Sale of treasury shares	0	0
Result from treasury shares		0
Balance as of 30.9.2013	679 877	2 243

8. Future contractual maturities

in CHF thousand	Carrying value	< 1 year		1 to 3 years		3 to 5 years		> 5 years	
		interest	amortisation	interest	amortisation	interest	amortisation	interest	amortisation
As of 30.9.2013									
Mortgages	540537	11 298	294 302	6 311	139 039	1 822	107 196	0	0
Bond	57 786	2 400	0	2 400	58 280	0	0	0	0
Mandatory convertible security	3 089	868	0	1 736	0	868	0	0	0
Trade accounts payable	4 401	0	4 401	0	0	0	0	0	0
Derivative financial instruments	36 607	16 391	0	13 332	0	3 908	0	1 465	0
Other short-term liabilities	14 830	0	13 338	0	0	0	0	0	1 492
Total as of 30.9.2013	657 250	30 957	312 041	23 779	197 319	6 598	107 196	1 465	1 492
As of 31.3.2013									
Mortgages	699 837	14 172	222 315	13 670	250 585	4 408	226 937	0	0
Bond	59 369	2 400	0	4 800	60 000	0	0	0	0
Mandatory convertible security	3 775	855	0	1 710	0	1 710	0	0	0
Trade accounts payable	14 022	0	14 022	0	0	0	0	0	0
Derivative financial instruments	49 423	17 725	0	19 081	0	5 863	0	2 767	0
Other short-term liabilities	20 119	0	18 082	0	0	0	0	0	2 037
Total as of 31.3.2013	846 545	35 152	254 419	39 261	310 585	11 981	226 937	2 767	2 037

In the next twelve months CHF 312.0 million (previous year CHF 254.4 million) of the liabilities reported above are due to mature. Of this amount, CHF 294.3 million (previous year CHF 222.3 million) relates to mortgages; CHF 93.3 million of these mortgages are held for sale. The remainder consists of normal loan repayments and three maturing mortgages of CHF 199.0 million in France. This is to be rolled over in the normal course of business. Trade accounts payable and the other short-term liabilities are incurred in the course of the Company's operating activities and are covered by the short-term assets.

9. Derivative financial instruments

in CHF thousand		Notional amounts 30.9.2013	Notional amounts 31.3.2013	Fair value 30.9.2013	Fair value 31.3.2013
Cash flow hedges	1 to 12 months	119463	17683	-3532	-323
	1 to 3 years	324158	420973	-19850	-28354
	3 to 5 years	132543	154267	-5791	-9792
	More than 5 years	116675	116585	-7434	-10954
	Total cash flow hedges	692838	709508	-36607	-49423
	- of which liabilities			-36607	-49423

Cash flow hedges in equity

in CHF thousand		1.4.2013 to 30.9.2013	1.4.2012 to 31.3.2013
Reserve cash flow hedges shareholders of Züblin Immobilien Holding AG		-29686	-40579
Reserve cash flow hedges non-controlling interests		-10025	-12808
Total reserve for cash flow hedges as of 1.4.		-39711	-53387
Fair value change		1172	-12926
Recognized in income statement as interest expense		9134	17549
Swaps disqualified from hedge accounting		4140	10726
Change in current and deferred taxes		-1355	-1673
Total reserve for cash flow hedges as of 30.9. / 31.3.		-26620	-39711
- of which shareholders of Züblin Immobilien Holding AG		-18615	-29686
- of which non-controlling interests		-8005	-10025

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 investment property sales additional swaps with a combined contract value of CHF 59.2 million (previous year CHF 202.8 million) were disqualified from hedge accounting. All the other swaps are designated as effective under the criteria of IAS 39. Changes in the fair value of effective swaps are recognized in the statement of comprehensive income. The change in fair value of the ineffective portion of CHF -0.1 million (previous year CHF 0.0 million) and the disqualified cash flow hedges of CHF -4.1 million (previous year CHF -3.8 million) were recognized in the income statement.

Currency options

in CHF thousand	Notional amounts 30.9.2013	Notional amounts 31.3.2013	Fair value 30.9.2013	Fair value 31.3.2013
1 to 12 months	0	0	0	0
1 to 3 years	14 000	14 000	43	138
3 to 5 years	0	0	0	0
Total foreign currency put-options	14 000	14 000	43	138
- of which assets			43	138

The Züblin Group hedges part of its future cash flows in connection with intercompany loans in a currency other than the functional currency. The corresponding positive fair values are reported in the balance sheet under derivative financial instruments. The gains and losses from revaluation are recognized through profit and loss.

Total Derivative financial instruments

in CHF thousand	Notional amounts 30.9.2013	Notional amounts 31.3.2013	Fair value 30.9.2013	Fair value 31.3.2013
Cash flow hedges	692 838	709 508	-36 607	-49 423
Foreign currency put-options	14 000	14 000	43	138
Total derivative financial instruments	706 838	723 508	-36 564	-49 285
- of which liabilities			-36 607	-49 423
- of which assets			43	138

10. Mortgages

Overview mortgages as of 30.9.2013

In CHF thousand	Switzerland	France	Germany	Netherlands	Total	%
Interest term structure, including swaps						
1 to 12 months	0	68 962	831	42 580	112 373	21%
1 to 3 years	0	58 680	142 239	0	200 919	37%
3 to 5 years	37 196	92 543	0	0	129 739	24%
More than 5 years	70 000	0	27 506	0	97 506	18%
Total	107 196	220 185	170 576	42 580	540 537	100%
Average interest rates	2.89%	3.89%	5.18%	2.54%	3.99%	
Average duration	9.4	2.3	2.0	1.7	3.6	
Contractual maturity dates of mortgages						
1 to 12 months	0	198 180	0	0	198 180	36%
1 to 3 years	0	22 005	170 576	42 580	235 161	44%
3 to 5 years	107 196	0	0	0	107 196	20%
More than 5 years	0	0	0	0	0	0%
Total	107 196	220 185	170 576	42 580	540 537	100%
Average duration	4.0	0.9	1.4	1.7	1.8	
of which:						
– Non-current mortgages strategic	107 196	21 177	117 862	0	246 235	
– Current mortgages strategic	0	199 008	1 961	0	200 969	
– Mortgages non-strategic held for sale	0	0	50 753	42 580	93 333	
Fair value of mortgages						
Fixed rate mortgages	0	0	147 866	0	147 866	27%
Variable rate mortgages	108 156	219 806	28 308	42 691	398 961	73%
Total	108 156	219 806	176 174	42 691	546 827	100%

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Overview mortgages as of 31.3.2013

In CHF thousand	Switzerland	France	Germany	Netherlands	Total	%
Interest term structure, including swaps						
1 to 12 months	28920	46337	0	13463	88720	13%
1 to 3 years	40000	103643	184427	48780	376850	54%
3 to 5 years	40000	114267	0	0	154267	22%
More than 5 years	80000	0	0	0	80000	11%
Total	188920	264247	184427	62243	699837	100%
Average interest rates	3.29%	4.12%	5.30%	5.77%	4.35%	
Average duration	7.1	2.4	2.8	0.5	3.6	
Contractual maturity dates of mortgages						
1 to 12 months	0	48730	0	0	48730	7%
1 to 3 years	0	193656	184427	47131	425214	61%
3 to 5 years	188920	21861	0	15112	225893	32%
More than 5 years	0	0	0	0	0	0%
Total	188920	264247	184427	62243	699837	100%
Average duration	4.5	1.5	1.9	2.1	2.5	
of which:						
– Non-current mortgages strategic	188920	170345	118257	0	477522	
– Current mortgages strategic	0	48780	1369	0	50149	
– Mortgages strategic held for sale	0	45122	0	0	45122	
– Mortgages non-strategic held for sale	0	0	64801	62243	127044	
Fair value of mortgages						
Fixed rate mortgages	0	0	160877	0	160877	23%
Variable rate mortgages	190000	258791	32182	62306	543279	77%
Total	190000	258791	193059	62306	704156	100%

In the first half of the financial year 2013/2014, the Company repaid mortgages of CHF 162.1 million. The mortgage portfolio of the Züblin Group includes both variable-rate and fixed-rate loans. As of 30 September 2013, fixed-rate mortgages amounted to CHF 142.4 million (previous year 152.4 million). The figure for mortgages includes closing fees of CHF 2.0 million (previous year CHF 2.9 million).

Some of the mortgages include financial covenants which specify, among other things, adherence to certain financial indicators (total debt/EBITDA, 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	France	Germany	Netherlands
30.9.2013				
Debt/EBITDA	–	–	13.75	–
Interest coverage ratio	1.6	1.0	1.4	> 1.5 – 2.0
Loan to value	65%	–	70%	60% – 75%
Equity %	32.5%	–	25%	–

The Company monitors these covenants every quarter and performs sensitivity analyses 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. Some contracts contain a change in ownership clause which stipulates certain consequences, such as declaring the loan to be immediately due and repayable if Züblin Immobilien Holding AG's stake in the borrowing subsidiary declines below 50%. The mortgage agreement for the Swiss portfolio contains the same clause in the event that a single shareholder acquires more than 50% of Züblin Immobilien Holding AG.

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

in CHF thousand	30.9.2013	31.3.2013
Book value of assets pledged (investment properties)	848 669	1 064 792
Credit drawn (debt secured)	540 537	699 837

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

11. 4% bond 11/15

in CHF thousand	Nominal value	Price in %	Fair value	Effective interest rate in % ¹
As of 30.9.2013	58 280	105.00%	61 194	4.42%
As of 31.3.2013	60 000	103.50%	62 100	4.42%

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

In the first half of the financial year 2013/2014 Züblin reduced the amount outstanding on the bond by CHF 1.7 million to CHF 58.3 million by making advance repurchases on the market.

12. Events after the balance sheet date

In October 2013 the investment property in Arnsberg was sold slightly above the market value as at 30 September 2013.

Report of the statutory auditor

To the Board of Directors of Züblin Immobilien Holding AG, Zurich
Zurich, 14 November 2013

Report on the review of interim condensed consolidated financial statements

Introduction: We have reviewed the interim condensed consolidated financial statements (income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in shareholder's equity and notes, pages 25 to 55) of Züblin Immobilien Holding AG for the period from 1 April 2013 to 30 September 2013. The Board of Directors is responsible for the preparation and presentation of these 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. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review: We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion: Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, 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.

Ernst & Young AG

Daniel Zaugg
Licensed audit expert
(Auditor in charge)

Christian Krämer
Licensed audit expert

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. Züblin is a member of EPRA. 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	1.4.2013 to 30.9.2013	1.4.2012 to 30.9.2012
Earnings of shareholders of Züblin Immobilien Holding AG	-13 671	-17 388
Adjustments:		
Change in market value of investment properties strategic	-1 312	3 611
Change in market value of investment properties non-strategic	15 684	19 960
Result from the sale of investment properties strategic	-10 746	-6 599
Result from the sale of investment properties non-strategic	783	1 588
Current tax on result from the sale of investment properties ¹	1 962	1 376
Changes in fair value derivative financial instruments recorded in income statement	4 140	3 801
Deferred taxes in respect of EPRA Earnings adjustments	-30	-3 979
Non-controlling interests in respect of the above	2 741	-2 235
EPRA Earnings of shareholders	-450	133
Average number of outstanding shares	59 054 172	59 141 440
EPRA Earnings per share	-0.01	0.00

¹ Calculated with the effective tax rate for Switzerland of 26.89% (previous year at income tax reference rate of 21.17%) and for Germany with 0.0% (previous year at income tax reference rate of 31.225%).

A.2 Cash flow-related operating earnings

in CHF thousand	1.4.2013 to 30.9.2013	1.4.2012 to 30.9.2012
EPRA Earnings of shareholders	-450	133
Adjustments:		
Current tax on result from the sale of investment properties ¹	-1 962	-1 376
Deferred taxes in respect of EPRA Earnings adjustments	30	3 979
Income taxes	2 450	67
Cash flow related Income taxes	-42	0
Depreciation	102	177
Amortized closing fees (mortgages)	816	719
Amortized interest 2.0% Mandatory Convertible Securities Züblin France	332	326
Currency translation adjustments	-284	-713
Realized currency differences	165	0
Non-controlling interests in respect of the above adjustments	-299	-366
Cash flow related operating earnings of shareholders	858	2 948
Average number of outstanding shares	59 054 172	59 141 440
Cash flow related operating earnings per share	0.01	0.05
Cash flow related operating earnings of non-controlling interests	-2 052	-1 964
Cash flow related operating earnings	-1 193	984

¹ Calculated with the effective tax rate for Switzerland of 26.89% (previous year at income tax reference rate of 21.17%) and for Germany with 0.0% (previous year at income tax reference rate of 31.225%).

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

in CHF thousand	30.9.2013	31.3.2013
Number of issued shares	59 724 486	59 724 486
Number of treasury shares	-679 877	-629 877
Number of outstanding shares at balance sheet date	59 044 609	59 094 609
Equity of shareholders	209 332	212 039
Equity per share	3.55	3.59
Equity of shareholders	209 332	212 039
Adjustments:		
Fair Value of derivative financial instruments ¹	28 904	39 236
Deferred taxes (net) ²	6 292	18 915
EPRA Net Asset Value (NAV) of shareholders	244 529	270 190
EPRA NAV per share	4.14	4.57
EPRA Net Asset Value (NAV) of shareholders	244 529	270 190
Adjustments:		
Non-controlling interests	52 774	51 979
Fair value of derivative financial instruments from non-controlling interests ¹	7 703	10 188
EPRA Equity	305 005	332 357
Total Assets	941 190	1 141 293
EPRA Equity ratio	32.4%	29.1%

¹ The total of these two amounts agrees with the total of the short-term and long-term derivative financial instruments.

² 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	30.9.2013	31.3.2013
EPRA Net Asset Value (NAV) of shareholders	243 272	270 190
Adjustments:		
Fair value of derivative financial instruments	-27 647	-39 236
Deferred taxes (net)	-6 292	-18 915
Deviation to fair value of mortgages	-6 289	-4 319
EPRA NNNAV	203 043	207 720
Number of outstanding shares at balance sheet date	59 044 609	59 094 609
EPRA NNNAV per share	3.44	3.52

D. EPRA Net Yield Disclosure

in CHF thousand	30.9.2013	31.3.2013
Investment properties	848 669	1 064 792
Adjustments:		
Renovation projects	-234 670	-285 142
Investment properties strategic held for sale	0	-65 353
Investment properties non-strategic held for sale	-104 398	-145 144
Investment properties available for lease	509 601	569 153
Adjustments:		
Transaction costs in case of sale	16 289	14 732
Gross-up valuation of investment properties available for lease (A)	525 890	583 885
Annual rental income investment properties available for lease (B)	26 899	31 766
Property expenses	-3 814	-1 295
Net Annual rental income (C)	23 085	30 471
Adjustment for lease incentives	n.a.	n.a.
"Topped-up" Net annual rental income (D)	23 085	30 471
EPRA Gross Initial Yield (GIY) (B/A)	5.1%	5.4%
EPRA Net Initial Yield (NIY) (C/A)	4.4%	5.2%
EPRA "topped-up" NIY (D/A)	4.4%	5.2%

**E.1 EPRA Vacancy Rate
monetary**

in CHF thousand	30.9.2013	31.3.2013
Estimated market rental income of vacant space (A)	8 310	6 250
Estimated market rental value of the whole portfolio (B)	47 369	59 080
EPRA Vacancy rate (A/B)	17.5%	10.6%

**E.2 Züblin Vacancy Rate
monetary**

in CHF thousand	30.9.2013	31.3.2013
Estimated annual rental income of vacant space (A)	8 310	6 250
Projected annual rental income of the whole portfolio (B)	48 726	59 328
Züblin Vacancy rate (A/B)	17.1%	10.5%

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Independent valuer's report

Wüest & Partner

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Commission	<p>Wüest & Partner AG and W&P Immobilienberatung GmbH (Wüest & Partner), BNP Paribas Real Estate Valuation France and Troostwijk ("the valuers") were commissioned by the Group Management of Züblin Immobilien Holding AG to perform a valuation for accounting purposes of all investment properties held by Züblin Immobilien Holding AG and its associated companies (the "Züblin Group") as at the reporting date 30 September 2013.</p>
Involved parties	<p>The portfolio of the Züblin Group is diversified within Switzerland, France, Germany and the Netherlands. The valuations in the different countries have been done by:</p>
Portfolio Switzerland	<p>Wüest & Partner was responsible for all valuations of the Swiss investment properties.</p>
Portfolio Germany	<p>Wüest & Partner, in coordination with its German subsidiary, W&P Immobilienberatung GmbH, was responsible for all valuations of the German investment properties.</p>
Portfolio France	<p>BNP Paribas Real Estate Valuation France was responsible for all valuations of the French investment properties. Wüest & Partner was responsible for co-ordination of the valuations and the consolidating the French results into the same reporting format as in Germany and Switzerland. The results were not changed as a result of this consolidation.</p>
Portfolio Netherlands	<p>Troostwijk was responsible for the valuations of the Dutch investment properties. Wüest & Partner was responsible for co-ordinating the valuations and for consolidating the Dutch results into the same reporting format as in Germany and Switzerland. The results were not changed as a result of this consolidation.</p>
Valuation standards	<p>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 (IVSC) and the standards of the Royal Chartered Surveyors (Red Book). The market value determined for the investment properties conform with the concept of fair value as defined in the International Financial Reporting Standards (IFRS) on the basis of IAS 40 (Investment Property) and IFRS 13 (Fair Value Measurement).</p>

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Definition of “fair value”

“Fair value” is defined as the amount for which an investment property could be exchanged on the open market at the valuation date between two willing and knowledgeable parties in an arm’s length transaction, where the parties are motivated, but not compelled, to buy and sell, and with due allowance made for a reasonable marketing period. An exit price is the selling price postulated in the purchase contract upon which the parties have jointly agreed. Thereby none of Züblin’s liabilities in respect of taxation (apart from ordinary property taxes) and financing cost are taken into account. Fair value is calculated on the basis of the best possible use of a property (Highest and Best use). The best possible use of a property is that which maximizes its value. This assumption presupposes a use which is technically and physically possible, legally permitted and financially realizable. As fair value is calculated on the basis of maximization of use, the best possible use may differ from the actual or planned use. In the assessment of fair value, future investment spending for the purpose, of improving a property or increasing its value will be taken into account accordingly.

Valuation method

In valuing investment properties of the Züblin Group, the valuers applied the discounted cash flow (DCF) method, under which the market value of an investment property is determined by discounting the total of projected future net earnings over the next 100 years to the valuation date. The discount calculation is carried out separately for each investment property, taking account of its investment property-specific risks and opportunities, in line with market conditions and on a risk-adjusted basis. In order to comply with the French valuation regulations (issued by Afrexim, the French association of valuation firms), BNP Paribas Real Estate Valuation France applied three different methods:

- direct income capitalisation, where the passing and potential revenue of each investment property is capitalised before deduction of exceptional capital expenditure;
- DCF approach on a 10-year period;
- market comparison approach, based on prices per sq m observed in comparable transactions.

The market value is finally determined by comparing the results obtained by the three different methods.

Basis of valuation

Wüest & Partner, BNP Paribas Real Estate Valuation France and Troostwijk are familiar with all the investment properties in their respective region on the basis of inspections and provided to them. The investment properties have been analysed in detail with respect to their quality and risk profiles (attractiveness and lettability of rented investment properties, construction type and condition, micro- and macro-location etc.). Currently vacant premises are valued with due allowance made for a reasonable marketing period.

The valuers will inspect the investment properties a minimum of every three years as well as following the purchase of investment properties and upon completion of larger refurbishments projects.

Within the review period from 1 April 2013 to 30 September 2013 the following investment properties have been visited:

Switzerland

No site visits

Germany

No site visits

France

No site visits

Netherlands

No site visits

Results

A total of 43 investment properties and property units were valued as at 30 September 2013. The fair value of these investment properties, in accordance with IAS 40 and IFRS 13, as determined by the valuers on the valuation date is:

Switzerland

5 investment properties with a total value of CHF 186 020 000

Germany

21 investment properties with a total value of EUR 171 678 545

France

6 investment properties with a total value of EUR 323 830 000

Netherlands

11 investment properties with a total value of EUR 52 110 000

Changes during reporting period

Eight investment properties were sold during the reporting period 1 April 2013 to 30 September 2013.

Switzerland

Zurich, Talstrasse 80
Zurich, Talstrasse 82
Zollikofen, Industriestrasse 1

Germany

Korschenbroich, An der alten Post 1-9
Langenfeld, Marktplatz 2-6

France

Lyon, 17-23 av. Pompidou

Netherlands

Diemen, Diemerhof 10-12
Veendam, Spoorhavenweg

**Independence and
confidentiality**

In line with the company policies, Wüest & Partner, BNP Paribas Real Estate Valuation France and Troostwijk have valued the investment properties of the Züblin Group independently and impartially. The valuation was carried out solely for those purposes specified above; Wüest & Partner, BNP Paribas Real Estate Valuation France and Troostwijk accept no liability in respect of third parties.

Zurich, 23 October 2013
Wüest & Partner

Dr. Christoph Zaborowski
Chartered Surveyor MRICS, economist, Partner

Pascal Marazzi
Chartered Surveyor MRICS, Director

Amsterdam, 23 October 2013

Troostwijk Taxaties
Ir. Jordy Kleemans
Consultant & Taxateur van onroerende zaken

Paris, 23 October 2013
BNP Paribas Real Estate Valuation France

Jean-Claude Dubois MRICS
Chartered Surveyor MRICS, Chairman, Member of the I.F.E.I

Annex: Valuation assumptions

Investment properties

The following nominal discount rates were applied in valuing the investment properties:

Table 1 Region	Minimum discount rate (%)	Maximum discount rate (%)	Mean discount rate (%)*
Switzerland	4.13	5.65	4.66
France	7.13	7.67	7.51
Germany	7.20	9.65	8.23
Netherlands	8.56	18.36	11.04
All regions	4.13	18.36	7.34

* Average of discount rates for individual valuations, weighted by market value

The investment property valuations are based on the following general assumptions:

- The rent rolls from Züblin Group used in the valuation are dated 30 September 2013.
- A one-phase DCF model was used. The valuation period extends for 100 years from the valuation date, with an implicit residual value in the 11th period.
- Discounting is based on a risk-adjusted interest rate. This rate is determined individually for each investment property on the basis of appropriate benchmarks derived from arm's-length transactions. If sufficient benchmark transactions are not available, the discount rate is determined as follows: risk-free interest rate (government bond) + property risk (immobility of capital) + premium for macro-location + premium for micro-location depending on use + premium for property quality and income risk + any other specific premiums.

Nominal discount rates range between 4.13 and 18.36 depending on the investment property, use and location (see Table 1)

- Unless otherwise stated, the valuations are based on the following assumptions for inflation (nominal discount rates are adjusted accordingly):
 - Switzerland: 1.0%
 - France: 2.0%
 - Germany: 2.0%
 - Netherlands: 2.0%

- Credit risks posed by specific tenants are not explicitly factored into the valuation.
- Specific indexation of existing rental agreements is accounted for on an individual basis. After expiry of the contracts, an indexation factor of 40% to 100% (based on a local average for every country and usage type) and an average contract term of 5 years are assumed.
- For existing tenancies, the timing of individual payments is assumed to comply with the terms of the lease. Following lease expiry, cash flows for commercial premises are taken to be quarterly in advance, for housing monthly in advance.
- In terms of running costs, entirely separate service charge accounts are assumed, with no tenancy-related ancillary costs to be borne by the owner.
- The maintenance costs for repair and upkeep were calculated using a building analysis tool. This tool is used to estimate the remaining lifespan of individual components based on their present condition, to model periodic refurbishments and to calculate the associated annual renewal fund allowances. The calculated values are plausibility tested using cost benchmarks derived from Wüest & Partner surveys.
- Additional assumptions were applied to the valuation of the non-strategic necessary investment properties (Dutch portfolio and retail properties in Germany) as a result of the planned sales. Within the permitted range for the estimation of fair value the following additional value-reducing factors were assumed for these investment properties:
 - Relatively quick sale (< 6 months)
 - Difficult to let the investment properties (no further measures will be taken to increase the attractiveness of the properties)
 - Limited tradability of the investment properties (retail properties with short leases and vacancies are only of interest to a small number of investors. If no such buyer is found during the proposed marketing period, the investment property will usually have to be sold at a significant discount).

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.

Cash flow-related operating earnings

EPRA Earnings adjusted by cash flow-related items.

Cash flow-related operating earnings of shareholders

Share of the shareholders of Züblin Immobilien Holding AG in the cash flow-related operating earnings.

Non-controlling interests

In the case of Züblin, this position relates to the minorities of the French subsidiary Züblin Immobilière France SA, which is listed on Euronext in Paris.

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 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.

Cash flow-related operating earnings of shareholders

Cash flow-related operating earnings of the shareholders of ZIHAG divided by the 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 m² 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 (m²)

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