

## Financial Report

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**In exchange  
with partners  
open  
communication.**

# Consolidated income statement and consolidated statement of comprehensive income

## Consolidated income statement

in CHF thousand		1.4.2016 to 30.9.2016	1.4.2015 to 30.9.2015 audited
	Notes		
<b>Continuing operations</b>			
Rental income	1	9 490	9 348
<b>Total operating income</b>		<b>9 490</b>	<b>9 348</b>
Real estate expense	3	-436	-498
Maintenance and repairs		-410	-398
<b>Net operating income</b>		<b>8 644</b>	<b>8 452</b>
Administrative expense	4	-2 707	-3 046
Result from the sale of investment properties	2	0	-289
Change in market value	7	6 336	4 416
<b>Earnings before interest and taxes (EBIT)</b>		<b>12 273</b>	<b>9 533</b>
Financial expense	5	-2 172	-6 736
Financial income	5	199	17
<b>Earnings before taxes (EBT)</b>		<b>10 300</b>	<b>2 814</b>
Income taxes		-1 573	209
<b>Earnings from continuing operations</b>		<b>8 727</b>	<b>3 023</b>
<b>Discontinued operations</b>			
Result from discontinued operations	6	0	-26 610
<b>Earnings</b>		<b>8 727</b>	<b>-23 587</b>
of which attributable to:			
- Shareholders of Züblin Immobilien Holding AG		8 727	-20 969
- Non-controlling interests		0	-2 618
Earnings per share		2.63	-7.96
Diluted earnings per share		2.63	-7.96
Earnings per share from continuing operations		2.63	1.15
Diluted earnings per share from continuing operations		2.63	1.15

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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	Notes	1.4.2016 to 30.9.2016	1.4.2015 to 30.9.2015 audited
<b>Earnings</b>		<b>8 727</b>	<b>-23 587</b>
Change in cash flow hedges		-886	339
Income taxes from change in cash flow hedges		255	173
Currency translation adjustments		-55	116
Change in discontinued operations		0	15 116
<b>Items subsequently reclassified to income statement</b>		<b>-686</b>	<b>15 744</b>
Change in net pension obligation		-61	101
<b>Items subsequently not reclassified to income statement</b>		<b>-61</b>	<b>101</b>
<b>Other comprehensive income</b>		<b>-747</b>	<b>15 845</b>
<b>Net comprehensive income</b>		<b>7 980</b>	<b>-7 742</b>
of which attributable to:			
- Shareholders of Züblin Immobilien Holding AG		7 980	-5 124
- Non-controlling interests		0	-2 618

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# Consolidated balance sheet

## Assets

in CHF thousand	Notes	30.9.2016	31.3.2016 audited
<b>Non-current assets</b>			
Investment properties	7	338049	331 251
Furnishing		126	121
Deferred tax assets		141	119
<b>Total non-current assets</b>		<b>338316</b>	<b>331 491</b>
<b>Current assets</b>			
Trade accounts receivable		385	400
Receivable from income taxes		1825	58
Other current assets		20901	20830
Cash and cash equivalents		2261	3516
<b>Total current assets</b>		<b>25372</b>	<b>24804</b>
<b>Total assets</b>		<b>363688</b>	<b>356295</b>

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

**Equity and liabilities**

in CHF thousand	Notes	30.9.2016	31.3.2016 audited
<b>Equity</b>			
Share capital	8	74 656	74 656
Capital reserves		170 558	170 558
Retained earnings		-108 683	-117 349
Reserve for cash flow hedges		-10 113	-9 482
Currency translation adjustments		-28 905	-28 850
<b>Total equity</b>		<b>97 513</b>	<b>89 533</b>
<b>Liabilities</b>			
Non-current mortgages	11	96 811	206 991
Other non-current liabilities		631	562
Deferred tax liabilities		8 542	7 317
Derivative financial instruments	10	27 978	28 440
<b>Total Non-current liabilities</b>		<b>133 962</b>	<b>243 310</b>
Current mortgages		111 370	3 230
Derivative financial instruments	10	690	693
Income tax liabilities		0	2 796
Trade accounts payable		571	683
Other current liabilities		19 582	16 050
<b>Total Current liabilities</b>		<b>132 213</b>	<b>23 452</b>
<b>Total liabilities</b>		<b>266 175</b>	<b>266 762</b>
<b>Total equity and liabilities</b>		<b>363 688</b>	<b>356 295</b>

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# Consolidated cash flow statement

in CHF thousand	Notes	1.4.2016 to 30.9.2016	1.4.2015 to 30.9.2015 audited
<b>Cash flow from operating activities</b>			
Earnings from continuing operations		8 727	3 023
Adjustments for:			
- Result from the sale of investment properties	2	0	289
- Net financial expenses	5	1 973	6 719
- Change in market value of investment properties	7	-6 336	-4 416
- Income taxes		1 573	-209
- Depreciation		20	15
- Other non cash flow-related effects		8	29
<b>Cash flow before change in net current assets</b>		<b>5 964</b>	<b>5 449</b>
Change in net working capital		-75	-6 122
Income taxes paid		-4 813	0
Income taxes received		190	2
Interest received		1	17
<b>Net cash flow from operating activities</b>		<b>1 267</b>	<b>-654</b>
<b>Cash flow from investing activities</b>			
Investments in investment properties	7	-1 545	-1 509
Divestments of investment properties	7	0	3 009
Sale Shareholder Loan France	6	0	45 010
Investments in furnishing		-25	-2
<b>Net cash flow from investing activities</b>		<b>-1 570</b>	<b>46 508</b>

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	1.4.2016 to 30.9.2016	1.4.2015 to 30.9.2015 audited
<b>Cash flow from financing activities</b>			
Decrease of bond		0	-35 300
Change shareholder loan		0	4 926
Utilization bank overdraft		4 024	-905
Decrease of mortgages		-1 614	-7 897
Interest paid		-3 352	-7 089
Sale of treasury shares	8	0	267
<b>Net cash flow used in financing activities</b>		<b>-942</b>	<b>-45 998</b>
Currency translation adjustments for cash and cash equivalents		-10	37
<b>Change in cash and cash equivalents</b>		<b>-1 255</b>	<b>-107</b>
Cash and cash equivalents as of the beginning of the period		3 516	2 787
<b>Cash and cash equivalents as of the end of the period</b>		<b>2 261</b>	<b>2 680</b>

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	Retained earnings	Treasury shares	Reserve for cash flow hedges	Currency translation adjustments <sup>2</sup>	Reserve of discontinued operations <sup>3</sup>	Equity of the shareholders of ZIHAG	Non-controlling interests	Total equity
<b>Balance as of 31.3.2015</b>	<b>59 724</b>	<b>159 872</b>	<b>-142 868</b>	<b>-2 243</b>	<b>-6 581</b>	<b>-28 916</b>	<b>-15 116</b>	<b>23 872</b>	<b>2 618</b>	<b>26 490</b>
Earnings			-20 969					-20 969	-2 618	-23 587
Other comprehensive income			101		513	115	15 116	15 845		15 845
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-20 868</b>	<b>0</b>	<b>513</b>	<b>115</b>	<b>15 116</b>	<b>-5 124</b>	<b>-2 618</b>	<b>-7 742</b>
Change in treasury shares			-1 975	2 243				268		268
Offset of retained loss <sup>1</sup>		-44 000	44 000					0		0
<b>Balance as of 30.9.2015</b>	<b>59 724</b>	<b>115 872</b>	<b>-121 711</b>	<b>0</b>	<b>-6 068</b>	<b>-28 801</b>	<b>0</b>	<b>19 016</b>	<b>0</b>	<b>19 016</b>
Earnings			4 643					4 643		4 643
Other comprehensive income			-283		-3 414	-49		-3 746		-3 746
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>4 360</b>	<b>0</b>	<b>-3 414</b>	<b>-49</b>	<b>0</b>	<b>897</b>	<b>0</b>	<b>897</b>
Change in treasury shares			2					2		2
Reduction of share capital with simultaneous capital increase	14 932	56 738						71 670		71 670
Transaction cost		-2 052						-2 052		-2 052
<b>Balance as of 31.3.2016</b>	<b>74 656</b>	<b>170 558</b>	<b>-117 349</b>	<b>0</b>	<b>-9 482</b>	<b>-28 850</b>	<b>0</b>	<b>89 533</b>	<b>0</b>	<b>89 533</b>
Earnings			8 727					8 727		8 727
Other comprehensive income			-61		-631	-55		-747		-747
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>8 666</b>	<b>0</b>	<b>-631</b>	<b>-55</b>	<b>0</b>	<b>7 980</b>	<b>0</b>	<b>7 980</b>
<b>Balance as of 30.9.2016</b>	<b>74 656</b>	<b>170 558</b>	<b>-108 683</b>	<b>0</b>	<b>-10 113</b>	<b>-28 905</b>	<b>0</b>	<b>97 513</b>	<b>0</b>	<b>97 513</b>

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

<sup>1</sup> Offset of loss carryforwards of CHF 60'000'000.00 in accordance with the AGM resolution of 30 June 2015 (thereof CHF 44'000'000.00 with capital reserves).

<sup>2</sup> Since 31 March 2015 this relates to Germany only. In case of termination of the operative activity, the respective CTA amount will be recycled through profit and loss.

<sup>3</sup> The reserves of the discontinued operations relate to reserves for currency differences. In fiscal year 2015/2016 this reserve affected the business segment France.



# Segment information

## Income statement

	1.4.2016 - 30.9.2016				
in CHF thousand	Switzerland	Germany	Holding <sup>1</sup>	Consolidation <sup>2</sup>	Total
Rental income	3 989	5 501	0		9 490
Intercompany	0	0	526	-526	0
<b>Total operating income</b>	<b>3 989</b>	<b>5 501</b>	<b>526</b>	<b>-526</b>	<b>9 490</b>
Real estate expense	-409	-344	-13	330	-436
Maintenance and repairs	-73	-337	0		-410
<b>Net operating income</b>	<b>3 507</b>	<b>4 820</b>	<b>513</b>	<b>-196</b>	<b>8 644</b>
Administrative expense	-342	-562	-1 998	196	-2 707
Change in market value	3 507	2 829	0		6 336
<b>Earnings before interest and taxes (EBIT)</b>	<b>6 672</b>	<b>7 087</b>	<b>-1 485</b>	<b>0</b>	<b>12 273</b>
Net financial expenses	-480	-3 582	2 092		-1 973
<b>Earnings before taxes</b>	<b>6 192</b>	<b>3 505</b>	<b>607</b>	<b>0</b>	<b>10 300</b>
Income taxes	-1 467	-126	15		-1 573
<b>Earnings</b>	<b>4 725</b>	<b>3 379</b>	<b>622</b>	<b>0</b>	<b>8 727</b>
Non-cash effects in EBIT	3 507	2 597	-1		6 103

<sup>1</sup> The segment "Holding" is comprised of Züblin Immobilien Holding AG, Züblin Immobilien Management AG, Züblin Immobilière Belgium SA and Züblin Real Estate Holding NV.

<sup>2</sup> 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.

	<b>1.4.2015 - 30.9.2015</b>				
in CHF thousand	Switzerland	Germany	Holding <sup>1</sup>	Consolidation <sup>2</sup>	Total
Rental income	3 953	5 395	0		9 348
Intercompany	0	0	448	-448	0
<b>Total operating income</b>	<b>3 953</b>	<b>5 395</b>	<b>448</b>	<b>-448</b>	<b>9 348</b>
Real estate expense	-244	-466	-46	258	-498
Maintenance and repairs	-79	-319	0		-398
<b>Net operating income</b>	<b>3 630</b>	<b>4 610</b>	<b>402</b>	<b>-190</b>	<b>8 452</b>
Administrative expense	-373	-626	-2 237	190	-3 046
Result from the sale of investment properties	-20	-269	0		-289
Change in market value	1 831	2 585	0		4 416
<b>Earnings before interest and taxes (EBIT)</b>	<b>5 068</b>	<b>6 300</b>	<b>-1 835</b>	<b>0</b>	<b>9 533</b>
Net financial expenses	-588	-1 649	-4 806		-7 043
Changes in market value and derecognition of swaps	324	0	0		324
<b>Earnings before taxes</b>	<b>4 804</b>	<b>4 651</b>	<b>-6 641</b>	<b>0</b>	<b>2 814</b>
Income taxes	259	-44	-6		209
<b>Earnings</b>	<b>5 063</b>	<b>4 607</b>	<b>-6 647</b>	<b>0</b>	<b>3 023</b>
of which non-controlling interests	0	0	0		0
Non-cash effects in EBIT	1 831	2 571	0		4 402

<sup>1</sup> The segment "Holding" is comprised of Züblin Immobilien Holding AG, Züblin Immobilien Management AG, Züblin Immobilière Belgium SA and Züblin Real Estate Holding NV.

<sup>2</sup> 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.

# Segment information

## Balance sheet

	<b>30.9.2016</b>				
in CHF thousand	Switzerland	Germany	Holding <sup>1</sup>	Consolidation <sup>2</sup>	Total
Investment properties	199 500	138 549	0		338 049
Furnishing	0	121	5		126
Other assets	12 399	7 535	52 890	-47 311	25 513
<b>Total assets</b>	<b>211 899</b>	<b>146 205</b>	<b>52 895</b>	<b>-47 311</b>	<b>363 688</b>
Mortgages	0	96 811	0		96 811
Mortgages current	108 156	3 214	0		111 370
Other liabilities	44 154	58 754	2 397	-47 311	57 994
<b>Total liabilities</b>	<b>152 310</b>	<b>158 779</b>	<b>2 397</b>	<b>-47 311</b>	<b>266 175</b>

<sup>1</sup> The segment "Holding" is comprised of Züblin Immobilien Holding AG, Züblin Immobilien Management AG, Züblin Immobilière Belgium SA and Züblin Real Estate Holding NV.

<sup>2</sup> 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.

	<b>31.3.2016</b>				
in CHF thousand	Switzerland	Germany	Holding <sup>1</sup>	Consolidation <sup>2</sup>	Total
Investment properties	195 860	135 391	0		331 251
Furnishing	0	117	4		121
Other assets	10 210	7 347	53 345	-45 979	24 923
<b>Total assets</b>	<b>206 070</b>	<b>142 855</b>	<b>53 349</b>	<b>-45 979</b>	<b>356 295</b>
Mortgages	108 156	98 835	0		206 991
Mortgages current	0	3 230	0		3 230
Other liabilities	42 100	58 198	2 222	-45 979	56 541
<b>Total liabilities</b>	<b>150 256</b>	<b>160 263</b>	<b>2 222</b>	<b>-45 979</b>	<b>266 762</b>

<sup>1</sup> The segment "Holding" is comprised of Züblin Immobilien Holding AG, Züblin Immobilien Management AG, Züblin Immobilière Belgium SA and Züblin Real Estate Holding NV.

<sup>2</sup> 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.

# Segment information

## Property key figures

per country and investment category	30.9.2016			31.3.2016		
	Switzerland	Germany	Total	Switzerland	Germany	Total
in CHF thousand						
<b>Annual rental income</b>						
Office	8 022	10 517	18 539	7 934	10 844	18 778
Retail	0	324	324	0	302	302
<b>Total annual rental income</b>	<b>8 022</b>	<b>10 841</b>	<b>18 863</b>	<b>7 934</b>	<b>11 146</b>	<b>19 080</b>
<b>Investment properties</b>						
Office	199 500	135 656	335 156	195 860	132 680	328 540
Retail	0	2 893	2 893	0	2 711	2 711
<b>Total investment properties</b>	<b>199 500</b>	<b>138 549</b>	<b>338 049</b>	<b>195 860</b>	<b>135 391</b>	<b>331 251</b>
<b>Usable area in m<sup>2</sup></b>						
Office	28 095	84 551	112 646	28 131	84 551	112 682
Retail	0	2 563	2 563	0	2 563	2 563
<b>Total usable area in m<sup>2</sup></b>	<b>28 095</b>	<b>87 114</b>	<b>115 209</b>	<b>28 131</b>	<b>87 114</b>	<b>115 245</b>
<b>Vacancy in m<sup>2</sup></b>						
Office	4 982	7 862	12 844	5 283	6 582	11 865
Retail	0	487	487	0	504	504
<b>Total vacancy in m<sup>2</sup></b>	<b>4 982</b>	<b>8 349</b>	<b>13 331</b>	<b>5 283</b>	<b>7 086</b>	<b>12 369</b>

The investment properties are, based on the main use, fully allocated to the corresponding investment category and can be compared with pages 11 to 16.  
See definition of terms on pages 57 to 59.

# Segment information

## Overview of the expiry of rental contracts

	30.9.2016			31.3.2016		
	Switzerland	Germany	Total	Switzerland	Germany	Total
unlimited	4%	1%	2%	3%	1%	2%
1 to 12 months	4%	24%	16%	3%	24%	15%
1 to 2 years	8%	26%	18%	7%	32%	22%
2 to 3 years	8%	17%	13%	8%	15%	12%
3 to 4 years	8%	12%	10%	6%	9%	8%
4 to 5 years	23%	12%	17%	25%	10%	17%
5 to 6 years	2%	5%	4%	5%	4%	4%
6 to 7 years	0%	2%	1%	0%	2%	1%
7 to 8 years	6%	2%	3%	0%	2%	1%
more than 8 years	37%	1%	16%	43%	1%	18%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
EPRA Gross Initial Yield (GIY)	4.0%	7.1%	5.3%	4.1%	7.7%	5.6%
EPRA Net Initial Yield (NIY)	3.8%	6.6%	5.0%	3.7%	6.5%	4.9%

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# Notes to the consolidated semi-annual financial statements

## 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 Germany and employed 12 persons as of 30 September 2016 (31 March 2016: 12).

Züblin Immobilien Holding AG is a Swiss stock corporation domiciled at Klausstrasse 4, 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.

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## 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 with Art. 17 of the 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 2016. The consolidated semi-annual financial statements for the Züblin Group as of 30 September 2016 were approved by the Board of Directors on 15 November 2016.

### 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 2016:

– IAS 1 (rev.): Disclosure initiative	from 1.1.2016
– IAS 16 /IAS 38 (rev.): Clarification of Acceptable Methods of Depreciation and Amortisation	from 1.1.2016
– IAS 27 (rev.): Equity Method in Separate Financial Statements	from 1.1.2016
– IFRS 11 (rev.): Accounting for Acquisitions of Interests in Joint Operations	from 1.1.2016
– IFRS 14: Regulatory Deferral Accounts	from 1.1.2016
– IFRS 10/IFRS 12/IAS 28 (rev.): Investment Entities: Applying the Consolidation Exception	from 1.1.2016
– IAS 16/IAS 41 (rev.): Agriculture: Bearer Plants	from 1.1.2016
– Improvements to IFRS Cycle 2012-2014	from 1.1.2016

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

### 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 2015:

– IFRS 9: Financial Instruments	from 1.1.2018
– IFRS 15: Revenue from Contracts with Customers	from 1.1.2018
– IFRS 16: Leases	from 1.1.2019
– IFRS 10/IAS 28 (rev.): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	to be determined
– IAS 12 (rev.): Recognition of Deferred Tax Assets for Unrealised Losses	from 1.1.2017
– IAS 7 (rev.): Disclosure Initiative	from 1.1.2017
– Clarifications to IFRS 15: Revenue from Contracts with Customers	from 1.1.2018
– IFRS 2 (rev.): Classification and Measurement of Share-based Payment Transactions	from 1.1.2018
– IFRS 4 (rev.): Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	from 1.1.2018

None of the new or revised standards and interpretations were adopted early in the preparation of the 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. The new accounting standard IFRS 16 Leases will not have a material accounting effect for the lessor, however, lessors are expected to be affected due to the changed needs and behaviours from customers which impacts their business model and lease products.

### 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.

There were no changes in the valuation criteria in connection with IFRS 13 during the reporting period and there were no reclassifications within this category. The investment properties recognized at fair value as of 30 September 2016 qualify unchanged to 31 March 2016 as level 3 fair value inputs. As at 30 September 2016, the derivative financial instruments held at 31 March 2016 continue to fall into the level 2 fair value category.



**4. Scope of consolidation**

During the first six months of financial year 2016/2017 the scope of consolidation of the Group has not changed.

**5. Exchange rates**

in CHF	Balance sheet rate <b>30.9.2016</b>	Balance sheet rate 31.3.2016	Average rate <b>1.4.2015 to 31.3.2016</b>	Average rate 1.4.2015 to 30.9.2015
1 EUR	1.0876	1.0931	1.0925	1.0572

# Other notes

## 1. Rental income

in CHF thousand	Switzerland	Germany	Total
<b>1st half-year 2015/2016</b>			
Rental income in presentation currency	3 953	5 395	<b>9 348</b>
Rental income in local currency	3 953	5 104	
<b>1st half-year 2016/2017</b>			
Rental income in presentation currency	3 989	5 501	<b>9 490</b>
Rental income in local currency	3 989	5 035	
Change to previous year in local currency	36	-69	
arising from:			
- Disposals	0	-253	
- Vacancy and indexation	36	184	

Despite the decrease of rental income due to the sale of one investment property in Germany in the prior period (CHF 0.3 million), rental income increased by CHF 0.2 million as a result of vacancy reduction and indexation.

## 2. Result from the sale of investment properties

In the first half of the financial year 2016/2017 no investment property has been sold. In the prior year period one investment property in Germany was sold with a loss of CHF 0.3 million.

**3. Real estate expenses**

in CHF thousand	1.4.2016 to 30.9.2016	1.4.2015 to 30.09.2015
Property taxes	-9	-17
Legal fees	-19	-23
Bad debts	-6	-61
External property management fees	-29	-7
Non recoverable service charges	-192	-298
Other property-related expense	-181	-92
<b>Total real estate expense</b>	<b>-436</b>	<b>-498</b>

**4. Administrative expense**

in CHF thousand	1.4.2016 to 30.9.2016	1.4.2015 to 30.09.2015
Salaries and Board of Directors' fees	-1 408	-1 386
Rent expenses	-119	-151
Bookkeeping and IT	-145	-124
Travel expenses	-113	-113
Audit	-146	-229
Legal and tax advisory	-190	-184
Other taxes	-58	-65
Valuation	-48	-37
Depreciation	-20	-15
Other advisory and investor relations	-333	-657
Other administrative expense	-128	-85
<b>Total administrative expense</b>	<b>-2 707</b>	<b>-3 046</b>

As a result of savings in the consulting area, administrative expenses were reduced by CHF 0.3 million compared to last year.

5. Financial expense and income

in CHF thousand	1.4.2016 to 30.9.2016	1.4.2015 to 30.09.2015
<b>Financial expense</b>		
Mortgage <sup>1</sup> and swaps interest expense <sup>2</sup>	-2 043	-1 841
Interest expense shareholder loan <sup>1</sup>	0	-4 067
Interest expense and other financial charges <sup>1</sup>	-13	-32
Interest expense 4% bond Züblin Immobilien Holding AG <sup>1</sup>	0	-461
Currency translation adjustments	-116	-335
<b>Total financial expense</b>	<b>-2 172</b>	<b>-6 736</b>
<b>Financial income</b>		
Interest income <sup>3</sup>	4	17
Interest income shareholder loan <sup>3</sup>	195	0
<b>Total financial income</b>	<b>199</b>	<b>17</b>
<b>Net financial expense</b>	<b>-1 973</b>	<b>-6 719</b>

<sup>1</sup> The respective liabilities belong to the category "Financial liabilities at amortized cost".

<sup>2</sup> The liabilities from interest swaps belong to the category "Financial liabilities at fair value through profit and loss".

<sup>3</sup> The assets to which this income relates belong to the category "Loans and receivables at amortized cost".

**Net financial expense**

The repayment of the shareholder loan and the bond in the previous year led to a decline in net financial expenses by CHF 4.7 million to CHF 2.0 million (previous year CHF 6.7 million). The mortgage and swap interest expense includes an income amount of CHF 0.3 million (previous year CHF 0.3 million) relating to swap ineffectiveness.

6. Discontinued operations

The result from discontinued operations in the prior year relates to France until the loss of control on 31 July 2015.

Income statement

in CHF thousand	1.4.2016 to 30.9.2016	1.4.2015 to 30.09.2015
Rental income	0	1 917
<b>Total operating income</b>	<b>0</b>	<b>1 917</b>
Real estate expense	0	-2 114
Maintenance and repairs	0	-200
<b>Net operating income</b>	<b>0</b>	<b>-397</b>
Administrative expense	0	-3 099
Change in market value	0	-4 451
<b>Earnings before interest and taxes (EBIT)</b>	<b>0</b>	<b>-7 947</b>
Financial expense / income	0	-3 547
Changes in market value of swaps	0	-4 158
Currency losses	0	-10 958
<b>Earnings from discontinued operations</b>	<b>0</b>	<b>-26 610</b>
of which attributable to:		
- Shareholders of Züblin Immobilien Holding AG	0	-23 992
- Non-controlling interests	0	-2 618
Earnings per share from discontinued operations	0.00	-9.11

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Cash flow from discontinued operations presents as follows:

**Net Cash Flows**

in CHF thousand	1.4.2016 to 30.9.2016	1.4.2015 to 30.09.2015
Operating activities	0	869
Investing activities	0	-1 592
Financing activities	0	1 083
<b>Net-Cashflow</b>	<b>0</b>	<b>359</b>

## 7. Investment properties

1st half-year 2016/2017

in CHF thousand	Switzerland	Germany	Total
<b>Balance as of 31.3.2016 audited</b>	<b>195 860</b>	<b>135 391</b>	<b>331 251</b>
Value-enhancing investments	133	1 027	1 160
Sales	0	0	0
<i>Positive change in market value</i>	<i>4 270</i>	<i>3 329</i>	<i>7 599</i>
<i>Negative change in market value</i>	<i>-763</i>	<i>-500</i>	<i>-1 263</i>
Change in market value	3 507	2 829	6 336
Currency translation adjustments	0	-698	-698
<b>Balance as of 30.9.2016</b>	<b>199 500</b>	<b>138 549</b>	<b>338 049</b>

The change in value of the investment properties from CHF 331.3 million to CHF 338.0 million mainly stems from the following factors:

- The value of the portfolio was increased by investments of CHF 1.2 million (full previous year CHF 3.3 million).
- On the other hand the revaluation of the investment properties led to a positive overall impact of 1.9% and amounted to CHF 6.3 million across the portfolio (full previous year increase of CHF 7.8 million). This increase is corresponding to the current market environment. Assumptions regarding reletting and market rents mainly remained unchanged.

Financial year 2015/2016

in CHF thousand	Switzerland	Germany	Total	Germany held for sale	Total
<b>Balance as of 31.3.2015</b>	<b>189 720</b>	<b>122 166</b>	<b>311 886</b>	<b>9 762</b>	<b>321 648</b>
Value-enhancing investments	488	2 771	3 259	27	3 286
Sales	0	0	0	-7 072	-7 072
<i>Positive change in market value</i>	6 932	4 737	11 669	86	11 755
<i>Negative change in market value</i>	-1 280	-2 548	-3 828	-177	-4 005
Change in market value	5 652	2 189	7 841	-91	7 750
Currency translation adjustments	0	5 554	5 554	85	5 639
Reclassifications	0	2 711	2 711	-2 711	0
<b>Balance as of 31.3.2016</b>	<b>195 860</b>	<b>135 391</b>	<b>331 251</b>	<b>0</b>	<b>331 251</b>

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## 8. Share capital

	Date	Number of shares	in CHF thousand
<b>Share capital</b>			
<b>Issued shares at a nominal value CHF 1.00</b>	<b>31.3.15</b>	<b>59 724 486</b>	<b>59 724</b>
<b>Changes in capital structure in financial year 2015/2016</b>			
Capital reduction through par value reduction from CHF 1.00 to CHF 0.05	1.12.15	-	-56 737
Ordinary capital increase through issuing of new shares at nominal value of CHF 0.05	1.12.15	1 433 387 664	71 669
Reverse stock split at the ratio of 450:1 to create new shares at nominal value of CHF 22.50	3.3.16	-1 489 794 123	-
<b>Issued shares at a nominal value CHF 22.50</b>	<b>31.3.16</b>	<b>3 318 027</b>	<b>74 656</b>
No changes in capital structure in 1st half-year 2016/2017		-	-
<b>Issued shares at a nominal value CHF 1.00</b>	<b>30.9.16</b>	<b>3 318 027</b>	<b>74 656</b>

## Treasury shares

In fiscal year 2015/2016 all treasury shares were sold. During the first half year of financial year 2016/2017 no transactions with treasury shares took place.

9. Future contractual maturities

	Carrying value	< 1 year		1 to 3 years		3 to 5 years		> 5 years	
		interest	amortisation	interest	amortisation	interest	amortisation	interest	amortisation
in CHF thousand									
<b>As of 30.9.2016</b>									
Mortgages	208 181	2 720	111 370	2 348	79 190	458	2 393	2 300	15 228
Trade accounts payable	571	0	571	0	0	0	0	0	0
Derivative financial instruments	28 668	4 301	0	7 954	0	5 519	0	10 894	0
Other short-term liabilities	16 701	0	16 471	0	0	0	0	0	230
<b>Total as of 30.9.2016</b>	<b>254 121</b>	<b>7 021</b>	<b>128 412</b>	<b>10 302</b>	<b>79 190</b>	<b>5 977</b>	<b>2 393</b>	<b>13 194</b>	<b>15 458</b>
<b>As of 31.3.2016</b>									
<b>audited</b>									
Mortgages	210 221	2 742	3 230	3 638	188 680	568	2 405	2 921	15 906
Trade accounts payable	683	0	683	0	0	0	0	0	0
Derivative financial instruments	29 133	4 640	0	7 886	0	5 954	0	10 653	0
Other short-term liabilities	12 371	0	12 165	0	0	0	0	0	206
<b>Total as of 31.3.2016</b>	<b>252 408</b>	<b>7 382</b>	<b>16 078</b>	<b>11 524</b>	<b>188 680</b>	<b>6 522</b>	<b>2 405</b>	<b>13 574</b>	<b>16 112</b>

In the next twelve months CHF 128.4 million (previous year CHF 16.1 million) of the liabilities reported above are due to mature. Of this amount CHF 108.2 million (previous year CHF 0.0 million) relates to mortgages in Switzerland and is expected to be extended in the normal course of business. Trade accounts payable and the other short-term liabilities are incurred in the course of the Group's operating activities and are covered by the short-term assets.

10. Derivative financial instruments

in CHF thousand	<b>Notional amounts 30.9.2016</b>	Notional amounts 31.3.2016	<b>Fair value 30.9.2016</b>	Fair value 31.3.2016
Interest rate swaps				
1 to 12 months	40000	40000	690	693
1 to 3 years	32628	32793	3980	4418
3 to 5 years	0	0	0	0
More than 5 years	80000	80000	23998	24022
<b>Total</b>	<b>152628</b>	<b>152793</b>	<b>28668</b>	<b>29133</b>
- of which liabilities			28668	29133

The Züblin Group uses interest rate swaps to reduce the cash flow risks arising from its exposure to movements in interest rates.

11. Mortgages

Overview mortgages as of 30.09.2016

In CHF thousand	Switzerland	Germany	Total	%
<b>Interest term structure, including hedge effective swaps</b>				
1 to 12 months	28 156	78 815	106 971	51%
1 to 3 years	0	0	0	0%
3 to 5 years	0	21 210	21 210	10%
More than 5 years	80 000	0	80 000	39%
<b>Total</b>	<b>108 156</b>	<b>100 025</b>	<b>208 181</b>	<b>100%</b>
<b>Average interest rates</b>	<b>1.58%</b>	<b>2.95%</b>	<b>2.24%</b>	
<b>Average duration</b>	<b>7.0</b>	<b>2.5</b>	<b>4.8</b>	
<b>Contractual maturity dates of mortgages</b>				
1 to 12 months	108 156	3 214	111 370	54%
1 to 3 years	0	79 190	79 190	38%
3 to 5 years	0	2 393	2 393	1%
More than 5 years	0	15 228	15 228	7%
<b>Total</b>	<b>108 156</b>	<b>100 025</b>	<b>208 181</b>	<b>100%</b>
<b>Average duration</b>	<b>1.0</b>	<b>5.6</b>	<b>3.2</b>	
<b>Fair value of mortgages</b>				
Variable rate mortgages	108 156	100 025	208 181	100%
<b>Total</b>	<b>108 156</b>	<b>100 025</b>	<b>208 181</b>	<b>100%</b>

Overview mortgages as of 31.3.2016

In CHF thousand	Switzerland	Germany	Total	%
<b>Interest term structure, including hedge effective swaps</b>				
1 to 12 months	28 156	80 146	108 302	52%
1 to 3 years	0	0	0	0%
3 to 5 years	0	21 919	21 919	10%
More than 5 years	80 000	0	80 000	38%
<b>Total</b>	<b>108 156</b>	<b>102 065</b>	<b>210 221</b>	<b>100%</b>
<b>Average interest rates</b>	<b>1.53%</b>	<b>2.92%</b>	<b>2.21%</b>	
<b>Average duration</b>	<b>7.4</b>	<b>3.0</b>	<b>5.3</b>	
<b>Contractual maturity dates of mortgages</b>				
1 to 12 months	0	3 230	3 230	1%
1 to 3 years	108 156	80 524	188 680	90%
3 to 5 years	0	2 405	2 405	1%
More than 5 years	0	15 906	15 906	8%
<b>Total</b>	<b>108 156</b>	<b>102 065</b>	<b>210 221</b>	<b>100%</b>
<b>Average duration</b>	<b>1.5</b>	<b>6.1</b>	<b>3.7</b>	
<b>Fair value of mortgages</b>				
Variable rate mortgages	108 156	102 065	210 221	100%
<b>Total</b>	<b>108 156</b>	<b>102 065</b>	<b>210 221</b>	<b>100%</b>

As of 30 September 2016 Züblin Group's real estate portfolio is financed entirely by variable-rate loans. The amounts shown as mortgages in the balance sheet include closing fees of CHF 0.4 million (previous year CHF 0.4 million).

Some of the mortgages include financial covenants which specify, among other things, adherence to certain financial indicators (debt service cover ratio, level of interest coverage, loan-to-value ratio and equity ratio). The financial covenants vary by country and loan contract as summarized in the table below:

	Switzerland	Germany
Debt service cover ratio	-	140%
Interest coverage ratio	1.6	-
Loan to value	65.0%	75.0%
Equity %	32.5%	-

The Company monitors these covenants every quarter. 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 mortgage agreement also contain a "change of ownership" clause which stipulate certain consequences, such as the repayment of the entire loan if the ownership interest of Züblin Immobilien Holding AG on the borrowing subsidiary falls below 50%, or in the event that a single shareholder acquires more than 50% in Züblin Immobilien Holding AG.

During the first six months of the financial year and as of balance sheet date, the Company was in compliance with all of its covenants.

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

	30.9.2016	31.3.2016
Book value of assets pledged (investment properties)	338 049	331 251
Credit drawn (debt secured)	208 181	210 221

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

**12. Loan to shareholder**

The Group has granted a loan to Lamesa Holding SA, Panama in the amount of CHF 13 million. The loan bears an interest rate of 3% p.a. and is fully drawn as of balance sheet date. The loan amount as well as accrued interest in the amount of CHF 0.2 million is included in the line item "Other current assets".

**13. Events after the  
balance sheet date**

No significant events have occurred since the balance sheet date.

# 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	1.4.2016 to 30.9.2016	1.4.2015 to 30.9.2015
<b>Earnings of shareholders of Züblin Immobilien Holding AG</b>	<b>8 727</b>	<b>-20 969</b>
<b>Adjustments:</b>		
Change in market value of investment properties	-6 336	-4 416
Result from the sale of investment properties	0	289
Changes in fair value derivative financial instruments recorded in income statement	0	0
Deferred taxes in respect of EPRA Earnings adjustments	1 395	1 112
Currency differences	116	335
Result from discontinued operations	0	26 610
Non-controlling interests in respect of the above	0	-2 618
<b>EPRA Earnings of shareholders</b>	<b>3 902</b>	<b>343</b>
Average number of outstanding shares	3 318 027	2 633 915
<b>EPRA Earnings per share</b>	<b>1.18</b>	<b>0.13</b>



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

in CHF thousand	30.9.2016	31.3.2016
Number of issued shares	3 318 027	3 318 027
Number of treasury shares	0	0
<b>Number of outstanding shares at balance sheet date</b>	<b>3 318 027</b>	<b>3 318 027</b>
Equity of shareholders	97 513	89 533
<b>Equity per share</b>	<b>29.39</b>	<b>26.98</b>
<b>Equity of shareholders</b>	<b>97 513</b>	<b>89 533</b>
<b>Adjustments:</b>		
Fair Value of derivative financial instruments <sup>1</sup>	28 668	29 133
Deferred taxes (net) <sup>2</sup>	8 401	7 198
<b>EPRA Net Asset Value (NAV) of shareholders</b>	<b>134 582</b>	<b>125 864</b>
<b>EPRA NAV per share</b>	<b>40.56</b>	<b>37.93</b>
EPRA Equity	134 582	125 864
Total Assets	363 688	356 295
<b>EPRA Equity ratio</b>	<b>37.0%</b>	<b>35.3%</b>

<sup>1</sup> Agrees with the total of the short-term and long-term derivative financial instruments shown in the consolidated balance sheet.

<sup>2</sup> 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	30.9.2016	31.3.2016
<b>EPRA Net Asset Value (NAV) of shareholders</b>	<b>134 582</b>	<b>125 864</b>
<b>Adjustments:</b>		
Fair value of derivative financial instruments	-28 668	-29 133
Deferred taxes (net)	-8 401	-7 198
Deviation to fair value of mortgages	0	0
<b>EPRA NNNAV</b>	<b>97 513</b>	<b>89 533</b>
Number of outstanding shares at balance sheet date	3 318 027	3 318 027
<b>EPRA NNNAV per share</b>	<b>29.39</b>	<b>26.98</b>

**D. EPRA Net Yield Disclosure**

in CHF thousand	30.9.2016	31.3.2016
<b>Investment properties</b>	<b>338 049</b>	<b>331 251</b>
<b>Adjustments:</b>		
Investment properties discontinued operations	0	0
Investment properties held for sale	0	0
<b>Investment properties available for lease</b>	<b>338 049</b>	<b>331 251</b>
<b>Adjustments:</b>		
Transaction costs in case of sale	10 201	9 919
<b>Gross-up valuation of Investment properties available for lease (A)</b>	<b>348 251</b>	<b>341 170</b>
<b>Annual rental income investment properties available for lease (B)</b>	<b>18 539</b>	<b>19 080</b>
Property expenses	-1 163	-2 301
<b>Net Annual rental income (C)</b>	<b>17 375</b>	<b>16 779</b>
Adjustment for lease incentives	n.a.	n.a.
<b>"Topped-up" Net annual rental income (D)</b>	<b>17 375</b>	<b>16 779</b>
<b>EPRA Gross Initial Yield (GIY) (B/A)</b>	<b>5.3%</b>	<b>5.6%</b>
<b>EPRA Net Initial Yield (NIY) (C/A)</b>	<b>5.0%</b>	<b>4.9%</b>
<b>EPRA "topped-up" NIY (D/A)</b>	<b>5.0%</b>	<b>4.9%</b>

**E.1 EPRA Vacancy Rate  
monetary**

in CHF thousand	30.9.2016	31.3.2016
Estimated market rental income of vacant space (A)	2 082	1 888
Estimated market rental value of the whole portfolio (B)	19 519	20 309
<b>EPRA Vacancy rate (A/B)</b>	<b>10.7%</b>	<b>9.3%</b>

**E.2 Züblin Vacancy Rate  
monetary**

in CHF thousand	30.9.2016	31.3.2016
Estimated annual rental income of vacant space (A)	2 082	1 888
Projected annual rental income of the whole portfolio (B)	20 944	20 968
<b>Züblin Vacancy rate (A/B)</b>	<b>9.9%</b>	<b>9.0%</b>

# Independent valuer's report Jones Lang LaSalle (JLL)

## 1 Instruction

On behalf of the management of Züblin Immobilien Holding AG, the local subsidiaries of Jones Lang LaSalle ("JLL") have valued all investment properties of Züblin Immobilien Holding AG or its affiliated companies ("Züblin Group") in Switzerland and Germany for accounting purposes as at 30 September 2016.

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## 2 JLL Offices Involved

The portfolio of the Züblin Group is diversified within Switzerland and Germany. All valuations were prepared by the JLL valuation teams in the respective countries.

Switzerland: JLL Zurich office  
Germany: JLL Frankfurt am Main, Hamburg und Munich offices

## 3 Valuation Standards

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 (IVS) and the standards of the Royal Institution of Chartered Surveyors (RICS / Red Book).

## 4 Accounting Standards

The market values determined for the investment properties represent Fair Value as defined in the International Financial Reporting Standards (IFRS) on the basis of revised IAS 40 (Investment Property) and IFRS 13 (Fair Value Measurement)

## 5 Definition of "Fair Value"

The Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

An exit price is the selling price as stated in the purchase contract on which the parties have agreed.

The Fair Value valuation assumes that the hypothetical transaction for the asset being valued takes place on the market with the greatest volume and the largest business activity (principal market), as well as transactions of sufficient frequency and volume occur so that sufficient pricing information is available for the market (active market). If such a market cannot be identified, a market for the asset is assumed that maximises the selling price.

## 6 Realisation of Fair Value

The Fair Value is determined on the basis of the best possible use of a property (highest and best use). The best use is the use that maximises the property's value. This assumption of use must be technically / physically possible, legally permissible and financially feasible. As a maximisation of utility is assumed in the determination of Fair Value, the best use may differ from the actual or planned use. Future capital expenditures that will improve or increase the value of a property are taken into account appropriately in the Fair Value Measurement.

The application of the highest and best use approach is based on the principle of materiality of the potential difference in value in relation to the value of the individual property and of the total real estate assets, as well as in relation to the possible absolute value difference. Potential increased real estate values that lie within the usual valuation tolerance of a single valuation are considered to be insignificant and neglected as a result.

The determination of Fair Value is dependent on the quality and reliability of measurement parameters, with decreasing quality and reliability: Level 1 market price, level 2 modified market price and level 3 model-based valuation. For a Fair Value appraisal of a property, different levels for different application parameters can be applied simultaneously. The entire valuation is classified according to the lowest level of the Fair Value hierarchy, which contains the main valuation parameters.

The valuation of investment properties of the Züblin Group are performed with a model-based valuation in accordance with level 3, on the basis of input parameters not directly observable on the market. Based on this level, adapted level 2 input parameters are used (e.g. market rents, operational and maintenance costs, discount / capitalisation rates). Not observable inputs are only used when relevant observable inputs are not available.

## 7 Valuation Method

Valuation procedures have been applied that are appropriate in the particular circumstances and for which sufficient data are available to determine the Fair Values, in which the use of relevant observable inputs are maximised and those unobservable inputs are minimised.

The market valuations of properties that are completely or partially vacant are calculated on the assumption that a re-letting takes a certain period of time. Loss of rent, rent-free periods and other incentives for new tenants that meet the market standard are taken into account in the valuation.

To determine the market value an income-based approach was applied. In this case, the potential yield of a property is determined on the basis of future revenues and expenditures. The resulting cash flows correspond to the current and projected cash flows after deducting all non-recoverable costs to the tenant (before taxes and borrowing costs). The interest rate used is based on the rate of long-term, risk-free investments and a specific risk premium, which reflects the current situation on the transaction market, the local real estate market and the characteristics of the property.

The discounted cash flow method (DCF method) was used where the annual cash flows are discounted to the valuation date. At the end of the period in which the cash flows are projected in detail, a residual value (exit value) is determined on basis of a perpetual annuity of the exit cash flow. The market value is calculated as the sum of the discounted net cash flows. The market value is the sum of the net cash flows discounted to the valuation date beyond the detailed analysis period and the discounted residual value.

## 8 Basis of the Valuations

All properties are known to JLL due to the inspections carried out and the documents provided. JLL conducted a detailed analysis in terms of quality and risks (attractiveness and lettability of the rented premises, construction and condition, micro and macro location). The properties are visited by JLL at acquisition and every three years or upon completion of larger refurbishments thereafter.

## 9 Results

A total of 17 properties were valued as at 31 March 2016. The Fair Value of the properties according to IAS 40 and IFRS 13 is estimated as at the valuation date as follows:

Switzerland (5 properties):	CHF 199,500,000 (Gross Fair Value)
Germany (12 properties):	EUR 127,390,000 (Net Fair Value)

Gross Fair Value: The fair value according to paragraph 25 IFRS 13 is not corrected by the transaction costs incurred by the purchaser. This corresponds to the Swiss valuation practice.

Net Fair Value: For the valuation of foreign properties, transaction costs are deducted in accordance with IFRS.

**10 Independency and  
Purpose**

JLL confirms that the valuations have been created independently and neutrally and are intended only for the aforementioned purpose. JLL assumes no liability to third parties.

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

**JLL Switzerland**

Zurich, 9 November 2016

Gregor Strocka, CAIA, MRICS  
Senior Vice President

Daniel Macht MRICS  
Vice President

**JLL Germany**

Frankfurt, 9 November 2016

Ralf Kemper MRICS  
Head of Valuation Advisory Germany

Patrick Metzger MRICS  
National Director

**Appendix – Valuation Assumptions**

The following general assumptions apply for the valuation of the properties.

- The valuations are based on rent rolls of the Züblin Group as at 1 October 2016.
- In the valuation models, unless otherwise specified, the following inflation rates are assumed: Switzerland: 0.50%, Germany: 1.69% on average over the period of consideration.
- With regard to operating expenses, it is assumed that ancillary expenses are treated separately and thus tenant related costs are borne by the tenants.
- The discount rate and capitalisation rate is based on a risk-adjusted interest rate. The respective rate is determined individually for each investment property by use of benchmark data from arm's-length transactions. In case there are not sufficient comparable transactions, the discount and capitalisation rates are determined taking into account the current market environment, the macro and micro location, type of use, cash flow risk and any other specific factors.
- As at 30 September 2016 the following interest rates have been applied:
  - For the valuations in Switzerland the discount rates are between 3.60% and 5.20% amounting to a capital-weighted discount rate of 4.04%. The capitalisation rates are between 3.10% and 4.70%, amounting to a capital-weighted capitalisation rate of 3.54%. The discount rates are between 3.60% and 5.20% amounting to a capital-weighted discount rate of 4.04%. The capitalisation rates are between 3.10% and 4.70%, amounting to a capital-weighted capitalisation rate of 3.54%.
  - For the valuations in Germany the discount rates are between 7.00% and 12.50% amounting to a capital-weighted discount rate of 8.02%. The capitalisation rates are between 6.00% and 10.00%, amounting to a capital-weighted capitalisation rate of 6.93%.



# 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.

### 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. In Germany 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.

### 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.

### Investment properties available for lease

Investment properties excluding redevelopment projects and investment properties held for sale.

### Analysis of the various yields on rental income

#### 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 m<sup>2</sup> 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 (m<sup>2</sup>)**

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