

# 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

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>

Züblin Group  
Semi-annual Report 16\_17

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

## 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	
in CHF thousand		interest	amortisation	interest	amortisation	interest	amortisation	interest	amortisation
<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 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 audited</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	Notional amounts 30.9.2016	Notional amounts 31.3.2016	Fair value 30.9.2016	Fair value 31.3.2016
Interest rate swaps				
1 to 12 months	40 000	40 000	690	693
1 to 3 years	32 628	32 793	3 980	4 418
3 to 5 years	0	0	0	0
More than 5 years	80 000	80 000	23 998	24 022
<b>Total</b>	<b>152 628</b>	<b>152 793</b>	<b>28 668</b>	<b>29 133</b>
- of which liabilities			28 668	29 133

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>

Züblin Group  
Semi-annual Report 16\_17

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

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.