

ZugEstates

Zug Estates Holding AG

Financial year 2022

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Mirko Käppeli, CFO

Zug, 24 February 2023

An aerial photograph of a city, likely Zurich, Switzerland, featuring a large lake (Lake Zurich) in the background and a dense urban area with various buildings in the foreground. The text is overlaid on a semi-transparent grey box.

Agenda

- **Overview of financial year 2022**
- **Key financial figures**
- **Real estate portfolio and projects**
- **Outlook**

Key points in brief



Overview

- Very pleasing annual results in 2022
- Increase in net income excluding revaluation and special effects
- Dividend increase proposed

Real estate portfolio

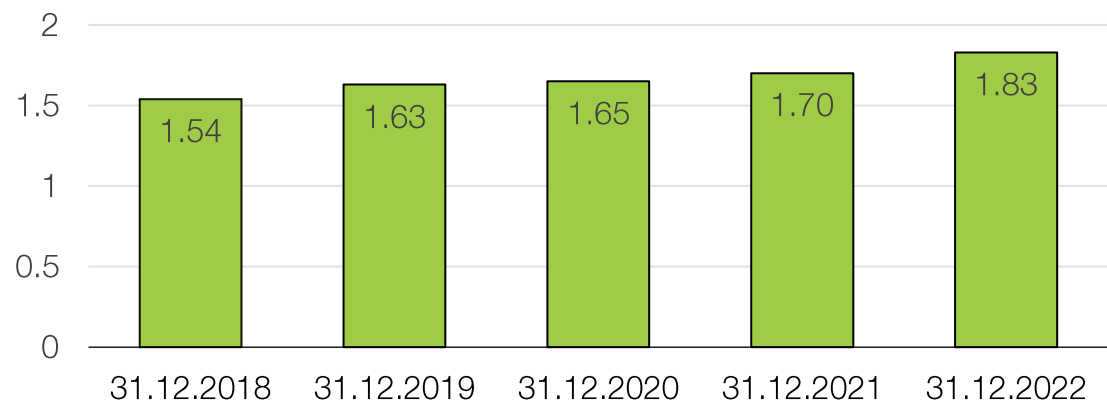
- Property income increased
- Vacancy rate down sharply
- Portfolio expanded by a strategically attractive acquisition
- Value of portfolio rose
- Further key steps taken to implement the sustainability strategy

Hotel & catering

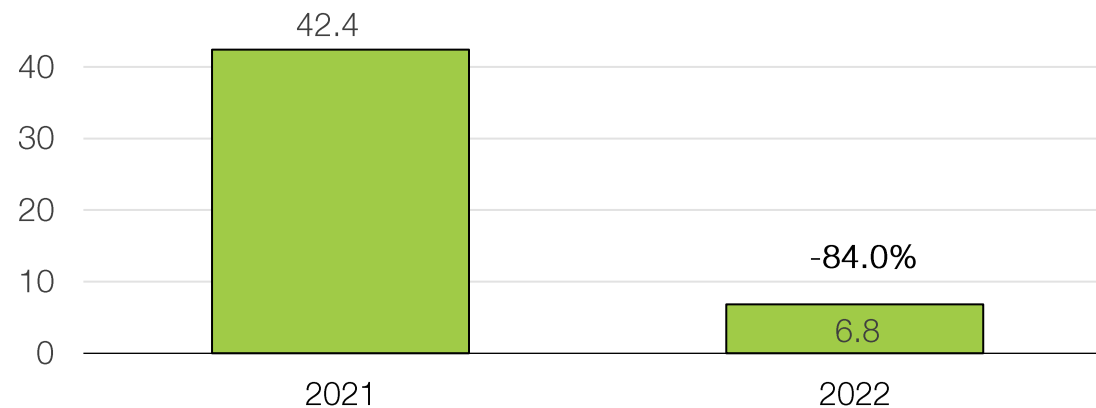
- Strong recovery in the second half

Key indicators in brief

Portfolio (CHF billion)



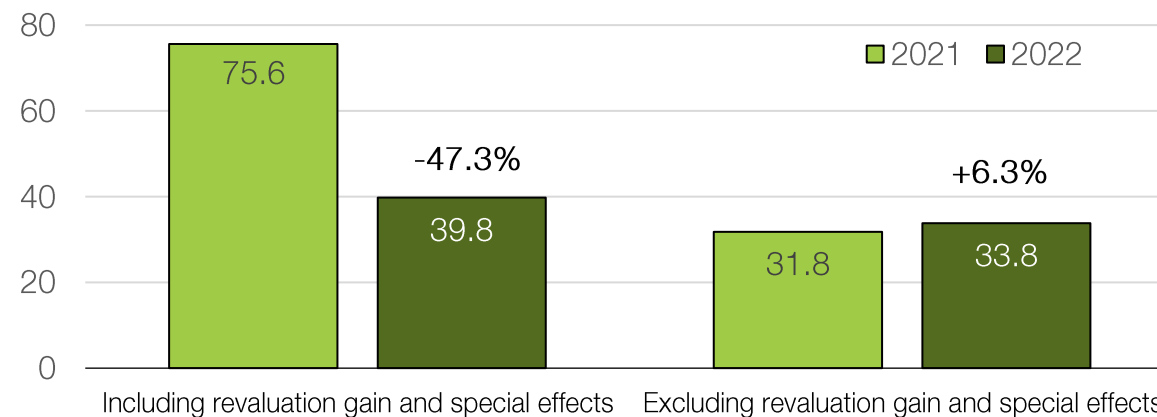
Revaluation gain (CHF million)



Property income (CHF million)



Net income (CHF million)



An aerial photograph of a modern residential development. The image shows several multi-story apartment buildings with light-colored facades and dark window frames. Many of the buildings feature green roofs with various plants and structures. In the center of the development, there is a courtyard with a small, irregularly shaped swimming pool. The surrounding area includes a large green field, a road with some construction equipment, and a railway line in the bottom right corner. The text "Key financial figures" is overlaid in a large, bold, black font across the middle of the image.

Key financial figures

Key financial figures

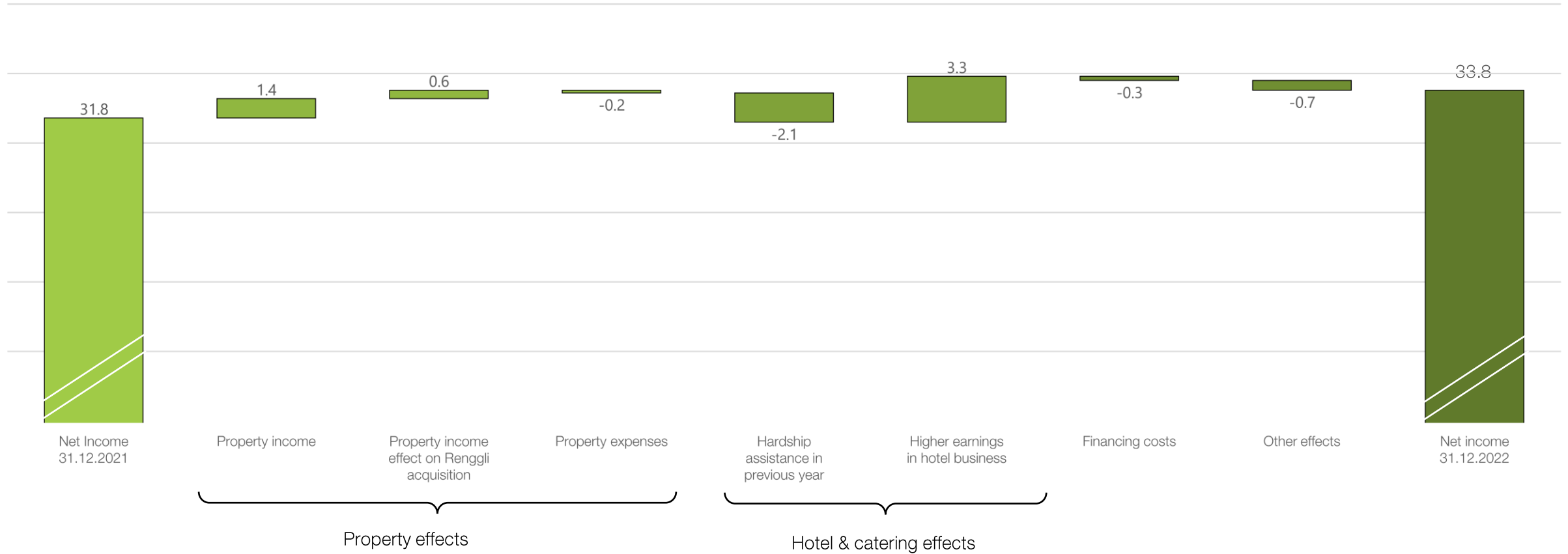
Net income 2022

CHF million	2021	2022	%
Property income	60.0	62.2	+3.7%
Hotel & catering income	8.4	14.7	+75.3%
Other revenue	5.8	3.2	-44.9%
Total operating revenue	74.2	80.1	+7.9%
Total operating expenses	-27.3	-30.4	-11.2%
Revaluation of investment properties (net)	42.4	6.8	-84.0%
Result from sale of investment properties	7.3	0.0	n.a.
Depreciation	-3.4	-3.5	-2.5%
EBIT	93.2	53.0	-43.1%
Financial result	-7.5	-7.8	-3.4%
Tax expenditure	-10.1	-5.4	+46.3%
Net income	75.6	39.8	-47.3%
Net income excluding revaluation and special effects	31.8	33.8	+6.3%

Reconciliation of net income excluding revaluation and special effects

Net income excluding revaluation and special effects compared to previous year

CHF million

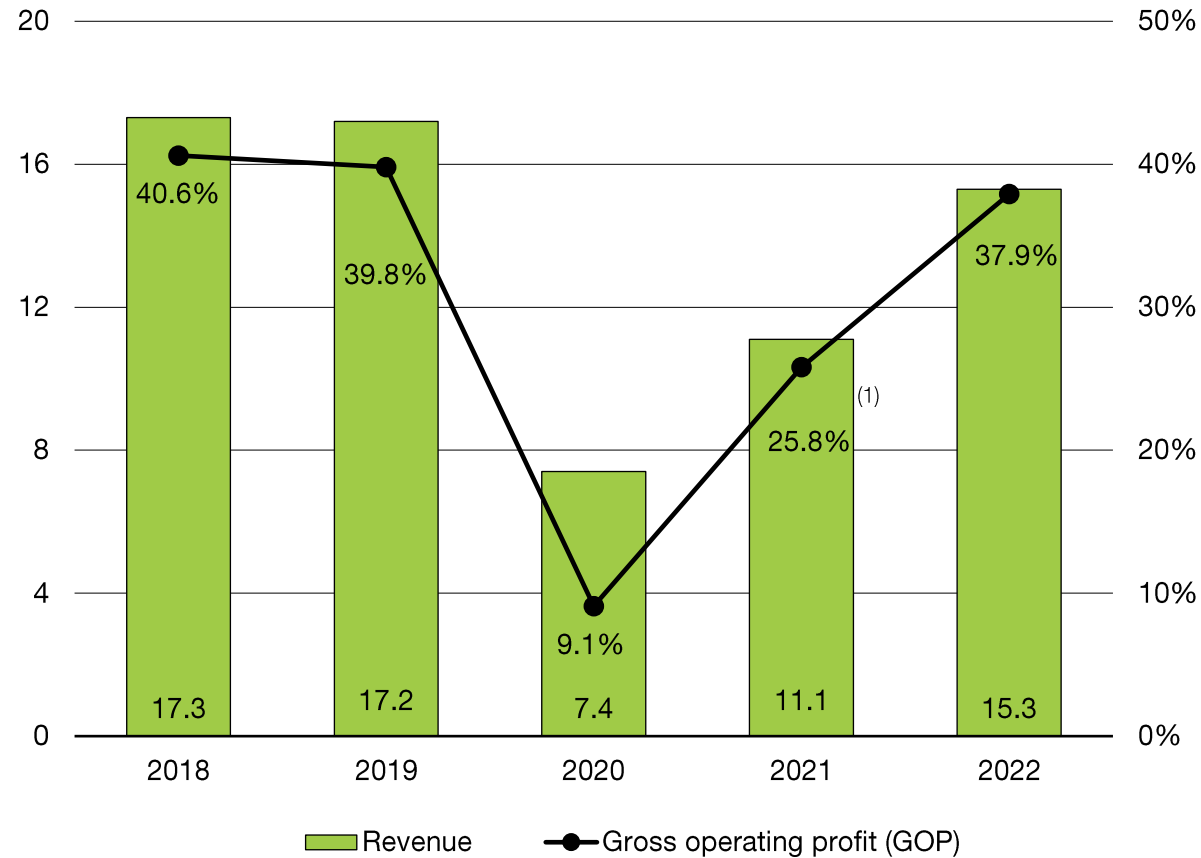


Key financial figures

Pleasing recovery in hotel & catering segment

Operating revenue and gross operating profit

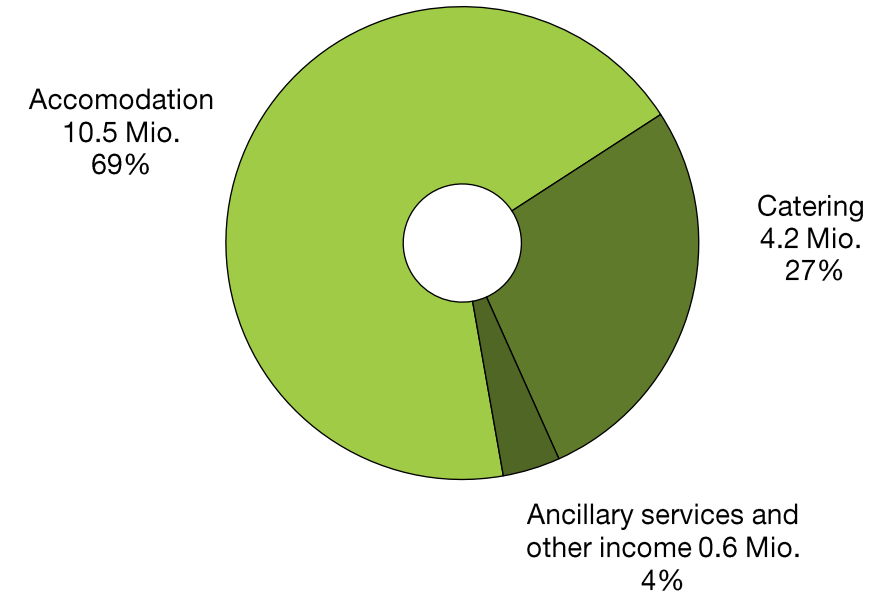
CHF million as at 31 December from point of view of hotel & catering segment



¹ GOP excluding government hardship assistance of CHF 2.1 million in 2021

Operating revenue from hotel business by category

CHF million, as at 31 December 2022 from, point of view of hotel & catering segment

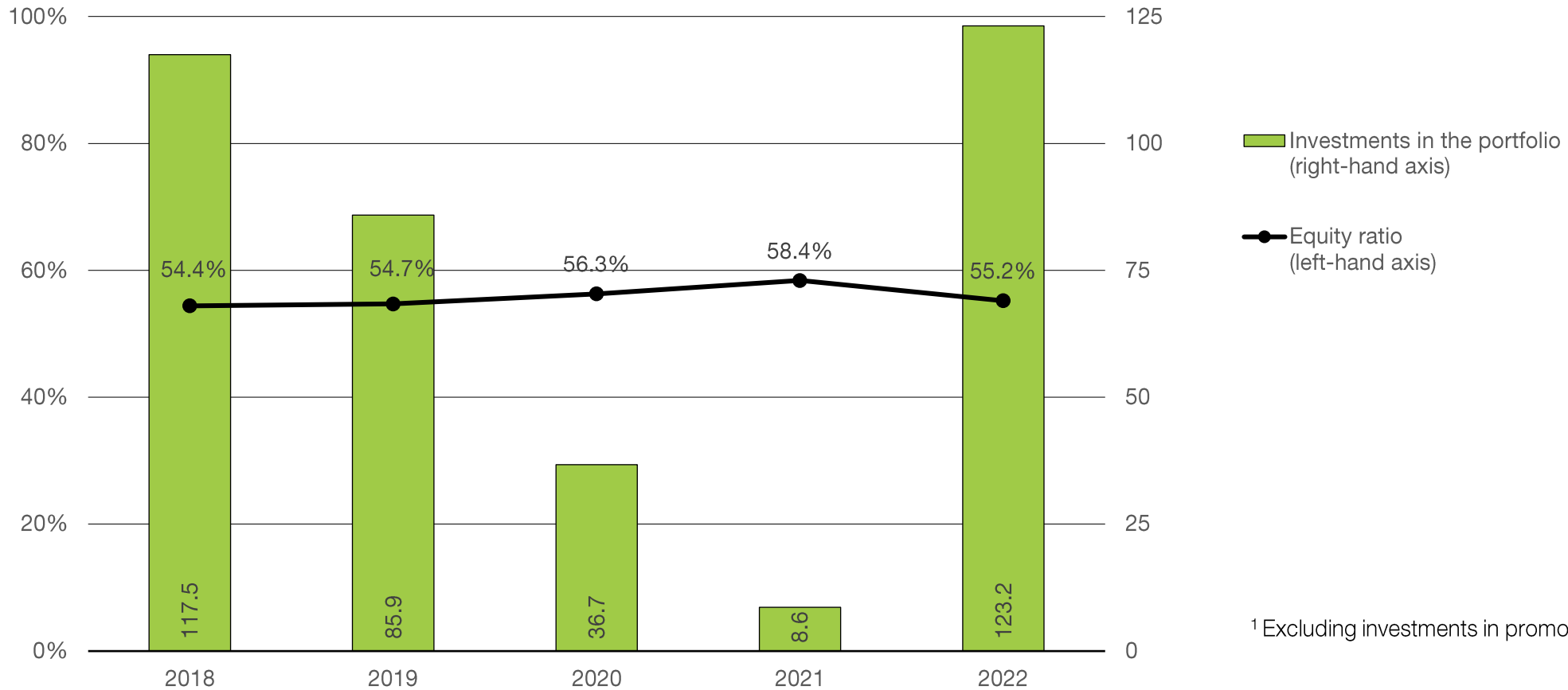


Total operating income hotel business CHF 15.3 Mio.

Very solid equity ratio despite high investments

Equity and investments¹

CHF million/% as at 31 December



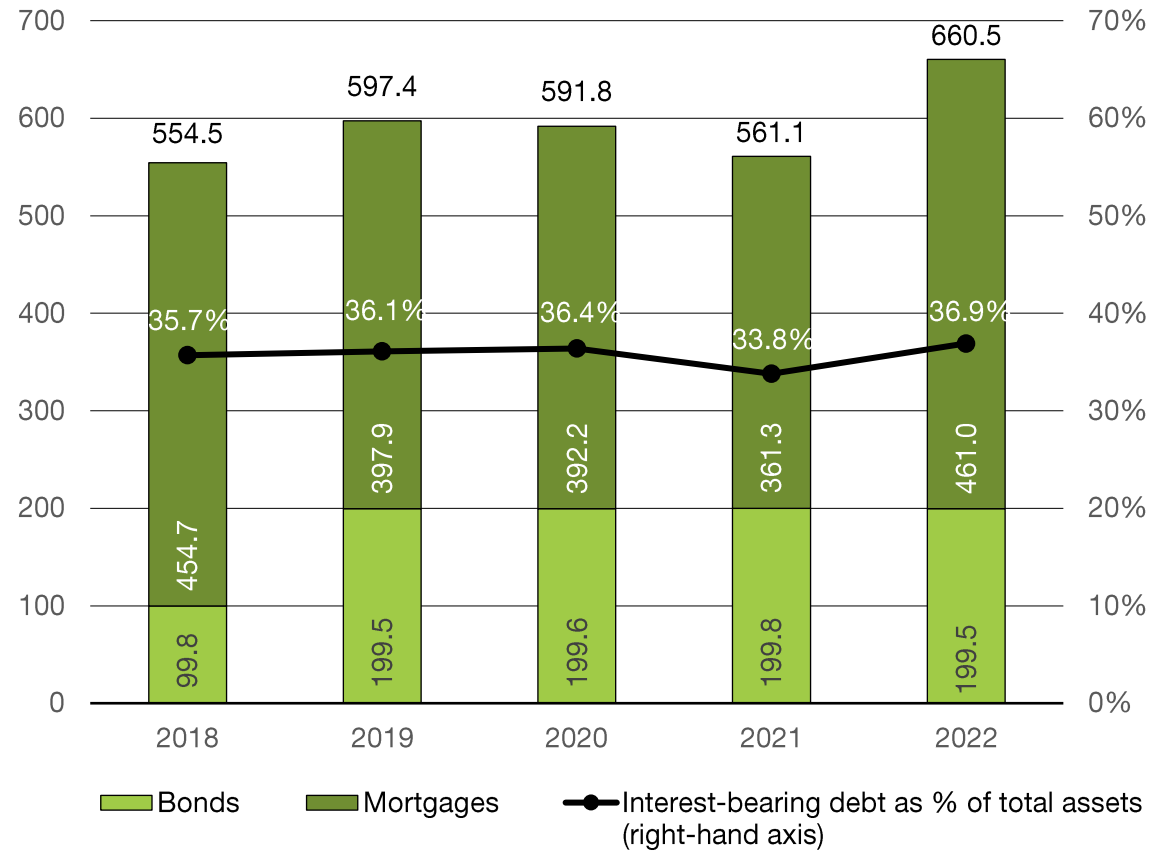
¹ Excluding investments in promotional properties

Key financial figures

Debt slightly higher; cost of borrowing steady

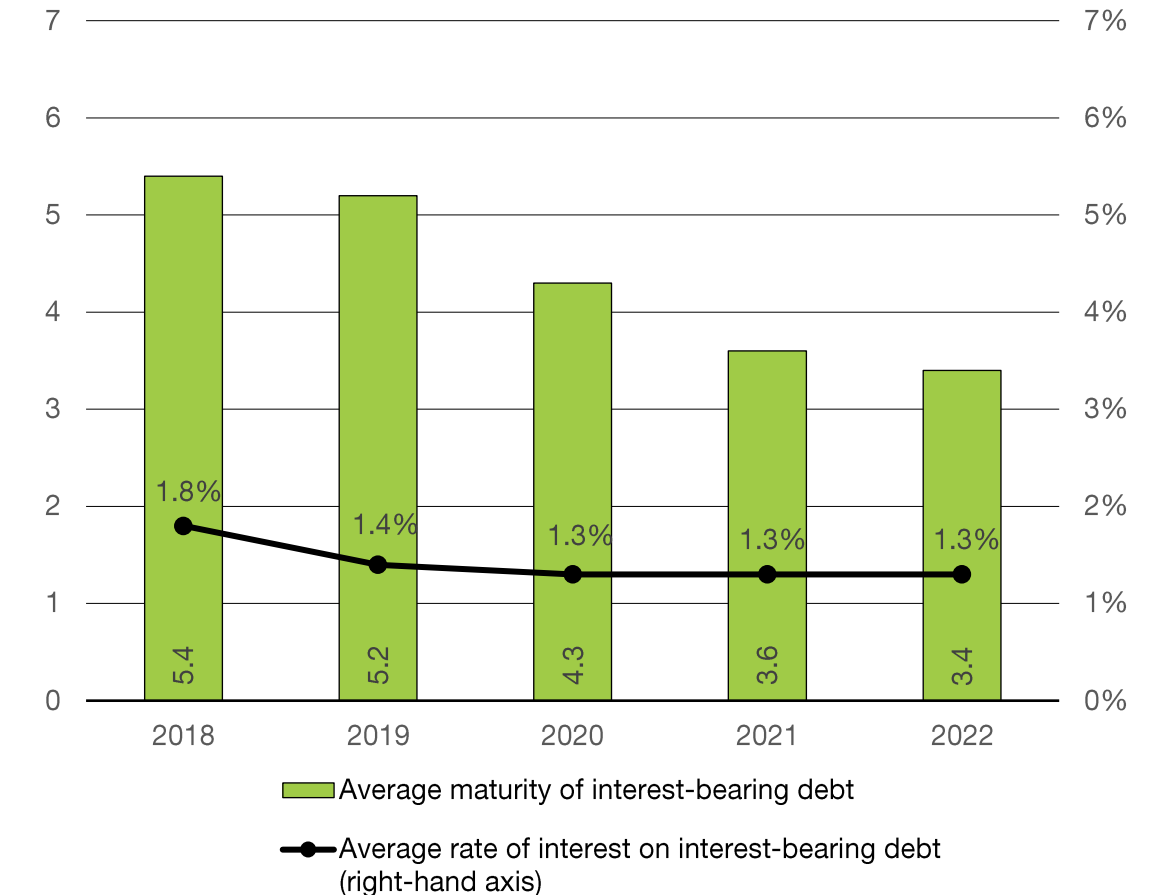
Interest-bearing financial liabilities

CHF million as at 31 December



Average residual term and interest rate

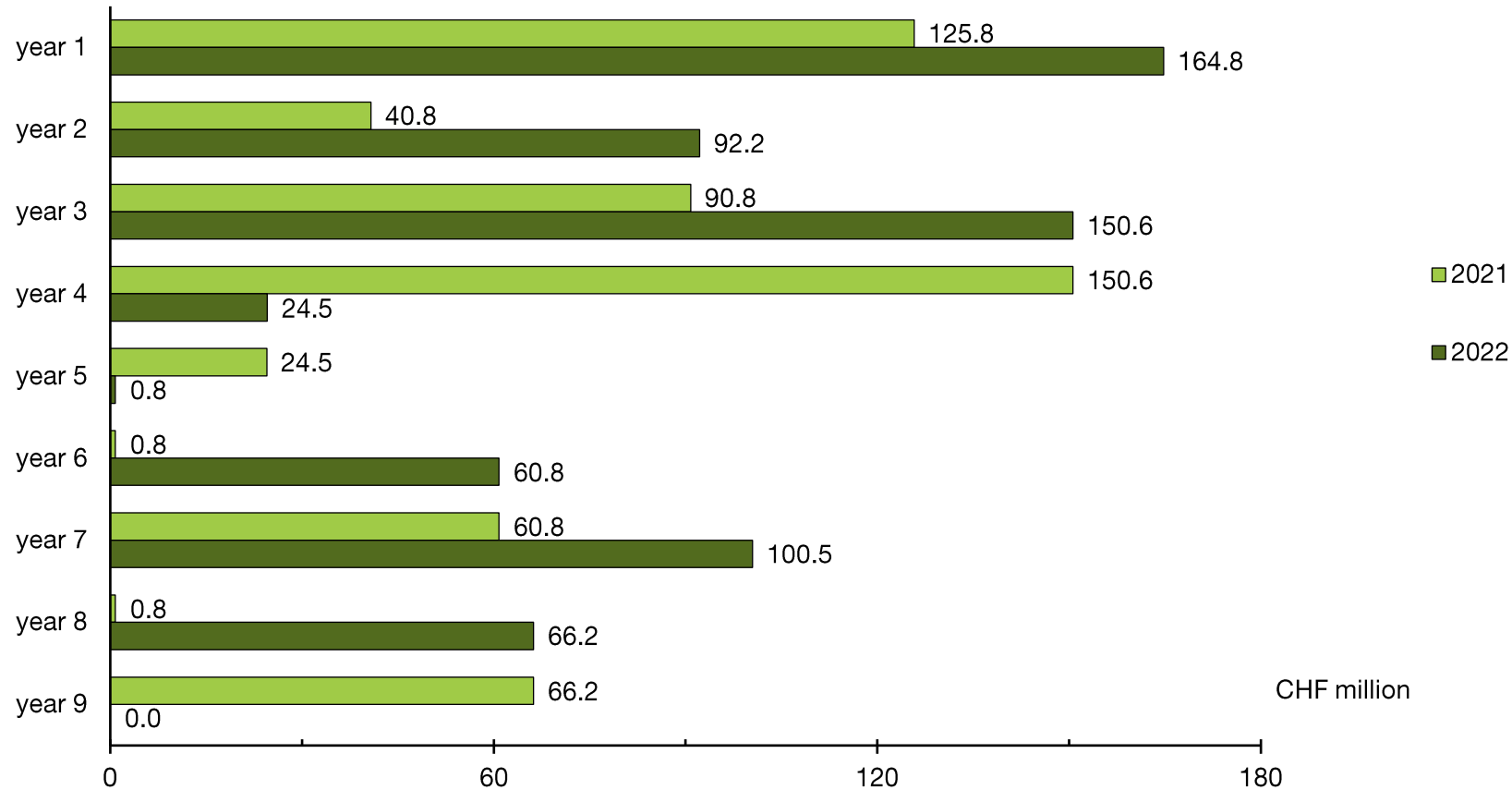
As at 31 December in years/for period in %



Maturity of financial liabilities

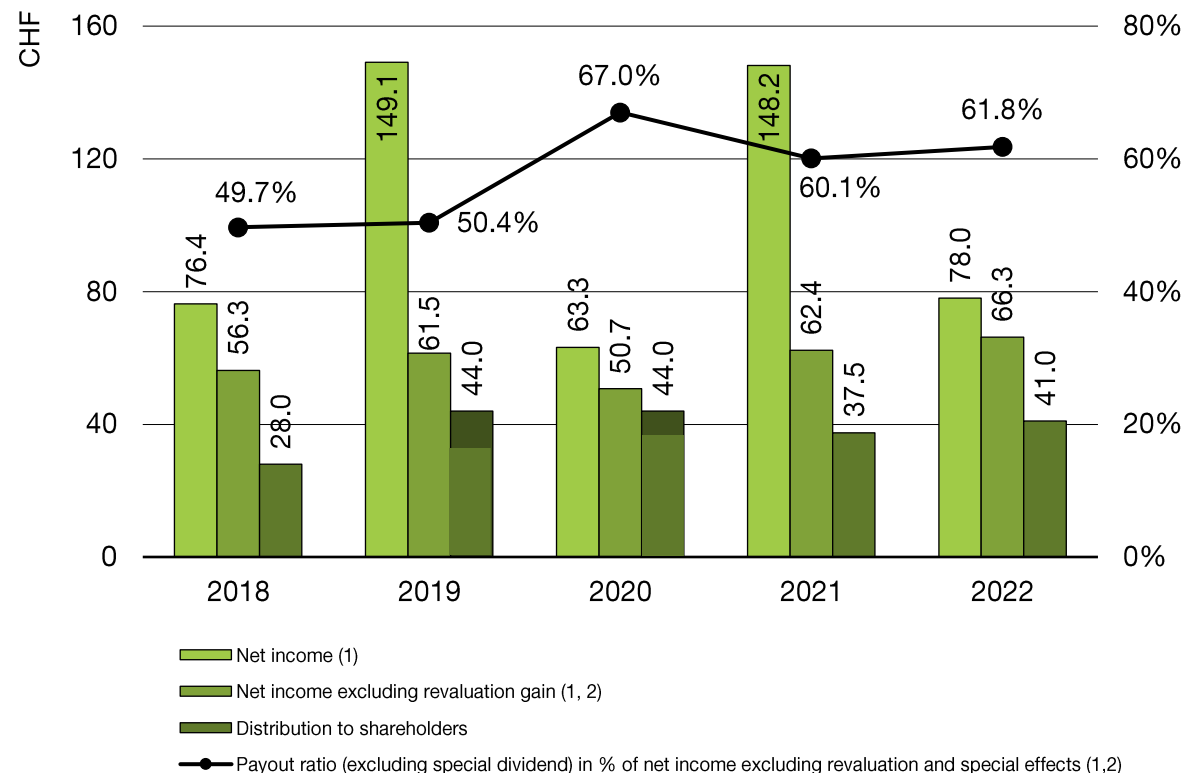
Maturity structure of financial liabilities

As at 31 December, maturing within...



Per share figures

Earnings and dividend per series B registered share

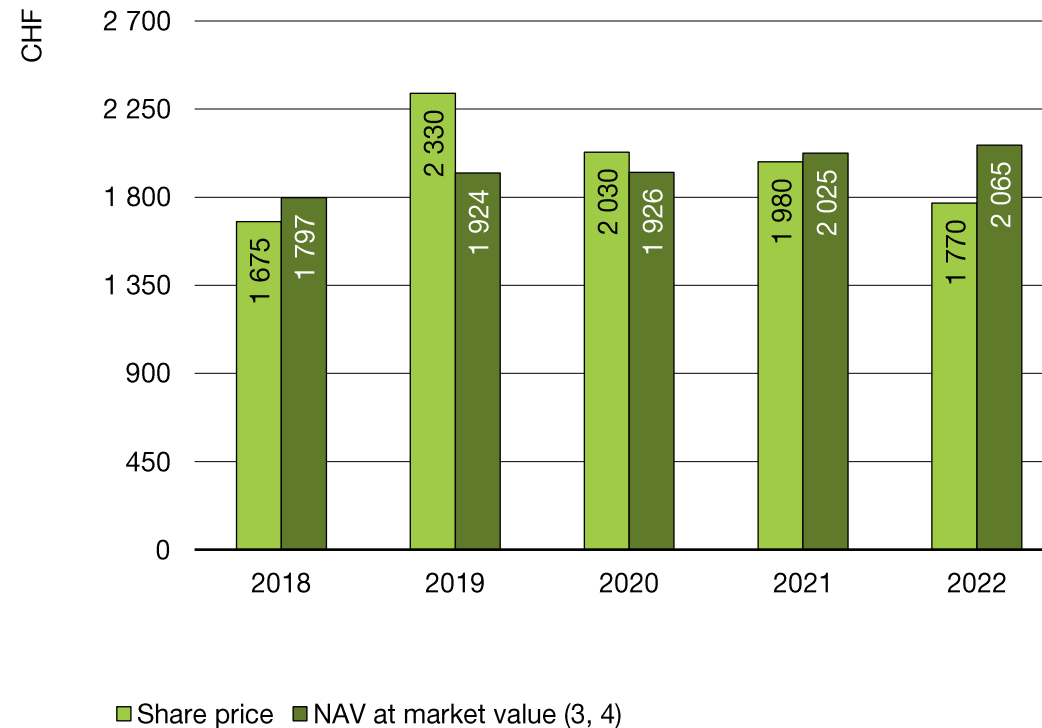


¹ Based on average number of shares outstanding (series A registered shares converted)

² Corresponds to net income excluding income from revaluation of investment properties (net), excluding income from the disposal of investment and promotional properties and corresponding deferred taxes as well as the effect of adjustments made to deferred tax rates

Price and NAV per series B registered share

As at 31 December



³ NAV at market value includes properties used for operational purposes at market value and the corresponding deferred taxes

⁴ Based on number of shares outstanding (series A registered shares converted)

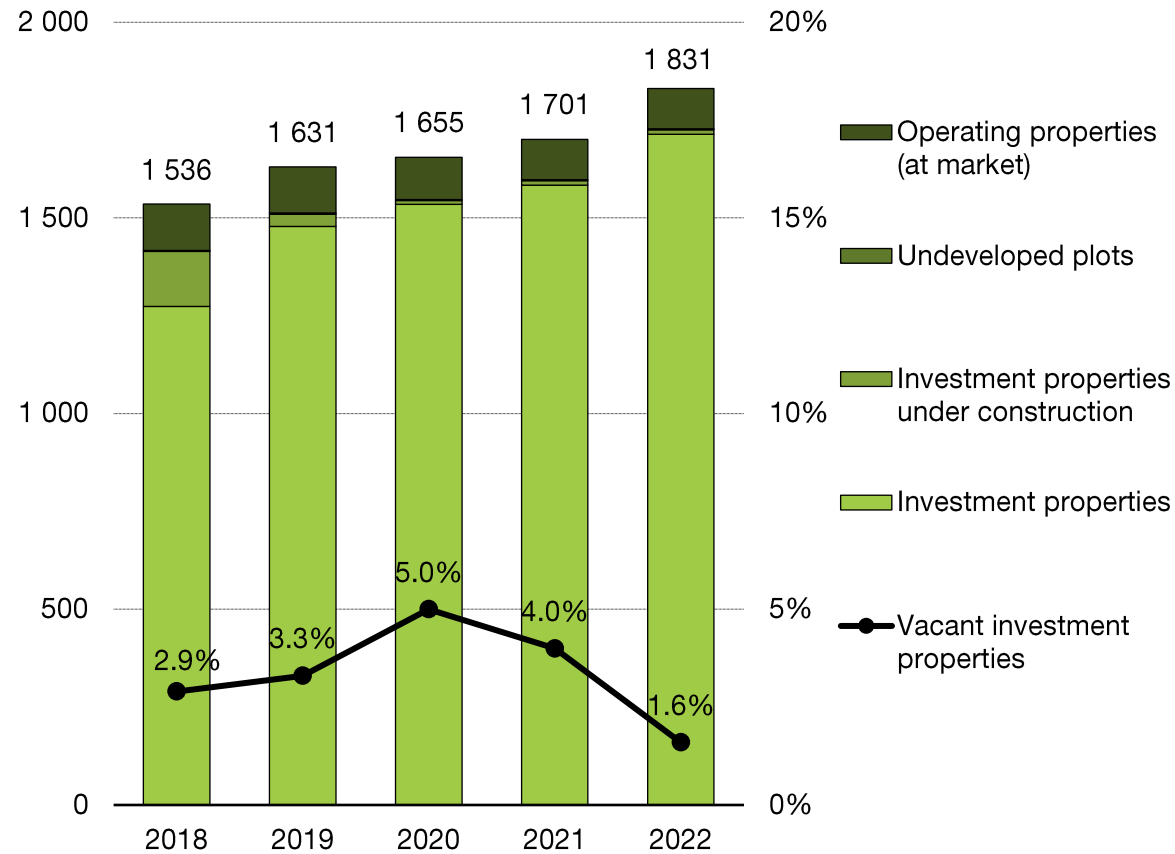
Real estate portfolio and projects

A wide-angle photograph of a modern, covered pedestrian walkway. The walkway is flanked by multi-story buildings with large glass windows and stone-clad columns. The roof is a complex, curved structure of glass panels supported by a network of steel beams. In the foreground, a set of escalators with metal railings leads down. To the right, a shop named 'MIGROS' is visible, with people sitting at outdoor tables under a large umbrella. To the left, a shop named 'CALIDA' is visible. The overall atmosphere is bright and modern.

Acquisitions and investments drive portfolio growth

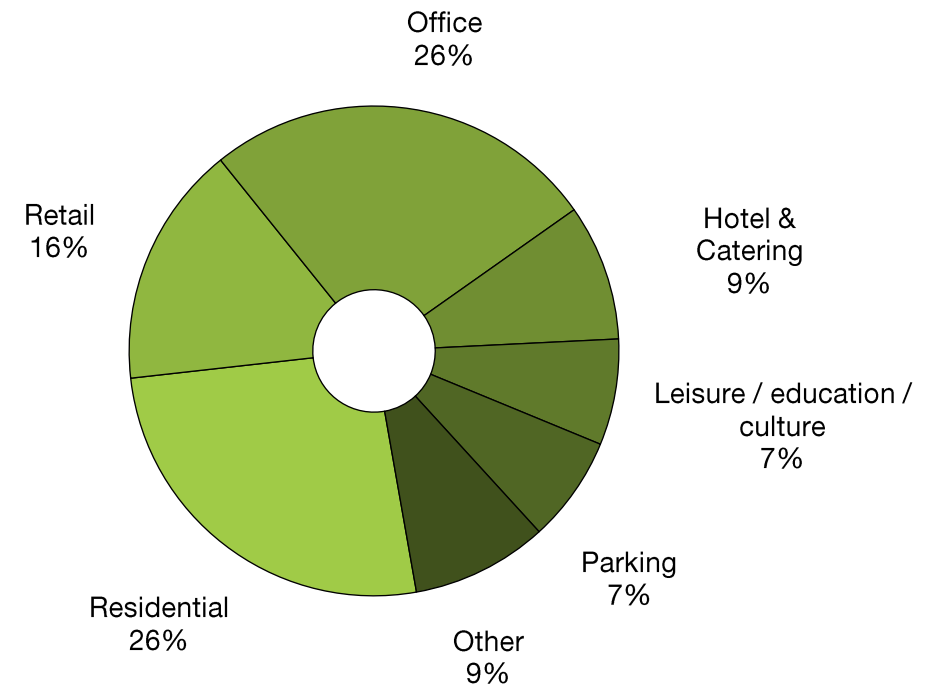
Market value of portfolio and vacancy rates

CHF million/%



Portfolio by use

Based on projected rental income* as at 31 December 2022

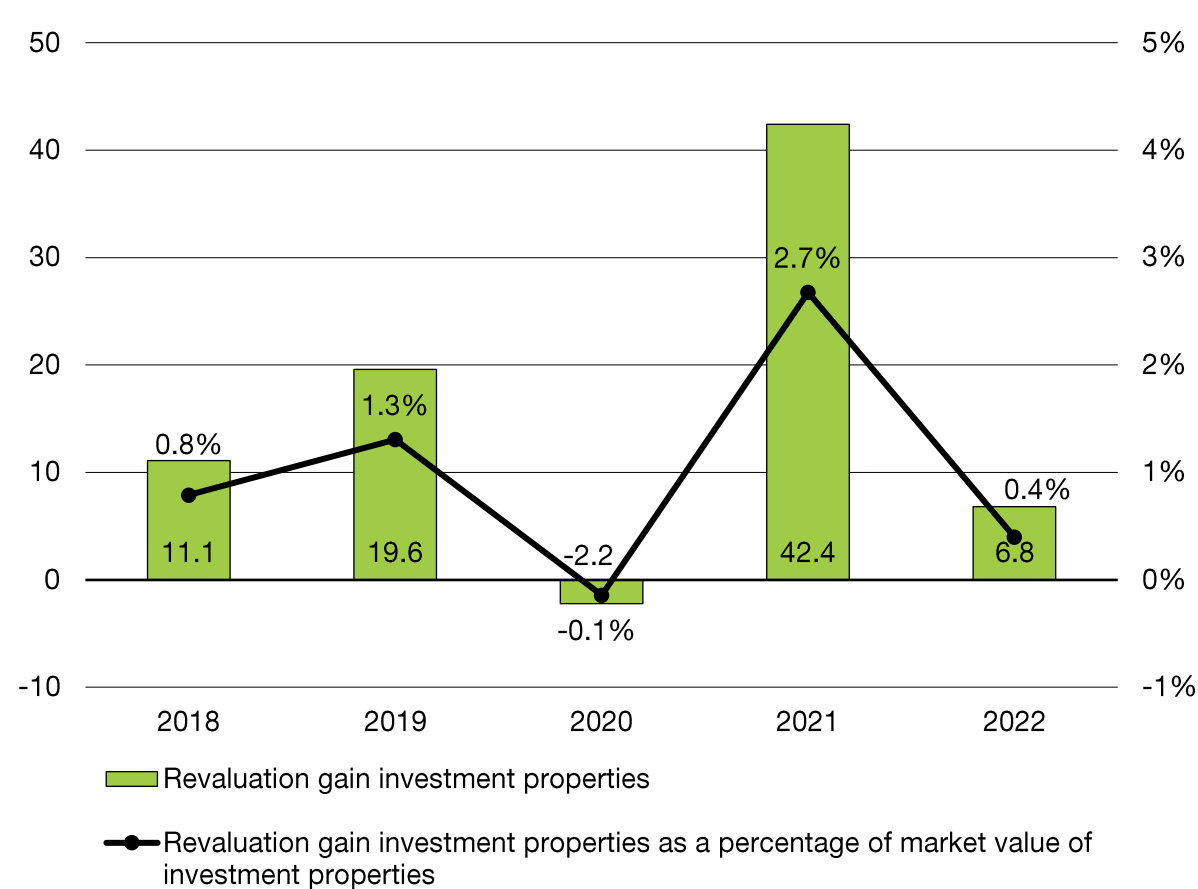


* From point of view of real estate business unit

Revaluation gain modestly positive

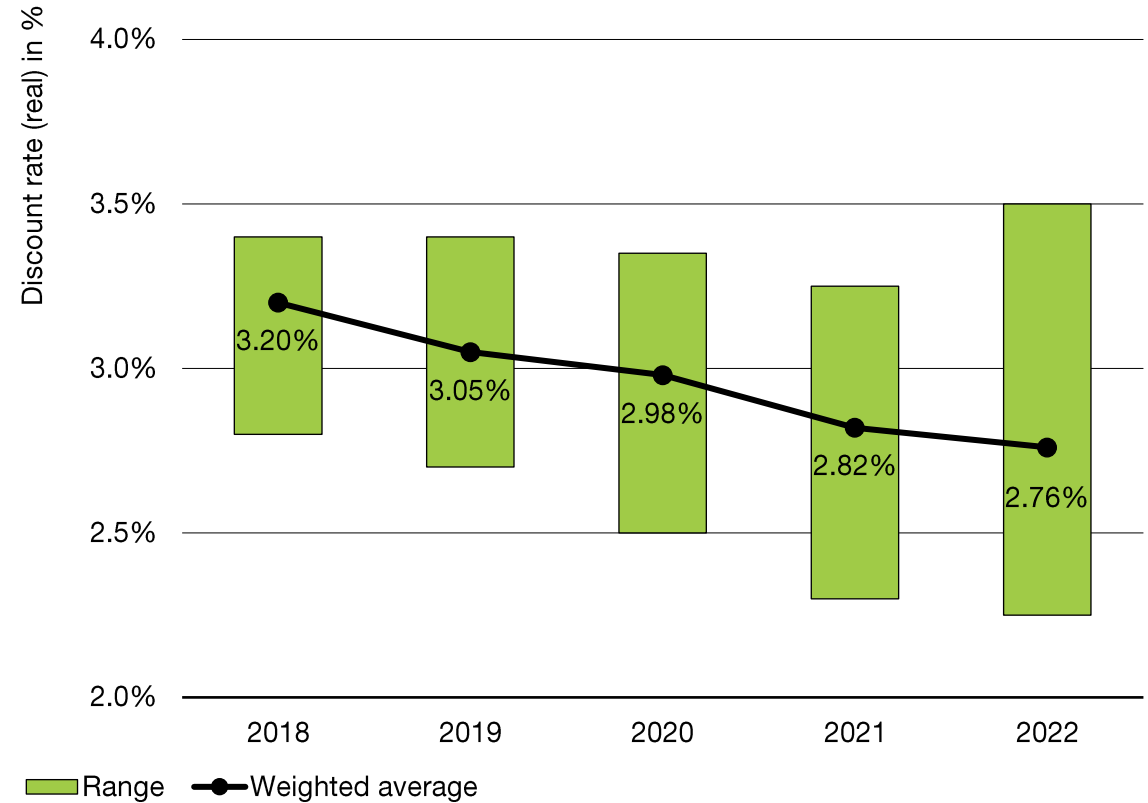
Revaluation gain

CHF million



Discount rates

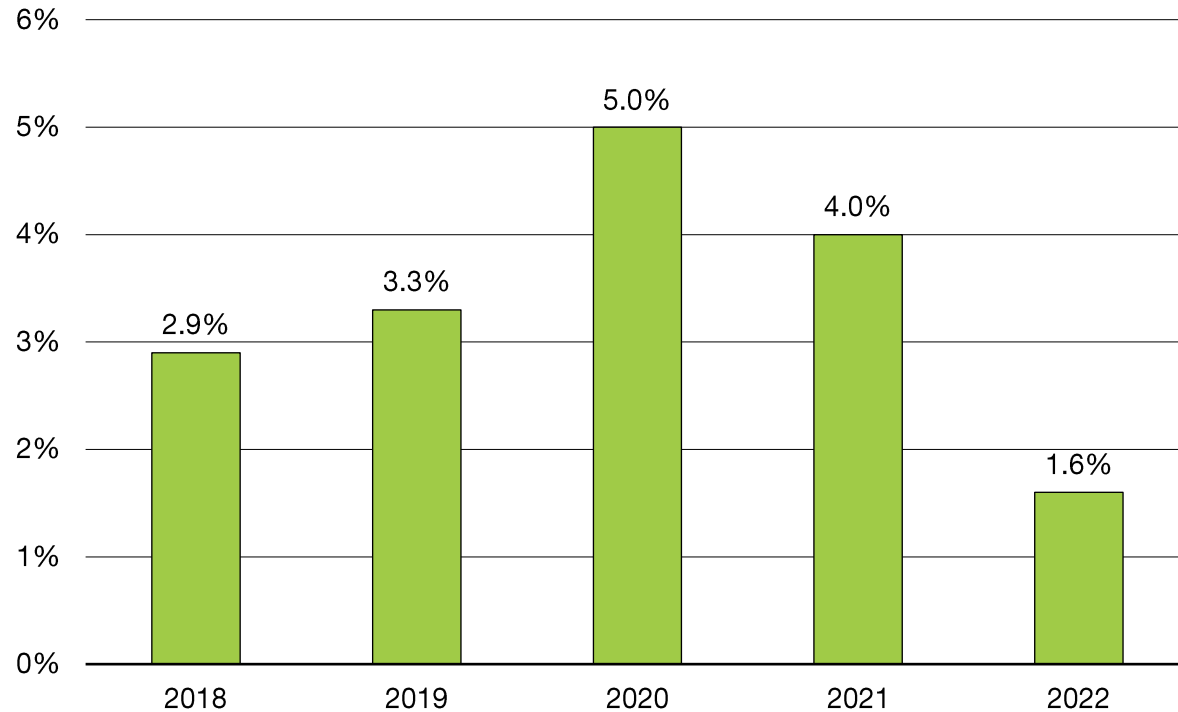
real



Vacancy rate down sharply due to successes in leasing

Vacancy rate

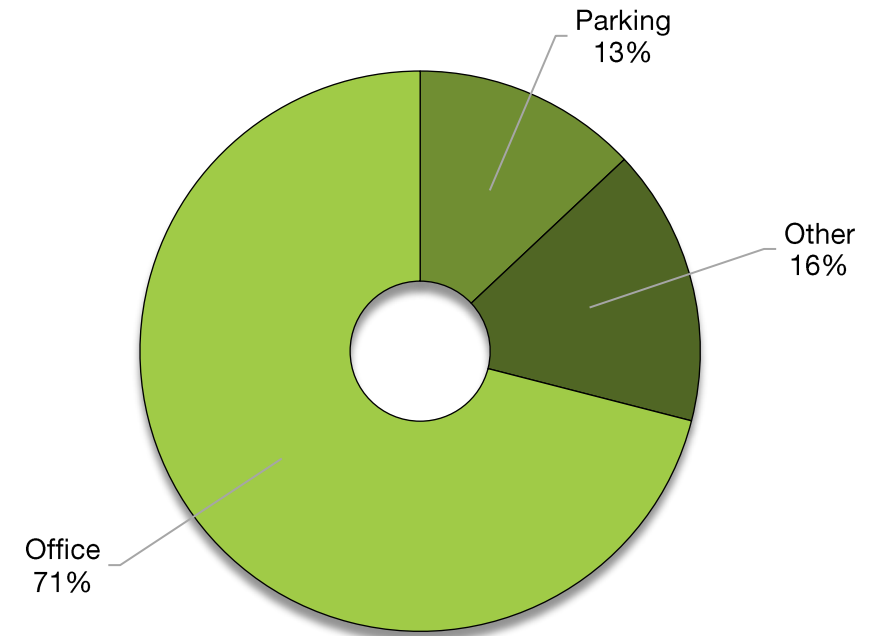
As at 31 December as % of projected rental income (on reference date)



- Commercial leases for space totalling around 18,000 m² and involving annual rental income of more than CHF 7.2 million were extended or concluded in 2022.

Breakdown of vacancies

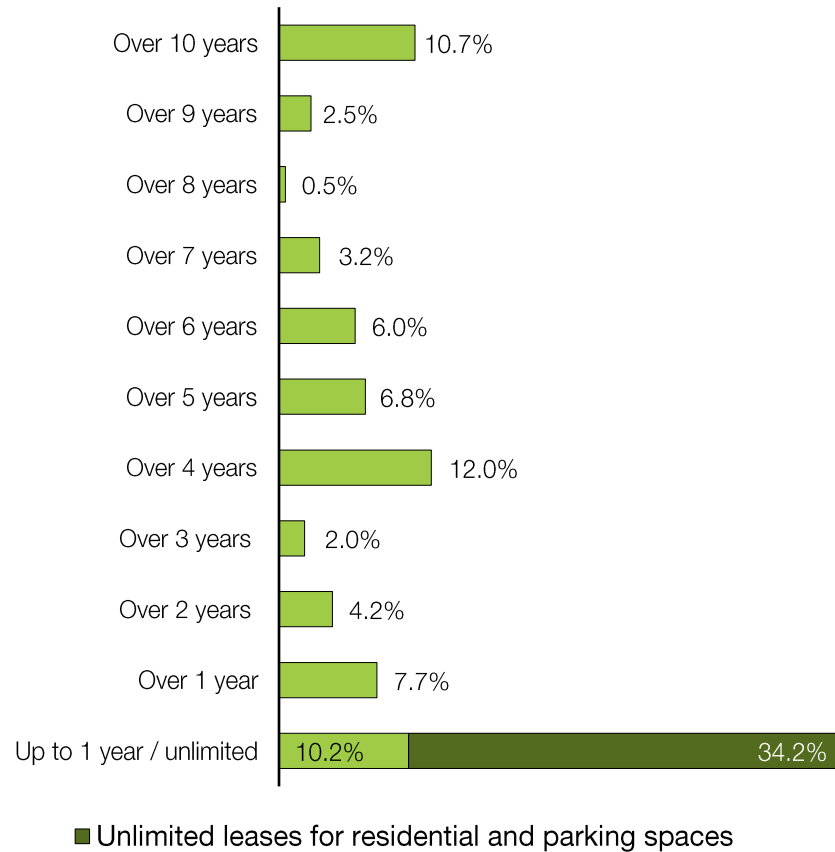
As at 31 December 2022 by type of use (on reference date, as % of projected rental income)



Average residual lease term remains high

Contract terms

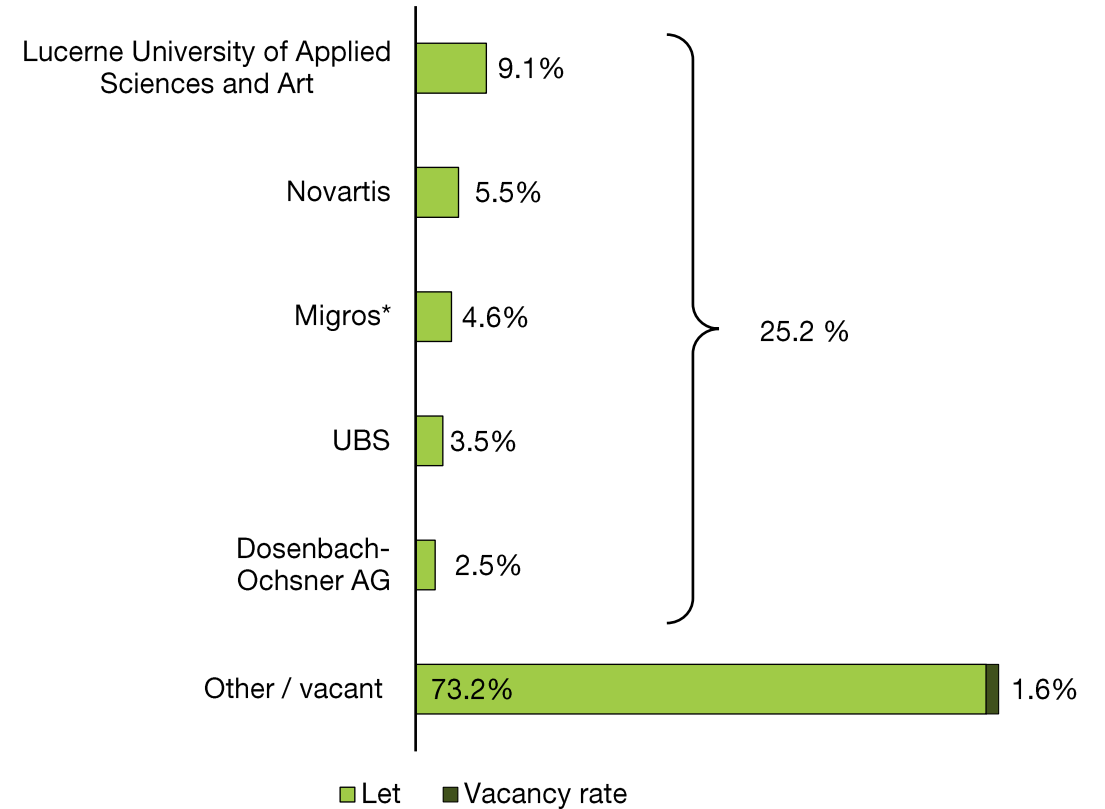
Investment properties, based on projected rental income as at 31 December 2022



WAULT (secured leases): 6.3 years

Tenant structure

Investment properties, based on actual rental income as at 31 December 2022



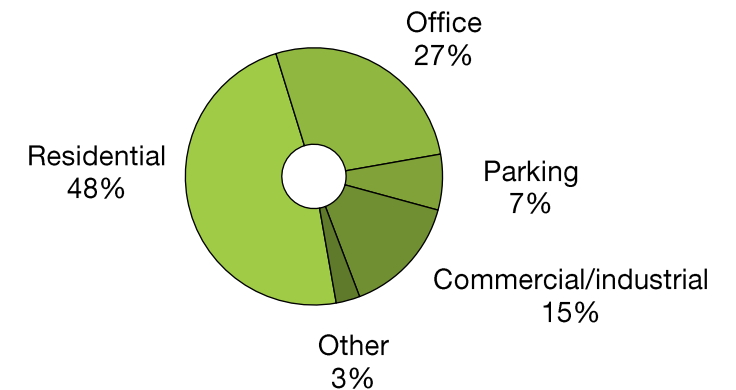
* Various companies of the Migros Group

Acquisition of Renggli Holding AG



- Renggli Holding AG acquired on 2 November 2022
- Real estate portfolio in the Canton of Zug; market value roughly CHF 110 million
- Ideal strategic addition to the existing portfolio
- 19,000 m² development site with residential and commercial properties in Rotkreuz directly adjacent to the Suurstoffi site

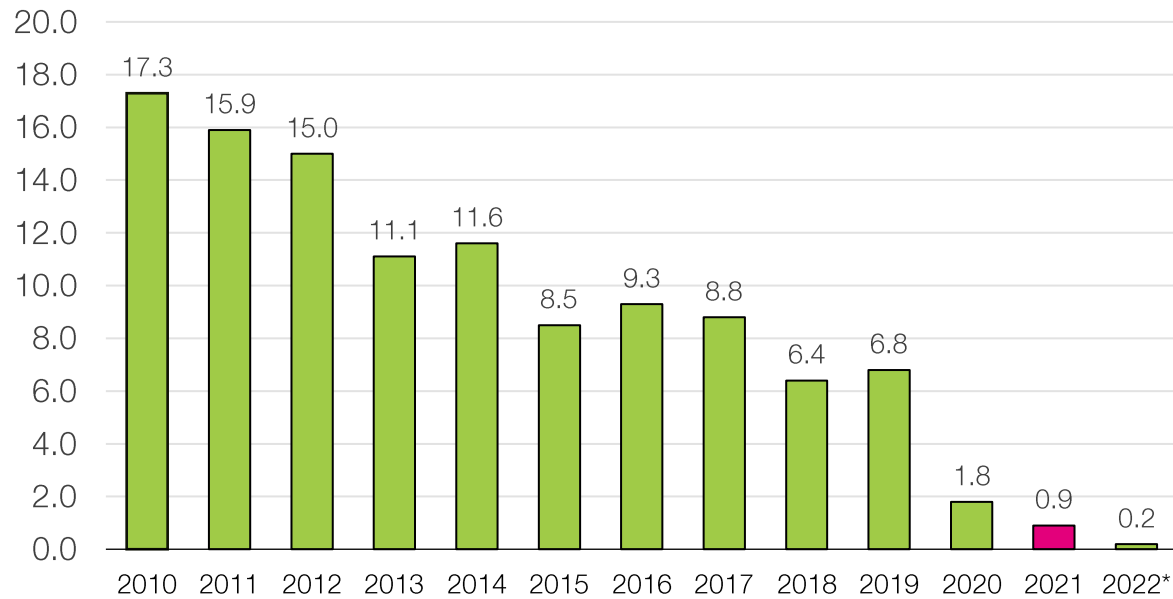
Based on projected rental income as at 31 December 2022



Further key steps taken to implement the sustainability strategy

Reduction path for the Zug Estates portfolio | Scope 1 + 2

Greenhouse gas emissions, (kg/m² energy reference area)



- Emissions of greenhouse gases cut by a further 50% to 0.9 kg CO_{2eq} per m² of energy reference area.
- All but one property at the City Centre site have now been connected to the Circulago lake district.

*2022: Forecast, measurement period from 1 April to 31 March

Sustainability report in accordance with GRI Standards

August 2022

- Own production of electricity increased steadily, electric vehicle charging infrastructure expanded.
- First six buildings at the City Centre site in Zug equipped with a solar installation in autumn 2022.



1,140 MWh: The amount of solar power produced is equivalent to the consumption of over 250 single-family homes

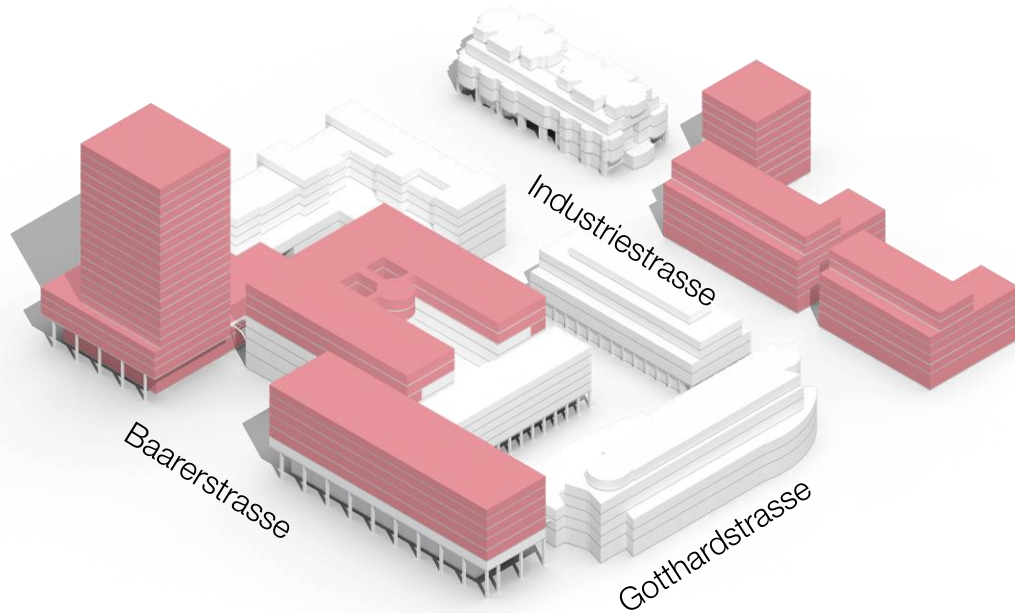


316: Number of customers in mergers for own consumption



92%: Share of renewable energy for heating, cooling and power

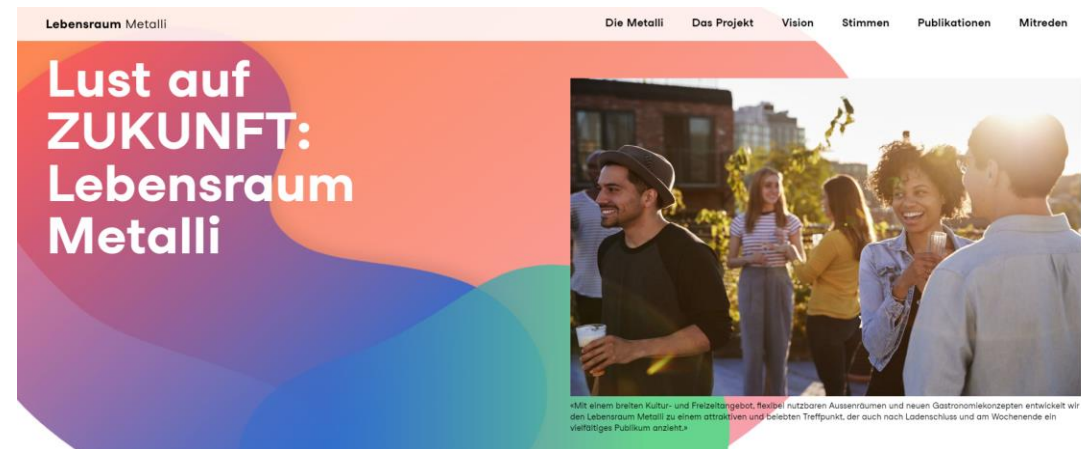
Metalli Living Space project



 = Extensions

A residential tower will be built at the new Metalli Square on Baarerstrasse. Another storey will be added to some of the existing buildings.

- Draft development plans including an environmental impact assessment have been drawn up for both Metalli and Bergli
- The preliminary examination at cantonal level is now under way
- The first reading in the Greater Municipal Council (GGR) of the City of Zug is expected to take place in mid-2023
- Under the current schedule, the development plans will be approved in 2024 and construction start no sooner than 2026



Project website: www.lebensraum-metalli.ch



Outlook

Outlook for 2023

Area

Outlook/expectations for 2023

Real estate segment

- Higher property income due to acquisition of Renggli Holding, leases signed in 2022 and rent increases on indexed leases
- Renovation-related vacancies and investment costs incurred in connection with a few of the rentable spaces in the Metalli shopping mall
- Higher financing costs caused by portfolio growth and changed interest rate environment

Hotel & catering segment

- Recovery seen in the second half of 2022 continues
- Income slightly below last year due to total refurbishment of the Bären site starting April 2023 and the renovation of all catering and conference spaces at Parkhotel between June and October 2023
- Earnings to be sharply lower because of lower GOP margin caused by renovation work and much higher electricity costs

Net income

- Slightly lower net income excluding revaluation and special effects

Q&A



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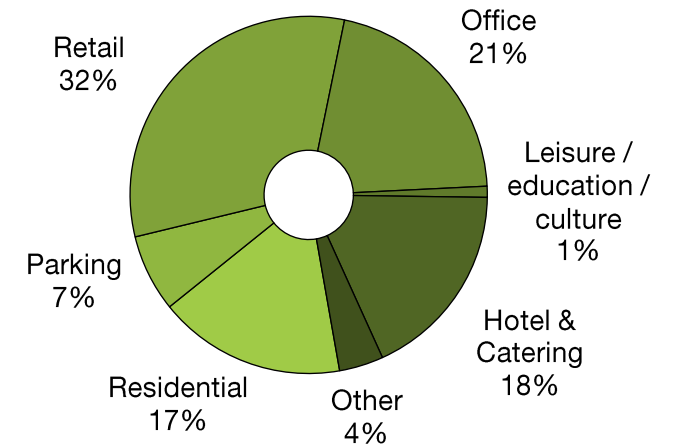
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City Centre site/Metalli



Key data as at 31 December 2022	2022 ¹
Site area	58,737 m ²
Market value ²	CHF 853.3 million
Book value	CHF 780.5 million
Projected rental income ²	CHF 35.4 million

Based on projected rental income² as at 31 December 2022



¹ From point of view of real estate business unit, including operating properties

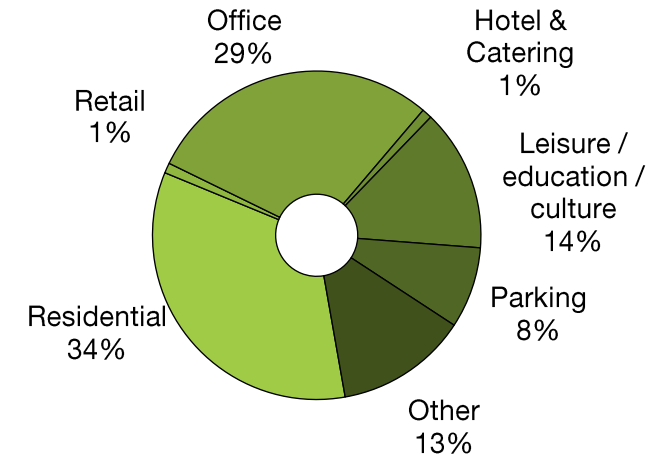
² Market value and projected rental income of the property at Zug, Baarerstr. 20-22 (co-owned) included pro rata

Suurstoffi site



Key data as at 31 December 2022	2022
Site area	105,342 m ²
Market value	CHF 852.8 million
Book value	CHF 852.8 million
Projected rental income	CHF 34.4 million

Based on projected rental income as at 31 December 2022

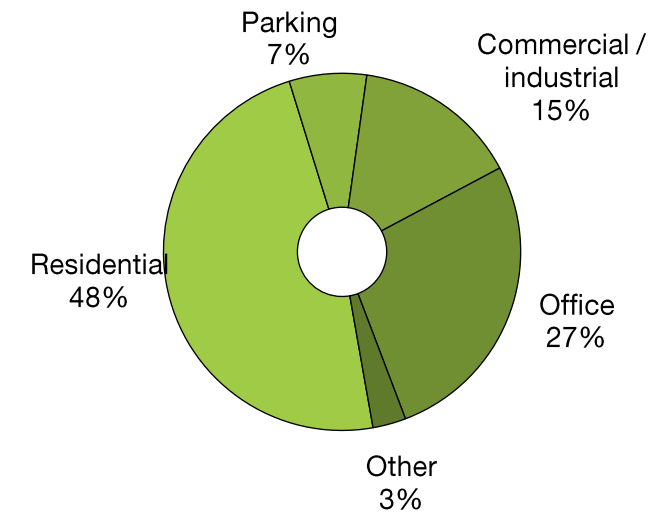


Other investment properties (from the Renggli acquisition)



Key data as at 31 December 2022	2022
Site area	21,571 m ²
Market value	CHF 110.3 million
Book value	CHF 110.3 million
Projected rental income	CHF 2.6 million

Based on projected rental income as at 31 December 2022



Selected key financial figures

Selected key financial figures

As at 31 December

CHF million	2018	2019	2020	2021	2022
Total portfolio value	1,536	1,631	1,655	1,701	1,831
Interest-bearing debt	554.5	597.4	591.8	561.1	660.5
– as % of total assets	35.7%	36.1%	36.4%	33.8%	36.9%
– LTV	36.1%	36.6%	35.8%	33.0%	36.1%
– % unsecured liabilities	18.0%	33.4%	33.7%	35.6%	30.2%
– average interest rate	1.8%	1.4%	1.3%	1.3%	1.3%
– average residual term	5.4y	5.2y	4.3y	3.6y	3.4y
– net debt/EBITDA ¹	12.7x	10.6x	11.6x	10.0x	12.9x
– interest cover ¹	7.3	9.7	6.9	7.2	6.4

¹ EBITDA excluding revaluation but including result from disposal of investment properties

² Based on average shareholders' equity

³ Based on number of shares outstanding (series A registered shares converted)

As at 31 December

CHF million	2018	2019	2020	2021	2022
Shareholders' equity	843.9	905.6	915.5	968.6	989.3
– as % of total assets	54.4%	54.7%	56.3%	58.4%	55.2%
– return on equity ² in %	4.7%	8.7%	3.5%	8.0%	4.1%
Closing share price (CHF)	1,675	2,330	2,030	1,980	1,770
Market capitalisation ³	854	1,188	1,035	1,010	903
Earnings per registered B share (CHF) ⁴	76.4	149.1	63.3	148.2	78.0
Earnings per registered B share excluding revaluation and special effects (CHF) ⁴	56.3	61.5	50.7	62.4	66.3
NAV at market value per registered B share (CHF) ^{3,5}	1,797	1,924	1,926.4	2,025	2,065
Distribution per registered B share (CHF) ⁶	28.0	31.0	34.0	37.5	41.0

⁴ Based on average number of shares outstanding (series A registered shares converted)

⁵ NAV includes operating properties at market value (including deferred taxes)

⁶ Proposed by the board of directors for 2022

Appendix

Income statement: five-year comparison

CHF million	2018	2019	2020	2021	2022
Property income	50.8	54.5	57.8	60.0	62.2
Income from the sale of promotional properties	-	45.6	72.5	-	-
Hotel & catering income	16.7	16.6	7.0	8.4	14.7
Other revenue	3.3	3.7	3.1	5.8	3.2
Total operating revenue	70.8	120.4	140.4	74.2	80.1
Total operating expenses	-28.6	-67.0	-90.8	-27.3	-30.4
Revaluation of investment properties (net)	11.1	19.5	-2.2	42.4	6.8
Result from sale of investment properties	-	1.0	-	7.3	-
EBITDA	53.3	73.9	47.4	96.6	56.5
Depreciation	-3.5	-3.4	-3.6	-3.4	-3.5
EBIT	49.8	70.5	43.8	93.2	53.0
Financial result	-5.7	-5.5	-7.2	-7.5	-7.8
Tax expenditure	-5.3	11.0	-4.3	-10.1	-5.4
Net income	38.8	76.0	32.3	75.6	39.8
Net income excluding revaluation and special effects	28.6	31.4	25.9	31.8	33.8

Appendix

Balance sheet: five-year comparison

CHF million	2018	2019	2020	2021	2022
Cash and cash equivalents	20.5	21.4	17.2	18.7	17.3
Properties held for sale and promotional properties	59.6	70.8	10.2	-	-
Other current assets	12.8	9.6	13.0	5.7	11.4
Total current assets	92.9	101.8	40.4	24.4	28.7
Investment properties	1,273.7	1,478.4	1,534.4	1,584.0	1,713.5
Investment properties under construction	140.7	31.4	9.8	11.3	11.8
Operating properties and undeveloped plots	36.5	34.9	34.5	32.9	32.6
Other long-term assets	8.7	8.4	7.1	5.7	5.5
Total fixed assets	1,459.6	1,553.1	1,585.8	1,633.9	1,763.4
Total assets	1,552.5	1,654.9	1,626.2	1,658.3	1,792.1
Current financial liabilities	117.3	60.8	55.8	125.8	164.8
Other current liabilities	43.9	54.4	16.6	18.8	21.9
Total current liabilities	161.2	115.2	72.4	144.6	186.7
Long-term financial liabilities	437.3	536.6	536.0	435.3	495.7
Deferred tax liabilities and other long-term liabilities	110.1	97.5	102.3	109.8	120.4
Total long-term liabilities	547.4	634.1	638.3	545.1	616.1
Total shareholders' equity	843.9	905.6	915.5	968.6	989.3
Total liabilities and shareholders' equity	1,552.5	1,654.9	1,626.2	1,658.3	1,792.1

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