

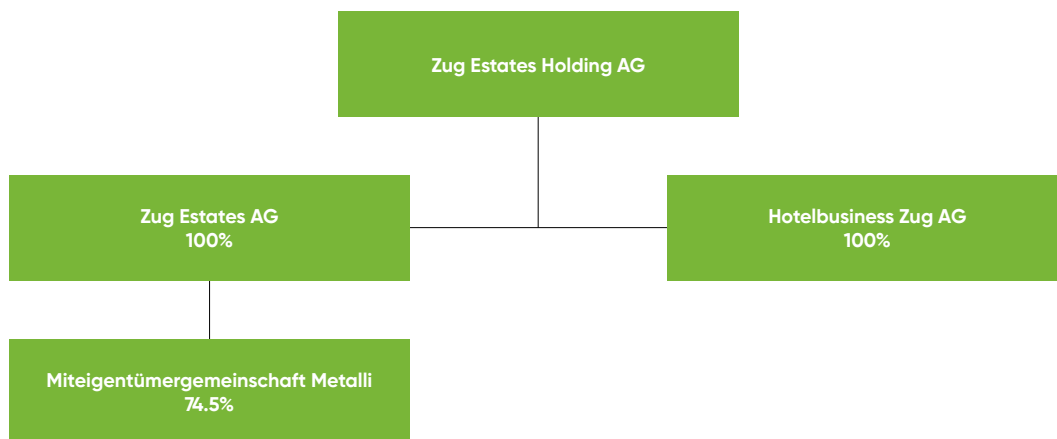
Corporate governance report

"Zug Estates Holding AG is committed to the principles of good corporate governance. This is shown by its efficient management structure, extensive control mechanisms and transparent information policy."

The following information refers to the situation as at 31 December 2021 or to the year under review (2021) unless stated otherwise. No material changes occurred between 31 December 2021 and the submission deadline for the annual report. The order and numbering of chapters are in line with those of the "Directive on Information relating to Corporate Governance" issued by SIX Swiss Exchange, Zurich.

1 Group structure and shareholders

1.1 Group structure



All companies involved are unlisted. The ownership structure remained unchanged in 2021. As at 1 September, 2020, the share of capital belonging to Miteigentümergeinschaft Metalli rose from 72.25% to 74.5% and the share of votes (one person, one vote) increased from 7.69% to 8.33%. The list of consolidated companies can be found in the financial report on page 46.

1.2 Significant shareholders

All significant shareholders who are known to Zug Estates Holding AG, together with information about the composition of shareholder groups, are listed in the financial report on page 61 (see "Significant shareholders"). Further information about the significant shareholders can also be found on the website of the Disclosure Office of SIX Swiss Exchange at www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html.

The Buhofer shareholder group was comprised of Elisabeth Buhofer, Annelies Häcki Buhofer and Julia Häcki as at 31 December 2021. Some of the shares are held indirectly via Holmia Holding AG, Zug. A shareholder pooling agreement exists between the members, under which the members of the group agree to coordinate the manner in which they exercise their voting rights. Martin Buhofer was also a member of the Buhofer shareholder group as at 31 December 2020. As at 31 December 2021, this group owns a total of 47.4% of the voting rights (previous year: 49.3%).

Other than this, the company is not aware of any mutual agreements between shareholders who are subject to registration.

1.3 Cross-shareholdings

Zug Estates Holding AG has no cross-shareholdings.

2 Capital structure

2.1 Capital

The composition of the share capital is described in the financial report on page 59 (see "Shares issued").

2.2 Authorised and conditional capital

The company has no authorised or conditional capital at its disposal.

2.3 Changes in capital

Information on changes in capital in the reporting period is listed in the financial report on page 45 (see "Consolidated statement of changes in equity").

2.4 Shares

Detailed information on the shares of Zug Estates Holding AG (number of shares, type and par value) is available in the financial report on page 59 (see "Shares issued"). Series A registered shares (privileged voting shares, par value CHF 2.50) are not listed. Series B registered shares (ordinary shares, par value CHF 25) are listed on the SIX Swiss Exchange, Zurich (securities number 14805212, ISIN CH0148052126).

2.5 Participation certificates and dividend-right certificates

The company has no outstanding participation certificates or dividend-right certificates.

2.6 Limitations on transferability and nominee registration

In relation to the company, only those registered in the share register are recognised as registered shareholders or beneficiaries.

An entry is made in the share register:

- if, according to the information available to the company, recognising an applicant as a shareholder does not and could not prevent the company and/or its subsidiaries from providing legally required proof of the composition of its circle of shareholders and/or beneficial owners, particularly pursuant to the Federal Act on the Acquisition of Immovable Property in Switzerland by Foreign Non-Residents;
- if the applicant expressly declares that these registered shares have been acquired in the applicant's own name and for their own account.

Persons who do not expressly state in the application for registration that they hold the shares for their own account (nominees) may be entered with voting rights in the share register, provided that such persons have signed an agreement with the board of directors concerning their status and are subject to recognised bank or financial market supervision.

With regard to the provision of proof of Swiss control pursuant to the Federal Act on the Acquisition of Immovable Property in Switzerland by Foreign Non-Residents, the board of directors may refuse entry in the share register with voting rights or refuse the transfer of shares as soon as and insofar as such entry or transfer causes the percentage of shares with voting rights held by foreign shareholders to exceed 25% of all shares entered in the share register with voting rights or 25% of the total capital or if the percentage of shares with voting rights held by the foreign shareholder in question (including other shareholders acting in mutual agreement with this shareholder) exceeds 10% of all shares entered in the share register with voting rights. Any shareholder shall be deemed a foreign shareholder if the company has not been given sufficient information for it to be able to provide proof pursuant to the above-named Federal Act that the respective shareholder is not a foreign non-resident within the meaning of said Federal Act.

The board of directors is entitled to subsequently remove shares from the share register or to reclassify them as shares without voting rights if a shareholder's situation changes such that, after this change, approval of a transfer or entry with voting rights would not or only partially be permissible in respect of said shares. Removal or reclassification will be effected insofar as this is required to reach the percentages specified above. The shareholder will be heard.

The transfer of series A registered shares is subject to approval by the board of directors in each instance. Approval can be denied for important reasons.

The following count as important reasons:

- to keep away buyers who operate a business that competes with the purpose of the company, who have a direct or indirect participating interest in such a business or who are employed by such a business;
- to ensure that the company remains independent based on the voting-rights-related control of the group of current holders of Series A registered shares. Usually, spouses and descendants of the current circle of shareholders must be admitted unless they qualify as foreign non-residents within the meaning of the Federal Act on the Acquisition of Immovable Property in Switzerland by Foreign Non-Residents;
- to acquire or to hold shares on behalf of third parties or in the interests of third parties.

Approval can also be denied without giving reasons, provided that the board of directors acquires the shares (for the account of the company, specific shareholders or third parties) at their actual value at the time when the request was submitted. If the shares were acquired through inheritance, division of an estate, a matrimonial regime or compulsory enforcement, the company can only deny approval of the application if it offers to buy the shares from the acquirer (for the account of the company, specific shareholders or third parties) at their actual value at the time when the request was submitted and such transfer results in one of the limits stipulated in paragraph 4 ("Lex Koller restrictions") being exceeded.

After hearing the affected party, the company may delete entries in the share register if these are based on false information provided by the buyer. Any such deletion must be communicated immediately to the buyer.

2.7 Convertible bonds and warrants/options

The company has no outstanding convertible bonds or warrants/options.

3 Board of directors

3.1 Members of the board of directors

| | First-time election | Elected until |
|---|---------------------|---------------|
| Dr Beat Schwab, CH, 1966 – Chairman of the board of directors (non-executive) | 2014 | 2022 |
| Prof. Dr Annelies Häcki Buhofer, CH, 1954 – Member of the board of directors (non-executive) – Member of the Audit Committee | 2012 | 2022 |
| Armin Meier, CH, 1958 – Member of the board of directors (non-executive) – Chairman of the Nomination and Compensation Committee | 2013 | 2022 |
| Johannes Stöckli, CH, 1959 – Member of the board of directors (non-executive) – Member of the Audit Committee | 2018 | 2022 |
| Martin Wipfli, CH, 1963 – Member of the board of directors (non-executive) – Chairman of the Audit Committee – Member of the Nomination and Compensation Committee | 2012 | 2022 |



Board of directors,
from left to right:
Johannes Stöckli,
Beat Schwab,
Annelies Häcki Bu-
hofer, Martin Wipfli
and Armin Meier

3.2 Other activities and vested interests

Dr. Beat Schwab

Education

Dr. rer. pol., University of Bern; MBA Columbia University

Professional background

Self-employed entrepreneur and independent director, since 2017; Head of Real Estate Investment Management at Credit Suisse AG, 2012–2017; CEO of Wincasa AG, 2006–2012; member of the management of ISS Schweiz AG, 2004–2006; director of SEVIS AG, 1999–2004; various positions in the banking industry

Previous activities for the Zug Estates Group

None

Activities on governing and supervisory bodies

Member of the board of directors of Varia US Properties AG, Zug; member of the board of directors of Swiss Federal Railways SBB, Bern; member of the board of directors of Raiffeisen Schweiz Genossenschaft, St. Gallen; member of the board of trustees of the Foundation for Art, Culture and History (Stiftung für Kunst, Kultur und Geschichte), Winterthur; and other unlisted companies

Official functions and political offices

None

Prof. Dr. Annelies Häcki Buhofer

Education

PD Dr. Phil. I, University of Zurich

Professional background

Management roles within the Faculty of Humanities at the University of Basel, 2002–2015; Professor of German Linguistics at the University of Basel, 1989–2015

Previous activities for the Zug Estates Group

Member of the board of directors of MZ Immobilien AG, 1997–2012

Activities on governing and supervisory bodies

Chair of the board of directors of BURU Holding AG, Cham; member of the board of directors of V-ZUG AG, Zug, of Holmia Holding AG, Zug, and the Cham Group AG, Cham, and other unlisted companies; role in management bodies of national and international professional associations

Official functions and political offices

None

Armin Meier

Education

IT engineer, Bern University of Applied Sciences; Executive MBA, University of St. Gallen

Professional background

Managing director of Boyden Switzerland, Zurich, since 2010; Chief Commercial Officer of Travelport, London, 2008–2010; CEO Kuoni Travel Holding Ltd, Zurich, 2005–2007; member of the executive board of the Federation of Migros Cooperatives, Zurich, 2002–2005; President and CEO of Atraxis AG, Zurich, 1998–2002; CEO of ABB PTI AG, Baden, 1995–1998

Previous activities for the Zug Estates Group

Chairman of the board of directors of Hotelbusiness Zug AG, 2012–2013

Activities on governing and supervisory bodies

Chairman of the board of directors of Evalueserve Holdings AG, Zug; member of the board of directors of KIBAG HOLDING AG, Freienbach, of Ameos Gruppe AG, Zurich, of IHAG Holding AG, Zurich, and of other non-listed companies

Official functions and political offices

None

Johannes Stöckli**Education**

CAS Justice of the Peace, Lucerne University of Applied Sciences and Arts; SME Management (intensive course of study), University of St. Gallen

Professional background

Independent investor and director since 2015; managing director and member of the board of directors of Pyros Holding AG and subsidiaries, Cham, 1992–2015

Previous activities for the Zug Estates Group

None

Activities on governing and supervisory bodies

Chairman of the board of directors of Schilthornbahn AG, Interlaken, and Zebrabox SA, Lausanne, as well as mandates with other unlisted companies and not-for-profit organisations

Official functions and political offices

Justice of the Peace with the Office of the Justice of Peace of the City of Zug

Martin Wipfli**Education**

Attorney, Master of Law (lic. iur.), University of Bern

Professional background

Executive partner at Baryon AG, since 1998; partner with Tax Partner AG, Zurich, 1997–1998; Head of the Tax Department of Bank Leu Ltd, Zurich, 1995–1997; tax advisor with ATAG Ernst & Young AG, Zurich, 1990–1995

Previous activities for the Zug Estates Group

Member of the board of directors of MZ Immobilien AG, 2011–2012

Activities on governing and supervisory bodies

Chairman of the board of directors of ELMA Electronic AG, Wetzikon, Metall Zug AG, Zug, and nebag ag, Zurich; member of the board of directors of Frutiger AG, Thun, GRAPHIA-Holding AG, Hergiswil, and directorships at other unlisted companies

Official functions and political offices

Head of the Municipal Council of Feusisberg, Chairman of the Association of Municipalities and Districts of the Canton of Schwyz

3.3 Additional mandates

Pursuant to the company's articles of incorporation, a member of the board of directors may hold no more than four additional mandates in listed companies and no more than twenty mandates in unlisted companies. For the purposes of calculating the number of mandates in cases where several legal entities are associated with one another, one mandate is counted in full and the remaining mandates each count 10%. Mandates are deemed to comprise activities in the most senior executive and management bodies of legal entities that are obligated to obtain an entry in the commercial register or a corresponding foreign register and which are not controlled by the company. There is no limit on the number of other types of mandate that may be held provided these do not hinder the member of the board of directors in the performance of their duties toward the company and other enterprises associated with it. The Nomination and Compensation Committee reviewed and verified compliance with the relevant provisions of the articles of incorporation in the 2021 financial year.

3.4 Elections and terms of office

Members of the board of directors are elected by the general meeting of shareholders on an individual basis and for a period of one year or until the next ordinary general meeting. The general meeting of shareholders elects the chairman of the board of directors and the members of the Nomination and Compensation Committee on an individual basis. In all other respects, the board of directors constitutes itself. Members of the board of directors may be re-elected at any time, but must step down at the subsequent general meeting of shareholders after reaching the age of 70.

The general meeting of shareholders also elects an independent proxy on an annual basis. The term of office of the independent proxy ends at the closing of the next ordinary meeting of shareholders.

3.5 Internal organisational structure

The full board of directors meets as often as business requires, but at least four times a year. Both in-person meetings as well as telephone and video conferences are deemed to constitute meetings. In the year under review, the board of directors held eight official meetings, which were also attended by the members of Group management. In the case of excused absences, the topics on the meeting agenda are discussed in advance with the chairman of the board of directors. One board member excused himself from one meeting in 2021 for unavoidable reasons. The agenda items for the meetings of the board of directors are specified by the chairman and prepared by Group management. Every member of the board of directors and every member of Group management is entitled to request that a meeting be convened, specifying the meeting's purpose. Ten days prior to a meeting of the board of directors, the board members receive documentation that allows them to prepare for the discussion of the agenda items. Decisions are made by the entire board of directors with the assistance of the following two committees: the Nomination and Compensation Committee and the Audit Committee. Any topics not discussed in advance by these committees are dealt with directly by the entire board of directors. For detailed information regarding the duties of the board of directors, please refer to the organisational regulations at <https://zugestates.ch/en/corporate-governance>

Nomination and Compensation Committee

The Nomination and Compensation Committee supports the board of directors on the following subjects:

- compensation to the board of directors and Group management;
 - evaluating the board of directors and Group management with respect to composition, size, etc.;
 - succession planning for the board of directors and Group management;
 - training and further education for the board of directors and Group management;
 - personnel measures with respect to Group management;
 - staffing policy, staff development and questions related to the general staffing policy.
- For detailed information regarding the tasks and powers of the Nomination and Compensation

Committee, please refer to Regulations of the Nomination and Compensation Committee at <https://zugestates.ch/en/corporate-governance>

The Nomination and Compensation Committee usually meets three times a year. Three meetings were held during the reporting year. All committee members attended the meetings. Armin Meier (chair) and Martin Wipfli serve on the Nomination and Compensation Committee. The CEO also participates in the discussions, except when their employment contract or remuneration are being discussed.

Audit Committee

The Audit Committee supports the board of directors on the following tasks:

- preparation of the financial statements;
- external audit;
- valuation of properties by the independent valuation expert;
- risk management and internal control system (ICS), including compliance with laws, ordinances and internal guidelines;
- financing/liquidity management;
- taxes;
- insurance.

For detailed information regarding the tasks and powers of the Nomination and Compensation Committee, please refer to the Regulations of the Audit Committee at <https://zugestates.ch/en/corporate-governance>

The Audit Committee usually meets quarterly. Five meetings were held during the reporting year. All members of the committee were present at all meetings held in 2021. Martin Wipfli (chair), Annelies Häcki Buhofer and Johannes Stöckli serve on the committee; the CEO, CFO and auditors also attend the meetings.

3.6 Definition of areas of responsibility

The board of directors has established organisational regulations regarding the distribution of areas of responsibility between the board of directors and Group management. These can be found at <https://zugestates.ch/en/corporate-governance>. In principle, the Group management's mandate is comprehensive. Even if an area of responsibility lies with the board of directors, Group management is expected to take the intellectual initiative and to address emerging business opportunities until they reach a stage at which a decision can be made.

3.7 Information and control instruments vis-à-vis Group management

The board of directors controls Group management and supervises its method of working. The Zug Estates Group has a comprehensive management information system. The Group companies report to Group management once a month. The board of directors is informed of the Group's operational and financial performance every quarter. The results are compared with the same period of the previous year and with the budget. The achievability of budgets, which are integrated into rolling medium-term plans, is reviewed several times a year on the basis of extrapolations. Furthermore, Group management keeps the board of directors fully informed at board meetings on the progress of business.

The board of directors has put in place a comprehensive system for monitoring and managing the risks associated with the company's activities. This process involves risk identification, risk analysis, risk management and risk reporting. Risks are identified in the categories of strategy, reputation, management, construction and development risks, finance, IT/infrastructure, personnel/leadership/organisation, environment and general factors, and evaluated in terms of their likelihood of occurrence and potential to cause damage. Group management is responsible for monitoring and managing risk. In the case of major single risks, certain individuals are assigned responsibility for taking concrete measures to manage these risks and for monitoring their implementation. On behalf of the Audit Committee, Group management draws up a risk report for the board of directors at regular intervals.

4 Group management

4.1 Members of Group management

| | Employed |
|---------------------------------|--------------------|
| Patrik Stillhart, CH, 1974, CEO | Since 1 June, 2020 |
| Mirko Käppeli, CH, 1979, CFO | Since 1 May, 2017 |



Group management, from left to right:
Patrik Stillhart and
Mirko Käppeli

4.2 Other activities and vested interests

Patrik Stillhart, CEO

Education

Real estate economist (EBS – European Business School); degree in mechanical engineering (Dipl. Ing.) from the Swiss Federal Institute of Technology (ETH)

Professional background

Managing director, Jones Lang LaSalle AG (JLL), Zurich, 2011–2020; senior vice president, Sal. Op-
penheim jr. & Cie. Corporate Finance (Switzerland) AG, Zurich, 2005–2011; senior associate, Ernst &
Young AG, Zurich, 2005; project manager, Ernst Basler + Partner AG, Zollikon, 2001–2005

Previous activities for the Zug Estates Group

None

Activities on governing and supervisory bodies of the Zug Estates Group

Chairman of the board of directors of Zug Estates AG, Zug, and of Hotelbusiness Zug AG, Zug

Other activities on governing and supervisory bodies

None

Official functions and political offices

None

Mirko Käppeli, CFO

Education

Lic. oec. University of St. Gallen

Professional background

2010–2017 in various financial roles within the Seewarte Group, Zurich, CFO from 2011; finance manager, Gravhaven Mining AG, Walchwil, 2008–2009; financial projects, Mobimo Group, Küsnacht, 2005–2008; Controlling, Livit AG, Zurich, 2002–2004

Previous activities for the Zug Estates Group

None

Activities on governing and supervisory bodies of the Zug Estates Group

Member of the board of directors of Zug Estates AG, Zug, and of Hotelbusiness Zug AG, Zug

Other activities on governing and supervisory bodies

Member of the board of directors of Meili Holding AG, Zug

Official functions and political offices

None

4.3 Additional mandates

Members of Group management may hold a maximum of two additional mandates, one of which may be with a listed company. The acceptance of mandates by members of Group management requires the approval of the board of directors. The Nomination and Compensation Committee reviewed and verified compliance with the relevant provisions of the articles of incorporation in the 2021 financial year.

4.4 Management contracts

There are no management contracts with companies outside the Group.

5 Compensation, shareholdings and loans

Information on the procedure for determining the compensation of members of the board of directors and Group management and on the compensation amounts paid to them is available in the compensation report on pages 36 to 39.

6 Shareholders' participation

6.1 Voting rights restrictions and representation of voting rights

Each share entitles the holder to one vote.

All shareholders may attend the general meeting of shareholders in person to exercise their rights or they may act at the general meeting of shareholders through written proxy to another shareholder entitled to vote or through the independent proxy.

The general meeting of shareholders elects an independent proxy on an annual basis. Natural persons or legal entities or partnerships are eligible for election as independent proxy. The term of office ends at the closing of the next ordinary meeting of shareholders. Re-election is possible.

Power of attorney and instructions may be given to the independent proxy in writing or electronically.

There are no arrangements in place for electronic attendance of the general meeting of shareholders.

6.2 Statutory quorums

In addition to the cases listed in article 704 of the Swiss Code of Obligations (CO), resolutions on the conversion of registered shares into bearer shares (and vice versa), the restriction on transferability of registered shares and the relaxation or cancellation of the restriction require the approval of at least two thirds of the voting shares represented and an absolute majority of the nominal share value represented. In all other instances, the general meeting of shareholders of Zug Estates Holding AG shall adopt resolutions and hold elections by the absolute majority of voting shares cast, irrespective of the number of shareholders present and of the number of voting shares represented.

6.3 Convocation of the general meeting of shareholders

Convocation of the general meeting of shareholders follows the legal provisions.

6.4 Agenda items

In principle, items are placed on the agenda in compliance with the legal provisions. Shareholders representing shares with a par value of at least CHF 1 million may request in writing, and on specification of the motion, inclusion of an item on the agenda within 40 days before the general meeting, unless the company issues a public notice specifying a different deadline. The written request must be accompanied by a bank statement confirming that the shares are on deposit until after the general meeting.

6.5 Entries in the share register

Registered shareholders who on the day when the invitation to the general meeting of shareholders is sent – i.e. usually about 20 days before the date of the meeting – are listed in the share register as shareholders with voting rights receive the invitation to the ordinary general meeting directly. No entries will be made in the share register between this date and the day of the general meeting.

The share register will be closed in advance of the ordinary general meeting in Zug on 12 April 2022 and no new entries can be made from 2 April 2022 to 13 April 2022.

7 Changes of control and defence measures

7.1 Duty to make an offer

The duty to make a public offer to purchase according to article 135 and 163 et. seq. of the Swiss Financial Market Infrastructure Act (FMIA) is waived pursuant to article 125 para. 3 FMIA (opting-out).

7.2 Clauses on change of control

In the event of a change of control, Zug Estates Holding AG is not obligated to make any additional payments, either for the benefit of the members of the board of directors or for the benefit of members of Group management or any other executives.

8 Auditing body

8.1 Duration of the mandate and term of office of the lead auditor

Ernst & Young AG, Zug, has been the auditor of the operating companies since 2006. The lead auditor has exercised this function since 2017.

8.2 Auditing fees

In the 2021 reporting period, the fees of Ernst & Young AG for services for Zug Estates Holding AG or the Zug Estates Group amounted to TCHF 164 (previous year: TCHF 153). They were charged in connection with the auditing of the 2021 annual financial statements of Zug Estates Holding AG, the subsidiaries Zug Estates AG, Hotelbusiness Zug AG as well as the consolidated financial statements of the Zug Estates Group. Miteigentümergeinschaft Metalli is audited by BDO AG. Those fees to TCHF 13 (previous year: TCHF 12) for the reporting period.

8.3 Additional fees

Ernst & Young AG invoiced Zug Estates Holding AG an additional fee for audit-related services in connection with the ICS of TCHF 4 (previous year: additional fee of TCHF 20) in the reporting period. BDO AG did not receive any additional fees for audit-related services (previous year: no additional fees) for audit-related services performed in the reporting period.

8.4 Information tools used for the external audit

The Audit Committee assesses the performance, the remuneration and the independence of the auditors on an annual basis and reports to the board of directors. The board of directors makes proposals to the general meeting of shareholders regarding the election of the auditor and monitors compliance with the rotation schedule for the lead auditor (seven-year period). On an annual basis, the Audit Committee and Group management jointly review the external audit scope as well as the general conditions for any additional assignments. The Audit Committee also discusses the results of the audit with the external auditors.

9 Information policy

The Zug Estates Group has a transparent information policy vis-à-vis the public and the financial markets. The invitation to the general meeting of shareholders is sent by letter to shareholders. Media releases are issued if an important event occurs.

The Zug Estates Group publishes its figures twice a year in the half-year report and the annual report. The current media releases, important dates as well as general information about Zug Estates Holding AG or the Zug Estates Group can be viewed at <https://zugestates.ch/en/>. Ad hoc releases can be subscribed to at <https://zugestates.ch/en/investor-relations#ad-hoc>. Published ad hoc and press releases can be downloaded at <https://zugestates.ch/en/media>, the corporate calendar at <https://zugestates.ch/en/investor-relations#agenda> and the half-year and annual reports at <https://zugestates.ch/en/downloads>.

Contact details, important dates and information about the shares of Zug Estates Holding AG may also be found on pages 82 to 84 of this annual report.

10 Blackout periods

A general blackout period applies for members of the board of directors and the company's Group management, which begins on the 15th day prior to the balance sheet date for the company's financial reporting in the reporting period and ends at midnight on the first day of trading following the official publication of the financial information. Trading with securities of the company during the regular blackout period is strictly prohibited regardless of whether the person in question is in possession of insider information or not. The board of directors and the company's Group management are entitled to impose the regular blackout period on other employees of the Zug Estates Group at any time.