

Annual Report

2015

At a glance

		2015	2014	%
Zug Estates Group				
Operating revenue (excl. income from revaluation of inv. properties)	TCHF	63 030	62 065	1.6%
Operating expenses	TCHF	23 850	24 409	-2.3%
Operating income before depreciation and revaluation	TCHF	39 180	37 656	4.0%
Revaluation of investment properties (net) ¹	TCHF	50 477	21 314	136.8%
Income from sale of investment properties	TCHF	-23	483	n.m.
EBIT	TCHF	86 325	55 855	54.6%
Net income	TCHF	67 139	45 149	48.7%
Net income excluding income from revaluation ²	TCHF	24 051	23 982	0.3%
Total assets	TCHF	1 189 529	1 088 106	9.3%
Interest-bearing debt	TCHF	350 000	320 000	9.4%
– Debt ratio		29.4%	29.4%	0.0%
Shareholders' equity	TCHF	723 437	662 830	9.1%
– Equity ratio		60.8%	60.9%	
– Return on equity ³		9.7%	7.0%	
Headcount (full-time equivalents)		152.4	157.2	-3.1%
Share				
Closing price	CHF	1 445	1 244	16.2%
Market capitalization ⁴	TCHF	711 530	610 267	16.6%
Earnings per series B registered share ⁵	CHF	136.69	91.75	49.0%
Earnings per series B registered share excl. revaluation ⁵	CHF	48.97	48.74	0.5%
Distribution per series B registered share ⁶	CHF	20.50	18.50	10.8%
NAV at market value per series B registered share ⁴	CHF	1 600.45	1 468.89	9.0%
Portfolio				
Investment properties	TCHF	1 013 516	900 276	12.6%
Investment properties under construction	TCHF	57 723	94 771	-39.1%
Undeveloped plots	TCHF	4 008	9 269	-56.8%
Total real estate portfolio	TCHF	1 075 247	1 004 316	7.1%
Operating properties (market value)	TCHF	113 693	106 724	6.5%
Total portfolio	TCHF	1 188 940	1 111 040	7.0%
Property income ⁷	TCHF	39 111	37 450	4.4%
Vacancy rate investment properties ⁸		5.4%	4.4%	
Gross return investment properties ⁹		4.4%	4.8%	
Gross return operating properties ¹⁰		6.2%	6.6%	

¹ Equal to change in gross value less investments

² Equal to net income excluding income from revaluation of investment properties (net), excluding income from sale of investment properties and excluding income from securities and corresponding deferred taxes

³ In relation to average shareholders' equity

⁴ In relation to number of shares outstanding (series A registered shares converted)

⁵ In relation to number of shares on average outstanding (series A registered shares converted)

⁶ Proposed by board of directors, in form of cash distribution from reserves from capital contributions

⁷ Comprises rental income and income from Miteigentümergeinschaft Metall

⁸ As at the balance sheet date, as a percentage of projected rental income

⁹ Projected rental income (annualized) as a percentage of the market value on the balance sheet date

¹⁰ Projected rental income from point of view of real estate business unit (annualized) as a percentage of the market value on the balance sheet date

Letter to shareholders	4
Financial year report	7
Portfolio	14
Sustainability	25
Corporate governance report	31
Compensation report	41
Financial report	
Consolidated financial statements	48
Annual financial statements of Zug Estates Holding AG	71
Share information	78
Upcoming events and Contact	80

Letter to shareholders

«With a strategic focus on integral site development, Zug Estates is well positioned for the future.»

Dear shareholders

We are operating in a market environment where we face a medium-range scenario of increasing supply-side liquidity, a gradual shift in demand, and pressure on prices in all real estate segments. The board of directors is thus focusing its attention on a circumspect strategy setup and a policy of transparent communication regarding medium-term corporate development.

Zug Estates has certain specific hallmarks that clearly place it outside the usual expectations for the sector, in particular the company's site-centric strategic direction, a dividend policy characterized by restraint, and its cautious use of interest-bearing debt. This clear positioning has enabled Zug Estates to raise its profile in the eyes of investors in the short time since its listing and, in relative as well as absolute terms, to produce a top performance against the relevant benchmarks in 2015.

The following comments on our corporate focus are intended to give you an insight into the medium-term intentions and priorities of a still young – as measured in listed years – company.

Further growth

The dynamic expansion pursued to date is based on solid foundations. Growth is also one of our medium-term objectives and as such is widely taking concrete shape: investment projects in the construction and planning phases, amounting to more than CHF 400 million on the Suurstoffi site in Risch Rotkreuz alone, are timetabled for completion by 2020. Half of the envisaged investment volume is for service business space al-

ready largely secured with long-term agreements. Accounting for about a quarter of the available space each, rental apartments and condominium apartments are positioned in what is expected to be a market with strong demand in the future too.

This high level of development momentum is based on a broadly solid absorption rate and – even in a market environment that is becoming more liquid on the whole – exhibits controllable risk exposure. The latter parameter can also be more readily assessed on the basis of the development projects successfully realized to date than by looking at general market trends. This is not only true with regard to the Suurstoffi site; development work is also slated for the Zug City Center site over the medium to long-term. The necessary preparations have been successively initiated.

Strengthened market positioning

In addition to development momentum, another key feature of the Zug Estates strategic focus is to concentrate on large sites offering excellent accessibility. If the available development reserves are used, the Suurstoffi site in Risch Rotkreuz and the Metalli site in the center of Zug will each have an estimated market value of approx. CHF 1 billion – not factoring in potential consolidation acquisitions. The busy Metalli shopping center at a prime Zug address and the HSLU campus on the Suurstoffi site also ensure that the two portfolio components will maintain an attractive and enduring market positioning as business locations.

Zug Estates aims to further strengthen the market positioning of both its commercial space portfolio and its residential portfolio. The company's efforts are underpinned by an integrated development model for the creation of fit-for-future environments that is ecologically sound (including zero-emissions), provides services for people living and working in the district, and is geared to an efficient style of management that uses the economies of scale offered by a consolidated portfolio.

Zug Estates believes that this strategy will enable it to adapt more efficiently to future challenges presented by demographic and structural developments, as opposed to focusing on a large number of geographically dispersed individual properties. This is why adding a third site to the portfolio is part of the medium- to long-term strategic focus.

Calculated risk

The risk exposure of a real estate investment is inherently complex and highly correlated for various reasons. These include specific demand and price developments in the markets for residential and commercial space, regulatory conditions – i. e. spatial planning, policy, taxation – and potential shifts in investment preferences or developments on the financial and capital markets. Capping interest-bearing debt at 40% of total assets keeps the systemic risk in check and, given the currently low borrowing costs, marks a conscious decision not to rely on an additional earnings driver. The development strategy outlined above can thus be financed at both sites without the need to increase the proportion of interest-bearing debt significantly above the present level. The 40% cap on the proportion of interest-bearing debt remains one of the strategic principles.

Balanced payout ratio

For this reason, the company's dynamic growth is also to be financed by retaining part of the operating income as a further strategic principle of Zug Estates. The average return on equity of above 8% p. a. achieved since the listing justifies the use of self-generated funds to finance the Group's own development projects and safeguards the interests of long-term investors in particular.

Another factor to consider is the entrepreneurial objective of continually improving the direct return in tandem with the company's expansion. Accordingly, the board of directors has laid down a new dividend policy guideline for the future.

In future, the payout to shareholders is to be in balanced proportion to re-investment: in place of the previous 30%–40% bandwidth, up to 50% of net income excluding income from re-valuation is to be paid out.

The board of directors proposes to the general meeting of shareholders that the payout be increased by a further 10.8% to CHF 20.50. As in previous years, the payout will be made from the reserves from capital contributions and, as such, exempted from withholding tax.

Zug Estates is on solid ground. Thanks to its attractively located sites, segments broadly diversified in terms of use and its market-driven growth, the company is well equipped for the challenges ahead and should be able to assert itself in an uncertain market environment. Given our track record in recent years, and again in 2015, we are confident that we shall be able to increase the company's value over the medium term and drive profitable growth.

I wish to thank our employees for their hard work during the past year.

I would also like to thank you, our shareholders, for the trust you place in Zug Estates and extend my best wishes to you.

Zug, March 2016



Hannes Wüest
Chairman of the board of directors

«I commute every day between university and home. My time is short, so it's all the more important that I can get everything I need here.»

IT student, Lucerne University of Applied Sciences and Arts



Financial year report

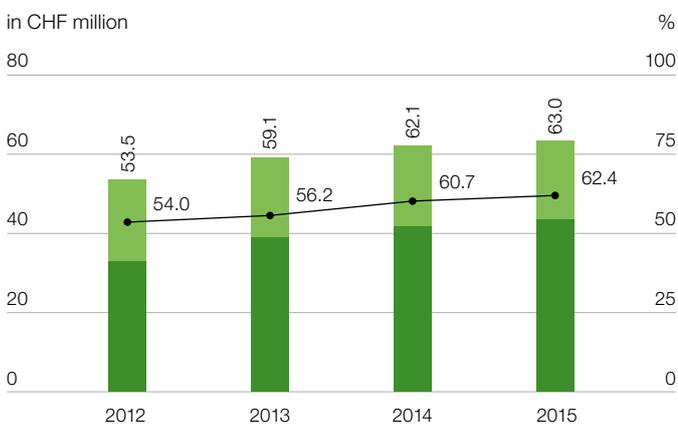
Dear shareholders
Ladies and gentlemen

The Zug Estates Group achieved a gratifying result once again in 2015. The year's highlights were the completion and successful letting of the properties under a further development phase of the Suurstoffi site in Risch Rotkreuz, as well as the conclusion of long-term agreements with new anchor tenants. A number of far-reaching decisions were also taken on the future direction of the Suurstoffi site project, and the next development phase was begun.

Net income significantly higher

The Zug Estates Group generated operating income of CHF 63.0 million in 2015, representing a year-on-year increase of 1.6%. Property income rose by 4.4% to CHF 39.1 million despite the sale of two properties and a decrease in residential rents resulting from a reduction in the reference rate. Stripping these factors out, property income would have been about CHF 1 million higher and up approximately 7.6% on the year before. In an increasingly challenging market environment, the hotel & catering business unit reported income of CHF 19.8 million, practically maintaining the previous year's figure and improving profitability. The Group's operating expenses were 2.3% lower year-on-year. Operating income before depreciation and revaluation rose by 4.0% to CHF 39.2 million (previous year: CHF 37.7 million).

Operating revenue and income



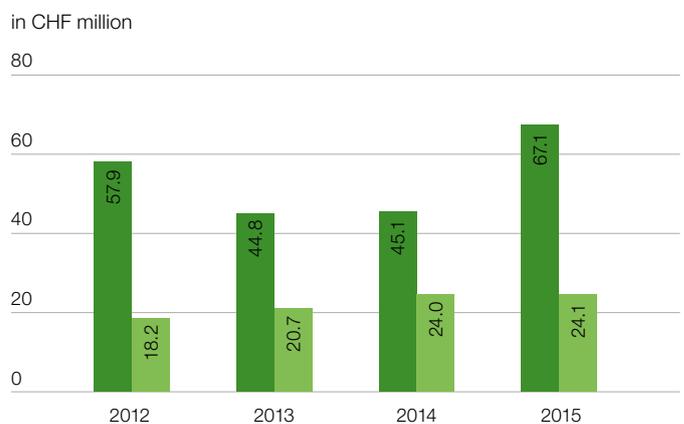
Hotel & catering income
Property income and other operating revenue
Operating income before depreciation and revaluation in % of operating revenue

In 2015, the Group invested CHF 47.5 million in the further development and consolidation of its sites. In addition, the book value of investment properties increased by CHF 50.5 million net following revaluation. Income from the revaluation of investment properties (net) thus more than doubled compared with the previous year's figure of CHF 21.3 million. The contributing factors here were the above-average quality of the locations and properties in the portfolio (high proportion of residential property), the continuous development and positioning of the Suurstoffi site as a preferred location for housing and business, the successful conclusion of rental agreements, and market-related factors.

The year-on-year decrease in the financial result to CHF 2.1 million reflected the higher borrowing costs and lower income from securities. Due to the high level of income from the revaluation of investment properties (net), tax expenditure increased by CHF 6.3 million year-on-year to CHF 11.7 million.

As a result of the good operating result and the high revaluation, EBIT and net income were well above the previous year's figures at CHF 86.3 million and CHF 67.1 million respectively. Net income excluding income from revaluation increased by 0.3% to CHF 24.1 million (previous year: CHF 24.0 million).

Net income and Net income excluding revaluation



Net income
Net income excluding revaluation

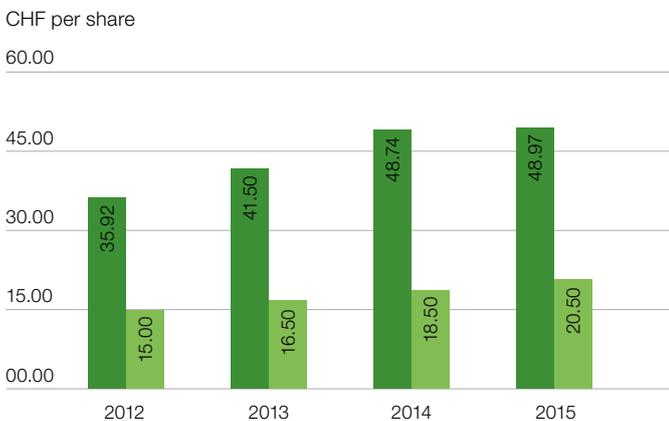
Payout increases by 10.8%

Net income excluding income from revaluation, which is relevant for the payout to shareholders, rose year-on-year by 0.5% to CHF 48.97 per series B registered share; the inclusion of income from revaluation resulted in a significant increase to CHF 136.69 (previous year: CHF 91.75). The solid result allows the board of directors to propose to shareholders in 2016 that the payout be increased by 10.8% to CHF 20.50 per series B registered share.

Overall earnings per share at 17.6%

The NAV at market value, a measure including the fair value of properties used for operational purposes, came to CHF 1 600.45 per series B registered share (previous year: CHF 1 468.89). The Zug Estates share closed at CHF 1 445.00 on December 31, 2015, 16.2% higher than at the beginning of the year. Factoring in the payout of CHF 18.50 per series B registered share made in May 2015 from the reserves from capital contributions and, as such, exempted from withholding tax, overall earnings per share came to 17.6% in the 2015 financial year (previous year: 8.5%).

Net income excluding income from revaluation and payout per series B registered share



Net income excluding income from revaluation – per series B registered share
Payout per series B registered share ¹

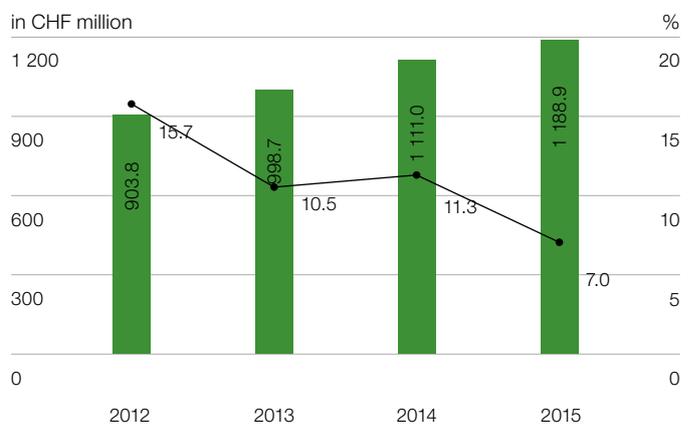
¹ Payable in the following year, 2015: proposal of the board of directors

Fair value of portfolio rises to CHF 1.2 billion

The Group continued its growth strategy in the year under review, investing CHF 36.9 million in expanding its portfolio. In Risch Rotkreuz, the second development phase was completed, and construction started on the third phase. Headway was also made on planning work for the other phases. The Group used the favorable market environment to give the portfolio further focus. On March 1, 2015, it sold the industrial site in Oberentfelden (Aargau) at fair value. Zug Estates also decided to sell two further non-strategic apartments in Baar. Furthermore, on July 1, 2015, Zug Estates purchased the last property under third-party ownership at the Suurstoffi site. Conversely, the Group sold the property Suurstoffi 3a–c. These consolidation activities created the ideal conditions for the development of Lucerne University's Suurstoffi campus.

The book value of the entire portfolio stood at CHF 1 113.3 million at the end of the year, up 6.7% on the previous year. Adjusted for the transactions in 2015, the portfolio grew by 8.4%. Properties used for operational purposes are stated at cost less write-downs. The fair value of these properties is CHF 113.7 million, with the fair value of the entire portfolio thus amounting to CHF 1 188.9 million (previous year: CHF 1 111.0 million).

Fair value of portfolio



Fair value of the portfolio (left-hand axis)
Year-on-year change (right-hand axis)

Equity ratio still more than 60% despite continuing investment activity

The Zug Estates Group can build on a solid equity base offering long-term stability. In spite of continuing investment activity, equity capital totaled CHF 723.4 million as at December 31, 2015, equivalent to a solid equity ratio of 60.8%.

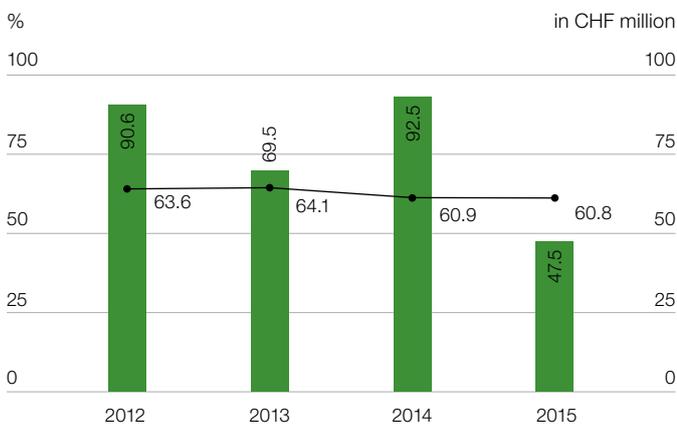
As planned, Zug Estates borrowed additional capital in an amount of CHF 30 million in the year under review. Borrowed capital stood at CHF 350 million as at the end of December, corresponding to an unchanged 29.4% of total assets. Zug Estates has a long-term hedge in place against interest rate risk. The average residual term of the interest-bearing debt rose to 9.2 years (previous year: 7.6 years), while the average interest rate was 2.5% (previous year: 2.2%). The Group has undrawn credit lines of CHF 110 million. These, coupled with cash and cash equivalents of CHF 55.2 million as at year-end, provide the Group with adequate scope to fund the continuing expansion of its real estate portfolio.

New rental agreements in sync with strong development momentum

The second development phase of the Suurstoffi site, consisting of nine apartment buildings comprising 145 rented apartments and 11 condominium apartments, was completed on schedule and the units were handed over to the occupants in the first half of the year. All apartments have been let, increasing the proportion of residential property within the portfolio to just under 30%.

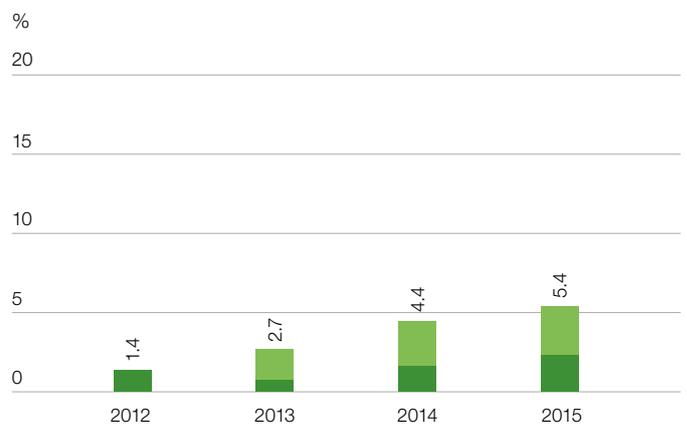
A number of significant letting transactions for commercial space were also completed in 2015. A long-term rental agreement was negotiated with Lucerne University of Applied Sciences and Arts (HSLU) for the two-stage construction of the new Suurstoffi Rotkreuz campus: occupying an area of approx. 4 000 m² rented space in existing Suurstoffi buildings, the HSLU's new IT department will be opening its doors to students in fall 2016. In a second phase tentatively scheduled for fall 2019, sections of the HSLU School of Business, together with the IT department, will move into a new building adjacent to the train station. The planned expansion of the Suurstoffi Rotkreuz campus will accommodate almost 2 000 students and 250 HSLU employees.

Equity and investments



Equity ratio (left-hand axis)
Investments in the portfolio (right-hand axis)

Vacancy rate (on reference date)



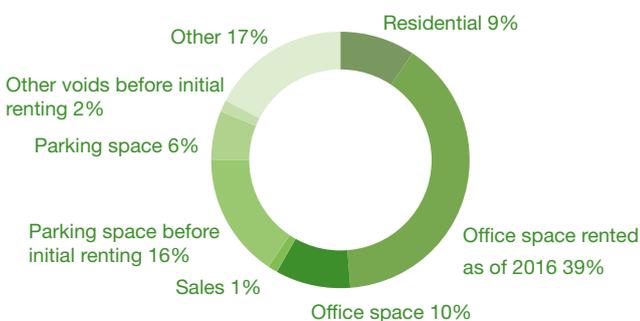
Vacancy rate as at December 31
Voids before initial renting and strategic voids as at December 31

Market research company GfK concluded a long-term rental agreement for service business space. Raising the Suurstoffi site's profile as a place of business, GfK will be relocating with about 200 employees in fall 2017 to a new building under the third development phase. Just two years after opening at the Suurstoffi site, the Migros-owned ONE Training Center is expanding its fitness facilities and has rented additional commercial space.

In Zug, rental agreements for approx. 1 700 m² of office and retail space were extended or renewed. This will generate higher rental revenue in the retail segment in particular. For the remaining commercial space, negotiations with prospective tenants are at an advanced stage. We therefore expect to be able to report largely full occupancy for the main rental properties by the end of 2016.

As at December 31, 2015 (reference date), the vacancy rate was 5.4%, representing a decrease of one percentage point since the middle of the year. Adjusted for voids before initial renting (parking spaces in particular) and space rented to the HSLU and other tenants over 2016, the year-end vacancy rate came to 2.3%.

Breakdown of vacancies as at December 31, 2015



Strong construction and development activity

2015, too, was marked by strong construction and development activity. Zug Estates reported major progress at both sites in the year under review:

- On the Suurstoffi site, a third development phase was launched, comprising 152 rental apartments, eight apartments with 52 rooms for HSLU students, and commercial space for some 500 workplaces. Construction began on schedule in fall 2015, with occupancy planned for the second half of 2017. The investment volume amounts to some CHF 110 million. Long-term rental agreements have already been concluded for 38% of the commercial space. Negotiations for further space are progressing.
- The HSLU's choice of location will allow Zug Estates to proceed with the integrated planning of the western section of the Suurstoffi plot on which the final site of the Lucerne University of Applied Sciences and Arts is to be constructed by 2019, and make a start on the necessary adaptation of the development plan in cooperation with the local municipality. The draft development plan envisages a higher plot ratio as well as additional residential space. It was drawn up on the basis of a professional urban planning variant study and, following a preliminary evaluation by the Canton of Zug, is to be put to voters in Risch for approval in fall 2016. In tandem with work on adapting the development plan, designs for the new building were invited by public competition, the results of which will be announced in spring 2016.
- In addition, the decision was taken to construct a 70-meter residential tower block in the center of the Suurstoffi site. About 90 condominium properties and approx. 2 500 m² of office and commercial space are planned. The study process has been completed and the planning application is due to be submitted in spring 2016. Construction is time-tabled to start in fall 2016, with occupancy scheduled for winter 2018/19.

- Moreover, continuing demand for office space at the Suurstoffli site prompted the decision by Zug Estates to begin planning an office building for 600 workplaces. The building is being planned with a composite masonry-and-timber-work design and at 36 meters high on completion, it will be Switzerland's tallest wooden building.
- The negative outcome of the vote taken on the Zug city tunnel in a local referendum clarified the position on an important precondition for the future development of the Zug City Center site. The circumstances are now in place to initiate a master plan to tap into the enormous potential of the center of Zug.

Business hotel segment robust

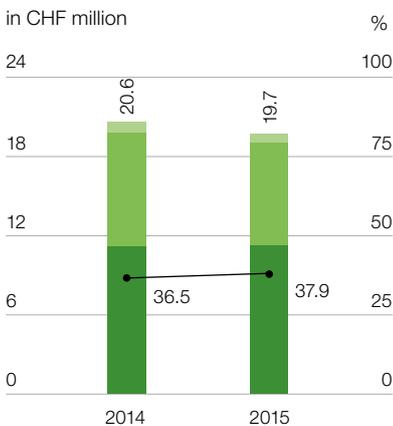
Hotelbusiness Zug AG defended its market leadership of Zug's business hotel segment in 2015. Occupancy rates at its establishments rose slightly, with room prices remaining almost unchanged, while accommodation revenue was stable at CHF 11.2 million. Catering income decreased by CHF 0.8 million, due chiefly to lower revenues from the leased Theater Casino Zug. The company has therefore decided to focus in future on the core segment of business hotels with catering facilities and

not to extend the lease on the Theater Casino catering business after expiry at the end of 2015. Overall revenue for the business area was 3.9% lower at CHF 19.8 million, and the GOP (Gross Operating Profit) margin improved from 36.5% to 37.9%.

Stronger organization

To be able to support the targeted portfolio growth, Zug Estates has begun recruiting the necessary additional personnel in the areas of project development, marketing and energy technology/building automation and control systems. This will continue in 2016. Headcount in the hotel & catering business unit was scaled back to take account of the strategic focus on core activities. The Group's full-time equivalent count stood at 152.4 at the end of 2015.

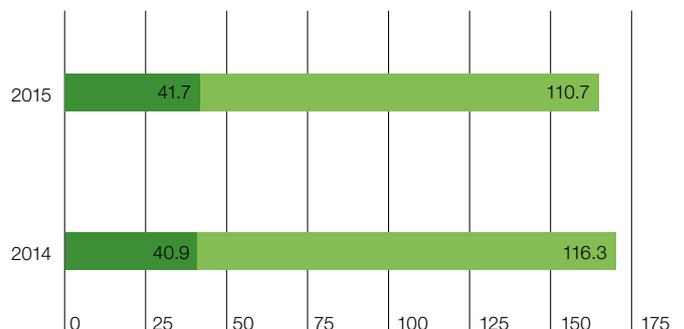
Hotel & catering income



Ancillary services
 Catering
 Accommodation
 GOP margin (right-hand axis)

FTEs by business unit

Headcount (full-time equivalents)



Real estate business unit
 Hotel & catering business unit

Outlook for 2016

We are cautiously optimistic about the future. The Canton of Zug numbers among Switzerland's most sought-after residential markets. We believe that demand for residential units will remain stable and that we will find tenants for our properties. However, the downturn in the commercial market that has been apparent for the past three years or so – especially for office space – continues to gather pace and put pressure on prices. The long contract periods and the well-diversified portfolio with a high proportion of residential property should nevertheless still ensure continuity.

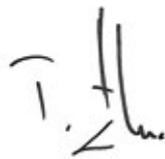
Overall, we expect operating income before depreciation and revaluation to match the previous year's level. On the strength of the apartments completed in 2015, the newly concluded rental agreements, and declining vacancies, we anticipate higher rental income in the real estate segment. On the other hand, careful preparations for the imminent, major growth drive will result in higher costs.

Owing to the absence of revenue from the Theater Casino Zug, catering income in the hotel & catering business unit is

expected to be about CHF 2.0 million lower than in the previous year. Thanks to the focus on the segment's core business, however, we anticipate a further rise in profitability.

Continuing demand for property investment means we can expect to generate income from the revaluation of investment properties (net) in 2016 as well, but we are predicting a year-on-year decline. The development of the Suurstoffi site will remain a key priority. Construction of the third phase (investment volume: approx. CHF 110 million) is progressing on schedule. At the same time, planning work continues for the further development of the western section of the plot (investment volume: more than CHF 100 million), for the Suurstoffi 22 office building and for the residential tower block.

Zug, March 2016



Tobias Achermann
CEO



Gabriela Theus
CFO

«As a Metalli resident, now I'm retired I appreciate being able to nip round the corner to do my shopping or catch a bus.»

Long-standing Metalli apartment tenant



Portfolio

The Zug Estates Group develops, markets and manages properties in the Zug region. It focuses on centrally located high-density sites with potential for sustainable development and suitable for a wide range of uses.

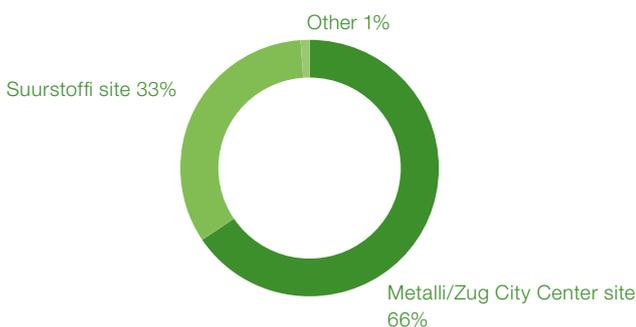
Zug Estates invests in sites in the Zug region. The majority of the real estate portfolio is located at the Metalli site in Zug and the Suurstoffi site in Risch Rotkreuz, and is broadly diversified by type of use. The Group also runs a city resort in Zug incorporating the leading four-star business hotels Parkhotel Zug and City Garden.

Investments are focused on centrally located sites in the Zug region permitting high development densities, a wide range of uses and a mix of environments. As an attractive business and residential location, the Zug region provides optimum conditions for the long-term sustainable development of the portfolio: centrality, ready reachability with access to a large talent pool, and business-friendly authorities.

By concentrating on the Zug area, the Group is able to capitalize on its market intelligence and familiarity with the local business community.

Portfolio by site

Based on fair value as at December 31, 2015



Above-average property qualities with attractive market positioning

Zug Estates takes an integrated development approach geared to the specific locational features of its sites in order to create environments that will meet tomorrow's needs. Thanks to their central location, excellent accessibility and the busy Metalli shopping center in Zug, as well as the Suurstoffi university campus in Risch Rotkreuz, both sites will enjoy an attractive long-term positioning as places of business. District-based services, superior green surroundings and resource-efficient energy systems explain why the sites are so sought-after.

Correspondingly, the locational and property qualities of the Zug Estates Group portfolio are above-average. Furthermore, the portfolio's usage mix is balanced, with about 30% residential property and significant development reserves, which are to be successively exploited over the next few years.

Portfolio by use

Based on projected rental revenue ¹ as at December 31, 2015



¹ From point of view of real estate business unit

Growing real estate portfolio with defined development pipeline

The portfolio currently has a fair value of CHF 1.2 billion, 50% more than five years previously. In the same period, the proportion of residential property rose from 23% to almost 30%.

Zug Estates pursues a policy of active growth. In the next five years, the focus will be on continuing the development of the Suurstoffi site in Risch Rotkreuz. With an investment volume of more than CHF 400 million, development plans are largely taking concrete shape. There are plans to further develop the Zug site from 2020 on, with investment potential estimated at an additional CHF 350 million. Zug Estates also intends to acquire a further site in the medium to long-term. Insofar as projects can be carried out as planned, the value of the portfolio will grow to approx. CHF 1.5 billion to CHF 1.6 billion by 2020.

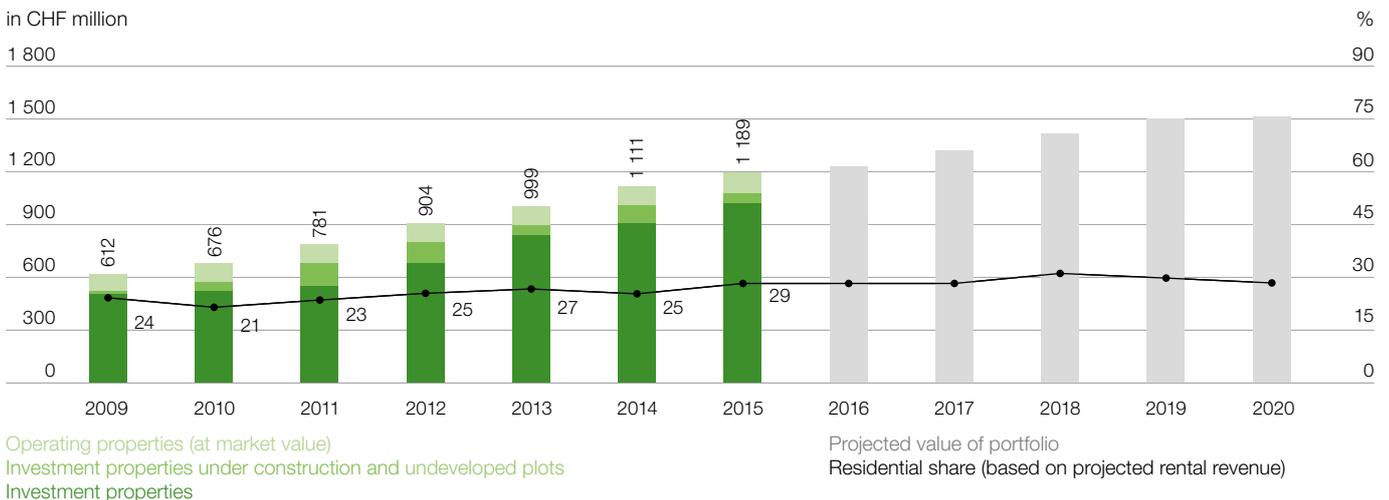
On-site business hotels

In Zug, the Zug Estates Group also operates a city resort geared to the needs of business clients. The total capacity runs to 250 accommodation units, as well as catering and conferencing facilities. The resort comprises the leading business hotels Parkhotel Zug and City Garden, in addition to long-stay apartments. Ideally integrated into the Zug site and within walking distance of the train station and workplaces, the resort benefits from numerous synergies with the rest of the site.

Suurstoffi development pipeline

2015–2017	Suurstoffi 16–20 (under construction) will have a total of 152 rental apartments, 52 accommodation units for HSLU students and 500 workplaces – Investment volume: approx. CHF 110 million – Construction start: fall 2015 – Move-in: fall 2017– spring 2018
2016–2018	Suurstoffi 37/39 (in planning), 70-meter residential tower block, about 90 condominium properties and approx. 2 500 m ² of office and commercial space – Construction start: fall 2016 – Move-in: winter 2018/19
2016–2018	Suurstoffi 22 (in planning), approx. 600 workplaces – Investment volume: approx. CHF 55 million – Construction start: development as required, possible as of end 2016
2017–2019	Suurstoffi 2–6 (in planning), Lucerne University's future Suurstoffi Rotkreuz campus for almost 2 000 students and 250 employees. Rental apartments and space for some 300 workplaces will also be built – Investment volume: above CHF 100 million – Construction start: 2017 – Move-in: 2019/20
2018–2020	Suurstoffi 43–45, approx. 700 workplaces – Investment volume: approx. CHF 65 million – Development as required

Fair value of portfolio



Metalli/Zug City Center site

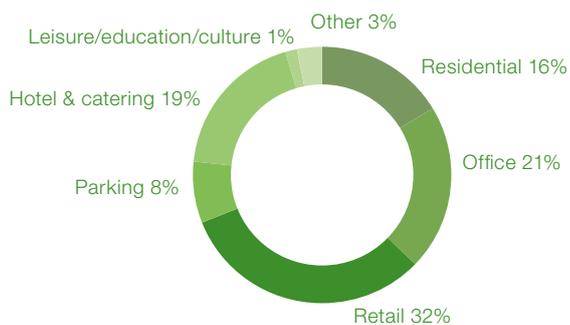
Located close to Zug train station and with excellent transport links, the site houses the Metalli Center complex – with more than 50 shops, offices and residential units – the two leading business hotels Parkhotel Zug and City Garden, as well as other residential and commercial properties.

Key data as at December 31, 2015

Site area	58 214 m ²
Market value ^{1,2}	CHF 779.5 million
Projected rental income IP ¹	CHF 28.6 million
Gross yield IP	4.3%
Residents	approx. 700
Workplaces	approx. 2 000
Local amenities	Metalli shopping mall with approx. 16 000 m ² of accessible sales area and annual turnover of about CHF 170 million, plus hotel resort with 55 000 overnight stays per year, a wide variety of catering, healthcare, childcare, educational, training and youth culture facilities

Mix of use

Based on projected rental revenue ³ as at December 31, 2015

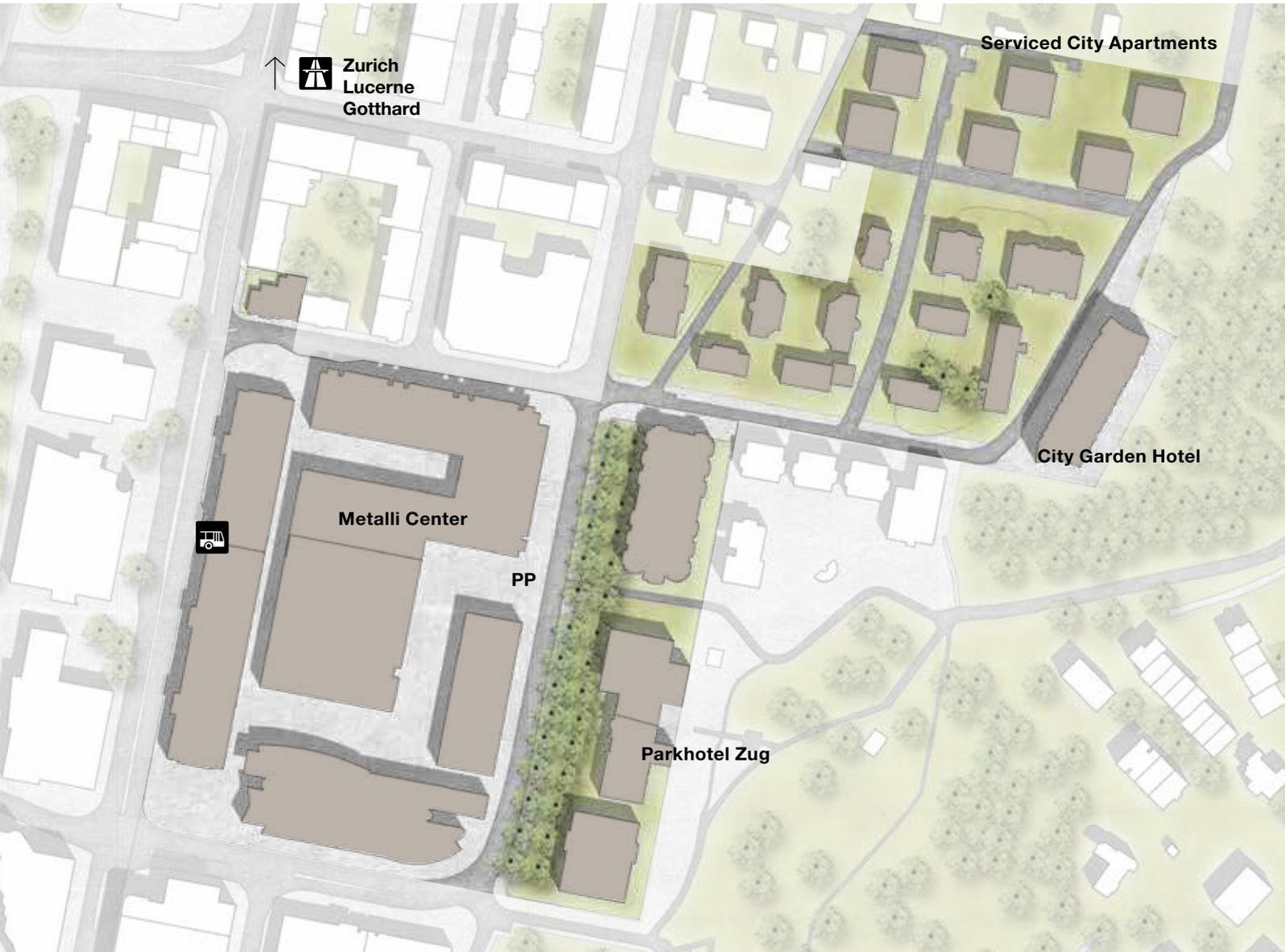


¹ Due proportion of fair value and projected rental revenue for (co-owned) property at Baarerstrasse 20–22, Zug

² Includes fair value of operating properties

³ From point of view of real estate business unit







↑
 Zurich
 Lucerne
 Gotthard



 SBB

2017-2019
 Suurstoffi Rotkreuz campus of Lucerne University
 of Applied Sciences and Arts

2016-2018
 Approx. 90 condominium apartments
 Approx. 100 workplaces

Suurstoffi site Risch Rotkreuz

The coming years will see the Suurstoffi site in Risch Rotkreuz evolve into an integrated, traffic-free neighborhood with a combination of living, working and recreational facilities. Once completed, it will accommodate some 1 500 residents, nearly 2 000 students and about 2 500 workplaces.

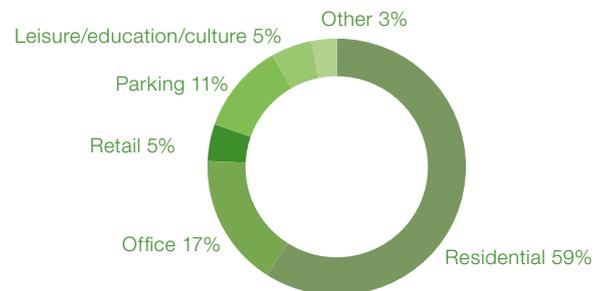


Key data as at December 31, 2015

Site area	105 341 m ²
Market value	CHF 396.3 million
Projected rental income IP	CHF 15.3 million
Gross yield IP	4.6%
Residents	approx. 650
Workplaces	approx. 500
Local amenities	Education (private bilingual school), childcare, fitness center, mobility, catering, shops and other local facilities in town

Mix of use

Based on projected rental revenue as at December 31, 2015



List of properties

	Place	Form of ownership ¹	Ownership share in %	Year of construction	Year of refurbishment
Investment properties					
Metalli/Zug City Center site					
Baarerstrasse 20–22 (Metalli I/II, Zug Estates share)	Zug	CO	72.25	1987/1991	
Baarerstrasse 14a (Metalli III)	Zug	SO	100	1995	
Industriestrasse 13a/c (Metalli IV)	Zug	SO	100	1995	
Industriestrasse 16 (leasehold) ²	Zug	LHP	100	–	
Industriestrasse 18	Zug	SO	100	1992	
Haldenstrasse 12–16 (Haldenhof)	Zug	SO	100	2009	
Residential development Haldenstrasse/Metallstrasse	Zug	SO	100	1910–1991	1986–1989
Total Metalli/Zug City Center site					
Suurstoffi site					
Suurstoffi 5, 9, 13–17	Risch Rotkreuz	SO	100	2011/2012	
Suurstoffi 19–35	Risch Rotkreuz	SO	100	2014/2015	
Suurstoffi 7, 11 (Alte Suurstoffi)	Risch Rotkreuz	SO	100	ca. 1926	2012
Suurstoffi 8–12 (construction site 5, buildings A+B)	Risch Rotkreuz	SO	100	2013	
Suurstoffi 14 (construction site 5, building C)	Risch Rotkreuz	SO	100	2013	
Suurstoffi 41	Risch Rotkreuz	SO	100	2014	
Total Suurstoffi site					
Other					
Hofstrasse 1a/b	Zug	SO	100	1971	
Rote Trotte 14–16	Baar	C	100	2007	
Total other					
Total investment properties (excl. properties under construction)					
Investment properties under construction					
Suurstoffi 16–20	Risch Rotkreuz	SO	100	2016/2017	
Suurstoffi Rotkreuz campus of HSLU	Risch Rotkreuz	SO	100		
Total investment properties under construction					
Undeveloped plots					
Suurstoffi site	Risch Rotkreuz	SO	100		
Total undeveloped plots					
Total real estate portfolio³					
Operating properties ^{3,4}	Zug	SO/C	100		
Total portfolio					

¹ SO: sole ownership; LHP: leasehold plot; CO: co-ownership; C: condominium

² Zug Estates AG is the ground lessor

³ Information on floor space and number of parking spaces excludes properties under construction

⁴ The following properties located in Zug served completely or partly as operating properties: Industriestrasse 14 (Parkhotel Zug), Industriestrasse 16 (Résidence), Metallstrasse 20 (Hotel City Garden), Haldenstrasse 9, 10, 11 (serviced city apartments), Baarerstrasse 30 (Restaurant Bären) and Industriestrasse 12 (Zug Estates offices)

Plot area m ²	Residential m ²	Office m ²	Retail m ²	Hotel/catering m ²	Storage m ²	Miscellaneous m ²	Total rentable area m ²	Total no. of parking spaces
16 419	8 130	12 169	17 886	862	4 520	762	44 329	519
4 843	270	5 375	2 916	149	3 618	8	12 336	121
2 155	1 965	1 634	381	461	708	0	5 149	93
3 200	-	-	-	-	-	-	-	-
1 637	0	1 713	0	0	360	0	2 073	30
3 615	3 148	0	0	0	0	59	3 207	54
13 589	8 222	0	0	0	11	38	8 271	68
45 343	21 735	20 891	21 183	1 472	9 217	867	75 365	885
15 503	11 336	0	0	0	0	19	11 355	245
12 417	10 278	0	0	0	35	0	10 313	399
2 680	0	0	0	0	0	520	520	0
15 237	10 095	86	0	0	294	3 742	14 217	312
8 359	0	8 527	0	0	621	0	9 148	37
3 496	0	5 988	0	0	489	0	6 477	65
57 692	31 709	14 601	0	0	1 439	4 281	52 030	1 058
2 806	503	698	0	0	33	0	1 234	29
1 687	416	0	0	0	0	31	447	6
4 493	919	698	0	0	33	31	1 681	35
107 528	54 363	36 190	21 183	1 472	10 689	5 179	129 076	1 978
14 098	13 275	9 282	0	0	0	667	23 224	167
8 491	-	-	-	-	-	-	-	-
22 589	13 275	9 282	0	0	0	667	23 224	167
25 060	-	-	-	-	-	-	-	-
25 060	-	-	-	-	-	-	-	-
155 177	54 363	36 190	21 183	1 472	10 689	5 179	129 076	1 978
12 871	1 879	873	0	13 002	277	0	16 031	178
168 048	56 242	37 063	21 183	14 474	10 966	5 179	145 107	2 156

Additional information

	Book value 31.12.2015	Book value 31.12.2014	Projected rental revenue 31.12.2015	Projected rental revenue 31.12.2014	Vacancy rate 31.12.2015	Vacancy rate 31.12.2014
in CHF thousands or %						
Metalli/Zug City Center site, Zug	665 797	621 948	28 598	28 873	1.8	1.6
Suurstoffi site, Risch Rotkreuz	334 573	255 738	15 348	12 654	12.3	11.5
Other	13 146	22 590	539	1 432	0.6	0.5
Investment properties	1 013 516	900 276	44 485	42 959	5.4	4.4
Investment properties under construction	57 723	94 771	–	–	–	–
Undeveloped plots	4 008	9 269				
Total real estate portfolio	1 075 247	1 004 316	44 485	42 959	5.4	4.4
Operating properties ¹	38 008	39 090	–	–	–	–
Total portfolio	1 113 255	1 043 406	–	–	–	–

¹ Wüest & Partner AG estimated the fair value as at December 31, 2015 at TCHF 113 693 (previous year: TCHF 106 724).

Additional information on Suurstoffi development project, Risch Rotkreuz

Project description

A mixed-use development with approx. 150 000 m² GFA is to be built in several phases on the Suurstoffi site (approx. 100 000 m²) near Rotkreuz railway station. The development will, essentially, become part of the Group portfolio.

The first two construction phases have been completed, with some 19 000 m² of commercial space and 400 apartments built and handed over to users.

Project status

Work on the third phase in the eastern part of the Suurstoffi site commenced on schedule in fall 2015. With a planned investment volume of approx. CHF 110 million, 152 rental apartments and 52 rooms for students of Lucerne University of Applied Sciences and Arts (HSLU) will be built, in addition to some 9 000 m² of commercial space. Some 38% of the commercial space has been leased to the market research company GfK, which will have a presence on the Suurstoffi site with about 200 employees from fall 2017 onward.

Occupancy level by floor area (commercial units) or number (residential units)	31.12.2015	31.12.2014
Suurstoffi 16–20		
Residential	0%	–
Commercial	38%	–

Completion

Suurstoffi 16–20	Autumn 2017
------------------	-------------

Valuation report of the independent real estate expert

Commission

Acting on behalf of Zug Estates Holding AG for purposes of accounting as of the balance sheet date of December 31, 2015, Wüest & Partner AG (Wüest & Partner) valued the properties and sections of properties held by the Zug Estates Group. 15 investment properties, three properties under construction and six operating properties were valued.

Valuation standards

Wüest & Partner hereby confirms that the valuations were performed in accordance with national and international standards and guidelines. The property values determined correspond to the current value (market value) as described in Swiss GAAP ARR 18, item 14.

Definition of market value

«Market value» is defined as the amount for which a property would most probably be exchanged on the open market on the valuation date between two independent and knowledgeable parties, willing to buy and sell respectively, with due allowance made for a reasonable marketing period.

Property transfer tax, property gains taxes, value added tax and other costs and commission fees that would be incurred if the property were sold are not included. Nor is any account taken of the Zug Estates Group's liabilities in respect of taxation (apart from ordinary property taxes) and financing costs.

Valuation method

In valuing Zug Estates Group Properties, Wüest & Partner applied the discounted cash flow (DCF) method, by which the market value of a property is determined as the total of all projected future (100 years) net earnings discounted to the valuation date. Net income is discounted separately for each property with due allowance for specific opportunities and threats, and adjustment in line with market conditions and risks.

The properties under construction were also valued using the DCF method by means of reverse calculation (residual value method), inferring the project value on the balance sheet date in three steps:

- Valuation of the property at the time of completion – taking account of the current occupancy/sales rate and the market and cost estimate on the balance sheet date;
- Calculation of the market value on the balance sheet date, taking account of the projected investments still to be undertaken;
- Estimate of the development risk according to the current project status and treatment as a separate cash flow of a cost position.

Basis of valuation

Wüest & Partner is familiar with all the properties, having carried out inspections and examined the documentation provided. The properties have been analysed in detail in terms of their quality and risk profiles (attractiveness and lettable of rented premises, construction type and condition, micro- and macro-location etc.). Currently vacant premises are valued with due allowance made for a reasonable marketing period.

The value of the properties under construction could be reliably estimated. Sufficient documentation, such as construction permits, cost estimates, project plans, rent rolls/breakdowns of apartments, was available as a basis for such estimates.

Five investment properties, five operating properties as well as three properties under construction were inspected in connection with the valuation as of the balance sheet date of December 31, 2015.

Results

As of December 31, 2015, Wüest & Partner determined the market value of the total of 24 properties. These break down into 15 investment properties, three properties under construction and six operating properties. The market value (current value) of the properties as of the balance sheet date is assessed as follows:

– 15 Investment properties	CHF 1 013 515 775.00
– 3 Property under construction	CHF 31 018 000.00
– 6 Operating properties	CHF 113 693 000.00
– Total	CHF 1 158 226 775.00

Changes during reporting period

Within the review period from January 1, 2015 to December 31, 2015 the following changes took place:

- Property Industriestrasse 8, Oberentfelden AG: Sale of property;
- Property Rote Trotte 14, 16, Baar ZG: Sale of one apartment, two parking spots and one craft room;
- Property Suurstoffi 3–17 (construction site 2), Risch (Rotkreuz) ZG: Sale of building house number 3.

Independence and confidentiality

Wüest & Partner performed the valuation of Zug Estates Group real estate properties independently and neutrally in conformity with its business policies. It was carried out solely for those purposes specified above; Wüest & Partner shall accept no liability in respect of third parties.

Zurich, February 5, 2016
Wüest & Partner AG

Marco Feusi MRICS Silvana Dardikman
Partner Manager

Investment properties and operating properties

Valuation of the investment properties is based on the following key assumptions:

- Surface areas: The lettable areas were factored into the valuations on the basis of the rent rolls of the Zug Estates Group and verbal information provided by the Zug Estates Group. Discrepancies between this information and the property plans were verified with the Zug Estates Group.
- Rent rolls: The rent rolls as of January 1, 2016, on which the valuation was based, were received by Wüest & Partner in November 2015.
- Calculation model: The DCF model adopted is a one-period model. The valuation period extends for 100 years from the valuation date with an implicit residual value during the eleventh period. Exceptions are possible in the case of leasehold properties with a corresponding reversion scenario.
- Discounting: Discounting is based on a risk-adjusted interest rate. The applicable rate is determined separately for each property. Risk-free interest rate + property risk (immobility of capital) + premium for macro-location + premium for micro-location depending on use + premium for property quality and income risk + any other specific premiums. The discount rates of the property portfolio of Zug Estates Holding AG range from 3.20% to 4.70% (net real terms).
- Increased costs: Unless otherwise specified, the valuations assume an annual inflation rate of 1.00% for both income and expenses. When considered in nominal terms, the discount rate is adjusted accordingly. The cash flow trend and the discounting applied are presented in real terms.
- Indexing of rental contracts: Specific indexation of existing rental contracts is taken into account. 80% indexing (Swiss average) is assumed after contract expiry, with contracts adjusted to market rates every three to five years, depending on occupancy.
- Tenant risks: The valuation makes no explicit allowance for credit risks posed by any of the tenants.
- Scheduling of payment flows: In the case of existing rental contracts, individual payments are scheduled according to the contractually defined arrangements. After expiry of the contracts, cash flows are factored in quarterly in advance for commercial tenancies and monthly in advance for residential tenancies.
- Recoverability of ancillary costs: For the running costs, completely separate service charge accounts were assumed, with all tenancy-related ancillary costs passed on to tenants.
- Maintenance costs: Maintenance (repair and upkeep) costs were calculated using the building analysis tool. Based on an analysis of the condition and remaining lifespan of the various building elements and components, the software models periodic refurbishments and calculates the associated annual reserves for maintenance costs. The results

were plausibility-tested using comparables and benchmarks derived from Wüest & Partner surveys. The calculation factors in 100% of repair costs in the first 10 years and 60% to 80% (individual recoverable share) from year 11 onwards, in line with the assumed value-preserving investments.

Properties under construction

Wüest & Partner also determined the current value (market value) of the properties under construction. These valuations are based on the following assumptions:

- Partial plots: Where appropriate, the Zug Estates Group divides the properties into partial plots. For reasons of transparency, this subdivision is taken over by Wüest & Partner in the valuations.
- Project development strategy: Where deemed plausible by Wüest & Partner, the strategy in relation to project development/promotion (e. g. sale vs. letting) has been taken over from the Zug Estates Group.
- Background data: The background data of the Zug Estates Group are verified and adjusted where appropriate (e. g. utilization, lettable areas, schedule/development process, rental/absorption).
- Impartial view: The valuations are subjected to an impartial assessment of income, costs and investment returns.
- Design-and-build or general service contracts: With regard to the service contracts of general and design-and-build contractors, it is assumed that construction costs have been secured.
- Services provided by project developers: The construction costs include the services of the Zug Estates Group as the developer's representative and the project developer.
- Sale costs: In the case of sections of properties earmarked for sale (e. g. condominiums), costs of sale have been taken into account in the valuations.
- Preparatory work: Where known, preparatory work is taken into account in construction costs (e. g. remediation of legacy contamination, demolition work, infrastructure).
- Incidental costs: Construction costs include the usual incidental costs such as construction finance, but exclude financing of the plot of land. These costs are implicitly included in the DCF model.
- Services provided to date: Where known, value-relevant services provided to date by third parties or by the Zug Estates Group in the form of investments made are taken into account.
- VAT opt-in: It is assumed that the income from the planned commercial properties is subject to VAT. The construction costs are therefore presented exclusive of VAT.
- Deferred taxes: The valuations do not include any deferred taxes.

Sustainability

The commitment of Zug Estates to sustainable development is an integral part of its corporate strategy. The company, with a strong base in the Zug region, set key priorities in 2015 with its zero-zero vision and high-quality external landscaping concept.

Zug Estates published an independent sustainability report for the first time in 2015. The report focused on the following issues: first, the zero-zero strategy with which Zug Estates pursues the medium-term aim of becoming the first listed real estate company with a zero-carbon portfolio; second, external landscape design that targets high amenity while complementing and extending the use of buildings; and third, the commitment of a company with strong local roots to the interests of society, clients, investors and partners. The activities in these areas are briefly outlined below. The full report is available at www.zugestates.ch.

Zero-zero

In the medium term, Zug Estates seeks to operate its entire portfolio with renewable energy and without CO₂ emissions. The centerpiece of this strategy is the Suurstoffi site in Risch Rotkreuz, where Zug Estates has single-mindedly pursued this vision ever since the project launch in 2010. The Suurstoffi district already meets most of the demands and is becoming increasingly energy-efficient with each new development step. Yet, the zero-zero vision also drives optimizations to the existing portfolio: Zug Estates is examining various options and solutions that will pave the way for near-carbon-free operation of the Zug City Center site.

Since 2012, the Zug Estates Group has published key figures on the development of primary energy consumption and green-

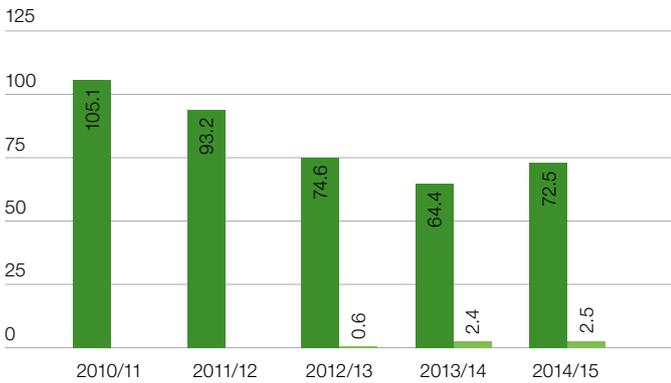
house gas emissions for its own real estate portfolio. Each set of data is analyzed by the Center for Interdisciplinary Building Technology of Lucerne University of Applied Sciences (HSLU). The redefined measurement period now runs from April 1 to March 31. The previous year's values have been adjusted accordingly. Non-renewable primary energy consumption and CO₂ emissions are predicted to fall steadily in the periods between 2016 and 2020 as various new efficiency measures take effect.

Commitment

Inspired by its strong roots in the city of Zug and surrounding region, Zug Estates has adopted a long-term investment horizon in respect of the Metalli/Zug City Center and Suurstoffi sites. Here, the needs of clients, investors and partners enjoy top priority. Users at both sites are provided with ideal conditions, with public and private transport links playing a pivotal role. To further improve access, a mobility management scheme – including a parking guidance system and car sharing service – is currently being implemented at the two locations. Neighborhood services are another key offering: these range from childcare and apartment cleaning to outpatient care (Spitex). Its broad-based sustainability strategy makes Zug Estates an interesting long-term investment for shareholders. The company also offers attractive working conditions and professional development opportunities for its staff, and provides 10 to 12 trainee positions each year.

Primary energy consumption for heating and hot-water production

kWh/m² rental space (adjusted for heating degree days)

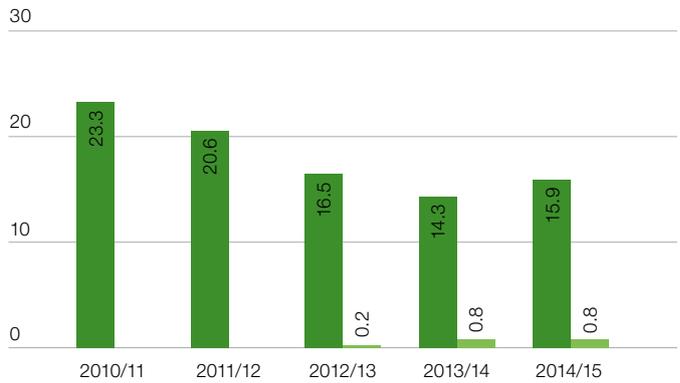


All properties
Suurstoffi site

Primary energy consumption (non-renewable) for heating and hot-water production. Due to the small share of non-renewable energies in the electricity mix of WWZ, the balance for the Suurstoffi site is much more favorable than for properties heated with fossil fuels.

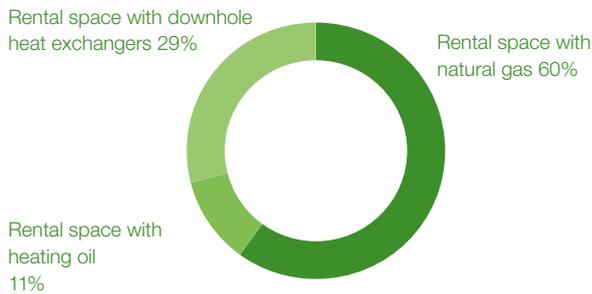
CO₂ equivalents for heating and hot-water production

kg CO₂/m² rental space (adjusted for heating degree days)

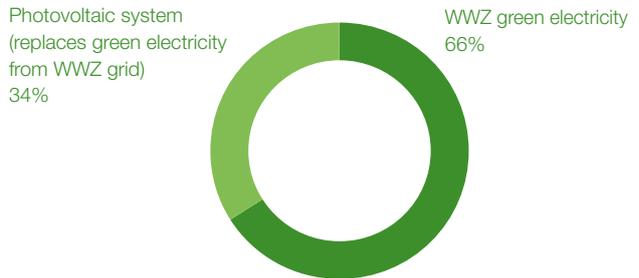


All properties
Suurstoffi site

Space broken down by energy source for heating and hot-water production (2015)

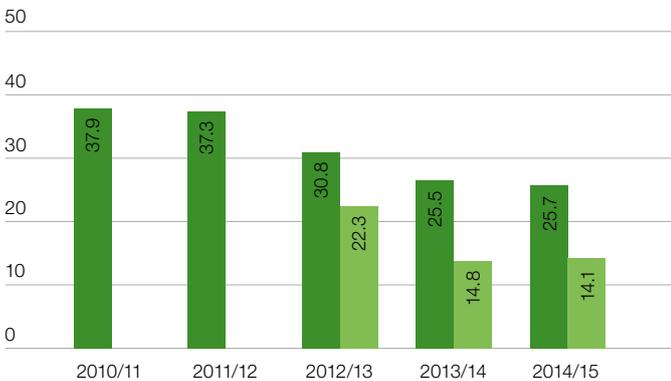


Operating current for heating and hot-water production at Suurstoffi site (2015)



Final energy consumption electricity (common area ¹)

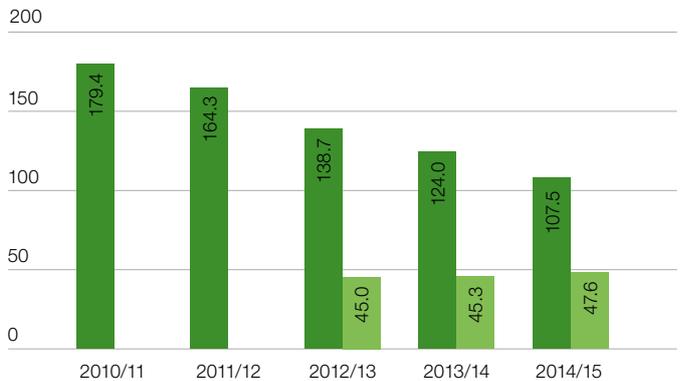
kWh/m² rental space



All properties
Suurstoffi site

Final energy consumption electricity (incl. tenants)

kWh/m² rental space



All properties
Suurstoffi site

¹ Without operating current for heating and hot-water production at Suurstoffi site

Open spaces



Open spaces

The creation of a vibrant neighborhood of lasting value depends just as much on the quality of the «unbuilt environment», i. e. outdoor spaces, as on well-designed buildings. This point is amply illustrated by the Suurstoffi and Metalli sites, where Zug Estates has made rewarding investments in landscape design. Despite their differences in character – Metalli is an urban quarter with a broad public appeal, while Suurstoffi is dominated by its garden landscape – both sites strike a balance between clear-cut, carefully modeled design and multifunctional open spaces.



**A place to shop and stroll
– but also to sit down, chat
and pause for a moment.**

«This was quite different in the past, when the main squares of every city, as a key hub of public life, were a necessity of life of the first order – unlike today where this role is played by enclosed spaces, not open squares.» This was the criticism leveled by urban design theoretician Camillo Sitte in 1889, in the introduction to his *City Planning According to Artistic Principles*, at a style of urban planning based solely on economic and technical criteria, in which the design of squares and open spaces is subordinated to that of buildings. This statement still applies today, particularly with a view to sustainable comprehensive development: any attempt to create districts that offer a high and lasting quality of life needs to fashion the external areas every bit as carefully as the structures that surround them. Moreover, high-quality, versatile outdoor spaces are an important prerequisite for the emergence of lively neighborhoods. Indeed, the growing focus on densification and inner urban development heightens the need for external spaces that cater for a wide variety of uses and ancillary functions.

Greening the city

Various factors determine the quality of spaces between buildings: their ability to meet the diverse needs of users, foster social interaction and act as urban open areas while still offering security. Ultimately, it is also a question of formal treatment, the precise and careful definition of the transitions between indoors and outdoors, and the near-ground-floor uses. At the same time, external spaces should add ecological value by providing structures and habitats for a wide range of flora and fauna. A further aspect relates to urban greening or the creation of «green city spaces», as Sitte called them in the fourth and expanded edition of his standard work. Translated into the language of Zug Estates, this means developing a greening concept that is geared to the maximization of biodiversity at the heart of the urban realm, across all the seasons, and which also mixes forms of vegetation; for example, large solitary trees as well as park-like green spaces, low hedges or small wooded areas. The resulting landscape offers high amenity and complements building use while also leaving room for indeterminate open spaces. Lars Ruge, Member of the Board at landscape consultants Vogt Landschaftsarchitekten, describes the external design concept for the Suurstoffi site in terms of a square in the British tradition. This five-hectare public space offers play facilities for children, trees to climb, shrubs with pickable berries and a playing field, and is open to the entire neighborhood – local residents, students, schoolchildren and employees of the local companies – throughout the day, in the evenings and at the weekend.

The will to design

As with sophisticated, sustainable building projects, the realization of landscaping concepts such as this depends on the readiness of owners and developers to pursue these visions with absolute commitment over a longer period of time. This is also illustrated by the second site, the Metalli, located at the heart of the city of Zug, which Zug Estates has developed continuously for more than 30 years. Here, the remodeling scheme has successfully created attractive plazas, thoroughfares and alcoves through the provision of roofed areas, seating and a new traffic management system. The urban site, within walking distance of Zug railway station, has now become a place for pedestrians to linger and relax. This evolution has, in turn, prompted the expansion of public groundfloor facilities, with new shops and restaurants. These planned investments in the design of the public realm, the diversity of offerings and use of external spaces, at various levels, are part of a long-term and far-sighted plan to develop and create a distinct identity for a piece of the urban environment within the city of Zug.

Sheltered, though still outdoors – the Metalli quarter is an integral part of the city, combining extensive facilities with high amenity.





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 December 31, 2015, or to the year under review (2015) respectively, unless stated otherwise. No essential changes occurred between December 31, 2015 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.

1. Group structure and shareholders

1.1 Group structure



The list of consolidated companies can be found in the financial report on page 52.

1.2 Significant shareholders

All the 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 62 (see «Significant shareholders»). Further information about the

significant shareholders is also published on the website of the Disclosure Office of SIX Swiss Exchange at www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html.

Heinz and Elisabeth Buhofer as well as Heinz M. Buhofer own a total of 66.0% of the voting rights together with the Buhofer Trust II, a fixed-interest trust according to the law of Liechtenstein. Via this trust, Zug Estates Holding AG is also indirectly owned by additional persons (see «Significant shareholders» on page 62, footnote 1). In accordance with a shareholder pooling agreement between the members of the Stöckli group, the members of the group coordinate the exercising of their voting rights. The agreement also contains provisions on the limitation of transferability. The pool owns a total of 15.8% of the voting rights.

Other than this, there are no mutual agreements between shareholders who are subject to registration.

Disclosures pursuant to article 20 of the Swiss Stock Exchange Act (SESTA) were made on February 22, 2015, to the effect that the holdings of Ursula Stöckli-Rubli have fallen below the 3% reporting threshold in consequence of the contractual annulment of beneficiary rights, and on February 25, 2015, to the effect that the holdings of the Stöckli group total 15.8% in consequence of the shareholder pooling agreement.

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 60 (see «Shares issued»).

2.2 Authorized and conditional capital

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

2.3 Changes in capital

Information on the changes in capital in the reporting period is listed in the financial report on page 51 (see «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 60 (see «Shares issued»). Series A (privileged voting shares, par value CHF 2.50) registered shares are not listed. Series B (ordinary shares, par value CHF 25.00) registered shares 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 registrations

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

An entry is made in the share register:

- if, according to the information available to the company, recognition of 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 on 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 in the share register as entitled to vote, provided that such persons have entered into an agreement with the board of directors concerning their status and are subject to a recognized bank or financial market supervision.

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 ward off buyers who operate a business that competes with the purpose of the company, who have a 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 registered shareholders. Spouses and descendants of the current circle of shareholders must, as a rule, be admitted;
- to acquire or to hold shares on behalf of third parties or in the interests of third parties.

Approval can 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.

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 appointed	End of term
Hannes Wüest , CH, 1946 Chairman of the board of directors (non-executive ¹) Chairman of the Strategy and Investment Committee	2012	2016
Heinz M. Buhofer , CH, 1956 Member of the board of directors (non-executive) Chairman of the Nomination and Compensation Committee	2012	2016
Prof. Dr. Annelies Häcki Buhofer , CH, 1954 Member of the board of directors (non-executive) Member of the Hotel and Audit Committee	2012	2016
Armin Meier , CH, 1958 Member of the board of directors (non-executive) Chairman of the Hotel Committee	2013	2016
Dr. Beat Schwab , CH, 1966 Member of the board of directors (non-executive)	2014	2016
Heinz Stübi , CH, 1954 Member of the board of directors (non-executive) Chairman of the Audit Committee	2012	2016
Martin Wipfli , CH, 1963 Member of the board of directors (non-executive) Member of the Strategy and Investment Committee as well as the Nomination and Compensation Committee	2012	2016

¹ Hannes Wüest bore operational responsibility in his capacity as delegate to the board of directors of MZ-Immobilien AG until June 2012

3.2 Other activities and vested interests

Hannes Wüest

Education Master of cultural engineering, Swiss Federal Institute of Technology (ETH), Zurich

Professional background Founder and managing director of Wüest & Partner AG, Zurich, 1985–2006

Previous activities for the Zug Estates Group Member of the board of directors of MZ-Immobilien AG, 2007–2012 (Delegate to the board of directors, 2009–2012)

Activities on governing and supervisory bodies None

Heinz M. Buhofer

Education Master of economics (lic. oec.), University of St. Gallen

Professional background Managing director of Metall Zug AG, Zug, 2002–2008

Previous activities for the Zug Estates Group Member of the board of directors of MZ-Immobilien AG, 1999–2012 (chairman 2000–2007 and 2009–2012); various operational functions at MZ-Immobilien AG, 1984–1997

Activities on governing and supervisory bodies Chairman of the board of directors of Metall Zug AG, Zug; vice-chairman of the board of directors of Wasserwerke Zug AG, Zug

Prof. Dr. Annelies Häcki Buhofer

Education PhD, 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 Chairman of the board of directors of BURU Holding AG, Cham, and Holmia Holding AG, Zug; role in management bodies of national and international professional associations; member of the Research Council of the Swiss National Science Foundation



Board of directors, left to right:

Armin Meier, Heinz M. Buhofer, Heinz Stübi, Prof. Dr. Annelies Häcki Buhofer, Martin Wipfli, Dr. Beat Schwab and Hannes Wüest

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 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 Atraxis AG, Zurich, 1998–2002; CEO 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 Member of the board of directors of KIBAG HOLDING AG, Zurich, and directorships at other unlisted companies

Dr. Beat Schwab

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

Professional background Head Real Estate Investment Management Switzerland of Credit Suisse AG, since 2012; 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 banking

Previous activities for the Zug Estates Group None

Activities on governing and supervisory bodies Member of the board of directors of Wincasa AG, various mandates at Credit Suisse AG and related companies/organizations

Heinz Stübi

Education Master of economics (lic. oec.), University of St. Gallen, chartered accountant

Professional background Independent entrepreneur, since 2006; deputy CFO, CIO and Head of Operations Latin America of the Bosch Packaging Division, Sigpack International AG, Neuhausen, 2004–2005; CFO SIG Pack Division, SIG Holding AG, Neuhausen, 2000–2004; Head of Finance and Administration Saurer Stickssysteme AG, Arbon, 1993–2000; various positions within Finance unit at Roche Group, Basel, 1980–1993

Previous activities for the Zug Estates Group None

Activities on governing and supervisory bodies Vice-chairman of the board of directors of Thurella AG, Egnach; member of the board of directors of 4B Holding AG, 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, and nebag ag, Zurich; member of the board of directors of Metall Zug AG, Zug, and directorships at other unlisted companies

3.3 Additional mandates

A member of the board of directors may hold no more than four additional mandates in listed companies and no more than 20 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 obliged 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 association in the 2015 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 organizational structure

In the year under review, the board of directors held four official meetings, which were also attended by the members of Group Management. These meetings typically last half a day. 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 mem-

ber of Group Management is entitled to request that a meeting be convened, specifying the meeting's purpose. Ten days before a meeting of the board of directors, the members of the board of directors will 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 four committees: the Strategy and Investment Committee, the Hotel Committee, the Nomination and Compensation Committee, and the Audit Committee.

Strategy and Investment Committee

The Strategy and Investment Committee drafts company strategy for the attention of the board of directors and steers the investment process. The committee receives investment proposals for preliminary evaluation and makes recommendations to the board of directors. It also initiates the implementation of approved projects depending on the marketing situation and monitors the execution of these transactions. The Strategy and Investment Committee usually meets once a month. In the year under review, 12 meetings were held, each lasting approximately three hours. The committee consists of Hannes Wüest (chairman) and Martin Wipfli. The Group Management also participates in the discussions.

Hotel Committee

The Hotel Committee assists the Group board of directors in managing the hotel & catering business unit in that the board of directors of the hotel company reports directly to the committee. The Hotel Committee works with the board of directors and management of the hotel company to formulate the strategy of the hotel & catering business unit. The Hotel Committee usually meets four times a year. In the year under review, four meetings were held, each lasting three hours. Armin Meier (chairman) and Annelies Häcki Buhofer serve on the committee. The Group Management also participates in the discussions.

Nomination and Compensation Committee

The Nomination and Compensation Committee develops and reviews the principles of the company's corporate governance. It regularly reviews the composition and size of the board of directors and its committees and the boards of the subsidiaries, and Group Management, and proposes suitable candidates for the various managing bodies to the board of directors. The

committee also drafts, for the attention of the board of directors, the proposal to be submitted to the general meeting of shareholders regarding the amount of the total compensation and the additional compensation to be paid to the members of the board of directors and Group Management, as well as the compensation report. In keeping with the level of compensation approved by the general meeting of shareholders, the committee submits to the board of directors proposals regarding the remuneration of the board of directors and Management, and scrutinizes and reviews the targets and principles of the staffing policy on behalf of the board of directors. Furthermore, it reviews the assessments put forward by the CEO in respect of members of the Management and monitors staff development and staff succession planning, along with the relevant development measures. The Nomination and Compensation Committee usually meets three times a year. In the year under review, three meetings were held, each lasting approximately two hours. Heinz M. Buhofer (Chairman) and Martin Wipfli serve on the Nomination and Compensation Committee. The CEO also participates in the discussions, except when his employment contract or remuneration are being discussed.

Audit Committee

The Audit Committee assists the board of directors in fulfilling its supervisory responsibility by reviewing the financial information provided to shareholders and third parties, the internal control systems and the auditing process. It makes an independent assessment of the quality of the annual financial statements, including the appraisal reports of estimated market values, and discusses these with Group Management and the auditors. The Audit Committee makes a proposal to the board of directors on whether the financial statements may be recommended for submission to the general meeting of shareholders. In addition, it specifies the plan and scope of the work conducted by the auditors, evaluates the auditors' performance and remuneration, ensures that the auditors are independent, and checks that the auditing is compatible with any other advisory mandates. The Audit Committee also assesses the efficiency of the internal control system with due consideration of risk management and evaluates compliance with laws, regulations, and accounting standards, as well as adherence to internal rules and directives. The Audit Committee usually meets quarterly. In the year under review, six meetings were held, each

lasting three hours. Heinz Stübi (chairman) and Annelies Häcki Buhofer 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 organizational regulations regarding the distribution of areas of responsibility between Group Management and the board of directors. These can be found at www.zugestates.ch. In principle, 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, which involves risk identification, risk analysis, risk management and risk reporting. Risks are identified in the categories of environment, strategy, reputation, finance, IT/infrastructure, personnel/management/organization, products/services and processes, 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

	since
Tobias Achermann , CH, 1971, CEO	2014
Gabriela Theus , CH, 1973, CFO	2012

4.2 Other activities and vested interests

Tobias Achermann – CEO

Education Executive MBA, University of Applied Sciences HTW Chur; MAS Real Estate Management, Lucerne University of Applied Sciences and Arts; Swiss Federally Certified Real Estate Trustee

Professional background Managing Director of Clair AG, Cham, 2008–2014; Head of Real Estate, Arthur Waser Group, Lucerne, 2004–2008; Head Real Estate Accounting, BDO Visura, Aarau, 2001–2004; Department Head, Swiss Association of Home Owners Aargau, Baden, 1993–2001

Activities on governing and supervisory bodies None

Gabriela Theus – CFO

Education Master of economics (lic. oec.), University of St. Gallen; Corporate Real Estate Manager (ebs), European Business School

Professional background Director of Finance and Portfolio Management (member of senior management), MZ-Immobilien AG, 2010–2012; project leader for real estate transactions and valuation mandates (Vice President), Sal. Oppenheim jr. & Cie. Corporate Finance (Switzerland) AG, 2005-2010; Senior Associate Real Estate, Ernst & Young AG, 2002-2005

Activities on governing and supervisory bodies 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 members of Group Management did not hold any additional mandates in the 2015 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 41 to 44.

6. Shareholders' participation

6.1 Voting rights restrictions and representation of voting rights

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.

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 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 Inscriptions into the share register

Registered shareholders who on the day when the invitation to the general meeting of shareholders is published in the Swiss Official Gazette of Commerce (SOGC) – i. e. usually about 20 days before the date of the meeting – are listed in the share register as shareholders entitled to vote 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.

7. Changes of control and defense measures

7.1 Duty to make an offer

The duty to make a public offer to purchase according to articles 32 and 52 of the Swiss Stock Exchange Act (SESTA) is waived pursuant to article 53 SESTA («opting out»).

7.2 Clauses on changes of control

In the event of a change of control, Zug Estates Holding AG is not obliged 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 2013.

8.2 Auditing fees

In the reporting period, Ernst & Young AG, Zug, invoiced Zug Estates Holding AG or the Zug Estates Group TCHF 109 (previous year: TCHF 94) for services in connection with the auditing of the annual financial statements of Zug Estates Holding AG and its subsidiaries and the consolidated financial statements of the Zug Estates Group.

8.3 Additional fees

Ernst & Young AG received TCHF 16 additional fees in connection with accounting issues (previous year: TCHF 33 for clarification of various accounting issues).

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 and 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 official medium of publication is the Swiss Official Gazette of Commerce (SOGC). Media releases are issued if an important event occurs. The Zug Estates Group publishes its figures twice a year in the half-yearly report and the annual report. The current media releases, important dates and general information about Zug Estates Holding AG or the Zug Estates Group can be viewed at www.zugestates.ch. Ad hoc releases can be subscribed at <http://www.zugestates.ch/en/home/main/investor-relations/ad-hoc-publicity>. Published ad hoc and press releases can be downloaded at <http://www.zugestates.ch/en/home/main/media/press-releases>, the corporate calendar at <http://www.zugestates.ch/en/home/main/investor-relations/corporate-calendar> and the half-yearly and annual reports at <http://www.zugestates.ch/en/home/main/investor-relations/reports>. Contact details, important dates and information about the shares of Zug Estates Holding AG may also be found on pages 78 to 80 of this annual report.

Compensation report

The Zug Estate Group's compensation policy provides a suitable basis for the remuneration of employees and managers that is both performance-based and in line with the market.

The Zug Estate Group's compensation policy provides a suitable basis for the remuneration of employees and managers that is both performance-based and in line with the market. The compensation system is structured in such a way that the interests of the key employees are compatible with the interests of the Group. It is built on the following guiding principles:

- The Group's compensation system is straightforward and transparent.
- Members of the board of directors receive fixed compensation only.
- The variable compensation for members of Group Management is set at a moderate level.

On an annual basis, the general meeting of shareholders votes on whether to approve the proposal of the board of directors for the total compensation to be paid to the board of directors for the period until the next ordinary general meeting, as well as for the total compensation to be paid to Group Management for the coming financial year. The general meeting also acknowledges the compensation report by consultative vote.

The following remarks outline the principles of the compensation system and the details of the compensation received by the board of directors and Group Management for the 2015 financial year.

Board of directors

Pursuant to article 18 of the company's articles of association, members of the board of directors receive a fixed compensation in cash. They will, in principle, also be reimbursed for expenses incurred on behalf of the company, provided that any such reimbursement of further expenses is paid only in exceptional cases, and if evidenced by supporting documentation, within 60 days. No such expenses were paid in the year under review.

Acting on the proposal of the Nomination and Compensation Committee, the entire board of directors determines at its discretion, on an annual basis and within the limits of the total amount, the amount of the fixed cash compensation to be paid to the individual members for the period from the next ordinary general meeting of shareholders to the following ordinary general meeting. The total amount is submitted to the general meeting for approval. When determining said amount, particular consideration is given to the performance of additional functions and to work done on the committees of the board of directors (function bonus). External consultants are not engaged.

The compensation paid to the board of directors in the year under review rose by CHF 59 292 year-on-year and effectively totaled CHF 928 370 in the 2015 business year (see detailed breakdown on page 44). The general meeting of shareholders took a first vote on the compensation on April 14, 2015 and approved a total amount for the board of directors of CHF 950 000 for the period up to the general meeting of shareholders on April 12, 2016. Of this total, the sum of CHF 611 684 was paid out in the reporting year in the period from the 2015 general meeting of shareholders to December 31, 2015.

At the 2016 general meeting of shareholders, the board of directors will propose that compared to the previous financial year, a higher total amount be made available as the fixed cash compensation payable to the members of the board of directors in the period of office until the next ordinary general meeting of shareholders.

Group Management

Pursuant to article 18 of the company's articles of association, the compensation paid to members of Group Management comprises a fixed cash compensation, a performance-based compensation in cash, and a reimbursement of expenses in accordance with the expenses regulations approved by the cantonal tax authorities.

The fixed cash compensation is determined according to the actual area of responsibility, professional profile and expertise of each individual member of Group Management and the amount of work performed.

The performance-based compensation paid to Group Management is intended to ensure that the interests of Group Management, the board of directors and the shareholders correspond as closely as possible. Pursuant to article 18 of the company's articles of association, it may be equivalent to a maximum of half the fixed cash compensation.

When determining this amount, consideration is given mainly to the progress of business, as well as to individual performance, personal initiative and attainment of the agreed targets. The progress of business is evaluated in terms of economic success. This in turn is generally measured on the basis of earnings drivers – specifically, payout potential generated and earnings prospects – and other factors. Accordingly, in the year under review, not only were the factors growth and earnings taken into account, but also the criteria of quality, target conformity and communication. Acting on the proposal of the Nomination and Compensation Committee, the board of directors determines at its discretion on an annual basis the fixed cash compensation and the performance-based compensation within the limits of the total amount approved by the general meeting of shareholders.

Compensation for the Group Management totaled CHF 869 993 in the year under review, 5% less than in the previous year. On April 14, 2015, the general meeting of shareholders approved the total amount of CHF 1.2 million as the compensation payable to the Group Management for the 2016 business year. An initial comparison between approved and paid compensation will be presented in the Annual Report 2016.

At the 2016 general meeting of shareholders, the board of directors will propose that an unchanged amount of CHF 1.2 million be made available as the total compensation payable to the Group Management for the 2017 business year.

Members of Group Management are not present at meetings of the Nomination and Compensation Committee or of the board of directors dealing with employment contracts of members of Group Management and, in particular, compensation received by the latter. External consultants are not engaged.

The employment contracts of the members of Group Management stipulate a period of notice of six months.

Shareholding programs

Zug Estates Holding AG does not have any participation or option programs, and no shares, option rights or conversion rights were assigned to members of the board of directors, Group Management or associated persons.

Loans and credits

No loans or credits were granted to members of the board of directors or Group Management or associated persons, and none are outstanding.

Former members

All compensation paid to former members of the board of directors or Group Management who left the respective bodies in the 2015 financial year are shown in the compensation overview. Moreover, Zug Estates Holding AG has paid no direct or indirect compensation to former members of the board of directors or Group Management or associated persons.

No loans or credit facilities are outstanding in relation to former members or associated persons.

Compensation payments to the board of directors and Group Management

The following compensation was paid to the members of the board of directors and the Group Management in the year under review.

Compensation for the calendar year 2015 in CHF	Fixed compensation (net)	Var. compensation (net)¹	Pension contributions²	Total 2015
Hannes Wüest ³	400 000	0	48 403	448 403
Heinz M. Buhofer	64 269	0	0	64 269
Prof. Dr. Annelies Häcki Buhofer	63 333	0	9 579	72 912
Armin Meier	81 667	0	12 359	94 026
Dr. Beat Schwab	56 667	0	0	56 667
Heinz Stübi	73 333	0	11 093	84 426
Martin Wipfli	107 667	0	0	107 667
Total board of directors	846 936	0	81 434	928 370
Tobias Achermann, CEO	302 618	81 869	153 857	538 344
Total Group Management	497 552	119 794	252 647	869 993

Compensation for the calendar year 2014 in CHF	Fixed compensation (net)	Var. compensation (net)¹	Pension contributions²	Total 2014
Hannes Wüest	350 000	0	0	350 000
Heinz M. Buhofer ⁴	116 666	0	0	116 666
Prof. Dr. Annelies Häcki Buhofer	56 667	0	8 560	65 227
Dr. Hajo Leutenegger ⁵	16 667	0	1 061	17 728
Armin Meier	95 000	0	14 351	109 351
Dr. Beat Schwab ⁵	33 333	0	5 035	38 368
Heinz Stübi	66 667	0	10 071	76 738
Martin Wipfli	95 000	0	0	95 000
Total board of directors	830 000	0	39 078	869 078
Stephan Wintsch ⁵ , CEO (to July 31, 2014)	235 671	0	110 855	346 526
Tobias Achermann ⁵ , CEO (from July 1, 2014)	138 278	33 093	61 796	233 167
Total Group Management	564 281	83 120	266 543	913 944

¹ In line with the accrual principle, the variable compensation payable to the Group Management for the 2015 business year is posted in the applicable year (same method as previous year), but not paid out until April 2016, subject to approval by the ordinary general meeting of shareholders on April 12, 2016.

² Employer and employee contributions to pension schemes, health insurance, accident insurance, AHV (old age and survivors insurance), IV (invalidity insurance), EO (compensation for loss of earnings) and ALV (unemployment insurance); members of the board of directors receive AHV, IV, EO and ALV contributions only.

³ In addition, social security contributions of CHF 40 276 were incurred in respect of 2013 and 2014.

⁴ Heinz M. Buhofer was chairman of the board of directors until the 2014 general meeting of shareholders.

⁵ Compensation for members of the board of directors and Group Management who were appointed to or left the respective bodies in the course of 2014 is drawn pro rata (Dr. Beat Schwab for eight months from April 11, 2014, Tobias Achermann for six months from July 1, 2014, Dr. Hajo Leutenegger for four months until April 11, 2014 and Stephan Wintsch for seven months until July 31, 2014). The largest amount paid to a member of Group Management in 2014 was received by Stephan Wintsch. Compensation paid to the CEO, Tobias Achermann, in 2014 is disclosed on a voluntary basis.

Report of the statutory auditor on the remuneration report

We have audited the remuneration report of Zug Estates Holding AG for the year ended 31 December 2015. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) on pages 43 to 44 of the remuneration report.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report for the year ended 31 December 2015 of Zug Estates Holding AG complies with Swiss law and articles 14 – 16 of the Ordinance.

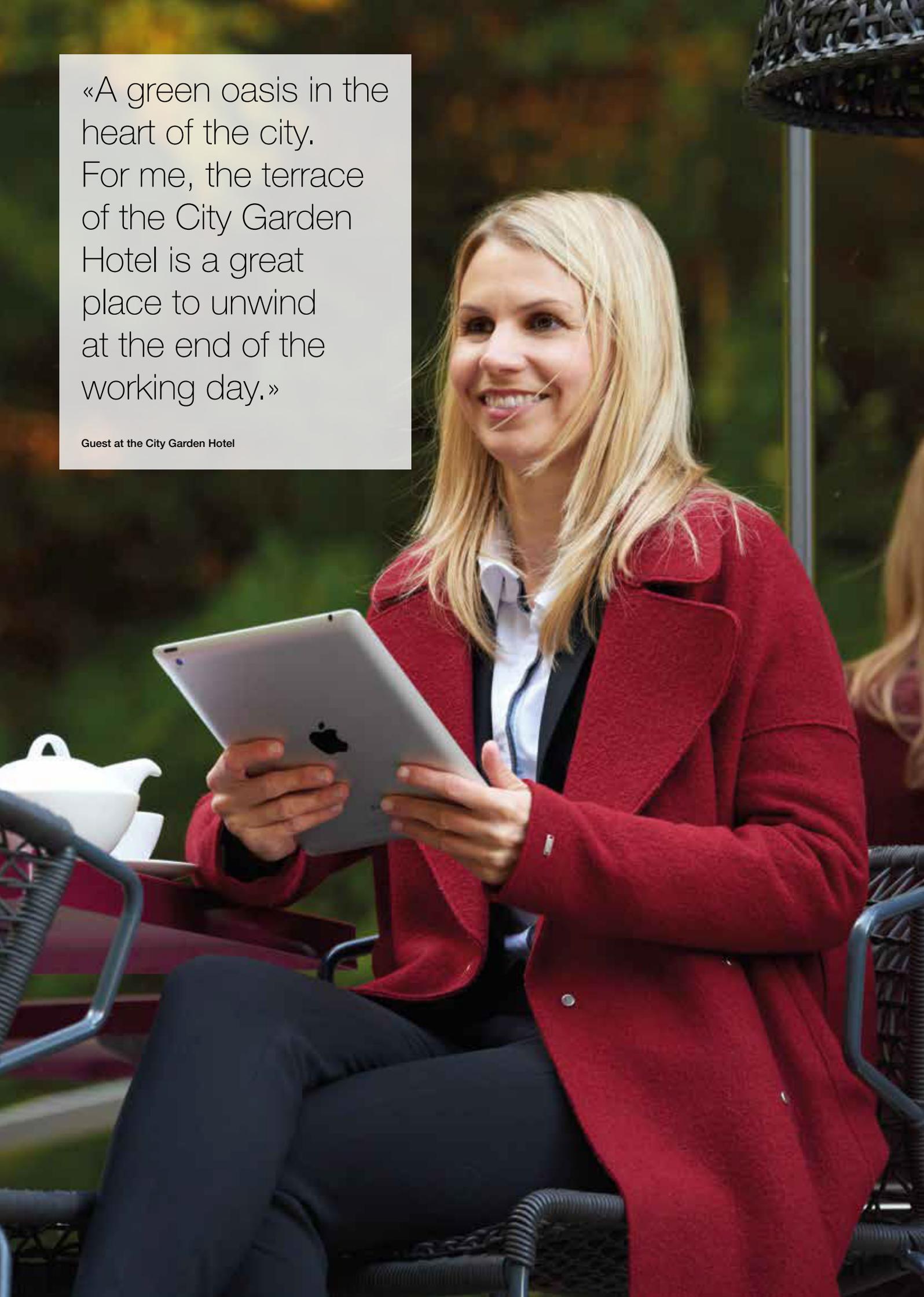
Zug, 3 March 2016
Ernst & Young Ltd

Daniel Zaugg
Licensed audit expert (Auditor in charge)

Andreas Blank
Licensed audit expert

«A green oasis in the heart of the city. For me, the terrace of the City Garden Hotel is a great place to unwind at the end of the working day.»

Guest at the City Garden Hotel



Consolidated financial statements

Consolidated balance sheet	48
Consolidated income statement	49
Cash flow statement	50
Statement of changes in equity	51
Notes to the consolidated financial statements	52
Report of the statutory auditor to the consolidated financial statements	69

Annual financial statements of Zug Estates Holding AG

Balance sheet	71
Income statement	72
Notes to the financial statements	73
Proposal for the appropriation of available earnings	76
Report of the statutory auditor on the financial statements	77

Consolidated balance sheet

Assets			
in CHF thousands	Note	31.12.2015	31.12.2014
Cash and cash equivalents		55 235	24 159
Trade receivables	1	1 680	1 953
Other receivables	2	7 297	4 838
Inventories		277	342
Properties held for sale	3	2 426	4 805
Prepaid expenses		3 044	2 242
Total current assets		69 959	38 339
Investment properties	4	1 013 516	900 276
Investment properties under construction	4	57 723	94 771
Undeveloped plots	4	4 008	9 269
Operating properties	5	38 008	39 090
Other tangible assets	6	4 571	4 904
Prepayments for tangible assets	7	178	0
Financial assets		1 543	1 414
Intangible assets	8	23	43
Total fixed assets		1 119 570	1 049 767
Total assets		1 189 529	1 088 106
Liabilities and shareholders' equity			
in CHF thousands	Note	31.12.2015	31.12.2014
Current financial liabilities	9	0	45 000
Trade payables	10	4 865	4 750
Other current liabilities		8 558	6 528
Accrued expenses		9 873	10 082
Current provisions	11	0	236
Total current liabilities		23 296	66 596
Long-term financial liabilities	9	350 000	275 000
Long-term provisions	11	38	84
Deferred tax liabilities	12	92 758	83 596
Total long-term liabilities		442 796	358 680
Total liabilities		466 092	425 276
Share capital	13	12 750	12 750
Capital reserves		534 181	543 159
Treasury shares		- 21 688	- 24 134
Retained earnings		198 194	131 055
Total shareholders' equity		723 437	662 830
Total liabilities and shareholders' equity		1 189 529	1 088 106

Consolidated income statement

in CHF thousands	Note	2015	2014
Property income	15	39 111	37 450
Hotel & catering income	16	19 754	20 555
Other operating revenue	17	4 165	4 060
Total operating revenue		63 030	62 065
Property expenses		2 055	2 495
Cost of goods purchased for hotel & catering		2 087	2 396
Personnel expenses	18	13 869	13 865
Other operating expenses	19	5 839	5 653
Total operating expenses		23 850	24 409
Operating income before depreciation and revaluation		39 180	37 656
Revaluation of investment properties (net)	4	50 477	21 314
Result from sale of investment properties		- 23	483
Operating income before depreciation (EBITDA)		89 634	59 453
Depreciation	20	3 309	3 598
Operating income (EBIT)		86 325	55 855
Financial result	21	- 7 480	- 5 349
Income before taxes (EBT)		78 845	50 506
Taxes	22	11 706	5 357
Net income		67 139	45 149
Earnings per share			
in CHF			
Earnings per series A registered share, undiluted	13	13.67	9.18
Earnings per series B registered share, undiluted	13	136.69	91.75

There are no potential dilutive effects to report. The diluted earnings per share correspond to the undiluted earnings per share.

Cash flow statement

in CHF thousands	2015	2014
Net income for the period	67 139	45 149
Depreciation	3 309	3 598
Revaluation of investment properties (net)	- 50 477	- 21 314
Result from sale of investment properties	23	- 483
Changes in provisions/deferred tax liabilities	8 318	3 296
Other non-cash items	- 1 609	- 2 368
Cash flow before changes in working capital	26 703	27 878
Change in trade receivables	275	- 117
Change in other receivables	- 2 439	380
Change in accrued income and prepaid expenses	- 783	2 298
Change in inventories	4 870	- 3 455
Change in trade payables	- 1 889	- 4 410
Change in other current liabilities	2 030	2 305
Change in accrued expenses and deferred income	- 5 476	- 6 886
Cash flow from operating activities	23 291	17 993
Investments in investment properties	- 29 139	- 81 735
Disposals of investment properties	23 883	1 900
Investments in operating properties	11	- 148
Investments in other tangible assets	- 136	- 585
Prepayments for tangible assets	- 241	- 367
Investments in intangible assets	- 15	- 19
Acquisition of subsidiary ¹	- 10 046	0
Cash flow from investing activities	- 15 683	- 80 954
Increase of current financial liabilities	0	45 000
Repayment of current financial liabilities	- 45 000	0
Increase in long-term financial liabilities	75 000	25 000
Purchase of treasury shares	0	- 14 553
Sale of treasury shares	2 543	15 993
Distribution to shareholders'	- 9 075	- 8 144
Cash flow from financing activities	23 468	63 296
Change in cash and cash equivalents	31 076	335
Composition of net cash and cash equivalents		
Net cash and cash equivalents at the beginning of reporting period	24 159	23 824
Net cash and cash equivalents at the end of reporting period	55 235	24 159
Change in cash and cash equivalents	31 076	335

In the reporting period, non-cash investments of TCHF 8 795 (previous year: TCHF 9 909) were made. In addition, treasury shares to the value of TCHF 4 679 were acquired through a non-cash exchange in prior period. No non-cash financing was effected.

¹ See information on the scope of consolidation on page 52.

Statement of changes in equity

in CHF thousands	Share capital	Capital reserve	Treasury shares	Retained earnings	Total shareholders' equity
Balance on 01.01.2014	12 750	551 014	- 20 601	85 906	629 069
Treasury shares					
- Purchase of treasury shares	-	-	- 19 232	-	- 19 232
- Sale of treasury shares	-	289	15 699	-	15 988
Distribution from the reserves from capital contributions	-	- 8 144	-	-	- 8 144
Net income	-	-	-	45 149	45 149
Balance on 31.12.2014	12 750	543 159	- 24 134	131 055	662 830
Balance on 01.01.2015	12 750	543 159	- 24 134	131 055	662 830
Treasury shares					
- Sale of treasury shares	-	97	2 446	-	2 543
Distribution from the reserves from capital contributions	-	- 9 075	-	-	- 9 075
Net income	-	-	-	67 139	67 139
Balance on 31.12.2015	12 750	534 181	- 21 688	198 194	723 437

Notes

to the consolidated financial statements

Principles

The consolidated financial statements of Zug Estates Holding AG were prepared in accordance with the Swiss GAAP FER Accounting and Reporting Regulations in their entirety as in force on December 31, 2015, and the special provisions for real estate companies (article 17 of the Directive on Financial Reporting) of the SIX Swiss Exchange and present a true and fair view of the financial position, the results of operations and the cash flows. The early application of Swiss GAAP FER 31 in the previous year led to additional disclosures under notes 14 and 23, but did not impact the results of operations and the cash flows. The business year covered by these consolidated financial statements is equivalent to the calendar year.

The board of directors approved the consolidated financial statements on March 3, 2016.

Scope of consolidation

Zug Estates Holding AG holds more than 50% of the votes and capital of all subsidiaries. The full consolidation method is therefore applied; i. e. assets and liabilities, expenses and revenue are consolidated at 100%. Any share of minority shareholders in net income and shareholders' equity is reported separately. Associated companies in which Zug Estates Holding AG holds direct or indirect participations of 20% to 50% are consolidated according to the equity accounting method. Participations below 20% are not consolidated. Real estate property is included in the consolidated financial statements on the basis of the applicable ownership share.

As at the time of acquisition, the assets and liabilities of the first-time consolidated companies or the acquired businesses are shown in the balance sheet in accordance with uniform principles. The excess of the acquisition price over the revalued net assets of the acquired company or the acquired business share is defined as goodwill. This goodwill is offset against retained earnings without affecting net income. The impact of a theoretical capitalization is presented in the notes to the consolidated financial statements. The useful life is determined at the time of the acquisition.

Changes to the scope of consolidation

Zug Estates Holding AG acquired all the shares in ZE Suurstoffi 1 AG (formerly Camenzind Grundstücke AG) effective July 1, 2015. The assets of the company essentially comprise the Birkenstrasse 6 development site in Risch Rotkreuz. ZE Suurstoffi 1 AG has been fully consolidated since July 1, 2015 and had the following assets and liabilities at the time of initial consolidation:

in CHF thousands	
Cash and cash equivalents	1 843
Other current assets	41
Investment properties under construction	10 581
Current liabilities	14
Deferred tax liabilities	562
Net assets	11 889

List of investments

Company	Domicile	Business	Share capital in CHF	Share of capital and votes 31.12.2015	Share of capital and votes 31.12.2014
Hotelbusiness Zug AG	Zug, ZG	Hotel & catering	1 000 000	100%	100%
ZEW Immobilien AG	Oberentfelden, AG	Real estate company	101 250	100%	100%
ZE Suurstoffi 1 AG ¹	Zug, ZG	Real estate company	50 000	100%	–
Zug Estates AG	Zug, ZG	Real estate company	1 500 000	100%	100%

¹ Acquisition as at July 1, 2015

Principles of consolidation

Consolidation method

Capital consolidation is performed to show the equity of the entire Group. In this context, the purchase method is applied.

Intercompany transactions

Intercompany receivables, liabilities and transactions are eliminated for fully consolidated companies. Depreciation and value adjustments for receivables and participations in respect of subsidiaries are reversed. The individual subsidiaries' intercompany profits on inventories and tangible assets are assessed and also eliminated.

Significant accounting and valuation policies

Cash and cash equivalents

Cash and cash equivalents include cash, postal and bank account balances and short-term monetary investments. These are reported at their nominal value.

Trade receivables

Trade receivables include in particular rent receivables, receivables from the hotel & catering activities and receivables from external management mandates, and are reported at the nominal value less any value adjustments necessary for commercial reasons.

Other receivables

Other receivables are reported at their nominal value less any value adjustments necessary for commercial reasons.

Inventories

In the inventories for the hotel & catering business unit, goods purchased are carried at the lower of acquisition price or fair value. In addition to specific value adjustments, general value adjustments of up to 10% for general valuation risks are made according to past experience.

Properties for sale

Properties available for sale, which were formerly carried at fair value, are carried at fair value less the expected cost of sale. Other properties held for sale are carried at acquisition or production cost (including interest charges) or at fair value if lower. Properties for sale are classified as current assets.

Investment properties, investment properties under construction and undeveloped plots

Residential and commercial properties that already exist or are under construction (development properties) and undeveloped plots are used for long-term investment purposes and are carried at fair value in accordance with Swiss GAAP FER 18. This fair value is calculated and updated half-yearly by independent real estate expert using the discounted cash flow (DCF) method. Pursuant to the provisions of Swiss GAAP FER, increases and decreases in fair value are recognized in profit or loss in the income statement, taking deferred taxes into account. The investment properties are not depreciated. Investment properties under construction (development properties) and undeveloped plots are recognized at fair value as of the date on which the fair value can be reliably calculated. Zug Estates has stipulated legally binding building permission and a concrete construction project for which costs and income can be reliably determined as mandatory conditions for a reliable fair market calculation. Where the conditions for making a reliable calculation of the fair value are not met, investment properties under construction and undeveloped plots are carried at cost. Investments and major maintenance are recognized as expense in the period in which they are incurred, provided that they do not lead to a rise in fair value.

Operating properties and operating properties under construction

Operating properties and operating properties under construction comprise buildings used by the Group itself and in its hotel & catering activities. They are valued at acquisition or production cost less accumulated depreciation and accumulated impairment. The straight-line depreciation method is applied on the basis of a useful life of 33 to 50 years.

Other tangible assets

Other tangible assets, which are mainly utilized in the hotel & catering business unit, are valued at acquisition or production cost less accumulated depreciation. The straight-line depreciation method is applied on the basis of a useful life of three to eight years, and up to 30 years in the case of infrastructure investments.

Financial assets

Financial assets comprise non-consolidated participations used for long-term investment purposes and are reported at fair value.

Intangible assets

Acquired intangible assets are recognized in the balance sheet if they will bring measurable benefits to the company over several years. They comprise software and are valued at acquisition cost less straight-line amortization over an economic life of three years. Self-developed intangible assets are not recognized in the balance sheet.

Liabilities

Trade payables and other liabilities are reported at their nominal value.

Financial liabilities

Mortgages generally concluded for the long-term are recognized as long-term financial liabilities. Tranches due to mature within twelve months are reported as current financial liabilities.

Provisions

Provisions are obligations based on events in the past; their amount and/or due dates are uncertain but can be estimated. Provisions are reported as current or long-term according to their expected due dates.

Employee benefits

The Group has several employee benefit plans that are organized as independent foundations in conformity with the legal requirements in Switzerland. These plans cover the economic consequences of old age, death or disability. They are funded by employer and employee contributions. Contributions are calculated as a percentage of the insured salary. Changes in employer's contribution reserves and any economic impact on the Group of overcoverage or undercoverage of pension schemes are recorded as personnel expenses.

Income taxes

Current income taxes are calculated at the prevailing tax rates on the basis of the expected fiscal annual income as per commercial law and according to the respective tax assessment rules. They are included in accrued expenses.

Deferred tax liabilities

In accordance with Swiss GAAP FER 11, the consolidated financial statements must take due account of current and future tax effects. A distinction must be made between the calculation of current income taxes and the accrual of deferred income taxes. The latter are caused primarily by valuation differences between the fair values calculated using the discounted cash flow (DCF) method and the taxable values.

If the fair values are higher than the taxable values, this leads to a deferred tax liability for which provision must be made. Deferred taxes are calculated separately for each business period and each taxable entity. The individual company's current or expected tax rates are applied to calculate deferred taxes. Changes in deferred taxes are recorded as tax expenditure. Tax loss carry forwards that can be used for tax purposes are neither capitalized nor offset against the provisions for deferred taxes.

Contingent liabilities

Contingent liabilities are assessed according to the probability and the scope of future unilateral performance and costs, and are disclosed in the notes.

Borrowing costs

Borrowing costs on loans taken out to fund construction projects are capitalized until completion. Other borrowing costs are charged to the income statement.

Expense reductions

Discounts on purchased goods and property production costs are recognized as reductions in the acquisition cost.

Estimates

The preparation of the financial statements requires a number of estimates and assumptions to be made. These relate to the assets, liabilities and contingent liabilities at the time the balance sheet is being prepared, as well as income and expenses during the reporting period. If such estimates and assumptions, which were made to the best of the Group's knowledge at the time the balance sheet was prepared, later turn out to differ from the actual figures, the original estimates and assumptions are adjusted in the reporting year in which the figures changed.

1 | Trade receivables

in CHF thousands	31.12.2015	31.12.2014
Trade receivables from hotel & catering activities	835	1 114
Rent receivables	94	386
Other trade receivables	830	533
Provisions for doubtful receivables	- 79	- 80
Total trade receivables	1 680	1 953

2 | Other receivables

in CHF thousands	31.12.2015	31.12.2014
Withholding tax credits	15	57
Accounts for heating and service charge settlement	7 191	4 759
Other receivables	91	22
Total other receivables	7 297	4 838

3 | Properties held for sale

in CHF thousands	31.12.2015	31.12.2014
Acquisition value at the beginning of reporting period	4 805	1 388
Additions	2 426	3 417
Disposals	- 4 805	0
Acquisition value at the end of reporting period	2 426	4 805

The properties held for sale at the end of 2015 are two apartments with appurtenant parking spaces and ancillary spaces at the Baar property, Rote Trotte 14–16.

4 | Investment properties, investment properties under construction and undeveloped plots

in CHF thousands	Metalli/ Zug City Center site, Zug investment properties	Surstoffi site, Risch Rotkreuz, investment properties
Balance as at 01.01.2014	584 587	227 090
Investments	1 645	1 670
Acquisitions ³	27 200	0
Disposals ⁴	0	0
Reclassification of properties under construction to investment properties ⁵	0	24 470
Revaluation (net)	8 516	2 508
Balance as at 31.12.2014	621 948	255 738
Accumulated acquisition values as at 01.01.2014	310 343	186 614
Accumulated acquisition values as at 31.12.2014	339 188	210 381
Difference market values/acquisition values as at 01.01.2014	274 244	40 476
Difference market values/acquisition values as at 31.12.2014	282 760	45 357
Balance as at 01.01.2015	621 948	255 738
Investments	102	5 989
Acquisitions ⁶	0	0
Disposals ⁷	0	- 16 500
Reclassification of undeveloped plots to properties under construction ⁸	0	0
Reclassification of properties under construction to investment properties ⁹	0	85 934
Reclassification to properties for sale ¹⁰	0	0
Reclassification to other tangible assets	0	- 681
Revaluation (net)	43 747	4 093
Balance as at 31.12.2015	665 797	334 573
Accumulated acquisition values as at 01.01.2015	339 188	210 381
Accumulated acquisition values as at 31.12.2015	339 290	269 139
Difference market values/acquisition values as at 01.01.2015	282 760	45 357
Difference market values/acquisition values as at 31.12.2015	326 507	65 434

¹ Comprises the properties under construction at the Suurstoffi site in Risch Rotkreuz

² Comprises the undeveloped part of the Suurstoffi site in Risch Rotkreuz. The undeveloped plots are stated at cost less accumulated depreciation in accordance with the valuation principles

³ Acquisition of a 5.5% stake in MEG Metalli

⁴ Disposal of an apartment (incl. two parking spaces) at the Baar property, Rote Trotte 14–16

⁵ Reclassification of the Risch Rotkreuz properties, Suurstoffi 41 to investment properties

⁶ Acquisition of the Birkenstrasse 6 development site in Rotkreuz

⁷ Disposal of properties at Industriestrasse 8 in Oberentfelden and Suurstoffi 3a–c in Risch Rotkreuz, and of a hobby room at the Baar property, Rote Trotte 14–16

⁸ Reclassification of the Risch Rotkreuz properties, Suurstoffi 16–20 and site 1 plots to investment properties under construction

⁹ Reclassification of the Risch Rotkreuz properties, Suurstoffi 19–35 to investment properties

¹⁰ Reclassification of two apartments (incl. ancillary and parking spaces) at the Baar property, Rote Trotte 14–16

Other investment properties	Total investment properties	Total investment properties under construction ¹	Undeveloped plots ²	Total
24 190	835 867	47 023	9 269	892 159
0	3 315	61 746	0	65 061
0	27 200	0	0	27 200
- 1 418	- 1 418	0	0	- 1 418
0	24 470	- 24 470	0	0
- 182	10 842	10 472	0	21 314
22 590	900 276	94 771	9 269	1 004 316
22 344	519 301	42 136	9 269	570 706
21 460	571 029	81 785	9 269	662 083
1 846	316 566	4 887	0	321 453
1 130	329 247	12 986	0	342 233
22 590	900 276	94 771	9 269	1 004 316
130	6 221	30 665	0	36 886
0	0	10 581	0	10 581
- 7 406	- 23 906	0	0	- 23 906
0	0	5 261	- 5 261	0
0	85 934	- 85 934	0	0
- 2 426	- 2 426	0	0	- 2 426
0	- 681	0	0	- 681
258	48 098	2 379	0	50 477
13 146	1 013 516	57 723	4 008	1 075 247
21 460	571 029	81 785	9 269	662 083
7 909	616 338	57 607	4 008	677 953
1 130	329 247	12 986	0	342 233
5 237	397 178	116	0	397 294

The fair values are based on the market value assessments performed annually by a recognized independent real estate expert (Wüest & Partner AG) as at December 31 using the DCF (discounted cash flow) method. The discount rates applied for the valuation of the investment properties and the investment properties under construction as at the balance sheet date were within a range of 3.2% to 3.7% (previous year: 3.4% to 5.5%).

Additional information per property can be found on pages 20 to 21 of this report.

5 | Operating properties

in CHF thousands	2015	2014
Acquisition value at the beginning of reporting period	61 963	61 700
Additions	806	263
Disposals	0	0
Acquisition value at the end of reporting period	62 769	61 963
Accumulated depreciation at the beginning of reporting period	- 22 873	- 20 655
Disposals	0	0
Depreciation in the reporting period	- 1 888	- 2 218
Accumulated depreciation at the end of reporting period	- 24 761	- 22 873
Net book value at the beginning of reporting period	39 090	41 045
Net book value at the end of reporting period	38 008	39 090

The following properties located in Zug serve completely or partly as operating properties: Industriestrasse 14 (Parkhotel Zug), Industriestrasse 16 (Résidence), Metallstrasse 20 (Hotel City Garden), Haldenstrasse 9, 10, 11 (serviced city apartments), Baarerstrasse 30 (Restaurant Bären) and Industriestrasse 12 (Zug Estates offices).

The market value of the operating properties as at the balance sheet date is TCHF 113 693 (previous year: TCHF 106 724). It was determined by the independent real estate expert (Wüest & Partner AG) using the DCF method. For the valuation as at the balance sheet date, discount rates within a range of 3.6% to 4.7% (previous year: 3.9% to 4.8%) were applied.

6 | Other tangible assets

in CHF thousands	2015	2014
Acquisition value at the beginning of reporting period	16 320	19 077
Additions	302	811
Reclassification	681	0
Disposals	- 415	- 3 568
Acquisition value at the end of reporting period	16 888	16 320
Accumulated depreciation at the beginning of reporting period	- 11 416	- 13 633
Disposals	485	3 568
Depreciation in the reporting period	- 1 386	- 1 351
Accumulated depreciation at the end of reporting period	- 12 317	- 11 416
Net book value at the beginning of reporting period	4 904	5 444
Net book value at the end of reporting period	4 571	4 904

7 | Prepayments for tangible assets

Prepayments amounted to TCHF 178 (previous year: TCHF 0).

8 | Intangible assets

in CHF thousands	2015	2014
Acquisition value at the beginning of reporting period	187	197
Additions	15	19
Disposals	- 3	- 29
Acquisition value at the end of reporting period	199	187
Accumulated amortization at the beginning of reporting period	- 144	- 144
Disposals	3	29
Amortization in the reporting period	- 35	- 29
Accumulated amortization at the end of reporting period	- 176	- 144
Net book value at the beginning of reporting period	43	53
Net book value at the end of reporting period	23	43

Intangible assets comprise software utilized in the business units.

9 | Financial liabilities

All financial liabilities are mortgage loans with financial institutions. They are structured as follows by maturity:

Residual term in CHF thousands	31.12.2015	31.12.2014
Under 1 year	0	45 000
1 to 3 years	0	0
3 to 5 years	100 000	100 000
5 to 10 years	90 000	40 000
Over 10 years	160 000	135 000
Total	350 000	320 000
Of which current	0	45 000
Of which long-term	350 000	275 000

The average residual term of the interest-bearing debt is 9.2 years (previous year: 7.6 years). The average capital-weighted interest rate on all interest-bearing financial liabilities is 2.5% (previous year: 2.2%). The long-term loans were taken out at fixed interest rates.

To secure the long-term financial liabilities, properties with a book value of TCHF 677 049 (previous year: TCHF 631 158) have been encumbered.

10 | Trade payables

in CHF thousands	31.12.2015	31.12.2014
Advance payments from tenants	1 747	1 702
Trade payables to suppliers	3 118	3 048
Total trade payables	4 865	4 750

11 | Provisions

in CHF thousands	2015	2014
Provisions at the beginning of the reporting period	320	305
Increase	3	215
Utilization	- 285	- 200
Release	0	0
Provisions at the end of the reporting period	38	320
Of which current at the end of reporting period	0	236
Of which long term at the end of reporting period	38	84

12 | Deferred tax liabilities

in CHF thousands	2015	2014
Deferred tax liabilities at the beginning of reporting period	83 596	80 315
Net creation recognized in the income statement in reporting period	8 600	3 281
Increase from acquisition	562	0
Deferred tax liabilities at the end of reporting period	92 758	83 596

The average tax rate for deferred income taxes amounts to 14.6% (unchanged).

13 | Shareholders' equity

Shares issued	Security number	Par value CHF	Number	Votes	Capital CHF
Series A registered shares	14 805 211	2.50	1 948 640	1 948 640	4 871 600
Series B registered shares	14 805 212	25.00	315 136	315 136	7 878 400
Total				2 263 776	12 750 000

In the year under review, Zug Estates Holding AG acquired no series A and B registered treasury shares and sold 18 400 series A registered treasury shares at an average price of CHF 138.25 (previous year: acquired 16 315 series B registered treasury shares at an average price of CHF 1 178 and sold 13 321 series B registered treasury shares at an average price of CHF 1 203).

As at December 31, 2015, Zug Estates Holding AG holds no series A registered treasury shares (previous year: 18 400) and 17 592 series B registered treasury shares (unchanged).

Non-distributable statutory reserves as at December 31, 2015 amount to TCHF 7 701 (previous year: TCHF 7 676).

Shareholders' equity per share

in CHF	31.12.2015	31.12.2014
Shareholders' equity per outstanding series B registered share, before deferred taxes	1 657.56	1 521.55
Shareholders' equity per outstanding series B registered share, after deferred taxes	1 469.18	1 351.15

NAV at market value per share

in CHF	31.12.2015	31.12.2014
NAV at market value per outstanding series B registered share	1 600.45	1 468.89

NAV at market value per share includes properties used for operational purposes at market value and corresponding deferred taxes.

Earnings per share

Information on series A registered shares

		2015	2014
Series A registered shares issued	Number	1 948 640	1 948 640
Series A registered treasury shares (weighted average)	Number	12 267	18 400

Average outstanding series A registered shares

	Number	1 936 373	1 930 240
Share in net income attributable to series A registered shares	TCHF	26 468	17 711
Applicable number of series A registered shares	Number	1 936 373	1 930 240
Earnings per series A registered share, undiluted	CHF	13.67	9.18

Information on series B registered shares

		2015	2014
Series B registered shares issued	Number	315 136	315 136
Series B registered treasury shares (weighted average)	Number	17 592	16 095

Average outstanding series B registered shares

	Number	297 544	299 041
Share in net income attributable to series B registered shares	TCHF	40 671	27 438
Applicable number of series B registered shares	Number	297 544	299 041
Earnings per series B registered share, undiluted	CHF	136.69	91.75

There are no potential dilutive effects to report. The diluted earnings per share correspond to the undiluted earnings per share.

14 | Significant shareholders

As of December 31, 2015, the following shareholders owned more than 3% of total voting rights:

number or %	Series A registered shares	Series B registered shares	Votes	Votes previous year
Heinz and Elisabeth Buhofer as well as Heinz M. Buhofer ¹	1 489 650	4 965	66.0%	65.6%
Stöckli Group ²	340 800	17 486	15.8%	–
Ursula Stöckli-Rubli	–	–	–	15.2%
Werner O. Weber, indirectly held through Wemaco Invest AG	82 000	46 600	5.7%	5.7%

¹ The Group also comprises Annelies Häcki Buhofer, Philipp Buhofer, Martin Buhofer and Julia Häcki, if acting in mutual agreement.

² The Group comprises Ursula Stöckli-Rubli, Walter Stöckli-Rubli, Elisabeth Stöckli Enzmann, Johannes Stöckli, Matthias Stöckli, Helen Jauch-Stöckli, Hubert Stöckli and Othmar Stöckli.

The shares held by current members of the corporate bodies are shown in the notes to the annual financial statements of Zug Estates Holding AG on page 75.

15 | Property income

The reported property income of TCHF 39 111 (previous year: TCHF 37 450) comprises actual rental income and income from Miteigentümergeinschaft Metalli. This position contains rental revenue from all properties.

in CHF thousands	2015	2014
Actual rental income	26 369	24 701
Income from Miteigentümergeinschaft Metalli ¹	12 742	12 749
Total property income	39 111	37 450

¹ Proportional gross profit

The individual contractual relationships with external tenants had the following terms as at the balance sheet date, based on the annualized projected rental revenue:

Term, share in %	31.12.2015	31.12.2014
Under 1 year, incl. unlimited rental contracts	45.2	44.4
Over 1 year	2.8	5.1
Over 2 years	7.8	2.0
Over 3 years	5.8	6.6
Over 4 years	1.8	5.8
Over 5 years	4.2	1.1
Over 6 years	1.6	2.1
Over 7 years	15.5	0.8
Over 8 years	7.9	15.5
Over 9 years	0.0	8.5
Over 10 years	7.4	8.1
Total	100.0	100.0

As at December 31, 2015, the five largest tenant Groups together generate 26.9% (previous year: 27.0%) of annualized projected rental revenue.

Tenants, share in %	31.12.2015	Tenants, share in %	31.12.2014
Novartis	8.2	Novartis	8.3
Migros ¹	7.2	Migros ¹	7.2
UBS	5.7	UBS	5.7
Dosenbach-Ochsner	3.0	Nord Stream	3.0
H&M	2.8	Dosenbach-Ochsner	2.8

¹ Various companies of the Migros Group

16 | Hotel & catering income

in CHF thousands	2015	2014
Accommodation	11 224	11 170
Catering	7 784	8 582
Ancillary services	746	811
Sales deductions	0	- 8
Total hotel & catering income	19 754	20 555

17 | Other operating revenue

in CHF thousands	2015	2014
Revenue from services	1 582	1 563
Revenue from own work	475	346
Revenue from leasing of personnel	1 756	2 090
Other revenue	352	61
Total other operating revenue	4 165	4 060

18 | Personnel expenses

in CHF thousands	2015	2014
Wages and salaries	11 583	11 622
Pension expenses	607	626
Other personnel expenses	1 679	1 617
Total personnel expenses	13 869	13 865

19 | Other operating expenses

in CHF thousands	2015	2014
Marketing/sales promotion	1 101	890
Maintenance and repair	440	449
Administrative expenses	785	643
IT/software	396	364
Legal and consultancy costs	550	417
Hire, leasing	322	453
Other costs ¹	2 245	2 437
Total other operating expenses	5 839	5 653

¹ Other operating expenses mainly include costs incurred by the hotel & catering business unit for laundering services and for the operation of the properties.

20 | Depreciation

in CHF thousands	2015	2014
Depreciation of operating properties	1 888	2 218
Depreciation of other tangible assets	1 386	1 351
Amortization of intangible assets	35	29
Total depreciation	3 309	3 598

21 | Financial result

in CHF thousands	2015	2014
Interest income from banks	2	12
Gain on securities	42	475
Fair value of financial assets	129	192
Total financial income	173	679
Interest expense mortgage loans	7 626	5 978
Other financial expenses	27	50
Total financial expenses	7 653	6 028
Financial result	- 7 480	- 5 349

In the reporting period, borrowing costs in the amount of TCHF 1 063 (previous year: TCHF 1 449) were capitalized.

22 | Taxes

in CHF thousands	2015	2014
Income taxes	3 106	2 076
Deferred taxes	8 600	3 281
Total taxes	11 706	5 357

Average weighted tax rate

in CHF thousands or %	2015	2014
Income before taxes (EBT)	78 845	50 506
Average tax rate	14.83%	14.86%
Income taxes at average tax rate	11 690	7 505
Utilization of previously unrecognized tax losses	0	- 31
Change of tax rate	16	- 2 117
Total income taxes	11 706	5 357

Potential tax reductions resulting from unrecognized loss carry forwards and temporary differences amount to TCHF 0 (previous year: TCHF 33).

23 | Contingent liabilities and other off-balance sheet obligations

Zug Estates AG is the majority owner of Miteigentümergeinschaft Metalli, Zug. For this reason, joint liability may apply in relations with third parties.

In relation to the construction and operation of City Garden Hotel, Zug Estates AG accepted a demolition obligation amounting to TCHF 490. This comes into effect in 2025 at the earliest, and then only if the land on which the hotel was built has to be vacated for construction of the access road to the Zug city tunnel. In a local referendum held on June 14, 2015, the population of Zug rejected the city tunnel scheme.

Zug Estates AG is owner and developer of the Suurstoffi development in Risch Rotkreuz. Under the terms of a rental contract, penalties amounting to a maximum of TCHF 290 were agreed with one tenant. In addition, the tenant is to be compensated for any damage incurred in excess of the penalty. The following rental contract provisions have been agreed with two other tenants: compensation for any extra costs incurred owing to delayed completion of the premises. If the commencement of tenancy is delayed beyond the stipulated dates, the tenants will be entitled, though not obliged, to withdraw from the rental contract. Compensation will also be paid for any additional costs.

Although a commitment to invest has been made, this is subject to the political approval process. Approval is likely to be granted in 2016.

24 | Leasing liabilities

The liabilities from operating leasing that are not recognized in the balance sheet are structured as follows, according to maturity:

in CHF thousands	31.12.2015	31.12.2014
up to 1 year	16	18
up to 3 years	80	0
over 3 years	10	42
Total	106	60

25 | Pension plan liabilities

The employee benefit plan of Zug Estates Holding AG and its subsidiary takes the form of independent foundations or, as the case may be, collective foundations in accordance with Swiss pensions legislation (BVG). In the financial year under review and the previous year, all payments were made to pension institutions that are themselves risk bearers.

Employer's contribution reserves (ECR)

As at December 31, 2015 there are no employer's contribution reserves (unchanged to prior period).

Economic benefits/economic liabilities and pension expenses

in CHF thousands	Deficit/ surplus of joint pension plans 31.12.2015	Economic share of com- pany 31.12.2015	Economic share of com- pany 31.12.2014	Change or impact on net income in financial period	Contri- butions for the period	Pension expenses in personnel expenses 2015	Pension expenses in personnel expenses 2014
Patronage funds/pension schemes	0	0	0	0	0	0	0
Pension plans without surplus/deficit	0	0	0	0	424	424	626
Pension plans with surplus	0	0	0	0	0	0	0
Pension plans with deficit	- 21	0	0	0	183	183	0
Total pension expenses	- 21	0	0	0	607	607	626

The pension plans are funded by employer and employee contributions. Contributions are calculated as a percentage of the insured salary.

Composition of pension expenses

in CHF thousands	2015	2014
Pension contributions at the company's expense	607	626
Contributions to pension plans from employer's contribution reserves	0	0
Total contributions	607	626
Change in ECR due to asset development, value adjustments, discounting, interest payments, etc.	0	0
Total contributions and changes in employer's contribution reserves	607	626
Change in economic benefits for the company from surplus	0	0
Change in economic liabilities for the company from deficit	0	0
Total change in economic impact of surplus/deficit	0	0
Total pension expenses in personnel expenses in the period	607	626

Total pension expenses in personnel expenses in the period under review amounted to TCHF 607 (previous year: TCHF 626). No extraordinary contributions were agreed or paid in the reporting period.

26 | Segment report

The Group's business activities comprise the business units «real estate» and «hotel & catering».

01.01.2014–31.12.2014		Hotel & catering	Corporate & eliminations ¹	
in CHF thousands	Real estate			Total
Operating revenue	47 470	20 619	– 6 024	62 065
Operating expenses	10 581	19 452	5 624	24 409
Revaluation of investment properties (net)	21 314	0	0	21 314
Result from sale of investment properties	483	0	0	483
Operating income before depreciation (EBITDA)	58 686	1 167	– 400	59 453
Operating income (EBIT)	56 126	157	– 428	55 855

01.01.2015–31.12.2015

in CHF thousands

Operating revenue	49 104	19 980	– 6 054	63 030
Operating expenses	10 528	18 538	5 216	23 850
Revaluation of investment properties (net)	50 477	0	0	50 477
Result from sale of investment properties	– 23	0	0	– 23
Operating income before depreciation (EBITDA)	89 030	1 442	– 838	89 634
Operating income (EBIT)	86 768	442	– 885	86 325

¹ Holding company expenses and inter-segment revenues are eliminated in the Corporate & eliminations column.

All revenues were generated in the Canton of Zug and the Canton of Aargau.

Ownership of the entire portfolio – i.e. investment and operating properties – stays with the real estate business unit. Based on an integrated view of the hotel & catering business unit, i.e. factoring in all properties used by the unit and all associated expenses and credits arising from rent paid to the real estate business unit, in the year under review the hotel & catering business unit generated operating income of CHF 4.3 million (previous year: CHF 3.4 million) and an annualized EBITDA return of 6.4% (unchanged) on the market values of these properties.

27 | Transactions with related parties

In the year under review, revenue of TCHF 185 (previous year: TCHF 195) from hotel, catering and property management services were received from companies of the Metall Zug Group. This was offset by expenses and investments of TCHF 111 (previous year: TCHF 122) for services and deliveries of equipment. As at the balance sheet date, receivables due from Metall Zug Group companies amounted to TCHF 5 (previous year: TCHF 18) and liabilities to them TCHF 5 (previous year: TCHF 21). In addition, 9 400 of the company's series A registered treasury shares were sold to a member of the board of directors of the company in the year under review at the market price of TCHF 1 300.

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 41 to 44. As at the balance sheet date, liabilities to members of the board of directors amounted to TCHF 37 (previous year: TCHF 134).

28 | Event after the balance sheet date

No events requiring disclosure took place after the balance sheet date.

Report of the statutory auditor to the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements presented on pages 48 to 68 of Zug Estates Holding AG, which comprise the consolidated balance sheet, consolidated income statement, cash flow statement, statement of changes in equity and notes, for the year ended 31 December 2015.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of these consolidated financial statements in accordance with Swiss GAAP FER, article 17 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with article 17 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange as well as Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

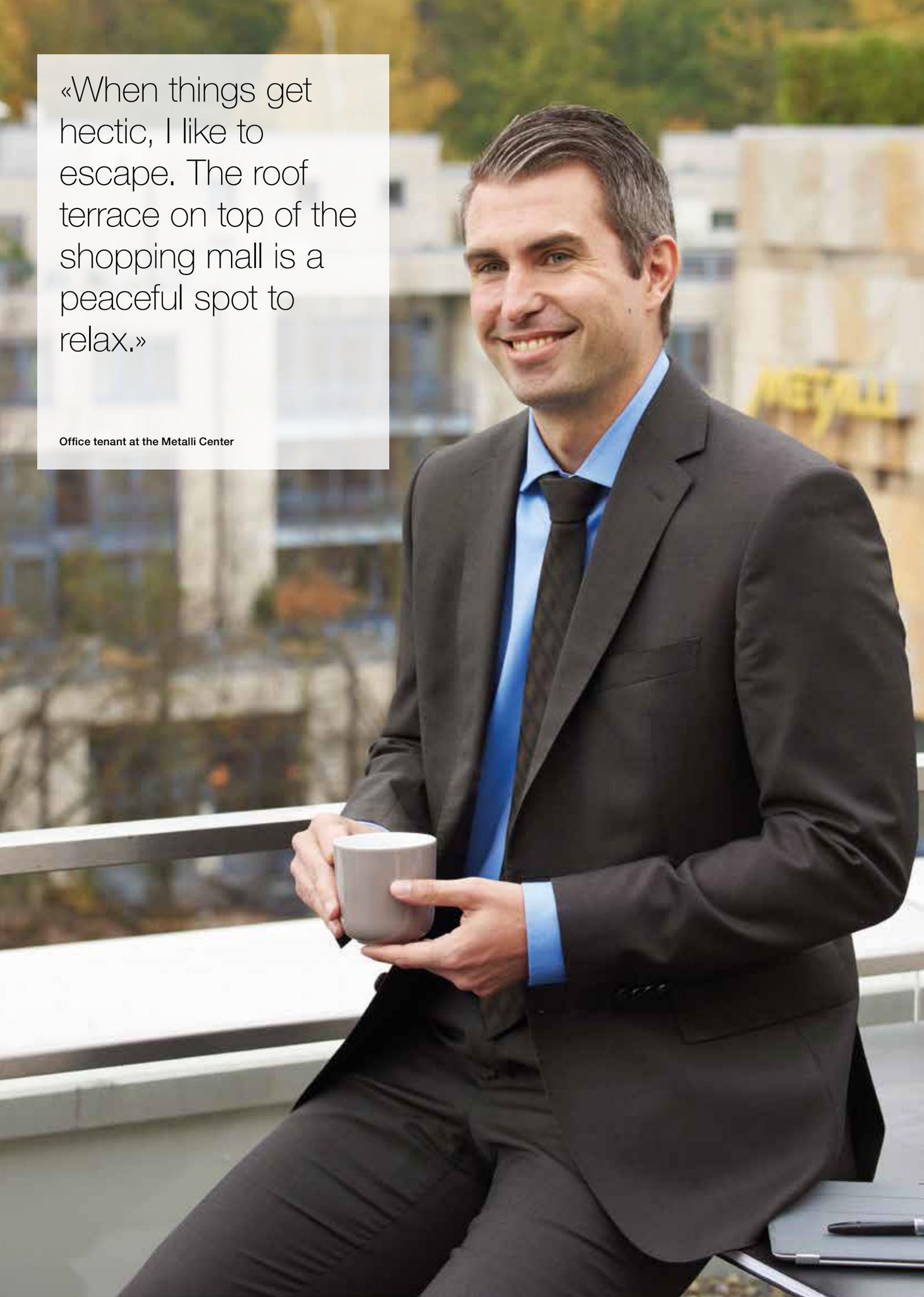
Zug, 3 March 2016
Ernst & Young Ltd

Daniel Zaugg
Licensed audit expert (Auditor in charge)

Andreas Blank
Licensed audit expert

«When things get hectic, I like to escape. The roof terrace on top of the shopping mall is a peaceful spot to relax.»

Office tenant at the Metalli Center



Balance sheet of Zug Estates Holding AG

Assets		Note	31.12.2015	31.12.2014
in CHF thousands				
Cash and cash equivalents			5 044	17 578
Other receivables due from third parties			15	40
Other receivables due from Group companies		1	0	900
Expenses prepaid to third parties			19	52
Accrued income Group companies		2	17 000	9 500
Total current assets			22 078	28 070
Loans to Group companies		3	20 000	16 200
Financial assets with quoted price			1 543	1 414
Investments			13 892	2 003
Tangible assets			2	7
Intangible assets			2	25
Fixed assets			35 439	19 649
Total assets			57 517	47 719
Liabilities and shareholders' equity				
in CHF thousands		Note	31.12.2015	31.12.2014
Other current liabilities to third parties			89	69
Other current liabilities to Group companies			1	4
Other current liabilities to related parties		4	37	134
Accrued expenses due to third parties			378	555
Total current liabilities			505	762
Total liabilities			505	762
Share capital			12 750	12 750
Statutory reserves				
– Reserves from capital contributions			32 049	41 125
– Other capital contributions			1 320	1 222
– Legal retained earnings			615	0
Voluntarily retained earnings				
– Earnings carried forward from the previous year			15 379	3 771
– Net income for the year			16 587	12 223
Treasury shares		7	– 21 688	– 24 134
Total shareholders' equity			57 012	46 957
Total liabilities and shareholders' equity			57 517	47 719

Income statement of Zug Estates Holding AG

in CHF thousands	Note	2015	2014
Dividend income	2	17 000	9 500
Other income		1 895	1 885
Total income		18 895	11 385
Personnel expenses		1 914	1 773
Other operating expenses		837	511
Total operating expenses		2 751	2 284
Operating income before depreciation (EBITDA)		16 144	9 101
Depreciation		28	28
Operating income (EBIT)		16 116	9 073
Financial expenses		21	38
Financial income	8	534	3 476
Income before taxes (EBT)		16 629	12 511
Direct taxes		42	288
Net income for the year		16 587	12 223

Notes

to the financial statements of Zug Estates Holding AG

Zug Estates Holding AG is an incorporated company; the shares have been listed on SIX Swiss Exchange since July 2, 2012.

Its registered office is at Industriestrasse 12, Zug, Switzerland. Zug Estates Holding AG was registered in the Canton of Zug Commercial Register on March 1, 2012.

Financial reporting principles applied in these financial statements

(where these are not specified by law)

The financial statements presented here were prepared in accordance with the provisions on commercial accounting contained in the Swiss Code of Obligations (articles 957 - 963b CO, in force since January 1, 2013). It must be noted in this connection that in order to ensure the long-term prosperity of the company, recourse is taken to the option of creating and dissolving hidden reserves.

Receivables and liabilities

Where applicable, receivables and liabilities are broken down on the balance sheet into third parties, related parties and Group companies. «Related parties» comprises receivables from and liabilities to directors, executives and shareholders. «Group companies» comprises receivables from and liabilities to companies in which direct or indirect participations are held.

A breakdown of «related parties» is provided in the notes.

Securities/financial assets

Short-term securities and financial assets are stated at the quoted price as at the balance sheet date. No fluctuation reserves were established.

Loans to Group companies

Loans are reported at their nominal value. If there are indications that loans have been overvalued, the book values must be reviewed and adjusted if necessary.

Tangible assets

Tangible assets are valued at acquisition cost less accumulated depreciation for tax purposes. The position tangible assets comprises movables. The straight-line depreciation method is applied on the basis of a useful life of three to five years. If there are indications that tangible assets have been overvalued, the book values must be reviewed and impaired if necessary.

Intangible assets

Acquired intangible assets are recognized in the balance sheet if they are to bring measurable benefits to the company over several years. They comprise software and are valued at acquisition cost less straight-line amortization over an economic life of three years. Self-developed intangible assets are not recognized in the balance sheet.

Treasury shares

Treasury shares are recognized at the time of purchase at acquisition cost as minus items under equity. In the event of a subsequent resale, the gain or loss is directly taken to equity.

List of investments

Company	Domicile	Business	Share capital in CHF	Share of capital and votes 31.12.2015	Share of capital and votes 31.12.2014
Hotelbusiness Zug AG	Zug, ZG	Hotel & catering	1 000 000	100%	100%
ZEW Immobilien AG	Oberentfelden, AG	Real estate company	101 250	100%	100%
ZE Suurstoffi 1 AG ¹	Zug, ZG	Real estate company	50 000	100%	–
Zug Estates AG	Zug, ZG	Real estate company	1 500 000	100%	100%

¹ Acquisition as of July 1, 2015

1 | Other receivables due from Group companies

Other receivables due from Group companies include the current portion of loans granted to subsidiaries. No short-term loans to subsidiaries were outstanding in the year under review (previous year: TCHF 800).

2 | Accrued income Group companies

Dividends from subsidiaries totaling TCHF 17 000, which were distributed from the ordinary profits of the 2015 financial year, are recorded as dividend income (previous year: TCHF 9 500).

3 | Loans to Group companies

This position comprises long-term loans to finance their operations in the amount of TCHF 20 000 (previous year: TCHF 16 200).

4 | Other current liabilities to related parties

Other current liabilities to related parties comprise current liabilities to members of the board of directors in the amount of TCHF 37 (previous year: TCHF 134).

5 | Significant shareholders

As at December 31, 2015, Zug Estates Holding AG was aware of the following significant shareholders within the meaning of article 663c of the Code of Obligations (shareholders with holdings greater than 5% of all voting rights):

number or %	Series A registered shares	Series B registered shares	Votes	Votes previous year
Heinz and Elisabeth Buhofer as well as Heinz M. Buhofer ¹	1 489 650	4 965	66.0%	65.6%
Stöckli Group ²	340 800	17 486	15.8%	–
Ursula Stöckli-Rubli	–	–	–	15.2%
Werner O. Weber, indirectly held through Wemaco Invest AG	82 000	46 600	5.7%	5.7%

¹ The Group also comprises Annelies Häcki Buhofer, Philipp Buhofer, Martin Buhofer and Julia Häcki, if acting in mutual agreement.

² The Group comprises Ursula Stöckli-Rubli, Walter Stöckli-Rubli, Elisabeth Stöckli Enzmann, Johannes Stöckli, Matthias Stöckli, Helen Jauch-Stöckli, Hubert Stöckli and Othmar Stöckli.

6 | Share ownership by current members of the corporate bodies

numbers	Series A registered shares as at 31.12.2015	Series B registered shares as at 31.12.2015	Series A registered shares as at 31.12.2014	Series B registered shares as at 31.12.2014
Hannes Wüest, chairman	0	500	0	500
Heinz M. Buhofer, member	563 040 ¹	1	563 040 ¹	1
Prof. Dr. Annelies Häcki Buhofer, member	161 206 ¹	10 762	154 062 ¹	10 762
Armin Meier, member	0	100	0	60
Dr. Beat Schwab, member	0	10	0	10
Heinz Stübi, member	0	110	0	90
Martin Wipfli, member	0	266	0	266
Tobias Achermann, CEO	0	0	0	0
Gabriela Theus, CFO	0	0	0	0

¹ For the most part held through Buhofer trust II

No shares or options on such shares were allocated to members of the board of directors and Group Management or employees.

7 | Treasury shares

In the year under review, Zug Estates Holding AG sold 18 400 series A registered treasury shares at an average price of CHF 138.25.

As at December 31, 2015, Zug Estates Holding AG holds 17 592 series B registered treasury shares stated at historical acquisition costs of TCHF 21 688 (previous year: 18 400 series A registered shares and 17 592 series B registered shares stated at TCHF 24 134).

8 | Financial income

Financial income comprises interest received on loans to Group companies and income from securities. In the previous year, income was also included from the revaluation of treasury shares by TCHF 1 504 to its acquisition cost. This income item arose due to the first-time application of the new financial reporting legislation, which stipulates that treasury shares are recognized at acquisition cost as minus items under equity.

9 | Number of full-time equivalents

The number of full-time equivalents averaged fewer than 10 in the year under review (unchanged).

10 | Significant events after the balance sheet date

No events that must be disclosed took place after the balance sheet date.

Proposal for the appropriation of available earnings

in CHF	31.12.2015	31.12.2014
Retained earnings carried forward	15 378 660	3 770 735
Net income	16 587 084	12 222 925
Retained earnings	31 965 744	15 993 660
Allocation to statutory retained earnings	830 000	615 000
Retained earnings to be carried forward	31 135 744	15 378 660

Furthermore, the board of directors proposes that CHF 10 094 364 from the reserves from capital contributions be reclassified as voluntary free reserves and that the subsequent distribution to shareholders, which is exempt from withholding tax, be made as follows:

in CHF	
For each series A registered share	2.05 net
For each series B registered share	20.50 net

Subject to approval by the general meeting of shareholders of the proposal put forward by the board of directors, distribution will be effected on Monday, April 18, 2016 («Payment Date»). No distribution is effected on shares held by the company.

Report of the statutory auditor on the financial statements of Zug Estates Holding AG

As statutory auditor, we have audited the financial statements presented on pages 71 to 76 of Zug Estates Holding AG, which comprise the balance sheet, income statement and notes, for the year ended 31 December 2015.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2015 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Zug, 3 March 2016
Ernst & Young Ltd

Daniel Zaugg
Licensed audit expert (Auditor in charge)

Andreas Blank
Licensed audit expert

Share information

Zug Estates Holding AG has two categories of share. Series A registered shares (securities number 14 805 211) are not listed, series B registered shares have been listed in the regulatory standard for real estate companies of SIX Swiss Exchange in Zurich since July 2, 2012 (securities number 14 805 212, ticker symbol ZUGN).

	Nominal value	Number	Share of votes	Share of capital
Series A registered shares	2.50	1 948 640	86.1%	38.2%
Series B registered shares	25.00	315 136	13.9%	61.8%

Breakdown of shareholder structure of series B registered shares as at December 31, 2015

Series B registered shares by number	Number of registered shareholders	Registered shareholders in %	Number of registered shares	Registered shares in %
> 1 000	47	3.6	223 599	77.9
501-1 000	26	2.0	17 434	6.1
101-500	106	8.1	23 615	8.2
51-100	104	7.9	8 026	2.8
11-50	452	34.5	11 475	4.0
1-10	574	43.9	2 897	1.0
Total	1 309	100.0	287 046	100.0

Shares pending registration of transfer

28 090

Total series B registered shares issued

315 136

Series B registered shares by category of shareholder	Number of registered shareholders	Registered shareholders in %	Number of registered shares	Registered shares in %
Natural persons	1 095	83.7	105 217	36.7
Pension fund/employee benefits	71	5.4	45 836	16.0
Funds/banks/investment managers	62	4.7	20 040	7.0
Insurers	14	1.1	3 333	1.1
Other legal entities	67	5.1	112 620	39.2
Total	1 309	100.0	287 046	100.0

Series B registered shares by provenance of shareholder	Number of registered shareholders	Registered shareholders in %	Number of registered shares	Registered shares in %
Switzerland	1 267	96.8	281 985	98.2
Outside Switzerland	42	3.2	5 061	1.8
Total	1 309	100.0	287 046	100.0

Performance series B registered share

in CHF



Key figures per share

Figures per series A registered share

in CHF

	2015	2014	2013	2012
Net income ¹	13.67	9.18	9.00	11.44
Net income excl. income from revaluation of investment properties ^{1,3}	4.90	4.87	4.15	3.59
NAV at market value ^{2,4}	160.04	146.89	138.73	131.01
Cash distribution ⁵	2.05	1.85	1.65	1.50

Figures per series B registered share

in CHF

	2015	2014	2013	2012
Net income ¹	136.69	91.75	89.99	114.38
Net income excl. income from revaluation of investment properties ^{1,3}	48.97	48.74	41.50	35.92
NAV at market value ^{2,4}	1 600.45	1 468.89	1 387.29	1 310.06
Cash distribution ⁵	20.50	18.50	16.50	15.00
Stock market price				
High	1 458	1 244	1 295	1 335
Low	1 231	1 150	1 111	1 135
At year-end	1 445	1 244	1 162	1 200

Total capitalization

in CHF million

	2015	2014	2013	2012	
Market capitalization ^{2,6}	At year-end	711.5	610.3	573.5	602.7

Figures for the 2012 period are pro forma

¹ In relation to number of shares on average outstanding

² In relation to number of shares outstanding

³ Corresponds to net income excluding income from the revaluation of investment properties (net) and the resulting deferred taxes

⁴ NAV at market value per share includes properties used for operational purposes at market value and corresponding deferred taxes

⁵ Proposal of the board of directors

⁶ Conversion of series A registered shares on the basis of the year-end rate applicable to series B registered shares

Upcoming events

April 12, 2016	General meeting of shareholders
April 18, 2016	Cash distribution to shareholders
August 26, 2016	Publication of half-year results

Contact

Investor Relations

Gabriela Theus, CFO
T +41 41 729 10 10
gabriela.theus@zugestates.ch

Address

Zug Estates Holding AG
Industriestrasse 12
CH-6300 Zug
T +41 41 729 10 10
ir@zugestates.ch
www.zugestates.ch



Online Report



Download



Report

This annual report is published in German and English. The German version shall prevail and be binding.

The electronic PDF version of the report can be downloaded from www.zugestates.ch. A copy of the printed report can be ordered by mail from ir@zugestates.ch.

Notes on possible forward-looking statements:

The present annual report of Zug Estates Group may contain forward-looking statements. Such statements can be identified by expressions such as «shall», «assume», «expect», «anticipate», «intend», «aim», «future» or similar terms, as well as by discussions of strategies, goals, plans or intentions, etc. They are subject to known or unknown risks and uncertainties that could cause actual results and occurrences to differ materially from the expectations contained or implied in the forward-looking statements.

Publishing information

Editor

Zug Estates Holding AG

Concept and photos «Open spaces»

Christian Ammann, Zürich



ClimatePartner[°]
climate neutral

Print | ID11181-1602-1001

Zug Estates Holding AG
Industriestrasse 12
CH-6300 Zug

www.zugestates.ch