

Half-Year Report



Selected key figures

		H1 2016/ 30.06.2016	H1 2015/ 31.12.2015	%
Zug Estates Group				
Operating revenue (excl. income from revaluation of investment properties)	TCHF	30 253	30 940	- 2.2%
Operating expenses	TCHF	10 813	12 344	- 12.4%
Operating income before depreciation and revaluation	TCHF	19 440	18 596	4.5%
Revaluation of investment properties (net) ¹	TCHF	14 374	32 781	- 56.2%
Income from disposal of investment properties	TCHF	440	- 23	n.m.
EBIT	TCHF	32 817	49 526	- 33.7%
Net income	TCHF	24 740	39 427	- 37.3%
Net income excluding income from revaluation ²	TCHF	12 089	11 452	5.6%
Total assets	TCHF	1 212 142	1 189 529	1.9%
Interest-bearing debt	TCHF	350 000	350 000	0.0%
– Interest-bearing debt in % of Total assets		28.9%	29.4%	
Shareholders' equity	TCHF	738 083	723 437	2.0%
– Equity ratio		60.9%	60.8%	
Headcount	FTE	130.0	152.4	- 14.7%
Share				
Closing price	CHF	1 595	1 445	10.4%
Market capitalization ³	TCHF	785 391	711 530	10.4%
Earnings per series B registered share ⁴	CHF	50.2	80.4	- 37.5%
Earnings per series B registered share excl. revaluation ⁴	CHF	24.6	23.3	5.2%
NAV at market value per series B registered share B ³	CHF	1 631.5	1 600.4	1.9%
Portfolio				
Investment properties	TCHF	1 026 161	1 013 516	1.2%
Investment properties under construction	TCHF	90 960	57 723	57.6%
Undeveloped plots ⁵	TCHF	2 524	4 008	- 37.0%
Total real estate portfolio	TCHF	1 119 645	1 075 247	4.1%
Operating properties (market value) ⁶	TCHF	113 693	113 693	0.0%
Total portfolio	TCHF	1 233 338	1 188 940	3.7%
Property income ⁷	TCHF	19 731	19 133	3.1%
Vacancy rate investment properties ⁸		4.2%	5.4%	
Gross return investment properties ⁹		4.3%	4.4%	

The previous year's figures have been adjusted due to the new Swiss GAAP FER regulations.

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 number of shares outstanding (series A registered shares converted)

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

⁵ In accordance with accounting principles, undeveloped plots are stated at cost

⁶ In accordance with accounting principles, operating properties are stated at cost less write-downs

⁷ Comprises rental income and income from Miteigentümergeinschaft Metalli

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

⁹ As at the balance sheet date, projected rental income (annualized) as a percentage of the market value

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Report to the shareholders

Dear shareholders,
Ladies and gentlemen,

Zug Estates can look back on a successful first half of 2016 in which it was able to make significant progress on the further development of the Suurstoffi site in Risch Rotkreuz.

Net income excluding revaluation up 5.6%

In the first half of 2016, Zug Estates posted an operating income before depreciation and revaluation of CHF 19.4 million. This represents a year-on-year increase of 4.5%. At the same time, property income rose by 3.1% to CHF 19.7 million. The fall in sales in the hotel & catering business unit (owing to the absence of catering income from Theater Casino Zug) were in line with expectations; gross operating profit (GOP) rose from 39.4% to 41.7%. The Group's operating expenses for the first half of the year were down 12.4% year-on-year.

The Group invested CHF 30.0 million in the further development of its sites, including in particular the Suurstoffi site. In addition, the book value of the investment properties increased by CHF 14.4 million net as a result of the revaluation (2015: CHF 32.8 million). The continuous development and positioning of the Suurstoffi site as a preferred location for housing and business, and the above-average quality of the locations and properties in the portfolio made a significant contribution to the positive income from revaluation. As part of the streamlining of its portfolio, Zug Estates sold a property in Baar, generating a profit of CHF 0.4 million in the process.

As a result of the lower revaluation, EBIT and net income were down on the previous year's figures at CHF 32.8 million and CHF 24.7 million respectively. Net income excluding revaluation increased by 5.6% to CHF 12.1 million.

Decline in vacancy rate

In the first half of 2016, Zug Estates completed a number of important letting agreements. A long-term rental agreement was concluded with the car-sharing service provider Mobility. At the beginning of 2018, the company, along with some 130 staff, will relocate from Lucerne to Suurstoffi 16, which is currently under construction. In addition, a long-term agreement for the operation of the 52 student housing units at the Suurstoffi site was completed with Jugendwohnnetz Zürich (Juwo – youth housing network Zurich) and Lucerne University of Applied Sciences and Arts (HSLU). From September 2016, neighborhood amenities will be further enhanced by the presence of catering company Creabeck, which will operate a restaurant on the site. In Zug, the range of offerings available at the Metalli shopping mall were further strengthened by the opening of «The Butcher» (catering) and «Rituals» (personal care).

As at June 30, 2016 (reference date), the portfolio's vacancy rate stood at 4.2% (June 30, 2015: 6.4%, December 31, 2015: 5.4%).

Development projects on track

In the first half of 2016, important progress was made on the development of the Suurstoffi and Zug city center sites:

- Construction of the third development phase, with 152 rental apartments, student apartments and office and commercial space for about 500 workplaces, is progressing according to plan. Occupation of the three buildings is expected to proceed on a staggered basis from fall 2017 onward. The investment volume amounts to roughly CHF 110 million. Some 70% of the commercial space has already been let to the market research institute GfK and the car-sharing service provider Mobility.

- 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 for the Department of Computer Sciences and part of the Lucerne School of Business is to be constructed by 2019. This will enable it to make a start on the necessary adaptation of the development plan in cooperation with the local municipality. The development plan was publicly announced this spring and is to be put to the vote of the citizens of Risch in November 2016. In tandem with work on the development plan, designs for the new building were invited by public competition. A consortium consisting of Büro Konstrukt and Manetsch Meyer is now working on the preliminary plans of the winning project «Peripteros». The planning application should be submitted as soon as the decision on the development plan has been taken. The new building is expected to be occupied in the summer of 2019.
- The consistently strong demand for office space prompted the decision by Zug Estates to begin planning an office building for 600 workplaces and to see the project through to the granting of a building permit. The building permit was granted in July 2016. Negotiations with an anchor tenant are at an advanced stage, leading Zug Estates to expect the project to be launched this year. The building is to be constructed on the basis of a composite masonry-and-timberwork design and once completed will be Switzerland's tallest wood building with a height of 36 meters.
- In June 2016, a planning application for the 70 meter vertical garden high-rise «Aglaya» in the center of the site was submitted. The upper floors will comprise 85 apartments, which will be sold as condominium properties. Office space for around 75 workplaces is planned on the first three floors. Construction is due to start in fall 2016, with occupancy scheduled for winter 2018/19. The apartments will go on sale in fall 2016.
- A master plan was initiated to tap into the future development of the Zug City Center site.

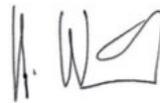
Outlook for the second half

In operating terms, we expect income in the real estate business unit to rise overall, despite the disposal of two sizeable properties in 2015. The vacancy rate will be lower at the end of 2016. The carefully planned development of the Suurstoffi site will remain an important priority. In 2016, we expect overall investment in the real estate portfolio to total about CHF 75 million.

Owing to the absence of revenue from the Theater Casino Zug, income in the hotel & catering segment is expected to be about CHF 2.0 million lower than in the previous year. However, with the focus now on this segment, we are projecting a further increase in gross operating profit (GOP).

For the year as a whole, we expect operating income before depreciation and revaluation to match the previous year's level. In the second half of 2016, we expect to continue to generate income from the revaluation of investment properties (net), although levels will be down year-on-year. We expect to see net income excluding income from revaluation match the previous year's level.

Zug, August 2016



Hannes Wüest
Chairman of the Board of Directors



Tobias Achermann
Chief Executive Officer

Consolidated balance sheet

Assets

in CHF thousands	Note	30.06.2016	31.12.2015
Cash and cash equivalents		37 873	55 235
Trade receivables		762	1 680
Other receivables		8 253	7 297
Inventories		221	277
Properties held for sale		963	2 426
Prepaid expenses		1 090	3 044
Total current assets		49 162	69 959
Investment properties	1	1 026 161	1 013 516
Investment properties under construction	1	90 960	57 723
Undeveloped plots	1	2 524	4 008
Operating properties		37 233	38 008
Other tangible assets		4 187	4 571
Prepayments for tangible assets		178	178
Financial assets		1 663	1 543
Intangible assets		74	23
Total fixed assets		1 162 980	1 119 570
Total assets		1 212 142	1 189 529

Liabilities and shareholders' equity

in CHF thousands	Note	30.06.2016	31.12.2015
Trade payables		6 270	4 865
Other current liabilities		9 405	8 558
Accrued expenses		12 400	9 873
Current provisions		3	0
Total current liabilities		28 078	23 296
Long-term financial liabilities	2	350 000	350 000
Long-term provisions		38	38
Deferred tax liabilities		95 943	92 758
Total non-current liabilities		445 981	442 796
Total liabilities		474 059	466 092
Share capital		12 750	12 750
Capital reserves		524 087	534 181
Treasury shares		- 21 688	- 21 688
Retained earnings		222 934	198 194
Total shareholders' equity	3	738 083	723 437
Total liabilities and shareholders' equity		1 212 142	1 189 529

Consolidated income statement

in CHF thousands	Note	01.01.2016 – 30.06.2016	01.01.2015 – 30.06.2015 ¹
Property income		19 731	19 133
Hotel & catering income		8 373	9 790
Additional income from ordinary business operations		2 076	1 954
Net proceeds of trade payables and receivables		30 180	30 877
Other operating revenue		73	63
Total operating revenue		30 253	30 940
Property expenses		1 077	1 290
Cost of goods hotel & catering		836	1 123
Personnel expenses		6 551	6 990
Other operating expenses		2 349	2 941
Total operating expenses		10 813	12 344
Operating income before depreciation and revaluation		19 440	18 596
Revaluation of investment properties (net)	1	14 374	32 781
Income from disposal of investment properties		440	– 23
Operating income before depreciation (EBITDA)		34 254	51 354
Depreciation		1 437	1 828
Operating income (EBIT)		32 817	49 526
Financial result		– 3 813	– 3 169
Income before taxes (EBT)		29 004	46 357
Taxes		4 264	6 930
Net income		24 740	39 427
Earnings per share (in CHF)			
Earnings per series A registered share, undiluted	3	5.02	8.04
Earnings per series B registered share, undiluted	3	50.24	80.37

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

¹ As described on page 9, the previous year's figures have been adjusted due to the new Swiss GAAP FER regulations

Consolidated statement of cash flows (condensed)

in CHF thousands	01.01.2016 – 30.06.2016	01.01.2015 – 30.06.2015
Cash flow from operating activities	10 007	10 579
Cash flow from investing activities	– 17 275	1 284
Cash flow from financing activities	– 10 094	20 924
Change in cash and cash equivalents	– 17 362	32 787
Composition of net cash and cash equivalents		
Net cash and cash equivalents at beginning of reporting period	55 235	24 159
Net cash and cash equivalents at end of reporting period	37 873	56 946
Change in cash and cash equivalents	– 17 362	32 787

In the first half of 2016, non-cash investments of TCHF 13 079 (first half 2015: TCHF 17 297) were made.

Statement of changes in equity

in CHF thousands	Share capital	Capital reserve	Treasury shares	Retained earnings	Total shareholders' equity
Balance on 01.01.2015	12 750	543 159	– 24 134	131 055	662 830
Distribution from the reserves from capital contributions	–	– 9 076	–	–	– 9 076
Net income	–	–	–	39 427	39 427
Balance on 30.06.2015	12 750	534 083	– 24 134	170 482	693 181
Balance on 01.01.2016	12 750	534 181	– 21 688	198 194	723 437
Distribution from the reserves from capital contributions	–	– 10 094	–	–	– 10 094
Net income	–	–	–	24 740	24 740
Balance on 30.06.2016	12 750	524 087	– 21 688	222 934	738 083

Notes

General information

Domiciled in Zug, Switzerland, Zug Estates Holding AG is a Swiss joint stock company. Its shares are listed on SIX Swiss Exchange.

Principles

The present, unaudited consolidated financial statements were prepared in accordance with Accounting and Reporting Regulation Swiss GAAP ARR 31 and the special provisions for real estate companies of Art. 17 of the SIX Swiss Exchange Directive on Financial Reporting, and present a true and fair view of the financial position, the results of operations and the cash flows.

The principles of consolidation and valuation applied in the present consolidated financial statements are unchanged compared with those published in the 2015 consolidated financial statements.

The regulations of the Swiss GAAP FER 3 and 6 framework concept related to revenue collection (in force since January 1, 2016) were applied for the first time on June 30, 2016. The changes led to a separate statement of «Additional income arising from ordinary business activities» amounting to TCHF 2 076 (first half 2015: TCHF 1 954) as part of «Net sales from goods and services». The corresponding income had previously been reported under «Hotel & catering income» and «Other operating income». In addition, the passing on of costs in the Hotel & Catering business unit is now assessed as intermediary activities, which means that under Swiss GAAP FER 3.19 only the value of self-performed services is reported as net sales. In addition, Swiss GAAP FER 6.8 requires additional disclosures, which will be reflected in the consolidated financial statements as of December 31, 2016.

Scope of consolidation

The scope of consolidation remained basically unchanged compared with the annual financial statements as of December 31, 2015. ZEW Immobilien AG and ZE Suurstoffi 1 AG were merged with Zug Estates AG retroactively as of January 1, 2016.

Real estate valuation method and technique

The properties held for investment purposes were valued on the basis of the fair value assessments (update valuations) performed by a recognized independent real estate expert (Wüest & Partner AG) as at June 30, 2016 using the DCF (discounted cash flow) method. The valuation method and technique applied for the half-year financial statements for 2016 are unchanged from the previous year.

Notes

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

in CHF thousands	Zug City Center site, investment properties	Suurstoffi site, Risch Rotkreuz, investment properties
Balance on 01.01.2015	621 948	255 738
Investments	3	1 846
Disposals ³	0	0
Reclassification of undeveloped plots to investment properties under constructions ⁴	0	0
Reclassification of properties under construction to investment properties ⁵	0	85 934
Reclassification to properties for sale ⁶	0	– 16 500
Reclassification to movable assets ⁷	0	– 373
Revaluation (net)	34 025	– 1 564
Balance on 30.06.2015	655 976	325 081
Accumulated acquisition values 01.01.2015	339 188	210 381
Accumulated acquisition values 30.06.2015	339 191	268 582
Difference market values/acquisition values 01.01.2015	282 760	45 357
Difference market values/acquisition values 30.06.2015	316 785	56 499
Balance on 01.01.2016	665 797	334 573
Investments	409	5 055
Reclassification of undeveloped plots to investment properties under constructions ⁸	0	0
Revaluation (net)	1 876	5 106
Balance on 30.06.2016	668 082	344 734
Accumulated acquisition values 01.01.2015	339 290	269 139
Accumulated acquisition values 30.06.2015	339 699	274 194
Difference market values/acquisition values 01.01.2015	326 507	65 434
Difference market values/acquisition values 30.06.2015	328 383	70 540

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 historical acquisition costs in accordance with the principles of valuation

³ Disposal of the Oberentfelden property, Industriestrasse 8

⁴ Reclassification of the Risch Rotkreuz property, Suurstoffi 16–20 to investment properties under construction

⁵ Reclassification of the Risch Rotkreuz property, Suurstoffi 19–35 to investment properties

⁶ Reclassification of the Risch Rotkreuz property, Suurstoffi 3a–c

⁷ Share of Suurstoffi 3 anergy network Suurstoffi 3

⁸ Reclassification of the Risch Rotkreuz properties, Suurstoffi 22 and 39 to investment properties under construction

Other investment properties	Total inv. properties	Total inv. properties under construction ¹	Undeveloped plots ²	Total
22 590	900 276	94 771	9 269	1 004 316
0	1 849	20 382	0	22 231
- 7 323	- 7 323	0	0	- 7 323
0	0	2 158	- 2 158	0
0	85 934	- 85 934	0	0
0	- 16 500	0	0	- 16 500
0	- 373	0	0	- 373
704	33 165	- 384	0	32 781
15 971	997 028	30 993	7 111	1 035 132
21 460	571 029	81 785	9 269	662 083
9 511	658 812	30 993	7 111	696 916
1 130	329 247	12 986	0	342 233
6 460	338 216	0	0	338 216
13 146	1 013 516	57 723	4 008	1 075 247
0	5 464	24 560	0	30 024
0	0	1 484	- 1 484	0
199	7 181	7 193	0	14 374
13 345	1 026 161	90 960	2 524	1 119 645
7 909	616 338	57 607	4 008	677 953
7 909	621 802	83 651	2 524	707 977
5 237	397 178	116	0	397 294
5 436	404 359	7 309	0	411 668

The market values are based on the fair value assessments performed by a recognized independent real estate expert (Wüest & Partner AG) as at June 30 and December 31 using the DCF (discounted cash flow) method. The discount rates applied to the valuation of the investment properties and the investment properties under construction as at the balance sheet date were within a range of 3.1% to 3.6% (previous year: 3.2% to 3.7%).

2 | Financial liabilities

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

Residual term in CHF thousands	30.06.2016	31.12.2015
Under 1 year	0	0
1 to 3 years	50 000	0
3 to 5 years	50 000	100 000
5 to 10 years	115 000	90 000
Over 10 years	135 000	160 000
Total	350 000	350 000
Of which current	0	0
Of which long-term	350 000	350 000

The average residual term of the interest-bearing debt is 8.7 years (December 31, 2015: 9.2 years). The average capital-weighted interest rate was 2.5% (unchanged).

To secure the long-term financial liabilities, properties with a book value of TCHF 680 408 (December 31, 2015: TCHF 677 049) have been encumbered.

3 | Shareholders' equity

Shares issued	Security number	Nominal 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 first half of 2016, Zug Estates Holding did not acquire or sell any registered treasury shares (previous year: no acquisitions or sales).

As at June 30, 2016, Zug Estates Holding AG does not hold any series A registered treasury shares, but holds 17 592 series B registered treasury shares (unchanged).

Non-distributable statutory reserves amounted to TCHF 7 625 as at June 30, 2016 (previous year: TCHF 7 701).

Shareholders' equity per share

in CHF	30.06.2016	31.12.2015
Shareholders' equity per outstanding series B registered share, before deferred taxes	1 693.77	1 657.56
Shareholders' equity per outstanding series B registered share, after deferred taxes	1 498.93	1 469.18

NAV at market value per share

in CHF	30.06.2016	31.12.2015
NAV at market value per outstanding series B registered share	1 631.53	1 600.45

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

		30.06.2016	30.06.2015
Series A registered shares issued	Number	1 948 640	1 948 640
Series A registered treasury shares (weighted average)	Number	0	18 400

Average outstanding series A registered shares

	Number	1 948 640	1 930 240
Share in net income attributable to series A registered shares	TCHF	9 791	15 513
Applicable number of series A registered shares	Number	1 948 640	1 930 240
Earnings per series A registered share, undiluted	CHF	5.02	8.04

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	17 592

Average outstanding series B registered shares

	Number	297 544	297 544
Share in net income attributable to series B registered shares	TCHF	14 949	23 914
Applicable number of series B registered shares	Number	297 544	297 544
Earnings per series B registered share, undiluted	CHF	50.24	80.37

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

4 | Property income

The reported property income of TCHF 19 731 (first half 2015: TCHF 19 133) comprises actual rental income and income from the Miteigentümergeinschaft Metalli. This position contains rental revenue from all properties.

in CHF thousands	01.01.2016 – 30.06.2016	01.01.2015 – 30.06.2015
Actual rental income	13 275	13 089
Income from Miteigentümergeinschaft Metalli ¹	6 456	6 044
Total property income	19 731	19 133

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 %	30.06.2016	31.12.2015
Under 1 year, incl. unlimited rental contracts ²	48.2	47.3
Over 1 year	2.7	0.6
Over 2 years	7.6	3.7
Over 3 years	4.0	7.3
Over 4 years	5.8	4.3
Over 5 years	0.7	4.1
Over 6 years	15.6	1.0
Over 7 years	2.7	15.1
Over 8 years	5.3	2.8
Over 9 years	0.0	5.7
Over 10 years	7.4	8.1
Total	100.0	100.0

² Mainly residential and parking

The five largest tenant groups together generate 26.0% (December 31, 2015: 26.9%) of annualized projected rental revenue.

Tenants, share in %	30.06.2016	Tenants, share in %	31.12.2015
Novartis	7.9	Novartis	8.2
Migros ³	7.0	Migros ³	7.2
UBS	5.5	UBS	5.7
Dosenbach-Ochsner	2.9	Dosenbach-Ochsner	3.0
H&M	2.7	H&M	2.8

³ Various companies of Migros Group

5 | Segment report

The Group's business activities comprise the business units «Real Estate» and «Hotel & Catering».

01.01.2016 – 30.06.2016 in CHF thousands	Real Estate	Hotel & Catering	Corporate & Eliminations ¹	Total
Operating revenue	24 561	8 683	– 2 991	30 253
Operating income before depreciation and revaluation	5 558	8 031	2 776	10 813
Revaluation of investment properties (net)	14 374	0	0	14 374
Income from sale of investment properties	440	0	0	440
Operating income before depreciation (EBITDA)	33 817	652	– 215	34 254
Operating income (EBIT)	32 834	200	– 217	32 817
01.01.2015 – 30.06.2015 ² in CHF thousands	Real Estate	Hotel & Catering	Corporate & Eliminations ¹	Total
Operating revenue	23 849	10 120	– 3 029	30 940
Operating income before depreciation and revaluation	5 596	9 231	2 483	12 344
Revaluation of investment properties (net)	32 781	0	0	32 781
Income from sale of investment properties	– 23	0	0	– 23
Operating income before depreciation (EBITDA)	51 011	889	– 546	51 354
Operating income (EBIT)	49 706	380	– 560	49 526

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

² As described on page 9, the previous year's figures have been adjusted due to the new Swiss GAAP FER regulations

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 – rests 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 2.1 million (first half 2015: CHF 1.8 million).



Height sets new record

While three buildings are still under construction, work on the next stage is already beginning in Rotkreuz. The Suurstoffi 22 10-story timber hybrid building will create additional office space – and will be the country's tallest wood building.

«The Suurstoffi site has established itself», notes Kim Riese, Head of Development & Construction Projects at Zug Estates. In addition to the Rotkreuz site's ideal transport links, good accessibility and high quality external spaces, access to the



talent pool was also important, he says. Due to the solid demand for office space at the site, Zug Estates is now proceeding with the next development stage: Suurstoffi 22 will round off the complex along the rail line.

The existing buildings along the track will be used primarily as office space. The new building will form part of this sequence of development. At the same time, it will become the new site access for private vehicles. The previous access route in the west will no longer be required, which will further ease traffic pressure on the residential buildings in the areas at the rear of the site. This will once again change the face of the Suurstoffi site and will see the district continue to develop. «This vibrancy is intentional. It is something we have been promoting – by deliberately mixing uses and architectural languages – ever since development of the site began», explains Kim Riese.

Strong presence

The new building fronting is highly visible and will give the site a new face. This requires careful and prudent design work. To this end, Zug Estates began comprehensive planning during the project phase. Up to three tenants will have individual entrances and a visual presence on the façade of the new building. The building permit was granted in July 2016. Negotiations with an anchor tenant are at an advanced stage, leading to expectations that the project will be launched this year.

With its 10 stories, the Suurstoffi 22 site will be Switzerland's first hybrid timber-concrete high-rise building. In addition to the pioneering nature of the building, its environmental technology also deserves to be highlighted. Photovoltaic systems on the roof and a connection to the site's own energy network will contribute to the supply of electricity and heating. The technology required for heating, ventilation and cooling will be incorporated into the timber-concrete composite floors at the factory. This pre-assembly makes it possible to reduce the construction time by four to six months.

Top left: Work on the third phase in the eastern part of the site commenced on schedule at the end of 2015.

Bottom left: Visualization of the new building at Suurstoffi 22,

Efficient construction processes

Zug Estates has had good experiences with timber structures in a range of different construction projects. 2010 saw the opening of the City Garden Hotel, Switzerland's first four-story wood hotel. And between 2013 and 2014, nine buildings with a total of 156 residential units were built on the northern section of the Suurstoffi site using prefabricated timber sections and hybrid timber construction techniques.

«One of our requirements for the Suurstoffi 22 site was that the planners should work with Building Information Modeling (BIM)», says Kim Riese. In timber construction projects, such digital planning and process chains have been common practice for more than 20 years. This favors the famously short construction times and high adherence to completion deadlines that characterize timber construction. Both arguments play a part at the Suurstoffi site, as it accommodates already today some 1 500 people on a daily basis.

Key data

Address

Suurstoffi 22, Rotkreuz

Gross floor area

12 000 m² of office and commercial space

Architecture

Burkard Meyer Architekten BSA, Baden

Landscape architecture

Vogt Landschaftsarchitekten AG, Zurich

Investment volume

Approx. CHF 55 million

Development type

Timber-concrete hybrid construction technique

Realization

Summer 2016 to 2018

Portfolio

	Place	Form of ownership ¹	Ownership share in %	Year of construction	Year of refurbishment
Investment properties					
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 Zug City Center site					
Suurstoffi site					
Suurstoffi 5, 9, 13–17	Rotkreuz	SO	100	2011/2012	–
Suurstoffi 19–35	Rotkreuz	SO	100	2015	–
Suurstoffi 7, 11	Rotkreuz	SO	100	ca. 1926	2012
Suurstoffi 8–12	Rotkreuz	SO	100	2013	–
Suurstoffi 14	Rotkreuz	SO	100	2013	–
Suurstoffi 41	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. investment properties under construction)					
Investment properties under construction					
Suurstoffi 16–20	Risch Rotkreuz	SO	100	2017	–
Suurstoffi 22	Risch Rotkreuz	SO	100	–	–
Suurstoffi 37/39	Risch Rotkreuz	SO	100	–	–
Campus Suurstoffi Rotkreuz der HSLU	Risch Rotkreuz	SO	100	–	–
Total investment properties under construction					
Undeveloped plots					
Suurstoffi site	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 floorspace and number of parking spaces excludes investment properties under construction

⁴ The following properties located in Zug serve completely or partly as operating properties: Industriestrasse 14 (Parkhotel Zug), Industriestrasse 16 (Résidence), Metallstrasse 20 (City Garden Hotel), 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 space 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	337	294	3 405	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	337	1 439	3 944	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	1 809	10 689	4 842	129 076	1 978
14 098	13 275	9 282	0	0	0	667	23 224	167
6 863	-	-	-	-	-	-	-	-
7 858	-	-	-	-	-	-	-	-
8 491	-	-	-	-	-	-	-	-
37 310	13 275	9 282	0	0	0	667	23 224	167
10 335	-	-	-	-	-	-	-	-
10 335	-	-	-	-	-	-	-	-
155 177	54 363	36 190	21 183	1 809	10 689	4 842	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	14 811	10 966	4 842	145 107	2 156

Additional information

in CHF thousands or %	Book value	Book value	Projected	Projected	Vacancy rate	Vacancy rate
	30.06.2016	31.12.2015	rental revenue 30.06.2016	rental revenue 31.12.2015	30.06.2016	31.12.2015
Zug City Center site, Zug ¹	668 082	665 797	28 679	28 598	1.4	1.8
Suurstoffi site, Risch Rotkreuz	344 734	334 573	15 248	15 348	9.4	12.3
Other	13 345	13 146	539	539	0.6	0.6
Investment properties	1 026 161	1 013 516	44 485	44 485	4.2	5.4
Investment properties under construction	90 960	57 723	–	–	–	–
Undeveloped plots	2 524	4 008	–	–	–	–
Total real estate portfolio	1 119 645	1 075 247	44 485	44 485	4.2	5.4
Operating properties ²	37 233	38 008	–	–	–	–
Total portfolio	1 156 878	1 113 255	–	–	–	–

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

² In accordance with financial reporting principles, operating properties are stated at cost less write-downs. Wüest & Partner AG estimated the fair value as at December 31, 2015 at TCHF 113 693 (December 31, 2014: TCHF 106 724).

Additional information on Suurstoffi development project, Risch Rotkreuz

Project description

A mixed-use development with 150 000 m² gross floor area to accommodate 1 500 residents and more than 2 500 workplaces is to be built in several phases on the Suurstoffi site (approx. 100 000 m²) near the Rotkreuz rapid transit station. The development will, essentially, become part of the Group portfolio.

The first two construction phases have been completed, with more than 19 000 m² of commercial space and 384 apartments handed over to users.

Project status

Work on the third phase in the eastern part of the Suurstoffi site commenced on schedule in 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 will be built, in addition to some 9 000 m² of commercial space. More than two-thirds of the commercial space has been let to the market research company GfK and the car-sharing company Mobility, which will have a presence on the Suurstoffi site with a total of about 300 employees from fall 2017 and January 2018 respectively.

The Suurstoffi 22 building at the eastern end of the site is at the planning stage. The planning application was submitted in the second quarter of 2016. By the end of 2018, about 12 000 m² of office and commercial space is to be completed using timber-concrete construction techniques. A planning application for the vertical garden high-rise «Aglaya» (Suurstoffi 37/39) in the center of the site was submitted at the end of June 2016.

In addition to some 2 000 m² of office space that will remain under the ownership of Zug Estates, the site will also feature 85 condominium apartments. These are expected to be occupied in winter 2018/19. The development of the university campus of the Lucerne University of Applied Sciences and Arts is proceeding according to plan. The planning application should be submitted in spring 2017 and the tenants are expected to move in in 2019.

Occupancy level by floor area (commercial units) or number (residential units)	30.06.2016	31.12.2015
Suurstoffi 16–20		
Residential	0%	–
Student accommodation	100%	–
Commercial	68%	38%

Completion

Suurstoffi 16–20	Autumn 2017
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As the building fronting the eastern part of the site, Suurstoffi 22 (outlined below left) will give the site a new face.



Contact details and upcoming events

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Agenda

March 10, 2017
April 11, 2017
September 1, 2017
Publication of Annual Report 2016
Annual general meeting of shareholders 2017
Publication of Half-Year Report 2017

Exchange trading

Series B registered share Zug Estates Holding AG
Securities number: 14 805 212
ISIN: CH 014 805 212 6
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Bloomberg: ZUGN:SW



Online Report



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Report

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The electronic and PDF versions 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 current Half-Year 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.

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