

# 2017

## Half-Year Report

**“The Zug Estates Group can look back on a successful first half of 2017 in which it was able to make significant progress on the further development of the Suurstoffi site in Risch Rotkreuz.”**

## About Zug Estates

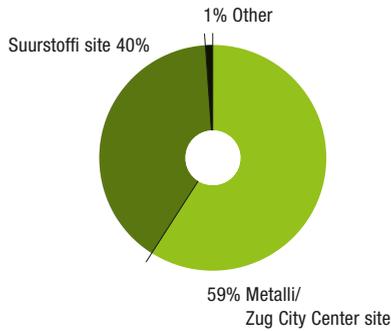
**The Zug Estates Group conceives, develops, markets and manages properties in the Zug region. It focuses on centrally located sites suitable for a wide range of uses and with potential for sustainable development. A large part of the real estate portfolio is located at two sites in Zug and Risch Rotkreuz and is broadly diversified by type of use. The Group also runs a city resort in Zug incorporating the two leading business hotels Parkhotel Zug and City Garden, augmented by a range of restaurant outlets. As at June 30, 2017, the total portfolio value was CHF 1.34 bn.**

**20.0** **mio.**

Net income as at June 30, 2017

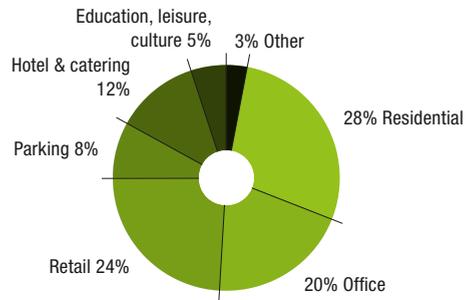
### Portfolio by site

Based on fair value as at June 30, 2017



### Portfolio by use

Based on projected rental revenue<sup>1</sup> as at June 30, 2017



<sup>1</sup> From point of view of real estate business unit

### Fair value of portfolio

in CHF million



## Selected key figures

		H1 2017/ 30.06.2017	H1 2016/ 31.12.2016	%
<b>Zug Estates Group</b>				
Operating revenue (excl. income from revaluation of investment properties)	TCHF	31 232	30 253	3.2%
Operating expenses	TCHF	11 624	10 813	7.5%
Operating income before depreciation and revaluation	TCHF	19 608	19 440	0.9%
Revaluation of investment properties (net) <sup>1</sup>	TCHF	7 182	14 374	- 50.0%
Income from sale of investment properties	TCHF	999	440	127.0%
Operating income EBIT	TCHF	26 099	32 817	- 20.5%
Net income	TCHF	20 034	24 740	- 19.0%
Net income excluding income from revaluation <sup>2</sup>	TCHF	13 047	12 089	7.9%
Total assets	TCHF	1 379 924	1 265 403	9.1%
Interest-bearing debt	TCHF	449 907	350 200	28.5%
Interest-bearing debt in % of Total assets		32.6%	27.7%	
Shareholders' equity	TCHF	789 641	774 528	2.0%
Equity ratio		57.2%	61.2%	
Headcount	FTE	130.5	130.5	0.0%
<b>Share</b>				
Closing price	CHF	1 848	1 653	11.8%
Market capitalization <sup>3</sup>	TCHF	932 146	827 174	12.7%
Earnings per series B registered share <sup>4</sup>	CHF	39.9	50.2	- 20.5%
Earnings per series B registered share excl. revaluation <sup>4</sup>	CHF	26.0	24.6	5.7%
NAV at market value per series B registered share B <sup>3</sup>	CHF	1 700.8	1 683.5	1.0%
<b>Portfolio</b>				
Investment properties	TCHF	1 050 680	1 043 489	0.7%
Investment properties under construction	TCHF	172 557	128 519	34.3%
Undeveloped plots <sup>5</sup>	TCHF	2 524	2 524	0.0%
<b>Total real estate portfolio</b>	<b>TCHF</b>	<b>1 225 761</b>	<b>1 174 532</b>	<b>4.4%</b>
Operating properties (market value) <sup>6</sup>	TCHF	115 976	115 976	0.0%
<b>Total portfolio</b>	<b>TCHF</b>	<b>1 341 737</b>	<b>1 290 508</b>	<b>4.0%</b>
Property income <sup>7</sup>	TCHF	20 792	19 731	5.4%
Vacancy rate investment properties <sup>8</sup>		1.4%	1.8%	
Gross return investment properties <sup>9</sup>		4.3%	4.3%	

<sup>1</sup> Equal to change in gross value less investments

<sup>2</sup> 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

<sup>3</sup> In relation to number of shares outstanding (series A registered shares converted)

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

<sup>5</sup> In accordance with accounting principles, undeveloped plots are stated at cost

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

<sup>7</sup> Comprises rental income and income from Miteigentümergeinschaft Metalli

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

<sup>9</sup> 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

**In the first half of 2017, the Zug Estates Group increased its property income by 5.4% year-on-year to CHF 20.8 million. Net income excluding revaluation was up by 7.9% to CHF 13.0 million.**

**+7.9%**

**Net income excluding revaluation and special effects increased to CHF 13 million.**

### Dear shareholders Ladies and gentlemen

The Zug Estates Group can look back on a successful first half of 2017 in which it was able to make further progress on the development of the Suurstoffi site in Risch Rotkreuz.

### Net income excluding revaluation increases by 7.9%

The Zug Estates Group can look back on a successful first half of 2017 in which it was able to make further progress on the development of the Suurstoffi site in Risch Rotkreuz. In the first half of 2017, the Zug Estates Group increased its property income by 5.4% year-on-year to CHF 20.8 million. Net income excluding revaluation was up by 7.9% to CHF 13.0 million.

In the first six months of 2017, Zug Estates posted operating income before depreciation and revaluation of CHF 19.6 million. This represents a year-on-year increase of 0.9%. At the same time, property income rose by 5.4% or approximately CHF 1.1 million to CHF 20.8 million. The hotel & catering business unit reported sales of CHF 8.3 million and gross operating profit (GOP) of 41.7%, practically matching the previous year's figures. At CHF 11.6 million, the Group's first-half operating expenses were up 7.5% year-on-year owing to pre-investments in the future growth of the portfolio.

In the first half of 2017, the Group invested CHF 49.7 million in the further development of its sites. In addition, the book value of investment properties increased by CHF 7.2 million net following revaluation (previous year: CHF 14.4 million). The above-average quality of the locations and properties as well as the continuous development and positioning of the Suurstoffi site contributed to the income from revaluation. As part of the streamlining of its portfolio, Zug Estates sold two properties in Baar, generating a profit of CHF 1.0 million.

In order to finance the further expansion of the portfolio, a CHF 100 million 0.7% bond with a term from 2017 to 2022 was successfully issued in January 2017.

As a result of the lower revaluation gain, EBIT and net income were down on the previous year's figures at CHF 26.1 million and CHF 20.0 million respectively. Net income excluding revaluation was, however, up by 7.9% to CHF 13.0 million.

### Market value higher, vacancy rate lower

The market value of the portfolio also saw an increase in the first half of 2017, up 4.0% to CHF 1.34 billion as at the reference date. Moreover, the portfolio's vacancy rate decreased once again, standing at 1.4% as at June 30, 2017 (reference date) (June 30, 2016: 4.2%, December 31, 2016: 1.8%).

### Development projects and marketing on track

Further headway was made on the development and marketing of the Suurstoffi and Zug City Center sites:

- Construction of the third development phase (buildings S16, S18 and S20) of the Suurstoffi site is progressing according to plan. Completion and the staggered handover to tenants are scheduled for the fourth quarter of 2017 and through into the first quarter of 2018. The investment volume for the 11,331 m<sup>2</sup> of commercial space and 152 apartments amounts to roughly CHF 110 million. Car-sharing service

- provider Mobility and market research institute GfK are the principal tenants. The occupancy level for the apartments is 85%, and for the commercial space 68%.
- Construction work on what is currently set to be Switzerland's tallest wooden building is going to schedule. The investment volume for office building S22 is approximately CHF 55 million. Long-term rental agreements have been concluded with biotechnology company Amgen for around one-third of the commercial space. Negotiations (some at an advanced stage) with further prospective tenants are underway. The first occupants are scheduled to move in during summer 2018.
  - Timetabled for completion in early 2019, the vertical garden high-rise Aglaya is in the design and build phase. The investment volume runs to CHF 100 million, almost 90% of which is for promotional properties. As at the end of June 2017, 46% of apartments were sold or reserved.
  - The development plan for the campus of Lucerne University of Applied Sciences and Arts was accepted on November 29, 2016 by the Risch Rotkreuz Municipal Assembly and approved on March 28, 2017 by the Cantonal Government of Canton Zug. The building permit became legally binding on July 26, 2017. The investment volume amounts to CHF 175 million. The plan envisages three buildings with approximately 26,000 m<sup>2</sup> of rentable commercial space. Long-term rental contracts have been signed with Lucerne University of Applied Sciences and Arts for nearly two-thirds of this space. The campus is scheduled for completion in summer 2019.
  - Consistently strong demand for commercial space prompted the decision by Zug Estates to begin planning work on the remaining two buildings at the Suurstoffi site (S43 and S45).
  - A master plan was initiated to develop the Zug City Center site. Initial results are expected in the first quarter of 2018.
  - Preparations for renovation of the 73 rooms at the Parkhotel Zug have also been completed, with work due to be carried out in the second half of 2017.

### Successful handovers

On reaching the statutory age limit, Hannes Wüest stepped down as chairman of the board of directors of Zug Estates Holding AG at the general meeting of shareholders on April 11, 2017. Dr. Beat Schwab was elected as his successor.

On May 1, 2017, Mirko Käppeli took up office as new CFO of the Zug Estates Group, succeeding Gabriela Theus. The handovers were smooth and efficient.

### Outlook for the second half of 2017

In operating terms, we expect income in the real estate business unit to rise on the strength of the space rented by Lucerne University of Applied Sciences and Arts (taken to income over the full year) and the envisaged partial occupancy of newbuilds under the third development phase at the Suurstoffi site in the fourth quarter of 2017.

In light of the room renovation work at the Parkhotel Zug, we are forecasting a slight decrease in sales in the hotel & catering segment.

For the year as a whole, we expect operating income before depreciation and revaluation to be at the previous year's level. However, due to the predicted slowdown in market momentum, we anticipate that income from the revaluation of investment properties (net) will be down on the previous year, and that this will similarly impact net income. Net income excluding revaluation is expected to be higher than in the previous year. In 2017 we are projecting a total investment volume of approximately CHF 160 million, including promotional property.

### New corporate image for Zug Estates

Zug Estates will be launching a new visual identity on September 1, 2017. The first redesign since 2012, it will mean a new look for the website, the business reports (print and online versions), the sustainability report and elsewhere.

Zug, August 2017



**Dr. Beat Schwab**  
Chairman of the board of directors



**Tobias Achermann**  
CEO

# 20.8 mio.

Property income in the first half of 2017, representing a year-on-year rise of 5.4%.

## Consolidated balance sheet

### Assets

in CHF thousands	Note	30.06.2017	31.12.2016
Cash and cash equivalents		78 668	18 440
Trade receivables		892	924
Other receivables		5 022	4 186
Inventories		207	187
Properties held for sale		0	1 946
Promotional properties		22 183	16 906
Prepaid expenses		1 947	2 351
<b>Total current assets</b>		<b>108 919</b>	<b>44 940</b>
Investment properties	1	1 050 680	1 043 489
Investment properties under construction	1	172 557	128 519
Undeveloped plots	1	2 524	2 524
Operating properties		36 060	36 461
Other tangible assets		6 848	7 485
Prepayments for tangible assets		171	171
Financial assets		2 064	1 710
Intangible assets		101	104
<b>Total fixed assets</b>		<b>1 271 005</b>	<b>1 220 463</b>
<b>Total assets</b>		<b>1 379 924</b>	<b>1 265 403</b>

### Liabilities and shareholders' equity

in CHF thousands	Note	30.06.2017	31.12.2016
Current financial liabilities	2	200	0
Trade payables		9 350	5 370
Other current liabilities		7 463	6 751
Accrued expenses		18 249	27 584
Current provisions		13	0
<b>Total current liabilities</b>		<b>35 275</b>	<b>39 705</b>
Long-term financial liabilities	2	449 707	350 200
Other long-term liabilities		1 814	0
Long-term provisions		956	967
Deferred tax liabilities		102 531	100 003
<b>Total non-current liabilities</b>		<b>555 008</b>	<b>451 170</b>
<b>Total liabilities</b>		<b>590 283</b>	<b>490 875</b>
Share capital		12 750	12 750
Capital reserves		517 745	527 458
Treasury shares		-7 435	-12 227
Retained earnings		266 581	246 547
<b>Total shareholders' equity</b>	3	<b>789 641</b>	<b>774 528</b>
<b>Total liabilities and shareholders' equity</b>		<b>1 379 924</b>	<b>1 265 403</b>

## Consolidated income statement

in CHF thousands	Note	01.01.2017 – 30.06.2017	01.01.2016 – 30.06.2016
Property income		20 792	19 731
Hotel & catering income		8 253	8 373
Additional income from ordinary business operations		2 101	2 076
<b>Net proceeds of trade payables and receivables</b>		<b>31 146</b>	<b>30 180</b>
Other operating revenue		86	73
<b>Total operating revenue</b>		<b>31 232</b>	<b>30 253</b>
Property expenses		1 105	1 077
Cost of goods hotel & catering		781	836
Personnel expenses		6 936	6 551
Other operating expenses		2 802	2 349
<b>Total operating expenses</b>		<b>11 624</b>	<b>10 813</b>
<b>Operating income before depreciation and revaluation</b>		<b>19 608</b>	<b>19 440</b>
Revaluation of investment properties (net)	1	7 182	14 374
Income from sale of investment properties		999	440
<b>Operating income before depreciation (EBITDA)</b>		<b>27 789</b>	<b>34 254</b>
Depreciation		1 690	1 437
<b>Operating income (EBIT)</b>		<b>26 099</b>	<b>32 817</b>
Financial result		– 2 581	– 3 813
<b>Income before taxes (EBT)</b>		<b>23 518</b>	<b>29 004</b>
Taxes		3 484	4 264
<b>Net income</b>		<b>20 034</b>	<b>24 740</b>
<b>Earnings per share</b>			
<b>in CHF</b>			
Earnings per series A registered share, undiluted <sup>1</sup>	3	3.99	5.02
Earnings per series B registered share, undiluted <sup>1</sup>	3	39.88	50.24

<sup>1</sup>There are no potential dilutive effects to report. The diluted earnings per share correspond to the undiluted earnings per share

## Consolidated statement of cash flows (condensed)

in CHF thousands	01.01.2017 – 30.06.2017	01.01.2016 – 30.06.2016
– Cash flow before change in working capital	14 623	13 324
– Change in working capital	– 17 262	– 3 317
Cash flow from operating activities	– 2 639	10 007
Cash flow from investing activities	– 33 710	– 17 275
Cash flow from financing activities	96 577	– 10 094
<b>Change in cash and cash equivalents</b>	<b>60 228</b>	<b>– 17 362</b>
<b>Composition of net cash and cash equivalents</b>		
Net cash and cash equivalents at beginning of reporting period	18 440	55 235
Net cash and cash equivalents at end of reporting period	78 668	37 873
<b>Change in cash and cash equivalents</b>	<b>60 228</b>	<b>– 17 362</b>

In the first half of 2017, non-cash investments of TCHF 10986 (first half 2016: TCHF 13 079) were made.

## Statement of changes in equity

in CHF thousands	Share capital	Capital reserve	Treasury shares	Retained earnings	Total shareholders' equity
<b>Balance on 01.01.2016</b>	<b>12 750</b>	<b>534 181</b>	<b>– 21 688</b>	<b>198 194</b>	<b>723 437</b>
Distribution from the reserves from capital contributions	–	– 10 094	–	–	– 10 094
Net income	–	–	–	24 740	24 740
<b>Balance on 30.06.2016</b>	<b>12 750</b>	<b>524 087</b>	<b>– 21 688</b>	<b>222 934</b>	<b>738 083</b>
<b>Balance on 01.01.2017</b>	<b>12 750</b>	<b>527 458</b>	<b>– 12 227</b>	<b>246 547</b>	<b>774 528</b>
Sale of treasury shares <sup>1</sup>	–	1 796	4 792	–	6 588
Distribution from the reserves from capital contributions	–	– 11 509	–	–	– 11 509
Net income	–	–	–	20 034	20 034
<b>Balance on 30.06.2017</b>	<b>12 750</b>	<b>517 745</b>	<b>– 7 435</b>	<b>266 581</b>	<b>789 641</b>

<sup>1</sup>Profit from the sale of treasury shares and the associated tax payments were recognized as an increase in the capital reserves, without affecting net income

## Annex

### 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 pre-sent consolidated financial statements are unchanged compared with those published in the 2016 consolidated financial statements.

### Scope of consolidation

The scope of consolidation remained basically unchanged compared with the annual financial statements as of December 31, 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, 2017 using the DCF (discounted cash flow) method. The valuation method and technique applied for the half-year financial statements for 2017 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
<b>Balance on 01.01.2016</b>	<b>665 797</b>	<b>334 573</b>
Investments	409	5 055
Reclassification of undeveloped plots to investment properties under constructions <sup>3</sup>	0	0
Revaluation (net)	1 876	5 106
<b>Balance on 30.06.2016</b>	<b>668 082</b>	<b>344 734</b>
Accumulated acquisition values 01.01.2016	339 290	269 139
Accumulated acquisition values 30.06.2016	339 699	274 194
Difference market values/acquisition values 01.01.2016	326 507	65 434
Difference market values/acquisition values 30.06.2016	328 383	70 540
<b>Balance on 01.01.2017</b>	<b>675 517</b>	<b>355 319</b>
Investments	392	1 722
Reclassification of undeveloped plots to investment properties under constructions	0	0
Revaluation (net)	2 579	2 434
<b>Balance on 30.06.2017</b>	<b>678 488</b>	<b>359 475</b>
Accumulated acquisition values 01.01.2017	341 771	278 491
Accumulated acquisition values 30.06.2017	342 163	280 213
Difference market values/acquisition values 01.01.2017	333 746	76 828
Difference market values/acquisition values 30.06.2017	336 325	79 262

<sup>1</sup> Comprises the properties under construction at the Suurstoffi site in Risch Rotkreuz

<sup>2</sup> 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

<sup>3</sup> 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 <sup>1</sup>	Undeveloped plots <sup>2</sup>	Total
<b>13 146</b>	<b>1 013 516</b>	<b>57 723</b>	<b>4 008</b>	<b>1 075 247</b>
0	5 464	24 560	0	30 024
0	0	1 484	- 1 484	0
199	7 181	7 193	0	14 374
<b>13 345</b>	<b>1 026 161</b>	<b>90 960</b>	<b>2 524</b>	<b>1 119 645</b>
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
<b>12 653</b>	<b>1 043 489</b>	<b>128 519</b>	<b>2 524</b>	<b>1 174 532</b>
20	2 134	41 913	0	44 047
0	0	0	0	0
44	5 057	2 125	0	7 182
<b>12 717</b>	<b>1 050 680</b>	<b>172 557</b>	<b>2 524</b>	<b>1 225 761</b>
7 338	627 600	119 455	2 524	749 579
7 358	629 734	161 368	2 524	793 626
5 315	415 889	9 064	0	424 953
5 359	420 946	11 189	0	432 135

The discount rates applied to the valuation of the investment properties as at the balance sheet date were within a range of 2.9 to 3.9% (December 31, 2016: 2.9 to 3.6%).

## 2 Financial liabilities

The financial liabilities of TCHF 449907 as at June 30, 2017 break down into mortgage loans with financial institutions in the amount of TCHF 350200 as well as a loan issued in the reporting period with a book value of TCHF 99707.

The face value of the bond was TCHF 100000. The difference against the book value is attributable to issuing costs amortized over the term of the bond.

The financial liabilities are structured as follows by maturity:

### Residual term

in CHF thousands	30.06.2017	31.12.2016
Under 1 year	200	0
1 to 3 years	100 000	100 200
3 to 5 years	99 707	0
5 to 10 years	115 000	115 000
Over 10 years	135 000	135 000
<b>Total</b>	<b>449 907</b>	<b>350 200</b>
Of which current	200	0
Of which long-term	449 707	350 200

The average residual term of the interest-bearing debt is 7.0 years (December 31, 2016: 8.2 years). The average capital-weighted interest rate was 2.1% (December 31, 2016: 2.5%).

To secure the long-term financial liabilities, properties with a book value of TCHF 691 662 (December 31, 2016: TCHF 688 423) 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
<b>Total</b>				<b>2 263 776</b>	<b>12 750 000</b>

Zug Estates Holding did not acquire or sell any series A registered treasury shares in the first half of 2017. 4 000 series B registered shares were sold at an average price of CHF 1 685.50 (previous year: none acquired or sold).

As at June 30, 2017, Zug Estates Holding AG held no series A registered treasury shares (no change) and 5 592 series B registered treasury shares.

Non-distributable statutory reserves amounted to TCHF 7 625 as at June 30, 2017 (December 31, 2016: TCHF 7 625).

**Shareholders' equity per share**

in CHF	30.06.2017	31.12.2016
Shareholders' equity per outstanding series B registered share, before deferred taxes	1 768.75	1 747.64
Shareholders' equity per outstanding series B registered share, after deferred taxes	1 565.48	1 547.79

**NAV at market value per share**

in CHF	30.06.2017	31.12.2016
NAV at market value per outstanding series B registered share	1 700.78	1 683.49

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		30.06.2017	30.06.2016
Series A registered shares issued	Number	1 948 640	1 948 640
<b>Average outstanding series A registered shares</b>		<b>1 948 640</b>	<b>1 948 640</b>
Share in net income attributable to series A registered shares	TCHF	7 770	9 791
Applicable number of series A registered shares	Number	1 948 640	1 948 640
Earnings per series A registered share, undiluted <sup>1</sup>	CHF	3.99	5.02
Information on series B registered shares		30.06.2017	30.06.2016
Series B registered shares issued	Number	315 136	315 136
Series B registered treasury shares (weighted average)	Number	7 592	17 592
<b>Average outstanding series B registered shares</b>		<b>307 544</b>	<b>297 544</b>
Share in net income attributable to series B registered shares	TCHF	12 264	14 949
Applicable number of series B registered shares	Number	307 544	297 544
Earnings per series B registered share, undiluted <sup>1</sup>	CHF	39.88	50.24

<sup>1</sup>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 20 792 (first half 2016: TCHF 19 731) comprises actual rental income and income from the Miteigentümergeinschaft Metalli. This position contains rental revenue from all properties.

in CHF thousands	01.01.2017 – 30.06.2017	01.01.2016 – 30.06.2016
Actual rental income	14 293	13 275
Income from Miteigentümergeinschaft Metalli <sup>1</sup>	6 499	6 456
<b>Total property income</b>	<b>20 792</b>	<b>19 731</b>

<sup>1</sup> 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 %	30.06.2017	31.12.2016
Under 1 year, incl. unlimited rental contracts	42.5	47.4
Over 1 year	3.0	7.6
Over 2 years	8.1	7.9
Over 3 years	5.6	1.8
Over 4 years	1.4	4.7
Over 5 years	18.1	1.5
Over 6 years	7.2	13.9
Over 7 years	6.3	7.7
Over 8 years	0.0	0.0
Over 9 years	0.0	0.0
Over 10 years	7.8	7.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

As at June 30, 2017, the five largest tenant groups together generated 27.3% (as at December 31, 2016: 27.3%) of annualized projected rental revenue.

Tenants, share in %	30.06.2017	31.12.2016
Novartis	7.8	7.8
Migros <sup>1</sup>	7.3	7.3
UBS	5.5	5.5
Nord Stream	3.6	3.6
Hochschule Luzern	3.1	3.1

<sup>1</sup> Various companies of Migros Group

## 5 Segment report

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

in CHF thousands	Real Estate	Hotel & Catering	Corporate & Eliminations <sup>1</sup>	Total
<b>01.01.2017–30.06.2017</b>				
Operating revenue	25 331	8 608	– 2 707	31 232
Operating income before depreciation and revaluation	6 061	7 694	2 131	11 624
Revaluation of investment properties (net)	7 182	0	0	7 182
Income from disposal of investment properties	999	0	0	999
<b>Operating income before depreciation (EBITDA)</b>	<b>27 451</b>	<b>914</b>	<b>– 576</b>	<b>27 789</b>
<b>Operating income (EBIT)</b>	<b>26 226</b>	<b>449</b>	<b>– 576</b>	<b>26 099</b>

in CHF thousands	Real Estate	Hotel & Catering	Corporate & Eliminations <sup>1</sup>	Total
<b>01.01.2016–30.06.2016</b>				
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 disposal of investment properties	440	0	0	440
<b>Operating income before depreciation (EBITDA)</b>	<b>33 817</b>	<b>652</b>	<b>– 215</b>	<b>34 254</b>
<b>Operating income (EBIT)</b>	<b>32 834</b>	<b>200</b>	<b>– 217</b>	<b>32 817</b>

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

All revenues were generated in the canton of Zug.

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 2.2 million (first half 2016: CHF 2.1 million).

## Portfolio

	Place	Form of ownership <sup>1</sup>	Ownership share in %	Year of construction	Year of refurbishment
<b>Investment properties</b>					
<b>Zug City Center site</b>					
Baarerstrasse 20–22 (Metalli I/II, Zug Estates share)	Zug	M	72.25	1987/1991	–
Baarerstrasse 14a (Metalli III)	Zug	A	100	1995	–
Industriestrasse 13a/c (Metalli IV)	Zug	A	100	1995	–
Industriestrasse 16 (leasehold) <sup>2</sup>	Zug	BR-P	100	–	–
Industriestrasse 18	Zug	A	100	1992	–
Haldenstrasse 12–16 (Haldenhof)	Zug	A	100	2009	–
Residential development Haldenstrasse/Metallstrasse/ Bleichmattweg	Zug	A	100	1910–1991	1986–1989
<b>Total Zug City Center site</b>					
<b>Suurstoffi site</b>					
Suurstoffi 5, 9, 13–17	Risch Rotkreuz	A	100	2011/2012	–
Suurstoffi 19–35	Risch Rotkreuz	A	100	2015	–
Suurstoffi 7, 11 (Alte Suurstoffi)	Risch Rotkreuz	A	100	ca. 1926	2012
Suurstoffi 8–12	Risch Rotkreuz	A	100	2013	–
Suurstoffi 14	Risch Rotkreuz	A	100	2013	–
Suurstoffi 41	Risch Rotkreuz	A	100	2014	–
<b>Total Suurstoffi site</b>					
<b>Other</b>					
Hofstrasse 1a/b	Zug	A	100	1971	–
Rote Trotte 14–16	Baar	S	100	2007	–
<b>Total other</b>					
<b>Total investment properties</b> (excl. investment properties under construction)					
<b>Investment properties under construction</b>					
Suurstoffi 16-20 (Baufeld A)	Risch Rotkreuz	A	100	2017	–
Suurstoffi 22 (Baufeld A)	Risch Rotkreuz	A	100	2018	–
Suurstoffi 37/39 (Aglaya)	Risch Rotkreuz	A	100	2018/2019	–
Suurstoffi 1-6 (Campus Hochschule Luzern)	Risch Rotkreuz	A	100	–	–
<b>Total investment properties under construction</b>					
<b>Undeveloped plots</b>					
Suurstoffi site	Risch Rotkreuz	A	100	–	–
<b>Total undeveloped plots</b>					
<b>Total real estate portfolio<sup>3</sup></b>					
Operating properties <sup>3,4</sup>	Zug	A/S	100	–	–
<b>Total portfolio</b>					

<sup>1</sup> SO: sole ownership; LHP: leasehold plot; CO: co-ownership; C: condominium

<sup>2</sup> Zug Estates AG is the ground lessor

<sup>3</sup> Information on floorspace and number of parking spaces excludes investment properties under construction

<sup>4</sup> 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 <sup>2</sup>	Residential m <sup>2</sup>	Office m <sup>2</sup>	Retail m <sup>2</sup>	Hotel/catering m <sup>2</sup>	Storage m <sup>2</sup>	Training/ Development/ Miscellaneous m <sup>2</sup>	Total rentable space m <sup>2</sup>	Total no. of parking spaces (inside & outside)
16 419	8 130	12 169	17 886	862	4 520	762	44 329	519
4 843	270	5 375	2 916	149	3 277	8	11 995	121
2 155	1 965	1 634	381	461	755	–	5 196	93
3 200	–	–	–	–	–	–	–	–
1 637	–	1 713	–	–	360	–	2 073	30
3 615	3 148	–	–	–	–	59	3 207	54
13 997	8 422	–	–	–	11	38	8 471	69
<b>45 866</b>	<b>21 935</b>	<b>20 891</b>	<b>21 183</b>	<b>1 472</b>	<b>8 923</b>	<b>867</b>	<b>75 271</b>	<b>886</b>
15 503	11 336	–	–	–	–	19	11 355	224
12 417	10 278	–	–	–	35	–	10 313	394
2 680	–	–	–	–	–	520	520	–
15 237	10 095	86	–	334	297	3 405	14 217	314
8 359	–	8 527	–	–	621	–	9 148	48
3 496	–	620	–	–	16	5 861	6 497	65
<b>57 692</b>	<b>31 709</b>	<b>9 233</b>	<b>–</b>	<b>334</b>	<b>969</b>	<b>9 805</b>	<b>52 050</b>	<b>1 045</b>
2 806	503	698	–	–	33	–	1 234	29
1 687	273	–	–	–	–	31	304	4
<b>4 493</b>	<b>776</b>	<b>698</b>	<b>–</b>	<b>–</b>	<b>33</b>	<b>31</b>	<b>1 538</b>	<b>33</b>
<b>108 051</b>	<b>54 420</b>	<b>30 822</b>	<b>21 183</b>	<b>1 806</b>	<b>9 925</b>	<b>10 703</b>	<b>128 859</b>	<b>1 964</b>
14 098	11 861	7 418	–	–	494	3 419	23 192	234
6 863	–	11 131	–	–	86	668	11 885	132
7 858	–	1 821	–	–	36	256	2 113	–
8 591	–	9 436	–	–	1 741	14 726	25 903	137
<b>37 410</b>	<b>11 861</b>	<b>29 806</b>	<b>–</b>	<b>–</b>	<b>2 357</b>	<b>19 069</b>	<b>63 093</b>	<b>503</b>
10 337	–	–	–	–	–	–	–	–
<b>10 337</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>155 798</b>	<b>54 420</b>	<b>30 822</b>	<b>21 183</b>	<b>1 806</b>	<b>9 925</b>	<b>10 703</b>	<b>128 859</b>	<b>1 964</b>
12 871	1 879	873	–	13 002	277	–	16 031	178
<b>168 669</b>	<b>56 299</b>	<b>31 695</b>	<b>21 183</b>	<b>14 808</b>	<b>10 202</b>	<b>10 703</b>	<b>144 890</b>	<b>2 142</b>

## Additional information

in CHF thousands or %	Book value 30.06.2017	Book value 31.12.2016	Projected rental revenue 30.06.2017	Projected rental revenue 31.12.2016	Vacancy rate 30.06.2017	Vacancy rate 31.12.2016
Zug City Center site, Zug	678 488	675 517	28 662	28 640	1.2	1.0
Suurstoffi site, Risch Rotkreuz	359 475	355 319	15 770	16 041	1.8	3.2
Other	12 717	12 653	513	513	0.4	0.2
<b>Investment properties</b>	<b>1 050 680</b>	<b>1 043 489</b>	<b>44 945</b>	<b>45 194</b>	<b>1.4</b>	<b>1.8</b>
Investment properties under construction	172 557	128 519	–	–	–	–
Undeveloped plots	2 524	2 524	–	–	–	–
<b>Total real estate portfolio</b>	<b>1 225 761</b>	<b>1 174 532</b>	<b>44 945</b>	<b>45 194</b>	<b>1.4</b>	<b>1.8</b>
Operating properties <sup>2</sup>	36 060	36 461	–	–	–	–
<b>Total portfolio</b>	<b>1 261 821</b>	<b>1 210 993</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

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

<sup>2</sup> 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, 2016 at TCHF 115976 (December 31, 2015: TCHF 113693)

## Additional information on Suurstoffi development project, Risch Rotkreuz

Occupancy level by floor area (commercial units) or number (residential units)	30.06.2017	31.12.2016	
Suurstoffi 16–20	Residential	85%	0%
	Student accommodation	100%	100%
	Commercial	68%	68%
Suurstoffi 22	Commercial	31%	31%
Suurstoffi 37/39	Commercial	0%	0%

Stand for promotional properties based on number (residential use)	30.06.2017	31.12.2016	
Suurstoffi 37/39	Residential	46%	0%

### Completion

Suurstoffi 16–20	December 2017– February 2018
Suurstoffi 22	Summer 2018
Suurstoffi 37/39	Start of 2019

## Development pipeline

**Suurstoffi 16–20**, 152 rental apartments, 52 accommodation, units for students, approx. 500, workplaces – Mobility | Market Research company GfK

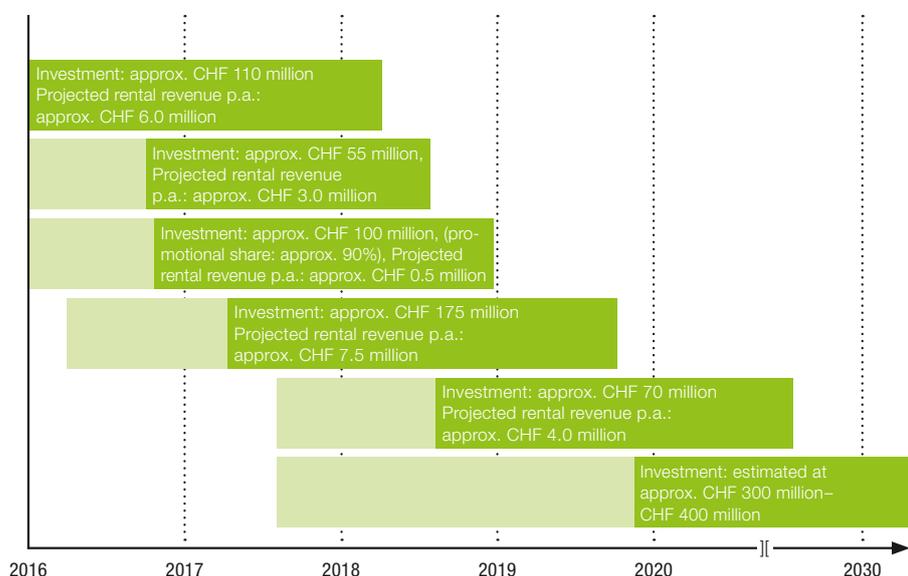
**Suurstoffi 22**, Approx. 600 workplaces, Amgen, Arval

**Suurstoffi 37/39 (Aglaya)**, 85 condominium apartments, approx. 100 workplaces

**Suurstoffi 1–6**, campus University of Applied Sciences and Arts, Lucerne

**Suurstoffi 43/45**

**Zug City Center site**, Development vision for 2030



■ Design phase ■ Construction phase

## Contact details and upcoming events

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### Agenda

09.03.2018  
**Publication of Annual Report 2017**

10.04.2018  
**Annual general meeting of shareholders 2018**

31.08.2018  
**Publication of Half-Year Report 2018**

### Exchange trading

Series B registered share Zug Estates Holding AG  
**Securities number:** 14 805 212  
**ISIN:** CH 014 805 212 6  
**Ticker symbol SIX Swiss Exchange:** ZUGN  
**Bloomberg:** ZUGN:SW



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#### 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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