

2019

Half-Year Report

“The qualitative growth of the Zug Estates Group continues. Property income, operating income and net income show a significant year-on-year increase.”

Company profile

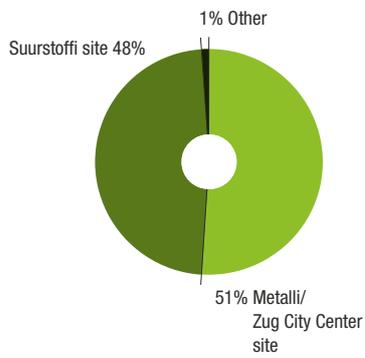
The Zug Estates Group conceives, develops, markets and manages properties in the Zug region. It focuses on central sites which are suitable for a wide range of uses and allow sustainable development. A large part of the real estate portfolio is located at two sites in Zug and Risch Rotkreuz and is broadly diversified by type of use. The total portfolio value as at June 30, 2019 was CHF 1.61 bn.

26.1 m

Net income as at June 30, 2019

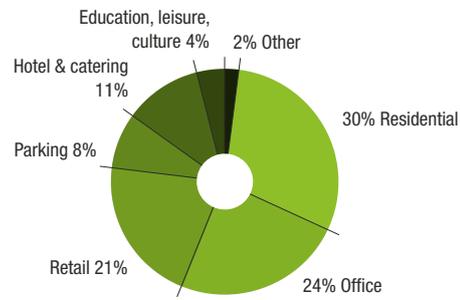
Portfolio by site

Based on fair value as at June 30, 2019



Portfolio by use

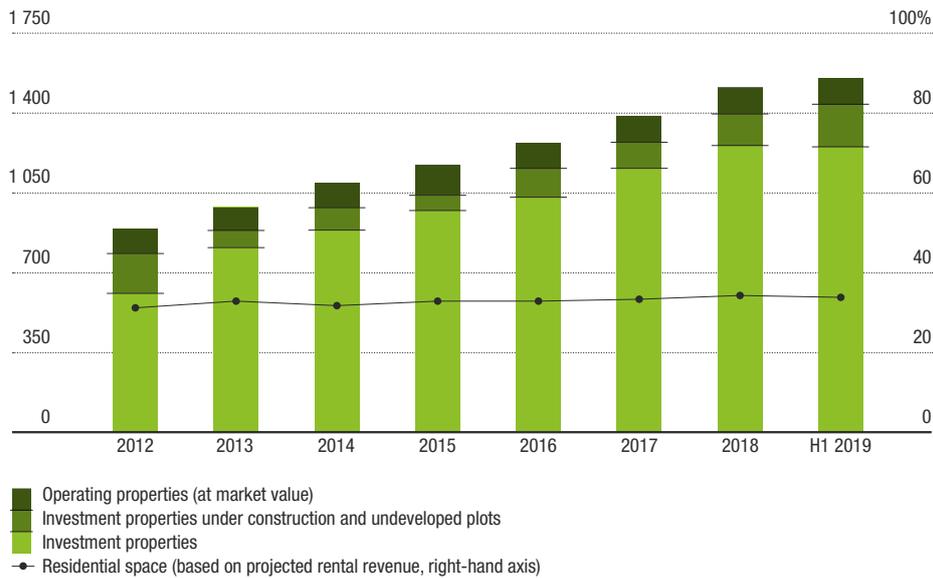
Based on projected rental revenue¹ as at June 30, 2019



¹ From point of view of real estate business unit site

Fair value of portfolio

in CHF million



Selected key figures

		H1 2019/ 30.06.2019	Restated ⁶ H1 2018/ 31.12.2018	%
Zug Estates Group				
Operating revenue (excluding income from revaluation of investment properties)	TCHF	36 721	35 311	4.0%
Operating expenses	TCHF	14 715	13 148	11.9%
Operating income before depreciation and revaluation	TCHF	22 006	22 163	-0.7%
Revaluation of investment properties (net)	TCHF	11 513	3 487	230.2%
Income from sale of investment properties	TCHF	982	0	n/a
Operating income (EBIT)	TCHF	32 848	23 883	37.5%
Net income	TCHF	26 084	18 176	43.5%
Net income excluding income from revaluation ¹	TCHF	15 401	15 195	1.4%
Total assets	TCHF	1 656 922	1 552 511	6.7%
Interest-bearing debt	TCHF	631 178	554 546	13.8%
– Interest-bearing debt in % of total assets		38.1%	35.7%	
– Average rate of interest of the interest-bearing debt (period)		1.7%	1.8%	
– Average maturity of the interest-bearing debt	YEARS	4.6	5.4	
Shareholders' equity	TCHF	855 675	843 871	1.4%
– Equity ratio		51.6%	54.4%	
Headcount	FTE	135.1	131.3	2.9%
Share				
Closing price	CHF	1 820	1 675	8.7%
Market capitalization ²	TCHF	928 200	854 250	8.7%
Earnings per series B registered share ³	CHF	51.1	35.9	42.6%
Earnings per series B registered share excl. revaluation ³	CHF	30.2	30.0	0.7%
NAV at market value per series B registered share ²	CHF	1 821.2	1 796.7	1.4%
Portfolio				
Investment properties	TCHF	1 290 764	1 273 724	1.3%
Investment properties under construction	TCHF	195 605	140 739	39.0%
Undeveloped plots	TCHF	2 524	2 524	0.0%
Total real estate portfolio	TCHF	1 488 893	1 416 987	5.1%
Operating properties (market value)	TCHF	118 705	118 705	0.0%
Total portfolio	TCHF	1 607 598	1 535 692	4.7%
Property income	TCHF	26 744	25 170	6.3%
Vacancy rate investment properties ⁴		3.2%	2.9%	
Gross return investment properties ⁵		4.2%	4.2%	

¹ Equal to net income excluding income from revaluation of investment properties (net), excluding income from sale of investment properties and securities and corresponding deferred taxes

² In relation to number of shares outstanding (series A registered shares converted)

³ In relation to number of shares on average outstanding (series A registered shares converted)

⁴ As at the balance sheet date, as a percentage of projected rental income

⁵ Projected rental income (annualized) as a percentage of the market value on the balance sheet date (see page 24)

⁶ First-time application of proportional consolidation for Miteigentümergeinschaft Metalli

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Report to the shareholders

The qualitative growth of the Zug Estates Group continues. Property income, operating income and net income show a significant year-on-year increase.

+4.7%

Portfolio grew to
CHF 1.61 bn as at June 30, 2019.

Dear shareholders, Ladies and gentlemen

Zug Estates achieved a gratifying first-half result. Considerable successes were reported on both the marketing and the construction fronts.

Qualitative growth continues

Adjusted for the effects of the first-time application of proportional consolidation for Miteigentümergeinschaft Metalli (restatement), property income rose by 6.3% in the first half of 2019 compared with the same period of 2018 to CHF 26.7 million (previous year: CHF 25.2 million). This is due to projects completed in 2018 being recognizable in full in the first half of 2019.

Owing to decreased demand, the hotel & catering business unit reported a 3.8% drop in revenue to CHF 8.2 million. However, cost savings meant that the gross operating profit was held at 39.3%, a respectable level compared with the sector as a whole.

Operating income increased overall from CHF 35.3 million to CHF 36.7 million (+4.0%).

Income from revaluation of CHF 11.5 million (first half 2018: CHF 3.5 million) led to EBIT of CHF 32.8 million (first half 2018: CHF 23.9 million) and a 43.5% rise in net income to CHF 26.1 million (first half 2018: CHF 18.2 million). The year-on-year improvement in both figures is also thanks not least to the sale of the last two condominiums on Rote Trotte in Baar at a profit of CHF 1.0 million. In spite of higher value-preserving property expenses, net income excluding income from revaluation rose slightly by 1.4% to CHF 15.4 million.

In the first half of the year, the Zug Estates Group invested CHF 84.8 million (first half 2018: CHF 62.5 million) in the further development of its sites. CHF 24.5 million of this sum was channeled into the Aglaya promotional project (first half 2018: CHF 7.1 million), while the bulk of investments again went into the Suurstoffi site in Rotkreuz.

Steady growth in value and voids slightly higher

The fair value of the portfolio saw an increase in the first half of 2019, up 4.7% to CHF 1.61 billion. The completion of additional commercial space caused a moderate rise in the vacancy rate: on the reference date, June 30, 2019, it stood at 3.2% (June 30, 2018: 1.9%, December 31, 2018: 2.9%). Contractually assured rental space of around 3000 m² has not been factored into the vacancy rate and will not be included in the calculation until the second half of the year.

Marketing in step with high level of construction activity

Both the Suurstoffi site and the Zug City Center site witnessed further development and marketing successes.

City Center site/Metalli, Zug

- Demand for retail and office space in the Metalli complex remains high. Rental contracts for a total of more than 850 m² were renewed or extended in the first half.
- Slated for completion at the end of 2019, the second phase of widescale refurbishment work totaling CHF 1.1 million on the property at Baarerstrasse 14a is proceeding according to plan. Preparations have also begun for the connection to the Circulago lake water district heating system. Zug Estates has set itself the goal of meeting the heating and cooling needs of the entire Metalli complex CO₂-free with water from Lake Zug as of April 2020.
- The adjustments to the Metalli and Bergli development plans necessary to develop the City Center will be handled jointly with the city of Zug. In this connection, a planning agreement was concluded with the city of Zug defining the general parameters for the joint project. Urban design studies with three planning teams begin in August. A structure project is to be in place at the beginning of 2020 as a basis for the adjustments to both development plans. The modified development plans are expected to come into force in 2022/23.

Suurstoffi, Rotkreuz

- Local amenities are set to be further expanded and enhanced with à la carte restaurant Saponi's and the Globegarden childcare center.
- A long-term rental contract has been concluded with Burger Söhne AG (Dannemann) for the top storey of the wooden high-rise Arbo (construction site 1).
- Global medical device company Align Technology has signed a long-term rental contract for the final two floors of wooden high-rise S22 with a total area of 2 950 m².
- In the first half of 2019, longer-term rental contracts were concluded for almost 5 900 m² of commercial space at the Suurstoffi site, representing an annual value of more than CHF 1.4 million.
- With completion work on the vertical garden high-rise Aglaya progressing to plan, staggered occupation of the condominiums is expected to commence in November 2019. As at June 30, 2019, 92% of the apartments had been reserved or sold.
- Building work on construction site 1 is also proceeding as planned. The first stage can be handed over to Lucerne University of Applied Sciences and Arts on schedule in Q3 2019. Implementation of the second stage will be completed on schedule in Q2 2020. Long-term rental contracts have already been concluded for 70% of the total 26 000 m² of rental space.

26.7m

Property income in the first half of 2019, representing a year-on-year increase of 6.3%.

Outlook for the second half of 2019

For the 2019 financial year, we are looking to see a marked increase in operating income before depreciation and revaluation thanks in particular to the initial tranche of the projected sales proceeds from the Aglaya apartments. We expect net income excluding income from revaluation to again be higher than the previous year.

As for the real estate business unit, we are predicting growth in rental income on the back of full-year rental revenue from S22 and construction site A as well as from occupancy of phase one plots at construction site 1 and rental space in the Aglaya building. At the same time, property expenses will be higher as a result of further refurbishment work at the Metalli center and initial maintenance carried out at the Suurstoffi site.

We expect revenue and gross operating profit in the hotel & catering segment to be down slightly against 2018.

Zug, August 2019



Dr. Beat Schwab
Chairman of the board of directors



Tobias Achermann
CEO

Consolidated balance sheet

Assets

in CHF thousands	Note	30.06.2019	31.12.2018	Restated 01.01.2018
Cash and cash equivalents		30 971	20 464	30 549
Trade receivables		1 761	1 109	2 655
Other receivables		9 185	9 131	9 330
Inventories		165	177	186
Properties held for sale		0	2 193	0
Promotional properties		81 817	57 365	39 214
Prepaid expenses		2 541	2 435	1 051
Total current assets		126 440	92 874	82 985
Investment properties	1	1 290 764	1 273 724	1 181 425
Investment properties under construction	1	195 605	140 739	106 618
Undeveloped plots	1	2 524	2 524	2 524
Operating properties		33 183	33 967	35 434
Other tangible assets		7 478	7 858	10 153
Prepayments for tangible assets		0	0	159
Financial assets		773	596	2 502
Intangible assets		155	229	334
Total fixed assets		1 530 482	1 459 637	1 339 149
Total assets		1 656 922	1 552 511	1 422 134

Liabilities and shareholders' equity

in CHF thousands	Note	30.06.2019	31.12.2018	Restated 01.01.2018
Current financial liabilities	2	193 800	117 256	60 200
Trade payables		5 411	4 018	4 533
Other current liabilities		21 853	22 568	15 796
Accrued expenses		28 487	17 336	27 303
Current provisions		20	17	14
Total current liabilities		249 571	161 195	107 846
Long-term financial liabilities	2	437 378	437 290	399 739
Long-term provisions		0	0	957
Deferred tax liabilities		114 298	110 155	105 191
Total long-term liabilities		551 676	547 445	505 887
Total liabilities		801 247	708 640	613 733
Share capital	3	12 750	12 750	12 750
Capital reserves		509 491	509 491	517 745
Treasury shares		0	0	-7 435
Retained earnings		333 434	321 630	285 341
Total shareholders' equity		855 675	843 871	808 401
Total liabilities and shareholders' equity		1 656 922	1 552 511	1 422 134

Consolidated income statement

in CHF thousands	Note	01.01.2019 – 30.06.2019	Restated 01.01.2018 – 30.06.2018
Property income	4	26 744	25 170
Hotel & catering income		8 166	8 490
Additional income from ordinary business operations		1 526	1 515
Net proceeds of trade payables and receivables		36 436	35 175
Other operating revenue		285	136
Total operating revenue		36 721	35 311
Property expenses		–3 826	–2 544
Cost of goods purchased for hotel & catering		–760	–802
Personnel expenses		–7 222	–6 987
Other operating expenses		–2 907	–2 815
Total operating expenses		–14 715	–13 148
Operating income before depreciation and revaluation		22 006	22 163
Revaluation of investment properties (net)	1	11 513	3 487
Result from sale of investment properties		982	0
Operating income before depreciation (EBITDA)		34 501	25 650
Depreciation		–1 653	–1 767
Operating income (EBIT)		32 848	23 883
Financial result		–2 466	–2 955
Income before taxes (EBT)		30 382	20 928
Tax expenditure		–4 298	–2 752
Net income		26 084	18 176
Earnings per share			
in CHF			
Earnings per series A registered share, undiluted ¹	3	5.11	3.59
Earnings per series B registered share, undiluted ¹	3	51.15	35.87

¹ 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	01.01.2019 – 30.06.2019	Restated 01.01.2018 – 30.06.2018
– Cash flow before change in working capital	16 992	15 542
– Change in working capital	–22 347	–2 680
Cash flow from operating activities	–5 355	12 862
Cash flow from investing activities	–46 458	–53 409
Cash flow from financing activities	62 320	42 846
Change in cash and cash equivalents	10 507	2 299
Composition of net cash and cash equivalents		
Net cash and cash equivalents at the beginning of reporting period	20 464	30 549
Net cash and cash equivalents at the end of reporting period	30 971	32 848
Change in cash and cash equivalents	10 507	2 299

In the first half of 2019, non-cash investments of TCHF 14 162 (first half 2018: TCHF 3 045) were made.

Statement of changes in equity

in CHF thousands	Share capital	Capital reserve	Treasury shares	Retained earnings	Total shareholders' equity
Balance on 01.01.2018	12 750	517 745	–7 435	280 950	804 010
Effect of first-time application of proportional consolidation				4 391	
Balance on 01.01.2018 Restated	12 750	517 745	–7 435	285 341	808 401
Sale of treasury shares ¹	0	2 086	7 435	0	9 521
Distribution from the reserves from capital contributions	0	–10 340	0	0	–10 340
Distribution from retained earnings carried forward (dividends)	0	0	0	–2 522	–2 522
Net income	0	0	0	18 176	18 176
Balance on 30.06.2018 Restated	12 750	509 491	0	300 995	823 236
Balance on 01.01.2019	12 750	509 491	0	321 630	843 871
Distribution to shareholders	0	0	0	–14 280	–14 280
Net income	0	0	0	26 084	26 084
Balance on 30.06.2019	12 750	509 491	0	333 434	855 675

¹ 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 Recommendation Swiss GAAP FER 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 consolidated financial statements as at December 31, 2018.

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, 2019 using the DCF (discounted cash flow) method. The valuation method and technique applied for the half-year financial statements for 2019 are unchanged from the previous year.

Scope of consolidation

The scope of consolidation is unchanged compared to the annual financial statements as at December 31, 2018.

Change in principles of consolidation compared to the Half-Year Report 2018

Under the option in place for the recognition of joint ventures (Swiss GAAP FER 30.3), Zug Estates has decided to report its stake in Miteigentümergeinschaft Metalli for the first time according to the rules of proportional consolidation, namely in the consolidated financial statements as at December 31, 2018. Until then, the proportional gross profit from Miteigentümergeinschaft Metalli was reported net as proportional gross profit under property income in accordance with the equity method. The corresponding positions are now allocated proportionally to the individual balance sheet and income statement positions.

Although the Zug Estates Group's 72.25% holding represents the predominant share of capital, its 7.69% share of votes does not confer majority control over Miteigentümergeinschaft Metalli. The new form of presentation allows for more transparent reporting as well as increased comparability with competitors.

In accordance with Swiss GAAP FER framework 30, this adjustment of the scope of consolidation is classified as a reappraisal of an existing option within the recommendation. This change in the accounting principles requires a correction of the year-back figures in the current Half-Year Report. Accordingly, the relevant financial figures for the first half of 2018 are presented as if the new principles of accounting had always been applied (restatement). As a result, net income as at June 30, 2018 increased by TCHF 420. The changes to positions in the balance sheet and income statement are shown in the table below.

Changes to the balance sheet due to restatement

Assets

in CHF thousands	01.01.2018
Cash and cash equivalents	5 888
Trade receivables	6
Other receivables	2 397
Prepaid expenses	40
Total current assets	8 331
Financial assets	618
Total fixed assets	618
Total assets	8 949

Liabilities and shareholders' equity

in CHF thousands	01.01.2018
Trade payables	920
Other current liabilities	2 808
Accrued expenses	79
Total current liabilities	3 807
Deferred tax liabilities	751
Total long-term liabilities	751
Total liabilities	4 558
Retained earnings	4 391
Total shareholders' equity	4 391
Total liabilities and shareholders' equity	8 949

Changes to the income statement due to restatement

in CHF thousands	01.01.2018 – 30.06.2018
Property income	1 756
Additional income from ordinary business operations	–433
Net proceeds of trade payables and receivables	1 323
Other operating revenue	16
Total operating revenue	1 339
Property expenses	–816
Other operating expenses	–48
Total operating expenses	–864
Operating income (EBIT)	475
Financial result	9
Income before taxes (EBT)	484
Tax expenditure	–64
Net income	420

1 Investment properties, investment properties under construction and undeveloped plots

in CHF thousands	Zug City Center, Zug, investment properties	Suurstoffi site, Risch Rotkreuz investment properties
Balance on 01.01.2018	682 449	486 336
Investments ³	1 542	4 973
Revaluation (net)	2 159	3 049
Balance on 30.06.2018	686 150	494 358
Accumulated acquisition values as at 01.01.2018	342 814	394 145
Accumulated acquisition values as at 30.06.2018	344 356	399 118
Difference market values/acquisition values as at 01.01.2018	339 635	92 191
Difference market values/acquisition values as at 30.06.2018	341 794	95 240
Balance on 01.01.2019	689 926	573 328
Investments ³	592	4 379
Acquisitions	0	25
Revaluation (net)	7 087	5 247
Balance on 30.06.2019	697 605	582 979
Accumulated acquisition values as at 01.01.2019	345 683	456 507
Accumulated acquisition values as at 30.06.2019	346 275	460 911
Difference market values/acquisition values as at 01.01.2019	344 243	116 821
Difference market values/acquisition values as at 30.06.2019	351 330	122 068

¹ Comprises the properties under construction at the Suurstoffi site in Risch Rotkreuz (excluding promotional properties)

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 principles of valuation

³ Additions from investments include non-cash transactions from the accrual of building costs as well as from trade payables

Other investment properties	Total inv. properties	Total inv. properties under construction ¹	Undeveloped plots ²	Total
12 640	1 181 425	106 618	2 524	1 290 567
0	6 515	49 024	0	55 539
123	5 331	-1 844	0	3 487
12 763	1 193 271	153 798	2 524	1 349 593
7 384	744 343	110 047	2 524	856 914
7 384	750 858	159 071	2 524	912 453
5 256	437 082	-3 429	0	433 653
5 379	442 413	-5 273	0	437 140
10 470	1 273 724	140 739	2 524	1 416 987
0	4 971	55 397	0	60 368
0	25	0	0	25
-290	12 044	-531	0	11 513
10 180	1 290 764	195 605	2 524	1 488 893
6 485	808 675	163 128	2 524	974 327
6 485	813 671	218 525	2 524	1 034 720
3 985	465 049	-22 389	0	442 660
3 695	477 093	-22 920	0	454 173

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 2.8% to 3.4% (December 31, 2018: 2.8% to 3.5%).

2 Financial liabilities

The financial liabilities of TCHF 631 178 as at June 30, 2019 (December 31, 2018: TCHF 554 546) break down into mortgage loans with financial institutions in the amount of TCHF 531 344 (December 31, 2018: TCHF 454 744) as well as a five-year bond paid up on February 17, 2017, with a book value of TCHF 99 834 (December 31, 2018: TCHF 99 802).

The face value of the bond was TCHF 100 000. 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	30.06.2019	31.12.2018
Under 1 year	193 800	117 256
1 to 3 years	101 434	2 512
3 to 5 years	41 600	142 314
5 to 10 years	219 344	217 464
Over 10 years	75 000	75 000
Total financial liabilities	631 178	554 546
Of which current	193 800	117 256
Of which long-term	437 378	437 290

The average residual term of the interest-bearing debt is 4.6 years (December 31, 2018: 5.4 years). The average capital-weighted interest rate on all interest-bearing financial liabilities is 1.7% (December 31, 2018: 1.8%).

To secure the long-term financial liabilities, properties with a book value of TCHF 1 087 981 (December 31, 2018: TCHF 1 072 626) have been encumbered.

In the reporting period, borrowing costs in the amount of TCHF 2 069 (first half 2018: TCHF 1 731) were capitalized.

3 Share capital

As at June 30, 2019, the shares broke down as follows:

Shares issued	Security number	Nominal value CHF	Number	Votes	Capital CHF	Votes previous year	Capital CHF previous year
Series A registered shares	14 805 211	2.50	496 600	496 600	1 241 500	496 600	1 241 500
Series B registered shares	14 805 212	25.00	460 340	460 340	11 508 500	460 340	11 508 500
Total				956 940	12 750 000	956 940	12 750 000

In the first half of 2019, Zug Estates Holding AG sold no treasury shares (first half 2018: 5 592 series B registered shares at an average price of CHF 1 734.50).

As at June 30, 2019, Zug Estates Holding AG held no treasury shares (December 31, 2018: no treasury shares).

Non-distributable statutory reserves amounted to TCHF 7 625 as at June 30, 2019 (December 31, 2018: TCHF 7 625).

4 Key figures and net income per share

Shareholders' equity per share is as follows:

Shareholders' equity per share

	30.06.2019	31.12.2018
Shareholders' equity (in TCHF)	855 675	843 871
Deferred tax liabilities (in TCHF)	114 298	110 155
Shareholders' equity before deferred taxes (in TCHF)	969 973	954 026
Number of outstanding series A registered shares ¹	496 600	496 600
Number of outstanding series B registered shares	460 340	460 340
Shareholders' equity per outstanding series B registered share, before deferred taxes (in CHF)	1 901.91	1 870.64
Shareholders' equity per outstanding series B registered share, after deferred taxes (in CHF)	1 677.79	1 654.65

¹ Series A registered shares are factored according to the percentage of share capital they represent at a ratio of 1 to 10

NAV at market value is calculated as follows:

NAV at market value per share

	30.06.2019	31.12.2018
Shareholders' equity (in TCHF)	855 675	843 871
Difference market value/acquisition value operating properties (in TCHF)	85 522	84 738
Deferred taxes on difference market value/acquisition value operating properties (in TCHF)	-12 401	-12 287
NAV at market value (in TCHF)	928 796	916 322
Number of outstanding series A registered shares ¹	496 600	496 600
Number of outstanding series B registered shares	460 340	460 340
NAV at market value per outstanding series B registered share (in CHF)	1 821.17	1 796.71

¹ Series A registered shares are factored according to the percentage of share capital they represent at a ratio of 1 to 10

Net income excluding income from revaluation

Net income excluding income from revaluation is equal to net income excluding income from revaluation of investment properties, excluding income from sale of investment properties and securities and corresponding attributable taxes.

in CHF thousands	01.01.2019 – 30.06.2019	Restated 01.01.2018 – 30.06.2018
Net income	26 084	18 176
Revaluation of investment properties (net)	-11 513	-3 487
Result from sale of investment properties	-982	0
Attributable taxes on adjustments to net income excl. income from revaluation	1 812	506
Net income excluding income from revaluation	15 401	15 195

Earnings per share is calculated as follows:

Earnings per share

Information on series A registered shares		30.06.2019	Restated 30.06.2018
Series A registered shares issued on 01.01.	Number	496 600	1 948 640
Series A registered shares issued on 30.06.	Number	496 600	496 600
Series A registered shares issued (weighted average)	Number	496 600	1 311 356
Series A registered treasury shares (weighted average)	Number	0	0
Average outstanding series A registered shares	Number	496 600	1 311 356
Share in net income attributable to series A registered shares	TCHF	2 540	4 704
Share in net income excluding income from revaluation, attributable to series A registered shares	TCHF	1 500	3 933
Applicable number of series A registered shares	Number	496 600	1 311 356
Earnings per series A registered share, undiluted	CHF	5.11	3.59
Earnings excluding income from revaluation per series A registered share, undiluted¹	CHF	3.02	3.00

Information on series B registered shares		30.06.2019	Restated 30.06.2018
Series B registered shares issued on 01.01.	Number	460 340	315 136
Series B registered shares issued on 30.06.	Number	460 340	460 340
Series B registered shares issued (weighted average)	Number	460 340	378 864
Series B registered treasury shares (weighted average)	Number	0	3 324
Average outstanding series B registered shares	Number	460 340	375 540
Share in net income attributable to series B registered shares	TCHF	23 544	13 472
Share in net income excluding income from revaluation, attributable to series A registered shares	TCHF	13 901	11 262
Applicable number of series B registered shares	Number	460 340	375 540
Earnings per series B registered share, undiluted¹	CHF	51.15	35.87
Earnings excluding income from revaluation per series A registered share, undiluted¹	CHF	30.20	30.00

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

5 Property income

The reported property income of TCHF 26 744 (first half 2018: TCHF 25 170) comprises actual rental income. This position contains revenue from all properties.

in CHF thousands	01.01.2019 – 30.06.2019	Restated 01.01.2018 – 30.06.2018
Rental income Zug City Center site	14 339	14 730
Rental income Suurstoffi	12 163	10 188
Income from other properties	242	252
Total property income	26 744	25 170

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 %	30.06.2019	31.12.2018
Under 1 year, incl. unlimited rental contracts	45.4	45.4
Over 1 year	4.3	5.8
Over 2 years	4.9	4.7
Over 3 years	18.2	3.7
Over 4 years	3.0	17.1
Over 5 years	4.4	6.2
Over 6 years	1.2	0.1
Over 7 years	0.5	1.1
Over 8 years	3.8	3.0
Over 9 years	9.8	7.0
Over 10 years	4.5	5.9
Total	100.0	100.0

As at June 30, 2019, the five largest tenant groups together generated 22.5% (as at December 31, 2018: 22.5%) of annualized projected rental revenue.

Tenants, share in %	30.06.2019	Tenants, share in %	31.12.2018
Novartis	6.6	Novartis	6.6
Migros ¹	6.3	Migros ¹	6.3
UBS	4.2	UBS	4.2
Nord Stream	2.8	Nord Stream	2.8
Lucerne University of Applied Sciences and Arts	2.6	Lucerne University of Applied Sciences and Arts	2.6

¹ Various companies of the Migros Group

6 Segment report

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

in CHF thousands	Real estate	Hotel & catering	Corporate & eliminations ¹	Total
01.01.2019–30.06.2019				
Operating revenue	31 414	8 483	–3 176	36 721
Operating expenses	–9 747	–7 825	2 857	–14 715
Revaluation of investment properties (net)	11 513	0	0	11 513
Result from sale of investment properties	982	0	0	982
Operating income before depreciation (EBITDA)	34 162	658	–319	34 501
Operating income (EBIT)	32 870	320	–342	32 848

in CHF thousands	Real estate	Hotel & catering	Corporate & eliminations ¹	Total
01.01.2018–30.06.2018				
Operating revenue	29 669	8 807	–3 165	35 311
Operating expenses	–8 025	–7 850	2 727	–13 148
Revaluation of investment properties (net)	3 487	0	0	3 487
Operating income before depreciation (EBITDA)	25 131	957	–438	25 650
Operating income (EBIT)	23 802	542	–461	23 883

¹ 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 reporting period the hotel & catering business unit generated operating income of CHF 2.0 million (first half 2018: CHF 2.3 million).

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	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) ²	Zug	BR-P	100	1987	–
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
Total Zug City Center site					
Suurstoffi site					
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 16–20	Risch Rotkreuz	A	100	2017/2018	–
Suurstoffi 22	Risch Rotkreuz	A	100	2018	–
Suurstoffi 41	Risch Rotkreuz	A	100	2014	–
Total Suurstoffi site					
Other					
Hofstrasse 1a/b	Zug	A	100	1971	–
Total other					
Total investment properties (excl. investment properties under construction)					
Investment properties under construction					
Suurstoffi 37 (Aglaya)	Risch Rotkreuz	A	100	2019	–
Suurstoffi 1–6 (Lucerne University of Applied Sciences and Arts)	Risch Rotkreuz	A	100	2019/2020	–
Total investment properties under construction					
Undeveloped plots					
Suurstoffi site	Risch Rotkreuz	A	100	–	–
Total undeveloped plots					
Total real estate portfolio³					
Operating properties ^{3,4}	Zug	A/S	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 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	Leisure/cultural/ education m ²	Storage/other m ²	Total rentable space m ²	Total no. of parking spaces
16 419	8 130	10 141	17 917	923	2 261	5 172	44 544	521
4 843	270	5 491	3 056	149	–	3 046	12 012	124
2 155	1 965	1 370	381	461	264	755	5 196	93
3 200	–	–	–	–	–	–	–	–
1 637	–	1 463	–	–	–	234	1 697	30
3 615	3 148	–	–	–	–	59	3 207	54
13 997	8 323	–	–	–	100	49	8 472	72
45 866	21 836	18 465	21 354	1 533	2 625	9 315	75 128	894
15 503	11 336	–	–	–	–	19	11 355	234
12 417	10 278	–	–	–	–	35	10 313	409
2 680	–	–	–	–	520	–	520	–
15 237	10 095	86	–	337	3 405	326	14 249	306
8 359	–	8 527	–	–	–	621	9 148	52
14 098	11 861	5 921	754	–	3 070	1 075	22 681	227
7 081	–	10 414	60	547	–	466	11 487	231
3 496	–	620	–	–	5 861	–	6 481	4
78 871	43 570	25 568	814	884	12 856	2 542	86 234	1 463
2 806	503	698	–	–	–	33	1 234	29
2 806	503	698	–	–	–	33	1 234	29
127 543	65 909	44 731	22 168	2 417	15 481	11 890	162 596	2 386
7 858	–	1 821	–	259	–	37	2 117	–
8 591	–	9 278	–	–	14 726	1 906	25 910	137
16 449	–	11 099	–	259	14 726	1 943	28 027	137
10 337	–	–	–	–	–	–	–	–
10 337	–	–	–	–	–	–	–	–
154 329	65 909	44 731	22 168	2 417	15 481	11 890	162 596	2 386
12 871	1 879	873	–	13 002	–	276	16 030	199
167 200	67 788	45 604	22 168	15 419	15 481	12 166	178 626	2 585

Additional information

in CHF thousands or %	Book value 30.06.2019	Book value 31.12.2018	Projected rental revenue 30.06.2019	Projected rental revenue 31.12.2018	Vacancy rate 30.06.2019	Vacancy rate 31.12.2018
Zug City Center site, Zug ¹	697 605	689 926	28 765	28 681	1.3	1.3
Suurstoffi site, Risch Rotkreuz	582 979	573 328	24 637	24 589	5.4	4.8
Other	10 180	10 470	445	445	0.0	0.0
Investment properties	1 290 764	1 273 724	53 847	53 716	3.2	2.9
Investment properties under construction	195 605	140 739	–	–	–	–
Undeveloped plots	2 524	2 524	–	–	–	–
Total real estate portfolio	1 488 893	1 416 987	53 847	53 716	3.2	2.9
Operating properties ²	33 183	33 967	–	–	–	–
Total portfolio	1 522 076	1 450 954	–	–	–	–

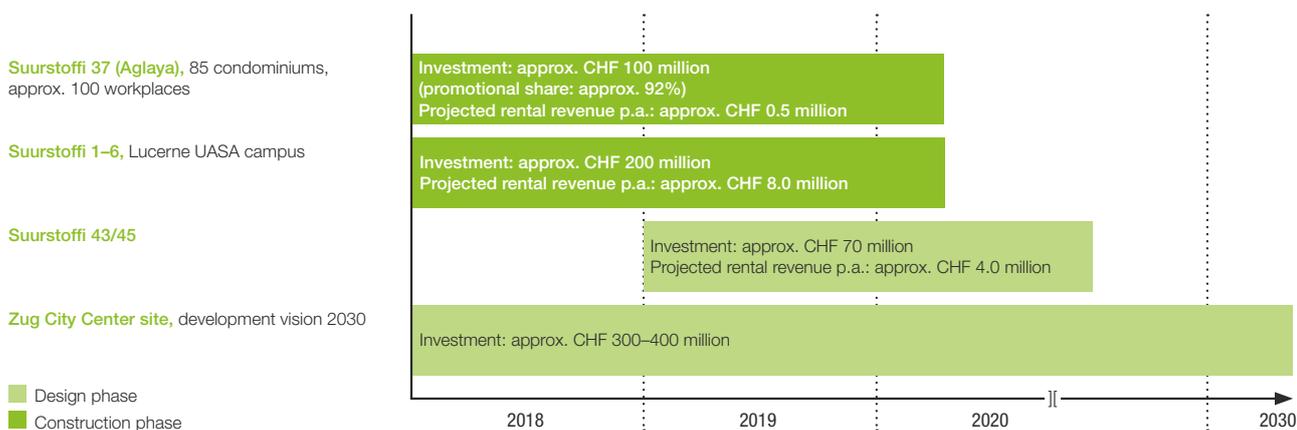
¹ Due proportion of fair value and projected rental revenue for (co-owned) property at Baarerstrasse 20–22, Zug

² Properties used for operational purposes are stated at cost less write-downs in accordance with accounting standards.
Wüest Partner AG estimated the fair value as at December 31, 2018 at TCHF 118 705 (December 31, 2017: TCHF 117 296)

Additional information on ongoing or recently completed development projects at the Suurstoffi site

Occupancy level by floor area (commercial units) or number (residential units)	30.06.2019	31.12.2018	
Suurstoffi 16–20	Residential	100%	100%
	Student accommodation	100%	100%
	Commercial	94%	86%
Suurstoffi 22	Commercial	100%	75%
Suurstoffi 37	Commercial	100%	84%
Suurstoffi 1–6	Commercial	70%	69%
Stand for promotional properties based on number (residential use)	30.06.2019	31.12.2018	
Suurstoffi 37	Residential	92%	87%
Completion			
Suurstoffi 37		2019/2020	
Suurstoffi 1–6		2019/2020	

Development pipeline



Contact details and upcoming events

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Upcoming events

06.03.2020
Publication of the 2019 Annual Report

07.04.2020
Annual general meeting of shareholders 2020

28.08.2020
Publication of the 2020 Half-Year Report

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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Online, download, print

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The electronic version of the report can be downloaded from www.zugestates.ch. A copy of the printed Half-Year Report can be ordered by e-mail from ir@zugestates.ch.

Notes on possible forward-looking statements:

The present half-yearly 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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