

ZugEstates

2020

Half-Year Report



Company profile

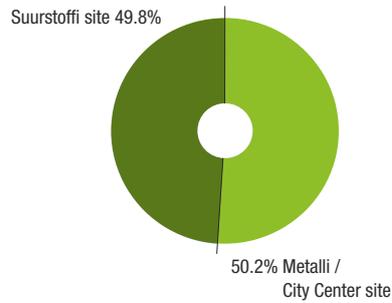
The Zug Estates Group conceives, develops, markets and manages properties in the Zug region. It focuses on central sites which are suitable for a wide range of uses and allow sustainable development. A large part of the real estate portfolio is located at two sites in Zug and Risch Rotkreuz, and is broadly diversified by type of use. The total value of the portfolio came to CHF 1.63 billion as at June 30, 2020.

11.9 million

Net income excluding revaluation and special effects as at June 30, 2020

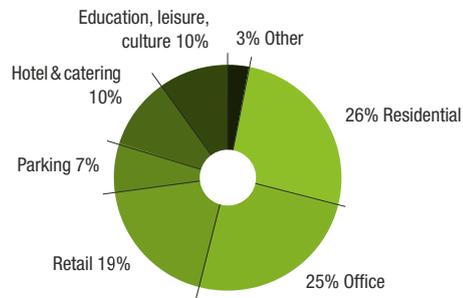
Portfolio by site

Based on market value as at June 30, 2020



Portfolio by use

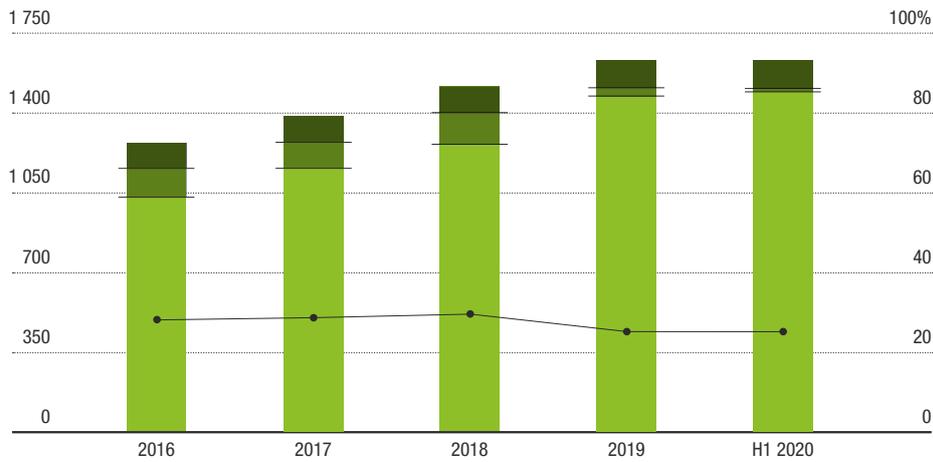
Based on projected rental income¹ as at June 30, 2020



¹From point of view of real estate business unit

Value of portfolio

in CHF million



- Operating properties (market value)
- Investment properties under construction and undeveloped plots
- Investment properties
- Proportion of residential property (based on projected rental income, right-hand axis)

Selected key figures

Income statement		H1 2020	H1 2019	
Property income	TCHF	28 195	26 744	5.4%
Operating revenue ¹	TCHF	105 426	36 721	187.1%
Operating expenses	TCHF	77 115	14 715	424.1%
Operating income before depreciation and revaluation	TCHF	28 311	22 006	28.7%
Revaluation of investment properties (net)	TCHF	-13 612	11 513	-218.2%
Income from sale of investment properties	TCHF	0	982	n/a
Operating income (EBIT)	TCHF	12 883	32 848	-60.8%
Net income	TCHF	8 273	26 084	-68.3%
Net income excluding revaluation and special effects ²	TCHF	11 900	15 401	-22.7%
Result from sale of promotional properties after tax ³	TCHF	8 351	0	n/a
Balance Sheet		30.06.2020	31.12.2019	
Total assets	TCHF	1 601 754	1 654 946	-3.2%
Interest-bearing debt	TCHF	587 106	597 443	-1.7%
- Interest-bearing debt in % of total assets		36.7%	36.1%	
- Average rate of interest of the interest-bearing debt (period)		1.3%	1.4%	
- Average maturity of the interest-bearing debt	YEARS	4.8	5.2	
Shareholders' equity	TCHF	891 470	905 637	-1.6%
- Equity ratio		55.7%	54.7%	
Employees		30.06.2020	31.12.2019	
Headcount	FTE	140.2	139.6	0.4%
Share		H1 2020	H1 2019	
Closing price	CHF	2 010	1 820	10.4%
Market capitalization ⁴	TCHF	1 025 100	928 200	10.4%
Earnings per series B registered share ⁵	CHF	16.2	51.1	-68.3%
Earnings per series B registered share excl. revaluation and special effects ^{2, 5}	CHF	23.3	30.2	-22.7%
NAV at market value per series B registered share ^{5, 6}	CHF	1 895.9	1 821.2	4.1%
Portfolio		30.06.2020	31.12.2019	
Investment properties	TCHF	1 504 460	1 478 364	1.8%
Investment properties under construction	TCHF	7 811	31 402	-75.1%
Undeveloped plots	TCHF	2 524	2 524	0.0%
Total real estate portfolio	TCHF	1 514 795	1 512 290	0.2%
Operating properties (market value) ⁷	TCHF	118 250	118 250	0.0%
Total portfolio	TCHF	1 633 045	1 630 540	0.2%
Vacancy rate investment properties ⁸		5.3%	3.3%	
Gross return investment properties ⁹		4.1%	4.1%	
Weighted average unexpired lease term of rental contracts in portfolio (WAULT)	YEARS	6.7	6.8	
Average discount rate (nominal)		3.6%	3.6%	

¹ Excluding income from revaluation of investment properties and gains on the sale of investment properties

² Corresponds to net income excluding income from revaluation of investment properties (net), excluding income from the disposal of investment and promotional properties and corresponding deferred taxes as well as the effect of adjustments made to deferred tax rates (see page 18)

³ Corresponds to the income from the sale of promotional properties, less expenses incurred directly through the sale of promotional properties and corresponding deferred taxes

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

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

⁶ NAV at market value per share includes properties used for operational purposes at market value and corresponding deferred taxes

⁷ Operational properties are revaluated on a yearly basis at financial year-end

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

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

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Report to shareholders

At Zug Estates, the first half of 2020 was also full of challenges related to the COVID-19 pandemic.

Dear shareholders, Ladies and gentlemen,

In our real estate unit, many of our tenants were forced to close their businesses during the government-mandated lockdown. This primarily affected our retail tenants and thus the Metalli shopping area. In the hotel & catering segment, international business travel ground to nearly a complete halt, which caused a substantial decline in sales.

Fortunately, we were able to hand over all 49 of the remaining condominium units in the Aglaya promotional project to their new owners on schedule, even despite the pandemic. What's more, we have already been able to find fair, finalized solutions involving one-time rent reductions for more than 90% of the tenants directly impacted by the lockdown.

Net income of CHF 8.3 million was generated in the first half of 2020, down 68.3% from the prior-year period (CHF 26.1 million). After adjustments for revaluation and special effects, declining figures in the hotel & catering segment were largely responsible for a 22.7% reduction in net income, from CHF 15.4 million to CHF 11.9 million.

Increase in property income with a substantial decline in hotel and catering sales

The full-period effect of rental agreements, most of which were concluded in the previous year, increased rental income in the first half of 2020 by 5.4% to CHF 28.2 million compared to the same period of the previous year. Rent reductions of CHF 0.7 million were granted in response to the COVID-19 pandemic.

Income from the hotel & catering segment declined from CHF 8.2 million to CHF 3.6 million. At times during the lockdown, occupancy at our hotels fell to below 10%. While we have been able to report rising numbers since then, they are still significantly lower year on year. Gross operating profit (GOP) is at a mere 7.8% compared to 39.3% in the first half of 2019.

The sale of the last 49 condominium apartments in the Aglaya project generated CHF 72.5 million in income and promotional profit before tax of CHF 9.5 million. For the Aglaya promotional project as a whole, this translates into a return of 17.3% on our investment.

Since no sales proceeds were booked in the prior-year period, this resulted in a substantial increase in operating revenue from CHF 36.7 million to CHF 105.4 million.

A revaluation of the real estate portfolio revealed an overall decline of CHF 13.6 million in the value of the portfolio, which corresponds to around 0.9% of all investment properties contained in the portfolio on June 30, 2020, and is attributable to a slightly more conservative appraisal of the market rents of retail spaces, both in general and with respect to a few specific office spaces. In the prior-year period there was a revaluation gain of CHF 11.5 million.

+5.4%

Increase in property income during first half of 2020

CHF 9.5 million

Promotional profit before tax

The average rate of interest of interest-bearing debt was reduced even further, from 1.4% to 1.3%. As expected, the significant decline in construction activity led to a reduction in capitalizable interest and a corresponding increase in financial expenses from CHF 2.5 million to CHF 3.5 million.

Stable portfolio with slightly higher vacancy rate

The portfolio's market value of CHF 1.63 billion is the same as on December 31, 2019. The building on construction site 1 in Rotkreuz was commissioned in the first half of 2020. As expected, this caused the vacancy rate to rise accordingly from 3.3% on December 31, 2019, to 5.3% on June 30, 2020. Overall, we invested CHF 16.2 million in our portfolio during the reporting period. The weighted average unexpired lease term (WAULT) of 6.7 years (6.8 years on December 31, 2019) is very high for the industry.

While our residential products are in very high demand in the current market environment, we are currently seeing a certain amount of restraint due to the COVID-19 pandemic, particularly among large prospective tenants of office space. We are confident, however, that demand for the centrally located, high-quality and sustainably run office space offered by Zug Estates will remain brisk in the future, as well. Fortunately, the number of inquiries concerning retail space in the Metalli complex has remained stable and we do not currently see any indications that this might decline.

Solid capital base

The influx of funds from the sale of the final apartments in the Aglaya building enabled the Group to reduce its interest-bearing debt during the first half of 2020 from CHF 597.4 million to CHF 587.1 million, even despite payment of a special dividend. This debt has an average maturity of 4.8 years (previous year: 5.2 years). With an equity ratio of 55.7%, one percentage point higher than in the previous year, Zug Estates has a very solid equity base.

55.7%

Equity ratio (54.7% on December 31, 2019)

Project development with a focus on the Metalli Living Space

The city of Zug and Zug Estates presented the initial results of their joint "Metalli Living Space" planning process in March 2020, after which they collaborated with professional planners to perform a feasibility check. The reference project and a request for changes to the two development plans concerned are currently being prepared, along with all relevant documentation. The reference project is to be submitted to the city of Zug during the third quarter of 2020. The legally binding, modified development plans are expected to take effect in 2022/23.

As soon as it received the building permit, the board of directors greenlighted the planning phase for the final two buildings (S43/45) on the Suurstoffi site in Rotkreuz. Construction will begin as needed, taking COVID-19-related market recovery into account.

Gradual implementation of the sustainability strategy

The Metalli complex was connected to the Circulago lake water district according to plan in April 2020. Contracts to connect the remaining 16 properties were signed in December 2019. Commissioning is to take place in stages in 2021, 2023 and 2025. From that point onward, Zug Estates will be able to operate its entire portfolio nearly carbon free.

Customers visiting the Metalli shopping area have been able to take advantage of public e-vehicle charging stations since early June. Two of the six stations are high-power, rapid charging stations, the very first to be installed in the city of Zug.

The installation of a carbon-neutral air conditioning system in the rooms of Parkhotel Zug was completed on schedule in April 2020, meaning that guests can now enjoy a considerably higher level of comfort.

Outlook for 2020

Due to the temporary impact of the rent relief measures enacted in response to the COVID-19 pandemic, we still expect rental revenue to increase for the year as a whole. Property expenses and financial expenses will be higher due to increased renovation and maintenance work as well as a decrease in capitalizable financing costs.

Although developments in the second half of the year are difficult to forecast, we expect sales and GOP in the hotel & catering segment to fall significantly short of the prior-year level due to the fact that our regular customers' international business travel came to a halt, causing sales to plummet.

Both operating income before depreciation and revaluations and net income excluding revaluation and special effects are expected to be significantly lower year on year as a result.

Zug, August 2020



Dr. Beat Schwab
Chairman of the board of directors



Patrik Stillhart
CEO

Consolidated balance sheet

Assets

in CHF thousands	Note	30.06.2020	31.12.2019
Cash and cash equivalents		19 805	21 352
Trade receivables		1 893	1 146
Other receivables		11 925	5 767
Inventories		191	189
Properties held for sale		10 180	10 180
Promotional properties	2	0	60 630
Prepaid expenses		2 578	2 520
Total current assets		46 572	101 784
Investment properties	1	1 504 460	1 478 364
Investment properties under construction	1	7 811	31 402
Undeveloped plots	1	2 524	2 524
Operating properties		32 526	32 412
Other tangible assets		6 623	7 146
Financial assets		472	694
Deferred tax assets		183	0
Intangible assets		583	620
Total fixed assets		1 555 182	1 553 162
Total assets		1 601 754	1 654 946

Liabilities and shareholders' equity

in CHF thousands	Note	30.06.2020	31.12.2019
Current financial liabilities	3	50 800	60 800
Trade payables		4 487	7 089
Other current liabilities		4 793	22 680
Accrued expenses		14 712	24 570
Current provisions		24	20
Total current liabilities		74 816	115 159
Long-term financial liabilities	3	536 306	536 643
Long-term provisions	4	500	0
Deferred tax liabilities		98 662	97 507
Total long-term liabilities		635 468	634 150
Total liabilities		710 284	749 309
Share capital	5	12 750	12 750
Capital reserves		509 491	509 491
Retained earnings		369 229	383 396
Total shareholders' equity		891 470	905 637
Total liabilities and shareholders' equity		1 601 754	1 654 946

Consolidated income statement

in CHF thousands	Note	01.01.2020 – 30.06.2020	01.01.2019 – 30.06.2019
Property income	7	28 195	26 744
Income from the sale of promotional properties	2	72 458	0
Hotel & catering income	8	3 612	8 166
Additional income from ordinary business operations		1 018	1 526
Net proceeds of trade payables and receivables		105 283	36 436
Other operating revenue		143	285
Total operating revenue		105 426	36 721
Property expenses		–4 442	–3 826
Expenses incurred directly through the sale of promotional properties	2	–62 968	0
Cost of goods purchased for hotel & catering		–402	–760
Personnel expenses		–6 624	–7 222
Other operating expenses		–2 679	–2 907
Total operating expenses		–77 115	–14 715
Operating income before depreciation and revaluation		28 311	22 006
Revaluation of investment properties (net)	1	–13 612	11 513
Result from the sale of investment properties		0	982
Operating income before depreciation (EBITDA)		14 699	34 501
Depreciation		–1 816	–1 653
Operating income (EBIT)		12 883	32 848
Financial result		–3 495	–2 466
Income before taxes (EBT)		9 388	30 382
Tax expenditure		–1 115	–4 298
Net income		8 273	26 084
Earnings per share			
in CHF			
Earnings per series A registered share, undiluted ¹	6	1.62	5.11
Earnings per series B registered share, undiluted ¹	6	16.22	51.15

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 (abridged)

in CHF thousands	01.01.2020 – 30.06.2020	01.01.2019 – 30.06.2019
– Cash flow before change in working capital	24 620	16 992
– Change in working capital	33 263	–22 347
Cash flow from operating activities	57 883	–5 355
Cash flow from investing activities	–26 990	–46 458
Cash flow from financing activities	–32 440	62 320
Change in cash and cash equivalents	–1 547	10 507
Composition of net cash and cash equivalents		
Net cash and cash equivalents at the beginning of reporting period	21 352	20 464
Net cash and cash equivalents at the end of reporting period	19 805	30 971
Change in cash and cash equivalents	–1 547	10 507

TCHF 9521 in non-cash investments were made during the first half of 2020 (first half of 2019: TCHF 14 162).

Consolidated statement of changes in equity

in CHF thousands	Share capital	Capital reserves	Retained earnings	Total shareholders' equity
Balance on 01.01.2019	12 750	509 491	321 630	843 871
Distribution from retained earnings carried forward (dividends)	0	0	–14 280	–14 280
Net income	0	0	26 084	26 084
Balance on 30.06.2019	12 750	509 491	333 434	855 675
Balance on 01.01.2020	12 750	509 491	383 396	905 637
Distribution from retained earnings carried forward (dividends)	0	0	–22 440	–22 440
Net income	0	0	8 273	8 273
Balance on 30.06.2020	12 750	509 491	369 229	891 470

Notes to the consolidated financial statements

General information

Zug Estates Holding AG is an incorporated company headquartered in Zug, Switzerland, whose shares are listed on SIX Swiss Exchange.

Principles

These unaudited financial statements were prepared in accordance with the Swiss GAAP FER 31 Accounting and Reporting Recommendations, which permit an abridged form compared to the annual financial statements, as well as the special provisions for real estate companies (article 17 of the Directive on Financial Reporting) of the SIX Swiss Exchange, and present a true and fair view of the financial position, the results of operations and the cash flows.

The same consolidation and valuation principles are used in these financial statements as in the financial statements for the period ended December 31, 2019.

Method and technique used for property valuation

The valuation of investment properties is based on market value assessments (valuation updates) performed by a recognized, independent real estate expert (Wüest Partner AG) as at June 30, 2020, using the DCF method. No changes were made to the valuation method and technique applied when preparing the 2020 half-year financial statements.

Scope of consolidation

The scope of consolidation remained unchanged compared to December 31, 2019.

Repercussions of the COVID-19 pandemic

Real estate segment

Most retail and catering tenants had to close their businesses during the government-mandated lockdown from March 16 to May 11, 2020. As a way of supporting those business tenants during this difficult phase and to ensure that the tenant mix remains balanced over the long term, Zug Estates made them an offer of its own accord in mid-May proposing a reduction of their rent payments.

According to the offer made by Zug Estates, rents would be reduced by at least 50% during the government-mandated lockdown period for all retail and catering tenants at the Metalli and Suurstoffi sites that were directly impacted by the lockdown. Rent relief of up to 80% will be granted to smaller tenants.

More than 90% of the tenants have already accepted this proposed solution. The agreements will negatively impact property income by TCHF 692 in the first half of 2020.

Use of financial aid from the state

No other immediate financial consequences arose in the real estate segment.

Hotel & catering segment

The pandemic brought our regular customers' international business travel to a halt and caused sales to plummet as a result; this had the largest negative impact on the income statement positions "Hotel & catering income" and "Additional income from ordinary business operations".

At the same time, pared-down operations still made it possible to provide a basic offer of accommodations. This resulted in corresponding cost savings in the income statement positions "Cost of goods purchased for hotel & catering" and "Other operating expenses".

Short-time working was introduced for most of the employees in the hotel & catering segment. Personnel expenses include short-time working compensation of TCHF 807. Employees received their salaries without any reductions.

With respect to depreciation and amortization, no changes were made to useful life estimates nor the rates applied for these.

The loss that resulted in this segment led to deferred tax assets of TCHF 183.

The segment report contains an intercompany rent reduction of TCHF 1 225 in favor of the hotel & catering segment, however this has no impact on consolidated property income.

The Zug Estates Group did not take advantage of any COVID-19 loans.

1 Investment properties, investment properties under construction and undeveloped plots

in CHF thousands	Zug City Center, Zug, Investment properties	Surstoffi Site, Risch Rotkreuz Investment properties
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
Balance on 01.01.2020	704 784	773 580
Investments ³	1 416	-1 574
Reclassification of properties under construction to investment properties ⁴	0	39 866
Revaluation (net)	-6 000	-7 612
Balance on 30.06.2020	700 200	804 260
Accumulated acquisition values as at 01.01.2020	347 983	669 011
Accumulated acquisition values as at 30.06.2020	349 399	710 156
Difference market values / acquisition values as at 01.01.2020	356 801	104 569
Difference market values / acquisition values as at 30.06.2020	350 801	94 104

¹ Comprises the properties under construction at the Suurstoffi site in Risch Rotkreuz (excluding promotional properties) as well as planning costs for the development of the City Center site in Zug

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

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

⁴ Reclassification of building C of the Suurstoffi 1–6 property (campus of Lucerne University of Applied Sciences and Arts), Risch Rotkreuz, to an investment property

Other investment properties	Total investment properties	Total investment properties under construction ¹	Undeveloped plots ²	Total
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
0	1 478 364	31 402	2 524	1 512 290
0	-158	16 275	0	16 117
0	39 866	-39 866	0	0
0	-13 612	0	0	-13 612
0	1 504 460	7 811	2 524	1 514 795
0	1 016 994	34 255	2 524	1 053 773
0	1 059 555	7 811	2 524	1 069 890
0	461 370	-2 853	0	458 517
0	444 905	0	0	444 905

The discount rates applied for the valuation of the investment properties and the investment properties under construction on the balance sheet date were within a range of 2.7 to 3.4% (real discount rate) or 3.2 to 3.9% (nominal discount rate); (December 31, 2019: 2.7 to 3.4% [real] or 3.2 to 3.9% [nominal]).

The average weighted discount rate is 3.05% (real) or 3.56% (nominal); (December 31, 2019: 3.05% [real] or 3.57% [nominal]).

Additional information per property can be found on pages 22 to 23 of this report.

2 Promotional properties

in CHF thousands	30.06.2020	31.12.2019
Acquisition value at the beginning of reporting period	60 630	57 365
Additions	2 338	40 928
Disposals	-62 968	-37 663
Acquisition value at the end of reporting period	0	60 630

Promotional properties include the available-for-sale part of the property Suurstoffi 37 (Aglaya residential tower block), Risch Rotkreuz. The remaining 49 of a total of 85 condominium apartments with corresponding secondary-use properties (parking spaces and all-purpose rooms) were sold in the first half of 2020 at a profit before taxes of TCHF 9 490 (no promotional properties were sold in the first half of 2019).

3 Financial liabilities

The financial liabilities of TCHF 587 106 on June 30, 2020 (December 31, 2019: TCHF 597 443) comprise mortgage loans with financial institutions in the amount of TCHF 387 543 (December 31, 2019: TCHF 397 944) and bonds with a book value of TCHF 199 563 (December 31, 2019: TCHF 199 499).

Financial liabilities are structured as follows by maturity:

Residual term in CHF thousands	30.06.2020	31.12.2019
Under 1 year	50 800	60 800
1 to 3 years	101 497	101 465
3 to 5 years	131 600	131 600
5 to 10 years	303 209	237 378
Over 10 years	0	66 200
Total financial liabilities	587 106	597 443
Of which current	50 800	60 800
Of which long-term	536 306	536 643

The average maturity of interest-bearing debt is 4.8 years (December 31, 2019: 5.2 years). The average capital-weighted interest rate on all interest-bearing financial liabilities is 1.3% (December 31, 2019: 1.4%).

To secure the long-term financial liabilities, properties with a book value of TCHF 870 454 (December 31, 2019: TCHF 875 629) have been encumbered.

In the reporting period, borrowing costs in the amount of TCHF 263 (prior-year period: TCHF 2 069) were capitalized.

On February 17, 2017, a TCHF 100 000 bond that matures on February 17, 2022, was settled. A TCHF 100 000 green bond that matures on October 2, 2025, was also issued on October 2, 2019. The transaction costs were deducted from the initial recognition of the issue proceeds. The difference between the book value and the redemption amount is allocated on a straight-line basis over the term and amounts to TCHF 437 on June 30, 2020 (December 31, 2019: TCHF 501).

CHF thousands	0.7% bond (2017-2022)	0.1% green bond (2019-2025)	Total
Issue proceeds	99 684	99 618	199 302
Accumulated amortization of issue costs	181	16	197
Balance on 01.01.2020	99 865	99 634	199 499
Amortization of issue costs	32	32	64
Balance on 30.06.2020	99 897	99 666	199 563

Key figures	0.7% bond (2017-2022)	0.1% green bond (2019-2025)
Volume	CHF 100 million	CHF 100 million
Term	5 years (17.02.2017-17.02.2022)	6 years (02.10.2019-02.10.2025)
Coupon	0.70%	0.10%
Effective rate of interest	0.773%	0.174%
Listing	SIX Swiss Exchange AG	SIX Swiss Exchange AG
Security number	35 342 798	494 734 426

4 Long-term provisions

Long-term provisions cover construction risks within the scope of two- and five-year warranties from the sale of apartments and promotional properties.

5 Shareholders' equity

The composition of the share capital on June 30, 2020, is as follows:

Shares issued	Security number	Par 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

As of June 30, 2020, Zug Estates Holding AG does not hold any own shares (December 31, 2019: no own shares) and did not engage in any trading of its own shares, neither during the period under review nor in the prior-year period.

Non-distributable statutory reserves remain unchanged at TCHF 7 625 on June 30, 2020 (December 31, 2019: TCHF 7 625).

6 Key figures and net income per share

Shareholders' equity per share is as follows:

Shareholders' equity per share

	30.06.2020	31.12.2019
Shareholders' equity (in CHF thousands)	891 470	905 637
Deferred tax liabilities (in CHF thousands)	98 662	97 507
Shareholders' equity before deferred taxes (in CHF thousands)	990 132	1 003 144
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)	1 941.44	1 966.95
Shareholders' equity per outstanding series B registered share, after deferred taxes (in CHF)	1 747.98	1 775.76

¹ Series A registered shares are factored in at a ratio of 1 to 10 in accordance with their share of capital

NAV at market value per share is calculated as follows:

NAV at market value per share

	30.06.2020	31.12.2019
Shareholders' equity (in CHF thousands)	891 470	905 637
Difference market value / acquisition value operating properties (in CHF thousands)	85 724	85 838
Deferred taxes on difference market value / acquisition value operating properties (in CHF thousands)	-10 287	-10 301
NAV at market value (in CHF thousands)	966 907	981 174
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)	1 895.90	1 923.87

¹ Series A registered shares are factored in at a ratio of 1 to 10 in accordance with their share of capital

NAV at market value per share includes properties used for operational purposes at market values. The market values of operating properties are determined once a year at year-end by an independent real estate valuer.

Net income excluding income from revaluation and special effects

in CHF thousands	01.01.2020 – 30.06.2020	01.01.2019 – 30.06.2019
Net income	8 273	26 084
Income from the sale of promotional properties	-72 458	0
Expenses incurred directly through the sale of promotional properties	62 968	0
Taxes attributable to changes in the result from sale of promotional properties	1 139	0
Revaluation of investment properties (net)	13 612	-11 513
Taxes attributable to the revaluation of investment properties (net)	-1 634	1 670
Result from sale of investment properties	0	-982
Taxes attributable to the result from sale of investment properties	0	142
Net income excluding revaluation and special effects	11 900	15 401

Earnings per share is calculated as follows:

Earnings per share

Information on series A registered shares		30.06.2020	30.06.2019
Series A registered shares issued on 01.01.	Number	496 600	496 600
Series A registered shares issued on 30.06.	Number	496 600	496 600
Series A registered shares issued (weighted average)	Number	496 600	496 600
Average outstanding series A registered shares	Number	496 600	496 600
Share in net income attributable to series A registered shares	TCHF	806	2 540
Share in net income excluding income from revaluation and special effects, attributable to series A registered shares	TCHF	1 159	1 500
Applicable number of series A registered shares	Number	496 600	496 600
Earnings per series A registered share, undiluted	CHF	1.62	5.11
Earnings per series A registered share excluding income from revaluation and special effects, undiluted¹	CHF	2.33	3.02

Information on series B registered shares		30.06.2020	30.06.2019
Series B registered shares issued on 01.01.	Number	460 340	460 340
Series B registered shares issued on 30.06.	Number	460 340	460 340
Series B registered shares issued (weighted average)	Number	460 340	460 340
Average outstanding series B registered shares	Number	460 340	460 340
Share in net income attributable to series B registered shares	TCHF	7 467	23 544
Share in net income excluding income from revaluation and special effects attributable to series B registered shares	TCHF	10 741	13 901
Applicable number of series B registered shares	Number	460 340	460 340
Earnings per series B registered share, undiluted¹	CHF	16.22	51.15
Earnings per series B registered share excluding income from revaluation and special effects, undiluted¹	CHF	23.33	30.20

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

7 Property income

The reported property income of TCHF 28 195 (first half of 2019: TCHF 26 744) comprises actual rental income. This position contains revenue from all properties.

in CHF thousands	01.01.2020 – 30.06.2020	01.01.2019 – 30.06.2019
Rental income Zug City Center site	13 641	14 339
Rental income Suurstoffi	14 481	12 163
Income from other properties	73	242
Total property income	28 195	26 744

The individual contractual relationships with external tenants had the following terms as at the balance sheet date:

Rental income terms, share in %	30.06.2020	30.06.2019
Under 1 year, including unlimited rental contracts	39.2	45.4
Over 1 year	6.0	4.3
Over 2 years	13.7	4.9
Over 3 years	2.8	18.2
Over 4 years	7.0	3.0
Over 5 years	3.1	4.4
Over 6 years	0.0	1.2
Over 7 years	3.2	0.5
Over 8 years	7.9	3.8
Over 9 years	3.7	9.8
Over 10 years	13.4	4.5
Total	100.0	100.0

As at June 30, 2020, the five largest tenant groups together generated 27.5% of rental income (as at December 31, 2019: 27.5%). They break down as follows:

Tenants, share in %	30.06.2020	Tenants, share in %	31.12.2019
Lucerne University of Applied Sciences and Arts	9.5	Lucerne University of Applied Sciences and Arts	9.5
Novartis	5.9	Novartis	5.9
Migros ¹	5.6	Migros ¹	5.6
UBS	3.8	UBS	3.8
Dosenbach-Ochsner AG	2.7	Nord Stream	2.7

¹ Various companies of the Migros Group

8 Hotel & catering income

The hotel & catering segment comprises the following categories:

in CHF thousands	01.01.2020 – 30.06.2020	01.01.2019 – 30.06.2019
Accommodation	2 325	5 541
Catering	1 280	2 602
Ancillary services	14	24
Increase of provisions for doubtful receivables	–7	–1
Total hotel & catering income	3 612	8 166

9 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 ¹	Total
01.01.2020–30.06.2020				
Operating revenue	103 530	3 793	–1 897	105 426
Operating expenses	–73 794	–4 944	1 623	–77 115
Revaluation of investment properties (net)	–13 612	0	0	–13 612
Operating income before depreciation (EBITDA)	16 124	–1 151	–274	14 699
Operating income (EBIT)	14 729	–1 517	–329	12 883

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

¹ Holding company expenses and intersegment revenues are eliminated in the "Corporate & eliminations" column

All revenues were generated in the canton of Zug.

The segment elimination of the operating revenue and operating expenses for the first half of 2020 reflects a reduction in rent in favor of the hotel & catering segment in the amount of TCHF 1 225 (no rent reduction in the first half of 2019).

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 as well as all associated expenses and credits arising from rent paid to the real estate business unit, the hotel & catering business unit generated operating income (EBIT) of CHF –1.1 million (prior-year period: CHF 2.0 million) in the period under review.

Portfolio

Investment properties	Place	Form of ownership ¹	Ownership share in %	Year of construction	Year of refurbishment
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/Bleichimattweg	Zug	SO	100	1910–1991	1986–1989
Total Zug City Center site					
Suurstoffi site					
Suurstoffi 1, 2, 4, 6	Risch Rotkreuz	SO	100	2019/2020	–
Suurstoffi 5, 9, 13, 15, 17	Risch Rotkreuz	SO	100	2011/2012	–
Suurstoffi 19–35	Risch Rotkreuz	SO	100	2015	–
Suurstoffi 7, 11 (Alte Suurstoffi)	Risch Rotkreuz	SO	100	ca. 1926	2012
Suurstoffi 8, 10, 12	Risch Rotkreuz	SO	100	2013	–
Suurstoffi 14	Risch Rotkreuz	SO	100	2013	–
Suurstoffi 16, 18, 20	Risch Rotkreuz	SO	100	2017/2018	–
Suurstoffi 22	Risch Rotkreuz	SO	100	2018	–
Suurstoffi 37 (Aglaya)	Risch Rotkreuz	C	100	2019	–
Suurstoffi 41	Risch Rotkreuz	SO	100	2014	–
Total Suurstoffi site					
Total investment properties (excl. investment properties under construction)					
Investment properties under construction					
–	–	–	–	–	–
Total investment properties under construction					
Undeveloped plots					
Suurstoffi site	Risch Rotkreuz	SO	100	–	–
Total undeveloped plots					
Total real estate portfolio³					
Operating properties ^{3,4}	Zug	SO/C	100	–	–
Total portfolio					

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

² Zug Estates AG is the ground lessor

³ Information on 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	Leisure/ education/ culture m ²	Storage/other m ²	Total rentable space m ²	Total no. of parking spaces
16 419	8 165	10 140	17 917	923	2 261	5 172	44 578	521
4 843	352	5 491	3 056	149	–	3 046	12 094	123
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	8 304	–	–	–	100	49	8 453	72
45 866	21 934	18 464	21 354	1 533	2 625	9 315	75 225	893
8 591	–	8 025	442	–	14 613	2 191	25 271	149
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	3 432	326	14 276	306
8 359	–	8 527	–	–	–	621	9 148	52
14 098	11 851	6 182	493	–	3 099	1 071	22 696	227
7 081	–	10 414	60	547	–	466	11 487	231
7 858	–	1 809	–	258	–	37	2 103	–
3 496	–	4 437	–	–	2 044	–	6 481	4
95 320	43 560	39 480	995	1 142	23 708	4 766	113 650	1 612
141 186	65 494	57 944	22 349	2 675	26 333	14 081	188 875	2 505
–	–	–	–	–	–	–	–	–
0	0	0	0	0	0	0	0	0
10 337	–	–	–	–	–	–	–	–
10 337	0	0	0	0	0	0	0	0
151 523	65 494	57 944	22 349	2 675	26 333	14 081	188 875	2 505
12 871	1 879	873	–	13 002	–	277	16 031	199
164 394	67 373	58 817	22 349	15 677	26 333	14 358	204 906	2 704

Selected key portfolio figures

	2016	2017	2018	2019	30.06.2020
Book value in CHF thousands					
Investment properties	1 043 489	1 181 425	1 273 724	1 478 364	1 504 460
Investment properties under construction	128 519	106 618	140 739	31 402	7 811
Undeveloped plots	2 524	2 524	2 524	2 524	2 524
Total real estate portfolio	1 174 532	1 290 567	1 416 987	1 512 290	1 514 795
Operating properties ¹	36 461	35 434	33 967	32 412	32 526
Total portfolio	1 210 993	1 326 001	1 450 954	1 544 702	1 547 321
Performance in CHF thousands or %					
Projected rental revenue investment properties	45 194	49 028	53 716	60 597	61 464
Property income ⁴	43 569	45 425	50 794	54 481	28 195
Gross return investment properties ³	4.3%	4.1%	4.2%	4.1%	4.1%
Vacancy rate of investment properties ²	1.8%	1.5%	2.9%	3.3%	5.3%
Average discount rate (real)	3.4%	3.3%	3.2%	3.1%	3.1%

¹ 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, 2019, at TCHF 118 250. Operating properties are revalued once a year at year-end

² As at the balance sheet date, as a percentage of projected rental income

³ Projected rental income (annualized) as a percentage of the market value on the balance sheet date

⁴ Restated 2016–2017

Contact details and upcoming events

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Upcoming events

05.03.2021

Publication of Annual Report 2020

13.04.2021

General meeting of shareholders 2021

27.08.2021

Publication of Half-Year Report 2021



Online, download

This half-year report is published in German and English. The German version shall prevail and is binding.

The electronic version of the report can be downloaded from www.zugestates.ch.

Notes on possible forward-looking statements:

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

Publishing information

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