

ZugEstates

# 2021

## Half-Year Report



## Company profile

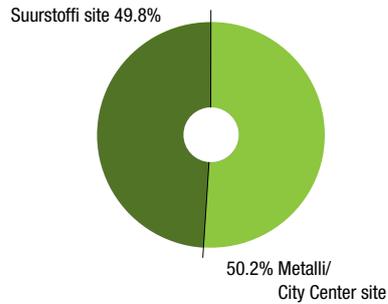
**The Zug Estates Group conceives, develops, markets and manages properties in the Zug region. It focuses on central sites which are suitable for a wide range of uses and allow sustainable development. The real estate portfolio is distributed across two sites in Zug and Risch Rotkreuz, and is broadly diversified by type of use. The total value of the portfolio came to CHF 1.67 billion as at 30 June 2021.**

**15.4 million**

**Net income excluding revaluation and special effects  
as at 30 June 2021**

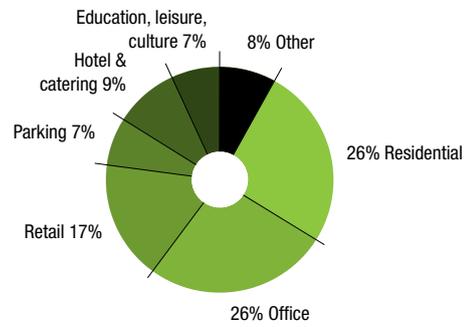
**Portfolio by site**

Based on market value as at 30 June 2021



**Portfolio by use**

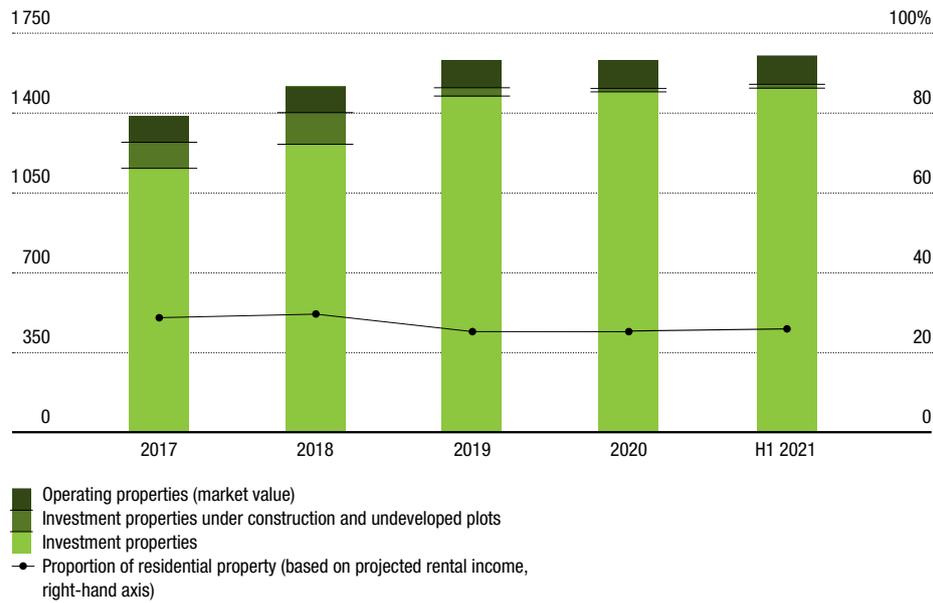
Based on projected rental income<sup>1</sup> as at 30 June 2021



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

**Value of portfolio**

in CHF million



## Selected key figures

<b>Income statement</b>		<b>H1 2021</b>	<b>H1 2020</b>	
Property income	TCHF	29 765	28 195	5.6%
Operating revenue <sup>1</sup>	TCHF	36 140	105 426	-65.7%
Operating expenses	TCHF	13 322	77 115	-82.7%
Operating income before depreciation and revaluation	TCHF	22 818	28 311	-19.4%
Revaluation of investment properties (net)	TCHF	12 269	-13 612	190.1%
Income from sale of investment properties	TCHF	7 317	0	n/a
Operating income (EBIT)	TCHF	40 639	12 883	215.4%
Net income	TCHF	32 663	8 273	294.8%
Net income excluding revaluation and special effects <sup>2</sup>	TCHF	15 427	11 900	29.6%
Result from sale of promotional properties after tax <sup>3</sup>	TCHF	0	8 351	-100.0%
<b>Balance Sheet</b>		<b>30.06.2021</b>	<b>31.12.2020</b>	
Total assets	TCHF	1 631 356	1 626 245	0.3%
Interest-bearing debt	TCHF	581 433	591 770	-1.7%
– Interest-bearing debt in % of total assets		35.6%	36.4%	
– Average rate of interest of the interest-bearing debt (period)		1.3%	1.3%	
– Average maturity of the interest-bearing debt	YEARS	3.9	4.3	
Shareholders' equity	TCHF	925 680	915 457	1.1%
– Equity ratio		56.7%	56.3%	
<b>Employees</b>		<b>30.06.2021</b>	<b>31.12.2020</b>	
Headcount	FTE	116.0	128.1	-9.4%
<b>Share</b>		<b>H1 2021</b>	<b>H1 2020</b>	
Closing price	CHF	1 990	2 010	-1.0%
Market capitalization <sup>4</sup>	TCHF	1 014 900	1 025 100	-1.0%
Earnings per series B registered share <sup>5</sup>	CHF	64.0	16.2	294.8%
Earnings per series B registered share excl. revaluation and special effects <sup>2, 5</sup>	CHF	30.2	23.3	29.6%
NAV at market value per series B registered share <sup>5, 6</sup>	CHF	1 947.9	1 895.9	2.7%
<b>Portfolio</b>		<b>30.06.2021</b>	<b>31.12.2020</b>	
Investment properties	TCHF	1 549 987	1 534 432	1.0%
Investment properties under construction	TCHF	10 638	9 794	8.6%
Undeveloped plots	TCHF	2 524	2 524	0.0%
<b>Total real estate portfolio</b>	<b>TCHF</b>	<b>1 563 149</b>	<b>1 546 750</b>	<b>1.1%</b>
Operating properties (market value) <sup>7</sup>	TCHF	108 110	108 110	0.0%
<b>Total portfolio</b>	<b>TCHF</b>	<b>1 671 259</b>	<b>1 654 860</b>	<b>1.0%</b>
Vacancy rate investment properties <sup>8</sup>		4.8%	5.0%	
Gross return investment properties <sup>9</sup>		4.0%	4.1%	
Weighted average unexpired lease term of rental contracts in portfolio (WAULT)	YEARS	6.5	6.8	
Average discount rate (nominal)		3.4%	3.5%	

<sup>1</sup> Excluding income from revaluation of investment properties and gains on the sale of investment properties

<sup>2</sup> 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 (see page 19)

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

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

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

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

<sup>7</sup> Operational properties are revaluated on a yearly basis at financial year-end

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

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

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## Report to shareholders

**Zug Estates generated extremely solid overall results in the first half of 2021. The impact of the COVID-19 pandemic is still clearly evident in the hotel & catering segment.**

**+5.6%**

**Increase in property income during first half of 2021**

**CHF 7.3 million**

**Gain on sale before tax of Hofstrasse 1a/b in Zug**

### **Dear shareholders, Ladies and gentlemen,**

The first half of 2021 continued to be influenced by the impact of the COVID-19 pandemic. The next government-imposed lockdown forced a great many of our catering and retail tenants to temporarily close their businesses. In the hotel & catering segment, the mandated closures of catering services as well as the substantial decline in international business travel caused sales to plummet.

Fortunately, this lockdown was less restrictive than it had been in the previous year. Our tenants additionally benefited from ongoing government support measures. Property income rose further, especially as a result of rent increases from rental agreements that had been concluded in previous years. The first half of the year also featured the successful sale of the property at Hofstrasse 1a/b in Zug.

Net income was up CHF 24.4 million to CHF 32.7 million in the first half of 2021, mainly as a result of sales and revaluation effects. After adjustment for revaluation and special effects, net profit rose 29.6%, from CHF 11.9 million to CHF 15.4 million.

### **Increase in net income as a result of higher property income**

The full-period effect of and rent increases from rental agreements that had largely been concluded in previous years as well as the minor nature of the negative effects of the COVID-19 pandemic resulted in a 5.6% increase in property income of CHF 29.8 million (previous year: CHF 28.2 million).

Restrictions in international business travel as well as the catering industry's second lockdown caused income generated by the hotel & catering segment to decline by CHF 1.0 million, from CHF 3.6 million to CHF 2.6 million. Robust demand for our serviced city apartments as well as strict cost management caused gross operating profit (GOP) to increase slightly to 8.1% (previous year: 7.8%). In addition, the economic losses were mitigated somewhat by the one-off payment of a non-returnable COVID-19 grant in the amount of CHF 2.1 million.

The sale of the last property outside our two sites resulted in a gain on sale before tax of CHF 7.3 million. No investment properties had been sold in the previous year. The sale of the last condominium apartments in the Aglaya project in Rotkreuz, however, resulted in a promotional profit before tax of CHF 9.5 million in the first half of 2020.

As expected, operating revenue declined from CHF 105.4 million to CHF 36.1 million due to the absence of revenue generated through the sale of promotional properties.

A lower level of borrowing costs eligible for capitalisation led to a slightly higher negative financial result of CHF 3.7 million (previous year: CHF 3.5 million) with the average interest rate on interest-bearing debt unchanged at 1.3%.

# 6.5 years

**Weighted average unexpired lease term (WAULT)**

## **Portfolio value up slightly at a somewhat lower vacancy rate**

The portfolio's market value rose slightly to CHF 1.67 billion as at 30 June 2021 (31 December 2020: CHF 1.65 billion). The real estate portfolio's valuation was raised by a total of CHF 12.3 million, which corresponds to approximately 0.8% of the value of all investment properties in the portfolio as at 30 June 2021; this increase is largely attributable to the reduction in the discount rates. There was a revaluation loss of CHF 13.6 million in the prior-year period.

Last year's completion of building S6 on the Suurstoffi site caused the vacancy rate to increase to 5.0% as at 31 December 2020. The vacancy rate as at 30 June 2021 remained nearly unchanged at 4.8%, which is primarily attributable to initial vacancies in the Suurstoffi building. After adjustment for initial vacancies, the vacancy rate declined from 1.5% as at 31 December 2020 to 1.3% as at 30 June 2021. The weighted average unexpired lease term (WAULT) of 6.5 years (6.8 years as at 31 December 2020) came to rest at a very high level for the industry.

Demand for both residential products as well as the retail and catering spaces in our portfolio remains high. The first half of 2021 saw new leases concluded with Orell Füssli Thalia AG and McOptic (Switzerland) AG for retail space at the Metalli complex, for example, as well as a new lease for space at the Suurstoffi site, which will be used for a catering business. We are seeing a certain amount of restraint with respect to office space, particularly when it comes to leases for large office facilities. Lease extensions or new leases were signed for a total of around 1 500 m<sup>2</sup> in office space during the period under review. Additionally, Novartis Pharma Schweiz AG opted to remain at the Rotkreuz location long term and signed a lease renewal agreement for a smaller office space of around 4 800 m<sup>2</sup> and a term that extends until at least 31 December 2027. The remaining office space of 3 700 m<sup>2</sup> will become vacant at the start of 2023 and has a very high-quality fit-out.

## **Solid equity ratio**

Due to the substantial decline in investment activities, interest-bearing debt dropped from CHF 591.8 million to CHF 581.4 million during the first half of 2021. Accordingly, the equity ratio rose slightly from 56.3% to 56.7%, which is a very solid number for the industry. The debt has an average maturity of 3.9 years (4.3 years as at 31 December 2020).

## **Project development with a focus on the Metalli Living Space**

The reference project was prepared in 2020 based on the results of the planning process for the Metalli Living Space conducted jointly with the City of Zug. Requests for changes to the development plans for both Metalli and Bergli were submitted to the City of Zug in September 2020. The City of Zug is currently drafting the development plans. At the same time and in view of the upcoming architectural competitions, Zug Estates is taking a more in-depth look at the positioning and design of the planned use categories and building parts. The legally binding, modified development plans are expected to take effect in 2023.

One major aspect of the Metalli Living Space development project is to breathe life into the City Center site. The goal is to preserve the tried-and-true elements of the space while also creating space for many new ones. New uses and concepts are already being implemented in line with this basic idea. From May to October 2021, the Secret Garden pop-up restaurant will add new life to the catering spaces in the City Garden, while the Miss Miu Korean-themed restaurant in the Metalli complex opened its doors in August 2021 and the ZugSPORTS festival was also held in August.

Work on the construction project for the last two buildings (S43/45) on the Suurstoffi site in Rotkreuz has been stepped up in the past few months. The project has already been approved for construction. Once all planning work has been finished, the decision about when to start construction will be reached taking demand and current market trends into consideration.

### **Systematic implementation of the sustainability strategy**

Following the Metalli complex's connection to the Circulago lake water district in 2020, another nine properties in the City Center will be connected this year. This structural measure will put Zug Estates one major step closer to its goal of carbon-free operation of the entire portfolio. Given that the remaining properties are scheduled to be connected in 2022 and 2023, nearly carbon-free operation of the entire portfolio is within reach.

Zug Estates' sustainability strategy not only focuses on reducing carbon emissions and optimising its energy consumption, but also has the Group pursuing projects and goals related to materials, biodiversity and water. Apart from these environmental issues, the areas of social and corporate responsibility are also becoming increasingly important, which is why Zug Estates will be publishing its first sustainability report in accordance with GRI standards in September 2021.

### **Positive outlook for 2021**

In the real estate business unit, we anticipate that rental revenue will increase for the year as a whole, an assessment we arrived at based on full-year rental income, some newly rented space and a reduction in the negative impact of the COVID-19 pandemic. Property expenses will be lower than in the previous year due to a reduction in the amount of renovation work performed at the Metalli site.

Despite the persistently high level of uncertainty regarding forecasts on the performance of the hotel & catering segment, the non-returnable COVID-19 grants already received suggest that both sales and GOP will be higher year-on-year.

For the 2021 financial year, we expect operating income before depreciation and revaluation to be lower year over year due to the absence of the special effect from the sale of the Aglaya apartments.

We expect net income excluding revaluation and special effects to be higher year-on-year.

Zug, August 2021



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



**Patrik Stillhart**  
CEO

## Consolidated balance sheet

### Assets

in CHF thousands	Note	30.06.2021	31.12.2020
Cash and cash equivalents		21 092	17 199
Trade receivables		892	780
Other receivables		4 788	10 179
Inventories		148	168
Properties held for sale	2	0	10 180
Prepaid expenses		4 005	1 889
<b>Total current assets</b>		<b>30 925</b>	<b>40 395</b>
Investment properties	1	1 549 987	1 534 432
Investment properties under construction	1	10 638	9 794
Undeveloped plots	1	2 524	2 524
Operating properties		31 143	31 987
Other tangible assets		5 190	5 971
Deferred tax assets		155	135
Financial assets		283	520
Intangible assets		511	487
<b>Total fixed assets</b>		<b>1 600 431</b>	<b>1 585 850</b>
<b>Total assets</b>		<b>1 631 356</b>	<b>1 626 245</b>

### Liabilities and shareholders' equity

in CHF thousands	Note	30.06.2021	31.12.2020
Current financial liabilities	4	145 760	55 800
Trade payables		2 972	4 652
Other current liabilities		5 112	2 850
Accrued expenses		11 043	9 193
Current provisions		29	24
<b>Total current liabilities</b>		<b>164 916</b>	<b>72 519</b>
Long-term financial liabilities	4	435 673	535 970
Long-term provisions		500	500
Deferred tax liabilities		104 587	101 799
<b>Total long-term liabilities</b>		<b>540 760</b>	<b>638 269</b>
<b>Total liabilities</b>		<b>705 676</b>	<b>710 788</b>
Share capital	5	12 750	12 750
Capital reserves		509 491	509 491
Retained earnings		403 439	393 216
<b>Total shareholders' equity</b>		<b>925 680</b>	<b>915 457</b>
<b>Total liabilities and shareholders' equity</b>		<b>1 631 356</b>	<b>1 626 245</b>

## Consolidated income statement

in CHF thousands	Note	01.01.2021 – 30.06.2021	01.01.2020 – 30.06.2020
Property income	7	29 765	28 195
Income from the sale of promotional properties	3	0	72 458
Hotel & catering income	8	2 643	3 612
Additional income from ordinary business operations		1 508	1 018
<b>Net proceeds of trade payables and receivables</b>		<b>33 916</b>	<b>105 283</b>
Other operating revenue		2 224	143
<b>Total operating revenue</b>		<b>36 140</b>	<b>105 426</b>
Property expenses		–3 968	–4 442
Expenses incurred directly through the sale of promotional properties	3	0	–62 968
Cost of goods purchased for hotel & catering		–227	–402
Personnel expenses		–6 041	–6 624
Other operating expenses		–3 086	–2 679
<b>Total operating expenses</b>		<b>–13 322</b>	<b>–77 115</b>
<b>Operating income before depreciation and revaluation</b>		<b>22 818</b>	<b>28 311</b>
Revaluation of investment properties (net)	1	12 269	–13 612
Result from the sale of investment properties	2	7 317	0
<b>Operating income before depreciation (EBITDA)</b>		<b>42 404</b>	<b>14 699</b>
Depreciation		–1 765	–1 816
<b>Operating income (EBIT)</b>		<b>40 639</b>	<b>12 883</b>
Financial result		–3 745	–3 495
<b>Income before taxes (EBT)</b>		<b>36 894</b>	<b>9 388</b>
Tax expenditure		–4 231	–1 115
<b>Net income</b>		<b>32 663</b>	<b>8 273</b>
<b>Earnings per share</b>			
<b>in CHF</b>			
Earnings per series A registered share, undiluted <sup>1</sup>	6	6.40	1.62
Earnings per series B registered share, undiluted <sup>1</sup>	6	64.04	16.22

<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 (abridged)

in CHF thousands	01.01.2021 – 30.06.2021	01.01.2020 – 30.06.2020
– Cash flow before change in working capital	17 533	24 620
– Change in working capital	5 979	33 263
Cash flow from operating activities	23 512	57 883
Cash flow from investing activities	13 221	–26 990
Cash flow from financing activities	–32 840	–32 440
<b>Change in cash and cash equivalents</b>	<b>3 893</b>	<b>–1 547</b>
<b>Composition of net cash and cash equivalents</b>		
Net cash and cash equivalents at the beginning of reporting period	17 199	21 352
Net cash and cash equivalents at the end of reporting period	21 092	19 805
<b>Change in cash and cash equivalents</b>	<b>3 893</b>	<b>–1 547</b>

TCHF 71 in non-cash investments were included during the first half of 2021 (first half of 2020: TCHF 9521).

## Consolidated statement of changes in equity

in CHF thousands	Share capital	Capital reserves	Retained earnings	Total share- holders' equity
<b>Balance on 01.01.2020</b>	<b>12 750</b>	<b>509 491</b>	<b>383 396</b>	<b>905 637</b>
Distribution from retained earnings carried forward (dividends)	0	0	–22 440	–22 440
Net income	0	0	8 273	8 273
<b>Balance on 30.06.2020</b>	<b>12 750</b>	<b>509 491</b>	<b>369 229</b>	<b>891 470</b>
<b>Balance on 01.01.2021</b>	<b>12 750</b>	<b>509 491</b>	<b>393 216</b>	<b>915 457</b>
Distribution from retained earnings carried forward (dividends)	0	0	–22 440	–22 440
Net income	0	0	32 663	32 663
<b>Balance on 30.06.2021</b>	<b>12 750</b>	<b>509 491</b>	<b>403 439</b>	<b>925 680</b>

## 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 31 December 2020.

### Method and technique used for property valuation

The valuation of investment properties is based on market value assessments (valuation updates) performed by a recognised, independent real estate expert (Wüest Partner AG) as at 30 June 2021, using the DCF method. No changes were made to the valuation method and technique applied when preparing the 2021 half-year financial statements.

### Scope of consolidation

The scope of consolidation remained unchanged compared to 31 December 2020.

### List of investments

Company	Domicile	Business	Share capital in CHF	Share of capital 30.06.2021	Share of capital 31.12.2020	Share of votes 30.06.2021	Share of votes 31.12.2020
Hotelbusiness Zug AG	Zug, ZG	Hotel & catering operator	1 000 000	100%	100%	100%	100%
Zug Estates AG	Zug, ZG	Real estate company	1 500 000	100%	100%	100%	100%
Miteigentümer-gemeinschaft Metalli	Zug, ZG	Real estate company	0	74.50%	74.50%	8.33%	8.33%

## Impact of the COVID-19 pandemic

### Real estate segment

The COVID-19 pandemic continued to impact the results of business in the first half of 2021. The second government-mandated lockdown forced catering businesses to shut down between 22 December 2020 and 30 May 2021, while retail tenants had to close their shops again from 18 January 2021 to 28 February 2021. Fortunately, this lockdown was less restrictive than it had been in the previous year and our tenants benefited from ongoing government support measures. While several retail tenants have submitted rent reduction requests, these have not yet been assessed in full. Potential rent reductions and rent reductions already granted have been consolidated and included in the income statement position "Property income" and amount to TCHF 186 (prior-year period: TCHF 692). Outstanding rent receivables related to the lockdown amounted to TCHF 66 on the balance sheet date (TCHF 14 as at 31 December 2020). The pandemic did not have any other immediate financial impact on the real estate segment.

### Hotel & catering segment

Sales continued to slump due to the partial closure of our catering services between 22 December 2020 and 30 May 2021 as well as the persistently low level of business travel; this particularly impacted the income statement positions "Hotel & catering income" and "Additional income from ordinary business operations".

Short-time working was introduced for most of the employees in the hotel & catering segment. Personnel expenses were reduced by short-time working compensation of TCHF 702 (prior-year period: TCHF 807).

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

The loss that resulted in this segment, together with that of the prior year, resulted in deferred tax assets of TCHF 155 (TCHF 140 as at 31 December 2020).

While the segment report contains an intercompany rent reduction of TCHF 500 (prior-year period: TCHF 1 225) in favour of the hotel & catering segment, this has no impact on consolidated property income.

Hotelbusiness Zug AG received hardship compensation from the government. "Other operating revenue" for the reporting period includes non-returnable grants in the amount of TCHF 2 100. This amount, which does not have to be repaid, may only be used to cover the company's net working capital requirements related to its operations. Additionally, hardship compensation is granted subject to certain conditions and non-compliance with these conditions may result in an obligation to repay the grants awarded either in part or in full. In the case of Hotelbusiness Zug AG, if the company generates a taxable profit for the year in 2021, this must be passed on to the canton. This amount is capped at no more than the amount of the compensation received. It is also prohibited from distributing any dividends or bonuses, paying out any capital reserves or granting any loans to its owners in 2021 and for the next three years or until any aid received has been repaid.

### Use of government financial aid

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	Suurstoffi site, Risch Rotkreuz Investment properties
<b>Balance on 01.01.2020</b>	<b>704 784</b>	<b>773 580</b>
Investments <sup>3</sup>	1 416	-1 574
Reclassification of properties under construction to investment properties <sup>4</sup>	0	39 866
Revaluation (net)	-6 000	-7 612
<b>Balance on 30.06.2020</b>	<b>700 200</b>	<b>804 260</b>
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
<b>Balance on 01.01.2021</b>	<b>722 632</b>	<b>811 800</b>
Investments <sup>3</sup>	1 524	1 762
Revaluation (net)	5 831	6 438
<b>Balance on 30.06.2021</b>	<b>729 987</b>	<b>820 000</b>
Accumulated acquisition values as at 01.01.2021	362 822	715 317
Accumulated acquisition values as at 30.06.2021	364 346	717 079
Difference market values / acquisition values as at 01.01.2021	359 810	96 483
Difference market values / acquisition values as at 30.06.2021	365 641	102 921

<sup>1</sup> Comprises the properties under construction at the Suurstoffi site in Risch Rotkreuz as well as planning costs for the development of the Metalli Living Space in Zug. With regard to the Suurstoffi 43/45 property, Risch Rotkreuz, there is an approved construction project that provides for the construction of 16 500 m<sup>2</sup> in office space and 1 500 m<sup>2</sup> in residential space along with corresponding parking and secondary-use spaces. Construction will be greenlighted as needed once an adequate pre-letting level has been reached

<sup>2</sup> 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

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

<sup>4</sup> Reclassification of the Suurstoffi 6 building of the Suurstoffi 1-6 property (campus of Lucerne University of Applied Sciences and Arts), Risch Rotkreuz, to an investment property

	Total investment properties	Total investment properties under construction <sup>1</sup>	Undeveloped plots <sup>2</sup>	Total
	<b>1 478 364</b>	<b>31 402</b>	<b>2 524</b>	<b>1 512 290</b>
	-158	16 275	0	16 117
	39 866	-39 866	0	0
	-13 612	0	0	-13 612
	<b>1 504 460</b>	<b>7 811</b>	<b>2 524</b>	<b>1 514 795</b>
	1 016 994	34 255	2 524	1 053 773
	1 059 555	7 811	2 524	1 069 890
	461 370	-2 853	0	458 517
	444 905	0	0	444 905
	<b>1 534 432</b>	<b>9 794</b>	<b>2 524</b>	<b>1 546 750</b>
	3 286	844	0	4 130
	12 269	0	0	12 269
	<b>1 549 987</b>	<b>10 638</b>	<b>2 524</b>	<b>1 563 149</b>
	1 078 139	9 794	2 524	1 090 457
	1 081 425	10 638	2 524	1 094 587
	456 293	0	0	456 293
	468 562	0	0	468 562

The discount rates applied for the valuation of the investment properties and the investment properties under construction as at the balance sheet date were within a range of 2.45% to 3.35% in real terms (31 December 2020: 2.50% to 3.35% in real terms).

The average weighted discount rate was 2.92% in real terms and 3.44% in nominal terms (31 December 2020: 2.98% in real terms and 3.49% in nominal terms).

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

## 2 Properties held for sale

in CHF thousands	30.06.2021	31.12.2020
Acquisition value at the beginning of reporting period	10 180	10 180
Disposals	-10 180	0
Acquisition value at the end of reporting period	0	10 180

Investment properties available for sale include the property at Hofstrasse 1 a/b, Zug, which was reclassified in 2019. The property was sold in the first half of 2021 at a profit before tax of TCHF 7317.

## 3 Promotional properties

in CHF thousands	30.06.2021	31.12.2020
Acquisition value at the beginning of reporting period	0	60 630
Additions	0	2 338
Disposals	0	-62 968
Acquisition value at the end of reporting period	0	0

The remaining 49 of a total of 85 condominium apartments in the Aglaya promotional project in Risch Rotkreuz, which also include corresponding secondary-use properties (parking spaces and all-purpose rooms), were sold in the first half of 2020 at a profit before tax of TCHF 9 490.

## 4 Financial liabilities

The financial liabilities of TCHF 581 433 as at 30 June 2021 (31 December 2020: TCHF 591 770) comprise mortgage loans with financial institutions in the amount of TCHF 381 743 (31 December 2020: TCHF 392 144) and bonds with a book value of TCHF 199 690 (31 December 2020: TCHF 199 626).

Financial liabilities are structured as follows by maturity:

Residual term in CHF thousands	30.06.2021	31.12.2020
Under 1 year	145 760	55 800
1 to 3 years	41 600	141 529
3 to 5 years	265 073	241 297
5 to 10 years	129 000	153 144
<b>Total financial liabilities</b>	<b>581 433</b>	<b>591 770</b>
Of which current	145 760	55 800
Of which long-term	435 673	535 970

The average maturity of interest-bearing debt is 3.9 years (31 December 2020: 4.3 years). The average capital-weighted interest rate on all interest-bearing financial liabilities is 1.3% (31 December 2020: 1.3%).

To secure the long-term financial liabilities, properties with a book value of TCHF 908 425 (31 December 2020: TCHF 896 416) have been encumbered.

In the reporting period, borrowing costs in the amount of TCHF 25 (prior-year period: TCHF 263) were capitalised.

A TCHF 100 000 bond that matures on 17 February 2022 was paid up on 17 February 2017. A TCHF 100 000 green bond that matures on 2 October 2025 was also issued on 2 October 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 amounted to TCHF 310 as at 30 June 2021 (31 December 2020: TCHF 374).

in 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	245	79	324
<b>Balance on 01.01.2021</b>	<b>99 929</b>	<b>99 697</b>	<b>199 626</b>
Amortization of issue costs	32	32	64
<b>Balance on 30.06.2021</b>	<b>99 961</b>	<b>99 729</b>	<b>199 690</b>

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

## 5 Shareholders' equity

The composition of the share capital on 30 June 2021 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
<b>Total</b>				<b>956 940</b>	<b>12 750 000</b>	<b>956 940</b>	<b>12 750 000</b>

As at 30 June 2021, Zug Estates Holding AG does not hold any own shares (31 December 2020: 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 30 June 2021 (31 December 2020: TCHF 7 625).

## 6 Key figures and net income per share

Shareholders' equity per share is as follows:

### Shareholders' equity per share

	30.06.2021	31.12.2020
Shareholders' equity (in CHF thousands)	925 680	915 457
Deferred tax liabilities (in CHF thousands)	104 587	101 799
<b>Shareholders' equity before deferred taxes (in CHF thousands)</b>	<b>1 030 267</b>	<b>1 017 256</b>
Number of outstanding series A registered shares <sup>1</sup>	496 600	496 600
Number of outstanding series B registered shares	460 340	460 340
<b>Shareholders' equity per outstanding series B registered share, before deferred taxes (in CHF)</b>	<b>2 020.13</b>	<b>1 994.62</b>
<b>Shareholders' equity per outstanding series B registered share, after deferred taxes (in CHF)</b>	<b>1 815.06</b>	<b>1 795.01</b>

<sup>1</sup> 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

	30.06.2021	31.12.2020
Shareholders' equity (in CHF thousands)	925 680	915 457
Difference market value / acquisition value operating properties (in CHF thousands)	76 967	76 123
Deferred taxes on difference market value / acquisition value operating properties (in CHF thousands)	-9 236	-9 135
<b>NAV at market value (in CHF thousands)</b>	<b>993 411</b>	<b>982 445</b>
Number of outstanding series A registered shares <sup>1</sup>	496 600	496 600
Number of outstanding series B registered shares	460 340	460 340
<b>NAV at market value per outstanding series B registered share (in CHF)</b>	<b>1 947.86</b>	<b>1 926.36</b>

<sup>1</sup> 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	01.01.2021 – 30.06.2021	01.01.2020 – 30.06.2020
<b>Net income</b>	<b>32 663</b>	<b>8 273</b>
Revaluation of investment properties (net)	-12 269	13 612
Taxes attributable to the revaluation of investment properties (net)	1 472	-1 634
Result from sale of investment properties	-7 317	0
Taxes attributable to the result from sale of investment properties	878	0
Income from the sale of promotional properties	0	-72 458
Expenses incurred directly through the sale of promotional properties	0	62 968
Taxes attributable to changes in the result from sale of promotional properties	0	1 139
<b>Net income excluding revaluation and special effects</b>	<b>15 427</b>	<b>11 900</b>

Earnings per share is calculated as follows:

### Earnings per share

Information on series A registered shares		30.06.2021	30.06.2020
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
<b>Average outstanding series A registered shares</b>	<b>Number</b>	<b>496 600</b>	<b>496 600</b>
Share in net income attributable to series A registered shares	TCHF	3 180	806
Share in net income excluding income from revaluation and special effects, attributable to series A registered shares	TCHF	1 502	1 159
Applicable number of series A registered shares	Number	496 600	496 600
<b>Earnings per series A registered share, undiluted<sup>1</sup></b>	<b>CHF</b>	<b>6.40</b>	<b>1.62</b>
<b>Earnings per series A registered share excluding income from revaluation and special effects, undiluted<sup>1</sup></b>	<b>CHF</b>	<b>3.02</b>	<b>2.33</b>

Information on series B registered shares		30.06.2021	30.06.2020
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
<b>Average outstanding series B registered shares</b>	<b>Number</b>	<b>460 340</b>	<b>460 340</b>
Share in net income attributable to series B registered shares	TCHF	29 483	7 467
Share in net income excluding income from revaluation and special effects attributable to series B registered shares	TCHF	13 925	10 741
Applicable number of series B registered shares	Number	460 340	460 340
<b>Earnings per series B registered share, undiluted<sup>1</sup></b>	<b>CHF</b>	<b>64.04</b>	<b>16.22</b>
<b>Earnings per series B registered share excluding income from revaluation and special effects, undiluted<sup>1</sup></b>	<b>CHF</b>	<b>30.24</b>	<b>23.33</b>

<sup>1</sup> 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 29 765 (first half of 2020: TCHF 28 195) comprises actual rental income. This position contains revenue from all properties.

in CHF thousands	01.01.2021 – 30.06.2021	01.01.2020 – 30.06.2020
Rental income Zug City Center site	14 469	13 641
Rental income Suurstoffi	15 247	14 481
Income from other properties	49	73
<b>Total property income</b>	<b>29 765</b>	<b>28 195</b>

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

Rental income terms, share in %	30.06.2021	30.06.2020
Under 1 year, including unlimited rental contracts	37.1	39.2
Over 1 year	14.1	6.0
Over 2 years	6.4	13.7
Over 3 years	7.5	2.8
Over 4 years	3.0	7.0
Over 5 years	1.4	3.1
Over 6 years	3.5	0.0
Over 7 years	9.1	3.2
Over 8 years	4.4	7.9
Over 9 years	0.5	3.7
Over 10 years	13.0	13.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

As at 30 June 2021, the five largest tenant groups together generated 27.5% of rental income (as at 31 December 2020: 27.5%). They can be broken down as follows:

Tenants, share in %	30.06.2021	Tenants, share in %	31.12.2020
Lucerne University of Applied Sciences and Arts	9.8	Lucerne University of Applied Sciences and Arts	9.5
Novartis	5.9	Novartis	5.9
Migros <sup>1</sup>	5.2	Migros <sup>1</sup>	5.6
UBS	3.8	UBS	3.8
Dosenbach-Ochsner AG	2.8	Dosenbach-Ochsner AG	2.7

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

## 8 Hotel & catering income

The hotel & catering segment comprises the following categories:

in CHF thousands	01.01.2021 – 30.06.2021	01.01.2020 – 30.06.2020
Accommodation	2 000	2 325
Catering	660	1 280
Ancillary services	10	14
Increase of provisions for doubtful receivables	–27	–7
<b>Total hotel &amp; catering income</b>	<b>2 643</b>	<b>3 612</b>

## 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 <sup>1</sup>	Total
<b>01.01.2021–30.06.2021</b>				
Operating revenue	33 742	4 993	–2 595	36 140
Operating expenses	–10 866	–4 776	2 320	–13 322
Revaluation of investment properties (net)	12 269	0	0	12 269
Result from sale of investment properties	7 317	0	0	7 317
<b>Operating income before depreciation (EBITDA)</b>	<b>42 462</b>	<b>217</b>	<b>–275</b>	<b>42 404</b>
<b>Operating income (EBIT)</b>	<b>41 099</b>	<b>–141</b>	<b>–319</b>	<b>40 639</b>

in CHF thousands	Real estate	Hotel & catering	Corporate & eliminations <sup>1</sup>	Total
<b>01.01.2020–30.06.2020</b>				
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
<b>Operating income before depreciation (EBITDA)</b>	<b>16 124</b>	<b>–1 151</b>	<b>–274</b>	<b>14 699</b>
<b>Operating income (EBIT)</b>	<b>14 729</b>	<b>–1 517</b>	<b>–329</b>	<b>12 883</b>

<sup>1</sup> 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 2021 reflects a reduction in rent in favour of the hotel & catering segment in the amount of TCHF 500 (TCHF 1 225 in the first half of 2020).

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 0.9 million (prior-year period: CHF –1.1 million) in the period under review.

## Portfolio

Investment properties	Place	Form of ownership <sup>1</sup>	Ownership share in %	Year of construction	Year of refurbishment
<b>Zug City Center site</b>					
Baarerstrasse 20–22 (Metalli I/II, Zug Estates share)	Zug	CO	74.50	1987/1991	–
Baarerstrasse 14a (Metalli III)	Zug	SO	100	1995	–
Industriestrasse 13a/c (Metalli IV)	Zug	SO	100	1995	–
Industriestrasse 16 (leasehold) <sup>2</sup>	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
<b>Total Zug City Center site</b>					
<b>Suurstoffi site</b>					
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	–
<b>Total Suurstoffi site</b>					
<b>Total investment properties (excl. investment properties under construction)</b>					
<b>Investment properties under construction</b>					
–	–	–	–	–	–
<b>Total investment properties under construction</b>					
<b>Undeveloped plots</b>					
Suurstoffi site	Risch Rotkreuz	SO	100	–	–
<b>Total undeveloped plots</b>					
<b>Total real estate portfolio<sup>3</sup></b>					
Operating properties <sup>3,4</sup>	Zug	SO/C	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>	Leisure/ education/ culture m <sup>2</sup>	Storage/other m <sup>2</sup>	Total rentable space m <sup>2</sup>	Total no. of parking spaces
16 419	8 131	10 144	17 917	923	2 261	5 172	44 548	521
4 843	352	5 503	3 056	149	–	3 046	12 106	123
2 155	1 965	1 370	381	461	264	733	5 174	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
<b>45 866</b>	<b>21 900</b>	<b>18 480</b>	<b>21 354</b>	<b>1 533</b>	<b>2 625</b>	<b>9 293</b>	<b>75 185</b>	<b>893</b>
8 591	–	8 025	442	–	14 613	2 256	25 336	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	13 308	7 512	493	–	312	1 136	22 761	227
7 081	–	10 360	60	547	–	520	11 487	231
7 858	–	1 809	–	258	–	37	2 104	–
3 496	–	4 192	–	–	2 044	245	6 481	4
<b>95 320</b>	<b>45 017</b>	<b>40 511</b>	<b>995</b>	<b>1 142</b>	<b>20 921</b>	<b>5 195</b>	<b>113 781</b>	<b>1 612</b>
<b>141 186</b>	<b>66 917</b>	<b>58 991</b>	<b>22 349</b>	<b>2 675</b>	<b>23 546</b>	<b>14 488</b>	<b>188 966</b>	<b>2 505</b>
–	–	–	–	–	–	–	–	–
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
10 337	–	–	–	–	–	–	–	–
<b>10 337</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>151 523</b>	<b>66 917</b>	<b>58 991</b>	<b>22 349</b>	<b>2 675</b>	<b>23 546</b>	<b>14 488</b>	<b>188 966</b>	<b>2 505</b>
12 871	1 879	873	–	13 002	–	277	16 031	200
<b>164 394</b>	<b>68 796</b>	<b>59 864</b>	<b>22 349</b>	<b>15 677</b>	<b>23 546</b>	<b>14 765</b>	<b>204 997</b>	<b>2 705</b>

## Selected key portfolio figures

	2017	2018	2019	2020	30.06.2021
<b>Book value in CHF thousands</b>					
<b>Investment properties</b>	<b>1 181 425</b>	<b>1 273 724</b>	<b>1 478 364</b>	<b>1 534 432</b>	<b>1 549 987</b>
Investment properties under construction	106 618	140 739	31 402	9 794	10 638
Undeveloped plots	2 524	2 524	2 524	2 524	2 524
<b>Total real estate portfolio</b>	<b>1 290 567</b>	<b>1 416 987</b>	<b>1 512 290</b>	<b>1 546 750</b>	<b>1 563 149</b>
Operating properties <sup>1</sup>	117 296	118 705	118 250	108 110	108 110
<b>Total portfolio</b>	<b>1 407 863</b>	<b>1 535 692</b>	<b>1 630 540</b>	<b>1 654 860</b>	<b>1 671 259</b>
<b>Performance in CHF thousands or %</b>					
Projected rental revenue investment properties	49 028	53 716	60 597	62 163	62 632
Property income <sup>2</sup>	45 425	50 794	54 481	57 782	29 765
Gross return investment properties <sup>3</sup>	4.1%	4.2%	4.1%	4.1%	4.0%
Vacancy rate of investment properties <sup>4</sup>	1.5%	2.9%	3.3%	5.0%	4.8%
Average discount rate (real)	3.3%	3.2%	3.1%	3.0%	2.9%

<sup>1</sup> 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, 2020, at TCHF 108 110. Operating properties are revalued once a year at year-end

<sup>2</sup> Restated 2017

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

<sup>4</sup> As at the balance sheet date, as a percentage of projected rental income

## Contact details and upcoming events

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### Upcoming events

29 September 2021  
**Publication of Sustainability Report  
and Sustainability Forum**

4 March 2022  
**Publication of Annual Report 2021**

12 April 2022  
**General meeting of shareholders 2022**

26 August 2022  
**Publication of Half-Year Report 2022**



### 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](http://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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