

ZugEstates

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Zug Estates Group
Media and analysts' conference

2016 financial year

Tobias Achermann, CEO
Gabriela Theus, CFO

Rotkreuz, March 10, 2017

Agenda

- 1. At a glance**
2. 2016 financial year in figures
3. Business activity and projects
4. Outlook
5. 2017 general meeting of shareholders
6. Q&A

2016 in a nutshell



– Consolidation of growth

Property income	CHF 40.1 m	+2.3%
Net income excl. revaluation	CHF 24.0 m	-0.1%
Portfolio value	CHF 1.3 bn	+8.5%
Payout per share ¹	CHF 23.00	+12.2%
Total return per share	15.8%	

¹ Proposal of the board of directors

– Vacancy rate at a record low 1.8%

– Development projects under construction or in the planning stage (investment volume: CHF 440 million) will generate a substantial increase in income as of 2018

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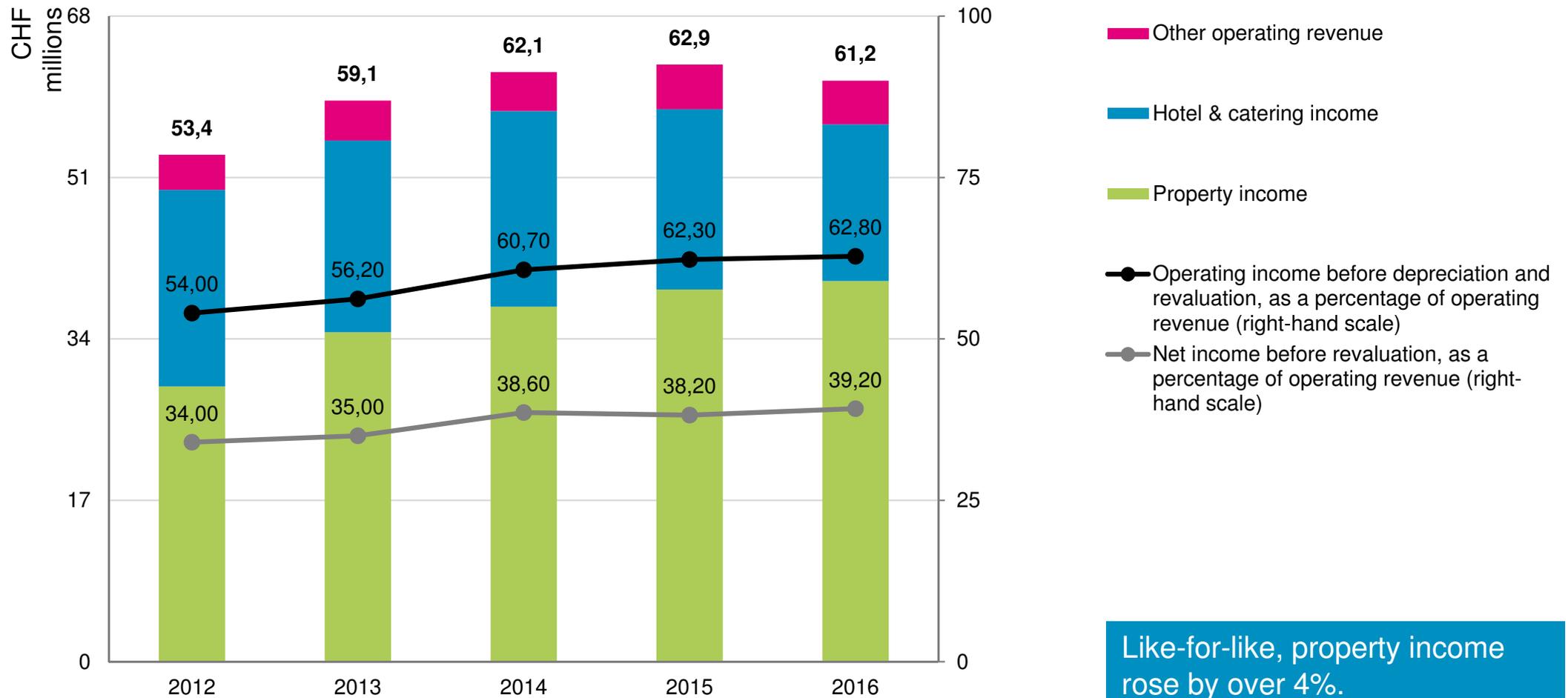
Property income up by 2.3%

in CHF million	2012 ¹	2013	2014	2015 ²	2016		Δ 16/15
Property income	29.0	34.7	37.4	39.2	40.1	↗	2.3 %
Hotel & catering income	20.7	20.2	20.6	19.0	16.5	↘	-13.5 %
Additional income/Other op. revenue	3.8	4.2	4.1	4.7	4.7	→	-0.5 %
Total operating revenue	53.5	59.1	62.1	62.9	61.2	↘	-2.7 %
Revaluation (net) Income from sale inv. prop.	50.0	26.9	21.8	50.5	28.5	↘	-43.5 %
EBITDA	78.9	60.1	59.5	89.6	66.9	↘	-25.3 %
EBITDA excl. revaluation	28.9	33.2	37.7	39.2	37.8	→	-1.9 %
EBIT	75.2	56.5	55.9	86.3	63.8	↘	-26.1 %
EBIT excl. revaluation	25.2	29.6	34.1	35.9	35.3	→	-1.6 %
Net income	57.9	44.8	45.1	67.1	48.4	↘	-28.0 %
Net income excl. revaluation	18.2	20.7	24.0	24.1	24.0	→	-0.1 %

¹ Pro-forma figures; ² previous figures adjusted (new revenue collection rules in Swiss GAAP FER)

Consolidation growth, stronger margin

Operating revenue and income in CHF million or %

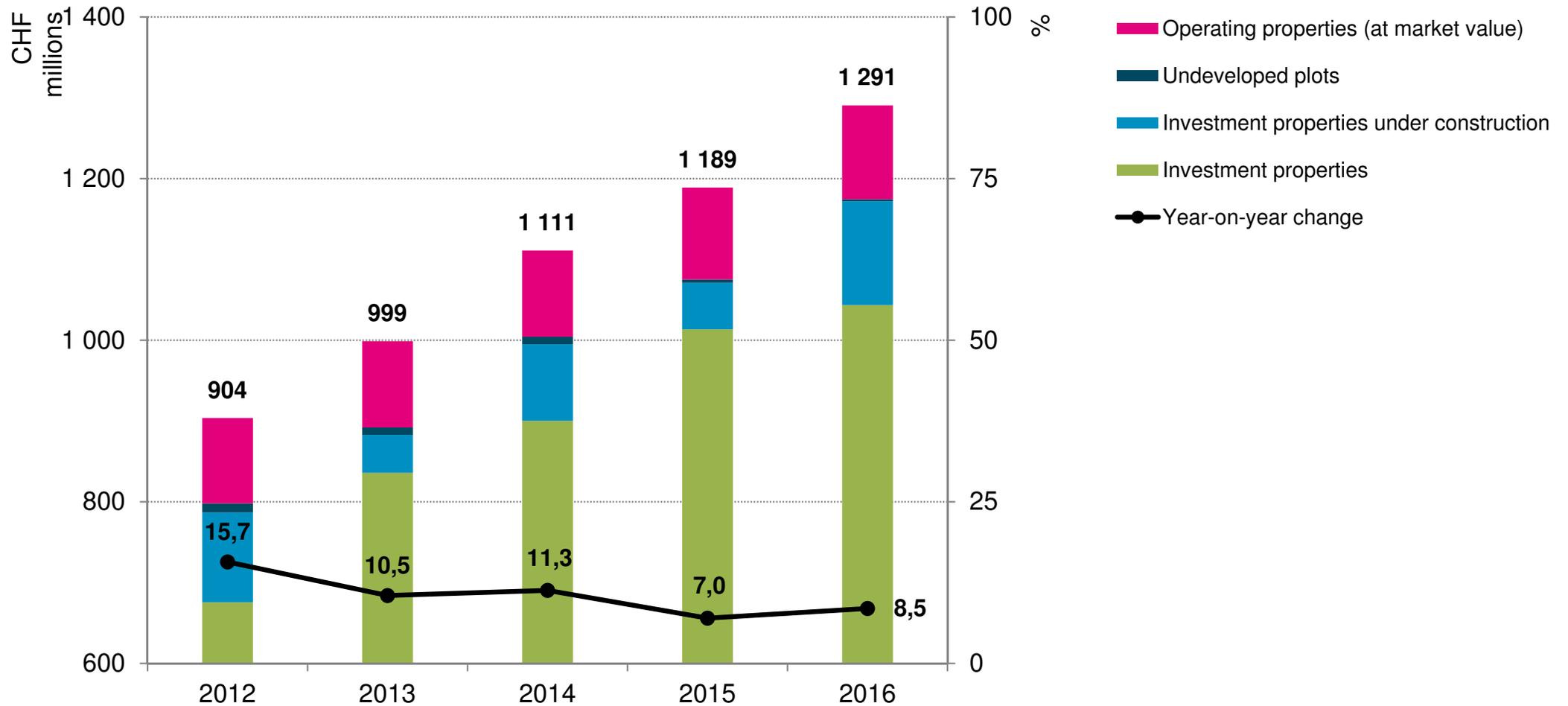


Like-for-like, property income rose by over 4%.

Continuation of growth strategy

Fair value of portfolio

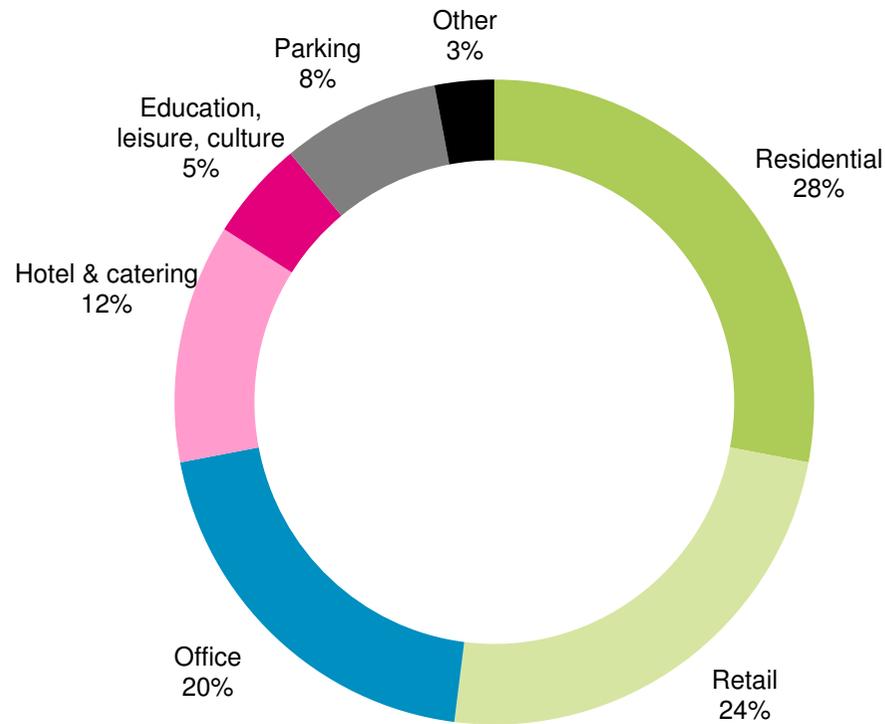
in CHF million or %



High residential proportion, solid principal tenants

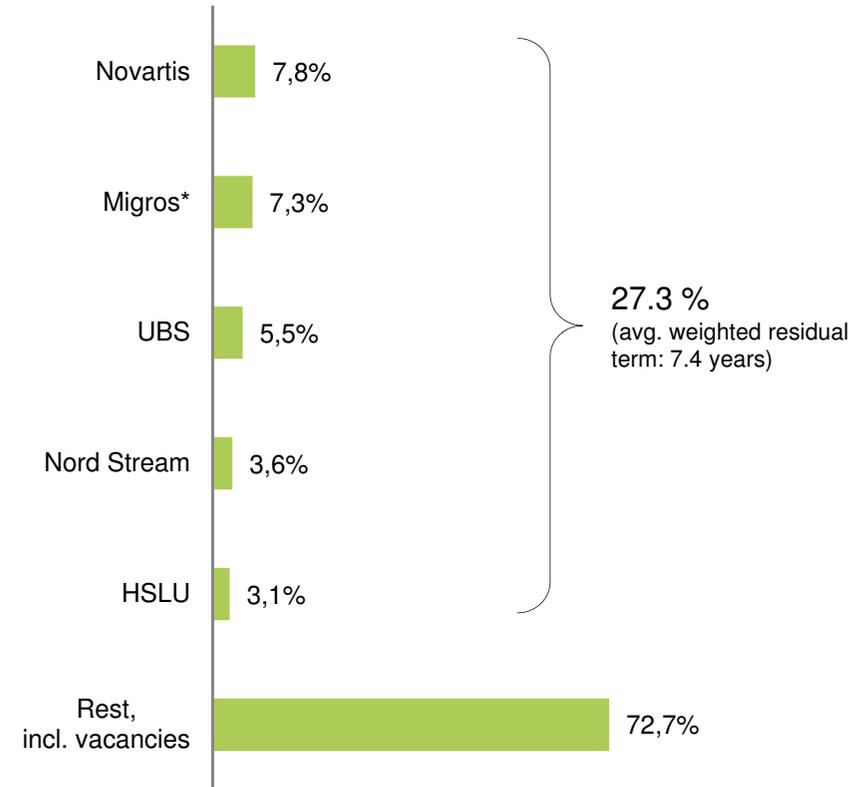
Portfolio by use

Based on projected rental revenue* as at December 31, 2016



Tenant structure

Investment properties, based on projected rental revenue as at December 31, 2016

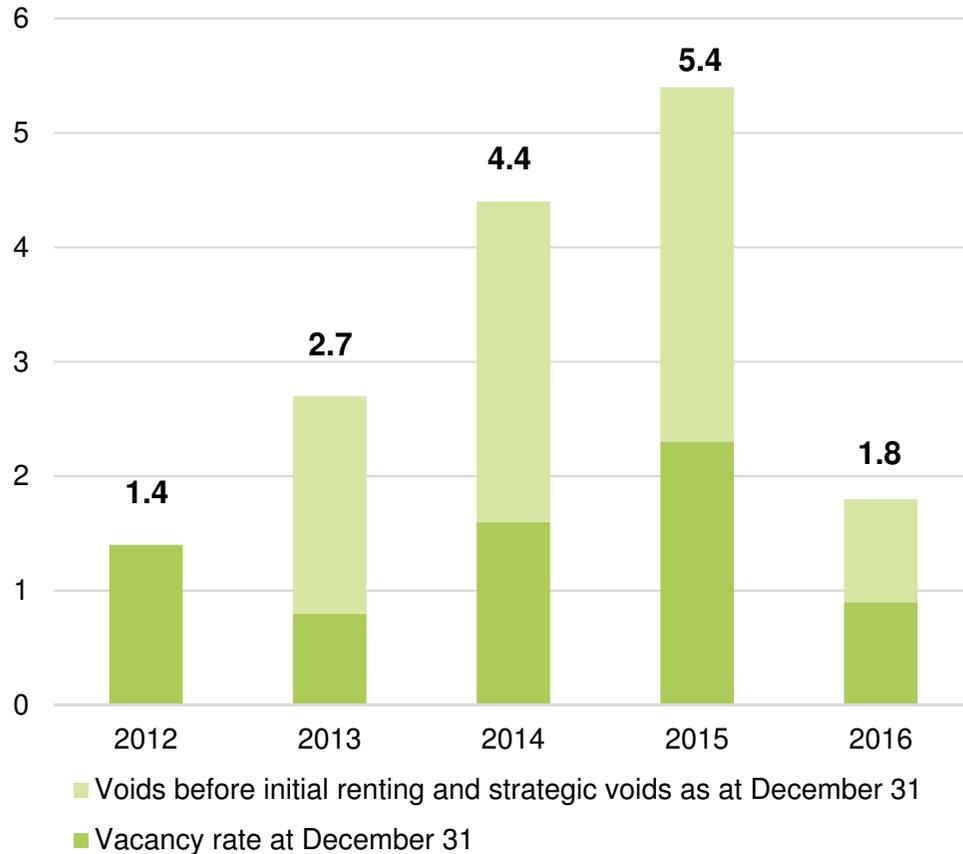


*From point of view of real estate business unit, incl. rents of hotel & catering business

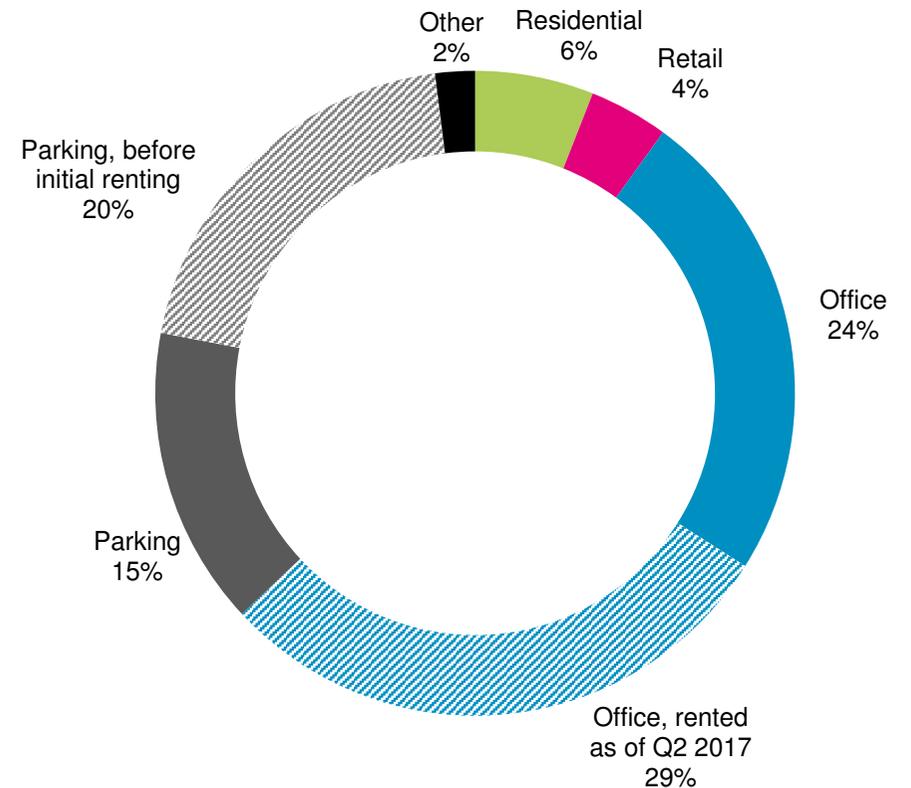
* various companies of the Migros Group

Vacancy rate at 1.8%

Vacancy rate (on reference date)
in %

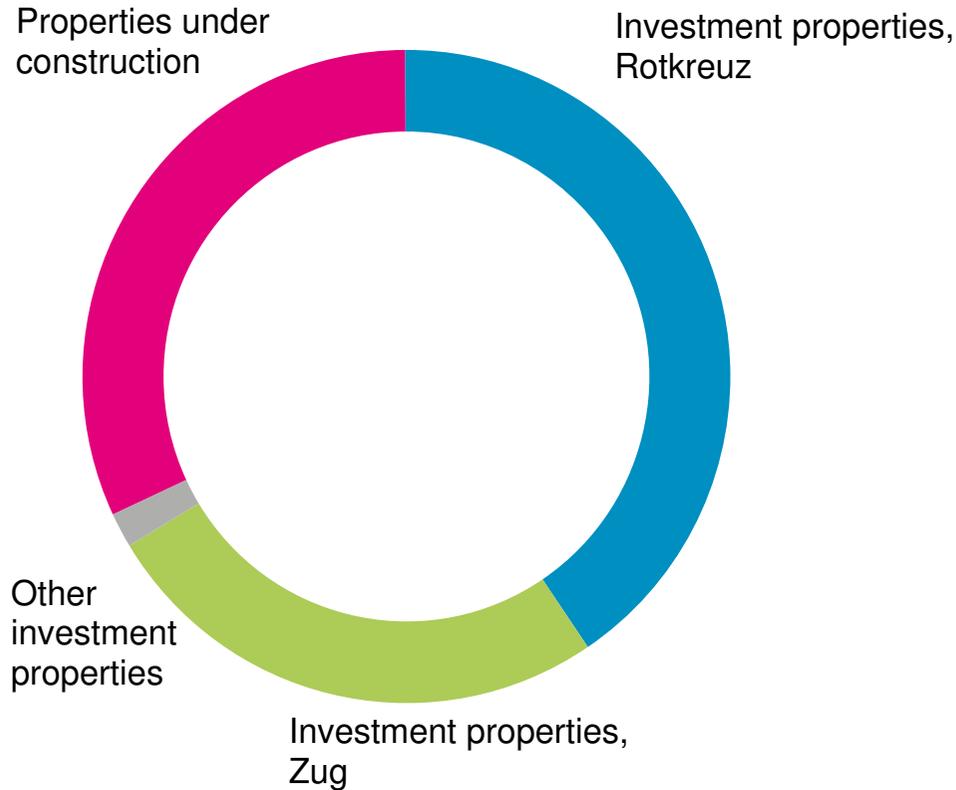


Breakdown of vacancies as at December 31, 2016
by use

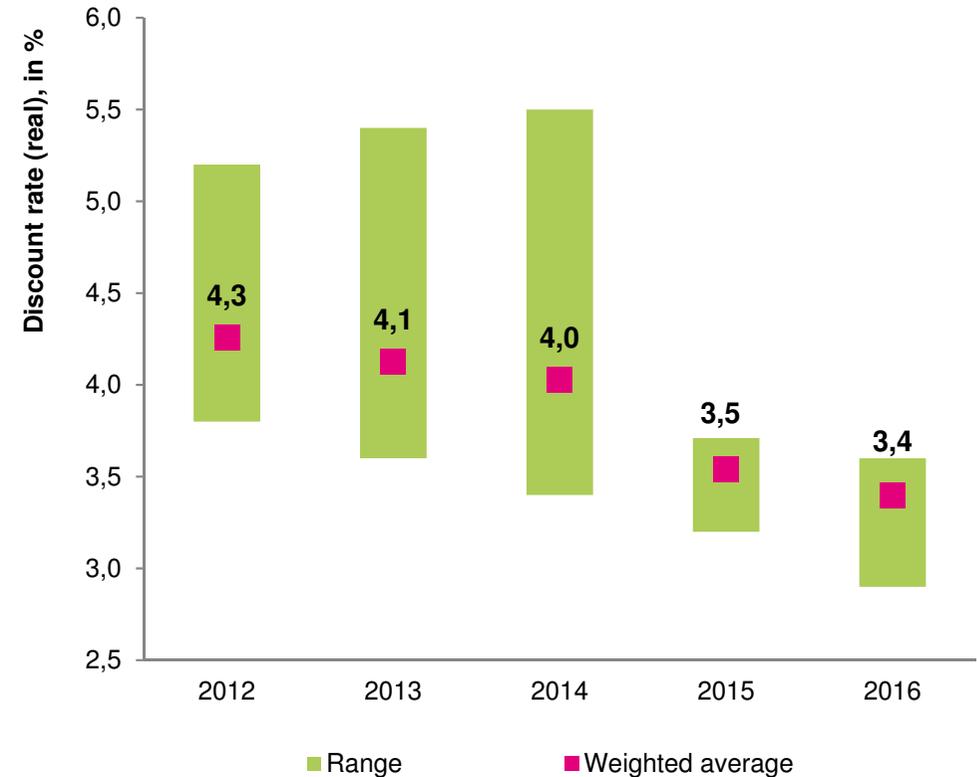


Income from revaluation thanks to continuous project development

Split income from revaluation
2016

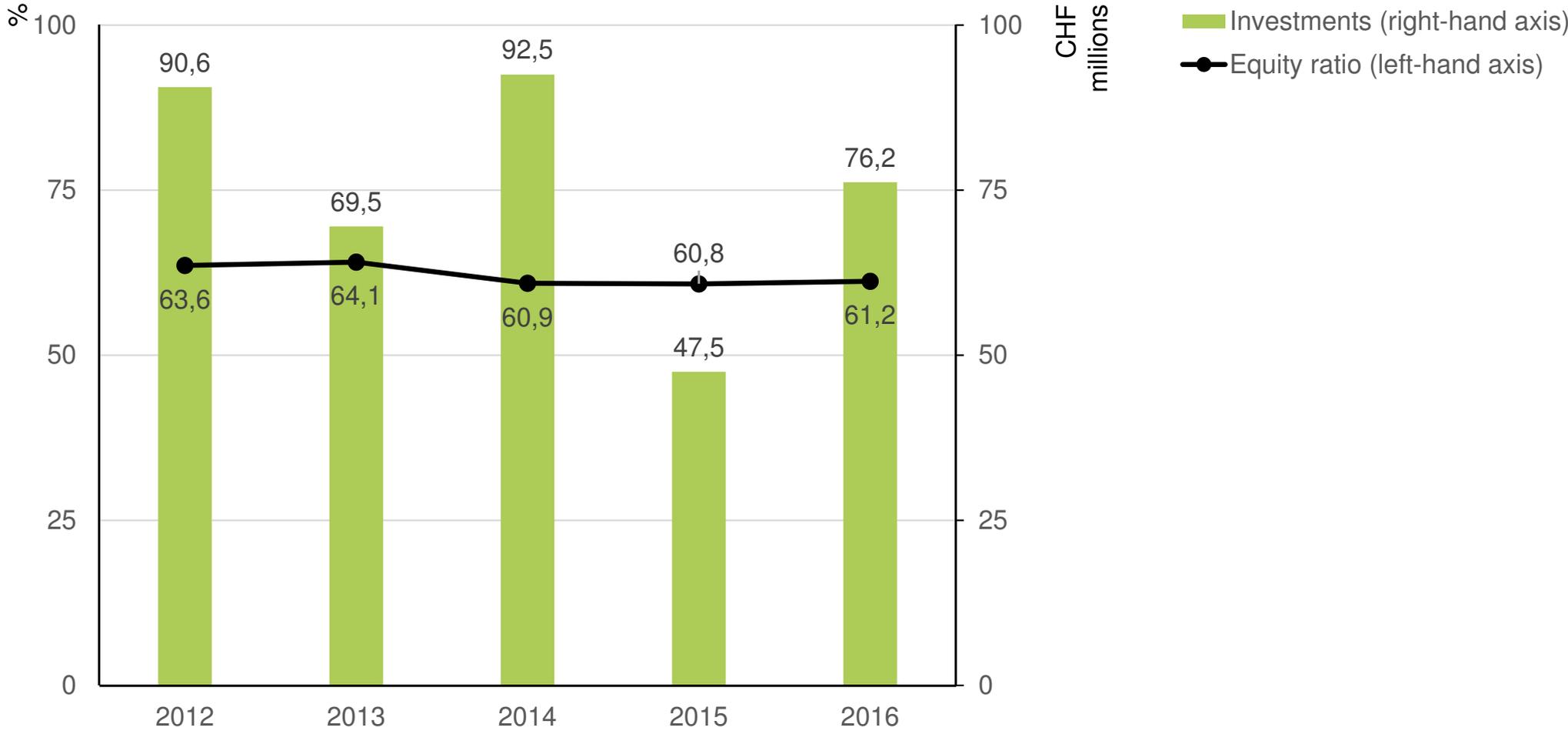


Discount rates
real



Solid equity base offering long-term stability

Equity and investments in CHF million or %



Systemic risk minimized by long-term fixed interest rates and low level of borrowing

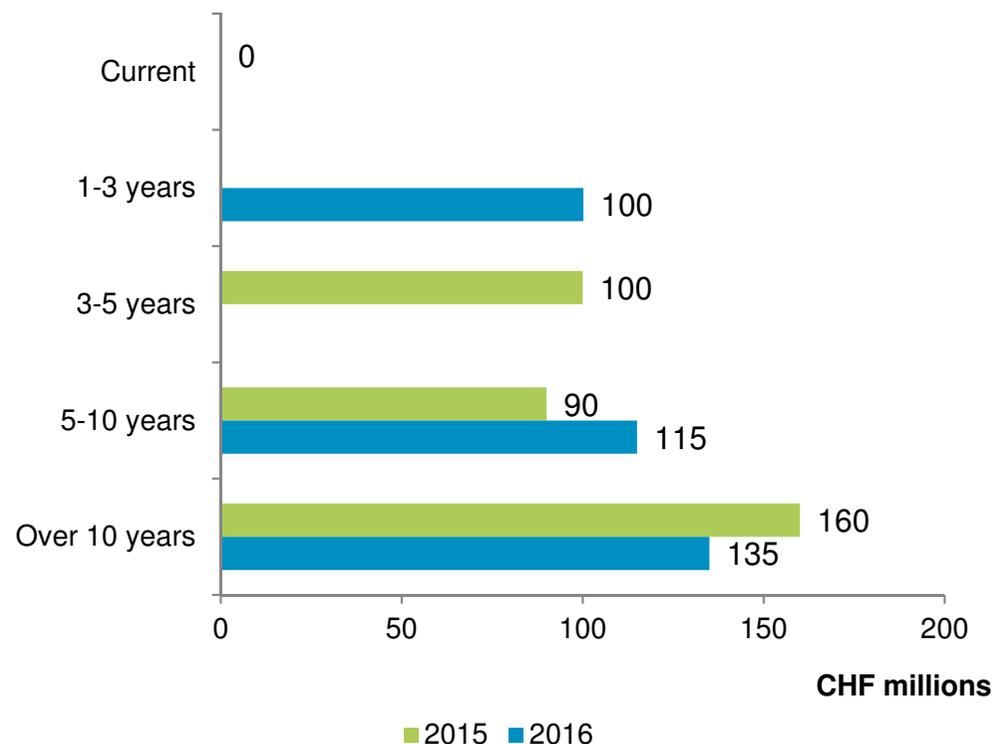
Selected key figures

as at December 31

in CHF million	2012	2013	2014	2015	2016
Cash and cash equivalents	75.7	23.8	24.2	55.2	18.4
Fair value of portfolio	903.8	998.7	1111.0	1188.9	1290.5
Interest-bearing debt	250.0	250.0	320.0	350.0	350.2
- In % of total assets	26.4%	25.5%	29.4 %	29.4%	27.7%
- LTV	27.7%	25.0%	28.8%	29.4%	27.1%
- Avg. interest rate	2.6%	2.6%	2.2%	2.5%	2.5%
- Avg. residual term	10.5 Y	9.5 Y	7.6 Y	9.2 Y	8.2 Y
- Interest coverage	4.1 x	4.7 x	5.1 x	4.5 x	4.2 x

Maturity structure of financial liabilities

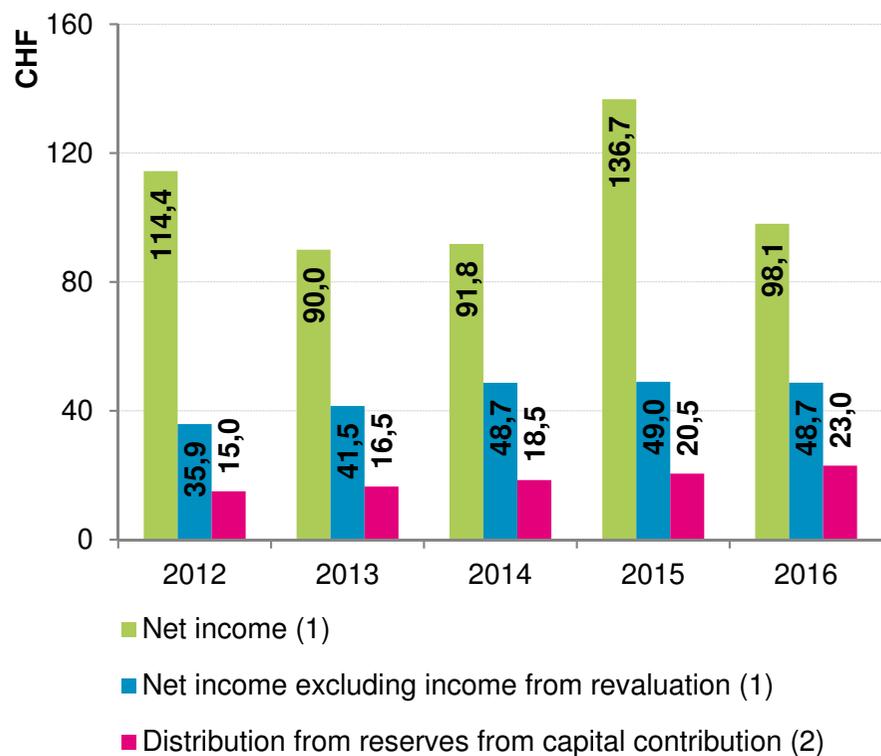
as at December 31



In January 2017, a 0.7% CHF 100 million bond with a term of 5 years was issued to finance development projects. The Group also has undrawn credit lines of CHF 160 million.

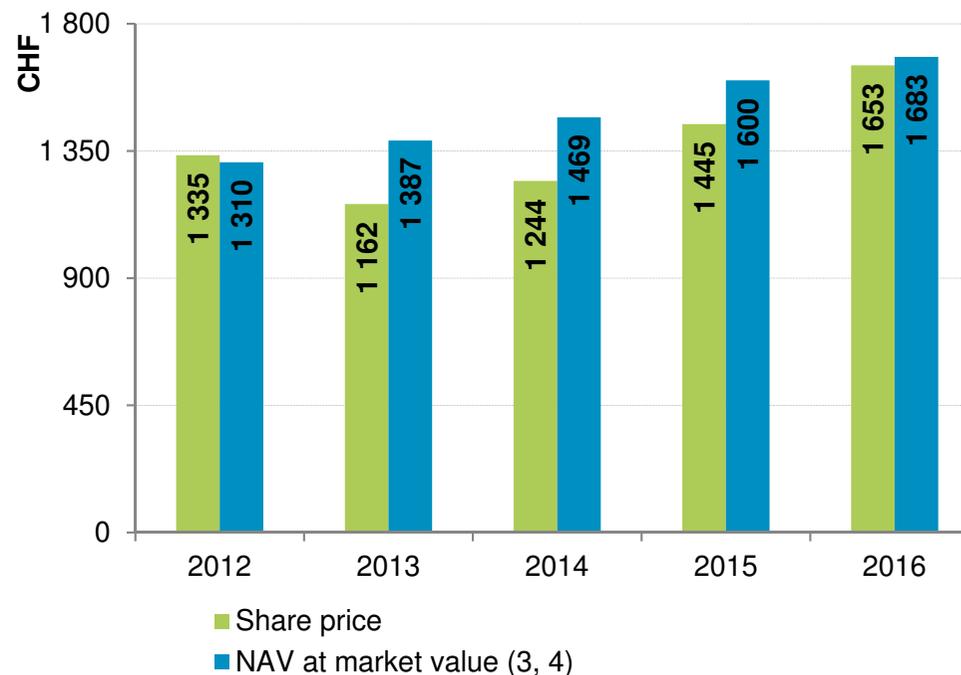
Payout increases by 12.2%

Income and payout per series B registered share



Stock market price and NAV per series B registered share

as at December 31



¹ In relation to number of shares on average outstanding (series A registered shares converted)

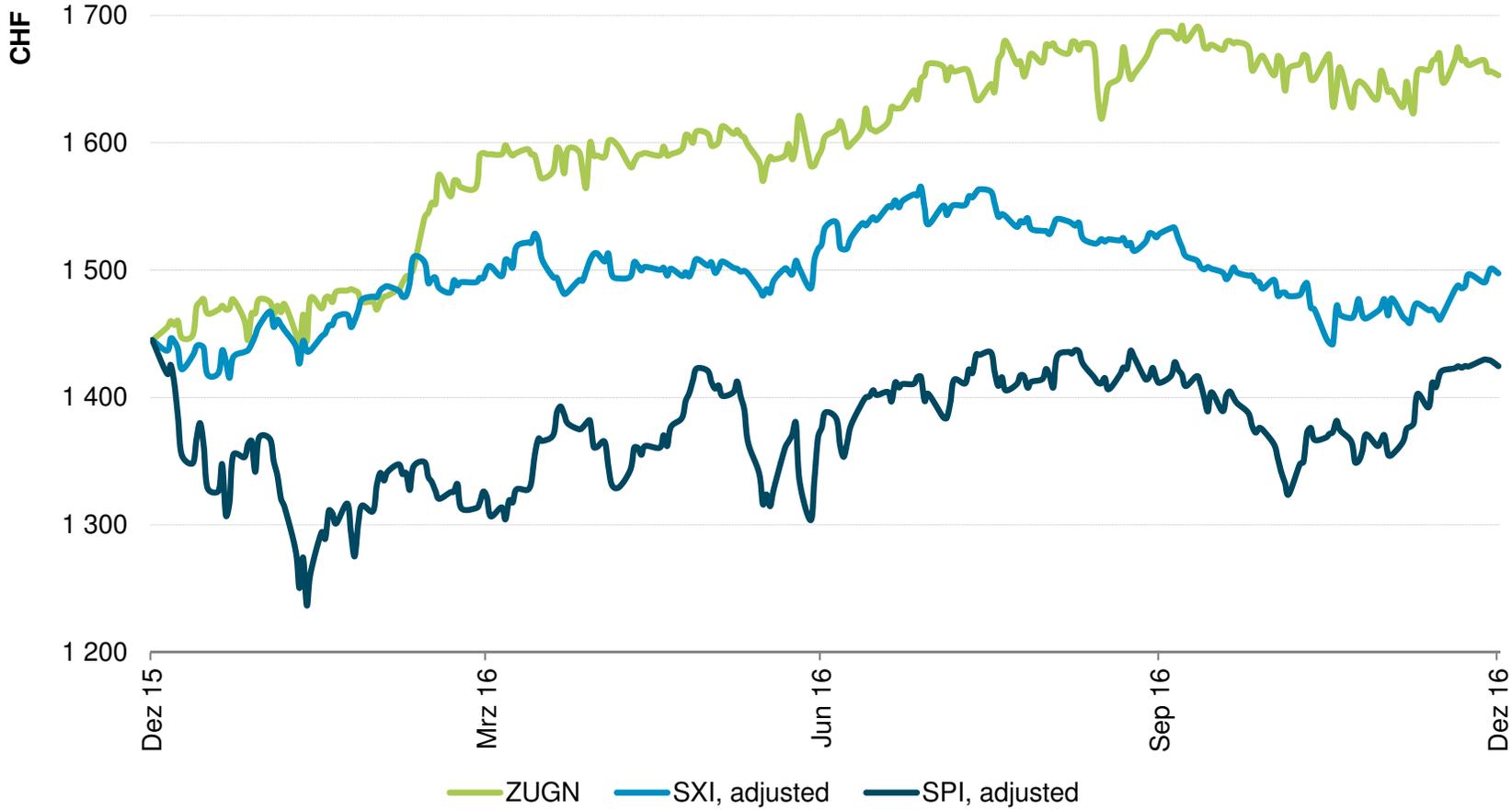
² Payable in the following year 2016: proposal of the board of directors

³ NAV at market value includes properties used for operational purposes at market value and the corresponding deferred taxes

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

Total return per share at 15.8%

Performance series B registered share



Performance in 2016

ZUGN	+ 14.4%
SXI	+ 3.6%
SPI	- 1.4%

Segment information

2016

in CHF million	Real estate	Hotel & catering	Corporate & eliminations	Total
Total operating revenue	50.1	17.1	- 6.0	61.2
Total operating expenses	- 12.1	- 15.9	5.2	- 22.8
Revaluation Income from sale of investment property	28.5	0.0	0.0	28.5
EBITDA	66.5	1.2	- 0.8	66.9
EBIT	64.3	0.3	- 0.8	63.8

2015

in CHF million	Real estate	Hotel & catering	Corporate & eliminations	Total
Total operating revenue	49.1	19.8	- 6.0	62.9
Total operating expenses	- 10.5	- 18.4	5.2	- 23.7
Revaluation Income from sale of investment property	50.5	0.0	0.0	50.5
EBITDA	89.0	1.4	- 0.8	89.6
EBIT	86.8	0.4	- 0.9	86.3

- EBIT hotel & catering incl. operating properties: CHF 4.4 million (previous year: CHF 4.3 million)
- EBITDA return at fair value of operating properties: 6.0% (previous year: 6.4%)

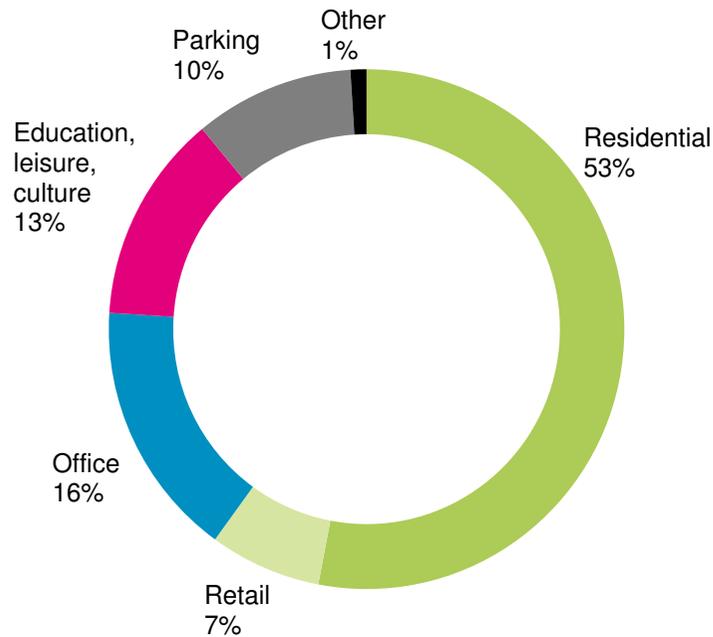
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Suurstoffi – multifaceted residential area

Mix of uses

Based on projected rental revenue as at December 31, 2016



Excellent accessibility with short distances

Diverse spectrum of rental apartments – Almost 400 apartments with different floor plans and 22 serviced rooms for people at all stages of life

Modern office space and training facilities for around 500 workplaces and 650 students

Complementary neighborhood amenities with children's daycare center, fitness center and restaurant

Park-style outside space with high recreational quality

CO₂-free energy concept with on-site power generation



Suurstoffi – third development phase under construction



Visualization Suurstoffi 16-20, Risch Rotkreuz



Serviced accommodation

- 152 rental apartments with 1.5 to 5.5 rooms, 72% reserved (end-Feb. 2017)
- 8 student apartments (52 rooms), operated by JUWO

Additional workplaces

- 9 500 m² office and commercial space, 76% rented (end-Feb. 2017)
- Anchor tenants GfK with 200 workplaces and Mobility with 130

Occupancy in phases from fall 2017 to early 2018

Investment volume approx. CHF 110 million

Suurstoffi – office building S22 under construction, due for completion in summer 2018



Vizualizations Suurstoffi 22, Risch Rotkreuz



Office building for around 600 workplaces

Long-term rental contract with anchor tenant Amgen; negotiations with other interested parties at advanced stage

Tallest wooden building in Switzerland (hybrid timber-concrete construction)

Start of construction in summer 2016, occupancy in summer 2018

Investment volume approx. CHF 55 million

Suurstoffi – Aglaya garden high-rise as of 2019



Visualizations Suurstoffi 37/39, Risch Rotkreuz

70-meter tall garden high-rise at center of site

- 85 single-story condominiums with spacious, greened external areas
- Office space for approx. 75 workplaces

Sale of condominium properties

- Innovative marketing approach with housing configurator
- 6% of apartments with notarization, 26% with reservation (Feb. 2017)

Start of construction in 2016, occupancy early 2019

Investment volume approx. CHF 100 million (90% promotion)

Suurstoffi – home to the new IT department of Lucerne University of Applied Sciences and Arts



Visualization Suurstoffi campus, Lucerne University of Applied Sciences and Arts

Long-term rental contact

with Lucerne University of Applied Sciences and Arts

Construction of Suurstoffi campus

with focus on IT and finance , in two phases:

- **Transitional solution** since summer 2016 in the buildings Suurstoffi 12 and Suurstoffi 41
- **Definitive location** near train station from summer 2019

Modified development plan

with higher plot ratio approved by Municipal Assembly in November 2016, expected to become legally binding in April 2017

Start of construction

in 2nd half of 2017, occupancy in summer 2019

Investment volume

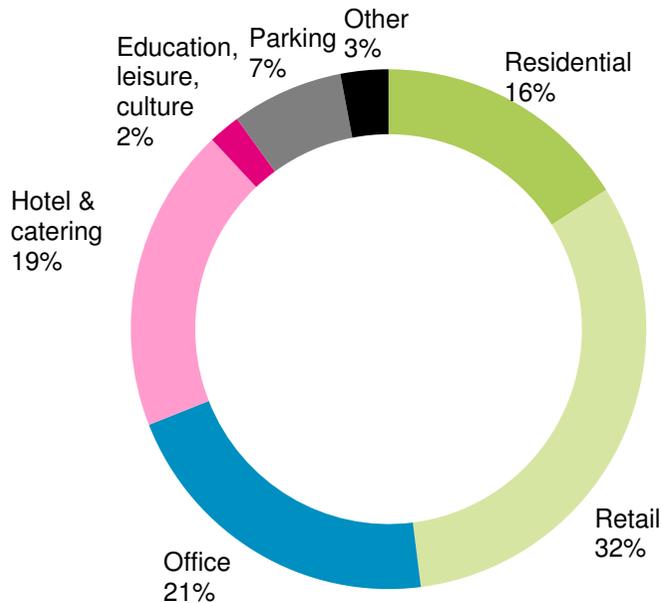
approx. CHF 175 million



Metalli – living hub with wide range of amenities

Mix of uses

Based on projected rental revenue* as at December 31, 2016



Metalli shopping mall with approx. 16 000 m² of accessible sales area, annual turnover of around CHF 170 million, a frequency rate of more than 4 million people per year and a high revenue per unit area (>10 000 CHF/m²)

Strong catchment area – some 110 000 residents and workers can be reached within 10 minutes.

New design of outer area creates attractive environment and new retail areas

New brands such as Rituals and The Butcher add to the appeal

*from point of view of real estate business unit, incl. rents of hotel & catering business



City Center site – long-term development potential



Development and densification of portfolio

Mixed use at a central location

Cantonal structure plan shows the City Center site to be situated largely in a level II densification area with a plot ratio of up to 3.5 (standard value)

Master plan initiated; aim is to start developing from 2020

Investment potential at CHF 300 to 400 million

Clearly defined development will drive growth from 2018

Development pipeline

As at December 31, 2016

Suurstoffi 16–20

152 rental apartments, 52 accommodation units for students, approx. 500 workplaces – MobilityMarket Research company GfK

Suurstoffi 22

Approx. 600 workplaces
Amgen

Suurstoffi 37/39 (Aglaya)

85 condominium apartments, approx. 75 workplaces

Suurstoffi 2–6

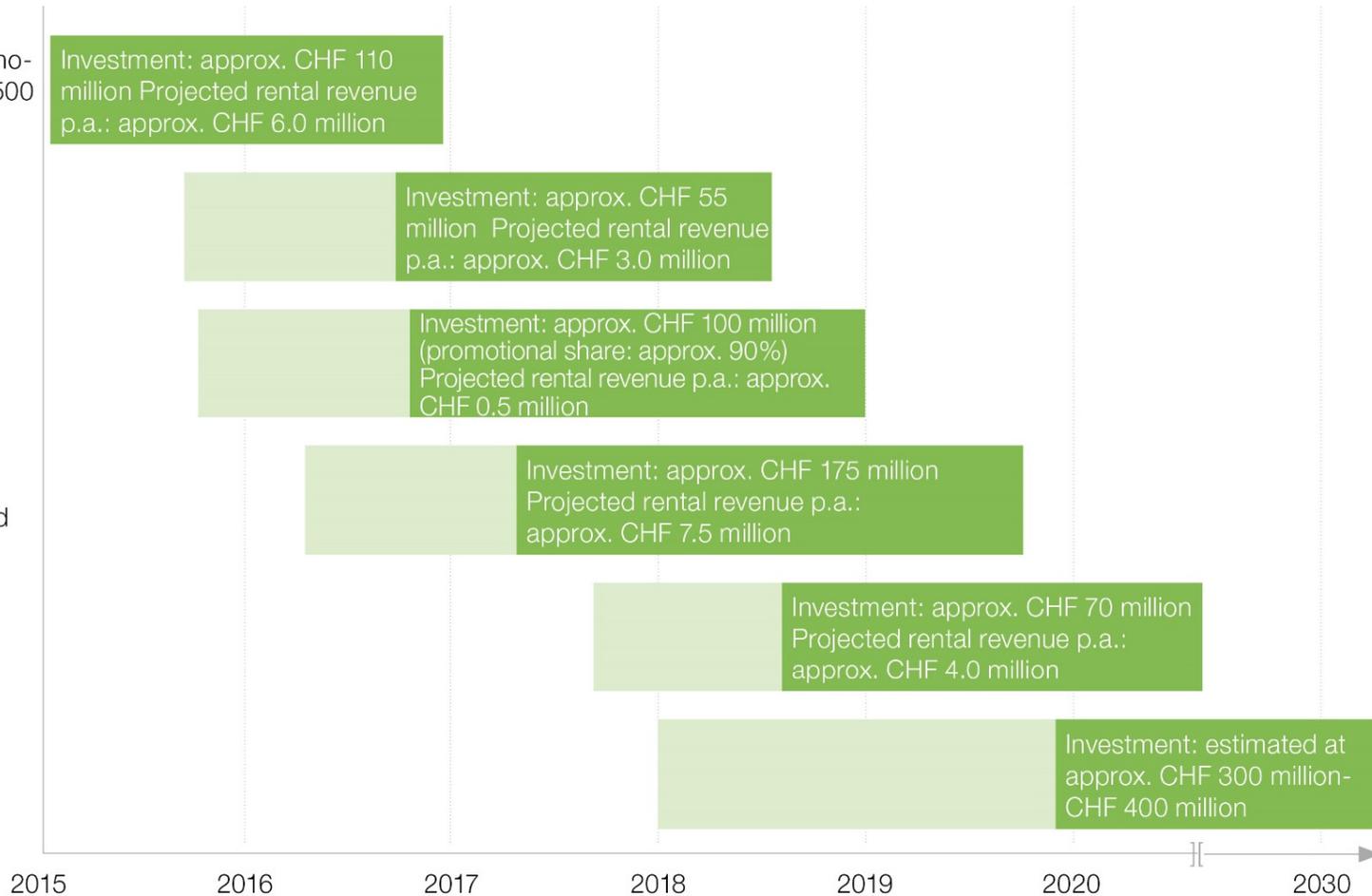
Zug Rotkreuz campus of Lucerne University of Applied Sciences and Arts, approx. 500 workplaces

Suurstoffi 43/45

Approx. 700 workplaces

Zug City Center site

Development vision for 2030



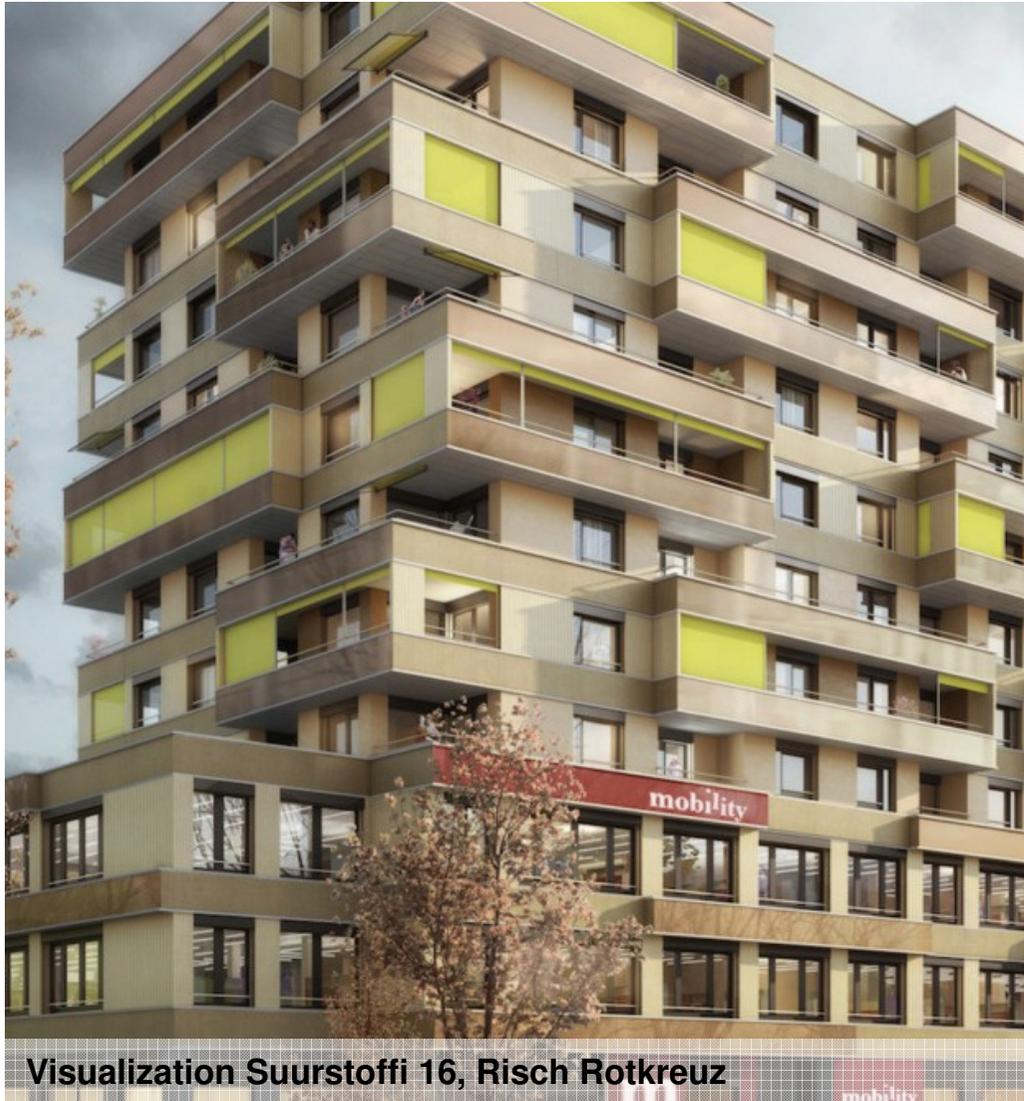
Design phase

Construction phase

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2017 financial year – outlook



Visualization Suurstoffi 16, Risch Rotkreuz

- Rise in rental income
- Preparations for imminent, major growth drive result in higher costs and maintenance
- Consolidation of hotel & catering business unit; renovation of rooms at Parkhotel in summer
- Operating income before depreciation and revaluation on a par with previous year
- Revaluation of investment properties (net) down year-on-year
- Net income excl. revaluation up year-on-year
- Investments (incl. promotional property) of approx. CHF 150 million

New Zug Estates Group CFO as of May 2017: Mirko Käppeli (born 1979)



Professional background

2010 – 2017 in various financial roles within the Seewarte Group, CFO since 2011.

Previously worked as a Finance Manager in various companies, including Mobimo between 2005 and 2009.

Activities on governing and supervisory bodies

None

Education

University of St. Gallen, Master's in Business Administration (lic. oec. HSG)

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Proposals to the 2017 general meeting of shareholders

- Payout of CHF 2.30 per series A registered share and CHF 23.00 per series B registered share from the reserves from capital contributions
- Dr. Beat Schwab as new chairman of the board of directors
- Reduction in number of members of the board of directors from 7 to 5

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Q&A



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