

ZugEstates

Zug Estates Holding AG

Half-year results 2023

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Zug, 25 August 2023



Contents

- Overview of first half-year 2023**
- Key financial figures**
- Real estate portfolio and projects**
- Outlook**

Summary



Overview

- Real estate market at the focus of the changing interest rate and market environment
- Solid operating result thanks to high-quality and broadly diversified portfolio in terms of property use

Significant trends in the real estate segment

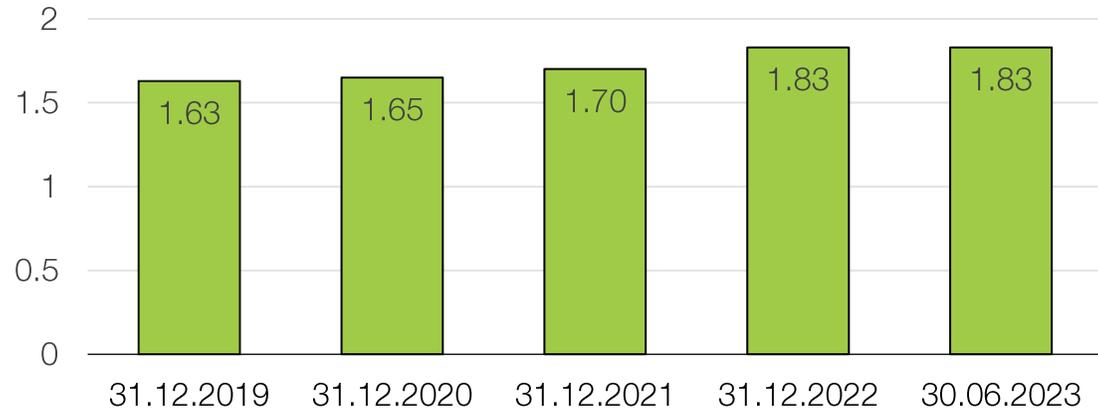
- Increase in real estate income
- Portfolio value unchanged thanks to acquisitions
- Many new leases at the Metalli property
- Increase in vacancy rate due to conversions
- Greenhouse gas emissions well below industry average even after further acquisitions

Significant trends in the hotel & catering segment

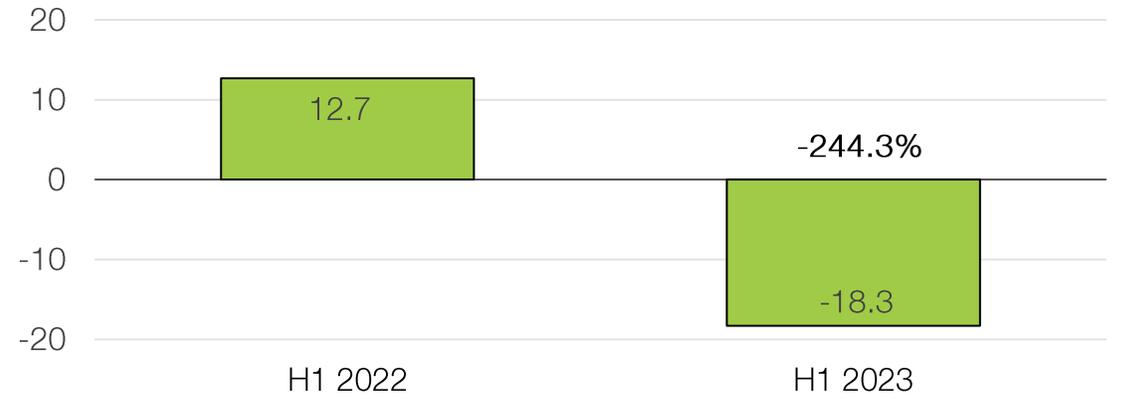
- Recovery is continuing
- Conversion of the ground floor of the Parkhotel and renovation of the Bären properties has started

Key indicators in brief

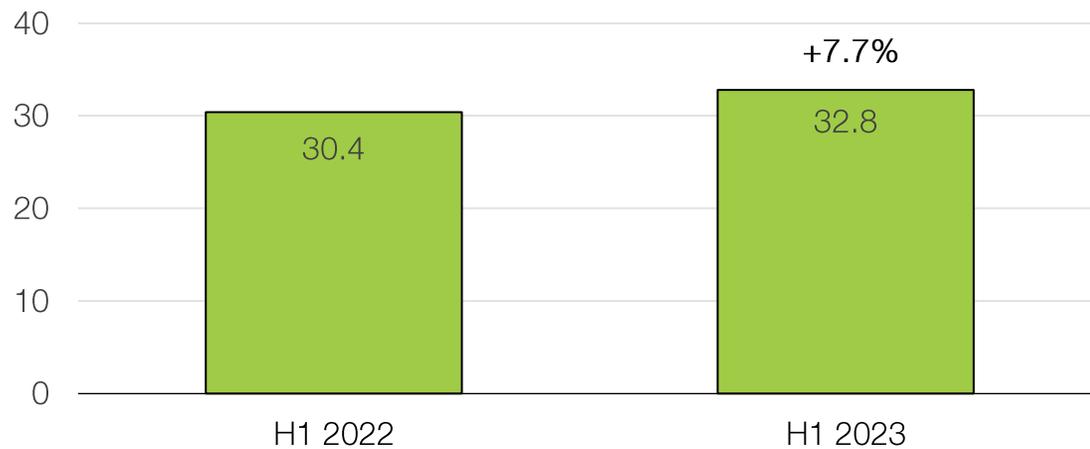
Portfolio (CHF billion)



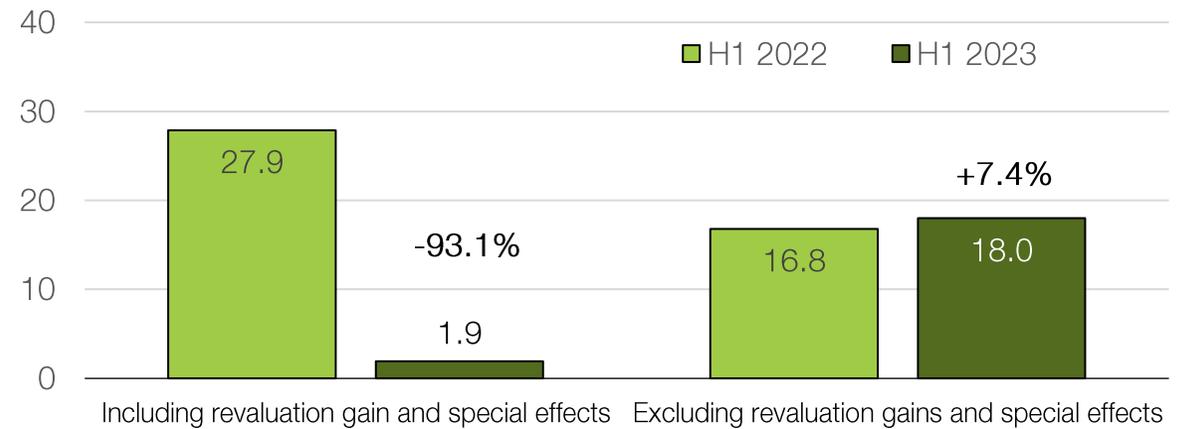
Revaluation gain (CHF million)



Property income (CHF million)



Net income (CHF million)



An aerial photograph of a modern residential development. The image shows several multi-story apartment buildings with light-colored facades and dark window frames. Many of the buildings feature green roofs with various plants and structures. In the center of the development, there is a courtyard with a swimming pool and some landscaping. The surrounding area includes a road, a railway line, and some industrial or commercial buildings in the distance. The text "Key financial figures" is overlaid in the center of the image.

Key financial figures

Key financial figures

Half-year financial statements 2023 – Group result

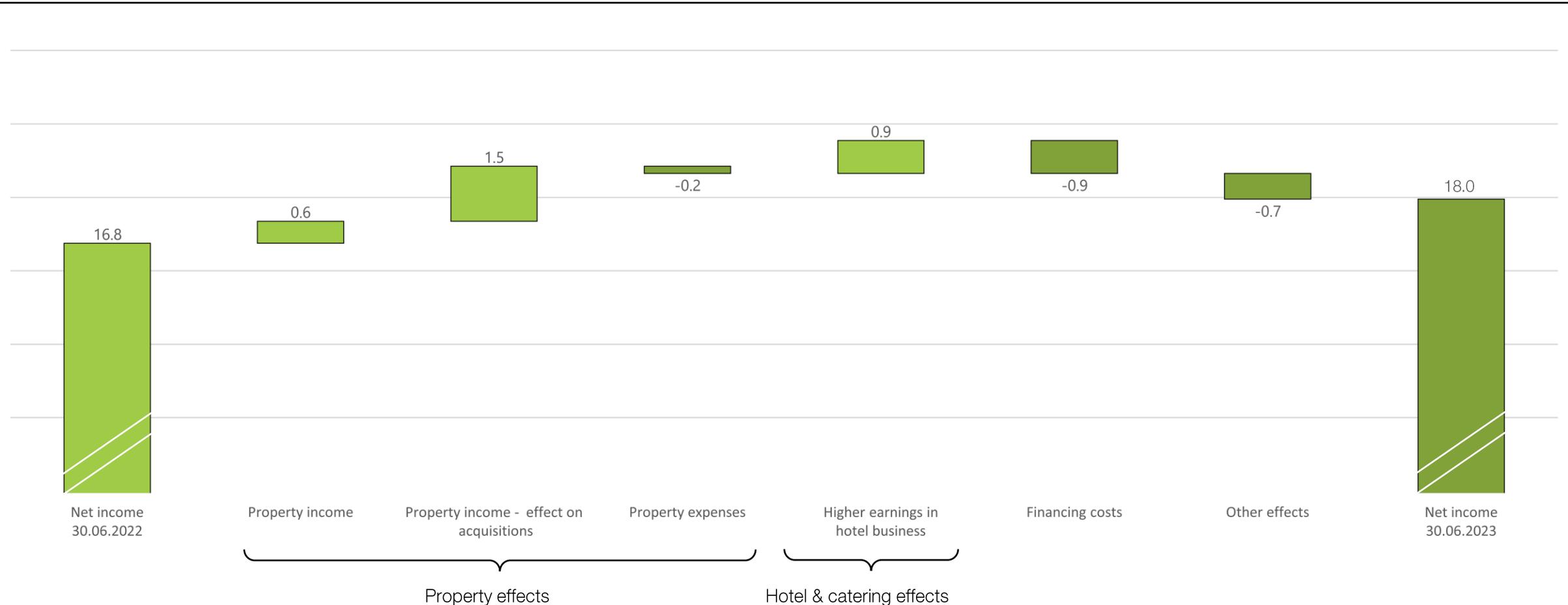
CHF million	H1 2022	H1 2023	%
Property income	30.4	32.8	+7.7% ¹
Hotel & catering income	6.4	8.1	+26.6%
Other revenue	1.7	2.0	+20.7%
Total operating revenue	38.5	42.9	+11.4%
Total operating expenses	-14.0	-15.7	-12.3%
Revaluation of investment properties (net)	12.7	-18.3	-244.3%
Result from sale of investment properties	-1.8	-1.7	0.3%
Depreciation	35.4	7.2	-79.8%
EBIT	-3.7	-4.8	-27.9%
Financial result	-3.8	-0.5	+88.1%
Tax expenditure	27.9	1.9	-93.1%
Net income	16.8	18.0	+7.4%

¹ Property income like-for-like +2.4%

Reconciliation of net income excluding revaluation and special effects

Net income excluding revaluation and special effects compared to previous year

CHF million, income effects after corresponding taxes

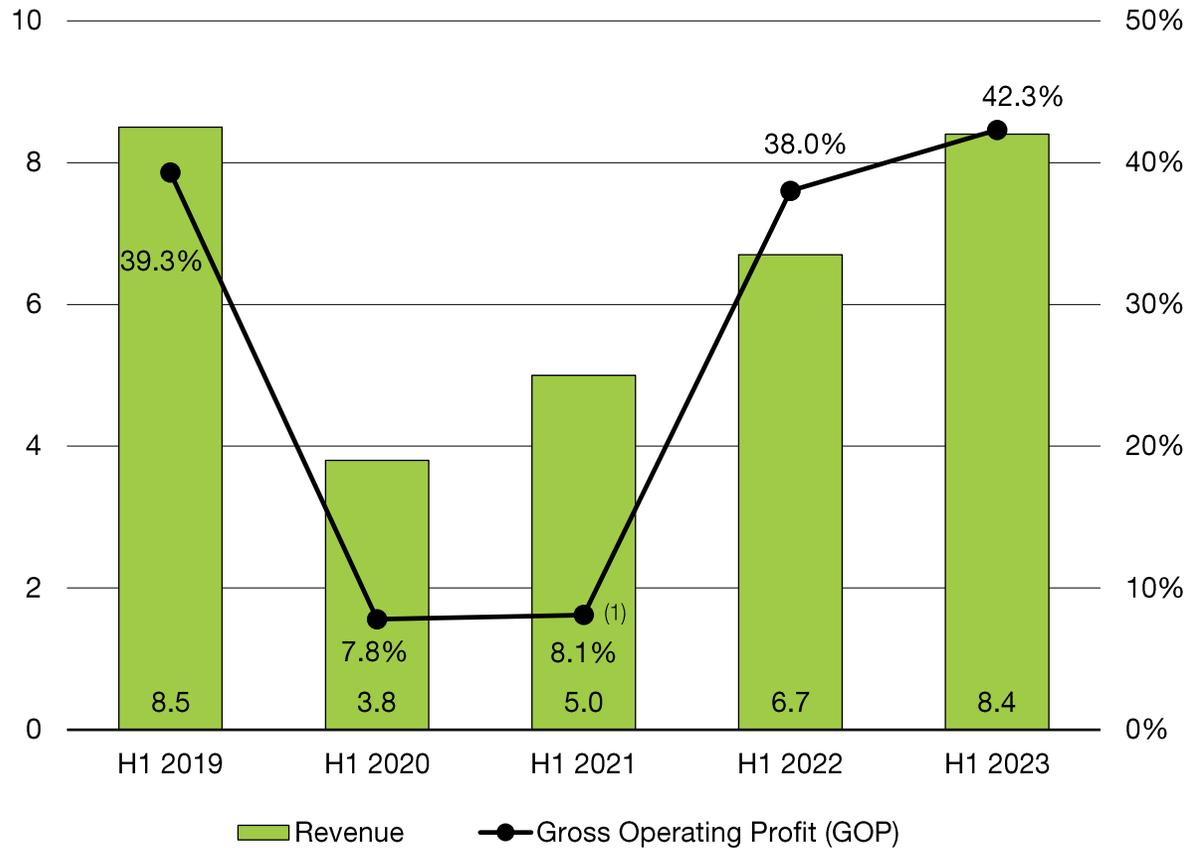


Key financial figures

Sustained recovery in the hotel & catering segment

Operating revenue and gross operating profit

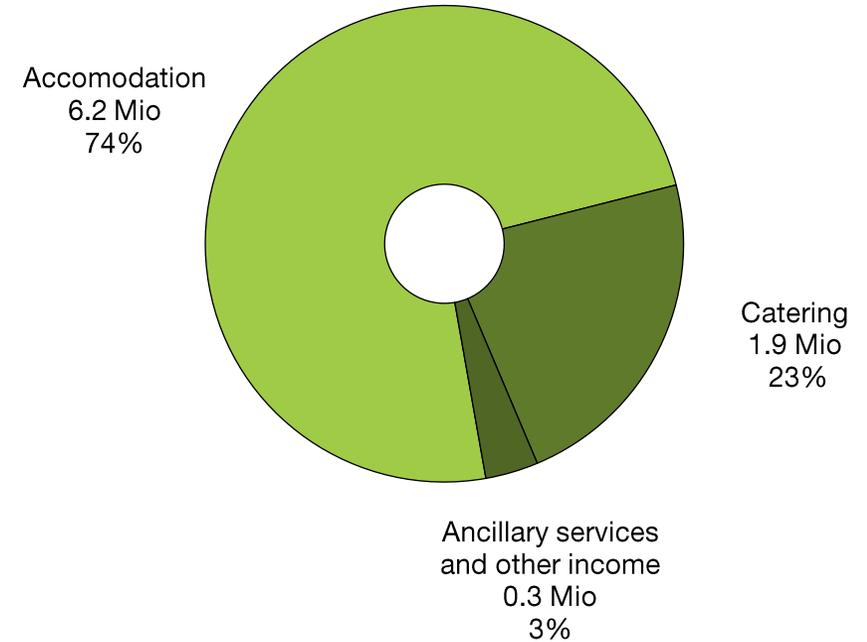
CHF million as at 30 June from point of view of hotel & catering segment



¹ GOP exklusive der staatlichen Härtefallentschädigung von 2.1 CHF Mio. im 1. Halbjahr 2021

Operating revenue from hotel business by category

In CHF million, as at 30 June 2023 from, point of view of hotel & catering segment

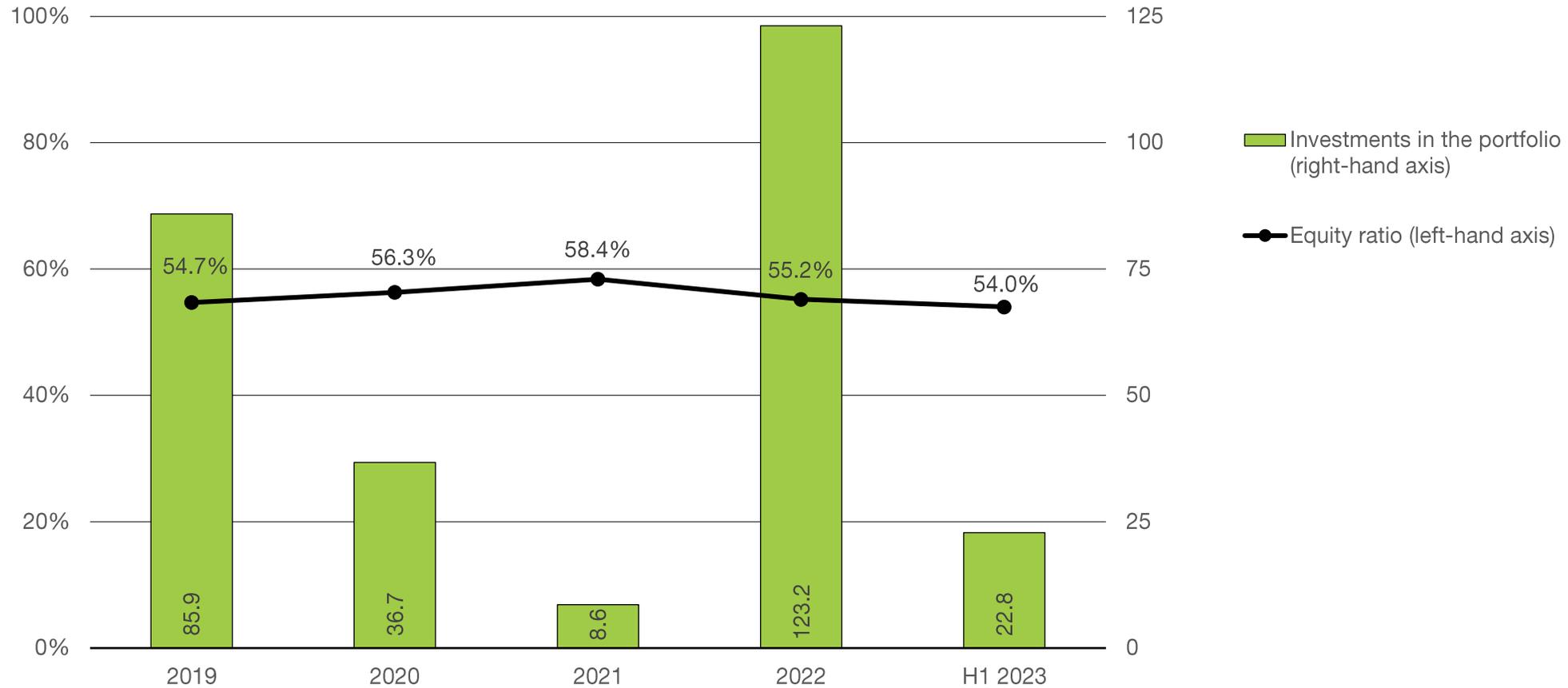


Total operating income hotel business 8.4 CHF Mio.

Equity ratio remains solid

Equity ratio and investments in investment properties

In CHF million or %, as at 30 June 2023, or 31 December, respectively

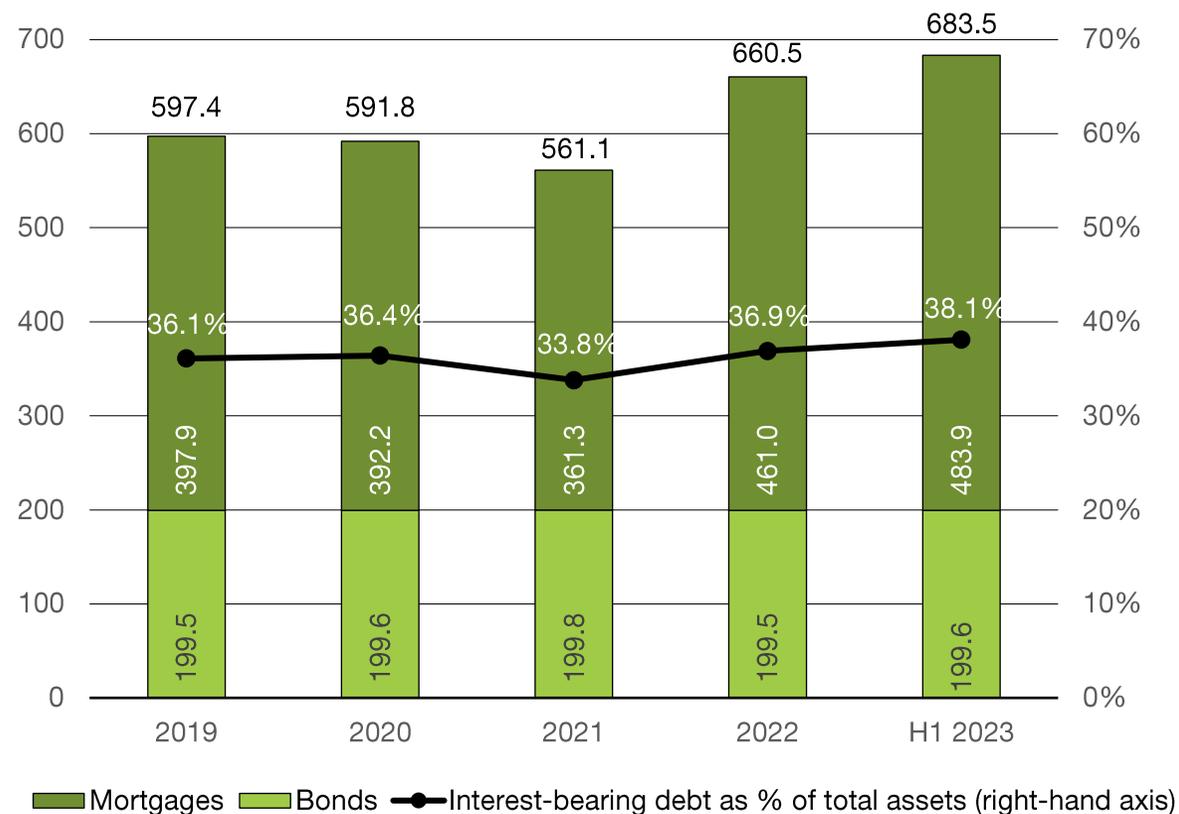


Key financial figures

Slightly increased debt with rising borrowing costs

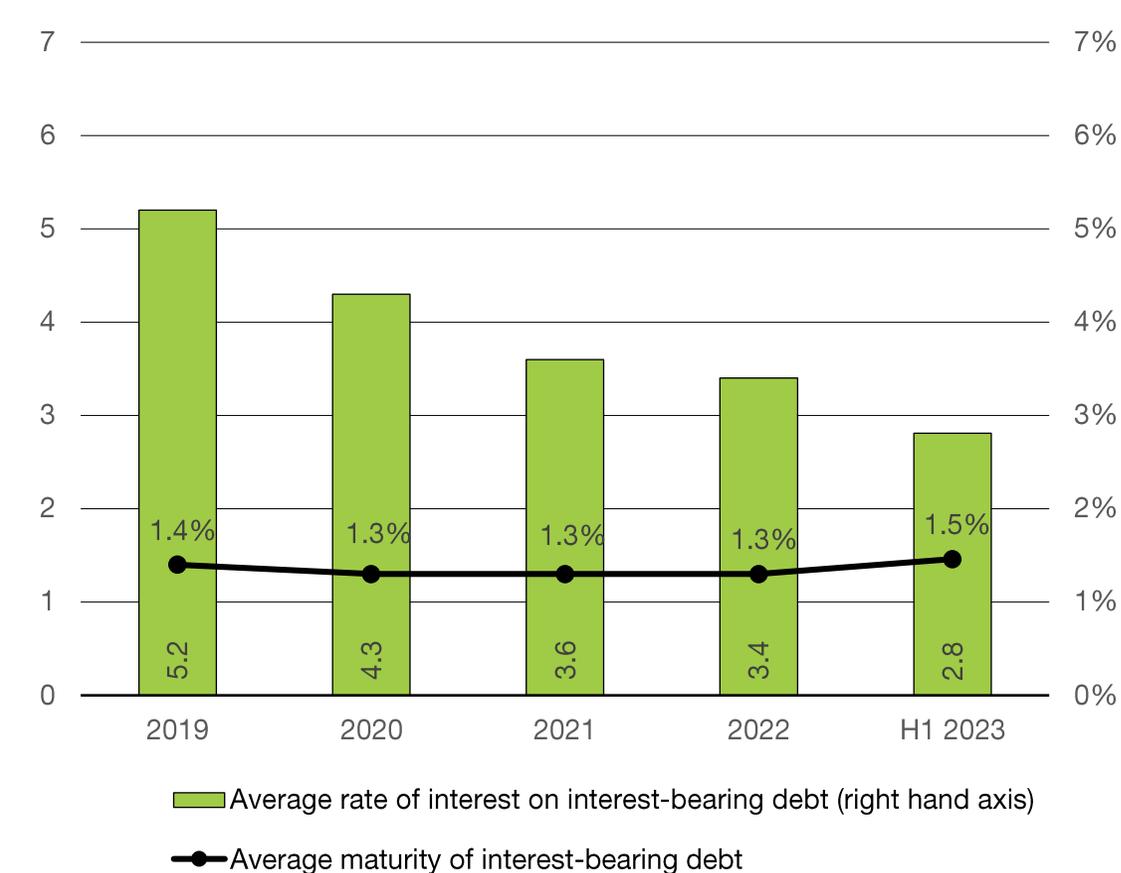
Interest-bearing financial liabilities

In CHF million, as at 30 June 2023, or 31 December, respectively



Average residual term and interest rate

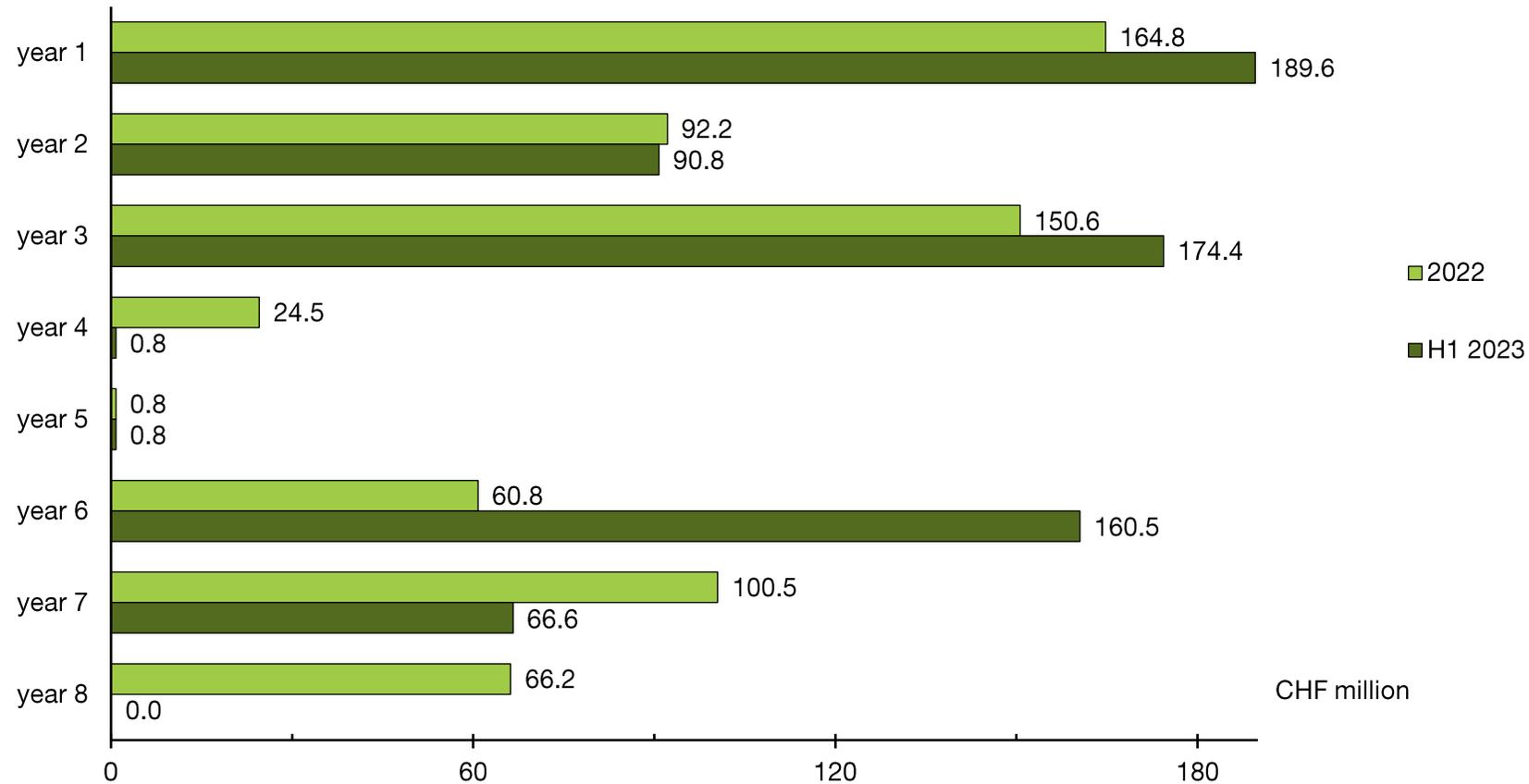
As at balance sheet date in years, respectively for the period in %



Maturity of financial liabilities

Maturity structure of financial liabilities

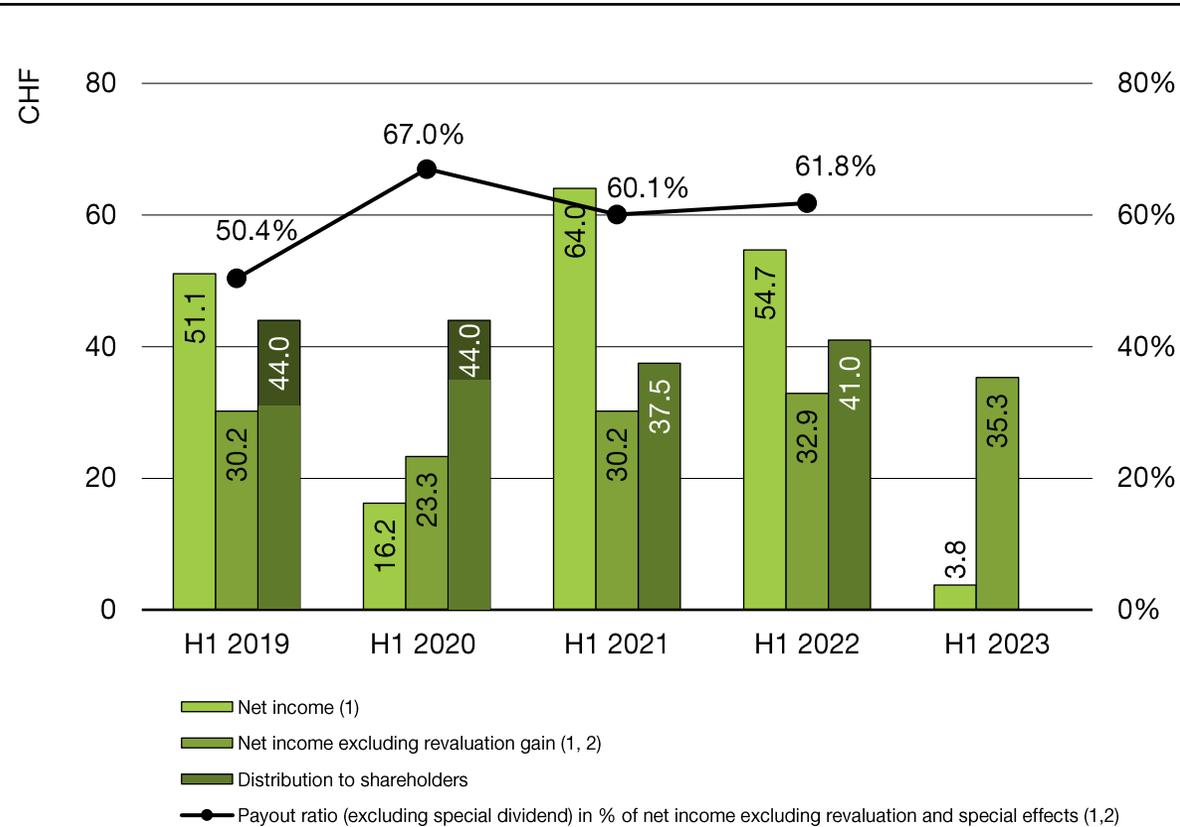
As at 31 December 2022 and 30 June 2023, maturing within...



Key financial figures

Per share figures

Earnings and dividend per series B registered share

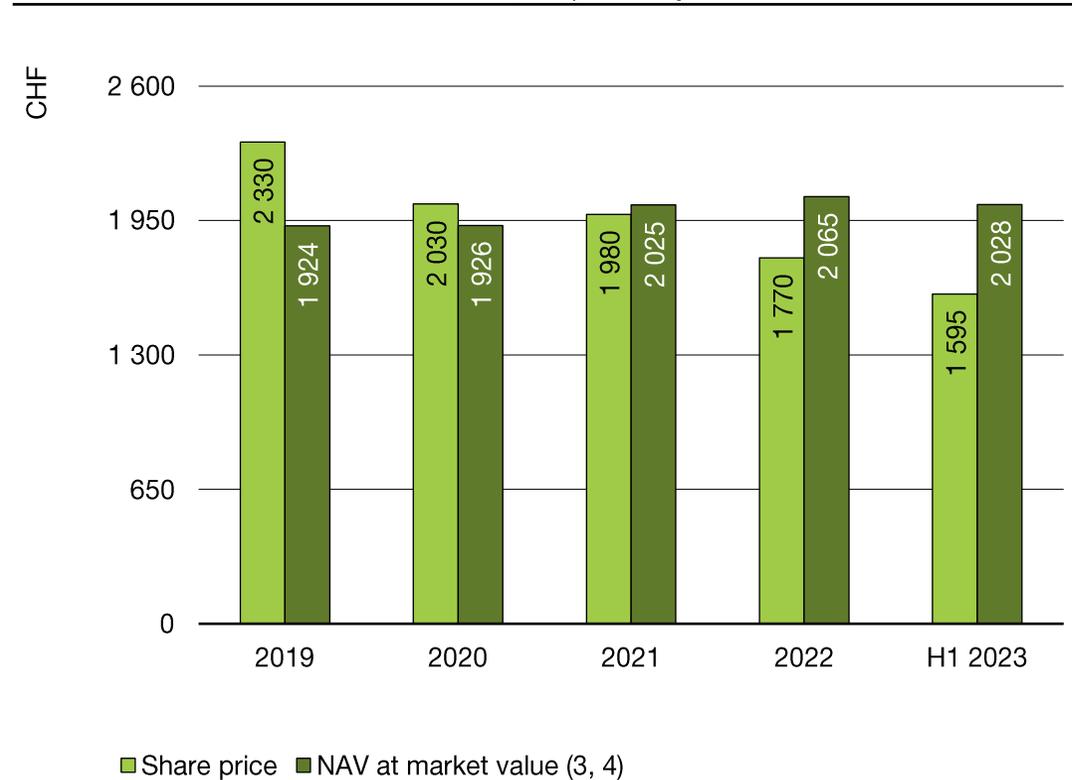


¹ Based on average number of shares outstanding (series A registered shares converted)

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

Price and NAV per series B registered share

As at 30 June 2023 or 31 December, respectively



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

⁴ Based on number of shares outstanding (series A registered shares converted)

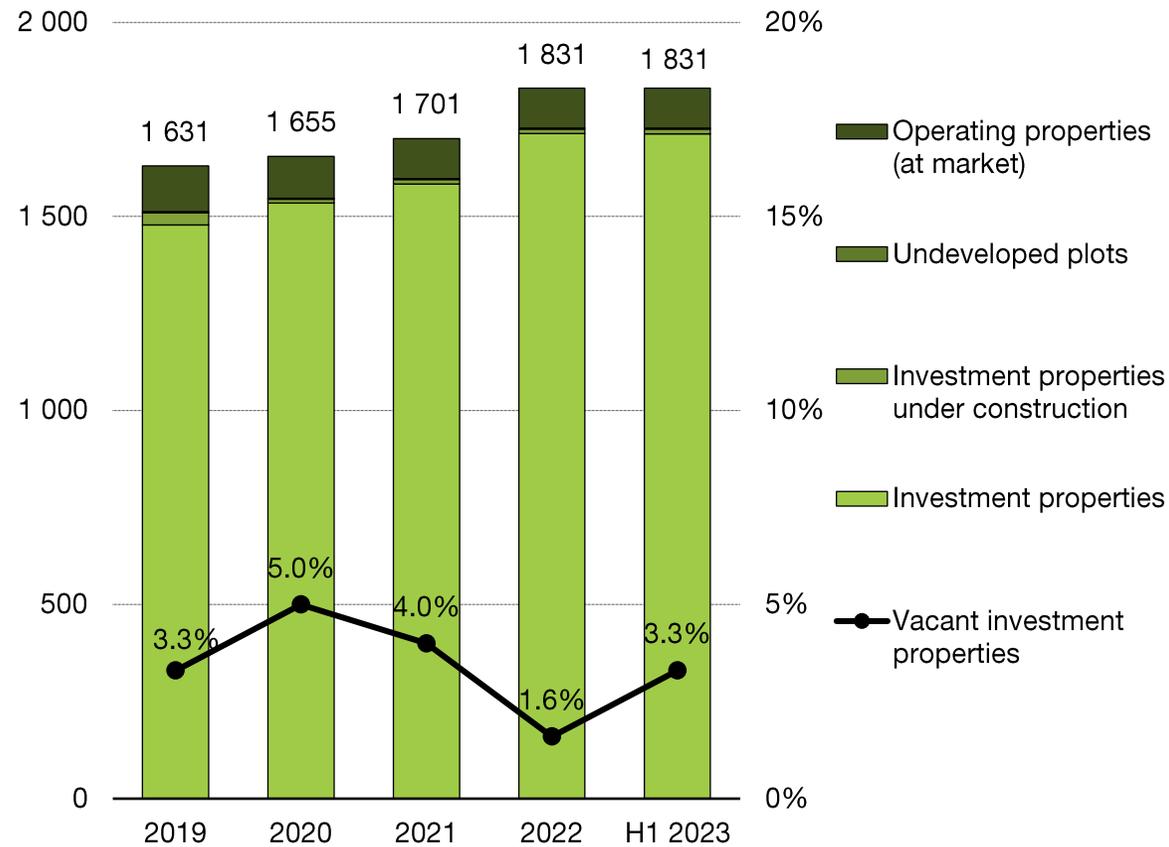
Real estate portfolio and projects

A wide-angle photograph of a modern, covered pedestrian walkway. The walkway is flanked by multi-story buildings with large glass windows and stone-clad columns. The roof is a complex, curved structure of glass panels supported by a network of steel beams. In the foreground, a set of escalators with metal railings leads down. To the right, a shop named 'MIGROS' is visible, with people sitting at outdoor tables under a large umbrella. To the left, a shop named 'CALIDA' is visible. The overall atmosphere is bright and modern.

Unchanged portfolio value thanks to acquisitions

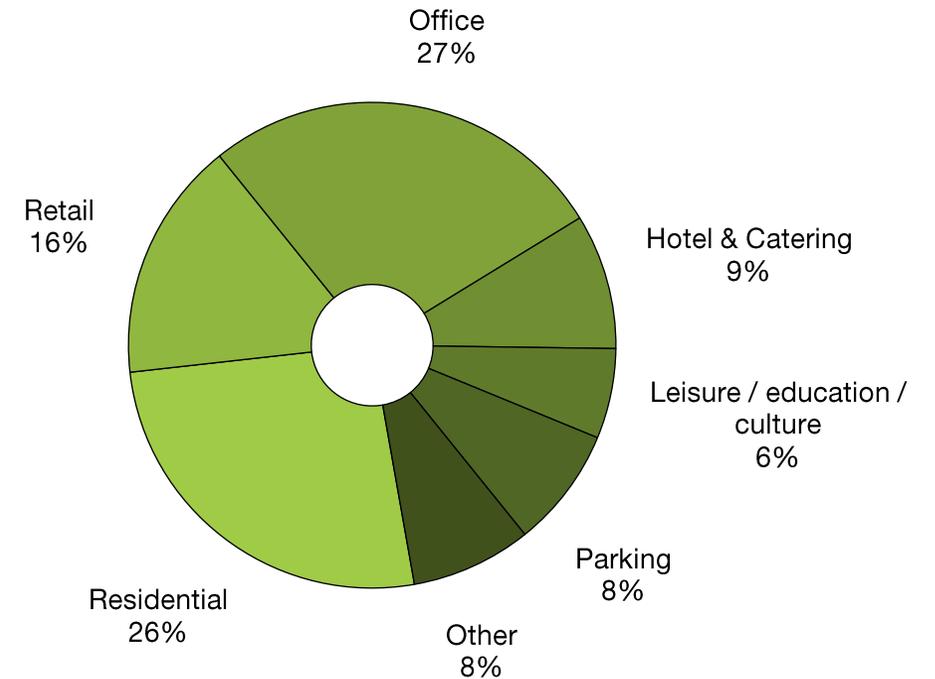
Market value of portfolio and vacancy rates

CHF million/%



Portfolio by use

Based on projected rental income* as at 30 June 2023

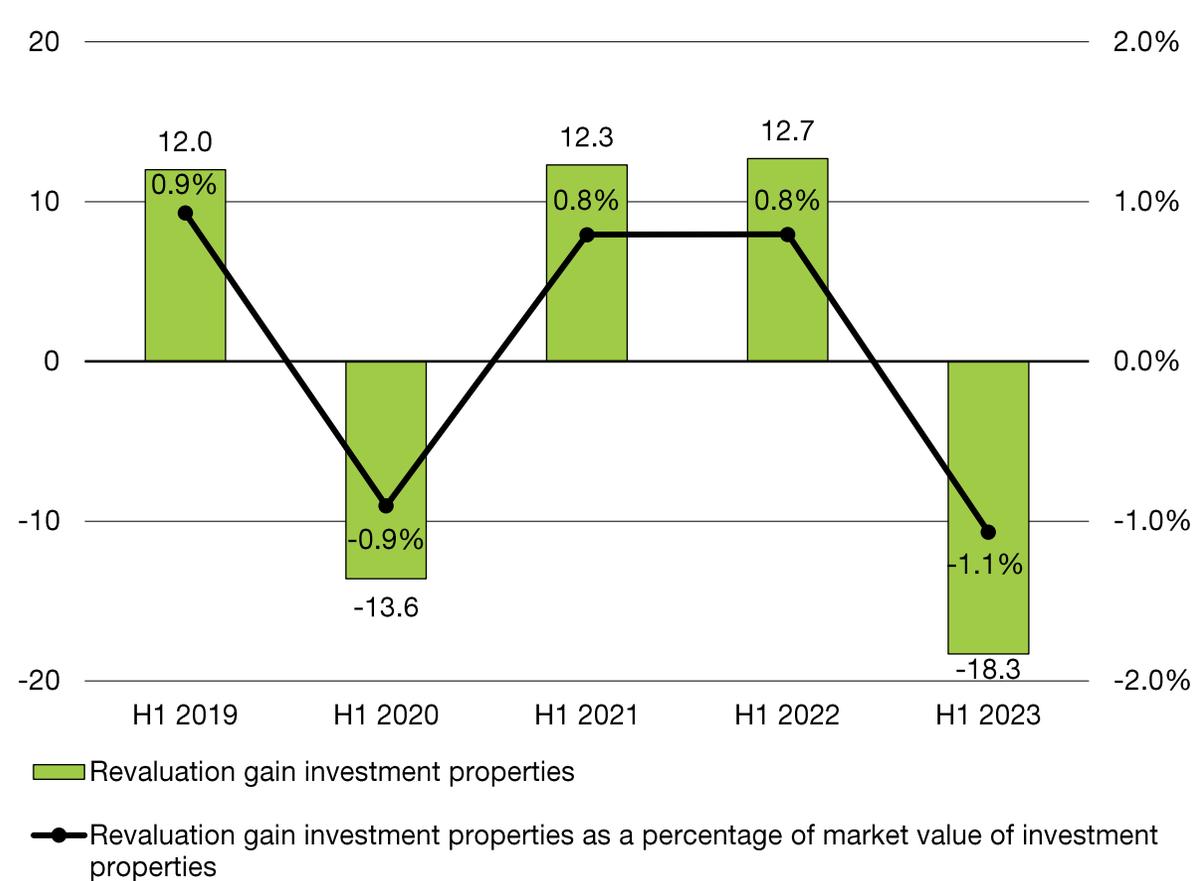


* From point of view of real estate business unit

Discount rate increase leads to negative revaluation result

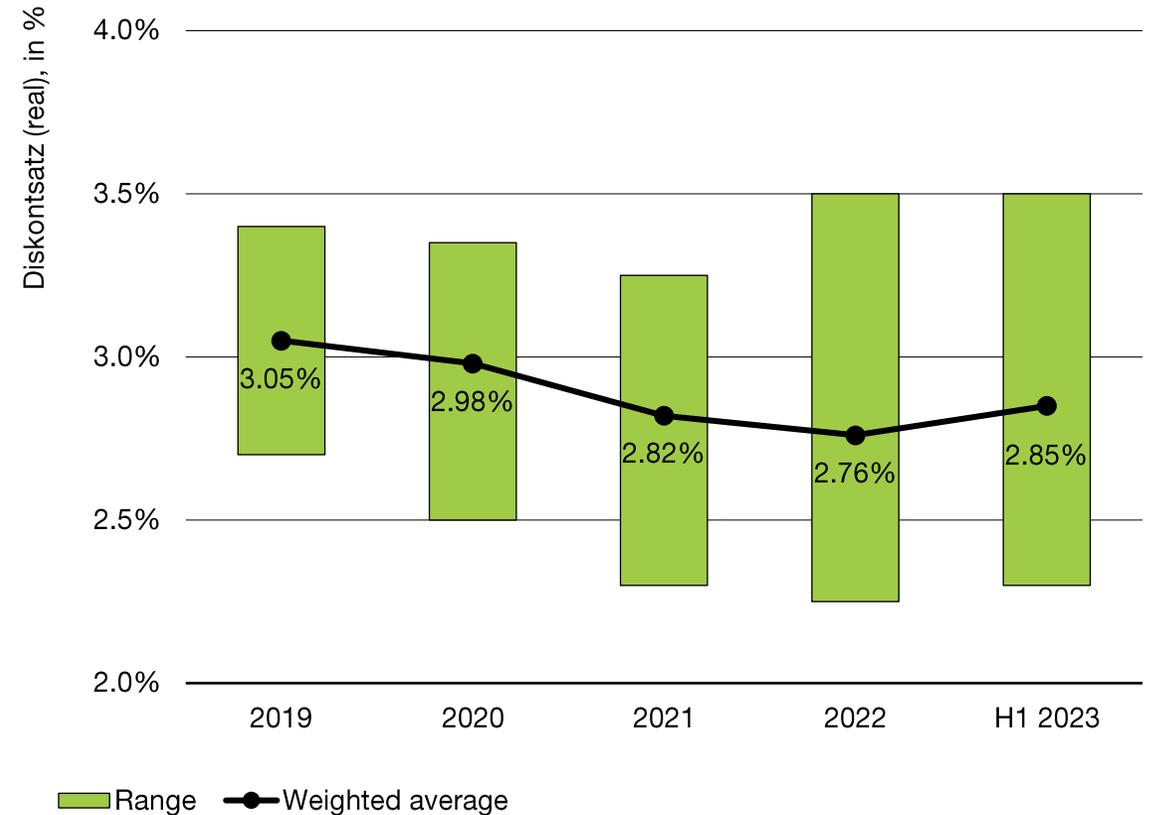
Revaluation gain

CHF million



Discount rates

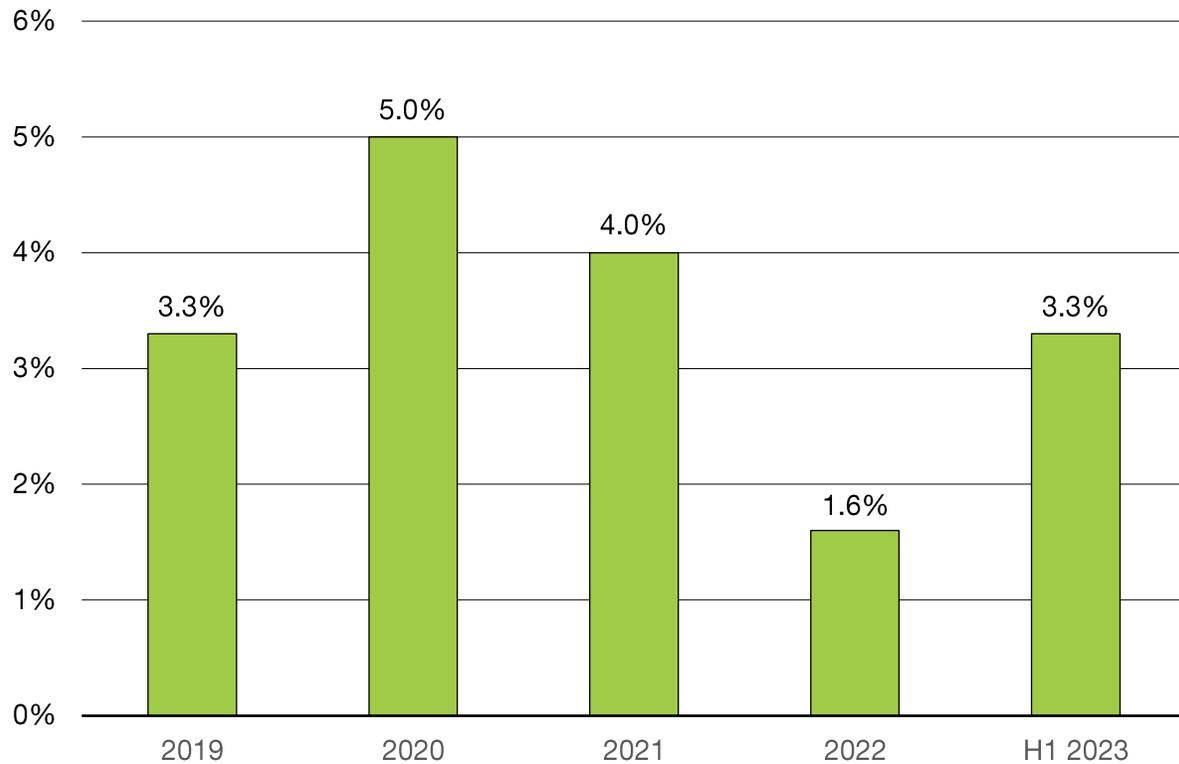
Real



Increase in vacancy rate due to conversions

Vacancy rate

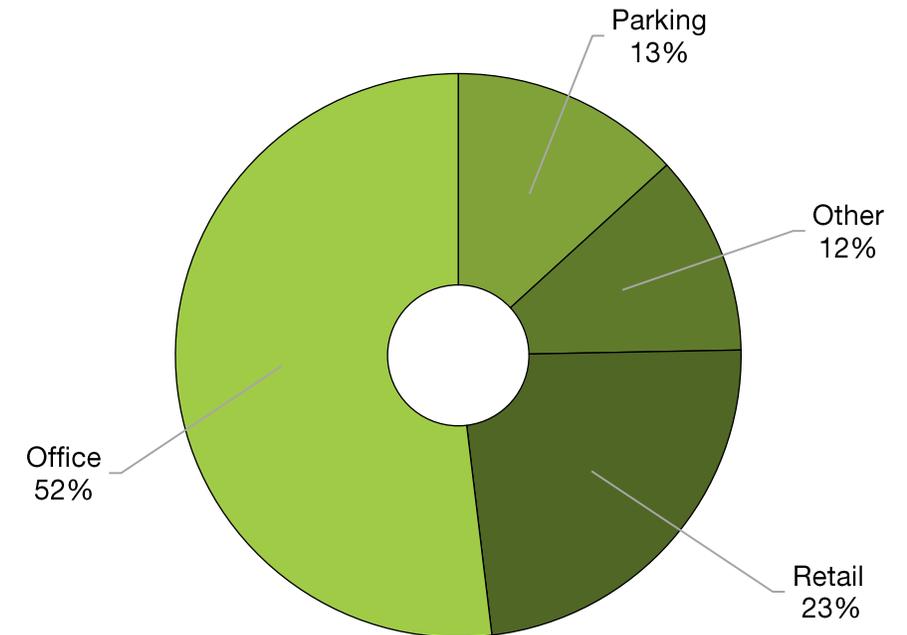
As a % of projected rental income, as at balance sheet date



In the first half of 2023, commercial leases of more than 9'000 m² and with annual rental income of more than CHF 3.8 million were extended or newly concluded.

Breakdown of vacancies

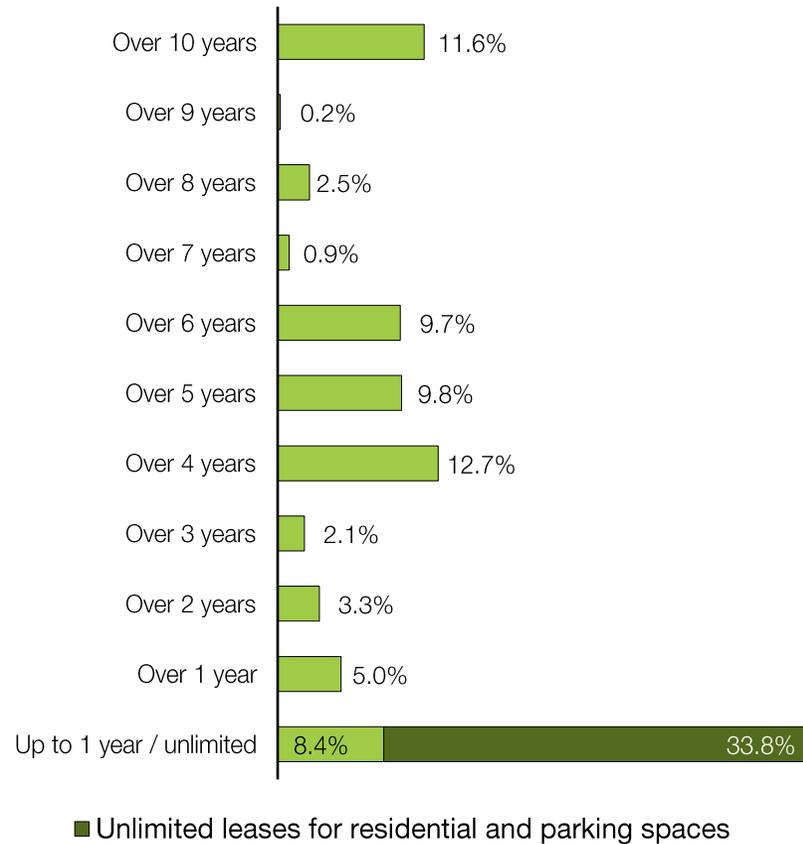
As at 30 June 2023 by type of use (on reference date, as % of projected rental income)



Average unexpired lease term remains at high level

Contract terms

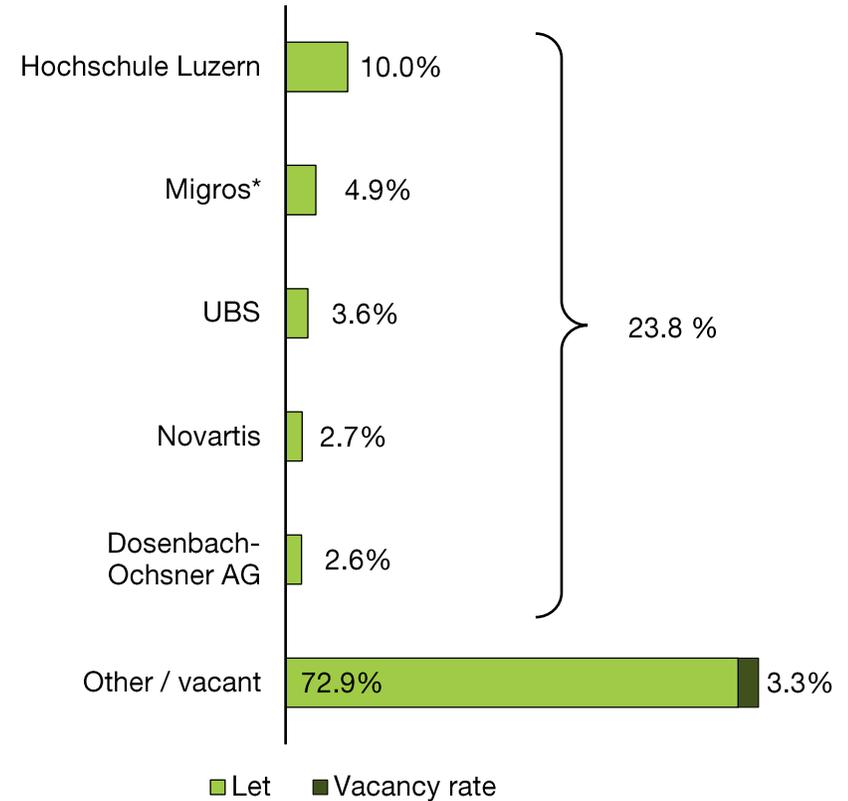
Investment properties, based on projected rental income as at 30 June 2023



WAULT (secured leases): 6.5 Jahre

Tenant structure

Investment properties, based on actual rental income as at 30 June 2023



* Various companies of the Migros Group

New retail brands at Metalli



- On the ground floor, the former C&A space has been divided into three retail units; on the first floor, the conversion into two office spaces has begun.
- The following three tenants will move into the ground floor space starting in fall 2023: LUSH (Switzerland) AG, Bijouterie Maison Carat SA, and Douglas AG.
- Zug Estates AG will move into its new offices in one of the two office spaces on the first floor in December 2023.



- The space Zara occupied previously will be divided into three retail units on the ground floor, one of which will be converted into a new entrance to the lower level.
- As of 1 January 2024, Lidl Schweiz AG will lease over 1'600 m² in space (lower level and one of the three partial areas on the ground floor).
- Mr. Goodfun AG leased a ground floor space in July 2023 for opening a doodah skate, snowboard and streetwear shop.

Changes in the catering offers



- Conversion of the ground floor of the Parkhotel started in June 2023.
- The restaurant, bar and conference areas will become larger as well as more open, modern and inviting.
- The new restaurant and bar will open at the end of October 2023.
- Information about the concept, design and branding will be posted on place-to-become.ch in the coming weeks.



- Full renovation of the Bären property, which is under heritage protection, started at the beginning of April 2023.
- Tibits AG signed a lease agreement in July 2023.
- The restaurant chain, which specialises in vegetarian and vegan foods, will open its first location in Zug in April 2024.

Project developments – the Metalli living space



- Revision of the plans for developing the Metalli and Bergli properties made solid progress during the first half-year.
- The report on the cantonal preliminary audit arrived in April 2023, and the city council should have reviewed the development plans again by the end of June 2023.
- Acceptance of the urban initiative "2'000 flats for Zug's middle class" is delaying the development plan.
- It is currently impossible to know how this will affect the changes to the Metalli and Bergli development plans.
- Because of the delays, Zug Estates currently assumes the development plans will be approved in 2025 at the earliest and that construction can start no earlier than 2027.

Project developments – S43/45

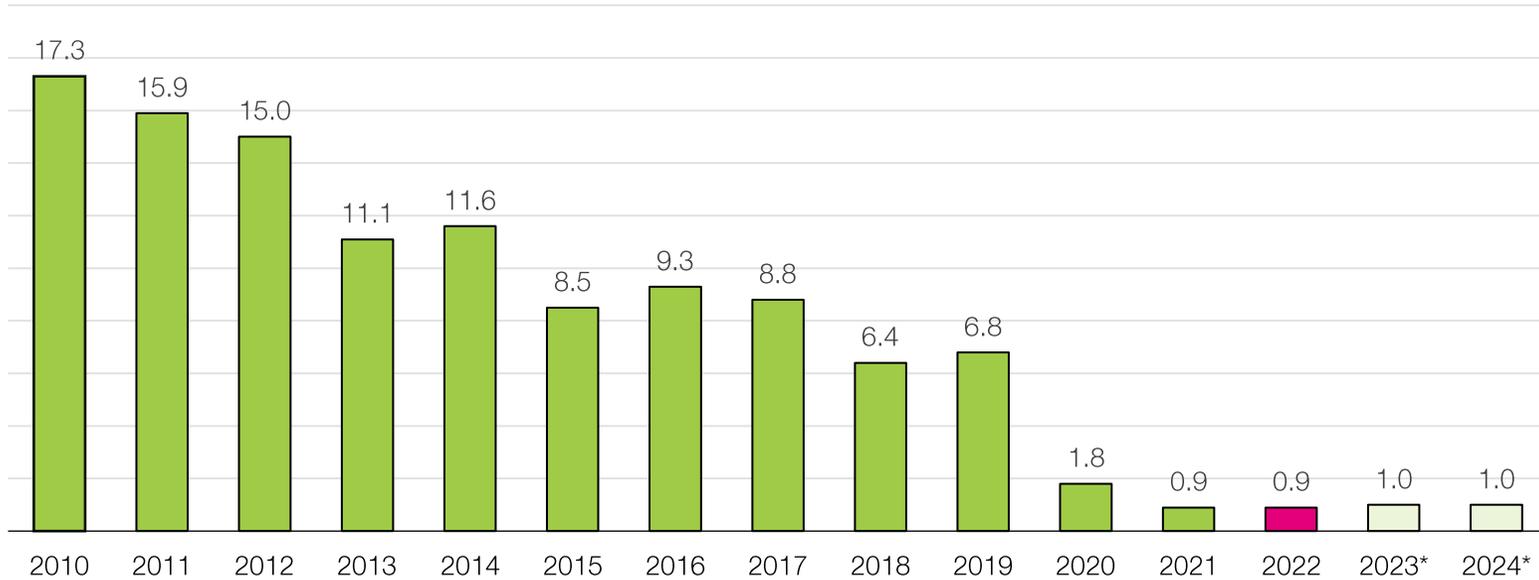


- The revised construction project for the S43/45 property is on plan.
- The changes were submitted to the municipality of Risch Rotkreuz in July 2023.
- The revised construction project is expected to be finished in early 2024.

Greenhouse gas emissions well the below industry average

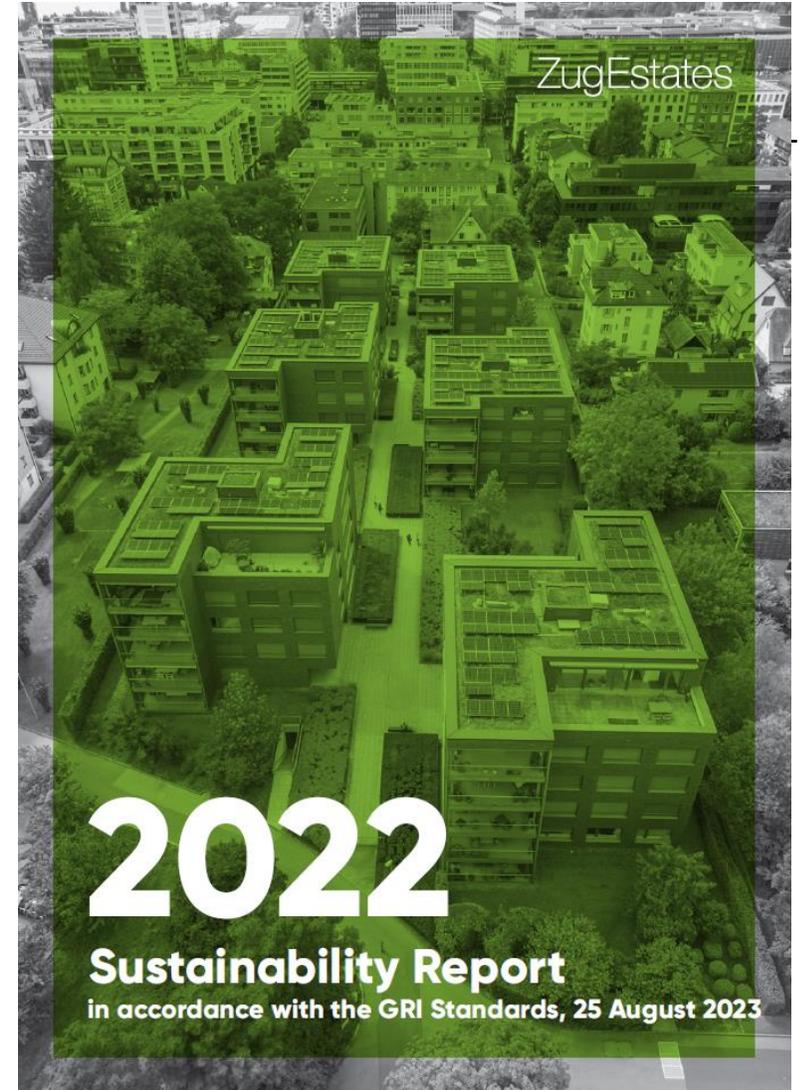
Reduction path of the Zug Estates portfolio | Scope 1 + 2

Greenhouse gas emissions (kg/m² of energy reference area)



- Despite the 1 October 2022 acquisition of Renggli portfolio, the Group’s greenhouse gas emission of 0.9 kg per square metre of energy reference area are at the same level as in the previous year, meaning that they are well below industry average.
- All properties except one in the centre area are now connected to the Circulago lake water system.

* Forecast; measurement period is from 1 April to 31 March in each case





Outlook

Outlook for 2023

Area

Outlook / expectations 2023

Real estate segment

- Higher rental income for the full year due to acquisitions, lower forgone income due to vacancies, and higher rental income.
- Renovation-related vacancies in individual rental spaces in the Metalli shopping centre are causing the increase to taper off somewhat.
- Higher financing costs due to portfolio growth and changed interest rate environment.

Hotel & catering segment

- Business is steady.
- Income at previous year's level due to full renovation of the catering and conference areas of the Park-hotel from June to October and full renovation of the Bären property from April onwards.
- Result below that of the previous year due to conversions underway and significantly higher electricity costs.

Group result

- Group result excluding revaluation and special effects of over CHF 32.0 million.

Q&A



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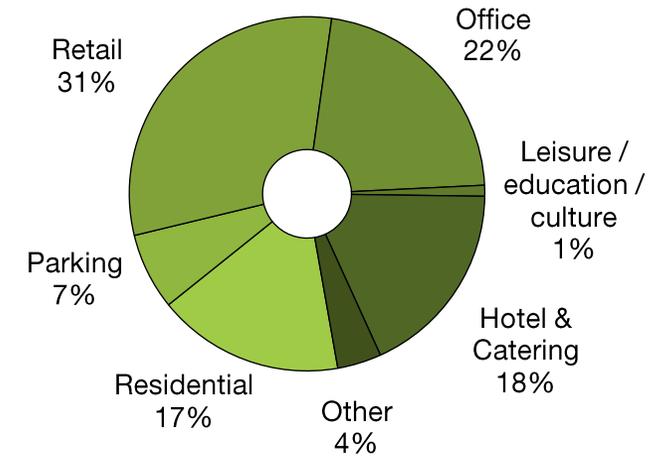
This Presentation is published in German and English. The German version shall prevail and is binding.

City Centre site/Metalli



Key data as at 30 June 2023	H1 2023 ¹
Site area	58 737 m ²
Market value ²	CHF 872.4 million
Book value	CHF 799.8 million
Projected rental income ²	CHF 35.9 million

Based on projected rental income² as at 30 June 2023



¹ From point of view of real estate business unit, including operating properties

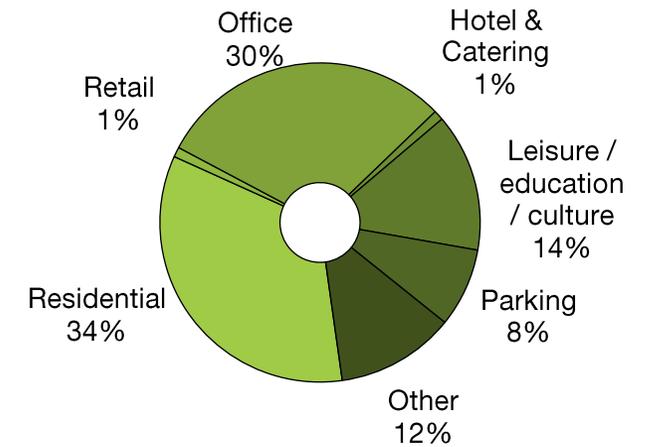
² Market value and projected rental income of the property at Zug,

Suurstoffi site



Key data as at 30 June 2023	H1 2023
Site area	105 342 m ²
Market value	CHF 843.2 million
Book value	CHF 843.2 million
Projected rental income	CHF 34.7 million

Based on projected rental income as at 30 June 2023

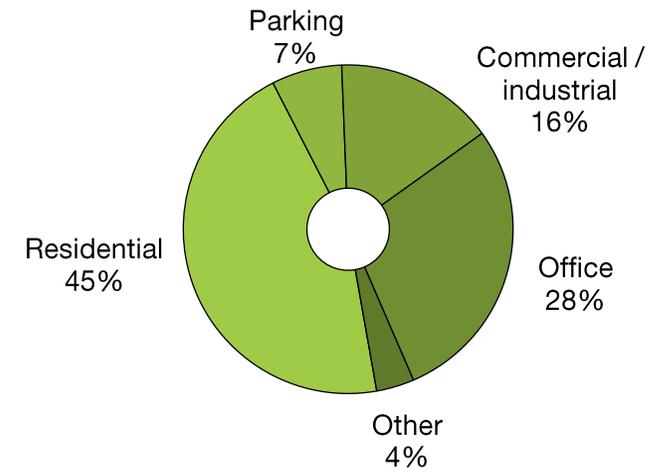


Other investment properties



Key data as at 31 December 2022	H1 2023
Site area	20 864 m ²
Market value	CHF 100.0 million
Book value	CHF 100.0 million
Projected rental income	CHF 2.5 million

Based on projected rental income as at 30 June 2023



Selected key financial figures

Selected key financial figures

As at 30 June 2023 or 31 December, respectively

CHF million	2019	2020	2021	2022	H1 2023
Total portfolio value	1'631	1'655	1'701	1'831	1'831
Interest-bearing debt	597.4	591.8	561.1	660.5	683.5
– as % of total assets	36.1%	36.4%	33.8%	36.9%	38.1%
– LTV	36.6%	35.8%	33.0%	36.1%	37.3%
– % unsecured liabilities	33.4%	33.7%	35.6%	30.2%	29.2%
– average interest rate	1.4%	1.3%	1.3%	1.3%	1.5%
– average residual term	5.2 J	4.3 J	3.6 J	3.4 J	2.8 J
– net debt/EBITDA ^{1,2}	10.6x	11.6x	10.0x	12.9x	12.3x
– interest cover ^{1,2}	9.7	6.9	7.2	6.4	5.6

¹ EBITDA excluding revaluation but including result from disposal of investment properties

² Half-year figure extrapolated linearly to full year

³ Based on average shareholders' equity

⁴ Based on number of shares outstanding (series A registered shares converted)

As at 30 June 2023 or 31 December, respectively

CHF million	2019	2020	2021	2022	H1 2023
Shareholders' equity	905.6	915.5	968.6	989.3	970.3
– as % of total assets	54.7%	56.3%	58.4%	55.2%	54.0%
– return on equity ^{2,3} in %	8.7%	3.5%	8.0%	4.1%	0.4%
Closing share price (CHF)	2'330	2'030	1'980	1'770	1'595
Market capitalisation ⁴	1'188	1'035	1'010	903	813
Earnings per registered B share (CHF) ⁵	149.1	63.3	148.2	78.0	3.8
Earnings per registered B share excluding revaluation and special effects (CHF) ⁵	61.5	50.7	62.4	66.3	35.3
NAV at market value per registered B share (CHF) ^{4,6}	1'924	1'926.4	2'025	2'065	2'028
Distribution per registered B share (CHF) ⁷	31.0	34.0	37.5	41.0	-

⁵ Based on average number of shares outstanding (series A registered shares converted)

⁶ NAV includes operating properties at market value (including deferred taxes)

⁷ Not yet defined for the current financial year 2023

Income statement: five-year comparison

CHF million	H1 2019	H1 2020	H1 2021	H1 2022	H1 2023
Property income	26.7	28.2	29.8	30.4	32.8
Income from the sale of promotional properties	-	72.5	-	-	-
Hotel & catering income	8.2	3.6	2.6	6.4	8.1
Other revenue	1.8	1.1	3.7	1.7	2.0
Total operating revenue	36.7	105.4	36.1	38.5	42.9
Total operating expenses	-14.7	-77.1	-13.3	-14.0	-15.7
Revaluation of investment properties (net)	11.5	-13.6	12.3	12.7	-18.3
Result from sale of investment properties	1.0	-	7.3	-	-
EBITDA	34.5	14.7	42.4	37.2	8.9
Depreciation	-1.7	-1.8	-1.8	-1.8	-1.7
EBIT	32.8	12.9	40.6	35.4	7.2
Financial result	-2.4	-3.5	-3.7	-3.7	-4.8
Tax expenditure	-4.3	-1.1	-4.2	-3.8	-0.5
Net income	26.1	8.3	32.7	27.9	1.9
Net income excluding revaluation and special effects	15.4	11.9	15.4	16.8	18.0

Appendix

Balance sheet: five-year comparison

CHF million	2019	2020	2021	2022	H1 2023
Cash and cash equivalents	21.4	17.2	18.7	17.3	16.9
Properties held for sale and promotional properties	70.8	10.2	-	-	4.5
Other current assets	9.6	13.0	5.7	11.4	11.1
Total current assets	101.8	40.4	24.4	28.7	32.5
Investment properties	1'478.4	1'534.4	1'584.0	1'713.5	1'712.7
Investment properties under construction	31.4	9.8	11.3	11.8	12.6
Operating properties and undeveloped plots	34.9	34.5	32.9	32.6	32.8
Other long-term assets	8.4	7.1	5.7	5.5	4.8
Total fixed assets	1'553.1	1'585.8	1'633.9	1'763.4	1'762.9
Total assets	1'654.9	1'626.2	1'658.3	1'792.1	1'795.4
Current financial liabilities	60.8	55.8	125.8	164.8	189.6
Other current liabilities	54.4	16.6	18.8	21.9	21.6
Total current liabilities	115.2	72.4	144.6	186.7	211.2
Long-term financial liabilities	536.6	536.0	435.3	495.7	493.9
Deferred tax liabilities and other long-term liabilities	97.5	102.3	109.8	120.4	120.0
Total long-term liabilities	634.1	638.3	545.1	616.1	613.9
Total shareholders' equity	905.6	915.5	968.6	989.3	970.3
Total liabilities and shareholders' equity	1'654.9	1'626.2	1'658.3	1'792.1	1'795.4

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