

Zug Estates Holding AG

Half-year results 2024

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Half-year results 2024

Overview of first half-year 2024

Overview of first half-year 2024

Summary



Overview

- Pleasing result thanks to almost fully let portfolio
- Net income including and excluding revaluations and special effects above prior-year period
- Confirmation of positive outlook for the 2024 financial year

Main developments in real estate segment

- Increase in property income
- Significant reduction in vacancy rate
- Revaluation gain thanks to gratifying situation for rental properties and rise in rental income
- Suurstoffi site awarded DGNB Platinum Certificate

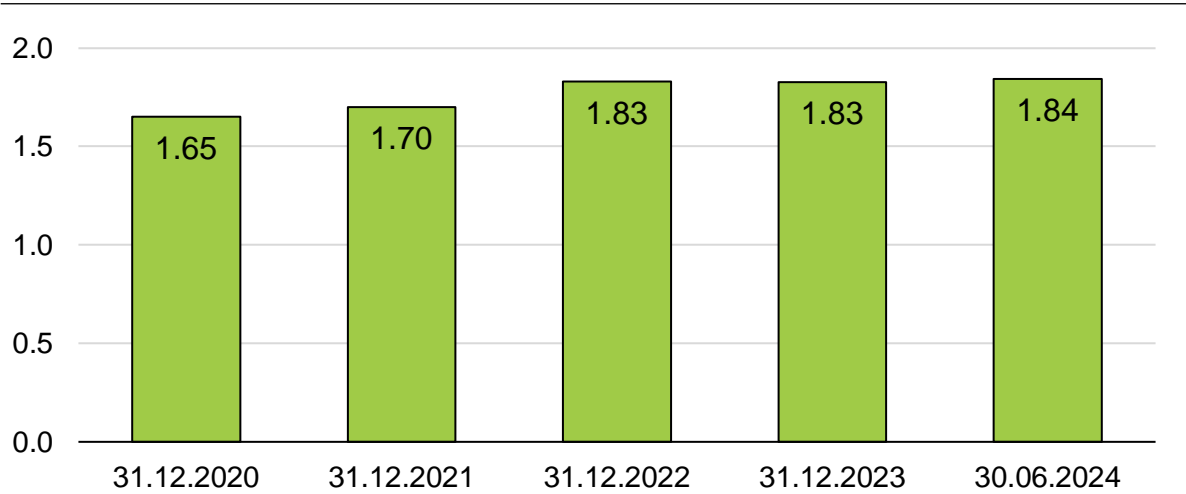
Main developments in the hotel & catering segment

- Reduction in hotel & catering income due to cautious approach in the booking of business travel and corporate events

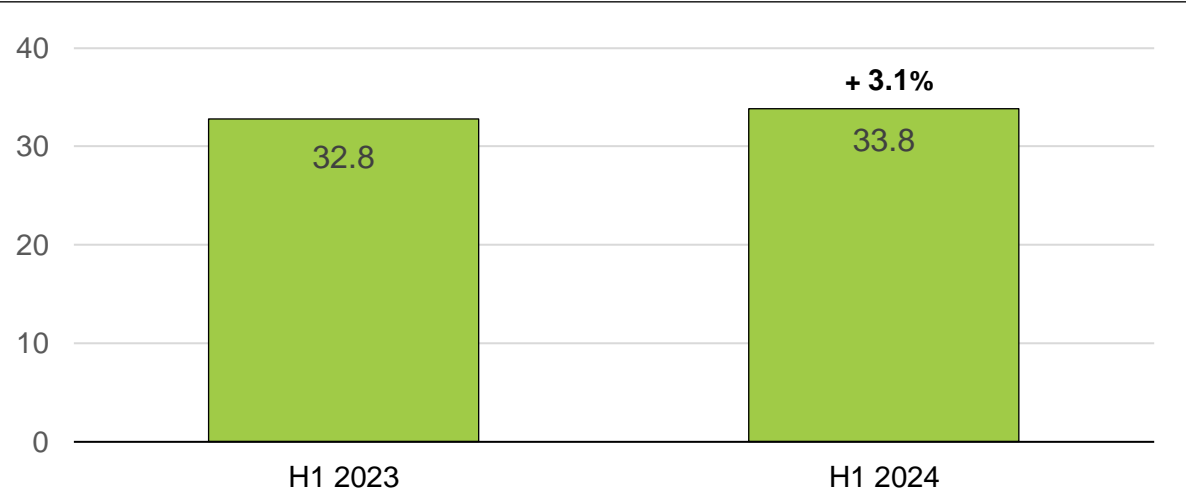
Overview of first half-year 2024

Key indicators in brief

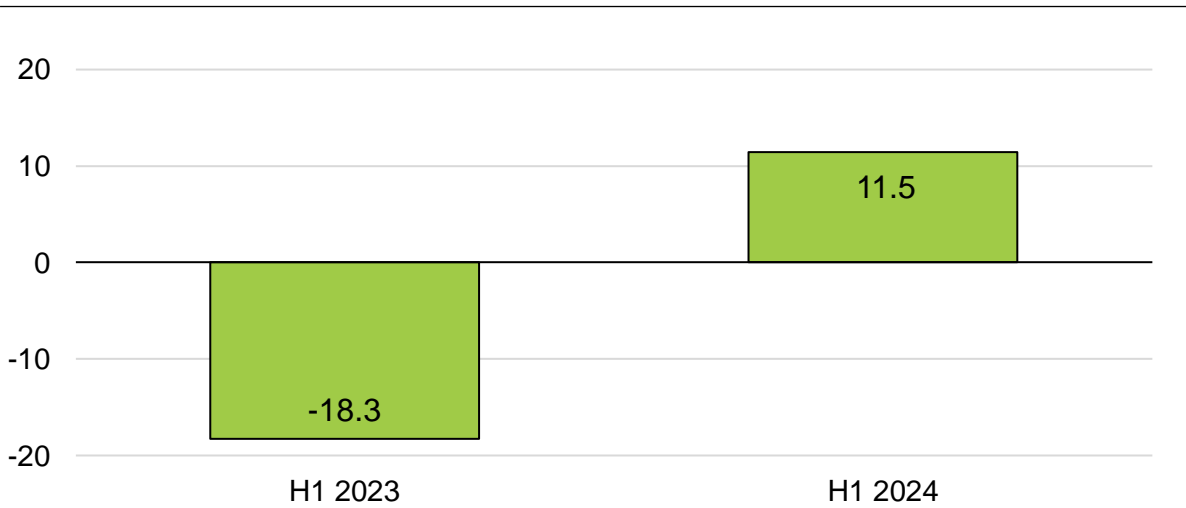
Portfolio (CHF billion)



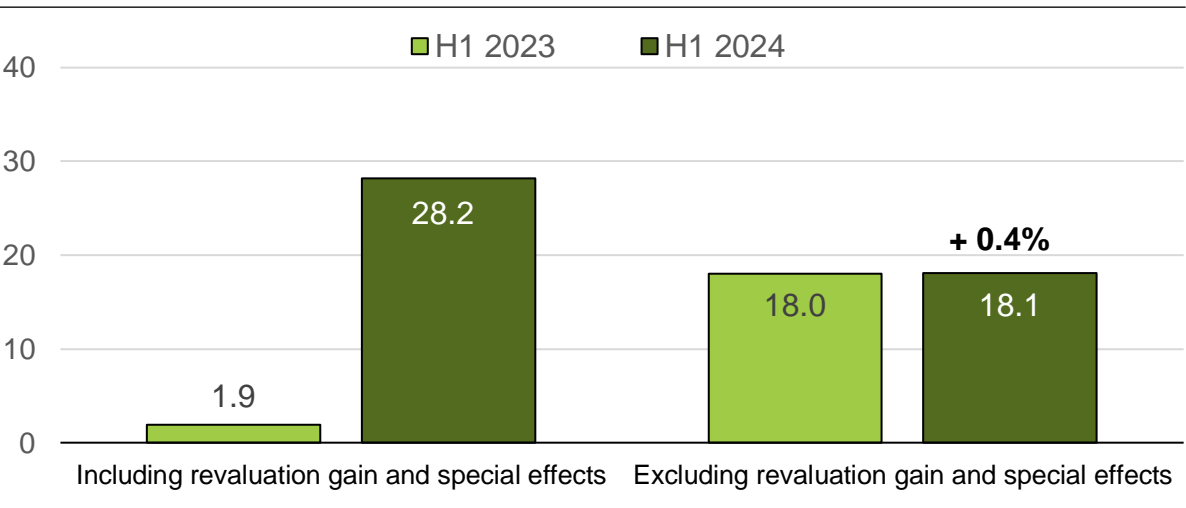
Property income (CHF million)



Revaluation gain (CHF million)



Net income (CHF million)





Half-year results 2024

Key financial figures

Key financial figures

Half-year financial statements 2024 – Group result

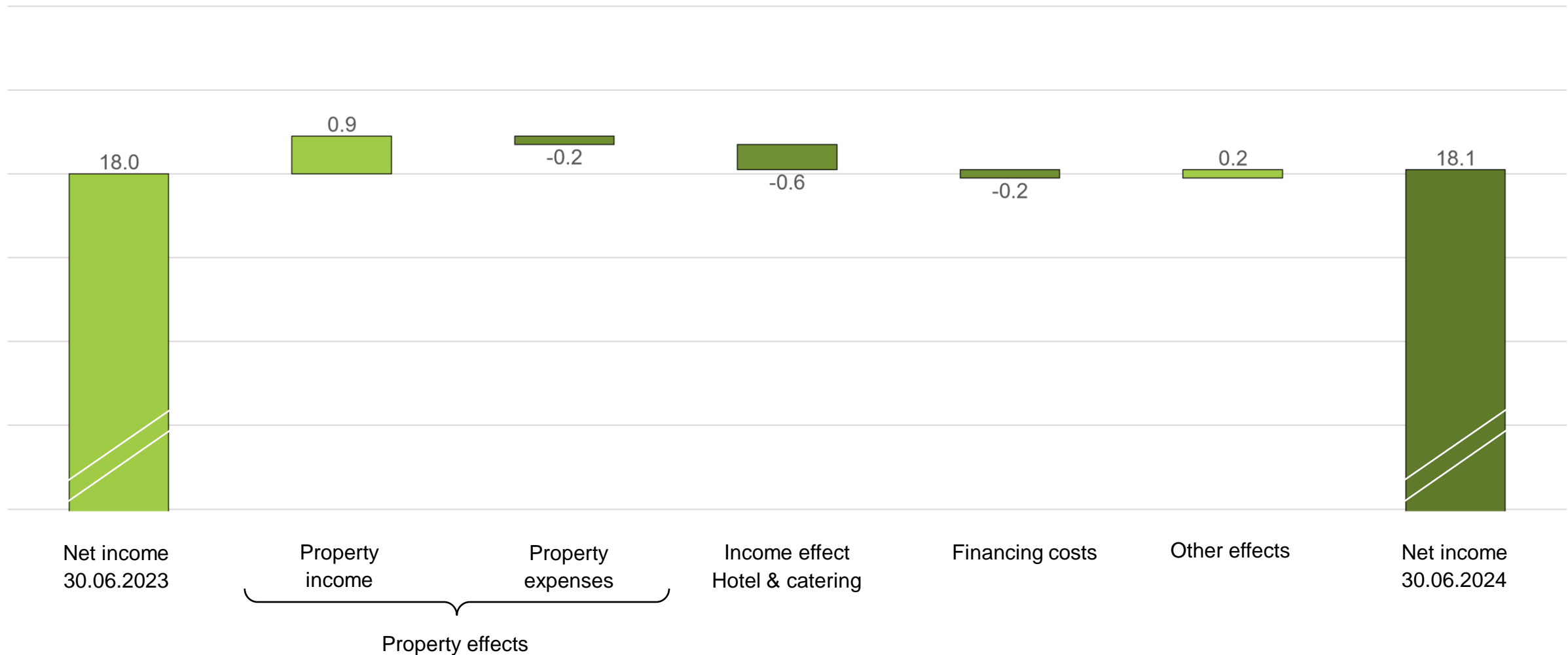
CHF million	H1 2023	H1 2024	%
Property income	32.8	33.8	+3.1% ¹
Hotel & catering income	8.1	7.7	-5.5%
Other income	2.0	1.9	-4.2%
Total operating income	42.9	43.4	+1.2%
Total operating expenses	-15.7	-15.9	+0.6%
Revaluation of investment properties (net)	-18.3	11.5	+162.7%
Depreciation	-1.7	-2.0	+15.5%
EBIT	7.2	37.0	+417.6%
Financial result	-4.8	-5.0	+5.4%
Tax expenditure	-0.5	-3.8	+755.3%
Net income	1.9	28.2	+1364.7%
Net income excluding revaluation and special effects	18.0	18.1	+0.4%

¹ Property income like-for-like +2.1%

Reconciliation of net income excluding revaluation and special effects

Net income excluding revaluation and special effects compared to previous year

In CHF million, income effects including pro rata taxes

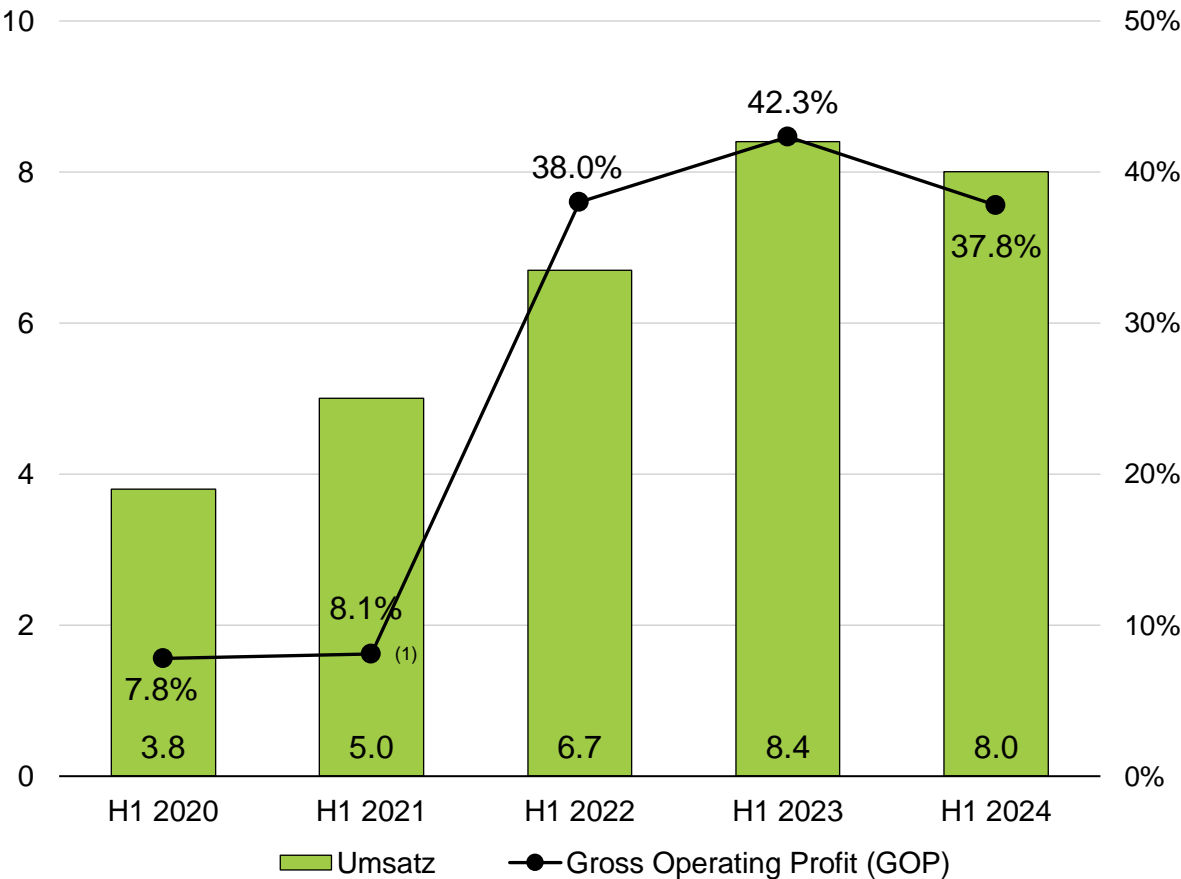


Key financial figures

Corporate customers cautious as regards booking hotel rooms

Operating income and gross operating profit

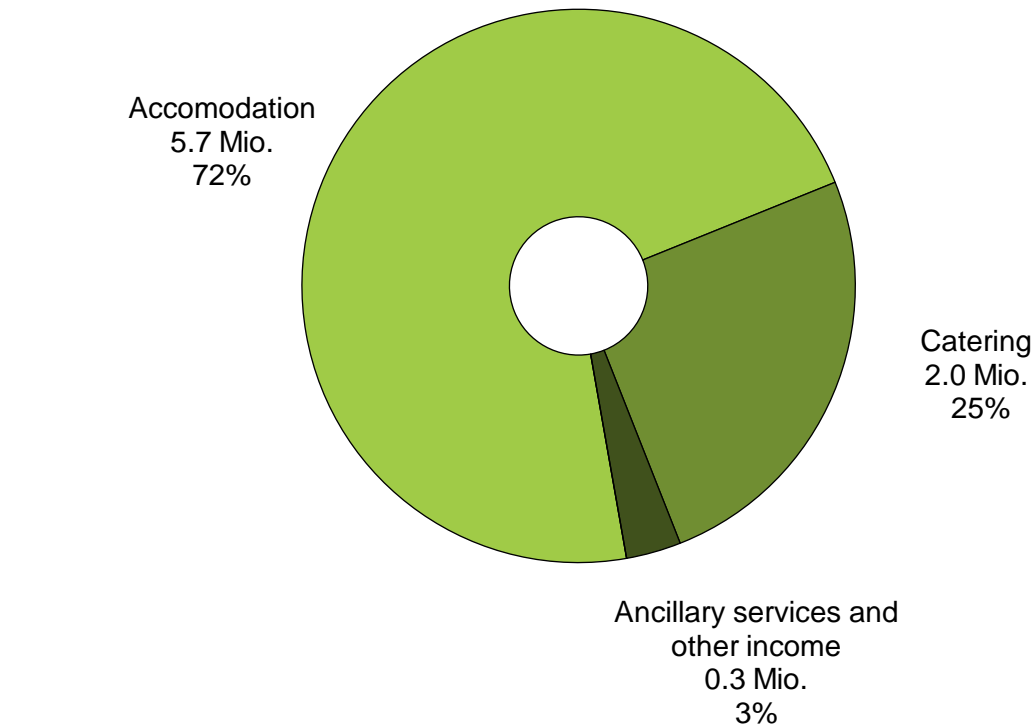
In CHF million, as at 30 June from point of view of hotel & catering segment



¹ GOP excluding state hardship compensation of CHF 2.1 million in financial year 2021

Operating income from hotel business by category

In CHF million, as at 30 June 2024 from point of view of hotel & catering segment



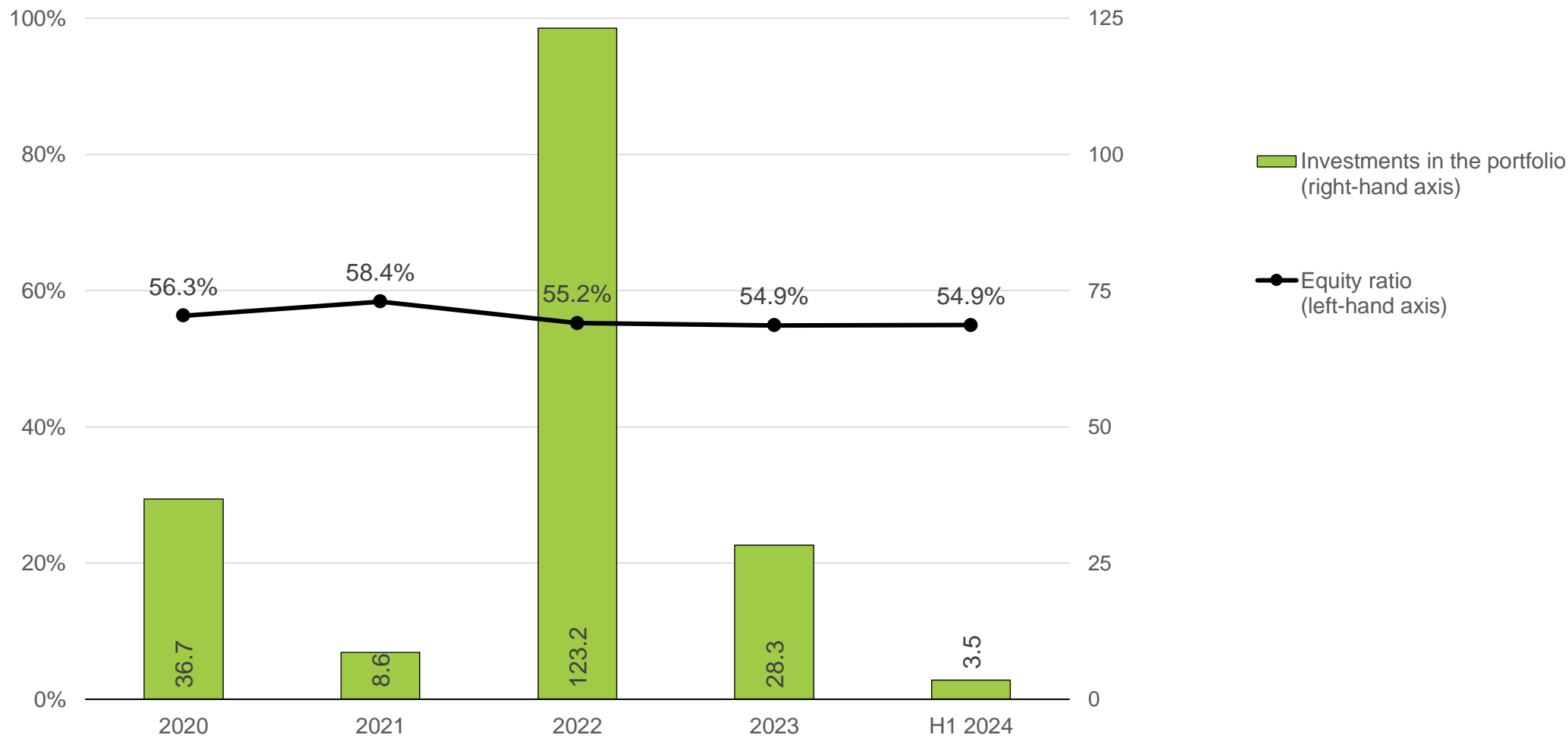
Total operating income hotel & catering CHF 8.0 Mio.

Key financial figures

Solid equity ratio and low investments

Equity ratio and investments in investment properties

In CHF million or %, as at 30 June 2024, or 31 December, respectively

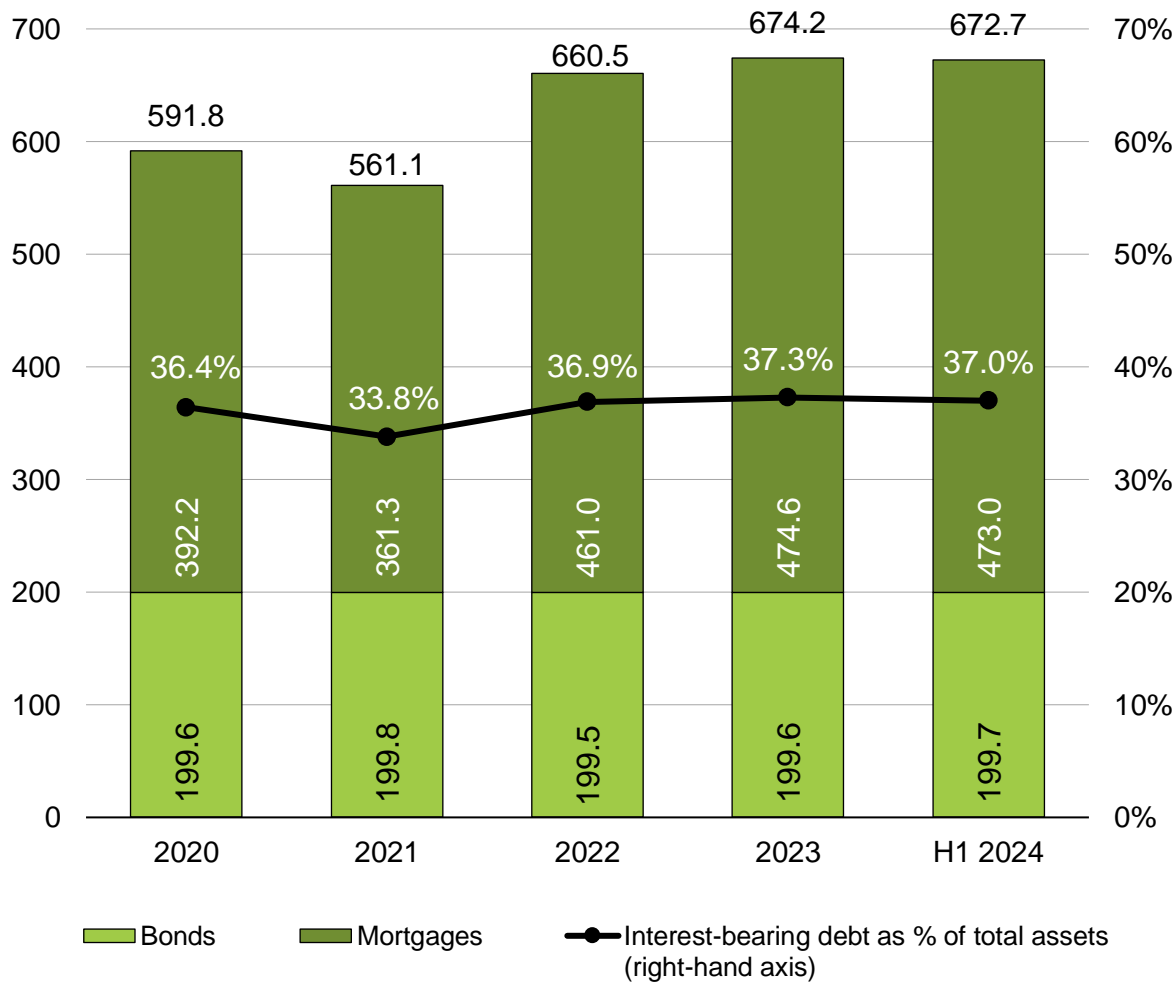


Key financial figures

Debt slightly lower; borrowing costs stable

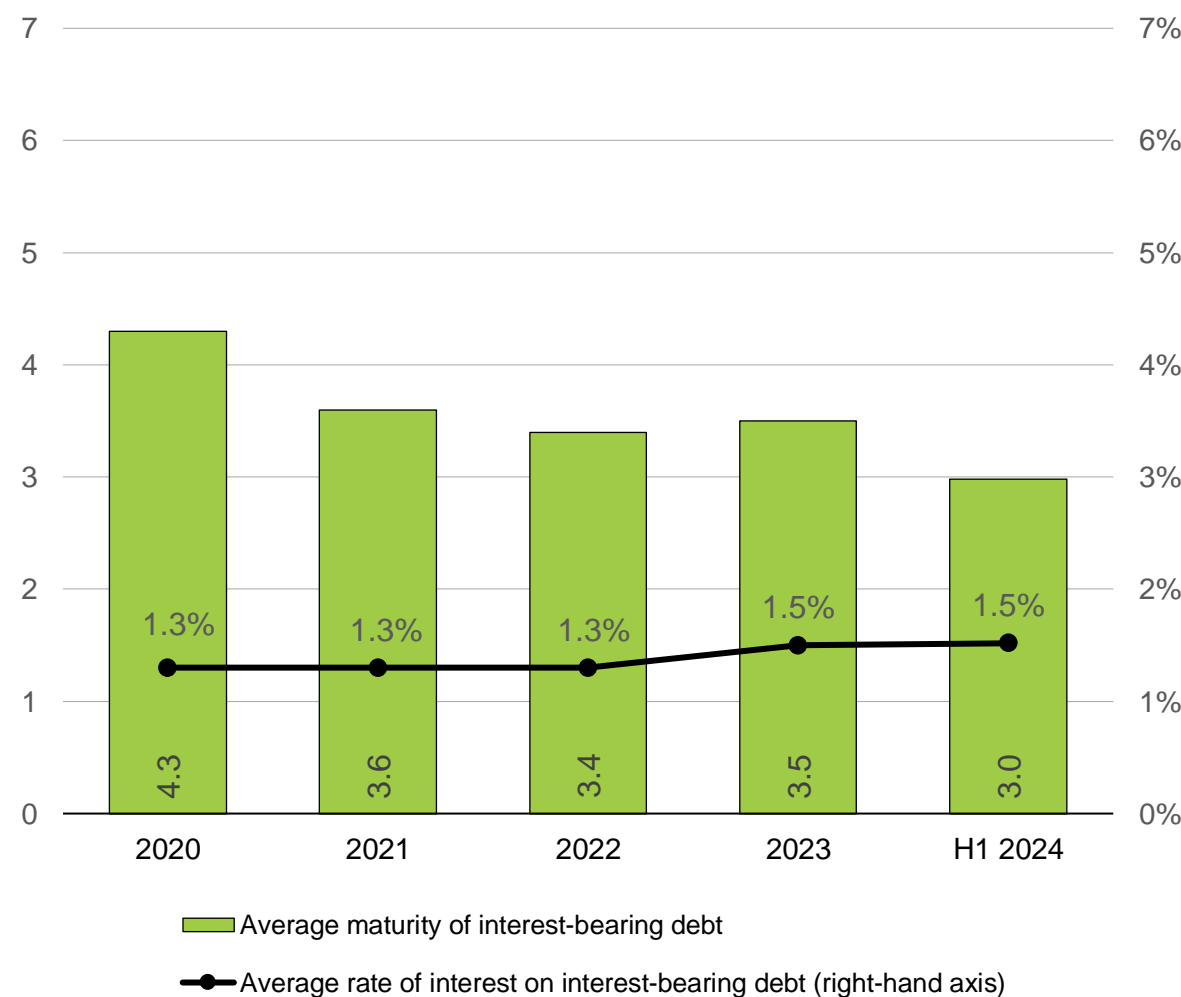
Interest-bearing financial liabilities

In CHF million, as at 30 June 2024, or 31 December, respectively



Average residual term and interest rate

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

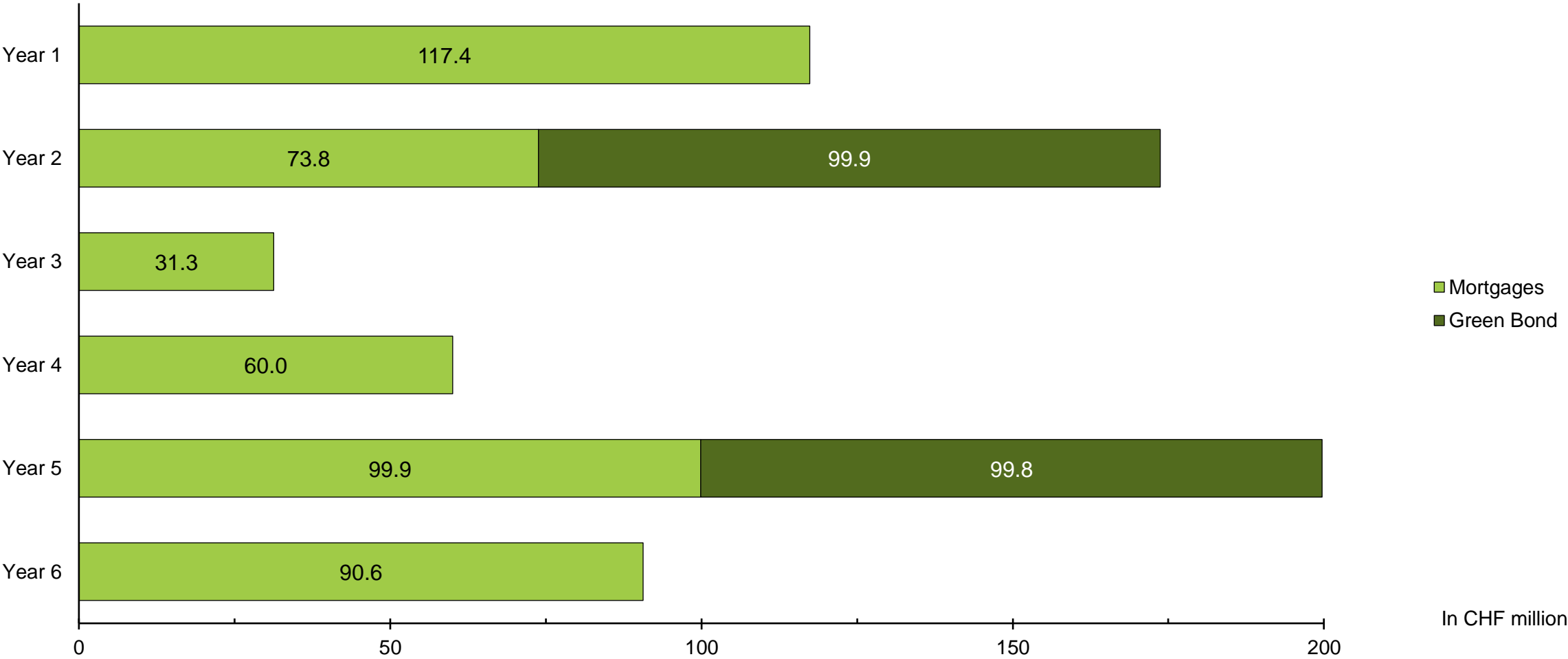


Key financial figures

Maturity of financial liabilities

Maturity structure of financial liabilities

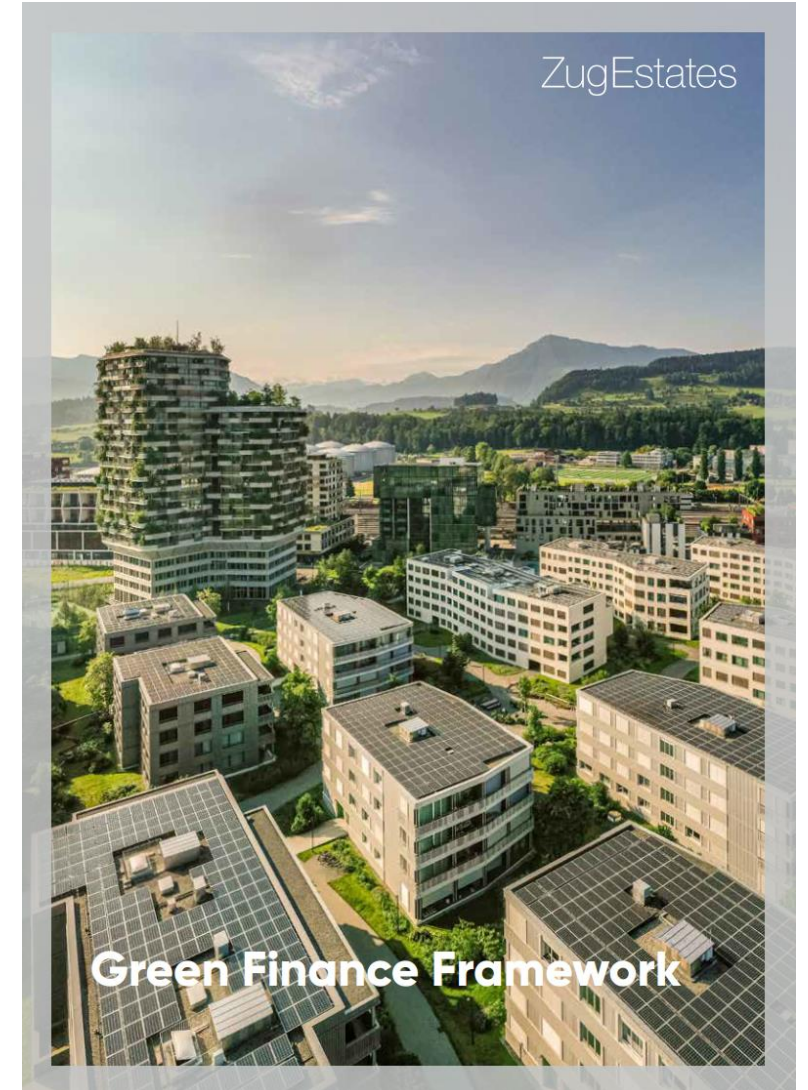
As at 30 June 2024, maturing within...



Key financial figures

Green Bond Framework now Green Finance Framework

- In order to take account of the growing demand for sustainable financing, Zug Estates has decided to convert its current Green Bond Framework into a Green Finance Framework.
- This will enable Zug Estates to not only include or refinance green bonds but also other types of green financial instruments that are used explicitly to support sustainable projects.
- To date, the Green Bond Framework only allowed for the financing of green projects on the Suurstoffi site. With the new Green Finance Framework, Zug Estates can (re)finance its projects that are worthy of support with all green buildings that meet the new, stringent criteria for such projects.



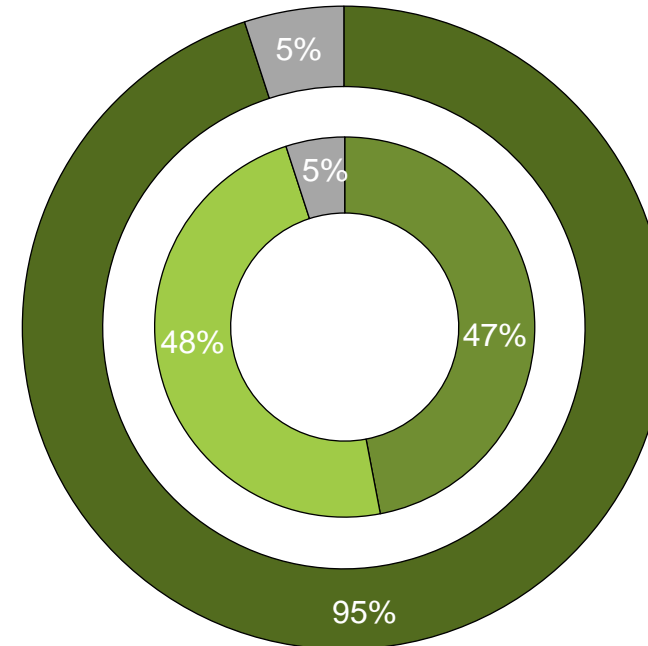
Key financial figures

A strong, green portfolio

- Under the new Green Finance Framework, sites and buildings of Zug Estates are classified as green if their greenhouse gas emissions are lower than 1 kg pro m² energy reference area in operation (<1 kg CO₂e / ERA p.a.).
- Sites or buildings with a very good certification (Gold or higher) from BREEAM, DGNB/SGNI, Minergie or SNBS also qualify as green.
- ISS Corporate Solutions confirms the new Green Finance Framework with a Second Party Opinion.

95% of the portfolio classified as green buildings

Classification according to Green Finance Framework

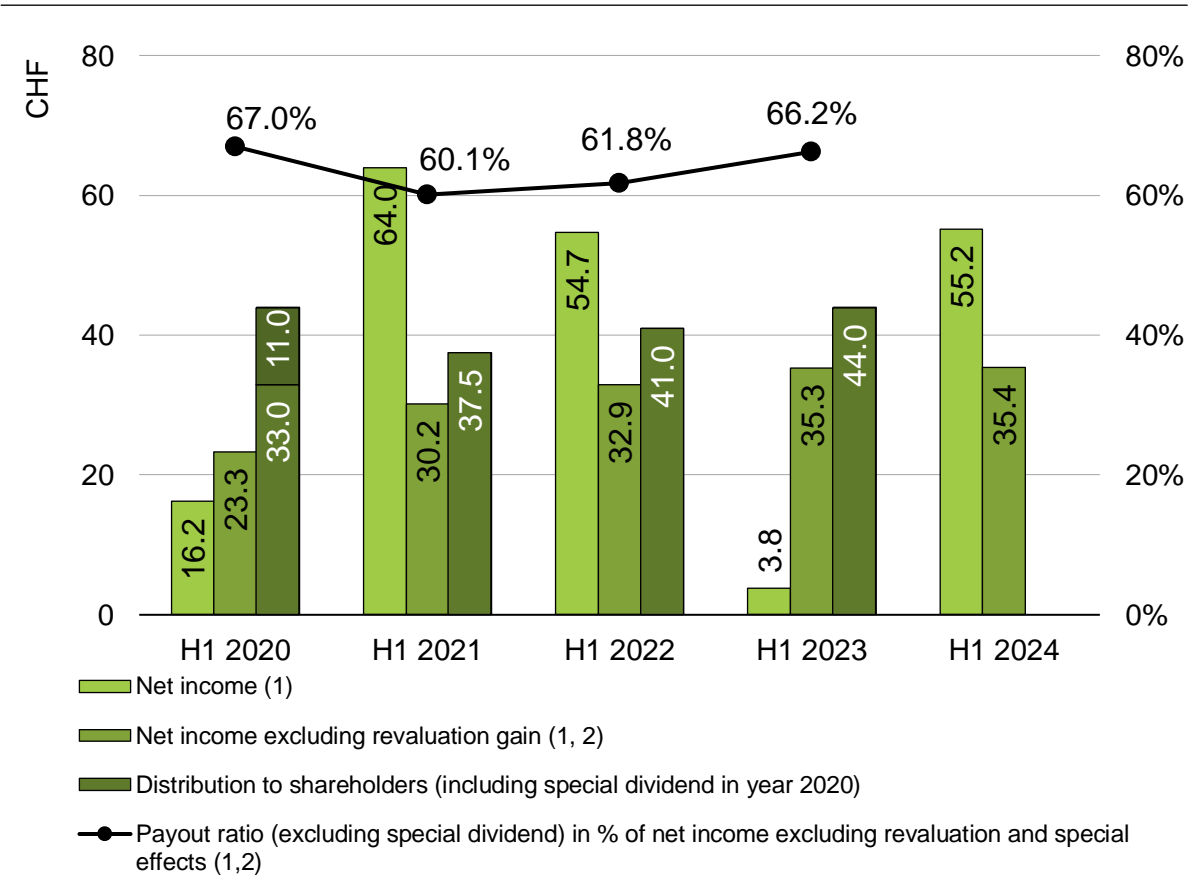


- Green buildings (<1 kg CO₂e)
- Certified green buildings
- Non-certified green buildings (<1 kg CO₂e)
- No green buildings (>1 kg CO₂e and no certificate)

Key financial figures

Per share figures

Earnings and dividend per series B registered share

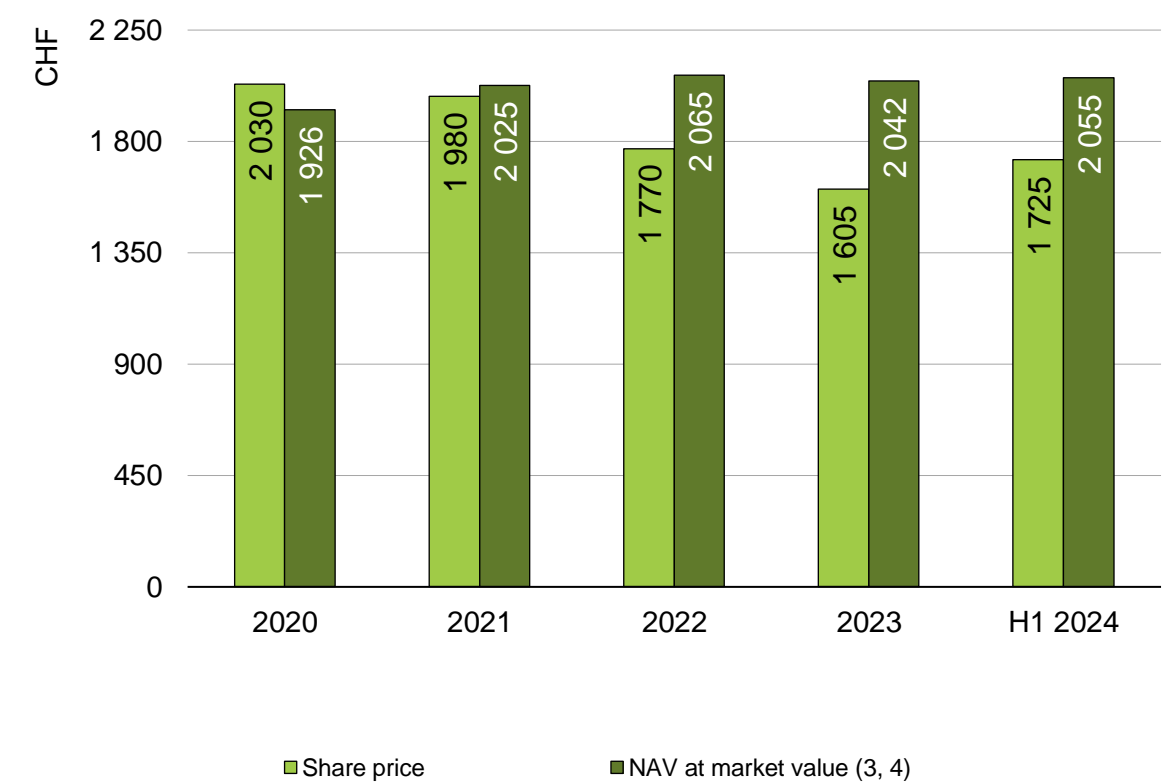


¹ Based on average number of shares outstanding (series A registered shares converted)

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 2024 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)



Half-year results 2024

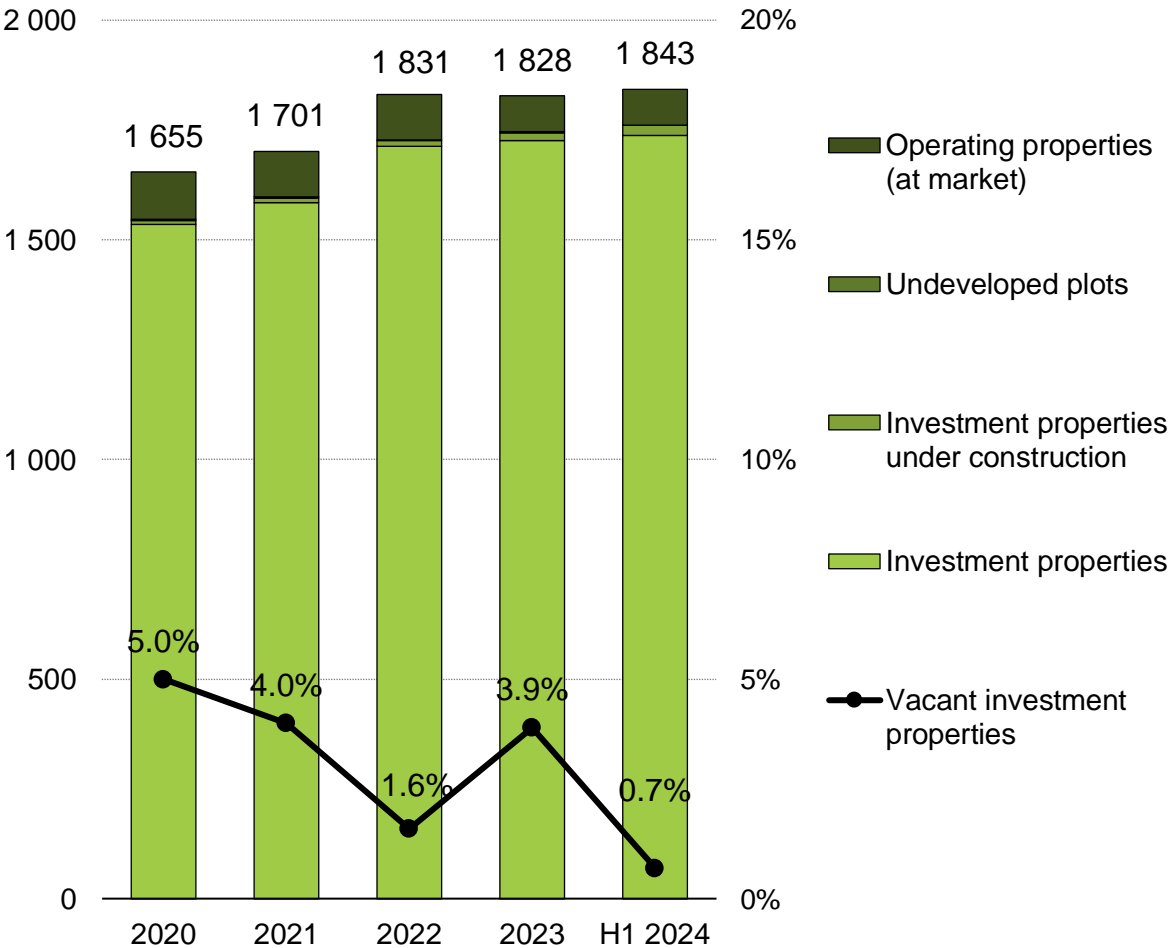
Real estate portfolio and projects

Real estate portfolio and projects

Higher portfolio value due to positive revaluation effect

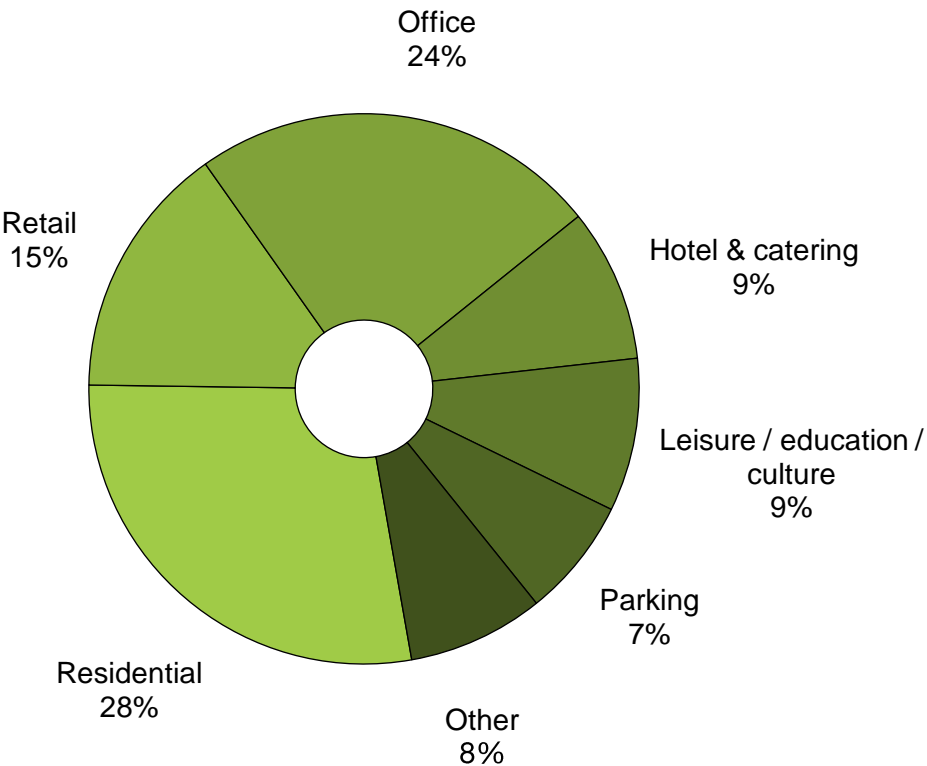
Market value of portfolio and vacancy rates

In CHF million/%



Portfolio by use

Based on projected rental income* as at 30 June 2024



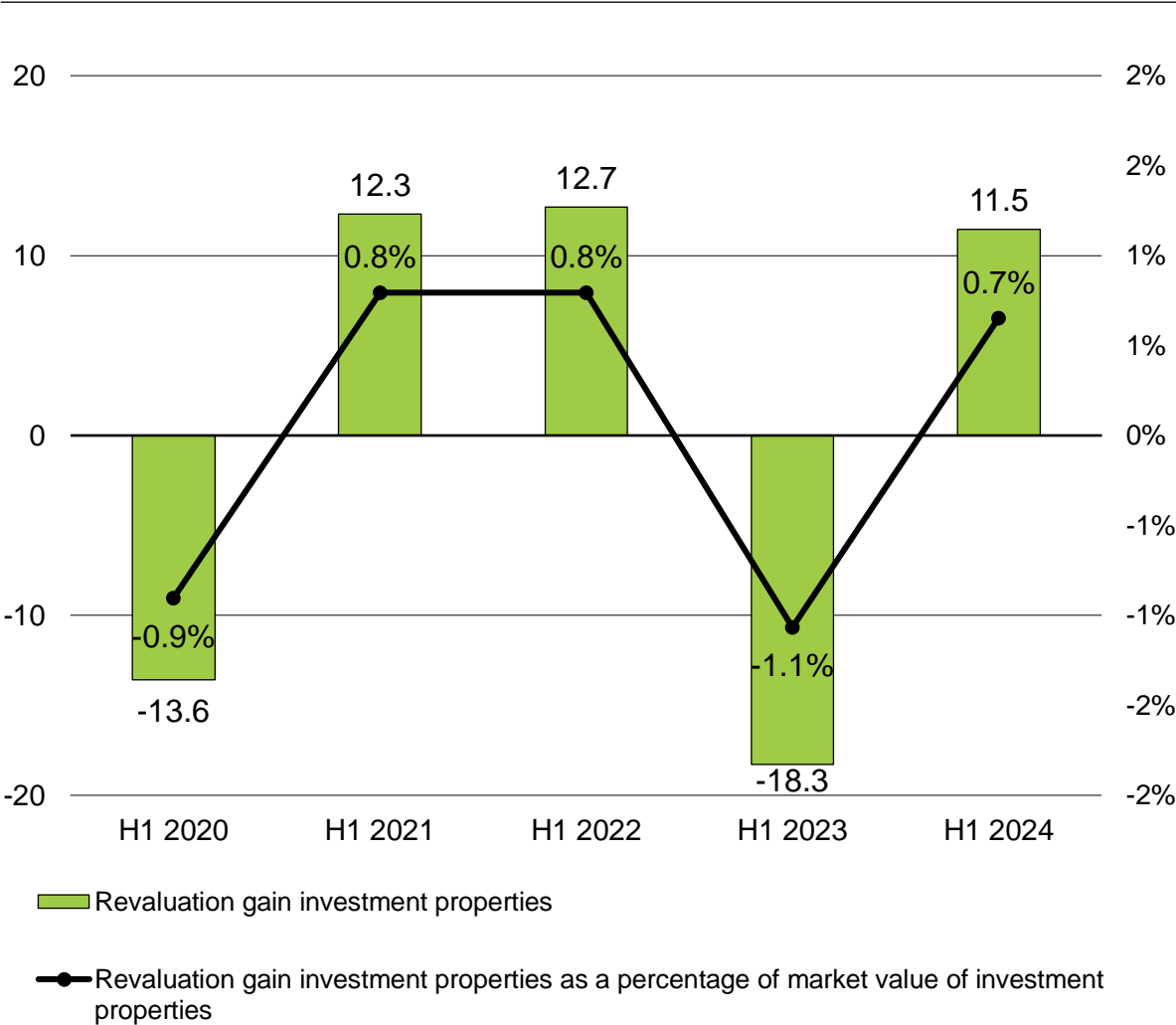
* From point of view of real estate business unit

Real estate portfolio and projects

Revaluation gain thanks to encouraging rental situation

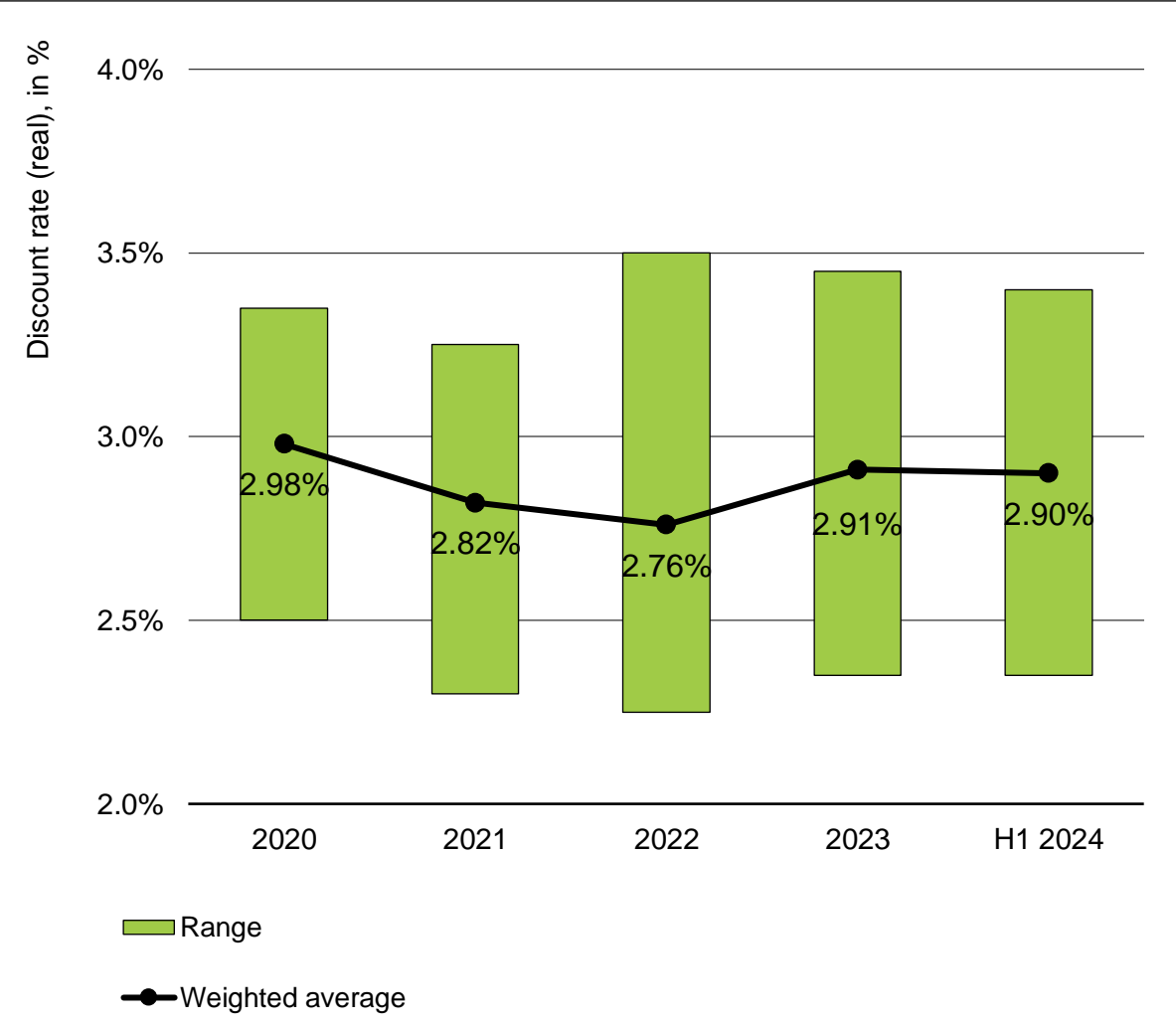
Revaluation gain

In CHF million



Discount rates

Real

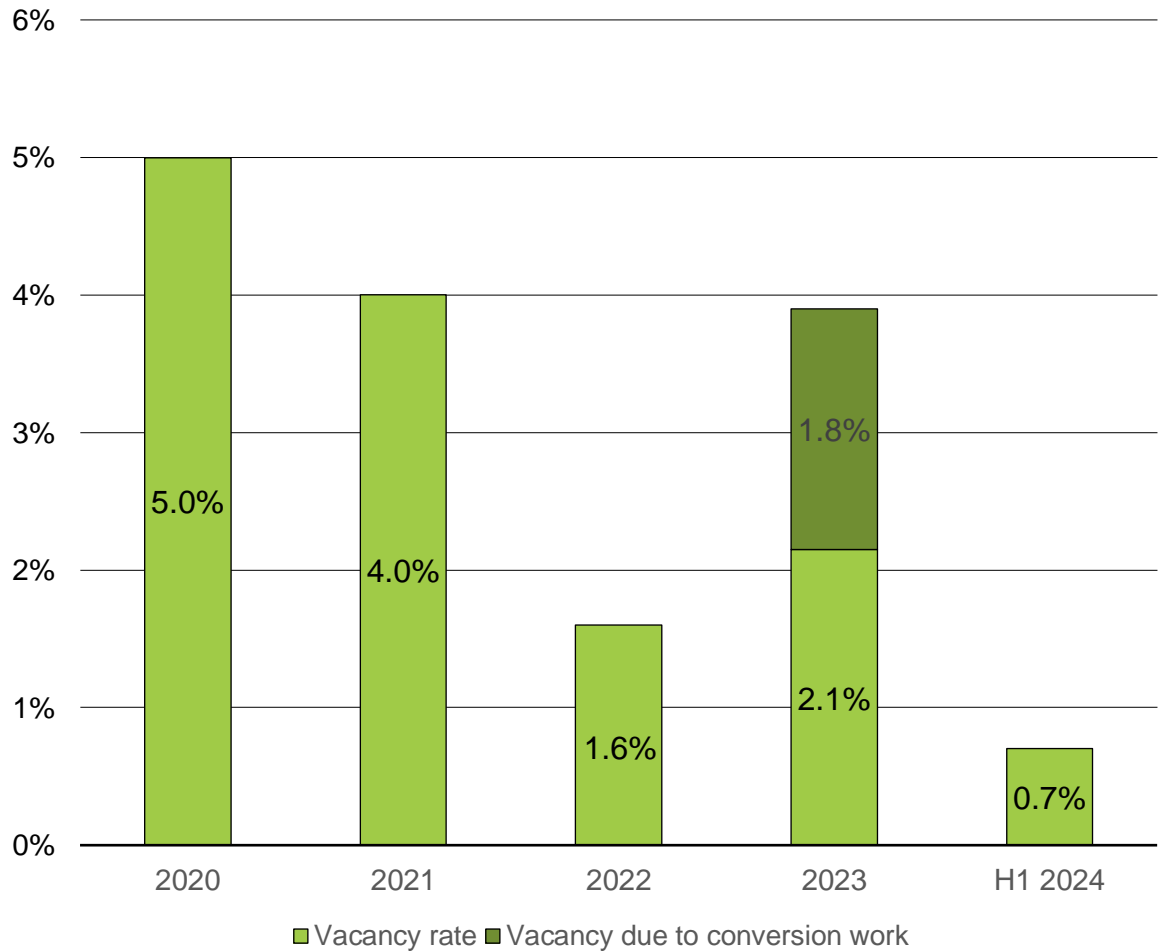


Real estate portfolio and projects

Marked reduction in vacancy rate

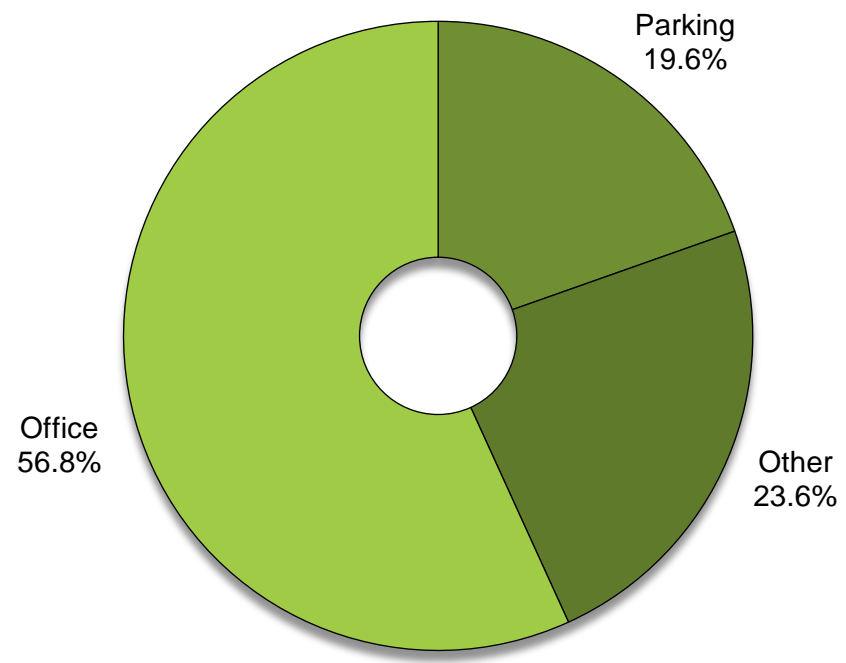
Vacancy rate

As at 30 June 2024, or 31 December, respectively (on reference date, as % of projected rental income)



Breakdown of vacancies

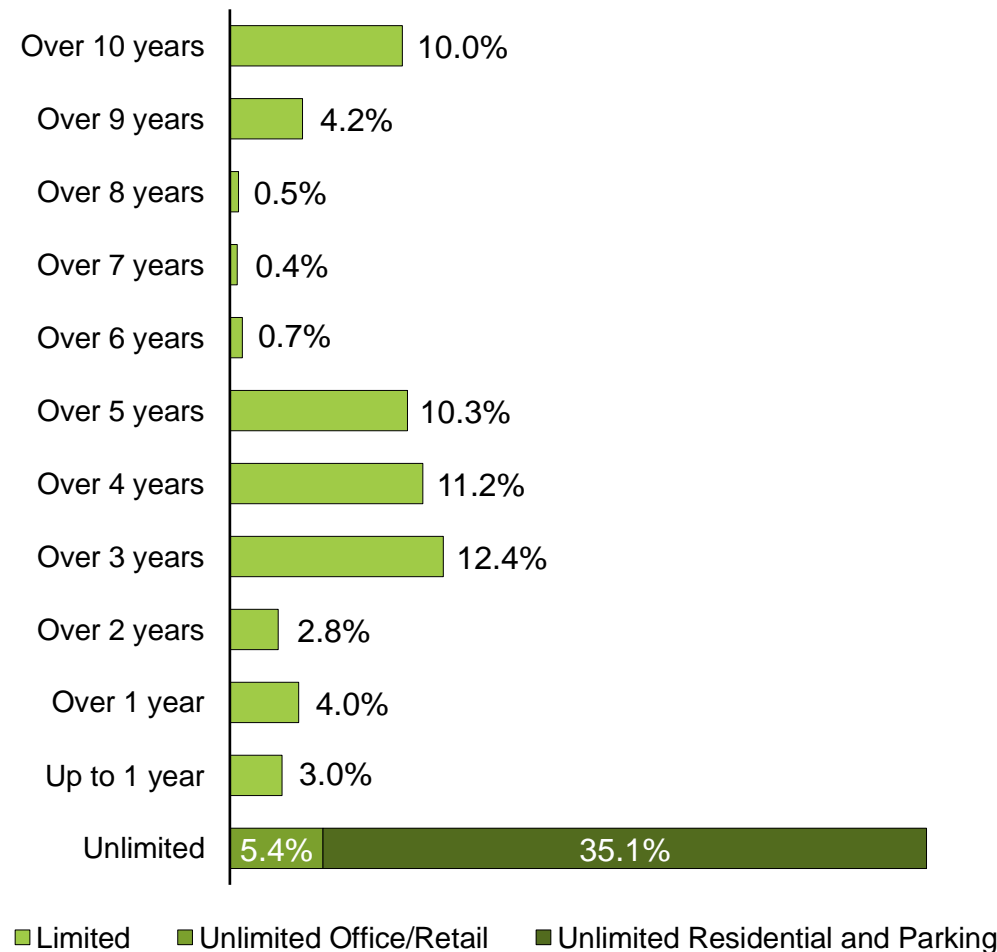
As at 30 June 2024 by type of use (on reference date, as % of projected rental income)



Only a few contracts set to expire in the next three years

Contract terms

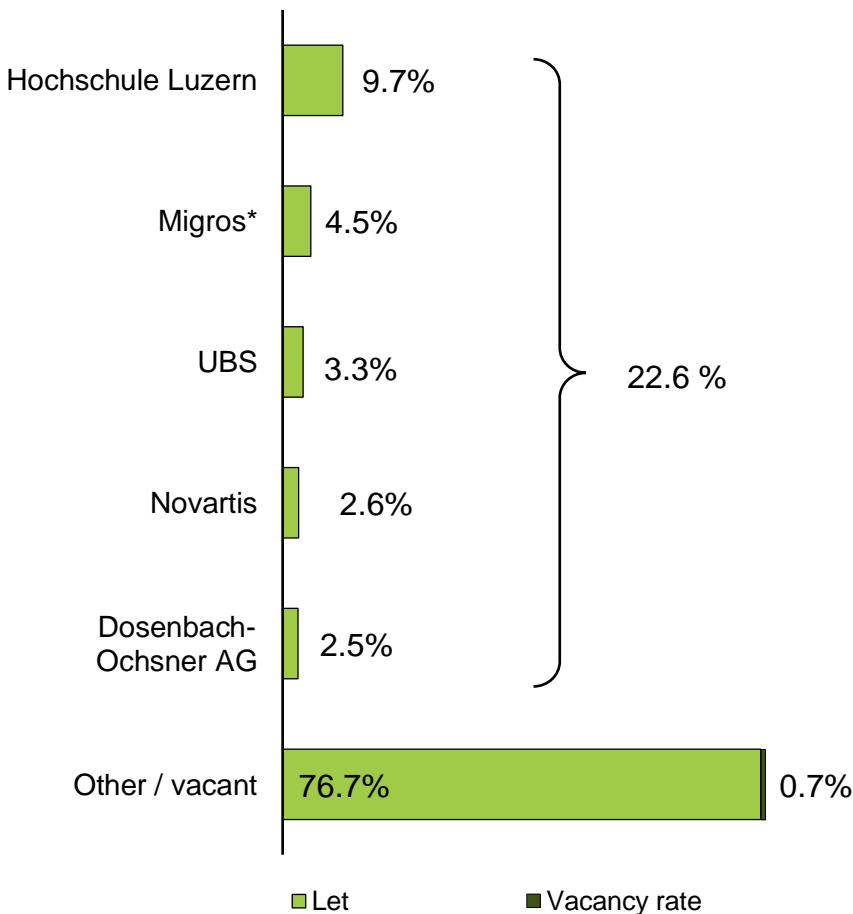
Investment properties, based on projected rental income as at 30 June 2024



WAULT (secured leases): 6.1 years

Tenant structure

Investment properties, based on projected rental income as at 30 June 2024



* Various companies of the Migros Group

Start of building work at S43/45 site planned for end of 2024



- Construction of the two buildings, with a total of 14 400 m² of office and education space as well as 1 100 m² of residential space for student living, will come at an investment cost of around CHF 85 million.
- Building work is due to start at the end of 2024, with leased spaces likely to be handed over to future tenants from mid-2027.
- The residential space for student living will be leased and operated by Lucerne University of Applied Sciences and Arts
- Discussions in progress with interested parties for the office and education spaces in the two buildings.

Further development of Metalli Living Space

- Clarification under way of the “2000 homes for Zug’s middle classes” city initiative, which requires that at least 40% of newly built residential space in all high-density areas be “affordable”.
- In view of the consequences of the initiative, Zug Estates has decided against pursuing the Bergli development plan and will focus on the plan for Metalli.
- The basis of the project will be revised by the end of 2024, with changes being made to the development plan to ensure implementation of the initiative.
- In the event of a decision to continue with the project, the plan is to launch the political process for implementation of the Metalli development plan in the first half of 2025.



Real estate portfolio and projects

Suurstoffi site awarded DGNB Platinum Certificate



DGNB



Half-year results 2024

Outlook

Outlook for 2024

Area	Outlook/expectations for 2024
Real estate segment	<ul style="list-style-type: none"> – Higher property income and improved operating result thanks to successful rental activity in the 2023 financial year and the first half of 2024, as well as rent increases due to index and reference interest rate adjustments – Significantly lower vacancy rate than in previous year
Hotel & catering segment	<ul style="list-style-type: none"> – Total income roughly on a par with the previous year's level due to a fall in demand from larger companies – GOP margin in line with the previous year
Net income	<ul style="list-style-type: none"> – Net income excluding revaluation and special effects of over CHF 35.0 million



Half-year results 2024

Q&A

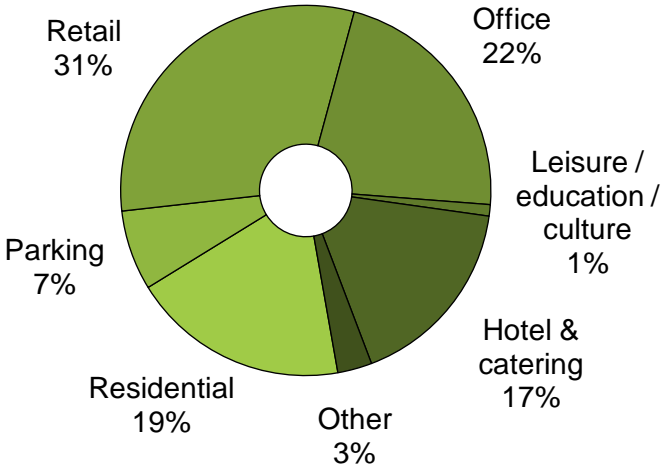
Appendix

City Centre site/Metalli



Key data as at 30 June 2024	H1 2024 ¹
Site area	61 122 m ²
Market value ²	CHF 886.1 million
Book value	CHF 829.4 million
Projected rental income ²	CHF 37.6 million

Based on projected rental income² as at 30 June 2024



¹ From point of view of real estate business unit, incl. operating properties
² Market value and projected rental income of the property at Zug, Baarerstr. 20-22 (co-owned) included pro rata

Appendix

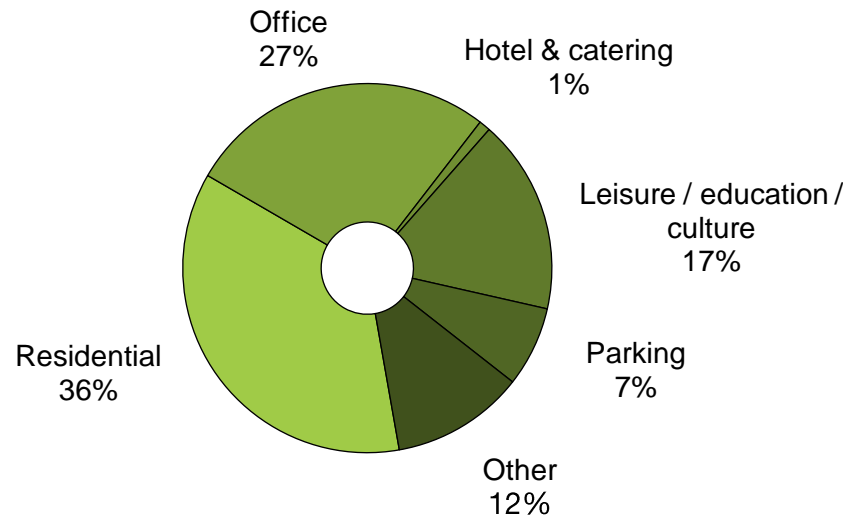
Suurstoffi site



Half-year results 2024 Zug Estates Group

Key data as at 30 June 2024	H1 2024
Site area	105 342 m ²
Market value	CHF 860.4 million
Book value	CHF 860.4 million
Projected rental income	CHF 36.3 million

Based on projected rental income as at 30 June 2024



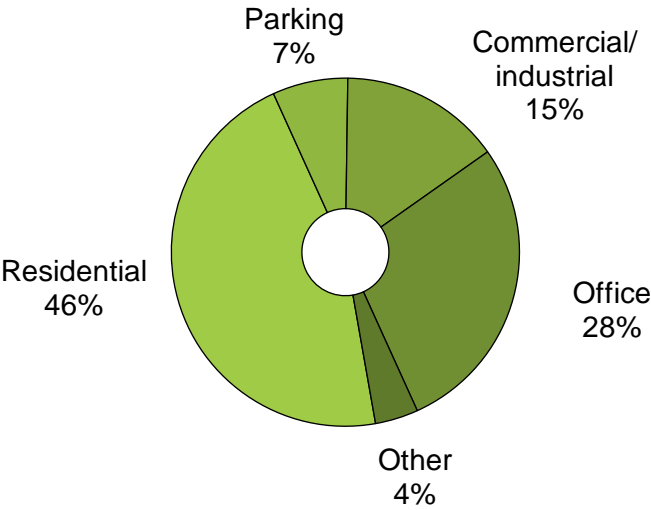
Appendix

Other investment properties



Key data as at 30 June 2024	H1 2024
Site area	20 864 m ²
Market value	CHF 96.1 million
Book value	CHF 96.1 million
Projected rental income	CHF 2.7 million

Based on projected rental income as at 30 June 2024



Appendix

Selected key financial figures

Selected key financial figures

As at 30 June 2024 or 31 December, respectively

in CHF Mio.	2020	2021	2022	2023	H1 2024
Total portfolio value	1'655	1'701	1'831	1'828	1'843
Interest-bearing debt	591.8	561.1	660.5	674.2	672.7
– as % of total assets	36.4%	33.8%	36.9%	37.3%	37.0%
– LTV	35.8%	33.0%	36.1%	36.9%	36.5%
– % unsecured liabilities	33.7%	35.6%	30.2%	29.6%	29.7%
– average interest rate	1.3%	1.3%	1.3%	1.5%	1.5%
– average residual term	4.3 Y	3.6 Y	3.4 Y	3.5 Y	3.0 Y
– net debt/EBITDA ^{1,2}	11.6x	10.0x	12.9x	12.5x	12.0x
– interest cover ^{1,2}	6.9	7.2	6.4	5.1	5.4

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 equity

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

As at 30 June 2024 or 31 December, respectively

in CHF Mio.	2020	2021	2022	2023	H1 2024
Equity	915.5	968.6	989.3	992.5	998.2
– as % of total assets	56.3%	58.4%	55.2%	54.9%	54.9%
– return on equity ^{2,3} in %	3.5%	8.0%	4.1%	2.4%	5.7%
Closing share price (CHF)	2'030	1'980	1'770	1'605	1'725
Market capitalisation ⁴	1'035.3	1'009.8	902.7	818.6	879.8
Earnings per registered B share (CHF) ⁵	63.3	148.2	78.0	47.4	55.2
Earnings per registered B share excluding revaluation and special effects (CHF) ⁵	50.7	62.4	66.3	66.4	35.4
NAV at market value per registered B share (CHF) ^{4,6}	1'926	2'025	2'065	2'042	2'055
Distribution per registered B share (CHF) ⁷	34.0	37.5	41.0	44.0	-

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 2024

Appendix

Income statement: five-year comparison

CHF million	H1 2020	H1 2021	H1 2022	H1 2023	H1 2024
Property income	28.2	29.8	30.4	32.8	33.8
Income from the sale of promotional properties	72.5	-	-	-	-
Hotel & catering income	3.6	2.6	6.4	8.1	7.7
Other income	1.1	3.7	1.7	2.0	1.9
Total operating income	105.4	36.1	38.5	42.9	43.4
Total operating expenses	-77.1	-13.3	-14.0	-15.7	-15.9
Revaluation of investment properties (net)	-13.6	12.3	12.7	-18.3	11.5
Result from sale of investment properties	-	7.3	-	-	-
EBITDA	14.7	42.4	37.2	8.9	39.0
Depreciation and amortisation	-1.8	-1.8	-1.8	-1.7	-2.0
EBIT	12.9	40.6	35.4	7.2	37.0
Financial result	-3.5	-3.7	-3.7	-4.8	-5.0
Tax expenditure	-1.1	-4.2	-3.8	-0.5	-3.8
Net income	8.3	32.7	27.9	1.9	28.2
Net income excluding revaluation and special effects	11.9	15.4	16.8	18.0	18.1

Appendix

Balance sheet: five-year comparison

CHF million	2020	2021	2022	2023	H1 2024
Cash and cash equivalents	17.2	18.7	17.3	20.1	13.8
Properties held for sale and promotional properties	10.2	-	-	-	-
Other current assets	13.0	5.7	11.4	6.9	11.2
Total current assets	40.4	24.4	28.7	27.0	25.0
Investment properties	1'534.4	1'584.0	1'713.5	1'725.6	1'736.8
Investment properties under construction	9.8	11.3	11.8	18.2	24.5
Operating properties and undeveloped plots	34.5	32.9	32.6	28.2	24.6
Other long-term assets	7.1	5.7	5.5	7.8	6.8
Total non-current assets	1'585.8	1'633.9	1'763.4	1'779.8	1'792.7
Total assets	1'626.2	1'658.3	1'792.1	1'806.8	1'817.7
Current financial liabilities	55.8	125.8	164.8	119.8	117.4
Other current liabilities	16.6	18.8	21.9	18.2	22.0
Total current liabilities	72.4	144.6	186.7	138.0	139.4
Long-term financial liabilities	536.0	435.3	495.7	554.5	555.3
Deferred tax liabilities and other long-term liabilities	102.3	109.8	120.4	121.8	124.7
Total long-term liabilities	638.3	545.1	616.1	676.3	680.0
Total equity	915.5	968.6	989.3	992.5	998.3
Total liabilities and equity	1'626.2	1'658.3	1'792.1	1'806.8	1'817.7

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