ZugEstates

Ad hoc announcement pursuant to Art. 53 LR
Zug, 20 February 2025

Very pleasing results for Zug Estates Group

Thanks to the favourable economic environment, solid demand for attractive and well-developed rental spaces and falling interest rates, the Zug Estates Group generated a very pleasing result.

- Net income of CHF 58.7 million was substantially higher than the previous year's figure (CHF 24.2 million).
- Excluding revaluation and special effects, there was a clear rise in net income of 9.0% from CHF 33.9 million to CHF 36.9 million.
- Property income increased by 5.5% from CHF 65.7 million to CHF 69.3 million.
- The vacancy rate fell markedly to a very low 0.7% (3.9% as at 31 December 2023).
- Zug Estates has decided to launch the political approval process for the Metalli Living Space project.
- The Board of Directors will propose to the general meeting of shareholders that the ordinary dividend per series B registered share be increased by 6.8% to CHF 47.00 (previous year: CHF 44.00)
- Annelies Häcki Buhofer is not standing for re-election to the Board of Directors as she has reached the statutory age limit. At the general meeting of shareholders, the Board of Directors will propose that Julia Häcki be elected as a new Board member.
- In the 2025 financial year, a slight increase in property income and net income excluding revaluation and special effects at the previous year's level is expected.

The economic situation proved favourable for Zug Estates in the 2024 financial year: as a place to live and work, the Zug region – which lies at the heart of our activities – continues to experience dynamic growth, and the demand for attractive, well-connected rental space remains intact. At the same time, the fact that interest rates fell significantly in 2024 following the increases of 2022 and 2023 has a positive effect on the financing situation and on real estate values.

With its high-quality portfolio and focus on attractive, well-connected locations, the Zug Estates Group benefited from this economic backdrop and achieved very pleasing results. Numerous rental successes led to a noticeable increase in property income and a significant reduction in the vacancy rate to 0.7% (previous year: 3.9%).

Net income increased by CHF 34.5 million or 142.7% versus the previous year, from CHF 24.2 million to CHF 58.7 million; this substantial rise was attributable to a positive revaluation result compared with 2023. After adjustment for revaluation and special effects, net income likewise showed a clear increase of CHF 3.0 million or 9.0%, from CHF 33.9 million to CHF 36.9 million, mainly thanks to the growth in property income.

Encouraging increase in property income and operating result

Property income of the Zug Estates Group rose by CHF 3.6 million or 5.5% in 2024, from CHF 65.7 million to CHF 69.3 million. This improvement was attributable to index and reference interest rate adjustments, a reduction in the vacancy rate versus the previous year following the completion of refurbishment projects, and the full-year impact of the purchase of additional shares in MEG Metalli in

May 2023. Adjusted for changes to the portfolio (like-for-like basis), property income was up CHF 3.3 million or 5.1%.

A pleasing demand in the second half of 2024 led in the hotel & catering segment to an increase in income of CHF 0.3 million or 1.9%, from CHF 15.2 million to CHF 15.5 million. On the accommodation side, it was not possible to fully offset the weaker first half of 2024. Catering showed pleasing growth in income. Gross operating profit (GOP) rose to 39.3% (previous year: 37.8%).

Operating income of the entire group increased by CHF 4.0 million or 4.7%, from CHF 84.8 million to CHF 88.8 million.

With a slight increase of CHF 0.1 million or 1.1% to CHF 8.3 million, property expenses were on a par with the previous year (CHF 8.2 million).

The operating result before depreciation and revaluation rose by 7.3% or CHF 3.9 million, from CHF 52.2 million to CHF 56.1 million.

Lower inflation and falling interest rates led to a recovery in the real estate transaction market and therefore to a slight fall in discount rates for properties in economically attractive and central locations. A revaluation loss of CHF 11.0 million in 2023 was followed by a positive revaluation figure of CHF 24.8 million in the year under review, equivalent to around 1.4% of the portfolio value of all investment properties as at 31 December 2024. The average real discount rate fell by two basis points in 2024, compared with an increase of 15 basis points in the previous year.

The operational improvements coupled with the above-mentioned revaluation effects, resulted in a substantial increase in EBIT of CHF 39.2 million or 104.0%, from CHF 37.6 million to CHF 76.8 million.
Due to a balanced maturity structure, negative effects due to the significantly higher interest rates experienced in the first half of 2024 were largely avoided, and the net financial result was unchanged from the previous year's level at CHF 10.2 million.

Portfolio value boosted by investments and positive net revaluation figure
CHF 8.1 million was invested in the portfolio in the 2024 financial year. The lion's share went on the refurbishment of the Bären property in Zug, which was completed in 2024, as well as the S43/45 new-build project in Risch-Rotkreuz, where the ground was broken in early December 2024. Investment in 2023 amounted to CHF 28.3 million and included CHF 19.4 million for the purchase of additional co-ownership shares in MEG Metalli.

Following the completion of its refurbishment, the Bären property in Zug was reclassified in 2024 from investment properties under construction to investment properties, at the current market value of CHF 7.5 million.

Due to the investments made and the positive net revaluation effect, the market value of the portfolio as a whole increased by CHF 31.2 million or 1.7%, from CHF 1.83 billion to CHF 1.86 billion, in the year under review.

Real estate portfolio almost fully let
Zug Estates enjoyed another year of rental successes in 2024. Commercial leases for space totalling over 12'500 m^2 and involving rental income of more than CHF 5.4 million p.a. were extended or agreed

for the first time. Together with the many rental successes in the previous year, this led to a marked reduction in the vacancy rate from 3.9% as at 31 December 2023 to a very low 0.7% as at 31 December 2024. The weighted average unexpired lease term (WAULT) of 5.8 years as at 31 December 2024 (previous year: 6.5 years) remained at a very high level for the industry.

Lease extensions and newly agreed contracts in the 2024 financial year related to office and education space in Zug and Rotkreuz as well as retail space at Metalli. At the Metalli shopping mall in particular, a number of tenants decided not only to extend their lease but also to rent additional space. For example, Rituals Cosmetic Switzerland AG moved into larger premises, and Benz Group AG leased additional space in order to open another fashion store.

In addition, various refurbishment projects were successfully completed in 2024. Lidl (food), doodah and PME Legend (both clothing) opened their new stores, while well-known restaurant firm Ayverdi's commissioned its first store outside Zurich.

Construction begins on S43/45 project with XUND as anchor tenant

September 2024 saw Zug Estates sign a 30-year lease covering 6'000 m^2 with XUND, the training centre of Gesundheit Zentralschweiz. XUND is to take over all office and education space at the Suurstoffi 45 property, which – together with the Suurstoffi 43 building – is the last plot at the Suurstoffi site in Rotkreuz. By opening at this new location, XUND is responding to the growing demand for practice-oriented, attractive health training services and will therefore contribute to the diversity of the site.

The S43/45 project entails the construction of around 14'400 m^2 of office and education space as well as 1'100 m^2 of residential space for student living. Construction began in December 2024, with the rental space due to be handed over in mid-2027.

Continued pursuit of Metalli living space project

The requirement of the "2000 homes for Zug's middle classe" initiative approved by voters in 2023 that at least 40% of newly built residential space in all high-density areas must be affordable poses an economic challenge for development projects in an existing built environment. With regard to the Metalli Living Space project, Zug Estates has therefore decided against pursuing the Bergli development plan and will instead focus on the plan for Metalli. The basis of the project has been reviewed in close consultation with the City of Zug, and changes were made to the Metalli development plan to ensure the initiative can be implemented.

Zug Estates is convinced that the Metalli Living Space project makes a very valuable contribution to the creation of urgently required residential space and the high-quality development of the city of Zug; consequently, it has decided to continue to pursue the project and will start the process of seeking political approval. The Metalli Living Space project will create additional residential space for various population groups at a very central, well-connected location. Development and improvement of the site will be undertaken in a way that retains its existing qualities. Key elements of the current Metalli such as the shopping mall and glass-covered concourse will be preserved; at the same time, additional outdoor space with an attractive ambience will be created.

The political approval process is scheduled to start in mid-2025.

DGNB Platinum Certificate for overall Suurstoffi site

Zug Estates publishes its sustainability report on the basis of GRI Standards, in which it reports in detail on the ambitious objectives and achievements of Zug Estates right across the ESG spectrum, in tandem with the annual report. At its heart is the reduction in greenhouse gas emissions from the operation and construction of properties, as well as the creation and continuous development of future-proof, versatile living spaces.

The awarding in 2024 of the DGNB Platinum Certificate for the overall Suurstoffi site confirms the major ambitions pursued by Zug Estates in relation to sustainability when developing its sites. In addition, at a very low 0.9 kg per m^2 energy reference area (Scope 1 and 2), the current figure for greenhouse gas emissions from operation of the entire real estate portfolio also shows the tremendous progress made by Zug Estates in terms of implementing its sustainability strategy.

Equity ratio strengthened further

Despite investment, the already solid equity ratio increased from 54.9% to 56.1% in the reporting period ended 31 December 2024.

Interest-bearing debt, on the other hand, fell by CHF 16.0 million or 2.4%, from CHF 674.2 million to CHF 658.2 million. As a percentage of total assets, interest-bearing debt therefore amounted to 35.9% compared to 37.3% in the previous year. At the end of September 2024, the bond portfolio – consisting exclusively of green bonds – was supplemented with another green bond amounting to CHF 100 million with a term of seven years and a coupon of 1.65%. The existing Green Bond Framework of Zug Estates was simultaneously replaced by an advanced Green Finance Framework, which classes 95% of the portfolio as green buildings. The proportion of unsecured bonds in interest-bearing debt increased from 29.6% to 45.5%.

The average residual maturity of interest-bearing debt increased slightly from 3.5 years to 3.6 years, while the average interest rate for the period was unchanged at 1.5%.

Increased dividend

Zug Estates endeavours to ensure a positive dividend trend. The distribution should ensure a solid, long-term financing structure in the future and not amount to more than 90% of operating profit.

Based on the good operating results, the Board of Directors will propose to the general meeting of shareholders that the dividend be increased by 6.8%, from CHF 4.40 to CHF 4.70 per series A registered share and from CHF 44.00 to CHF 47.00 per series B registered share.

Change on Board of Directors and of independent valuation expert

After more than 25 years on the Board of Directors of Zug Estates and its predecessor firm MZ-Immobilien AG, Annelies Häcki Buhofer is not standing for re-election at the general meeting of shareholders on 10 April 2025 as she has reached the statutory age limit. For decades, she has helped steer the company's progress thanks to her great foresight, very early commitment to comprehensive sustainability, and a clear entrepreneurial focus on commercial stability and long-term business success. The Board of Directors expresses its gratitude to Annelies Häcki Buhofer for her long-standing, far-sighted and highly successful commitment.

At the general meeting of shareholders, the Board of Directors will propose that Julia Häcki be elected as her successor. Julia Häcki holds a bachelor's in Urban and Regional Planning from TU Berlin, as well as an MAS in Real Estate (CUREM) from the University of Zurich. Following various roles in real estate development and as head of sustainability, she was appointed head of ESG at a major Swiss real estate fund in 2023. As a family shareholder and native of Zug, her links with the company go back many years.

For reasons of good governance, the Board of Directors has decided to change the independent valuation expert. The current mandate holder has been valuing the Zug Estates property portfolio since the Group's IPO in 2012; i.e. for over ten years. Jones Lang LaSalle AG (JLL) will be entrusted with valuation of the property portfolio from 2025.

Outlook for 2025

For the 2025 financial year we are anticipating a slight increase in both property income in the real estate segment and in revenues and the GOP margin in the hotel & catering segment.

Taking into account slightly higher financing costs, we expect net income excluding revaluation and special effects in the 2025 financial year to be on a par with the 2024 level.

Downloads

You can find the Annual Report and Sustainability Report on our website:
https://www.zugestates.ch/en/downloads

Publication on 20 February 2025

A media conference in German will be held today at 11:00 at Park Hotel Zug. Patrik Stillhart (CEO) and Mirko Käppeli (CFO) will present the 2024 results and then answer questions. The conference will be held in a hybrid format. You can also follow it in Zoom. It will be possible to ask questions online.

Please register for the conference via the link below. We look forward to your participation.
https://zugestates.ch/en/conference-for-analysts-and-media

Key dates

10 April 2025	General meeting of shareholders
20 August 2025	Publications of half-year results 2025
27 August 2025	Sustainability forum

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About Zug Estates

Zug Estates Group conceives, develops, markets and manages properties in the Zug region. It focuses on central sites that are suitable for a wide range of uses and allow for sustainable development. The real estate portfolio primarily consists of the two sites in Zug and Risch-Rotkreuz. In addition, the Group operates a city resort in Zug comprising the leading business hotels Park Hotel Zug and City Garden as well as a complementary catering offer. The portfolio had a total value of CHF 1.86 billion as at 31 December 2024. Zug Estates Holding AG is listed on SIX Swiss Exchange, Zurich (ticker: ZUGN, security number: 14805212).

Selected key figures

Income statement		2024	2023	%
Property income	TCHF	69 280	65 655	5.5%
Operating revenue[1]	TCHF	88 796	84 794	4.7%
Operating expenses	TCHF	32 739	32 550	0.6%
Operating income before depreciation and revaluation	TCHF	56 057	52 244	7.3%
Revaluation of investment properties (net)	TCHF	24 753	– 11 000	325.0%
Operating income (EBIT)	TCHF	76 814	37 649	104.0%
Net income	TCHF	58 716	24 194	142.7%
Net income excluding revaluation and special effects[2]	TCHF	36 933	33 874	9.0%
Balance sheet		31.12.2024	31.12.2023	
Total assets	TCHF	1 833 297	1 806 813	1.5%
Interest-bearing debt	TCHF	658 215	674 240	–2.4%
– Interest-bearing debt in % of total assets		35.9%	37.3%	
– Average rate of interest of the interest-bearing debt (period)		1.5%	1.5%	
– Average maturity of the interest-bearing debt	Years	3.6	3.5	
Equity	TCHF	1 028 813	992 537	3.7%
– Equity ratio		56.1%	54.9%	
– Return on equity[3]		5.8%	2.4%	
Employees		31.12.2024	31.12.2023	
Headcount	FTE	130.0	134.4	–3.3%
Share		2024	2023	
Closing price	CHF	2 050	1 605	27.7%
Market capitalisation[4]	TCHF	1 045 500	818 550	27.7%
Earnings per series B registered share[5]	CHF	115.13	47.44	142.7%
Earnings per series B registered share excluding revaluation and special effects[2, 5]	CHF	72.42	66.42	9.0%
Distribution per series B registered share[7]	CHF	47.00	44.00	6.8%
		2 363.23	2 280.34	3.6%
NAV at market value per series B registered share[4, 6]	CHF	2 113.68	2 042.18	3.5%
Portfolio		31.12.2024	31.12.2023	
Investment properties	TCHF	1 758 207	1 725 597	1.9%
Investment properties under construction	TCHF	21 007	18 235	15.2%
Undeveloped plots	TCHF	0	2 524	–100.0%
Total real estate portfolio	**TCHF**	**1 779 214**	**1 746 356**	**1.9%**
Operating properties (market value)	TCHF	79 660	81 320	–2.0%
Total portfolio	**TCHF**	**1 858 874**	**1 827 676**	**1.7%**
Vacancy rate investment properties[8]		0.7%	3.9%	
Gross return investment properties[9]		4.1%	3.9%	
Weighted average unexpired lease term of rental contracts in portfolio (WAULT)	Years	5.8	6.5	
Average discount rate (real)		2.9%	2.9%	

1 Excluding income from revaluation of investment properties and gains on the sale of investment properties.
2 Corresponds to net income excluding income from revaluation of investment properties (net), excluding income from the disposal of investment properties and corresponding deferred taxes as well as the effect of adjustments made to deferred tax rates.
3 In relation to average equity (net income relative to median equity at the start and end of the period under review).
4 In relation to number of shares outstanding (series A registered shares converted).
5 In relation to number of shares on average outstanding (series A registered shares converted).
6 NAV at market value per share includes properties used for operational purposes at market value and corresponding deferred taxes.
7 Proposed by the Board of Directors.
8 As at the balance sheet date, as a percentage of projected rental income.
9 Projected rental income (annualised) as a percentage of the market value on the balance sheet date.