

Ad hoc press release pursuant to article 53 Listing Rules Zug, 4 March 2022

Zug Estates Group achieves strong annual results

Zug Estates Group has achieved strong annual results thanks to a high-quality portfolio that is broadly diversified in terms of use.

- Net income excluding revaluation and special effects comes to CHF 31.8 million (previous year: CHF 25.9 million).
- Net income amounts to CHF 75.6 million (previous year: CHF 32.3 million).
- Property income is up 3.9% to CHF 60.0 million.
- The vacancy rate is down from 5.0% to 4.0%.
- The portfolio's market value rose by 2.8%, from CHF 1.65 billion to CHF 1.70 billion.
- The board of directors will propose to the general meeting of shareholders that the ordinary dividend be raised by 10.3%, from CHF 34.00 to CHF 37.50, per series B registered share.

The property portfolio of the Zug Estates Group performed quite well in the 2021 financial year. Property income rose yet again and the vacancy rate was reduced from 5.0% to 4.0%. In the hotel & catering segment, the environment remained challenging in 2021 due to the consequences of the COVID-19 pandemic. Nevertheless, sales generated through catering and hotel operations were up slightly over the previous year.

This resulted in net income of CHF 75.6 million in the 2021 financial year, which is CHF 43.3 million or 134.2% above the prior-year figure of CHF 32.3 million. This substantial year-on-year increase is attributable in particular to positive revaluation effects as well as the successful sale of the Hofstrasse 1a/b property in Zug. Net income excluding revaluation and special effects was also boosted considerably, up CHF 5.9 million or 23.0% to CHF 31.8 million (previous year: CHF 25.9 million).

Net income increased due to higher property income

Property income rose by CHF 2.2 million or 3.9%, from CHF 57.8 million to CHF 60.0 million in 2021. This increase was attributable to both the full-period effect of leases concluded in the previous year and by the significant reduction in vacancy rates. Whereas rent reductions of CHF 0.7 million had to be granted in connection with the COVID-19 pandemic in the previous year, the effects of these reductions were negligible in 2021.

In a persistently challenging environment still shaped by the COVID-19 pandemic, hotel & catering income rose at a low level by CHF 1.4 million or 20.1%, from CHF 7.0 million to CHF 8.4 million. The easing of travel restrictions in the second half of 2021 helped in this respect. Sales were down again towards the end of the year as the omicron variant spread. Persistently robust demand for our Serviced City Apartments and strict cost management resulted in a gross operating profit (GOP) of 25.8% (previous year: 9.1%). The economic losses were also mitigated somewhat through the one-time payment of a COVID-19 non-repayable contribution in the amount of CHF 2.1 million. The corresponding effects are reported under other operating revenue.

The sale of the last condominiums in the Aglaya project in Rotkreuz still generated revenue of CHF 72.5 million in the previous year. As expected, the cessation of this revenue reduced operating revenue by CHF 66.2 million or 47.1%, from CHF 140.4 million to CHF 74.2 million.

A reduction in renovation work performed at the Metalli complex in Zug also resulted in lower property expenses, which were down by CHF 1.4 million or 15.3%, from CHF 9.0 million to CHF 7.6 million, as expected.

The effects mentioned above reduced operating income before depreciation and revaluation from CHF 49.6 million to CHF 46.9 million, a CHF 2.7 million or 5.4% decline.

2021 brought a revaluation gain of CHF 42.4 million compared to a revaluation loss of CHF 2.2 million in the previous year. The sale of the final property outside our two sites also generated a gain on sale before tax of CHF 7.3 million. No investment properties were sold in the previous year.

EBIT rose considerably by CHF 49.5 million or 112.9%, from CHF 43.7 million to CHF 93.2 million, as a result.

With average interest rates on interest-bearing financial liabilities remaining unchanged, financing costs were capitalised at a lower rate, which caused financing costs to increase by CHF 0.3 million or 3.9%, from CHF 7.2 million to CHF 7.5 million.

Portfolio value increases to CHF 1.7 billion

The portfolio's market value rose by 2.8%, from CHF 1.65 billion to CHF 1.70 billion, due to investments and revaluation effects. A total of CHF 8.6 million was invested in the portfolio's development during the reporting period (previous year: CHF 36.7 million). The positive revaluation effect of CHF 42.4 million, which corresponds to some 2.7% of value of all investment properties in the portfolio as at 31 December 2021, is in large part attributable to the average 16-basis-point reduction in the discount rate triggered by the market.

Vacancy rate reduced to 4.0%

Even though we are seeing a certain amount of reluctance regarding the leasing of large-scale office space, the company achieved some encouraging marketing successes the year under review. Whereas the completion of the S6 building on the Suurstoffi site in Risch-Rotkreuz had caused the vacancy rate to rise to 5.0% as at 31 December 2020, it was down to 4.0% as at 31 December 2021. The weighted average unexpired lease term (WAULT) of 6.5 years (6.8 years as at 31 December 2020) remained high for the industry.

Residential products have hardly reported any vacancies for years and even the retail and catering spaces enjoy very brisk demand. New leases for retail space were concluded with the brands Orell Füssli, McOptic and Otto's Beauty at the Metalli mall, for example, as well as one lease for a catering operation at the Suurstoffi site. What's more, the Secret Garden pop-up restaurant has invigorated the restaurant portion of the City Garden Hotel since May 2021, while the Metalli complex saw the Miss Miu themed restaurant open its doors in August 2021.

Leases for space totalling more than 12'500m² and rental income of more than CHF 4.8 million p. a. were renewed or extended during the year under review.

The longest lease extensions are those for the office spaces at the Suurstoffi site used by Novartis Pharma Schweiz AG, which signed a lease extension for a smaller 4'800m² office space with a term that extends until at least 31 December 2027, as well as the office spaces at the Metalli complex used by Hoerbiger Holding AG. Additionally, new leases were concluded for around 1'000m² of office space at the Suurstoffi site and 1'500m² at the City Center site.

Sustainability reporting expanded and nearly CO₂-free operation

Zug Estates has been developing, realising and operating its properties and sites in line with sustainable principles for more than ten years. During this time, Zug Estates has succeeded in implementing important projects and reaching vital milestones both with respect to reducing its CO₂ emissions and on topics such as materials, biodiversity and mobility. In addition to its environmental goals, Zug Estates also pursues corporate governance objectives, as can be seen in the Group's first sustainability report prepared in line with GRI standards; this report was published in September 2021.

<https://www.zugestates.ch/en/sustainability>

With its completion of the new buildings at the Suurstoffi site as well as the connection of the Metalli complex to the Circulago lake water district, Zug Estates has been able to slash its greenhouse gas emissions by 90%, from 17.3 to 1.8 kg per square metre of energy reference area, between 2010 and 31 March 2021. That positions Zug Estates as a leader in Switzerland. Another nine properties were connected to the Circulago lake water district in the year under review, which will reduce its CO₂ emissions even further. Connecting the remaining properties by 2023 will enable Zug Estates to operate its entire portfolio with nearly no CO₂ emissions.

Metalli Living Space development project

The City of Zug is currently preparing new development plans based on the requests for changes to development plans for both Metalli and Bergli that were submitted in September 2020 as well as the result of the joint planning process for the Metalli Living Space. The plan is to submit these for preliminary examination at cantonal level in the summer of 2022. Zug Estates expects the legally binding, updated development plans to be ready in the second half of 2023. Construction is likely to begin in 2025. The plan is to implement the project in stages while maintaining operations to the greatest extent possible.

With a view to the upcoming architectural competition and while development plans are being drawn up by the City of Zug, Zug Estates is revisiting the positioning and design of the building's various use segments and parts. When developing the Metalli Living Space, Zug Estates intends to preserve those elements that work while also creating ample space for something new.

Very solid equity ratio

Low investments, good annual results and the divestment of an investment property raised the equity ratio from 56.3% to an extremely solid 58.4% in the reporting period.

Interest-bearing debt declined by CHF 30.7 million or 5.2% during the period under review, from CHF 591.8 million to CHF 561.1 million. Interest-bearing debt as a percentage of total assets therefore amounted to 33.8% compared to 36.4% in the previous year. The average maturity of this debt amounted to 3.6 years (previous year: 4.3 years), whereby the average interest rate for the period for interest-bearing debt has remained unchanged at 1.3%.

A conventional bond in the amount of CHF 100.0 million that was due to expire was replaced by another green bond on 17 February 2022. That makes Zug Estates the first listed real estate company in

Switzerland to have a bond portfolio comprised exclusively of green financing products. The new bond has a term of just over seven years and a coupon of 0.75%.

Ordinary dividend raised

In line with the announced gradual increase in the ordinary dividend up to a maximum of two-thirds of net operating income, the board of directors will propose to the general meeting of shareholders that the dividend be increased by 10.3%, from CHF 34.00 to CHF 37.50 per series B registered share. The special dividend of CHF 10.00 per series B registered share that had been distributed in the previous year in connection with the promotional profit earned through the sale of the condominiums in the Aglaya project in Rotkreuz is no longer applicable.

Outlook for 2022

In the real estate business unit, we expect the market for leased space to remain intact in 2022 and for demand for our leased products to reflect this. Since no major leases are ending in the current year, we expect property income to increase slightly in 2022 as well.

Developments in the hotel & catering segment hinge largely on how the COVID-19 pandemic plays out. Compared to the previous year, we anticipate better capacity utilisation and an increase in total income. The results in the hotel & catering segment will be lower, though, due to the elimination of the COVID-19 non-repayable contribution under other operating revenue.

All in all, we expect net income excluding revaluation and special effects to slightly exceed CHF 30 million for the 2022 financial year.

Report dated 4 March 2022

You will find the detailed report on the financial year on our website:

<https://www.zugestates.ch/en/downloads>

A virtual financial results press conference will be held at 10 a.m. today in German. Patrik Stillhart (CEO) and Mirko Käppeli (CFO) will present the 2021 annual results, after which they will be available to answer questions.

Please use the link that follows to sign up for the conference. We look forward to greeting you.

<https://www.zugestates.ch/en/stories/registration-annual-media-conference>

Important dates:

12 April 2022	General meeting of shareholders 2022
20 April 2022	Distribution to shareholders (payment date)
26 August 2022	Publication of half-year results 2022

Further information:

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About Zug Estates

The 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 sustainable development. The real estate portfolio is made up of two sites in Zug and Risch Rotkreuz. The Group also operates a city resort in Zug with two leading business hotels – Parkhotel Zug and City Garden – as well as supplementary catering services. The total value of the portfolio came to CHF 1.7 billion as at 31 December 2021. Zug Estates Holding AG is listed on the SIX Swiss Exchange, Zurich (ticker symbol: ZUGN; security number: 14 805 212).

Selected key figures

Income statement		2021	2020	%
Property income	TCHF	60 024	57 782	3.9%
Operating revenue ¹	TCHF	74 229	140 394	-47.1%
Operating expenses	TCHF	27 328	90 825	-69.9%
Operating income before depreciation and revaluation	TCHF	46 901	49 569	-5.4%
Revaluation of investment properties (net)	TCHF	42 400	-2 224	n/a
Result from sale of investment properties	TCHF	7 317	0	n/a
Operating income (EBIT)	TCHF	93 157	43 749	112.9%
Net income	TCHF	75 561	32 260	134.2%
Net income excluding revaluation and special effects ²	TCHF	31 810	25 866	23.0%
Result from sale of promotional properties after tax ³	TCHF	0	8 351	-100.0%
Balance sheet		31.12.2021	31.12.2020	
Total assets	TCHF	1 658 283	1 626 245	2.0%
Interest-bearing debt	TCHF	561 097	591 770	-5.2%
- Interest-bearing debt in % of total assets		33.8%	36.4%	
- Average rate of interest of the interest-bearing debt (period)		1.3%	1.3%	
- Average maturity of the interest-bearing debt	Years	3.6	4.3	
Shareholders' equity	TCHF	968 578	915 457	5.8%
- Equity ratio		58.4%	56.3%	
- Return on equity ⁴		8.0%	3.5%	
Employees		31.12.2021	31.12.2020	
Headcount	FTE	119.4	128.1	-6.8%
Share		2021	2020	
Closing price	CHF	1 980	2 030	-2.5%
Market capitalisation ⁵	TCHF	1 009 800	1 035 300	-2.5%
Earnings per series B registered share ⁶	CHF	148.16	63.25	134.2%
Earnings per series B registered share excluding revaluation and special effects ^{2,6}	CHF	62.37	50.72	23.0%
Distribution per series B registered share ⁸	CHF	37.50	34.00	10.3%
Special dividend promotional profit from Aglaya per series B registered share ⁸	CHF	0.00	10.00	-100.0%
NAV at market value per series B registered share ^{5,7}	CHF	2 024.90	1 926.36	5.1%
Portfolio		31.12.2021	31.12.2020	
Investment properties	TCHF	1 583 985	1 534 432	3.2%
Investment properties under construction	TCHF	11 274	9 794	15.1%
Undeveloped plots	TCHF	2 524	2 524	0.0%
Total real estate portfolio	TCHF	1 597 783	1 546 750	3.3%
Operating properties (market value)	TCHF	103 230	108 110	-4.5%
Total portfolio	TCHF	1 701 013	1 654 860	2.8%
Vacancy rate investment properties ⁹		4.0%	5.0%	
Gross return investment properties ¹⁰		4.0%	4.1%	
Weighted average unexpired lease term of rental contracts in portfolio (WAULT)	Years	6.5	6.8	
Average discount rate (nominal)		3.3%	3.5%	

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 and promotional properties and corresponding deferred taxes as well as the effect of adjustments made to deferred tax rates (see page 60)

³ Corresponds to income from the sale of promotional properties less expenses incurred directly through the sale of promotional properties and corresponding deferred taxes

⁴ In relation to average shareholders' equity

⁵ In relation to number of shares outstanding (series A registered shares converted)

⁶ In relation to number of shares on average outstanding (series A registered shares converted)

⁷ NAV at market value per share includes properties used for operational purposes at market values and corresponding deferred taxes

⁸ Proposed by the board of directors

⁹ As at the balance sheet date, as a percentage of projected rental income

¹⁰ Projected rental income (annualised) as a percentage of the market value on the balance sheet date