

ZugEstates

2022

Annual Report

Selected key figures

Income statement		2022	2021	%
Property income	TCHF	62 221	60 024	3.7%
Operating revenue ¹	TCHF	80 130	74 229	7.9%
Operating expenses	TCHF	30 398	27 328	11.2%
Operating income before depreciation and revaluation	TCHF	49 732	46 901	6.0%
Revaluation of investment properties (net)	TCHF	6 793	42 400	-84.0%
Result from sale of investment properties	TCHF	0	7 317	n/a
Operating income (EBIT)	TCHF	52 978	93 157	-43.1%
Net income	TCHF	39 800	75 561	-47.3%
Net income excluding revaluation and special effects ²	TCHF	33 822	31 810	6.3%
Balance sheet		31.12.2022	31.12.2021	
Total assets	TCHF	1 792 074	1 658 283	8.1%
Interest-bearing debt	TCHF	660 470	561 097	17.7%
- Interest-bearing debt in % of total assets		36.9%	33.8%	
- Average rate of interest of the interest-bearing debt (period)		1.3%	1.3%	
- Average maturity of the interest-bearing debt	Years	3.4	3.6	
Shareholders' equity	TCHF	989 253	968 578	2.1%
- Equity ratio		55.2%	58.4%	
- Return on equity ³		4.1%	8.0%	
Employees		31.12.2022	31.12.2021	
Headcount	FTE	137.7	119.4	15.3%
Share		2022	2021	
Closing price	CHF	1 770	1 980	-10.6%
Market capitalisation ⁴	TCHF	902 700	1 009 800	-10.6%
Earnings per series B registered share ⁵	CHF	78.04	148.16	-47.3%
Earnings per series B registered share excluding revaluation and special effects ^{2,5}	CHF	66.32	62.37	6.3%
Distribution per series B registered share ⁷	CHF	41.00	37.50	9.3%
NAV at market value per series B registered share ^{4,6}	CHF	2 065.29	2 024.90	2.0%
Portfolio		31.12.2022	31.12.2021	
Investment properties	TCHF	1 713 445	1 583 985	8.2%
Investment properties under construction	TCHF	11 758	11 274	4.3%
Undeveloped plots	TCHF	2 524	2 524	0.0%
Total real estate portfolio	TCHF	1 727 727	1 597 783	8.1%
Operating properties (market value)	TCHF	102 890	103 230	-0.3%
Total portfolio	TCHF	1 830 617	1 701 013	7.6%
Vacancy rate investment properties ⁸		1.6%	4.0%	
Gross return investment properties ⁹		3.9%	4.0%	
Weighted average unexpired lease term of rental contracts in portfolio (WAULT)	Years	6.3	6.5	
Average discount rate (real)		2.8%	2.8%	

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 (see page 61)

³ In relation to average shareholders' equity (net income relative to median shareholder's 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

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Letter to shareholders

The Zug Estates Group achieves very pleasing results for the year thanks to a portfolio that is broadly diversified in terms of use as well as the strong recovery in the hotel & catering segment.

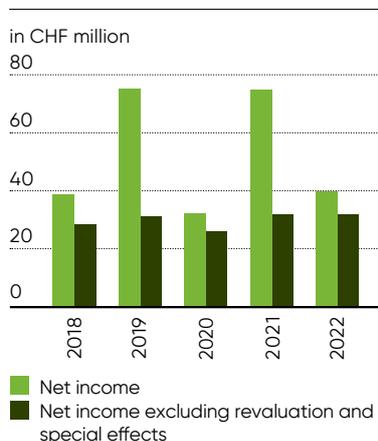
Dear shareholders, Ladies and gentlemen,

The economic environment changed considerably in 2022. Sharply increasing prices for raw materials and energy, rising inflation and higher interest rates prompted uncertainty. At the same time, many sectors experienced a highly dynamic development following the lifting of coronavirus restrictions. This led to a strong recovery in demand for leased space, particularly for office and commercial space, as well as strong growth in revenues at properties with hotels and catering operations.

Zug Estates generated very encouraging results in this market environment. Property income rose and the vacancy rate was reduced substantially. Revenues in the hotel & catering segment recovered markedly over the previous year, which had still been shaped strongly by the repercussions of the COVID-19 pandemic.

Net income of CHF 39.8 million was generated in the 2022 financial year. This was CHF 35.8 million or 47.3% below the prior-year figure of CHF 75.6 million, with the decline attributable in full to higher revaluation effects as well as the sale of the property at Hofstrasse 1a/b in Zug in the previous year. At CHF 33.8 million, net income excluding revaluation and special effects was up by 6.3% or CHF 2.0 million compared to CHF 31.8 million in the previous year.

Net income and net income excluding revaluation and special effects

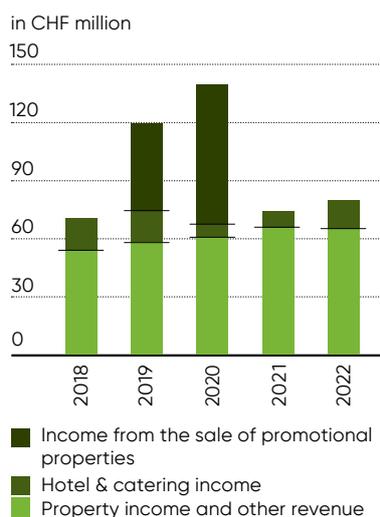


Encouraging increase in operating revenue and key operating indicators

Property income of the Zug Estates Group rose by CHF 2.2 million or 3.7%, from CHF 60.0 million to CHF 62.2 million in 2022. Improvements to the bottom line were mainly achieved through further reductions in vacancies as well as additional revenue from the acquisition of the Renggli Group in the fourth quarter.

Hotel & catering income rose substantially from CHF 8.4 million in the previous year to CHF 14.7 million, a year-on-year increase of CHF 6.3 million or 75.3%. Whereas international travel restrictions connected to the COVID-19 pandemic had a major impact on the two previous years, the last six months of the reporting period brought a recovery that was better than expected. This produced year-end results that were nearly back to pre-pandemic levels. Gross operating profit (GOP) amounted to 37.9% compared to 25.8% in the previous year.

Operating revenue



Operating revenue increased by CHF 5.9 million or 7.9%, from CHF 74.2 million to CHF 80.1 million.

Despite the increase in income, property expenses remained nearly on a par with the previous year, increasing just slightly by CHF 0.2 million or 2.2%, from CHF 7.6 million to CHF 7.8 million.

Operating income before depreciation and revaluation rose by 6.0% or CHF 2.8 million, from CHF 46.9 million to CHF 49.7 million.

The high occupancy rate meant that a revaluation gain of CHF 6.8 million could be booked again in 2022; this corresponds to around 0.4% of the value of all of all investment properties in the portfolio as at 31 December 2022. A flattening of the market trend due to a higher interest rate environment did not lead to any further reductions in the discount rate. As a result, the revaluation gain amounted to CHF 35.6 million, which was 84.0% below the previous year's high figure of CHF 42.4 million.

The sale of a property outside our two sites in the previous year also generated a non-recurring gain on sale before tax of CHF 7.3 million.

Due to the revaluation and special effects mentioned, EBIT was down by CHF 40.2 million or 43.1%, from CHF 93.2 million to CHF 53.0 million.

With average interest rates remaining unchanged, financial expense rose slightly as a result of acquisitions from CHF 7.5 million to CHF 7.8 million, an increase of CHF 0.3 million or 3.5% over the previous year.

Portfolio expanded through the acquisition of Renggli Holding AG

On 2 November 2022, Zug Estates acquired 100% of the shares of Renggli Holding AG, domiciled in Zug, which owns a real estate portfolio valued at around CHF 110 million. The portfolio with a residential property share of nearly 50% includes a business property in Zug as well as a 19 000 m² development site with residential and commercial properties in Rotkreuz that is directly adjacent to the Suurstoffi site. The acquired properties perfectly supplement the Zug Estates portfolio, which focuses on central, well-connected locations in the Canton of Zug. The site acquired in Rotkreuz, in particular, has attractive development potential.

The Group was also able to acquire another 0.75% co-ownership share of the Miteigentümergeinschaft (MEG) Metallli in the second half of 2022. This increased the company's co-ownership share of MEG Metallli to 75.25%. A total of CHF 123.2 million was invested in the portfolio's expansion and development during the reporting period (previous year: CHF 8.6 million).

The portfolio's market value rose by 7.6%, from CHF 1.70 billion to CHF 1.83 billion, due to investments made and revaluation effects.

Fair value of portfolio



Vacancy rate (on reference date)

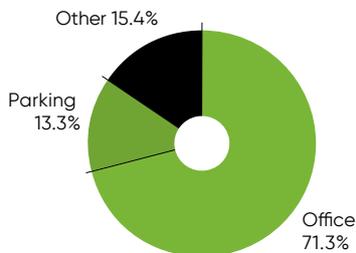


Vacancy rate down substantially to 1.6%

The market for leased space saw dynamic development in 2022. Commercial leases for space totalling around 18 000 m² and involving rental income of more than CHF 7.2 million p.a. were extended or concluded in 2022. This greatly reduced the vacancy rate from 4.0% as at 31 December 2021 to 1.6% as at 31 December 2022. At 6.3 years as at 31 December 2022 (previous year: 6.5 years), the weighted average unexpired lease term (WAULT) was still at a very high level for the industry.

The vast majority of new leases related to office space at the Suurstoffi site. One of these was the S6 property with 4 500 m² of rentable space, which was leased to Utopia Music AG in the first half of 2022. In the second half of 2022, Amgen extended its lease by five years for two of four storeys, or around 2 000 m² of space, at the S22 property. Follow-up leases have already been concluded with Gambit Consulting AG and Axians Informa Schweiz AG for the two storeys that Amgen relinquished as at 31 January 2023. Additionally, one floor of the S14 property was leased to GSK Consumer Healthcare Schweiz AG and space totalling around 2 300 m² at the S2 and S41 sites was leased to the Lucerne University of Applied Sciences and Arts.

Breakdown of vacancies as at 31 December 2022, by use



Further key steps in the implementation of the sustainability strategy

Zug Estates can look back on a successful year in terms of sustainability as well. Compared to the previous year, the Group reduced its greenhouse gas emissions by another 50%, from 1.8 kg to 0.9 kg CO_{2eq} per square metre of energy reference area (measurement period until 31 March 2022). All but one property at the City Centre site have now been connected to the Circulago lake water district. That puts us another big step closer to our goal of being able to operate our entire portfolio free of greenhouse gas emissions. The acquisition of Renggli Holding AG will result in another slight temporary year-on-year increase in greenhouse gas emissions, yet in absolute terms, this figure will still stay at a very low level.

In addition to reducing its operational greenhouse gas emissions, Zug Estates has also set its sights on increasing the amount of self-generated electricity even further. During the period under review from 1 April 2021 to 31 March 2022, the solar panels at the Suurstoffi site produced 1140 MWh of energy, equivalent to the average consumption of 250 single-family homes. The first six houses at the City Centre site in Zug were also equipped with a solar installation in autumn 2022, which increased the installed photovoltaic capacity from 1531 to 1672 kWp.

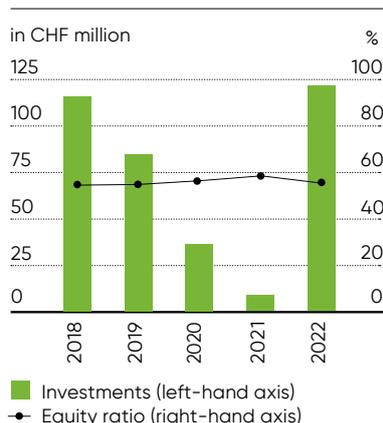


Further development of the Metalli Living Space and the S43/45 construction project

Project development work on the Metalli Living Space complex continued during the 2022 financial year. Draft versions of the development plans for both the Metalli and Bergli sites are available and an initial review by the cantonal authorities on the basis of those plans began in late October 2022. Preparations for the architectural competition have begun and dialogue with the public will continue. The Greater Municipal Council (GGR) of the City of Zug plans to address the construction plans by holding a first reading in mid-2023. Based on the current schedule of the City of Zug, we expect the development plans to be approved in 2024 and construction to start in 2026 at the earliest.

The construction project for the S43/45 site in Rotkreuz is currently being revised. Drawing on the findings of leasing activities in the past two years and the change in tenant needs triggered by the COVID-19 pandemic, this revision is largely about increasing the flexibility of use. We currently plan to submit a project change request to the municipality of Risch Rotkreuz in the summer of 2023. Independent of the project revision work, an ongoing effort is being made to market those spaces.

Equity and investments

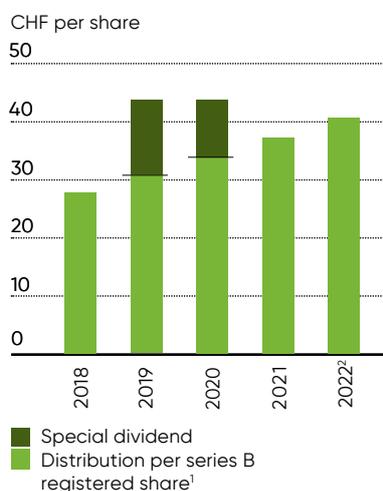


Equity ratio remains solid

Financing of the acquisition made in the year under review caused the return on equity to drop from 58.4% to 55.2%, which is still a solid value.

Interest-bearing debt, on the other hand, rose by CHF 99.4 million or 17.7%, from CHF 561.1 million to CHF 660.5 million. Interest-bearing debt as a percentage of total assets therefore amounted to 36.9% compared to 33.8% in the previous year. The average maturity of this debt declined slightly to 3.4 years (previous year: 3.6 years), whereby the average interest rate for the period for interest-bearing debt remained unchanged at 1.3%.

Distribution per series B registered share



A bond in the amount of CHF 100.0 million that was due to expire was replaced by another green bond on 17 February 2022. After becoming the first listed real estate company in Switzerland to issue a green bond in 2019, another issue has made Zug Estates the first listed real estate company in Switzerland to switch to green financing products for its entire bond portfolio. With a maturity of just over seven years and a coupon of 0.75%, the new bond was concluded in a very favourable interest rate environment.

¹ Payable in the following year;

² 2022: proposal of the board of directors

Dividend increase and change in the board of directors

In line with the announced gradual increase in the 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 9.3%, from CHF 3.75 to CHF 4.10 per series A registered share and from CHF 37.50 to CHF 41.00 per series B registered share.

After serving on the board of directors for ten years, Armin Meier will not stand for re-election at the general meeting of shareholders. Drawing on his extensive strategic and operational leadership experience in a variety of sectors, he made a very valuable contribution toward the Zug Estates Group's successful and long-term development. We are very grateful to him for this. The board of directors proposes to the annual general meeting of shareholders that Joëlle Zimmerli be elected as a new member. With PhDs in sociology and planning, she deals intensively with topics related to urban development and frequently sits on the juries of architectural competitions. Among other things, she is a member of the board of directors in the Green Building Association Switzerland and she ideally complements the board with her skills and knowledge.

Outlook for 2023

Due to the acquisition of the Renggli Group in the 2022 financial year, the reduced vacancy rate and increases in rents for index leases, we expect property income in the real estate business unit to be higher in 2023. The higher earnings are offset by higher financing costs as well as renovation-related vacancies and investment costs incurred in connection with a few of the rentable spaces in the Metalli shopping mall.

In the hotel & catering segment, we expect the recovery seen in the second half of 2022 to continue. However due to the overall refurbishment project scheduled to start at the Bären site in April 2023 as well as the renovation of all catering and conference spaces at Parkhotel, which is scheduled to take place from June to October 2023, we expect income to fall slightly short of that of the previous year. Since reconstruction work in 2023 will have a noticeably negative impact on the GOP margin and electricity costs will be considerably higher, we assume that the results from this segment will be much lower.

All in all, we expect net income excluding revaluation and special effects to be slightly lower in the 2023 financial year.

Zug, February 2023



Dr Beat Schwab
Chairman of the
board of directors



Patrik Stillhart
CEO

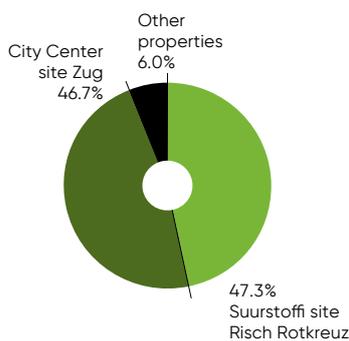


From 1 April 2021 to 31 March 2022, the solar panels at the Suurstoffi site produced 1 140 MWh of energy, equivalent to the average consumption of 250 single-family homes.

Portfolio

“The Zug Estates Group develops, markets and manages living spaces in the Zug region. It focuses on central locations that allow sustainable, high-density development and are suitable for a wide range of uses.”

Portfolio by site
Based on market value as at 31 December 2022



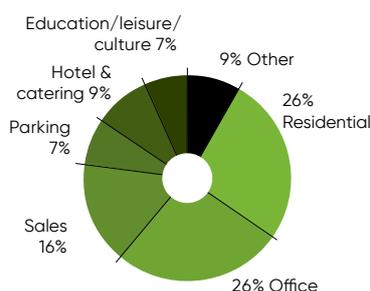
Zug Estates invests in properties in the Zug region. The real estate portfolio mainly focuses on the City Centre site in Zug and the Suurstoffi site in Risch Rotkreuz. It is broadly diversified by type of use. As an attractive business and residential location, the Zug region provides good conditions for the long-term sustainable development of the portfolio: centrality, easy reachability, access to a large talent pool as well as business-friendly authorities.

By concentrating on the Zug area, Zug Estates is able to capitalise on its regional market intelligence and familiarity with the local business community.

Above-average property qualities with attractive market positioning

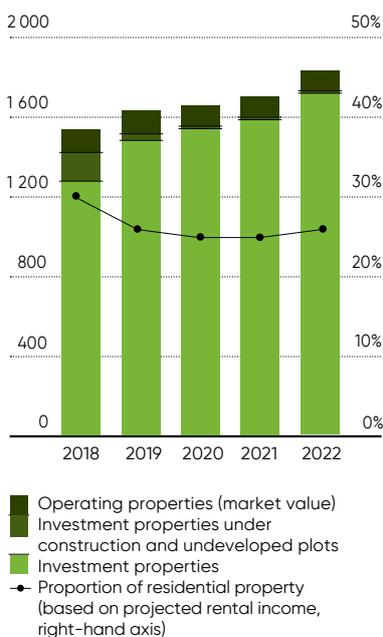
Zug Estates takes an integrated development approach geared to the specific locational features of its sites in order to create trendsetting living spaces. Both the Metalli shopping mall in Zug, which boasts high footfall and strong sales, as well as the university campus in Risch Rotkreuz will enjoy attractive, long-term positioning as places of business thanks to their central location and excellent accessibility. District-based services, resource-efficient energy systems as well as meticulously planned and lushly landscaped surroundings explain why the sites are so sought-after – by residential and commercial tenants alike. Users can benefit from a wide range of commercial spaces ranging from 30m² to 6 000m² in size at both sites. Accordingly, the Zug Estates Group portfolio offers above-average locational and property features coupled with low vacancy rates. What’s more, the portfolio features a balanced mix of uses, with residential space and office space each accounting for around 26% of the total space, as well as development potential that can be successively exploited over the next few years.

Portfolio by use
Based on projected rental income¹ as at 31 December 2022



¹ From point of view of real estate business unit

Value of portfolio
in CHF million



Attractive growth and development potential

Zug Estates pursues a policy of active growth. The portfolio’s market value increased steadily since the Zug Estates Group’s IPO in 2012 (market value as at 30 June 2012: CHF 764.5 million). The portfolio had a market value of CHF 1.83 billion on 31 December 2022.

Development activities in recent years have focused on completing the Suurstoffi site in Risch Rotkreuz. This development work is complete with the exception of two buildings: S43 and S45. The focus is now increasingly shifting to the further development of the Zug City Centre site. With its Metalli Living Space project, Zug Estates intends to invest around CHF 300 million in the phased development of the Zug City Centre site. Construction will begin 2026 at the earliest.

Zug Estates acquired Renggli Holding AG, which owns properties in the Zug and Rotkreuz area, with effect on 1 October 2022. The acquired real estate portfolio, with a residential property share of 48% and value of around CHF 110 million, includes a business property in Zug as well as a 19 000 m² development site with residential and commercial properties in Rotkreuz that is directly adjacent to the Suurstoffi site. This site has attractive medium-term development potential.

Zug Estates is also examining other possible acquisition targets for the medium- to long-term. These acquisitions are focused on central locations in the Canton of Zug and neighbouring cantons (Zurich and Lucerne in particular), with the main goal being to identify properties and sites with development potential that can be used to create a good mix of sustainable living spaces.

On-site business hotels

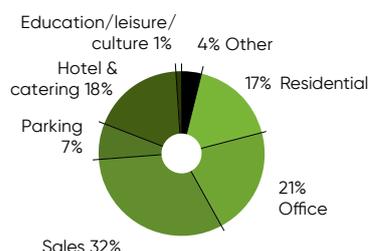
The Zug Estates Group operates a city resort in Zug, Hotelbusiness Zug AG, geared to the needs of business clients. It has a total capacity of around 240 accommodation units plus ancillary catering and conferencing facilities. The resort comprises the leading 4-star superior business hotels Parkhotel Zug and City Garden in addition to long-stay apartments. Ideally integrated into the Zug City Centre site and within walking distance of the train station, workplaces and shopping facilities, the resort benefits from numerous synergies with the rest of the site. That includes the Metalli shopping mall with approximately 16 000 m² of customer-friendly retail space.

Two central sites

The real estate portfolio of Zug Estates is largely focused on two sites in Zug and Risch Rotkreuz that feature a varied, highly diverse range of uses.

Use of the Metalli/City Center site

Based on projected rental income^{1,2} as at 31 December 2022

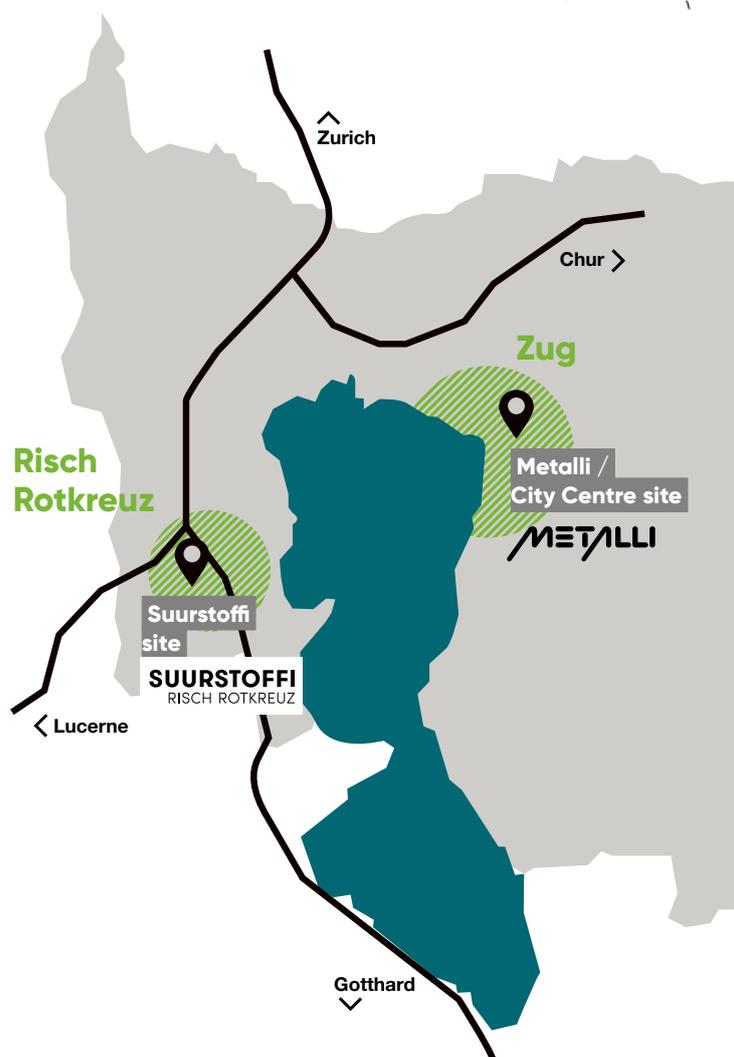
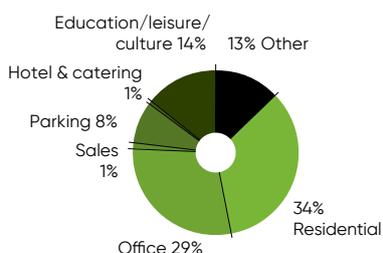


¹ Due proportion of market value and projected rental revenue for (co-owned) property at Baarerstrasse 20–22, Zug

² From point of view of real estate business unit

Suurstoffi site, Risch Rotkreuz

Based on projected rental revenue as at 31 December 2022



Suurstoffi site, Risch Rotkreuz

Key data as at 31 December 2022

Metalli/Zug City Centre site

105 342 m ²	Site area	58 737 m ²
CHF 852.8 million	Market value	CHF 853.3 million ^{1,2}
CHF 852.8 million	Book value	CHF 780.5 million
2.7% (previous year: 7.1%)	Vacancy rate	0.4% (previous year: 0.5%)
CHF 34.4 million	Projected rental revenue investment properties	CHF 29.1 million ¹
4.0%	Gross return investment properties	3.9%
-	Retail/catering revenues	CHF 164.9 million ³
around 1 500	Residents	around 700
around 2 100	Workspaces	around 2 000

¹ Due proportion of market value and projected rental revenue for (co-owned) property at Baarerstrasse 20–22, Zug

² Includes market value of operating properties

³ Excl. revenue Hotelbusiness Zug AG



- 1 **Metalli shopping mall**
- 2 **Parkhotel Zug**
109 hotel rooms, restaurant, bar and conference rooms
- 3 **Restaurant Bären**
- 4 **Serviced city apartments**
49 extended-stay apartments
- 5 **City Garden Hotel**
78 hotel rooms, restaurant, bar, conference room and Secret Garden restaurant

Metalli/Zug City Centre site

Located close to Zug train station and with excellent transport links, the site houses the Metalli Centre complex with around 60 shops, offices and residential units, the two leading business hotels Parkhotel Zug and City Garden, as well as other residential and business properties.



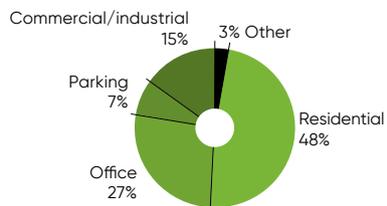
- 1 Zug-Rotkreuz campus, Lucerne University of Applied Sciences and Arts
- 2 Fitness centre, childcare
- 3 Switzerland Innovation Park Central
- 4 Co-working offer
- 5 Aglaya garden high-rise
- 6 Bilingual language school
- 7 Catering
- 8 Footbridge to the Rotkreuz train station

Suurstoffi site, Risch Rotkreuz

The Suurstoffi site in Risch Rotkreuz is located in an integrated, traffic-free neighbourhood with a combination of living, working and recreational facilities. Once finished, it will accommodate some 1500 residents, nearly 2 000 students, and over 2 500 workplaces.

Use of other investment properties

Based on projected rental income as at 31 December 2022



Other investment properties

Investment properties with a market value of around CHF 110 million were added to the portfolio in the year under review with the Group's acquisition of Renggli Holding AG. All properties are located in the vicinity of Zug and Rotkreuz. The new properties perfectly supplement the Zug Estates portfolio, which focuses on central, well-connected locations in the Canton of Zug. Among other things, the acquired portfolio includes a business property in Zug as well as a 19 000 m² development site with residential and commercial properties in Rotkreuz that is directly adjacent to the Suurstoffi site.

Key data as at 31 December 2022

Site area	21 571 m ²
Market value	CHF 110.3 million
Book value	CHF 110.3 million
Vacancy rate	0.2%
Projected rental revenue investment properties	CHF 2.6 million
Gross return investment properties	2.37%
Residents	around 170
Workspaces	around 200



Selected key portfolio figures

	2018	2019	2020	2021	2022
Value of portfolio in CHF thousands					
Investment properties	1 273 724	1 478 364	1 534 432	1 583 985	1 713 445
Investment properties under construction	140 739	31 402	9 794	11 274	11 758
Undeveloped plots	2 524	2 524	2 524	2 524	2 524
Total real estate portfolio	1 416 987	1 512 290	1 546 750	1 597 783	1 727 727
Operating properties ¹	118 705	118 250	108 110	103 230	102 890
Total portfolio	1 535 692	1 630 540	1 654 860	1 701 013	1 830 617
Performance in CHF thousands or %					
Projected rental revenue investment properties	53 716	60 597	62 163	63 024	66 128
Property income	50 794	54 481	57 782	60 024	62 221
Gross return investment properties ²	4.2%	4.1%	4.1%	4.0%	3.9%
Vacancy rate of investment properties ³	2.9%	3.3%	5.0%	4.0%	1.6%
Average discount rate (real)	3.2%	3.1%	3.0%	2.8%	2.8%

¹ Properties used for operational purposes are stated at cost less write-downs in accordance with accounting standards but are shown in this list at market value

² Projected rental income (annualised) as a percentage of the market value on the balance sheet date

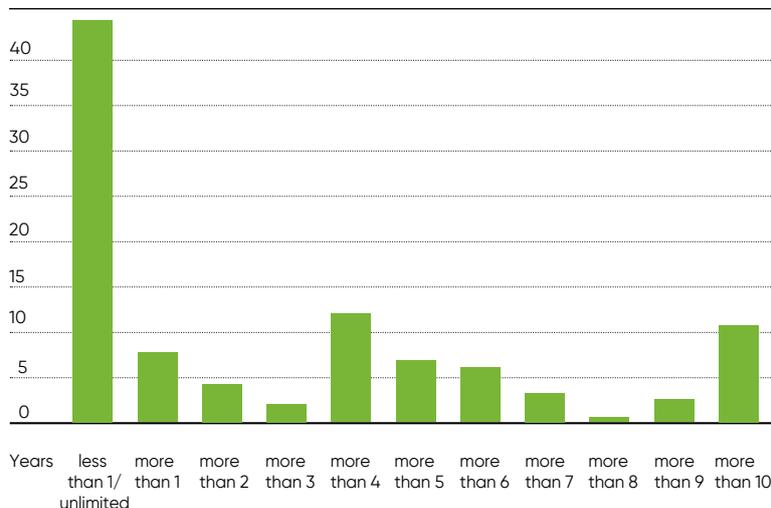
³ As at the balance sheet date, as a percentage of projected rental income

Contract terms

The individual contractual relationships with external tenants had the following terms as at the balance sheet date, based on the annualised projected rental revenue:

Contract terms of investment properties

Basic projected rental income as at 31 December 2022, share in %



WAULT (weighted average unexpired lease terms): 6.3 years

“Metalli Living Space” development project

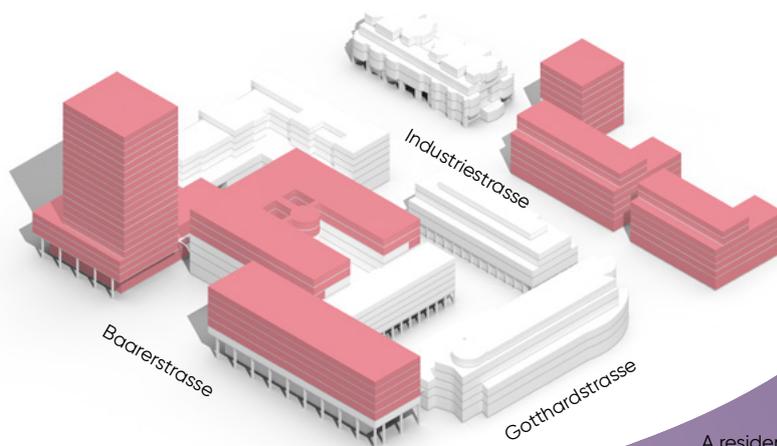
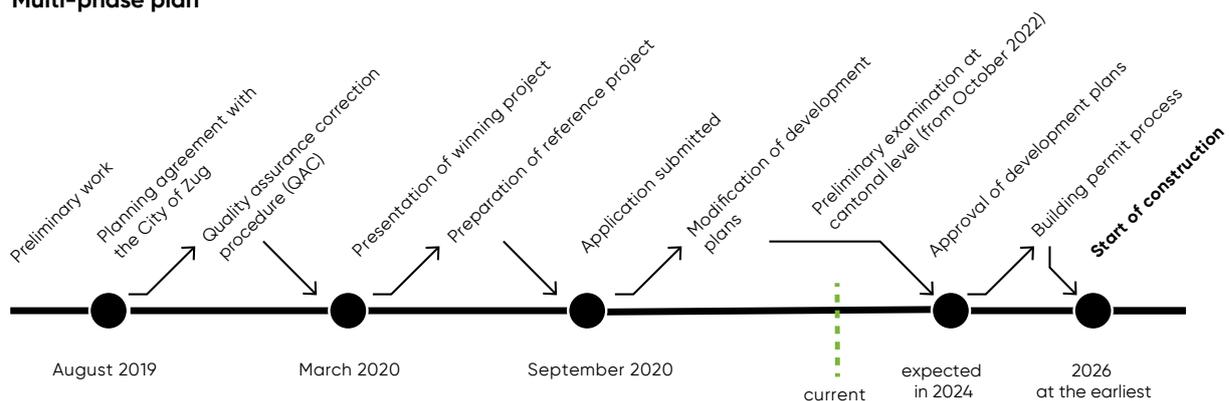
Zug Estates is planning to redesign the Metalli complex in the centre of Zug, which currently features a shopping mall, the associated residential and business properties as well as the adjacent Bergli site with Parkhotel, and to redevelop parts of it. The “Metalli Living Space” project aims to preserve those aspects of the site that work while also creating space for something new. The phased development is also to take place in sync with the overall development plans of the City of Zug. A planning agreement was signed to that end in 2019 that defined binding rules governing the joint undertaking between Zug Estates and the City of Zug.

Project status

Working together with Zug Estates, the City of Zug prepared the documentation for the development plans and passed these on to the Canton of Zug in October 2022 for preliminary examination. The Greater Municipal Council (GGR) of the City of Zug is supposed to consider the construction plans by holding a first reading in mid-2023. The first public release is expected thereafter.

Based on the City of Zug’s current schedule for the subsequent approval process, we anticipate the development plans to be approved in 2024 and for construction to begin in 2026 at the earliest. For further information, please go to www.lebensraum-metalli.ch

Multi-phase plan



A residential tower will be built at the new Metalli Square on Baarerstrasse. Another storey will be added to some of the existing buildings.

■ = all expansions

Vision

Activities in urban living spaces revolve around people of all ages who reside, live, work, meet and visit one another there. Through social change and technological advances, the needs, activities and expectations of those people are in constant flux. To ensure that the Metalli complex remains attractive in the future, we have already begun to carefully plan its further development. Zug Estates has defined a few key priorities for this development:

- green, attractively landscaped surroundings where people can spend time
- a diverse range of cultural, leisure and catering options for shared experiences
- a wide variety of retail outlets and services to meet every need
- urban spaces where different user groups can live and work
- sustainability in practice in construction and operation
- organic incorporation into Zug’s city centre

www.lebensraum-metalli.ch/vision

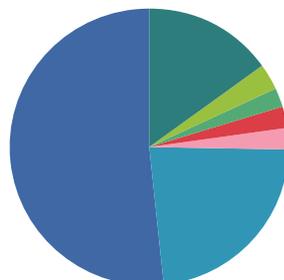


Dialogue with the public

The Metalli Living Space is evolving in dialogue with the general public and the authorities of the City of Zug. Our vision already incorporates many of their ideas and wishes. We conducted a survey in autumn 2022 to find out whether our vision meets up to the needs and expectations of the general public. The results revealed that the vast majority of those surveyed found the vision presented to be either appealing or very appealing.



Do you find this vision appealing overall?



- 6 I find it very appealing
- 5
- 4
- 3
- 2
- 1
- No comment

The survey was carried out by mrc research & consulting ag.

List of properties

Investment properties	Place	Form of ownership ¹	Ownership share in %	Year of construction	Year of refurbishment
Zug City Center site					
Baarerstrasse 20–22 (Metalli I/II, Zug Estates share)	Zug	CO	75.25	1987/1991	–
Baarerstrasse 14a (Metalli III)	Zug	SO	100	1995	–
Industriestrasse 13a/c (Metalli IV)	Zug	SO	100	1995	–
Industriestrasse 16 (leasehold) ²	Zug	LHP	100	–	–
Industriestrasse 18	Zug	SO	100	1992	–
Haldenstrasse 12–16 (Haldenhof)	Zug	SO	100	2009	–
Metallstr. 13–19, Haldenstrasse 2/4	Zug	SO	100	1910–1915	1984–1989
Haldenstrasse 1/3/5/6/8, Bleichimattweg 2/4, Metallstrasse 21/23	Zug	SO	100	1910–1991	–
Total Zug City Center site					
Suurstoffi site					
Suurstoffi 1, 2, 4, 6	Risch Rotkreuz	SO	100	2019/2020	–
Suurstoffi 5, 9, 13, 15, 17	Risch Rotkreuz	SO	100	2011/2012	–
Suurstoffi 19–35	Risch Rotkreuz	SO	100	2015	–
Suurstoffi 7, 11 (Alte Suurstoffi)	Risch Rotkreuz	SO	100	ca. 1926	2012
Suurstoffi 8, 10, 12	Risch Rotkreuz	SO	100	2013	–
Suurstoffi 14	Risch Rotkreuz	SO	100	2013	–
Suurstoffi 16, 18, 20	Risch Rotkreuz	SO	100	2017/2018	–
Suurstoffi 22	Risch Rotkreuz	SO	100	2018	–
Suurstoffi 37 (Aglaya)	Risch Rotkreuz	C	100	2019	–
Suurstoffi 41	Risch Rotkreuz	SO	100	2014	–
Total Suurstoffi site					
Further investment properties					
Birkenstrasse 27, 29, 31, 33 & 35, Chamerstrasse 4	Risch Rotkreuz	SO	100	2002, 1983, 1965	1983
Birkenstrasse 37/39	Risch Rotkreuz	SO	100	1962, 1964, 1967	–
Baarerstrasse 75, 77 & 79	Zug	SO	100	1963	2011
Duggelistrasse 28	Cham	SO	100	1960	2019
Total Further investment properties					
Total investment properties (excl. investment properties under construction)					
Investment properties under construction					
–	–	–	–	–	–
Total investment properties under construction					
Undeveloped plots					
Suurstoffi 43, 45	Risch Rotkreuz	SO	100	–	–
Total undeveloped plots					
Total real estate portfolio³					
Operating properties ^{3,4}	Zug	SO/C	100	–	–
Total portfolio					

¹ SO: sole ownership; LHP: leasehold plot; CO: co-ownership; C: condominium

² Zug Estates AG is the ground lessor

Plot area m ²	Residential m ²	Office m ²	Retail m ²	Hotel/catering m ²	Leisure/ education/ culture m ²	Storage/other m ²	Total rentable space m ²	Total no. of parking spaces
16 419	8 086	10 148	17 917	923	2 261	5 853	45 188	521
4 843	352	5 505	3 056	298	–	3 127	12 338	123
2 155	1 965	1 370	381	461	264	759	5 200	93
3 200	–	–	–	–	–	–	–	–
1 637	–	1 463	–	–	–	234	1 697	30
3 615	3 148	–	–	–	–	59	3 207	54
4 960	2 249	–	–	–	–	–	2 249	2
9 037	6 055	–	–	–	100	49	6 204	70
45 866	21 855	18 486	21 354	1 682	2 625	10 081	76 083	893
21 378	–	8 025	442	–	14 613	2 256	25 336	188
11 249	11 336	–	–	–	–	19	11 355	217
10 553	10 194	–	–	–	–	40	10 234	382
885	–	–	–	–	520	–	520	482
12 374	10 132	89	–	335	3 442	961	14 959	265
6 251	–	8 527	–	–	–	621	9 148	0
15 094	13 308	7 825	493	–	–	1 502	23 128	189
8 113	–	10 360	60	547	–	1 084	12 051	104
2 227	–	1 809	–	258	–	37	2 104	7
4 246	–	4 168	–	–	2 044	262	6 474	–
92 370	44 970	40 803	995	1 140	20 619	6 782	115 309	1 834
9 124	5 196	500	–	–	–	179	5 875	85
10 059	–	171	–	–	–	7 548	7 719	67
1 681	525	2 616	32	–	–	313	3 486	58
707	507	–	–	–	–	–	507	12
21 571	6 228	3 287	32	0	0	8 040	17 587	222
159 807	73 053	62 576	22 381	2 822	23 244	24 903	208 979	2 949
–	–	–	–	–	–	–	–	–
0	0	0	0	0	0	0	0	0
12 972	–	–	–	–	–	–	–	–
12 972	0	0	0	0	0	0	0	0
172 779	73 053	62 576	22 381	2 822	23 244	24 903	208 979	2 949
12 871	1 879	873	0	13 002	0	277	16 031	200
185 650	74 932	63 449	22 381	15 824	23 244	25 180	225 010	3 149

³ Information on floorspace and number of parking spaces excludes investment properties under construction

⁴ The following properties located in Zug serve completely or partly as operating properties: Industriestrasse 14 (Parkhotel Zug), Industriestrasse 16 (Résidence), Metallstrasse 20 (City Garden Hotel), Haldenstrasse 9, 10, 11 (serviced city apartments), Baarerstrasse 30 (Restaurant Bären) and Industriestrasse 12 (Zug Estates offices)

To the Board of Directors of Zug Estates Holding AG



Report of the independent valuation expert Valuation as of December 31, 2022

Zurich,
11 January 2023

Commission

Acting on behalf of Zug Estates Holding AG, Wüest Partner AG (Wüest Partner) valued the properties and sections of properties held by the Zug Estates Group for purposes of accounting as of the balance sheet date of December 31, 2022. 24 investment properties and six operating properties were valued (incl. six acquired properties).

Valuation standards

Wüest Partner hereby confirms that the valuations were performed in accordance with national and international standards and guidelines. The property values determined correspond to the current value (market value) as described in Swiss GAAP ARR 18, item 14.

Definition of market value

«Market value» is the estimated amount for which a property would most probably be exchanged on the date of valuation between a willing buyer and a willing seller, with due allowance made for a reasonable marketing period, each party acting knowledgeably, prudently and without compulsion.

Property transfer tax, property gains taxes, value added tax and other costs and commission fees that would be incurred if the property were sold are not included. Nor is any of the Zug Estates Group's liabilities in respect of taxation (apart from ordinary property taxes) and financing cost taken into account.

Valuation method

In valuing Zug Estates Group Properties, Wüest Partner applied the discounted cash flow (DCF) method, by which the market value of a property is determined as the total of all projected future net earnings discounted to the valuation date. Net income is discounted separately for each property with due allowance for specific opportunities and threats, and adjustment in line with market conditions and risks.

Basis of valuation

Wüest Partner is familiar with all the properties, having carried out on-site inspections and examined the documentation provided. The properties have been analysed in detail in terms of their quality and risk profiles (attractiveness and lettability of rented premises, construction type and condition, micro- and macro-location etc.). Currently vacant premises are valued with due allowance made for a reasonable marketing period.

Five properties were inspected in connection with the valuation as of the balance sheet date of December 31, 2022. In addition, the six acquired properties were inspected in the summer of 2022 as part of the acquisition valuation.

Results

As of December 31, 2022, Wüest Partner determined the market value of the 30 properties in total:

in CHF	
24 Investment properties	1 713 445 000
6 Operating properties	102 890 000
Total	1 816 335 000

Changes during reporting period

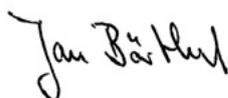
Within the review period from January 1, 2022 to December 31, 2022 the following changes took place:

- Zug Estates AG acquired a portfolio consisting of six properties:
 - Residential and commercial property Baarerstrasse 75-79 in Zug
 - Residential and commercial property Duggelistrasse 28 in Cham
 - Residential property Chamerstrasse 4 in Rotkreuz
 - Residential property Birkenstrasse 27-29 in Rotkreuz
 - Residential and commercial property Birkenstrasse 31-35 in Rotkreuz
 - Commercial property Birkenstrasse 37-39 in Rotkreuz (for the property, a scenario with demolition of the existing property and a replacement building in accordance with the current building law was valued)
- Zug Estates AG has acquired 0.75% of the co-ownership of the property Metalli I/II. The co-ownership share held by Zug Estates AG increases from 74.50% to 75.25%.

Independence and confidentiality

Wüest Partner performed the valuation of Zug Estates Group real estate properties independently and neutrally in conformity with its business policies. It was carried out solely for those purposes specified above; Wüest Partner shall accept no liability in respect of third parties.

Wüest Partner AG



Jan Bärthel MRICS
Partner



Mario Huber
Director



Annex: Valuation assumptions and notes

Investment properties and operating properties

Valuation of the investment properties is based on the following key assumptions:

- **Surface areas:** The lettable areas were factored into the valuations on the basis of the rent rolls of the Zug Estates Group and verbal information provided by the Zug Estates Group. Discrepancies between this information and the property plans were verified with the Zug Estates Group.
- **Rent rolls:** The rent rolls as of January 1, 2023, on which the valuation was based, were received by Wüest Partner in October 2022.
- **Calculation model:** A two-phase DCF model was adopted. From the valuation date, the infinite valuation period starts with an implicit residual value in the 11th period. Exceptions are possible in the case of leasehold properties with a corresponding reversion scenario.
- **Discounting:** Discounting is based on a risk-adjusted interest rate. The applicable rate is determined separately for each property. The discount rates of the property portfolio of Zug Estates Holding AG range from 2.25% to 6.0% (net real terms).
- **Increased costs:** Unless otherwise specified, the valuations assume an annual inflation rate of 1.0% for both income and expenses. When considered in nominal terms, the discount rate is adjusted accordingly. The cash flow trend and the discounting applied are presented in real terms.
- **Indexing of rental contracts:** Specific indexation of existing rental contracts is taken into account. 100% indexing is assumed after contract expiry, with contracts adjusted to market rates every three to five years, depending on occupancy.
- **Tenant risks:** The valuation makes no explicit allowance for credit risks posed by any of the tenants.
- **Scheduling of payment flows:** In the case of existing rental contracts, individual payments are scheduled according to the contractually defined arrangements. After expiry of the contracts, cash flows are factored in quarterly in advance for commercial tenancies and monthly in advance for residential tenancies.
- **Recoverability of ancillary costs:** For the running costs, completely separate service charge accounts were assumed, with all tenancy-related ancillary costs passed on to tenants.
- **Maintenance costs:** Maintenance (repair and upkeep) costs were calculated using the building analysis tool. Based on an analysis of the condition and remaining lifespan of the various building elements and components, the software models periodic refurbishments and calculates the associated annual reserves for maintenance costs. The results were plausibility-tested using comparables and benchmarks derived from Wüest Partner surveys. The calculation factors in 100% of repair costs in the first 10 years and 60% to 80% (individual recoverable share) from year 11 onwards, in line with the assumed value-preserving investments.



Building S18 on the Suurstoffi site is also where Switzerland Innovation Park Central, GfK (a market research company) and RNI Rotkreuz are located.

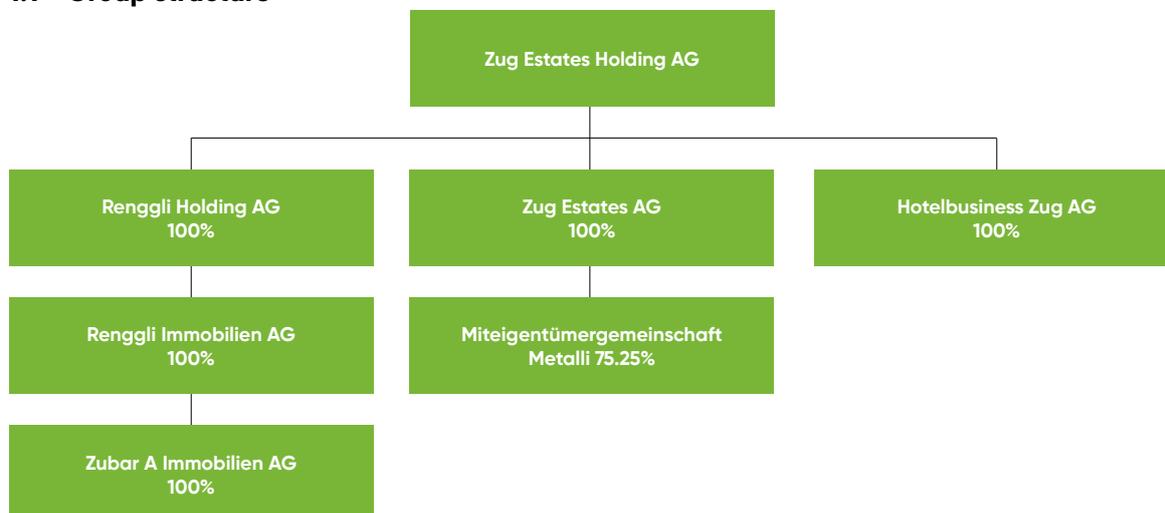
Corporate governance report

“Zug Estates Holding AG is committed to the principles of good corporate governance. This is shown by its efficient management structure, extensive control mechanisms and transparent information policy.”

The following information refers to the situation as at 31 December 2022 or to the year under review (2022) unless stated otherwise. No material changes occurred between 31 December 2022 and the submission deadline for the annual report. The order and numbering of chapters are in line with those of the “Directive on Information relating to Corporate Governance” issued by SIX Swiss Exchange, Zurich.

1 Group structure and shareholders

1.1 Group structure



All companies involved are unlisted. On 2 November 2022, Zug Estates Holding AG acquired 100% of the shares of Renggli Holding AG as well as its two subsidiaries, Renggli Immobilien AG and Zubar A Immobilien AG. Zug Estates AG also acquired an additional 0.75% of the capital of Miteigentümergeinschaft Metalli in November and December 2022. As a result, the share of capital rose from 74.50% to 75.25% and the share of votes (one person, one vote) increased from 8.33% to 10.0%. The ownership structure remained unchanged in 2021. The list of consolidated companies can be found in the financial report on page 51.

1.2 Significant shareholders

All significant shareholders who are known to Zug Estates Holding AG, together with information about the composition of shareholder groups, are listed in the financial report on page 64 (see "Significant shareholders"). Further information about the significant shareholders can also be found on the website of the Disclosure Office of SIX Swiss Exchange at www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html.

The Buhofer shareholder group was comprised of Elisabeth Buhofer, Annelies Häcki Buhofer and Julia Häcki as at both 31 December 2022 and 31 December 2021. Some of the shares are held indirectly via Holmia Holding AG, Zug. A shareholder pooling agreement exists between the members, under which the members of the group agree to coordinate the manner in which they exercise their voting rights. As at 31 December 2022, this group owns a total of 47.4% of the voting rights (previous year: 47.4%).

Other than this, the company is not aware of any mutual agreements between shareholders who are subject to registration.

1.3 Cross-shareholdings

Zug Estates Holding AG has no cross-shareholdings.

2 Capital structure

2.1 Capital

The composition of the share capital is described in the financial report on page 62 (see "Share capital").

2.2 Authorised and conditional capital

The company has no authorised or conditional capital at its disposal.

2.3 Changes in capital

Information on changes in capital in the reporting period is listed in the financial report on page 49 (see "Consolidated statement of changes in equity").

2.4 Shares

Detailed information on the shares of Zug Estates Holding AG (number of shares, type and par value) is available in the financial report on page 62 (see "Share capital"). Series A registered shares (privileged voting shares, par value CHF 2.50) are not listed. Series B registered shares (ordinary shares, par value CHF 25) are listed on the SIX Swiss Exchange, Zurich (securities number: 14805212, ISIN: CH0148052126).

2.5 Participation certificates and dividend-right certificates

The company has no outstanding participation certificates or dividend-right certificates.

2.6 Limitations on transferability and nominee registration

In relation to the company, only those registered in the share register are recognised as registered shareholders or beneficiaries.

An entry is made in the share register:

- if, according to the information available to the company, recognising an applicant as a shareholder does not and could not prevent the company and/or its subsidiaries from providing legally required proof of the composition of its circle of shareholders and/or beneficial owners, particularly pursuant to the Federal Act on the Acquisition of Immovable Property in Switzerland by Foreign Non-Residents;
- if the applicant expressly declares that these registered shares have been acquired in the applicant's own name and for their own account.

Persons who do not expressly state in the application for registration that they hold the shares for their own account (nominees) may be entered with voting rights in the share register, provided that such persons have signed an agreement with the board of directors concerning their status and are subject to recognised bank or financial market supervision.

With regard to the provision of proof of Swiss control pursuant to the Federal Act on the Acquisition of Immovable Property in Switzerland by Foreign Non-Residents, the board of directors may refuse entry in the share register with voting rights or refuse the transfer of shares as soon as and insofar as such entry or transfer causes the percentage of shares with voting rights held by foreign shareholders to exceed 25% of all shares entered in the share register with voting rights or 25% of the total capital or if the percentage of shares with voting rights held by the foreign shareholder in question (including other shareholders acting in mutual agreement with this shareholder) exceeds 10% of all shares entered in the share register with voting rights. Any shareholder shall be deemed a foreign shareholder if the company has not been given sufficient information for it to be able to provide proof pursuant to the above-named Federal Act that the respective shareholder is not a foreign non-resident within the meaning of said Federal Act.

The board of directors is entitled to subsequently remove shares from the share register or to reclassify them as shares without voting rights if a shareholder's situation changes such that, after this change, approval of a transfer or entry with voting rights would not or only partially be permissible in respect of said shares. Removal or reclassification will be effected insofar as this is required to reach the percentages specified above. The shareholder will be heard.

The transfer of series A registered shares is subject to approval by the board of directors in each instance. Approval can be denied for important reasons.

The following count as important reasons:

- to keep away buyers who operate a business that competes with the purpose of the company, who have a direct or indirect participating interest in such a business or who are employed by such a business;
- to ensure that the company remains independent based on the voting-rights-related control of the group of current holders of series A registered shares; usually, spouses and descendants of the current circle of shareholders must be admitted unless they qualify as foreign non-residents within the meaning of the Federal Act on the Acquisition of Immovable Property in Switzerland by Foreign Non-Residents;
- to acquire or to hold shares on behalf of third parties or in the interests of third parties.

Approval can also be denied without giving reasons, provided that the board of directors acquires the shares (for the account of the company, specific shareholders or third parties) at their actual value at the time when the request was submitted. If the shares were acquired through inheritance, division of an estate, a matrimonial regime or compulsory enforcement, the company can only deny approval of the application if it offers to buy the shares from the acquirer (for the account of the company, specific shareholders or third parties) at their actual value at the time when the request was submitted and such transfer results in one of the limits stipulated in paragraph 4 ("Lex Koller restrictions") being exceeded.

After hearing the affected party, the company may delete entries in the share register if these are based on false information provided by the buyer. Any such deletion must be communicated immediately to the buyer.

2.7 Convertible bonds and warrants/options

The company has no outstanding convertible bonds or warrants/options.

3 Board of directors

3.1 Members of the board of directors

	First-time election	Elected until
Dr Beat Schwab, CH, 1966 – Chairman of the board of directors (non-executive)	2014	2023
Prof. Dr Annelies Häcki Buhofer, CH, 1954 – Member of the board of directors (non-executive) – Member of the Audit Committee	2012	2023
Armin Meier, CH, 1958 – Member of the board of directors (non-executive) – Chairman of the Nomination and Compensation Committee	2013	2023
Johannes Stöckli, CH, 1959 – Member of the board of directors (non-executive) – Member of the Audit Committee – Member of the Nomination and Compensation Committee	2018	2023
Martin Wipfli, CH, 1963 – Member of the board of directors (non-executive) – Chairman of the Audit Committee	2012	2023

None of the members of the board of directors have any material business relationships with Zug Estates Holding AG or with the Zug Estates Group.



Board of directors, from left to right: Johannes Stöckli, Beat Schwab, Annelies Häcki Buhofer, Martin Wipfli and Armin Meier.

3.2 Other activities and vested interests

Dr Beat Schwab

Education

Dr. rer. pol., University of Bern; MBA Columbia University

Professional background

Self-employed entrepreneur and independent director, since 2017; Head of Real Estate Investment Management at Credit Suisse AG, 2012–2017; CEO of Wincasa AG, 2006–2012; member of the management of ISS Schweiz AG, 2004–2006; director of SEVIS AG, 1999–2004; various positions in the banking industry

Previous activities for the Zug Estates Group

None

Activities on governing and supervisory bodies

Member of the board of directors of Varia US Properties AG, Zug; member of the board of directors of Swiss Federal Railways SBB, Bern; member of the board of directors of Raiffeisen Schweiz Genossenschaft, St. Gallen; member of the board of trustees of the Foundation for Art, Culture and History (Stiftung für Kunst, Kultur und Geschichte), Winterthur; and other unlisted companies

Official functions and political offices

None

Prof. Dr Annelies Häcki Buhofer

Education

PD Dr. Phil. I, University of Zurich

Professional background

Management roles within the Faculty of Humanities at the University of Basel, 2002–2015; Professor of German Linguistics at the University of Basel, 1989–2015

Previous activities for the Zug Estates Group

Member of the board of directors of MZ Immobilien AG, 1997–2012

Activities on governing and supervisory bodies

Chair of the board of directors of BURU Holding AG, Cham; member of the board of directors of V-ZUG Holding AG, Zug, of Cham Group AG, Cham, and the Holmia Holding AG, Zug, and other unlisted companies; role in management bodies of national and international professional associations

Official functions and political offices

None

Armin Meier

Education

IT engineer, Bern University of Applied Sciences; Executive MBA, University of St. Gallen

Professional background

Managing director of Boyden Switzerland, Zurich, since 2010; Chief Commercial Officer of Travelport, London, 2008–2010; CEO Kuoni Travel Holding Ltd, Zurich, 2005–2007; member of the executive board of the Federation of Migros Cooperatives, Zurich, 2002–2005; President and CEO of Atraxis AG, Zurich, 1998–2002; CEO of ABB PTI AG, Baden, 1995–1998

Previous activities for the Zug Estates Group

Chairman of the board of directors of Hotelbusiness Zug AG, 2012–2013

Activities on governing and supervisory bodies

Chairman of the board of directors of Evalueserve Holdings AG, Zug; member of the board of directors of KIBAG HOLDING AG, Freienbach, of Ameos Gruppe AG, Zurich, of IHAG Holding AG, Zurich, and of SPS Holding AG, Zurich, as well as of other non-listed companies

Official functions and political offices

None

Johannes Stöckli

Education

CAS Justice of the Peace, Lucerne University of Applied Sciences and Arts; SME Management (intensive course of study), University of St. Gallen

Professional background

Independent investor and director since 2015; managing director and member of the board of directors of Pyros Holding AG and subsidiaries, Cham, 1992–2015

Previous activities for the Zug Estates Group

None

Activities on governing and supervisory bodies

Chairman of the board of directors of Schilthornbahn AG, Lauterbrunnen, and member of the board of directors of Z Invest SA, Freienbach, as well as mandates with other unlisted companies and not-for-profit organisations

Official functions and political offices

Justice of the Peace of the City of Zug

Martin Wipfli

Education

Attorney, Master of Law (lic. iur.), University of Bern

Professional background

Executive partner at Baryon AG, since 1998; partner with Tax Partner AG, Zurich, 1997–1998; Head of the Tax Department of Bank Leu Ltd, Zurich, 1995–1997; tax advisor with ATAG Ernst & Young AG, Zurich, 1990–1995

Previous activities for the Zug Estates Group

Member of the board of directors of MZ Immobilien AG, 2011–2012

Activities on governing and supervisory bodies

Chairman of the board of directors of ELMA Electronic AG, Wetzikon, Metall Zug AG, Zug, and nebag ag, Zurich; member of the board of directors of Frutiger AG, Thun, GRAPHIA-Holding AG, Hergiswil, and directorships at other unlisted companies

Official functions and political offices

Head of the Municipal Council of Feusisberg, Chairman of the Association of Municipalities and Districts of the Canton of Schwyz

Areas of expertise of the members of the board of directors

Area of expertise	Beat Schwab	Annelies Häcki Buhofer	Armin Meier	Martin Wipfli	Johannes Stöckli
Real estate	x	x			x
Hotel & catering		x	x	x	x
M&A	x		x	x	
Strategy	x	x		x	x
Governance	x		x	x	x
Law & taxes				x	x
ESG & sustainability	x	x			x
Corporate governance	x		x		x
Risk management			x	x	x
Finance & audit		x	x	x	x
Human resources	x	x	x		x
Digitalisation, IT & cybersecurity	x	x	x		
Investor relations & communication	x	x		x	

3.3 Additional mandates

Pursuant to the company's articles of incorporation, a member of the board of directors may hold no more than four additional mandates in listed companies and no more than twenty mandates in unlisted companies. For the purposes of calculating the number of mandates in cases where several legal entities are associated with one another, one mandate is counted in full and the remaining mandates each count 10%. Mandates are deemed to comprise activities in the most senior executive and management bodies of legal entities that are obligated to obtain an entry in the commercial register or a corresponding foreign register and which are not controlled by the company. There is no limit on the number of other types of mandate that may be held provided these do not hinder the member of the board of directors in the performance of their duties toward the company and other enterprises associated with it. The Nomination and Compensation Committee reviewed and verified compliance with the relevant provisions of the articles of incorporation in the 2022 financial year.

3.4 Elections and terms of office

Members of the board of directors are elected by the general meeting of shareholders on an individual basis and for a period of one year or until the next ordinary general meeting. The general meeting of shareholders elects the chairman of the board of directors and the members of the Nomination and Compensation Committee on an individual basis. In all other respects, the board of directors constitutes itself. Members of the board of directors may be re-elected at any time, but must step down at the subsequent general meeting of shareholders after reaching the age of 70.

The general meeting of shareholders also elects an independent proxy on an annual basis. The term of office of the independent proxy ends at the closing of the next ordinary meeting of shareholders.

3.5 Internal organisational structure

The full board of directors meets as often as business requires, but at least four times a year. Both in-person meetings as well as telephone and video conferences are deemed to constitute meetings. In the case of excused absences, the topics on the meeting agenda are discussed in advance with the chairman of the board of directors. The agenda items for the meetings of the board of directors are specified by the chairman and prepared by Group management. Every member of the board of directors and every member of Group management is entitled to request that a meeting be convened, specifying the meeting's purpose. Seven days prior to a meeting of the board of directors, the board members receive documentation that allows them

to prepare for the discussion of the agenda items. Decisions are made by the entire board of directors with the assistance of the following two committees: the Nomination and Compensation Committee and the Audit Committee. Any topics not discussed in advance by these committees are dealt with directly by the entire board of directors. For detailed information regarding the duties of the board of directors, please refer to the organisational regulations at <https://zugestates.ch/en/corporate-governance>.

Nomination and Compensation Committee

The Nomination and Compensation Committee supports the board of directors on the following subjects:

- compensation to the board of directors and Group management;
- evaluating the board of directors and Group management with respect to composition, size, etc.;
- succession planning for the board of directors and Group management;
- training and further education for the board of directors and Group management;
- personnel measures with respect to Group management;
- staffing policy, staff development and questions related to the general staffing policy.

For detailed information regarding the tasks and powers of the Nomination and Compensation Committee, please refer to Regulations of the Nomination and Compensation Committee at <https://zugestates.ch/en/corporate-governance>.

The Nomination and Compensation Committee usually meets three times a year. Armin Meier (chair) and Johannes Stöckli serve on the Nomination and Compensation Committee. The CEO also participates in the discussions, except when their employment contract or remuneration are being discussed.

Audit Committee

The Audit Committee supports the board of directors on the following tasks:

- preparation of the financial statements;
- external audit;
- valuation of properties by the independent valuation expert;
- risk management and internal control system (ICS), including compliance with laws, ordinances and internal guidelines;
- financing/liquidity management;
- taxes;
- insurance.

For detailed information regarding the tasks and powers of the Audit Committee, please refer to the Regulations of the Audit Committee at <https://zugestates.ch/en/corporate-governance>.

The Audit Committee usually meets quarterly. Martin Wipfli (chair), Annelies Häcki Buhofer and Johannes Stöckli serve on the committee; the CEO, CFO and auditors also attend the meetings.

Meetings of the board of directors and its committees in 2022

Members of the board of directors	Board of directors	Nomination and Compensation Committee (NCC)	Audit Committee (AC)
Beat Schwab	8		
Annelies Häcki Buhofer	7		5
Armin Meier	8	3	
Johannes Stöckli	8	2	5
Martin Wipfli	8	1	6
Total number of meetings	8	3	6
Average meeting duration in hours	4	2	2.75

All absences from meetings of the board of directors or its committees were excused and the absent members discussed the agenda items with the respective chair in advance.

3.6 Definition of areas of responsibility

The board of directors has established organisational regulations regarding the distribution of areas of responsibility between the board of directors and Group management. These can be found at <https://zug-estates.ch/en/corporate-governance>. In principle, the Group management's mandate is comprehensive. Even if an area of responsibility lies with the board of directors, Group management is expected to take the intellectual initiative and to address emerging business opportunities until they reach a stage at which a decision can be made.

3.7 Information and control instruments vis-à-vis Group management

The board of directors controls Group management and supervises its method of working. The Zug Estates Group has a comprehensive management information system. The Group companies report to Group management once a month. The board of directors is informed of the Group's operational and financial performance every quarter. The results are compared with the same period of the previous year and with the budget. The feasibility of budgets, which are integrated into rolling medium-term plans, is reviewed at least twice yearly on the basis of extrapolations. Furthermore, Group management keeps the board of directors fully informed at board meetings on the progress of business.

The board of directors has put in place a comprehensive system for monitoring and managing the risks associated with the company's activities. This process involves risk identification, risk analysis, risk management and risk reporting. Risks are identified in the categories of strategy, reputation, management, construction and development risks, finance, IT/infrastructure, personnel/leadership/organisation, environment and general factors, and evaluated in terms of their likelihood of occurrence and potential to cause damage. Group management is responsible for monitoring and managing risk. In the case of major single risks, certain individuals are assigned responsibility for taking concrete measures to manage these risks and for monitoring their implementation. On behalf of the Audit Committee, Group management draws up a risk report for the board of directors at regular intervals.

4 Group management

4.1 Members of Group management

	Employed
Patrik Stillhart, CH, 1974, CEO	Since 1 June, 2020
Mirko Käppeli, CH, 1979, CFO	Since 1 May, 2017



Group management, from left to right: Patrik Stillhart and Mirko Käppeli

4.2 Other activities and vested interests

Patrik Stillhart, CEO

Education

Real estate economist (EBS – European Business School); degree in mechanical engineering (Dipl. Ing.) from the Swiss Federal Institute of Technology (ETH)

Professional background

Managing director, Jones Lang LaSalle AG (JLL), Zurich, 2011–2020; senior vice president, Sal. Oppenheim jr. & Cie. Corporate Finance (Switzerland) AG, Zurich, 2005–2011; senior associate, Ernst & Young AG, Zurich, 2005; project manager, Ernst Basler + Partner AG, Zollikon, 2001–2005

Previous activities for the Zug Estates Group

None

Activities on governing and supervisory bodies of the Zug Estates Group

Chairman of the board of directors of Zug Estates AG, Zug, Renggli Holding AG, Zug, Renggli Immobilien AG, Zug, Zubar A Immobilien AG, Zug, and Hotelbusiness Zug AG, Zug

Other activities on governing and supervisory bodies

None

Official functions and political offices

None

Mirko Käppeli, CFO

Education

Lic. oec. University of St. Gallen

Professional background

2010–2017 in various financial roles within the Seewarte Group, Zurich, CFO from 2011; finance manager, Grävhaven Mining AG, Walchwil, 2008–2009; financial projects, Mobimo Group, Küssnacht, 2005–2008; Controlling, Livit AG, Zurich, 2002–2004

Previous activities for the Zug Estates Group

None

Activities on governing and supervisory bodies of the Zug Estates Group

Member of the board of directors of Zug Estates AG, Zug, Renggli Holding AG, Zug, Renggli Immobilien AG, Zug, Zubar A Immobilien AG, Zug, and Hotelbusiness Zug AG, Zug

Other activities on governing and supervisory bodies

Member of the board of directors of Meili Holding AG, Zug

Official functions and political offices

None

4.3 Additional mandates

Members of Group management may hold a maximum of two additional mandates, one of which may be with a listed company. The acceptance of mandates by members of Group management requires the approval of the board of directors. The Nomination and Compensation Committee reviewed and verified compliance with the relevant provisions of the articles of incorporation in the 2022 financial year.

4.4 Management contracts

There are no management contracts with companies outside the Group.

5 Compensation, shareholdings and loans

Information on the procedure for determining the compensation of members of the board of directors and Group management and on the compensation amounts paid to them is available in the compensation report on pages 38 to 41.

6 Shareholders' participation

6.1 Voting rights restrictions and representation of voting rights

Each share entitles the holder to one vote.

All shareholders may attend the general meeting of shareholders in person to exercise their rights or they may act at the general meeting of shareholders through written proxy to another shareholder entitled to vote or through the independent proxy.

The general meeting of shareholders elects an independent proxy on an annual basis. Natural persons or legal entities or partnerships are eligible for election as independent proxy. The term of office ends at the closing of the next ordinary meeting of shareholders. Re-election is possible.

Power of attorney and instructions may be given to the independent proxy in writing or electronically.

There are no arrangements in place for electronic attendance of the general meeting of shareholders.

6.2 Statutory quorums

In addition to the cases listed in article 704 of the Swiss Code of Obligations (CO), resolutions on the conversion of registered shares into bearer shares (and vice versa), the restriction on transferability of registered shares and the relaxation or cancellation of the restriction require the approval of at least two thirds of the voting shares represented and an absolute majority of the nominal share value represented. In all other instances, the general meeting of shareholders of Zug Estates Holding AG shall adopt resolutions and hold elections by the absolute majority of voting shares cast, irrespective of the number of shareholders present and of the number of voting shares represented.

6.3 Convocation of the general meeting of shareholders

Convocation of the general meeting of shareholders follows the legal provisions.

6.4 Agenda items

In principle, items are placed on the agenda in compliance with the legal provisions. Shareholders representing shares with a par value of at least CHF 1 million may request in writing, and on specification of the motion, inclusion of an item on the agenda within 40 days before the general meeting, unless the company issues a public notice specifying a different deadline. The written request must be accompanied by a bank statement confirming that the shares are on deposit until after the general meeting.

6.5 Entries in the share register

Registered shareholders who on the day when the invitation to the general meeting of shareholders is sent – i.e. usually about 20 days before the date of the meeting – are listed in the share register as shareholders with voting rights receive the invitation to the ordinary general meeting directly. No entries will be made in the share register between this date and the day of the general meeting.

In connection with the ordinary general meeting of shareholders in Zug on 6 April 2023, the share register will be closed and no new entries can be made from 28 March up to and including 10 April 2023.

7 Changes of control and defence measures

7.1 Duty to make an offer

The duty to make a public offer to purchase according to article 135 and 163 et. seq. of the Swiss Financial Market Infrastructure Act (FMIA) is waived pursuant to article 125 para. 3 FMIA (opting-out).

7.2 Clauses on change of control

In the event of a change of control, Zug Estates Holding AG is not obligated to make any additional payments, either for the benefit of the members of the board of directors or for the benefit of members of Group management or any other executives.

8 Auditing body

8.1 Duration of the mandate and term of office of the lead auditor

Ernst & Young AG, Zug, has been the auditor of the operating companies since 2006. The lead auditor has exercised this function since 2017.

8.2 Auditing fees

In the 2022 reporting period, the fees invoiced by Ernst & Young AG for services performed for Zug Estates Holding AG or the Zug Estates Group amounted to TCHF 199 (previous year: TCHF 164). They were charged in connection with the auditing of the annual financial statements of Zug Estates Holding AG and its subsidiaries Zug Estates AG and Hotelbusiness Zug AG as well as of the consolidated financial statements of

the Zug Estates Group. Miteigentümergeinschaft Metalli is audited by BDO AG. Those fees amounted to TCHF 12 (previous year: TCHF 13) for the reporting period. Renggli Holding AG, Renggli Immobilien AG and Zubar A Immobilien AG are audited by Breves Treuhand AG. The fees for this amounted to TCHF 9 (these companies were not part of the scope of consolidation in the previous year).

8.3 Additional fees

Ernst & Young AG, BDO AG and Breves Treuhand AG did not invoice Zug Estates Holding AG for any additional fees (previous year: additional fee of TCHF 4 paid to Ernst & Young AG).

8.4 Information tools used for the external audit

The Audit Committee assesses the performance, the remuneration and the independence of the auditors on an annual basis and reports to the board of directors. The board of directors makes proposals to the general meeting of shareholders regarding the election of the auditor and monitors compliance with the rotation schedule for the lead auditor (seven-year period). On an annual basis, the Audit Committee and Group management jointly review the external audit scope as well as the general conditions for any additional assignments. The Audit Committee also discusses the results of the audit with the external auditors.

9 Information policy

The Zug Estates Group has a transparent information policy vis-à-vis the public and the financial markets. The invitation to the general meeting of shareholders is sent by letter to shareholders. Media releases are issued if an important event occurs.

The Zug Estates Group publishes its figures twice a year in the half-year report and the annual report. The current media releases, important dates as well as general information about Zug Estates Holding AG or the Zug Estates Group can be viewed at <https://zugestates.ch/en/>.

Ad hoc releases can be subscribed to at <https://zugestates.ch/en/investor-relations#ad-hoc>. Published ad hoc and press releases can be downloaded at <https://zugestates.ch/en/media>, the corporate calendar at <https://zugestates.ch/en/investor-relations#agenda> and the half-year and annual reports at <https://zugestates.ch/en/downloads>.

Contact details, important dates and information about the shares of Zug Estates Holding AG may also be found on pages 88 to 90 of this annual report.

10 Blackout periods

A general blackout period applies for members of the board of directors and the company's Group management, which begins on the 15th day prior to the balance sheet date for the company's financial reporting in the reporting period and ends at midnight on the first day of trading following the official publication of the financial information. Trading with securities of the company during the regular blackout period is strictly prohibited regardless of whether the person in question is in possession of insider information or not. The board of directors and the company's Group management are entitled to impose the regular blackout period on other employees of the Zug Estates Group at any time.



High quality is a priority throughout the entire Suurstoffi site, in terms of both the architecture as well as the surrounding areas. Zug Estates actively promotes biodiversity through the use of a wide variety of green spaces.

Compensation report

“The Zug Estates Group’s compensation policy lays the basis for the remuneration of members of the board of directors, employees and managers that is both performance-based and in line with the market.”

The compensation system is structured in a way that brings the interests of the members of the board of directors, employees and managers in line with the interests of the Zug Estates Group and its stakeholders. It is built on the following guiding principles:

- The compensation system is straightforward and transparent.
- Members of the board of directors receive fixed compensation only.
- The variable compensation for members of Group management is set at a moderate level and geared toward both quantitative and qualitative targets, incl. ESG goals.

On an annual basis, the general meeting of shareholders votes separately on whether to approve the proposal of the board of directors for the total compensation to be paid to the board of directors for the period until the next ordinary general meeting, as well as for the total compensation to be paid to Group management for the coming financial year (article 19 of the company’s articles of incorporation). The general meeting also acknowledges the compensation report by consultative vote.

The following remarks outline the principles of the compensation system and the details of the compensation received by the board of directors and Group management for the 2022 financial year.

Board of directors

Pursuant to article 18 of the company’s articles of incorporation, members of the board of directors receive a fixed compensation in cash. They will, in principle, also be reimbursed for expenses incurred on behalf of the company, provided that any such reimbursement of further expenses is paid only in exceptional cases, and if evidenced by supporting documentation, within 60 days.

Acting on the proposal of the Nomination and Compensation Committee, the entire board of directors determines at its discretion, on an annual basis and within the limits of the total amount, the amount of the fixed cash compensation to be paid to the individual members for the period from the next ordinary general meeting of shareholders to the following ordinary general meeting. The total amount is submitted to the general meeting for approval.

When determining the amount of the compensation, particular consideration is given to the performance of additional tasks and functions on the committees of the board of directors. Compensation is comprised of a basic fee and additional fees for any additional tasks or functions carried out. In the interests of good corporate governance, the board of directors does not receive any performance-based compensation components linked to short-term success.

Compensation of the board of directors

Basic fee		Committee fee		
in CHF thousands		in CHF thousands		
Chair of the board of directors	250	Audit Committee	Chair	Member
Member of the board of directors	70	Nomination and Compensation Committee	25	10
			25	10

¹Valid since the 2022 ordinary general meeting of shareholders (prior-year period: TCHF 300)

In the reporting period, as in the previous year, no expenses were paid out to members of the board of directors. No external consultants were engaged.

Compensation period up to the 2022 ordinary general meeting of shareholders

The general meeting of shareholders voted on compensation on 13 April 2021, and approved a total amount for the board of directors of CHF 800 000 for the term of office up to the general meeting of shareholders on 12 April 2022. Of this total, the sum of CHF 747 101 was effectively paid out.

Compensation for the compensation period from

in CHF	14.04.2021–12.04.2022
Fixed compensation (net)	724 016
Var. compensation (net)	0
Pension contributions	23 085
Total compensation paid	747 101
Total amount approved	800 000
Difference	- 52 899

Compensation period up to the 2023 general meeting of shareholders

The general meeting voted on compensation on 12 April 2022, and approved a total amount for the board of directors of CHF 800 000 for the term of office up to the next general meeting of shareholders in 2023. In the 2022 financial year, the compensation paid out to the board of directors amounted to a total of CHF 723 571. Of this sum, the amount of CHF 474 691 was paid out in the period from the 2022 general meeting of shareholders to 31 December 2022. Compared to the corresponding prior-year period (CHF 498 206), this represents a decrease of 4.7%.

Group management

Pursuant to article 18 of the company's articles of incorporation, the compensation paid to members of Group management comprises fixed cash compensation, performance-based compensation in cash and reimbursement of expenses in accordance with the expenses regulations approved by the cantonal tax authorities.

The fixed cash compensation is determined according to the actual area of responsibility, professional profile and expertise of each individual member of Group management and the amount of work performed.

The performance-based compensation paid to Group management is intended to ensure that the interests of Group management, the board of directors and the shareholders correspond as closely as possible. Pursuant to article 18 of the company's articles of incorporation, it may be equivalent to a maximum of half the fixed cash compensation. The employment contracts of the members of Group management stipulate that the performance-based compensation will amount to no more than one-third of the fixed cash compensation.

The amount of performance-based compensation paid to Group management is determined on the achievement of targets and parameters that are set by the board of directors. Performance-based compensation is determined based on the achievement of quantitative targets (40%), the achievement of qualitative targets (20%) as well as extraordinary achievements and special issues (20%). The quantitative targets are based on economic success. This in turn is generally measured on the basis of earnings drivers – specifically, payout potential generated and earnings prospects. The qualitative targets are comprised of targets at Group level as well as function-specific and business unit-specific targets. ESG criteria and sustainability goals are key components of the qualitative targets.

The degree of target achievement is assessed once yearly after the close of the financial year. Phase one is an assessment carried out by the CEO for the other members of Group management and by the chair of the board of directors for the CEO. This is followed by an assessment carried out by the Nomination and Compensation Committee.

Acting on the proposal of the Nomination and Compensation Committee, the board of directors determines on an annual basis the fixed cash compensation and the performance-based compensation within the limits of the total amount approved by the general meeting of shareholders. Concerned members of Group management are, as a rule, not present at meetings of the Nomination and Compensation Committee or of the board of directors dealing with employment contracts of said members of Group management and, in particular, compensation received by the latter. External consultants are not engaged.

The employment contracts of the members of Group management stipulate a period of notice of six months.

2022 compensation period (financial year)

On 13 April 2021, the general meeting of shareholders approved the total amount of CHF 1 200 000 as the compensation payable to Group management for the 2022 financial year. Of this total, the sum of CHF 1 134 775 was effectively paid out.

Compensation payments to Group Management

in CHF	Financial year 2022
Fixed compensation (net)	584 735
Var. compensation (net)	215 335
Pension contributions	334 705
Total compensation paid	1 134 775
Total amount approved	1 200 000
Difference	– 65 225

2023 compensation period (financial year)

On 12 April 2022, the general meeting of shareholders approved the total amount of CHF 1 400 000 as the compensation payable to Group management for the 2023 financial year.

Shareholding programs

Pursuant to article 18 of the company's articles of incorporation, Zug Estates Holding AG does not have any participation or option programs. In the reporting period, no shares, option rights or conversion rights were assigned to members of the board of directors, Group management or associated persons.

Loans and credits

In the reporting period, no loans or credits were granted to members of the board of directors or Group management or associated persons, and none are outstanding.

Former members

No compensation was paid to any former members of the board of directors, former members of Group management or associated persons, neither directly nor indirectly, in the reporting period. Zug Estates AG gave a farewell gift worth CHF 4456 to Tobias Achermann, the former CEO, in the prior-year period.

No loans or credit facilities are outstanding in relation to former members or associated persons.

Compensation payments to the board of directors and Group management

The following compensation was paid to the members of the board of directors and the Group management in the year under review:

Compensation for the 2022 financial year

in CHF	Fixed compensation (net)	Var. compensation (net) ¹	Pension contributions ²	Total 2022
Dr. Beat Schwab	301 392	0	0	301 392
Prof. Dr. Annelies Häcki Buhofer	80 000	0	8 174	88 174
Armin Meier	122 180	0	0	122 180
Johannes Stöckli	86 667	0	13 377	100 044
Martin Wipfli	111 781	0	0	111 781
Total board of directors	702 020	0	21 551	723 571
Patrik Stillhart, CEO	337 870	123 287	188 517	649 674
Total Group Management	584 735	215 335	334 705	1 134 775

Compensation for the 2021 financial year

	Fixed compensation (net)	Var. compensation (net) ¹	Pension contributions ²	Total 2021
Dr. Beat Schwab	338 830	0	0	338 830
Prof. Dr. Annelies Häcki Buhofer	80 000	0	8 244	88 244
Armin Meier	101 496	0	7 385	108 881
Johannes Stöckli	80 000	0	12 439	92 439
Martin Wipfli	119 359	0	0	119 359
Total board of directors	719 685	0	28 068	747 753
Patrik Stillhart, CEO	321 356	116 562	180 107	618 025
Total Group Management	554 633	199 668	313 852	1 068 153

¹ In line with the accrual principle, the variable compensation payable to the Group management for the 2022 financial year is posted in the applicable year (same method as previous year), but not paid out until April 2023

² Employer's and employee's contributions to pension schemes, health insurance, accident insurance, AHV (old-age and survivors' insurance), IV (invalidity insurance), EO (compensation for loss of earnings) and ALV (unemployment insurance); members of the board of directors receive AHV, IV, EO and ALV contributions only



To the General Meeting of Zug Estates Holding AG, Zug

Report of the statutory auditor on the audit of the remuneration report



Opinion

We have audited the remuneration report of Zug Estates Holding AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) contained in the tables on pages 40 to 41 of the remuneration report.

In our opinion, the information on remuneration, loans and advances in the remuneration report complies with Swiss law and Art. 14-16 VegüV.



Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the remuneration report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables on pages 40 and 41 in the remuneration report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the remuneration report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the remuneration report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the remuneration report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Board of Director's responsibilities for the remuneration report

The Board of Directors is responsible for the preparation of a remuneration report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a remuneration report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.



Auditor's responsibilities for the audit of the remuneration report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to Art. 14-16 VegüV is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this remuneration report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement in the remuneration report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Zug, 23 February 2023

Ernst & Young Ltd



Rico Fehr
Licensed audit expert
(Auditor in charge)



Beatrice Bieri
Licensed audit expert

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Annual financial statements of Zug Estates Holding AG

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Consolidated balance sheet

Assets

in CHF thousands	Note	31.12.2022	31.12.2021
Cash and cash equivalents		17 319	18 691
Trade receivables	1	2 387	829
Other receivables	2	5 881	2 298
Inventories		166	150
Prepaid expenses		2 956	2 430
Total current assets		28 709	24 398
Investment properties	4	1 713 445	1 583 985
Investment properties under construction	4	11 758	11 274
Undeveloped plots	4	2 524	2 524
Operating properties	5	30 112	30 364
Other tangible assets	6	4 187	4 612
Deferred tax assets		101	144
Financial assets		189	213
Intangible assets	7	1 049	769
Total fixed assets		1 763 365	1 633 885
Total assets		1 792 074	1 658 283

Liabilities and shareholders' equity

in CHF thousands	Note	31.12.2022	31.12.2021
Current financial liabilities	8	164 800	125 792
Trade payables	9	5 321	3 888
Other current liabilities	10	7 458	3 432
Accrued expenses	11	9 071	11 477
Current provisions	12	32	29
Total current liabilities		186 682	144 618
Long-term financial liabilities	8	495 670	435 305
Long-term provisions	12	354	500
Deferred tax liabilities	13	120 115	109 282
Total long-term liabilities		616 139	545 087
Total liabilities		802 821	689 705
Share capital	14	12 750	12 750
Capital reserves		509 491	509 491
Retained earnings		467 012	446 337
Total shareholders' equity		989 253	968 578
Total liabilities and shareholders' equity		1 792 074	1 658 283

Consolidated income statement

in CHF thousands	Note	2022	2021
Property income	16	62 221	60 024
Hotel & catering income	17	14 704	8 389
Additional income from ordinary business operations	18	2 883	3 433
Net proceeds of trade payables and receivables		79 808	71 846
Other operating income		322	2 383
Total operating income		80 130	74 229
Property expenses		- 7 816	- 7 645
Cost of goods purchased for hotel & catering		- 1 182	- 680
Personnel expenses	19	- 14 775	- 12 801
Other operating expenses	20	- 6 625	- 6 202
Total operating expenses		- 30 398	- 27 328
Operating income before depreciation and revaluation		49 732	46 901
Revaluation of investment properties (net)	4	6 793	42 400
Result from sale of investment properties	3	0	7 317
Operating income before depreciation (EBITDA)		56 525	96 618
Depreciation	21	- 3 547	- 3 461
Operating income (EBIT)		52 978	93 157
Financial result	22	- 7 759	- 7 501
Income before taxes (EBT)		45 219	85 656
Tax expenditure	23	- 5 419	- 10 095
Net income		39 800	75 561
Earnings per share			
in CHF			
Earnings per series A registered share, undiluted*		7.80	14.82
Earnings per series B registered share, undiluted*		78.04	148.16

* There are no potentially dilutive effects to report. The diluted earnings per share correspond to the undiluted earnings per share

Consolidated statement of cash flows

in CHF thousands	Note	2022	2021
Net income for the period		39 800	75 561
Depreciation	5,6,7	3 547	3 461
Revaluation of investment properties (net)	4	-6 793	-42 400
Earnings from sale of investment properties		0	-7 317
Changes in provisions/deferred tax liabilities		3 176	7 479
Other non-cash items		74	-38
Cash flow before changes in working capital		39 804	36 746
Change in trade receivables		-1 549	-49
Change in other receivables		-3 037	7 937
Change in accrued income and prepaid expenses		-505	-541
Change in inventories		-16	18
Change in trade payables		1 132	47
Change in other current liabilities		3 769	582
Change in accrued expenses and deferred income		-201	3 279
Cash flow from operating activities		39 397	48 019
Investments in investment properties ¹	4	-12 554	-10 345
Disposals of investment properties		1 341	17 500
Investments in operating properties	5	-1 389	-190
Investments in other tangible assets		-790	30
Disinvestments of other tangible assets		4	0
Disinvestments of financial assets ²		25	251
Investments in intangible assets		-767	-533
Acquisition of participations (less cash and cash equivalents acquired)		-91 374	0
Cash flow from investing activities		-105 504	6 713
Increase in current financial liabilities		168 000	0
Repayment of current financial liabilities		-83 800	-30 800
Increase from bond issues	8	99 660	0
Repayment of a bond	8	-100 000	0
Distribution to shareholders		-19 125	-22 440
Cash flow from financing activities		64 735	-53 240
Change in cash and cash equivalents		-1 372	1 492
Composition of net cash and cash equivalents			
Net cash and cash equivalents at the beginning of reporting period		18 691	17 199
Net cash and cash equivalents at the end of reporting period		17 319	18 691
Change in cash and cash equivalents		-1 372	1 492

¹ The difference in the recognition of investments in investment properties between the consolidated statement of cash flows and note 4 is essentially due to the change in accruals

² Includes repayments of short-term loans recognised under other receivables

Consolidated statement of changes in equity

in CHF thousands	Share capital	Capital reserve	Retained earnings	Total shareholders' equity
Balance as at 01.01.2021	12 750	509 491	393 216	915 457
Distribution from retained earnings carried forward (dividends)	0	0	- 22 440	- 22 440
Net income	0	0	75 561	75 561
Balance as at 31.12.2021	12 750	509 491	446 337	968 578
Balance as at 01.01.2022	12 750	509 491	446 337	968 578
Distribution from retained earnings carried forward (dividends)	0	0	- 19 125	- 19 125
Net income	0	0	39 800	39 800
Balance as at 31.12.2022	12 750	509 491	467 012	989 253

Notes to the consolidated financial statements

Principles

The consolidated financial statements of Zug Estates Holding AG were prepared in accordance with the Swiss GAAP FER Accounting and Reporting Regulations in their entirety as in force on 31 December 2022, as well as the special provisions for real estate companies (article 17 of the Directive on Financial Reporting) of SIX Swiss Exchange, Zurich, and present a true and fair view of the financial position, the results of operations and the cash flows. The business year covered by these consolidated financial statements is equivalent to the calendar year.

The consolidated financial statements are based on the audited individual financial statements of the Zug Estates Group companies, prepared in accordance with consistent accounting principles. The relevant accounting principles are outlined below.

The consolidated financial statements are denominated in Swiss francs (CHF). Unless otherwise indicated, all amounts are stated in thousands of Swiss francs (TCHF).

The board of directors approved the consolidated financial statements on 23 February 2023.

Scope of consolidation

In the case of participations in which the share of votes held is above 50% (Zug Estates AG, Hotelbusiness Zug AG, Renggli Holding AG, Renggli Immobilien AG and Zubar A Immobilien AG), the full consolidation method is applied, i.e. assets and liabilities as well as expenses and revenue are consolidated at 100%. Any share of minority shareholders in net income and shareholders' equity is reported separately. In the case of joint ventures (Miteigentümergeinschaft Metalli) the proportional consolidation method is applied, which consists of reporting all positions pro rata in the balance sheet and income statement. Associated companies in which Zug Estates Holding AG holds direct or indirect participations of 20% to 50% are consolidated according to the equity accounting method. Participations below 20% are not consolidated. Real estate property is included in the consolidated financial statements on the basis of the applicable ownership share.

As at the time of acquisition, the assets and liabilities of the first-time consolidated companies or the acquired businesses are shown in the balance sheet in accordance with uniform principles. The excess of the acquisition price over the revalued net assets of the acquired company or the acquired business share is defined as goodwill. This goodwill is offset against retained earnings without affecting net income. The impact of a theoretical capitalisation is presented in the notes to the consolidated financial statements. The useful life is determined at the time of the acquisition.

Changes to the scope of consolidation

Zug Estates Holding AG acquired 100% of the shares of Renggli Holding AG on 2 November 2022. The company's assets largely consist of two participations in real estate companies. The companies of the Renggli Group will be fully consolidated and had the following assets and liabilities at the time of initial consolidation:

in CHF thousands	
Cash and cash equivalents	7 862
Other current assets	544
Investment properties	115 501
Other fixed assets	4
Current financial liabilities	14 000
Other current liabilities	1 721
Long-term financial liabilities	1 400
Deferred tax liabilities	7 554
Net assets	99 236

List of investments

Company	Domicile	Business	Share capital in CHF	Share of capital 31.12.2022	Share of capital 31.12.2021	Share of votes 31.12.2022	Share of votes 31.12.2021
Hotelbusiness Zug AG	Zug, ZG	Hotel & catering operator	1 000 000	100%	100%	100%	100%
Zug Estates AG	Zug, ZG	Real estate company	1 500 000	100%	100%	100%	100%
Miteigentümergeinschaft Metalli Zug	Zug, ZG	Real estate company	0	75.25%	74.50%	10.00%	8.33%
Renggli Holding AG	Zug, ZG	Holding company	1 000 000	100%	0%	100%	0%
Renggli Immobilien AG	Zug, ZG	Real estate company	200 000	100%	0%	100%	0%
Zubar A Immobilien AG	Zug, ZG	Real estate company	150 000	100%	0%	100%	0%

Principles of consolidation

Consolidation method

Capital consolidation is performed to show the equity of the entire Group. This is done using the acquisition method.

Intercompany transactions

Intercompany receivables, liabilities and transactions are eliminated for fully consolidated companies. Depreciation and value adjustments for participations and receivables due from subsidiaries are reversed. The individual subsidiaries' intercompany profits on inventories and tangible assets are assessed and also eliminated. In the case of proportionally consolidated companies, eliminations are on a pro rata basis.

Significant accounting and valuation policies

Cash and cash equivalents

Cash and cash equivalents include cash, postal and bank account balances and short-term monetary investments. These are reported at their nominal value.

Trade receivables

Trade receivables include in particular rent receivables, receivables from the hotel & catering activities and receivables from external management mandates, and are reported at the nominal value less any value adjustments necessary for commercial reasons.

Other receivables

Other receivables are reported at their nominal value less any value adjustments necessary for commercial reasons.

Inventories

In the inventories for the hotel & catering business unit, goods purchased are carried at the lower of acquisition price or market value. In addition to specific value adjustments, general value adjustments of up to 10% for general valuation risks are made based on past experience.

Properties held for sale

Properties available for sale, which were formerly carried at market value, are carried at market value at the time of reclassification or, if lower, at their realisable value less the expected transaction costs.

Investment properties, investment properties under construction and undeveloped plots

Investment properties that already exist or are under construction (development properties) and undeveloped plots are used for long-term investment purposes and are carried at market value in accordance with Swiss GAAP FER 18. This market value is calculated and updated half-yearly by independent real estate valuers using the discounted cash flow (DCF) method. Pursuant to the provisions of Swiss GAAP FER, increases and decreases in market value are recognised in profit or loss in the income statement, taking deferred taxes into account. The investment properties are not depreciated. Investment properties under construction (development properties) and undeveloped plots are recognised at market value as of the date on which the market value can be reliably calculated. Zug Estates has stipulated legally binding building permission and a concrete construction project for which costs and income can be reliably determined as well as construction approval based on an adequate occupancy rate as mandatory conditions for a reliable fair market calculation. Where the conditions for making a reliable calculation of the fair value are not met, investment properties under construction and undeveloped plots are carried at cost.

Operating properties and operating properties under construction

Operating properties and operating properties under construction comprise buildings used by the Group itself and in its hotel & catering activities. They are valued at acquisition or production cost less accumulated depreciation and accumulated impairment. The straight-line depreciation method is applied on the basis of a useful life of 33 to 50 years.

Other tangible assets

Other tangible assets mainly comprise infrastructural installations related to the real estate business unit as well as furnishings and small-scale inventory from the hotel & catering business unit. They are valued at acquisition or production cost less any write-downs necessary for commercial reasons. The straight-line depreciation method is applied on the basis of a useful life of three to eight years and up to 30 years in the case of infrastructure investments.

Financial assets

Financial assets comprise long-term securities and loans. The securities are reported at market value and loans are reported at their nominal value.

Intangible assets

Acquired intangible assets are recognised in the balance sheet if they are to bring measurable benefits to the company over several years. They comprise software and are valued at acquisition cost less straight-line depreciation over an economic life of three years. Self-developed intangible assets are not recognised in the balance sheet.

Liabilities

Trade payables and other liabilities are reported at their nominal value.

Financial liabilities

Financial liabilities consist of outstanding bonds, mortgage-secured bank loans, as well as other loans. Financial liabilities are classified as long-term if the agreed residual term is greater than twelve months as at the balance sheet date. All other contracts are classified as current. Financial liabilities are recognised and carried at nominal value. Bonds are initially recognised at fair value, net of transaction costs. Subsequently, financial liabilities are carried at cost, with any difference between the redemption amount and the book value written up on a straight-line basis over the term.

Provisions

Provisions are obligations based on events in the past; their amount and/or due dates are uncertain but can be estimated. Provisions are reported as short-term or long-term according to their expected due dates.

Pension plan liabilities

The Group has several pension plans that are organised as independent foundations in conformity with the legal requirements in Switzerland. These plans cover the economic consequences of old age, death or disability. They are funded by employer and employee contributions. Pension contributions are calculated as a percentage of the insured salary. Changes in employer's contribution reserves as well as any economic impact on the Group of overcoverage or undercoverage of pension schemes are recorded as personnel expenses.

Income taxes

Current income taxes are calculated at the prevailing tax rates on the basis of the expected fiscal annual income as per commercial law and according to the respective tax assessment rules. They are included in accrued expenses.

Deferred taxes

In accordance with Swiss GAAP FER 11, the consolidated financial statements must take due account of current and future tax effects. A distinction must be made between the calculation of current income taxes and the accrual of deferred income taxes. The latter are caused primarily by valuation differences between the fair values calculated using the discounted cash flow (DCF) method and the taxable values.

If the fair values are higher than the taxable values, this leads to a deferred tax liability for which provision must be made. Deferred taxes are calculated separately for each business period and each taxable entity. The individual company's expected tax rates are applied to calculate deferred taxes. Changes in deferred taxes are recorded as tax expenditure. Tax loss carryforwards that can be used for tax purposes are capitalised provided such use is likely. They are offset against deferred tax liabilities for the same taxable entity.

Contingent liabilities

Contingent liabilities are assessed according to the probability and the scope of future unilateral performance and costs, and are disclosed in the notes.

Borrowing costs

Borrowing costs on loans taken out and bonds issued to fund construction projects are capitalised until completion. Other borrowing costs are charged to the income statement.

Revenue recognition

The Zug Estates Group operates in two segments: real estate and hotel & catering.

The real estate segment operates primarily in the areas of project development and management. The project development department develops and oversees its own construction projects, mainly for the Group portfolio. The management department provides property management services for third parties and the Group portfolio. The main source of revenue is "Property income", which is made up of net rental income after deduction of vacancy losses and losses from receivables. Other income is generated by facility management and on the sale of self-produced energy. This income is recognised under "Additional income from ordinary business operations". Property income is derived from rental income. Rents are recognised over the period of rendering of services. Other services are taken to income at the time of rendering.

The hotel & catering segment comprises the subsidiary Hotelbusiness Zug AG. It operates two hotels, three restaurants, and serviced city apartments (including supplementary hotel & catering services) in Zug. The hotel & catering segment earns the large part of its income on catering and accommodation services, which are recognised under "Hotel & catering income". All hotel & catering services are recorded in the income statement at the time of rendering.

Expense reductions

Discounts on purchased goods and property production costs are recognised as reductions in the acquisition cost.

Estimates

The preparation of the financial statements requires a number of estimates and assumptions to be made. These relate to the assets, liabilities and contingent liabilities at the time the balance sheet is being prepared, as well as income and expenses during the reporting period. If such estimates and assumptions, which were made to the best of the Group's knowledge at the time the balance sheet was prepared, later turn out to differ from the actual figures, the original estimates and assumptions are adjusted in the reporting year in which the figures changed.

The ranges of estimates are material in respect of investment properties and investment properties under construction. The fair values of these properties are calculated half-yearly by an independent real estate valuation expert. They are based in particular on assumptions with regard to rental income, discount rates, vacancies, maintenance costs, development risks, recognition by the percentage of completion method and project costs.

1 Trade receivables

in CHF thousands	31.12.2022	31.12.2021
Rent receivables	246	148
Trade receivables from hotel & catering activities	461	309
Other trade receivables	1 752	479
Provisions for doubtful receivables	- 72	- 107
Total trade receivables	2 387	829

Other trade receivables in the year under review largely related to a tenant's still outstanding repayment of pre-financed tenant leasehold improvement costs.

2 Other receivables

in CHF thousands	31.12.2022	31.12.2021
Withholding tax credits	19	0
Accounts for heating and service charge settlement	5 765	2 004
Short-terms financial receivables	25	150
Other receivables	72	144
Total other receivables	5 881	2 298

3 Properties held for sale

in CHF thousands	2022	2021
Acquisition value at the beginning of reporting period	0	10 180
Disposals	0	- 10 180
Acquisition value at the end of reporting period	0	0

The property available for sale at Hofstrasse 1 a/b, Zug, was sold in the previous year with a pre-tax profit of TCHF 7 317.

4 Investment properties, investment properties under construction and undeveloped plots

in CHF thousands	Zug City Center, Zug, investment properties	Suurstoffi Site, Risch Rotkreuz investment properties
Balance as at 01.01.2021	722 632	811 800
Investments ³	2 956	4 197
Revaluation (net)	21 797	20 603
Balance as at 31.12.2021	747 385	836 600
Accumulated acquisition values as at 01.01.2021	362 822	715 317
Accumulated acquisition values as at 31.12.2021	365 778	719 514
Difference market values/acquisition values as at 01.01.2021	359 810	96 483
Difference market values/acquisition values as at 31.12.2021	381 607	117 086
Balance as at 01.01.2022	747 385	836 600
Investments ³	3 400	949
Acquisitions ⁴	4 158	0
Disposals ⁵	0	–1 341
Revaluation (net)	–4 558	16 592
Balance as at 31.12.2022	750 385	852 800
Accumulated acquisition values as at 01.01.2022	365 778	719 514
Accumulated acquisition values as at 31.12.2022	373 336	719 122
Difference market values/acquisition values as at 01.01.2022	381 607	117 086
Difference market values/acquisition values as at 31.12.2022	377 049	133 678

¹ Comprises the property at Suurstoffi 43/45 in Risch-Rotkreuz as well as planning costs related to development of Metalli Living Space, Zug. The construction project for the S43/45 site in Risch Rotkreuz is currently being revised. Drawing on the learnings of leasing activities in the past two years and the change in tenant needs triggered by the COVID-19 pandemic, this revision is largely about increasing the flexibility of use. We currently plan to submit a project change request to the municipality of Risch Rotkreuz in the summer of 2023. Independent of the project revision work, an ongoing effort is being made to market those spaces

² Comprises the undeveloped portion of the Suurstoffi site in Risch-Rotkreuz. The undeveloped plots are stated at historical cost less accumulated depreciation in accordance with the valuation principles

³ Additions from investments include non-cash transactions from the accrual of building costs as well as from trade payables

⁴ Additions from the acquisition of the properties of the Renggli Group as well as the purchase of an additional 0.75% stake in Miteigentümergeinschaft Metalli, Zug

⁵ The disposals relate to a tenant's repayment of pre-financed tenant leasehold improvement costs

Other investment properties	Total investment properties	Total investment properties under construction ¹	Undeveloped plots ²	Total
0	1 534 432	9 794	2 524	1 546 750
0	7 153	1 480	0	8 633
0	42 400	0	0	42 400
0	1 583 985	11 274	2 524	1 597 783
0	1 078 139	9 794	2 524	1 090 457
0	1 085 292	11 274	2 524	1 099 090
0	456 293	0	0	456 293
0	498 693	0	0	498 693
0	1 583 985	11 274	2 524	1 597 783
0	4 349	484	0	4 833
115 501	119 659	0	0	119 659
0	-1 341	0	0	-1 341
-5 241	6 793	0	0	6 793
110 260	1 713 445	11 758	2 524	1 727 727
0	1 085 292	11 274	2 524	1 099 090
115 501	1 207 959	11 758	2 524	1 222 241
0	498 693	0	0	498 693
-5 241	505 486	0	0	505 486

The fair values are based on the market value assessments performed annually by a recognised independent real estate valuation expert (Wüest Partner AG) as at 31 December using the DCF method. The discount rates applied for the valuation of the investment properties and the investment properties under construction as at the balance sheet date were within a range of 2.3% to 3.5% (previous year: 2.3% to 3.3%).

The average weighted discount rate was 2.76% in real terms and 3.79% in nominal terms (31 December 2021: 2.82% in real terms and 3.33% in nominal terms).

Additional information per property can be found on pages 18 to 19 of this report.

5 Operating properties

in CHF thousands	2022	2021
Acquisition value at the beginning of reporting period	65 084	64 894
Additions	1 583	190
Acquisition value at the end of reporting period	66 667	65 084
Accumulated depreciation at the beginning of reporting period	- 34 720	- 32 907
Depreciation in the reporting period	- 1 835	- 1 813
Accumulated depreciation at the end of reporting period	- 36 555	- 34 720
Net book value at the beginning of reporting period	30 364	31 987
Net book value at the end of reporting period	30 112	30 364

Operating properties include the following properties located in Zug used in part or in full by the Group: Industriestrasse 14 (Parkhotel Zug), Industriestrasse 16 (Résidence) Metallstrasse 20 (Hotel City Garden), Haldenstrasse 9, 10, 11 (serviced city apartments), Baarerstrasse 30 (Restaurant Bären) and Industriestrasse 12 (Zug Estates offices).

The market value of the operating properties as at the balance sheet date was TCHF 102890 (previous year: TCHF 103230) and was determined by the independent real estate expert Wüest Partner AG using the DCF method. For the valuation as at 31 December 2022, discount rates within a range of 3.0% to 6.0% (previous year: 3.0% to 6.0%) were applied.

6 Other tangible assets

in CHF thousands	2022	2021
Acquisition value at the beginning of reporting period	20 249	20 904
Additions	796	- 30
Disposals	- 555	- 625
Acquisition value at the end of reporting period	20 490	20 249
Accumulated depreciation at the beginning of reporting period	- 15 637	- 14 933
Disposals	549	625
Depreciation in the reporting period	- 1 215	- 1 329
Accumulated depreciation at the end of reporting period	- 16 303	- 15 637
Net book value at the beginning of reporting period	4 612	5 971
Net book value at the end of reporting period	4 187	4 612

The disposals relate largely to derecognition of tangible assets no longer in use. In the previous year, subsidies for the installation of photovoltaic systems were recognised under additions.

7 Intangible assets

in CHF thousands	2022	2021
Acquisition value at the beginning of reporting period	1 885	1 402
Additions	777	601
Disposals	– 370	– 118
Acquisition value at the end of reporting period	2 292	1 885
Accumulated depreciation at the beginning of reporting period	– 1 116	– 915
Disposals	370	118
Depreciation in the reporting period	– 497	– 319
Accumulated depreciation at the end of reporting period	– 1 243	– 1 116
Net book value at the beginning of reporting period	769	487
Net book value at the end of reporting period	1 049	769

Intangible assets comprise software utilised in the business units. The disposals relate to derecognition of intangible assets no longer in use.

8 Financial liabilities

Financial liabilities comprise bonds and mortgage loans with financial institutions. They are structured as follows by maturity:

Residual term in CHF thousands	31.12.2022	31.12.2021
Due in the 1st year	164 800	125 792
Due in the 2nd year	92 200	40 800
Due in the 3rd year	150 625	90 800
Due in the 4th year	24 544	150 561
Due in the 5th year	800	24 544
Due in the 6th year	60 800	800
Due in the 7th year	100 501	60 800
Due in the 8th year	66 200	800
Due in the 9th year	0	66 200
Total financial liabilities	660 470	561 097
Of which current	164 800	125 792
Of which long-term	495 670	435 305

The average residual term of the interest-bearing debt was 3.4 years (previous year: 3.6 years). The average capital-weighted interest rate on all interest-bearing financial liabilities was 1.3% (previous year: 1.3%). The long-term loans were taken out at fixed interest rates.

The financing structure is composed as follows:

Financing structure in CHF thousands	31.12.2022	31.12.2021
Bonds	199 526	199 753
Mortgages	460 944	361 344
Total financial liabilities	660 470	561 097

The TCHF 100 000 bond that was issued on 17 February 2017 was duly repaid on 17 February 2022 and replaced with another TCHF 100 000 green bond that matures on 17 April 2029. The coupon amounts to 0.75%. A TCHF 100 000 green bond had already been issued on 2 October 2019 that matures on 2 October 2025. It has a coupon rate of 0.1%. The transaction costs were deducted from the initial recognition of the issue proceeds. The difference between the book value and the redemption amount is written up on a straight-line basis over the term and amounts to TCHF 474 as at 31 December 2022 (previous year: TCHF 247).

CHF thousands	0.7% bond (2017-2022)	0.1% green bond (2019-2025)	0.75% green bond (2022-2029)	Total
Issue proceeds	99 684	99 618	0	199 302
Accumulated amortisation of issue costs	308	143	0	451
Balance as at 01.01.2022	99 992	99 761	0	199 753
Proceeds from new issue	0	0	99 660	99 660
Amortisation of issue costs	8	64	41	113
Redemption	-100 000	0	0	-100 000
Balance as at 31.12.2022	0	99 825	99 701	199 526

Key figures	0.7% bond (2017-2022)	0.1% green bond (2019-2025)	0.75% green bond (2022-2029)
Volume	CHF 100 million	CHF 100 million	CHF 100 million
Term	5.0 years (17.02.2017-17.02.2022)	6.0 years (02.10.2019-02.10.2025)	7.2 years (17.02.2022-17.04.2029)
Coupon	0.70%	0.10%	0.75%
Effective rate of interest	0.773%	0.174%	0.809%
Listing	SIX Swiss Exchange AG	SIX Swiss Exchange AG	SIX Swiss Exchange AG
Security number	353 427 989	494 734 426	114 872 819

To secure the mortgages, properties with a book value of TCHF 1 127 788 (previous year: TCHF 926 363) have been pledged.

9 Trade payables

in CHF thousands	31.12.2022	31.12.2021
Advance payments from tenants	4 704	3 304
Liabilities to third parties	617	584
Total trade payables	5 321	3 888

10 Other current liabilities

in CHF thousands	31.12.2022	31.12.2021
Advance payments on account for flat-rate heating and service charges	5 834	2 005
Liabilities to social security institutions and public authorities	777	290
Liabilities to pension schemes	39	0
Remaining other current liabilities	808	1 137
Total other current liabilities	7 458	3 432

11 Accrued expenses

in CHF thousands	31.12.2022	31.12.2021
Income tax accrual	3 234	2 730
Accruals for construction costs	1 767	5 145
Accruals for staff-related costs	1 372	1 194
Accruals for operating costs	1 541	1 586
Other accrued expenses	1 157	822
Total accrued expenses	9 071	11 477

12 Provisions

in CHF thousands	2022	2021
Provisions at the beginning of reporting period	529	524
Increase	3	5
Utilisation	- 146	0
Provisions at the end of reporting period	386	529
Of which current at the end of reporting period	32	29
Of which long-term at the end of reporting period	354	500

Long-term provisions cover construction risks within the scope of two- and five-year warranties from the sale of apartments and promotional properties.

13 Deferred tax liabilities

in CHF thousands	2022	2021
Deferred tax liabilities at the beginning of reporting period	109 282	101 799
Net increase recognised in the income statement in the reporting period	3 279	7 483
Increase due to acquisition	7 554	0
Deferred tax liabilities at the end of reporting period	120 115	109 282

Deferred tax assets arising from losses carried forward were capitalised as far as it was deemed likely that they could be offset against future gains. The hotel & catering segment had deferred tax assets of TCHF 106 as at 31 December 2022 (previous year: TCHF 149).

As in the previous year, there are no deferred tax assets in the real estate segment.

Deferred income taxes were calculated using an average tax rate of 11.7% (previous year: 12.0%).

14 Shareholders' equity

Share capital

Categories of shares	Security number	Nominal value CHF	Number	Votes	Capital CHF	Votes previous year	Capital CHF previous year
Series A registered shares	14 805 211	2.50	496 600	496 600	1 241 500	496 600	1 241 500
Series B registered shares	14 805 212	25.00	460 340	460 340	11 508 500	460 340	11 508 500
Total				956 940	12 750 000	956 940	12 750 000

As was the case last year, Zug Estates Holding AG did not sell any registered shares during the reporting period.

As was the case last year, Zug Estates Holding AG did not hold any registered treasury shares as at the balance sheet date.

Non-distributable statutory reserves as at 31 December 2022 amounted to TCHF 4175 (previous year: TCHF 3800).

Shareholders' equity per share

in CHF		31.12.2022	31.12.2021
Shareholders' equity	TCHF	989 253	968 578
Deferred tax liabilities	TCHF	120 115	109 282
Shareholders' equity before deferred taxes	TCHF	1 109 368	1 077 860
Outstanding series A registered shares ¹	Number	496 600	496 600
Outstanding series B registered shares	Number	460 340	460 340
Shareholders' equity per outstanding series B registered share, before deferred taxes	CHF	2 175.23	2 113.45
Shareholders' equity per outstanding series B registered share, after deferred taxes	CHF	1 939.71	1 899.17

¹ Series A registered shares are factored in at a ratio of 1 to 10 in accordance with their share of capital

NAV at market value per share

in CHF		31.12.2022	31.12.2021
Shareholders' equity	TCHF	989 253	968 578
Difference market value/acquisition value operating properties	TCHF	72 778	72 866
Deferred taxes on difference market value/acquisition value operating properties	TCHF	-8 733	-8 744
NAV at market value	TCHF	1 053 298	1 032 700
Outstanding series A registered shares ¹	Number	496 600	496 600
Outstanding series B registered shares	Number	460 340	460 340
NAV at market value per outstanding series B registered share	CHF	2 065.29	2 024.90

¹ Series A registered shares are factored in at a ratio of 1 to 10 in accordance with their share of capital

NAV at market value per share includes properties used for operational purposes at market value.

Net income excluding revaluation and special effects

in CHF thousands	2022	2021
Net income	39 800	75 561
Revaluation of investment properties (net)	- 6 793	- 42 400
Taxes attributable to the revaluation of investment properties (net)	815	5 088
Result from sale of investment properties	0	- 7 317
Taxes attributable to the profit from sale of investment properties	0	878
Net income excluding revaluation and special effects	33 822	31 810

Earnings per share

Information on series A registered shares		2022	2021
Series A registered shares issued on 01.01.	Number	496 600	496 600
Series A registered shares issued on 31.12.	Number	496 600	496 600
Series A registered shares issued (weighted average)	Number	496 600	496 600
Average outstanding series A registered shares		496 600	496 600
Share in net income attributable to series A registered shares	TCHF	3 875	7 358
Share in net income excluding revaluation and special effects, attributable to series A registered shares	TCHF	3 293	3 097
Applicable number of series A registered shares	Number	496 600	496 600
Earnings per series A registered share, undiluted	CHF	7.80	14.82
Earnings per series A registered share excluding revaluation and special effects, undiluted¹	CHF	6.63	6.24

Information on series B registered shares		2022	2021
Series B registered shares issued on 01.01.	Number	460 340	460 340
Series B registered shares issued on 31.12.	Number	460 340	460 340
Series B registered shares issued (weighted average)	Number	460 340	460 340
Average outstanding series B registered shares		460 340	460 340
Share in net income attributable to series B registered shares	TCHF	35 925	68 203
Share in net income excluding revaluation and special effects, attributable to series B registered shares	TCHF	30 529	28 713
Applicable number of series B registered shares	Number	460 340	460 340
Earnings per series B registered share, undiluted	CHF	78.04	148.16
Earnings per series B registered share excluding revaluation and special effects, undiluted¹	CHF	66.32	62.37

¹ There are no potentially dilutive effects to report. The diluted earnings per share correspond to the undiluted earnings per share.

15 Significant shareholders

As at 31 December 2022, the following shareholders owned more than 3% of total voting rights:

Number or %	Series A registered shares	Series B registered shares	Votes	Votes previous year
Buhofer group ¹	409 576	43 971	47.4%	47.4%
Heinz M. Buhofer	25 830	53 770	8.3%	8.3%
Johannes Stöckli	56 800	3 866	6.3%	6.3%
Werner O. Weber, indirectly held through Wemaco Invest AG	0	60 392	6.3%	6.3%

¹ The group comprises Elisabeth Buhofer, Annelies Häcki Buhofer and Julia Häcki, if acting in mutual agreement. Some shares are indirectly held through Holmia Holding AG.

The shares held by current members of the corporate bodies are shown in the notes to the annual financial statements of Zug Estates Holding AG on page 78.

16 Property income

The reported property income of TCHF 62 221 (previous year: TCHF 60 024) comprises actual rental income. This position contains rental revenue from all properties.

in CHF thousands	2022	2021
Rental income Zug City Center site	29 969	29 392
Rental income Suurstoffi	31 603	30 583
Income from other properties	649	49
Total property income	62 221	60 024

The individual contractual relationships with external tenants had the following terms on the balance sheet date:

Term, share in %	31.12.2022	31.12.2021
Up to 1 year, including unlimited rental contracts	44.4	41.1
Over 1 year	7.7	10.7
Over 2 years	4.2	9.0
Over 3 years	2.0	3.3
Over 4 years	12.0	1.6
Over 5 years	6.8	9.5
Over 6 years	6.0	5.1
Over 7 years	3.2	4.4
Over 8 years	0.5	3.3
Over 9 years	2.5	0.5
Over 10 years	10.7	11.5
Total	100.0	100.0

On 31 December 2022, the five largest tenant groups together generated 25.2% (previous year: 27.2%) of rental income. They can be broken down as follows:

Tenants, share in %	31.12.2022	Tenants, share in %	31.12.2021
Lucerne University of Applied Sciences and Arts	9.1	Lucerne University of Applied Sciences and Arts	9.7
Novartis	5.5	Novartis	5.9
Migros ¹	4.6	Migros ¹	5.2
UBS	3.5	UBS	3.7
Dosenbach-Ochsner AG	2.5	Dosenbach-Ochsner AG	2.7

¹ Various companies of the Migros Group

17 Hotel & catering income

in CHF thousands	2022	2021
Accommodation	10 502	6 165
Catering	4 163	2 217
Ancillary services	48	35
Increase of provisions for doubtful receivables	-9	-28
Total hotel & catering income	14 704	8 389

18 Additional income from ordinary business operations

in CHF thousands	2022	2021
Revenue from services	982	850
Revenue from own work	0	48
Revenue from leasing of personnel	274	814
Revenue from electricity supplied	1 283	1 353
Other revenue	344	368
Total additional income from ordinary business operations	2 883	3 433

19 Personnel expenses

in CHF thousands	2022	2021
Wages and salaries	-12 286	-10 470
Social security expense	-1 931	-1 702
Other personnel expenses	-558	-629
Total personnel expenses	-14 775	-12 801

20 Other operating expenses

in CHF thousands	2022	2021
Marketing/sales promotion	-1 527	-1 310
Maintenance and repair	-498	-471
Administrative expenses	-537	-577
IT/software	-961	-694
Legal and consultancy costs	-751	-1 205
Expense for electricity supplied	-956	-902
Other costs	-1 395	-1 043
Total other operating expenses	-6 625	-6 202

Other operating expenses mainly include costs incurred by the hotel & catering business unit for laundering services and for the operation of the properties.

21 Depreciation

in CHF thousands	2022	2021
Depreciation of operating properties	-1 835	-1 813
Depreciation of other tangible assets	-1 215	-1 329
Amortisation of intangible assets	-497	-319
Total depreciation	-3 547	-3 461

22 Financial result

in CHF thousands	2022	2021
Interest income from banks	3	0
Securities income	44	6
Other financial income	8	12
Total financial income	55	18
Interest expense mortgage loans and bonds	-7 754	-7 455
Other financial expenses	-60	-64
Total financial expenses	-7 814	-7 519
Financial result	-7 759	-7 501

No borrowing costs were capitalised in the reporting period (previous year: TCHF 46).

23 Taxes

in CHF thousands	2022	2021
Income taxes	- 2 101	- 2 622
Deferred taxes	- 3 318	- 7 473
Total taxes	- 5 419	- 10 095

Average weighted tax rate

in CHF thousands or %	2022	2021
Income before taxes (EBT)	45 219	85 656
Average tax rate	11.98%	11.79%
Income taxes at average tax rate	- 5 419	- 10 095
Total income taxes	- 5 419	- 10 095

24 Contingent liabilities and other off-balance sheet obligations

Zug Estates AG is the majority owner of Miteigentümergeinschaft Metalli, Zug. For this reason, joint liability may apply in relations with third parties.

In relation to the construction and operation of City Garden Hotel, Zug Estates AG accepted a dismantling obligation amounting to TCHF 490. This comes into effect in 2028 at the earliest.

25 Leasing liabilities

The liabilities from operating leasing that are not recognised in the balance sheet are structured as follows, according to maturity:

in CHF thousands	31.12.2022	31.12.2021
Up to 1 year	6	36
Up to 3 years	1	6
Over 3 years	0	1
Total	7	43

26 Pension plan liabilities

The employee benefit plans of Zug Estates Holding AG and its subsidiaries take the form of independent foundations or, as the case may be, collective foundations in accordance with Swiss pensions legislation (BVG). In the financial year under review and the previous year, all payments were made to pension institutions that are themselves risk bearers.

Employer's contribution reserves (ECR)

There were no employer's contribution reserves as at 31 December 2022 (unchanged over previous year).

in CHF thousands	Deficit/ surplus of pension plans 31.12.2022	Economic share of company 31.12.2022	Economic share of company 31.12.2021	Change or impact on net income in financial period	Contributions for the period	Pension expenses in personnel expenses 2022	Pension expenses in personnel expenses 2021
Patronage funds/pension schemes	0	0	0	0	0	0	0
Pension plans without surplus/deficit	0	0	0	0	848	848	349
Pension plans with surplus	0	0	0	0	0	0	471
Pension plans with deficit	0	0	0	0	0	0	0
Total	0	0	0	0	848	848	820

There was no surplus as at 31 December 2022. The surplus of TCHF 1 410 reported in the previous year did not constitute an economic benefit. The pension plans are funded by employer and employee contributions. Pension contributions are calculated as a percentage of the insured salary.

Composition of pension expenses

in CHF thousands	2022	2021
Pension contributions at the company's expense	848	820
Contributions to pension companies from employer's contribution reserves	-55	-114
Total contributions	793	706
Change in ECR due to asset development, value adjustments, discounting, interest payments, etc.	0	0
Total contributions and changes in employer's contribution reserves	793	706
Change in economic benefits for the company from surplus	0	0
Change in economic liabilities for the company from deficit	0	0
Total change in economic impact of surplus/deficit	0	0
Total pension expenses in personnel expenses in the period	793	706

Total pension expenses in personnel expenses in the period under review, including employer's contribution reserves received during the period under review, amounted to TCHF 793 (previous year: TCHF 706). No extraordinary contributions for financial reconstructions were agreed or paid in the reporting period.

27 Segment report

The Group's business activities comprise the business units real estate and hotel & catering.

2022 in CHF thousands	Real estate	Hotel & catering	Corporate & eliminations ¹	Total
Operating revenue	70 334	15 346	- 5 550	80 130
Operating expenses	- 21 125	- 14 280	5 007	- 30 398
Revaluation of investment properties (net)	6 793	0	0	6 793
Operating income before depreciation (EBITDA)	56 002	1 066	- 543	56 525
Operating income (EBIT)	53 324	395	- 741	52 978

2021 in CHF thousands	Real estate	Hotel & catering	Corporate & eliminations ¹	Total
Operating revenue	67 749	11 125	- 4 645	74 229
Operating expenses	- 21 088	- 10 463	4 223	- 27 328
Revaluation of investment properties (net)	42 400	0	0	42 400
Result from sale of investment properties	7 317	0	0	7 317
Operating income before depreciation (EBITDA)	96 378	662	- 422	96 618
Operating income (EBIT)	93 729	- 42	- 530	93 157

¹ Holding company expenses and intersegment revenues are eliminated in the «Corporate & eliminations» column

All revenues in 2022 and the previous year were generated in the Canton of Zug.

In the 2022 financial year, the segment elimination of operating revenue and operating expense includes a rent reduction of TCHF 500 in favour of the hotel & catering segment (previous year: TCHF 1430).

Ownership of the entire portfolio – i.e. investment and operating properties – rests with the real estate business unit. Based on an integrated view of the hotel & catering business unit, i.e., factoring in all properties used by the unit as well as all associated expenses and credits arising from rent paid to the real estate business unit, in the year under review the hotel & catering business unit generated operating income (EBIT) of CHF 3.1 million (previous year: CHF 1.9 million) and an annualised EBITDA return of 5.8% (previous year: 4.3%) on the market values of these properties. Excluding the hardship assistance of CHF 2.1 million received in the previous year, operating income (EBIT) came to CHF -0.2 million and the EBITDA return was 1.7%. No hardship assistance was received in 2022.

28 Transactions with related parties

As in the previous year, there were no transactions with related parties during the reporting period. Information on the procedure for determining the compensation of members of the board of directors and Group management and on the compensation amounts paid to them is available in the compensation report on pages 38 to 41. As at the balance sheet date, there were no liabilities towards members of the board of directors (unchanged).

29 Events after the balance sheet date

Between 31 December 2022 and the date of approval of these consolidated financial statements, no events occurred which would necessitate a restatement of the book values of the Group's assets and liabilities as at 31 December 2022 or would need to be disclosed here.



Report of the statutory auditor

Report on the audit of the consolidated financial statements



Opinion

We have audited the consolidated financial statements of Zug Estates Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2022, the consolidated income statement, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and information given on pages of the annual report marked as audited.

In our opinion, the consolidated financial statements (pages 46 to 69) and information given on pages marked as audited (pages 12, 14, 15, 18, 19) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with article 17 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange as well as Swiss law.



Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Market valuation of investment properties

Risk The market valuation of investment properties was considered a key audit matter, since this process features significant areas of estimates and the assets valued in this way, at TCHF 1713445, are therefore a significant part of the group's balance sheet. As disclosed in the notes to the consolidated financial statements under "Investment properties, investment properties under construction and undeveloped plots" in the significant accounting and valuation policies (page 52) as well as under "4 Investment properties, investment properties under construction and undeveloped plots" (pages 56-57), market values were determined by an external real estate expert on the basis of the discounted cash flow method. These market value estimates are based on assumptions, in particular in terms of rental income, discount rates, vacancy rates as well as maintenance costs and development risks.

Our audit response In addition to other audit procedures, we assessed the objectivity, independence and competence of the external real estate expert as well as the valuation model that was applied. Moreover, we performed sample tests to examine the correctness of property-specific data (amongst others rental income, maintenance costs) that were considered in the valuation. We also assessed the underlying key assumptions of the real estate expert by discussing them with both management and the external expert and comparing them with market data. Furthermore, for a sample we performed own calculations of the market values.

Our audit procedures did not lead to any reservations concerning the market valuation of investment properties.

Acquisition

Risk In the current financial year, Zug Estates Holding AG acquired the Renggli Group. The accounting of this acquisition was considered a key audit matter since the acquisition is a complex transaction and the increase in investment properties of TCHF 115 501 is material. Furthermore, additional disclosures are needed.

Our audit response Our procedures included the reconciliation of the purchase price with the underlying contract. We discussed the transaction with the management in order to get an understanding of the main contract terms and the related estimates. We assessed the accounting for the transaction. Based on an interim financial statement, we assessed the reconciliation from book values to actual. Furthermore, we assessed the disclosure regarding the newly acquired entities.

Our audit procedures did not lead to any reservations concerning the acquisition.



Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with Swiss GAAP FER, article 17 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

Report on other legal and regulatory requirements



In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Zug, 23 February 2023

Ernst & Young Ltd

Handwritten signature of Rico Fehr in black ink.

Rico Fehr
Licensed audit expert
(Auditor in charge)

Handwritten signature of Beatrice Bieri in black ink.

Beatrice Bieri
Licensed audit expert

Balance sheet of Zug Estates Holding AG

Assets

in CHF thousands	Note	31.12.2022	31.12.2021
Cash and cash equivalents		662	1 942
Other receivables due from third parties		45	29
Other receivables due from Group companies		1 908	0
Expenses prepaid to third parties		47	49
Accrued income Group companies	1	12 200	19 200
Total current assets		14 862	21 220
Loans to Group companies	2	221 523	319 523
Financial assets		50	50
Investments		113 128	13 892
Intangible assets		323	273
Total fixed assets		335 024	333 738
Total assets		349 886	354 958

Liabilities and shareholders' equity

in CHF thousands	Note	31.12.2022	31.12.2021
Short-term bonds	3	0	99 992
Other current liabilities to third parties		44	28
Accrued expenses due to third parties		1 345	1 408
Total current liabilities		1 389	101 428
Long-term bonds	3	199 526	99 761
Total long-term liabilities		199 526	99 761
Total liabilities		200 915	201 189
Share capital		12 750	12 750
Statutory reserves			
– Reserves from capital contributions		105	105
– Other capital contributions		9 193	9 193
– Legal retained earnings		3 960	3 960
Voluntarily retained earnings			
– Earnings carried forward from the previous year		108 636	106 000
– Net income for the year		14 327	21 761
Total shareholders' equity		148 971	153 769
Total liabilities and shareholders' equity		349 886	354 958

Income statement of Zug Estates Holding AG

in CHF thousands	Note	2022	2021
Dividend income	1	12 200	19 200
Other income		2 115	2 115
Total income		14 315	21 315
Personnel expenses		– 1 882	– 1 813
Other operating expenses		– 776	– 723
Total operating expenses		– 2 658	– 2 536
Operating income before depreciation (EBITDA)		11 657	18 779
Depreciation		– 198	– 108
Operating income (EBIT)		11 459	18 671
Financial expenses		– 1 014	– 963
Financial income	6	4 153	4 234
Income before taxes (EBT)		14 598	21 942
Direct taxes		– 271	– 181
Net income for the year		14 327	21 761

Notes to the financial statements of Zug Estates Holding AG

General

Zug Estates Holding AG is an incorporated company; the shares have been listed on SIX Swiss Exchange, Zurich, since 2 July 2012.

Its registered offices are at Industriestrasse 12, Zug, Switzerland. Zug Estates Holding AG was registered in the Canton of Zug Commercial Register on 1 March 2012.

Financial reporting legislation and principles applied in the preparation of the present financial statements

(where these are not specified by law)

The financial statements presented here were prepared in accordance with the provisions on commercial accounting contained in the Swiss Code of Obligations (article 957–963b CO). It must be noted in this connection that in order to ensure the long-term prosperity of the company, the option of building and dissolving hidden reserves is exercised.

Receivables and liabilities

Where applicable, receivables and liabilities are broken down on the balance sheet into third parties, related parties and Group companies. "Related parties" comprises receivables from and liabilities to directors, executives and shareholders. "Group companies" comprises receivables from and liabilities to companies in which direct or indirect participations are held.

Where necessary, a breakdown of "Related parties" is provided in the notes.

List of investments

Company	Registered office	Business operations	Share capital in CHF	Share of capital and votes 31.12.2022	Share of capital and votes 31.12.2021
Hotelbusiness Zug AG	Zug, ZG	Hotel & catering operator	1 000 000	100%	100%
Renggli Holding AG	Zug, ZG	Holding company	1 000 000	100%	0%
Zug Estates AG	Zug, ZG	Real estate company	1 500 000	100%	100%

Zug Estates Holding AG acquired 100% of the shares of Renggli Holding AG on 2 November 2022. The company's assets largely consist of two participations in real estate companies.

Securities/ financial assets

Short-term securities and financial assets are stated at the quoted price as at the balance sheet date. No fluctuation reserves were established. Financial assets for which no quoted price is available are carried at cost less impairments, if any.

Loans to Group companies

Intercompany loans are reported at their nominal value. If there are indications that loans have been overvalued, the book values are reviewed and adjusted if necessary.

Investments

Investments are recognised at cost and valued individually. If, based on calculations of the earnings value, the value in use of an investment falls below the current book value for an extended period of time, a value adjustment is recorded. Earnings values are determined on the basis of estimates (income, expenses and discount rates).

Intangible assets

Acquired intangible assets are recognised in the balance sheet if they bring measurable benefits to the company over several years. They comprise software and are valued at acquisition cost less straight-line depreciation over an economic life of three years. Self-developed intangible assets are not recognised in the balance sheet.

Bonds

Bonds are initially recognised at fair value, net of transaction costs. Subsequently, financial liabilities are carried at cost, with any difference between the redemption amount and the book value written up on a straight-line basis over the term.

1 Accrued income Group companies

Accrued income from Group companies includes dividends from subsidiaries totalling TCHF 12 200, which were distributed from the ordinary profits of the 2022 financial year and recorded under "Dividend income" in the income statement (previous year: TCHF 19 200).

2 Loans to Group companies

This position comprises long-term loans to subsidiaries to finance their operations in the amount of TCHF 221 523 (previous year: TCHF 319 523).

3 Bonds

The TCHF 100 000 bond that was paid up on 17 February 2017 was duly repaid on 17 February 2022 and replaced with another TCHF 100 000 green bond that matures on 17 April 2029. The coupon amounts to 0.75%. A TCHF 100 000 green bond had already been issued on 2 October 2019 that matures on 2 October 2025. It has a coupon rate of 0.1%.

4 Significant shareholders

As at 31 December 2022, Zug Estates Holding AG was aware of the following significant shareholders within the meaning of article 663c of the Code of Obligations (shareholders with holdings greater than 5% of all voting rights):

Number or %	Series A registered shares	Series B registered shares	Votes	Votes previous year
Buhofer group ¹	409 576	43 971	47.4%	47.4%
Heinz M. Buhofer	25 830	53 770	8.3%	8.3%
Johannes Stöckli	56 800	3 866	6.3%	6.3%
Werner O. Weber, indirectly held through Wemaco Invest AG	0	60 392	6.3%	6.3%

¹ The group comprises Elisabeth Buhofer, Annelies Häcki Buhofer and Julia Häcki, if acting in mutual agreement. Some shares are indirectly held through Holmia Holding AG.

5 Share ownership by current members of the corporate bodies

Number of	Series A registered shares as at 31.12.2022	Series B registered shares as at 31.12.2022	Series A registered shares as at 31.12.2021	Series B registered shares as at 31.12.2021
Dr. Beat Schwab, chairman	0	70	0	10
Prof. Dr. Annelies Häcki Buhofer, member	186 298	11 069	186 252	11 039
Armin Meier, member	0	270	0	270
Johannes Stöckli, member	56 800	3 866	56 800	3 866
Martin Wipfli, member	0	300	0	300
Patrik Stillhart, CEO	0	0	0	0
Mirko Käppeli, CFO	0	50	0	50

No shares or options on such shares were allocated to members of the board of directors and Group management or employees.

6 Financial income

Financial income comprises interest received on loans to Group companies and income from securities.

7 Number of full-time equivalents

The number of full-time equivalents averaged fewer than 10 in the year under review (unchanged).

8 Significant events after the balance sheet date

No significant events occurred after the balance sheet date which have an impact on the book values of the reported assets and liabilities or would need to be disclosed here.

Proposal for the appropriation of available earnings

in CHF	31.12.2022	31.12.2021
Retained earnings carried forward	108 635 658	106 000 086
Net income for the year	14 327 334	21 760 572
Retained earnings	122 962 992	127 760 658
Dividend	- 20 910 000	- 19 125 000
Retained earnings to be carried forward	102 052 992	108 635 658

The board of directors proposes the distribution of a gross dividend (subject to withholding tax) of CHF 4.10 per series A registered share and CHF 41.00 per series B registered share from ordinary earnings.

Subject to approval by the general meeting of shareholders of the proposal put forward by the board of directors, distribution will be effected on Wednesday, 14 April 2023 (payment date).



Report of the statutory auditor

Report on the audit of the financial statements



Opinion

We have audited the financial statements of Zug Estates Holding AG (the Company), which comprise the balance sheet as at 31 December 2022 and the statement of income for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 74 to 78) comply with Swiss law and the Company's articles of incorporation.



Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key audit matters

We have determined that there are no key audit matters to communicate in our report.



Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.



Report on other legal and regulatory requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

Furthermore, we confirm that the proposed appropriation of available earnings (page 79) complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Zug, 23 February 2023

Ernst & Young AG

A handwritten signature in black ink that reads "Fehr".

Rico Fehr
Licensed audit expert
(Auditor in charge)

A handwritten signature in black ink that reads "B. Bieri".

Beatrice Bieri
Licensed audit expert



The combination of more than 60 shops, offices, apartments restaurants, hotels and many other supplementary offers make the Metalli complex a venue where the general public can congregate.

Sustainability

"We design the living spaces of tomorrow and pursue ambitious objectives across all ESG topics."

Zug Estates can look back on a successful year in terms of sustainability. Compared to the previous year, the Group cut its greenhouse gas emissions by another 50%, from 1.8 kg to 0.9 kg CO_{2eq} per square metre of energy reference area (during the measurement period until 31 March 2022). The company's emissions are already far below the 1.5 degree reduction pathway called for by the CRREM (Carbon Risk Real Estate Monitor).

Since all the City Centre site properties but one are now connected to the Circulago lake water district (Seewasser-Energieverbund), the Group expects to see a further reduction in emissions for 2022 (period from 1 April 2022 to 31 March 2023) before emissions rise temporary slightly again from 2023 onward due to the acquisition of Renggli Holding AG. Despite the slight increase forecast from 2023 onward, Zug Estates will still hold on to its status as leader in the Swiss real estate sector. In the medium term, it also plans to develop the newly acquired properties in line with sustainable principles and operate these emission-free as well.

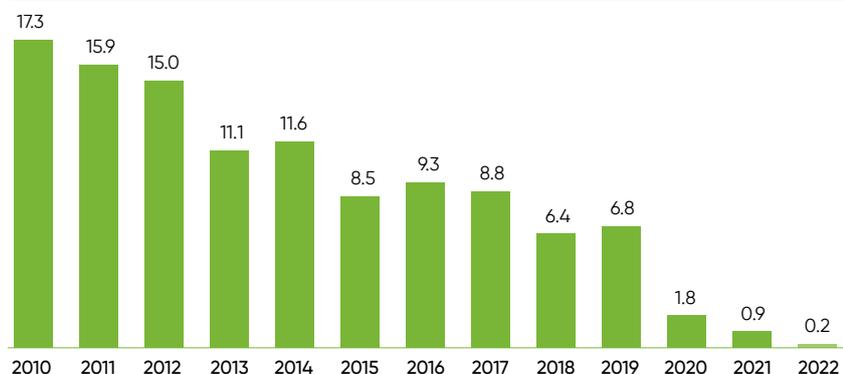
Sustainable objectives also play an important role in the further development of the Metalli Living Space in the centre of Zug. As Metalli's carbon-free operation is nearly a reality, current measures are focused on efforts to promote biodiversity and the circular economy. Great importance will be attached to social topics, including building affordable living space and establishing a wide variety of cultural and leisure activities. By defining ambitious objectives across all ESG topics, Zug Estates creates lasting added value for its stakeholder groups, society and the environment.

Both the results already achieved as well as the Group's future efforts are the result of a sustainability strategy that was first put into place over ten years ago and systematically pursued ever since. Sustainable principles and values are firmly entwined in the company's DNA at every level – from individual employees up to the board of directors.

Reduction pathway for Scope 1+2 Zug Estates portfolio

Spec. greenhouse gas emissions (kg/m² ERA)

Measurement period from 1 April to 31 March



■ Zug Estates portfolio, Scope 1 + 2 ■ Forecast

Scope 1 covers all emissions directly caused by incineration.

Scope 2 covers the emissions generated by purchased energy (electricity, district heating).

Our promises



Energy and emissions:

100% CO₂-free operation thanks to the zero-zero strategy



Living environment development: Attractive spaces for a higher quality of life



Profitability: Sustainability implemented successfully with an eye to profitability



Innovation: Innovation to create added value for both people and nature



Materials: Promotion of the circular economy thanks to the targeted choice of materials

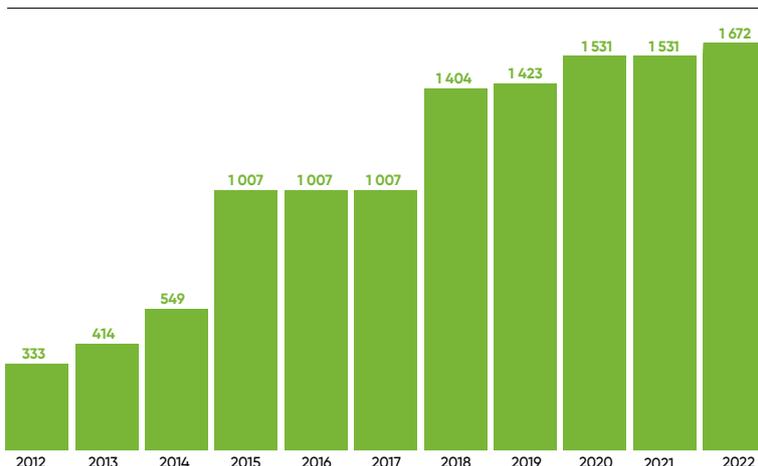
Zug Estates is focusing more strongly on increasing not only its own solar power production, but also the amount of renewable energy it purchases from regional sources. During the period under review from 1 April 2021 to 31 March 2022, the solar panels at the Suurstoffi site produced 1140 MWh of energy, equivalent to the average consumption of 250 houses. By building solar installations at its City Centre site, Zug Estates intends to increase its self-generated energy even further and sell that power directly to tenants through a merger for own consumption (ZEV). The first photovoltaic installation at the City Centre site was commissioned in autumn 2022.



Expansion of electromobility

Zug Estates' installation of e-vehicle charging stations at both the Metalli and Suurstoffi sites have laid the foundation for all tenants to be able to switch to e-vehicles. The first public charging stations went online in August 2022 at the Suurstoffi site. Additional public charging stations are planned at the Metalli shopping mall, not least due to the popularity of the existing stations.

Installed photovoltaic capacity in kWp

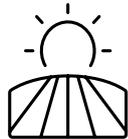


Key indicators



0.9 kg

Greenhouse gas emissions per m² of energy reference area (previous year: 1.8 kg)



1140 MWh

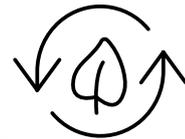
The amount of solar power produced is equivalent to the consumption of over 250 single-family homes

316



Number of customers in mergers for own consumption (ZEV)

92 %



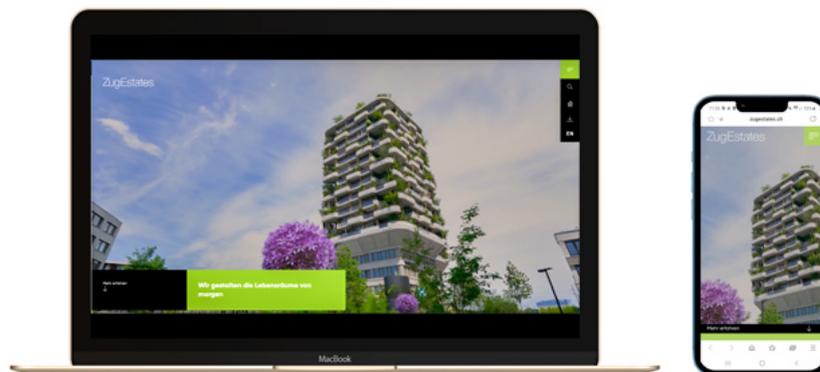
share of renewable energy for heating, cooling and power

Energy- and water-related data relate to the period from 1 April 2021 to 31 March 2022.



-83.8 %

reduction in greenhouse gases from 1 429 tonnes (2017) to the current figure of 231 tonnes per year



Further information

Further information regarding the sustainable development of Zug Estates and overall reporting in line with GRI standards can be found online.

zugestates.ch/sustainability

zugestates.ch/downloads

Sustainability Forum

Zug Estates already organised the Sustainability Forum for the seventh time in September 2022. More than 200 guests from the realms of business, politics and academia were greeted at the Audi Max lecture hall of Lucerne University of Applied Sciences and Arts at the Suurstoffi site – a new record.



Prof. Werner Sobek

Guest speaker Prof. Werner Sobek, an extremely well-connected expert of world renown, made it clear in his lecture “Building in tomorrow’s world” that the world has an emissions problem, not an energy problem, and that the time we have left to reach the climate goals of the Paris Agreement is running out. Stefan Marbach of Herzog & de Meuron then showed how sustainability has an impact on the processes, mindset and sense of aesthetics of modern-day architecture. And last but not least, Peter Wicki, Head of Project Development, explained the sustainability principles that Zug Estates considers important in connection with its development of the Metalli Living Space. The event was moderated by CEO Patrik Stillhart.

For a recording of the event, please go to:

zugestates.ch/sustainabilityforum

The next Sustainability Forum will be held on 6 September 2023.



The event at the Audi Max lecture hall of Lucerne University of Applied Sciences and Arts was well attended.



The subsequent reception offered guests to the Forum an opportunity to speak with other guests and expand their networks.

Share information

Zug Estates Holding AG has two categories of shares. Series A registered shares (security number: 14 805 211) are not listed; series B registered shares have been listed in the regulatory standard for real estate companies of SIX Swiss Exchange in Zurich since 2 July 2012 (security number: 14 805 212, ticker symbol: ZUGN).

	Nominal value	Number	Share of votes	Share of capital
Series A registered shares	2.50	496 600	51.9%	9.7%
Series B registered shares	25.00	460 340	48.1%	90.3%

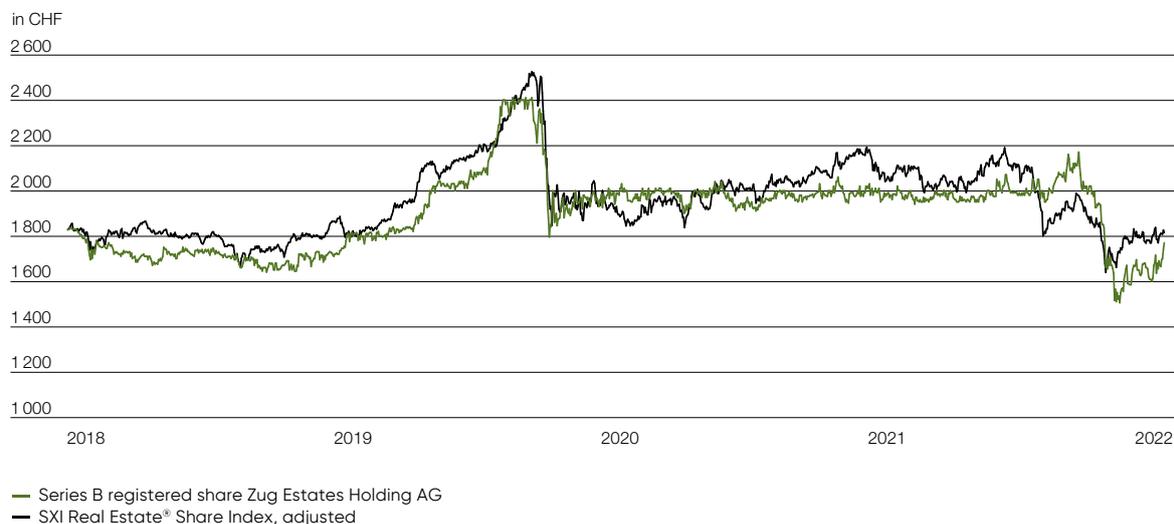
Breakdown of shareholder structure of series B registered shares as at 31 December 2022

Applicable number of series B registered shares	Number of registered shareholders	Registered shareholders in %	Number of registered shares	Registered shares in %
> 1000	43	2.5	357 078	81.8
501–1000	34	2.0	23 713	5.4
101–500	119	6.9	29 442	6.7
51–100	97	5.6	7 235	1.7
11–50	618	36.0	15 336	3.5
1–10	808	47.0	3 977	0.9
Total	1 719	100.0	436 781	100.0
Shares pending registration of transfer			23 559	
Total series B registered shares issued			460 340	

Series B registered shares by category of holder	Number of registered shareholders	Registered shareholders in %	Number of registered shares	Registered shares in %
Natural persons	1 446	84.1	220 590	50.5
Pension funds	72	4.2	65 665	15.0
Funds	48	2.8	28 143	6.5
Foundations	19	1.1	4 317	1.0
Insurers	9	0.5	5 391	1.2
Banks	15	0.9	4 053	0.9
Other legal entities	110	6.4	108 622	24.9
Total	1 719	100.0	436 781	100.0

Series B registered shares by provenance of shareholder	Number of registered shareholders	Registered shareholders in %	Number of registered shares	Registered shares in %
Switzerland	1 638	95.3	431 667	98.8
Outside Switzerland	81	4.7	5 114	1.2
Total	1 691	100.0	436 781	100.0

Performance series B registered share



Key figures per share

Figures per series A registered share in CHF		2022	2021	2020	2019	2018
Net income ¹		7.80	14.82	6.33	14.91	7.63
Net income excluding revaluation and special effects ^{1,3}		6.63	6.24	5.07	6.15	5.63
NAV at market value ^{2,4}		206.53	202.49	192.64	192.39	179.67
Distribution ⁵		4.10	3.75	4.40	4.40	2.80
<hr/>						
Figures per series B registered share in CHF		2022	2021	2020	2019	2018
Net income ¹		78.04	148.16	63.25	149.11	76.35
Net income excluding revaluation and special effects ^{1,3}		66.32	62.37	50.72	61.52	56.29
NAV at market value ^{2,4}		2 065.29	2 024.90	1 926.36	1 923.87	1 796.71
Distribution ⁵		41.00	37.50	44.00	44.00	28.00
Stock market price	High	2 170	2 060	2 410	2 370	1 830
	Low	1 505	1 910	1 795	1 630	1 640
	At year-end	1 770	1 980	2 030	2 330	1 675
<hr/>						
Total capitalisation in CHF million		2022	2021	2020	2019	2018
Market capitalisation ^{2,6}	At year-end	902.7	1 009.8	1 035.3	1 188.3	854.3

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

² In relation to number of shares outstanding (series A registered shares converted)

³ 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 (page 61)

⁴ NAV at market value per share includes properties used for operational purposes at market value and corresponding deferred taxes

⁵ Proposed by the board of directors

⁶ Conversion of series A registered share on the basis of the year-end rate applicable to series B registered shares

Contact details and upcoming events

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Upcoming events

06.04.2023

General meeting of shareholders 2023

14.04.2023

**Distribution to shareholders
(payment date)**

25.08.2023

Publication of half-year results 2023

Exchange trading

Series B registered share Zug Estates Holding AG

Security number: 14 805 212

ISIN: CH 014 805 212 6

Ticker symbol on SIX Swiss Exchange: ZUGN

Bloomberg: ZUGN:SW



Online, download, short report

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

The PDF version of the report can be downloaded from www.zugestates.ch/downloads. A copy of the printed report can be ordered by mail from ir@zugestates.ch.

Notes on possible forward-looking statements:

The present annual report of the Zug Estates Group may contain forward-looking statements. Such statements can be identified by expressions such as "shall", "assume", "expect", "anticipate", "intend", "aim", "future" or similar terms, as well as by discussions of strategies, goals, plans or intentions, etc. They are subject to known or unknown risks and uncertainties that could cause actual results and occurrences to differ materially from the expectations contained or implied in the forward-looking statements.

Notes on rounding:

Due to rounding, individual figures presented in this report may not add up exactly to the totals provided. All totals and key indicators are calculated based on the precise amounts, not the rounded amounts presented in the report.

Publishing information

Editor Zug Estates Holding AG **Project management** Philipp Hodel, Head of Corporate Communications **Copyright** © Zug Estates Holding AG, February 2023 **Photos** Atelier 31, Zurich (page 83); Beat Seger (page 14); Christoph Kaminski, Uster (title page, pages 9, 27, 33 and 86); Emanuel Ammon, Lucerne (page 13); Fotozug.ch (pages 17 and 84); istock (page 17); Roger Frei, Zurich (pages 23 and 37); screenshot from virtual.zg.ch (page 14) **Concept** Linkgroup AG, Zurich **Design and realisation** NeidhartSchön, Zurich

