

ZugEstates

2021

Annual Report



Selected key figures

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

¹ Excluding income from revaluation of investment properties and gains on the sale of investment properties

² Corresponds to net income excluding income from revaluation of investment properties (net), excluding income from the disposal of investment and promotional properties and corresponding deferred taxes as well as the effect of adjustments made to deferred tax rates (see page 60)

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

⁴ In relation to average shareholders' equity

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

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

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

⁸ Proposed by the board of directors

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

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

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Letter to shareholders

“Strong results in a challenging environment”

Vacancy rate (on reference date)



Dear shareholders,

2021 is likely to go down in history as a year of transition as life starts to normalise, both socially and in economic terms, in the wake of the COVID-19 pandemic. While our portfolio embraces a geographic focus, it is still broadly diversified in terms of use. In this uncertain environment, that combination proved successful and operating income excluding revaluations and special effects saw substantial gains.

Successful leasing activities and declining vacancy rate

These were due in part to the undiminished attractiveness of the Metalli complex with its central location, pleasant spaces for people to congregate and diverse range of products and services. These qualities made it possible to conclude several new leases with successful retailers. Despite some initial reluctance and uncertainties regarding the repercussions of remote working, the addition of smaller, fully equipped office spaces prompted greater demand for space at the Suurstoffi site. All in all, the vacancy rate for the portfolio was reduced from 5.0% in the previous year to 4.0% at the end of 2021.



Irene Gangwisch took over the operational management of Hotelbusiness Zug AG (HBZ) from Stefan Gareis on 1 February 2022.

Initial indications of recovery and new management at Hotelbusiness Zug AG

Our hotel and catering business still fell substantially short of the pre-pandemic level in the year under review. Recovery has set in, at least during certain phases, as evidenced by the 20.0% increase in sales. Strict cost management and robust business at the Serviced City Apartments succeeded once more in boosting gross operating profit substantially to more than 25%.

After nearly 20 years at the hotel, our director Stefan Gareis has decided to take on a new challenge. The board of directors would like to take this opportunity to thank Stefan Gareis for his many years of dedicated and successful work at Hotelbusiness Zug AG (HBZ) and wish him every success in the future. In her new role as director of HBZ, Irene Gangwisch manages the Parkhotel Zug, the City Garden Hotel and the Restaurant Bären. She has solid training and extensive experience with both business and leisure travellers in the hotel and catering industry.

Sustainability at every level

Connecting the Metalli complex to the Circulago lake water district took us one big step closer to implementing our zero-zero vision (operating our portfolio using renewable energy that generates zero CO₂ emissions) for both sites. The Suurstoffi site in Risch-Rotkreuz has met the most stringent sustainability requirements from the very start and is already being operated nearly CO₂-free. Our systematic focus on sustainability is also reflected in our financing strategy. Following its second green bond issue in February 2022, Zug Estates is the only listed real estate company in Switzerland to have a bond portfolio consisting exclusively of green financing products.

Ordinary dividend raised

For several years now, we have had and implemented a policy of gradually increasing the ordinary dividend up to a maximum of two-thirds of operating profit. Our positive performance in 2021 will allow us to hold on to this dividend policy. Accordingly, the board of directors will propose to the general meeting of shareholders that the ordinary dividend be raised by 10.3%, from CHF 34.00 to CHF 37.50, per series B registered share (CHF 3.75 per series A registered share).

Metalli Living Space nears its next milestone

Alain Baumgartner joined the Group management of Zug Estates AG in May 2021. He brings a wealth of experience to the table, which will also be beneficial to the redevelopment of the Metalli Living Space. The development plans for Metalli and Bergli are currently being prepared by the City of Zug. We expect the legally binding, updated development plans to be ready in the second half of 2023 and for construction to begin in 2025. Without losing its strong identity, Metalli is to become even more attractive as both a venue and as a shopping mall with additional space for living, working and leisure, direct access to the train station and neighbourhoods as well as spacious squares.

I look forward to finally being able to greet you in person again at the 2022 general meeting of shareholders on 12 April at Theater Casino Zug and drinking a toast with you to celebrate a successful financial year. Until then, I'd like to take this opportunity to wish you good health and thank you for your solidarity with Zug Estates.

Zug, March 2022



Dr Beat Schwab
Chairman of the board of directors

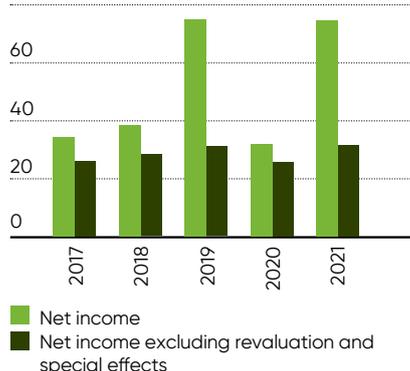
“We expect the legally binding, updated development plans to be ready in the second half of 2023 and for construction to begin in 2025.”

Financial year report

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

Net income and net income excluding revaluation and special effects¹

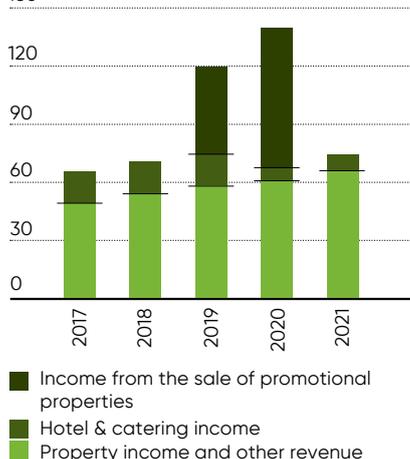
in CHF million



¹ 2017 Restated

Operating revenue¹

in CHF million



¹ 2017 Restated

Dear shareholders, Ladies and gentlemen,

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

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

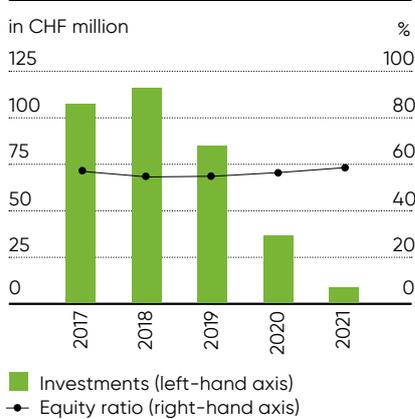
Net income increased due to higher property income

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

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

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

Equity and investments¹



¹ 2017 Restated

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

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

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

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

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

Fair value of portfolio



Portfolio value increases to CHF 1.7 billion

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

Vacancy rate reduced to 4.0%

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

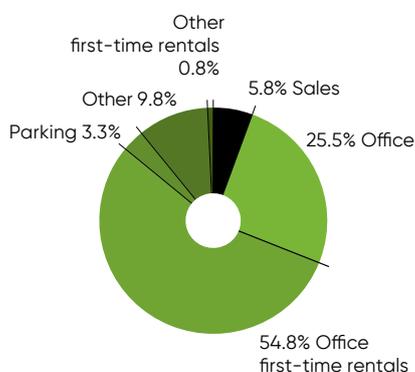
Vacancy rate (on reference date)



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

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

Breakdown of vacancies as at 31 December 2021, by use



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

Sustainability reporting expanded and nearly CO₂-free operation

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

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

Metalli Living Space development project

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

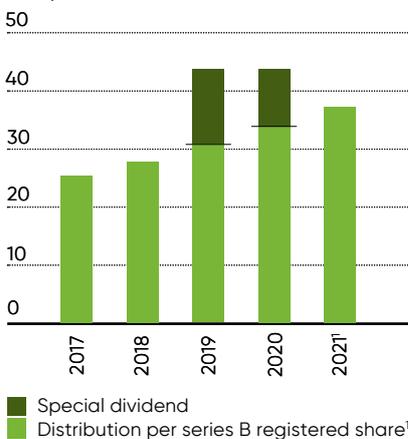
With a view to the upcoming architectural competition and while development plans are being drawn up by the City of Zug, Zug Estates is revisiting the positioning and design of the building's various use segments and parts. When developing the Metalli Living Space, Zug Estates intends to preserve those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

Very solid equity ratio

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

Distribution per series B registered share

CHF per share



¹ Payable in the following year; 2021: proposal of the board of directors

“We expect property income to increase slightly in 2022 as well.”

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

A conventional bond in the amount of CHF 100.0 million that was due to expire was replaced by another green bond on 17 February 2022. That makes Zug Estates the first listed real estate company in Switzerland to have a bond portfolio comprised exclusively of green financing products. The new bond has a term of just over seven years and a coupon of 0.75%.

Ordinary dividend raised

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

Outlook for 2022

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

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

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

Zug, March 2022

Patrik Stillhart
CEO

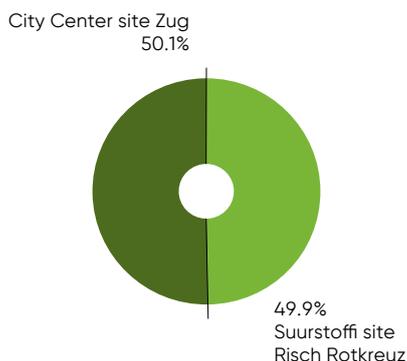
Mirko Käppeli
CFO

Portfolio

“The Zug Estates Group develops, markets and manages sites 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 2021



Zug Estates invests in sites in the Zug region. Half of the real estate portfolio is located at the Zug City Center site and the other half is at 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 and the easy reachability that comes with it, access to a large talent pool, and business-friendly authorities.

By concentrating on the Zug area, the Group 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 forward-looking environments. 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 30 m² to 6 000 m² 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, around 25% of which is residential property, as well as development potential that can be successively exploited over the next few years.

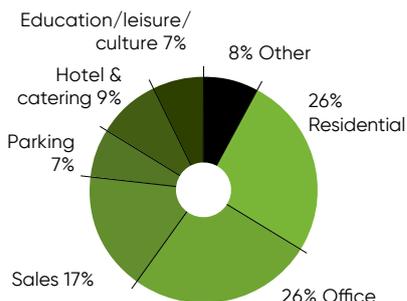
Attractive growth and development potential

As at 31 December 2021, the portfolio had a market value of CHF 1.7 billion, having more than doubled since the Zug Estates Group's IPO in 2012 (market value as at 30 June 2012: CHF 764.5 million).

Zug Estates pursues a policy of active growth. In the past, development activities have focused on completing the Suurstoffi site in Risch Rotkreuz. The next

Portfolio by use

Based on projected rental income¹ as at 31 December 2021



¹ From point of view of real estate business unit

step will be to make another investment, estimated at around CHF 300 million, in the phased development of the Zug City Center site. Construction on the Metalli Living Space project is expected to start in 2025.

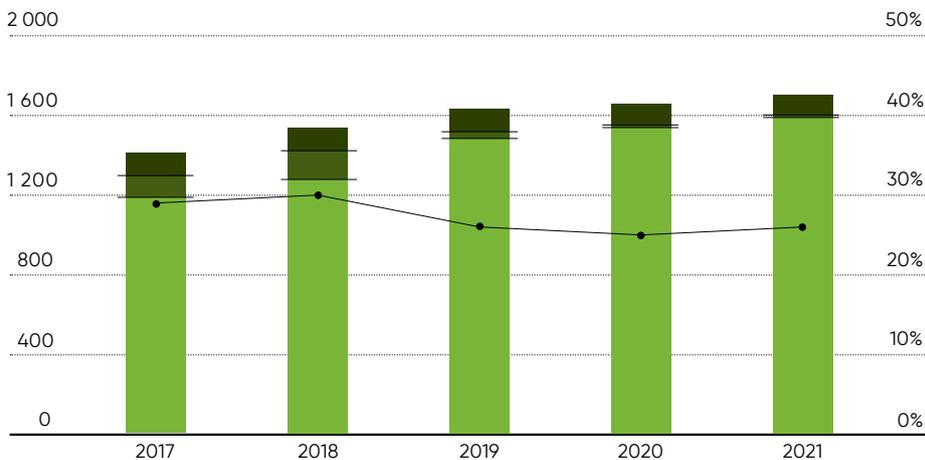
In the medium term, Zug Estates plans to acquire another development site as well. The evaluation process for potential sites will focus on properties in German-speaking Switzerland that are expected to be in high demand over the long term, predominantly in the corridor formed by the regions in and connecting Zurich, Zug and Lucerne. The strategy envisages the development of large-scale sites with a unique presence, broadly diversified uses and internal synergies as well as a sustainable energy concept. The investment volume is expected to be at least CHF 200 million.

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 Center 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.

Value of portfolio

in CHF million



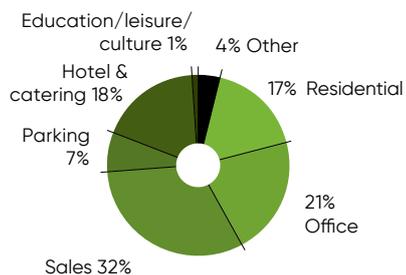
- Operating properties (market value)
- Investment properties under construction and undeveloped plots
- Investment properties
- Proportion of residential property (based on projected rental income, right-hand axis)

Two central sites

The real estate portfolio of Zug Estates is 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 2021

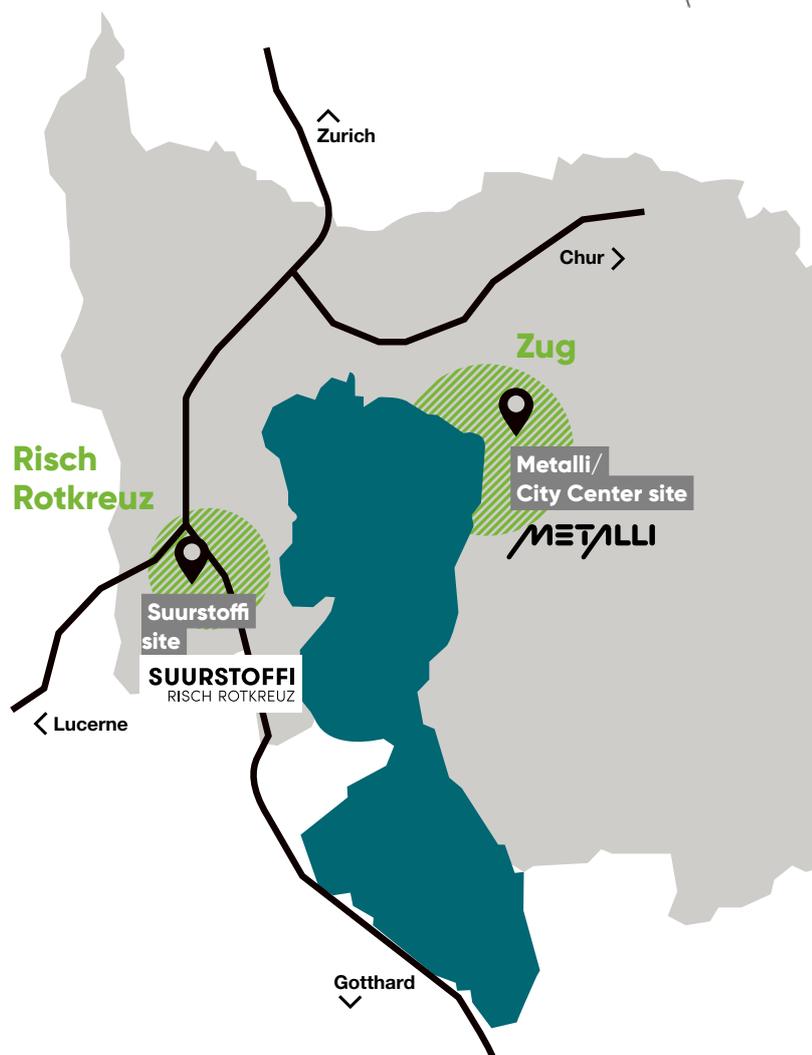
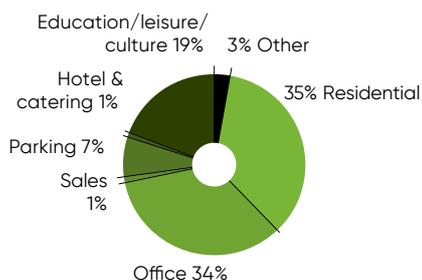


¹ Due proportion of market value and projected rental revenue for (co-owned) property at Baarerstrasse 20–22, Zug

² From point of view of real estate business unit

Suurstoffi site, Risch Rotkreuz

Based on projected rental revenue as at 31 December 2021



Suurstoffi site, Risch Rotkreuz

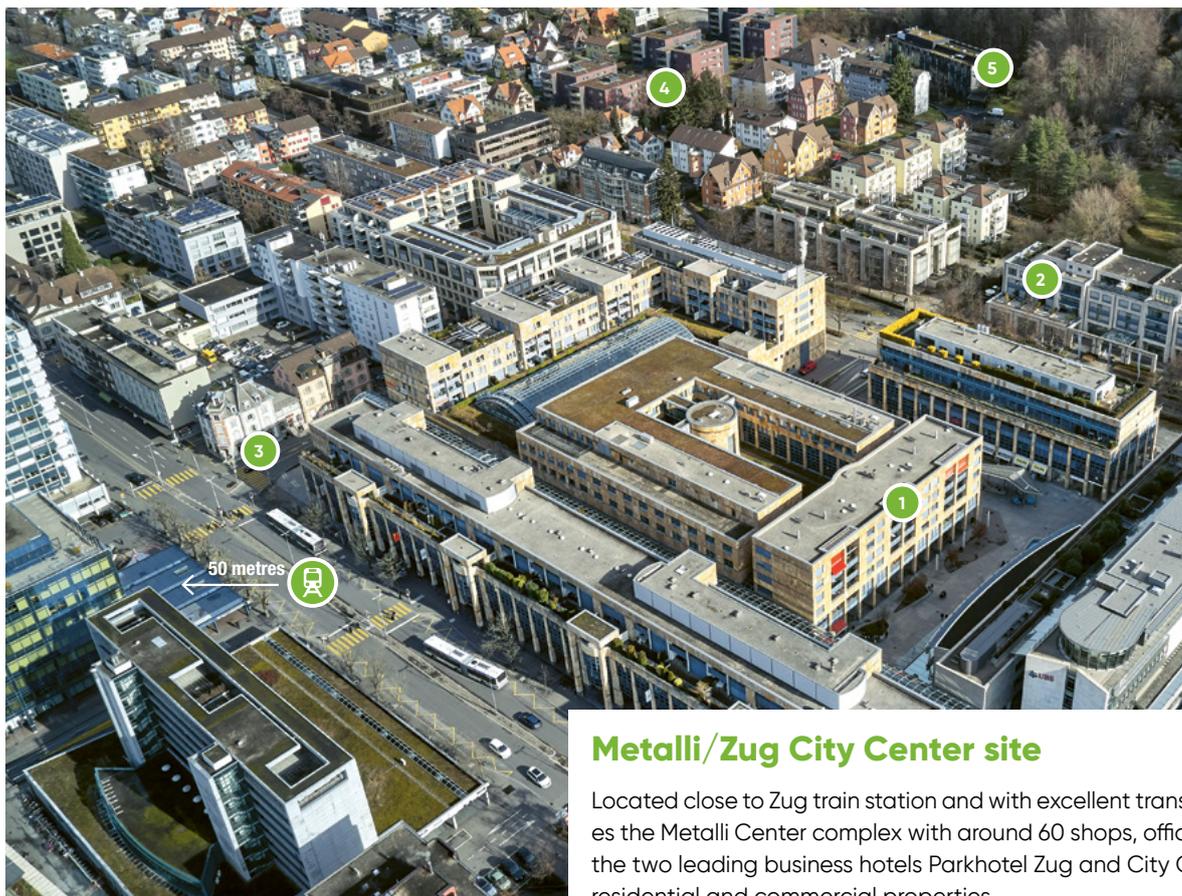
Key data as at 31 December 2021

Metalli/Zug City Center site

105 657 m ²	Site area	58 737 m ²
CHF 836.6 million	Market value	CHF 850.6 million ^{1,2}
CHF 836.6 million	Book value	CHF 777.8 million
7.1% (previous year: 9.6%)	Vacancy rate	0.5% (previous year: 1.0%)
CHF 33.9 million	Projected rental revenue investment properties	CHF 29.1 million ¹
4.1%	Gross return investment properties	3.9%
around 1 400	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

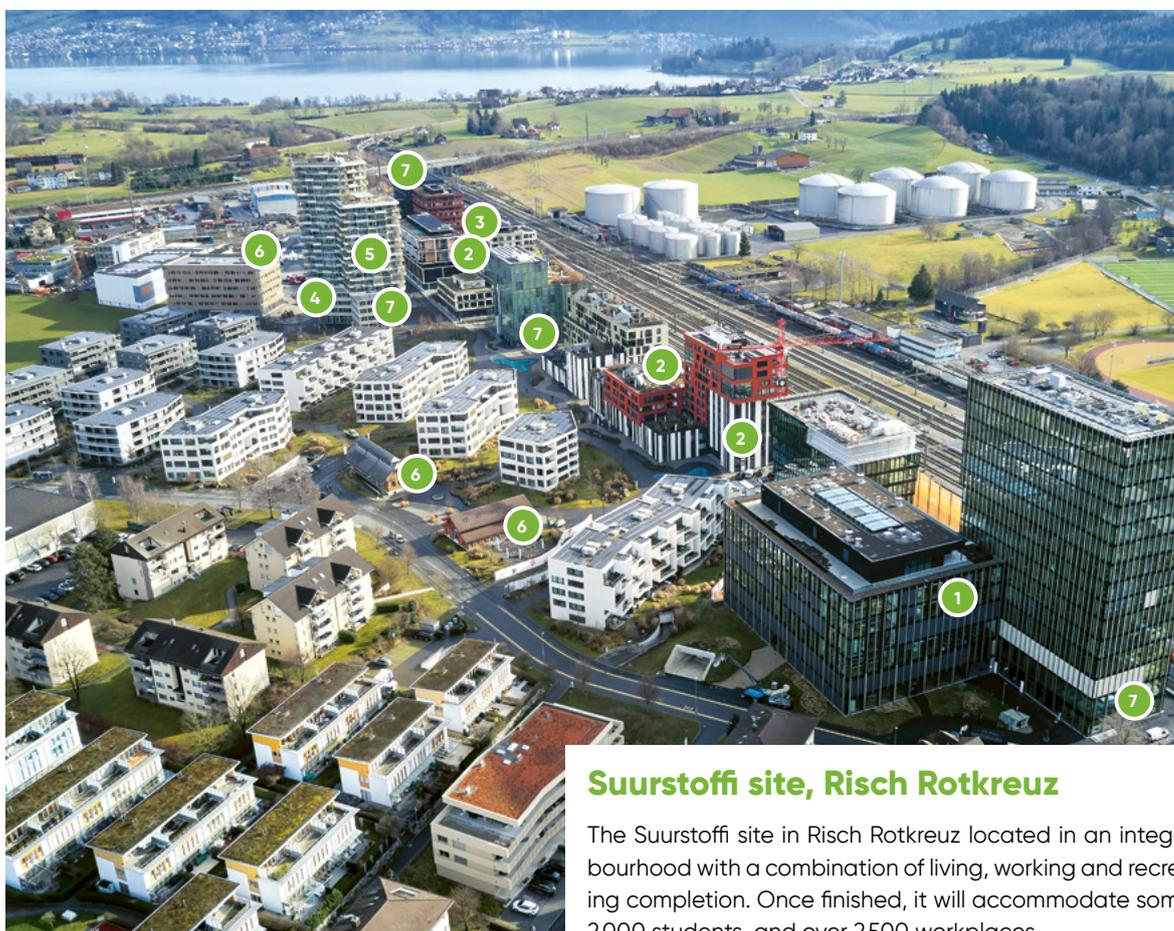
² Includes market value of operating properties



- 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 CU restaurant

Metalli/Zug City Center site

Located close to Zug train station and with excellent transport links, the site houses the Metalli Center 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 commercial 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 located in an integrated, traffic-free neighbourhood with a combination of living, working and recreational facilities, is nearing completion. Once finished, it will accommodate some 1400 residents, almost 2000 students, and over 2500 workplaces.

Selected key portfolio figures

	2017	2018	2019	2020	2021
Value of portfolio in CHF thousands					
Investment properties	1 181 425	1 273 724	1 478 364	1 534 432	1 583 985
Investment properties under construction	106 618	140 739	31 402	9 794	11 274
Undeveloped plots	2 524	2 524	2 524	2 524	2 524
Total real estate portfolio	1 290 567	1 416 987	1 512 290	1 546 750	1 597 783
Operating properties ¹	117 296	118 705	118 250	108 110	103 230
Total portfolio	1 407 863	1 535 692	1 630 540	1 654 860	1 701 013
Performance in CHF thousands or %					
Projected rental revenue investment properties	49 028	53 716	60 597	62 163	63 024
Property income ²	45 425	50 794	54 481	57 782	60 024
Gross return investment properties ³	4.1%	4.2%	4.1%	4.1%	4.0%
Vacancy rate of investment properties ⁴	1.5%	2.9%	3.3%	5.0%	4.0%
Average discount rate (real)	3.3%	3.2%	3.1%	3.0%	2.8%

¹ Properties used for operational purposes are stated at cost less write-downs in accordance with accounting standards

² Restated 2017

³ Projected rental income (annualised) as a percentage of the market value on the balance sheet date

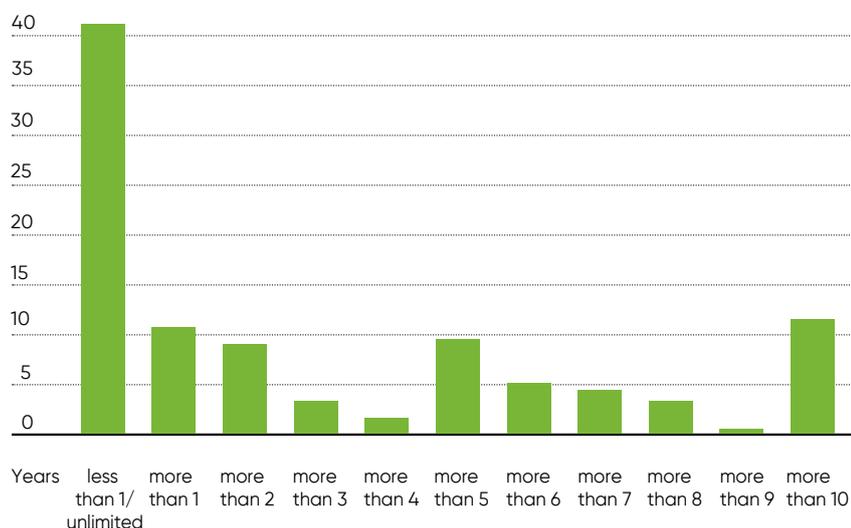
⁴ As at the balance sheet date, as a percentage of projected rental income

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 2021, share in %



WAULT (weighted average unexpired lease terms): 6.5 years



“Metalli Living Space” development project

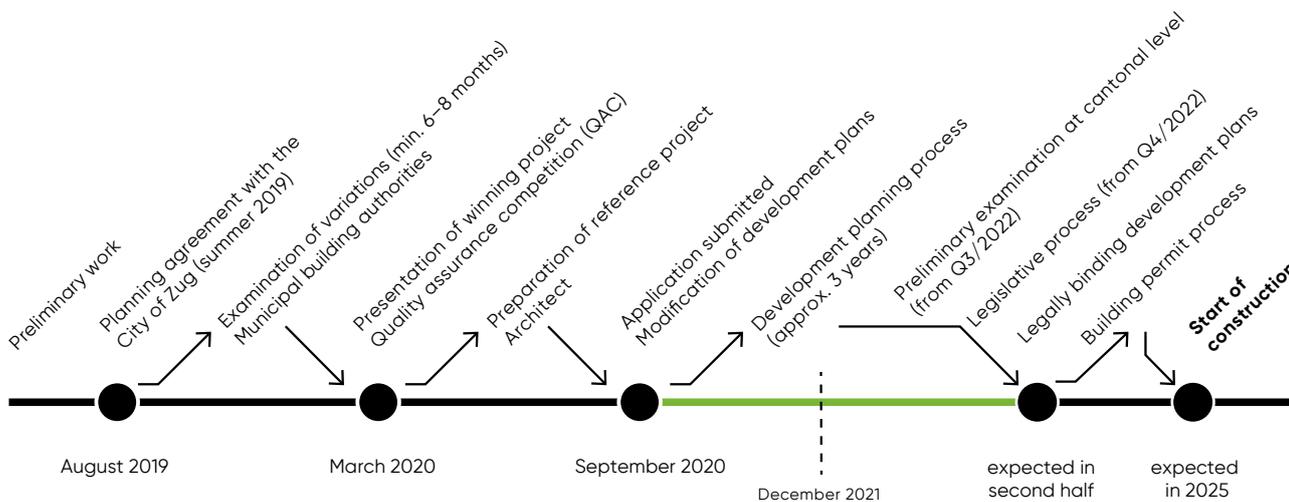
Zug Estates is planning to redesign the Metalli complex in the centre of Zug, which currently features a shopping mall, the associated residential and commercial properties as well as the adjacent Bergli site with Parkhotel, and to redevelop parts of it. The “Metalli Living Space” project aims to preserve those aspects of the site that work while also creating ample 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.

The City of Zug is currently working on finalising the development plans based on the reference project submitted in September 2020. At the same time, an environmental impact assessment (EIA) is being carried out on behalf of the city and in consultation with the Canton of Zug. As soon as the EIA has been concluded and the development plans are available, the canton will presumably conduct its preliminary examination between June and August 2022.

Zug Estates expects the legally binding, updated development plans to be ready in the second half of 2023. Construction is expected to begin in 2025.

For further information, please go to www.lebensraum-metalli.ch

Multi-phase plan



Ongoing development of the offering

Adjusting the offering to better meet customers' changing needs or to introduce new retail and catering concepts is an ongoing process, as evidenced by examples of the past year:

In mid-August 2021, the Miss Miu Korean restaurant opened its second location in Switzerland at the Metalli mall. Not only is the concept of a themed restaurant a boon to the shopping mall and the City of Zug, it is also considered a promising model for the future of the catering industry. The Secret Garden pop-up restaurant in the catering space of the City Garden hotel can also be deemed a success. Opened in May 2021, the restaurant was immediately met with enormous interest from the population.



The grand opening of a new Orell Füssli branch marks the return of a bookstore to the Metalli mall. This is the first branch of Switzerland's largest bookstore chain to be opened in the Canton of Zug. Not only does it feature a broad selection of fiction as well as books for children and young adults, but the Orell Füssli branch at the Metalli mall has a wide range of books in English as well.



The ZugSPORTS festival was a highlight at the Metalli shopping mall in August. Over the course of 20 days, a great many sports enthusiasts from all around Zug converged at the festival to try out different athletic activities together. Breathing life into the Metalli complex by hosting leisure and cultural activities and events is one of the goals that Zug Estates has set itself for the area's further development.

Carefully defined development criteria

Zug Estates aspires to take an integral approach toward site development to create attractive and future-oriented living spaces. By cultivating a targeted mix of uses and ground-floor offerings brimming with public appeal, we design our sites to be versatile and attractive living spaces. We embrace high-quality landscaping that offers many different ways for people to interact, all aimed at making our sites more attractive and ensuring that visitors experience the time they spend there as pleasant. This includes amenities such as gardens, a wide variety of spaces for leisure activities, exercise and playing, as well as well-placed bodies of water.

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	74.50	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					
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

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)

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	8 131	10 144	17 917	923	2 261	5 172	44 548	521
4 843	352	5 503	3 056	149	–	3 046	12 106	123
2 155	1 965	1 370	381	461	264	733	5 174	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	21 900	18 480	21 354	1 533	2 625	9 293	75 185	893
8 591	–	8 025	442	–	14 613	2 256	25 336	135
15 503	11 336	–	–	–	–	19	11 355	217
12 417	10 278	–	–	–	–	35	10 313	374
2 680	–	–	–	–	520	–	520	356
15 237	10 095	86	–	337	3 432	326	14 276	262
8 359	–	8 527	–	–	–	621	9 148	0
14 098	13 308	7 512	493	–	312	1 136	22 761	184
7 081	–	10 360	60	547	–	520	11 487	84
7 858	–	1 809	–	258	–	37	2 104	–
3 496	–	4 174	–	–	2 044	262	6 480	–
95 320	45 017	40 493	995	1 142	20 921	5 212	113 780	1 612
141 186	66 917	58 973	22 349	2 675	23 546	14 505	188 965	2 505
–	–	–	–	–	–	–	–	–
0	0	0	0	0	0	0	0	0
10 337	–	–	–	–	–	–	–	–
10 337	0	0	0	0	0	0	0	0
151 523	66 917	58 973	22 349	2 675	23 546	14 505	188 965	2 505
12 871	1 879	873	0	13 002	0	277	16 031	200
164 394	68 796	59 846	22 349	15 677	23 546	14 782	204 996	2 705

To the Board of Directors of Zug Estates Holding AG



Report of the independent valuation expert; Valuation as of December 31, 2021

Commission

Acting on behalf of Zug Estates Holding AG for purposes of accounting as of the balance sheet date of December 31, 2021, Wüest Partner AG (Wüest Partner) valued the properties and sections of properties held by the Zug Estates Group. 18 investment properties and six operating properties were valued.

Zurich,
6 January 2022

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 des Marktwertes

«Market value» is the estimated amount for which a property would most probably be exchanged on the date of valuation date 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 account taken of the Zug Estates Group's liabilities in respect of taxation (apart from ordinary property taxes) and financing costs.

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 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.

10 properties were inspected in connection with the valuation as of the balance sheet date of December 31, 2021.

Results

As of December 31, 2021, Wüest Partner determined the market value of the total of 24 properties. These break down into 18 investment properties and six operating properties. The market value (current value) of the properties as of the balance sheet date is assessed as follows:

in CHF

18 Investment properties	1 583 985 000
6 Operating properties	103 230 000
Total	1 687 215 000

Changes during reporting period

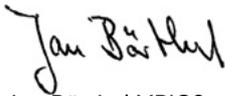
Within the review period from January 1, 2021 to December 31, 2021 the following change took place:

- The valuation of the property "Wohnsiedlung Haldenstrasse/Metallstrasse/Bleichimattweg" was now split into two valuations:
 - Valuation 1: Haldenstrasse 2/4, Metallstrasse 13/15/17/19;
 - Valuation 2: Haldenstrasse 1/3/5/6/8, Bleichimattweg 2/4, Metallstrasse 21/23

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
Manager

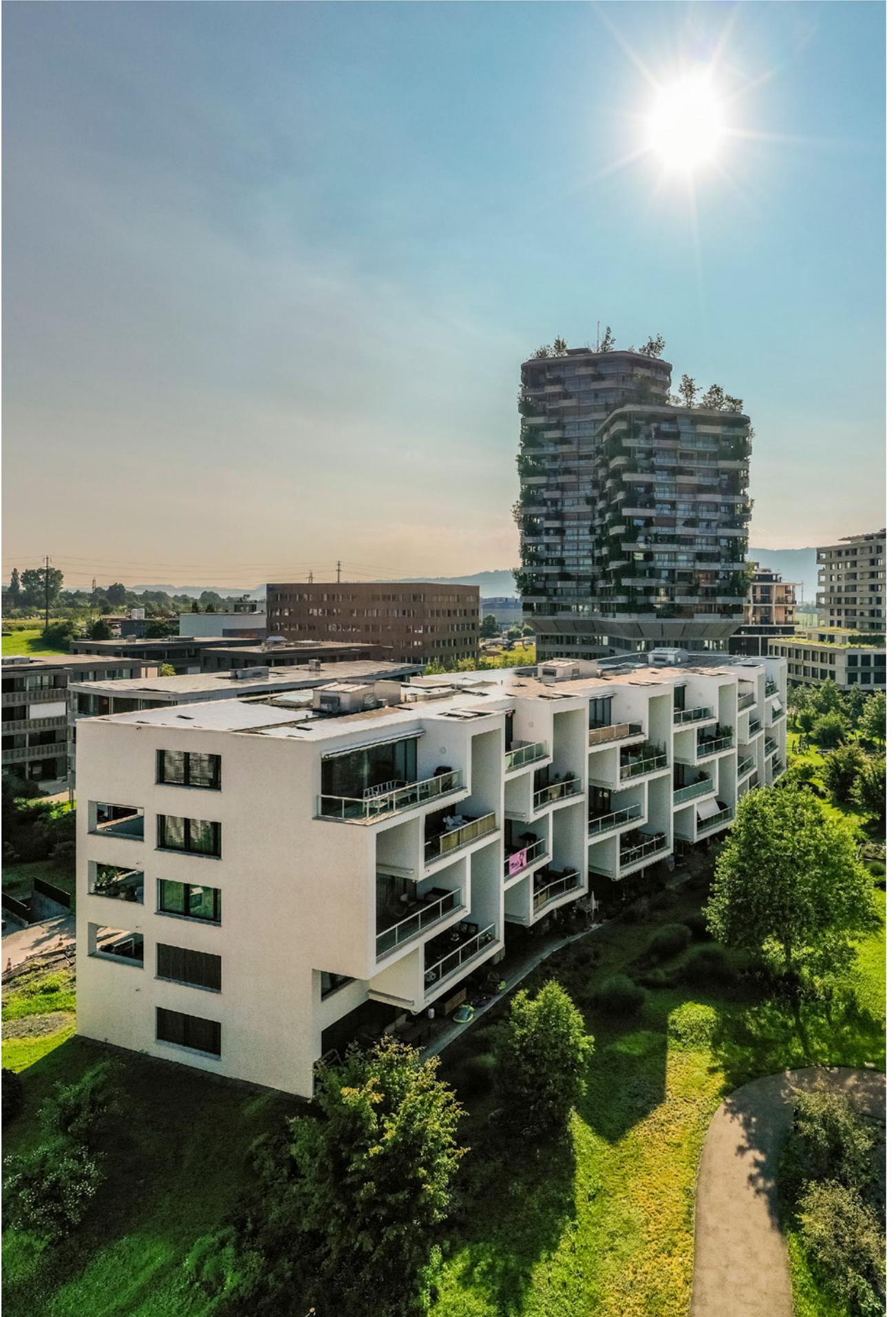


Annex: Valuation assumptions and notes

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, 2022, on which the valuation was based, were received by Wüest Partner in October 2021.
- **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 2.3% to 6.0% (net real terms).
- **Increased costs:** Unless otherwise specified, the valuations assume an annual inflation rate of 0.5% 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. 80% indexing (Swiss average) 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.



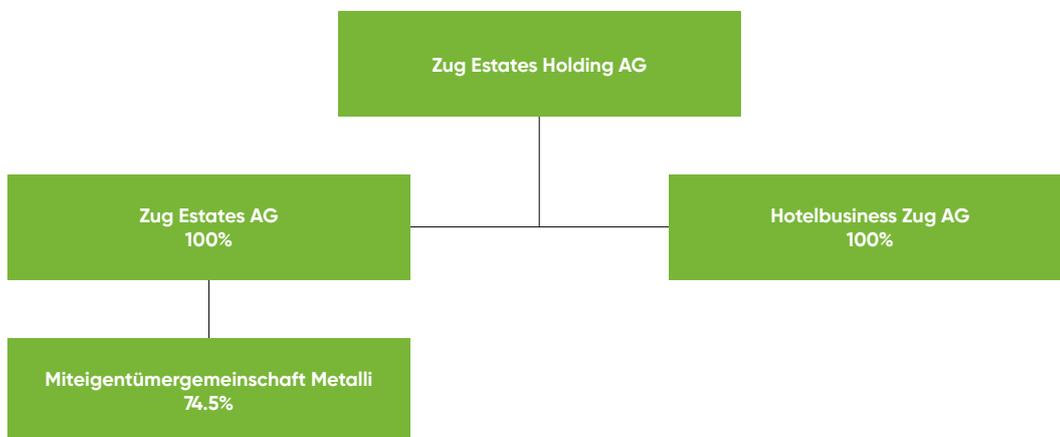
Corporate governance report

“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 2021 or to the year under review (2021) unless stated otherwise. No material changes occurred between 31 December 2021 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. The ownership structure remained unchanged in 2021. As at 1 September, 2020, the share of capital belonging to Miteigentümergeinschaft Metalli rose from 72.25% to 74.5% and the share of votes (one person, one vote) increased from 7.69% to 8.33%. The list of consolidated companies can be found in the financial report on page 46.

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 61 (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 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. Martin Buhofer was also a member of the Buhofer shareholder group as at 31 December 2020. As at 31 December 2021, this group owns a total of 47.4% of the voting rights (previous year: 49.3%).

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 59 (see "Shares issued").

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 45 (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 59 (see "Shares issued"). 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	2022
Prof. Dr Annelies Häcki Buhofer, CH, 1954 – Member of the board of directors (non-executive) – Member of the Audit Committee	2012	2022
Armin Meier, CH, 1958 – Member of the board of directors (non-executive) – Chairman of the Nomination and Compensation Committee	2013	2022
Johannes Stöckli, CH, 1959 – Member of the board of directors (non-executive) – Member of the Audit Committee	2018	2022
Martin Wipfli, CH, 1963 – Member of the board of directors (non-executive) – Chairman of the Audit Committee – Member of the Nomination and Compensation Committee	2012	2022



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 AG, Zug, of Holmia Holding AG, Zug, and the Cham Group AG, Cham, 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 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, Interlaken, and Zebrabox SA, Lausanne, as well as mandates with other unlisted companies and not-for-profit organisations

Official functions and political offices

Justice of the Peace with the Office of the Justice of 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

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 2021 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 year under review, the board of directors held eight official meetings, which were also attended by the members of Group management. In the case of excused absences, the topics on the meeting agenda are discussed in advance with the chairman of the board of directors. One board member excused himself from one meeting in 2021 for unavoidable reasons. 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. Ten 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. Three meetings were held during the reporting year. All committee members attended the meetings. Armin Meier (chair) and Martin Wipfli 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 Nomination and Compensation Committee, please refer to the Regulations of the Audit Committee at <https://zugestates.ch/en/corporate-governance>

The Audit Committee usually meets quarterly. Five meetings were held during the reporting year. All members of the committee were present at all meetings held in 2021. Martin Wipfli (chair), Annelies Häcki Buhofer and Johannes Stöckli serve on the committee; the CEO, CFO and auditors also attend the meetings.

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://zugestates.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-a-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 achievability of budgets, which are integrated into rolling medium-term plans, is reviewed several times a year 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. Openheim 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, and of 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, Gravhaven Mining AG, Walchwil, 2008–2009; financial projects, Mobimo Group, Küsnacht, 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, and of 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 2021 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 36 to 39.

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.

The share register will be closed in advance of the ordinary general meeting in Zug on 12 April 2022 and no new entries can be made from 2 April 2022 to 13 April 2022.

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 2021 reporting period, the fees of Ernst & Young AG for services for Zug Estates Holding AG or the Zug Estates Group amounted to TCHF 164 (previous year: TCHF 153). They were charged in connection with the auditing of the 2021 annual financial statements of Zug Estates Holding AG, the subsidiaries Zug Estates AG, Hotelbusiness Zug AG as well as the consolidated financial statements of the Zug Estates Group. Miteigentümergeinschaft Metallii is audited by BDO AG. Those fees to TCHF 13 (previous year: TCHF 12) for the reporting period.

8.3 Additional fees

Ernst & Young AG invoiced Zug Estates Holding AG an additional fee for audit-related services in connection with the ICS of TCHF 4 (previous year: additional fee of TCHF 20) in the reporting period. BDO AG did not receive any additional fees for audit-related services (previous year: no additional fees) for audit-related services performed in the reporting period.

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-a-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 82 to 84 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.

Compensation report

“The Zug Estates Group’s compensation policy provides a suitable 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 such a way that the interests of these persons are compatible with the interests of the Group. It is built on the following guiding principles:

- The Group’s 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.

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 2021 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. In the reporting period, as in the previous year, no expenses were paid out to members of the board of directors.

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 said amount, particular consideration is given to the performance of additional functions and to work done on the committees of the board of directors (function bonus). External consultants are not engaged.

Compensation period up to the 2021 general meeting of shareholders

The general meeting of shareholders took a first vote on compensation on 7 April 2020, 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 13 April 2021.

Of this total, the sum of CHF 748 398 was effectively paid out (see detailed breakdown on the following page).

Compensation for the compensation period from

in CHF	08.04.2020–13.04.2021
Fixed compensation (net)	713 037
Var. compensation (net)	0
Pension contributions	35 361
Total compensation paid	748 397
Total amount approved	800 000
Difference	– 51 603

Compensation period up to the 2022 general meeting of shareholders

The general meeting 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 next general meeting of shareholders in 2022. In the 2021 financial year, the compensation paid out to the board of directors amounted to a total of CHF 747 753. Of this sum, the amount of CHF 498 206 was paid out in the period from the 2021 general meeting of shareholders to 31 December 2021. Compared to the corresponding prior-year period (CHF 498 851), this represents a decrease of 0.1%.

Group management

Pursuant to article 18 of the company's articles of incorporation, the compensation paid to members of Group management comprises a fixed cash compensation, a performance-based compensation in cash, and a 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.

When determining this amount, consideration is given mainly to the progress of business, as well as to individual performance, personal initiative and attainment of the agreed targets. The progress of business is evaluated in terms of economic success. This in turn is generally measured on the basis of earnings drivers – specifically, payout potential generated and earnings prospects – as well as other factors. Acting on the proposal of the Nomination and Compensation Committee, the board of directors determines at its discretion 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.

2021 compensation period (financial year)

On 7 April 2020, the general meeting of shareholders approved the total amount of CHF 1 200 000 as the compensation payable to Group management for the 2021 financial year. Of this total, the sum of CHF 1 068 153 was actually paid out.

Compensation payments to Group Management

in CHF	Financial year 2021
Fixed compensation (net)	554 633
Var. compensation (net)	199 668
Pension contributions	313 852
Total compensation paid	1 068 153
Total amount approved	1 200 000
Difference	– 131 847

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.

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

During the reporting period, Zug Estates AG gave a farewell gift worth CHF 4 456 to Tobias Achermann, the former CEO. No compensation was paid to any former members of the board of directors, former members of executive management or associated persons, neither directly nor indirectly, 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 2021 financial year

in CHF	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

Compensation for the 2020 financial year

	Fixed compensation (net)	Var. compensation (net) ¹	Pension contributions ²	Total 2020
Dr. Beat Schwab	338 661	0	0	338 661
Prof. Dr. Annelies Häcki Buhofer	80 000	0	8 208	88 208
Armin Meier	95 000	0	14 719	109 719
Johannes Stöckli	80 000	0	12 392	92 392
Martin Wipfli	119 299	0	0	119 299
Total board of directors	712 960	0	35 319	748 279
Mirko Käppeli, CFO	228 173	75 378	129 748	433 299
Total Group Management	553 238	184 704	309 154	1 047 096

¹ In line with the accrual principle, the variable compensation payable to the Group management for the 2021 financial year is posted in the applicable year (same method as previous year), but not paid out until April 2022. The variable compensation due to Tobias Achermann for 2020 was paid out in his month of departure

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 remuneration report

We have audited the remuneration report of Zug Estates Holding AG for the year ended 31 December 2021. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables on pages 38 to 39 of the remuneration report.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.



Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

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

Opinion

In our opinion, the remuneration report for the year ended 31 December 2021 of Zug Estates Holding AG complies with Swiss law and articles 14–16 of the Ordinance.



Zug, 2 March 2022

Ernst & Young Ltd

Rico Fehr
Licensed audit expert
(Auditor in charge)

Beatrice Bieri
Licensed audit expert

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Consolidated balance sheet

Assets

in CHF thousands	Note	31.12.2021	31.12.2020
Cash and cash equivalents		18 691	17 199
Trade receivables	1	829	780
Other receivables	2	2 298	10 179
Inventories		150	168
Properties held for sale	3	0	10 180
Prepaid expenses		2 430	1 889
Total current assets		24 398	40 395
Investment properties	5	1 583 985	1 534 432
Investment properties under construction	5	11 274	9 794
Undeveloped plots	5	2 524	2 524
Operating properties	6	30 364	31 987
Other tangible assets	7	4 612	5 971
Deferred tax assets		144	135
Financial assets		213	520
Intangible assets	8	769	487
Total fixed assets		1 633 885	1 585 850
Total assets		1 658 283	1 626 245

Liabilities and shareholders' equity

in CHF thousands	Note	31.12.2021	31.12.2020
Current financial liabilities	9	125 792	55 800
Trade payables	10	3 888	4 652
Other current liabilities	11	3 432	2 850
Accrued expenses		11 477	9 193
Current provisions	12	29	24
Total current liabilities		144 618	72 519
Long-term financial liabilities	9	435 305	535 970
Long-term provisions	12	500	500
Deferred tax liabilities	13	109 282	101 799
Total long-term liabilities		545 087	638 269
Total liabilities		689 705	710 788
Share capital	14	12 750	12 750
Capital reserves		509 491	509 491
Retained earnings		446 337	393 216
Total shareholders' equity		968 578	915 457
Total liabilities and shareholders' equity		1 658 283	1 626 245

Consolidated income statement

in CHF thousands	Note	2021	2020
Property income	16	60 024	57 782
Income from the sale of promotional properties	4	0	72 458
Hotel & catering income	17	8 389	6 987
Additional income from ordinary business operations	18	3 433	2 653
Net proceeds of trade payables and receivables		71 846	139 880
Other operating revenue		2 383	514
Total operating revenue		74 229	140 394
Property expenses		-7 645	-9 023
Expenses incurred directly through the sale of promotional properties	4	0	-62 968
Cost of goods purchased for hotel & catering		-680	-807
Personnel expenses	19	-12 801	-12 772
Other operating expenses	20	-6 202	-5 255
Total operating expenses		-27 328	-90 825
Operating income before depreciation and revaluation		46 901	49 569
Revaluation of investment properties (net)	5	42 400	-2 224
Result from sale of investment properties	3	7 317	0
Operating income before depreciation (EBITDA)		96 618	47 345
Depreciation	21	-3 461	-3 596
Operating income (EBIT)		93 157	43 749
Financial result	22	-7 501	-7 215
Income before taxes (EBT)		85 656	36 534
Tax expenditure	23	-10 095	-4 274
Net income		75 561	32 260
Earnings per share			
in CHF			
Earnings per series A registered share, undiluted*		14.82	6.33
Earnings per series B registered share, undiluted*		148.16	63.25

* There are no potential 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	2021	2020
Net income for the period		75 561	32 260
Depreciation	6,7,8	3 461	3 596
Revaluation of investment properties (net)	5	- 42 400	2 224
Earnings from sale of investment properties		- 7 317	0
Changes in provisions/deferred tax liabilities		7 479	4 642
Other non-cash items		- 38	- 405
Cash flow before changes in working capital		36 746	42 317
Change in trade receivables		- 49	366
Change in other receivables		7 937	- 4 319
Change in accrued income and prepaid expenses		- 541	636
Change in inventories		18	21
Change in promotional properties		0	60 630
Change in trade payables		47	- 1 599
Change in other current liabilities		582	- 19 920
Change in accrued expenses and deferred income		3 279	- 2 134
Cash flow from operating activities		48 019	75 998
Investments in investment properties ¹	5	- 10 345	- 38 212
Disposals of investment properties		17 500	0
Acquisition of investment properties ²		0	- 12 255
Investments in operating properties	6	- 190	- 1 380
Investments in other tangible assets		30	- 293
Disinvestments of financial assets ³		251	193
Investments in intangible assets	8	- 533	- 190
Cash flow from investing activities		6 713	- 52 137
Increase in current financial liabilities		0	40 000
Repayment of current financial liabilities		- 30 800	- 45 800
Distribution to shareholders		- 22 440	- 22 440
Cash flow from financing activities		- 53 240	- 28 240
Change in cash and cash equivalents		1 492	- 4 379
Composition of net cash and cash equivalents			
Net cash and cash equivalents at the beginning of reporting period		17 199	21 352
Cash and cash equivalents from acquisitions		0	226
Net cash and cash equivalents at the end of reporting period		18 691	17 199
Change in cash and cash equivalents		1 492	- 4 379

¹ The difference in the recognition of investments in investment properties between the consolidated statement of cash flows and note 5 is essentially due to the change in accruals and in revenue from own work

² The prior-year acquisition of a 2.25% share of the joint venture Miteigentümergeinschaft Metalli largely comprises the position Investment properties

³ 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 share-holders' equity
Balance as at 01.01.2020	12 750	509 491	383 396	905 637
Distribution from retained earnings carried forward (dividends)	0	0	- 22 440	- 22 440
Net income	0	0	32 260	32 260
Balance as at 31.12.2020	12 750	509 491	393 216	915 457
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

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 2021, 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 2 March 2022.

List of investments

Company	Domicile	Business	Share capital in CHF	Share of capital 31.12.2021	Share of capital 31.12.2020	Share of votes 31.12.2021	Share of votes 31.12.2020
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%
Miteigentü- mergemein- schaft Metalli Zug	Zug, ZG	Real estate company	0	74.50%	74.50%	8.33%	8.33%

Scope of consolidation

In the case of participations in which the share of votes held is above 50% (Zug Estates AG and Hotelbusiness Zug 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 (Miteigentü-
mergemein-
schaft Metallli) 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.

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.

Promotional properties

Promotional properties are properties that are built for sale. Promotional properties are carried at acquisition or production cost or at market value where lower. Promotional properties are recognised under current assets.

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.

Investments and major maintenance are recognised as expense in the period in which they are incurred, provided that they do not lead to a rise in fair value.

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 carry forwards 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 collection

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

The real estate segment operates primarily in the areas of product 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. Income is also earned through the sale of promotional properties. This is reported under "Income from the sale of promotional properties" and comprises sales of residential properties (mainly condominiums and secondary properties such as parking spaces). 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. Reservation fees and advance payments made in connection with the certification of purchase agreements for promotional properties are reported as prepayments in other current liabilities. Income from the sale of promotional properties is recognised in the income statement at the time when the benefits and risks are transferred to the contracting party. Pro rata acquisition or production costs are recognised in the income statement at the same time. 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 taken to income 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 valuer. 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.

Impact of the COVID-19 pandemic**Real estate segment**

Restaurant operations had to be shut down again between 22 December 2020 and 30 May 2021 due to the second government-imposed lockdown in connection with the COVID-19 pandemic. Retail tenants also had to close their shops once more from 18 January 2021 to 28 February 2021. Thankfully, the lockdown was less restrictive than in the year before. Additionally, our tenants continued to benefit from government relief measures. The real estate segment was only impacted by the COVID-19 pandemic to a very limited degree as a result. A consolidated amount of TCHF 22 (prior-year period: TCHF 671) was included in the income statement position "Property income" for rent reductions granted and potential rent reductions. As at the balance sheet date, no rent receivables were outstanding in connection with the lockdown (TCHF 14 as at 31 December 2020). The pandemic did not have any other immediate financial impact on the real estate segment.

Hotel & catering segment

In the hotel & catering segment, the partial closure of our catering services between 22 December 2020 and 30 May 2021 as well as the persistently low level of business travel caused sales to plummet significantly; this had the largest negative impact on the income statement positions "Hotel & catering income" and "Additional income from ordinary business operations". Bookings are being made at extremely short notice and vary greatly depending on the currently valid certificate requirements and travel regulations.

Short-time working was introduced for some of the employees in the hotel & catering segment. Personnel expenses were reduced by short-time working compensation of TCHF 744 (prior-year period: TCHF 1 311).

With respect to depreciation and amortisation, no changes were made to useful life estimates nor the rates applied for these.

The segment report contains an intercompany rent reduction of TCHF 1 430 (prior-year period: TCHF 3 801) in favour of the hotel & catering segment, however this has no impact on consolidated property income.

Hotelbusiness Zug AG received hardship assistance from the federal government. During the period under review, "Other operating revenue" includes non-repayable contributions in the amount of TCHF 2 100 (no contributions in the previous year). This amount, which does not have to be repaid, may only be used to finance the company's net working capital. The granting of hardship assistance is also subject to conditions, non-compliance with which may result in partial or full repayment of the benefits granted. One of these is that if Hotelbusiness Zug AG generates any taxable net income in 2021, this must be passed on to the canton. This amount is limited to no more than the amount of the benefits received. Another is that it may not distribute any dividends or bonuses, pay out any capital reserves or grant any loans to its owners in 2021 as well as in the three years thereafter or until the assistance received has been repaid.

Use of government financial aid

The Zug Estates Group did not take advantage of any COVID-19 loans.

1 Trade receivables

in CHF thousands	31.12.2021	31.12.2020
Rent receivables	148	430
Trade receivables from hotel & catering activities	309	219
Other trade receivables	479	198
Provisions for doubtful receivables	-107	-67
Total trade receivables	829	780

2 Other receivables

in CHF thousands	31.12.2021	31.12.2020
Withholding tax credits	0	2
Accounts for heating and service charge settlement	2 004	1 605
Short-terms financial receivables	150	0
Other receivables	144	8 572
Total other receivables	2 298	10 179

In the previous year, other receivables mainly comprised subsequent input tax deductions on the basis of construction activities for VAT-optimized space.

3 Properties held for sale

in CHF thousands	2021	2020
Acquisition value at the beginning of reporting period	10 180	10 180
Disposals	-10 180	0
Acquisition value at the end of reporting period	0	10 180

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

4 Promotional properties

in CHF thousands	2021	2020
Acquisition value at the beginning of reporting period	0	60 630
Additions	0	2 338
Disposals	0	-62 968
Acquisition value at the end of reporting period	0	0

Promotional properties included the available-for-sale portion of the Suurstoffi 37 property (Aglaya residential tower block), Risch-Rotkreuz. The remaining 49 of the total of 85 condominium apartments with corresponding secondary-use properties (parking spaces and all-purpose rooms) were sold in 2020; these generated TCHF 72 458 in revenue and a profit before taxes of TCHF 9 490.

5 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 01.01.2020	704 784	773 580
Investments ³	2 584	3 587
Acquisitions	12 255	0
Reclassification of properties under construction to investment properties ⁴	0	39 866
Revaluation (net)	3 009	– 5 233
Balance as at 31.12.2020	722 632	811 800
Accumulated acquisition values as at 01.01.2020	347 983	669 011
Accumulated acquisition values as at 31.12.2020	362 822	715 317
Difference market values/acquisition values as at 01.01.2020	356 801	104 569
Difference market values/acquisition values as at 31.12.2020	359 810	96 483
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

¹ Comprises the property at Suurstoffi 43/45 in Risch-Rotkreuz as well as planning costs related to development of Metalli Living Space, Zug. With respect to the property at Suurstoffi 43/45, Risch-Rotkreuz, there is one project that has already been issued a construction permit; this project envisages the creation of 16 500 m² in office space and 1 500 m² in residential space as well as corresponding parking and adjacent areas. Construction will be given the green light as soon as an adequate pre-letting rate has been reached

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 Reclassification of building C of the Suurstoffi 1–6 property (campus of Lucerne University of Applied Sciences and Arts), Risch-Rotkreuz, to investment properties

	Total investment properties	Total investment properties under construction ¹	Undeveloped plots ²	Total
	1 478 364	31 402	2 524	1 512 290
	6 171	18 258	0	24 429
	12 255	0	0	12 255
	39 866	- 39 866	0	0
	- 2 224	0	0	- 2 224
	1 534 432	9 794	2 524	1 546 750
	1 016 994	34 255	2 524	1 053 773
	1 078 139	9 794	2 524	1 090 457
	461 370	- 2 853	0	458 517
	456 293	0	0	456 293
	1 534 432	9 794	2 524	1 546 750
	7 153	1 480	0	8 633
	42 400	0	0	42 400
	1 583 985	11 274	2 524	1 597 783
	1 078 139	9 794	2 524	1 090 457
	1 085 292	11 274	2 524	1 099 090
	456 293	0	0	456 293
	498 693	0	0	498 693

The fair values are based on the market value assessments performed annually by a recognised independent real estate 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 3.3% (previous year: 2.5% to 3.4%).

The average weighted discount rate was 2.82% in real terms and 3.33% in nominal terms (31 December 2020: 2.98% in real terms and 3.49% in nominal terms).

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

6 Operating properties

in CHF thousands	2021	2020
Acquisition value at the beginning of reporting period	64 894	63 514
Additions	190	1 380
Acquisition value at the end of reporting period	65 084	64 894
Accumulated depreciation at the beginning of reporting period	- 32 907	- 31 102
Depreciation in the reporting period	- 1 813	- 1 805
Accumulated depreciation at the end of reporting period	- 34 720	- 32 907
Net book value at the beginning of reporting period	31 987	32 412
Net book value at the end of reporting period	30 364	31 987

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 103 230 (previous year: TCHF 108 110) and was determined by the independent real estate expert Wüest Partner AG using the DCF method. For the valuation as at 31 December 2021, discount rates within a range of 3.0% to 6.0% (previous year: 3.1% to 4.4%) were applied.

7 Other tangible assets

in CHF thousands	2021	2020
Acquisition value at the beginning of reporting period	20 904	20 805
Additions	- 30	293
Disposals	- 625	- 194
Acquisition value at the end of reporting period	20 249	20 904
Accumulated depreciation at the beginning of reporting period	- 14 933	- 13 659
Disposals	625	194
Depreciation in the reporting period	- 1 329	- 1 468
Accumulated depreciation at the end of reporting period	- 15 637	- 14 933
Net book value at the beginning of reporting period	5 971	7 146
Net book value at the end of reporting period	4 612	5 971

The disposals relate to write-offs of tangible assets no longer in use. Subsidies for the installation of photovoltaic systems are recognised under additions.

8 Intangible assets

in CHF thousands	2021	2020
Acquisition value at the beginning of reporting period	1 402	1 234
Additions	601	190
Disposals	– 118	– 22
Acquisition value at the end of reporting period	1 885	1 402
Accumulated depreciation at the beginning of reporting period	– 915	– 614
Disposals	118	22
Depreciation in the reporting period	– 319	– 323
Accumulated depreciation at the end of reporting period	– 1 116	– 915
Net book value at the beginning of reporting period	487	620
Net book value at the end of reporting period	769	487

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

9 Financial liabilities

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

Residual term in CHF thousands	31.12.2021	31.12.2020
Due in the 1st year	125 792	55 800
Due in the 2nd year	40 800	100 729
Due in the 3rd year	90 800	40 800
Due in the 4th year	150 561	90 800
Due in the 5th year	24 544	150 497
Due in the 6th year	800	24 544
Due in the 7th year	60 800	800
Due in the 8th year	800	60 800
Due in the 9th year	66 200	800
Due in the 10th year or later	0	66 200
Total financial liabilities	561 097	591 770
Of which current	125 792	55 800
Of which long-term	435 305	535 970

The average residual term of the interest-bearing debt was 3.6 years (previous year: 4.3 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	31.12.2021	31.12.2020
Bonds	199 753	199 626
Mortgages	361 344	392 144
Total financial liabilities	561 097	591 770

A TCHF 100 000 bond that matures on 17 February 2022 was paid up on 17 February 2017. Additionally, a TCHF 100 000 green bond that matures on 2 October 2025 was issued on 2 October 2019. 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 247 as at 31 December 2021 (previous year: TCHF 374).

CHF thousands	0.7% bond (2017–2022)	0.1% green bond (2019–2025)	Total
Issue proceeds	99 684	99 618	199 302
Accumulated amortisation of issue costs	245	79	324
Balance as at 01.01.2021	99 929	99 697	199 626
Amortisation of issue costs	63	64	127
Balance as at 31.12.2021	99 992	99 761	199 753

Key figures	0.7% bond (2017–2022)	0.1% green bond (2019–2025)
Volume	CHF 100 million	CHF 100 million
Term	5 years (17.02.2017–17.02.2022)	6 years (02.10.2019–02.10.2025)
Coupon	0.70%	0.10%
Effective rate of interest	0.773%	0.174%
Listing	SIX Swiss Exchange AG	SIX Swiss Exchange AG
Security number	353 427 989	494 734 426

To secure the long-term financial liabilities, properties with a book value of TCHF 926 363 (previous year: TCHF 896 416) have been encumbered.

10 Trade payables

in CHF thousands	31.12.2021	31.12.2020
Advance payments from tenants	3 304	2 975
Liabilities to third parties	584	1 677
Total trade payables	3 888	4 652

11 Other current liabilities

in CHF thousands	31.12.2021	31.12.2020
Advance payments on account for flat-rate heating and service charges	2 005	1 997
Liabilities to social security institutions and public authorities	290	293
Liabilities to pension schemes	0	64
Remaining other current liabilities	1 137	496
Total other current liabilities	3 432	2 850

12 Provisions

in CHF thousands	2021	2020
Provisions at the beginning of reporting period	524	20
Increase	5	504
Provisions at the end of reporting period	529	524
Of which current at the end of reporting period	29	24
Of which long-term at the end of reporting period	500	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	2021	2020
Deferred tax liabilities at the beginning of reporting period	101 799	97 507
Net creation/release recognised in the income statement in the reporting period	7 483	4 274
Increase due to acquisition	0	18
Deferred tax liabilities at the end of reporting period	109 282	101 799

Deferred tax assets arising from losses carried forward were capitalised if it was deemed likely that they could be offset against future gains. The hotel & catering segment had deferred tax assets of TCHF 149 as at 31 December 2021 (previous year: TCHF 140).

There are no deferred tax assets in the real estate segment. Net creation recognised in the income statement amounted to TCHF 333 in the prior-year period.

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

14 Shareholders' equity

Shares issued	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 2021 amounted to TCHF 7 625 (previous year: TCHF 7 625).

Shareholders' equity per share

in CHF	31.12.2021	31.12.2020
Shareholders' equity (in CHF thousands)	968 578	915 457
Deferred tax liabilities (in CHF thousands)	109 282	101 799
Shareholders' equity before deferred taxes (in CHF thousands)	1 077 860	1 017 256
Number of outstanding series A registered shares ¹	496 600	496 600
Number of outstanding series B registered shares	460 340	460 340
Shareholders' equity per outstanding series B registered share, before deferred taxes	2 113.45	1 994.62
Shareholders' equity per outstanding series B registered share, after deferred taxes	1 899.17	1 795.01

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	31.12.2021	31.12.2020
Shareholders' equity (in CHF thousands)	968 578	915 457
Difference market value/acquisition value operating properties (in CHF thousands)	72 866	76 123
Deferred taxes on difference market value/acquisition value operating properties (in CHF thousands)	- 8 744	- 9 135
NAV at market value (in CHF thousands)	1 032 700	982 445
Number of outstanding series A registered shares ¹	496 600	496 600
Number of outstanding series B registered shares	460 340	460 340
NAV at market value per outstanding series B registered share	2 024.90	1 926.36

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	2021	2020
Net income	75 561	32 260
Income from the sale of promotional properties	0	- 72 458
Expenses incurred directly through the sale of promotional properties	0	62 968
Taxes attributable to changes in the result from sale of promotional properties	0	1 139
Revaluation of investment properties (net)	- 42 400	2 224
Taxes attributable to the revaluation of investment properties (net)	5 088	- 267
Result from sale of investment properties	- 7 317	0
Taxes attributable to the profit from sale of investment properties	878	0
Net income excluding revaluation and special effects	31 810	25 866

Earnings per share

Information on series A registered shares		2021	2020
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	7 358	3 141
Share in net income excluding revaluation and special effects, attributable to series A registered shares	TCHF	3 097	2 519
Applicable number of series A registered shares	Number	496 600	496 600
Earnings per series A registered share, undiluted	CHF	14.82	6.33
Earnings per series A registered share excluding revaluation and special effects, undiluted¹	CHF	6.24	5.07

Information on series B registered shares		2021	2020
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	68 203	29 119
Share in net income excluding revaluation and special effects, attributable to series B registered shares	TCHF	28 713	23 347
Applicable number of series B registered shares	Number	460 340	460 340
Earnings per series B registered share, undiluted	CHF	148.16	63.25
Earnings per series B registered share excluding revaluation and special effects, undiluted¹	CHF	62.37	50.72

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 2021, 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	409 530	43 941	47.4%	49.3%
Heinz M. Buhofer	25 780	53 740	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. Martin Buhofer was also in the group in the previous year

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 74.

16 Property income

The reported property income of TCHF 60 024 (previous year: TCHF 57 782) comprises actual rental income. This position contains rental revenue from all properties.

in CHF thousands	2021	2020
Rental income Zug City Center site	29 392	28 326
Rental income Suurstoffi	30 583	29 310
Income from other properties	49	146
Total property income	60 024	57 782

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

Term, share in %	31.12.2021	31.12.2020
Up to 1 year, including unlimited rental contracts	41.1	37.5
Over 1 year	10.7	10.3
Over 2 years	9.0	10.8
Over 3 years	3.3	7.5
Over 4 years	1.6	2.5
Over 5 years	9.5	1.6
Over 6 years	5.1	3.5
Over 7 years	4.4	6.7
Over 8 years	3.3	3.9
Over 9 years	0.5	2.8
Over 10 years	11.5	12.9
Total	100.0	100.0

On 31 December 2021, the five largest tenant groups together generated 27.2% (previous year: 27.5%) of rental income. They can be broken down as follows:

Tenants, share in %	31.12.2021	Tenants, share in %	31.12.2020
Lucerne University of Applied Sciences and Arts	9.7	Lucerne University of Applied Sciences and Arts	9.5
Novartis	5.9	Novartis	5.9
Migros ¹	5.2	Migros ¹	5.6
UBS	3.7	UBS	3.8
Dosenbach-Ochsner AG	2.7	Dosenbach-Ochsner AG	2.7

¹ Various companies of the Migros Group

17 Hotel & catering income

in CHF thousands	2021	2020
Accommodation	6 165	4 334
Catering	2 217	2 628
Ancillary services	35	34
Increase of provisions for doubtful receivables	-28	-9
Total hotel & catering income	8 389	6 987

18 Additional income from ordinary business operations

in CHF thousands	2021	2020
Revenue from services	850	984
Revenue from own work	48	211
Revenue from leasing of personnel	814	815
Revenue from electricity supplied	1 353	428
Other revenue	368	215
Total additional income from ordinary business operations	3 433	2 653

19 Personnel expenses

in CHF thousands	2021	2020
Wages and salaries	-10 470	-10 498
Social security expense	-1 702	-1 850
Other personnel expenses	-629	-424
Total personnel expenses	-12 801	-12 772

20 Other operating expenses

in CHF thousands	2021	2020
Marketing/sales promotion	-1 310	-1 457
Maintenance and repair	-471	-492
Administrative expenses	-577	-445
IT/software	-694	-783
Legal and consultancy costs	-1 205	-762
Expense for electricity supplied	-902	-277
Other costs	-1 043	-1 039
Total other operating expenses	-6 202	-5 255

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	2021	2020
Depreciation of operating properties	-1 813	-1 805
Depreciation of other tangible assets	-1 329	-1 468
Amortisation of intangible assets	-319	-323
Total depreciation	-3 461	-3 596

22 Financial result

in CHF thousands	2021	2020
Securities income	6	7
Other financial incomes	12	16
Total financial income	18	23
Interest expense mortgage loans and bonds	- 7 455	- 7 188
Other financial expenses	- 64	- 50
Total financial expenses	- 7 519	- 7 238
Financial result	- 7 501	- 7 215

Borrowing costs in the amount of TCHF 46 (previous year: TCHF 321) were capitalised in the reporting period.

23 Taxes

in CHF thousands	2021	2020
Income taxes	- 2 622	- 130
Deferred taxes	- 7 473	- 4 144
Total taxes	- 10 095	- 4 274

Average weighted tax rate

in CHF thousands or %	2021	2020
Income before taxes (EBT)	85 656	36 534
Average tax rate	11.79%	11.70%
Income taxes at average tax rate	- 10 095	- 4 274
Total income taxes	- 10 095	- 4 274

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 demolition obligation amounting to TCHF 490. This will enter into effect if the land on which the hotel was built has to be vacated for construction of the access road to the Zug city tunnel. In a local referendum held on 14 June 2015, the population of Zug rejected the construction of the city tunnel.

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	31.12.2021	31.12.2020
Up to 1 year	36	87
Up to 3 years	6	40
Over 3 years	1	6
Total	43	133

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 2021 (unchanged over prior year).

in CHF thousands	Deficit/ surplus of pension plans 31.12.2021	Economic share of company 31.12.2021	Economic share of company 31.12.2020	Change or impact on net income in financial period	Contributions for the period	Pension expenses in personnel expenses 2021	Pension expenses in personnel expenses 2020
Patronage funds/pension schemes	0	0	0	0	0	0	0
Pension plans without surplus/deficit	0	0	0	0	349	349	824
Pension plans with surplus	1 410	0	0	0	471	471	0
Pension plans with deficit	0	0	0	0	0	0	0
Total	1 410	0	0	0	820	820	824

As at the balance sheet date, the surplus does 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	2021	2020
Pension contributions at the company's expense	820	824
Contributions to pension company's from employer's contribution reserves	- 114	0
Total contributions	706	824
Change in ECR due to asset development, value adjustments, discounting, interest payments, etc.	0	0
Total contributions and changes in employer's contribution reserves	706	824
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	706	824

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 706 (previous year: TCHF 824). 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.

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

2020 in CHF thousands	Real estate	Hotel & catering	Corporate & eliminations ¹	Total
Operating revenue	135 437	7 435	- 2 484	140 388
Operating expenses	- 84 685	- 8 265	2 125	- 90 825
Revaluation of investment properties (net)	- 2 224	0	0	- 2 224
Operating income before depreciation (EBITDA)	48 528	- 830	- 359	47 339
Operating income (EBIT)	45 745	- 1 557	- 445	43 743

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

All revenues in 2021 and the previous year were generated in the Canton of Zug.

In the 2021 financial year, the segment elimination of operating revenue and operating expense includes a rent reduction of TCHF 1 430 in favour of the hotel & catering segment (previous year: TCHF 3 801).

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 1.9 million (previous year: CHF -2.0 million) and an annualised EBITDA return of 4.3% (previous year: -0.4%) on the market values of these properties. Excluding the hardship assistance received in the amount of CHF 2.1 million, operating income (EBIT) came to CHF -0.2 million and the EBITDA return was 1.7%.

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 36 to 39. 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 2021 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 2021 or would need to be disclosed here.



To the General Meeting of Zug Estates Holding AG, Zug

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Zug Estates Holding AG, which comprise the consolidated balance sheet, the consolidated statement of income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements (pages 42 to 67), for the year ended 31 December 2021.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with Swiss GAAP FER, article 17 of the Directive on Financial Reporting (DFR) of SIX Swiss Exchange and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.



Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2021 give a true and fair view of the financial position, the results of operations and the cash flows 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.



Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

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 responsibility 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

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 1583 985, 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 48) as well as under "5 Investment properties, investment properties under construction and undeveloped plots" (pages 54–55), 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.



Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of 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, 2 March 2022

Ernst & Young Ltd

Rico Fehr
Licensed audit expert
(Auditor in charge)

Beatrice Bieri
Licensed audit expert

Balance sheet of Zug Estates Holding AG

Assets

in CHF thousands	Note	31.12.2021	31.12.2020
Cash and cash equivalents		1 942	5 285
Other receivables due from third parties		29	47
Expenses prepaid to third parties		49	52
Accrued income Group companies	1	19 200	21
Total current assets		21 220	5 405
Loans to Group companies	2	319 523	335 700
Financial assets		50	50
Investments		13 892	13 892
Intangible assets		273	142
Total fixed assets		333 738	349 784
Total assets		354 958	355 189

Liabilities and shareholders' equity

in CHF thousands	Note	31.12.2021	31.12.2020
Short-term bonds	3	99 992	0
Other current liabilities to third parties		28	24
Accrued expenses due to third parties		1 408	1 091
Total current liabilities		101 428	1 115
Long-term bonds	3	99 761	199 626
Total long-term liabilities		99 761	199 626
Total liabilities		201 189	200 741
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		106 000	125 651
– Net income for the year		21 761	2 789
Total shareholders' equity		153 769	154 448
Total liabilities and shareholders' equity		354 958	355 189

Income statement of Zug Estates Holding AG

in CHF thousands	Note	2021	2020
Dividend income	1	19 200	0
Other income		2 115	2 115
Total income		21 315	2 115
Personnel expenses		-1 813	-1 806
Other operating expenses		-723	-666
Total operating expenses		-2 536	-2 472
Operating income before depreciation (EBITDA)		18 779	-357
Depreciation		-108	-86
Operating income (EBIT)		18 671	-443
Financial expenses		-963	-965
Financial income	6	4 234	4 458
Income before taxes (EBT)		21 942	3 050
Direct taxes		-181	-261
Net income for the year		21 761	2 789

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, recourse is taken to the option of creating and dissolving hidden reserves.

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.

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 31.12.2021	Share of capital and votes 31.12.2020
Hotelbusiness Zug AG	Zug, ZG	Hotel & catering operator	1 000 000	100%	100%
Zug Estates AG	Zug, ZG	Real estate company	1 500 000	100%	100%

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 must be 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 previous 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 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.

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 19 200, which were distributed from the ordinary profits of the 2021 financial year and recorded under "Dividend income" in the income statement. This item did not contain any dividend distributions from subsidiaries in the previous year.

2 Loans to Group companies

This position comprises long-term loans to subsidiaries to finance their operations in the amount of TCHF 319 523 (previous year: TCHF 335 700).

3 Bonds

A TCHF 100 000 bond was issued on 17 February 2017 that matures on 17 February 2022. The coupon amounts to 0.7%. Additionally, a TCHF 100 000 green bond was 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 2021, 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	409 530	43 941	47.4%	49.3%
Heinz M. Buhofer	25 780	53 740	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. Martin Buhofer was also in the group in the previous year

5 Share ownership by current members of the corporate bodies

Number of	Series A registered shares as at 31.12.2021	Series B registered shares as at 31.12.2021	Series A registered shares as at 31.12.2020	Series B registered shares as at 31.12.2020
Dr. Beat Schwab, chairman	0	10	0	10
Prof. Dr. Annelies Häcki Buhofer, member	186 252	11 039	211 252	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	31.12.2021	31.12.2020
Retained earnings carried forward	106 000 086	125 651 349
Net income for the year	21 760 572	2 788 737
Retained earnings	127 760 658	128 440 086
Dividend	-19 125 000	-17 340 000
Special dividend	0	-5 100 000
Retained earnings to be carried forward	108 635 658	106 000 086

The board of directors proposes the distribution of a gross dividend (subject to withholding tax) of CHF 3.75 per series A registered share and CHF 37.50 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, 20 April 2022 (payment date).



To the General Meeting of Zug Estates Holding AG, Zug

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Zug Estates Holding AG, which comprise the balance sheet, income statement and notes (pages 70 to 75), for the year ended 31 December 2021.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.



Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2021 comply with Swiss law and the company's articles of incorporation.



Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.



Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

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

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Zug, 2 March 2022

Ernst & Young Ltd

Rico Fehr
Licensed audit expert
(Auditor in charge)

Beatrice Bieri
Licensed audit expert

Sustainability

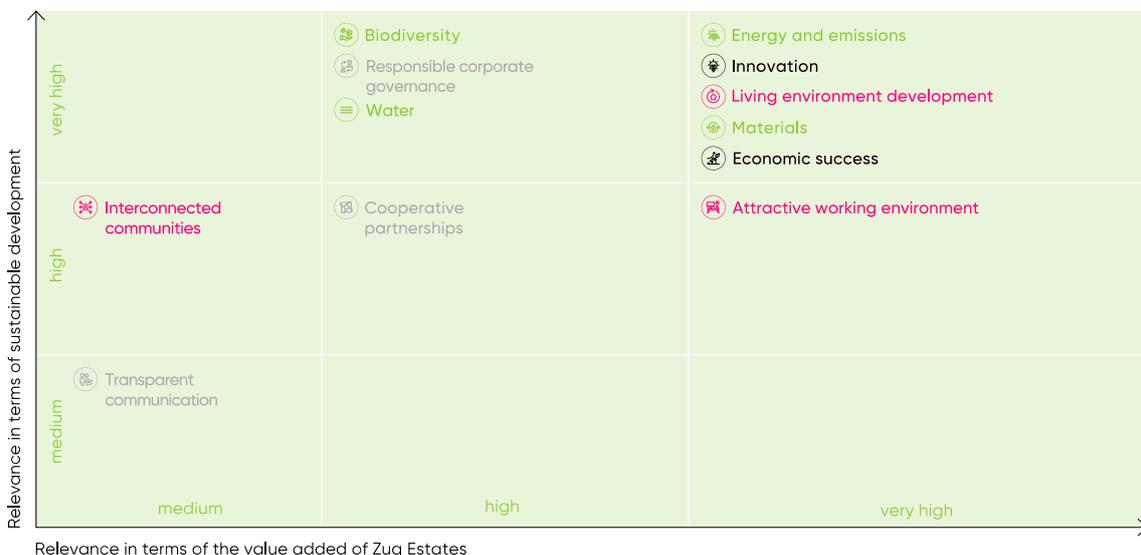
“We design the living spaces of tomorrow and pursue ambitious objectives across all ESG topics.”

Strategy

Zug Estates makes a major contribution toward reducing real estate-related CO₂ emissions. For more than ten years now, the company has been developing, realising and operating its portfolio of investment properties in line with the principles of sustainability. Generating greenhouse gas emissions of just 1.8 kg per square metre of energy reference area, Zug Estates has become a leader in Switzerland’s real estate sector. Emissions related to the operation of its properties will be at nearly zero in as early as 2023.

Zug Estates has implemented key projects with supraregional significance and achieved major milestones in recent years, not only in terms of reducing greenhouse gas emissions but also on topics such as materials, biodiversity and mobility. Ever since a second green bond in the amount of CHF 100 million was paid up on 17 February 2022, the bond portfolio is now comprised entirely of financing instruments focused on sustainability and is fully compliant with the sustainability strategy of the Zug Estates Group.

The materiality matrix below shows the main topics from the ESG realm that are important for Zug Estates.



■ Environmental topics
 ■ Social topics
 ■ Governance topics
 ■ Overarching topics

Our promise



Energy and emissions:

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



Development of living spaces:

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:

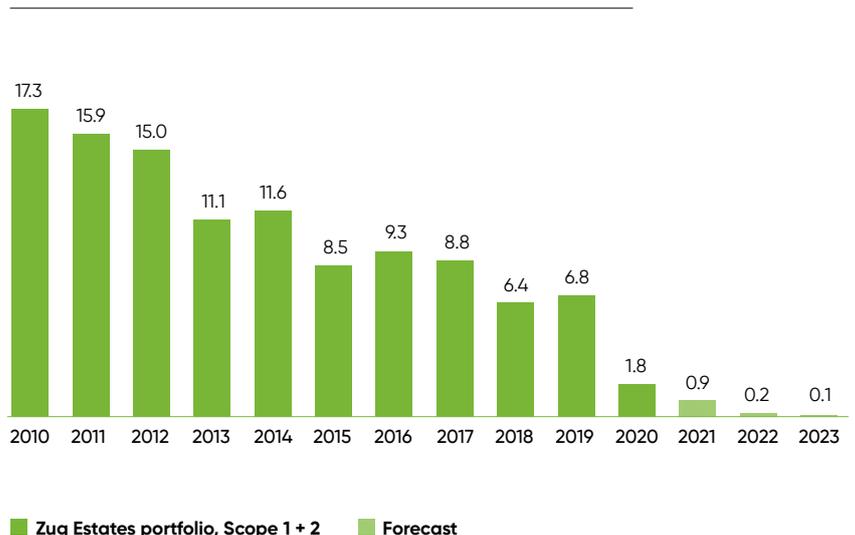
Promotion of the circular economy thanks to the targeted choice of materials

Going forward, the main focus of Zug Estates' sustainability strategy will continue to be on environmental aspects as well as the creation of attractive living spaces with varied uses where people enjoy spending their time, since this is how the company can have the biggest impact by far.

Mission: zero emissions

Since 2010, Zug estates has been able to reduce its greenhouse gas emissions from 17.3 to the current level of 1.8 kg per square metre of energy reference area. That puts Zug Estates in a leading position in Switzerland. By 2023, the entire portfolio is expected to operate with virtually zero CO₂ emissions and without drawing on any additional energy generated outside the region. This ambitious goal is to be achieved primarily by connecting additional properties from the Zug City Center site to the Circulago lake district area. The company's own vehicles will also have been converted to electric drives by then. What's more, solar power capacities (electricity and heating) will be expanded at the Group's sites. Any additional electricity required for operations will be purchased from renewable sources of energy in the region. Since early 2022, this is mainly achieved through the use of Guarantees of Origin issued by a regional run-of-the-river power plant.

Reduction path for Scope 1+2 Zug Estates Portfolio
Spec. greenhouse gas emissions [kg/m² ERA]



Scope 1 covers all emissions directly caused by incineration.

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

Key indicators



1.8 kg: greenhouse gas emissions per m² Energy reference area (89.6% reduction compared to 2010)



-73.5%: reduction in greenhouse gases from 1 712 tonnes (2010) to 453 tonnes (2020).



87%: share of renewable energy for heating, cooling and power



68%: share of near-natural spaces in the overall portfolio, certified by the Stiftung Natur und Wirtschaft (Nature and Business Foundation)



20%: share of rentable space in wooden buildings

Energy-related data is reported from 1 April to 31 March of the subsequent year.

Wir entwickeln unsere Areale nach Nachhaltigkeitsgrundsätzen – seit über zehn Jahren. Dabei haben wir schweizweit Akzente gesetzt und unseren Worten Taten folgen lassen.





Martin Jöri ist bei Zug Estates zuständig für den Bereich Energie und Emissionen.

Energie und Emissionen

«Ende 2023 wollen wir im Betrieb CO₂-frei sein»

Zug Estates ist auf bestem Weg zum CO₂-freien Betrieb. Wo das Unternehmen aktuell steht und was zur Schweizer Premiere noch fehlt, weiss Martin Jöri.

Was ist der Schlüssel zum Erfolg?
Die beiden Energiesysteme in der Saurostrasse und im Zentrumspace sind mitentscheidend für die tiefen Emissionswerte. In der Saurostrasse erreichen wir einen CO₂-freien Betrieb von Anfang an mit Erdsondenfeldern und Wärmepumpen, die mit CO₂-freiem Strom betrieben werden. Im Zentrumspace schliessen wir die

bestehenden Gebäude an den Seewasserverbund Circulogo an. Damit können wir Wärme und Kälte ebenfalls CO₂-frei bereitstellen.

Was fehlt noch zum CO₂-freien Betrieb?
Aktuell liegen unsere CO₂-Emissionen pro Quadratmeter Energiebezugsfläche bei 1,8 Kilogramm. Das ist an

Publications

Zug Estates has reported its efforts with respect to sustainability every year since 2015. In an effort to foster transparency and comparability even further, Zug Estates published its first sustainability report in line with GRI standards in September 2021.

The hard copy of this report was sent out in September and summarises the Group's strategy, objectives and measures in an appealing format. Like the report in accordance with GRI standards, it is also available online:

zugestates.ch/downloads

On its new website, Zug Estates has expanded the information it provides on the topic of sustainability and supplemented this information with multimedia elements (videos, etc.):

zugestates.ch/sustainability

Sustainability Forum

Since 2015, Zug Estates has been organising a Sustainability Forum aimed at promoting an exchange of ideas both within the real estate sector and beyond. Year after year, it is attended by more than 150 guests from the realms of business, politics and academia.

Last year's Sustainability Forum sketched out different paths and approaches that could be adopted to achieve CO₂ neutrality in Switzerland. The real estate industry plays a pivotal role in this context, as it is responsible for some 40% of greenhouse gas emissions in Switzerland.

After a greeting by the chairman of the board of directors, Dr Beat Schwab, Dr Stefan Gara, member of the Vienna City Council and Parliament, presented the strategy embraced by Vienna for it to become climate neutral by 2040. In a second presentation, Dr Kristina Orehounig, Head of Urban Energy Systems at Empa, explained how multi-energy systems work; these systems are a basic requirement for the CO₂-neutral city of the future.

The forum was rounded off by Prof. Adrian Altenburger, Head of Energy and HVAC at Lucerne University of Applied Sciences, who led the high-calibre panel discussion. The panel members all agreed that, to achieve CO₂ neutrality in an urban environment, problem-solving approaches are needed that extend beyond the confines of individual neighbourhoods or properties and that both local energy utilities and the public sector play a major role in terms of their implementation.

For a recording of the event, please go to:

zugestates.ch/stories/nachhaltigkeitsforum



Members of the panel at the Zug Estates Sustainability Forum (from left to right): Patrik Stillhart, Kristina Orehounig, Adrian Altenburger (moderator), Ilonka Zapke and Stefan Gara.

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 2021

Applicable number of series B registered shares	Number of registered shareholders	Registered shareholders in %	Number of registered shares	Registered shares in %
> 1000	53	3.1	346 364	81.5
501–1000	31	1.8	22 043	5.2
101–500	121	7.2	29 966	7.1
51–100	97	5.7	7 452	1.7
11–50	630	37.3	15 482	3.6
1–10	759	44.9	3 732	0.9
Total	1 691	100.0	425 039	100.0
Shares pending registration of transfer			35 301	
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	1 424	84.2	209 736	49.3
Pension funds	83	4.9	56 022	13.2
Funds	54	3.2	33 836	8.0
Foundations	21	1.2	5 867	1.4
Insurers	11	0.7	6 501	1.5
Banks	16	0.9	4 675	1.1
Other legal entities	82	4.9	108 402	25.5
Total	1 691	100.0	425 039	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	1 616	95.6	420 352	98.9
Outside Switzerland	75	4.4	4 687	1.1
Total	1 691	100.0	425 039	100.0

Performance series B registered share

in CHF

2 600

2 400

2 200

2 000

1 800

1 600

1 400

1 200

1 000

2017

2018

2019

2020

2021

— Series B registered share Zug Estates Holding AG

— SXI Real Estate® Share Index, adjusted

Key figures per share

Figures per series A registered share in CHF		2021	2020	2019	2018	Restated 2017	
Net income ¹		14.82	6.33	14.91	7.63	6.87	
Net income excluding revaluation and special effects ^{1,3}		6.24	5.07	6.15	5.63	5.22	
NAV at market value ^{2,4}		202.49	192.64	192.39	179.67	174.13	
Distribution ⁵		3.75	4.40	4.40	2.80	2.55	
<hr/>							
Figures per series B registered share in CHF		2021	2020	2019	2018	Restated 2017	
Net income ¹		148.16	63.25	149.11	76.35	68.66	
Net income excluding revaluation and special effects ^{1,3}		62.37	50.72	61.52	56.29	52.19	
NAV at market value ^{2,4}		2 024.90	1 926.36	1 923.87	1 796.71	1 741.27	
Distribution ⁵		37.50	44.00	44.00	28.00	25.50	
Stock market price							
	High	2 060	2 410	2 370	1 830	2 862	
	Low	1 910	1 795	1 630	1 640	1 660	
	At year-end	1 980	2 030	2 330	1 675	1 827	
<hr/>							
Total capitalisation in CHF million		2021	2020	2019	2018	2017	
Market capitalisation ^{2,6}		At year-end	1 009.8	1 035.3	1 188.3	854.3	921.6

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 60)

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

12 April 2022

General meeting of shareholders 2022

20 April 2022

**Distribution to shareholders
(payment date)**

26 August 2022

Publication of half-year results 2022

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. 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.

Publishing information

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