

Immo-Update

Latest news on our
UBS real estate investment products

December 2022



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sending a strong signal with
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Property Fund – Europe

Editorial



Dear Readers,

The current geopolitical situation, inflation and rising interest rates present us with new challenges. Does the turnaround in interest rates also suggest a turning point? What's next for the Swiss real estate market?

We are convinced that real estate funds and real estate investment foundations will maintain attractive. This is, among others, supported by the following factors:

- Declining vacancy rates: High population growth and declining construction activity in Switzerland are causing lower vacancy rates and improving rental prospects.
- Partial inflation protection: Through indexed rents to the price index or the reference interest rate, real estate provides a critical role for inflation protection.
- Stable distributions: The dividend income of our real estate investment products has proven robust and offers valuable diversification effects thanks to low correlation to other asset classes.

We are particularly pleased that UBS (CH) Property Fund -Europe was successfully listed on the Swiss stock exchange in November amidst this challenging environment. Our two investment groups UBS AST Real Estate Switzerland and UBS AST Commercial Real Estate Switzerland also successfully completed their re-openings. Discover more on the following pages. We wish you and your loved ones peaceful holidays and a good start into a healthy and successful new year.

Yours sincerely,

Dr. Daniel Brüllmann

Head of Real Estate

DACH

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Listing of UBS (CH) Property Fund – Europe

Further information can be found on our real estate homepage:

ubs.com/realestatefunds-switzerland

UBS Fund Infoline: 0800 899 899



Successful listing

UBS PF Europe

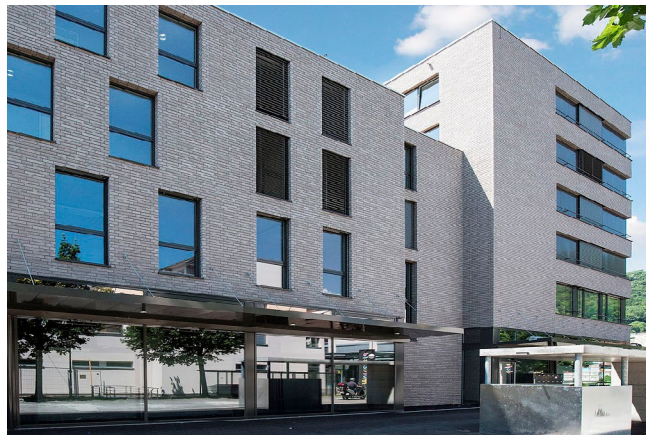
[Find out more](#)

Successful reopening

UBS AST Real Estate Switzerland and

UBS AST Commercial Real Estate Switzerland

[Find out more](#)

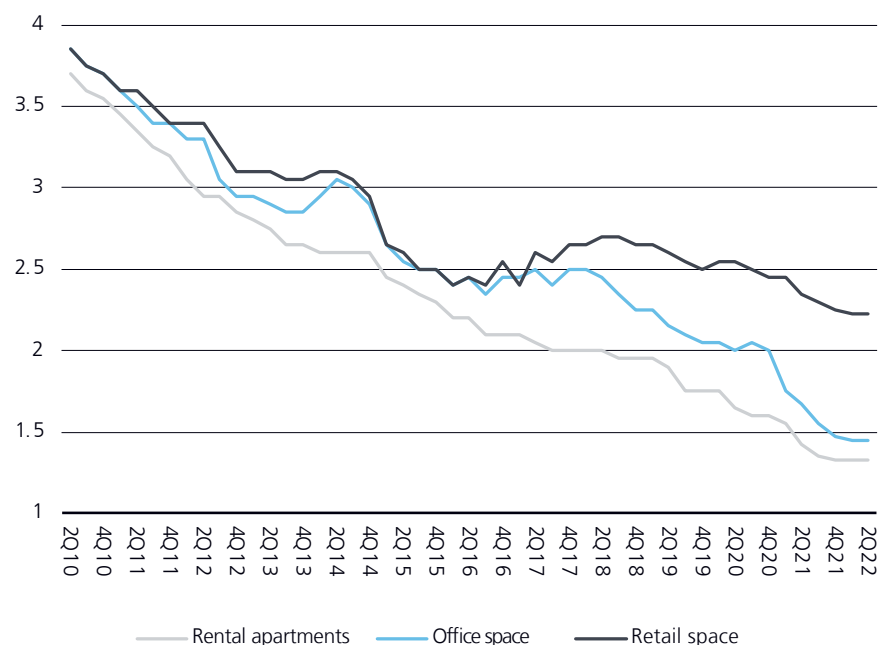


Uncertain environment

“Quality of rental income is taking priority as a performance driver.”

Heightened inflation momentum continues to engage economic players around the world. The trend towards dynamic price growth can be felt in Switzerland now as well, albeit at a much lower level than in North America, the UK or its European neighbors. Based on the economic forecast of the State Secretariat for Economic Affairs (SECO), Switzerland can expect inflation of 3.0% for 2022. Accelerating inflation momentum should peak at the end of 2022 with a lower level of 2.3% expected for 2023, as the substantial base effects subside. This calmer momentum compared with other countries will be supported by the strength of the franc against the euro, which will lower the prices of certain exports, as well as the Swiss electricity mix, which comprised 76% renewables in 2020 according to the Swiss Federal Office of Energy. Although commodity prices remain high, inflation should gradually ease due to base effects. However, the uncertain outcome of the war in Ukraine and bleak political and economic relations between the West and Russia pose formative downside risks for Europe and Switzerland's energy security. A total stop to Russia's natural gas supplies in winter could lead to production and electricity outages across the entire European continent. This could have a potentially major negative effect on European and Swiss economic activity, and on consumer price dynamics.

Net yield of transactions in the prime segment of the Swiss real estate market (in %)



Source: Wüest Partner 2Q22, UBS Asset Management, Real Estate & Private Markets (REPM), August 2022

Swiss economy remains robust

Despite this uncertain global environment, sentiment among Swiss economic players remains positive on a medium-term horizon, also thanks to fundamental economic data that remain favorable. Nonetheless, the difficult energy situation and sharp price increases are fueling increased uncertainty. The industrial Purchasing Managers' Index (industry PMI), which is a leading indicator for future activity of the Swiss commercial

sector, remained well in the expansion zone in August 2022 at 56.4 points (July 2022: 58.0). The labor market also looked very healthy with an unemployment rate of only 1.9% in September. Domestic consumption is one exception to this positive macroeconomic trend, as the increased price trend is currently weighing on consumer sentiment.

Price expectations remain dynamic on the real estate transaction market

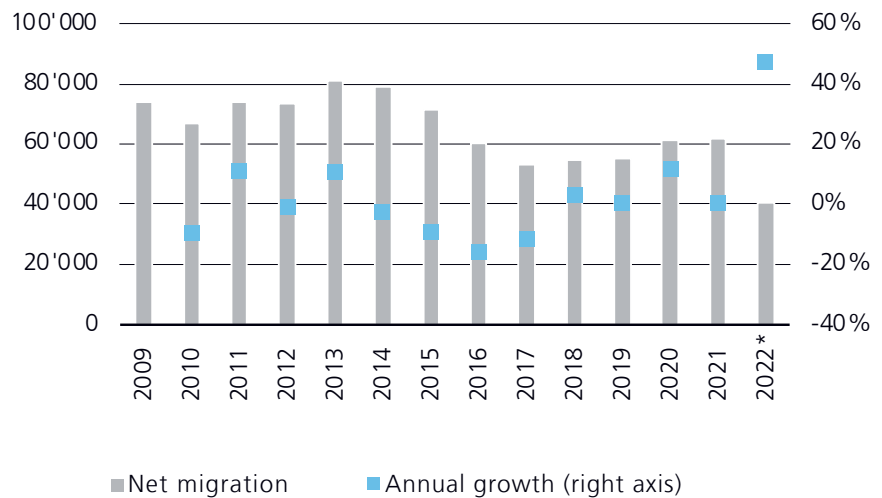
Although the Swiss economy is in very good shape overall, the downside risks for the coming quarters remain pronounced as discussed in the first paragraph. Against this background and in view of the anticipated imminent peak of the global inflation wave, the interest rate turnaround heralded in by the Swiss National Bank should remain limited in terms of time and scope. The players in the Swiss transaction market for direct real estate investments appear to be factoring in this scenario at present. According to data from Wüest Partner, transaction yields in the market's prime segment remained stable in Q2 2022 across the different sectors.

However, much uncertainty currently surrounds the future development of the macroeconomic context. Contrary to expectations, inflation for example might not run out of steam that quickly and could persist at a high level for longer. From this perspective, the robustness of rental income and quality of the bottom-up management of the invested portfolio become increasingly important as drivers of the performance of the real estate investments, in order to navigate successfully through this uncertain phase of the business cycle.

Multi-family housing: Brightening rental growth prospects

The rental housing sector is currently proving very robust with regard to earnings potential. While absorption potential remains very dynamic thanks to high immigration, planning activity for new residential properties continues to cool down. According to Baublatt, the annual total of residential projects with planning permission in Q2 2022 was 38,200 residential units, about 16% lower than the previous year. This exacerbates the tight situation on the user

Net migration in Switzerland (number of people, permanent population)



Source: State Secretariat for Migration SEM; UBS Asset Management, Real Estate & Private Markets (REPM) August 2022.

market, which supports positive rental price developments when new rental contracts are concluded. Wüest Partner data shows that average asking rents on the Swiss residential markets increased by 0.6% year-on-year in Q2 2022.

Commercial real estate: Differentiated outlook depending on location and segment

The different segments of the commercial real estate sector are developing in an increasingly heterogeneous manner. In the individual local office markets, for example, modern properties in established and easily accessible business areas are benefiting from dynamic rental activity. This compares with properties in secondary locations, which are feeling the effects of the consolidation in demand. According to JLL Research Switzerland, the supply ratio on the office space market of the city of Zurich accounted for only 2.6% of local stock in Q2 2022. On the other hand, outer business areas on the northern outskirts of Zurich's extended office market have availability of over 9%.

Trends such as the creeping development of online trading and the strain of the current dynamic development of the prices of goods on consumer sentiment continue to burden the user market for retail premises. The correction in average asking rents on the Swiss retail real estate market in Q2 2022 (-8.5% year-on-year according to data from Wüest Partner) underlines this trend. However, contrary to the market average, rental income is robust in strong retail locations in prominent shopping streets. Following a correction in pandemic year 2020, rents in the prime segment of the retail space market of Zurich and Geneva recovered noticeably in Q2 2022 and, according to data from Wüest Partner, increased significantly by 40% in Geneva and were stable in Geneva in Q1 2022 compared with the Q2 2021 values.

UBS real estate funds sending a strong signal with a binding ESG commitment

Heading towards climate neutrality!

“Real Estate Switzerland is committed to sustainable real estate management and has been following a clearly defined sustainability strategy since 2012. By incorporating environmental, social and governance (ESG) factors in the fund contracts of the Swiss UBS real estate funds, we are sending another strong signal on the way to climate neutrality for our real estate investment products.”

Sustainability is firmly embedded and accepted at Real Estate Switzerland. We achieve our goals by purposely living out our sustainability strategy and integrating sustainability as an operating principle into our day-to-day business. Key to all this is ensuring we consider the sustainability of properties throughout their entire life cycle.

Defined in fund contracts

The investment objective of the real estate fund is the long-term preservation of buildings and the distribution of appropriate returns based on the careful handling of energy and conservation of resources. To this end, the fund management company has extended the investment policy and

investment targets for its real estate funds, and laid down binding sustainability objectives (target matrix). The fund contracts were adjusted accordingly. FINMA has approved these amendments to the fund contracts, which came into force as of 12 August 2022.

Our objectives – integral component of the fund contracts

- Reduction of greenhouse gas emissions intensity: -50% by 2030
- Reduction of energy intensity: -30% by 2040
- Increase renewable energy sources: at least 50% by 2040
- Net zero on operating energy from 2050

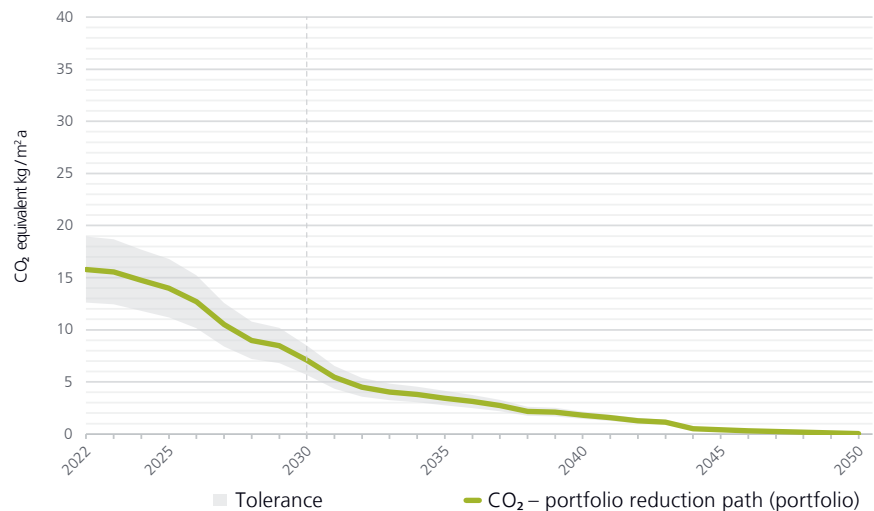
Further details can be found on the [Real Estate Switzerland homepage](#) and in the [fund contracts](#).

CO₂ – reduction path per portfolio

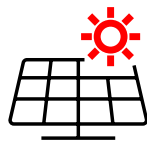
New buildings and renovations are optimized to conserve resources with regard to the gray energy they produce. We are replacing existing heating systems exclusively with renewable energies, which has already enabled us to significantly reduce greenhouse gas emissions in recent years. We consistently review our entire real estate portfolio to find possible ways to reduce CO₂ and develop a path for reducing CO₂ emissions to net zero in all portfolios in a coordinated manner. Property Fund Europe, UBS Direct Urban and UBS Direct Residential published the reduction path for the first time in their annual reports for the year ending 30 June 2022.

We need to take a structured approach to combine our renovation strategy with our climate protection targets: Our entire real estate portfolio is constantly analyzed to determine where improvements can potentially be made, and the corresponding results are coordinated with investment planning. Our focus here is on replacing fossil fuels with renewable energy sources. For example, we are gradually replacing existing oil or gas heating systems with systems drawing on alternative energy sources (district heating, wood or heat pumps). In addition, energy-efficient renovations, especially the insulation of windows, facades and roofs, are analyzed.

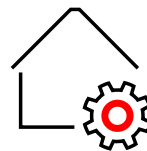
CO₂ – reduction path (operating energy)*



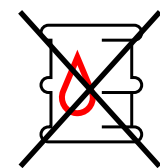
*The reduction path shows the simulated operating energy of our buildings. It includes the emissions from thermal energy and the general electricity values of our properties (Scope 1 and 2). Tenant electricity values are not included.



Produce or purchase renewable electricity



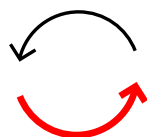
Increase energy efficiency



Replace fossil fuels with sustainable energy sources
!Replace all oil heating systems by 2030!



Offset the remainder (net compensation from 2050)



Reduce gray energy (circular economy; materialization)

Complementary acquisition in Wittenbach

In light of the planned development of the center of the municipality of Wittenbach (SG), UBS Direct Residential acquired an additional property in July 2022. As part of this large-scale project, four separate property owners and the municipality are joining forces.

A large-scale project is planned for the station area, involving four separate property owners and the municipality. The single-family house in Wittenbach acquired by UBS Direct Residential in July 2022 directly adjoins the residential properties on Oedenstrasse and Vogelherdstrasse, which the fund already holds in its portfolio. These properties form a central element of the development process.

Current shortcomings

The station area of the municipality of Wittenbach currently does not do justice to its importance as a point of arrival and departure. The open area design of the western quarter of the train station currently falls short and the area lacks inviting recreational spaces on top of the some what outdated surrounding properties. The quarter offers potential for development. The municipality has recognized this and aims to further develop the station area as part of the municipality development concept.

Train station as a transport hub

According to the St.Gallen-Lake Constance agglomeration program, Wittenbach train station will serve as a regional mobility hub in the future. It will be defined by an attractive network of different modes of transport, such as public transport, pedestrian



Center of the municipality of Wittenbach



The early collaboration and innovative creative drive of all participants will help create a networked, attractive and environmental center for Wittenbach.

and cycling traffic, motorized individual transport and sharing offers. Shopping, service and hospitality offerings, as well as attractive interior design provide further added value. The station square will have to be redesigned in order to address the implementation of the transport hub.

Property owners joining forces

As part of this development, various property owners have shown interest in redesigning their properties at

the station. For this purpose, the four property owners UBS Fund Management (Switzerland) AG, Asga Pensionskasse Genossenschaft, St.Galler Pensionskasse and Schweizerische Südostbahn AG have joined forces to form a steering committee, with the municipality also having a seat as owner of the streets and smaller plots. The objective is to develop a basic urban planning concept for the large-scale project.

Residential focus

The mobility hub in the area around the train station is to be extended to include urban housing. The focus will be on small appealing apartments for people with a preference for public transport. The location at the future transport hub will also feature smaller commercial spaces providing food and beverage options for commuters and transfer passengers.

Objectives of the new quarter

The project at Wittenbach train station aims to create a new,

comprehensive railway station district, living alongside the public transport and becoming part of Wittenbach's new, revitalized hub.

Process

The overall urban planning concept will present the steering committee's ideas for the transport and open space designs, as well as for the spatial development of the station area. This is a generational project, which can be implemented in stages in the next 15 to 20 years. The results will be presented to the public in fall 2022.

Through the strategic complementary acquisition, UBS Direct Residential owns three properties, which are central elements at the heart of the planned large-scale project.

Other highlights of the last six months

Convincing annual financial statements 2021/2022

UBS Direct Residential further strengthened its earnings power for the 2021/2022 financial year and reduced its cumulative rent default rate to a low 3.4%. Thanks to the successful conclusion of the capital increase, the fund obtained resources of around CHF 97 million in fall 2021. Thanks to successful renovation and new build projects, acquisitions and appreciations, the value of the property portfolio has risen by CHF 111 million to around CHF 914 million. The fund's net asset value per unit went up by 1.6% and achieved a stable return on investment of 4.7%.

UBS Direct Residential

**UBS (CH) Property Fund –
Direct Residential
Valor 2 646 536**

Additional Information:

[Product site UBS Direct Residential](#)
[Current price and performance](#)



Christian Sturm
Fund Manager since 2016

UBS Direct Urban celebrates its 10th birthday

“Urban – Switzerland of tomorrow”. With this motto, UBS Direct Urban’s success story started in 2012. And the focus on urban living spaces is more relevant today than ever.



Success story milestones

UBS Direct Urban’s success story started in 2012 with the first issue and the CHF 80 million it raised. Since its launch, the fund has performed well in a very competitive transaction market and has continued to develop since then. 26 November 2015 was the day: UBS Direct Urban went public – with a portfolio volume of CHF 254 million and 10 properties. The fund has always remained true to its strategy of focusing on investments in urban living spaces. As of 30 June 2022, the UBS Direct Urban portfolio comprises 23 properties in 11 cantons with a market value of CHF 588 million.

Forerunner on the way to net zero

UBS Direct Urban focused on sustainability early on in all its investment decisions and consistently geared its actions to it. This commitment is paying off today: All properties have a building and/or energy certificate. More than 60% of the energy reference areas are already supplied by sustainable energy sources, which represents a peak value. The fund-specific CO₂ reduction path makes this transparent and supports the fund team in addition, in the ongoing improvement. The social component of the sustainability commitment of UBS Direct Urban is

also reflected in the good results resp. the high tenant satisfaction in the regular rent surveys. Among other things, generous floor plans, light-flooded rooms, the use of sustainable materials and biodiversity in the surroundings of the properties contribute to this.

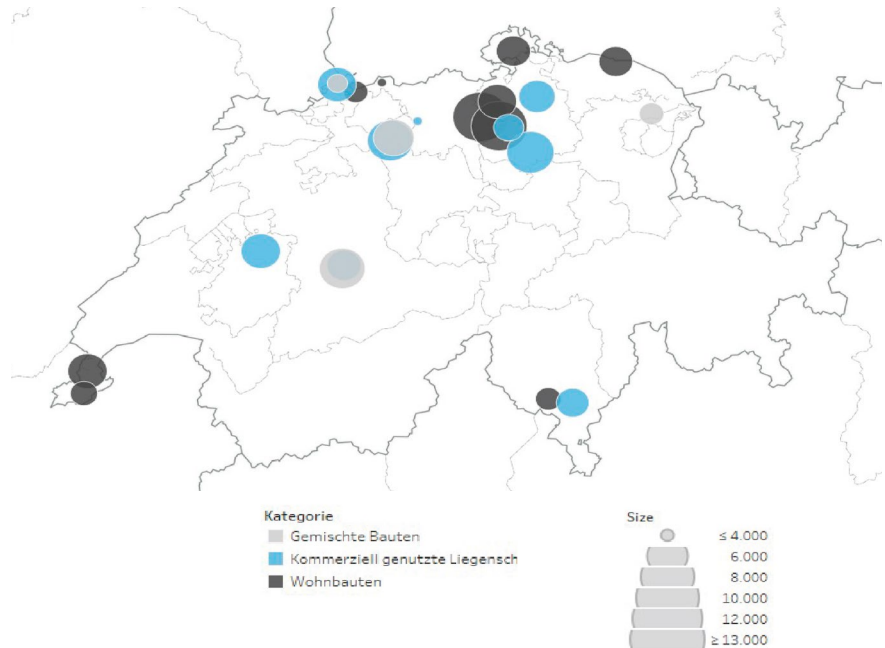
The fund regularly receives awards for its commitment to sustainability. Through the ongoing consistent implementation of measures in this area, UBS Direct Urban is ideally equipped to achieve the goal of net zero by 2050, which is now also stipulated in the fund contract.

Why invest in urban regions?

The Swiss population is growing and with it the demand for living and working space. To ensure sustainable management of limited ground resources, future urban developments will be directed to areas that are already developed and well connected. Urbanization of agglomerations is a megatrend that is supported by political directional decisions and financial incentive programs. The resulting urban growth stimulus harbors sustainable investment potential that must be exploited.

Key Facts about urbanity at UBS Direct Urban

- Diversification with 23 properties in 11 cantons in urban locations
- Close proximity to public transport, the provision of daily needs, major-centers and to public life
- Creating attractive urban living spaces
- Consistent focus on all areas of sustainability (ESG)
- Sustainable return through sought-after rental offers and therefore stable income



Pleasing annual financial statements 2021/2022

UBS Direct Urban looks back on a very successful 2021/2022 financial year. The fund was able to extend its real estate portfolio and continue its selective growth in urban locations. Thanks to the acquisition of three properties in prime locations in German-speaking Switzerland and appreciation of existing properties, the portfolio value increased by 11.3% to CHF 588.2 million as per the annual financial statements. The resulting strengthening of earnings power is reflected in the 14.7% increase in rental income to CHF 20.3 million and the 1.7% rise in the net asset value to CHF 11.92 per share. The reduction of more than 20% in the rent default rate was another supporting factor. This generates an attractive return on investment of 4.6%. Consistent implementation of the sustainability strategy was rewarded and the fund was awarded first place by GRESB in the «Switzerland Diversified» category.

UBS Direct Urban

**UBS (CH) Property Fund –
Direct Urban
Valor 19 294 039**

Additional Information:

[Product site UBS Direct Urban](#)
[Current price and performance](#)



Stephan Pellegrini
Fund Manager since 2015

New Eclasia construction project reaches first stage of completion

Nine new apartments and 600 m² commercial space in the residential and commercial building in the center of Crissier were handed over to tenants. The second construction phase is now starting.

In November 2020, UBS «Foncipars» was able to acquire a new construction project at Rue de Jura 2 / Rue des Alpes 60 in Crissier in the canton of Vaud under building lease. The planned residential and commercial building will be realized in two stages with the polyclinic, which is already located on the site and leases around 600 m² on a long-term basis, and another 600 m² of commercial space as well as 28 new 2- to 4-room apartments.

Excellent transport connections and infrastructure

The municipality of Crissier with a population of approx. 8,000 is located northwest of Lausanne and lies directly adjacent to the city. Good public transport links, particularly to Lausanne, together with the nearby freeway junction make the municipality a popular place to live and work. The new Eclasia construction project is located in the center of Crissier. Several bus stops are in close proximity. The center of Lausanne can be reached in eight minutes from Renens train station, which is only 350 m away. The Lausanne-Crissier freeway access road is 2 km away. Shopping facilities and restaurants are located in the immediate vicinity. The nearest primary school is 500 m away.

Realization in stages

A polyclinic was already located on the property at the time of acquisition. In the initial stage, which already stands completed, the first part of the building with the new



Rue due Jura 2, Rue des Alpes 60 in Crissier (VD)



Construction planning optimally coordinated with the largest commercial tenant.

polyclinic including nine apartments has been built. The old building can now be demolished and the second part of the property with another 19 apartments, commercial space and the garage will be completed. Once the entire work is completed in summer 2024, the incremental realization will be incorporated entirely in the building structure.

Coordinated mixed use

After completion, the entire property will comprise 28 apartments (one studio, 14x two-room apartments, 8x 3-room apartments, 5x 4-room apartments), 29 internal parking

spaces, four external parking spaces and 1,228 m² commercial rental space. Half of the 1,228 m² commercial space is already leased to the polyclinic on a long-term basis.

High sustainability standards

As with all of Real Estate Switzerland's new construction projects, this property also meets the high sustainability standards: The property has Minergie certification. Almost all apartments have a generous outdoor space in the form of a loggia or terrace in the attic story. The courtyard side provides residents with a communal outdoor space in which to relax.

Additional information about Eclasia:
<https://www.eclasia-crissier.ch/>

This new construction project with an investment volume of CHF 20 million will contribute to the rejuvenation and targeted development of UBS «Foncipars» and offers potential for further growth.

Other highlights of the last six months

Total renovation of “La Tourelle” in Geneva: Handover of 65 apartments

The “La Tourelle” district is located north of Geneva city center. UBS «Foncipars» owns 15 out of a total of 34 buildings. The four prominent blocks of the listed complex were built between 1968 and 1971. The total renovation of the 419 apartments has started, with the main focus on renovating the technical installations and optimizing the buildings’ energy consumption with Minergie certification and with the demanding SNBS-Gold label. 65 apartments were already renovated as of the end of September. The work is expected to finish in 2024 and the total investment amounts to around CHF 64 million.

Construction starts on the planned total renovation and addition of another floor on Rue de Beaumont in Geneva

The property is located in the popular residential neighborhood between

Eaux-Vives and Champel near the University Hospital, right next to the popular Parc Alfred Bertrand. The property, which dates back to 1939 and has three entrances at 14, 16 and 18 rue de Beaumont in Geneva, is to be totally renovated and an additional floor added. As part of the construction work, the façades will be thermally insulated and the windows and balconies replaced. After the demolition of the existing attic apartments on the sixth floor, 22 new apartments will be constructed on the three new floors, which will supply the property with 59 apartments. Most of the apartments on the top two floors will offer a wonderful view of the city and lake. Construction work has now started

Acquisition of a residential property in Meyrin

UBS «Foncipars» added a property in Meyrin in the Canton of Geneva to its portfolio at the end of March. The investment volume is approxi-

mately CHF 40 million. The property is part of the satellite city Meyrin, which was built between 1930 and 1964. The planning approach of this complex is based on the ideas developed by Le Corbusier. The eight-story property acquired by UBS «Foncipars» was built in 1963 and consists of a row of buildings with five entrances and a total of 65 apartments, all of which are let. The investment also includes 65 indoor parking spaces and 52 outdoor parking spaces. Thanks to the connection to district heating, the property has a sustainable and low-maintenance energy vector, whose CO2 emissions will be steadily reduced. The apartments have been updated or renovated where necessary as tenants have changed. There is also substantial potential for rental income whenever there is a change of tenant.



UBS «Foncipars»

**UBS (CH) Property Fund –
Léman Residential «Foncipars»
Valor 1 442 085**

Additional Information:

[Product site UBS «Foncipars»](#)
[Current price and performance](#)



Elvire Massacand
Fund Manager since 2012

Senior-friendly living in the heart of Meilen

UBS «Sima» concluded the extensive interior refurbishment of Tertianum Parkresidenz with 53 apartments at a prime central location on Lake Zurich in October 2022. Lobby, dining room and common areas were upgraded and now offer attractive meeting areas.

Parkresidenz Meilen is ideal for senior-friendly living with shopping facilities, a train station and the Meilen-Horgen ferry at a distance of 200 m. A bus stop is located directly in front of the property. The property, which is in a slightly elevated position, offers views of the lake from the second floor. Parkresidenz Meilen offers 53 retirement apartments and nursing rooms, a restaurant and a fitness center. The reception area is located with the lobby in the center of the building and extends upwards to the second floor. The apartments and common areas no longer met the current requirements for senior-friendly living.

Comprehensive refurbishment of the retirement apartments

The bathrooms and kitchens in all the retirement apartments and nursing rooms were totally refurbished in line with the occupants' requirements. New parquet flooring was laid in all rooms. The lobby and the restaurant were redesigned as meeting zones. A completely new automated lighting system was installed through the entire public part of the building.

Building services innovation

The ventilation systems for the catering kitchen and restaurant are being replaced. To supply the ventilation systems with cooling energy, an air-conditioning-refrigeration unit was installed, comprising refrigeration, back cooling, regulation and heat recovery. The heat recovery unit feeds excess heat into the domestic hot water system.



Dorfstrasse 16-24 in Meilen (ZH)



The renovation focused on enhancing the quality of living and creating attractive communal areas.

Single tenant with long-term rental contract

The interior renovation of the occupied apartments was carried out together with the operator Tertianum, with whom a new long-term 25-year rental contract was concluded.

The CHF 17 million investment offers UBS «Sima» an excellent opportunity for its portfolio in the Zurich region to expand in the «residential» sector. The fund can also respond optimally to demographic developments and the associated market needs for retirement apartments.

**UBS «Sima» acquires another major project in Dübendorf (ZH)**

With the transfer of ownership on 22 September 2022, UBS «Sima» acquired the new residential construction project «Younic» in Dübendorf. The residential property is expected to be ready for occupancy from Q1 2025. In line with our sustainability strategy, a unique and innovative heating and Energy recovery system has been designed. Only circulated concrete is used and SNBS Gold certification is aspired.

Other highlights of the last six months

UBS «Sima» Innovation Day

On 9 September, UBS «Sima» sent out invitations for its first Innovation Day. This successful event offered an excellent opportunity to showcase and discuss the fund's practiced innovation in a variety of areas: Topics included digitalization, industrialization in construction, compatibility of sustainability and economy, digital management. The event was held at the Attisholz Areal in the canton of Solothurn. The

guest speakers included State Councillor Brigit Wyss from the canton of Solothurn.

UBS «Sima» makes an acquisition in Birsfelden and continues its strategic growth in the municipality

At the beginning of April and in early June, UBS «Sima» consolidated two properties, which are located adjacent to the property already held in the portfolio at Hauptstrasse 56

in Birsfelden in the canton of Basel-Land. In view of the anticipated center development in the municipality of Birsfelden, these acquisitions are important for UBS «Sima» and in line with the strategic objective of growing further in the municipality.

Foundation stone laid for VIVO in Aesch and for Metropol in Wetzikon

The foundation stones for the current two largest UBS «Sima» new construction projects were laid in the last few months:



The ground-breaking ceremony for the VIVO project took place on 4 April. The VIVO Aesch project is being developed on the main road, at the northern entrance to Aesch BL, not far from the city of Basel. Over the next two and a half years, the VIVO quarter will be realized with the four independent buildings Turm, Kamm, Hof and Qube, which will integrate optimally into the existing surroundings with its green space and quarter square.



The foundation stone for the Metropol project in Wetzikon was laid on 27 June. 149 new apartments are being built here in the heart of Wetzikon at a central and optimally connected location. The project also includes 8,077 m² of commercial and retail space, as well as 207 parking spaces.



UBS «Sima»

**UBS (CH) Property Fund –
Swiss Mixed «Sima»
Valor 1 442 087**

Additional Information:

[Product site UBS «Sima»](#)
[Current Price and performance](#)



Martin Strub
Fund Manager since 2013

Metropol project in Wetzikon



Acquisition of a fully-leased office property

The high-quality and representative office building is located in a business park favored by international companies on the northern shore of Lake Geneva between Lausanne and Geneva.

The property, which was built in 2017, is located on Littoral Parc, the largest industrial and business park in the canton of Vaud. It offers excellent transport links, high visibility and a direct view of the lake and the Alps. The property is leased on a long-term basis and houses the European headquarters of Chiquita Brands International S.à r.l.

Attractive property

The modern office property was built by renowned architect CCHE. The property has four identical upper floors designed around a central core with a staircase. This design enables the floors to be divided up for multi-tenant leasing if required. The current layout around the core is designed according to the needs of the tenant, using lightweight partition walls. The reception area, as well as the recreation and training rooms, are located on the ground floor and have access to the spacious outdoor area. The plant room and storage areas are located in the basement. The floors are accessible by two elevators and offer 2,855 m² office space and 220 m² storage. 73 parking spaces are available.

Excellent transport links

The property is located in the south of Etoy. The train station is only 500 m away and can be reached by foot in a few minutes. Direct trains connect the municipality every 30 minutes with cities such as Lausanne (23 minutes) or Morges (six minutes). Geneva is a 39-minute train ride away. The



Office property La Tuilière 16 in Etoy (VD)



High-quality headquarter building with a long-term rental contract

freeway access road is only 5 minutes away. Asports facility with swimming pool is located beside the property. Various stores and restaurants are also close by. The good connection to the freeway means that Geneva airport or the center of Lausanne can be reached by car in about 30 minutes.

The latest acquisition supports the rejuvenation and targeted development of the UBS «Swissreal» portfolio.

Other highlights of the last six months

Renovation of the residential and commercial building on Avenue Villamont in Lausanne completed

The property, centrally located in Lausanne, was extensively renovated with special attention paid to sustainability aspects: The new facade was highly insulated. It was designed as a steel and glass construction facing the street and with a rendered facade with balconies on the courtyard side. The existing oil heating was replaced and the building was newly connected to the district heating network. A photovoltaic system was installed for domestic hot

water and electricity usage in communal areas. Within the scope of the renovation individual vacant commercial units were converted into apartments. The renovation project with an investment volume of around CHF 7 million will make a further positive contribution to strengthening earnings power, rejuvenating the portfolio inventory and targeting the development of UBS «Foncipars».

Rental success in Bern

Since 2008, UBS «Swissreal» has been invested in the best directly adjacent

location to public and private transport to Bern-Wankdorf train station. The two iconic «Feusi» and «Medi» buildings on Max-Daetwyler-Platz have been home to Feusi Bildungszentrum AG from the beginning, which has since also been one of the real estate fund's five largest tenants. A well-functioning cooperation was established over many years. By extending the leases for both buildings, this substantial partnership can continue into the future.

UBS «Swissreal»

**UBS (CH) Property Fund –
Swiss Commercial «Swissreal»
Valor 1 442 088**

Additional Information:

[Product site UBS «Swissreal»](#)
[Current price and performance](#)



Jürgen Zimmermann
Fund manager since 2012

Acquisitions around Lake Geneva

The two residential properties acquired in western Switzerland in recent months further reinforce the quality of the portfolio in terms of location and are an ideal geographical addition.

Acquisition of a residential property in a central, prime location in Lausanne

The historic property with seven apartments that was acquired on 1 May 2022 is characterized by its very central, elevated location in the center of the Centre-Ville quarter. It is directly adjacent to the Esplanade de Montbenon park. The fully-leased property offers large apartments with views of the lake.

The property has five above-ground floors facing the street. Because of a slope, there is an additional floor on the lake side, which contains two apartments, each with access to the garden. The apartments on the upper floors are spacious and extend across the entire floor area. The attic floor was converted into an apartment in 2006. All floors are accessible by elevator. The property is located on Avenue de Montbenon 3 near the Esplanade de Montbenon park and close to the Flon quarter. This neighborhood has undergone a transformation in recent years into a new entertainment, creativity, work, and living center, with restaurants, stores, and offices.



Residential property on Avenue de Montbenon 3 in Lausanne

The property also includes six external parking spaces; Lausanne train station can be reached in less than ten minutes on foot.

This allows investment group UBS AST Real Estate Switzerland to complement its portfolio with an exclusive property in an exceptionally good location in Lausanne.

Acquisition of a residential property with a project to add an additional floor in Versoix

In October 2022, UBS AST Real Estate Switzerland purchased a fully-leased - residential property in Versoix in the canton of Geneva. It forms part of the huge "Grand-Montfleury" development. For eleven properties within the development, including the property acquired by UBS AST Real Estate Switzerland, approval has been granted to add another floor. Construction on our property is scheduled to start mid-2023 and three additional apartments are planned.

The municipality of Versoix is located in Greater Geneva. Geneva can be reached by public and private transport in just over 30 minutes. The Grand-Montfleury development is a district of the municipality and is located on

the northern town limits. The property acquired by UBS AST Real Estate Switzerland has eight floors and 26 apartments, and was built in 1979. The apartments on the upper floor benefit from incredible views of the lake and mountains. In addition to schools and a daycare center, there is also a small shopping mall within the development. Despite being densely built up, there are many open spaces and green areas within the development. To the north of the plot there is a large forested area.

As part of the project of adding another floor, two open-plan 4-room apartments and a south-facing 2-room apartment will be built. The apartments on the additional floor will be heated with a heat pump and achieve a Minergie P label.



This acquisition adds a property with potential in a good location in the Geneva region to investment group UBS AST Real Estate Switzerland.

Other highlights of the last six months

Strategic disposals in Herisau

UBS AST Real Estate Switzerland's portfolio held two smaller residential properties in Herisau. Given their small size, which is not in line with the investment group's strategy, the favorable market conditions were used to sell both properties in August.

Re-opening of the investment groups UBS AST Real Estate Switzerland and UBS AST Commercial Real Estate Switzerland successfully completed

With this extremely successful re-opening, UBS AST Real Estate Switzerland can impressively underline its position as a leading mixed real estate investment vehicle. The capital increase was significantly oversubscribed. With the

re-opening, the number of investors has increased to around 400. The new capital of CHF 160 million will be used to reduce debt, for investments in the existing portfolio and for acquisitions. For the UBS AST Commercial Real Estate Switzerland a 100% allocation could be made. The investor base has also broadened and now stands at around 300.

UBS AST Real Estate Switzerland

**Investment group UBS AST
Real Estate Switzerland
Valor 287 549**

Additional information:

[Product site UBS AST Real Estate Switzerland](#)
[Current price and performance](#)



Patric Caillat
Fund Manager since 2008

Sale and leaseback transaction in Steinach

The commercial property, which is located in the commercial hub of Steinach in the Canton of St. Gallen, will be leased back to the seller for 15 years as part of a triple net rental contract.

The commercial property offers an optimal location 10 km from the city of St. Gallen at the quadripoint where Germany, Austria, Switzerland and Liechtenstein meet. The location in Steinach's commercial hub, together with the neighboring municipality of Arbon, offers an extensive infrastructure with a wide range of shopping facilities, catering and local recreation. The property is only a few minutes' drive from a freeway feeder. The suburban train (S-Bahn) station is within walking distance.

The well maintained property comprises two plots of land with a total space of 7,771 m², with the commercial property located on the main plot with a floor area of 6,300 m². The second plot of 1,471 m² will be used as a parking lot. The northern building was constructed in 1989 (commercial, office and warehouse) and extended in 2009 with the addition of an interconnected five-story building, which mainly houses offices as well as various lounges and the cafeteria.

Flexible use possible

The structure of the property offers great flexibility of use as well as multi-tenant use if required. The regular axis layout facilitates versatile use and division of space, without having to sacrifice efficient circulation areas. The spacious office and production



Commercial property in Ampèrestrasse in Steinach



The current photovoltaic system has a capacity of 25 kWp

areas have plenty of natural light, and various commercial areas could also be converted into offices.

Long-term rental contract

The acquisition into the portfolio will take place as a sale and leaseback transaction. The triple net rental contract has a 15-year term with renewal options. The tenant is a global company from the electronic sector.

Photovoltaic system in place

The commercial property can be rated as above average with regard to sustainability: it has a cold water system

and flood proofing. The current photovoltaic system has a capacity of 25 kWp and there is potential for an additional system. A charging station for electric vehicles is already installed and another is planned. Building automation for energy-efficient control is in place.

The acquisition of the commercial property is consistent with UBS AST Commercial Real Estate Switzerland's targeted growth strategy and contributes to further portfolio diversification in terms of both use and location.

Other highlights of the last six months

Rental success in Birsfelden

At the beginning of the fourth quarter, a part of the operational facility 1 on Rührbergstrasse in Birsfelden (BL) with around 2,500 m² of laboratory and production space was rented on a long-term basis. The building will be extensively rebuilt and connected to the district heating network.



Re-opening of the investment groups UBS AST Real Estate Switzerland and UBS AST Commercial Real Estate Switzerland successfully completed

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UBS AST Commercial Real Estate Switzerland

**Investment group UBS AST
Commercial Real Estate Switzerland
Valor 10 077 053**

Additional Information:

[Product site UBS AST Commercial Real Estate Switzerland](#)
[Current price and performance](#)



Christian Spiess
Fund Manager since 2018

Total renovations in Sissach and Unterengstringen

UBS «Anfos» commences extensive total renovation of two residential properties at the same time. Both represent the successful implementation of internal growth in line with the fund's sustainability goals.

Total renovation in Sissach

The three detached apartment buildings in Sissach (BL) with a total of 36 apartments were built in 1983. An extensive total renovation will start this December, which will significantly reduce the properties' energy consumption.

Attractive place to live in the upper Basel region

Sissach functions as a center for surrounding municipalities. The train station is serviced by the S-Bahn and InterRegio. The proximity to the business location of Basel and the excellent transport connections make Sissach an attractive place to live in the upper Basel region. Diverse shopping facilities and the train station are less than a kilometer from the property. A kindergarten can be reached on foot in a few minutes. The "Sissach" freeway feeder is a one minute drive away.

Enhancing the quality of living

The residential development with 36 apartments (12 x 2.5- / 3.5- / 4.5-room apartments) and 33 parking spaces (26 of which in the parking garage) has two full floors and an



Multi-family dwelling in Sissach (BL) (visualization)



The heating system and the hot water processing runs entirely on renewable energies

attic. In the course of the renovation, the windows will be renewed, the balconies extended and the kitchens and bathrooms replaced. The roof will be raised and another side gable added. This will create additional space in the attic and allow balconies to be integrated in the six apartments. External walls and the roof structure are made of prefabricated timber elements. The investment volume is approximately CHF 9 million. Releasing will be in stages from October 2023.

High sustainability standards

The renovation will significantly reduce the property's energy consumption. The heating system and the hot water processing run entirely on renewable energies using district heating and a photovoltaic system. Exclusively native plant species are used in the landscaping. Charging stations for electric cars and bicycles are planned for mobility purposes.

Total renovation in Unterengstringen

The property on Langacherstrasse in Unterengstringen, which was built in 1966, has 22 apartments. The heating supply was converted to district heating two years ago. A major renovation is planned as of December 2022.

Very good transport links

Unterengstringen is located in the district of Dietikon (ZH). The municipality is served by buses. S-Bahn links service the nearest train station in Schlieren. The "Limmattaler Kreuz" freeway junction is located two kilometers west of the property. The "Langacher" bus stop, the local recreation area of "Sparrenberg", kindergartens and shopping opportunities for meeting daily needs are only a few minutes' walk away.

Versatile mix of apartments

The 22 apartments will be accessed via three entrances. The versatile range of apartments comprises 4 x 1.5- 9 x 2.5- 4 x 3.5 and 5 x 5.5-room apartments. The apartments, which extend from the front to the back of the building, are south-facing. The length and height of the building will be structured by way of stepping, which results in different number of floors for the three house numbers.



Multi-family dwelling in Unterengstringen (visualization)



The entire building shell (façade, windows and roof) will be renovated to improve energy efficiency and brought up to the latest standards.

Comprehensive renovation

After the building was connected to the district heating system, the renovation work began this summer. This includes the complete energy renovation of the building shell, with replacement windows and insulation of the facade and flat roofs. Internally, the kitchens and bathrooms, among other things, will be replaced. E-mobility charging stations will be installed in the garage. The investment volume is approximately CHF 6 million. The interior work will be completed in December 2022 and the landscaping work in May 2023.

Above-average sustainability standards

Thanks to the existing connection to district heating and the complete renovation to improve the energy efficiency of the building shell, the property meets an above-average sustainability standard post renovation.

Both renovations offer a good opportunity for growth from the current portfolio and strengthen UBS «Anfos» sustainability positioning.

UBS «Anfos»

**UBS (CH) Property Fund –
Swiss Residential «Anfos»
Valor 1 442 082**

Additional information:

[Product site UBS «Anfos»](#)
[Current price and performance](#)



Marcin Paszkowski
Fund Manager since 2014

Acquisition of a fully-leased residential property

The residential building, which was built in 2018 and acquired at the beginning of October, ideally complements the portfolio with regard to its location in Ticino and contributes to the rejuvenation of the portfolio.

The building with 13 apartments, as well as 10 indoor and 10 outdoor parking spaces, is located in the municipality of Cresciano in the north of Bellinzona. The Biasca freeway access road is roughly 15 minutes away; Bellinzona and Biasca can be reached by public transport in around 20 minutes.

Prime residential location

The building, which was built in 2018, is located in a quiet residential area on the edge of the development on a gentle slope with a southerly orientation and is partially surrounded by vineyards. The school and kindergarten are only a few minutes' walk away. A local recreation area lies right at the doorstep.

Fully-leased property

The property is currently fully leased. The location is optimal, thanks to the anticipated demand in the entire valley during the construction period of the second Gotthard tunnel tube. The property has a balanced mix of 2-room and 3.5-room apartments that are in demand on the market.

Sustainable energy generation

Heat is generated by a heat pump, the roof is equipped with a photovoltaic system, which supplies the heat pump with electrical energy, among other things.



In di Vign 10 in Cresciano (TI)



Sustainable building with Heat pump and photovoltaic system

The acquisition of the residential property of approx. CHF 4 million will rejuvenate Residentia's portfolio. The residential use and geographical location within Ticino are the ideal complement to the portfolio.

Other highlights of the last six months

Rental success in Mendrisio

Residentia's portfolio includes a residential building completed in 2021 on Via Brenni 4 in Mendrisio. The Minergie-P energy standard guarantees heat generation without using fossil energy. The property – adjacent to the new university of applied sciences – has 49 student rooms and three 2.5-room apartments. The rental of the apartments has been extremely successful in the last few months. As of the end of October, more than 80% of the rooms/apartments are rented.



Residentia

Residentia
Valor 10061233

Additional Information:

[Product site Residentia](#)
[Current price and performance](#)



Elvire Massacand
Fund Manager since 2021

Successful listing on the Swiss stock exchange for UBS PF Europe

With the listing of UBS (CH) Property Fund – Europe on the Swiss stock exchange on 10 November, investors now have direct access to the European real estate market under Swiss regulation.

With UBS PF Europe, UBS is now offering private investors alongside institutional investors access to European core real estate. This provides an opportunity to diversify individual risks and participate in opportunities, for example in the form of megatrends, while being embedded in a Swiss fund structure, according to Swiss standards and hedged currency.

UBS PF Europe is to be developed into a major pan-European flagship product in the long-term. The main investment objective of the real estate fund is to achieve sustainable earnings power and a steady value growth of the real estate portfolio through broad diversification across Europe.

Maximizing on megatrends

The events of recent years have in turn triggered long-term developments. The COVID-19 pandemic and the war in Ukraine have highlighted the need to strengthen security of supply. Real estate offers a good opportunity to benefit from these developments, as this is where these megatrends take place. In order to benefit from these developments in the most targeted way possible, implementing an investment strategy in a large, cohesive economic area such as Europe, can offer a wealth of investment opportunities.



Brussels, Belgium

“We observe that real estate investments that focus on megatrends exhibit a high level of stability that endures market cycles. Megatrends are long-term social, economic and political developments that have a lasting impact on our way of life. These include topics such as «socio-demographic change», «sustainability – from trend to standard» and «change in supply chains and security of supply». Taking megatrends into account in the selection and investment process is a key element at UBS PF Europe.”



Florian Kutz

Fund Manager UBS (CH) Property Fund Europe

Strengthening security of supply – Near- and Re-Shoring

One of several megatrends monitored by UBS PF Europe relates to ongoing pandemic-related disruptions in global supply chains and a tense geopolitical environment. These speak for a strengthening of the security of supply and a relocation of operational activities back to Europe combined with increasing automation. According to the ABB Supply Chain Survey 2022, 74% of European executives plan to relocate their business back to Europe due to the increased focus on sustainability and prevailing supply chain

difficulties. This process of near- and re-shoring is expected to take over a decade, with the logistics sector being the main beneficiary. Another factor favoring the logistics sector is the concentration of population in urban areas, which makes prime logistics locations in agglomerations and near strategic transport hubs increasingly attractive. Restrictive planning policy will severely limit the expansion of available space, which creates a favorable environment for long-term investments and is likely to lead to continued rent increases for prime logistics locations.

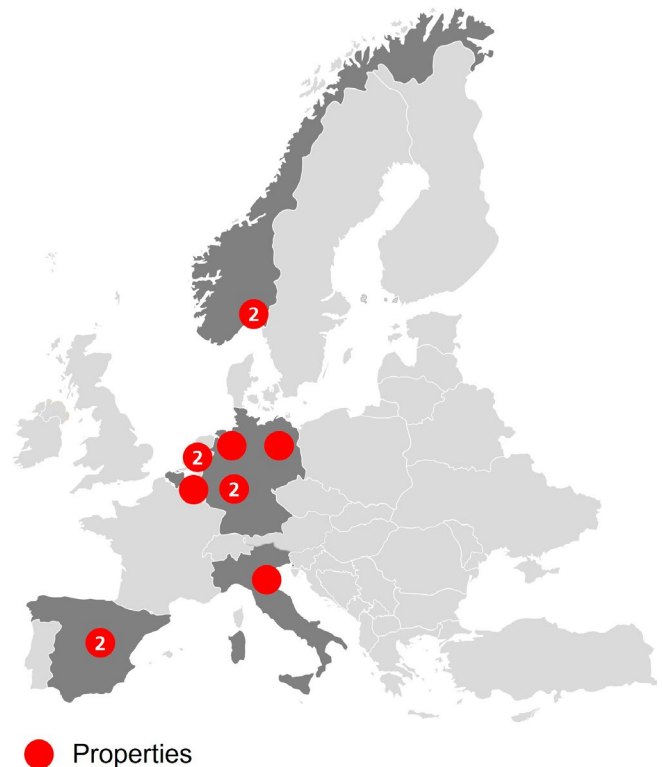
UBS has a long-standing track record with various logistics funds throughout Europe and, thanks to its local presence, detailed market knowledge and a densely branched network.

UBS PF Europe is currently reviewing the acquisition of various industrial and logistics properties, among other real estate categories.

Broadly diversified portfolio

Ever since its launch, UBS PF Europe has stood for sustainable earnings power and resilience thanks to its well diversified high-quality portfolio. It is currently composed of twelve attractive properties in Germany, the Netherlands, Belgium, Norway, Spain, and Italy. The tenants, some of which are state owned, have strong credit ratings. The occupancy rate of the properties is nearly 100 percent. The leases are indexed to a considerable extent and thus largely protected against inflation.

UBS PF Europe hedges currency risks at portfolio level as well as at share class level. This reduces the impact of inflation-driven currency movements.



Why choose UBS PF Europe:

- **“Swissness”** – proven FINMA-regulated Swiss fund structure with currency-hedged share class and Swiss valuation methodology.
- **Diversification** – well diversified portfolio with residential, logistics, office and retail assets in strong locations in currently six countries, with focus on Western Europe.
- **Forward-looking** – focus on megatrends, with investments in various European real estate markets and a range of uses.
- **Earnings power** – long-term cash flows largely protected against inflation, tenants who are partly state owned and have strong credit ratings, high occupancy rate of nearly 100 percent.
- **Sustainability** – robust anchoring of environmental, social and governance criteria (ESG) as a crucial part of the investment policy with a 4-star rating in the 2021 GRESB assessment measuring sustainability performance.

[For further information on PF Europe](#)
[White Paper: Diversification with opportunity](#)

We live real estate.

Our real estate investment products:

- UBS (CH) Property Fund–Direct Residential
- UBS (CH) Property Fund–Direct Urban
- Residentia
- UBS (CH) Property Fund–Swiss Mixed «Sima»
- UBS (CH) Property Fund–Swiss Residential «Anfos»
- UBS (CH) Property Fund–Swiss Commercial «Swissreal»
- UBS (CH) Property Fund–Léman Residential «Foncipars»
- UBS (CH) Property Fund – Europe
- UBS AST Real Estate Switzerland
- UBS AST Commercial Real Estate Switzerland
- Real estate investment products for direct and indirect investments on a global, regional or country-specific basis

Our solutions for real estate and real estate projects:

- Buying and selling of real estate
- Project development
- Investments in kind
- Sale and rent back
- Public Private Partnership (PPP)
- Real estate management mandates

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Real Estate
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Risk

Changes the value of the real estate and interest rate trends and their impact on the development of the rental income, but also other legal and market-specific factors influence the value of the fund units of UBS real estate funds. An investment in this fund is suitable only for investors with a medium to long-term investment horizon and a corresponding risk appetite and capability. Each investment is subject to market fluctuations. Each fund has specific risks that can significantly increase in unusual market conditions.

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