

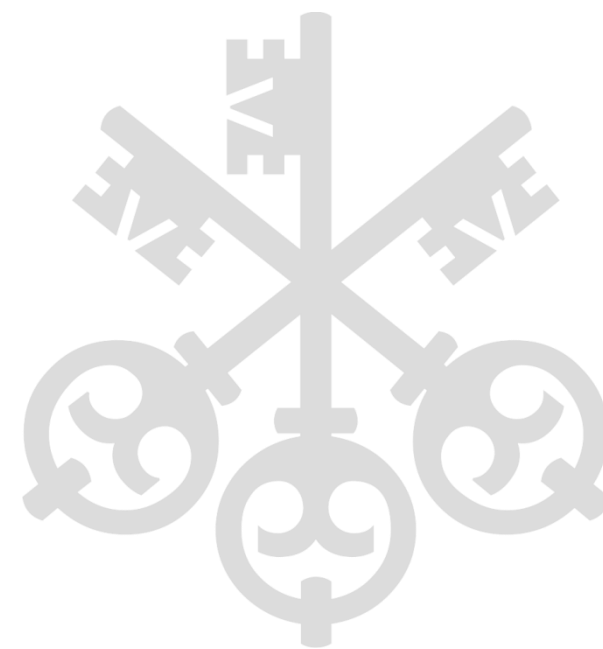


Public  
For marketing purposes

# UBS Direct Urban

Planned capital increase for October / November 2020

August 2020



# UBS Direct Urban

Start investing in the urban future today!

**Capital increase over around 86 million CHF planned for October / November 2020**  
**The detailed terms and conditions will be published at the end of September 2020.**

## Investment pipeline as per June 2020

Building type	Place	Street / project name	Project type	Total volumen in m CHF	Completion/ Handover
Mixed use	St. Gall (SG)	Multergasse 22	Acquisition	12	4Q19
Mixed use	Basle (BS)	Leonhardsberg 1	Acquisition	8	2Q20
Commercial property	Zurich (ZH)	Freiestrasse 129	Acquisition	15	2Q20
Residential property	Locarno (TI)	Via Romerio 3 «Residenza Morettina»	New construction	12	2Q20
Residential property	Zurich-Wiedikon (ZH)	Leonhard-Ragaz-Weg 22/24, Goldbrunnenstrasse 157/159	Redevelopment	57	4Q20

**Total** **104**



St. Gall (SG)



Basle (BS)



Zurich (ZH)



Locarno (TI)



Zurich-Wiedikon (ZH)

# UBS Direct Urban

## Current Highlight from the portfolio

### Wiedikon, «Sihlfeld- Zürich»

- Residential project at prime location in popular residential area Zurich-Wiedikon (district 3)
- Two residential buildings with 61 apartments (2.5 to 4.5 rooms) and garage with 30 parking spaces
- Focus on sustainability: Photovoltaics and brine-water heat pump, electrical connection, SGNI Pre-Certificate
- «James – serviced residences», Paketbox
- Investment amount approx. CHF 57m.
- Completion in winter 2020 planned
- Gross yield: approx. 3.5% - 4.0%



Source: UBS Asset Management, Real Estate & Private Markets (REPM)

# Statement of the Fund Manager

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«Urban, modern,  
sustainable – that's  
what we stand for.»

**Stephan Pellegrini**

-

Fund Manager  
UBS Direct Urban

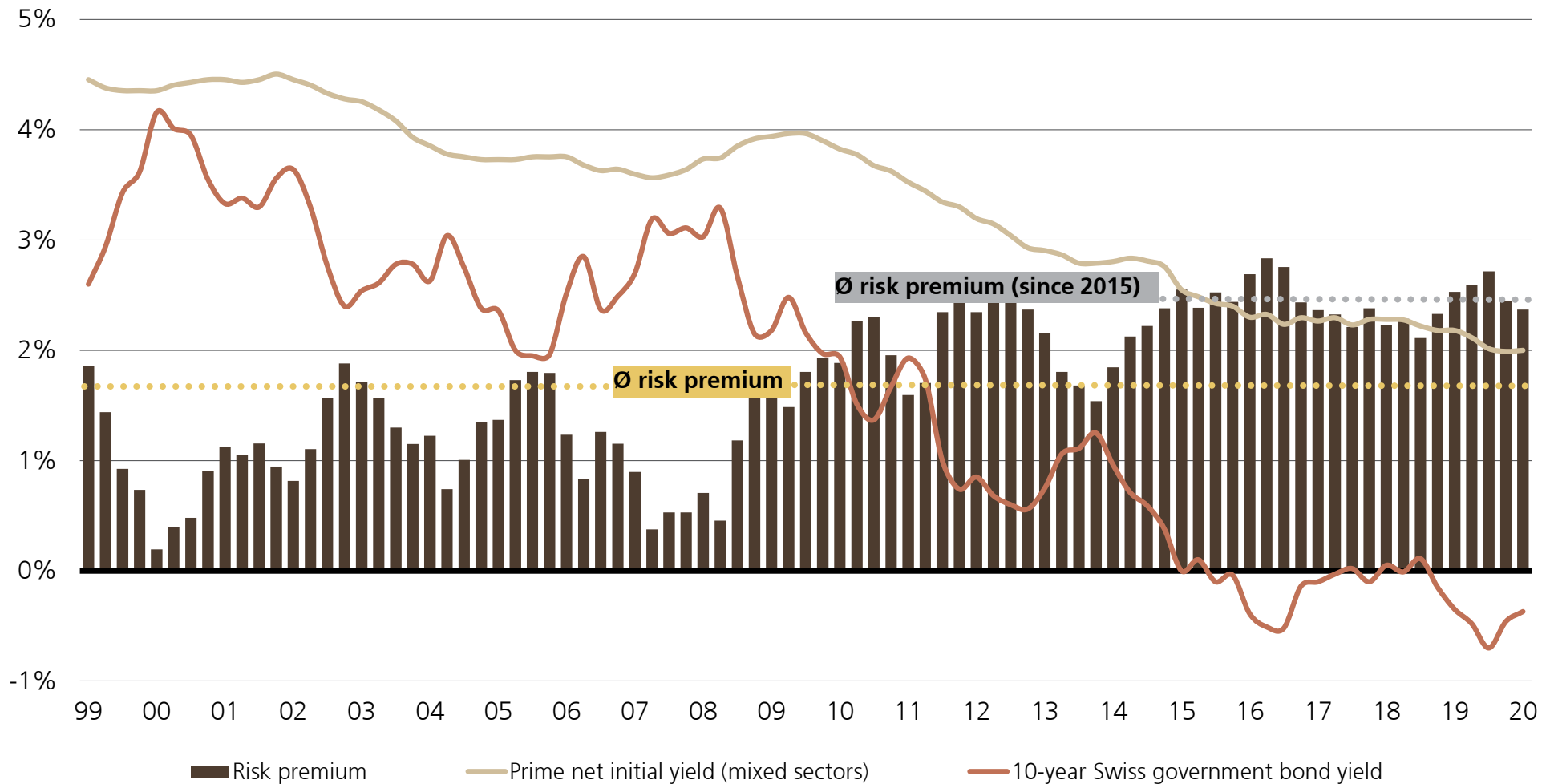
Source: UBS Asset Management, Real Estate & Private Markets (REPM)

Section 1

# Swiss Real Estate Market

# High attractiveness of Swiss real estate investments

Risk premia persist at an elevated level despite increasing entry prices

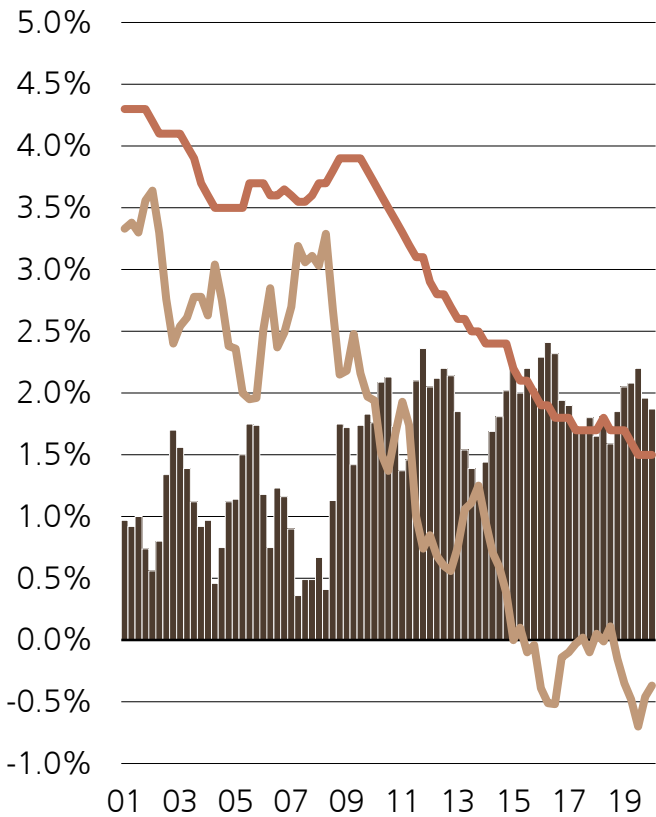


Source: Wüest Partner 1Q20, Oxford Economics; UBS Asset Management, Real Estate & Private Markets, Research & Strategy – Switzerland; April 2020

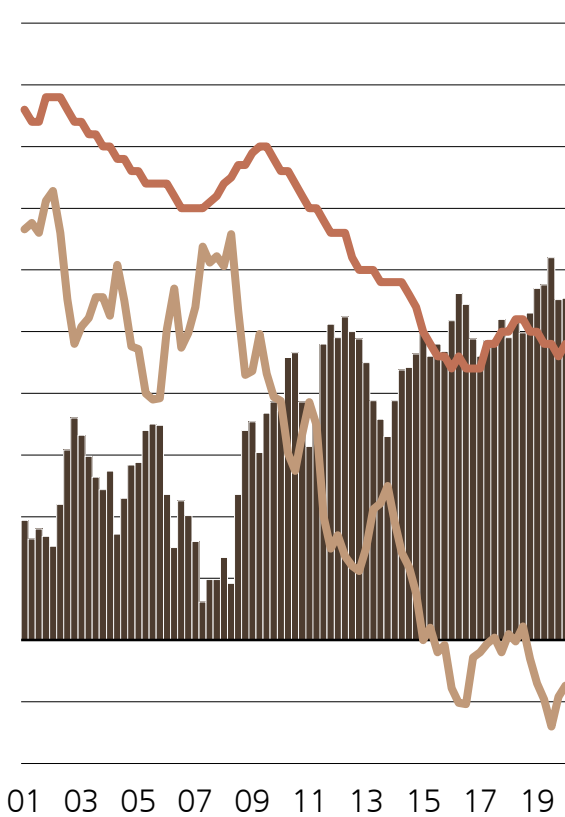
# Still a high pressure in the transactions market

But prime cap rates started to move slightly upward in the retail sector in 1Q20

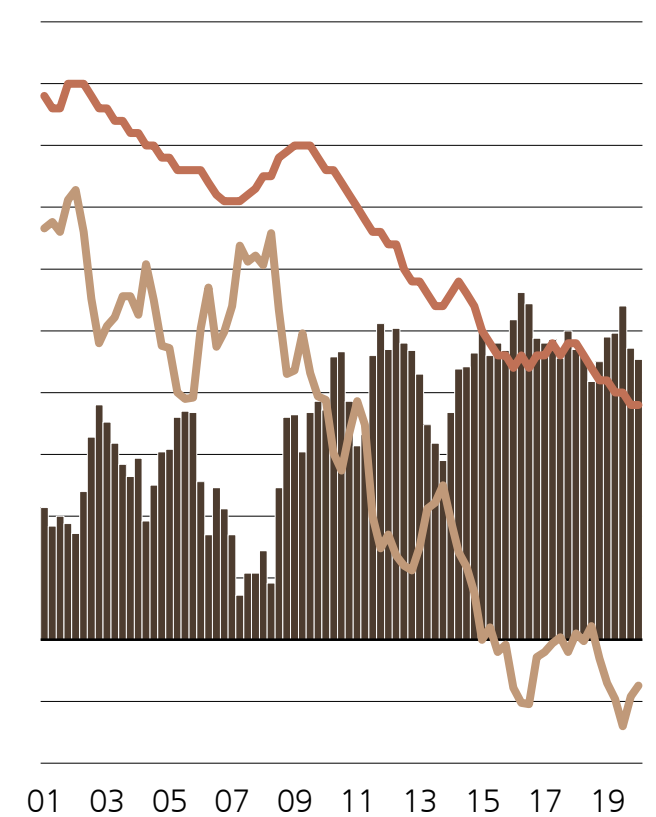
### Multi-family



### Retail



### Office



— Prime net initial yield (transaction market)    — 10-year government bond yield    ■ Risk premium

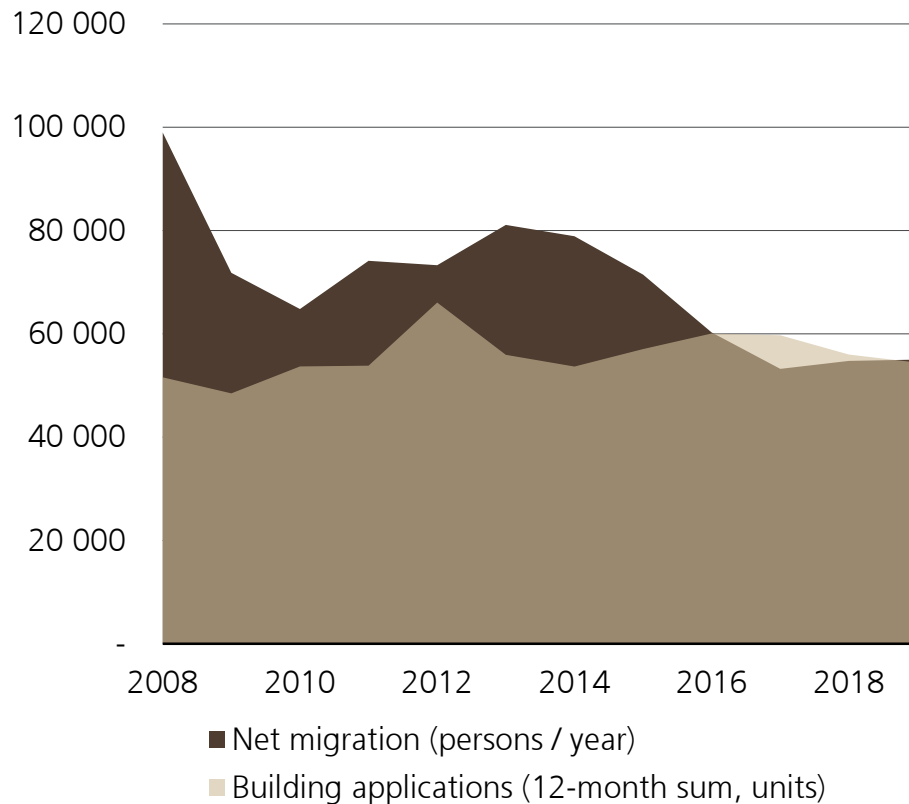
Source: Wüest Partner 1Q 2020, Oxford Economics; UBS Asset Management, Real Estate & Private Markets, Research & Strategy – Switzerland; April 2020



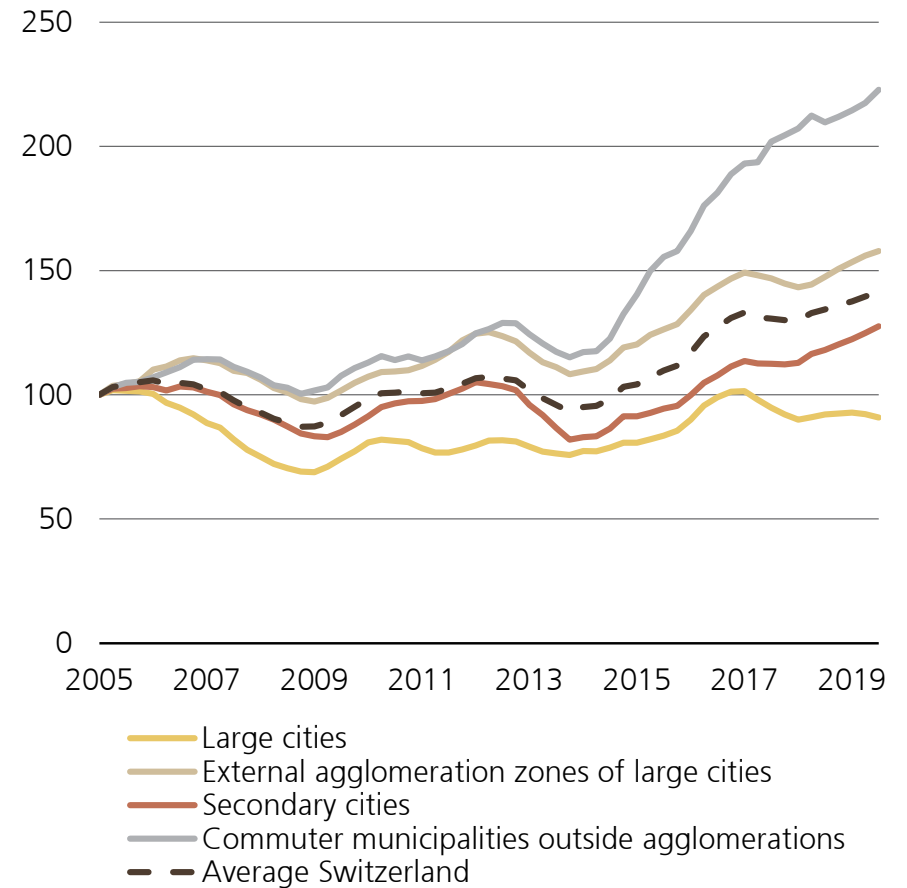
# Multi-family likely to remain resilient...

...although rental growth prospects might be revised downward

## Immigration and residential planning activity



## Offering rate in the Swiss multi-family market (index, 1Q05 = 100, rolling 4 quarter average)



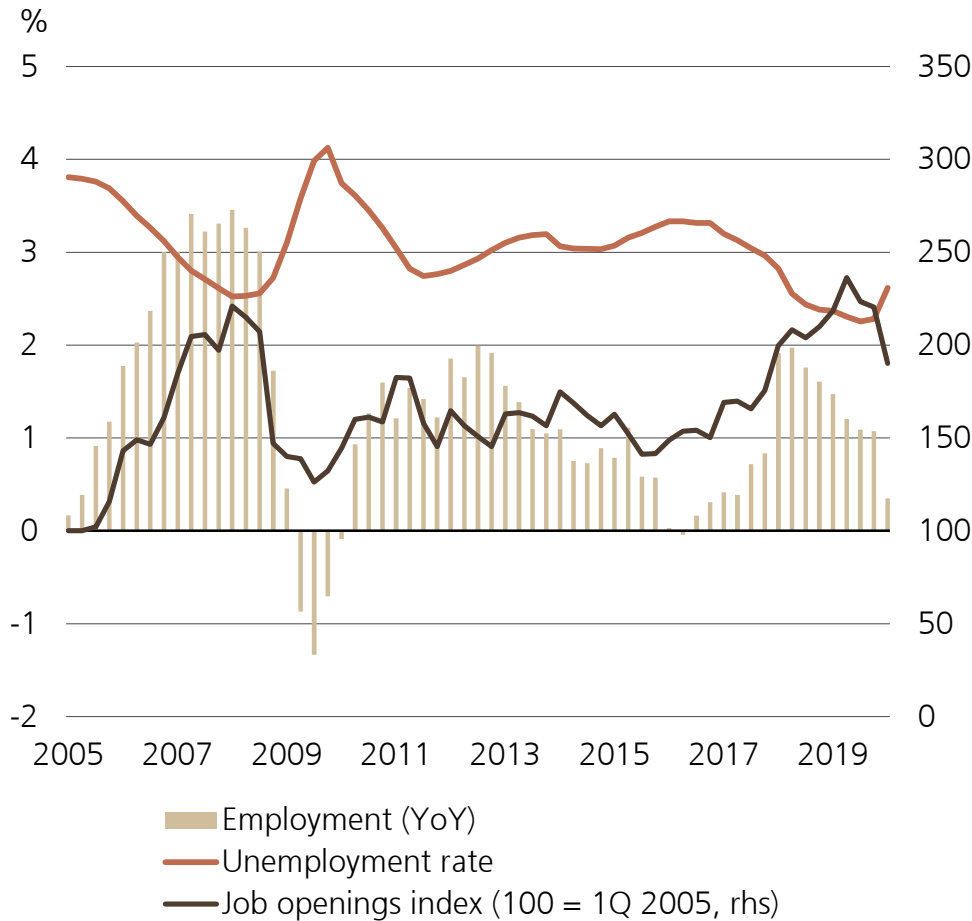
Source: State Secretariat for Migration (SEM), Wüest Partner 4Q 2019; UBS Asset Management, Real Estate & Private Markets, Research & Strategy – Switzerland; May 2020



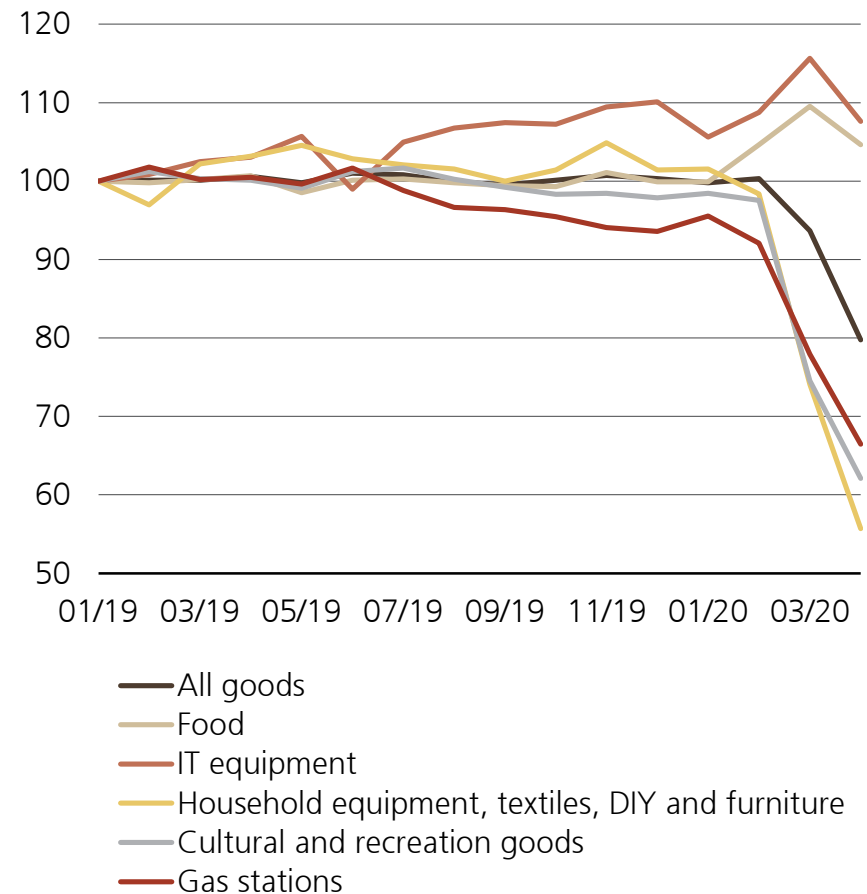
# Commercial sectors under increasing pressure

Stabilization trend is likely to come to an end in the office property market; stress test for an already weakened retail market

## Indicators of the Swiss job market



## Nominal retail sales indices by sector (01/2019 = 100)



Source: State Secretariat for Economic Affairs (SECO), Swiss Federal Statistical Office, Oxford Economics; UBS Asset Management, Real Estate & Private Markets (REPM), Research & Strategy – Switzerland; June 2020

# COVID-19: Potential effects to Swiss RE market

## Macroeconomics

### Economic rebound likely to be very gradual

- Actual estimates of the effects of the COVID-19 crisis are for a pronounced drop in real Swiss GDP for 2020
- Ongoing loosening of lockdown measures is a positive signal for the Swiss economy, but the recovery path is expected to be very gradual. A potential second infection wave constitutes an additional downward risk
- Swiss Franc remains strong due to the high level of insecurity. Slight deflation is expected for 2020
- Current macroeconomic environment is supportive of the continuation of the negative interest rates policy
- Somewhat lower liquidity in the property transaction market in the near term (risks, constrained mobility)

## Multi-family

### Expected resilience

- Overall, multi-family is likely to remain robust amid the COVID-19 crisis as market fundamentals are not very cyclical in this sector (demographics)
- However, high insecurity level (health and economic concerns) is likely to weigh on immigration dynamics in 2020
- Construction activity has been as well impacted by the COVID-19 shock (closed construction sites and delayed projects)
- Somewhat more downward pressure on rents due to lower absorption dynamics
- Transaction prices are expected to remain stable in this sector as the resilience of multifamily investments is supportive of investor interest

## Office

### End of the stabilization trend in the occupier market

- Economic slowdown is disrupting the job market and is leading to an increase in unemployment
- Corporate expansion plans getting postponed and potential CVAs in certain segments (tourism, long-haul transport, etc.)
- Number of available office space is likely to increase due to current project pipeline and lower absorption potential
- Slight downward pressure on offering rents and potentially more payment failures in the short term
- Investors may become more cautious with this sector (potentially slight outward yield shift in certain investment cases)

## Retail

### Acceleration of the value corrections

- State of emergency (reduced operations in many stores) severely disrupted Swiss retailers
- High-street retail (luxury) also impacted by the collapse of tourism activities
- By contrast, food and convenience shops benefited of panic buying and increased home office activities
- Higher pressure on rental income expected (rent reduction requests or payment failure). Ongoing political debates on partial exemption of retail rents in sectors directly impacted by the lockdown measures
- Fragile retail assets are likely to experience an acceleration of value corrections

Source: UBS Asset Management, Real Estate & Private Markets (REPM), 30 July 2020

Section 2

# UBS Direct Urban

# UBS Direct Urban

Key data as per June 30, 2019 (financial year 2018 / 2019)

- Listed Swiss real estate fund, launched in 2012
- Direct investments in residential, mixed and commercial properties in Switzerland
- Geographical concentration on selected agglomeration regions of primary and secondary centers as well as development areas
- Growth through acquisitions of construction projects, existing properties and portfolios

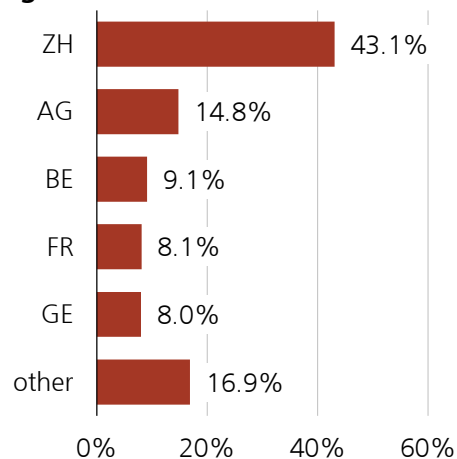


**Ranked first in peer group  
Diversified in Switzerland  
(GRESB 2019)**

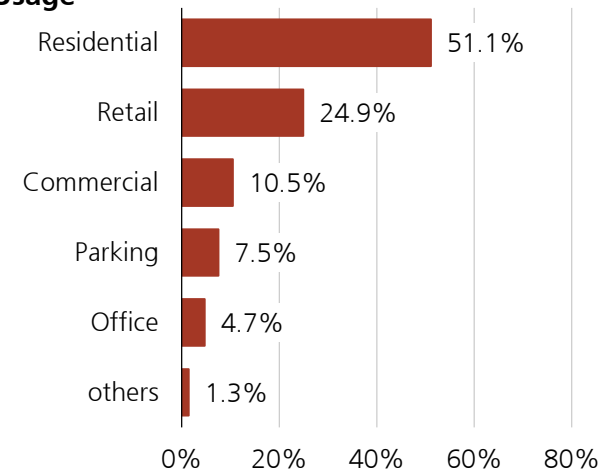
## Key Figures

Net asset value	CHF 332.6 Mio.
Market value	CHF 422.4 Mio.
Rental incombe	CHF 14.2 Mio.
Rental loss rate	8.2%
Leverage	20.1%
Total return on NAV	3.7%
Performance	-1.1%
Number of propertes	16

## Regions



## Usage

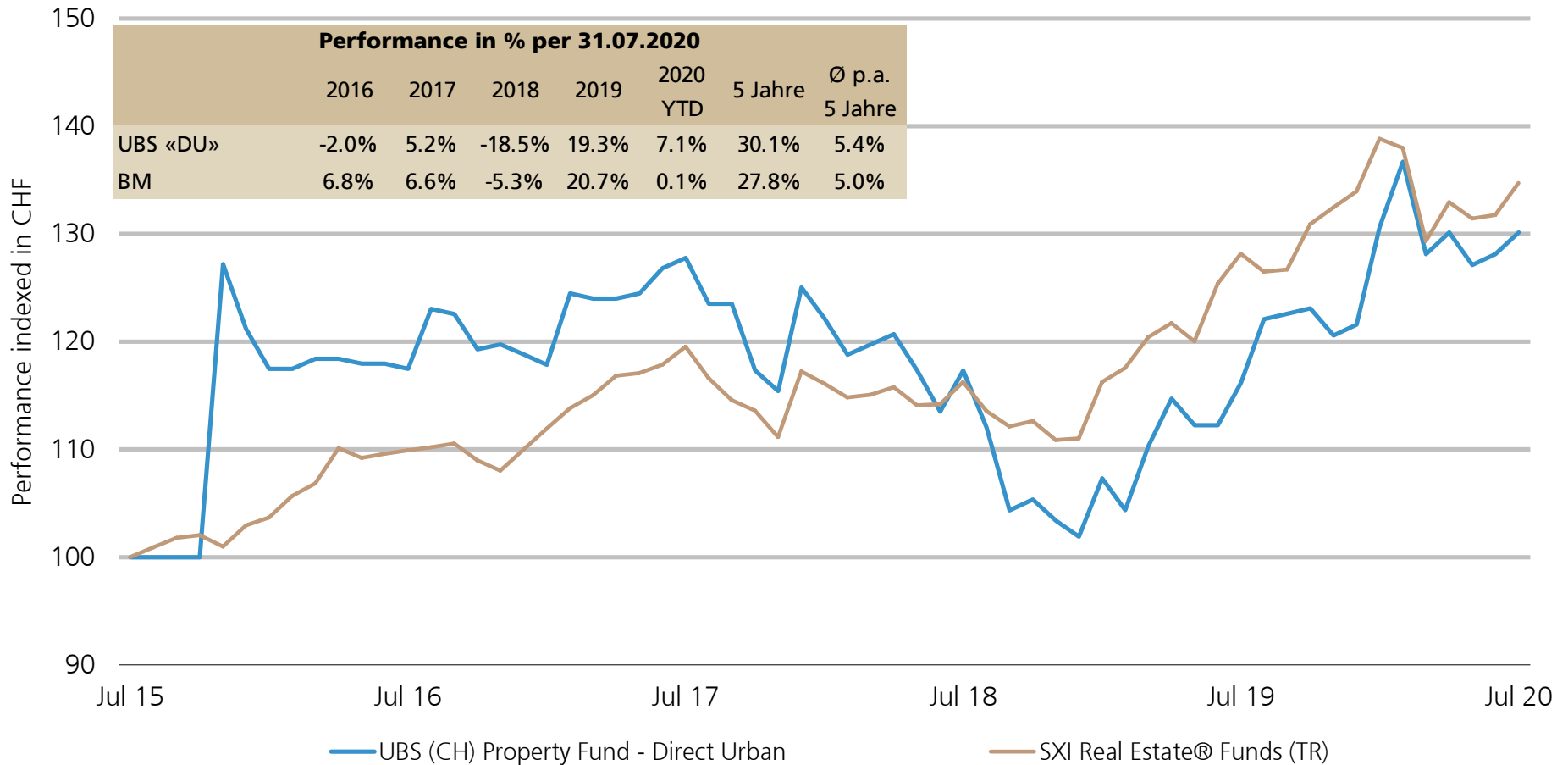


Source: UBS Asset Management, Real Estate & Private Markets (REPM)

These figures refer to the past. Past performance is not a reliable indicator of future results. The performance shown does not take account of any commissions and costs charged when subscribing to and redeeming units.

# UBS Direct Urban

## Benchmark comparison



Source: UBS Asset Management/Datastream, as at end of July 2020  
 These figures refer to the past. Past performance is not a reliable indicator of future results. The performance shown does not take account of any commissions and costs charged when subscribing to and redeeming units.

# Update - SXI Real Estate® Funds Broad

Data as at 31 July 2020

Name	Founded	Mkt cap. (mn.)	Weight	Sector	Region	Price	NAV	Premium	Div. Yield	Perf. YTD	Perf. 2019	Perf. 2018	Perf. 3YR	
UBS Sima	1950	8'997	17.6%	Mixed	German-speaking CH	125.60	94.16	33.4%	2.6%	1.6%	22.9%	-2.0%	22.4%	
* CS LivingPlus	2007	3'387	6.6%	Residential	German-speaking CH	162.40	108.24	50.0%	2.2%	10.6%	20.5%	-7.4%	18.5%	
CS Siat	1956	3'173	6.2%	Mixed	German-speaking CH	205.50	153.07	34.2%	2.6%	0.5%	17.3%	-9.1%	7.1%	
* CS Green	2009	3'066	6.0%	Mixed	German-speaking CH	156.20	114.16	36.8%	2.4%	4.4%	24.7%	-3.2%	28.2%	
UBS Anfos	1956	2'877	5.6%	Residential	German-speaking CH	81.00	57.96	39.7%	2.2%	8.2%	18.7%	0.1%	22.6%	
La Fonciere	1954	1'731	3.4%	Residential	Geneva / Vaud	127.20	85.86	48.2%	2.6%	1.4%	29.3%	-3.8%	22.8%	
Immofonds	1969	1'645	3.2%	Residential	German-speaking CH	511.00	341.83	49.5%	2.6%	1.6%	26.3%	-4.5%	18.0%	
CS Interswiss	1954	1'572	3.1%	Commercial	Mixed	189.60	187.66	1.0%	4.4%	-12.2%	22.7%	-6.6%	3.8%	
UBS Swissreal	1962	1'620	3.2%	Commercial	German-speaking CH	70.80	61.94	14.3%	3.7%	-9.5%	23.5%	-1.7%	12.4%	
Schroder ImmoPLUS	1997	1'625	3.2%	Commercial	Mixed	163.00	139.26	17.0%	2.8%	-5.1%	20.7%	-8.1%	4.1%	
Swisscanto IFCA	1968	1'613	3.1%	Residential	Mixed	153.10	112.47	36.1%	2.2%	8.4%	17.9%	-7.2%	9.6%	
UBS Foncipars	1943	1'501	2.9%	Residential	Geneva / Vaud	117.00	86.80	34.8%	2.4%	4.2%	27.9%	-5.6%	27.8%	
FIR	1997	1'514	3.0%	Residential	Geneva / Vaud	209.70	146.50	43.1%	2.0%	-0.9%	21.9%	-1.4%	14.4%	
* Edmond de Rothschild Swiss	2010	1'292	2.5%	Mixed	Mixed	141.00	115.27	22.3%	2.5%	-5.0%	24.1%	-7.1%	10.9%	
* Solvalor 61	1997	1'381	2.7%	Residential	Geneva / Vaud	306.75	203.73	50.6%	1.7%	4.4%	22.5%	-7.9%	17.0%	
* SL REF Swiss Properties	2015	1'184	2.3%	Mixed	German-speaking CH	131.60	108.40	21.4%	2.0%	-1.8%	4.3%			
Immo Helvetic	1997	1'021	2.0%	Residential	Berne region	212.70	174.30	22.0%	3.1%	-3.7%	20.0%	-10.8%	-0.9%	
* SF Sustainable Property	2010	973	1.9%	Residential	Mixed	137.00	117.80	16.3%	2.6%	-3.2%	13.7%	-0.6%	6.9%	
* Realstone Swiss Property	2008	908	1.8%	Mixed	Mixed	129.50	121.31	6.8%	2.8%	-9.4%	17.6%	-11.0%	-7.8%	
* Bonhote	2006	885	1.7%	Residential	Geneva / Vaud	141.40	119.69	18.1%	2.2%	-1.1%	15.1%	-10.1%	-1.4%	
Swissinvest RE Fund	2006	884	1.7%	Residential	German-speaking CH	182.40	140.34	30.0%	2.4%	-0.2%	19.1%	-7.3%	3.8%	
* Patrimonium	2007	913	1.8%	Residential	Geneva / Vaud	169.50	136.49	24.2%	2.2%	0.8%	23.6%	-6.1%	16.4%	
* CS Real Estate Fund LogisticsPlus	2014	732	1.4%	Commercial	German-speaking CH	139.50	101.72	37.1%	2.8%	9.0%	12.8%	-5.0%	16.3%	
* Procimmo	2007	807	1.6%	Commercial	Geneva / Vaud	150.50	140.20	7.3%	3.6%	-12.9%	17.0%	-9.1%	-4.6%	
* CS Hospitality	2010	684	1.3%	Commercial	Mixed	80.45	87.98	-8.6%	16.7%	-11.5%	26.1%	-4.6%	3.2%	
SF Retail Properties	2015	691	1.3%	Commercial	Mixed	113.80	100.40	13.3%	3.8%	-3.2%	13.5%	-1.6%		
* Realstone Development Fund	2010	651	1.3%	Mixed	Mixed	128.50	134.85	-4.7%	3.0%	-1.7%	11.2%	-10.3%	-6.7%	
* UBS Direct Residential	2006	701	1.4%	Residential	German-speaking CH	17.60	13.87	26.9%	2.4%	2.3%	23.9%	-14.7%	0.9%	
* Swisscanto RE Commercial	2010	563	1.1%	Commercial	Mixed	130.90	101.65	28.8%	2.8%	15.1%	16.0%	-5.2%	12.9%	
* Helvetica Swiss Commercial Fund	2016	473	0.9%	Commercial	German-speaking CH	109.00	110.63	-1.5%	4.6%	-7.8%	2.8%			
* Polymen	2009	386	0.8%	Mixed	Geneva / Vaud	147.90	130.59	13.3%	2.1%	0.6%	12.4%	-4.0%	-0.8%	
* UBS Direct Urban	2012	371	0.7%	Mixed	German-speaking CH	12.90	11.56	11.6%	2.3%	7.1%	19.3%	-18.5%	1.9%	
* Dominicé Swiss Property Fund	2013	298	0.6%	Residential	Geneva / Vaud	114.50	123.05	-6.9%	2.6%	-7.0%	5.5%	-7.0%		
* Swiss Romande Property Fund	2014	279	0.5%	Mixed	Geneva / Vaud	104.00	110.31	-5.7%	0.8%	-6.7%	-0.9%	-9.8%		
* Good Buildings Swiss RE Fund	2011	253	0.5%	Mixed	German-speaking CH	126.50	113.72	11.2%	2.5%	8.4%	2.8%			
SF Commercial Properties	2016	211	0.4%	Commercial	German-speaking CH	87.85	99.32	-11.5%	4.8%	-12.7%	6.2%	-0.6%		
* Streetbox Real Estate Fund	2009	189	0.4%	Commercial	Geneva / Vaud	441.00	293.23	50.4%	3.4%	-6.6%	26.4%	9.3%	16.9%	
* Residentia	2009	173	0.3%	Mixed	Ticino	108.00	115.93	-6.8%	2.5%	-12.0%	7.5%	-10.6%	-16.0%	
		<b>TOTAL</b>	<b>51'225</b>	<b>100.0%</b>				<b>Ø</b>	<b>27.6%</b>	<b>2.8%</b>	<b>0.1%</b>	<b>20.7%</b>	<b>-5.3%</b>	<b>12.2%</b>

\* property directly held by the fund

Notes: Market cap. & weightings based on SIX data, prices based on Bloomberg data. NAV according to the latest company statement, adjusted for the dividends. Mixed means portfolio consists of more than one sector. Region and sector classification as well as Premium and Div. Yield calculation done by UBS Asset Management based on financial year statements. Performance is Total Return based on Bloomberg data. **Past performance is no guarantee for future results.**



# UBS Direct Urban

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## Why UBS Direct Urban?

### **Product**

- A sustainable high-yielding Swiss real estate fund
  - Direct investments in urban centers throughout Switzerland
  - Tax advantages for investors based in Switzerland
  - Attractive stock market performance as well as return on NAV and distribution
- 

### **Portfolio**

- Broadly diversified portfolio of residential buildings and commercial properties
  - Geographical concentration on selected agglomeration regions of primary and secondary centers as well as development areas
  - Growth through acquisitions of construction projects, existing properties and portfolios
  - Consistent implementation of the UBS sustainability strategy
- 

### **Management**

- Your partner for responsible real estate management since more than 75 years
- Reliable, imaginative, passionate
- Fund and competence teams with many years of experience
- Responsible real estate management through appreciation and value creation



# UBS Direct Urban

## Current Highlight from the portfolio

### Wiedikon, «Sihlfeld- Zürich»

- Residential project at prime location in popular residential area Zurich-Wiedikon (district 3)
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- Completion in winter 2020 planned
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Source: UBS Asset Management, Real Estate & Private Markets (REPM)

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«Urban, modern,  
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**Stephan Pellegrini**

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Fund Manager  
UBS Direct Urban

Source: UBS Asset Management, Real Estate & Private Markets (REPM)

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**Total** **104**



St. Gall (SG)



Basle (BS)



Zurich (ZH)



Locarno (TI)





Zurich-Wiedikon (ZH)

# Convincing facts...

.... about Real Estate Switzerland

**10**   
Real estate investment  
**products and external  
mandats**

  
**1 100+**  
**Properties** around Switzerland

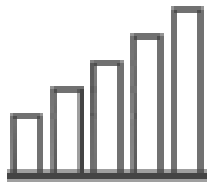
More than **75** years of **track record**  


Approx. **CHF 23bn**  
**Assets** under Management

  
**Sustainable**  
and diversified strategy



**UBS «Sima»** largest  
Swiss real estate fund



**~80**   
**experienced employees**  
in Basel, Zurich and Lausanne



**UBS «Foncipars»** oldest  
Swiss real estate fund

Data as per 30 June 2020

# Our real estate investment products...

.... at a glance

			Market value (M CHF)				
			2015	2016	2017	2018	2019 <sup>1</sup>
<b>Investment focus</b>							
<b>Listed funds</b>							
UBS Direct Residential	Residential	all of CH	510	524	552	588	705
UBS Direct Urban	Mixed	all of CH	234	326	352	402	447
UBS «Foncipars»	Residential	French-speaking CH	1112	1243	1353	1432	1492
UBS «Anfos»	Residential	German-speaking CH	2212	2326	2466	2607	2704
UBS «Swissreal»	Commercial	all of CH	1687	1851	1898	1907	1987
UBS «Sima»	Mixed	all of CH	8046	8516	8887	9326	9895
<b>Investment trusts</b>							
UBS AST-KIS	Commercial	all of CH	447	588	621	681	711
UBS AST-IS	Mixed	all of CH	1728	1915	2027	2129	2310
<b>External mandates</b>							
Mandate (external)	Mixed	all of CH			2787	2913	2953
<b>Total of the portfolio</b>			<b>15 976</b>	<b>17 289</b>	<b>20 934</b>	<b>21 985</b>	<b>23 204</b>
<b>Annual percentage change (%)</b>			<b>7,2</b>	<b>8,2</b>	<b>21,1</b>	<b>5,0</b>	<b>5,5</b>

<sup>1</sup> UBS «Anfos» as at 30.09.2019; UBS «Sima», UBS «Foncipars», UBS «Swissreal», UBS Direct Residential, UBS Direct Urban and external mandate as at 31.12.2019; AST-IS and AST-KIS as at 30.06.2020



# We live real estate. Since 75 years.

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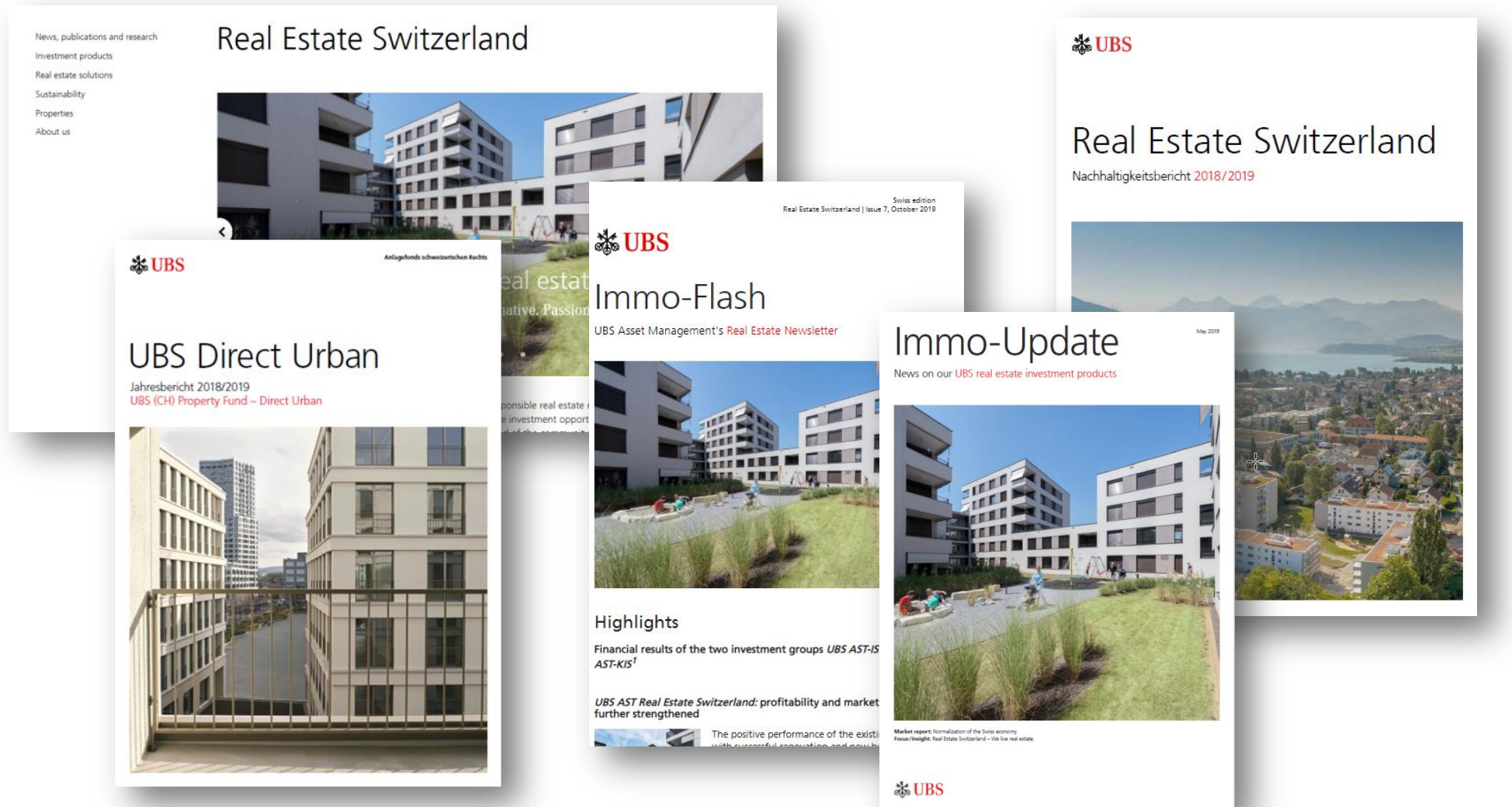
Reliable. Imaginative. Passionate.

“We believe appreciation and value creation are at the heart of responsible real estate management. By acknowledging people, ideas and potentials, we are passionate to create attractive investment opportunities, valuable living, working and recreational areas and promising real estate solutions. For the good of the community and the environment..”

RE-CH



# Looking for more information?



For illustrative purposes

[www.ubs.com/realestate-switzerland](http://www.ubs.com/realestate-switzerland)



# Contact information

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UBS Fund Management (Switzerland) AG is a member of the UBS Group.

# Disclaimer

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