Media Relations

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News Release

UBS Direct Urban: Capital increase with subscription rights
UBS Direct Urban, UBS Direct Residential: Distribution and net asset value

From 22 to 30 October 2020 UBS Switzerland AG will carry out a capital increase with subscription rights for UBS (CH) Property Fund – Direct Urban.

Zurich/Basel, 25 September 2020 – UBS Direct Urban is continuously carrying out acquisitions and commissioning construction projects. The activities of the last few months underline the steady growth of the portfolio and further improve its quality and diversification. Acquisitions and construction projects in excellent locations in the regions of St. Gallen, Basel, Zurich und Locarno have enabled the portfolio volume to grow by approximately CHF 104 million. UBS Direct Urban has proven its successful investment concept as a diversified Swiss real estate fund with direct property holdings. The fund predominantly invests in residential buildings and commercial real estate in urban centers throughout Switzerland.

The advantages of UBS Direct Urban

- A consistently high-yielding Swiss real estate fund with an attractive average 5-year performance of 5.1% p.a. (30 June 2015 to 30 June 2020).
- Broadly diversified portfolio of residential buildings and commercial properties in urban centers throughout Switzerland, comprising 19 properties and a volume of around CHF 487.4 million.
- Focus on sustainable growth by always taking economic, ecological and social aspects into account in acquisitions, new buildings and renovations.
- Attractive distribution yield of 2.6% (30 June 2020) and sustainable distribution amount of CHF 0.33 per unit.
- At 3.0%, the investment return (based on the net asset value) developed positively again in 2019/2020, independent of the market price.

The capital increase

To support the further development of UBS Direct Urban, UBS Switzerland AG is carrying out a capital increase between 22 and 30 October 2020, finishing at 12 noon. Official subscription rights trading will take place on the SIX Swiss Exchange from 22 to 28 October 2020.

The issue price of the new units is composed of the net asset value (following distribution) as per financial year end as of 30 June 2020 plus accrued income up to the payment date, the issuing commission, as well as the incidental costs accruing to the fund assets. The issue is being carried out on a commission basis («best-effort») in the context of a public subscription offer in Switzerland. At the end of the subscription period, subscription rights that have not been exercised will expire as worthless.

The number of new units to be issued is determined by the fund management company UBS Fund Management (Switzerland) AG, on the basis of the exercised subscription rights after expiry of the subscription period. As a result, the actual number of new units issued may fall short of the specified maximum that can be issued. In addition, the value of subscription rights traded on the SIX Swiss Exchange may fluctuate due to supply and demand. Their intrinsic value cannot therefore be guaranteed.

From 22 October 2020 (ex-date of subscription rights), the standard correction of the market price is expected to match the approximate value of the subscription right.

The new units carry a dividend entitlement backdated for the full current financial year as of 1 July 2020. The payment date for the new units will be the 6 November 2020.

During the subscription period, existing unit holders are entitled to buy new units in the real estate fund based on their subscription rights. New investors may participate in the capital increase in the course of market trading of subscription rights.

The fund management company already announced the capital increase as of 21 August 2020 in a media release, on the website of Real Estate Switzerland and in advertisements and has now defined the terms and conditions of the issue:

Terms and conditions of issue	
Securities no. units:	19 294 039
Securities no. subscription rights:	56 748 188
Subscription ratio (new : existing units):	1 : 4
Number of existing units:	28 796 279
Number of new units (maximum):	7 199 070
Subscription price:	CHF 11.95
Stock exchange price 14 September 2020:	CHF 13.65
Theoretical market price following distribution:	CHF 13.32
Theoretical value of subscription right following distribution:	CHF 0.27
Theoretical opening price per unit on 1st day of subscription period:	CHF 13.05
Issue volume:	around CHF 86 million

A large part of the issue proceeds will be used for the following projects:

Acquisition mixed-use property, Multergasse, St. Gallen

- Investment volume approx. CHF 12 million
- Handover 4th quarter 2019

Acquisition mixed-use property, Leonhardsberg, Basel

- Investment volume approx. CHF 8 million
- Handover 2nd quarter 2020

Acquisition commercial property, Freiestrasse, Zurich

- Investment volume approx. CHF 15 million
- Handover 2nd quarter 2020

New construction residential property, Via Romerio «Residenza Morettina», Locarno

- Investment volume approx. CHF 12 million
- Completion 2nd quarter 2020

Redevelopment residential property, Leonhard-Ragaz-Weg/Goldbrunnenstrasse, Zurich-Wiedikon

- Investment volume approx. CHF 57 million
- Completion planned for 4th quarter 2020

The remaining proceeds from the capital increase will primarily be used to acquire additional properties, finance refurbishments and development projects, and to repay debt.

Why participate in the capital increase?

- Participation in the capital increase provides further access to high-quality Swiss properties.
- Clear investment guidelines and professional management ensure that new capital is invested carefully.
- The purchase of further properties improves diversification and stability, reduces the age of the portfolio and therefore increases its appeal for tenants and ultimately also for investors.
- The issue of new units is based on the net asset value, independent of the market price, (following distribution) as per financial year end as of 30 June 2020 plus accrued income up to the payment date, the issuing commission, as well as the incidental costs accruing to the fund assets.

Further information

Swiss UBS Real Estate Funds: www.ubs.com/realestate-switzerland

Distributions

Based on the accounts for the accounting year ending 30 June 2020, the fund management company has defined the following distributions for the UBS real estate funds listed below:

Ex-date 6 October 2020 – payable on 8 October 2020

Securities no.	Fund	Distribution (gross) in CHF	35% withholding tax	Distribution (net) in CHF
19 294 039	UBS (CH) Property Fund – Direct Urban	0.33	No withholding tax	0.33
2 646 536	UBS (CH) Property Fund – Direct Residential	0.42	No withholding tax	0.42

Due to the positive development of UBS Direct Urban, the fund management company decided to increase the distribution from CHF 0.30 to CHF 0.33 compared with the previous year's level. The distribution of UBS Direct Residential remains on a par with the previous year's level.

Net asset values

The following net asset values result from the annual financial statements as of 30 June 2020:

Securities no.	Fund	Net asset value as at 30.06.20 in CHF (before distribution)	Net asset value as at 30.06.19 in CHF (before distribution)
19 294 039	UBS (CH) Property Fund – Direct Urban	11.58	11.55
2 646 536	UBS (CH) Property Fund – Direct Residential	13.99	13.82

The funds will be traded based on their new net asset values on SIX Swiss Exchange for the first time on 28 September 2020. The usual market price correction, roughly equivalent to the distribution, is expected from 6 October 2020 (ex-date) onwards.

The net asset values and distributions will be published from 25 September 2020 after the close of trading on www.swissfunddata.ch.

Further information on the Swiss real estate funds can be found at www.ubs.com/realestate-switzerland. The latest information on market prices, premiums and distribution yields can be found at www.ubs.com/fundgate.

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