Public
For marketing purposes

UBS Direct Residential

Planned capital increase for October / November 2021

August 2021

UBS Direct Residential – This is what I call home

Invest directly in residential properties across Switzerland

Basle, Klybeckstrasse (BS)

Bussigny (VD)

Basle, Belchenstrasse (BS)

Niederhasli (ZH)

Capital increase amounting to roughly CHF 97 million planned for October / November 2021

Detailed terms and conditions will be published at the end of September 2021

Investment Pipeline – as per July 2021

Building type	Place	Street/project name	Project type	Total volume in m CHF	Entrance/ Construction start
Residential building	Basle	Klybeckstrasse	Exsis. portfolio	11	3Q 2020
Residential building	Baden	Bruggerstrasse	Exsis. portfolio	20	3Q 2020
Residential building	Bussigny	«Chemin Champ Perrin»	New construction	28	4Q 2020
Residential building	Basle	Sperrstrasse	Exsis. portfolio	10	1Q 2021
Residential building	Basle	Belchenstrasse	Exsis. portfolio	8	1Q 2021
Residential building	Niederhasli	«Zentrumweg» 2. Etappe	Replacement	20	4Q 2021
Total				**97**	

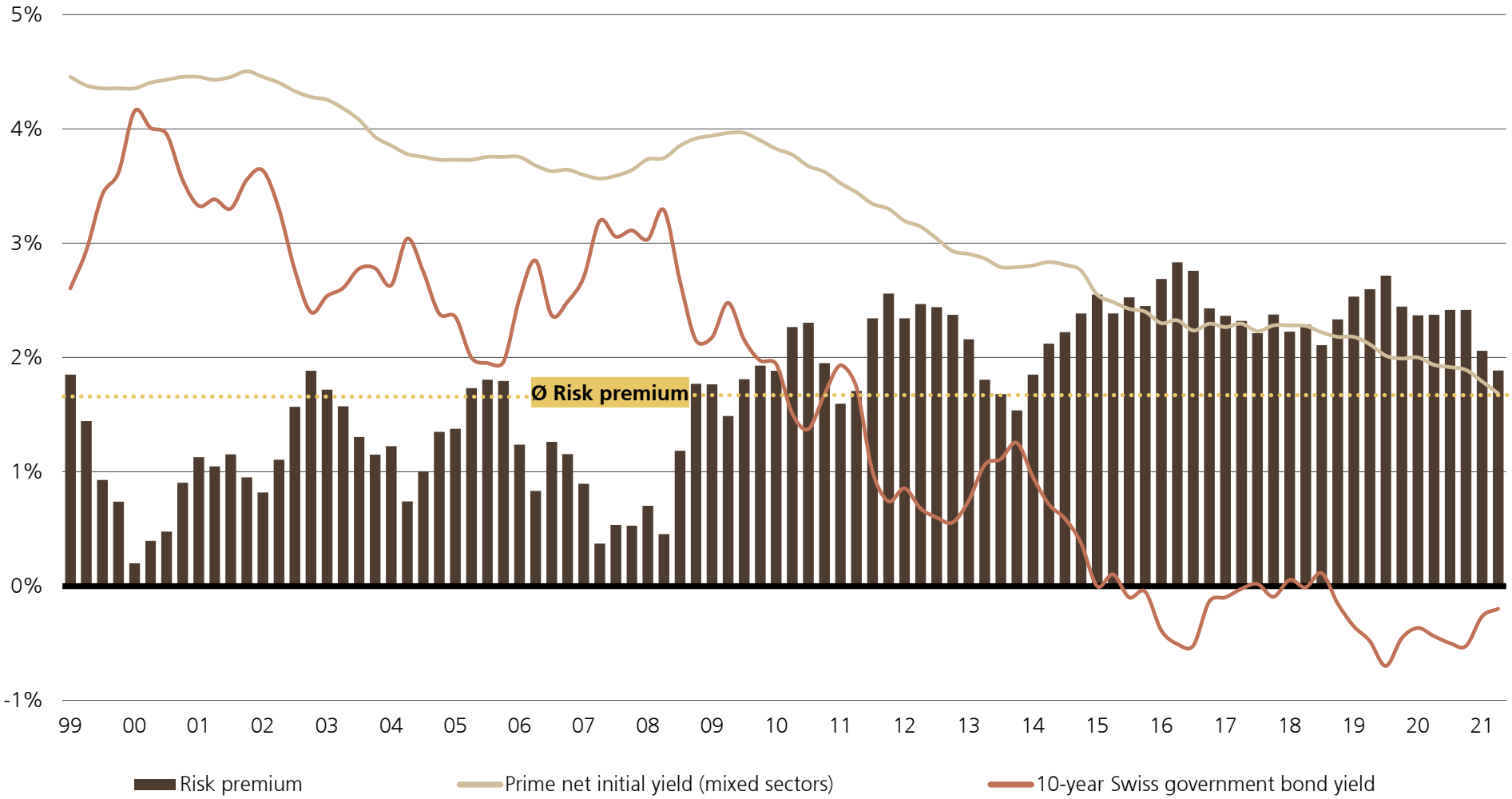
UBS

Section 1

Swiss Real Estate Market

Risk premium of direct real estate remains elevated

Spread to government bond yield is still at an above-average level despite increasing prices



Source: Wüest Partner 2Q21; Oxford Economics; UBS Asset Management, Real Estate & Private Markets (REPM), August 2021

Key views 2H21

Macroeconomics: Low inflation and interest rate environment to persist

- Despite a recent acceleration due to the economy reopening and base effects, inflation is expected to remain modest in Switzerland in the coming quarters
- 10-year Swiss government bonds remain deeply in negative territory, which keeps the risk premia of direct property investments at an elevated level

Multifamily: Market imbalance has not resorbed yet

- The deceleration of planning activity continue in the Swiss residential market, but supply keeps overshooting the demand potential for now
- Market offering rents currently remain under pressure, whilst rental levels in institutional stock is trending sideways thanks to above-average property and location quality

Office: COVID-19 impact remains limited so far

- Offering rate in the office property markets of Zurich and Geneva plateaued in 2Q21 after having edged up over the last quarters due to the shock of the pandemic
- Despite current uncertainty, rental level is trending sideways in the major Swiss markets and the net initial yield level remains under pressure for prime office transactions

Retail: Some light at the end of the tunnel

- Non-food spending in physical stores returned to pre-pandemic levels in 2Q21 as lockdown measures gradually eased
- Transaction initial yields did not shift outward for most retail property sectors despite the harsh stress test posed by the pandemic

Source: UBS Asset Management, Real Estate & Private Markets (REPM), August 2021

Section 2

UBS Direct Residential

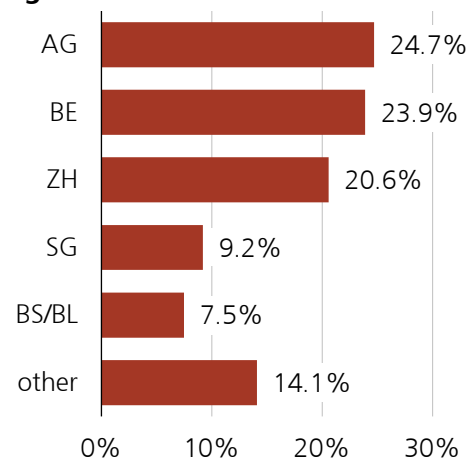
UBS Direct Residential

Key Facts as of semi-annual report 31.12.2020

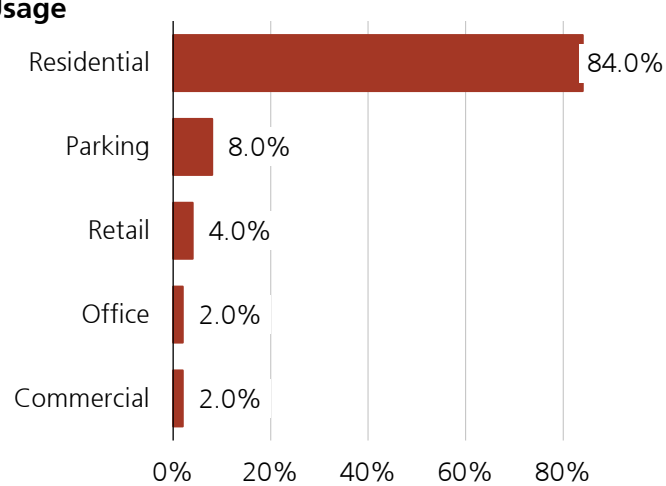
- Listed Swiss real estate fund, launched in November 2006
- Real estate fund with direct investments primarily in residential property
- Regional focus on selected agglomerations across Switzerland
- Internal growth through value appreciation potential from renovations and redensification
- Focus on sustainable growth by always taking economic, ecological and social aspects into account in acquisitions, new buildings and renovations

Key Figures	
Net asset value	CHF 548.8 Mio.
Market value	CHF 775.7 Mio.
Rental income*	CHF 32.8 Mio.
Vacancy rate[1]	4.9%
Leverage ratio	26.6%
Total return on NAV*	4.4%
Performance	26.3%
Number of properties	77

Regions



Usage

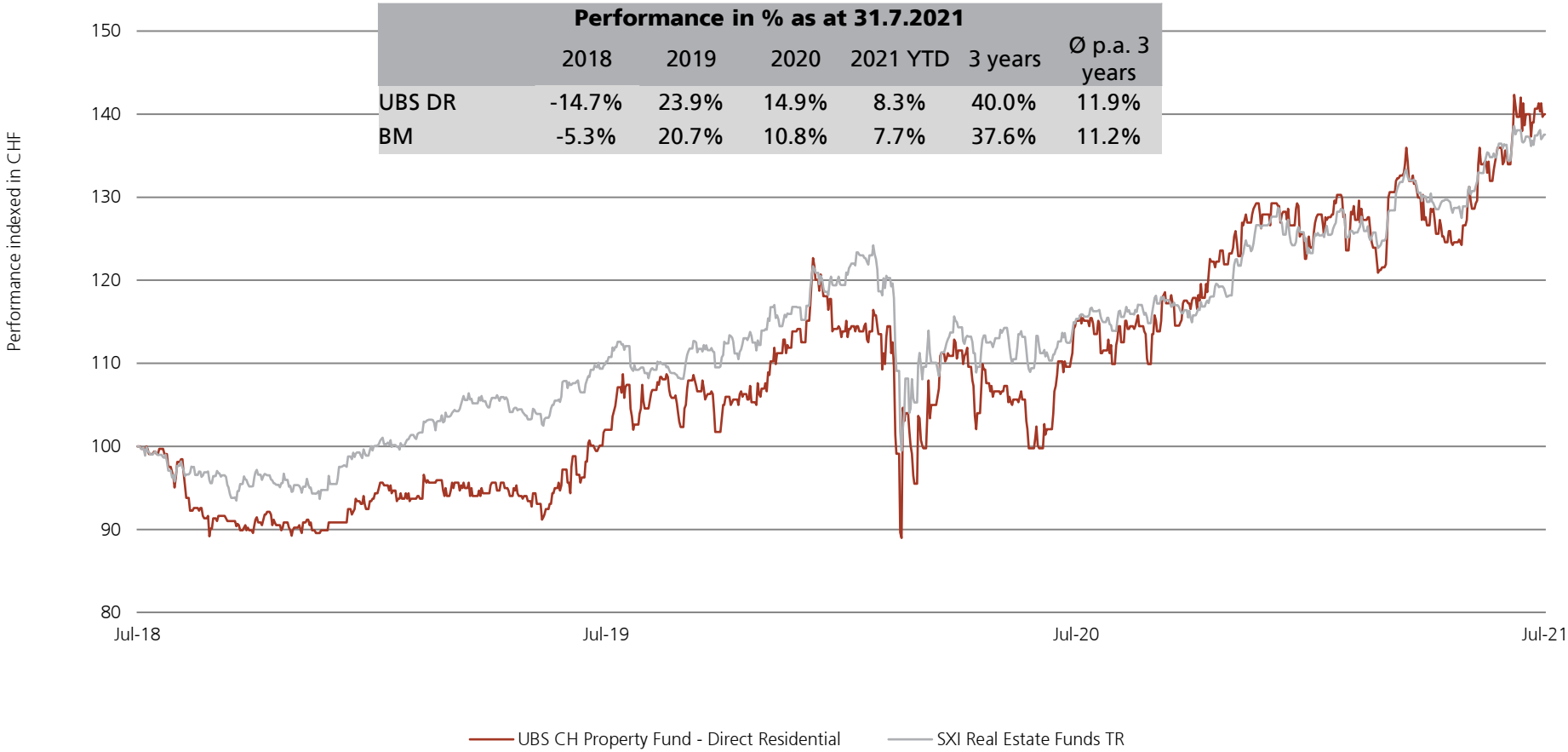


Source: UBS Asset Management, Real Estate & Private Markets (REPM); * Data as at 30 June 2020
These figures refer to the past. Past performance is not a reliable indicator of future results. The performance shown does not take account of any commissions and costs charged when subscribing to and redeeming units.
1 as of semi-annual report, no further rent waivers (COVID-19) were granted; there is therefore no effect on the reported loss of rent of 4.9%

UBS Direct Residential

Benchmark comparison

Performance in % as at 31.7.2021						
	2018	2019	2020	2021 YTD	3 years	Ø p.a. 3 years
UBS DR	-14.7%	23.9%	14.9%	8.3%	40.0%	11.9%
BM	-5.3%	20.7%	10.8%	7.7%	37.6%	11.2%



Source: Datastream, UBS Asset Management as at end of July 2021
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 2021

	Name	Founded	Mkt cap. (mn.)	Weight	Sector	Region	Price	NAV	Premium	Div. Yield	Perf. YTD	Perf. 2020	Perf. 2019	Perf. 3YR
	UBS Sima	1950	10'838	17.4%	Mixed	German-speaking CH	151.30	96.67	56.5%	2.1%	10.5%	13.3%	22.9%	48.3%
	CS Siat	1956	4'142	6.6%	Mixed	German-speaking CH	252.50	156.43	61.4%	2.1%	9.2%	17.3%	17.3%	41.9%
*	CS LivingPlus	2007	3'816	6.1%	Residential	German-speaking CH	183.00	109.43	67.2%	2.0%	8.8%	16.9%	20.5%	43.4%
*	CS Green	2009	3'530	5.7%	Mixed	German-speaking CH	179.80	116.14	54.8%	1.9%	8.5%	12.9%	24.7%	49.3%
	UBS Anfos	1956	3'381	5.4%	Residential	German-speaking CH	95.20	59.65	59.6%	1.9%	6.0%	22.5%	18.7%	52.9%
	Immofonds	1969	2'105	3.4%	Residential	German-speaking CH	599.50	353.50	69.6%	2.3%	12.4%	11.8%	26.3%	54.3%
	La Fonciere	1954	2'115	3.4%	Residential	Geneva / Vaud	155.40	89.83	73.0%	1.4%	11.5%	12.9%	29.3%	52.8%
*	Edmond de Rothschild Swiss	2010	1'974	3.2%	Mixed	Mixed	172.30	118.34	45.6%	2.1%	10.5%	10.7%	24.1%	44.5%
	Swisscanto IFCA	1968	1'791	2.9%	Residential	Mixed	170.00	116.61	45.8%	1.9%	1.3%	24.9%	17.9%	41.4%
*	SL REF Swiss Properties	2015	1'947	3.1%	Mixed	German-speaking CH	144.20	110.57	30.4%	1.8%	10.9%	3.6%		
	CS Interswiss	1954	1'781	2.9%	Commercial	Mixed	214.70	193.56	10.9%	3.5%	-0.1%	3.3%	22.7%	20.6%
	UBS Swissreal	1962	1'808	2.9%	Commercial	German-speaking CH	79.00	61.78	27.9%	3.4%	8.2%	-3.5%	23.5%	22.7%
	Schroder ImmoPLUS	1997	1'738	2.8%	Commercial	Mixed	174.40	139.92	24.6%	2.7%	2.0%	2.4%	20.7%	19.0%
	UBS Foncipars	1943	1'981	3.2%	Residential	Geneva / Vaud	139.00	91.03	52.7%	1.8%	6.5%	21.9%	27.9%	50.9%
	FIR	1997	1'748	2.8%	Residential	Geneva / Vaud	242.00	148.45	63.0%	1.8%	5.7%	10.4%	21.9%	39.9%
*	Solvalor 61	1997	1'667	2.7%	Residential	Geneva / Vaud	329.25	206.11	59.7%	1.6%	-0.1%	18.4%	22.5%	39.5%
*	SF Sustainable Property	2010	1'197	1.9%	Residential	Mixed	156.40	118.72	31.7%	2.2%	4.0%	10.3%	13.7%	30.8%
*	Bonhote	2006	1'133	1.8%	Residential	Geneva / Vaud	161.60	119.72	35.0%	2.0%	6.2%	10.4%	15.1%	28.2%
	Immo Helvetic	1997	1'243	2.0%	Residential	Berne region	239.00	172.06	38.9%	2.8%	11.1%	1.8%	20.0%	21.6%
*	Patrimonium	2007	1'062	1.7%	Residential	Geneva / Vaud	197.20	141.23	39.6%	1.9%	4.3%	14.4%	23.6%	41.6%
*	Realstone	2008	1'881	3.0%	Mixed	Mixed	148.00	122.29	21.0%	2.5%	2.2%	3.9%	17.6%	19.5%
	Swissinvest RE Fund	2006	1'134	1.8%	Residential	German-speaking CH	214.60	150.92	42.2%	2.1%	9.2%	12.7%	19.1%	43.4%
*	CS Real Estate Fund LogisticsPlus	2014	1'008	1.6%	Commercial	German-speaking CH	144.00	104.34	38.0%	2.7%	3.4%			
*	Procimmo	2007	910	1.5%	Commercial	Geneva / Vaud	169.60	142.49	19.0%	2.2%	8.0%	-5.8%	17.0%	13.8%
*	UBS Direct Residential	2006	832	1.3%	Residential	German-speaking CH	20.90	14.02	49.0%	2.0%	8.3%	14.9%	23.9%	40.0%
	SF Retail Properties	2015	758	1.2%	Commercial	Mixed	124.80	100.33	24.4%	3.5%	7.6%	2.1%	13.5%	19.4%
*	CS Hospitality	2010	694	1.1%	Commercial	Mixed	81.55	75.94	7.4%	3.1%	15.1%	-19.4%	26.1%	13.9%
*	Swisscanto RE Commercial	2010	564	0.9%	Commercial	Mixed	119.20	101.50	17.4%	3.4%	4.5%	4.6%	16.0%	22.7%
*	UBS Direct Urban	2012	554	0.9%	Mixed	German-speaking CH	15.40	11.65	32.2%	2.1%	8.5%	22.8%	19.3%	38.0%
*	Procimmo Swiss Commercial II	2015	532	0.9%	Commercial	German-speaking CH	146.00	122.18	19.5%	3.6%				
*	Helvetica Swiss Commercial Fund	2016	513	0.8%	Commercial	German-speaking CH	119.00	113.02	5.3%	4.3%	14.2%	-7.8%		
*	Polymen	2009	444	0.7%	Mixed	Geneva / Vaud	170.10	129.25	31.6%	2.0%	9.8%	7.5%	12.4%	25.8%
*	Swiss Romande Property Fund	2014	297	0.5%	Mixed	Geneva / Vaud	112.00	114.07	-1.8%	2.1%	-1.0%	3.6%	-0.9%	-7.9%
*	Dominicé Swiss Property Fund	2013	320	0.5%	Residential	Geneva / Vaud	123.00	118.35	3.9%	2.3%	4.8%	-2.1%	5.5%	
*	Good Buildings Swiss RE Fund	2011	321	0.5%	Mixed	German-speaking CH	145.90	114.03	27.9%	2.7%	17.7%	10.5%		
	SF Commercial Properties	2016	226	0.4%	Commercial	German-speaking CH	94.00	96.79	-2.9%	4.5%	7.0%	-8.9%	6.2%	1.9%
*	Streetbox Real Estate Fund	2009	229	0.4%	Commercial	Geneva / Vaud	540.00	311.42	73.4%	2.8%	2.6%	14.6%	26.4%	57.2%
*	Residentia	2009	189	0.3%	Mixed	Ticino	118.00	114.68	2.9%	2.5%	3.9%	-5.1%	7.5%	-1.0%
		TOTAL	**62'401**	**100.0%**				**Ø**	**44.5%**	**2.2%**	**7.7%**	**10.8%**	**20.7%**	**37.5%**

** 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 Residential

Why UBS Direct Residential?

Product

- Listed Swiss real estate fund with direct investments primarily in residential property
- Fund returns are tax-exempt for Swiss investors
- Liquidity trough large investment volume and small denominations
- Attractive return on NAV and distribution

Portfolio

- Geographic concentration on selected agglomeration regions across Switzerland
- Stable returns from existing portfolio
- Growth through acquisition of construction projects and investment properties
- Development potential through renovations and densification

Management

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

UBS Direct Residential

Current highlight from the portfolio

Wetzikon (ZH), «Ankenpark»
an der Ankenstrasse / Stationsstrasse

- Replacement build in a quiet and very popular residential area with a balanced apartment mix
- 54 apartments and 62 parking spaces (of which 47 underground parking spaces)
- Latest sustainability standards with targeted SGNI Gold certification
- Investment volume approx. CHF 20 million
- Completion: 2nd Quarter 2022
- Gross return: approx. 4%

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

UBS Direct Residential

Sustainability 2019/20

GRESB: Awarded with 5 stars

Two photovoltaic systems
produce 135 000 kwh solar energy

Four buildings are **Minergie** certified and one new building project is **SGNI gold** pre-certified

1/3 of our tenants were surveyed about their satisfaction

"Satisfied tenants form the basis for a future-proof portfolio.

Christian Sturm
Fund Manager
UBS Direct Residential

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

UBS Direct Residential: Social sustainability integrated

The UBS Direct Residential portfolio does not only regard its ecological impact – we also turn our attention to social sustainability.

Attractive and affordable living spaces: Over 70% of our apartments cost less than CHF 1500 per month (including ancillary costs).

Annual tenant survey: We survey our 1/3 of our tenants and derive measures accordingly.

Strong demand: By increasing the attractivity and our tenants' satisfaction, the vacancy rate could be reduced to a low 3.7% per June 2021.

Reduction of ancillary costs: By continuously enhancing the energy efficiency and reducing CO_2, our tenants benefit from ecological aspects as well as lower ancillary costs.

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

UBS Direct Residential – This is what I call home

Invest directly in residential properties across Switzerland

Basle, Klybeckstrasse (BS)

Bussigny (VD)

Basle, Belchenstrasse (BS)

Niederhasli (ZH)

Capital increase amounting to roughly CHF 97 million planned for October / November 2021

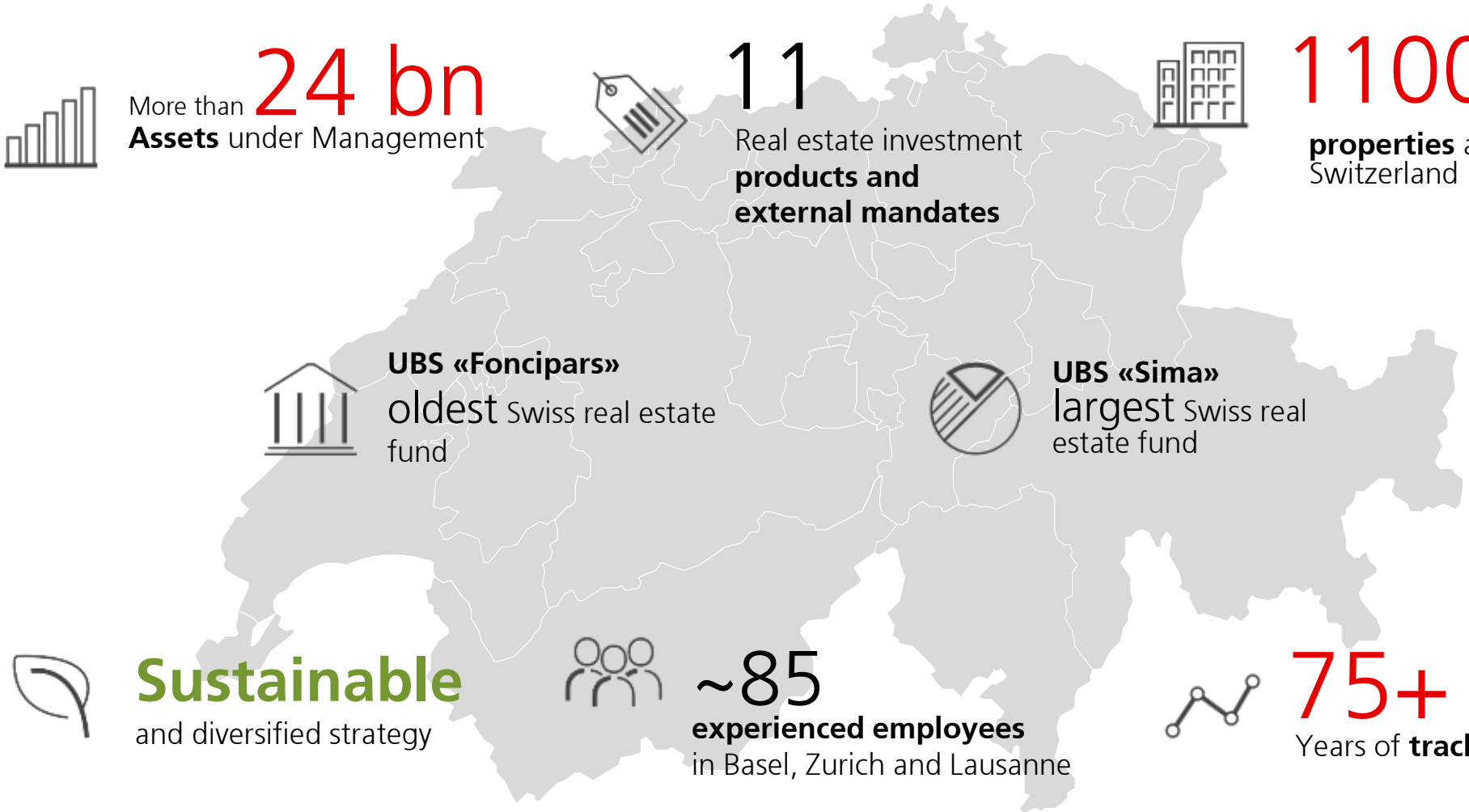
Detailed terms and conditions will be published at the end of September 2021

Investment Pipeline – as per July 2021

Building type	Place	Street/project name	Project type	Total volume in m CHF	Entrance/ Construction start
Residential building	Basle	Klybeckstrasse	Exsis. portfolio	11	3Q 2020
Residential building	Baden	Bruggerstrasse	Exsis. portfolio	20	3Q 2020
Residential building	Bussigny	«Chemin Champ Perrin»	New construction	28	4Q 2020
Residential building	Basle	Sperrstrasse	Exsis. portfolio	10	1Q 2021
Residential building	Basle	Belchenstrasse	Exsis. portfolio	8	1Q 2021
Residential building	Niederhasli	«Zentrumweg» 2. Etappe	Replacement	20	4Q 2021
Total				**97**	

Convincing facts …

…. about Real Estate Switzerland



More than **24 bn**
Assets under Management

11
Real estate investment **products and external mandates**

1100+
properties around Switzerland

UBS «Foncipars»
oldest Swiss real estate fund

UBS «Sima»
largest Swiss real estate fund

Sustainable
and diversified strategy

~85
experienced employees
in Basel, Zurich and Lausanne

75+
Years of **track record**

Data as at 30 June 2021

Our real estate investment products…

…. at a glance

	Investment focus		Market value (M CHF)					
			2016	2017	2018	2019	2020	2021[1]
Listed funds								
UBS Direct Residential	Residential	all of CH	524	552	588	705	776	776
UBS Direct Urban	Mixed	all of CH	326	352	402	447	492	492
Residentia[2]	Residential	Italien-speaking CH						252
UBS «Foncipars»	Residential	French-speaking CH	1243	1353	1432	1492	1607	1607
UBS «Anfos»	Residential	German-speaking CH	2326	2466	2607	2704	2808	2821
UBS «Swissreal»	Commercial	all of CH	1851	1898	1907	1987	2051	2051
UBS «Sima»	Mixed	all of CH	8516	8887	9326	9895	10307	10307
Investment trusts								
UBS AST-KIS	Commercial	all of CH	588	621	681	711	711	723
UBS AST-IS	Mixed	all of CH	1915	2027	2129	2308	2384	2386
External mandates								
Mandate (external)	Mixed	all of CH		2787	2913	2953	3141	3141
Total of the portfolio			**17 289**	**20 934**	**21 985**	**23 202**	**24 277**	**24 556**
Annual percentage change (%)			**8,2**	**21,1**	**5,0**	**5,5**	**4,6**	**1,2**

1 UBS «Sima», UBS «Foncipars», UBS «Swissreal», Residentia, UBS Direct Residential, UBS Direct Urban and external mandate as at 31.12.20; UBS «Anfos» as at 31.03.21; UBS AST-IS and UBS AST-KIS as at 31.07.2021

2 Residentia: Real Estate Switzerland has taken over the fund management of Residentia as of 1 February 2021

We live real estate. Since 75 years.

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.

Real Estate Switzerland

Looking for more information?

For illustrative purposes

www.ubs.com/realestate-switzerland

Contact information

UBS Fund Management (Switzerland) AG
Urs Fäs, CFA
Head of Investment Products
Real Estate Switzerland
Aeschenplatz 6
4052 Basel

+41-61-288 36 19
urs.faes@ubs.com

Nicki M. Weber
Head of Market Specialists Switzerland, Germany and Austria
Real Estate & Private Markets
Stockerstrasse 64
8002 Zurich

+41-44-234 59 75
nicki-marco.weber@ubs.com

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

Disclaimer

For marketing and information purposes by UBS. UBS real estate fund under Swiss law. Prospectuses, simplified prospectuses, the articles of association or the management regulations as well as annual and semi-annual reports of UBS funds are available free of charge from UBS AG, P.O. Box, CH-4002 Basel or from UBS Fund Management (Switzerland) AG, P.O. Box, CH-4002 Basel. No new issues at present. Purchase and sale of units via the stock market. Only tax-exempt occupational pension schemes under pillar 2 and pillar 3a domiciled in Switzerland and patronal welfare funds (in accordance with BVG) are authorised investors in the UBS Foundation for the Investment of Pension Fund Assets investment groups. Before investing in a product please read the latest prospectus carefully and thoroughly. Units of UBS funds mentioned herein may not be offered, sold or delivered in the United States. The information mentioned herein is not intended to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. 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. Commissions and costs have a negative impact on performance. If the currency of a financial product or financial service is different from your reference currency, the return can increase or decrease as a result of currency fluctuations. This information pays no regard to the specific or future investment objectives, financial or tax situation or particular needs of any specific recipient. The details and opinions contained in this document are provided by UBS without any guarantee or warranty and are for the recipient's personal use and information purposes only. This document contains statements that constitute “forward-looking statements”, including, but not limited to, statements relating to our future business development. While these forward-looking statements represent our judgments and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. Source for all data and charts (if not indicated otherwise): UBS Asset Management

© UBS 2021. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

UBS