

24 September 2021

News Release

UBS Direct Residential: Capital increase with subscription rights

UBS Direct Residential, UBS Direct Urban: Distribution and net asset value

From 21 October to 29 October 2021 UBS Switzerland AG will carry out a capital increase with subscription rights for UBS (CH) Property Fund – Direct Residential.

Basel, 24 September 2021 – UBS Direct Residential is continuously carrying out acquisitions and commissioning construction projects. The activities of the last few months underline the steady growth of the portfolio that further improve its quality and diversification. Acquisitions and construction projects in excellent locations in the regions of Zurich, Basel, Baden and Lausanne have enabled the portfolio volume to grow by approximately CHF 97 million. UBS Direct Residential has proven its successful investment concept as a diversified Swiss real estate fund with direct property holdings. The fund predominantly invests in residential buildings as well as properties with development potential throughout Switzerland, concentrating for the most part on large cities and selected agglomerations.

The advantages of UBS Direct Residential

- A consistently high-yielding Swiss real estate fund with an attractive average five-year stock market performance of 6.2% p.a. (30 June 2016 to 30 June 2021).
- Broadly diversified residential portfolio in sought-after locations across Switzerland, comprising 77 properties and a volume of around CHF 803 million.
- Attractive distribution yield of 2.1% (30 June 2021) and stable distribution amount of CHF 0.42 per unit.
- At 4.9%, the investment return (based on the net asset value) developed positively again in 2020/2021, independent of the market price.

The capital increase

To support the further development of UBS Direct Residential, UBS Switzerland AG is carrying out a capital increase 21 October to 29 October 2021, finishing at 12 noon. Official subscription rights trading will take place on the SIX Swiss Exchange from 21 October to 27 October 2021.

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 2021 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 21 October 2021 (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 2021. The payment date for the new units will be the 5 November 2021.

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 20 August 2021 in a media release, on the website of Real Estate Switzerland and in a publication and has now defined the terms and conditions of the issue:

Terms and conditions of issue	
Securities no. units:	2 646 536
Securities no. subscription rights:	113 344 098
Subscription ratio (new : existing units):	1 : 6
Number of existing units:	39 827 620
Number of new units (maximum):	6 637 937
Subscription price:	CHF 14.65
Market price 31 August 2021:	CHF 20.40
Theoretical market price following distribution:	CHF 19.98
Theoretical value of subscription right following distribution:	CHF 0.76
Opening price per unit on first day of subscription period:	CHF 19.22
Issue volume:	around CHF 97 million

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

**Acquisition mixed-use property
Klybeckstrasse, Basel**



- Investment volume approx. CHF 11 million
- Handover 3rd quarter 2020

**Acquisition residential property
Bruggerstrasse, Baden**

- Investment volume approx. CHF 20 million
- Handover 3rd quarter 2020

**New construction residential property
«Chemin Champ Perrin», Bussigny**

- Investment volume approx. CHF 28 million
- Start of construction 4th quarter 2020

**Acquisition residential property
Sperrstrasse, Basel**

- Investment volume approx. CHF 10 million
- Handover 1st quarter 2021

**Acquisition residential property
Belchenstrasse, Basel**

- Investment volume approx. CHF 8 million
- Handover 1st quarter 2021

Residential property replacement «Zentrumweg» 2 stage, Niederhasli



- Investment volume approx. CHF 20 million
- Start of construction planned for 4th quarter 2021

The remaining proceeds from the capital increase will primarily be used to acquire additional properties, to 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 2021 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 2021, the fund management company has defined the following distributions for the UBS real estate funds listed below:

Ex-date 5 October 2021 – payable on 7 October 2021

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

As a result, the distributions of both funds remain 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 2021:

Securities no.	Fund	Net asset value as at 30.06.21 in CHF (before distribution)	Net asset value as at 30.06.20 in CHF (before distribution)
2 646 536	UBS (CH) Property Fund – Direct Residential	14.24	13.99
19 294 039	UBS (CH) Property Fund – Direct Urban	11.72	11.58

The funds will be traded based on their new net asset values on SIX Swiss Exchange for the first time on 27 September 2021. The usual market price correction, roughly equivalent to the distribution, is expected from 5 October 2021 (ex-date) onwards.

The net asset values and distributions will be published from 24 September 2021 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.

UBS Fund Management (Switzerland) AG

Media Relations Schweiz: +41-44-234 85 00

www.ubs.com