

25 September 2024

News Release

Ad hoc message pursuant to Art. 53 LR:

UBS Direct Residential: Capital increase with subscription rights

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

From 24 October to 1 November 2024 UBS Switzerland AG will carry out a capital increase with subscription rights for UBS (CH) Property Fund – Direct Residential.

Basel, 25 September 2024 – 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. Four construction projects in excellent locations in the region of Zurich have enabled the portfolio volume to grow by approximately CHF 70 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 directly in residential buildings throughout Switzerland, concentrating for the most part on large cities and selected agglomerations. The investment objective of the Real Estate Fund is principally to preserve capital over the long term and make appropriate distributions of income that are based on careful handling of non-renewable resources and on climate protection. By being enshrined in norms, strategies and operations, sustainability plays a key role in all decisions made by the fund management company – whether in respect of the managed real estate funds and the underlying real estate assets or the development of the organization.

The advantages of UBS Direct Residential

- A consistently high-yielding Swiss real estate fund with an attractive average five-year stock market performance of 8.3% p.a. (30 June 2019 to 30 June 2024).
- Broadly diversified residential portfolio in sought-after locations across Switzerland, comprising 84 properties and a volume of around CHF 987 million.
- Attractive distribution yield of 2.1% (30 June 2024) and stable distribution amount of CHF 0.42 per unit.
- At 2.6%, the investment return (based on the net asset value) developed positively again in 2023/2024, 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 between 24 October and 1 November 2024, finishing at 12 noon. Official subscription rights trading will take place on the SIX Swiss Exchange from 24 October to 30 October 2024.

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 2024 plus accrued income up to the payment date and 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 24 October 2024 (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 2024. The payment date for the new units will be the 8 November 2024.

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 23 August 2024 in a media release, on the website of Real Estate Switzerland and on Swiss Fund Data 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: | 137 914 491 |
| Subscription ratio (new : existing units): | 1 : 10 |
| Number of existing units: | 46 465 557 |
| Number of new units (maximum): | 4 646 556 |
| Subscription price: | CHF 14.90 |
| Stock exchange price 30 August 2024: | CHF 20.20 |
| Theoretical market price following distribution: | CHF 19.78 |
| Theoretical value of subscription right following distribution: | CHF 0.44 |
| Theoretical opening price per unit on 1 st day of subscription period: | CHF 19.34 |
| Issue volume: | Around CHF 70 million |

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

**Renovation mixed property
Birmensdorferstrasse, Zurich**



- Investment volume approx. CHF 8 million
- Start of construction 4th quarter 2024

**Redevelopment residential property
Stettbacherrain, Zurich**



- Investment volume approx. CHF 30 million
- Handover 2nd quarter 2025

**Redevelopment residential property
Wehntalerstrasse, Zurich**



- Investment volume approx. CHF 25 million
- Start of construction 3rd quarter 2025

**Renovation residential property
Schwandenholzstrasse, Zurich**



- Investment volume approx. CHF 7 million
- Start of construction 2nd quarter 2026

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 2024 plus accrued income up to the payment date and the issuing commission as well as the incidental costs accruing to the fund assets.

Distributions

Based on the accounts for the accounting year ending 30 June 2024, the fund management company has defined the following distributions for the UBS real estate funds listed below:

Ex-date 1 October 2024 – payable on 3 October 2024

| Income distribution | | | | |
|---------------------|---|-----------------------------|---------------------|---------------------------|
| Securities no. | Fund | Distribution (gross) in CHF | 35% withholding 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 |

| Income distribution** | | | | |
|-----------------------|---|-----------------------------|----------------------|---------------------------|
| Securities no. | Fund | Distribution (gross) in CHF | 35% withholding tax* | Distribution (net) in CHF |
| 14 539 972 | UBS (CH) Property Fund – Europe, (CHF hedged) I | 0.1978 | 0.0692 | 0.1286 |
| | | 0.0422 | no withholding tax | 0.0422 |

* For shareholders not domiciled in Switzerland with a bank declaration (affidavit), the distribution will be made without deducting withholding tax of 35%.

** Due to currency conversion rounded to four decimal places.

As a result, the distributions 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 2024:

| Securities no. | Fund | Net asset value as at 30.06.24 in CHF (before distribution) | Net asset value as at 30.06.23 in CHF (before distribution) |
|----------------|---|---|---|
| 2 646 536 | UBS (CH) Property Fund – Direct Residential | 14.51 | 14.56 |
| 19 294 039 | UBS (CH) Property Fund – Direct Urban | 11.64 | 11.72 |
| 14 539 972 | UBS (CH) Property Fund – Europe, (CHF hedged) I | 9.21 | 10.34 |

The funds will be traded based on their new net asset values on SIX Swiss Exchange for the first time on 26 September 2024. The usual market price correction, roughly equivalent to the distribution, is expected from 1 October 2024 (ex-date) onwards.

The net asset values and distributions will be published from 25 September 2024 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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