Public

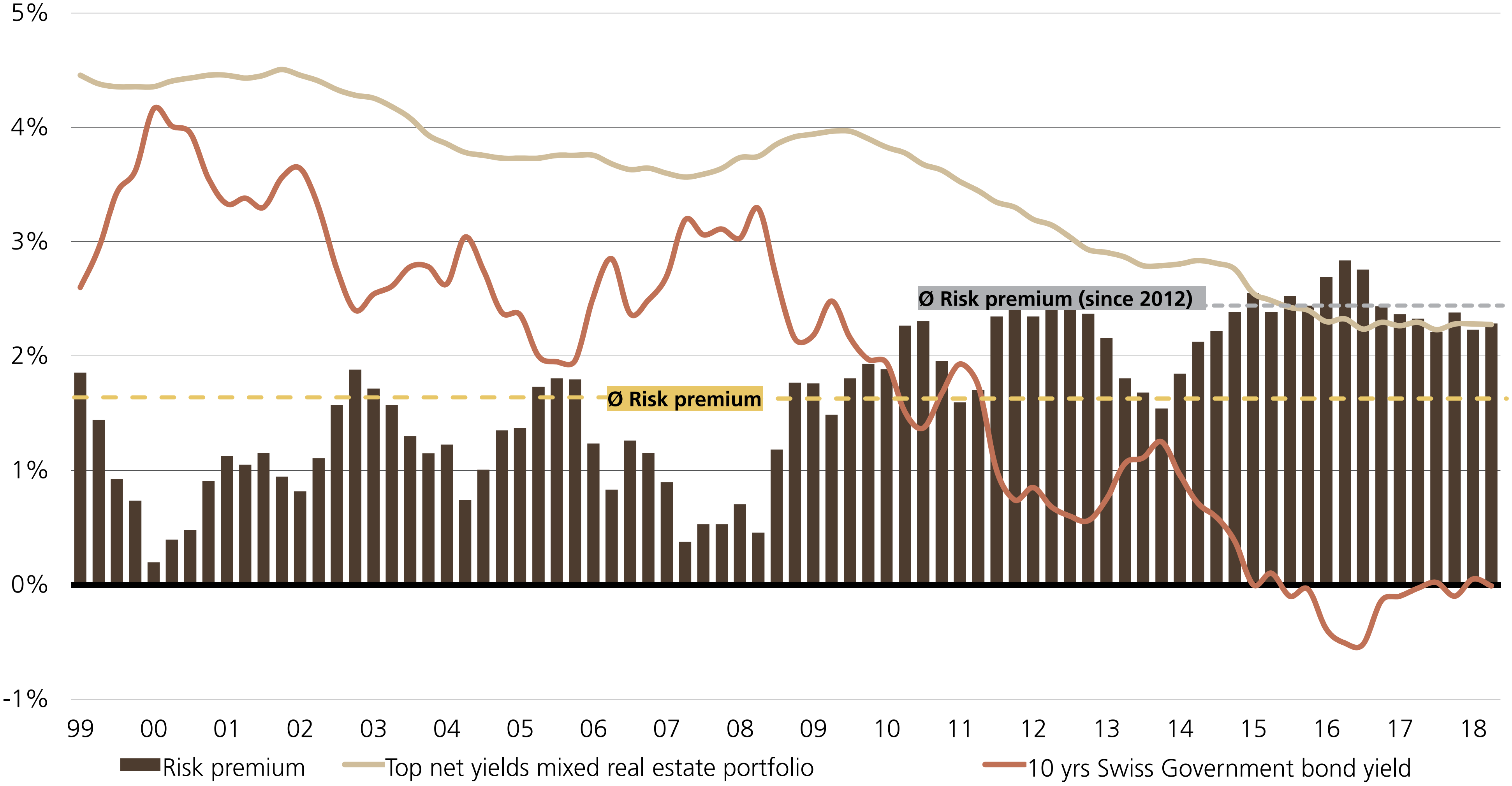
UBS «Anfos»

Year-end result as per 30 September 2018

November 2018

Risk premiums remain substantial

Net initial yields of prime real estate investments still at a low level



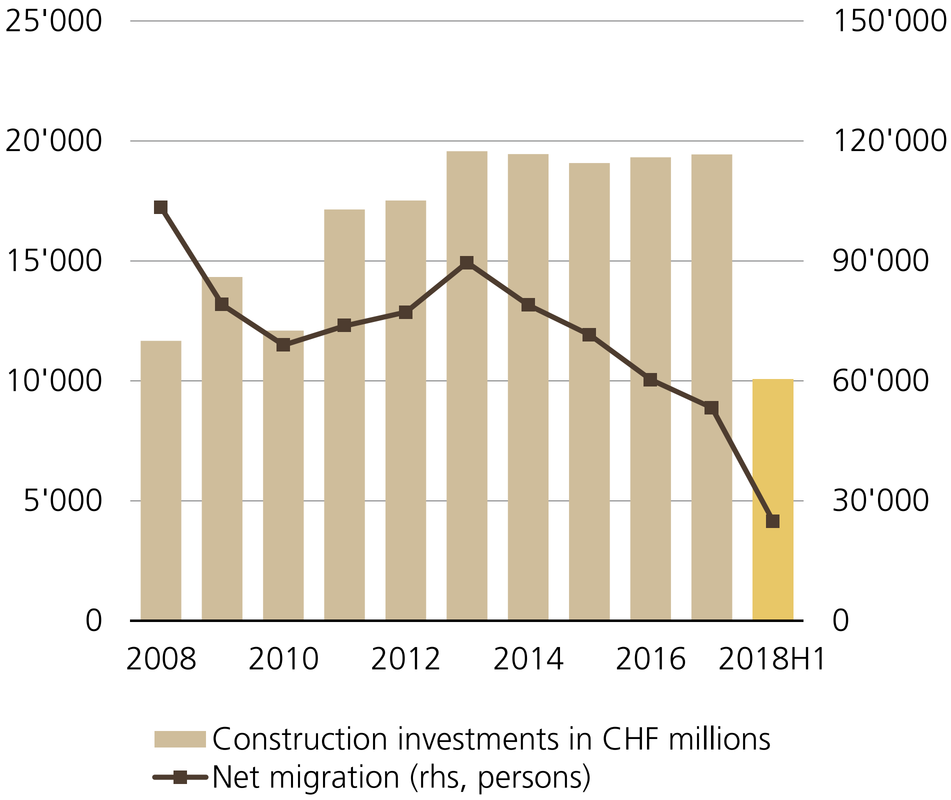
Source: Wüest Partner 2Q 2018; SNB; UBS Asset Management, Real Estate & Private Markets, Research & Strategy – Switzerland; September 2018

UBS

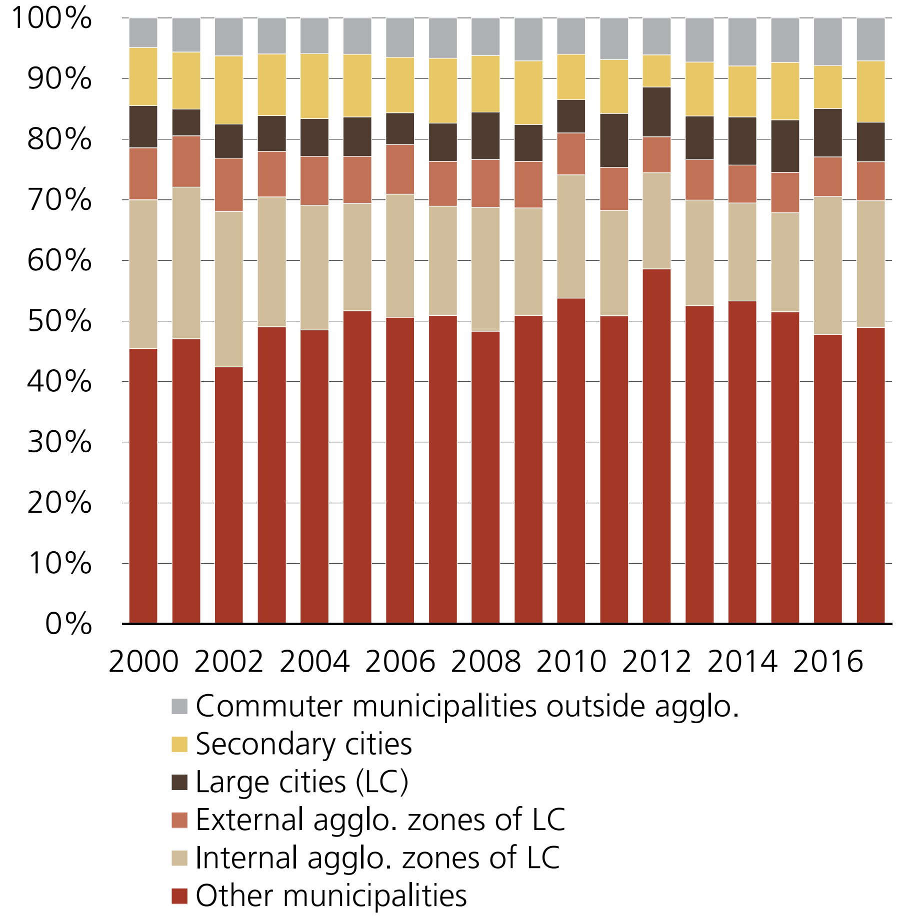
Housing: construction activity remains buoyant

Low interest rates keep fueling investments in the residential market

Investment in the Swiss residential market and net migration



Spatial distribution of the planning activity (Build. applications, rental and owner-occupied dwellings)



Source: Baublatt; Wüest Partner; UBS Asset Management, Real Estate & Private Markets (REPM), Research & Strategy – Switzerland, September 2018

Swiss real estate market 2H 2018: Summary

Key messages

Opportunities

- The Swiss economy remains on the upswing. We expect 2.9% real GDP growth in 2018.
- Interest rates should persist at a low level in the second half of 2018, since inflation remains modest and the Swiss franc recently appreciated relative to the Euro.
- Strong domestic and global economic growth is supportive of Swiss labor market fundamentals. The resulting demand contributes to the stabilization of major office property markets.
- Investments in commercial real estate markets are becoming more attractive due to higher risk premiums and inflation hedge (indexed lease contracts).

Challenges

- Ongoing geopolitical risks (US trade policy, populism) threaten global growth prospects.
- Important capital inflows keep the construction activity in the residential market at a high level. The supply/demand imbalance is deepening in peri-urban regions.
- E-commerce continues to gain market share to the detriment of brick and mortar retailers. As a result, vacant retail spaces and the downward pressure on rental prices are increasing.
- High valuation levels and increasing challenges in the property market is leading to diminishing capital returns. Income returns are becoming the main driver of investment performance.

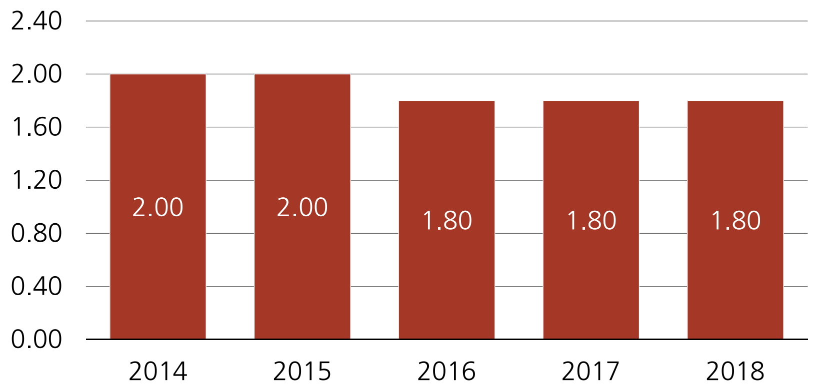
UBS «Anfos»

Key Data as per September 30, 2018 (financial year 2017 / 2018)

- Distribution per unit of 1.80 CHF per share on the same level as the previous year
- Increase of the net asset value per unit by 3.2% to CHF 56.57

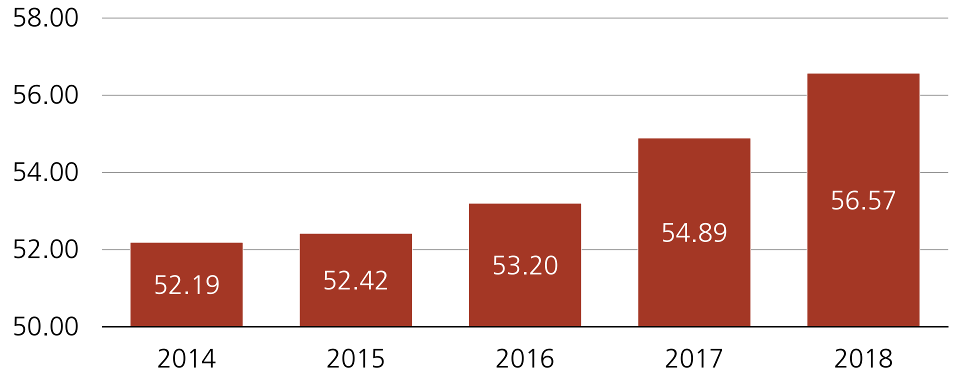
	30.09.2018	30.09.2017	30.09.2016
Performance	2.3%	0.2%	9.0%
Total return on NAV	6.5%	6.8%	5.5%
Yield on distribution	2.7%	2.6%	2.6%
Agio	19.2%	24.4%	31.6%
Rental loss rate	5.4%	5.3%	4.8%
Leverage	15.5%	19.3%	18.3%

Distribution per unit



These figures refer to the past. Past performance/distribution is not a reliable indicator of future results

Net asset value



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UBS «Anfos»

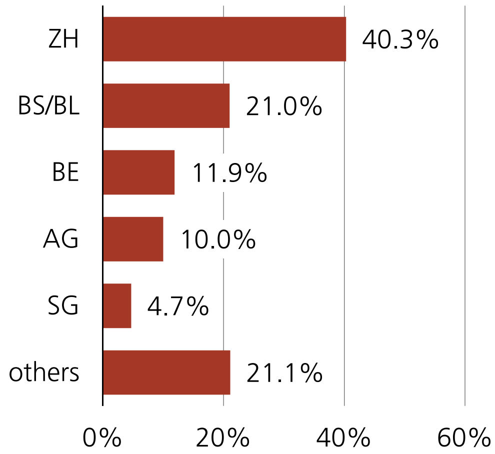
Key data as per September 30, 2018 (financial year 2017 / 2018)

- Listed Swiss real estate fund, launched in 1956
- Investments in residential properties in German-speaking Switzerland
- Stable return from existing portfolio
- Appreciation potential through renovations and redevelopments
- Growth through acquisitions of construction projects and existing properties

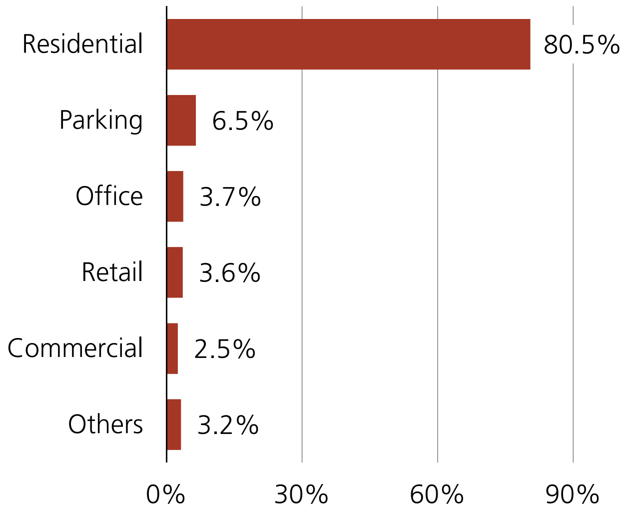
Key Figures

Net Asset Value	CHF 2'008.8 Mio.
Market Value	CHF 2'607.1 Mio.
Rental income	CHF 117.3 Mio.
Rental loss rate	5.4%
Leverage	15.5%
Total return on NAV	6.5%
Performance	2.3%
Number of properties	150

Regions



Usage



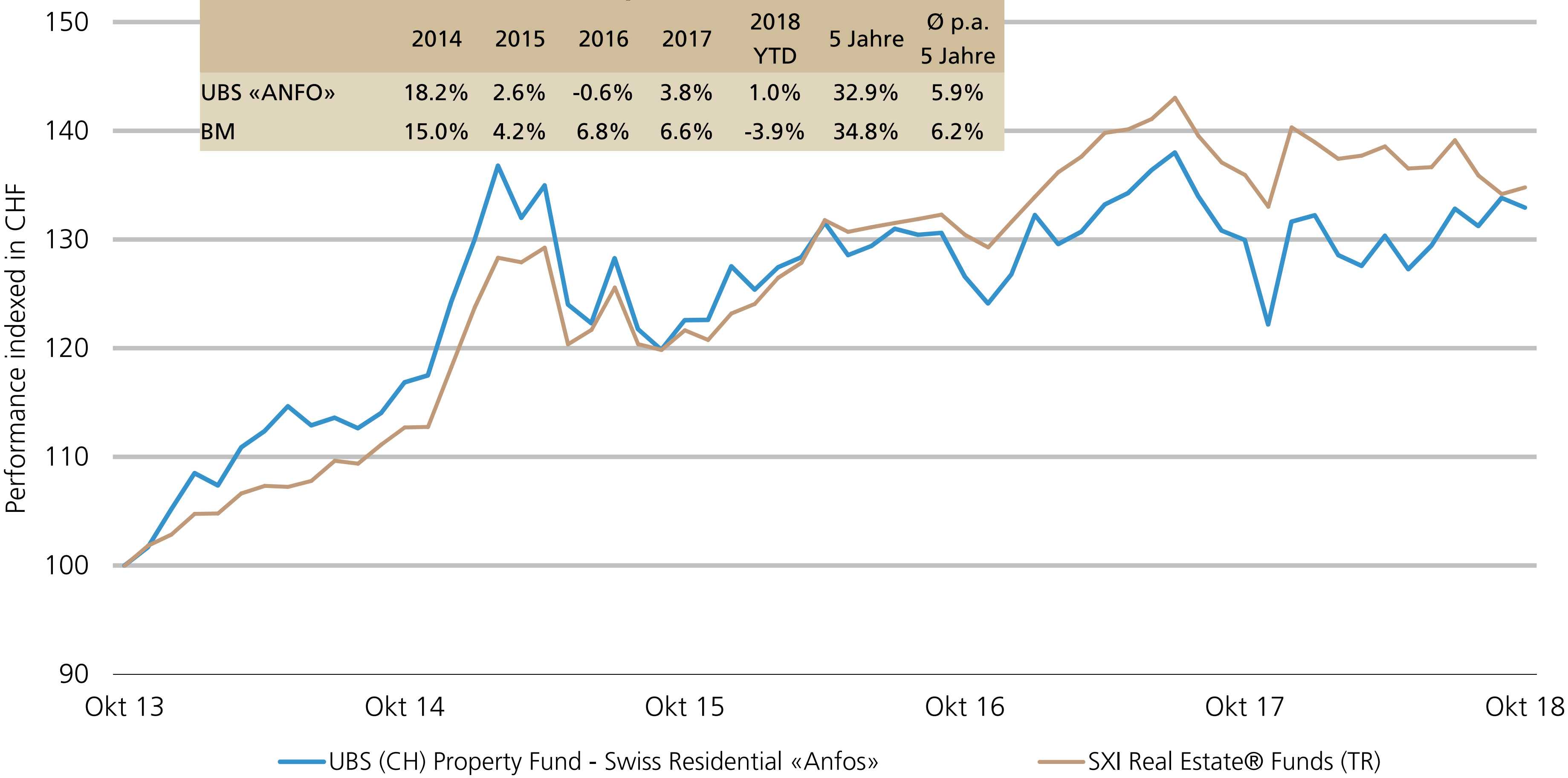
Source: UBS Asset Management, Real Estate & Private Markets (REPM)
These figures refer to the past. Past performance is not a reliable indicator of future results. The performance shown does not take account of any commissions and costs charged when subscribing to and redeeming units.

UBS «Anfos»

Comparsion with its Benchmark

Performance in % per 31.10.2018

	2014	2015	2016	2017	2018 YTD	5 Jahre	Ø p.a. 5 Jahre
UBS «ANFO»	18.2%	2.6%	-0.6%	3.8%	1.0%	32.9%	5.9%
BM	15.0%	4.2%	6.8%	6.6%	-3.9%	34.8%	6.2%



Source: UBS Asset Management/Datastream, as at end of October 2018
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

UBS «Anfos»

Current highlight from the portfolio

Lucerne, Seefeldstrasse

- Total refurbishment with stockpiling
- Investment amount approx. CHF 12m
- Apartement complex with new 28 apartments
- Completion planned for spring 2020
- Gross rate: approx. 4.7%

Statement of the Fund Manager

«The industry benchmark GRESB signed us the most sustainable real estate portfolio Switzerland in 2018. This shows us that we are on the right track.»

Marcin Paszkowski
-
Fund Manager
UBS «Anfos»

UBS «Anfos»

GRESB Green Stars 2018

Four Green Stars for UBS «Anfos» in this years GRESB Benchmarking 2018

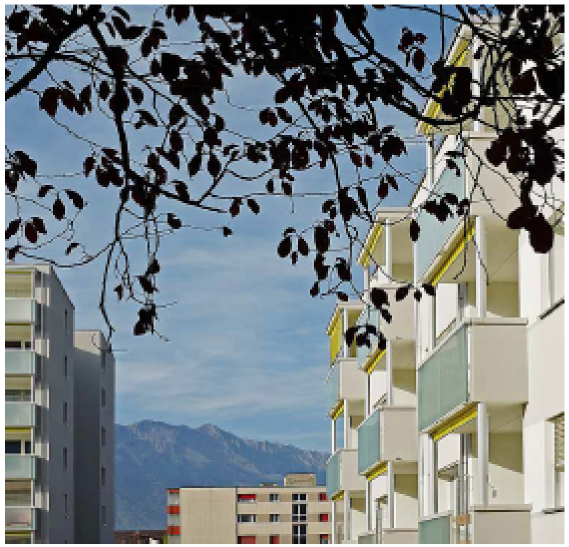
Most Sustainable Swiss Real Estate Portfolio 2018 within its peer group according to GRESB

GRESB®

UBS

UBS «Anfos»

Nachhaltigkeitsbericht 2017/2018



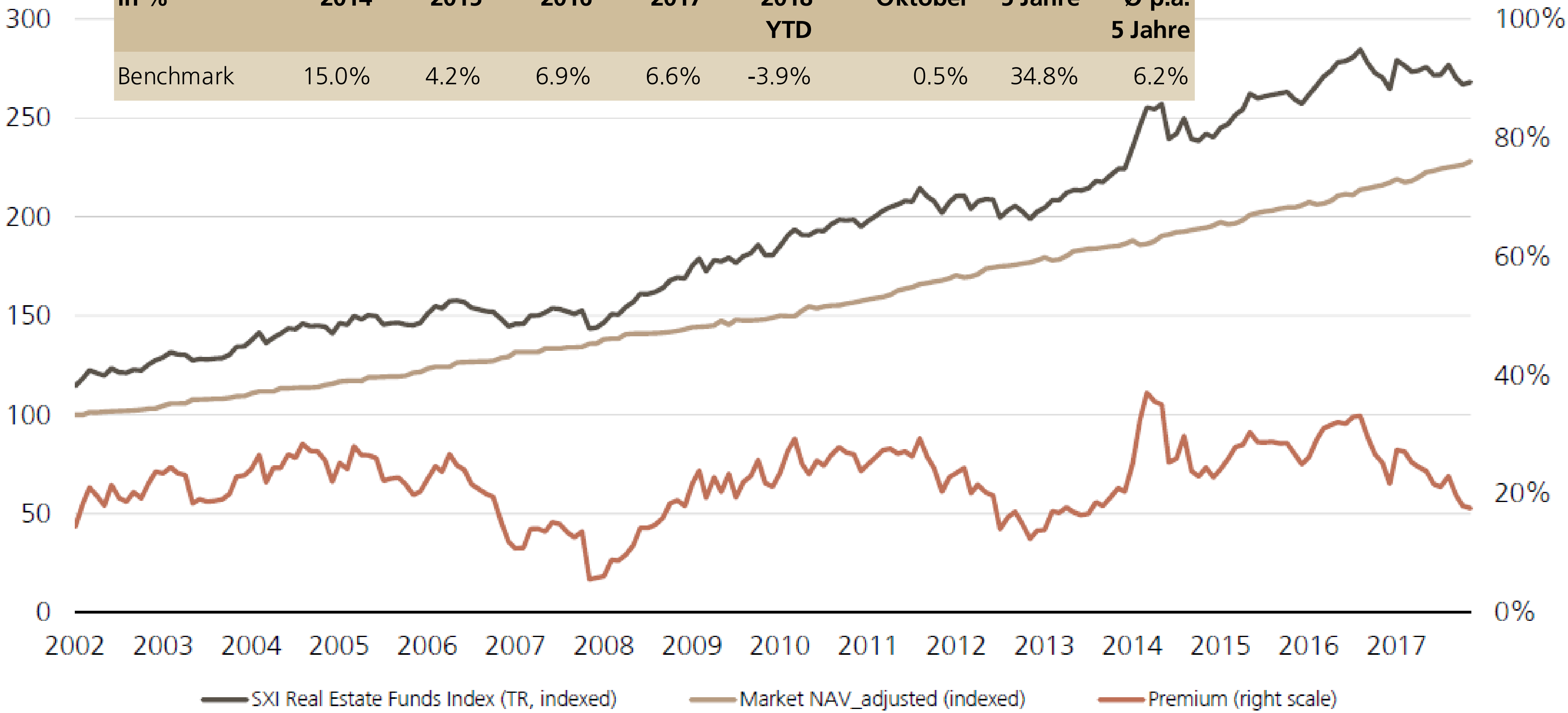
For more information regarding sustainability at RE-CH please visit www.ubs.com/realestate-switzerland

Performance of listed Swiss listed real estate funds

Premium development from January 1, 2003 to Oktober 31, 2018

Total Return Index

in %	2014	2015	2016	2017	2018 YTD	Oktober	5 Jahre	Ø p.a. 5 Jahre
Benchmark	15.0%	4.2%	6.9%	6.6%	-3.9%	0.5%	34.8%	6.2%



Source: UBS Asset Management, SXI Real Estate Funds Index, Factset, listed Swiss real estate funds financial results.
Past performance is no guarantee for future results.

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Update SIX Real Estate Funds Index

As per October 31, 2018

	Name	Founded	Mkt cap. (mn.)	Weight	Sector	Region	Price	NAV	Premium	Div. Yield	Perf. YTD	Perf. 2017	Perf. 2016	Perf. 3YR
	UBS Sima	1950	7'537	18.1%	Mixed	German-speaking CH	108.40	88.88	22.0%	3.0%	-0.4%	9.8%	3.7%	13.9%
	CS Siat	1956	2'884	6.9%	Mixed	German-speaking CH	186.80	146.64	27.4%	2.9%	-7.8%	8.8%	10.4%	11.0%
*	CS LivingPlus	2007	2'711	6.5%	Residential	German-speaking CH	130.00	106.07	22.6%	2.5%	-5.8%	4.5%	9.2%	10.6%
	UBS Anfos	1956	2'378	5.7%	Residential	German-speaking CH	66.95	55.12	21.5%	2.7%	1.0%	3.8%	-0.6%	8.4%
*	CS Green	2009	2'356	5.7%	Mixed	German-speaking CH	130.00	112.16	15.9%	2.8%	-1.7%	6.9%	9.5%	19.6%
	CS Interswiss	1954	1'565	3.8%	Commercial	Mixed	188.70	187.21	0.8%	4.5%	-7.8%	9.4%	-2.1%	1.5%
	UBS Swissreal	1962	1'540	3.7%	Commercial	German-speaking CH	67.30	61.72	9.0%	3.9%	-2.6%	10.5%	0.6%	10.6%
	Schroder ImmoPLUS	1997	1'374	3.3%	Commercial	German-speaking CH	159.10	133.93	18.8%	2.8%	-5.3%	8.4%	10.1%	15.7%
	Immofonds	1969	1'348	3.2%	Residential	German-speaking CH	418.75	320.40	30.7%	3.2%	-2.4%	3.8%	2.1%	6.4%
	Swisscanto IFCA	1968	1'329	3.2%	Residential	Mixed	126.00	106.55	18.3%	2.6%	-6.9%	4.1%	11.7%	9.6%
	FIR	1997	1'324	3.2%	Residential	Geneva / Vaud	183.40	139.78	31.2%	2.2%	2.2%	7.2%	5.1%	16.4%
	La Fonciere	1954	1'322	3.2%	Residential	Geneva / Vaud	106.90	76.25	40.2%	2.0%	-1.2%	5.1%	8.8%	13.8%
	UBS Foncipars	1943	1'225	2.9%	Residential	Geneva / Vaud	95.50	76.91	24.2%	2.6%	-2.1%	12.8%	9.8%	21.0%
*	Solvalor 61	1997	1'108	2.7%	Residential	Geneva / Vaud	246.20	191.39	28.6%	2.1%	-7.2%	8.2%	12.3%	13.7%
*	Edmond de Rothschild Swiss	2010	1'003	2.4%	Mixed	Mixed	131.30	113.56	15.6%	2.6%	-5.3%	13.1%	11.6%	24.9%
	Immo Helvetic	1997	880	2.1%	Residential	Berne region	200.10	172.06	16.3%	3.2%	-9.8%	0.2%	15.1%	-1.9%
*	SF Sustainable	2010	868	2.1%	Residential	Mixed	131.50	118.12	11.3%	2.9%	-0.7%	9.1%	8.3%	20.4%
*	Realstone Swiss Property	2008	862	2.1%	Residential	Mixed	131.20	121.05	8.4%	2.9%	-9.1%	5.1%	14.0%	8.3%
*	Bonhote	2006	815	2.0%	Residential	Geneva / Vaud	132.50	116.65	13.6%	2.4%	-8.4%	4.4%	7.2%	4.4%
	Swissinvest RE Fund	2006	777	1.9%	Residential	German-speaking CH	160.30	131.72	21.7%	2.8%	-5.4%	2.9%	9.9%	7.8%
*	CS Hospitality	2010	771	1.9%	Commercial	Mixed	88.15	96.09	-8.3%	3.5%	-3.0%	1.0%	5.6%	2.9%
*	Procimmo	2007	727	1.7%	Commercial	Geneva / Vaud	150.60	134.02	12.4%	3.6%	-11.1%	12.6%	13.7%	17.4%
*	Patrimonium	2007	713	1.7%	Residential	Geneva / Vaud	146.40	131.67	11.2%	2.4%	-4.5%	5.9%	15.5%	16.7%
*	Realstone Development Fund	2010	653	1.6%	Residential	Mixed	129.00	130.93	-1.5%	0.9%	-5.7%	-6.8%		
	SF Retail Properties Fund	2015	639	1.5%	Commercial	Mixed	114.80	101.85	12.7%	3.7%	0.4%	-2.5%		
*	UBS Direct Residential	2006	570	1.4%	Residential	German-speaking CH	14.30	13.40	6.7%	2.8%	-14.4%	-2.5%	9.8%	-7.8%
*	Swisscanto RE Commercial	2010	462	1.1%	Commercial	Mixed	107.50	102.66	4.7%	3.3%	-2.5%	-5.4%	2.7%	0.7%
*	Polymen	2009	359	0.9%	Mixed	Geneva / Vaud	137.50	126.95	8.3%	2.3%	-3.3%	2.5%	14.1%	11.9%
*	Dominicé Swiss Property Fund	2013	320	0.8%	Residential	Geneva / Vaud	123.00	120.16	2.4%	2.4%				
*	UBS Direct Urban	2012	308	0.7%	Mixed	Mixed	10.70	11.22	-4.7%	2.3%	-15.7%	5.2%	-2.0%	-20.9%
*	Valres Swiss Residential Fund	2014	307	0.7%	Residential	Geneva / Vaud	114.50	112.46	1.8%	2.9%	-10.9%	-3.7%		
	SF Commercial Properties Fund	2016	244	0.6%	Commercial	German-speaking CH	101.60	102.31	-0.7%	4.2%	-2.0%	-2.0%		
*	Residentia	2009	193	0.5%	Residential	Ticino	120.50	115.66	4.2%	2.5%	-9.4%	11.7%	15.7%	18.1%
*	Streetbox Real Estate Fund	2009	173	0.4%	Commercial	Geneva / Vaud	422.00	277.50	52.1%	3.4%	13.9%	-10.6%	-1.1%	
	* property directly held by the fund	**TOTAL**	**41'645**	**100.0%**				**0**	**17.6%**	**2.9%**	**-3.9%**	**6.6%**	**6.8%**	**10.8%**

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

Convincing facts…

…. about Real Estate Switzerland

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

1100+
Properties around Switzerland

75 years of **track record**

UBS «Sima» largest Swiss real estate fund

More than CHF 21bn
Assets under Management

Sustainable
and diversified strategy

~80
experienced employees
in Basel, Zurich and Lausanne

UBS «Foncipars» oldest Swiss real estate fund

Data as per 30. September 2018

Our real estate investment products…

…. at a glance

	Investment focus		AuM (CHF m) 2014	2015	2016	2017	2018 [1]
Listed funds							
UBS Direct Residential	Residential	D-CH	482	510	524	552	588
UBS Direct Urban	Mixed	all of CH	130	234	326	352	402
UBS «Foncipars»	Residential	W-CH	1033	1112	1243	1353	1353
UBS «Anfos»	Residential	D-CH	2130	2212	2326	2466	2607
UBS «Swissreal»	Commercial	all of CH	1557	1687	1851	1898	1898
UBS «Sima»	Mixed	all of CH	7509	8046	8516	8887	8887
Investment trusts							
UBS AST-KIS	Commercial	all of CH	416	447	588	621	681
UBS AST-IS	Mixed	all of CH	1648	1728	1915	2027	2133
External mandats							
Pension fund	Mixed	all of CH				2787	2787
Total of the portfolio			**14'905**	**15'976**	**17'289**	**20'943**	**21'336**
Annual percentage change (%)			**5.7**	**7.2**	**8.2**	**21.1**	**1.9**

1 UBS «Sima», UBS «Foncipars», UBS «Swissreal» and Mandate PF per 31.12.2017; UBS Direct Urban and UBS Direct Residential per 30.06.2018; UBS «Anfos» per 30.09.2018; AST-IS und AST-KIS per 31.10.2018

Sustainability strategy

New sustainability reports and Green Stars for all our real estate investment products

GRESB

Produits	Rating
UBS «Anfos»	★★★★
UBS «Sima»	★★★
UBS «Foncipars»	★★★
UBS «Swissreal»	★★★
UBS Direct Urban	★★
UBS Direct Residential	★★★★
UBS AST-IS	★★★
UBS AST-KIS	★★

Our engagement

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

REPM – Real Estate Switzerland

Real Estate & Private Markets Switzerland (REPM-CH)
Daniel Brüllmann[1]

Business Development[3]
Dominic von Felten[2]

Research Strategy[3]
Brice Hoffer[2]

Product Development[3]
Marc Walliser

Legal[3]
Anja Walker

C&ORC[3]
Thomas Reisser

Business Management & Projects
Michael Böniger

Construction & Development
Jean-Michel Roten

Asset Management
Jürgen Lutz

Sustainability
ai Michael Böniger

Multi Manager Swiss RE Securities
Dalibor Maksimovic[2]

Solutions
Oliver Müller-Känel[1]

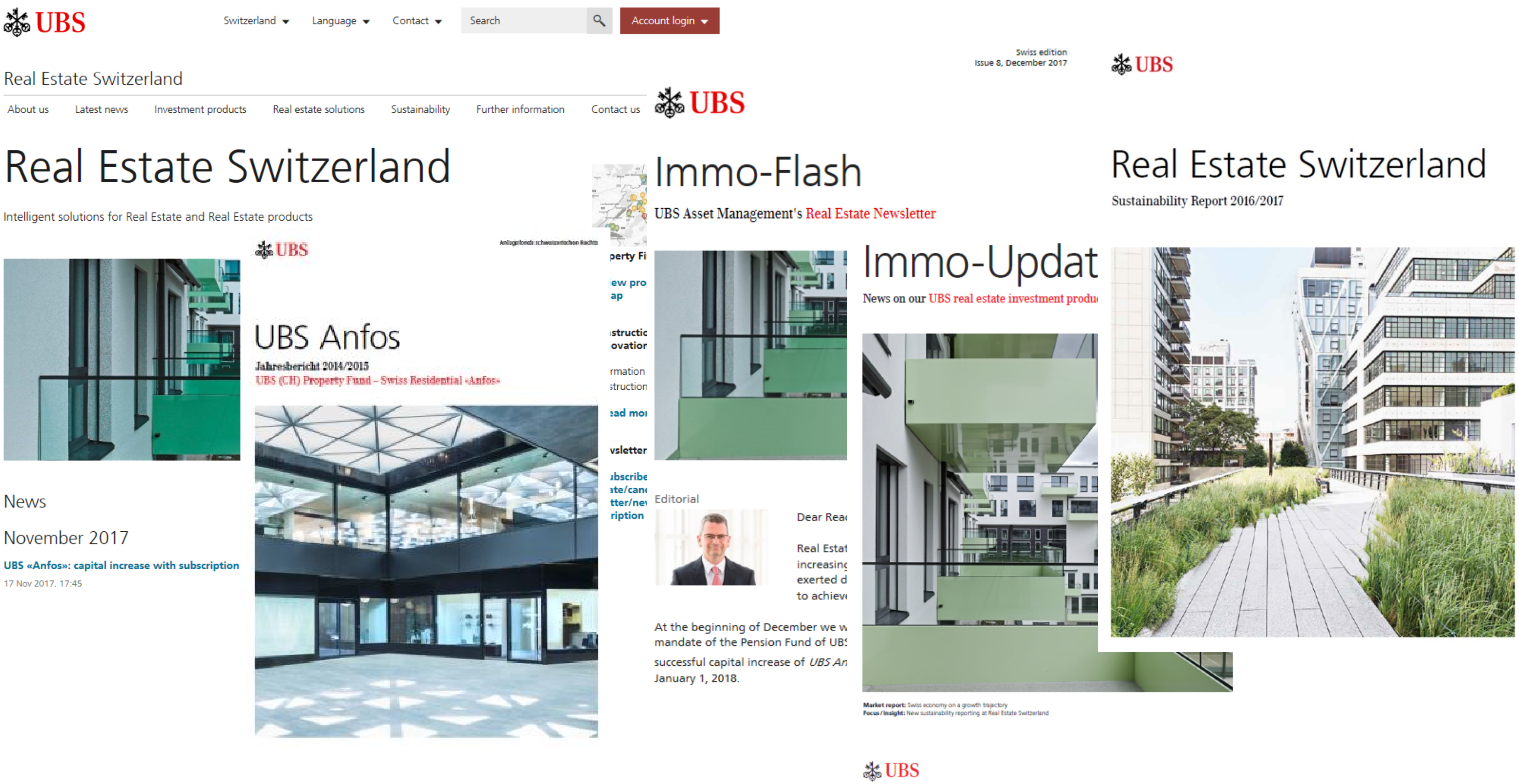
Investment Products
Urs Fäs[1]

Acquisition & Disposition
Matthias Jäger[1]

Accounting & Controlling
Reto Grossmann[1]

Source: UBS Asset Management, Real Estate & Private Markets (REPM); November 2018
Note: **1** Member of Real Estate & Private Markets Switzerland Management Committee (REPM MC CH); **2** Permanent guest of Real Estate & Private Markets Switzerland Management Committee (REPM MC CH); **3** Reports into REPM Advisory & Services und UBS Group Functions
Abbreviations: **C&ORC** Compliance & Operational Risk Control

Looking for more information?



For illustrative purposes

www.ubs.com/realestatefunds-switzerland

Contact

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

Dominic von Felten
Head of Business Development Switzerland
Real Estate & Private Markets
Seefeldstrasse 15
8008 Zurich

+41-44-234 60 21
dominic.von-felten@ubs.com

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