Thinking beyond tomorrow.

Responsible Investing in Real Assets a proven global track record.

Edition 2020
Climate change, energy needs and water scarcity are counted among the biggest challenges of our century. UBS Asset Management’s Real Estate & Private Markets (REPM) business acknowledges that real assets such as properties and infrastructure contribute significantly to CO₂ emissions and the consumption of natural resources.

UBS has established a comprehensive approach to environmental and social factors, and to corporate governance across each of the investment disciplines. At REPM we are committed to acting as responsible investors.

Responsible ownership and operation of real property can have a significant positive impact on the environment and returns for our clients. REPM operates with this in mind while investing both directly and indirectly into real assets.

While the financial objectives of our clients remain the primary focus of our investments, our responsible investment strategy also considers long-term resilience, climate change, environmental, social and governance aspects.

In order to be able to maximize our results with regards to the implementation of our responsible investment strategy, an integrated approach is required. At UBS and REPM, sustainability plays a major role in corporate, fund and asset-level decisions.
Sustainability is a key component of successful real asset management.

Our mission
We believe that there is a direct link between responsible investment and long-term returns.

Our corporate policy focuses on increasing the value of our investments for our investors and tenants and ensuring that our assets and funds remain secure, resilient and profitable today and in the future.

Our mission consists of the following major principles, which we seek to apply in our own funds and encourage in the funds in which we invest:

- delivering superior risk-adjusted investment performance by integrating sustainability considerations into our investment processes;
- implementing sustainable practices and promoting health and wellbeing through innovation and the sharing of best practices;
- being a responsible investor, developer and operator by addressing environmental impacts while enhancing property operations and values; and
- placing a strong emphasis on social responsibility for the benefit of occupiers and the communities in which our assets are located.

The value-added
Our integrated approach enables us to harmonize financial goals with environmental and social challenges.

One consequence of climate change and population growth has been an increased focus on preserving natural resources. This has led to new laws, regulations, price changes, incentives and technologies which must be analyzed and incorporated into our investment strategies.

We are committed to reducing the environmental impact of our real assets by conserving resources, which, in turn, reduces the operating costs of our properties, assets and funds.

Responsible investment aims to add value to an investment by increasing resilience and limiting the risk of regulatory non-compliance or the erosion of its competitive position in the market, increasing the appeal of a property to tenants and purchasers and, in many cases, reducing expenses and improving returns.
Saubermacher
Graz, Austria
Environmental services

Ranked #1 globally in Environmental Services for the second year running in the 2019 GRESB Infrastructure Asset Assessment.

About the asset
Saubermacher is a leading Central and Eastern European waste management company providing collection, treatment, recycling and disposal of municipal, commercial, industrial and hazardous waste in Austria, Hungary, Slovenia and the Czech Republic. The company is also one of the leading battery recyclers in Europe through its German subsidiary Redux.

Saubermacher pursues the concept of ‘Zero Waste’ (ie. recycling with the aim to reduce total waste material to zero). Saubermacher helps avoid approximately 400,000 tons of CO₂ emissions each year. 282,000 tons of avoided CO₂ result from the production of 290,000 tons of refuse derived fuels.

Saubermacher and Redux invest heavily in research and development to produce new innovations in hazardous waste treatment and the recycling and reuse of batteries, particularly lithium batteries.

Awards received include TRIGOS Styria 2019 for CSR engagement, and Energy Globe Austria 2018/9 for research into reuse and recycling of battery systems in electro mobility.
Spinning Spur II Wind Farm
Oldham County, Texas
Renewable energy

Ranked #2 globally amongst on-shore wind power generation assets in the 2018 GRESB Infrastructure Asset Assessment.

About the asset
Spanning over 16,000 acres in the north panhandle of Texas, Spinning Spur II is a wind farm that generates 650,000 megawatt hours of renewable electricity each year. The wind farm utilizes 87 General Electric-designed 1.85 MW wind turbines. A fund managed by REPM acquired a 50% stake in the operational wind farm in July 2014 with management rights.

One of the first projects to use the Competitive Renewable Energy Zone (CREZ) transmission line in Texas, Spinning Spur II interconnects CREZ to the Electric Reliability Council of Texas (ERCOT) through a 40-mile transmission generation tie line.

The wind farm generates and delivers clean, renewable electricity while displacing about 460,000 metric tons of carbon emissions each year. The effect is equivalent to taking 98,000 passenger vehicles off the road every year. It produces enough energy to power approximately 55,000 Texas homes.

The wind farm was designed to maximize the efficiency of the conversion process, transforming harnessed wind power into usable electricity. The model of wind turbines used was selected for its suitability to the nature of the local wind resource, ensuring that electricity generation will remain strong through the long-term.
Walking the talk

UBS is firmly committed to being a leader in sustainable and impact investing and actively strives to understand, assess, weigh and address the concerns and expectations of the firm’s stakeholders.

Corporate

For a long time, UBS has been helping clients to invest along sustainable and responsible criteria. UBS manages its environmental program through a worldwide environmental management system in accordance with ISO 14001. It was the first bank to obtain that certification back in 1999. The certification covers the entire scope of UBS products, services and in-house operations which may give rise to an environmental impact. In September 2018, UBS successfully passed its ISO 14001 surveillance audit.

In 2019, for a fifth year running, UBS was named an industry leader in the diversified financials industry group of the Dow Jones Sustainability Index. UBS in Society is a cross-divisional umbrella initiative that covers all activities and capabilities in sustainable investing and philanthropy, as well as the firm’s community interaction.

Community Affairs is a program developed to positively impact the social and economic wellbeing of our local communities. We do this through building long-term education and entrepreneurship partnerships. By investing our time and resources, we bring tangible benefits to our communities and our business. Community Affairs is part of our broader UBS in Society program and we encourage and recognize the social volunteering activities of our employees.

Our Environmental and Social Risk Management Framework clearly demonstrates our approach to environmental and social risk and our strict standards with regard to such topics as climate change, deforestation, biodiversity and human rights. We aim to integrate societal and financial performance for the maximum and mutual benefit of our clients and our firm as well as to generate a long-term, sustainable and measurable positive impact on our local communities.

Our goal is to make sustainability the everyday standard throughout our firm.

Funds

Our responsible investment strategy is integrated into the management of our funds and is implemented by all operational functions during the entire ownership cycle of an underlying project, from its development or acquisition to the ongoing asset management, renovation, maintenance and marketing, through successful sale.

We:
- develop and integrate responsible investment strategies into fund strategies,
- set objectives in order to make achievements transparent and measurable,
- measure performance against objectives,
- report results to investors, clients and consultants.
In the 2019 UN PRI Assessment Report, REPM received the top score (A+) in Property and Infrastructure, for the third year running.

REPM is a member of GRESB, an independent organization committed to assessing the environmental, social and governance performance of real estate, infrastructure and debt portfolios. For more information regarding GRESB and REPM’s ongoing outstanding results, please consult pages 12-15 of this document.

Real estate and infrastructure assets
We measure the sustainability performance of our individual properties with recognized external benchmarks, such as the GRESB key performance indicators and third-party certifications (LEED, ENERGY STAR, Fitwel, BREEAM, IREM, MINERGIE®).

For infrastructure, we also use the GRESB Infrastructure key performance indicators and benchmark reports for our individual investee companies. Based on these results, we are able to define specific measures to enhance the performance of each property or infrastructure asset.

A holistic approach on sustainability also includes strategic and qualitative objectives. We improve the sustainability performance of our portfolios by implementing action plans and best practice measures.

We are active members of various committees and commissions to enhance our knowledge and contribute to the implementation of sustainability and governance initiatives. Regular and transparent communication and the emphasis on long-term partnerships help us build lasting relationships with our investors, tenants and service providers.

Fund-of-funds
GRESB scores are an important tool in assessing the sustainability performance of our underlying funds on an ongoing basis; while at the inception of an investment, our due diligence process incorporates ESG factors and policies.
LEED Gold Pioneer
Barcelona, Spain
Office complex

Cornerstone – the first office development in Barcelona to achieve LEED Gold status.

About the asset
Cornerstone Business Park is a leading office renovation of Project 22@Barcelona. Launched in 2000, Project 22@ converted the former industrial area of Poblenou into the city’s technological and innovation district.

Mobility
Showers and changing rooms, bicycle storage, preferred parking for electric vehicles with free charging, Metro, tram and bus services within 150 meters.

Energy / water
– European Energy Performance Certificate Level A, connected to the district energy system,
– Low-flow taps and waterless urinals,
– Lighting control system for the control of electronic ballasts, transformers, LEDs, emergency lights and exit signs in an easy to manage digital lighting control system,
– Intelligent building management system to control installations, and onsite renewable energy generation.

Workspace environment
Opening casement windows, humidity control, a direct outside view (more than 90% of workstations) and a private open plaza for communal use.

Urban environment
Reflective roofing to reduce the heat island effect, reduced light pollution, and landscaping to assist storm water drainage.

Materials / resources
Locally sourced materials (more than 30%), Forest Stewardship Council certified product (greater than 50%), dedicated recycling areas in each building, and low emitting materials.

UBS has obtained LEED certification for over 10 million sq ft of office space.
455 Market Street
San Francisco, California
Office building

Obtained Platinum certification under the new LEED-ARC Certification and Fitwel certified in 2019.

About the asset

What is Arc? Arc Skoru Inc. is a new digital platform that uses data to help measure and improve sustainability performance across the built environment. It is a technology company created by Green Business Certification Inc. (GBCI) and the US Green Building Council (USGBC) which helps buildings and places collect, manage and benchmark data.

The building also obtained Fitwel certification in 2019.

What is Fitwel? Fitwel is a certification system for optimizing buildings to support health and wellbeing. The certificate was developed by the Center for Disease Control and Prevention alongside the General Services Administration.

Fitwel seeks to accomplish seven goals:
- Impact community health,
- Reduce morbidity and absenteeism,
- Support social equity for vulnerable populations,
- Instill feelings of wellbeing,
- Provide healthy food options,
- Promote occupant safety,
- Increase physical activity.
Corporate dedication

Determined to deliver the transparency needed to support meaningful actions on responsible investment.
UBS responsible investing memberships

UBS Asset Management is committed to supporting the sustainable investing industry through commitments to organizations which educate and promote sustainable and impact investing. The list below includes some of our key memberships and commitments.

UBS key commitments:
- CDP: Included in the CDP A List for Climate Change Action in 2018,
- Global Reporting Initiative,
- Taskforce on Climate Related Financial Disclosure (TCFD),
- Global Impact Investing Network,
- Roundtable on Sustainable Palm Oil,
- United Nations Environmental Programme (UNEP) – Finance Initiative,
- Principles for Responsible Banking,
- IFC Operating Principles for Impact Management,
- CEO Alliance on Global Investors for Sustainable Development.

UBS Asset Management key commitments:
- Principles for Responsible Investment (PRI),
- UN Sustainable Development Goals,
- UN Global Compact,
- International Corporate Governance Network,
- Institutional Investors Group on Climate Change,
- Asian Corporate Governance Association,
- UK Investor Forum,
- UK Governance Forum,
- Sustainability Accounting Standards Board,
- GRESB,
- Swiss Sustainable Finance,
- EFAMMA Stewardship, Market Integrity and ESG Investment Standing Committee,
- National Association of Real Estate Investment Managers (NAREIM) – Sustainability and Investment Management,
- US Green Building Council (USGBC),
- Workforce Disclosure Initiative,
- Transition Pathway Initiative,
- Farm Animal Investment Risk & Return,
- Investor Statement of the Access to Medicine Index.

We continually review our membership of specific initiatives in relation to environmental, social and corporate governance factors.
20 of REPM’s real estate equity and infrastructure funds from across the globe – including all of our flagship products – participated in the 2019 GRESB assessments. The funds submitted this year accounted for 95% of REPM’s total assets under management. 100% of REPM’s real estate funds achieved a Green Star rating, and 15 real estate funds were awarded 5-star ratings reflecting upper quintile performance compared with the entire universe of participants. This continues our consistently strong and improving results over the past seven years.

Real estate assessment
Globally, 15 real estate funds achieved 5-star status, the highest recognition available. In particular:

- our German logistics fund retained its ‘Sector Leader’ status amongst its European and global industrial non-listed real estate peer groups,
- one of our open-end core diversified funds topped its Swiss Diversified Peer Group,
- our UK commercial property fund retained its top position for the third consecutive year amongst its 88-strong UK diversified peer group.

Infrastructure assessment
REPM’s two global infrastructure funds once again delivered strong results. The Saubermacher asset held by our first closed-end global infrastructure fund retained its ‘Overall Asset Sector Leader’ status in Environmental Services for the second consecutive year. Furthermore, Autovia del Camino S.A.U., an asset held by another closed-end global infrastructure fund, ranked first in its peer group.

"Our GRESB results, which include 15 5-star funds, are testament to our industry leading ESG policies, practices and performance and confirms our commitment to sustainably operate the real assets in our portfolio."

Joseph Azelby
Head of Real Estate & Private Markets

1 Of assets under management for all funds eligible to participate in the 2019 GRESB Assessments.
GRESB Assessments
GRESB assesses the sustainability performance of real asset sector portfolios and assets in public, private and direct sectors worldwide. It offers ESG data, Scorecards, Benchmark Reports and portfolio analysis tools.

In 2019, GRESB assessed 1,005 real estate funds and property companies, 107 infrastructure funds and 393 infrastructure assets.

In 2019, REPM submitted data for 20 real estate and infrastructure funds representing USD 62.6 billion\(^1\) of assets under management, all of which achieved either 5 or 4-star ratings.

The GRESB Real Estate Assessment collects information regarding the sustainability performance of property companies and funds, including information on performance data, such as energy, GHG emissions, water and waste. The assessment also covers broader sustainability issues such as resilience, climate change, sustainability risk assessments, performance improvement programs and engagement with employees, tenants, suppliers and the community. GRESB’s global benchmark uses a consistent methodology across different global regions, investment vehicles and property types.

The GRESB Infrastructure Assessment provides systematic assessment, objective scoring and peer benchmarking of the ESG performance of infrastructure companies, operators and funds. It provides two levels of assessment. The Fund Assessment contains 10 indicators focused on management and investment processes. The Asset Assessment addresses asset-level plans and policies, on-the-ground actions and operational performance.

\(^1\) Assets under management stated on gross asset value basis, reflecting property values as at 31 December 2019, where available. Excludes assets held in multi-manager solutions and real estate securities as well as segregated mandates. Includes assets managed by our joint venture with Mitsubishi Corporation, Japan.
### UBS-AM 2019 GRESB assessment results

<table>
<thead>
<tr>
<th>Fund description</th>
<th>Award</th>
<th>GRESB Rating (1-star = Lower quintile; 5-stars = Upper quintile)</th>
<th>Peer group leader (Ranked 1st in its peer group)/Sector Leader</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Real estate equity fund</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>US</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Open-end core US equity diversified</td>
<td>Green Star</td>
<td>5-stars</td>
<td></td>
</tr>
<tr>
<td>Open-end value add US tactical</td>
<td>Green Star</td>
<td>5-stars</td>
<td></td>
</tr>
<tr>
<td><strong>UK</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core UK commercial property</td>
<td>Green Star</td>
<td>5-stars</td>
<td>✔ 1st in group</td>
</tr>
<tr>
<td><strong>Switzerland</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core Swiss diversified I</td>
<td>Green Star</td>
<td>5-stars</td>
<td></td>
</tr>
<tr>
<td>Core Swiss diversified II</td>
<td>Green Star</td>
<td>5-stars</td>
<td>✔ 1st in group</td>
</tr>
<tr>
<td>Core Swiss diversified III</td>
<td>Green Star</td>
<td>5-stars</td>
<td></td>
</tr>
<tr>
<td>Core Swiss residential I</td>
<td>Green Star</td>
<td>5-stars</td>
<td></td>
</tr>
<tr>
<td>Core Swiss residential II</td>
<td>Green Star</td>
<td>5-stars</td>
<td>✔ 1st in group</td>
</tr>
<tr>
<td>Core Swiss residential III</td>
<td>Green Star</td>
<td>5-stars</td>
<td></td>
</tr>
<tr>
<td>Core Swiss retail I</td>
<td>Green Star</td>
<td>4-stars</td>
<td></td>
</tr>
<tr>
<td>Core Swiss retail II</td>
<td>Green Star</td>
<td>4-stars</td>
<td></td>
</tr>
<tr>
<td><strong>Germany</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core European office and retail</td>
<td>Green Star</td>
<td>5-stars</td>
<td></td>
</tr>
<tr>
<td>Core European office</td>
<td>Green Star</td>
<td>5-stars</td>
<td></td>
</tr>
<tr>
<td>Core German logistics</td>
<td>Green Star</td>
<td>5-stars</td>
<td>✔ Sector Leader</td>
</tr>
<tr>
<td><strong>Italy</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Closed-ended core eurozone office fund</td>
<td>Green Star</td>
<td>5-stars</td>
<td></td>
</tr>
<tr>
<td><strong>Japan</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core Japanese industrial and infrastructure</td>
<td>Green Star</td>
<td>4-stars</td>
<td></td>
</tr>
<tr>
<td>Core Japanese retail</td>
<td>Green Star</td>
<td>4-stars</td>
<td></td>
</tr>
<tr>
<td>Core Japanese office</td>
<td>Green Star</td>
<td>5-stars</td>
<td></td>
</tr>
<tr>
<td><strong>Infrastructure equity funds</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infrastructure equity funds</td>
<td>n/a</td>
<td>4-stars</td>
<td>Overall Asset Sector Leader in Environmental Services (Saubermacher)</td>
</tr>
<tr>
<td>Global infrastructure fund II</td>
<td>n/a</td>
<td>5-stars</td>
<td>✔ 1st in group (Autovia del Camino S.A.U.)</td>
</tr>
</tbody>
</table>

Source: GRESB Benchmark Reports and UBS Asset Management, Real Estate & Private Markets (REPM). Note: UBS-AM has historically submitted data for two real estate debt funds (in the UK and US) to GRESB’s Real Estate Debt Assessment, which has been discontinued in 2019. 1 Entities with absolute scores higher than 50 on both GRESB’s ‘Management & Policy’ and ‘Implementation & Measurement’ dimensions are rated a ‘Green Star’. 2 Infrastructure Assessment does not award a Green Star rating.
Longstanding performance

93 funds rated
Green Star since 2012

41 funds rated
5-star since 2016

<table>
<thead>
<tr>
<th>Year</th>
<th>Total funds submitted</th>
<th>Average GRESB score</th>
<th>5-stars</th>
<th>4-stars</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>9</td>
<td>46</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>2013</td>
<td>12</td>
<td>61</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>2014</td>
<td>12</td>
<td>71</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>2015</td>
<td>13</td>
<td>74</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>2016</td>
<td>16</td>
<td>71</td>
<td>9</td>
<td>6</td>
</tr>
<tr>
<td>2017</td>
<td>22</td>
<td>75</td>
<td>10</td>
<td>3</td>
</tr>
<tr>
<td>2018</td>
<td>21</td>
<td>78</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>2019</td>
<td>20</td>
<td>85</td>
<td>15</td>
<td>5</td>
</tr>
</tbody>
</table>

Absolute improved performance year after year

Source: Scores based on 2012-2019 GRESB Assessment data.

1 Denotes average GRESB score for both Real Estate and Infrastructure Assessments, the latter introduced in 2016.
Teamwork
A holistic approach

REPM Sustainability Workgroup
The REPM Sustainability Workgroup was established in 2010 to develop a responsible investment policy and identify and implement industry-leading strategies. The workgroup sets strategies and objectives at a global level and ensures our sustainability objectives are incorporated into all of our fund's investment strategies and property operations, with appropriate variation by country due to different certification and legislative requirements.

The workgroup seeks to maximize best practice sharing globally as some technologies and policies which begin in one country are then adapted by other countries. In addition, the workgroup measures the progress of the businesses and reports regularly to the REPM Management Committee.
The workgroup comprises professionals from several countries and disciplines including engineering and construction, operations, research, asset management, fund management as well as business management, and has regional representation from the following countries: United Kingdom, Switzerland, Germany, Singapore, Japan and the United States. Representatives from both direct and indirect investment into real estate, infrastructure and private equity sit on the workgroup.

The result of this team approach is consistently excellent PRI and GRESB scores in all global regions over a number of years.

(1) Investment decisions (acquisition and disposition)
- incorporate environmental, climate change, resilience and social risks into the evaluation criteria when making investment decisions at both an asset level and fund level,
- identify responsible investment strategies for fund-of-fund investments and consider these in the investment decision-making process,
- integrate responsible investment strategies, but not at the expense of long-term client financial performance.

(2) Development / refurbishment
(Engineering/construction and development)
- incorporate responsible investment, climate change and resilience strategies into the design and financial analysis of all new developments, property renovations and infrastructure projects,
- evaluate obtaining certifications applicable for each property type and location to expedite approval process and maximize occupancy, rental rate, tenant quality, occupier wellbeing and value,
- engage with planners, developers and other external project partners and consultants to achieve objectives,
- implement energy saving devices/upgrades or improve operations of inefficient equipment.

(3) Operations / maintenance (asset management)
- define and implement best practice measures to improve energy efficiency, water conservation and waste management to promote sustainable practices, reduce operating expenses and increase asset values,
- evaluate green building certifications applicable for each investment type and location to enhance the investment’s competitive position, maximize occupancy, rental rate, tenant quality, occupier wellbeing and value,
- monitor changes in regulations and laws in order to adopt and implement responsible investment strategies,
- collaborate with tenants, property managers and suppliers of services and materials to achieve objectives,
- measure energy consumption and monitor energy performance,
- ensure infrastructure assets have in place and are in compliance with all environmental and operational permits,

Working together to help our clients invest along sustainable and responsible criteria, is our competitive advantage.
Pleyad Campus
Paris, France
Office complex

A future-proof prime business campus, reflecting sustainable development in the world’s largest infrastructure project.

About the asset
– Construction of the Pleyad 4.1 project was completed in 4Q19
– The property forms part of the Pleyad Campus, which consists of the assets Pleyad 1, 2, 3, as well as Pleyad 6/7, with an additional 35,000 to 39,000 sqm allowed for future construction
– Pleyad 4.1 is a prime business center with flexible office space, including integrated meeting rooms, a restaurant and brasserie
– The entire campus (Pleyad 1-7) is registered for Ecojardin
– Additionally registered for BREEAM Excellent certification and NF HQE EXCEPTIONNEL, BiodiverCity

Energy efficiency
– Onsite solar/photovoltaic panels generate part of the energy consumed by the building
– Property adheres to Réglementation Thermique – RT2012 (with the aim of surpassing the threshold by 40%)
– European Energy Performance Certificate Level A

Materials / resources
– French labeling A+ for inside materials (HQE and BREEAM)
– PEFEC or FSC required for all wooden materials
– Agreement for low impact construction signed by the general contractor
– Minimum of 75% (by mass) earmarked for waste recovery

Mobility
– Campus provides unique micro location and a major new transport hub, with excellent local public transport facilities following the opening of new train station, Pleyel
– Campus forms part of the huge infrastructure project associated with the Paris 2024 Olympics

Health / wellbeing
– Biodiversity facilities promote outdoor activities
– Zero use of herbicides and any phytosanitary product in this garden for three years post completion
– 75% of the flora in Pleyad 4.1 reflect local species
– Every floor provides a terrace
– Vast number of amenities provided, including fitness facilities and locker rooms

Source: Architekten ECDM / Bléas et Leroy / L’Autre Image
Springfield Outlet Centre, Spalding, United Kingdom
Shopping outlet

Pilot initiative seeks to assess and improve the social value of our real estate assets

About the asset

While environmental considerations have started to become mainstream in assessing real estate and infrastructure, the ‘S’ in ESG has been traditionally harder to measure. We recognize that property assets – offices, shopping centers, industrial estates – benefit local communities even though it may not be obvious at first sight.

To assess and seek to improve the social value of our property assets, we recently commenced a pilot within our core UK real estate fund. We commissioned a third-party, the Social Value Portal, who use an independent measurement framework, to collect data and generate the social, economic and environmental value of a property.

We worked with tenants and our property and facilities management teams onsite to understand and measure things like local employment levels, traineeships, jobs for young offenders, community events held at the property and volunteering.

The first assessment started in early 2019 with Springfields Outlet Centre, a leading retail and leisure destination in the east of England, and has since been extended to office and industrial assets, with student accommodation to follow.

Further properties in Europe will also be piloted, with the aim of having a social value across the UK portfolio as well as for other properties held by REPM globally.

The social value produced reflects the property’s value to the community as well as the financial return to investors, and is used to measure our contribution to the United Nations’ Sustainability Development Goals (SDGs), 17 global goals set in 2015 aiming to achieve ‘a better and more sustainable future for all’ and which includes goals covering poverty, inequality and climate change, amongst others. Springfields’ social value – GBP 4.3 million – was mapped to multiple SDGs, most notably to the 8th and 9th SDGs for ‘Decent work and economic growth’ and ‘Industry, innovation and infrastructure’, respectively.
Let's tackle it!
A clear goal towards delivering sustainable and ultimately, better-performing assets for our investors.

<table>
<thead>
<tr>
<th>Real estate targets (rolling 5 years)(^1)</th>
<th>Progress against our targets(^2) (5-year period)</th>
<th>Current achievement (5-year period)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reduce by</strong></td>
<td>Electricity to power</td>
<td></td>
</tr>
<tr>
<td>12.5% energy consumption</td>
<td>15,500+ Houses</td>
<td>13.2% reduced</td>
</tr>
<tr>
<td><strong>Reduce by</strong></td>
<td>Water to fill</td>
<td></td>
</tr>
<tr>
<td>10% water consumption</td>
<td>552 Olympic swimming pools</td>
<td>14.0% reduced</td>
</tr>
<tr>
<td><strong>Reduce by</strong></td>
<td>Operating costs</td>
<td></td>
</tr>
<tr>
<td>10% operating costs</td>
<td>USD 27.9m electricity and water cost savings(^3)</td>
<td>16.4% reduced</td>
</tr>
<tr>
<td><strong>Reduce by</strong></td>
<td>Greenhouse gas emission</td>
<td></td>
</tr>
<tr>
<td>12.5% greenhouse gas emission</td>
<td>24,800+ cars taken off the road</td>
<td>19.4% reduced</td>
</tr>
<tr>
<td><strong>Increase to</strong></td>
<td>Recycling rate</td>
<td></td>
</tr>
<tr>
<td>50% recycling rate</td>
<td>146,900+ tons of waste diverted(^4)</td>
<td>49.0% diverted (^4)</td>
</tr>
</tbody>
</table>

1 Science based targets utilizing the absolute-based approach, in alignment with the Paris Agreement
2 Based on UBS-AM 2019 Global Real Estate Assessment Report, Like-for-like Change data
3 Based on average estimated electricity cost of USD 131.9 per megawatt and average water cost of USD 2.8 per cubic meter
4 Recycling rate based on measurable data as at 2018
Photovoltaic project in Switzerland

Renewable energy

Fostering solar energy on the roofs of our managed buildings for the benefit of our tenants and investors.

About the project
We have partnered with the «Energie Zukunft Schweiz» association. Increasingly, we want to cover the electricity needs of our real estate portfolio via renewable energies. The photovoltaic project is targeting to install more than 100 power-generating systems across our Swiss portfolio with an output of around 15 MWp by 2022, enough to supply around 400 homes.

This ambitious project was launched in 2017 with the construction of three photovoltaic systems. This pilot stage aimed to demonstrate that these systems are not only technically feasible but also economically attractive, and our experience led to a decision in Summer 2018 for a large-scale roll-out throughout our Swiss portfolio. Since then, more than 120 potential projects have been identified. Installation is progressing well, with around 40 systems expected to be operating by the end of 2020.

Each individual project aims to offer solar power to tenants at attractive terms, while also creating added value for our investors. Recent projects show that there is a high demand for locally-produced solar power, especially among commercial tenants, demonstrating that these systems can also increase the attractiveness of a property for tenants.
At the forefront of sustainability innovation, UBS fund pioneers first Green Bond issue in Japan’s REIT (J-REIT) market.

In a first for the Japanese J-REIT market, in 2018 our real estate joint venture with Mitsubishi Corporation in Japan issued a highly innovative Green Bond.

Green bonds are a type of fixed income instrument specifically designed to raise finance for climate or environmental projects, including alternative energy, energy efficiency, pollution control, sustainable water, green building and climate adaption.

The Japan Retail Fund Investment Corporation (JRF) issued the five-year bond of JPY 8 billion in 2018 at a lower coupon rate of 0.210%, reflecting a green premium. Following the success of the first Green Bond, JRF issued a second Green Bond in 2019.

The first bond was issued to refinance bank loans originally used to acquire a green building certified asset, the G-Bldg. Kichijoji 02, an urban retail property in Tokyo.

The second bond was used primarily to invest in green initiatives across the portfolio, including at the flagship asset, mozo wonder city (JRF’s first asset to be green building certified), where we are taking action to improve the shopping mall’s environmental performance as well as to support the local community from a social perspective.
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