

UBS Euro Core

Annual Report 2019

UBS (Lux) Real Estate – Euro Core Feeder Fund (CHF) (in liquidation)



Contents

	Page
Senior Portfolio Manager’s Report	4
Audited Financial Statements	7
Notes to the Audited Financial Statements	17
Contact Details	20

Senior Portfolio Manager's Report

Mark Gifford

Fund update

UBS (Lux) Real Estate – Euro Core Feeder Fund (CHF) (in liquidation), (the CHF Fund) is a Luxembourg SICAV – SIF. The Fund was incorporated as an open-ended investment company incorporated under the laws of Jersey on 3 October 2005 authorized to issue an unlimited number of shares denominated in Swiss Francs. In December 2008, the CHF Fund was re-domiciled from Jersey to Luxembourg and changed its legal status to a SICAV regulated by the Luxembourg law of 13 February 2007 on specialised investment funds (SIF). As a result of this, the CHF Fund was required to have new articles of association and a prospectus which complies with Luxembourg law; both of these have been approved by the Luxembourg regulator, the CSSF.

The CHF Fund is a feeder vehicle and has been formed solely to provide institutional investors with the opportunity to invest, through a Swiss Franc denominated feeder structure, in the Euro Zone sub fund of UBS (Lux) Real Estate – Euro Core Fund (in liquidation) (the Master Fund).

On 13 May 2015, the CHF Fund held both its Annual General Meeting (AGM) and an Extraordinary General Meeting (EGM) during which it was agreed that the CHF Fund will enter into liquidation on 30 June 2015, due to the liquidation of the Master Fund.

The CHF Fund invests in units in the Master Fund and, as appropriate, liquid assets and derivatives for the purpose of hedging a significant portion of its foreign currency exposure. As at 31 December 2019, approximately 75% of assets were invested in the Master Fund (31 December 2018: 75%), with the majority of the balance being cash.

CHF Fund performance¹

The CHF Fund had a positive return for 4Q19 of 6.90% comprising a capital return of 6.90% and an income return of 0.00%. No distributions have been made this quarter due to the CHF Fund being in liquidation; hence the income return is 0.00%. The positive return has been driven by the hardening of cap rates on the properties held by the Master Fund, as evidenced by the level of offers received during the sales process.

As at 31 December 2019, the CHF Fund had total net assets of CHF 11.3 million (31 December 2018: CHF 17.2 million). As at 31 December 2019, the CHF Fund had hedged 75% of its EUR foreign currency exposure.

Master Fund performance

The performance of the Master Fund can be found in the table on page 6. Further analysis of the performance of the Master Fund can be found in the separate report attached to this CHF Fund report.

On 31 March 2015, the Master Fund entered into liquidation following the expiry of the notice of termination issued to Unitholders on 19 December 2014. This was as a result of the redemption queue reaching circa 53% of the Fund's NAV, with indications that further redemptions were to follow. Post-year end the Master Fund sold its remaining assets. Full liquidation of the Master Fund is now expected to take six months to complete. Liquidation accounting policies have been implemented, including the revaluation of the Master Fund's remaining assets to a liquidation price at year end and the accrual of sales costs.

Fund activity

No further subscriptions or redemptions were made by the CHF Fund during 2019. As detailed above, following the AGM and EGM held on 13 May 2015, it was agreed that the CHF Fund would enter into liquidation on 30 June 2015. Appropriate liquidation provisions have been made and no distributions have been possible. Following the start of liquidation, the redemption queue has ceased to exist and all payments made to Unitholders are in the form of liquidation proceeds. A fourth payment of liquidation proceeds for CHF 6.5 million was made on 19 September 2019, with the corresponding shares cancelled.

Total expense ratio (TER)

The TER for the CHF Fund on a stand-alone basis is 0.96% of NAV for 2019 (2018: 0.36%). This has been calculated according to INREV guidelines. On a look-through basis the TER for the CHF Fund (including the impact of the TER of the Master Fund) is 2.58% of NAV for 2019 (2018: 1.41%).

Senior Portfolio Manager's Report (continued)

As at 31 December 2019

UBS (Lux) Real Estate – Euro Core Feeder Fund (CHF) (in liquidation) (the CHF Fund)	NAV price as at 31 Dec 2019 CHF per share	NAV price as at 31 Dec 2018 CHF per share	Total return on 4Q19 %	Total return on year to 31 Dec 2019 %
Class A – accumulation shares	8.0978	7.6493	6.90	5.86
Class B – distribution shares	5.7917	5.4710	6.90 ¹	5.86 ¹
	Distribution for 4Q19 CHF per share	Distribution for 2018 CHF per share	Income return on 4Q19%	Income return on year to 31 Dec 2019 %
Class B – distribution shares	0.0000	0.0000	0.00 ²	0.00 ²

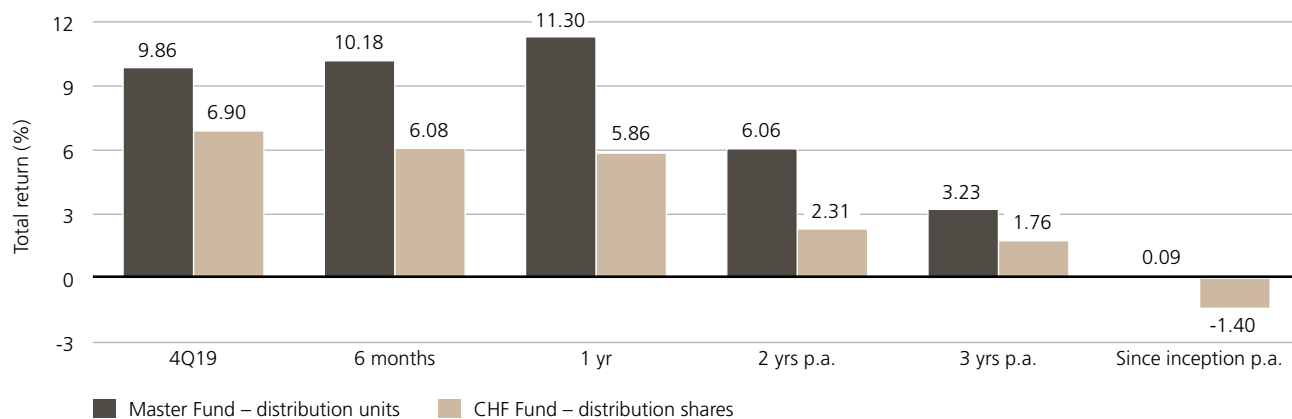
UBS (Lux) Real Estate – Euro Core Fund – Euro Zone (in liquidation) (the Master Fund)	NAV price as at 31 Dec 2019 EUR per unit	NAV price as at 31 Dec 2018 EUR per unit	Total return on 4Q19 %	Total return on year to 31 Dec 2019 %
Class A – distribution units	6.797	6.107	9.86 ¹	11.30
Class B – accumulation units	10.132	9.103	9.87	11.30
	Distribution for 4Q19 EUR per unit	Distribution for 2018 EUR per unit	Income return on 4Q19%	Income return on year to 31 Dec 2019 %
Class A – distribution units	0.000	0.000	0.00 ²	0.00 ²

Note: Past performance is not a guide to future returns.

¹ Calculated on the basis that distributions are immediately re-invested into the Funds without deductions.

² Included in the total return disclosed above for Class A – distribution units.

Total return for the CHF Fund compared with the Master Fund



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

Past performance is not a guide to future returns.

UBS (Lux) Real Estate –
Euro Core Feeder Fund (CHF)
Société Anonyme SICAV-SIF (in liquidation)

Audited Financial Statements
For the year ended 31 December 2019

Audited Financial Statements

For the year ended 31 December 2019

UBS (Lux) Real Estate – Euro Core Feeder Fund (CHF) (in liquidation)

Contents	Page
Management and Administration of the Fund.....	9
Audit Report.....	10
Audited Statement of Net Assets	13
Audited Statement of Operations	14
Audited Statement of Changes in Net Assets.....	15
Audited Statement of Changes in Shares in Issue	16
Statistical Information	16
Audited Statement of Investments	16
Notes to the Audited Financial Statements	17
Contact Details	20

Management and Administration of the Fund

For the year ended 31 December 2019

UBS (Lux) Real Estate – Euro Core Feeder Fund (CHF) (in liquidation)

Investment Manager

UBS Asset Management (UK) Ltd
5 Broadgate
London, EC2M 2QS
United Kingdom

Custodian and Administration Agent

Brown Brothers Harriman (Luxembourg) S.C.A.
80, route d'Esch
1470 Luxembourg
Luxembourg

Auditor

PricewaterhouseCoopers Société coopérative
2, rue Gerhard Mercator
B.P. 1443
1014 Luxembourg
Luxembourg

Legal Advisors

Hogan Lovells (Luxembourg) LLP
52, boulevard Marcel Cahen
1311 Luxembourg
Luxembourg

Directors

Mark Gifford
André Spahni
Amaury Zinga-Botao
Claude Stoltz
Gabriele Merz



Audit report

To the Liquidator of
UBS (Lux) Real Estate - Euro Core Feeder Fund (CHF) (in liquidation)

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of UBS (Lux) Real Estate - Euro Core Feeder Fund (CHF) (in liquidation) (the “Fund”) as at 31 December 2019, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

What we have audited

The Fund’s financial statements comprise:

- the statement of net assets as at 31 December 2019;
 - the statement of operations for the year then ended;
 - the statement of changes in net assets for the year then ended;
 - the statement of changes in shares in issue for the year then ended;
 - the statement of investments as at 31 December 2019; and
 - the notes to the financial statements, which include a summary of significant accounting policies.
-

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Emphasis of Matter

We draw attention to Note 2 to these financial statements, which indicates that the Fund has prepared its financial statements using liquidation basis of accounting. These financial statements have therefore been prepared using a non-going concern basis of accounting. Our opinion is not modified in respect of this matter.

*PricewaterhouseCoopers, Société coopérative, 2 rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg
T : +352 494848 1, F : +352 494848 2900, www.pwc.lu*

*Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477 - TVA LU25482518*



Other information

The Liquidator is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Liquidator for the financial statements

The Liquidator is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Liquidator determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Liquidator is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Liquidator either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;



- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Liquidator;
- conclude on the appropriateness of the Liquidator's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 19 March 2020

Electronically signed by:
Alessio Chiesa

A handwritten signature in blue ink, appearing to be 'A. Chiesa', written over a faint grid.

Alessio Chiesa

Audited Statement of Net Assets

As at 31 December 2019

UBS (Lux) Real Estate – Euro Core Feeder Fund (CHF) (in liquidation)

	Notes	As at 31 Dec 2019 CHF '000	As at 31 Dec 2018 CHF '000
Assets			
Non current assets			
Investment		8,501	12,936
Current assets			
Cash and cash equivalents		2,782	4,349
Unrealized gain on forward foreign exchange contracts	5	24	–
Total assets		11,307	17,285
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	3	44	96
Unrealized loss on forward foreign exchange contracts	5	–	36
Total liabilities		44	132
Total net assets		11,263	17,153
Shareholders' equity			
Called up share capital	4	44,674	51,174
Loss brought forward		(34,021)	(33,952)
Profit/(loss) for the year		610	(69)
Total shareholders' equity		11,263	17,153
Shares in issue:			
Class A shares – accumulation shares		1,116,347	1,799,746
Net asset per value per share		CHF 8.0978	CHF 7.6493
Class B shares – distribution shares		383,976	619,037
Net asset per value per share		CHF 5.7917	CHF 5.4710

The accompanying notes on pages 17 to 19 form an integral part of these Audited Financial Statements.

Audited Statement of Operations

For the year ended 31 December 2019

UBS (Lux) Real Estate – Euro Core Feeder Fund (CHF) (in liquidation)

	Notes	Year end 31 Dec 2019 CHF '000	Year end 31 Dec 2018 CHF '000
Expenses			
Professional fees		6	7
Interest expenses		52	66
General administrative expenses		83	13
Total expenses		141	86
Net operating (loss)			
Net unrealized gain/(loss) on investment in the Master Fund		501	(552)
Net unrealized gain/(loss) on forward foreign exchange contract		60	(25)
Net realized gain on forward foreign exchange contract		194	585
Net unrealized gain/(loss) on foreign exchange		(5)	7
Net realized gain/(loss) on foreign exchange		1	2
Total realized and unrealized gain for the year		751	17
Net profit/(loss) for the year		610	(69)

The accompanying notes on pages 17 to 19 form an integral part of these Audited Financial Statements.

Audited Statement of Changes in Net Assets

For the year ended 31 December 2019

UBS (Lux) Real Estate – Euro Core Feeder Fund (CHF) (in liquidation)

	Year end 31 Dec 2019 CHF '000	Year end 31 Dec 2018 CHF '000
Net assets at beginning of the year	17,153	28,222
Net decrease in net assets resulting from operations		
Net operating (loss) for the year	(141)	(86)
Total realized and unrealized profit for the year	751	17
Total increase/(decrease) in net assets resulting from operations	610	(69)
Net decrease in net assets resulting from capital transactions		
Advance in liquidation proceeds		
Class A shares – accumulation shares	(5,217)	(8,828)
Class B shares – distribution shares	(1,283)	(2,172)
Total decrease in net assets resulting from capital transactions	(6,500)	(11,000)
Net assets at the end of the year	11,263	17,153

The accompanying notes on pages 17 to 19 form an integral part of these Audited Financial Statements.

Audited Statement of Changes in Shares in Issue

For the year ended 31 December 2019

UBS (Lux) Real Estate – Euro Core Feeder Fund (CHF) (in liquidation)

	Number of shares at the beginning of the year	Number of shares subscribed during the year	Number of shares redeemed during the year	Total number of shares at the end of the year
Class A shares – accumulation shares	1,799,746	–	(683,399)	1,116,347
Class B shares – distribution shares	619,037	–	(235,061)	383,976
Total	2,418,783	–	(918,460)	1,500,323

Statistical Information

For the year ended 31 December 2019

	Total net asset value at the end of the year CHF '000	Total shares in issue	Net asset value per share at the end of the year CHF	Distribution payable per share at the end of the year CHF
Class A shares – accumulation shares	9,039	1,116,347	8.0978	n/a
Class B shares – distribution shares	2,224	383,976	5.7917	0.0000
Total	11,263	1,500,323		

Audited Statement of Investments

For the year ended 31 December 2019

	As at 31 Dec 2019 CHF '000	As at 31 Dec 2018 CHF '000
Cost of investment	59,676	64,612
Net unrealized loss on investment	(51,175)	(51,676)
Total	8,501	12,936
% of NAV of the CHF Fund	75%	75%

The investment is in the Euro Zone Sub Fund of UBS (Lux) Real Estate – Euro Core Fund (in liquidation) which invests in real estate investments in the euro currency zone.

In between 1 January 2019 and 31 December 2019, one liquidation advance on liquidation proceeds took place, which was affected by the redemption of shares. The Fund anticipates receiving the remaining liquidation proceeds during 2020.

The accompanying notes on pages 17 to 19 form an integral part of these Audited Financial Statements.

Notes to the Audited Financial Statements

For the year ended 31 December 2019

UBS (Lux) Real Estate – Euro Core Feeder Fund (CHF) (in liquidation)

1. Organization

The UBS Lux Real Estate - Euro Core Feeder Fund (CHF) SICAV-SIF (in liquidation) (the CHF Fund or the Fund) is an open-ended investment company incorporated in Luxembourg. The CHF Fund is a feeder vehicle and has been formed solely to provide institutional investors with the opportunity to invest in the Euro Zone Sub Fund of UBS (Lux) Real Estate – Euro Core Fund – Euro Zone (in liquidation) (the Master Fund), an open-ended funds common de placement under the laws of the Grand Duchy of Luxembourg.

The CHF Fund was a result of the conversion of the UBS (Jersey) Real Estate-Euro Core Feeder Fund (CHF) which was domiciled in Jersey and formed in October 2005. Following the shareholder resolution of 1 December 2008 and 16 December 2008, the CHF Fund resolved to transfer its registered office to the Grand Duchy of Luxembourg and, as consequence, to submit itself to Luxembourg law without the interruption of its legal personality. It became a «société anonyme» qualifying as a «société d'investissement à capital variable – fonds d'investissement spécialisé». The Fund is established for an unlimited duration.

On 31 March 2015, the Euro Zone Sub Fund of UBS (Lux) Real Estate – Euro Core Fund (in liquidation) entered into voluntary liquidation proceedings. As the purpose of the UBS (Lux) Real Estate – Euro Core Feeder Fund (CHF) (in liquidation) is to invest in the Euro Zone Sub Fund of UBS (Lux) Real Estate – Euro Core Fund (in liquidation), on 13 May 2015 an extraordinary general meeting was held in front of a notary in Luxembourg to put the CHF Fund into liquidation with the effective date of 30 June 2015.

2. Summary of significant accounting principles

The CHF Fund's Audited Financial Statements have been prepared on liquidation basis of accounting, in accordance with Luxembourg generally accepted accounting principles applicable to investment funds.

The preparation of the Audited Financial Statements, in accordance with the generally accepted accounting principles as described above, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the Audited Financial Statements and reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

The significant accounting principles applied by the CHF Fund are as follows:

2.1 Investment

The investment in the Master Fund is shown at an amount which represents the share of the net asset value of the Luxembourg Fund attributable to the CHF Fund.

2.2 Accounts receivable

Accounts receivable are stated at nominal values.

2.3 Cash and cash equivalents

Cash includes cash on hand and cash with banks.

2.4 Formation expenses

Formation expenses comprise the costs incurred in the initial set-up of the CHF Fund. Formation costs were amortized on a straight-line basis over a five-year period from the date of inception of the CHF Fund and the amortization was charged through to the Audited Statement of Operations, before the liquidation of the Fund.

2.5 Taxation

The CHF Fund has exempt company status in Luxembourg and pays an annual subscription tax amounting to 0.01% per annum based on the net asset value (excluding the investment into the Master Fund) at the end of each quarter.

2.6 Provisions and expense accruals

A provision is recognized when the CHF Fund has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

As the Fund has entered into liquidation, additional provisions and accruals have been recognized.

2.7 Shareholder distributions

Distributable cash flow (subject to any legal restrictions on distributions and subject to any deduction of such amounts as may be required to fund the redemption of shares) will be allocated quarterly pro-rata to the net asset value of each share class.

Notes to the Audited Financial Statements (continued)

For the year ended 31 December 2019 UBS (Lux) Real Estate – Euro Core Feeder Fund (CHF) (in liquidation)

Distribution shares:

Allocations of distributable income to shares which shall receive distributions in respect of their pro-rata share of distributable income will be fully distributed quarterly.

Accumulation shares:

Quarterly allocations of distributable income to shares which shall accumulate their pro-rata share of distributable income will be retained and accumulated in the portfolio of the CHF Fund.

2.8 Revenue recognition – investment income

Investment income is recognized when it is due.

2.9 Expense recognition

Expenses are accounted for on an accrual basis. Expenses are charged to the Audited Statement of Operations except for those incurred in the acquisition of an investment. These are capitalized as part of the cost of the investment. Expenses arising on the disposal of investments are deducted from the disposal proceeds.

2.10 Subsequent events

Post-year end events that provide additional information and evidence of the CHF Fund's position at the balance sheet date are reflected in the Audited Financial Statements. Post-year end events that are not adjusting events are disclosed in the notes when significant.

2.11 Contingencies

Contingencies are not recognized in the Audited Financial Statements. They are disclosed unless the possibility and outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the Audited Financial Statements but disclosed when an inflow of economic benefits is probable.

2.12 Foreign currency translation

The annual accounts of the Fund are presented in CHF.

Formation expenses expressed in currencies other than CHF are translated into CHF at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at historic exchange rates.

Other assets and liabilities, including investments, are translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the Audited Statement of Operations of the year.

Distributions are recorded at a fixed exchange rate in order to avoid foreign currency translation differences.

2.13 Forward foreign exchange contracts

Forward foreign exchange contracts are valued at the forward exchange rate applicable at the year-end date for the remaining period until maturity. Gains or losses resulting from forward foreign exchange contracts are recognized in the Audited Statement of Operations and Audited Statement of Changes in Net Assets. Realized profits or losses are recognized on the maturity of a contract or when a contract is matched against another contract with an identical currency exposure and maturity date.

2.14 Redemption

Redemption proceeds from the Master Fund are based on the latest NAV. The redemption costs are based on the average cost of the relevant share class since inception.

3. Accounts payable and accrued expenses

	As at 31 Dec 2019 CHF '000	As at 31 Dec 2018 CHF '000
Management fees	8	39
Professional fees	36	57
Total accounts payable and accrued expenses	44	96

The accrued professional fees include accruals for the expenses expected to be incurred during the liquidation period. On 31 March 2019 additional liquidation accruals for professional fees were booked in amount CHF 66,000 due to a one-year extension of the initial four-year timeline for liquidation.

During the year from 1 January 2019 to 31 December 2019 the Fund received invoices for management fees covering the period from 1 July 2015 to 30 June 2019 in amount of CHF 31,000 and invoices for professional fees in total amount of CHF 80,000. As accruals had previously been made for these fees, they were reversed accordingly.

4. Called up share capital

The share capital of the CHF Fund shall be represented by shares with no par value and shall at any time be equal to the total net asset values per share as defined in Article 22 of the Fund's articles of incorporation.

The share capital of the CHF Fund is divided into Accumulation Shares and Distribution Shares, of which there are an unlimited number with no par value. Participations in the CHF Fund are divided into two classes of shares: Class A shares (Accumulation shares) are required to retain their proportion of net realized distributable income within the CHF Fund. Class B shares (Distribution shares) are entitled to quarterly distributions of net realized distributable income. Application for shares made after 30 September 2007 shall be for "C" Accumulation shares and "D" Distribution Shares. "A" Accumulation and "B" Distribution Shares shall not be available for issue after this date. At 31 December 2019 there were two classes of shares in issue with no par value: the class A (Accumulation shares) and class B (Distribution Shares) (2018: two classes of shares in issue).

Shares represent a shareholder's proportionate undivided interest in the CHF Fund and, accordingly, an undivided share of all the assets held by or on behalf of the CHF Fund and any income arising there from. No share shall have preference or priority over another. Each share confers the right to participate pro-rata in the net asset value of each share class in any distributions by the CHF Fund and, in the event of termination of the CHF Fund, in the net assets remaining after satisfaction of all liabilities, based on the allocation attributable to each share class.

The following table shows the called up share capital as at 31 December 2019:

	As at 31 Dec 2019 CHF '000	As at 31 Dec 2018 CHF '000
Class A shares (accumulation shares)	31,581	36,798
Class B shares (distribution shares)	13,093	14,376
Total called up share capital	44,674	51,174

5. Forward foreign exchange contracts

The CHF Fund purchases forward foreign exchange contracts to reduce exposure to foreign exchange rates, hedging between 70% and 100% of its exposure, as reasonably practicable.

The fair values of the forward foreign exchange contracts held at the balance sheet date are as follows:

	Currency bought	Amount bought (CHF)	Currency sold	Amount sold (EUR)	Maturity date	Unrealized gain/ (loss) in CHF
31 December 2019	CHF	5,130,647	EUR	4,700,000	13-Mar-20	24,843
31 December 2018	CHF	8,635,974	EUR	7,700,000	14-Mar-19	(35,539)

6. Events after the date of the Audited Statement of Net Assets

There have been no subsequent events after the balance sheet date.

Contact Details

Portfolio management

Senior Portfolio Manager
Mark Gifford
Tel. +44-20-7901 5343
mark.gifford@ubs.com

Assistant Portfolio Manager
Fraser Hare
Tel. +44-20-7901 5170
fraser.hare@ubs.com

UBS Asset Management, Real Estate & Private Markets – Business Development

Switzerland
Nicki-Marco Weber
Tel. +41-44-234 59 75
nicki-marco.weber@ubs.com

UBS Asset Management (UK) Ltd is a subsidiary of UBS AG. Registered in England.

UBS Asset Management (UK) Ltd and UBS Asset Management Funds Ltd are authorised and regulated by the Financial Conduct Authority. UBS Asset Management Life Ltd is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Telephone calls may be recorded.

© UBS 2020. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved. Source for all data and charts (unless otherwise stated): UBS Asset Management.

This document is for Professional Clients only. It is not to be distributed to or relied upon by Retail Clients under any circumstances. This material supports the presentation(s) given. It is not intended to be read in isolation and may not provide a full explanation of all the topics that were presented and discussed. Care has been taken to ensure the accuracy of the content, but no responsibility is accepted for any errors or omissions. **Please note that past performance is not a guide to the future.** The value of investments and the income from them may go down as well as up, and investors may not get back the original amount invested. This document is a marketing communication. Any market or investment views expressed are not intended to be investment research. The document has not been prepared in line with the FCA requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. The information contained in this document should not be considered a recommendation to purchase or sell any particular security and the opinions expressed are those of UBS Asset Management and are subject to change without notice. Furthermore, there can be no assurance that any trends described in this document will continue or that forecasts will occur because economic and market conditions change frequently. This document does not create any legal or contractual obligation with UBS Asset Management. The recipient agrees that this information shall remain strictly confidential where it relates to the Investment Manager's business. The prior consent of UBS Asset Management (UK) Ltd should be obtained prior to the disclosure of commercially sensitive information to a third party (excluding the professional advisors of the recipient). Information reasonably deemed to be commercially sensitive and obtained from UBS Asset Management (UK) Ltd should not be disclosed. This information is supplied with a reasonable expectation that it will not be made public. If you receive a request under the Freedom of Information Act 2000 for information obtained from UBS Asset Management (UK) Ltd we ask that you consult with us. We also request that any information obtained from UBS Asset Management (UK) Ltd in your possession is destroyed as soon as it is no longer required.

The Fund is intended only for Swiss qualified investors pursuant to Art 10 para. 3 et sqq. of the Collective Investment Schemes Act (CISA) and is not allowed to be distributed to the retail public (i.e. non-qualified investors). Information for Swiss Investors: This Fund has been set up under the laws of the Grand-Duchy of Luxembourg. Representative in Switzerland: UBS Fund Management (Switzerland) AG, Aeschenplatz 6, CH-4052 Basel. Paying Agent in Switzerland: UBS Switzerland AG, Bahnhofstrasse 45, CH-8001 Zurich. The relevant fund documents to this Fund: Articles of Incorporation/Prospectus and the annual reports and semi-annual reports are available free of charge from the Representative in Switzerland. Before any investment, please read the latest Articles of Incorporation and Prospectus. The information herein is not intended to be construed as a solicitation or an offer to invest in the Fund. **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 and redeeming. If the currency of the Fund 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 AG without any guarantee or warranty and are for the recipient's personal use and information purposes only. This document and its contents have not been reviewed by any regulatory authority in Switzerland. All information as at 31 December 2019 unless stated otherwise.

Published 26 March 2020. Approved for Switzerland.

UBS Asset Management (UK) Ltd
5 Broadgate
London, EC2M 2QS

Tel. +44-20-7567 8000

www.ubs.com/realestate

