

28 September 2018

# News Release

## **UBS Direct Residential: Capital increase with subscription rights**

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

### **From 18 to 26 October 2018 UBS Switzerland AG will carry out a capital increase with subscription rights for UBS (CH) Property Fund – Direct Residential**

Zurich/Basel, 28 September 2018 – UBS Direct Residential is continuously carrying out acquisitions and commissioning construction projects. The activities of the last few months underline the steady growth of the portfolio that further improve its quality and diversification. Acquisitions and construction projects in excellent locations in the regions of Zurich, Aargau, Berne and Solothurn have enabled the portfolio volume to grow by approximately CHF 94 million. UBS Direct Residential has proven its successful investment concept as a diversified Swiss real estate fund with direct property holdings. The fund predominantly invests in residential buildings in German-speaking Switzerland, concentrating for the most part on large cities and selected agglomerations.

#### **The advantages of UBS Direct Residential**

- A consistently high-yielding Swiss real estate fund with an attractive average five-year stock market performance of 4.1% p.a. (30 August 2013 to 31 August 2018).
- Broadly diversified residential portfolio in selected agglomerations, comprising 63 properties and a volume of around CHF 600 million.
- Attractive distribution yield of 2.5% (31 August 2018) and stable distribution amount of CHF 0.40 per unit.
- At 4.9%, the investment return (based on the net asset value) developed positively again in 2017/2018, 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 18 and 26 October 2018, finishing at 12 noon. Official subscription rights trading will take place on the SIX Swiss Exchange from 18 to 24 October 2018.

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 2018 plus accrued income up to the payment date and the issuing commission. 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 18 October 2018 (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 2018. The payment date for the new units will be the 2 November 2018.

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 22 August 2018 in a media release, on the website of Real Estate Switzerland and in advertisements 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:	43 453 824
Subscription ratio (new : existing units):	1 : 5
Number of existing units:	33 189 683
Number of new units (maximum):	6 637 937
Subscription price:	CHF 14.10
Stock exchange price 14 September 2018:	CHF 14.95
Theoretical market price following distribution:	CHF 14.55
Theoretical value of subscription right following distribution:	CHF 0.07
Theoretical opening price per unit on 1 <sup>st</sup> day of subscription period:	CHF 14.48
Issue volume:	around CHF 94 million

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

### Acquisition residential property, Jakob-Stämpfli-Strasse, Biel



- Investment volume approx. CHF 7 million
- Entry scheduled for 3<sup>rd</sup> quarter 2017

**Acquisition residential property, Neubergstrasse/Triumphweg, Bad Zurzach**

- Investment volume approx. CHF 8 million
- Entry scheduled for 4<sup>th</sup> quarter 2017

**New construction residential property, «Holenbaumacker», Egerkingen**

- Investment volume approx. CHF 15 million
- Start of construction 1<sup>st</sup> quarter 2018

**New construction residential property, «Zentrum», Oftringen**

- Investment volume approx. CHF 15 million
- Entry scheduled for 1<sup>st</sup> quarter 2019

### **Mixed-use property replacement, «Zentrumweg», Niederhasli**



- Investment volume approx. CHF 32 million
- Start of construction planned for 2<sup>nd</sup> quarter 2019

### **Residential property replacement, Ankengasse/Stationstrasse, Wetzikon**



- Investment volume approx. CHF 17 million
- Start of construction planned for 4<sup>th</sup> quarter 2019

The remaining proceeds from the capital increase will primarily be used to acquire additional properties, 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 2018 plus accrued income up to the payment date and the issuing commission.

#### **Further information**

Swiss UBS Real Estate Funds: [www.ubs.com/realestate-switzerland](http://www.ubs.com/realestate-switzerland)

**Distributions**

Based on the accounts for the accounting year ending 30 June 2018, the fund management company has defined the following distributions for the UBS real estate funds listed below:

**Ex-date 2 October 2018 – payable on 4 October 2018**

Securities no.	Fund	Distribution (gross) in CHF	35% withholding tax	Distribution (net) in CHF
2 646 536	UBS (CH) Property Fund – Direct Residential	0.40	No withholding tax	0.40
19 294 039	UBS (CH) Property Fund – Direct Urban	0.25	No withholding tax	0.25

As a result, the distributions of both funds remain on a par with the previous year's level.

**Net asset values**

The following net asset values result from the annual financial statements as of 30 June 2018:

Securities no.	Fund	Net asset value as at 30.06.18 in CHF (before distribution)	Net asset value as at 30.06.17 in CHF (before distribution)
2 646 536	UBS (CH) Property Fund – Direct Residential	13.67	13.43
19 294 039	UBS (CH) Property Fund – Direct Urban	11.39	11.32

The funds will be traded based on their new asset values on SIX Swiss Exchange for the first time on 1 October 2018. The usual market price correction, roughly equivalent to the distribution, is expected from 2 October 2018 (ex-date) onwards.

The net asset value and distribution will be published from 28 September 2018 after the close of trading in "Finanz & Wirtschaft", "L'Agéfi" and the "Liechtensteiner Volksblatt" as well as on [www.swissfunddata.ch](http://www.swissfunddata.ch).

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