



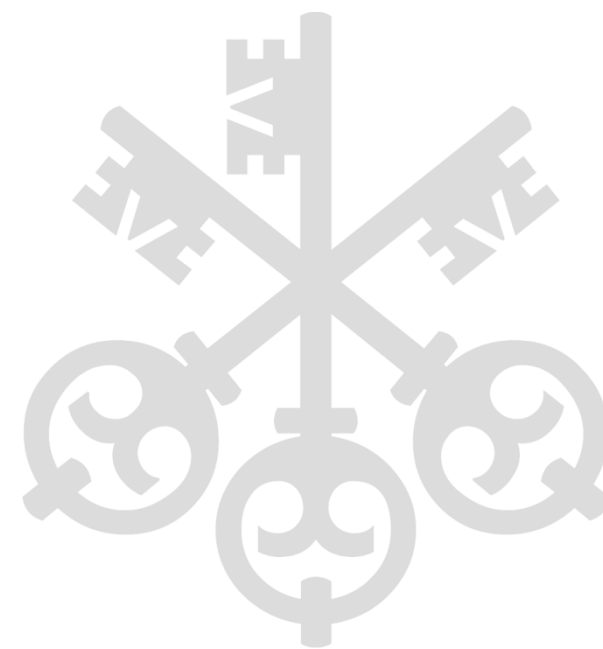
Public
For marketing purposes

UBS Direct Urban

Capital increase and year-end results 2019 / 2020

UBS Direct Residential

Year-end results 2019 / 2020



September 2020

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Section 1

UBS Direct Urban

Capital increase and year-end results 2019/20

UBS Direct Urban

Why UBS Direct Urban?

Product

- A sustainable high-yielding Swiss real estate fund
 - Direct investments in urban centers throughout Switzerland
 - Tax advantages for investors based in Switzerland
 - Attractive stock market performance as well as return on NAV and distribution
-

Portfolio

- Broadly diversified portfolio of residential buildings and commercial properties
 - Geographical concentration on selected agglomeration regions of primary and secondary centers as well as development areas
 - Growth through acquisitions of construction projects, existing properties and portfolios
 - Consistent implementation of the UBS sustainability strategy
-

Management

- Your partner for responsible real estate management since more than 75 years
- Reliable, imaginative, passionate
- Fund and competence teams with many years of experience
- Responsible real estate management through appreciation and value creation

UBS Direct Urban

Invest in the urban future today!

Overview capital increase

- **Listed Swiss real estate fund with direct investments**
 - 19 properties
 - The fund predominantly invests in residential buildings and commercial real estate in urban centers throughout Switzerland.
 - Portfolio volume of around CHF 487 million
- **Capital increase of approx. CHF 86 million**
 - Subscription price CHF 11.95*
 - Subscription period from 22 to 30 October 2020, payment date 6 November 2020
 - The aim of the capital increase is to obtain additional funds for the purchase of real estate, the financing of renovations and construction projects, and the repatriation of debt financing.
 - Acquisitions and construction projects in good locations in the regions of St. Gallen, Basel, Zurich and Locarno



St. Gallen (SG)



Basel (BS)



Zurich (ZH)



Locarno (TI)



Zurich-Wiedikon (ZH)

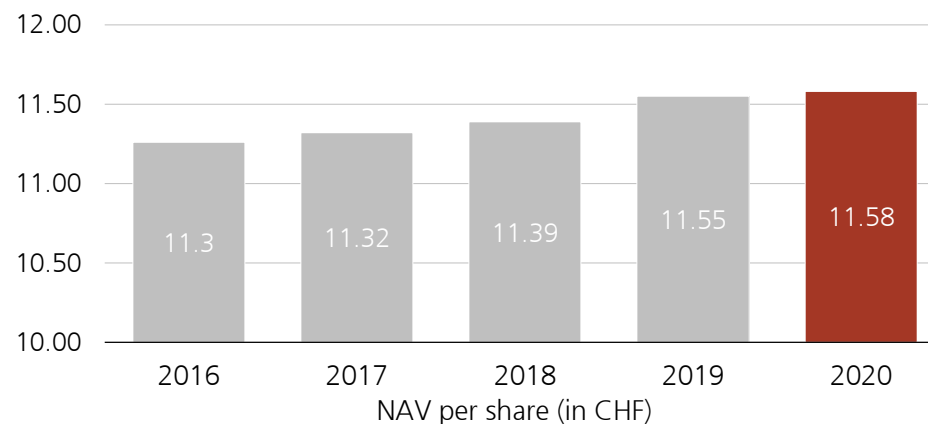
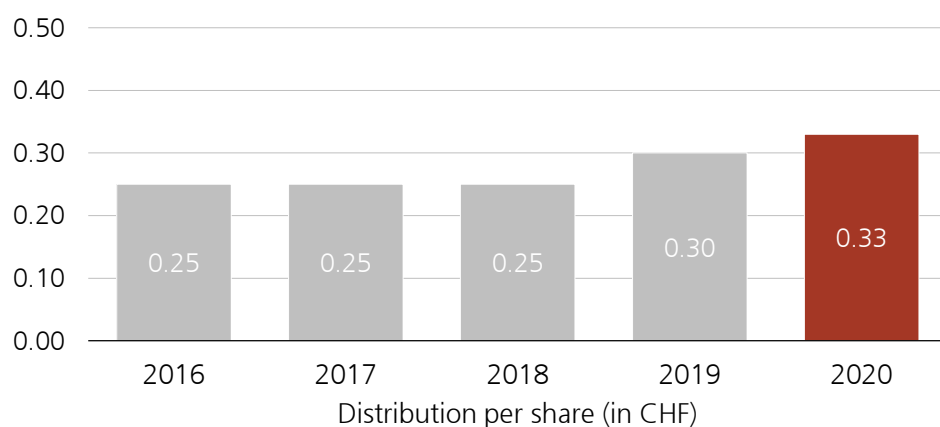
* The issue of new units is based on the net asset value, independent of the market price, (following distribution) as per financial year end as of 30 June 2020 plus accrued income up to the payment date, the issuing commission, as well as the incidental costs accruing to the fund assets

UBS Direct Urban

Key data as of fiscal year 2019/2020

- 10% increase in distribution to CHF 0.33 per share
- Increase in net asset value per share of 0.3% reaching CHF 11.58

	30.06.2020	30.06.2019	30.06.2018
Performance	14.2%	-1.1%	-10.5%
Total return on NAV	3.0%	3.7%	2.9%
Dividend yield	2.6%	2.6%	2.1%
Premium / discount	9.6%	-1.3%	3.6%
Vacancy rate¹	6.6%	8.2%	10.3%
Leverage ratio	29.7%	20.1%	17.2%



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

¹ Incl. granted rent waivers (COVID-19); without this effect, the reported vacancy rate would amount to 6.0% (instead of 6.6%) for the financial year

UBS Direct Urban

Key facts as of fiscal year 2019/2020

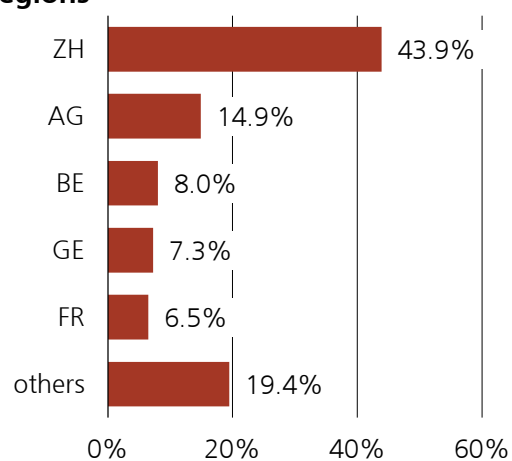
Key Facts

- Listed Swiss real estate fund, launched in November 2012
- Real estate fund with a direct investment strategy in residential, mixed-use and commercial properties across Switzerland
- Regional focus on agglomerations of primary and secondary centers and on urban development areas
- Focus on sustainable growth by always taking economic, ecological and social aspects into account in acquisitions, new buildings and renovations

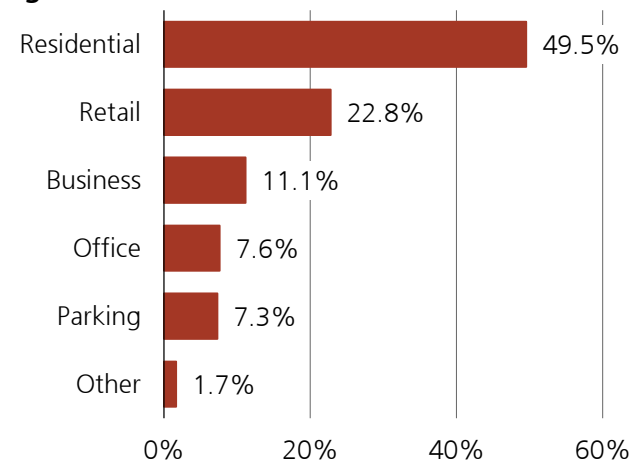
Key Figures

Net asset value	CHF 333.6 M
Market value	CHF 487.4 M
Rental income	CHF 15.7 M
Vacancy rate ¹	6.6%
Leverage ratio	29.7%
Total return on NAV	3.0%
Performance	14.2%
Number of properties	19

Regions



Usage



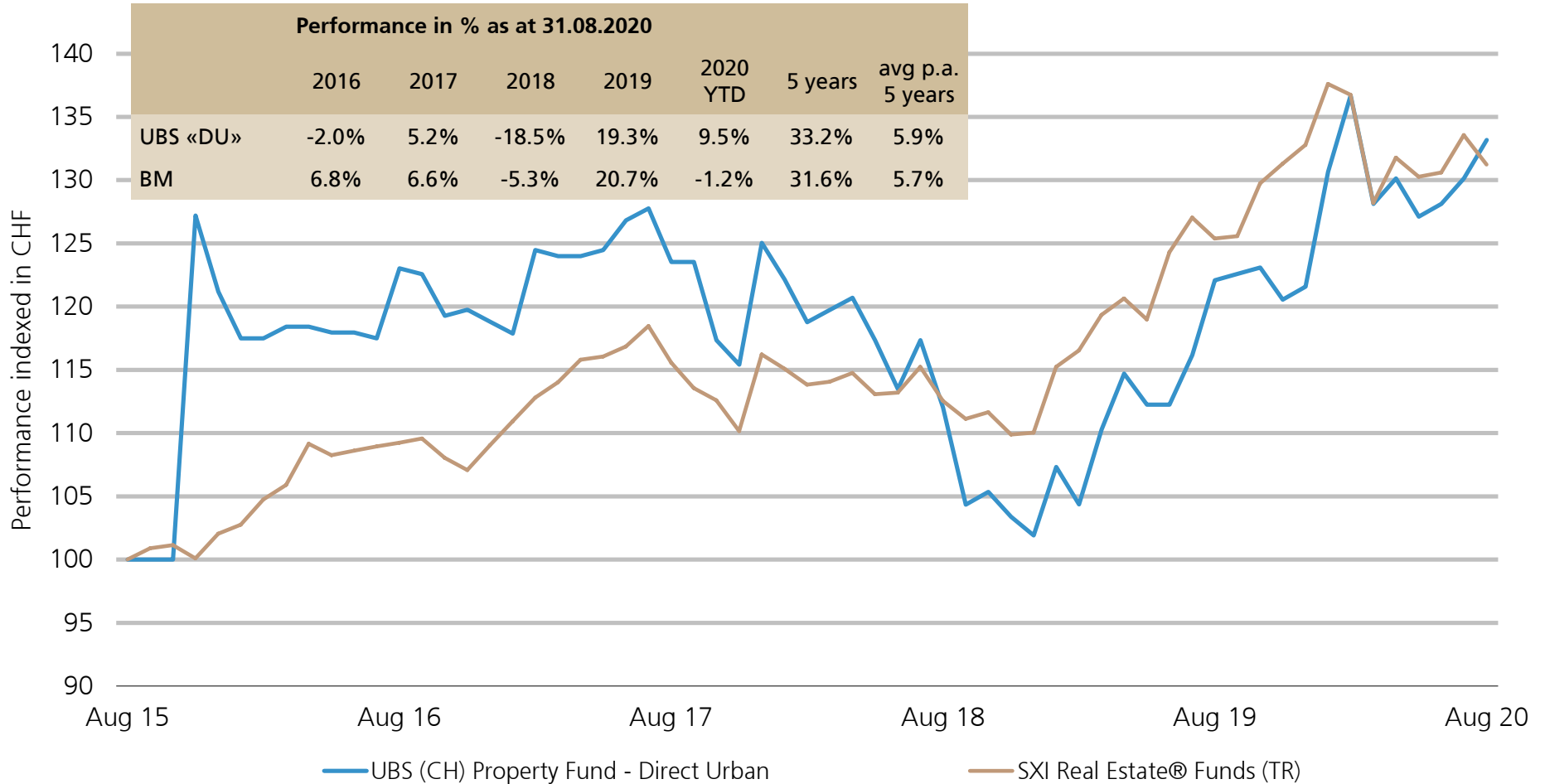
Source: UBS Asset Management, Real Estate & Private Markets (REPM); Data as at 30 June 2020

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.

¹ Incl. granted rent waivers (COVID-19); without this effect, the reported vacancy rate would amount to 6.0% (instead of 6.6%) for the financial year

UBS Direct Urban

Benchmark comparison



Source: UBS Asset Management/Datastream, as at end of August 2020

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.

At a glance

UBS Direct Urban fiscal year 2019/20



+10%

increase in distribution to **CHF 0.33**



3.0%

solid total return on NAV



+15%

portfolio growth to **CHF 487 M**



-20%

decrease in vacancy rate to 6.6% (incl. granted rent waivers (COVID-19))



21%

of buildings equipped with sustainable solar power



5 Green Stars

in the GRESB sustainability benchmarking and **1st Switzerland diversified (2019)**

Data as at 30 June 2020

Sustainability

UBS Direct Urban – highlights of the fiscal year 2019/2020



Highest GRESB ranking
of 5 stars*
Ranked first: Switzerland Diversified



21% of our properties are equipped
with solar power. Others are already
being implemented.



Roughly 80% of our properties are
certified or hold an energy certificate.



Around 50% of our properties obtain
their energy from renewable sources

Further information on the topic of sustainability at RE-CH can be found in
the annual report at www.ubs.com/realestate-switzerland

«We are already positioning
ourselves as a sustainable
fund.»

Stephan Pellegrini

Fund Manager
UBS Direct Urban



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

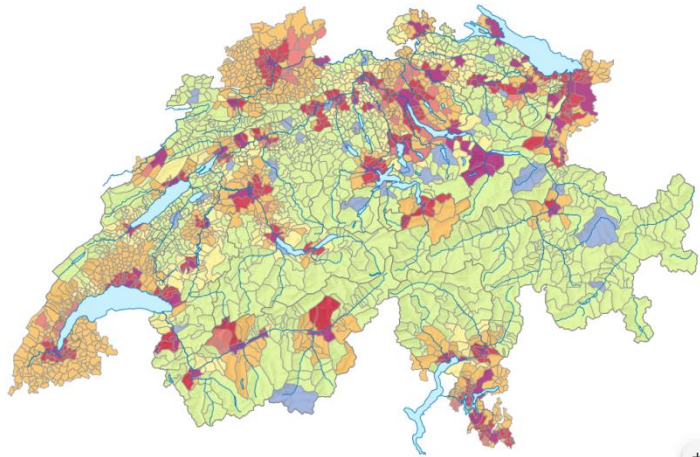
*The results of this year's evaluation by GRESB have been delayed due to COVID-19 and will be published after the publication of the UBS Direct Urban annual report.

Focus on growth regions and quality of location

Measurable through three indicators

Concentrated in urban areas

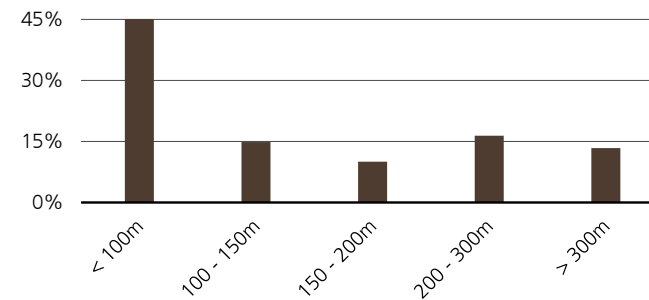
- 88% of UBS Direct Urban's properties are located in urban locations (municipalities of agglomerations according to the classification of the federal statistical office)



	Current allocation UBS Direct Urban
Core agglomeration municipality (city core)	36%
Core agglomeration municipality (main center)	27%
Core agglomeration municipality (secondary core)	20%
Peripheral agglomeration municipality	5%
Multi-orientated municipality	4%
Core municipality outside of agglomerations	-
Rural municipality without urban characteristics	8%

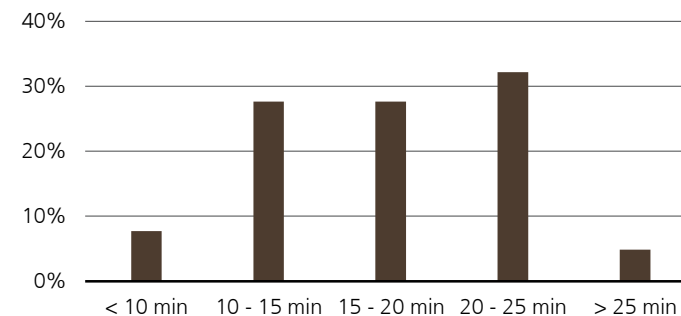
Optimal access with public transportation

- For 87% of all UBS Direct Urban properties, the nearest public transport stop is less than 300 meters from the property



Short travel time to urban centers with private transportation

- For 95% of all UBS Direct Urban properties the nearest agglomeration core is less than 25 minutes away



Note: All proportions shown are market value-weighted measurements
 Source: Bundesamt für Raumentwicklung, Bundesamt für Statistik, UBS Asset Management, Real Estate & Private Markets (REPM)

UBS Direct Urban

Current highlight from the portfolio

Zürich-Wiedikon (ZH), Leonhard-Ragaz-Weg / Goldbrunnenstrasse

- Residential project within an attractive location in the popular residential area of Zürich-Wiedikon (Kreis 3)
- 61 apartments with a occupant-oriented mix of 2½ to 4½ room and 30 underground parking spaces
- Focus on sustainability: PV system and brine water heat pump, electrical connection, pre-certified SGNi Gold
- Living with service: Service app, parcel boxes
- Investment volume approx. CHF 57m
- Completion planned in winter 2020
- Gross return: approx. 3.5% – 4.0%



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

UBS Direct Urban

Objectives of the capital increase

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



- Acquisition mixed-use property, Multergasse, St. Gallen
 - Desired location in the center of St. Gallen; long-term commercial lease agreement
 - Investment volume approx. CHF 12 million
 - Handover 4th quarter 2019



- Acquisition mixed-use property, Leonhardsberg, Basel
 - Located in the old town of Basel; fully rented
 - Investment volume approx. CHF 8 million
 - Handover 2nd quarter 2020



- Acquisition commercial property, Freiestrasse, Zurich
 - Located in residential zone; optimal traffic access; long-term lease with single tenant (school)
 - Investment volume approx. CHF 15 million.
 - Handover 2nd quarter 2020

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

UBS Direct Urban

Objectives of the capital increase



- New construction residential property, Via Romerio «Residenza Morettina», Locarno
 - In the immediate vicinity of the old town; excellent microposition
 - Investment volume approx. CHF 12 million
 - Completion 2nd quarter 2020



- Redevelopment residential property, Leonhard-Ragaz-Weg/Goldbrunnenstrasse, Zurich-Wiedikon
 - Residential construction project in a sought-after residential location and a focus on sustainability (SGNI Gold pre-certified)
 - Investment volume approx. CHF 57 million
 - Completion planned for 4th quarter 2020

The remaining proceeds from the capital increase will be used to acquire additional properties, finance refurbishments and development projects and to repay debt.

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

UBS Direct Urban

Conditions October 2020

- Ex-date distribution : 6 October 2020
- Ex-date subscription rights : 22 October 2020
- Subscription period: 22 to 30 October 2020, 12.00 h
- Subscription rights to be officially traded on SIX Swiss Exchange: 22 to 28 October 2020
- Payment date: 6 November 2020
- Subscription price = net asset value on June 30, 2020 (net of distribution) + accrued income + issuing commission + incidental costs (accruing to the fund assets)

Issue terms UBS (CH) Property Fund – Direct Urban

Securities no. unit	19 294 039
Securities no. subscription rights	56 748 188
Subscription ratio (new : existing units)	1 : 4
Number of new units (maximum)	7 199 070 (on commission basis, 'best effort')
Subscription price of new units	CHF 11.95
Current stock exchange price (14 September 2020)	CHF 13.65
Distribution 6 October 2020	CHF 0.33
Theoretical value of one subscription right after distribution	CHF 0.27

- The new units will be retroactively entitled to distributions for the whole accounting year from 1 July 2020

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

UBS Direct Urban

Why participate in the capital increase?

- Participation in the capital provides further access to high-quality Swiss properties.
- Clear investment guidelines and professional management ensure that new capital is invested carefully.
- UBS Direct Urban continuously makes acquisitions and launches construction projects. The activities of the last few months underline the steady growth of the portfolio and further improve its quality and diversification.
- UBS Direct Urban focuses on sustainable growth by always taking economic, environmental and social aspects into account in acquisitions, new buildings and renovations.
- The issue of new shares is based on the net asset value (following distribution) , independent of the market price, as per financial year end as of 30 June 2020 plus accrued income up to the payment date and the issuing commission as well as the incidental costs accruing to the fund assets.

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

UBS Direct Urban

Why UBS real estate funds?

- Real estate funds offer additional diversification in a portfolio.
- UBS Real Estate Funds target regular, sustainable income distributions (focus on income-oriented investors) and value maintenance (income generation via core real estate investments).
- Attractive distribution yield (UBS Direct Urban: 2.6% as at 30 June 2020). At present, it significantly exceeds the current yield on CHF bonds.
- Compared to real estate stock companies, real estate funds provide additional security (e.g. guaranteed redemption of units at their net asset value) thanks to the Collective Investment Schemes Act.

Return disclosure as per end of June 2020

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 Direct Urban

Why UBS real estate funds?

- Range of five clearly positioned products:
 - Residential and commercial properties across Switzerland: UBS «Sima»
 - Residential properties in the German-speaking area of Switzerland: UBS «Anfos»
 - Residential properties in the French-speaking area of Switzerland: UBS «Foncipars»
 - Commercial properties across Switzerland: UBS «Swissreal»
 - Directly owned residential properties across Switzerland: UBS Direct Residential
 - Directly owned residential and commercial properties in urban regions of Switzerland: UBS Direct Urban
- Clear structure enables composition of personal real estate funds mix.
- The large fund assets and small denominations ensure good market tradability.
- All properties are valued by independent experts using a recognized modern valuation method (DCF).

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

Section 2

UBS Direct Residential

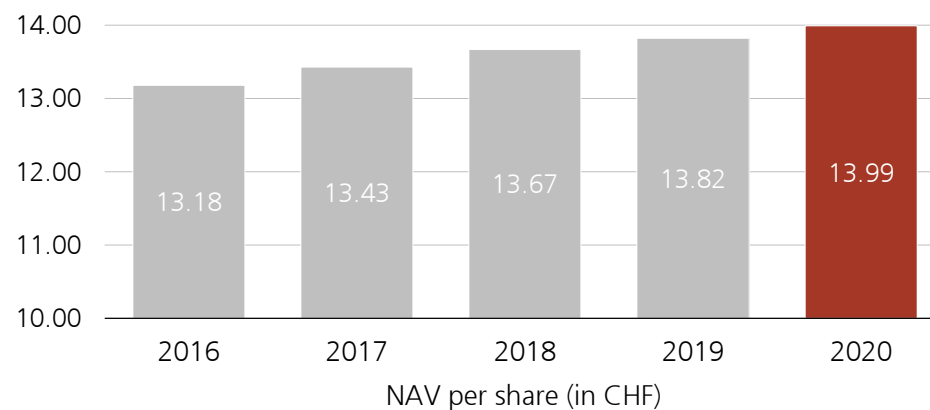
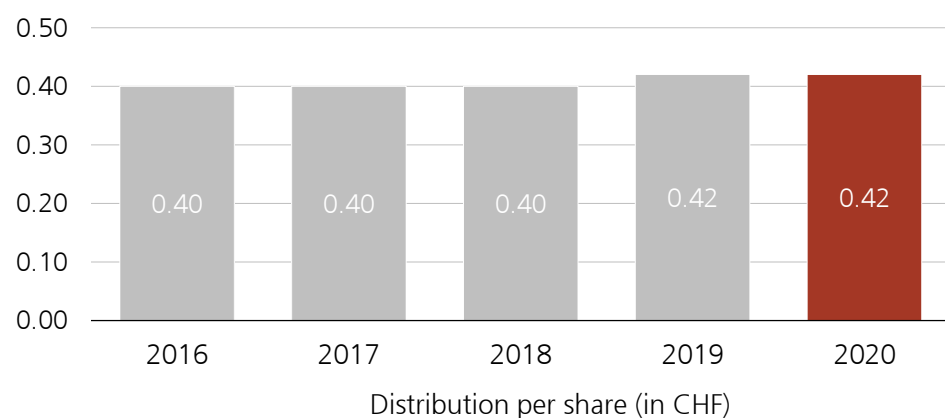
Year-end results 2019 / 2020

UBS Direct Residential

Key data as of fiscal year 2019/2020

- Stable distribution of CHF 0.42 per share
- Increase in net asset value per share of 1.2% to CHF 13.99

	30.06.2020	30.06.2019	30.06.2018
Performance	5.3%	-1.6%	-13.6%
Total return on NAV	4.4%	4.1%	4.9%
Dividend yield	2.7%	2.8%	2.5%
Premium / discount	11.9%	10.3%	16.6%
Vacancy rate¹	5.8%	7.6%	7.8%
Leverage ratio	21.1%	19.3%	20.7%



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

¹ Incl. granted rent waivers (COVID-19); without this effect, the reported vacancy rate would amount to 5.4% (instead of 5.8%) for the financial year

UBS Direct Residential

Key facts as of fiscal year 2019/2020

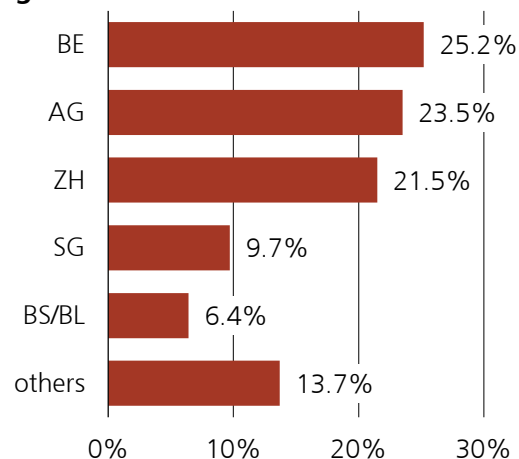
Key Facts

- Listed Swiss real estate fund, launched in November 2006
- Real estate fund with direct investments primarily in residential property
- Regional focus on selected agglomerations across Switzerland
- Internal growth through value appreciation potential from renovations and redensification
- Focus on sustainable growth by always taking economic, ecological and social aspects into account in acquisitions, new buildings and renovations

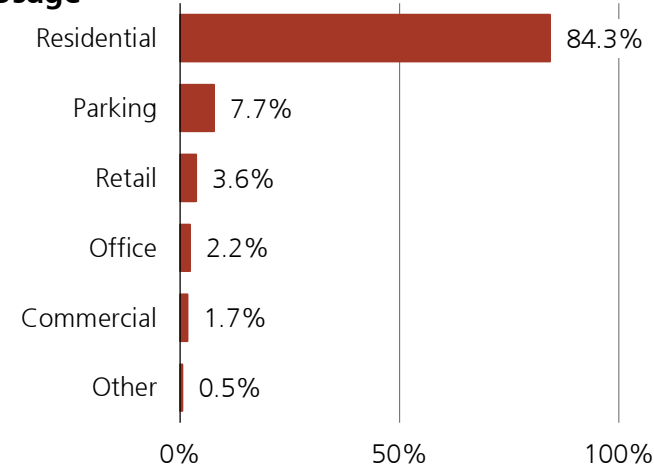
Key Figures

Net asset value	CHF 557.2 M
Market value	CHF 733.2 M
Rental income	CHF 32.8 M
Vacancy rate ¹	5.8%
Leverage ratio	21.1%
Total return on NAV	4.4%
Performance	5.3%
Number of properties	74

Regions



Usage



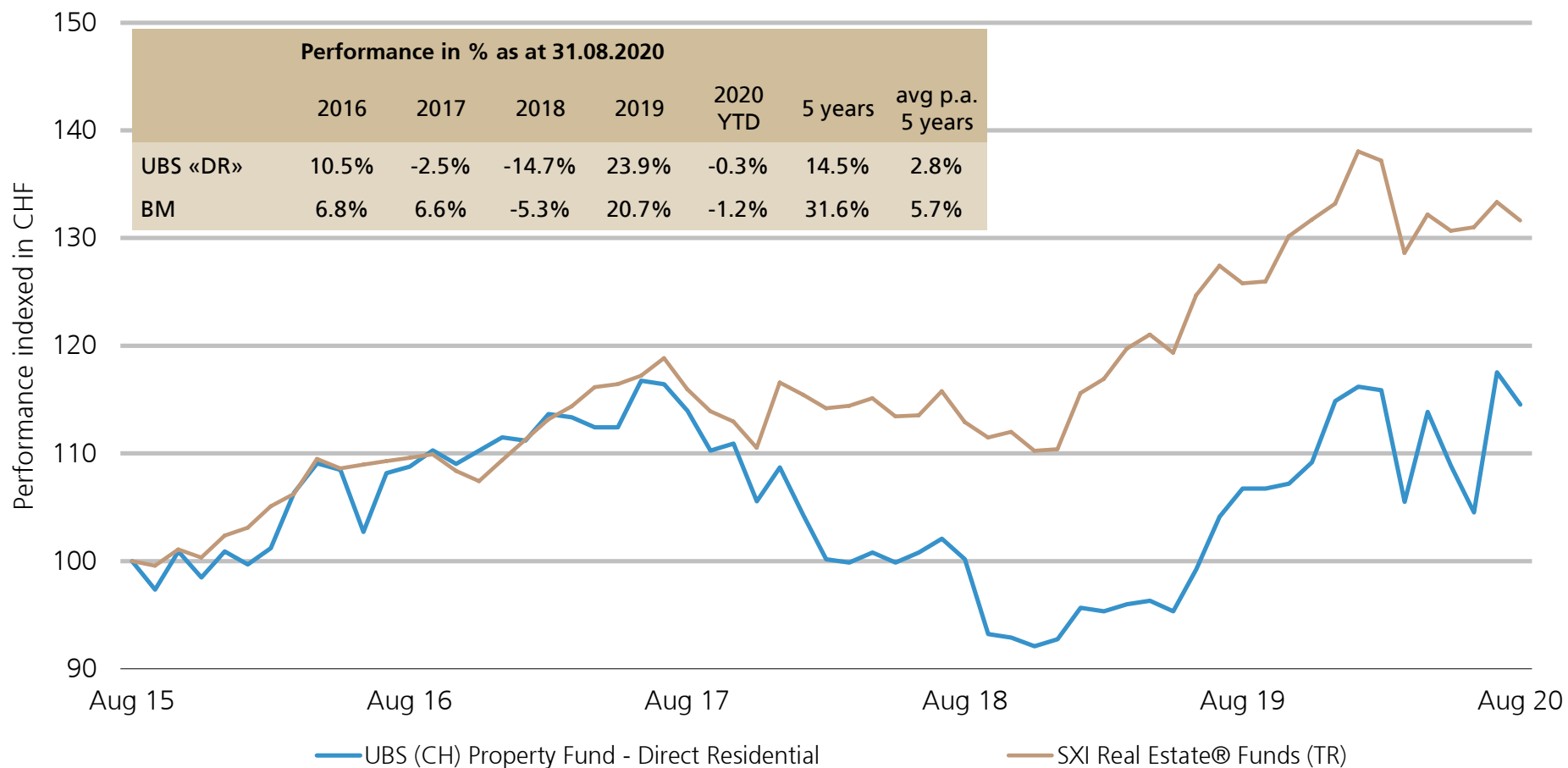
Source: UBS Asset Management, Real Estate & Private Markets (REPM); Data as at 30 June 2020

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.

¹ Incl. granted rent waivers (COVID-19); without this effect, the reported vacancy rate would amount to 5.4% (instead of 5.8%) for the financial year

UBS Direct Residential

Benchmark comparison



Source: UBS Asset Management/Datastream, as at end of August 2020

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.

At a glance

UBS Direct Residential fiscal year 2019/20



CHF 0.42

Stable distribution per share



4.4%

solid total return on NAV



+4.6%

Portfolio growth amounting to
CHF 733 M



-24%

Decrease in vacancy rate to 5.8% (incl.
granted rent waivers (COVID-19))



+7.9%

Increase of rental income to
CHF 32.8 M



5 Green Stars

in the GRESB Sustainability
Benchmarking

Data as at 30 June 2020

UBS Direct Residential

Current highlight from the portfolio

Wetzikon (ZH), «Ankenpark» an der Ankenstrasse / Stationsstrasse

- Replacement build in a quiet and very popular residential area with a balanced apartment mix
- 54 apartments and 62 parking spaces (of which 47 underground parking spaces)
- Latest sustainability standards with targeted SGNI Gold certification
- Investment volume approx. CHF 19.5 million
- Completion: 2nd Quarter 2022
- Gross return: approx. 4%



Sustainability

UBS Direct Residential – highlights of the fiscal year 2019/2020



Highest GRESB ranking
of 5 stars*



Two photovoltaic system produces 135
000 kwh of solar energy.



Four buildings are Minergie certified
and a new building project SGNI-Gold
pre-certified.



We asked 1/3 of our tenants about
their satisfaction.

Further information on the topic of sustainability at RE-CH can be found in
the annual report at www.ubs.com/realestate-switzerland

«Satisfied tenants form the
basis for a future-proof
portfolio.»

Christian Sturm

Fund Manager
UBS Direct Residential



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

*The results of this year's evaluation by GRESB have been delayed due to COVID-19 and will be published after the publication of the UBS Direct Residential annual report.


Section 3


Current topics

Convincing facts...

.... about Real Estate Switzerland

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


1 100+
Properties around Switzerland

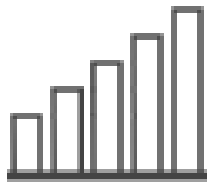
More than **75** years of **track record**


Approx. **CHF 23bn**
Assets under Management


Sustainable
and diversified strategy



UBS «Sima» largest
Swiss real estate fund



~80 
experienced employees
in Basel, Zurich and Lausanne



UBS «Foncipars» oldest
Swiss real estate fund

Data as per 30 June 2020

Our real estate investment products...

.... at a glance

			Market value (M CHF)				
			2016	2017	2018	2019	2020 ¹
Investment focus							
Listed funds							
UBS Direct Residential	Residential	all of CH	524	552	588	705	733
UBS Direct Urban	Mixed	all of CH	326	352	402	447	487
UBS «Foncipars»	Residential	French-speaking CH	1243	1353	1432	1492	1500
UBS «Anfos»	Residential	German-speaking CH	2326	2466	2607	2704	2712
UBS «Swissreal»	Commercial	all of CH	1851	1898	1907	1987	1988
UBS «Sima»	Mixed	all of CH	8516	8887	9326	9895	9937
Investment trusts							
UBS AST-KIS	Commercial	all of CH	588	621	681	711	711
UBS AST-IS	Mixed	all of CH	1915	2027	2129	2308	2311
External mandates							
Mandate (external)	Mixed	all of CH		2787	2913	2953	2953
Total of the portfolio			17 289	20 934	21 985	23 202	23 332
Annual percentage change (%)			8,2	21,1	5,0	5,5	0,6

¹ External mandate as at 31.12.2019; UBS «Anfos» as at 31.03.2020; UBS «Sima», UBS «Foncipars», UBS «Swissreal», UBS Direct Residential and UBS Direct Urban as at 30.06.2020; AST-IS and AST-KIS as at 31.08.2020

Update - SXI Real Estate® Funds Broad

Data as at 31 August 2020

Name	Founded	Mkt cap. (mn.)	Weight	Sector	Region	Price	NAV	Premium	Div. Yield	Perf. YTD	Perf. 2019	Perf. 2018	Perf. 3YR
UBS Sima	1950	8'926	17.5%	Mixed	German-speaking CH	124.60	94.36	32.0%	2.6%	0.8%	22.9%	-2.0%	24.2%
* CS LivingPlus	2007	3'234	6.3%	Residential	German-speaking CH	155.10	108.32	43.2%	2.3%	5.6%	20.5%	-7.4%	17.6%
CS Siat	1956	3'376	6.6%	Mixed	German-speaking CH	205.80	153.53	34.0%	2.6%	2.1%	17.3%	-9.1%	11.6%
* CS Green	2009	2'943	5.8%	Mixed	German-speaking CH	149.90	114.19	31.3%	2.5%	0.2%	24.7%	-3.2%	25.1%
UBS Anfos	1956	2'921	5.7%	Residential	German-speaking CH	82.25	58.11	41.5%	2.2%	9.9%	18.7%	0.1%	28.2%
La Fonciere	1954	1'735	3.4%	Residential	Geneva / Vaud	127.50	86.14	48.0%	2.6%	1.6%	29.3%	-3.8%	24.9%
Immofonds	1969	1'618	3.2%	Residential	German-speaking CH	502.50	342.97	46.5%	2.7%	-0.1%	26.3%	-4.5%	20.9%
CS Interswiss	1954	1'539	3.0%	Commercial	Mixed	185.60	188.37	-1.5%	4.5%	-14.1%	22.7%	-6.6%	3.6%
UBS Swissreal	1962	1'544	3.0%	Commercial	German-speaking CH	67.50	62.14	8.6%	3.9%	-13.7%	23.5%	-1.7%	9.8%
Schroder ImmoPLUS	1997	1'545	3.0%	Commercial	Mixed	155.00	139.65	11.0%	3.0%	-9.8%	20.7%	-8.1%	3.3%
Swisscanto IFCA	1968	1'653	3.2%	Residential	Mixed	156.90	112.84	39.0%	2.1%	11.1%	17.9%	-7.2%	15.6%
UBS Foncipars	1943	1'501	2.9%	Residential	Geneva / Vaud	117.00	87.43	33.8%	2.4%	4.2%	27.9%	-5.6%	28.7%
FIR	1997	1'496	2.9%	Residential	Geneva / Vaud	207.20	146.85	41.1%	2.0%	-2.0%	21.9%	-1.4%	18.3%
* Edmond de Rothschild Swiss	2010	1'558	3.1%	Mixed	Mixed	136.00	115.57	17.7%	2.6%	-5.4%	24.1%	-7.1%	12.4%
* Solvalor 61	1997	1'414	2.8%	Residential	Geneva / Vaud	314.00	204.18	53.8%	1.7%	6.9%	22.5%	-7.9%	21.1%
* SL REF Swiss Properties Immo Helvetic	2015 1997	1'170 979	2.3% 1.9%	Mixed Residential	German-speaking CH Berne region	130.00 204.00	108.62 175.94	19.7% 15.9%	2.0% 3.2%	-3.0% -7.7%	4.3% 20.0%	-10.8% -10.8%	-1.9% -1.9%
* SF Sustainable Property	2010	942	1.8%	Residential	Mixed	132.60	118.10	12.3%	2.6%	-6.3%	13.7%	-0.6%	3.9%
* Realstone Swiss Property	2008	907	1.8%	Mixed	Mixed	129.40	121.62	6.4%	2.8%	-9.4%	17.6%	-11.0%	-6.5%
* Bonhote Swissinvest RE Fund	2006 2006	907 872	1.8% 1.7%	Residential Residential	Geneva / Vaud German-speaking CH	144.90 180.00	119.96 140.71	20.8% 27.9%	2.2% 2.5%	1.3% -1.5%	15.1% 19.1%	-10.1% -7.3%	2.2% 6.9%
* Patrimonium	2007	933	1.8%	Residential	Geneva / Vaud	173.30	136.80	26.7%	2.1%	3.0%	23.6%	-6.1%	19.9%
* CS Real Estate Fund LogisticsPlus	2014	740	1.5%	Commercial	German-speaking CH	141.00	102.05	38.2%	2.8%	10.2%	12.8%	-5.0%	16.5%
* Procimmo	2007	791	1.6%	Commercial	Geneva / Vaud	147.50	140.66	4.9%	3.7%	-14.6%	17.0%	-9.1%	-4.0%
* CS Hospitality SF Retail Properties	2010 2015	646 662	1.3% 1.3%	Commercial Commercial	Mixed Mixed	75.95 109.00	89.63 100.77	-15.3% 8.2%	17.6% 4.0%	-16.4% -7.3%	26.1% 13.5%	-4.6% -1.6%	-1.4% -1.6%
* Realstone Development Fund	2010	636	1.2%	Mixed	Mixed	125.70	135.83	-7.5%	3.0%	-3.9%	11.2%	-10.3%	-6.8%
* UBS Direct Residential	2006	683	1.3%	Residential	German-speaking CH	17.15	13.90	23.4%	2.4%	-0.3%	23.9%	-14.7%	0.5%
* Swisscanto RE Commercial	2010	495	1.0%	Commercial	Mixed	115.20	101.96	13.0%	3.2%	1.3%	16.0%	-5.2%	1.0%
* Helvetica Swiss Commercial Fund	2016	486	1.0%	Commercial	German-speaking CH	111.90	111.61	0.3%	4.5%	-5.3%	2.8%		
* Polymen	2009	385	0.8%	Mixed	Geneva / Vaud	147.40	131.19	12.4%	2.1%	0.3%	12.4%	-4.0%	0.8%
* UBS Direct Urban	2012	380	0.7%	Mixed	German-speaking CH	13.20	11.58	14.0%	2.3%	9.5%	19.3%	-18.5%	7.8%
* Dominicé Swiss Property Fund	2013	293	0.6%	Residential	Geneva / Vaud	112.50	123.31	-8.8%	2.7%	-8.6%	5.5%	-7.0%	
* Swiss Romande Property Fund	2014	268	0.5%	Mixed	Geneva / Vaud	100.00	112.24	-10.9%	0.9%	-10.3%	-0.9%	-9.8%	
* Good Buildings Swiss RE Fund	2011	250	0.5%	Mixed	German-speaking CH	125.00	114.22	9.4%	2.6%	7.1%	2.8%		
SF Commercial Properties	2016	211	0.4%	Commercial	German-speaking CH	87.95	99.68	-11.8%	4.8%	-12.6%	6.2%	-0.6%	
* Streetbox Real Estate Fund	2009	187	0.4%	Commercial	Geneva / Vaud	435.00	294.50	47.7%	3.4%	-7.8%	26.4%	9.3%	20.2%
* Residentia	2009	171	0.3%	Mixed	Ticino	107.00	116.31	-8.0%	2.5%	-12.8%	7.5%	-10.6%	-15.9%
TOTAL		50'998	100.0%				0	25.3%	2.8%	-1.2%	20.7%	-5.3%	13.5%

* property directly held by the fund

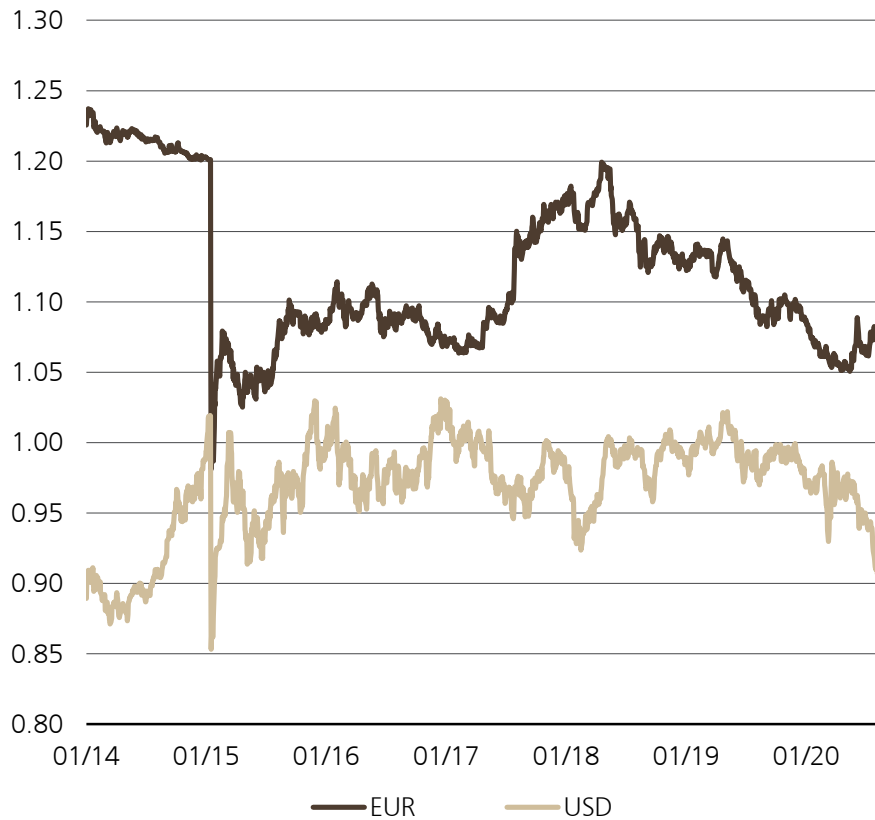


Notes: Market cap. & weightings based on SIX data, prices based on Bloomberg data. NAV according to the latest company statement, adjusted for the dividends. Mixed means portfolio consists of more than one sector. Region and sector classification as well as Premium and Div. Yield calculation done by UBS Asset Management based on financial year statements. Performance is Total Return based on Bloomberg data. **Past performance is no guarantee for future results.**

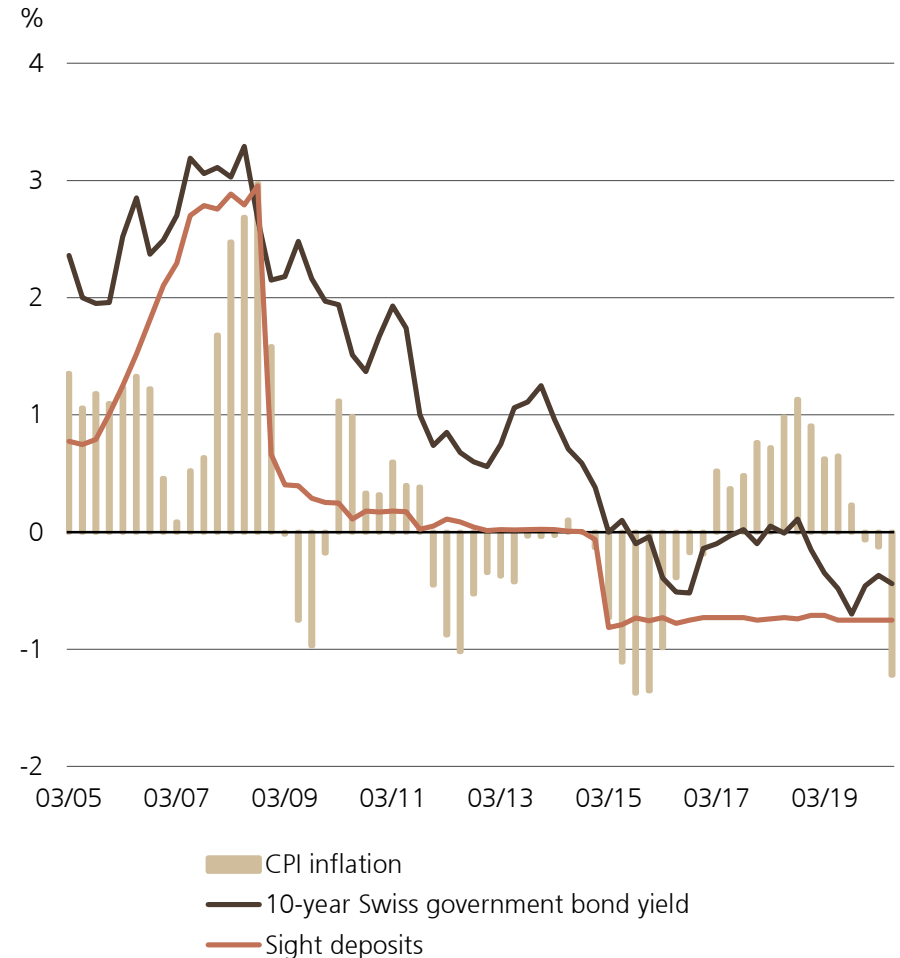
Interest rates: Lower for (even) longer

Current macroeconomic environment remains supportive of very low rates in Switzerland

CHF exchange rate (Swiss franc / foreign currency)



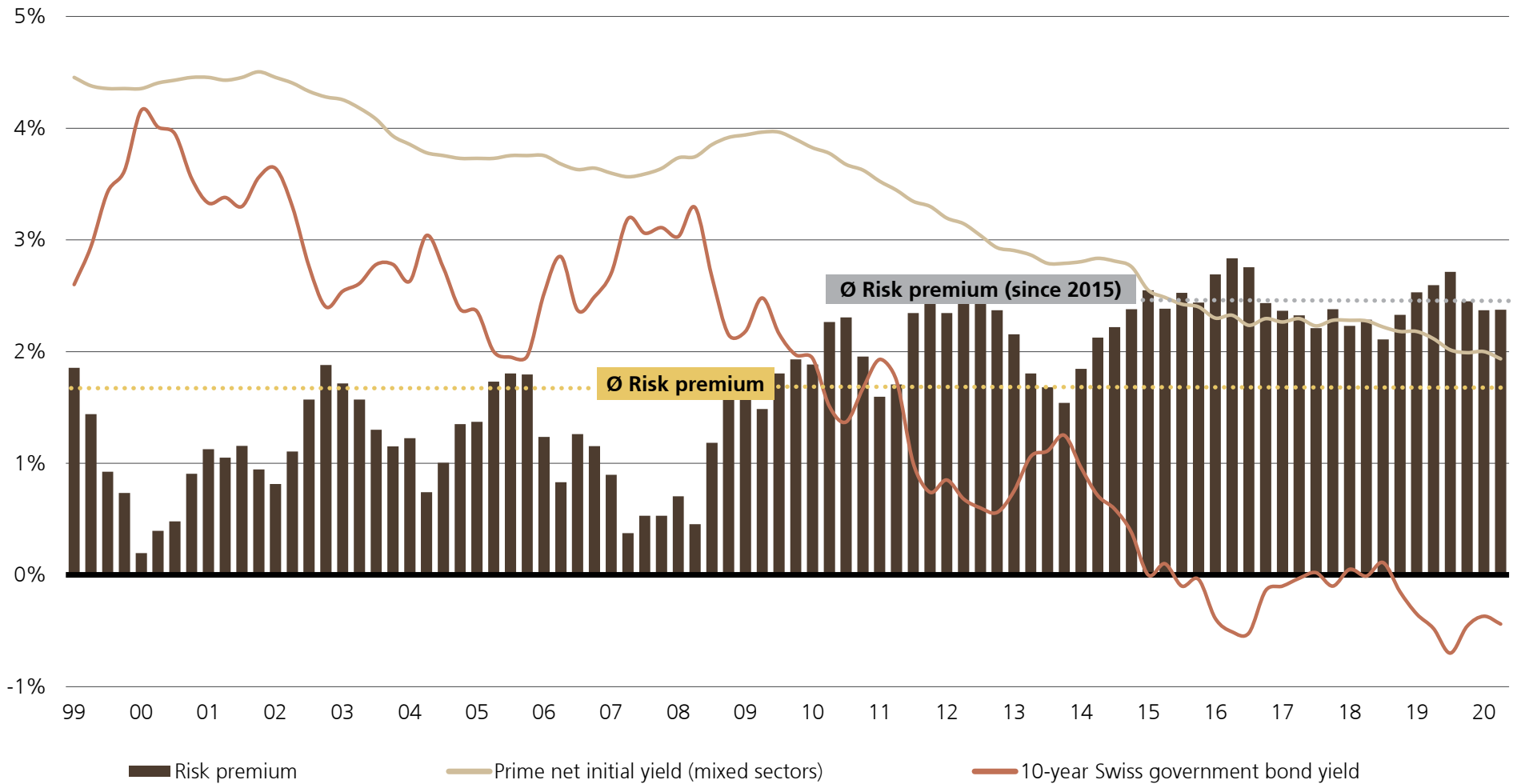
Inflation and interest rate environment



Source: Refinitiv, Oxford Economics; UBS Asset Management, Real Estate & Private Markets Real Estate & Private Markets (REPM), August 2020

Real estate investment market: risk premium still elevated

Spread to government bond yield remains wide despite increasing entry prices

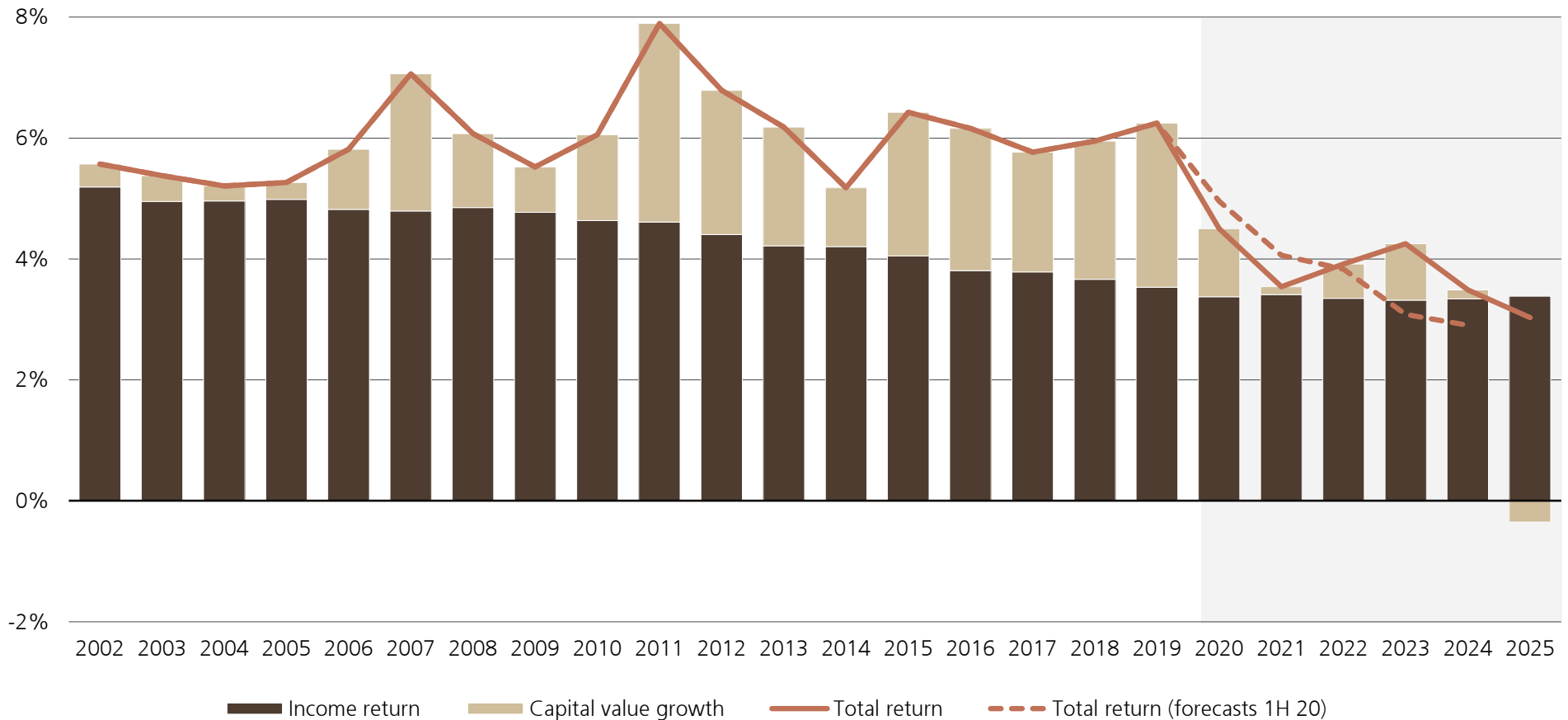


Source: Wüest Partner 2Q20, Oxford Economics; UBS Asset Management, Real Estate & Private Markets (REPM), August 2020

Slight performance slowdown in the near-term...

... but prolonged low interest rate environment is expected to support property values

Expected returns in the Swiss real estate market (on the property level, mixed sectors, unlevered)



Source: MSCI / Wüest Partner; UBS Asset Management, Real Estate & Private Markets (REPM), August 2020

Note: Expected / past performance is no guarantee for future results. The presented forecasts have been computed based on the assumption of a persisting low interest rate environment in the near future.

Key Views 2H20



Macroeconomics

Rebound but with downward risks

- The Swiss economy is expected to show a pronounced rebound in the coming quarters after a sharp downturn triggered by the lockdown measures
- The recovery path will depend on the effectiveness of the global pandemic management as new infection waves remain a key downward risk
- Swiss Franc remains strong due to the high level of insecurity. Slight deflation is expected for 2020
- Current macroeconomic environment is supportive of the continuation of the negative interest rates policy



Multifamily

Foreseen resilience is materializing

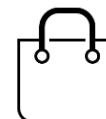
- Multifamily occupier market is still very robust as rent collection activities remain so far undisrupted
- Net migration dynamics show a stable picture since both immigration and emigration slowed down in the last months
- Nevertheless, demand growth is expected to remain constrained in the coming quarters (lower mobility, pressure on wages) so that offering rents are likely to experience more pressure
- Transaction prices are expected to remain firm as investors are attracted to the defensive nature of the multifamily sector



Office

Pressure on demand growth

- The job market disruption is expected to persist in the coming quarters and most corporate expansion plans to remain frozen
- Depending on the economic recovery path and the sector (tourism, air travel, etc.), CVAs might increase in the near future
- In this context, demand growth is likely to slow down and offering rents to experience more downward pressure in many regional markets
- Market value of stable prime office assets are expected to remain stable, while non-core properties might experience some outward yield shift



Retail

Damages to the investment market becoming likely

- Consumption market rebounded sharply since lockdown measures were loosened
- However, the pandemic remains a profound disruption for the sector in addition to pre-existing challenges (e-commerce), with the exception of food
- High-street retail (luxury) also highly impacted by the collapse in international tourism activities
- The sharp deterioration of the rental income prospects is likely to lead to a repricing in the investment market, especially in the case of non-core assets

Looking for more information?



For illustrative purposes

www.ubs.com/realestate-switzerland

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