

Credit Suisse Real Estate Fund – Hospitality

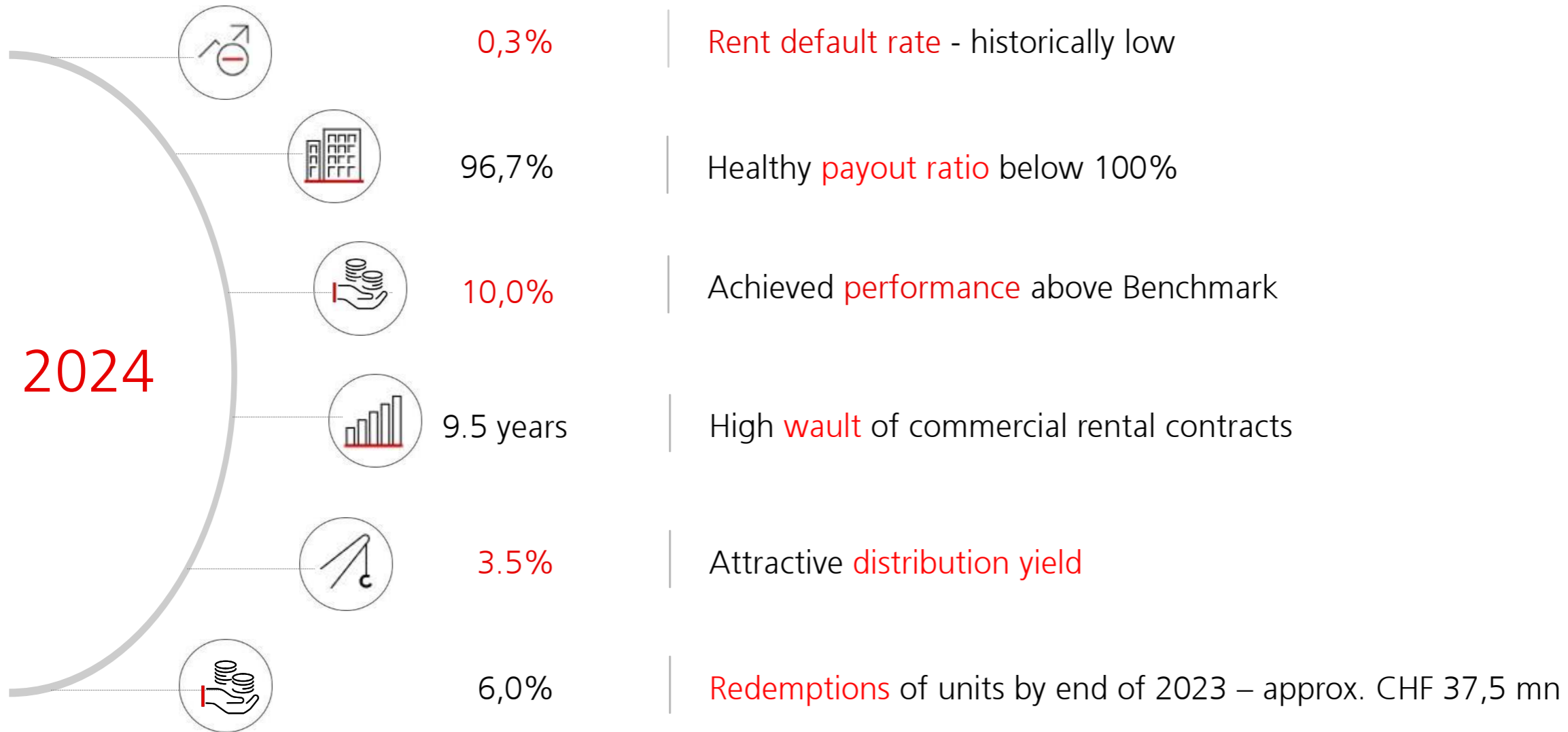
ZKB – The Swiss Real Estate Conference, 2024

Jessica Lindauer
Fund Manager

5. November 2024



CS REF Hospitality - At a glance



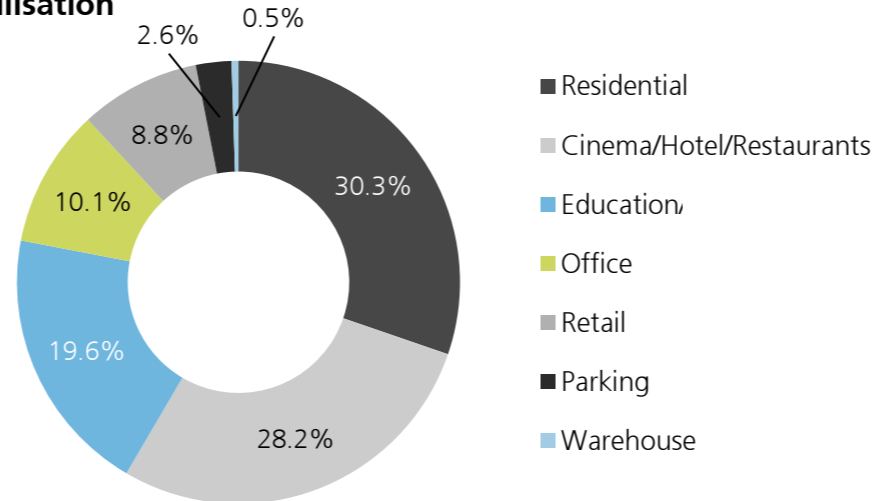
CS REF Hospitality - Management Summary

- Investments in education-related facilities (schools, boarding schools, libraries, student accommodation, etc.) and hotels (city, lifestyle and budget hotels) throughout Switzerland.
- Investments are also possible throughout Switzerland in residential buildings with small apartments and services as well as in properties in the healthcare sector.
- The fund holds the properties directly.
- Focusing on sustainable growth by taking economic, ecological and social aspects into account when making acquisitions, constructing new buildings and renovating existing ones.

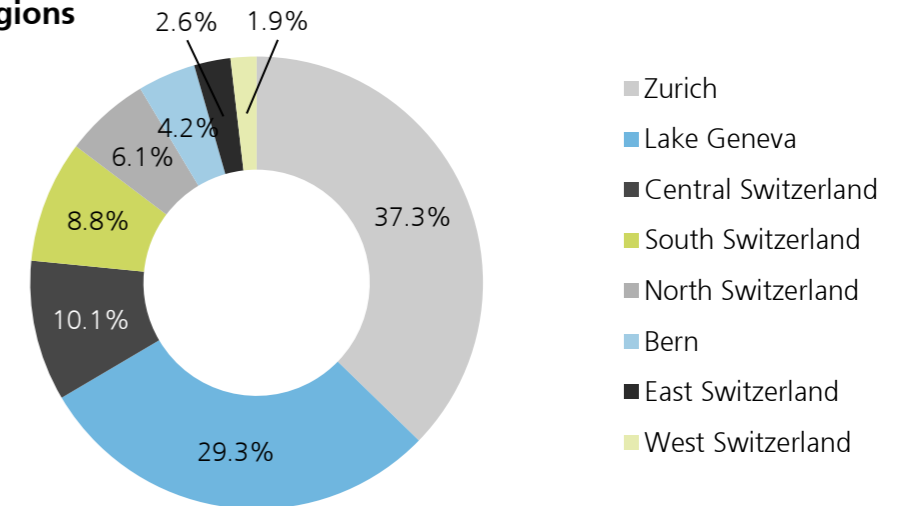
Key Figures as of 31.12.2023

Fund launch date	2010
Fund total net assets	CHF 658.4 Mio.
Market value	CHF 836.0 Mio.
Rental income	CHF 32.5 Mio.
Rent default rate	0.5%
Debt financing ratio	20.6%
Return on investment	-0.2%
Performance	16.1%
Number of properties	25

Utilisation



Regions



Source: UBS Asset Management, Real Estate & Private Markets (REPM); Data as of 31 December 2023

Past performance is no guarantee of future performance. The performance does not take into account any commissions and costs charged on the subscription and redemption of units. Details on the implementation of the sustainable investment policy by integrating sustainability criteria can be found in the fund prospectus. Slide 14 'Risks' in the appendix shows a list of the known risks of the product.²

CS REF Hospitality - Key figures in a multi-year comparison

Conclusion per	31.12.2022	31.12.2023	30.06.2024
Net fund assets in CHF million	681.0	658.4	644.2
Market value of the properties in CHF million	862.5	836.0	855.5
Average real discount rate ¹	3.07%	3.16%	n/a
Premium / discount	-20.50%	-8.01%	-0.51%
Distribution per share in CHF	2.50	2.50	n/a
Distribution yield	3.93%	3.51%	n/a
Payout ratio	93.03%	96.73%	n/a
Return on investment	6.41%	-0.22%	1.70%
Debt financing ratio (in % of market values)	21.04%	20.62%	24.26%
Fund operating expense ratio* (TER _{REF} GAV)	0.36%	0.36%	0.35%
Fund operating expense ratio** (TER _{REF} MV)	0.49%	0.59%	0.52%
Rent default rate	0.24%	0.45%	0.30%

Source: UBS Asset Management, Real Estate & Private Markets (REPM), Data as of 30 June 2024

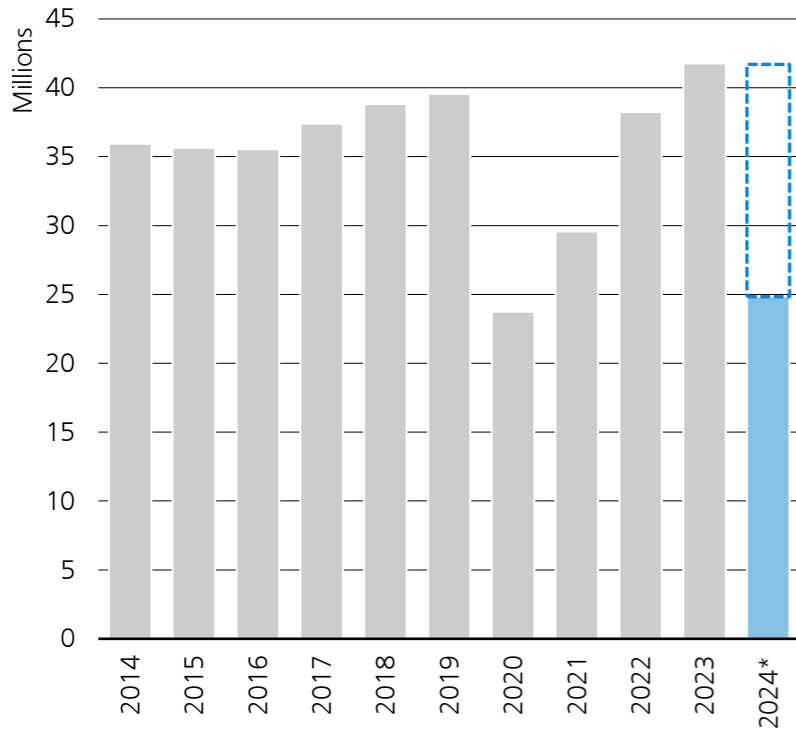
¹ Average market value-weighted real discount rate according to WüstPartner (version WP valued funds)

¹ Average market value-weighted discount rate (mixed rate real/nominal) according to KPMG (version KPMG valued products) Past performance is no guarantee of future performance.

The performance does not take into account any commissions and costs charged on the subscription and redemption of units.

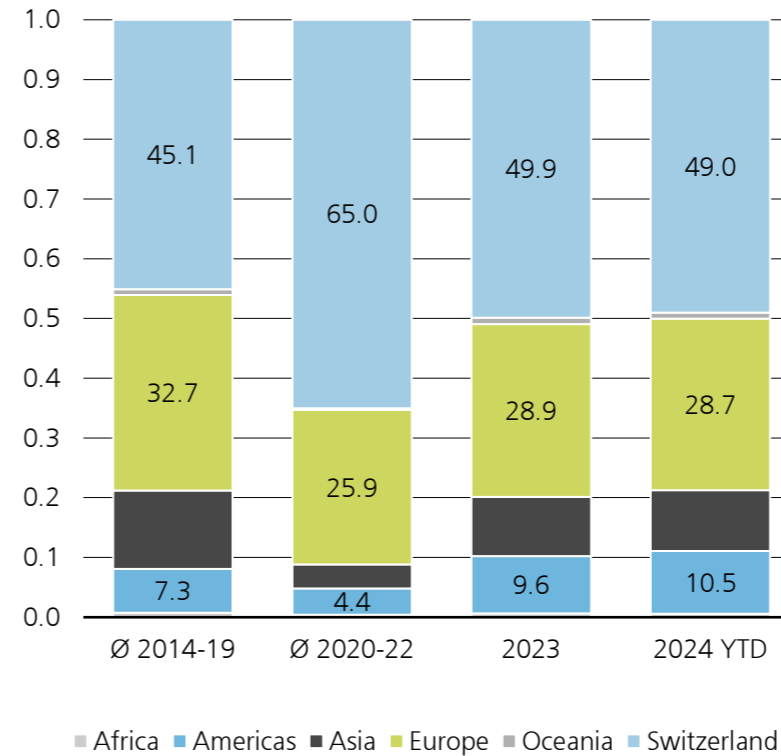
Overnight stays in Swiss hotel sector remains at record level

Overnight stays in Swiss hotels
(millions)



Source: Federal Statistical Office; UBS Asset Management, Real Estate & Private Markets (REPM); September 2024. Last data point: July 2024
* 2024: Jan – Jul + extrapolation (dotted)

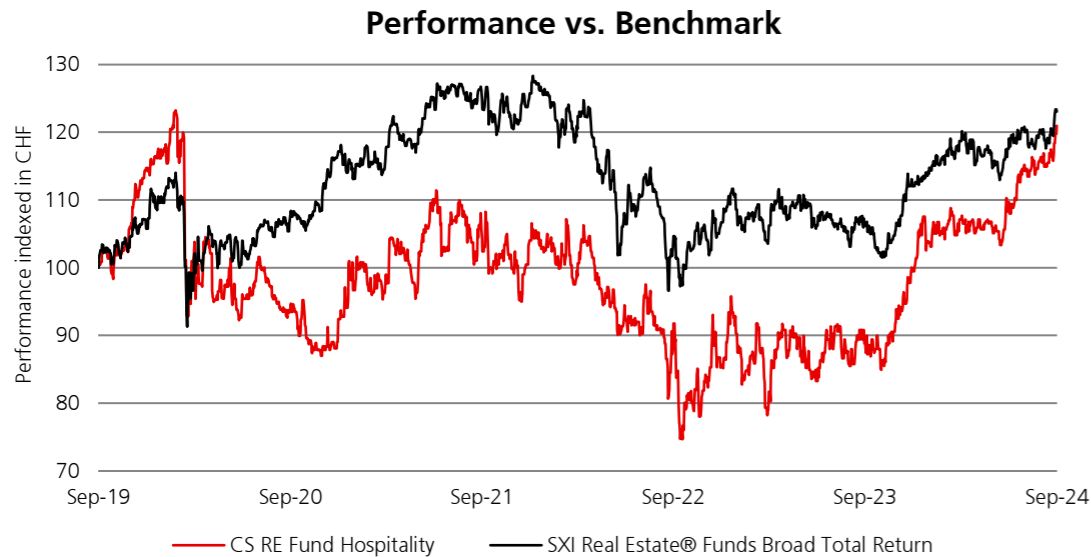
Share of overnight stays by region of origin (%)



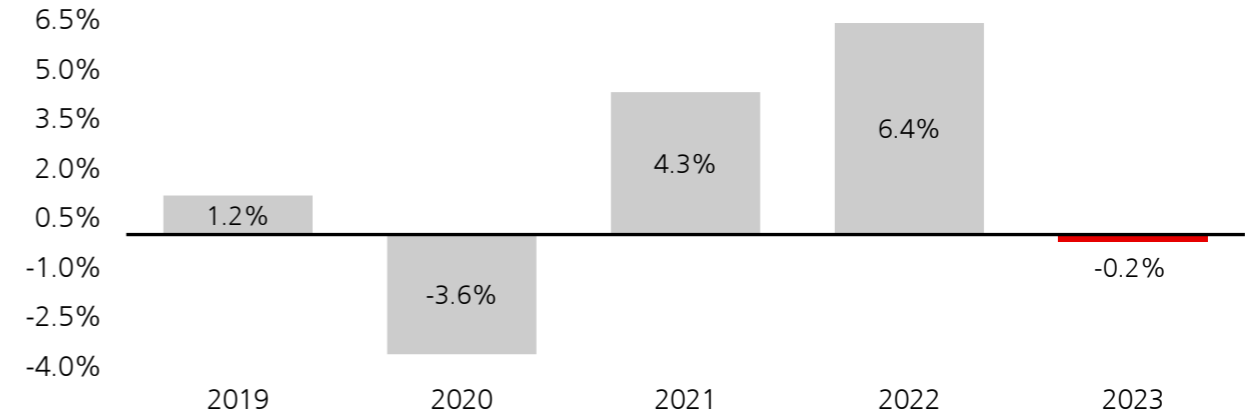
Source: Federal Statistical Office; Last data point: July 2024

CS REF Hospitality - Performance and Returns

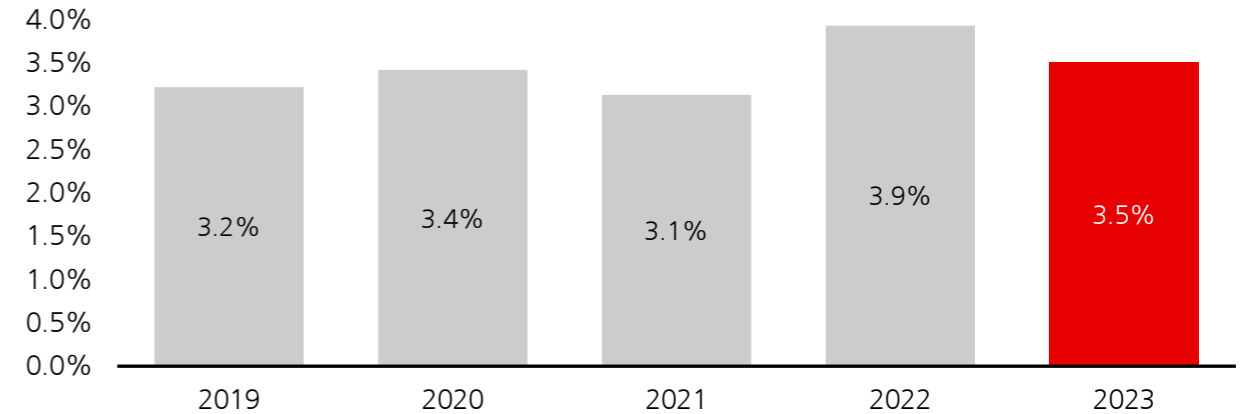
Performance in % as at 30.9.2024							
	2020	2021	2022	2023	2024 YTD	5 years	avg p.a. 5 years
CS Hospitality	-19.4%	12.5%	-17.7%	16.2%	21.6%	20.9%	3.9%
BM	10.8%	7.3%	-15.2%	5.0%	9.8%	23.0%	4.2%



Return on investment



Distribution yield



Source: UBS Asset Management, Real Estate & Private Markets (REPM), Data as of 31 December 2023, Performance per 30 September 2024

Past performance is no guarantee of future performance. The performance does not take into account any commissions and costs charged on the subscription and redemption of units. It is not possible to invest directly in an index. The index returns shown do not represent the results of actual trading in investable assets/securities. Investors who follow an index-like strategy may achieve higher or lower returns and will bear the cost of fees and expenses that reduce returns.

CS REF Hospitality - Ten largest properties

Property	Year of construction / refurbishment	Market value	Share
Zurich, Schulstrasse 144, "Oerlikon ONE"	1971 / 2025	155.4	18.6%
Ecublens, EPFL - Centre de Congrès et de Rencontres, Centre logement	2014	128.9	15.4%
Zurich, Pfingstweidstrasse 102, 102a, 102b, "25Hours Zürich-West"	2012	88.7	10.6%
Morschach, Dorfstrasse 10, "Swiss Holiday Park"	1983/1986/1996/2007	84.0	10.1%
Winterthur, Turbinenstrasse 2, "Bibliothek ZHAW"	2014	67.7	8.1%
Basel, Schönaustrasse 10, "Essential by Dorint"	2002	50.8	6.1%
Köniz, Sägemattstrasse 1	2013	34.6	4.1%
Laax, Via Marcau 6, 8	2014	34.3	4.1%
Montreux, Avenue des Alpes 15, "Europe"	1900	23.6	2.8%
Lausanne, Rue de la Barre 8	1969	18.2	2.2%
Total		686.3	82.1%



Basel



Ecublens



Montreux



Winterthur



Zurich

CS REF Hospitality - Ten largest tenants

Tenant	Industry	Share
SEG Swiss Education Group, Montreux	Education and teaching	18.6%
Société pour le Quartier Nord de l'EPFL	Education and teaching	17.0%
Swiss Holiday Park AG, Morschach	Hospitality / Accommodation and catering	13.5%
Kanton / Stadt Zürich	General public administration	8.2%
25Hours Hotel Company Zürich AG	Hospitality / Accommodation and catering	7.4%
Dorint, Hotels & Resorts AG	Hospitality / Accommodation and catering	4.5%
U.C. César Ritz Colleges AG	Education and teaching	2.9%
Swiss Heidi Hotel AG, Maienfeld	Hospitality / Accommodation and catering	2.5%
Swissmem	Business and employers' organisations	2.4%
BLS AG	Long-distance passenger transport by rail	2.2%
Total		79.2%
WAULT		9.50 Years

CS REF Hospitality - Highlights

Ongoing project



Zurich, Oerlikon ONE – Residential buildings / Hotel

Completion:	Summer 2025
Investment volume:	CHF 123.0 mn
Gross income:	CHF 7.5 mn
Offer:	174 Apartments
Additional info:	Total refurbishment and conversion of the 50-year-old property with the former Swissôtel into a lifestyle hotel under the 'Mama Shelter' brand Further information: www.oerlikonone.ch



Completed project



Morschach (SZ), Swiss Holiday Park – Cinema / Hotel / Restaurant

Start/completion:	December 1, 2023
Investment volume :	CHF 3.0 mn
Gross return:	5.0%
Offer:	1 300 m ² Indoor Playground
Additional info:	Superdome



CS REF Hospitality - Sustainability



GRESB-Rating 2024:

Portfolio: 3 Stars



Modelling of a **reduction path** across the entire portfolio with the aim of **being CO2-neutral by 2050 at the latest**



All fossil fuelled heating systems to be replaced by **2040**



REIDA CO2 Benchmark shows the significantly lower carbon footprint of the fund in terms of emissions intensity



CS REF Hospitality - Sustainability

AMAS Environmentally relevant key figures per 31.12.2022



Energy intensity
37.9
kWh/m² EBF/year



Intensity of greenhouse gas emissions
(Scope 1+2)
3.1
kg CO₂e/m² EBF/year



Energy source mix
63.4%
renewable energy



Data coverage
79.9%



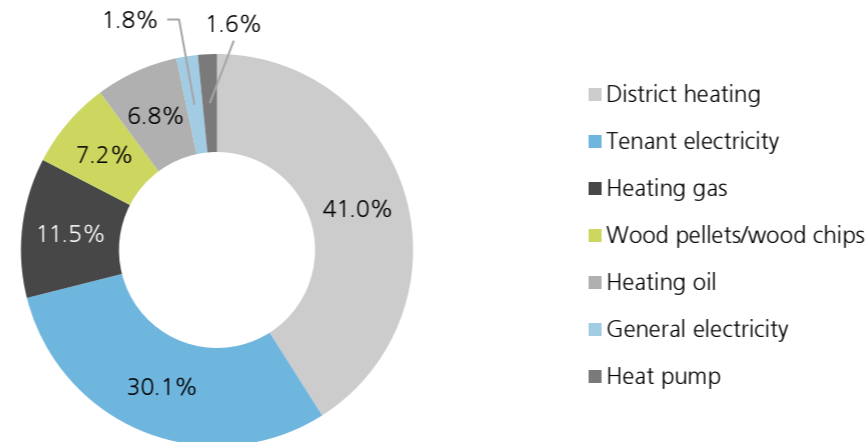
Intensity of greenhouse gas emissions
(Scope 3.13 - tenant electricity)
17.1
kg CO₂e/m² EBF/year



Water intensity
1.4
m³/m² EBF/year

Other key figures (ASIP extended reporting)

Energy source mix (share of total energy consumption)



Source: UBS Asset Management, Real Estate & Private Markets (REPM); Data as of 31 December 2023

Sustainability key figures according to AMAS (Asset Management Association Switzerland) for the calendar year 2022, calculated in accordance with REIDA (methodological basis 2023, version 1.2).

Details on these key figures and our commitment to sustainability can be found on the following pages, on our website www.ubs.com/ch/de/assetmanagement/capabilities/real-estate/sustainability and in our comprehensive sustainability report.

Credit Suisse REF Hospitality - Meet the team



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Beno Feuz
Asset Manager



Martin Rausch
Construction Manager

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UBS Fund Management (Switzerland) AG is a member of the UBS Group



Thank you for your attention



CS REF Hospitality - Additional product information (I/II)

Characteristics

- Investment funds under Swiss law with directly held properties
- Property fund listed on the SIX Swiss Exchange
- Investor profile: Private and institutional investors
- Launch year: 2010

USP

- Commercial fund with exceptionally low rent default rate
- Attractive performance (10%)
- Constant dividend payout
- Organic growth through innovative remodelling projects

Strategy

- Core investment strategy
- Investments in: Education-related uses and city hotels, as well as innovative residential concepts and healthcare properties
- Regional allocation: all of Switzerland
- Sector Allocation: Commercial and residential properties



CS REF Hospitality - Additional product information (II/II)

Fund management	UBS Fund Management (Switzerland) AG
Custodian bank	UBS Switzerland AG
Portfolio Management	UBS Asset Management Switzerland AG
Fund Manager	Jessica Lindauer
Audit company	Ernst & Young AG
Valuation expert	Wüest Partner AG, Zurich
Property management	Wincasa AG
Financial year	1. January untill 31. December
Payout	Annually in March
Fund domicile	Switzerland
Invoice currency	Swiss franc (CHF)
Benchmark	SXI Real Estate Funds Broad (TR)
ISIN-No.	CH0118768057
Security no..	11876805
Bloomberg-Ticker	HOSP SW



Risks

- **General risks:**

- The material risks associated with this Real Estate Fund are the dependency on economic trends, changes in the Swiss real estate market, limited liquidity, interest rate changes, competition and pricing.
- The Real Estate Fund is also subject to sustainability risks (see “Sustainability-related risks” below). The occurrence of the aforementioned risks can have an actual or potential material negative impact on the value of the investments and therefore on the assets, financial and earnings position, and on the reputation of the Real Estate Fund.
- Such risks cannot be excluded completely.

- **Sustainability-related risks**

- Switzerland currently has no standardized definition of sustainability (“sustainability taxonomy”). In connection with the sustainability criteria, there is a risk that these may not conform with a potential future sustainability taxonomy.
- Climate change and its impact harbors potential financial risks. Finance-related climate risks can be divided into two categories: physical risks and transition risks. Physical risks arise if, for example, damage to property increases due to climate-related natural catastrophes. Transition risks arise, for example, due to the intervention of climate policy measures. The impact of physical risks, for example, is hedged as much as possible through insurance against natural forces.
- The sustainability criteria (see fund prospectus part I, 1.9.2 Investment policy) defined by the Fund Management Company allow transition risks to be reduced at the same time, by measuring the portfolio’s energy consumption and reporting it using defined ratios (cf. § 8 of the Fund Contract).
- As part of its investment process, the Fund Management Company also includes the relevant, sustainability-related risks in its investment decision and assesses them continuously.

- **Liquidity risk management / information on the liquidity management process**

- In accordance with the applicable provisions of the Fund Contract, investors may terminate their units at the end of each accounting year, subject to a notice period of 12 months. Accordingly, the Fund Management Company identifies, monitors and reports on the liquidity risks of the Real Estate Fund assets with regard to the redemption of units or the net outflow of assets. The instruments and models used allow the analysis of various scenarios and stress tests.

Glossar (I/II)

Term	Definition
Agio (premium) / Disagio (discount)	The agio is the difference between the NAV (net asset value) and the market price of the fund units, as a percentage of the NAV. If the market price is above the NAV, there is a positive agio (premium). If the market price is below the NAV, this results in a negative disagio (discount).
Yield on investment	The investment return of a real estate fund corresponds to the change in the net asset value of the shares. If the gross amount of income and/or capital gains distributions is reinvested directly and without deductions in the fund at the net asset value of the shares. ¹
Payout ratio	Total amount of distributed income as a percentage of net income, adjusted for provisions for future repairs. ¹
Dividend yield	Last gross amount distributed per unit as a percentage of the stock exchange or market price. ¹
EBIT margin	Operating profit as a percentage of net rental income. Operating profit comprises all income (rent and other income) less all ordinary operating expenses (excluding taxes and interest).
Gross initial yield	The gross initial yield shows the ratio between the annual rental income and the net purchase price / market value of the property.
Cash flow	Cash flow is equal to total income plus depreciation and amortization of land and furniture, as well as net provisions for future repairs less unrealized capital gains.
Core investment strategy	A core investment strategy is the division of a portfolio into a broadly diversified core investment, which is intended to offer a basic return with sufficient security.
Discounted cash flow (DCF)	The DCF is a recognized assessment method in Switzerland. The earning potential of the properties to be valued is determined based on future income and expenses. The forecasts are based, among other things, on property settlements in recent years, the current letting situation and expected inflation. The net cash flows calculated in this way are discounted and the sum of the discounted net cashflows and the residual value results in the fair market value (corresponds to the value according to DCF).
Discount rate	The discount rate is used to discount a future payment or a future cash flow (e.g., rent payments) to today's value. This results in the present value (cf. discounted cash flow (DCF)).
Return on equity (ROE)	Total income in % of net fund assets at the beginning of the reporting period plus of the balance of shares to net present value. ¹
Total expense ratio TER _{REF}	The TER _{REF} (TER _{Real Estate Funds}) is based on the TER of securities funds and is an indicator of the burden of operating expenses on the fund. The burden is set in relation to both the total fund assets and the market value. ¹
Leverage ratio	Borrowed funds (mortgages and other interest-bearing liabilities) raised for financing as a percentage of the market value of the land (including building land and commenced construction) at the end of the reporting period.

Glossar (II/II)

Term	Definition
Return on invested capital (ROIC)	The key figure provides information about the return on total fund assets. Adjusted total income, plus interest expense (mortgage interest and interest on mortgage-backed liabilities as well as other liability interest) as a percentage of average total fund assets. ¹
GRESB	The Global Real Estate Sustainability Benchmark (GRESB) evaluates and compares the sustainability performance of real estate portfolios according to ESG criteria.
KGAST	KGAST stands for <i>Konferenz der Geschäftsführer von Anlagestiftungen</i> (Conference of Managing Directors of Investment Foundations). It pursues the goal of offering investors of its member investment foundations the most appropriate transparency possible about the operating expenses of the investment groups, which is why the investment foundations are obliged to publish an "operating expense ratio TER KGAST".
Collective Investment Schemes Act	The purpose of the Collective Investment Schemes Act is to protect investors and to ensure the transparency and functioning of the market for collective investment schemes.
Rental default rate	The rent default rate provides information about the rental situation for finished buildings. The lower the value, the better the occupancy rate.
Net asset value (NAV)	The net asset value per unit is calculated by dividing the fair value of the assets less any liabilities by the number of shares outstanding.
Performance	The performance of a real estate fund corresponds to the total return achieved on a share within a certain period. It is expressed as a percentage of the stock exchange or market price of the shares at the beginning of the reporting period.
Redemption price	Corresponds to the price at which units must be redeemed by the fund management company in compliance with the statutory notice period (asset value minus a commission in accordance with the regulations).
Scope 1, 2 und 3	The terms Scope 1, 2 and 3 refer to a classification of greenhouse gas emissions according to "emission scopes". The classification into Scope 1, 2 and 3 emissions comes from the Greenhouse Gas Protocol (GHG Protocol). Scope 1: includes emissions caused by the property itself (e.g. heating oil, natural gas, wood pellets) Scope 2: includes the upstream emissions that are carried to the property (e.g. district heating, general electricity) Scope 3: may include various upstream and downstream emissions (e.g. tenant electricity)
Market value	The current value of a property, estimated by independent experts, which would likely be achieved at the time of sale, at the time of the valuation. The estimation is usually made once a year.
WAULT	The WAULT (weighted average unexpired lease term) provides information on the weighted average remaining term of the contractually fixed commercial leases at the end of the reporting period. It is an important indicator of the predictability and stability of rental income at the end of the reporting period.
Cession	A cession is an assignment of receivables. In this case, the obligation changes, as the claim is transferred to a new creditor.

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A summary of investor rights in English can be found online at: ubs.com/funds.

More explanations of financial terms can be found at ubs.com/glossary

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