

UBS (CH) Property Fund – Swiss Mixed «Sima»

ZKB – The Swiss Real Estate Conference, 2024

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5. November 2024



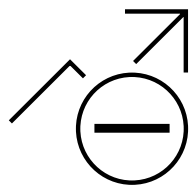


// The secret of change is to focus all of your energy, not on fighting the old, but on building the new.

Socrates

UBS «Sima» - At a glance

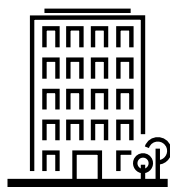
Semi-annual report 2024 / (annual report 2023)



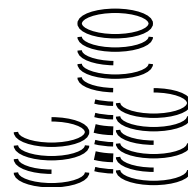
at **14%**
reduction of rental loss rate to
3.6% (4.0%)



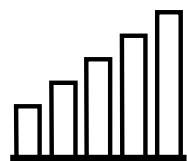
7 years
overperformance vs. the benchmark



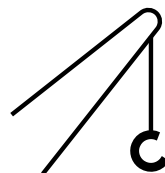
+2.3%
increase in portfolio volume
to **CHF 11 779.7 m**



+CHF 6.9 m
(+ CHF 12 m)
increase in rental income
to **CHF 219.9 m** for the first half of the fiscal year



With **1.5%** (2.7%)
the fund has achieved a solid
investment yield for the first six
months



**Gross intrinsic value
potential**
of **CHF 3 billion**, of which CHF 1.2
billion pertain to the medium term

UBS «Sima» – Management Summary

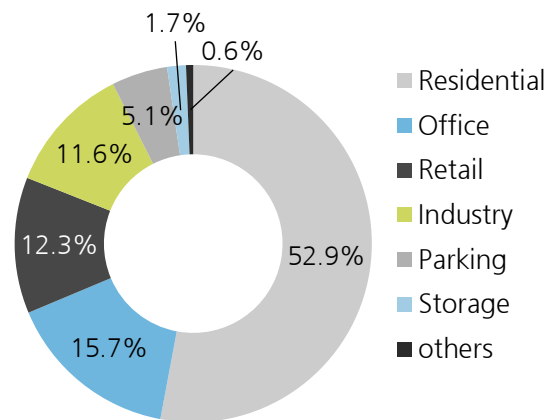
Semi-annual report 2024

- Listed Swiss real estate fund with residential buildings as well as mixed and commercial properties throughout Switzerland
- The aim is to distribute appropriate and stable income
- Internal value appreciation potential through renovation and densification
- Focus on sustainable growth by always taking economic, ecological and social aspects into account in acquisitions, new buildings and renovations

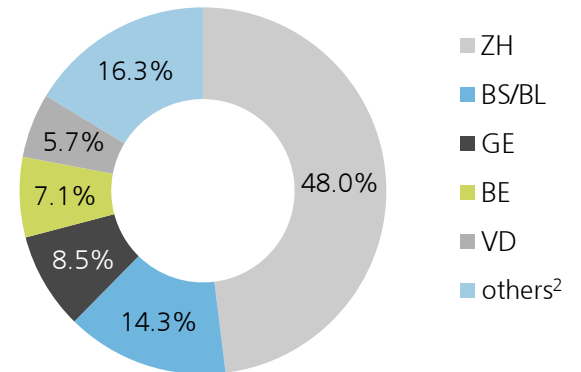
Key Figures

Year of launch	1950
Net asset value	CHF 7'509,4 Mio.
Market value	CHF 11'779,7 Mio.
Rental income ¹	CHF 219,9 Mio.
Rental loss rate	3,6%
Leverage	26,4%
Investment yield ¹	1,5%
Performance ¹	1,8%
Number of properties	362

Usage



Regions



Source: UBS Asset Management, Real Estate & Private Markets (REPM); data as per 30 June 2024

¹ Calculated for six months

² Other regions: SG 3.3%, LU 3.3%, AG 3.3% TI 1.3%, SO 1.3%, NE 1.2%, SH 1.0%, GR 0.6%, TG 0.5%, VS 0.4%, FR 0.2%, GL 0.1%

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. Details on the implementation of the sustainable investment policy by integrating sustainability criteria can be found in the fund prospectus. The slide "Risks" in the appendix shows a list of the known risks of the product.

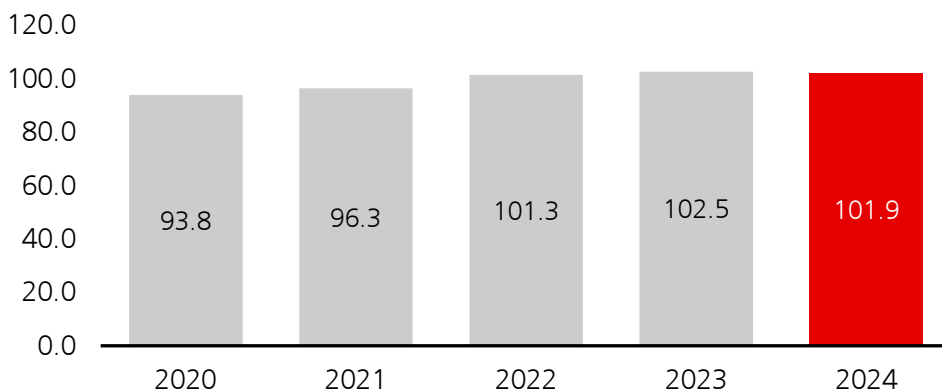
UBS «Sima» – Key Data

Semi-annual report 2024

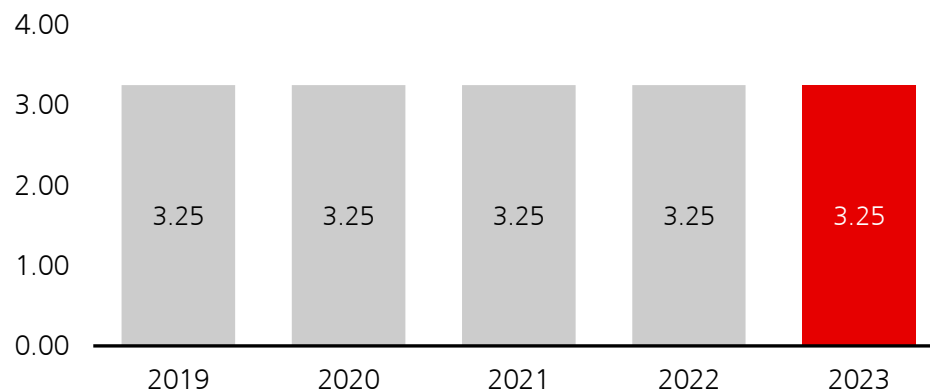
- > The distribution per share remains at the previous year's level of **CHF 3.25**.
- > The distribution is split into two coupons, as UBS "Sima" will distribute capital of CHF 0.45 on a one-off basis (exempt from withholding tax) from accumulated capital gains from previous years as part of an adjustment.

	30.06.2024	30.06.2023	30.06.2022
Performance¹	1.8%	5.4%	-13.7%
Investment yield¹	1.5%	1.6%	1.6%
Dividend yield	2.4%	2.5%	2.6%
Premium	30.5%	27.3%	23.9%
Rental loss rate	3.6%	4.2%	4.5% ²
Leverage	26.4%	26.0%	24.2%

Net asset value



Distribution per unit³



Source: UBS Asset Management, Real Estate & Privat Markets (REPM); Data as per 30 June 2024

¹ Calculated for six months

² As per semi-annual report 30.06.2022 there were no rent waivers (COVID-19) granted; therefore there is no effect on the reported rental loss rate of 4.5%.

³ Distribution of the previous year (as per annual report).

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 «Sima» – Expiring commercial leases

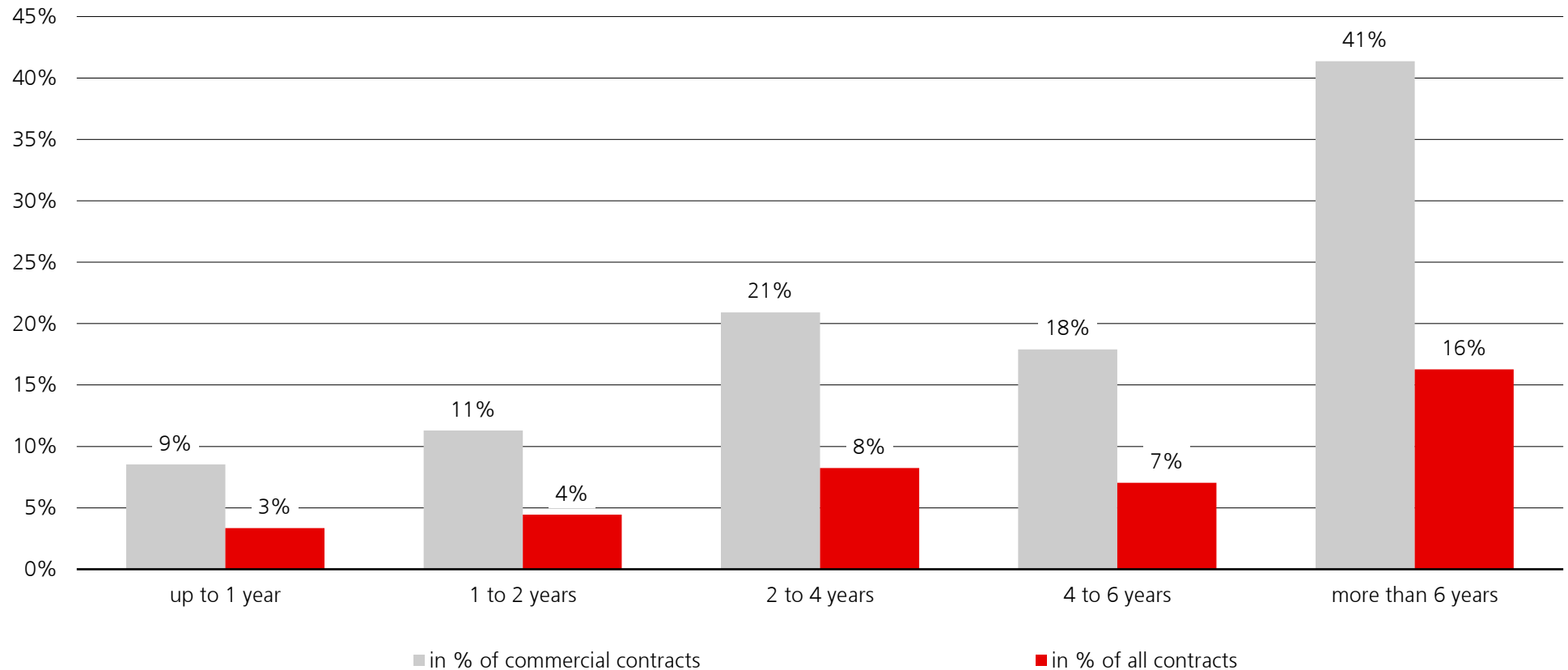
Semi-annual report 2024

Average lease terms in years (WAULT)

7.0

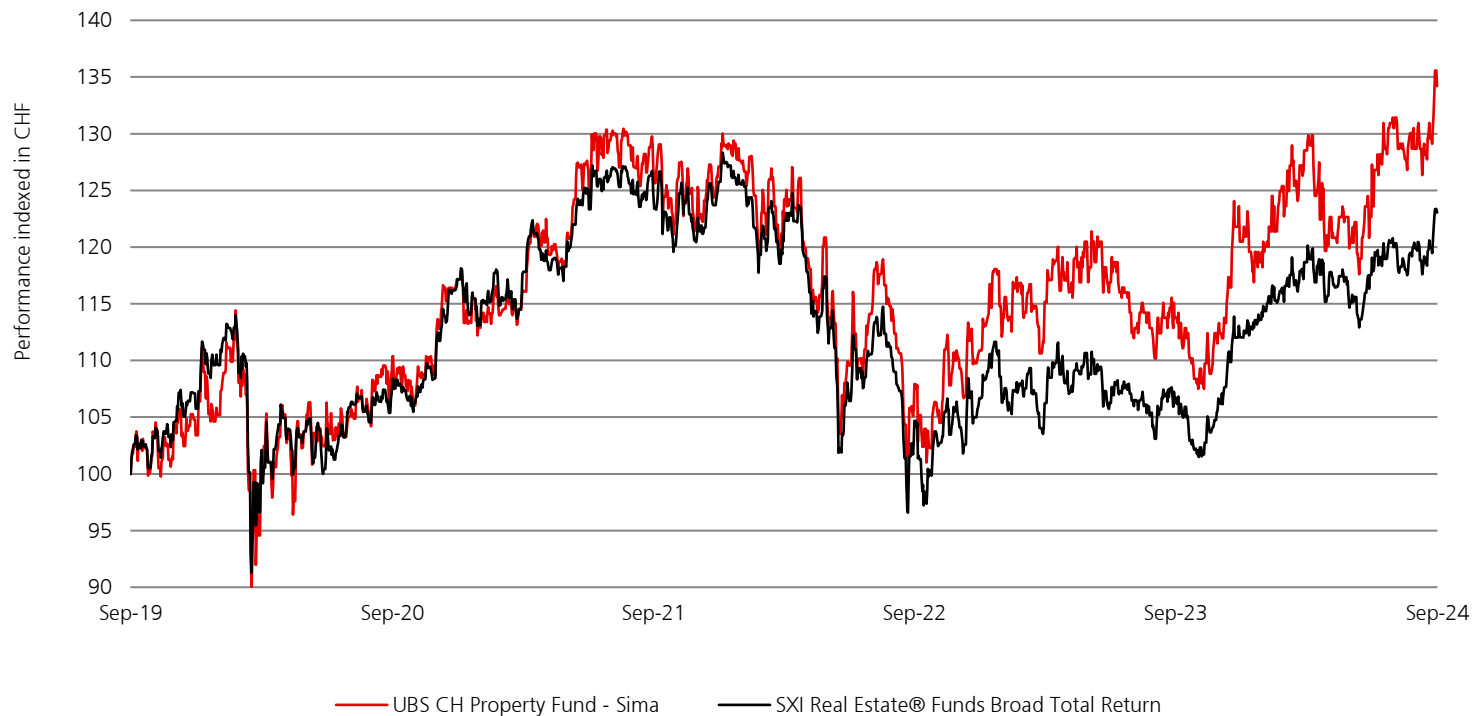
Average indexing in %

80.9%



Benchmark comparison

	Performance in % as at 30.9.2024						
	2020	2021	2022	2023	2024 YTD	5 years	avg p.a. 5 years
UBS «SIMA»	13.3%	8.5%	-12.8%	8.7%	11.4%	34.2%	6.1%
BM	10.8%	7.3%	-15.2%	5.0%	9.8%	23.0%	4.2%



Source: Datastream, UBS Asset Management, Real Estate & Private Markets (REPM), data as per end of September 2024

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.

It is not possible to directly invest in an index. Es ist nicht möglich, direkt in einen Index zu investieren. The index returns shown do not represent the results of actual trading in investable assets/securities. Investors who follow an index-like strategy can earn higher or lower returns and bear the cost of fees and expenses that reduce returns.

A profitable future

Our project pipeline until 2027 *et seq.* *



Gross yields after completion

* excl. Turicum and other uncommitted projects

This does not constitute a guarantee on the part of UBS Asset Management.

Highlights

Exploiting the intrinsic value potential incorporating ESG, wood and the circular economy



New build in
timber
construction



very central
location



Heat pump
with hydrogen



SNBS Gold
geplant

Zürich, Anna-Heer-Strasse

- Investment volume CHF 41 million
- Gross profit at completion: CHF 2.7 million
- Market value at completion: CHF 97 million
- Number of apartments: 81
- Parking spaces: 56
- Completion summer 2025



Learn more



New build in
timber
construction



High
prefabrication



Car-sharing
concept



Minergie-ECO
planned

Uster (ZH), «im Zelg»

- Investment volume CHF 87 million
- Gross profit at completion: CHF 4.4 million
- Market value at completion: CHF 131 million
- Number of apartments: 164
- Parking spaces: 143
- Completion of 1st stage 1 March 2025, 2nd stage Q3 2026
- 1st stage fully let, 2nd stage not yet on the market



Learn more

Highlights

Acquisition of a logistics property and start of construction of the large-scale "Acacias" project in Geneva



Commence-
ment as per
1 December
2023



in Switzerland's
Logistics Valley



20-year lease
with Fiege



Potential for one of
the most powerful PV
systems in Switzerland



first logistics
center in the
portfolio

Oftringen (AG), Industriestrasse

- Investment costs CHF 85.4 million
- Gross profit CHF 3.8 million (Triple Net)
- Gross yield 4.4%
- 29 700 m² storage, 880 m² office and 1700 m² other spaces



Yield
+ 4.4 million
Market value
+ 220 million



Seawater-
heat pump



Upgrading of
the entire
quarter



Spacious outdoor
areas and
courtyard



Minergie-ECO
planned

Geneva, "Acacias"

- Investment volume CHF 176 million
- Gross profit at completion: CHF 11.6 million
- Market value at completion: CHF 338 million
- Number of apartments: 336
- Commercial area approx. 3300 m²



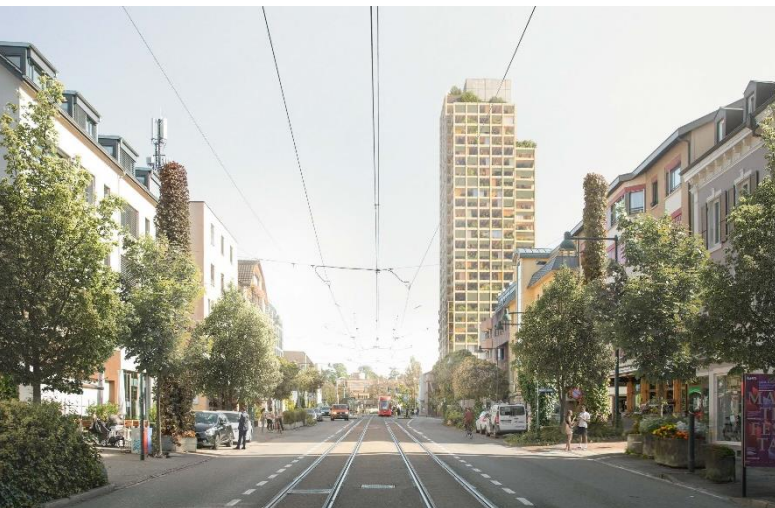
This does not constitute a guarantee on the part of UBS Asset Management.

The information presented should not be considered a recommendation to buy or sell any particular security

Learn more



And what else has happened this year...



High-rise Birsfelden

The municipal assembly has approved the construction of the timber high-rise as part of the development of the center.

Opening of EKZ Marin+

Reopening of the repositioned shopping center in Marin (Neuchâtel) in autumn 2023.

citizenM shifts into turnover rent

For the first time after opening (mid-2019) after Covid-19, the hotel generates an additional turnover rent of approx. CHF 500,000 in 2023 (currently still based on estimate)



Systematic review of sales

Screening of candidates for sale using a systematic and replicable analysis method.

Occupancy rate Metropol

The first stage will be completed by 1.5.24, 97% of the apartments and 100% the commercial spaces are leased.

Heating replacements

In nine properties, the heating systems were replaced by non-fossil alternatives, which resulted in annual CO₂-savings of 1000t.

Digital administration

Successful launch of digital administration by Tend at Grimselhof, Zurich. Further projects are being planned.

Occupancy rate Vivo

Around 80% of the apartments and 50% of the commercial space have already been leased.

Start of renovation Bruderholz, Basel

The renovation and conversion into apartments (around CHF 8 million) has begun on Bruderholzstrasse and, thanks to early initiation, is not subject to the new Tenant Protection Act.

Project «Turicum» - Highlights



11 properties with
high potential



purely residential
property



Gross value added
potential CHF 1.2
billion



Excellent locations
in the city of
Zurich



approx. 1500
apartments



min. 300%
increase in yield



approx. 2.5 million
kg CO₂
savings p.a.



Project «Turicum» - Growth from the portfolio

Update of project status

What has happened so far

- **11 residential properties** with an above-average potential in the city of Zurich were selected
- Altogether **eight developers** have been preselected, of which **six developers** presented their ideas and approaches within several pitches
- **Contact to the City of Zurich** has been made
- The portfolio has been **divided into two lots**. The first lot contains six smaller projects to be built using the standard construction method and the second lot is a larger development within an area construction
- **First allocations** to developers/sole contractors could already be made in 2024
- The biggest sticking point is the **political discussion** around housing shortages, low-cost housing construction and noise protection laws, etc.



- 1 Bläsistr.
- 2 Engadine Trail
- 3 Grabenwies
- 4 Mühlebachstr.
- 5 Hambergersteig.

- 6 Carl-Spitteler-Str.
- 7 In the woods
- 8 Bachtobelstrough.
- 9 Saumacker
- 10 Riedhofstr.

Project «Turicum» – Lot I

Some of the projects in Lot I will start this year



Income
CHF 1.2
million

Mühlebachstrasse – story increase
Total investment approx. CHF 14 million



Income
CHF 1.7
million

Hambergersteig - New construction project
Total investment approx. CHF 20 million



Income
CHF 1.2
million

Engadinerweg - New construction project
Total investment approx. CHF 17 million



Income
CHF 4.1
million

Carl-Spitteler-Strasse - New construction pr.
Total investment approx. CHF 70 million



Income
CHF 6.0
million

Grabenwies - Hybrid (tbd)
Total investment approx. CHF 90 million



Income
CHF 1.6
million

Obere Bühelstrasse - Redevelopment
Total investment approx. CHF 20 million

Project «Turicum» – Lot II

Certain larger projects in LOT II require a longer lead time



Income
CHF 3.7
million

Bläsistrasse - New construction project
Investment sum approx. CHF 50 million



Income
CHF 12
million

Im Walder - Hybrid (tbd)
Investment amount approx. CHF 130 Mio.



Income
CHF 16
million

Riedhofpark - New construction project
Total investment approx. CHF 180 million



Income
CHF 47
million

Saumackerstrasse - New construction project
Total investment approx. CHF 60 million

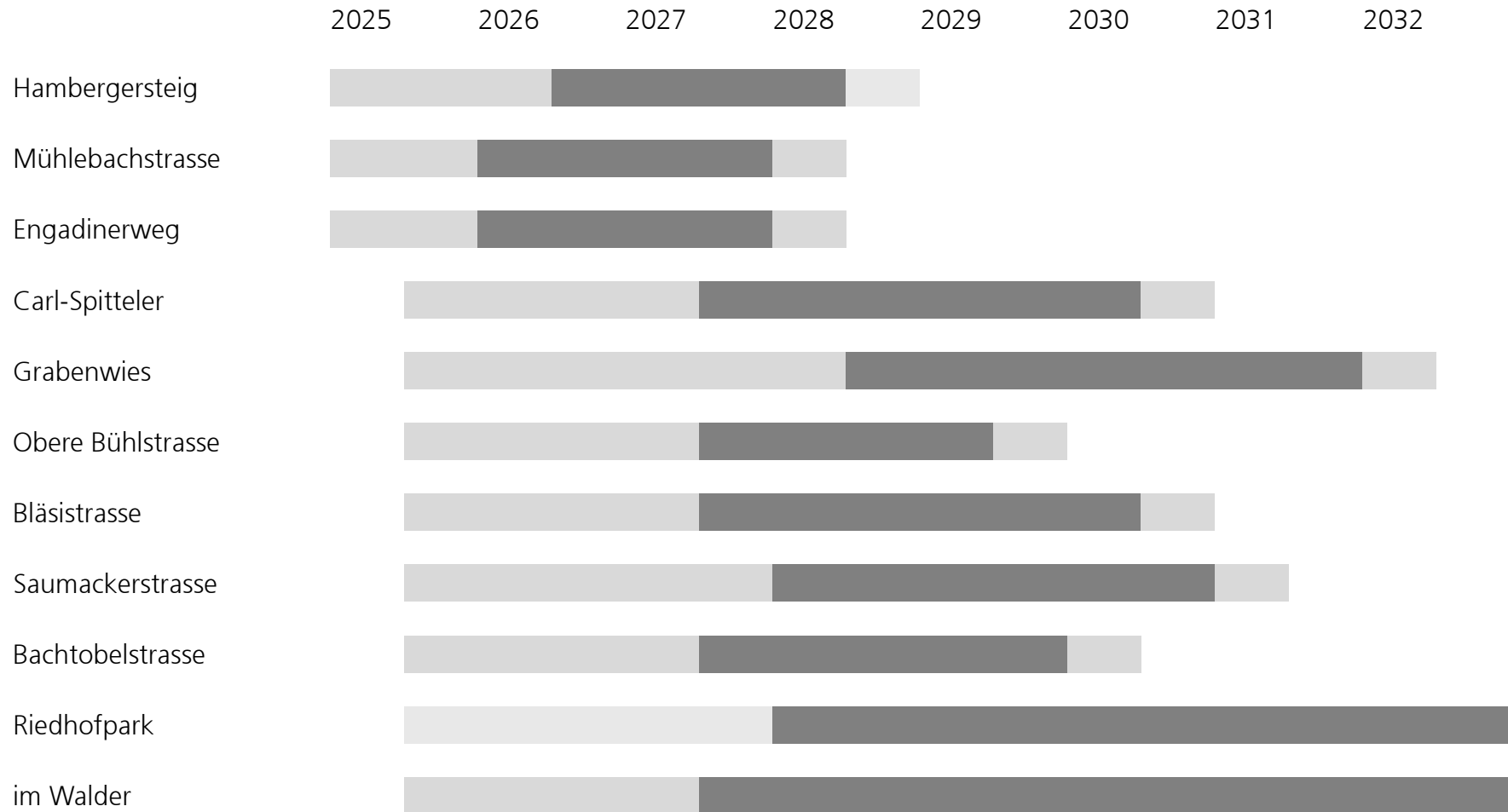


Income
CHF 2.7
million

Bachtobessense - Hybrid
Total investment approx. CHF 17 million

Project «Turicum»

Timeline



UBS «Sima» - Sustainability Highlights

Financial year 2023

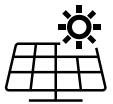


GRESB-Rating 2024:

5 stars



Modeling of a **CO₂ reduction path** across the entire portfolio with the aim of becoming CO₂ neutral **by 2050 at the latest**



Over **2000 kWp** built-in **PV power** and other facilities are underway



"Buck40" in Zurich is the **first renovation project** in Switzerland with a **DGNB Gold Certification**.



RE ESG Plus Rating 2023 of 3.5

//

Actionable sustainability calls for implementation and we are right on track!

Martin Strub

Fund Manager
UBS «Sima»

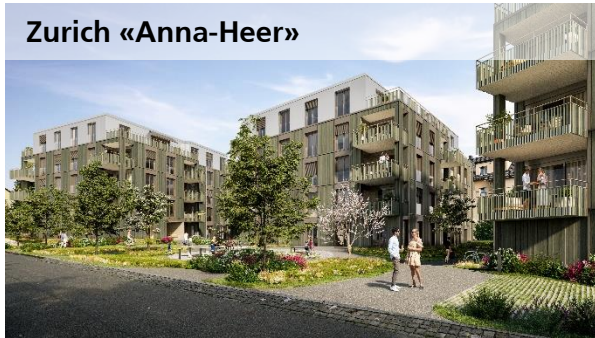


Circular economy in three approaches

We think and act in cycles

Recycle – Reuse

Zurich «Anna-Heer»



- **Recycling** of various equipment, building materials, panels before demolition
- **Preparation** of doors and terrain

Reduce – don't build at all

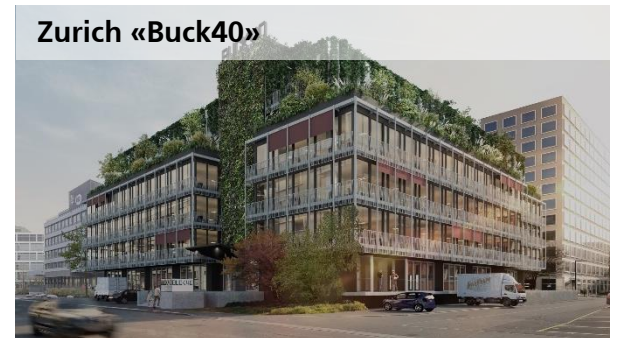
Uster «im Zelg»



- **Saving** of unprofitable areas (approx. 1100 m²) in the basement through mobility concept
- Financial resources that have become available for **environmentally friendly measures** such as timber construction and **Sponge City Principle** used

Reuse – Building on existing building

Zurich «Buck40»



- **Upgrading of existing buildings** through individual structural measures such as atrium, extension, roof garden, etc.
- Concrete demolition material is **reused**
- Attaining **CO₂ neutrality** after one year

Thinking in cycles means:

- CO₂ reduced construction
- Use of renewable materials
- Reuse
- Efficient and economical use of materials
- Consider the environment and nature

Outlook & Priorities

Earnings

Further implementation of internal growth potential, taking into account ESG characteristics (including Turicum), as well as selective acquisitions.

Sustainability

Consistent implementation of our UBS Sima sustainability strategy and further development of the reduction path and inclusion in multi-year planning.

ESG Rating+

Continuation of the ESG Rating Plus as a management tool.



Rental Management

Continuation of proactive rental management to reduce existing vacancies and avoid potential vacancies. Digital administration pilot project launched.

Politik / Regulatoren

Dominant political discussions occupy an important place in the implementation of projects (Turicum).

Growth

Growth primarily from the portfolio, especially residential use. In addition, broader diversification of sectors within the commercial portfolio (e.g. logistics center in Oftringen).

Risiks

- **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.

Glossary (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.



Glossary (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.



Contact information

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

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