Investment fund under Swiss law

UBS PF Europe

Annual Report 2022/2023
UBS (CH) Property Fund – Europe

UBS

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Investment fund under Swiss law
(category Real Estate Fund)
This investment fund invests exclusively in foreign real estate
Audited annual report as at 30 June 2023
Securities no.: 14539972

Sales restrictions
Units of this real estate fund may not be offered, sold or delivered within the United States.
Units of this real estate fund may not be offered, sold or delivered to investors who are US persons. A US person is a person who:

(i) is a United States person within the meaning of Section 7701(a)(30) of the US Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder;
(ii) is a US person within the meaning of Regulation S under the US Securities Act of 1933 (17 CFR § 230.902(k));
(iii) is not a Non-United States person within the meaning of Rule 4.7 of the US Commodity Futures Trading Commission Regulations (17 CFR § 4.7(a)(1)(iv));
(iv) is in the United States within the meaning of Rule 202(a)(30)-1 under the US Investment Advisers Act of 1940, as amended; or
(v) any trust, entity or other structure formed for the purpose of allowing US Persons to invest in this real estate fund.

This report is an English translation of the original German version. In case of discrepancies, only the version German is authentic.
www.ubs.com/realestate-switzerland

Organization

Fund management company
UBS Fund Management (Switzerland) AG,
Aeschenvorstadt 1, 4051 Basel

Board of Directors
- Michael Kehl,
  Chairman of the Board of Directors,
  Managing Director,
  UBS Asset Management Switzerland AG, Zurich
- Dr. Daniel Brüllmann,
  Vice Chairman of the Board of Directors,
  Managing Director,
  UBS Asset Management Switzerland AG, Zurich
- Francesca Gigli Prym,
  Board Member,
  Managing Director,
  UBS Fund Management (Luxembourg) S.A., Luxembourg
- Dr. Michèle Sennhauser,
  Board Member,
  Executive Director,
  UBS Asset Management Switzerland AG, Zurich
- Franz Gysin,
  Independent Board Member
- Werner Strebel,
  Independent Board Member

Executive Board
- Eugène Del Cioppo
  Managing Director
- Georg Pfister
  Deputy Managing Director and Head of Process, Platform, Systems and Head of Finance, HR
- Urs Fäs
  Head of Real Estate Funds
- Christel Müller
  Head of Corporate Governance & Change Management
- Thomas Reisser
  Head of Compliance

Custodian bank
UBS Switzerland AG, Zurich

Valuation experts
Wüest Partner AG, Zurich
Responsible persons in charge:
- Andreas Bleisch
- Pascal Marazzi-de Lima
- Christoph Axmann

Auditors
Ernst & Young AG, Basel

Delegation of specific tasks
- Selected portfolio management functions (supporting activities from the portfolio perspective such as evaluation or due diligence tasks, but not activities concerning the investment decision)
- Acquisition and disposition of properties
- Construction and development
- Asset management (property management)
- Property management and technical maintenance

The above mentioned tasks are specified in agreements concluded between UBS Fund Management (Switzerland) AG and the respective entity:
- UBS Limited Nederlandse Vestiging B.V.
- UBS Immobilier (France) S.A.
- UBS Real Estate GmbH
- UBS Asset Management (Italia) SGR SpA
- UBS Europe SE, sucursal en España
- UBS Asset Management (UK) Ltd

Paying agents
UBS Switzerland AG, Zurich, and its offices in Switzerland

Notices to investors

I. Tax transparency in Germany and Austria

In line with German investment tax law, there is a tax liability at an investor level, in particular for fund distributions. Provided that at least 50% of the fund has been continuously invested in foreign real estate and real estate companies, there is generally the option for a partial exemption of 80% of the distributions in accordance with Section 20 (3) no. 2 of the InvStG (real estate partial exemption). Classification of the fund as a public investment fund with the addition "Real estate fund with foreign focal area" is carried out via WM Datenservice.

In the context of tax treatment, this real estate fund in Austria has the tax status of a reporting fund within the meaning of the Investment Fund Act (Investmentfondsgesetz, InvFG). For this purpose, it reports the tax assessment bases as defined in Section 186 (2) no. 2 InvFG to the Österreichische Kontrollbank (OeKB). Private investors who hold their units in an Austrian custody account are generally subject to final taxation under capital gains tax (Kapitalertragssteuer, KESt). If the units are held in a foreign custody account, the income from the fund is subject to assessment.

The investors are advised to contact their tax advisers with regard to personal tax implications.

II. Fund contract amendments

Notification of 8 June 2022

I. Adaptation of the fund contract to the Financial Services Act (FinSA), the Financial Institutions Act (FINIG), the revised Collective Investment Schemes Act (CISA) and the associated regulations

On 1 January 2020, the Financial Services Act (FinSA) and the Financial Institutions Act (FINIG) entered into force. The Collective Investment Schemes Act (CISA) and the associated regulations were also revised as part of this new legislation. As a result, the fund contract of UBS PF Europe will be adapted to the aforementioned legislation and to the new model fund contract based on it, as issued by the Asset Management Association Switzerland (AMAS). These changes are required by law.

1. The fund management company (§ 3)

In prov. 2, the fund management company's duty of loyalty, duty of care and obligation to provide information are reworded as follows:

"The fund management company and its agents have a duty of loyalty, duty of care and obligation to provide information. They act independently and exclusively in the interests of the investors. They take the organizational measures necessary for proper conduct of business. They render account of the collective investment schemes that they manage and provide information on all fees and costs charged directly or indirectly to investors and on compensation received from third parties, in particular commissions, discounts or other monetary benefits."

The provisions on transfer (previously delegation) set out in prov. 3 have been reworded and now read as follows:

"The fund management company may transfer investment decisions and specific tasks to third parties, provided this is in the interest of proper portfolio management. It shall only engage persons who have the necessary skills, knowledge and experience for this activity and the required permits. It shall instruct and supervise third parties who have been engaged with due care.

The fund management company remains responsible for compliance with its obligations as required by supervisory authorities and shall protect the interests of investors when transferring tasks.

The fund management company shall be liable for the actions of persons to whom it has transferred tasks as for its own actions.

Investment decisions may only be transferred to asset managers who have the necessary permit."

2. The custodian bank (§ 4)

In prov. 4, the custodian bank's duty of loyalty, duty of care and obligation to provide information are reworded as follows:

"The custodian bank and its agents have a duty of loyalty, duty of care and obligation to provide information. They act independently and exclusively in the interests of the investors. They take the organizational measures necessary for proper conduct of business. They guarantee that they will render account transparently and provide appropriate information on the collective investments that they hold in safekeeping, and that they will provide information on all fees and costs charged directly or indirectly to investors and on compensation received from third parties, in particular commissions, discounts or other monetary benefits."

In prov. 5, the term "collective custodian" or "collective custody" shall be replaced by "central custodian" or "central custody."

3. The qualified investor (§ 5)

Prov. 1 is specified and expanded with regard to the definition of a qualified investor:

"Qualified investors within the meaning of this fund contract are professional investors as defined in Art. 4 (3)–(5) or in Art. 5 (1) and (4) FinSA. They include only the following investors:

a) supervised financial intermediaries such as banks, securities firms and fund management companies;

b) supervised insurance companies;

c) corporations under public law, pension funds and other occupational pension institutions providing professional treasury operations;

d) companies with professional treasury operations;

e) large companies; a large company is one that exceeds two of the following parameters:

– balance sheet total of CHF 20 million;
– turnover of CHF 40 million;
– equity of CHF 2 million;

f) high-net-worth individuals as defined in Art. 4 (3) (i) FinSA and high-net-worth individuals who state in writing that they wish to be considered professional investors."

4. Investment policy (§ 8)
The following new prov. 6 is added to the above §:

"The fund management company shall ensure appropriate liquidity management. The details are disclosed in the prospectus."

5. Calculation of the net asset value and consultation of a valuation expert (§ 16)

The fund management company adapts the previous "hybrid" valuation expert system to the system provided for in the AMAS Model Documents / Guideline for Real Estate Funds dated 2 April 2008, version of 5 August 2021, with a legal entity and the natural persons bearing primary responsibility: it is no longer the employees working for the valuation firm who are commissioned as valuation experts, but the company itself. The way the valuations are conducted and the valuation method applied to the properties belonging to the fund remain unchanged. In the case of UBS PF Europe, § 16 including the corresponding paragraphs of the fund contract as well as the prospectus thus state that the legal entity Wüest Partner AG is appointed as the responsible valuation expert, and no longer its employees as before.

In § 16 prov. 2, it is also stated that, in accordance with the "Specialist information on the issue of real estate fund units" published by SFAMA (now AMAS) and dated 25 May 2010 (as of 21 December 2018), a new valuation is not required when issuing units, provided that the existing valuation is not older than six months.

In addition, prov. 7 of the paragraph with the same name updates the applicable guideline for the purposes of real estate valuation (formerly SFAMA; now AMAS). It is worded as follows:

"The valuation of the properties for the real estate fund is carried out according to the current AMAS guidelines for real estate funds."

In prov. 8, the term "undeveloped land" is now replaced by "building land."

6. Compensation and incidental expenses charged to investors (§ 20)
The term "distributor" is used instead of "distribution agent."

7. Compensation and incidental expenses charged to fund assets (§ 21)
The paragraph is updated; the cost items are restructured and in some cases renamed. These adjustments have no material impact, apart from the underlined change. The updated passages are now worded as follows:

Prov. 3:

"Not included in the commission, however, are the following compensation and incidental expenses of the fund management company and the custodian bank, which are charged to fund assets in addition:

a) expenses for the purchase and sale of real estate investments, namely customary brokerage fees, commissions, taxes and duties, as well as expenses for reviewing and maintaining quality standards in physical investments;

b) […]"

Prov. 4. is now worded as follows:

"In addition, the fund management company and custodian bank are also entitled to reimbursement of the following expenses incurred by them in performance of the fund contract:

– *expenses for the purchase and sale of real estate investments, namely customary brokerage commissions, advisor and legal fees, notary and other fees, and taxes;*
– *customary brokerage fees paid to third parties in connection with first-time rentals of new-build properties and after renovation;*
– *costs or expenses incurred in connection with management of the individual properties at maximum 8% of the annual gross rental income;*
– *property expenses, in particular maintenance and operating costs including insurance, public charges and expenses for servicing and infrastructure services, provided that these are in line with standard practice and are not borne by third parties; fees for valuation experts and any other experts for clarifications in the interests of the investors;*

- *advisory and litigation costs in the general interests of the real estate fund and its investors, in particular to deal with authorities and before the courts;*
- *consultancy and procedural costs related to the general protection of the interests of the real estate fund and its investors, in particular with public authorities and in court;*
- *credit brokerage costs and expenses in connection with credit management;*
- *expenses or fees in connection with a capital increase and/or any listing of the real estate fund."*

The underlined change shown in the above paragraph is an adjustment that is not required by law.

Prov. 5:

"The fund management company may charge a commission for its own efforts in connection with the following activities, provided that the activity is not performed by third parties:

a) purchase and sale of properties, up to a maximum of 2% of the purchase or sale price;

b) construction, renovation and conversion of buildings, up to a maximum of 3% of the construction costs;"

Prov. 6:

"The expenses, fees and taxes related to the construction of buildings, renovations and conversions (namely, customary planners' and architects' fees, building permit and connection fees, costs for the granting of easements, etc.) are added directly to the acquisition cost of the real estate investments."

Prov. 7:

"The expenses referred to in prov. 3 (a) and prov. 4 first paragraph are directly added to the acquisition cost or, as the case may be, deducted from the sale value."

8. Audit (§ 23)
In the context of renaming the Swiss Funds & Asset Management Association (SFAMA) as Asset Management Association Switzerland (AMAS), the above-mentioned paragraph will be updated accordingly. The name change is also made in all relevant provisions of the fund contract.

9. Further changes to the fund contract
The changes referred to above result in adjustments to the fund contract that are of a purely formal or editorial nature, or relate to changed references in the fund contract.

II. ESG
In line with the regulatory provisions on sustainable investment policies applicable in Europe (Sustainable Finance Disclosure Regulation; SFDR), a reference to sustainability will now be included in the investment policy of the real estate fund, and a new prov. 5 with the following wording will be integrated into paragraph 8:

"The fund management company aims at sustainable real estate management. The real estate fund's investment objective is mainly to achieve sustainable earning power and a continuous increase in the value of the real estate holdings through an internationally broadly diversified real estate portfolio, based on the careful use of non-renewable resources and on climate protection.

Sustainability aspects are included in the entire decision-making process using the sustainability approaches ***ESG integration*** *and* ***exclusion****, as described in the prospectus under prov. 1.9.2. and implemented along the entire life cycle of the properties.*

The fund management company has established the following ***sustainability targets*** *("target matrix") for the real estate fund:*

- CO_2 emissions (kg CO_2e/m² LS*/year): -50% by 2030 (basis 2019)***
- energy consumption (kWh**/m² LS/year): -30% by 2040 (basis 2019)***
- renewable energy sources (proportion as % of portfolio): at least 50% by 2040
- building labels (incl. energy certificates) for properties: at least 90% climate neutrality by 2030 (net zero CO_2 target) for the portfolio: 100% by 2050***
- coverage ratio for data: 100% by 2030***

* LS = lettable space
** kWh = kilowatt-hour
*** Temporary deviations of up to 5% may occur due to transactions and projects."

III. Prospectus alterations
The prospectus will also be adapted to be consistent with the Financial Services Act (FinSA), the Financial Institutions Act (FINIG), the revised Collective Investment Schemes Act (CISA) and the associated regulations, and with the new model prospectus published by AMAS and based on the above legislation. These changes are required by law and by regulatory provisions. The prospectus is now consistent with the order set out in the Financial Services Regulation. In addition, the prospectus now also includes a reference to sustainability in line with the fund contract.

The amendments to the fund contract were approved by the Swiss Financial Market Supervisory Authority (FINMA) on 9 August 2022. The amendments entered into force on 12 August 2022.

Notification of 27 September 2022

I. Details of the changes in the context of converting UBS PF Europe into a retail fund

As part of its initial approval, the UBS PF Europe real estate fund was exempted by the Swiss Financial Market Supervisory Authority (FINMA) from compliance with selected regulations during the development phase. These derogations granted under § 1 prov. 3 of the fund contract will be reversed when the fund is converted into a retail fund and listed; in parallel with this, provisions specific to retail funds will be introduced. The following regulations are concerned, which were not applicable to the fund during the development phase:

- requirement to prepare a semi-annual report;
- requirement to ensure that the units can be traded on a regular basis;
- requirement to prepare a simplified prospectus;
- requirement to designate a publication medium;
- requirement to publish prices;
- requirement to issue units against cash; instead of the investor making a cash payment to acquire fund units, the fund management company may also agree to investments being made in the form of a contribution in kind, on a case-by-case basis;
- provision allowing investors to request redemption of their units at the end of each financial year, subject to twelve months' notice;
- provisions on subscription rights in the case of contributions in kind within the meaning of Art. 66 (1) CISA;
- determining the encumbrance of the properties, on average up to one third of the market value, in accordance with Art. 65 (2) and (3) CISA in conjunction with Art. 96 (1) CISO.
- risk diversification provisions after 3 years and after 4 years from the launch of the real estate fund.

Furthermore, based on § 1 prov. 4 of the fund contract, in the course of the conversion all those provisions in the entire fund contract that restrict the investor base to qualified investors will be removed or replaced by corresponding clauses specific to a retail fund:

- removal of the restriction on the investor base (§ 5 and other relevant provisions in the fund contract);
- adjustment of the conditions for termination and payout (§ 5 and other relevant provisions in the fund contract);
- removal of the restriction requiring the real estate fund units to be held at the custodian bank (§ 6).

The necessary changes are explained in detail below.

1.1 Designation, company and registered office of the fund management company and custodian bank (§ 1)

The prov. 2 to 4 of § 1 are deleted without replacement as part of the conversion of the investment fund into a retail fund.

These relate, firstly, to the derogations already mentioned and the removal of the restriction of the investor base to qualified investors and, secondly, to the technical process of opening the fund to the public within a time horizon of five years.

1.2 The qualified investor (§ 5)

As a result of the conversion of UBS PF Europe into a retail fund, the title of § 5 is no longer "The qualified investor," but now "The investors."

It is now mentioned in prov. 1 that the investor base is not restricted. In this regard, the requirement in § 6 prov. 5 that fund units must be deposited with and held in custody by the custodian bank UBS Switzerland AG has also been removed.

The opening of the fund also has the consequence that the present real estate fund is no longer an "investment fund under Swiss law for qualified investors of the 'real estate funds' type," but is now an "investment fund under Swiss law of the 'real estate funds' type."

In addition, the conditions for termination and payout are adjusted in § 5 prov. 5. The new provision is that investors can demand payout of their share in the real estate fund in cash, subject to a notice period of 12 months. Another new provision is that the fund management company may, under certain conditions, prematurely redeem units terminated during an accounting year after the end of that year (cf. § 17 prov. 2). Both ordinary and early repayment are made within three months of the end of the financial year. The subsequent prov. 6 and 7 are deleted without replacement.

1.3 Encumbrance of properties (§ 14)

The encumbrance of all properties, which was previously permitted to total an average of 50% of the market value according to § 14 prov. 2, is now reduced to one third.

In addition, it is now stipulated that, in order to maintain liquidity, the encumbrance may be increased to half of the market value on a temporary and exceptional basis, provided that the interests of the investors are safeguarded. In this case, the audit firm must comment on the requirements laid down in Art. 96 (1 bis) CISO when auditing the real estate fund.

1.4 Risk allocation and its restrictions (§ 15)

§ 15 is adapted to comply with the provisions specific to retail funds. Prov. 1, according to which no investment restrictions were to apply in the first two years after launch of the fund, and which refers to the investment restrictions applicable during the development phase, is deleted without replacement. New diversification provisions also come into effect in the following paragraphs. The new wording of § 15 is as follows:

1. *Investments are to be spread across properties, their type of use, age, building structure and location.*

2. *Investments shall be spread across a minimum of 10 properties. Developments built according to the same construction principles, as well as adjoining parcels of land, are considered to be a single property.*

3. *The market value of any one property may not exceed 25% of the fund's assets.*

4. *In addition, when pursuing the investment policy defined in § 8, the fund management company shall observe the following investment restrictions relating to the fund's assets:*
   a) *building land, including properties earmarked for demolition, and buildings under construction up to a maximum of 30%;*
   b) *properties with development rights up to a maximum of 30%;*
   c) *mortgage certificates and other contractual mortgage liens up to a maximum of 10%;*
   d) *units in other real estate funds (including Real Estate Investment Trusts) as well as real estate investment companies, and acquisition of real estate certificates traded on a stock exchange or on another regulated market open to the public, up to a maximum of 25%;*
   e) *The investments referred to above in (a) and (b) together up to a maximum of 40%.*

1.5 Calculation of the net asset value and consultation of a valuation expert (§ 16)
The net asset value of the real estate fund and the proportion of each of the classes (quotas) are calculated at the end of the accounting year at market value and on each issue of units, in euros (prov. 1).

In accordance with prov. 2, the fund management company is now required to have the market value of the properties belonging to the real estate fund reviewed by the valuation expert at the end of each financial year and when units are issued. Until now, the properties were valued at least twice a year, including at the close of the accounting year.

The way the valuations are conducted and the valuation method applied to the properties belonging to the fund remain unchanged.

1.6 Issue of units (§ 17) and redemption of units (§ 19)

The two §§ 17 and 19 are merged into § 17, the new title of which is "Issue and redemption of units, and trading." Relevant provisions in § 19 are deleted without replacement or now integrated into § 17. The new § 17 is now worded as follows:

1. *Units may be issued at any time, but only in tranches. The fund management company offers new units firstly to existing investors.*
2. *Units are redeemed and payout is made in accordance with § 5 prov. 5. The fund management company may prematurely redeem units terminated during an accounting year after the end of the same year if*

a) *the investor requests this in writing at the time of cancellation;*
b) *all investors who requested premature repayment can be satisfied.*

Moreover, the fund management company shall ensure that regular on-exchange or over-the-counter trading of the real estate fund units can take place through a bank or securities firm. The details are provided in the prospectus.

3. *The issue and redemption price of the units is based on the net asset value per unit calculated in accordance with § 16.*
   When units are issued, the incidental expenses (transfer taxes, notary fees, fees, brokerage fees in line with the market, levies, etc.) incurred by the real estate fund on average due to investment of the paid-in amount are added to the net asset value.When units are redeemed, the incidental expenses incurred by the real estate fund on average due to the sale of a portion of the investments corresponding to the terminated unit are deducted from the net asset value. Incidental expenses are listed in the prospectus and Key Information Document. In addition, when units are issued or redeemed, an issuing commission referred to in § 18 may be added to the net asset value or, as the case may be, a redemption commission referred to in § 18 may be deducted from the net asset value.
4. *The fund management company may stop issuing units at any time and reject applications for unit subscription or conversion.*
5. *In the interests of all investors, the fund management company may defer the repayment of units on a temporary and exceptional basis if:*

a) *a market that forms the basis for the valuation of a significant portion of the fund assets is closed, or if trading on such a market is restricted or suspended;*
b) *a political, economic, military, monetary or other emergency situation exists;*
c) *transactions become impracticable for the real estate fund due to restrictions on foreign exchange transactions or restrictions on other transfers of assets;*
d) *a large number of units are terminated and the interests of the remaining investors may be materially impaired as a result.*

6. *The fund management company shall notify the decision on the deferral without delay to the audit firm, the supervisory authorities and, as appropriate, the investors.*
7. *Units shall not be issued for as long as the repayment of units is deferred for the reasons set out under prov. 5 a) to c) above.*

1.7 Incoming payments using permissible investments instead of cash (§ 18)
§ 18, which governs contributions in kind ("Incoming payments using permissible investments instead of cash"), is deleted without replacement; contributions in kind can no longer be made. In this context, § 5 prov. 2, § 17 prov. 1 and § 20 prov. 1 (now § 18 prov. 1) are also amended. As a result of the deletion described above, the previous § 20 now becomes § 18 ("Compensation and incidental expenses charged to investors").

1.8 Rendering due account (§ 22, now § 20)
A semi-annual report must now be prepared. In § 22, the new prov. 4 (now § 20 prov. 4) is added; added or adapted. Other relevant provisions in § 21 prov. 1 and 2 (now § 19 prov. 1 and 2) and § 26 (now § 23) new prov. 4 are adapted or supplemented accordingly.

1.9 Obtaining the fund documents (§ 25) and notifications of the real estate fund (§ 26, now § 23)
§ 25 is deleted; the reference to obtaining the fund documents free of charge is now in § 23 (formerly § 26) prov. 4.

In addition, § 26 (now § 23) will be amended in the course of the conversion such that investors will no longer be notified of changes to the fund contract by registered letter, but will now be informed by publication in the relevant publication medium; the publication medium is the Internet platform Swiss Fund Data AG, www.swissfunddata.ch (see also prov. 5.2 of the prospectus). The title of this paragraph is now "Publications of the real estate fund." The related adjustments are made in § 6 prov. 2, § 27 prov. 5 and 7 (now § 24 prov. 5 and 7), prov. 28 new prov. 4 (now § 25 prov. 4) and § 29 (now § 26) of the fund contract.

In addition, the new prov. 3 is added to § 26 (now § 23). This states that the issue and redemption prices or, as the case may be, the net asset value of the unit classes shall be published with the note "excluding commissions" upon each issue and redemption of units in the print or online medium specified in the prospectus (i.e. Swiss Fund Data AG). The net asset values can be viewed at any time in the said medium and are updated annually after the audited annual financial statements become available.

1.10 Term of the real estate fund, conversion into a retail fund and dissolution (§ 28, now § 25)
The provisions dealing with the conversion of the fund into a retail fund are deleted. Consequently, the title of this paragraph is now "Term of the real estate fund and dissolution." Accordingly, this results in the removal of the requirements § 28 prov. 1 (now § 25), which have to be observed if the fund is converted into a retail fund or if it is listed. Prov. 2 is also deleted. It is no longer relevant and states that the investors must be informed of the dissolution of the real estate fund by registered letter if the fund contract is canceled by the fund management company. Prov. 4 (new) and 5 also reflect the provisions specific to a retail fund in the event of liquidation.

1.11 Key Information Document
A Key Information Document (until now "simplified prospectus," which until now was departed from in accordance with § 1 prov. 3) must now be prepared. The content complies with the legal requirements laid down in Art. 76 prov. 1 and 3 and Art. 77 CISA in conjunction with Art. 107 CISO and Annex 2 CISO. The previously missing terms or references to the Key Information Document will be added throughout the fund contract.

1.12 Update of the referencing and prospectus
As a result of the conversion to a retail fund, the references throughout the document are also updated. Likewise, all relevant passages in the prospectus will be adapted in line with the new provisions of the fund contract.

The amendments to the fund contract were approved by the Swiss Financial Market Supervisory Authority (FINMA) on 4 November 2022. The amendments entered into force on 10 November 2022.

Notification of 27 April 2023

I. Fund contract changes

1. *The alteration of income appropriation for the real estate fund from "reinvesting" to "distributing"*

In the context of the envisaged alteration of income appropriation for the fund from "reinvesting" to "distributing," the following provisions are being altered in the fund contract:

Units and unit classes (§ 6)

In § 6 prov. 4, the wording is to be altered as follows (the change is highlighted):

*"There are currently two unit classes called (EUR) I and (CHF hedged) I. The units of classes (EUR) I and (CHF hedged) I are ~~reinvesting~~ **distributing** units and are subject to the maximum rates of the management and custodian bank commission specified in § 19 prov. 1 and 2.*

Units of unit class (EUR) I are issued and redeemed in the unit of account of the real estate fund in euros (EUR), and units of unit class (CHF hedged) I are issued and redeemed in Swiss francs (CHF). The currency risks of the unit class issued in CHF, (CHF hedged) I, are largely hedged. Due to the currency hedge, investors are not able to benefit from any possible positive development in the exchange rate."

Appropriation of net income (§ 22)

§ 22 prov. 1 is to be altered and is now worded as follows:

"The net income of the real estate fund is distributed to investors annually at the latest within four months of the close of the accounting year in the corresponding unit of account for the respective unit class (EUR/CHF). The fund management company may additionally make interim distributions from the income.

Up to 30% of net income in the ongoing financial year may be carried forward, in addition to the previous year's carryforward.

A distribution may be waived and the entire net income may be carried forward if:

– *the net income in the ongoing financial year and the income carried forward from previous financial years of the real estate fund is less than 1% of the collective investment scheme's net asset value, and*

– *the net income in the ongoing financial year and the income carried forward from previous financial years of the real estate fund is less than one unit of the collective investment scheme's unit of account."*

2. *Alteration of the investment objective in the investment policy (§ 8)*

Furthermore, the intention is to alter the investment objective. § 8 prov. 5 is now to be worded as follows (the change is highlighted):

"The fund management company aims at sustainable real estate management. The real estate fund's investment objective is mainly to achieve sustainable earning power and a continuous increase in the value of the real estate holdings through an internationally broadly diversified real estate portfolio, based on the careful use of non-renewable resources and on climate protection. […]"

3. Alteration of liquid assets (§ 9)

§ 9 prov. 4 will be altered to reflect the wording of the AMAS model fund contract for real estate funds, whereby post office deposits are no longer available as liquid assets:

"Liquid assets means cash ~~as well as~~ and ~~post office deposits and~~ sight or time deposits with banks with terms up to 12 months as well as committed credit limits from a bank of up to 10% of the fund's net assets. The credit limits shall be counted against the maximum limit of the permissible pledge in accordance with § 14 prov. 2."

II. Prospectus alterations

The fund contract amendments set out in Section I. 1. and 2. above will be updated in the prospectus, and additional updates will be carried out.

The amendments to the fund contract were approved by the Swiss Financial Market Supervisory Authority (FINMA) on 5 June 2023. The amendments entered into force on 7 June 2023.

Otto-Hahn-Strasse 16,
Neuenburg am Rhein

Key figures for the year

Financial year	30.06.2023	30.06.2022	30.06.2021
Net fund assets (in EUR m)	250,3	255,6	187,8
Number of units - (CHF hedged) I	23 629 932	23 629 932	19 800 620
Net asset value per unit (in CHF) - (CHF hedged) I	10.34	10.83	10.40
Distribution per share (in CHF)	0.24	n.a.	n.a
Last stock market price as of reporting date (in CHF)	10.65	n.a.	n.a
Land/real estate (in EUR m)	280,3	276,3	164,0
Total fund assets (in EUR m)	349,1	349,0	250,9
Borrowed capital (in EUR m)	98,8	93,3	63,1
Rental income (in EUR m)	11,3	9,4	6,5
Ordinary maintenance (in EUR m)	0,5	0,7	0,1
Net income (in EUR m)	5,0	3,3	1,7
Performance[1] (since listing)	-5,3%	n.a	n.a.
SXI Real Estate Funds TR	n.a.	n.a	n.a.
Commercial properties	95,4%	94,7%	100,0%
Residential properties	4,6%	5,3%	0,0%
Norway	13,9%	15,9%	26,1%
Italy	14,3%	14,5%	22,9%
Germany	29,5%	24,4%	17,1%
Netherlands	20,9%	22,3%	12,8%
Spain	16,0%	16,8%	11,5%
Belgium	5,4%	6,1%	9,6%

Key figures in accordance with AMAS	30.06.2023	30.06.2022	30.06.2021
Return on investment	-4,5%	4,1%	2,3%
Distribution yield	2,3%	n.a.	n.a.
Payout ratio	111,1%	n.a.	n.a.
Return on equity (ROE)[2]	-1,7%	12,8%	-0,2%
Return on invested capital (ROIC)[3]	-0,8%	10,2%	0,2%
Premium/discount	3,0%	n.a.	n.a.
Operating profit margin (EBIT margin)	61,1%	50,3%	50,4%
Borrowing rate	30,5%	28,8%	32,5%
Rent default rate	0,2%	0,4%	1,2%
Fund operating expense ratio (TER_{REF}) – GAV	1,02%	0,88%	0,83%
Fund operating expense ratio (TER_{REF}) - MV (market value) (since listing)	1,43%	n.a.	n.a.

1 Calculation in line with AMAS (Asset Management Association Switzerland).
2 ROE is determined based on the total income in EUR presented in the income statement, which can fluctuate significantly due to currency effects. If total income is calculated in Swiss francs, in which the fund units are also denominated, the currency effects are lower due to currency hedging. In addition, there are no currency effects on cash balances in Swiss francs. The key figures in CHF can be taken from the Notes.
3 ROIC is determined based on the total income in EUR presented in the income statement and the mortgage interest payables, which can fluctuate significantly due to currency effects. If total income and mortgage interest is calculated in Swiss francs, in which the fund units are also denominated, the currency effects are lower due to currency hedging. In addition, there are no currency effects on cash balances in Swiss francs. The key figures in CHF can be taken from the Notes.

Past performance is not a guarantee of future developments.
The performance shown does not take account of any commissions and costs charged when subscribing to and redeeming units.
This statement applies to all historical performance data presented in the report.

Portfolio management report

UBS PF Europe remained resilient and continued to grow in the 2022/23 financial year. This is due to the high quality of the portfolio. The loss of rent rate as of 30 June 2023 is 0.2%, while rental income increased by around EUR 2 million, or 21.4% year on year, to EUR 11.3 million.

Market report

Economic situation remains strained
Although an energy shortage was expected in the second half of 2022 due to the war in Ukraine, with serious consequences for the economy, the anticipated economic slump did not materialize. The labor market in particular is very solid, with a record-low unemployment rate of 6.4% in June 2023. Due to tighter financing conditions however, economic momentum has weakened recently. Against this background, Oxford Economics expects slight growth of 0.6% for the Eurozone in 2023, followed by 1.1% in 2024. Inflation, meanwhile, remains the dominant issue. Having risen to as high as 10.6% in the fall of 2022, inflation had fallen back to 5.3% year on year by July 2023. This still places it significantly above the target of 2.0% set by the European Central Bank (ECB). Continuing inflationary pressure has prompted the ECB to raise interest rates to a record-high deposit rate of 3.75% and a main refinancing rate of 4.25%.

Interest rate rise does have consequences
The hike in interest rates has had an impact on the European real estate market through higher borrowing costs and an increase in government bond yields and, in turn, on the risk premiums for real estate. According to RCA, the annual investment volume between 2Q22 and 2Q23 was EUR 220.0 billion, down 48.0% year on year and 24.0% below the 10-year average. Declines were posted across all segments. Figures from CBRE indicate that, within the last 12 months, prime yields have corrected by an average of 87 basis points for offices, by 83 basis points for logistics properties, and by 83 basis points in the residential segment. Due to corrections that had been made previously during the pandemic, the retail segment not only saw the smallest decline in transactions last year but also the smallest price correction at 55 basis points.

Office: focus on quality and location
While the tightening of monetary policy is putting pressure on all real estate segments, the office sector is facing considerable additional uncertainty about future demand, due to the trend for hybrid working. After some pent-up demand was seen in the first half of 2022, office take-up has since declined again, with the average vacancy rate for the Eurozone rising from 7.1% to 7.6%. This increase was seen particularly in peripheral locations and in unfashionable, energy-inefficient properties, due to the ongoing flight to quality. With the supply of high-quality office space in short supply, Savills reports that European prime rents have risen significantly year on year by an average of 6.3%, while secondary properties face negative rent growth expectations.

Retail: rents up slightly in top locations
The bricks-and-mortar retail sector is also facing persistently challenging conditions as a result of the online shopping boom triggered by the pandemic. This was followed by low consumer confidence and a loss of purchasing power due to incomes falling in real terms. Along lines similar to the office segment, a trend for high-quality real estate can be observed. For example, high-street prime rents rose 2.9% year on year, while greater effort is mostly required to let secondary properties.

Logistics: scarce supply supports rental growth
While turnover in the logistics segment has slowed somewhat compared to the records set during the pandemic, a large proportion of markets still reported higher space turnover than the five-year average last year. It is also clear that supply bottlenecks, alongside or despite a deterioration in economic sentiment, remain an important limiting factor for turnover. The resulting scarcity continues to drive rental growth, as reflected in a 12.2% increase in the JLL European Logistics Rental Index compared to the previous year (1Q23).

Housing: shift in demand amplifies shortage
Along lines similar to the logistics segment, the European housing market is characterized by shortages in many metropolitan areas due to an insufficient number of completions. This is now being exacerbated by an additional shift in demand from the ownership market to the rental market, due to higher financing costs. As a result, the shortage caused average rents to rise 7.2% year on year in 1Q23, according to Property Market Analysis.

Performance of the fund in the 2022/2023 financial year

Stock market price and performance
On 10 November 2022, UBS PF Europe was successfully listed on SIX Swiss Exchange at an opening price of CHF 11.25. This means that, since that day, private investors have also had the opportunity to invest in European core real estate. Economic uncertainty and the associated high inflation and sharp rise in interest rates have severely curtailed trading in real estate products globally. Sellers are not willing to sell long-term sustainable positions below value, while buyers are not willing to buy at these prices. UBS PF Europe was also unable to escape the trend entirely, and its stock market price fell from CHF 11.25 to CHF 10.65. As at the reporting date, this corresponds to stock market performance of -5.3% since listing.

Distribution and net asset value development
UBS PF Europe plans to distribute CHF 0.24 per share for the 2022/2023 financial year.

The rise in interest rates and inflation rates was significantly higher in Europe compared to Switzerland, resulting in greater adjustments to real estate prices for European properties. Since the beginning of July 2022, prime initial yields of the sectors in which UBS PF Europe is invested have increased by an average of around 90 basis points, from 3.4% to 4.3% (source: CBRE). It should be pointed out, however, that transaction volumes in this case have also fallen sharply and do not allow any final conclusion to be drawn on medium- to long-term changes in value. In particular, owners of core real estate who are not forced to sell properties for business reasons are rarely willing to sell them when yields have increased. It can clearly be seen that there is different price behavior for core properties, on the one hand, and core+ and value-add properties, on the other. This is accordingly reflected clearly in the current market values of UBS PF Europe. The high quality of the properties resulted in a comparatively moderate write-down of around 40 basis points.

The portfolio's market value was EUR 280.3 million as of 30 June 2023.

The net asset value per unit held in UBS PF Europe fell 4.5% last year, from CHF 10.83 to CHF 10.34. The main reasons for the negative investment return of UBS PF Europe are the write-down in market values driven by interest rate changes and unrealized foreign currency effects.

Property portfolio
Rental income increased from EUR 9.4 million in the previous year to EUR 11.3 million in the reporting period. Several rental contracts were prolonged or expanded. In addition to various apartments, for example, rental contracts with retail tenants in Madrid and Oslo were extended by five and ten years, respectively. A state tenant in Brussels extended its lease for six years.

Mainly as a result of the high indexation level for rental contracts and further rentals, target rents have increased since the end of June 2022 by approximately 6.6% (excluding the new property in Neuenburg am Rhein) to EUR 11.5 million. The largest share of the fund's income continues to be derived from commercial and state tenants with strong credit ratings. The occupancy rate remains at almost 100%, and the weighted average lease term stands at around 6.9 years, thus offering long-term secure cash flow.

The weighted average interest rate on borrowings at the end of the financial year was 2.2%, and the weighted average remaining term of borrowings was 2.5 years, with the borrowing rate at 30.5%.

Efforts in the field of sustainability have led to an improvement in the GRESB rating. UBS PF Europe achieved the maximum achievable number of five stars. This result places the fund in 11th place out of 167 participants in this peer group, i.e. among the top 7%. The aim of making existing or even new properties future-proof remains a main target for UBS PF Europe. A photovoltaic system was installed by the tenant on the property in Zwolle with a long-term lease. Further installations are planned on the properties in Madrid and Neuenburg am Rhein in the coming years, which will further increase the value and sustainability of the portfolio.

The fund contract provides for a reduction in CO_2 emissions to net zero by 2050 at the latest. Portfolio management aims to achieve this goal even earlier.

During the period under review in Germany, UBS PF Europe acquired a logistics property and secured another residential property. This increased the number of properties from 12 to 13 (or 14 in the new 2023/2024 financial year).

Outlook
Changes in the interest rate market environment means that active liquidity management continues to gain in importance. Portfolio management is pursuing a debt strategy that further optimizes the cost of capital. The current debt-to-equity ratio of 30.5% will be further reduced, providing the fund with more flexibility in the present environment. Additional acquisitions will also be made; the residential property in Aachen, Germany, which has already been secured on attractive terms, was acquired in August 2023 and thus in the new financial year. Other specific acquisitions (including an extension of an existing site) are currently being examined at an advanced stage. The aim is to enhance the flexibility of the fund in the current environment and to ensure that UBS PF Europe remains attractive and continues to grow.

Highlights from the property portfolio

At a very well-established logistics location on the A5 federal freeway where three countries meet

Excellent transport links

10-year single-tenant rental contract

Acquisition of a new-build logistics property in Neuenburg am Rhein (GER)
The new, multifunctional logistics hall is located in a very well-established logistics location on the A5 federal freeway in Neuenburg am Rhein, in the south of Baden-Württemberg, very close to Switzerland. This represents a consistent continuation of the fund’s logistics strategy. The property is leased on a long-term basis to a DIY chain that supplies its Swiss DIY stores from Neuenburg am Rhein. The lettable area is about 14,000 m².

Great emphasis was placed on sustainability during the construction of the property, which was completed in 2022. It received gold certification from the German Sustainable Building Council (DGNB). Portfolio management was able to achieve a significant price reduction during the purchase process, taking account of changes in the market conditions.

Key Facts

Investment volume:	Around EUR 20.4 million
Gross yield (GIY):	4.6%
Occupancy rate:	100%; WAULT around 10 years

In a very good residential location in the center of the university city of Aachen

Excellent transport links

Potential for rental growth through index adjustments

Securing of a residential property in Aachen (D)
In May 2023, the acquisition of a modern residential property was secured in a very good residential location in the center of the university city of Aachen. The property was handed over in the 2023/2024 reporting period, on 16 August 2023.

The property was built in 2014 and consists of four multi-story residential buildings with a total of 64 premium housing units and rental space totaling 7,640 m². Despite its city center location, the ensemble boasts generous balconies and outdoor areas, along with an underground garage with 74 parking spaces.

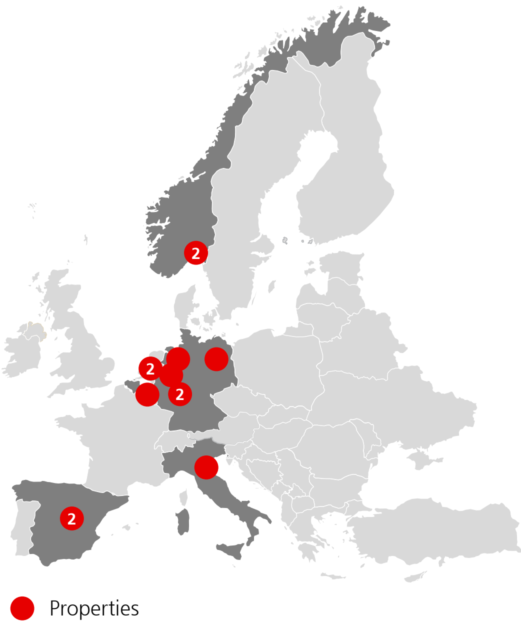
From a portfolio perspective, the acquisition in Aachen represents a further residential property of long-term value in a very good location with potential for rental growth. Following the handover, the share of rental income derived from residential use in UBS PF Europe will increase from 12% to around 21%.

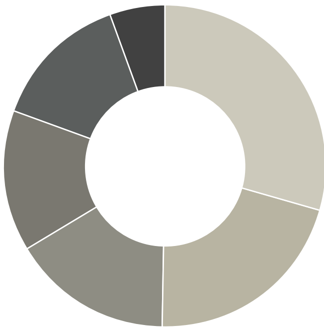
Key Facts

Investment volume:	Around EUR 27.7 million
Gross yield (GIY):	4.0%
Occupancy rate:	100%; potential for rental growth through index adjustments

Installation of a PV system in Zwolle (NL)
The sustainability aspect of the property in Zwolle was taken into account as part of the sale-and-leaseback arrangement (15 years, triple net) negotiated with the current tenant and former seller. The tenant was able to install a PV system in order to benefit from self-generated green electricity in the future. The installation of a 590,000 kWh photovoltaic system was completed in the past financial year.

Investment focuses of UBS PF Europe





Germany	29.5%
Netherlands	20.9%
Spain	16.0%
Italy	14.3%
Norway	13.9%
Belgium	5.4%

Sustainability report

UBS (CH) Property Fund – Europe
2023

Our key sustainability figures[1] at a glance

Energy intensity
51,1
kWh/m² GFA/year

Intensity of greenhouse gas emissions
5,2
kg CO_2e/m² GFA/year

Energy resource mix
55,2%
renewable energy

Data coverage for heating
100%

1 Key sustainability figures in accordance with Asset Management Association Switzerland (AMAS) for the 2022 calendar year.Details of 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 overall sustainability report.

We adopt a forward-looking approach when planning for sustainable real estate management

We take responsibility
A strategically anchored sustainability management in the real estate industry is absolutely essential to us, because our decisions today affect the lives of future generations. For this reason, sustainability plays a central role in our day-to-day business. ESG goals are incorporated into fund contracts with binding effect since August 2022.

By integrating sustainability criteria along the entire life cycle and applying defined exclusion criteria, UBS PF Europe is consciously positioned as an SI Focus Product in accordance with UBS's internal Sustainable Investing (SI) framework.

The UBS SI framework categorizes UBS products from Non-ESG Integration to Impact Investing. The products in the SI Focus category are part of the Sustainable Investing product range.

Our sustainability goals

By 2030

- Halving of greenhouse gas ("GHG") intensity compared to 2019 (Scope 1+2 in kg CO_2e/m^2 ERA/year)
- Coverage ratio for data almost 100%

By 2040

- Reduction in energy intensity by 30% compared to 2019 (kWh/m^2 ERA/year)
- Proportion of renewable energy at least 50%

By 2050

- Climate neutrality of all portfolios (net zero CO_2)

Climate risks
The impact of climate change and the associated extreme weather events may pose significant risks to our buildings. The focus here is on physical and transitory climate risks. Being aware of them is essential for sustainable real estate management.

Physical climate risks are those that may arise from climate-related events such as flooding, hail or drought. Each year, UBS PF Europe assesses the risk of increased potential for damage and addresses the question of how buildings can be designed to handle future conditions.

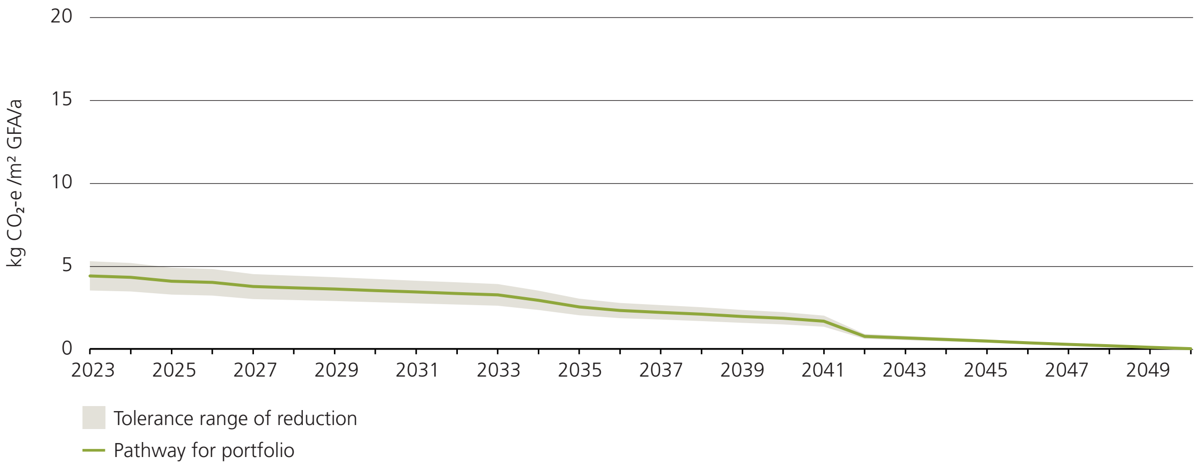
Transitory climate risks result from the transition to a low-carbon economy, e.g. through regulatory requirements concerning the reduction of CO_2 emissions. UBS PF Europe measures transitory climate risks through the annual re-evaluation of the CO_2 reduction pathway at property and product level. This enables us to identify at an early stage whether local and national regulations are being complied with.

Our goal is net zero

Clear sustainability strategy since 2012
Real Estate Switzerland has been pursuing a clearly defined sustainability strategy since 2012. A key element is the integration of sustainability criteria, both in investment decisions and in the management of the properties. As part of our internal sustainability assessment, we consider criteria such as ecological quality, building structure, physical environmental risks, efficiency measures in operation and safety.

CO_2 reduction pathway – our route to net zero
In order to implement our ambitious sustainability targets in the best possible way, we developed a CO_2 reduction pathway for our properties in 2022, which is now re-evaluated each year. The new assessment includes the measures already implemented and new findings. This annual comparison of the actual greenhouse gas intensity of our properties (actual status) with the CO_2 reduction pathway (target status) helps us to ensure that we are on the right path toward our goal.

CO_2 reduction pathway
(Scope 1 + 2 emissions)



Basis for calculation
The "Wüest Climate" tool by Wüest Partner AG was used to calculate the CO_2 reduction pathway. The tool simulates the energy used to operate our properties and identifies refurbishment strategies. The determination of refurbishment strategies and the calculation of simulated energy requirements and of CO_2 equivalents are based on an extensive range of building-specific input parameters.

Existing uncertainties
When interpreting the results, it must be considered that the calculation is based on the assumption of an ideal world and does not account for local factors such as tenant behavior. Therefore, the results must be interpreted with a certain amount of tolerance and the simulated values may differ from actual energy consumption (performance gap).

Implementation of the investment strategy
In addition to modernizing properties, such as switching to renewable energy sources, the rejuvenation of the portfolio is also part of the investment strategy. In particular, the acquisition of the modern logistics property in Neuenburg am Rhein led to a significant improvement in the CO_2 reduction pathway at portfolio level.

Besides the newly constructed photovolatic system in Zwolle, further photovolatic installations are planned in Spain and Germany.

DGNB

“Building in operation” certification for further properties
Progress continued to be made in certifying selected existing properties in UBS PF Europe’s portfolio during the 2022/23 financial year. For example, a further five properties were awarded the Silver certificate of the German Sustainable Building Council (DGNB) for “Building in operation.” A total of 72% of the market value is now certified according to “DGNB in operation” or “WELL Building Standard.”

External assessment of our sustainability commitment

We have our comprehensive sustainability commitment reviewed by external experts and evaluated using recognized standards.

Building certificates and energy labels
UBS PF Europe has received a building certificate (BREEAM/ New Construction Very Good) for 7% of its properties relative to market value, and 72% have been certified according to "DGNB in operation" or "WELL Building Standard." The operating certification helps us to improve and optimize existing buildings.

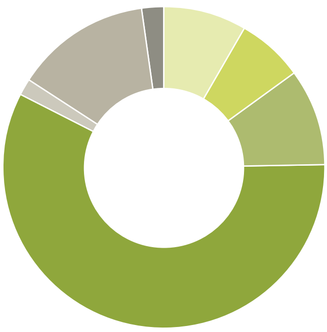
All UBS PF Europe properties hold a European Union Energy Performance Certificate (EU EPC). The EU EPC is a rating system that summarizes the energy efficiency of a building. It gives properties a rating from A+ (very efficient) to G (inefficient).

Global Real Estate Sustainability Benchmark
In order to evaluate our sustainability performance and to uncover potential for improvement, we continued to participate in the annual Global Real Estate Sustainability Benchmark (GRESB) in 2022. GRESB analyzes and compares real estate investment products in terms of ESG. It is the leading benchmark for sustainability in the real estate industry.

GRESB assesses its own ESG criteria using a comprehensive questionnaire that is supplemented by evidence documents. This includes information on objectives, strategies, risk management, and consumption data for energy, water and waste. It analyzes real estate investment products with regard to ESG and compares the portfolio to a peer group. The maximum GRESB rating is five stars.

GRESB result for 2022
In the GRESB rating for 2022, UBS PF Europe was awarded five stars and a GRESB score of 87/100. This very satisfying result motivates us to press ahead decisively with the further implementation of our sustainability strategy.

Proportion of EU EPCs by class as % of market share



A+	8,4%
A	6,7%
C	9,8%
D	57,8%
E	1,7%
F	13,4%
G	2,2%

GRESB result for 2022 – UBS PF Europe
Standing investment: 5 stars, Green Star

GRESB Score	
Score	87/100
GRESB Average	74
Peer Average	73

***E**nvironmental*	
Score	49 / 62
GRESB Average	40
Benchmark Average	38

***S**ocial*	
Score	18 / 18
GRESB Average	16
Benchmark Average	17

***G**overnance*	
Score	20 / 20
Average	18
Benchmark Average	19

Our key environmental figures in detail

	Unit	2022	2021	Base year 2019
Portfolio characteristics				
Gross floor area (GFA)	m^2	82 139	43 067	36 790
Relevant floor area (GFA)	m^2	82 139	41 396	32 179
Coverage ratio	%	100	69,1	87,5
Key figures for energy (adjusted for seasonal changes)				
Energy consumption	kWh/year	4 197 517	3 158 320	2 575 898
Energy intensity	kWh/m^2GFA/year	51,1	76,3	80,0
Heating oil	%	0,0	0,0	0,0
Heating gas	%	24,3	17,8	0,0
District heating	%	35,9	48,8	65,8
Wood pellets/wood chips	%	0,0	0,0	0,0
Heat pump	%	19,4	19,0	21,7
Electricity for communal areas	%	20,4	14,4	12,5
Other	%	0,0	0,0	0,0
Proportion of renewable	%	55,2	72,7	89,5
Key figures for GHG emissions (adjusted for seasonal changes)				
GHG emissions (Scope 1+2)	t CO2e/year	428 970	211 974	97 440
Intensity of GHG emissions (Scope 1+2)	kg CO_2e/m^2 GFA/year	5,2	5,1	3,0
Intensity Scope 1	kg CO_2e/m^2 GFA/year	2,3	2,5	0,0
Intensity Scope 2	kg CO_2e/m^2 GFA/year	2,9	2,6	3,0
Key figures for photovoltaics				
Total PV output	kWp/year	303	303	300
PV electricity produced	MWh/year	101 937	102 265	280 441
Key figures for water				
Coverage ratio for water	%	100	96,1	75,4
Water consumption	m^3/year	13 999	9541	9123
Water intensity	m^3/m^2 GFA/year	0,17	0,23	0,33
Key figures for tenant electricity				
Coverage ratio for tenant electricity	%	100	96,1	87,5
Energy consumption for tenant electricity	kWh/year	2 233 529	1 156 694	871 886
Energy intensity of tenant electricity	kWh/m^2GFA/year	27,2	27,9	27,1
GHG emissions (Scope 3.13, tenant electricity)	t CO_2e/year	501 328	156 950	123 257
Intensity Scope 3.13 (tenant electricity)	kg CO_2e/m^2 GFA/year	6,1	3,8	3,8

Calculation method
According to the REIDA benchmark, all properties that were held in the portfolio for the entire reporting period (12 months) are taken into account, excluding construction projects and new acquisitions.

As far as possible, the key figures were calculated according to the REIDA CO_2 Benchmark Method Paper V 1.2. The emission factors defined in CRREM V2.03 are used to calculate the greenhouse gas emissions; a region-specific coefficient is applied to district heating.

Explanatory notes on scopes
Greenhouse gas emissions can be divided into emission scopes according to the Greenhouse Gas (GHG) Protocol.

Scope 1: Direct emissions caused by the property itself (heating oil, natural gas).
Scope 2: Indirect emissions that are brought into the property but are not caused there (e.g. district heating, electricity for communal areas).
Scope 3: May include various upstream and downstream emissions (e.g. tenant electricity under Scope 3.13).

Portfolio characteristics
The key figures show the coverage ratio of collected measured values as a % of the portfolio's total floor area (GFA).

Key figures for energy and greenhouse gas emissions
Optimization measures such as the installation of LED lighting have increased energy efficiency and reduced greenhouse gas emissions in some properties. Consumption and emissions nevertheless fluctuate across the entire portfolio, due in particular to the acquisition of properties.

Key figures for photovoltaics
The use of PV systems is an important element in contributing to the energy transition. Two PV systems were already operational by the end of 2022. Since the summer of 2023, another system has been installed in collaboration with the tenant.

Key figures for water
Water is also becoming an increasingly scarce commodity in this region. For this reason, we are taking specific steps, such as installing water-saving fixtures, to reduce water consumption and the water intensity of our properties.

Key figures for tenant electricity
We collect tenant electricity data from our properties as best we can. The resulting emissions are accounted for under Scope 3.13 in accordance with the GHG Protocol.

> "When making investment decisions, we do not reject properties with sustainability deficits in principle. Instead, we check the options for making them more sustainable. In this way, we assume responsibility toward the general public and identify potential for future value growth."

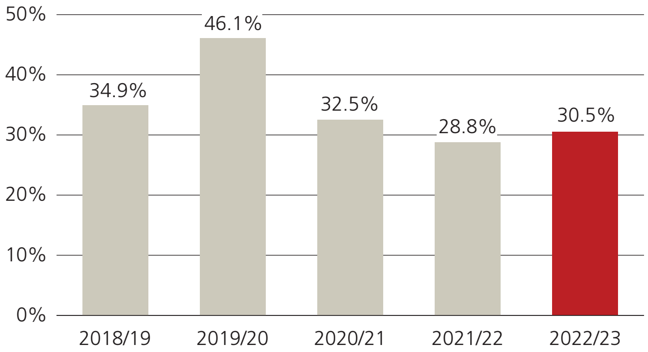
Florian Kutz
Fund Manager
UBS PF Europe

Financial report

Notes to the balance sheet
Net fund assets at the end of the financial year totaled EUR 250.3 million, a decrease of 2.1% over the previous year.

The mortgage debt amounted to EUR 85.6 million at the end of the reporting period. This corresponds to a borrowing rate of 30.5% and is thus below 33%, the maximum threshold under the fund contract.

Development of the borrowing rate



The total amount of contractual payment obligations after the balance sheet date amounts to EUR 27.7 million.

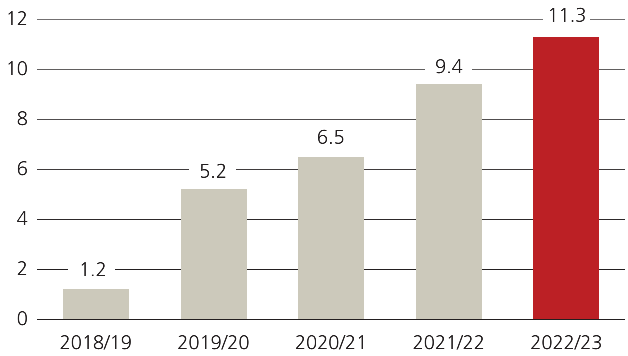
Liquidation taxes (applicable income and property gains taxes, and potential transfer taxes) are estimated at EUR 9.2 million. The decrease of EUR 1.5 million over the previous year is primarily due to the decrease in market values.

Notes to the income statement
Rental income totaled EUR 11.3 million in the 2022/23 financial year. Rental income increased by EUR 2.0 million or 21.4% compared to the previous year.

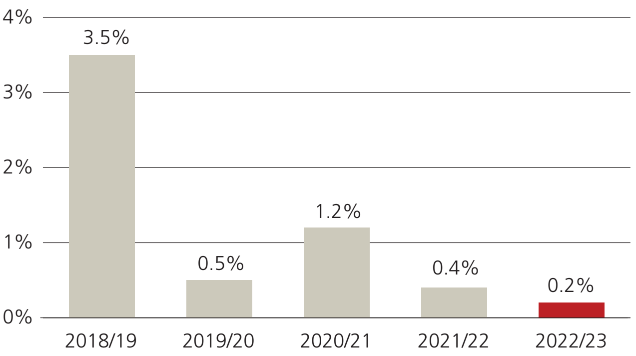
The average weighted remaining lease term (WAULT) of the commercial lease expiring by the end of the financial year is 6.9 years.

The rent default rate was reduced from 0.4% to 0.2% of target rental income in the reporting year.

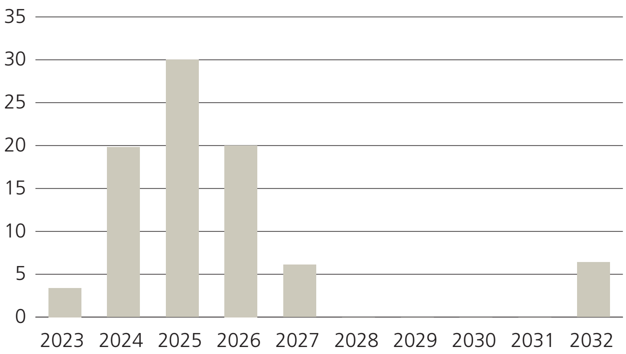
Development of rental income in EUR million



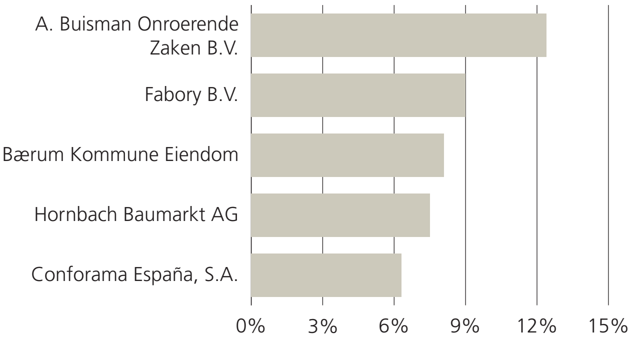
Development of rent default rate



Maturity of mortgages per financial year in EUR million



Five largest tenants as % of net rental income



As of the reporting date, there are five lease agreements accounting for more than 5.0% of total rental income.

Mortgage interest totaled EUR 1.4 million. To reduce the interest rate risk to the portfolio, the maturity dates of the mortgages have been staggered. The average weighted interest rate on debt financing at the end of the financial year is 2.2% and the average weighted remaining term of debt financing is 2.5 years.

EUR 0.5 million or 4.1% of rental income was spent for the item “ordinary maintenance/repair.” Property operating expenses amounted to EUR 0.5 million at the end of the financial year, which corresponds to 4.0% of rental income.

A total of EUR 0.1 million was spent on renovations in the 2022/23 financial year.

The total profit for the reporting period amounts to EUR -4.3 million, of which EUR 2.5 million is attributable to realized and unrealized gains from currencies, and EUR -11.8 million to unrealized capital gains from investments.

The unrealized gains and losses from currencies result from the translation of asset and income statement items.

The unrealized capital gains on investments result from the difference between the change in the fund’s carrying values and fair values.

The currencies in the balance sheet were hedged using foreign exchange forward contracts to minimize currency risk in accordance with the fund contract.

Financial accounts

Balance sheet

Marked values	30.06.2023 EUR	30.06.2022 EUR	Change EUR
Cash, postal and bank cash equivalents, including fiduciary deposits at third-party banks	64 453 529.97	61 136 678.32	3 316 851.65
Mortgages and other borrowings secured by mortgages[1]	0.00	4 995 504.05	-4 995 504.05
Properties			
Residential properties	12 960 000.00	14 720 000.00	-1 760 000.00
Commercial properties	267 300 742.50	261 624 314.84	5 676 427.66
of which in condominium ownership	*119 480 742.50*	*127 864 314.84*	*-8 383 572.34*
Total properties	280 260 742.50	276 344 314.84	3 916 427.66
Derivative financial instruments	1 159 495.89	5 585 620.20	-4 426 124.31
Other assets	3 186 800.97	905 437.84	2 281 363.13
Total fund assets	**349 060 569.34**	**348 967 555.26**	**93 014.08**
Current liabilities			
Current other liabilities	-3 966 282.93	-3 172 818.28	-793 464.65
Total current liabilities	-3 966 282.93	-3 172 818.28	-793 464.65
Non-current liabilities			
Long-term interest-bearing mortgages and other liabilities secured by mortgages	-85 611 000.00	-79 491 000.00	-6 120 000.00
Total non-current liabilities	-85 611 000.00	-79 491 000.00	-6 120 000.00
Total liabilities	-89 577 282.93	-82 663 818.28	-6 913 464.65
Net fund assets before estimated liquidation taxes	**259 483 286.40**	**266 303 736.98**	**-6 820 450.58**
Estimated liquidation taxes[2]	-9 198 762.20	-10 671 140.85	1 472 378.65
Net fund assets	**250 284 524.21**	**255 632 596.12**	**-5 348 071.91**

Income statement

Income	1.7.2022-30.06.2023 EUR	1.7.2021-30.06.2022 EUR	Change EUR
Negative interest	-72 217.30	-366 500.31	294 283.01
Rental income (gross income earned)	11 348 644.98	9 351 503.94	1 997 141.04
Other income	122 787.56	90 653.68	32 133.88
Other interest received	240 361.63	0.00	240 361.63
Total income	**11 639 576.86**	**9 075 657.31**	**2 563 919.55**
Expenses			
Mortgage interest and interest from liabilities secured by mortgages	-1 420 312.92	-931 017.51	-489 295.41
Maintenance and repairs			
Ordinary maintenance/repairs	-466 240.27	-680 443.17	214 202.90
Extraordinary maintenance/repairs	0.00	0.00	0.00
Property management			
Property expenses	-451 981.85	-572 925.18	120 943.33
Administrative expenses	-301 700.45	-230 024.00	-71 676.45
Taxes and duties	-503 759.33	-606 582.97	102 823.64
Appraisal costs	-88 402.51	-103 150.49	14 747.98
Auditors' costs	-303 308.34	-201 618.02	-101 690.32
Provisions for future repairs			
Deposit	0.00	0.00	0.00
Withdrawal	0.00	0.00	0.00
Fees as per fund contract paid to			
the fund management company	-2 715 234.08	-2 038 316.67	-676 917.41
custodian bank	-10 502.89	-11 118.36	615.47
Other expenses	-359 858.13	-449 638.10	89 779.97
Total expenses	**-6 621 300.77**	**-5 824 834.48**	**-796 466.29**

1 Transactions between collective investment schemes pursuant to Art. 101 (3) CISO-FINMA.
2 Provision for any local tax payable in the event of a sale.

	1.7.2022-30.06.2023 EUR	1.7.2021-30.06.2022 EUR	Change EUR
Net income	**5 018 276.10**	**3 250 822.83**	**1 767 453.27**
Realized capital gains and losses on investments	0.00	0.00	0.00
Realized gains and losses on currencies	12 178 268.60	14 035 347.84	-1 857 079.24
Realized net income	**17 196 544.70**	**17 286 170.67**	**-89 625.97**
Unrealized capital gains and losses on investments	-11 763 011.00	7 079 839.39	-18 842 850.39
Unrealized gains and losses on currencies	-9 701 837.68	4 646 165.26	-14 348 002.94
Total income	**-4 268 303.98**	**29 012 175.32**	**-33 280 479.30**

Appropriation of net income

	1.7.2022-30.06.2023 EUR	1.7.2021-30.06.2022 EUR	Change EUR
Net income for the financial year from directly held real estate	38 930.55	165 770.14	-126 839.59
Net income for the financial year from indirectly held real estate	5 051 562.86	3 451 553.00	1 600 009.86
Net income for the financial year from other income	-72 217.30	-366 500.31	294 283.01
Carried forward from the previous year	0.00	0.00	0.00
Capital gains for the financial year to be distributed	708 646.73	0.00	708 646.73
Available for distribution	**5 726 922.83**	**3 250 822.83**	**2 476 100.00**
Reinvestment income from directly held real estate (exempt from Swiss federal withholding tax)	0.00	-165 770.14	165 770.14
Reinvestment income from indirectly held real estate (incl. Swiss federal withholding tax)	0.00	-3 451 553.00	3 451 553.00
Reinvestment income from other income (incl. Swiss federal withholding tax)	0.00	366 500.31	-366 500.31
Income earmarked for distribution to investors (subject to Swiss federal withholding tax)	-4 979 345.55	0.00	-4 979 345.55
Capital gains of the financial year earmarked for distribution to investors (exempt from Swiss federal withholding tax)	-708 646.73	0.00	-708 646.73
Carried forward to new account (exempt from Swiss federal withholding tax)	38 930.55	0.00	38 930.55
Carried forward to new account	**38 930.55**	**0.00**	**38 930.55**

Change in net fund assets

	1.7.2022-30.06.2023 EUR	1.7.2021-30.06.2022 EUR	Change EUR
Net fund assets at the start of the financial year (excl. reinvestment accounts)	**252 381 773.29**	**186 106 587.96**	**66 275 185.33**
Balance from unit transactions including purchasing/allocation of current income	0.00	39 558 559.00	-39 558 559.00
Total income	-4 268 303.98	29 012 175.32	-33 280 479.30
Reinvestment account – income from directly held real estate (exempt from Swiss federal withholding tax)	165 770.14	-494 646.00	660 416.14
Reinvestment account – income from indirectly held real estate (subject to Swiss federal withholding tax)	2 243 509.45	1 718 099.94	525 409.51
Reinvestment account – income from other income (subject to Swiss federal withholding tax)	-238 224.69	-268 180.10	29 955.41
Net fund assets at the end of the reporting period	**250 284 524.21**	**255 632 596.12**	**-5 348 071.91**
Net asset value per unit (in CHF)	**10.34**	**10.83**	**-0.49**

Unit performance

	1.7.2022-30.06.2023 Number	1.7.2021-30.06.2022 Number	Change Number
Balance at beginning of financial year	23 629 932.00	19 800 620.00	3 829 312.00
Units issued	0.00	3 829 312.00	-3 829 312.00
Units redeemed	0.00	0.00	0.00
Balance at end of reporting period	**23 629 932.00**	**23 629 932.00**	**0.00**

Distribution for 2022/2023[3]

(No coupon – ex-date 3.10.2023)

Gross from indirectly held real estate and other income (subject to Swiss federal withholding tax)	CHF 0.2101
Gross from capital gains (exempt from Swiss federal withholding tax)	CHF 0.0299
Total gross per unit	**CHF 0.2400**
less Swiss federal withholding tax[4]	CHF 0.0735
Net per unit (payable from 5.10.2023)	**CHF 0.1665**

Exchange rates

EUR 1 = 0.97605 CHF (as of 30.06.2023)

NOK 100 = 8.555 EUR (as of 30.06.2023)

EUR 1 = 0.99702 CHF (average rate of the reporting period)

NOK 100 = 9.438 EUR (average rate of the reporting period)

3 Rounded to four decimal places due to currency conversion.

4 Income earmarked for distribution to investors from directly held real estate and from capital gains is exempt from Swiss federal withholding tax. Income earmarked for distribution to investors from indirectly held real estate and from other income is subject to Swiss federal withholding tax. Investors resident outside Switzerland may reclaim the withholding tax deducted in whole or in part, provided that the provisions of any double taxation agreement concluded with their country of domicile provide for this.

Notes

	30.06.2023	30.06.2022
Balance of depreciation account for land (in EUR m)	0,0	0,0
Balance of provision account for future repairs (in EUR m)	0,0	0,0
Balance of account for income retained for reinvestment (in EUR m)	4,1	0,0
Total insured value of assets (in EUR m)	198.5	145.7
Number of units terminated at the end of the next financial year	1 407 638	n.a.

Key figures

	30.06.2023	30.06.2022
Rent default rate	0.2%	0.4%
Borrowing rate	30.5%	28.8%
Distribution yield	2.3%	n.a.
Payout ratio	111.1%	n.a.
Operating profit margin (EBIT margin)	61.1%	50.3%
Fund operating expense ratio (TER_{REF}) – GAV	1.02%	0.88%
Fund operating expense ratio (TER_{REF}) – MV (market value) (since listing)	1.43%	n.a.
Return on equity (ROE)	-1.7%	12.8%
Premium/discount	3.0%	n.a.
Performance (since listing)	-5.3%	n.a.
Return on investment[1]	-4.5%	4.1%

Calculation according to AMAS (Asset Management Association Switzerland).
1 Taking into account the withholding tax paid on income from indirectly held real estate and other income, the investment return is -4.1% (instead of -4.5%) and as of 30 June 2022, 4.5% (instead of 4.1%).

Supplementary information

The ROE and the ROIC are calculated in EUR based on the income statement, which is subject to strong fluctuations. If the figures used for the ROE and ROIC are calculated in Swiss francs (CHF), in which the fund units are also denominated, lower currency effects are incurred due to the currency hedging. In addition, there are no currency effects on cash balances in Swiss francs. Against this background, the ROE in Swiss francs (CHF) is -4.3% (30 June 2022: 3.6%) and the ROIC is -2.6% (30 June 2022: 3.3%).

Information on derivatives

Foreign currency derivatives open at the end of the reporting period

Sell Currency	Sell Amount	Purchase Currency	Purchase Amount	Due date	Replacement value in EUR	In % of total fund assets
Forward currency transactions[1]						
EUR	235 000 000	CHF	229 583 744	17.07.2023	411 137	0.1%
NOK	459 000 000	EUR	40 009 940	17.07.2023	748 359	0.2%
Total					**1 159 496**	**0.3%**

1 Valued on the basis of observable market parameters.

Supplementary information
The risk from derivative positions is measured using the commitment approach I in accordance with Art. 34 CISO - FINMA.

Position	Amount in EUR	In % of net fund assets
Total exposure-increasing positions	0.00	0.0%
Total exposure-decreasing positions	0.00	0.0%

The open forward exchange transactions open at the end of the year are used exclusively for currency hedging. Currency-hedged fund share classes are generally fully hedged against currency risk against the fund currency. In some cases, there may be minor over- or under-hedging. This additional currency risk is not included in the calculation.

Principles governing the valuation of fund assets and calculation of the net asset value
The net asset value of a unit is determined by the market value of the fund's assets, less any liabilities of the investment fund and any taxes likely to be due should the investment fund be liquidated, divided by the number of units in circulation.

In accordance with Art. 64 (1) CISA, Art. 88 (2) CISA, Art. 92 and 93 CISO as well as the AMAS guidelines for real estate funds (link: www.am-switzerland.ch), the properties held by the fund shall be regularly assessed by independent valuation experts accredited by the supervisory authorities using a dynamic capitalized earnings value method. The valuation is made at the price that would probably be obtained in a diligent sale at the time of the assessment. When acquiring or disposing of properties in the fund assets, as well as at the close of each financial year, the market value of the property in the fund assets must be verified by the assessment experts. The fair value of the individual properties represents a price presumably achievable in the ordinary course of business and assuming prudent buying and selling behavior. In individual cases, particularly when buying and selling fund properties, any opportunities are exploited as best as possible in the interests of the fund. This can lead to deviations from the valuations.

Further details about the appraisal methods, quantitative information and market values are provided in the valuation report of the property appraiser.

Information on the effective reimbursement rates where maximum rates are specified in the fund contract

	30.06.2023		30.06.2022	
Remuneration to the fund management company	**Actual**	**Maximum**	**Actual**	**Maximum**
For the administration of the fund and the property companies as well as the asset management of the fund, the fund management company will charge the fund a maximum annual commission of the average total fund assets, invoiced quarterly (management fee charged by the fund management company).	0.90%	1.50%	0.90%	1.50%
Remuneration for work in connection with the construction, renovation and conversion of buildings, based on the construction costs.	n.a.	3.0%	n.a.	3.0%
Compensation for work involved in the purchase and sale of properties as a percent of the purchase or sale price, provided no third party is commissioned with this task, and when taking over property and real estate as a substitute for a cash payment.	1.5%	2.0%	1.5%	2.0%
Costs or expenses incurred in connection with the management of the individual properties in relation to the annual gross rental income.	2.7%	8.0%	2.5%	8.0%
The management fee of the target funds in which investments are made, taking into account any retrocessions or rebates.	n.a.	1.5%	n.a.	1.5%
Issuing commission accruing to the fund management company, custodian bank and/or distributors in Switzerland or abroad for the placement of new units, based on the net asset value of the newly issued units.	n.a.	5.0%	0.0%	5.0%
Redemption commission accruing to the fund management company, custodian bank and/or distributors in Switzerland or abroad for the redemption of units, based on the net asset value of the redeemed units.	n.a.	2.0%	n.a.	2.0%
Remuneration of the custodian bank For the safekeeping of the fund assets, the handling of the fund's payment transactions and the performance of the other tasks of the custodian bank, the custodian bank will charge the fund an annual fee on the fund's net assets, invoiced quarterly (custodian bank fee).	0.0051%	0.1%	0.0051%	0.1%

Total amount of contractual payment obligations after the reporting date for land purchases, construction contracts and investments in real estate

	30.06.2023 in EUR million	**30.06.2022 in EUR million**
Total contractual payment obligations	27,7	-

Long-term liabilities according to maturity (one to five years and more than five years)

	30.06.2023 in EUR million	**30.06.2022 in EUR million**
1 to 5 years	73,1	73,1
> 5 years	12,5	6,4

Real estate directory

Country	City	Street	Year of construction	Apartments	Apartment sizes (rooms) <3	3–3.5	4–4.5	>5
Commercial properties								
Belgium	Brussels	Rond-Point Robert Schuman 14	1964	-	-	-	-	-
Germany	Wiesbaden	Viktoriastrasse 51	1965	-	-	-	-	-
Germany	Berlin	Kieler Strasse 1-2	2002	-	-	-	-	-
Germany	Hamburg	Alter Steinweg 13, Michaelisstrasse 22	1987	32	30	2	-	-
Germany	Neuenburg am Rhein	Otto-Hahn-Strasse 16	2022	-	-	-	-	-
Italy	Florence	Via de Tornabuoni 1	1500	-	-	-	-	-
Netherlands	Tilburg	Zevenheuvelenweg 44	2019	-	-	-	-	-
Netherlands	Zwolle	Mindenstraat 20-22	2000, 2004	-	-	-	-	-
Norway	Oslo/Sandvika	Claude Monets Alle 21	1997	-	-	-	-	-
Norway	Oslo/Sandvika	Arnold Haukelands plass 5	1998	-	-	-	-	-
Spain	Madrid	Plaza del Comercio 14	2002	-	-	-	-	-
Spain	Madrid	Avenida de Pio XII 44	1980	-	-	-	-	-
Total commercial real estate				**32**	**30**	**2**	**-**	**-**
Residential properties								
Germany	Frankfurt am Main	Sonnemannstrasse 67-69	1960	47	45	2	-	-
Total residential buildings				**47**	**45**	**2**	**-**	**-**
Total completed buildings (incl. land)				**79**	**75**	**4**	**-**	**-**
Belgium	Brussels	Rond-Point Robert Schuman 14	1964	-	-	-	-	-
Italy	Florence	Via de Tornabuoni 1	1500	-	-	-	-	-
Norway	Oslo/Sandvika	Claude Monets Alle 21	1997	-	-	-	-	-
Norway	Oslo/Sandvika	Arnold Haukelands plass 5	1998	-	-	-	-	-
Spain	Madrid	Avenida de Pio XII 44	1980	-	-	-	-	-
of which in condominium ownership				-	-	-	-	-

Commercial properties	Parking spaces/ other	Rental properties	Acquisition cost EUR	Market value EUR	Market value Domestic currency	Rent default in %	Rent default EUR	Gross Income EUR
6	16	22	13 801 481	15 230 000		0.8	-6 000	769 789
7	81	88	13 561 579	11 790 000		0.0		596 608
7	19	26	14 913 262	15 160 000		0.0		612 828
8	52	92	22 824 016	20 990 000		0.2	-1 360	696 467
3	49	52	21 743 127	21 700 000		0.0		104 519
3	-	3	36 161 378	40 160 000		0.0		1 260 632
3	135	138	20 318 143	21 920 000		0.0		1 065 043
3	94	97	39 304 906	36 560 000		0.0		1 403 289
9	67	76	27 992 081	31 040 107	362 830 000	0.1	-2 048	1 605 069
11	47	58	7 745 270	8 000 636	93 520 000	0.0		591 961
2	-	2	19 280 269	19 700 000		0.0		1 077 327
5	87	92	25 083 916	25 050 000		0.0		1 125 757
67	**647**	**746**	**262 729 427**	**267 300 743**		**0.1**	**-9 408**	**10 909 289**
3	4	54	13 883 125	12 960 000		2.7	-12 369	439 356
3	**4**	**54**	**13 883 125**	**12 960 000**		**2.7**	**-12 369**	**439 356**
70	**651**	**800**	**276 612 552**	**280 260 743**		**0.2**	**-21 777**	**11 348 645**
6	16	22	13 801 481	15 230 000		0.8	-6 000	769 789
3	-	3	36 161 378	40 160 000		0.0		1 260 632
9	67	76	27 992 081	31 040 107	362 830 000	0.1	-2 048	1 605 069
11	47	58	7 745 270	8 000 636	93 520 000	0.0		591 961
5	87	92	25 083 916	25 050 000		0.0		1 077 327
34	*217*	*251*	*110 784 125*	*119 480 743*		*0.2*	*-8 048*	*5 304 778*

Summary of real estate directory

Property categories	Acquisition cost EUR	Market value EUR	Rent default in %	Gross income EUR
Total completed buildings (incl. land)	**276 612 552**	**280 260 743**	**0.2**	**11 348 645**
Commercial properties	262 729 427	267 300 743	0.1	10 909 289
Residential properties	13 883 125	12 960 000	2.7	439 356
of which in condominium ownership	*110 784 125*	*119 480 743*	*0.2*	*5 304 778*
Total	**276 612 552**	**280 260 743**	**0.2**	**11 348 645**

Changes in holdings

Properties

Country	City	Street	Property category	Date
Purchases				
Germany	Neuenburg am Rhein	Otto-Hahn-Strasse 16	Commercial property	17.05.2023
Sales				
None				

Mortgages

Term	Interest rate	Currency	Balance in EUR 30.06.2022	Admission in EUR	Redemption in EUR	Balance in EUR 30.06.2023
30.08.2019 - 31.08.2024	1.2%	EUR	5 400 000	-	-	5 400 000
02.07.2019 - 26.06.2025	4.8%	EUR	3 600 000	-	-	3 600 000
02.07.2019 - 31.08.2024	1.1%	EUR	5 400 000	-	-	5 400 000
26.09.2019 - 26.09.2024	1.4%	EUR	9 000 000	-	-	9 000 000
27.05.2020 - 26.05.2025	1.1%	EUR	3 400 000	-	-	3 400 000
27.05.2020 - 26.05.2025	4.9%	EUR	2 400 000	-	-	2 400 000
15.10.2020 - 30.08.2025	1.0%	EUR	3 800 000	-	-	3 800 000
15.10.2020 - 30.08.2025	4.7%	EUR	3 200 000	-	-	3 200 000
15.03.2022 - 15.03.2025	2.0%	EUR	13 551 000	-	-	13 551 000
15.10.2021 - 30.09.2026	1.2%	EUR	11 000 000	-	-	11 000 000
15.10.2021 - 29.09.2023	5.1%	EUR	5 000 000	-	-	5 000 000
15.11.2021 - 30.09.2026	0.8%	EUR	4 000 000	-	-	4 000 000
15.11.2021 - 30.09.2023	4.2%	EUR	3 350 000	-	-	3 350 000
17.05.2022 - 30.03.2032	1.5%	EUR	6 390 000	-	-	6 390 000
03.05.2023 - 30.03.2027	3.8%	EUR	-	3 060 000	-	3 060 000
03.05.2023 - 30.03.2027	3.4%	EUR	-	3 060 000	-	3 060 000
Total			**79 491 000**	**6 120 000**	**-**	**85 611 000**

Transactions between collective investment schemes pursuant to Art. 101 (3) CISO-FINMA.
During the first three quarters of the financial year 2022/2023, the real estate fund UBS PF Europe granted the following loans to the real estate funds UBS "Swissreal" and UBS "Sima" (in line with Art. 86 (3) letter a CISO).

Term to maturity	Interest rate	Balance in CHF 30.06.2022	Balance in EUR 30.06.2022	Granting in CHF	Redemption in CHF	Balance in CHF 30.06.2023	Balance in EUR 30.06.2023
23.05.2022 - 22.07.2022	0.0%	5 000 000	4 995 504		-5 000 000	-	-
19.12.2022 - 17.01.2023	0.5%	-	-	20 000 000	-10 000 000	-	-
19.12.2022 - 20.03.2023	0.5%	-	-	-	-10 000 000	-	-
Total		**5 000 000**	**4 995 504**	**20 000 000**	**-25 000 000**	**-**	**-**

The real estate fund taking the loan and the real estate fund granting the loan participate equally in the agreed loan conditions.

Transactions with related parties
The fund management company confirms that no transfer of real estate assets to related parties or from related parties has taken place (Section 18 of the AMAS Guidelines for real estate funds of 2 April 2008, version of 5 August 2021).

Real estate companies
PFE Holding AG, Basel, Switzerland
PFE Norway AS, Oslo, Norway
Claude Monet Alle I AS, Baerum, Norway
Claude Monet Alle I ANS, Baerum, Norway
PFE Spain Holding 1, S.L, Madrid, Spain
PFE Spain Megapark, S.L, Madrid, Spain
PFE Spain Pio, S.L., Madrid, Spain
PFE S.A.S di PFE Tornabuoni S.r.l, Bolzano, Italy
PFE Tornabuoni S.r.l, Bolzano, Italy
PFE Belgium Holding SA, Watermael-Boitsfort, Belgium
Schuman 14 SA, Watermael-Boitsfort, Belgium

Valuation report

Mandate
In accordance with the Swiss Federal Act on Collective Capital Investment Schemes (CISA), properties owned by Swiss real estate funds are to be valued by independent valuation experts.

On behalf of the fund management company, Wüest Partner AG valued for accounting purposes all properties held by UBS (CH) Property Fund – Europe as at 30 June 2023.

The portfolio comprised 13 properties as of the reporting date (including any new acquisitions and properties valued for the first time). Of these, no properties are in the planning or construction phase.

The documents relevant for the valuations were prepared by the fund management company and the responsible property management companies. The valuations are based on the assessment and analysis of these documents, regular on-site inspections and an assessment of the general and specific market situation for each property. The valuation expert Wüest Partner AG, accredited by FINMA for UBS PF Europe, carried out the entire project in consultation with the fund management company, starting with the definition of the valuation parameters and entry of data into the valuation software, through the actual valuation work, to the controlling and submission of the results, in a neutral fashion and committed solely to the task of performing an independent valuation.

Valuation standards
Wüest Partner AG confirms that the valuations comply with the statutory provisions of the Collective Investment Schemes Act (CISA) and the Collective Investment Schemes Ordinance (CISO) as well as guidelines issued by the Asset Management Association Switzerland (AMAS), and that they are in line with the valuation standards customary in the industry. In accordance with the Swiss Valuation Standards, the market value reported for each property is understood to be the “fair value,” i.e. the selling price that can probably be achieved under normal conditions in the current market environment excluding transaction costs.

Valuation method
The valuations were carried out uniformly using the discounted cash flow method (DCF). Under the DCF method, the market value of a property is determined by the sum of all expected future net income discounted to the reporting date. Discounting is carried out for each property in line with the market and adjusted for risk, i.e. taking into account individual opportunities and risks.

The valuation includes a detailed analysis and assessment of the individual income and cost items. The renovation work planned for the next 10 years was reviewed and, if necessary, the timing and scope of the investment were reassessed and adjusted as required. The valuation expert has at their disposal the accounting values for each property from previous years, the current letting situation and comprehensive market information. On this basis, the valuation expert estimates the expected future cash flows and determines the discount rate.

Independence and confidentiality
The accredited valuation expert, Wüest Partner AG, confirms its independence and guarantees the confidential treatment of information in connection with the valuation mandate.

Valuation result
The portfolio’s market value was EUR 280.26 million as of 30 June 2023.Compared with 31 December 2022, the value therefore increased by EUR 6.21 million or 2.27%.

The discount rates used in the valuations are based on ongoing observation of the real estate market, in particular the returns paid in free-hand transactions. The average market-value-weighted real discount rate for existing properties (including any acquisitions, excluding construction in progress) was 3.83%, with the individual properties ranging from 2.90% to 5.80%. The current gross return on these properties is 4.42%.

Zurich, 30 June 2023

Wüest Partner AG

Andreas Bleisch
Dr. rer. pol. / dipl. Ing. ETH
(Mandate Manager)

Pascal Marazzi-de Lima
MRICS, Dipl. Arch. ETH, Partner
(Deputy Mandate Manager)

Photographers

- Stefan Streit Fotografie; cover image, Brussels, Belgium
- Stefan Streit Fotografie; logistics hall in Neuenburg am Rhein, Germany
- CBRE GmbH, residential property in Aachen, Germany
- A. Buisman, logistics hall in Zwolle, Netherlands

UBS Fund Management (Switzerland) AG
Aeschenvorstadt 1
4051 Basel