

The Swiss real estate environment

January 2019

- 2018 is expected to be a strong year for Switzerland: Swiss GDP is forecasted to grow by 2.7%, its highest level since 2010, and inflation should reach a 10-year peak at 1.0%.
- After having reached a ceiling mid Feb-2018, the 10-year Swiss bond lost almost 40 bps and is now back into negative territory at -0.23%.
- Divergent trends on office assets: increasing pressure in Geneva (197k sqm or 5.8% vacancy rate) and a softening in Zurich (353k sqm / 4.5%).
- Price deflation is continuing on both multifamily assets and private units, with respective decrease of -1.7% and -1.4% at end of Q3-2018.
- Tough year for indirect real estate recording a significant drop on the SXI Real Estate Fund index (-5.3% over 2018) with almost all stocks down, and an average agio at 15.6% in Dec-2018, its lowest level since June-2013.

Macroeconomic situation

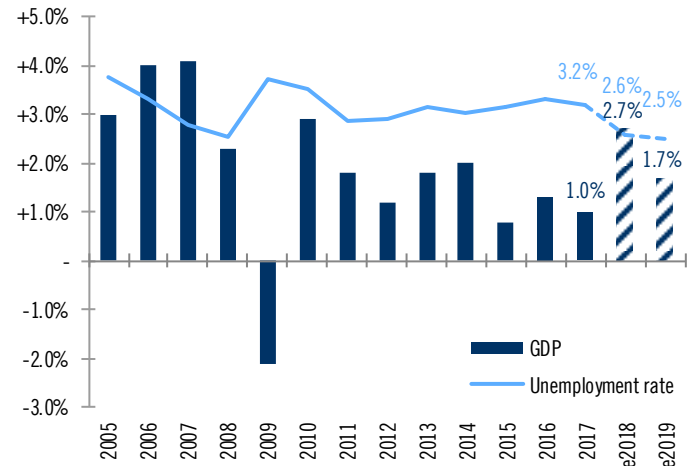
SWISS ECONOMY

Average values at Dec-2018	2018 (estim.)	2019 (estim.)
GDP	+2.7% ▲	+1.7% ▼
Unemployment rate	2.6% ▲	2.5% ▲
Inflation rate	+1.0% ▲	+0.8% ▼
Investment in construction	+1.2% ▼	+0.6% ▼

Sources: FPRE, as per SECO, KOF, Créa, CS, UBS, BAK ▲ Evol. vs. 12-2017 ▼

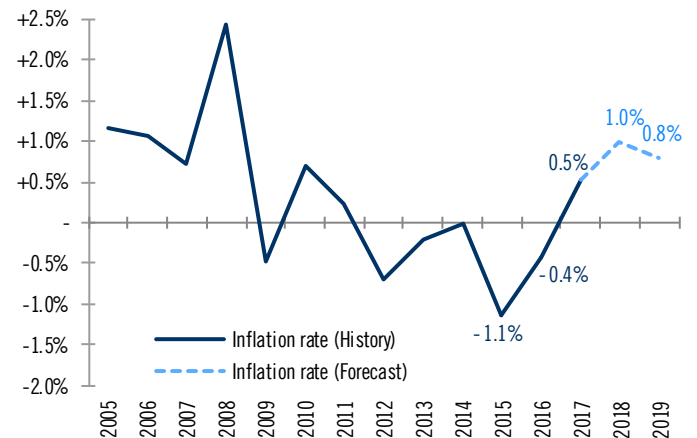
- Global economy is showing signs of weaknesses. Rise in interests rates, tensions on trade markets, slowdown of major economies are impacting almost all asset classes. 2019 is expected to be complex and volatile.
- As for Switzerland, despite a slowdown over the second half of the year, GDP is expected to reach 2.7% in 2018 (vs. +1.0% in 2017 – cf. Economic Institutes). Forecast for 2019 is lower and is foreseen at 1.7%.
- Expectations for Swiss inflation have been slightly revised downwards in the course of the year but still remain positive for 2018 at around 1.0%. This would be the highest level reached in 10 years.
- Unemployment rate stood at 2.5% at the end of November 2018. The trend is steady for 2018 with a rate expected to average 2.5% by the end of the year, which would be better than initial expectations (3.1% forecasted for 2018 in Dec-2017).
- Looking at interest rates, while the US curve is flattening with maturities ranging between 2.5% and 3.0%, Swiss rates remains low. After having reached a peak mid Feb-2018, the 10-year Swiss bond lost almost 40 bps and now stands at -0.23%.

GDP vs. Unemployment rate



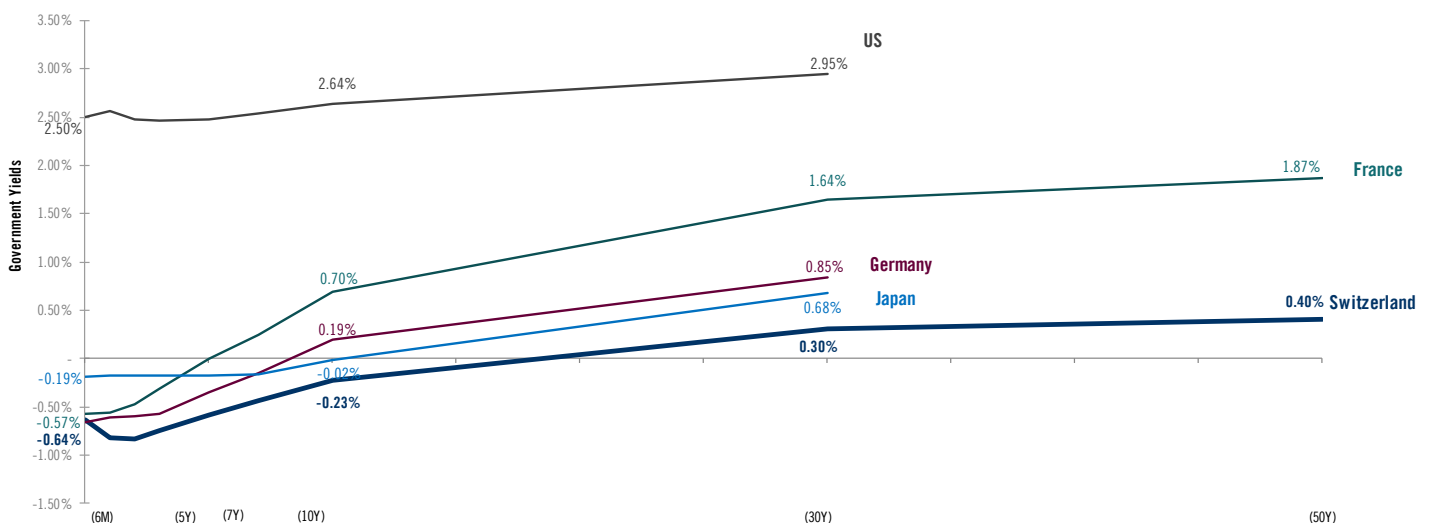
Sources: FPRE, SECO, KOF, Créa, CS, UBS, BAK

Inflation rate



Sources: BNS, FPRE, Institutes SECO, KOF, Créa, CS, UBS, BAK

Main Government Bonds Curve 6M to 50 years



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Data as at 07-Jan-2019

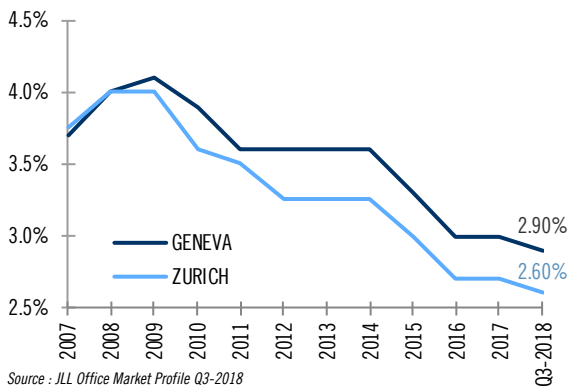


Direct real estate: Commercial and Residential

COMMERCIAL REAL ESTATE

- The trends for available office stock are divergent between Geneva and Zurich: vacancy in Geneva is still increasing and now reaches 5.80%, while the stock of available office spaces has significantly decreased in Zurich over 2018 and stands at 4.50%.
- Rents have not materially changed (yet), and yields for prime offices have decreased by 10 bps on average over a year: 2.9% in Geneva, 2.6% in Zurich.

Prime yield - Office

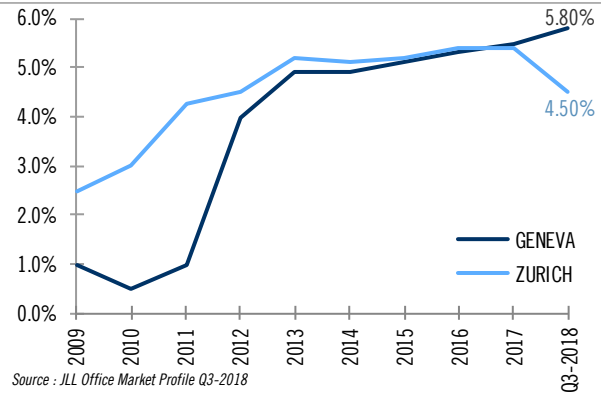


Office spaces

	GENEVA		ZURICH	
	Q3-2018	Trend	Q3-2018	Trend
Vacancy (sqm)	197'000	↗	353'000	↘
Vacancy rate (%)	5.80%	↗	4.50%	↘
Avg asking rent	CHF 450	↘	CHF 320	↘
Prime rent	CHF 800	↔	CHF 825	↗
Prime yield	2.90%	↘	2.60%	↘

Source : JLL Office Market Profiles. Trend : vs Q3-2017

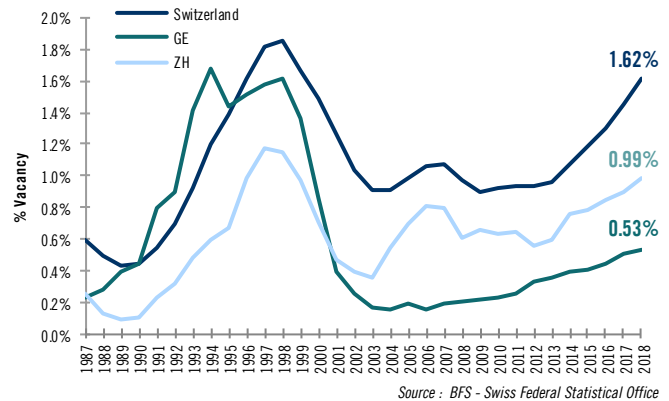
Vacancy rate (%) - Office



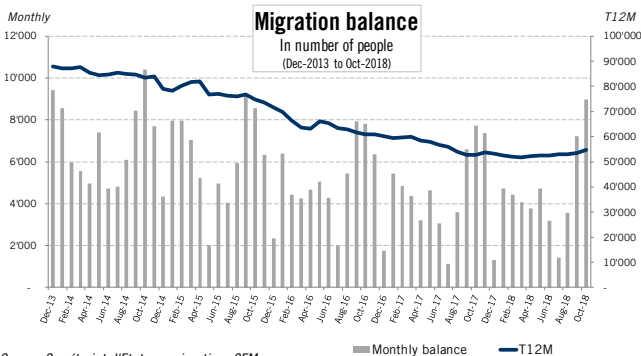
RESIDENTIAL REAL ESTATE

- For the 9th consecutive year, vacancy increased in Switzerland and now totals 72'294 empty dwellings or 1.62% of total stock (vs. 1.45% in 2017). Both in Zurich in Geneva, the rate of unoccupied units is below national average, but still on the upward slope, respectively at 0.99% and 0.53%.
- Prices for both multifamily assets and private units continue to deflate, with -1.7% and -1.4% YTD evolution. Individual housing is showing a steady resilience with prices still on the rise (+0.8% YTD 2018, after +2.5% in 2017).
- After a 5-year drop, the net migration balance seems to have reached a floor in 2018. As of end of October, the trailing 12 month balance is showing a +3% increase (vs. -12% in 2017, -16% in 2016, -9% in 2015 and -10% in 2014).

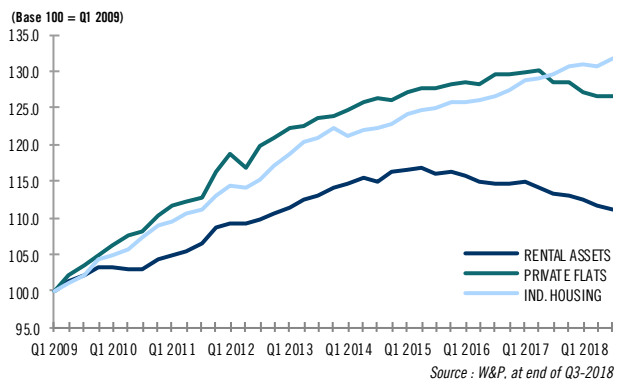
Vacancy Rate



Net Migration Balance



Residential Price Evolution

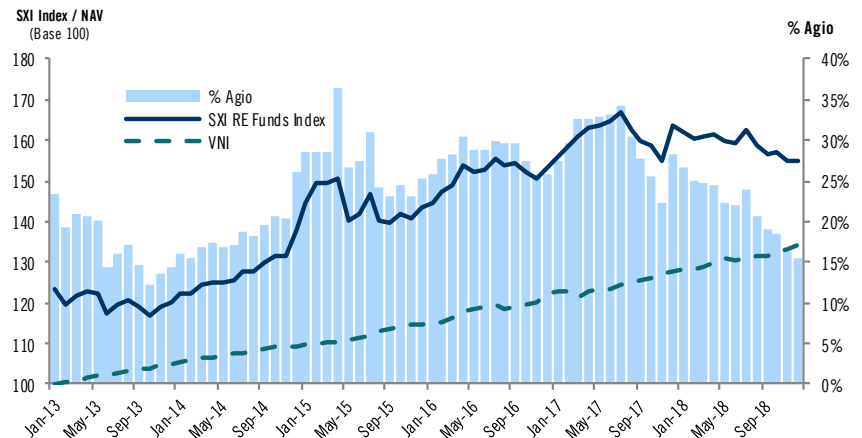


Indirect real estate: SXI Real Estate

SXI REAL ESTATE INDEX

- As a consequence to global tensions and the upward trend of interest rates, the SXI Real Estate Funds index was negatively impacted in 2018 with an annual performance of -5.3% (vs +6.3% in 2017).
- The average agio of SXI Real Estate funds is down to 15.6%, its lowest level in 5.5 years (vs 14.4% in June-2013). Distribution yield has slightly improved and now stands at 2.9% (vs 2.6% at end of 2017).
- The SXI Real Estate Shares index has lost pace too, with a yearly decrease of -2.1% in 2018 (vs +10.4% in 2017).

SXI Real Estate Funds Index



SXI RE FUNDS		Total Return			Yield			% Volume			Market		Property	
Figures as at 07-janv-2019		Price	YTD	5y p.a.	NAV	Agio	Distrib.	Date	Disct rate	Leverage	(mio)	Cap. (mio)	Focus	Type
UBS SWISS SIMA	CH0014420878	109.0	↓ -2.0%	↑ +6.7%	88.7	+22.9%	2.98%	12.04.2018	4.74%	22%	63.3	7'578	Mixed-use	Indirect
CS 1A IMMO PK ⁽¹⁾	CH0008443035	1315.0	↓ -5.9%	↑ +3.1%	1'203.6	+9.3%	3.80%	12.12.2018	5.42%	5%	-	-	Mixed-use	Direct
CS REF SIAT	CH0012913700	184.0	↓ -9.1%	↑ +7.0%	143.4	+28.3%	2.93%	12.12.2018	4.94%	14%	12.8	2'841	Residential	Indirect
CS REF LIWNGPLUS	CH0031069328	131.5	↓ -7.4%	↑ +4.2%	104.1	+26.3%	2.51%	14.03.2018	4.76%	18%	18.0	2'531	Residential	Direct
CS REF INTERNATIONAL ⁽¹⁾	CH0019685111	1150.0	↓ -4.8%	↑ +6.8%	1'064.8	+8.0%	3.62%	29.03.2018	5.83%	13%	-	-	Abroad	Indirect
UBS SWISS ANFOS	CH0014420829	66.6	↑ +0.1%	↑ +5.7%	54.0	+23.3%	2.70%	22.11.2018	2.48%	18%	27.6	2'217	Residential	Indirect
CS REF INTERSWISS	CH0002769351	187.6	↓ -6.6%	↑ +4.7%	182.2	+3.0%	4.48%	12.12.2018	5.29%	24%	5.7	1'556	Commercial	Indirect
UBS SW SWISSREAL	CH0014420886	69.2	↓ -1.7%	↑ +5.9%	62.6	+10.5%	3.83%	12.04.2018	5.10%	20%	18.5	1'582	Commercial	Indirect
IMMOFONDS	CH0009778769	408.0	↓ -4.5%	↑ +5.7%	310.8	+31.3%	3.31%	15.10.2018	5.11%	21%	2.3	1'313	Residential	Indirect
SWISSCANTO IFCA	CH0037430946	130.3	↓ -7.2%	↑ +5.9%	105.2	+23.9%	2.53%	20.04.2018	5.32%	18%	11.2	1'372	Residential	Indirect
LA FONCIERE	CH0002782463	105.3	↓ -3.8%	↑ +7.7%	74.6	+41.2%	1.88%	27.12.2018	6.35%	17%	8.8	1'303	Residential	Mixed
SCHRODER IMMOPLUS	CH0395718866	153.7	↓ -8.1%	↑ +7.7%	130.8	+17.5%	2.93%	21.12.2018	5.20%	21%	6.5	1'328	Commercial	Indirect
FIR	CH0014586710	181.8	↓ -1.4%	↑ +8.0%	133.7	+36.0%	2.17%	31.10.2018	3.16%	16%	5.4	1'170	Residential	Mixed
UBS FONCIPARS	CH0014420852	96.0	↓ -5.6%	↑ +8.3%	74.4	+29.0%	2.61%	12.04.2018	6.00%	11%	9.3	1'231	Residential	Indirect
SOLVALOR 61	CH0002785456	251.0	↓ -7.9%	↑ +6.2%	193.3	+29.8%	2.07%	31.10.2018	5.76%	-	3.7	990	Residential	Direct
IMMO HELVETIC	CH0002770102	204.0	↓ -10.8%	↑ +6.0%	168.3	+21.2%	3.16%	27.04.2018	4.76%	22%	3.6	857	Residential	Indirect
CS REF HOSPITALITY	CH0118768057	88.9	↓ -4.6%	↑ +1.7%	94.1	-5.5%	3.49%	14.03.2018	4.10%	27%	6.4	778	Hospitality	Direct
BONHOTE IMMOBILIER	CH0026725611	131.5	↓ -10.1%	↑ +4.4%	116.6	+12.8%	2.39%	11.07.2018	5.62%	20%	4.6	809	Residential	Direct
ROTHSCHILD RE SWISS	CH0124238004	129.5	↓ -7.1%	↑ +8.8%	113.3	+14.3%	2.63%	30.07.2018	3.82%	26%	8.0	989	Residential	Direct
SWISSINVEST REAL	CH0026168846	160.0	↓ -7.3%	↑ +6.6%	130.9	+22.2%	2.78%	31.10.2018	4.86%	13%	3.8	775	Residential	Indirect
CS REF GREEN PROPERTY	CH0100778445	130.2	↓ -3.8%	↑ +6.6%	110.1	+18.3%	2.76%	14.03.2018	4.48%	22%	13.2	2'359	Commercial	Direct
PROCIMMO	CH0033624211	154.4	↓ -9.1%	↑ +8.9%	131.0	+17.9%	3.50%	08.10.2018	2.90%	39%	3.9	746	Commercial	Direct
REALSTONE	CH0039415010	130.4	↓ -11.0%	↑ +5.2%	127.4	+2.4%	2.90%	27.06.2018	4.21%	43%	5.6	500	Residential	Direct
UBS DIRECT RESIDENTIAL	CH0026465366	14.3	↓ -14.7%	↑ +3.0%	11.3	+26.1%	2.80%	04.10.2018	2.58%	18%	29.4	473	Residential	Direct
PATRIMONIUM	CH0034995214	145.5	↓ -6.1%	↑ +5.9%	130.7	+11.3%	2.37%	15.06.2018	5.27%	27%	3.1	600	Residential	Direct
SWISSCANTO COMMERCIAL	CH0111959190	108.5	↓ -5.2%	N/A	105.6	+2.7%	3.23%	20.04.2018	5.37%	9%	2.7	-	Commercial	Direct
UBS DIRECT URBAN	CH0192940390	10.4	↓ -18.5%	N/A	13.4	-22.4%	2.40%	04.10.2018	1.66%	4%	19.6	299	Residential	Direct
SF SUSTAINABLE PROPERTY	CH0120791253	135.0	↓ -0.6%	N/A	115.9	+16.5%	2.77%	15.03.2018	3.66%	15%	4.0	668	Residential	Direct
POLYMER FONDS	CH0107006550	139.0	↓ -4.0%	N/A	127.7	+8.8%	1.76%	25.04.2018	4.54%	33%	1.7	259	Residential	Direct
CS REF LOGISTICSPLUS ⁽¹⁾	CH0245633950	113.5	↑ +0.5%	N/A	102.2	+11.1%	3.44%	12.12.2018	4.80%	8%	-	-	Logistics	Direct
CS REF GLOBAL ⁽¹⁾	CH0139851676	85.8	↑ +2.8%	↑ +2.4%	97.3	-11.9%	3.97%	29.03.2018	5.77%	25%	-	256	Abroad	Indirect
STREETBOX	CH0037237630	400.0	↑ +9.3%	N/A	268.8	+48.8%	3.58%	16.07.2018	-	31%	0.3	164	Industrial	Direct
RESIDENTIA	CH0100612339	122.3	↓ -10.6%	↑ +6.4%	117.0	+4.5%	1.98%	27.04.2018	4.37%	17%	1.7	147	Residential	Direct
SXI RE FUNDS	CH0009947406	369.2	↓ -5.3%	↑ +5.3%	-	+15.6%	2.9%	-	-	20%	-	37'436	-	-

(1) Funds not included in SXI Global Real Estate Funds index. Restricted access to pension funds and/or qualified investors.

SXI RE SHARES		Performance			Yield			% Volume			Market
Figures as at 07-janv-2019		Price	YTD	5y p.a.	NAV	Agio	Distrib.	Date	Leverage	(mio)	Cap. (mio)
SWISS PRIME SITE	CH0008038389	81.1	↓ -6.9%	↑ +8.3%	71.7	+13.1%	4.66%	05.04.2018	47%	184.9	6'159
PSP	CH0018294154	99.0	↑ +8.6%	↑ +9.8%	84.9	+16.5%	3.44%	11.04.2018	28%	119.5	4'539
ALLREAL	CH0008837566	156.2	↓ -3.0%	↑ +9.0%	125.8	+24.1%	N/A	05.07.2018	43%	20.3	2'490
MOBIMO	CH0011108872	236.0	↓ -6.2%	↑ +9.4%	200.4	+17.8%	1.86%	22.06.2018	46%	10.4	1'558
INTERSHOP	CH0273774791	501.0	↑ +4.9%	↑ +13.6%	282.4	+77.4%	4.39%	05.04.2018	47%	1.6	1'002
HIAG IMMOBILIER	CH0239518779	116.0	↓ -1.1%	N/A	87.0	+33.3%	3.28%	27.04.2018	39%	2.8	934
ZUG ESTATE AG	CH0148052126	1690.0	↓ -7.2%	↑ +9.0%	1430.4	+18.2%	0.30%	18.04.2018	29%	0.1	1'090
INVESTIS HOLDING SA	CH0325094297	62.6	↓ -0.5%	N/A	43.2	+44.9%	3.79%	26.04.2018	37%	1.5	801
PLAZZA	CH0284142913	224.0	↓ -0.4%	N/A	245.9	-8.9%	1.79%	09.05.2018	-	0.4	445
WARTECK	CH0002619481	1880.0	↑ +0.4%	↑ +6.1%	1464.6	+28.4%	3.72%	29.05.2018	45%	0.1	372
SWISS FINANCE & PROPERTY	CH0032816131	87.0	↓ -5.0%	↑ +6.1%	86.3	+0.9%	8.28%	25.04.2018	58%	0.4	297
VARIA US PROPERTIES AG	CH0305285295	37.1	↓ -6.1%	N/A	n/a	-	N/A	n/a	67%	N/A	334
BFW LIEGENSCHAFTEN	CH0018206117	41.9	↑ +0.4%	↑ +13.3%	37.1	+13.1%	3.34%	09.05.2018	54%	2.7	196
ZUEBLIN IMM	CH0312309682	25.5	↓ -2.8%	↓ -28.2%	423.0	-94.0%	-	-	59%	1.2	85
SXI RE SHARES	CH0042660313	-	-2.1%	-	-	+20.2%	3.6%	-	40%	-	20'256

Sources: Bloomberg / Annual Reports

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Swiss Real Estate Funds – Focus

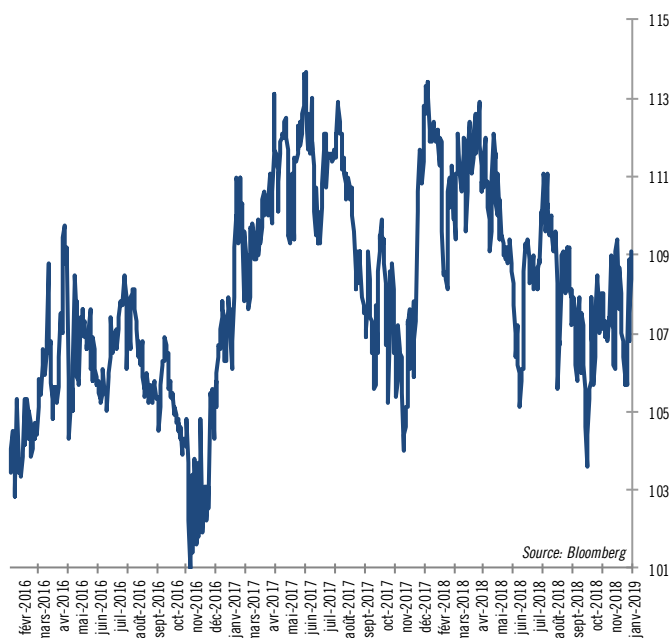
UBS SWISS SIMA

KEY INFORMATION

07.01.2019

Fund Name	UBS PRPTY FD SW MIXD SIMA		
Investment Strategy	Residential and commercial assets across Switzerland, mainly in big cities. Zurich (48%), Basel (12%), Bern (8%), Geneva (8%) and Vaud (5%)		
Investment type	Mixed-use		
Ownership	Indirect		
Stock Price	CHF 109.0	-2.0%	YTD Total Return 52Wks High/Low 113.3 / 103.1
NAV per Share	CHF 88.7	as of 30.06.2018	
Agio / Disagio	+22.9%		
Dividend Yield	2.98%		
Dividend	CHF 3.21 paid in 04.2018		
	CHF 3.18 (2014), CHF 3.18 (2013)		
Real Estate Yield	4.74%		
Leverage	22%		
Market Capitalisation (m CHF)	7'578		
Past Month Transaction (m CHF)	63.3		

Stock price evolution – 3 years



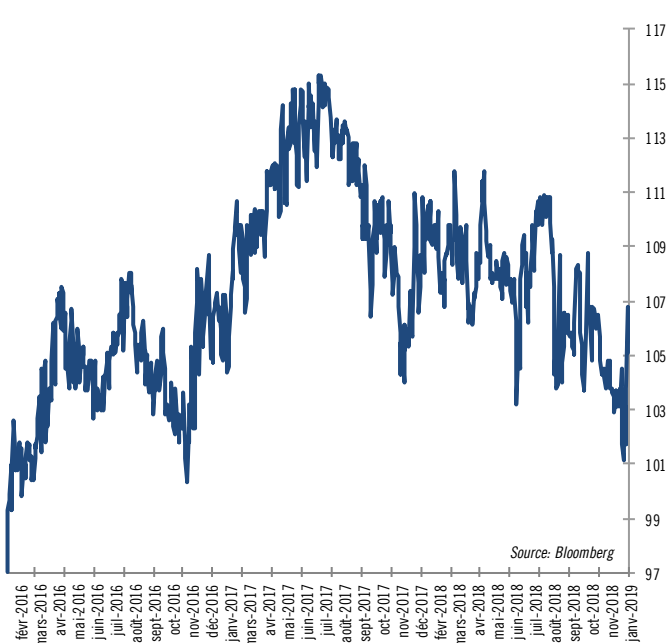
LA FONCIERE

KEY INFORMATION

07.01.2019

Fund Name	LA FONCIERE		
Investment Strategy	Mainly residential assets (+60%) in Romandie (85% in VD + GE).		
Investment type	Residential		
Ownership	Mixed		
Stock Price	CHF 105.3	-3.8%	YTD Total Return 52Wks High/Low 112 / 99.3
NAV per Share	CHF 74.6	as of 31.03.2018	
Agio / Disagio	+41.2%		
Dividend Yield	1.88%		
Dividend	CHF 20.70 paid in 12.2018		
	CHF 20.6 (2014), CHF 20.2 (2013)		
Real Estate Yield	6.35%		
Leverage	17%		
Market Capitalisation (m CHF)	1'303		
Past Month Transaction (m CHF)	8.8		

Stock price evolution – 3 years



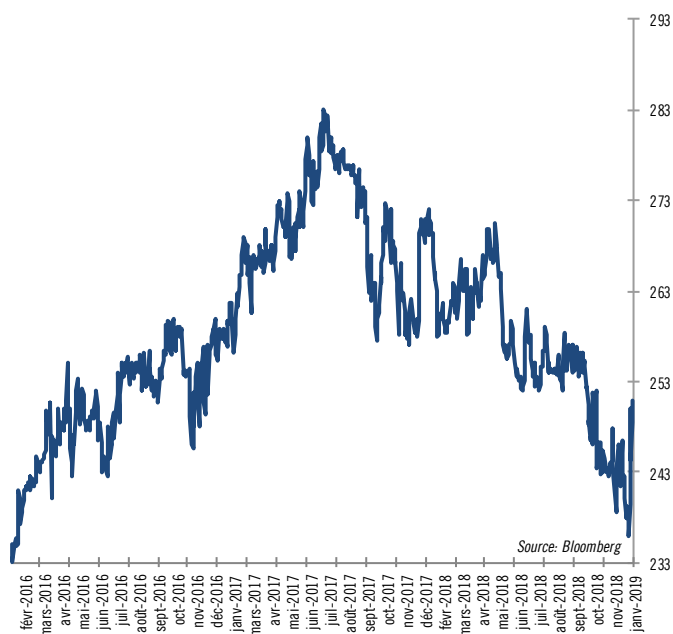
SOLVALOR 61

KEY INFORMATION

07.01.2019

Fund Name	SOLVALOR 61		
Investment Strategy	Mainly residential assets (86%) in Romandie (86% in VD + GE).		
Investment type	Residential		
Ownership	Direct		
	YTD Total Return 52Wks High/Low		
Stock Price	CHF 251.0	-7.9%	272 / 236
NAV per Share	CHF 193.3	as of 30.06.2018	
Agio / Disagio	+29.8%		
Dividend Yield	2.07%		
Dividend	CHF 5.09 paid in 10.2018		
	CHF 4.89 (2014), CHF 5.58 (2013)		
Real Estate Yield	5.76%		
Leverage	0%		
Market Capitalisation (m CHF)	990		
Past Month Transaction (m CHF)	3.7		

Stock price evolution – 3 years



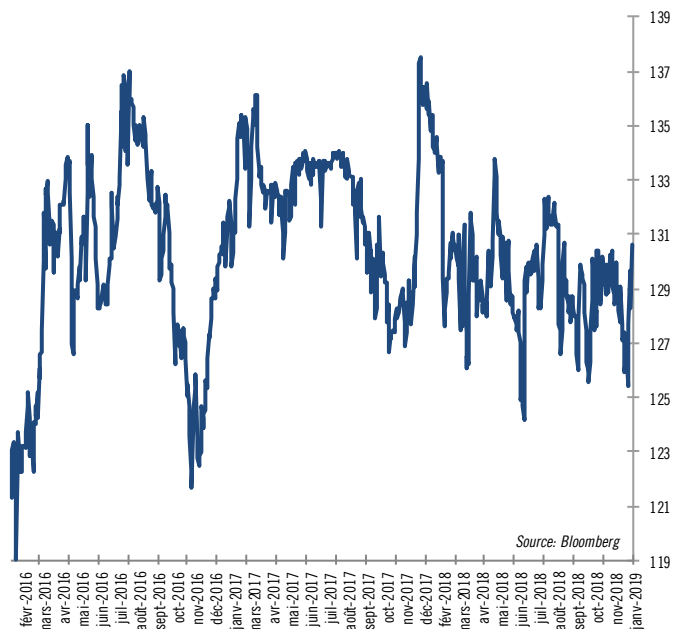
CS REAL ESTATE FUND GREENPROPERTY

KEY INFORMATION

07.01.2019

Fund Name	CS REAL ESTATE FD GREEN PROP		
Investment Strategy	Focus on energy-efficient commercial properties (71%), mainly in Zürich area (76%). Merged with CS PropertyPlus in August 2016.		
Investment type	Commercial		
Ownership	Direct		
	YTD Total Return 52Wks High/Low		
Stock Price	CHF 130.2	-3.2%	133.6 / 121.9
NAV per Share	CHF 110.1	as of 31.03.2018	
Agio / Disagio	+18.3%		
Dividend Yield	2.76%		
Dividend	CHF 4.10 paid in 03.2018		
	CHF 3.5 (2016), CHF 3.5 (2016)		
Real Estate Yield	4.48%		
Leverage	22%		
Market Capitalisation (m CHF)	2'359		
Past Month Transaction (m CHF)	13.2		

Stock price evolution – 3 years



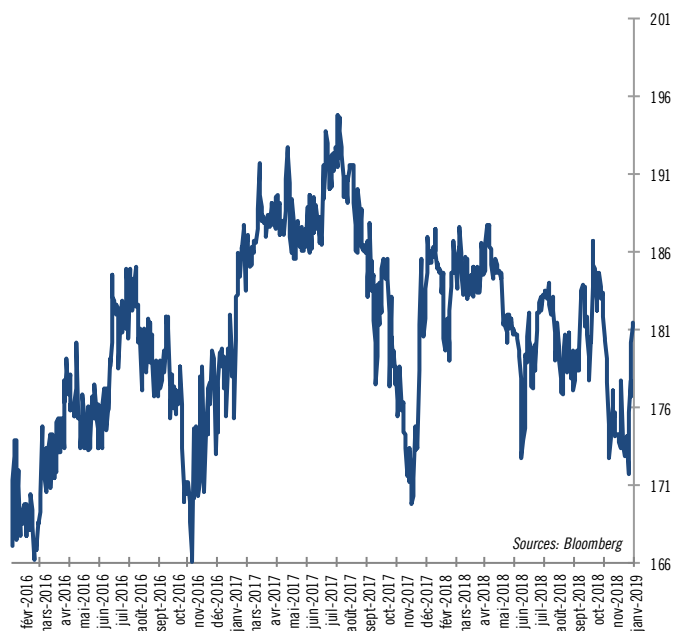
FIR - FOND IMMOBILIER ROMAND

KEY INFORMATION

07.01.2019

Fund Name	FONDS IMMOBILIER ROMAND		
Investment Strategy	Mainly residential assets (80%) in Romandie (92%)		
Investment type	Residential		
Ownership	Mixed		
Stock Price	CHF 181.8	YTD Total Return -1.4%	52Wks High/Low 188 / 171.3
NAV per Share	CHF 133.7 <i>as of 30.06.2018</i>		
Agio / Disagio	+36.0%		
Dividend Yield	2.17%		
Dividend	CHF 3.90 <i>paid in 10.2018</i> CHF 3.9 (2014), CHF 3.85 (2013)		
Real Estate Yield	3.16%		
Leverage	16%		
Market Capitalisation (m CHF)	1'170		
Past Month Transaction (m CHF)	5.4		

Stock price evolution – 3 years





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