

European Life Sciences

European life sciences real estate strategy offering attractive risk-adjusted returns, underpinned by a robust pipeline of development opportunities in a thematic and high growth sector.

What is life sciences?

The life sciences industry is comprised of companies involved in the research, development and manufacture of pharmaceuticals, therapies and medical devices, which help to foster medical innovations with the aim of extending the length and quality of human life.

Real estate has a key role to play in the growth and expansion of the sector by developing buildings which are purpose built for life science companies. These companies are tied to locations due to infrastructure, skilled staff requirements, access to universities and manufacturing facilities. This represents a compelling opportunity to form long-term arrangements for real estate requirements.

What is the investment strategy?

- Development led approach focused on dedicated life sciences facilities broadly diversified across Europe focusing on wet lab and manufacturing facilities.
- Following on from our secured UK portfolio, with a forecasted gross development value of GBP 3bn, we are now targeting well-located schemes in Europe with the ability to form *clusters* of facilities enabled by skilled staff, high academic quality, and infrastructure.
- Emphasis on delivering best-in-class life sciences facilities / clusters with a strong focus on high specification space such as good manufacturing process (GMP)
- Targeting 15%+ returns¹, net of fees (pre-tax).



Why Life Sciences in Europe?

High growth sector: growth in amount of capital raised for life sciences companies, could increase occupier demand for appropriate research & development, and manufacturing real estate.

Fundamental undersupply: fundamental demand/supply imbalance due to limited fit-for purpose existing stock represents a compelling opportunity given projected future growth of the European life sciences market.

Defensive against COVID-19 structural changes: shift to working from home to have a limited impact on life sciences occupiers vs. other real estate sectors.

Nascent asset class in Europe with few providers: attractive entry point to develop stock and potential for strong rental growth as occupational demand is set to outweigh supply for the foreseeable future.

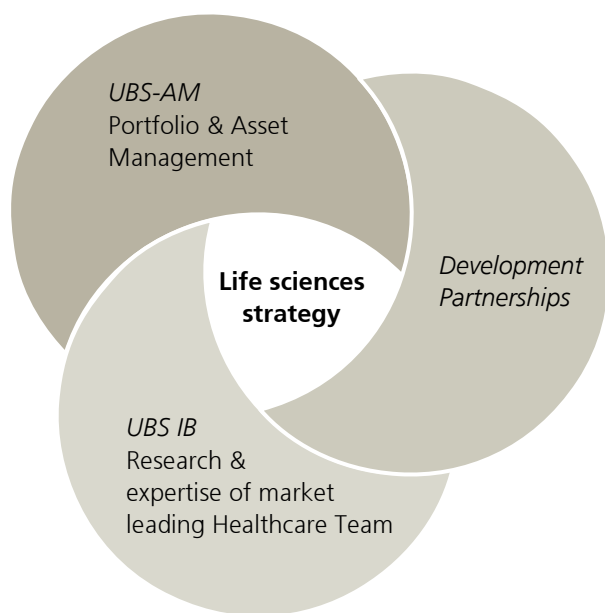
Europe is an established manufacturing hub for global pharmaceutical products, with academic talent and a skilled workforce, with a supportive tax and policy framework in some markets.

What is the sustainability approach?

Social value benefits: medical breakthroughs which lead to new treatments and therapies can offer significant societal benefits by enhancing and extending human life. Real estate has a key role to play to help facilitate the growth and expansion of the sector, e.g. creating job opportunities.

Environmental: commitment to high sustainability credentials throughout the build. We will analyze the carbon lifecycle to try to mitigate carbon emissions during the construction phase, with a high level of operational efficiency once built.

Governance: UBS' Real Estate & Private Markets EPM has a strong sustainability and governance track record including consistentGRESB results.



What is the strategy's edge?

Unique integrated investment platform

Collaboration of 3 life sciences sector specialists: UBS Asset Management (UBS-AM), UBS Investment Bank (UBS IB) and our Development Partnerships.

UBS-AM Life Sciences Real Estate Team

- Established senior investment team supported by additional research & strategy professionals, ESG & sustainability specialists, investment specialists and the broader corporate functional teams within the Real Estate & Private Markets business.
- To date, the team has purchased sites in the UK's Golden Triangle with a forecasted gross development value of GBP 3bn, having already developed out its first GMP facility.

UBS Investment Bank

- Technical expertise / knowledge on life sciences occupiers.
- Largest bookrunner of healthcare IPOs globally (2018-2023 YTD) and largest healthcare M&A advisory business in EMEA (2019-2023 YTD)².
- Extensive research capabilities: UBS was named Institutional Investor's top global equity research firm for three consecutive years from 2019-21, coming 2nd in 2022³.

Development Partnerships

- In the UK, our established partnership with Reef Group, who have a strong track record coupled expertise in the life sciences sector, helps to differentiate our strategy.
- We are working with Reef across our European platform, ensuring consistency and quality of design, whilst also partnering with local specialist developers to ensure delivery.

Differentiated pipeline building on UK progress Having purchased a portfolio of assets in the UK's Golden Triangle, with a forecasted gross development value of GBP 3 bn, we've demonstrated our ability to identify and secure life sciences development projects.

Our European pipeline of opportunities is continuing to be progressed with sites in focus to the right and an overall pipeline summary can be found below:

- Number of sites: 8
- Total area: ca. 5.7 m sqft / 530k sqm
- Total forecasted GDV (excl. UK exposure): EUR 2.6 bn+

*Pipeline
in focus*



Indicative details⁴

Target investments	<ul style="list-style-type: none"> – Development-led approach, targeting projects across Europe; with a focus on high specification space such as Good Manufacturing Practice (GMP) facilities and wet labs – Markets for consideration includes UK, Netherlands, Germany, France, Belgium, Switzerland and Nordics – Exposure to the UK will be via UBS' UK life sciences portfolio
Target return	– Portfolio level (pre-tax): 15%+ (net) ¹
Target debt	– ca. 55% leverage at portfolio level
Equity required	– ca. EUR 1,000m
Pipeline	– Having secured a portfolio in the UK, the team is now building out a pipeline of European opportunities
Asset criteria	– Well-located in established clusters enabled by skilled staff, high academic quality, and infrastructure

Source: UBS Asset Management, Real Estate & Private Markets (REPM), August 2023. **1** Target returns presented herein do not constitute a forecast of future returns. There is no assurance that the strategy will achieve its target performance; **2** UBS Investment Bank, Dealogic, August 2023; **3** Institutional Investor, January 2022; **4** This does not constitute a guarantee by UBS AG, Asset Management.

For professional / qualified investors
For market sounding purposes
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