



# Swiss Prime Site Solutions Investment Fund (SPSS IF) Commercial

Contractual investment fund governed by Swiss law  
and established under the 'real estate fund' category for qualified investors

## Prospectus with integrated fund contract

Fund management company: Swiss Prime Site Solutions AG  
Prime Tower  
Hardstrasse 201  
8005 Zurich

Custodian bank: Banque Cantonale Vaudoise  
Place Saint-François 14  
1001 Lausanne

**This document contains a translation into English of the original German language fund prospectus and fund agreement. Only the original German language versions are binding.**

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## Part 1: Prospectus

This prospectus with integrated fund contract and the current annual or half-year report (if published after the latest annual report) serve as the basis for all subscriptions of units of the real estate fund.

Only information contained in the prospectus or the fund contract is valid.

### 1. Information on the real estate fund

#### 1.1 General disclosures about the real estate fund

Swiss Prime Site Solutions Investment Fund (SPSS IF) Commercial is a fund governed by Swiss law in the 'real estate fund' category pursuant to the Swiss Collective Investment Schemes Act (CISA) of 23 June 2006. The fund contract was drawn up by Swiss Prime Site Solutions AG as fund management company and presented, with the consent of Banque Cantonale Vaudoise as custodian bank, to the Swiss Financial Market Supervisory Authority FINMA and approved by the latter for the first time on September 20, 2021.

The real estate fund is based on a collective investment contract (fund contract) under which the fund management company undertakes to provide investors<sup>1</sup> with a stake in the real estate fund in proportion to the fund units acquired by them and to manage the fund at its discretion and in its own name in accordance with the provisions of the law and the fund contract. The custodian bank is a party to the fund contract in accordance with the tasks assigned to it by law and the fund contract.

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<sup>1</sup> For reasons of readability, this document uses gender-neutral language.

The fund contract entitles the fund management company to establish, liquidate or merge different unit classes at any time, subject to the consent of the custodian bank and the approval of the supervisory authority.

The real estate fund is currently not divided into unit classes.

#### 1.2 Investment objective and investment policy of the real estate fund

##### 1.2.1 Investment objective

The investment objective of SPSS IF Commercial is to preserve the value of the portfolio properties over the long term and to generate a stable return for investors.

##### 1.2.2 Investment policy

In principle, the fund invests directly in real estate assets throughout Switzerland. The fund invests preferably in commercial properties with a high degree of tenant diversification and/or tenants with a high credit rating and reputation. The long-term focus of use will be on office and retail space. Other uses may be added in a subordinate role. Properties with residential use are not a focus but may be acquired, particularly if their potential for conversion and use can be exploited to add value. Project developments are generally permitted. Through a proactive approach (e.g. repositioning, cost management, conversion, development, enhancement, restructuring of rental agreements, etc.), the fund management company identifies and converts value growth potential at an early stage.

### 1.2.3 Material risks

The real estate fund's net asset value and income may evolve differently. The following risks may affect income and value development:

Market risks: Real estate values depend on general economic growth, the specific development of supply and demand for real estate in the various regions, changes in capital market and mortgage interest rates, and changes in inflation. For example, poor economic growth can lead to higher vacancies in the properties held.

Liquidity risks: The real estate market is considered to be fundamentally illiquid. Prices may therefore be negatively affected, depending on the situation. In the case of a short-term purchase or sale of larger properties, in particular, price concessions may be made if the market conditions are unfavourable.

Valuation risks: The valuation of real estate depends on a variety of factors. These include assumptions about the development of market rents, vacancies and discount rates, the latter determined by independent valuation experts as part of the valuation. A property's sales price may differ from its value, depending on market demand.

Price risks: The value of the fund units may change as a result of the above-mentioned risks, is subject to fluctuations and is based on the respective market value of the fund's investments. The value of the fund units may fall over an extended period, and there is no guarantee that an investor will achieve a specific return or be able to redeem their units with the fund management company at a specific price. An increase in the unit price does not indicate a corresponding increase in the future, and the unit price may deviate considerably from the net asset value under certain circumstances (premium/discount).

Project risks: The construction and renovation of properties, particularly in large-scale projects, is subject to quality, cost and deadline risks. Cost overruns and delayed deadlines cannot be ruled out and may adversely affect the fund.

Building authorisation risks: Project developments are subject to the risk that the necessary building authorisations may not be granted (on time) and/or may be delayed by unforeseeable objections.

### 1.2.4 Use of derivatives

The fund management company does not currently use derivatives as an investment technique.

## 1.3 Profile of the typical investor

The real estate fund is suitable for investors with a medium to long-term investment horizon and a focus on sustainable returns. Investors can tolerate temporary fluctuations in the net asset value or market price of the fund units and are not dependent on realising the investment on a specific date.

## 1.4 Tax regulations relevant to the real estate fund

### General information

The following statements on certain Swiss tax aspects of an investment in the real estate fund are of a general nature only and do not constitute tax advice. They relate only to investors who are the beneficial owners of the fund units. The statements are based on the legal situation and practice applicable on the date of this prospectus. Investors in the real estate fund should be aware that the legal situation and practice may change. The following statements do not include every potential tax consequence of investment in the real estate fund. All investors are advised to consult a tax adviser about the tax consequences of investing in the real estate fund.

### Taxes on profit, income, capital and wealth

Income and profit received by the real estate fund from directly owned real estate in Switzerland are subject to direct federal tax and cantonal and municipal taxes on profit. Assets attributable to directly owned real estate in Switzerland are subject to cantonal and communal capital taxes. Such income, profit and assets are tax-exempt for investors.

Other income (such as interest on bank balances) and profits are subject to direct federal tax and cantonal and communal income and profit taxes for investors, with the exception of capital gains, which are tax-exempt for private investors if reported and distributed separately by the real estate fund. Investors are liable for cantonal and municipal capital taxes and/or wealth taxes in respect of assets of the real estate fund that are not attributable to directly owned real estate. Such income, profit and assets are tax-exempt for the real estate fund.

### Withholding tax

The real estate fund is entitled to a refund of withholding tax deducted from capital gains (such as interest on bank deposits).

The real estate fund's income is subject to withholding tax (35%) when distributed or re-invested. However, capital gains and income from directly held real estate and capital contributions by investors are exempt from withholding tax. Investors are entitled to a refund of withholding tax if they enjoyed a right of use when the taxable benefit fell due and fulfil the other conditions required for a refund (such as correct accounting and declaration to the competent tax authority).

### Securities transfer tax

The issue of fund units to first-time holders of the fund units (primary market transaction) and the redemption of fund units by the fund management company are not subject to securities transfer tax.

Subsequent trading in fund units (secondary market transaction) is subject to securities transfer tax at 0.15% on the fee if a Swiss securities dealer as defined in the federal law on stamp duty (*Bundesgesetz über die Stempelabgaben*) is involved in the transaction as a contracting party or intermediary, and no exemption applies in respect of either or both of the contracting parties. Subject to exceptions, each of the contracting parties involved in a securities transfer is usually charged half of the securities transfer tax.

### International automatic exchange of information on tax matters (automatic exchange of information)

This real estate fund qualifies as a non-reporting Swiss financial institution for the purposes of the automatic exchange of information within the meaning of the Common Reporting

and Due Diligence Standard for Financial Account Information (CRS) of the Organisation for Economic Co-operation and Development (OECD).

### FATCA

The Real Estate Fund is registered with the US tax authorities as a Registered Deemed-Compliant Foreign Financial Institution (FFI) – Local FFI within the meaning of Sections 1471 to 1474 of the US Internal Revenue Code (Foreign Account Tax Compliance Act, including related ordinances, 'FATCA').



## **2. Information on the fund management company**

### **2.1 General information on the fund management company**

The fund management company is Swiss Prime Site Solutions AG. Swiss Prime Site Solutions AG, with its registered office in Zurich, has been active in the investment business since its formation as a limited company in 2017. Swiss Prime Site Solutions AG was granted authorisation by the Swiss Financial Market Supervisory Authority FINMA on September 9, 2021 to operate as a fund management company.

The fund management company's subscribed share capital on October 12, 2021 was CHF 1.5 million. The share capital is divided into registered shares and is fully paid up.

Swiss Prime Site Solutions AG is a wholly owned subsidiary of Swiss Prime Site AG, Olten.

The Board of Directors of the fund management company comprises the following members:

Chairman:

René Zahnd, Group CEO of Swiss Prime Site AG

Vice-Chairman:

Marcel Kucher, Group CFO of Swiss Prime Site AG

Member:

Philippe Keller, Managing Partner at PvB Perinet von Ballmoos AG

The Executive Board comprises the following members:

- Anastasius Tschopp, CEO Swiss Prime Site Solutions AG
- Philippe Brändle, CFO Swiss Prime Site Solutions AG
- Reto Felder, CIO Third-party Mandates Swiss Prime Site Solutions AG
- Marcel Hug, Managing Director, Swiss Prime Site Investment Foundation

As at October 12, 2021, the fund management company provided the following services in particular:

Swiss Prime Site Solutions AG leverages its national and international network, innovative tools and wealth of experience to provide its clients with investment advisory, sales and letting and strategic advisory services in the real estate sector.

Address of fund management company:

Swiss Prime Site Solutions AG  
Prime Tower  
Hardstrasse 201  
8005 Zurich

[www.spssolutions.swiss](http://www.spssolutions.swiss)

### **2.2 Delegation of investment decisions**

Investment decisions of the real estate fund are made by the fund management company; no decisions are delegated.

## **2.3 Delegation of other specific tasks**

Internal audit and specific tasks in Legal, Controlling, Accounting, IT and Infrastructure and Human Resources have been delegated to Swiss Prime Site Management AG.

Property management and accounting have been delegated to Wincasa AG.

These agents have a long track record in the delegated areas. The precise details of order execution are governed by agreements concluded between the fund management company and the agents.

## **2.4 Property selection process**

Properties to be purchased for the fund are selected by means of a structured and proven purchasing process. This process is documented and the requisite document templates are in place for all milestones in the process.

Throughout the selection process, the potential properties are examined not only in terms of investment restrictions and investment profile, but also their long-term potential for value growth.

## **2.5 Exercise of membership and creditors' rights**

The fund management company exercises membership and creditors' rights associated with investment of the managed funds independently and exclusively in the interests of investors. On request, the fund management company provides investors with information on the exercise of membership and creditors' rights.

In the case of pending routine transactions, the fund management company has the discretion to exercise membership and creditors'

rights itself or to delegate them to the custodian bank or third parties.

In the case of all other agenda items that may have a long-term impact on investors' interests, such as the exercise of membership and creditors' rights to which the fund management company is entitled as a shareholder or creditor of the custodian bank or other related legal entities, the fund management company may exercise the voting right itself or issue express instructions. In so doing, it may rely on information that it receives from the custodian bank, portfolio manager, company, proxy advisers or other third parties, or that it learns from the press.

Exercise of membership and creditors' rights is at the fund management company's discretion.

### **3. Information on the custodian bank**

The custodian bank is Banque Cantonale Vaudoise (hereinafter 'BCV'). BCV was established for an indefinite period by decree of the Grand Council of Vaud 19 December 1845. It is a corporation organised under public law. Its registered office and executive management are located at Place St-François 14, 1003 Lausanne, Switzerland. It may have subsidiaries, branches, offices and representative offices.

BCV is a client-focused universal bank with more than 175 years of experience in business, about 2 000 employees and more than 60 sales outlets in canton Vaud. Its mandate includes the development of all private sectors throughout the canton, assistance to public sector organisations in the financing of their remit and fulfilment of mortgage lending requirements. To this end, it carries out all usual banking transactions for its own account and on behalf of third parties (Art. 4 LBCV and Art. 4 BCV statutes). BCV conducts its business primarily in canton Vaud; it may also operate elsewhere in Switzerland and abroad if this is in the interests of Vaud's economy. As a cantonal bank, it is committed to developing the canton's economy in line with the principles of sustainable development, taking into account economic, environmental and social criteria.

The custodian bank may entrust the safekeeping of fund assets to third-party and collective custodians in Switzerland and abroad, provided this is in the interests of efficient safekeeping. Financial instruments may be transferred only to regulated third-party or collective custodians. This does not apply in cases where assets have to be held in safekeeping at a location where a transfer to regulated third-party or collective custodians is not possible, in particular due to mandatory legal provisions or the specific characteristics of an investment product. Under third-party and collective safekeeping, the fund management

company has co-ownership rather than sole ownership of the deposited securities. Moreover, unsupervised third-party and collective custodians are unlikely to meet the organisational requirements placed on Swiss banks.

The custodian bank is liable for any losses caused by the agent unless it is able to demonstrate that it exercised the requisite due care in the selection, instruction and monitoring of the agent.

The custodian bank is registered with the US tax authorities as a foreign financial institution subject to the reporting requirements under Model 2 of the Intergovernmental Agreement pursuant to Sections 1471 to 1474 of the US Internal Revenue Code (Reporting Model 2 FFI).

## **4. Information on third parties**

### **4.1 Paying agents**

The paying agent is:

Banque Cantonale Vaudoise, Place Saint-François 14, 1001 Lausanne, together with all its offices in Switzerland.

### **4.2 Distributors**

No distributors have been appointed to distribute the real estate fund that are directly remunerated by the real estate fund.

### **4.3 External auditor**

The external auditor is KPMG AG, Zurich.

### **4.4 Valuation experts**

With the approval of the supervisory authority, the fund management company has appointed the following independent valuation experts:

- Laura Blaufuss, PricewaterhouseCoopers AG, Zurich
- Sebastian Zollinger, PricewaterhouseCoopers AG, Zurich

The valuation experts have many years of experience in real estate and extensive knowledge of the market. The precise details of execution of the mandate are governed by an agreement concluded between Swiss Prime Site Solutions AG as the fund management company and PricewaterhouseCoopers AG.

## 5. Further information

### 5.1 Useful information

Securities number:

- 113 909 906

Listing/trading:

- Over-the-counter trading is conducted through Banque Cantonale Vaudoise, Place Saint-François 14, 1001 Lausanne.

Financial year:

- 1 October to 30 September

Term:

- Open-ended

Unit of account:

- CHF

Units:

- The units are held in book-entry form and are not certificated. Minimum denomination: 1 unit.

Appropriation of income:

- Income is distributed within four months of the close of the financial year.

### 5.2 Terms and conditions for the issue and redemption of fund units and trading

Units may be issued at any time. They may be issued only in tranches. The fund management company determines the number of new units to be issued, the subscription ratio for existing investors, the issuance method for subscription rights and the other terms and conditions in a separate prospectus.

Investors may redeem their units at the close of any financial year, subject to 12 months' notice. Under certain conditions, the fund management company may repay the proceeds of units redeemed during a financial year earlier (cf. section 17.2 fund contract). Investors that wish to redeem units ahead of schedule must request this in writing when giving notice. Both scheduled and early redemptions must be made within four months of the close of the financial year (cf. section 5.5 fund contract).

The net asset value of the real estate fund is calculated at the fair value at the end of the financial year and on each issuance of units.

The net asset value of a unit is the fair value of the fund assets, less any liabilities of the real estate fund and any taxes likely to fall due if the real estate fund is liquidated, divided by the number of units outstanding. It is rounded to two decimal places.

The issue price is the net asset value calculated for the issue, plus the issue commission. The amount of issue commission is shown in section 5.3 below.

The redemption price is the net asset value calculated for the redemption, less the redemption commission. The amount of the redemption commission is shown in section 5.3 below.

Ancillary costs in the purchase and sale of investments (transfer taxes, notary's costs, fees, market-aligned brokerage fees, levies, etc.) incurred by the real estate fund in connection with the investment of the amount paid in or in connection with the sale of a portion of investments corresponding to the units redeemed are charged to the fund assets.

The units are held in book-entry form and are not certificated.

Investors are not entitled to request delivery of a unit certificate.

The fund management company may suspend the issue of units at any time and reject applications for unit subscriptions or conversions.

In compliance with the applicable regulations (specifically the provisions of the Federal Act on Collective Investment Schemes (CISA) and stock exchange regulations), the fund management company ensures that units of the real estate fund can be traded regularly on-exchange or over the counter through a bank or securities firm. The fund management company has appointed Banque Cantonale Vaudoise to organise market making, but has not granted it an exclusive right to do so. The fund management company may enter into other agreements with other banks or investment firms at its discretion. The modalities of organising market making are governed by an agreement to this effect between the fund management company and Banque Cantonale Vaudoise in compliance with the applicable regulations.

The custodian bank will systematically notify the fund management company of all orders for subscriptions, redemptions, purchases and sales, maintain a contact point for investors and keep a register of the orders placed with it. In cooperation with the fund management company, market maker (if any) and market intermediaries, the custodian bank will use its best efforts to ensure technical settlement in accordance with the applicable standards and proper execution of the orders received.

The fund management company will publish the fair value of the fund assets and the resulting net asset value of the fund units in the official publications at the same time as notifying these values to the bank or securities firm mandated with the regular on-exchange or over-the-counter trading of the units.

#### Contact person for secondary market

Immo Desk

Email: [immo.desk@bcv.ch](mailto:immo.desk@bcv.ch)

Telephone: 021 212 40 96

### **5.3 Remuneration and ancillary costs**

#### **5.3.1 Remuneration and ancillary costs charged to investors (extract from section 18 of the fund contract)**

Issue commission for the fund management company, custodian bank and/or distributors in Switzerland and abroad

*maximum 2.5%*

Redemption commission for the fund management company, custodian bank and/or distributors in Switzerland and abroad

*maximum 2.5%*

With redemptions, in addition to the redemption commission, the average ancillary costs incurred by the real estate fund in connection with the sale of a portion of investments corresponding to the units redeemed are deducted from the net asset value. The applicable rate used is shown in the corresponding statement.

### **5.3.2 Remuneration and ancillary costs charged to the fund assets (extract from section 19 of the fund contract)**

Administrative commission of the fund management company:

- maximum 1% p.a.

The commission is used for managing the real estate fund, managing the fund's assets and, if applicable, for distributing the fund.

Custodian bank commission of the custodian bank

- maximum 0.05% p.a.

The commission is used for the tasks of the custodian bank, such as safekeeping of the fund assets, handling payments and the other tasks listed in section 4 fund contract.

The custodian bank does not charge the real estate fund any commission for payment of the annual income to investors.

In addition, the other remuneration and ancillary costs listed in section 19 of the fund contract may be charged to the real estate fund.

The rates actually applied are set out in the annual and half-year reports.

### **5.3.3 Payment of retrocessions and rebates**

The fund management company and its agents may pay retrocessions to compensate distribution and brokerage activities in respect of units of the real estate fund. In particular, any activity aimed at promotion of the distribution or brokerage of units of the real estate fund, such as organisation of road shows, attendance at events and trade fairs, production of advertising material, instruction of sales staff, etc., is considered a distribution and brokerage activity.

Retrocessions are not rebates, even if they are ultimately passed on in whole or in part to investors.

Recipients of retrocessions must ensure transparent disclosure and inform investors voluntarily and free of charge of the amount of remuneration they may receive for distribution activities.

On request, recipients of retrocessions must disclose the amounts actually received for distributing collective investment schemes for these investors.

On request, the fund management company and its agents may pay rebates directly to investors. Rebates serve to reduce the fees or costs attributable to the investors concerned. Rebates are permitted, provided they

- are paid out of fees of the fund management company and thus do not additionally burden the fund assets;
- are granted on the basis of objective criteria;
- are granted under the same time conditions and in the same amount to all investors that meet the objective criteria and request rebates.

The following objective criteria pertain to the granting of rebates by the fund management company:

- The volume subscribed by an investor and/or the total volume held by an investor in the fund or, where applicable, in the fund management company's product range;
- The amount of fees generated by the investor;

- The investor's investment behaviour;
- The investor's willingness to support the fund during its inception.

At the investor's request, the fund management company will disclose the corresponding rebate amount free of charge.

#### **5.3.4 Total expense ratio**

The coefficient of total expenses charged to the fund assets on an ongoing basis (total expense ratio, TER<sub>REF</sub>) must not exceed 0.95% at the close of the first financial year.

#### **5.3.5 Commission-sharing agreements and soft commissions**

The fund management company has not concluded any commission-sharing agreements or agreements relating to soft commissions.

#### **5.3.6 Investments in affiliated collective investment schemes**

No issue or redemption commission is charged on investments in collective investment schemes managed directly or indirectly by the fund management company itself, or that are managed by a company with which the fund management company is associated through common management or control or by a significant direct or indirect shareholding.

### **5.4 Publications of the real estate fund**

Further information on the real estate fund can be found in the current annual or half-year report. The latest information can also be downloaded online at <https://sps.swiss/de/solutions/home>.

The prospectus with integrated fund contract and the annual and half-year reports can be

obtained free of charge from the fund management company or the custodian bank.

In the event of a change in the fund contract, a change of fund management company or custodian bank or the dissolution of the real estate fund, the fund management company will publish a single notice on the electronic platform of Swiss Fund Data AG, [www.swiss-funddata.ch](http://www.swiss-funddata.ch).

The fund management company publishes the issue and redemption prices and the net asset value, with the note 'excluding commissions', for every issue and redemption of units on the electronic platform [www.swissfunddata.ch](http://www.swissfunddata.ch). The net asset value is published twice a year and the over-the-counter trading price (closing price as at the end of the month) monthly.

### **5.5 Insurance cover on properties**

Properties owned by the real estate fund are generally insured against fire and water damage and damage due to relevant causes under liability law. Loss of rental income as a consequential cost of fire and water damage is included in this insurance cover. However, earthquake damage and its consequences are not insured.

### **5.6 Sale restrictions**

Units of the real estate fund may be issued and redeemed only in countries where a distribution licence is in place.

A distribution licence is in place for the following countries:

- Switzerland

Units of the real estate fund may not be offered, sold or delivered within the USA.

Units of this real estate fund may not be offered, sold, or delivered to investors who are



US Persons or who subscribe to units on behalf of or for the account of US Persons or with funds provided by 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 enacted thereunder; (ii) is a US Person within the meaning of Regulation S of the US Securities Act of 1933, as amended (17 CFR section 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 section 4.7(a)(1)(iv)); (iv) resides in the United States within the meaning of Rule 202(a)(30)-1 of the US Investment Advisers Act of 1940, as amended; or (v) is a trust, legal entity or other structure established for the purpose of enabling US Persons to invest in this real estate fund.

The fund management company and custodian bank may refuse or restrict the sale, brokerage or transfer of units to individuals or legal entities in certain countries and areas. Local regulations apply in cases where units of this fund are issued and redeemed abroad.



## **Part 2: Fund contract**

# **Swiss Prime Site Solutions Investment Fund (SPSS IF) Commercial**

A contractually based investment fund under Swiss law in the 'real estate fund' category for qualified investors (hereinafter: the 'real estate fund')



## I Basic information

### § 1 Name of the fund; name and registered office of the fund management company and the custodian bank

1. A contractually based investment fund in the 'real estate fund' category (the 'real estate fund') has been established under the name Swiss Prime Site Solutions Investment Fund (SPSS IF) Commercial in accordance with Art. 25 et seq. in conjunction with Art. 58 et seq. Federal Act on Collective Capital Investment Schemes (CISA) of 23 June 2006.
2. The fund management company is Swiss Prime Site Solutions AG, with registered office in Zurich.
3. The custodian bank is Banque Cantonale Vaudoise, with registered office in Lausanne.
4. The investor group is restricted to qualified investors resident in Switzerland within the meaning of Art. 10 para. 3 CISA and section 5.1 of this fund contract.
5. In application of Art. 10 para. 5 CISA, at the request of the fund management company and the custodian bank, the supervisory authority has agreed that the following provisions do not apply to the real estate fund:
  - a) the obligation to issue the units in cash,
  - b) in connection with the contribution of investments by means of a contribution in kind, the obligation to offer new shares to existing investors first,
  - c) the obligation to make investments in undeveloped properties only if there is an approved building project; however, such investments are subject to investment restrictions (section 15),
  - d) the maximum encumbrance limits for properties (section 14); these must, however, be fulfilled within two years (section 7.1).
6. As part of the launch of the real estate fund, Swiss Prime Site Immobilien AG, Olten, a related party of the fund management company, will sell a property portfolio with seven properties to the real estate fund against cash payment (seed portfolio). This transaction will be valued by the permanent valuation expert, the market conformity of the transaction price and costs will be validated separately by the independent valuation expert, and the transfer of the properties will be approved by FINMA.

## II Rights and obligations of the contracting parties

### § 2 Fund contract

The legal relationships between investors on one side and the fund management company and the custodian bank on the other are governed by this fund contract and the applicable provisions of Swiss legislation on collective investment schemes.

### § 3 Fund management company

1. The fund management company manages the real estate fund at its own discretion and in its own name for the account of investors. In particular, it makes all decisions relating to the issue of units, the investments and their valuation. It calculates the net asset value, sets issue and redemption prices and determines profit distributions. It asserts all rights belonging to the real estate fund.
2. The fund management company and its agents have a duty to act in good faith, exercise due diligence and provide information. They act independently and safeguard exclusively the interests of investors. They take any organisational measures necessary for the proper conduct of business. They ensure transparent accounting and provide appropriate information on the real estate fund. They disclose all fees and costs charged directly or indirectly to investors and how said fees and costs have been used; they provide investors with complete, accurate and comprehensible information on remuneration paid for distribution of collective investment schemes in the form of commissions,

brokerage fees and other pecuniary benefits.

3. The fund management company may delegate investment decisions and specific tasks, provided this is in the interests of efficient management. It may delegate responsibilities only to individuals who are qualified to discharge their duties properly, and must ensure that such duties are discharged correctly with regard to the instructions provided and monitoring and control.

The fund management company is liable for the actions of its agents as it is for its own actions.

Investment decisions may be delegated only to asset managers who are subject to recognised supervision.

If foreign law requires an agreement on cooperation and exchange of information with foreign supervisory authorities, the fund management company may delegate the investment decisions to a foreign asset manager only if such an agreement exists between FINMA and the foreign supervisory authorities relevant to the investment decisions in question.

4. The fund management company may, with the custodian bank's consent, submit amendments to this fund contract to the supervisory authority for approval (see section 26).
5. The fund management company may merge the real estate fund with other real estate funds in accordance with the provisions of section 24 and may dissolve it in accordance with the provisions of section 25.

The fund management company is responsible for appointment of at least one institution (a bank or securities firm with registered office in Switzerland) to provide over-the-counter trading of units of the real estate fund. The fund management company may disclose information or indications about the net asset value or the performance of the real estate fund's assets or similar information to the institution that provides over-the-counter trading only if this information is simultaneously available to investors.

6. The fund management company is entitled to the remuneration stipulated in sections 18 and 19, to be released from any liabilities assumed in the proper performance of its duties and to be reimbursed for expenses incurred in connection with such liabilities.
7. The fund management company is liable to investors for ensuring that the real estate companies belonging to the real estate fund comply with the provisions of CISA and the fund contract.
8. During the inception phase, the fund management company will acquire real estate assets (seed portfolio) from related parties.

After the inception phase, the supervisory authority may, in justified individual cases, approve exceptions to the ban on related party transactions, provided that the exception is in the interests of investors and that in addition to the valuation by the real estate fund's permanent valuation experts, the market conformity of the purchase and sale price of the real estate asset and the transaction costs is confirmed by a valuation expert independent of the

permanent valuation experts and their employer and of the fund management company and the custodian bank of the real estate fund.

On conclusion of the transaction, the fund management company will prepare a report with details of the individual real estate assets acquired or transferred and their value on the effective date of the acquisition or transfer, together with the valuation report from the permanent valuation experts and the report on market conformity of the purchase or sale price from the independent valuation expert within the meaning of Art. 32a para. 1c CISO.

As part of its audit of the real estate fund, the external auditor will confirm compliance with the special fiduciary duty for real estate investment by the fund management company.

The fund management company will specify approved transactions with related parties in the real estate fund's annual report.

In addition, the fund management company, its agents and related individuals and legal entities may not acquire any real estate assets from the real estate fund or assign any such assets to the fund.

#### **§ 4 Custodian bank**

1. The custodian bank is responsible for the safekeeping of the fund assets, particularly unpledged mortgage notes and shares of real estate companies. The custodian bank is responsible for the issue and redemption of fund units and payments on behalf of the real estate fund. It may instruct third parties

to manage accounts for the daily management of real estate assets.

The custodian bank is responsible for account management and custodial services for the real estate fund, but cannot independently dispose of its assets.

2. The custodian bank ensures that the countervalue of transactions relating to the real estate fund's assets is transferred to it within the customary deadlines. It notifies the fund management company if the countervalue is not paid within the customary deadline and calls on the counterparty to replace the asset concerned, insofar as this is possible.
3. The custodian bank will manage the requisite records and accounts in such a way as to be able to identify the assets in custody for each individual fund at any time.

Where assets cannot be accepted into safekeeping, the custodian bank will check the fund management company's ownership and maintain corresponding records.

4. The custodian bank and its agents have a duty to act in good faith, exercise due diligence and provide information. They act independently and safeguard exclusively the interests of investors. They take any organisational measures necessary for the proper conduct of business. They ensure transparent accounting and provide appropriate information on the real estate fund. They disclose all fees and costs charged directly or indirectly to investors and how said fees and costs have been used; they provide investors with complete, accurate and

comprehensible information on remuneration paid for distribution of collective investment schemes in the form of commissions, brokerage fees and other pecuniary benefits.

5. The custodian bank may entrust the safekeeping of fund assets to third-party and collective custodians in Switzerland and abroad, provided this is in the interests of efficient safekeeping. It verifies and monitors whether the third-party or collective custodian appointed by it:
  - a) has adequate operational organisation, financial guarantees and the professional qualifications required for the type and complexity of the assets entrusted to it;
  - b) is subject to a regular external audit to ensure that the financial instruments are in its possession;
  - c) keeps the assets received from the custodian bank in safekeeping in such a way that they can be clearly identified at all times as belonging to the fund assets by means of regular reconciliation of holdings by the custodian bank;
  - d) complies with the regulations applicable to the custodian bank with regard to performance of its delegated tasks and avoidance of conflicts of interest.

The custodian bank is liable for any losses caused by the agent unless it is able to demonstrate that it exercised the requisite due care in selection, instruction and monitoring of the agent. The prospectus contains explanations

on the risks associated with the transfer of safekeeping to third-party and collective custodians.

Financial instruments may be transferred, within the meaning of the previous paragraph, only to regulated third-party or collective custodians. This does not apply to mandatory safekeeping at a location where a transfer to regulated third-party or collective custodians is not possible, in particular due to mandatory legal provisions or the specific characteristics of an investment product. The prospectus must provide investors with information on safekeeping by non-regulated third-party or collective custodians.

6. The custodian bank ensures that the fund management company complies with the law and the fund contract. It checks whether the calculation of the net asset value, the issue and redemption prices of the units, and investment decisions comply with the law and the fund contract, and whether the net income is appropriated in accordance with the fund contract. The custodian bank is not responsible for any investment selection made by the fund management company within the scope of the investment guidelines.
7. The custodian bank ensures that the investor group always remains restricted to qualified investors resident in Switzerland within the meaning of Art. 10 para. 3 CISA and section 5.1 below. When verifying the investor group to this end, it may rely in particular on written confirmation from a regulated financial intermediary, provided the financial intermediary confirms that to the best of its knowledge and

having ascertained the qualifications of the investors in its books through processes or regular audits, the investors in its books qualify for the investment. If the custodian bank determines that the investors do not meet the criteria set out in section 5.1, it must immediately inform the fund management company.

8. The custodian bank is entitled to the remuneration stipulated in sections 18 and 19, to be released from any liabilities assumed in the proper performance of its duties and to be reimbursed for expenses incurred in connection with such liabilities.
9. The custodian bank, its agents and related individuals and legal entities may not acquire any real estate assets from the real estate fund or assign any such assets to the fund.

The supervisory authority may, in justified individual cases, approve exceptions to the ban on related party transactions, provided that the exception is in the interests of investors and that in addition to the valuation from the real estate fund's permanent valuation experts, the market conformity of the purchase and sale price of the real estate asset and the transaction costs is confirmed by a valuation expert independent of the permanent valuation experts and their employer and of the fund management company and the custodian bank of the real estate fund.

As part of its audit of the real estate fund, the external auditor confirms compliance with the special fiduciary duty for real estate investment by the fund management company.

## § 5 Qualified investors

1. The investor group is restricted to qualified investors resident in Switzerland within the meaning of Art. 10 para. 3 CISA. Pursuant to Art. 10 para. 3 CISA and in conjunction with

Art. 4 paras. 3-5 Federal Act on Financial Services (FinSA), qualified investors are deemed to be:

- financial intermediaries as defined in the Banking Act of 8 November 1934, the Financial Institutions Act of 15 June 2018 and CISA;
- insurance companies as defined in the Insurance Supervision Act of 17 December 2004;
- central banks;
- public entities with professional treasury operations;
- occupational pension schemes and other occupational pension institutions that provide professional treasury operations;
- companies with professional treasury operations;
- large companies;
- private investment structures with professional treasury operations created for high-net-worth retail clients;

in conjunction with Art. 5 paras. 1 and 4 FinSA:

- high-net-worth retail clients, and private investment structures created for them, who have declared that they wish to be treated as professional clients (opting out);
- collective investment schemes and their management companies that are not deemed to be institutional clients within the meaning of Art. 4 para. 3a or c in conjunction with Art. 4 para. 4 and have declared that

they wish to be treated as institutional clients.

The fund management company, together with the custodian bank, ensures that investors meet the requirements related to the investor group.

2. On conclusion of the contract and payment in cash, investors acquire a claim against the fund management company for an interest in the real estate fund's assets and income. An investor's claim is evidenced in the form of units.

Payments in cash may, at the request of the investor and with the consent of the fund management company, be replaced by the transfer of investments into the investment fund (also referred to as 'contribution in kind') within the meaning of section 17. The fund management company is not obliged to agree to such a request.

3. Investors are obliged to make payments to the real estate fund only for the share to which they have subscribed. They are not personally liable for the liabilities of the real estate fund.

4. Investors may ask the fund management company at any time for information about the basis on which the net asset value per unit is calculated. The fund management company will at any time provide more detailed information about individual transactions of the fund management company, such as the exercise of membership and creditors' rights, risk management or contributions in kind, to any investor claiming an interest in such matters. Investors may request at the court with jurisdiction at the fund management company's registered



office that the external auditor, or another entity with appropriate expertise, investigate and report on any matters requiring clarification.

5. Investors may terminate the fund contract at the close of a financial year by giving 12 months' notice and request payment of their share of the real estate fund in cash. The first possible date for notice of termination is 30 September 2022, with effect from 30 September 2023.

Under certain conditions, the fund management company may repay the proceeds of units redeemed during a financial year ahead of schedule at the close of that year (cf. section 17.2).

Both regular and early redemption must take place within a maximum of four months of the close of the financial year.

6. On request, investors are obliged to prove to the fund management company, the custodian bank and its agents that they meet or continue to meet the statutory or fund contractual requirements for participation in the real estate fund or a unit class. They are furthermore obliged to inform the fund management company, the custodian bank and its agents immediately if they no longer meet these requirements.
7. An investor's units must be compulsorily redeemed at the respective redemption price by the fund management company, in cooperation with the custodian bank, if:

- a) this is necessary in order to safeguard the reputation of the financial centre, in particular to combat money laundering;

- b) the investor no longer meets the legal or contractual requirements for participation in this real estate fund.

8. An investor's units may also be compulsorily redeemed at the respective redemption price by the fund management company, in cooperation with the custodian bank, if:

- a) the investor's participation in the real estate fund is likely to materially impair the economic interests of the other investors, in particular if their participation could cause tax disadvantages for the real estate fund in Switzerland or abroad;

- b) the investor has acquired or holds units in breach of the provisions of a domestic or foreign law applicable to them, this fund contract or the prospectus;

- c) the economic interests of investors are adversely affected, in particular in cases where individual investors attempt to achieve pecuniary advantage by systematically subscribing and then immediately redeeming units to exploit time differences between determination of the closing prices and valuation of the fund assets (market timing).

## **§ 6 Units and unit classes**

1. The fund management company may create, cancel or combine different unit classes at any time with the con-

sent of the custodian bank and the approval of the supervisory authority. All unit classes entitle the holder to participate in the undivided assets of the fund, which are not segmented. This participation may differ due to class-specific costs, distributions or income, and the net asset value per unit may therefore vary from class to class. Any class-specific costs charged will be met by the aggregate assets of the real estate fund.

2. The creation, cancellation or merger of unit classes will be announced in the real estate fund's official publication. Only mergers are deemed to be an amendment of the fund contract within the meaning of section 26.
3. The various unit classes may differ in terms of cost structure, reference currency, currency hedging, distribution or reinvestment of income, minimum investment and investor group.

Remuneration and costs are charged only to the unit class that benefits from the services they cover. Remuneration and costs that cannot be clearly allocated to a unit class are charged to the individual unit classes in proportion to the fund assets.

4. The real estate fund is currently not sub-divided into unit classes.
5. The units are held in book-entry form in the name of the investor and are not certificated. Investors are not entitled to request delivery of a unit certificate.
6. The fund management company and the custodian bank are obliged to ask investors who no longer meet the requirements of a unit class to redeem

their units within 30 calendar days pursuant to section 17, to transfer them to a person who meets the stated requirements or to exchange them for units of another class of the relevant sub-fund, the requirements of which they meet. If the investor fails to comply with this demand, the fund management company must carry out a compulsory transfer into another unit class of the respective sub-fund, or where this is not possible carry out a compulsory redemption of the units concerned pursuant to section 5.7. In the interests of all investors, the fund management company may postpone compulsory redemption of the units until the next redemption date at the latest.

### **III Investment policy guidelines**

#### **A Investment principles**

##### **§ 7 Compliance with investment regulations**

1. In selection of the individual investments and implementation of the investment policy pursuant to section 8, the fund management company will observe the principles and percentage limits set out below (see section 15) in order to ensure a balanced risk distribution. These relate to the fund assets at fair value and must be complied with at all times. This real estate fund must comply with the investment limits for two years following expiry of the subscription period (inception).
2. If the limits are exceeded due to market changes, the investments must be restored to the permitted level within a reasonable period of time, while safeguarding the interests of investors.

##### **§ 8 Investment policy**

1. In principle, the fund invests directly in real estate assets throughout Switzerland. The fund invests preferably in commercial properties with a high degree of tenant diversification and/or tenants with a high credit rating and reputation. The long-term focus of use will be on office and retail space. Other uses may be added in a subordinate role. Properties with residential use are not a focus but can be acquired, particularly if their potential for conversion and use can be exploited to add value. Project developments are generally permitted. By taking a proactive approach (e.g. repositioning, cost management, conversion, development,

enhancement, restructuring of rental agreements, etc.), the fund management company identifies and converts value growth potential at an early stage.

2. The following are permitted as investments of this real estate fund:
  - a) Properties and accessories  
Properties include:
    - i. Commercially used properties;
    - ii. Mixed-use buildings
    - iii. Residential buildings; i.e. properties used for residential purposes (apartments, student apartments, micro-living, hotels, retirement and nursing homes, etc.)
    - iv. Special-purpose properties (publicly used properties, hospitals, schools, logistics, light industrial, etc.)
    - v. Condominium ownership
    - vi. Building land (including properties for demolition) and buildings under construction; undeveloped properties must be accessible and suitable for immediate development and must have a legally binding building permit for their development. It must be possible to start construction work before validity of the respective building permit expires.
    - vii. Undeveloped properties without a building permit in the construction zone and which are to be developed through development projects
    - viii. Properties with building rights (including buildings and building easements)

Ordinary co-ownership of properties is permissible, provided that the fund management company can exercise a controlling influence; i.e. if it holds the majority of the co-ownership shares and votes.

- b) Participations in and claims against real estate companies, the sole purpose of which is to acquire, sell, let or lease their own properties, provided that at least two thirds of their capital and votes are combined in the real estate fund;
- c) Units in Swiss real estate funds and real estate investment companies with registered office in Switzerland that are traded on a stock exchange or other regulated market open to the public.

Subject to section 19, the fund management company may acquire units in target funds managed directly or indirectly by the fund management company itself or by a company with which it is affiliated through common management or control or by a direct or indirect shareholding.

- e) Mortgage notes and other contractual mortgage liens.

The properties must be entered in the land register in the name of the fund management company with a note indicating that they belong to the real estate fund.

- 3. The fund management company may arrange for buildings to be constructed for the account of the fund. In such an

event, it may, for the time required for preparation, construction or renovation, credit the income statement of the real estate fund with a market rate of interest for building land and buildings under construction, provided costs do not exceed the estimated market value.

## **§ 9 Securing liabilities and liquid funds**

1. To secure the fund's liabilities, the fund management company must hold an appropriate portion of its assets in short-term fixed-interest securities or liquid funds. It may hold these securities and funds in the unit of account of the real estate fund, and in other currencies in which the liabilities are denominated.
2. Liabilities include loans taken out, obligations arising in the course of business and all obligations relating to redeemed units.
3. Short-term fixed-interest securities are debt securities with a term or residual term to maturity of up to 12 months.
4. Liquid funds are cash, post office and bank balances payable at sight or on demand with maturities of up to 12 months, and committed credit limits with a bank of up to 10% of the fund's net assets. Credit limits must be taken into account in the maximum permitted pledged amount pursuant to section 14.2.
5. Fixed-interest securities with a term or residual term to maturity of up to 24 months may be held to secure planned construction projects.

## **B Investment techniques and instruments**

### **§ 10 Securities lending**

1. The fund management company does not engage in securities lending.

### **§ 11 Repurchase agreements**

1. The fund management company does not engage in repurchase agreements.

### **§ 12 Derivatives**

1. The fund management company does not use derivatives.

### **§ 13 Borrowing and lending**

1. The fund management company may not grant loans for the account of the real estate fund, with the exception of claims against real estate companies of the real estate fund, mortgage notes and other contractual mortgage liens.
2. The fund management company may take up loans for the account of the real estate fund.

### **§ 14 Encumbrance of properties**

1. The fund management company may pledge properties and assign liens as collateral.
2. However, from two years after expiration of the subscription period (inception), the average encumbrance on all properties may not exceed one third of the fair value.

In order to maintain liquidity, the encumbrance may be temporarily and exceptionally increased to half of the

fair value, provided the interests of investors are safeguarded. In such a case, the external auditor must comment on the requirements under Art. 96 para. 1<sup>bis</sup> CISO as part of the audit of the real estate fund.

## **C Investment restrictions**

### **§ 15 Risk diversification and restrictions**

1. The investments must be distributed by property, type of use, age, building structure and location.
2. The investments must be spread across at least 10 properties. Estates built on the same construction standards and adjoining plots of land are considered to be single properties.
3. The fair value of a property may not exceed 25% of the fund assets.
4. In implementation of the investment policy pursuant to section 8, the fund management company must also observe the following investment restrictions in relation to the fund assets:
  - a) Building land, including buildings for demolition and construction in progress (pursuant to section 8.2 a) vi. and vii.), up to a maximum of 30%, whereby the proportion of building land without a legally binding building permit (pursuant to section 8.2 a) vii.) may not exceed 10%;
  - b) Properties with building rights, up to a maximum of 30%;
  - c) Mortgage notes and other contractual mortgage liens, up to a maximum of 10%;

- d) Units in other real estate funds and real estate investment companies, up to a maximum of 25%;
- e) Special-purpose buildings pursuant to section 8.2 a) iv., up to a maximum of 20%;
- f) The investments under a and b above may not exceed 40% in total;
- g) Residential buildings, i.e. properties used for residential purposes (apartments, student apartments, micro-living, hotels, retirement and nursing homes, etc.), may not exceed 50%.

## **IV Calculation of the net asset value; issue and redemption of units; valuation experts**

### **§ 16 Calculation of the net asset value and appointment of valuation experts**

1. The net asset value of the real estate fund is calculated at the fair value at the close of the financial year and each time units are issued, in CHF.

In accordance with the guidelines of the Asset Management Association Switzerland (AMAS) on issue of real estate fund units, the net asset value is not recalculated if the issue takes place within six months of the close of the financial year and if no material changes have occurred.

2. The fund management company has the fair value of the properties belonging to the real estate fund verified by independent valuation experts at the close of each accounting year and, if applicable, when units are issued (see 1. above). To this end, the fund management company, with the approval of the supervisory authority, appoints at least two individuals or one legal entity as independent valuation experts. The valuation experts must survey the properties at least once every three years. Before property is acquired/sold, the fund management company must have it valued. A new valuation is not required for a sale where the existing valuation is no older than three months and there has been no material change in circumstances.
3. Investments traded on a stock exchange or other regulated market

open to the public must be valued at the prices currently paid on the main market. Other investments or investments for which no current prices are available must be valued at the price that would probably be obtained in a prudent sale at the time of the valuation. To determine the fair value in such a case, the fund management company uses appropriate and generally accepted valuation models and principles.

4. Open-ended collective investment schemes are valued at their redemption price or net asset value. If they are regularly traded on a stock exchange or on another regulated market open to the public, the fund management company may value them in accordance with 3. above.
5. The value of short-term fixed-income securities that are not traded on a stock exchange or other regulated market open to the public is calculated as follows: the valuation of the investments is successively adjusted to the redemption price, beginning with the net acquisition price, while the investment return calculated on it is kept constant. In the event of material changes in market conditions, the valuation basis for the individual investments is adjusted to the new market return. If no current market price is available, as a rule the valuation of money market instruments with similar features (quality and registered office of the issuer, currency of issue, maturity) is used.
6. Post office and bank balances are valued at their receivable amount plus accrued interest. In the event of material changes in market conditions or the credit rating, the valuation basis for

bank deposits on demand will be adjusted in line with the new conditions.

7. The valuation of properties for the real estate fund is conducted in line with current AMAS guidelines for real estate funds.
8. Undeveloped properties and construction in progress are valued at fair value. The fund management company obtains end-of-financial-year valuations for buildings under construction reported at fair value.
9. The net asset value of a unit is the fair value of the fund assets, less any liabilities of the real estate fund and any taxes likely to fall due if the real estate fund is liquidated, divided by the number of units outstanding. It is rounded to two decimal places.

## **§ 17 Issue and redemption of units, trading and contributions in kind**

1. Units may be issued at any time, but only in tranches. The fund management company will first offer new units to existing investors.

Based on the authorisation provided by the supervisory authority pursuant to Art. 10 para. 5 CISA, there is no obligation to first offer new units to existing investors in connection to contributions in kind.

2. Units will be redeemed in accordance with section 5.5. The fund management company may repay the proceeds of units redeemed during a financial year in advance at the close of that year if:

- a) the investor provides written notice to this effect;

- b) all investors who have requested early redemption are able to be satisfied.

The fund management company also ensures regular on-exchange or over-the-counter trading of the real estate fund units trading through a bank or securities firm. The details are governed by the prospectus.

However, when prices are set by the bank or securities firm, the market prices may differ considerably from the actual or indicative net asset values of the units. Moreover, development of market prices of the units often reflects general trends on the capital and real estate markets, not the specific performance of the real estate fund's real estate portfolio.

3. The issue and redemption prices of the units are based on the net asset value per unit calculated in accordance with section 16. When units are issued and redeemed, the net asset value may be increased by an issue commission in accordance with section 18 or reduced by a redemption commission in accordance with section 18. Issue and redemption prices are rounded to two decimal places in CHF.

Ancillary costs for purchase and sale of investments (transfer taxes, notary's fees, fees, market-aligned brokerage fees, levies, etc.) incurred by the real estate fund in connection with the investment of the amount paid in or in connection with the sale of a portion of investments corresponding to the units redeemed are charged to the fund assets.



- With redemptions, the average ancillary costs incurred by the real estate fund in connection with the sale of a portion of the assets corresponding to the units redeemed are deducted from the net asset value. The applicable rate used is shown in the corresponding statement. In addition, when units are issued and redeemed, the net asset value may be increased by an issue commission in accordance with section 18 or reduced by a redemption commission in accordance with section 18.
4. The fund management company may suspend the issue of units at any time and reject applications for unit subscriptions or conversions.
  5. The fund management company may temporarily and exceptionally postpone redemption of units in the interests of all investors 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 occurs;
    - c) the real estate fund is unable to carry out its business due to exchange controls or restrictions on other asset transfers;
    - d) large-scale unit redemptions take place that could significantly compromise the interests of the remaining investors.
  6. The fund management company will immediately notify the external auditor, the supervisory authority and, in an appropriate manner, the investors of the decision to suspend redemptions.
  7. No units will be issued while the redemption of units is postponed for the reasons set out in 5 a) to c) above.
  8. Any investor may request that in the event of a subscription, they invest in the fund assets (contribution in kind) instead of a cash payment. The request must be submitted with the subscription. The fund management company is not obliged to allow contributions in kind. The fund management company is the sole arbiter of contributions in kind and will approve such transactions only if their execution is fully in line with the real estate fund's investment policy and does not adversely affect the interests of the other investors.
  9. For each contribution in kind, and when the real estate fund acquires real estate assets from related parties in the context of its inception, the valuation from the real estate fund's permanent valuation expert must be accompanied by a valuation from a valuation expert independent of the real estate fund confirming market conformity of the purchase price of the properties and the transaction costs (cf. section 16.2).
  10. For contributions in kind, the fund management company will prepare a report for the custodian bank and the external auditor with information about the individual real estate assets acquired and their value on the transfer date of the acquisition, the valuation

reports from the permanent valuation experts, the report from the second independent valuation expert on market conformity of the purchase price, the number of units issued or redeemed as consideration and any fractional cash payment.

11. The custodian bank will verify in each individual case compliance with the fiduciary duty and the other above-mentioned conditions, and the simultaneous valuation of the investments to be delivered and the respective fund units. It will immediately report any reservations or objections to the external auditors. The annual report must mention all contributions in kind and in particular approved transactions with related parties.
12. As part of its audit, the fund management company's external auditor will confirm compliance with the special fiduciary duty for real estate investment by the fund management company.
13. If an investor makes a contribution in kind approved by the fund management company, the subscription rights of existing investors are cancelled.

## **V Remuneration and ancillary costs**

### **§ 18 Remuneration and ancillary costs charged to investors**

1. When units are issued, investors may be charged an issue commission in favour of the fund management company, the custodian bank and/or distributors in Switzerland and abroad totalling a maximum of 2.5% of the net asset value. The currently applicable maximum rate is shown in the prospectus.
2. When units are redeemed, investors may be charged a redemption commission in favour of the fund management company, the custodian bank and/or distributors in Switzerland and abroad totalling a maximum of 2.5% of the net asset value. The currently applicable maximum rate is shown in the prospectus.
3. When issuing and redeeming units, the fund management company will also charge to the fund assets the average ancillary costs incurred by the real estate fund in connection with the investment of the amount paid in or with the sale of a portion of the assets corresponding to the units redeemed (cf. section 17.2). The applicable rate in each case is shown in the prospectus.
4. Investors may be charged a commission of 0.5% on the net asset value of their units for the payment of the liquidation proceeds in the event of the real estate fund's dissolution.

### **§ 19 Remuneration and ancillary costs charged to the fund assets**

1. The fund management company will charge the real estate fund a maximum commission of 1% p.a. of the total fund assets for management of the real estate fund, management of its assets and distribution of the real estate fund. This will be charged pro rata to the fund assets each time the net asset value is calculated and will be paid out on a quarterly basis (administrative commission). The applicable base in the first quarter is the issuing volume. The actual rate applied for the administrative commission is shown in the annual report.
2. The custodian bank will charge the real estate fund a maximum commission of 0.05% p.a. of the total fund assets (custodian bank commission) for safekeeping the fund assets, handling payments for the real estate fund and the other custodian bank tasks listed in section 4. Payment will be made quarterly on the basis of the total fund assets at the end of the previous quarter. The applicable base in the first quarter is the issuing volume. The actual rate applied for the custodian bank commission is shown in the annual report.
3. The custodian bank will not charge the real estate fund any commission for payment of the annual income to investors.
4. The fund management company and the custodian bank are also entitled to reimbursement of the following expenses incurred by them in execution of the fund contract:

- a) fees paid to the supervisory authority for the foundation, modification, liquidation, merger or consolidation of the real estate fund or any sub-funds;
  - b) annual fee paid to the supervisory authority;
  - c) fees paid to the external auditor for the annual audit and for certificates in connection with the foundation, modification, liquidation, merger or consolidation of the real estate fund or any sub-funds;
  - d) fees paid to legal and tax advisers in connection with the foundation, modification, liquidation, merger or consolidation of the real estate fund or any sub-funds, and for general representation of the interests of the real estate fund and its investors;
  - e) costs of publication of the net asset value of the real estate fund and its sub-funds, together with all costs for provision of notices to investors, including translation costs, provided such costs cannot be ascribed to any failure on the part of the fund management company;
  - f) costs of printing of legal documents and the real estate fund's annual and half-year reports;
  - g) costs of any registration of the real estate fund with a foreign supervisory authority, specifically commissions levied by the foreign supervisory authority, translation costs and compensation paid to the representative or paying agent abroad;
  - h) costs relating to the exercise of voting rights or creditors' rights by the real estate fund, including fees paid to external advisers;
  - i) costs and fees relating to intellectual property registered in the name of the real estate fund or with rights of use by the real estate fund;
  - j) all costs incurred in connection with any exceptional measures undertaken by the fund management company, the manager of collective assets or the custodian bank in the interests of investors.
- The fund management company may also charge the following ancillary costs to the fund assets under Art. 37 para. 2<sup>bis</sup> CISO:
- costs of buying and selling real estate investments, specifically standard brokerage commissions, fees of advisers, lawyers and notaries and other fees and taxes;
  - standard brokerage fees paid to third parties in connection with first-time lettings of real estate;
  - standard costs for the management of properties by third parties;
  - property expenses, in particular maintenance and operating costs, including insurance costs, public charges and the costs of general and infrastructure services, provided these are standard expenses and not borne by third parties;
  - fees paid to independent valuation experts and any other experts for

clarifications serving the interests of investors;

- consultation fees and procedural costs for the general representation of the interests of the real estate fund and its investors.

The fund management company may also levy commission within the scope of Art. 37 para. 2 CISO for its own efforts in connection with the following activities:

- a maximum of 2% of the purchase or sale price for the purchase and sale of real estate; compensation of up to 2% can also be charged for acceptance of real estate and properties (contributions in kind). Purchase and sales commissions paid to external brokers are charged separately.
- construction, renovation and alteration of buildings, up to a maximum of 3% of construction costs. Third-party fees (e.g. builder representative, quality inspection, etc.) are charged separately.
- maximum of 5% of annual gross rental income for management of properties.

5. The real estate fund will also meet any ancillary costs related to the purchase and sale of investments, specifically brokerage at standard market rates, taxes and duties that may be incurred in connection with management of the fund assets. These costs are offset directly against the purchase or sales price of the investments concerned. The real estate fund also bears the costs of reviewing and upholding quality standards in physical investments.

6. Payments made by the real estate companies to board members, executive management and employees are to be taken into account in the fees to which the fund management company is entitled under section 19.

7. If the fund management company acquires units of other collective investment schemes managed directly or indirectly by itself or by a company with which it is affiliated through common management or control or by a significant direct or indirect shareholding ('affiliated target fund'), it may not charge any issue or redemption commissions of the affiliated target funds to the real estate fund.

8. Pursuant to the provisions in the prospectus, the fund management company and its agents may pay retrocessions to cover distribution activities in respect of fund units and discounts in order to reduce the fees and costs attributable to investors and charged to the real estate fund.

## **VI Financial statements and audits**

### **§ 20 Financial statements**

1. The real estate fund's unit of account is CHF.
2. The financial year runs from 1 October to 30 September.
3. The fund management company will publish an audited annual report for the real estate fund within four months of the close of the financial year.
4. The fund management company will publish a half-year report within two months of the close of the first half of the financial year.
5. The foregoing is subject to the investor's right to obtain information in accordance with section 5.4.

### **§ 21 Audits**

1. The external auditors will examine whether the fund management company and the custodian bank have acted in compliance with statutory and contractual directives and the code of professional ethics of the Asset Management Association Switzerland (AMAS). The annual report will contain a short report by the external auditors on the published annual financial statements.

## VII Appropriation of net income and distributions

### § 22

1. The net income of the real estate fund will be distributed to investors annually within four months of the close of the financial year in CHF.

The fund management company may make additional interim distributions from the income.

Up to 30% of the net income can be carried forward to a new account. A distribution can be waived and the entire net income can be carried forward to a new account if:

- the net income of the current financial year and the income carried forward from earlier financial years of the real estate fund amounts to less than 1% of the net asset value of the real estate fund;
- the net income of the current financial year and the income carried forward from earlier financial years of the real estate fund amounts to less than one unit of the real estate fund's unit of account.

2. Capital gains realised on the sale of assets and rights may be distributed by the fund management company or retained for the purpose of reinvestment.

## **VIII Publications of the real estate fund**

### **§ 23**

1. The official publication of the real estate fund is the print or electronic medium specified in the prospectus. A change in the official publication must be notified in the official publication.
2. In particular, the official publication will include notices on any material amendments to the fund contract in summary form, indicating the location where the full wording of such amendments may be obtained free of charge, any change of fund management company and/or custodian bank, the creation, liquidation or merger of unit classes and the dissolution of the real estate fund. Amendments required by law that do not affect the rights of investors or which concern only matters of form may be exempted from the duty of disclosure, subject to the approval of the supervisory authority.
3. Each time units are issued or redeemed, the fund management company shall publish the issue and redemption prices or the net asset value, together with the mention 'excluding commission', in the official publication specified in the prospectus.
4. The prospectus with integrated fund contract and the respective annual and half-year reports can be obtained free of charge from the fund management company and the custodian bank.



## IX Restructuring and dissolution

### § 24 Merger

1. Subject to the agreement of the custodian bank, the fund management company may merge real estate funds through transfer of the assets and liabilities of the real estate fund(s) to be acquired to the acquiring real estate fund. The investors of the real estate fund to be acquired will receive a corresponding number of units in the acquiring real estate fund. Any fractional units will be paid out in cash. The real estate fund to be acquired will be dissolved without liquidation when the merger takes place, and the fund contract of the acquiring real estate fund will also apply to the real estate fund acquired.
  - ancillary costs relating to the purchase and sale of investments (brokerage, fees, duties) that may be charged to the fund's assets or the investors;
  - conditions of redemption,
  - term of the contract and requirements for dissolution;
  - d) the valuation of the assets of the real estate funds concerned, the calculation of the exchange ratio and the transfer of assets and liabilities take place on the same date;
  - e) no costs are incurred by the real estate fund or the investors.
2. Real estate funds may be merged only if:
  - a) the applicable fund contracts provide for such merger;
  - b) they are managed by the same fund management company;
  - c) the following provisions of the applicable fund contracts are essentially identical in terms of:
    - investment policy, investment techniques, risk diversification and the risks associated with the investment;
    - appropriation of net income and capital gains;
    - type, value and method of calculation of any remuneration, issue and redemption commission and
3. If it is anticipated that the merger will take more than one day, the supervisory authority may authorise a temporary suspension of unit redemptions for the real estate funds concerned.
4. The fund management company must submit the proposed merger together with the merger schedule and plan to the supervisory authority for review at least one month before the planned publication of the intended changes to the fund contract. The merger schedule must contain information on the reasons for the merger, the investment policies of the real estate funds involved and any differences between the acquiring fund and the fund to be acquired, the calculation of the exchange ratio, any differences related to remunerations, any tax implications for the real estate fund, and a state-

The aforementioned is subject to the provisions pursuant to section 19.4.

ment from the applicable external auditor under collective investment legislation.

5. The fund management company will publish a notice of the proposed amendments to the fund contract in accordance with section 23.2 and of the proposed merger, together with the merger schedule and plan, at least two months before the planned date in the official publications of the real estate funds concerned. Such notice must advise investors that they may lodge objections to the proposed amendments to the fund contract with the supervisory authority within 30 days of publication of the notice, or request redemption of their units in cash.
6. The external auditor must check immediately that the merger is being carried out correctly and submit a report with its comments to the fund management company and the supervisory authority.
7. The fund management company will notify the supervisory authority that the merger has been completed and publish without delay a notice to this effect, with the external auditor's confirmation of proper execution and the exchange ratio in the official publication of the real estate funds involved.
8. The fund management company must make reference to the merger in the next annual report of the acquiring real estate fund and in its half-year report, if published before the annual report. Unless the merger falls on the final day of the normal financial year, an audited closing statement must be produced for the transferring fund.

## **§ 25 Term of the real estate fund and dissolution**

1. The real estate fund has been established for an indefinite period.
2. The fund management company or custodian bank may dissolve the real estate fund by terminating the fund contract with one month's notice.
3. The real estate fund may be dissolved by order of the supervisory authority; for example, if the fund does not have assets of at least CHF 5 000 000 (or equivalent) no later than one year after its subscription period (inception), or a longer period specified by the supervisory authority at the request of the custodian bank and the fund management company.
4. The fund management company will immediately notify the supervisory authority of such dissolution and publish a notice to this effect in the official publication.
5. On termination of the fund contract, the fund management company may liquidate the real estate fund forthwith. If the supervisory authority orders the dissolution of the real estate fund, the fund must be liquidated immediately. The custodian bank is responsible for payment of the liquidation proceeds to investors. If the liquidation proceedings are protracted, payment may be made in instalments. Before the final payment, the fund management company must obtain authorisation from the supervisory authority.

## **X Amendment to the fund contract**

### **§ 26**

If any amendments are made to this fund contract, or in the event of a proposed change of fund management company or custodian bank, investors may lodge objections with the supervisory authority within 30 days of publication of the notice. In the publication, the fund management company will inform investors which amendments to the fund contract are subject to FINMA scrutiny and ruling. If the fund contract is amended, investors may also request redemption of their units in cash, subject to the contractual notice period. The foregoing is subject to the amendments set out in section 23.2, which are exempt from the duty of disclosure, subject to the approval of the supervisory authority.

## **XI Applicable law and place of jurisdiction**

### **§ 27**

1. The real estate fund is governed by Swiss law and in particular the Swiss Collective Investment Schemes Act 23 June 2006, the Swiss Collective Investment Schemes Ordinance of 22 November 2006 and the Collective Investment Schemes Ordinance issued by FINMA of 27 August 2014.

The place of jurisdiction is the registered office of the fund management company.

2. The German version is binding for interpretation of the fund contract.
3. This fund contract takes effect on September 20, 2021.
4. With approval of the fund contract, FINMA will examine only the provisions pursuant to Art. 35a para. 1 a-g CISO and will establish their compliance with the law.

Approved by the Swiss Financial Market Supervisory Authority FINMA on September 20, 2021.

Fund management company:  
Swiss Prime Site Solutions AG, Zurich

Custodian bank:  
Banque Cantonale Vaudoise, Lausanne