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In case of doubt, the German version is binding.

## Swiss Life REF (CH) ESG European Properties

Contractual investment fund governed by Swiss law  
(real estate fund for qualified investors)

**Prospectus with integrated fund contract**

**Fund Management Company:**

Swiss Life Asset Management AG  
General-Guisan-Quai 40  
8002 Zurich

**Custodian Bank:**

UBS Switzerland AG  
Bahnhofstrasse 45  
8001 Zürich

**November 2024**

## **Part 1: Prospectus**

This prospectus with integrated fund contract and the most recent annual report form the basis for all subscriptions of units of the real estate fund.

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

### **1. Information on the real estate fund**

#### **1.1. Foundation of the real estate fund in Switzerland**

The fund contract Swiss Life REF (CH) ESG European Properties was drawn up by Swiss Life Asset Management AG, Zurich, as fund management company and submitted to the Swiss Financial Market Supervisory Authority with the consent of Credit Suisse (Schweiz) AG, Zurich, as custodian bank. The fund contract was first approved by FINMA on 29 September 2017. As of 1 July 2024, UBS Switzerland AG, Zurich acquired Credit Suisse (Switzerland) Ltd, Zurich. In light of this, UBS Switzerland AG, Zurich has, with the approval of FINMA, assumed the function of custodian bank for this real estate fund.

#### **1.2. Tax regulations applicable to the real estate fund**

The real estate fund has no legal personality in Switzerland. It is not subject in principle to income or capital tax. Real estate funds with direct ownership constitute an exception. According to the Federal Law on Direct Federal Taxation, income from direct ownership is subject to taxation of the fund itself and therefore tax-free for the unit unitholders. Capital gains from direct ownership are also only taxable for the real estate fund itself.

The Swiss federal withholding tax deducted from the real estate fund's domestic income can be reclaimed in full for the real estate fund by the Fund Management Company.

Income and capital gains realised outside of Switzerland may be subject to the withholding tax deductions imposed by the country of investment. To the extent possible, these taxes will be reclaimed by the Fund Management Company on behalf of investors domiciled in Switzerland under the terms of double taxation treaties or other such agreements.

Distributions of income made by the real estate fund to investors domiciled in Switzerland and abroad are subject to Swiss federal withholding tax (source tax) at 35%. The income and capital gains from direct ownership and capital gains from the sale of participations and other assets that are paid on a separate coupon are not subject to withholding tax.

Investors domiciled in Switzerland may reclaim the deducted withholding tax via their tax returns or by submitting a separate refund application.

Distributions of income to investors domiciled outside of Switzerland are made without deducting Swiss withholding tax, provided at least 80% of the real estate fund's income originates from foreign sources. This is subject to presentation of confirmation from a bank stating that the units in question are held at the bank in the custody account of an investor domiciled outside of Switzerland, and that the distributions of income are credited to this investor's account (declaration of domicile/affidavit). It cannot be guaranteed that at least 80% of the real estate fund's income will originate from foreign sources.

If withholding tax is charged to an investor domiciled outside Switzerland owing to a failure to present a declaration of domicile, under Swiss law said investor may submit a refund application directly to the Swiss Federal Tax Administration in Bern.

*Furthermore, both income and capital gains, whether distributed or reinvested, may, depending on the person who holds the units directly or indirectly, be fully or partly subject to a so-called paying agent tax.*

**This tax information is based on the latest applicable law and practice. It is expressly subject to changes in legislation, jurisdiction and in the ordinances and practices of the tax authorities.**

**Taxation and any other tax implications for investors who hold, buy or sell fund units are governed by the tax laws in the investor's country of domicile. For information in this regard, investors should contact their tax advisor.**

The real estate fund has the following tax status:

International automatic exchange of information in tax matters (automatic exchange of information):

This real estate fund qualifies, for the purposes of automatic exchange of information within the meaning of the Common Reporting Standard (CRS) of the Organisation for Economic Co-operation and Development (OECD) for information concerning financial accounts, as a non-reporting financial institution.

FATCA:

The real estate fund has been registered with the US tax authorities as a Registered Deemed – Compliant Foreign Financial Institution within the meaning of sections 1471 – 1474 of the US Internal Revenue Code (Foreign Account Tax Compliance Act “FATCA” including relevant decrees).

**1.3. Accounting year**

The accounting year runs from 1 April to 31 March.

**1.4. External auditor**

PricewaterhouseCoopers AG, Birchstrasse 160, 8050 Zurich has been appointed as external auditor.

**1.5. Units**

Units are not certified but exist purely as book entries. The units can be registered and held at the custodian bank or another bank within Switzerland as custodian bank. Units are delivered via SIX SIS.

In accordance with the fund contract, the fund management company is entitled to establish, liquidate and merge 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 not divided into unit classes.

**1.6. Listing and trading**

The fund management company does not ensure regular on- or off-exchange trading of the real estate fund units.

**1.7. Terms for the issue and redemption of fund units**

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

Each investor can request in the case of a subscription to make a contribution in kind instead of a payment in cash. The request must be submitted together with the subscription. The fund management company is not obliged to permit payments in kind.

The fund management company is the sole decision-maker on payments in kind and only agrees to such transactions if their execution is fully in accordance with the investment policy of the investment fund and does not entail any adverse impact on the interests of the remaining investors.

Details of contributions in kind are set out in § 17, cl. 9 of the fund contract.

Investors can terminate their units to the end of each accounting year with a notice period of 12 months. Under certain circumstances, the fund management company can repay the units terminated during an accounting year early (see § 17, no. 2 of the fund contract). If investors would like early redemption, they must request this in writing when submitting notice of termination. Both ordinary and early redemption take place within four months following the end of the accounting year (see § 5, no. 5 of the fund contract).

The net asset value of the real estate fund is calculated at market value at the end of the accounting year and at each issue of units.

The issue price is based on the net asset value calculated for the issue, plus the issuing commission. The amount of the issuing commission is specified in no. 1.11.4 below.

Incidental costs for the purchase of investments (real estate transfer taxes, notary costs, fees, standard brokerage fees, duties etc.) incurred by the investment fund in connection with the investment of the amount paid in will be charged to the fund assets.

The redemption price is derived as follows: with regard to the net asset value redemption, minus the incidental charges incurred on average by the real estate fund in connection with the sale of a portion of investments corresponding to the redeemed units and minus the redemption commission. The amount of the incidental charges and the redemption commission are specified in no. 1.11.4 below of the prospectus.

The issue and redemption prices are rounded to the nearest euro.

The fund management company publishes the market value of the fund assets and the resulting net asset value of the fund units in the medium of publication.

## **1.8. Appropriation of earnings**

The net income of the real estate fund is distributed annually to the investors in euros within four months following the close of the accounting year at the latest. The fund management company may make additional interim distributions from the income.

Up to 30% of the net income can be carried forward to the new account. A distribution may be waived and the entire net income carried forward to the new account if the net income of the current financial year and the income carried forward from previous accounting years of the real estate fund amounts to less than 1% of the net asset value of the real estate fund, and the net income of the current financial year and the income carried forward from previous accounting years of the real estate fund amounts to less than one unit of the real estate fund's unit of account.

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.

## **1.9. Investment objective and investment policy of the real estate fund**

### **1.9.1. Investment objective**

The investment objective of this real estate fund is to achieve a continuous risk-adequate return. The investment decisions are concentrated primarily on a geographically diversified European real estate portfolio. The real estate fund also pursues a systematic and incremental optimisation of the properties in terms of environmental (E) and social (S) criteria as well as aspects of good governance (G) throughout the holding period.

### 1.9.2. Investment policy

The fund management company invests the fund assets in real estate assets and projects throughout Europe (excl. Switzerland). The real estate fund invests in European office, retail and residential real estate, mixed-use properties as well as commercially used real estate. It focuses on Core and Core Plus locations in large European cities and in European regional centres and their agglomerations. The geographic focus of its investments will be European core markets (Germany, Austria, France and Benelux) with a strategic target allocation of more than 50% of capital assets. Investments are also possible in the United Kingdom, Scandinavia, Southern Europe as well as other European regions. Our selection of locations will be guided primarily by the real estate market cycles, economic strength, economic forecasts and a comprehensive local property analysis.

The goal is to invest primarily in real estate with stable returns and in other investments in accordance with the fund contract. In particular, commercial properties with tenants who have a good credit rating and long-term rental contracts or whose rental income is broadly diversified are considered to be real estate investments.

Investments are permitted in countries where the market value can be estimated in accordance with Swiss standards. (See 4.3 of the prospectus.)

In order to achieve a tax-optimised structure the fund management company may acquire real estate assets indirectly via one or more subsidiaries, depending on the country-specific characteristics. All investments in and entries of real estate assets are thus made indirectly via the fund management company or its agent for the account of the real estate fund.

The subsidiaries are established either in the countries where the real estate is located or in Switzerland or in another country that is considered to be suitable for tax purposes. All subsidiaries have, where possible, the same auditor as the fund. In general, the financial year for all subsidiaries is the same as the financial year for the fund, provided this is not contrary to the interests of the fund or the investors from a tax perspective or for other legal or economic reasons.

### 1.9.3. Sustainability policy

The assets of the real estate fund are managed sustainably.

As part of its active management, the real estate fund pursues the systematic and gradual optimisation of the properties in terms of environmental (E) and social (S) criteria as well as aspects of good corporate governance (G) throughout the holding period.

The sustainability policy comprises the sustainable investment approaches of **ESG integration** and **climate alignment** (see Annex 1 of the AMAS self-regulation on transparency and disclosure for sustainability-related collective assets).

#### 1.9.3.1. ESG integration

The ESG integration approach comprises the integration of qualitative ESG criteria at the three value creation stages of investment, development and property management (**ESG integration**).

- Investment: When new investments (purchases, developments) are reviewed, a systematic and uniform ESG assessment is carried out for all properties. This assessment makes the key ESG-related risks transparent and, if necessary, strategically predefines subsequent improvement measures at the time the investment takes place. To this end, ESG-relevant information is obtained via extended due diligence and processed into an ESG assessment according to a predefined grid. The reviewed ESG aspects are assessed in the grid based on their specification, weighted depending on their materiality for the ESG strategy and aggregated to an overall ESG score. The ESG assessments are reviewed by specialized ESG experts and serve as a basis for the fund management company's decision-making.

- Development: For construction projects, a sustainability building directive defining the ecological and social objectives within the framework of construction projects is applied across the board.
- Property management: ESG aspects are taken into account in the existing portfolio through corresponding management standards, for example in the areas of monitoring or dealing with tenants.

Apart from qualitative aspects, the ESG integration approach includes quantitatively measurable sustainability indicators:

a) Environment (E): management of climate risks

- Systematic climate risk assessment: events relating to climate change can have an impact on the value or usability of real assets. Physical climate risks arise from the direct impacts of climate change and describe physical damage to property and equipment as a result of extreme weather events, for example. Transition climate risks arise from the transition to a low-carbon economy and are a result of, for example, stricter legal obligations for the owner when it comes to ensuring energy and/or CO<sub>2</sub> efficiency. The fund management company ensures that the real estate portfolio is analysed annually with regard to climate risks and that, where necessary, suitable measures are taken to mitigate these risks. A quantitative target value is defined for the extent to which the portfolio is covered by the climate risk analysis.

b) Social (S): improving health and wellbeing (social, S):

- Monitoring of tenant satisfaction: the fund ensures that tenants are proactively and regularly surveyed on their satisfaction with the rental agreement and the rental property. The results help to better understand tenants' needs and are converted into optimisation measures at property and portfolio level. The fund management company defines a quantitative target for the proportion of tenants that are included in the annual tenant satisfaction survey.

c) Governance (G): transparency

- Annual participation in external sustainability assessments at fund level: external sustainability assessments at fund level (e.g.GRESB, ISR, Scope) involve an independent assessment and evaluation of ESG management and ESG performance of the real estate fund and assets. The results are disclosed annually, analysed specifically by dimension and used as a basis for continuous improvement. The fund management company ensures annual participation in external sustainability assessments at fund level.
- Building certifications: building certifications (e.g. LEED, BREEAM, DGNB, SNBS, Minergie) are obtained as far as possible at real estate level and provide an assessment of the performance of a property or construction project in terms of sustainability aspects. The fund management company defines a quantitative target for the certified percentage of the portfolio.

### 1.9.3.2. Climate alignment

The **climate alignment approach** involves reducing the environmental footprint over time by lowering the greenhouse gas intensity of the portfolio. Greenhouse gas intensity refers to the amount of carbon dioxide equivalents emitted per square metre and per year (CO<sub>2e</sub>/m<sup>2</sup>). The greenhouse gas intensity of the real estate fund can be reduced through CO<sub>2e</sub>-efficient new builds, renovations and operational optimisation measures. Specific measures primarily include:

- Replacing fossil fuel heating systems with fossil-free heating systems
- Improving the energy efficiency of building shells
- Installing photovoltaic systems

- Operational energy optimisation measures

The real estate fund actively monitors the greenhouse gas intensity of its assets and has set itself the long-term goal of achieving net-zero emissions by 2050. The long-term goal is complemented by one or more milestones. When calculating the greenhouse gas intensity, the fund management company uses the Carbon Risk Real Estate Monitor (CRREM) methodology, which is publicly available.

#### **1.9.3.3. Sustainability metrics and methodology**

The specifically measurable quantitative target values for the sustainability metrics and the methodology applied in connection with the investment approach of **ESG integration** as well as the quantitative target values of the **climate alignment approach** are available on the website of Swiss Life Asset Managers at [www.invest.swisslife-am.com](http://www.invest.swisslife-am.com), under “Documents” in the document “Sustainability Metrics and Methodology”.

#### **1.9.3.4. Minimum size of investments in accordance with the sustainability policy**

The fund management company manages 100% of the real estate assets in accordance with the sustainability policy. The investments not covered by the sustainability policy relate to the operational activities of the real estate fund and mainly comprise cash and equivalents as well as derivatives. They are used exclusively to ensure the operational business of the real estate fund, which is why they are not covered by the sustainability policy.

#### **1.9.3.5. Sustainability reporting (ESG report)**

The fund management company publishes an ESG report once a year as part of the real estate fund's annual reporting. The annual report including the integrated ESG report is available on the Swiss Life Asset Managers website at [www.invest.swisslife-am.com](http://www.invest.swisslife-am.com) under “Documents”.

#### **1.9.3.6. Main external data providers**

The main external data providers relevant to the sustainability policy of this real estate fund are listed on the Swiss Life Asset Managers website at [swisslife-am.com/esg-data-provider-inventory](http://swisslife-am.com/esg-data-provider-inventory).

### **1.9.4. Collateral strategy**

For transactions involving OTC derivatives, the fund management company accepts collateral for the account of the real estate fund. The collateral serves to minimise the risk of loss in the event of default of the contracting party to these transactions.

All of the assets accepted as collateral must meet the following criteria:

- *Liquidity of collateral:* All collateral accepted that is not cash must be liquid and traded on a stock exchange or other regulated market open to the public to ensure that the collateral can be sold at short notice at a price that is close to the value of the collateral as determined before the sale.
- *Valuation of collateral:* Collateral that is accepted must be valued at least once on every trading day. Assets with high price volatility will only be accepted as collateral if appropriate conservative collateral security margins (known as haircuts) are applied (see below).
- *Independence of the issuer:* Collateral that is accepted must be issued by a legal entity that is independent from the counterparty or a company that is related to or controlled by the counterparty's group company.
- *Credit rating of the issuer:* The issuer of the collateral that is accepted must have a high credit rating.

## Types of collateral

The following types of assets may be accepted as collateral:

- (i) Cash-Collateral;
- (ii) Government bonds issued by an OECD member state;
- (iii) Corporate bonds;
- (iv) Shares from issuers included in one or more indices in the following countries at the time when the collateral is accepted:

<b>European Union</b>	<b>France</b>	<b>Germany</b>
<b>Switzerland</b>	<b>Great Britain</b>	<b>US</b>
<b>Japan</b>		

- (v) Units of collective investment schemes under Swiss law or those that comply with the applicable European Union directive and that only invest in the above-mentioned investments.

## Level of collateralisation

The fund management company defines the required scope of collateralisation, taking account of the statutory provisions, the credit rating and domicile of the counterparty, current market conditions and the type and nature of the transactions. Collateral margins (haircuts) may be applied to the valuation of collateral. This discount is based on the observed volatility and the anticipated ability to liquidate the collateral.

The collateralisation of derivative transactions is based on the relevant regulations for processing such transactions:

Derivative transactions that are settled centrally are always subject to collateralisation. The level and amount of collateralisation is based on the respective regulations of the central counterparty or clearing house and the requirements of the clearing broker.

For derivative transactions that are not settled centrally the fund management company or its agents may conclude mutual collateral agreements with the counterparties. The value of the collateral that is exchanged must correspond at minimum to the replacement value of the outstanding derivative transactions at all times. In addition, some collateral may be valued at a discount. This discount is based on the volatility of the markets and the anticipated ability to liquidate the collateral.

## Security margins (haircuts)

The collateral is valued daily on the basis of available market prices. For each asset class, appropriate margins are applied, which in turn take account of the characteristics of the collateral that is received, such as the credit quality of the issuer, the term, currency and price volatility of the investments and, where necessary, the results of liquidity stress tests under normal and extraordinary liquidity conditions.

The following minimum haircuts are applied:

<b>Type of collateral</b>	<b>Haircut</b>
Cash-collateral	0%
Government bonds	0%
Non-government bonds	10%
Equities	10%



## Risks associated with the management of collateral

The fund management company and its agents must take account of the risks associated with the management of collateral as part of its risk management process.

In managing collateral, they must at minimum comply with the following obligations and requirements:

- a) *Diversification of collateral (asset concentration)*: The collateral must be sufficiently diversified in terms of countries, markets and issuers. The criterion regarding appropriate diversification in terms of issuer concentration is deemed to be met if the collateral from one issuer does not exceed more than 20% of the net asset value of the fund. The fund management company may deviate from this stipulation if the collateral meets the requirements of Art. 83, cl. 1 of CISO, or the approval conditions set out in Art. 83, cl. 2 of CISO. If multiple counterparties provide collateral, the fund management company, and its agents must ensure that an aggregated view of the collateral is possible. The fund management company shall ensure that the collateral meets the legal diversification requirements at all times.
- b) *Safekeeping*: If there is a transfer of ownership, the collateral should be held in safekeeping at the custodian bank. The collateral may be held in safekeeping by a supervised third-party custodian on behalf of the fund management company if ownership of the collateral is not transferred and the third-party custodian is independent from the counterparty. For collateral delivered to a counterparty, a custodian appointed by the counterparty or a central counterparty, the custodian bank ensures that the transaction is settled in a secure manner and in line with the agreements.
- c) *Disposal power and disposal authority*: The fund management company and its agents must be able to dispose of the collateral received at all times and without the involvement or consent of the counterparty.
- d) *Reinvestment of collateral*:  
  
*Non-cash collateral*: Non-cash collateral that has been pledged or for which ownership has been transferred may not be re-lent, re-pledged, sold, reinvested or used to hedge obligations arising from derivative financial instruments.  
  
*Cash collateral*: Cash collateral may only be invested as liquid funds in the corresponding currency in high-quality government bonds and directly or indirectly in short-term money market instruments. The fund management company observes the statutory restriction regarding the reinvestment of collateral it receives.
- e) If the fund management company and its agents accept collateral equal in value to more than 30% of the fund assets, they must ensure that the liquidity risks can be adequately recorded and monitored. In this case, regular stress tests must be conducted, taking account of both normal and exceptional liquidity conditions. The fund management company records and monitors the liquidity risks associated with the collateral in accordance with the statutory requirements.

### 1.9.5. The use of derivatives

The fund management company may only use derivatives to hedge interest rate, currency and market risks.

However, even in exceptional market conditions, the use of derivatives may not result in a deviation from the investment objectives or a change in the investment character of the fund. This investment fund may use derivatives in accordance with § 12 of this fund contract. A modified Commitment I approach is applied to the assessment of risk. In connection with collective investments, derivatives may only be used for currency hedging. The right to hedge market and interest rate risks remains reserved, provided these risks can be clearly defined and measured.

The fund management company limits its use of derivatives to basic forms, i.e. call or put options, swaps, futures and forwards, as described in greater detail in the fund contract (cf. § 12), provided the underlyings are permitted as an investment in accordance with the investment policy. The derivative transactions may be concluded on either a stock exchange or other regulated market open to the public, or in OTC (over-the-counter) trading. In addition to market risks, derivatives are subject to counterparty risk, i.e. the risk that the contracting party may not be able to meet its obligations and may thus cause a financial loss.

Even in exceptional market conditions, the use of these instruments may not result in the fund assets being leveraged or correspond to a short sale.

## **1.10. Net asset value**

The net asset value of a unit is derived from the market value of the fund assets, less any liabilities of the real estate fund and any taxes likely to be incurred in the event of liquidation of the real estate fund, divided by the number of units in circulation. Figures are rounded to two decimal places.

## **1.11. Fees and incidental costs**

### **1.11.1. Fees and incidental costs charged to the fund assets (excerpt from § 19 of the fund contract)**

Management fee of the fund management company up to 1.2% p.a.  
(on the basis of the total fund assets at the end of the preceding quarter)

The fee is used for management of the real estate fund and the real estate companies, the asset management and distribution activity related to the real estate fund.

The management fee charged by the fund management company is also used to pay retrocessions and/or rebates in accordance with no. 1.11.3 of the prospectus.

Custodian bank fee of the custodian bank up to 0.10% p.a.  
(on the basis of the total fund assets at the end of the preceding quarter)

The fee covers the tasks of the custodian bank such as the safekeeping of the fund assets, the handling of payment transactions and the other tasks listed under § 4 of the fund contract.

Furthermore, the fees and incidental charges listed under § 19 of the fund contract may also be charged to the real estate fund.

Information on the rates actually charged can be found in the annual report.

### **1.11.2. Total expense ratio (TER)**

The coefficient of the total costs charged to the fund assets on an ongoing basis (total expense ratio, TER) was:

In proportion to the total fund assets (TER GAV)

Financial year 2019	0.77%
Financial year 2020	0.95%
Financial year 2021	0.90%
Financial year 2022	0.89% (fully consolidated) <sup>1</sup>
Financial year 2023	0.96%

<sup>1</sup> For further information please refer to the annual report as of the key date of 31 March 2022.

Relative to market value (TER MV)

Financial year 2019	N/A
Financial year 2020	1.12%
Financial year 2021	1.04%
Financial year 2022	1.14% (fully consolidated) <sup>2</sup>
Financial year 2023	1.15%

### **1.11.3. Payment of retrocessions and rebates**

The fund management company and its agents may pay retrocessions to cover the distribution of real estate fund units in or from Switzerland. This remuneration may in particular constitute compensation for the following services:

- the production of promotional material;
- the organisation of road shows,
- participation in events and trade fairs,
- the training of sales representatives.

Retrocessions are not deemed to be rebates even if they are ultimately passed on, in full or in part, to the investors.

The recipients of the retrocessions ensure transparent disclosure and inform investors, unsolicited and free of charge, about the amount of remuneration they may receive for the sales activity.

On request, the recipients of retrocessions must disclose the amounts they actually receive for sales activities in relation to the collective investment schemes of the investors concerned.

The fund management company and its agents may, upon request, pay rebates directly to investors with respect to sales activities in Switzerland or from Switzerland. The purpose of rebates is to reduce the fees or costs incurred by the investor in question. Discounts are permitted if

- they are paid from fees charged by the fund management company and thus do not place an additional burden on the real estate fund assets;
- they are granted on the basis of objective criteria;
- they are granted to all investors fulfilling the objective criteria over the same period to the same extent.

Rebates are granted on fulfilment of the following prerequisites:

- fulfilment of a specific minimum investment in the real estate fund or in the range of real estate vehicles of the Swiss Life Group;
- achievement of a specific amount of fees generated by the investor;
- in the case of an expected investment term;
- in the case of willingness to support on the part of the investor during the launch phase of the fund.

At the request of the investor, the fund management company must disclose the amounts of such discounts free of charge.

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<sup>2</sup> For further information please refer to the annual report as of the key date of 31 March 2022.

**1.11.4. Fees and incidental charges incurred by the investor (excerpt from § 18 of the fund contract)**

Issuing commission accruing to the fund management company, the custodian bank and/or distributors in Switzerland and abroad up to 5%

Redemption commission accruing to the fund management company, the custodian bank and/or distributors in Switzerland and abroad up to 5%

**1.11.5. Commission sharing agreements and soft commissions:**

The fund management company has not closed any commission sharing agreements.

The fund management company has not concluded any agreements in respect of so-called soft commissions.

**1.11.6. Investments in associated collective investment schemes**

No issuing and redemption commissions are charged in the case of investments in collective investment schemes that are managed directly or indirectly by the fund management company itself or a company with which it is related by virtue of common management or control or by way of a significant direct or indirect interest.

**1.12. Consultation of reports**

The prospectus with integrated fund contract and the annual report may be obtained free of charge from the fund management company, the custodian bank and all distributors.

**1.13. Legal form of the investment fund**

The investment fund is an investment fund under Swiss law of the “real estate fund” type in accordance with the Federal Act on Collective Capital Investment Schemes of 23 June 2006.

The real estate fund is based on a collective investment agreement (fund contract), under which the fund management company undertakes to provide the investor with a stake in the real estate fund in proportion to the fund units acquired by the said investor, and to manage this fund at its own discretion and for its own account in accordance with the provisions of the law and the fund contract. The custodian bank is party to the fund contract in accordance with the tasks conferred upon it by the law and the fund contract.

**1.14. Main risks**

The main risks of the real estate fund are:

- General real estate-related risks: Real estate funds such as the fund are subject to risks that occur in particular with real estate investments. Real estate assets are influenced by various factors, including: changes in the general economic climate; local conditions, such as an oversupply of land or a decline in the demand for real estate in a certain area; management quality and philosophy; competition and vacancies; the ability of owners to carry out maintenance and keep costs under control; government regulations; the amount of interest; the relevant exchange rates; the availability of financing; the risks and operational problems that arise from certain building materials as well as force majeure, uninsurable damage and other factors over which the fund’s management committee and/or the property developer have no control; and potential liability as a result of environmental, city planning and tax laws and tax practice as well as other laws and government regulations and any amendments or changes

to these laws and regulations. Real estate is generally valued through a report prepared by independent valuation experts and may fluctuate up or down. There is a risk that tenants will not meet their obligations or that the fund will have to let properties at economically unfavourable conditions.

- International real estate: Location and its general development have a special significance for real estate investments. For investments in real estate outside of Switzerland, the number of factors associated with the location that may significantly affect the valuation of the property are greater because, among other things, there may be regulations that deviate from the legal and tax system that applies in Switzerland and the value of the real estate may be influenced to a significant extent by exchange rate risks. Foreign real estate is also subject to increased administrative risk as well as technical difficulties, including the risk associated with the transfer of current income or sales proceeds.
- Construction of buildings: Large construction projects can last several years and tie up resources with project-specific expertise over this period. Such projects can bear risks in the areas of planning, realistic budgeting and valuation assumptions, timely receipt of construction permits, quality control during construction, the reliability of subcontractors, cost overruns, deadline risks with respect to the defined construction and occupancy milestones and timely conclusion of rental income in a timely manner. The fund may only generate a return on such construction projects after the project has been completed and all of the authorisations have been issued by the local authorities and governing bodies. The return and market value of the completed construction may vary significantly from the projected values, as market conditions can change during the construction period.
- Investments in non-regulated real estate funds: In accordance with its investment policy, the fund may invest in real estate funds (target funds) that are not necessarily subject to product monitoring by a recognised supervisory authority in the fund's domicile. Non-regulated real estate funds are not subject to statutory restrictions. Investors cannot be offered the same level of investor protection or the same information. Investments in non-regulated real estate funds may therefore be riskier.
- Increased controls by supervisory authorities: The financial services industry in general and the activities of private investment funds and their managers in particular are subject to intense and increasing monitoring by supervisory authorities. Such monitoring can increase the risk to the fund, the fund management company and the asset manager of potential liability and legal, compliance and other related costs. Greater monitoring by the supervisory authorities can increase the administrative burden on the fund, including – but not limited to – cooperation with investigations and the implementation of new guidelines and procedures. Such burdens may take up the time, attention and resources of the fund management company, the asset manager and the property manager, preventing them from carrying out their activities to manage the fund assets. It is assumed that managers at the fund management company, asset manager and property manager have contact with government authorities in the course of their normal business activities and/or must complete questionnaires or take part in investigations. In some cases, they must also respond to questions from supervisory authorities regarding their positions and the investment techniques that are applied.
- Operational risk: The operational risks of this fund include direct or indirect economic losses caused by insufficient or failed internal processes or systems or by employees or external factors. These include legal risks, money laundering, fraud, terrorism financing and IT security risks.
- Price and valuation risk: The fund's portfolio is comprised of investments whose market liquidity may be affected within a short period of time by various economic factors, such as changes in interest rates and the availability of credit, which could reduce the value and the liquidity of portfolio investments. The valuation of the assets and the calculation of the net asset value are based on a complex set of procedures in which the administrator must, in some cases, make certain assumptions in order to complete the required calculations. The lack of an active public market for the portfolio investments makes it more difficult to value the investments and determine the net asset value.
- Lack of diversification: The fund is not subject to any other statutory or supervisory risk diversification requirements with the exception of the requirements set out in this contract. For this reason, the fund management company is permitted to make a limited number of investments, as a result of which the total return earned by investors may be negatively influenced to a significant extent by the unfavourable development of even a single investment. In addition, a concentration by the fund management company in certain geographic regions, sectors and fields of activity cannot be ruled out. If there is insufficient diversification of the fund portfolio, the performance of the fund may be negatively affected by

business, economic or other factors at certain companies or in certain sectors and there may be a disadvantageous impact on returns.

- Lack of liquidity of underlying investments: The portfolio investments can become very illiquid as a result of substantial changes in the European real estate market, interest rates and the availability of credit. There is a risk that the fund will not be able to achieve its investment objectives through a sale or other disposal at attractive prices or at suitable times or in response to changed market conditions. Sales may result in losses. In general, cash flow and the realisation of profits only occurs when some or all of the portfolio investments are sold. For this reason, potential investors should be aware that if the fund's liquidity is limited they may have to bear the financial risk of the investment for an unlimited period of time.
- Restricted cash: Real estate held indirectly via fund subsidiaries, the need for such subsidiaries to finance the capital and operating needs of the real estate that is held and country-specific laws and regulations concerning minimum equity capital, taxation and distributions by the subsidiaries to their holding companies can result in a significant amount of liquidity being unavailable for other investments by the fund.
- Debt: Real estate funds such as this fund are subject to risks in connection with debt financing, including the risk that the funds available to make required payments will be insufficient and that it will not be possible to refinance current obligations or that the terms of such refinancing will be less favourable than the terms of the current obligations, as well as the risk of high final maturities at the end of the term of the obligations. More generally, the debt held by real estate funds will likely be secured through real estate that is, on the whole, owned by the fund. As with secured debt financing, if some subsidiaries of the real estate fund cannot meet their payment obligations, pledged assets (which comprise the fund's assets in general and may not be limited to a particular asset, such as the asset that represents the investment for which the obligation was incurred) may be transferred to the creditor with the corresponding loss of these assets.
- Distribution: Real estate funds require income from their real estate investments in order to be able to make distributions to the investors. If they have insufficient funds from their real estate investments, they may not be able to make distributions for an extended period of time. The administrator may allocate funds that otherwise would have been available for distribution to provisions. The date of distributions and the ability of the real estate assets and/or the local companies that hold these real estate assets to make payments may be limited as a result of applicable laws and regulations.
- Tax considerations: Tax burdens and withholding taxes in European countries where the fund makes investments affect the amount of the distributions to the fund and thus to investors. The amount of the tax applied on the fund or its investments cannot be specified with certainty. In addition, the net asset value and the subscription prices of units may not take account of the deferred tax liabilities that may be due when assets are sold because the tax base of these assets is lower than their market value.
- Uninsured losses: The fund management company, the asset manager and the property manager attempt to conclude liability and property damage insurance that is customary for companies in a similar situation. However, it cannot be guaranteed that insurance is available or that the coverage of such risks will be sufficient. Insurance against certain risks, such as earthquakes, floods, environmental burden or terrorism may not be available or may only be available in an amount below the full market value or the replacement costs of the portfolio investments, or may only be available with a high deductible.
- Environmental liability: The fund and/or its subsidiary (or subsidiaries) may be liable for the costs to remove or clean up hazardous or toxic materials on or in a real estate investment held by the fund and/or the subsidiary (or subsidiaries). The costs of the removal or clean-up can be considerable. The existence of such materials or the improper clean-up of such materials can have substantial adverse effects on the owner's ability to sell or let the property or to use it as collateral for a loan. Laws and regulations in various countries may also involve liability for the release of certain materials, including asbestos, from a real estate investment into the air or water and this release may also form the basis for liability to third parties for personal injuries or other damages. Other laws and regulations may limit development and involve liability for damage to wetlands or the habitats of threatened or endangered animal and plant species.

- Counterparty risk: Counterparty risk is the risk that counterparties on the market (in the case of financial investments) or tenants (in the case of real estate investments) will not meet their contractual obligations, resulting in a default on payment. Default by a counterparty can reduce the net asset value of the fund.
- Exchange rates: The fund reports the consolidated results of its real estate investments in Europe in its annual financial statement by converting the local reporting currency into euros. Exchange rate fluctuations may therefore have a negative impact on the fund's returns, even if foreign currency risks are hedged with derivatives. The fund may take out mortgage loans in the local currency of the countries where it invests, thus reducing its currency risk (i.e. a natural hedge).
- When acquiring participations in real estate companies, risks arising from the legal form of the company, risks in connection with the possible default of shareholders and risks of changes in the general conditions under tax law and company law must be taken into account. In the case of a minority shareholding, the risks lie mainly in the fact that the decision-making powers of the minority shareholder are restricted in the case of important company decisions. In addition, it must be taken into account that in the case of the acquisition of participations in real estate companies, these can be burdened with obligations that are difficult to recognise. Finally, in the event of the intended sale of the participation in real estate companies, there may be a lack of a sufficiently liquid market for such participations.
- Risks arising from the application of the sustainability policy: Observing the sustainability policy of this real estate fund can lead to increased investment in repair work. The regulatory framework conditions with regard to sustainability are currently being specified, and the common standards need to be further established in the financial industry. A lack of common standards can lead to different approaches to the definition and achievement of ESG (environmental, social and governance) objectives. ESG criteria may vary depending on investment theme, asset class, investment philosophy and subjective use of different ESG indicators in portfolio management. There is also the possibility that an investment which met the sustainability requirements of the fund management company at the date of acquisition may no longer meet the sustainability requirements at a later date and may therefore have to be sold at an unfavourable time (downgrade risk). When the fund management company assesses an investment, the weighting of ESG factors is not solely based on quantitative but also on qualitative assessments. There is therefore invariably a certain degree of subjectivity and discretion in the evaluation. The fund management company procures energy consumption data from its commissioned property managers and from other third-party providers. As a result, there is a certain dependence on the quality and timeliness of the data. Despite appropriate control processes, a certain susceptibility to errors or reduced data coverage during a reporting period cannot be completely ruled out.

### **1.15. Liquidity risk management**

The fund management company monitors the liquidity of the fund by means of suitable processes and thus ensures that it is adequately liquid to enable it to meet redemption requests. It takes into account the investment strategy, redemption frequency, liquidity of the underlying assets and their valuation as well as the composition of the circle of investors. In addition, the fund is assessed for exposure to liquidity risks under consideration of various stress scenarios. The fund management company regularly reviews the liquidity management procedures and processes.

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

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

Swiss Life Asset Management AG based in Zurich is the fund management company. Since its founding as a public limited company in 1974, the fund management company has been active in the fund business.

## **2.2. Further information on the fund management company**

As of 31 December 2023, the fund management company managed a total of 31 collective investment schemes (incl. sub-funds) in Switzerland, with assets under management totalling 50 776.10 million as at 31 December 2023.

Address of the fund management company:

Swiss Life Asset Management Ltd  
General-Guisan-Quai 40  
P.O. Box 2831  
8022 Zurich  
[www.swisslife-am.com](http://www.swisslife-am.com)

## **2.3. Administrative and management bodies**

The Board of Directors of the fund management company consists of the following individuals:

Chairman:

- Stefan Mächler, Group CIO and member of the Corporate Executive Board of the Swiss Life Group, with further board mandates within Swiss Life Group, chairman of the Board of Directors of Ina Invest AG and member of the Board of Directors of Fisch Asset Management AG.

Members:

- Lorenzo Kyburz, Swiss Life Investment Management Holding AG, with one further board mandate within Swiss Life Group
- Dr. Rolf Aeberli, Head of Corporate Mandates at Swiss Life Ltd, with further Board mandates within Swiss Life Group, chairman of the Board of Directors of First Swiss Mobility 2022-1 Ltd, First Swiss Mobility 2023-1 Ltd, First Swiss Mobility 2023-2 Ltd and RWA Consulting AG

The Executive Board consists of the following individuals:

- Robin van Berkel, CEO, with board mandates within Swiss Life Group
- Daniel Berner, Deputy CEO, Head of Securities
- Paolo di Stefano, Head Real Estate, with board mandates within Swiss Life Group
- Jan Grunow, Head of Operations, with one foundation board mandate within Swiss Life Group
- Christoph Gisler, Head of Infrastructure Equity, with board mandates within Swiss Life Group
- Mark Fehlmann, Head Sales & Marketing, with one board mandate within Swiss Life Group

## **2.4. Subscribed and paid-in capital**

The subscribed and fully paid-up share capital of the fund management company since 22 December 2005 has amounted to CHF 20 million, divided into registered shares.

The fund management company is a wholly owned subsidiary of Swiss Life Investment Management Holding AG, Zurich.

## **2.5. Transfer of partial duties**

Internal auditing has been transferred to the Swiss Life Group's Corporate Internal Audit. Further partial duties in the areas of Legal & Compliance and Risk Management have been transferred to Swiss Life Investment Management Holding AG. IT infrastructure services, application development and operations, as well as IT risk management and IT security are assigned to Swiss Life Investment Management Holding AG and Swiss Life Ltd.



In addition, external asset managers have been recruited for the Swiss Life REF (CH) ESG European Properties real estate fund. The asset manager will not make any investment decisions for the real estate fund in the following context. His remit mainly involves supporting the purchasing and sales process on site, gathering and implementing key data about the property following acquisition and monitoring the budget. The asset manager also assumes the owner representation for any construction work on site and makes proposals for the management of the properties in the portfolio. The fund management has transferred the asset management of the portfolio properties to the following companies:

<b>Germany / Finland / Netherlands</b>	BEOS AG Swiss Life Asset Managers Deutschland GmbH
<b>Finland</b>	Swiss Life Asset Managers Nordics
<b>France / Belgium / Luxembourg / Spain</b>	Swiss Life Asset Managers France
<b>United Kingdom / Ireland</b>	Swiss Life Asset Managers UK Limited

In addition, the property management and technical maintenance of the portfolio properties for Swiss Life REF (CH) ESG European Properties were transferred to the following companies:

<b>Germany</b>	BEOS AG CAPERA Immobilien Service GmbH Valon Property Management GmbH IC Immobilien Holding GmbH
<b>France</b>	Swiss Life Asset Managers France
<b>Belgium</b>	BNP Paribas Real Estate Belgium SA
<b>United Kingdom</b>	BNP Paribas Advisory & Property Management UK Ltd.
<b>Finland</b>	Colliers Finland Oy
<b>Ireland</b>	BNP Paribas Advisory & Property Management UK Ltd.
<b>Luxembourg</b>	BNP Paribas Real Estate Advisory & Property Management Luxembourg SA
<b>Netherlands</b>	CBRE B.V.
<b>Spain</b>	MVGM Property Management Spain S.L.

The agents have many years of experience in the outsourced areas. The precise nature of the mandates is specified in delegation contracts between the fund management company or the real estate company's subsidiaries and the mandated contracts.

## **2.6. Exercise of membership and creditors' rights**

The fund management company exercises the membership and creditors' rights associated with the investment of the funds it manages independently and exclusively in the interests of the investors. The fund management company will, upon request, provide investors with information on the exercise of membership and creditors' rights.

In the case of scheduled routine transactions, the fund management company is free to exercise the membership and creditor rights itself or to transfer the exercise to the custodian bank or third parties, and to waive the exercise of membership and creditor rights.

In the case of all other items that might have a lasting impact on the interests of the investors, such as, in particular, the exercise of membership and creditors' rights held by the fund management company as a shareholder or creditor of the custodian bank or another related legal entity, the fund management company will exercise the voting rights itself or issue explicit instructions. In such cases it may base its actions on information it receives from the custodian bank, the asset manager or the company concerned or from voting rights advisors and other third parties, or that it ascertains from the media.

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

#### **3.1 General information on the custodian bank**

The custodian bank is UBS Switzerland AG, Bahnhofstrasse 45, 8001 Zurich. The bank was founded in 2014 as a public limited company based in Zurich and took over the private and corporate client business booked in Switzerland and the wealth management business booked in Switzerland from UBS AG on 14 June 2015.

UBS Switzerland AG is a group company of UBS Group AG. With a consolidated balance sheet total of USD 1 717 246 million and reported equity of USD 86 639 million as at 31 December 2023, UBS Group AG is one of the world's most financially strong banks. It employs 112 842 staff worldwide in an extensive network of branch offices.

#### **3.2 Further information on the custodian bank**

As a full-service bank, UBS Switzerland AG offers a broad range of banking services.

The custodian bank may commission third-party custodians and central securities depositories in Switzerland and abroad with the safekeeping of the sub-fund's assets, provided this is in the interests of proper safekeeping. In respect of financial instruments, the transfer of safekeeping may be made only to regulated third-party custodians and central securities depositories. This does not apply to mandatory safekeeping at a location where the transfer of safekeeping to regulated third-party custodians and central securities depositories is not possible, in particular owing to mandatory legal provisions or to the particular arrangements for the investment product in question.

This entails the following risks: the use of third-party custodians and central securities depositories means that deposited securities are no longer owned solely by the fund management company, which instead becomes only a co-owner. Furthermore, if the third-party custodians and central securities depositories are not regulated, they are unlikely to meet the organisational requirements imposed on Swiss banks.

The custodian bank is liable for damage or loss caused by its agents unless it is able to prove that it has exercised the requisite due diligence when selecting, briefing and monitoring them.

The custodian bank is registered with the US tax authorities as a reporting financial institution under a Model 2 IGA within the meaning of sections 1471 – 1474 of the US Internal Revenue Code (Foreign Account Tax Compliance Act [FATCA] including relevant decrees).

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

#### **4.1 Payment office**

The payment office is UBS Switzerland AG, Bahnhofstrasse 45, 8001 Zurich, with all branches in Switzerland.

#### **4.2 Distributor**

The fund management company is responsible for distribution activities with respect to the real estate fund. It may engage other distributors.

### 4.3 Valuation experts

The fund management company has commissioned the following independent valuation experts with the approval of the supervisory authority:

- Mr Pascal Marazzi, Chartered Surveyor MRICS, dipl. Architekt ETH (degree in architecture from the Swiss Federal Institute of Technology); Wüest Partner AG, Zurich
- Mr Fabio Guerra, Chartered Surveyor MRICS; dipl. Arch. ETH (degree in architecture from the Swiss Federal Institute of Technology), MSc Real Estate (CUREM), Wüest Partner AG, Zurich;

The valuation experts have many years of experience in the valuation of real estate in Switzerland and abroad and extensive market knowledge.

The precise nature of the mandate is set out in a contract concluded between Swiss Life Asset Management Ltd, and Wüest Partner AG.

The valuation experts may involve agents located abroad in the valuation of foreign properties. The valuation experts validate all foreign market value estimates with the help of the discounted cash flow method (DCF method). By doing so, the valuation experts ensure that the corresponding estimate of the market value of the real estate assets conforms to Swiss regulations. The valuation experts also ensure that the agents meet the requirements of Art. 64, cl. 2 CISA as well as the requirements of the supervisory authority at all times. The valuation experts are required to inform the fund management company if they involve agents in carrying out their work.

In addition to the ongoing review of the market value estimates by the valuation experts and their local agents, the fund management company also conducts random and independent reviews on site.

## 5. Further information

### 5.1 Useful information

Security number:	38541554
ISIN number:	CH0385415549
GIIN number:	YFGBH8.00224.ME.756
Initial issue price:	100.00
Exchange trading:	No
Off-exchange trading:	No
Unit of account	euro

### 5.2. Publications of the real estate fund

Further information about the real estate fund can be found in the latest annual report. The latest information can also be found on the internet at <http://www.swisslife-am.com>.

In the event of an amendment to the fund contract, a change in the fund management company or the custodian bank as well as the dissolution of the real estate fund, this will be announced by the fund management company on the electronic platform [www.swissfunddata.ch](http://www.swissfunddata.ch).

Whenever fund units are issued or redeemed, the prices are published on the electronic platform [www.swissfunddata.com](http://www.swissfunddata.com). In addition, indicative net asset values are published quarterly on the website [www.swisslife-am.com](http://www.swisslife-am.com).

### 5.3. Insurance of the real estate

The real estate owned by this real estate fund is in principle covered by insurance against fire and water damage as well as damage resulting from causes relevant to liability law. Loss of rental income as follow-

up costs to fire and water damage is included in this insurance cover. Earthquakes and the consequences of earthquakes are in principle not insured.

#### 5.4. Restrictions on sale

If units of this investment fund are issued or redeemed abroad, the provisions in force in that country shall apply.

a) Distribution activities have been approved in the following countries:

- Switzerland

b) Units in this investment fund may not be offered, sold or delivered to US persons. US person means: (i) a US citizen (including dual or multiple citizenship); (ii) a US resident (a resident alien who holds a Green Card or satisfies the “substantial presence test”); (iii) a partnership or corporation established in the United States or governed by the laws of the United States or any State thereof; (iv) an estate of a testator who is a citizen or resident of the United States; (v) a trust if (x) a court within the United States can issue orders or pronounce judgements under applicable law concerning: aspects of trust management and (y) one or more US persons have the authority to control substantial decisions of the trust; (vi) a person subject to US tax law for any other reason (including but not limited to dual residency, spouse filing jointly, relinquishing US citizenship or long-term permanent residency in the USA). This paragraph and terms used herein shall be construed in accordance with the US Internal Revenue Code.

The fund management company and the custodian bank may prohibit or limit the sale, brokerage or transfer of units to natural persons or legal entities in certain countries and territories.

### 6. Additional investment information

#### 6.1. Results to date

	Investment return	Yield on distribution	OTC price performance
2019	4.37%	n.a.	n.a.
2020	3.20%	2.52%	11.88%
2021	2.55%	2.38%	-0.55%
2022	7.67%	2.64%	3.45%
2023	-1.57%	2.39%	3.51%
2024	-7.32%	2.29%	n/a

#### 6.2. Profile of the typical investor

The real estate fund is suitable for qualified investors with a medium to long-term investment horizon who are primarily interested in current income. Investors are able to accept periodic fluctuations in the net asset value of the fund units and do not need to realise their investment at a particular time.

### 7. Detailed provisions

All further information on the fund, such as the method used for the valuation of the fund assets, a list of all fees and incidental costs charged to the investor and the fund, and the appropriation of net income, can be found in detail in the fund contract.

## **Part 2: Fund contract**

### **I Basic principles**

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

1. A contractual fund of the "real estate funds" type has been established under the name of "Swiss Life REF (CH) ESG European Properties" (referred to below as the "Real Estate Fund", or the "Fund") in accordance with Art. 25 et seqq. in conjunction with Art. 58 et seqq. of the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 (CISA).
2. The fund management company is Swiss Life Asset Management Ltd based in Zurich.
3. The custodian bank is UBS Switzerland AG, Zurich.
4. The circle of investors is limited to qualified investors within the meaning of § 5, cl. 1 of this fund contract.
5. FINMA has exempted this real estate fund from the following provisions pursuant to Art. 10, cl. 5 CISA at the request of the fund management company and custodian bank:
  - a) the obligation to prepare a semi-annual report,
  - b) the obligation to prepare a simplified prospectus and/or key information document,
  - c) the obligation to offer new units to existing investors first in connection with the deposit of investments in the form of a contribution in kind,
  - d) the obligation to comply with investment restrictions within two years of launch within the meaning of Art. 67 cl. 4 of CISO,
  - e) in derogation of Art. 59 para. 1 let. b CISA and Art. 59 para. 2 CISA in conjunction with Art. 88 CISO and in compliance with the conditions listed in § 8 No. 2 of this fund contract, the obligation to hold majority stakes in real estate companies, co-ownership and condominium ownership.
  - f) the obligation to ensure regular on-exchange or off-exchange trading of real estate fund units.
6. Pursuant to Art. 78, cl. 4 CISA, FINMA has, at the request of the fund management company and the custodian bank, exempted this investment fund from the obligation to make cash deposits.

### **II Rights and obligations of the parties to the contract**

#### **§ 2 The fund contract**

The legal relationship between the investors<sup>3</sup> on the one hand and the fund management company and custodian bank on the other is governed by this fund contract and the applicable provisions of the legislation on collective investment schemes.

### § 3 The fund management company

1. The fund management company manages the real estate fund at its own discretion and in its own name, but for the account of the investors. It decides in particular on the issue of units, the investments and their valuation. It calculates the net asset value and determines the issue and redemption prices of units as well as distributions of income. It exercises all rights associated to the real estate fund.
2. The fund management company and its agents are subject to the duties of loyalty, due diligence and disclosure. They act independently and exclusively in the interests of the investors. They implement the organisational measures that are necessary for proper management. They provide a rendering of account of the collective investment schemes managed by them and provide information about all fees and costs charged directly or indirectly to the investors as well as compensation received from third parties, in particular commissions, discounts or other financial benefits.
3. The fund management company may transfer investment decisions and partial duties to third parties, provided that this is in the interests of proper management. It shall commission only persons who have the necessary skills, knowledge and experience and the requisite authorisations for this activity. It shall carefully instruct and monitor any third parties involved.

The fund management company remains responsible for fulfilling supervisory obligations and safeguards the interests of the investors when transferring duties. It is liable for the actions of persons to whom duties have been transferred by the fund management company as if they were its own actions.

Investment decisions may only be transferred to asset managers who have the requisite authorisation.

4. The fund management company may, with the consent of the custodian bank, submit a change to the present fund contract to the supervisory authority for approval (see § 26).
5. The fund management company may merge the real estate fund with other real estate funds pursuant to the provisions set down under § 24 or dissolve it pursuant to the provisions set down under § 25.
6. The Fund Management Company is entitled to receive the fees stipulated in §§ 18 and 19. It is further entitled to be exempt from any liabilities which may have arisen in the course of the proper execution of its duties, and to be reimbursed for expenses incurred in connection with such liabilities.
7. The fund management company bears liability towards the investors for ensuring that the real estate companies belonging to the real estate fund comply with the provisions of the CISA and the fund contract.
8. The fund management company and its agents and their associated natural persons and legal entities may not acquire any real estate assets from the real estate fund or transfer them to it.

The supervisory authority may grant exemptions from the prohibition of transactions with associated parties in justified cases, if the exemption is in the interests of the investors and in addition to the valuation of the regular valuation experts of the real estate fund, another valuation expert who is independent of them and/or their employer and of the fund management company as well as the custodian bank of the real estate fund confirms the market conformity of the purchase and sale price for the property and of the transaction costs.

Following the conclusion of the transaction, the fund management company prepares a report containing information on the individual real estate assets acquired or transferred and their value on the date of acquisition or transfer, with the valuation report of the regular valuation experts and

the report on the market conformity of the purchase or sales price by the independent valuation expert within the meaning of Art.32a, cl. 1c of CISO.

The auditor shall confirm to the fund management company adherence to the special duty of loyalty in relation to real estate investments within the scope of its audit.

The fund management shall mention the approved transactions with related parties in the annual report of the real estate fund.

9. In addition to the ongoing review of the market value estimates by the valuation experts and their local agents, the fund management company also conducts random and independent reviews on site.

#### **§ 4 The custodian bank**

1. The custodian bank is responsible for the safekeeping of the fund assets, in particular the unsecured mortgage notes and shares of the real estate companies. It handles the issue and redemption of fund units as well as payment transfers on behalf of the real estate fund. It can have accounts managed by third parties for the ongoing administration of real estate assets.
2. The custodian bank ensures that, in the case of transactions relating to the assets of the real estate fund, the countervalue is transferred within the usual time limit. It notifies the fund management company if the countervalue is not remitted within the usual time limit and, where possible, requests reimbursement for the asset item concerned from the counterparty
3. The custodian bank keeps the required records and accounts in such manner that it is, at all times, able to distinguish the assets held in safekeeping for the individual investment funds.

In relation to assets that cannot be taken into safekeeping, the custodian bank verifies ownership by the fund management company, and keeps a record thereof.

4. The custodian bank and its agents are subject to the duties of loyalty, due diligence and disclosure. They act independently and exclusively in the interests of the investors. They implement the organizational measures that are necessary for proper management. They provide a rendering of account of the collective investment schemes kept in custody by them and provide information about all fees and costs charged directly or indirectly to the investors as well as compensation received from third parties, in particular commissions, discounts or other financial benefits.
5. The custodian bank may transfer the safekeeping of the fund assets to third-party custodians and central securities depositories in Switzerland or abroad, provided this is in the interests of proper safekeeping. The custodian bank verifies and monitors that the third-party custodian or central securities depository it appoints:
  - a) possesses an appropriate organizational structure, financial guarantees and the specialist qualifications required given the nature and complexity of the assets entrusted to it;
  - b) is subject to regular external audits, thereby ensuring that it possesses the financial instruments;
  - c) the assets received from the custodian bank are held in safekeeping in such a manner that by means of regular portfolio comparisons they can, at all times, be clearly identified as belonging to the fund assets;
  - d) complies with the provisions applicable to the custodian bank with respect to the performance of the tasks delegated to it and the avoidance of conflicts of interest.

The custodian bank is liable for damage or loss caused by its agents unless it is able to prove that it exercised the due diligence required in the circumstances in respect of selection, instruction, and monitoring. The Prospectus contains information on the risks associated with the transfer of safekeeping to third-party custodians and central securities depositories.

In respect of financial instruments, the transfer of safekeeping in the sense of the previous paragraph may be made only to regulated third-party custodians and central securities depositories. This does not apply to mandatory safekeeping at a location where the transfer of safekeeping to regulated third-party custodians and central securities depositories is not possible, in particular owing to mandatory legal provisions or to the particular arrangements for the investment product in question. Investors must be informed in the Prospectus of safekeeping with non-regulated third-party custodians or central securities depositories.

6. The custodian bank ensures that the fund management company complies with the law and the fund contract. It verifies that the calculation of the net asset value and of the issue and redemption prices of the units as well as the investment decisions are in compliance with the law and the fund contract, and whether that income is appropriated in accordance with the fund contract. The custodian bank is not responsible for the choice of investments which the fund management company makes in accordance with the investment regulations.
7. The custodian bank is entitled to receive the fees stipulated in §§ 18 and 19. It is further entitled to be exempt from any liabilities which may have arisen in the course of the proper execution of its duties, and to be reimbursed for expenses incurred in connection with such liabilities.
8. The custodian bank and its agents, as well as closely related natural and legal persons, may not acquire real estate assets from real estate funds or assign any such assets to them.

The supervisory authority may in justified individual cases grant an exemption from the ban on transactions with closely related parties in justified cases, if the exemption is in the interests of the investors and in addition to the valuation by the regular valuation experts of the real estate fund, and a valuation expert who is independent of such experts or their employer and of the fund management company as well as the custodian bank of the real estate fund confirms the market conformity of the purchase and sale price of the property and of the transaction costs.

As part of its audit of the fund management company, the audit company confirms adherence to the special duty of loyalty in relation to real estate investments.

## **§ 5 The qualified investor**

1. The circle of investors is limited to qualified investors within the meaning of Art. 10 cl. 3 and Art. 10 cl. 3ter CISA in conjunction with Art. 4 cl. 3-5 and Art. 5 cl. 1 and 4 FinSA.

The fund management company ensures together with the custodian bank that the investors fulfil the requirements pertaining to the circle of investors. For this purpose, the custodian bank may rely for the assessment of the circle of investors in particular on a written confirmation by a regulated financial intermediary provided that the regulated financial intermediary confirms therein that the investors booked with it qualify to its best knowledge for the investment by ensuring by means of procedures or regular assessments the qualification of the investors booked with it.

2. On concluding the contract and making a payment in cash, the investor acquires a claim against the fund management company in respect of a participation in the assets and income of the real estate fund. Instead of payment in cash, at the investor's request and with the consent of the fund management company, a contribution in kind may be made in accordance with the provisions of § 17 no. 9. The investors' claim is evidenced in the form of units.



3. Investors are obliged only to remit payment for the units of the real estate fund they subscribe. They are not held personally liable for the liabilities of the real estate fund.
4. Investors may obtain information concerning the basis of the calculation of the net asset value per unit from the fund management company at any time. If investors assert an interest in more detailed information on specific business transactions effected by the fund management company, such as the exercise of membership and creditors' rights, or on risk management or contributions in kind, they must be given such information by the fund management company at any time. The Investors may request before the courts of the registered office of the fund management company that the audit firm or another expert investigate the matter which requires clarification and furnish the Investors with a report.
5. The investors may terminate the fund contract at the end of an accounting year subject to a notice period of 12 months and demand that their share in the real estate fund be paid out in cash.

Under certain circumstances, the fund management company can repay the units terminated during an accounting year early following the end of the latter (see § 17, no. 2).

Both ordinary and early repayment take place within a maximum of four months following the end of the accounting year.

6. Upon request, the investors are obliged to provide the fund management company, the custodian bank and their agents with proof that they comply with or continue to comply with the conditions laid down in the law or the fund contract in respect of participation in the real estate fund. Furthermore, they are obliged to inform the custodian bank, the fund management company and their agents immediately once they cease to meet these conditions.
7. The fund management company in cooperation with the custodian bank must make an enforced redemption of the units of an investor at the current redemption price if:
  - a) this is necessary to safeguard the reputation of the financial market, and specifically to combat money laundering;
  - b) the investor no longer meets the statutory or contractual conditions for participation in this real estate fund.
8. The fund management company in conjunction with the custodian bank may also make an enforced redemption of the units of an investor at the current redemption price if:
  - a) the participation of the investor in the real estate fund is such that it might have a significant detrimental impact on the economic interests of the other investors, in particular if the participation might result in tax disadvantages for the real estate fund in Switzerland or abroad;
  - b) the investors have acquired or hold their units in violation of provisions of a law to which they are subject either in Switzerland or abroad, of the present fund contract or the prospectus;
  - c) there is a detrimental impact on the economic interests of the investors, in particular in cases in which individual investors seek by way of systematic subscriptions and immediate redemptions to achieve a financial benefit by exploiting the time differences between the setting of the closing prices and the valuation of the fund assets (market timing).

## **§ 6 Units and unit classes**

1. The fund management company may establish different unit classes and may also merge or dissolve unit classes at any time subject to the consent of the custodian bank and the approval of the supervisory authority. All unit classes embody an entitlement to a share in the undivided assets of

the fund, which are not segmented. This share may differ owing to class-specific costs or distributions or class-specific income and the various classes may therefore have different net asset values per unit. The assets of the real estate fund as a whole are liable for class-specific costs.

2. Notification of the creation, dissolution or merger of unit classes is published in the medium of publication. Only mergers are deemed a change to the fund contract pursuant to § 26.
3. The various unit classes may differ from one another in terms of their cost structure, reference currency, currency hedging, policy with regard to distribution or reinvestment of income, the minimum investment required and investor eligibility.

Fees and costs are charged only to that unit class for which the service in question is performed. Fees and costs that cannot be allocated unequivocally to a specific unit class are charged to the individual unit classes on a pro rata basis in relation to their share of the fund assets.

4. The real estate fund is not divided into unit classes.
5. Units do not take the form of actual certificates, but exist purely as book entries. The investor is not entitled to demand the delivery of a unit certificate.

### **III Investment policy guidelines**

#### **A Investment principles**

#### **§ 7 Compliance with investment restrictions**

1. In selecting individual investments and in order to implement the investment policy in accordance with § 8, the fund management company must adhere to the principle of balanced risk diversification and must observe the principles and percentage limits defined below. These relate to the fund assets at market value and must be complied with at all times. This real estate fund must fulfil the terms of the investment restrictions three years after the expiry of the subscription period (launch). This exemption from fulfilling the investment restrictions does not apply to the encumbrance of properties according to § 14 cl. 2 phr. 2.
2. If the limits are exceeded as a result of market-related changes, the investments must be restored to the permitted level within a reasonable period, taking due account of the investors' interests. If the limits relating to derivatives pursuant to § 12 below are exceeded as a result of a change in the delta, this is to be rectified within three bank working days at the latest, taking due account of the investors' interests.

#### **§ 8 Investment policy**

1. The fund management company invests the assets in this real estate fund in real estate assets and real estate projects throughout Europe (excl. Switzerland). The real estate is held indirectly in one or more subsidiaries in Switzerland or abroad. The real estate fund aims to invest in European office, retail and residential real estate, mixed-use properties as well as commercially used real estate. It focuses on Core and Core Plus locations in large European cities and in European regional centres and their suburbs. The geographic focus of its investments will be European core markets (Germany, Austria, France and Benelux) with a strategic target allocation of more than 50% of capital assets. Investments are also possible in the United Kingdom, Scandinavia, Southern Europe as well as other European regions. Our selection of locations will be guided primarily by the real estate market cycles, economic strength, economic forecasts and a comprehensive local property analysis.

2. The assets of the real estate fund are managed sustainably. In accordance with a policy of active management, the real estate fund pursues the systematic and incremental optimisation of the properties in terms of environmental (E) and social (S) criteria as well as aspects of good governance (G) throughout the holding period. The ESG approach comprises the integration of qualitative ESG criteria at the three value creation stages of investment, development, and property management (**ESG integration approach**). Qualitative ESG integration is complemented by quantitative sustainability indicators with defined target values. In addition, the real estate fund adopts a **climate alignment approach**. This involves reducing the environmental footprint over time by lowering the greenhouse gas intensity of the real estate portfolio.

The fund management company manages 100% of the real estate assets in accordance with the sustainability policy. The investments not covered by the sustainability policy relate to the operational activities of the real estate fund and mainly comprise cash and equivalents as well as derivatives.

Further explanations on the applied sustainability policy and sustainability risks can be found in the prospectus under 1.9.3. and 1.14.

3. The real estate fund may invest in the following:

- a) Properties including equipment

The following count as properties:

- Residential properties within the meaning of properties serving residential purposes
- Properties used for commercial purposes
- Mixed-use properties
- Freehold properties
- Building land (including demolition properties, buildings under construction and construction projects); undeveloped properties must be connected to the infrastructure network and suitable for immediate development as well as possess a legally binding building permit has been obtained. Construction work must commence before the expiry of the building permit.
- Lots under leasehold (incl. buildings and construction easements)

Ordinary co-ownership of land and condominium property is only permitted if at least 25% of the entire property is held, regardless of whether the fund management company can exert a controlling influence.

- b) Investments in and claims against real estate companies whose sole objective is the acquisition, sale, rental, lease or development of its own property, provided that at least 25% of their capital and voting rights are incorporated in the real estate fund and that minority rights (such as convening of an extraordinary general meeting) are respected. If no minority rights are granted, the real estate fund must hold at least two thirds of the capital and of the voting rights.
- c) Units in other domestic or foreign real estate funds (including real estate investment trusts) as well as real estate investment companies (that are not the same as the real estate companies specified in b above) and certificates that are traded on a stock exchange or another regulated market that is open to the public.

Subject to the provisions of §19, the fund management company may acquire units of target funds that are managed directly or indirectly by the fund management company itself or by a

company with which it is related by virtue of common management or control or by way of a direct or indirect stake.

- d) Investments in foreign real estate assets are only permitted in those countries where an estimate of market value in line with Swiss regulations can be assured.
- e) Mortgage notes or other contractual property liens.
- f) Minority shares pursuant to provisions a) and b) above (real estate companies with less than two-thirds share capital or voting rights, or co-ownership without a controlling influence) may only be acquired if the following conditions are met:
  - the co-investors are known to the fund management company;
  - there is an unrestricted right to sell the units at any time, subject to a possible right of pre-emption on the part of the co-investors;
  - a market value appraisal compliant with the collective investment schemes provisions and regulations is guaranteed;
  - in the case of holdings in real estate companies the share of voting rights must not be less than that of capital; and
  - investments in minority holdings may not exceed 20% of the fund's assets.
- g) Depending on the country-specific characteristics, the real estate assets can be held via subsidiaries (including Swiss holdings and further holdings in Europe). The boards of directors of the subsidiaries are comprised mainly of members of the Board of Directors of the fund management company and/or employees of the fund management company. The fund management company ensures, through its selection, instructions and monitoring, that its control rights with respect to these subsidiaries are maintained. In the event of equal representation on the board of directors with local members it must under all circumstances be ensured either that the chairman of the board of directors (who is a member of the Board of Directors of the fund management company and/or an employee of the fund management company) casts the deciding vote, or that the fund management company determines the decisions of the Board of Directors of the subsidiary in some other manner. At least 75% of these subsidiaries must be held directly or indirectly by the real estate fund, with the remaining share of the capital and voting rights in the possession of companies that are affiliated with the fund management company. The subsidiaries hold only investments for the account of the real estate fund and the provisions in this fund contract with respect to the real estate fund apply analogously for all investments by the subsidiaries. For accounting purposes, the investments of the subsidiaries will be consolidated with the investments of the real estate fund.

The properties will be entered in the property register indirectly in the name of the fund management company and, where permitted under foreign law, with a note regarding its affiliation with the real estate fund.

- 4. The fund management company may have buildings constructed for the real estate fund's account. In this case it may credit construction interest at the normal market rate to the earnings statement of the real estate fund for building land and commenced constructions for the time of preparation, construction or refurbishment as long as this does not cause the costs to exceed the estimated market value.

Following completion of the buildings, the fund management company will obtain an estimate of the market value.

- 5. The fund management company may use derivatives to hedge interest rate risks as defined in § 12 for the account of the real estate fund.

6. The fund management company ensures liquidity management that is appropriate for the investments, investment policy, risk diversification, circle of investors and redemption frequency. The details are set out in the prospectus.

## **§ 9 Securing of liabilities and short-term funding**

1. For the purpose of securing its liabilities, the fund management company must hold an appropriate proportion of the Real Estate Fund's assets in short-term fixed-interest securities or in short-term liquidity. It may hold these securities and funds in the accounting currency of the Real Estate Fund and in other currencies in which the liabilities are denominated.
2. Liabilities are deemed to be loans taken out, obligations arising in the course of business, and all claims arising from the redemption of units.
3. Short-term fixed-interest securities are deemed to be debt instruments with a duration or residual duration of no more than 12 months.
4. Short-term liquidity is deemed to include cash holdings, balances on bank balances at sight and time with a term of up to 12 months, in addition to firmly agreed credit limits with a bank which amount to no more than 10% of net fund assets. The credit limits count toward the upper limit for pledging stipulated in § 14 no. 2.
5. For the securing of imminent construction projects, fixed-interest securities with a maturity or residual maturity of no more than 24 months may be held.

## **B Investment techniques and instruments**

### **§ 10 Securities lending**

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

### **§ 11 Securities repurchase agreements**

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

### **§ 12 Derivatives**

1. The fund management company may only use derivatives to hedge interest rate, currency and market risks. It ensures that, even in exceptional market conditions, the financial effect of using derivatives does not result in a deviation from the investment objectives set out in this prospectus with integrated fund contract, and that it does not change the investment character of the investment fund. Furthermore, the underlyings of the derivatives must be permissible investments according to this fund contract. In connection with collective investment schemes, derivatives may be used only for currency hedging purposes. The right to hedge market and interest rate risks in the case of collective investment schemes remains reserved, provided these risks can be determined and measured.
2. The use of derivatives is restricted to derivative positions which serve to reduce exposure and whose economic effect is similar to the sale of an underlying or reduction of a liability. The method of risk measurement corresponds to a modified Commitment I approach. The use of derivatives therefore does not result in a leverage effect on the fund assets, nor does it correspond to short selling.

3. Only basic types of derivatives may be used. These comprise:
  - a) Call or put options, the expiration value of which is linearly dependent on the positive or negative difference between the market value of the underlying and the strike price and is zero if the difference is preceded by the opposite sign (+ or -);
  - b) Swaps, the payments of which are dependent on the value of the underlying or on an absolute amount in both a linear and a path-independent manner;
  - c) Futures and forwards, the value of which is linearly dependent on the value of the underlying.
4.
  - a) The obligations arising from exposure-reducing derivatives must be covered at all times by the underlyings of the derivative subject to provisions b and d below.
  - b) Cover with investments other than the underlyings is permitted in the case of exposure-reducing derivatives that relate to an index which is
    - calculated by an independent external office;
    - representative of the investments serving as cover;
    - in adequate correlation to these investments.
  - c) The fund management company must have unrestricted power to dispose of these underlyings or investments at all times. Underlyings or investments may be used to cover several exposure-reducing derivative positions at the same time if they are subject to a market, interest or currency risk and are based on the same underlyings.
  - d) An exposure-reducing derivative may be weighted by the “Delta” in the calculation of the corresponding underlyings.
5. The fund management company must observe the following rules when offsetting derivative positions:
  - a) Counter positions in derivatives based on the same underlying as well as counter positions in derivatives and in investments in the same underlying may be netted, irrespective of the maturity date of the derivatives, provided that the derivative transaction was concluded with the sole purpose of eliminating the risks associated with the derivatives or investments acquired, no material risks are disregarded in the process, and the conversion amount of the derivatives is predetermined pursuant to Art. 35 CISO-FINMA.
  - b) If the derivatives in hedging transactions do not relate to the same underlying as the asset that is to be hedged, for netting to be permitted a further condition must be met in addition to the rules set out under a) above, namely that the derivative transactions may not be based on an investment strategy that serves to generate profit. Furthermore, the derivative must result in a demonstrable reduction in risk, the risks of the derivative must be balanced out, the derivatives, underlyings, or assets that are to be netted must relate to the same class of financial instruments, and the hedging strategy must remain effective even under exceptional market conditions.
  - c) Derivatives that are used solely for currency hedging purposes and do not result in leverage or contain additional market risks may be netted when calculating the overall exposure arising from derivatives without having to meet the requirements set out under b) above.
  - d) Covered hedging transactions by interest derivatives are permitted. Convertible bonds do not have to be taken into account when calculating the overall exposure to derivatives.

6. The fund management company may use both standardised and non-standardised derivatives. It may conclude transactions in derivative financial instruments on an exchange or other regulated market open to the public, or in OTC (over-the-counter) trading.
7.
  - a) The fund management company may conclude OTC transactions only with regulated financial intermediaries specialised in such types of transaction that ensure proper execution of the contract. If the counterparty is not the custodian bank, the former or its guarantor must have a high credit rating.
  - b) It must be possible to reliably and verifiably value an OTC derivative on a daily basis and to sell, liquidate or close out the derivative at market value at any time.
  - c) If no market price is available for an OTC derivative, it must be possible to determine the price at any time using an appropriate valuation model that is recognized in practice, based on the market value of the underlyings from which the derivative was derived. Before concluding a contract for such a derivative, specific offers must, in principle, be obtained from at least two counterparties, and the contract concluded with the counterparty providing the most favourable offer in terms of price. Deviations from this principle are permitted for reasons relating to risk diversification, or where other parts of the contract such as credit rating or the range of services offered by the counterparty render another offer more advantageous overall for the investors. Furthermore, and by way of exception, the requirement to obtain offers from at least two potential counterparties may be dispensed with if this is in the investors' best interests. The reasons for doing so must be clearly documented, as must the conclusion of the contract and pricing.
  - d) As part of OTC transactions, the fund management company and its agents may only accept collateral that satisfies the requirements set down in Art. 51 CISO-FINMA. The issuer of the collateral must have a high credit rating, and the collateral may not be issued by the counterparty or by a company that belongs to or is dependent on the counterparty's group. The collateral must be highly liquid, traded at a transparent price on an exchange or other regulated market open to the public, and must be valued at least on each trading day. In managing the collateral, the fund management company and its agents must comply with the duties and requirements under Art. 52 CISO-FINMA. In particular, they must diversify the collateral appropriately in terms of countries, markets, and issuers. Appropriate diversification of issuers is deemed to have been achieved if the collateral of a single issuer held does not correspond to more than 20% of the net asset value. Deviation from this rule is permitted for publicly guaranteed or issued investments pursuant to Art. 83 CISO. The fund management company and its agents must further be able to obtain power of disposal over, and authority to dispose of, the collateral received at any time in the event of default by the counterparty, without involving the counterparty or obtaining its consent. The collateral received must be kept at the custodian bank. The collateral received may be held in safekeeping by a supervised third-party custodian on behalf of the fund management company provided that ownership of the collateral is not transferred and the third-party custodian is independent of the counterparty.
8. In complying with the statutory and contractual investment restrictions (maximum and minimum limits), derivatives must be factored in in accordance with the legislation on collective investment schemes.
9. The prospectus contains further information on this point in cl. 1.9.7 and 1.9.8.

### **§ 13 Raising and granting loans**

1. The fund management company may grant loans to or serve as the guarantor for companies with at least two thirds of the real estate fund's capital and voting rights.

2. With the exception of cl. 1 as well as mortgage notes and other contractual property liens, the fund management company may not grant loans for the account of the real estate fund, nor may it encumber the fund assets with guarantees.
3. The fund management company may borrow money for the account of the real estate fund.

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

1. The fund management company may pledge properties and cede the rights of lien as collateral.
2. However, the average encumbrance of all properties may not exceed one third of the market value. During the first three years after the launch of the fund, the encumbrance of all properties may not exceed 40% of the market value; for this purpose, the exemption from fulfilling the investment restrictions according to § 7 cl. 1 last sentence does not apply.

In order to safeguard liquidity, the encumbrance can temporarily be increased to half the market value by way of exception as long as the interests of the investors remain intact. In this case the auditor must issue a statement on the prerequisites pursuant to Art. 96, cl. 1bis of CISO as part of the audit of the real estate fund.

### **C Investment restrictions**

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

1. The investments must be distributed in terms of property, type of use, age, building structure and location.
2. The investments must be spread over at least ten properties. Residential estates created according to the same constructional principles and adjacent plots of land count as a single property.
3. The market value of a property may not exceed 25% of the fund assets.
4. The fund management company also observes the following investment restrictions in terms of the fund assets in the pursuit of its investment policy according to § 8:
  - a) Building land (including demolition properties, commenced construction and construction projects) pursuant to § 8, cl. 2 lett. a, indent number 5 up to max. 30%;
  - b) Leasehold land up to max. 30%;
  - c) Mortgage notes and other contractual property liens up to max. 10%;
  - d) Units in other real estate funds and real estate investment companies up to max. 25%;
  - e) Combined investments as per a and b above up to max. 40%.

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

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

1. The net asset value of the real estate fund is calculated in euros at market value at the end of the accounting year and at each issue of units. In addition, indicative net asset values are calculated



at the end of each quarter as a minimum.

2. The fund management company draws on independent experts to assess the market value of the properties belonging to the real estate fund at the end of each accounting year and when issuing units. For this purpose the fund management company will commission at least two natural persons or one legal entity as independent valuation experts with the approval of the supervisory authority.

The valuation experts may engage agents abroad in the valuation of foreign properties. In doing so, the valuation experts ensure that the estimate of market value is in line with Swiss regulations and that the agents meet the requirements pursuant to Art. 64, cl. 2 CISA and the requirements of the supervisory authority at all times. The valuation experts are required to inform the fund management company if they involve agents in carrying out their work.

The properties must be physically inspected by the valuation experts at least every three years. The fund management company has the properties valued in advance when acquiring/disposing of properties. A renewed valuation is not necessary in the case of disposals if the current valuation is less than three months old and the circumstances have not changed significantly.

3. Investments traded on a stock exchange or other regulated market open to the public are to be valued at the current prices paid on the main market. Other investments or investments for which no current price is available are to be valued at the price that would probably have been obtained in a diligent sale at the time of the estimate. In such cases, the fund management company will use appropriate and recognised valuation models and principles to determine the market value.
4. Open-ended collective investment schemes are valued at their redemption price/net asset value. If they are regularly traded on an exchange or other regulated market open to the public, the fund management company can value such funds in accordance with cl. 3.
5. The value of short-term fixed income securities that are not traded on an exchange or other regulated market open to the public is determined as follows: The valuation price of such investments is gradually adjusted in line with the repayment price, taking the net purchase price as the basis and ensuring that the investment returns calculated in this manner are kept constant. If there are significant changes in market conditions, the valuation principles for the individual investments will be adjusted in line with the new market returns. If there is no current market price in such instances, calculations are, as a rule, based on the valuation of money market instruments with the same characteristics (quality and domicile of the issuer, issuing currency, term to maturity).
6. Bank deposits are valued at the amount of the claim plus accrued interest. If there are significant changes in market conditions or credit rating, the valuation principles for time deposits will be adjusted in line with the new circumstances.
7. The valuation of properties for the real estate fund is carried out in accordance with the current Asset Management Association Switzerland guideline for real estate funds.
8. The valuation of undeveloped properties is carried out according to the principle of effective costs incurred. Buildings under construction are valued at their market value. This valuation is subjected to annual impairment testing.
9. The net asset value of a unit is determined by the market value of the fund assets, less any liabilities of the real estate fund and any taxes likely to be incurred in the event of liquidation of the real estate fund, divided by the number of units in circulation. Figures are rounded to two decimal places.

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

1. The issue of units is possible at any time but may only be carried out in tranches. The fund management company first offers new units to current investors.

In connection with contributions in kind, based on the approval of the supervisory authority within the meaning of Art. 10, cl. 5 CISA, there is no obligation to first offer the new units to current investors.

2. The redemption of units takes place in accordance with § 5, cl. 5. The fund management company can repay the units terminated during an accounting year early following the end of the latter if:
  - a) the investor requests this in writing at the time of serving notice;
  - b) all investors who have requested early repayment can be satisfied.
3. The fund management company does not ensure regular on- or off-exchange trading of the real estate fund units.
4. The issue and redemption price of units is based on the net asset value per unit calculated in accordance with § 16. In the case of unit issues, an issuing commission may be added to the net asset value and in the case of unit redemptions, a redemption commission may be deducted from the net asset value, pursuant to §18 in both cases. The issue and redemption prices are rounded to the nearest euro.

Incidental costs for the purchase of investments (transfer taxes, notary costs, fees, standard brokerage fees, duties etc.) incurred by the investment fund in connection with the investment of the amount paid in will be charged to the fund assets.

In the case of unit redemptions, the incidental costs incurred on average by the real estate fund in connection with the sale of a portion of investments corresponding to the redeemed units are deducted from the net asset value. The applicable rate for the redemption is listed in the statement of account.

5. The fund management company may suspend the issue of units at any time, and may reject applications for the subscription or conversion of units.
6. The fund management company may, temporarily and by way of exception, defer repayment in respect of fund units in the interests of all investors:
  - a) if a market which forms the basis of the valuation of a significant proportion of the fund assets is closed or if trading on such a market is restricted or suspended;
  - b) in the event of a political, economic, military, monetary or other emergency;
  - c) if owing to exchange controls or restrictions on other asset transfers, the real estate fund is no longer able to transact its business;
  - d) in the event of large-scale redemptions that might significantly impair the interests of the remaining investors.
7. The fund management company shall immediately inform the audit firm and the supervisory authority of any decision to defer redemptions. It must also inform the investors in appropriate suitable manner.
8. No units will be issued for as long as repayment in respect of units are deferred for the reasons cited under clauses 6 a-c.
9. In the event of a subscription, every investor may apply to make deposits into the fund's portfolio instead of making payment in cash ("contribution in kind"). The application must be submitted

together with the subscription. The fund management company is not obliged to permit contributions in kind.

The decision on contributions in kind lies with the fund management company alone, and it approves such transactions only if the execution of the transactions is fully in accordance with the investment policy of the real estate fund and if the interests of the other investors are not impaired.

The costs incurred in connection with contributions in kind may not be charged to the fund assets.

In the event of contributions in kind, the fund management company draws up a report containing information on the individual assets that have been transferred, the market price of these assets on the transfer date, the number of units issued or redeemed in return, and cash payments made to cover peak equalisation. For every contribution in kind, the custodian bank verifies that the fund management company has complied with its duty of loyalty, and also checks the valuation of the assets transferred and the units issued or redeemed as of the relevant key date. Should it have any reservations or complaints, the custodian bank must report these to the audit firm without delay.

Transactions involving contributions in kind must be disclosed in the annual report.

10. If an investor makes a contribution in kind approved by the fund management company, the subscription rights of the existing investors shall be withdrawn.

## **V Fees and incidental costs**

### **§ 18 Fees and incidental costs charged to the investor**

1. On the issue of fund units, the investor may be charged an issuing commission accruing to the fund management company, the custodian bank and/or distributors in Switzerland and abroad, which, in total, may not exceed 5% of the net asset value of the newly issued units. The currently applicable maximum rate is stated in the prospectus.
2. On the redemption of fund units, the investor may be charged a redemption commission accruing to the fund management company, the custodian bank and/or distributors in Switzerland and abroad, which shall not exceed 5% of the net asset value. The currently applicable maximum rate is stated in the prospectus.
3. For the distribution of liquidation proceeds in the event of dissolution of the real estate fund, the investors may be charged a commission of 0.5% of the net asset value of their units.

### **§ 19 Fees and incidental costs charged to the fund assets**

1. For the administration of the real estate fund and the real estate companies and the asset management and distribution in relation to the real estate fund, the fund management company will charge the real estate fund an annual commission of not more than 1.2% of the fund's net asset value, to be charged to the fund assets on a pro rata basis every time the net asset value is calculated and paid out at the end of each quarter (management fee, incl. distribution commission).

The rate of the management fee actually charged is stated in the annual report.

2. For the safekeeping of the fund assets, the handling of payment transactions of the real estate fund and the other tasks of the custodian bank as set out in § 4, the custodian bank shall charge

the real estate fund an annual commission not exceeding 0.10% of the total fund assets (custodian bank fee). Payment is made quarterly on the basis of the total fund assets at the end of the preceding quarter.

The rate of the custodian bank fee actually charged is stated in the annual report.

3. Furthermore, the fund management company and custodian bank are entitled to reimbursement of the following costs incurred in the course of executing the fund contract:
- a) costs in connection with the purchase and sale of investments including hedging transactions (namely standard brokerage fees, commissions, settlement and processing costs, bank fees, taxes and duties) as well as the costs for monitoring and upholding quality standards for physical investments;
  - b) the supervisory authority's fees in relation to the establishment, amendment, liquidation, merger or union of the fund;
  - c) the supervisory authority's annual fees;
  - d) the audit firm's fees for auditing as well as certification in the case of establishment, amendments, liquidation, merger or union of the real estate fund;
  - e) fees for legal and tax advisors in connection with the establishment, amendment, liquidation, merger or union of the real estate fund, as well as generally upholding the interests of the real estate fund and its investors;
  - f) Kosten für die Publikation des Nettoinventarwertes des Immobilienfonds sowie sämtliche Kosten für Mitteilungen an die Anleger, die nicht einem Fehlverhalten der Fondsleitung zuzuschreiben sind einschliesslich der Übersetzungskosten;
  - g) Kosten für den Druck und die Übersetzung juristischer Dokumente sowie der Jahresberichte des Immobilienfonds;
  - h) Costs for any registration of the real estate fund with a foreign supervisory authority, and specifically the commissions levied by the foreign supervisory authority, translation costs and remuneration for the representative or paying agent abroad;
  - i) costs relating to the exercising of voting rights or creditors' rights by the real estate fund including the fees for external advisors;
  - j) costs and fees in connection with intellectual property registered in the name of the real estate fund or rights of use of the real estate fund;
  - k) all costs incurred by the adoption of extraordinary measures to safeguard the interests of the investors by the fund management company, the asset manager of collective investments or the custodian bank.
  - l) costs for the registration or renewal of a legal entity identifier with domestic and foreign registration authorities;
  - m) costs and fees in connection with the listing of the real estate fund;
  - n) costs and fees for the purchase and use of data and data licences, to the extent that they are attributable to the real estate fund and do not represent research costs;
  - o) costs and fees for the use and verification of independent labels.

4. In addition, the fund management company and custodian bank are entitled to reimbursement of the following costs incurred in the course of executing the fund contract:
  - a) costs for the purchase and sale of real estate investments including standard brokerage commissions, advisor and lawyer fees, notary and other fees as well as taxes;
  - b) standard brokerage fees paid to third parties in connection with first-time letting of real estate;
  - c) standard market costs for the management of the properties by third parties;
  - d) property expenditure, provided this is at standard market rates and is not borne by third parties, in particular maintenance and operating costs, including insurance costs, public law duties and costs for service and infrastructure services;
  - e) fees of the independent valuation experts as well as any other experts required for clarifications in the interests of the investors;
  - f) consultancy and procedural costs in connection with the general upholding of the interests of the real estate fund and its investors;
  - g) Costs and fees in connection with ensuring regular on- or off-exchange trading of the units of the real estate fund.
5. The fund management company may charge a commission for its own efforts in connection with the following activities, provided the activity is not performed by third parties:
  - a) purchase and sale of real estate up to a maximum of 2.5% of the purchase or sale price;
  - b) construction of buildings, for renovations and conversions, up to a maximum of 3% of the building costs;
  - c) property management, up to a maximum of 5% of the annual net rental income.
6. The costs, fees and taxes in connection with the construction of buildings, renovations and conversions (specifically standard market planner and architect fees, building permit and connection fees, costs for granting easements etc.) are added directly to the acquisition costs of the real estate investments.
7. The costs under no. 4 let. a and no. 5 let. a are added directly to the cost value and/or deducted from the market value.
8. The services performed by the real estate companies for the members of their executive bodies, management and staff are to be offset against the remuneration to which the fund management company is entitled in accordance with § 19.
9. The fund management company and its agents may, in accordance with the provisions of the prospectus, pay retrocessions as remuneration for distribution activity in respect of fund units, and rebates to reduce the fees or costs incurred by the investor and charged to the real estate fund.
10. Taking any retrocessions and rebates into account, the management fee of the target funds in which investments are made may not exceed 1%.
11. If the fund management company acquires units in other collective investment schemes that are managed directly or indirectly by itself or by a company with which it is related by virtue of common management or control or by way of a significant direct or indirect interest ("related target funds"),

it may not charge any issuing or redemption commissions of the related target funds to the real estate fund.

## **VI Financial statements and audit**

### **§ 20 Financial statements**

1. The unit of account of the real estate fund is the euro.
2. The first accounting year is an extended accounting year and ends on 31 March 2019. Every accounting year after the first accounting period runs from 1 April to 31 March
3. The fund management company shall publish an audited annual report on the real estate fund within four months following the close of the accounting year.
4. The investor retains the right to obtain information in accordance with § 5, cl. 4.

### **§ 21 Audit**

The auditors shall examine whether the fund management company and the custodian bank have acted in compliance with the statutory and contractual provisions as well as any applicable code of conduct of the Asset Management Association Switzerland. The annual report shall contain a short report from the auditors on the information published in the annual financial statements.

## **VII Appropriation of net income and distributions**

### **§ 22**

1. The net income of the real estate fund is distributed annually to the investors in euros within four months following the close of the accounting year at the latest.

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

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

- the net income of the current financial year and the income carried forward from previous accounting years of the real estate fund amounts to less than 1% of the net asset value of the real estate fund and
  - the net income of the current financial year and the income carried forward from previous accounting 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 medium of publication of the real estate fund is stated in the prospectus. Notification of any change in the medium of publication shall be published in the medium of publication.
2. The following information shall in particular be published in the medium of publication: summaries of material amendments to the fund contract, indicating the offices from which the amended wording may be obtained free of charge, any change of fund management company and/or custodian bank, the creation, liquidation or merger of unit classes, as well as the liquidation of the real estate fund. Amendments that are required by law that do not affect the rights of investors or are of an exclusively formal nature may be exempted from the duty to publish, subject to the approval of the supervisory authority.
3. Whenever units are issued or redeemed, the fund management company shall publish both the issue and redemption prices and/or the net asset value together with a footnote “excluding commissions” in the medium of publication specified in the prospectus. Prices are to be published at least once a month. The weeks and weekdays on which publications are made are specified in the prospectus.
4. The fund contract with prospectus and the annual reports may be obtained free of charge from the fund management company, the custodian bank and all distributors.

## **IX Restructuring and dissolution**

### **§ 24 Merger**

1. Subject to the consent of the custodian bank, the fund management company can merge real estate funds by transferring the assets and liabilities of the real estate fund(s) being acquired to the acquiring real estate fund at the time of merger. The investors in the real estate fund being acquired shall receive the corresponding number of units in the acquiring real estate fund. Any fractional amounts will be paid out in cash. The real estate fund being acquired is terminated without liquidation when the merger takes place and the fund contract of the acquiring real estate fund also applies to the real estate fund being acquired.
2. Real estate funds may only be merged if:
  - a) provision for this is made in the relevant fund contracts;
  - b) they are managed by the same fund management company;
  - c) the relevant fund contracts essentially correspond in terms of the following provisions:
    - the investment policy, investment techniques, risk diversification and risks associated with the investment
    - the use of net income and capital gains
    - the type, amount and calculation of all fees, the issue and redemption commissions together with the incidental costs for the purchase and sale of investments (transfer taxes, notary costs, standard brokerage fees, charges, duties) that may be charged to the fund assets or to the investors
    - the redemption conditions

- the duration of the contract and conditions of dissolution
- d) the valuation of the assets of the real estate funds, the calculation of the exchange ratio and the acquisition of assets and liabilities take place on the same day;
- e) no costs arise as a result for either the real estate funds or the investors.

The provisions pursuant to § 19, cl. 4 shall apply.

3. If the merger is likely to take more than one day, the supervisory authority may approve limited deferment of repayment in respect of the units of the real estate funds involved.
4. The fund management company must submit the proposed changes to the fund contract as well as the proposed merger together with the merger schedule to the supervisory authority for review at least one month before the planned publication. 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 real estate fund and the real estate fund being acquired, the calculation of the exchange ratio, any differences with regard to fees, any tax implications for the real estate funds as well as a statement from the audit firm responsible in accordance with the legislation on collective investment schemes.
5. The fund management company must publish a notice of the proposed changes to the fund contract pursuant to § 23, cl. 2 and the proposed merger and its timing together with the merger schedule at least two months before the planned date of merger in the media of publication of the real estate funds in question. In this notice, the fund management company must inform the investors that they may lodge objections against the proposed changes to the fund contract with the supervisory authority within 30 days from the final publication or request redemption of their units.
6. The auditors shall monitor at first hand the proper execution of the merger and submit a report containing their findings to the fund management company and the supervisory authority.
7. The fund management company shall inform the supervisory authority of the conclusion of the merger and publish notification of the completion of the merger, confirmation from the auditors regarding the proper execution of the merger and the exchange ratio without delay in the media of 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 the semi-annual report if published prior to the annual report. If the merger does not take place on the last day of the normal financial year, an audited closing statement must be produced for the real estate fund being acquired.

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

1. The real estate fund has been established for an unlimited period.
2. The fund management company or custodian bank may dissolve the real estate fund by terminating the fund contract subject to a one-month period of notice.
3. The real estate fund may be dissolved by order of the supervisory authority, in particular if at the latest one year after the expiry of the subscription period (launch) or a longer period approved by the supervisory authority at the request of the custodian bank and the fund management company, it does not have net assets of at least 5 million Swiss francs (or the equivalent in euros).
4. The fund management company shall inform the supervisory authority of the dissolution immediately and publish notification in the medium of publication.



5. Once the fund contract has been terminated, the fund management company may liquidate the real estate fund forthwith. If the supervisory authority has ordered the dissolution of the real estate fund, it must be liquidated forthwith. The custodian bank is responsible for paying out the liquidation proceeds to the investors. If the liquidation proceedings are protracted, payment may be made in instalments. The fund management must obtain authorisation from the supervisory authority prior to making the final payment.

## **X Amendments to the fund contract**

### **§ 26**

If changes are made to the present fund contract, or if a change of fund management company or custodian bank is planned, the investor may lodge objections with the supervisory authority within 30 days of publication. The fund management company shall inform the investors in the publication of the changes to the fund contract subject to the review and assessment of legal conformity by FINMA. In the event of a change to the fund contract, the investors can also request the redemption of their units in cash subject to the contractual period of notice. Exceptions in this regard are cases pursuant to § 23, cl. 2 that have been exempted from the duty to publish with the approval of the supervisory authority.

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

### **§ 27**

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

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

2. Only the German version is binding for the interpretation of the fund contract.
3. This fund contract enters into force on 13 November 2024.
4. This fund contract replaces the fund contract dated 1 July 2024.
5. When approving the fund contract, FINMA shall exclusively review the conditions pursuant to Art. 35a, cl. 1 a-g of CISO and assess their conformity with the law.

Approved by the Swiss Financial Market Supervisory Authority FINMA on 11 November 2024.

Fund management company: Swiss Life Asset Management AG, Zurich

Custodian bank: UBS Switzerland AG, Zurich