

# UBS (CH) Property Fund — Direct Urban

Investment fund under Swiss law of the type “Real Estate Fund”

Prospectus with integrated Fund Contract

## Part I Prospectus

This Prospectus with integrated Fund Contract, the key information document and the most recent annual or semi-annual report (if published after the latest annual report) serve as the basis for all subscriptions of units in this Real Estate Fund.

Only the information contained in the Prospectus, in the key information document or in the Fund Contract is deemed valid.

### 1 Information on the Real Estate Fund

#### 1.1 Establishment of the Real Estate Fund in Switzerland

The Fund Contract of UBS (CH) Property Fund – Direct Urban was drawn up by the Fund Management Company UBS Fund Management (Switzerland) AG with the consent of the Custodian Bank UBS Switzerland AG and first approved by the Swiss Financial Market Supervisory Authority (FINMA) in 2012.

#### 1.2 Tax regulations relevant to the Real Estate Fund

The Real Estate Fund has no legal personality in Switzerland. It is essentially not subject to tax on either income or capital. Real estate funds with direct property holdings are an exception. Under the Direct Federal Taxation Act, income from direct property holdings is taxed at the level of the Fund itself and is therefore essentially tax-free for the unit-holder. Capital gains from direct property holdings are also only taxable at the level of the Real Estate Fund. 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. 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%. Income and capital gains from direct property holdings distributed with a coupon as well as capital gains from the sale of property companies and other assets distributed with 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.

Investors domiciled outside Switzerland may reclaim withholding tax under the terms of any double taxation treaty between

Switzerland and their country of domicile. If no such treaty exists, then the withholding tax may not be reclaimed.

This tax information is based on the current legal situation and practice. It is expressly subject to changes in legislation, the decisions of the courts and the decrees and practices of the tax authorities.

The Real Estate Fund has the following tax status:

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

For the purposes of the automatic exchange of information in accordance with the Common Standard on Reporting and Due Diligence for Financial Account Information (CRS) of the Organisation for Economic Co-Operation and Development (OECD), this Fund qualifies as a non-reporting financial institution.

#### FATCA

The Real Estate Fund is registered with the US tax authorities as a Registered Deemed-Compliant Financial Institution under a Model 2 IGA pursuant to sections 1471 through 1474 of the US Internal Revenue Code (Foreign Account Tax Compliance Act, including the corresponding rulings, “FATCA”).

**Taxation and other tax implications for investors who hold, buy and sell fund units are defined by the relevant tax regulations in the investor's country of domicile. The tax consequences may therefore be different for different investors, depending on the country. Potential investors are therefore advised to consult their tax advisor or trustee about the tax consequences applicable to them. Under no circumstances can the Fund Management Company or the Custodian Bank accept responsibility for investors' individual tax consequences from buying and selling or holding fund units.**

#### 1.3 Accounting year

The accounting year runs from 1 July to 30 June.

#### 1.4 External auditors

The audit firm is Ernst & Young AG, Basel.

#### 1.5 Units

Units do not take the form of actual certificates, but exist purely as book entries. Investors are not entitled to demand the delivery of a unit certificate.

### 1.6 Listing and trading

The Fund Management Company ensures the Real Estate Fund units are traded regularly on the SIX Swiss Exchange.

### 1.7 Terms for the issue and redemption of units

Units may be issued at any time. This may only be done in tranches. The Fund Management Company offers new units to existing investors first. The Fund Management Company specifies the intended number of new units to be issued, the subscription ratio for existing investors, the method for issuing subscription rights and the other terms in a separate Prospectus.

The investors may terminate their share at the end of each accounting year subject to a notice period of 12 months. Under certain conditions, the Fund Management Company may prematurely repay units terminated during an accounting year (cf. § 17.2 Fund Contract). If the investor wishes to be repaid prematurely, they must request this in writing at the time of termination. Ordinary as well as premature repayment will be made within three months after the end of the accounting year (cf. § 5.5 Fund Contract).

In accordance with Art. 64 CISA and the Asset Management Association Switzerland (AMAS) Guidelines for Real Estate Funds

(link: [www.am-switzerland.ch](http://www.am-switzerland.ch)), the fund's properties are valued regularly by independent appraisers accredited by the supervisory authority using a dynamic capitalized earnings method. Valuation is at the price that would probably have been obtained in a diligent sale at the time of the estimate. The market value of the properties in the Fund must be reviewed by the appraisers whenever properties are bought and sold and at the end of an accounting year. The market value of the individual properties represents a price that would probably be achievable in a normal transaction assuming both the buyer and seller act diligently. Any opportunities which arise in individual cases, especially when buying and selling properties for the fund, will be exploited in the best interests of the fund. This may result in deviations from valuations.

The issue price corresponds to the net asset value calculated for the issue, plus the incidental costs (property transfer taxes, notary costs, fees, standard brokerage fees, duties etc.) incurred on average by the Real Estate Fund in connection with the investment of the amount paid in, plus the issuing commission. The amount of the incidental costs and the issuing commission are specified section 1.11 of the Prospectus below.

The redemption price corresponds to the net asset value calculated for the redemption, minus the incidental costs (property transfer taxes, notary costs, fees, duties, standard brokerage fees etc.) incurred on average by the Real Estate Fund in connection with the sale of a portion of investments corresponding to the redeemed unit(s), and minus the redemption commission. The amount of the incidental costs and the redemption commission is specified in section 1.11 below.

The issue and redemption prices are rounded to CHF 0.01.

The Fund Management Company publishes the net asset value of the fund units at the same time as notifying the bank or securities dealer entrusted with the regular exchange trading of the units.

### 1.8 Appropriation of income

The net income is generally distributed to the investors within four months of the close of the financial year, free of charge. As a rule, capital gains are not distributed, but are retained in the Fund 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 the Real Estate Fund is principally to preserve capital over the long term and make appropriate distributions of income that are based on careful handling of non-renewable resources and on climate protection.

By being enshrined in norms, strategies and operations, sustainability plays a key role in all decisions made by the Fund Management Company – whether in respect of the managed real estate funds and the underlying real estate assets or the development of the organization.

#### 1.9.2 Investment policy

UBS (CH) Property Fund — Direct Urban primarily invests in real estate in urban areas in Switzerland and in other permissible assets according to the Fund Contract. The Real Estate Fund comprises mainly direct property holdings.

The sustainable investment policy is implemented by **integrating** sustainability criteria into investment decisions, and in managing the properties, especially in relation to resource conservation and climate protection. An internal sustainability assessment is used as part of the process of purchasing properties and for investment properties. Criteria such as ecological quality, building structure, physical environmental risks, efficiency measures in operations and security are taken into consideration. The Fund Management Company has determined the following **sustainability objectives** ("target matrix") for the Real Estate Fund:

- CO<sub>2</sub> emissions (kg CO<sub>2</sub>e/m<sup>2</sup> ERA\*/year):  
-50% by 2030 (basis 2019)\*\*
- Energy consumption (kWh\*\*/m<sup>2</sup> ERA/year):  
-30% by 2040 (basis 2019)\*\*
- Renewable energy sources (share as a % of the portfolio):  
at least 50% by 2040
- Building labels (including energy certificates) for properties:  
at least 90% by 2030
- Portfolio's climate neutrality (net zero CO<sub>2</sub> target):  
100% by 2050\*\*\*
- Coverage rate data: 100% by 2030\*\*\*

\* ERA = energy reference areas

\*\* kWh = kilowatt hour

\*\*\* Fluctuations of up to 5% can occur for short-term transactions

The energy consumption of the entire portfolio is identified on the basis of the energy bills and calculated using performance indicators that are standard in the industry.

The consumption levels are recorded by the fund management companies. A plausibility check is carried out based on internal experience with a focus on identifying data gaps, errors in the distribution keys and errors in the recording of invoices.

In addition, the consumption levels are amended for heating degree days, in order to mitigate weather-related factors and to reflect the effective performance of the building.

The relative indicators are stated per energy reference area (ERA). The ERA is calculated on the basis of rental area (RA) using a fixed key per type of space utilization.

- Residential use:  $ERA = RA * 1.2$
- Commercial use:  $ERA = RA * 1.4$

Using the consumption levels and the ERA and taking the energy source into account, the emission intensity is calculated for every property and the overall portfolio. The methodology follows the Greenhouse Gas Protocol (GHG Protocol), which is the world's most widely used greenhouse gas standard for measuring and managing greenhouse gas emissions. The GHG Protocol is used to account for and standardize the measurement for reporting purposes ([www.ghgprotocol.org](http://www.ghgprotocol.org)).

The indicators are published in the Real Estate Fund's annual report on the following website:

<https://www.ubs.com/ch/de/asset-management/distribution-partners/investment-solutions/real-estate/products.html>

The Fund Management Company also publishes a comprehensive sustainability report every year.

<https://www.ubs.com/ch/de/asset-management/distribution-partners/investment-solutions/real-estate/sustainability.html>

The publication of the indicators and the sustainability reporting therefore meets the standards of the Global Reporting Initiative (GRI), a framework for transparent sustainability reporting ([www.globalreporting.org](http://www.globalreporting.org)).

The indicators are published in the Real Estate Fund's annual report.

The sustainability aspects are incorporated in the overall decision-making process and implemented along the properties' entire life cycle. The Fund Management Company pursues the following sustainability approaches:

#### ESG integration

- Integration of sustainability aspects in investment decisions and in managing the properties, especially in relation to especially in relation to resource conservation and climate

protection; all properties are subject to a sustainability assessment as part of the purchasing process. Criteria such as environmental quality, building structure, physical environmental risks, efficiency measures in operations and security are taken into consideration in an internal sustainability review and influence the purchasing decision. In addition, optimization options are systemically identified for all newly acquired properties and their implementation checked in conjunction with the Real Estate Fund's investment planning: The Fund Management Company reduces water consumption in the properties with water-saving fittings, it replaces appliances exclusively with energy- and water-efficient models or plans and constructs new buildings in line with the latest sustainability standards. Maximum recyclability is targeted with regard to quality and efficiency in using construction materials, as well as a reduction in pollutant emissions.

- Decarbonization measures for investment properties are being implemented within the scope of construction and renovation measures, namely by taking measures to improve energy efficiency and by promoting renewable energies (e.g. incorporation of photovoltaic systems for the sustainable production of electricity from renewable energy sources and renovations to improve energy efficiency and the carbon footprint); investment in renewable heating systems; all new-builds receive external energy certification (e.g. DGNB, GEAK, Minergie, SGNi).
- Maintenance measures for investment properties by identifying optimization measures through the recording and analysis of energy consumption; further optimization measures will be determined in conjunction with the responsible property management.

#### Exclusion criteria (negative screening)

Regarding the approval of tenants and cooperation with service providers (e.g. screening commercial tenants before concluding a contract and when renewing rental contracts for their affiliation with non-compliant industries, such as coal, nuclear, defense, adult entertainment). A zero tolerance policy is operated for **exclusion** criteria.

Detailed information on the investment policy and its restrictions is contained in the Fund Contract (cf. Part II, § 7-15).

#### 1.9.3 Use of derivatives

The Fund Management Company does not use derivatives.

#### 1.10 Net asset value

The net asset value of the Real Estate Fund is calculated at the market value as at the end of the accounting year and whenever units are issued.

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 should the Real Estate Fund be liquidated, divided by the number of units in circulation. It will be rounded to CHF 0.01.

#### 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)

Flat fee charged by the Fund Management Company a maximum of 1% p.a.

The fee is used to cover the administration of the Real Estate Fund and the real estate companies as well as the portfolio management of the Real Estate Fund, and also to remunerate the Custodian Bank for the services it provides.

The flat fee charged by the Fund Management Company is also used to pay rebates in accordance with section 1.11.3 of the Prospectus.

§ 19 of the Fund Contract shows which fees and incidental costs are not covered by the flat-rate management fee.

The rate of the flat fee actually charged is stated in the annual and semi-annual reports.

### 1.11.2 Total expense ratio

The coefficient of the total costs charged to the fund assets on an ongoing basis (total expense ratio, TER) was (since the listing in November 2015):

<i>Financial year</i>	<i>(TER<sup>REF</sup>)- GAV</i>	<i>(TER<sup>REF</sup>) - MV (market value)</i>
2020/2021	0.78%	0.85%
2021/2022	0.78%	0.86%
2022/2023	0.78%	1.06%

### 1.11.3 Payment of retrocessions and discounts

The Fund Management Company and its agents do not pay retrocessions as remuneration for distribution activity in respect of fund units in or from Switzerland.

The Fund Management Company and its agents may on request pay rebates directly to investors. The purpose of rebates is to reduce the fees or costs incurred by the investor in question. Rebates are permitted provided that

- they are paid from fees charged by the Fund Management Company and therefore do not represent an additional charge to the fund assets;
- they are granted on the basis of objective criteria;
- all investors who meet these objective criteria and request rebates are also granted these within the same timeframe and to the same extent.

The objective criteria for the granting of rebates by the Fund Management Company are as follows:

- a) the minimum investment in the Real Estate Funds referred to as "UBS (CH) Property Fund" and "Residentia". Rebates may only be claimed for holdings in "UBS (CH) Property Fund" and "Residentia" in which the investor is the sole legal and beneficial owner and which they do not hold or invest for third parties. This is also the case if an investor holds their portfolio of "UBS (CH) Property Fund" and "Residentia" via various custody accounts (including with third-party banks) and/or mandates within and outside UBS. However, the joint provision of the minimum investment ("aggregation" or "addition") in the real estate funds designated as "UBS (CH) Property Fund" and "Residentia" is allowed in the following, conclusively cited cases and is decisive for the calculation of the corresponding rebate (rebates cannot be aggregated):

- Companies domiciled in Switzerland that belong to the same group pursuant to Art. 963 of the Swiss Code of Obligations (capital and voting control, tax groups), including the company's own pension fund, the purpose of which is to provide occupational benefits, the single-investor fund(s) established specifically for the pension fund, whose beneficial owner is exclusively this aforementioned pension fund, and the assets managed on behalf of this pension fund by an asset manager under a mandate, whose beneficial owner is exclusively this aforementioned pension fund. This aggregation also includes the pension assets that the company's own pension fund has contributed to a collective foundation or that are managed by a collective foundation. Not entitled to a rebate are other "pooling-eligible" solutions/vehicles with or without their own legal personality or investment solutions that exist on the basis of a contractual relationship, asset management units and/or fund management companies that belong to the same group pursuant to Art. 963 of the Swiss Code of Obligations and can set up "pooling-eligible" solutions/vehicles and their "pooling-eligible" solutions/vehicles;

- Insurance companies domiciled in Switzerland that belong to the same group pursuant to Art. 963 of the Swiss Code of Obligations (capital and voting control, tax groups), including the single-investor fund(s) established specifically for the respective insurance company, whose beneficial owner(s) is/are exclusively this/these insurance company(ies), and the assets managed on behalf of this insurance company by an asset manager within the scope of a mandate, whose beneficial owner is exclusively the insurance company. Also included are the company's own pension fund, the purpose of which is to provide occupational benefits, the single-investor fund(s) established specifically for the pension fund, whose beneficial owner is exclusively the aforementioned pension fund, and the assets managed on behalf of this pension fund by an asset manager under a mandate, whose beneficial owner is exclusively the aforementioned pension fund. This aggregation also includes the pension assets that the company's own pension fund has contributed to a collective foundation or that are managed by a collective foundation. Not entitled to a rebate are other "pooling-eligible" solutions/vehicles with or without their own legal personality or investment solutions that exist on the basis of a contractual relationship, asset management units and/or fund management companies that belong to the same group pursuant to Art. 963 of the Swiss Code of Obligations and can set up "pooling-eligible" solutions/vehicles and their "pooling-eligible" solutions/vehicles;

- Pension funds, the purpose of which is to provide occupational benefits including the single-investor fund(s) established specifically for the pension fund, whose beneficial owner is exclusively the aforementioned pension fund, and the assets managed on behalf of this pension fund by an asset manager under a mandate, whose beneficial owner of is exclusively the aforementioned pension fund. Not entitled to a rebate are other "pooling-eligible" solutions/vehicles with or without their own legal personality or investment solutions that exist on the basis of a contractual relationship, asset

management units and/or fund management companies that belong to the same group pursuant to Art. 963 of the Swiss Code of Obligations and can set up “pooling-eligible” solutions/vehicles and their “pooling-eligible” solutions/vehicles.

- b) the existence of a written agreement entered into with UBS, such as a rebate agreement that governs the other remaining details.

The criteria listed under a) and b) must both be met. Collective investment schemes, fund management companies and other “pooling-eligible” solutions/vehicles with or without their own legal personality, and investment solutions that exist on the basis of a contractual relationship that invest in this Real Estate Fund may not request rebates, with the exception of single-investor funds falling within the definition of a) above. At the request of the investor, the Fund Management Company must disclose the amounts of such rebates free of charge.

#### **1.11.4 Fees and incidental costs charged to the investor (excerpt from § 18 of the Fund Contract)**

Issuing commission accruing to the Fund Management Company,

Custodian Bank and/or distributors in

Switzerland and abroad a maximum of 5%

Redemption commission accruing to the Fund Management Company,

Custodian Bank and/or distributors in

Switzerland and abroad a maximum of 2%

#### **1.11.5 Incidental costs accruing to the fund's assets in connection with the investment of the amount paid in or with the sale of investments (excerpt from § 18 and § 19 of the Fund Contract)**

Surcharge on net asset value: a maximum of 5%

Deduction from net asset value: a maximum of 5%

#### **1.11.6 Commission sharing agreements and soft commissions**

The Fund Management Company has not concluded commission sharing agreements. The Fund Management Company has not concluded agreements in respect of soft commissions.

#### **1.11.7 Investments in related collective investment schemes**

In accordance with § 19.6 of the Fund Contract, no issuing and redemption commissions are charged in respect of investments in other 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 Viewing the reports**

The Prospectus with integrated Fund Contract, the key information document and the annual or semi-annual reports, 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**

UBS (CH) Property Fund– Direct Urban is an investment fund under Swiss law of the “Real Estate Fund” type in accordance with the Swiss Federal Act on Collective Investment Schemes of 23 June 2006.

The Real Estate Fund is based upon a collective investment agreement (Fund Contract), under which the Fund Management Company undertakes to provide the investor<sup>0</sup> with a stake in the 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 law and the Fund Contract. The Custodian Bank is party to the Fund Contract in accordance with the tasks delegated to it by the law and the Fund Contract.

### **1.14 The material risks**

The following list of risks is not exhaustive.

#### **1.14.1 General risks**

The material risks associated with this Real Estate Fund are the dependency on economic trends, changes in the Swiss real estate market, limited liquidity, interest rate changes, competition and pricing. The Real Estate Fund is also subject to sustainability risks (see section 1.14.2 below). The occurrence of the aforementioned risks can have an actual or potential material negative impact on the value of the investments and therefore on the assets, financial and earnings position, and on the reputation of the Real Estate Fund.

Such risks cannot be excluded completely.

#### **1.14.2 Sustainability-related risks**

Switzerland currently has no standardized definition of sustainability (“sustainability taxonomy”). In connection with the sustainability criteria, there is a risk that these may not conform with a potential future sustainability taxonomy.

Climate change and its impact harbors potential financial risks. Finance-related climate risks can be divided into two categories: physical risks and transition risks. Physical risks arise if, for example, damage to property increases due to climate-related natural catastrophes. Transition risks arise, for example, due to the intervention of climate policy measures. The impact of physical risks, for example, is hedged as much as possible through insurance against natural forces.

The sustainability criteria (see above) defined by the Fund Management Company allow transition risks to be reduced at the same time, by measuring the portfolio's energy consumption and reporting it using defined ratios (cf. § 8 of the Fund Contract).

As part of its investment process, the Fund Management Company also includes the relevant, sustainability-related risks in its investment decision and assesses them continuously.

### **1.15 Liquidity risk management/information on the liquidity management process**

In accordance with the applicable provisions of the Fund Contract, investors may terminate their units at the end of each

accounting year, subject to a notice period of 12 months. Accordingly, the Fund Management Company identifies, monitors and reports on the liquidity risks of the Real Estate Fund assets with regard to the redemption of units or the net outflow of assets. The instruments and models used allow the analysis of various scenarios and stress tests.

## **2 Information on the Fund Management Company**

### **2.1 General information on the Fund Management Company**

The Fund Management Company is UBS Fund Management (Switzerland) AG, Basel. It has been active in the fund business since its formation as an Aktiengesellschaft (stock corporation) in 1959.

### **2.2 Further information on the Fund Management Company**

As at 31 December 2022, the Fund Management Company managed a total of 407 securities funds and 8 real estate funds in Switzerland with assets totalling CHF 302,081 million. Furthermore, the Fund Management Company provides the following specific services:

- Administration services for collective investment schemes;
- Representation of foreign collective investment schemes.

### **2.3 Management and governing bodies**

#### **Board of Directors**

##### **Members of the Board of Directors:**

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

#### **Executive Board**

- Eugène Del Cioppo, CEO
- Georg Pfister, Deputy CEO and Operating Office, Finance & HR
- Urs Fäs, Real Estate Funds
- Christel Müller, Business Risk Management
- Thomas Reisser, Compliance & Operational Risk Control
- Matthias Börlin, Admin, Custody & Tax Oversight
- Daniel Diaz, Delegation & Investment Risk Management
- Melanie Gut, Corporate & Regulatory Governance
- Patric Schläpfer, Corporate Services
- Hubert Zeller, White Labelling Solutions Switzerland

### **2.4 Subscribed and paid-up capital**

The subscribed share capital of the Fund Management Company amounts to CHF 1 million. The share capital is divided into registered shares and has been fully paid up. UBS Fund Management (Switzerland) AG is a wholly owned group company of UBS Group AG.

### **2.5 Delegation of specific tasks**

Facility management and technical maintenance are delegated to Wincasa AG, Winterthur, Livit AG, Zurich, Apleona Schweiz AG, Wallisellen, Privera AG, Bern and, Tend AG, Schlieren, de Rham & Cie S.A., Lausanne. All of the property management companies have many years of experience in the property industry. Precise details of how their remit is to be fulfilled are laid down in an agreement between UBS Fund Management (Switzerland) AG and the named property managers concerning the maintenance and management of properties.

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

The Fund Management Company exercises the membership and creditors' rights associated with the investments 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 membership and creditors' rights itself or to delegate their exercise to the Custodian Bank or a third party.

In the case of all other events that might have a lasting impact on the interests of the investors,

such as, in particular, the exercise of membership and creditors' rights the Fund Management Company holds 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 portfolio manager, the company concerned, or from voting rights advisors or other third parties, or that it ascertains from the media.

The Fund Management Company is free to waive the exercise of membership and creditors' rights.

## **3 Information on the Custodian Bank**

### **3.1 General information on the Custodian Bank**

The Custodian Bank is UBS Switzerland AG. The bank was founded in 2014 as a stock corporation with its registered office in Zurich, and with effect from 14 June 2015, it took over the Private and Corporate Banking business booked in Switzerland as well as the Wealth Management business of UBS AG booked in Switzerland.

UBS Switzerland AG is a group company of UBS Group AG. With consolidated total assets of USD 1,104,364 million and published capital and reserves of USD 57,218 million as at 31 December 2022, UBS Group AG is financially one of the strongest banks in the world. It employs a staff of 72,597 worldwide and has an extensive network of branches.

### 3.2 Further information on the Custodian Bank

As a universal bank, UBS Switzerland AG offers a wide range of banking services.

The Custodian Bank may delegate the safekeeping of the fund assets to third-party custodians and central securities depositories in Switzerland, provided this is in the interests of proper safekeeping. In respect of financial instruments, such delegation 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 delegation 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.

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 subject to supervision, they are unlikely to meet the organizational 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 exercised the due diligence required in the circumstances in respect of selection, instruction and monitoring.

The Custodian Bank is registered with the US tax authorities as a reporting financial institution under a Model 2 IGA pursuant to sections 1471 through 1474 of the US Internal Revenue Code (Foreign Account Tax Compliance Act, including the corresponding rulings, "FATCA").

## 4 Information on third parties

### 4.1 Paying agents

The paying agents are UBS Switzerland AG, Bahnhofstrasse 45, 8001 Zurich and its branches in Switzerland.

### 4.2 Appraiser

The Fund Management Company has appointed Wüest & Partner AG, Zurich as appraiser, with the approval of the supervisory authority.

Wüest & Partner AG has many years of experience in valuing real estate and the corresponding market knowledge. The precise duties involved are set out in an asset management agreement between UBS Fund Management (Switzerland) AG and Wüest & Partner AG.

The following main persons responsible were appointed within Wüest & Partner AG:

- Andreas Bleisch, Dr. rer. pol., dipl. Ing. ETH
- Pascal Marazzi-de Lima, dipl. Arch. ETH
- Christoph Axmann, MRICS, Master of Engineering, Certified Real Estate Investment Analyst

## 5 Further information

### 5.1 Key data

Valor number	19294039
ISIN	CH0192940390

Accounting currency Swiss franc (CHF)

### 5.2 Publication of official notices by the Real Estate Fund

Further information on the Real Estate Fund may be found in the latest annual or semi-annual report. The latest information can also be found on the Internet at [www.ubs.com/realestate-switzerland](http://www.ubs.com/realestate-switzerland).

In the event of an amendment to the Fund Contract, a change of Fund Management Company or of Custodian Bank, as well as the dissolution of the Fund, the corresponding notice will be published by the Fund Management Company with Swiss Fund Data AG ([www.swissfunddata.ch](http://www.swissfunddata.ch)).

The net asset value is published for each day on which units are issued or redeemed. Net asset values are available at any time from Swiss Fund Data AG ([www.swissfunddata.ch](http://www.swissfunddata.ch)) and are updated annually once the audited annual financial statements are available.

### 5.3 Insurance of property

As a general rule, the properties owned by this Real Estate Fund are insured in the event of fire and water damage and damages that are attributable to causes under civil liability law. This insurance protection includes loss of rental income as a consequential cost of fire and water damage. However, earthquake damage and its consequences are not included in this insurance cover.

### 5.4 Sales restrictions

The regulations valid in the country in question apply to the issue and redemption of units of this Real Estate Fund outside Switzerland.

Units of this Real Estate Fund may not be offered, sold or delivered within the United States.

A US person is any person who:

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

The Fund Management Company and Custodian Bank may prohibit or restrict the sale, distribution or transfer of units to individuals or legal entities in certain countries or areas.

## 6. Further investment information

### 6.1 Profile of the typical investor

The Real Estate Fund is suitable for investors who have a long-term investment horizon, are income-oriented and have a moderate risk appetite. The primary objective is to preserve

the value of the units and offer partial protection against inflation.

#### **7. Detailed regulations**

All further information on the Real Estate 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 II Fund Contract

### I. Basic principles

#### § 1 Name of the Fund; name and registered office of the Fund Management Company and Custodian Bank

1. A contractual fund of the “Real Estate Funds” type has been established under the name of UBS (CH) Property Fund– Direct Urban (the “Real Estate 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 UBS Fund Management (Switzerland) AG, Basel.
3. The Custodian Bank is UBS Switzerland AG, Zurich.

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

#### § 2 The Fund Contract

The legal relationship between the investor, on the one hand, and the Fund Management Company and the Custodian Bank, on the other, is governed by the present 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 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 with 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 organizational measures that are necessary for proper management. They account for the collective investment schemes they manage and provide information on all fees and costs charged directly or indirectly to investors and on compensation received from third parties, in particular commissions, discounts or other pecuniary advantages.
3. The Fund Management Company may delegate investment decisions and specific tasks to third parties, provided this is in the interests of proper management. It shall only appoint persons who have the necessary skills, knowledge and experience for this activity, as well as the necessary authorization. It carefully instructs and monitors the third parties brought in.

The Fund Management Company remains responsible for fulfilling its supervisory duties and must safeguard the interests of the investors when delegating tasks. .

The Fund Management Company is liable for the actions of persons to whom it has delegated tasks as for its own actions.

Investment decisions may only be delegated to asset managers who have the necessary authorization.

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 (cf. § 26).
5. The Fund Management Company may, in accordance with the provisions set down under § 24, merge the Real Estate Fund with other real estate funds or may, in accordance with the provisions set down under § 25, dissolve the Real Estate Fund.
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 is liable to investors for ensuring that the property companies owned by the Real Estate Fund comply with the requirements of CISA and the Fund Contract.
8. The Fund Management Company, its agents and related individuals and legal entities may not acquire or assign real estate assets from or to the Real Estate Fund. In justified individual cases, the supervisory authority may approve exceptions to the ban on related-party transactions if this is in the investors’ interests and, in addition to the estimate of the Real Estate Fund’s established appraiser, an appraiser independent of this appraiser and their employer, the Fund Management Company and the Custodian Bank confirms that the purchase and sale price of the property and the transaction costs are in line with the market.

Once the transaction has been completed the Fund Management Company shall draw up a report showing the individual properties bought or sold and their value on the date of purchase or sale,

with the appraisal report of the established appraiser and the report of the independent appraiser that the purchase or sale price is in line with the market as defined in Art. 32a para. 1 let. c CISO. As part of its audit of the Fund Management Company, the audit firm shall confirm compliance with the particular duty of loyalty in real estate investments. The Fund Management Company shall mention any authorized related-party transactions in the annual report.

#### § 4 The Custodian Bank

1. The Custodian Bank is responsible for the safekeeping of the fund assets, especially unpledged mortgage notes and shares of property companies. It handles the issue and redemption of fund units as well as payment transfers on behalf of the Real Estate Fund. It may arrange for accounts to be run 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

counter value is transferred within the usual time limit. It notifies the Fund Management Company if the counter value 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 a manner that it is, at all times, able to distinguish between 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 ensure the provision of transparent financial statements and provide appropriate information on the collective investment schemes they hold in safekeeping, provide information on all fees and costs charged directly or indirectly to investors and on compensation received from third parties, in particular, commissions, discounts or other pecuniary advantages.
5. The Custodian Bank may delegate the safekeeping of the fund assets to third-party custodians and central securities depositories in Switzerland, 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 delegation of safekeeping to third-party custodians and central securities depositories.

In respect of financial instruments, the delegation 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 delegation 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 that net 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, its agents and associated individuals and legal entities may not take over or assign any real estate assets from or to the Real Estate Fund.

In justified individual cases, the supervisory authority may approve exceptions to the ban on related-party transactions if this is in investors' interests and, in addition to the estimate of the Real Estate Fund's standing appraisers, an appraiser independent of those appraisers and their employer, the Fund Management Company and the Custodian confirms that the purchase and sale price of the property and the transaction costs are in line with the market.

As part of its audit of the Fund Management Company, the audit firm shall confirm compliance with the particular duty of loyalty in real estate investments.

## § 5 The investors

1. There are no restrictions in terms of investor eligibility.
2. On concluding the contract and making a payment in cash, the investor acquires a claim against the Fund Management Company in respect of participation in the assets and income of the Real Estate Fund. The investor's claim is evidenced in the form of fund units.
3. Investors are obliged only to remit payment for the units of the Fund they subscribe. They are not held personally liable for the liabilities of the 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, 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 each 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.

If units are terminated during an accounting year, the Fund Management Company may, under certain conditions, prematurely repay them after the end of that year (cf. § 17.2).

Ordinary as well as premature repayment will be made within three months of the end of the accounting year.

6. 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.
7. The Fund Management Company, in cooperation 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 investor has acquired or holds 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;

## § 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 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.

The Real Estate Fund is not divided into unit classes.

Units do not take the form of actual certificates, but exist purely as book entries. Investors are 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 implementing the investment policy pursuant to § 8, the Fund Management Company must adhere to the principle of balanced risk diversification and must observe the percentage limits defined below. These percentages relate to the fund assets at market value and must be complied with at all times. This Real Estate Fund must comply with the investment restrictions in accordance with § 15.
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.

##### § 8 Investment policy

1. The Fund Management Company invests the assets of this Real Estate Fund in real estate assets and projects in Switzerland, i.e. in land and accessories. This primarily involves acquiring real estate assets in urban areas. UBS (CH) Property Fund — Direct Urban comprises mainly direct property holdings. The properties are entered in the land registry in the name of the Fund Management Company and with a note on their affiliation to the Real Estate Fund. Normal co-ownership of properties is permitted, provided the Fund Management Company can exercise a controlling influence, i.e. it holds the majority of ownership units and votes.
2. The following investments are permissible in the Fund:
  - a) Properties including accessories; properties comprise:
    - a. Residential properties in the sense of premises used for residential purposes;
    - b. Properties used commercially;
    - c. Mixed-use buildings;
    - d. Condominiums;
    - e. Building land (including properties to be demolished) and buildings under construction; vacant sites must be connected to utilities, be suitable for immediate construction and have a valid construction permit for their development. Building work must be able to commence before the construction permit expires;
    - f. Leasehold properties (including buildings and easements).
  - b) Interests in and claims on real estate companies whose sole purpose is to buy and sell, rent and lease their own properties, provided at least two-thirds of their capital and votes are in real estate funds;
  - c) Units in other Swiss real estate funds (including real estate investment trusts) and real estate investment companies and certificates in all currencies listed

on an exchange or other regulated market open to the public.

Subject to the provisions of § 19, the Fund Management Company may acquire units in target funds managed directly or indirectly by the Fund Management Company itself or by a company to which the Fund Management Company is related by virtue of common management or control, or by a significant direct or indirect interest;

- d) Mortgage notes and other contractual mortgage rights;
3. The Fund Management Company may arrange for buildings to be constructed for the fund's account. In such cases, for the period of preparation, construction or renovation, it may credit the income statement of the Fund with interim interest for land and buildings under construction at the market rate, provided the costs do not exceed the estimated market value.
4. The Fund Management Company seeks to achieve sustainable real estate management. The investment objective of the Real Estate Fund is principally to preserve capital over the long term and make appropriate distributions of income that are based on careful handling of non-renewable resources and climate protection.
 

The sustainability aspects are incorporated in the overall decision-making process on the basis of the sustainability approaches of **ESG integration and exclusion** described in section 1.9.2 of the Prospectus and implemented along the properties' entire life cycle.

The Fund Management Company has determined the following **sustainability objectives** ('target matrix') for the Real Estate Fund:

  - CO<sub>2</sub> emissions (kg CO<sub>2</sub>e/m<sup>2</sup> ERA\*/year)<sup>\*\*\*</sup>  
-50% by 2030 (basis 2019)<sup>\*\*\*</sup>
  - Energy consumption (kWh\*\*/m<sup>2</sup> ERA/year)  
-30% by 2040 (basis 2019)<sup>\*\*\*</sup>
  - Renewable energy sources (share as a % of the portfolio) at least 50% by 2040
  - Building labels (including energy certificates) for properties at least 90% by 2030
  - Portfolio's climate neutrality (net zero CO<sub>2</sub> target) 100% by 2050<sup>\*\*\*</sup>
  - Coverage rate data: 100% by 2030<sup>\*\*\*</sup>

\* ERA = energy reference areas  
\*\* kWh = kilowatt hour  
\*\*\* Fluctuations of up to 5% can occur for short-term transactions
5. The Fund Management Company must ensure appropriate liquidity management. The details will be disclosed in the Prospectus.

##### § 9 Securing liabilities and liquid assets

1. To secure liabilities, the Fund Management Company must hold an appropriate portion of fund assets in short-term fixed-interest securities or liquid assets. It may hold such securities and assets in the accounting currency of

the Fund or other currencies in which the liabilities are denominated.

2. Loans, operating obligations and all obligations in respect of units redeemed shall be deemed liabilities.
3. Debt securities with a term or residual term of 12 months or less shall be deemed short-term fixed-interest securities.
4. Cash, credit balances at banks or the post office at sight or on call or with terms of 12 months or less and firmly committed credit facilities from a bank for up to 10% of the Fund's net assets shall be deemed liquid assets. The maximum limit on permissible pledging pursuant to § 14.2 shall be deducted from the credit facilities.
5. Fixed-interest securities with a term or residual term of up to 24 months may be held to secure forthcoming construction projects.

## **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**

The Fund Management Company does not use derivatives.

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

1. The Fund Management Company may not grant loans for the Real Estate Fund's account, with the exception of receivables from real estate companies owned by the Real Estate Fund, mortgage notes and other contractual mortgage rights.
2. The Fund Management Company may borrow for the Real Estate Fund's account.

### **§ 14 Pledging properties**

1. The Fund Management Company may pledge property and transfer the pledges as security.
2. Total pledges on all properties may not exceed one-third of market value on average. To preserve liquidity, the pledges may, temporarily and by way of exception, be increased to half of market value, provided the interests of the investors are safeguarded. In such cases, the audit firm must comment on the requirements according to Art. 96 para. 1bis CISO as part of its audit of the Real Estate Fund.

## **C Investment restrictions**

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

1. Investment must be diversified by property, usage, age, type of construction and location.
2. Investments must be diversified across at least ten sites. Developments built on the same construction principles and adjacent plots shall be deemed a single site.

3. The market value of a site may not exceed 25% of fund assets.
4. In pursuing the investment policy pursuant to § 8, the Fund Management Company shall also observe the following investment restrictions in respect of fund assets:
  - a) Building land (including properties to be demolished) and buildings under construction may not exceed 30%;
  - b) Leasehold properties may not exceed 30%;
  - c) Mortgage notes and other contractual mortgage rights may not exceed 10%;
  - d) Units in other real estate funds (including real estate investment trusts) and real estate investment companies and certificates listed on an exchange or other regulated market open to the public may not exceed 25%;
  - e) Investments under letters a) and b) above may not in total exceed 40%.

## **IV. Calculation of the net asset value, issue and redemption of units, and appraiser**

### **§ 16 Calculation of the net asset value and use of an appraiser**

1. The net asset value of the Real Estate Fund is calculated in Swiss francs at the market value as at the end of the accounting year and whenever units are issued.
2. The Fund Management Company arranges for the market value of properties belonging to the Real Estate Fund to be reviewed by the appraiser at the end of each accounting year and whenever units are issued. When units are issued, a new appraisal is not required where the existing appraisal is not older than six months. For this purpose, the Fund Management Company shall, with the approval of the supervisory authority, appoint a legal entity as an independent appraiser. The appraiser must revisit the properties at least every three years. The Fund Management Company arranges for properties to be appraised in advance of purchases and sales. A new appraisal is not required for sales where the existing appraisal is less than three months old and circumstances have not materially changed.
3. Securities traded on an 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 recognized 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

may value such funds in accordance with section 3 above.

5. The value of short-term fixed-interest 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 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. Postal and 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 bank deposits will be adjusted in line with the new circumstances.
7. Properties are valued for the Real Estate Fund using the latest AMAS Guidelines for Real Estate Funds.
8. Building land or buildings under construction is valued according to the market value principle. The Fund Management Company arranges for buildings under construction that are listed at market value to be appraised at the end of the accounting year.
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 should the Real Estate Fund be liquidated, divided by the number of units in circulation. It will be rounded to CHF 0.01.

#### **§ 17 Issue and redemption of units as well as trade**

1. Units may be issued at any time, but this is done only in tranches. The Fund Management Company offers new units to existing investors first.
2. Units are redeemed and paid out in accordance with § 5.5. If units are terminated during an accounting year, the Fund Management Company may prematurely repay them after the end of that year provided that:
  - a) the investor requests this in writing at the time of termination;
  - b) all investors who wish to be repaid prematurely can be satisfied. In addition, the Fund Management Company ensures the Real Estate Fund units are traded regularly on- or off-exchange via a bank or securities dealer. The details are governed by the Prospectus.
3. The issue and redemption price of units is based on the net asset value per unit, calculated pursuant to § 16. In the case of unit issues, the incidental costs (property transfer taxes, notary costs, fees, standard brokerage fees, duties etc.) incurred on average by the Real Estate Fund in connection with the investment of the amount paid in will be added to the net asset value. 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 unit(s) will be deducted from the net asset value. The incidental costs are listed in the Prospectus and in the key information document. In the case of unit issues, an issuing commission may also be added to the net asset value pursuant to § 18. In the case of unit redemptions, a redemption commission may be deducted from the net asset value pursuant to § 18.

4. The Fund Management Company may suspend the issue of units at any time, and may reject applications for the subscription or conversion of units.
5. 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 of units that might significantly impair the interests of the remaining investors.
6. The Fund Management Company will immediately inform the audit firm and the supervisory authority of any decision to defer redemptions. It must also inform the investors in a suitable manner.
7. No units will be issued for as long as repayments in respect of units are deferred for the reasons stipulated under section 5 a) to c).

#### **V. Fees and incidental costs**

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

1. On the issue of fund units, the investors may be charged an issuing commission accruing to the Fund Management Company, the Custodian Bank and/or distributors in Switzerland or abroad which, in total, may not exceed 5% of the net asset value. The currently applicable maximum rate is stated in the Prospectus and in the key information document.
2. On the redemption of fund units, the investors may be charged a redemption commission accruing to the Fund Management Company, the Custodian Bank and/or distributors in Switzerland and abroad which, in total, may not exceed 2% of the net asset value. The currently applicable maximum rate is stated in the Prospectus and in the key information document.
3. When units are issued and redeemed, the Fund Management Company will also charge the incidental costs incurred by the Real Estate Fund on average in the investment of the amount paid in or the sale of a portion of the investments corresponding to the units redeemed

(cf. § 17.3), this accruing to the fund assets. The incidental costs are listed in the Prospectus and in the key information document.

### § 19 Fees and incidental costs charged to the Fund's assets

1. For the administration of the Real Estate Fund and the property companies, the portfolio management of the Real Estate Fund as well as all tasks of the Custodian Bank such as the safekeeping of the fund assets, the handling of the Fund's payment transactions and the performance of the other tasks listed under § 4, the Fund Management Company will charge the Real Estate Fund a flat fee not exceeding 1% p.a. of average total fund assets, invoiced quarterly (flat fee). The rate of the flat fee actually charged is stated in the annual and semi-annual reports.
2. The following fees and incidental costs are not included in the flat fee and will be charged additionally to the fund assets:
  - a) costs for buying and selling real estate investments, specifically standard brokerage fees, commissions, taxes and duties and costs for reviewing and maintaining the quality standards of physical investments;
  - b) the supervisory authority's fees in relation to the establishment, amendment, liquidation or merger of the Real Estate Fund;
  - c) the supervisory authority's annual fees;
  - d) the audit firm's fees for annual auditing as well as certification in the case of establishment, amendments, liquidation or mergers of the Real Estate Fund;
  - e) fees for legal and tax advisors in connection with the establishment, amendment, liquidation or merger of the Real Estate Fund, as well as generally upholding the interests of the Real Estate Fund and its investors;
  - f) the cost of 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;
  - g) costs relating to the exercising of voting rights or creditors' rights by the Real Estate Fund, including the cost of fees paid to external advisors;
  - h) costs and fees relating to intellectual property registered in the name of the fund or with rights of use for the Real Estate Fund;
  - i) all costs incurred through any extraordinary steps taken to safeguard the interests of the investors by the Fund Management Company, asset manager of collective investment schemes or Custodian Bank.
3. Furthermore, the Fund Management Company and the Custodian Bank are entitled to reimbursement of the following costs incurred in executing the Fund Contract:
  - costs for buying and selling real estate investments, specifically standard brokerage fees, consultants' and legal fees, notary and other fees, and taxes;
  - standard brokerage fees paid to third parties in conjunction with the initial letting of new buildings or after renovation;
  - real estate expense, in particular maintenance and operating costs including insurance costs, public-law charges for infrastructure and other services, provided this is standard and not met by third parties;
  - fees payable to the appraiser and any other experts for clarifications that serve the interests of the investors;
  - advisory add procedural costs incurred in connection with generally upholding the interests of the Real Estate Fund and its investors, in particular with authorities and before the court;
  - credit brokering costs and costs related to loan processing.
4. The Fund Management Company can charge commission for its own work involved with the following activities, provided the activity is not performed by third parties:
  - a) buying and selling properties, up to maximum 2% of the purchase or selling price;
  - b) constructing buildings, carrying out renovations and conversions, up to a maximum of 3% of the construction costs;
5. The costs, fees and taxes in connection with the construction of buildings, renovations and conversions (standard planners' and architects' fees, building permit and connection fees, costs for the granting of easements etc.) are added directly to the production costs of the real estate investments.
6. The costs according to sections 2 a) and 3 first lemma are directly added to the cost value or deducted from the sales value.
7. Benefits provided by property companies to the members of their boards of directors, executive boards or staff must be deducted from the remuneration owed to the Fund Management Company under § 19.
8. The Fund Management Company and its agents do not pay any retrocessions as remuneration for distribution activity in respect of fund units. However, they may, in accordance with the provisions of the Prospectus, pay rebates to reduce the fees or costs incurred by the investor and charged to the Fund.
9. If the Fund Management Company acquires units in other collective investment schemes that are managed directly or indirectly by the Fund Management Company itself or a company to which it is related by virtue of common management or control or by a significant direct or indirect interest ("related target funds"), no issuing or redemption commissions of the related target funds may be charged to the Fund.

Taking any retrocessions and rebates into account, the management fee of the target funds in which investments are made may not exceed 1.5%. The maximum rate of the management fee of the target funds in which investments are made, taking any retrocessions and rebates into account, must be disclosed in the annual report.

## **VI. Financial statements and audit**

### **§ 20 Financial statements**

1. The Real Estate Fund's accounting currency is the Swiss franc (CHF).
2. The accounting year runs from 1 July to 30 June.
3. The Fund Management Company publishes an audited annual report for the Real Estate Fund within four months of the end of the accounting year.
4. The Fund Management Company publishes a semi-annual report within two months of the end of the first half of the accounting year.
5. The investor's right to obtain information under § 5.4 is reserved.

### **§ 21 Audit**

The audit firm examines each year whether the Fund Management Company and the Custodian Bank have complied with the statutory and contractual provisions, and with the code of conduct of the Asset Management Association Switzerland AMAS. The annual report contains a short report by the audit firm on the published annual financial statements.

## **VII. Appropriation of net income**

### **§ 22**

1. The net income of the Real Estate Fund is distributed annually to the investors in the fund's accounting currency (CHF) within four months of 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 net income in the current financial year may be carried forward to the new account, in addition to the amount carried forward in the previous year.

A distribution may be waived and the entire net income may be carried forward to the new account if

- the net income in the current financial year and income carried forward from previous accounting years of the Real Estate Fund is less than 1% of the net asset value of the collective investment scheme, and
  - the net income in the current financial year and income carried forward from previous accounting years of the Real Estate Fund is less than one unit of the accounting currency of the collective investment scheme.
2. Capital gains realized on the sale of assets and rights may be distributed by the Fund Management Company or retained for the purpose of reinvesting.

## **VIII. Publication of official notices by the Real Estate Fund**

### **§ 23**

1. The medium of publication of the Real Estate Fund is the print medium or electronic medium specified in the Prospectus. Notification of any change in the medium of publication must be published in the medium of publication.
2. The following information must, 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, dissolution or merger of unit classes; and 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. Each time units are issued or redeemed, the Fund Management Company will publish the issue and the redemption prices or the net asset value together with a note stating "excluding commissions" in the print medium or electronic medium specified in the Prospectus. Net asset values are available at any time in the electronic medium specified in the Prospectus and are updated annually once the audited annual financial statements are available.
4. The Prospectus with integrated Fund Contract, the key information document and the annual or semi-annual reports, may be obtained free of charge from the Fund Management Company, the Custodian Bank and all distributors.

## **IX. Restructuring and dissolution**

### **§ 24 Mergers**

1. Subject to the consent of the Custodian Bank, the Fund Management Company may merge funds by transferring the assets and liabilities as at the time of the merger of the fund(s) being acquired to the acquiring fund. The investors of the fund(s) being transferred will receive the corresponding number of units in the acquiring fund. Any fractions will be paid in cash. The fund(s) being transferred is/are terminated without liquidation when the merger takes place, and the Fund Contract of the acquiring fund will also apply for the fund(s) being acquired.
2. Funds may be merged only 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 the risks associated with the investment;



- the appropriation of net income and capital gains from the sale of assets and rights;
  - the type, amount and calculation of all fees, issue and redemption commissions, and the incidental costs for the purchase and sale of the investments (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 the conditions of dissolution;
- d) the assets of the funds concerned are valued, the exchange ratio is calculated, and the assets and liabilities are acquired on the same day;
- e) no costs arise as a result for either the fund or the investors.

The provisions of § 19.2 are reserved.

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 funds involved.
4. At least one month before the planned publication, the Fund Management Company must submit the proposed changes to the Fund Contract, and the proposed merger, as well as the merger schedule to the supervisory authority for review. The merger schedule must contain information on the reasons for the merger, the investment policies of the real estate funds involved and any differences between the acquiring fund and the fund being acquired, the calculation of the exchange ratio, any differences with regard to fees and any tax implications for the 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 § 23.2 and the proposed merger and its timing, as well as the merger schedule, at least two months before the planned date of merger in the medium 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 to the proposed changes to the Fund Contract with the supervisory authority or request redemption of their units within 30 days of the last publication.
6. The audit firm must check directly that the merger is being carried out correctly, and must submit a report containing its comments in this regard to the Fund Management Company and the supervisory authority.
7. The Fund Management Company must inform the supervisory authority of the conclusion of the merger, and publish notification of the completion of the merger, confirmation from the audit firm of the proper execution of the merger, and the exchange ratio, without delay in the medium 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 usual financial year, an audited closing statement must be produced for the fund being acquired.

#### **§ 25 Duration of the Real Estate Fund and dissolution**

1. The Real Estate Fund has been established for an indefinite period.
2. The Fund Management Company or the Custodian Bank may dissolve the Real Estate Fund by terminating the Fund Contract without 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 extended 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 CHF 5 million (or the equivalent).
4. The Fund Management Company must inform the supervisory authority of the dissolution immediately and must 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 the payment of liquidation proceeds to the investors. If the liquidation proceedings are protracted, payment may be made in instalments. The Fund Management Company must obtain authorization from the supervisory authority prior to the final payment.

#### **X. Amendment of the Fund Contract**

##### **§ 26**

If any amendments are to be made to the present Fund Contract, or if a change of Fund Management Company or of Custodian Bank is planned, the investors may lodge objections with the supervisory authority within 30 days after the corresponding publication. In the publication, the Fund Management Company must inform the investors about which amendments to the Fund Contract are covered by FINMA's verification and check for compliance with the law.

In the event of a change to the Fund Contract, the investors may also demand the redemption of their units in cash subject to the contractual period of notice. Exceptions in this regard are cases pursuant to § 23.2 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 Fund is subject to Swiss law, in particular the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 (CISA), the Ordinance on Collective Investment Schemes of 22 November 2006 and the Ordinance of the Swiss Financial Market Supervisory Authority FINMA on Collective Investment Schemes of 21 December 2006. The place of jurisdiction is the registered office of the Fund Management Company.

2. When approving the Fund Contract, FINMA verifies only the provisions pursuant to Art. 35a para. 1 let. a–g CISO and ensures their compliance with the law.
3. The German version is binding in all matters of interpretation relating to the present Fund Contract.
4. This Fund Contract replaces the Fund Contract dated 27 June 2018.
5. The present Fund Contract takes effect on 12 August 2022.

UBS Fund Management (Switzerland) AG  
Aeschenvorstadt 1  
CH-4051 Basel

UBS Switzerland AG  
Bahnhofstrasse 45  
CH-8001 Zurich

UBS Fund Management (Switzerland) AG and UBS Switzerland AG form part of the UBS Group.  
© UBS 2022 The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved

