



J. SAFRA SARASIN



# Suisse Romande Property Fund

**Real Estate Fund regulated under Swiss Law**

**Sales Prospectus with integrated fund contract**

**Fund Management company**

JSS Real Estate Management SA  
4, rue de la Corraterie  
CH-1204 Geneva

**Custodian Bank**

Bank J. Safra Sarasin AG  
Elisabethenstrasse 62  
CH-4051 Basel



## Part II: Fund Contract

### I. Basic Principles

#### §1 Fund Name, Name and Registered Office of Fund Management Company, Custodian Bank and Asset Manager

1. « Suisse Romande Property Fund » has been established as a contractual investment fund of the “real estate” category (hereinafter “fund”, “investment fund” or “real estate investment fund”) in accordance with Art. 25 ff. in conjunction with Art. 58 ff. of the Swiss Federal Act on Collective Investment Schemes of June 23, 2006 (CISA).
2. The fund management company is JSS Real Estate Management SA, in Geneva.
3. The Custodian bank is Bank J. Safra Sarasin AG, in Basel (hereinafter JSSB).
4. JSSB Bank and/or any other bank with its registered office or a branch in Switzerland shall act as the market maker for the fund. The fund management company is entitled to appoint several market makers. The market makers shall be specified in the sales prospectus.
5. The investment decisions may not be transferred.
6. In accordance with Art. 78 para. 4 CISA and at the request of the fund management company and with the consent of the custodian bank, the supervisory authority agreed to exempt the present investment fund from the requirements to pay acquired real estate assets solely in cash.

### 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 shall be 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 real estate fund at its own discretion and in its own name but for the account of the investors. In particular, it decides on the issue of units, investments and their valuation. It calculates the net asset value and determines issue and redemption prices in addition to income distributions. It exercises all rights associated with the real estate investment fund.
2. The fund management company and its agents shall fulfill the requirements associated with the duty 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 provisions of transparent financial statements and provide appropriate information about the real estate investment fund. They communicate to investors all expenses and costs charged directly or indirectly, as well as their use; they inform investors in a complete, honest and understandable manner concerning the remuneration received for the distribution of collective investment in the form of commissions, brokerage fees and other pecuniary benefits.
3. The fund management company may delegate investment decisions as well as specific tasks, provided this is in the interest of efficient management. It shall appoint only those persons who are properly qualified to execute appropriately the delegate tasks, and ensure they receive their instructions, monitoring and control required for the implementation of the assigned tasks. The fund management company is liable for the actions of its agents as if they were its own.

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4. Amendments to the fund contract must be submitted by the fund management company, with the consent of the custodian bank, to the supervisory authority (cf § 27).
5. The fund management company may merge the present real estate investment fund with other real estate investment fund, in accordance with the provisions of § 25 , or decide to dissolve it, in accordance with the provisions of § 26.
6. The fund management company ensures that the market maker(s) shall organize a regular and open OTC market for all the units classes of the investment fund, at least on a weekly basis.
7. The fund management company may give the market maker(s) information or data relating to the net asset value, to the evolution of the investment fund's assets or similar information provided such data is simultaneously held at investor's disposal.
8. The fund management company is entitled to receive the fees stipulated in §§ 19 and 20. It is further entitled to be exempt from any liability which may have arisen in the course of the proper execution of its duties under the collective investment contract and to receive reimbursement of the expenses incurred in connection with such liabilities.
9. The fund management company assures the investors that the real estate companies making up the real estate investment fund are compliant with the provisions of the CISA and the fund contract.
10. The fund management company 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

Individual situations may arise where the supervisory authority may grant an exemption from the ban on transactions with closely related persons as defined above if this is justified and in the interest of the investors. In addition to the valuation by the regular valuation experts for the real estate investment fund, an independent valuation expert confirms the market conformity of the purchase and sale price for the real estate asset, and of the transaction costs.

Following the conclusion of the transaction, the fund management company prepares a report containing information on the different real estate values acquired or transferred and on the value on the day of

reference of the purchase or sale, together with the appraisal report of the permanent expert in charge of the estimates and the market compliance report of the price of purchase or sale within the meaning of Art. 32 prov. 1 let. C CISO.

The audit company confirms to the fund management company or to the SICAV adherence to the special duty of loyalty in relation with the real estate investment.

The fund management company must make reference to the transactions agreed with related persons in the annual report of the real estate investment fund.

### §4 Custodian Bank and Market Maker

1. The custodian bank is responsible for the safekeeping of the investment fund's assets, including the mortgage notes against which no loans have been raised, as well as the shares in real estate companies. The custodian bank handles the issue and redemption of fund units as well as payment transfers on behalf of the real estate investment fund. It may hold accounts with third parties for the purpose of the ongoing management of real estate assets.
2. The custodian bank and its agents shall fulfill the requirements associated with the duty of loyalty, due diligence and disclosure. They act independently and exclusively in the interest of the investors. They implement the organizational measures that are necessary for proper management. They ensure the provisions of transparent financial statements and provide appropriate information about the real estate investment fund.
3. The custodian bank is responsible for account and safekeeping account management, but does not have independent access to their assets.
4. The custodian bank ensures that in the case of transactions relating to the assets of the collective investment scheme the counter-value is transferred thereto within the usual time limit. It notifies the fund management company if the counter-value is not refunded within the usual time limit and where possible requests reimbursement for the asset item concerned from the counterparty.
5. The custodian bank keeps the required records and accounts in such manner that it is at all time able to

distinguish between the assets held in safe custody of the individual collective investment scheme. In relation to assets that cannot be placed in safe custody, it verifies ownership of the fund management company and keeps a record thereof.

6. The custodian bank may transfer the responsibility for the safekeeping of the investment fund's assets to third-party custodians and collective securities depositories in Switzerland or abroad, provided this is in the interest of efficient safekeeping.

It shall verify and monitor that such third party or collective securities depository:

- 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) keeps the assets received from the custodian bank in safe custody in such manner that by means of regular portfolio comparisons between the portfolio and the accounts, they can at all time be clearly identified as belonging to the fund's assets by means of regular checks of the concordance between the portfolio and the accounts;
- 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 conflict of interest. When the fulfillment of a task is assigned to a third party, the custodian bank is liable for the losses caused by that third party, unless it proves that it applied the degree of due diligence with regard to the selection, instruction and monitoring required in the given circumstances. The sales prospectus shall contain information about the risks associated with such transfers.

Financial instruments may only be transferred to regulated third party custodians and collective securities depositories. This does not apply to mandatory safekeeping at a location where the transfer to regulated third-party custodian and collective securities depositories is not possible, in particular due to mandatory legal provisions or to the investment product's modalities.

7. The custodian bank ensures that the fund management company complies with the Collective Investment Schemes Act and with the fund contract. It verifies whether the calculation of the net asset val-

ue and of the issue and redemption prices of the units as well as the investment decisions are in compliance with the Collective Investment Schemes Act and with the fund contract, and whether the 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 within the limits of the investment regulations. The custodian bank is responsible for the monitoring of the investors authorized to invest in the present investment fund, at each subscription.

8. The custodian bank is entitled to receive the fees stipulated in §§ 19 and 20. It is further entitled to be exempt from any liabilities which may have arisen in the course of the proper execution of its duties under the collective investment contract and to receive reimbursement of the expenses incurred in connection with such liabilities.
9. The custodian bank and its agents, as well as closely related natural and legal persons, may not acquire real estate assets from the real estate fund or assign any such assets to it, subject to the provisions or § 3 item 8.
10. The custodian bank is not responsible for the safekeeping of the assets of target funds in which the investment fund invests unless responsibility for such task has been transferred to it.

## §5 The Investors

1. Investor eligibility is not restricted.
2. On concluding the contract and paying in cash, the investors acquire a claim against the fund management company to participate in the assets and income of the real estate fund, in accordance with the fund units they acquire. At the request of the investors and with the fund manager's approval, it will be possible to bring contributions in kind into the fund instead of paying for the fund units in cash, pursuant to §18. The investors' claim is evidenced in the form of fund units.
3. The investors are only obliged to remit payment for the units of the real estate fund which they subscribe. They shall not be held personally liable of the real estate fund.
4. The fund management company shall request supply investors with information concerning the basis for the calculation of the net asset value per unit. If

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investors express an interest in more detailed information on specific business transactions effected by the fund management company, such as the exercising of membership and creditor's rights, or on risk management they must be given such information at any time. The investors may request at the courts of the registered office of the fund management company that the audit company 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 a financial year subject to a twelve-month period of notice and demand that their share in the real estate investment fund be paid out in cash.

Within established terms, the fund management company may redeem in advance units redeemed during a financial year (see § 17, para. 2).

Both standard redemption and advance redemption must take place within a maximum of two months after the end of the financial year.

6. If requested to do so, the investors shall provide the fund management company, the custodian bank and its agents with proof that they comply with or continue to comply with the provisions laid down in the law or the fund contract in respect of participation in the investment fund. Furthermore, they must inform the fund management company, the custodian bank and its agents immediately once they no longer meet these prerequisites.
7. The fund management company in conjunction 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, specifically to combat money laundering;
  - b) the investor no longer meets the legal, statutory or contractual requirements for participation in this investment fund.
8. Furthermore, the fund management company in conjunction with the custodian bank may make an enforced redemption of the units of an investor at the current redemption price if:
  - a) participation of the investor in the real estate investment fund is such that it have a significant detrimental impact on the economic interests of the other investors, in particular if the participation

could result in tax disadvantages for the real estate investment fund in Switzerland or abroad;

- b) the investor has acquired or holds his/her units in violation of provisions of a law which they are subject either in Switzerland or abroad, of the present fund contract or of the corresponding sale prospectus;
- c) there is a detrimental impact on the economic interests of the investors, in particular in cases where individual investors seek by way of systematic subscriptions and immediate redemption to achieve a pecuniary gain by exploiting the time difference between the setting of the closing prices and the valuation of the fund's assets (market timing).

### §6 Units and classes of units

1. The fund management company may, at all times, create, liquidate or merge unit classes 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 due to class specific costs or distributions and the various classes may therefore have different net asset values per unit. Class-specific costs are covered by the assets of the real estate investment fund as a whole
2. The creation, dissolution or merging of unit classes shall be announced in the media of publication. Only mergers shall be deemed a change to the fund contract pursuant to § 27.
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, minimum investment required and investor eligibility. Fees and costs are only charged to the unit class for which the respective service is performed. Fees and costs that cannot be unequivocally allocated to a unit class shall be charged to the individual unit class on a pro rate basis in relation to their share of the fund's assets.
4. The real estate investment fund is not divided into unit classes.
5. Units will not take the form of actual certificates but will exist as book entries. The investors are not entitled to demand delivery of a unit certificate.

## III. Investment Policy Guidelines

### A. INVESTMENT PRINCIPLES

#### §7 Compliance with investment regulations

1. In selecting individual investments and implementing the policy investment pursuant to §8, the fund management company shall 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. The present real estate investment fund must have fulfilled the terms of the investment restrictions no later than two years after the expiry of the subscription period (launch).
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 investor's interests.

#### §8 Investment Policy

1. The fund management company of the real estate investment fund shall invest the assets of the investment fund in real estate securities in Switzerland and shall ensure that 80% of the fund's asset at least are invested in French-speaking Switzerland. The investment fund owns the properties directly or indirectly.
2. The real estate investment fund may invest in :
  - a) property, including fixtures and fittings
    - Property means:
    - Residential buildings
    - Properties used for commercial purposes
    - Mixed use constructions
    - Condominiums
    - Building lands (including properties for demolition) and buildings under construction; undeveloped plots of land must be connected to the infrastructure network and suitable for immediate development. The start of construction works must be possible before the expiry of the period of validity of the building permit in question.
    - Properties by floor
    - Leashold land

Co-ownership of property is permitted only if the fund management company can exert a dominant influence, that is as long as it holds a majority of the co-ownership shares and votes.

- b) Investments in and claims on real estate companies whose sole objective is the purchase and sale and/or the rental and lease of its own property, provided at least two thirds of its capital and voting rights are incorporated in the real estate investment fund.
- c) Units in other real estate investment funds (including Real Estate Investment Trusts) and real estate investment companies or certificates which are traded on an exchange or other regulated market which is open to the public.
3. The fund management company may commission the construction of buildings for the account of the fund. In such case, the fund management company may, during the period of preparation, construction or refurbishment, credit the real estate investment fund's income statement with an interim interest at the prevailing market rate for the building land and buildings under construction, provided the costs do not exceed the estimated market value as a result.
4. Subject to § 20, the fund management company may acquire units of a target fund managed either directly or indirectly by itself or by a company to which the fund management company is related by virtue of common management or control or through a direct or indirect substantial participating interest

#### §9 Securing liabilities and funds available at short notice

1. In order to secure its liabilities, the fund management company shall maintain an adequate proportion of the fund's asset in short-term fixed-interest securities or in funds available at short notice. It may hold securities and funds in the unit of account of the real estate investment fund as well as in other currencies in which the liabilities have been expressed.

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2. Liabilities are deemed to be borrowings, obligations from business activities, in addition to all claims arising from units on which notice has been given.
3. Short-term fixed interest securities are deemed to be debt securities with a term or residual term to maturity of up to twelve months.
4. Funds available at short notice are deemed to be cash on hand, postal check and bank account deposits as well as claims arising from repurchase and reverse repurchase transactions at sight and on demand with maturities of up to twelve months, and guaranteed credit facilities with a bank for up to 10 percent of the fund's net assets. The credit facilities shall not exceed the maximum level of pledging permitted pursuant to §14 items 2 and 3.
5. Fixed-income securities with a term or residual term to maturity of up to 24 months may be held as collateral for impending construction projects.

### B. INVESTMENT TECHNIQUES AND INSTRUMENTS

#### §10 Securities lending

The fund management company shall not employ the securities lending techniques.

#### §11 Repurchase and reverse repurchase transactions

The fund management company shall not use the repurchase and reverse repurchase techniques.

#### §12 Derivative financial instruments

The fund management company shall not conduct transactions in derivatives.

#### §13 Borrowing of funds and granting of loans

1. The fund management company is not authorized to grant loans for the account of the real estate investment fund, except claims against real estate companies of the real estate investment fund,

mortgage notes or other contractual charges on property.

2. The fund management company may raise loans for the account of the real estate investment fund.

#### §14 Rights and lien of property

1. The fund management company may not invest in rights of lien on real estate and cede such rights as collateral.
2. The whole property can be encumbered only to a limit of one third of the market value, on average. However, in order to preserve liquidity, the rate at which all properties may be encumbered may be raised temporarily and exceptionally to 50% of the market value. The audit verifies that the interests of investors remain safe.

### C. INVESTMENT RESTRICTIONS

#### §15 Risk diversification and limits

1. Investments shall be diversified by type of property, purpose of use, age, building fabric and location.
2. Investment shall be spread over at least ten properties. Residential estates which have been built using the same principles of construction and neighboring plots of land are deemed to be a single property.
3. The market value of a single property may not exceed 25 percent of the fund's assets.
4. When implementing the investment policy defined in §8, the fund management company shall apply the following limits expressed as a percentage of the fund's assets to the investments defined in a-e:
  - a) Building land, including properties for demolition and buildings under construction: up to 30%;
  - b) Leasehold land: up to 30% ;
  - c) Mortgage notes and other contractual rights of lien: up to 10%;
  - d) Units in other real estate funds and investment companies defined in Art. 86 para. 3 letter. c CISO: up to 20%;
  - e) Investments defined in letters a and b above may together account for up to 40% of the fund's assets.



## IV. Calculation of the net asset value, unit issue and redemption and valuation experts

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

1. The net asset value of the real estate investment fund is calculated in CHF at the market value as of the end of the financial year and on each day on which units are issued.
2. The fund management company will see to it that independent valuation experts conduct a survey of the market value of properties belonging to the real estate fund at the end of each financial year, as well as during the issue of units. To this end, the fund management company shall appoint, subject to their approval by the supervisory authority, at least two natural persons or one legal person as independent valuation experts. The valuation experts shall inspect the properties at least every three years.
3. Securities traded on a stock exchange or another regulated market open to the public shall be valued at the current prices paid on the main market. Other investments or investments for which no current market value is available shall be valued at the price which would probably be obtained in a diligent sale at the time of the valuation. In such cases, the fund management company shall use appropriate and recognized valuation models and principles to determine the market value.
4. Open-ended collective investment schemes are valued at the redemption price and/or net asset value. If they are regularly traded on a stock exchange or another regulated market open to the public, the fund management company may value such funds in accordance with para. 3.
5. The value of short term securities bearing a fixed interest rate (money market instruments) that are not traded on a stock exchange or another regulated market open to the public is determined as follows: the valuation price of such investments is successively adjusted in line with the redemption 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 the 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, the 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. Post and bank deposits are valued on the basis of the amount due plus accrued interest. If there are significant changes in the market conditions, the valuation principles for the individual investments will be adjusted in line with the new market returns.
7. The properties are valued for the real estate fund in accordance with SFAMA's current guideline for real estate investment funds.
8. Undeveloped land and building under construction will be valued at market value. The Fund Management company has the properties under construction valued at the market value as of the end of the financial year.
9. The net asset value of a unit is determined by the market value of the fund's assets, minus any real estate investment fund's liabilities, as well as tax on the fund's liquidation, 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 trading of units

1. Units may be issued at any time, but this may only be effected in tranches. The fund management company shall offer new units first to existing investors.
2. The redemption of units will proceed in conformity with § 5, item 5. When units are redeemed in the course of the financial year, the fund management company may redeem them in advance after the end of the financial year, on the condition that:
  - a) the investor claims it in writing when units are redeemed;
  - b) it is possible to satisfy all investors who have requested advance redemption.

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The fund management company will provide for regulated OTC trading of real estate fund units through the intermediary of a bank or a securities dealer. The details will be determined in the sales prospectus.

3. The issue and redemption price of unit is based on the net asset value per unit calculated as defined under §16. In the case of unit issues, the incidental costs (costs of amendments, notary fees, standard brokerage fees, commissions and fees, etc) incurred in average by the real estate investment fund in connection with 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 investment fund in connection with the same of a portion of investments corresponding to the redeemed units will be deducted from the net asset value. The rate applied in each case is specified in the sales prospectus. Furthermore, in the case of unit issues and redemptions, an issuing commission may be added to the net asset value pursuant to §19, or a redemption commission may be deducted from the net asset value pursuant to §19.
4. In the interest of investors, the fund management company may suspend the issue of units at any time, and may reject applications for the subscription or switching of units.
5. The fund management company may temporarily and by way of exceptions suspend the redemption of fund units in the interests of all investors:
  - a) if a market which is the basis for the valuation of a significant proportion of the fund's 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 can no longer transact its business;
  - d) in the event of large-scale redemptions that could significantly affect the interests of the remaining investors.
6. The fund management company shall immediately apprise the auditors, the supervisory authority and the investors, in a suitable manner, of any decision to suspend redemptions.

7. No units shall be issued as long as the redemption of units is suspended for the reasons stipulated under para. 5 letters a to c.

### §18 Non-cash contributions

1. When subscribing to a fund, investors may request to transfer investments instead of making a cash payment ("non-cash contribution" or "contribution in kind"). The request must be submitted at the same time as the subscription. The fund management company shall not be obliged to authorize non-cash contributions.
2. The costs in relation to a non-cash contribution may not be charged to the fund's assets.
3. Each contribution of investments in the form of a non-cash contribution shall be verified by two independent valuation experts (see § 16 al. 2). In the case of a non-cash contribution, the duties of the valuation experts are the same as those applying to an acquisition or sale of real property (Art. 92 CISO).
4. In the case of non-cash contributions, the fund management company shall produce a report containing indications on the different investments transferred, the market value of these investments on the reference date of the transfer, the number of units issued and any possible netting of cash balances.
5. The fund management company bears sole decision-making authority regarding non-cash contributions and shall only approve transactions if their execution is fully compliant with the investment fund's investment policy and this does not compromise the interests of the other investors.
6. The custodian bank shall verify in each particular case the duty of loyalty, and the above conditions, as well as the simultaneous valuation of both the investments to be transferred in the form of non-cash contributions and the corresponding units. The custodian bank shall communicate without delay any reservations or objections to the auditor.
7. All transactions involving non-cash contributions must be listed in the annual report.
8. In the case of a contribution in kind, investors do not have the preferential right provided in § 17.1.

## V. Fees and incidental costs

### §19 Fees and incidental costs charged to the investor

1. On the issue of fund units, the investor can be charged an issuing commission accruing to the fund management company, the custodian bank and/or distributors in Switzerland and abroad, which in total shall not exceed 5% of the net asset value. The rate applied in each case is specified in the sales prospectus.
2. On the redemption of fund units, the investor can be charged a redemption commission accruing to the fund management company, the custodian bank and/or distributors in Switzerland and abroad, which in total shall not exceed 5% of the net asset value. The maximum rate applied to date is specified in the sales prospectus.
3. When units are issued and redeemed, the fund management company shall also charge the incidental costs incurred by the real estate investment fund on average in the sale of a portion of the investments corresponding to the units redeemed (§17 para. 3), this accruing to the fund's assets. The rate applied in each case is specified in the sales prospectus.
4. The custodian bank shall charge to the investor the usual commissions and bank fees for delivery of registered shares.

### §20 Fees and incidental costs charged to the fund's assets

1. For the real estate fund management company and the real estate company's management, the asset management as well as for the distribution of the real estate investment fund, the fund management company shall charge the real estate investment fund an annual commission of a maximum of 1 % of the net asset value of the fund, collected pro rata temporis at the time of each calculation of the net asset value on the fund's assets and paid semi-annually (management fee).  
The rate of the management fee actually applied shall be specified in the annual or semi-annual report.
2. For the safekeeping of the fund's assets, the management of the payment traffic of the real estate investment fund and for the other tasks carried out by

the custodian bank set out in § 4, the custodian bank shall charge the real estate investment fund an annual commission of a maximum of 0.06 % of the net asset value of the fund, collected pro rata temporis at the time of each calculation of the net asset value on the fund's assets and paid annually (custodian bank fee).

The rate of the management fee actually applied shall be specified in the annual and semi-annual report.

3. For the distribution of annual income to the investors, the custodian bank shall charge the real estate investment fund a commission of 0.50% maximum of the gross amount of the distribution.
4. The fund management company and the custodian bank shall be entitled to the reimbursement of the following costs incurred in the course of executing the fund contract :

Costs for the purchase and sale of investments, namely standard brokerage fees, lawyer's fees, notary fees, transfer tax;

Duties of the supervisory authority for the creation, amendment, liquidation, merger or amalgamation of the real estate investment fund;

Annual fees paid to the supervisory authority;

The audit firm's fees for annual audit and certifications in the case of creation, amendments, liquidation or mergers of the real estate investment fund ;  
Fees for legal and tax advisors in connection with the creation, amendments, liquidation, merger or amalgamation of the real estate investment fund, and general actions taken for the purpose of safeguarding the interests of the real estate investment fund and its investors ;

Costs of publishing of the net asset value of the real estate investment fund as well as all costs incurred for the notices to investors (including translation costs), insofar as they do not result from a wrongful conduct of the fund management company;  
Printing costs of legal documents as well as annual or semi-annual reports of the real estate investment fund;

Costs incurred by the possible registration of the real estate investment fund with a foreign supervisory authority, including fees paid to the foreign su-

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pervisory authority, translation costs and allowances paid to the representative or to the payment service abroad;

Fees in connection with the exercise of voting rights or creditors' rights by the real estate investment fund, including the fees of external advisors;

Costs and fees associated with intellectual property rights registered in the name of the real estate investment fund or rights of use of the real estate investment fund;

All costs incurred by the fund management company, the fund manager or the custodian bank as a result of extraordinary actions taken for the purpose of safeguarding the interests of the investors.

In addition, the fund management company may charge the following additional costs to the fund's assets under Art. 37 para. 2 CISO:

- fees for independent valuation experts as well as other potential experts;
- market-based commissions to third parties in the course of the purchase and sale of properties, as well as first-time rentals;
- salaries, benefits payments and public corporation charges for concierges and heating;
- fees related to the listing of the real estate investment fund on a Swiss exchange;
- costs incurred by the market maker.
- A commission of maximum 3% of invested amounts after payment of the fees, in respect of its activities when carrying out feasibility studies and acting on behalf of the project owner, relating to the construction of properties, renovation and conversion projects;
- A commission of maximum 3% of invested amounts after payment of the fees, in respect of its activities when carrying out feasibility studies and acting on behalf of the project owner, relating to the construction of properties, renovation and conversion projects;
- a fee of maximum 3% of the price of the purchase or sale of properties, for actions undertaken during the purchase or sale, insofar as a third party has not been mandated for this purpose;
- a fee of maximum 6% of the annual amount of the gross rents collected, including the charges for heating and various amounts received for the management of the different properties.

5. The real estate investment fund will also bear all incidental costs resulting from the management of the assets of the fund and for the purchase and sale of investments (costs of amendments, notary fees, commissions and fees, standard brokerage fees, etc.). These costs will be offset directly against the acquisition price or sale price of the investments concerned. In addition, the real estate investment fund bears the costs of examining and maintaining the quality standards of physical investments.
6. The benefits paid by real estate companies to members of their administration and management, as well as to their staff, are taken out of the remunerations to which the fund management company is entitled pursuant to § 19.
7. 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 units of the real estate investment fund, as well as rebates to reduce the fees or costs incurred by the investor and charged to the real estate investment fund.
8. The management fee of the target fund will be maximum 1% including rebates and retrocessions. The annual report must disclose the maximum rate of the management fee of the relevant target funds, including any rebates and retrocessions.
8. At the time of acquisition of units in other collective capital investments managed directly or indirectly by the fund management company or by a company to which the fund management company is related as a result of common management or control or by a significant direct or indirect investment ("related target funds"), no management commission may be charged to the assets of the fund in respect of such investments.

## VI. Financial statements and audits

### §21 Financial statements

1. The real estate investment fund's account unit is the Swiss Franc (CHF).
2. The financial year shall run from January 1st until December 31st.
3. The fund management company shall publish an audited annual report for the real estate investment fund within four months of the end of the financial year, as well as a non-audited report within two months following the end of the first half of the financial year.
4. The investor's right to be informed pursuant to §5, para. 4 is reserved.

### §22 Audits

The auditors shall examine whether the fund management company and the custodian bank have acted in compliance with the provisions of the fund contract, the CISA and the code of conduct of the Swiss Funds & Asset Management Association (SFAMA). The annual report shall contain a short report by the auditors on the published annual financial statements.

## VII. Appropriation of the net income

### §23 Appropriation of the net income and distributions

1. The net income of the real estate investment fund shall be distributed annually per unit class to the investors, within four months of the end of the financial year, at the latest, in Swiss francs. The fund management company may also make interim distributions from the income of the investments.  
Up to 30% of the net income may be carried forward to the new account. The distribution of income may be waived and the net income may be carried forward to the new account if: (a) the net income of the current financial year and income carried forward from previous financial years for the real estate in-

vestment fund is less than 1% of the net asset value of the real estate investment fund, and (b) the net income of the current financial year and income carried forward from previous financial years for the real estate investment fund is less than one unit of the accounting currency of the real estate investment fund.

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

## VIII. Publication of official notices by the real estate investment fund

### §24 Publication of official notices by the real estate investment fund

1. The media of publication of the real estate investment fund may be print media or electronic platforms specified in the sales prospectus. Notification of any change in a medium of publication shall be published in the media of publication.
2. The following information shall in particular be published in the media of publication: summaries of material changes 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, as well as the liquidation of the real estate investment fund. Changes 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 and disclose, subject to the approval of the supervisory authority.

3. Each time units are issued or redeemed, the fund management company shall, for all unit classes, publish both the issue and the redemption prices or the net asset value together with a footnote "excluding commissions" on the internet platform of Swiss Fund Data AG: [www.swissfunddata.ch](http://www.swissfunddata.ch). The prices shall be published at least once per month. The weeks and weekdays on which publications are made shall be specified in the prospectus.
4. The sales prospectus with fund contract integrated as well as the respective annual et semestriel reports may be obtained free of charge from the fund management company, the custodian bank and all distributors.

## IX. Restructuring and dissolution

### §25 Restructuring

1. Subject to the consent of the custodian bank, real estate funds may be merged by the fund management company by transferring – as of the time of the merger - the assets and liabilities of the real estate investment fund(s) being acquired to the acquiring real estate investment fund. The investors of the real estate investment fund being acquired shall receive the equivalent number of units in the acquiring fund. The real estate investment fund being acquired is terminated without liquidation when the merger takes place, and the fund contract of the acquiring real estate investment fund shall also apply for the real estate investment fund being acquired.
2. Investment 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 are basically identical in terms of the following provisions:
    - the investment policy, the risk diversification, as well as the risks associated with the investments
    - the appropriation of net income and capital gains
    - the type, amount and calculation of all fees, the issue and redemption commission together with the incidental costs for the purchase and sale of the investments (brokerage fees, charges, duties) that may be charged to the fund's assets or to the investors
    - the redemption conditions
    - the duration of the contract and the conditions of dissolution
  - d) the valuation of the real estate investment fund assets, the calculation of the exchange ratio and the transfer of the fund assets must take place on the same day;
- e) no costs shall arise as a result for either the real estate investment fund or the investors.
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 investment fund.
4. The fund management company shall submit the intended 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 their planned publication. The merger schedule must contain information on the reasons for the merger, the investment policies of the real estate investment funds involved and any differences between the acquiring real estate investment fund and the real estate investment fund being acquired, the calculation of the exchange ratio, any differences with regard to fees and any tax implications for the investment funds, as well as a statement from the competent statutory auditors pursuant to the CISA.
5. The fund management company shall publish a notice of the proposed changes to the fund contract pursuant to § 24 para. 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 investment funds in question. In this notice, the fund management company shall 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 check directly that the merger is being carried out correctly, and shall submit a report containing their comments in this regard to the fund management company and the supervisory authority.
  7. The fund management company shall inform without delay the supervisory authority of the completion of the merger, the confirmation from the auditors regarding the proper execution of the merger and the exchange ratio in the media of publication of the real estate investment funds involved.
  8. The real estate investment fund management company shall make reference to the merger in the next annual report of the acquiring fund and in any semi-annual report published previously. If the merger does not take place on the last day of the usual financial year, an audited closing statement shall be prepared for the real estate investment fund(s) being acquired.
3. The real estate investment 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 5 million Swiss francs (or the equivalent).
  4. The fund management company shall inform the supervisory authority of the dissolution immediately and shall publish notification in the media 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 investment fund, it must be liquidated forthwith. The custodian bank is responsible for the payment of liquidation proceeds to the investors. If the liquidation proceeds are protracted, payment may be made in installments. The fund management company must obtain authorization from the supervisory authority prior to the final payment.

**§26 The duration and the conditions of dissolution of the real estate investment fund**

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 investment fund

## X. Approval and changes to the fund contract

**§27 Changes to the fund contract**

If changes are made to the present fund contract or a change of the fund management company or of the custodian bank is planned, the investors may lodge objections with the supervisory authority within 30 days after the last corresponding publication. In the publication, the fund management company shall inform investors about the fees, the changes to the fund contract to which the audit is applied and the confirmation of their legal compliance by FINMA. In the event of a change to the fund contract, the investors can also demand the redemption of their units in cash subject to the contractual period of notice. Exceptions in this regard are cases pursuant to § 24 para. 2 that have been exempted from the duty to publish and to disclose with the approval of the supervisory authority.

## XI. Applicable law and place of jurisdiction

### **§28 Applicable law and place of jurisdiction**

1. The real estate investment fund is subject to Swiss law, in particular the Swiss Federal Act on Collective Investment Schemes of 23 June 2006, the Ordinance on Collective Investment Schemes of 22 November 2006 and the Ordinance of the FINMA on Collective Investment Schemes of 27 August 2014. The court of jurisdiction is the court at the fund management company's registered office. The court of jurisdiction is the court at the Fund Management company's registered office
2. The French version is binding for the interpretation of the present fund contract.
3. The present fund contract shall take effect on the June 1st, 2019.
4. The present fund contract replaces the fund contract dated December 21, 2018.
5. When approving the investment fund contract, FINMA exclusively examines the provisions pursuant to Art. 35a (1) a-g CISO and establishes whether they comply with the law.

#### **The Fund Management Company**

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