BLKB Fund Management

Part 1: Prospectus

Only the original German-language version of this Prospectus is binding.
The English language translation is for information purposes only.

This prospectus, together with the integrated fund contract and the latest annual or semi-annual report (if published after the latest annual report), provides the basis for all subscriptions to real estate fund units.

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

1. Information about the real estate fund

1.1 Founding of the real estate fund in Switzerland

The Fund Contract of BLKB (CH) Sustainable Property Fund (hereinafter "Fund") was drawn up by BLKB Fund Management Ltd. (hereinafter "Fund Management Company") and with the consent of Banque Cantonale Vaudoise, Lausanne as the custodian bank, was submitted to the Swiss Financial Market Supervisory Authority FINMA and first approved by the latter on 12 April 2024.

1.2 Relevant tax regulations for the real estate fund

The real estate fund has no legal personality in Switzerland. In principle, it is subject to neither income tax or capital tax. Property funds with direct property ownership are an exception. Pursuant to the Direct Federal Tax Act, income from direct property ownership is subject to the direct federal tax on the Fund itself and is therefore tax-exempt for the unit holders. Similarly, capital gains from direct property ownership are only taxable on the real estate fund.

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

The real estate fund's dividend distributions (to investors domiciled in Switzerland and abroad) are subject to the 35% federal withholding tax (tax withheld at source). Dividends that are distributed with a separate coupon each time and capital gains from direct property ownership and capital gains from the disposal of fund units and other assets are not subject to any withholding tax.

Investors domiciled in Switzerland can reclaim the withholding tax deducted by declaring it in their tax return or by submitting a separate withholding tax application.

Foreign-domiciled investors may be able to reclaim withholding tax in accordance with any applicable double taxation agreement between Switzerland and their country of domicile. In the absence of such an agreement, there is no possibility of reclaiming the withholding tax.

These tax explanations are based on the currently known legal situation and practices. Changes in legislation, case law or the regulations and practices of the tax authorities are expressly reserved.

Taxation and other tax implications for the investor when holding, buying or selling fund units depend on the tax regulations in the investor's country of domicile. It is the responsibility of the investor or persons interested in acquiring the units to obtain information from qualified advisors about the tax consequences that apply to them. Under no circumstances can the Fund Management Company and/or custodian bank assume any responsibility for the investor's individual tax claims.

The real estate fund has the following tax status:

FATCA:
The real estate fund is reported to the US tax authorities as a Registered Deemed-Compliant Foreign Financial Institution within the meaning of Sections 1471-1474 of the U.S. Internal Revenue Code (Foreign Account Tax Compliance Act ("FATCA")), including the relevant regulations).

International Automatic Exchange of Information in Tax Matters (Automatic Exchange of Information)

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

1.3 Accounting year

Each accounting year runs from 1 January to 31 December. The first financial year has a shortened duration and ends on 31 December 2025.

1.4 Audit firm

The audit firm is PricewaterhouseCoopers Ltd, Birchstrasse 160, 8050 Zurich

1.5 Fund Units

Upon entering into the contract and making a cash contribution (see §5 of the Fund Contract), investors acquire a claim against the Fund Management Company for a share in the assets and income of the real estate fund. The claim of the investors is based on units.

In the event of a subscription, each investor may request to contribute real estate assets ("contribution in kind") to the fund instead of making a cash contribution. The request must be submitted together with the subscription. The Fund Management Company is under no obligation to allow contributions in kind. The Fund Management Company will decide on contributions in kind and approve such transactions only if executing them is in line with the real estate fund's investment policy and not contrary to the interests of the other investors.

The details of contributions in kind are stipulated in §17(8) of the Fund Contract.
The real estate fund is not subdivided into unit classes.

The units are not certificated but maintained in book-entry form. The investor is not entitled to demand the issuance of a unit certificate.
The Fund Management Company can create, cancel or merge unit classes, with the custodian bank's consent and FINMA's approval. The details are to be regulated in the prospectus.

1.6 Listing and trading

The Fund Management Company ensures regular over-the-counter trading of the real estate fund units through Bank J. Safra Sarasin AG, which is also in charge of market making.

The Fund Management Company publishes the market value of the fund assets and the resulting net asset value of the fund units in the official publication medium at the same time as it notifies the bank or securities dealer responsible for over-the-counter trading of the units.

1.7 Terms of issue and redemption of fund units

It is possible to issue units at any time. The units can only be issued in tranches. The Fund Management Company defines the number of newly issued units, the subscription ratio for existing investors, the method of issuing the subscription rights, and the remaining terms and conditions in a separate issue prospectus.
Investors may give notice of redemption of their units at the end of any accounting year, subject to a notice period of 12 months. Under certain conditions, the Fund Management Company may redeem early the units for which notice of redemption has been given in the course of an accounting year (cf. §17(2) of the Fund Contract). Investors who desire early redemption must request it in writing when submitting their notice of redemption. Both ordinary and early redemption must take place within no more than three months after the close of the accounting year (cf. §5(5) of the Fund Contract).

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

The issue price corresponds to the net asset value calculated for the issue, plus the issue fee. The amount of the issue fee is shown in 1.11.4 below.

The redemption price corresponds to the net asset value calculated for the redemption less the redemption fee and incidental costs incurred by the real estate fund, on average, from selling a portion of the assets corresponding to the sale of a unit for which notice of redemption has been given. The amount of the redemption fee and incidental costs is set out in 1.11.4 below.

The incidental costs for the purchase and sale of real estate assets (property transfer tax, notarial charges, fees, market-based brokerage commissions, duties, etc.) that are incurred by the real estate fund from investing the contributed amount or from selling a portion of the real estate assets corresponding to a unit for which notice of redemption has been given will be charged to the fund assets.

The issue and redemption prices are rounded to the nearest CHF 0.01.

1.8 Utilisation of income

The net income of the real estate fund is distributed to investors annually, at the latest within four months after the end of the accounting year, in Swiss francs (CHF).

The Fund Management Company may also make interim distributions from the income.

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

- the net income of the current financial year and income carried forward from previous accounting years of the real estate fund amount to less than 1% of the net asset value of the real estate fund, and
- the net income of the current financial year and income carried forward from previous accounting years of the real estate fund amount to less than one unit of the currency of the real estate fund.

Realised capital gains from the disposal of assets and rights may be distributed by the Fund Management Company or retained for reinvestment.

The Fund Management Company may waive a distribution to investors in the first, incomplete financial year following the initial issue of the real estate fund.

1.9 Property fund's investment objective and investment policy

1.9.1 Investment objective

The real estate fund's investment objective is to maintain the long-term value of the assets and to distribute appropriate income while taking sustainable development into account. Through the sustainability objectives for the real estate fund, the Fund Management Company strives to make a direct contribution to more sustainable real estate in Switzerland.

To achieve that end, the Fund Management Company relies on a holistic approach to sustainability based on the ESG ("Environment", "Social", "Governance") model for the real estate portfolio. This approach ensures that ecological (E – Environment) and social (S- Social) criteria as well as aspects of good corporate governance (G - Governance) are taken into account in management and decision-making processes concerning the properties.

1.9.2 Investment policy

The BLKB (CH) Sustainable Property Fund primarily invests in real estate assets in the regions of Northwestern Switzerland, Zurich, Central Switzerland and Bern, as well as other investments permitted under the Fund Contract.

The main features of the investment instruments are:

Strategy	Core & Core Plus
Geographical diversification	Northwestern Switzerland, Bern, Central Switzerland and Zurich (Wüest Partner monitoring regions)
Location quality	Macro/micro location rating: at least 3.0 on a scale of 1.0 to 5.0 (Wüest Partner location rating)
Types of use	Residential and commercial uses (focus on offices/ services, trade, business, car parks)
Energy label	Cantonal Building Energy Certificates [Gebäudeenergieausweis der Kantone, hereinafter "GEAK"] A to C on a scale of A (best) to G (worst)[1]

[1]For the ratings D to G, the minimum requirements must be met within 5 years through appropriate investment measures that are properly taken into account in the purchase price.

1.9.3 Sustainability policy

The sustainability policy for this real estate fund is implemented by integrating sustainability criteria in the investment decisions (**ESG integration**), and in the development and operation of the properties (**impact investing and climate focus**). For existing properties and as part of the property purchase process, a structured sustainability assessment is used to gauge and report the impact of an investment on the target figures defined in the sustainability strategy.

The real estate fund's approach to sustainability is characterised by the **integration of a number of qualitative and quantitative Key Performance Indicators ("KPIs")** based on the sustainability factors Environment, Social and Governance. The sustainability factors are systematically included in the overall decision-making process and applied throughout the whole life cycle of the properties.

The Fund Management Company follows the approaches to sustainability of ESG Integration, Impact Investing and Climate Focus as follows:

- integration of sustainability factors in investment decisions,
- and in the development and operation of the properties;
- implementation of decarbonisation measures;
- objective of achieving net-zero greenhouse gas emissions by 2050 at the latest;
- constant monitoring of annual greenhouse gas emissions and setting of interim objectives adapted to the fund development to ensure that the net-zero target is achieved for 2050;

Application of the following energy and sustainability labels:

Investment:
- minimum: GEAK certificate
- optionally in addition: Minergie (P; A; ECO); sustainability labels (SGNI, SNBS, LEED, BREEAM)

Development:
- minimum: GEAK certificate
- optionally in addition:

  Building:
  - Construction volume: >CHF 3 million: Minergie-P-ECO or SNBS
  - Location: premium A location: Minergie-P-ECO or SNBS; B locations: GEAK, Minergie, SméO Building

  Site:
  - DGNB urban neighbourhood, Minergie site, SNBS site, SméO neighbourhood

Operation:
- minimum: GEAK certificate
- optionally in addition:
  - Building: BREEAM "In-Use", DGNB "Building in Operation", LEED "Operation and Maintenance"; Minergie MQS Operation
  - Portfolio: SSREI

The following definitions have been made in relation to the three stages of the value chain: investment, development and operation:

- Investment: When evaluating new investment opportunities, a structured sustainability assessment is carried out in order to identify the ESG-relevant risks and take predetermined improvement measures into account at the time the investment is made. A cantonal building energy certificate (GEAK) is issued during the purchase process for existing properties. The Fund Management Company has set the objective of purchasing only properties with an energy efficiency class of A to C (for more information on energy efficiency classes, see www.geak.ch). When purchasing properties with an energy efficiency class of D or worse, investment measures are to be planned and appropriately factored into the purchase price in order to achieve an energy efficiency class of A to C within five years.

- Development: for new construction and refurbishment projects for which the Fund Management Company has planning authority, a sustainability construction guideline is applied that defines the environmental, social and governance-oriented objectives within the framework of construction projects. To ensure the sustainability of the development projects, the Fund Management Company applies energy and sustainability labels in order to have the development of the properties externally and independently reviewed in terms of sustainability.

- Operation: To assess the sustainability of the existing portfolio, the Fund Management Company resorts to a broad sustainability concept which, whenever possible, is based on existing external guidelines such as AMAS Circular 04/2022 "Environmental Indicators for Real Estate Funds" or a related follow-up regulation. The energy and water consumption of the overall portfolio is recorded annually. The consumption figures are recorded and the raw data is quality-controlled through a wide variety of plausibility checks (deviation from prior year <20% or 20%; missing figures, plausibility of the level of energy intensity compared to the year of construction, etc.). To compensate for weather-related factors and model the actual performance of the buildings, the consumption figures are corrected for degrees of heating. The related indicators are specified per energy reference area (ERA). The ERA is determined based on the energy reference area measured or calculated on the basis of the rentable area (RA). An emission intensity is calculated for each property and the overall portfolio on the basis of the consumption figures and ERA, taking the energy source into account. This is a widespread industry standard in Switzerland based on the CO_2 factors published by the Federal Office for the Environment but further specifications regarding uniform reporting are involved. **The indicators are published in the real estate fund's annual report in accordance with AMAS Circular 04/2022 or a related follow-up regulation.** To accomplish systematic improvements, especially in terms of energy efficiency and greenhouse gas emissions, a wide variety of optimising measures are developed and implemented for the individual properties.

The following KPIs are quantitatively recorded in connection with the property fund's comprehensive sustainability concept to provide a transparent overview of the trend over the years:

Energy and greenhouse gas emissions (Environment - E)
Ongoing increase in the proportion of renewable energies and a corresponding reduction in CO_2 emissions (Scope 1 and 2 in accordance with AMAS Circular 04/2022) of existing properties. The Fund Management Company endeavours to achieve the net-zero objective by 2050 at the latest by means of the following measures (non-exhaustive list):

- annual recording of the energy consumption levels and greenhouse gas emissions of the property portfolio;
- reporting the percentage of energy consumption (kWh)

and greenhouse gas emissions (kg CO_2) of various energy sources (%) as well as the energy source mix in relation to the energy reference area (according to AMAS);
- reducing the energy consumption and CO_2 emissions through ongoing operational improvements and energy-saving measures;
- reducing energy consumption and CO_2 emissions of the buildings in the course of refurbishments, e.g. through repair and replacement of components of the envelope and building services, using renewable energy sources, overall energy refurbishment;
- high energy efficiency and reduction of CO_2 emissions from buildings in the course of replacement and new construction through the use of renewable energy sources (i.e. no oil or gas heating), resource-saving construction methods and energy-efficient operation.

For the CO_2 reduction target, the Fund Management Company adopts target values that are compatible with the Paris Climate Agreement. To achieve those targets, a CO_2 reduction path is drawn up for all directly held portfolio properties that is periodically adjusted to current circumstances, for example, due to new acquisitions or disposals.

For greenhouse gas emissions from directly held portfolio properties, the Fund Management Company has set the following interim target values:

Greenhouse gas emissions [kgCO_2e/m² EBF]

Year	2030	2040	2050
Target value	6.38	1.14	0.33
Comparative reference value*	9.39	1.36	0.33

*Carbon Risk Real Estate Monitor (CRREM) 1.5°C reduction path for Swiss multi-family house calculated per ERA excluding tenant electricity

Water (Environment - E)
Promoting efficient water use through use of water-saving fittings, suitable exterior design and tenant sensitisation. **The water consumption (m³ water/m² ERA) is recorded annually and published in the real estate fund's annual report.**

Location quality(Social – S)
Selection of properties in well-connected locations with appropriate infrastructure in the immediate vicinity. This is based on an area-wide, use-related community rating by Wüest Partner, in which the location quality of properties is recorded and evaluated in terms of micro and macro location. **The location quality is identified transparently by means of a market-weighted score (1 to 5) and published in the real estate fund's annual report.**

Mobility (Social – S)
Selection of properties well connected to public transport. **For all of the real estate fund's properties, the public-transport quality classes are recorded and identified by means of a market-weighted score (A to D) and published in the real estate fund's annual report.**

Tenant well-being (Social – S)
Implementing an active tenant-feedback process and conducting tenant satisfaction surveys every 3 years. In the tenant survey, a total score between 1 (worst) and 5 (best) is determined. **The results are selectively converted into optimisation measures at the property and portfolio level and published in the real estate fund's annual report.**

Sustainability guidelines and sustainability labels (Governance – G)
The use of sustainability labels is reviewed on a case-by-case basis using an internal guideline. The Fund Management Company uses energy labels in order to externally and independently review and publicise the development of the real estate portfolio in terms of energy performance. **The following measures are implemented for energy-based portfolio segmentation and publication in the annual report:**

- **Issuing cantonal energy certificates (GEAK) for all properties, to assess and represent the energy class of the building envelope, total energy and direct CO_2 emissions in seven classes (A to G);**

- **Certificates for the area-weighted percentage of the properties with the relevant energy efficiency class (A to G in %);**

- **Presentation of the average energy efficiency class (A to G) across the real estate portfolio.**

The Fund Management Company applies the sustainability policy at least to the directly held real estate investments. In the case of indirect real estate investments, the Fund Management Company likewise endeavours to comply with the sustainability policy but does not always have the necessary influence to enforce it. In selecting indirect real estate investments, the Fund Management Company also systematically takes into account the sustainability approach (see §8(5) of the Fund Contract).

1.9.4 The Use of Derivatives
The Fund Management Company does not use any derivatives.

1.10 Net Asset Value

The net asset value of a unit equals the market value of the fund assets less any liabilities of the real estate fund and less any taxes likely to accrue upon liquidation of the real estate fund, divided by the number of units in circulation. It is rounded to the nearest 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)

Management fee of the Fund Management Company	max. 1% p.a.

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

Moreover, fees are paid for the following third-party services:
- the costs of fund bookkeeping and calculation of net asset values.

Moreover, rebates are paid out of the Fund Management Company's management fee in accordance with 1.11.3 of the Prospectus.

The custodian bank's custodial fee	max. 0.1% p.a.

The fee is charged for the tasks of the custodian bank, such as storing the fund assets, taking care of the payment transactions, and the other tasks mentioned in §4 of the Fund Contract.

For paying out the annual income to the investors, the custodian bank charges the real estate fund a fee of no more than 0.5% of the gross amount of the distribution.

In addition, the real estate fund may be charged incidental costs and the further fees set out in §19 of the Fund Contract.

The rates actually charged are set out individually in the annual report.

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 REF) are calculated in accordance with the latest version of the Asset Management Association Switzerland Guideline on Calculation and Disclosure of the Total Expense Ratio (TER) of Collective Investment Schemes.

1.11.3 Payment of Retrocessions and Rebates

The Fund Management Company and its agents do not pay any retrocessions to third parties in compensation for distribution activities for fund units in Switzerland or from Switzerland.

The Fund Management Company and its agents may pay rebates directly to investors on request in connection with distribution activities in Switzerland or from Switzerland. Rebates serve to reduce the costs or fees charged to the relevant investors. Rebates are permissible so long as they:

- are paid out of the Fund Management Company's fees and thus do not amount to an extra charge on the fund assets;
- can be granted based on objective criteria;
- can be granted to all investors who meet the objective criteria and request rebates, to the same extent and under the same time conditions.

The following are considered objective criteria allowing the Fund Management Company to grant rebates:
- the volume subscribed by the investor;
- the amount of the fees generated by the investor;
- the investor's investment practices (e.g. expected duration of investment);
- the investor's willingness to support the launch phase of a collective investment scheme.

At the investor's request, the Fund Management Company can disclose the amount of the rebates free of charge.

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

AIssue fee payable to the Fund Management Company, custodian bank and/or distributor In Switzerland and abroad	max. 3%
redemption fee payable to the Fund Management Company, custodian bank	max. 2%

Upon redemption, the net asset value is reduced by the redemption fee together with the incidental costs that are incurred by the real estate fund, on average, from selling a portion of the assets corresponding to the unit for which notice of redemption has been given. The relevant rate applied is disclosed in the corresponding statement.

1.11.5 Commission Sharing Agreements and Soft Commissions

The Fund Management Company has not entered into any commission sharing agreements.

The Fund Management Company has not entered into any agreements on "soft commissions".

1.11.6 Investments in related Collective Investment Schemes

No issue and redemption fees are charged on investments in collective investment schemes that are directly or indirectly managed by the Fund Management Company itself or are managed by a company with which the Fund Management Company is affiliated through common management, control or a significant direct or indirect equity interest.

1.12 Inspection of Reports

The prospectus, together with the integrated Fund Contract and the annual reports can be obtained free of charge on the website of BLKB Fund Management Ltd. (www.blkb-fm.ch) and from Swiss Fund Data (www.swissfunddata.ch) and the custodian bank.

The issue and redemption prices as well as the net asset value, with the indication "excluding fees", are published in the official publication medium upon each issue and redemption of units. The prices are published at least once a month.

1.13 Legal form of the Investment Fund

The investment fund is an investment fund organised under Swiss law of the type "Immobilienfonds" (real estate fund) in accordance with the Swiss Collective Investment Schemes Act of 23 June 2006.

The real estate fund is based on a collective investment contract (Fund Contract) under which the Fund Management Company undertakes to grant the investor a share in the real estate fund in proportion to the fund units acquired, and to manage the fund independently and in its own name in accordance with the applicable law and the provisions of the Fund Contract. The custodian bank participates in the Fund Contract in accordance with the duties assigned to it by law and under the Fund Contract.

1.14 Material risks

The materials risks of the real estate fund consist in the following risks.

Market risks: the value of the real estate depends on the general economic trend, the region-specific trend in real estate supply and demand, the changes in capital market and mortgage interest rates, as well as the changes in the Inflation rate. A negative economic trend may, for example, lead to a higher vacancy rate in the properties held. Even in the case of real estate under long-term leases, there is no guarantee that they can be rented out again on at least equally favourable terms once the current lease expires. Moreover, it cannot be ruled out that the real estate price trend may turn out to vary widely according to the location and/or use of the properties. It is also impossible to make any reliable statements about the future development of the Swiss real estate market.

Liquidity risks: the real estate market is generally considered illiquid. Depending on the specific circumstances, this may have a negative impact on prices. Price concessions may be required under unfavourable conditions and market environments, particularly when it comes to buying or selling large properties on short notice. The limited liquidity of the real estate market may also result in a situation where not all available liquid assets can be invested in real estate immediately, causing such assets to temporarily represent a larger position on the company's books. This, in turn, may impact returns on investment.

Valuation risks: the valuation of the real estate depends on various factors. These include, among others, assumptions regarding trends in market rents, vacancy rates, and discount rates, which are determined by independent expert appraisers in the course of the valuation. The potential selling price may differ from the property value, depending on market demand. The selling price is determined by supply and demand at the time of sale. Despite diversification of the real estate portfolio, changes in vacancy risk, rental trends, tenant credit risk, and other factors may negatively affect the profitability of individual properties and have a material impact on the valuation of the fund's assets and units.

Price risks: the value of the fund units may be affected by the above-mentioned risks, is subject to fluctuations, and is determined by the current market value of the fund assets. The value of the fund units may drop over an extended period and there is no guarantee that investors will earn a certain return or be able to redeem the units from the Fund Management Company at a certain price. An increase in the unit price is no indication that the same trend will continue in the future; under certain circumstances, the unit price may deviate considerably from the net asset value (premium/discount). Moreover, in the case of quotations by the bank, market maker or securities dealer, the market-based prices may differ significantly from the actual or indicative net asset values of the units. In addition, changes

in the market prices of the units often reflect general trends in the capital and real estate markets rather than the specific trend in the real estate fund's property portfolio.

Project risks: the construction or refurbishment of properties is subject to quality, cost, and scheduling risks, particularly in the case of major projects. Cost overruns and delays, which cannot be ruled out, may have negative effects on the fund. In addition, it may take a long time for the newly constructed or refurbished buildings to generate a profit.

Licensing risks: In project development and building projects, there is a risk that the required permits may not be granted (in a timely manner) and/or may be delayed due to unforeseeable objections.

Environmental risks: the Fund Management Company inspects the properties for environmental risks upon acquisition. Nevertheless, it cannot be ruled out that unknown contamination may come to light later. Such contamination may lead to considerable remediation costs with a corresponding impact on the valuation of the fund assets and units.

Sustainability risks: complying with the sustainability policy of this real estate fund may lead to increased spending on repairs and maintenance. There is currently no generally accepted framework or universally applicable standards to take into account regarding the sustainability of investments. The related assessment may change over time. Moreover, the lack of common standards may lead to different approaches to defining and achieving the sustainability objectives. Sustainability criteria in portfolio management may vary depending on the investment theme, asset class, investment philosophy, and the subjective application of various sustainability indicators. Moreover, an investment that meets the Fund Management Company's ESG criteria at the time of acquisition may cease to meet those criteria at a later time; under certain circumstances, this may require disposing of the investment property at an unfavourable time (downgrading risk). When the Fund Management Company assesses an investment, the weighting of the sustainability factors is based not only on quantitative but also qualitative assessments. A certain amount of subjectivity and a margin of discretion in the assessment are therefore unavoidable. There is also a certain dependency of the data on third-party providers, which may lead to operational risks.

1.15 Liquidity risk management

The Fund Management Company ensures appropriate liquidity management. The Fund Management Company periodically assesses the investment fund's liquidity under various scenarios and then documents the results. In so doing, it takes into account the investment strategy, frequency of redemption, and liquidity of the underlying assets, and their valuation. The Fund is also reviewed for liquidity risks under a variety of stress scenarios. The Fund Management Company regularly reviews the liquidity management procedures and processes.

In accordance with the applicable provisions of the Fund Contract, investors may give notice of redemption of their units at the end of any accounting year, subject to a notice period of 12 months. Accordingly, the Fund Management Company identifies, monitors and reports the liquidity risks of the real estate fund's assets with respect to the redemption of units or net asset outflow. The instruments and models used enable the analysis of various scenarios as well as stress tests.

2. Information about the Fund Management Company

2.1 General Information about the Fund Management Company

The Fund Management Company is BLKB Fund Management Ltd. Since its foundation as a company limited by shares (Aktiengesellschaft) in 2022, the Fund Management Company, with its registered office in Binningen, has been active in the fund business.

2.2 Further Information about the Fund Management Company

With the launch of this fund, the Fund Management Company will manage a collective investment scheme in Switzerland.

Moreover, as of the launch date, the Fund Management Company will provide the following services, in particular:

- performing fund business for collective investment schemes, including management and administration, making decisions regarding the issuance of units, the investment policy and investments as well as their valuation, calculating the net asset value, determining the issue and redemption prices as well as dividend distributions, determining the content of the prospectus and key information document, of the annual or semiannual report as well as further publications intended for investors, and enforcing all rights pertaining to the collective investment schemes;
- distributing collective investment schemes in Switzerland;
- providing individual asset management and investment advisory services in the real estate sector, as well as brokering real estate on behalf of third parties;

Address of the Fund Management Company
BLKB Fund Management Ltd.
Baslerstrasse 33
4102 Binningen
www.blkb-fm.ch

2.3 Governing and Executive Bodies

The Fund Management Company's board of directors is composed of the following members:

Chairman:
John Häfelfinger, CEO of Basellandschaftliche Kantonalbank, concurrently Chairman of Stiftung Jubiläum 2014 of BLKB, Liestal (a fixed-term trust in liquidation); member of the board of directors of True Wealth AG, Zurich; member of the board of directors of the Verband Schweizerischer Kantonalbanken (Association of Swiss Cantonal Banks), Basel; member of the executive committee of the Chamber of Commerce of Basel-Stadt and Basel-Landschaft (Handelskammer beider Basel); member of the board of trustees of the foundation Finanzplatz Basel, Basel and member of the board of trustees of the foundation pro REHAB Basel, Basel.

Members:
- Patrick Tschudin, Head of the Corporate Client Consulting Division and member of the Management Board of Basellandschaftliche Kantonalbank, concurrently a member of the Board of Trustees of Stiftung Jubiläum 2014 of BLKB, Liestal (a fixed-term trust in liquidation); member of the Municipal Council of the Municipality of Gelterkinden and Chair of the Board of Directors of Tschudin Immobilien AG, Lausen.
- René Charrière, Chair of the Board of Directors of Allocare AG, Altishofen.

The Management Board is composed of the following members:

- Michel Molinari, CEO and Head of Portfolio Management & Advisory Real Estate, concurrently Vice-Chair and member of the Executive Committee Swiss Association of the Real Estate Industry (SVIT), Zurich; member of the Board of Directors of SVIT Verlag AG, Zurich.
- Dr. Sebastian Hersberger, CFO and Head of Business Development, concurrently general manager of Yuon Control AG, general manager of sh ventures GmbH, and external lecturer at the University of Basel.

2.4 Subscribed and paid-in capital

As of the launch date, the subscribed share capital of the Fund Management Company amounts to CHF 1 million. The share capital is divided into registered shares and is fully paid up.

The Fund Management Company is a wholly owned subsidiary of Basellandschaftliche Kantonalbank, Liestal.

2.5 Assignment of investment decisions and further subtasks

The investment decisions for the real estate fund are handled by the Fund Management Company.

The Fund Management Company has assigned various subtasks (various IT services, Internal Audit, Finance, and HR) to Basellandschaftliche Kantonalbank, Liestal. Basellandschaftliche Kantonalbank is distinguished by many years of experience in the assigned fields. The precise performance of the assignments is governed by contracts entered into between the Fund Management Company and Basellandschaftliche Kantonalbank.

2.6 Exercise of shareholder rights and creditors' rights

The Fund Management Company exercises the shareholder rights and creditors' rights associated with the investments of the managed funds independently and exclusively in the interests of the investors. On request, the investors may obtain information about the exercise of shareholder rights and creditors' rights from the Fund Management Company.

In the case of pending routine transactions, the Fund Management Company is free to exercise the shareholder rights and creditors' rights itself or to assign such exercise to the custodian bank or third parties, as well as to waive the exercise of the shareholder rights and creditors' rights.

For all other agenda items that may have a sustainable impact on the investors' interests, such as the exercise of shareholder rights and creditors' rights to which the Fund Management Company is entitled as a shareholder or creditor of the custodian bank or other related legal entities, the Fund Management Company exercises the voting right itself or issues explicit instructions. In so doing, the Fund Management Company may rely on information that it receives from the custodian bank, asset manager, company or from proxy firms and other third parties or learns from press reports.

3. Information about the custodian bank

3.1 General information about the custodian bank

Banque Cantonale Vaudoise (hereinafter "BCV") functions as the custodian bank. BCV was established for an indefinite period by decree of the Vaud Grand Council on 19 December 1845. It is a public limited company. The registered office and management are located at Place St-François 14 in 1002 Lausanne, Switzerland. It may have subsidiaries, branches, agencies and representative offices.

BCV is at the head of a banking and financial group. The group includes a private bank specialising in asset management, as well as three investment fund management companies. The Bank has a branch office in Guernsey (Banque Cantonale Vaudoise Guernsey Branch), which is active in the structured financial products sector. Its equity capital amounted to CHF 3,713 million as of 31 December 2022.

3.2 Further information about the custodian bank

BCV is a customer-focused universal bank with more than 175 years of business experience, some 2,000 employees, and over 60 branch offices in the canton of Vaud. Its responsibilities include promoting all private business sectors throughout the canton, supporting public bodies in financing their tasks, and meeting the demand for mortgage loans. To that purpose, it carries out all common banking transactions for its own account and for third-party account (Art. 4 of the Cantonal Act Governing the Organization of Banque Cantonale Vaudoise (LBCV) and Art. 4 of the Bank's Articles of Association). BCV mainly does business in the canton of Vaud; it may also operate elsewhere in Switzerland and abroad if doing so is in the economic interest of Vaud. As a cantonal bank, it is committed to the development of the cantonal economy in accordance with the principles of sustainable development, taking economic, environmental and social criteria into account.

The custodian bank may appoint third-party and central securities depositories in Switzerland and abroad to hold the fund's assets, provided that it serves the interest of proper custody. For financial instruments, the fund's assets can be held in custody only by supervised third-party and central securities depositories. An exception to this rule applies where custody is mandatory in a location where transfer to a supervised third-party or central securities depository is not possible, particularly due to mandatory statutory provisions or the nature of the investment product. As a result of third-party and central custody, the Fund Management Company no longer holds sole ownership of the deposited securities, but only co-ownership. Moreover, if the third-party or central securities depository is not supervised, then it might not meet the requirements applicable to Swiss banks from the organisational standpoint.

The custodian bank is liable for any damage caused by the agent unless it can prove that it exercised the level of due diligence required under the circumstances in selecting, instructing, and supervising the agent.

The custodian bank is registered with the US-tax authorities as a "Reporting Financial Institution under Model 2 IGA" within the meaning of Sections 1471–1474 of the U.S. Internal Revenue Code (Foreign Account Tax Compliance Act ("FATCA")), including the relevant regulations [FATCA Status].

Moreover, the provisions under §4 of the Fund Contract are applicable to the custodian bank.

4. Information about third parties

4.1 Paying agent

The paying agent is Banque Cantonale Vaudoise, Lausanne.

4.2 Distributor

Distribution of the fund is the responsibility of BLKB Fund Management Ltd. It may appoint further distributors.

4.3 Assignment of investment decisions and further subtasks

For the information concerning the assignment of subtasks, please see section 2.5 above.

4.4 Expert appraisers

At the close of each accounting year and upon each issue of units, the Fund Management Company has independent expert appraisers review the market value of the properties belonging to the real estate fund.

The Fund Management Company has appointed the following independent expert appraisers with the approval of the supervisory authority:

Wüest Partner AG
Bleicherweg 5
8001 Zurich
as a permanent expert appraiser

Wüest Partner AG will deploy the following individuals for appraisal:
– Andreas Ammann
– Zafer Köroglu

The expert appraisers have distinguished themselves through their many years of experience in the valuation of real estate and have comprehensive market expertise. The precise performance of the assignments is regulated by a contract entered into between the Fund Management Company BLKB Fund Management Ltd. and the expert appraisers.

5. Further information

5.1 Useful information

Security number	**135294809**
Accounting currency	**Swiss Franc**

5.2 Publications of the real estate fund

Further information about the real estate fund is available in the latest annual report. The latest information can also be consulted on the website of BLKB Fund Management Ltd. (www.blkb-fm.ch) and the Swiss Fund Data (www.swissfunddata.ch).

In case of an amendment to the Fund Contract, a change of fund management company or custodian bank, or the dissolution of the real estate fund, the information will be published by the Fund Management Company on the website of BLKB Fund Management Ltd. (www.blkb-fm.ch) and Swiss Fund Data (www.swissfunddata.ch).

Prices are published on the Swiss Fund Data website upon each issue and redemption of fund units, at least once a month on the 10th working day (www.swissfunddata.ch).

5.3 Insurance of the real estate

The properties owned by this real estate fund are generally insured against fire and water damage, earthquake damage, and damage resulting from causes covered by liability law. The insurance cover includes lost rental income as consequential costs of fire and water damage as well as earthquake damage.

5.4 Restrictions on sale

The fund is not available to U.S. Persons.

a) A license for distribution activities exists for the following countries: Switzerland

b) It is prohibited to offer, sell or deliver units of this real estate fund within the USA. It is prohibited to offer, sell or deliver units of this real estate fund to citizens of the USA or persons residing in the USA or other natural or legal persons whose income and/or gains, regardless of their origin, are subject to US income tax, as well as to persons who, according to Regulation S of the US Securities Act of 1933 and/or the US Commodity Exchange Act as amended, qualify as a U.S. Person or Persons subject to US tax law.

The Fund Management Company and the custodian bank may prohibit or restrict the sale, brokerage or transfer of units to natural or legal persons in certain countries and territories.

6. Further investment information

6.1 Profile of the typical investor

The Fund is suitable for growth-oriented investors with a long-term investment horizon who are characterised by moderate risk appetite. Through the real estate fund, the investors indirectly participate in the development of the Swiss real estate market by investing in a diversified portfolio with the described investment objective and investment policy.

7. Detailed Provisions

All further information about the real estate fund, such as the valuation of the fund assets, a list of all the fees and incidental costs charged to the investors and to the real estate fund, as well as the utilisation of the income is stipulated in detail in the Fund Contract.

BLKB Fund Management

Part 2: Fund Contract

Only the original German-language version of this Fund Contract is binding.
The English language translation is for information purposes only.

I. Legal Basis

§ 1 Designation; Company Name and Registered Office of Fund Management Company, Custodian Bank

1. A contractual investment fund of the type known as real estate fund for qualified investors (the "Real Estate Fund") has been established under the designation BLKB (CH) Sustainable Property Fund in accordance with Article 25 et seqq. in conjunction with Article 58 et seqq. of the Collective Investment Schemes Act (CISA) of 23 June 2006.

2. The Fund Management Company is BLKB Fund Management Ltd. with its registered office in Binningen (BL).

3. The custodian bank is Banque Cantonale Vaudoise with its registered office in Lausanne.

4. At the request of the Fund Management Company and the custodian bank, FINMA has exempted this investment fund from the following requirements pursuant to CISA Art. 10(5):

   a. the obligation to issue a semiannual report;
   b. the obligation to first offer new units to existing investors in connection with introducing investments in the form of a contribution in kind;
   c. the obligation that undeveloped properties belonging to the Real Estate Fund must be developed and suitable for immediate development and must have a legally valid building permit for their development and that it must be possible to commence construction work before the expiry of the validity period of the relevant building permit (see § 8(2) of the Fund Contract).

5. At the request of the Fund Management Company and the custodian bank, FINMA has exempted this investment fund from the obligation to make a cash contribution pursuant to CISA Art. 78(4).

6. As part of the launch of the Real Estate Fund, Basellandschaftliche Kantonalbank, Liestal, will convey to the Fund Management Company, for the account of the Real Estate Fund, a property portfolio holding up to eight properties with a total volume of up to approximately CHF 177 million, against cash payment, pursuant to the exemption provided under CISA Art. 63(4) in conjunction with Art. 32a of the CISO [Collective Investment Schemes Ordinance]. The properties will be valued by independent expert appraisers and their conveyance will be approved by FINMA.

II. Rights and Obligations of the Contracting Parties

§ 2 The Fund Contract

The legal relationships between the investors[1], on the one hand, and the Fund Management Company and custodian bank, on the other, are governed by the present Fund Contract and the relevant provisions of the Collective Investment Schemes Act.

§ 3 The Fund Management Company

1. The Fund Management Company manages the Real Estate Fund for the account of the investors independently and in its own name. It will particularly make decisions on the issue of units, the investments and their valuation. It will calculate the net asset value and determine issue and redemption prices as well as dividend distributions. It will exercise all the rights pertaining to the Real Estate Fund.

2. The Fund Management Company and its agents are subject to the duty of loyalty, duty of due diligence, and duty to provide Information. They shall act independently and exclusively protect the interests of the investors. They shall take such organisational measures as are required for the proper conduct of business. They shall render accounts regarding the collective investment schemes under their management and disclose all the fees and costs directly or indirectly charged to the investors as well as any compensation paid by third parties, particularly commissions, rebates or other financial benefits.

3. The Fund Management Company may assign investment decisions as well as subtasks to third parties, providing that it is in the interest of proper management to do so. It shall appoint exclusively such persons as possess the necessary skills, knowledge and experience for such activities, and have the necessary licenses. It shall carefully instruct and supervise all third parties involved.

1 For the sake of readability, we will not use gender-specific differentiation, such as "businessmen and businesswomen". Any such terms will generally apply to both genders.

The Fund Management Company is responsible to FINMA for the fulfilment of its regulatory duties and safeguards the interests of its investors when delegating duties. The Fund Management Company is liable for the actions of persons to whom it has assigned duties as it is liable for its own actions.

The investment decisions shall only be assigned to asset managers who are duly licensed.

4. With the custodian bank's approval, the Fund Management Company may submit an amendment of this Fund Contract to the supervisory authority for approval (see §27).

5. The Fund Management Company may merge the Real Estate Fund with other real estate funds pursuant to §24, convert it into another legal form of collective investment scheme in accordance with §25, or terminate it in accordance with §26.

6. The Fund Management Company is entitled to the fees provided for in §§18 and 19, to the exemption from any liabilities that it incurs in the proper performance of its duties, and to reimbursement of expenses it has incurred in fulfilling those liabilities.

7. The Fund Management Company is liable to the investors for ensuring the real estate companies that belong to the Real Estate Fund comply with the provisions of the CISA and of the Fund Contract.

8. The Fund Management Company, its agents, and any natural or legal persons related to them shall neither acquire real estate assets from the Real Estate Fund nor convey such assets to it.

   In certain justified cases, the supervisory authority may authorise exceptions to the prohibition of transactions with related parties if the exception is in the interests of the investors and, in addition to the appraisal by the Real Estate Fund's permanent appraisal experts, an appraisal expert who is independent of them or their employer, of the Fund Management Company and of the Real Estate Fund's custodian bank confirms that the purchase and sale price of the real estate asset and the transaction costs are in line with the market.

   Upon completion of the transaction, the Fund Management Company shall draw up a report with information about the individual real estate assets acquired or conveyed and their value as of the reference date of acquisition or conveyance, with the appraisal report of the permanent expert appraisers and the report of the independent expert appraiser confirming that the price of purchase or sale is in line with the market within the meaning of CISO Art. 32a(1).

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

   The Fund Management Company mentions the authorised transaction with related parties in the Real Estate Fund's annual report.

§ 4 The Custodian Bank

1. The custodian bank holds the fund assets in safekeeping, particularly the unsecured mortgage notes and the shares of the property companies. It handles the issue and redemption of fund units as well as the payment transactions for the Real Estate Fund. For the ongoing management of real estate assets, the custodian bank may manage the accounts of third parties.

2. For transactions related to the assets of the Real Estate Fund, the custodian bank ensures that the corresponding value is transferred to it within the customary time limits. It notifies the Fund Management Company if the corresponding value is not transferred to it within the customary time limit, and claims compensation from the counterparty, where possible.

3. The custodian bank keeps the necessary records and accounts in such a way that it can at all times distinguish the assets held in custody for each individual investment fund.

   For assets that cannot be held in custody, the custodian bank shall verify the Fund Management Company's ownership and document it in appropriate records.

4. The custodian bank and its agents are subject to the duty of loyalty, duty of due diligence, and duty to provide Information. They shall act independently and exclusively protect the interests of the investors. They shall take such organisational measures as are required for the proper conduct of business. They shall render accounts regarding the collective investment schemes in their custody and disclose all the fees and costs directly or indirectly charged to the investors as well as compensation paid by third parties, particularly commissions, rebates or other financial benefits.

5. The custodian bank may appoint third-party and central securities depositories in Switzerland or abroad to hold the fund's assets, provided doing so serves the interest of

proper custody. The custodian bank shall check and monitor whether the appointed third-party or central securities depository:

a) has an appropriate business organisation, financial guarantees and technical qualifications required in light of the nature and complexity of the assets entrusted to it;

b) undergoes a regular external audit to ensure that the financial instruments are in its possession;

c) holds the assets received from the custodian bank in such a way that they can be clearly identified at all times, through regular inventory reconciliations, as forming part of the fund's assets;

d) complies with the rules applicable to the custodian bank with respect to the performance of its delegated duties and the avoidance of conflicts of interest.

The custodian bank is liable for any damage caused by the agent unless it can prove that it exercised the level of due diligence required under the circumstances in selecting, instructing, and supervising the agent. The prospectus features explanations of the risks associated with transfer of custody to third-party and central securities depositories.

For financial instruments, the transfer mentioned in the previous paragraph can only be made to supervised third-party and central securities depositories. An exception to the rule applies where custody is mandatory in a location from which transfer to a supervised third-party or central securities depository is not possible, particularly due to mandatory statutory provisions or the terms and conditions of the investment product. Any custody by unsupervised third-party or central securities depositories must be disclosed to investors in the prospectus.

6. The custodian bank ensures that the Fund Management Company complies with the law and the Fund Contract. It checks whether the calculation of the net asset value and the issue and redemption prices of the units as well as the investment decisions are in compliance with the law and the Fund Contract and whether the proceeds are used in accordance with the Fund Contract. The custodian bank is not responsible for the selection of investments made by the Fund Management Company in accordance with the investment regulations.

7. The custodian bank is entitled to the fees provided for in §§18 and 19, to the exemption from any liabilities that it incurs in the proper performance of its duties, and to reimbursement of expenses it has incurred in fulfilling such liabilities.

8. The custodian bank, as well as its agents and any natural or legal persons related to them shall neither acquire real estate assets from the Real Estate Fund nor convey such assets to it.

In certain justified cases, the supervisory authority may authorise exceptions to the prohibition of transactions with related parties if the exception is in the interests of the investors and, in addition to the appraisal by the Real Estate Fund's permanent appraisal experts, an appraisal expert who is independent of them or their employer, of the Fund Management Company and of the Real Estate Fund's custodian bank confirms that the purchase and sale price of the real estate asset 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 special duty of loyalty applicable to real estate investments.

§ 5 The Investors

1. The group of investors is restricted to qualified investors pursuant to CISA Art. 10(3) and 10(3ter) in conjunction with FinSA Art. 4(3)–(5) and Art. 5(1) and (4).

Qualified investors within the meaning of CISA Art. 10(3) are professional clients as defined by FinSA Art. 4(3)–(5) or Art. 5(1) and (4):

a. financial intermediaries as defined in the Banking Act of 8 November 1934 (BankA), the Financial Institutions Act (FinIA) of 15 June 2018 (FINIG) and the CISA
b. supervised insurance institutions
c. foreign clients subject to prudential supervision such as the persons/entities listed under a) and b) above
d. central banks
e. public-sector entities, institutions and foundations with professional treasury operations
f. occupational pension schemes with professional treasury operations and other occupational pension institutions providing professional treasury operations
g. companies with professional treasury operations
h. large companies
i. private investment structures with professional treasury operations established for high-net-worth retail clients.

Professional treasury operations are deemed to exist if the qualified investor has permanently entrusted the management of the funds to a professionally qualified person, within or outside the company, with experience in the financial sector.

High-net-worth retail clients and the private investment structures established for them may declare in writing or in any other textually verifiable form that they wish to be considered professional clients (opting-out).

Swiss and foreign collective investment schemes and their management companies that are not already deemed institutional clients under FinSA Art. 4(3)(a) or (c) in conjunction with FinSA Art. 4(4) may declare that they wish to be deemed institutional clients.

According to CISA Art. 10(3ter), retail clients are also deemed qualified investors if a financial intermediary subject to equivalent prudential supervision provides them with asset management or investment advisory services under a long-term asset management or investment advisory relationship, unless they have declared that they do not wish to be considered as qualified investors. The declaration must be made in writing or in any other textually verifiable form.

The Fund Management Company, together with the custodian bank, ensures that the investors meet the requirements for the group of investors.

2. Upon entering into the contract and making a cash contribution, the investors acquire a claim against the Fund Management Company to share in the assets and income of the Real Estate Fund. In lieu of a cash contribution, a contribution in kind may be made at the investor's request, subject to the consent of the Fund Management Company, in accordance with the provisions of §17(8). The claim of the investors is based on units.

3. Investors are only required to pay for the Real Estate Fund units to which they have subscribed. They cannot be held personally liable for the Real Estate Fund's liabilities.

4. Investors may obtain information at any time about the basis of calculation of the net asset value per unit from the Fund Management Company. If the investors express an interest in more detailed information about specific dealings of the Fund Management Company, such as the exercise of shareholder rights and creditors' rights or about risk management or contributions in kind, the Fund Management Company shall also provide them with such information at any time. Investors may petition the court at the registered office of the Fund Management Company to appoint the audit firm or another qualified expert to investigate a matter requiring clarification and report back to them.

5. Investors may terminate the Fund Contract with effect from the end of any accounting year on 12 months notice and may request cash payment for their share in the Real Estate Fund.

   Under certain conditions, units for which notice of redemption has been given in the course of an accounting year may be redeemed early by the Fund Management Company after the close of said year (cf. §17(2)).

   Ordinary and early redemptions shall take place within three months after notice of redemption has been given or, in the case of internationally invested products, within four months after the close of the accounting year.

6. Investors are required, upon request, to demonstrate to the Fund Management Company and/or the custodian bank and the agents thereof that they meet or continue to meet the requirements imposed by law or by the Fund Contract for participation in the Real Estate Fund. Moreover, they are required to promptly inform the custodian bank and its agents as soon as they cease to meet such requirements.

7. The units of an investor must necessarily be redeemed by the Fund Management Company in cooperation with the custodian bank at the applicable redemption price if:

   a) so required to protect the reputation of the financial centre, particularly for the purpose of combating money laundering;
   b) the investor ceases to meet the statutory or contractual requirements for participation in the relevant Real Estate Fund.

8. In addition, the units of an investor must necessarily be redeemed by the Fund Management Company in cooperation with the custodian bank at the applicable redemption price if:
   a) the investor's participation in the Real Estate Fund is likely to materially prejudice the economic interests of the other investors, particularly if such participation could result in adverse tax consequences for the Real Estate Fund in Switzerland or abroad;
   b) the investors have acquired or are holding their units in violation of the provisions of a domestic or foreign law applicable to them, in breach of this Fund Contract, or contrary to the prospectus;
   c) the investor's economic interests are prejudiced, particularly in cases where the individual investors attempt to obtain financial advantages through systematic subscription immediately followed by redemptions, in order to exploit the time gap between the quotation of the closing prices and the valuation of the fund assets (market timing).

§ 6 Units and unit classes

1. Der Immobilienfonds ist nicht in Anteilsklassen unterteilt.

2. The units are not certificated but maintained in book-entry form. The investor is not entitled to demand the issuance of a unit certificate.

III. Investment policy guidelines

A Investment principles

§ 7 Compliance with the investment regulations

1. In selecting individual investments and implementing the investment policy under §8, the Fund Management Company, in order to achieve a balanced risk distribution, shall observe the following principles and percentage-based restrictions. These principles and restrictions, which relate to the fund assets at market value, require constant compliance. This Real Estate Fund must meet the investment restrictions no later than two years after the end of the subscription period (launch).

2. If the restrictions are exceeded due to market fluctuations, the investments must be brought back into compliance within a reasonable period, taking into account the interests of the investor.

§ 8 Investment policy

1. The Fund Management Company shall primarily invest the assets of this Real Estate Fund in sustainable real estate assets located in the monitoring regions (Wüest Partner) of Northwestern Switzerland, Zurich, Central Switzerland, and Bern; i.e., in properties including appurtenances, as well as in equity interests in, and claims against, real estate companies whose sole purpose is the acquisition and sale, rental, and leasing of their own properties, provided that at least two-thirds of their capital and voting rights are held by the Real Estate Fund. Ordinary co-ownership of properties is permissible provided that the Fund Management Company can exercise a controlling influence, i.e., if it holds the majority of ownership interests and voting rights. Through the sustainability objectives for the real estate fund, the Fund Management Company strives to make a direct contribution to more sustainable real estate in Switzerland. To achieve that end, the Fund Management Company relies on a holistic sustainability approach based on the ESG ("Environment", "Social", "Governance") model for the real estate portfolio. This approach ensures that ecological (E – Environment) and social (S- Social) criteria as well as aspects of good corporate governance (G - Governance) are taken into account in management and decision-making processes concerning the properties.

2. The following are eligible investments for this Real Estate Fund:

a) properties including appurtenances

The following are deemed to be properties:

- residential buildings, meaning properties intended for residential use
- commercially used properties
- buildings for mixed use
- condominiums (Stockwerkeigentum)
- building land (including properties designated for demolition) and buildings under construction; undeveloped properties must be connected to utility infrastructure and
  a) be suitable for immediate development and have a legally valid building permit for their development. It must be possible to start construction work before the expiry date of the relevant building permit, or
  b) have a legally approved development project such as a legally valid neighbourhood, development or design plan or a legally valid permit for site development.

- Land subject to ground leases (including buildings and building easements)

Ordinary co-ownership of properties is permissible provided that the Fund Management Company can exercise a controlling influence, i.e., if it holds the majority of the co-ownership interests and voting rights.

b) Interests in and claims against real estate companies whose sole purpose is the purchase and sale or rental and leasing of their own properties, provided that at least two-thirds of their capital and voting rights are held by the Real Estate Fund.

c) Units in other real estate funds (including Real Estate Investment Trusts) as well as real estate investment companies and certificates that are traded on a stock exchange or other regulated market open to the public, to the extent compatible with the Real Estate Fund's investment policy.
Subject to §19, the Fund Management Company may acquire units in target funds that are directly or indirectly managed by the Fund Management Company itself or by another company with which it is affiliated through common management or control or through a direct or indirect interest.

d) mortgage notes or other contractual real estate liens.

The properties are registered in the land register in the name of the Fund Management Company, with an annotation indicating that they belong to the Real Estate Fund.

3. The Fund Management Company may construct buildings for the account of the fund. In such cases, during the preparation, construction, or renovation phases, the Fund Management Company may credit to the Real Estate Fund's income statement an interim interest at the prevailing market rate for building land and buildings under construction, provided that the costs do not exceed the estimated market value as a result.

4. The Real Estate Fund's sustainability approach is characterised by the **integration of a number of qualitative and quantitative Key Performance Indicators ("KPIs")** based on the sustainability factors Environment, Social and Governance. The sustainability factors are systematically included in the overall decision-making process and applied throughout the whole life cycle of the properties.

The following KPIs are quantitatively recorded in connection with the property fund's comprehensive sustainability concept to provide a transparent overview of the trend over the years

Energy and greenhouse gas emission (Environment - E)
Ongoing increase in the proportion of renewable energies and a corresponding reduction in CO_2 emissions (Scope 1 and 2 in accordance with AMAS Circular 04/2022) of existing properties. The Fund Management Company endeavours to achieve the net-zero objective by 2050 at the latest by means of the following measures (non-exhaustive list):

- annual recording of the energy consumption levels and greenhouse gas emissions of the property portfolio;
- reporting the percentage of energy consumption (kWh) and greenhouse gas emissions (kg CO_2) of various energy sources (%) as well as the energy source mix in relation to the energy reference area (according to AMAS);
- reducing the energy consumption and CO_2 emissions through ongoing operational improvements and energy-saving measures;
- reducing energy consumption and CO_2 emissions of the buildings in the course of refurbishments, e.g. through repair and replacement of components of the envelope and building services, using renewable energy sources, overall energy refurbishment;
- high energy efficiency and reduction of CO_2 emissions from buildings in the course of replacement and new construction through the use of renewable energy sources (i.e. no oil or gas heating), resource-saving construction methods and energy-efficient operation.

  For the CO_2 reduction target, the Fund Management Company adopts target values that are compatible with the Paris Climate Agreement. To achieve those targets, a CO_2 reduction path is drawn up for all directly held portfolio properties that is periodically adjusted to current circumstances, for example, due to new acquisitions or disposals.

For greenhouse gas emissions from directly held portfolio properties, the Fund Management Company has set the following interim target values:

Greenhouse gas emissions [kgCO_2e/m² EBF]

Year	2030	2040	2050
Target value	6.38	1.14	0.33
Comparative reference value*	9.39	1.36	0.33

*Carbon Risk Real Estate Monitor (CRREM) 1.5°C reduction path for Swiss multi-family house calculated per ERA excluding tenant electricity

Water (Environment - E)
Promoting efficient water use through use of water-saving fittings, suitable exterior design and tenant sensitisation. **The water consumption (m³ water/m² ERA) is recorded annually and published in the real estate fund's annual report.**

Location quality(Social – S)
Selection of properties in well-connected locations with appropriate infrastructure in the immediate vicinity. This is based on an area-wide, use-related community rating by Wüest Partner, in which the location quality of properties is recorded and evaluated in terms of micro and macro location. **The location quality is identified transparently by means of a market-weighted score (1 to 5) and published in the real estate fund's annual report.**

Mobility (Social – S)
Selection of properties well connected to public transport. **For all of the real estate fund's properties, the public-transport quality classes are recorded and identified by means of a market-weighted score (A to D) and published in the real estate fund's annual report.**

Tenant well-being (Social – S)
Implementing an active tenant-feedback process and conducting tenant satisfaction surveys every 3 years. In the

tenant survey, a total score between 1 (worst) and 5 (best) is determined. **The results are selectively converted into optimisation measures at the property and portfolio level and published in the real estate fund's annual report.**

Sustainability guidelines and sustainability labels (Governance – G)
The use of sustainability labels is reviewed on a case-by-case basis using an internal guideline. The Fund Management Company uses energy labels in order to externally and independently review and publicise the development of the real estate portfolio in terms of energy performance. **The following measures are implemented for energy-based portfolio segmentation and publication in the annual report:**

- **Issuing cantonal energy certificates (GEAK) for all properties, to assess and represent the energy class of the building envelope, total energy and direct CO_2 emissions in seven classes (A to G);**

- **Certificates for the area-weighted percentage of the properties with the relevant energy efficiency class (A to G in %);**

- **Presentation of the average energy efficiency class (A to G) across the real estate portfolio.**

The sustainability policy for this real estate fund is implemented by integrating sustainability criteria in the investment decisions (**ESG integration**), and in the development and operation of the properties (**impact investing and climate focus**). For existing properties and as part of the property purchase process, a structured sustainability assessment is used to gauge and report the impact of an investment on the target figures defined in the sustainability strategy.

The following definitions have been made in relation to the three stages of the value chain:
investment, development and operation:

- Investment: When evaluating new investment opportunities, a structured sustainability assessment is carried out in order to identify the ESG-relevant risks and take predetermined improvement measures into account at the time the investment is made. A cantonal building energy certificate (GEAK) is issued during the purchase process for existing properties. The Fund Management Company has set the objective of purchasing only properties with an energy efficiency class of A to C (for more information on energy efficiency classes, see www.geak.ch). When purchasing properties with an energy efficiency class of D or worse, investment measures are to be planned and appropriately factored into the purchase price in order to achieve an energy efficiency class of A to C within five years.
- Development: Development: for new construction and refurbishment projects for which the Fund Management Company has planning authority, a sustainability construction guideline is applied that defines the environmental, social and governance-oriented objectives within the framework of construction projects. To ensure the sustainability of the development projects, the Fund Management Company applies different energy and sustainability labels in order to have the development of the properties externally and independently reviewed in terms of sustainability.

- Operation: Operation: To assess the sustainability of the existing portfolio, the Fund Management Company resorts to a broad sustainability concept which, whenever possible, is based on existing external guidelines such as AMAS Circular 04/2022 "Environmental Indicators for Real Estate Funds" or a related follow-up regulation. The energy and water consumption of the overall portfolio is recorded annually. The consumption figures are recorded and the raw data is quality-controlled through a wide variety of plausibility checks (deviation from prior year <20% or 20%; missing figures, plausibility of the level of energy intensity compared to the year of construction, etc.). To compensate for weather-related factors and model the actual performance of the buildings, the consumption figures are corrected for degrees of heating. The related indicators are specified per energy reference area (ERA). The ERA is determined based on the energy reference area measured or calculated on the basis of the rentable area (RA). An emission intensity is calculated for each property and the overall portfolio on the basis of the consumption figures and ERA, taking the energy source into account. This is a widespread industry standard in Switzerland based on the CO_2 factors (REIDA CO_2 factors) published by the Federal Office for the Environment but further specifications regarding uniform reporting are involved. **The indicators are published in the real estate fund's annual report in accordance with AMAS Circular 04/2022 or a related follow-up regulation.** To accomplish systematic improvements, especially in terms of energy efficiency and greenhouse gas emissions, a wide variety of optimising measures are developed and implemented for the individual properties.

For further explanations of the sustainability policy applied as well as the sustainability risks, please see items 1.9.3 (sustainability policy) and 1.14 (sustainability risks) of the prospectus.

5. The Fund Management Company applies the sustainability policy at least with respect to the investments

under item 2(a) of §8. In the case of indirect investments in real estate, the Fund Management Company likewise endeavours to comply with the sustainability policy but does not always have the necessary influence to enforce it. The Fund Management Company also systematically follows the sustainability approach when selecting investments under item 2(c) of §8.

The coverage ratio of the overall Real Estate Fund is at least 80%. When calculating the coverage ratio, all the buildings that are completed according to the Real Estate Fund's property register are taken into account. These include residential properties, commercially used properties as well as mixed-use buildings, regardless of whether they are in the legal form of condominiums, co-ownership, single tenant, etc. "Completed buildings" do not include buildings under construction, building projects, building land and properties designated for demolition. A completed building will be included in the calculation no later than 18 months after acquisition or completion.

6. The Fund Management Company ensures appropriate liquidity management. The details are disclosed in the prospectus.

§ 9 Securing liabilities and funds available at short notice

1. In order to secure the liabilities, the Fund Management Company must hold an appropriate portion of the fund assets in short-term fixed-interest securities or in funds available at short notice. It may hold such securities and funds in the accounting currency of the Real Estate Fund as well as in other currencies in which the liabilities are denominated.

2. Liabilities are deemed to include borrowings, liabilities arising from the ordinary course of business, as well as all liabilities from units for which notice of redemption has been given.

3. Short-term fixed-interest securities are deemed to include legal claims with a term or time-to-maturity of up to 12 months.

4. Funds available at short notice are deemed to include cash, postal and bank accounts, on demand or time deposits, with terms of up to 12 months as well as firmly committed credit lines from a bank of up to 10% of the net fund assets. The credit lines are to be counted toward the maximum limit of permissible pledging under §14(2).

5. To secure upcoming building projects, fixed-interest securities with a term or time-to-maturity of up to 24 months may be held.

B Investment techniques and instruments

§ 10 Securities Lending and Borrowing

The Fund Management Company does not engage in any securities lending and borrowing.

§ 11 Repurchase agreements

The Fund Management Company does not engage in any repurchase agreements.

§ 12 Derivatives

The Fund Management Company does not use any derivatives.

§ 13 Borrowing and lending

1. The Fund Management Company is not permitted to grant any loans for the account of the Real Estate Fund, with the exception of claims against real estate companies of the Real Estate Fund, mortgage notes or other contractual real-estate liens.
2. The Fund Management Company may take out loans for the account of the Real Estate Fund.

§ 14 Encumbrance of the properties

1. The Fund Management Company may pledge properties and assign the liens as security.
2. Notwithstanding, the average encumbrance on all properties shall not exceed one third of the market value.

   To ensure liquidity, the amount of encumbrance may temporarily and exceptionally be increased to one half of the market value, provided that the investors' interests remain protected. In such cases, the audit firm is required to comment on the conditions under CISO Art. 96(1bis) as part of the audit of the Real Estate Fund.

C Investment constraints

§ 15 Risk distribution and the related constraints

1. Investments shall be diversified by property, type of use, age, structural condition, and location.

2. The investments shall be distributed among at least ten properties. Settlements built according to identical construction principles, as well as adjacent plots are considered to constitute a single property.

3. The market value of a property shall not exceed 25% of the fund assets.
4. In addition, in pursuing the investment policy under §8, the Fund Management Company shall observe the following investment constraints with respect to the fund's assets:

   a) no more than 30% of the fund's assets may consist in building land including properties designated for demolition and buildings under construction; no more than 10% of the fund's assets may consist in undeveloped plots that are connected to the utility infrastructure and have a legally binding development project in place, such as a legally valid neighbourhood plan, development plan, design plan, or an approved site development permit;

   b) no more than 30% in ground leases;

   c) no more than 10% in mortgage notes and other contractual real estate liens;

   d) no more than 25% in units in other real estate funds and real estate investment companies;

   e) no more than 40% in the investments referred to under items a and b above.

IV.
Calculation of the net asset value, as well as issue and redemption of units, and expert appraisers

§ 16 Calculation of net asset value and consultation of expert appraisers

1. The net asset value of the Real Estate Fund is calculated at the end of the accounting year and upon each issue of units (in Swiss Francs (CHF).

2. At the close of each accounting year and upon each issue of units, the Fund Management Company has independent expert appraisers review the market value of the properties belonging to the real estate fund. To that end, the Fund Management Company shall appoint at least two individuals or one legal entity as independent expert appraisers, with the approval of the supervisory authority. The inspection of the properties by the expert appraisers shall be repeated at least once every three years. In the event of acquisition/disposal of properties, the Fund Management Company shall have the properties appraised in advance. In case of disposals, no new appraisal is necessary if the existing appraisal is no more than 3 months' old and there has no material change in circumstances.
3. Investments traded on a stock exchange or other regulated market open to the public market are to be valued at the current prices paid on the principal market. Other investments, or investments for which no current prices are available, are to be valued at the price that could probably be obtained through diligent sale at the time of valuation. In such cases, the Fund Management Company shall use appropriate valuation models and principles recognised in practice to determine the market value-.

4. Open-ended collective investment schemes are valued at their redemption price or net asset value. If they are traded on a stock exchange or other regulated market open to the public, then they can be valued by the Fund Management Company in accordance with item 3 above.

5. The value of short-term fixed-interest securities that are not traded on a stock exchange or other regulated market open to the public is determined as follows: the valuation price of such investments is successively adjusted to the redemption price, starting from the net purchase price and keeping the resulting investment return constant. In the event of material changes in the market conditions, the basis of valuation of the individual investments is adjusted to the new market rate of return. If the current market price is unavailable, the calculation is generally based on the valuation of money market instruments featuring the same characteristics (the quality and registered office of the issuer, issue currency, and maturity).

6. Bank balances are valued at their nominal amount plus accrued interest. In the event of material changes in the market conditions or creditworthiness, the valuation basis for time deposits is adjusted to reflect the new circumstances.

7. The appraisal of properties for the Real Estate Fund shall be performed in accordance with the current Asset Management Association Switzerland Guidelines for real estate funds.

8. Building land and buildings under construction shall be appraised according to the principle of market value. The Fund Management Company shall arrange for buildings under construction that are carried at market value to be appraised as of the close of the accounting year.

9. The net asset value of a unit equals the market value of the fund assets less any liabilities of the real estate fund and less any taxes likely to accrue upon liquidation of the

real estate fund, divided by the number of units in circulation. It is rounded to the nearest CHF 0.01.

§ 17 Issue and redemption of units as well as trading

1. It is possible to issue units at any time. but only in tranches. The Fund Management Company shall first offer units to the existing investors.

2. The units shall be redeemed in accordance with §5(5). Units for which notice of redemption has been given in the course of an accounting year may be redeemed early by the Fund Management Company after the close of that year if:
   a) the investors so requested in writing at the time of giving notice;
   b) all the investors who requested early redemption can be satisfied.

   Moreover, the Fund Management Company shall ensure regular trading of the Real Estate Fund units on a stock exchange or over the counter. The details are regulated in the prospectus.

3. The issue and redemption price of the units is based on the net asset value per unit calculated in accordance with §16. When units are issued or redeemed, an issue fee may be added to the net asset value in accordance with §18 or a redemption fee may be deducted from net asset value in accordance with §18.

   The incidental costs for the purchase and sale of real estate assets (property transfer tax, notarial charges, fees, market-based brokerage commissions, duties, etc.) that are incurred by the real estate fund from investing the contributed amount or from selling a portion of the real estate assets corresponding to a unit for which notice of redemption has been given will be charged to the fund assets.

   Upon redemption, the net asset value is reduced by the incidental costs that are incurred by the Real Estate Fund, on average, from selling a portion of the assets corresponding to the unit for which notice of redemption has been given. The relevant rate applied upon redemption is disclosed in the corresponding statement.

4. The Fund Management Company may discontinue the issue of units at any time and reject applications for subscription or exchange of units.

5. The Fund Management Company may, in the interest of all the investors, temporarily and exceptionally postpone the redemption of units if:

   a) a market that forms the basis for the valuation of a material portion of the fund assets is closed or if the trading on such a market is limited or discontinued;

   b) there is a political, economic, military, monetary or other emergency;

   c) transactions cannot be performed for the Real Estate Fund due to restrictions on currency trading or restrictions on other transfers of assets;

   d) notice of redemption is given for a large number of units, which might materially prejudice the interests of the other investors.

6. The Fund Management Company shall promptly report its postponement decision to the audit firm, the supervisory authority as well as investors in an appropriate manner.

7. No units shall be issued so long as the redemption of the units is postponed for the reasons mentioned under items 5(a) to (c) above.

8. In the event of a subscription, each investor may request to contribute real estate assets ("contribution in kind") to the fund instead of making a cash contribution. The request must be submitted together with the subscription and/or notice of redemption. The Fund Management Company is under no obligation to allow contributions in kind.

   The Fund Management Company will decide on contributions in kind and approve such transactions only if executing them is in line with the real estate fund's investment policy and not contrary to the interests of the other investors.

   The costs incurred in connection with a contribution in kind shall not be charged to the fund assets.

   In the event of contributions in kind, the Fund Management Company shall draw up a report containing information about the individual investments assigned, the price of those investments on the date of assignment, the number of units issued or redeemed in exchange, and settlement of fractions in cash. For each contribution in kind, the custodian bank shall check compliance with the duty of loyalty on the part of the Fund Management Company as well as the valuation of the assigned investments and units issued or redeemed on the relevant reference date. The custodian bank shall promptly report any reservations or objections to the audit firm.

   Contribution in kind shall be mentioned in the annual report.

BLKB Fund Management

V. Fees and incidental costs

§ 18 Fees and incidental costs payable by the investors

1. Upon the issue of units, investors may be required to pay an issue fee, not exceeding 3% of the net asset value in total, to the Fund Management Company, custodian bank and/or distributors in Switzerland and abroad. The currently applicable maximum rate is stated in the prospectus.

2. Upon the redemption of units, investors may be required to pay a redemption fee, not exceeding 2% of the net asset value in total, to the Fund Management Company, custodian bank and/or distributors in Switzerland and abroad. The currently applicable maximum rate is stated in the prospectus.

3. Moreover, upon the issue and redemption of units, the Fund Management Company collects, for the benefit of the fund assets, the incidental costs that the Real Estate Fund incurs on average from investing the contributed amount or from selling a portion of the assets corresponding to the redeemed units (see §17(3)). The relevant rate applied is disclosed in the prospectus and corresponding statement.

§ 19 Fees and incidental costs charged to the fund assets

1. For managing the Real Estate Fund and the real estate companies, the asset management and the distribution activities related to the Real Estate Fund, the Fund Management Company charges the Real Estate Fund, on a quarterly basis, a fee of no more than 1% per year of the average total fund assets (management fee).

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

2. For custody of the fund assets, handling of the payment transactions of the Real Estate Fund and the other duties of the custodian bank set out in §4, the custodian bank charges the Real Estate Fund an annual fee of no more than 0.1% of the total fund assets, which is charged to the fund assets pro rata temporis upon each calculation of the net asset value and paid out annually (custodial fee).

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

3. For paying out the annual income to the investors, the custodian bank charges the Real Estate Fund a fee of no more than 0.5% of the gross amount of the distribution.

4. Moreover, the Fund Management Company and the custodian bank are entitled to reimbursement of the following expenditures incurred in the performance of the Fund Contract:

   a) costs related to buying and selling investments, including hedging transactions, i.e. the standard brokerage fees, commissions, billing and processing costs, bank fees, taxes and levies, as well as costs of reviewing and maintaining quality standards in the case of physical investments;
   b) levies by the supervisory authority for the creation, amendment, liquidation, merger or consolidation of the Real Estate Fund;
   c) the supervisory authority's annual fee;
   d) the audit firm's fees for the audit and for certifications related to the creation, amendment, liquidation, merger or consolidation of the Real Estate Fund;
   e) fees for legal and tax consultants in connection with the creation, amendment, liquidation, merger or consolidation of the Real Estate Fund as well as general safeguarding of the interests of the Real Estate Fund and its investors;
   f) costs of publication of the net asset value of the Real Estate Fund or its subfunds as well as all costs of communications to the investors that are not attributable to misconduct on the part of the Fund Management Company, including translation costs;
   g) costs of printing and translating legal documents as well as the annual reports of the Real Estate Fund;
   h) costs of any registration of the Real Estate Fund with a foreign supervisory authority, i.e. commissions and translation costs charged by the foreign supervisory authority, as well as compensation for the foreign representative or paying agent;
   i) costs related to the exercise of voting rights or creditors' rights by the Real Estate Fund, including fees of external consultants;
   j) costs and fees related to intellectual property rights registered in the name of the Real Estate Fund or related to the Real Estate Fund's rights of use;
   k) all costs occasioned by the Fund Management Company, asset manager or custodian bank taking extraordinary measures to safeguard the investors' interests;
   l) costs of registration or renewal of a legal entity identifier at domestic and foreign registration offices;
   m) costs and fees related to quotation of the Real Estate Fund;
   n) costs and fees related to buying and using data and data licenses, to the extent that they are attributable to the Real Estate Fund and do not constitute research costs;
   o) costs and fees related to using and reviewing independent labels.

5. In addition, the Fund Management Company and custodian bank may charge the following fees and incidental costs to the fund assets:

   a) costs of buying and selling real estate assets, i.e. standard brokerage fees, consultancy and lawyers' fees, notarial and other fees, as well as taxes;
   b) standard brokerage fees paid to third parties in connection with the initial rental and re-rental of properties;
   c) standard costs of management of the properties by third parties;
   d) property expenses, provided they are in line with market conditions and not borne by third parties, particularly maintenance and operating costs, including insurance costs, public charges and costs of servicing and infrastructure services;
   e) fees of the independent expert appraisers as well as any other experts for inquiries serving the interests of the investors;
   f) consultancy and procedural costs related to the general protection of the interests of the Real Estate Fund and its investors;
   g) costs and fees related to ensuring regular trading of the Real Estate Fund units on a stock exchange or over the counter.

6. The Fund Management Company may charge a fee for its own efforts in connection with the following activities:

   a) buying and selling plots of land and properties, including the acquisition of plots of land and properties (contributions in kind), up to a maximum of 2.5% of the purchase or sale price;
   b) construction of buildings, in cases of renovation and structural alteration, up to a maximum of 3% of the construction costs;
   c) management of the properties, up to a maximum of 5% of the gross annual rental income

7. The costs, fees and taxes related to the construction of buildings, renovations and structural alterations (i.e. standard planning and architectural fees, building permit and utility connection fees, costs of the grant of easements, etc.) are added directly to the prime costs of the real estate assets. 8.

8. The costs under items 4(a) and 5(a) above are added directly to the acquisition cost or deducted from the market value.

9. The benefits granted by the real estate companies to the members of their administration, management and staff are offset against the compensation to which the Fund Management Company is entitled pursuant to §19.

10. The Fund Management Company and its agents do not pay any retrocessions as compensation for distributing the fund units. They may, however, pay rebates as provided for in the prospectus in order to reduce the fees and costs charged to the Real Estate Fund that are apportioned to the investors.

11. If the Fund Management Company acquires units of other collective investment schemes that are directly or indirectly managed by the Fund Management Company itself or by another company with which it is affiliated through common management or control or through a direct or indirect interest ("Affiliated Target Funds"), then it shall not charge any issue or redemption fees of the Affiliated Target Funds to the Real Estate Fund.

VI. Rendering of Accounts and Audit

§ 20 Rendering of accounts

1. The accounting currency of the Real Estate Fund is the Swiss Franc (CHF).

2. Each accounting year runs from 1 January to 31 December. The first financial year has a shortened duration and ends on 31 December 2025.

3. Within four months after the close of the accounting year, the Fund Management Company shall publish the Real Estate Fund's audited annual report.

4. The investor's right to information under §5(4) remains reserved.

§ 21 Audit

The audit firm verifies whether the Fund Management Company and custodian bank have complied with the statutory and contractual provisions as well as any rules of conduct of the Asset Management Association Switzerland. A short report by the audit firm on the published annual financial statements will appear in the annual report.

VII. Application of Earnings and Distributions

§ 22

The net income of the Real Estate Fund is distributed to investors annually, at the latest within four months after the end of the accounting year, in Swiss francs (CHF).

The Fund Management Company may also make interim distributions from the income.

Up to 30% of the net income may be carried forward to new account. A distribution may be waived and the entire net income may be carried forward to new account if:
- the net income of the current financial year and income carried forward from previous accounting years of the Real Estate Fund amount to less than 1% of the net asset value of the Real Estate Fund,
- the net income of the current financial year and income carried forward from previous accounting years of the Real Estate Fund amount to less than one unit of the accounting currency of the Real Estate Fund.

Moreover, the Fund Management Company may waive a distribution to investors in the first, incomplete financial year following the initial issue of the Real Estate Fund.

VIII. Publications of the Real Estate Fund

§ 23

1. The official publication media of the Real Estate Fund are the print or electronic media specified in the prospectus. Any replacement of the official publication medium shall be announced in the official publication media.

2. The official publication medium shall publish, in particular, summaries of material changes in the Fund Contract, including an indication of the offices from which the reworded text may be obtained free of charge, any replacement of the Fund Management Company and/or custodian bank, any creation, discontinuation, or merger of unit classes, as well as the liquidation of the Real Estate Fund. Any changes required by operation of law that do not affect the investors' rights or are exclusively formal in nature may be exempted from the publication requirement with the supervisory authority's consent.

3. Upon each issue and redemption of units, the Fund Management Company shall publish in the official publication media the issue and redemption prices and/or the net asset value, with the indication "excluding commissions". The prices are published at least once a month. The weeks and weekdays on which the publication occurs shall be defined in the prospectus.

4. The prospectus, together with the integrated Fund Contract as well as the annual reports can be obtained free of charge on the website of BLKB Fund Management Ltd. (www.blkb-fm.ch) and from Swiss Fund Data (www.swissfunddata.ch).

IX. Restructuring and Dissolution

§ 24 Merger

1. With the custodian bank's consent, the Fund Management Company may merge real estate funds by transferring the assets and liabilities of the real estate fund(s) to be transferred to the absorbing real estate fund at the time of the merger. The investors of the transferring real estate fund shall receive a corresponding number of units in the absorbing real estate fund. Any fractions shall be disbursed in cash. At the time of merger, the transferring real estate fund shall be dissolved without liquidation and the fund contract of the absorbing real estate fund shall also be applicable to the transferring real estate fund.

2. Real estate funds may be merged only if:

   a) if the corresponding fund contracts so provide;
   b) they can be managed by the same fund management company;
   c) the corresponding fund contracts are generally in agreement concerning the following provisions:
      – the investment policy, the investment techniques, the risk distribution, as well as risks associated with the investment,
      – the application of the net income and capital gains,
      – the type, amount, and calculation of all fees, the issue and redemption fees, as well as the incidental costs of buying and selling investments (brokerage fees, other fees and charges) that can be charged to the fund assets or investors,
      – the terms and conditions of redemption,
      – the term of the contract and the prerequisites for dissolution;

   d) the assets of the participating real estate funds shall be valued, the exchange ratio calculated, and the assets and liabilities assumed on the same day;
   e) no resulting costs shall be incurred by either the real estate funds or the investors.

   The provisions under §19(4) of the Fund Contract remain reserved.

3. If the merger is expected to take more than one day, the supervisory authority may authorise a postponement of limited duration for redemption of the units of the participating real estate funds.

4. At least one month before the planned publication, the Fund Management Company shall submit the intended amendments to the Fund Contract as well as the intended merger, together with the merger plan, to the supervisory

authority for review. The merger plan shall contain information about the reasons for the merger, the investment policy of the participating real estate funds, any differences between the absorbing and transferring real estate funds, the calculation of the exchange ratio, any differences in the fees, any tax impact on the real estate funds, as well the opinion of the audit firm responsible under collective investment law.

5. The Fund Management Company shall publish any intended amendments to the Fund Contract pursuant to §23(2) as well as the intended merger and its scheduled date at least two months prior to the effective date specified by it in the official publication media of the participating real estate funds, together with the merger plan. The Fund Management Company shall inform the investors that they may raise objections against the intended amendments to the Fund Contract with the supervisory authority or demand the redemption of their units within 30 days after the latest publication or notification.

6. The audit firm shall immediately verify proper implementation of the merger and express its opinion in that regard in a report addressed to the Fund Management Company and supervisory authority.

7. The Fund Management Company shall report the execution of the merger to the supervisory authority and publish the completion of the merger, the audit firm's certification of proper implementation, as well as the exchange ratio, without delay, in the official publication medium of the participating real estate funds.

8. The Fund Management Company shall mention the merger in the next annual report of the absorbing real estate fund. An audited final report shall be drawn up for the transferring real estate fund in case the merger falls outside the scope of the ordinary annual accounts.

§ 25 Conversion to another legal form

1. With the custodian bank's consent, the Fund Management Company may convert real estate funds to subfunds of a SICAV under Swiss law, in which case the assets and liabilities of the converted real estate fund will be transferred at the time of conversion to the investor subfund of a SICAV. The investors of the converted real estate fund shall receive units of the investor subfund of the SICAV with a corresponding value. On the conversion date, the converted real estate fund shall be dissolved without liquidation, and the investment regulations of the SICAV shall apply to the investors of the converted real estate fund who become investors of the investor subfund of the SICAV.

2. The Real Estate Fund can be converted into a SICAV subfund only if:

   a) the Fund Contract so provides and the investment regulations of the SICAV expressly so specify;

   b) the Real Estate Fund and subfund are managed by the same Fund Management Company;

   c) the Fund Contract and the investment regulations of the SICAV are generally in agreement regarding the following provisions:

      – the investment policy (including liquidity), the investment techniques (securities lending, repurchase and reverse repurchase agreements, financial derivatives), borrowing and lending, pledging of collective investment assets, risk diversification and investment risks, the type of collective investment scheme, the group of investors, the unit/share classes and the calculation of the net asset value,
      – the appropriation of net proceeds and capital gains from the disposal of assets and rights,
      – the appropriation of net earnings and the reporting,
      – the type, amount and calculation of all fees, issue and redemption fees and incidental costs for the acquisition and sale of investments (brokerage fees, charges, taxes) chargeable to the fund assets or the SICAV, the investors or the shareholders, excluding incidental costs specific to the legal form of the SICAV,
      – the terms and conditions of issue and redemption,
      – the term of the contract or of the SICAV,
      – the official publication medium;

   d) The valuation of the assets of the participating collective investment schemes, the calculation of the exchange ratio and the transfer of the assets shall all take place on the same day;

   e) no costs shall be generated for the Real Estate Fund or SICAV or the investors or shareholders.

3. FINMA may approve the postponement of redemption for a certain period if the conversion is expected to take more than one day.

4. Prior to the planned publication, the Fund Management Company shall submit to FINMA, for review, the planned amendments to the Fund Contract and the planned conversion, together with the conversion plan. The conversion plan shall contain information about the reasons for the conversion, the investment policy of the relevant collective investment schemes and any differences between the converted Real Estate Fund and

the SICAV subfund, the calculation of the exchange ratio, any differences in the fee, any tax impact on the collective investment schemes, as well the opinion of the audit firm of the Real Estate Fund.

5. The Fund Management Company shall publish any amendments to the Fund Contract pursuant to §23(2) as well as the planned conversion and its scheduled date in connection with the conversion plan at least two months prior to the date specified by it in the publication of the converted Real Estate Fund. The Fund Management Company shall inform the investors that they may raise objections against the intended amendments to the Fund Contract with the supervisory authority or demand the redemption of their units within 30 days after the publication or notification.

6. The audit firm of the Real Estate Fund and/or SICAV (if they are different) shall promptly verify proper implementation of the conversion and report on it to the Fund Management Company, the SICAV and FINMA.

7. The Fund Management Company shall promptly report to FINMA the completion of the conversion and forward to FINMA the audit firm's certification of the proper implementation of the transaction and the conversion report in the official publication media of the participating real estate funds.

8. The Fund Management Company or SICAV shall mention the conversion in next annual report of the Real Estate Fund or SICAV, respectively.

§ 26 Term of the Real Estate Fund and Dissolution

1. The Real Estate Fund is open ended.

2. The Fund Management Company or custodian bank may bring about the dissolution of the Real Estate Fund by terminating the Fund Contract on one month's notice.

3. The Real Estate Fund may be dissolved by order of the supervisory authority, particularly if it does not possess net assets of at least CHF 5 million (or the equivalent value) within one year after the expiry of the subscription period (launch) or a longer period extended by the supervisory authority at the request of the custodian bank and Fund Management Company.

4. The Fund Management Company shall promptly notify the supervisory authority of the dissolution and publish it in the official publication medium.

5. Upon termination of the Fund Contract, the Fund Management Company shall promptly liquidate the Real Estate Fund. If the supervisory authority orders the dissolution of the Real Estate Fund, it must be liquidated without delay. The custodian bank shall be assigned the task of disbursing the liquidation proceeds to the investors. If the liquidation takes a long time, the proceeds can be paid out in instalments. The Fund Management Company must obtain the supervisory authority's approval prior to the final payment.

X. Amendment of the Fund Contract

§ 27

If the present Fund Contract is to be amended, or if it is intended to replace the Fund Management Company or custodian bank, then the investors shall have the option of lodging objections with the supervisory authority within 30 days after the last relevant publication or notification. In the publication, the Fund Management Company shall inform investors as to which amendments to the Fund Contract are subject to review and confirmation of legal compliance by FINMA. Moreover, in the event of an amendment to the Fund Contract, the investors may demand the disbursement of their units in cash subject to complying with the contractual notice period. The cases mentioned in §23(2), which require the supervisory authority's approval, are exempted from the publication requirement.

XI. Governing law and place of jurisdiction

§ 28

1. The Real Estate Fund is subject to Swiss law, particularly the Collective Investment Schemes Act of 23 June 2006, the Collective Investment Schemes Ordinance of 22 November 2006, as well as the FINMA Ordinance on Collective Investment Schemes of 27 August 2014.

   The place of jurisdiction shall be the registered office of the Fund Management Company.

2. For the interpretation of the Fund Contract, the German version shall be controlling.

3. The present Fund Contract shall enter into effect on 30 May 2025.

4. When approving the Fund Contract, FINMA only examines the provisions under CISO Art. 35a(1)(a) to (g) and ascertains their compliance with the law.

Binningen and Lausanne

10 June 2025

The Fund Management Company:
BLKB Fund Management Ltd.

The Custodian Bank:
Banque Cantonale Vaudoise