PROPERTY ONE

ASSET MANAGER.

Information for investors

ONE Mortgage Fund

Property expertise from Property One

Property One is distinguished by its proven expertise in real estate services and has grown to be the leading provider of subordinated real estate financing in the Swiss market over the last ten years. The mortgage volume placed amounts to more than CHF 1 bn, of which over CHF 540 million is attributable to the FINMA-regulated ONE Real Estate Debt Fund (OREDF) launched in 2021. Thanks to active risk management and selective lending (low two-digit percentage completion rate), Property One has never had to record an interest or loan default.

ONE Mortgage Fund – function and focus

The ONE Mortgage Fund (OMF) grants first mortgages for investment properties, and qualitatively and quantitatively well thought-out construction projects up to an average target loan-to-value ratio of 60%. Mortgage borrowers are exclusively real estate professionals. Financing for owner-occupied residential property is excluded. The OMF offers qualified investors the opportunity to participate in a diversified mortgage portfolio collateralised by real estate in Switzerland.

The OMF primarily finances investment properties with residential use in urban regions of Switzerland. Investors who until now have primarily been active in the low-margin mortgage business of home financing can diversify their portfolio with the OMF and achieve an attractive return with an excellent risk/reward ratio.

Ideal conditions for Whole Loan Financing

Borrowing is becoming increasingly difficult for professional property investors in Switzerland due to the restrictive lending policies of banks, as the latter have to comply with ever higher capital requirements for regulatory reasons (Basel III / Basel IV). The finalisation of Basel III in particular will force banks to weight their risks more heavily when financing investment properties and to deposit more equity as of 1 January 2025. This will contribute to banks increasingly focussing on owner-occupier financing and will make it even more difficult to finance investment properties or real estate projects. This is likely to lead to a gap that experienced specialists in alternative financing will be able to fill. The ONE Mortgage Fund (OMF) will assume the role of the bank.

By combining the OMF with the OREDF, Property One will be the first provider in the FINMA-regulated sector to offer Whole Loan Financing from a single source and fill the resulting financing gaps. This saves mortgage borrowers lengthy negotiations with banks, providing real estate professionals with a perfectly coordinated comprehensive financing solution that is unique in Switzerland.

Advantages for investors

As a result of the increased efficiency and optimised return on equity that a Whole Loan Financing brings about, Property One achieves an increased willingness to pay on the part of mortgage borrowers, which enables OMF investors to achieve an attractive return.

Property One subjects all mortgage applications to extensive and detailed individual checks. In all cases, these include an in-person inspection of each collateralised property and on-going reviews of the property-specific marketability and current mortgages. Close monitoring during the term of the loan significantly increases security. In addition, all loan applications must be approved by two decision-making bodies operating independently.

- Investment in first mortgages secured by lien on the borrower's property
- Attractive returns due to higher willingness of mortgage borrowers to pay for comprehensive financing
- High quality of mortgages thanks to careful individual checks and rigorous monitoring of properties/projects throughout the entire term
- Positive diversification effect from owner-occupied financing
- Investment manager with many years of wide-ranging real estate experience
- Secured portfolio expansion thanks to demand of over CHF 300 million from existing borrowers

Key data ONE Mortgage Fund

Distribution	at least 70%
Valuation interval	quarterly
Subscriptions/redemptions	quarterly/ half-yearly
Notice period	12 months
Lock-up period	3 years (from launch)
Target portfolio	
Loan volume	CHF 500 million
Average loan-to-value (LTV)	60%
Duration	~2–3 years
Expected gross return	SARON / swap + 1.80%
Net target return/expected TER	> 2.00% / ~ 40 bps

Illustrative example of a 3-year real estate project development

Whole Loan Financing leads to higher return on equity

Financing with a bank

		CHF million
Construction costs		30.0
First mortgage	LTV 60%	–18.0
Equity		**12.0**

Debt capital		CHF million	
	Interest	p.a.	3 years
First mortgage	1.8%	0.33	–1.0
Total costs			**–1.0**

	CHF million
Project profit[1]	6.0
Income tax (assumption 15%)	–0.9
Profit (after tax)	5.1
Return on equity p.a.	**12.5%**

[1] Calculation of the project profit	CHF million
Proceeds from sale	37.0
Construction costs	–30.0
Interest costs (total expenses)	–1.0
Project profit (before tax)	**6.0**

Financing with Property One

		CHF million
Construction costs		30.0
First mortgage (OMF)	LTV 60%	–18.0
Subordinated mortgage (OREDF)	LTV 20%	–6.0
Equity		**6.0**

Debt capital		CHF million	
	Interest	p.a.	3 years
First mortgage	2.5%	–0.45	–1.4
Subordinated mortgage	6.5%	–0.39	–1.2
Total costs			**–2.6**

	CHF million
Project profit[1]	4.4
Income tax (assumption 15%)	–0.7
Profit (after tax)	3.7
Return on equity p.a.	**17.5%**
Increased return on equity	**40%**

[1] Calculation of the project profit	CHF million
Proceeds from sale	37.0
Construction costs	–30.0
Interest costs (total expenses)	–2.6
Project profit (before tax)	**4.4**

The above example of project financing over three years shows that taking out a subordinated mortgage provides the borrower with a higher return on equity compared to traditional financing. In the professional segment, demand for subordinated mortgages for the purpose of optimising equity remains high.

Advantages for borrowers

Whole Loans allow mortgage borrowers to make particularly efficient use of their equity and to act quickly on the market.

- Efficient use of equity and optimised return on equity (ROE)
- Tailored comprehensive solutions from a single provider
- Efficient financing process
- Property One's familiarity with the construction and real estate industry and the needs of mortgage borrowers
- Switzerland's only provider of Whole Loan Financing in the regulated FINMA environment

Find out more on our website:

Property One Investors AG specialises in the selection and management of real estate loans

Property One Investors AG (POI) is an owner-managed company limited by shares based in Zug and founded in 2013. POI is a specialised provider of real estate investment services. Its focus is on the real estate and private real estate debt asset classes. POI has been authorised to manage collective assets since December 2020 and is subject to supervision by the Swiss Financial Market Supervisory Authority (FINMA). Other companies in the Property One Group are Property One Partners AG and Property One Ticino SA.

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The ONE financing umbrella is a contractual "other funds for alternative investments"-type investment fund with special risk. The subfunds mainly invest in loans within the real estate sector (private real estate debt), among other investments, and therefore predominantly in subordinated or first mortgages, depending on the subfund. This means that the associated risks cannot be compared to those of securities funds or other funds for traditional investments. Investors are specifically advised to note the risks listed in the prospectus, the limited liquidity, the limited risk diversification and the difficulty in valuing the investments in the umbrella fund which are, for the most part, not listed or traded. In particular, investors must be prepared and able to bear losses of capital, including total loss.

This document is issued for marketing and informative purposes only and does not constitute an offer, a request or recommendation to subscribe to or redeem units of the investment fund/investment fund units or investment instruments, to execute transactions or to conclude a legal transaction. Any subscriptions to units of the fund should always be made exclusively on the basis of the current sales prospectus for the investment fund (the "prospectus"), the fund agreement and the investment fund's latest annual report, after having sought advice from an independent financial, legal, accounting and tax expert. Before you reach an agreement regarding an investment mentioned in this document, you should also ask your personal investment advisor about its suitability. Past performance is not a reliable indicator of the investment fund's current or future performance. The performance data does not take into account any commissions or fees that may be incurred when issuing or redeeming fund units. No liability is accepted for losses resulting from the use of this information and no guarantee of accuracy is given.

The prospectus with integrated fund agreement and the latest annual report are available free of charge from Solutions & Funds AG, trading through its Zurich branch, Schweizergasse 10, CH-8001 Zurich, www.solutionsandfunds.ch/en.

Data source: Property One Investors AG, unless stated otherwise.

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