

PROPERTY ONE

ASSET MANAGER.

Information for borrowers

ONE Real Estate Debt Fund

Optimised equity and release of capital for market opportunities

The need for alternative financing solutions has been growing for years as regulations increasingly restrict traditional investors when granting mortgages. This can result in temporary gaps in financing which are systematically filled by subordinated financing solutions. Subordinated loans optimise equity and release capital for other market opportunities.

As a first mover, Property One launched the ONE Real Estate Debt Fund (OREDF) in 2021 to give real estate investors and project developers access to additional financing options through subordinated loans. Today, Property One is the market leader for subordinated real estate financing in the Swiss market.

The OREDF grants loans which are secured through mortgage notes on Swiss properties. The term of the loan can be adjusted flexibly to suit the borrower's needs and can last up to 36 months. Financing can be granted for investment property (residential and commercial property) and for project developments (including property promotions).

Property One's services are aimed at professionals from the Swiss real estate market as well as real estate investors (inventory holders) and project developers.

Criteria for granting a loan

Loan attributes:

- Minimum loan amount of CHF 1 million
- Free usage of the loan amount
- Loan-to-value ratio of up to 80%
(no lower of cost or market applicable)
- Maximum 36-month term
- Interest based on CHF-SARON 3 months
Compound Rate plus margin

Security:

- Collateralisation through mortgage notes
- Properties located in Switzerland
(focus on urban areas)
- All types of use
(excluding owner-occupied residential property)
- Financing of construction projects and plots of land possible

The ONE Real Estate Debt Fund (OREDF) offers financing solutions for:

Investment property

Project developments

Property promotions/
building loans

Bridge financing

Example: Increase in return on equity

December 2023

Your benefits as a borrower

- By taking out a subordinate mortgage, the return on equity (ROE) is increased by 10%
- Equity to the value of CHF 5 million is released for other market opportunities

Key figures for project development

	CHF
Investment costs	30,000,000
Sale price	37,000,000
– Property gains tax	–2,000,000
Investment profit	5,000,000
Return on investment (ROI) over three years	16.7%

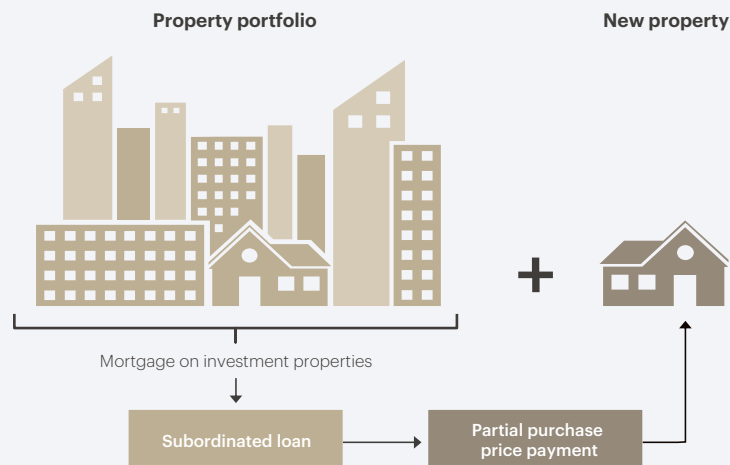
Classic financing

	CHF	Capital costs in %	Capital costs p.a.
Bank mortgage	22,000,000	2.75%	605,000
Equity	8,000,000		
Investment profit p.a.	1,061,667		
Return on equity (ROE) p.a.	13.3%		

Financing with OREDF

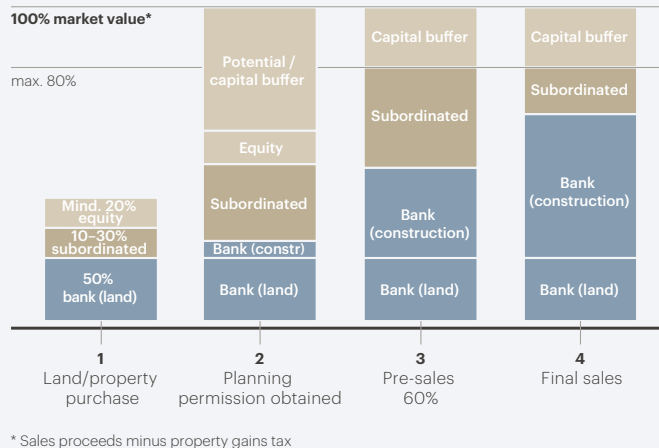
	CHF	Capital costs in %	Capital costs p.a.
Bank mortgage	22,000,000	2.75%	605,000
Subordinated OREDF mortgage	5,000,000	7.25%	362,500
Equity	3,000,000		
Investment profit p.a.	699,167		
Return on equity (ROE) p.a.	23.3%		

Example: Mortgage on investment property



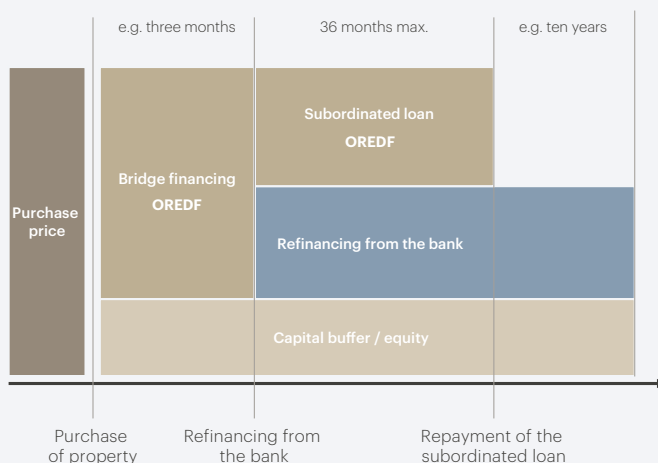
- Subordinated mortgage on multiple investment properties with a maximum term of 36 months.
- Release of equity tied up in the property portfolio. The liquid funds generated can be used for acquiring further properties.
- Repayment from cash flow or through refinancing (1st rank increase after the lower of cost or market ceases to apply).

Example: Financing a property promotion project



- Qualitatively and quantitatively sophisticated promotion projects with financing gaps can be arranged thanks to the OREDF.
- The interest costs of the subordinated financing are offset by the shortened project duration and the associated shorter equity investment.
- The subordinated financing can release tied-up equity and enable an early withdrawal of investment profit.
- Repayment by selling the individual units.

Example: Bridge financing



- Opportunities can be seized quickly thanks to the efficient loan granting process, enabling the property being purchased to be secured.
- For traditional refinancing by a bank, there is enough time and, therefore, better negotiation opportunities available after the successful acquisition.
- The interest costs of the bridge financing are offset over the holding period.
- A part of the bridge financing can, upon request, be converted into a subordinated loan.



Property One as first mover and market leader for subordinated mortgages in Switzerland

Property One Investors AG is an owner-managed real estate asset manager for debt and equity investments. Based in Zug, this asset management firm was founded in 2013 and has been subject to supervision by the Swiss Financial Market Supervisory Authority (FINMA) as a manager of collective assets since December 2020.

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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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