NEW SWISS ANNEX VERSION per 31.8.2015

Information for investors in Switzerland

1. Representative

The representative in Switzerland is UBS Fund Management (Switzerland) AG, Aeschenplatz 6, 4052 Basel.

2. Paying agent

The paying agent in Switzerland is UBS Switzerland AG, Bahnhofstrasse 45, 8001 Zürich.

3. Location where the relevant documents may be obtained

The relevant Fund Documents to this Fund (Private Placement Memorandum, Management Regulations, Facts & Figures and the Annual, Semi-Annual & Quarterly Reports) are available free of charge from the Representative in Switzerland.

4. Payment of retrocessions and rebates

1. The Management Company and its agents may pay retrocessions as remuneration for distribution activity in respect of fund units in or from Switzerland. This remuneration may be deemed payment for the following services in particular:
   - Promoting and rendering the distribution of fund units;
   - Training client advisers and salespersons;
   - Organization of and participation in road shows, events and shows of all kinds in connection with the distribution of fund units;
   - Contacting potential investors;
   - Central relationship management and servicing of existing client relationships;
   - Responding to specific requests from investors regarding the investment product or the provider;
   - Produce and issue marketing and legal fund documents;
   - Provide administrative services of all kinds in connection with the distribution of fund units;
   - Brokering and processing subscription and redemption of fund units;
   - Subscribe units as a nominee for clients on behalf of the provider;
   - Appointment and monitoring of sub-distributors;
   - Performing due diligence delegated by the Provider in areas such as ascertaining client needs and distribution restrictions;
   - Instruction of the external auditors to verify compliance (by the fund provider) with the legal and self-regulatory obligations of the Distributor, such as in particular the SFAMA Guidelines for the Distribution of Collective Investment Schemes;
   - Operation and maintenance of electronic distribution platforms;
   - Central reporting for fund providers and distribution distributers;
   - Provide administrative services of all kinds including fulfilment of the due diligence obligations in combating money laundering and the financing of terrorism in connection with the distribution of fund units.

   Retrocessions are not deemed to be rebates even if they are ultimately passed on, in full or in part, to the investors.

   The recipients of the retrocessions must ensure transparent disclosure and inform investors, unsolicited and free of charge, about the amount of remuneration they may receive for distribution.

   On request, the recipients of retrocessions must disclose the amounts they actually receive for distributing the collective investment schemes of the investors concerned.

2. In the case of distribution activity in or from Switzerland, the Management Company and its agents may, upon request, pay rebates directly to investors. The purpose of rebates is to reduce the fees or costs incurred by the investor in question. Rebates are permitted provided that

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

The objective criteria for the granting of rebates by the Management Company are as follows:
- the volume subscribed by the investor or the total volume they hold in the collective investment scheme or, where applicable, in the product range of the promoter;
- the amount of the fees generated by the investor;
- the investment behaviour shown by the investor (e.g. expected investment period);
- the investor's willingness to provide support in the launch phase of a collective investment scheme.

At the request of the investor, the Management Company must disclose the amounts of such rebates free of charge.

5. Place of performance and jurisdiction

In respect of the units distributed in and from Switzerland, the place of performance and jurisdiction is the registered office of the Representative.

UBS (Lux) Real Estate - Euro Core Fund

A Fund organised under the laws of the Grand-Duchy of Luxembourg

Private Placement Memorandum
UBS (Lux) REAL ESTATE - EURO CORE FUND - EURO ZONE
FCP - SIF

The Units referred to in this Private Placement Memorandum in respect of each Sub-Fund (as hereinafter defined) are offered solely on the basis of the information contained herein and in the documents referred to in this Private Placement Memorandum. In connection with the offer hereby made, no person is authorised to give any information or to make any representations other than those contained in this Private Placement Memorandum and in the documents referred to herein, and any purchase made by any person on the basis of statements or representations not contained in or inconsistent with the information contained in this Private Placement Memorandum or in the documents referred to herein shall be solely at the risk of the purchaser.

UBS (Lux) Real Estate - Euro Core Fund (the "**Fund**") is an open ended *fonds commun de placement* organised under the Luxembourg law of 13 February 2007 concerning undertakings for collective investment the securities of which are not intended to be placed with the public. Accordingly the sale of Units is restricted to Qualified Investors subscribing either on their own behalf or on behalf of Qualified Investors. The Fund has an "umbrella" structure which entitles the Management Company to issue Units of different classes in segregated Sub-Funds and which each have a specific investment policy and other characteristics as described in the relevant Appendix to this Private Placement Memorandum.

Statements made in this Private Placement Memorandum and in the Management Regulations are based on the law and practice in force in the Grand-Duchy of Luxembourg and are subject to changes therein.

June 2010

VISA 2010/64345-3978-0-PC
L'apposition du visa ne peut en aucun cas servir d'argument de publicité
Luxembourg, le 21/07/2010
Commission de Surveillance du Secteur Financier

Important Information

The Fund is reserved for Qualified Investors who must be aware of the risks attaching to the investment in an undertaking for collective investment investing into real estate such as the Fund. Investors will not have any recourse to UBS for any losses of the Fund.

The Units referred to in this Private Placement Memorandum in respect of the Fund (as hereinafter defined) are offered solely on the basis of the information contained herein and in the documents referred to in this Private Placement Memorandum. In connection with the offer hereby made, no person is authorised to give any information or to make any representations other than those contained in this Private Placement Memorandum and in the documents referred to herein, and any purchase made by any person on the basis of statements or representations not contained in or inconsistent with the information contained in this Private Placement Memorandum or in the documents referred to herein shall be solely at the risk of the purchaser.

UBS (Lux) Real Estate - Euro Core Fund is an open-end fonds commun de placement organised under the Luxembourg law of 13 February 2007 concerning undertakings for collective investment, the securities of which are not intended to be placed with the public. Accordingly the sale of Units is restricted to Qualified Investors subscribing either on their own behalf or on behalf of other Qualified Investors.

Statements made in this Private Placement Memorandum are based on the law and practice in force in the Grand-Duchy of Luxembourg and are subject to changes therein.

Prospective investors should conduct their own investigation and analysis of the business of UBS and the Fund described in this Private Placement Memorandum. This Private Placement Memorandum, together with the documents referred to herein and such investigation and analysis, shall form the basis on which investors shall subscribe for Units. It is understood that each prospective Unitholder shall make its own assessment of the private placement (including, without limitation, its consideration and review of the subject matter of the exhibits hereto, and the documents referred to herein) independently and without reliance on UBS, the Fund or their respective agents.

This Private Placement Memorandum is submitted to you on a confidential basis. By accepting this Private Placement Memorandum and other information supplied to investors by UBS, the recipient agrees that neither it nor any of its employees or advisers shall use the information for any purpose other than for evaluating its interest in the Fund nor shall they divulge such information to any other party. This Private Placement Memorandum shall not be photocopied, reproduced or distributed to others without the prior written consent of UBS. If the recipient determines not to purchase any of the Units in connection with the private placement, it will promptly return all material received in connection herewith (including this Private Placement Memorandum) to UBS without retaining any copies.

The statements contained herein that are not historical facts are forward-looking statements. These forward-looking statements are based on current expectations, estimates and projections about the industry and markets in which UBS or the Fund, as the case may be, operates, management's beliefs, and assumptions made by management. Words such as "expects", "anticipates", "should", "intends", "plans", "believes", "seeks", "estimates", "projects", variations of such words and similar

expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. Among the factors that could cause actual results to differ materially are: the general economic climate, competition and the supply of and demand for real estate in markets in which the Fund intends to invest, interest rate levels, the availability of financing, potential environmental liability and other risks associated with the ownership, development and acquisition of real estate, including risks that tenants will not take or remain in occupancy or pay rent, changes in the legal or regulatory environment, or that construction or operating costs may be greater than anticipated and inflationary trends.

Further, the value of the real estate concerned will generally be a matter of a valuer's opinion and may fluctuate up or down. It may be difficult or impossible to realise the investment because the real estate concerned may not be readily saleable and there is no recognised market for interests in the Units. It may therefore be difficult for investors in the Fund to deal in their interest or to obtain reliable information about the value of that interest as distinct from that of the underlying investments.

Generally, investment values can go down as well as up. Past performance is not indicative of future returns which may or may not be the same or similar as past performance.

The views expressed in this Private Placement Memorandum are solely the views of UBS Global Asset Management, Global Real Estate – Continental Europe, a business group within UBS Global Asset Management, and may not necessarily reflect the views of other parts of the UBS Group.

The distribution of this Private Placement Memorandum and the private placement of the Units in certain jurisdictions may be restricted by law. Persons into whose possession this Private Placement Memorandum comes are required by UBS and the Fund to inform themselves about, and to observe, any such restrictions. This Private Placement Memorandum does not constitute and may not be used for or in connection with an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. No action has been or will be taken in any jurisdiction by UBS or the Fund that would permit a public offering of the Units or possession or distribution of this information in any jurisdiction where action for that purpose is required. In particular, prospective investors should refer to Section VII: "Securities Legends".

The Units have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") or the securities laws of any State of the United States and, subject to certain exceptions, may not be offered or sold within the United States. See Section VII: "Securities Legends".

This Private Placement Memorandum comprises disclosure of provisions applicable to the Fund as a whole and specific Appendices applicable to each Sub-Fund which describe the particular characteristics of each Sub-Fund. The Private Placement Memorandum may be amended at any time. The Unitholders will be informed thereof.

This Private Placement Memorandum supersedes and replaces any other information provided by UBS and its respective representatives and agents in respect of the Fund.

Unless the context otherwise requires all capitalised terms in this Private Placement Memorandum are defined in Section VIII: "Definitions" and should be construed accordingly.

Investors will be required to complete a subscription agreement to subscribe for Units in the Fund.

The text of the Management Regulations appears in full as an Appendix to the Private Placement Memorandum. Prospective investors should carefully review the Management Regulations and note that, should any provision of the Management Regulations as summarised in this Private Placement Memorandum be inconsistent with the Management Regulations, the Management Regulations to the extent of any inconsistency shall prevail.

By accepting this Private Placement Memorandum, the recipient hereof agrees to be bound by the foregoing.

For more information please contact:

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Management Company, Service Providers and Advisers

THE FUND

UBS (Lux) REAL ESTATE - EURO CORE FUND
A collective investment fund organised under the laws
of the Grand-Duchy of Luxembourg

THE MANAGEMENT COMPANY

UBS (LUX) Open-End Real Estate Management Company S.à r.l.
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L-1855 Luxembourg

THE DIRECTORS OF THE MANAGEMENT COMPANY

Directors

Reto Ketterer
André Spahni
Aloyse Hemmen
Mark Gifford
Sarah Camilleri
Gabriele Merz

REAL ESTATE MANAGER (EURO-ZONE)

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L-1855 Luxembourg

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LEGAL ADVISERS

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LINKLATERS LLP

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United Kingdom

Section I: Summary of the Offering

1 Introduction

UBS is offering Qualified Investors the ability to invest in the UBS (Lux) Real Estate - Euro Core Fund which offers investment opportunities in diversified portfolios of Real Estate assets. The Fund is an open ended *fonds commun de placement* established in Luxembourg under the 2007 Law.

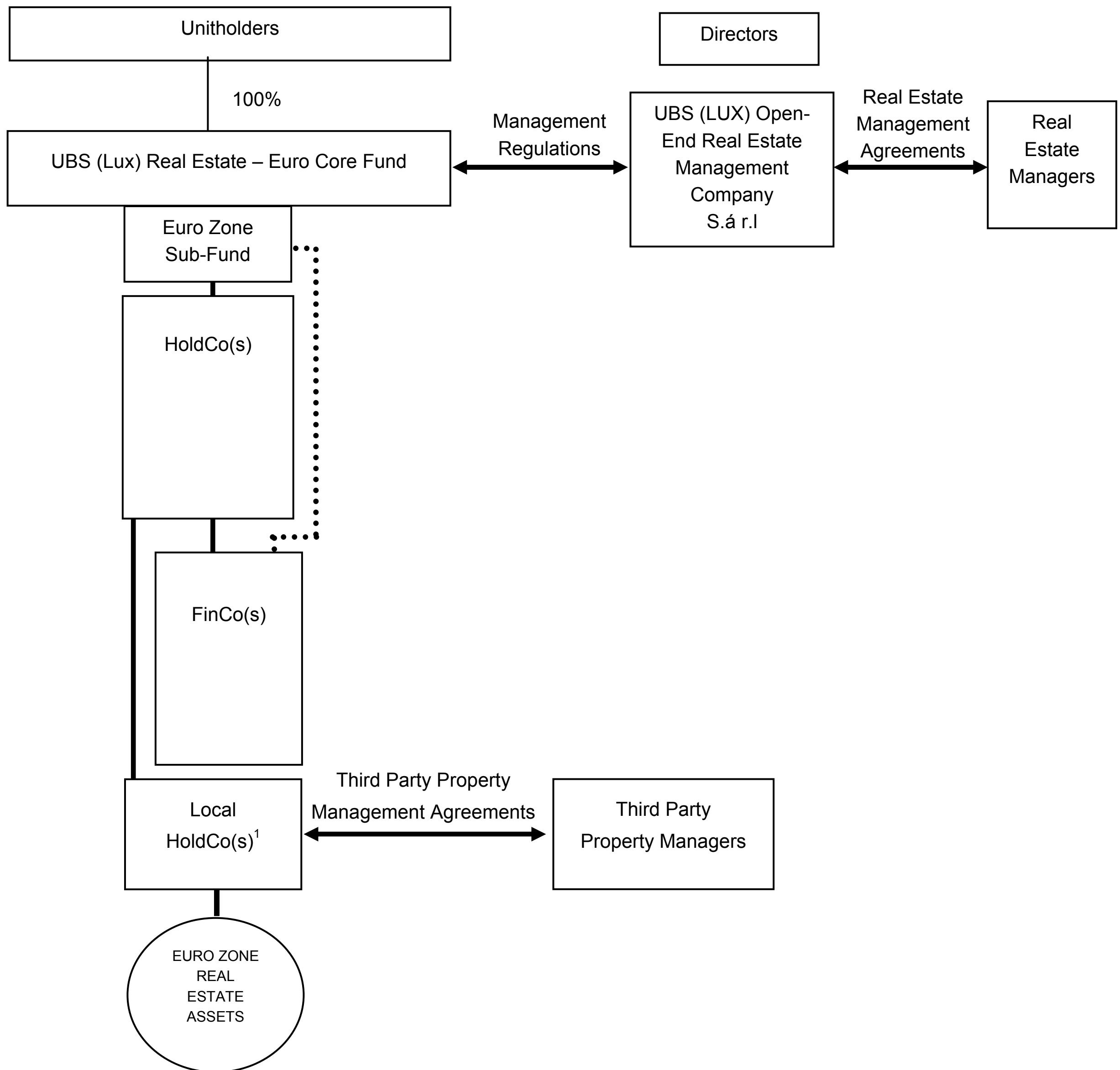
The Fund may initially offer Classes of Units in segregated Sub-Funds. Currently, only one Sub-Fund is active namely: Euro Zone. The first closing of the Euro Zone Sub-Fund took place on 21 July 2005. As and when further Sub-Funds will be launched, this Private Placement Memorandum will be updated.

The Management Company will acquire Real Estate assets which fall within the Investment and Operating Criteria for each Sub-Fund. The Fund will acquire Real Estate assets from third parties and UBS is not expected to contribute Real Estate assets to any Portfolio.

The overall Investment Objective and Policy is to seek to achieve regular income and capital appreciation through investment in a diversified mix of Real Estate assets comprising the office, logistics/industrial and retail property sectors.

2 Structure of the Fund

The typical overall structure of the Fund is set out below. It may vary for certain specific investments.



KEY

: ownership

: loan financing

: agreement

[1] In relation to assets located in certain jurisdictions, intermediate holding companies, being subsidiaries of the local holding companies, may hold the assets rather than the local holding companies.

Section II: Summary of Terms

The following is a summary of the terms of the Fund. Investors should be aware that the rights and obligations of the Unitholders, the Management Company and the Custodian are determined by the Management Regulations, which are governed by the laws of the Grand Duchy of Luxembourg. The text of the Management Regulations should be reviewed in full by prospective investors and will always be available from the Management Company in Luxembourg.

The Fund	The Fund is an open-end fonds commun de placement established under the 2007 Law pursuant to the Management Regulations. Where the context so requires the term "Fund" shall include all companies or other entities which are wholly owned or partially owned as to more than 50 per cent directly or indirectly by the Fund.
The Sub-Funds	The Fund has adopted an "umbrella" structure. The Management Company has the power to issue different Classes or Series of Units relating to different Sub-Funds. Each Sub-Fund will have specific Investment and Operating Criteria applicable to it, as described in the relevant Appendix thereto. The assets and liabilities of each Sub-Fund shall be segregated from the assets and liabilities of the other Sub-Funds. Each Sub-Fund will be deemed to be a separate entity. The Management Company may decide, from time to time, to create additional Sub-Funds. The Private Placement Memorandum will be amended to reflect the creation of additional Sub-Funds.
Classes of Units	Within each Sub-Fund different Classes or Series of Units may be issued by the Management Company.
Units of the Fund	Units will be issued fully paid to Qualified Investors and will have no voting rights in respect of the Fund or the relevant Sub-Fund.
Fund Term	The Fund and its Sub-Funds are established for an unlimited period.
Fund Size	The Management Company may determine the minimum size for any Sub-Fund as may be disclosed in the relevant section of the relevant Appendix. There is no maximum size for any Sub-Fund currently determined by the Management Company, but it may restrict the size of a Sub-Fund in the future.
Investment Objective and Policy	The overall investment objective of the Fund will be to seek to achieve regular income and capital appreciation for investors through investment in Real Estate in accordance with the Investment and Operating Criteria adopted in respect of each Sub-

Fund (see the relevant Appendix).

Target Assets: Each Sub-Fund will seek to invest directly or indirectly in a diversified mix of real estate assets principally comprising the office, logistics/industrial and retail property sectors.

Target Markets: Each Sub-Fund will have its own target market, as described in the relevant Appendix.

All Sub-Funds will comply with the following overall policy restrictions.

Diversification: Except as provided below, no single asset shall be acquired whose value exceeds 20% of the Gross Assets of a Sub-Fund at the time of acquisition.

This limitation will not apply during the Initial Investment Period for a particular Sub-Fund.

Leverage: The Management Company intends to incur debt in relation to each Sub-Fund in accordance with the provisions set out in the relevant Appendix to achieve the Investment Objective and Policy.

The debt may be secured or unsecured and may include the establishment of an operating line of credit.

Investment and Operating Criteria

Investors should refer to the relevant Appendix for the Investment and Operating Criteria adopted for each Sub-Fund.

Amendments to Investment and Operating Criteria

Subject to the prior approval of the Luxembourg supervisory authority, over the life of each Sub-Fund, the Management Company may make such changes as it considers appropriate to the Investment and Operating Criteria of that Sub-Fund. The Private Placement Memorandum will be amended to reflect such changes and Unitholders shall be duly informed.

Management Fee

Each Sub-Fund will pay the Management Company a quarterly Management Fee at the rate and on the basis specified in each Appendix.

The Management Fee shall be payable in arrears in cash and will commence accruing on the Closing of the particular Sub-Fund.

The Real Estate Managers are entitled to receive such portion of the Management Fee as is agreed with the Management Company in the Real Estate Management Agreement applicable to the Sub-Fund.

Performance Fee

The Management Company shall have the ability to charge a Performance Fee in respect of a Sub-Fund on such terms as shall be provided in the relevant Appendix.

Third Party Property Management Fee

Any fees paid to a Third Party Property Manager or its appointees pursuant to a Third Party Property Management Agreement shall be deducted from each Sub-Fund's assets and will not reduce the Management Fee.

Fund Expenses

The Management Company will bear its own expenses including the fees of the Real Estate Managers, which shall be deducted from the Management Fee. All other expenses with respect (notably) to accounting, cash management, data processing, investor reporting, legal or insurance purchasing, custodial and administrative services and services provided pursuant to a Third Party Property Management Agreement will be borne out of the assets of the relevant Sub-Fund.

All costs properly incurred by the Management Company in connection with:

(i) setting up and running the Fund and any Sub-Fund created initially or in the future which costs will be amortised over a 5 year period;

(ii) the acquisition, ownership, management or disposal of properties in each Portfolio;

(iii) ongoing external fees for valuation, legal and audit services; and

(iv) the final liquidation costs of a Sub-Fund

will be discharged by the Management Company out of the assets of the applicable Sub-Fund or Sub-Funds as the case may be. In the event that additional Sub-Funds are created in the future, they shall participate in the remaining unamortised initial set-up costs of the Fund, on such equitable basis as the Management Company shall decide, over the remaining amortisation period.

Hedging

The Fund will not enter into or invest in options, futures or other derivative transactions for speculative purposes and may only enter into such transactions for hedging purposes to mitigate currency and/or interest rate risks, in compliance with Chapter H of the Circular 91/75 of 21 January 1991.

Issues of Units

The Management Company shall monitor the adequacy of financial resources of each Sub-Fund having regard to investment opportunities and may raise capital by issuing Units (on a fully-paid basis). Units will be issued at an initial issue price determined by the Management Company on the Closing. Thereafter, Units will be issued at the Offer Price of the relevant Classes or Series of Classes of Units by reference to the Dealing Day prescribed by the

Management Company in accordance with the provisions contained in each Subscription Agreement, plus, as the case may be, a placing fee and/or notional dealing costs, if applicable, indicated in the Appendix of a relevant Sub-Fund.

Each Sub-Fund may issue further Classes of Units by reference to such Dealing Days as are nominated by the Management Company at the applicable Offer Price.

Offer Price

Units will be issued at a price based on the NAV adjusted at the Management Company's discretion by the Offer Spread (the "Offer Price"),.

The Offer Spread will be determined for each Dealing Day by the Management Company, taking into account, the costs and expenses either estimated and/or identified as relevant by the Management Company in total and/or proportionately in acquiring Real Estate and other factors deemed appropriate at the Management Company's discretion. The Offer Spread may include information drawn from market data and other sources as deemed relevant by the Management Company.

Investor Commitments

An investor will subscribe for a prescribed investment amount (the "**Commitment**"). The Commitment will be satisfied by a process of one or more call notices by the issue of fully paid Units at the initial price determined by the Management Company on Closing and thereafter at the Offer Price of the relevant Series of Unit by reference to the relevant Dealing Day for issue.

Before any Dealing Day, the Management Company may issue a call notice in respect of the amount of money, up to the amount of Unitholders' outstanding Commitments, that it estimates may be required for proposed acquisitions of Real Estate during the following quarter. Such money, however, may be drawn down on such days as the Management Company may prescribe, up to either 90 days or a three month period (whichever is the longer) following the date of such call notice. The price of any Units issued on the date such money is drawn down will be the Offer Price as at the most recent Valuation Day. More details concerning the drawdown mechanics are set out in the Appendix and Subscription Agreement of the relevant Sub-Fund.

If all of the money specified in such call notice is not drawn down during the quarter following such Dealing Day, such call notice will lapse but the money to which it relates may be subject to a subsequent call notice

for the following quarter in accordance with the provisions described under "Call Notices" below.

The Management Company may borrow funds from a third party to complete a Real Estate acquisition and pledge an amount up to the aggregate amount of Unitholders' undrawn Commitments in respect of the relevant Sub-Fund (a "**Bridging Facility**") to the provider of such Bridging Facility as more particularly described in the Subscription Agreement. At the immediately following Dealing Day the Management Company will call the undrawn Commitments necessary to fully repay any such Bridging Facility and issue Units in consideration thereof by reference to such Dealing Day.

Under the 2007 Law, Unitholders are only liable up to the amount contributed by them in the subscription of Units.

Call Notices

As and when required for investment or working capital purposes, the Management Company will issue call notices to investors in respect of their Commitment specifying the Drawdown Amounts required to be paid not later than the Dealing Day prescribed in the call notice. Each Dealing Day will be at least 10 Business Days from the date of the call notice relating thereto. Following the Dealing Day, the Management Company will advise the investor of the issue price of the Units and the number of Units issued by reference to that Dealing Day.

The Management Company may also issue a call notice pursuant to the Bridging Facility described in "Investor Commitments" above. Each loan call notice shall be delivered at least 10 Business Days prior to the loan drawdown date.

Failure to make the required payment following such a call notice or loan call notice (a "**Failed Drawdown Amount**") may result in the investor being liable to pay interest of 10% per annum of the value of the Failed Drawdown Amount from the date the payment for the subscription is due until the date it is paid by the investor, such interest to be charged in the Management Company's absolute discretion.

If an investor fails to make the required payment within 10 Business Days, such failure may, at the option of the Management Company, be an event of default. Upon an event of default, the Management Company may, in its absolute discretion, take all or any of the following actions:

(i) continue to charge interest of 10% per annum of

the value of the Failed Drawdown Amount;

(ii) redeem the defaulting Unitholder's Units at an amount equal to the Bid Price of the Units less a discount of up to 10%;

(iii) reduce, or terminate the defaulting investor's undrawn Commitment and, at the option of the Management Company, transfer the undrawn Commitment so reduced or terminated to either (i) a new investor; or (ii) an existing Unitholder, subject to its consent; or

(iv) exercise any other remedy available under Luxembourg law.

Redemptions

Unitholders in a particular Sub-Fund will have the right to redeem their Units on the Dealing Days and on the terms prescribed in the Appendix applying to the relevant Sub-Fund. In certain circumstances the Management Company may compulsorily redeem Units as it considers necessary at the applicable Bid Price.

Bid Price

Units will be redeemed at a price based on the NAV, adjusted at the Management Company's discretion by the Bid Spread (the "Bid Price").

The Bid Spread will be determined for each Dealing Day by the Management Company, taking into account the costs and expenses either estimated and/or identified as relevant by the Management Company in total and/or proportionately in selling Real Estate and other factors deemed appropriate at the Management Company's discretion. The Bid Spread will not apply to Unitholders having subscribed up to and including 30 September 2007 in respect of their Commitment as of that date. The Bid Spread may include information drawn from market data and other sources as deemed relevant by the Management Company.

Conversions

The conversion of Units between Sub-Funds is not permitted; provision for conversion between Classes is provided for in the relevant Appendix applying to the relevant Sub-Fund.

Transfers

Unitholders may not transfer their Units without the consent of the Management Company, which may not be unreasonably withheld. Notwithstanding the foregoing, the Management Company shall not consent to any transfer unless such transferor proposes to transfer their Units pursuant to the Management Regulations to either a Unitholder Related Party where such party is a Qualified Investor or to potential investors who meet certain criteria, including being a Qualified Investor, where both the

transferor and transferee represent that such transfer does not violate applicable securities laws and regulations.

The Units are subject to restrictions on transfer under US securities laws, and may not be transferred, offered, sold, delivered, hypothecated or encumbered except pursuant to an exemption from registration under the Securities Act, and in compliance with applicable securities laws of any State of the United States. In addition, the Units may not be transferred if such transfer would result in the Fund being in contravention of the United States Employee Retirement Income Security Act of 1974, as amended, ("**ERISA**") or the United States Internal Revenue Code of 1986, as amended (the "**Code**") or if such transfer would cause the Fund to be required to register under the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**"). See "Section VII: Securities Legends".

Distributions and Accumulation

Distributable Cash Flow (subject to any legal restrictions on distributions and subject to any deduction of such amounts as may be required to fund redemptions of Units) will be allocated quarterly pro-rata to the NAV of each Class or Series of Units in a Sub-Fund, where appropriate.

Distribution Units:

Allocations of Distributable Cash Flow to Units which shall receive distributions in respect of their pro-rata share of Distributable Cash Flow will be fully distributed quarterly.

Accumulation Units:

Allocations of Distributable Cash Flow to Units which shall accumulate their pro-rata share of Distributable Cash Flow will be accumulated and re-invested quarterly in the Portfolio of the relevant Sub-Fund.

Net Asset Value or NAV

Calculation Date:

Each Dealing Day prescribed by the Management Company will be a Valuation Day. The NAV of each Sub-Fund and of each Class and/or Series thereof will be calculated as at each Valuation Day for the purposes of dealing by reference to such Valuation Day. The Fund intends to have at least quarterly Valuation Days on the last day of each calendar quarter, but each Dealing Day prescribed by the Management Company will also be a Valuation Day. In summary, the NAV of each Sub-Fund will consist of the value of each Sub-Fund's consolidated assets less

its consolidated liabilities as described in Article 9.

Calculation Method:

For purposes of the calculation of NAV, the market value of each Sub-Fund's Real Estate assets will be the OMV of such assets determined by an Independent Valuer according to the Independent Valuation Methodology on a quarterly basis as of the end of each quarter.

Each new acquisition shall be valued by an Independent Valuer.

Independent Valuer:

The Management Company shall appoint, for and on behalf of each Sub-Fund, one or more Independent Valuers. The entity that performs the valuation in a certain jurisdiction must be licensed to perform such business in that jurisdiction. Such Independent Valuer(s) shall be appointed by the Management Company on a maximum of a four-year contract.

Independent Valuers will not be UBS Related Parties. The names of such Independent Valuers will be included in the quarterly and annual reports described in Section VI.

Indicative NAV:

The Management Company for information purposes only (i.e. not for dealing purposes) may publish an indicative NAV per Unit on such days as it shall prescribe. For the purposes of this indicative NAV, the Management Company will use the most recent available NAV calculated on a Valuation Day adjusted to take into account its estimate of accruals of income and expenses since such Valuation Day up to the prescribed day.

Management of the Fund

All terms and conditions of the management, governance and administration of the Fund, including a description of the parties involved and their duties, the Management Fee and Fund expenses are summarised in Section III of this Private Placement Memorandum, the relevant Appendix and described in more detail in the Management Regulations.

Reporting

The NAV calculation and status report of each Sub-Fund's Portfolio and activities during the period, including returns, summary descriptions of Real Estate acquired and disposed of and asset management activity, will be provided to Unitholders on a quarterly basis. An unaudited balance sheet and income statement will be provided for the first, second and third Quarterly Periods. An audited balance sheet and

income statement will be provided on an annual basis. Audits will be conducted annually by the Fund's auditor. Unitholders may not disclose to any third party any information contained in such reports without the prior express consent of the Management Company or as required by law.

Taxation of the Fund

A description of the taxation treatment of the Fund is set out in Section V: "Tax Considerations" below. For specific information relating to the taxation of each Sub-Fund refer to the relevant Appendix.

Distribution of Units

The Management Company may enter into distribution agreements with any entities permitted to act as distributors of Units. Such distribution agreements may contain such terms and conditions and provide for fees on an arm's length basis as the parties thereto shall negotiate, including authority to such distributors to charge purchasers of Units a placing fee and retain such fees to be set out in each Subscription Agreement. Any such entity may, with the consent of the Management Company, enter into sub-distributor agreements with other entities, compensation for which shall be paid from the fee of such entity.

Section III: Management, Governance and Administration of the Fund

The Management Regulations

The rights and obligations of the Unitholders of each Class or Series, the Management Company and the Custodian are determined by the Management Regulations, which are governed by the laws of Luxembourg. The Management Regulations should be reviewed in full by prospective investors and will always be available for inspection at the registered office of the Management Company in Luxembourg. The text of the Management Regulations as amended as of 21 June 2010 has been deposited at the Luxembourg Trade and Companies Register (a reference to the most recent lodgement of the Management Regulations with the Luxembourg Trade and Companies Register will be published in the Mémorial on 7 July 2010). Article 17 contains provisions relating to the amendment of the Management Regulations.

The Management Company was incorporated on 8 December 2004 as a S.à r.l. under the laws of Luxembourg, its Luxembourg Register of Commerce Number is B-104724 and its duration is at present unlimited. It has its registered office at 33A, avenue John F. Kennedy, L-1855, Luxembourg. Its articles of incorporation were published in the Mémorial on 21 December 2004. The articles of incorporation were last amended on 9 November 2005 and the notarial deed relating thereto was published in the Mémorial on 20 April 2006. The capital of the Management Company is €125,000 represented by 125 fully paid up shares of €1,000 par value each. The Management Company is wholly owned by UBS.

Duties

Pursuant to and subject to the limitations contained in the Management Regulations, the Management Company is vested with the broadest powers to administer and manage the Fund for the account and in the exclusive interest of the Unitholders. The Management Company is responsible for managing the Fund in accordance with this Private Placement Memorandum, the Management Regulations, Luxembourg law and other relevant legal requirements. The Management Regulations and articles of incorporation of the Management Company also provide that the Management Company shall not administer or manage any other investment fund or company other than the Fund. The Management Company is ultimately responsible for any decisions concerning the Fund.

The Management Company is responsible for implementing the Investment Objective and Policy in accordance with the Investment and Operating Criteria. The Management Company is also responsible for selecting and retaining on behalf of the Fund, the Real Estate Managers, the Third Party Property Managers, the Custodian, the Central Administration Agent, the Domiciliary and Service Agent and other such agents as are appropriate.

Board meetings of the Management Company should be held in Luxembourg. The Management Company has delegated certain of its administrative activities to the Custodian, the Central Administration Agent and the Domiciliary and Service Agent as set out herein. The Management Company has appointed each Real Estate Manager to perform certain real estate investment management functions and each Third Party Property Manager to perform certain property management functions, in each case subject to the overall supervision, approval, direction and responsibility of the Management Company.

The Directors of the Management Company

UBS is the sole shareholder of the Management Company and will appoint the Directors of the Management Company. The Directors will have responsibility for managing the Fund in accordance with the Management Regulations and other relevant legal requirements and regulations, in particular the 2007 Law.

The Directors are, in particular, responsible for taking decisions relating to the following matters in respect of each Sub-Fund:

- approving the acquisition of Real Estate and confirming, supported by a report prepared by the Independent Valuer in conformity with the Independent Valuation Methodology, that such proposed acquisition satisfies the relevant Investment and Operating Criteria;
- approving the disposal of Real Estate;
- approving the annual operating and capital expenditure budgets;
- monitoring the performance of the Real Estate Managers and enforcing the Management Company's rights on behalf of investors under the Real Estate Management Agreement, and approving any revisions thereto;
- ensuring the preparation and distribution of timely reports to Unitholders;
- approving distributions to Unitholders in accordance with the Management Regulations;
- proposing and approving changes to any Investment and Operating Criteria;
- managing the independent valuation and audit process;
- approving the business/asset plans; and
- approving and monitoring the debt strategy.

The current Directors of the Management Company are:

- Reto Ketterer
- André Spahni
- Aloyse Hemmen
- Mark Gifford
- Sarah Camilleri
- Gabriele Merz

The Real Estate Management Agreement

The Management Company on its own behalf and not on behalf of the Fund has entered into a Real Estate Management Agreement in relation to the Euro Zone Sub-Fund.

Under each Real Estate Management Agreement, each Real Estate Manager, subject to the general supervision, approval and responsibility of the Management Company and in compliance with the Investment Objective and Policy and the Investment and Operating Criteria determined in respect of each Sub-Fund, will provide investment management services and carry out administrative and operational functions in relation to each Portfolio for the Management Company and the relevant Property Companies. With respect to the investment management services,

(i) Each Real Estate Manager may delegate any or all of its functions or duties to one or more subsidiaries of UBS subject to the fact that: a list of such subsidiaries must be made available for inspection by the Unitholders at the registered office of the Management Company;

(ii) such subsidiaries must be included in the annual report described in Section VI; and

(iii) the Luxembourg regulator must be informed of each such delegation by the Real Estate Manager.

With respect to administrative and operational services, each Real Estate Manager may procure that all or part of such services be performed by a third party services provider.

In consideration for the services provided in each Real Estate Management Agreement, the Real Estate Managers will receive from the Management Company, out of the Management Fee, an annual fee which will be calculated, accrued and paid quarterly based on the average value of the Gross Assets held during each quarter as further described in the relevant Appendix. The Management Company may permit the Real Estate Managers to invoice any Subsidiary directly for services provided to that Subsidiary and in that case the fee will be paid out of, and not exceed the Management Fee payable to the Management Company pursuant to the Management Regulations.

Each Real Estate Management Agreement is terminable, by the Management Company, at any time upon notice to the Real Estate Manager, if: (i) the Real Estate Manager goes into liquidation (except a voluntary liquidation upon terms approved by the Management Company) or is unable to pay its debts or commits any act of bankruptcy under the laws of the jurisdiction in which it is organised or if a receiver is appointed over any of its assets or if some event having an equivalent effect occurs; or (ii) if the Real Estate Manager shall commit any material breach of its obligations under the Real Estate Management Agreement and (if such breach shall be capable of remedy) shall fail to remedy such breach within 30 days of receipt of a notice from the Management Company; or (iii) if the Real Estate Manager shall fail to perform its obligations to a material extent for a continuous period of six months in circumstances amounting to *force majeure* as prescribed in the Real Estate Management Agreement. Each Real Estate Management Agreement will terminate automatically if UBS (LUX) Open-End Real Estate Management Company S.à r.l. (or another UBS Related Party) is no longer the Management Company of the Fund or the Real Estate Manager carries on its business in a way which would cause the Fund to pay more taxes than it would otherwise be liable to pay or ceases to be a UBS Related Party.

Third Party Property Management Agreements

The Management Company or if it shall specify the relevant Subsidiary will enter into each Third Party Property Management Agreement. Under each Third Party Property Management Agreement each Third Party Property Manager, subject to the overall supervision, approval, direction, control and responsibility of the Management Company or the Subsidiary as the case may be and in compliance with the Investment Objective and Policy and the Investment and Operating Criteria will perform, or cause to be performed, property management functions in relation to the day to day property management, operation, leasing and administration of the Real Estate. Each Third Party Property Management Agreement may contain such terms and conditions and provide for such fees to be paid out of the net assets of the Fund by the Management Company or the Subsidiaries, as the parties thereto shall deem fit. Any fees paid to a Third Party Property Manager or its appointees out of the net assets of the Fund pursuant to the Third Party Property Management Agreement shall not be deducted from the Management Fee.

The Custodian Agreement

Brown Brothers Harriman (Luxembourg) SCA is the Custodian of the assets of the Fund pursuant to the Custodian Agreement.

The Custodian is a *société en commandite par actions* under the laws of Luxembourg incorporated in Luxembourg on 9 February 1989 for an unlimited duration. The registered office of the Custodian is located at 2-8, Avenue Charles de Gaulle, L-2015 Luxembourg, Grand Duchy of Luxembourg.

In accordance with the Custodian Agreement, Article 3 of the Management Regulations and Luxembourg law, the Custodian shall carry out the usual duties regarding custody, cash and securities deposits and may entrust its Correspondents with the safekeeping of certain assets, provided that cash of Subsidiaries of the Fund may be held by such Correspondent as indicated by the Management Company. The Custodian shall be responsible in accordance with Luxembourg regulation and with the Custodian Agreement with respect to the safekeeping of all assets of the Fund whether held by the Custodian itself or by a Correspondent of the Custodian.

The Custodian Agreement is subject to the right of the Management Company or the Custodian to terminate on 90 days' written notice subject to certain conditions set out in Article 3 of the Management Regulations, or at any time upon either party's liquidation whether voluntary or compulsory (except a voluntary liquidation upon terms previously approved in writing by the other party), insolvency or if certain events having an equivalent effect occur, or material breach of its obligations under the Custodian Agreement which remains uncured for a period of 30 days. The Custodian will receive a fee out of the assets of the Fund, to be approved by the Management Company, which fee shall be determined from time to time by agreement between the Management Company and the Custodian and calculated and paid in accordance with the Custodian Agreement.

Central Administration Agreement

Brown Brothers Harriman (Luxembourg) SCA also acts as Central Administration Agent of the Fund pursuant to the Central Administration Agreement.

The principal functions of the Central Administration Agent are to (i) calculate the NAV in accordance with the Management Regulations at least quarterly and (ii) process issues, redemptions, conversions and transfers of Units of the Fund.

Notwithstanding the foregoing provision, the Central Administration Agent will not be responsible for valuing the underlying assets (including Real Estate) of the Fund. Its duties in relation to the calculation of the NAV per Unit of the Fund are limited to applying the computational rules set forth in the Fund's Management Regulations with respect to valuations provided by authorised third parties as described herein and in the Management Regulations.

The fees, expenses and reasonable disbursements of the Central Administration Agent will be paid out of the assets of the Fund subject to the approval of the Management Company. The Central Administration Agreement is subject to the right of both parties to terminate upon 90 days' written notice.

Domiciliation Agreement

UBS Fund Services (Luxembourg) S.A. shall be responsible for all domiciliary and service agent duties required by Luxembourg law and the Management Company pursuant to the Domiciliation Agreement. The fees, expenses and reasonable disbursements of the Domiciliary and Service Agent will be paid out of the assets of the Fund subject to the approval of the Management Company. The Domiciliation Agreement is subject to the right of any party thereto to terminate upon three months' written notice.

Auditor

The accounts of each Sub-Fund will be audited by the Auditor. The accounts of each Sub-Fund will be prepared in the relevant Reference Currency and in accordance with Luxembourg Generally Accepted Accounting Principles.

The fees and expenses of the auditor will be paid out of the assets of the Fund.

Money Laundering Prevention

In order to comply with laws designed to prevent money laundering of funds, subscription requests by prospective investors in the Fund must provide information and documents in order for the Registrar, Transfer and Paying Agent to ascertain the identity of the investor. In case of subscriptions made through a distributor or through another authorised intermediary, the Registrar, Transfer and Paying Agent may waive the above mentioned identification requirements in circumstances which are regarded as sufficient under current Luxembourg money laundering rules:

In those circumstances listed below, the underlying beneficiaries in the Fund who may hold their Units through one or more tax efficient intervening companies have to be disclosed to the Fund:

(i) Subscription via a professional of the financial sector who is domiciled in a country which is not legally compelled to an identification procedure equal to the Luxembourg standards in the fight against laundering monies through the financial system.

(ii) Subscription via a subsidiary or a branch of which the parent company would be subject to an identification procedure equal to the one required by the Luxembourg law if the law applicable to the parent company does not compel it to the application of these measures by its subsidiaries or branches.

Moreover, the Registrar, Transfer and Paying Agent of the Fund is legally responsible for identifying the origin of funds transferred from banks not subject to identification equal to the one required by the Luxembourg law. Subscriptions may be temporarily suspended until such funds have been correctly identified under the rules of the Financial Action Task Force. The Registrar, Transfer and Paying Agent of the Fund may require at any time additional documentation relating to an application for Units. If an investor is in any doubt with regard to this legislation, the Registrar, Transfer and Paying Agent will provide the investor with an anti-money-laundering checklist. Failure to provide additional information may result in an application not being processed.

Liability of the Management Company and the Custodian

Subject to the provisions of the 2007 Law, in performing its functions under the Management Regulations, each of the Management Company and the Custodian shall act with due diligence and fulfil its obligations under Luxembourg law. The Management Company and the Custodian and their respective managers, directors, officers, employees, partners and agents

(including any Correspondent) shall not be liable for any error of judgement, for any loss suffered by the Fund or for any actions taken or omitted to be taken in connection with the matters to which the Management Regulations relate, except for, in the case of each considered individually, any loss resulting from the non-fulfilment or improper fulfilment of the Management Company's or the Custodian's obligations under Luxembourg law. Certain matters relating to indemnification are set out in the Management Regulations.

Under the Management Regulations, any claim arising between the Unitholders, the Management Company, UBS and any UBS Related Party and the Custodian shall be settled according to the laws of Luxembourg and subject to the jurisdiction of the District Court of Luxembourg, provided that the Management Company and the Custodian may subject themselves and the Fund to the jurisdiction of courts of the countries in which the Units are offered or sold, with respect to claims by investors resident in such countries and, with respect to matters relating to subscriptions, redemptions and conversions by Unitholders resident in such countries, to the laws of such countries.

Section IV: Risk Factors

An investment in the Fund involves certain risk factors and considerations relating to the Fund's structure and investment objectives which investors should evaluate before making a decision to invest in the Fund.

In particular, prospective investors should note that the Fund will invest a substantial part, if not all, of its assets in Real Estate and the performance of the Units will be largely dependent on the performance of the Portfolio of the relevant Sub-Fund, substantially comprising of Real Estate investments. No assurance can be given that the Fund will succeed in meeting its investment objectives.

Before making any investment decision with respect to the Units, any prospective investors should consult their professional advisers and carefully review and consider such an investment decision in light of the risk factors discussed below in this section. The following is a brief description of certain factors, which should be considered along with other matters discussed elsewhere in this Private Placement Memorandum. The following however, does not purport to be a comprehensive summary of all the risks associated with an investment in the Units or the Fund generally. Rather, the following are only certain particular risks to which the Fund is subject that the Fund wishes to encourage prospective investors to discuss in detail with their professional advisers.

Nature of Investments in the Fund

The Fund is not intended for short-term investment and the Investment Objective and Policy assumes that Units will be held for an extended period. There can be no assurance that the Fund will achieve its investment objective or that the Unitholders will receive any return on or of their invested capital. Past performance is not a guarantee of future results.

Nature of Investments in Real Estate

General

The investments will be subject to the risks incident to the ownership and operation of commercial Real Estate, including, but not limited to, risks associated with the general economic climate; local real estate conditions; competition from other real estate companies; the ability of the Third Party Property Managers to manage and lease the properties; unavailability of mortgage funds or fluctuations in the interest rates that may render the sale of a property difficult; the financial condition of tenants; buyers and sellers of properties; changes in real estate tax rates, energy prices and other operating expenses; the imposition of rent controls; energy and supply shortages; environmental risk; various uninsured or uninsurable risks; government regulations; fluctuations in interest rates; unemployment, inflation, local recessions or other economic events. These risks, either individually or in combination may cause either a reduction in the income or an increase in operating and other costs which may materially affect the financial position and returns of specific Fund investments and the Fund generally.

There can be no assurance that the Management Company or each Real Estate Manager will achieve the Fund's investment objective notwithstanding the performance of any or all of the foregoing or their respective affiliates or principals in other transactions including, without limitation, arrangements similar in nature to the Fund. Given the factors as described in this section, there exists a possibility that an investor could suffer a substantial or total loss as a result of an investment in the Units or the Fund generally.

Acquisition Risks

Acquisitions of Real Estate investments include risks that investments may not perform in accordance with expectations and that anticipated costs of improvements to bring an acquired property up to the standards established for the market position intended for that property may exceed budgeted amounts, as well as general investment risks associated with any new Real Estate investment.

Abort Costs

The nature of Real Estate acquisitions and disposals may mean that considerable expense may be incurred without the completion of an acquisition, disposal, financing or leasing of a Real Estate property. For example, the Fund may incur costs on undertaking due diligence and obtaining environmental and other reports in relation to potential acquisitions that do not proceed. In addition, conditions precedent may not be satisfied and transactions may be aborted after material expense has been incurred. All such expenses will be payable by the relevant Sub-Fund and will reduce the returns that would otherwise be received by an investor.

Development and Redevelopment Risks

The Fund may invest in development properties and develop (including redevelopment) properties subject to each Sub-Fund's Investment and Operating Criteria.

New project development is subject to a number of risks, including, without limitation, to risks of construction delays or cost overruns that may increase project costs, risks that the properties will not achieve anticipated occupancy levels or sustain anticipated rent levels, and new project commencement risks, such as the failure to obtain zoning, occupancy and other required governmental permits and authorisations and the incurrence of development costs in connection with projects that are not pursued to completion. In addition, a portion of new development and acquisition activity may be financed under lines of credit or other forms of secured or unsecured financing which carry associated risks.

Insurance Risks

Each Sub-Fund intends to maintain comprehensive insurance on its real property, including physical loss or damage, business interruption and public liability in amounts sufficient to permit replacement in the event of a total loss, subject to applicable deductibles and availability of insurance on commercially reasonable terms and conditions. Each Sub-Fund will endeavour to obtain coverage of the type and in the amount customarily obtained by owners of properties similar to its real property. There are certain types of losses, however, generally of a catastrophic nature, such as earthquakes, floods and hurricanes and terrorism that may be uninsurable or not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations, provisions in loan documents, encumbering properties that have been pledged as collateral for loans, and other factors might make it economically impractical to use insurance proceeds to replace a property if it is damaged or destroyed. Under such circumstances the insurance proceeds received by a Sub-Fund, if any, might not be adequate to restore a Sub-Fund's investment with respect to the affected property.

Property Taxes

Real property owned by a Sub-Fund is likely to be subject to property taxes when acquiring and during ownership of that asset in the country that the asset is held. Such taxes may increase as tax rates change and as the properties are assessed or reassessed by taxation

authorities. Also refer to the information set out under the heading "Taxation" in this section and Section V: "Tax Considerations".

Environment Liability

A Sub-Fund may be liable for the costs of removal or remediation of hazardous or toxic substances located on or in a property investment held by that Sub-Fund. The costs of any required remediation or removal of such substances may be substantial. The presence of such substances, or the failure to remediate such substances properly, may also adversely affect the owner's ability to sell or lease the property or to borrow using the property as collateral. Laws and regulations may also impose liability for the release of certain materials into the air or water from a property, including asbestos, and such release can form the basis for liability to third persons for personal injury or other damages. Other laws and regulations can limit the development of and impose liability for the disturbance of wetlands or the habitats of threatened or endangered species.

Generally, a Sub-Fund will obtain environmental audits prior to the acquisition of properties to identify potential sources of contamination for which such properties may be responsible and to assess the status of environmental regulatory compliance. There can be no assurance, however, that such audits will reveal all environmental liabilities relating to an acquired property.

Financial Condition of Tenants

A tenant of acquired properties may experience, from time to time, a downturn in its business which may weaken its financial conditions and result in the failure to make rental payments when due. No assurance can be given that tenants will continue to make rental payments in a timely manner. The failure of tenants to meet rental obligations on a Sub-Fund's assets may adversely affect a Sub-Fund's operating cash flow and value of its investments.

Unexpected problems and unrecognised risks could arise in the Fund's existing and future acquisitions

Unexpected problems or unrecognised risks could arise in connection with the Fund's planned and future acquisitions and the agreements that the Fund enters into when acquiring property portfolios may not adequately address such problems or risks. The materialization of unrecognised risks or the occurrence of unexpected problems, which may occur without warning, could adversely affect the Fund's results of operations, lead to a decline in the value of acquired assets, and materially adversely affect the Fund's business, financial condition, results of operations or prospects.

Unspecified Investments

This Offer is a non-specified asset offering and the investors will not have the opportunity to evaluate specific properties prior to investing. There can be no assurance that the Fund will be able to locate and acquire assets meeting its objectives. Unitholders in a Sub-Fund must rely on the ability of the Management Company and the relevant Real Estate Manager to identify, structure and implement investments in accordance with the Fund's Investment Objective and Policy as set out in Section II: "Summary of Terms".

Use of Valuations and Appraisals

Each Sub-Fund will use both internal and external valuations in several contexts for determining an investment's OMV, a Sub-Fund's NAV and NAV per Unit. Each of a Sub-Fund's Real Estate properties will be valued by an Independent Valuer externally at the end of each quarter and in addition investments will be valued externally before any acquisition or

sale although a new valuation is not necessary if the sale of the property takes place within 6 months after the last valuation thereof. An appraisal or a valuation is only an estimate of value and is not a precise measure of realisable value. Ultimate realisation of the OMV of a Real Estate asset depends to a great extent on economic and other conditions beyond the control of the Management Company or the Real Estate Managers. Further, appraised or otherwise determined values do not necessarily represent the price at which a real estate investment would sell since market prices of real estate investments can only be determined by negotiations between a willing buyer and seller. Generally, appraisals will consider the financial aspects of a property; market transactions and the relative yield for an asset measured against alternative investments. Generally, valuations will be based on the discounted cash flows of a Sub-Fund's assets. If a Sub-Fund were to acquire or liquidate a particular Real Estate investment, the realised value may be more than or less than the appraised value or other valuation of such asset.

Illiquidity of Investments

Although the Fund may, on occasion, acquire securities that trade publicly or that are issued by companies that have another class of securities that trade publicly, it is unlikely that there will be a public market for many of the investments held by a Sub-Fund. The direct, non-securitised Real Estate investments that will be held by a Sub-Fund will ordinarily require a substantial period of time to be liquidated in an orderly manner. There can be no assurance that there will be a ready market for each type of the Sub-Fund's Real Estate properties at the time it may be necessary to dispose of the same. There are substantial costs associated with the disposition of such investments, including, inter alia, sales brokerage and legal costs.

Limited Market for Investor Interests/Restrictions on transfer of Units

While Unitholders will have the right to transfer their Units to a Unitholder Related Party provided such party is a Qualified Investor or subject to certain other restrictions either pursuant to applicable laws, the Management Regulations or otherwise, there is not expected to be a liquid, secondary trading market for the Fund's Units. For these reasons, Unitholders will be required to bear the financial risks of their investment until redemption.

Untimely Exits due to Redemptions

The ability of Unitholders to redeem their Units is prescribed in the Appendix applying to the relevant Sub-Fund. Where redemptions are permitted, Unitholders will be entitled to such redemptions as soon as is practicable in all the circumstances. However redemption requests will be satisfied in any event within two years of the request being made. Accordingly, this may mean that the Management Company may be forced to sell or encumber assets belonging to a Sub-Fund earlier than planned and on terms and subject to conditions that are worse than planned or under market value to satisfy such redemption requests, and such action may negatively impact on the performance of the Sub-Fund. For the avoidance of doubt, redemptions will be at the NAV at the time most recent Valuation Day and not at the time the redemption request is received.

Reliance on Real Estate Manager

Each Real Estate Manager will be a UBS Related Party and has been appointed by the Management Company to provide certain delegated services to each Sub-Fund in accordance with the relevant Real Estate Management Agreement. Pursuant to each Real Estate Management Agreement, each Real Estate Manager may delegate any or all of its functions and duties to one or more direct or indirect subsidiaries of UBS. Thus, each Sub-Fund's success will depend largely on the services of each Real Estate Manager, its officers,

employees and agents, and, in part, on the continuing ability of each Real Estate Manager to hire and retain knowledgeable personnel. There can be no assurance that the Management Company or each Real Estate Manager will be able to retain the employees who may be critical to the performance of its obligations or to implement successfully the strategies that each Sub-Fund intends to pursue. There can also be no assurance that the strategies that each Real Estate Manager wishes to pursue in this regard will result in a profit for each Sub-Fund.

The Fund is exposed to financing risk including risks resulting from disruptions in the international capital markets

The Fund will seek to partially finance the majority of its acquisitions through borrowings on the European banking markets. The real estate market has experienced significant changes in the recent past and no assurance can be given that banks or their regulators will not introduce policies such as quotas, increased provisioning or higher interest rates to limit exposure to the real estate sector. Any such measures may result in the Fund having to obtain funding at increased rates which may adversely affect the Fund's business, financial condition, results of operations and prospects.

Moreover, the disruptions recently experienced in the international capital markets have led to reduced liquidity and increased credit risk premiums for certain market participants and have resulted in a reduction of available financing. The Fund may be susceptible to these disruptions and reductions in the availability of credit or increases in financing costs, which could result in the Fund experiencing financial difficulty.

In addition, the availability of credit to any Subsidiaries which are operating within less developed markets, is significantly influenced by levels of investor confidence in such markets as a whole and so any factors that impact market confidence (for example, a decrease in credit ratings or state or central bank intervention in one market) could affect the price or availability of funding for such Subsidiaries.

Use of Leverage

Each Sub-Fund may incur mortgage and other debt (subject to certain limits as outlined in the Management Regulations) to finance the acquisition of properties, development or capital improvements, restructure existing debt, enhance returns and for other operational cash flow requirements in accordance with Section II: "Summary of Terms". Market fluctuations may decrease the availability and increase the cost of debt finance.

The use of leverage increases the exposure of investments to adverse economic factors such as rising interest rates, economic downturns or deteriorations in the condition of a Real Estate investment or its market. If a Real Estate investment is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of the relevant Sub-Fund's equity investments in such Real Estate could be reduced or even eliminated.

Each Sub-Fund may negotiate a Bridging Facility equal to 100 per cent. of the aggregate amount of undrawn Commitments which relate to it, secured by such undrawn Commitments. If the Sub-Fund is unable to repay such borrowings, a lender may be entitled to take action against any Unitholder in that Sub-Fund to the extent of its then remaining undrawn Commitments in respect of that Sub-Fund.

Interest Rate and Hedging Risks

A Sub-Fund's performance may be affected adversely if it fails to limit the effects of changes in interest rates on its operations by employing an effective hedging strategy, including engaging in interest rate swaps, caps, floors and other interest rate contracts, and buying and selling interest rates futures and options on such futures. Should a Sub-Fund so elect (and it will be under no obligation to do so), the use of these derivative instruments to hedge a portfolio of investments carries certain risks, including the risks that losses on any hedge position will reduce its earnings and the proceeds available for distribution to Unitholders, and indeed, that such losses may exceed the amount invested in such derivative instruments. There is no perfect hedge for any investment, and a hedge may not perform its intended purpose of offsetting losses on a given Investment.

Currency Risk

Investors investing in a Sub-Fund whose base currency is different than their national currency will be subject to fluctuations in currency exchange rates between such two currencies. Further, certain costs and expenses of the Sub-Funds may be invoiced in currencies other than the Sub-Funds' base currencies.

Distributions

The Fund depends on payments it receives from its Subsidiaries in order to make distributions to Unitholders. The timing of and the ability of certain Subsidiaries to make payments may be limited by applicable law and regulations.

Performance Fee Accrual

The Performance Fee of the Euro Zone Sub-Fund is being accrued at the maximum rate. Such methodology could result in an adjustment to the NAV of the relevant Sub-Fund at the time the Performance Fee is paid to the Management Company. Any such adjustment could have one of the following consequences for the relevant Sub-Fund:

(i) all Unitholders could receive an increase in the NAV of their Units;

(ii) Unitholders who subscribed for Units after the relevant Year but before such adjustment has been made, could have effectively subscribed for Units at a possible discount; and

(iii) Unitholders who redeem their Units prior to any such adjustment being made could have effectively redeemed their Units at a possible discount and will not be compensated for the later adjustment to the NAV.

Conflicts of Interest

The corporate relationships between the Fund, the Sub-Funds, the Sponsor, the Management Company, the Real Estate Managers and their respective affiliates may present conflicts of interests regarding the structuring of transactions, the terms of the investments and other services provided to the Fund by any of its service providers. For example, unless otherwise disclosed in this Private Placement Memorandum, any such party may promote, manage, advise, sponsor or be otherwise involved in further collective investment schemes. In particular, there could arise conflicts relating to the allocation of investment opportunities between the Sub-Fund and other clients of each of these parties. Each Sub-Fund intends to continue to pursue transactions even where conflict exists. While the Management Company and each Real Estate Manager will take steps to alleviate such conflicts of interests, such conflicts will not be eliminated.

Lack of diversification

Each Sub-Fund may diversify its Portfolio by investing in one or more Real Estate property types (e.g. office and industrial buildings and retail centres) in accordance with its Investment and Operating Criteria, however, subject to these limits, investments by the Fund may be weighted to certain property types and in certain geographic markets even within the Euro Zone and there can be no guarantees as to the diversification of each Sub-Fund's assets. Events that impact a specific Fund investment, a specific property type held by a Sub-Fund or a region in which a Sub-Fund has assets may have a material impact on the Sub-Fund's performance.

Recourse to the Fund's Assets

The Fund is reserved to Qualified Investors who must be aware of the risks attaching to the investment in an undertaking for collective investment investing in Real Estate such as the Fund and accept that they will have recourse only to their respective Sub-Fund's assets as these will exist at any time.

Each Sub-Fund's assets, including any investments made by a Sub-Fund and any funds held by the Sub-Fund, are only available to satisfy all liabilities and other obligations of that particular Sub-Fund. If a Sub-Fund (as opposed to a Subsidiary) becomes subject to a liability, parties seeking to have the liability satisfied may only have recourse to that particular Sub-Fund's assets generally and may not be limited to any particular asset, such as the asset representing the investment giving rise to the liability. If a Subsidiary (as opposed to a Sub-Fund) becomes subject to a liability, parties seeking to have the liability satisfied may only have recourse to that particular Subsidiary's assets generally.

Investments in Partnerships and Other Entities

Each Sub-Fund may make investments in other entities and enter into partnerships or joint ventures with any person (including the Management Company and its affiliates) subject to it ensuring that it can realise the investments within an appropriate period of time and it is in that Sub-Fund's best interests to do so. Each Sub-Fund may co-invest and the assets in relation thereto may not be as liquid as the assets directly held by that Sub-Fund in the absence of such co-investment. Generally co-investment will be made at the level of the jointly held subsidiary holding the asset. Such investments may involve risks not present in direct property investment, including for example, the possibility that a co-venture or partner of the partnership might become bankrupt, or may at any time have economic or business interests or goals that are inconsistent with those of the Sub-Fund, or that such co-ventures or partners may be in a position to take action contrary to the Sub-Fund's investment objectives. In addition, the Sub-Fund may be liable for actions of its co-ventures or partners. While each Real Estate Manager will take all reasonable steps to review the qualifications and previous experience of any proposed co-ventures or partners, it does not expect in all cases to obtain financial information from, or to undertake private investigations with respect to, prospective co-ventures or partners.

Increased Competition

The Fund will engage in a business that becomes increasingly competitive as more investors enter the market. The entry of additional investors, or decline in the number or size of assets being offered for sale may adversely affect the Fund's ability to achieve its investment objectives. While UBS believes that attractive investments of the type in which the Fund intends to invest are currently available, there can be no assurance that such investment

opportunities will be available when the Fund commences operations or that then available investments will meet each Sub-Fund's Investment and Operating Criteria.

The Fund's properties may be subject to increases in operating and other expenses

The Fund's business, results of operations, financial condition and prospects could be materially adversely affected if operating and other expenses increase without a corresponding increase in revenues.

Factors which could increase operating and other costs include, among others:

- increases in property taxes and other statutory charges;
- changes in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;
- increases in sub-contracted service costs;
- increases in the rate of inflation;
- increases in insurance premiums; and
- defects affecting the properties which need to be rectified, leading to unforeseen capital expenditure.

The Fund is exposed to leasing risks

The value of a rental property depends to a large extent on the remaining term of the related rental agreements as well as the creditworthiness of the tenants. If the Fund is unable to renew expiring leases on favourable terms or find and retain suitable creditworthy replacement tenants who are willing to enter into long-term rental agreements, the market value of the relevant property will be adversely affected.

The creditworthiness of a tenant can decline over the short or medium term, leading to a risk that the tenant will become insolvent or otherwise unable to meet its obligations under the lease. If the Fund's judgement about a tenant or about the location, use or desirability of a property proves to be incorrect, its income from the property may be below its estimates while its operating costs remain largely fixed. All of these factors could have a material adverse effect on the Fund's business, financial condition, results of operations or prospects.

The Fund is exposed to regulatory risks

The regulatory environment is crucial for real estate investment vehicles and covers the regulation of taxes, environmental issues, planning, the relationship between landlords and tenants, the commercial property market as well as dividends and interest on loans. All these can have a significant impact on the efficiency of real estate investment vehicles.

Taxation

An investment in the Fund involves a number of complex tax considerations including taxation of Subsidiaries and of distributions and dividends paid across national boundaries. Changes in tax legislation in any of the countries in which the Fund will have investments, or changes in tax treaties negotiated by those countries, could adversely affect the returns from a Sub-Fund to its Unitholders. No assurance can be given on the actual level of taxation suffered by the Fund. Investors should consult their own tax advisers on the tax implications for them of investing, holding and disposing of Units and receiving distributions in respect of Units in a Sub-Fund. (Also refer to the information set out under Section V: "Tax Considerations".)

Transfer restriction - French 3 per cent. Tax

The Management Company shall be entitled not to register the transfer of Units if it reasonably determines that an entity which owns or owned such Units, directly or indirectly, is not exempt from French 3 per cent. tax and a Sub-Fund or any relevant entity may be liable to pay any French 3 per cent. tax as a result of such ownership and there are no reasonably satisfactory alternative arrangements for the payment of such French 3 per cent. tax by the relevant Non-Exempt Unitholder. In addition, such liability may be deducted from any allocations and redemptions in respect of the Units of such Non-Exempt Unitholder.

Certain ERISA Considerations

The Fund has no ERISA Investors and is not, and has not been, subject to ERISA. If Units are acquired by ERISA Investors in the future, and no other exemption under the regulations under ERISA is available, the Units held directly or indirectly by ERISA Investors may be redeemed as necessary to avoid the application of ERISA to the Fund.

Please also refer to Section VII "Securities Legends".

Changes in Applicable Law

The Fund must comply with various legal requirements, including requirements imposed by the securities laws and companies laws in various jurisdictions, including Luxembourg. Should any of those laws change over the scheduled term of the Fund, the legal requirements to which the Fund and the Unitholders may be subject could differ materially from current requirements.

Indicative Valuation

The Fund calculates the NAV per Unit for the purposes of issues and redemptions on each Valuation Day prescribed by the Management Company. In addition, but for information purposes only, the Management Company may publish an indicative NAV per Unit on such days as it shall prescribe. For the purposes of this indicative NAV, the Management Company will use the most recent available NAV calculated on a Valuation Day adjusted to take into account its estimate of accruals of income and expenses since such Valuation Day up to the prescribed day. As a result, such indicative NAV may not be accurate and may be revised on a subsequent Valuation Day.

Section V: Tax Considerations

The following summary is of a general nature and is included herein solely for information purposes. It does not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to purchase or to dispose of the units in the Fund. It is based on the laws regulations and administration and judicial interpretations presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. This summary also does not take into account the specific circumstances of particular investors. Prospective investors in the units should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

The residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. A reference to Luxembourg income tax also encompasses corporate income tax (impôt sur le revenu des collectivités), municipal business tax (impôt commercial communal), a solidarity surcharge (contribution au fonds pour l'emploi). Investors may further be subject to net wealth tax (impôt sur la fortune) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well. This tax section does not cover the tax treatment of individual investors or any specific investors (e.g. investors having opted for a specific tax regime in Luxembourg or elsewhere).

Taxation of the Fund and its Subsidiaries

The Fund has elected to be a fund regulated in Luxembourg under the 2007 Law. Funds regulated under the 2007 Law are not subject to income tax or net wealth tax in Luxembourg. Distributions to Unitholders will not be subject to withholding tax in Luxembourg, save under the EU Savings Tax Directive (as defined below) and certain similar agreements (the "**EU Agreements**") concluded with dependent and associated territories of certain EU Member States (as implemented by the laws of 21 June 2005). Distributions made by a Fonds Commun de Placement investing more than 40% of its assets in debt claims qualify as payment of interest and similar income under the laws of 21 June 2005 implementing the EU Savings Tax Directive and the EU Agreements.

The cash received by the Fund will consist of dividend income and interest on bonds and loans and repayment of bond or loan principal by Subsidiaries of the Fund. Real estate income earned by the asset owning Subsidiaries will be subject to taxation in the jurisdiction in which the real property is located. Real estate income earned by the asset owning Subsidiaries will be subject to taxation in the jurisdiction in which the real property is located.

The Fund will be subject to an annual subscription tax (*taxes d'abonnement*) in Luxembourg at a rate calculated on the basis of the net asset value of the Fund at the end of each quarter. As a Fund regulated under the 2007 Law, the current rate is 0.01% per annum assessed and

payable on the net asset value attributable to the relevant Class of Units as at the end of each quarter. This will be a cost of the Fund.

Within the constraints of local fiscal law and practice, the Management Company will seek to manage the Fund in a tax efficient manner. Local tax will arise in the asset owning entities on net rental income after certain deductions (for example, management fees, tax depreciation and interest (both internal and external), debt arrangement fees, and audit and appraisal fees). Where the asset owning entity is financed with debt from the Fund or its Subsidiaries, cash will be repatriated to the Fund in the form of interest payments, through intermediate companies where appropriate. Interest payments will, where possible, not be subject to withholding tax in the jurisdictions in which the assets are located by virtue of local law or relevant double taxation agreements.

The after-tax income, net of interest on debt financing, generated by each asset owning entity will be distributed to the Fund, through intermediate fully taxable holding companies as appropriate. In those EU jurisdictions in which it is expected the Fund will invest, such dividend payments to the intermediate fully taxable holding companies should not be subject to withholding tax by virtue of the EU Council Directive 90/435 ("On the Common System of Taxation Applicable in the case of Parent Companies and Subsidiaries of Different Member States") as implemented in the relevant domestic regulations, assuming the conditions set forth therein will be met.

The distribution requirements of the Fund are calculated with respect to distributable cash flow, not profit. In some circumstances, for example because of the need to depreciate an asset in the books of the asset owning entities, cash flows may arise which cannot be distributed from the asset owning entities and intermediate holding companies by way of a dividend. To repatriate this cash to the Fund, the Subsidiaries of the Fund may repay intercompany debt and/or make short-term upstream loans to the Fund as necessary.

The Fund may be subject to withholding tax on dividends and interest and to tax on capital gains in the country of origin of its investment. Because of its particular tax regime, the Fund should not be entitled to the benefit of the provisions of the double tax treaties or of EU Parent Subsidiary Directive. Withholding tax levied at source (if any) would normally not be refundable, save the case where investors into the Fund may individually claim for treaty benefits between their state of residence and the country of origin of its investment.

Under specific circumstances, non-Luxembourg resident Unitholders having no permanent establishment, fixed place of business or permanent representative in Luxembourg may become liable to tax in Luxembourg on the capital gains realised upon disposal of units of the Fund or the sale of shares in the direct Luxembourg holding company through which all other Subsidiaries are held. However, non-Luxembourg resident Unitholders with a proportional interest of 10% or less in the direct Luxembourg holding company should not be liable to Luxembourg tax on capital gains under Luxembourg domestic law. Furthermore, Unitholders holding Units (including more than 10%) who are eligible to benefit from a double taxation agreement between Luxembourg and their country of tax residence, should also not be subject to Luxembourg capital gains tax, as the right to tax capital gains is usually allocated to the country of residence of the recipient. However, each investor should verify the detailed terms of the relevant double taxation agreement to determine its specific position.

Investors should obtain advice from their own tax advisers on the tax implications for them of investing, holding and disposing of Units and receiving distributions in respect of Units.

The Management Company reserves the right to disclose the names of the Unitholders on the register of Unitholders to any tax authority where law requires such disclosure or where the

Management Company believes such disclosure is in the best interests of the Fund. In particular, each Unitholder shall provide from time to time such information to the Fund as may be reasonably requested for the purpose of determining to what extent any Units are owned, directly or indirectly, by a “non-exempt legal entity” (see French 3 per cent. tax section below). The Fund shall provide such assistance as any Unitholder may reasonably request in connection with such determination.

Taxpaying investors in jurisdictions where the Fund is treated as tax transparent should note that certain detailed information may be required by them in order to ascertain the level of taxable income and gains for the purpose of filing local tax returns, and that the extent of detail required may not necessarily be routinely provided by the Fund. The Management Company will comply with all reasonable requests for additional information requested by Unitholders to prepare their tax returns, but may require the reimbursement of any costs incurred in preparing that information.

The Fund will make reasonable efforts to comply with all legislative changes that impact the Fund in order to ensure an adequate fiscal treatment of all investors, the cost of which will be borne by the Fund.

EU Savings Tax Directive

On June 3, 2003, the EU Council of Economics and Finance Ministers adopted a Directive on the taxation of savings income (the "**EU Savings Tax Directive**"). Under the EU Savings Tax Directive, Member States of the EU are required to provide to the tax authorities of another Member State details of payments of interest (and other similar income) paid by a person within its jurisdiction to individuals or certain types of entities called “residual entities” resident in such other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead (unless during such transitional period they elect otherwise) operating a withholding system in relation to such payments (with the ending of such transitional period dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). Similar agreements have been concluded with dependent and associated territories of certain EU Member States.

On September 15, 2008 the European Commission issued a report to the Council of the European Union on the operation of the EU Savings Tax Directive which included the European Commission's advice on the need for changes to the EU Savings Tax Directive. On November 13, 2008 the European Commission published a more detailed proposal for amendments to the EU Savings Tax Directive, which included a number of suggested changes. If any of those proposed changes are made in relation to the EU Savings Tax Directive, they may amend or broaden the scope of the requirements described above.

Section VI: General Information

1 General Legal Considerations

The Management Regulations constituting the Fund and the Management Company are governed by Luxembourg law.

Investment in the Fund may involve legal requirements, foreign exchange restrictions and tax considerations unique to each investor. The Management Company makes no representations with respect to whether any Unitholder is permitted to hold such Units. Prospective investors should consult their own legal and tax advisers regarding such considerations prior to making an investment decision.

The Management Regulations may be amended as described in Article 17 of the Management Regulations.

An investment in the Fund will be made of the basis of the English language version of this Private Placement Memorandum and of the Management Regulations. In the event of any inconsistency between the English language version of the Private Placement Memorandum and of the Management Regulations and any foreign language translation, the provisions of the English language version shall prevail.

2 Information for the Unitholders

Audited annual reports, unaudited quarterly reports and all other periodic reports and communications of the relevant Sub-Fund will be mailed or electronically provided to Unitholders at their request at their registered addresses and also made available to Unitholders at the registered office of the Management Company and the Custodian.

In the event of an amendment to the Management Regulations, a statement that the amended Management Regulations have been deposited at the Luxembourg Trade and Companies Register will be published in the Mémorial. Notice of the event giving rise to the liquidation of the Fund will be given to the knowledge of the Unitholders without delay by the Management Company.. If it fails to do so, notices shall be published in the Mémorial and at least two newspapers with adequate circulation, one of which shall be a Luxembourg newspaper, and in such other newspaper as required by authorities having jurisdiction over the Fund or the sale of its Units.

Quarterly

The Management Company shall prepare and distribute within 2 months after the end of the first and third Quarterly Periods to each Unitholder, an unaudited quarterly report including the following information:
(i) a calculation of NAV per Class of Units of the relevant Sub-Fund;
(ii) an unaudited balance sheet of the relevant Sub-Fund; and
(iii) an unaudited income statement of the relevant Sub-Fund.

In addition to the above, the Management Company shall also prepare and distribute a separate status report of the relevant Sub-Fund's investment activities at the end of every Quarterly Period, including summary descriptions of asset management activities, investments made and disposed of by such Sub-Fund during the relevant Quarterly Period.

Half yearly

At the end of the second Quarterly Period, the Management Company shall prepare and distribute within 2 months to each Unitholder, an unaudited half-yearly report including the following information:

(i) a calculation of NAV per Class of Units of the relevant Sub-Fund;
(ii) an unaudited balance sheet of the relevant Sub-Fund; and
(iii) an unaudited income statement of the relevant Sub-Fund.
(iv) a detailed status report of the relevant Sub-Fund's investment activities during the six month period then ended, including summary descriptions of asset management activities, investments made and disposed of by such Sub-Fund during the relevant period.

Annually

After the end of each Year, the Management Company shall prepare and distribute within 4 months after the end of each Year to each Unitholder an audited annual report including the following information:
(i) an audited balance sheet of the relevant Sub-Fund;
(ii) an audited income statement of the relevant Sub-Fund;
(iii) a schedule or summary of the valuation of the relevant Portfolio indicating the aggregate of the purchase price or cost, the insured value and the valuation;
(iv) a list of the entities to whom each Real Estate Manager may have delegated its functions and duties pursuant to the relevant Real Estate Management Agreement;
(v) a detailed status report of the relevant Sub-Fund's investment activities during the 12 month period then ended, including summary descriptions of asset management activities, investments made and disposed of by such Sub-Fund during the relevant period.

Each Unitholder agrees that (i) the books and records of the Fund contain confidential information relating to the Fund and its affairs and (ii) except for information otherwise required to be provided to the Unitholder pursuant to the Management Regulations or this Private Placement Memorandum, the Management Company, may, to the extent permitted by applicable law, keep confidential from the Unitholders any information the disclosure of which the Management Company believes to be adverse to the interest of the Fund (including information relating to any investment or underlying assets or any person that is directly or indirectly the subject of any investment) or which the Fund or the Management Company is required by law, agreement or otherwise to keep confidential.

This Private Placement Memorandum should be read in conjunction with such latest annual or quarterly and other periodic reports to the extent such latest annual or quarterly reports are available. The fiscal year end of the Fund is 31 December of each year. The first fiscal period of the Fund ended on 31 December 2005.

The Management Company shall, subject to reasonable notice, give Unitholders and their appointed agents access to all financial information of the relevant Sub-Fund to enable Unitholders to prepare tax returns and other regulatory filings. Save as provided below, any expenses incurred by the Management Company or a Sub-Fund in preparing specific information of or giving access to a Unitholder to such information may be, at the discretion of the Management Company charged to the relevant Unitholder or borne by the Fund. If charged to the relevant Unitholder, it shall be reimbursed together with value added tax (if applicable) by the relevant Unitholder and, in the absence of such reimbursement, may be deducted by the Management Company from distributions made to such Unitholder pursuant to the Management Regulations. Each Sub-Fund shall bear all costs arising in relation to the

fulfilment of its obligations with respect to the provision of information to Unitholders under any foreign controlled company act and any investment fund act.

Any other financial information concerning a Sub-Fund or the Management Company, including the periodic calculation of NAV, the issue and the redemption prices of Units will be made available at the registered office of the Management Company and the Custodian. Any other substantial information concerning a Sub-Fund may be published in such newspaper(s) and notified to Unitholders in such manner as may be specified from time to time by the Management Company.

3 Documents Available

Copies of the following documents (the "**Placement Documents**") are available for inspection by Unitholders free of charge during usual business hours on any Business Day, upon ten Business Days' prior notice, at the registered office of the Management Company:

- the articles of incorporation of the Management Company;
- each Real Estate Management Agreement;
- the Custodian Agreement;
- the Central Administration Agreement;
- the Domiciliary Agreement;
- the latest reports referred to under paragraph 2 above.

4 Fund Structure

It is intended that all Subsidiaries owned by each Sub-Fund will:·

- have boards of directors which will include a majority of employees of UBS or a UBS Related Party;·
- have the same accounting year ending on 31 December as the Fund;·
- issue registered shares only;·
- be transparent for accounting purposes so that at the end of each quarter, the accounts of the Sub-Fund will be consolidated with those of these Subsidiaries in order to disclose all the investments in Real Estate made by the Sub-Fund through these intermediary holding companies;
- solely the subsidiaries which are legally bound to appoint an independent auditor will appoint the same auditor as the Fund provided that for the other subsidiaries the consolidation of their accounts with the Fund's accounts is not impaired.

Where the Real Estate is held by local companies partially owned as to more than 50% by a Sub-Fund and its Subsidiaries, it is intended that these companies will:·

- have boards of directors which will include employees of UBS or a UBS Related Party;·
- have the same accounting years ending on 31 December as the Fund;·
- have registered shares only; and

- have their accounts consolidated with those of the Sub-Fund.

The right is reserved to the extent advisable or necessary, for the joint acquisition of Real Estate, where dictated by local considerations, to participate jointly with others in a holding structure for the acquisition of such Real Estate. In this case terms shall be agreed with such joint owner that warrant compliance with substantially the same principles as those mentioned above.

5 Corporate Information on the Management Company

The Management Company was incorporated on 8 December 2004 as a *société à responsabilité limitée* (S.à r.l.) for an unlimited period and is governed by the law of 10 August 1915, relating to commercial companies, as amended, and the 2002 Law.

The registered office of the Management Company is established at 33 A, avenue John F. Kennedy, L-1855 Luxembourg. The Management Company is recorded at the *Registre de Commerce et des Sociétés* of Luxembourg under the number B-104724.

The articles of incorporation of the Management Company were published in the Mémorial on 21 December 2004 and have been filed with the Luxembourg trade and companies register.

Any interested person may inspect these documents at the Luxembourg trade and companies register; copies are available on request at the registered office of the Management Company.

5% of the annual net profits of the Management Company will be allocated to the reserve required by Luxembourg law. This allocation shall cease to be required as soon as and so long as such surplus reserve equals or exceeds 10% of the corporate capital of the Management Company as such capital is increased or reduced from time to time.

The capital of the Management Company amounts to €125,000 and is represented by 125 fully-paid up shares having a par value of €1,000 each.

6 Notices

Except in relation to the Notification, all communications of investors with the Fund should be in writing, by fax or by letter, and should be signed by the authorised signatory and addressed to the Management Company.

7 Minimum Fund Size

Pursuant to the 2007 Law, twelve months after the authorisation of the Fund by the Luxembourg regulator the NAV of the Fund may not be less than €1,250,000.

Section VII: Securities Legends

For the avoidance of doubt, Units in the Fund may only be subscribed for by investors who meet the Luxembourg criteria to be regarded as qualified investors.

Australia

The Fund is not registered as a managed investment scheme in Australia. The Management Company does not hold an Australian financial services licence."

The provision of this Private Placement Memorandum to any person does not constitute an offer of Units to that person or an invitation to that person to apply for the issue of Units. Any such offer or invitation will only be extended to a person if that person has first satisfied the Management Company that the making of the offer or invitation would not attract the operation of the prospectus or product disclosure provisions of the Corporations Act of Australia. This Private Placement Memorandum is not a prospectus or product disclosure statement. It is not required to, and does not, contain all the information which would be required in a prospectus or product disclosure statement in Australia. It has not been lodged with or been the subject of notification to the Australian Securities and Investments Commission. It is a term of issue of Units in the Fund that the investor may not transfer or offer to transfer their Units to any person located in, or a resident of, Australia unless the person is a wholesale client for the purposes of section 761G(7) of the Corporations Act of Australia.

Austria

The Units may only be offered in the Republic of Austria in compliance with the provisions of the Austrian Capital Market Act and the Austrian Investment Funds Act and other laws applicable in the Republic of Austria governing the offer and sale of the Units in the Republic of Austria. The Units are not registered or otherwise authorised for public offer under the Austrian Capital Market Act or the Investment Funds Act or any other relevant securities legislation in Austria. The recipients of this Private Placement Memorandum and other selling material in respect of the Units have been individually selected and identified before the Offer being made and are targeted exclusively on the basis of a private placement. Accordingly, the Units may not be, and are not being, offered or advertised publicly or offered similarly under either the Austrian Capital Market Act or the Investment Funds Act or any other relevant securities legislation in Austria. This Private Placement Memorandum may not be disclosed to any other persons than the recipients to whom this Private Placement Memorandum is personally addressed.

Bahrain

No invitation to the public to invest in the Fund is being made in the Kingdom of Bahrain. This Private Placement Memorandum is intended to be read by the addressee only and is not to be shown to, or made available to, the public generally.

Belgium

The Fund has not been and will not be registered with the Belgian Banking, Finance and Insurance Commission ("Commissie Voor Het Bank-, Financie- en Assurantiewezen"/"Commission Bancaire, Financière et des Assurances") as a foreign collective investment institution under Article 127 of the Belgian Law of 20 July 2004 on certain forms of collective management of investment portfolios (as amended from time to time).

The Offering in Belgium has not been and will not be notified to the Belgian Banking, Finance and Insurance Commission nor has this document nor will it be approved by the Belgian Banking, Finance and Insurance Commission.

The Units shall, whether directly or indirectly, only be offered, sold, transferred or delivered in Belgium to individuals or legal entities who are "professional or institutional investors" in the sense of Article 5§3 of the Belgian Law of 20 July 2004 on certain forms of collective management of investment portfolios (as amended from time to time), acting on their own behalf.

This Private Placement Memorandum has been issued to you for your personal use only and exclusively for the purpose of the placing of Units. Accordingly, the information contained therein may not be used for any other purpose nor disclosed to any other person in Belgium.

Canada

THIS PRIVATE PLACEMENT MEMORANDUM IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN ADVERTISEMENT OR A PUBLIC OFFERING OF UNITS DESCRIBED HEREIN IN CANADA. NO SECURITIES COMMISSION OR SIMILAR REGULATORY AUTHORITY IN CANADA HAS REVIEWED OR IN ANY WAY PASSED UPON THIS DOCUMENT OR THE MERITS OF THE UNITS, AND ANY REPRESETNATION TO THE CONTRARY IS AN OFFENCE.

An investment in Units is not insured by the Canada Deposit Insurance Corporation or any other governmental agency, and is subject to investment risks.

Distribution

The distribution of Units in Canada is being made only on a private placement basis in Canada only to residents of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec (together the 'Canadian Jurisdictions') and is exempt from the requirements in the Canadian Jurisdictions that the Fund prepare and file a prospectus with the relevant securities regulatory authorities with respect to the Units and, except in Ontario, that the Units be sold through a dealer registered with the relevant securities regulatory authorities, pursuant to section 2.3 of National Instrument 45-106- Prospectus and Registration Exemptions of the Canadian Securities Administrators (the 'NI'). Each purchaser of Units in the Canadian Jurisdictions must be an 'accredited investor' within the meaning of section 1.1 of the NI, who purchases Units as principal, and provides written certification to the Fund as to such matters. In Ontario, the offering of Units is being made only through one or more dealers appropriately registered with the Ontario Securities Commission (the 'OSC'), and in other Canadian Jurisdictions the offering of Units may be made through dealers or persons exempt from applicable registration requirements therein.

Resale restrictions

It may be difficult or even impossible for an investor to sell Units. Any resale of Units must be made in accordance with applicable securities laws, which may require resales to be made: (a) in accordance with exemptions from registration and prospectus requirements, including those pertaining to resales outside the Canadian jurisdictions; or (b) pursuant to a prior written consent order or ruling of the relevant securities regulatory authority; or (c) pursuant to a prospectus for which a final receipt is issued by the relevant securities regulatory authority. Investors in Canada are advised to seek legal advice prior to any resale of Units.

Acknowledgements

By purchasing Units, among other things, each purchaser in a Canadian Jurisdiction will be deemed to have confirmed, certified, represented, warranted to and agreed for the benefit of the Fund, the Manager, the Fund Advisers and any dealer acting in respect of the distribution of Units, as follows:

(i) it is entitled under applicable securities laws in the Canadian Jurisdictions to purchase Units without the benefit of a prospectus qualified under such securities laws:

(ii) it has reviewed 'Resale Restrictions' above and understands and acknowledges that Units may not be resold without an exemption from the registration and prospectus requirements of applicable securities laws;

(iii) it is resident in one of the Canadian Jurisdictions, is an 'accredited investor' within the meaning of section 1.1 of the NI, has not been created and is not being used solely to qualify as an accredited investor and is purchasing Units as principal (within the meaning of the NI) for investment only and not with a view to resale or distribution;

(iv) it is basing its investment decision solely on the final version of this Private Placement Memorandum and not on any other information concerning the Fund or the offering of Units; and

(v) its express wish is that all documents evidencing or relating in any way to the sale of Units be drafted in the English language only. *C'est la volonté expresse de chaque acheteur que tous les documents faisant foi ou se rapportant de quelque manière a la vente des intérêts soient rédigés uniquement en anglais.*

By purchasing Units, each purchaser in a Canadian Jurisdiction is deemed to acknowledge that its name and other specified information, including the number of Units it has purchased, may be collected, used and disclosed to Canadian securities regulatory authorities and become available to the public in accordance with the requirements of applicable laws, and the purchaser consents to the collection, use and disclosure of that information for that purpose.

Indirect Collection of Personal Information (Ontario Purchasers)

By purchasing Units, the purchaser acknowledges that personal information such as the purchaser's name, address and telephone number will be delivered to the OSC and that such personal information is being collected indirectly by the OSC under the authority granted to it in securities legislation for the purposes of the administration and enforcement of the securities legislation of the province of Ontario. By purchasing Units, the purchaser shall be deemed to have authorised such indirect collection of personal information by the OSC. Questions about such indirect collection of personal information should be directed to the OSC's Administrative Assistant to the Director of Corporate Finance, Suite 1903, Box 55, 20Queen Street West, Toronto, Ontario M5H 358 or to the following telephone number (416) 593-8086.

Canadian Tax Considerations

This Private Placement Memorandum does not address the Canadian tax consequences of purchase, ownership or disposition of Units. Prospective purchasers of Units who are resident in Canada are not exempt from ordinary income tax under the Income Tax Act (Canada) (the 'Tax Act') are advised that no determination has been made regarding the status of the Units as a 'tax shelter investment' for the purposes of the Tax Act, and the Fund has not applied for registration or been registered as a tax shelter for the purposes of the Tax

Act. Prospective purchasers of Units should consult their won legal and tax advisers with respect to the Canadian and other tax considerations applicable to them of an investment in the Units in their particular circumstances, including with respect to the eligibility of the Units for investment by them under applicable tax and other laws in Canada, and with respect to the application of the proposed 'foreign investment entity' provisions of the Tax Act which, if applicable, may result in a requirement to recognise income for tax purposes even though no cash distribution or proceeds of disposition have been received.

Notwithstanding the dissolution of Parliament in the fall of 2006, which terminated Bill C-10 before it became a statue of Canada, there remains a possibility that this Bill could be re-introduced by the new Government with a retroactive date of taxation years commencing after 2006. It is the explicit policy of the Manager that no Canadian investors, other than those specifically identified by the Canadian Department of Finance in an April 2, 2008 Comfort Letter (available for viewing if required) be permitted to invest in the Fund. Even where a Canadian investor would meet the eligibility considerations for the proposed legislative relief under neither Canadian Bill C-10 referenced in the aforementioned letter, neither the Manager nor any of their affiliates nor the Fund's Advisors accepts any responsibility to any Unit holder in relation to that Unit holders tax position. All prospective Canadian investors should seek their own advice with respect to the Canadian tax consequences of investing in the Fund.

Forward Looking Information – Statutory Caution

This Private Placement Memorandum may disclose management policies and investment strategies, projections, forecasts or other information that constitutes 'forward looking information' for the purposes of applicable securities laws in the Canadian Jurisdictions. These statements are based on assumptions made by the Manager and the Fund Advisors of the success of the Fund's investment strategies in certain markets, the officers and employees of the Manager and the Fund Advisers and their knowledge of historical economic and market trends. Investors are cautioned that the assumptions made by the Manager and the Fund Advisers, and the success of the Fund's investment strategies, are subject to a number of mitigating factors. Economic and market conditions may change, which may materially impact the success of the strategies as well as the Fund's actual course of conduct. No assurance can be given that any projections or forecasts disclosed in this Private Placement Memorandum will be realised or come to fruition, and accordingly, none of the Fund, the Manager or the Fund Advisers assumes any responsibility for the projections or forecasts.

This offer is being made by a non-Canadian issuer using disclosure documents prepared in accordance with the non-Canadian securities laws. Prospective purchasers should be aware that the se requirements may differ significantly from those of Ontario. The forward looking information included or incorporated by reference herein may not be accompanied by the disclosure and explanations that would be required of a Canadian issuer under Ontario securities law.

Rights of Action for Damages and Rescission

Securities legislation in some Canadian Jurisdictions provides purchasers with a remedy for rescission or damages where an offering memorandum and any amendment thereto contain a misrepresentation. As used herein, 'misrepresentation' means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement in this Private Placement Memorandum not misleading in light of the circumstances in which it was made, and 'material fact' means a fact that would reasonably be expected to have a significant effect on the market price or value of the Units. These remedies, or notice with respect thereto, must be exercised, or delivered, as the case

may be, by the purchaser within the time limit prescribed by the applicable securities legislation. Each purchaser should refer to provisions of the applicable securities legislation for the particulars of these rights or consult with a legal adviser.

Rights for Purchasers in Saskatchewan

Securities legislation in Saskatchewan provides that if this Private Placement Memorandum, together with any amendment hereto, is delivered to a purchaser resident in Saskatchewan and contains a misrepresentation at the time of purchase, the purchaser is deemed to have relied upon that misrepresentation and will have a right for damages against the Fund, every promoter and director of the Fund, every person or company who signed this Private Placement Memorandum and every person or company who sells Units on behalf of the Fund, or alternatively, while still the owner of the purchased Units, for rescission against the Fund, provided that :

(i) No action will be commenced to enforce the foregoing rights:

(a) In the case of an action for rescission, more than 180 days after the date of the transaction that gave rise to the cause of the action: or

(b) In the case of any action, other than an action for rescission, the earlier of (1) one year after the purchaser first had knowledge of the facts giving rise to the cause of action or (2) six years after the date of the transaction that gave rise to the cause of action.

(ii) No person or company will be liable if the person or company proves that the purchaser purchased the Units with knowledge of the misrepresentation:

(iii) No person or company (but excluding the Fund) will be liable if the person or company proves that:

(a) the Private Placement Memorandum was delivered without the person’s or company’s knowledge or consent and that, on becoming aware of its delivery, the person or company immediately gave reasonable general notice to the Fund that it was delivered without the person’s or company’s knowledge:

(b) on becoming aware of any misrepresentation, the person or company withdrew the person's or company’s consent to the Private Placement Memorandum and gave reasonable general notice to the Fund of the withdrawal and the reason for it: or

(c) with respect to any part of the Private Placement Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable ground s to believe and did not believe that there had been a misrepresentation , or the relevant part of the Private Placement Memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of or extract from the report, opinion or statement of the expert;

(iv) No person or company (but excluding the Fund) will be liable with respect to any part of the Private Placement Memorandum not purporting to be made on the authority of an expert, or to be a copy of or an extract from a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed there had been a misrepresentation:

(v) In an action for damages, a person or company is not liable for all or any portion of the damages that he person or company proves do not represent the depreciation in value of the Units from the misrepresentation relied on:

(vi) In no case shall the amount recoverable exceed the price at which the Units were sold to the purchaser; and

(vii) A person or company will not be liable for a misrepresentation in forward-looking information if the person or company proves that:

(a) This Private Placement Memorandum contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward looking information; and

(b) The person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward looking information.

A purchaser resident in Saskatchewan who has entered into an agreement for the purchase of Units, which has not yet been completed, and who receives an amendment to this Private Placement Memorandum that discloses (1) a material change in the affairs of the Fund, (2) a change in the terms or conditions of the offering as described in this Private Placement Memorandum, or (3) securities to be distributed that are in addition to the Units described herein, that occurred or arose before the purchaser entered into the agreement for the Units, may within two business days of receiving the amendment deliver a notice to the Manger or agent through whom the Units are being purchased indicating the purchaser's intention not to be bound by the purchase agreement.

The foregoing summary is subject to the express provisions of the Securities Act, 1998 (Saskatchewan) as amended and the rules, regulations and other instruments thereunder, and reference is made to the complete text of such provisions contained therein. Such provisions may contain limitations and statutory defences on which the Fund may rely.

<u>Rights for Purchasers in Manitoba</u>

Securities legislation in Manitoba provides that when this Private Placement Memorandum contains a misrepresentation, a purchaser who purchases a Unit is deemed to have relied on the representation if it was a misrepresentation at the time of purchase, and the purchaser has:

(i) A right of action for damages against:

(a) the Fund,

(b) Every director of the Fund at the date of this Private Placement Memorandum, and

(c) Every person or company who signed this Private Placement Memorandum: and

(ii) A right of rescission against the Fund.

If the purchaser chooses to exercise a right of rescission against the Fund, the purchaser has no right of action for damages against a person or company referred to above.

If a misrepresentation is contained in a record incorporated by reference in, or is deemed to be incorporated into, this Private Placement Memorandum, the misrepresentation is deemed to be contained in this Private Placement memorandum.

When a misrepresentation is contained in this Private Placement Memorandum, no person or company is liable:

(i) if the person or company proves that the purchaser had knowledge of the misrepresentation:

(ii) Other than with respect to the Fund, if the person or company proves:

> (a) That this Private Placement Memorandum was sent to the purchaser without the person's or company's knowledge or consent, and
>
> (b) That after becoming aware that it was sent, the person or company promptly gave reasonable notice to the Fund that it was sent without the person's or company's knowledge and consent:

(iii) Other than with respect to the Fund, if the person or company proves that , after becoming aware of the misrepresentation, the person or company withdrew the person's or company's consent to this Private Placement Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it;

(iv) Other than with respect to the Fund, if, with respect to any part of this Private Placement Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that:

> (a) there had been a misrepresentation, or
>
> (b) the relevant part of this Private Placement Memorandum:
>
> > (1) Did not fairly represent the expert's report, opinion or statement, or
> >
> > (2) Was not a fair copy of, or an extract from, the expert's report, opinion or statement; or

(v) Other than with respect to the Fund, with respect to any part of this Private Placement Memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company:

> (a) Did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation , or
>
> (b) Believed there had been a misrepresentation.

The amount recoverable shall not exceed the price at which the Units were offered under this Private Placement Memorandum. In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation.

All or any one or more of the persons or companies that are found to be liable or accept liability in an action for damages are jointly and severally liable. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person who is jointly and severally liable to make the same payment in the same cause of action

unless, in all circumstances of the case, the court is satisfied that it would not be just and equitable.

No action may be commenced to enforce a right:

(i) in the case of an action for rescission, more than 180 days after the day of the transaction that gave rise to the cause of action: or

(ii) in any other case, more than the earlier of:

(a) 180 days after the day that the plaintiff first had knowledge of the facts giving rise to the cause of action, or

(b) two (2) years after the day of the transaction that gave rise to the cause of action.

Rights for purchasers in Ontario

Securities legislation in Ontario provides that if this Private Placement Memorandum, together with any amendment hereto, delivered to a purchaser of Units resident in Ontario before the issue of such Units to such purchaser, contains a misrepresentation and there was a misrepresentation at the time of purchase of the Units by such purchaser, such purchaser who purchases the Units during the period of distribution will have, without regard to whether the purchaser relied upon the misrepresentation , a right of action against the Fund for damages or, while still the owner of the Units purchased by that purchaser, for rescission in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against the Fund. The purchaser may exercise these rights against the Fund provided that:

(i) The right of action for rescission or damages will be exercisable by a purchaser only if the purchaser commences an action to enforce such right not later than:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action, or

(b) in the case of any action other than an action for rescission, the earlier of (1) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (2) three years after the date of the transaction that gave rise to the causer of action:

(ii) The Fund will not be liable if it proves that he purchaser purchased the Units with knowledge of the misrepresentation;

(iii) In the case of an action for damages, the Fund will not be liable for all or any portion of the damages that it proves does not represent the depreciation in value of the Units as a result of the misrepresentation relied upon:

(iv) In no case will the amount recoverable in any action exceed the price at which the Units were sole to the purchaser; and

(v) The Fund will not be liable for a misrepresentation in forward-looking information if the Fund proves that:

(a) This Private Placement Memorandum contains, proximate to the forward-looking information, reasonable cautionary language identifying the forward looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of

material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

(b) The Fund has a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

The foregoing rights do not apply if the purchaser is:

(i) A Canadian financial institution (as defined in NI) or a Schedule III Bank

(ii) The Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada) or

(iii) A subsidiary of any person referred to in the paragraphs (i) and (ii) above, if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

<u>Rights for Purchasers in Quebec</u>

Under legislation adopted but not yet in force in Quebec, if this Private Placement memorandum, together with any amendment to this Private Placement Memorandum, delivered to an investor resident in Quebec contains a misrepresentation, the investor will have (a) a right of action for damages against the Fund, every officer and director of the Fund, the dealer (if any) under contract to the Fund and any expert whose opinion, containing a misrepresentation, appeared, with the expert's consent in this Private Placement Memorandum, or (b) a right of action against the Fund for rescission of the purchase contract of revision of the price at which the Units were sold to the investor.

No person or company will be liable if it proves that:

(i) the investor purchased the Units with knowledge of the misrepresentation: or

(ii) in an action for damages, that it acted prudently and diligently (except in an action brought against the Fund).

No action may be commenced to enforce such right of action:

(i) for rescission or revision of price more than three years after the date of the purchase; or

(ii) for damages later than the earlier of (a) three years after the investor first had knowledge of the facts giving rise to the cause of action, except on proof of tardy knowledge imputable to the negligence of the investor, or (b) five years from the filing of the Private Placement Memorandum with the *Autorité des marchés financiers*.

Rights for Purchasers in other Canadian Jurisdictions

Purchasers in the other Canadian Jurisdictions should consult their legal advisor with respect to any rights that may be available to them.

<u>General</u>

The rights of action described herein are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

Cyprus

This document does not constitute, and may not be used for the purposes of, an offer or an invitation to subscribe for or otherwise acquire any Units by any person in Cyprus (i) in any circumstances which require the publication of a prospectus pursuant to the Law on Public Offer and Prospectus, Law No.114(I)/2005, or any other applicable law or (ii) to any person to

whom it is unlawful to make such an offer or invitation or (iii) by any person who is not qualified to make such an offer or invitation.

Czech Republic

The Fund has not been, and will not be, approved by the Czech National Bank pursuant to Section 58 of the Czech Act No. 189/2004 Coll., on Collective Investments, as amended, or otherwise for public offering in the Czech Republic, and the Prospectus has not been and will not be notified to, or approved by, the Czech National Bank. Therefore, no Units may be offered in the Czech Republic by way of a public offering, public advertisement or in any similar manner.

Denmark

This Memorandum has not been filed with or approved by the Danish Financial Supervisory Authority or any other regulatory authority in the Kingdom of Denmark.

The Units have not been offered or sold and may not be offered, sold or delivered directly or indirectly in Denmark, unless the Fund is approved by the Danish Financial Supervisory Authority pursuant to Section 16 of the Danish Act on Investment Associations, Special-Purpose Associations and Other Collective Investment Schemes Etc. and Executive Order no. 1445 of 21 December 2005 on Marketing Carried out by Certain Foreign Investment Undertakings in Denmark issued pursuant thereto as amended from time to time."

Estonia

Units may be marketed and sold in Estonia through private placement only and no offer of any Units in Estonia shall constitute public offering of Units pursuant to applicable Estonian law and the offering of the Units has not been and shall not be registered under the Investment Funds Act of Estonia 2004, as amended (the "Investment Funds Act"), or under the Securities Market Act of Estonia of 2001, as amended ("Securities Market Act"), as a public offering. Units shall not be marketed or sold, directly or indirectly, in Estonia or to or for the benefit of any resident of Estonia (which term as used herein means any person resident in Estonia, including any corporation or other entity incorporated under the laws of Estonia), or to others for re-offering or resale, directly or indirectly, in Estonia or to a resident of Estonia, except in compliance with the Investment Funds Act and Securities Market Act and other applicable Estonian laws and regulations.

Finland

This Private Placement Memorandum does not constitute a prospectus (Listalleottuesite or tarjousesite) under the Finnish Securities Market Act (1989/495) nor a Fund prospectus (rahastoesite) under the Finnish Investment Funds Act (1999/48) nor has it been filed with or approved by the Finnish Financial Supervision Authority. Units can be acquired in Finland only by professional investors as defined in the Finnish Investment Funds Act and Finnish Securities Market Act.

France

Except pursuant to any available authorisation or consent from the Autorité des marchés financiers, the Units of the Fund are not being and may not be offered or sold in France and this Private Placement Memorandum, or any information contained in this document or any other offering material relating to the Units of the Fund may not be distributed or caused to be distributed in France.

Germany

The Units may only be offered and sold in the Federal Republic of Germany ("Germany") in compliance with the provisions of the German Investment Act (Investmentgesetz) or any other laws applicable in Germany governing the offer and sale of the Units in Germany. In particular, the Units, this Private Placement Memorandum and any related material may not be distributed in Germany by way of public offer, public advertising or in any similar manner. The Units will be offered to recipients to whom this Private Placement Memorandum is personally and specifically addressed. This Private Placement Memorandum is strictly for private use of the person who has received it from or on behalf of the Management Company. It may not be forwarded to other persons or published in Germany. No view on taxation is expressed. Prospective investors in Germany are urged to consult their own tax advisers as to the tax consequences that may arise from an investment in the Fund.

Greece

The Fund has not been approved by the Capital Market Committee for distribution and marketing in Greece. This Private Placement Memorandum and the information contained therein do not and shall not be deemed to constitute an invitation to the public in Greece to purchase the Units. The Units of the Fund may not be advertised, distributed, offered or in any way sold in Greece except as permitted by Greek law. The Fund does not have a guaranteed performance and past returns do not guarantee future ones.

Hungary

The Units may only be offered in the Republic of Hungary in compliance with the provisions of Act CXX 2001 on the capital markets ("**HCMA**") and other laws and regulations applicable in the Republic of Hungary. The Units have not been and will not be publicly offered in the territory of the Republic of Hungary and no application for listing the Units on the Budapest Stock Exchange has been or will be made. The placing of the Units is conducted exclusively as a private placement as defined in Section 14 of the HCMA.

Accordingly, this Private Placement Memorandum or any other offering materials relating to the Units have not been approved and will not be filed for approval by the Hungarian Financial Supervisory Authority (*Pénzügyi Szervezetek Állami Felügyelete*) and may not be disclosed to any persons other than the recipients to whom they are personally addressed.

Ireland

This Private Placement Memorandum and the information contained herein is private and confidential and is for use only by the person to whom such material is addressed. No person other than the addressee may treat it as constituting an invitation or solicitation to subscribe for a Unit or Units in the Fund. Accordingly, this Private Placement Memorandum does not and shall not constitute an invitation to the public or an offer to provide facilities for participation by the public within the meaning of the Unit Trusts Act 1990.

Italy

This Private Placement Memorandum is solely intended for the individuals to whom it is delivered and may not be considered or used as a public offering in Italy within the meaning of, and for the purpose of, legislative decree no. 58, dated 24 February 1998. In addition, any person who is in possession of this Private Placement Memorandum understands that no action has or will be taken that would allow an offering of Units in the Fund to the public in Italy. Accordingly, the Units in the Fund may not be offered, sold or delivered and neither this Private Placement Memorandum nor any other offering materials relating to the fund may be

distributed or made available to the public in Italy. Individual sales of Units in the Fund to any person in Italy may only be made according to Italian securities, tax and other applicable laws and regulations.

Kuwait

Units in the Fund may only be marketed or sold by a Kuwait shareholding company which is permitted to invest monies for the account of itself and third parties and which holds a specific licence relating to the marketing and sale of the Units issued by the Ministry of Commerce and Industry under Law No. 31/1990 and the various Ministerial Orders issued pursuant thereto

Latvia

The Units have not been and will not be offered for sale or sold in Latvia as a public offering of financial instruments in accordance with the Republic of Latvia's Law "On the Market for Financial Instruments". The Units may not be sold or offered for sale in Latvia or to residents of Latvia, other than to professional investors, as that term is defined by the Law "On the Market for Financial Instruments". This Private Placement Memorandum does not constitute a prospectus under the Law "On the Market for Financial Instruments", nor has it been filed with or approved by the Latvian Finance and Capital Markets Commission.

Lithuania

The Units are not being issued for public offering as defined in the Law on Collective Investment Undertakings of the Republic of Lithuania (4 July 2003, No IX-1709). Accordingly, with respect to the Republic of Lithuania, this Private Placement Memorandum may not and will not be distributed and the Units may not and will not be offered through the mass media, advertisement or by addressing over 100 natural persons or legal entities.

Luxembourg

The Fund is a *fonds commun de placement* established under the Luxembourg law of 13 February 2007 concerning specialised investment funds. Accordingly, the sale of Units is restricted to Qualified Investors subscribing either on their own behalf or on behalf of Qualified Investors.

Malta

The Fund is regulated under the law of the Grand-Duchy of Luxembourg. It is a non–retail scheme. Therefore, the protection normally arising as a result of the imposition of investment and borrowing restrictions and other requirements for retail schemes may not apply.

Neither the Fund nor any of its functionaries are authorized to carry out any licensable activity in or from Malta. The Fund or any of its functionaries has not applied for a collective investment scheme licence or investment services licence. The Fund has not made an application for listing on a recognised investment exchange.

This Private Placement Memorandum serves as an offering document in terms of the guidelines regarding professional investor funds issued by the Malta Financial Services Authority ("MFSA"). It does not constitute a prospectus in terms of the Investment Services Act (Chapter 370 of the Laws of Malta) or the Companies Act (Chapter 386 of the Laws of Malta) or any subsidiary legislation issued under these Acts. It has not been filed with the MFSA or the Registrar of Companies. The MFSA has made no assessment or value judgement on the soundness of the Fund or for the accuracy or completeness of statements made or opinions expressed with regard to it.

The Fund may not be offered to the public. The Fund may only be promoted to and Units may only be placed with qualifying investors as defined in the guidelines regarding professional investor funds issued by the MFSA. Any investor shall be responsible for ensuring compliance with any statutory or regulatory provisions that may apply, including, but not limited to, those regarding the submission of declaration forms and the minimum investment requirement (at present USD100,000 or other currency equivalent). Investors in professional investor funds are not protected by any statutory compensation arrangements in the event of the fund's failure.

No investment advertisements as defined in the Investment Services Act may be issued in or from Malta.

The Netherlands

The Units may not, directly or indirectly, be offered or acquired in the Netherlands and this Private Placement Memorandum may not be circulated in the Netherlands, as part of an initial distribution or any time thereafter, other than to individuals or (legal) entities who or which qualify as qualified investors within the meaning of Article 1:1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) as amended from time to time, or in accordance with another exception or exemption pursuant to the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), as amended from time to time. The Fund does not require a license in the Netherlands for the offering of the Units. The Fund is not supervised by the Dutch Financial Markets Authority (*Autoriteit Financiële Markten*) pursuant to the Financial Supervision Act (*Wet op het financieel toezicht*).

Poland

The Units of the Fund have not been and will not be registered under the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of 29 July 2005 (Journal of Laws of 2005, No. 184 item 1539) (the "**Act on Public Offering**") and may not be publicly offered in Poland or admitted to trading on an EU regulated market in Poland. Pursuant to the Act on Public Offering "public offering" means "communication in any form and my any means, made within the Republic of Poland and addressed to at least 100 persons, or to an unspecified addressee, which contains sufficient information on the securities to be offered and terms and conditions of the acquisition, so as to enable an investor to decide to purchase these securities".

The recipient of this Private Placement Memorandum is required to agree that it will not offer any Units in the Fund or distribute of any offering materials relating to the Fund in Poland in the event that any such offer or distribution of offering materials would constitute a "public offering" in Poland as defined above.

The recipient of this Private Placement Memorandum should be aware that the acquisition and holding of the Units by residents of Poland may be subject to restrictions imposed by Polish law (including, without limitation, foreign exchange regulations) and that the re-offer or re-sale of the Units to Polish residents or within Poland may also be subject to restrictions.

Portugal

No authorisation for marketing the Units in Portugal has been or will be applied for and this Private Placement Memorandum has not been and will not be subject to any authorisation procedure before the Securities Market Commission (''Comissão do Mercado de Valores Mobiliários''). Therefore, no Units have been or may be offered, transferred, delivered or sold, directly or indirectly, within Portugal by way of a public placement, public advertisement or in

any similar manner. Furthermore, this Private Placement Memorandum and/or any other document relating to the Units as well as information contained therein, may not be supplied to the public in Portugal or used in connection with any offer for subscription of Units to the public in Portugal.

Qatar

This offering has not been filed with, reviewed or approved by the Qatar Central Bank or any other relevant Qatari governmental body or securities exchange.

Singapore

This Private Placement Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Private Placement Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Units may not be circulated or distributed, nor may Units be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 304 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") or (ii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. We hereby notify you that the offer of Units does not relate to a collective investment scheme which is authorised under Section 286 of the SFA or recognised under Section 287 of the SFA

Slovak Republic

The Fund and the Management Company with respect to the Fund have not been and will not be authorized for public offering in the Slovak Republic pursuant to Section 75 or Section 61 of Slovak Act No. 594/2003 Coll., on Collective Investment, as amended, or otherwise. Therefore, no Interest in the Fund may be offered in the Slovak Republic by way of a public offer, public advertisement or any similar manner. This Private Placement Memorandum does not represent or announce any public offer of Interest in the Fund in the Slovak Republic and has not and will not be filed at or subject to the approval of the National Bank of Slovakia.

Slovenia

The Fund is not registered in the Republic of Slovenia under the Investment Funds and Management Companies Act and other regulation governing the foundation and operation of investment funds and management companies in the Republic of Slovenia.

The Units have not been filed or registered or otherwise authorized for public offer in the Republic of Slovenia and accordingly may not be advertised, offered, distributed or sold by way of public placement, public advertisement or in any similar manner. The Units may only be advertised, offered, distributed or sold in the Republic of Slovenia in compliance with the provisions of the Securities Market Act and other regulation governing the offer and sale of securities in the Republic of Slovenia. Units can be acquired only by well informed investors targeted exclusively on the basis of this Private Placement Memorandum.

This Private Placement Memorandum has been issued for the personal use of individually selected and identified recipients and as such may not be disclosed by the recipient to any other person or used for any other purpose.

Spain

The proposed offer of Units in the Fund has not been registered with the Comision Nacional del Mercado de Valores. Accordingly, no publicity will be carried out in Spain nor any document or offer material be distributed in Spain or targeted to Spanish resident investors

save in compliance and in accordance with the requirements set out in Law 35/2003, as amended and Royal Decree 1309/2005.

South Korea

This document is not, and under no circumstances is, to be construed as, a public offering of securities in Korea. Neither the Fund, UBS (LUX) Open-End Real Estate Management Company S.à r.l. nor any placement agent make any representation with respect to the eligibility of any recipients of this document to acquire the Units under the laws of Korea, including but without limitation the Foreign Exchange Transaction Act and regulations thereunder. The Units have not been registered under the Securities and Exchange Act or the Indirect Investments Asset Management Business Act of Korea and none of the Units may be offered, sold or delivered, directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly in Korea or to any resident of Korea except pursuant to applicable laws and regulations of Korea.

Sweden

The Fund is not authorised under the Swedish Investment Funds Act. The units in the Fund are being offered to a limited number of investors and therefore this Private Placement Memorandum has not been, and will not be, registered with the Swedish Financial Supervisory Authority under the Swedish Financial Instruments Trading Act (1991:980). Further, no single investor may invest an amount less than EUR 50,000. Accordingly, this Private Placement Memorandum may not be made available, nor may the units in the Fund otherwise be marketed and offered for sale in Sweden, other than in circumstances which are deemed not to be an offer to the public in Sweden under the Financial Instruments Trading Act. This Fund is not authorised by the Swedish Financial Supervisory Authority as set out by virtue of the Swedish Act on Investment Fund of 2004. Any sale, redemption or repurchase of interests may not and will not take place in Sweden.

Switzerland

The Fund has not been authorised by the Swiss Financial Supervisory Authority as a foreign investment fund pursuant to Article 120 of the Swiss Collective Investment Schemes Act of 23 June 2006 (the "CISA"). Accordingly, the Units may not be offered to the public in or from Switzerland, and neither this Memorandum nor any other offering materials relating to the Units may be distributed in connection with any such public offering. Units may only be offered and this Memorandum may only be distributed in or from Switzerland to qualified investors (as defined in the CISA and its implementing ordinance).

United Arab Emirates

The Fund and the Units have not been approved or licensed by the UAE Central Bank or any other relevant licensing authorities or governmental agencies in the United Arab Emirates. This Private Placement Memorandum is strictly private and confidential and has not been reviewed, deposited or registered with any licensing authority or governmental agency in the United Arab Emirates, and is being issued to a limited number of institutional investors and must not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose. The fund and the units are not being offered or made available to investors in the Dubai International Financial Centre, The placement agents are not licensed brokers, dealers, financial advisors or investment advisors under the laws applicable in the UAE, and do not advise individual's resident in the UAE as to the appropriateness of investing in or purchasing or selling securities or other financial products.

The Units may not be offered or sold directly or indirectly to the public in the United Arab Emirates.

United Kingdom

This Private Placement Memorandum is not available for general distribution in, from or into the United Kingdom because the Fund is an unregulated collective investment scheme whose promotion is restricted by sections 238 and 240 of the Financial Services and Markets Act 2000. When distributed in, from or into the United Kingdom, this Private Placement Memorandum is only intended for (i) investment professionals having professional experience of investing in unregulated schemes, (ii) high net worth companies, (iii) partnerships, associations or trusts and investment personnel of any of the foregoing having professional experience of investing in unregulated schemes (each within both the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 and the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001), (iv) persons outside the European Economic Area receiving it electronically, (v) persons outside the United Kingdom receiving it non-electronically and (vi) any other persons to whom it may be communicated lawfully. No other person should act or rely on it. Persons distributing this Private Placement Memorandum in, from or into the United Kingdom must satisfy themselves that it is lawful to do so.

United States

The Private Placement Memorandum is submitted on a confidential basis to a limited number of Institutional Accredited Investors (as defined herein) who are Qualified Purchasers (as defined herein) for informational use solely in connection with their consideration of the purchase of Units, and is not authorised to be distributed unless a name and identification number appear where indicated on the cover. Without the prior written consent of UBS Fund Services (USA) LLC (the "**US Placement Agent**") and UBS (Lux) Open-end Real Estate Management Company S.à r.l. (the "**Management Company**"), the Private Placement Memorandum may not be copied or reproduced in whole or in part, nor may it be distributed or any of its contents be disclosed to anyone other than the prospective investors to whom it is submitted. Each prospective purchaser of Units, by accepting delivery of the Private Placement Memorandum, agrees to the foregoing, and agrees to return the same and any related materials to the US Placement Agent promptly upon delivery by the US Placement Agent of updated Placing materials, upon notification that the investment has not been accepted or in the event the prospective purchaser does not undertake to make the investment described herein.

An investment in the Units involves an unusually high degree of risk. Investors should not subscribe unless they are able to bear the risk that they may lose the entire amount of their investment. Investors who acquire Units do so on the specific understanding and assumption of the high risks and lack of information that attend the prospective investments. See the section headed "Risk Factors" of the Private Placement Memorandum for a discussion of certain risks inherent in investing in the Fund, including a discussion of certain conflicts of interest that may arise in the operation of the Sub-Fund. See also the section headed "Certain Risk Factors" below for a discussion of certain additional risks associated with an investment in the Sub-Fund.

No person has been authorised to give any information or to make any representations not contained in the Memorandum, and any purchase made by any person on the basis of statements or representations not contained in or inconsistent with the information contained in the Memorandum shall be solely at the risk of the purchaser. Neither the delivery of the Memorandum, nor any sale made hereunder shall, under any circumstances, create the

impression that there have been no changes in the affairs of the Sub-Fund since the date hereof.

In making an investment decision, prospective investors must rely on their own examination of the Sub-Fund and the terms of the Placing, including the merits and risks involved. The contents of the Memorandum are not to be construed as legal, business or tax advice. Each prospective investor should consult its own attorney, business adviser and tax adviser as to legal, business and tax matters concerning its investment.

Copies of all documents relevant to this transaction and that are available or can be obtained without unreasonable expense will be made available to any prospective investor upon reasonable request to the US Placement Agent. Representatives of the US Placement Agent will be available to prospective investors to provide answers to questions concerning the Placing.

The Units offered hereby have not been nor will they be registered under the US Securities Act of 1933, as amended (the "**Securities Act**") and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, US Persons (as defined herein). The Units may not be offered, sold, pledged or otherwise transferred except (i) within the United States to a limited number of Institutional Accredited Investors who are Qualified Purchasers in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or (ii) outside the United States to non-US Persons in reliance on Regulation S under the Securities Act ("**Regulation S**"), in each case in accordance with any applicable securities laws of any state or other local jurisdiction. Offers and sales of Units will not be registered with any state securities commission, except where required by applicable state securities laws, in reliance upon exemptions from registration available for such offers and sales under the securities laws of such states.

Each prospective investor who is a US Person or a person in the United States will be required to execute and deliver a US subscription agreement (the "**US Subscription Agreement**") in which the purchaser represents, agrees and acknowledges, among other things, that it is an Institutional Accredited Investor who is a Qualified Purchaser, that it is acquiring the Units purchased by it for investment purposes and not with a view to, or for offer or resale in connection with, any distribution in violation of the Securities Act or other applicable securities law, that the Units are subject to substantial restrictions on transfer and that, accordingly, it will not transfer, sell, deliver, hypothecate or encumber the Units except in accordance with the transfer restrictions set out in the Management Regulations and the US Subscription Agreement.

Neither the Fund nor the Sub-Fund has been or will be registered as an "investment company" under the US Investment Company Act of 1940, as amended (the "**Investment Company Act**"), and investors will not be entitled to the benefits of that Act.

The Units have not been approved or disapproved by the US Securities and Exchange Commission (the "**Commission**") or any state securities commission in the United States or any other United States regulatory authority, nor has the Commission or any state securities commission or regulatory authority passed upon or endorsed the merits of the Placing or the accuracy or adequacy of the Memorandum. Any representation to the contrary is a criminal offence in the United States.

The Memorandum does not constitute an offer or solicitation in any state or other jurisdiction in which such offer or solicitation in not authorised.

Subject to the Management Regulations, the Management Company or its designees has the exclusive right to manage the Fund (including the Sub-Fund) for the account and in the exclusive interest of the Unitholders. The Management Company has appointed UBS Global Asset Management (UK) Ltd (the "**Real Estate Manager**") to provide real estate management services and carry out functions in relation to the real property held directly or indirectly by the Sub-Fund. The Management Company has appointed UBS Fund Services (USA) LLC, a US registered broker-dealer, to act as US Placement Agent. Neither the Management Company nor the Real Estate Manager is required to be registered as an investment adviser under the US Investment Advisers Act of 1940, as amended.

The Fund is an open ended *fonds commun de placement* organised under the laws of the Grand-Duchy of Luxembourg, and the Management Company is a société à responsabilité limitée organised under the laws of the Grand-Duchy of Luxembourg. None of the directors and executive officers of the Fund or the Management Company are residents of the United States, and all or a substantial portion of the assets of the Fund (including of the Sub-Fund), the Management Company and such persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Sub-Fund or the Fund, the Management Company or such persons or to enforce against any of them in the US courts judgments obtained in US courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state or territory within the United States.

FOR NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("**RSA**") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

PRIVATE PLACEMENT IN THE UNITED STATES OR TO US PERSONS

Securities Act and State Securities Laws

The Units are being offered and sold pursuant to an exemption under Section 4(2) and/or Regulation D under the Securities Act to a limited number of Institutional Accredited Investors who are Qualified Purchasers. The Units will not be registered under the Securities Act or any state securities laws, and may not be offered or sold, or re-offered or re-sold, within the United States or to, or for the account or benefit of, US Persons except in certain transactions exempt from the registration requirements of the Securities Act and in accordance with applicable state laws.

Prospective investors who are US Persons or persons in the United States will be required to execute and deliver to the US Placement Agent and the Management Company a US Subscription Agreement. The US Subscription Agreement provides that no sale or other transfer of Units may be made by an investor without the consent of the Management Company, which may be withheld unless, among other things, such transfer is made pursuant to a further private placement which, in the opinion of United States counsel for the Management Company, is exempt from the registration requirements of the Securities Act and state securities laws or such transaction involves an offer and sale outside of the United States to non-US Persons in accordance with Regulation S.

Units will be issued to US Persons and persons in the United States in registered form. Unit certificates will generally not be issued unless determined by the Management Company in its sole discretion. If Unit certificates are issued, they will bear a legend substantially to the following effect:

> "THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, UNLESS SO REGISTERED, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. THE ISSUER OF THIS SECURITY, UBS (LUX) REAL ESTATE – EURO CORE FUND - EURO ZONE, HAS NOT AND WILL NOT BE REGISTERED AS AN "INVESTMENT COMPANY" UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED, AND INVESTORS WILL NOT BE ENTITLED TO THE BENEFITS OF THAT ACT. FURTHER OFFERS AND SALES OF THIS SECURITY ARE SUBJECT TO CERTAIN TRANSFER RESTRICTIONS, AS SET FORTH IN THE US SUBSCRIPTION AGREEMENT EXECUTED BY OR ON BEHALF OF THE HOLDER HEREOF OR IN UBS (LUX) REAL ESTATE – EURO CORE FUND'S MANAGEMENT REGULATIONS OR IN UBS (LUX) REAL ESTATE – EURO CORE FUND – EURO ZONE'S MEMORANDUM TO US INVESTORS."

Such definitive certificate will be reissued without the foregoing legend only in the event of the disposition of the Units in an offshore transaction to a non-US Person in accordance with Rule 903 or 904 of Regulation S.

Investment Company Act

Neither the Fund nor the Sub-Fund is registered nor intends to register as an investment company under the Investment Company Act and investors will not be entitled to the benefits of that Act. Generally, an issuer will not be considered to be an investment company subject to the Investment Company Act as long as, among other restrictions, it is not and does not hold itself out as being engaged primarily in the business of investing, reinvesting, or trading in securities. The Sub-Fund intends to be engaged primarily in the business of owning and investing in real estate. If, however, the Sub-Fund's operations are conducted in such a manner as to cause it to fall within the definition of an investment company under the Investment Company Act, it is expected that the Sub-Fund will be able to rely upon Section 3(c)(7) of the Investment Company Act for an exemption from registration thereunder. Section 3(c)(7) of the Investment Company Act exempts issuers such as the Sub-Fund that do not make a public offering of their securities in the United States so long as all US purchasers of their securities are Qualified Purchasers. Accordingly, the Sub-Fund will not make a public offering of its securities in the United States and will require all owners of its securities who are US Persons to be Qualified Purchasers.

In order to ensure that the Sub-Fund remains exempt from the registration requirements of the Investment Company Act, the US Subscription Agreement provides that the Management Company will not give its consent to any proposed transfer of Units to any person, if the Management Company considers that the transfer may result in US Persons owning Units and such persons not being Qualified Purchasers or that the transfer may otherwise cause the Fund or the Sub-Fund to register under the Investment Company Act.

Any purported transfer of the Units that does not comply with the transfer restrictions set out in the Memorandum or in the US Subscription Agreement or may result in Units being held by a person in breach of any law or requirement of any country or governmental authority shall be treated by the Management Company as null and void *ab initio*.

CERTAIN RISK FACTORS

Certain Risks Associated with an Investment in the Fund

In addition to the risks and conflicts of interest described in the Private Placement Memorandum, the Management Regulations and elsewhere in this US Private Placement Memorandum, prospective investors should consider the additional risk factors set out below and are strongly advised to conduct their own examination and assessment of the special risks involved in investing in the Sub-Fund:

No Internal Revenue Service Rulings. The Fund will not seek rulings from the Internal Revenue Service ("**IRS**") with respect to any of the US federal income tax considerations discussed in the Memorandum. Thus, positions to be taken by the IRS as to tax consequences could differ from positions taken by the Fund.

Possible Legislative or Other Developments. All statements contained herein concerning the federal income tax consequences of any investment in the Sub-Fund are based upon existing law and the interpretations thereof. Therefore, no assurance can be given that the currently anticipated income tax treatment of an investment in the Sub-Fund will not be modified by legislative, judicial or administrative changes, possibly with retroactive effect, to the detriment of Unitholders.

ERISA Considerations. The Sub-Fund intends to operate in a manner that will enable the Sub-Fund to qualify as a Venture Capital Operating Company ("**VCOC**"), as described herein. The Sub-Fund also intends to limit investment by employee benefit plan investors so that less than 25% of any class of the Sub-Fund's Units are beneficially owned by employee benefit plan investors. If the Sub-Fund fails to qualify as a VCOC and 25% or more of any class of the Sub-Fund's Units are beneficially owned by employee benefit plan investors, the assets of the Sub-Fund could be deemed plan assets for purposes of ERISA and there could be a number of adverse consequences under ERISA and the Code. Prospective investors should refer to "Certain ERISA Considerations" in section IV Risk Factors above as well as below.

UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS US PRIVATE PLACEMENT MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUER OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following is a summary of the material US federal income tax consequences of the acquisition, ownership and disposition of Units by a US Holder (as defined below). This summary deals only with initial purchasers of Units. The discussion does not cover all aspects of US federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Units by particular investors, and does not address state, local, foreign or other tax laws. In particular, this summary does not address tax considerations applicable to investors (other than tax-exempt entities) that own (directly or indirectly) 10 per cent. or more of the voting stock of the Fund, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the US federal income tax laws (such as financial institutions, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, dealers in securities or currencies, investors that will hold the Units as part of straddles, hedging transactions or conversion transactions for US federal income tax purposes or investors whose functional currency is not the US dollar).

The US federal income tax treatment of a partner in a partnership that holds Units will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships should consult their tax advisers concerning the US federal income tax consequences to their partners of the acquisition, ownership and disposition of Units by the partnership.

The following summary is based on the tax laws of the United States, including the Code, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect. Potential investors are urged to consult their professional tax advisers regarding any changes to such tax laws subsequent to the date hereof.

THE SUMMARY OF US FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE UNITS, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Taxation of the Fund

The Fund intends to be treated as a corporation for US federal income tax purposes. In general, a non-US corporation is subject to US federal income tax on a net income basis (and may also be subject to a branch profits tax of 30%) in respect of earnings of the corporation that are effectively connected with its conduct of a trade or business within the United States. Whether the Fund would be considered engaged in a US trade or business is generally determined based on all the facts and circumstances. The Fund expects that its investments will be as either a shareholder or lender to subsidiaries of the Fund. Given the nature of the activities and investments of the Fund, the Fund does not intend to engage in a US trade or business.

Taxation of Unitholders

The Fund expects to be treated as a passive foreign investment company (a "PFIC") for US federal income tax purposes. The Fund's status as a PFIC will subject US Holders (other than US Holders that are tax-exempt entities) to adverse US federal income tax consequences. Prospective investors that are not tax-exempt entities should read the discussion below under "Taxable Investors - Passive Foreign Investment Company Considerations."

As used herein, the term "**US Holder**" means a beneficial owner of Units

that is, for US federal income tax purposes, (i) a citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to United States federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for US federal income tax purposes.

Tax-Exempt Entities

Income recognised by tax-exempt entities is exempt from US federal income tax except to the extent it constitutes "unrelated business taxable income" ("**UBTI**"). UBTI can arise from a trade or business regularly carried on by the entity, directly or through a partnership, which is unrelated to its exempt purpose, and can also arise from the entity holding certain debt-financed property, the use of which is unrelated to the entity's exempt purpose.

For US federal income tax purposes, the Fund intends to be treated as a corporation. Accordingly, it is not anticipated that a tax-exempt entity investing in the Fund will receive UBTI as a consequence of its investment, provided that the exempt entity has not itself incurred borrowings to finance its investment in the Fund.

Taxable Investors

The following discussion applies to US Holders that are not tax-exempt entities.

A taxable US Holder may be subject to US federal income tax on any distributions by the Fund and on any gains on the sale or redemption of Units. In addition, the Fund expects to be treated as a PFIC and may be treated as a controlled foreign corporation (a "**CFC**"). A taxable US Holder is urged to consult with its tax advisor regarding the application of the PFIC and CFC provisions of the Code. Please note that the Fund does not expect to provide information sufficient to allow an investor to make a "qualified electing fund" election.

Passive Foreign Investment Company Considerations

Under the PFIC regime, a US Holder will generally be subject to special rules with respect to (i) any "excess distribution" (generally, any distributions received by the US Holder on the Units in a taxable year that are greater than 125 per cent. of the average annual distributions received by the US Holder in the three preceding taxable years or, if shorter, the US Holder's holding period for the Units), and (ii) any gain realised on the sale or other disposition of Units. Under these rules (a) the excess distribution or gain will be allocated ratably over the US Holder's holding period, (b) the amount allocated to the current taxable year will be taxed as ordinary income, and (c) the amount allocated to each of the other taxable years will be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year and an interest charge for the deemed deferral benefit will be imposed with respect to the resulting tax attributable to each such other taxable year. A US Holder will generally be subject to similar rules with respect to distributions by, and dispositions of the stock of, any direct or indirect subsidiaries of the Fund that are also PFICs.

The PFIC provisions of the Code applicable in respect of direct or indirect ownership of foreign corporations by taxable US Holders are extremely complicated. The application of such rules to situations where one foreign corporate investment vehicle (such as the Fund) invests in other foreign corporations can be especially complex and is frequently unclear, because for many situations there is no guidance issued by the IRS or there are only proposed regulations which have not been finalised (for example, on how distributions in respect of, or gains on sale of stock in, another foreign corporation are treated). In certain circumstances, the operation of these rules might result in the same economic gain being taxed more than once. Prospective investors are urged to consult tax advisors with respect to these issues.

A US Holder must make an annual return on Internal Revenue Service Form 8621, reporting distributions received and gains realised with respect to each PFIC in which it holds a direct or indirect interest. Prospective investors should consult their tax advisers regarding the potential application of the PFIC regime.

Distributions

Distributions paid out of current or accumulated earnings and profits (as determined for US federal income tax purposes) to the extent not taxed under the PFIC regime discussed above, will generally be taxable to a US Holder as foreign source dividend income, and will not be eligible for the dividends received deduction allowed to corporations. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the US Holder's basis in the Units and thereafter as capital gain. However, the Fund does not maintain calculations of its earnings and profits in accordance with US federal income tax accounting principles. US Holders should therefore assume that any distribution by the Fund with respect to Units, to the extent not taxed under the PFIC regime discussed above, will constitute ordinary dividend income. US Holders should consult their own tax advisors with respect to the appropriate US federal income tax treatment of any distribution received from the Fund.

Sale or Redemption of Units

Characterisation of Redemption

For US federal income tax purposes, any amount realised by a US Holder upon a redemption of Units will be treated as a distribution from the Fund unless the amount is characterised as proceeds of a sale of the Units. The US Holder's amount realised will be the amount of any cash plus the fair market value of any property received by the US Holder.

The amount paid to a US Holder will be treated as proceeds of a sale of the Units if (i) the US Holder completely terminates its interest in the Fund or (ii) the payment is "substantially disproportionate" with respect to the US Holder. The US Holder will completely terminate its interest in the Fund if the Fund redeems all of the Units owned (directly or indirectly) by the US Holder. The payment will be "substantially disproportionate" if it reduces the US Holder's equity interest in the Fund by more than 20 per cent. This equity interest is computed as a percentage of the outstanding Units of a Fund before and after the redemption of the Units.

Even if a US Holder does not satisfy the 20 per cent. reduction in equity interest, under certain conditions the US Holder's redemption of Units will be "not essentially equivalent to a dividend" and therefore treated as a sale. US Holders should consult with their tax advisers regarding the application of these rules to their own situations.

Sale Treatment

Upon a sale or other disposition of Units, including a redemption that is treated as a sale, a US Holder generally will recognise gain or loss for US federal income tax purposes equal to the difference, if any, between the amount realised on the sale or other disposition and the US Holder's adjusted tax basis in the Units. Any gain will be taxed under the PFIC rules described below. Any loss will be a capital loss, and will be a long-term capital loss if the Units have been held for more than one year. Any gain or loss will generally be US source.

Distribution Treatment

If a redemption of Units is not treated as a sale, the amount realised will be treated as a distribution of property by the Fund, and will be subject to the rules described above under "Distributions." The US Holder's basis in any Units that are redeemed, after reduction to reflect any non-taxable return of capital, will be added to the basis of the US Holder's remaining Units in the Fund.

Foreign Currency

A U.S. Holder's tax basis in a Unit will generally be its US dollar cost. The US dollar cost of a Unit purchased with foreign currency will generally be the US dollar value of the purchase price on the date of purchase.

Foreign currency received on the sale or other disposition of a Unit will have a tax basis equal to its US dollar value on the settlement date. Foreign currency that is purchased will generally have a tax basis equal to the US dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Units or upon exchange for US dollars) will

be US source ordinary income or loss.

The amount realised on a sale or other disposition of Units for an amount in foreign currency will be the US dollar value of this amount on the date of sale or disposition. On the settlement date, the US Holder will recognise US source foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the US dollar value of the amount received based on the exchange rates in effect on the date of sale or other disposition and the settlement date.

Distributions paid in Euros will be included in income in a US dollar amount calculated by reference to the exchange rate in effect on the day the distributions are received by the US Holder, regardless of whether the Euros are converted into US dollars at that time. If distributions received in Euros are converted into US dollars on the day they are received, the US Holder generally will not be required to recognise foreign currency gain or loss in respect of the distribution income.

Backup Withholding and Information Reporting

Payments of distributions and other proceeds with respect to Units by a US paying agent or other US intermediary will be reported to the IRS and to the US Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the US Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and distributions required to be shown on its US federal income tax returns. Certain US Holders (including, among others, corporations) are not subject to backup withholding. US Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Transfer Reporting Requirements

A US Holder who purchases Units may be required to file Form 926 (or similar form) with the IRS if the purchase, when aggregated with all transfers of cash or other property made by the US Holder (or any related person) to the Fund within the preceding 12 month period, exceeds US$100,000 (or its equivalent). A US Holder who fails to file any such required form could be required to pay a penalty equal to 10 per cent. of the gross amount paid for the Units (subject to a maximum penalty of US$100,000, except in cases of intentional disregard). US Holders should consult their tax advisers with respect to this or any other reporting requirement that may apply to an acquisition of the Units.

CERTAIN ERISA CONSIDERATIONS

The following summary of certain aspects of ERISA is based upon ERISA, judicial decisions, Department of Labor regulations and rulings, all as currently in effect and all subject to change at any time, possibly with retroactive effect. Potential investors are urged to consult their professional advisers regarding any changes to such laws subsequent to the date hereof. This summary is general in nature and does not address every ERISA issue that may be applicable to the Sub-Fund or a particular investor. Accordingly, each prospective investor should consult with its own counsel in order to understand the ERISA issues affecting the Sub-Fund and the prospective investor.

General

Section 406 of ERISA and Section 4975 of the Code prohibit a pension or

other employee benefit plan that is subject to Title I of ERISA, as well as an individual retirement account or Keogh plan subject to Section 4975 of the Code (a “**Plan**”), from engaging in certain transactions involving “plan assets” with persons who are “parties in interest” under ERISA or “disqualified persons” under the Code with respect to the Plan. A violation of these “prohibited transaction” rules may result in an excise tax or other liabilities under ERISA or Section 4975 of the Code for these persons, unless exemptive relief is available under an applicable statutory or administrative exemption. Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and foreign plans (as described in Section 4(b)(4) of ERISA) are not subject to the requirements of ERISA or Section 4975 of the Code but may be subject to other laws or regulations that are similar to the provisions of ERISA or the Code.

Each prospective investor which is subject to the provisions of ERISA should consider the matters described below in determining whether to invest in the Sub-Fund.

Fiduciaries of a Plan must give appropriate consideration to, among other things, the role that an investment in the Sub-Fund plays in the Plan’s portfolio, taking into consideration whether the investment is designed to further the Plan’s purpose, the investment’s risk and return factors, the portfolio’s composition with regard to diversification, the liquidity and current return of the total portfolio relative to the anticipated cash flow needs of the Plan, the projected return of the total portfolio relative to the Plan’s objectives and the limited right of Unit holders to redeem all or any part of their Units or to transfer their Units or withdraw from the Sub-Fund. In analyzing the prudence of an investment in the Sub-Fund, the Department of Labor’s regulation on investment duties of fiduciaries should be considered (29 CFR 2550.404a-1).

AN INVESTMENT IN THE SUB-FUND BY A PLAN IS SUBJECT TO ERISA AND/OR THE CODE. ACCORDINGLY, FIDUCIARIES OF SUCH PLANS SHOULD CONSULT WITH THEIR OWN COUNSEL AS TO THE CONSEQUENCES UNDER ERISA AND/OR THE CODE OF AN INVESTMENT IN THE SUB-FUND.

Plan Assets Regulation

Under a regulation dated November 13, 1986, published in 29 CFR 2510.3-101 issued by the United States Department of Labor (the "**DOL**"), as modified by Section 3(42) of ERISA (the "**Plan Assets Regulation**"), the assets of the Sub-Fund would be deemed to be "plan assets" of a Plan for purposes of ERISA and Section 4975 of the Code if plan assets of the Plan were used to acquire an equity interest in the Sub-Fund and no exception were applicable under the Plan Assets Regulation. The assets of the Sub-Fund will not be deemed to be plan assets of investing Plans if (i) the Sub-Fund is considered to be an "operating company" under the Plan Assets Regulation, or (ii) equity participation in the Sub-Fund by employee benefit plan investors is not "significant". The Management Company intends to operate the Sub-Fund in a manner that will enable it to qualify as a Venture Capital Operating Company, a type of "operating company", as further discussed below. The Management Company also intends to limit investment by employee benefit plan investors so that equity participation in the Sub-Fund by Benefit Plan Investors is not "significant," and may redeem Units held directly or indirectly by employee benefit plan investors as necessary to avoid the application of ERISA to the Sub-Fund.

Venture Capital Operating Company ("VCOC") Generally, in order to qualify as a VCOC, an entity must demonstrate on its "initial valuation date" (as defined in the Plan Asset Regulation), and annually thereafter, that at least 50% of its assets, valued at cost (other than short-term investments pending long-term commitment or distribution to investors), are invested in operating companies in which such entity has direct contractual management rights (other than VCOCs) (i.e. operating entities that (x) are primarily engaged, directly, or through a majority-owned subsidiary or subsidiaries, in the production or sale of a product or service other than the investment of capital, or (y) qualify as Real Estate Operating Companies ("**REOCs**")).

The Management Company intends to operate the Sub-Fund in a manner that will enable the Sub-Fund to qualify as a VCOC by investing in real property through wholly-owned subsidiaries which will be formed and operated to qualify as REOCs. In order to qualify as REOCs, the issuers in which the Sub-Fund invests would generally have to make at least 50% of their investments in real estate that is managed or developed, have the right to substantially participate directly in such management or development activities, and engage, in the ordinary course of business, directly in real estate management or development activities.

If the Sub-Fund qualifies for the VCOC exception, or equity participation in the Sub-Fund by benefit plan investors is not "significant", the Sub-Fund will not be subject to the ERISA fiduciary rules, and the underlying assets of the Fund will not be deemed "plan assets" of any benefit plan investor.

Prohibited Transactions

Certain transactions involving the Sub-Fund could be deemed to constitute direct or indirect prohibited transactions under ERISA and Section 4975 of the Code with respect to a Plan if Units were acquired with plan assets of the Plan and assets of the Sub-Fund were deemed to be plan assets. The DOL has issued five prohibited transaction class exemptions ("**PTCEs**") that may provide exemptive relief for direct or indirect prohibited

transactions resulting from the purchase or holding of the Units, if assets of the Sub-Fund were deemed to be plan assets of Plans investing in the Sub-Fund. Those class exemptions are PTCE 96-23 (for certain transactions determined by in-house asset managers), PTCE 95-60 (for certain transactions involving insurance issuer general accounts), PTCE 91-38 (for certain transactions involving bank collective investment funds), PTCE 90-1 (for certain transactions involving insurance issuer separate accounts), and PTCE 84-14 (for certain transactions determined by independent qualified professional asset managers). Units may not be purchased or held by any Plan, any entity whose underlying assets include plan assets by reason of any Plan's investment in the entity (a "**Plan Asset Entity**") or any person investing plan assets of any Plan, unless the purchaser or holder is eligible for the exemptive relief available under one or more of the PTCEs listed above, or under any other applicable exemption.

Any purchaser or holder of Units or any interest therein will be required to represent that either (a) it is not a Plan or a Plan Asset Entity and is not purchasing the Units on behalf of or with plan assets of any Plan, or (b) the purchase and holding of the Units will not constitute a prohibited transaction or is exempt under one or more of these PTCEs, or any other applicable exemption.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing the Units on behalf of or with plan assets of any Plan consult with their counsel regarding the potential consequences if the assets of the Sub-Fund were deemed to be plan assets and the availability of exemptive relief under the PTCEs listed above.

Plans Having Prior Relationships with the Fund, the Sub-Fund, the Management Company, the Fund Sponsor or any of their Affiliates

Certain Plan investors may currently maintain relationships with the Fund, the Management Company, the Fund sponsor and/or any of their affiliates. One or more of these persons may be deemed to be a fiduciary of such Plans if any of these persons provide investment management, investment advisory or other services to those Plans. ERISA prohibits plan assets from being used for the benefit of a party in interest and also prohibits a fiduciary from using its position to cause the Plan to make an investment from which it or certain third parties in which such fiduciary has an interest would receive a fee or other consideration. In this circumstance, Plan investors should consult with counsel to determine if an investment in the Sub-Fund would result in a transaction which is prohibited by ERISA.

The US Subscription Agreement for the Sub-Fund will require that an authorised fiduciary of each investing Plan, Plan Assets Entity, or person acquiring the Units on behalf of or with plan assets of any Plan represent that it has not relied on any advice of the Fund, the Sub-Fund, the Management Company, the Fund sponsor or any of their affiliates in making its decision to purchase Units in the Sub-Fund.

DEFINITIONS

Code	"Code" means the US Internal Revenue Code of 1986, as amended.
ERISA	"ERISA" means the US Employee Retirement Income Security Act of 1974, as amended.

Institutional Accredited Investor

"Institutional Accredited Investor" shall have the meaning prescribed in Rule 501(a)(1), (2), (3) and (7) of Regulation D under the Securities Act, and thus shall include:

(a) any bank as defined in Section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the US Securities Exchange Act of 1934, as amended; any insurance company as defined in Section 2(a)(13) of the Securities Act; any investment company registered under the Investment Company Act or a business development company as defined in Section 2(a)(48) of the Investment Company Act; any small business investment company licensed by the US Small Business Administration under Section 301(c) or (d) of the US Small Business Investment Act of 1958, as amended; any plan established and maintained by a US state, its political subdivisions, or any agency or instrumentality of a US state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of US$5,000,000; any employee benefit plan within the meaning of Title I of ERISA if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of US$5,000,000, or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

(b) any private business development company as defined in Section 202(a)(22) of the US Investment Advisers Act of 1940, as amended;

(c) any organisation described in Section 501(c)(3) of the Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of US$5,000,000; or

(d) any trust, with total assets in excess of US$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) under the Securities Act.

Qualified Purchaser

"Qualified Purchaser" shall have the meaning prescribed in Section 2(a)(51) of the Investment Company Act, and thus shall include:

(a) any natural person (including any person who holds a joint, community property, or other similar shared ownership interest in

an issuer that is excepted under Section 3(c)(7) of the Investment Company Act with that person's Qualified Purchaser spouse) who owns not less than US$5,000,000 in investments (as defined in Rule 2a51-1 under the Investment Company Act);

(b) any company that owns not less than US$5,000,000 in investments and that is owned directly or indirectly by or for two or more natural persons who are related as siblings or spouse (including former spouses), or direct lineal descendants by birth or adoption, spouses of such persons, the estates of such persons, or foundations, charitable organisations, or trusts established by or for the benefit of such persons;

(c) any trust that is not covered by clause (b) and that was not formed for the specific purpose of acquiring the securities offered, as to which the trustee or other person authorised to make decisions with respect to the trust, and each settlor or other person who has contributed assets to the trust, is a person described in clauses (a), (b), or (d); or

(d) any person, acting for its own account or the accounts of other Qualified Purchasers, who in the aggregate owns and invests on a discretionary basis, not less than US$25,000,000 in investments.

United States; US — "United States" or "US" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

US Person — "US Person" shall have the meaning prescribed in Regulation S under the Securities Act, and thus shall include:

(a) any natural person resident in the United States;

(b) any partnership or corporation organised or incorporated under the laws of the United States;

(c) any estate of which any executor or administrator is a US Person;

(d) any trust of which any trustee is a US Person;

(e) any agency or branch of a foreign entity located in the United States;

(f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person;

(g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the United States; and

(h) any partnership or corporation if: (A) organised or incorporated under the laws of any foreign jurisdiction; and (B) formed by a US Person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organised or incorporated, and owned, by "accredited investors" (as defined in Rule 501(a) of Regulation D under the Securities Act) who are not

natural persons, estates or trusts.

US Person does not include:

(i) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-US Person by a dealer or other professional fiduciary organised, incorporated or, if an individual, resident in the United States;

(ii) any estate of which any professional fiduciary acting as executor or administrator is a US Person if (a) an executor or administrator of the estate who is not a US Person has sole or shared investment discretion with respect to the assets of the estate and (b) the estate is governed by foreign law;

(iii) any trust of which any professional fiduciary acting as trustee is a US Person, if a trustee who is not a US Person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a US Person;

(iv) an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country; or

(v) any agency or branch of a US Person located outside the United States if (a) the agency or branch operates for valid business reasons and (b) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located.

Section VIII: Definitions

- "**2002 Law**" means the Luxembourg law of 20 December 2002 relating to undertakings for collective investment as amended.
- "**2007 Law**" means the Luxembourg law of 13 February 2007, on specialised investment Funds.
- "**Appendix**" means an appendix to this Private Placement Memorandum containing the details of a Sub-Fund.
- "**Article**" means an article of the Management Regulations.
- "**Auditor**" means such independent auditor who may be appointed by the Management Company from time to time, as the auditor of the Fund.
- "**Bid Price**" means the price, based on the NAV and adjusted, at the Management Company's discretion, by the Bid Spread, on which Units will be redeemed on a Dealing Day.
- "**Bid Spread**" means the spread, as determined for each Dealing Day by the Management Company, taking into account the costs and expenses either estimated and/or identified as relevant by the Management Company in total and/or proportionately in selling Real Estate and other factors deemed appropriate at the Management Company's discretion, applied to the NAV to obtain the Bid Price. The Bid Spread may include information drawn from market data and other sources as deemed relevant by the Management Company.
- "**Bridging Facility**" has the meaning given to it in Section II.
- "**Business Day**" means a day on which banks are open for business and settlement in Luxembourg (excluding Saturdays, Sundays, public holidays and other non-statutory holidays on which the Administration Agent or the Custodian are closed for business).
- "**Central Administration Agent**" means Brown Brothers Harriman (Luxembourg) SCA or such other person appointed by the Management Company with the approval of the Luxembourg regulator to act as the central administration agent of the Fund.
- "**Central Administration Agreement**" means the central administration agreement entered into between the Central Administration Agent and the Management Company.
- "**Circular 91/75**" means the circular 91/75 of 21 January 1991, issued by the Luxembourg supervisory authority as may be amended or replaced from time to time.
- "**Class**" means a class of Units issued by the Fund in respect of a Sub-Fund. A reference in this Private Placement Memorandum to a Class shall, if appropriate, be construed as a reference to one or several Series.
- "**Closing**" or "**Closing Date**" means the date determined by the Management Company on which the first issue of Units occurs in respect of a particular Sub-Fund.
- "**Code**" has the meaning given to it in Section II.
- "**Commission**" has the meaning given to it in Section VII.
- "**Commitment**" has the meaning given to it in Section II.

- “**Common Stock**” has the meaning given to it in Appendix C.
- “**Correspondent**” means any correspondent bank or trust company or recognised clearing agency appointed by the Custodian and approved in advance by the Management Company in the case of the Fund or appointed by the Subsidiaries and approved in advance by the Custodian in the case of the Subsidiaries to hold all or part of the assets of the Fund and its Subsidiaries.
- “**Custodian**” means Brown Brothers Harriman (Luxembourg) SCA or such other person as may be appointed by the Management Company with the approval of the Luxembourg regulator to act as the custodian of the Fund.
- “**Custodian Agreement**” means the custodian agreement between the Custodian and the Management Company on behalf of the Fund.
- “**Dealing Day**” means such day(s) after the Closing as may be prescribed by the Management Company, in its absolute discretion and as described in this Private Placement Memorandum, on which additional Units may be issued at the Offer Price or on which Units may be redeemed at the Bid Price as the Management Company shall prescribe and each Dealing Day shall be a Valuation Day. Notwithstanding the foregoing, the determination of a Dealing Day for redemptions of Units shall not be delayed for longer than two years of receipt of a redemption request from a Unitholder.
- “**Directors**” means the directors of the Management Company.
- “**Distributable Cash Flow**” means, the gross revenue from each Portfolio held by a Sub-Fund including but not limited to, rents from Real Estate, recoverable expenses, ancillary income and interest income and subject to the Management Company’s discretion, excess refinancing proceeds, plus any other available cash determined by the Management Company to be distributable less expenses including but not limited to Property Operating Expenses, Fund charges and expenses payable in accordance with Article 14, capital expenditures (including roof repairs, structural repairs, landscaping and other similar expenditures), leasing fees, capital expenditure reserve, working capital reserve, interest payments and required amortisation on debt, taxes on income, interest, dividends and gains, periodic contributions to statutory and other contingency reserves including reserves for withholding tax and other taxes and reserves required by Luxembourg or any other applicable accounting regulations and such other amounts determined by the Management Company on account of liabilities, contingent or otherwise.
- “**Domiciliary and Service Agent**” means UBS Fund Services (Luxembourg) S.A. or such other person as may be appointed by the Management Company with the approval of the Luxembourg regulator to act as the domiciliary and service agent of the Fund and its Subsidiaries organised in Luxembourg (to the extent needed).
- “**Domiciliation Agreement**” means the domiciliation agreement between the Domiciliary and Service Agent and the Management Company on behalf of the Fund.
- “**Drawdown Amounts**” means any amounts payable by subscribers following a call notice by the Management Company.
- “**ERISA**” has the meaning given to it in Section II.
- “**ERISA Investor**” means a U.S. employee benefit plan subject Title I of ERISA.
- “**EU**” means the European Union.

- "**Euro**" or "**€**" means the currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957) as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992).
- "**Euro Zone**" means those member states of the EU that have adopted the Euro from time to time.
- "**Excess Units**" has the meaning given to it in Article 13.
- "**Failed Drawdown Amount**" has the meaning given to it in Section II.
- "**French 3 per cent. Tax**" means any taxation arising under Article 990D of the French Tax Code (as amended, supplemented and replaced from time to time).
- "**Fund**" means UBS (Lux) Real Estate - Euro Core Fund, a *fonds commun de placement*, established under the 2007 Law pursuant to the Management Regulations and such term shall, where the context so requires, include a Sub-Fund and/or all companies or other entities which are wholly owned or partially owned as to more than 50 per cent. directly or indirectly by the UBS (Lux) Real Estate - Euro Core Fund.
- "**Gross Assets**" means the total assets of a Sub-Fund before consideration of any liabilities and is further described in Article 9.(1).
- "**Half-Yearly Period**" means the six month periods ending on 30 June and 31 December respectively.
- "**Hurdle Rate**" has the meaning given to it in paragraph 6 of Appendix A and Appendix B, as appropriate.
- "**Independent Valuation Methodology**" means the methodology, as described in Annex B, which shall be applied in respect of the Euro Zone Sub-Fund to determine OMV, which is based on the realisable market value in accordance with the current Royal Institution of Chartered Surveyors "Appraisal and Valuation Manual", and in particular with the practice statement thereof, adapted as necessary to reflect individual market considerations and practices..
- "**Independent Valuer**" has the meaning given to it in Article 9.
- "**Initial Investment Period**" shall have the meaning given to it in each Appendix.
- "**Investment and Operating Criteria**" means the investment and operating criteria set out in this Private Placement Memorandum adopted in respect of each or any of the Sub-Funds, as the context may require (as amended from time to time in accordance with the Management Regulations).
- "**IPD**" means Investment Property Databank Ltd, an independent performance measurement organisation that provides a benchmarking service for investors in Real Estate and real estate managers.
- "**IPD Euro Zone Commercial Real Estate Benchmark**" means a direct property benchmark produced by IPD on an annual basis, which represents performance derived from direct investment in actual properties in the Euro Zone which are held by IPD subscribing investors and real estate managers.

- "**Investment Objective and Policy**" means the overall investment objective and policy of the Fund as described in the Private Placement Memorandum and in Article 5 (as amended from time to time in accordance with the Management Regulations).
- "**Issuing Fee**" means the fee payable to the Management Company in respect of the issue of Units in a Sub-Fund as detailed in Appendices A and B to this Private Placement Memorandum.
- "**Listed Shares**" means any listed fully paid security which supersedes Units, including an equity security of a suitable vehicle into which the Fund is reorganised as part of the process of obtaining a Major Listing.
- "**Major Listing**" means a listing of a designated class of Units or any Listed Shares on a recognised European stock exchange in compliance with Article 8.
- "**Management Company**" means UBS (LUX) Open-End Real Estate Management Company S.à r.l., a wholly owned subsidiary of UBS or such successor management company that may be appointed under these Management Regulations with the prior approval of the Luxembourg regulator.
- "**Management Fee**" means the management fee payable to the Management Company (or its designee) in respect of a Sub-Fund as detailed in this Private Placement Memorandum.
- "**Management Regulations**" means the management regulations of the Fund, as amended from time to time in accordance with Article 17.
- "**Mémorial**" means the Mémorial, Recueil des Sociétés et Associations, the Luxembourg official gazette.
- "**NAV**" means the net asset value per Unit of each Class (or Series thereof) as determined in accordance with Article 9.
- "**Non-Exempt Unitholder**" means any entity which owns directly or indirectly Units and which is not exempt from the French 3 per cent. Tax.
- "**Notification**" means a notification made by an investor by e-mail to the Management Company in accordance with the provisions of the relevant Subscription Agreement, stating the investor's intention to subscribe for Units in a Sub-Fund.
- "**Offer**" means an offer of Units (or of any Class or Series thereof) made by the Management Company pursuant to the Management Regulations.
- "**Offer Price**" means the price, based on the NAV and adjusted, at the Management Company's discretion by the Offer Spread, on which Units will be issued on a Dealing Day.
- "**Offer Spread**" means the spread, as determined for each Dealing Day by the Management Company, taking into account the costs and expenses either estimated and/or identified as relevant by the Management Company in total and/or proportionately in acquiring Real Estate and other factors deemed appropriate at the Management Company's discretion, applied to the NAV to obtain the Offer Price. The Offer Spread may include information drawn from market data and other sources as deemed relevant by the Management Company.

- "**OMV**" means the open market value of Real Estate as determined by the Independent Valuer in accordance with the Independent Valuation Methodology which may be adjusted by the Management Company in accordance with paragraph 1.9(a) of Article 9.
- "**Performance Fee**" means a performance fee accrued by a Sub-Fund as more particularly described in Section II and in the relevant Appendices.
- "**Placement Documents**" has the meaning given to it in Section VI: "General Information".
- "**Portfolio**" means the Real Estate and such other assets and rights from time to time held directly or indirectly by a Sub-Fund in accordance with the Management Regulations and the Private Placement Memorandum.
- "**Private Placement Memorandum**" means this private placement memorandum in connection with the Offer of Units (or of any Class or Series thereof) as may be amended from time to time.
- "**Property Company**" means a company which owns Real Estate whose shares have been acquired by the Fund or a direct or indirect Subsidiary of the Fund.
- "**Property Operating Expenses**" means all recurring and non-recoverable or non-recovered operating expenses relating to Real Estate, including, without limitation, common area expenses, insurance expenses and property taxes, but excluding depreciation and amortisation, in any year.
- "**Qualified Investor**" means the institutional investor, the professional investor as well as any other investor who fulfils the following conditions:

  (a) he has declared in writing his adhesion to the qualified investor status and

  (b) (i) he has invested a minimum of EUR 125,000 in the Fund, or

  (ii) he benefits from the appreciation, from a credit institution within the meaning of directive 2006/48/EC, an investment company within the meaning of directive 2004/39/EC or a management company within the meaning of directive 2001/107/EC certifying its expertise, experience and its knowledge to appreciate in an adequate way the investment made in the Fund..
- "**Quarterly Period**" means the three month periods ending on 31 March, 30 June, 30 September and 31 December respectively.
- "**Real Estate**" means any investment by the Fund in any direct or indirect interest (characterised as equity, debt or otherwise) in any of the following that in the sole judgement of the Management Company at the time the Fund commits to make such investment, is an appropriate investment for the Fund:

  (a) any real property, including buildings, structures or other improvements, equipment or fixtures located thereon or therein and any other personal property used in connection therewith, or any leasehold, licence, right, easement or any other estate or interest (including any partnership or joint venture interest and any air or other development rights) or any option with respect thereto;

  (b) any loan or other obligation in relation to any interest referred to in (a) above;

  (c) any security issued by a person directly or indirectly (i) owning any interests referred to in (a) or (b) above; or (ii) engaging in the business of developing, constructing, managing, operating, holding or selling any such interests; and

(d) any real estate fund or funds where the investment objectives and policies of such fund or funds are consistent with those of the Fund and where such investment is deemed appropriate by the Management Company having considered the interests of the Unitholders.

- "**Real Estate Manager**" means each real estate investment manager appointed by the Management Company from time to time in respect of the Fund or any Sub-Fund and with respect to each Appendix shall have the meaning attributed to it therein.
- "**Real Estate Management Agreement**" means each real estate management agreement entered into from time to time between the Management Company on its own behalf and not for and on behalf of the Fund, each Property Company and each Real Estate Manager.
- "**Reference Currency**" has the meaning given to it in Article 7.
- "**Series**" means a series of Units within a particular Class of Units issued at different points in time pursuant to Article 7.
- "**Sponsor**" means UBS AG.
- "**Sub-Fund**" has the meaning set out in Section II and in the case of each Appendix shall mean the relevant Sub-Fund and such term shall, where the context so requires, include all companies or other entities which are wholly owned or partially owned as to more than 50 per cent. directly or indirectly by such Sub-Fund.
- "**Subscription Agreement**" means the subscription agreement between the Management Company on behalf of the Fund and an investor, by which an investor subscribes for Units in a Sub-Fund.
- "**Subscription Amount**" has the meaning given to it in Appendix A.
- "**Subsidiary or Subsidiaries**" means the wholly owned direct and indirect subsidiaries of the Fund established in the Grand Duchy of Luxembourg or in another jurisdiction.
- "**Third Party Property Management Agreement**" means each third party property management agreement or leasing agreement entered into from time to time between the Management Company or a Subsidiary and each Third Party Property Manager.
- "**Third Party Property Manager**" means any property manager or property leasing agent appointed by the Management Company or any Subsidiary from time to time in respect of the Real Estate.
- "**UBS**" means UBS AG a company incorporated in Switzerland.
- "**UBS Related Party or Parties**" means (a) an entity that directly or indirectly is controlled by or controls UBS or (b) an entity at least 35 per cent. of whose economic interest is owned directly or indirectly by UBS or which directly or indirectly owns at least 35 per cent. of the economic interest of UBS; for the avoidance of doubt, neither the Fund nor any entity acting independently of UBS nor any arrangement which is not solely for the benefit of UBS or a UBS Related Party shall be a UBS Related Party.
- "**United States**" or "**US**" means the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.
- "**US Dollar or US$**" means the currency of the United States of America.

- "**Unitholder Related Party**" means (a) an entity that directly or indirectly is controlled by or controls the relevant Unitholder or (b) an entity at least 35 per cent. of whose economic interest is owned directly or indirectly by the relevant Unitholder or which directly or indirectly owns at least 35 per cent. of the economic interest of the relevant Unitholder.
- "**Unitholders**" means the holders of Units.
- "**Units**" means co-ownership participations of a Sub-Fund which may be issued in different Classes or Series by the Management Company pursuant to the Management Regulations.
- "**Valuation Day**" means any Business Day which is designated by the Management Company as being a day by reference to which the assets of the Fund shall be valued in accordance with Article 9, provided that there shall be at least a Valuation Day at the end of each year and a Valuation Day each time the Management Company declares a Dealing Day or if a Dealing Day is not a Business Day, the preceding Business Day.
- "**Year**" means the 12 month period ending on 31 December each year, except for the first fiscal year, which shall start on the date of establishment of the Fund and end on 31 December 2005.

Annex A
Form of Notification – Euro Zone

E-mail: SH-UBS-EuroCore@ubs.com (or such other e-mail address as may be supplied by the Management Company from time to time).

To: UBS (LUX) Open-End Real Estate Management Company S.à r.l.

We, [*Insert name of investor*] wish to notify you that we intend to subscribe for units in UBS (Lux) Real Estate - Euro Core Fund - Euro Zone (the "**Fund**") equal to €[*insert total commitment amount*] to be issued as [*accumulation/distribution*] units.

We acknowledge that this notification does not itself constitute an agreement to subscribe for units in the Fund and that subscription for units in the Fund will only be binding once a properly completed and executed Subscription Agreement has been sent to the Management Company and the Management Company has accepted the subscription in whole or in part. Nothing in this Notification shall compel the Management Company to accept a subscription.

[*Insert name of individual*]

For and on behalf of [*Insert name of investor*]

[Authorised Signatory]

Annex B
Valuation methodology1 - Euro Zone

RICS Definition Of Market Value (Policy Statement 3.2)

Valuations based on Market Value shall adopt the definition, and the interpretive commentary, settled by the International Valuation Standards Committee.

Definition

'The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.'

Interpretive Commentary as published in International Valuation Standard 1.

3.2 The term property is used because the focus of these standards is the valuation of property. Because these Standards encompass financial reporting, the term Asset may be substituted for general application of the definition. Each element of the definition has its own conceptual framework.

3.2.1 'The estimated amount…'

Refers to a price expressed in terms of money (normally in local currency) payable for the property in an arm's-length market transaction. Market Value is measured as the most probable price reasonable obtainable in the market at the date of the valuation in keeping with the Market Value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of Special Value

3.2.2 '…a property should exchange...'

Refers to the fact that the value of a property is an estimated amount rather than a predetermined or actual sale price. It is the price at which the market expects a transaction that meets all other elements of the Market Value definition should be completed on the date of valuation.

3.2.3 '…on the date of valuation…'

Requires that the estimated Market Value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the actual market state and circumstances as of the effective valuation date, not as of either a past or future date. The definition also assumes simultaneous exchange and completion of the contract of sale without any variation in price that might otherwise be made.

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[1] Royal Institution of Charted Surveyors (RICS) Valuation Standards (6th Edition), March 2009, published by RICS under the RICS books imprint.

3.2.4 '…between a willing buyer…'

Refers to one who is motivated but not compelled to buy. This buyer is neither over-eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than on an imaginary or hypothetical market which cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present property owner is included among those who 'constitute the market'. A valuer must not make unrealistic Assumptions about market conditions or assume a level of Market Value above that which is reasonably obtainable.

3.2.5 '…a willing seller…'

Is neither over-eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the property at market terms for the best price attainable in the (open) market after proper marketing, whatever that price may be. The factual circumstances of the actual property owner are not part of this consideration because the 'willing seller' is a hypothetical owner.

3.2.6 '…in an arm's-length transaction'

Is one between parties who do not have a particular or special relationship (for example, parent and subsidiary companies or landlord and tenant) which may make the price level uncharacteristic of the market or inflated because of an element of Special Value (defined IVSC Standard 2 para. 3.11). The Market Value transaction is presumed to be between unrelated parries each acting independently.

3.2.7 '…after proper marketing…'

Means that the property would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the Market Value definition. The length of exposure may vary with market conditions, but must be sufficient to allow the property to be brought to the attention of an adequate number of potential purchasers. The exposure period occurs prior to the valuation date.

3.2.8 '…wherein the parties had acted knowledgeably, prudently…'

Presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the property, its actual and potential uses and the state of the market as of the date of valuation. Each is further presumed to act for self-interest with that knowledge and prudently to seek the best price for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the date of valuation, not with the benefit of hindsight at some later date. It is not necessarily imprudent for a seller to sell property in a market with falling prices at a price which is lower than previous market levels. In such cases, as is true for other purchase and sale situations in markets with changing prices, the prudent buyer or seller will act in accordance with the best information available at the time.

3.2.9 '…and without compulsion…'

Establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

3.3 Market Value is understood as the value of a property estimated without regard to costs of sale or purchase, and without offset for any associated taxes.

Commentary

The basis of Market Value is an internationally recognised definition. It represents the figure that would appear in a hypothetical contract of sale at the valuation date. Valuers need to ensure that in all cases the Basis of Valuation is set out in both the instructions and the report.

In order to apply Market Value to certain property types it may be necessary to add a statement clarifying both what is being valued and any Assumptions that are inherent in the valuation. Examples include property that is normally sold having regard to its trading potential, and Plant and Machinery, both of which are discussed below. The circumstances of the valuation may also require Special Assumptions to be made. However, it should be recognised that, although additional words may be required to clarify the application of Market Value, this is not a different basis, but rather the same core basis with additional assumptions.

Valuations will be required in circumstances where the definition of Market Value, as explained above by the conceptual framework, does not apply. Where this is the case, it may be appropriate to add a statement qualifying the basis – for example, if there is an actual or assumed constraint that would restrict the proper marketing. However, if the situation is such that the interest being valued is incapable of being disposed of in the market under any circumstances, Market Value may be an inappropriate basis to use.

Market Value ignores any existing mortgage, debenture or other charge over the property.

Market Value will include elements of value, usually known as 'hope value', arising from any expectation that circumstances affecting the property may change in the future. Examples include:

- the prospect of development where there is no current permission for that development;
- the realisation of 'marriage value' arising from merger with other property interests within the same property

However, the amount of hope value must be limited to the extent that it would be reflected in offers made by prospective purchasers in the general market.

There are certain categories of property designed or adapted for particular uses which change hands in the open market as fully operational business units for a strictly limited use at prices based directly on trading potential. The price will include trade fixtures. Fittings, furniture, furnishings, and equipment. This type of property includes: hotels, bars, some restaurants, movie theatres or cinemas, gasoline or petrol stations. In these cases the valuer will need to supplement Market Value with additional words clarifying whether the valuation assumes that the property changes hands as a fully-equipped, trading entity, or on some other Assumption or Special Assumption.

When Market Value is applied to Plant and Machinery, the word 'asset' may be substituted for the word 'property'. The valuer must also state, in conjunction with the definition, which of the following additional Assumptions have been made:

- that the Plant and Machinery has been valued as a whole in its working place; or
- that the Plant and Machinery has been valued for removal from the premises at the expense of the purchaser

Where the property includes land which is mineral bearing, or is suitable for use for waste management purposes, it may be necessary to make Assumptions to reflect either the potential for such uses or, where the land is already in such use, to reflect any potential future uses that may be relevant.

Appendix A

UBS (Lux) Real Estate - Euro Core Fund - Euro-Zone

Information provided in this Appendix should be read in conjunction with the full text of the Private Placement Memorandum.

1 UNITS

1.1 Classes and Series of Unit

Currently, Units are available for subscription in two different Classes: Euro Class A(2) Distribution Units and Euro Class B(2) Accumulation Units. Until and including 30 September 2007, Units in the following Classes have been issued: Euro Class A(1) Distribution Units and Euro Class B(1) Accumulation Units. Units from these Classes will continue to be issued only upon conversion of Units between these Classes as further described in section 4 below.

1.2 Reference Currency

Euro

1.3 Minimum Investment and Minimum Holding Requirement

€250,000

1.4 Distribution Policy

1.4.1 General

Distributable Cash Flow (subject to any legal restrictions and subject to any deductions of such amounts as the Management Company, in its sole and final judgement, believes may be required to fund redemptions of Units in accordance with section 3.5 below) will be allocated quarterly pro-rata to the NAV of each Class or Series of Units in a Sub-Fund.

1.4.2 Distribution Units

Allocations of Distributable Cash Flow to Euro Class A(1) Distribution Units and Euro Class A(2) Distribution Units will be distributed quarterly in full.

1.4.3 Accumulation Units

Allocations of Distributable Cash Flow to Euro Class B(1) Accumulation Units and Euro Class B(2) Accumulation Units will be accumulated and reinvested quarterly in the Portfolio of the Sub-Fund.

2 SUBSCRIPTION

2.1 The Dealing Day for subscriptions shall be the last Business Day in March, June, September and December or any other day prescribed by the Management Company. Pursuant to the terms of the Subscription Agreement, the Management Company shall give at least ten Business Days' notice of a Dealing Day by reference to which Units are to be issued. The acceptance of an investor's subscription, in whole or in part, is at the absolute discretion of the Management Company.

2.2 Prior to submitting a Subscription Agreement, investors are required to inform the Management Company of their intention to subscribe for Units in a Sub-Fund, by

submitting a Notification in a form similar to that set out in Annex A to the Management Company.

2.3 Subject to paragraph 2.4, Drawdown Amounts shall be satisfied by subscribers in the order in which Notifications have been received by the Management Company. Where more than one Notification is received at the same time on a given day, the Management Company may in its sole discretion determine the order in which Drawdown Amounts shall be satisfied. For the avoidance of doubt, Drawdown Amounts will not be satisfied by a subscriber until the first or previous subscriber, as the case may be, has paid Drawdown Amounts equal to the total of its Commitment.

2.4 Where a subscriber submits a Subscription Agreement for an amount other than that specified in the Notification the following provisions shall apply:

2.4.1 if the amount stated in the Subscription Agreement exceeds that stated in the Notification, then in relation to the excess only, the reference date and time for the purposes of the allocation of Drawdown Amounts shall be the date and time at which the Subscription Agreement is received by the Management Company; and

2.4.2 if the amount stated in the Subscription Agreement is less than that stated in the Notification, then the reference date and time for the entire amount for the purposes of the allocation of Drawdown Amounts shall be the date and time at which the Subscription Agreement is received by the Management Company.

2.5 If a subscriber submits a Subscription Agreement without first having submitted a Notification then the Management Company shall still have the discretion to accept the subscription, however, the reference date and time for the purpose of determining the allocation of Drawdown Amounts shall be that at which the Subscription Agreement is received, unless the Management Company determines otherwise.

2.6 The Drawdown Amounts payable in respect of the issue of Units shall be payable to the account specified in the call notice not later than the Dealing Day.

2.7 The total amount payable in respect of a Drawdown Amount shall be the amount to be applied by the Management Company in respect of the subscription of Units (the "**Subscription Amount**") plus the Issuing Fee of 1 per cent. of such Subscription Amount.

2.8 Units will not be issued on a Dealing Day, instead Units will be issued on a Business Day which is approximately 25 days after the Dealing Day. Until Units are actually issued subscribers will be unsecured creditors of the Fund and shall not be entitled to normal Unitholder rights until such time as the Units have been issued. Subscribers will, however, receive the benefit of the Sub-Fund's investments from the relevant Dealing Day and Units will rank as though issued on such Dealing Day.

3 REDEMPTION

3.1 The Dealing Day for redemptions shall be the last Business Day in March, June, September and December or any other day prescribed by the Management Company and notified in advance in writing to the Unitholders.

3.2 A redemption request in writing must be received by the Management Company at least six months prior to the chosen Dealing Day for redemption. Accordingly, the NAV per Unit will be calculated with respect to that Dealing Day and will not be known at

the time the redemption request is received. Redemption requests which are not received by this stipulated deadline will be held over for redemption until the next Dealing Day.

3.3 The Management Company shall use its best efforts, having regard to the interests of both redeeming and continuing Unitholders to meet all valid redemption requests in respect of a Dealing Day according to the provisions set out in paragraph 2 of Article 13.

3.4 On the redemption of Units, redemption amounts shall be payable without interest within 45 Business Days of the relevant Valuation Day except in the case of a compulsory redemption pursuant to paragraphs (a) to (g) of paragraph 1 of Article 13 where the redemption amount shall be payable without interest as soon as practicable having regard to the liquidity of the Portfolio concerned and the interests of Unitholders after the relevant Valuation Day.

3.5 Notwithstanding the foregoing, redemption requests will be satisfied in any event within two years of receipt of a redemption request and accordingly any such outstanding redemption requests may take priority and be paid in full before all other redemption requests. Before the expiry of such two-year period, there is no obligation on the part of the Management Company to raise new capital or sell assets in order to satisfy all redemption requests and accordingly, before the expiry of such two-year period, there can be no assurance that any amounts will be available to satisfy all redemption requests. See further “Illiquidity of Investments” in Section IV: “Risk Factors”. Any redemption requests not yet outstanding for two years in relation to Units, may be satisfied on a pro rata basis if amounts available are insufficient to satisfy all requests.

4 CONVERSION

4.1 Units in the Sub-Fund can be converted from Accumulation into Distribution Units and vice versa on any Dealing Day. Conversions can only be made from A(1) to B(1) Units and vice versa or from A(2) to B(2) Units and vice versa.

4.2 The Dealing Day for conversions shall be the last Business Day in March, June, September and December or any other day prescribed by the Management Company and notified in advance in writing to the Unitholders.

4.3 A conversion request in writing must be received by the Management Company at least 10 Business Days prior to the chosen Dealing Day for conversion.

4.4 Conversions will be made on the basis of the NAV calculated with respect to the applicable Dealing Day.

4.5 No conversion fee will be charged.

5 VALUATION

5.1 Valuation Day

Each Dealing Day prescribed by the Management Company will be a Valuation Day.

5.2 Independent Valuation Methodology

The Sub-Fund’s real estate properties will be valued by the Independent Valuer in accordance with the Independent Valuation Methodology.

6 INVESTMENT AND OPERATING CRITERIA APPLICABLE TO THE SUB-FUND

The Sub-Fund's Investment and Operating Criteria are in addition to, and not in derogation of the risk diversification rules, investment and borrowing restrictions of Article 6 as applicable to this Sub-Fund. The Sub-Fund's Investment and Operating Criteria are as follows:

6.1 The Sub-Fund's borrowings (calculated on a consolidated basis in respect of the Sub-Fund) shall be limited to 40% of the aggregate OMV of its Real Estate on average over any year. The Sub-Fund will be managed towards the goal of maintaining a rate of borrowing of 30% of the aggregate OMV of its Real Estate on average over any year.

6.2 The Sub-Fund will seek to obtain third party leverage on a non-recourse basis, but may also obtain recourse leverage provided that such recourse leverage would not have recourse to any of the Fund's investors or its other Sub-Funds.

6.3 Except for short-term investments in cash, high-quality money market funds, or similar instruments, the Sub-Fund will not make any investment unless at least 75% of the value of such investment is attributable to Real Estate.

6.4 The Sub-Fund will not make an investment in Real Estate located outside the Euro Zone.

6.5 The Sub-Fund will have no single real estate investment representing more than 20% of the Sub-Fund's Gross Assets; thereafter, the Sub-Fund will not make any single new real estate investment if, at the time of investment, such 20% limitation would be exceeded. A real estate investment whose economic viability is linked to another property is not considered a separable real estate investment for this purpose.

6.6 No more than 45% of the Sub-Fund's Gross Assets will be invested in any one country within the Euro-Zone; thereafter, the Sub-Fund will not make any investment if, as a result of such investment, such 45% limitation would be exceeded.

6.7 No more than 70% of the Gross Assets of the Sub-Fund will be invested in any individual property type (i.e. office, industrial, or retail; thereafter, the Sub-Fund will not make any investment if, as a result of such investment, such 70% limitation would be exceeded.

6.8 No more than 10% of the Gross Assets of the Sub-Fund will be invested in other real estate funds and public Real Estate securities; thereafter, the Sub-Fund will not make any investment if, as a result of such investment, such 10% limitation would be exceeded. Notwithstanding the foregoing, at no time during the Initial Investment Period may more than 10% of the Gross Assets of the Sub-Fund be invested in other real estate funds. For the avoidance of doubt, investments made in wholly or significantly owned fund vehicles that have as sole object the holding of Real Estate property, where such investment is either market practice or more efficient than direct investments, shall not be taken into account for the calculation of the pre-mentioned 10% limit.

6.9 The Sub-Fund shall not originate mortgage loans except for loans made to a purchaser to facilitate the sale of a Real Estate property, or construction loans made in connection with an executed agreement to acquire a Real Estate property upon completion of construction activity provided, however, that the aggregate principal balance of such loans shall not exceed 20% of the Sub-Fund's Gross Assets.

6.10 The Sub-Fund may acquire property to which mortgage loans are attached subject to paragraph 6.1 above.

In the event that any of the Investment and Operating Criteria are exceeded, the Management Company will, taking in to consideration the Unitholders' best interest, seek to take reasonable actions to cause the Sub-Fund's investment balances to return to the levels described in paragraphs 6.1 through 6.11 above within 12 months, without however being obliged to sell a Real Estate property under conditions that are in the Management Company's sole and final judgement, not reflecting its true market value. The Real Estate Manager may recommend changes to the Investment and Operating Criteria, which will only become effective upon the procedure described in Section II of this Private Placement Memorandum having been followed with respect to amendments to the Investment and Operating Criteria of the Fund.

7 FEES AND EXPENSES

7.1 Management Fee

The Management Company (or as it shall direct, the Real Estate Manager) shall be entitled to a fee for investment management services provided to the Sub-Fund and to the Property Companies of 90 basis points per annum of the average market value of the Sub-Fund's Gross Assets. This fee will be calculated, accrued and paid quarterly in arrears.

7.2 Performance Fee

7.2.1 The Sub-Fund's performance is measured against the IPD Euro Zone Commercial Real Estate Benchmark. An annual Performance Fee shall accrue quarterly and be paid annually in arrears, provided that the Unitholders in respect of the Sub-Fund have achieved an annual total rate of return in excess of 1.5 per cent. above the IPD Euro Zone Commercial Real Estate Benchmark (the "**Hurdle Rate**") in respect of their Units during such period. The amount of the Performance Fee shall equal the percentage in excess of the Hurdle Rate, and is subject to a maximum of 0.25 per cent. of the Gross Assets of the Sub-Fund. For example, if the Sub-Fund outperforms the Hurdle Rate by 0.10 per cent., then the Performance Fee shall be limited to 0.10 per cent. of the Gross Assets of the Sub-Fund. Only if the Sub-Fund outperforms the Hurdle Rate by 0.25 per cent. or more, will the maximum Performance Fee of 0.25 per cent. be payable. The total return shall include distributions of Distributable Cash Flow and any accruals of the estimated Performance Fee made in respect of the applicable Year in respect of such Units, plus the difference between the NAV per such Unit at the beginning of each Year and the end of the Year. The Performance Fee will be payable out of Distributable Cash Flow.

7.2.2 The estimated Performance Fee will be accrued based on the assumption that the Sub-Fund will outperform the Hurdle Rate to the extent that the maximum Performance Fee shall be chargeable. Since the actual IPD Euro Zone Commercial Real Estate Benchmark is only published annually on a delayed basis, any difference between the estimated and actual Performance Fee will be reflected in the NAV of the Sub-Fund as and when such difference becomes known. Notwithstanding the foregoing, no Performance Fee shall accrue or be payable in respect of the period to 31 December 2005.

7.2.3 For the purposes of the calculation of the Performance Fee only, in order to correlate with the valuations applied by the IPD in calculating the IPD Euro Zone Commercial Real Estate Benchmark, the Sub-Fund's German real estate properties will be valued by the Independent Valuer in accordance with German valuation principles ("Verkehrswert"). If the Sub-Fund acquires properties in other countries which also apply the "Verkehrswert" methodology in calculating the IPD Euro Zone Commercial Real Estate Benchmark, then any real estate properties in such countries will, for the purposes of the calculation of the Performance Fee only, also be valued by the Independent Valuer in accordance with "Verkehrswert". All other real estate properties shall be valued in accordance with the Independent Valuation Methodology set out in paragraph 4.2, above.

7.3 Expenses

Without limitation to the provisions of the Management Regulations, the Sub-Fund or each Property Company will be responsible for the third-party costs of evaluating, acquiring, owning and disposing of Real Estate properties and other investments, including all necessary legal, appraisal, accounting, tax, tax return preparation, property management, leasing, and engineering costs, including such costs for properties and investments which are evaluated but not purchased or for rescinded transactions. In addition, the Sub-Fund or each Property Company will be responsible for the reasonable out-of-pocket expenses incurred by the Real Estate Manager in structuring and organising the Portfolio, but such expenses will be charged to the Sub-Fund or to each Property Company as the Management Company deems appropriate.

8 SPECIFIC TAX DISCLOSURES

8.1 French 3 per cent tax

French and non-French entities with or without legal personality including bodies, trusts, fiduciaries and similar vehicles (collectively hereafter referred as "the Entities"), which own, directly or indirectly, properties situated in France or rights in rem on properties situated in France (collectively hereafter referred as "the French Properties") are, in principle, liable for the payment of the 3% Tax. Individuals are outside the scope of the 3% Tax. The 3% Tax is an annual tax that is assessed on the fair market value of the French properties held on January 1 of each year. Debts are not deductible for the purposes of the 3% Tax.

This is an anti-avoidance provision, which contains a number of exemptions.

Some of these exemptions are automatic, in which case no filing is required, whereas others are conditional, in which case a specific filing is required. These exemptions are as follows:

8.1.1 International bodies, Sovereign States, public institutions and entities over which these public institutions have a majority control (automatic exemption),

8.1.2 Entities whose real estate assets located in France represent less than 50% of their total French assets (automatic exemption),

8.1.3 Entities whose stocks are listed on a regulated market and are regularly and significantly traded. This exemption is also extended to their wholly-owned subsidiaries (automatic exemption),

8.1.4 Entities with their effective place of management in a France or in a EU member State or in a country which has concluded a tax treaty with France providing for an administrative assistance clause or non-discrimination clause, provided that:

- the share ownership of such entities in the underlying French properties does not exceed either Euros 100,000 or 5% of the fair market value of such French properties (automatic exemption), or
- they are pension funds and other not-for-profit organizations carrying out a social, philanthropic, educative or cultural activity (automatic exemption), or
- they are non listed French open ended real estate funds (SPPICAV and FPI) or non-French funds subject to equivalent regulations (automatic exemption), or
- they communicate each year by May 15 to the French tax authorities ("FTA") or commit to do so upon FTA request, the consistency, location, value of properties owned as at January 1, identity and address of the shareholders owning more than 1% of the share capital of such entity as well as the number of shares owned by such shareholder.

Unitholders shall be obliged to provide certain information and assistance which may be reasonably requested, by the Management Company, for the purposes of determining whether Units are held by non exempt Unitholders.

Note: There is no guarantee or assurance that the Fund will benefit or continue to benefit from an exemption to 3% tax or that the law concerning this tax will not change from time to time.

If a 3% tax liability arises at the level of the Fund, a Sub-Fund or of any of is direct and indirect subsidiaries because a Unitholder (or its direct or indirect shareholders) does not qualify for a 3% tax exemption or has not timely complied with the 3% tax filing requirements nor paid directly the 3% Tax due to the relevant French tax office, such liability will be the responsibility of the Unitholder and the Unitholder will have to satisfy such liability through the direct payment to the Fund or Sub-Fund. Otherwise, the Management Company will be entitled to withhold currently payable distributions to such Unitholder (if sufficient to satisfy the liability) or to proceed to the redemption of all or a portion of such Unitholder's Units in the Fund or Sub-Fund.

8.2 Luxembourg Taxation

The Euro-Zone Sub-Fund has been structured such that investments in local Real Estate will be held indirectly via a Luxembourg holding company (S.à r.l.).

The Luxembourg holding company is expected to qualify for the Important Participation Exemption ("IPE") in Luxembourg whereby any dividends and any profit on the sale of shares in the local entity will be exempt from tax in Luxembourg, provided the relevant conditions of the Important Participation Regime are met. This is on the assumption that the holding in the local entity meets the criteria for the IPE. The criteria is principally dependent on the level of investment and a minimum holding period.

Funding of the holding company will be arranged such that the majority of profits arising from the rental of the Real Estate properties, will be distributed to the Sub-Fund in the form of interest, it is thus expected that the average tax paid in Luxembourg should be approximately 2.25% of profits.

To the extent dividends are paid to the Sub-Fund by the Luxembourg holding company, a 15% withholding tax will prima facie be levied on the payments. However, funding of the holding company will be arranged such that the majority of profits arising from the rental of the Real Estate properties, will be distributed to the Sub-Fund in the form of interest. It is thus expected that the average tax paid in Luxembourg should be approximately 2.25% of profits. Due to the tax transparent nature of the Fund, this rate may be reduced by application of the relevant double taxation agreements if the investors may apply for treaty benefits or by application of the Luxembourg participation exemption for EU corporate investors or the participation exemption based on the transparency principle.

9 GENERAL INFORMATION

9.1 Real Estate Manager

The Real Estate Manager is UBS Global Asset Management (UK) Ltd, a limited liability company incorporated in England and Wales. The Real Estate Manager is authorised and regulated by the Financial Services Authority in the United Kingdom. The Real Estate Manager is engaged in the business of investment management services for both securities and direct real estate investment.

Pursuant to the Real Estate Management Agreement, the Real Estate Manager may delegate any or all of its functions and duties to one or more direct or indirect subsidiaries of UBS.

9.2 Property Size

Individual investments are generally expected to range in size from €15 million to €50 million. However, larger or smaller investments may be made if otherwise consistent with the Management Regulations and the Sub-Fund's Investment and Operating Criteria.

9.3 Geographical Focus

At least 50% of the Sub-Fund's investment will be made in the main Euro Zone markets of Germany, France, Italy, Spain, Belgium and Netherlands.

9.4 Minimum Sub-Fund Size

In the event that, for any reason, the NAV of all the assets relating to the Sub-Fund is lower than €100,000,000, the Management Company may, subject to giving prior notice to the Unitholders concerned, redeem on the day indicated in such notice all Units of the Sub-Fund at a price reflecting the anticipated

realisation and costs of winding up the relevant Sub-Fund (as determined by the Management Company), but without any redemption charge, or may merge the Class of Units with another Sub-Fund of the Fund or with another Luxembourg undertaking for collective investment, subject to applicable laws and regulations.

9.5 Investment Style

The Sub-Fund seeks to offer a core investment opportunity.

9.6 Notices

Except in relation to the Notification, all communications of investors with the Sub-Fund should be in writing, by fax or by letter, and should be signed by an authorised signatory and addressed to the Management Company.