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## **UB North America REIT Fund**

### **UB Fund Management Company Ltd**

Registered domicile and address Helsinki, Aleksanterinkatu 21 A, 00100 HELSINKI  
Business identity code 2118101-5

## **Fund Rules**

The Financial Supervision Authority has approved these fund rules on November 12, 2014.

### **1 § The Fund**

The name of the mutual fund is Sijoitusrahasto UB Pohjois-Amerikka REIT in Finnish, Placeringsfond UB Nordamerika REIT in Swedish and UB North America REIT Fund in English (hereinafter the "Fund").

### **2 § Management Company**

The Fund is managed by UB Fund Management Company Ltd (hereinafter the "Management Company"). The Management Company represents the Fund in its own name, and acts on behalf of the Fund in issues relating to the Fund, as well as exercises the rights pertaining to the assets in the Fund.

### **3 § Use of agents**

The Management Company may outsource its operations to be carried out by agents. The Fund prospectus sets forth the extent to which the Management Company uses agents at any given time.

### **4 § Custodian**

The custodian of the Fund is Skandinaviska Enskilda Banken AB (publ) Helsinki Branch (hereinafter the "Custodian").

### **5 § Investment of the Fund's assets**

The objective of the Fund's investment activity is to achieve value increase in the long term by diversifying the assets in accordance with the Act on Mutual Funds and the rules of the Fund. The assets of the Fund are mainly invested in equities and units of North American (United States, Canada, Mexico) real estate investment companies, funds and trusts as well as other securities and derivatives. Securities and derivatives in which the Fund's assets may be invested include:

- 1) Equities and units of real estate investment companies or funds or trusts (for example REIT (Real Estate Investment Trust), LPT (Listed Property Trust)) as well as other equity and equity-linked instruments such as convertible bonds, stock options, employee stock options, subscription rights, depository receipts and warrants.
- 2) Standardized and non-standardized equity, equity index and currency derivative contracts. The Fund may invest in derivative contracts to promote efficient asset management and/or to hedge against adverse changes in the market. The use of derivatives aims at securing the stable performance of the fund unit. Investments in currency derivatives are made solely for hedging purposes and only in such currencies in which the Fund has investments. Derivatives may be both sold (put) and purchased. The counterparty to a non-standardized derivative contract may be a credit institution or an investment service company domiciled in a country within the European Economic Area, or an entity, domiciled in another OECD country (Australia, Canada, Japan, South Korea, Mexico, New Zealand, Switzerland, Turkey, United States), to which regulations regarding financial stability, corresponding with the EU legislation, are applied and which complies with these regulations. The Fund views the risk of security and derivative investments as

a whole by monitoring the risk position of derivative contracts daily on the basis of the collateral requirement and the delta ratio of the total exposure. The Fund shall not use derivatives to increase the total risk compared to a situation where all assets of the Fund are invested in the equity markets. In such case, the delta ratio representing the risk position of the Fund's total exposure is 1. At its lowest, the delta ratio may be zero.

The securities and standardized derivatives referred to in items 1 and 2 are subject to public trading on the official list of a securities exchange, or are traded on another regulated, regularly functioning and recognised market place that is open to the public, or their terms of issuance specify that the securities or money market instruments will, within one year of issuance, become tradable on such official list or market place and it is probable that trading will begin at the latest by the expiration of said time. The list of used market places is available at the Management Company.

3) Units of mutual funds or collective investment schemes that are authorized to operate in Finland or another member state of the European Economic Area and that comply with the requirements of the UCITS Directive based on the applicable laws of their domicile.

4) In accordance with the limitations set forth in Section 72, Subsection 2, of the Act on Mutual Funds, the Fund may also invest in units of mutual funds or collective investment schemes other than those in accordance with the UCITS Directive as mentioned in item 3. Therefore, investment of the Fund's assets requires that such a fund is, in accordance with the legislation of its home state, subject to supervision that corresponds to EU legislation, and that the co-operation between the supervising authority and the Financial Supervisory Authority has been adequately ensured, and that, in respect of such fund and collective investment scheme, the cover of unit holders as well as regulation regarding keeping assets separate, borrowing, lending and uncovered conveyance of securities corresponds to the requirements of the UCITS Directive.

5) Securities other than those referred to in item 1, at the most 10% of the Fund's assets.

6) Deposits at credit institutions domiciled in a member state of the European Economic Area or in the United States, provided that such deposit is repayable upon demand or can be withdrawn and matures at the latest within 12 months.

Investment limitations:

A) Up to 10% of the Fund's assets may be invested in the securities of any one issuer.

B) Such investments in the securities of any one issuer that exceed 5% of the Fund's assets may constitute a maximum of 40% of the assets of the Fund. This limitation does not apply to investments in deposits or such non-standardized derivative contracts whose counterparty is a credit institution with the meaning of item 6 above. Nor does the limitation apply to investments in the units of mutual funds or collective investment schemes referred to in items 3-4 above.

C) The counterparty risk relating to investments in non-standardized derivative contracts must not exceed 10% of the Fund's assets with any one counterparty if such counterparty is a credit institution within the meaning of item 6 above. In case of any other counterparty than a credit institution, the counterparty risk must not exceed 5% of the Fund's assets.

D) At the most a total of 20% of the Fund's assets may be invested in the securities of any one issuer, deposits received by such entity or such non-standardized derivative contracts that expose the Fund to a counterparty risk relating to the said entity.

E) Entities belonging to the same group of companies in accordance with Chapter 1, Section 6 of the Accounting Act shall be considered as a one whole when calculating the investment limitations set forth in items A-D. Irrespective thereof, however, at the most a total of 20% of the Fund's assets may be invested in the securities issued by entities belonging to the same group of companies.

F) The Management Company may procure to the ownership of the Fund at the most 10% of non-voting shares of any one issuer. The Management Company may procure to the ownership of the Fund at the most 25% of the units of any one mutual fund or collective investment scheme.

G) The investment limitations set forth above in this Paragraph 5 must not be exceeded when investing the Fund's assets in derivative contracts. When calculating the investment limitations, investments to such derivative contracts whose underlying asset is a stock index are not taken into account. This requires that the composition of the index is adequately diversified and the index is sufficiently precise in reflecting the market the performance of which it is intended to reflect. Further, adequate information of the composition of the index and its performance must be publicly available.

H) A maximum of 10% of the Fund's assets, taking into account the total of items 3 and 4 above, may be invested in the units of other mutual funds, collective investment schemes or index funds. The assets of the Fund may not be invested in the units of such mutual funds and collective investment schemes mentioned above in items 3 and 4 that can, according to their rules or articles of association, invest more than 10% of their assets in the units of other mutual funds or collective investment schemes. When the Fund invests in the units of mutual funds or collective investment schemes referred to in item 3 or 4, an annual fixed management fee of maximum of 3% of the value of the units can be charged from the Fund in respect of such investments. Further, in respect of any investment by the Fund in the units of a mutual fund or collective investment scheme, a performance-fee component of the management fee may be charged from the Fund. The assets of the Fund may also be invested in the units of mutual funds managed by the Management Company but in respect of such investments, the Fund will not be charged any subscription or redemption fees.

I) The Fund must retain cash reserves required by its operations. A maximum of 20% of the assets of the Fund may be invested in deposits received by any one credit institution.

J) To promote efficient asset management the Fund may enter into lending and repurchase agreements with respect to any securities included in its assets, provided that they are settled through a clearing entity that meets the definition of applicable law, or a corresponding foreign entity. If the settlement takes place elsewhere, the counterparty of the contract must be a securities dealer, and the terms and conditions must be typical to the market and generally known. The market value of securities lent must not exceed 25% of the value of the Fund's securities. This restriction does not apply to lending contracts that may be called in and where it is possible to immediately reclaim the securities involved.

K) The Fund may place collateral in respect of lending and repurchase agreements as well as derivatives. Any collateral placed may amount in total to a maximum of 30% of the value of the Fund.

Simultaneously a maximum of 35% of the Fund's assets may be subject to derivative or repurchase agreements.

Borrowing of securities is permitted only in order to close an open position resulting from lending.

With the permission of the Financial Supervisory Authority the Management Company may borrow money in the name of the Fund for a temporary purpose related to fund operations, provided that such borrowings correspond to a maximum of 10% of the Fund's assets.

The amount of borrowings and repurchase agreements in the aggregate must not exceed 10% of the value of the Fund's assets.

## **6 § Fund unit register and fund units**

The Management Company will keep a fund unit register of all fund units and registers transfers of ownership. The units in the Fund may be divided into fractions. One (1) unit will be formed of ten thousand (10,000) fractions of equal size. The Board of the Management Company may decide that Fund has growth units and yield units.

The Board of Directors of the Management Company may resolve that the Fund includes unit series that differ from each other in respect of their management fees. Each unit series may have both yield and growth units as resolved by the Board of Directors of the Management Company. The Board of Directors of the Management Company will resolve upon minimum subscription amounts, forming a requirement for subscription for each unit series, which will be notified in the fund prospectuses valid at any given time. The Board of Directors of the Management Company will resolve upon the state wide market areas in which each unit series may be subscribed for.

A fund unit entitles to a share of the Fund's assets that is proportional to the total number of fund units, taking into account the relative values of fund unit series and classes.

If, as a result of a new subscription or a fund exchange, a unit holder's holdings in one fund unit series rise above the minimum subscription amount in another fund unit series, the Management Company will, upon the request of the unit holder, convert the holdings to apply to the fund unit series whose minimum subscription amount the new holdings fulfil at the time of conversion. If, during the time of ownership, as a result of redemptions or fund exchanges, a unit holder's holdings in one fund unit series fall below the minimum subscription amount valid at the time of subscription for the series in question, the Management Company will be entitled to convert the holdings to apply to the fund unit series whose minimum subscription amount the holdings correspond with at the time of conversion, taking into account the equal treatment of unit holders. The minimum subscription amounts will be defined on the basis of the

market area on which the units have been subscribed for and conversion is only possible in respect of unit series of such market area.

The Management Company will provide unit holders with a certificate of participation upon request. The certificate of participation may cover several units or their fractions, and it may be issued only to a designated unit holder. The Management Company may charge from the unit holder a separate fee for a certificate of participation and its delivery as set forth in the fund prospectuses valid at any given time.

## **7 § Subscription, redemption and exchange of fund units**

Subscription and redemption orders on fund units will be accepted at the Management Company and in other subscription locations determined by the Board of Directors of the Management Company and designated in the fund prospectus. Information on the subscription and redemption price are available to the public on each banking day at the subscription locations. The Board of Directors of the Management Company resolves upon the minimum amounts of subscription and redemption.

Fund units are subscribed for by issuing an order to the Management Company and by paying the subscription amount to the bank account of the Fund. A subscription order may be executed provided that the Management Company has received appropriate and sufficient information on the subscriber and the subscriber's identity. The Management Company has the right to reject or approve a subscription order or an executed subscription, or delay the execution thereof in case the said information has not been provided.

Subscription day is the banking day when the subscription order has been received and registered at the Management Company and the subscription amount is available for use by the Management Company at the bank account of the Fund at the latest at 4.00 pm (Finnish time). The subscription price is the value of the fund unit calculated on the subscription day. Subscriptions based on subscription orders registered, and/or subscription amounts available for use by the Management Company at the bank account of the Fund, after 4.00 pm (Finnish time) will be executed on the following banking day.

The number of fund units subscribed is calculated by dividing the subscription amount, deducted with possible subscription fee, with the value of the unit. If the subscription amount, deducted with the subscription fee, cannot be divided evenly by the value of the fund unit or its fraction, the number of fund units shall be rounded down to the nearest fraction of unit and the difference shall be added to the fund capital.

Fund units are redeemed by giving an order and submitting the possible certificate of participation to the Management Company. Provided that the Management Company does not need to sell investments due to the redemption, a redemption order received and registered by the Management Company at the latest by 4.00 pm Finnish time will be effected at the value of the fund unit calculated by the Management Company for the same banking day. Redemption orders received and registered by the Management Company after 4.00 pm Finnish time will be effected at the value calculated for the following banking day. Redemption must take place directly from the assets of the Fund. If the assets for the redemption transaction need to be acquired by selling investments, such sale must take place without undue delay and no later than two (2) weeks after the redemption order was issued to the Management Company. The redemption transaction will, in that case, be effected at the value of the fund unit on the date on which the proceeds from the sale of investments have been received. The Financial Supervision Authority may, for special reason, grant permission for exceeding the aforementioned time limit.

The redemption proceeds, deducted with possible redemption fee, will be paid to the unit holder's bank account on the first banking day following the redemption date.

If a unit holder exchanges fund units for units in another fund managed by the Management Company, which is simultaneously available for subscription and observes the same subscription and redemption practices, the subscription and redemption date is deemed to be the banking day on which the exchange order has, at the latest by 4.00 pm Finnish time, been received and registered at the Management Company. This further requires that the fund from which the exchange is being executed has the necessary cash required for the exchange. In other cases an exchange to another fund managed by the management company will be executed also timewise as a normal redemption of owned fund's units and subscription of another fund's units.

## **8 § Suspension of subscriptions and redemptions**

The Management Company may temporarily suspend the subscriptions and/or redemptions of fund units if so required by the best interest or equality of the unit-holders, or if reliable market information is not available from the primary market places of the Fund's investments or from a substantial part thereof, or if there are severe disruptions in normal communications, or if other particularly weighty reason so requires.

### **9 § Fees on orders relating to fund units**

The Management Company will, as a fee in respect of subscription of fund units, deduct a maximum of two (2) percent of the subscription amount and, as a fee in respect of redemption of fund units, a maximum of two (2) percent of the value of the fund unit. However, at least the minimum fee for each subscription or redemption transaction will be charged as stated in the fund prospectuses valid at each time. When registering a transfer of fund units from one holder to another a registering fee shall be charged for such registering. The Management Company's Board of Directors shall resolve upon the amounts of subscription, redemption and exchange fees as well as the amount of the fee for the registering of ownership. More detailed information on the fees is included in the fund prospectuses valid at any given time.

### **10 § Fees payable from the Fund's assets**

The Management Company will receive a management fee as compensation for its services that varies between unit series and is a maximum of two (2) percent per annum calculated from the value of the Fund. The amount of the fee is calculated daily and deducted as the Fund's debt to the Management Company when calculating the value of the Fund. The Management Company charges the fee monthly afterwards.

The Management Company's Board of Directors shall resolve upon the amount of the management fee valid at any given time per each fund unit series. The information on fees applicable at any given time is presented in fund prospectuses valid at each time. The management fee includes the custody fee to the Custodian and remuneration to agents referred to in Paragraph 3.

Management and custody fees in respect of the Fund's investments in mutual funds and collective investment schemes shall be charged in accordance with the rules of such mutual funds and collective investment schemes.

### **11 § Calculation of value of the Fund**

The value of the Fund shall be calculated by deducting the Fund's liabilities from its assets. The value of the Fund shall be quoted in euros.

All securities and derivatives contracts held by the Fund will be marked to market. This means their official closing price on a public quotation system at the close of trading. With equities, equity-linked securities and derivatives, this refers to their latest trading price and with mutual fund units to their latest published net asset value. For fixed income instruments, this is their latest trading price or the mean bid quotation of market makers. Deposits are valued at the nominal value, taking into account possible accrued interest. Lending and repurchase agreements are valued based on the market values of the underlying securities. Securities that lack a reliable market price will be valued on the basis of objective criteria in accordance with guidelines established by the Management Company's Board of Directors. In determining the Fund's net asset value, the Management Company mainly employs the latest currency rate quotations in a public quotation system.

### **12 § Calculation of value of fund unit**

The Management Company shall calculate the values of fund units for each such banking day when deposit banks are generally open for business in Finland. The values of fund units are available at all subscription locations, on the Internet and at the Management Company.

The value of a fund unit is calculated for each unit series by dividing the proportion of the Fund's value related to each unit series, deducted with the management fee of the unit series, with the amount of units in such unit series.

Relative values of yield and growth units are determined on the basis of the annual returns distributed to the holders of yield units, separately for each unit series. Distribution of returns changes the ratio between yield and growth units. The ratio is determined after distribution of returns by dividing the value of a yield unit (without the return payable on the payment date of the return) with the value of the growth unit. This ratio is used until the next matching day of

distribution of returns. The value of yield and growth unit is the same, and the ratio one (1), until the first distribution of returns.

The value of a growth unit in each unit series is calculated by dividing the proportion of the Fund's value related to such unit series with the aggregate of the number of growth units in such unit series and the number of yield units multiplied with the ratio. The value of a yield unit in each unit series is the value of a growth unit in the growth unit series of such unit series multiplied with the ratio.

### **13 § Distribution of the Fund's returns**

If the Board of the Management Company has resolved that the Fund has yield units, the Annual General Meeting of the Management Company will decide on the return to be distributed annually to the holders of yield units. Distribution of returns is aimed to be consistent. The return distributed on yield units will be deducted from the capital of the Fund calculated for yield units. No return is distributed on growth units and the value thereof does not change as a result of any return distributed on yield units.

The return will be paid to the holder of yield units who is recorded to the Management Company's register of fund units on the day determined by the Annual General Meeting of the Management Company (matching day). The return will be paid to the bank account notified by the unit holder on the payment day determined by the General Meeting, no later than within one (1) month from the matching day. If the holder of yield units has not notified to the Management Company a bank account to be used for the payment of the return, any such return, which has not been collected within five (5) years after its original collection date, will be transferred back to the assets of the Fund.

### **14 § Financial period of the Fund and the Management Company**

The financial period of the Fund and the Management Company is a calendar year. The first financial period of the Fund ends on 31.12.2015.

### **15 § Meeting of fund unit holders**

The Annual General Meeting of Fund Unit Holders shall be held annually on a day determined by the Management Company's Board of Directors, at the latest within six (6) months after the end of the Fund's financial period.

At least the following matters will be on the agenda of an Annual General Meeting of Fund Unit Holders:

1. Election of the chairman of the meeting, who shall appoint an officer to keep the minutes
2. Drawing up and approval of the register of votes
3. Election of two (2) inspectors of the minutes as well as two (2) vote counters
4. Confirmation that the meeting is legally convened and has the necessary quorum
5. Presentation of the annual accounts and annual reports of the Management Company and the Fund approved at the Annual General Meeting of the Management Company
6. Election of the representatives of the unit holders to the Board of Directors of the Management Company in accordance with the Articles of Association of the Management Company
7. Election of one (1) auditor and his deputy in accordance with the Articles of Association of the Management Company
8. Other matters mentioned in the notice to convene

The Board of Directors of the Management Company will convene a General Meeting of Fund Unit Holders. Notice of a General Meeting of Fund Unit Holders shall be sent either personally by mail or e-mail, or the notice shall be published in at least one nationwide newspaper at the earliest four (4) and at the latest two (2) weeks prior to the meeting. In order to attend a General Meeting of Fund Unit Holders, a unit holder must register for the meeting in accordance with the notice to convene no later than on the day specified in such notice.

An Extraordinary General Meeting of Fund Unit Holders must be held when the Management Company's Board of Directors considers it justified, or if the auditor or unit holders representing at least five (5) per cent of the aggregate of fund units in circulation so require in writing from the Management Company in order to address a specific issue notified by them.

Each full fund unit of the Fund shall carry one vote at a General Meeting of Fund Unit Holders. If the unit holder's entire holding in the Fund totals less than one whole fund unit, the unit holder will have one vote at the General

Meeting of Fund Unit Holders. Decisions at a General Meeting of Fund Unit Holders will be made by a simple majority of votes except for elections where the person receiving the highest number of votes will be elected. In case of a tie, the decision will be made based on the chairman's vote or, in elections, drawing of lots.

A unit holder will not be entitled to use the rights of a unit holder at a General Meeting of Fund Unit Holders before the holding has been registered or the holding has been notified and evidenced to the Management Company. The right to participate to a General Meeting of Fund Unit Holders and the amount of votes in the meeting is defined based on the prevalent situation ten (10) days prior to a General Meeting of Fund Unit Holders.

#### **16 § Fund prospectuses, annual report and semi-annual reports**

The Management Company will maintain a fund prospectus and a Key Investor Information Document of the Fund, which include the information required by the Decree of the Ministry of Finance on Fund Prospectus and Key Investor Information Document. Annual reports of the Fund and Management Company must be published within three months of the end of the financial period and the Fund's semi-annual review within two months of the end of the review period.

The rules of the Fund, fund prospectuses and the semi-annual review as well as the annual reports of the Fund and Management Company are available to the public at the Management Company during its opening hours.

#### **17 § Amendment of fund rules**

Any decisions on amendments to the Fund's rules shall be made by the Management Company's Board of Directors. The confirmation of the Financial Supervision Authority must be requested for such amendment. The amendment to the Fund's rules enters into force one month after the Financial Supervisory Authority has approved the amendment and the fund unit holders have been informed of the amendment, unless otherwise required by the Financial Supervisory Authority. Amendments shall be deemed to have come to the attention of the fund unit holders on the fifth day after mailing of the notification to unit holders, or on the date when the notice is published in a Finnish nationwide newspaper or sent to the unit holder, with his consent, by e-mail or other electronic medium. Upon its entry into force, the amendment to the rules shall apply to all fund unit holders.

Other than the above-mentioned notifications, any notifications shall be brought to the attention of unit holders similarly as set forth above in respect of notifying on rule amendments.

#### **18§ Disclosure of information**

The Management Company has the right to disclose information on unit holders in accordance with legislation valid at any given time.

#### **19§ Applicable law and jurisdiction**

Any disputes relating to agreements in accordance with these rules will be settled in the District Court of Helsinki. If the unit holder is a consumer, he may, in respect of any disputes arising from the agreement, alternatively proceed against the Management Company in the Finnish District Court of his permanent residence.

Finnish law will be applied to the operations of the Management Company and the Fund as well as any agreements in accordance with these rules.

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