

UBS Wealth Management – Global Property Fund Limited

Notes to the Consolidated financial statements

Year Ended 31 January 2017

17. Contingent liabilities

All French or foreign entities that directly or indirectly possess buildings or land in France - or legal rights over such properties - are liable to an annual tax equal to 3% of the market value of the properties they own (French real estate tax - Articles 990D to 990F of the French Tax Code (CGI)). Section E of the CGI provides certain exemptions. Entities eligible to use these exemptions are not subject to the French real estate tax. The Group has procedures in place to ensure that the requirements are met for any relevant entity in the European sub-fund (CEPF) in order to use the exemptions of section 990E of the CGI. The Group has made an assessment of the likelihood that any of the entities falling under Articles 990D et seq will be liable to pay this tax in any open year. Management believes that based on this assessment, a tax payment is possible for certain years but not likely.

The Group is a party to a claim in relation to a property sold whereby the Group may be required to indemnify the buyer for a portion of certain costs incurred on the property up to a maximum amount of USD 4,940,000. This amount has been set aside on escrow and is included in the account Restricted cash (see Note 7). The Group believes that the payment of this amount is not likely. Hence, no provision was recognised.

18. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, or if both parties are controlled or significantly influenced by the same third party.

Significant related party transactions and balances are detailed below:

UBS AG, an entity incorporated in Switzerland, was appointed Manager of the Company, and MUFG Alternative Fund Services (Jersey) Limited was appointed as Administrator.

UBS Asset Management (UK) Ltd ("UBS GAM UK") was appointed to provide Investment Advice to the Manager in relation to the Company under the terms of the Investment Advisory Agreement as of the effective date 1 January 2013. The fee for providing such Investment Advice is as may be agreed between the Manager and the Investment Advisor from time to time.

2017		Charged	Paid	Year end
Counter party	Relationship	USD'000	USD'000	balance USD'000
UBS AG*	Manager & Advisor	2,347	2,068	484
Directors of the Group	Director	105	79	26
		<u>2,452</u>	<u>2,147</u>	<u>510</u>