

INOFFICIAL ENGLISH TRANSLATION – THE ORIGINAL VERSION IN FRENCH IS LEGALLY BINDING

Swiss Federal Act on Collective Investment Schemes of 23 June 2006 (LPCC)

Dynamic Real Estate Fund and Bonhôte-Immobilier

Merger schedule and amendments to fund contracts

FidFund Management SA, in its capacity as fund management company of the Dynamic Real Estate Fund (the "**Acquired Fund**") and the Bonhôte-Immobilier Fund (the "**Acquiring Fund**") (hereinafter referred to collectively as the "**Funds**") together with Banque Cantonale Vaudoise, custodian bank of the Acquired Fund, and Banque Bonhôte & Cie SA, custodian bank of the Acquiring Fund, hereby notify unitholders of (i) the merger of the Funds pursuant to Art. 95 para. 1 a LPCC and 115 OPCC and Art. 24 of the fund contracts, as well as (ii) the related amendments to the fund contracts in accordance with Art. 27 LPCC. This announcement follows on from the LPCC announcements dated 19, 26, 27 and 30 March 2009.

1. Decision, motives and date of the merger

The merger decision was made within the context of numerous orders to redeem units in the Acquired Fund (the "**Redemptions**") on the contractual expiry date of 31 March 2009.

The merger is to the advantage of the unitholders in both Funds since they will benefit from a significant increase in the total assets under management of the Funds, greater diversification in investments across the whole of French-speaking Switzerland, as well as a reduction in the fees chargeable to the Funds.

Through to this merger, the fund management company aims to offer investors greater diversification in the real estate portfolio across the whole of French-speaking Switzerland. The significant increase in assets under management will also enable it to streamline management and reduce the fees chargeable to the Funds.

The merger will take place on 31 March 2010, following redemption of the units in the Acquired Fund.

Thus, with regard to the Acquired Fund, the Redemptions will be made by the fund management company on the basis of the net asset value (“NAV”) as of the annual closing date of the Fund, and the merger shall take place on the basis of a merger NAV calculated on the same day once the Redemptions have been carried out.

If applicable, the fund management company will subsequently decide to lift the suspension of redemptions with regard to the Redemption requests received for the Acquired Fund before 31 March 2009, and will announce this accordingly.

The merger NAV of the Acquiring Fund will be deemed to be its annual NAV.

On the date of the merger, the unitholders in the Acquired Fund will receive a corresponding value of units in the Acquiring Fund, based on the exchange rate calculated according to the NAVs of the Funds on the effective date of the merger, and the Acquired Fund will be dissolved without liquidation.

2. **Investment policy and restrictions, remuneration and appropriation of profits, and publication**

The fund contracts differ on the points outlined below in terms of investment policy and restrictions, remuneration and appropriation of profits, and legal publications:

Investment policy and risk diversification (Art. 8 (1) of the fund contracts)

Authorised investments exceeding more than two-thirds of the Funds' assets are similar in nature and include the acquisition of villas and car parks. However, these acquisitions are limited by the Acquiring Fund to 20% and 10% respectively of its assets, while the Acquired Fund is subject to no such restrictions.

Authorized investments up to a maximum of one-third of the Funds' assets are similar in nature, with the exception of retirement homes, which are only permitted as authorized investments by the Acquired Fund.

Remuneration and ancillary costs to be charged to the Funds' assets (Art. 19 (1) of the fund contracts)

The management fee levied by the fund management company is 1% of the NAV of the Acquired Fund and up to a maximum of 1% of the NAV of the Acquiring Fund.

The fund contract of the Acquiring Fund specifies that the effective management fee applied is shown in the annual and semi-annual reports; this is not the case for the fund contract of the Acquired Fund.

The fees levied by the fund management company for its work done in relation to building constructions, renovations and conversions account for 3% of the net construction costs of the Acquiring Fund, net of the usual fees applicable to third parties and agents. This last detail doesn't figure in the contract of the Acquired Fund.

The fees charged to the Fund are as follows: (i) for work relating to the purchase, sale or exchange of buildings, 2% of the price in the Acquired Fund and 1% in the Acquiring Fund; (ii) for the management of buildings, 6% of the total annual rent collected in the Acquired Fund and 5% in the Acquiring Fund.

Only the Acquiring Fund stipulates that the cost of printing the semi-annual reports will be borne by the Fund.

Appropriation of profits (Art. 22 of the fund contracts)

Only the Acquired Fund provides for the option of foregoing payment of a dividend if the net income is less than 1% of net assets.

Publication (Art. 23 of the fund contracts)

Although the Funds' prospectuses both stipulate that the net asset value is to be published on a daily basis, accompanied by the note "excluding commission", the fund contract of the Acquired Fund states that prices will be published at least once per month, while the fund contract of the Acquiring Fund refers to daily publication.

3. **Amendments to the fund contracts**

With the aim of harmonising the Fund contracts in light of the merger, and in agreement with the respective custodian banks, the fund management company intends to amend the contracts of both the Acquired and Acquiring Fund in the interest of investors, as follows:

Amendments to the fund contract of the Acquired Fund

In Art. 16 (7) of the fund contract, the NAV will now be rounded to CHF 0.05 instead of CHF 0.50 in order to bring it in line with the Acquiring Fund.

Article 8 (1) of the fund contract will now state that the fund management company may invest at least two-thirds of the Acquired Fund's assets in mixed-use buildings.

Art. 8 (2) a of the fund contract will now specify the criteria governing the demarcation of dwellings, commercial buildings and mixed-use, in accordance with Art. 86 para. 2 b and c of the OPCC.

In Article 8 (2) c of the fund contract, the reference to “Real Estate Investment Trusts” has been deleted.

Article 8 (3) of the fund contract now prescribes that the fund management company of the Acquired Fund may, for the purpose of acquisition, establish investment schemes for the Acquired Fund’s account.

Article 15 (5) of the fund contract restricts investments in villas and car parks, which are now authorised up to a maximum of 20% of the net assets of the Acquired Fund, or a maximum of 10% in the case of car parks.

The management fee levied by the fund management company is now set at a maximum of 1% (replacing the 1% fixed rate) (cf. Article 19 (1) para. 1 of the fund contract).

The fund contract specifies that the effective management fee applied will be shown in the annual and semi-annual reports (cf. Article 19 (1) new para. 3 of the fund contract).

The 3% maximum commission on construction costs is now net of the usual fees payable to third parties and agents (cf. Article 19 (1) para. 3 a of the fund contract).

The fee debited to the Fund in respect of work undertaken in connection with the purchase, sale or exchange of buildings is reduced to 1% (from 2%) of the purchase price, sale price or exchange value of the building (cf. Article 19 (1) para. 3 c of the fund contract).

The indemnity deducted by the fund management company in respect of the management of buildings is reduced to a maximum of 5% (from 6%) of the gross rent received per annum (Article 19 (1) para. 3 c of the fund contract).

The cost of printing the semi-annual reports will now be borne by the Fund (Article 19 (5) of the fund contract).

Amendments to the fund contract of the Acquiring Fund

Article 8 (1) of the fund contract will now state that the fund management company may invest at least two-thirds of the Fund's assets in mixed-use buildings. A definition of commercial buildings has been added to take account of the remaining one-third to be invested.

In Article 8 (1) and (2) a of the fund contract, medical establishments and retirement homes have been added to the investments of the remaining one-third. Moreover, the criteria applicable to the demarcation of dwellings, commercial buildings and mixed-use buildings, in accordance with Article 86 para. 2 b and c of the OPCC, have now been specified.

In Article 8 (2) c of the fund contract, the reference to “Real Estate Investment Trusts” has been deleted.

The net income for a financial year may now be carried forward if it is less than 1% of the Fund's assets (cf. Article 22 (1) para. 3, new sentence of the fund contract).

As regards the publication of the NAV, the fund contract of the Acquiring Fund has been brought into line with that of the Acquired Fund and provides for publication at least once a month (cf. Article 23 (3) of the fund contract of the Acquiring Fund).

Amendments to the prospectuses

The Funds’ prospectuses have also been amended, essentially in order to reflect the amendments to the Funds’ respective fund contracts.

4. Valuation of the Funds’ assets

The Funds’ assets shall be valued by the independent experts named in the Funds’ prospectuses, using similar valuation methods. The compatibility of the methods used to value the Funds is reinforced by the fact that two of the three experts named in each Fund have been appointed to value both the Acquired Fund and the Acquiring Fund.

5. Exchange ratio

The ratio for the exchange of units shall be calculated as follows: investors shall receive in exchange for each unit held by them in the Acquired Fund a number of units in the Acquiring Fund equivalent to the ex-dividend NAV of the Acquired Fund. The units shall be rounded up to a whole figure. Fractions of units shall be converted into whole units by the issue and allocation of rights in the units of the Acquiring Fund. Investors shall have the choice of (i) selling that amount of their rights that does not entitle them to acquire an additional unit in the Acquiring Fund, for which they will be paid in cash, or (ii) acquiring additional rights in order to acquire an additional unit in the Acquiring Fund. This transaction shall be carried out by the custodian bank of the Acquiring Fund.

6. Charges

Neither the Funds nor their investors shall incur any charges by reason of the merger.

7. **Taxation**

The merger transaction is fiscally neutral as regards transfer duties, direct taxes, withholding tax and stamp duties. Its status of fiscal neutrality has been submitted to the appropriate authorities for approval and has been confirmed by them.

8. **Statement by PWC**

This merger plan has been duly approved, in statements made on 7 December 2009 and on 8 and 25 January 2010, by the Funds' auditor, PricewaterhouseCoopers SA, of Geneva, which will also confirm the proper execution of the transaction once it is completed.

Once the merger has been duly and properly completed, investors shall be informed through the same channels of this and of the final exchange rate for units in the Acquiring Fund and the Acquired Fund.

9. **Deadline for objections, documents available from the asset management company, miscellaneous**

The simplified prospectuses, the prospectuses with the integrated fund contract and the latest annual and semi-annual reports are available free of charge from the fund management company, FidFund Management SA, chemin de Précosy 11, 1260 Nyon, and from the custodian banks, Banque Cantonale Vaudoise, place St-François 14, 1001 Lausanne, and Banque Bonhôte & Cie SA, rue de Bassin 16, quai Ostervald, 2001 Neuchâtel.

Investors have 30 days from the publication date of this document to lodge their objections with the Swiss Financial Market Supervisory Authority (FINMA), Einsteinstrasse 3, 3003 Berne, or request redemption of their units in cash in accordance with the provisions relating thereto in the prospectus and contract of the Fund concerned.

Investors should note that the fund management company remains free to decide, in the best interests of the investors in the Funds concerned, whether or not to proceed with the merger once the period of 30 days has expired, basing their decision on the number of units in the Acquired Fund and/or the Acquiring Fund that may have been presented for redemption and on any objections raised by the investors.

The fund management company of the Acquired Fund and Acquiring Fund
The custodian bank of the Acquired Fund
The custodian bank of the Acquiring Fund

FidFund Management SA, Nyon
Banque Cantonale Vaudoise, Lausanne
Banque Bonhôte & Cie SA, Neuchâtel

26 January 2010