UBS

UBS Dividend Builders

(Term Sheet Number: DB180713a)

Term Sheet dated 13 July 2018

Issued by UBS AG, Australia Branch

(ABN 47 088 129 613, AFSL number 231087)

This Term Sheet supplements the Master Product Disclosure Statement dated 17 October 2014 ("Master PDS") issued by UBS AG, Australia Branch ("UBS") in respect of UBS Dividend Builders to which this Term Sheet applies (also referred to as "instalments"). This Term Sheet together with the Master PDS constitutes the Product Disclosure Statement ("PDS") for the offer of the Series of UBS Dividend Builders described below. You should read both the Master PDS and this Term Sheet (and any relevant supplementary disclosure statement) before making a decision to invest. Words defined in the Master PDS have the same meaning in this Term Sheet.

This Term Sheet relates to the offer of UBS Dividend Builders with the specifications set out below:

TABLE 1

Issuer:	UBS AG, Australia Branch
Offer period opens:	13 July 2018
Offer period closes:	12:00 pm (Sydney time) on the Final Maturity Date
Expected quotation date on the ASX:	16 July 2018
Series:	VEAIS4 VEAIS5
Underlying Share(s) and Share Issuer(s):	Fully paid ordinary shares in Viva Energy Group Limited (ACN 626 661 032), and during the conditional trading period, the right to be allotted fully paid ordinary shares in Viva Energy Group Limited. As at the date of this Term Sheet, each Underlying Parcel comprises one Underlying Share or right to be allotted one Underlying Share (as applicable).
VEA Offer:	The initial public offer of fully paid ordinary shares in Viva Energy Group Limited (ACN 626 661 032) ("VEA") pursuant to a prospectus issued by VEA dated 20 June 2018 ("VEA Prospectus"). You can obtain a copy of the VEA Prospectus at www.vivaenergy.com.au
Key dates:	13 July 2018: VEA Shares commence trading on ASX on a conditional and deferred settlement basis. 16 July 2018: Trading in VEAIS4 and VEAIS5 instalments are expected to commence trading on a conditional and deferred settlement basis. 18 July 2018: Trading in VEAIS4 and VEAIS5 instalments are expected to commence trading on an unconditional and deferred settlement basis. 20 July 2018: Trading in VEAIS4 and VEAIS5 instalments are expected to commence trading on normal T+2 settlement basis. 24 July 2018: Expected first settlement date for all deferred settlement trades in VEAIS4 and VEAIS5 instalments. The above dates are subject to confirmation by ASX and are intended to match the corresponding dates in relation to the quotation of the underlying VEA shares.

Basis of initial quotation on ASX:	Quotation of the VEAIS4 and VEAIS5 instalments is conditional on quotation of VEA shares on the ASX. The period of conditional and deferred settlement trading of VEAIS4 and VEAIS5 instalments allows the VEAIS4 and VEAIS5 instalments to be offered and traded on the ASX prior to satisfaction of the conditions of the conditional market in VEA shares as described in the VEA Prospectus.
Conditional trading:	VEAIS4 and VEAIS5 instalments will trade on the ASX on a conditional basis until the VEA shares commence trading on the ASX on an unconditional basis. VEA shares will commence trading on the ASX on an unconditional basis after VEA advises the ASX that the conditions of the conditional market in VEA shares have been satisfied. This is currently expected to occur on 18 July 2018. If the conditions of the conditional market in VEA shares are not satisfied within 14 days (or such longer period as the ASX allows) after the day VEA shares are first quoted on the ASX, all purchases and sales of VEAIS4 and VEAIS5 instalments made through ASX participating organisations during the conditional trading period for VEAIS4 and VEAIS5 instalments will be cancelled and will not settle. Please refer to the VEA Prospectus, and in particular Sections 7.2 and 7.13.3, for more information on the VEA Offer and the conditions applicable to the conditional market in VEA shares.
Application for UBS Dividend Builders prior to unconditional trading:	If you apply for VEAIS4 and VEAIS5 instalments as a Cash Applicant or Shareholder Applicant prior to VEAIS4 and VEAIS5 instalments commencing trading on ASX on an unconditional basis, UBS has the discretion[1] not to accept your Application until the VEAIS4 and VEAIS5 instalments commence trading on an unconditional basis on ASX. Applicants who sell UBS Dividend Builders before they receive an initial holding statement do so at their own risk. To verify your holding contact your broker. If UBS accepts your Application during the conditional trading period, any issuance of VEAIS4 and VEAIS5 instalments are conditional on VEA not withdrawing its offer of VEA shares under the VEA Prospectus and the conditions of the conditional market in VEA shares being satisfied within 14 days (or such longer period as the ASX allows) after the day VEA shares are first quoted on the ASX (these being the "Instalment Offer Conditions"). If UBS accepts your Application during the conditional trading period and the Instalment Offer Conditions are subsequently satisfied: a) issuance of VEAIS4 and VEAIS5 instalments will become unconditional; and b) Shareholder Cashback amounts will be paid by UBS, on or shortly after VEAIS4 and VEAIS5 instalments commence trading on an unconditional basis on ASX. If UBS accepts your Application during the conditional trading period but the Instalment Offer Conditions are not satisfied: a) all contracts arising on acceptance of Cash Applications and Shareholder Applications, including the issuance of VEAIS4 and VEAIS5 instalments, will be cancelled and of no further effect; b) all monies received in respect of Cash Applications will be returned to Applicants without interest within 10 Business Days after UBS determines that Instalment Offer Conditions have not been satisfied; and c) no Shareholder Cashback will be payable by UBS.
Deferred	Based on the expected timetable and assuming the Instalment Offer Conditions are

[1] UBS retains discretion to accept or reject your Application in whole or in part for any reason.

settlement:	satisfied, all transactions in VEAIS4 and VEAIS5 instalments executed on ASX on or prior to 20 July 2018 will settle on 24 July 2018. Any Shareholder Cashback payable by UBS will be paid on or after the first settlement date following commencement of VEA shares trading on a normal T+2 settlement basis, which is expected to be 24 July 2018.
Risks of conditional trading:	If trading in VEAIS4 and VEAIS5 instalments do not become unconditional and all transactions in VEAIS4 and VEAIS5 instalments on ASX are cancelled then any gain from trading during the conditional trading period will not be realised.
Annual Interest Date(s):	7 June 2019; 5 June 2020; 4 June 2021; and 3 June 2022
Final Maturity Date:	2 June 2023
Interest Period:	Consistent with the notice published by UBS dated 4 June 2015, the first Interest Period for the Loan shall start on and include the Purchase Date and all references to Interest Periods in the Master PDS should be interpreted accordingly.
Loan Amount:	For each Series specified in this Term Sheet, the Loan Amount on the first day of quotation on the ASX is the amount listed as the "Loan Amount" in Table 2. The Loan Amount may vary during the Term, for example due to Corporate Actions, and it will increase by the Interest Amount on each Annual Interest Date. You can obtain the current Loan Amount for a Series by visiting www.ubs.com/investmentbuilders, www.asx.com.au or by contacting UBS on 1800 633 100.
Interest Amount and Interest Rate	The Interest Rate applicable to a Series specified in this Term Sheet is variable (including intraday). You can obtain the current applicable Interest Amount and Interest Rate for each Series by contacting UBS on 1800 633 100 or at www.ubs.com/investmentbuilders.
Adviser Group Fee:	You may agree to pay to your Approved Adviser Group and your Adviser an Adviser Group Fee (inclusive of GST if applicable) in connection with your Application for UBS Dividend Builders described in this Term Sheet. Please specify the amount of that Adviser Group Fee (if any) in Part J of your Application Form. The Adviser Group Fee may be charged as a fixed dollar amount of no more than $7,500 (inclusive of GST if applicable) per Application. If the Adviser Group Fee is to be charged as a percentage, it must be no more than 3.3% (inclusive of GST if applicable) of: a) the Purchase Price, if the Applicant is a Cash Applicant; or b) the amount that is the Underlying Parcel price at the time of issue of the UBS Dividend Builder minus the Loan Amount plus the Interest Amount prepaid at that time, if the Applicant is a Shareholder Applicant or Rollover Applicant. If you are a Retail Investor: - The Adviser Group Fee will be collected from you at the same time as the Purchase Price when you make a Cash Application. - If you make a Shareholder Application or Rollover Application then UBS will collect the Adviser Group Fee from you separately and will not deduct that amount from your Shareholder Cashback or include that amount in the calculation of your Rollover Surplus or Rollover Payment. If you are a Wholesale Investor: - The Adviser Group Fee will be collected from you at the same time as the

	Purchase Price when you make a Cash Application. - If you are not a superannuation fund trustee Applicant and you make a Shareholder Application or a Rollover Application then UBS will deduct the Adviser Group Fee from your Shareholder Cashback or include the fee amount when it calculates your Rollover Surplus / Rollover Payment (as applicable). - If you are a superannuation fund trustee Applicant and you make a Rollover Application then UBS will collect the Adviser Group Fee from you separately and will not include that amount in the calculation of your Rollover Surplus / Rollover Payment. Adviser Group Fees are not payable when you buy UBS Dividend Builders on ASX but your broker may charge you brokerage. Please refer to Part 9 of the Master PDS for more information on Fees.
Borrow Fee (applicable to Wholesale Investors only):	If you are a Wholesale Investor, UBS may charge a Borrow Fee in connection with processing your Application and providing the Loan. You can ascertain the applicable Borrow Fee by contacting your adviser or UBS. The Borrow Fee may be charged as a fixed dollar amount of no more than $7,500 (inclusive of GST if applicable) per Application, or as a percentage of no more than 3.3% (inclusive of GST if applicable) of the Loan Amount per UBS Dividend Builder. Please specify the Borrow Fee applicable to your Application in Part J of the Application Form. Any Borrow Fee will be paid in addition to the Purchase Price when you buy UBS Dividend Builders as a Cash Applicant. Any Borrow Fee will be deducted from your Shareholder Cashback or included in the calculation of your Rollover Surplus or Rollover Payment when you buy UBS Dividend Builders as a Shareholder Applicant or Rollover Applicant (respectively). A Borrow Fee is not payable when you buy UBS Dividend Builders on the ASX, but your broker may charge you brokerage. Please refer to Part 9 of the Master PDS for more information on Fees.
Other payments to advisers (Wholesale Investors only):	If you are a Wholesale Investor, UBS may, if permitted by law: - pay your Approved Adviser Group a GST inclusive upfront fee of up to $7,500 per Application or up to 3.3% of the Loan Amount per UBS Dividend Builder issued to you; and/or - pay your Approved Adviser Group a GST inclusive trail fee of up to 0.55% per annum of the Loan Amount per UBS Dividend Builder. Please contact your adviser if you have any questions regarding these fees.
ASX Consent	For each Series specified in this Term Sheet, ASX consent in relation to Parts 3.1, 4.2.11 and the VWAP definition in the Master PDS, shall only be obtained if such consent is required under the ASX Operating Rules.
Underlying Share Denomination:	Australian dollars
Initial maximum issue size:	10,000,000 UBS Dividend Builders per Series
Registrar:	Computershare Investor Services Pty Limited Level 3, 60 Carrington Street Sydney NSW 2000, Australia Phone: 1300 85 05 05 Website: www.computershare.com.au

Application has been made for the UBS Dividend Builders offered under this PDS to be admitted to trading status by ASX on the basis and on the conditions described in Table 1 above. UBS reserves the right to increase or decrease the issue size at any time during the offer period or to issue further UBS Dividend Builders without the consent of Holders, subject to making a further application to ASX.

There is no guarantee that the UBS Dividend Builders will be admitted to trading status. If a Series of UBS Dividend Builders is not admitted for trading status within 3 months of the date of this Term Sheet, then UBS will not issue any further UBS Dividend Builders in that Series under this PDS and any UBS Dividend Builders issued in that Series under this PDS will be void and any payments received by UBS from Applicants in respect of those UBS Dividend Builders will be returned (without interest) as soon as practicable to those Applicants.

TABLE 2

UBS Dividend Builder Series (ASX code)	Underlying Parcel*	Share Issuer (and ASX code for Share Issuer)	Loan Amount
VEAIS4	One Underlying Share	Viva Energy Group Limited ("VEA")	$1.25
VEAIS5	One Underlying Share	Viva Energy Group Limited ("VEA")	$2.50

* During the conditional trading period, the Underlying Parcel is the right to be allotted one Underlying Share.

Franking Credit Entitlement

The following comments should be read in conjunction with the Taxation summary in Part 8 of the Master PDS.

The net delta for each Series will change during the term of the UBS Dividend Builders, depending on market factors (primarily the price of the Underlying Parcel relative to the Loan Amount for that Series).

If the net delta is less than 0.3 when you acquire the UBS Dividend Builder then your interest in the Underlying Shares may not be "at risk" for the purposes of the "Qualified Persons Test". This is likely to impact your ability to claim an entitlement to any associated franking credits (if any) on the Underlying Shares. As UBS does not provide taxation advice, potential Investors and Holders should seek their own taxation advice in relation to the impact this may have on their own particular circumstances.

UBS

IMPORTANT INFORMATION

The information in this Term Sheet is general information only and does not take into account your investment objectives, financial situation or particular needs. Nothing in the Master PDS or this Term Sheet is a recommendation by UBS, UBS Securities or any other person in relation to the UBS Dividend Builders, any Underlying Shares, any Share Issuer or any other financial product.

You should reach an investment decision only after carefully considering, with your financial and taxation advisers, the suitability of the UBS Dividend Builders in light of your particular financial, legal and taxation circumstances, objectives and needs.

UBS does not accept any liability or responsibility for, and makes no representation or warranty, whether express or implied, as to the affairs of any Share Issuer included in this Term Sheet. You should obtain independent advice from a stockbroker or licensed financial adviser on the nature, activities and prospects of the Share Issuer and the merits of an investment in the Share Issuer or any Series of UBS Dividend Builders. You should not take the historical prices of any Security as an indication of future performance.

UBS disclosure of interests

UBS and its related bodies corporate may, in their absolute discretion, buy and sell Underlying Shares and UBS Dividend Builders, exchange traded options and other financial products relating to UBS Dividend Builders or Underlying Shares, either as principal or agent.

UBS and its related bodies corporate may also advise the issuers of Securities comprised in Underlying Parcels (for which it may receive fees and commissions) in relation to matters not related to the UBS Dividend Builders such as corporate advisory services, mergers and acquisitions, advisory and capital markets transactions.

DIRECTORY

Issuer

UBS AG, Australia Branch
Level 16, Chifley Tower
2 Chifley Square
Sydney NSW 2000

www.ubs.com/investmentbuilders

☎ 1800 633 100

Registrar

Computershare Investor Services Pty Limited
Level 3, Carrington Street
Sydney NSW 2000

☎1300 850 505

Security Trustee

UBS Nominees Pty Ltd
Level 16, Chifley Tower
2 Chifley Square
Sydney NSW 2000

UBS

Application Form for UBS Dividend Builders

THIS FORM IS TO BE USED IF YOU ARE MAKING A CASH APPLICATION, SHAREHOLDER APPLICATION OR ROLLOVER APPLICATION

ONLY PERSONS WITHIN AUSTRALIA MAY USE THIS APPLICATION FORM

Advisers - please affix stamp

Please send completed forms to:

UBS Dividend Builder Applications
UBS AG, Australia Branch
Level 16, Chifley Tower
2 Chifley Square, Sydney NSW 2000

The Master PDS and Term Sheet(s) for the relevant Series of UBS Dividend Builders that you are applying for contain important information about investing in UBS Dividend Builders which you are strongly advised to read before completing this Application Form. UBS AG Australia Branch (ASFL No. 231087) will send you paper copies of the Master PDS and the Term Sheet(s) to which this Application Form relates (each Master PDS and Term Sheet together, a "PDS") on request and without charge. Terms defined in each PDS have the same meaning in this Application Form.

Instructions for Part A

If you are an individual Applicant, please provide:

- full account name in section (1)
- full name, date of birth, residential address, occupation, nationality and source of wealth in section (2)

** Please also complete and return **Annexure 3** with your Application Form **

If you are a company Applicant, please provide:

- full account name in section (1)
- details of ALL directors in section (2)
- name of the company and ABN/ARBN (or ACN if there is no ABN) of the company in section (3)
- details of the beneficial owners of the company in section (5)

** Please also complete and return **Annexure 4** with your Application Form **

If you are a superannuation fund Applicant with an individual trustee / trustees, please provide:

- full account name in section (1)
- details of ALL individual trustee(s) in section (2)
- name of the superannuation fund and ABN of the superannuation fund in section (4)
- source of assets contributed into the superannuation fund in section (8)

** Please also complete and return **Annexure 4** with your Application Form **

If you are a superannuation fund Applicant with a corporate trustee, please provide:

- full account name in section (1)
- details of ALL directors of the corporate trustee in section (2)
- name of corporate trustee and ABN/ARBN (or ACN if there is no ABN) of the corporate trustee in section (3)
- name and ABN of the superannuation fund in section (4)
- details of the beneficial owners of the corporate trustee in section (5)
- source of assets contributed into the superannuation fund in section (8)

** Please also complete and return **Annexure 4** with your Application Form **

If you are a trust Applicant with an individual trustee / trustees, please provide:

- full account name in section (1)
- details of ALL individual trustee(s) in section (2)
- name of the trust in section (4)
- details of the trust beneficiaries of the trust in section (6)
- details of the contributors to trust assets in section (7)
- source of assets contributed into the trust in section (8)

** Please also complete and return **Annexure 4** with your Application Form **

UBS

Application Form for UBS Dividend Builders

If you are a trust Applicant with a corporate trustee, please provide:

- full account name in section (1)
- details of ALL directors of the corporate trustee in section (2)
- name of the corporate trustee and ABN/ARBN (or ACN if there is no ABN) of the corporate trustee in section (3)
- name of the trust in section (4)
- details of the beneficial owners of the corporate trustee in section (5)
- details of the trust beneficiaries in section (6)
- details of the contributors to trust assets in section (7)
- source of assets contributed into trust in section (8)

** Please also complete and return **Annexure 4** with your Application Form **

Applications lodged directly with UBS

Investors may apply for UBS Dividend Builders by submitting an Application Form to UBS directly (i.e. without applying through an approved financial adviser). However, UBS may not accept your Application if you do not have a broking account – see **Part J**).

If applying directly to UBS, investors must supply the client vetting information listed below with their Application Form. UBS will be unable to process Applications if investors do not supply the client vetting information as requested.

Client Vetting Information

UBS requires the following information for each investor category to satisfy its client vetting requirements. Please refer to the appropriate investor category when assessing an Application Form.

a) Private Individual Applicants

The following information is required with an Application Form if the investor is applying as a private individual:

(i) **Certified copy** of the individuals current driver's licence (clearly visible individual photo, visible expiry date and evidence of name and residential address provided in the Application Form); or

(ii) **Certified copy** of the individuals current passport (clearly visible individual photo and visible expiry date); and

(iii) **Original or certified copy** of a utility bill dated within the last 3 months, evidencing the name and residential address provided in the Application Form

b) Company Applicants or Corporate Trustee Applicants

The following information is required with an Application Form if the investor is applying as a company or a corporate trustee:

- For at least two directors (or one director if sole director company), all of the information requested for private individuals above; and
- In the event of a company acting in the capacity of trustee (e.g. for a superannuation fund), a **certified copy** of the trust deed.

c) Individual Trustee or Partnership Applicants

The following information is required with an Application Form if the investor is applying as an individual trustee or a partnership:

- **Certified copy** of trust deed, partnership agreement, or deed of formation
- The names of all trustees, partners, or equivalent officers
- For at least two trustees, partners or equivalent officers, all of the information requested for private individuals above.

Where a certified copy is to be provided, copies can be certified by any one of the persons provided under "Who can certify copies" below. Faxed copies will not be accepted.

In all cases, UBS reserves the right to request additional information for the purpose of determining the identity, beneficial ownership, or source of funds of an Applicant.

Who can certify copies?

1. A person who is enrolled on the roll of the Supreme Court of a State or Territory, or the High Court of Australia, as a legal practitioner (however described)

2. A judge of a court
3. A magistrate
4. A chief executive officer of a Commonwealth court
5. A registrar or deputy registrar of a court
6. A Justice of the Peace
7. A notary public (for the purposes of the Statutory Declaration Regulations 1993)
8. A police officer
9. An agent of the Australian Postal Corporation who is in charge of an office supplying postal services to the public
10. A permanent employee of the Australian Postal Corporation with 2 or more years of continuous service who is employed in an office supplying postal services to the public
11. An Australian consular officer or an Australian diplomatic officer (within the meaning of the Consular Fees Act 1955)
12. An officer with 2 or more continuous years of service with one or more financial institutions (for the purposes of the Statutory Declaration Regulations 1993)
13. A finance company officer with 2 or more continuous years of service with one or more finance companies (for the purposes of the Statutory Declaration Regulations 1993)
14. An officer with, or authorised representative of, a holder of an Australian financial services licence, having 2 or more continuous years of service with one or more licensees
15. A member of the Institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants with 2 or more years of continuous membership

The certification should declare that "the copy is a true copy of the seen original" or words to this effect and where relevant should confirm the likeness of the individual. Clients are unable to certify their own documentation, even where they fall into the above categories.

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Application Form for UBS Dividend Builders

By completing and returning this Application Form, I/we hereby apply for the following UBS Dividend Builders to be issued by UBS pursuant to the Master Product Disclosure Statement dated 17 October 2014 and each relevant Term Sheet specified in Part G applicable to a Series (each Master PDS and Term Sheet together a "PDS").

CLIENT REFERENCE NUMBER (if you have one—this number could have been issued with a previous application and noted in your confirmation. This is **not** the same as the Application Number which is used for a particular Application only):	

PART A—FULL DETAILS OF APPLICANT(S):

(1) Account Designation

Please specify the account name description that you would like to see (up to **28** characters)

Each Applicant (including each joint Applicant) must complete this Part A.

If there are:

- more than two joint individual or partner Applicants
- more than two directors for a company Applicant
- more than two individual trustees for a trust or superannuation fund Applicant
- more than two directors for the corporate trustee of a trust or superannuation fund Applicant; or
- more than one company, trust or superannuation fund Applicant (applying as joint Applicants).

then please tick this box, photocopy or print additional copies of this **Part A** and provide the relevant details requested for each of those additional persons or Applicants:

☐ **Yes, details of additional individuals, trustees, directors, partners or Applicants are attached**

(2) Applicant 1—Individual or Trustee or Director or Partner

First Name

Middle Name

Last Name

Date of Birth

Occupation *(if retired, please state occupation prior to retirement)*

TFN / ABN *

Nationality

Source of Wealth *(e.g. details of employment, employer & industry/profession (before retirement, if retired), investments or other sources – please specify)*

Residential Address (number and street, suburb, city or town, state, country and postcode—**Please note that a PO Box is not acceptable**)

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Application Form for UBS Dividend Builders

Applicant 2—Individual or Trustee or Director or Partner

First Name

Middle Name

Last Name

Date of Birth

Occupation *(if retired, please state occupation prior to retirement)*

TFN / ABN *

Nationality

Source of Wealth *(e.g. details of employment, employer & industry/profession (before retirement, if retired), investments or other sources – please specify)*

Residential Address (number and street, suburb, city or town, state, country and postcode—**Please note that a PO Box is not acceptable**)

* **Please note** you are not obliged to provide either your tax file number ("TFN") or Australian Business Number ("ABN") in this Application Form but if you do not provide either your TFN, ABN or proof of an exemption, UBS will be required to deduct tax at the highest marginal tax rate (plus Medicare levy). By inserting the ABN and signing this Application Form, you declare that this investment is made in the course or furtherance of your enterprise. In order for UBS to meet the ATO's requirements, collection of TFN information is authorised and its use and disclosure are strictly regulated by the tax laws and the Privacy Act.

(3) Company / Corporate Trustee / Partnership

Company / Partnership name (as registered by ASIC)

ABN / ARBN (or ACN if there is no ABN)

(4) Trust or Superannuation Fund

Trust or Superannuation Fund Name

ABN

(5) Details of all beneficial owners who own, through one or more share holdings, 25% or more of the issued capital in the Company or Corporate Trustee

Full Name of Beneficiary	Date of Birth	Full Residential Address

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Application Form for UBS Dividend Builders

(6) Details of all Trust beneficiaries (Not required for complying superannuation funds)

Full Name	Date of Birth	Full Residential Address

(7) Name of Trust Appointer/Protector (if applicable), name of Trust Settlor and details of all contributors to Trust assets (Not required for complying superannuation funds)

Full Name	Role (trust appointer, settlor, etc…)	Date of Birth	Country of Residence

* If you have not identified Trust Settlor above please tick the following box **if applicable**:

☐ I confirm that the sum settled by the Trust Settlor into the Trust is less than $10,000 and as a result Settlor details have not been provided above.

(8) Source of assets contributed into trust or superannuation fund

Please include a brief description of the source of assets contributed into the trust or superannuation fund

PART B—POSTAL ADDRESS

Number and Street (PO Box is acceptable for a postal address):

Suburb, City or Town:	State:	Postcode:

PART C—TELEPHONE DETAILS

Daytime Number (include area code)		Contact Name	

PART D—METHOD OF PAYMENT

☐ **Direct Debit**—ALL Applicants must complete, sign and return the Direct Debit Request Form in **Annexure 1**
(please contact UBS if you are not able to pay by direct debit)

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Application Form for UBS Dividend Builders

PART E—CHESS DETAILS (for delivery of UBS Dividend Builders)

Please provide details of where you want UBS to deliver the UBS Dividend Builders issued to you:

Broker:

PID: HIN:

Your UBS Dividend Builders will be delivered to an issuer sponsored account if no details are provided

PART F—BANK ACCOUNT DETAILS (for direct credit of funds to your account):

I/We request that payments due to me/us by UBS be deposited directly into the following account. I/We acknowledge that these instructions supersede and have priority over all previous instructions, but will only apply in respect of UBS Investment Builders or UBS Instalments held by me/us under the **same** Holder Identification Number (HIN) or Security Reference Number (SRN). Unless advised in writing otherwise, I/we acknowledge that all payments due to me/us will be paid into the nominated account.

Nominated account—please specify:

☐ Same account as specified in my Direct Debit Request Form in **Annexure 1**

OR

☐ The account below:

Bank/Financial Institution Name

BSB

Account Number

Account Name

Name of Branch/Suburb

PART G—APPLICATION DETAILS:

Term Sheet Number(s):

Refer to the Term Sheet applicable to the Series that you are applying for (or Term Sheets if more than one is applicable), available at www.ubs.com/investmentbuilders or by calling UBS on 1800 633 100

(1) What type of Applicant are you?

☐ **Cash Applicant**

☐ **Shareholder Applicant**
(note: superannuation funds cannot make a Shareholder Application)

☐ **Rollover Applicant**

(2) Refinancing a margin loan

If you are a Shareholder Applicant and you would like to direct UBS to apply your Shareholder Cashback to refinance one or more margin loans secured by the Underlying Shares then please provide the following details and the margin loan(s) specified below is/are referred to as your "Margin Loan":

Please note that facilitation of the repayment of your Margin Loan is at UBS' discretion and is not a condition for your Application. If UBS accepts your Application but it is not able to or it chooses not to facilitate the repayment of your Margin Loan (such as where the Shareholder Cashback is not sufficient to cover the outstanding liability under your Margin Loan) then UBS will pay the Shareholder Cashback to you following receipt of the Underlying Share, and it would be your responsibility to arrange for this transfer of Underlying Shares to UBS.

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Application Form for UBS Dividend Builders

You should **not** complete this **Part G(2)** unless you are certain that the Shareholder Cashback is sufficient to repay your margin loan liability relating to the Underlying Shares specified in (d) below.

(a) **My margin lender** is:

PID:

(b) **My client account / margin loan account number** is:

(c) **Contact details** of person(s) at my margin lender who is authorised to confirm the amount repayable under my Margin Loan in respect of the Underlying Shares for the UBS Dividend Builders that I am applying for, and who will facilitate the repayment of my Margin Loan and the delivery of Underlying Shares to UBS:

Name(s):

Tel:

Email:

(d) The **quantities of Underlying Shares** that I wish to refinance and the amounts repayable as at the date of this Application are as follows. I acknowledge that UBS will not facilitate the repayment of a margin loan if the aggregate margin loan liability stated below is less than **A$100,000**.

Underlying Share (ASX code) – this should correspond to the Underlying Shares for the UBS Dividend Builders you are applying for under Part H	**Quantity of Underlying Shares**	**Indicative Amount** (inclusive of accrued interest) to repay margin loan secured by the Underlying Shares**	
		Indicative Total amount payable**	Indicative Amount payable per Underlying Share**
		$	$
		$	$
		$	$
		$	$
		$	$
	TOTAL^^:		

** Since the actual amount payable to your margin lender is likely to vary over time, UBS will, or it will require you to, contact the margin lender to confirm the actual amount repayable on the date the Loan becomes available to you under the UBS Dividend Builders to secure the release of your Underlying Shares.

^^ You should ensure that the total Shareholder Cashback expected from your Application for UBS Dividend Builders is in excess of the total amount payable to secure the release of your Underlying Shares from the margin lender. If the total Shareholder Cashback is not sufficient to pay for your margin loan liability then your Application will be rejected by UBS.

UBS

Application Form for UBS Dividend Builders

☐ By signing **Part L** of this Application Form, I/we:

(i) authorise UBS to contact my/our margin lender specified above to arrange the repayment of my Margin Loan, using the Shareholder Cashback from this Application for UBS Dividend Builders if my/our Application is accepted;

(ii) direct my/our margin lender to deliver the Underlying Shares specified in the table above to UBS as UBS directs, once my/our Margin Loan is repaid in respect of those Underlying Shares;

(iii) acknowledge that UBS is not obliged to accept my/our Application for UBS Dividend Builders or to facilitate the repayment of my/our Margin Loan;

(iv) acknowledge that if the Shareholder Cashback is not sufficient to repay my/our Margin Loan in full, UBS may choose not to facilitate the repayment of my/our Margin Loan and it is my/our responsibility to determine the amount repayable to ensure there is no such shortfall; and

(v) acknowledge that the Shareholder Cashback from one Series of UBS Dividend Builders may be used to repay so much of my/our margin loan outstanding against Underlying Shares of another Series.

(3) Are you a Wholesale Investor?

☐ **Yes**—Please arrange for a valid certificate signed by a qualified accountant (for the purposes of the Corporations Act 2001 (Cth) that was issued not more than 2 years prior to the date of your Application confirming the details required under the Corporations Act 2001 (Cth) in order for you to qualify as a wholesale client (please refer to **Annexure 2** for a template of a wholesale client certificate acceptable by UBS) to be delivered to UBS with your Application Form, then proceed to complete the table below.

☐ **No**

(4) UBS Dividend Builders applied for

Have you called UBS to lock in the Purchase Price, Shareholder Cashback, Rollover Surplus or Rollover Payment (as applicable)?

☐ **No**—If you do not call UBS to lock in the Purchase Price, Shareholder Cashback, Rollover Surplus or Rollover Payment then UBS will calculate those amounts after it has accepted your Application. You should complete **Part H column (i)** if you are a Cash Applicant, or **Part H columns (i) and (iv)** if you are a Shareholder Applicant or Rollover Applicant.

☐ **Yes**—UBS will provide you with an Application Number when you lock in the Purchase Price, Shareholder Cashback, Rollover Surplus or Rollover Payment. Please insert that number in this box:

Application Number: ☐ .

Cash Applicants—please complete **Part H columns (i), (ii) and (iii)** with the amounts agreed with UBS.

Shareholder Applicants—please complete **Part H columns (i), (ii), (iii)** with the amounts agreed with UBS and put brackets around the Shareholder Cashback amount payable to you. Please provide holding details of Underlying Shares in **Part H column (iv)**.

Rollover Applicants—please complete **Part H columns (i), (ii), (iii)** with the amounts agreed with UBS and put brackets around any Rollover Cashback amount payable to you. No brackets are required for Rollover Surplus amounts payable by you. Please provide holding details of Eligible Instalments in **Part H column (iv)**.

Are Fees included in the numbers in Part H below? (please confirm with UBS when you call to lock in the Purchase Price, Shareholder Cashback, Rollover Surplus or Rollover Payment)

☐ **No**

☐ **Yes**—below amounts are inclusive of / net of (please tick one or both boxes as appropriate):

☐ % Adviser Group Fee (fixed dollar Adviser Group Fee should not be included in the amounts inserted in the table)

☐ % Borrow Fee (fixed dollar Borrow Fee should not be included in the amounts inserted in the table)

Applicable Fees will be calculated and collected as described in Part 9 of the Master PDS and **Part J** of this Application Form.

UBS

Application Form for UBS Dividend Builders

Part H–Series Details:

UBS Dividend Builder (ASX Code)	(i) Quantity applied for	(ii) Amount payable by you OR (Amount payable to you) excluding fixed dollar Adviser Group Fees and fixed dollar Borrow Fees (as applicable) per UBS Dividend Builder	(iii) Total payable by you OR (Total payable to you) excluding fixed dollar Adviser Group Fees and fixed dollar Borrow Fees (as applicable) Total per Series	(iv) ASX code, PID + HIN, or SRN of your Eligible Instalment (for Rollover Applicants) OR PID + HIN, or SRN of your Underlying Share (for Shareholder Applicants)
				PID:
		$	$	ASX code: HIN/SRN:
		$	$	ASX code: HIN/SRN:
		$	$	ASX code: HIN/SRN:
		$	$	ASX code: HIN/SRN:
		$	$	ASX code: HIN/SRN:
		$	$	ASX code: HIN/SRN:
		$	$	ASX code: HIN/SRN:
		$	$	ASX code: HIN/SRN:
		$	$	ASX code: HIN/SRN:
		$	$	ASX code: HIN/SRN:
		$	$	ASX code: HIN/SRN:
		$	$	ASX code: HIN/SRN:
		$	$	ASX code: HIN/SRN:
		$	$	ASX code: HIN/SRN:
		TOTAL:	$	

UBS

Application Form for UBS Dividend Builders

PART I—INVESTMENT OF SHAREHOLDER CASHBACK AND ROLLOVER SURPLUS:

If you are a Shareholder Applicant or a Rollover Applicant, your Shareholder Cashback or Rollover Surplus (as applicable) will be **automatically reinvested** in further UBS Dividend Builders **of the same Series**. If that is your preference and instruction then you do not need to complete this **Part I**.

If you do **not** wish to reinvest your Shareholder Cashback or Rollover Surplus in further UBS Dividend Builders of the same Series then please provide alternative instructions below:

☐ Pay as much of my Shareholder Cashback as is required to refinance the Margin Loan specified in **Part G(2)** and any surplus to my account specified in **Part F** (note: superannuation fund investors cannot make this election); **OR**

☐ Pay any Shareholder Cashback or Rollover Surplus to my account specified in **Part F** (note: superannuation fund investors cannot make this election); **OR**

☐ Reinvest my Shareholder Cashback or Rollover Surplus in the following Series of UBS Dividend Builders (with Term Sheet number(s) as specified in Part G), at the price determined by UBS when my Shareholder Cashback or Rollover Surplus is calculated:

Shareholder Cashback or Rollover Surplus quoted by UBS:	**$**

If you have not locked in a Shareholder Cashback or Rollover Surplus with UBS then UBS will determine those amounts when your Application is accepted. That amount will then be applied in accordance with below instructions.

I/we direct that my Shareholder Cashback or Rollover Surplus be invested in the following proportion in the following UBS Dividend Builders. I/we acknowledge that UBS will round the number of UBS Dividend Builders in each Series either up or down to a whole number of UBS Dividend Builders, with the objective of minimising the net cash surplus, and if the net cash surplus is less than $10 then UBS will be entitled to retain that amount, otherwise that excess cash will be credited to my/our account nominated in **Part F**:

ASX code of UBS Dividend Builders to be acquired using the Shareholder Cashback or Rollover Surplus	**% of Shareholder Cashback or Rollover Surplus to be applied to the purchase**
TOTAL (please ensure this adds up to 100%):	

UBS

Application Form for UBS Dividend Builders

Please note that your instruction above will not be acted on unless you make the business purpose declaration below. If you wish to make that declaration then please read the business purpose declaration below and sign the declaration.

Business Purpose Declaration—Loan ("credit")

UBS AG, Australia Branch ("credit provider") will make loans to you as a Holder of UBS Dividend Builders. The declaration below records your agreement that these loans are provided as part of the UBS Dividend Builders, which is an investment product.

I/we declare that the credit to be provided to me/us by UBS is to be applied wholly or predominantly for:

- business purposes; or
- investment purposes other than investment in residential property.

IMPORTANT

You should **only** sign this declaration if this loan is wholly or predominantly for:

- business purposes; and/or
- investment purposes other than investment in residential property.

By signing this declaration you may **lose** your protection under the National Credit Code.

X

First Applicant's Signature

X

Second Applicant's Signature (if applicable)

First Applicant's Name

Second Applicant's Name (if applicable)

DATED:

If there are additional Applicants then please print or photocopy this Business Purpose Declaration and arrange for each additional Applicant to sign this declaration and return it with the Application Form.

PART J—ADVISER DETAILS AND FEES

Are you applying for UBS Dividend Builders through a financial adviser who has given you financial product advice?

☐ **Yes, I have a financial adviser –** please provide answer to below and proceed to complete "Adviser Details and Agreement to pay Fees" (see sections 1 and 2 below) and note the acknowledgments that you have to provide in item (3) below

What type of advice have you received from your financial adviser?

☐ Personal Advice ☐ General Advice

☐ **No, I do not have a financial adviser –** please provide responses to the following questions:

Do you have a share broking account?

☐ **Yes**—my/our broker is

☐ **No** (please note UBS may not accept your Application if you do not have a share broking account)

UBS

Application Form for UBS Dividend Builders

Please provide the following confirmation:

☐ By signing **Part L** of this Application Form, I/we declare that:

(i) I/We understand that UBS Dividend Builders are "Warrants" under the ASX Operating Rules and I/we have received and read a copy of the explanatory booklet issued by the ASX in respect of Warrants (available at http://www.asx.com.au/documents/products/WarrantsWeb.pdf).

(ii) I/We understand that neither Australian Options Market nor Options Clearing House Pty Limited have any involvement whatsoever with Warrants.

(iii) I/We am/are aware that a Warrant has a limited life and cannot be traded after its expiry date.

(iv) I/We am/are aware that Warrants do not have standardised "Terms of Issue" (as defined in the ASIC Market Integrity Rules) and acknowledge that it is my responsibility to become aware of the Terms of Issue of any Warrant in which I choose to invest.

(v) I/we am/are aware that Warrants may be subject to adjustments after their initial issue. I acknowledge that it is my responsibility to become aware of any adjustments which may have been made to any Warrant in which I choose to invest.

(vi) I/We am/are aware that admission to trading status of a Warrant does not imply that the ASX or the Securities Exchanges Guarantee Corporation Limited gives any guarantee or warranty as to the viability of the "Warrant-Issuer" or "Guarantor" (as defined in the ASX Operating Rules).

(vii) I/We acknowledge that failure of the Warrant-Issuer or the Guarantor (if applicable) to fulfil their obligations does not give rise to a claim against the ASX, handling "Market Participants" (as defined in the ASX Operating Rules) or the Securities Exchanges Guarantee Corporation Limited.

Adviser Details and Agreement to pay Fees

By signing this section of this Application Form, I/we specify the following to be my Approved Adviser Group and the following person to be my Adviser referred to in the fee arrangements below in this **Part J**:

Name of Approved Adviser Group (AFSL holder for which Adviser (if applicable) acts as a representative):

Full name of Adviser (if applicable):

Address Details—Number and Street

Suburb, City or Town | **State** | **Postcode**

UBS

Application Form for UBS Dividend Builders

For information relating to Fees, please refer to Part 9 of the Master PDS and each Term Sheet for the Series that you are applying for.

1. Borrow Fee (applicable to Wholesale Investors only)

Please do not fill in this section unless you are a **Wholesale Investor**.

You can confirm the Borrow Fee payable in relation to your Application by contacting your Adviser or UBS.

By completing and signing this section of this Application Form, I/we confirm the following:

(a) I/we have read and understood each Term Sheet for each Series of UBS Dividend Builders that I/we are applying for under this Application Form and am/are aware of the maximum Borrow Fee rate or amount payable in relation to my Application;

(b) I/we consent to pay the amount specified below as a Borrow Fee and I/we direct UBS to collect that amount from me/us in addition to the Purchase Price; and

(c) along with this Application Form, I/we will provide to UBS a valid certificate signed by a qualified accountant (for the purposes of the Corporations Act 2001 (Cth) that was issued not more than 2 years prior to the date of my Application confirming the details required under the Corporations Act 2001 (Cth) in order to qualify as a wholesale client (please refer to **Annexure 2** for a template of a wholesale client certificate acceptable by UBS).

Borrow Fee (as a **%** of the Loan Amount on your Purchase Date): **%**

Note: This percentage includes GST and cannot exceed the maximum rate specified (if any) in the relevant Term Sheet

OR

Borrow Fee (**fixed $** amount): **$**

Note: This amount includes GST and cannot exceed the maximum amount specified (if any) in the relevant Term Sheet

UBS

Application Form for UBS Dividend Builders

2. Adviser Group Fee—please specify the amount that you wish to pay:

Adviser Group Fee:

By completing and signing this section of this Application Form, I/we:

(a) consent to pay either the amount specified in item (b)(i) or the amount calculated under item (b)(ii) as an Adviser Group Fee and I/we direct UBS to collect that amount from me/us in addition to the Purchase Price, and I/we consent and direct UBS to pay that amount to my/our Approved Adviser Group specified above on my/our behalf;

(b) acknowledge that the Adviser Group Fee amount is either:

(i) a **fixed dollar Adviser Group Fee**—for this Application, the fixed dollar amount specified below:

☐ **$0** (no fee) **or** Fixed fee of: **$** _____

Note: These fees are inclusive of GST and cannot exceed the maximum rate specified (if any) in the relevant Term Sheet.

OR

(ii) a **% Adviser Group Fee**—the amount calculated as follows for each UBS Dividend Builder issued, noting that the percentage specified cannot exceed the maximum Adviser Group Fee percentage (if applicable) specified in the relevant Term Sheet:

(for a Cash Applicant):

_____ **%** x Purchase Price

(for a Shareholder Applicant or Rollover Applicant):

_____ **%** x (Underlying Parcel price at the time the UBS Dividend Builder is issued minus the Loan Amount plus the Interest Amount prepaid at that time)

Note: These fees are inclusive of GST

(c) represent that I/we have not agreed an Adviser Group Fee with my/our Adviser that is calculated based on the Loan Amount of the UBS Dividend Builders that I/we have applied for; and

(d) acknowledge that where applicable, the Approved Adviser Group will hold the Adviser Group Fee on trust and pay to my/our Adviser all or part of that amount as disclosed to me/us by my/our Adviser in the statement of advice or financial services guide relevant to the financial services they provide to me/us in respect of the UBS Dividend Builders or as otherwise disclosed to me/us by my/our Adviser.

3. Acknowledgment of fees payable by UBS to your Approved Adviser Group or Adviser

☐ By signing **below**, I/we acknowledge that:

(a) to the extent permitted by law, UBS may make certain payments (or provide certain benefits) to my Approved Adviser Group named in this **Part J** out of its own funds, and such amounts can be fixed or variable amounts which may be paid upfront or as trail fees if I am a Wholesale Investor; and

UBS

Application Form for UBS Dividend Builders

(b) I/we have read and understood each Term Sheet for the Series of UBS Dividend Builders that I/we are applying for under this Application Form and am/are aware of the maximum amounts or percentages of any upfront fee and trail fee and I/we understand how they will be calculated for that Series; and

(c) I/we have or may (at my/our discretion) contact my/our Adviser to ascertain the fee amount or fee rate payable by UBS to my Approved Adviser Group.

If there are additional Applicants then please print or photocopy this signature block and arrange for each additional Applicant to sign this acknowledgement and return it with the Application Form.

Individual Applicant or Joint Applicants or Individual Trustee(s)

X	X
First Applicant's Signature	Second Applicant's Signature (if applicable)
First Applicant's Name	Second Applicant's Name (if applicable)

Company Applicant or Corporate Trustee

Name of Company/Corporate Trustee (as registered by ASIC):
(This form is executed by the Company in accordance with the Corporations Act)

X	X
Director Signature	Director/Secretary Signature
Director Name	Director/Secretary Name

Adviser Acknowledgments and Adviser RCTI Agreement

(a) By affixing their Adviser Stamp to this Application Form, the Approved Adviser Group and Adviser named in this **Part J** provide the following acknowledgments and representations:

i) I acknowledge that I am either an Australian financial services licensee or an authorised representative of an Australian financial services licensee and that, in relation to this Application, I have only provided financial services that are within the scope of the Australian Financial Services Licence applicable to me;

ii) I acknowledge that I have complied with the relevant disclosure requirements, including all relevant requirements in relation to the disclosure of fees, and any requirement to provide Product Disclosure Statements, Financial Services Guides, Statements of Advice or any other disclosures required by the Corporations Act;

iii) I represent that I have obtained clear consent from the Applicant to be paid the Adviser Group Fee and the Adviser Group Fee that I have agreed with the Applicant (as specified in **Part J**) was **not** calculated based on the Loan Amount of the UBS Dividend Builder;

iv) I represent that in compliance with the provisions of the AML/CTF Act and Rules, I have taken the steps required to identify and verify the Applicant's identity (including the directors, beneficial owners and trustees listed in the Application Form) by checking and verifying the identity, nationality, residential address and signature of the Applicant, and any other relevant details, in compliance with the AML/CTF Act and Rules and any Distribution Agreement entered into for purposes of compliance with the AML/CTF Act and Rules; and

v) I represent that I have taken adequate steps to assist in the prevention of money laundering activities which steps may include, without limitation, identifying the Applicant's source of wealth and monitoring of any unusual transactions.

(b) **Adviser RCTI Agreement**—this section relates to supplies made by an Adviser (acting on behalf of the entity ("Supplier") that holds the requisite Australian Financial Services Licence) to UBS in consideration of a placement fee trail fee, or other similar fee ("Adviser Fees"). By completing the details in **Part J** and affixing its stamp to this Application Form, and in consideration of the Adviser Fees, the Adviser:

i) represents and warrants that it is authorised to enter into this agreement on the Supplier's behalf;

ii) represents and warrants that the Supplier is registered for ABN and GST purposes and that it will promptly notify UBS if it ceases to be so registered; and

iii) agrees that UBS may, and will issue to the Supplier, self-generated tax invoices (called "Recipient Created Tax Invoices" or "RCTIs") in respect of the supplies that the Supplier has made (or will make) to UBS; and

iv) agrees that the Supplier will not issue tax invoices for those same supplies, except where first agreed in writing with UBS.

UBS declares that it is registered for GST purposes and that it will promptly notify the Adviser if it ceases to be so registered or if it ceases to be entitled to issue RCTIs.

PART K— DECLARATIONS AND ACKNOWLEDGMENTS

General Declarations made by all Applicants when they sign Part L of this Application Form

1. BY THIS POWER OF ATTORNEY, I/we for valuable consideration irrevocably appoint UBS Nominees Pty Limited (AFSL No. 231088) or its nominee as my nominee on the terms of the Nominee Deed in respect of any Securities to which this Application relates.

2. BY THIS POWER OF ATTORNEY, I/we for valuable consideration irrevocably appoint UBS, or any employee of UBS whose title includes the word "director", severally as my/our attorney to do:

   (a) everything necessary or expedient to bind me/us to the Loan Agreement substantially in the form set out in Part 12 of the Master PDS, complete any blanks in the Loan Agreement and date and execute the Loan Agreement on my/our behalf;

   (b) anything which I/we must do under or in relation to the Loan Agreement or any other agreement or arrangement between me/us and UBS relating to the Loan; and

   (c) anything incidental or necessary in relation to the above (including, but not limited to, completing any blanks in this Application Form and appointing any person as sub-attorney to do any of the above).

3. I/We indemnify the attorney against all claims, losses, damages and expenses suffered or incurred as a result of anything done under this power of attorney.

4. I/We have read and understood, and agree to accept the UBS Dividend Builders on the conditions set out in the Master PDS and each relevant Term Sheet for the Series applied for under this Application Form. In particular, I/we:

   (a) acknowledge that I/we am/are aware of the restrictions in respect of ownership that apply to the Securities and we have read, in particular, Part 3.7.2 of the Master PDS;

(b) represent that if the relevant Underlying Parcel(s) is/are delivered to me/us those restrictions on ownership will not be breached;

(c) acknowledge that if by reason of the restrictions on ownership applicable in respect of the Securities:

(i) UBS or the Security Trustee is prevented from delivering the relevant Underlying Parcel(s) to me/us;

(ii) I/we am/are prevented from taking delivery of the relevant Underlying Parcel(s); or

(iii) I/we am/are required to divest any or all of the Underlying Parcel(s);

UBS will not be required to make any payment to me/us in substitution for the Underlying Parcel(s) and will not otherwise be liable to me/us for damages or otherwise;

(d) acknowledge that I/we received a complete copy/print-out of the Master PDS and each relevant Term Sheet for the UBS Dividend Builders applied for under this Application Form before I/we completed and signed **Part L** of this Application Form;

(e) agree to be bound by the Instalment Deed, and as the borrower by the Loan Agreement on the terms set out in Part 12 of the Master PDS, and as the beneficiary by the Nominee Deed;

(f) acknowledge that neither UBS nor any of its related entities have provided any tax advice or otherwise made any representations regarding the tax consequences of an application for or an investment in UBS Dividend Builders;

(g) agree to receive financial services guides and supplementary financial services guides from UBS or its related entities (including UBS Securities and the Security Trustee) by having them made available via www.ubs.com/investmentbuilders or such other internet website notified to me/us and represent and warrant that I/we have received in printable form and read and understood the Financial Services Guides of UBS Securities and the Security Trustee prior to signing this Application Form;

(h) acknowledge that to the extent I/we deem appropriate, I/we have or will obtain my/our own financial and taxation advice from an independent professional adviser;

(i) waive and agree not to assert any claim against UBS or any of its related entities with respect to the tax aspects of this investment in UBS Dividend Builders; and

(j) acknowledge that (i) UBS Dividend Builders are not deposits with UBS and are subject to investment risk, including possible delays in repayment and loss of principal invested; and (ii) none of UBS, or any other UBS Entity guarantees any particular return or the performance of the UBS Dividend Builders.

5. Where bank account details have not been provided to enable direct credit of funds to my/our account, I/we acknowledge that I/we will receive all cash payments due to me by cheque. I/we acknowledge that UBS may impose a charge reflecting the cost of processing cheque payments, provided UBS gives prior notice to me/us of its intention to impose such a charge. Neither UBS nor the Registry will be responsible for any delays in crediting funds to my/our nominated account as a result of transaction procedures or errors by any financial institution.

Shareholder Applicant and Rollover Applicant Declarations

If I am/we are a Shareholder Applicant or Rollover Applicant, by completing the Applicant Form and signing in **Part L**, I/we further acknowledge, represent, warrant and undertake as follows:

1. BY THIS POWER OF ATTORNEY, I/we for valuable consideration irrevocably appoint UBS Nominees Pty Limited (AFSL No. 231088) or its nominee as my nominee on the terms of the Nominee Deed in respect of any Eligible Instalments ("My Instalments") or Securities the subject of my Eligible Instalments or Securities held by me/us ("My Securities") to which this Application relates;

2. I/we authorise and direct the Security Trustee to do all things necessary for it or its nominee to become the registered holder of My Instalments or My Securities (as applicable), and do anything incidental or necessary to pay the Final Instalment for My Instalments and/or take delivery of My Securities;

3. BY THIS POWER OF ATTORNEY, I/we for valuable consideration irrevocably appoint UBS, or any employee of UBS whose title includes the word "director", severally as my/our attorney to do where the Final Instalment for my Eligible Instalments becomes payable on the giving of a notice or the exercise of a right or anything to be done by the Rollover Applicant, give such notice or exercise such right or do such thing;

4. I/We direct UBS Securities to do anything necessary to effect the transfer to the Security Trustee of My Instalments and My Securities (as applicable), including, but not limited to, completing and providing any Loan Repayment Notice (or similar document) in respect of my Eligible Instalments;

5. I/We represent and warrant that: I am/we are the sole legal and beneficial owner(s) of My Instalments and that I/we will not transfer any of My Instalments other than to the Security Trustee in accordance with each PDS; I/we will not transfer My Securities other than to the Security Trustee in accordance with each PDS; I/we am/are the beneficial owner of My Securities and if applicable, am/are entitled to become the legal owner of My Securities upon payment of the Final Instalment; My Instalments or My Securities (as applicable) are free from any Encumbrances and I/we am/are able to pay my/our debts as and when they become due and that no step has been taken to make me/us bankrupt or commence winding up proceedings, appoint a controller or administrator, seize or take possession of any of my/our assets to make an arrangement, compromise or composition with any of my/our creditors.

Privacy

The Personal Information (as defined in the Privacy Act 1998 (Cth)) we ask you to supply in this Application Form (other than your address, date of birth and information required by AML legislation) is not required by law but we may not be able to accept your application if the information is not supplied. The Personal Information collected from you will be used, held or disclosed for the purposes set out below, or for a purpose related to one of the purposes set out below that you would reasonably expect, or where required or permitted by law. You may have rights to access and correct your Personal Information, and in some circumstances make complaints regarding the use, holding or disclosure of your Personal information by UBS. The privacy policy of UBS contains information regarding the exercise of such rights.

1. I/We acknowledge that the Personal Information about me/us provided to UBS in this Application Form may be used for any of the following purposes:
   - to assess whether to accept my/our Application;
   - to prepare any documentation relevant to, and to maintain, my/our investment in the UBS Dividend Builders;
   - to effect investments in the UBS Dividend Builders in my/our name(s);
   - to communicate with me/us in relation to the UBS Dividend Builders;
   - to comply with legislative or regulatory requirements;
   - to perform the UBS' administrative operations; and
   - for any other purpose identified in the Privacy Statement in Part 11.8 of the Master PDS.
2. I/We agree and consent to UBS:
   - giving Personal Information about me/us to:
     a) UBS' agents, contractors and external advisers;
     b) regulatory bodies, government agencies, law enforcement bodies and courts; and
     c) the entities in which investments are made and/or to any agents or contractors, for the purpose of administering my/our investment or administering or enforcing a loan guarantee (if applicable);

- collecting Personal Information about me/us from, and giving it to, my/our executor, administrator, trustee, guardian or attorney and my/our agents and representatives (including my finance broker, legal and financial adviser); and
- providing my/our ABN to UBS and its related entities,

even if the disclosure of my/our Personal Information is to an organisation overseas, including any jurisdiction set out in the Privacy Statement of the relevant PDS , regardless of whether or not such entity is subject to privacy obligations equivalent to those which apply to UBS.

3) I/We represent and warrant that, if at any time I/we supply UBS with Personal Information about another individual, I/we have obtained, or will at the relevant time will have obtained, the consent of such individual to the collection, use, holding or disclosure of their information in accordance with, and for any the purposes, stated in the Privacy Statement in of the relevant PDS and this Privacy Consent, and have made such individual aware of the information set out in such Privacy Statement.

AML/CTF Act and Rules

The Issuer aims to prevent, detect and not knowingly facilitate money laundering and terrorism financing. The Issuer does this to comply with the AML/CTF Act and Rules. To meet its regulatory and compliance obligations under the AML/CTF Act, its contractual obligations and its internal due diligence requirements, the Issuer will be implementing a number of measures and controls including carefully identifying, verifying and monitoring its investors and, where required by law, reporting any suspicious matters to the regulator, AUSTRAC.

1. I/we acknowledge:

   (a) the Issuer and its Affiliates' right to collect and identify information and to verify documents under the AML/CTF Act and Rules;

   (b) the Issuer and its Affiliates' right not to provide a designated service in certain circumstances;

   (c) that the Issuer may refuse or reject our Application if we fail to provide any required information to the Issuer or any other person;

   (d) that it is an offence under the AML/CTF Act to provide false or misleading information to the Issuer;

   (e) that transactions may be delayed, blocked, frozen or refused where reasonable grounds are established that the transaction breaches Australian law or sanctions, or the law or sanctions of any other country;

   (f) that where transactions are delayed, blocked, frozen or refused, the Issuer and its Affiliates' are not liable for any loss I/we suffer (including consequential loss) as a result of their compliance with the AML/CTF Act as it applies to the product;

   (g) from time to time during the term of my/our investment, I/we may be required to provide additional information to assist the Issuer and its Affiliates in the above process;

   (h) the Issuer and its Affiliates have reporting obligations in relation to the AML/CTF regulatory regime and must report certain matters to AUSTRAC;

   (i) that the tipping off prohibition requirements under the AML/CTF regulatory regime may prevent the Issuer and its Affiliates from informing me/us that any such reporting has taken place; and

   (j) that the Issuer and its Affiliates may have other legal obligations to disclose the information gathered about me/us to regulatory and/or law enforcement agencies, including AUSTRAC and to other bodies, including a related company that forms part of UBS' Designated Business Group (if any), if required by law.

UBS

Application Form for UBS Dividend Builders

PART L—SIGNATURE

ONLY PERSONS WITHIN AUSTRALIA MAY APPLY FOR UBS DIVIDEND BUILDERS.

DATED:

If there are additional Applicants then please print or photocopy this Part L and arrange for each additional Applicant to sign this Part L and return it with the Application Form.

SIGNED, SEALED AND DELIVERED by:

Individual Applicant or Joint Applicants or Individual Trustee(s)

X

First Applicant's Signature

X

Second Applicant's Signature (if applicable)

First Applicant's Name

Second Applicant's Name (if applicable)

Company Applicant or Corporate Trustee

Name of Company/Corporate Trustee (as registered by ASIC):
(This form is executed by the Company in accordance with the Corporations Act)

X

Director Signature

X

Director/Secretary Signature

Director Name

Director/Secretary Name

UBS

Annexure 1

Direct Debit Request Form

Request and Authority to debit the account named below to pay UBS AG, Australia Branch

Request and Authority to debit	*Surname/company name:*	
	Given names/ACN/ABN:	
	("YOU")	
	request and authorise UBS Securities Australia Ltd (User ID numbers 181244 or 400899) to arrange, through its own financial institution, for any amount UBS AG, Australia Branch or UBS Securities Australia Ltd may debit or charge you to be debited through the Bulk Electronic Clearing System from an account held at the financial institution identified below and paid to UBS Securities Australia Ltd, subject to the terms and conditions of the Direct Debit Request Service Agreement.	
Insert the name and address of financial institution at which account is held	Financial institution name:	
	Address:	
Insert details of account to be debited	*Name of account:*	
	BSB Number:	–
	Account number:	
Acknowledgment	By signing this Direct Debit Request you acknowledge having read and understood the terms and conditions governing the debit arrangements between you and UBS Securities Australia Ltd as set out in this Request and in your Direct Debit Request Service Agreement.	
Insert your signature and address	*Signature 1:*	X
	Signature 2:	X
	• If you have a joint account both signatures are required. • If signing for a company, sign and print full name and capacity for signing (e.g. Director).	
	Address:	
	Date:	

UBS

Annexure 1

Direct Debit Request Service Agreement

Definitions:

"Account" means the account held at Your Financial Institution from which We are authorised to arrange for funds to be debited.

"Agreement" means this Direct Debit Request Service Agreement between You and Us.

"Banking Day" means a day other than a Saturday or a Sunday or a public holiday listed throughout Australia.

"Debit Day" means the day that payment by You to Us is due.

"Debit Payment" means a particular transaction where a debit is made.

"Direct Debit Request" means the Direct Debit Request between Us and You.

"Us" or "We" means UBS AG, Australia Branch, the Debit User You have authorised by signing a Direct Debit Request.

"You" means the customer who signed the Direct Debit Request.

"Your Financial Institution" is the financial institution where You hold the Account that You have authorised Us to arrange to debit.

1. Debiting Your account

1.1 By signing a Direct Debit Request, You have authorised Us to arrange for funds to be debited from Your Account. You should refer to the Direct Debit Request and this Agreement for the terms of the arrangement between Us and You.

1.2 We will only arrange for funds to be debited from Your Account as authorised in the Direct Debit Request.

1.3 If the Debit Day falls on a day that is not a Banking Day, We may direct Your financial institution to debit Your Account on the following Banking Day. If You are unsure about which day Your Account has or will be debited You should ask Your financial institution.

2. Changes by Us

We may vary any details of this Agreement or a Direct Debit Request at any time by giving You at least fourteen (14) days' written notice.

3. Changes by You

3.1 Subject to 3.2 and 3.3, You may change the arrangements under a Direct Debit Request by contacting Us on 1800 633 100.

3.2 If You wish to stop or defer a Debit Payment You must notify Us in writing at least fourteen (14) days before the next Debit Day. This notice should be given to Us in the first instance.

3.3 You may also cancel Your authority for Us to debit Your Account at any time by giving Us fourteen (14) days' notice in writing before the next Debit Day. This notice should be given to Us in the first instance at the following address:

UBS Investment Builders
Equity Operations
GPO Box 4151
Sydney NSW 2001

4. Your obligations

4.1 It is Your responsibility to ensure that there are sufficient clear funds available in Your Account to allow a Debit Payment to be made in accordance with the Direct Debit Request.

4.2 If there are insufficient clear funds in Your Account to meet a Debit Payment:

(a) You may be charged a fee and/or interest by Your financial institution;

(b) You may also incur fees or charges imposed or incurred by Us; and

(c) You must arrange for the Debit Payment to be made by another method or arrange for sufficient clear funds to be in Your Account by an agreed time so that We can process the Debit Payment.

Annexure 1

4.3 You should check Your Account statement to verify that the amounts debited from Your Account are correct.

4.4 Unless indicated otherwise, any fees and charges payable on a supply made under or in connection with this agreement are exclusive of any goods and services tax ("GST").

4.5 If UBS AG, Australia Branch is liable to pay GST on a supply made in connection with this Agreement, then You agree to pay UBS AG, Australia Branch on demand an additional amount equal to that GST.

5. Dispute

5.1 If You believe that there has been an error in debiting Your Account, You should notify Us directly on 1800 633 100 and confirm that notice in writing with Us as soon as possible so that We can resolve Your query more quickly.

5.2 If We conclude as a result of our investigations that Your Account has been incorrectly debited We will respond to Your query by arranging for Your financial institution to adjust Your Account (including interest and charges) accordingly. We will also notify You in writing of the amount by which Your Account has been adjusted.

5.3 If We conclude as a result of our investigations that Your Account has not been incorrectly debited We will respond to Your query by providing You with reasons and any evidence for this finding.

5.4 Any queries You may have about an error made in debiting Your Account should be directed to Us in the first instance so that We can attempt to resolve the matter between Us and You. If We cannot resolve the matter You can still refer it to Your financial institution which will obtain details from You of the disputed transaction and may lodge a claim on Your behalf.

6. Accounts

You should check:

(a) with Your financial institution whether direct debiting is available from Your Account as direct debiting is not available on all Accounts offered by financial institutions;

(b) Your Account details which You have provided to Us are correct by checking them against a recent Account statement; and

(c) with Your financial institution before completing the Direct Debit Request if You have any queries about how to complete the Direct Debit Request.

7. Confidentiality

7.1 We will keep any information (including Your Account details) in Your Direct Debit Request confidential. We will make reasonable efforts to keep any such information that We have about You secure and to ensure that any of our employees or agents who have access to information about You do not make any unauthorised Use, modification, reproduction or disclosure of that information.

7.2 We will only disclose information that We have about You:

(a) to the extent specifically required by law;

(b) for the purposes of this Agreement (including disclosing information in connection with any query or claim); or

(c) as otherwise agreed with you.

8. Notice

8.1 If You wish to notify Us in writing about anything relating to this Agreement, You should write to Us at the following address:

UBS Investment Builders
Equity Derivative Operations
GPO Box 4151
Sydney NSW 2001

8.2 We will notify You by sending a notice in the ordinary post to the address You have given Us in the Direct Debit Request.

8.3 Any notice will be deemed to have been received on the third Banking Day after posting.

UBS

Annexure 2

Wholesale Client Certificate

Issued under Chapters 6D and 7 of the Corporations Act 2001 (Cth)

Dear UBS,

(a) Individual/Company

I certify that: _____
Print Full Legal Name of Person (Individual or Company)

- has net assets[1] of at least A$2.5million (or A$10million for a super fund Applicant); or
- a gross income[2] for each of the last 2 financial years of at least A$250,000 per year.

(b) Controlled companies and/or trusts

It is also confirmed for the purposes of the Corporations Act the above named person controls[3] the following companies and trusts:

Print Full Name of Company/Trust	**ABN/ACN/ARBN (if any)**

I confirm that I am a member of one or more of the following professional bodies (tick appropriate box):

☐ CPA Australia ("CPA" or "FCPA") or

☐ Institute of Chartered Accountants in Australia ("CA", "ACA" or "FCA"); or

☐ Other foreign eligible professional body for the purposes of the Corporations Act[4]

(please specify if other) _____, and I have at least 3 years practical experience as an accountant or auditor and I am giving this certificate in respect of a resident of my country of qualification, not being Australia

- I am subject to and in compliance with that professional body's continuing education requirements
- I am aware that UBS AG and any subsidiary of UBS AG may rely on this certificate for such period of time as is permitted by the Corporations Act.
- I confirm that I am independent of the above-named person and/or entities.

(c) Signature

X

_____ _____
Signature of Accountant Date (DD/MM/YYYY)

_____ _____
Name of Accountant Name of Accounting Firm

_____
Business Address of Accountant

Guidance Notes for completing the Wholesale Client Certificate

[1] In determining the net assets of the person, the net assets of a company or trust controlled by the person may be included in the calculations.

[2] In determining the gross income of the person, the gross income of a company or trust controlled by the person may be included in the calculations.

[3] Refer section 708(8)(d) and section 761G(7). For this purpose "control" has the meaning given to it in section 50AA of the Corporations Act 2001 and, in general, means having the capacity to determine the outcome of decisions about the relevant company's or trust's financial and operating policies.

[4] A list of approved foreign eligible professional bodies is available at: http://www.asic.gov.au/asic/asic.nsf/byheadline/Certificates+issued+by+a+qualified+accountant?openDocument

UBS

Annexures 3 & 4

AEI-FATCA Individual & Entity Self-Certification

UBS is required by law to collect AEI-FATCA self-certification statements from all new Applicants during the account opening process. New accounts will not be opened until a valid self-certification is completed and provided to UBS. These forms, one for entity applicants and one for individual applicants, are available on the UBS KeyInvest website. The website includes guidance notes and other material explaining AEI-FATCA. Please refer to the following URL:

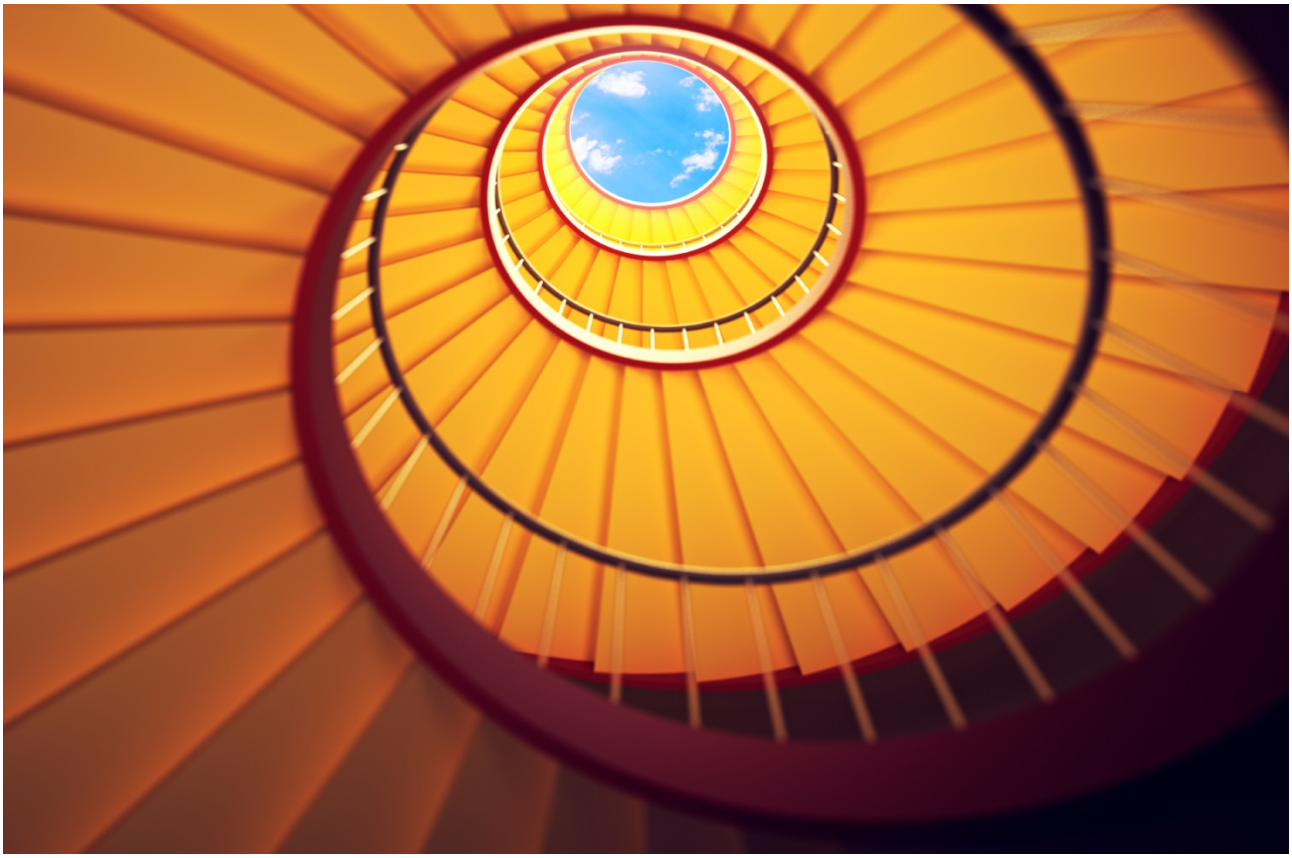
http://investments-au.ubs.com/resources/forms

Alternatively contact UBS on 1800 633 100 to obtain a copy of the current AEI-FATCA self-certification forms.

UBS

UBS Dividend Builders

Master Product Disclosure Statement



Issued by UBS AG, Australia Branch ABN 47 088 129 613, AFSL 231087

Master Product Disclosure Statement Dated 17 October 2014

Important notice

Product Disclosure Statement

This Master Product Disclosure Statement dated 17 October 2014 ("Master PDS") sets out the general terms that apply to each series of UBS Dividend Builders issued by UBS AG, Australia Branch (ABN 47 088 129 613) (AFSL No. 231087). Certain capitalised terms used in this Master PDS are as defined in the Glossary. Terms that are specific to each Series e.g. Underlying Shares, Loan Amount, Annual Interest Dates and Final Maturity Date, as well as terms which supplement or amend this Master PDS or which were not known as at the date of this Master PDS, are set out in the Term Sheet for the relevant Series. For each Series, this Master PDS and the Term Sheet applicable to the Series together make up the Product Disclosure Statement ("PDS") for the relevant Series and the two documents should be read together before making an investment decision in relation to a series of UBS Dividend Builders. Please contact UBS on 1800 633 100 if a Term Sheet does not accompany this Master PDS. This Master PDS and Term Sheets for UBS Dividend Builders are also available on our website at www.ubs.com/investmentbuilders. The PDS is not required to be lodged and will not be lodged with ASIC. ASIC takes no responsibility for the content of the PDS or for the UBS Dividend Builders.

Classification

The UBS Dividend Builders are classified as 'securities' within the meaning of section 761A of the Corporations Act where the Underlying Parcels includes shares, shares in a body, or legal or equitable interests in shares or shares in a body, or, where the Underlying Parcels are or include interests in a registered managed investment scheme (e.g. property trust units), as 'managed investment products' within the meaning of section 761A of the Corporations Act. They are also classified as 'warrants' within the meaning of Schedule 10 to the ASX Operating Rules if they are admitted to trading status on the ASX.

Buying and Selling UBS Dividend Builders

UBS Dividend Builders can be purchased on the ASX via your full service or online broker. Alternatively, applications for UBS Dividend Builders can be made using the Application Forms attached to the Term Sheet. The offer period for each Series of UBS Dividend Builders will be specified in the Term Sheet.

Your Decision to Invest

The information in this Master PDS is general information only and does not take into account your own investment objectives, financial situation or particular needs. Accordingly, you should consider whether the information is appropriate in light of your objectives, financial situation and particular needs and obtain independent financial and taxation advice before you invest.

UBS Dividend Builders are not Deposits with UBS

UBS AG, Australia Branch is a foreign Authorised Deposit-Taking Institution under the Banking Act 1959 (Cth), and is supervised by the Australian Prudential Regulation Authority. However, it is important for you to note that your investment in UBS Dividend Builders is not a deposit product or other deposit liability and will not be covered by the depositor protection provisions set out in Division 2 of the Banking Act 1959 (Cth), as these provisions do not apply to foreign Authorised Deposit-Taking Institutions.

An investment in UBS Dividend Builders is subject to investment risk, including loss of income or principal invested and possible delays in payment and settlement. Neither UBS nor any of its related bodies corporate guarantees the performance of the Underlying Shares, the repayment of your invested amount or any particular rate of return from UBS Dividend Builders.

Offering restrictions

The offer to which the PDS relates is available to persons receiving the PDS (electronically or otherwise) in Australia. The distribution of this Master PDS and the relevant Term Sheet in jurisdictions outside Australia may be restricted by law and any person who resides outside Australia into whose possession this Master PDS and the relevant Term Sheet comes (including nominees, trustees or custodians) should seek advice on and observe those restrictions. Each UBS Dividend Builder is not a security under the US Securities Act 1933 (as amended) and has not been, and will not be, registered under the US Securities Act 1933 (as amended) and may not be offered or sold in the United States or to, or for the account of or benefit of, US persons. Accordingly neither the PDS nor the Application Form may be sent to persons in the United States or otherwise distributed in the United States.

Updating of information in the PDS

This Master PDS is current as at 17 October 2014. Information in this Master PDS and each Term Sheet may change from time to time. Where a change is not materially adverse to investors, UBS may update the information by posting a notice on its website at www.ubs.com/investmentbuilders. Where there is any material change to the information in this Master PDS or a Term Sheet, UBS will also make an ASX announcement and if appropriate issue a supplementary Product Disclosure Statement. UBS will, on request, provide a free paper copy of that information to investors who contact UBS on 1800 633 100.

Underlying Shares

References in this Master PDS or any Term Sheet to an Underlying Share or Share Issuer are included solely for the purposes of identification of the Securities to which the UBS Dividend Builders relate. No Share Issuer has authorised, been involved in the preparation of, or caused the issue of this Master PDS or any Term Sheet. Nothing in the PDS should be taken to be an express or implied endorsement of the UBS Dividend Builders by the Share Issuer.

No representations other than in the PDS

Investors should also note that no person is authorised by UBS to give any information to investors or to make any representation not contained in this Master PDS or the relevant Term Sheet. No representation is made as to the future performance of the UBS Dividend Builders or of the Underlying Shares.

Admission to Trading Status on the ASX

For each Series, the Term Sheet will confirm that an application has been made for that Series to be admitted to trading status by ASX. The fact that ASX admits UBS Dividend Builders to trading status is not to be taken in any way as an indication of the merits of UBS or of the UBS Dividend Builders. ASX takes no responsibility for the content of the PDS or for the UBS Dividend Builders.

In admitting the UBS Dividend Builders to trading status ASX does not authorise or cause the issue of this Master PDS nor any relevant Term Sheet and is not in any way a party to or concerned in authorising or causing the issue of this Master PDS and the relevant Term Sheet or the making of offers or invitations with respect to the UBS Dividend Builders. ASX takes no responsibility for the contents of this Master PDS and the relevant Term Sheet. ASX makes no representation as to whether this Master PDS and the relevant Term Sheet or the UBS Dividend Builders comply with the Corporations Act, the ASIC Market Integrity Rules or the ASX Operating Rules.

To the extent permitted by the ASIC Act 2001, the Competition and Consumer Act 2010 or any other relevant law, ASX will be under no liability for any claim whatsoever, including for any financial or consequential loss or damage suffered by Holders or any other person, whether or not that claim arises from this Master PDS and the relevant Term Sheet.

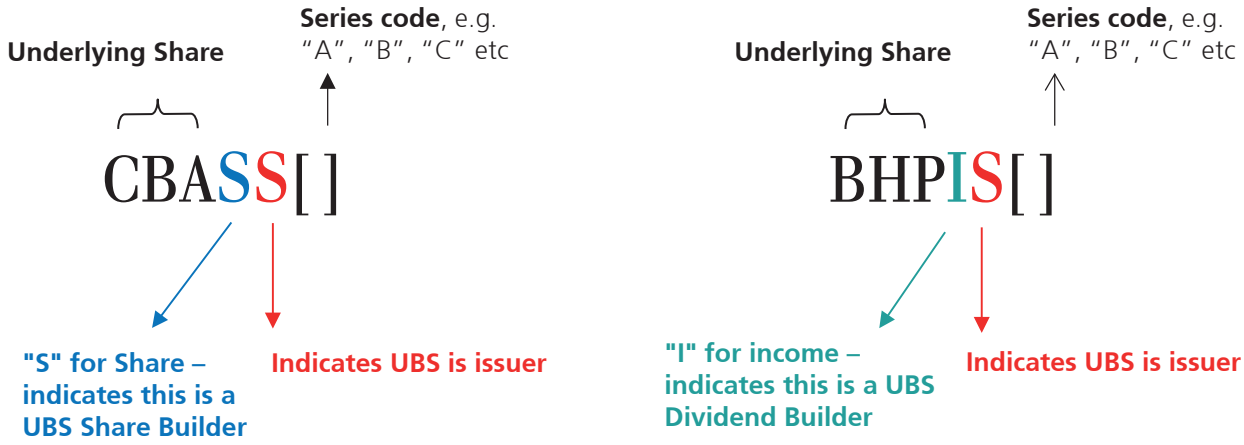
UBS Dividend Builders—part of a suite of UBS Investment Builders

UBS Investment Builders are a versatile suite of investment products which allow you to conveniently borrow money to buy listed securities.

UBS Investment Builders can be used to:

- build a dividend income stream—**UBS Dividend Builders** or
- build a portfolio of listed securities—**UBS Share Builders**

UBS Investment Builders are quoted on the ASX as instalment warrants and can be purchased via your full service or online broker. You can recognise UBS Investment Builders by referring to the fifth letter of the ASX warrant code, and differentiate between UBS Dividend Builders and UBS Share Builders by referring to the fourth letter of the warrant code. For example:



For each Series of UBS Dividend Builders or UBS Share Builders that you are interested in investing in, you should read the relevant master product disclosure statement, any supplementary product disclosure statement and the term sheet relating to the Series of UBS Investment Builders carefully before making an investment decision. Terms and disclosures relating to UBS Share Builders are different to the terms relating to UBS Dividend Builders and are set out in a separate master product disclosure statement and series-specific term sheets.

Information on UBS Dividend Builders and UBS Share Builders is available on the UBS website at www.ubs.com/investmentbuilders, as well as on the ASX website at www.asx.com.au/warrants. The ASX also publishes a number of booklets with general information on warrants but you should read the relevant master product disclosure statement together with any supplementary product disclosure statement and the relevant Term Sheet for the specific series of UBS Investment Builders before you invest because the terms of UBS Investment Builders may be different to the terms of instalment warrants issued by other issuers.

UBS

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Part 1—What are UBS Dividend Builders?

One step to borrow and build a leveraged portfolio

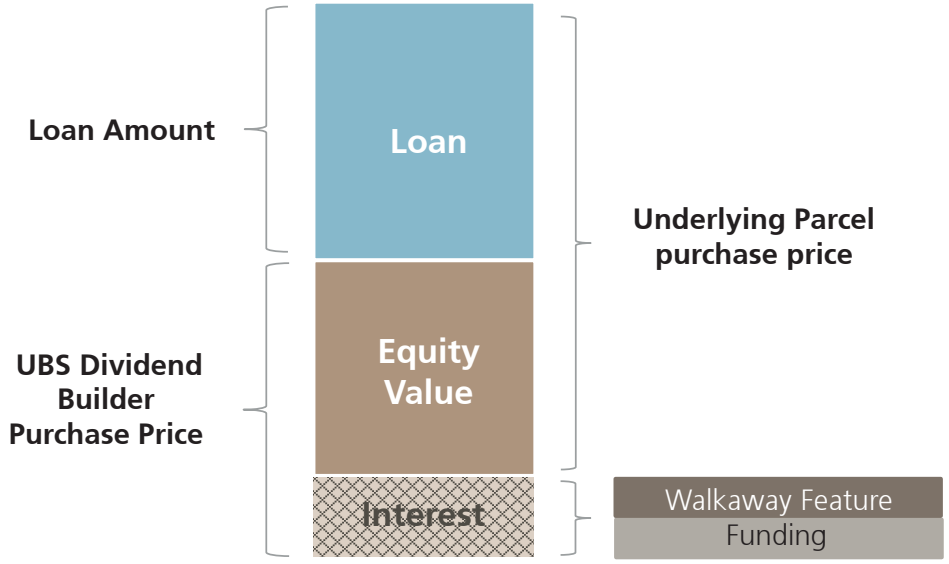
UBS Dividend Builders offer investors a convenient way to borrow money to build a portfolio of listed securities. Each UBS Dividend Builder is a pre-packaged investment comprising an Underlying Share and a Loan from UBS. UBS Dividend Builders will be quoted on the ASX and can be bought and sold via your full service or online broker.

UBS Dividend Builders are issued by UBS AG, Australia Branch ("UBS") who is the provider of the Loan embedded in each UBS Dividend Builder. Different UBS Dividend Builders are offered over different Underlying Shares and for different Loan Amounts. The Underlying Share and the rights attaching to the Underlying Share are referred to collectively as the Underlying Parcel. When you buy a UBS Dividend Builder, the Underlying Parcel will be held by the Security Trustee for your benefit, subject to a security interest in favour of UBS for providing the Loan. UBS Dividend Builders with the same Underlying Parcel, Loan Amount and Final Maturity Date are referred to as a Series of UBS Dividend Builders.

Purchase Price

When you buy a UBS Dividend Builder, the Purchase Price that you pay together with the Loan provided by UBS are used to buy the Underlying Parcel and pay Interest on your Loan for the first Interest Period.

Diagrammatically, this can be illustrated as follows, where Equity Value is defined as the excess (if any) of the Underlying Parcel price over the Loan Amount:



Loan + UBS Dividend Builder Purchase Price = Underlying Parcel purchase price + Interest

Note:

1 The components of the Purchase Price illustrated are for calculation purposes only and do not necessarily reflect the application of the Purchase Price

If the Underlying Parcel price is equal to or less than the Loan Amount when you buy the UBS Dividend Builder (say, because the Underlying Parcel price has fallen), then your starting Equity Value will be nil and the Interest Amount for your first Interest Period will be equal to the UBS Dividend Builder Purchase Price plus any excess of the Loan Amount over the Underlying Parcel price.

Equity Value

When UBS Dividend Builders are first offered, the capital contribution required from you is usually only a fraction of the Underlying Parcel price because UBS is providing you with a Loan to pay for the balance. For example, if the Underlying Parcel price is $10 and the Loan from UBS is $6 then your starting Equity Value will be $4.

Different Series offer different Loan Amounts per Underlying Parcel so depending on whether you want to contribute more or less of your own capital, you can select a Series with a lower or higher Loan Amount. You should refer to the Term Sheet for the Series to confirm the starting Loan Amount, refer to ASX market announcements and the UBS website www.ubs.com/investmentbuilders for the current Loan Amount, and consider whether the ratio of the Loan Amount to the Underlying Parcel price (the "Leverage Ratio") is suitable for you.

Interest

Interest is pre-paid for each Interest Period to cover the cost of using the Loan for that Interest Period and to obtain the benefit of the Walkaway Feature. The first Interest Period starts on (but excludes) the Purchase Date and ends on (and includes) the next Annual Interest Date or the Final Maturity Date if there are no more Annual Interest Dates. When you purchase a UBS Dividend Builder you can use the following formula to calculate your Interest cost for your first Interest Period:

Interest for your first Interest Period = Purchase Price + Loan Amount – Underlying Parcel price

If you hold UBS Dividend Builders for more than one Interest Period then another Interest Amount will be automatically added to your Loan Amount on each Annual Interest Date. This automatic addition to your Loan Amount means that you do not have to make additional cash payments to UBS in respect of interest payments. This is also known as capitalisation of interest and it has the effect of increasing your Loan Amount and the Leverage Ratio.

Dividends

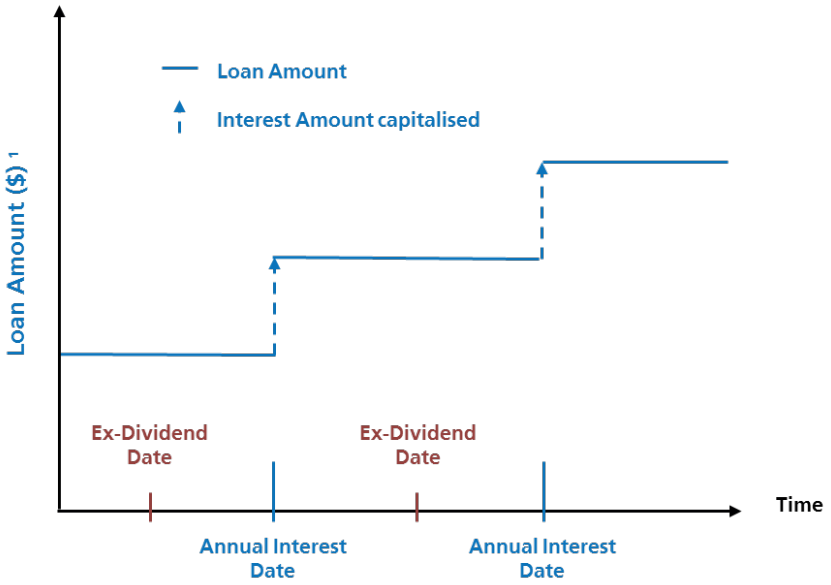
When you hold a UBS Dividend Builder you are entitled to any Ordinary Dividends and any Special Dividends paid on the Underlying Share. You will receive any Ordinary Dividends in cash, thus providing you with a potential income stream. Special Dividends (if any) will be automatically applied to reduce the amount you owe under the Loan on the Ex-Dividend Date rather than paid to you in cash.

Assuming no Special Dividends are paid, the capitalisation of Interest on each Annual Interest Date has the following effect on the Loan Amount over time:

How the Loan Amount for a UBS Dividend Builder changes over time (assuming no Special Dividends and no corporate action adjustments):

a Loan Amount is unchanged on the Ex-Dividend Date of each Ordinary Dividend; and

b Loan Amount increases on each Annual Interest Date.



Note:

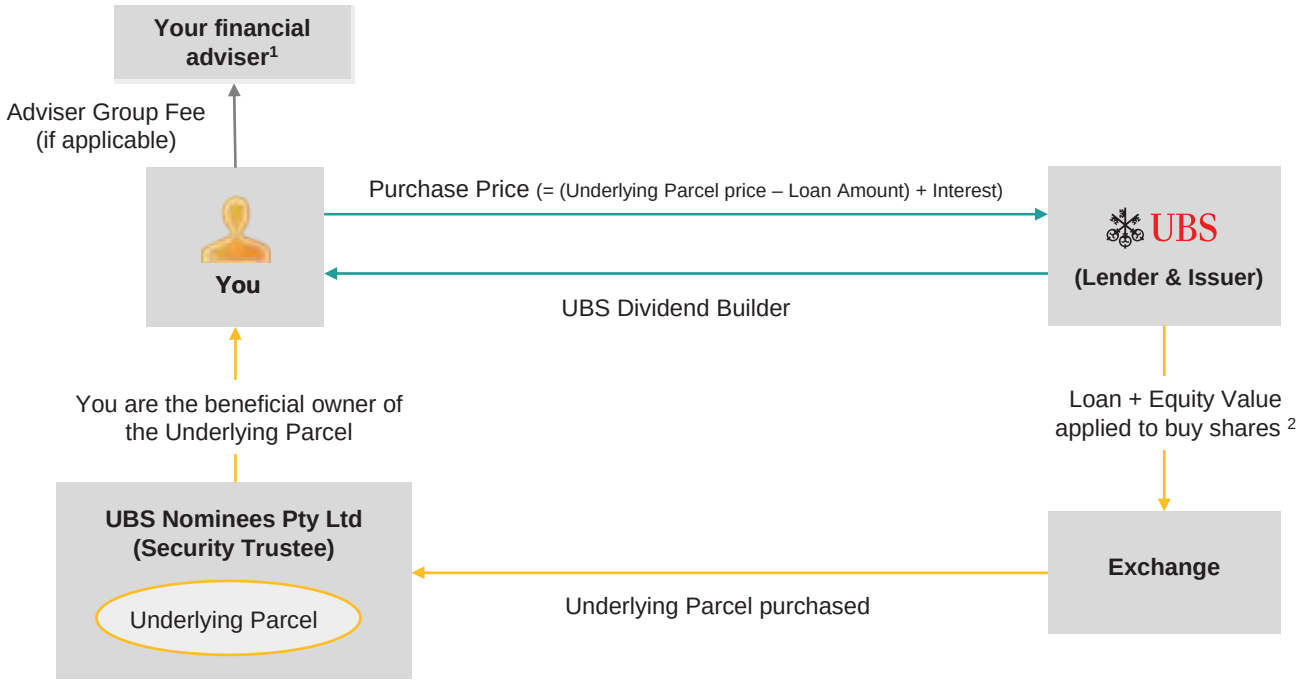
1 This diagram is for illustrative purposes only and is not an indication, projection or forecast of Interest cost and Loan adjustments which may, in practice, be significantly different to those illustrated in this diagram

Fees

Brokerage and other Fees may apply when you buy a UBS Dividend Builder. These are payable in addition to the Purchase Price. Refer to Part 9 for more information on Fees.

What happens when you buy a UBS Dividend Builder

The following diagram illustrates how UBS will provide you with a Loan to buy the Underlying Parcel when you buy a UBS Dividend Builder:



Notes:

1 This assumes you are a Retail Investor. For more information on Fees, please refer to Part 9.

2 If Underlying Parcel price is less than the Loan Amount then part of Loan Amount will be used to buy the Underlying Parcel and the balance will be used to pay Interest (which includes the cost of the Walkaway Feature). Equity Value will be nil in that instance

At Maturity

At any time prior to the close of trading on the Final Maturity Date, you can sell your UBS Dividend Builders on the ASX to realise the value of your investment at that time.

At Maturity of the UBS Dividend Builder one of the following scenarios will occur:

- The Underlying Parcel price is greater than the Loan Amount

Your choices in this scenario are:

a rollover into another Series of UBS Investment Builders by making a Rollover Application (subject to availability); or

b repay the Loan and take delivery of the Underlying Parcel; or

c do nothing, in which case your Underlying Parcel will be transferred to UBS for the Effective Sale Price of the Underlying Parcel, the proceeds of the transfer will be applied towards payment of your obligations under the Terms (including the Loan) and any excess will be paid to you after Maturity.

- The Underlying Parcel price is equal to or less than the Loan Amount

In this scenario, whilst you remain entitled to rollover your UBS Dividend Builder or repay the Loan and take delivery of the Underlying Parcel, you are also able to rely on the Walkaway Feature if you choose not to receive the Underlying Parcel. This Walkaway Feature differentiates UBS Dividend Builders from full recourse margin loans or personal loans used to buy shares because you do not have to make any payment to repay the Loan from your own funds if the Underlying Parcel price is equal to or less than the Loan Amount at Maturity. In this situation, UBS would sell the Underlying Parcel and apply the proceeds towards repaying the Loan and you will not be liable for any shortfall. In legal terms, this is referred to as a limited recourse loan because UBS will not have any recourse to

you or your other assets for any shortfall if the proceeds of sale of the Underlying Parcels are not sufficient to repay your Loan in full.

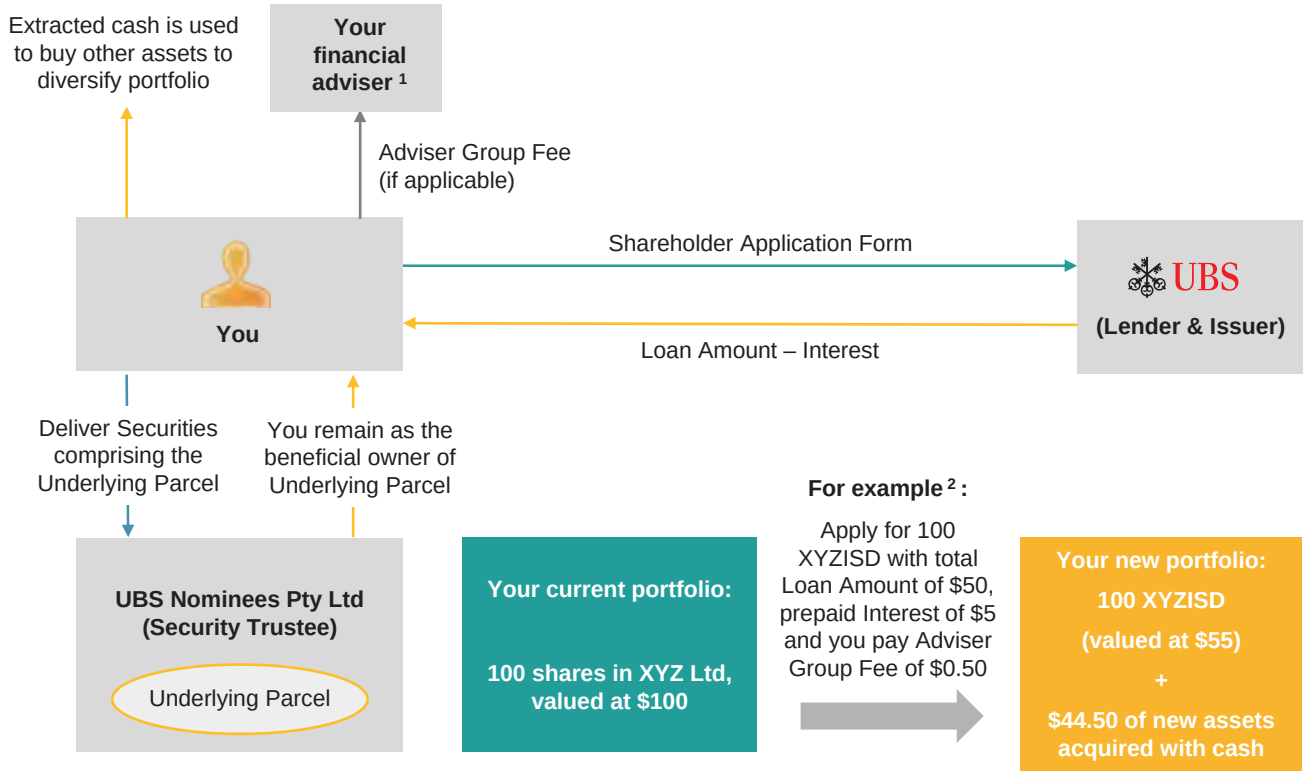
One step to unlock equity in your shares

If you currently hold Securities which correspond to the Underlying Parcel of a Series of UBS Dividend Builders and you want to borrow money to buy other investments, you can convert your Securities into UBS Dividend Builders by making a Shareholder Application to UBS. If accepted, UBS will give you a Loan when you transfer your Securities to the Security Trustee, and Interest (and if you are a Wholesale Investor, any applicable Wholesale Investor Fees) will be deducted from the Loan before the net amount (the "Shareholder Cashback") is paid to you. By using the value of your existing Securities to secure the Loan, you are able to access cash without selling your Securities. As set out in Part 8, there is no taxable disposal of your original Securities when you make a Shareholder Application.

Another situation where you may consider making a Shareholder Application is where your shares have increased in value significantly since you first acquired them and whilst you would like to lock in part of the gain you are unsure whether you should sell the shares. For example, if you originally acquired shares for $5 and they are now worth $11 then you can make a Shareholder Application for a UBS Dividend Builder with a Loan Amount of say, $8 to obtain a limited recourse loan of $8. The Shareholder Cashback that you will receive is equal to $8 minus Interest and, if you are a Wholesale Investor, any applicable Wholesale Investor Fees. If the share price subsequently falls back to $5 then you can let UBS keep the shares and you will retain the Shareholder Cashback without having to repay any further amount under the Loan.

UBS Dividend Builders may also appeal to you if your Securities are currently held subject to a full recourse margin loan and you are exposed to the risk of margin calls if the price of those Securities falls. By making a Shareholder Application you can refinance your margin loan and convert your loan from a full recourse loan to a limited recourse loan.

The following diagram illustrates what happens when you make a Shareholder Application:



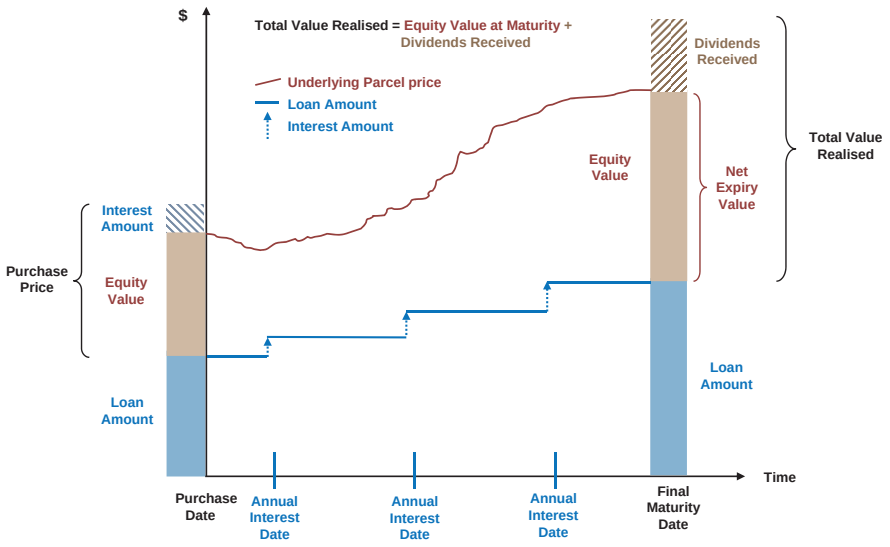
Notes:

1 This assumes you are a Retail Investor. For more information on Fees, please refer to Part 9.

2 This example is for illustrative purposes only and is not based on any actual prices for any UBS Dividend Builder, nor is it an indication, projection or forecast of Loan Amounts, Underlying Share prices, Interest costs and Fees which may, in practice, be significantly different to the numbers used in this example

UBS Dividend Builder examples

The following diagrams and examples illustrate how the capitalisation of Interest following the Purchase Date can impact your Loan Amount and how the UBS Dividend Builder value may change over the term of your investment. For simplicity, these examples assume no Special Dividends are paid, the UBS Dividend Builder is purchased on the ASX, the Underlying Parcel price on the Purchase Date is greater than the Loan Amount, the Series is not terminated on any Annual Interest Date and the values do not include any brokerage that may be charged when the UBS Dividend Builders are purchased (see Part 9 for more information on Fees). Please note these are hypothetical examples used for illustrative purposes only and actual Underlying Parcel price performance, Dividends and Interest Amounts may be significantly different to what are shown here and brokerage and Fees may apply. These diagrams do not take into account the tax consequences of investing in UBS Dividend Builders.



Hypothetical example 1—positive performance

- Interest Rate is the same as or less than expected and the Underlying Parcel price appreciates by more than total Interest Amounts
- Dividend income forms part of total investment return
- Percentage increase in Equity Value exceeds the percentage increase in the Underlying Parcel price over the same period due to the effect of leverage

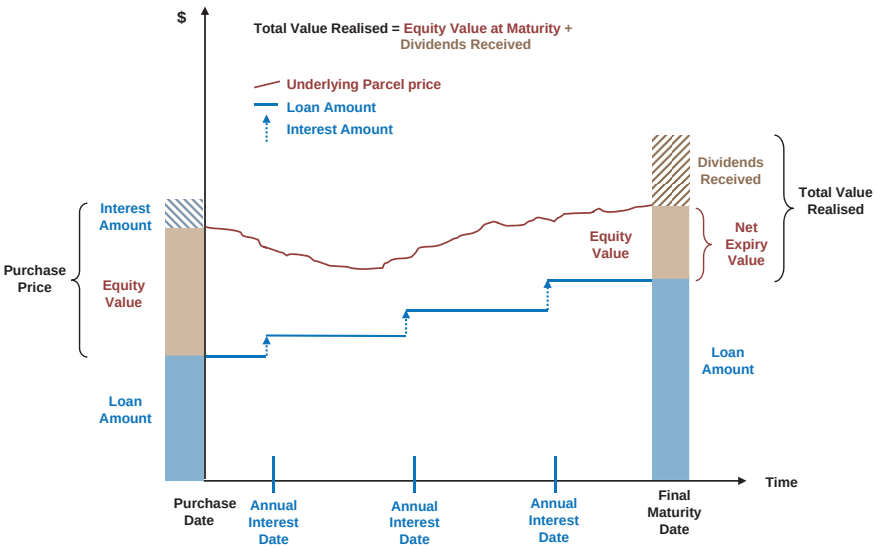
Notes:

1 This diagram is for illustrative purposes only and is not an indication, projection or forecast of the Underlying Parcel price, Interest cost, Dividends and Loan adjustments which may, in practice, be significantly different to those illustrated in this diagram

2 The components of the Purchase Price illustrated are for calculation purposes only and do not necessarily reflect the application of the Purchase Price

Hypothetical example 2—neutral performance

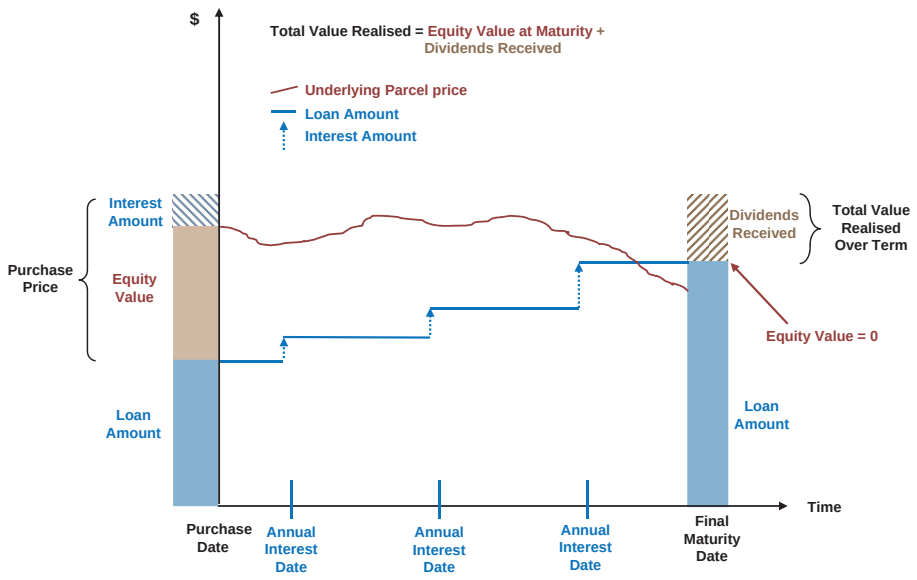
- Underlying Parcel price remains within narrow range so there is no significant change in Equity Value



Notes:

1 This diagram is for illustrative purposes only and is not an indication, projection or forecast of the Underlying Parcel price, Interest cost, Dividends and Loan adjustments which may, in practice, be significantly different to those illustrated in this diagram.

2 The components of the Purchase Price illustrated are for calculation purposes only and do not necessarily reflect the application of the Purchase Price



Hypothetical example 3—negative performance

- Interest Rate is higher than expected and the Underlying Parcel price depreciates
- Dividend income, whilst forming part of total return, is less than total Interest Amounts
- Underlying Parcel price depreciates to less than the Loan Amount at Maturity (i.e. zero Equity Value at Maturity)
- UBS Dividend Builder has zero value at Maturity which means Holder has lost the entire amount invested (i.e. the Purchase Price)

Notes:

1 This diagram is for illustrative purposes only and is not an indication, projection or forecast of the Underlying Parcel price, Interest cost, Dividends and Loan adjustments which may, in practice, be significantly different to those illustrated in this diagram

2 The components of the Purchase Price illustrated are for calculation purposes only and do not necessarily reflect the application of the Purchase Price

Key risks and benefits

UBS will issue multiple Series of UBS Dividend Builders over a range of listed Securities with different Loan Amounts and different Final Maturity Dates. You can choose the Series whose terms, features and risks are suitable for you and that most closely match your desired degree of leverage to the Underlying Parcel and buy UBS Dividend Builders through your broker or financial adviser.

You may choose to use UBS Dividend Builders to create a leveraged portfolio of Australian securities because:

- Convenient investment process—no loan application forms
- No credit checks—just buy the UBS Dividend Builders on the ASX via your broker
- No margin calls—you make the buy and sell decisions and you will not be forced to sell your UBS Dividend Builders or be required to make additional cash payments to UBS if the Underlying Parcel price falls
- Walkaway Feature—if your Equity Value is zero at Maturity, you will have lost the amount of the Purchase Price but you will not have to make any payment out of your own funds to repay the Loan
- Transparency in pricing—the amount you pay can be broken down into your initial Equity Value, Interest Amount (including the Walkaway Feature cost) and Fees or brokerage (if any)
- Ownership benefits—entitlement to Ordinary Dividends paid in cash, Special Dividends, potential franking credits and interest deductions
- Available to superannuation funds—can be used by self-managed superannuation funds to implement a leverage strategy if purchased on the ASX or via a Cash Application or Rollover Application (see Part 4.2.17 for more information)
- Choice and flexibility—wide range of Underlying Shares, Leverage Ratios and Final Maturity Dates, can also be used to generate a Shareholder Cashback if you transfer Underlying Parcels that you already hold to UBS, without triggering a tax event
- ASX quoted—you can buy and sell UBS Dividend Builders on the ASX at any time prior to Maturity (subject to continued quotation)

Before you make an investment in a UBS Dividend Builder you should also consider the key risks:

- Borrowing to invest will magnify and accelerate losses as well as gains and borrowing costs such as interest will reduce any returns
- The Underlying Parcel price and the UBS Dividend Builder price can go up or down during the term of your investment and can be affected by a range of Security specific and general factors including market movements, volatility, economic conditions, dividends and interest rates
- No capital protection—you can lose the entire amount invested in UBS Dividend Builders (i.e. the Purchase Price you pay) if the Underlying Parcel price is equal to or less than the Loan Amount at Maturity
- Interest rate risk—the Interest Rate applicable to each UBS Dividend Builder will vary over time (including more than once a day). Furthermore, the amount by which the Loan Amount will increase on each Annual Interest Date is not always known when you buy the UBS Dividend Builder. Unless the Term Sheet specifies that a fixed amount will be capitalised as Interest on a particular Annual Interest Date for a particular Series, the Interest Rate used to determine the Interest Amount for a new Interest Period will not be determined until the close of business on the relevant Annual Interest Date (see Part 2.1 for more information on the factors that affect the Interest Rate)
- Dividend risk—if the Underlying Share does not pay any Ordinary Dividends then you will not derive any cash income during the term of your holding. Furthermore, if actual Dividends are lower than expected then all else being equal, your income and total return will be lower than expected. All else being equal, the higher the expected Dividends for the next Interest Period, the higher the Interest Amount that will be capitalised on the Annual Interest Date at the start of that Interest Period This will increase your Loan Amount, Leverage Ratio and the risk of early termination of the Series on that Annual Interest Date
- Tax legislation changes may affect the after tax return from your investment
- Early termination at UBS' election—UBS may, after giving at least 20 Business Days prior notice to Holders and making an announcement on ASX's market announcements platform, terminate a Series on an Annual Interest Date. If this happens, you will not be able to maintain your investment in the UBS Dividend Builder after the Annual Interest Date but you will be entitled to receive the Net Expiry Value per UBS Dividend Builder that you hold when the Series is terminated
- Early termination for other reasons—a Series will also terminate (a) on an Annual Interest Date if the Loan Amount after Interest capitalisation would be higher than the Closing Price of the Underlying Parcel on the Annual Interest Date (unless UBS has specified in the Term Sheet for that Series that this provision shall not apply), or (b) on an Ex-Dividend Date if the Loan Amount is reduced to zero after application of a Special Dividend, or (c) if UBS declares an Early Final Maturity Date after an Extraordinary Event occurs (e.g. delisting of the Underlying Share)
- You are exposed to counterparty risk and credit risk in relation to UBS and the Security Trustee if UBS or the Security Trustee do not perform their obligations such as payment of liquidated damages or delivery of the Underlying Parcel to you after you repay your Loan

The information in this Part 1 is a summary only of some of the key features of UBS Dividend Builders. Detailed information on the UBS Dividend Builder terms can be found in the remainder of this Master PDS and in the Term Sheet applicable to the relevant Series. You should read this Master PDS, any supplementary PDS and the relevant Term Sheet and seek financial advice before you invest in UBS Dividend Builders.

Part 2—Overview of Loan and investment

The information in this Part 2 is a summary only of the terms of the Loan and the UBS Dividend Builder. More detailed information is included in Parts 3 to 7 so you should read those Parts as well as this Part 2 to obtain a full understanding of an investment in UBS Dividend Builders.

2.1 Key terms of the Loan

Lender:	UBS AG, Australia Branch (ABN 47 088 129 613) Website: www.ubs.com/investmentbuilders Enquiries: 1800 633 100
Security Trustee:	UBS Nominees Pty Ltd (ABN 32 001 450 522)
Loan Amount:	This is generally fixed at less than 100% of the Underlying Parcel price when the UBS Dividend Builder is first quoted on the ASX. Please refer to the Term Sheet for a Series to confirm the initial Loan Amount for each Series. Please note that the Leverage Ratio of a UBS Dividend Builder may vary over time, and may exceed 100%. The Loan Amount will increase when Interest for an Interest Period is capitalised on an Annual Interest Date, as described below.
Loan drawdown:	The Loan is drawn when you buy the UBS Dividend Builder on the ASX. No additional application or paperwork is required. If you buy UBS Dividend Builders by submitting the Application Form attached to the Term Sheet (i.e. as a Cash Applicant, Shareholder Applicant or Rollover Applicant) then the Loan will be drawn when the UBS Dividend Builder is issued to you.
Use of funds:	When you buy a UBS Dividend Builder on the ASX or as a Cash Applicant, the Loan Amount is applied to acquire your interest in the Underlying Parcel and to prepay Interest for the Interest Period commencing on your Purchase Date. If you hold Securities corresponding to the Underlying Parcel then you can obtain the Loan by transferring the Underlying Parcel to the Security Trustee (without triggering a tax event)[1]. The Loan Amount will be used to pay Interest and any Wholesale Investor Fees (if applicable) and you can use the balance to make other investments. Refer to "Shareholder Application" in Part 2.3 to see how you can convert your holdings of Underlying Shares into UBS Dividend Builders. The Loan can also be used to refinance a loan from an Eligible Instalment (including other Series of UBS Dividend Builders) over the same Underlying Parcel and to pay Interest and Wholesale Investor Fees (if applicable) and potentially to make other investments—refer to "Rollover Application" in Part 2.3 for more information.
Term of Loan:	The Loan is repaid when you sell UBS Dividend Builders on the ASX. Otherwise, the Loan is repayable on the Final Maturity Date. Whilst Ordinary Dividends are paid to you in cash, Special Dividends are applied to reduce the Loan Amount so it is possible for the Loan to be repaid early if a Special Dividend exceeds the remaining Loan Amount. You should note also that the Loan can become repayable earlier than the Final Maturity Date, for example: a. on an Annual Interest Date, if UBS elects to terminate the Series or if the sum of the Loan Amount and the Interest Amount due on that Annual Interest Date exceeds the Closing Price of the Underlying Parcel on that date; or b. if an Extraordinary Event occurs.

[1] Refer to Part 8—Tax Summary for more information

2.1 Key terms of the Loan

Term of Loan:

If the Loan becomes repayable in these circumstances and you do not provide UBS with a valid and effective Loan Repayment Notice then you will receive the Net Expiry Value for the UBS Dividend Builder, which is the amount (if any) by which the Effective Sale Price of the Underlying Parcel at Maturity exceeds the sum of the Loan Amount and any Costs and Taxes. The Effective Sale Price is the Closing Price of the Underlying Parcel on the Final Maturity Date, unless a different price or method is specified as applicable in the Term Sheet for that Series.

If UBS does not elect to terminate a Series on an Annual Interest Date then the Loan will continue to the next Annual Interest Date or, if applicable, the Final Maturity Date.

Security:

The Underlying Parcel, comprising the Underlying Share and any Accretions (e.g. financial products and other entitlements attaching to the Underlying Share) is subject to a Mortgage in favour of UBS to secure your obligations under the Loan.

You do not need to provide any other collateral or personal guarantees to obtain the Loan.

Interest Periods:

Each Loan can have one or more Interest Periods. Interest Periods include the period from but excluding:

a. the Purchase Date of the UBS Dividend Builder to and including the next Annual Interest Date;

b. one Annual Interest Date to and including the next Annual Interest Date; and

c. the last Annual Interest Date to and including the Final Maturity Date.

Interest payment:

Interest is prepaid:

a. for the Interest Period from (but excluding) your Purchase Date to (and including) the earlier of the next Annual Interest Date or Final Maturity Date when you buy the UBS Dividend Builder; and

b. on each Annual Interest Date for the Interest Period starting on (but excluding) that date—an additional amount is automatically drawn down under the Loan to prepay the Interest Amount for the new Interest Period so you do not need to contribute additional cash or take any action to make these subsequent Interest Amount payments.

Interest Rate:

The Interest Rate applicable to a UBS Dividend Builder is variable (including intraday) and it is determined by UBS from time to time based on (1) UBS' cost of providing the funds to Holders under the Loan and (2) the cost of providing the Walkaway Feature.

1. The cost of providing funds to you is linked to the rate at which UBS can raise funds to lend to you. That cost will vary with changes in prevailing interest rates and the UBS Funding Rate, as follows:

Variable	Change in variable	Impact of the change in the variable on the funding cost component of the Interest Rate (all else remaining constant)
Prevailing interest rates	↑	↑
UBS Funding Rate	↑	↑

2. The Walkaway Feature means that, at Maturity, if the value of the Underlying Parcel is equal to or less than the Loan Amount, you do not have to make any payment out of your own funds to repay the Loan. UBS will not have any recourse to you or your other assets for any shortfall if the proceeds of sale of the Underlying Parcel are not sufficient to repay your Loan in full.

2.1 Key terms of the Loan

Interest Rate:

Generally speaking and all else being equal, the higher the Underlying Parcel price is relative to the Loan Amount, the lower the cost of the Walkaway Feature because UBS is less likely to suffer a loss under the Loan. Apart from that, the cost of the Walkaway Feature is also impacted by factors such as volatility of the Underlying Parcel price, expected Dividends on the Underlying Parcel and the length of time remaining in the current Interest Period, as follows:

Variable	Change in variable	Impact of the change in the variable on the Walkaway Feature cost component of the Interest Rate (all else remaining constant)
Underlying Parcel price	↑	↓
Leverage Ratio (i.e. Loan Amount ÷ Underlying Parcel price)	↑	↑
Time remaining in current Interest Period	↓	↓
Volatility of Underlying Parcel	↑	↑
Expected Dividends on the Underlying Parcel	↑	↑

The two factors that will have the greatest impact on the Walkaway Feature cost are the Underlying Parcel price and volatility. The Walkaway Feature cost will be more volatile than UBS' Funding Rate because more factors impact on that cost, as noted above.

Whilst the funding cost component of the Interest Rates of different UBS Dividend Builders with the same Annual Interest Dates and Final Maturity Dates are likely to be similar, differences in Walkaway Feature costs from one Series of UBS Dividend Builder to another result in different Interest Rates from Series to Series.

Interest Amount:

Interest for your first Interest Period is prepaid when you buy a UBS Dividend Builder. This Interest Amount is calculated as follows:

Interest Amount = Purchase Price + Loan Amount – Underlying Parcel price

The annualised Interest Rate can then be calculated as:

(Interest Amount ÷ Loan Amount) ÷ number of days remaining in Interest Period x 365

For example, using hypothetical numbers which are not based on any actual data:

a. If the Underlying Parcel price is $10, the Loan Amount is $6 and the Purchase Price of the UBS Dividend Builder is $4.35 then:

   Interest Amount = $4.35 + $6 – $10 = $0.35

   If there are 310 days remaining in the current Interest Period then the annualised Interest Rate would be calculated as follows:

   Interest Rate = (Interest Amount ÷ Loan Amount) ÷ number of days remaining x 365

   Interest Rate = ($0.35 ÷ $6) ÷ 310 x 365 = 6.9% p.a.

b. If the Underlying Parcel price is $5.80, the Loan Amount is $6 and the Purchase Price of the UBS Dividend Builder is $0.45 then:

   Interest Amount = $0.45 + $6 – $5.80 = $0.65

   If there are 330 days remaining in the current Interest Period then the annualised Interest Rate would be calculated as follows:

   Interest Rate = (Interest Amount ÷ Loan Amount) ÷ Number of days remaining x 365

   Interest Rate = ($0.65 ÷ $6) ÷ 330 x 365 = 12% p.a.

2.1 Key terms of the Loan

	Unless the Term Sheet for a Series specifies that a fixed amount will be capitalised as Interest on a particular Annual Interest Date for a particular Series, the Interest Amount to be capitalised on any Annual Interest Date (and the corresponding Interest Rate) will not be determined by UBS until the relevant Annual Interest Date. You can obtain the current applicable Interest Amount and Interest Rate for each Series by contacting UBS on 1800 633 100 or at www.ubs.com/investmentbuilders
Loan repayment:	Your Loan will be repaid as follows: a. when you sell UBS Dividend Builders on the ASX; b. when Special Dividends are paid on the Underlying Parcel, they will be automatically applied to reduce your Loan Amount from the Ex-Dividend Date relating to that Dividend (i.e. these Dividends will not be paid through to you in cash)—if the Loan is fully repaid early via the application of Special Dividends then the Mortgage will be released and you will receive the Underlying Parcel; c. if certain Corporate Actions (e.g. rights issue, capital reduction) occur in respect of the Underlying Parcels or other financial products comprised in the Underlying Parcel, the value (if any) attributed by UBS to the Corporate Action, determined in accordance with the Instalment Deed, will generally be applied to reduce the Loan Amount; d. if you hold the UBS Dividend Builders to Maturity (including an Early Final Maturity Date) and do nothing, the Underlying Parcel will be transferred to UBS for the Effective Sale Price but that amount will first be applied to repay amounts due under the Terms (including the Loan Agreement) and the excess (if any) will be paid to you as the Net Expiry Value. The Effective Sale Price is the Closing Price of the Underlying Parcel at Maturity unless a different calculation method or price is specified in the Term Sheet for the Series. Alternatively, you can pay the Final Payment out of your own funds at any time prior to Maturity and take delivery of the Underlying Parcel. The Final Payment is equal to the Loan Amount for the UBS Dividend Builder unless a different amount is specified in the Term Sheet. Given the Walkaway Feature, if the Underlying Parcel price is equal to or less than the Loan Amount at Maturity, you can walk away from the Loan and the Net Expiry Value will be zero. This means that excluding Fees, the maximum amount that you can lose from buying UBS Dividend Builders is the original Purchase Price paid (provided that you give UBS your TFN, ABN or proof of an exemption before any unfranked dividends are paid).
Interest Refund:	If the Loan is reduced by application of a Special Dividend or the value of a Corporate Action then a partial refund of the Interest Amount (calculated from the expected payment date of the Special Dividend or other value) will be provided and applied to further reduce the Loan Amount on the Ex-Dividend Date in the case of a Special Dividend, or the date specified by UBS in the case of a Corporate Action. This Interest Refund is calculated by UBS in its discretion taking into account the cost or benefit to it of unwinding that portion of the Loan early. Where the Final Maturity Date is brought forward due to the occurrence of an Extraordinary Event, except if an Early Final Maturity Date is nominated due to the Loan Amount being reduced to zero, the Holder is entitled to an Interest Refund. This Interest Refund is calculated by UBS in its discretion taking into account UBS' Funding Rate and the cost or benefit to it of unwinding that portion of the Loan early. There is no Interest Refund if UBS terminates a Series on an Annual Interest Date because Interest has only been prepaid to that Annual Interest Date and not beyond. No Interest Refund will be provided if you repay the Loan early at your discretion to take delivery of the Underlying Parcel.

2.2 Key terms of the investment

Packaged investment:	UBS Dividend Builders give you a convenient way to borrow to buy listed securities because the Loan and the Underlying Parcel are sold to you as a package quoted on the ASX as an instalment warrant. UBS Dividend Builders over the same Underlying Parcel with the same Loan Amount, same Annual Interest Dates and same Final Maturity Date are referred to as a "Series" of UBS Dividend Builders.
Who can invest:	Individuals, companies, trusts and superannuation funds in Australia can all buy UBS Dividend Builders on the ASX, by making a Cash Application or by making a Rollover Application (subject, in the case of superannuation funds, to certain conditions as discussed in Part 4.2.17). Only individuals, companies and trusts (but not superannuation funds) are able to buy UBS Dividend Builders using a Shareholder Application. UBS Dividend Builders represent one of the few ways superannuation funds can acquire a leveraged investment. Superannuation funds should specifically consider the laws and regulations relating to borrowing and charging of assets by superannuation funds before making an investment. Please refer to Part 4.2.17 for more information and obtain independent legal advice.
How to buy UBS Dividend Builders:	There are a number of ways to buy UBS Dividend Builders. Please note that Brokerage and Fees may apply when you buy UBS Dividend Builders (see the Fee section in this Part 2.2 and Part 9 for more information). **Buy on the ASX**—the easiest way to buy UBS Dividend Builders is via your broker (including online broker) because UBS Dividend Builders can be traded like a share on the ASX if you have a warrant broking account. **Cash Application**—if you do not wish to buy UBS Dividend Builders on the ASX then you can make a Cash Application to buy them directly from UBS, using the Application Form attached to the Term Sheet. You will have to provide various identity verification information in that instance and you may not be able to lock in a price for your UBS Dividend Builders until the identity verification process is completed (which may take a few days). **Shareholder Application**—if you hold Securities that correspond to the Underlying Parcel of a Series of UBS Dividend Builders then you can convert your Securities into UBS Dividend Builders by making a Shareholder Application using the Application Form attached to the Term Sheet. The process involves delivering your Securities to the Security Trustee who will hold the Securities for you during the term of the UBS Dividend Builder, subject to the Mortgage over the Underlying Parcel which is the collateral for the Loan that UBS provides to you. The transfer of your Securities to the Security Trustee in this manner is not expected to result in a tax event so it is a convenient way for you to generate cash from your existing holding of Securities without disposing of your beneficial interest in those Securities. The amount of your Shareholder Cashback is equal to the Loan Amount less the Interest Amount for the Interest Period starting on (but excluding) the Purchase Date and any Wholesale Investor Fees (if applicable). The Shareholder Cashback will be automatically applied towards the issue of more UBS Dividend Builders in the same Series unless you elect in your Shareholder Application to receive it in cash or to apply it towards the issue of UBS Dividend Builders in another Series. **Rollover Application**—if you hold Eligible Instalments (such as UBS Dividend Builders or other instalment warrants issued by UBS) and they are coming up to maturity or you wish to change your Leverage Ratio to the Underlying Parcel, you can use a Rollover Application to refinance your obligations under the Eligible Instalments with a Loan under a UBS Dividend Builder over the same Underlying Parcel.

2.2 Key terms of the investment

	If your Application is accepted, you will transfer the Eligible Instalments to the Security Trustee as bare trustee, and the Loan (the "New Loan") for the new UBS Dividend Builder will be drawn and applied to pay your outstanding obligations under the Eligible Instalments (referred to as the Final Instalment), as well as Interest on the New Loan for the current Interest Period and any Wholesale Investor Fees (if applicable). If the New Loan is not sufficient to cover the sum of these amounts then you will be asked to make a Rollover Payment to UBS. Conversely, if there is an excess after the sum of these amounts is paid then you will be entitled to a Rollover Surplus. The Final Instalment for an Eligible Instalment is the amount that is payable to the issuer of the Eligible Instalment to obtain full legal and beneficial title to Securities corresponding to the Underlying Parcel. The Final Instalment is determined by the issuer of the Eligible Instalment in its discretion. If the issuer is UBS then the Final Instalment will be equal to the loan amount applicable to the Eligible Instalment less any interest refund (net of any break cost or break benefit), less any amount payable in respect of the Cap Feature (if the Eligible Instalment has a Cap Feature). If the Eligible Instalment is not issued by UBS then an interest refund may not be available. Upon payment of the Final Instalment the Underlying Parcel will be held or transferred to the Security Trustee subject to the Mortgage in connection with the New Loan. Your beneficial interest in the Underlying Parcel is not expected to change as a result of a Rollover Application. Any Rollover Surplus will be automatically (and in the case of superannuation fund investors, compulsorily) applied towards the purchase of additional UBS Dividend Builders in the same Series unless you elect in your Rollover Application to invest the amount in other Series of UBS Investment Builders. If you are not a superannuation fund investor, you may also elect to receive the amount in cash. Please note that UBS may accept or reject your Application or withdraw its Acceptance of your Application in whole or in part at its absolute discretion, exercised in a commercially reasonable manner, and for any reason. No interest will be paid on amounts paid on Application. If your Application is rejected, UBS will return your application moneys to you (without interest) within five Business Days after that rejection.
Underlying Shares and Underlying Parcel:	By purchasing UBS Dividend Builders, you can gain investment exposure to a wide range of securities which may include ASX quoted shares and units in trusts, ASX quoted exchange traded funds and foreign exchange quoted securities. See the Term Sheet for a Series for more information. UBS will decide the Underlying Parcels over which it will issue UBS Dividend Builders and multiple Series may be offered over the same Underlying Parcel, with different Loan Amounts, Annual Interest Dates and Final Maturity Dates. This means you can have a choice of Leverage Ratios (being the ratio of the Loan Amount to the Underlying Parcel price) and investment terms. The Underlying Parcel (comprising one Underlying Share and all Accretions in respect of that Underlying Share) is the property that is mortgaged to UBS to secure the Holder's obligations (including under the Loan Agreement) for each UBS Dividend Builder. Any payment to or by the Holder is made in the Settlement Currency applicable to that payment.
Holder entitlements:	You are the beneficial owner of the Underlying Parcel when you hold a UBS Dividend Builder. As a result, you are entitled to Dividends and other security holder rights as described more fully in Part 3.

2.2 Key terms of the investment

TFN, ABN or proof of exemption from withholding:	Where you have not provided UBS with your TFN, ABN or proof of an exemption, the Security Trustee is required to withhold a portion of any Dividends which are not fully franked and pay that amount (the "Tax Withholding Amount") to the ATO. In such circumstances, UBS is entitled to recover the Tax Withholding Amount from you as a full recourse debt. If you fail to pay the Tax Withholding Amount, UBS may recover it by enforcing the Mortgage over the Underlying Parcel and some or all of your UBS Dividend Builders may lapse.
What happens on Annual Interest Dates:	On each Annual Interest Date a Series may terminate at the Closing Time in two circumstances, as described below under "Termination on an Annual Interest Date". If a Series is terminated on an Annual Interest Date then that Annual Interest Date will be an Early Final Maturity Date for the terminated Series. If a Series is not terminated on an Annual Interest Date then: • the Loan will continue for another Interest Period (to the next Annual Interest Date or the Final Maturity Date, as applicable); and • an additional drawdown will be made under the Loan to prepay the Interest Amount for the next Interest Period—this will happen automatically and you do not need to make any additional cash payment to UBS. Unless the Term Sheet for a Series specifies that a fixed amount will be capitalised as Interest on a particular Annual Interest Date, the Interest Rate applicable to the next Interest Period will be determined by UBS on the Annual Interest Date based on (1) the cost of providing the funds to you under the Loan and (2) the cost of providing the Walkaway Feature, as explained under the section titled "Interest Rate" in Part 2.1 above. Interest Rates can (and probably will) vary from one Interest Period to the next and will most likely be different for different Series, even for Series that have the same Annual Interest Dates and Final Maturity Date, because the cost of the Walkaway Feature is different for different Underlying Parcels and for different Leverage Ratios.

2.2 Key terms of the investment

Termination on an Annual Interest Date:	In the absence of an Extraordinary Event, there are two circumstances under which a Series may be terminated at the Closing Time on an Annual Interest Date: 1. where UBS has given 20 Business Days prior notice to Holders of a Series that that Series will terminate on the Annual Interest Date and published that notice on ASX's market announcements platform—for example, UBS may give such notice if it is no longer economical for UBS to maintain the Series (such as when there are very few or no Holders); or 2. where the Loan Amount for the Interest Period starting on that Annual Interest Date (i.e. after capitalisation of the Interest Amount for the new Interest Period) would be higher than the Closing Price of the Underlying Parcel on the Annual Interest Date, as determined by UBS (unless UBS has specified that this provision shall not apply to the Series). In the case of scenario (1), if you want to retain exposure to the Underlying Parcel then you can (if a different Series is available) make a Rollover Application to refinance your Loan using a different Series over the same Underlying Parcel or you can repay your Loan and take delivery of the Underlying Parcel by providing a Loan Repayment Notice before the Notice Cut-Off Time on that Annual Interest Date. Alternatively, if you no longer want exposure to the Underlying Parcel, you can sell your UBS Dividend Builder on the ASX at any time prior to the close of ASX trading on the Annual Interest Date. If you do nothing then you will receive the Net Expiry Value following Maturity of that Series. In the case of scenario (2), it is not possible to know whether the termination will occur until the Closing Time on the Annual Interest Date. The likelihood of a Series of UBS Dividend Builders terminating on an Annual Interest Date increases over time if the Underlying Parcel price does not increase or increases by less than the Interest Amount capitalised on each Annual Interest Date. As such, if you want to retain exposure to the Underlying Parcel then you should closely monitor the Leverage Ratio of your UBS Dividend Builder leading up to the Annual Interest Date, and potentially make a Rollover Application to rollover your Loan before the Annual Interest Date if you do not wish to take the risk of termination. Alternatively, you can consider selling your UBS Dividend Builders on the ASX prior to the close of ASX trading on the Annual Interest Date. If a Series is terminated on an Annual Interest Date then you will be paid the Net Expiry Value (if any) for your UBS Dividend Builder within 10 Business Days of the Annual Interest Date.

2.2 Key terms of the investment

Maturity:	On or prior to Maturity, a Holder can rollover their UBS Dividend Builders into another Series, thereby refinancing their Loan by making a Rollover Application (subject to availability). If the UBS Dividend Builder is not rolled over then the Loan must be repaid following Maturity: 1. by the Holder by no later than the 5th Business Day after the Final Maturity Date if a Loan Repayment Notice was received by UBS by 12:00 pm (Sydney time) on the Final Maturity Date; or 2. if a valid and effective Loan Repayment Notice is not received by 12:00 pm (Sydney time) on the Final Maturity Date, by the Security Trustee transferring the Underlying Parcel to UBS for the Effective Sale Price of the Underlying Parcel and applying that amount to repay the Loan and any applicable Costs and Taxes. The Effective Sale Price under scenario (2) is the Closing Price of the Underlying Parcel on the Final Maturity Date (unless a different price or calculation method is specified by UBS in the Term Sheet for the relevant Series). If an excess remains under scenario (2) then that amount will be paid to the Holder as the Net Expiry Value for the UBS Dividend Builder within 10 Business Days of the Final Maturity Date. For example, assume that a Holder held UBS Dividend Builders over XYZ shares at 6.00pm (Sydney) on the Final Maturity Date. The Holder did not give a valid and effective Loan Repayment Notice by 12:00 pm (Sydney) on that day, the Loan Amount was $10, the Closing Price of the Underlying Parcel was $25 and there were no Taxes or Costs incurred in connection with the transfer of the Underlying Parcel. In this example, the Holder would be entitled to receive a Net Expiry Value equal to $15 (i.e. $25 less $10) per UBS Dividend Builder. If the Closing Price of the Underlying Parcel in this example was equal to or less than $10 then no Net Expiry Value would be payable to the Holder and the Holder would not be required to make any payments out of their own funds to repay the outstanding Loan Amount.
Documentation:	The contractual terms of UBS Dividend Builders are contained in an Instalment Deed, a Nominee Deed and a Loan Agreement (the terms of which are set out in Part 12). This Master PDS summarises the key terms of the Instalment Deed and Nominee Deed and cross references are made to provisions in the Instalment Deed where relevant. Potential investors can obtain a copy of the complete Instalment Deed by contacting UBS. Terms which are specific to a Series are not included in this Master PDS and are set out instead in the Term Sheet for that Series, e.g. the details of the Underlying Parcels, Loan Amount, Annual Interest Dates, Final Maturity Date, offer period and expected date of quotation on the ASX. The Term Sheet supplements and/or amends the terms of the Master PDS in respect of a particular Series.
Fees:	If you buy UBS Dividend Builders on the ASX then your broker will charge you the applicable brokerage (and GST) amount. If you make a Cash Application, Shareholder Application or Rollover Application then the following fees may apply. • If you are a Retail Investor: – you may agree to pay your Approved Adviser Group and your Adviser a fee (the "Adviser Group Fee") in connection with your investment in UBS Dividend Builders and direct UBS to collect that amount from you and pay it on your behalf to the Approved Adviser Group that you specify in your Application Form; – where authorised by you, the Approved Adviser Group may hold the amount in respect of the Adviser Group Fee on trust and pay to your Adviser all or such part of that amount (if any); – Borrow Fees are not applicable.

2.2 Key terms of the investment

	• If you are a Wholesale Investor: – you may agree to pay your Approved Adviser Group and your Adviser a fee (the "Adviser Group Fee") in connection with your investment in UBS Dividend Builders and direct UBS to collect that amount from you and pay it on your behalf to the Approved Adviser Group that you specify in your Application Form; – where authorised by you, the Approved Adviser Group may hold the amount in respect of the Adviser Group Fee on trust and pay to your Adviser all or such part of that amount (if any); – UBS may charge a Borrow Fee in connection with the provision of the Loan – this may be an amount calculated as a percentage of the Loan Amount per UBS Dividend Builder or a fixed amount – the maximum fee amount(s) and/or fee rate(s) will be specified in the Term Sheet for the relevant Series; – provided it is permitted by law, UBS may pay out of its own funds, an upfront fee and/or trail fee to your Approved Adviser Group and other financial services organisations in connection with your investment in UBS Dividend Builders – the specific fee amount(s) and/or fee rate(s) will be specified in the Term Sheet for the relevant Series. Refer to Part 9 for more information on Fees and adviser remuneration.
Taxation implications:	Investing in UBS Dividend Builders will have income tax and capital gains tax implications for the Holder. Generally, Interest Amounts are expected to be deductible for most Holders (but subject to the potential application of the capital protected borrowing rules explained in Part 8), Dividends will be regarded as assessable income for the Holder and tax benefits such as franking credits on Dividends should flow through to the Holder (assuming they satisfy the eligibility criteria under the Tax Act). Transfers of the Underlying Parcels to the Security Trustee (for a Shareholder Application or Rollover Application) and from the Security Trustee to the Holder at Maturity should not give rise to a disposal event for capital gains tax purposes. Investors should read Part 8 of this Master PDS and seek their own taxation advice before investing in UBS Dividend Builders.

2.3 How are the Purchase Price, Shareholder Cashback, Rollover Surplus and Rollover Payment calculated?

Purchase Price calculation:

The Purchase Price of a UBS Dividend Builder can be calculated as follows:

Purchase Price = (Underlying Parcel price – Loan Amount) + Interest for current Interest Period

This Purchase Price is influenced by a number of factors and the factor that generally has the greatest impact is the Underlying Parcel price. This and other key variables and the impact they have (assuming all else remain constant) are:

Variable	Change in variable	Impact of change in variable on the Purchase Price
Underlying Parcel price	↑	↑
Volatility of Underlying Parcel	↑	↑
Time remaining in current Interest Period	↓	↓
Prevailing interest rates	↑	↑
UBS' Funding Rate	↑	↑
Expected Dividends on the Underlying Parcel	↑	↑

Shareholder Cashback calculation:

If you are a Shareholder Applicant, the Shareholder Cashback is the net cash you will receive by transferring your Securities to the Security Trustee to obtain the Loan under the relevant UBS Dividend Builder Series. It is calculated as the Loan Amount minus the Interest Amount for the Interest Period starting on (but excluding) the Purchase Date and, in respect of Wholesale Investors only, minus any Wholesale Investor Fees. The Shareholder Cashback is automatically reinvested in further UBS Dividend Builders of the same Series unless you elect in your Shareholder Application to receive it in cash or apply it towards the purchase of UBS Dividend Builders in another Series.

The Shareholder Cashback is influenced by a number of factors—the key factors and the impact they have (assuming other factors remain constant) are:

Variable	Change in variable	Impact of change in the variable on the Shareholder Cashback
Prevailing interest rates	↑	↓
UBS' Funding Rate	↑	↓
Time remaining in current Interest Period	↓	↑
Volatility of Underlying Parcel	↑	↓
Expected Dividends on the Underlying Parcel	↑	↓
Wholesale Investor Fees (applicable to Wholesale Investors only)	↑	↓

2.3 How are the Purchase Price, Shareholder Cashback, Rollover Surplus and Rollover Payment calculated?

Rollover Surplus and Rollover Payment calculation:

If you are a Rollover Applicant, the Rollover Surplus / Rollover Payment is calculated by UBS using the following formula:

New Loan	–	Final Instalment	–	Interest Amount on New Loan for current Interest Period	–	Wholesale Investor Fees (if applicable)

If the result is a positive number then that amount will be your Rollover Surplus which will be automatically (and in the case of superannuation fund investors, compulsorily) applied towards the purchase of additional UBS Dividend Builders in the same Series unless you elect in your Rollover Application to invest the amount in other Series of UBS Investment Builders. If you are not a superannuation fund investor, you may also elect to receive the amount in cash.

If the result is a negative number then you must pay the absolute value of that amount to UBS as a Rollover Payment.

In practice, you can contact UBS to commit to delivering the Underlying Parcels from Eligible Instalments to the Security Trustee and lock in the amount of the Rollover Surplus or Rollover Payment. UBS has discretion to accept or reject the Rollover Application and/or to make acceptance conditional on satisfactory identity verification.

If the Eligible Instalment is issued by UBS and a bid price can be observed for it at the time of calculating the Rollover Surplus/Rollover Payment then the amount of the Rollover Surplus/ Rollover Payment is expected to approximate:

Bid price of Eligible Instalment	–	Purchase Price of UBS Dividend Builder	–	Wholesale Investor Fees (if applicable)

In summary, assuming other factors remain constant:

a. the greater the excess of the New Loan over the Final Instalment

b. the lower the Interest on the New Loan

c. the lower the Wholesale Investor Fees

d. the higher the bid price of the Eligible Instalment is relative to the Purchase Price of the UBS Dividend Builder,

the greater the Rollover Surplus or the lesser the Rollover Payment is expected to be.

Numerical examples

The following examples are hypothetical examples provided for illustrative purposes only—they are not based on actual data relating to a particular Underlying Parcel or a particular UBS Dividend Builder. The assumptions used should not be relied upon as a forecast of future performance of any Underlying Parcel or UBS Dividend Builder, which may be very different to these examples.

(A) Breaking down the Purchase Price of a UBS Dividend Builder

Assume:

(a) price of XYZ share on the Purchase Date is $10.00

(b) Loan Amount of XYZISD series of UBS Dividend Builders is $5.00

(c) Purchase Price of a XYZISD UBS Dividend Builder is $5.30

(d) time to next Annual Interest Date is 280 days

(e) UBS' Funding Rate = 6% p.a.

(f) there are no Accretions in the Underlying Parcel

This Purchase Price of $5.30 per UBS Dividend Builder can be broken down as follows:

(a) Equity Value = (Underlying Parcel price – Loan Amount) = ($10 – $5) = $5.00

(b) Interest Amount = (Purchase Price + Loan Amount – XYZ share price) = ($5.30 + $5.00 – $10) = $0.30

Interest calculations are as follows:

(a) Interest Rate per annum = (Interest Amount ÷ Loan Amount) ÷ days in Interest Period x 365 = ($0.30 ÷ $5.00) ÷ 280 x 365 = 7.8% p.a.

(b) Interest Amount is attributable to:

- UBS' funding cost = UBS' Funding Rate x Loan Amount x term = 6% x $5 x 280 ÷ 365 = $0.23
- Walkaway Feature cost = (Interest Amount – UBS' funding cost) = ($0.30 – $0.23) = $0.07

(B) How to calculate the Shareholder Cashback

Assume:

(a) price of XYZ share on the Purchase Date is $10.00

(b) Loan Amount of XYZISD series of UBS Dividend Builders is $5.00

(c) Purchase Price of a XYZISD UBS Dividend Builder is $5.40

(d) time to next Annual Interest Date is 1 year

(e) UBS' Funding Rate = 6% p.a.

(f) Wholesale Investor Fees = nil

(g) there are no Accretions in the Underlying Parcel

The Shareholder Cashback is calculated as follows:

(a) determine the Interest Amount: Interest Amount = (Purchase Price + Loan Amount – XYZ share price) = ($5.40 + $5.00 – $10) = $0.40

(b) Shareholder Cashback = (Loan Amount – Interest Amount – Wholesale Investor Fees) = ($5.00 – $0.40 – nil) = $4.60

(C) How to calculate the Rollover Surplus or Rollover Payment

Rollover Surplus

Assume:

(a) price of XYZ share on the Purchase Date is $10.00

(b) Loan Amount of XYZISD series of UBS Dividend Builders is $5.00, which means the Equity Value is $5.00

(c) bid price of a XYZISD UBS Dividend Builder is $5.50, which means the Interest Amount is $0.50

(d) Final Instalment determined by UBS for a XYZISD UBS Dividend Builder is $4.50

(e) Loan Amount of XYZISS series of UBS Dividend Builders is $6.00, which means the Equity Value is $4.00

(f) Purchase Price of a XYZISS UBS Dividend Builder is $4.60, which means the Interest Amount is $0.60

(g) Wholesale Investor Fees = nil

The Rollover Surplus/Rollover Payment due to/from the Applicant is calculated as:
(New Loan – Final Instalment – Interest Amount – Wholesale Investor Fees) = $6.00 – $4.50 – $0.60 – $0 = $0.90

As the result is a positive number, UBS will pay $0.90 to the Applicant as a Rollover Surplus.

Alternatively, the same amount could be derived as the difference between the bid price of XYZISD and Purchase Price of XYZISS, i.e. ($5.50 – $4.60) = $0.90

Rollover Payment

Alternatively, assume the investor decides to refinance their Final Instalment using XYZISP series of UBS Dividend Builders, which have a Loan Amount of $4.80 and is being offered at a Purchase Price of $5.65. The XYZISP Purchase Price is therefore broken down into:

(a) Equity Value = ($10 – $4.80) = $5.20

(b) Interest Amount is ($5.65 + $4.80 – $10) = $0.45

The Rollover Surplus/Rollover Payment due to/from the Applicant in this case is calculated as:
(New Loan – Final Instalment – Interest Amount – Wholesale Investor Fees) = $4.80 – $4.50 – $0.45 – $0 = –$0.15

As the result is a negative number, the Applicant must pay $0.15 (the absolute value of –$0.15) to UBS as a Rollover Payment.

Alternatively, the same amount could be derived as the difference between the bid price of XYZISD and Purchase Price of XYZISP, i.e. ($5.50 – $5.65) = –$0.15

Part 3—The Underlying Parcel

When you hold a UBS Dividend Builder the Security Trustee will hold the legal title to the Underlying Parcel (comprising one Underlying Share and Accretions attaching to that share) but you are the beneficial owner of the Underlying Parcel so you will be entitled to Dividends and other security holder rights relating to the Underlying Parcel. That said, the Underlying Parcel will be held subject to a Mortgage in favour of UBS to secure the repayment of your Loan so your ability to deal with some of those entitlements will be modified. The person entitled to security holder rights in relation to the Underlying Parcel is the Holder on the Record Date for the relevant Underlying Parcel entitlement (the "Record Date Holder").

This Part 3 explains how security holder entitlements in relation to the Underlying Parcel will be dealt with when you hold UBS Dividend Builders. Cross references are made to provisions in the Instalment Deed, Nominee Deed and Loan Agreement which together comprise the contractual terms of UBS Dividend Builders (the "Terms"). Potential investors can contact UBS to obtain a copy of the complete Instalment Deed. The terms of the Loan Agreement are set out in Part 12.

3.1 Dividends (Clause 7 of Instalment Deed)

The Terms provide that any Ordinary Dividends received by the Security Trustee on the Underlying Parcel will be paid to the Record Date Holder of the UBS Dividend Builder. Any Special Dividends will, on the other hand, be applied to reduce the Loan Amount on the relevant Ex-Dividend Date rather than paid to you in cash.

Dividends together with any attached franking credits will be assessable income for tax purposes but you will also be entitled to a tax offset equal to the attached franking credits (if any) subject to eligibility under the Tax Act (refer to Taxation Summary in Part 8 for the relevant criteria). If a Holder holds a UBS Dividend Builder as trustee of a trust, the Holder must immediately notify the Registrar (see Part 5.13 for more information).

Where you have not provided UBS with your TFN, ABN or proof of an exemption, the Security Trustee is required to withhold a portion of Dividends which are not fully franked and pay that amount to the ATO (see Part 4.2.14 for more information). In such circumstances, you will not receive the full amount of an Ordinary Dividend or, if a special Dividend is paid, UBS will reduce the Loan Amount by the full amount of the Special Dividend but the amount withheld ("Tax Withholding Amount") will be a full recourse debt payable by you to UBS. If you fail to pay the Tax Withholding Amount, UBS may recover it by enforcing the Mortgage over the Underlying Parcel and some or all of your UBS Dividend Builders may lapse.

If the Security Trustee receives a Dividend after the Final Maturity Date where the Ex-Dividend Date occurs after the Final Maturity Date then the cash amount of the Dividend shall be paid to the Record Date Holder, after repayment of all Secured Monies.

If an Ex-Dividend Date occurs after the Final Maturity Date but before the disposal of the Underlying Parcel by UBS or the transfer of the Underlying Parcel by the Security Trustee then the cash amount of any Dividend received by the Security Trustee after the Final Maturity Date shall be paid to the Holder as at the Final Maturity Date, after repayment of all Secured Monies.

If the Loan Amount is reduced by a Special Dividend to zero then trading in the Series of UBS Dividend Builders will likely be suspended from the Ex-Dividend Date and, subject to ASX consent, that Series of UBS Dividend Builders will be terminated on that date or soon thereafter, and any remaining Special Dividend amount will be paid in cash to the Holder of the UBS Dividend Builder, after repayment of all Secured Monies.

3.2 Corporate Actions

Corporate actions in respect of the Share Issuer may occur and include but are not limited to events such as the Share Issuer reducing its share capital, declaring a rights issue, making a buy back offer, issuing bonus securities and entering into a scheme of arrangement.

The Instalment Deed sets out specific provisions dealing with various corporate actions which include the property or benefit the subject of the corporate action being:

- paid in accordance with the Order of Payment;
- treated as an Accretion and held in the Separate Trust; or
- distributed to you as the holder of the UBS Dividend Builder.

Some of the common corporate action events and their consequences are described in more detail below.

3.2.1 Bonus Issues and Share Consolidation (Clause 17 of Instalment Deed)

If the Share Issuer makes a bonus issue of Securities or other financial products to the Security Trustee, those Securities may be treated as Accretions and form part of the Underlying Parcel for the UBS Dividend Builder, or they may be sold by the Security Trustee and the proceeds applied to reduce the Loan Amount or otherwise paid in accordance with the Order of Payment.

If a bonus issue or share consolidation occurs and the number of Underlying Shares on issue is increased or reduced then UBS may divide or consolidate (and therefore increase or reduce, as applicable) the number of UBS Dividend Builder held by each Holder by the same ratio. The Loan Amount of each UBS Dividend Builder will be reduced or increased at the same time, by the inverse of that ratio. For example, if the Loan Amount is $2 and the Holder holds 100 UBS Dividend Builders then after a 5:1 share consolidation, the Holder will hold 20 UBS Dividend Builders each with a Loan Amount of $10.

3.2.2 Rights and Entitlements (Clause 18 of Instalment Deed)

If the Share Issuer or any other person gives holders of the Underlying Shares the right or entitlement to acquire or be allocated additional Underlying Shares, either without a maximum quantity limit or with a quantity limit determined by reference to the number of Underlying Shares held, the actual rights or entitlements will not form part of the Underlying Parcel and will be dealt with by the Security Trustee at the direction of UBS in UBS' discretion. The value of those rights and entitlements (the "Rights Value") will be applied to reduce the Loan Amount or otherwise paid in accordance with the Order of Payment. In respect of all other arrangements to acquire additional Underlying Shares or an allocation thereof, the Holder acknowledges that the right or entitlement will not form part of the Underlying Parcel and no adjustments will be made to the Loan Amount, except as provided for in the deed.

If, instead of Underlying Shares, the right, entitlement or allocation is to:

(a) Securities which are not of the same Share Issuer and class of Securities as the Underlying Shares; or

(b) Securities which are stapled to the Underlying Shares,

then UBS may declare an Extraordinary Event, or:

- in the case of (a), at UBS' discretion, UBS may determine that the rights, entitlements or Securities form part of the Underlying Parcel in which case the Loan Amount remains unchanged, or UBS may apply the value of those rights and entitlements (the "Rights Value") to reduce the Loan Amount or otherwise apply the proceeds at the Rights Value in accordance with the Order of Payment; and
- in the case of (b), the new Securities will form part of the Underlying Parcel and there will be no adjustment to the Loan Amount.

If the Exchange determines that adjustments are to be made to option market contracts over the Underlying Shares as a result of such priority, right, entitlement or allocation then UBS may at its discretion reduce the Loan Amount by an amount determined by UBS having regard to the adjustment methodology applied by the Exchange.

3.2.3 Reduction of Capital (Clause 19 of Instalment Deed)

A reduction of capital can be implemented in different ways, giving rise to different consequences as follows.

No consideration and no cancellation

If the capital of the Share Issuer is reduced without making capital distributions to holders of the Underlying Share and without cancelling any Underlying Share or other financial products, the Security Trustee and UBS do not have any obligations as a consequence and the UBS Dividend Builder will continue unadjusted.

Capital distribution, no cancellation

If the capital of the Share Issuer is reduced without cancelling any Underlying Shares or other financial products, and the Share Issuer makes a capital distribution in cash or other assets, then the Security Trustee shall, either:

(a) receive and pay any cash and if directed by UBS sell the securities or other assets and pay the proceeds of sale of any distribution of securities or other assets; or

(b) if some or all of the cash or other assets are compulsorily applied to acquire new securities, receive and pay any remaining cash and, if directed by UBS in its discretion, sell the remaining securities, remaining assets and new securities and pay the proceeds of all such sales,

in accordance with the Instalment Deed as if the distribution of cash is a Special Dividend. This effectively means that the value of the capital distribution will be applied to reduce the Loan Amount

Cancellation of securities

If a Share Issuer reduces its capital by cancelling Underlying Shares or other financial products comprised in the Underlying Parcel, the Security Trustee shall receive and pay any cash distribution or proceeds from the sale of any distribution or securities in accordance with the Order of Payment, and there will be a corresponding cancellation of the relevant UBS Dividend Builder.

3.3 Extraordinary Events

UBS may, with ASX consent if such consent is required under the ASX Operating Rules, and after providing at least 10 Business Days written notice, elect to bring forward the Final Maturity Date for a Series of UBS Dividend Builders in response to certain extraordinary events. Extraordinary Events include events which affect the Underlying Parcel, such as the Underlying Shares being the subject of a proposed takeover offer, a proposed scheme of arrangement or merger or a buy-back offer. Other Extraordinary Events (not relating to the Underlying Parcel) which can result in an Early Maturity are described in Part 5.17.

If Early Maturity occurs as a result of an Extraordinary Event (other than for the Loan Amount being nil) then UBS will provide an Interest Refund calculated and applied under clause 3.6 of the Loan Agreement. The Interest Refund will be calculated using UBS' Funding Rate and will be applied to reduce the Loan Amount when the Loan is repaid.

You will generally be able to buy and sell the UBS Dividend Builders on the ASX until the Early Final Maturity Date, unless the Underlying Share is suspended or ceases to be quoted prior to that date in which case the UBS Dividend Builder will also be suspended or cease to be quoted. If you do not sell your UBS Dividend Builders prior to their ceasing to be quoted then you will receive the Net Expiry Value (if any) after the Early Final Maturity Date.

3.3.1 Takeover Offers (Clauses 13 and 14 of Instalment Deed)

A takeover offer may be made for Underlying Shares or the UBS Dividend Builders, with the following consequences:

Takeover offer for Underlying Shares

If an intention to make a takeover offer is announced or a takeover offer is made for the Underlying Shares or other financial products comprised in the Underlying Parcel, the Security Trustee will not accept the offer and the Holder cannot direct the Security Trustee to accept the offer. Holders may, at their discretion, elect to repay the Loan, take delivery of the Underlying Parcel and make their own decision on whether or not to accept the takeover offer. If an Early Final Maturity Date is nominated then an Interest Refund will be provided. If an Early Final Maturity Date is not nominated and the Holder elects to repay the Loan early then no Interest Refund will be provided.

If the Underlying Shares become subject to a compulsory acquisition then the Security Trustee must use reasonable efforts to accept the takeover bid offer and the proceeds of the compulsory acquisition (including sale proceeds of any non-cash consideration) will be applied in accordance with the Order of Payment, including towards repayment of the Loan. UBS may at its discretion (and with the consent of ASX) nominate an Early Final Maturity Date for the relevant Series of UBS Dividend Builders and UBS Dividend Builders corresponding to the Underlying Shares which have been compulsorily acquired will be cancelled.

Takeover offer for UBS Dividend Builders

If a takeover bid is made for UBS Dividend Builders then neither the Security Trustee nor any UBS Entity has any obligation to respond.

3.3.2 Schemes of Arrangement (Clause 15 of Instalment Deed)

If all or part of the Underlying Parcel (including the Underlying Share) is subject to a scheme of arrangement, a quasi-scheme of arrangement or a merger in the nature of a scheme of arrangement, the Security Trustee may retain some or all of the proceeds or property received so as to comprise the Underlying Parcel for the UBS Dividend Builder which will continue to exist, and apply some or all of the cash receipts or sale proceeds of non-cash receipts to reduce the Loan Amount or otherwise applied in accordance with the Order of Payment. If cash receipts only are distributed, they will be applied to reduce the Loan Amount or otherwise applied in accordance with the Order of Payment.

If proceeds and property are received in respect of the whole of the Underlying Parcel and the whole of those proceeds and property is distributed by the Security Trustee then UBS Dividend Builders corresponding to the Underlying Parcel shall be cancelled.

3.3.3 Buy-Backs (Clause 16 of Instalment Deed)

Buy back offer for Underlying Shares

If a buy-back or withdrawal offer is made for Underlying Shares or other financial products comprising the Underlying Parcel, UBS may nominate an Early Final Maturity Date but it is not obliged to do so and the Security Trustee is not obliged to accept the buy-back offer or accept instructions from the Holder to accept the buy-back offer.

Holders may, at their discretion, elect to repay the Loan, take delivery of the Underlying Parcel and make their own decision on whether or not to accept the buy-back offer. If an Early Final Maturity Date is nominated then an Interest Refund will be provided. If an Early Final Maturity Date is not nominated and the Holder elects to repay the Loan early then no Interest Refund will be provided.

Buy back offer for UBS Dividend Builders

If a buy back offer is made for UBS Dividend Builders then neither the Security Trustee nor any UBS Entity has any obligation to respond.

3.4 Disposal Events (Clause 12 of Instalment Deed)

If, other than as a result of the events described in Part 3.2 and Part 3.3 above, an event occurs which gives rise to an obligation on the Security Trustee under law to dispose of all or part of the Underlying Parcel then the Security Trustee must sell those assets in accordance with that obligation and the Holder has no right to challenge the validity of such a transfer. The proceeds of any sale must then be applied by the Security Trustee to reduce the Loan Amount or otherwise applied in accordance with the Order of Payment, including to repay the Loan.

3.5 UBS discretion (Clause 20 of Instalment Deed)

UBS has certain discretions in connection with events described in Parts 3.2, 3.3 and 3.4. See Part 4.2.11 for more information.

3.6 Voting (Clause 8 of Instalment Deed)

Holders are not entitled to receive notices of meetings or attend at any meeting of members of the relevant Share Issuer or compel the Security Trustee to attend or speak on behalf of the Holders.

The Security Trustee shall not cast any vote in respect of the Underlying Shares at any meeting of members of the Share Issuer.

3.7 Legal consequences of holding UBS Dividend Builders

3.7.1 Relevant interests and disclosure by substantial holders

The acquisition of a UBS Dividend Builder and the delivery of the Underlying Parcel on the repayment of the Loan will have implications for Holders under Chapters 6 and 6C of the Corporations Act. The precise implications depend on the Holder's particular circumstances.

The following explanation is provided to assist Holders in identifying the practical obligations that may arise from holding and from exercising a UBS Dividend Builder. The obligations of Holders will, however, be affected by circumstances peculiar to individual Holders and Holders should obtain their own advice on the obligations they may have under the Corporations Act.

Holders will hold the Beneficial Interest and will also have power to control the exercise of the Security Trustee's right to dispose of the Underlying Parcel (by giving a Loan Repayment Notice, for example). This will generally give a Holder a "relevant interest" (as contemplated by section 608 of the Corporations Act) in the Securities constituting the Underlying Parcel at the time of acceptance of that Holder's Application or when the Holder buys the UBS Dividend Builders on the ASX. Shareholder Applicants and Rollover Applicants will have a "relevant interest" in the Securities constituting the Underlying Parcel at the time of submitting their Application and acceptance of that Application will not change their "relevant interest" in those Securities.

The consequence of having a "relevant interest" is that, depending upon the particular circumstances (including any other "relevant interests"), certain obligations and prohibitions under the Corporations Act may apply (in particular, disclosure obligations under Chapter 6C of the Corporations Act and prohibitions on acquisitions under Chapter 6 of the Corporations Act, in each case as modified by ASIC Class Order [C/O 13/526]).

3.7.2 Ownership restrictions

The acquisition and exercise of UBS Dividend Builders may have implications for Holders under specific legislation such as the Foreign Acquisitions and Takeovers Act 1975 (Cth), the Broadcasting Services Act 1992 (Cth), the Financial Sector (Shareholdings) Act 1998 (Cth), the Telstra Corporation Act 1991 (Cth), the Qantas Sale Act 1992 (Cth) or the Gas Industry Restructuring Act 1986 (NSW), and under the constitutions of the specific Share Issuers.

Potential investors and Holders should obtain independent legal advice applicable to their particular circumstances in relation to all aspects of their proposed investment in UBS Dividend Builders including, but not limited to, the possible effects of the legislation referred to above.

Part 4—Key benefits and key risks

You should note that there are risks as well as benefits associated with an investment in UBS Dividend Builders. UBS Dividend Builders give you the ability to borrow to buy listed Securities on a limited recourse basis but the value of a UBS Dividend Builder is variable and it may become significantly less valuable over time and in certain circumstances may automatically lapse. This means that you may lose money or even sustain a total loss of your Purchase Price when you buy UBS Dividend Builders.

The information in this Master PDS and the relevant Term Sheet is general information only and does not take into account your investment objectives, financial situation or particular needs. Accordingly, nothing in this Master PDS and the relevant Term Sheet is a recommendation by UBS, UBS Securities or any other person in relation to the UBS Dividend Builders, any Underlying Shares, any Share Issuer or any other financial product.

You should reach an investment decision only after carefully considering, with your financial and taxation advisers, the suitability of the UBS Dividend Builders in light of your particular financial, legal and taxation circumstances, objectives and needs.

4.1 Key benefits

4.1.1 Borrow to create leverage

By using the Loan in the UBS Dividend Builder to help finance your purchase of listed Securities, you can increase your investment exposure to the Underlying Parcel because the Equity Value that you have to contribute to buy a UBS Dividend Builder is less than the purchase price you have to pay to buy the Underlying Parcel outright. This is commonly referred to as "leverage" and comes about as a result of the Loan provided to you by UBS. The resultant increase in investment exposure is referred to as a "leveraged exposure". The leveraged exposure means that for the same dollar amount invested in UBS Dividend Builders you have the potential to enjoy greater capital gains compared to holding the Underlying Parcels directly (but conversely you will incur leverage costs, e.g. interest, and you may incur greater losses).

4.1.2 Enhanced dividend yields and franking income

As a result of leverage, where a Dividend is paid in respect of the Underlying Shares, you will receive an enhanced dividend yield on the amount you invest compared to the dividend yield from investing the same amount directly in the same Underlying Parcel without leverage. Subject to your individual circumstances, you may also be entitled to receive tax credits such as franking credits on Dividends paid in respect of the Underlying Shares. Franking credits can be used to reduce your tax liability or paid to you in cash under certain circumstances for certain taxpayers so leveraging into high franking shares using UBS Dividend Builders can be a tax effective strategy for some investors.

4.1.3 Ease of loan administration

The Loan provided by a UBS Dividend Builder is easy to administer because:

a) there are no credit checks, you do not have to provide any personal guarantees and you do not need to fill in any loan application forms if you buy UBS Dividend Builders on the ASX;

b) you are not required to make additional cash payments to meet subsequent interest payments—instead, the Interest Amount is automatically capitalised into the Loan Amount at the start of each Interest Period; and

c) there are no margin calls so there is no need to deliver more cash or Securities as collateral when the Underlying Parcel price falls.

A leveraged investment can therefore be put in place quickly once the investor opens a warrant trading account with their broker.

4.1.4 Buy and sell like other listed Securities

UBS Dividend Builders can be bought and sold on the ASX, just like ordinary shares (subject to liquidity in the market for UBS Dividend Builders, which will generally reflect the liquidity of the Underlying Shares). Whilst UBS retains discretions in relation to offering UBS Dividend Builders, UBS Securities Australia Limited will provide a reasonable bid price and volume for UBS Dividend Builders in case you want to sell your holding in accordance with the ASX Operating Rules.

4.1.5 Control over your investment decisions

The Loan provided by a UBS Dividend Builder does not give the lender the right to sell down the Underlying Parcels or require you to deliver additional shares or cash collateral simply because the Underlying Parcel price has fallen. This has a number of important implications for you:

a) the decision to retain or relinquish your exposure to the Underlying Parcels at any time is controlled by you and not UBS—UBS cannot force you to sell your UBS Dividend Builder simply because the Underlying Parcel price has fallen;

b) you can choose to hold on to your exposure to the Underlying Parcels and "ride out" short term price volatility until the Final Maturity Date; and

c) you can pick the initial level of leverage—there may be more than one Series on offer at any time over the same Underlying Parcel so if that is the case you can choose the Loan Amount that you require and not be restricted to a standard set of Leverage Ratios which may be prescribed under other types of loans such as margin loans.

4.1.6 Walkaway Feature

UBS Dividend Builders have a Walkaway Feature which means that you do not have to make any payment out of your own funds to repay the Loan if the Closing Price of the Underlying Parcel at Maturity is equal to or less than the Loan Amount. In that situation, UBS would sell the Underlying Parcel and apply the proceeds towards repaying your Loan. UBS will not have any recourse to you or your other assets for any shortfall (if the proceeds of sale are not sufficient to repay your Loan in full). This feature means that you are not required to provide other collateral (e.g. cash or other shares) or personal guarantees under the Loan. By limiting UBS' recourse under the Loan in this manner, you will not lose more than the Purchase Price you paid.

4.1.7 Transparency in pricing

The Purchase Price of a UBS Dividend Builder can be calculated as:

[Purchase Price = (Underlying Parcel price – Loan) + Interest for current Interest Period]

Where the Underlying Parcel price is greater than the Loan Amount, the excess of the Underlying Parcel price over the Loan is your Equity Value. By comparing the Equity Value to the Underlying Parcel price, you can get a sense of the extent of leverage that you have acquired through this investment.

Interest cost can be broken down into a funding cost component and Walkaway Feature cost component. You can calculate the Interest cost yourself by reference to the Underlying Parcel price and the Loan Amount applicable at the time you buy your UBS Dividend Builder (see Part 2.1 for method of calculation). Interest that is capitalised on each Annual Interest Date will also be transparent as the new Loan Amount is disclosed by UBS to the market via an ASX market announcement.

If you make a Cash Application, Shareholder Application or Rollover Application and Fees are applicable then the Fees (if any) will be separately disclosed in the Term Sheet for the Series and/or specified in the Application Form.

4.1.8 Tax effectiveness when borrowing to invest

Interest incurred on the Loan is expected to be fully or partly deductible when you buy UBS Dividend Builders on the ASX or as a Cash Applicant, and when you use the Loan exclusively for income generating purposes when you make a Shareholder Application or Rollover Application. The portion of the Interest Amount that is deductible is calculated under the capital protected borrowing rules under the Tax Act, which is explained in more detail in Part 8.

Since Interest is prepaid for each Interest Period, individuals and small business taxpayers can generally claim a tax deduction in respect of the full Interest Period upfront, provided each Interest Period is no longer than 12 months (which is expected to be the case). If a Borrow Fee is charged then that amount is expected to be deductible but the deduction will be spread over a period of time, as explained in Part 8.

4.1.9 Self–managed Super Funds (SMSF)

UBS Dividend Builders are an eligible investment for SMSFs if purchased on the ASX or acquired via a Cash Application or Rollover Application (subject to the comments in Part 4.2.17) and are one of the few permissible leverage strategies that can be used by SMSFs. Shareholder Applications are not permitted by SMSFs and SMSF investors should seek independent legal advice, consider the laws and regulations relating to borrowing and charging of assets by superannuation funds and carefully consider the suitability of UBS Dividend Builders, including the risks associated with leverage, before making an investment. A SMSF holder may receive a cash rebate for

excess franking credits so borrowing to invest in Underlying Shares that pay franked distributions can generate additional cash inflows in some circumstances.

4.1.10 Choice and flexibility

There are often multiple Series of UBS Dividend Builders on offer or quoted at the same time over the same Underlying Share, with different Loan Amounts, different Final Maturity Dates and potentially different Annual Interest Dates.

By making a Rollover Application to switch from one Series to another, you can adjust the Leverage Ratio higher or lower to the level that you desire, without losing your beneficial interest in the Underlying Parcel. As explained in Part 8, a Rollover Application will not trigger a disposal of the Underlying Parcel for tax purposes but it will give you the flexibility to generate cash for other investments if you roll into a Series with a sufficiently higher Loan Amount and elect in your Rollover Application to receive the Rollover Surplus in cash (not available for superannuation fund investors), or reduce your Leverage Ratio if you make a Rollover Payment and roll into a Series with a lower Loan Amount. Refer to Part 2.3 for more information on how these amounts are calculated.

4.1.11 Option to receive Underlying Parcel

UBS Dividend Builders give you the option to give a Loan Repayment Notice to pay the Final Payment at any time on or before the Final Maturity Date and take delivery of the Underlying Parcels. Please note that whilst Interest is prepaid to the earlier of the next Annual Interest Date or Final Maturity Date, no Interest Refund is provided if you repay the Loan early. Investors may choose to repay the Loan early if they prefer to hold the Underlying Parcels outright, such as when there is a takeover offer and the investor wants to cast a vote or accept the offer.

4.2 Key risks

4.2.1 Leverage risk

The leverage provided by the Loan in the UBS Dividend Builders means that for the same dollar amount outlaid, you have greater investment exposure to the Underlying Parcels compared to buying the Underlying Parcels outright, but you also have more risk because returns from the UBS Dividend Builders are more volatile than returns from holding shares directly.

Whilst this leverage can enhance your dividend yield and accelerate your gains when the Underlying Parcel price increases it also means that the reduction in your dividend yield and your loss of capital will be magnified when the Underlying Parcel price falls. All else being equal, this leverage effect is more noticeable the higher the Loan Amount is relative to the Underlying Parcel price because the Underlying Parcel exposure relative to your Equity Value contribution is higher and it does not take as great a fall in the Underlying Parcel price to erode your Equity Value. In other words, the greater the Leverage Ratio the greater the risk of the UBS Dividend Builder.

The Leverage Ratio of a UBS Dividend Builder will increase on an Annual Interest Date if the Underlying Parcel price has not increased since the last Annual Interest Date by at least the same percentage as the increase in the Loan Amount following Interest capitalisation on that Annual Interest Date.

You will incur leverage costs when you invest in UBS Dividend Builders and those costs will reduce any return you derive from the Underlying Parcels. Higher leverage also means larger Interest Amounts relative to the Underlying Parcel price will be capitalised into the Loan Amount on each Annual Interest Date because the cost of the Walkaway Feature will be higher.

4.2.2 Pricing influenced by multiple factors

The values of UBS Dividend Builders and their price on the ASX are influenced by a multitude of factors, some of which are inter-related and some of which can be volatile. For example, the UBS Dividend Builders may be of significantly less value if the market price of the Underlying Parcel falls or of no value if the Underlying Parcel price is equal to or less than the Loan Amount at Maturity.

UBS Dividend Builders do not offer any form of capital protection in that the price of the UBS Dividend Builder can fall to zero if the Underlying Parcel price falls. As such, you should be prepared to sustain a total loss of your Purchase Price when you purchase UBS Dividend Builders.

Changes in the Underlying Parcel price will generally have the greatest impact on the value of a UBS Dividend Builder. The key factors that affect the value of a UBS Dividend Builder and the impact of each of them are as follows (assuming other factors remain unchanged):

Variable	Change in variable	Impact of change in variable on the UBS Dividend Builder value
Underlying Parcel price	↑	↑
Volatility of Underlying Parcel price	↑	↑
Time remaining in current Interest Period	↓	↓
Prevailing interest rates	↑	↑
UBS' Funding Rate	↑	↑
Expected Dividends on the Underlying Parcel	↑	↑

General risks applicable to the equity markets on which the Underlying Parcels are traded can also impact upon the value of UBS Dividend Builders. These include changes in share indices, interest rates, the strength of the Australian and world economy, investor perceptions, government policy and laws affecting the price and trading of options over the Underlying Parcels.

UBS Dividend Builders are not suitable for investors who are not familiar with or not comfortable with warrant market or equity market risks and risks associated with borrowing to invest.

4.2.3 Interest Rate exposure

The Interest Rate applicable to a UBS Dividend Builder is variable (including intraday) and it is determined by UBS from time to time based on (1) the cost of providing the funds to Holders under the Loan and (2) the cost of providing the Walkaway Feature. You can call UBS on 1800 633 100 if you wish to find out the current Interest Rate applicable to a UBS Dividend Builder.

A higher Interest Rate will lead to a higher Interest Amount which in turn results in a higher Purchase Price and therefore a greater amount being put at risk when you invest. The funding cost component will be driven by UBS' Funding Rate (which is in turn linked to market interest rates). The balance, being the cost for the Walkaway Feature, will be influenced by factors specific to a Series and the relevant Underlying Parcel (including the Underlying Parcel price and the volatility of Underlying Parcel price)—see Part 2.1 for more details.

In addition to influencing the Interest Amount when you acquire the UBS Dividend Builder, changes in Interest Rate can also impact on the Interest Amount that is capitalised on each Annual Interest Date. Unless the Term Sheet for a Series specifies that a fixed amount will be capitalised as Interest on a particular Annual Interest Date, the Interest Amount to be capitalised on any Annual Interest Date (and the corresponding Interest Rate) will be variable and will not be determined by UBS until the relevant Annual Interest Date. This means the Interest Amount that will be charged is not known when you buy the UBS Dividend Builder before the Annual Interest Date. This can result in uncertainty regarding the total cost of maintaining the Loan until the Final Maturity Date and the Leverage Ratio of the UBS Dividend Builder going forward.

4.2.4 Dividend risk

Dividends form part of the total investment return you may derive from your UBS Dividend Builders. If the Underlying Share does not pay any Ordinary Dividends then you will not derive any cash income during the term of your holding. Furthermore, if actual Dividends are lower than expected then all else being equal, your income and total return will be lower than expected.

The Interest Amount that is capitalised at the start of each Interest Period is affected by various factors as described in Part 2.1. All else being equal, the higher the expected Dividends for the next Interest Period, the higher the Walkaway Feature cost and therefore Interest Amount that will be capitalised on the Annual Interest Date at the start of that Interest Period. A higher Interest Amount will increase your Loan Amount, Leverage Ratio and the risk of early termination of the Series on that Annual Interest Date.

4.2.5 Ability of UBS to fulfil its obligations

Whilst the Holder is the beneficial owner of the Underlying Parcel held by the Security Trustee and UBS is the lender under the Loan, there are some circumstances under which the Holder is reliant on UBS to make payment to the Holder, such as when UBS is liable to pay the investor the Net Expiry Value following Maturity, or pay Liquidated Damages.

The obligations of UBS under the UBS Dividend Builders to pay any Net Expiry Value, Shareholder Cashback, Rollover Surplus, or Liquidated Damages to you are unsecured contractual obligations, which will rank equally with

UBS' other unsecured contractual obligations and unsecured debt (other than liabilities preferred by law or statute). In the event that UBS defaults on any payment or fails to perform its obligations under the UBS Dividend Builders, you may lose all or part of the Purchase Price paid for the UBS Dividend Builder. This means that investors have credit and counterparty exposure to UBS and the value of the UBS Dividend Builder will be impacted by the ability of UBS to fulfil its obligations under the Terms. Holders should make their own assessment of the ability of UBS to meet its obligations (including its ability to maintain a reasonable bid price and volume of UBS Dividend Builders on the ASX) and refer to Part 10 for information about UBS.

4.2.6 Ability of Security Trustee to fulfil its obligations

The value of a UBS Dividend Builder is also influenced by the ability of the Security Trustee to fulfil its obligations under the Instalment Deed (the Security Trustee is responsible for holding the Underlying Parcel, to pay out Ordinary Dividends to Holders, and it is required to deliver the Underlying Parcel to the investor when the Loan is repaid). The Security Trustee is an Australian financial services licence holder and a wholly owned subsidiary of UBS. See Part 6.2 for information about the Security Trustee. UBS does not guarantee or otherwise provide assurance in respect of the obligations of the Security Trustee.

4.2.7 No guarantee by ASX, National Guarantee Fund or ASX Settlement

The capacity of UBS to settle all outstanding UBS Dividend Builders is not guaranteed by the ASX, the National Guarantee Fund or ASX Settlement. Claims against the National Guarantee Fund may only be made in respect of trading in UBS Dividend Builders on the ASX between ASX market participants. A claim cannot be made in relation to any UBS Dividend Builders issued under a Cash Application, Shareholder Application or Rollover Application, an off market transfer of UBS Dividend Builders or in respect of the settlement obligations of UBS arising from the exercise or maturity of a UBS Dividend Builder.

4.2.8 Potential termination on Annual Interest Date

On each Annual Interest Date, UBS has the discretion to terminate a Series of UBS Dividend Builders on that date by giving Holders at least 20 Business Days prior notice and making an announcement on ASX's market announcements platform.

If UBS elects to terminate a Series then that Annual Interest Date will be an Early Final Maturity Date and Holders may:

(a) sell their UBS Dividend Builders in that Series on the ASX (subject to liquidity and continued quotation) prior to the close of trading on the ASX on the Annual Interest Date;

(b) repay the Loan to take delivery of the Underlying Parcel by giving a Loan Repayment Notice by the Notice Cut-Off Time (12:00 pm (Sydney time)) on the Annual Interest Date;

(c) make a Rollover Application to switch from the terminating Series to another Series of UBS Dividend Builder over the same Underlying Parcel by the Notice Cut-Off Time on the Annual Interest Date; or

(d) do nothing and receive the Net Expiry Value (if any) following Maturity.

A Series of UBS Dividend Builders will also terminate at the Closing Time on an Annual Interest Date if UBS determines that the Loan Amount for the Interest Period starting on (but excluding) that Annual Interest Date (i.e. after capitalisation of the Interest Amount for the new Interest Period) would be higher than the Closing Price of the Underlying Parcel on that Annual Interest Date (unless UBS has specified in the Term Sheet for that Series that this provision shall not apply). This could happen because, for example, the Underlying Parcel price has fallen and/or the Interest Amount that needs to be capitalised for the following Interest Period has increased due to increases in UBS' Funding Rate or the Walkaway Feature cost.

The likelihood of a Series of UBS Dividend Builders terminating on an Annual Interest Date increases over time if the Underlying Parcel price does not increase or increases by less than the Interest Amount capitalised on each Annual Interest Date.

Please refer to Part 2 "Termination on an Annual Interest Date" for more details.

4.2.9 Adjustments to the Underlying Parcels and/or termination of the UBS Dividend Builders

The UBS Dividend Builders may be terminated or the Underlying Parcels or Underlying Parcel may be varied in response to Corporate Actions such as rights issuance or takeovers (see Part 3). UBS Dividend Builders may also be terminated on any Annual Interest Date (see Part 4.2.8 above). If this happens you will not be able to maintain the same investment exposure to the Underlying Parcel via the UBS Dividend Builder.

4.2.10 Exercise of discretion by UBS

The Instalment Deed confers various discretions (including sole and absolute discretion in some circumstances) on UBS which could affect the value of the UBS Dividend Builders. These include (but are not limited to) the power to:

(a) nominate certain events as Extraordinary Events and bring forward the Final Maturity Date (see Part 4.2.11);

(b) elect any Annual Interest Date to be the Final Maturity Date by terminating a Series on that date (see Part 4.2.8);

(c) deal with Adjustments Events (see Part 4.2.9); and

(d) amend the Instalment Deed in certain circumstances (see Part 5.29).

Holders do not have the power to direct UBS concerning the exercise of any discretion. However, the ASX is required to approve some (but not all) discretions that UBS may wish to exercise.

4.2.11 UBS discretion and other adjustments (Clause 20 of Instalment Deed)

Where UBS determines before an adjustment is made under clauses 12 to 19 of the Instalment Deed (which relate to disposal events described in Part 3.4, takeover bids for the Underlying Shares, takeovers of UBS Dividend Builders, schemes of arrangements, buy backs, bonus issues, rights or entitlements to acquire or be allocated Underlying Shares and reduction of capital of the Share Issuer), that those provisions are not appropriate in any particular circumstances it may make any alterations it considers necessary or reasonable to prevent the rights of Holders from being prejudiced or to preserve the economic position of Holders and UBS (and its related bodies corporate) in relation to the UBS Dividend Builders. Any such determination by UBS will be made acting in good faith and in a commercially reasonable manner.

If any of the events described in clauses 12 to 20.1 of the Instalment Deed occur or any other event occurs (other than the payment of Dividends), UBS will ordinarily deal with those events in the way described in Part 3.3 and 3.4 above. In addition, UBS may instead under clause 20.3 of the Instalment Deed, with the consent of ASX but otherwise in its absolute discretion, nominate that one or more of the following will apply:

(a) the affected Series of UBS Dividend Builders will be suspended from trading during the time when the Rights Value or cash proceeds (as applicable) are determined;

(b) the number of UBS Dividend Builders in a Series will be consolidated or divided in response to a consolidation or subdivision of the Underlying Parcels, with the consent of the ASX; or

(c) the property or benefit or Underlying Parcel which is the subject of the event or the proceeds of sale of such property or rights will be:

   i. paid in accordance with the Order of Payment, and if the proceeds are in respect of the whole of the Underlying Parcel, the UBS Dividend Builders will be cancelled;

   ii. treated as an Accretion;

   iii. treated as if the amount were a Special Dividend; or

   iv. distributed to the Holder.

UBS may also, with the consent of the ASX, take such other action as it deems appropriate in relation to an event that is not covered by the adjustment process in clause 20 of the Instalment Deed or an Extraordinary Event nominated under clause 10 of the Instalment Deed.

UBS may reconstruct any Series of UBS Dividend Builders with the approval of 75% of the votes cast by Holders of the Series.

4.2.12 Conflict of interests

UBS and its related bodies corporate may, in their absolute discretion, buy and sell Underlying Parcels and UBS Dividend Builders, exchange traded options and other financial products relating to UBS Dividend Builders or Underlying Parcels, either as principal or agent. UBS and its related bodies corporate may also advise the issuers of Underlying Parcels (for which it may receive fees and commissions) in relation to matters not related to the UBS Dividend Builders such as corporate advisory services, mergers and acquisitions, advisory and capital markets transactions. Please refer to the Term Sheet relevant to each Series for further information about conflicts of interests that may apply to a Series (if any).

4.2.13 Change of law

Changes to laws or their interpretation in Australia including taxation laws could have a negative impact on any returns to investors. This Master PDS (including Part 8 in respect of taxation matters) is based on Australian laws as at the date of this Master PDS and updated taxation information relevant to a Series may be provided in the Term Sheet relevant to the Series. You should seek independent advice on the tax consequences which may apply to you when you invest in UBS Dividend Builders and you should remain alert to any taxation changes.

4.2.14 Payment of Tax Withholding Amount and other related amounts

Where you have not provided UBS with your TFN, ABN or proof of an exemption, the Security Trustee is required to withhold a portion of Dividends which are not fully franked and pay that amount to the ATO. In such circumstances, the amount withheld ("Tax Withholding Amount") will be a full recourse debt payable by you to UBS.

UBS will notify you as soon as reasonably practicable if you are liable to pay a Tax Withholding Amount and the date by which it must be paid. If you fail to pay the Tax Withholding Amount by that date then UBS may recover the Tax Withholding Amount (and other amounts owed to it) by enforcing the Mortgage over the Underlying Parcels and any Accretions and some or all of your UBS Dividend Builders may lapse (see Part 5.15).

See Part 4.2.17 for an explanation as to why superannuation entities should only invest in a UBS Dividend Builder if they provide a TFN or ABN (or proof of an exemption) to UBS.

4.2.15 Possible illiquidity of trading market

Your ability to buy and sell UBS Dividend Builders on the ASX is dependent on the continuous quotation of the UBS Dividend Builders on the ASX. Certain events such as those described in 4.2.8, 4.2.9, 4.2.10 and 4.2.16 may result in the early termination of a Series of UBS Dividend Builders or suspension of trading in a Series of UBS Dividend Builders. You should also note that at present there is no accurate indication as to how the UBS Dividend Builders will trade in the secondary market and as to whether the market will be liquid or illiquid. However, UBS will, as and when practicable, arrange for buy and sell quotations to be made on the ASX for UBS Dividend Builders. For example, UBS Securities will, in accordance with the ASX Operating Rules, provide a reasonable bid price and volume for UBS Dividend Builders in case you want to sell your holding.

4.2.16 Suspension of trading on the ASX

Trading of the UBS Dividend Builders on the ASX may be halted or suspended if the ASX deems that action appropriate in accordance with the ASX Operating Rules, such as to protect investors or if UBS has failed to comply with its obligations under the ASX Operating Rules or the Terms of the UBS Dividend Builders.

4.2.17 Special note for superannuation funds

Superannuation funds are regulated by the Superannuation Industry (Supervision) Act 1993 ("SIS Act"). The SIS Act prohibits superannuation funds from:

(i) granting a charge over assets of the fund (regulation 13.14); or

(ii) borrowing, unless a specific exception applies: section 67(1)

One exception is contained in section 67A, which allows superannuation funds to borrow in order to invest in an acquirable asset (which includes Underlying Parcels, assuming there are no legal restrictions on the fund acquiring the Underlying Parcels), provided the asset is held on certain stipulated conditions, all of which will be satisfied by the UBS Dividend Builder structure.

Section 67A also allows superannuation funds to refinance a borrowing that was used to invest in an acquirable asset on the terms described above.

As a consequence, superannuation funds are entitled to acquire UBS Dividend Builders via a Cash Application, or by on-market purchase. Superannuation funds are also entitled to acquire UBS Dividend Builders via a Rollover Application, but to ensure the terms of section 67A SIS Act are complied with, UBS will apply any Rollover Surplus to purchasing additional UBS Dividend Builders.

Superannuation funds are not entitled to acquire UBS Dividend Builders via a Shareholder Application, because this would result in a charge being granted over an existing asset of the fund.

Where a superannuation entity fund that holds UBS Dividend Builders does not provide its TFN, ABN or proof of an exemption, the Security Trustee will be required to withhold a portion of Ordinary Dividends or Special Dividends which are not fully franked and pay that amount to the ATO. In the case of Special Dividends, UBS funds this

payment, and is entitled to recover it from the superannuation fund on a full recourse basis by enforcing the Mortgage over the Underlying Parcel. In these circumstances, a superannuation fund entity may be deemed to be borrowing in contravention of section 67(1) of the SIS Act if it does not provide its TFN or ABN and a Tax Withholding Amount becomes due and payable to UBS. Accordingly, superannuation funds entities should not consider investing in UBS Dividend Builders unless they intend to and are able to provide UBS with a TFN, ABN or proof of an exemption.

Superannuation entities should obtain independent advice on the suitability of investing in UBS Dividend Builders, including by taking into account the leveraged exposure to the Underlying Parcels acquired through UBS Dividend Builders. No determination by the Regulators has been sought in respect of the UBS Dividend Builders offered under this Master PDS and the Term Sheets.

Part 5—Summary of legal terms

The Instalment Deed together with the Loan Agreement and Nominee Deed set out the legal terms of UBS Dividend Builders. In addition to the description of UBS Dividend Builders set out in other Parts of this Master PDS, various key terms of the Instalment Deed are summarised in this Part. This Part 5 is not a comprehensive summary of all the terms but it highlights particular provisions that UBS wishes to encourage prospective investors to consider in detail and discuss with their professional advisers prior to making an investment.

Clause references in this Part are to clauses in the Instalment Deed.

5.1 Documentation Structure

UBS (as issuer) and UBS Nominees Pty Limited (as Security Trustee) are parties to the Instalment Deed. The Instalment Deed sets out the terms of issue of UBS Dividend Builders offered under this Master PDS and the relevant Term Sheets.

Pursuant to the Instalment Deed, the Security Trustee will execute a Nominee Deed pursuant to which the Security Trustee undertakes to hold the Underlying Parcel as bare trustee for the Applicant on a Separate Trust until the Final Maturity Date or, if earlier, payment of the Loan Amount.

The Security Trustee may appoint a nominee to hold the Underlying Parcel on trust. Each Separate Trust will terminate on the Security Trustee (or its nominee) ceasing to hold the legal title to the Underlying Parcel. The Security Trustee is a wholly owned subsidiary of UBS, and has a limited range of discretions, choices and responsibilities beyond those required by the ASIC Market Integrity Rules, ASX Operating Rules, the ASX Listing Rules and the ASX Settlement Operating Rules.

5.2 Copies of the Instalment Deed

The Instalment Deed (which includes as a schedule the form of the Nominee Deed) is available for inspection at the Office. A copy of the Instalment Deed is available free of charge by contacting UBS on 1800 633 100.

5.3 Interpretation (clause 1)

The Instalment Deed has been prepared such that the UBS Dividend Builders to be issued conform to the ASIC Market Integrity Rules, ASX Operating Rules and the ASX Settlement Operating Rules, and the Instalment Deed is to be interpreted so that it conforms to any applicable relief on which UBS wishes to rely under the Corporations Act, ASIC Market Integrity Rules, ASX Operating Rules or ASX Settlement Operating Rules.

5.4 Rights and Obligations of the Holder (clause 1)

Each Holder is entitled to the benefit of the obligations of the Security Trustee and UBS under the Instalment Deed. Each Holder is bound by the Instalment Deed.

5.5 Application process of UBS Dividend Builders (clause 2)

The Instalment Deed contains provisions which set out the process for applying for UBS Dividend Builders. This process is described in Part 2.2 and Part 6.2 of this Master PDS and differs depending on whether the Applicant is a Cash Applicant, Shareholder Application or Rollover Applicant.

5.6 Separate Trusts (clause 3)

Each Holder is the beneficiary under a Separate Trust established under the Nominee Deed in relation to each Underlying Parcel corresponding to the UBS Dividend Builder held by the Holder. The Security Trustee must keep separate and must not pool the interests or property of or in the Separate Trusts. However, it may aggregate holdings in certain circumstances and deposit monies in respect of the Separate Trusts into the same bank account.

Subject to the Mortgage in favour of UBS, each Holder is absolutely entitled to the Underlying Parcel pursuant to the Nominee Deed but the Holder agrees not to require transfer of the Underlying Parcel to it or its nominee prior to making the Final Payment.

Where a Loan Repayment Notice is given in respect of some but not all of a Holder's UBS Dividend Builders, or where the payment accompanying the Loan Repayment Notice is not sufficient to repay the Loan on all of the Holder's UBS Dividend Builders then the Security Trustee or UBS may determine which of the Underlying Parcels will be delivered to the Holder and which will be retained and remain subject to the Mortgage.

5.7 No Encumbrance and no Third Party Interests (clause 3)

No Encumbrance (except for the Mortgage) may be created or permitted to subsist in respect of the Underlying Parcel.

No person may control the transfer or disposal of the Underlying Parcel other than for the purpose of complying with the Instalment Deed or a direction of a court, or pursuant to the Mortgage, or as directed by UBS so long as UBS has fulfilled its obligations in respect of the UBS Dividend Builder.

5.8 Holding Statements (clause 4)

UBS Dividend Builders are not held in paper form and ownership is not evidenced by certificates—instead, they are held like ASX listed shares and can be broker sponsored by your broker or issuer sponsored by UBS. Trades in UBS Dividend Builders on the ASX will settle via CHESS and UBS must comply with the ASX Settlement Operating Rules governing CHESS and the ASIC Market Integrity Rules concerning the issue of notices relating to the UBS Dividend Builders. Each Holder will, however, receive a statement regarding their holding of UBS Dividend Builders, as required by the Corporations Act and the ASX Settlement Operating Rules.

5.9 The Register (clause 4)

UBS must establish and maintain, or direct the Registrar to establish and maintain, a register of Holders in respect of each Series.

The Register must be open at all reasonable times during business hours on Business Days for inspection by Holders. No notice of any trust will be entered in the Register except as required by law.

5.10 Transfer (clause 5 of the Instalment Deed and clause 7 of the Loan Agreement)

UBS Dividend Builders can be bought and sold on the ASX like listed shares (subject to liquidity and continued quotation) and such transfers will be made in accordance with Division 4 of Part 7.11 of the Corporations Act and the applicable ASX Settlement Operating Rules. A Transfer takes effect when the name of the Transferee is entered into the Register. No fee will be charged for the registration of a Transfer of UBS Dividend Builders.

When a UBS Dividend Builder is transferred on the ASX, the Instalment Deed and Loan Agreement provide for the following to occur automatically when the transaction is settled:

- a drawdown of the Loan Amount by the Transferee;
- a prepayment by the Transferee of the Interest Amount for the Interest Period starting on (but excluding) the Purchase Date and ending on (and including) the earlier of the next Annual Interest Date or the Final Maturity Date;
- a partial refund of Interest to the Transferor for the period starting on the contract date of the sale and ending on the earlier of the next Annual Interest Date or the Final Maturity Date;
- a repayment of the Loan Amount plus any Early Repayment Cost or repayment of the Loan Amount less any Early Repayment Benefit (as applicable) by the Transferor; and
- the transfer of the Beneficial Interest from the Transferor to the Transferee.

Whilst the above description refers to Interest payments, Interest Refunds, Early Repayment Benefit and Early Repayment Cost, all of these amounts are reflected in the price of the UBS Dividend Builder traded on the ASX so no additional payments are required to be made between the Transferor, the Transferee or UBS.

5.11 Record Dates (clause 6)

UBS must use reasonable endeavours to ensure that the Registrar fixes Record Dates for a Series of UBS Dividend Builders at the same time (or as nearly as possible) as fixed by the Share Issuer for Dividends and other entitlements for the corresponding Underlying Shares.

Division 4 of Part 7.11 and Regulation 7.11.39 of the Corporations Regulations apply as far as possible to determine the entitlement of Holders to Dividends and Accretions.

5.12 Annual Interest Dates (clause 6)

UBS, the Holder and Security Trustee agree to do all things contemplated by the Loan Agreement in respect of the Annual Interest Drawdown Procedure without the Holder taking any further action.

5.13 Ordinary Dividends and Special Dividends (clause 7)

Subject to any withholding tax obligations, the cash amount of any Ordinary Dividends paid on the Underlying Parcel will be paid to the Record Date Holder in the Settlement Currency as soon as practicable after receipt of the Ordinary Dividend and clearance of the payment from the Share Issuer. The Settlement Currency for Ordinary Dividends is Australian dollars unless otherwise specified in the Term Sheet for a Series.

Where a Share Issuer declares a cash Special Dividend, the Loan Amount will be reduced on the Ex-Dividend Date for that Special Dividend in accordance with the Loan Agreement. In consideration for that reduction in the Loan Amount:

- each Record Date Holder directs the Security Trustee, and the Security Trustee must, subject to withholding tax obligations, pay the cash amount received by the Security Trustee in respect of that Special Dividend to UBS as soon as practicable after receipt and clearance of the distribution; and
- the Loan Agreement provides that where the Share Issuer amends the amount of an announced cash Special Dividend, the Loan Amount will be adjusted up or down, as applicable, for that difference.

If the sum of the cash amount of a Special Dividend and any corresponding Interest Refund amount exceeds the Loan Amount on the Ex-Dividend Date then the Loan Amount will be reduced to zero on that Ex-Dividend Date and that excess will be paid to the Holder.

If a Holder holds a UBS Dividend Builder as trustee of a trust, the Holder must immediately notify the Registrar and, if required, provide to the Security Trustee all information required for the Security Trustee to make a "correct TB (i.e. trustee beneficiary) statement" under section 102UG of the Tax Act.

The Security Trustee must, at the direction of UBS, take all Reasonable Action (as defined in the Instalment Deed) to disclose to the Holder information necessary to determine their entitlement of any franking credit or tax offset.

The Instalment Deed contains provisions which may require a Tax Withholding Amount to be paid to UBS, as described in Part 4.2.14 of this Master PDS.

The Security Trustee will not participate in, and the Holder cannot participate in, any dividend reinvestment plan or other distribution plans in relation to an Underlying Share.

5.14 Voting (clause 8)

Holders will not receive information or notices regarding meetings of the Share Issuer and will not be entitled to attend, vote or speak in the capacity as Holder, or direct the Security Trustee to attend, vote or speak, at those meetings.

5.15 Mortgage (clause 9)

UBS has an equitable mortgage or charge (as the case may be) over the Underlying Parcel granted to it by the Security Trustee. This Mortgage secures the repayment of the Secured Monies and, subject to any right of indemnity exercisable by the Security Trustee, UBS has a first right to receive the Secured Monies from the net proceeds of sale of the Underlying Parcel.

If the Loan and all other Secured Monies have not been repaid within 5 Business Days after the Loan Repayment Notice Date, or the Holder is liable to pay a Tax Withholding Amount to UBS, or the Holder fails to pay Taxes in accordance with the Instalment Deed, then UBS may exercise its power of sale and dispose of the Underlying Parcel and pay the proceeds in accordance with the Order of Payment, or UBS may appoint one or more receivers.

5.16 Early Final Maturity (clause 10)

An Early Final Maturity Date may arise because UBS nominates an Extraordinary Event (see below Part 5.17), or because UBS elects to terminate a Series of UBS Dividend Builders on an Annual Interest Date (see below Part 5.18).

5.17 Early Final Maturity following an Extraordinary Event (clause 10)

UBS may at its discretion, and subject to ASX consent if such consent is required, nominate any of the following events as an Extraordinary Event and determine an Early Final Maturity Date for one or more Series of UBS Dividend Builders:

(a) Underlying Shares or other financial products comprising the Underlying Parcel in respect of a Series of UBS Dividend Builders:

  (i) are the subject of a buy-back offer; or

  (ii) are the subject of a proposed takeover offer, a proposed scheme of arrangement or merger in the nature of a scheme or arrangement; or

  (iii) are or are scheduled to be de-listed, cease to be quoted on any stock exchange or financial market or are suspended; or

(b) a Series of UBS Dividend Builders ceased to be quoted, is withdrawn from admission to trading status or suspended otherwise than as a result of the acts of UBS; or

(c) if there is a Tax Change; or

(d) it becomes impossible for UBS to hedge its exposure pursuant to the UBS Dividend Builders due to either of the following occurring:

  (i) a general moratorium on commercial banking activities is declared by the relevant central banking authority in Australia, the United States of America, the United Kingdom or the country where the Exchange is located, or there is a material disruption in commercial banking or Security settlement, lending or clearance services in any of those countries; or

  (ii) trading in all securities quoted on the Exchange is suspended or limited in a material respect for at least one full day on which the Exchange is open for trading; or

(e) the Loan Amount on any day is equal to zero.

5.18 Early Final Maturity on an Annual Interest Date (clause 10)

In the absence of an Extraordinary Event, there are two situations under which a Series of UBS Dividend Builders can be terminated at the Closing Time on an Annual Interest Date:

(a) By giving Holders in a Series at least 20 Business Days' prior notice and making an announcement on ASX's market announcements platform, UBS may at its discretion, without the consent of the ASX, elect to terminate that Series on any Annual Interest Date. If UBS gives this notice, that Annual Interest Date will be designated as an Early Final Maturity Date.

(b) Unless UBS has specified in the Term Sheet for a Series that this shall not apply, a Series will terminate at the Closing Time on an Annual Interest Date if the Loan Amount calculated by UBS for the new Interest Period starting on that Annual Interest Date (i.e. the Loan Amount after capitalisation of the Interest Amount for the new Interest Period) would be greater than the Closing Price of the Underlying Parcel on the Annual Interest Date.

Please refer to "Termination on an Annual Interest Date" in Part 2 and Part 4.2.8 "Potential Termination on Annual Interest Date" for more information.

5.19 Loan Repayment and Net Expiry Value (clause 11)

The Instalment Deed contains provisions in connection with the Holder giving a valid and effective Loan Repayment Notice and being delivered the Underlying Parcels or paid the Net Expiry Value. Information about these matters is contained in Part 7 of this Master PDS.

5.20 Adjustments in response to corporate actions (clauses 13 to 19)

The Instalment Deed contains specific provisions dealing with adjustments to UBS Dividend Builders in response to various corporate actions. Information about these matters is set out in Parts 3.2 and 3.3 of this Master PDS.

5.21 Powers and Duties of the Security Trustee (clause 22)

The Security Trustee has limited powers, duties, rights and discretions.

For example, the Security Trustee can exercise a power of sale in respect of the Underlying Parcel under the terms of the Mortgage granted in favour of UBS. It also has general powers to administer the Separate Trusts, including powers to maintain bank accounts, and to give acknowledgements and undertakings to the ASX and ASIC.

The Security Trustee has power to lend Underlying Parcels to UBS or related bodies corporate in certain circumstances where UBS or a related body corporate of UBS is the Holder. The UBS entity must not dispose of those UBS Dividend Builders or give a Loan Repayment Notice in respect of those UBS Dividend Builders whilst the Underlying Parcels are on loan.

The Security Trustee also has the power to borrow, grant security, give indemnities and make certain payments.

5.22 Obligations of the Security Trustee (clause 23)

The Security Trustee's liability is limited to the extent to which the liability can be satisfied under the Instalment Deed out of the Separate Trust to which the Holder has a Beneficial Interest, except for liability arising in certain circumstances (for example as a result of the Security Trustee's dishonesty, wilful breach of trust or gross negligence). The Security Trustee is indemnified by UBS for liabilities incurred other than for liabilities of the Security Trustee arising from the Security Trustee's or its officers' dishonesty, wilful breach of trust or gross negligence. The Security Trustee is not liable for the gross negligence, dishonesty or default of UBS, the Holders or any other person.

The Security Trustee may appoint attorneys and may rely on advice from advisers engaged by the Security Trustee. The Security Trustee is not liable for anything done or suffered by it in good faith in reasonable reliance upon such advice.

The Security Trustee is not required to monitor the Share Issuers, UBS or the Registrar.

The Security Trustee has no responsibility for any acts or omissions of a nominee appointed pursuant to the Nominee Deed, nor for any breach of the Nominee Deed or the Instalment Deed caused by the nominee.

The Security Trustee is not required to prepare accounts or tax returns for the Separate Trusts.

UBS does not guarantee that the Security Trustee will perform or comply with its obligations under the Instalment Deed.

5.23 Replacement of Security Trustee (clause 23)

The Security Trustee may resign and UBS may appoint a replacement approved by the ASX. UBS may remove the Security Trustee and appoint an ASX approved replacement if the Security Trustee breaches the Instalment Deed and the breach is not remedied for 30 days after notice is given to the Security Trustee.

5.24 Taxes (clause 24)

Where the Security Trustee receives a notice requiring the payment of any Tax on behalf of or in respect of a Holder, a UBS Dividend Builder or an Underlying Parcel, then if the Security Trustee determines, on advice, that it has (or there are reasonable grounds to argue that it has) an obligation to pay the Tax, the Security Trustee will give notice to UBS and the relevant Holder that the Holder must pay such amount to the Security Trustee within a specified period.

If the Holder fails to pay the Taxes in accordance within the specified period, UBS shall pay the Taxes on behalf of the Holder and the amount paid is recoverable by UBS from the Holder as a debt due to UBS.

The Holder must pay to UBS or the Security Trustee any GST payable for any supply by UBS or the Security Trustee. The Holder must also indemnify UBS and the Security Trustee from any GST or penalties arising from the failure to pay the GST.

5.25 Payments to the Security Trustee (clause 25)

The Security Trustee has no recourse to the Separate Trusts for any remuneration or reimbursement of expenses except in limited circumstances. The Security Trustee is entitled to reimbursement by UBS in respect of the costs, charges and expense incurred in connection with the administration of the Separate Trusts.

5.26 Audit (clause 26)

UBS must procure an audit of the conduct of each of the Separate Trusts and the Register, if required by and in accordance with the Corporations Act, the ASIC Market Integrity Rules and the ASX Operating Rules.

5.27 Payments (clause 27)

All payments in relation to UBS Dividend Builders shall be made in the Settlement Currency applicable to that payment.

If an Ordinary Dividend received by the Security Trustee is in a currency other than Australian dollars then the Security Trustee will convert the cash amount received into the Settlement Currency on or as soon as practicable after receipt of the Ordinary Dividend, at the then prevailing exchange rate determined by UBS, before paying the converted amount to the Holder.

5.28 Provision of Information (clause 29 and 30)

Holders are required to provide information reasonably requested by UBS or the Security Trustee, and must provide the Registrar on request with details of its holdings of Underlying Shares or other financial products comprising the Underlying Parcel and any interest it has in them.

Holders agree to the tape recording by UBS or its agent of any telephone conversation concerning UBS Dividend Builders, and the retention and use of such tape recordings as evidence of the contents of the recorded conversation.

5.29 Amendments to Instalment Deed (clause 32)

UBS and the Security Trustee may amend the Instalment Deed in certain circumstances, which include amendments authorised by a resolution of Holders, necessary or desirable to comply with any legal or ASX requirements, to rectify any defect, or amendments that do not in the reasonable opinion of UBS materially prejudice the interests of Holders (subject to ASX consent where applicable).

Part 6—How do I invest?

6.1 Who can buy?

All investors with an Australian warrant broking account can purchase UBS Dividend Builders on the ASX. If you don't have a warrant broking account you will need to open one and to sign a Warrant Client Agreement with your broker.

Individuals, companies and trusts (including superannuation funds) in Australia can also buy UBS Dividend Builders via a Cash Application or a Rollover Application (subject to comments relating to superannuation funds in Part 4.2.17).

If you hold Underlying Parcels you can make a Shareholder Application provided you are not a superannuation fund. Superannuation entities are subject to restrictions on entering into borrowing arrangements, granting charges over fund assets, and on the type of investments that can be made, as explained in more detail in Part 4.2.17.

6.2 How to buy

There are various ways you can buy UBS Dividend Builders as described in Parts 6.2.1 to 6.2.4 below.

Regardless of how you acquire it, when you buy a UBS Dividend Builder you will:

(a) receive a limited recourse Loan from UBS on which an Interest Amount is prepaid for each Interest Period;

(b) acquire the Beneficial Interest and the Underlying Parcel will be held by the Security Trustee, subject to the Mortgage; and

(c) be able to receive legal title to the Underlying Parcel by providing a Loan Repayment Notice up to and including the Final Maturity Date and making the Final Payment.

Depending on how you acquire your UBS Dividend Builder, the way in which the Loan funds will be applied may vary but the rights and obligations that you have under the UBS Dividend Builder will be the same as all UBS Dividend Builders in that Series. The Loan is made under the Loan Agreement entered into between you and UBS, the terms of which are set out in Part 12.

6.2.1 Buy on market through your broker

UBS Dividend Builders are quoted as warrants on the ASX. You can identify them by their six letter code where:

(a) the first three letters are the ASX code for the Underlying Share;

(b) the fourth letter is "I" (represents UBS Dividend Builder);

(c) the fifth letter is "S" (represents UBS as issuer); and

(d) the last letter is a letter that denotes a particular Series.

For example, "BHPISA" is a UBS Dividend Builder over BHP Billiton Limited with a Loan Amount and Final Maturity Date that are specific to this "A" Series.

You can buy UBS Dividend Builders by placing an order through your broker, including an online broker, provided you have a warrant broking account. Brokerage, as specified by your broker, may apply.

6.2.2 Make a Cash Application

If you do not want to buy UBS Dividend Builders on market (for example, because you do not have a warrant broking account) then you can buy UBS Dividend Builders by making a Cash Application using the Application Form attached to the Term Sheet and sending that form to UBS together with payment of the Purchase Price and any applicable Fees (see Part 9).

The Purchase Price for UBS Dividend Builders will change constantly (see Part 2.3 for more detail on pricing factors). You can call UBS on 1800 633 100 to obtain an indication of the current Purchase Price and if UBS agrees to lock in a Purchase Price for your Cash Application in exchange for your commitment to purchase UBS Dividend Builders then UBS will give you a unique Application Number which you must insert in your Application Form. You will be bound to purchase the UBS Dividend Builders at that price from that time, subject only to UBS' discretion to reject your Application if you are not able to satisfy UBS' identity verification process. You should return your Application

Form to UBS immediately after confirming the Purchase Price and you should ensure that you have sufficient funds in your nominated account from that time to allow UBS to direct debit the Purchase Price and any Fees due.

If you submit a Cash Application without first locking in the Purchase Price as described above then UBS will calculate the Purchase Price after you satisfy UBS' identity verification process (and after your payment is cleared if payment was provided with your Application Form) and notify you of that amount.

UBS will notify you of the Purchase Date of your UBS Dividend Builder in a confirmation which UBS will issue to you within 10 Business Days of acceptance of your Application. Where you agree to lock in a Purchase Price with UBS, you can expect that the date that you receive the unique Application Number will be the Purchase Date for your UBS Dividend Builder. Fees may apply on a Cash Application (see Part 9 for more information).

6.2.3 Swap your shares for UBS Dividend Builders by making a Shareholder Application

If you own Securities corresponding to the Underlying Parcel for a Series of UBS Dividend Builders, you wish to borrow money using those Securities as collateral for the Loan and UBS accepts your Shareholder Application, then you can receive the Shareholder Cashback by delivering your Securities to the Security Trustee to be held subject to the Mortgage under the Instalment Deed.

The Shareholder Cashback is the Loan Amount minus the Interest Amount for the Interest Period starting on (but excluding) the Purchase Date and minus, in respect of Wholesale Investors only, any Wholesale Investor Fees. Since the Interest Rate is variable, the Shareholder Cashback amount will also vary over time, including intraday. You can contact UBS to obtain an indication of the Shareholder Cashback and if UBS agrees to lock in your Shareholder Cashback amount in exchange for your commitment to deliver your Securities to the Security Trustee then UBS will provide you with a unique Application Number which you must insert in your Shareholder Application. Payment of the Shareholder Cashback is subject to you satisfying UBS' identity verification process and delivery of your Securities to the Security Trustee by no later than the date specified by UBS (or if no such date is specified then by no later than the third Business Day after the Purchase Date of the UBS Dividend Builder). If you do not contact UBS before sending in your Shareholder Application then UBS will calculate the Shareholder Cashback if and when it accepts your Application and will notify you of that amount. Please note that the Shareholder Cashback will be automatically applied to purchase additional UBS Dividend Builders in the same Series, unless you elect in your Shareholder Application to receive it in cash or to apply it towards the issue of other UBS Dividend Builders. If you are not a Wholesale Investor and you have agreed to pay an Adviser Group Fee to your Approved Adviser Group then the Adviser Group Fee will be collected from you separately and will not be deducted from any Shareholder Cashback payable to you.

UBS will notify you of the Purchase Date of your UBS Dividend Builder in a confirmation which UBS will issue to you within 10 Business Days of acceptance of your Application. Where you agree to lock in a Shareholder Cashback with UBS, you can expect that the date that you receive the unique Application Number will be the Purchase Date for your UBS Dividend Builder. Fees may apply on a Shareholder Application (see Part 9 for more information).

6.2.4 Rollover from Eligible Instalments to UBS Dividend Builders

If you hold Eligible Instalments (including an existing Series of UBS Dividend Builders) and you want to achieve a different Leverage Ratio to the Underlying Parcel and/or amend the remaining term of your leveraged investment then you can make a Rollover Application to rollover from the Eligible Instalments to UBS Dividend Builders over the same Underlying Parcel.

The mechanics of a Rollover Application are described in Part 2.3. A Rollover Surplus may be payable to you or a Rollover Payment may be due from you if and when your Rollover Application is accepted and you satisfy UBS' identity verification process. You can contact UBS to obtain an indication of the Rollover Surplus or Rollover Payment (as applicable). If UBS agrees to lock in your Rollover Surplus or Rollover Payment in exchange for your commitment to deliver the Underlying Parcel to the Security Trustee then UBS will provide you with a unique Application Number which you must insert in your Rollover Application. If you do not contact UBS before sending in your Rollover Application then UBS will calculate the Rollover Surplus or Rollover Payment if and when it accepts your Application.

If a Rollover Payment is due from you then you must pay that to UBS in cleared funds by no later than the date specified by UBS, or if no such date is specified then by no later than the third Business Day after the Purchase Date of the UBS Dividend Builder. If a Rollover Surplus is payable to you, then that amount will be automatically (and in the case of superannuation fund investors, compulsorily) applied towards the purchase of additional UBS Dividend Builders in the same Series unless you elect in your Rollover Application to invest the amount in other Series of UBS Investment Builders or if you are not a superannuation fund investor, to receive it in cash. If you are not a Wholesale Investor and you have agreed to pay an Adviser Group Fee to your Approved Adviser Group then the

Adviser Group Fee will be collected from you separately and will not be deducted from any Rollover Surplus payable to you.

UBS will notify you of the Purchase Date of your UBS Dividend Builder in a confirmation which UBS will issue to you within 10 Business Days of acceptance of your Application. Where you agree to lock in the Rollover Surplus or Rollover Payment (as applicable) with UBS, you can expect that the date that you receive the unique Application Number will be the Purchase Date for your UBS Dividend Builder. Fees may apply on a Rollover Application (see Part 9 for more information).

6.3 How to sell and what happens when I sell?

UBS Dividend Builders can be sold on the ASX via your broker (subject to liquidity and continued quotation). UBS Securities Australia Limited is the sponsoring broker so it will maintain a reasonable bid price and volume for UBS Dividend Builders in accordance with ASX Operating Rules. Brokerage may apply as specified by your broker.

When you sell UBS Dividend Builders you are selling your beneficial interest in the Underlying Parcel and repaying the Loan. The price that you receive for the sale on the ASX represents the following components and values:

(a) the Equity Value at that time (if any), calculated as the amount, if any, by which the Underlying Parcel price exceeds the Loan Amount;

(b) plus a pro rata refund of the Interest Amount for the period from (but excluding) the Sale Date to the earlier of the next Annual Interest Date and the Final Maturity Date;

(c) plus any Early Repayment Benefit or minus any Early Repayment Cost.

As explained in Part 2.1, the Interest Rate applicable to each UBS Dividend Builder is variable over time. As such, the Interest Rate that you paid at the time of purchase is likely to be different to the Interest Rate payable by the new purchaser at the time you sell, which means the Interest Amount payable by the new purchaser is likely to be different to the pro rata refund that you will receive.

This difference is either an Early Repayment Benefit (if the Interest Rate has risen since the date the UBS Dividend Builder was purchased) or an Early Repayment Cost (if the Interest Rate has fallen since the date the UBS Dividend Builder was purchased). This is similar to when you repay a fixed rate and fixed term loan early and a break cost is charged or a greater refund is provided.

The factors which affect the Interest Rate will also affect the calculation of the Early Repayment Benefit or the Early Repayment Cost, as applicable. For example, assuming all else remains equal, an increase in the volatility of the Underlying Parcel price, a rise in UBS' Funding Rate or a fall in the Underlying Parcel price will give rise to an Early Repayment Benefit, whereas a reduction in the volatility of the Underlying Parcel price, a fall in UBS' Funding Rate or a rise in the Underlying Parcel price will most likely give rise to an Early Repayment Cost.

Whilst the above description refers to Interest payments, Interest Refunds, Early Repayment Benefit and Early Repayment Cost, all of these amounts are reflected in the price of the UBS Dividend Builder traded on the ASX so no additional payments are required to be made between the Transferor, the Transferee or UBS.

Part 7—What happens when UBS Dividend Builders mature?

7.1 Maturity of UBS Dividend Builders

UBS Dividend Builders will mature:

(a) on the scheduled Final Maturity Date; or

(b) on an Early Final Maturity Date if an Extraordinary Event occurs (see Part 5.17); or

(c) on an Annual Interest Date if UBS elects to terminate the Series on that date by giving 20 Business Days prior notice and making an announcement on ASX's market announcements platform (see Part 5.18); or

(d) on an Annual Interest Date if the Loan Amount for the Interest Period starting on (but excluding) that date (i.e. after capitalisation of the Interest Amount for the new Interest Period) would be higher than the Closing Price of the Underlying Parcel on that date, unless UBS has specified in the Term Sheet for that Series that this provision shall not apply (see Part 5.18).

Prior to the Notice Cut-Off Time (which is 12:00 pm (Sydney time) unless otherwise specified in the Term Sheet for a Series) on any of these dates you can elect to give a Loan Repayment Notice to repay the Loan and take delivery of the Underlying Parcel. If you do not give a valid and effective Loan Repayment Notice by that time then UBS will sell the Underlying Parcel and calculate the Net Expiry Value (if any) payable to you. The processes applicable to taking delivery of the Underlying Parcel and calculating the Net Expiry Value are described below.

7.2 How to take delivery of the Underlying Parcel

Step 1—Repay the Loan

You must repay the Loan before you can take delivery of the Underlying Parcel. You can do so by submitting a Loan Repayment Notice to UBS and making the Final Payment by the 5th Business Day after your Loan Repayment Notice Date. The Final Payment is equal to the Loan Amount unless the Term Sheet for a Series specifies that a different amount is payable.

As explained in Parts 1 and 2, the Loan Amount will change from time to time when an Interest Amount is capitalised on an Annual Interest Date or if any Special Dividends, Disposal Events or Corporate Actions reduce the Loan Amount. You can obtain the current Loan Amount for a UBS Dividend Builder (also referred to as the Final Payment) by referring to our website at www.ubs.com/investmentbuilders.

A Loan Repayment Notice can be given at any time prior to the Notice Cut-Off Time on the Final Maturity Date but will only be valid and effective if certain conditions are satisfied as explained below. Since a UBS Dividend Builder Series can be terminated on an Annual Interest Date, you should consider providing a valid and effective Loan Repayment Notice in sufficient time before any Annual Interest Date if you wish to obtain full title to the Underlying Parcel, in case the Series is terminated on that Annual Interest Date.

A Loan Repayment Notice is valid and effective if:

- it has been duly completed and signed by the Holder;
- it is given to UBS by the Notice Cut-Off Time on the Final Maturity Date;
- the Final Payment for each relevant UBS Dividend Builder is received by UBS in cleared funds on or before the 5th Business Day after the Loan Repayment Notice Date;
- the person who gives the Loan Repayment Notice is (a) the Holder of each relevant UBS Dividend Builder on the Loan Repayment Notice Date or (b) is entitled to be registered as the Holder of the UBS Dividend Builder, and that Holder or person does not dispose of the UBS Dividend Builder prior to UBS performing its obligations following receipt of a valid Loan Repayment Notice;
- the Underlying Shares are not trading on a deferred settlement basis;
- valid security delivery instructions are provided to UBS—where a Series of UBS Dividend Builders is issued over foreign exchange quoted securities, further requirements for security delivery instructions by the Holder may apply (refer to the Term Sheet for more information); and

- the UBS Dividend Builder does not cease to exist before the Underlying Parcel is required to be delivered to the Holder.

There are no fees or charges for repaying the Loan early but there is no refund of Interest if you choose to take delivery of the Underlying Parcels before the Final Maturity Date.

Step 2—Delivery of the Underlying Parcel

On receiving a valid and effective Loan Repayment Notice and the payment for the Loan Amount, UBS will notify the Security Trustee who will transfer the legal title to the Underlying Parcel to you free of Encumbrances within 20 Business Days after the Loan Repayment Notice Date. UBS may in its discretion (but need not) elect to treat a Loan Repayment Notice as valid and effective even if it would not otherwise be.

What rights do you have if the Underlying Parcels are not delivered to you?

You may give a default notice to UBS if the Security Trustee fails to deliver the unencumbered legal title to the Underlying Parcel to you within 20 Business Days of a Loan Repayment Notice becoming valid and effective. If a default notice is given then UBS must pay you a liquidated damages amount within 10 Business Days of the default notice equal to 110% of the arithmetic average of the daily VWAP of the Underlying Parcel on the five Trading Days following the Loan Repayment Notice Date. In such case, the Underlying Parcel will be transferred to UBS or its nominee and the UBS Dividend Builder will cease to exist when the liquidated damages amount is paid to you, and UBS and the Security Trustee shall have no further obligation to you in respect of the UBS Dividend Builder.

For example, if UBS becomes liable to pay liquidated damages to you and the VWAP of the Underlying Parcel on the five Trading Days following the Loan Repayment Notice Date were $20, $21.50, $19, $21.30 and $18.20 respectively, then the arithmetic average of those five numbers would be $20, and UBS would be required to pay a liquidated damages amount to you of $22 (i.e. 110% of $20) per UBS Dividend Builder. Alternatively, you could elect to not give a default notice requiring payment of the liquidated damages amount and pursue any other available remedies against UBS.

7.3 Maturity options

UBS Dividend Builders in a Series will mature at the latest at the Closing Time on the Final Maturity Date for the Series. You have the following options on or before the Final Maturity Date:

(a) defer repaying the Loan by making a Rollover Application and rolling your UBS Dividend Builders into a new Series with a later Annual Interest Date or Final Maturity Date (if available);

(b) give a valid and effective Loan Repayment Notice by the Notice Cut off Time on the Final Maturity Date and take delivery of the Underlying Parcel after making the Final Payment;

(c) sell your UBS Dividend Builders on the ASX on or before the Final Maturity Date; or

(d) do nothing and receive the Net Expiry Value (if any) within 10 Business Days of the Final Maturity Date.

How is the Net Expiry Value calculated?

If you hold a UBS Dividend Builder at 6.00pm (Sydney time) on the Final Maturity Date and have not given a Loan Repayment Notice by the Notice Cut-Off Time that is or becomes valid and effective, then:

(a) you are deemed to agree that the Underlying Parcel will be transferred to UBS or at its direction, and it will be;

(b) in return, UBS will pay you the Effective Sale Price per Underlying Parcel;

(c) the "Effective Sale Price" is the Closing Price of the Underlying Parcel on the Final Maturity Date, unless the Term Sheet for the particular Series specifies otherwise; and

(d) the Effective Sale Price will first be applied to repay the Loan Amount and any Costs and Taxes and the balance (being the "Net Expiry Value") will be paid to you within 10 Business Days of the Final Maturity Date.

Recourse for the Loan is limited so you will not be required to pay any shortfall if the Effective Sale Price of the Underlying Parcel on the Final Maturity Date is less than the sum of the Loan Amount and any Costs and Taxes. An example of the calculation of the Net Expiry Value is set out in Part 2 of this PDS under the description "Maturity".

If you have given a Loan Repayment Notice before the Final Maturity Date then you will remain liable to pay the Loan Amount regardless of the price of the Underlying Parcel at Maturity.

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UBS Dividend Builders – income tax opinion

We set out below our opinion in relation to the Australian income tax implications arising to an investor in UBS Dividend Builders as described in this Master Product Disclosure Statement (**PDS**).

All references in this opinion to legislative provisions are to provisions of the *Income Tax Assessment Act 1997* and the *Income Tax Assessment Act 1936* (together, the **Act**), unless otherwise indicated.

Capitalised terms used but not otherwise defined in this opinion have the same meaning as in the PDS.

1. DISCLAIMER

This opinion is general in nature, is not exhaustive, and does not deal with the taxation implications arising to every potential investor in UBS Dividend Builders.

This opinion deals only with investors who are residents of Australia (and do not invest via an offshore permanent establishment) who hold UBS Dividend Builders on capital account, for the purpose of deriving assessable income (such as dividends and trust distributions).

In forming this opinion, we have assumed that the Underlying Share consists of either or both of the following: Australian dollar denominated shares that are listed and traded on ASX, or units in a trust which has 300 or more beneficiaries and is a widely held unit trust (as defined in section 272-105 in Schedule F of the Act). It is also assumed that each Underlying Parcel will comprise one Underlying Share.

Allen & Overy is affiliated with Allen & Overy LLP, a limited liability partnership registered in England and Wales with registered office at One Bishops Square London E1 6AD.

Allen & Overy LLP or an affiliated undertaking has an office in each of: Abu Dhabi, Amsterdam, Antwerp, Athens, Bangkok, Barcelona, Beijing, Belfast, Bratislava, Brussels, Bucharest (associated office), Budapest, Casablanca, Doha, Dubai, Düsseldorf, Frankfurt, Hamburg, Hanoi, Ho Chi Minh City, Hong Kong, Istanbul, Jakarta (associated office), London, Luxembourg, Madrid, Mannheim, Milan, Moscow, Munich, New York, Paris, Perth, Prague, Riyadh (associated office), Rome, São Paulo, Shanghai, Singapore, Sydney, Tokyo, Warsaw, Washington, D.C and Yangon.

(Note that if the Underlying Share is not listed and traded on ASX, the tax implications of distributions on that share will differ to the discussion set out in paragraph 3.3 below. Broadly, there will be no entitlement to franking credits, and there may be foreign withholding tax imposed on the distribution, and a consequent possible entitlement to a foreign income tax offset. Note also that if the distribution is not denominated in Australian dollars, there will be tax implications arising from the conversion of the foreign currency amount to Australian dollars for Australian tax purposes).

This opinion does not constitute legal or taxation advice to any investor. An investor who is considering investing in UBS Dividend Builders should obtain his own independent legal and taxation advice.

2. SUMMARY OF CONCLUSIONS

(a) A portion of the interest prepaid on the Loan will be deductible (assuming the Loan is used exclusively for income producing purposes) and any balance will be treated as a capital cost of acquiring a notional put option.

(b) The deduction should be available at the time of prepayment for small business and individual non-business investors.

(c) The investor will be treated as if they owned the Underlying Shares directly, and therefore dividends (and other distributions) on the Underlying Shares will be included in the investor's assessable income, along with any attached franking credits and tax offsets (subject to the investor satisfying the qualifying person rules).

(d) The investor will be treated as acquiring the Underlying Share at the time of purchasing the UBS Dividend Builder – unless the investor is a Shareholder Applicant or Rollover Applicant, in which case the earlier time of acquisition of the Underlying Share is retained.

(e) A disposal of the Underlying Share occurs when the investor sells the Underlying Share, sells a UBS Dividend Builder, or lets the UBS Dividend Builder expire without making the Final Payment to UBS. A capital gain or loss may arise at the time of disposal, and any gain may be eligible for the CGT discount if the Underlying Share has been held for at least 12 months at the time of disposal.

(f) There is no disposal of the Underlying Share when an investor makes a Shareholder Application and delivers the Underlying Share to the Security Trustee in exchange for the issuance of a UBS Dividend Builder.

(g) There is no disposal of the Underlying Share when an investor makes a Rollover Application using an Eligible Instalment and delivers the Underlying Share to the Security Trustee in exchange for the issuance of a UBS Dividend Builder.

(h) There is no disposal if the investor makes the Final Payment and takes delivery of the Underlying Share, or refinances the UBS Dividend Builder by making a Rollover Application for a different UBS Investment Builder over the same Underlying Share.

(i) Any Borrow Fee is deductible on a straight-line basis over the shorter of the term of the UBS Dividend Builder and 5 years.

(j) Any Adviser Group Fee paid will be included in the cost base of the Underlying Share.

(k) The notional put option will treated as having been disposed of on sale or rollover of a UBS Dividend Builder, or on maturity of a UBS Dividend Builder, if the investor takes delivery of the Underlying Share or receives a Net Expiry Value payment.

3. DISCUSSION

3.1 Deductibility of Interest

When an investor acquires a UBS Dividend Builder, the investor makes a prepayment of interest on a limited recourse loan from UBS.

Because the loan is limited recourse, the capital protected borrowings provisions of the Act (Division 247) will apply, and may treat a portion of the prepaid interest as being a non-deductible cost of acquiring capital protection under a notional put option.

When interest is prepaid on the loan under a UBS Dividend Builder, it is prepaid at a fixed rate for each interest period and calculated on the Loan Amount at the start of the interest period (i.e. the interest rate is not adjusted despite any reduction in the Loan Amount as a result of Dividends). Under section 247-20(3) investors are required to calculate for each income year:

(a) the total amount incurred in respect of the loan for the income year that is in substance for interest or capital protection (there is no separate capital protection cost in UBS Dividend Builders, and so the only amount to be taken into account is the prepaid interest); and

(b) the interest amount that would have been payable for the income year if interest had been calculated at a rate equal to the Reserve Bank of Australia's Indicator Lending Rate for Standard Variable Housing Loans prevailing at the time of each interest prepayment (being the Purchase Date or Annual Interest date) plus 100 basis points.

If the amount calculated under (a) exceeds the amount calculated under (b) the excess is deemed to be a capital protected borrowing cost paid to acquire a notional put option (section 247-20(6)). The excess amount is not deductible, and instead forms part of the cost base of this notional CGT asset.

The balance of the prepaid interest is treated as interest, and should be allowed as a deduction, provided:

(a) the investor purchases UBS Dividend Builders for the purposes of producing assessable income;

(b) any Shareholder Applicant applies the Shareholder Cashback for the purposes of producing assessable income;

(c) any Rollover Applicant applies the Rollover Surplus for the purposes of producing assessable income (and in addition used the Eligible Instalments and any previous Shareholder Cashback or Rollover Surplus for the same purposes); and

(d) the assessable income to be produced (including any capital gains) is reasonably expected to exceed the portion of interest that is treated as interest (rather than a capital protection cost).

On each Annual Interest Date interest for the following Interest Period is prepaid automatically by means of UBS making an additional drawdown under the loan. This will not impact the deductibility of interest both in terms of quantum and timing.

3.2 Timing of Interest Deduction

Interest prepayments under a UBS Dividend Builder (other than the amount deemed to be a capital protected borrowing cost – discussed above) will be deductible in the year of prepayment, provided:

(a) the amount of the payment is less than $1000; or

(b) the investor is either an individual (not incurring the interest expense in carrying on a business) or a small business entity taxpayer (who has not elected for the deduction to be apportioned), and the period to which the prepayment relates does not exceed 12 months and ends before the end of the following income year (which is expected to be the case).

In any other case, the interest deduction is generally spread on a straight line basis. A straight line basis deduction will also apply to the extent that a Shareholder Applicant or Rollover Applicant uses the Shareholder Cashback or Rollover Surplus to invest in a tax shelter arrangement (as defined in s 82KZME). Using a Shareholder Cashback or Rollover Surplus to acquire more UBS Investment Builders is not a tax shelter arrangement so eligible taxpayers as described in 3.2(b) should be able to claim a deduction for interest paid in the year of prepayment (subject to the application of Division 247 as discussed under 3.1).

3.3 Treatment of Distributions

Distributions on an Underlying Share should generally be treated for tax purposes as if the investor had received them directly. The fact that the Underlying Share is held on trust, or that – in the case of special dividends only - distributions are applied to reduce the loan amount, is not relevant. The distributions are considered to have been received by the investor. (In the case of special dividends, the dividends are considered to have been constructively received by the investor, then paid to UBS at the investor's direction.).

Where a dividend (or other distribution) is franked, the investor (provided he is a 'qualified person' – see below) will include both the dividend and the attached franking credit in assessable income, and be entitled to a tax offset equal to the franking credit.

The tax offset will reduce any tax liability of the investor. Individual investors and complying superannuation funds are entitled to a refund where the tax offset exceeds their tax liability. Companies may be able to convert excess tax offsets to tax losses.

An investor will be a 'qualified person' in relation to a franked distribution if he satisfies the holding period rule and (if applicable) the related payments rule. The investor's direction to UBS to apply distributions towards a reduction of the loan amount (applicable only to special dividends) will not trigger the related payments rule.

Under the holding period rule, the investor must hold the Underlying Share for a specified period (45 days for ordinary shares, excluding the dates of acquisition and sale) with a stipulated minimum level of risk of loss and/or opportunity for gain from the share. The minimum level is based on the financial concept of delta, and requires the investor to have at least a delta of 30% in the share for 45 days. Delta is calculated by taking the initial delta that the investor holds in the Underlying Share as a result of acquiring the UBS Dividend Builder, and subtracting any delta arising from any offsetting financial positions (such as options or forward sale agreements) which reduce the investor's exposure to the Underlying Share.

Where an investor derives a franked dividend via a trust, the trustee must also be a qualified person in relation to the dividend.

The qualified person requirement does not apply to an individual investor whose entitlement to tax offset amounts in that year does not exceed $5,000.

Specific anti-avoidance provisions in 177EA of the Act target schemes that trade in and stream franking credits. While the application of the provisions will depend on the circumstances of a particular investor, we do not consider that an investment in UBS Dividend Builders is of itself susceptible to the application of these provisions.

Where unit trust distributions are received (other than distributions from a 'public trading trust' or a 'corporate unit trust' as defined in the Act, which are treated as if they were company distributions), the tax implications are broadly as follows:

(a) The investor is treated as a unitholder in the trust, and is taxable on any income amounts distributed to him. If the trust is a widely-held trust, which in the context of UBS Dividend Builders should generally be the case, and a distribution is made which is an amount referable to dividends received by the trustee, the investor will be treated as if he had received dividends, and similar franking credit and tax offset issues arise as discussed above. The investor will need to maintain a 30% delta position in the trust units for 45 days.

(b) If the distribution is an amount referable to a capital gain realised by the trustee, the distribution should be treated as a capital gain for the investor. Individual, trust and superannuation fund investors may be entitled to a CGT discount on the capital gain. The capital gain may be offset against revenue losses or capital losses of the investor. Note that if the trustee has applied the CGT discount to the capital gain before distribution, and the investor wants to offset the capital gain against capital losses, the investor must include the full capital gain from the trust for offsetting purposes, and then apply the CGT discount to any net gain remaining.

If the distribution is an amount that was not part of the taxable income from the trust – for example a capital receipt, or the portion of trust income that was sheltered by a tax deduction – the distribution is not taxable to the investor, but reduces the cost base of the investor's units in the trust. If that cost base is reduced to zero, any excess distributions are taxable as capital gains.

3.4 Other Tax Consequences – Cash Applicants

(a) Purchase of UBS Dividend Builder

A Cash Applicant is taken to have acquired two assets for tax purposes: the Underlying Share and (generally) a notional put option. Both assets are acquired on the date the Cash Application is accepted by UBS. This is consistent with the ATO's practice which is to disregard the fact that the Underlying Share is held via a Security Trustee, and treat the investor as the owner of the Underlying Share for tax purposes. The media release by the Assistant Treasurer on 14 December 2013 confirmed that amending legislation will be passed to enshrine this position in law.

The cost base of the Underlying Share is equal to the Purchase Price of the UBS Dividend Builder plus the Loan Amount less the Interest Amount. This equals the price paid by the Security Trustee to acquire the Underlying Share. The cost base will also include any non-deductible fee paid by the investor to his adviser in connection with the purchase of the UBS

Dividend Builder (e.g. any Adviser Group Fee), and any brokerage on a subsequent sale of a UBS Dividend Builder.

The cost base of the notional put option is the sum of all amounts of prepaid interest that are treated as non-deductible amounts attributable to the cost of capital protection under Division 247 (refer 3.1 above).

Interest deductibility and the timing of that deduction are discussed in 3.2 above.

Any Borrow Fee charged by UBS is deductible on a straight-line basis over the shorter of the term of the UBS Dividend Builder and 5 years.

(b) Disposal of UBS Dividend Builder

If a Cash Applicant sells a UBS Dividend Builder, the following events occur for tax purposes:

(i) receipt of a pro rata refund of the interest amount that was prepaid for the current interest period (a Transfer Refund);

(ii) disposal of the notional put option;

(iii) sale of the Underlying Share;

(iv) repayment of the loan to UBS; and

(v) a capital account payment from UBS, or payable to UBS, arising from the early loan repayment (these payments are known as an Early Repayment Benefit and Early Repayment Cost respectively).

It should be noted that all obligations arising from these tax events are netted off to a single cash flow, and this is equal to the sale price received by the Cash Applicant on sale of the UBS Dividend Builder. There are no other cash amounts payable or receivable by the Cash Applicant.

The Transfer Refund will be assessable to the same extent that the interest prepayment was deductible. As an example, if the application of Division 247 resulted in 80% of the prepaid interest being deductible when the UBS Dividend Builder was purchased and 20% of the prepaid interest was attributed to the cost of the notional put option then upon sale of the UBS Dividend Builder, 80% of the Transfer Refund will be assessable and 20% of the Transfer Refund will be attributed to the capital proceeds from disposal of the notional put option.

The capital gain or capital loss arising on sale of the Underlying Share is calculated by taking the proceeds on sale attributable to that share, and subtracting the cost base of the share. If the proceeds on sale exceed the cost base, a capital gain arises. If the cost base exceeds proceeds on sale, a capital loss arises.

For a Cash Applicant, the cost base of the Underlying Share will equal the market value of the share at the time of acquisition of the UBS Dividend Builder. If any Adviser Group Fee or brokerage is paid in connection with the purchase and/or sale of the UBS Dividend Builder then those costs should be added to the cost base of the Underlying Share. The proceeds on sale of the Underlying Share will equal the market value of the share at the time of sale of the UBS Dividend Builder.

In relation to the notional put option, the cost base is the sum of the non-deductible portion of the interest amount(s) prepaid during the term of holding of the UBS Dividend Builder, plus any Early Repayment Cost paid when the UBS Dividend Builder is sold. The Early Repayment Cost is the excess (if any) of the Transfer Refund over the interest amount included in the sale price of the UBS Dividend Builder.

The capital proceeds from the disposal of the notional put option consist of the portion of the Transfer Refund that is not assessable as income plus any Early Repayment Benefit. The Early Repayment Benefit is the excess (if any) of the interest amount included in the sale price of the UBS Dividend Builder over the Transfer Refund.

Note: for Cash Applicants (and on-market purchasers), the net capital gain or capital loss arising on disposal of the Underlying Share and the notional put option can be calculated by using the following formula: net gain/loss = SP – PP + I – LR, where:

SP = sale price of UBS Dividend Builder

PP = purchase price of UBS Dividend Builder

I = deductible interest paid less assessable portion of Transfer Refund received

LR = loan repayments arising from the application of special dividends or other distributions paid on UBS Dividend Builders to repay the loan

For example, if a Cash Applicant purchased a UBS Dividend Builder for $4.30, sold it for $5.10, the deductible portion of prepaid interest was $0.24, the sale occurred three months before the next interest payment date, and special dividends paid and used to repay the loan were $0.08, the net capital gain would equal: $5.10 - $4.30 + 3/4 x $0.24 - $0.08 = $0.90

The Cash Applicant's holding of UBS Dividend Builders has resulted in the following tax events:

Capital gain	$0.90
Dividend income	$0.08
Net interest expense	($0.18)
Total:	$0.80

This reconciles to the $0.80 difference between purchase price ($4.30) and sale price ($5.10) of the UBS Dividend Builder.

If the Underlying Share or the notional put option has been held for more than 12 months (not counting the date of acquisition and date of sale), and the Cash Applicant is an individual, trust or complying superannuation fund, there may be an entitlement to the CGT discount – a reduction of the taxable capital gain by one-half for individuals and trusts, and one-third for superannuation funds.

There are no tax implications arising from repayment of the loan.

(c) Maturity of UBS Dividend Builder

If a Cash Applicant repays the Loan Amount and takes delivery of the Underlying Share from the Security Trustee, there is a disposal of the notional put option resulting in a capital

loss equal to the cost base of the notional put option (that being the sum of the non-deductible portions of interest paid the over the term of the loan). There is no disposal of the Underlying Share when the loan is repaid.

If a Cash Applicant does not repay the loan, UBS will sell the Underlying Share, repay the Loan Amount, and pay the remainder (net of fees and costs, if any) as a Net Expiry Value payment. If the value of the Underlying Share is less than the Loan Amount, there will no Net Expiry Value payment.

If a Net Expiry Value payment is received, the Cash Applicant is taken to have disposed of two assets: a notional put option (resulting in a capital loss, as calculated above), and the Underlying Share, which will generate either a capital gain or a capital loss. In calculating the capital gain or loss on the Underlying Share, the proceeds on sale of the Underlying Share will be equal the Net Expiry Value payment, plus the Loan Amount, plus the fees and costs (if any) charged by UBS.

If there is no Net Expiry Value payment, the Cash Applicant is taken to have exercised the notional put option, and disposed of the Underlying Share for proceeds equal to the Effective Sale Price (which is the closing market price on the maturity date unless a different basis is specified in the product disclosure statement). The cost base of the Underlying Share in this instance includes the cost base of the notional put option. The result will generally be the realisation of capital loss on disposal of the Underlying Share. Note that the ATO's practice is to reduce the amount of the allowable capital loss by the shortfall amount – that is, the amount by which disposal proceeds are less than the Loan Amount. This is achieved by a reduction in cost base.

(d) Early Maturity of UBS Dividend Builder

If the Final Maturity Date is brought forward by UBS, there will be a partial refund of interest. This interest refund will be assessable to the same extent that the interest prepayment was deductible. If a percentage of the interest prepayment was attributed to the cost of capital protection under Division 247, the same percentage of the interest refund will be treated as proceeds on disposal of the notional put option.

The other tax consequences are the same as on a normal maturity.

(e) Rolling Over a UBS Dividend Builder

If a Cash Applicant rolls over a UBS Dividend Builder by exchanging it for a different Series of UBS Dividend Builder over the same Underlying Share, the Applicant has not disposed of the Underlying Share for tax purposes. The cost base and time of acquisition of the Underlying Share are retained during this Rollover Application process.

There is however, a disposal of the notional put option relating to the Eligible Instalment (the old UBS Dividend Builder), resulting in a capital loss as calculated in 3.4(b) above at the time the new UBS Dividend Builder is issued.

A Rollover Payment or Rollover Surplus is generally payable or receivable on rollover. This amount will include a repayment of the existing loan and a refund of interest under the Eligible Instalment, and a drawdown of a new loan and a prepayment of interest under the new UBS Dividend Builder.

The refund of interest will, as discussed in 3.4(b) above, be assessable to the same extent that the interest prepayment on the Eligible Instalment was deductible, and the balance will

be treated as proceeds on disposal of the notional put option (and therefore reduce any capital loss on disposal of the put option).

The prepayment of interest on the new UBS Dividend Builder must be apportioned between deductible interest and cost of capital protection as discussed in 3.1 above because a new notional put option is acquired as a result of the rollover. The apportionment of interest should reference the Reserve Bank of Australia's Indicator Lending Rate for Standard Variable Housing Loans prevailing at the time of the interest prepayment on the new UBS Dividend Builder plus 100 basis points.

3.5 Other Tax Consequences – On-market Purchaser (Transferee)

The tax implications to an investor who purchases a UBS Dividend Builder on the ASX are the same as those arising for a Cash Applicant, with the following differences:

(a) the date of acquisition of the Underlying Share and the notional put option is the date of the contract of purchase of the UBS Dividend Builder, rather than the date the application is accepted;

(b) no deductible Borrow Fee will be charged by UBS;

(c) no Adviser Group Fee will be payable as part of the terms of the UBS Dividend Builder, so no amount will be added to the cost base of the Underlying Share under the terms of the UBS Dividend Builder; and

(d) brokerage payable on the purchase of the UBS Dividend Builder or adviser fees charged on top of the Purchase Price of the UBS Dividend Builder will form part of the cost base of the Underlying Share.

3.6 Other Tax Consequences – Shareholder Applicant

The tax implications to a Shareholder Applicant are the same as those arising for a Cash Applicant, with the following differences:

Where the UBS Dividend Builder was acquired pursuant to a Shareholder Application the cost base of the notional put option and the cost base of the Underlying Share will have to be ascertained separately because the two assets were acquired on different dates. (This means that the simplified formula that Cash Applicants and On-market Purchasers can use for calculating capital gains tax cannot be used by Shareholder Applicants). The date of acquisition of the Underlying Share is the date the Underlying Share was originally acquired and not the date of acquisition of the UBS Dividend Builder, whereas the notional put option is acquired when the UBS Dividend Builder is acquired.

In relation to the Underlying Share, a Shareholder Applicant would retain their original cost base for the Underlying Share, but additional components will be added to that cost base, such as any Adviser Group Fee paid in connection with the purchase of the UBS Dividend Builder, and any brokerage on a subsequent sale of the UBS Dividend Builder.

In relation to the notional put option, the cost base and proceeds on disposal are as described in 3.4(b).

For clarity, we note that:

(a) there is no disposal of the Underlying Share when it is transferred to the Security Trustee as part of the Shareholder Application process;

(b) if any Shareholder Cashback is reinvested into additional UBS Dividend Builders, the additional Underlying Shares will have a separate cost base and separate time of acquisition, determined according to the rules applicable to Cash Applications (refer 3.4(a) above); and

(c) if any Shareholder Cashback is applied for non-income generating purposes then the interest prepaid on the UBS Dividend Builder will be non-deductible.

3.7 Other Tax Consequences – Rollover Applicant

The tax implications to a Rollover Applicant are the same as those arising for a Share Applicant, with the following differences:

(a) a Rollover Payment or Rollover Surplus will generally be payable or receivable on rollover. This amount will include a repayment of the existing loan and a refund of interest under the Eligible Instalment and a drawdown of a new loan and a prepayment of interest under the new UBS Dividend Builder. The refund of interest will be assessable to the same extent that the interest prepayment was deductible, and the balance will be treated as proceeds on disposal of the notional put option if there was a notional put option under the Eligible Instalment. The prepayment of interest must be apportioned between deductible interest and cost of capital protection, as discussed in 3.1 above. A new notional put option is acquired under the new UBS Dividend Builder as part of the Rollover Application process;

(b) if any Rollover Surplus is reinvested into additional UBS Dividend Builders, the additional Underlying Shares will have a separate cost base and separate time of acquisition, determined according to the rules applicable to Cash Applications (refer 3.4(a) above); and

(c) if any Rollover Surplus is applied for non-income generating purposes then the interest prepaid on the portion of the new loan that is paid as all or part of the Rollover Surplus will be non-deductible.

(d) for clarity, we note that there is no disposal of the Underlying Share when it is transferred to the Security Trustee as part of the Rollover Application process.

4. OTHER MATTERS

4.1 TFN and ABN withholding

Where an investor does not provide the Security Trustee with his Tax File Number (TFN) or Australian Business Number (ABN) or proof of an exemption, the Security Trustee will be required to withhold an amount from the unfranked portion of dividends paid on UBS Dividend Builders and remit it to the ATO before paying the balance to the investor. In the case of special dividends, the full amount of the special dividend will be applied to reduce the Loan Amount and UBS will have recourse to the investor for repayment of the amount remitted to the ATO.

4.2 Taxation of Financial Arrangements (TOFA)

The TOFA regime (Division 230 of the Act) taxes gains from financial arrangements on a revenue account basis (rather than under the CGT rules), and sets timing rules for taxing those gains.

The TOFA rules will not apply to an investment in UBS Dividend Builders by individual investors, superannuation funds, managed investment schemes, or entities with less than $300 million of assets (provided financial assets and aggregate turnover are both less than $100 million), and certain other entities – unless the investor makes an election for the TOFA regime to apply.

An investor who does make such an election, or is otherwise subject to the TOFA regime, should obtain independent advice on the application of the TOFA rules to their investment in UBS Dividend Builders.

4.3 Commercial Debt Forgiveness

The commercial debt forgiveness rules (Division 245 of the Act) will in theory apply if the limited recourse feature of the loan comes into play (which will occur on expiry of a UBS Dividend Builder if the proceeds of sale of the Underlying Shares are insufficient to repay the loan). But the rules deem the value of the debt forgiven to be zero where limited recourse debt is involved, so there will be no tax implications for investors under these rules.

4.4 GST

Provided an investor in UBS Dividend Builders is not making the investment as part of carrying on a business or trade, there should be no GST implications arising from any supplies made or acquired by the investor in relation to the UBS Dividend Builders.

4.5 Stamp Duty

Assuming the UBS Dividend Builder and Underlying Share are quoted on the ASX at all relevant times, and that the Security Trustee grants the Mortgage to UBS at least one day before it commences to hold the Underlying Share or any Accretions, and that the investor (and associates) do not hold a 90% or more landholder interest in a Share Issuer, no stamp duty should apply to the Loan, the Mortgage, or to the issue, creation or transfer of UBS Dividend Builders (including on-market transfers, and transfers to and from the Security Trustee). For these purposes, a "90% or more landholder interest" is an interest that gives the investor (either alone or when aggregated with the interest of "related persons" or "associates") an entitlement to 90% or more of the assets of the Share Issuer on a hypothetical winding-up of the Share Issuer.

* * *

This advice is provided on the basis of the Australian income tax laws and practice applicable as at 9.00am (Australian Eastern Standard Time) on the date of this letter.

It should be noted that the government has proposed reforms to the tax laws relating to trusts, and the ATO is examining financial products to identify any features that are of concern. Both processes may lead to changes in the law or practice that impact an investment in UBS Dividend Builders, and investors should monitor any developments and seek appropriate advice

Yours Sincerely

Andrew Stals
Partner

Part 9—Fees and Costs

9.1 Interest

Interest is prepaid for each Interest Period. The Interest Amount is to cover the cost of using the Loan for that Interest Period and to obtain the benefit of the Walkaway Feature. The Interest Rate is variable (including intraday) and is determined by UBS from time to time based on the factors described in Part 2.1.

9.2 Brokerage

Your broker may charge brokerage when you buy or sell UBS Dividend Builders on the ASX. The applicable rate or amount will be as agreed between you and your broker.

9.3 Fees payable by Applicants

If you make a Cash Application, Shareholder Application or Rollover Application then the following fees may apply.

If you are a Retail Investor:

If you would like to pay your Approved Adviser Group and your Adviser a fee (the "Adviser Group Fee") in connection with your investment in UBS Dividend Builders then you should specify the amount of that Adviser Group Fee in your Application Form, and in doing so, direct UBS to collect the Adviser Group Fee from you and pay it to the Approved Adviser Group nominated in your Application Form on your behalf. The Adviser Group Fee can be specified as a fixed dollar amount or as a percentage of the Purchase Price of the UBS Dividend Builder under a Cash Application. If you make a Shareholder Application or Rollover Application then the Adviser Group Fee can be specified as a fixed dollar amount or as a percentage of the Underlying Parcel price at the time the UBS Dividend Builder is issued minus the Loan Amount plus the Interest Amount prepaid at that time. The maximum Adviser Group Fee percentage (if applicable) will be specified in the Term Sheet for the relevant Series.

The Adviser Group Fee will be collected from you at the same time as the Purchase Price when you make a Cash Application. If you make a Shareholder Application or Rollover Application then UBS will collect the Adviser Group Fee from you separately and will not deduct that amount from your Shareholder Cashback or include that amount in the calculation of your Rollover Surplus or Rollover Payment. Since the Adviser Group Fee is payable out of your own funds it will increase the cost of making your investment even though it is not included in the Purchase Price of the UBS Dividend Builder.

Where authorised by you, the Approved Adviser Group may pay to your Adviser all or such part of the Adviser Group Fee, and if so, it will hold that amount on trust until it is paid. The amount payable to your Adviser (if any) will be as disclosed to you in the statement of advice or the financial services guide provided to you by your Adviser in connection with the financial services they provide to you in respect of UBS Dividend Builders or as otherwise disclosed to you by your Approved Adviser Group, its representatives or your Adviser.

The Adviser Group Fee that you specify must not be calculated on the aggregate Loan Amount in respect of the UBS Dividend Builders that you acquire. You can specify that no Adviser Group Fee is payable.

Borrow Fees are not payable by Retail Investors.

If you are a Wholesale Investor:

If you would like to pay your Approved Adviser Group and your Adviser a fee (the "Adviser Group Fee") in connection with your investment in UBS Dividend Builders then you should specify the amount of that Adviser Group Fee in your Application Form, and in doing so, direct UBS to collect the Adviser Group Fee from you and pay it to the Approved Adviser Group nominated in your Application Form on your behalf.

The Adviser Group Fee will be collected from you at the same time as the Purchase Price when you make a Cash Application. If you are not a superannuation fund trustee Applicant and you make a Shareholder Application or a Rollover Application then UBS will deduct the Adviser Group Fee from your Shareholder Cashback or include the fee amount when it calculates your Rollover Surplus/Rollover Payment (as applicable). If you are a superannuation fund trustee Applicant and you make a Rollover Application then UBS will collect the Adviser Group Fee from you separately and will not include that amount in the calculation of your Rollover Surplus/Rollover Payment. Since the Adviser Group Fee is payable out of your own funds (including by deduction from a Shareholder Cashback or by reducing a Rollover Surplus or increasing a Rollover Payment) it will increase the cost of making your investment even though it is not included in the Purchase Price of the UBS Dividend Builder.

Where specifically authorised by you in your Application Form, the Approved Adviser Group may pay to your Adviser all or such part of the Adviser Group Fee, and if so, it will hold that amount on trust until it is paid. The amount payable to your Adviser (if any) will be as disclosed to you in the statement of advice or the financial services guide provided to you by your Adviser in connection with the financial services they provide to you in respect of UBS Dividend Builders or as otherwise disclosed to you by your Approved Adviser Group, its representatives or your Adviser. The Adviser Group Fee that you specify must not be calculated on the aggregate Loan Amount in respect of the UBS Dividend Builders that you acquire. You can specify that no Adviser Group Fee is payable.

UBS may charge Wholesale Investors a Borrow Fee in connection with the provision of the Loan. The Borrow Fee may be a percentage of the Loan Amount per UBS Dividend Builder or a fixed dollar amount per Application or per Series. The maximum Borrow Fee rate and/or Borrow Fee amount will be specified in the Term Sheet for the relevant Series. You should specify the actual Borrow Fee rate and/or Borrow Fee amount agreed with UBS in your Application Form. The Borrow Fee will be collected from you at the same time as the Purchase Price when you make a Cash Application. If you make a Shareholder Application or a Rollover Application then UBS will deduct the Borrow Fee from your Shareholder Cashback or include that amount in the calculation of your Rollover Surplus/ Rollover Payment (as applicable). Since the Borrow Fee is payable out of your own funds (including by deduction from a Shareholder Cashback or by reducing a Rollover Surplus or increasing a Rollover Payment) it will increase the cost of making your investment even though it is not included in the Purchase Price of the UBS Dividend Builder.

9.4 Other payments to advisers

To the extent permitted by law, UBS may make certain payments (or provide certain benefits) to approved financial advisers, brokers and other financial services organisations in connection with the issue or distribution of UBS Dividend Builders. These fees are payable by UBS in its discretion out of its own funds and are not payable by the Applicant. You should ask your adviser or broker for more information about such arrangements.

If you are a Wholesale Investor and you provide a valid Wholesale Client Accountant Certificate to UBS or otherwise confirm to UBS' satisfaction your status as a Wholesale Investor, then UBS may pay your Approved Adviser Group and other financial services organisations an upfront fee and/or trail payments for future Interest Periods. These could be fixed amounts or amounts calculated as a percentage of the Loan Amount, and may or may not take into account the term of your holding in UBS Dividend Builders. The upfront fee and trail fee amounts or percentages and how they will be calculated for a Series will be set out in the Term Sheet and/or the Application Form for the relevant Series.

Unless you are a Wholesale Investor your Approved Adviser Group and your Adviser should not receive a fee calculated on the Loan Amount.

9.5 Tax liabilities

As noted in Part 4.2.14, you will be liable to pay a Tax Withholding Amount to UBS where the Security Trustee is required to withhold and pay an amount to the ATO from any Dividends paid on the Underlying Parcel where you do not provide your TFN, ABN or proof of an exemption. Your obligation to pay this amount to UBS is a personal obligation and UBS' recourse to you for this amount is not limited to the value of the Underlying Parcel. If you fail to pay the Tax Withholding Amount, UBS may recover it by enforcing the Mortgage over the Underlying Parcel and some or all of your UBS Dividend Builders may lapse.

9.6 Costs of enforcing the Mortgage and transfer of Underlying Parcel after Maturity

UBS may enforce the Mortgage over UBS Dividend Builders in certain circumstances, such as when you are liable to pay UBS a Tax Withholding Amount. If UBS exercises the Mortgage, you must reimburse UBS or the Security Trustee (as appropriate) for any fees, costs, Taxes and liabilities incurred by UBS or the Security Trustee or their nominees in connection with enforcing the Mortgage.

If you hold UBS Dividend Builders at the Closing Time on the Final Maturity Date and have not given a valid and effective Loan Repayment Notice or refinanced your UBS Dividend Builder using a Rollover Application then any fees, costs, charges, liabilities, Taxes and expenses incurred by or payable to UBS or the Security Trustee or their nominees in connection with the transfer of the Underlying Parcel to UBS or at its direction will be deducted from the Net Expiry Value. UBS may elect not to deduct some or all of these amounts from the Net Expiry Value payable to you. As at the date of this Master PDS, UBS does not intend to deduct any such fees, costs, charges, liabilities, Taxes or expenses incurred in connection with the transfer of Underlying Parcel.

9.7 Additional fee disclosure for Underlying Shares which are managed investment schemes

Where the Underlying Share is, or includes, units in a managed investment scheme, the UBS Dividend Builder will be categorised as a managed investment product for the purposes of the Corporations Act and additional information regarding the fees and charges applicable to that UBS Dividend Builder will be provided in the Term Sheet applicable to that Series of UBS Dividend Builders.

Part 10—About UBS

The information in this Part 10 is intended to be a brief summary only of UBS and the Security Trustee. Investors must make their own assessment of the ability of UBS and the Security Trustee to meet their obligations in relation to the UBS Dividend Builders.

10.1 UBS AG, Australia Branch (UBS)

UBS AG was formed on 29 June 1998 from the merger of Swiss Bank Corporation and Union Bank of Switzerland. UBS AG, with its subsidiaries, is a client-focused financial services firm that offers a combination of wealth management, asset management and investment banking services on a global and regional basis. By delivering a full range of advice, products and services to its private, corporate and institutional clients, UBS AG aims to generate sustainable earnings, create value for its shareholders and become economically profitable in every segment, market and business in which it operates. Securities in UBS AG are listed on the New York Stock Exchange and the SIX Swiss Exchange.

The Issuer will provide a copy, free of charge, of any of the following documents to any person who requests such copies during the life of this Master PDS, by contacting UBS on 1800 633 100:

- the latest available annual financial report of UBS AG; and
- the latest available quarterly financial report of UBS AG.

UBS AG's latest available annual and quarterly financial reports can also be downloaded from http://www.ubs.com/1/e/investors.html

UBS AG, Australia Branch holds an Australian financial services licence (AFSL number 231087).

UBS' address is:

Level 16, Chifley Tower
2 Chifley Square
Sydney NSW 2000
Australia

10.2 UBS Nominees Pty Ltd (Security Trustee)

The Security Trustee is the trustee of the Separate Trusts and holds the Underlying Parcel on trust for the Holder. The Security Trustee is a wholly owned subsidiary of UBS and holds an Australian financial services licence (AFSL number 231088). Its principal activities are to act as a custodian.

Part 11—Additional information

11.1 Contractual terms of the UBS Dividend Builders

The contractual terms of UBS Dividend Builders are contained in the Instalment Deed, Nominee Deed and a Loan Agreement (the terms of which are set out in Part 12). It is important that you understand the terms of the Instalment Deed, Nominee Deed and Loan Agreement before investing in UBS Dividend Builders. You can obtain a copy of the Instalment Deed (which includes the Nominee Deed as a Schedule) by contacting UBS on 1800 633 100.

11.2 Deferred settlement basis

Trading in a Series of UBS Dividend Builders may be conducted on a deferred settlement basis if that is specified in the Term Sheet in relation to a Series, or when the Underlying Share is subject to trading on a deferred settlement basis. This has no impact on the calculation of the Purchase Price of the UBS Dividend Builder which will be determined on the Purchase Date.

11.3 Clearing House Electronic Sub-register System ("CHESS")

The UBS Dividend Builders will be Approved Financial Products in accordance with the ASX Settlement Operating Rules. In addition to the CHESS subregister, an electronic Issuer Sponsored Subregister will be maintained. These two subregisters together will provide UBS' principal register of holdings.

Under CHESS, on issue of UBS Dividend Builders, instead of certificates, Holders will be provided with a holding statement (similar to a bank statement) which sets out the number of UBS Dividend Builders issued (or subsequently transferred) to each Holder. The holding statement will also advise the Holder of the HIN in the case of a CHESS holding or the security holder reference number in the case of an Issuer Sponsored Subregister holding. A holding statement will be provided to Holders after the end of any month during which there has been a change in the balance of the holding.

An Applicant will need to be either a participant in CHESS or be sponsored by a participant in CHESS in order to hold UBS Dividend Builders on the CHESS subregister. UBS Dividend Builders not held on the CHESS subregister will be entered on to the Issuer Sponsored Subregister.

11.4 Broker

UBS Securities as broker to the issue will receive a discount, commission or fee from UBS in respect of UBS Dividend Builders placed by UBS Securities. UBS may pay fees to ASX market participants, licensed financial services providers or their representatives whose stamp appears on Application Forms for which UBS Dividend Builders are subsequently issued.

11.5 Complaints

If you have a complaint about the service provided to you by UBS, or any of its representatives in respect of the UBS Dividend Builders, you should take the following steps.

(a) Contact the UBS representative with whom you have been dealing and tell that person about your complaint.

(b) If your complaint is not satisfactorily resolved within three Business Days, please contact our "regional manager" in your State or put your complaint in writing and send it to us at the following address:

The Complaints Officer
c/- Legal and Compliance Department
UBS AG, Australia Branch
Level 16, Chifley Tower
2 Chifley Square, Sydney NSW 2000

We will try to resolve your complaint quickly and fairly.

(c) If you still do not get a satisfactory outcome, you have the right to complain to the Financial Ombudsman Service, an independent dispute resolution scheme:

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Telephone: 1300 78 08 08
Fax: 03 9613 6399
Email: info@fos.org.au

(d) ASIC also has a free call infoline on 1300 300 630 which you may use to make a complaint and obtain information about your rights.

If you require further information including a copy of our internal complaint policy, please contact your adviser.

11.6 Consents

None of the parties referred to below have authorised or caused the issue of this Master PDS and the Term Sheets nor make or purport to make any statement in this Master PDS nor any Term Sheet (or any statement on which a statement in this Master PDS or a Term Sheet is based) other than as specified below.

Allen & Overy has consented to the references to Allen & Overy being included in the form and context in which they appear in the Master PDS.

Computershare Investor Services Pty Limited has given its consent to the statements naming it as Registrar in the PDS in the form and context in which those statements are included.

UBS Securities has given its consent to the statements naming it as broker in the PDS in the form and context in which those statements are included in the PDS.

11.7 Labour standards and environmental, social and ethical considerations

UBS does not take into account labour standards or environmental, social or ethical considerations in selecting, retaining or realising investments in connection with UBS Dividend Builders. Applicants should make their own enquiries as to whether labour standards or environmental, social or ethical considerations are taken into account by the issuer(s) of the Underlying Shares and any other Securities that make up the Underlying Parcel of the UBS Dividend Builders.

11.8 Privacy statement

Should you apply for UBS Dividend Builders by lodging an Application Form with your adviser, you acknowledge and agree that:

(a) UBS may collect your personal information for the purpose of processing your application for the UBS Dividend Builders, issuing the UBS Dividend Builders and complying with relevant laws. If you do not provide the personal information UBS or your adviser requires, your application may not be processed; and

(b) UBS may be required to disclose all or some of your personal information to:

  (i) related bodies corporate that might not be governed by Australian laws for the purpose of account maintenance and administration;

  (ii) share registries, custodians, external contracts and service providers and certain software providers (in each case both onshore and offshore) related to the operational management and settlement of the UBS Dividend Builders;

  (iii) other third parties for the purpose of account maintenance and administration, marketing research or acquiring any interest in any part of the business of your adviser; and

  (iv) regulatory authorities such as the ASX.

All personal information collected from you will be collected, used and stored by UBS in accordance with the UBS Privacy Policy, a copy of which can be made available to you on request. To obtain a copy, please visit our website at www.ubs.com/investmentbuilders. You can access the personal information UBS holds about you.

11.9 Financial services guides

The financial services guides of UBS Securities and the Security Trustee, which contain information about the services provided by UBS Securities and the Security Trustee are available from www.ubs.com/investmentbuilders by contacting UBS on 1800 633 100. You should read and ensure you fully understand the financial services guides of UBS Securities and the Security Trustee before investing in UBS Dividend Builders.

11.10 Cooling off

No cooling-off rights apply in respect of a purchase of UBS Dividend Builders under this Master PDS.

Part 12—Loan Agreement

This is the form of the investment Loan Agreement entered into between a successful Applicant or Transferee and UBS in respect of a UBS Dividend Builder issued or transferred to the Holder. A separate Loan Agreement is entered into between the Holder and UBS in respect of, and forms part of, each UBS Dividend Builder issued or transferred to the Holder.

Each Applicant acknowledges that by entering into the Loan Agreement it may only use the Loan for a) business or b) investment purposes other than investment in residential property.

THIS AGREEMENT is made with effect from the Purchase Date of the relevant UBS Dividend Builder.

BETWEEN:

UBS AG, Australia Branch (ABN 47 088 129 613) of Level 16, Chifley Tower, 2 Chifley Square, Sydney NSW 2000 ("UBS")

and

The successful **Applicant or Transferee** ("**the Holder**") of the UBS Dividend Builder

IT IS AGREED AS FOLLOWS:

1. Loan

1.1 UBS to fund

For the UBS Dividend Builder issued to the Applicant or transferred to the Transferee, UBS agrees to provide a Loan in accordance with this Loan Agreement.

1.2 Limited recourse Loan

The Loan is a limited recourse facility whereby the recourse of UBS against the Holder is limited to the Underlying Parcel, or the total amount received by UBS on disposal of the Underlying Parcel relating to the UBS Dividend Builder held by the Holder (whether by exercising a power of sale or otherwise). UBS will not take any action against the Holder in relation to the Loan to recover any amount other than by enforcing the Mortgage or otherwise in accordance with the Instalment Deed. This clause 1.2 does not apply to a Holder's liability to pay any Tax Withholding Amount to UBS or to pay to UBS any Loan Amount where the Holder has elected in a Loan Repayment Notice to obtain full ownership of the Underlying Parcel.

1.3 Direction to UBS

The Holder irrevocably authorises and directs UBS to provide the initial advance on the Loan by applying the initial Loan Amount on the Settlement Date in accordance with clause 2.5 (in the case of a successful Applicant) or 5.4 and 5.5 (in the case of a Transferee) of the Instalment Deed, subject to clause 2.10 of the Instalment Deed.

2. Initial advance

A successful Applicant or Transferee (as applicable) is automatically taken to have received an advance on the Loan in accordance with clause 1.3 or clause 7.1(a) (as applicable) of this Loan Agreement and the Instalment Deed on the Settlement Date for the Loan Amount for the relevant Series of UBS Dividend Builders on that date.

3. Interest

3.1 Interest on Application

Where the Holder is an Applicant, the Holder agrees to pay interest on the Loan to UBS in advance on the Settlement Date, for the period (Initial Interest Period) starting on (but excluding) the Purchase Date and ending on (and including) the earlier of the next Annual Interest Date or Final Maturity Date, at the Interest Rate applicable at the time of purchase on the Purchase Date. This Initial Interest Amount will be the amount determined by UBS to equal the Loan Amount as at the Purchase Date multiplied by the Interest Rate, multiplied by the number of days in

the Initial Interest Period and divided by 365. In accordance with the Instalment Deed, the initial Interest Amount will be paid to UBS:

(a) out of the initial advance on the Loan by a Cash Applicant;

(b) out of the initial advance on the Loan by a Shareholder Applicant; and

(c) out of the initial advance on the Loan and any Rollover Payment by a Rollover Applicant.

3.2 Interest on Transfer

Where the Holder is a Transferee, the Holder agrees to pay interest on the Loan to UBS in advance on the Settlement Date, for the period (Transferee Initial Interest Period) starting on (but excluding) the Purchase Date and ending on (and including) the earlier of the next Annual Interest Date or Final Maturity Date, at the Interest Rate applicable at the time of purchase on the Purchase Date. This Interest Amount will be paid to UBS out of the initial advance on Loan in accordance with the Instalment Deed and will be the amount determined by UBS to equal the Loan Amount as at the Purchase Date multiplied by the Interest Rate, multiplied by the number of days in the Transferee Initial Interest Period and divided by 365.

3.3 Annual Interest Drawdown Procedure

(a) The Holder agrees to pay to UBS interest on the Loan in advance on each Annual Interest Date for the period (Further Interest Period) starting on (but excluding) that date and ending on (and including) the earlier of the next Annual Interest Date or Final Maturity Date.

(b) On each Annual Interest Date that is not an Early Final Maturity Date, the Holder is taken to have requested a further advance of the Loan on that Annual Interest Date equal to the Interest Amount payable on that date, and the Holder irrevocably authorises and directs UBS to apply the additional advance to pay that Interest Amount to UBS.

(c) An Interest Amount for a Further Interest Period payable on an Annual Interest Date is:

    (i) if UBS has specified in the Term Sheet for the Series that a fixed amount will be capitalised as the Interest Amount for that Series on that Annual Interest Date—the fixed amount specified in the Term Sheet; or

    (ii) otherwise—an amount determined by UBS equal to the Loan Amount on the Annual Interest Date (after the drawdown of the further advance on the Loan to pay that Interest Amount) multiplied by the Interest Rate (determined by UBS), multiplied by the number of days in the relevant Further Interest Period and divided by 365.

3.4 Interest Refund—Special Dividends

Where the Loan Amount is reduced under clauses 4.1 and 4.2 of this Loan Agreement in connection with an announced cash Special Dividend, the Holder is entitled to a partial refund of the Interest Amount it has paid in advance in respect of the period (Dividend Refund Period) starting on (but excluding) the expected date of payment of the cash Special Dividend by the Share Issuer and ending on (and including) the earlier of the next Annual Interest Date or Final Maturity Date. The refund will be the amount determined by UBS to equal the lesser of the amount of the cash Special Dividend and the Loan Amount, multiplied by UBS' Funding Rate for the Dividend Refund Period, multiplied by the number of days in the Dividend Refund Period and divided by 365.

3.5 Interest Refund—Disposal Event and Corporate Actions

Where the Loan Amount is reduced under the Instalment Deed as a result of adjustments made in response to a Disposal Event or a Corporate Action (including, for example, a bonus issue, a rights issue or a reduction of capital), the Holder is entitled to a partial refund of the Interest Amount it has paid in advance in respect of the period (Corporate Action Refund Period) starting on (but excluding) the expected date of receipt by UBS of the relevant cash or sale proceeds and ending on (and including) the earlier of the next Annual Interest Date or Final Maturity Date. The refund will be an amount determined by UBS to equal the lesser of the amount of the value of the cash or sale proceeds resulting from the Disposal Event or Corporate Action and the Loan Amount, multiplied by UBS' Funding Rate for the Corporate Action Refund Period, multiplied by the number of days in the Corporate Action Refund Period and divided by 365.

3.6 Interest Refund—Extraordinary Event

When an Early Final Maturity Date occurs due to UBS nominating an Extraordinary Event, other than when an Early Final Maturity Date is nominated as a result of the Loan Amount on any day being zero, the Holder is entitled to a

partial refund in respect of the Interest Amount it has paid in advance in respect of the period (Early Maturity Refund Period) starting on (but excluding) the later of the Early Final Maturity Date or the date of receipt of cash or sale proceeds resulting from the Extraordinary Event and ending on (and including) the earlier of the next Annual Interest Date or the original Final Maturity Date. The refund will be the amount determined by UBS to equal the Loan Amount on the Early Final Maturity Date multiplied by UBS' Funding Rate for the Early Maturity Refund Period, multiplied by the number of days in the Early Maturity Refund Period and divided by 365, less the amount determined by UBS to reflect the cost (if any) to UBS of breaking its funding in respect of the relevant UBS Dividend Builders (or redeploying amounts received early).

3.7 Interest Refund payment

Interest Refunds under clauses 3.4, 3.5, 3.6 or 7 of this Loan Agreement are provided by reduction of the Loan Amount on the Ex-Dividend Date, the date of the Disposal Event, the date on which the UBS Dividend Builder commences trading on an ex-basis in respect of the Corporate Action (or the effective date of a scheme of arrangement if the Corporate Action is a scheme of arrangement), the Early Final Maturity Date and the Settlement Date of the Transfer of the UBS Dividend Builder respectively and the Holder is not entitled to receive any refund in any other way. The Holder is not entitled to any refund of interest paid in advance in any circumstance except as expressly provided in those clauses.

4. Adjustment of Loan Amount for Dividends and Corporate Actions

4.1 Declared Special Dividends

On the Ex-Dividend Date in respect of an announced cash Special Dividend, the Loan Amount shall be reduced by:

(a) the announced amount of such Special Dividend (as revised under clause 4.2, if applicable) (the "Special Dividend Amount"); and

(b) the amount of any Interest Refund to which the Holder is entitled under clause 3.4 of this Loan Agreement,

provided that the Loan Amount shall not be reduced to less than zero.

4.2 Special Dividends actually received

If the Share Issuer amends the amount of an announced cash Special Dividend then:

(a) if the amendment is announced prior to the Ex-Dividend Date, the Loan Amount will be reduced under clause 4.1(a) of this Loan Agreement by the revised Special Dividend Amount; and

(b) if the amendment is announced after the Ex-Dividend Date then the Loan Amount will be adjusted as soon as practicable after the announcement of the revised Special Dividend Amount, and the Loan Amount shall be:

    (i) reduced by the amount (if any) by which the revised Special Dividend Amount exceeds the previously announced amount of that Special Dividend; and

    (ii) increased by the amount (if any) by which the previously announced amount of that Special Dividend exceeds the revised Special Dividend Amount,

provided that the Loan Amount shall not be reduced to less than zero.

4.3 Disposal Event and Corporate Actions

The Holder acknowledges that the Loan Amount may be adjusted by UBS in accordance with the Instalment Deed if a Disposal Event or a Corporate Action occurs.

5. Repayment

(a) The Holder must repay the Loan Amount:

    (i) in part, on the date on which a partial repayment of the Loan Amount is required under this Loan Agreement or the Instalment Deed; and

    (ii) in whole, on the earliest of the Settlement Date of any Transfer of the UBS Dividend Builder to another person, the Final Maturity Date, and any earlier date on which the UBS Dividend Builder is to expire or be cancelled or repayment of the Loan Amount is required under the Instalment Deed.

Any Final Payment, and any other amounts required to be applied to repay the Loan Amount in whole or in part under the Instalment Deed will be applied in accordance with the Instalment Deed to satisfy the Holder's obligation to make that repayment under this clause 5.

(b) The Holder may repay the Loan Amount per UBS Dividend Builder in whole but not in part on any Loan Repayment Notice Date in accordance with the Instalment Deed. The Holder may not otherwise repay the Loan Amount except as required by this agreement or the Instalment Deed.

(c) UBS will apply any Final Payment received from the Holder to repay the Loan Amount within 10 Business Days following the relevant Loan Repayment Notice Date.

6. Security

(a) The Holder acknowledges that the Security Trustee has granted a mortgage in the Underlying Parcel to UBS to secure the payment to UBS of any amounts owing to UBS under the Loan and all other Secured Monies (including the Tax Withholding Amount). The terms of the Mortgage are set out in the Instalment Deed and the Holder acknowledges and agrees that the Mortgage ranks in priority to the Holder's beneficial interest in the Underlying Parcel.

(b) Where the Holder:

  (i) has not repaid the Loan Amount and paid all other Secured Monies within 5 Business Days after the Final Maturity Date;

  (ii) is liable to pay a Tax Withholding Amount to UBS;

  (iii) fails to pay any other amount of Tax of which notice has been given to the Holder pursuant to clause 24 of the Instalment Deed; or

  (iv) gives or attempts to give any direction or instruction to the Security Trustee that is inconsistent with this Loan Agreement or the Instalment Deed, or revokes or attempts to revoke any direction or instruction to the Security Trustee contained in this agreement or the Instalment Deed.

  UBS may declare the Loan Amount and all other Secured Monies to be due and payable (to the extent not already due and payable), exercise (or direct the Security Trustee to exercise as its nominee) its power of sale or any other powers in respect of the Underlying Parcel, or do all or any combination of these things in its absolute discretion. The proceeds of any exercise of the power of sale shall be applied according to the Order of Payment set out in the Instalment Deed.

(c) To the extent permitted by law, the Security Trustee has dispensed with and the Holder dispenses with any right to notice of lapse of time required by any law for the enforcement of a Mortgage or the exercise of any power by UBS as secured party or by the Security Trustee as its nominee under this agreement or the Instalment Deed.

(d) The Mortgage will be released and discharged only in accordance with the Instalment Deed.

(e) If a Rollover Application is accepted in respect of an Eligible Instalment that is a UBS Instalment then the Underlying Parcel will continue to be held on trust by the Security Trustee subject to UBS' security interest before, during and after the refinancing until such time that the New Loan has been fully discharged.

7. Transfers

7.1 Process of Transfers

In respect of a Transfer of a UBS Dividend Builder, the following occurs:

(a) a Loan will be made by UBS to the Transferee on the terms of this Loan Agreement for an amount equal to the Loan Amount for that Series on the Settlement Date;

(b) that Loan will be applied at the irrevocable direction of the Transferee to pay Interest in advance on the Transferee's Loan at the Interest Rate determined on the Transferee's Purchase Date for the period starting on (but excluding) the Transferee's Purchase Date and ending on (and including) the earlier of the next Annual Interest Date or Final Maturity Date;

(c) the Transferor:

  (i) will be entitled to a partial refund of the interest paid in advance by the Transferor in respect of the period (Transfer Refund Period) starting on (but excluding) the Transferor's Sale Date and ending on (and including) the earlier of the next Annual Interest Date or Final Maturity Date, calculated as the interest

paid in advance by the Transferor for the current Interest Period, multiplied by the number of days in the Transfer Refund Period and divided by the number of days in the current Interest Period;

(ii) must pay an Early Repayment Cost to UBS if the Interest Rate applicable to the UBS Dividend Builder on the Transferor's Sale Date is less than the Interest Rate applicable to the UBS Dividend Builder when the Transferor paid interest in advance for the Interest Period in which the Transferor's Sale Date falls;

(iii) will be entitled to receive from UBS an Early Repayment Benefit if the Interest Rate applicable on the Transferor's Sale Date is greater than the Interest Rate applicable when the Transferor paid Interest in advance for the Interest Period in which the Transferor's Sale Date falls;

(d) the amount remaining under the Transferee's Loan under paragraph (b) will be applied at the irrevocable direction of the Transferee to repay the amount outstanding under the Transferor's Loan and any Early Repayment Cost payable by Transferor, after set off against any partial refund of interest and Early Repayment Cost payable to the Transferor on the Settlement Date;

(e) the Beneficial Interest will be transferred from the Transferor to the Transferee and the Transferor's obligations under the Loan other than the Transferor's liability to pay any Tax Withholding Amount or Special Dividend Amount are extinguished; and

(f) the Mortgage existing in the Underlying Parcel of the UBS Dividend Builder continues to subsist as security for the Transferee's Loan and all other Secured Monies in respect of that UBS Dividend Builder.

8. Term of Loan

The term of the Loan for a Holder will end:

(a) following a Transfer, on the date on which payment for the Transfer of the UBS Dividend Builder is settled;

(b) following a Loan repayment, on the date of delivery of the Underlying Parcel to the Holder; and

(c) following a Final Maturity Date, on the date of payment of the Net Expiry Value to the Holder.

9. General

(a) UBS must act reasonably in exercising any discretion or power under this agreement. This clause 9(a) does not require UBS to act in a Holder's best interests in exercising any discretion or power.

(b) The rights and remedies of UBS under this agreement are in addition to other rights and remedies given by law independently of this agreement.

(c) The Holder agrees to do anything UBS reasonably requires (such as obtaining consents, signing and producing documents and getting documents completed and signed):

(i) to bind the Holder and any other person intended to be bound under this agreement;

(ii) to show whether the Holder is complying with this agreement.

(d) This agreement is governed by the laws of New South Wales. The parties submit to the non-exclusive jurisdiction of the Courts of New South Wales.

(e) The Holder agrees that one or more terms of the Loan may be adjusted in accordance with the Instalment Deed.

(f) UBS may set off or withhold any amount payable to it by or on behalf of a Holder against or from any amount payable by UBS to that Holder.

10. Incorporation of definitions

Capitalised terms used in this agreement have the meaning given to them in the PDS.

Executed as an agreement.

Part 13—Definitions of capitalised terms

The following words have these meanings in the PDS:

2007 UBS Instalments Deed means the UBS Instalments Deed dated 2 October 2007 as supplemented from time to time.

ABN means Australian Business Number.

Accretions means all rights, distributions, accretions, benefits and entitlements whether cash or otherwise attaching to the Underlying Share or Underlying Parcel after the date of issue of the UBS Dividend Builder (other than cash Dividends, other cash distributions and cash reductions of capital) including all voting rights, shares, units, notes, options, non-cash Dividends or other financial products that are exercisable, declared, paid, issued, made, arise or accrue directly or indirectly in respect of the Underlying Share or Underlying Parcel.

Adviser means, for an Applicant, the individual specified by the Applicant in its Application to be its "Adviser" and if no individual is so specified, has the same meaning as Approved Adviser Group where the context requires.

Adviser Group Fee means the fee specified by the Applicant in the Application Form as the amount it agrees to be collected by UBS in relation to the Applicant's Application and paid, if permitted by law, on behalf of the Applicant to its Approved Adviser Group (as specified in the Application Form) and for the Approved Adviser Group to hold that amount on trust and pay to the Applicant's Adviser (as specified in the Application Form) all or part of that amount, (if any), as disclosed to the Applicant in the statement of advice or the financial services guide provided by the Approved Adviser Group, its representatives or the Adviser to the Applicant in connection with the financial services they provide to the Applicant in respect of UBS Dividend Builders or as otherwise disclosed to the Applicant by its Approved Adviser Group or the Applicant's Adviser.

Annual Interest Date means, for a Series of UBS Dividend Builders, each date specified as an annual interest date in the relevant Term Sheet for the Series and includes a specified date that is not a Business Day.

Annual Interest Drawdown Procedure means the procedure set out in the Loan Agreement for determining and paying the Interest Amount for a UBS Dividend Builder on an Annual Interest Date.

Applicant means a Cash Applicant, Shareholder Applicant or Rollover Applicant, as applicable.

Application means a Cash Application, Shareholder Application or Rollover Application, as applicable.

Application Form means the form provided with the Term Sheet for a Series, to be completed by an Applicant for a Series of UBS Dividend Builders.

Application Number means the unique number provided to an Applicant (or their representative) by UBS in respect of the Applicant's Application.

Approved Adviser Group means, for an Applicant, the company or individual specified by the Applicant in its Application to be its "Approved Adviser Group".

Approved Financial Product has the meaning in the ASX Settlement Operating Rules.

ASIC means the Australian Securities and Investments Commission.

ASIC Act means the Australian Securities and Investments Commission Act 2001 (Cth).

ASIC Market Integrity Rules means the market integrity rules of ASIC as amended or varied from time to time.

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange market conducted by ASX Limited, as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Operating Rules means the operating rules of the ASX as amended or varied from time to time.

ASX Operating Rules Procedures means the procedures for the ASX Operating Rules as amended from time to time.

ASX Settlement means ASX Settlement Pty Ltd (ABN 49 008 504 532).

ASX Settlement Operating Rules means the operating rules of the clearing and settlement facility operated by ASX Settlement.

ATO means the Australian Taxation Office.

Beneficial Interest means the beneficial interest of a Holder in the Underlying Parcel under a Separate Trust.

Borrow Fee means, for a UBS Dividend Builder in a Series at any time on a day, the fee specified by UBS (including more than once on a day) as the amount charged by UBS in connection with making the Loan to an Applicant who is a Wholesale Investor.

Business Day has the meaning given in the ASIC Market Integrity Rules.

Calculation Agent means UBS Securities Australia Ltd (ABN 62 008 586 481) or such other person appointed by UBS under the Instalment Deed.

Cap Feature means a feature of an Eligible Instalment where the holder's investment exposure to the underlying Security or Securities referenced by the Eligible Instalment is capped at a fixed level.

Cash Applicant means a person who makes a Cash Application.

Cash Application means an application in writing to UBS for the issue of UBS Dividend Builders under the Application Form that requires the payment of the Purchase Price and any Fees (if applicable) to be made to UBS.

CDI means a financial product quoted on the ASX which confers a beneficial interest in the foreign financial product to which it relates. There are two types of CDIs, CHESS Units of Foreign Securities (CUFS) and Depository Interests (DIs), both of which can be settled through CHESS.

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement.

Closing Price on a particular day means:

(a) in relation to a Security tradeable on an Exchange, the last sale price of that Security at the close of trading on the Exchange on that day; or

(b) in relation to property that is not tradeable on an Exchange, the market value of that property as reasonably determined by UBS at the scheduled closing time of the Exchange on that day; and

(c) in relation to the Underlying Parcel, the sum of the closing prices determined under paragraphs (a) and (b) above of the Securities and Accretions that make up the Underlying Parcel on that day.

Closing Time means 6:00 pm (Sydney time).

Corporate Action means an event relating to the Share Issuer that is determined by UBS to be a corporate action, including events such as the Share Issuer reducing its share capital, declaring a rights issue, making a buy back offer, issuing bonus securities, entering into a scheme of arrangement or the Underlying Share becoming subject to a takeover offer or a compulsory acquisition notice.

Corporations Act means the Corporations Act 2001 (Cth).

Costs and Taxes means any Taxes and any incidental costs or expenses incurred by UBS or the Security Trustee or their nominees or affiliates in relation to the transfer of the Underlying Parcel to UBS or as it directs following Maturity, calculated on a per UBS Dividend Builder basis. This includes, without limitation, any amounts paid or incurred by UBS or the Security Trustee or their nominees or affiliates on account of GST to the extent that input tax credits are not available.

Dividends mean both Ordinary Dividends and Special Dividends.

Disposal Event means an event (other than a Corporate Action) which gives rise to an obligation on the Security Trustee under law to dispose of all or part of the Underlying Parcel.

Early Maturity means the termination of a Series following UBS' nomination of an Early Final Maturity Date for that Series.

Early Final Maturity Date means, for UBS Dividend Builders in a Series, an early final maturity date determined in accordance with the Instalment Deed as explained in Parts 5.16, 5.17 and 5.18 of this Master PDS.

Early Repayment Benefit or **Early Repayment Cost** means the amount determined by UBS to be the net gain or loss (respectively) that will accrue to UBS (ignoring the payment or receipt by UBS of the Early Repayment Benefit or Early Repayment Cost) as a result of:

(a) the early repayment or termination of all or part of the Loan or the determination of an Early Final Maturity Date;

(b) the termination or reversal of any arrangements or hedge positions entered into by UBS in connection with the portion of the Loan which is terminated early; and

(c) any loss of profits or margin as a result of the early repayment or termination of the relevant portion of the Loan.

Effective Sale Price means the Closing Price of the Underlying Parcel on the Final Maturity Date, unless a different price or method is specified as applicable in the Term Sheet for that Series.

Eligible Instalment means an existing UBS Instalment, an existing Prior UBS Instalment or an existing Third Party Instalment that is approved by UBS to be the subject of a Rollover Application.

Encumbrance means an interest or power:

(a) reserved in or over any interest in any asset including, without limitation, any retention of title; or

(b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power,

by way of security for the payment of any debt or any other monetary obligation or the performance of any other obligation and whether existing or agreed to be granted or created.

Equity Value means, at a particular point in time, the amount (if any) by which the Underlying Parcel price exceeds the Loan Amount at that time.

Exchange in relation to an Underlying Share, means the Australian Securities Exchange unless specified otherwise by UBS in the Term Sheet.

Ex-Dividend Date means, in relation to a Dividend, the date on which the basis for quotation of Underlying Shares on the Exchange is changed to signify that trading in those Underlying Shares no longer carries entitlements to that Dividend.

Extraordinary Event means an event described as such in Part 5.17 of this Master PDS.

Fees mean any Borrow Fee and Adviser Group Fee payable by an Applicant.

Final Instalment means the amount payable to the issuer of an Eligible Instalment to obtain legal title to the Security or Securities that correspond to an Underlying Parcel, which in the case of an Eligible Instalment issued by UBS, may be net of an interest refund provided by UBS.

Final Maturity Date means, for UBS Dividend Builders in a Series, the date specified as the final maturity date in the Term Sheet for the Series, or an Early Final Maturity Date.

Final Payment means, on any day, for a UBS Dividend Builder in a Series, the Loan Amount for that UBS Dividend Builder unless a different amount is specified in the Term Sheet. The Final Payment is expressed in and payable in the Underlying Share Denomination.

Government Agency means a government or government department, or governmental or semi-governmental person and a person (whether autonomous or not) charged with administration of any applicable law.

GST means any goods and services tax or any Tax applying to a transaction contemplated by the Terms in a similar way, together with any additional Tax, penalty tax, fine, interest or other charge under a law for such Tax.

HIN means holder identification number and has the meaning given in the ASX Settlement Operating Rules.

Holder means, in relation to a UBS Dividend Builder, the person recorded in the Register as the holder of that UBS Dividend Builder.

Instalment Deed means the deed relating to UBS Dividend Builders between UBS and the Security Trustee dated 23 September 2014 (as amended from time to time).

Instalment Receipt means a security by which the holder obtains the beneficial interest in a Security or Securities that correspond to an Underlying Parcel, and may upon payment of the Final Instalment of the Instalment Receipt, obtain the legal interest in that Security or Securities.

Interest means interest payable on the Loan. Interest includes the cost of the Walkaway Feature.

Interest Amount means the amount of Interest payable to UBS on a Loan for a UBS Dividend Builder for an Interest Period.

Interest Period means the period for which Interest is prepaid from time to time under the Loan Agreement, being the periods:

(a) from but excluding the Purchase Date to and including the next Annual Interest Date;

(b) from but excluding one Annual Interest Date to and including the next Annual Interest Date; and

(c) from but excluding the last Annual Interest Date to and including the Final Maturity Date.

Interest Rate means the interest rate applicable to a Series of UBS Dividend Builders as determined by UBS at any time on a particular day (including more than once on each day).

Interest Refund means the interest refundable upon termination of all or part of the Loan, or a reduction of the **Loan Amount**, as determined by UBS in accordance with clause 3 of the Loan Agreement.

Issuer Sponsored Subregister has the meaning given in the ASX Settlement Operating Rules.

Leverage Ratio means the ratio of the Loan Amount to the price of the Underlying Parcel.

Liquidated Damages means the amount payable by UBS if the Security Trustee fails to deliver the Underlying Parcel to you after you have submitted a valid and effective Loan Repayment Notice, as described in Part 7.2.

Loan means, for a UBS Dividend Builder in a Series, the loan granted to a successful Applicant or Transferee (as applicable) by UBS in respect of that UBS Dividend Builder under the Loan Agreement.

Loan Agreement means the loan agreement in the form set out in Part 12, entered into between UBS and each successful Applicant and between UBS and each Transferee.

Loan Amount means, for each UBS Dividend Builder in a Series at any time, the outstanding amount of a Loan for that UBS Dividend Builder in the Underlying Share Denomination.

Loan Repayment Notice means a notice for making the Loan Repayment in the form set out in Part 14.

Loan Repayment Notice Date means:

(a) if the Loan Repayment Notice is received by UBS at the Office before the Notice Cut-Off Time on an Annual Interest Date or Final Maturity Date that is a Business Day, or before the Notice Cut-Off Time on the Business Day prior to an Annual Interest Date or Final Maturity Date that is not a Business Day, that Annual Interest Date or Final Maturity Date;

(b) if the Loan Repayment Notice is received by UBS at the Office before the Closing Time on a Business Day other than an Annual Interest Date or Final Maturity Date, that Business Day;

(c) if the Loan Repayment Notice is received by UBS at the Office on a day which is not a Business Day or on a Business Day that is not an Annual Interest Date or Final Maturity Date but on or after the Closing Time, the following Business Day;

(d) if the Loan Repayment Notice is received by UBS and the Term Sheet for the relevant Series specifies that a Loan Repayment Notice does not become valid and effective until a particular time, that particular time (notwithstanding paragraphs (a), (b) and (c)); or

(e) if the Loan Repayment Notice is received by UBS before the Notice Cut Off Time on the Final Maturity Date, on a day when the Underlying Share is trading on a deferred settlement basis, the first day on which the Underlying Share ceases to trade on a deferred settlement basis, (notwithstanding paragraphs (a), (b) and (c) or the fact that that day occurs after the Final Maturity Date).

Master PDS means this master product disclosure statement dated 17 October 2014 as amended and supplemented from time to time.

Maturity means the maturity of a UBS Dividend Builder on the Final Maturity Date or, if applicable, the Early Final Maturity Date.

Mortgage means the equitable mortgage or charge (as applicable) granted to UBS in respect of an Underlying Parcel by the Security Trustee under the Instalment Deed to secure the repayment of the Secured Monies.

Net Expiry Value means, the amount (if any) payable to a Holder who does not give a Loan Repayment Notice before the Notice Cut-Off Time on the Final Maturity Date that is or becomes valid and effective, calculated as follows:

Net Expiry Value per UBS Dividend Builder = Max [0, (Effective Sale Price of the Underlying Parcel – Loan Amount – Costs and Taxes)]

New Loan means the Loan Amount of the UBS Dividend Builder that is issued pursuant to a Rollover Application.

Nominee Deed means a declaration of trust executed by the Security Trustee substantially in the form set out in schedule 1 to the Instalment Deed.

Notice Cut-Off Time means 12:00 pm (Sydney time), unless a different time is specified for a Series in the Term Sheet for that Series.

Office means the primary place of operation of UBS in Sydney, which at the date of this Master PDS is Level 16, Chifley Tower, 2 Chifley Square, Sydney, NSW, 2000.

Order of Payment means the payment of the proceeds of a sale or disposal of all or part of the Underlying Parcel or of a surplus or other amount received by UBS or the Security Trustee in connection with the Underlying Parcel in the following order:

(a) firstly, to the Security Trustee, all costs, charges, liabilities and expenses of the Security Trustee which have been incurred in or are incidental to the exercise or performance or attempted exercise or performance of a power or duty under or in connection with the Instalment Deed in respect of the relevant Underlying Parcel, including Taxes and any other amount payable to the Security Trustee from the relevant Separate Trust in accordance with the Instalment Deed;

(b) secondly, to UBS, the Secured Monies; and

(c) thirdly, to the Holder, any balance (without interest and in full discharge of all liability of the Security Trustee and UBS to the Holder).

Ordinary Dividend means, in respect of a UBS Dividend Builder, a dividend or distribution in respect of the Securities in the Underlying Parcel, but is not a Special Dividend.

PDS means the product disclosure statement relating to a Series which comprises this Master PDS and the Term Sheet applicable to the Series, as amended by any supplementary product disclosure statement or in accordance with the Corporations Act.

Prior UBS Instalment means an instalment warrant issued under the 2007 UBS Instalments Deed.

Purchase Date means:

(a) in relation to a Transferee, the contract date of the purchase of a UBS Dividend Builder on the ASX; or

(b) in relation to an Applicant, the date notified by UBS to the Applicant and specified in the confirmation issued pursuant to a successful Application.

Purchase Price means the amount paid for a UBS Dividend Builder if it was purchased on the ASX, or the amount payable for the issue of the UBS Dividend Builder if the UBS Dividend Builder was purchased via a Cash Application, excluding any Fees, brokerage and GST, if applicable. For more information see "Purchase Price" calculation in Part 2.3.

Record Date means the date and time at which entitlements are determined for Holders registered at that time and has the meaning given in the ASX Operating Rules if the Securities giving rise to the entitlement are listed on the ASX, or by the Exchange if the Securities giving rise to the entitlement are listed on an Exchange other than the ASX.

Record Date Holder means the Holder on the Record Date for an entitlement.

Register means the register of holders of UBS Dividend Builders maintained in respect of each Series and in accordance with the Instalment Deed.

Registrar means Computershare Investor Services Pty Ltd (ABN 48 078 279 277) or any other registrar appointed by UBS.

Retail Investor means an Applicant or Holder of a UBS Dividend Builder who is not a wholesale client as defined in section 761G of the Corporations Act.

Rights Value means in respect of a right or entitlement to acquire or be allocated Securities:

(a) where the right is renounceable on the Exchange, either (as decided by UBS) the value of that right calculated by the Exchange where the Exchange is making adjustments to option contracts over the Securities, or the weighted average sale price of that right on the Exchange (calculated in accordance with the Instalment Deed); or

(b) where the right is not renounceable, the value determined by the Calculation Agent in consultation with the ASX to be the fair market value of that right.

Rollover Applicant means a person who makes a Rollover Application.

Rollover Application means an Application in writing to UBS for UBS Dividend Builders which requires the Security or Securities the subject of the Eligible Instalments to be transferred to or continue to be held by the Security Trustee as the Underlying Parcels for the UBS Dividend Builders applied for.

Rollover Payment means the amount (if any) agreed between the Applicant and UBS under the Instalment Deed or, if no amount is agreed, the amount (if any) by which the sum of the Final Instalment for the Eligible Instalment, the Interest Amount for the Interest Period starting on (but excluding) the Purchase Date of the UBS Dividend Builder applied for, and any applicable Wholesale Investor Fees exceeds the Loan Amount of the UBS Dividend Builder subject to a Rollover Application, as determined by UBS.

Rollover Surplus means the amount (if any) agreed between the Applicant and UBS under the Instalment Deed or, if no amount is agreed, the amount (if any) by which the Loan Amount of the UBS Dividend Builder subject to a Rollover Application exceeds the sum of the Final Instalment for the Eligible Instalment, the Interest Amount for the Interest Period starting on (but excluding) the Purchase Date of the UBS Dividend Builder applied for and any applicable Wholesale Investor Fees, as determined by UBS.

Sale Date means the contract date of the sale of a UBS Dividend Builder by a Transferor on the ASX.

Secured Monies includes, in respect of a UBS Dividend Builder:

(a) all monies which a Holder is, or at any time may become, actually or contingently liable to pay to UBS under or in connection with the Loan made in respect of that UBS Dividend Builder and any other UBS Dividend Builders in the same Series held by that Holder, including the Loan Amount;

(b) any Tax Withholding Amount which a Holder is liable to pay to UBS in respect of that UBS Dividend Builder and any other UBS Dividend Builders in the same Series held by that Holder; and

(c) all fees, costs, charges, liabilities, Tax and expenses incurred by and payable to UBS or its nominees under the Instalment Deed directly in relation to the relevant Underlying Parcel and the sale of that Underlying Parcel in respect of that UBS Dividend Builder and any other UBS Dividend Builders in the same Series held by that Holder.

Security has the meaning given in section 92(1) of the Corporations Act.

Security Trustee means the trustee of the Separate Trusts from time to time being UBS Nominees Pty Ltd (ABN 32 001 450 522) at the date of this Master PDS.

Separate Trust means each of the trusts over the Underlying Parcel in respect of each UBS Dividend Builder, constituted under the Nominee Deed.

Series means UBS Dividend Builders relating to Underlying Shares of a particular Share Issuer and which have the same rights including Loan Amount, Annual Interest Dates and Final Maturity Date.

Settlement Currency means, if UBS has not specified otherwise in the Term Sheet for a Series:

(a) in respect of all amounts payable by a Holder following lodgement of a Loan Repayment Notice, the Underlying Share Denomination;

(b) in respect of the Adviser Group Fee and all amounts payable by a Holder to UBS other than those that fall under paragraph (a), including without limitation the Purchase Price, Rollover Payment and Borrow Fee, Australian dollars unless otherwise specified in the Term Sheet for the relevant Series;

(c) subject to paragraph (d), in respect of all amounts payable by UBS or the Security Trustee to the Holder (including, without limitation, Ordinary Dividends and any amount payable to the Holder under the Order of Payment), Australian dollars unless otherwise specified in the Term Sheet for a Series;

(d) in respect of Special Dividends, the Underlying Share Denomination or, where the Dividend (or a portion of it) is specified to be payable to the Holder in accordance with the Order of Payment, Australian dollars unless otherwise specified in the Term Sheet for a Series;

(e) in respect of the settlement of transactions in UBS Instalments executed on the ASX, Australian dollars unless otherwise specified in the Term Sheet for a Series; and

(f) in respect of all other amounts payable by or to UBS that are not covered by paragraphs (a) to (e) above, the currency specified by UBS for that payment in the Term Sheet for the relevant Series.

Settlement Date means:

(a) for an Applicant in respect of an Application for a UBS Dividend Builder, the date of issue of the UBS Dividend Builder; and

(b) for a Transferor and Transferee, the date on which payment for the Transfer of the UBS Dividend Builder is settled.

Share Issuer means, for a Series, the entity (or entities) specified in the Term Sheet applicable to the Series as the issuer(s) of the Underlying Share.

Shareholder Applicant means a person who makes a Shareholder Application.

Shareholder Application means an application in writing to UBS for UBS Dividend Builders on the terms set out in the Application Form that requires the relevant Underlying Parcel to be transferred to the Security Trustee.

Shareholder Cashback means the amount (if any) agreed under the Instalment Deed or, if no amount is agreed, the amount (if any) by which the Loan Amount exceeds the sum of the Interest Amount for the Interest Period starting on (but excluding) the Purchase Date of the UBS Dividend Builder applied for) and any applicable Wholesale Investor Fees, as determined by UBS.

Special Dividend means, in respect of a UBS Dividend Builder, any special or abnormal dividend or distribution (including a distribution of income or capital) in respect of the Securities in the Underlying Parcel and includes a dividend or distribution described by the Share Issuer as:

(a) special, abnormal, extraordinary, additional or extra;

(b) part of a scheme of arrangement or takeover consideration; or

(c) part of a special distribution involving a return of capital,

or which is otherwise characterised by the Exchange as a special dividend or special distribution.

Special Dividend Amount has the meaning given to that term in clause 4.1(a) of the Loan Agreement.

Tax includes any tax, levy, impost, deduction, charge, rate, duty, compulsory loan or withholding which is levied or imposed by a Government Agency including GST, and any related interest, penalty, charge, fee or other amount.

Tax Act means the Income Tax Assessment Act 1997 and the Income Tax Assessment Act 1936.

Tax Change means any development in relation to Tax which, in the opinion of the Calculation Agent, has or may have a material financial impact on the issuance, holding, transfer, exercise or expiry of a UBS Dividend Builder.

Term Sheet means in respect of a Series the document described as the "Term Sheet" for that Series issued by UBS as amended or replaced from time to time.

Terms means the contractual terms of UBS Dividend Builders as set out in the Instalment Deed, Nominee Deed and Loan Agreement.

TFN means Tax File Number.

Third Party Instalment means an instalment warrant issued by an entity which is not a UBS Entity or an Instalment Receipt.

Tax Withholding Amount means an amount the Holder is liable to pay to UBS under the Instalment Deed.

Trading Day has the meaning given in the ASIC Market Integrity Rules.

Transfer means the transfer of a UBS Dividend Builder pursuant to the Instalment Deed.

Transferee means a person who acquires a UBS Dividend Builder by way of Transfer.

Transferor means a person who disposes of a UBS Dividend Builder to a Transferee.

UBS means UBS AG, Australia Branch (ABN 47 088 129 613).

UBS Entity means UBS AG, Australia Branch (ABN 47 088 129 613) and any of its subsidiaries or related entities.

UBS' Funding Rate means, either:

(a) in the context of calculating the Interest Amount payable by the Holder, the interest rate at which UBS is willing to lend funds; or

(b) in the context of calculating any Interest Refund, the interest rate at which UBS is willing to pay interest on a deposit of funds,

in the same denomination as the Loan Amount for a term commencing on the date of calculation of the Interest Amount or Interest Refund (as appropriate) and ending on the earlier of the next Annual Interest Date or Final Maturity Date, taking into account any profit margin that UBS wishes to derive from such loan or deposit.

UBS Securities means UBS Securities Australia Ltd (ABN 62 008 586 481).

UBS Dividend Builder means a warrant (as that term is defined in regulation 1.0.02(1) of the Corporations Regulations) issued in accordance with the Instalment Deed pursuant to this Master PDS and any relevant Term Sheet.

UBS Instalment means a warrant (as that term is defined in regulation 1.0.02(1) of the Corporations Regulations) issued in accordance with the Instalment Deed, including UBS Investment Builders.

UBS Share Builder means a warrant (as that term is defined in regulation 1.0.02(1) of the Corporations Regulations) issued by UBS of that name.

UBS Investment Builder means either a UBS Dividend Builder or UBS Share Builder.

Underlying Parcel means, in respect of each UBS Dividend Builder in a Series, one Underlying Share and all Accretions conferred in respect of that Underlying Share as varied, if at all, pursuant to the Instalment Deed. A reference to the price of an Underlying Parcel is a reference to the aggregate of the prices of the Underlying Share and any Accretions that comprise the Underlying Parcel.

Underlying Share means, for a Series, the Security or Securities (including Instalment Receipts and CDIs) specified by UBS in a Term Sheet as the underlying for each UBS Dividend Builder in a Series, as varied, if at all, pursuant to the Terms, and a reference to the price of the Underlying Share is a reference to the price of that Security or the aggregate price of the Securities (as appropriate).

Underlying Share Denomination means the currency denomination of the Underlying Share price on the Exchange.

VWAP on a particular Trading Day means, in respect of an Underlying Parcel for a UBS Dividend Builder, the aggregate of (a) the volume weighted average price of the Securities comprised the Underlying Parcel on the Exchange on that day (excluding special, late and overseas sales) and, (b) in respect of any property comprised in the Underlying Parcel that is not traded on the Exchange, the value of the property determined by UBS with the consent of the ASX to be the volume weighted average price of that item of property.

Walkaway Feature is a reference to the limited recourse feature of the Loan, whereby UBS' recourse to the Holder for repayment of the Loan Amount is limited to the Underlying Parcel and the Holder is not liable for any shortfall between the Loan Amount and the Underlying Parcel value at Maturity.

Wholesale Client Accountant Certificate means a certificate which complies with section 761G(7)(c) of the Corporations Act and related regulations.

Warrant Client Agreement means the warrant client agreement under Rule 3801 of the ASX Operating Rules, which includes the terms set out in Appendix 3801-3 to the ASX Operating Rules Procedures and rule 3.1.8 of the ASIC Market Integrity Rules.

Wholesale Investor means a wholesale client as defined in section 761G of the Corporations Act. Applicants may need to provide a valid Wholesale Client Accountant Certificate to confirm to UBS' satisfaction of their status as a wholesale client.

Wholesale Investor Fees mean:

(a) where the Applicant is a Wholesale Investor who is not a superannuation fund trustee, any applicable Adviser Group Fee and Borrow Fee; or

(b) where the Applicant is a Wholesale Investor who is a superannuation fund trustee, any applicable Borrow Fee only.

Part 14—Loan Repayment Notice

This form is to be used if you wish to give a Loan Repayment Notice to UBS as described in the Master PDS for UBS Dividend Builders (see especially Part 7.2 of the Master PDS).

Please note that this notice must be received by UBS by no later than the **Notice Cut-Off Time** which is **12pm (Sydney time)** on the Final Maturity Date, unless a different time is specified in the Term Sheet for the relevant Series.

UBS Dividend Builders—Loan Repayment Notice

To: Equity Derivatives Operations—UBS Dividend Builders
UBS AG, Australia Branch
Level 16, Chifley Tower
2 Chifley Square
Sydney NSW 2000

Dear Sir/Madam

This is to notify you that I/we, being the Holder(s) or person(s) entitled to be registered as Holder(s) of the number of UBS Dividend Builders in the Series specified below hereby give a Loan Repayment Notice in respect of those UBS Dividend Builders. Terms defined in the PDS have the same meaning in this notice.

Holder Details

Name of Holder

Address (number and street)

Suburb, City or Town | State | Postcode

Delivery Details

Please specify the broker sponsored account to which Underlying Shares should be delivered once the Loan is repaid:

Broker Name | Broker PID | HIN

If you need to have a custodial or nominee arrangement in place to take delivery of your Underlying Shares, please specify the details of your nominee or custodian below. By completing this section and signing this Loan Repayment Notice, you authorise and direct UBS to deliver any Underlying Shares you would be due to receive in respect of this Loan Repayment Notice to the nominee or custodian specified below.

If insufficient details are provided then UBS may treat this Loan Repayment Notice as ineffective.

Account Name | Account Number | Name of nominee or custodian

Other details required to effect delivery of Underlying Shares by UBS (please contact UBS to find out what information is required in this section):

Loan Repayment details:

UBS Dividend Builder—ASX code	Number of UBS Dividend Builders subject to Loan Repayment Notice	Final Payment per UBS Dividend Builder	Total Final Payment to be paid to UBS	PID + HIN, or SRN for your current holding
				PID:
		$	$	**HIN/SRN:**
		$	$	**HIN/SRN:**
		$	$	**HIN/SRN:**
		$	$	**HIN/SRN:**
		$	$	**HIN/SRN:**
		$	$	**HIN/SRN:**
		$	$	**HIN/SRN:**
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		$	$	**HIN/SRN:**
		$	$	**HIN/SRN:**
		$	$	**HIN/SRN:**
		$	$	**HIN/SRN:**
		$	$	**HIN/SRN:**
		TOTAL	**$**	

Payment method:

☐ **Direct debit**—please complete, sign and return the Direct Debit Request Form in **Appendix 1** to Part 14 of the Master PDS, which would authorise UBS to debit your account for the total Final Payment.

(please contact UBS if you are not able to pay by direct debit)

This Loan Repayment Notice is irrevocable once it is given.

It must be signed and dated and if the UBS Dividend Builders are registered in more than one name then all Holders must sign the Loan Repayment Notice.

DATED:

(Individual Holder or Joint Holders)

X

Holder's Signature

X

Holder's Signature (if applicable)

Holder's Name

Holder's Name (if applicable)

If there are additional Holders please provide signatures for each of them as above.

(Company Holder or Corporate Trustee Holder)

(This form is executed by the Company in accordance with the Corporations Act)

Name of Company or Corporate Trustee (as registered by ASIC):

X

Director Signature

X

Director/Secretary Signature

Director Name

Director/Secretary Name

If there are additional Company/Corporate Trustee Holders please provide signatures for each of them as above.

Appendix 1

Direct Debit Request Form

Request and Authority to debit the account named below to pay UBS AG, Australia Branch

Request and Authority to debit

Surname/company name:

Given names/ACN/ABN:

("YOU")

request and authorise UBS Securities Australia Ltd (User ID numbers 181244 or 400899) to arrange, through its own financial institution, for any amount UBS AG, Australia Branch or UBS Securities Australia Ltd may debit or charge you to be debited through the Bulk Electronic Clearing System from an account held at the financial institution identified below and paid to UBS Securities Australia Ltd, subject to the terms and conditions of the Direct Debit Request Service Agreement.

Insert the name and address of financial institution at which account is held

Financial institution name:

Address:

Insert details of account to be debited

Name of account:

BSB Number: –

Account number:

Acknowledgment

By signing this Direct Debit Request you acknowledge having read and understood the terms and conditions governing the debit arrangements between you and UBS Securities Australia Ltd as set out in this Request and in your Direct Debit Request Service Agreement.

Insert your signature and address

Signature 1: X

Signature 2: X

- If you have a joint account both signatures are required.
- If signing for a company, sign and print full name and capacity for signing (e.g. Director).

Address:

Date:

Direct Debit Request Service Agreement

Definitions:

"Account" means the account held at Your Financial Institution from which We are authorised to arrange for funds to be debited.

"Agreement" means this Direct Debit Request Service Agreement between You and Us.

"Banking Day" means a day other than a Saturday or a Sunday or a public holiday listed throughout Australia.

"Debit Day" means the day that payment by You to Us is due.

"Debit Payment" means a particular transaction where a debit is made.

"Direct Debit Request" means the Direct Debit Request between Us and You.

"Us" or "We" means UBS AG, Australia Branch, the Debit User You have authorised by signing a Direct Debit Request.

"You" means the customer who signed the Direct Debit Request.

"Your Financial Institution" is the financial institution where You hold the Account that You have authorised Us to arrange to debit.

1. Debiting Your account

1.1 By signing a Direct Debit Request, You have authorised Us to arrange for funds to be debited from Your Account. You should refer to the Direct Debit Request and this Agreement for the terms of the arrangement between Us and You.

1.2 We will only arrange for funds to be debited from Your Account as authorised in the Direct Debit Request.

1.3 If the Debit Day falls on a day that is not a Banking Day, We may direct Your financial institution to debit Your Account on the following Banking Day. If You are unsure about which day Your Account has or will be debited You should ask Your financial institution.

2. Changes by Us

We may vary any details of this Agreement or a Direct Debit Request at any time by giving You at least fourteen (14) days' written notice.

3. Changes by You

3.1 Subject to 3.2 and 3.3, You may change the arrangements under a Direct Debit Request by contacting Us on 1800 633 100.

3.2 If You wish to stop or defer a Debit Payment You must notify Us in writing at least fourteen (14) days before the next Debit Day. This notice should be given to Us in the first instance.

3.3 You may also cancel Your authority for Us to debit Your Account at any time by giving Us fourteen (14) days' notice in writing before the next Debit Day. This notice should be given to Us in the first instance at the following address:

UBS Investment Builders
Equity Operations
GPO Box 4151
Sydney NSW 2001

4. Your obligations

4.1 It is Your responsibility to ensure that there are sufficient clear funds available in Your Account to allow a Debit Payment to be made in accordance with the Direct Debit Request.

4.2 If there are insufficient clear funds in Your Account to meet a Debit Payment:

(a) You may be charged a fee and/or interest by Your financial institution;

(b) You may also incur fees or charges imposed or incurred by Us; and

(c) You must arrange for the Debit Payment to be made by another method or arrange for sufficient clear funds to be in Your Account by an agreed time so that We can process the Debit Payment.

4.3 You should check Your Account statement to verify that the amounts debited from Your Account are correct.

4.4 Unless indicated otherwise, any fees and charges payable on a supply made under or in connection with this agreement are exclusive of any goods and services tax ("GST").

4.5 If UBS AG, Australia Branch is liable to pay GST on a supply made in connection with this Agreement, then You agree to pay UBS AG, Australia Branch on demand an additional amount equal to that GST.

5. Dispute

5.1 If You believe that there has been an error in debiting Your Account, You should notify Us directly on 1800 633 100 and confirm that notice in writing with Us as soon as possible so that We can resolve Your query more quickly.

5.2 If We conclude as a result of our investigations that Your Account has been incorrectly debited We will respond to Your query by arranging for Your financial institution to adjust Your Account (including interest and charges) accordingly. We will also notify You in writing of the amount by which Your Account has been adjusted.

5.3 If We conclude as a result of our investigations that Your Account has not been incorrectly debited We will respond to Your query by providing You with reasons and any evidence for this finding.

5.4 Any queries You may have about an error made in debiting Your Account should be directed to Us in the first instance so that We can attempt to resolve the matter between Us and You. If We cannot resolve the matter You can still refer it to Your financial institution which will obtain details from You of the disputed transaction and may lodge a claim on Your behalf.

6. Accounts

You should check:

(a) with Your financial institution whether direct debiting is available from Your Account as direct debiting is not available on all Accounts offered by financial institutions;

(b) Your Account details which You have provided to Us are correct by checking them against a recent Account statement; and

(c) with Your financial institution before completing the Direct Debit Request if You have any queries about how to complete the Direct Debit Request.

7. Confidentiality

7.1 We will keep any information (including Your Account details) in Your Direct Debit Request confidential. We will make reasonable efforts to keep any such information that We have about You secure and to ensure that any of our employees or agents who have access to information about You do not make any unauthorised Use, modification, reproduction or disclosure of that information.

7.2 We will only disclose information that We have about You:

(a) to the extent specifically required by law;

(b) for the purposes of this Agreement (including disclosing information in connection with any query or claim); or

(c) as otherwise agreed with you.

8. Notice

8.1 If You wish to notify Us in writing about anything relating to this Agreement, You should write to Us at the following address:

UBS Investment Builders
Equity Derivative Operations
GPO Box 4151
Sydney NSW 2001

8.2 We will notify You by sending a notice in the ordinary post to the address You have given Us in the Direct Debit Request.

8.3 Any notice will be deemed to have been received on the third Banking Day after posting.

UBS AG, Australia Branch

ABN 47 088 129 613
Australian Financial Services Licence No. 231087

Level 16
ChifleyTower
2 Chifley Square
Sydney NSW 2000

Level 16
8 Exhibition Street
Melbourne VIC 3000

INVESTOR ENQUIRY LINE 1800 633 100