

Seligman LaSalle International Real Estate Fund, Inc.
Form 497
May 29, 2007
PROSPECTUS

8,900,000 Shares

Seligman LaSalle International Real Estate Fund, Inc.

Common Stock

\$25.00 per share

The Fund is a newly organized, non-diversified, closed-end management investment company.

Investment Objectives. The Fund's primary investment objective is long-term capital appreciation and its secondary objective is current income.

Portfolio Management Strategies. The Fund intends to invest, under normal market conditions, at least 80% of its managed assets (the net asset value of the Fund's common stock plus the liquidation preference of any issued and outstanding Preferred Shares and the principal amount of any borrowings used for leverage) in equity and equity-related securities issued by International Real Estate Companies, which are Real Estate Companies that meet one of the following criteria:

entities that maintain their principal place of business or conduct their principal business activities outside the United States (U.S.);

have their securities principally traded on non-U.S. exchanges; or

have been formed under the laws of a country other than the U.S.

(continued on following page)

No Prior History. Because the Fund is newly organized, its shares of common stock have no history of public trading. Shares of closed-end investment companies frequently trade at a discount from their net asset value, which creates a risk of loss for investors purchasing shares in the initial public offering. This risk is greater for investors who expect to sell their shares in a relatively short period after completion of the initial public offering.

The Common Stock has been authorized for listing on the New York Stock Exchange, subject to notice of issuance, under the trading or ticker symbol SLS.

Investing in the Fund's common stock involves certain risks. See Risks beginning on page 36 of this prospectus. Certain of these risks are summarized in Prospectus Summary Special Risk Considerations beginning on page 10 of this prospectus.

Neither the Securities and Exchange Commission (the SEC) nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total ⁽¹⁾
Public Offering Price	\$ 25.000	\$ 222,500,000
Sales Load ⁽²⁾	\$ 1.125	\$ 10,012,500
Estimated Offering Expenses ⁽³⁾	\$ 0.050	\$ 445,000
Proceeds, after expenses, to the Fund	\$ 23.825	\$ 212,042,500

- (1) The Fund has granted the Underwriters an option to purchase up to an additional 1,225,000 shares of common stock at the public offering price, less the sales load, within 45 days from the date of this prospectus to cover over-allotments, if any. If such option is exercised in full, the total public offering price, sales load, estimated offering expenses and proceeds, after expenses, to the Fund will be \$253,125,000, \$11,390,625, \$506,250 and \$241,228,125, respectively. See Underwriting.
- (2) The Manager has agreed to pay from its own assets a structuring fee to Citigroup Global Markets Inc. The Manager may pay commissions to employees of its affiliates that participate in the marketing of the Fund's Common Stock. See Underwriting.
- (3) The Manager has agreed to pay the Fund's offering expenses (other than sales load but inclusive of the reimbursement of Underwriter expenses of \$0.005 per share) that exceed \$0.05 per share of Common Stock. In addition, the Manager has agreed to pay the Fund's organizational expenses which are estimated to be \$45,000.

The Underwriters expect to deliver the shares of Common Stock to purchasers on or about May 30, 2007.

Citi		
Robert W. Baird & Co.	H&R Block Financial Advisors, Inc.	HSBC
Wedbush Morgan Securities Inc.		Wells Fargo Securities

May 24, 2007

(continued from previous page)

The Fund defines Real Estate Companies as companies that meet one of the following criteria:

real estate investment trusts (REITs), which are generally defined under U.S. laws as corporations, trusts, or associations that invest primarily in income-producing real estate or real estate related loans or interests;

entities similar to REITs formed under the laws of countries other than the U.S.; or

other companies that, at the time of initial purchase by the Fund, derive at least 50% of their revenues from the ownership, construction, financing, management or sale of commercial, industrial or residential real estate, or have 50% or more of their assets (as shown on their most recent balance sheet or based on the Subadvisers' estimate of the market value of their real estate assets) consisting of real estate.

J. & W. Seligman & Co. Incorporated (the Manager) serves as the investment manager of the Fund and retains LaSalle Investment Management (Securities) L.P. (LaSalle Securities U.S.) and LaSalle Investment Management Securities B.V. (LaSalle Securities B.V.) (together LaSalle or the Subadvisers) to serve as Subadvisers and manage the Fund's portfolio.

Portfolio Contents. Under normal market conditions the Fund will invest in equity and equity-related securities including common stocks, rights or warrants to purchase common stocks, securities convertible into common stocks, and preferred stocks.

REITs are generally defined under U.S. laws as corporations, trusts, or associations that invest primarily in income-producing real estate or real estate related loans or interests. REITs are not taxed on their income if, among other things, they distribute to their stockholders substantially all of their taxable income (other than net capital gains) for each taxable year. REITs may realize capital gains by selling properties or other assets that have appreciated in value.

Legislation authorizing REITs originated in the U.S. However, a number of countries around the world have adopted, or are considering adopting, laws to permit the operation of entities structured and/or taxed similar to REITs. A non-U.S. entity that is taxed similar to a REIT in its jurisdiction would qualify as an International Real Estate Company under the criteria set forth above. The Fund intends to use the dividends and capital gains distributions of REITs and International Real Estate Companies to achieve its secondary investment objective of current income.

The Fund may invest in Real Estate Companies organized under the laws of any country. The Fund may invest up to 30% of its managed assets in securities of Real Estate Companies that are organized under the laws of emerging market countries. The Fund's exposure to emerging markets may be greater if non-emerging market entities own emerging markets assets. Under normal market conditions, the Fund expects to maintain investments in at least three developed countries, and will not invest more than 10% of its managed assets in the securities of any single issuer.

The Fund may also invest up to 20% of its managed assets in equity and equity related securities of Real Estate Companies organized under the laws of the U.S. (Domestic Real Estate Companies), as well as fixed-income securities of any credit quality of any non-U.S. or U.S. issuer, including Real Estate Companies and governmental and corporate issuers. The Fund's exposure to U.S. assets may be significantly greater if foreign entities own U.S. assets. The Fund will not invest directly in real estate.

It is the Fund's current intention to initially allocate at least 80% of managed assets to International Real Estate Companies and up to 20% of the Fund's managed assets to Domestic Real Estate Companies and other investments. The Fund's strategy to invest, under normal market conditions, at least 80% of its managed assets in International Real Estate Companies means the Fund will make substantial investments in non-U.S. dollar denominated securities.

The Fund will employ dividend capture rotation trading in an effort to increase current income from a portion of its portfolio.

Leverage. The Fund has no current intention to issue shares of preferred stock of the Fund (Preferred Shares). However, subject to market conditions, the Fund may choose to issue Preferred Shares in an aggregate amount of up to 35% of its managed assets to permit the Fund to purchase additional securities. This practice is known as leverage. Besides issuing Preferred Shares, the Fund may borrow from banks, other financial

institutions or other persons and may also effectively leverage the Fund's portfolio using such investment techniques as the Manager and Subadvisers may from time to time determine, in an amount up to 33 1/3% of its managed assets. Changes in the value of the Fund's portfolio, including securities purchased with the proceeds of the leverage, will be borne entirely by the holders of shares of Common Stock. Leveraging is a speculative technique and there are special risks involved. See **Risks** **Leverage Risk**.

For more information on the Fund's investment strategies, see **The Fund's Investment Objectives and Strategies** and **Risks**.

There can be no assurance that the Fund will achieve its investment objectives.

This prospectus sets forth concisely the information about the Fund that a prospective investor ought to know before investing. You should read it carefully before you invest, and keep it for future reference. The Fund has filed with the SEC a Statement of Additional Information dated May 24, 2007, containing additional information about the Fund. The Statement of Additional Information is incorporated by reference in its entirety into this prospectus, which means it is part of this prospectus for legal purposes. The Fund also will produce both annual and semi-annual reports that will contain important information about the Fund. You may obtain a free copy of the Statement of Additional Information, the annual reports and the semi-annual reports, when available, and other information regarding the Fund, by contacting the Fund at 1-800-221-2783 or by writing to the Fund at 100 Park Avenue, New York, New York 10017. The Statement of Additional Information is, and the annual report and the semi-annual report will be, available free of charge at www.Seligman.com. You can also copy and review information about the Fund, including the Statement of Additional Information, the annual and semi-annual reports, when available, and other information at the SEC's Public Reference Room in Washington, D.C. Information relating to the Public Reference Room may be obtained by calling the SEC at (202) 551-8090. Such materials are also available in the EDGAR Database on the SEC's internet website at (<http://www.sec.gov>). You may obtain copies of this information, after paying a duplication fee, by electronic request at the following e-mail address: publicinfo@sec.gov, or by writing the SEC's Public Reference Section, Office of Consumer Affairs and Information, U.S. Securities and Exchange Commission, Washington, D.C. 20549. The table of contents for the Statement of Additional Information appears on page 67 of this prospectus. All website references in this prospectus and the Statement of Additional Information are inactive textual references and the contents of such websites are not incorporated into such documents. Information on our website is not part of this prospectus or the Statement of Additional Information and should not be considered when making an investment decision.

The Fund's shares of Common Stock do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

You should rely only on the information contained or incorporated by reference in this prospectus. The Fund has not, and the Underwriters have not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The Fund is not, and the Underwriters are not, making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus. The Fund's business, financial condition, results of operations and prospects may have changed since that date.

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PROSPECTUS SUMMARY

This is only a summary. This summary does not contain all of the information that you should consider before investing in the common stock. You should review the more detailed information contained in this prospectus and in the Statement of Additional Information.

The Fund

Seligman LaSalle International Real Estate Fund, Inc. (the **Fund**) is a newly organized, non-diversified, closed-end management investment company. See **The Fund**.

The Offering

The Fund is offering 8,900,000 shares of common stock, with a par value of \$0.01 per share, through a group of underwriters (the **Underwriters**) led by Citigroup Global Markets Inc. The shares of common stock are called **Common Stock**, and the holders thereof **Common Stockholders**, in the rest of this prospectus. You must purchase at least 100 shares of Common Stock (\$2,500) if you wish to participate in the offering. The Fund has given the Underwriters an option to purchase up to 1,225,000 additional shares of Common Stock to cover over-allotments, if any. See **Underwriting**. The Manager has agreed to pay the Fund's offering expenses (other than sales load but inclusive of the reimbursement of Underwriter expenses of \$0.005 per share) that exceed \$0.05 per share of Common Stock. In addition, the Manager has agreed to pay the Fund's organizational expenses, which are estimated to be \$45,000.

Investment Objectives and Strategies

Investment Objectives

The Fund's primary investment objective is long-term capital appreciation and its secondary objective is current income. There can be no assurance that the Fund will achieve its investment objectives. The Fund's investment objectives are not fundamental and may be changed without a vote of the Fund's stockholders. The Fund will provide Common Stockholders with at least 60 days' prior notice of any change in these investment objectives. See **The Fund's Investment Objectives and Strategies**.

Investment Selection Strategy

The Fund intends to invest, under normal market conditions, at least 80% of its managed assets in equity and equity-related securities issued by International Real Estate Companies, which are Real Estate Companies that meet one of the following criteria:

entities that maintain their principal place of business or conduct their principal business activities outside the U.S.;

have their securities principally traded on non-U.S. exchanges; or

have been formed under the laws of a country other than the U.S.

The Fund defines Real Estate Companies as companies that meet one of the following criteria:

REITs which are generally defined under U.S. laws as corporations, trusts, or associations that invest primarily in income-producing real estate or real estate related loans or interests;

entities similar to REITs formed under the laws of countries other than the U.S.; or

other companies that, at the time of initial purchase by the Fund, derive at least 50% of their revenues from the ownership, construction, financing, management or sale of commercial, industrial or residential real estate, or have 50% or more of their assets (as shown on their most recent balance sheet or based on the Subadvisers estimate of the market value of their real estate assets) consisting of real estate.

Equity and equity-related securities include common stocks, rights or warrants to purchase common stocks, securities convertible into common stocks, and preferred stocks.

REITs are not taxed on their income if, among other things, they distribute to their stockholders substantially all of their taxable income (other than net capital gains) for each taxable year. REITs may realize capital gains by selling properties or other assets that have appreciated in value.

Legislation authorizing REITs originated in the U.S. However, a number of countries around the world have adopted, or are considering adopting, laws to permit the operation of entities structured and/or taxed similar to REITs. A non-U.S. entity that is taxed similar to a REIT in its foreign jurisdiction would qualify as an International Real Estate Company under the criteria set forth above. The Fund intends to use the dividends and capital gains distributions of REITs and International Real Estate Companies to achieve its secondary investment objective of current income.

As further described below under the caption entitled Management of the Fund and Subadvisers, the Fund is subadvised by LaSalle Securities U.S. and LaSalle Securities B.V.

In selecting investments for the Fund, the Subadvisers combine bottom-up research, which includes quantitative and qualitative investment criteria, with top-down macroeconomic research to evaluate Real Estate Companies.

Bottom-up research means that the Subadvisers analyze company-specific factors (i.e., company fundamentals). The quantitative analysis includes use of a proprietary valuation model to rank Real Estate Companies on the basis of risk and return. The model is used

to determine an intrinsic value for these companies based on a multi-year holding period. The intrinsic value of a company is the expected value of its operations taking into account its properties, property sectors, markets, the impact of its management, and the public securities markets. The model is applied to companies that qualify for inclusion in the Fund's investment universe. The Subadvisers also estimate the net asset value of these companies (i.e., estimated real estate market value of a company's assets less its liabilities). The Subadvisers utilize a relative valuation process in which both the intrinsic value and net asset value calculation results are analyzed in relation to current securities market prices by the Subadvisers in the buy-hold-sell decision-making process for the Fund.

As a qualitative overlay in determining intrinsic value, the Subadvisers evaluate several factors affecting a company, including its organizational and capital structure, business focus and quality of management and properties.

The Subadvisers also consider top-down macroeconomic research when determining intrinsic value, such as local, regional and country-related market conditions (e.g., capital flows and economic trends) and real estate fundamentals. Country and/or regional weightings are determined based on analysis of the overall relative value of the companies within the particular countries and/or regions.

In seeking to achieve the Fund's objectives, the Subadvisers also consider information derived from the extensive research and property management organization of its affiliates located in more than 125 key markets in more than 50 countries on five continents.

One or more of four primary factors enter into either Subadviser's decision to sell a security: (i) the security's price as compared to its intrinsic value and/or net asset value is high relative to other companies in the same sector or the Fund's investment universe; (ii) anticipated changes in earnings, real estate and capital market conditions, economic, political or social conditions and the company's risk profile; (iii) the security's percentage of the total portfolio exceeds the target percentage; and (iv) tactical shifts among property and country sectors.

To increase the amount of the Fund's current income, the Fund may buy and hold dividend paying securities of Real Estate Companies. In addition, the Fund intends to pursue dividend capture rotation trading of such securities. It is the Fund's current intention to limit its dividend capture rotation trading to securities of Domestic Real Estate Companies, although it may expand such strategy to include the purchase of International Real Estate Companies in the future.

Portfolio Contents

The Fund may invest in Real Estate Companies organized under the laws of any country. The Fund may invest up to 30% of its managed assets in securities of Real Estate Companies that are organized under the laws of emerging market countries. The Fund's exposure to emerging markets may be greater if non-emerging market entities own emerging markets assets. Under normal market conditions, the Fund expects to maintain investments in at least three developed countries, and will not invest more than 10% of its managed assets in the securities of any single issuer.

The Fund may also invest up to 20% of its managed assets in equity and equity related securities of Domestic Real Estate Companies, as well as fixed-income securities of any credit quality of any non-U.S. or U.S. issuer, including Real Estate Companies and governmental and corporate issuers. The Fund's exposure to U.S. assets may be significantly greater if foreign entities own U.S. assets. The Fund will not invest directly in real estate.

It is the Fund's current intention to initially allocate at least 80% of the Fund's managed assets to International Real Estate Companies and up to 20% of the Fund's managed assets to Domestic Real Estate Companies and other investments. The Fund's strategy to invest, under normal market conditions, at least 80% of its managed assets in International Real Estate Companies means the Fund will make substantial investments in non-U.S. dollar denominated securities.

The Fund is a non-diversified mutual fund and, as such, its investments are not required to meet certain diversification requirements under federal law. Compared with diversified funds, the Fund may invest a greater percentage of its assets in the securities of an issuer. Thus, the Fund may hold fewer securities than other funds. A decline in the value of those investments would cause the Fund's overall value to decline to a greater degree than if the Fund held a more diversified portfolio.

There is no guarantee that the Fund will achieve its investment objectives.

Leverage

The Fund does not currently intend to issue Preferred Shares or borrow material amounts of additional capital. The Fund reserves the flexibility to issue Preferred Shares or debt securities or engage in borrowings to add leverage to its portfolio. The Fund intends to limit any future issuance of Preferred Shares and borrowings to approximately 35% and 33 1/3%, respectively, of its managed assets including Preferred Shares and borrowings. The practice of borrowing and issuing Preferred Shares is known as leverage. See Leverage. To the extent that the Fund uses leverage, it would seek to obtain a higher return for Common Stockholders than if the Fund did not use leverage. Leveraging is a speculative technique and there are special risks involved. See Risks Leverage Risk.

Strategic Transactions

The Fund may engage in foreign currency transactions and other strategic transactions in connection with the Fund's investment in international real estate securities. When investing in non-U.S. securities, the Subadvisers, as a matter of course, use foreign exchange transactions as a means of providing cash for settlement in the appropriate securities markets.

The Fund is also permitted, but does not initially intend, to enter into various interest rate and currency transactions such as interest rate swaps, forward contracts, currency futures contracts, currency swaps or options on currency or currency futures (collectively, Strategic Transactions) to seek to generate total return, facilitate portfolio management and mitigate risks. If the Subadvisers use Strategic Transactions, no assurance can be given that they will achieve the intended results.

See Risks Strategic Transactions Risk.

Investment Manager

The Manager serves as the investment manager of the Fund. Subject to the supervision of the Board of Directors, the Manager is responsible for monitoring the investment activities of the Fund, the performance of the Fund's Subadvisers (each as described below) and administering the Fund's business and other affairs. The Manager will receive an annual fee, payable monthly, in an amount equal to .98% of the Fund's average daily managed assets. The Manager is located at 100 Park Avenue, New York, New York 10017. Established in 1864, the Manager serves as manager to 24 U.S. registered investment companies, which offer 61 investment portfolios (excluding the Fund) with approximately \$11.9 billion in assets as of December 31, 2006. The Manager also provides investment management or advice to institutional or other accounts having an aggregate value as of December 31, 2006 of approximately \$7.7 billion. For information about certain developments affecting the Manager relating to market timing and other matters refer to Regulatory Matters Relating to the Manager.

The Manager has retained LaSalle to manage the Fund's investments. See Subadvisers below.

Subadvisers

The Fund is subadvised by LaSalle Securities U.S. and LaSalle Securities B.V. LaSalle Securities U.S. is responsible for the overall management of the Fund's portfolio of investments, including the allocation of the Fund's managed assets among various regions and countries, and making purchases and sales consistent with the Fund's investment objectives and strategies. LaSalle Securities U.S. may invest in securities of issuers in any country. LaSalle Securities U.S. is also responsible for the supervision of LaSalle Securities B.V., which assists with portfolio management.

LaSalle Securities B.V. makes investments consistent with the Fund's investment objectives and strategies with respect to securities of Real Estate Companies, focusing on those companies that conduct their principal business activities in the United Kingdom or countries in continental Europe, or companies whose securities are traded in those markets. LaSalle Securities B.V. also assists LaSalle Securities U.S. with the Fund's portfolio allocation among various regions and countries, and provides other assistance as requested by LaSalle Securities U.S. There is no pre-determined allocation of managed assets to LaSalle Securities B.V. The amount is determined through the investment process described below, and on-going discussions between the Subadvisers.

LaSalle Securities U.S. is located at 100 East Pratt Street, Baltimore, Maryland 21202, and LaSalle Securities B.V. is located at Herengracht 471, 1017 BS Amsterdam, The Netherlands. LaSalle Securities U.S. and LaSalle Securities B.V. are registered investment advisers affiliated with LaSalle Investment Management, Inc. (LIM), a global real estate investment adviser managing private and public real estate assets around the world, including direct interests in real estate and real estate related securities. Together with its affiliates, LIM had \$44.2 billion in assets under management as of December 31, 2006, of which \$9.1 billion was managed by LaSalle Securities U.S. and \$300 million was managed by LaSalle Securities B.V. LIM is a wholly-owned subsidiary of Jones Lang LaSalle Incorporated (Jones Lang LaSalle), a U.S. publicly-traded company.

LIM is one of several entities through which Jones Lang LaSalle and its affiliates conduct real estate investment advisory and related businesses. Jones Lang LaSalle and its affiliates have employees in 125 key markets in 50 countries on five continents. It is a leading full-service real estate firm that provides management services, corporate and financial services, and investment management services to corporations and other real estate owners, users and investors worldwide. LaSalle Securities U.S. and LaSalle Securities B.V. are supported by Jones Lang LaSalle's extensive property management and direct real estate investment organizations, and its global research capabilities, with more than 100 research professionals worldwide.

The Manager (and not the Fund) will pay a portion of the fees it receives from the Fund to LaSalle Securities U.S. in return for its services. LaSalle Securities B.V. will be paid by LaSalle Securities U.S., as provided in a Delegation Agreement between LaSalle Securities U.S. and LaSalle Securities B.V.

Distributions

Initial Distribution. The Fund's initial distribution is expected to be declared approximately 60 days after the completion of the offering, and paid approximately 40 days later, depending upon market conditions. Thereafter distributions are expected to be declared quarterly (each March, June, September and December), depending

on market conditions. Unless you elect to receive distributions in cash, all of your distributions will be automatically reinvested in additional Common Stock under the Fund's Dividend Investment Plan. See Dividend Investment Plan. Although it does not now intend to do so, the Board of Directors may change the Fund's distribution policy and the amount or timing of the distributions, based on a number of factors, including the amount of the Fund's undistributed net investment income and net short- and long-term capital gains and historical and projected net investment income and net short- and long-term capital gains.

Level Rate Distribution Policy. Commencing with the Fund's first distribution, the Fund intends to make quarterly cash distributions to Common Stockholders at a rate that reflects the past and projected performance of the Fund. The Fund expects to receive all or some of its current income and gains from the following sources: (i) dividends received by the Fund that are paid on the equity and equity-related securities in its portfolio; and (ii) capital gains (short-term and long-term) from the sale of portfolio securities. Distributions would be made only after paying dividends on Preferred Shares, if any have been issued, and interest and required principal payments on borrowings, if any. It is likely that the Fund's distributions will at times exceed the earnings and profits of the Fund and therefore all or a portion of such distributions will constitute a return of capital as described below.

Distributions may be variable, and the Fund's distribution rate will depend on a number of factors, including the net earnings on the Fund's portfolio investments and the rate at which such net earnings change as a result of changes in the timing of, and rates at which, the Fund receives income from the sources described above. The net investment income of the Fund consists of all income (other than net short-term and long-term capital gains) less all expenses of the Fund.

As portfolio and market conditions change, the rate of dividends on the Common Stock and the Fund's dividend policy could change. Over time, the Fund will distribute all of its net investment income and net short-term capital gains. In addition, at least annually, the Fund intends to distribute net realized long-term capital gains not previously distributed, if any. The Investment Company Act of 1940, as amended ("1940 Act") currently limits the number of times the Fund may distribute long-term capital gains in any tax year (unless and until it receives an exemptive order as contemplated under Managed Distribution Policy below), which may increase the variability of the Fund's distributions and result in certain distributions being comprised to a larger degree of long-term capital gains eligible for more favorable income tax treatment than others. During periods in which the Fund's strategies don't generate enough income or result in net losses, a substantial portion of the Fund's

dividends may be comprised of capital gains from the sale of securities held by the Fund, which would involve transaction costs and may also result in realization of taxable short-term capital gains taxed at ordinary income tax rates, particularly during the initial year of the Fund's operations when all of the Fund's portfolio securities will have been held for less than one year.

Managed Distribution Policy. The Fund intends to apply to the SEC for an exemptive order under the 1940 Act to permit the Fund to include realized long-term capital gains as a part of its regular distributions to Common Stockholders more frequently than would otherwise be permitted by the 1940 Act (generally once per taxable year).

Under a managed distribution policy, the Fund would distribute to Common Stockholders a fixed quarterly amount, which may be adjusted from time to time. As with the level distribution rate policy, distributions would be made only after paying dividends on Preferred Shares, if any have been issued, and interest and required principal payments on borrowings, if any. Under a managed distribution policy, if, for any quarterly distribution, net investment company taxable income and net capital gain were less than the amount of the distribution, the difference would be distributed from the Fund's assets and result in a return of capital.

Common Stockholders who periodically receive the payment of a dividend or other distribution consisting entirely or in part of a return of capital may be under the impression that they are receiving net profits when they are not. Common Stockholders should not assume that the source of a distribution from the Fund is net profit and should read any written disclosure accompanying distribution payments carefully.

There can be no assurance that the SEC staff will process such application by the Fund for an exemptive order on a timely basis or ever, or that the SEC will grant the requested relief to the Fund or, if granted, that the Fund's Board of Directors will determine to implement or maintain a managed distribution policy. As a result, the Fund has no current expectation that it will be in a position to include long-term capital gains in Fund distributions more frequently than is permitted under the 1940 Act, thus leaving the Fund with the possibility of variability in distributions (and their tax attributes) as discussed above.

The Board of the Fund reserves the right to change the dividend policy from time to time. See Distributions.

Dividend Investment Plan

Pursuant to the Fund's Dividend Investment Plan (the "Plan"), unless a Common Stockholder elects otherwise, all cash dividends, capital gains distributions, and other distributions are automatically reinvested in additional shares of Common Stock of the Fund.

Common Stockholders who elect not to participate in the Plan (including those whose intermediaries do not permit participation in the Plan by their customers) will receive all dividends and distributions payable in cash directly to the Common Stockholder of record (or, if the shares are held in street or other nominee name, then to such nominee) by Seligman Data Corp., as dividend disbursing agent. Common Stockholders may elect not to participate in the Plan and to receive all distributions of dividends and capital gains or other distributions in cash by sending written instructions to Seligman Data Corp. Participation in the Plan may be terminated or resumed at any time without penalty by written notice if received by Seligman Data Corp. prior to the record date for the next distribution. Otherwise, such termination or resumption will be effective with respect to any subsequently declared distribution.

Under the Plan, Common Stockholders receive shares in lieu of cash distributions unless they have elected otherwise as described in the preceding paragraph. For all distributions, shares will be issued in lieu of cash by the Fund from previously authorized but unissued shares of Common Stock. If the market price of a share on the ex-dividend date of such a distribution is at or above the Fund's net asset value per share on such date, the number of shares to be issued by the Fund to each Common Stockholder receiving shares in lieu of cash distributions will be determined by dividing the amount of the cash distribution to which such Common Stockholder would be entitled by the greater of the net asset value per share on such date or 95% of the market price of a share on such date. If the market price of a share on such an ex-dividend date is below the net asset value per share, the number of shares to be issued to such Common Stockholders will be determined by dividing such amount by the per share market price. See Dividend Investment Plan.

Listing

The Common Stock has been authorized for listing on the New York Stock Exchange, subject to notice of issuance, under the symbol SLS. See Description of Securities.

Custodian, Transfer Agent, Stockholder Service Agent and Dividend Paying Agent

State Street Bank and Trust Company will serve as custodian of the Fund's assets. The Fund will serve as its own transfer agent. Another entity may act as the Fund's transfer agent for a brief initial period. Seligman Data Corp. acts as the stockholder service agent and dividend paying agent. See Custodian, Transfer Agent, Stockholder Servicing Agent and Dividend Paying Agent.

Market Price of Shares

Shares of closed-end investment companies frequently trade at prices lower than net asset value. Shares of closed-end investment companies have during some periods traded at prices higher than net asset value and during other periods traded at prices lower than net asset value. The Fund cannot assure you that the shares of Common Stock will trade at a price higher than net asset value in the future.

Net asset value will be reduced immediately following the offering by the sales load and the amount of offering expenses paid or reimbursed by the Fund. See Use of Proceeds. In addition to net asset value, market price may be affected by factors relating to the Fund, such as dividend levels and stability (which will in turn be affected by levels of dividend and interest payments by the Fund's portfolio holdings and any use of leverage, regulation affecting the timing and character of Fund distributions, Fund expenses and other factors), portfolio credit quality, liquidity, market supply and demand, similar factors relating to the Fund's portfolio holdings and regulatory and other developments affecting the Manager or the Subadvisers. See Risks, Description of Securities and Repurchase of Common Stock; Conversion to Open-End Fund in this prospectus. The Shares of Common Stock are designed primarily for long-term investors, and you should not view the Fund as a vehicle for trading purposes.

Special Risk Considerations

THE FOLLOWING DESCRIBES VARIOUS PRINCIPAL RISKS OF INVESTING IN THE FUND. A MORE DETAILED DESCRIPTION OF THESE AND OTHER RISKS OF INVESTING IN THE FUND ARE DESCRIBED UNDER RISKS IN THIS PROSPECTUS AND UNDER INVESTMENT OBJECTIVES AND POLICIES IN THE FUND'S STATEMENT OF ADDITIONAL INFORMATION.

No Prior History. The Fund is a newly organized, non-diversified, closed-end management investment company with no history of operations.

Risks of Real Estate Investments and REITs. The Fund will not invest in real estate directly, but only in securities issued by Real Estate Companies. However, because of the Fund's policy of concentration in the securities of companies in the real estate industry, the Fund is also subject to the risks associated with the direct ownership of real estate. These risks include:

declines in the value of real estate;

risks related to general and local economic conditions;

possible lack of availability of mortgage funds or other capital;

overbuilding;

lack of completion of developments or delays in completion;

extended vacancies of properties;

increased competition;

increases in property taxes and operating expenses;

changes in zoning laws or other government regulations;

costs resulting from the clean-up of, and legal liability to third parties for damages resulting from, environmental problems;

casualty or condemnation losses;

limitations on, or unavailability of, insurance on favorable economic terms;

limitations on rents;

changes in neighborhood values and the appeal of properties to tenants;

tenant bankruptcies and other credit problems;

changes in valuation due to the impact of terrorist incidents on a particular property or area, or on a segment of the economy;

financial condition of tenants and buyers and sellers of real estate;

uninsured damages, including those arising from floods, earthquakes or other natural disasters or from acts of war or terrorism;

quality of maintenance, insurance and management services;

changes in interest rates; and

legal, cultural or technological developments.

Thus, the value of the Common Stock may change at different rates compared to the value of shares of a registered investment company with investments in a mix of different industries and will depend on the general condition of the economy.

These risks, including the perception that these risks may materialize, could contribute to a decline in dividends, capital gains or other distributions received and paid by the Fund and a decline in the value of the Fund's investments and, consequently, the share price of the Fund. To the extent the Fund's investments are concentrated in particular geographical regions or types of Real Estate Companies, the Fund may be subject to certain of these risks to a greater degree.

The above factors may also adversely affect a borrower's or a lessee's ability or willingness to meet its obligations to a Real Estate Company. In the event of a default by a borrower or lessee, these companies may suffer losses, experience delays in enforcing their rights as a mortgagee or lessor and incur substantial costs associated with protecting their investments.

Equity REITs (and similar entities formed under the laws of non-U.S. countries) may be affected by changes in the value of the underlying property owned by the trusts or other issuers. Mortgage REITs may be affected by the quality of any credit extended, interest rates and refinancings. Further, REITs (and similar entities formed under the laws of non-U.S. countries) are dependent upon management skills and generally may not be diversified. As a result, performance of these holdings ultimately depends on the types of real property in which they invest and how well the property is managed.

REITs are also subject to heavy cash flow dependency and could possibly fail to qualify for tax free pass-through of income under the Internal Revenue Code of 1986, as amended (Code), or to maintain their exemptions from registration under the 1940 Act. Similarly, Real Estate Companies formed under the laws of non-U.S. countries may fail to qualify for corporate tax benefits made available by the governments of such countries. Any such failure by these companies or REITs held by the Fund could adversely affect the value of an investment in the Fund.

REITs (and similar entities formed under the laws of non-U.S. countries) have on-going operating fees and expenses, which may include management, advisory and administration fees and expenses. These fees and expenses are borne by stockholders of these companies, including the Fund.

General Real Estate Risks. Real property investments are subject to varying degrees of risk. The yields available from investments in real estate depend on the amount of income and capital appreciation generated by the related properties. Income and real estate values may also be adversely affected by such factors as applicable laws, interest rate levels, and the availability of financing. If the properties do not generate sufficient income to meet operating expenses, including, where applicable, debt service, ground lease payments, tenant improvements, third-party leasing commissions and other capital expenditures, the income and ability of the Real Estate Company to make payments of any interest and principal on its debt securities or dividends on its equity securities will be adversely affected. In addition, real property may be subject to the quality of credit extended and defaults by borrowers and tenants. The performance of the economy in each of the regions in which the real estate owned by the portfolio company is located affects occupancy, market rental rates and expenses and, consequently, has an impact on the income from such properties and their underlying values. The financial results of major local employers also may have an impact on the cash flow and value of certain properties. In addition, real estate investments are relatively illiquid and, therefore, the ability of Real Estate Companies to vary their portfolios promptly in response to changes in economic or other conditions is limited. A Real Estate Company may also have joint venture investments in certain of its properties, and consequently, its ability to control decisions relating to such properties may be limited.

Real property investments are also subject to risks which are specific to the investment sector or type of property in which the Real Estate Companies are investing. The different types of properties to which such specific risks attach include retail properties, office properties, hotel properties, healthcare properties, multifamily properties, community centers and self-storage properties. See General Real Estate Risk below.

Management Risk. Although the Subadvisers have a wide range of experience in managing funds or accounts that utilize the strategy of investing in Real Estate Companies, they do not have experience with funds or accounts in which this strategy is combined with a dividend capture strategy as described in this prospectus. Investors bear the risk that the combination of strategies has not been tested by the Subadvisers with actual funds or accounts, and has not been utilized in various market cycles.

The Manager has experience with dividend capture rotation trading strategies, will consult with the Subadvisers on the development and implementation of the Fund's dividend capture rotation trading strategy, and periodically review its results and any changes to such strategy.

The Fund is also subject to management risk because it is an actively managed portfolio. LaSalle and the individual portfolio managers will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these will produce the desired results. In particular, the dividend capture strategy may involve sophisticated investment strategies to be implemented by LaSalle and there can be no guarantee that these strategies will be successful.

Market Discount Risk. As with any stock, the price of the Fund's Common Stock will fluctuate with market conditions and other factors, which may include legal, regulatory and other developments affecting the Manager or the Subadvisers. For a discussion of certain regulatory matters relating to the Manager, see *Regulatory Matters Relating to the Manager*. If shares are sold, the price received may be more or less than the original investment. Net asset value will be reduced immediately following the initial offering by the sales load and offering expenses paid or reimbursed by the Fund. The Common Stock is designed for long-term investors and should not be treated as a trading vehicle. Shares of closed-end management investment companies frequently trade at a discount from their net asset value. The Fund's shares may trade at a price that is less than their initial offering price. This risk may be greater for investors who sell their shares relatively shortly after completion of the initial public offering.

Foreign Securities Risk. Under current market conditions, the Fund intends to invest at least 80% of its managed assets in International Real Estate Companies. Investing in foreign securities, including emerging markets (or lesser developed countries), involves certain risks not involved in domestic investments, including, but not limited to:

fluctuations in foreign exchange rates;

future foreign economic, financial, political and social developments;

different legal systems;

the possible imposition of exchange controls or other foreign governmental laws or restrictions;

lower trading volume;

much greater price volatility and illiquidity of certain foreign securities markets;

different trading and settlement practices;

less governmental supervision;

regulatory changes;

changes in currency exchange rates;

high and volatile rates of inflation;

fluctuating interest rates;

less publicly available information; and

different accounting, auditing and financial record-keeping standards and requirements.

Investments in foreign securities, especially in emerging market countries, will expose the Fund to the direct or indirect consequences of political, social or economic changes in the countries that issue the securities or in which the issuers are located. Certain countries in which the Fund may invest have historically experienced, and may continue to experience, high rates of inflation, high interest rates, exchange rate fluctuations, large amounts of external debt, balance of payments and trade difficulties and extreme poverty and unemployment. Many of these countries are also characterized by political uncertainty and instability. The cost of servicing external debt will generally be adversely affected by rising international interest rates because many external debt obligations bear interest at rates which are adjusted based upon international interest rates. In addition, with respect to certain foreign countries, there is a risk of:

the possibility of expropriation of assets;

confiscatory taxation;

difficulty in obtaining or enforcing a court judgment;

economic, political or social instability;

the possibility that an issuer may not be able to make payments to investors outside of the issuer's country; and

diplomatic developments that could affect investments in those countries.

In addition, individual foreign economies may differ favorably or unfavorably from the U.S. economy in such respects as:

growth of gross domestic product;

rates of inflation;

capital reinvestment;

resources;

self-sufficiency;

balance of payments position; and

the tax treatment of the Fund's investments, which may result in certain investments in foreign securities being subject to foreign withholding taxes, or being subject to U.S. federal income tax rules that may cause the Fund to recognize taxable income without a corresponding receipt of cash, to incur an interest charge on taxable income that is deemed to have been deferred and/or to recognize ordinary income that would have otherwise been treated as capital gain. See "U.S. Federal Income Tax Matters" in the Statement of Additional Information.

These risks are often heightened for investments in smaller, emerging capital markets. For more information regarding risks of emerging market investing, see "Emerging Markets Risk" below.

Foreign Currency Risk. This risk is associated with a Fund's investment in securities denominated in foreign currencies. Because the Fund receives contributions in U.S. dollars, any investment in securities denominated in a foreign currency requires the Fund to value the securities at the current exchange rate when computing the Fund's daily net asset value. As a result, a Fund is exposed to risk that the value of the U.S. dollar may rise in relation to the value of the foreign currency while the Fund is invested in securities denominated in that currency. The Fund's net asset value could decline as a result of changes in exchange rates. Currencies of certain countries may be volatile and therefore may affect the value of securities denominated in such currency. Certain foreign countries may impose restrictions on the ability of issuers of foreign securities to make payment of principal and interest to investors located outside the country, due to blockage of foreign currency exchanges or otherwise.

Emerging Markets Risk. The Fund may invest up to 30% of its managed assets in issuers formed under the laws of emerging market countries. Because of less developed markets and economies and, in some countries, less mature governments and governmental institutions, the risks of investing in securities of issuers domiciled or doing substantial business in foreign countries can be intensified in emerging market countries. These risks include: expropriation, nationalization, confiscation, imposition of restrictions on foreign investment, high concentration of market capitalization and trading volume in a small number of issuers representing a limited number of industries, as well as a high concentration of investors and financial intermediaries; political and social uncertainties; over-dependence on exports, especially with respect to primary commodities, making these economies vulnerable to changes in commodity prices;

overburdened infrastructure and obsolete or unseasoned financial systems; environmental problems; less developed legal systems; and less reliable custodial services and settlement practices.

Issuer Risk. The value of securities held by the Fund may decline for a number of reasons that directly relate to the issuer, such as changes in the financial condition of the issuer, management performance, financial leverage and reduced demand for the issuer's goods and services. The amount of dividends paid may decline for reasons that relate to an issuer, such as changes in an issuer's financial condition or a decision by the issuer to pay a lower dividend. In addition, there may be limited public information available for the Subadvisers to evaluate foreign issuers.

Equity and Equity-Related Securities Risk. While equity securities have historically generated higher average returns than fixed-income securities, equity securities have also experienced significantly more volatility in those returns. An adverse event, such as an unfavorable earnings report, may depress the value of equity and equity-related securities held by the Fund.

Deflation Risk. Deflation risk is the risk that the Fund's dividends may be reduced in the future if earnings power is reduced and results in lower distributions on the assets owned by the Fund or possibly the redemption of such assets by their issuer.

Leverage Risk. Although it has no current intention to do so, the Fund is authorized to use leverage through the issuance of Preferred Shares and/or borrowings. Leverage risk is the risk associated with the borrowing of funds and other investment techniques, including the issuance of the Preferred Shares by the Fund, to leverage the Common Stock.

Leverage is a speculative technique which may expose the Fund to greater risk and increase its costs. Increases and decreases in the value of the Fund's portfolio will be magnified when the Fund uses leverage. For example, leverage may cause greater swings in the Fund's net asset value or cause the Fund to lose more than it invested. The Fund will also have to pay dividends on its Preferred Shares or interest on any borrowings, reducing the Fund's return. These dividend payments or interest expenses may be greater than the Fund's return on the underlying investment. There can be no assurance that the Fund's leveraging strategy will be successful.

If leverage is employed, the net asset value and market value of the Common Stock will be more volatile, and the yield to the holders of Common Stock will tend to fluctuate with changes in the shorter-term interest rates on the leverage. If the dividends or interest rate on the leverage approaches the net rate of return on the Fund's investment portfolio, the benefit of leverage to the holders of the Common Stock would be reduced. If the dividends or interest rate on the leverage

exceeds the net rate of return on the Fund's portfolio, the leverage will result in a lower rate of return to the holders of Common Stock than if the Fund were not leveraged. The Fund will pay (and the holders of Common Stock will bear) any costs and expenses relating to any leverage.

Accordingly, the Fund cannot assure you that the use of leverage would result in a higher yield or return to the holders of the Common Stock.

Any decline in the net asset value of the Fund's investments will be borne entirely by the holders of Common Stock. Therefore, if the market value of the Fund's portfolio declines, the leverage will result in a greater decrease in net asset value to the holders of Common Stock than if the Fund were not leveraged. This greater net asset value decrease will also tend to cause a greater decline in the market price for the Common Stock. In extreme cases, the Fund might be in danger of failing to maintain the required asset coverage, of losing its ratings on any Preferred Shares issued or of having insufficient current investment income to meet the interest payments on indebtedness or the dividend requirements on any Preferred Shares. In order to counteract such an event, the Fund might need to reduce its leverage and to liquidate investments in order to fund redemption of some or all of the Preferred Shares. Liquidation at times of low security prices may result in capital losses and may reduce returns to the holders of Common Stock.

While the Fund may from time to time consider reducing leverage in response to actual or anticipated changes in interest rates in an effort to mitigate the increased volatility of current income and net asset value associated with leverage, there can be no assurance that the Fund will actually reduce leverage in the future or that any reduction, if undertaken, will benefit the holders of Common Stock. Changes in the future direction of interest rates are very difficult to predict accurately. If the Fund were to reduce leverage based on a prediction about future changes to interest rates, and that prediction turned out to be incorrect, the reduction in leverage would likely reduce the income and/or total returns to holders of Common Stock relative to the circumstance where the Fund had not reduced leverage. The Fund may decide that this risk outweighs the likelihood of achieving the desired reduction to volatility in income and share price if the prediction were to turn out to be correct, and determine not to reduce leverage as described above.

Because the fees received by the Manager and LaSalle Securities U.S. are based on the managed assets of the Fund (including assets attributable to any Preferred Shares and borrowings that may be outstanding), the Manager and LaSalle Securities U.S. have a financial incentive for the Fund to issue Preferred Shares or use borrowings, which may create a conflict of interest between the Manager and LaSalle Securities U.S., on the one hand, and the Common Stockholders on the other hand.

No Governmental Insurance Risk. An investment in the Fund is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Illiquid Securities Risk. Illiquid securities in the Fund's portfolio may involve higher risk than liquid securities and may subject the Fund to higher price volatility than investments in less risky securities.

High-Yield Securities Risk. High-yield securities in which the Fund may invest are generally subject to higher volatility in yield and market value than investment-grade fixed-income securities. High-yield securities have a greater risk of loss of principal and income than higher-rated securities and are considered to be predominantly speculative with respect to the issuers' ability to pay interest and repay principal. An economic downturn could adversely impact the issuers' ability to pay interest and repay principal and could result in issuers' defaulting on such payments. The value of fixed-income securities is affected by market conditions relating to changes in prevailing interest rates. However, the value of high-yield securities is also affected by investors' perceptions. When economic conditions appear to be deteriorating, lower-rated or unrated securities may decline in market value due to investors' heightened concerns and perceptions over credit quality.

Inflation Risk. Inflation risk is the risk that the value of assets or income from investments will be worth less in the future as inflation decreases the value of money. As a result of inflation, the real value of the Fund's shares and distributions can decline.

Interest Rate Risk. Interest rate risk is the risk that investments, including, but not limited to, preferred shares, U.S. government obligations, shares of mortgage REITs and debt securities, and to a lesser extent dividend-paying common stocks and shares, such as real estate company common shares, will decline in value because of changes in market interest rates. When interest rates rise, the market value of such securities generally may fall. Generally, the longer the maturity of a fixed-income security, the more its value falls in response to a given rise in interest rates. The Fund's investment in such securities means that the net asset value and market price of common shares may tend to decline if market interest rates rise. Because investors generally look to real estate companies for a stream of income, the prices of Real Estate Company shares may be more sensitive to changes in interest rates than are other equity securities. Because market interest rates are currently low, there is greater risk that the Fund's portfolio will decline in value as market interest rates rise.

Market and Dividend Risk. The Fund's net asset value, dividends, yield and total return will fluctuate with changes in the value of the securities held by the Fund. The value of securities held by the Fund

may be affected by matters relating to the issuers of those securities or by changes in the financial markets in general. You may experience a decline in the value of your investment and dividends paid, and you could lose money if you sell your shares at a price lower than you paid for them.

Non-Diversified Risk. The Fund is a non-diversified investment company under the 1940 Act and, as such, its investments are not required to meet certain diversification requirements under federal law. Compared with diversified funds, the Fund may invest a greater percentage of its assets in the securities of an issuer. Thus, the Fund may hold fewer securities than other funds. A decline in the value of a single investment could cause the Fund's overall value to decline to a greater degree than if the Fund held a more diversified portfolio. Notwithstanding the foregoing, the Fund intends to comply with the diversification requirements imposed by the Code for qualification as a regulated investment company.

Portfolio Turnover Risk. The Fund may actively and frequently trade securities in its portfolio to carry out its principal strategies, including its dividend capture strategy. A high portfolio turnover rate increases transaction costs, which may increase the Fund's expenses and lower its return/yield.

Preferred Securities Risk. To the extent the Fund invests in preferred securities, there are special risks associated with investing in preferred securities, including:

Deferral. Preferred securities may include provisions that permit the issuer, at its discretion, to defer distributions for a stated period without any adverse consequences to the issuer.

Subordination. Preferred securities are subordinated to bonds and other debt instruments in a company's capital structure with respect to priority to corporate income and liquidation payments, and therefore will be subject to greater credit risk than more senior debt instruments.

Liquidity. Preferred securities may be substantially less liquid than many other securities, such as common stocks or U.S. government securities.

Limited Voting Rights. Generally, preferred security holders have no voting rights with respect to the issuing company unless preferred dividends have been in arrears for a specified number of periods, at which time the preferred security holders may elect a number of directors to the issuer's board. Generally, once all the arrearages have been paid, the preferred security holders no longer have voting rights.

In the case of certain trust preferred securities, holders generally have no voting rights, except (i) if the issuer fails to pay dividends for a specified period of time or (ii) if a declaration of default occurs and is

continuing. In such an event, rights of holders of trust preferred securities generally would include the right to appoint and authorize a trustee to enforce the trust or special purpose entity's rights as a creditor under the agreement with its operating company.

Special Redemption Rights. In certain varying circumstances, an issuer of preferred securities may redeem the securities prior to a specified date. For instance, for certain types of preferred securities, a redemption may be triggered by a change in income tax or securities laws. As with call provisions, a redemption by the issuer of the preferred securities may negatively impact the return of the security held by the Fund.

Small-Cap and Mid-Cap Companies Risk. The Fund may invest in companies whose market capitalization is considered small as well as mid-cap companies. Even the larger REITs in the industry tend to be small to medium-sized companies in relation to the equity markets as a whole. These companies often are newer or less established companies than larger companies. Investments in these companies carry additional risks because earnings of these companies tend to be less predictable; they often have limited product lines, markets, distribution channels or financial resources; and the management of such companies may be dependent upon one or a few key people. The market movements of equity securities of small-cap and mid-cap companies may be more abrupt or erratic than the market movements of equity securities of larger, more established companies or the stock market in general. Historically, small-cap and mid-cap companies have sometimes gone through extended periods when they did not perform as well as larger companies. In addition, equity securities of these companies generally are less liquid than those of larger companies. This means that the Fund could have greater difficulty selling such securities at the time and price that the Fund would like.

Smaller-company stocks, as a whole, may experience larger price fluctuations than large-company stocks or other types of investments. During periods of investor uncertainty, investor sentiment may favor large, well-known companies over small, lesser-known companies. There may be less trading in a smaller company's stock, which means that buy and sell transactions in that stock could have a larger impact on the stock's price than is the case with larger company stocks.

Dividend and Income Risk. The income Common Stockholders receive from the Fund is based primarily on the dividends and interest it earns from its investments as well as the gains the Fund receives from selling portfolio securities, each of which can vary widely over the short and long term. The dividend income from the Fund's investments in equity securities will be influenced by both general economic activity and issuer-specific factors. In the event of a recession or adverse events affecting a specific industry or issuer, the issuers of the equity securities held by the Fund may reduce the

dividends paid on such securities. If prevailing market interest rates decline, distribution rates on convertible securities and other debt instruments in which the Fund invests, and Common Stockholders' income from the Fund, would likely decline as well. Please see *Distributions* for a description of other risks associated with the level, timing and character of the Fund's distributions.

Dividend Capture Rotation Trading Risk. The Fund's Subadvisers may not be able to anticipate the level of dividends that companies will pay in any given timeframe. The Fund's strategies may also require the Subadvisers to identify and exploit opportunities such as the announcement of major corporate actions such as restructuring initiatives or special dividends, that may lead to high current dividend income. These situations are typically not recurring in nature or frequency, and may be difficult to predict and may not result in an opportunity that allows the Subadvisers to fulfill the Fund's investment objectives. Challenging economic conditions affecting either the market as a whole or a specific investment in the Fund's portfolio may limit the opportunity to benefit from the current dividend policies of the companies in which the Fund invests or may cause such companies to reduce or eliminate dividends.

The use of dividend capture strategies will also expose the Fund to increased trading costs and potential for capital loss or gain, particularly in the event of significant short-term price movements of stocks subject to dividend capture trading.

Reinvestment Risk. Income from the Fund's portfolio will decline if and when the Fund invests the proceeds from matured, traded or called convertible securities or other debt obligations at market interest rates that are below the Fund's current earnings rate. A decline in income could affect the Common Stock's market price or its overall return.

Initial Public Offerings (IPOs) Risk. The Fund may purchase securities in initial public offerings (IPOs). These securities are often subject to the general risks associated with investments in companies with small market capitalizations, and typically to a heightened degree. Securities issued in IPOs have no trading history, and information about the companies may be available for very limited periods. In addition, the prices of securities sold in an IPO may be highly volatile. At any particular time or from time to time the Fund may not be able to invest in IPOs, or to invest to the extent desired, because, for example, only a small portion (if any) of the securities being offered in an IPO may be available to the Fund. In addition, under certain market conditions, a relatively small number of companies may issue securities in IPOs. The investment performance of the Fund during periods when it is unable to invest significantly or at all in IPOs may be lower than during periods when it is able to do so.

Rule 144A Securities Risk. Rule 144A permits certain qualified institutional buyers, such as the Fund, to trade in privately placed securities that have not been registered for sale under the U.S. Securities Act of 1933, as amended (the Securities Act). Rule 144A securities may be deemed illiquid and thus may be subject to the Fund's policy to invest only up to 15% of its managed assets in securities that are illiquid, although the Fund may determine that certain Rule 144A securities are liquid in accordance with procedures adopted by the Board of Directors.

Other Investment Companies Risk. The Fund may invest in securities of other open- or closed-end investment companies, including exchange traded funds (ETFs), to the extent that such investments are consistent with the Fund's investment objectives and policies and permissible under the 1940 Act. As a stockholder in an investment company, the Fund will bear its ratable share of that investment company's expenses (including operating expenses and advisory fees), and would remain subject to payment of the Fund's investment management fees with respect to the assets so invested. Common Stockholders would therefore be subject to duplicative expenses to the extent the Fund invests in other investment companies. In addition, these other investment companies may utilize financial leverage, in which case an investment would subject the Fund to additional risks associated with leverage. See Risks Leverage Risk.

Liquidity Risk. The Fund may invest up to 15% of its managed assets in illiquid securities (determined using the SEC's standard applicable to open-end investment companies, i.e., securities that cannot be disposed of within seven days in the ordinary course of business at approximately the value at which the Fund has valued the securities). Illiquid securities may trade at a discount from comparable, more liquid investments, and may be subject to wide fluctuations in market value. Also, the Fund may not be able to dispose readily of illiquid securities when that would be beneficial at a favorable time or price or at prices approximating those at which the Fund currently values them. Further, the lack of an established

secondary market for illiquid securities may make it more difficult to value such securities, which may negatively impact the price the Fund would receive upon disposition of such securities.

Credit Risk. A security could deteriorate in quality to such an extent that its rating is downgraded or its market value declines relative to comparable securities. Credit risk also includes the risk that an issuer of a security would be unable to make interest and principal payments when due. To the extent the Fund holds securities that are downgraded, or default on payment, its performance could be negatively affected. Debt securities, like those in which the Fund may invest, are traded principally by dealers in the over-the-counter market. The Fund's ability to sell securities it holds is dependent on

the willingness and ability of market participants to provide bids that reflect current market levels. Adverse market conditions could result in a lack of liquidity by reducing the number of ready buyers.

Strategic Transactions Risk. Strategic Transactions have risks, including the imperfect correlation between the value of such instruments and the underlying assets, the possible default of the other party to the transaction and illiquidity of the derivative instruments. Furthermore, the ability to successfully use Strategic Transactions depends on the Subadvisers ability to predict pertinent market movements, which cannot be assured. Thus, the use of Strategic Transactions may result in losses greater than if they had not been used, may require the Fund to sell or purchase portfolio securities at inopportune times or for prices other than current market values, may limit the amount of appreciation the Fund can realize on an investment, or may cause the Fund to hold a security that it might otherwise sell. The use of currency transactions may result in the Fund incurring losses as a result of the imposition of exchange controls, suspension of settlements or the inability of the Fund to deliver or receive a specified currency. Additionally, amounts paid by the Fund as premiums and cash or other assets held in margin accounts with respect to Strategic Transactions are not otherwise available to the Fund for investment purposes.

Anti-Takeover Provisions

The Fund's Amended and Restated Articles of Incorporation (the "Articles") includes provisions that could limit the ability of other entities or persons to acquire control of the Fund or convert the Fund to open-end status. See "Anti-Takeover and Other Provisions of the Maryland General Corporation Law and the Fund's Charter and Bylaws." These provisions in the Articles could have the effect of depriving the Common Stockholders of opportunities to sell their Common Stock at a premium over the then-current market price of the Common Stock or at net asset value.

SUMMARY OF FUND EXPENSES

The following table shows Fund expenses as a percentage of net assets attributable to shares of Common Stock.

Stockholder Transaction Expenses	
Sales Load (as a percentage of offering price)	4.50%
Offering Costs Borne by the Fund (as a percentage of offering price)	0.20%(1)
Dividend Investment Plan Fees	None(2)

	Percentage of Net Assets Attributable to Shares of Common Stock
Annual Expenses	
Management Fees	0.98%
Other Expenses ⁽¹⁾⁽³⁾	0.30%
 Total Annual Expenses ⁽¹⁾	 1.28%

- (1) The Manager has agreed to pay the Fund's offering expenses (other than sales load but inclusive of reimbursement of Underwriter expenses of \$0.005 per share) that exceed \$0.05 per share of Common Stock. The offering costs to be paid or reimbursed by the Fund are not included in the Annual Expenses table above. However, these expenses will be borne by Common Stockholders and result in a reduction of the net asset value of the Common Stock. In addition, the Manager has agreed to pay the Fund's organizational expenses, which are estimated to be \$45,000.
- (2) You will pay brokerage charges if you direct the plan agent to sell your Common Stock held in a dividend investment account. You may pay a pro rata share of brokerage commissions incurred in connection with open-market purchases pursuant to the Fund's Dividend Investment Plan. See Dividend Investment Plan.
- (3) These figures are estimates and are based on the assumption that the Fund issues 8,900,000 shares in the offering at a total public offering price of \$222,500,000. The total offering costs are estimated to be \$879,000 (or approximately \$0.099 per share), of which the Fund would pay or reimburse offering expenses estimated at \$445,000 (or \$0.05 per share) from the proceeds of the offering, and the Manager would pay the balance of the offering expenses estimated at \$434,000 (or approximately \$0.049 per share). The offering costs to be paid or reimbursed by the Fund are not included in the Annual Expenses table above. However, these expenses will be borne by Common Stockholders and result in a reduction of the net asset value of the Common Stock.

The purpose of the table above is to help you understand all fees and expenses that you, as a Common Stockholder, would bear directly or indirectly. The Other Expenses shown in the table and related footnotes are based on estimated amounts for the Fund's first year of operations and assume that the Fund issues approximately 8,900,000 shares of Common Stock. The Fund may invest in other investment companies, including exchange-traded funds (ETFs) although it does not expect to do so initially. If the Fund were to invest in other investment companies, it will bear a portion of the expenses of those investment companies, which would increase the Other Expenses shown in the table. See Management of the Fund, The Fund's Investment Objectives and Strategies Other Investment Companies and Dividend Investment Plan and Risk Other Investment Companies Risk.

As required by relevant SEC regulations, the following example illustrates the expenses (including the sales load of \$45.00 and estimated offering expenses of this offering of \$2.00) that you would pay on a \$1,000 investment in shares of Common Stock, assuming the sales load and the offering expenses listed in the parenthetical above, and (a) total annual expenses of 1.28% in years one through ten, and (b) a 5% annual return (1):

	1 Year	3 Years	5 Years	10 Years
Total Expenses Incurred	\$ 59	\$ 86	\$ 114	\$ 194

- (1) The example above should not be considered a representation of future expenses. Actual expenses may be higher or lower than those shown. The example assumes that the estimated Other Expenses set forth in the Annual Expenses table are accurate and that all dividends and distributions are reinvested at net asset value. Actual expenses may be greater or less than those assumed. Moreover, the Fund's actual rate of return may be greater or less than the hypothetical 5% annual return shown in the example.
- (2) Examples do not reflect expenses associated with using Preferred Shares or borrowings. If the Fund issues Preferred Shares or borrows money, the total annual expense ratio and total expenses incurred would be greater.

THE FUND

The Fund is a newly organized, non-diversified, closed-end management investment company registered under the 1940 Act. The Fund was organized as a Maryland corporation on March 9, 2007. The Fund has no operating history. The Fund's principal office is located at 100 Park Avenue, New York, New York 10017, and its telephone number is (212) 850-1864.

USE OF PROCEEDS

The net proceeds of the offering of the Common Stock will be approximately \$212,042,500 (or \$241,228,125 if the Underwriters exercise the overallotment option in full) after payment or reimbursement of the estimated offering costs. The Manager has agreed to pay the Fund's offering expenses (other than sales load) that exceed \$0.05 per share of Common Stock. In addition, the Manager has agreed to pay the Fund's organizational expenses, which are estimated to be \$45,000. The Fund will invest the net proceeds of the offering in accordance with the Fund's investment objectives and policies as stated below. It is presently anticipated that the Fund will be able to invest substantially all of the net proceeds in investments that meet its investment objectives and policies within three months after the completion of the offering. Pending such investment, it is anticipated that the proceeds will be invested in high-grade, short-term securities, or in derivative instruments designed to give the Fund exposure to the types of securities and markets in which it will ordinarily invest while LaSalle selects specific securities.

THE FUND'S INVESTMENT OBJECTIVES AND STRATEGIES

Investment Objectives

The Fund's primary investment objective is long-term capital appreciation and its secondary objective is current income. There can be no assurance that the Fund will achieve its investment objectives. The Fund's investment objectives are not fundamental and may be changed without a vote of the Fund's Common Stockholders. The Fund will provide Common Stockholders with at least 60 days' prior notice of any change in these investment objectives.

Investment Selection Strategies

The Fund intends to invest, under normal market conditions, at least 80% of its managed assets in equity and equity-related securities issued by International Real Estate Companies, which are Real Estate Companies that meet one of the following criteria:

entities that maintain their principal place of business or conduct their principal business activities outside the U.S.;

have their securities principally traded on non-U.S. exchanges; or

have been formed under the laws of a country other than the U.S.

The Fund defines Real Estate Companies as companies that meet one of the following criteria:

REITs, which are generally defined under U.S. laws as corporations, trusts, or associations that invest primarily in income-producing real estate or real estate related loans or interests;

entities similar to REITs formed under the laws of countries other than the U.S.; or

other companies that, at the time of initial purchase by the Fund, derive at least 50% of their revenues from the ownership, construction, financing, management or sale of commercial, industrial or residential

real estate, or have 50% or more of their assets (as shown on their most recent balance sheet or based on the Subadvisers' estimate of the market value of their real estate assets) consisting of real estate.

Equity and equity-related securities include common stocks, rights or warrants to purchase common stocks, securities convertible into common stocks, and preferred stocks.

REITs are not taxed on their income if, among other things, they distribute to their stockholders substantially all of their taxable income (other than net capital gains) for each taxable year. REITs may realize capital gains by selling properties or other assets that have appreciated in value.

Legislation authorizing REITs originated in the U.S. However, a number of countries around the world have adopted, or are considering adopting, laws to permit the operation of entities structured and/or taxed similar to REITs. A non-U.S. entity that is taxed similar to a REIT in its foreign jurisdiction would qualify as an International Real Estate Company under the criteria set forth above. The Fund intends to use the dividends and capital gains distributions of REITs and International Real Estate Companies to achieve its secondary investment objective of current income.

LaSalle Securities U.S. is responsible for the overall management of the Fund's portfolio of investments, including the allocation of the Fund's managed assets among various regions and countries, and making purchases and sales consistent with the Fund's investment objectives and strategies. LaSalle Securities U.S. may invest in securities of issuers in any country. LaSalle Securities U.S. is also responsible for the supervision of LaSalle Securities B.V., which assists with portfolio management.

LaSalle Securities B.V. makes investments consistent with the Fund's investment objectives and strategies with respect to securities of Real Estate Companies, focusing on those companies that maintain their principal place of business or conduct their principal business activities in, or that are organized under the laws of, the United Kingdom or countries in continental Europe, or companies whose securities are traded in those markets. LaSalle Securities B.V. also assists LaSalle Securities U.S. with the Fund's portfolio allocation among the various regions and countries, and provides other assistance as requested by LaSalle Securities U.S. There is no pre-determined allocation of managed assets to LaSalle Securities B.V. The amount is determined through the investment process described below, and on-going discussions between the Subadvisers.

In selecting investments for the Fund, the Subadvisers combine bottom-up research, which includes quantitative and qualitative investment criteria, with top-down macroeconomic research to evaluate Real Estate Companies.

Bottom-up research means that the Subadvisers analyze company-specific factors (i.e., company fundamentals). The quantitative analysis includes use of a proprietary valuation model to rank Real Estate Companies on the basis of risk and return. The model is used to determine an intrinsic value for these companies based on a multi-year holding period. The intrinsic value of a company is the expected value of its operations taking into account its properties, property sectors, markets, the impact of its management, and the public securities markets. The model is applied to companies that qualify for inclusion in the Fund's investment universe. The Subadvisers also estimate the net asset value of these companies (i.e., estimated real estate market value of a company's assets less its liabilities). The Subadvisers utilize a relative valuation process in which both the intrinsic value and net asset value calculation results are analyzed in relation to current securities market prices by the Subadvisers in the buy-hold-sell decision-making process for the Fund.

As a qualitative overlay in determining intrinsic value, the Subadvisers evaluate several factors affecting a company, including its organizational and capital structure, business focus and quality of management and properties.

The Subadvisers also consider top-down macroeconomic research when determining intrinsic value, such as local, regional and country-related market conditions (e.g., capital flows and economic trends) and real estate fundamentals. Country and/or regional weightings are determined based on analysis of the overall relative value of the companies within the particular countries and/or regions.

In seeking to achieve the Fund's objectives, the Subadvisers also consider information derived from the extensive research and property management organization of its affiliates located in 125 key markets in 50 countries on five continents.

One or more of four primary factors enter into a decision to sell a security: (i) the security's price as compared to its intrinsic value and/or net asset value is high relative to other companies in the same sector or the Fund's investment universe; (ii) anticipated changes in earnings, real estate and capital market conditions, economic, political or social conditions and the company's risk profile; (iii) the security's percentage of the total portfolio exceeds the target percentage; and (iv) tactical shifts among property and country sectors.

To increase the amount of the Fund's current income, the Fund may buy and hold dividend paying securities of Real Estate Companies. In addition, the Fund intends to pursue dividend capture trade rotation of such securities. It is the Fund's current intention to limit its dividend capture strategy to purchases of Domestic Real Estate Companies, although it may expand such strategy to include the purchase of International Real Estate Companies in the future.

In a dividend capture trade, the Fund sells a stock on or shortly after the stock's ex-dividend date and uses the sale proceeds to purchase one or more other stocks that are expected to pay dividends before the next dividend payment on the stock being sold. Through this rotation practice, the Fund may receive more dividend payments over a given period of time than if it held a single stock. Receipt of a greater number of dividend payments during a given time period could augment the total amount of dividend income the Fund receives over this period. For example, during the course of a single year it may be possible through dividend capture trading for the Fund to receive five or more dividend payments with respect to the Fund's managed assets attributable to dividend capture trading where it may only have received four quarterly payments in a hold only strategy.

The use of dividend capture strategies will expose the Fund to increased trading costs and potential for capital loss or gain, particularly in the event of significant short-term price movements of stocks subject to dividend capture trading. The Subadvisers may allocate up to 30% of the Fund's assets to dividend capture trades to enhance the potential current income to the Fund. The Subadvisers believe that the evolution of the real estate industry will generate an increasing number of available real estate securities issuers that pay dividends and generally rising dividend rates among those dividend-paying issuers.

Portfolio Contents and Other Information

The Fund may invest in Real Estate Companies organized under the laws of any country. The Fund may invest up to 30% of its managed assets in securities of Real Estate Companies that are organized under the laws of emerging market countries. The Fund's exposure to emerging markets may be greater if non-emerging market entities own emerging markets assets. Under normal market conditions, the Fund expects to maintain investments in at least three developed countries, and will not invest more than 10% of its managed assets in the securities of any single issuer.

The Fund may invest up to 20% of its managed assets in equity and equity related securities of Domestic Real Estate Companies, as well as fixed-income securities of any credit quality of any non-U.S. or U.S. issuer, including Real Estate Companies and governmental and corporate issuers. The Fund's exposure to U.S. assets may be significantly greater if foreign entities own U.S. assets. The Fund will not invest directly in real estate.

It is the Fund's current intention to initially allocate at least 80% of the Fund's managed assets to International Real Estate Companies and up to 20% of the Fund's managed assets to Domestic Real Estate Companies and other investments. The Fund's strategy to invest, under normal market conditions, at least 80% of its managed assets in International Real Estate Companies means the Fund will make substantial investments in non-U.S. dollar denominated securities. As further described below under the caption entitled "Management of the Fund" and "Subadvisers," the Fund is subadvised by LaSalle Securities U.S. and LaSalle Securities B.V.

The Fund may invest up to 100% of its managed assets in foreign securities, including securities denominated in foreign currencies or in multinational currency units.

The Fund may enter into various interest rate transactions such as interest rate swaps and may enter into various currency transactions such as currency forward contracts, currency futures contracts, currency swaps or options on currency or currency futures.

The Fund's investment objectives and principal investment strategies, including the Fund's policy of investing at least 80% of its managed assets in securities issued by International Real Estate Companies, may be changed without the approval of the Common Stockholders. Any changes to these strategies, however, must be approved by the Fund's Board of Directors. The Fund will provide Common Stockholders with at least 60 days' notice before implementing any change in its investment objectives, or policies that would permit the Fund to invest less than 80% of its managed assets in securities issued by International Real Estate Companies.

The Fund may, from time to time, take temporary defensive positions that are inconsistent with its principal strategies in seeking to minimize extreme volatility caused by adverse market, economic, political, social or other conditions or in order to keep its cash fully invested, including during the period in which the net proceeds of this offering are being invested. This could prevent the Fund from achieving its objectives.

The Fund may engage in short-term trading strategies such as the dividend capture strategy, and securities may be sold without regard to the length of time held when, in the opinion of the Subadvisers, investment considerations warrant such action. These policies may have the effect of increasing the Fund's annual portfolio turnover rate. It is expected that the annual portfolio turnover rate of the Fund will likely exceed 100%. A high turnover rate (100% or more) necessarily involves greater trading costs to the Fund and may result in the realization of net short-term capital gains. Please see "Investment Objectives and Policies" "Portfolio Trading and Turnover Rate" in the Statement of Additional Information for more information regarding portfolio turnover.

The following provides additional information regarding the types of securities and other instruments in which the Fund may invest. A more detailed discussion of these and other instruments and investment techniques that may be used by the Fund is provided under "Investment Objectives and Policies" in the Statement of Additional Information.

Common Stocks and Other Equity Securities

Common stock represents an equity ownership interest in a company. The Fund may hold or have exposure to common stocks of issuers of any size (in terms of market capitalization or otherwise) and in any industry or sector. Although the Fund intends to focus its investments in common stocks, it may from time to time invest in or hold other types of equity securities, including preferred stocks, depository receipts, rights and warrants, including in circumstances where these securities are distributed to the Fund as part of a general distribution to holders of a common stock in the Fund's portfolio or upon conversion of a convertible security held by the Fund.

Because the Fund will ordinarily have substantial exposure to equity securities, historical trends would indicate that the Fund's portfolio and investment returns will be subject at times, and over time, to higher levels of volatility and market and issuer-specific risk than if it invested exclusively in debt securities. An adverse event, such as an unfavorable earnings report, may depress the value of a particular equity security held by the

Fund. Also, prices of common stocks and other equity securities are sensitive to general movements in the equity markets and a drop in those markets may depress the prices of the equity securities held by the Fund. The prices of equity securities fluctuate for many different reasons, including changes in investors' perceptions of the financial condition of an issuer or the general condition of the relevant stock market or when political or economic events affecting the issuer occur. In addition, prices of equity securities may be particularly sensitive to rising interest rates, as the cost of capital rises and borrowing costs increase.

The Fund may invest in common stocks and other equity securities that are unlisted or trade in over-the-counter markets. Unlike securities exchanges, an over-the-counter market is not a centralized facility that limits trading activity to securities of companies that initially satisfied particular standards. The volume of trading in an unlisted or over-the-counter equity security is usually less than the volume of trading in a comparable listed security. Due to potentially limited market liquidity of over-the-counter securities, the Fund may be unable to dispose of such a security except at a discount from recent prices or in small lots over an extended period of time.

Types of REITs

The Fund may invest in REITs. REITs primarily invest in income-producing real estate or real estate related loans or interests. REITs are generally classified as equity REITs, mortgage REITs or a combination of equity and mortgage REITs. Equity REITs invest the majority of their assets directly in real property and derive income primarily from the collection of rents. Equity REITs can also realize capital gains by selling properties that have appreciated in value. Mortgage REITs invest the majority of their assets in real estate mortgages and derive income from the collection of interest payments. REITs are not taxed on income distributed to stockholders provided they comply with the applicable requirements of the Code. The Fund will indirectly bear its proportionate share of any management and other expenses paid by REITs in which it invests in addition to the expenses paid by the Fund. Debt securities issued by REITs are, for the most part, general and unsecured obligations and are subject to risks associated with REITs.

Please see "Investment Objectives and Policies Real Estate Investment Trusts (REITs)" and "Investment Objectives and Policies Other Mortgage-Related and Other Asset-Backed Securities" in the Statement of Additional Information for a more detailed description of the types of mortgage-related and other asset-backed securities in which the Fund may invest and their related risks.

Foreign (Non-U.S.) Investments and Currencies

The Fund may invest without limit in securities of non-U.S. issuers that trade on U.S. securities markets, such as American Depositary Receipts (ADRs). Up to 100% of the Fund's managed assets may be invested in other non-U.S. equity and debt securities. The Fund may invest up to 30% of its managed assets in securities of issuers that are organized under the laws of emerging market countries.

ADRs are U.S. dollar-denominated receipts issued generally by domestic banks and representing the deposit with the bank of a security of a foreign issuer, and are publicly traded on exchanges or over-the-counter in the U.S. The Fund may also invest in European Depositary Receipts (EDRs) and Global Depositary Receipts (GDRs). EDRs are foreign currency-denominated receipts similar to ADRs, which are issued and traded in Europe and are publicly traded on exchanges or over-the-counter in the U.S. GDRs may be offered privately in the United States and also trade in public or private markets in other countries. The Fund classifies ADRs, EDRs and GDRs as securities of the underlying issuer rather than securities of the financial institution that issued the depositary receipt for such securities.

The Fund may (but is not required to) engage in a variety of transactions involving foreign currencies in order to hedge against foreign currency risk, to increase exposure to a foreign currency, or to shift exposure to foreign currency fluctuations from one currency to another. For instance, the Fund may purchase foreign

currencies on a spot (cash) basis and enter into forward foreign currency exchange contracts, foreign currency futures contracts and options on foreign currencies and futures. Suitable hedging transactions may not be available in all circumstances and there can be no assurance that the Fund will engage in such transactions at any given time or from time to time when that would be beneficial. Although the Subadvisers have the flexibility to engage in such transactions, they may determine not to do so or to do so only in unusual circumstances or market conditions. Also, these transactions may not be successful and may eliminate any chance for the Fund to benefit from favorable fluctuations in relevant foreign currencies.

Please see "Investment Objectives and Policies—Foreign (Non-U.S.) Securities" in the Statement of Additional Information for a more detailed description of the types of foreign investments and foreign currency transactions in which the Fund may invest and their related risks.

Preferred Stocks

Preferred stock represents an equity interest in a company that generally entitles the holder to receive, in preference to the holders of other stocks such as common stocks, dividends and a fixed share of the proceeds resulting from liquidation of the company. Unlike common stocks, preferred stocks usually do not have voting rights. Preferred stocks in some instances are convertible into common stock. Some preferred stocks also entitle their holders to receive additional liquidation proceeds on the same basis as holders of a company's common stock, and thus also represent an ownership interest in the company. Some preferred stocks offer a fixed rate of return with no maturity date. Because they never mature, these preferred stocks act like long-term bonds, can be more volatile than other types of preferred stocks and may have heightened sensitivity to changes in interest rates. Other preferred stocks have a variable dividend, generally determined on a quarterly or other periodic basis, either according to a formula based upon a specified premium or discount to the yield on particular U.S. Treasury securities or based on an auction process, involving bids submitted by holders and prospective purchasers of such stocks. Because preferred stocks represent an equity ownership interest in a company, their value usually will react more strongly than bonds and other debt instruments to actual or perceived changes in a company's financial condition or prospects, or to fluctuations in the equity markets.

High Yield Securities

The Fund may invest in convertible and other debt securities that are below investment grade quality, including unrated securities and distressed securities that are in default or the issuers of which are in bankruptcy. Below investment grade securities are sometimes referred to as "high yield securities" or "junk bonds." Investing in high yield securities involves greater risks (in particular, greater risk of default) and special risks in addition to the risks associated with investments in investment grade obligations. While offering a greater potential opportunity for capital appreciation and higher yields, high yield securities typically entail greater potential price volatility and may be less liquid than higher-rated securities. High yield securities may be regarded as predominantly speculative with respect to the issuer's continuing ability to meet principal and interest payments. They also may be more susceptible to real or perceived adverse economic and competitive industry conditions than higher-rated securities. Securities in the lowest investment grade category also may be considered to possess some speculative characteristics by certain ratings agencies.

The market values of high yield securities tend to reflect individual developments of the issuer to a greater extent than do higher-quality securities, which tend to react mainly to fluctuations in the general level of interest rates. In addition, lower-quality securities tend to be more sensitive to economic conditions.

Credit Ratings and Unrated Securities

Rating agencies are private services that provide ratings of the credit quality of debt obligations, including convertible securities. Ratings assigned by a rating agency are not absolute standards of credit quality and do not evaluate market risks. Rating agencies may fail to make timely changes in credit ratings and an issuer's current

financial condition may be better or worse than a rating indicates. The Fund will not necessarily sell a security when its rating is reduced below its rating at the time of purchase. LaSalle does not rely solely on credit ratings, and develops its own analysis of issuer credit quality. The ratings of a security may change over time. Ratings agencies such as Moody's and S&P monitor and evaluate the ratings assigned to securities on an ongoing basis. As a result, instruments held by the Fund could receive a higher rating (which would tend to increase their value) or a lower rating (which would tend to decrease their value) during the period in which they are held.

The Fund may purchase unrated securities (which are not rated by a rating agency). Unrated securities may be less liquid than comparable rated securities and involve the risk that LaSalle may not accurately evaluate the security's comparative credit rating. Analysis of creditworthiness may be more complex for issuers of high yield securities than for issuers of higher-quality obligations.

Derivative Instruments

The Fund may utilize a variety of derivative instruments for investment or hedging or risk management purposes. The Fund may purchase warrants, call options on common stock and call options on stock indexes. The Fund may otherwise use a variety of other derivative instruments, including purchased call options, purchased or written put options, futures contracts, options on futures contracts, forward contracts, short sales and swap agreements. The Fund also may use derivatives to gain exposure to securities in which the Fund may invest (*e.g.*, pending investment of the proceeds of this offering).

Generally, derivatives are financial contracts whose value depends upon, or is derived from, the value of any underlying asset, reference rate or index, and may relate to, among others, individual securities, interest rates, currencies and related indexes. The Fund's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investment directly in securities and other more traditional investments. Please see "Investment Objectives and Policies—Other Derivative Instruments" in the Statement of Additional Information for additional information about these and other derivative instruments that the Fund may use and the risks associated with such instruments.

There is no assurance that the Fund's derivative strategies will be available at any time or that LaSalle will determine to use them for the Fund or, if used, that the strategies will be successful. LaSalle may determine not to engage in hedging strategies or to do so only in unusual circumstances or market conditions.

Non-Convertible Income-Producing Securities

The Fund may invest in non-convertible income-producing securities, including, but not limited to, corporate bonds, debentures, notes and other similar types of corporate debt instruments, as well as non-convertible preferred stocks, bank loans and loan participations, commercial paper, payment-in-kind securities, credit-linked trust certificates and other securities issued by special purpose or structured vehicles, zero-coupon bonds, bank certificates of deposit, fixed time deposits, bankers' acceptances and U.S. Government securities and securities of foreign governments. Certain of those instruments are described in more detail under "Investment Objectives and Policies" in the Statement of Additional Information. The Fund's investments in non-convertible income-producing securities may have fixed or variable principal payments and all types of interest rate and dividend payment and reset terms, including fixed rate, adjustable rate, zero-coupon, contingent, deferred, payment-in-kind and auction-rate features.

U.S. Government Securities

The Fund may invest in U.S. Government securities, which are obligations of, or guaranteed by, the U.S. Government, its agencies or government-sponsored enterprises. U.S. Government securities include a variety of securities that differ in their interest rates, maturities and dates of issue. Securities issued or guaranteed by agencies or instrumentalities of the U.S. Government may or may not be supported by the full faith and credit of the United States or by the right of the issuer to borrow from the U.S. Treasury.

Commercial Paper

Commercial paper represents short-term unsecured promissory notes issued in bearer form by corporations such as banks or bank holding companies and finance companies. The rate of return on commercial paper may be linked or indexed to the level of exchange rates between the U.S. dollar and a foreign currency or currencies.

Bank Obligations

The Fund may invest in bank obligations, including certificates of deposit, bankers' acceptances and fixed time deposits. Certificates of deposit are negotiable certificates issued against funds deposited in a commercial bank for a definite period of time and earning a specified return. Bankers' acceptances are negotiable drafts or bills of exchange, normally drawn by an importer or exporter to pay for specific merchandise, which are accepted by a bank, meaning, in effect, that the bank unconditionally agrees to pay the face value of the instrument on maturity. Fixed time deposits are bank obligations payable at a stated maturity date and bearing interest at a fixed rate. Fixed time deposits may be withdrawn on demand by the investor, but may be subject to early withdrawal penalties that vary depending upon market conditions and the remaining maturity of the obligation.

Variable and Floating Rate Securities

Variable or floating rate securities are securities that pay interest at rates which adjust whenever a specified interest rate changes, float at a fixed margin above a generally recognized base lending rate and/or reset or are redetermined (e.g., pursuant to a auction) on specified dates (such as the last day of a month or calendar quarter). These instruments may include, without limitation, variable rate preferred stock, bank loans, money market instruments and certain types of mortgage-backed and other asset-backed securities. Due to their variable or floating rate features, these instruments will generally pay higher levels of income in a rising interest rate environment and lower levels of income as interest rates decline. For the same reason, the market value of a variable or floating rate instrument is generally expected to have less sensitivity to fluctuations in market interest rates than a fixed-rate instrument, although the value of a floating rate instrument may nonetheless decline as interest rates rise and due to other factors, such as changes in credit quality.

Illiquid Securities

The Fund may invest up to 15% of its managed assets in illiquid securities. Illiquid securities are not readily marketable (i.e. within seven days) and include, but are not limited to, restricted securities (securities the disposition of which is restricted under the federal securities laws), securities that may be resold pursuant to Rule 144A under the Securities Act but that are not deemed to be liquid, and repurchase agreements with maturities in excess of seven days.

Rule 144A Securities

Rule 144A under the Securities Act provides a non-exclusive safe harbor exemption from the registration requirements of the Act for the resale of certain restricted securities to certain qualified institutional buyers, such as the Fund. Rule 144A Securities generally are deemed illiquid, although the Fund may determine that certain Rule 144A Securities are liquid in accordance with procedures adopted by the Board of Directors. Rule 144A Securities deemed to be liquid are not treated as illiquid for purposes of the Fund's 15% limit on illiquid securities.

Strategic Transactions

The Fund may engage in foreign currency transactions and other strategic transactions in connection with the Fund's investment in International Real Estate Securities. When investing in non-U.S. securities, the

Subadvisers, as a matter of course, use foreign exchange transactions as a means of providing cash for settlement in the appropriate securities markets.

The Fund is also permitted, but does not initially intend, to enter into Strategic Transactions to seek to generate total return, facilitate portfolio management and mitigate risks. If the Subadvisers use Strategic Transactions, no assurance can be given that they will achieve the intended results.

Other Investment Companies

The Fund may invest in securities of other open- or closed-end investment companies, including ETFs, to the extent that such investments are consistent with the Fund's investment objectives and policies and permissible under the 1940 Act. The Fund may invest in other investment companies either during periods when it has large amounts of uninvested cash, such as the period shortly after the Fund receives the proceeds of the offering of its Common Stock, during periods when there is a shortage of attractive securities available in the market, or when LaSalle believes share prices of other investment companies offer attractive values. The Fund may invest in investment companies that are advised by LaSalle or its affiliates to the extent permitted by applicable law and/or pursuant to exemptive relief from the SEC. As a stockholder in an investment company, the Fund will bear its ratable share of that investment company's expenses, and would remain subject to payment of the Fund's management fees and other expenses with respect to assets so invested. Common Stockholders would therefore be subject to duplicative expenses to the extent the Fund invests in other investment companies. LaSalle will take expenses into account when evaluating the investment merits of an investment in an investment company relative to available investments in securities. In addition, the securities of other investment companies may also be leveraged and will therefore be subject to the same leverage risks described herein. See **Risks** **Leverage Risk**.

Short-Term Investments/Temporary Defensive Strategies

Upon recommendation of the Subadvisers, for temporary defensive purposes, the Fund may deviate from its principal strategies by investing some or all of its managed assets in investments such as high grade debt securities, including high-quality, short-term debt securities, and cash and cash equivalents. The Fund may not achieve its investment objectives when it does so. The Fund also may deviate from its principal strategies in order to keep its assets fully invested, including during the period in which the net proceeds of this offering are being invested. See **Use of Proceeds** above.

Hedging and Related Strategies

The Fund may (but is not required to) use various strategies designed to limit the risk of price fluctuations of its portfolio securities and to preserve capital. For instance, the Fund may invest in derivative instruments for the purpose of hedging its exposure to certain issuers and/or markets. See **The Fund's Investment Objectives and Strategies** **Derivative Instruments**. Hedging strategies that the Fund may use include, but are not limited to, options contracts (including options on futures contracts), futures contracts, forward contracts, swap agreements and short sales, including such instruments based on either an index or other asset or individual securities whose prices, LaSalle believes, correlate with the prices of the Fund's investments. The Fund may (but is not required to) also engage in hedging transactions relating to interest rates and foreign currencies.

There is no assurance that these hedging strategies will be available at any time or that LaSalle will determine to use them or, if used, that the strategies will be successful. LaSalle may determine not to engage in hedging strategies or to do so only in unusual circumstances or market conditions.

*Please see **Investment Objectives and Policies** in the Statement of Additional Information for additional information regarding the investments of the Fund and their related risks.*

LEVERAGE

The Fund does not initially intend to issue Preferred Shares or borrow material amounts of additional capital and intends to limit its issuance of Preferred Shares and borrowing to approximately 35% and 33 ¹/₃%, respectively, of its total capital including Preferred Shares and borrowing. The practice of borrowing and issuing Preferred Shares is known as leverage.

Preferred Shares. The Fund is authorized under the 1940 Act to issue Preferred Shares in an amount up to 50% of its managed assets. Preferred Shares generally pay fixed or floating rate dividends to investors, and have a preference over common stock in the payment of dividends and the liquidation of a company's assets. This means that a company must pay dividends on preferred securities before paying any dividends on its common stock. Preferred security holders usually have no right to vote for corporate directors or on other matters.

It is not the Fund's current intention to issue Preferred Shares. However, the Fund may determine at a subsequent time to issue Preferred Shares, subject to market conditions, in an aggregate amount limited to approximately 35% of its managed assets (including the proceeds of the leverage) as valued immediately after the issuance of Preferred Shares in order to purchase additional Real Estate Companies and other securities as described herein.

The Preferred Shares would have priority over non-Preferred Shares upon distribution of assets. Although the timing and other terms of the offering of Preferred Shares and the terms of the Preferred Shares would be determined by the Fund's Board of Directors, the Fund expects to invest the proceeds of any Preferred Shares offering in accordance with its investment objectives. The Preferred Shares will likely pay adjustable rate dividends based on shorter-term interest rates, which would be redetermined periodically by an auction process. The adjustment period for Preferred Share dividends could be as short as seven days or as long as a year or more. So long as the Fund's portfolio is invested in securities that provide a higher level of income than the dividend rate of the Preferred Shares, after taking expenses into consideration, the leverage will cause you to receive higher distributions than if the Fund were not leveraged.

The Fund intends to apply for ratings on any Preferred Shares it may issue from one or more nationally recognized ratings agencies. The Fund believes that obtaining a rating for Preferred Shares will enhance the marketability of the Preferred Shares and thereby reduce the dividend rate on the Preferred Shares from that which the Fund would be required to pay if the Preferred Shares were not rated. The rating agencies for any Preferred Shares may require asset coverage maintenance ratios not imposed by the 1940 Act. The ability of the Fund to comply with such asset coverage maintenance ratios may be subject to circumstances beyond control of the Fund such as market conditions for its portfolio securities. It is expected that the terms of any Preferred Shares will provide for mandatory redemption of the Preferred Shares in the event the Fund fails to meet such asset coverage maintenance ratios. In such circumstances, the Fund may have to liquidate portfolio securities in order to meet redemption requirements. This would have the effect of reducing the net asset value to holders of the Common Stock.

Under the 1940 Act, the holders of Preferred Shares, voting as a class, must have the right to elect at least two directors at all times, and, subject to the prior rights, if any, of the holders of any other class of senior securities outstanding, to elect a majority of the directors if at any time dividends on such class of securities shall be unpaid in an amount equal to two full years' dividends on such securities, and to continue to be so represented until all dividends in arrears shall have been paid or otherwise provided for. In addition, the vote of a majority of the Preferred Shares, voting as a class, is required to approve any plan of reorganization adversely affecting the Preferred Shares, or any action requiring a vote of security holders pursuant to Section 13(a) of the 1940 Act, including, among other things, changes in the Fund's subclassification as a closed-end investment company or changes in its fundamental investment policies. In addition, in the discretion of the Board of Directors, subject to the 1940 Act, the terms of any Preferred Shares may also provide for the vote of up to 66 ²/₃% of the class regarding certain transactions involving a merger, sale of assets or liquidation of the Fund, or conversion of the

Fund to open-end status and other matters. See Description of Securities , Anti-Takeover and Other Provisions of the Maryland General Corporation Law and the Fund's Charter and Bylaws and Repurchase of Common Stock; Conversion to Open-End Fund.

The issuance of any Preferred Shares will entail certain initial costs and expenses such as underwriting discounts, fees associated with the registration of the Preferred Shares with the SEC, filings under state securities laws, rating agency fees, legal and accounting fees, printing costs and certain other ongoing expenses such as administrative and accounting fees. These costs and expenses will be borne by the Fund and will reduce net assets available to holders of Common Stock.

Under the 1940 Act, the Fund is not permitted to issue Preferred Shares unless immediately after such issuance the value of the Fund's managed assets less certain ordinary course liabilities is at least 200% of the sum of the liquidation value of the outstanding Preferred Shares plus any indebtedness for leverage purposes (i.e., the liquidation value may not exceed 50% of the sum of the Fund's net assets plus any indebtedness incurred for leverage purposes). In addition, the Fund is not permitted to declare any cash dividend or other distribution on its Common Stock or repurchase any of its Common Stock unless the Fund satisfies the asset coverage requirements described in the previous sentence immediately after giving effect to such declaration or repurchase. If Preferred Shares are issued, the Fund intends, to the extent possible, to purchase or redeem Preferred Shares from time to time to the extent necessary to maintain coverage of any Preferred Shares of at least 200%. In addition, as a condition to obtaining ratings on the Preferred Shares, the terms of any Preferred Shares issued are expected to include asset coverage maintenance provisions which will require a reduction of indebtedness or the redemption of the Preferred Shares in the event of non-compliance by the Fund and may also prohibit dividends and other distributions on the Common Stock in such circumstances. In order to meet redemption requirements, the Fund may have to liquidate portfolio securities. Such liquidations and redemptions, or reductions in indebtedness, would cause the Fund to incur related transaction costs and could result in capital losses to the Fund. Prohibitions on dividends and other distributions on the Common Stock could impair the Fund's ability to qualify as a regulated investment company under the Act.

Borrowing. Besides issuing Preferred Shares as a leveraging strategy, the Fund may also borrow from banks, other financial institutions or such other persons as the Manager and Subadvisers may from time to time determine, in an amount up to 33 1/3% of its managed assets. The Fund may also borrow money in an amount equal to 10% of its managed assets as a temporary measure for extraordinary or emergency purposes, including the payment of dividends and the settlement of securities transactions which otherwise might require untimely dispositions of Fund's securities. Under the requirements of the 1940 Act, immediately after any such borrowings the Fund must have an asset coverage of at least 300%.

RISKS

Risk is inherent in all investing. Investing in any investment company involves risk, including the risk that you may receive little or no return on your investment or that you may lose all or part of your investment. Therefore, before investing you should consider carefully the following risks that you assume when you invest in Common Stock.

The net asset value of the Common Stock will fluctuate with and be affected by, among other things, the risk associated with the fact that the Fund is newly organized, risks of real estate investments and REITs, general real estate risks, management risk, market discount risk, foreign securities risk, foreign currency risk, emerging markets risk, issuer risk, equity and equity-related securities risk deflation risk, no governmental insurance risk, leverage risk, illiquid securities risk, high-yield securities risk, inflation risk, interest rate risk, market risk, non-diversified risk, portfolio turnover risk, preferred securities risk, small-cap and mid-cap companies risk, dividend and income risk, dividend capture risk, reinvestment risk, initial public offerings risk, Rule 144A securities risk, other investment companies risk, liquidity risk, credit risk and strategic transactions risk. These and other risks are summarized below.

No Prior History

The Fund is a newly organized, non-diversified, closed-end management investment company with no history of operations or public trading of its Common Stock.

Risks of Real Estate Investments and REITs

For purposes of this risk, unless stated otherwise, the term "real estate company(ies)" refers to Real Estate Companies.

The Fund will not invest in real estate directly, but only in securities issued by real estate companies. However, because of the Fund's policy of concentration in the securities of companies in the real estate industry, the Fund is also subject to the risks associated with the direct ownership of real estate. These risks include:

declines in the value of real estate;

risks related to general and local economic conditions;

possible lack of availability of mortgage funds or other capital;

overbuilding;

lack of completion of developments or delays in completion;

extended vacancies of properties;

increased competition;

increases in property taxes and operating expenses;

changes in zoning laws or other government regulations;

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costs resulting from the clean-up of, and legal liability to third parties for damages resulting from, environmental problems;

casualty or condemnation losses;

limitations on, or unavailability of, insurance on favorable economic terms;

limitations on rents;

changes in neighborhood values and the appeal of properties to tenants;

tenant bankruptcies and other credit problems;

changes in valuation due to the impact of terrorist incidents on a particular property or area, or on a segment of the economy;

financial condition of tenants and buyers and sellers of real estate;

uninsured damages, including those arising from floods, earthquakes or other natural disasters or from acts of war or terrorism;

quality of maintenance, insurance and management services;

changes in interest rates; and

legal, cultural or technological developments.

Thus, the value of the Common Stock may change at different rates compared to the value of shares of a registered investment company with investments in a mix of different industries and will depend on the general condition of the economy.

These risks, including the perception that these risks may materialize, could contribute to a decline in dividends, capital gains or other distributions received and paid by the Fund and a decline in the value of the Fund's investments and, consequently, the share price of the Fund. To the extent the Fund's investments are concentrated in particular geographical regions or types of real estate companies, the Fund may be subject to certain of these risks to a greater degree.

The above factors may also adversely affect a borrower's or a lessee's ability or willingness to meet its obligations to a real estate company. In the event of a default by a borrower or lessee, these companies may suffer losses, experience delays in enforcing their rights as a mortgagee or lessor and incur substantial costs associated with protecting their investments.

Equity REITs (and similar entities formed under the laws of non-U.S. countries) may be affected by changes in the value of the underlying property owned by the trusts or other issuers. Mortgage REITs may be affected by the quality of any credit extended, interest rates and refinancings. Further, REITs (and similar entities formed under the laws of non-U.S. countries) are dependent upon management skills and generally may not be diversified. As a result, performance of these holdings ultimately depends on the types of real property in which they invest and how well the property is managed.

REITs are also subject to heavy cash flow dependency and could possibly fail to qualify for tax free pass-through of income under the Code, or to maintain their exemptions from registration under the 1940 Act. Similarly, Real Estate Companies formed under the laws of non-U.S. countries may fail to qualify for corporate tax benefits made available by the governments of such countries. Any such failure by these companies or REITs held by the Fund could adversely affect the value of an investment in the Fund.

REITs (and similar entities formed under the laws of non-U.S. countries) have on-going operating fees and expenses, which may include management, advisory and administration fees and expenses. These fees and expenses are borne by stockholders of these companies, including the Fund.

General Real Estate Risks

Real property investments are subject to varying degrees of risk. The yields available from investments in real estate depend on the amount of income and capital appreciation generated by the related properties. Income and real estate values may also be adversely affected by such factors as applicable laws, interest rate levels, and

the availability of financing. If the properties do not generate sufficient income to meet operating expenses, including, where applicable, debt service, ground lease payments, tenant improvements, third-party leasing commissions and other capital expenditures, the income and ability of the real estate company to make payments of any interest and principal on its debt securities or dividends on its equity securities will be adversely affected. In addition, real property may be subject to the quality of credit extended and defaults by borrowers and tenants. The performance of the economy in each of the regions in which the real estate owned by the portfolio company is located affects occupancy, market rental rates and expenses and, consequently, has an impact on the income from such properties and their underlying values. The financial results of major local employers also may have an impact on the cash flow and value of certain properties. In addition, real estate investments are relatively illiquid and, therefore, the ability of real estate companies to vary their portfolios promptly in response to changes in economic or other conditions is limited. A real estate company may also have joint venture investments in certain of its properties, and consequently, its ability to control decisions relating to such properties may be limited.

Real property investments are also subject to risks which are specific to the investment sector or type of property in which the real estate companies are investing.

Retail Properties. Retail properties are affected by the overall health of the economy. A retail property may be adversely affected by the growth of alternative forms of retailing, bankruptcy, decline in drawing power, a shift in consumer demand due to demographic changes and/or changes in consumer preference (for example, to discount retailers) and spending patterns. A retail property may also be adversely affected if an anchor or significant tenant ceases operation at such location, voluntarily or otherwise. Certain tenants at retail properties may be entitled to terminate their leases if an anchor tenant ceases operations at such property.

Office Properties. Office properties generally require their owners to expend significant amounts for general capital improvements, tenant improvements and costs of reletting space. In addition, office properties that are not equipped to accommodate the needs of modern businesses may become functionally obsolete and thus non-competitive.