



Investment Overview

The US Masters Residential Property Fund (**Fund**) was established to provide investors with a unique opportunity to gain exposure to a diversified portfolio of US based residential property assets, providing attractive rental yields and the potential for long term capital appreciation.

With the significant fall in US housing prices since 2006, valuations for US property in certain areas with strong fundamentals have become very attractive. At the same time, housing affordability measures in the US are at record highs while rents have been mostly stable throughout, resulting in very attractive yields to investors currently. This coupled with the relatively high A\$ provides a unique investment opportunity for Australian investors to gain access to the asset class.

The Fund will continue to target the New York metropolitan area, with specific focus on multiple family properties in Hudson County, New Jersey. The New York metropolitan area is the most densely populated area in the US with a current population of over 19 million.

Key Benefits of the Offer

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| Direct exposure to US residential property at attractive valuations | The Fund is the only Australian listed property trust with a primary strategy of investing in direct US residential property. Attractive valuations on US residential property combined with relatively high levels for the A\$ present a unique opportunity for Australian investors to gain exposure to US residential property at very attractive valuations. |
| Attractive rental yields | The Fund will continue to target properties which have the potential to achieve superior risk-adjusted income and long-term capital appreciation. Target properties are expected to provide an un-gearred net rental yield greater than 8%. Note this yield does not necessarily reflect the distribution yield an investor is likely to receive on their investment. |
| Strong Australian dollar | As at 3 October 2011, the A\$ is trading against the US\$ at levels significantly higher than the average of 74 cents since the Australian dollar was floated in 1983, allowing A\$ denominated investors to capitalise on the increased value in the A\$. |
| High quality management team | The Responsible Entity has assembled a team of highly qualified locally based professionals with direct experience in residential property in the initial target investment area to oversee the management of the Fund and its investments. |
| Short-term opportunity; positive long-term dynamics | Short-term oversupply, exacerbated by foreclosures, short sales and distressed sellers provide an opportunity to acquire properties at attractive valuations. At the same time, the Responsible Entity believes the US property market, specifically in the New York metropolitan area, still exhibits positive long-term fundamentals. |
| Initial investment focus on the New York metropolitan area | The Fund has an initial investment focus on the New York metropolitan area. The New York metropolitan area is the most populous metropolitan region in the US. Within the New York metropolitan area, the Fund is initially focussing on multi-family properties with two to four dwellings in Hudson County, New Jersey. |
| Recent divergence from other asset classes | While other investment asset classes have rebounded post the global financial crisis, including US equities and fixed income, US real estate values remain depressed. The Responsible Entity estimates that in many cases in the Initial Target Investment Area, current residential property prices are below replacement cost. |
| Attractive capital structure | The Fund will target a conservative consolidated gearing level of up to 50%. Residential property financing terms in the US are currently very attractive with fixed rate long-term loans available at very low US interest rates. |
| Simplified tax treatment and convenient investment platform | Investors in the Fund are not required to file US tax returns, unlike direct individual investors in US property. In addition, investing in the Fund provides a convenient avenue to gaining more manageable exposure levels to the US residential property market than through direct property investment. |

Key Offer Details

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|---------------------------------|--|
| Issuer of Units | Dixon Advisory & Superannuation Services Limited |
| Opening Date | 24th October 2011 |
| First Offer Closing Date | 21st November 2011 |
| Second Offer Closing Date | 12th December 2011 |
| Final Offer Closing Date | 9th January 2012 |
| Maximum Offer size | \$140 million |
| Issue price per Unit | 10 day VWAP prior to relevant closing date |



Letter from the Responsible Entity

Dear Investor,

It is our pleasure to invite you to become an investor in the US Masters Residential Property Fund (**Fund**), the only Australian listed trust with a primary strategy of investing in the United States (**US**) residential property market. The Fund is initially focussed on acquiring property in the New York metropolitan area (**Initial Target Investment Area**), with a specific focus on multi-family properties with two to four dwellings in Hudson County, New Jersey.

Following the downturn in the US residential property market which commenced in 2006, the Responsible Entity believes that current market conditions represent a highly attractive opportunity for Australian investors to gain access to US residential property in certain areas with strong fundamentals such as the New York metropolitan area. Indeed, the Responsible Entity believes that in many cases within the Initial Target Investment Area, properties which the Fund is targeting are trading at below replacement cost. Despite recent negative commentary from economic analysts concerning the state of the US economy, the Responsible Entity considers that housing affordability measures in the US remain at record highs and rents continue to remain stable resulting in very attractive yields to investors. The Responsible Entity believes that for these reasons and because the Australian dollar continues to trade well above its long term average since the adoption of a floating exchange rate, the offer represents a compelling opportunity for Australian investors to gain exposure to the US residential property market.

The Responsible Entity believes the Fund is well positioned to enter a new growth phase and take advantage of the current market conditions. In order to capitalise on this opportunity, the Fund is undertaking the Offer to raise up to an additional \$140 million. The Offer will proceed in stages with three closing dates with three separate allotments to be undertaken over the course of 3 months. The Application Price for each allotment of Units will be the 10 day VWAP up to the close of trade on the relevant closing date for each allotment.

The Fund completed its initial public offer in June 2011, successfully raising approximately \$69.5 million from over 1,500 investors and listing on the National Stock Exchange (**NSX**). Since then, the Fund has been actively acquiring multi-family residential property in the New York metropolitan area, predominantly in Hudson County, New Jersey. As at 3 October 2011, the Fund had successfully secured commitments (including closed properties and conditional contracts) to purchase 127 residential properties with a total upfront acquisition cost of approximately US\$24.3 million (before fees to the Investment Manager) and estimated net yields generally ranging from 8% to 12%. The Fund expects to deliver strong returns to Unitholders by continuing to target an un-g geared net rental yield of greater than 8% annualised on the underlying properties, though it is important to note that this may not necessary reflect the distribution yields you are likely to receive. The Fund plans to distribute income semi-annually.

The Fund is not expected to be geared in the near term, however in the event the Fund does become geared, it is expected that the consolidated leverage or gearing ratio will be no more than 50%, which is a modest level compared to other property trusts.

The Fund is managed by Dixon Advisory & Superannuation Services Limited in its capacity as the Responsible Entity and Investment Manager. The Responsible Entity has assembled a highly experienced locally based management team and external consultants, with an office in Jersey City that oversees property management and other specific support services for the Fund. The Responsible Entity has also engaged an independent advisory board of seasoned finance and property industry professionals to provide ongoing advice.

We encourage you to read this disclosure document carefully before making your investment decision because it contains detailed information about the Fund and the Offer of Units to investors.

We commend the Offer to you and look forward to welcoming you as an investor in the US Masters Residential Property Fund.

Yours faithfully



Daryl Dixon
Dixon Advisory & Superannuation Services Limited



Max Walsh
Dixon Advisory & Superannuation Services Limited

Initial Target Investment Area

New York Metropolitan Area

The Fund's Initial Target Investment Area is the New York metropolitan area, which is often referred to as the Tri-State Area. Broadly speaking, the New York metropolitan area encompasses the populated areas in the states of New Jersey, New York and Connecticut that are within a typical commuting distance of Manhattan. The New York metropolitan area is the most densely populated area in the US.

Within the New York metropolitan area, the Responsible Entity is initially focussing on investment within Hudson County, New Jersey. Hudson County is located in the north east of New Jersey and is directly adjacent to New York City. The Responsible Entity believes Hudson County currently presents a compelling opportunity to gain exposure to the US residential property market. The area has a number of favourable characteristics which make it attractive for investment including the following:

- Favourable geographic location with direct proximity to New York City
- Mass transit systems both within Hudson County and directly to New York City
- One of the most densely populated counties in the US with a high proportion of renters
- Favourable tenancy laws
- Reduced asset valuations which offer a unique and attractive entry point
- Attractive risk-adjusted rental yields

Illustrative Comparison of US and Australian Residential Properties

| Address | 109 Claremont Avenue, Jersey City, Hudson County | 112 Alice Street, Newtown, New South Wales |
|--------------------|--|--|
| Location | 5.0 km from Manhattan | 3.8 km from Sydney CBD |
| Property type | 3-family detached triplex | Two storey terrace |
| Number of bedrooms | 1 x 2 bedroom plus 2 x 3 bedroom | 2 bedroom |
| Net annual income | US\$29,574 ¹ | A\$28,631 ¹ |
| Capital Value | US\$245,456 ² | A\$767,354 ³ |
| Net rental yield | 12.0% p.a. | 3.7% p.a. |

Notes: 1. Based on the Responsible Entity's estimate of current rental income and current property expenses. 2. Based on traded price on 5 August 2011 plus closing costs. 3. Based on traded price on 28 July 2011 plus stamp duty, transfer fees and estimated legal costs

| Address | 211 Myrtle Avenue, Jersey City, Hudson County | 7 Lincoln Mews, Kensington, Victoria |
|--------------------|---|--------------------------------------|
| Location | 5.5 km from Manhattan | 3.2 km from Melbourne CBD |
| Property type | 2-family detached duplex | Two storey attached townhouse |
| Number of bedrooms | 2 X 3 bedroom | 2 bedroom |
| Net annual income | US\$18,259 ¹ | A\$16,398 ¹ |
| Capital Value | US\$169,116 ² | A\$559,725 ³ |
| Net rental yield | 10.8% p.a. | 2.9% p.a. |

Notes: 1. Based on the Responsible Entity's estimate of current rental income and current property expenses. 2. Based on traded price on 22 September 2011 plus closing costs. 3. Based on traded price on 26 February 2011 plus stamp duty, transfer fees and estimated legal costs.

| Address | 181 New York Avenue, Jersey City, Hudson County | 169 Majura Road, Dickson, ACT |
|--------------------|---|-------------------------------|
| Location | 3.2 km from Manhattan | 3.2 km from Canberra CBD |
| Property type | 2-family attached duplex | Single level freestanding |
| Number of bedrooms | 1 x 2 bedroom plus 1 x 4 bedroom | 3 bedroom |
| Net annual income | US\$20,522 ¹ | A\$19,152 ¹ |
| Capital Value | US\$254,277 ² | A\$532,776 ³ |
| Net rental yield | 8.1% p.a. | 3.6% p.a. |

Notes: 1. Based on the Responsible Entity's estimate of current rental income and current property expenses. 2. Based on traded price on 30 August 2011 plus closing costs. 3. Based on traded price on 27 May 2011 plus stamp duty, transfer fees and estimated legal costs.

The property comparisons above have been chosen using similar net annual income as the reference point. No comment or forecast is made as to potential capital growth of any property, amenities or perceived desirability of any location, build quality of any residence or any other matter. The US properties are owned by the Fund, however the Australian properties are not. The net rental yields shown on US properties do not necessarily reflect the distribution yield investors are likely to receive.

Local US Team



GERALD LUCAS – CHIEF INVESTMENT CONSULTANT

Gerald has spent over a decade investing in US residential property markets and is the founder of Performance Property, LLC, a real estate investment and short sale negotiation company in the New York Metropolitan area, with headquarters in Jersey City. A long-time real estate investing coach and former college professor, Gerald is also the author of Short Sale Specifics, a home owner's guide to real estate short sales. Gerald is a licensed real estate agent in the state of New Jersey and holds an MBA from Massachusetts Institute of Technology's (MIT) Sloan School of Management and an Undergraduate Degree from Howard University. Prior to being a residential property expert Gerald held management and executive positions in the technology and insurance industries.



MICHAEL DAW – CHIEF OPERATING OFFICER

Michael is a senior Australian finance executive who has been living and working in New York for more than 5 years. His role is to ensure the Fund's financial controls, reporting and management processes are of the highest standard. Prior to taking this role, Michael has held various roles with large financial services companies in the US including as a project manager with JP Morgan Chase Asset Management New York, a vice-president at Swiss Re and internal audit manager with UBS Investment Bank. Before moving to the US, Michael spent a decade working in Sydney in finance roles at Commonwealth Bank of Australia, Ernst & Young and HSBC. Michael holds a Bachelor of Economics from Macquarie University.



DESIDERIO (DESI) BARRIOS – DIRECTOR OF LEASING & DEVELOPMENT

Desi has been purchasing, renovating, renting and selling investment properties in the New York Metropolitan area and other nearby areas for the past 12 years. He is a New Jersey licensed real estate agent with an emphasis on leasing, renovation analysis and maintenance cost control. Before a career in real estate, Desi had a career in financial management and the investment banking industry, holding positions in Goldman Sachs and Citibank and Solomon Smith Barney. Desi holds a Bachelor Degree majoring in finance from Pennsylvania State University.

Advisory Board



NIRAV DESAI

Nirav is currently the Managing Director of Sparta Group LLC, an ultra high net worth private family investment office based outside of Boston, Massachusetts (USA). He is responsible for managing a global investment portfolio across asset classes including hedge funds, private equity, direct investments, real assets, and public securities. Prior to Sparta Group LLC, Nirav was a principal investor at a US-based private equity fund focused on middle market transactions and homeland security and clean technologies.



DEAN MILLER

Dean is currently a Managing Director of Novitas Capital, a Philadelphia, US based investment firm focussed on early stage venture capital. He has over 20 years of experience working for and with both large and small companies. In addition to currently acting on the Board of Directors of several companies in which Novitas Capital has invested, Dean also currently serves as President and CEO of the Greater Philadelphia Alliance for Capital and Technologies (PACT) and is Vice Chairman of Wharton Private Equity Partners.



DAVID WHELAN

David Whelan is the Chief Executive of the Cloverleaf Group, a privately held alternative investment group focused primarily on venture capital and private equity investments in healthcare, life sciences and breakthrough technologies. Prior to joining the Cloverleaf Group, David was Vice President of Corporate Development with the Virgin Group in the US and the UK. David was previously an investment banker in London, England and Sydney, Australia with Goldman Sachs & Company and before that Deutsche Bank. Starting his career at Price Waterhouse in the firm's Corporate Finance division in Sydney, Australia.



For further information

Call **1300 454 801**, or

Go to **www.usmastersresidential.com.au**

Directors of the Responsible Entity



DARYL DIXON EXECUTIVE CHAIRMAN

MA (Hons) (Cambridge),
BA (Hons) (UO)



MAXIMILIAN WALSH CHAIRMAN

BEC (Sydney)



ALAN DIXON GROUP MANAGING DIRECTOR

BCom (ANU) CA



ALEX MACLACHLAN MANAGING DIRECTOR, FUNDS MANAGEMENT

BA (Cornell), MBA (Wharton)



CHRIS BROWN – MANAGING DIRECTOR, STRATEGY

BChem Eng (Hons) (Syd Uni),
BCom (Syd Uni)



TRISTAN O'CONNELL FINANCE DIRECTOR

BCom (ANU) CPA

IMPORTANT INFORMATION

The issuer of Units is Dixon Advisory & Superannuation Services Limited (ACN 103 071 665). The Product Disclosure Statement (PDS) contains all of the details of the Offer. Copies of the PDS are available from Dixon Advisory on 1300 454 801 or at www.usmastersresidential.com.au.

This document does not constitute an offer, invitation, solicitation or recommendation in relation to the subscription, purchase or sale of Units in any jurisdiction and, neither this document nor anything in it, will form the basis of any contract or commitment. An investment in Units will only be available through a valid application form attached to the PDS. The PDS is issued by Dixon Advisory & Superannuation Services Limited as responsible entity for the Fund and has been lodged with ASIC. The PDS is available on or after 24 October 2011 from the Responsible Entity. Before making any decision to make or hold any investment you should consider the PDS in full.