



US Masters Residential Property Fund

ARSN 150 256 161



Product Disclosure Statement

Product Disclosure Statement for the offer of up to 43,935,577 fully paid ordinary units to raise up to \$85,674,375

Responsible Entity:

WALSH & COMPANY

INVESTMENTS LIMITED

ACN 152 367 649 | AFSL 410 433

Directory

US Masters Residential Property Fund (ARSN 150 256 161)

Level 15
100 Pacific Highway
North Sydney NSW 2060
Telephone: 1300 454 801
Fax: 1300 457 349
Email: info@usmrpf.com
Website: www.usmrpf.com.au

US Masters Residential Property Fund – Property Management

140 Broadway, Level 28
New York, NY 10005
Telephone: +1 212 480 2626
Fax: +1 201 942 6231

Responsible Entity

Walsh & Company Investments Limited
(ACN 152 367 649)
(AFSL 410 433)
Level 15
100 Pacific Highway
North Sydney NSW 2060
Telephone: 1300 454 801
Fax: 1300 457 349
Email: info@walshandco.com.au
Website: www.walshandco.com.au

Investment Manager

URF Investment Management Pty Limited
(ACN 600 188 805, CAR No. 1009350)
Level 15
100 Pacific Highway
North Sydney NSW 2060
Telephone: 1300 454 801
Fax: 1300 457 349

Auditor

Deloitte Touche Tohmatsu
Grosvenor Place, 225 George Street
Sydney NSW 2000
Telephone: +612 9322 7000
Fax: +612 9322 7001
Website: www.deloitte.com.au

Australian Legal Advisor

Watson Mangioni Lawyers Pty Limited
Level 23, 85 Castlereagh Street
Sydney, NSW 2000
Telephone: +612 9262 6666
Fax: +612 9262 2626
Website: www.wmlaw.com.au

Share Registrar

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
Telephone: 1300 737 760 (Australia)
Fax: 1300 653 459
Website: www.boardroomlimited.com.au



Contents

Important Notices	3
Letter from the Responsible Entity	8
Key Dates and General Information	10
Offer Statistics	10
Key Investment Benefits	11
Overview of the Fund	13
Key Investment Risks	14
1. Summary of the Offer	17
2. Information for Investors	22
3. About the Fund	26
4. Fees and Costs	40
5. Risks	48
6. Financial Information	54
7. Australian Taxation Advice	58
8. US Taxation Advice	65
9. Material Contracts	68
10. Additional Information	74
11. Glossary	81



Important Notices

General

This product disclosure statement (**PDS**) is dated 22 August 2016 and was lodged with the Australian Securities & Investments Commission (**ASIC**) on that date. None of ASIC, the Australian Securities Exchange Limited (**ASX**) or any of their officers take any responsibility for the contents of this PDS.

This PDS was prepared and issued by Walsh & Company Investments Limited (ACN 152 367 649) (referred to in this PDS as “Walsh & Company”, “Responsible Entity”, “we”, “our” and “us”). Walsh & Company is the responsible entity of the US Masters Residential Property Fund (**Fund**).

You must make sure that you read and understand all of the information in this PDS (including any information incorporated by reference into this PDS) before making a decision in relation to investing in the Fund. This information is also available to you on the Fund’s website at www.usmrpf.com.au.

This document is important and requires your immediate attention. It should be read in its entirety. You may wish to consult your professional advisor about its contents.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this PDS. Any information or representation not so contained or taken to be contained may not be relied on as having been authorised by Walsh & Company in connection with the Offer.

This PDS contains general information only. It has not been prepared having regard to your investment objectives, financial situation or specific needs. It is important that you carefully read this PDS in its entirety before deciding to invest in the Fund and, in particular, in considering the PDS, that you consider the risk factors that could affect the financial performance of the Fund and your investment in the Fund. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other professional advisor before deciding whether to invest.

Information relating to the Fund may change from time to time. Where changes are not materially adverse, information may be updated and made available to you on the Fund’s website at www.usmrpf.com.au or by contacting **1300 454 801**. A paper copy of any updated information is available free upon request.

Forward looking statements

This PDS contains forward looking statements. Forward looking statements are not based on historical facts but are based on current expectations of future results or events. These forward looking statements are subject to risks, uncertainties and assumptions which could cause actual results or events to differ materially from the expectations described in those forward looking statements. While the Responsible Entity believes that the expectations reflected in the forward looking statements in this PDS are reasonable, no assurance can be given that such expectations will prove to be correct. The risk factors set out in Section 5, as well as other matters as yet not known to the Responsible Entity or not currently considered material by the Responsible Entity, may cause actual results or events to be materially different from those expressed, implied or projected in any forward looking statements. Any forward looking statement contained in this PDS is qualified by this cautionary statement.

Currency

Unless otherwise indicated, references to \$ are references to the lawful currency of Australia.

Volatility in the US\$/A\$ may mean that the actual A\$ amounts at the time of consideration of this PDS may differ from the amount stated. Any discrepancies between the totals and the sum of all the individual components in the tables contained in this PDS are due to rounding.



No guarantee

None of Walsh & Company, its related bodies corporate, its respective subsidiaries nor any other party makes any representation or gives any guarantee or assurance as to the performance or success of the Fund, the rate of income or capital return from the Fund, the repayment of the investment in the Fund or that there will be no capital loss or particular taxation consequence of investing in the Fund. An investment in the Fund does not represent a deposit or any other type of liability of the above parties. An investment in the Fund is subject to investment risk. These risks are discussed in Section 5.

Restrictions on the distribution of this PDS

This PDS does not constitute an offer of Units in any place in which, or to any person to whom, it would not be lawful to do so. The distribution of this PDS in jurisdictions outside Australia may be restricted by law and any person into whose possession this PDS comes (including nominees, trustees or custodians) should seek advice on and observe those restrictions.

This document is not an offer or an invitation to acquire securities in any country. In particular, this document does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States (**US**) or to, or for the account or benefit of, any “US person”, as defined in Regulation S under the US Securities Act of 1933 (**Securities Act**) (**US Person**).

This document may not be released or distributed in the US or to any US Person. Any securities described in this PDS have not been, and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the US, and may not be offered or sold in the US, or to, or for the account or benefit of, any US Person, except in a transaction exempt from, or not subject to, the registration requirements under the Securities Act.

Electronic PDS

An electronic version of this PDS is available from the Fund’s website at www.usmrpf.com.au. The Offer to which this PDS relates is available to persons receiving this PDS (electronically or otherwise) in Australia. It is not available to persons receiving it in any other jurisdiction.

If you download the electronic PDS, please ensure you have received the entire PDS accompanied by the Application Form. The Units offered under the Offer to which the electronic PDS relates will only be issued on receipt of a printed copy of the Application Form or through the online application portal.

Copy of this PDS

The Responsible Entity will give you a copy of the PDS free of charge if you ask during the Offer Period and in any event within five days after receiving such a request.

Quotation

Application will be made within seven days after the date of this PDS for the Units to be issued pursuant to this PDS to be quoted on the ASX.

The fact that the Units may be quoted on the ASX is not to be taken as an indication of the merits of the Fund or the Units. If granted, quotation will commence as soon as practicable after holding statements are despatched.

Allotment

We will not allot Units until permission has been granted for quotation of the Units unconditionally or on terms acceptable to us. It is expected that allotment of the Units issued pursuant to this PDS will take place on or around 13 September 2016.

An Application constitutes an offer by the Applicant to subscribe for Units on the terms and subject to the conditions set out in this PDS. Where the number of Units allotted has a total value that is less than the



Application Monies received by the Responsible Entity or where no allotment is made, the surplus Application Monies will be returned by cheque. Interest will not be paid on the refunded Application Monies.

CHESSE

The Fund participates in the Clearing House Electronic Subregister System (**CHESSE**) operated by ASX Settlement Pty Limited (**ASX Settlement**) in accordance with the Listing Rules and the ASX Settlement Operating Rules. Under CHESSE, the Fund will not be issuing certificates to investors who elect to hold their Units on the CHESSE. After allotment of Units, Unitholders will receive a CHESSE statement.

The CHESSE statements, which are similar to bank account statements, will set out the number of Units allotted to each Unitholder pursuant to this PDS. The statement will also advise holders of their holder identification number and explain for future reference the sale and purchase procedures under CHESSE.

Further statements will be provided to holders which reflect any changes in their shareholding in the Fund during a particular month.

Tax implications

Tax implications applicable to investors will vary from investor to investor. The Responsible Entity, its advisors and its directors and officers do not accept any responsibility or liability for any tax consequences. As a result, you should consult your own professional tax advisor before subscribing for Units under this PDS.

Please refer to Sections 7 and 8 of this PDS for a summary of the main tax implications for investors who subscribe for Units pursuant to the Offer.

Application Form

Applications under this PDS may be made by:

- completing the Application Form issued with, and attached to, this PDS in accordance with the instructions contained within the Application Form; or
- completing the Application Form through the online portal at www.boardroomlimited.com.au/urf and paying your Application Monies through BPAY.

Applications for Units under the Offer received after 5.00pm (Sydney time) on the Offer Closing Date will not be accepted and Application Monies received will be returned to investors.

For an online Application to be completed, you must submit your Application Monies via BPAY by 5.00pm (Sydney time) on the Offer Closing Date.

Interest will not be paid on Application Monies which are returned. Applications must be accompanied by payment in Australian currency. Cheques in respect of Applications should be made payable to “**URF Trust Account**” and crossed “**Not Negotiable**”. No stamp duty is payable by Applicants.

Completed Application Forms, together with Application Monies (cheque or direct deposit confirmation), should be forwarded to one of the following addresses:

POSTAL

US Masters Residential Property Fund Units Offer
c/ - Walsh & Company
GPO Box 575
CANBERRA ACT 2601



HAND DELIVERED

Canberra

US Masters Residential Property Fund Units Offer
c/ - Walsh & Company
Level 1, 73 Northbourne Avenue
CANBERRA ACT 2601

Sydney

US Masters Residential Property Fund Units Offer
c/ - Walsh & Company
Level 15, 100 Pacific Highway
NORTH SYDNEY NSW 2060

Melbourne

US Masters Residential Property Fund Units Offer
c/ - Walsh & Company
Level 2, 250 Victoria Parade
EAST MELBOURNE VIC 3002

When to apply

Completed Applications under the Offer must be received by 5.00pm (Sydney time) on the Offer Closing Date.

You do not need to return the Application Form if you have applied using the online Application Form.

The Responsible Entity may close the Offer at any time after the Opening Date or extend the period of the Offer without prior notice in accordance with the Corporations Act and the Listing Rules.

The Responsible Entity reserves the right to allot a number of Units with an aggregate value that is less than the Application Monies received by the Responsible Entity. Where the value of Units allotted is less than the Application Monies received, surplus Application Monies will be refunded without interest.

Privacy

By filling out an Application Form to apply for Units or applying through the online portal, you are providing personal information to the Responsible Entity and the Registry. The Responsible Entity and the Registry, on its behalf, may collect, hold, use and disclose that personal information for the purpose of processing your Application. This is to service your needs as a Unitholder, provide facilities and services that you need or request to manage and maintain the Registry and the Responsible Entity's relationship with you, verify your identity and information and carry out appropriate administration.

If you do not provide the information requested in the Application Form or through the online portal, then the Responsible Entity and the Registry may not be able to process or accept your Application. Your personal information may be provided to the Responsible Entity's service providers. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Registry for ongoing administration of the register of members;
- printers and other companies for the purpose of preparation and distribution of statements and handling mail;
- market research companies for the purpose of analysing the Unitholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisors for the purpose of administering and advising on the Units, and for associated actions.



The Corporations Act requires the Fund to include information about Unitholders (including name, address and details of the Units held) in its register of members. The information contained in the register of members must remain there even if that person ceases to be a Unitholder. Information contained in a register of members is also used to facilitate distribution payments and corporate communications and compliance by the Fund with legal and regulatory requirements.

An Applicant has a right to gain access to, and update, his or her personal information that the Fund and the Registry holds about that person, and make complaints, subject to certain exemptions under law. A fee may be charged for access. Access can be requested in writing to info@usmrpf.com or by calling 1300 454 801.

By submitting an Application, you agree that the Responsible Entity and the Registry may communicate with you in electronic form or contact you by telephone in relation to the Offer. When you apply to invest in the Fund, you acknowledge and agree that:

- a) you are required to provide the Fund with certain personal information to:
 - i) facilitate the assessment of an Application;
 - ii) enable the Fund to assess the needs of Applicants and provide appropriate facilities and services for Applicants; and
 - iii) carry out appropriate administration.
- b) the Fund may be required to disclose this information to:
 - i) third parties who carry out functions on behalf of the Fund on a confidential basis;
 - ii) third parties if that disclosure is required by law; and
 - iii) related bodies corporate (as that term is defined in the Corporations Act) which carry out functions on behalf of the Fund.

Under the Privacy Act 1988 (as amended), Applicants may request access to their personal information held by (or on behalf of) the Fund. Applicants may request access to personal information by telephoning or writing to Walsh & Company.

A copy of the privacy policy of Walsh & Company is available on the Fund's website.

Date of information

Unless otherwise stated, information in this PDS is as at 31 July 2016.

Enquiries

Applicants with enquiries concerning the Application Form or relating to this PDS and the Offer should contact Walsh & Company Investments Limited on **1300 454 801** or info@usmrpf.com.

Glossary of terms

Defined terms and abbreviations included in the text of this PDS are set out in the Glossary in Section 11.



Letter from the Responsible Entity

Dear Investor,

We are pleased to invite you to invest in US Masters Residential Property Fund.

The US Masters Residential Property Fund (**Fund**) was established in June 2011 and is listed on the ASX. Walsh & Company Investments Limited is the responsible entity, and URF Investment Management Pty Limited is the investment manager. As at 18 August 2016, the market capitalisation of URF was approximately \$612 million.

The Fund was established to seek to take advantage of the significant drop in home prices during the US housing collapse of 2006 to 2011 by investing in freestanding and multi-tenant houses in the New York metropolitan area (**Target Investment Area**), specifically in Brooklyn, Manhattan and Queens, New York and Hudson County, New Jersey. Since then, the Fund, through its controlled entities, has built a diversified portfolio of New York metropolitan area residential housing and apartments, consisting of 1,462 housing units across 587 freestanding homes and 13 apartment buildings. The Fund is currently the largest Australian-listed property trust with a primary strategy of investing in US residential property. It is focused on seeking to achieve long-term returns through a combination of income from rental yields along with potential for long-term capital growth.

The Responsible Entity believes that, as an active investor in the New York metropolitan area residential market, the Fund is well positioned to continue to take advantage of current market conditions and create value for Unitholders in the US housing market. The Fund employs an integrated business model, with a successful strategy of acquiring properties at attractive valuations, renovating the properties to high standards, and professionally leasing and managing the properties for rental income and potential long-term capital growth.

At the current time, the Responsible Entity believes there are particularly attractive investment opportunities to judiciously expand the investments in the Fund.

To capitalise on this position, the Fund intends to undertake a placement of up to 43,935,577 Units at a price of \$1.95 per Unit (**Offer**). The Offer opens at 10.00am (Sydney time) on 22 August 2016 and is expected to close at 5.00pm (Sydney time) on 2 September 2016. The Offer is open to new investors as well as existing Unitholders.

This placement is being undertaken in conjunction with an offer to existing Unitholders to participate in a Unitholder Purchase Plan (**UPP**) under which eligible Unitholders may apply for up to \$15,000 of Units at the same issue price as Units are offered under this PDS.

The Responsible Entity will also seek Unitholder approval to issue up to 1,285,000 Units on the same terms as this Offer to directors of the Responsible Entity and its holding companies who cannot participate in the Offer without Unitholder approval.

The proceeds of the Offer will be used for the purpose of investing directly in the US Masters Residential Property (USA) Fund (**US REIT**), a Maryland real estate investment trust controlled by the Fund through which the Fund invests in real estate. The US REIT and wholly owned entities will use the net proceeds of the Offer to fund URF's investment strategy, including renovations of properties in the portfolio and acquisitions of new properties, consistent with the investment strategy of the Fund, and for general business and financing purposes.

Like all investments, an investment in the Fund carries risk. These risks include poor performance of the US and New York metropolitan area residential property markets, foreign exchange risk and possible negative impacts of any deterioration in macroeconomic conditions on the Fund's investments. See Section 5 for more information on these and other investment risks. We encourage you to carefully read this product disclosure statement before making your investment decisions as these documents contain 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,



Alex MacLachlan

Chairman of the Responsible Entity

Walsh & Company Investments Limited



Key Dates and General Information

Date of PDS	22 August 2016
Opening Date	22 August 2016
Offer Closing Date	2 September 2016
Offer Allotment Date	13 September 2016
Despatch of holding statements	16 September 2016
Trading of Units expected to commence	21 September 2016

The dates are indicative only and may vary, subject to the requirements of the Listing Rules and the Corporations Act.

Subject to the Corporations Act and the Listing Rules, the Responsible Entity may vary the dates and times of the Offer (including closing the Offer early) without notice. Accordingly, investors are encouraged to submit their Applications as early as possible.

Offer Statistics

Application Price per Unit	\$1.95
ASX Ticker	URF
VWAP 10 days prior to the announcement of the Offer on 19 August 2016	\$2.11
Minimum Application amount	\$2,000.70 (equating to 1,026 Units)
Maximum number of Units to be issued under the Offer	43,935,577
Total Units on issue if maximum number of Units are issued ¹	336,839,430
Estimated unaudited NAV per Unit of the Fund as at 18 August 2016 (two Business Days immediately prior to the date of this PDS) ²	\$1.89

¹ Excluding Units issued under the UPP

² This NAV includes adjustments resulting from the half-year review disclosed in the ASX announcements dated 3 August 2016 and 17 August 2016.



Key Investment Benefits

Direct exposure to US residential property

Since mid-2011, the Fund has been pursuing this opportunity by investing in US residential property. As an active investor in the New York metropolitan area residential market, the Fund is well positioned to continue to take advantage of current market conditions and create value for Unitholders in the US housing market.

The Fund is currently the largest Australian-listed property trust with a primary strategy of investing (through the US REIT) in US residential property. It is focused on long-term returns, which includes potential for long-term capital growth and income from rental yields.

High quality portfolio of property investments

Since its initial public offer in June 2011, the Fund has successfully secured a US\$751 million portfolio of highly attractive properties. The portfolio consists of 1,462 units (individual dwellings), comprised of US\$718 million of freestanding units across 587 one-to-four family properties, and a 67.50% interest in a joint venture with US\$49.61 million³ of multi-dwelling residences across 13 apartment complexes comprising 400 units.

The Fund has acquired its portfolio at what it believes to be highly attractive valuations, with the average freestanding house purchased and renovated for US\$1.0 million or US\$557,544 per unit, and the average apartment unit acquired and renovated for US\$99,500.

Focus on the New York metropolitan area

The Fund has a current investment focus on the New York metropolitan area. The New York metropolitan area is the largest metropolitan area in the US by both population and economic output.

Within the New York metropolitan area, the Fund is focusing on residential properties in Brooklyn, Manhattan and Queens, New York and Hudson County, New Jersey.

The Investment Manager believes these areas offer compelling real estate market dynamics and demographics, including a deep and well established housing stock, proximity and fast and direct public transport access to Manhattan, and a high population density.

The Fund's investment properties represent a balance of premium and workforce housing.

High quality team with fully scalable operations, processes and proprietary technology

Key to the success of the Fund is the Fund's access to a vertically integrated operating business of 130 full-time real estate professionals based in Manhattan, New York City who provide expertise across all key aspects of property investment management including property evaluation and sourcing, construction, architecture and design, property management, and leasing alongside legal, financial and administrative services.

Together with Dixon Advisory USA's internally developed proprietary database and systems, this allows for local level expertise to be combined with proprietary quantitative modelling to rapidly assess and capitalise on attractive investment opportunities. Since inception, over 5,000 properties have been inspected and evaluated based on these systems.

³ The Fund's interest being US\$33.49 million.



The processes, technology and infrastructure Dixon Advisory USA has built are fully scalable and capable of rapidly expanding the portfolio to generate scale economies. The Responsible Entity believes this places the Fund in a strong position to continue to take advantage of the current market conditions.

For information about the structure of the Fund, see Section 3.9.

Significant scope to enhance value through refurbishments

Dixon Projects has developed in-house construction management and architecture and design capabilities to take advantage of inherent market mispricing of properties that require refurbishment and renovation. These properties commonly trade at sizeable discounts even after accounting for construction and refurbishment costs as many buyers have mortgage limitations, lack the expertise, and/or are unwilling to assume the time and effort required for such refurbishment projects.

As such, the Responsible Entity believes the Fund has the capability to acquire these types of properties at highly attractive valuations, add value to these properties and achieve scale benefits.

For information about the structure of the Fund, see Section 3.9.

Attractive capital structure

Financing rates in the US are currently extremely attractive, with mortgage rates currently at or near all-time record lows.

The Fund will seek to take advantage of these favourable financing market conditions by targeting a conservative, consolidated long-term gearing level of approximately 50% across the portfolio that will enhance returns to investors while maintaining risk at low levels. The Fund seeks to maintain diversity of funding across sources, maturities, and terms in order to optimise its capital structure and manage risk. As such, the Fund maintains flexibility as to the structure, domicile and currency of its borrowings.

At 30 June 2016 the Fund and its controlled entities had \$528.7 million of debt, consisting of the outstanding face value of the URF Notes of \$236.3 million and secured debt (at amortised cost) of \$292.4 million through its controlled entities. There was an additional US\$14.6 million of debt in its joint venture investment (URF's proportional interest only) at 31 July 2016.

Inflation hedge and uncorrelated asset

Residential housing can provide important portfolio asset allocation benefits.

Rent is a significant component of consumer price index (CPI) calculations, and total housing related costs make up approximately 40% of US CPI. As such, residential housing can provide investors an inflation hedging component within their portfolio.

US residential property may also be attractive from a diversification perspective.

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. Unitholders will receive regular Australian income tax statements from the Fund to enable them to meet Australian income tax compliance obligations.

In addition, investing in the Fund provides a convenient avenue to gaining more diversified and manageable equity-based exposure levels to the US residential property market than through direct property investment.



Overview of the Fund

Fund Information

The following provides an overview of key fund information

Fund information⁴	
Total assets ⁵	\$1,130 million
Net assets ⁶	\$501 million
Market capitalisation ⁷	\$612 million
Responsible Entity	Walsh & Company Investments Limited
Investment Manager	URF Investment Management Pty Limited
Target Investment Area	Currently, the New York metropolitan area (focused on Brooklyn, Manhattan and Queens, New York and Hudson County, New Jersey).
Investment objective	To invest in and provide Unitholders with a diversified portfolio of US residential property assets with attractive rental income and potential for long-term capital growth.
Distribution frequency	Semi-annually (historically)
Currency strategy	The Fund does not currently hedge against currency risk.

Portfolio Statistics

The following provides details of the portfolio statistics as at 31 July 2016.

Freestanding portfolio ⁴		
Area	Properties	Value (US\$)
Brooklyn	101	253,039,875
Hudson Premium	133	236,232,494
Hudson Workforce	322	138,497,230
Manhattan	23	78,272,942
Queens	8	11,501,813
TOTAL	587	717,544,354

Multi-family portfolio		
Joint Venture Investment	Units	Value (US\$)
Golden Peak II, LLC	400	33,486,750

4 All data is as at 31 July 2016, unless otherwise stated. Source: Walsh & Company

5 As at 30 June 2016.

6 As at 30 June 2016.

7 Based on ASX closing price on 18 August 2016.



Key Investment Risks

Topic	Summary	More info
Risks of the US residential property market	There are several risks associated with investing in the US residential property market, including a fall in US residential property prices, increasing vacancy and declining rental rates, default by tenants and a low level of liquidity.	Section 5.2 A
Concentrated geographic focus	The Fund has invested in and will continue to invest in residential properties located in the New York metropolitan area, with a focus on Brooklyn, Manhattan and Queens, New York and Hudson County, New Jersey. The Fund's performance is and will continue to be highly correlated to the performance of the residential property market in the Target Investment Area. If the residential property market performs poorly, the Fund's performance may be affected.	Section 5.2 B
Foreign exchange risk	<p>The Fund's investments will be in the US residential property market. The Fund's assets are and will continue to be denominated largely in US dollars. The value of the Units will be affected by increases and decreases in the value of the US dollar relative to the Australian dollar. This will also affect the value, in Australian dollars, of any income distributed by the Fund.</p> <p>The value of the Australian dollar has been subject to significant fluctuations in relation to the US dollar in the past and may be subject to significant fluctuations in the future.</p>	Section 5.2 C
Taxation risk	<p>Changes to the taxation laws in Australia and the US, particularly relating to income tax, the double income tax treaty that applies between Australia and the US, property tax, transfer tax or other property related tax legislation and/or changes to the taxation status of the Fund or the US REIT may affect the tax treatment of the Fund or the US REIT, and this effect may differ between Unitholders.</p> <p>The determination of whether the US REIT has qualified or will remain qualified as a REIT is complex; accordingly, no assurance can be given that the US REIT will qualify, or remain qualified, as a REIT.</p> <p>As the taxation treatment of the Fund or the US REIT may be different than what is expected, such treatment may have adverse tax consequences with respect to the treatment of distributions from the Fund, the value of the Fund, or the value of the assets of the Fund.</p>	Sections 5.1 A, 5.2 D, 5.2 E and 5.2 F
Macroeconomic risks	The US residential property market and the value of the Fund's assets can be affected by changes in various macroeconomic conditions including the economic, technological, political or regulatory environment, as well as inflation and market sentiment.	Section 5.1 B



Topic	Summary	More info
Stock market risk	There are pricing and other risks associated with any investment in a publicly listed trust. The price of Units may rise and fall due to numerous factors that may affect the market performance of the Fund, such as variations in the local and global markets in general or for listed property trusts in particular.	Section 5.1 C
Regulatory risk	Changes in government legislation, regulation and policy may affect future earnings and the value of the properties. Changes in accounting standards may affect the reported earnings and financial position of the Fund in future financial periods.	Sections 5.1 D and 5.2 G
Key personnel risk	There is a risk that the departure of key staff or consultants that have particular expertise in funds and property management, whether they are the staff or directors of the Fund, the US REIT, Responsible Entity, Dixon Projects or Dixon Advisory USA, may have an adverse effect on the earnings and value of the Fund.	Section 5.1 E
Gearing risk	There is a risk that the value of the Fund's property investments will fall. If the value of the properties falls, there is the risk that the Fund may lose some or all of the capital invested if rental income is insufficient to cover recurring outgoings such as fees, interest and other expenses and the Fund does not have access to other capital sources, forcing the Fund to liquidate properties at lower valuations. For this reason, it is possible that investors in the Fund could lose the value of their investment.	Section 5.2 H
Interest rate risk	The Fund is a geared vehicle. As such, changes in interest rates will have a positive or negative impact directly on the Fund's income. Changes in interest rates may also affect the market more broadly, and positively or negatively impact the value of the Fund's underlying assets and the ability of the Fund to invest the proceeds of the Offer and existing cash holdings.	Section 5.2 I
Counterparty risk	There is a risk that counterparties with the Fund and the US REIT will not perform their obligations, which may affect the value of returns from an investment in the Fund.	Section 5.1 F
Poor investment performance	Neither the Fund, the Responsible Entity, nor any other person, gives a guarantee as to the amount of income, distribution or capital return of Units or the performance of the Fund, nor do they guarantee the repayment of capital.	Section 5.1 G
Liquidity risk	Liquidity refers to the ease with which an asset can be traded (bought and sold). Units are presently listed on the ASX. However, there can be no guarantee that a liquid market for Units will be available in the future. Applicants in the Fund should be aware that this may limit their ability to realise a return or recover their capital.	Section 5.1 H
Litigation risk	In the course of its operations, the Fund (directly or indirectly through the US REIT or its joint venture agreements) may become involved in disputes and litigation that may adversely affect the Fund.	Section 5.1 I



Topic	Summary	More info
Borrowing and deposit risk	<p>There is a risk in the future that the Fund, the US REIT, the subsidiaries of the US REIT (and any joint venture entities the Fund invests in) may not be able to obtain borrowings on favourable terms. This may have an adverse effect on the value and future income of the Fund.</p> <p>Additionally, the Fund has US dollar denominated cash deposits. These cash deposits are not insured and in the event of bank failure, the Fund's deposits may not be recoverable in full, which would have an adverse effect on the value and investment activity of the Fund.</p>	Section 5.2 J
Substantial uncommitted funds	<p>Under the Offer, the Fund will receive new funds which, together with existing cash resources, at the time may be uncommitted to any specific residential real estate investment. It may take longer than expected to identify sufficiently attractive investments for the Fund to fully invest any additional capital which is raised. This may adversely impact returns as the Fund is currently unable to realise a significant return on cash held in US dollars</p>	Section 5.2 M
Potential negative impact on returns	<p>The Offer proceeds may in the short term reduce returns. This may occur if there is a material difference in the exchange rate at which new funds are raised and when they are converted to US dollars. This may also occur if there is an extended period during which the Fund is investing the proceeds of the Offer, as the Fund is currently unable to realise a significant return on cash held in US dollars. The amount of potential negative impact will depend on the ultimate size and timing of the Offer as well as the exchange rate.</p>	Section 5.2 N
Joint venture risk	<p>There is a risk that any joint venture partners, current or future, may fail to meet their obligations in accordance with the terms of the joint venture agreements and negatively impact the value of the assets held under the joint venture.</p> <p>As the investments are through joint venture vehicles, the Fund may not undertake instrumental decisions (including redistribution of any properties) without the consent of its fellow joint venture partners. This may limit the ability of the Fund to redistribute an investment.</p>	Section 5.2 O



1. Summary of the Offer

About the Offer

Question	Summary	More info
Who is the issuer of this PDS and the Units?	<p>Walsh & Company Investments Limited (ACN 152 367 649) solely in its capacity as responsible entity for the US Masters Residential Property Fund (ARSN 150 256 161).</p> <p>US Masters Residential Property Fund (URF or the Fund) is a listed registered managed investment scheme that invests in residential property located in the United States of America.</p> <p>As at 30 June 2016, URF had consolidated total assets of \$1,130 million and consolidated net assets of \$501 million.</p>	Section 2.1
What is the Offer?	<p>The Offer of up to 43,935,577 Units at the Application Price.</p> <p>Subject to satisfaction of the ASX listing requirements, the Responsible Entity reserves the right to bring forward the Offer Closing Date and close the Offer early. Accordingly, potential applicants are encouraged not to delay their decision on whether to apply for Units.</p>	Section 2.1
What is the Application Price?	The Application Price per Unit is \$1.95.	Section 2.2
What was the last reported NAV?	The estimated unaudited NAV per Unit of the Fund as at 18 August 2016 was \$1.89 ⁸ .	Section 2.2
What is the purpose of the Offer?	The Fund is seeking to raise funds for the purpose of investing directly in a Maryland real estate investment trust controlled by the Fund called the US Masters Residential Property (USA) Fund (US REIT). The US REIT and wholly owned entities will use the net proceeds of the Offer to fund URF's investment strategy, including renovation of properties in the portfolio and acquisitions of new properties, consistent with the investment strategy of the Fund, and for general business and financing purposes.	Sections 3.4 and 3.9
Is there a cooling-off period?	No, there is no cooling-off period for investors. This means that once you have submitted an Application Form you will not be able to withdraw your Application, other than as permitted by the Corporations Act. However, you will be able to offer your Units for sale on the ASX, once allotted.	Section 2.10
How do investors obtain further information?	<p>Please contact Walsh & Company Investments Limited on 1300 454 801 if you have questions relating to the Offer.</p> <p>If you are uncertain about whether an investment in the Fund is suitable for you, please contact your stockbroker, financial advisor, accountant, lawyer or other professional advisor.</p>	

⁸ This NAV includes adjustments resulting from the half-year review disclosed in the ASX announcements dated 3 August 2016 and 17 August 2016.



About the Fund

Question	Summary	More info
What will the Fund invest in?	<p>The net proceeds of the Offer will be invested in the US REIT. The US REIT and wholly owned entities will use the net proceeds of the Offer to fund URF's investment strategy including renovation of properties in the portfolio and acquisitions of new properties, consistent with the investment strategy of the Fund, and for general business and financing purposes.</p> <p>Until the Investment Manager identifies opportunities for investment, funds raised will be invested in appropriate financial products, including cash.</p> <p>The Fund is restricted to investments in the US REIT and appropriate financial products. The US REIT is restricted to investments in US residential property and appropriate financial products that are treated as qualifying assets for the purposes of the REIT qualification tests under the United States Internal Revenue Code of 1986, as amended (Code).</p>	Section 3.4, 3.8 and 3.9
How will the Fund make its investments?	<p>The Fund, via its interest in the US REIT, the US REIT's wholly owned subsidiaries or joint venture arrangements, may acquire properties from a variety of sources including:</p> <ul style="list-style-type: none"> • from the open market via auction, private treaty or otherwise; • from vendors as part of a short sale arrangement⁹; and • from mortgagees as part of the foreclosure process. 	Sections 3.1 and 3.4
What are the Fund's investment objectives?	<p>The Fund's investment objectives are to provide Unitholders with:</p> <ul style="list-style-type: none"> • exposure to a diversified portfolio of US-based residential property assets; • potential for attractive long-term returns, through a combination of capital growth and net rental income. 	Section 3.3
What is the Fund's distribution policy?	<p>The Fund intends to distribute 100% of its operating income (which excludes unrealised gains and losses) and will consider distributing greater amounts, assessed each half-year period at the discretion of the Responsible Entity.</p> <p>Distributions are expected to be paid to Unitholders semi-annually.</p>	Section 3.15
What is the Fund's foreign exchange policy?	<p>The Fund does not currently hedge against currency risk.</p> <p>The Fund will hold assets and receive income which is predominantly denominated in US dollars. It is intended that net proceeds of the Offer will be substantially converted to US dollars within three months from the Allotment Date. Until the</p>	Section 3.13

⁹ A short sale is a sale of real estate in which the sale proceeds fall short of the balance owed on the property's loan and often occur when a borrower can no longer pay their mortgage.



Question	Summary	More info
	Responsible Entity identifies opportunities for investment, funds raised by the Offer will be invested in appropriate financial products, including cash. It is not expected that the Fund will earn significant interest on such monies due to the present low interest rate environment in the US.	
What is the Fund's gearing policy?	<p>The Fund will target a conservative, consolidated long-term gearing level of approximately 50% across the portfolio that will enhance yield to investors while maintaining risk at low levels. Residential property financing terms in the US are currently very attractive, with fixed rate long-term loans available at very low US interest rates.</p> <p>At 30 June 2016, the Fund had \$528.7 million of debt, consisting of the outstanding face value of the URF Notes of \$236.3 million and secured debt (at amortised cost) of \$292.4 million through its controlled entities. There was an additional US\$14.6 million of debt in its joint venture investment (URF's proportional interest only) at 31 July 2016.</p>	Section 3.11
What is the investment term?	The Fund does not have a set investment term; however, due to the nature of the underlying investments in residential property, an investment in the Fund should be viewed as long-term in nature.	
What are the significant tax implications of the Fund?	<p>There are several significant tax implications from investing in the Fund. A summary of these issues is provided in Sections 7 and 8 of this PDS in the form of an Australian tax opinion and a summary of certain material US tax issues.</p> <p>A new income tax system for managed investment trusts (referred to Attribution Managed Investment Trust' (AMIT) rules) has been introduced. The new AMIT rules apply on an elective basis from 1 July 2016 (with an option to early adopt the rules from 1 July 2015). The Fund is considering the application of the AMIT rules in detail to determine its eligibility to elect into the new regime and thereafter whether such an election should be made in a future income year. For further information see Section 7 of this PDS.</p> <p>Investors should seek tax advice based on their specific circumstances before making a decision to invest in the Fund, subject particularly to compliance with the 5/50 Rule.</p>	Sections 7 and 8



Investing in the Fund

Question	Summary	More info
Who can participate in the Offer?	<p>Members of the general public who have a registered address in Australia (including existing Unitholders) can participate in the Offer.</p> <p>Eligible Unitholders may also invest up to \$15,000 to subscribe for Units under the UPP.</p> <p>Directors of the Responsible Entity and its holding companies are precluded under ASX Listing Rule 10.11 from participating in the Offer without Unitholder approval. The Responsible Entity proposes to seek Unitholder approval for the issue of up to 1,285,000 Units on the same terms as this Offer to directors of the Responsible Entity and its holding companies. It is anticipated that the Unitholder meeting will be held on or about 19 September 2016. This Offer is not conditional on receipt of Unitholder approval for this additional issue.</p>	Section 2.9
Can superannuation funds invest?	Superannuation funds can invest subject to the investment mandate of the particular fund and the trustee's general powers and duties.	
How do investors apply for Units?	<p>The procedures for making an investment in the Fund are described in Section 2.</p> <p>The Responsible Entity may be required to obtain identification information from Applicants. The Fund reserves the right to reject an Application if that information is not provided upon request.</p>	Section 2
What are the fees and costs of the Offer?	<p>The Responsible Entity will charge a structuring and arranging fee of 1.5675% (inclusive of GST and net of RITC) of the gross proceeds raised under this PDS and a handling fee of 1.5675% (inclusive of GST and net of RITC) of the gross proceeds raised under this PDS.</p> <p>Costs incurred in connection with the Offer under this PDS such as legal, accounting and other associated costs will be paid for by the Responsible Entity.</p>	Section 4
What are the ongoing fees and costs payable by the Fund?	<p>The fees payable directly by the Fund will be an administration fee of 0.261% per annum (inclusive of GST and net of RITC), and a responsible entity fee of 0.0836% per annum (inclusive of GST and net of RITC) of the gross asset value of the Fund.</p> <p>The Fund will also be responsible for ongoing expenses such as registry services, listing fees, investor communications, taxes and bank fees, preparation of financial statements and tax returns, audit, insurance, compliance costs, fund accounting costs and other expenses.</p>	Section 4
What are the fees and costs payable indirectly by the Fund	<p>The fees payable from the US REIT to the Investment Manager include:</p> <ul style="list-style-type: none"> an investment management fee of 1.24% per annum of the 	Section 4



Question	Summary	More info
<p>from the US REIT?</p>	<p>gross asset value of the US REIT and the Fund, with the value of the Fund's investment in the US REIT deducted to avoid double counting. The Investment Manager elected to waive the investment management fee on the first \$100 million of gross assets for an indefinite period. As at 30 June 2016, the Fund had gross assets of \$1,130 million; and</p> <ul style="list-style-type: none"> • fees for property asset acquisitions and disposals, leasing fees and debt arranging fees, architecture, design and construction services fees. <p>The Responsible Entity, the Investment Manager and Dixon Advisory USA are entitled, pursuant to management agreements, to recover certain direct expenses incurred in the management of the Fund's and the US REIT's activities.</p>	



2. Information for Investors

This is a summary only. This PDS should be read in full before making any decision to apply for Units. The performance of the Fund is not guaranteed by the Responsible Entity or any advisor to the Fund.

2.1 The Offer

Walsh & Company Investments Limited, as the Responsible Entity of the Fund, is the issuer of Units under this PDS. The Fund is undertaking the Offer for up to 43,935,577 Units (being the maximum number of Units which may be issued pursuant to this PDS in accordance with the Listing Rules without Unitholder approval).

To participate in the Offer, your Application Form must be received by 5.00pm (Sydney time) on the Offer Closing Date.

The Offer will only be made to members of the general public who have a registered address in Australia.

2.2 Application Price

The Application Price for Units under this Offer will be \$1.95. The estimated unaudited NAV per Unit as at 18 August 2016 was \$1.89¹⁰.

The VWAP of Units traded on the ASX over the 10 trading days prior to the announcement of the Offer on 19 August 2016 was \$2.11.

2.3 No minimum Offer size

There is no minimum Offer size.

2.4 Applications

Applications for Units under this PDS may be made by:

- completing the Application Form issued with, and attached to, this PDS in accordance with the instructions contained within the Application Form; or
- completing the Application Form through the online portal at www.boardroomlimited.com.au/urf and paying your Application Monies through BPAY.

Applications for Units under the Offer received after 5.00pm (Sydney time) on the Offer Closing Date will not be accepted and Application Monies received will be returned to investors.

For an online Application to be completed, you must submit your Application Monies via BPAY by 5.00pm (Sydney time) on the Offer Closing Date.

Interest will not be paid on Application Monies which are returned. Applications must be accompanied by payment in Australian currency. Cheques in respect of Applications should be made payable to “**URF Trust Account**” and crossed “**Not Negotiable**”. No stamp duty is payable by Applicants.

Completed Application Forms, together with Application Monies (cheque or direct deposit confirmation), should be forwarded to one of the following addresses:

¹⁰ This NAV includes adjustments resulting from the half-year review disclosed in the ASX announcements dated 3 August 2016 and 17 August 2016



POSTAL

US Masters Residential Property Fund Units Offer
c/ - Walsh & Company
GPO Box 575
CANBERRA ACT 2601

HAND DELIVERED

Canberra

US Masters Residential Property Fund Units Offer
c/ - Walsh & Company
Level 1, 73 Northbourne Avenue
CANBERRA ACT 2601

Sydney

US Masters Residential Property Fund Units Offer
c/ - Walsh & Company
Level 15, 100 Pacific Highway
NORTH SYDNEY NSW 2060

Melbourne

US Masters Residential Property Fund Units Offer
c/ - Walsh & Company
Level 2, 250 Victoria Parade
EAST MELBOURNE VIC 3002

When to apply

Completed Applications under the Offer must be received by 5.00pm (Sydney time) on the Offer Closing Date.

You do not need to return the Application Form if you have applied using the online Application Form.

The Responsible Entity may close the Offer at any time after the Opening Date or extend the period of the Offer without prior notice in accordance with the Corporations Act and the Listing Rules.

The Responsible Entity reserves the right to allot a number of Units with an aggregate value that is less than the Application Monies received by the Responsible Entity. Where the value of Units allotted is less than the Application Monies received, surplus Application Monies will be refunded without interest.

2.5 Offer not underwritten

The Offer is not underwritten.

2.6 Quotation

Application will be made to the ASX within seven days after the date of this PDS for quotation of the Units issued pursuant to this PDS.

The fact that the ASX may quote the Units is not to be taken as an indication of the merits of the Fund or the Units. Quotation, if granted, will commence as soon as practicable after holding statements are despatched.



2.7 Allotment

It is expected that allotment of the Units under the Offer will take place on or around 13 September 2016. Application Monies will be held in a separate account until allotment.

An Application constitutes an offer by the Applicant to subscribe for Units on the terms and subject to the conditions set out in this PDS. Where the aggregate total price of Units allotted is less than the Application Monies received by the Responsible Entity or where no allotment is made, the surplus Application Monies will be returned by cheque. Interest will not be paid on refunded Application Monies.

2.8 CHESS

The Fund currently participates in the Clearing House Electronic Subregister System (CHESS). CHESS is operated by ASX Settlement Pty Limited in accordance with the Listing Rules and the ASX Settlement Operating Rules. Under CHESS, the Fund will not issue certificates to Unitholders. After allotment of Units, Unitholders will receive a CHESS statement.

CHESS statements, which are similar to bank account statements, will set out the number of Units allotted to each Unitholder pursuant to this PDS. The statement will also advise holders of their holder identification number and explain, for future reference, the sale and purchase procedures under CHESS. Further CHESS statements, which reflect any changes in their Unitholding in the Fund during a particular month, will be provided to holders.

2.9 Overseas Unitholders

Members of the general public who have a registered address in Australia can participate in the Offer. The Offer does not constitute an offer in any place in which, or to any person to whom, it would be unlawful to make such an offer.

This document is not an offer or an invitation to acquire securities in any country. In particular, this document does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States (**US**) or to, or for the account or benefit of, any "US person", as defined in Regulation S under the US Securities Act of 1933 (**Securities Act**) (**US Person**).

This document may not be released or distributed in the US or to any US Person. Any securities described in this announcement have not been, and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the US, and may not be offered or sold in the US, or to, or for the account or benefit of, any US Person, except in a transaction exempt from, or not subject to, the registration requirements under the Securities Act.

2.10 Cooling-off period

There is no cooling-off period for investors. This means that once you have submitted an Application Form you will not be able to withdraw your Application, other than as permitted by the Corporations Act. However, you will be able to offer your Units for sale on the ASX once allotted.

2.11 Transfer of Units

The Fund's Constitution provides that while the Fund is listed, Unitholders may make transfers in any manner permitted by CHESS, which may include off-market transfers of Units. You may instruct your stockbroker or financial advisor to sell any or all of your Units on any trading day on which the Fund is trading.



2.12 Anti-Money Laundering/Counter-Terrorism Financing Act 2006

The Responsible Entity may be required under the Anti-Money Laundering/Counter-Terrorism Financing Act 2006 (Cth) or any other law to obtain identification information from Applicants. The Responsible Entity reserves the right to reject any Application from an Applicant who fails to provide the required identification information upon request.

2.13 Foreign Account Tax Compliance

The Foreign Account Tax Compliance Act (**FATCA**) is a United States (**US**) tax law aimed at financial institutions and other financial intermediaries to prevent tax evasion by US citizens and other US tax residents through use of non-US investments or accounts.

Australia has signed an intergovernmental agreement (**IGA**) with the US to implement FATCA in Australia. The FATCA provisions were introduced as Division 396 in Schedule 1 of the Taxation Administration Act 1953 (Cth), which is administered by the Australian Taxation Office (**ATO**). Under the IGA and FATCA provisions, Reporting Australian Financial Institutions have due diligence and reporting obligations.

The Responsible Entity, on behalf of the Fund, is a reporting (Trustee Documented) Australian Financial Services Institution under the IGA. The Responsible Entity intends to fully comply with the Fund's FATCA obligations as determined by the FATCA regulation, the IGA and any associated guidance from the ATO. These obligations include (but are not limited to) the Responsible Entity identifying and documenting the status of the investor in the Fund as a US person, US controlled entity or a non-complying FATCA financial institution. The Responsible Entity, on behalf of the Fund, is then obligated by law to report certain information on applicable investors to the ATO which will in turn report this information to the US Internal Revenue Service.

In order for the Fund to comply with its FATCA obligations, the Responsible Entity is obligated to request certain information from its investors. Certain information collected will be reported to the ATO which will in turn report this information to the US Internal Revenue Service.

The Fund and the Responsible Entity are not liable for any loss an investor may suffer as a result of the Fund's compliance with FATCA.

The Responsible Entity will also provide information about the Fund's FATCA status when required so that FATCA withholding is not applied to payments received on its investments (for example dividends paid on US securities). If the Responsible Entity (on behalf of the Fund) suffers any amount of FATCA withholding and is unable to obtain a refund for such withholding, the Responsible Entity (on behalf of the Fund) will not be required to compensate investors for any such withholding and the effects of these amounts will be reflected in the returns of the Fund.

This information is of a general nature only. Please consult your tax advisor should you wish to understand the implications of FATCA on your particular circumstances.



3. About the Fund

3.1 Overview of URF

The US Masters Residential Property Fund was established in June 2011 and was listed on the ASX in July 2012. Walsh & Company Investments Limited is the responsible entity, and URF Investment Management Pty Limited is the investment manager. As at 18 August 2016, the market capitalisation of URF was approximately \$612 million.

The Fund was established to seek to take advantage of the significant drop in home prices during the US housing collapse of 2006 to 2011 by investing in freestanding and multi-tenant houses in the New York metropolitan area, specifically in, Brooklyn, Manhattan and Queens, New York and Hudson County, New Jersey.

Since its establishment, the Fund, through its controlled entities, has built a portfolio of New York metropolitan area residential housing and apartments, consisting of 1,462 housing units across 587 freestanding homes and a 67.50% interest in a joint venture with US\$49.61 million¹¹ of multi-dwelling residences across 13 apartment buildings. The Fund is currently the largest Australian-listed property trust with a primary strategy of investing in US residential property. It is focused on seeking to achieve long-term returns through a combination of income from rental yields along with potential for long-term capital growth.

The Responsible Entity believes that, as an active investor in the New York metropolitan area residential market, the Fund is well positioned to continue to take advantage of current market conditions and create value for Unitholders through investment in the US housing market. The Fund employs an integrated business model, with a successful strategy of acquiring properties at attractive valuations, renovating the properties to high standards, and professionally leasing and managing the properties for rental income and potential long-term capital growth.

The Fund conducts all its New York metropolitan residential investment through the US Masters Residential Property (USA) Fund, a Maryland Real Estate Investment Trust (US REIT).

3.2 The Responsible Entity

Walsh & Company Investments Limited was appointed as responsible entity for the Fund effective on 22 June 2015 after the previous responsible entity, Dixon Advisory & Superannuation Services Limited, decided that the Fund should be operated by a dedicated responsible entity company. Walsh & Company Investments Limited and Dixon Advisory & Superannuation Services Limited are both part of the Dixon Advisory Group. ASIC granted relief to allow this change of responsible entity to occur without a Unitholder meeting subject to certain conditions. Walsh & Company Investments Limited was appointed as responsible entity for URF after all conditions imposed by ASIC were met.

In addition to being the responsible entity of URF, Walsh & Company Investments Limited is also the responsible entity of Emerging Markets Masters Fund, Australian Property Opportunities Fund I & II, US Select Private Opportunities Fund I, II & III, and New Energy Solar.

3.3 Investment objectives and strategy

URF's investment objective is to provide Unitholders with:

- a) exposure to a diversified portfolio of US-based residential property assets; and
- b) potential for attractive long-term returns through a combination of capital appreciation and net rental income.

¹¹ The Fund's interest being US\$33.49 million.



There is no guarantee that the Fund will be successful in achieving these objectives.

URF seeks to meet its objectives through the following strategy:

- a) investing in a portfolio of US residential property and holding these properties with the aim of deriving a steady rental income stream and capital gains from long-term holdings;
- b) acquiring US residential property in regions that the Investment Manager believes have positive investment dynamics; and
- c) using gearing in cases where gearing will enhance after-tax returns.

3.4 Permitted investments

The Fund is restricted to investments in the US REIT and appropriate financial products. The US REIT is restricted to investments in US residential real estate and appropriate financial products which are of a type treated as qualifying assets for the purposes of the REIT qualification tests under the Code.

All acquisitions are subject to property and legal due diligence, consistent with standard US market practice. The US market practice is, on the whole, largely consistent with Australian market practice.

The Responsible Entity will continue to invest in US residential property consistent with the above strategy. The Responsible Entity initially targeted investments in the Target Investment Area and continues to do so. The Responsible Entity will review its investment strategy, including investing in the Target Investment Area, from time to time and may amend this strategy without Unitholder approval.

For more information about the current Target Investment Area, see Section 3.8.

While the Responsible Entity is identifying suitable investments, the Responsible Entity may elect to hold cash, term deposits and cash equivalents.

3.5 Further information about investments

The Responsible Entity provides the following information regarding investments generally:

- a) The Responsible Entity is likely to invest existing cash together with the net proceeds of the Offer to fund URF's investment strategy including renovation of properties in the portfolio and acquisitions of new properties, consistent with the investment strategy of the Fund, and for general business and financing purposes. The Responsible Entity will review its investment strategy, including investing in the Target Investment Area, from time to time and may amend this strategy without Unitholder approval.
- b) All property investments held by the Fund are held directly or indirectly by the US REIT. Accordingly, references to the Fund's property investments in the PDS should be interpreted as investments made through the US REIT.
- c) The US REIT is controlled by the Fund. The trustees of the US REIT are Alan Dixon, Alex MacLachlan, Tristan O'Connell, David Orr and Kevin McAvey. Alex MacLachlan and Tristan O'Connell are also directors of the Responsible Entity.
- d) A sale by the Fund of its shares in the US REIT generally will be subject to US federal taxation under the Foreign Investment in Real Property Act (**FIRPTA**). Accordingly, any gain recognised will generally be subject to US federal income tax at the rates applicable to a US corporation (currently 35%), and the purchaser of the shares could be required to withhold 15% of the purchase price and remit such amount to the US Internal Revenue Service. See Section 8 for details. The Fund does not presently anticipate selling its shares in the US REIT.
- e) The investment strategy of the Fund as set out in Section 3.3 of this PDS comprises the investment strategy of both the Fund and the US REIT.
- f) To be regarded as a REIT for US tax purposes there are various conditions that must be satisfied. In Section 3.4 of this PDS the Responsible Entity states that the US REIT is restricted to investments in US residential real estate and appropriate financial products which are of a type treated as "qualifying assets". The "qualifying assets" which it can hold are generally as follows:



- i) at least 75% of the value of the US REIT's total assets must be represented by interests in real property, interests in mortgages in real property, shares in other real estate investment trusts, cash, cash items, government securities, and qualified temporary investments;
 - ii) in relation to the remaining 25%, the US REIT can invest this generally without restriction. However, the US REIT is prohibited from owning securities representing more than 10% of the outstanding securities of any non-government issuer other than a qualified real estate investment trust subsidiary, another REIT or a taxable REIT subsidiary; and
 - iii) no more than 25% of the value of the US REIT's total assets may be represented by securities of one or more taxable REIT subsidiaries, and no more than 5% of the value of the US REIT's total assets may be represented by securities of any non-government issuer other than a qualified real estate investment trust subsidiary, another REIT or a taxable REIT subsidiary.
- g) While the US REIT is a Maryland real estate investment trust formed under the Maryland REIT Law, it is not regulated to the same extent as the Fund is regulated as a registered managed investment scheme. Dixon Advisory USA is a private corporate and is not subject to financial reporting regulation under US Federal law equivalent to that applicable to a public company in Australia.

3.6 Investment portfolio

As at 31 July 2016, URF, through US REIT, owned 1,462 housing units across 587 freestanding houses and 13 apartment buildings. A summary of the portfolio is presented below.

Table 1: Summary of the Portfolio

Freestanding portfolio ¹²		
Area	Properties	Value (US\$)
Brooklyn	101	253,039,875
Hudson Premium	133	236,232,494
Hudson Workforce	322	138,497,230
Manhattan	23	78,272,942
Queens	8	11,501,813
TOTAL	587	717,544,354

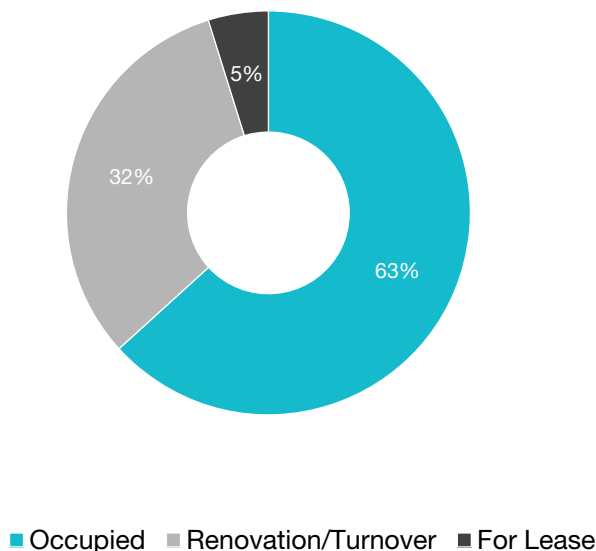
Multi-family portfolio		
Joint Venture Investment	Units	Value (US\$)
Golden Peak II, LLC	400	33,486,750

12 All data is as at 31 July 2016, unless otherwise stated. Source: Walsh & Company

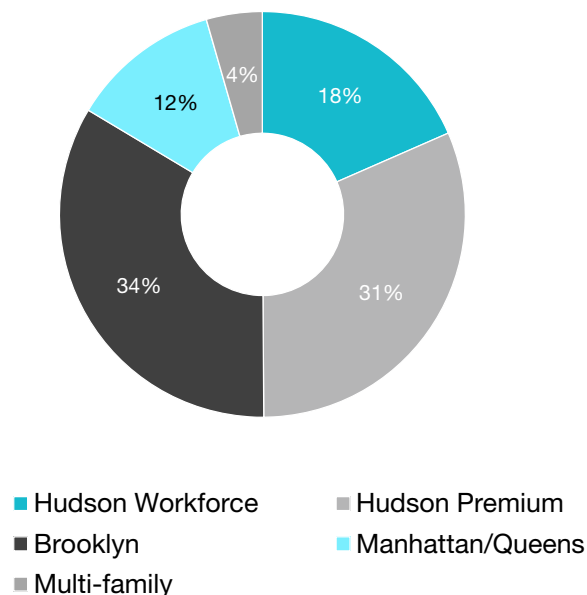


The relative contributions to the portfolio by status and location are summarised below:

Property status – by value



Property distribution – by value



Source: Walsh & Company

Note: As at 31 July 2016.

The Fund’s investment strategy broadly focuses on two types of properties, freestanding and multi-family properties.

Key elements of the investment portfolio, strategy, and capabilities of the Fund include:

- a) **Freestanding Properties:** The Fund’s strategy in relation to freestanding properties is to acquire one to four family properties in select neighbourhoods in the Target Investment Area at attractive valuations. Following acquisition, the Fund will seek to restore properties, where required, and maximise rental income while providing tenants with quality property management services. The Responsible Entity believes that many of the Fund’s property investments have been acquired at or below replacement cost.

The Fund has acquired a variety of properties with varying rental yields and growth outlooks, including a mix of higher-end residences that typically generate lower current rental yields while providing greater long-term rental rate and capital appreciation upside, as well as workforce housing that typically generates higher current income but with more modest long-term rental rate and capital appreciation upside.

- b) **Multi-family Properties:** The Fund’s strategy in relation to multi-family properties is to invest in niche small and medium sized multi-family properties, typically apartment buildings with 20 to 100 units. These small to medium size multi-family properties generally fall below the size threshold for large institutional investors while remaining beyond the financial scope of individual investors or local groups. The Fund’s multi-family investments to date have been made through a number of joint ventures. These multi-family properties allow the Fund to harness increased economies of scale and operational efficiencies in property management and leasing as well as allowing for structural diversity and geographic spread of the Fund’s investments.

In line with the Fund’s proven strategy for freestanding properties, the Fund invests in multi-family properties with attractive rental income and potential for long-term capital growth. While multi-family properties are often subject to increased regulation (including statutory limitations on rental increases),



natural turnover of tenants and, where appropriate, cosmetic and functional improvements can allow for above average year-on-year rental increases for these types of properties.

- c) **Leading Construction Expertise:** The Fund focuses on leading edge renovations to maximise the Fund's portfolio potential. Dixon Advisory USA provides construction expertise through Dixon Projects. Dixon Projects oversees the entire renovation process including planning, permitting, procurement, construction management and interior design. To date, Dixon Projects has completed more than 750 renovations for the Fund across the New York metropolitan area. In 2015, Dixon Advisory USA was awarded the Rising Star Award in the New York Construction Awards, an annual event that honours valuable contributions to New York City by industry leaders in construction, design, and development.
- d) **Investing in the Community:** The Fund is committed to the betterment of the local neighbourhoods and communities in which it operates. Reflecting this commitment, Dixon Advisory USA is a two-time winner of the Jersey City Landmarks Conservancy Preservation Initiative Award. This award recognised the "mindful renovations of architecturally significant Jersey City properties, including many outside of the historic districts" and highlights the unique capabilities of Dixon Projects' architectural design and project management teams.

3.7 State of the US housing market

Following the spectacular rise and fall of the US housing market between the late 1990's and mid 2000's, US house prices bottomed in 2012 before starting a steady recovery, though nationally house price levels remain below the peaks of the early 2000's. The recovery in the US housing market has been underpinned by improving economic conditions as well as housing market fundamentals, including increases in housing demand and falling housing inventory levels, leading to rising rental rates and falling vacancy levels.

Within the Target Investment Area, strength in the New York metropolitan area housing market since the housing collapse has been driven by a strong economic expansion, jobs growth, positive demographics and net migration, and continued tightness of supply in the housing market.

3.8 Target investment area

URF has a current investment focus on 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 typical commuting distance of Manhattan. The New York metropolitan area is the most densely populated area in the United States and is the largest metropolitan area in the US by both population and economic output.

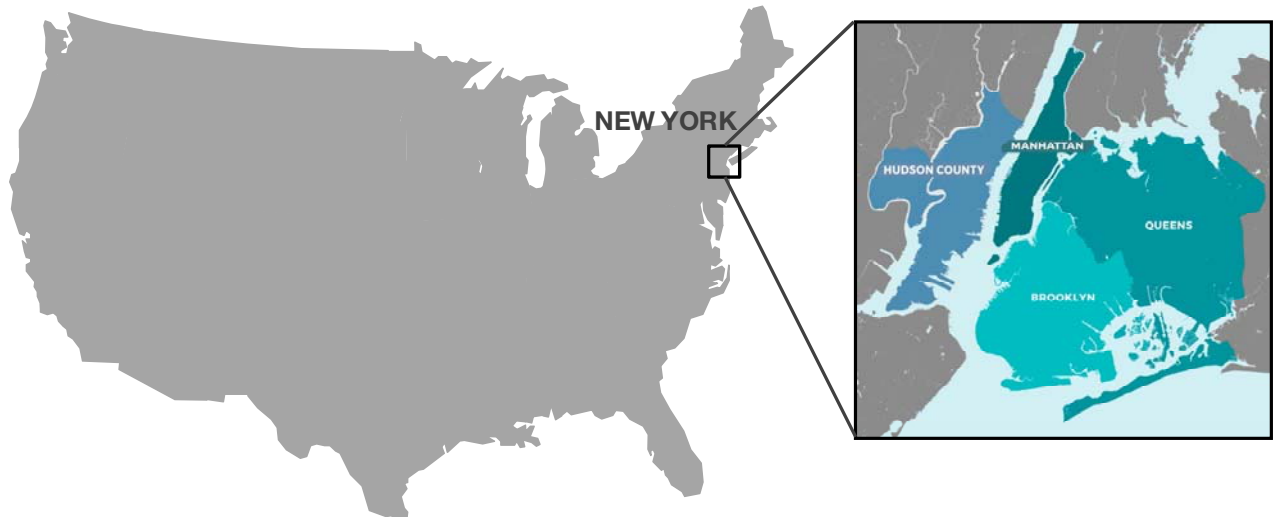
The Fund has focused its investment strategy in the New York metropolitan area since inception in 2011. Within the New York metropolitan area, the Fund focuses on investment within undervalued neighbourhoods experiencing growth and gentrification, specifically in, Brooklyn, Manhattan and Queens, New York and Hudson County, New Jersey.

The Responsible Entity believes the Target Investment Area offers compelling real estate market dynamics and demographics, including a deep and well-established housing stock, proximity and direct public transport access to Manhattan, and a high population density.

The US REIT's investment properties currently represent a balance of premium and workforce housing.



Map of New York



Source: Walsh & Company

Hudson County is located in the north east of New Jersey on the Hudson River directly to the west of Manhattan across the Hudson River. Brooklyn and Queens are located adjacent to each other and directly to the east of Manhattan across the East River.

The Responsible Entity believes Brooklyn, Manhattan and Queens, New York and Hudson County, New Jersey offer compelling real estate market dynamics and demographics and have a number of favourable investment characteristics including:

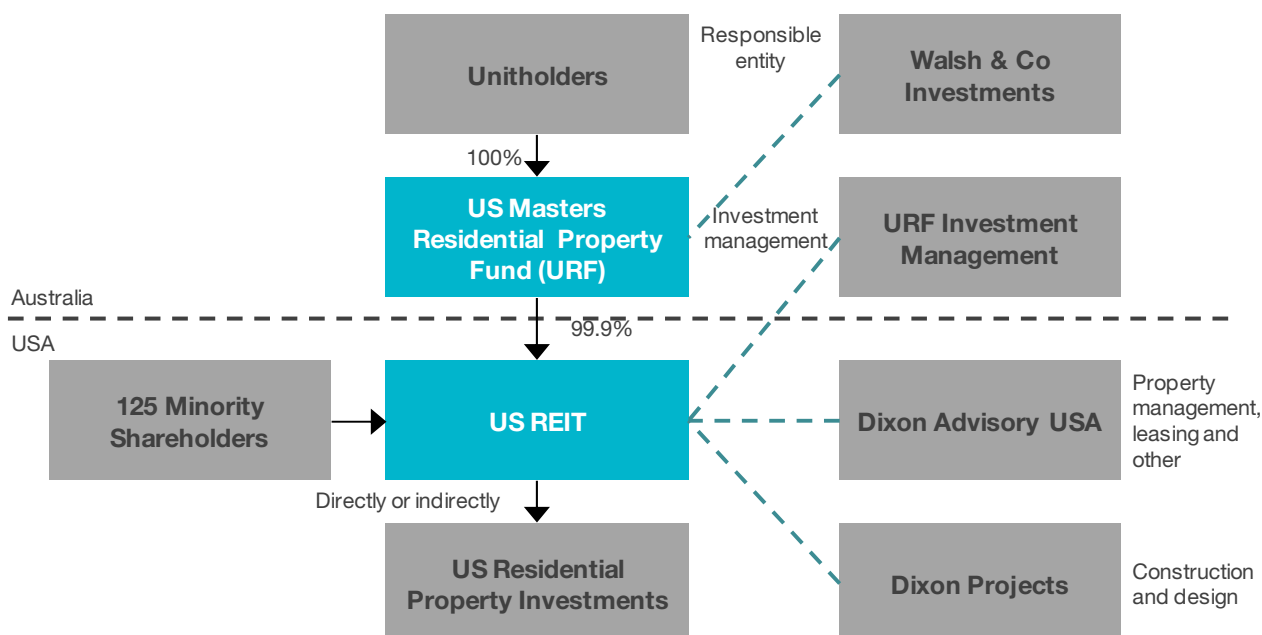
- Strong economic fundamentals – the largest city in the US, with a gross domestic product roughly equivalent to Australia;
- Highly favourable supply/demand dynamics – constrained housing supply and high rental demand;
- Attractive valuations and high quality housing stock – exceptional quality houses able to be purchased at or below replacement cost;
- Urban, high density market – targeted geographic footprint provides the Fund with significant scale economies;
- Urban growth revival – strong demographic, economic, and social trends driving urban growth revival; and
- Excellent mass transit systems – all investment properties are within a one hour mass transit commute time to mid-town Manhattan.



3.9 Structure of URF

The diagram below sets out the ownership structure and management arrangements for the Fund and its controlled and associated entities.

Ownership and management of the Fund



All of the Fund’s real estate assets are held through the US REIT and its controlled entities. The US REIT has elected to be treated as a real estate investment trust (**REIT**) as defined in the Code and US Treasury Department regulations promulgated under the Code for US federal income tax purposes.

The Fund holds all of the common shares in the US REIT. To comply with the US Treasury Department regulations, an additional 125 US Persons hold minority interests in the US REIT with an aggregate equity value of less than approximately 0.1% of the aggregate contributed equity of the US REIT. These interests take the form of non-voting preferred shares (except for such voting rights provided by the declaration of trust of the US REIT and under Maryland law) and are entitled to a fixed cumulative distribution per annum from the US REIT when, as and if declared by the US REIT's board of trustees.

Walsh & Company Investments Limited is the responsible entity of URF. The Responsible Entity’s duties include establishing the Fund’s compliance plan and procedures and monitoring against regulatory and legislative requirements, the issuance of disclosure documents, the appointment and monitoring of external service providers to the Fund and overall administration.

URF Investment Management Pty Limited is the investment manager of US REIT and is a related body corporate of Walsh & Company Investments Limited. The Investment Manager provides investment management services to the US REIT, including overseeing the assessment of market conditions and investment opportunities, the selection and recommendation of properties for investment, monitoring the Fund’s portfolio, and determining and recommending the sale of properties in the Fund’s portfolio.

Dixon Advisory Group has also established a wholly owned US subsidiary (**Dixon Advisory USA**) which is responsible for providing ongoing property management and other support services to the US REIT. These services are provided through a mix of in-house capabilities and external consultants and contractors.

Dixon Projects, LLC. (**Dixon Projects**) is the construction subsidiary of Dixon Advisory USA. Dixon Projects’ role is to oversee all aspects of renovation design and delivery of the Fund’s properties and transform them into highly desirable rental properties. Highlighting the unique capabilities of Dixon Projects’ talented and highly experienced architectural design and project management teams, Dixon Advisory USA was recently awarded the Rising Star Award in the New York Construction Awards 2015 and was twice awarded the



Preservation Initiative Award by the Jersey City Landmarks Conservancy in recognition of the Responsible Entity's efforts to preserve historic homes throughout Jersey City. The quality of Dixon Projects' work is also reflected in the above market rents the Fund is able to achieve at many of its properties, including achieving record rents in several areas within which the Fund operates.

Dixon Realty Advisory LLC trading as Pure Properties (**Pure Properties**) is also a subsidiary of Dixon Advisory USA. Pure Properties acts as a licensed real estate broker in the Target Investment Area and has sub-contracted licensed real estate salespeople to provide brokerage services. The Fund, on a non-exclusive basis, may contract with Pure Properties for the provision of real estate brokerage services where the Fund wishes to sell a property. For these services, Pure Properties will charge the Fund a brokerage commission (that is at or below market rates) which will be wholly rebated to the relevant sub-contractor. As a result, Pure Properties will not retain any brokerage commissions relating to the sale of Fund properties. As at the date of this PDS no Fund properties have been sold by Pure Properties.

3.10 Joint venture arrangements

The Fund has a joint venture agreement with Urban American, a highly experienced US-based joint venture partner, to acquire, renovate, manage, lease and hold for the long-term 13 specific multi-dwelling properties in Hudson County, New Jersey. Urban American has over 19 years of experience acquiring, improving and operating housing in the New York metropolitan area. Urban American has a strong track record of upgrading occupancy and increasing income through the rehabilitation of apartment buildings, strict adherence to municipal regulations, and the reduction of expenses through various cost savings measures and capital expenditures that increase operating and energy efficiency.

Urban American is not related to the Responsible Entity or any of its associates.

The counterparty risk disclosed in Section 5 of this PDS applies to any party to a joint venture arrangement.

3.11 Borrowing Policy

The Fund has a finance and borrowing policy that addresses the Fund's approach to managing risks associated with borrowing.

The policy includes the following key elements in relation to borrowings:

- a) the Fund seeks to maintain a target consolidated long-term gearing ratio of approximately 50%; and
- b) the Fund seeks to maintain diversity of funding sources, maturities, and terms in order to optimise its capital structure and manage risk. As such, the Fund maintains flexibility as to the structure, domicile and currency of its borrowings. The Fund may also, on a temporary basis, maintain a consolidated long-term gearing ratio that exceeds its target ratio of 50%.

The Responsible Entity regularly monitors this policy and may, from time to time, amend the policy as it sees appropriate in light of future circumstances and market conditions.

3.12 Risk Management Policy

The Responsible Entity has a risk management process in place that includes maintaining a compliance plan (which is audited every year) and a compliance committee. The compliance plan sets out how the Responsible Entity will ensure compliance with both the Corporations Act and the Fund's Constitution when operating the Fund. The compliance committee, comprising a majority of members who are independent of the Responsible Entity (one representative from the Responsible Entity and two external representatives), monitors compliance with the compliance plan.

The risk management processes of the Fund include a comprehensive compliance framework including compliance policy, training and monitoring elements. The compliance plan of the Fund, lodged with and available from ASIC, is audited externally on an annual basis, in addition to an annual audit of financial statements.



3.13 Foreign Exchange Hedging Policy

The Fund does not currently hedge against currency risk. The Fund may re-evaluate the hedging policy in the event of changes to the prevailing exchange rates and economic conditions.

3.14 Capital Management Policy

Subject to any restrictions imposed under the Corporations Act, Listing Rules and the Fund's Constitution, the Fund aims to apply active capital management strategies.

The Fund may undertake a buyback of its Units in the event that they trade at a sizeable discount to NAV. The Fund will need to obtain Unitholder approval for the buyback and comply with any Corporations Act, Listing Rules and Constitution restrictions if it intends to buyback more than 10% of the smallest number of Units on issue over the previous 12 months. To fund the buyback of Units, the Fund may employ gearing and/or look to liquidate some of its investments.

3.15 Distribution Policy

The Responsible Entity will generally determine the distributable income of the Fund for each financial year based on the operating income of the Fund (which excludes unrealised gains and losses).

The Fund intends to distribute 100% of its operating income (which excludes unrealised gains and losses). However, the Responsible Entity may in its sole and absolute discretion determine that the distributable income for the financial year will be some other amount, whether income or capital, which the Responsible Entity considers appropriate for the distribution for that financial year.

3.16 Valuation and Appraisal Policy

Each investment property is measured initially at its cost, including transaction costs. Subsequent to initial recognition, each investment property is measured at fair value, representing the assessed amount that would be received to sell the asset in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. The best evidence of fair value is given by current prices in an active market for a similar property in the same location and condition. Changes in the fair value of investment properties are recorded through the profit and loss as and when they arise. The Fund engages suitably qualified independent valuers to assist in their assessment of fair market value at each reporting date.

As at 30 June 2016, the Fund through the US REIT owned 581 freestanding properties with a total book value of \$944.8 million. This represents a 10% increase in the book value of freestanding properties closed on since the prior balance date of 31 December 2015 (\$862.5 million). The increase in total book value includes a \$22.5 million increase in the fair market value of freestanding properties held at 30 June 2016. This increase in fair market value, as a result of independent appraisal and property valuations, translates to a 5.8% increase in the pre-tax NAV at 30 June 2016¹³, when compared to the estimated unaudited 30 June 2016 pre-tax NAV previously disclosed to the ASX on 12 July 2016. The increase in fair market value of the freestanding portfolio reflects the positive real estate market conditions in the New York metropolitan area.

13 Impact on pre-tax NAV reflecting property revaluation only; actual change in NAV for the six months to 30 June 2016 impacted by several factors including, but not limited to, net rental income, borrowing costs, fees and expenses, currency movements, and property revaluations.



3.17 Cash Management Policy

The Fund's cash management policy does not include a limit on the amount of cash, term deposits and cash equivalents that can be held by the Fund. The Fund's policy allows for cash to be held for an indefinite period until suitable residential property investments have been identified.

3.18 Raising further capital

The Fund may, at a future date, decide to raise further capital in the Fund. A further issue may be contemplated if there is significant demand for investment in the Fund, there remain attractive opportunities for investment in US residential property which the Responsible Entity can pursue with additional capital and it is beneficial to existing Unitholders to do so.

This placement is being undertaken in conjunction with an offer to existing Unitholders to participate in a UPP under which eligible Unitholders may apply for up to \$15,000 of Units at the same issue price as Units are offered under this PDS.

3.19 Reports to Unitholders

The Responsible Entity will provide, at least:

- monthly NAV reports (in accordance with the ASX Listing Rules);
- half-yearly reports;
- annual reports;
- half-yearly distribution statements; and
- regular income tax statements.

The Responsible Entity will also comply with all laws and the Listing Rules as they relate to reports to be provided to investors.

3.20 Board of the Responsible Entity

Alexander MacLachlan, BA (Cornell), MBA (Wharton) Managing Director, CEO – Funds Management, Dixon Advisory

Alex joined Dixon Advisory in 2008 to lead the then newly formed Funds Management division. Alex focused the efforts of the Funds Management division on providing Dixon Advisory clients with access to asset classes and investment opportunities that would normally only be available to institutional investors. From funds under management of under \$100 million at the time of his start, Alex has grown the Funds Management division to over \$2.5 billion of funds under management today, with investments across residential and commercial property, fixed income, private equity, listed equities and renewable energy. In addition to his role as CEO of Funds Management, Alex also leads the strategy and growth of Dixon Advisory USA, a leading provider of urban single-family home rentals in the New York metropolitan area. Alex conceived the idea of establishing a business to acquire and manage homes in urban areas experiencing strong growth and gentrification in 2008. Between 2008 and 2010, Alex researched and developed the investment thesis and business model for what would become Dixon Advisory USA, and in late 2010, Dixon Advisory USA was launched. Today, Dixon Advisory USA manages assets of over \$1 billion and is the largest Australian-listed property trust with a primary strategy of investing in US residential property.

Alex is a member of the Dixon Advisory Investment Committee. During his career, Alex has developed strong relationships with investment professionals around the globe who provide significant economic and investment insights. This enables Alex to identify and execute unique investment opportunities and take a disciplined approach to investing.



His expertise is regularly called on by the media seeking comment on issues such as asset allocation and particular types of investments. For Dixon Advisory, he presents on asset allocation, international markets (including Asia, resources and US property), income investments and general macroeconomic trends.

Prior to joining Dixon Advisory, Alex was an investment banker at UBS AG, where he rose to Head of Energy for Australasia. During his tenure in investment banking, Alex worked on more than \$100 billion in mergers and acquisitions and capital markets transactions, advising some of the world's leading companies.

Alex has a Bachelor of Arts from Cornell University and a Masters of Business Administration from The Wharton School, University of Pennsylvania.

Tristan O'Connell, BCom (ANU), CPA
Finance Director, Dixon Advisory

Tristan joined the Dixon Advisory Group in 2005 as Chief Financial Officer after 10 years' experience in corporate financial and management roles within the wholesale financial markets industry and is currently a director of Walsh & Company Investments Limited, the responsible entity for each of the Emerging Markets Masters Fund, Australian Property Opportunities Fund I & II, US Select Private Opportunities Fund I, II & III, New Energy Solar Fund and the US Masters Residential Property Fund. Tristan is also a trustee of the US REIT.

Tristan's previous roles included Financial Controller of Tullett Prebon in Australia, one of the world's leading inter-dealer broker firms specialising in over-the-counter interest rate, foreign exchange, energy and credit derivatives. Tristan subsequently held senior finance roles for the Tullett Prebon Group in Singapore and London. Tristan returned to Australia to be responsible for the financial management and growth of Dixon Advisory.

Tristan has a Bachelor of Commerce from the Australian National University, is a member of CPA Australia and is a Fellow of the Financial Services Institute of Australasia.

Tom Kline, BCom, LLB (Hons) (ANU)
COO – Funds Management, Dixon Advisory

Tom is the Chief Executive Officer of New Energy Solar Limited, which forms part of the New Energy Solar Group, a renewable energy entity. He is a director of Fort Street Real Estate Capital, Chairman of Australian Masters Yield Fund No 4 Limited and Australian Masters Yield Fund No 5 Limited, and a director of Walsh & Company Investments Limited, the responsible entity of New Energy Solar Fund, US Select Private Opportunities I, II & III, Emerging Markets Masters Fund, Australian Property Opportunities Fund I & II and US Masters Residential Property Fund. Tom previously was the Chief Operating Officer of Walsh & Company Investments Limited. Tom continues to work as part of the senior management of Walsh & Company Investments Limited to drive the growth and performance of the business and deliver investment opportunities for investors.

Before Dixon Advisory, Tom worked at UBS AG in Sydney. During his time at UBS, he was a member of the Power, Utilities and Infrastructure team and advised on a wide range of public and private mergers and acquisitions and capital market transactions. Tom advised some of Australia's leading energy generators and infrastructure players including EnergyAustralia and Transurban. Tom also advised energy and utility companies on the proposed introduction of Australia's federal carbon trading scheme (Carbon Pollution Reduction Scheme) and implications for fossil fuel and renewable energy generation.

Prior to joining UBS AG, Tom served in the Corporate Finance division of Deloitte. While at Deloitte, he worked in the Transaction Services, Business Modelling and Valuations teams.

Tom has a Bachelor of Commerce and a Bachelor of Laws (with honours) from Australian National University.



3.21 Board of the Investment Manager

Alan Dixon, BCom (ANU), CA CEO – Dixon Advisory USA

Alan joined Dixon Advisory, in Canberra, in 2001. Dixon Advisory was founded in 1986 by his father, Daryl, as a leading consultant on retirement strategies and advice. By 2001, the firm was one of Australia's leading independent advisors and consultants. Alan joined with the vision of expanding it to be a full-service private wealth management business focused on the then nascent self-managed superannuation (**SMSF**) sector. Under Daryl's Chairmanship and Alan's role as the Group Managing Director, Dixon Advisory grew from under \$200 million of funds under advice in 2001 to over \$6 billion today, a compound annual growth rate of approximately 25% for more than a decade, with the business now employing over 400 staff across offices in Sydney, Melbourne, Canberra and New York. Dixon Advisory is today the largest privately owned, vertically integrated wealth management business focused on the SMSF sector.

Alan relocated to New York full-time in early 2012 to manage the growing operations of Dixon Advisory USA. Applying his experience at Dixon Advisory in building an institutional business in a highly fragmented retail industry, Alan has rapidly built Dixon Advisory USA into a leader in the urban single-family home rental business, building a highly scalable, vertically integrated operation covering all aspects of the single-family property investment cycle. Today, Dixon Advisory USA employs a staff of 130, manages a portfolio of over \$1 billion and is the only real estate investment trust focused on New York metropolitan area single-family homes.

Prior to joining Dixon Advisory, Alan was a successful property investment banker at Ord Minnett, a predecessor firm to JP Morgan, and ABN AMRO Corporate Finance, and commenced his career at Price Waterhouse.

Alan has a Bachelor of Commerce from the Australian National University and is a Member of the Institute of Chartered Accountants in Australia. He is an SPAA Accredited SMSF Specialist Advisor™.

Phillip Lois, BChem (Hons I) (Sydney), BCom (Sydney) Deputy Chief Financial Officer, Dixon Advisory

Phillip joined Dixon Advisory in 2010 and is currently the Deputy Chief Financial Officer of Dixon Advisory Group.

One of Phillip's key focuses throughout his time at Dixon Advisory has been the management of the US Masters Residential Property Fund. Phillip was previously the Chief Financial Officer of the US Masters Residential Property Fund, a role which he held from 2011 to 2015. During this time, Phillip was responsible for all the finance functions of the US Masters Residential Property Fund, ensuring that the Fund's financial controls, reporting and management processes were of the highest standard. Phillip was also responsible for managing numerous key external relationships such as banking, insurance and debt financing and was instrumental in overseeing the Fund's growth from initially \$70 million in assets to over \$1 billion in assets today. Phillip brings an in-depth understanding of the Fund's strategy, operations and processes to the board of the Investment Manager.

Prior to joining Dixon Advisory, Phillip was an investment banker at UBS AG in the natural resources sector, where he worked with many of Australia's and the world's leading natural resources companies, advising and executing on mergers and acquisitions and capital markets transactions.

Phillip holds a Bachelor of Commerce majoring in accounting and finance and a Bachelor of Chemical Engineering from the University of Sydney.

Alex MacLachlan, BA (Cornell), MBA (Wharton) Managing Director, CEO – Funds Management, Dixon Advisory

See previous.



Tom Kline, BCom, LLB (Hons) (ANU)
COO – Funds Management, Dixon Advisory

See previous.

3.22 US Executive Team

David Orr, BComm, LLB
Executive Director and COO

David is an investment expert with over a decade experience across Australian Financial Services and US property. David joined Dixon Advisory (Australia) in 2005, working in a number of roles across the Investment Advisory and Corporate Finance teams. In 2008, David became Dixon Advisory's youngest director when promoted to Head of Investment Advisory, Canberra. Two years later, David relocated to Sydney to head its Investment Team and took on a number of national responsibilities. In his time in Australia, David was responsible for building investment teams, training and mentoring staff in addition to negotiating debt transactions for the Australian Masters Corporate Bond Series and subsequent Australian Masters Yield Fund Series. David has also developed strategy, processes and training for several firm wide projects, including two hostile corporate actions, a number of legislative changes and staff and client engagement.

David moved to New York in 2014 and is the Executive Director and Chief Operating Officer. In this role David, in conjunction with Alan Dixon, is responsible for the strategic direction of Dixon Advisory USA. This includes overseeing several business units in the Fund, managing the Fund's relationship with investors, analysts, media and joint venture partners and assisting with capital market operations. David actively looks for new business opportunities to improve and grow the Fund.

David has a Bachelor of Laws and a Bachelor of Commerce from the Australian National University and a Graduate Diploma in Applied Finance and Investment from Kaplan Professional Australia. David is a member of the Stockbrokers Association of Australia and a Senior Fellow at the Financial Services Institute of Australia (FINSIA).

Priscilla Porter
Executive Director, Property Management

Priscilla has spent over 14 years in residential real estate management in the New York metropolitan area. Priscilla currently leads the team of property professionals who are responsible for all aspects of leasing and property management. She has extensive experience in all the major property types including high rise apartments, town homes and freestanding houses.

Previously Priscilla was responsible for managing a 1,500 unit apartment building complex in Queens, New York with over 55 staff. Over the years, Priscilla has been instrumental in the process of implementing methods that have proved to work on large apartment buildings to the individual residential housing market. This is crucial to achieving the long-term property management goals for the Fund.

Ezequiel (Zeke) Ortiz
Executive Director

Zeke brings 16 years of experience in New York Metropolitan Area real estate. Through his career, Zeke been involved in all elements of property transactions. Zeke is responsible for the co-ordination and management of the acquisition and evaluation teams to ensure a highly streamlined process for the identification, evaluation and acquisition of Real Estate investments for the Fund.

Since joining Dixon Advisory USA, Zeke has worked to provide a consistent and dependable set of methodology for the Acquisition team to achieve the highest quality results on a timely basis. Prior to joining the Fund, Zeke has held positions across valuations, sales, brokerage and construction roles. Zeke is a licensed New Jersey Real Estate Broker.



Kevin McAvey**Joint Chief Financial Officer**

As Joint Chief Financial Officer, Kevin is primarily responsible for overseeing capital markets, modelling, and forecasting for the US Masters Residential Property Fund. Prior to his current position, Kevin played a key role working within the Fund's Acquisition Division, identifying and analysing prospective investments throughout Hudson County, Brooklyn, Manhattan, and Queens. He has also previously served in the role of Associate Director, Finance and Operations, helping the Fund to secure debt financing, as well as working to improve the day-to-day operations of the business.

Before joining Dixon Advisory USA, Kevin worked in Baseball Operations for the New York Yankees organisation. Kevin graduated from Suffolk University in Boston, MA with a Bachelor of Business Administration in Finance.

Paul McInerney**Joint Chief Financial Officer**

As Joint Chief Financial Officer for the US Masters Residential Property Fund, Paul is responsible for the implementation and oversight of key accounting controls and processes and for ensuring compliance with applicable regulatory accounting frameworks. Prior to his current role, Paul worked at Deloitte Touche Tohmatsu as a Senior Audit Manager. In this role, Paul led the statutory audit of some of Australia's largest property and fund management companies. Paul holds a Bachelor of Business Administration, majoring in Finance from Texas A&M. He has been a member of the Institute of Chartered Accountants since 2007.



4. Fees and Costs

Government regulation requires the inclusion of the following standard consumer advisory warning as set out below. The information in the consumer advisory warning is standardised across all product issuers and does not provide any specific information on the fees and charges in this Fund.

Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the Fund or your financial advisor.

To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities & Investments Commission (**ASIC**) website (www.moneySMART.gov.au) has a superannuation or managed investment fee calculator to help you check out different fee options. You should read all the information about fees and costs because it is important to understand their impact on your investment.

This section shows fees and costs you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the Fund's assets as a whole. Taxes are set out in Section 7 and Section 8 of this PDS. You should read all the information about fees and costs because it is important to understand their impact on your investment.

4.1 Fees and Costs

Table 2: Fees and Costs

Fee type or cost	Amount	How and when paid
FEES WHEN YOUR MONEY MOVES IN OR OUT OF THE FUND		
ESTABLISHMENT FEE The fee to open your investment	Nil	Not applicable
CONTRIBUTION FEE The fee on each amount contributed to your investment – either by you or your employer	Nil	Not applicable
WITHDRAWAL FEE The fee on each amount you take out of your investment	Nil	Not applicable
TERMINATION FEE The fee to close your investment	Nil	Not applicable



Fee type or cost	Amount	How and when paid
MANAGEMENT COSTS – THE FEES AND COSTS FOR MANAGING YOUR INVESTMENT		
Initial costs		
STRUCTURING AND ARRANGING FEE¹⁴ The fee for structuring and arranging the Offer	1.5675% (inclusive of GST and net of RITC) ¹⁵ of the gross proceeds raised under the Offer.	A one-off payment, payable after the close of the Offer out of the Application Monies and due on allotment by the Fund.
HANDLING FEE¹⁶ The fee for handling and arranging Applications for the Offer	1.5675% (inclusive of GST and net of RITC) ¹⁵ of the gross proceeds raised under the Offer.	A one-off payment, payable after the close of the Offer out of the Application Monies and due on allotment by the Fund.
Ongoing costs		
RESPONSIBLE ENTITY FEE¹⁷ The fee payable to the Responsible Entity by the Fund	0.0836% (inclusive of GST and net of RITC) ¹⁵ of the gross asset value of the Fund.	The fee is charged on the gross asset value of the Fund and is payable monthly by the Fund.
ADMINISTRATION FEE¹⁷ The fee payable to the Responsible Entity by the Fund for the administration of the Fund	0.261% per annum (inclusive of GST and net of RITC) ¹⁵ of the gross asset value of the Fund.	The fee is charged on the gross asset value of the Fund and is payable monthly by the Fund.
INVESTMENT MANAGER FEE¹⁸ The fee payable to the Investment Manager by the US REIT associated with the Investment Management of the US REIT	1.24% per annum of the gross asset value of the US REIT and the Fund, with the value of the Fund's investment in the US REIT deducted to avoid double counting. Note the Investment Manager has elected to waive this fee for an indefinite period on the first \$100 million of gross assets. As at 30 June 2016, the Fund had gross assets of \$1,130 million.	The fee is charged on the gross asset value of the US REIT and the Fund, with the value of the Fund's investment in the US REIT deducted to avoid double counting, and is payable monthly by the US REIT.

14 This fee is an amount payable to the Responsible Entity (see "Application Fees" under the heading "Additional Explanation of Fees and Costs").

15 These amounts include GST but it is anticipated that the Fund will be able to recover approximately 55% of the GST component of fees charged to it under the RITC provisions of the GST Act (see "GST" under the heading "Additional Explanation of Fees and Costs").

16 This fee is an amount payable to an AFSL Holder or the Responsible Entity, including its related entities (see "Application Fees" under the heading "Additional Explanation of Fees and Costs").

17 This fee is an amount payable to the Responsible Entity (see "Management Fees" under the heading "Additional Explanation of Fees and Costs").

18 This fee is an amount payable to the Investment Manager (see "Investment Manager Fee" under the heading "Additional Explanation of Fees and Costs").



Fee type or cost	Amount	How and when paid
ASSET ACQUISITION FEE¹⁹ The fee payable to the Investment Manager by the US REIT for acting as agent/advisor on the purchase of the underlying Fund assets	1.99% of the purchase price of assets acquired by the US REIT (directly or indirectly through a subsidiary or joint venture entity).	Payable upon the transfer of title to the US REIT, a subsidiary of the US REIT or joint venture entity (as applicable).
ASSET DISPOSAL FEE²⁰ The fee payable to the Investment Manager by the US REIT for acting as agent/advisor on the sale of the underlying Fund assets	2.49% of the sale price of assets disposed of by the US REIT (directly or indirectly through a subsidiary or joint venture entity).	Payable upon the transfer of title from the US REIT, a subsidiary of the US REIT or joint venture entity (as applicable).
LEASING FEE²¹ The fee payable to the Investment Manager by the US REIT for acting as the leasing agent/advisor	One month's gross rent on properties leased by the US REIT.	Payable by the US REIT upon execution of a lease.
DEBT ARRANGING FEE²² The fee payable to the Investment Manager by the US REIT for arranging debt financing for the US REIT	2.0% of the gross amount of debt financing arranged (directly or indirectly through a subsidiary or joint venture entity).	Payable upon execution of each debt financing agreement with an external lender.
FUND ACCOUNTING FEE The fee payable to Australian Fund Accounting Services Pty Limited (a related entity of the Responsible Entity) for administration and accounting services to the Fund	Time spent is charged to the Fund at agreed rates under a services agreement, capped at \$120,000 per annum.	The fee is charged based on time spent, capped at \$120,000 per annum.
ARCHITECTURAL, DESIGN AND CONSTRUCTION SERVICES The fees payable to Dixon Projects by the US REIT	On-charge of the cost of renovations plus a development fee of 5% and architectural and quantity surveyor services at agreed hourly rates. Cost of renovations include direct labour and materials and an on-cost charge of 16.25% on direct labour and materials, represented by general conditions fees of 15% and insurance fees of 1.25%.	Payable by the US REIT for hours worked by or on behalf of Dixon Projects.

19 This fee is an amount payable to the Investment Manager (see "Asset Acquisition Fee" under the heading "Additional Explanation of Fees and Costs").

20 This fee is an amount payable to the Investment Manager (see "Asset Disposal Fee" under the heading "Additional Explanation of Fees and Costs").

21 This fee is an amount payable to the Investment Manager (see "Leasing Fee" under the heading "Additional Explanation of Fees and Costs").

22 This fee is an amount payable to the Investment Manager (see "Debt Arranging Fee" under the heading "Additional Explanation of Fees and Costs").



Fee type or cost	Amount	How and when paid
<p>OTHER EXPENSES</p> <p>The Responsible Entity, the Investment Manager and Dixon Advisory USA are entitled, pursuant to management agreements, to recover certain direct expenses incurred in the management of the Fund's and the US REIT's activities²³.</p> <p>The Responsible Entity is entitled to be reimbursed by the Fund and the US REIT for costs associated with the administration of the Fund and the US REIT, including registry fees, tax, custodian and audit fees.</p> <p>The Investment Manager is entitled to be reimbursed by the US REIT for all out-of-pocket expenses associated with the operation and administration of the US REIT.</p> <p>Dixon Advisory USA is entitled to reimbursement by the US REIT for all expenses incurred in the performance of its services including office personnel, office space and office facilities.</p> <p>The fees and costs associated with the administration of the joint venture entities will be paid indirectly by the Fund through the joint venture entities.</p>	<p>Dependent on costs and size of the Fund, US REIT and each joint venture arrangement. External administration fees and expenses are paid by the Fund, the US REIT or relevant joint venture entity.</p> <p>In 2015:</p> <ul style="list-style-type: none"> • Dixon Advisory USA charged a fee of 8.86% of the costs incurred; • No fee was charged by the Responsible Entity on the costs incurred; and • the Investment Manager did not charge an administrative fee on the out-of-pocket expenses incurred and did not seek reimbursement for out-of-pocket expenses. 	<p>Payable directly out of the assets of the Fund, the US REIT or joint venture entities.</p>

Service fees		
<p>INVESTMENT SWITCHING FEE</p> <p>The fee for changing investment options</p>	Nil	Not applicable

23 In an effort to minimise structural complexity and operating costs for the US REIT, the Fund and the US REIT do not employ staff or management personnel and accordingly, have engaged the Responsible Entity, the Investment Manager and Dixon Advisory USA to provide administrative and management services to the Fund and the US REIT.



Table 3: Example of Annual Fees and Costs for an Investment in the Fund

This table gives you an example of how the fees and costs for this product can affect your investment over a one-year period. You should use this table to compare this product with other managed investment products.

Fee type or cost	Amount	How and when paid
CONTRIBUTION FEES	Nil	Not applicable
PLUS Management Costs	1.5846% per annum (inclusive of GST and net of RITC, where applicable) ²⁴	If you had an investment of \$50,000, you will be charged \$735.95 (inclusive of GST and net of RITC, where applicable) ²⁵ each year.
EQUALS Cost of Fund	1.5846% per annum (inclusive of GST and net of RITC, where applicable) ²⁴	If you had an investment of \$50,000 during a year and your balance was \$50,000, then for that year you would be charged fees of: \$735.95 (inclusive of GST and net of RITC, where applicable) ²⁶ .

4.2 Additional explanation of Fees and Costs

A. APPLICATION FEES

The Constitution of the Fund provides that the Responsible Entity may charge application fees (referred to as a structuring and arranging fee and handling fee above) of up to 5.225% (inclusive of GST and net of RITC) of the price at which Units in the Fund are issued, and accordingly, the Responsible Entity can increase the application fees it charges up to that amount without seeking Unitholder approval.

In respect of this Offer, the Responsible Entity will only charge a structuring and arranging fee and a handling fee which combined are 3.135% (inclusive of GST and net of RITC) of the gross proceeds of the Offer, in a one-off payment, payable after the close of the Offer and due on allotment of Units.

The Responsible Entity, at its sole discretion, may distribute some or all of the structuring and arranging fee and handling fee to AFSL Holders in relation to their participation in the Offer. AFSL Holders includes, but is not limited to, Dixon Advisory & Superannuation Services Limited, a related entity of the Responsible Entity.

B. MANAGEMENT FEES

The Constitution of the Fund provides that the Responsible Entity may charge management fees (referred to as the responsible entity fee and administration fee above) of up to 0.5225% per annum (inclusive of GST and net of RITC) of the gross asset value of the Fund, and accordingly, the Responsible Entity can increase the management fees it charges the Fund up to that amount without seeking Unitholder approval.

²⁴ This amount includes the Responsible Entity Fee, Administration Fee and Investment Manager Fee. The percentage does not include any adjustment for the waiver by the Investment Manager of the investment management fee on the first \$100 million of gross assets.

²⁵ Based on gross assets of \$1.1 billion and the Investment Manager waiving fees on the first \$100 million of gross assets. These amounts include GST but it is anticipated that the Fund will be able to recover approximately 55% of the GST component of fees charged to it under the RITC provisions of the GST Act. (See "GST" under the heading "Additional Explanation of Fees and Costs").

²⁶ Additional fees may apply – a structuring and arranging fee of 1.5675% (inclusive of GST and net of RITC) of the gross proceeds raised by the Offer and a handling fee of 1.5675% (inclusive of GST and net of RITC) of the gross proceeds raised by the Offer will be payable after the close of the Offer – see Section 4 for further details of additional fees that may apply.



The current fees to be charged by the Responsible Entity will be a responsible entity fee of 0.0836% (inclusive of GST and net of RITC) per annum and an administration fee of 0.261% (inclusive of GST and net of RITC) per annum, charged on the gross asset value of the Fund and payable monthly.

C. INVESTMENT MANAGER FEE

The Management Agreement provides that the Investment Manager may receive an investment management fee up to 2% per annum of the gross asset value of the US REIT and the Fund, with the value of the Fund's investment in the US REIT deducted to avoid double counting. The current investment management fee charged by the Investment Manager is 1.24% per annum of the gross asset value of the US REIT and the Fund, with the value of the Fund's investment in the US REIT deducted to avoid double counting, in return for investment management services provided to the US REIT.

The Investment Manager has elected to waive this fee for an indefinite period on the first \$100 million of gross assets. As at 30 June 2016, the Fund had gross assets of \$1,130 million. The Investment Manager will review this partial waiver of its fees on an ongoing basis and reserves its right to alter this waiver at any point in the future. Should the Investment Manager decide to alter this waiver, it will provide Unitholders with three months' prior written notice. A summary of the agreement relating to this fee and further details regarding this fee are summarised in Section 9.

D. EXPENSES RELATING TO THE MANAGEMENT OF THE FUND AND THE US REIT

The Responsible Entity is entitled to be reimbursed, out of the assets of the Fund, for all out-of-pocket expenses it properly incurs in operating and administering the Fund. This includes expenses such as taxes and bank fees, preparation of financial statements, all listing fees, tax returns and compliance costs. The amounts of these fees will be dependent on the costs and size of the Fund. All external administration fees and costs are paid out of the assets of the Fund.

Dixon Advisory USA has established an office in Manhattan. Dixon Advisory USA is entitled to be reimbursed out of the assets of the US REIT for all expenses incurred during the performance of its services including all office personnel, office space, office facilities and all other expenses incidental to its operations. Dixon Advisory USA is also entitled to be paid an administration fee out of the assets of the US REIT that will not exceed 20% of the reimbursed expenses.

The Investment Manager is entitled to be reimbursed, out of the assets of the US REIT, for all out-of-pocket expenses it properly incurs in operating and administering the US REIT. This includes expenses such as registry services, listing fees, investor communications, taxes and bank fees, preparation of financial statements and tax returns, audit, insurance, compliance costs and other expenses.

For the year ended 31 December 2015, expenses incurred of \$317,022 and \$11,959,259 were recovered by the Responsible Entity and Dixon Advisory USA Inc., respectively. The amount recovered by Dixon Advisory USA includes an administrative fee of 8.86% being \$937,356 permitted under the Administrative Services Agreement on actual costs incurred by Dixon Advisory USA. No fee was charged by the Responsible Entity on the costs incurred. The Investment Manager did not charge an administrative fee on the out-of-pocket expenses incurred and did not seek reimbursement for out-of-pocket expenses.

See Section 9 for further details.

E. ARCHITECTURE, DESIGN AND CONSTRUCTION SERVICES FEE

Dixon Projects provides architecture, design and construction services to the Fund and is entitled to on charge the costs of renovations plus a development fee of 5% and architectural and quantity surveyor services at agreed hourly rates. Costs of renovations include direct labour and materials and an on-costs charge of 16.25% on direct labour and materials, represented by general conditions fees of 15% and insurance fees of 1.25%. These costs are capitalised to the relevant investment properties.



F. ASSET ACQUISITION FEE

The Investment Manager receives an asset acquisition fee of 1.99% of the purchase price of assets acquired by the US REIT (directly or indirectly through a subsidiary or joint venture entity). A summary of the agreement relating to this fee and further details regarding this fee are summarised in Section 9.

Accordingly, if the US REIT acquires a residential property for US\$250,000, the Investment Manager will be entitled to a fee of US\$4,975 from the US REIT on that transaction. Alternatively, if the US REIT holds a 50% equity stake in a joint venture entity that acquires residential property for US\$250,000, the Investment Manager will be entitled to a fee of US\$2,488 from the US REIT on that transaction.

G. ASSET DISPOSAL FEE

The Investment Manager receives an asset disposal fee of 2.49% of the sale price of assets disposed of by the US REIT (directly or indirectly through a subsidiary or joint venture entity). A summary of the agreement relating to this fee and further details regarding this fee are summarised in Section 9.

Accordingly, if the US REIT sells a residential property from its portfolio for US\$250,000, the Investment Manager will be entitled to a fee of US\$6,225 from the US REIT on that transaction.

Alternatively, if the US REIT holds a 50% equity stake in a joint venture entity that sells a residential property for US\$250,000, the Investment Manager will be entitled to a fee of US\$3,113 from the US REIT on that transaction.

If Pure Properties is appointed to provide real estate brokerage services for the sale of a Fund property it will receive the brokerage commission on a successful sale, which will be wholly passed on to the relevant sub-contractor (see Section 3.9 for further details). No part of the sales brokerage fee will be retained by Pure Properties.

H. LEASING FEE

The Investment Manager receives a leasing fee of one month's gross rent of properties leased out by the US REIT. A summary of the agreement relating to this fee and further details regarding this fee are summarised in Section 9.

Accordingly, if the US REIT rents out a residential property that forms part of its portfolio for US\$1,200 per month, the Investment Manager will be entitled to a one-off fee of US\$1,200 from the US REIT. The Investment Manager will not receive a leasing fee with respect to property interest held through joint venture arrangements.

I. DEBT ARRANGING FEES

The Investment Manager will receive a debt arranging fee of 2% of the gross amount of external borrowings obtained by the US REIT (directly or indirectly through a subsidiary or joint venture entity). A summary of the agreement relating to this fee and further details regarding this fee are summarised in Section 9.

Accordingly, if the US REIT enters into an agreement to obtain US\$10,000,000 in borrowings from an external lender, the Investment Manager will be entitled to a one-off fee of US\$200,000 from the US REIT. Alternatively, if the US REIT holds a 50% equity stake in a joint venture entity that enters into an agreement to obtain US\$10,000,000 in borrowings from an external lender, the Investment Manager will be entitled to a fee of US\$100,000.

J. FUND ACCOUNTING ADMINISTRATION FEE

Australian Fund Accounting Services Pty Limited (a related entity of the Responsible Entity) provides administration and accounting services to the Fund. Time spent by administrative staff is charged to the Fund at agreed rates under a services agreement, capped at \$120,000 per annum.



K. FORM OF PAYMENT OF FEES

Fees may be paid in cash or, in the case of fees paid under the Constitution, subject to the Corporations Act, in the form of ordinary Units.

L. WAIVER OR DEFERRAL OF FEES

The Responsible Entity or Investment Manager, as applicable, may waive or defer the payment of any fees or accept payment of lower fees in any amount and for any period it determines. It may also reinstate the payment of fees up to the levels prescribed in the Constitution and the investment management agreement (as in the case of the Investment Manager) at any time.

M. ADVISOR REMUNERATION

The Responsible Entity in its personal capacity may pay commissions to advisors who introduce Applicants to the Offer. The Responsible Entity will pay these commissions from the handling fee it is entitled to receive if it chooses to do so or out of its own resources (see Section 4.2.A).

N. EXPENSES OF THE OFFER

The Responsible Entity (in its personal capacity) has elected to incur all costs and expenses associated with the Offer. This includes legal, tax and accounting advice costs, printing and other expenses.

O. UNITHOLDER ADMINISTRATION

If asked to do something outside our normal administration function, there may be a fee. The fees vary depending on the request by a Unitholder.

P. BENEFITS TO THE RESPONSIBLE ENTITY

Except for the interest, fees and remuneration disclosed in this PDS, the Responsible Entity and its directors and employees have not received, and are not entitled to, any benefit in relation to this Offer. Subject to law, directors may receive a salary as employees of the Responsible Entity, consulting fees, directors' fees, dividends and may from time to time hold interests (directly or indirectly) in the Units in the Fund or shares in entities making up Dixon Advisory Group.

Q. GST

It is anticipated that the Fund will be able to recover approximately 55% of the GST component of fees charged to it under the RITC provisions of the GST Act. There may be circumstances where the GST recovery rate may be higher or lower.



5. Risks

Prior to investing, you should consider the risks involved in investing in the Fund and whether the Fund is appropriate for your objectives and financial circumstances. Some of the risks are outside the control of the Responsible Entity and you should read this PDS in its entirety to fully understand the risks associated with an investment in the Fund.

This PDS contains forward looking statements based on certain assumptions that are inherently uncertain. Actual events and results of the Fund's operations could differ materially from those anticipated. Some of the risks may be mitigated by the use of safeguards and appropriate systems and actions but some are outside the control of the Responsible Entity and cannot be mitigated.

The Responsible Entity does not guarantee any rate of return in terms of income or capital or investment performance of the Fund. The value of the Units will reflect the performance of the investments made by the Fund and current market conditions. There can be no certainty that the Fund will generate returns or distributions to the satisfaction of the investor.

Investors can undertake several steps to help minimise the impact of risk. First, seek professional advice suited to your personal investment objectives, financial situation and particular needs. Nothing in the PDS can replace or offer professional advice. Second, invest for at least the timeframe recommended by your professional advisor.

This section describes the areas believed to be the major risks associated with an investment in the Fund. These risks have been separated into general investment risks and specific investment risks. Prospective investors should note that this is not an exhaustive list of the risks associated with the Fund.

5.1 General investment risks

A. TAXATION RISK

Changes to the taxation laws in Australia and the US, in particular income tax, the United States/Australia double income tax treaty (Double Tax Treaty), property tax, transfer tax or other property related tax legislation and/or changes to the taxation status of the Fund or the US REIT may affect the tax treatment of the Fund or the US REIT and may differ between Unitholders (see Sections 7 and 8 of this PDS).

B. MACROECONOMIC RISK

The US residential property market and the value of the Fund's assets can be affected by changes in various macroeconomic conditions. Changes in the US or international economic, technological, political or regulatory environment, as well as inflation and market sentiment, can have a negative or positive impact on asset values.

The Fund always tries to minimise these risks by drawing on the experience of the Responsible Entity and Investment Manager as well as engaging its contacts and research in the marketplace.

C. STOCK MARKET RISK

There are pricing and other risks associated with any investment in a publicly listed fund. The price of Units may rise and fall due to numerous factors which may affect the market performance of the Fund, such as variations in the local and global markets for listed stocks in general or for listed property trusts in particular.

In the future, the sale of large parcels of Units may cause a decline in the price at which the Units trade. No assurances can be made that the performance of the Units will not be adversely affected by any such market fluctuations or factors. Neither the Fund, the Responsible Entity nor any other person guarantees the performance of the Units.



D. REGULATORY RISK

Changes in Government legislation, regulation and policy may affect future earnings and values of assets held by the Fund. Changes in accounting standards may also affect the reported earnings and financial position of the Fund in future financial periods.

E. KEY PERSONNEL RISK

There is a risk that the departure of key staff or consultants with particular expertise in US residential property investment and management, whether they are the staff or directors of the Fund, Responsible Entity, the Investment Manager, the US REIT, Dixon Projects or Dixon Advisory USA or, with respect to investment through joint ventures that are externally managed, the joint venture management entity, may have an adverse effect on the future earnings or value of the Fund.

F. COUNTERPARTY RISK

There is a risk that counterparties with the Fund and the US REIT do not perform their obligations which may affect the value of, and returns from, an investment in the Fund. The Fund seeks to reduce these risks by engaging only with reputable parties.

G. POOR INVESTMENT PERFORMANCE

Neither the Fund, Responsible Entity nor any other person gives a guarantee regarding the amount of income, distribution or capital return to Unitholders or the performance of the Fund, nor do they guarantee the repayment of capital.

H. LIQUIDITY RISK

Liquidity refers to the ease with which an asset can be traded (bought and sold). Units are presently listed on the ASX. Despite this, there can be no guarantee that a liquid market for Units will be available in the future. Applicants in the Fund should be aware that this may limit their ability to realise a return or recover their capital.

I. LITIGATION RISK

In the course of its operations, the Fund (directly or indirectly through the US REIT, a subsidiary of the US REIT or a joint venture arrangement) may be involved in disputes and litigation. The extent of any such disputes and litigation cannot be ascertained at this time, but there are risks that costly disputes or litigation may adversely affect the profitability of the Fund, value of its assets or market price of the Units.

J. FORCE MAJEURE

Force majeure is the term generally used to refer to an event beyond the control of any party, including acts of God, fire, floods, earthquakes, hurricanes, blizzards, wars and strikes. These events may affect returns to investors.

5.2 Specific investment risks to the Fund

A. RISKS OF THE US, TARGET INVESTMENT AREA, BROOKLYN, MANHATTAN AND QUEENS, NEW YORK AND HUDSON COUNTY, NEW JERSEY RESIDENTIAL PROPERTY MARKETS

There are a number of risks regarding an investment in US real estate and the Target Investment Area of Brooklyn, Manhattan and Queens, New York and Hudson County, New Jersey, including without limitation:

- declines in the value of US real estate, both in the Target Investment Area and across the broader property market in general;
- fluctuating vacancy rates and the ability of the US REIT to have the properties fully tenanted;



- a downturn in the US economy or a further recession that may place downward pressure on rents achievable in the marketplace and future capital growth prospects;
- the possibility of default by tenants on their obligations which would reduce the income to the Fund, thereby reducing the amount available for distributions;
- US interest rate fluctuations which may lead to an increase in housing foreclosures; and
- any other factor which may impact property values and rental rates of the US and specifically the residential property markets of, Brooklyn, Manhattan and Queens, New York and Hudson County, New Jersey.

B. CONCENTRATED GEOGRAPHIC FOCUS

The Fund will continue to invest in the New York metropolitan area, with a current focus on Brooklyn, Manhattan and Queens, New York and Hudson County, New Jersey. The Fund's performance will therefore be highly correlated to the performance of the property market in this area. If the residential property market performs poorly, the Fund's performance is likely to be affected.

C. FOREIGN EXCHANGE RISK

The Fund's investments are in the US residential property market through the Fund's investment in the US REIT. The assets of the US REIT and its controlled entities are denominated in US dollars. The value of the Units will be affected by increases and decreases in the value of the US dollar relative to the Australian dollar whenever any of the US REIT's income is distributed to the Fund or the value of the Fund's net assets is calculated. An increase in the value of the US dollar against the Australian dollar will mean the distributions from the US REIT and the value of the US REIT's assets less any liabilities will be worth more when converted into Australian dollars, but if the value of the US dollar falls those distributions and investments will be worth less in Australian dollar terms.

Additionally, the value of the US dollar equivalent of the Australian dollar amounts to be paid as interest and on redemption of the URF Notes fluctuates with changes in the exchange rate between the Australian dollar and the US dollar.

The value of the Australian dollar has been subject to significant fluctuations with respect to the US dollar in the past and may be subject to significant fluctuations in the future. The capital value of the US assets held by the Fund will not be hedged, though borrowing of US dollar denominated debt provides a partial natural hedge. Investors should accordingly consider the impact of an adverse change in the Australian dollar and the US dollar exchange rate.

D. AUSTRALIAN AND US TAXATION LAWS AND ACCOUNTING STANDARDS

Under the existing law, the US REIT has elected to be taxed as a REIT, and it is intended that the US REIT will be owned and operated so it qualifies as a REIT under the Code. Given the highly technical and complex nature of the rules governing status as a REIT, the importance of factual determinations and the possibility of future changes in circumstances or law, no assurance can be given that the US REIT has qualified or remains qualified as a REIT.

The US laws relating to taxation of REITs are constantly being examined and any change to such laws could adversely affect the ability of the US REIT to qualify as a REIT for US Federal income tax purposes. Any changes to the tax rate of the Fund may affect Unitholder returns. In addition, changes to accounting standards by the Australian Accounting Standards Board may affect the reported earnings and financial position of the Fund.

E. OTHER TAX CONSIDERATIONS

Changes in government legislation, including changes to the Double Tax Treaty, changes to taxation laws in the US and Australia, and changes in interpretation of the tax legislation by the US or Australian tax authorities, may affect future earnings and the relative attractiveness of investing in the Fund. As



substantially all of the investments in the Fund are within the US and the Fund is resident in Australia, changes to the tax laws in the US or Australia or interpretation of tax laws by US or Australian tax authorities may adversely impact the Fund.

F. REIT QUALIFICATION AND DOUBLE TAX TREATY RISKS

Although the Fund believes that, under current law, the US REIT has elected to be taxed as a REIT and it is intended that the US REIT will be owned and operated so that it will qualify as a REIT under the Code, because of the highly technical and complex nature of the rules governing status as a REIT, the importance of factual determinations, and the possibility of future changes in circumstances or law, no assurance can be given that the US REIT has qualified, or will remain qualified, as a REIT.

Currently, the distributions from the US REIT are expected to have some portion which is tax deferred. However, the distributions from the US REIT and the distributions from the Fund could be adversely affected if the US REIT is not recognised under the US taxation laws as a REIT and the Fund does not qualify as a regularly traded listed Australian property trust for the purposes of the protocol to the Double Tax Treaty.

If the US REIT were to fail to qualify for US federal income tax purposes as a REIT in any taxable year, its taxable income would be subject to US tax at regular corporate rates in that year and possibly in future years. This would significantly affect the amount of cash available for distribution. Unless entitled to relief under specific statutory provisions, the US REIT would be disqualified from re-electing taxation as a REIT for the four taxable years following the year during which qualification was lost.

For the US REIT to qualify as a REIT under the Code, no more than 50% of the value of its shares may be owned directly or indirectly, by five or fewer individuals (including holders of Units in the Fund) during the last half of any taxable year of the US REIT (**5/50 Rule**). If the US REIT were to fail to satisfy the 5/50 Rule, it is likely it would not qualify as a REIT and would be required to pay US federal income tax at ordinary corporate rates.

In general, if distributions are paid by a REIT to a non-US Unitholder and these distributions are not attributable to capital gains, they are subject to 30% US withholding tax to the extent of the US tax-based earnings and profits (**Ordinary Dividends**). The Double Tax Treaty generally provides that Ordinary Dividends paid by a REIT to a regularly traded listed Australian property trust are generally subject to a 15% US withholding tax. However, if the Fund has reason to know that any Unitholder owns 5% or more of the beneficial interest in the Fund, then the Unitholder will generally be deemed to hold a corresponding portion of the Fund's interest in the US REIT and will be generally deemed to be beneficially entitled to the US REIT Ordinary Dividends paid on such interest. In general, the US REIT Ordinary Dividends paid in respect of such a Unitholder will be subject to a reduced 15% withholding tax rate only if:

- the Unitholder is treated as owning an interest of not more than 5% of any class of shares in the US REIT and the Ordinary Dividends are paid with respect to a class of shares that is publicly traded; or
- the Unitholder is treated as owning an interest of not more than 10% of the US REIT and the gross value of no single interest in real property held by the US REIT exceeds 10% of the gross value of the US REIT's total interest in real property.

These matters, including the US taxation of capital gains recognised by the US REIT or by the Fund on the disposition of its interests in the US REIT are more fully discussed in the US tax advice in Section 8 of this PDS.

The Fund should not be liable to pay Australian income tax on the basis that the Unitholders will be presently entitled to all of the distributable income of the Fund. The Fund may be liable to pay income tax if, in any given year, it is classified as either a public trading trust or a corporate trading trust. Although the intention is that the Fund should not be classified as a public trading trust or a corporate unit trust, the activities of the Fund need to be reviewed on an annual basis to confirm that this is, in fact, the case.



G. REGULATORY RISK

Changes in regulation may be unfavourable for the Fund. Freestanding and multi-family properties are often subject to a range of local regulations (including statutory limitations on rental increases). Any changes to such regulations may adversely affect the Fund's future income. The Fund has put in place strategies to appropriately manage the regulatory requirements and will only invest where the Fund is satisfied that the benefits of the investment outweigh the additional regulatory requirements.

H. GEARING RISK

There is a risk that the value of the Fund's property investments will fall and any gearing in the Fund may amplify any change in value. If the value of the properties fall, there is the risk that the Fund may lose some or all of the capital invested if rental income is insufficient to cover recurring outgoings such as fees, interest and other expenses and the Fund does not have access to other capital sources, forcing the Fund to liquidate properties at lower valuations.

For this reason, it is possible that investors in the Fund could lose the value of their investment.

I. INTEREST RATE RISK

The Fund is a geared vehicle. As such, changes in interest rates will have a positive or negative impact directly on the Fund's income. Changes in interest rates may also affect the market more broadly, and positively or negatively impact the value of the Fund's underlying assets and the ability of the Fund to invest the proceeds of the Offer and existing cash holdings.

J. BORROWING AND DEPOSIT RISK

The Fund, directly and indirectly, has borrowings. There is a risk that any loan will need to be repaid at short notice or cannot be refinanced post expiry on as favourable terms or rates, or at all. The main reason for this would be if there was a breach of obligations to the lender or a new facility was not available in a timely way. The US REIT may then need to sell properties if a new facility could not be secured. This could be at a less than favourable time. The Fund (directly or indirectly) would explore obtaining replacement loans, but this may prove more difficult in some circumstances. There is also a risk that the provider of the loan may not meet its obligations or may suffer financial difficulty. The Fund, and the US REIT, will endeavour to borrow only from reputable large financial institutions to minimise this risk.

The Fund manages these borrowing risks by following strict investment and risk guidelines and dealing with respected lenders. It is important to note that borrowing may increase the potential return of the Fund but may also increase its potential losses.

The Fund has US dollar denominated cash deposits (see Section 3.4 of this PDS). These cash deposits are not insured and in the event of a bank failure, the Fund's deposits may not be recoverable in full, which would have an adverse effect on the value and investment activity of the Fund. The Fund manages this deposit risk by only dealing with financial institutions that pass its rigorous due diligence process and credit risk analysis.

K. REFINANCING RISK

Unitholders are exposed to the risk that the Fund, directly or through the US REIT and the entities it controls or invests in, may not be able to repay or refinance debt facilities it may enter into as they fall due, or that refinancing is only available on terms materially less favourable.

L. FUTURE ACQUISITIONS

The Responsible Entity intends to acquire properties in accordance with the investment strategy of the Fund (see Section 3.3). The rate at which this occurs will depend on market conditions and the availability of suitable real estate on appropriate terms at the time.



M. SUBSTANTIAL UNCOMMITTED FUNDS

Under the Offer, the Fund will receive new funds which, together with existing cash resources, at the time will be uncommitted to any specific residential real estate investment. It may take longer than expected to identify sufficiently attractive investments for the Fund to fully invest any additional capital which is raised. This may adversely impact returns as the Fund is currently unable to realise a significant return on cash held in US dollars.

N. POTENTIAL NEGATIVE IMPACT ON RETURNS

The Offer proceeds may in the short term reduce returns. This may occur if there is a material difference in the exchange rate at which new funds are raised and when they are converted to US dollars. This may also occur if there is an extended period over which the Fund is investing the proceeds of the Offer, as the Fund is currently unable to realise a significant return on cash held in US dollars. The amount of potential negative impact will depend on the ultimate size and timing of the Offer as well as the exchange rate at conversion.

O. JOINT VENTURE RISK

There is a risk that any joint venture partner, current or future, may fail to meet its obligations, including managing the properties appropriately, in accordance with the terms of the relevant joint venture agreement. While there are remedies available to the Fund and the US REIT in the event of non-performance by a joint venture partner, the value of the assets held under the joint venture may be negatively impacted.

For investments through a joint venture vehicle, the Fund may not undertake instrumental decisions (including redistribution of any properties) without the consent of its fellow joint venture partners. This may limit the ability of the Fund to redistribute an investment.

5.3 Investor considerations

Before deciding to subscribe for Units, Applicants should consider whether Units are a suitable investment. There may be tax implications arising from the Application for Units, the receipt of distributions from the Fund and the disposal of Units. Applicants should carefully consider these tax implications and obtain advice from an accountant or other professional tax advisor in relation to the application of tax legislation. If you are in doubt about whether you should subscribe for Units, you should seek advice on the matters contained in this PDS from a stockbroker, solicitor, accountant or other professional advisor.



6. Financial Information

6.1 Historical and pro forma Statements of Financial Position

The historical Statement of Financial Position as at 30 June 2016 has been extracted from the auditor-reviewed financial statements for the Fund released to the market through the ASX on 19 August 2016 (**HY2016 Statements**).

The pro forma unaudited Statements of Financial Position set out below have been prepared to illustrate the financial position of the Fund and its controlled entities following completion of the Offer and expenditure of funds associated with the Offer. These pro forma unaudited Statements of Financial Position are intended to be illustrative only and will not reflect the actual position and balances as at the date of this PDS or at the completion of the Offer.

The pro forma unaudited Statements of Financial Position have been prepared in accordance with the accounting policies set out in Section 8 of the financial statements for the year ended 31 December 2015 (**2015 Annual Report**).

The pro forma unaudited Statements of Financial Position are presented in summary form only and do not comply with the presentation and disclosure requirements of Australian Accounting Standards.

Table 4: Historical and Unaudited Pro Forma Statements of Financial Position

A\$'000 unless otherwise stated	Historical 30-Jun-16	Pro Forma 20m Units	Pro Forma 35m Units	Pro Forma 43.9m Units
Cash	108,012	145,789	174,122	191,000
Investment properties	944,797	944,797	944,797	944,797
Investments in jointly controlled entities	50,550	50,550	50,550	50,550
Other assets	26,151	26,151	26,151	26,151
Total assets	1,129,510	1,167,287	1,195,620	1,212,498
Borrowings	528,730	528,730	528,730	528,730
Other liabilities	99,813	99,813	99,813	99,813
Total liabilities	628,543	628,543	628,543	628,543
Net assets	500,967	538,744	567,077	583,955



6.2 Notes to the pro forma Statements of Financial Position and assumptions

A reconciliation of the pro forma cash balances is shown below.

Table 5: Pro forma cash position post offer

A\$'000 unless otherwise stated	Historical 30-Jun-16	Pro Forma 20m Units	Pro Forma 35m Units	Pro Forma 43.9m Units
Historical cash position at 30 June 2016	108,012	108,012	108,012	108,012
Pro forma adjustment – Proceeds of the Offer	–	39,000	68,250	85,674
Pro forma adjustment – Expenses of the Offer	–	(1,223)	(2,140)	(2,686)
Pro forma net cash position	108,012	145,789	174,122	191,000

ASSUMPTIONS

The pro forma Statements of Financial Position have been prepared on the basis of the following assumptions:

- application of the significant accounting policies set out in Section 8 of the 2015 Annual Report;
- the column headed “Pro Forma 20m Units” has been prepared as if the Offer raises gross proceeds of \$39,000,000 through the issue of 20 million Units, under this PDS at an Application Price of \$1.95 per Unit. This column does not include any adjustment to reflect the issue of Units under the UPP;
- the column headed “Pro Forma 35m Units” has been prepared as if the Offer raises gross proceeds of \$68,250,000 through the issue of 35 million Units, under this PDS at an Application Price of \$1.95 per Unit. This column does not include any adjustment to reflect the issue of Units under the UPP;
- the column headed “Pro Forma 43.9m Units” has been prepared as if the Offer raises gross proceeds of \$85,674,375 through the issue of 43.9 million Units, under this PDS at an Application Price of \$1.95 per Unit. This column does not include any adjustment to reflect the issue of Units under the UPP;
- expenses related to the Offer to be paid by the Fund include a Structuring and Arranging Fee and Handling of 3.135% (including GST and net of RITC) of the gross proceeds raised by the Offer; and
- no interest is earned by the Fund during the Offer Period.

6.3 Capital structure

As at the date of this PDS, there are a total of 292,903,853 Units on issue.

The table below shows the capital structure of the Fund on completion of the Offer assuming an Offer size of 20,000,000 Units, 35,000,000 Units and 43,935,577 Units. It does not include include any adjustment to reflect the issue of Units under the UPP.



Table 6: Capital structure post offer

Units	Pro Forma 20m Units		Pro Forma 35m Units		Pro Forma 43.9m Units	
	Number	%	Number	%	Number	%
Existing	292,903,853	94%	292,903,853	89%	292,903,853	87%
New Units						
Issued						
Under Offer	20,000,000	6%	35,000,000	11%	43,935,577	13%
Total	312,903,853	100%	327,903,853	100%	336,839,430	100%

Notes:

1. Rounded to the nearest Unit.
2. The Offer Includes 1,285,000 Units to be available for issue to directors of the Responsible Entity and its holding companies subject to Unitholder approval.

The Offer will not impact control of the Fund. For the US REIT to qualify as a REIT under US law, no more than 50% (in value) of the issued capital in the Fund may be owned, directly or indirectly, by five or fewer individuals (5/50 Rule). The Responsible Entity will exercise its discretion and not issue Units under the Offer to an Applicant if it reasonably considers that, upon issue, the investor would control 9.8% or more of the total number of Units on issue. This percentage reflects the terms of the trust deed establishing the US REIT and is to ensure ongoing compliance with the 5/50 Rule. See Section 8 for details regarding the 5/50 Rule.

The anticipated effect of the Offer on the Fund is illustrated in the unaudited pro forma Statements of Financial Position set out above in Section 6.1 and 6.2.

6.4 Unit trading performance and reported NAV

The table below sets out the Unit trading performance since inception in June 2011 to 31 July 2016. At 31 July 2016, the estimated unaudited NAV was \$1.82²⁷ and the Unit closing price was \$2.07. As at 18 August the estimated unaudited NAV per Unit was \$1.89²⁸ and the Unit closing price was \$2.09.

Table 7: NAV and Unit Trading Performance Since Inception to 31 July 2016

	3 month	6 month	1 year pa	2 year pa	3 year pa	Since inception pa ²⁹
Unit price return ³⁰	0.4%	-1.0%	5.9%	11.7%	9.6%	10.5%
NAV return ³¹	-2.7%	-11.0%	-3.3%	12.7%	10.3%	9.4%

Source: Bloomberg and Walsh & Company. Bloomberg has not consented to the inclusion of trading data attributed to it in this PDS.

27 This NAV does not include any adjustment resulting from the half-year review as disclosed in the ASX announcements dated 3 August 2016 and 17 August 2016.

28 This NAV includes adjustments resulting from the half-year review disclosed in the ASX announcements dated 3 August 2016 and 17 August 2016.

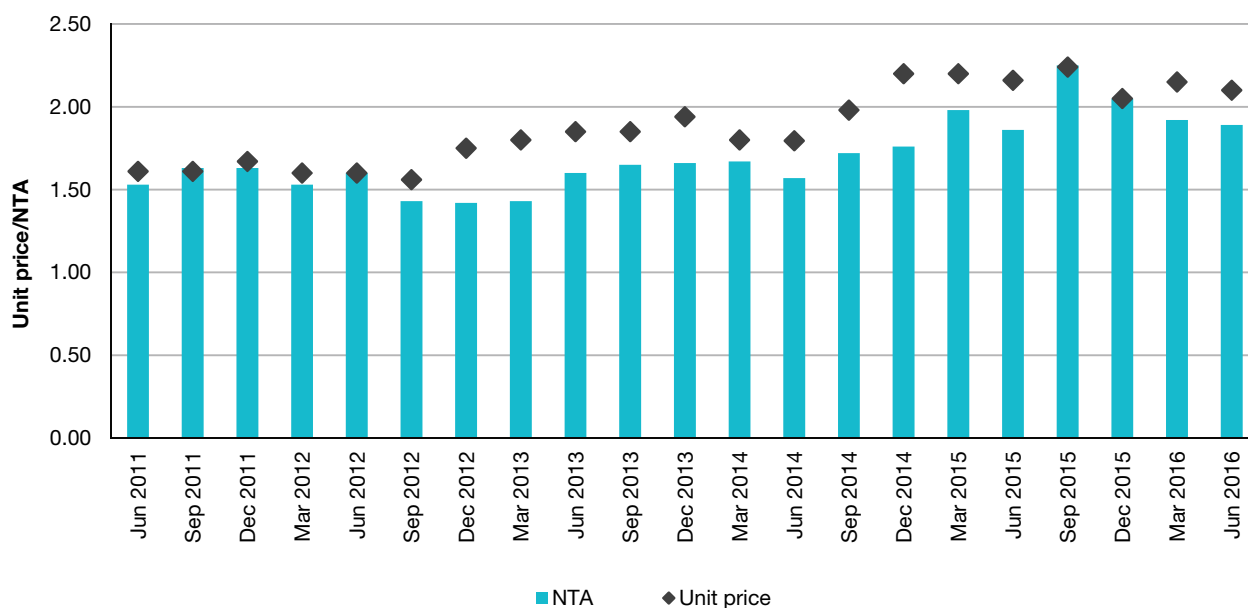
29 Inception date June 2011.

30 Unit price returns are inclusive of reinvested distributions and adjusted for rights issues.

31 Total NAV returns are inclusive of reinvested distributions.



The following chart sets out the quarter-end closing price of Units and estimated unaudited NAV since inception to 30 June 2016.



Source: Bloomberg and Walsh & Company.

The following table summarises the six-monthly trading data of the Fund since admission to the ASX on 23 July 2012 to 30 June 2016.

Table 8: Six-monthly trading data³²

	Value traded	Close price	High	Low	Period end NAV
H2-12	\$4,367,270	1.75	1.905	1.51	1.42
H1-13	\$5,055,703	1.85	1.905	1.74	1.6
H2-13	\$5,945,569	1.94	1.94	1.77	1.66
H1-14	\$39,131,527	1.80	1.985	1.77	1.57
H2-14	\$15,171,343	2.20	2.28	1.775	1.76
H1-15	\$14,139,773	2.16	2.25	2.05	1.86
H2-15	\$16,148,787	2.05	2.35	1.99	2.05
H1-16	\$14,140,826	2.10	2.29	2.00	1.89

Source: Bloomberg and Walsh & Company

As the NAV is reported in A\$, fluctuations in reported NAV are significantly impacted by changes in the US\$/A\$ exchange rate. Between 30 June 2015 and 30 June 2016, 14,013,811 Units have traded on the ASX, representing 4.91% of the average Units on issue.

³² The Fund's half-year financial statements are to 30 June and the Fund's full-year financial statements are to 31 December.

References to H1 mean from 1 January to 30 June of the relevant year. References to H2 mean from 1 July to 31 December of the relevant year.



7. Australian Taxation Advice

Deloitte Private Pty Ltd
ACN 120 167 455

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

Tel: +61 2 9322 7000
www.deloitte.com.au

The Directors
Walsh & Company Investments Limited
Responsible entity of the US Masters Residential Property Fund
Level 15, 100 Pacific Highway
NORTH SYDNEY NSW 2060

22 August 2016

Dear Sirs

US Masters Residential Property Fund (Fund) Australian Tax Opinion

This taxation opinion has been prepared for inclusion in a Product Disclosure Statement (PDS) for the offer of units in the Fund. This PDS is expected to be issued on 22 August 2016.

Defined terms used in this opinion have the same meaning ascribed to them in the PDS, unless otherwise indicated.

This opinion is intended to provide a general overview of the likely Australian income tax, stamp duty and goods and services tax (GST) implications for certain investors in the Fund (**Unitholders**). It does not address all of the taxation consequences of investing in the Fund. The comments are of a general nature and apply only to Unitholders who are individuals and complying superannuation funds that are residents of Australia for income tax purposes. This opinion does not provide any information in relation to the tax implications for Unitholders under the tax laws of countries other than Australia. Furthermore, this opinion is only intended to apply to Unitholders who hold their Units on capital account. It is not intended to apply to Unitholders who carry on a business of trading in Units or who acquire their Units for the purpose of profit making by sale of their Units.

Potential Unitholders should be aware that the actual tax implications of investing in the Fund may differ from those summarised in this opinion, depending on their individual circumstances. Applicants should seek advice from their own professional taxation adviser regarding the Australian tax (including GST and stamp duty) consequences of acquiring, holding and selling Units in the Fund, having regard to their particular circumstances.

This letter is based on the Australian tax laws, regulations and administrative practices in effect as at the date of this letter. Unitholders should be aware that any changes (with either prospective or

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retrospective effect) to the Australian tax laws may affect the taxation treatment of the Fund and the Unitholders as described in this letter.

In providing this opinion we have relied upon certain facts as set out in the PDS that have not been independently reviewed or verified by Deloitte Touche Tohmatsu Limited. The inclusion of this opinion in the PDS is subject to the terms of our consent for its inclusion and to be named in the PDS as set out in Section [10.7] of the PDS.

The representatives of Deloitte Touche Tohmatsu Limited involved in preparing this report are not licensed to provide financial product advice as defined by the *Corporations Act 2001* (**Corporations Act**). Potential investors may consider seeking advice from an Australian financial services licence holder before making any decision in relation to a financial product. Investors should also note that taxation is only one of the matters that need to be considered when making a decision on a financial product.

Our opinion is based on the applicable revenue laws as at the date of this opinion (collectively, the **Tax Laws**). This opinion is also based on the current international double tax agreement between Australia and the United States (**Australia-US DTA**). It is noted that any of the laws referred to are subject to change periodically, as are their interpretation by the Courts and the Australian Taxation Office (**ATO**). We have no obligation to provide an updated opinion to reflect such changes.

1. Taxation of the Fund

Generally speaking, unit trusts such as the Fund are treated as 'flow through' entities. That is, they are not liable to pay income tax on their net (i.e. taxable) income, provided that the Unitholders have a present entitlement to the distributable income of the Fund.

Certain trusts can, however, be taxed as companies if they fall within the definition of a 'public trading trust', as defined within Division 6C of the 1936 Act. Provided that neither the Fund, nor entities that the Fund controls, carry on a 'trading business', it should not be classed as a public trading trust.

In this regard, the Fund should not be taken to be carrying on a 'trading business' where its activities consist wholly of an investment in the US Masters Residential Property (USA) Fund (**US REIT**) and the activities of the US REIT and its associates consist primarily of investments in land outside Australia for the purpose, or primarily for the purpose, of deriving rent. Based on the proposed activities of the Fund and the US REIT and its associates as disclosed in the PDS, it is considered unlikely that the Fund would be classed as a public trading trust. However, this will need to be considered on a year-by-year basis.

On the basis that the Fund is not a public trading trust and assuming that the Unitholders are presently entitled to all of the Fund's distributable income each year, the Fund should not be subject to tax. Although the Fund will be required to calculate its net income each year, any income tax liability should be imposed at the Unitholder level rather than on the Fund.

The Fund may satisfy the requirements to be a 'managed investment trust' (**MIT**) for tax purposes. Whether the Fund qualifies as a MIT is dependent upon the Fund satisfying certain licensing requirements, the 'widely held' ownership requirements, certain 'closely held' restrictions and other conditions.



Being classified as a MIT allows the Fund to make an irrevocable election to apply the capital gains tax (CGT) provisions as the primary code for the taxation of gains and losses on the disposal of certain assets (being primarily shares, units and real property).

A new income tax system for MITs (referred to Attribution Managed Investment Trust' (AMIT) rules) has been introduced. The new AMIT rules apply on an elective basis from 1 July 2016 (with an option to early adopt the rules from 1 July 2015).

The main consequences that arise for eligible trusts that elect into the AMIT rules are as follows:

- the relevant trust will be treated as a fixed trust for income tax purposes;
- an 'attribution' model applies to the relevant trust instead of the general trust provisions. For income tax purposes, the trust will be able to attribute amounts of taxable income, exempt income, non-assessable non-exempt income, tax offsets and credits to members on a fair and reasonable basis in accordance with their interests as set out in the constituent documents of the trust, and
- if a relevant trust discovers a variance between the amounts actually attributed to members for an income year, and the amounts that should have been attributed, the trust will be able to reconcile the variance in the income year that it is discovered by using the "unders and overs" regime.

The AMIT rules may also provide benefits to members of a relevant trust as:

- a "character flow-through" model will apply to ensure that amounts derived or received by the trust that are attributed to members retain the character they had in the hands of the trustee for income tax purposes;
- members will, where applicable, be able to make both upward and downward adjustments, on an annual basis, to the cost bases of their interests in the relevant trust; and
- the taxation treatment of tax deferred and tax free distributions made by the relevant trust are clarified.

The Fund is considering the application of the AMIT rules in detail to determine its eligibility to elect into the new regime and thereafter whether such an election should be made in a future income year.

The net income of the Fund will include any distributions paid or credited by the US REIT to the Fund that are characterised as dividends under the Tax Laws.

The amount of US tax withheld from these dividends will also be included in the Fund's net income to, in effect, 'gross up' the dividend to its pre-withholding tax amount. A foreign income tax offset (FITO) may be available to the Unitholders for a proportionate share of the US withholding tax paid, if certain requirements are met (refer to paragraph [2] of this opinion for further details of the US withholding tax and FITO).

The Fund may also receive distributions from the US REIT that will be characterised, for Australian tax purposes, as a return of capital on the US REIT shares. Such distributions, to the extent they are considered to be returns of capital should not be included in the Fund's net income. Rather, the Fund's CGT cost base in the US REIT shares will be reduced by the amount of the capital returned. If the return of capital, including any previous returns of capital, exceeds the CGT cost base of the shares, a capital gain equal to the excess may arise which will be included in the net income of the Fund. The gain may be eligible for discount capital gains treatment provided the US REIT shares were owned by the Fund for at least 12 months.



The Fund may make a capital gain or capital loss if it disposes of any of its US REIT shares. Any capital gain will be included in the Fund's net income in the year of income the capital gain arose. If US tax is payable on the gain (refer to comments on US tax at Section [8] of the PDS), Unitholders may be entitled to a FITO for the US tax suffered, subject to their own tax position (refer to paragraph 2(b) below for further details). The gain may also be eligible for discount capital gains treatment if the US REIT shares were owned by the Fund for at least 12 months before the disposal.

The US REIT (or any wholly-owned subsidiaries of the US REIT) will be a controlled foreign company (CFC) of the Fund for Australian tax purposes. The CFC provisions could potentially apply to include certain income and gains derived by the US REIT in the Fund's net income for a year even if such income or gains are not repatriated to Australia in that year. However, there are specific exemptions which apply to REIT's which invest solely in US real property. This means that, under the current CFC rules, no amount should be attributed for tax purposes to the Fund in respect of its shareholding in the US REIT.

If the Fund makes a tax loss, which includes a net capital loss, in any income year, the loss is not distributable to Unitholders. The tax loss which is not a capital loss may be able to be carried forward and utilised by the Fund against future assessable income including net capital gains. A capital loss may only be utilised by the Fund against future capital gains. To the extent to which the tax loss is a revenue loss the future utilisation of such losses are subject to the Fund satisfying the trust loss provisions of the Tax Laws.

2. Taxation of Unitholders

(a) Acquisition of Units

Each Unit in the Fund will be a CGT asset. A Unitholder's CGT cost base in a Unit at any particular time should equal the amount the Unitholder paid to acquire the Unit, including any incidental costs of acquisition and disposal, adjusted for any tax deferred distributions received from the Fund. We refer to paragraph 2(b) below for further details in relation to tax deferred distributions. A Unitholder's CGT cost base in the Units should not be affected by certain distributions including the receipt of discount capital gains from the Fund (refer below to paragraph 2(b)).

(b) Distributions from the Fund

A Unitholder should include the proportionate share of the Fund's net income to which they become presently entitled in their assessable income for each relevant year. This will include Fund distributions that a Unitholder becomes entitled to but may not receive until after year end. Generally speaking, the Unitholders will be assessed in the same year in which the Fund derived the income.

The Unitholder's proportionate share of net income will be determined by their proportional present entitlement to the distributable income of the Fund. There may be circumstances where the calculation of the Fund's net income for tax purposes and the distributable income vary.

In circumstances where the distributable income of the Fund in a year of income exceeds its net income, the excess amounts (referred to as tax deferred distributions) should not be subject to income tax in the Unitholder's hands, however, certain adjustments may be required in respect of the Unitholder's cost base and capital gains may be triggered (refer below).



Where the Fund's net income exceeds its distributable income for a year of income, the Unitholder's should be assessed on their proportionate share of the net income.

The US tax comments included in Section [8] of the PDS notes that dividends paid by the US REIT will generally be subject to a withholding tax rate of 15%. However, if a Unitholder's interest in the Fund exceeds certain specified thresholds (as discussed in the US tax comments in Section [8] of the PDS), the dividend paid by the US REIT attributable to that Unitholder will be subject to US withholding tax at the rate of 30%.

Interest paid by the US REIT to the Fund should be subject to a withholding tax rate of 10% under the Australia-US DTA.

Furthermore, as also discussed in the US tax comments at Section [8] of the PDS, if the US REIT makes a distribution to the Fund that relates to a gain from the sale of US real property (termed a capital gain dividend), there may be US withholding tax imposed at a rate of 35%.

Each component of the Fund's net income should retain its character when assessed in the hands of the Unitholders. As the income of the Fund should primarily include dividend and interest income derived by the Fund from a foreign source, distributions should also be characterised for tax purposes as foreign source income.

Unitholders may, subject to meeting certain conditions, be entitled to a FITO in respect of any foreign taxes incurred by the Fund. The FITO that may be claimed by a Unitholder in a year of income is, broadly, calculated as the lesser of the Unitholder's share of the amount of foreign taxes paid by the Fund and the foreign income offset limit for the Unitholder (the cap). In the event that the total foreign income tax paid exceeds the cap, no offset is allowed for the excess foreign income tax. The Unitholder may refrain from calculating the cap and instead choose to use the \$1,000 de minimis cap.

FITOs are non-refundable, with the result that, to the extent that a FITO cannot be used by a Unitholder in a year of income because the Unitholder's share of foreign taxes paid exceeds the cap, the excess is lost. The excess cannot be carried forward to a later income year.

If a capital gain is included in the Fund's net income (such as may arise from the sale of shares in the US REIT), Unitholders will be treated as having derived a capital gain equal to their proportional share of the net capital gain. If the net capital gain included in the Fund's net income is subject to discount capital gains treatment, Unitholders will be required to include an additional amount in their assessable income to 'gross up' the amount of the net capital gain to its pre-discount amount. This is required so that the applicable CGT treatment of the capital gain can be determined at the Unitholder level in accordance with the Unitholder's particular circumstances. Depending on those circumstances, the capital gain may be eligible for discount capital gains treatment at the Unitholder level.

Where amounts derived by the Fund are not included in its net income (which may occur, for example, where the US REIT makes a distribution that is treated as a return of capital for Australian tax purposes), those amounts should not be included in the Unitholder's assessable income. These amounts should be treated as tax deferred distributions, unless specifically excluded for example, the discount component of a discount capital gain or a capital gain sheltered by capital losses.

Tax deferred distributions are not assessable to the Unitholder but, for CGT purposes, should reduce the cost base of the Unitholder's Units in the Fund. If the CGT cost base of the Units is reduced to nil, the Unitholder may make a capital gain on any further tax deferred distributions



received. Any such capital gain may be eligible for discount capital gains treatment depending on whether the Unitholder has held the units in the Fund for at least 12 months.

(c) Disposal of Units

The disposal of Units in the Fund should have CGT implications for the Unitholder. A capital gain should arise to the Unitholder where the capital proceeds received from the disposal of the Units is greater than the Unitholder's cost base for CGT purposes. A capital loss should arise if the capital proceeds on disposal are less than the Unitholder's reduced cost base for CGT purposes. We refer to paragraph 2(a) above for a discussion of the cost base of the Units for CGT purposes.

Discount capital gains treatment may be available to reduce the capital gain realised by the Unitholder on the disposal of the Units. If the Units in the Fund had been held for at least 12 months, the Unitholder may, after offsetting capital losses of the Unitholder, be able to discount the resulting capital gain by one half in the case of an individual or trust, or by one third in the case of a complying superannuation fund.

Discount capital gains treatment should not be available with respect to capital gains made on the disposal of Units that occurred under an agreement made by the Unitholder within 12 months of acquiring the Units.

Any capital gain or capital loss derived or incurred by the Unitholders on the disposal of their Units should be aggregated with any other capital gains or capital losses that the Unitholders may have in that year to determine the Unitholders' net capital gain or net capital loss for that year.

A net capital gain is included in the Unitholder's assessable income. A net capital loss can only be offset against capital gains. Capital losses may be carried forward and offset against future capital gains.

3. Withholding of tax from distributions

The Responsible Entity is required to deduct Pay-As-You-Go (PAYG) withholding tax from distributions paid to Unitholders at the highest marginal rate, including Medicare Levy and the Budget Repair levy (currently 49%) if the Unitholder has not quoted either their Tax File Number (TFN) or Australian Business Number (ABN) and none of the relevant exemptions apply. Unitholders should generally be entitled to an income tax credit for any such tax withheld.

We note that the Budget Repair levy of 2% applies for the 2014-15, 2015-16 and 2016-17 financial years only.

4. GST and Stamp Duty

The acquisition and disposal of Units in the Fund by Unitholders should not be subject to GST. Similarly, the distributions from the Fund to Unitholders should not be subject to GST. The Fund itself may not be entitled to recover all of the GST it incurs on purchases. The GST recovery will depend upon the exact nature of the operations of the Fund.

Unitholders should not be liable for Stamp Duty in respect of their subscription of Units under this PDS. Future acquisitions and disposals of Units should not be liable to duty provided the Fund remains listed on the National Stock Exchange of Australia Limited.

* * * * *



Yours faithfully



Joe Galea
Partner, Deloitte Private Pty Ltd



8. US Taxation Advice

A. INTRODUCTION

Based on the advice of Blank Rome LLP, the following is a summary of certain of the material US tax issues relating to the Fund's interest in the US REIT.

B. TAXATION OF THE US REIT

The US REIT has elected to be taxed as a REIT under US tax legislation and it is intended that the US REIT will be owned, organised and operated in a manner so as to qualify as a REIT for US federal income tax purposes. Consequently, the US REIT is not expected to be subject to US federal corporate income tax on its taxable income. However, the determination of whether an entity qualifies as a REIT involves the application of a number of highly technical and complex rules for which there are limited judicial and administrative interpretations. In addition, no independent investigation of continuing qualification of the US REIT as a REIT has been conducted. Accordingly, no assurance can be given that the US REIT will qualify, or remain qualified, as a REIT.

In order to qualify as a REIT for US federal income tax purposes in any particular year, the US REIT must continually satisfy certain tests concerning, among other things, its sources of income, the nature and diversification of its investments in real estate and related assets, the amount it distributes to shareholders, and the ownership of its shares. The US REIT may also be required to make distributions to shareholders at disadvantageous times or when it does not have funds readily available for distribution. The REIT provisions of the Code could limit the US REIT's ability to hedge its financial assets, currency risk and related borrowings. Thus, compliance with the REIT requirements could hinder the US REIT's ability to operate solely with the objective of maximising profits.

If the US REIT fails to qualify for taxation as a REIT in any taxable year, the US REIT will be subject to tax on its taxable income at regular corporate rates. The US REIT will also be disqualified from re-electing to be taxed as a REIT for the four taxable years following the year during which qualification was lost. The US REIT expects to operate in such a manner so as to qualify for taxation as a REIT through regular reviews of the requirements for qualification.

C. DISTRIBUTIONS

In order to satisfy the provisions under the Code applicable to REITs, the US REIT must distribute to its shareholders at least 90% of its taxable income. The Trustees of the US REIT may authorise a distribution only if the US REIT will be able to pay its debts in the ordinary course of business after making the distribution.

D. CERTAIN RESTRICTIONS ON OWNERSHIP AND TRANSFER

For the US REIT to qualify as a REIT under the Code, the US REIT's shares must be held directly by a minimum of 100 persons for at least 335 days in each taxable year following its first taxable year (or a proportional number of days in any short taxable year). The Responsible Entity has completed an offering of shares sufficient to cause the US REIT to have at least 100 direct shareholders.

In addition, generally no more than 50% in value of the US REIT's shares may be owned, directly or indirectly (by applying certain constructive ownership rules), by five or fewer individuals (as defined for these purposes) at all times during the second half of each taxable year following its first taxable year. If the US REIT complies with the US Treasury Department regulations for ascertaining its actual ownership and did not know, or exercising reasonable diligence would not have reason to know, that more than 50% in value of its outstanding shares were held, actually or constructively, by five or fewer individuals, then it should generally be treated as meeting such requirement. However, even though the Fund is generally



excluded from these ownership restrictions, an acquisition of an interest in the Fund that would otherwise cause the US REIT to violate this 50% test would trigger certain measures at the US REIT level designed to prevent this 50% test from being violated.

In this regard, shareholders of the US REIT are also prohibited from directly or indirectly owning or attempting to acquire more than 9.8% (in value or number of shares, whichever is more restrictive) of the US REIT, subject to certain exceptions.

In order to ensure compliance with the 50% test, the Declaration of Trust of the US REIT contains certain (1) restrictions on the direct or indirect transfer of its shares to prevent additional concentration of ownership; and (2) notification requirements in relation to ownership limits of shares in the capital of the US REIT. Moreover, to evidence compliance with these requirements under US Treasury Department regulations, the US REIT must maintain records which disclose the actual ownership of its outstanding shares and such regulations impose penalties on the US REIT for failing to do so.

E. US WITHHOLDING TAXES

i) Interest

Interest payments by the US REIT to the Fund should be subject to a reduced US withholding tax rate of 10% under the Double Tax Treaty.

ii) Dividends

Dividends paid by the US REIT from its earnings and profits and which are not attributable to gains recognised from the sale of US real property should generally be subject to a reduced US withholding tax rate of 15%. This reduced rate from 30% is generally available under the Double Tax Treaty where dividends are paid to a regularly traded (as such term is defined for the purposes of the Double Tax Treaty) listed Australian property trust (e.g. the Fund).

However, if the Responsible Entity knows or has reason to know that any Unitholder owns 5% or more of the beneficial interest in the Fund, then the Unitholder will be deemed to hold a corresponding portion of the Fund's interests in the US REIT and will be deemed to be beneficially entitled to the US REIT dividends paid on such interest. In general, a dividend paid from a US REIT in respect of such Unitholder will be subject to a reduced 15% withholding tax rate only if:

- the Unitholder is an individual treated as owning an interest of not more than 10% in the US REIT;
- the Unitholder is treated as owning an interest of not more than 5% of any class of shares in the US REIT and the dividends are paid with respect to a class of shares that is publicly traded; or
- the Unitholder is treated as owning an interest of not more than 10% in the US REIT and the gross value of no single interest in real property held by the US REIT exceeds 10% of the gross value of the US REIT total interest in real property.

Distributions made by the US REIT in excess of its earnings and profits will be treated as non-taxable returns of capital of the US REIT and a refundable gross withholding tax at a rate of 15% may apply. The Fund may also apply for and receive a reduced withholding certificate prior to the receipt of any such distribution to eliminate the US REIT's requirement to withhold the 15% gross withholding tax in the case of such non-taxable returns of capital. These distributions may be taxed under the Foreign Investment in Real Property Tax Act of 1980 (FIRPTA) at the rate of tax, including any applicable capital gains rates, that would apply to a US Person of the same type (e.g. for a corporation currently 35% tax). The collection of the tax is generally enforced by a refundable withholding tax at a rate of 15%, as described above, which would be applied against the Fund's ultimate tax liability on such distributions.

Distributions made by the US REIT which are attributable to gains from the disposition of US real property will generally be subject to a special US tax under FIRPTA of 35% on the distribution. A further branch profits tax of 30% will generally apply; however, this may potentially be reduced to nil under the Double Tax Treaty.



iii) Disposal of shares in the US REIT

A sale by the Fund of its shares in the US REIT generally will be subject to US federal taxation under FIRPTA. Accordingly, any gain recognised will generally be subject to US federal income tax at the rates applicable to a US corporation (currently 35%), and the purchaser of the shares could be required to withhold 15% of the purchase price and remit such amount to the US Internal Revenue Service.

iv) Withholding of certain payments

The Hiring Incentives to Restore Employment Act of March 2010 (the “HIRE Act”), including the Foreign Account Tax Compliance Act (FATCA) provisions promulgated thereunder, generally provides that (1) a 30% withholding tax may be imposed on certain payments of US source income (such as dividends) to certain non-US holders, and (2) beginning 1 January 2019, a 30% withholding tax may be imposed on the proceeds from the sale of property by certain non-US holders that could give rise to certain types of US source payments. Withholding is generally required unless such non-US holders enter into an agreement with the IRS to disclose the name, address and taxpayer identification number of certain US Persons that own, directly or indirectly, interests in such non-US holders, as well as certain other information relating to such interests.

FATCA is a US tax law aimed at financial institutions and other financial intermediaries to prevent tax evasion by US citizens and other US tax residents through use of non-US investments and accounts.

Australia signed an intergovernmental agreement (IGA) with the US to implement FATCA in Australia and enacted FATCA provisions in Division 396 of Schedule 1 to the Taxation Administration Act 1953 (Cth), which is administered by the Australian Taxation Office (ATO). Under the IGA and FATCA provisions, Reporting Australian Financial Institutions have due diligence and reporting obligations.

The Responsible Entity, on behalf of the Fund, is a reporting (Trustee Documented) Australian Financial Services Institution under the IGA. The Fund intends to fully comply with its FATCA obligations as determined by the FATCA regulation, the IGA and any associated guidance from the ATO. These obligations include (but are not limited to) identifying and documenting the status of the investors in the Fund as a US Person, US controlled entity or a non-complying FATCA financial institution. The Fund is obligated by law to report certain information on applicable investors to the ATO which will in turn report this information to the US Internal Revenue Service.

In order to comply with its FATCA obligations, the Responsible Entity is obligated to request certain information from its investors. Certain information collected will be reported to the ATO which will in turn report this information to the US Internal Revenue Service.

The Fund and the Responsible Entity are not liable for any loss an investor may suffer as a result of the Fund’s compliance with FATCA.

The Responsible Entity will also provide information about the Fund’s FATCA status when required so that FATCA withholding is not applied to payments received on its investments (for example, dividends paid on US securities). If the Responsible Entity (on behalf of the Fund) suffers any amount of FATCA withholding and is unable to obtain a refund for such withholding, the Responsible Entity (on behalf of the Fund) will not be required to compensate investors for any such withholding and the effects of these amounts will be reflected in the returns of the Fund.

This information is of a general nature only. Please consult your tax advisor should you wish to understand the implications of FATCA for your particular circumstances.



9. Material Contracts

The directors consider that the material contracts described below and elsewhere in this PDS are the contracts which an investor would reasonably regard as material and which investors and their professional advisors would reasonably expect to find described in this PDS for the purpose of making an informed assessment of the Offer.

This Section only contains a summary of the material contracts and certain of their terms.

9.1 US REIT Management Agreement

The Investment Manager provides management services to the US REIT under the Management Agreement. Under the terms of the US REIT Management Agreement, URF Investment Management Pty Limited, as investment manager for the US REIT (**Investment Manager**), among other things:

- a) provides compliance, accounting and other administrative services reasonably required by the US REIT from time to time;
- b) assesses residential property market conditions and opportunities in the US and reviews information, research and analysis and property due diligence;
- c) selects and recommends residential properties in which to invest;
- d) monitors the US REIT's portfolio of residential properties;
- e) determines and recommend the sale or disposition of properties in the US REIT's portfolio and co-ordinates any such sale or disposition; and
- f) manages the US REIT's surplus capital and related accounts.

In return for the performance of its duties as investment manager of the US REIT, the Investment Manager is entitled to be paid, and the US REIT must pay to the Investment Manager, a management fee equivalent to 2% per annum of the gross asset value of the US REIT and the Fund, with the value of the Fund's investment in the US REIT deducted to avoid double counting. However, this fee is currently set at 1.24% per annum of the gross asset value of the US REIT and the Fund, with the value of the Fund's investment in the US REIT deducted to avoid double counting. Additionally, the Investment Manager has elected to waive this fee for an indefinite period on the first \$100 million of gross assets.

The Investment Manager will review this partial waiver of its fees on an ongoing basis, subject to the maximum fee of 2% stated above, and reserves its right to alter this waiver at any point in the future. Should the Investment Manager decide to alter this waiver, it will provide Unitholders with three months' prior written notice. The Investment Manager is also entitled to fees for the acquisition, disposal and leasing of property assets and the arranging of debt financing including:

- an asset acquisition fee equivalent to 2% of the purchase price of property assets acquired by the US REIT; however, this fee is currently set at 1.99% of the purchase price of property assets acquired by the US REIT;
- an asset disposal fee equivalent to 4% of the sale price of property assets sold by the US REIT; however, this fee is currently set at 2.49% of the sale price of property assets sold by the US REIT;
- a leasing fee equivalent to three months' gross rent on leases payable to the US REIT; however, this fee is currently set at one month's gross rent on leases payable to the US REIT; and
- a debt arranging fee equivalent to 4% of the gross amount of external borrowing obtained by the US REIT; however, this fee will initially be set at 2% of the gross amount of external borrowing obtained by the US REIT.

The US REIT will indemnify the Investment Manager against any losses or liabilities reasonably incurred by the Investment Manager as a result of providing the management services to the US REIT, except for any



loss or liability caused by the negligence, default, fraud or dishonesty of the Investment Manager or its officers or employees.

The Investment Manager is entitled to be reimbursed out of the US REIT's assets, for all out-of-pocket expenses properly incurred in operating and administering the US REIT.

The US REIT Investment Management Agreement has a term 10 years. Either party may terminate the US REIT Management Agreement upon 90 days' prior written notice.

The Investment Manager may terminate the US REIT Management Agreement immediately if the US REIT becomes insolvent or unable to pay its debts as they become due. Either party may terminate the US REIT Management Agreement upon a material default or breach by the other party of its obligations thereunder if not remedied upon a 30-day cure period after receiving notice of the default or breach.

9.2 Other related party agreements

The nature of the structure in which the Fund sits is that there are a number of related party agreements between the members of the Dixon Advisory Group. Each of these agreements are on arm's length terms and contain the standard terms for their types of agreements. Key related party agreements required for the purpose of the Fund structure are summarised in this Section.

A. ADMINISTRATIVE SERVICES AGREEMENT BETWEEN THE RESPONSIBLE ENTITY AND DIXON ADVISORY USA

Dixon Advisory USA is a wholly owned subsidiary of Dixon Advisory Group Pty Limited. Under the terms of the administrative services agreement, Dixon Advisory USA provides services to the Responsible Entity including employing all office personnel (excluding investment management personnel who will be remunerated out of fees already paid to the Responsible Entity), providing office space, office facilities and paying for all other expenses incidental to the Responsible Entity's operations.

This administrative services agreement provides that Dixon Advisory USA will be reimbursed for all expenses incurred during the performance of these administrative services.

In return for the performance of its duties under this administrative services agreement, Dixon Advisory USA is entitled to be paid, and the Responsible Entity must pay to Dixon Advisory USA, an administrative fee that will not exceed 20% of the cost of each service.

B. ADMINISTRATIVE SERVICES AGREEMENT BETWEEN THE US REIT AND DIXON ADVISORY USA

Dixon Advisory USA is a wholly owned subsidiary of Dixon Advisory Group Pty Limited. Under the terms of the administrative services agreement between the US REIT and Dixon Advisory USA, Dixon Advisory USA provides all services reasonably required by the US REIT in connection with the lease of office space and the management of the US REIT's property. Dixon Advisory USA will be reimbursed for all costs and expenses incurred, including costs and expenses incurred in respect of:

- a) acquiring and maintaining office space and related office facilities;
- b) employing office personnel;
- c) book keeping;
- d) acquiring and maintaining appropriate levels of insurance; and
- e) other corporate expenses incidental to the performance of such services.

Dixon Advisory USA also co-ordinates the procurement of third party contractor services in connection with the service of properties held directly or indirectly by the US REIT, and provides such other services as requested by the US REIT from time to time. In addition, Dixon Advisory USA advises and assists the trustees and officers of the US REIT in taking such steps as are necessary or appropriate to carry out the decision of the US REIT's board of trustees with respect to these matters and the conduct of the US REIT's business.



In return for the performance of its duties under this administrative services agreement, Dixon Advisory USA is entitled to be paid, and the US REIT must pay to Dixon Advisory USA, a service fee based on cost plus an administrative fee that will not exceed 20% of the cost of each service.

The administrative services agreement has an initial term of 20 years, unless earlier terminated. The initial 20-year term will be reduced to 10 years if the Fund is admitted to the Official List. The initial term will be automatically extended after the initial 10-year period for further one-year terms if not earlier terminated. Either party may terminate the administrative services agreement upon 90 days' prior written notice. Dixon Advisory USA may terminate the administrative services agreement immediately if the US REIT becomes insolvent or unable to pay its debts as they become due. Either party may terminate the administrative services agreement upon a material default or breach of the agreement by the other party if the breach is not remedied upon a 30-day cure period of receiving notice of the default or breach.

C. DESIGN AND ARCHITECTURAL SERVICES MASTER AGREEMENT AND PROPERTY SERVICES MASTER AGREEMENT

Dixon Projects, LLC (a subsidiary of Dixon Advisory Group Pty Limited, who is the parent entity of the Responsible Entity) provides architecture, design, and construction services to the Fund, including procurement and inventory management, permitting and approval process management and construction project management. Dixon Projects provides on-site project administration and management, overseeing and coordinating all aspects of the construction process, working closely with contractors to control quality and costs for the Group.

These services are provided under the Property Services and the Design and Architectural Services Master Agreements. Under these agreements, Dixon Projects is entitled to on charge the cost of renovations plus a development fee of 5% and architectural and quantity surveyor services at agreed hourly rates. Costs of renovations include direct labour and materials and an on-cost charge of 16.25% on direct labour and materials, represented by general conditions fees of 15% and insurance fees of 1.25%.

D. FUND ADMINISTRATION SERVICES AGREEMENT

Australian Fund Accounting Services Pty Limited (a subsidiary of Dixon Advisory Group Pty Limited) provides administration and accounting services to the Fund. Time spent by staff is charged to the Fund at agreed rates under a Services Agreement. Time spent by administrative staff is charged to the Fund at agreed rates under the agreement, capped at \$120,000 per annum.

9.3 Joint Venture Agreement

On 10 May 2012, the Fund signed a joint venture agreement with an experienced US-based joint venture partner, Urban American.

Under the terms of the joint venture agreement, the Fund has agreed to, through EMU LLC, a wholly owned subsidiary of the REIT, acquire a 67.5% equity interest in Golden Peak II Holdings LLC, a limited liability company incorporated in Delaware (joint venture entity). Urban American holds the remaining 32.5% equity interest in the joint venture entity. Many decisions by the joint venture entity require unanimous approval of the investors and future equity and debt contributions will be made in proportion with the investor's current equity interests.

The joint venture entity owns 13 specific multi-dwelling properties in Hudson County, New Jersey. The joint venture entity entered into a management agreement on terms consistent with market practice under which Urban American manages the properties. Under the management agreement Urban American is entitled to be paid a fee by the joint venture entity.

The Fund is entitled to receive distributions from the joint venture entity in proportion with its equity interest. Upon termination of the joint venture, distributions will be made in proportion with the investors' respective equity interests. However, if the joint venture entity achieves returns above an agreed threshold (calculated



by reference to the life of the joint venture), an additional fee will be paid to Urban American as a part of the final distribution.

9.4 Rights attaching to shares in the US REIT

The US REIT is a Maryland real estate investment trust formed under the Maryland REIT Law (**MRL**). The following is a summary of certain rights attaching to the shares issued by the US REIT as set out in its declaration of trust.

The US REIT is authorised to issue up to 120,000,000 shares of beneficial interest, of which up to 110,000,000 shall be common shares and 10,000,000 shall be preferred shares. The declaration of trust authorises the issuance of up to 125 12.5% Series A Redeemable Cumulative Preferred Shares (**Series A Preferred Shares**). Subject to restrictions in the US REIT's governing documents, the board of trustees may authorise the issuance from time to time of any class or series of shares of the US REIT for such consideration as the board of trustees may deem advisable. Subject to the rights of the holders of any preferred shares, the board of trustees may amend the declaration of trust without shareholder approval to increase or decrease the aggregate number of shares of any class or series that the US REIT has authority to issue.

Generally, the board of trustees of the US REIT has the power and authority to conduct and manage the affairs of the US REIT and is entitled to make all decisions on behalf of the US REIT without the consent or approval of the Fund or the Responsible Entity.

A. RESTRICTIONS ON TRANSFER AND OWNERSHIP OF COMMON SHARES

Other than the Fund, no person may beneficially or constructively own shares in excess of the ownership limit as defined in the declaration of trust. The Fund may not beneficially or constructively own shares in excess of the ownership limit on any date after the US REIT may complete an initial public offering of its shares. The ownership limit is 9.8% (in value or number of shares, whichever is more restrictive) of any outstanding class or series of shares.

In addition, no person may beneficially or constructively own shares to the extent that the trust would be "closely held" within the meaning of the Code (generally, more than 50% in value of the shares being owned, directly or indirectly, by five or fewer individuals) or otherwise would fail to qualify as a REIT.

So long as a class of shares is not a publicly offered security, employee benefit plan investors (as defined in specified US Treasury Department regulations), may not, on any date, hold, individually or in the aggregate, 25% or more of the value of such class.

No person may transfer any shares if, as a result of the transfer, the shares would be beneficially owned by less than 100 persons. Such a transfer will generally be void and the intended transferee would have no rights in any such shares.

Any person who acquires, or attempts or intends to acquire, beneficial or constructive ownership of shares that will or may violate these restrictions, or any person who would have owned shares but for the application of these restrictions, must immediately provide written notice to the US REIT of such event, or at least 15 days' prior written notice of any proposed or attempted transaction. Such person must provide such information as the US REIT may request to determine the effect of such ownership or transfer on its status as a REIT.

To the extent that shares are certificated, each certificate representing shares will include a legend summarising certain transfer and ownership restrictions, or will indicate that a full statement of restrictions on transferability will be provided to any shareholder upon request and without charge.

B. SHARE OWNER INFORMATION REQUIREMENTS

Within 30 days after the end of each taxable year, every owner of more than 5% of the outstanding shares (or such lower percentage as required by the Code or US Treasury Department regulations promulgated thereunder) must notify the US REIT in writing of such owner's name and address, the number of shares



beneficially owned and a description of the manner in which such shares are held. If the shares are held as nominee for another person who is required to include in gross income dividends received on such shares, the nominee must provide written notice to the US REIT stating the name and address of the actual owner and the number of shares held as a nominee. Each owner may be required to provide additional information related to the US REIT's status as a REIT and such owner's compliance with the ownership limit. The 5% ownership percentage described above may decrease depending on the total number of the US REIT's shareholders of record.

C. COMMON SHARES

The Fund holds all of the outstanding common shares of the US REIT.

i) Voting

Subject to the ownership limitations described in Section 12.2 (d), each common share entitles the holder of record thereof to one vote on:

- the election and removal of trustees;
- certain amendments of the declaration of trust;
- termination of the US REIT as provided in the declaration of trust;
- a reorganisation, merger or consolidation of the US REIT, or the sale or disposition of substantially all of its property;
- such other matters as to which the board of trustees has directed a vote of common shareholders (including without limitation the termination of the US REIT's status as a REIT); and
- such other matters as may be properly brought before a meeting by a shareholder entitled to vote.

The declaration of trust provides for an initial board of trustees consisting of five members, which thereafter may be increased or decreased in accordance with the bylaws of the US REIT or a resolution of the board of trustees. Trustees are to be elected by the common shareholders no less frequently than once every three years. Cumulative voting for the election of trustees is not permitted.

ii) Dividend, distribution and liquidation rights

Subject to the dividend rights of the holders of preferred shares, dividends may be paid in cash, property or other assets of the US REIT or in its securities or from any other source as the board of trustees may in its discretion determine, when and if authorised by the board of trustees. Dividends on the common shares will be paid on an equal basis with respect thereto. The board of trustees will endeavour to pay such dividends and distributions as necessary for the trust to qualify as a REIT, but shareholders shall have no right to any dividend unless and until authorised and declared by the board of trustees.

All common shares shall have equal distribution, liquidation and other rights.

iii) Pre-emptive, appraisal and other rights

No common shares shall have any preference, pre-emptive, conversion or exchange rights. Except as may be required under the MRL, there are no appraisal rights with respect to the common shares.

D. SERIES A PREFERRED SHARES

The declaration of trust provides for the issuance of up to 125 Series A Preferred Shares, which have been issued in an effort to allow the US REIT to initially meet the 100 person ownership requirement for a REIT.

The Series A Preferred Shares have the following characteristics:

- \$1,000 non-participating liquidation preference per share, payable upon a liquidation, dissolution or winding up of the US REIT to holders of Series A Preferred Shares before any distribution of assets in respect of junior securities;
- rank senior in right of dividends and liquidation, dissolution or winding up, to all equity securities issued by the US REIT, including all common shares;
- cumulative preferential dividends payable at the rate of 12.5% per annum of (i) the liquidation value, plus (ii) all accumulated and unpaid dividends, when authorised by the board of trustees;



- may be redeemed by the US REIT in whole or in part for cash at an amount equal to the liquidation preference, plus accrued but unpaid dividends, plus a redemption premium of up to 2.5% of the liquidation preference per share;
- no voting rights, except as required by the MRL and with respect to:
 - any issuances by the US REIT of securities that are senior or pari passu to the Series A Preferred Shares;
 - an amendment to the declaration of trust that has a material adverse effect on the rights and preferences of the Series A Preferred Shares; and
 - any reclassification of the Series A Preferred Shares;
- appraisal rights, but only to the extent permitted under the MRL, with respect to any amendment to the declaration of trust that materially and adversely affects rights in respect of the Series A Preferred Shares;
- no conversion rights; and
- freely transferable, except for restrictions:
 - imposed under the declaration of trust or any agreement between the US REIT and a holder of Series A Preferred Shares;
 - to permit the US REIT to be exempt from registration in the US as an “investment company”;
 - to prevent the US REIT’s assets from being deemed “plan assets” of an employee benefit plan investor under the US Employee Retirement Income Security Act of 1974;
 - otherwise to prevent the US REIT from failing to qualify as a REIT; and
 - designed to ensure compliance with applicable securities laws.

E. OTHER SERIES OF PREFERRED SHARES

The declaration of trust provides for the issuance of a maximum of 10,000,000 preferred shares. Subject to the rights of the Series A Preferred Shares, the declaration of trust permits the board of trustees to classify or reclassify any unissued preferred shares without shareholder approval, with such terms and conditions as determined by the board of trustees in its sole discretion. Such terms and conditions would need to be included in articles supplementary that would be filed with the Maryland State Department of Assessments and Taxation prior to the issuance of the new class or series of preferred shares.



10. Additional Information

10.1 Constitution and Compliance Plan

The Fund has been registered by ASIC as a managed investment scheme under Chapter 5C of the Corporations Act. The provisions of the Corporations Act can affect the terms of the Constitution and the obligations of the Responsible Entity. The Fund is governed by a constitution (**Constitution**) which has been lodged with ASIC.

Walsh & Company Investments Limited is the responsible entity of the Fund. The respective rights and obligations of the Responsible Entity and the Unitholders are determined by the Constitution, the Corporations Act and the Listing Rules, together with any exemption and declaration issued by ASIC and the general law relating to trusts. Neither the provision of these laws and rules, nor their effect on the Constitution have been summarised below.

The Constitution is a lengthy and complex document. The following is a summary of the Constitution. Because the summary is brief, investors should confirm all information by reference to the Constitution itself. If you are unsure about anything, you should seek advice from a financial advisor and examine a copy of the Constitution.

The Constitution deals with a wide range of matters, including:

- applications for Units and the nature of a Unitholder's interest in the Fund;
- the term of the Fund and Unitholders' entitlements on winding up;
- distributions;
- further issues of Units;
- transferability of Units;
- powers of the Responsible Entity;
- Unitholders' meetings;
- Unitholders' liability; and
- the Responsible Entity's fees (see Section 4).

A. UNITS

The beneficial interest in the Fund is divided into Units. A Unit confers an interest in the Fund's property as a whole – it does not confer an interest in any particular asset. Each Unit confers on its holder the right to vote at a general meeting and the right to receive copies of the Fund's financial statements, notices and documents required to be sent to them under the Constitution, the Corporations Act and the Listing Rules. The Responsible Entity can issue Units in accordance with the Constitution. The Constitution contains provisions regarding the Responsible Entity's ability to issue different classes of Units.

The Constitution contains provision for calculating the Application Price of Units, for this and any future issues. The Constitution also provides for the Responsible Entity to determine a different Application Price in relation to some Units, a class of Units or all Units to the extent it is permitted to do so by an ASIC exemption and the Listing Rules.

The Application Price for Units is \$1.95 per Unit. The estimated unaudited NAV per Unit was \$1.89 as at 18 August 2016³³.

33 This NAV includes adjustments resulting from the half-year review disclosed in the ASX announcements dated 3 August 2016 and 17 August 2016.



B. INCOME

While the Fund is not a public trading or corporate unit trust (i.e. taxed akin to a company), it is expected to be administered so that at the end of each tax year its Unitholders are presently entitled to the distributable income of the Fund. The Responsible Entity will generally determine the distributable income of the Fund for each financial year based on the operating income of the Fund (which excludes unrealised gains and losses).

However, the Responsible Entity may in its sole and absolute discretion determine that the distributable income for the financial year will be some other amount, whether income or capital, which the Responsible Entity considers appropriate for the distribution for that financial year.

Unitholders on the register on the record date for a distribution are entitled to a share in the Fund's income based on the number of Units held.

A distribution may be paid in cash, assets or by way of Units. The Responsible Entity may deduct from distributions any tax that is required by law to be deducted.

If additional tax, such as US withholding tax, is withheld from any dividend or distributions paid to the Fund as a consequence of the characteristics of any particular Unitholder or Unitholders, including the number or percentage of Units on issue held by any such Unitholders, then that additional tax will be allocated to that Unitholder and will be deducted from the distributable income payable to that Unitholder. Where the income of the Fund is reduced by taxes attributable to the ownership of Units by certain Unitholders, the entitlement to distributable income of such Unitholders may be adjusted by the Responsible Entity so that the entitlement to distributable income of all the other Unitholders is equivalent to the amount they would receive in the absence of such taxes.

A Unitholder must immediately notify the Responsible Entity when its beneficial ownership of Units exceeds 5% of the total Units on Issue, and 10% of the total Units on Issue. In addition, the Responsible Entity may require Unitholders to provide notices from time to time confirming the beneficial ownership of Units or providing other relevant information.

C. LIABILITY OF UNITHOLDERS

While the Units are fully paid, a Unitholder's liability is limited to its investment in the Fund.

D. RESPONSIBLE ENTITY'S POWERS AND DUTIES

The Responsible Entity holds the Fund's assets on trust and may manage these assets as if it were the absolute and beneficial owner of them, subject only to its duties and obligations to Unitholders.

Examples of the Responsible Entity's powers include acquiring or disposing of any real or personal property, borrowing or raising money, encumbering any asset, incurring any liability, giving any indemnity, providing any guarantee, entering into derivative and currency swap arrangements and entering into underwriting agreements.

The Responsible Entity may appoint delegates or agents to perform any act to exercise any of its power, as well as advisors to assist with its duties and functions.

E. MANAGEMENT FEES PAYABLE TO THE RESPONSIBLE ENTITY

In return for the performance of its duties, the Responsible Entity is entitled to be paid out of the assets within 10 Business Days of the beginning of each month a monthly management fee (Management Fee) equivalent to 0.5225% per annum (inclusive of GST and net of RITC) of the gross value of the Fund calculated as at the end of the month preceding the date of payment of the Management Fee.

The current fees to be charged by the Responsible Entity will be a responsible entity fee of 0.0836% (inclusive of GST and net of RITC) per annum and an administration fee of 0.261% (inclusive of GST and net of RITC) charged on the gross asset value of the Fund and payable monthly.



This calculation of the Management Fee is to be made and paid to the Responsible Entity in US dollars unless the Responsible Entity agrees to accept the sum converted into Australian currency with such conversion to occur at the date of payment.

The Responsible Entity may in its absolute and unfettered discretion waive, reduce, refund or defer any part of the fees and levies that the Responsible Entity or the Fund is entitled to receive under the Constitution. (See Section 4 for further details)

F. RESPONSIBLE ENTITY'S INDEMNITIES

The Responsible Entity has a right of indemnity out of the Fund property on a full indemnity basis for any costs, liabilities and expenses incurred at law or under the Constitution in the proper performance of its duties. This indemnity continues after the Responsible Entity retires or is removed as responsible entity of the Fund and is subject to the Corporations Act (which in certain circumstances may impose limits on the Responsible Entity's right of indemnity). The Corporations Act provides that a responsible entity's right to be indemnified out of scheme property for liabilities incurred in relation to the performance of its duties must be available only in relation to the proper performance of those duties.

G. RESPONSIBLE ENTITY'S LIMITATION OF LIABILITY

The Constitution provides that, subject to the Corporations Act, the Responsible Entity and each director and officer of the Responsible Entity are not personally liable to any person in connection with the office of the Responsible Entity or any director or officer of the Responsible Entity. Subject to the Corporations Act, the liability of the Responsible Entity in relation to the Fund is limited to the assets of the Fund from which the Responsible Entity is entitled to be and is, in fact, indemnified.

The Responsible Entity may amend the Constitution from time to time. Unitholder approval is required where changes to the Constitution adversely affect Unitholders' rights.

10.2 Continuous disclosure and documents available for inspection

The Fund is a disclosing entity for the purposes of section 111AC(1) of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Broadly, these obligations require the Responsible Entity to:

- a) prepare and lodge with ASIC both yearly and half-yearly financial statements accompanied by a directors' statement and report and an audit or review report;
- b) within 14 days after the end of each month, tell the ASX the NAV as at the end of that month; and
- c) immediately notify the ASX of any information concerning the Fund of which it is, or becomes, aware and which a reasonable person would expect to have a material effect on the price or value of securities in the Fund, subject to certain limited exceptions related mainly to confidential information.

Copies of documents lodged at ASIC in relation to the Fund may be obtained from or inspected at an office of ASIC. Copies of documents lodged with the ASX in relation to the Fund may be obtained from, or inspected at, an office of the ASX.

Below is a list of all announcements since the release of the Fund's full-year statutory accounts for the year ended 31 December 2015.

Table 9: ANNOUNCEMENTS

Date	Announcement
22/08/2016	Capital Raising Presentation
19/08/2016	Capital Raising Launch
19/08/2016	Half-year Results for period ending 30 June 2016



Date	Announcement
19/08/2016	Half-yearly report and accounts – 30 June 2016
17/08/2016	Weekly NAV Estimate
10/08/2016	Weekly NAV Estimate
10/08/2016	Net Tangible Asset Backing
04/08/2016	Change of Director's Interest Notice – Alex MacLachlan
04/08/2016	Change of Director's Interest Notice – Thomas Kline
04/08/2016	Change of Director's Interest Notice – Tristan O'Connell
03/08/2016	Weekly NAV Estimate
01/08/2016	Appendix 3B
01/08/2016	30 June 2016 Distribution
01/08/2016	Quarterly Update – June 2016
27/07/2016	Unit Trading Policy
27/07/2016	Weekly NAV Estimate
20/07/2016	Weekly NAV Estimate
20/07/2016	Update – Dividend/Distribution – URF
20/07/2016	DRP Price Announcement
13/07/2016	Weekly NAV Estimate
12/07/2016	Net Tangible Asset Backing
06/07/2016	Weekly NAV Estimate
29/06/2016	Weekly NAV Estimate
23/06/2016	30 June 2016 Distribution
23/06/2016	Dividend/Distribution - URF
22/06/2016	Weekly NAV Estimate
15/06/2016	Weekly NAV Estimate
15/06/2016	URF Notes and URF Notes II Interest Payments
15/06/2016	Interest Payment – URFHB
15/06/2016	Interest Payment – URFHA
14/06/2016	Net Tangible Asset Backing
08/06/2016	Weekly NAV Estimate
01/06/2016	Weekly NAV Estimate
26/05/2016	Weekly NAV Estimate
18/05/2016	Weekly NAV Estimate



Date	Announcement
13/05/2016	Net Tangible Asset Backing
11/05/2016	Weekly NAV Estimate
04/05/2016	Weekly NAV Estimate
02/05/2016	Quarterly Update – March 2016
27/04/2016	Weekly NAV Estimate
20/04/2016	Weekly NAV Estimate
14/04/2016	Net Tangible Asset Backing
13/04/2016	Weekly NAV Estimate
06/04/2016	Weekly NAV Estimate
31/03/2016	Annual Report to Unitholders
30/03/2016	Weekly NAV Estimate
23/03/2016	Weekly NAV Estimate
16/03/2016	Weekly NAV Estimate
16/03/2016	URF Notes and URF Notes II Interest Payments
16/03/2016	Interest Payment – URFHB
16/03/2016	Interest Payment – URFHA
14/03/2016	Net Tangible Asset Backing
09/03/2016	Weekly NAV Estimate
02/03/2016	Weekly NAV Estimate
24/02/2016	Weekly NAV Estimate
24/02/2016	Full Year Results
24/02/2016	Appendix 4G
24/02/2016	Full Year Statutory Accounts

The Fund will provide a copy of the financial statements for the Fund for the year ended 31 December 2015, the half-year ended 30 June 2016 and any of the announcements referred to above free of charge to any person who requests a copy. To obtain a copy, please call 1300 454 801 or download a copy from www.usmpf.com.au.

10.3 Complaints

The Responsible Entity seeks to resolve complaints over the management of the Fund to the satisfaction of Unitholders.

You may lodge complaints with us using the details shown in the directory of this PDS. The Constitution provides that complaints will be acknowledged as soon as practicable and in any event within 14 days and responded to not more than 45 days after receipt by the Responsible Entity.

If you remain unhappy, you can contact the Financial Ombudsman Service (which is independent from us) on 1300 780 808.



10.4 Interested dealings

Subject to the Corporations Act, the Responsible Entity or any officer, employee or associate of the Responsible Entity may:

- a) hold Units in the Fund;
- b) act in any fiduciary, vicarious or professional capacity;
- c) have an interest in, or enter into any contract or transaction with the Responsible Entity (or its associates), a Unitholder of the Fund or any other person (including a person whose Units or other securities form an asset of the Fund); and
- d) hold or deal in or have any other interest in an asset of the Fund, and may retain any benefit derived by doing so.

10.5 Private information

We collect personal information from you in order to administer your investment. If you think that our records are wrong or out of date – particularly your address and email address – please contact us and we will correct this information immediately. You can always access the personal information that we hold about you.

10.6 Labour standards or environmental, social or ethical considerations

We do not take into account labour standards or environmental, social or ethical considerations in determining the selection, retention or realisation of assets.

We do not have a predetermined view as to what constitutes a labour standard or environmental, social or ethical consideration, as these will be determined on a case-by-case basis.

10.7 Consents

Part 7.9 of Chapter 7 of the Corporations Act imposes a liability regime on the Responsible Entity (as the offeror), persons named in this PDS with their consent as having made a statement in this PDS and persons involved in a contravention in relation to this PDS, with regard to misleading or deceptive statements made in this PDS. Although the Responsible Entity bears primary responsibility for the contents of this PDS, other parties involved in the preparation of the PDS can also be responsible for certain statements made in it.

In light of this, each of the entities named below, only to the maximum extent permitted by the law, disclaims any responsibility or liability for any part of this PDS other than a statement included in, or as referred to in this Section 10.7.

Watson Mangioni Lawyers Pty Limited has given, and has not withdrawn as at the date of this PDS, its consent to being named in this PDS as the legal advisor for the Fund. Watson Mangioni Lawyers Pty Limited does not make any statements in, or take any responsibility for, any parts of the PDS.

Blank Rome LLP has acted as US law advisor to the Responsible Entity and the US REIT and has given and not withdrawn its consent to the inclusion of its tax opinion in Section 8 of this PDS and to be named in this PDS in the form and context in which it is named in this PDS. Blank Rome LLP takes no responsibility for any part of this PDS other than its tax opinion in Section 8 of this PDS. Except in respect of its tax opinion in Section 8 of this PDS, Blank Rome LLP does not make any statement in this PDS nor is there any statement based on a statement by Blank Rome LLP in this PDS.

Deloitte Touche Tohmatsu is the auditor of the Fund. Deloitte Touche Tohmatsu has consented to the inclusion of references to the reviewed financial statements of the Fund in this PDS and has not withdrawn its consent to be named in this PDS in the form and context in which it is named. Deloitte Touche Tohmatsu takes no responsibility for any part of this PDS (except to the extent required by the Corporations Act). Deloitte Touche Tohmatsu does not make any statement in this PDS nor is there any statement based on a statement by Deloitte Touche Tohmatsu in this PDS.



Deloitte Private Pty Limited is the Australian tax advisor. Deloitte Private Pty Ltd has prepared and consented to the inclusion of its Australian taxation opinion in Section 7 of this PDS and has not withdrawn its consent to be named in this PDS in the form and context in which it is named. Deloitte Private Pty Limited takes no responsibility for any part of this PDS (except to the extent required by the Corporations Act) other than its Australian taxation opinion in Section 7 of this PDS. Except in respect of the Australian taxation opinion in Section 7 of this PDS, Deloitte Private Pty Limited does not make any statement in this PDS nor is there any statement based on a statement by Deloitte Private Pty Limited in this PDS.

Boardroom Pty Limited has given, and has not withdrawn as at the date of this PDS, its consent to being named in this PDS as the provider of unit registry services for the Fund. Boardroom Pty Limited has not been involved in the preparation of any part of this PDS and specifically disclaims liability to any person in the event of omission from, or a false or misleading statement included in the PDS. Boardroom Pty Limited has not authorised or caused the issue of this PDS and takes no responsibility for its contents.

Dixon Advisory Group Pty Limited has given, and has not withdrawn as at the date of this PDS, its consent to be named in this PDS in the form and context in which it is named.

Dixon Advisory USA has given, and has not withdrawn as at the date of this PDS, its consent to be named in this PDS in the form and context in which it is named.

Dixon Projects has given, and has not withdrawn as at the date of this PDS, its consent to be named in this PDS in the form and context in which it is named.

Dixon Realty has given, and has not withdrawn as at the date of this PDS, its consent to be named in this PDS in the form and context in which it is named.

The US REIT has given, and has not withdrawn as at the date of this PDS, its consent to be named in this PDS in the form and context in which it is named.

The URF Investment Management Pty Limited has given, and has not withdrawn as at the date of this PDS, its consent to be named in this PDS in the form and context in which it is named.

Urban American has given, and has not withdrawn as at the date of this PDS, its consent to be named in this PDS in the form and context in which it is named.



11. Glossary

5/50 Rule	The rule that states no more than 50% of the value of US REIT's shares may be owned, directly or indirectly, by five or fewer individuals during the last half of any taxable year
A\$ or \$	Australian dollars
AFSL Holder	The holder of an Australian Financial Services Licence pursuant to section 911A(2)(b) of the Corporations Act. It includes, but is not limited to, Dixon Advisory & Superannuation Services Limited, a related party of the Responsible Entity.
Allotment	The allocation and allotment of Units to investors following acceptance of an Application
Allotment Date	13 September 2016 or such other date as the Responsible Entity may determine subject to the terms of this PDS, the Corporations Act and the Listing Rules
Applicant	An applicant for Units under this PDS
Application	An application for Units pursuant to this PDS together with Application Monies
Application Form	The application form attached to this PDS and the online application form available from www.boardroomlimited.com.au/urf
Application Monies	The Application Price multiplied by the number of Units applied for
Application Price	\$1.95 per Unit
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange Limited
ASX Settlement	ASX Settlement Pty Limited (ACN 008 504 532)
Business Day	A day, other than a Saturday or Sunday, on which banks are open for general banking business in Sydney
CHESS	Clearing House Electronic Subregister System
Code	The United States Internal Revenue Code of 1986, as amended
Constitution	The Constitution of the Fund
Directors	The board of directors of the Responsible Entity
Dixon Advisory	Dixon Advisory & Superannuation Services Limited (ACN 103 071 665) (AFS 231 143)
Dixon Advisory Group	Dixon Advisory Group Pty Limited (ACN 080 207 076) and its subsidiaries
Dixon Advisory USA	Dixon Advisory USA Inc.
Dixon Projects	Dixon Projects, LLC
Dixon Realty	Dixon Realty Advisory LLC trading of Pure Properties



FIRPTA	The United States Foreign Investment in Real Property Tax Act of 1980
Fund	US Masters Residential Property Fund (ARSN 150 256 161)
GST	The value added tax, if any, on goods and services payable in accordance with the GST Act or another relevant and applicable legislation or law whether in Australia, the US or another jurisdiction
GST Act	New Tax System (Goods and Services Tax) Act 1999
Investment Manager	URF Investment Management Pty Limited (ACN 600 188 805), a corporate authorised representative (CAR No. 1009350) of Walsh & Company Asset Management Pty Ltd (ACN 159 902 708, AFSL 450 257)
Listing Rules	The listing rules of the ASX
NAV	Net asset value of Units
Offer	The offer of up to 43,935,577 Units at the Application Price
Offer Closing Date	2 September 2016 or such other date as the Responsible Entity may determine subject to the terms of this PDS, the Corporations Act and the Listing Rules
Offer Period	The period in which the Fund will accept Applications under this PDS, expected to be from 10.00am (Sydney time) 22 August 2016 to 5.00pm (Sydney time) 2 September 2016
Opening Date	The date the Offer opens, expected to be 22 August 2016
PDS	This product disclosure statement dated 22 August 2016 as modified or varied by any supplementary product disclosure statement made by the Responsible Entity and lodged with ASIC from time to time
REIT	A real estate investment trust as defined pursuant to the Code and US Treasury regulations promulgated under the Code
Registry	Boardroom Pty Limited (ACN 003 209 836)
Responsible Entity	Walsh & Company Investments Limited (ACN 152 367 649) (AFSL 410 433)
RITC	A reduced input tax credit arising under Division 70 of the GST Act
Securities Act	US Securities Act of 1933
Target Investment Area	The New York metropolitan region defined by the US Office of Management and Budget as the New York-Northern New Jersey-Long Island, New York-New Jersey-Pennsylvania Metropolitan Statistical Area
Unit	An ordinary unit in the Fund, being an undivided share in the beneficial interest in the Fund
Unitholder	A holder of a Unit
UPP	Unitholder Purchase Plan to be undertaken by the Responsible Entity announced to the market through ASX on 19 August 2016
URF Notes	URF Notes I and URF Notes II
URF Notes I	A note issued by the Responsible Entity, in its capacity as responsible entity of URF, pursuant to the trust deed dated 2 December 2014 and entitled



	“Unsecured Notes Trust Deed” entered into between the Responsible Entity and Australian Executor Trustees Limited (ACN 007 869 794) and maturing on 24 December 2019, as Listed on the ASX with ASX code URFHA
URF Notes II	A note issued by the Responsible Entity, in its capacity as responsible entity of URF, pursuant to the trust deed dated 29 September 2015 and entitled “Unsecured Notes Trust Deed” entered into between the Responsible Entity and Australian Executor Trustees Limited (ACN 007 869 794) and maturing on 24 December 2020, as Listed on the ASX with ASX code URFHB
US	The United States of America
US REIT	US Masters Residential Property (USA) Fund, a Maryland REIT
US\$	US dollars
US Person	Has the meaning given to it in rule 902(k) of Regulation S of the US Securities Act
VWAP	Volume weighted average price of a Unit sold on the ASX trading platform
Walsh & Company	Walsh & Company Investments Limited (ACN 152 367 649) (AFSL 410 433) or Walsh & Company Group Pty Limited (ACN 159 902 066)



Application form



US MASTERS RESIDENTIAL PROPERTY FUNDS.

Fill out this Application form if you want to apply for Units in the **MASTERS RESIDENTIAL PROPERTY FUND**

ARSN 150 256 161

- Please read the Product Disclosure Statement (PDS) dated 22 August 2016.
- Follow the instructions to complete this Application Form (see reverse)
- Print clearly in capital letters using black or blue pen.

OFFER CLOSES 2 SEPTEMBER 2016 (unless closed earlier or extended)

IMPORTANT PLEASE NOTE - The Responsible Entity may be required under the Anti-Money Laundering/Counter-Terrorism Financing Act 2006 (Cth) or any other law to obtain identification information from Applicants. The responsible Entity reserves the right to reject any Application from an Applicant who fails to provide identification information upon request.

A Number of Units you are applying for

x \$1.95 per Unit

(Minimum application 1,026 Units (\$2000.70))

B Total amount Payable

\$

C Write the name/s you wish to register the Units in (see reverse for instructions)

Applicant 1	<input type="text"/>
Applicant 2 or Account Designation	<input type="text"/>
Applicant 3 or Account Designation	<input type="text"/>

D Postal address

Number / Street Name

Suburb / Town

State

Postcode

E CHESS participant – Holder Identification Number (HIN)

IMPORTANT PLEASE NOTE - if the name and address details above in sections C & D do not match exactly with your registration details held at CHESS, any Units issued as a result of your application will be held on the Issuer Sponsored subregister.

F Enter your Tax File Number/s, ABN, or exemption category

Applicant 1	<input type="text"/>	Applicant 2	<input type="text"/>
Applicant 3	<input type="text"/>	Exemption Category	<input type="text"/>

G Foreign Account Tax Compliance Act (FATCA)

In order for the US Masters Residential Property Fund to comply with its FATCA obligations the Responsible Entity is obligated to request certain information from its investors. Certain information collected will be reported to the ATO, which will in turn report to the US Internal Revenue Service. Section 2.13 of the PDS provides further information on FATCA.

1 Are you an Australian Retirement Fund, such as a self-managed superannuation fund, retail super fund or industry super fund?

YES (Go straight to Section H)

NO (Continue to Question 2)

2 Are you an US Citizen, Resident of the US for Tax Purposes, US Person or a Financial Institution for the purposes of FATCA?

YES (Please provide your Taxpayer Identification Number (TIN) or Global Intermediary Identification Number (GIN))

TIN	<input type="text"/>	GIN	<input type="text"/>
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NO (Continue to Question 3)

3 Are you an Entity, such as a company or trust, that is controlled by a US Citizen, Resident of the US for Tax Purposes, or a US Person? (See definitions of these terms overleaf)

YES (Continue to Section H)

NO (Continue to Section H)

If you answered **YES** to questions 2 or 3 we will contact you requesting further information.



H Please enter details of the cheque/s that accompany this Application Form:

Drawer	Cheque No.	BSB No.	Acc No.	A\$
Drawer	Cheque No.	BSB No.	Acc No.	A\$
TOTAL				A\$

I Contact telephone number (daytime/work/mobile)

J Email Address

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K Unitholder Communications

All correspondence will be sent electronically unless legally required otherwise or unless the box below is ticked:

Printed copy of Unitholder communications required

L Annual Reports

Annual Reports will be published on the Fund's website. If you still wish to receive a copy free of charge, all correspondence will be sent electronically unless legally required or the box below is ticked:

Electronic copy (emailed)

Printed copy (posted)

M Information from the Responsible Entity

Please check this box if you wish to receive information about investment opportunities or products from the Responsible Entity or entities related to the Responsible Entity

By submitting this Application Form, I/We declare that this Application Form is completed and lodged according to the PDS and the instructions on the reverse of the Application Form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the constitution of US Masters Residential Property Fund. I/We received the PDS together with the Application Form or a print out of them. I/We represent, warrant and undertake to the Fund that our subscription for the above Units will not cause the Fund or me/us to violate the laws of Australia or any other jurisdiction which may be applicable to this subscription for Units in the Fund.

DECLARATION

By submitting this Application Form with your Application Monies, I/we declare that I/we:

- apply for the number of Units that I/we apply for (or a lower number allocated in a manner allowed under the PDS);
- am/are over 18 years of age;
- acknowledge that neither the Fund, the Responsible Entity nor any person or entity guarantees any particular rate of return on the Securities, nor do they guarantee the repayment of capital;
- acknowledge, warrant and agree that I/we am/are not in the United States or a US Person and am/are not acting for the account or benefit of a US Person; and
- represent, warrant and agree that I/we have not received the PDS outside Australia and am/are not acting on behalf of a person resident outside Australia unless the Units may be offered in my/our jurisdiction without contravention of the security laws of the jurisdiction or any need to register any of the PDS, the Units or the Offer.

LODGEMENT

Deliver your completed Application Form with cheque/s attached to the following address:
US Masters Residential Property Fund Units Offer
c/- Walsh & Company

POSTAL

GPO Box 575
Canberra ACT 2601

HAND DELIVERED

Canberra Level 1, 73 Northbourne Avenue, Canberra ACT 2601
Sydney Level 15, 100 Pacific Highway, North Sydney NSW 2060
Melbourne Level 2, 250 Victoria Parade, East Melbourne VIC 3002

It is not necessary to sign or otherwise execute the Application Form. If you have any questions as to how to complete the Application Form, please contact Walsh & Company on **1300 545 801**.

Privacy Statement: Boardroom Pty Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a unitholder (including your name, address and details of the units you hold) to be included in the public register of the entity in which you hold units. Information is collected to administer your unit holding and if some or all of the information is not collected then it might not be possible to administer your unit holdings. Your personal information may be disclosed to the entity in which you hold units. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Application Form. Our privacy policy is available on our website (www.boardroom.com.au/privacy.html)



Guide to the Application form

YOU SHOULD READ THE PDS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using **BLOCK LETTERS**. These instructions are cross-referenced to each section of the Application Form.

A & B	If applying for Units insert the number of Units for which you wish to subscribe at Item A . Multiply by the Application Price of \$1.95 per Unit to calculate the total for Units and enter the amount (not less than \$2,000.70) at Item B .	G cont	US Person includes; a partnership or corporation organized in the United States or under the laws of the United States or a trust where a court within the United States would have authority under applicable law to render orders or judgments concerning substantially all issues regarding administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or an estate of a decedent that is a citizen or resident of the United States. Financial Institution for the purposes of FATCA means a Financial Institution such as Custodial Institution, Depository Institution, Investment Entity or Specified Insurance Company under FATCA rules and regulations that is required to have a Global Intermediary Identification Number (GIIN) issued by the US Internal Revenue Service.
C	Write your full name . Initials are not acceptable for first names.	H	Complete cheque details as requested. Make your cheque payable to " URF Trust Account " and crossed " Not Negotiable ". Cheques must be made in Australian currency, and cheques must be drawn on an Australian Bank.
D	Enter your postal address for all correspondence. All communications to you from the Fund will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.	I	Enter your telephone number so we may contact you regarding your Application Form or Application.
E	If you are sponsored in CHES by a stockbroker or other CHES participant, you may enter your CHES HIN if you would like the allocation to be directed to your HIN. NB: your registration details provided must match your CHES account exactly.	J	Enter your email address so we may contact you regarding your Application Form or Application or other correspondence.
F	Enter your Australian tax file number ("TFN") or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN/ABN of each joint Applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.	K & L	The Fund encourages you to receive Unitholder correspondence and the Annual Report electronically. The benefit to Unitholders are in the potential cost savings and the faster delivery of information. The benefits to the environment are also substantial.
G	FATCA definitions US Citizen means a citizen of the United States of America Resident of the US for Tax Purposes includes (but is not limited to) someone who has a lawful permanent resident status in the United States (e.g. a "green card" holder) or someone who is considered a US taxpayer under the applicable US tax laws.		

CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities can hold the Units. The Application must be in the name of a natural person/s, companies or other legal entities acceptable to the Fund. At least one full given name and surname is required for each natural person. Examples of the correct form of registrable title are set out below.

TYPE OF INVESTOR	CORRECT FORM OF REGISTRABLE TITLE	INCORRECT FORM OF REGISTRABLE TITLE
INDIVIDUAL	Mr John David Smith	J D Smith
COMPANY	ABC Pty Ltd	ABC P/L or ABC Co
JOINT HOLDERS	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
TRUSTS	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
DECEASED ESTATES	Mr Michael Peter Smith <Est Ltd John Smith A/C>	John Smith (deceased)
PARTNERSHIPS	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
CLUBS/UNINCORPORATED BODIES	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
SUPERANNUATION FUNDS	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund



