



US Masters Residential Property Fund

Overview

US Masters Residential Property Fund (ARSN 150 256 161) (URF or the Fund) is an ASX listed real estate investment trust established in 2011. Walsh & Company Investments Limited (ACN 152 367 649) is the responsible entity and URF Investment Management Pty Limited (ACN 600 188 805) is the investment manager.

The Fund was established to provide investors with exposure to US residential property through investments in freestanding and multi-family houses in the New York metropolitan area, specifically Brooklyn, Manhattan, and Queens, New York and Hudson County, New Jersey.

With a market capitalisation in excess of \$600 million, URF is the largest Australian-listed property trust with a primary strategy of investing in US residential property. Since its establishment, 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 Responsible Entity believes that, as an active investor in the New York metropolitan residential area 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 long term capital growth.

* As at 31 July 2016

Investment Highlights

Direct exposure to US residential property

- Largest Australian-listed property trust with a primary strategy of investing in direct US residential property

High quality portfolio of property investments

- Diversified portfolio of some 1,500 housing units, with a focus on classic NYC townhouses and brownstones

Focus on the New York metropolitan area

- Largest metropolitan area in the US by both population and economic output

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

- Access to vertically integrated operating business of approximately 130 full time real estate professionals based in Manhattan, NYC

Significant scope to enhance value through refurbishments and renovations

- Access to inhouse construction management and architecture and design capabilities provides ability to add value through refurbishment and renovation

Attractive capital structure

- Ability to take advantage of favourable financing rates in the US, with mortgage rates currently at or near all-time record lows

Inflation hedge and uncorrelated asset

- Can provide investors with important portfolio and asset allocation benefits

Simplified tax treatment and convenient investment platform

- Ability to gain more diversified and manageable exposure to US residential property with no requirement for investors to file US taxes, unlike direct property investment



Want to know more? usmpf.com.au



“Only ASX-listed REIT investing in NYC housing”



“Successful strategy of investing in undervalued neighbourhoods experiencing rapid growth”



“Purchasing properties at or below replacement cost”



“Largest institutional owner of NYC metro townhouses and brownstones”



“Award winning inhouse construction team”



Offer details

Offer overview	Simultaneous unit placement and unit purchase plan
Placement	New and existing unitholders may acquire units in the Fund Offer size approximately 43.9 million units
Unit Purchase Plan (UPP)	Existing unitholders may acquire up to \$15,000 of new units without paying any brokerage costs, commissions or other transaction costs Entirely optional
Expected closing date	2 September 2016

Risks

<p>Risk of the US residential property market</p> <p>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, and low level of liquidity</p>	<p>Concentrated geographic focus</p> <p>The Fund's performance will be highly correlated to the performance of the property market in the Fund's current target investment area of the New York metropolitan area. If the residential property market performs poorly, the Fund's performance may be affected.</p>	<p>Foreign exchange risk</p> <p>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>Taxation risk</p> <p>Changes to the taxation laws in Australia and the US may affect the tax treatment of the Fund or the US REIT and may differ between unitholders</p>
<p>Macroeconomic risks</p> <p>The property market and the value of investments can be affected by changes in various macroeconomic conditions including the economic, technological, political or regulatory environment, as well as inflation and market sentiment.</p>	<p>Stock market risk</p> <p>The price of units may rise and fall due to numerous factors which may affect the market performance of the Fund</p>	<p>Regulatory risk</p> <p>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</p>	<p>Key personnel risk</p> <p>There is a risk the departure of key staff or consultants may have an adverse effect on the future earnings or value of the Fund</p>
<p>Gearing risk</p> <p>If the value of the properties fall, there is the risk that the Fund may lose all or some of the capital invested if rental income is insufficient to cover recurring outgoings such as fees, interests and other expenses and the Fund does not have access to other capital sources, forcing the Fund to liquidate properties at lower valuations</p>	<p>Interest rate risk</p> <p>Changes in US interest rates may have a positive or negative impact on the income of the Fund</p>	<p>Counterparty risk</p> <p>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</p>	<p>Poor investment performance</p> <p>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</p>

* For more information see Section 5 of the product disclosure statement

Important information

IMPORTANT INFORMATION: Each Unit in the Fund will be issued by Walsh & Company Investments Limited (AFSL 410433) in its capacity as Responsible Entity for the Fund. The Offer is being made under a product disclosure statement dated on or about 22 August 2016 (PDS). Copies of the PDS are available by calling 1300 454 801 or at www.usmpf.com.au. This document does not constitute an offer, invitation, solicitation or recommendation in relation to the subscription, purchase or sale of Units in the Fund in any jurisdiction, and neither this document, nor anything in it, will form the basis of any contract or commitment. An investment in Units of the Fund will only be available through a valid application form attached to the PDS. Before making a decision to make or hold any investment you should consider the PDS in full and seek advice if necessary. This document may contain general advice. Any general advice provided has been prepared without taking into account your objectives, financial situation or needs. Before acting on the advice, you should consider the appropriateness of the advice with regard to your objectives, financial situation and needs. The past performance of the Fund is not a guarantee of the future performance of the Fund.

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