



US Masters Residential Property Fund

ARSN 150 256 161

Product Disclosure Statement

**Product Disclosure Statement for the Offer of
Convertible Step-up Preference Units in the
US Masters Residential Property Fund
ARSN 150 256 161 to raise up to \$300,000,000.
This offer is not underwritten.**

Responsible Entity:

WALSH & COMPANY

INVESTMENTS LIMITED

ACN 152 367 649 | AFSL 410 433



Exterior photo of a property
in the Fund's portfolio



Interior photo of a property
in the Fund's portfolio



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Important information

This product disclosure statement (**PDS**) is an invitation to acquire convertible step-up preference units (**CPUs**) in the US Masters Residential Property Fund (**Fund**) (ARSN 150 256 161).

This PDS was prepared and issued by Walsh & Company Investments Limited (ACN 152 367 649) (referred to in this PDS as "**Walsh & Company**", "**we**", "**our**" and "**us**") in its capacity as the responsible entity (**Responsible Entity**) of the Fund.

This document is important and requires your immediate attention. This PDS contains general financial and other information. 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 CPUs and 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 CPUs and 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.

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 us in connection with the Offer.

Information relating to CPUs or 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.usmpf.com.au. A paper copy of any updated information is available free on request from Walsh & Company.

Lodgement and ASX Listing

This PDS is dated 1 December 2017 and a copy of the PDS was lodged with ASIC on that date.

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

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

The Responsible Entity does not intend to allot any CPUs unless and until the ASX grants permission for the CPUs to be listed for quotation unconditionally or on terms

acceptable to the Responsible Entity. If permission is not granted for the CPUs to be listed for quotation before the end of three months after the date of this PDS or such longer period permitted by the Corporations Act with the consent of ASIC, all Application Monies received pursuant to the PDS will be refunded without interest to Applicants in full within the time prescribed by the Corporations Act.

Neither ASIC nor the ASX takes any responsibility for the contents of this PDS or the merits of the investment to which this PDS relates.

Exposure period

The Corporations Act prohibits the processing of applications to subscribe for CPUs under this PDS (**Applications**) in the seven-day period after the lodgement of this PDS (**Exposure Period**). The Exposure Period may be extended by ASIC for up to a further seven days. The Exposure Period allows this PDS to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this PDS, in which case any Application may need to be dealt with in accordance with the Corporations Act. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be given to Applications received during the Exposure Period.

The Offer is also subject to Unitholders approving the amendment of the Constitution to permit the issue of CPUs and approving the issue of CPUs. The Unitholder meeting is to be held on 8 December 2017. If Unitholder approval is not obtained, this PDS will be withdrawn and the Offer will not proceed.

Date of information

Unless otherwise stated, information in this PDS is current as at the date of this PDS.

Currency and rounding

Unless otherwise indicated, references to dollar amounts are references to the lawful currency of Australia.

Any discrepancies between totals and the sum of all the individual components in the tables contained in this PDS are due to rounding.

No guarantee

Neither we nor our respective subsidiaries nor any other party makes any representation or gives any guarantee or assurance as to the performance or success of CPUs



and the Fund, the rate of income or capital return from CPUs and the Fund, the repayment of the investment in CPUs and the Fund or that there will be no capital loss or particular taxation consequence of investing in CPUs and the Fund. An investment in CPUs and the Fund is subject to various risks. These risks are discussed in Sections 1.3 and 5.

Restrictions on the distribution of this PDS

This PDS does not constitute an offer of CPUs 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, or custodians) should seek advice on and observe those restrictions.

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.

This document is not an offer or an invitation to acquire securities in any country other than Australia. 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 of America (**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 (including the Application Form once the Offer is open) is available from the Fund's website at www.usmrpf.com.au.

Copy of this PDS

The Responsible Entity will provide you with a copy of the PDS free of charge if you request one during the Offer period, within five days after receiving such a request.

Forward looking statements

This PDS may contain forward looking statements which are subject to known and unknown risks, uncertainties and other important factors that could cause the actual results, events, performance or achievements of the Fund

to be materially different from those expressed or implied in such statements. Past performance is not a reliable indicator of future performance.

Enquiries

Applicants with enquiries concerning the Application Form or relating to this PDS and the Offer should contact the Responsible Entity on 1300 454 801, or via email at info@usmrpf.com.au.

Other than as permitted by law, applications for CPUs in the Fund will only be accepted following receipt of a properly completed Application Form.

Glossary of terms

Defined terms and abbreviations included in the text of this PDS are set out in the Glossary in Section 14.

Photographs and diagrams

Photographs, diagrams and artists' renderings contained in this PDS that do not have accompanying descriptions are intended for illustrative purposes only. They should not be interpreted as an endorsement of this PDS or its contents by any person shown in these images nor an indication of the investments that may be made by the Fund.



Letter of introduction

1 December 2017

Dear Investor,

On behalf of the Board of the Responsible Entity for the US Masters Residential Property Fund (**URF**, or **Fund**), I am pleased to invite you to subscribe for convertible step-up preference units (**CPUs**).

As you may know, URF was established in June 2011 to take advantage of the significant drop in home prices in the New York metropolitan area between 2006 and 2011 by investing in freestanding and multi-tenant houses. Accordingly, the initial phase of URF's strategy entailed accumulating a high quality portfolio of residential property assets. From \$69 million at the time of the IPO in 2011, URF and its controlled entities (the **Group**) have grown assets in the portfolio to over \$1 billion as at 31 October 2017.

URF is now the largest Australian-listed property trust with a primary strategy of investing in US residential property. In addition to building the portfolio, the Group also managed these assets to achieve rental yields and property price appreciation through renovation and improvement of the individual properties.

Having achieved this growth, we recently undertook a review of the existing strategy. We believe that in order to position URF to continue to deliver strong returns and to provide long-term value in varying market conditions, the next phase of URF's strategy will have three key areas of focus:

- complete the portfolio renovation pipeline and maximise rental income;
- continue to drive cost efficiencies to maximise rental yields; and
- optimise the capital structure.

While considerable work has been, and will continue to be, undertaken to progress both the renovation pipeline and to drive cost efficiencies for the Group, we are also undertaking initiatives to optimise the Group's capital structure. This will entail restructuring existing lending instruments and facilities to lower interest expense and further improve capital management and gearing levels.

The issue of CPUs forms part of this initiative, with the proceeds of the Offer to be used to fund the redemption (either in part or in full) of URF Notes I. The CPUs will improve the structure of the Group's capital and will diversify its funding sources. The proceeds from the issue may also provide additional resources to accelerate the completion of the renovation pipeline, as well as general corporate activities.

We believe the CPUs represent attractive securities for investors. Key features of the CPUs include:

- a distribution rate of 6.25% per annum stepping up to 8.75% per annum from 1 January 2023 (if the CPUs do not convert into ordinary units in URF (**Units**) before that time) which is expected to be paid semi-annually;
- priority over Units for distributions up to the distribution rate and on a winding up to the Issue Price and any accumulated unpaid distributions;
- the ability for holders of CPUs (**CPU Holders**) to elect to reinvest distributions on the CPUs in Units issued at a 5% discount to market;
- a ratio of conversion of CPUs into Units based on a 10-day volume weighted Unit price and a 2.5% conversion discount; and
- depending on the tax position of the CPU Holder, and the tax position of the Fund, distributions may be treated as a reduction in the cost base of CPUs, rather than as income.



Also, the number of Units issued for each CPU on conversion (other than in respect of accumulated unpaid distributions) is bound by parameters based on the Unit price at the time, with the current maximum number of Units into which a CPU can convert being 205 Units and the current minimum number being 44 Units. These limits on the conversion number mean that CPU Holders will effectively participate in any increased value on conversion when the Unit price on conversion is above \$2.33 (or have an increased exposure if below \$0.50). The minimum and maximum conversion numbers are subject to adjustment in certain circumstances.

In recognition of the support of our existing investors, holders of URF Notes (**URF Noteholder**) and URF unitholders (**Unitholder**) will be afforded specific entitlement arrangements under the Offer, as detailed briefly in the following two paragraphs.

Holders of URF Notes I have the opportunity to nominate to exchange their existing holdings of URF Notes I into a subscription for CPUs (**Rollover**) on a 1 for 1 basis. In addition to the issue of a CPU for each URF Note I transferred, Rollover participants will also receive a cash payment equal to the interest they would have received on the number of URF Notes I exchanged, for the period from 1 October 2017 to the date of issue of the CPUs.

A Priority Offer of up to \$50,000 (500 CPUs) is available for each Applicant who is a Unitholder or a URF Noteholder at 5:00pm (AEDT) on the Offer Closing Date. An Applicant who is both a URF Unitholder and URF Noteholder is entitled to apply for up to \$100,000 (1,000 CPUs) under the Priority Offer.

Under this PDS, the Responsible Entity is offering a minimum of 1 million CPUs and up to a maximum of 3 million CPUs, at an Issue Price of \$100 per CPU. The Offer seeks to raise a minimum of \$100 million and up to \$300 million.

The Offer is being made to Applicants with a permanent address in Australia. The final allocation given to Applicants under this Offer, including the Priority Offer, may be subject to scaling at the discretion of the Responsible Entity depending on demand, the cash requirements of the Fund at the time of allotment (as determined by the Responsible Entity) and to assist the Responsible Entity to develop a balanced register of CPU Holders.

Detailed information about the Offer and financial and operating performance of the Fund is set out in this PDS. A detailed description of the key risks associated with an investment in CPUs and the Fund is provided in Sections 1.3 and 5.

I encourage you to read this PDS carefully and in its entirety before making your investment decision. In particular, the features of the CPUs are complex and there are differences in the structure, ranking and features of the security when compared to URF Notes I.

On behalf of the Board, I commend the Offer to you and look forward to welcoming you as an investor in CPUs in the US Masters Residential Property Fund.

Yours sincerely,



Alex MacLachlan

Chairman of the Responsible Entity



Investment overview

Key dates

Date of PDS	1 December 2017
Unitholder meeting to approve issue of CPUs*	8 December 2017
Offer Opening Date**	8 December 2017
Offer Closing Date**	18 December 2017
Issue Date**	22 December 2017
Trading expected to commence on the ASX**	28 December 2017

* The Offer is subject to Unitholders approving the amendment of the Constitution to permit the issue of CPUs and approving the issue of CPUs. If Unitholder approval is not obtained this PDS will be withdrawn and the Offer will not proceed.

** The above dates are indicative only and may vary, subject to the requirements of 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.

About the Offer

Key Offer details	Summary	More information
Issuer	This PDS and the CPUs are issued by Walsh & Company, the Responsible Entity.	Section 10.1 Section 10.2
Offer	The Offer comprises an offer of up to 3 million CPUs, at an Issue Price of \$100 per CPU to raise up to \$300 million.	Section 4.1
Condition to Offer	The Offer is subject to Unitholders approving the amendment of the Constitution to permit the issue of CPUs and approving the issue of CPUs. The Unitholder meeting is to be held on 8 December 2017. If Unitholder approval is not obtained, this PDS will be withdrawn and the Offer will not proceed.	Section 4.1
Issue price	\$100 per CPU.	Section 4.1
Priority Offer	There will be a priority offer of up to \$50,000 (500 CPUs) for each investor who is a Unitholder or a URF Noteholder. Investors who hold Units as well as URF Notes will be entitled to apply for up to \$100,000 (1,000 CPUs).	Section 4.2
Rollover of URF Notes I	Existing holders of URF Notes I may transfer their URF Notes I, which have a face value of \$100 each, to the Responsible Entity in satisfaction of the application price for CPUs. This will be a 1 for 1 exchange. Rollover participants will also receive a cash payment equal to the interest they would have received on the number of URF Notes I exchanged, had the final interest period for the notes transferred been from 1 October 2017 to the Issue Date. Any URF Notes I that are not transferred in this way may be redeemed in whole or in part on 19 December 2017 and each subsequent interest payment date commencing on 31 December 2017.	Section 4.3
Minimum subscription	A minimum subscription of \$100 million (1 million CPUs) must be raised by the Offer Closing Date. If the minimum subscription is not reached, all Application Monies will be refunded, without interest, and URF Notes I will not be transferred.	Section 4.1
Minimum application per investor	The minimum Application amount per investor is \$2,000 (20 CPUs).	Section 15.1



Key Offer details	Summary	More information
Purpose of the Offer	The Fund will use the net proceeds of the Offer to redeem (either in part or in full) URF Notes I, diversify its funding sources and to improve the structure of the Group's capital. The proceeds may also be used to accelerate the completion of the renovation pipeline, as well as general corporate activities.	Section 4.5
NAV as at 31 October 2017	\$1.66 per Unit.	Section 7.12
Traded price as at close on 30 November 2017	\$1.86 per Unit.	Section 7.12
Applicants	The Offer is open to Applicants with a permanent address in Australia.	Section 4.1
Superannuation funds	Superannuation funds may invest subject to the investment mandate of the particular fund and the trustee's general powers and duties.	
Underwriting	The Offer is not underwritten.	
Fees and costs	The Responsible Entity charges Structuring and Handling Fees for the Offer and ongoing fees to manage the Fund. There are also fees and other indirect costs charged by the Group. See the Fund structure in Section 2.2.	Section 6

Key CPU terms

Key CPU term	Summary	More information
What are CPUs?	CPUs, or convertible step-up preference units, are a type of hybrid security that represents an equitable interest in the Fund, but on which CPU Holders may receive a priority distribution at a set rate, as opposed to full equity participation in the rise and fall of the value of the Fund. CPUs are convertible into Units (normally only on the initiative of the Responsible Entity) at a price and time and on conditions set by the CPU Terms.	
Issue price	\$100 per CPU.	Section 11.2
Term	CPUs are perpetual instruments and remain on issue until converted into Units or otherwise repurchased in accordance with applicable law.	Section 11.3
Distribution rate	6.25% per annum until 31 December 2022 stepping up to 8.75% from 1 January 2023 (Standard Distribution) if not converted before that time. The payment of distributions is subject to the Responsible Entity determining to pay the distributions. There is no guarantee that distributions will be paid. Distributions are payable semi-annually to CPU Holders as at 30 June and 31 December.	
Cumulative preferential distributions	Distributions are cumulative. Distributions are payable on CPUs in preference to Units up to the distribution rate.	Section 11.6
Distribution stopper undertaking	The Responsible Entity may not pay any distribution on Units, undertake an off-market buyback of Units or otherwise effect a redemption of Units for so long as any distribution on CPUs remains outstanding for more than 40 business days after the end of the relevant Distribution Period. The distribution stopper is an incentive for the CPU distributions to be paid on time.	Section 11.7



Key CPU term	Summary	More information
Right to convert	CPUs may be converted into Units on 1 January 2023 or on the first day of any subsequent Distribution Period at the election of the Responsible Entity. CPU Holders may convert CPUs to Units only if the Responsible Entity breaches its obligations under the distribution stopper undertaking.	Section 11.8
Conversion number	CPUs convert to the aggregate of: (a) the number of Units determined by dividing the Issue Price by the VWAP of Units over the 10 business days prior to conversion less a discount of 2.5% (whether or not trading of Units occurs on those business days) up to but excluding the conversion date (Conversion VWAP) subject to a minimum conversion number of 44 Units per CPU (Minimum Conversion Number) and a maximum conversion number of 205 Units per CPU (Maximum Conversion Number) subject to adjustment; and (b) the number of Units determined by dividing the aggregate of all distributions that remain outstanding at the date of conversion by the Conversion VWAP. This additional conversion number is not subject to the maximum or minimum conversion number.	Section 11.8
Distribution reinvestment plan	CPU Holders may elect to apply any cash distribution payable in respect of CPUs in subscription for Units. Participation in the Distribution Reinvestment Plan (DRP) is voluntary, but agreement to participate will be assumed unless the applicant for CPUs indicates that they do not wish to participate on their Application Form (see Section 15.1). The issue price for Units issued to Holders under the DRP is 95% of the VWAP of Units over the 10 business days up to the end of the relevant Distribution Period.	Section 11.9
Winding up	CPU Holders receive distributions of capital on a winding up of URF in priority to Unitholders up to the Issue Price and any accumulated unpaid distributions.	Section 11.10
Voting rights	CPUs carry the right to attend and vote at meetings of members of URF.	Section 11.12

About the Fund

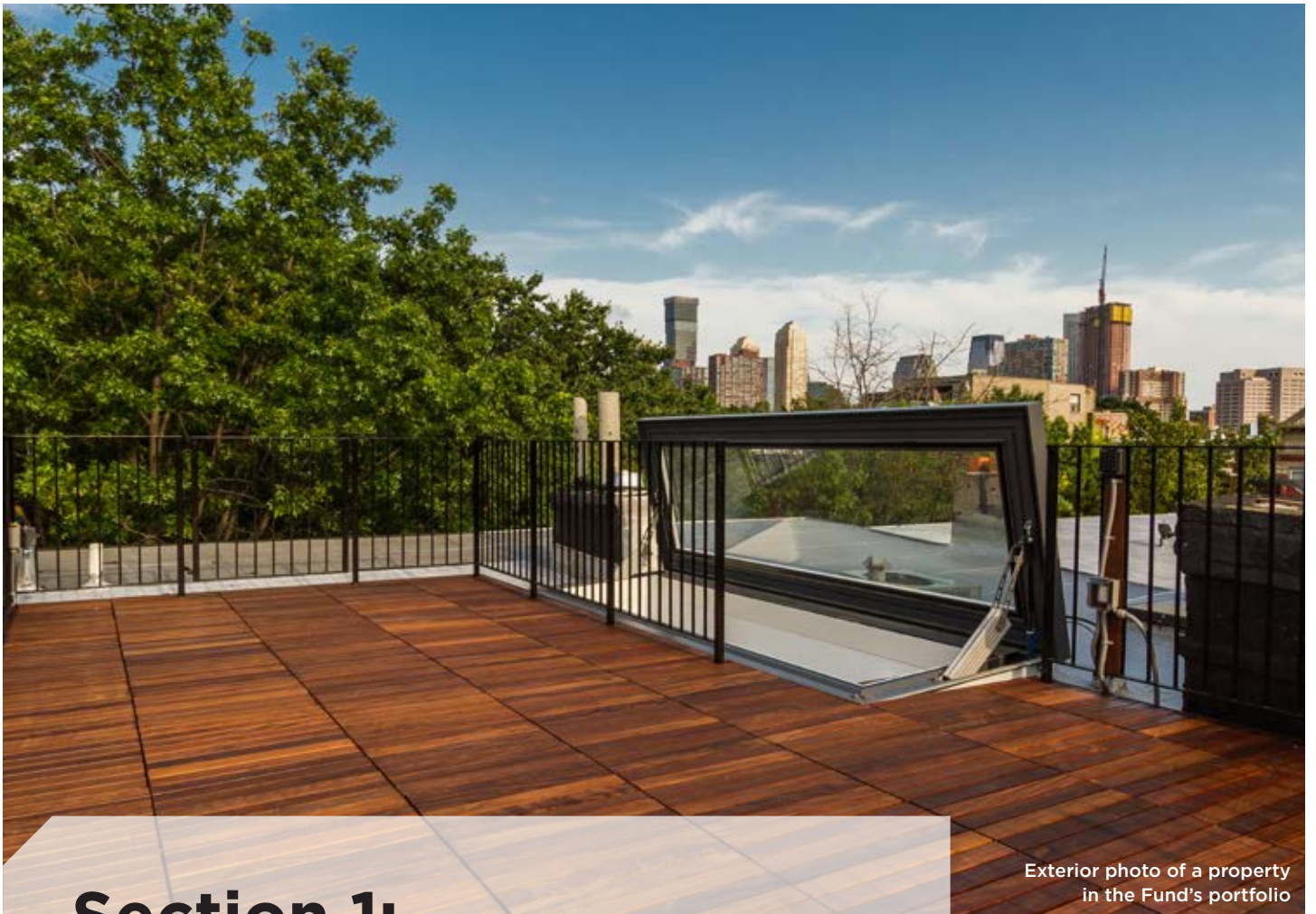
Key Fund features	Summary	More information
Fund type and Responsible Entity	The Fund is a listed registered managed investment scheme that invests in residential property located in the US. Walsh & Company is the Responsible Entity of the Fund.	Section 2.2 Section 10
Term of the Fund	The Fund does not 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.	
Investment Manager	URF Investment Management Pty Limited is the investment manager (Investment Manager), providing investment management services to the US Masters Residential Property (USA) Fund (US REIT), and is a related body corporate of the Responsible Entity.	Section 2.2 Section 12.1
Investment objective of the Fund	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 as well as to position URF to continue to deliver strong returns and to provide long-term value in varying market conditions.	Section 2.1



Key Fund features	Summary	More information
Investment strategy	<p>URF seeks to meet its objectives through the following strategy:</p> <ul style="list-style-type: none"> 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; acquiring US residential property in regions that the Investment Manager believes have positive investment dynamics; and using gearing in cases where gearing will enhance after-tax returns. <p>Following a recent strategic review the next phase of URF's strategy will have three key areas of focus:</p> <ul style="list-style-type: none"> complete the portfolio renovation pipeline and maximise rental income; continue to drive cost efficiencies to maximise rental yields; and optimise the capital structure. 	<p>Section 2.2 Section 12.1</p>
Investment process	<p>The Fund, through its controlled entities, 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 arrangement¹; and from mortgagees as part of the foreclosure process. 	<p>Section 2.3</p>
Fund borrowings	<p>The Fund targets a consolidated long-term leverage ratio of approximately 50% of the gross value of the Fund's assets across the portfolio that will enhance yield to investors while maintaining risk at low levels.</p> <p>At 31 October 2017, the Fund had \$727 million of gross debt, consisting of the URF Notes of approximately \$416 million (\$150 million of which is attributed to URF Notes I) and secured debt of \$311 million. There was an additional \$35 million of debt in its joint venture investments (URF's proportional interest only) at 31 October 2017.</p>	<p>Section 2.4 Section 7.8</p>

1. 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.





Exterior photo of a property in the Fund's portfolio

Section 1: Key benefits and risks



Interior photo of a property in the Fund's portfolio.

1. Key benefits and risks

1.1 Key investment benefits

An investment in CPUs and the Fund may offer a number of investment benefits. Key investment benefits are summarised in each of the tables below.

TABLE 1: KEY BENEFITS OF AN INVESTMENT IN CPUs

Key benefit		More information
Potential for stable ongoing income in excess of other traditional fixed income securities	CPUs provide investors with distributions at a fixed rate of 6.25% per annum (stepping up to 8.75% per annum from 1 January 2023, if the CPUs do not convert into Units before that time) which are expected to be paid semi-annually. With the RBA cash rate at historic lows, the distribution rate of CPUs compares favourably to traditional fixed income securities.	Section 11.4
Potential for tax deferred distributions	Depending on the tax position of the CPU Holder and the tax position of the Fund, distributions may be treated as reducing the cost base of CPUs rather than income.	Section 9.2(b)
Distributions are not at a variable interest rate	The distribution rate of CPUs is set and will not be affected by fluctuations in Australian interest rates.	
Priority for distributions and in event of a wind up	CPUs have priority over Units for distributions up to the distribution rate and on a winding up to the Issue Price and any unpaid distributions.	Section 11.10
Units from conversion and DRP at a discount to market	Conversion into Units is based on the VWAP of Units over the 10 business days up to the conversion date less a 2.5% discount. CPU Holders can elect to receive distributions in Units issued at the VWAP of Units over the 10 business days up to the record date for participation in the CPU distribution less a 5% discount.	Section 11.8 Section 11.9
Potential for equity upside	CPUs may be converted into Units by the Responsible Entity. The conversion number is equal to the Issue Price divided by the Conversion VWAP. Conversion is subject to a Minimum Conversion Number of 44 Units. The effect of this minimum number is that if the Unit price is above \$2.33, Units will effectively be issued at a discount to the prevailing market price. In other words, due to the capped nature of the conversion mechanic, CPU Holders will participate on conversion in any increases in the Unit price above \$2.33.	Section 11.8

TABLE 2: KEY BENEFITS OF AN INVESTMENT IN THE FUND

Key benefit		More information
Direct exposure to US residential property through a high quality portfolio of property investments in the New York metropolitan area	Since mid-2011, the Fund has been investing in US residential property with a current investment focus on the New York metropolitan area, 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, as well as select properties in other neighbourhoods in the Target Investment Area. 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. To date, the Fund, through its controlled entities, has successfully built a portfolio of over \$1 billion of highly attractive properties making it the largest Australian-listed property trust with a primary strategy of investing (through the US REIT) in US residential property.	Section 2.1 and Annexure A



Key benefit		More information
Access to a high quality team with vertically integrated infrastructure and proprietary technology	<p>Key to the success of URF is the Fund's access to a vertically integrated operating business with dedicated full-time real estate professionals based in Manhattan 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.</p> <p>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 6,200 properties have been inspected and evaluated based on these systems.</p>	
Significant scope to enhance value through award winning refurbishments	<p>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.</p> <p>Dixon Projects was the recipient of 12 awards at the American Residential Design Awards in 2017. This, in addition to the Fund's previous awards, the Jersey City Landmark's Conservancy "Excellence in Preservation" award and the Anchin's "Rising Star Award", reflects the quality of the Fund's renovation work and its expertise in the various phases of the renovation process.</p> <p>As such, the Responsible Entity believes the Fund has the capability to acquire these types of properties at highly attractive valuations and add value to these properties.</p>	Section 2.2
Inflation hedge and uncorrelated asset	<p>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 in respect of the US market within their portfolio.</p> <p>US residential property may also be attractive from a diversification perspective.</p>	
Simplified tax treatment and convenient investment platform	<p>Investors in the Fund are not required to file US tax returns, unlike direct individual investors in US property. Unitholders receive regular Australian income tax statements from the Fund to enable them to meet Australian income tax compliance obligations.</p> <p>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.</p>	

TABLE 3: KEY BENEFITS TO THE FUND OF THE ISSUE OF CPUs

Key benefit		More information
Accelerate the completion of the renovation pipeline	<p>Part of the cash proceeds on the issue of CPUs may be applied to accelerate the completion of the renovation pipeline as well as general corporate activities.</p> <p>Completion of large and small-scale renovations to bring further properties within the investment portfolio to the rental market will increase the annual rental income of the Fund and help provide long-term returns to investors.</p>	Section 2.1(b)
Reduction in interest costs	<p>Replacing URF Notes I (bearing interest at 7.75% per annum) with CPUs (distribution rate of 6.25% per annum) will reduce the interest costs for URF. The more URF Notes I that are redeemed following the Offer, the greater the potential to reduce expenses of the Fund given the differential between the returns on URF Notes I and CPUs.</p> <p>For the 12 months to 30 June 2017, URF incurred annual interest expenses on URF Notes I of \$11,625,000. This compares with the annual distribution payable for the first five years on a similar number of CPUs, which would equate to \$9,375,000.</p>	Section 2.1(b)



Key benefit		More information
Reduction in leverage ratio	<p>CPUs are classified as equity rather than debt for balance sheet classification. The issue of CPUs will reduce URF's leverage, improve the structure of the Group's capital and diversify its funding sources. Doing so will protect the Fund from banking covenants, and provide flexibility for the Fund to call on additional debt funding as required.</p> <p>The issue of CPUs will reduce the Fund's leverage ratio from 55% as at 30 June 2017 to 46% (for the minimum subscription) and 40% (for the maximum subscription) based on the unaudited pro forma balance sheet as at 30 June 2017.</p>	Section 7.8
Potential for increased liquidity of the Fund	<p>If CPUs are issued and ultimately converted to Units, there will be a greater number of Units quoted on the ASX. This may provide more liquidity through greater opportunities for Unitholders to trade Units on the ASX. The Fund's trading liquidity may further be increased by any election of CPU Holders to participate in the DRP and apply any cash distribution payable in respect of CPUs in a subscription for Units.</p>	

1.2 Key investment risks

As with most investments, the future performance of CPUs and the Fund can be influenced by a number of risks and factors that are outside the control of the Responsible Entity. A more detailed list of various risks is discussed in Section 5 and include:

TABLE 4: KEY RISK TO AN INVESTOR IN CPUs

Key risk		More information
Distribution payment risk	<p>The payment of a distribution is subject to the discretion of the Responsible Entity. Depending upon the performance and financial position of the Fund, the Responsible Entity may decide not to pay some or all of the distribution calculated at the applicable rate.</p> <p>If the Standard Distribution is not paid for more than 40 business days, the Responsible Entity may not pay a distribution or undertake an off-market buyback or redemption of Units until the shortfall in distributions is paid or CPU Holders have granted their consent by resolution in general meeting.</p>	Section 5.1(a)
Perpetual instruments	<p>CPUs are perpetual instruments and conversion to Units is generally at the Responsible Entity's discretion. The Responsible Entity may not elect to convert CPUs to Units until 1 January 2023 and may choose not to convert when permitted to do so, preventing CPU Holders from being able to participate in any Unit price appreciation from this date.</p>	Section 5.1(b)
No individual right to redeem	<p>Individual CPU Holders are not entitled to take action to require the redemption or conversion of their CPUs other than after breach of the distribution stopper undertaking.</p>	Section 5.1(c)
Conversion risk	<p>The Responsible Entity has control over the conversion of CPUs to Units. It has no obligation to convert and from 2023 may pick the time (and therefore market price) of Units at which conversion occurs. In addition, the maximum conversion number of Units on conversion is 205. That means that, if the price of Units on conversion is below \$0.50, CPU Holders will receive Units which are worth less than the CPUs which are being converted.</p>	Section 5.1(d)
Equity risk	<p>There is a risk that the market price of securities will fall over short or extended periods of time. CPU Holders are exposed to this risk both through general market fluctuations in the price of their CPUs and Units into which CPUs may be converted.</p>	Section 5.1(e)



Key risk		More information
Liquidity risk	Liquidity refers to the ease with which an asset can be traded (bought and sold). Units are presently listed on the ASX and the Responsible Entity will seek official quotation of CPUs on the ASX (expected code "URFPA"). However, there can be no guarantee that a liquid market for Units or CPUs will be available in the future. Investors should be aware that this may limit their ability to realise a return or recover their capital.	Section 5.1(f)
Future issues of securities equally ranking or senior to CPUs	It is possible that the Responsible Entity may in future issue further securities that may rank equally or senior to CPUs. Any such issue may affect the likelihood of distributions being paid to CPU Holders in each distribution period or in the event of winding up. However, any such issue will only occur if required approvals are obtained.	Section 5.1(g)
Interest rate risk	The fact that distributions on CPUs, when paid, will be at a set rate means that CPU Holders will not receive any benefit if market interest rates rise.	Section 5.1(h)

TABLE 5: KEY RISK TO AN INVESTOR IN THE FUND

Key risk		More information
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	<p>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, as well as select properties in other neighbourhoods in the Target Investment Area.</p> <p>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.</p>	Section 5.2(b)
Foreign exchange risk	<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>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 Real Estate Investment Trust (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>	Section 5.2(d) Section 5.2(e) Section 5.3(b) Section 9
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 5.3(a)



Key risk	More information
Regulatory risk	<p>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.</p> <p>Section 5.2(f)</p>
Key personnel risk	<p>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, Responsible Entity, the US REIT, Dixon Projects or Dixon Advisory USA, may have an adverse effect on the earnings and value of the Fund.</p> <p>Section 5.3(c)</p>
Interest rate risk	<p>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.</p> <p>Section 5.2(g)</p>
Counterparty risk	<p>It is possible that the Responsible Entity may in future issue further securities that may rank equally or senior to CPUs. Any such issue may affect the likelihood of distributions being paid to Holders in each distribution period or in the event of winding up. However, any such issue will only occur if required approvals are obtained.</p> <p>Section 5.1(g)</p>
	<p>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.</p> <p>Section 5.3(d)</p>
Poor investment performance	<p>Neither the Fund, the Responsible Entity, or 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.</p> <p>Section 5.3(e)</p>
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 or guaranteed by any government 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> <p>Section 5.2(h)</p>
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> <p>Section 5.1(g)</p>
Renovation risk	<p>As at 31 October 2017 the Fund had 94 properties in its renovation pipeline. The Fund is therefore exposed to risks associated with carrying out property renovations.</p> <p>Section 5.2(j)</p>





Interior photo of a property in the Fund's portfolio

Section 2: Overview of URF



Exterior photo of a property in the Fund's portfolio.

2. Overview of URF

URF was established in June 2011 and was listed on the ASX in July 2012. At 30 November 2017, the market capitalisation of URF was approximately \$661 million (based on 355,400,553 ordinary units issued and the \$1.86 closing price of Units traded on the ASX on that date).

The Fund was established to seek to take advantage of the significant drop in homes prices in the US between 2006 and 2011 by investing in freestanding and multi-tenant houses in the New York metropolitan area. It presently invests in property in Brooklyn, Manhattan and Queens, New York and Hudson County, New Jersey, as well as selected properties in other neighbourhoods in the Target Investment Area.

The Fund is currently the largest Australian-listed property trust with a primary strategy of investing in US residential property. It seeks to achieve long-term returns through a combination of income from rental yields along with potential for long-term capital growth.

The Fund has access to an integrated business model, with a historically 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.

2.1 Fund objective and strategy

(a) Investment objective

URF's investment objective is to provide Unitholders with:

- exposure to a diversified portfolio of US based residential property assets within the Target Investment Area;
- regular distributions of income; and
- potential for long-term capital growth in the underlying property portfolio,

as well as to position URF to continue to deliver strong returns and to provide long-term value in varying market conditions.

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

(b) Investment strategy

URF seeks to meet its objectives through the following strategy:

- 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;
- acquiring US residential property in regions that the Investment Manager believes have positive investment dynamics; and

- using gearing in cases where gearing will enhance after-tax returns.

Following a recent strategic review the next phase of URF's strategy will have three key areas of focus which are discussed further below:

- complete the renovation pipeline and maximise rental income;
- optimise the capital structure of the Fund; and
- continue to drive cost efficiencies to maximise rental yields.

Strategic Review

The initial phase of the strategy sought to capitalise on the weak state of the US housing market and entailed accumulating a high quality portfolio of residential property assets in the New York metropolitan area. At the same time as the portfolio was being acquired, the Group managed the assets to achieve rental yields and property price appreciation through renovation and improvement of the individual properties. The strategy delivered strong compound annual returns for Unitholders of 9.5% in the five years to 30 June 2017.

While the Group will continue to selectively acquire properties that meet the portfolio's characteristics and value parameters, the next phase of the strategy will be the focus in order to position the Fund to continue to deliver strong returns and provide long-term value for Unitholders in varying market conditions.

- (i) Completion of the renovation pipeline and maximising rental income

As at 31 October 2017, there remained a further 94 properties in the renovation pipeline at various stages of completion. Renovation of the majority of these properties are expected to be progressively completed over the coming 12 months and, once completed, the capital improvements are expected to contribute additional annual rent of approximately US\$12.8 million.

- (ii) Optimising capital structure

The increasing proportion of completed and tenanted properties in the portfolio will enable the Fund to restructure its lending facilities to lower cost facilities. This will allow the Group to lower its interest expense and better manage its capital and gearing.

- (iii) Continuing to drive cost efficiencies to maximise rental yields

As more properties are delivered from the renovation pipeline, the Group will continue to leverage available economies of scale to drive further cost efficiencies for



the portfolio. The Group has consistently reduced the investment property cost to income ratio of the portfolio over time (reduced to 46% as at 30 June 2017 compared to 51% as at 31 December 2016 and 63% as at 30 December 2015) and has maintained a bad debts expense of less than 0.4% of rental income.

The next phase of the strategy involves less active portfolio management in identifying and acquiring portfolio properties and accordingly, the Investment Manager announced on 28 August 2017 that it will waive the investment management fee charged to the Group, indefinitely. For the period ending 30 June 2017, this fee was \$7.4 million, equivalent to 1.24% (excluding GST) of the gross assets of the Group (no fee charged on the first \$100 million of gross assets). The Investment Manager will continue to provide all the services set out in the Investment Management Agreement and all other fees paid by the Group remain unchanged.

Permitted investments

The Fund invests 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 Group will continue to selectively invest in US residential property consistent with the above strategy that meet the portfolio's characteristics and value parameters. The Group initially targeted investments in the Target Investment Area and continues to do so. The Group will review its investment strategy, including investing in the Target Investment Area, from time to time and may amend this strategy without investor approval.

For more information about the current Target Investment Area, see Section 3.2.

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

Further information about investments

Regarding investments generally:

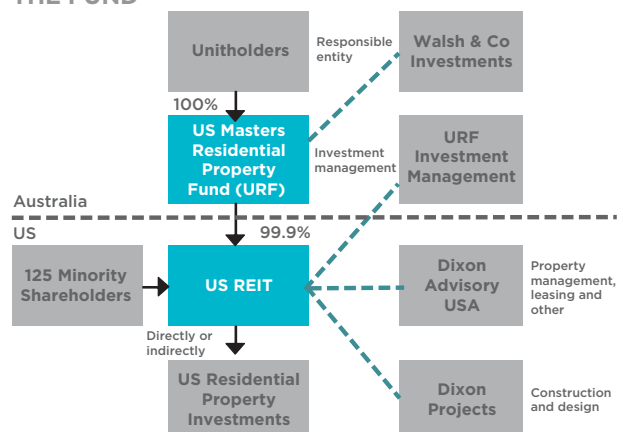
- all property investments held by the Fund are held directly or indirectly by the US REIT. Accordingly, references to the Fund's property investments in the PDS should be interpreted as investments made through the US REIT;
- the US REIT is controlled by the Fund. The trustees of the US REIT are Alan Dixon, Alex MacLachlan, Tristan O'Connell, David Orr and Kevin McAvey. Alex MacLachlan and Tristan O'Connell are also directors of the Responsible Entity;

- 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 Tax 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 9 for details. The Fund does not presently anticipate selling its shares in the US REIT;
- the investment strategy of the Fund as set out in Section 2.1 of this PDS comprises the investment strategy of both the Fund and the US REIT; and
- to be regarded as a REIT for US tax purposes there are various conditions that must be satisfied. See Section 9 for further information.

2.2 Fund structure and management arrangements

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

FIGURE 1: OWNERSHIP AND MANAGEMENT OF THE FUND



The Fund conducts all its New York metropolitan residential investment through the US REIT, a Maryland Real Estate Investment Trust. The US REIT has elected to be treated as a real estate investment trust 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 Investment Limited's duties as Responsible Entity include operating the Fund in compliance with the Corporations Act and ASX Listing Rules, maintaining the Fund's compliance plan and procedures and monitoring against regulatory and legislative requirements, the preparation of disclosure documents, the issue of Units and other securities, the appointment and monitoring of external service providers to the Fund and overall administration. See Section 10 for further information.

URF Investment Management Pty Limited is the Investment Manager of US REIT. 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 USA 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 Projects was the recipient of 12 awards at the 2017 American Residential Design Awards (**ARDA**), including the coveted Global Choice Award for Excellence in Residential Design. The ARDA awards, in addition to the Fund's previous receipt of the Jersey City Landmark's "Excellence in Preservation" award and the Anchin's "Rising Star Award" reflect the quality of the Fund's renovation work and its expertise in the various phases of the renovation process. 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.

Walsh & Company Investments Limited, URF Investment Management Pty Limited and Dixon Advisory USA are all members of the Evans Dixon Group.

2.3 Joint venture arrangements

The Fund has joint venture agreements with Urban American, a highly experienced US-based joint venture partner, to acquire, renovate, manage, lease and hold for the long-term certain specific multi-dwelling properties. Urban American has over 20 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 5.3(d) of this PDS applies to any party to a joint venture arrangement.

2.4 Borrowings 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 leverage 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 leverage 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. For information about the Fund's gearing ratio before and after the proposed issue of CPUs, see Section 7.8.

2.5 Compliance framework

The Responsible Entity has a compliance framework in place that includes maintaining a compliance plan and a compliance committee.

The compliance plan sets out how the Responsible Entity ensures compliance with both the Corporations Act and the Constitution when operating the Fund. The compliance committee, comprising a majority of external members, monitors the Responsible Entity's compliance with the compliance plan. The Responsible Entity's compliance with the compliance plan is audited externally on an annual basis.

The compliance framework also addresses risk management, borrowings, valuation, related party transactions, conflicts, continuous disclosure, training, disaster recovery, and other elements.



2.6 Foreign exchange hedging policy

The Fund receives income streams and holds assets which are denominated in US dollars. The payment obligations in relation to URF Notes and CPUs are Australian dollar obligations. The Fund does not presently intend to hedge these for currency risk. The Fund may re-evaluate the hedging policy in the event of changes to prevailing exchange rates, economic conditions and the Fund's circumstances. As the majority of the underlying assets of the Fund are currently, and will continue to be, denominated in US dollars, the value of the assets held by the Fund (expressed in Australian dollars) and the US dollar equivalent of the Australian dollar amounts to be paid in equity distributions and payment obligations to URF Noteholders and holders of CPUs will fluctuate with changes in the exchange rate between the Australian dollar and the US dollar.

Any US dollar denominated borrowings taken out by the Fund will act as a natural hedge against this foreign currency exposure. URF Notes and CPUs are denominated in Australian dollars and as such, the leverage ratio of the Fund will be impacted by changes in the exchange rate, along with other Fund specific factors.

2.7 Capital management policy

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

The Fund may undertake a buyback of its Units and CPUs under certain circumstances including in the event that they trade at a sizeable discount to NAV. The Fund will need to obtain approval for the buyback from Unitholders or the relevant class of unitholder 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 in a class 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.

2.8 Distributions policy

The Responsible Entity determines the distributable income of the Fund for each financial year.

The Responsible Entity intends to distribute 100% of the Fund's net operating income (which excludes unrealised gains and losses) as the distributable income of the Fund for each financial year. 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.

CPUs carry a right to receive a preferential distribution in priority to holders of Units at the distribution rate set out in the relevant CPU terms, meaning distributions are payable to holders of CPUs before payment of distributions to holders of Units.

Once distributions on CPUs have been paid, the Responsible Entity may determine to pay a distribution to the holders of Units.

The payment of distributions on CPUs is discretionary meaning that the Responsible Entity may decide not to pay a distribution at the relevant rate or at all. However, distributions on CPUs are cumulative.

If, for any reason, the Responsible Entity has not paid a distribution in an amount equal to the entitlement to a distribution for the relevant distribution period within 40 business days after the end of the relevant distribution period, the Responsible Entity must not, without the approval of a Special Resolution passed at a separate meeting of CPU Holders, among other things, pay any distributions (whether of income or capital) on Units.

See Section 11 for further information regarding the terms of issue of the CPUs.

2.9 Valuation and appraisal policy

Each investment property is measured initially at its cost, including transaction costs and any refurbishment 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.

2.10 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.

2.11 Raising further capital

The Responsible Entity may, at a future date, decide to raise further capital for the Fund in the form of CPUs, Units, URF Notes and/or other securities. A further capital raising may be contemplated if there is significant demand



for investment in the Fund, there remain attractive portfolio investment opportunities which the Responsible Entity and Investment Manager can pursue with additional capital or where this would be beneficial to existing Unitholders. The Responsible Entity may need to seek approval of Unitholders and CPU Holders at a meeting if the capital sought to be raised would exceed the limits for new issues of securities under the Listing Rules.

2.12 Reports to unitholders

The Responsible Entity will provide, at least:

- quarterly updates on key information about the Fund including performance updates;
- half-yearly auditor reviewed reports;
- annual audited reports;
- annual distribution advice statements (as applicable);
- regular income tax statements; and
- monthly Net Tangible Asset updates.

The Responsible Entity will also comply with all laws and the Listing Rules as they relate to reports to be provided to investors. For further information, please visit www.usmrpf.com.au.

Historically, NAV has been reported on a pre-tax and post-tax basis. While CPUs are units in the Fund, they are not Units and so are not taken into account when reporting NAV. To ensure there is transparency for investors, following the issue of CPUs, the Responsible Entity will report the pre/post-tax net tangible asset backing per Unit and on a fully diluted basis (being the NAV that would be reported if all CPUs had been converted to Units as at the relevant date for determining the NAV).





Interior photo of a property in the Fund's portfolio

Section 3: URF portfolio



Interior photo of a property in the Fund's portfolio.

3. URF portfolio

3.1 Investment portfolio

The Fund, through its controlled entities, has built a portfolio of New York metropolitan area residential housing and apartments and as at 31 October 2017, URF's investment portfolio comprised of direct or indirect interests in 1,709 units across 649 freestanding houses and 16 apartment buildings. A summary of the portfolio is presented below.

TABLE 6: SUMMARY OF THE PORTFOLIO

Freestanding portfolio ²		
Area	Properties	Value (US\$)
Brooklyn	115	426,360,014
New Jersey Premium	124	307,701,541
New Jersey Workforce	377	221,964,489
Manhattan	25	134,721,058
Queens	8	16,299,319
TOTAL	649	1,107,046,422

Multi-family portfolio ³		
Joint Venture Investments	Units	Value (US\$)
Golden Peak II Holdings LLC	400	48,050,549
515 West 168th Street LLC	84	16,898,472
30-58/64 34th Street LLC	70	17,775,432
TOTAL	554	82,724,452

The Fund, through its controlled entities, owns interests in 16 apartment buildings through the following arrangements:

- a 67.50% interest in Golden Peak II Holdings LLC across 13 apartment buildings comprising 400 units totalling \$71 million (URF share of \$48 million);
- a 65.0% interest in 515 West 168th Street LLC across two apartment complexes comprising 70 units totalling \$27 million (URF share of \$17 million); and
- a 63.7% interest in 30-58/64 34th Street LLC in an apartment complex comprising 84 units totalling \$27 million (URF share of \$18 million).

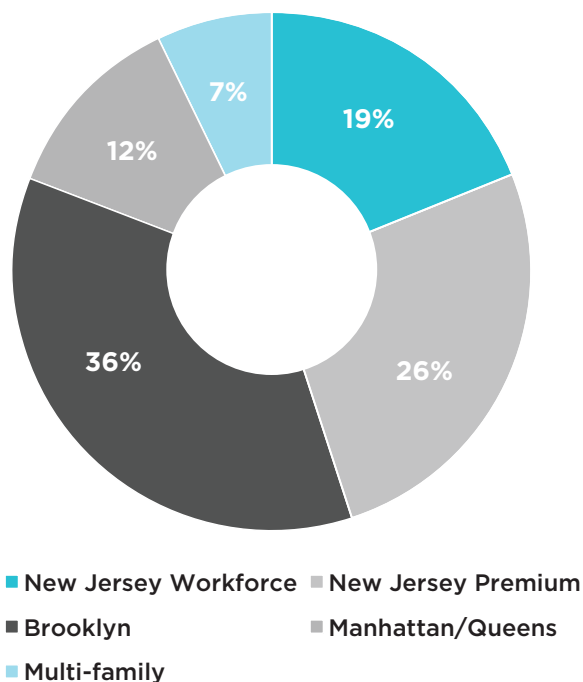
2. All data is as at 31 October 2017, converted at the AUD:USD FX rate of 0.7656 at 31 October 2017.

3. Values stated reflect the Fund's proportionate share as at 31 October 2017, converted at the AUD:USD FX rate of 0.7656 at 31 October 2017.



The relative contributions of each of the Fund's investment areas to the portfolio are summarised below:

FIGURE 2: PROPERTY DISTRIBUTION - BY VALUE



Source: Walsh & Company
 Note: As at 31 December 2017.

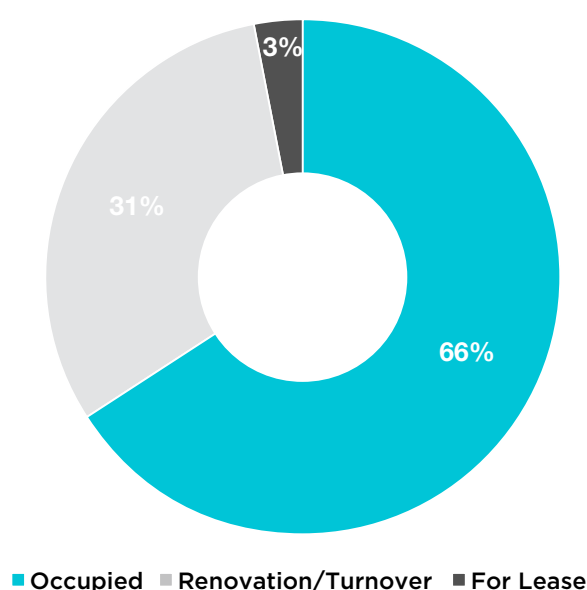
During the 2017 calendar year, the Fund has completed US\$47.4 million of renovations. This allowed the completion of 23 large-scale renovations and 60 small-scale renovations across 81 properties. The renovations completed during the period are expected to make a material additional contribution to annual rental income.

Between 30 June and 31 October 2017, the Group has completed US\$20.2 million of renovation work. Twelve large and 30 small-scale renovations were completed, bringing a further 41 properties to the rental market with expected annual rental income of US\$2.2 million. As at 31 October 2017, there remained a further 94 properties in the renovation pipeline which were at various stages of completion. Renovation of the majority of these properties are expected to be progressively completed over the coming 12 months and, once completed, the capital improvements are expected to contribute additional annual rent of approximately US\$12.8 million.

The property status of freestanding properties as at 31 October 2017 is summarised below.

The property status of freestanding properties as at 31 October 2017 is summarised below.

FIGURE 3: PROPERTY STATUS - BY VALUE



Source: Walsh & Company
 Note: As at 31 December 2017.



Examples of freestanding properties

Details of four of the Fund's properties are listed below noting:

- a) the amount the property was acquired for includes acquisition costs and fees;
- b) renovation costs include the capitalised holding costs (including interest) incurred during the renovation of the property and costs and fees paid to Dixon Projects; and
- c) valuations carried out as part of the valuation and appraisal process represent fair market values for each property determined in accordance with the Responsible Entity's normal valuation procedures.

511 Manila Avenue, Jersey City



Interior photo of 511 Manila Avenue



Interior photo of 511 Manila Avenue

511 Manila Avenue is a single-family home with three car parking located in Downtown Jersey City and was acquired by the Fund in 2015. The property is surrounded by many of the area's biggest attractions, being just a short walk from Hamilton Park, all of the restaurants and bars along Newark Avenue, as well as being in close proximity to Manhattan via the PATH train at the nearby Newport station.

Delivered vacant, the property was in dated condition, providing Dixon Projects with the opportunity to modernise the property in order to maximise the future rental income. This modernisation saw the Dixon Projects team take advantage of the existing hardwood floors and the light and bright open plan layout. They transformed the home by updating the kitchens and bathrooms, as well as providing an overall refresh to the bedrooms and common areas. The end result was a modern and inviting home that was able to quickly receive a premium rent upon release to the market.

The property was acquired for US\$830,000 and underwent a renovation of US\$192,637. The property's most recent appraisal was US\$1,600,000 (June 2017), and is currently generating a monthly rental income of US\$5,995.



69 Laidlaw Avenue, Jersey City



Interior photo of 69 Laidlaw Avenue



Interior photo of 69 Laidlaw Avenue

69 Laidlaw Avenue is a three family home located on the cusp of Journal Square and Jersey City Heights and was acquired by the Fund in 2012. At the time of acquisition, the property was attractive for the perceived benefits associated with the redevelopment of the Journal Square area, and since acquiring the property it has further benefited from a surge in residents within Jersey City Heights, fuelled largely by renters priced out of the Downtown Jersey City and Hoboken neighbourhoods.

At the time of acquisition, the main house was configured as a two-family property while the third unit was a carriage house in the rear. All three units were in need of renovation, and Dixon Projects completed full gut renovations on the property's bathrooms and modernised the kitchens, common areas and bedrooms, in addition to completing repairs on some existing roof and wall damage. Upon completion, the property was a highly desirable and modern three-family home in an up and coming area within Jersey City.

The property was acquired for US\$170,000 and underwent a renovation of US\$207,059. The property's most recent appraisal was US\$650,000 (June 2017), and is currently generating a monthly rental income of US\$4,860.



29 Lincoln Place, Brooklyn



Interior photo of 29 Lincoln Place



Interior photo of 29 Lincoln Place

Built in 1899, this three-family Italianate style brownstone row house is positioned in the highly sought after area of Park Slope in Brooklyn. Upon first inspection, the Investment Manager knew that this was a diamond in the rough, with the property having great foundations to become a premium property for the portfolio. Located just three blocks from the subway, the property was also in a prime location only 30 minutes to downtown Manhattan.

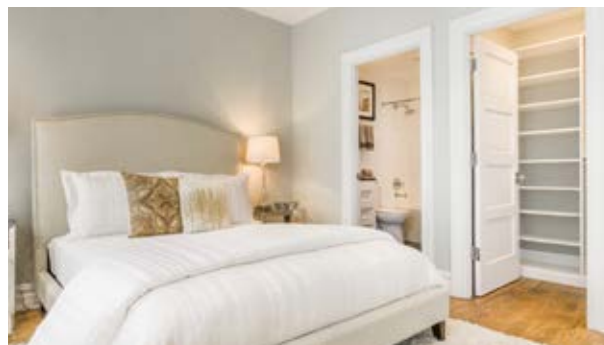
The property was acquired from a long-term owner in dated condition, providing the perfect base for Dixon Projects to complete a renovation to better suit the area. This renovation transformed the property into a beautiful single-family home, including an open plan chef-style kitchen with stainless steel appliances, a terrace on each level, walk-in closets and spacious bedrooms as well as complete gut renovations of the bathrooms to create ten high-end bathrooms and two powder rooms. The result was a high-end entertainer's delight; truly 'bringing the outside in' and making the most of the open plan space.

The property was acquired for US\$1,749,500 and underwent a renovation of US\$2,032,158. The property's most recent appraisal was US\$4,600,000 (June 2016), and is currently generating a monthly rental income of US\$17,990.

45 Halsey Street, Brooklyn



Interior photo of 45 Halsey Street



Interior photo of 45 Halsey Street

Designed and constructed in 1881 by Thomas B Jackson, 45 Halsey Street is a classic Neo-Grec brick row house which was configured as a three family home upon acquisition by the Fund in 2014. The property is located in the Bedford Historic District, which is comprised of more than 800 of Brooklyn's most distinctive and well-preserved late 19th-century townhomes. Additionally, the property is only three minutes to direct subway lines into Manhattan as well as countless restaurants, bars, grocers and shops that line the nearby Fulton Street.

At the time of acquisition the property was in dated but liveable condition. To truly maximise the rental income and to create a home fit for the area, the Dixon Projects team concluded that the property should be returned to its origins as a single-family home. Carpets were removed, walls were knocked down and the home was transformed with hardwood floors, en-suite bedrooms, walk in closets, a ground floor lounge and wet bar and an open plan kitchen, complete with a sliding door and a rear deck overlooking the perfectly manicured garden.



The property was acquired for US\$1,149,500 and underwent a renovation of US\$1,340,312. The property's most recent appraisal was US\$3,100,000 (June 2017), and is currently generating a monthly rental income of US\$10,905.

3.2 Target investment area

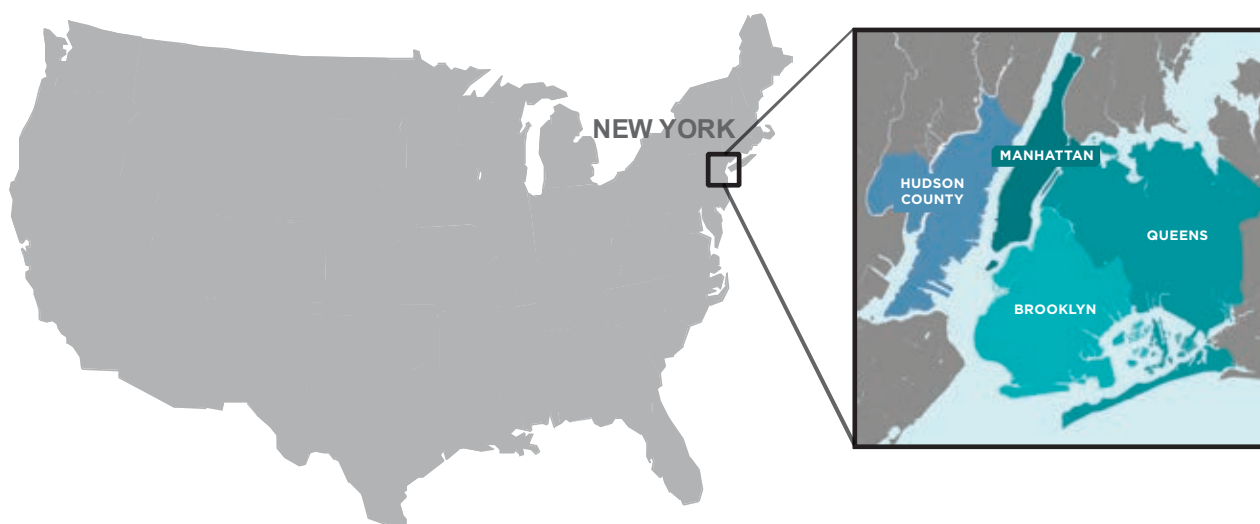
URF has a current investment focus on the New York metropolitan area, which is often referred to as the "Tri-State Area". Broadly speaking, the New York metropolitan area encompasses the populated areas in the states of New Jersey, New York, and Connecticut that are within typical commuting distance of Manhattan. The New York metropolitan area is the most densely populated area in the US 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.

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.

FIGURE 4: MAP OF TARGET INVESTMENT AREA

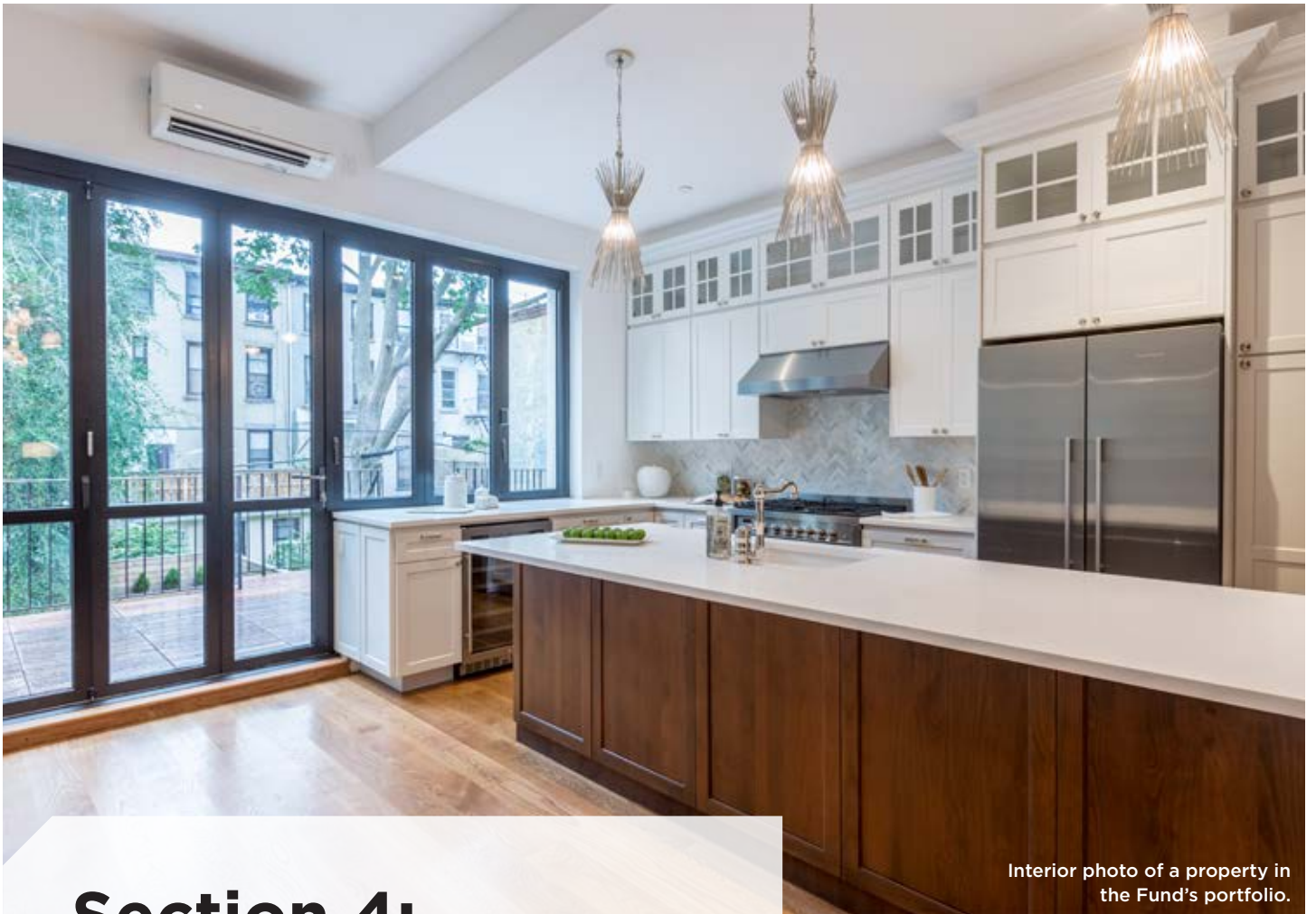


Source: Walsh & Company

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 Group also selectively purchased 16 freestanding properties in Essex County, New Jersey through foreclosure auctions. Within Essex County, the Group targeted freestanding homes that were in need of interior renovation that could be purchased below replacement cost and which offer the Group a substantial value-add opportunity. The Group may continue to acquire such properties in low volumes on a selective basis.





Interior photo of a property in the Fund's portfolio.

Section 4: The Offer



Interior photo of a property in the Fund's portfolio.

4. The Offer

4.1 The Offer

The Offer comprises an offer of:

- a minimum of 1 million CPUs; and
- a maximum of 3 million CPUs.

The Offer comprises an offer of CPUs at an Issue Price of \$100 per CPU. None of the CPUs are restricted securities or otherwise subject to escrow.

To participate in the Offer, your Application Form must be received by 5:00pm (AEDT) on the Offer Closing Date. The Offer Closing Date may be brought forward by the Responsible Entity. If the Offer Closing Date is brought forward, only Application Forms lodged by that time will be considered by the Responsible Entity.

The Offer is only available to investors who have a permanent address in Australia.

The Offer is subject to Unitholders approving the amendment of the Constitution to permit the issue of CPUs and approving the issue of CPUs. The Unitholder meeting is to be held on 8 December 2017. If Unitholder approval is not obtained, this PDS will be withdrawn and the Offer will not proceed.

Please see Section 11 for a detailed summary of the key CPU Terms.

4.2 Priority offer

There will be a Priority Offer of up to \$50,000 (500 CPUs) for each investor who is a Unitholder or a URF Noteholder. Investors who are a Unitholder and a URF Noteholder will be entitled to apply for up to \$100,000 (1,000 CPUs) under the Priority Offer.

4.3 Rollover of URF Notes I

The Responsible Entity may elect to redeem URF Notes I in whole or in part on 19 December 2017 and each subsequent interest payment date commencing on 31 December 2017. As notice of the proposed redemption must be released on the ASX at least 15 business days before the proposed redemption date, the Responsible Entity expects that any redemption of URF Notes I that remain on issue at close of the Offer will take place on 31 March 2018.

To enable holders of URF Notes I to participate in the Offer without needing to fund an application for CPUs before receiving the proceeds of redemption of their URF Notes I, holders of URF Notes I may transfer their URF Notes I to the Responsible Entity in satisfaction of the Issue Price

for CPUs. This is a 1 for 1 exchange meaning that a holder of URF Notes I will receive 1 CPU for every URF Note I transferred, because they each have a face value of \$100. URF Notes I so transferred will be cancelled on issue of the CPUs under the Offer. From lodgement of an application until cancellation, the URF Notes I to be transferred will be subject to a holding lock meaning that they cannot be traded on the ASX.

As holders of URF Notes I will have transferred their URF Notes to the Responsible Entity prior to the record date for the 31 December 2017 interest payment, they will not receive a final interest payment in respect of the period from 1 October 2017 to completion of the transfer. However, in addition to the issue of a CPU for each URF Note I transferred, the Responsible Entity will also make a cash payment to transferring noteholders as part of the transfer price equal to the interest they would have received had the final interest period for the notes transferred been from 1 October 2017 to the date of issue of the CPUs. Based on the current timetable for the Offer, this will be for the period to 22 December 2017 and will represent a cash payment of \$1.74 per URF Note I.

4.4 Minimum subscription

The Minimum Subscription for the Offer is the receipt of valid Applications and Application Monies (or commitments to transfer value in the form of URF Notes I) for not less than 1 million CPUs. If this Minimum Subscription is not achieved by the Offer Closing Date, the Responsible Entity will repay all monies received from Applicants (without interest) within seven days after that date or such later date as may be permitted by the Corporations Act, and will not accept transfer of the URF Notes I.

4.5 Application of proceeds of the Offer

The proceeds from the issue of CPUs will be used to redeem, in whole or in part, URF Notes I and may also be used to accelerate completion of the renovation pipeline, as well as general corporate activities.

As outlined in Section 4.3, the Responsible Entity will provide holders of URF Notes I the opportunity to exchange their URF Notes for CPUs. URF Notes I repurchased by the Responsible Entity will be cancelled, thereby reducing the number of URF Notes I on issue. No cash will be raised from such an exchange and so the notional proceeds of the issue of these CPUs will be applied solely to redeem URF Notes I.



The cash proceeds on the issue of the remaining CPUs issued under the Offer will be applied to:

- pay the costs of the Offer;
- redeem, in whole or in part, the URF Notes I that remain on issue on completion of the repurchase of URF Notes I under the Offer;
- accelerate the completion of the renovation pipeline; and
- fund general corporate activities of the Group.

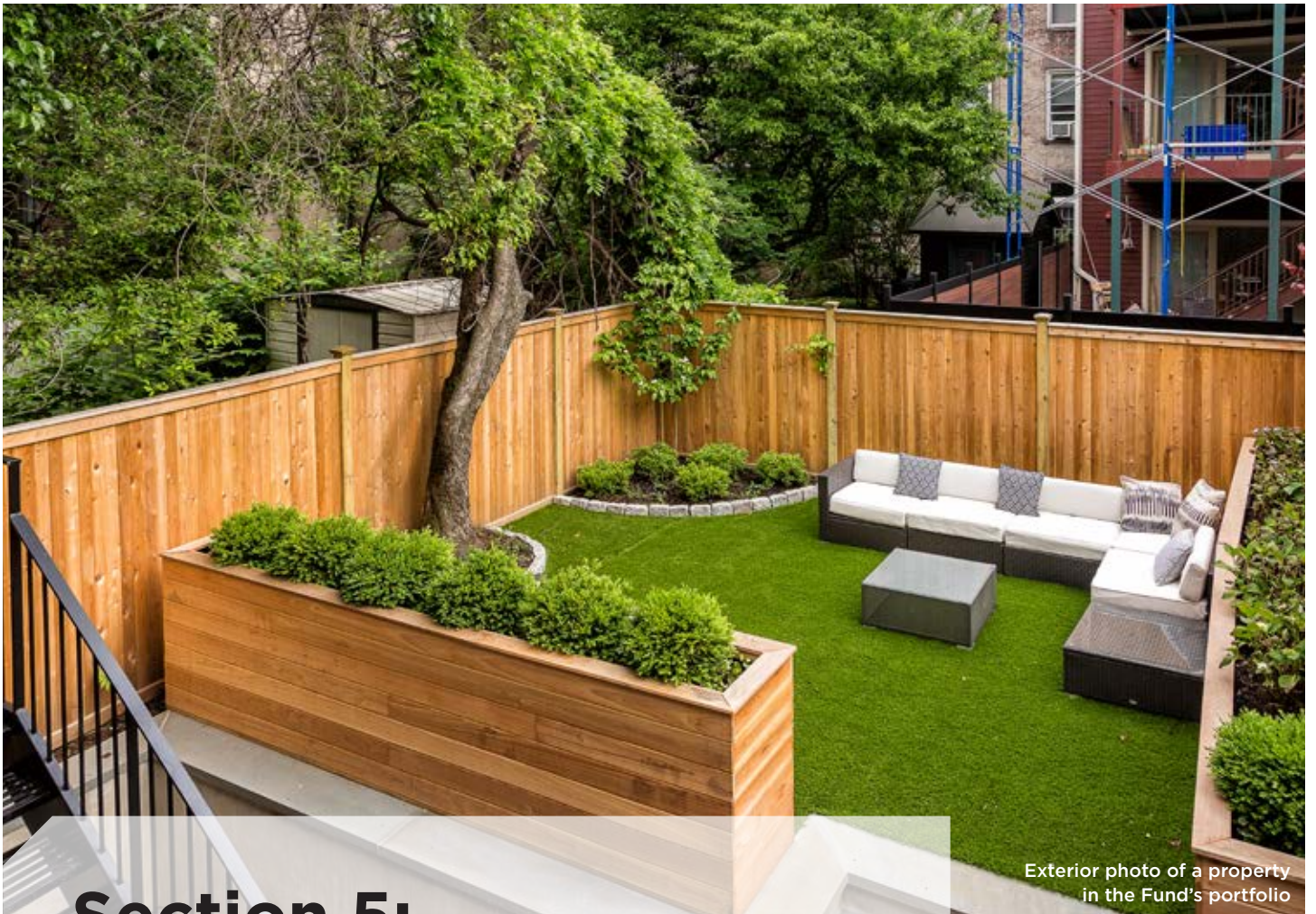
The allocation of cash raised from the Offer amongst the above will depend on the cash raised from the Offer and the extent to which holders of URF Notes I elect to exchange their notes for CPUs and market conditions.

The Responsible Entity has the discretion to redeem URF Notes I in whole or in part on 19 December 2017 and each subsequent interest payment date commencing on 31 December 2017. As notice of the proposed redemption must be released on the ASX at least 15 business days before the proposed redemption date, the Responsible Entity expects that any redemption of URF Notes I that remain on issue on close of the Offer will take place on 31 March 2018.

4.6 Cooling-off period

As the Fund is listed, no cooling off period applies under the Corporations Act.





Exterior photo of a property in the Fund's portfolio

Section 5: Risks



Interior photo of a property in the Fund's portfolio.

5. Risks

Prior to investing, you should consider the risks involved in investing in CPUs and the Fund and whether the CPUs and the Fund are appropriate for your objectives and financial circumstances. You should read this PDS in its entirety to gain an understanding of the risks associated with an investment in CPUs and 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 forecast or guarantee any rate of return in terms of income or capital or investment performance of the Fund. The value of 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 Unitholders and CPU Holders.

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. Second, only make investments with a risk level and time frame recommended by your professional advisor.

This section describes the areas the Responsible Entity believes to be the major risks associated with an investment in CPUs and the Fund. These risks have been separated into risks specific to CPUs, risks specific to the Fund and general investment risks.

It is not possible to identify every risk associated with investing in CPUs and the Fund. Prospective investors should note that this is not an exhaustive list of the risks associated with CPUs and the Fund.

5.1 Risks specific to CPUs

(a) Distribution payment risk

The payment of a Standard Distribution is subject to the discretion of the Responsible Entity. Depending on the performance and financial position of the Fund, the Responsible Entity may decide not to pay some or all of the Standard Distribution calculated at the applicable rate.

If the Standard Distribution is not paid, the Responsible Entity may not pay a distribution or undertake an off-market buyback or redemption of Units until the shortfall in distributions together with any applicable Outstanding

Distributions are paid or CPU Holders have granted their consent by resolution in general meeting.

(b) Perpetual instruments

CPUs are perpetual instruments and conversion to Units is generally at the Responsible Entity's discretion. The Responsible Entity may not elect to convert CPUs to Units until 1 January 2023 and may choose not to convert when permitted to do so, preventing CPU Holders from being able to participate in any Unit price appreciation from this date, or other benefits that may arise from holding Units rather than CPUs.

(c) No individual right to redeem

Individual CPU Holders are not entitled to take action to require the redemption or conversion of their CPUs other than after breach of the distribution stopper undertaking.

You may still be able to sell your URF CPUs on the ASX at the prevailing market price if there is sufficient trading in CPUs on the ASX. However, even if the URF CPUs are quoted and traded on the ASX, URF CPUs may be trading at a market price below the Issue Price and the market for URF CPUs may not be liquid.

(d) Conversion risk

The Responsible Entity has control over the conversion of CPUs to Units. It has no obligation to convert and may elect to convert at a time that may be disadvantageous to CPU Holders in light of market conditions.

(e) Equity risk

There are pricing and other risks associated with any investment in a publicly listed fund. The price of CPUs or 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 CPUs or Units may cause a decline in the price at which the CPUs and Units trade. No assurances can be made that the performance of CPUs or the Units will not be adversely affected by any such market fluctuations or factors. Neither the Fund, the Responsible Entity or any other person guarantees the performance of the CPUs or the Units.

(f) Liquidity risk

Liquidity refers to the ease with which an asset can be traded (bought and sold). Units are presently listed on the ASX and the Responsible Entity will seek official quotation of CPUs on the ASX (expected code "URFPA"). However, there can be no guarantee that a liquid market for Units or CPUs will be available in the future. Applicants should be



aware that this may limit their ability to realise a return or recover their capital.

(g) Future issues of securities equally ranking or senior to CPUs

It is possible that the Responsible Entity may in future issue further securities that may rank equally or senior to CPUs. Any such issue may affect the likelihood of distributions being paid to CPU Holders in each distribution period or in the event of winding up. However, any such issue will only occur if required approvals are obtained.

(h) Interest rate risk

The fact that distributions on CPUs, when paid, will be at a set rate means that CPU Holders will not receive any benefit if market interest rates rise.

5.2 Risks specific to the Fund

(a) Risks of the us, target investment area residential property markets

There are a number of risks regarding an investment in US real estate and the Target Investment Area 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 the Target Investment Area.

(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, as well as selected properties in other neighbourhoods in the Target Investment Area. 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.

The ability of the Fund to service amounts owing on the URF Notes and CPUs, both of which are denominated in Australian dollars, may be affected by declines in the value of the US dollar relative to the Australian dollar as the Fund may as a result generate less Australian dollar income.

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) REIT qualification and double tax treaty risks

Although the Responsible Entity 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 Responsible Entity has reason to believe 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 9.

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.

(e) Foreign investment in real property tax act

A foreign person that owns "United States Real Property Interests" (**USRPI**), including an interest in a REIT, are subject to U.S. federal income tax on the gains arising on the sale of such USRPI or sale of the REIT interest, at the rates applicable to corporations under FIRPTA. Pursuant

to FIRPTA, withholding on gains from the disposition of a USRPI is required under Section 1445 of the Code at a rate of 15%. However, the *Protecting Americans from Tax Hikes Act 2015* provides an exemption for qualified shareholders. A "qualified shareholder" is a foreign person which does not own more than 10% of the REIT that (1) is eligible for a reduced rate of withholding under a comprehensive income tax treaty with the United States; (2) is a "qualified collective investment vehicle;" and (3) satisfies certain recordkeeping requirements on the identity of its owners. As of December 18 2015, "qualified foreign pension funds" are exempt from FIRPTA.

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. Currently, the United States Congress is debating comprehensive tax reform which may change, in whole or in part, tax provisions discussed in this PDS. As substantially all of the investments in the Fund are within the US and the Responsible Entity 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) 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.

(g) 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.

(h) 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. 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.

(i) 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.

(j) Renovation risk

As at 31 October 2017, the Fund had 94 properties in its renovation pipeline. As such, the Fund may be subject to additional risks associated with carrying out property renovation including cost and budget overruns, local council delays and delays in the timing of cash flows generated from the investments. These may impact on the Fund's ability to pay distributions on CPUs and Units.

(k) Future acquisitions

The Group intends to selectively acquire properties in accordance with the investment strategy of the Fund (see Section 2.1) and recent strategic review (see Section 2.1). The rate at which this occurs will depend on market conditions and the availability of suitable real estate on appropriate terms at the time.

(l) 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 or otherwise applying 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.

(m) 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 General investment risks

(a) Macroeconomic risks

The US residential property market and the value of the assets of the Fund 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, acts of terrorism, and market sentiment, can have a negative or positive impact on asset values.

(b) Taxation risk

Changes to the taxation laws in Australia and the US, in particular income tax, the US/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 Section 9 of this PDS).

(c) 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 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.

(d) Counterparty risk

There is a risk that counterparties dealing 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.

(e) Poor investment performance

Neither the Responsible Entity nor any other person gives any assurance 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.



(f) 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 or CPUs.

(g) 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.

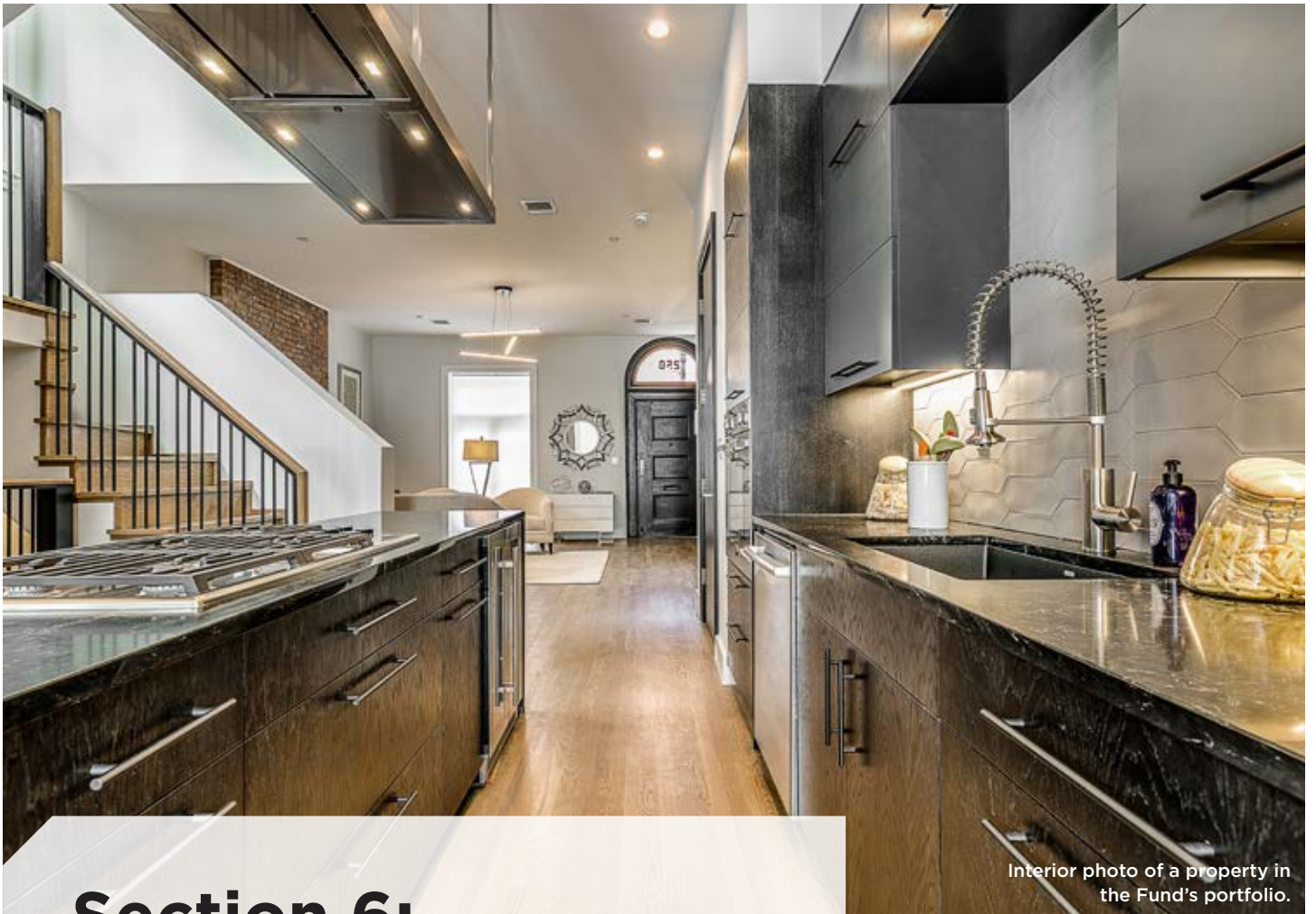
5.4 Investor considerations

Before deciding to apply for CPUs, Applicants should consider whether this is a suitable investment.

There may be tax implications arising from the application for CPUs, the receipt of distributions from the Fund and on the disposal of CPUs. Applicants should carefully consider these tax implications, including as disclosed in Section 9 of this PDS, and obtain advice from an accountant or other professional tax advisor in relation to the application of tax legislation.

If you are in doubt as to whether you should subscribe for CPUs, you should seek advice on the matters contained in this PDS from a stockbroker, solicitor, accountant or other professional advisor.





Interior photo of a property in the Fund's portfolio.

Section 6: Fees and costs



Interior photo of a property in the Fund's portfolio.

6. Fees and costs

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 account 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 or the provision of better member services 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 and Investments Commission (ASIC) website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

This document shows fees and costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment, or from the assets of the Fund as a whole. Taxes are set out in Section 9 of this PDS.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

6.1 Fees and costs

TABLE 7: US MASTERS RESIDENTIAL PROPERTY FUND FEES AND COSTS

Type of fee 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.	Nil	Not applicable
WITHDRAWAL FEE The fee on each amount you take out of your investment.	Nil	Not applicable
EXIT FEE The fee to close your investment.	Nil	Not applicable



Type of fee or cost	Amount	How and when paid
MANAGEMENT COSTS – THE FEES AND COSTS FOR MANAGING YOUR INVESTMENT		
Initial Costs		
STRUCTURING FEE The fee for structuring of the Offer.	1.00% of the gross proceeds of the Offer plus the net amount of GST of 0.025% (totalling 1.025% ⁴).	This fee is charged by the Responsible Entity out of the Fund on the date of issue of the CPUs under the Offer and will be used to meet the expenses of the Offer. This payment may be distributed to related bodies corporate of the Responsible Entity.
HANDLING FEE ⁵ The fee for handling and arranging Applications for the Offer.	1.00% of the gross proceeds of the Offer plus the net amount of GST of 0.025% (totalling 1.025% ⁴).	This fee is charged by the Responsible Entity out of the Fund on the issue of CPUs under the Offer. This payment is distributed to Licensees for procuring subscriptions for CPUs in the Offer.
Ongoing Costs ⁶		
COSTS OF THE FUND		
RESPONSIBLE ENTITY FEE ⁶ The fee for operating the Fund.	0.08% per annum of the gross asset value of the Fund plus the net amount of GST of 0.0036% (totalling 0.0836% ⁴). This fee is estimated to amount to 0.1460% ⁴ per annum of the NAV ⁷ of the Fund.	This fee is charged on the gross asset value of the Fund and is payable monthly to the Responsible Entity out of the Fund.
ADMINISTRATION FEE The fee for the administration of the Fund.	0.25% per annum of the gross asset value of the Fund plus the net amount of GST of 0.0113% (totalling 0.2613% ⁴). This fee is estimated to amount to 0.4563% ⁴ per annum of the NAV ⁷ of the Fund.	This fee is charged on the gross asset value of the Fund and is payable monthly to the Responsible Entity out of the Fund.
OTHER EXPENSES OF THE FUND ⁸ The fees and costs associated with the operation and administration of the Fund and its investments that are paid by the Responsible Entity including, but not limited to, registry, tax, custodian and audit fees.	Estimated to amount to 0.3388% per annum of the NAV ⁷ of the Fund plus the net amount of GST of 0.0152% (totalling 0.3541% ⁴).	These expenses are payable out of the Fund as incurred.
Indirect Costs payable out of the US REIT or other US entities		
ASSET ACQUISITION FEE 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).

4. These amounts include the net amount of GST, as it is anticipated that the Fund may be able to recover between 55% and 75% of the GST component of fees charged to it, whether under the reduced credit acquisition provisions of the GST Act or otherwise. (See "GST and tax" under the heading "Additional Explanation of Fees and Costs".)

5. Some or all of this payment may be distributed to Licensees, including related bodies corporate of the Responsible Entity. (See "Structuring and Handling Fees" under the heading "Additional Explanation of Fees and Costs".)

6. These fees are stated on the gross asset value of the Fund, to reflect the Constitution and Investment Management Agreement. The amount of these fees may be different if agreed with a wholesale client.

7. Estimated NAV based on a capital raising of \$300 million and full redemption of URF Notes I.

8. "Other Expenses of the Fund" are estimated based on historical expenses paid out of the assets of the Fund. Fees are based on the NAV of the Fund assuming a \$300 million raising and full redemption of URF Notes I.



Type of fee or cost	Amount	How and when paid
ASSET DISPOSAL FEE The management component of the fee payable to the Investment Manager by the US REIT for acting as agent/ advisor on the sale of the underlying Fund assets.	0.49% of the sale price of assets disposed of by the US REIT (directly or indirectly through a subsidiary or joint venture entity). See Section 6.2 for information about the remaining component of this fee.	Payable upon the transfer of title from the US REIT, a subsidiary of the US REIT or joint venture entity (as applicable).
OTHER EXPENSES OF THE US REIT⁹ The expenses associated with the operation and administration of the US REIT.	Estimated at 0.3535% per annum of the NAV ⁷ of the Fund.	These expenses are reimbursed to Dixon Advisory USA out of the assets of the US REIT.
Service Fees		
SWITCHING FEE The fee charged for changing investment options.	Nil	Not applicable

TABLE 8: EXAMPLE OF ONGOING ANNUAL FEES AND COSTS FOR AN INVESTMENT IN THE FUND

This table gives you an example of how the ongoing annual 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 the ongoing fees and costs of other managed investment products.

Example – the Fund	Amount ¹⁰	BALANCE OF \$50,000
CONTRIBUTION FEE	Nil	Not applicable
PLUS Management costs	1.4482% ¹¹	AND, for every \$50,000 you have in the Fund, you will be charged \$724.10 ¹² (inclusive of GST and net of RITC, where applicable) ¹³ each year.
EQUALS Cost of Fund	1.4482% ¹¹	If you had an investment of \$50,000 during a year you would be charged fees for that year of \$724.10 ¹² (inclusive of GST and net of RITC, where applicable) ¹³ .

9. "Other Expenses of the US REIT" are estimated based on historical fees paid out of the assets of the US REIT. Fees are based on the NAV of the Fund assuming a \$300 million raising and full redemption of URF Notes I.

10. The fees in Table 8 are inclusive of GST and net of RITC. Please see Table 9 for a further breakdown and explanation of the management costs.

11. This amount includes the Responsible Entity Fee and Administration Fee.

12. The management costs figure is an estimate of typical ongoing costs and fees of the Fund. The Handling Fee and the Structuring Fee have not been included in the above example because they are upfront amounts and are not typical ongoing costs and fees (See "Additional Explanation of Fees and Costs" for further details).

13. Based on a gross asset value of \$1.4 billion, assuming a \$300 million raising and full redemption of URF Notes I, and the Investment Manager waiving fees. These amounts include GST but it is anticipated that the Fund will be able to recover between 55% - 75% 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").



TABLE 9: DETAIL OF ONGOING ANNUAL FEES AND COSTS FOR AN INVESTMENT IN THE FUND

The following table expands on the information in Table 9 above by setting out the individual amounts payable in respect of each ongoing fee. This excludes certain payments made by the Fund (relating to any other one-off additional fees such as the Structuring and Handling fees and ASX listing and registry set up costs). Ongoing other expenses have been included, assuming the Fund raises \$300 million. The following table assumes a balance of \$50,000:

Type of fee or cost ¹⁴	% pa of NAV ⁷	DOLLAR VALUE
Responsible Entity fee	0.1460% ⁴	\$73.01
Administration fee	0.4563% ⁴	\$228.16
Expenses of the Fund	0.3541% ⁴	\$177.04
Asset acquisition fee	0.1340%	\$67.00
Management component of fees at REIT level¹⁵	0.0043%	\$2.15
Expenses of US REIT	0.3535% ¹	\$176.74
Estimated fund costs	1.4482%	\$724.10 (inclusive of GST and net of RITC).

6.2 Additional explanation of fees and costs

Some of the fees and costs in paragraphs (e) to (j) below (not otherwise outlined in Table 7) are of a type and amount that an investor would incur if they invested directly in the asset. These amounts have not been included in the total estimate fund costs above.

(a) Structuring and handling fees

The Constitution of the Fund provides that the Responsible Entity may charge entry fees, comprising a Structuring Fee and a Handling Fee.

In respect of this Offer, the Responsible Entity will charge a 1.00% Structuring Fee plus the net amount of GST of 0.025% (totalling 1.025%) and a Handling Fee of 1.00% plus the net amount of GST of 0.025% (totalling 1.025%) of the gross proceeds of the Offer.

The effect of the Structuring Fee and the Handling Fee on each \$1.00 contributed under an Application for CPUs will be approximately \$0.02, which will be paid to the Responsible Entity.

The Handling Fee will be distributed by the Responsible Entity to Licensees for procuring subscriptions for CPUs.

(b) Responsible Entity fee

The Responsible Entity will charge a responsible entity fee for the operation of the Fund of 0.08% plus the net amount of GST of 0.0036% (totalling 0.0836%) of the gross asset

value of the Fund, in accordance with the Constitution of the Fund.

(c) Administration fee

The Responsible Entity will charge an administration fee for the administration of the Fund of 0.25% plus the net amount of GST of 0.0113% (totalling 0.2613%) of the gross assets of the Fund, in accordance with the Constitution of the Fund.

(d) Investment Management fee

The Investment Manager has waived the investment management fee indefinitely from 1 July 2017. At 1.24% (excluding GST) of the gross assets of the Group, this will result in significant cost savings and the Investment Manager will continue to provide all the services set out in the Investment Management Agreement. See also section 6.2(o).

See Section 12.1 for further information.

(e) Expenses relating to the management of the Fund

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.

14. The Investment Manager has waived the investment management fee indefinitely and has not been included. The Leasing Fee, Debt Arranging Fee, the Architectural, Design and Construction Services Fee and the non-management cost component of the Disposal Fee have not been included in the ongoing management costs. These fees are costs related to a specific asset or activity to produce income that an investor would incur if they were to invest in the asset directly, and therefore are not management costs of the Fund.

15. Only part of the asset disposal fee is a management cost. The remaining amounts are costs that an investor in the real estate assets would pay if they invested directly in the assets.



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 period ended 30 June 2017, the Group's share of office administration expenditure totalling \$2,821,973 (30 June 2016: \$2,914,963) was recharged to the Group by Dixon Advisory USA (\$2,341,644) and the Responsible Entity (\$480,329). An administrative fee of 8.30% being \$637,671 (30 June 2016: 7.89% being \$534,772) permitted under the Administrative Services Agreement on actual costs incurred by Dixon Advisory USA was charged by Dixon Advisory USA. No fee was charged by the Responsible Entity in this regard.

See Section 12.2(B) for further details.

(f) Architecture, design and construction services fee

Dixon Project provides architecture, design and construction services to the Fund and is entitled to on-charge architectural and quantity surveyor services at agreed hourly rates and the costs of renovations. Costs of renovations include direct labour and materials and an on-costs charge of 22.065%. These costs are capitalised to the relevant investment properties.

(g) 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 12.

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.

(h) 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 12.

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.

The management component of the asset disposal fee is 0.49% as the remainder is a standard cost that would be payable if an investor who owned the asset directly would pay.

Pure Properties, a subsidiary of Dixon Advisory USA, acts as a licensed real estate broker for the Fund. 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. No part of the sales brokerage fee will be retained by Pure Properties.

(i) 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.

(j) 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.

(k) Waiver, deferral or increase in fees

Walsh & Company, in its capacity as Responsible Entity,



and URF Investment Management Pty Limited, in its capacity as Investment Manager, may waive or defer the payment of their fees or accept payment of lower fees in any amount and for any period they determine. They may also reinstate the payment of fees up to the previous levels on a prospective basis only. They may also increase a fee beyond the amounts stated in this PDS up to the prescribed maximum amount in the Constitution and the Investment Management Agreement, as applicable (see paragraph (o) below), but if this occurs, we will give you at least 30 days' notice by a market announcement.

(l) Investor administration

If the Responsible Entity is requested by a Unitholder to perform a role outside its normal administration function as contemplated by the Constitution and this PDS, there may be a fee payable for such role. The fee will vary depending on the request by the Unitholder and will be disclosed to the Unitholder before any work is commenced.

(m) Stamping fees

The Responsible Entity will pay the whole of the Handling Fee it charges as referred to in 6.2(a) above as a stamping fee to Licensees who procure subscriptions for CPUs in the Offer, including Licensees, related to or affiliated with the Responsible Entity and the Investment Manager, and unaffiliated Licensees.

(n) Benefits to the Responsible Entity

Except for the interest, fees (including but not limited to the Structuring Fee) and remuneration disclosed in this PDS, the Responsible Entity and its Directors and employees have not received, and are not entitled to receive, any benefit in relation to this Offer.

Subject to law, Directors may receive a salary as employees of the Responsible Entity or an affiliate, consulting fees or directors' fees, and may from time to time hold interests (directly or indirectly) in the Units in the Fund or shares in Walsh & Company and receive distributions and dividends in that capacity. Directors and other associates of the Responsible Entity may acquire Units on the same basis as other investors under this Offer, or after the Offer closes on the ASX.

(o) Maximum fee entitlements

Certain fees are charged at a lower rate than the maximum rate contemplated by the Constitution or relevant agreement. While it is not currently intended that these fees will increase, no increase will be made without 30 days' prior notice to Unitholders.

Under the Constitution, the Responsible Entity is entitled to charge 0.50% (exclusive of GST) per annum of the gross asset value of the Fund for the operation of the Fund and an Entry Fee of up to 5% of the application price of CPUs issued under the Offer (exclusive of GST). The Structuring Fee and the Handling Fee are charged as components of the Entry Fee.

The Investment Manager is entitled to charge 2% (exclusive of GST) per annum of the gross asset value of the Fund for the investment management of the Fund but has waived the investment management fee indefinitely from 1 July 2017. 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;
- an asset disposal fee equivalent to 4% 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; and
- a debt arranging fee equivalent to 4% of the gross amount of external borrowing obtained by the US REIT.

Dixon Projects is entitled to charge up to 30% on renovation costs and expenses for project management and administrative services.

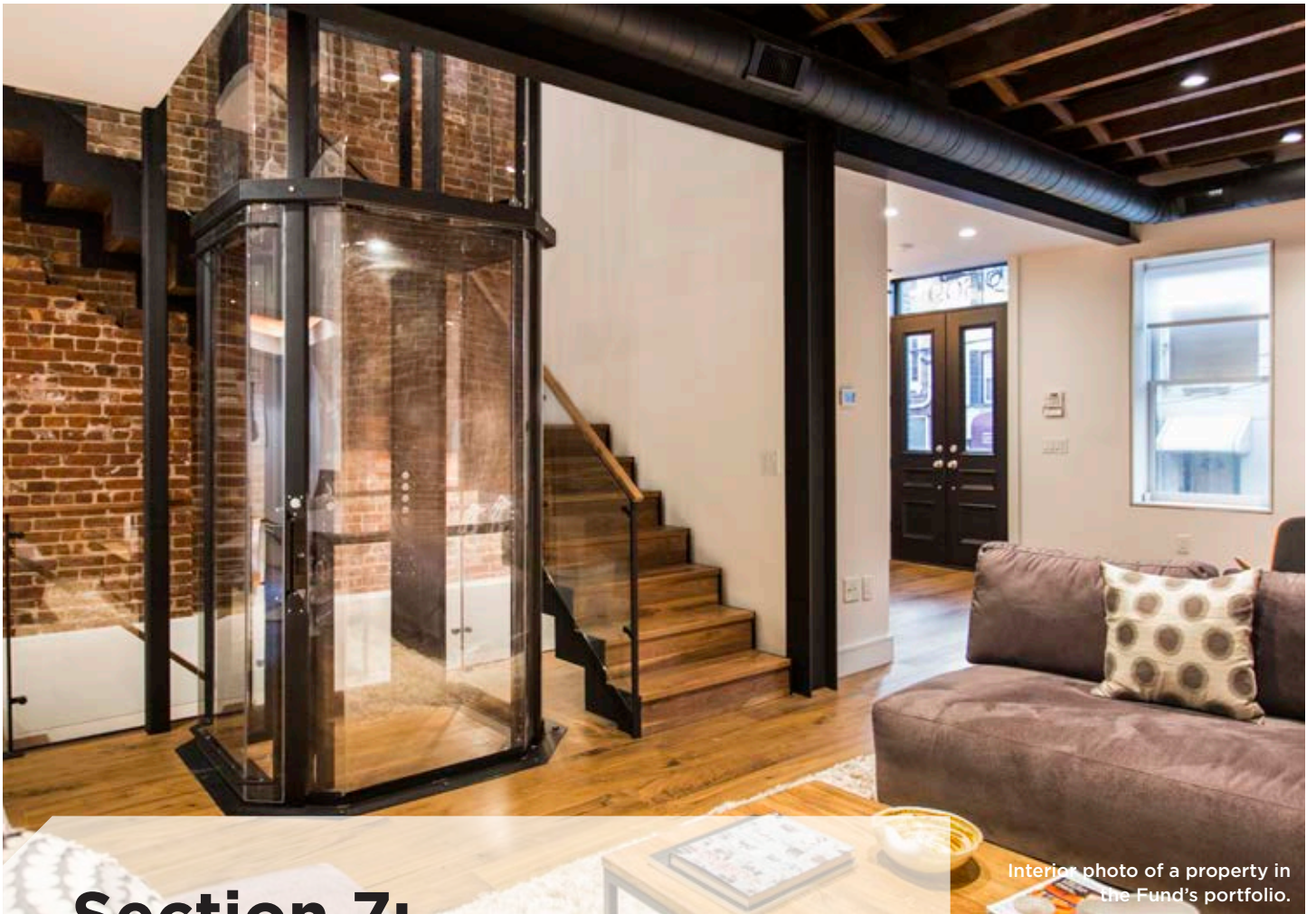
See Section 12 for further information.

(p) GST and tax

Where a fee is disclosed as inclusive of the net effect of GST (that is, taking into account input tax credits or RITCs), the amount has been calculated on the basis that a RITC of the GST component is available. Whilst this entitlement is dependent on the individual circumstances, as a general proposition, it is anticipated that the Fund may be able to recover at least 55% of the GST component of fees paid for services (for offshore investments this may be as high as 100%), whether under the reduced credit acquisition provisions of the GST Act or otherwise. There are circumstances where the GST recovery rate could vary from that outlined above.

Taxation implications are addressed in Section 9.





Interior photo of a property in the Fund's portfolio.

Section 7: Financial information



Interior photo of a property in the Fund's portfolio.

7. Financial information

7.1 Overview

This section contains historical and pro forma historical financial information of the Fund (**Financial Information**), which is comprised of the following:

- historical audited consolidated statements of profit or loss and other comprehensive income for the years ended 31 December 2016 and 31 December 2015, and historical auditor-reviewed consolidated statements of profit or loss and other comprehensive income for the half-year ended 30 June 2017 (Section 7.3);
- historical auditor-reviewed consolidated statement of financial position as at 30 June 2017 (Section 7.4);
- historical audited consolidated statements of cash flows for the years ended 31 December 2016 and 31 December 2015, and historical auditor-reviewed consolidated statements of cash flows for the half-year ended 30 June 2017 (Section 7.5);
- unaudited pro forma consolidated statement of financial position as at 30 June 2017 adjusted for the impact of the payment of the 30 June 2017 distribution (including the issue of units under the distribution reinvestment plan) and completion of the Offer and expenditure of funds associated with the Offer (Section 7.6);
- material assumptions adopted in preparation of the unaudited pro forma Statements of Financial Position (Section 7.7);
- unaudited historical and pro forma financial ratios (Section 7.8); and
- the unaudited impact of the Offer on the capital structure of the Fund (Section 7.11).

The Fund's most recent financial report was for the half-year ended 30 June 2017 (**2017 Half-Yearly Report**) and the most recent annual financial report was for the year ended 31 December 2016 (**2016 Annual Report**).

To obtain a copy of the 2017 Half-Yearly Report or the 2016 Annual Report, free of charge, please call 1300 454 801 or download a copy from www.usmrpf.com.au. These documents contain important financial information about URF and include the Fund's financial statements, notes to these statements and declarations by the directors of the Responsible Entity and the Fund in relation to those statements and notes.

The Financial Information should be read in conjunction with the notes set out in the 2016 Annual Report, the notes

set out in the 2017 Half-Yearly Report, the risks described in Section 5 and other information contained in this PDS.

The Directors are responsible for the preparation and presentation of the Financial Information.

7.2 Basis of preparation

The Financial Information has been extracted from:

- the 2017 Half-Yearly Report which was auditor-reviewed by Deloitte Touche Tohmatsu; and
- the 2016 and 2015 Annual Reports which were audited by Deloitte Touche Tohmatsu.

The auditor's opinion issued to the Fund's unitholders in relation to the 2016 and 2015 Annual Reports were unmodified. The auditor's review conclusion issued to the Fund's unitholders in relation to the 2017 Half-Yearly Report was unmodified.

The unaudited pro forma Financial Information detailed below has been prepared by the Directors of the Responsible Entity to illustrate the financial position of the Fund as at 30 June 2017, adjusted for the payment of the 30 June 2017 distribution (including the issue of units under the distribution reinvestment plan) and completion of the Offer and expenditure of funds associated with the Offer.

The presentation currency of the pro forma Statements of Financial Position is Australian Dollars.

The accounting policies used in preparation of the Financial Information detailed below are consistent with those set out by the Responsible Entity in Note 3 of the 2016 Annual Report.

In addition, the accounting policy below in relation to CPUs has also been used in preparation of the Financial Information detailed below. This accounting policy is as follows:

a) Convertible Preference Units

CPUs are recognised as equity at the proceeds received, net of direct costs. The embedded derivative financial assets are recognised at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Distributions are recognised in the reporting period in which the distributions are declared, determined, or publicly recommended by the board of the Responsible Entity.



7.3 Consolidated statements of profit or loss and other comprehensive income

The auditor-reviewed consolidated statement of profit or loss and other comprehensive income for the six months ended June 2017, and the audited consolidated statements of profit or loss and other comprehensive income for the 12 months ended 31 December 2016 and 31 December 2015 of the Fund are provided below.

\$'000	6 months to 30 June 17	12 months to 31 December 16	12 months to 31 December 2015
Investment property rental income	16,498	30,438	21,960
Insurance proceeds	-	-	141
Interest income	672	797	1,313
Total revenue	17,170	31,235	23,414
Fair value movement of investment properties	12,266	13,903	40,763
Fair value movement of equity investments	479	-	-
Fair value movement of forward foreign currency derivative	-	-	1,087
Share of profits of jointly controlled entities	739	3,464	13,713
Investment property expenses	(7,633)	(15,445)	(13,758)
Net foreign currency (loss)/gain	(2,210)	332	1,961
Management fees	(10,398)	(19,709)	(14,421)
Listing fees	(176)	(262)	(311)
Professional fees	(961)	(2,588)	(2,341)
Marketing	(83)	(210)	(364)
Salaries and wages	(5,101)	(8,686)	(7,737)
Office administration	(3,121)	(7,068)	(4,609)
Administration fees	(638)	(1,086)	(973)
Interest expense	(17,264)	(21,523)	(10,311)
Impairment of investment property	-	-	(183)
Investment property disposal costs	(526)	(98)	(947)
Bad debt expense	(63)	(153)	(107)
Other expenses	(43)	(172)	(473)
(Loss)/Profit before income tax	(17,563)	(26,979)	25,375
Income tax expense	(10,840)	(18,148)	(25,311)
(Loss)/Profit for the period	(28,404)	(45,128)	64
Exchange difference on translation of foreign operations (nil tax)	(48,254)	9,838	66,843
Share of jointly controlled entities' reserve movements (nil tax)	39	43	(157)
Total comprehensive (loss)/income for the period attributable to Unitholders	(76,619)	(35,247)	66,750



7.4 Consolidated statements of financial position

The auditor-reviewed consolidated statement of financial position as at 30 June 2017 of the Fund is provided below.

\$'000	As at 30 June 2017
CURRENT ASSETS	
Cash and cash equivalents	179,463
Receivables	245
Other assets	6,954
Prepayments	348
Investment properties held for sale	31,593
Total current assets	218,603
NON CURRENT ASSETS	
Investment in jointly controlled entities	26,964
Investment properties	1,047,639
Security deposits	325
Other financial assets	21,530
Other assets	10,459
Total non current assets	1,106,917
Total assets	1,325,520
CURRENT LIABILITIES	
Payables	25,665
Borrowings	10,607
Total current liabilities	36,272
NON CURRENT LIABILITIES	
Deferred tax liabilities	90,251
Borrowings	699,720
Other non current liabilities	163
Total non current liabilities	790,134
Total liabilities	826,405
Net assets	499,115
EQUITY	
Unit capital	464,559
Reserves	111,977
Accumulated losses	(77,421)
Total equity	499,115



7.5 Consolidated statements of cash flows

The auditor-reviewed consolidated statement of cash flows for the six months ended 30 June 2017 and the audited consolidated statements of cash flows for the 12 months ended 31 December 2016 and 31 December 2015 of the Fund are provided below.

\$'000	6 months to 30 June 17	12 months to 31 December 16	12 months to 31 December 15
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers	16,197	30,824	22,676
Cash paid to suppliers	(28,144)	(61,766)	(44,827)
Insurance proceeds	-	-	141
Interest received	702	1,013	1,192
Interest paid	(18,942)	(13,306)	(9,794)
Net cash used in operating activities	(30,187)	(42,236)	(30,611)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of investment property, including improvements	(71,402)	(175,158)	(195,874)
Investment in financial assets	(14,092)	(7,593)	-
Investment in jointly controlled entities	-	(2)	(1,848)
Payments for property related deposits	(1,729)	(3,718)	(3,333)
Distributions received from jointly controlled entity investments	385	54,513	653
Proceeds from the sale of investment properties	6,611	1,838	12,451
Investment in term deposits	(77,704)	-	(19,091)
Proceeds from term deposits	79,060	19,091	(19,091)
Disposal costs on the sale of investment properties	(526)	(98)	(947)
Net cash used in investing activities	(79,396)	(111,127)	(207,988)
CASH FLOW FROM FINANCING ACTIVITIES			
Gross proceeds from secured bank loans and loan notes	188,016	173,957	253,537
Bank loan repayments	(4,475)	(106,780)	(70,072)
Payment of interest reserve and escrow accounts	(615)	(5,330)	(2,745)
Payment of transaction costs related to loans and borrowings	(3,755)	(7,748)	(17,730)
Distributions paid	(7,872)	(13,804)	(11,927)
Proceeds from issue of unit capital	-	102,913	19,462
Payment of issue costs	-	(2,152)	-
Withholding tax paid	(509)	-	-
Net cash flow from financing activities	170,791	141,054	170,525
Net increase/(decrease) in cash and cash equivalents	61,208	(13,309)	(68,074)
Cash and cash equivalents at beginning of period	123,212	133,557	191,281
Effect of exchange rate fluctuations on cash held	(4,958)	2,963	10,351
Cash and cash equivalents at end of period	179,463	123,212	133,557



7.6 Pro forma statements of financial position

The unaudited pro forma Statements of Financial Position set out below have been prepared to illustrate the financial position of the Fund as at 30 June 2017, adjusted for the impact of the 30 June 2017 distribution (including the issue of units under the distribution reinvestment plan), and adjustments to reflect completion of the Offer and the expenditure of funds associated with the costs of the Offer. These pro forma Statements of Financial Position are intended to be illustrative only.

The unaudited pro forma Statements of Financial Position have been prepared in accordance with the significant accounting policies of the Fund and applying the assumptions below.

The unaudited pro forma 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 10: PRO FORMA STATEMENTS OF FINANCIAL POSITION

\$'000 (unless otherwise stated)	Auditor reviewed 30 June 2017 (Actual)	Unaudited pro forma 30 June 2017 adjusted statement of financial position	Unaudited pro forma statement of financial position - \$100 million subscription	Unaudited pro forma statement of financial position - \$200 million subscription	Unaudited pro forma statement of financial position - \$300 million subscription
Cash and cash equivalents	179,463	170,975	118,925	216,875	314,825
Investment properties	1,079,232	1,079,232	1,079,232	1,079,232	1,079,232
Investments in jointly controlled entities	26,964	26,964	26,964	26,964	26,964
Other assets	18,331	18,331	18,331	18,331	18,331
Other financial assets	21,530	21,530	21,530	21,530	21,530
Total assets	1,325,520	1,317,032	1,264,982	1,362,932	1,460,882
Borrowings	710,327	710,327	561,964	561,964	561,964
Other liabilities	116,078	98,558	98,558	98,558	98,558
Total liabilities	826,405	808,885	660,522	660,522	660,522
Net assets	499,115	508,147	604,460	702,410	800,360
Unit capital	464,559	473,591	473,591	473,591	473,591
CPU capital			97,950	195,900	293,850
Reserves	111,977	111,977	111,977	111,977	111,977
Accumulated losses	(77,421)	(77,421)	(79,058)	(79,058)	(79,058)
Total equity	499,115	508,147	604,460	702,410	800,360
Units on issue (#)	350,383	355,401	412,381	469,361	526,341
Pre-tax diluted NAV (\$/unit)	1.68		1.68	1.69	1.69
Post-tax diluted NAV (\$/unit)	1.42		1.47	1.50	1.52



TABLE 11: RECONCILIATION OF THE PRO FORMA CASH BALANCES

\$'000 (unless otherwise stated)	Unaudited pro forma \$100 million subscription	Unaudited pro forma \$200 million subscription	Unaudited pro forma \$300 million subscription
Unaudited pro forma cash position at 30 June 2017	170,975	170,975	170,975
Pro forma adjustment - Proceeds of the Offer (refer 7.7(d) to (f) below)	\$100,000	\$200,000	\$300,000
Pro forma adjustment - Expenses of the Offer (refer 7.7(d) to (f) below)	(2,050)	(4,100)	(6,150)
Pro forma adjustment - Repayment of URF Notes I (refer 7.7(d) to (f) below)	(150,000)	(150,000)	(150,000)
Pro forma net cash position	118,925	216,875	314,825

7.7 Assumptions

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

- a) Application of the significant accounting policies set out in Note 3 of the 2016 Annual Report.
- b) The column headed "Auditor reviewed 30 June 2017 (actual)" reflects the financial position of the Fund as at 30 June 2017 in summary form as set out in the auditor-reviewed half-yearly financial statements of the Fund as at that date.
- c) The column headed "Unaudited pro forma 30 June 2017 adjusted statement of financial position" reflects the column headed "Auditor reviewed 30 June 2017 (actual)" adjusted as if the following took place as at 30 June 2017:
 - (i) in respect of the half year to 30 June 2017, the payment of a cash distribution for the half year to 30 June 2017 of \$8,488,000 to holders of Units and the issue of units at \$1.80/Unit under the DRP (totalling \$9,032,000).
- d) The column headed "Unaudited pro forma \$100 million subscription - statement of financial position" reflects the column headed "Unaudited pro forma 30 June 2017 adjusted statement of financial position" adjusted as if the following took place as at 30 June 2017:
 - (i) the issue of 1 million CPUs to raise gross proceeds of \$100 million;
 - (ii) the application of net proceeds of the Offer of \$97,950,000 to reduce in part the principal outstanding under the URF Notes I of \$150 million;
 - (iii) the full repayment of remaining principal outstanding under the URF Notes I;
 - (iv) payment of costs of the Issue of \$2,050,000; and
 - (v) the amortisation of remaining borrowing costs of URF Notes I totalling \$1,637,000.
- e) The column headed "Unaudited pro forma \$200 million subscription - statement of financial position" reflects the column headed "Unaudited pro forma 30 June 2017 adjusted statement of financial position" adjusted as if the following took place as at 30 June 2017:
 - (i) the issue of 2 million CPUs to raise gross proceeds of \$200 million;
 - (ii) the full repayment of principal outstanding under URF Notes I of \$150 million;
 - (iii) payment of costs of the Issue of \$4,100,000; and
 - (iv) the amortisation of remaining borrowing costs of URF Notes I totalling \$1,637,000.
- f) The column headed "Unaudited pro forma \$300 million subscription - statement of financial position" reflects the column headed "Unaudited pro forma 30 June 2017 adjusted statement of financial position" adjusted as if the following took place as at 30 June 2017:
 - (i) the issue of 3 million CPUs to raise gross proceeds of \$300 million;
 - (ii) the full repayment of principal outstanding under URF Notes I of \$150 million; and
 - (iii) payment of costs of the Issue of \$6,150,000; and
 - (iv) the amortisation of remaining borrowing costs of URF Notes I totalling \$1,637,000.
- g) Figures have been rounded to the nearest \$100,000. Totals may not sum due to rounding.
- h) The line headed "Units on issue (#)" reflects the Units on issue at 30 June 2017, adjusted for the units issued under the DRP and the number of Units based on the unaudited pro forma statement of financial position set out above the relevant item as if the CPUs had been issued and then immediately converted to Units as at 30 June 2017 based on a Conversion VWAP of \$1.80 (after application of the 2.5% discount under the CPU Terms).
- i) The lines headed "Pre-tax diluted NAV (\$/unit)" reflects the pre-tax net tangible asset backing per Unit (excludes deferred tax liabilities as at 30 June 2017 totalling \$90,251,000) based on the Units on issue in the unaudited pro forma statement of financial position set out above the relevant item.



j) The lines headed “Post-tax diluted NAV (\$/unit)” reflects the post-tax net tangible asset backing per Unit based on the Units on issue in the unaudited pro forma statement of financial position set out above the relevant item.

7.8 Historical and pro forma financial ratios

The URF prospectus for the offer of URF Notes III dated 1 February 2017 and prior prospectuses for URF Notes I and URF Notes II provided information regarding certain historical and financial ratios based on the funds to be raised under those prospectuses.

The impact of the issue of CPUs under the Offer on these unaudited ratios based on the unaudited pro forma statements of financial position set out in Section 7.6 is illustrated in the following table:

TABLE 12: PRO FORMA FINANCIAL RATIOS

\$'000	Unaudited pro forma 30 June 2017 adjusted statement of financial position	Unaudited pro forma 30 June 2016 adjusted	Unaudited pro forma \$50 million Offer	Unaudited pro forma \$100 million Offer
Leverage Ratio	55%	46%	43%	40%
Leverage Ratio (look through)	55%	46%	43%	40%
Gearing Ratio	159%	109%	94%	83%
Gearing Ratio (look through)	166%	115%	99%	87%
Working Capital Ratio	11x	8x	14x	19x

Notes:

1. The leverage ratio has been adjusted to reflect the payment of a cash distribution for the half year to 30 June 2017 of \$8,488,000 to holders of Units and the issue of units at \$1.80/Unit under the DRP (totalling \$9,032,000).
2. The gearing ratio has been adjusted to reflect the payment of a cash distribution for the half year to 30 June 2017 of \$8,488,000 to holders of Units and the issue of units at \$1.80/Unit under the DRP (totalling \$9,032,000).
3. The look through leverage ratio includes the Fund's proportional share of gross debt (\$35 million) and gross assets (\$86 million) in its equity accounted joint venture investment and its equity investments at fair value.
4. The look through gearing ratio includes the Fund's proportional share of total liabilities (\$36 million) in its equity accounted joint venture investments and its equity investments at fair value.

The above ratios have been calculated on the following bases:

Gearing Ratio

$$\text{Gearing Ratio} = \frac{\text{Total liabilities}}{\text{Total equity}}$$

The Gearing Ratio shows the extent to which the Fund's capital base is funded by debt. A higher ratio indicates a greater use of borrowing to fund activities.

Leverage Ratio

The Leverage Ratio is the traditional ratio adopted by the Fund for the purposes of establishing its maximum target long-term leverage ratio of approximately 50%. As a result of completion of the Offer, the Leverage Ratio will reduce towards or below this long-term target.

$$\text{Leverage Ratio} = \frac{\text{Gross debt}}{\text{Gross assets}}$$

The Leverage Ratio indicates the extent to which the assets of the Fund are funded by debt. Generally, a higher ratio indicates greater use of borrowings to fund a business.

Look through ratios provide the full exposure of the Fund to debt instruments, including underlying entities accounted as equity investments.

Working Capital Ratio

$$\text{Working Capital Ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$



The Working Capital Ratio indicates whether URF has sufficient short-term assets to meet its short-term liabilities. Generally, a higher ratio indicates a greater ability to meet liabilities (including the liability to pay interest on URF Notes) over the short term (including unexpected liabilities).

7.9 Conversion and dilution

URF CPUs are perpetual instruments and carry no redemption rights. However, CPUs may be converted to Units by the Responsible Entity on the first day of a Distribution Period from 1 January 2023. CPU Holders may also elect to convert all of their CPUs to Units if the Responsible Entity has breached its obligations under the distribution stopper referred to above.

Subject to a minimum and maximum conversion threshold in respect of the issue price for CPUs, CPUs convert to Units at the VWAP over Units over the 10 business days (whether or not trading of Units occurs on those days) up to but excluding the conversion date. See Section 11.8 for details of the precise conversion mechanics.

The initial Maximum Conversion Number is 205 effectively providing CPU Holders with equity participation below a Unit price of \$0.50. The initial Minimum Conversion Number is 44 effectively providing CPU Holders with equity participation above a Unit price of \$2.33.

The tables below illustrate the impact of conversion of CPUs to Units on the capital structure of URF.

TABLE 13: PRO FORMA CAPITAL STRUCTURE

Minimum Raising \$100 million ¹	\$1.80 VWAP ⁴		Maximum Conversion Number ⁵		Minimum Conversion Number ⁶	
	Number	%	Number	%	Number	%
Existing Units	355,400,553	86.18	355,400,553	63.42	355,400,553	88.98
Converted Units	56,980,056	13.82	205,000,000	36.58	44,000,000	11.02
Total	412,380,609	100.00	560,400,553	100.00	399,400,553	100.00

\$200 million ²	\$1.80 VWAP ⁴		Maximum Conversion Number ⁵		Minimum Conversion Number ⁶	
	Number	%	Number	%	Number	%
Existing Units	355,400,553	75.72	355,400,553	46.43	355,400,553	80.15
Converted Units	113,960,113	24.28	410,000,000	53.57	88,000,000	19.85
Total	469,360,666	100.00	765,400,553	100.00	443,400,553	100.00

Minimum Raising ³ \$300 million	\$1.80 VWAP ⁴		Maximum Conversion Number ⁵		Minimum Conversion Number ⁶	
	Number	%	Number	%	Number	%
Existing Units	355,400,553	67.52	355,400,553	36.62	355,400,553	72.92
Converted Units	170,940,170	32.48	615,000,000	63.38	132,000,000	27.08
Total	526,340,723	100.00	970,400,553	100.00	487,400,553	100.00

Notes:

1. The table headed "Minimum Raising \$100 million" sets out the pro forma capital structure assuming that the Responsible Entity issues 1 million CPUs to raise gross proceeds of \$100 million.
2. The table headed "\$200 million Raising" sets out the pro forma capital structure assuming that the Responsible Entity issues 1 million CPUs to raise gross proceeds of \$200 million.
3. The table headed "Maximum Raising \$300 million" sets out the pro forma capital structure assuming that the Responsible Entity issues 3 million CPUs to raise gross proceeds of \$300 million.
4. The column headed "\$1.80 VWAP" sets out the pro forma capital structure assuming that the VWAP at conversion of CPUs is \$1.80.
5. The column headed "Maximum Conversion Number" sets out the pro forma capital structure assuming that the VWAP at conversion (after application of the 2.5% discount under the CPU Terms) is below \$0.50 resulting in the conversion of each CPU into 205 Units.
6. The column headed "Minimum Conversion Number" sets out the pro forma capital structure assuming that the VWAP at conversion (after application of the 2.5% discount under the CPU Terms) is above \$2.33 resulting in the conversion of each CPU into 44 Units.
7. The above tables are based on the number of Units on issue as at 31 October 2017.
8. The above tables assume that all Standard Distributions are paid and there are no Deferred Distributions as at the conversion date.



7.10 Impact on distributions

The interest rate for the URF Notes I is 7.75% per annum compared to the distribution rate for CPUs for the period to 31 December 2023 of 6.25% per annum. As URF has historically paid cash distributions to Unitholders, the net effect of the CPU issue on a per security basis is to reduce the cash outflows of URF and the replacement of URF Notes I by CPUs should result in higher cash available for distributions. This is illustrated in the table below which sets out interest payments made on URF Notes I and distributions to holders of Units in the financial years ended 31 December 2015 and 2016 and the half year to 30 June 2017.

TABLE 14: IMPACT ON DISTRIBUTIONS

Historical Unit Distributions and URF Notes I Interest Payments	2015	2016	2017
URF Notes I Interest Payments	7.75%	7.75%	3.88%
Unit Distributions	5.56%	5.56%	2.78%

Notes:

1. Historical distributions and interest payments from the period of URF Notes I issue on 24 December 2014 to 30 June 2017.
2. Percentages expressed as a portion of Face Value (\$100) for URF Notes I interest payments per calendar year, and the Unit price (\$1.80) as at 11 October 2017 for Unit distributions.

Unitholders are reminded that the proceeds of the issue of CPUs may be used for purposes other than redeeming URF Notes I and so the net outflows from URF through the payment of distributions on CPUs may be higher than the interest payments of URF Notes I to be redeemed.

7.11 Capital structure

As at the date of this PDS, there are a total of 355,400,553 Units on issue.

The table below shows the capital structure of the Fund on completion of the Offer assuming an Offer size of 1 million CPUs, 2 million CPUs and 3 millions CPUs.

TABLE 15: CAPITAL STRUCTURE POST-OFFER

	Pro forma 1 million CPUs	Pro forma 2 million CPUs	Pro forma 3 million CPUs
Existing Units	355,400,553	355,400,553	355,400,553
URF Notes II	905,395	905,395	905,395
URF Notes III	1,750,000	1,750,000	1,750,000
CPUs Issued under Offer	1,000,000	2,000,000	3,000,000

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 5.2 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 7.6.



7.12 Unit trading performance and reported NAV

The table below sets out the Unit trading performance since inception to 31 October 2017.

At 31 October 2017, the estimated unaudited NAV per Unit was \$1.66 and the Unit closing price was \$1.80.

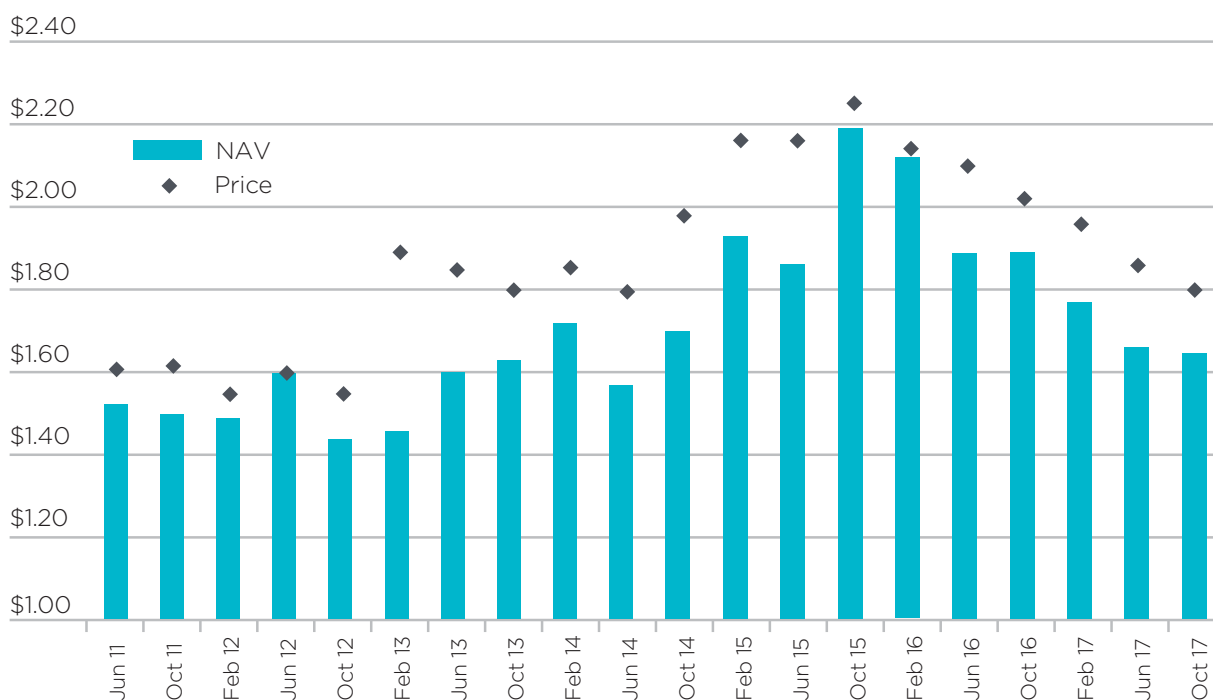
TABLE 16: NAV AND UNIT TRADING PERFORMANCE SINCE INCEPTION TO 31 OCTOBER 2017

	1 year pa	3 year pa	5 year pa	Since inception pa ¹⁷
Unit price return ¹⁸	-6.2%	1.6%	8.8%	6.9%
NAV return ¹⁹	-7.2%	4.6%	9.4%	6.8%

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

The following chart sets out the quarter-end closing price of Units and estimated unaudited NAV since inception to 31 October 2017.

CHART 1: NAV AND UNIT TRADING PERFORMANCE SINCE INCEPTION TO 31 OCTOBER 2017



Source: Bloomberg and Walsh & Company.

17. Inception date June 2011.

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

19. Total NAV returns are inclusive of reinvested distributions.



The following table summarises the six-monthly trading data of the Fund since admission to the ASX on 23 July 2012 to 31 October 2017.

TABLE 17: SIX-MONTHLY TRADING DATA¹⁹

	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
H2-16	\$11,013,683	2.07	2.14	1.90	1.69
H1-17	\$14,983,595	1.86	2.04	1.86	1.42

Source: Bloomberg and Walsh & Company

As the NAV is reported in Australian dollars, fluctuations in reported NAV are significantly impacted by changes in the AUD/USD exchange rate. Between 31 October 2016 and 31 October 2017, 350,487,431 Units have traded on the ASX, representing 4.00% of the average Units on issue.

17. 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.





Interior photo of a property in the Fund's portfolio.

Section 8: Investigating accountant's report



Interior photo of a property in the Fund's portfolio.

8. Investigating accountant's report

Deloitte.

Deloitte Corporate Finance Pty Limited
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AFSL 241457
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225 George Street
Sydney, NSW, 2000
Australia

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The Directors
Walsh & Company Investments Limited
as Responsible Entity for US Masters Residential Property Fund
Level 15, 100 Pacific Highway
North Sydney NSW 2060

30 November 2017

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT AND FINANCIAL SERVICES GUIDE

Introduction

This report has been prepared at the request of the directors of Walsh & Company Investments Limited (the Responsible Entity) as responsible entity for US Masters Residential Property Fund (the Fund) for inclusion in a Product Disclosure Statement (the Offer Document) to be issued by the Responsible Entity (the Issuer) on or about 1 December 2017 in respect of the offer of convertible step-up preference units in the Fund to raise up to \$300,000,000 (the Offer).

Deloitte Corporate Finance Pty Limited is wholly owned by Deloitte Touche Tohmatsu and holds the appropriate Australian Financial Services licence under the Corporations Act 2001 for the issue of this report.

References to the Fund, US Masters Residential Property Fund and Walsh & Company Investments Limited and capitalised terms used in this report have the same meaning as defined in the Glossary of the Offer Document.

Scope

Historical Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the directors of the Responsible Entity (the Directors) to review the historical financial information of the Fund comprising the:

- Historical consolidated statements of profit or loss and other comprehensive income for financial year ended 31 December 2015 (FY2015), financial year ended 31 December 2016 (FY2016) and for the half-year ended 30 June 2017 (1H2017);
- Historical consolidated statement of financial position as at 30 June 2017;
- Historical consolidated statements of cash flows for financial year ended 31 December 2015 (FY2015), financial year ended 31 December 2016 (FY2016) and for the half-year ended 30 June 2017 (1H2017),

as set out in Sections 7.3, 7.4 and 7.5 respectively of the Offer Document (together, the **Historical Financial Information**).

The Historical Financial Information represents the statutory consolidated financial information of the Fund including its controlled entities. The statutory financial reports of the Fund were audited (FY2015 and FY2016) or reviewed (1H2017) by Deloitte Touche Tohmatsu. The audit and review reports issued by Deloitte Touche Tohmatsu were unmodified.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the adopted accounting policies of the Fund. The Historical Financial Information is presented in the Offer

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Member of Deloitte Touche Tohmatsu Limited



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Document in an abbreviated form insofar as it does not include all of the presentation and disclosures required by the Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Pro forma Statements of Financial Position

Deloitte Corporate Finance Pty Limited has been engaged by the Directors to review the pro forma financial information of the Fund comprising:

- Pro forma consolidated statements of financial position of the Fund on completion of the Offer, reflecting the various levels of take up of the Offer (\$100M, \$200M and \$300M), and accounting for the expenses associated with the Offer at these levels, as well as other significant post balance sheet date adjustments,

as set out in Section 7.6 of the Offer Document (the **Pro forma Statements of Financial Position**).

The Pro forma Statements of Financial Position have been derived from the Historical Financial Information to illustrate the assets and liabilities of the Fund adjusted for pro forma adjustments. The pro forma adjustments are described in the notes to the Pro forma Statements of Financial Position set out in Section 7.7 of the Offer Document and include the impact of the Offer and associated costs of the Offer, as well as significant transactions and events (non-operating in nature) that have occurred after 30 June 2017 (the Pro forma Adjustments).

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Historical Financial Information and the events or transactions to which the Pro forma Statements of Financial Position relate, as if those events or transactions had occurred as at the date of the Historical Financial Information. Due to its nature, the Pro forma Statements of Financial Position do not represent the Fund's actual or prospective financial position.

Directors' responsibility

The Directors are responsible for:

- the preparation and presentation of the Historical Financial Information and the Pro forma Statements of Financial Position, including the selection and determination of the Pro forma Adjustments made to the Historical Financial Information and included in the Pro forma Statements of Financial Position; and
- the information contained within the Offer Document.

This responsibility includes for the operation of such internal controls as the Directors determine are necessary to enable the preparation of the Historical Financial Information and the Pro forma Statements of Financial Position that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information and the Pro forma Statements of Financial Position based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with Australian Standard on Assurance Engagement (ASAE) 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the Historical Financial Information and the Pro forma Statements of Financial Position.



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We have performed the following procedures as we, in our professional judgement, considered reasonable in the circumstances:

- a review of the extraction of the Historical Financial Information from the annual consolidated financial reports of the Fund for FY2015, FY2016, and from the half-year accounts of the Fund for 1H2017;
- consideration of work papers, accounting records and other documents of the Fund;
- consideration of the appropriateness of the Pro forma Adjustments applied to the Pro forma Statements of Financial Position;
- a consistency check of the application of the stated basis of preparation, as described in the Offer Document, to the Historical Financial Information and the Pro forma Statements of Financial Position;
- enquiry of Directors, management, personnel and advisors;
- the performance of analytical procedures applied to the Historical Financial Information and the Pro forma Statements of Financial Position; and
- a review of accounting policies for consistency of application.

Conclusions

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information and the Pro forma Statements of Financial Position are not prepared, in all material respects, in accordance with the stated basis of preparation as described in Section 7.2 of the Offer Document.

Restrictions on Use

Without modifying our conclusions, we draw attention to Section 7.2 of the Offer Document, which describes the purpose of the Historical Financial Information and the Pro forma Statements of Financial Position, being for inclusion in the Offer Document. As a result, the Investigating Accountant's Report may not be suitable for use for another purpose.

Consent

Deloitte Corporate Finance Pty Limited has consented to the inclusion of this limited assurance report in the Offer Document in the form and context in which it is included.

Disclosure of Interest

Deloitte Corporate Finance Pty Limited does not have any interest in the outcome of this Offer other than the preparation of this report for which normal professional fees will be received.

Deloitte Touche Tohmatsu is the auditor of the Fund.

Yours faithfully

DELOITTE CORPORATE FINANCE PTY LIMITED



Alfred Nehama
Authorised Representative
Deloitte Corporate Finance Pty Limited (AFSL Number 241457)
AR Number 461038



Financial Services Guide (FSG)

What is an FSG?

An FSG is designed to provide information about the supply of financial services to you.

Deloitte Corporate Finance Pty Limited (DCF) (AFSL 241457) provides this FSG to you, so you know how we are remunerated and who to contact if you have a complaint.

Who supplies the financial services?

We provide this FSG to you where you engage us to act on your behalf when providing financial services.

Alternatively, we may provide this FSG to you because our client has provided financial services to you that we delivered to them.

The person who provides the financial service to you is our Authorised Representative (AR) and DCF authorises the AR to distribute this FSG.

What financial services are we licensed to provide?

We are authorised to provide financial product advice and to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds, to retail and wholesale clients. We are also authorised to provide personal and general financial product advice and deal by arranging in derivatives and regulated emissions units to wholesale clients, and general financial product advice relating to derivatives to retail clients.

General financial product advice

We provide general advice when we have not taken into account your personal objectives, financial situation or needs, and you would not expect us to have done so. In this situation, you should consider whether our general advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If we provide advice to you in connection with the acquisition of a financial product, you should read the relevant offer document carefully before making any decision about whether to acquire that product.

Personal financial product advice

When we give you advice that takes into account your objectives, financial situation and needs, we will give you a Statement of Advice to help you understand our advice, so you can decide whether to rely on it.

How are we remunerated?

Our fees are usually determined on a fixed fee or time cost basis plus reimbursement of any expenses incurred in providing the services. Our fees are agreed with, and paid by, those who engage us.

Clients may request particulars of our remuneration within a reasonable time after being given this FSG.

Apart from these fees, DCF, our directors and officers, and any related bodies corporate, affiliates or associates, and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary, and, while eligible for annual salary increases and bonuses based on overall performance, they do not receive any commissions or other benefits as a result of the services provided to you.

The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

The Deloitte member firm in Australia (Deloitte Touche Tohmatsu) controls DCF. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu.

We, and other entities related to Deloitte Touche Tohmatsu, do not have any formal associations or relationships with any entities that are issuers of financial products. However, we may provide professional services to issuers of financial products in the ordinary course of business.

What should you do if you have a complaint?

Please contact us about a concern:

The Complaints Officer
PO Box N250
Grosvenor Place
Sydney NSW 1220
complaints@deloitte.com.au
Phone: +61 2 9322 7000

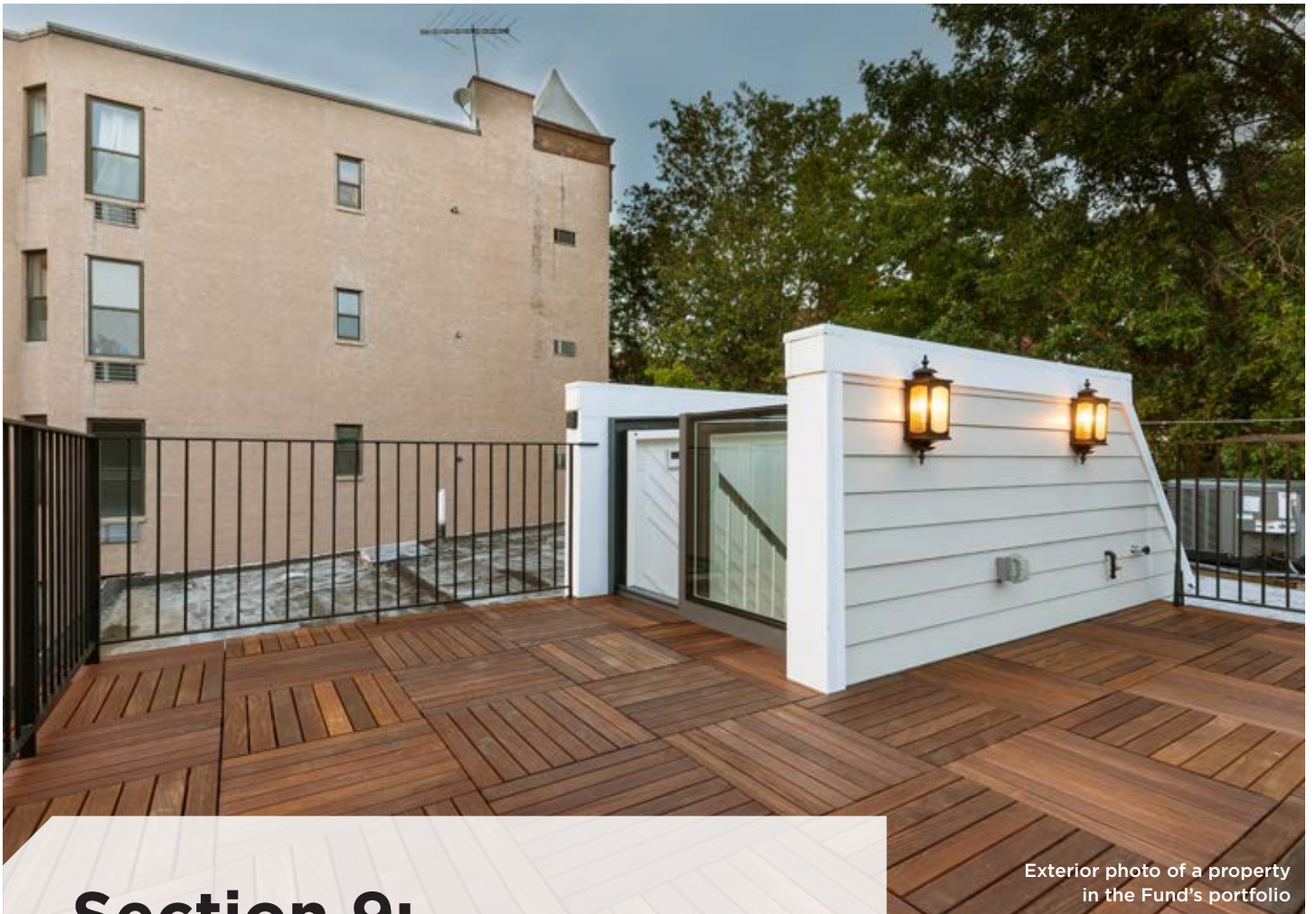
If an issue is not resolved to your satisfaction, you can lodge a dispute with the Financial Ombudsman Service (FOS). FOS provides fair and independent financial services dispute resolution free to consumers.

www.fos.org.au
1800 367 287 (free call)
Financial Ombudsman Service
GPO Box 3 Melbourne VIC 3001

What compensation arrangements do we have?

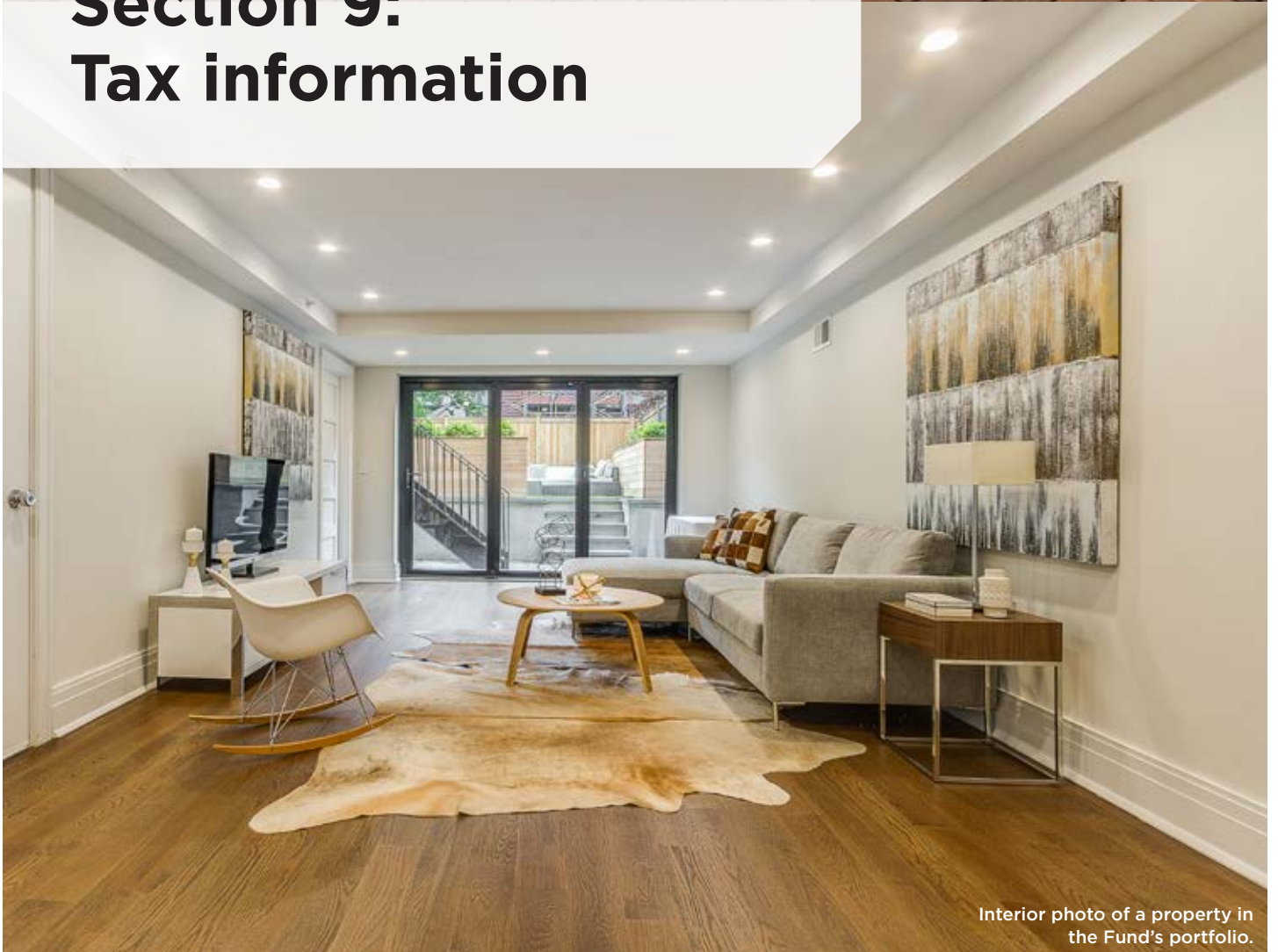
Deloitte Australia holds professional indemnity insurance that covers the financial services we provide. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).





Exterior photo of a property in the Fund's portfolio

Section 9: Tax information



Interior photo of a property in the Fund's portfolio.

Australian tax information



Deals, Tax & Legal
Level 38 Tower Three
300 Barangaroo Avenue
Sydney NSW 2000

P O Box H67 Australia Square
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The Directors
Walsh & Company Investments Limited
as Responsible Entity for
US Masters Residential Property Fund
Level 15
100 Pacific Highway
North Sydney NSW 2060

1 December 2017

Dear Directors

Product Disclosure Statement - Australian income taxation, GST and stamp duty implications

In accordance with our letter of engagement, this letter has been prepared for inclusion in the Product Disclosure Statement ("PDS") of US Masters Residential Property Fund ("URF") in relation to the issuance of Perpetual Cumulative Convertible Step-Up Preference Units ("CPUs") to potential investors ("Investors"). Walsh & Company Investments Limited is the Responsible Entity ("RE") for URF and URF invests in residential property located in the United States.

1. Scope of comments

Our comments below provide a broad overview of the key Australian income tax, capital gains tax ("CGT"), goods and services tax ("GST") and stamp duty (collectively, Australian tax) implications for Investors acquiring, holding and disposing of the CPUs and do not attempt to address all of the Australian taxation consequences relevant to Investors who acquire the CPUs pursuant to the PDS.

The categories of Investors considered in this summary are limited to Australian tax resident individuals, companies (other than life insurance companies), trusts, partnerships and complying superannuation funds that hold their investment in CPUs on capital account for Australian income tax purposes.

Specifically, this letter does not consider the taxation consequences for non-resident Investors, Australian or foreign tax resident banks, insurance companies, Investors who hold their units on revenue account or as trading stock or investors who acquire the CPUs otherwise than pursuant to the PDS, Investors subject to the Taxation of Financial Arrangements regime in Division 230 of the *Income Tax Assessment Act 1997* which have made an election to rely on the Fair Value or Reliance on Financial Reports ("ROFR") methodologies, or Investors who are exempt from Australian income tax or foreign resident companies, trusts and partnerships.

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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In our comments, we have not considered any of the US tax consequences for the Investors.

The following tax comments are based on the tax law in Australia in force as at the date of this letter. Australian tax laws are complex. This summary is general in nature and is not intended to be an authoritative or complete statement of all potential tax implications for each Investor. During the ownership of the CPUs by Investors, the taxation laws of Australia or their interpretation may change. The precise implications of ownership or disposal will depend upon each Investor's specific circumstances. Investors should seek their own professional advice on the taxation implications of holding or disposing of the CPUs, taking into account their specific circumstances. This letter is based on the facts as set out in the PDS that have not been independently reviewed or verified by KPMG. The inclusion of this letter in the PDS is subject to the terms of our consent for its inclusion and to be named in the PDS.

KPMG's Tax practice is not licensed to provide financial product advice under the Corporations Act. Taxation issues, such as (but not limited to) those covered in this letter, are only one of the matters an Investor needs to consider when making a decision about a financial product. Investors should consider taking advice from someone who holds an Australian financial services licence before making such a decision.

Walsh & Company Investments Limited has applied for a Class Ruling requesting confirmation of the ATO's views on the principal tax issues considered below.

Australian taxation considerations

2. Taxation treatment of URF

2.1. URF

Generally, as an Australian unit trust, URF should not be subject to income tax and should be considered as a "flow through" entity for Australian income tax purposes where the unitholders of URF ("Unitholders") are "presently entitled" to all of the income of URF and the income is distributed to Unitholders in each income year and URF is not a "public trading trust" for the income year.

Where a unit trust is a public trading trust as defined in Division 6C of the *Income Tax Assessment Act 1936*, it is taxed at the company tax rate and distributions to Unitholders of trust income, or of other profits derived by the trustee, are to be taxed on the same basis as that applicable to dividends paid by a company. A unit trust will be treated as a "public trading trust" if, at any time during a year of income, it operates or controls an active trade or business and is also a "public unit trust".

As URF is listed on the Australian Securities Exchange, it should be treated as a public unit trust. Accordingly, URF should be treated as a public trading trust where it operates or controls an active trade or business. However, we understand that it is intended that the RE will not carry on a trading business or control or have the ability to control (either directly or indirectly) the affairs or operations of another person in respect of the carrying on by that other person of a trading business, and therefore should not be treated as a public trading trust. Further, investing or trading in secured





or unsecured loans, or in shares of US Real Estate Investment Trusts is not a trading activity for the purposes of the public trading trust test.

Based on the activities of URF it should not constitute a "public trading trust". However, the "public trading trust" test is an annual test which takes into account the actual activities of URF during a given income year. For this reason, it will be necessary to monitor the activities of the RE and the URF each year.

2.1.1. *Managed Investment Trust regime*

A managed investment trust ("MIT") is an Australian trust that meets certain requirements (including licensing requirements, "widely-held" requirements and "closely-held" restrictions) and amongst other things, in years in which the requirements are satisfied, is eligible for a concessional rate of withholding tax (generally 15%, with some limited exceptions) imposed on certain payments made by a MIT to a foreign tax resident investor who resides in specified countries with which Australia has agreed an Exchange of Information ("EOI") Agreement and eligible to elect to treat certain investments as held on capital account. The withholding tax rate on distributions to foreign tax resident investors in other countries is 30%.

We have been advised that URF satisfied the requirements to be a MIT in the income year ended 30 June 2012 and made the irrevocable capital election during the income year ended 30 June 2012. The effect of this is that certain assets of URF are treated as held on capital account. Where these certain assets are held for more than 12 months and are realised in the future, and URF qualifies as a MIT for the relevant income year, URF should qualify for the CGT discount in relation to the gain.

It will be necessary to monitor URF's compliance with the requirements of the MIT provisions annually (including but not limited to the fact that it continues to be widely held and not closely held). In particular, the ability of URF to comply with the MIT provisions in future will be confirmed following the proposed capital raising as the proposed new investors will need to be known before it can be confirmed that URF continues to be widely held and not closely held.

2.1.2. *Attribution Managed Investment Trust regime*

The attribution managed investment trust ("AMIT") regime was introduced as an alternative regime to overcome perceived uncertainties in the Australian taxation treatment of trusts. The new AMIT regime applies to trusts from income years starting on or after 1 July 2016 and the AMIT regime applies on an elective basis with the election being irrevocable.

We have been advised that the URF has not and does not intend to make the irrevocable election under Section 276-10(1)(e) of the ITAA 1997 to enter the AMIT Regime for the foreseeable future.





3. Taxation treatment of Investors

3.1. Acquisition of CPUs

Each CPU in URF will be a separate CGT asset. For CGT purposes, the cost base (and reduced cost base) of each CPU is determined by allocating the amount each Investor paid (or is required to pay) to acquire each CPU, plus any incidental costs of acquisition and disposal for each CPU.

3.2. Distributions from URF

It is expected that the Investors will be made presently entitled to all of the income of URF and that the net (taxable) income of URF is distributed to the Investors and therefore the RE should not be subject to tax on any portion of the net (taxable) income of URF.

An Investor's proportionate share of URF's net (taxable) income will be determined by their proportional entitlement to the distributable income of URF. There may be circumstances where the calculation of URF's net (taxable) income and the distributable income are different.

Broadly, the Investors will be assessed in the same income year in which URF derived the income. This will include distributions that an Investor becomes presently entitled to but may not receive until after the end of that income year.

The components of income derived by URF will each retain its character when distributed to its Unitholders.

As the income of URF may include Australian interest and other foreign source (interest) income, distributions from URF should also include foreign source income for Australian income tax purposes. In relation to foreign source income, the foreign income tax offset ("FITO") regime operates to provide relief for foreign tax paid on amounts which are also taxed in Australia ("double taxed amounts").

Broadly, FITOs should be available where:

- URF has "paid" foreign income tax on amounts included in its Australian assessable income; and
- URF is subject to Australian income tax in respect of these amounts.

A FITO that may be claimed by an Investor in a year of income is broadly calculated as the lesser of the Investor's share of the amount of the foreign tax paid and the offset limit. Broadly, the offset limit is the greater of:

- (i) A\$1,000; and
- (ii) the amount of the Australian income tax otherwise payable on an Investor's foreign source income on which foreign tax has been incurred and other assessable foreign source income.

An Investor may choose not to calculate their actual offset limit and instead accept their offset limit to be A\$1,000. FITOs are non-refundable and accordingly, to the extent that





a FITO cannot be used by an Investor in an income year, the excess FITO is lost and cannot be carried forward to a later income year.

URF may also make cash distributions to Investors in excess of the net income of the trust. Such distributions may arise as a result of:

- “Tax deferred” distributions (e.g., returns of capital, income sheltered by tax losses, differences between tax and accounting depreciation rates); and
- “CGT concession” amounts (i.e., the discount component of net capital gains derived by URF).

3.2.1. Tax deferred distributions

When the net (taxable) income of a trust in an income year is less than the distributions received by a Unitholder, the difference should not be included in the Unitholder’s assessable income at that time to the extent the Unitholder has sufficient cost base in the Units. This amount is generally referred to as the non-assessable part, or more commonly as a tax-deferred distribution.

In broad terms, the tax cost base of the Units of the Unitholder will be required to be reduced by the amount of the tax-deferred distribution. Once the cost base has been reduced to nil, any subsequent tax-deferred distribution will be taxed as a capital gain in the Investor’s hands.

The RE will provide an annual tax statement to Investors setting out the components of each distribution made by URF.

3.3. Conversion of the URF CPU

3.3.1. CGT implications

On conversion, the terms of each CPU will change to those of an Ordinary Unit and URF will issue, for no consideration, an additional number of Ordinary Units for each CPU that is being converted in accordance with the formula in the Terms.

Any capital gain or capital loss made by a Holder on Conversion of CPUs should be disregarded. Instead, Investors should be entitled to roll-over their cost base of the CPUs into the Ordinary Units.

3.4. Sale of CPUs

Australian tax resident Investors who hold their URF CPUs on capital account would be required to consider the impact of the Australian CGT provisions in respect of the disposal of their CPUs.

Where the capital proceeds received on disposal of the CPUs exceed the CGT cost base of those CPUs, Australian tax resident Unitholders should be required to recognise a capital gain. Conversely, Australian tax resident Unitholders may recognise a capital loss on the disposal of CPUs where the capital proceeds received on disposal are less than the reduced CGT cost base of the CPUs.





All capital gains and losses recognised by an Australian tax resident Unitholder for an income year are added together. To the extent that a net gain exists, such Unitholders should be able to reduce the gain by any amount of unapplied net capital losses carried forward from previous income years (provided certain loss recoupment tests are satisfied). Any remaining net gain (after the application of any carried forward capital losses) will then be required to be included in the Australian tax resident Unitholder's assessable income and should be taxable at the Unitholder's applicable rate of tax. Where a net capital loss is recognised, the loss will only be deductible against future capital gains provided the relevant loss recoupment tests are satisfied.

Non-corporate Unitholders may be entitled to a concession which discounts the amount of capital gain that is assessed. Broadly, the concession is available where the CPUs have been held for at least 12 months prior to disposal. The discount available is 50% for Australian resident individuals or trusts and 33.33% for Australian complying superannuation funds. This concession is not available to corporate Unitholders.

In relation to trusts, the rules surrounding capital gains and the CGT discount are complex, but the benefit of the CGT discount may flow through to relevant beneficiaries, subject to certain requirements being satisfied.

4. Stamp duty

No stamp duty should be payable by an Investor on acquiring CPUs by way of an issue pursuant to the PDS on the basis that URF does not directly or indirectly hold any land or interests in land in Australia.

No liability to stamp duty should arise for any future dealings in CPUs provided that URF does not directly or indirectly hold any land or interests in land in Australia at the time.

No liability to stamp duty should arise on conversion of the CPUs to Ordinary Units provided that URF does not directly or indirectly hold any land or interests in land in Australia at the time of the conversion.

If URF subsequently acquires land in Australia, a stamp duty liability should not arise on any future dealings in CPUs provided URF remains listed with all its CPUs, Ordinary Units and any other issued units quoted on the Australian Securities Exchange at the time of the transaction, and no Investor acquires 90% or more of the CPUs (including acquisitions with any associated persons or under one arrangement with other Investors).





Walsh & Company Investments Limited
*Australian income tax, GST and stamp duty
consequences of subscribing for URF CPUs
1 December 2017*

5. Australian goods and services tax

Under current Australian law, goods and services tax ("GST") should not be payable in respect of the issue, acquisition, disposal or transfer of the CPUs or on the payment of dividends/distributions.

However, Investors may be charged GST on brokerage, or other professional advisory services acquired by Investors in their own right in relation to the PDS.

Unitholders should determine whether they will be entitled to claim GST input tax credits on any GST incurred on costs associated with the acquisition or disposal of the CPUs.

* * * * *

Yours sincerely

Scott Farrell
Partner



US tax information

9.1 Introduction

The following is a summary of certain material US tax issues relating to the Fund's interest in the US REIT.

9.2 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.

9.3 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.

9.4 Income tests

The US REIT must satisfy two gross income requirements annually to maintain qualification as a REIT. First, in each taxable year the US REIT must derive directly or indirectly at least 75% of its gross income, excluding gross income from prohibited transactions, from investments relating to real property or mortgages on real property, including "rents from real property," dividends from other REITs (but not taxable REIT subsidiaries), and, in certain circumstances, income from certain types of temporary investments. Second, in each taxable year the US REIT must derive at least 95% of its gross income, excluding gross income from prohibited transactions, from real property investments, dividends, including dividends from taxable REIT subsidiaries, interest and gain from the sale or disposition of stock or securities, or from any combination of the foregoing. The term "interest" generally does not include any amount received or accrued, directly or indirectly, if the determination of the amount depends in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term "interest" solely by reason of being based upon a fixed percentage or percentages of receipts or sales.

9.5 Asset test

At the close of each quarter of the US REIT's taxable year, the US REIT also must satisfy three tests relating to the nature and diversification of US REIT's assets. First, at least 75% of the value of the US REIT's total assets must be represented by real estate assets and cash, cash items and government securities. Second, not more than 25% for taxable years beginning prior to December 31, 2017 (the rate is reduced to 20% for taxable years beginning after December 31, 2017) of the US REIT's total assets may be represented by securities, other than those securities includable in the 75% asset test. Third, not 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 except with respect to taxable REIT subsidiaries and qualified REIT subsidiaries, of the investments included in the 25% asset class, the value of any one issuer's securities may not exceed 5% of the value of the US REIT's total assets, and the US REIT may not own more than 10% of any one issuer's outstanding voting securities or more than 10% of the total value of any one



issuer's outstanding securities other than certain securities qualifying as "straight debt" and other excluded securities, as described in the Code, including, but not limited to, any loan to an individual or an estate, any obligation to pay rents from real property and any security issued by a REIT.

9.6 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.

9.7 Failure to qualify as a REIT

In the event that the US REIT violates a provision of the Code that would result in its failure to qualify as a REIT (other than violations of the REIT gross income or asset

tests, as described above, for which other specified cure provisions may be available), the US REIT would be entitled to retain its status as a REIT if (1) the violation is due to reasonable cause and not due to willful neglect, and (2) the US REIT pays a penalty of \$50,000 for each failure to satisfy the provisions. If the US REIT fails to qualify for taxation as a REIT in any taxable year, and the relief provisions do not apply, the US REIT will be subject to tax, including any applicable alternative minimum tax, on its taxable income at regular corporate rates. Distributions to shareholders in any year in which the US REIT fails to qualify will not be deductible by US REIT and it will not be required to distribute any amounts to its shareholders. As a result, the US REIT's failure to qualify as a REIT would reduce the cash available for distribution to its shareholders. In addition, if the US REIT fails to qualify as a REIT, all distributions to shareholders will be taxable as ordinary income to the extent of its current and accumulated earnings and profits, and subject to certain limitations of the Code, corporate distributees may be eligible for the dividends received deduction and non corporate shareholders may be eligible for reduced rates of tax on dividend distributions. Unless entitled to relief under specific statutory provisions, the US REIT will also be disqualified from taxation as a REIT for the four taxable years following the year during which the US REIT lost its qualification. It is not possible to state whether in all circumstances the US REIT would be entitled to this statutory relief.

9.8 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;

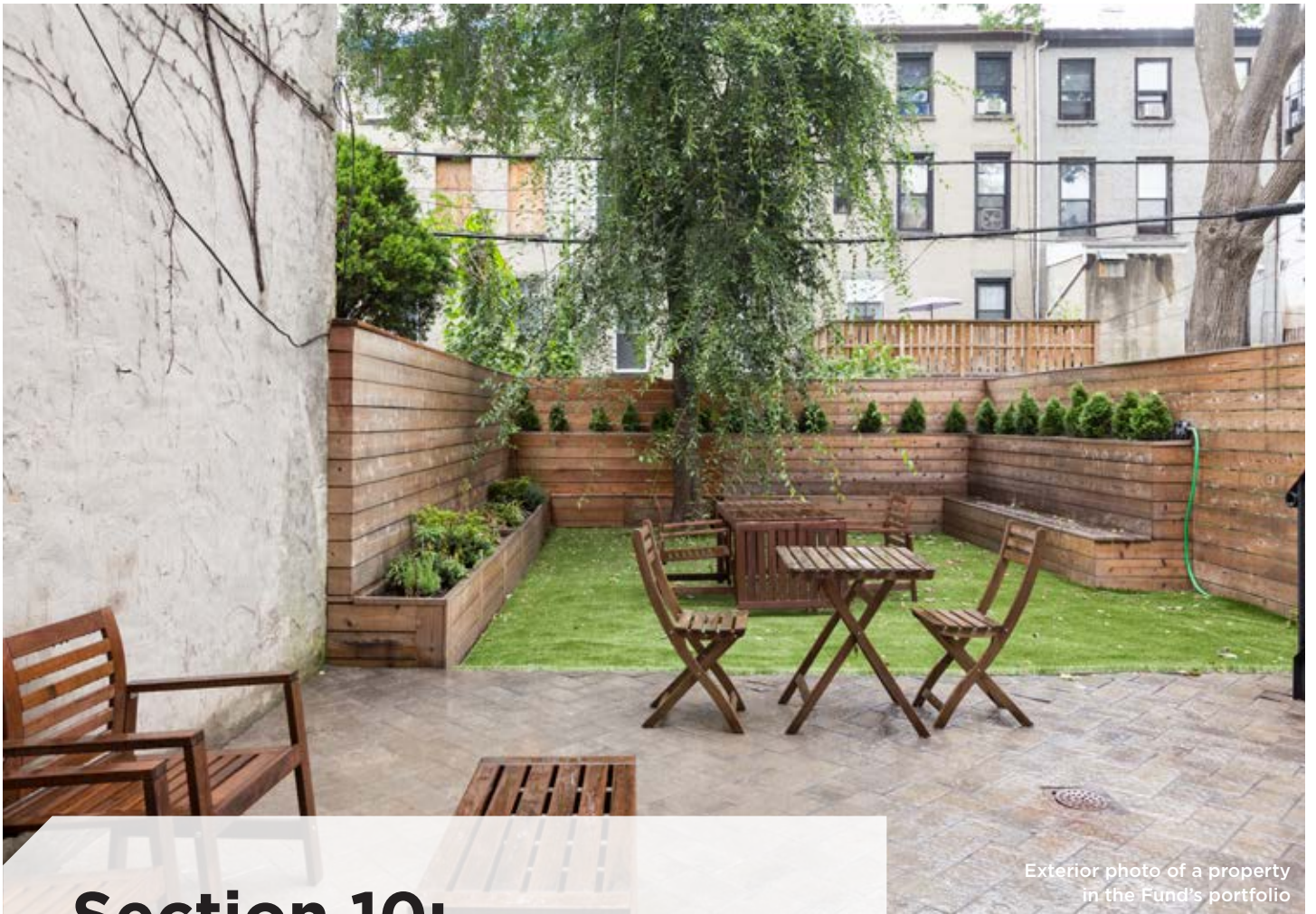


- the Unitholder is treated as owning an interest of not more than 5% of any class of shares in the US REIT and the dividends are paid with respect to a class of shares that is publicly traded; or
- the Unitholder is treated as owning an interest of not more than 10% in the US REIT and the gross value 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.

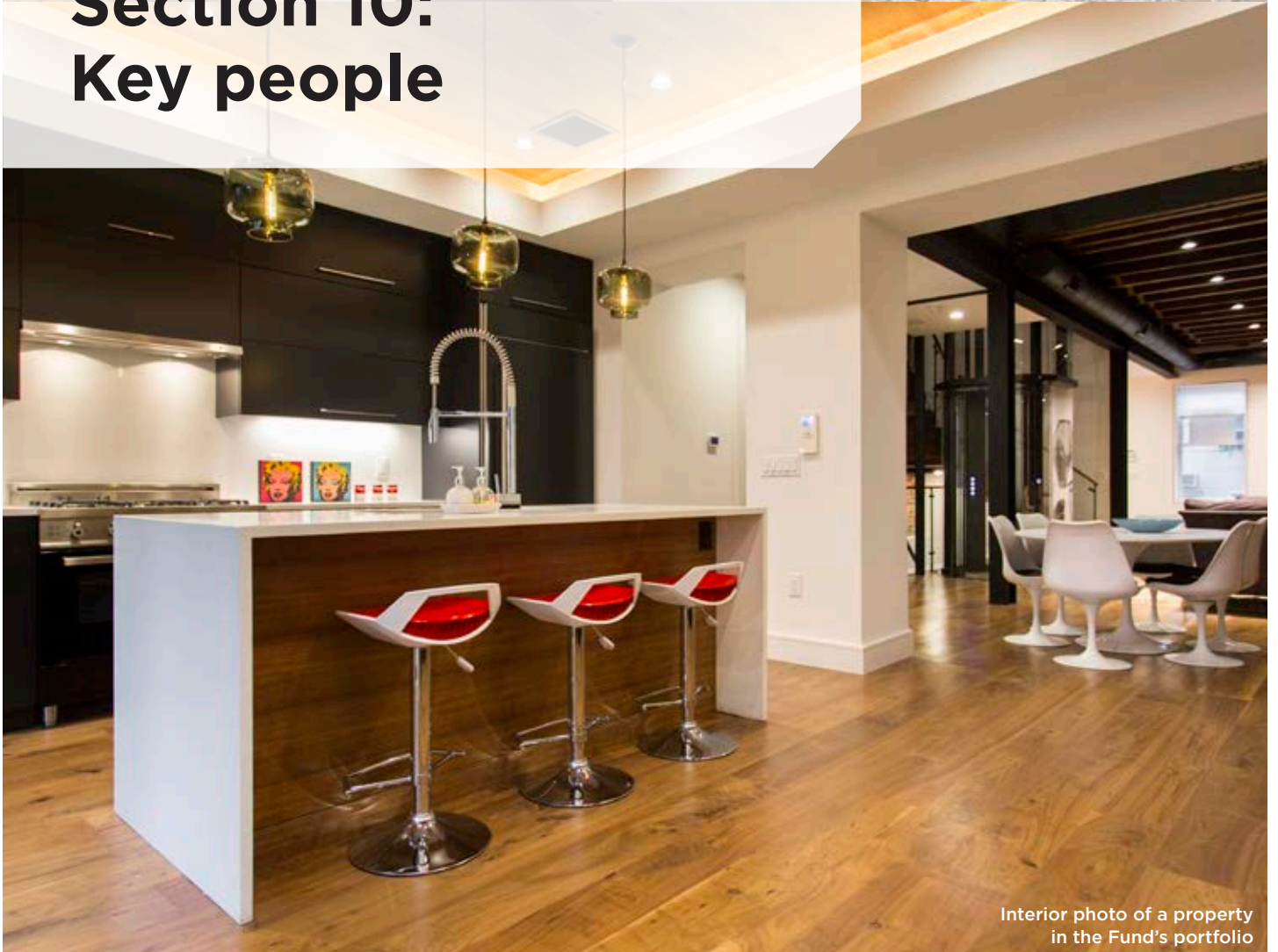
Distributions made by the US REIT which are attributable to gains from the disposition of US real property will generally be subject to a special US tax under FIRPTA of 35% on the distribution. A further branch profits tax of 30% will generally apply; however, this may potentially be reduced to nil under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





Exterior photo of a property
in the Fund's portfolio

Section 10: Key people



Interior photo of a property
in the Fund's portfolio

10. Key people

10.1 Role of the Responsible Entity

Walsh & Company is the issuer of the CPUs under this PDS and the Responsible Entity of the Fund. The Responsible Entity is responsible for the operation of the Fund. The Responsible Entity is subject to numerous duties under the Corporations Act, including duties to act honestly, exercise care and diligence and act in the best interests of Unitholders.

In accordance with the Corporations Act, Walsh & Company has established a compliance committee with a majority of external representation. The role of the compliance committee includes monitoring the Responsible Entity's compliance with the compliance plan and the Fund's constitution.

The Responsible Entity is responsible for the overall management of the Fund, including the determination of its strategic direction with the aim of increasing Unitholder wealth through the performance of the Fund.

The role of the Responsible Entity includes:

- a) monitoring the operations, financial position and performance of the Fund;
- b) identifying the principal risks faced by the Fund and monitoring the effectiveness of systems designed to provide reasonable assurance that these risks are being managed;
- c) taking steps to ensure the Fund's financial and other reporting mechanisms result in adequate, accurate and timely information being provided to the Unitholders; and
- d) taking steps to ensure Unitholders and the market are fully informed of all material developments.

10.2 Background of the Responsible Entity

Walsh & Company holds Australian Financial Services Licence Number 410 433.

Walsh & Company is a member of the Evans Dixon Group. The Evans Dixon Group is a group formed from the result of a merger between the Dixon Advisory Group and Evans and Partners Pty Ltd. Evans Dixon is a significant Australian investment and wealth management business providing services to more than 8,000 clients with funds under advice, execution, and administration of over \$20 billion.

Walsh & Company is also the responsible entity for:

- New Energy Solar: a sustainable investment business investing in large-scale operating solar power stations that generate power with zero emissions. New Energy Solar is a stapled group with total assets of approximately \$302 million as at 30 June 2017. New Energy Solar is expected to list on the ASX in December 2017.
- Evans & Partners Global Disruption Fund: an ASX-listed fund that provides exposure to a portfolio of global investments that will potentially benefit from disruptive innovation. At 30 November 2017, the Evans & Partners Global Disruption Fund had a market capitalisation of approximately \$224 million.
- Fort Street Real Estate Capital Series: three unlisted registered managed investment schemes that provide investors with exposure to a portfolio of Australian commercial properties. The Fort Street Real Estate Capital funds raised approximately \$161 million, approximately \$110 million and approximately \$140 million respectively.
- Cordish Dixon Private Equity Series: three ASX-listed funds that invest in US small-to-medium sized private investment funds. At 30 November 2017, the Cordish Dixon Private Equity funds had a market capitalisation of approximately \$71 million, \$107 million and \$112 million respectively.
- Emerging Markets Masters Fund: an ASX-listed fund that invests across the emerging markets universe, targeting global emerging market investment funds. At 30 November 2017, the Emerging Markets Masters Fund had a market capitalisation of approximately \$201 million.



10.3 Directors of the Responsible Entity

The Directors of the Responsible Entity are:

Alex MacLachlan, BA (Cornell), MBA (Wharton) | CHAIRMAN

Chief Executive Officer, Walsh & Company



Alex joined Dixon Advisory in 2008 to lead the then newly formed Funds Management division, which later became Walsh & Company. Alex focused the efforts of the Funds Management division on providing retail investors 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 Walsh & Company Group to approximately \$5 billion of assets under management today, with investments across residential and commercial property, fixed income, private equity, listed equities and renewable energy.

Prior to joining the firm, 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.

Warwick Keneally BSc, BCom (ANU), CA | DIRECTOR

Head of Finance, Walsh & Company



Prior to joining Walsh & Company, Warwick worked in chartered accounting firms specialising in turnaround and restructuring. Warwick started his career with KPMG working in their Canberra, Sydney and London offices – and has undertaken a range of

complex restructuring and insolvency engagements across Europe, UK and Australia, for a range of Australian, UK, European and US banks.

Warwick has worked with companies and lenders to develop and implement strategic business options, provide advice in relation to continuous disclosure requirements, develop cash forecasting training for national firms, and lectured on cash management. Among his former roles, Warwick worked on the initial stages of the HIH insolvency – as part of the key management group tasked with the wind-down of the global estate.

Warwick has a Bachelor of Economics and Bachelor of Commerce from the Australian National University and is a Chartered Accountant.

Tristan O'Connell, BCom (ANU), CPA | DIRECTOR

Group Chief Financial Officer and Company Secretary, Evans Dixon Group



As Chief Financial Officer and Company Secretary at Evans Dixon, Tristan oversees the finance and accounting function of the firm's group of companies. This incorporates funds management accounting for 16 funds. He began his association with Dixon Advisory in 2005, joining to

spearhead its financial management and growth. Tristan brought to Dixon Advisory more than a decade in corporate financial and management roles within the wholesale markets industry. This included a long tenure at Tullet Prebon, one of the world's leading inter-dealer broker firms that specialise in over-the-counter interest rate, foreign exchange, energy and credit derivatives. Tristan was Financial Controller of the Australian operation and held senior finance roles in their Singapore and London offices.

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.



10.4 Directors of the Investment Manager

URF Investment Management Pty Limited, a related party of the Responsible Entity, is the Investment Manager of the Fund. The board of the Investment Manager consists of:

Alan Dixon, BCom (ANU), CA | DIRECTOR

Managing Director and Chief Executive Officer, Evans Dixon



Alan is the Managing Director and CEO of Evans Dixon, an asset manager and financial advisory firm established in February 2017, through the merger of Evans & Partners and Dixon Advisory. Evans Dixon has over \$20 billion of assets under management or advice.

Based in the US, Alan also oversees the firm's senior leaders and influences the strategic initiatives of more than 600 professionals working with clients in Sydney, Melbourne, Brisbane, Canberra, Jersey City and New York City. He is also Managing Director and CEO of Dixon Advisory USA, a leader in the US urban single-family home rental business.

Alan joined Dixon Advisory in January 2001. Prior to joining Dixon Advisory, Alan worked in Chartered Accountancy and Investment Banking roles in Australia.

Alan holds a Bachelor of Commerce from the Australian National University and is a member of the Institute of Chartered Accountants in Australia. He is also an SMSF Professionals' Association of Australia (SPAA) Accredited SMSF Specialist Advisor™.

Phillip Lois, BChem (Hons I) (Sydney), BCom (Sydney) | DIRECTOR

Deputy Chief Financial Officer, Dixon Advisory



Phillip Lois 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 Fund. Phillip was previously the Chief Financial Officer of the

Fund, a role which he held from 2011 to 2015. During this time, Phillip was responsible for all the finance functions of the 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 \$69 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) | DIRECTOR

Chief Executive Officer, Walsh & Company

See Section 10.3.

10.5 US Executive Team

David Orr, BComm, LLB (ANU)

Executive Director and Chief Operating Officer



David is an investment and property expert with over a decade of experience across US property investments and Australian Financial Services. As the Executive Director & Chief Operating Officer of Dixon USA, David is responsible for the strategic and operational direction of all US operations.

This includes managing the approximately \$1.2 billion investment portfolio of townhomes (the largest in New York) and overseeing the construction division, Dixon Projects. David is responsible for Dixon USA's 15 business units, and works closely with each of the team leaders to drive business growth. David is responsible for managing relationships with investors, analysts, media and joint venture partners and is involved in capital market operations. David is also a founding partner and principal of Pure Properties, Dixon USA's residential and commercial real estate brokerage firm.

David joined the Evans Dixon Group in 2005 working in various roles across the Australian 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 their Investment Team and took on a number of national responsibilities. During his time in Australia, David was responsible for building investment teams, training and mentoring staff, and negotiating debt transactions for the Australian Masters Corporate Bond & Yield Series. David has also developed strategies, processes and training programs for several firm-wide projects, including two hostile corporate actions, a number of legislative changes and staff and client engagement campaigns. Due to his world-wide reach, David regularly contributes to various global publications across his fields of expertise.

David graduated with a Bachelor of Laws and a Bachelor of Commerce from the Australian National University and earned his Graduate Diploma in Applied Finance and Investment from Kaplan Professional Australia. David is a member of the Stockbrokers Association of Australia, a Senior Fellow at the Financial Services Institute of Australia (FINSIA) and is a member of the Advisory Board of Rutgers University's Customer Experience Program.

Ezequiel (Zeke) Ortiz, BSBA Management (Saint Peter's University)

Executive Director



Zeke brings to the Fund over 15 years of experience in Hudson County real estate. Through his career, Zeke has completed over \$500 million of property transactions and 1000 appraisals of New York Metropolitan Area property.

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 Hudson County real estate for the Fund. 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.

Zeke also plays a significant role in ensuring that the acquisitions and disposals made by the fund happen on a smooth and timely basis.

Additionally, Zeke has been vital to the growth and success of Dixon Projects. His leadership and expertise in residential client needs have been invaluable in determining the best renovation strategies to reinvigorate properties between tenants.

Zeke previously held positions across valuations, sales, brokerage and construction. Zeke is a licensed real estate broker in both New Jersey and New York.

Kevin McAvey, BSBA Finance (Suffolk University)

Joint Chief Financial Officer



As Joint Chief Financial Officer, Kevin is primarily responsible for overseeing capital markets, modelling, and forecasting for the 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, BSBA Finance (Texas A&M University)

Joint Chief Financial Officer



As Joint Chief Financial Officer for the 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.



Priscilla Porter

Executive Director, Property Management



As Executive Director of Property Management, Priscilla brings over 17 years of experience in New York Metropolitan residential real estate management to the Fund. Priscilla manages all major property types from high-rise apartments and multi-family buildings to single-family townhomes

and freestanding houses. Priscilla leads a team of professionals responsible for all aspects of property management, from day-to-day maintenance needs and rent collection to tenant relations and vendor management. In this role, Priscilla disseminates critical information to various teams throughout the organization. Priscilla brings strong customer service skills and excels at building positive, long-term relationships with her teammates and hundreds of clients and external vendors.

In addition to overseeing the Property Management team, Priscilla leads the Security and Inspections team, responsible for patrolling the Fund's properties during vacancy periods and fulfilling the various needs of in-house departments. Further, Priscilla oversees the Field Services team responsible for the on-site supervision of contractors and vendors executing routine property maintenance.

Before joining the Dixon Advisory USA team, Priscilla was responsible for managing a 1,500-unit apartment building complex in Queens, New York and over 55 staff members.





**Section 11:
Key CPU terms**

Exterior photo of a property
in the Fund's portfolio

11. Key CPU terms

11.1 Key CPU terms

Please see Annexure A attached for the full CPU Terms.

11.2 Issue price

The CPUs have an Issue Price of \$100 per CPU.

11.3 Term

CPUs are perpetual and continue on issue until converted to Units. CPUs are not redeemable by investors, but they may be converted into Units or are otherwise repurchased in accordance with applicable law. See Section 11.8.

11.4 Standard distributions

A preferential distribution is payable to holders of CPUs in priority to holders of Units, meaning distributions are payable to holders of CPUs before payment of distributions to holders of Units in each six month period when the Responsible Entity determines that a distribution is payable.

The distribution rate is 6.25% per annum of the Issue Price for the period from the date of issue to 31 December 2022. From 1 January 2023 the distribution rate steps up by 2.5% to 8.75% per annum of the Issue Price.

11.5 DISTRIBUTION PAYMENT DATES

Distributions are payable semi-annually to holders as at 30 June and 31 December. The first distribution is payable in respect of the period from the date of issue to 30 June 2018. Distributions are payable within 40 business days of the end of a distribution period.

11.6 Deferred distributions

The payment of Standard Distributions is discretionary meaning that the Responsible Entity may decide not to pay a Standard Distribution at the relevant rate or at all.

However, Standard Distributions are cumulative meaning that any shortfall in a Standard Distribution calculated at the applicable rate in respect of a Distribution Period can be made up in later Distribution Periods, subject only to the Responsible Entity determining to pay a Deferred Distribution.

11.7 Distribution stopper

If, for any reason, the Responsible Entity has not paid a Distribution in an amount equal to the entitlement to a distribution for that Distribution Period (including any outstanding Standard Distribution and Deferred Distribution) within 40 business days after the end of the relevant Distribution Period, the Responsible Entity must not, without the approval of a Special Resolution passed at a separate meeting of CPU Holders:

- a) pay any distributions (whether of income or capital) on;
- b) undertake a buyback (other than as a result of an on-market buyback undertaken in accordance with ASIC Corporations (ASX-listed Schemes On-market Buybacks) Instrument 2016/1159 or any successor or replacement instrument), redeem or otherwise cancel; or
- c) give effect to a redemption of or withdrawal from URF in respect of any Units or any other units in URF over which the CPUs rank in priority for participation of profits with respect to the Distribution Period for that Distribution,

unless and until all outstanding Deferred Distributions have been paid.

11.8 Conversion

The Responsible Entity may elect to convert all CPUs to Units as at the first day of a Distribution Period commencing on 1 January 2023. The Responsible Entity will issue an ASX announcement regarding conversion not later than 10 business days prior to the date for conversion.

CPU Holders may elect to convert all of their CPUs to Units as at the first day of the next Distribution Period more than 20 business days after delivery of notice of conversion to the Responsible Entity only if the Responsible Entity has breached its obligations under the distribution stopper referred to above.

Minimum Conversion Number and Maximum Conversion Number

The Conversion Number is subject to both a minimum and maximum conversion number. The initial maximum and minimum conversion number is as follows:

- the Maximum Conversion Number would be 205 effectively providing CPU Holders with equity participation below Unit price of \$0.50; and



- the Minimum Conversion Number would be 44 effectively providing CPU Holders with equity participation above a Unit price of \$2.33.

These numbers would be adjusted if there was, for example, a rights issue or buy-back in URF.

In the instance there are any accumulated, unpaid distributions at the date of conversion, CPU Holders will also receive a variable number of additional Units upon conversion equal to the amount of accumulated unpaid distributions. The Additional Conversion Number is calculated with reference to the Conversion VWAP. This Additional Conversion Number is not subject to the Maximum or Minimum Conversion Number.

See Annexure A for more details on the number of Units a CPU Holder is entitled to upon conversion.

No other adjustments

Unless otherwise approved by Special Resolution passed at a separate meeting of CPU Holders and a Special Resolution of members of URF, no adjustment to the methodology for determining the number of Units into which CPUs are Converted may be made as a result of the Responsible Entity undertaking:

- an issue of Units other than an issue undertaken on a pro rata basis (including a placement, an issue under an off-market takeover bid, an issue under a unitholder purchase plan and an issue under a DRP);
- a distribution of capital or income to holders of Units; or
- an on-market buy-back of Units.

11.9 Distribution reinvestment plan

The URF DRP has been amended to provide for participation by CPU Holders. Participation in the DRP is voluntary. A CPU Holder may elect to apply any cash distribution payable in respect of CPUs in a subscription for Units. The DRP does not presently contemplate the issue of CPUs on reinvestment of distributions. The issue price for Units issued to CPU Holders under the DRP will be 95% of the VWAP of Units over the 10 business days up to the end of the relevant Distribution Period (i.e. 30 June or 31 December). Under the amended DRP, ordinary Unitholders will also receive this 5% discount to the VWAP so that they participate in the DRP at the same price as CPU Holders. Both Standard Distributions and Deferred Distributions may be reinvested in the DRP.

11.10 Winding up

Unless and until Conversion, if there is a return of capital on a winding up of URF, CPU Holders are entitled to receive out of the assets of URF available for distribution, in respect of each CPU held, a cash payment equal to the aggregate of the Issue Price and any Distribution that

the CPU Holder would have been entitled to receive as at the date the Responsible Entity determined to wind up the Fund had the Responsible Entity determined to pay a Standard Distribution and a Deferred Distribution in respect of all periods up to that date that remained unpaid as determined before any return of capital is made to holders of Units or any other class of securities ranking behind the CPUs.

If, upon a winding up of URF, there are insufficient funds to pay in full the amounts referred to above and the amounts payable in respect of any other units in URF ranking as to such distribution equally with the CPUs on a winding up of URF, CPU Holders and the holders of any such other units share in any distribution of assets of URF in proportion to the amounts to which they are entitled respectively.

The CPUs do not confer on CPU Holders any further right to participate in the surplus assets of URF on a winding up or in the property or profits of URF beyond the rights set out above.

11.11 Early redemption rights

CPU Holders do not have a right to request that their CPUs be redeemed early for any reason, unless the Responsible Entity breaches its Distribution Stopper obligations.

To realise your investment, you can sell your URF CPUs on the ASX, although there is a risk that the liquidity of URF CPUs may be low and you may not be able to sell your CPUs at an acceptable price or at all.

11.12 Voting rights

CPUs carry the right for CPU Holders to receive notice of, attend and vote at general meetings of Unitholders or URF Noteholders.

At a meeting of members of URF, on a show of hands, each member, whether they are a CPU Holder or a Unitholder, has one vote. On a poll, each member, whether they are a CPU Holder or a Unitholder, has one vote for each dollar of value of the CPUs and Units they hold. If CPUs are quoted on the ASX, the value of CPUs is determined by reference to the last price at which CPUs traded on the ASX on the trading day prior to the poll. The voting rights for Units are determined on the same basis. By way of example, if the last prices at which Units and CPUs traded on the ASX before a poll were \$2.00 and \$100 respectively, a Unit would entitle an ordinary Unitholder to cast one vote and a CPU would entitle a CPU Holder to cast 50 votes on that poll.

11.13 Quotation on the ASX

The Responsible Entity must use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure quotation of CPUs on the ASX.



The Responsible Entity intends to make an application to the ASX within seven days after the date of this PDS for quotation of CPUs on the ASX (expected code "URFPA").

11.14 Other issues of URF securities

Except as set out above, the CPUs carry no right to participate in any offering of securities by the Responsible Entity.

The issue by the Responsible Entity of any other class of units which rank in priority to the CPUs in respect of distributions or return of capital on a winding up constitutes an alteration of the rights attached to the CPUs. Accordingly, unless and until all the CPUs have been Converted, the Responsible Entity must not, without approval of a Special Resolution passed at a separate meeting of CPU Holders, issue, or permit the conversion of any existing units ranking in priority to the CPUs as to distributions or return of capital on winding up.

The Responsible Entity is at all times authorised to issue further CPUs or other securities ranking equally or behind any existing CPUs as to distributions or return of capital on winding up without approval of a Special Resolution passed at a separate meeting of CPU Holders. Such an issue does not constitute a variation or cancellation of the rights attached to the then existing CPUs.

11.15 Amendment of the terms

Subject to the Corporations Act, the Responsible Entity may amend the CPU Terms if the amendment has been approved by a Special Resolution passed at a separate meeting of CPU Holders. As the CPU Terms form part of the Constitution, approval by Special Resolution of Unitholders of URF is generally also required to amend the CPU Terms.





Interior photo of a property
in the Fund's portfolio

Section 12: Material contracts



Interior photo of a property
in the Fund's portfolio

12. 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.

12.1 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, among other things:

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

The Investment Manager has waived the investment management fee indefinitely from 1 July 2017. At 1.24% (excluding GST) of the gross assets of the Group, this will result in significant cost savings and the Investment Manager will continue to provide all the services set out in the Investment Management Agreement.

The Investment Manager will review this partial waiver of its fees on an ongoing basis, subject to the maximum fee of 2%, 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%);
- 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%);
- 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); and
- a debt arranging fee equivalent to 4% of the gross amount of external borrowing obtained by the US REIT (however, this fee is currently set at 2%).

Further detail regarding these fees and the costs of dealing in the US REIT's assets which they cover, is set out in Section 6.

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 of 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.

12.2 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 Evans Dixon Group. Each of these agreements is on arm's length terms and contains 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 Evans Dixon Group. 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 of up to 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 Evans Dixon Group. 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:

- acquiring and maintaining office space and related office facilities;
- employing office personnel;
- book keeping;
- acquiring and maintaining appropriate levels of insurance; and
- 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 a term of 10 years up to 2021. 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 Evans Dixon Group, 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 architectural and quantity surveyor services at agreed hourly rates and the cost of renovations. Costs of renovations include direct labour and materials and an on-cost charge of 22.065%. These costs are capitalised to the relevant investment properties.

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.



12.3 Joint venture agreement

The Fund has three joint venture agreements with Urban American, a highly experienced US-based joint venture partner, to hold interests in multifamily properties located in Hudson County, Washington Heights, New York and Astoria, New York.

The Fund, through its controlled entities, acquired a 67.5% equity interest in Golden Peak II Holdings LLC, a limited liability company incorporated in Delaware (a joint venture entity). Urban American holds the remaining 32.5% equity interest in the joint venture entity, and acts as the General Partner. 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 multi-dwelling properties in Hudson County, New Jersey.

The property located at 515 West 168th Street, Washington Heights is owned by 515 West 168th Street LLC, a limited liability company incorporated in Delaware (a joint venture entity). The Fund, through its controlled entities, has a 63.7% equity interest in the joint venture entity. The property is an 84 unit apartment building and was acquired on 6 December 2016. The General Partner of the joint venture entity is UA Dixon 168 Manager LLC. Dixon Advisory USA Inc, a related entity of the Fund, has a 50% equity interest in the General Partner and performs the role of Leasing Manager. Urban American own the remaining 50% equity interest in the General Partner.

The properties located at 30-58/64 34th Street, Astoria was acquired by 30-58/64 34th Street LLC, a limited liability company incorporated in Delaware (a joint venture entity) on 19 May 2017. The Fund, through its controlled entities, has a 65% equity interest in the joint venture entity. The joint venture entity owns two properties in Astoria, New York, each with 35 apartments. The General Partner of the joint venture entity is UA Dixon 30-58/64 34th Street Manager, LLC. Dixon Advisory USA Inc, a related entity of the Fund, has a 50% equity interest in the General Partner and performs the role of Leasing Manager. Urban American own the remaining 50% equity interest in the General Partner.

The management agreements entered into by the respective joint venture entities are on terms consistent with market practice under which Urban American manages the properties. Under the management agreements, the General Partners are entitled to be paid fees by the joint venture entities for their respective roles in managing the underlying properties.

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

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

12.4 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.

12.5 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.

12.6 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.

12.7 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 12.1.1, 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

12.8 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.

12.9 Other series of preferred shares

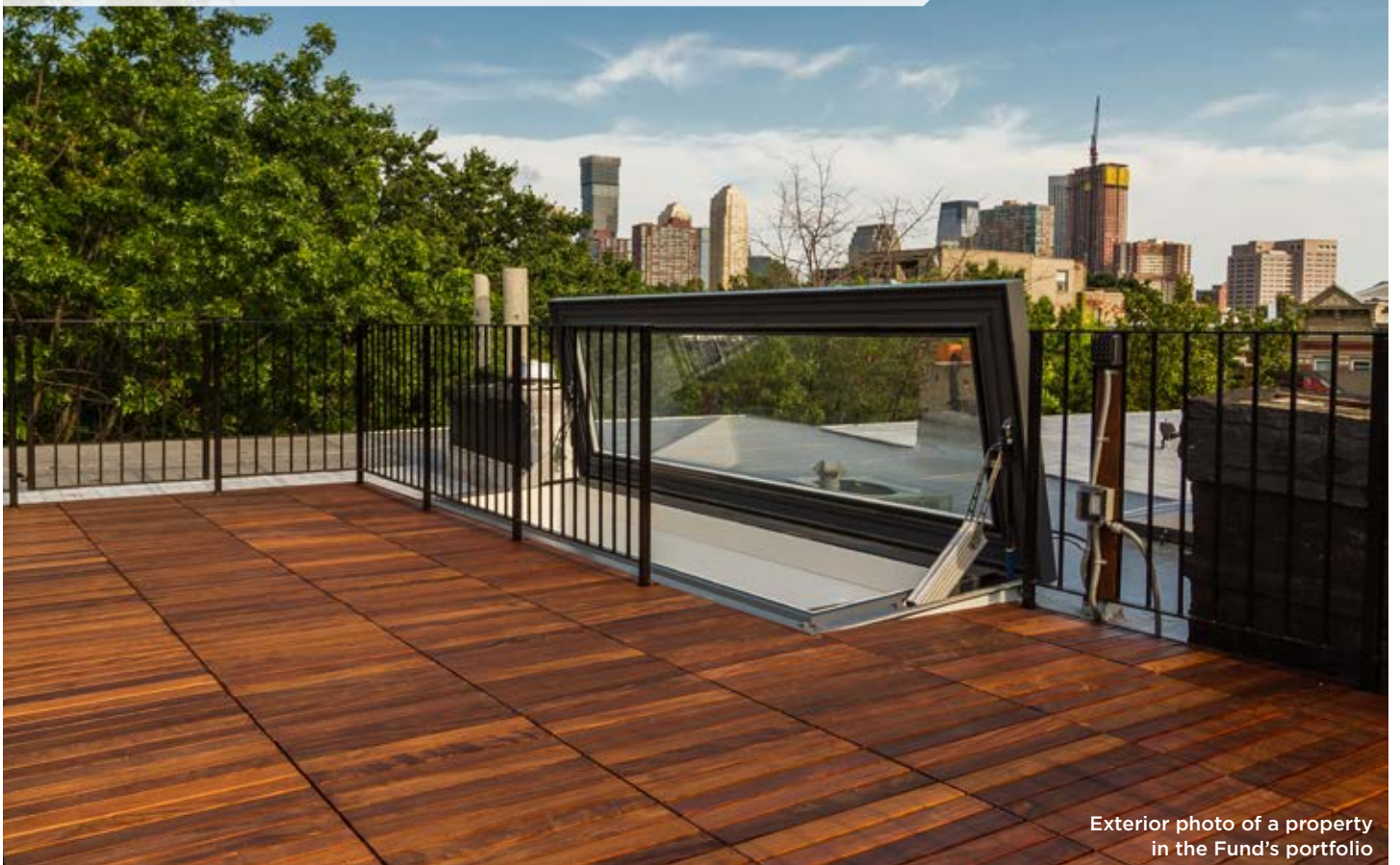
The declaration of trust provides for the issuance of a maximum of 10,000,000 preferred shares. Subject to the rights of the Series A Preferred Shares, the declaration of trust permits the board of trustees to classify or reclassify any unissued preferred shares without shareholder approval, with such 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.





Interior photo of a property in the Fund's portfolio

Section 13: Additional Information



Exterior photo of a property in the Fund's portfolio

13. Additional information

13.1 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 which has been lodged with ASIC.

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. You can obtain a copy of the Constitution at any time on request, at no charge, by contacting us on 1300 454 801.

The summary set out below assumes that the Constitution is amended with the consent of Unitholders at the general meeting to approve the amendments and the issue of CPUs. This meeting is scheduled to be held on 8 December 2017.

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

- applications for Units and CPUs, and the nature of a Unitholder's or CPU Holder's interest in the Fund;
- the term of the Fund and Unitholders' and CPU Holders' entitlements on winding up;
- distributions;
- further issues of Units and CPUs;
- transferability of Units and CPUs;
- powers of the Responsible Entity;
- members' meetings;
- Unitholders' and CPU Holders' liability; and
- the remuneration and expenses of the Responsible Entity.

A. Units

The beneficial interest in the Fund is divided into units. Subject to rights, obligations or restrictions applicable to particular classes (such as the class of CPUs), each unit confers an equal undivided interest in the Fund's property as a whole – it does not confer an interest in any particular asset. Each Unit or CPU confers on its holder the right to vote at a general meeting of members of the Fund, or of the relevant class of members. The Responsible Entity can issue Units or CPUs in accordance with the Constitution. The Constitution contains provisions regarding the Responsible Entity's ability to issue different classes of Units.

The Constitution contains provisions for determining the issue 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 or a class of units to the extent it is permitted to do so by an ASIC exemption and the Listing Rules. Under the Constitution, the CPUs have a fixed Issue Price.

B. Income

The Responsible Entity has the discretion to pay distributions in accordance with the Constitution, including the CPU Terms. The Responsible Entity is prohibited from making distributions to any CPU Holder which is any additional amount out of the distributable income other than an amount which the CPU Holder is entitled to be paid in accordance with the CPU Terms. The Responsible Entity intends to distribute sufficient income of the Fund in each financial year so that tax is not payable at the Fund level. The Responsible Entity's approach to payment of distributions and the tax implications is detailed in Section 9.

Subject to the CPU Terms, 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

The Responsible Entity may issue units of another class and may take any other action which it considers necessary, desirable or reasonably incidental to give effect to the terms of any DRP. This permits CPU Holders to participate in the DRP and to receive Units rather than CPUs on reinvestment of distributions. 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. This is in addition to any right the Responsible Entity may have to 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 powers (including to hold title to any asset), 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 in respect of each month a management fee (**Management Fee**) equivalent to 0.5% per annum (plus the net amount of GST) of the gross value of the assets of the Fund calculated as at the end of the month preceding the date of payment of the Management Fee.

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 is also entitled to an entry fee of up to 5% of the application price of units, and rights to claim expenses properly incurred in the performance of its duties, and GST on fees and expenses, out of the Fund.

The Responsible Entity may 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 6 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 all 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, except where the Corporations Act expressly provides otherwise, 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 Responsible Entity may amend the Constitution from time to time. Approval of members is required unless the Responsible Entity reasonably considers that the changes to the Constitution will not adversely affect members' rights.

13.2 Amendments to constitution

The Constitution already contemplates the issue of units of different classes with different rights. However, as the issue of CPUs affects the rights of Ordinary Unitholders by deferring their rights to payment of distributions and on a winding up, the Responsible Entity is proposing to Unitholders at the meeting to be held on 8 December 2017 that the Constitution be amended to take account of the issue of CPUs and include certain other consequential amendments. The proposed amendments to the Constitution are summarised below. If the special resolution required to make the amendments is not passed at that meeting, the Offer will not proceed and this PDS will be withdrawn.

The key amendments to the Constitution proposed are as follows:

Issue of CPUs

The CPU Terms will be included as Schedule 1 to the Constitution and a definition of CPUs and CPU Terms will be added. Clause 4.1 permitting the issue of different classes of units will be amended to expressly permit the



issue of CPUs on the CPU Terms, and the conversion of units from one class to another.

Application Price

Clause 5 will be amended to expressly permit the initial issue of CPUs at an Issue Price of \$100 per CPU. Historical provisions dealing with issues of Units in the past will be amended to clarify that they relate to ordinary Units and not CPUs.

The provision allowing the Responsible Entity to set the application price payable for Units as part of a placement will be updated to reflect the current Class Order relief granted by ASIC for issues.

Distributions of Income

Clause 10 will be amended to provide the Responsible Entity with the discretion to pay distributions and to otherwise comply with the CPU Terms with respect to distributions. This includes the obligation to pay distributions to CPU Holders up to the applicable distribution rate before payment of distributions to Unitholders and the obligation to comply with the distribution stopper set out in the CPU Terms. The Responsible Entity will be prohibited from making a distribution to any CPU Holder of any additional amount out of the distributable income other than an amount which the CPU Holder is entitled to be paid in accordance with the CPU Terms.

Under the existing Constitution, if in any financial year the Responsible Entity fails to determine the distributable income available for payment to members, the operating income for the Fund for that financial year is deemed to be the distributable income. As this may unduly restrict distributions that may be paid to members, if the Responsible Entity fails to determine the distributable income in any financial year the default distributable income will be defined to be:

- the net income of the Fund as defined in Section 95(1) of the 1936 Tax Act, excluding any amount that is included in the net income of the Fund that will not be received by the Responsible Entity; but
- not less than the amount which if distributed would prevent the Responsible Entity being liable to tax on the income of the Fund.

Distribution reinvestment

The power to implement a distribution reinvestment plan will be expanded to permit the Responsible Entity to issue units of another class and to take any other action which it considers necessary, desirable or reasonably incidental to give effect to the terms of any DRP. This is required to permit CPU Holders to participate in the DRP and receive ordinary Units rather than CPUs on reinvestment of distributions.

Winding Up

Amendments will be made to the procedure for distribution of income and surplus assets on termination of URF in clause 21.3 to be consistent with the CPU Terms. This includes the entitlement of CPU Holders to receive a distribution of surplus assets of URF after payment of all liabilities up to the issue price for CPUs and all distributions that would have been paid had the Responsible Entity determined to pay a Standard Distribution and Deferred Distributions as at the date of winding up, in priority to distribution of net surplus assets to Unitholders.

13.3 Key governance matters

(a) Governance of the fund

The Directors monitor the business affairs of the Fund on behalf of Unitholders and CPU Holders and focus on accountability, risk management, ethical conduct, and conflicts of interest. The Responsible Entity has adopted systems of control and accountability for the Fund as the basis for the administration of governance.

The Board of the Responsible Entity is committed to administering its policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Fund's needs.

(b) Continuous review of corporate governance

The Board of the Responsible Entity will consider on an ongoing basis how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as Directors of the Responsible Entity in light of changing circumstances and economic conditions.

(c) 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:

- prepare and lodge with ASIC both annual and half-yearly financial statements accompanied by a directors' statement and report and an audit or review report;
- make available to Investors upon request a copy of those annual and half-yearly reports and any continuous disclosure notices given by the Responsible Entity after lodgement of the report and before the date of this PDS;
- within 14 days after the end of each month, tell the ASX the Net Tangible Asset Backing of its quoted securities as at the end of that month; and
- 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 the ASX website. All ASX announcements made to the market, including annual and half-year results, with ASIC may be obtained free of charge from the Fund's website at www.usmpf.com or by calling 1300 454 801.

13.4 Complaints

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

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 the Responsible Entity) on 1300 780 808.

13.5 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.

13.6 Related party transactions

The Responsible Entity may transact with related parties. All transactions, including those with related parties, are conducted on arm's length and commercial terms. There are a number of related party transactions described in this PDS in relation to the Fund, such as arrangements with the Investment Manager and Australian Fund Accounting Services Pty Limited as provider of fund accounting services.

The Responsible Entity may also seek professional services for the Fund from qualified service providers, including related parties. The fees for these services will be charged at normal commercial rates to the Fund. Examples of

areas in which related parties may provide services to the Fund are:

- investment management services;
- construction and project management;
- leasing services;
- realty;
- accounting, taxation, legal, and compliance;
- financial structuring and underwriting;
- product distribution; and
- corporate advice.

Related parties of Walsh & Company include:

- Australian Fund Accounting Services Pty Limited;
- Dixon Advisory USA;
- Dixon Projects;
- Dixon Leasing;
- Pure Properties;
- Evans and Partners Pty Limited (a Licensee); and
- Dixon Advisory & Superannuation Services Limited (a Licensee).

13.7 Instructions

Subject to the requirements outlined, or as stipulated by us, you, or persons authorised by you, can provide instructions (quoting your investor number) in writing, by facsimile, or by any other method allowed by us from time to time. By investing in the Fund, you authorise us to accept instructions provided by these methods.

13.8 Interested dealings

Subject to the Corporations Act, the Responsible Entity or associates of the Responsible Entity may:

- a) hold Units and/or CPUs in the Fund;
- b) deal with itself (as Responsible Entity of the Fund or in another capacity), an associate, or with any Unitholder and/or CPU Holder;
- c) be interested in any contract or transaction with itself (as Responsible Entity of the Fund or in another capacity), an associate, or with any Unitholder and/or CPU Holder;
- d) act in the same or a similar capacity in relation to any other managed investment scheme; and
- e) retain for its own benefit any profits or benefits derived from any such contract or transaction.



13.9 Privacy

When you apply for CPUs, you acknowledge and agree that:

- a) You are required to provide the Responsible Entity with certain personal information to:
 - i. facilitate the assessment of an Application;
 - ii. enable the Responsible Entity to assess the needs of Applicants and provide appropriate facilities and services for Applicants; and
 - iii. carry out appropriate administration.
- b) The Responsible Entity 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.

We are unlikely to disclose personal information to overseas recipients. In some circumstances, we may need to obtain your consent before this occurs. Our policy is to only use cloud or other types of networked or electronic storage where infrastructure is physically located in Australia. We have carried out our due diligence regarding our cloud service providers and have entered into suitable contractual arrangements with them.

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 us.

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.

You may choose not to provide certain personal information. However, if you choose not to provide information requested for the purposes of fulfilling your request for a specific product or service, we may not be able to provide you with the requested product or service, or the product or service which we do provide might not fully meet your needs.

A copy of our privacy policy is available to Applicants on our website and on request. The privacy policy includes the contact details of the Privacy Officer in the event that an Applicant has a complaint about the handling, use or disclosure of personal information.

13.10 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 (or any transfer request) where there is a failure to provide the required identification information upon request.

13.11 Foreign account tax compliance act

The Foreign Account Tax Compliance Act (**FATCA**) is 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 are in 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 Australian Financial Institution under the IGA. The Responsible Entity intends to fully comply with the Fund's FATCA obligations as determined by the FATCA provisions, 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 an 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 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 to your particular circumstances.

13.12 Common reporting standard

The common reporting standard (**CRS**) is a global reporting standard for the Automatic Exchange of Financial Information developed by the Organisation for Economic Co-operation and Development (**OECD**). Australia has signed the multilateral convention and legislation to implement CRS in Australia, which has been enacted through Division 396 in Schedule 1 of the *Taxation Administration Act 1953* (Cth), to be administered by the ATO. CRS commences for Australian financial institutions from 1 July 2017, with the first reporting of information in 2018. Under CRS, Reporting Financial Institutions have due diligence and reporting obligations.

The Fund is an Reporting Financial Institution under CRS. The Responsible Entity, on behalf of the Fund, intends to fully comply with the CRS obligations and any associated guidance from the ATO. These obligations include (but are not limited to) the Responsible Entity documenting the status of Investors that are non-residents of Australia and certain entities controlled by non-residents of Australia. The Responsible Entity is then obligated by law to report certain information on applicable investors to the ATO which may in turn report this information to the tax authority in the applicable jurisdictions.

In order to comply with their CRS obligations, the Responsible Entity is obligated to request certain information from investors. Certain information collected will be reported to the ATO which may in turn report this information to the tax authority in the applicable jurisdictions. Penalties can apply if investors fail to provide the information or provide false information.

Neither the Fund nor the Responsible Entity are liable for any loss an investor may suffer as a result of their compliance with CRS.

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

13.13 Consents

Each of the following parties (each a **Consenting Party**) has given their written consent to the inclusion of the statements made by them, or based on statements made by them, in the form and context in which they are

included, and have not withdrawn that consent at the date of this PDS:

- URF Investment Management Pty Ltd in relation to Section 3;
- Urban American in relation to Section 2 and Section 12;
- Deloitte Corporate Finance Pty Ltd in relation to Section 8.

No Consenting Party makes any representation or warranty as to the completeness or appropriateness of any information contained in this PDS, or takes any responsibility for statements in the PDS, other than as noted above. None of the Consenting Parties has authorised or caused the issue of the PDS or makes any offer of Units.

References are also made in this PDS to entities that have certain dealings with the Responsible Entity in respect of the Fund. These entities have been referred to for information purposes only.

They did not authorise or cause the issue of this PDS and have had no involvement in the preparation of any part of this PDS. None of these named firms, companies or entities makes any offer of Units. They include:

- King & Wood Mallesons;
- Deloitte Touche Tohmatsu;
- KPMG; and
- Boardroom Pty Limited.





Interior photo of a property in the Fund's portfolio.

Section 14: Glossary



Interior photo of a property in the Fund's portfolio.

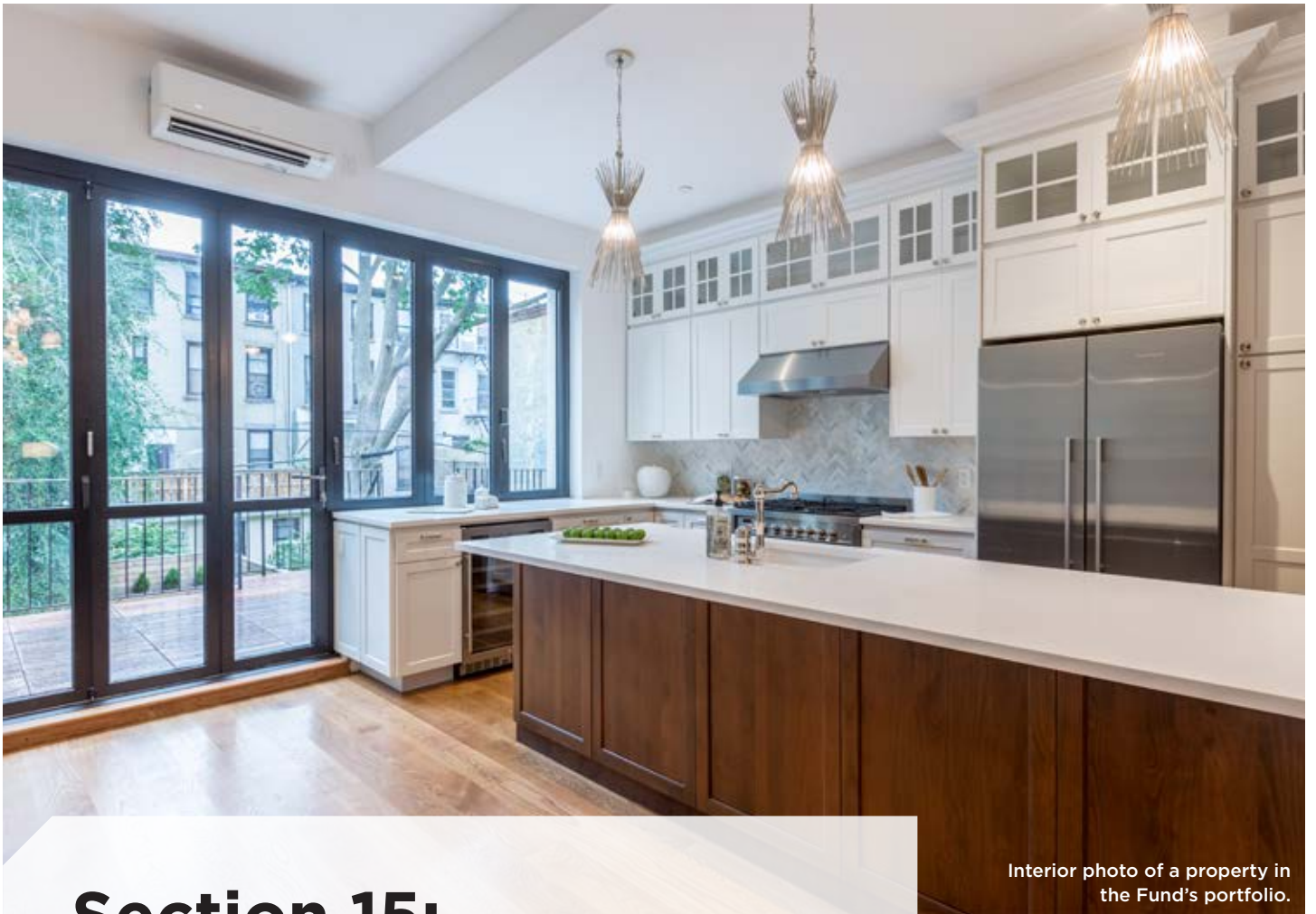
14. Glossary

1936 Tax Act	<i>Income Tax Assessment Act 1936</i> (Cth)
AMIT	Attribution Managed Investment Trust
Associate	Has the same meaning as in the Corporations Act
ASIC	Australian Securities & Investments Commission
ASX	ASX Limited, or the market operated by it, known as the Australian Securities Exchange
Board	The Board of Directors of the Responsible Entity
CFC	Controlled foreign corporation
CGT	Capital gains tax
Constitution	The constitution of URF as amended
Corporations Act	<i>Corporations Act 2001</i> (Cth)
CPU	A perpetual convertible step-up preference unit to be issued by the Responsible Entity on the CPU Terms
Holder	The holder of a CPU
CPU Terms	The proposed terms of issue of the CPUs set out in Annexure A
Directors	The directors of the Responsible Entity
DRP	The URF distribution reinvestment plan as amended from time to time
Evans Dixon or Evans Dixon Group	Evans Dixon Pty Limited (ACN 609 913 457) and its subsidiaries
FITO	Foreign income tax offset
Fund	US Masters Residential Property Fund (ARSN 150 256 161)
Group	URF and its controlled entities
Issue Price	\$100 per CPU
Licensee	A holder of an Australian Financial Services Licence who has introduced an Applicant to the Offer. Such Licensees may include a related party of the Responsible Entity such as Dixon Advisory & Superannuation Services Limited and Evans and Partners Pty Ltd, each a related party of the Responsible Entity.
MIT	A managed investment trust for Australian income tax purposes



MIT capital election	An irrevocable election to apply the CGT rules as the primary code for the taxation of gains and losses on the disposal of assets
NAV	Estimated unaudited net asset value per Unit before withholding tax on unpaid distributions
Noteholder	A holder of URF Notes
Offer	The offer to issue up to 3 million CPUs to be made by the Responsible Entity
PDS	This product disclosure statement, to be issued by the Responsible Entity in relation to the Offer
Priority Offer	The priority offer to be made to Unitholders and Noteholders described in Section 4.2
Registry	Boardroom Pty Limited
Responsible Entity	Walsh & Company Investments Limited (ACN 152 367 649) as responsible entity for the Fund
Rollover	The exchange of CPUs for URF Notes I under the Offer
Target Investment Area	The area described in Section 3.2
Unitholder	A registered holder of Units
Units	Ordinary units in the Fund
URF	US Masters Residential Property Fund (ARSN 150 256 161)
URF Notes	URF Notes I, URF Notes II and URF Notes III
URF Notes I	URF Notes I issued by the Responsible Entity on 24 December 2014 and trading under the ASX code URFHA
URF Notes II	URF Notes II issued by the Responsible Entity on 23 October 2015 and trading under the ASX code URFHB
URF Notes III	URF Notes III issued by the Responsible Entity on 20 February 2017 and trading under the ASX code URFHC





Interior photo of a property in the Fund's portfolio.

Section 15: How to invest



Interior photo of a property in the Fund's portfolio.

15. How to invest

15.1 Applications

You must use the Application Form (being the hard copy form to be made available with this PDS or the online Application Form available from www.usmrpf.com.au and once the Offer is open, complete the Application Form in accordance with the instructions contained within the Application Form.

Applications and Application Monies for CPUs under the Offer received after 5:00pm (AEDT) on the Offer Closing Date will not be accepted and will be returned to Investors.

The minimum investment is 20 CPUs equating to \$2,000.

Participation in the DRP is optional and if you do not wish to receive distributions in the form of ordinary Units you may make the appropriate election in your Application Form. Applicants will otherwise be taken to have elected to participate in the DRP.

Applications must be accompanied by payment in Australian currency. Applications made using the online Application Form must submit payment via BPAY.

Cheques should be made payable to “**URF Trust Account**” and crossed “**Not Negotiable**”. Payments by cheque will be deemed to have been made when the cheque is honoured by the bank on which it is drawn. The amount payable on Application will not vary during the period of the Offer and no further amount is payable on the issue of CPUs. No brokerage or stamp duty is payable by Applicants.

Completed hard copy Application Forms and accompanying cheques may be lodged with:

POSTAL

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

HAND DELIVERED

CANBERRA

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

SYDNEY

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

US Masters Residential Property Fund Offer
c/ - Evans and Partners
Level 5, 5 Martin Place
Sydney NSW 2000

MELBOURNE

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

US Masters Residential Property Fund Offer
c/ - Evans and Partners
Mayfair Building, 171 Collins Street
Melbourne VIC 3000

Application Forms will be accepted at any time after the Offer Opening Date and prior to 5:00pm (AEDT) on the Offer Closing Date.



The Responsible Entity may close the Offer at any time without prior notice or extend the period of the Offer in accordance with the Corporations Act.

15.2 Offer not underwritten

The Offer is not underwritten.

15.3 Issue of CPUs

No issue of CPUs will be made until the Minimum Subscription has been received. It is expected that issue of CPUs under the Offer will take place on or around 22 December 2017. Application Monies will be held in a separate account until CPUs are issued. This account will be established and kept by the Responsible Entity on behalf of the Applicants. The Responsible Entity may retain any interest earned on the Application Monies pending the issue of CPUs to Investors.

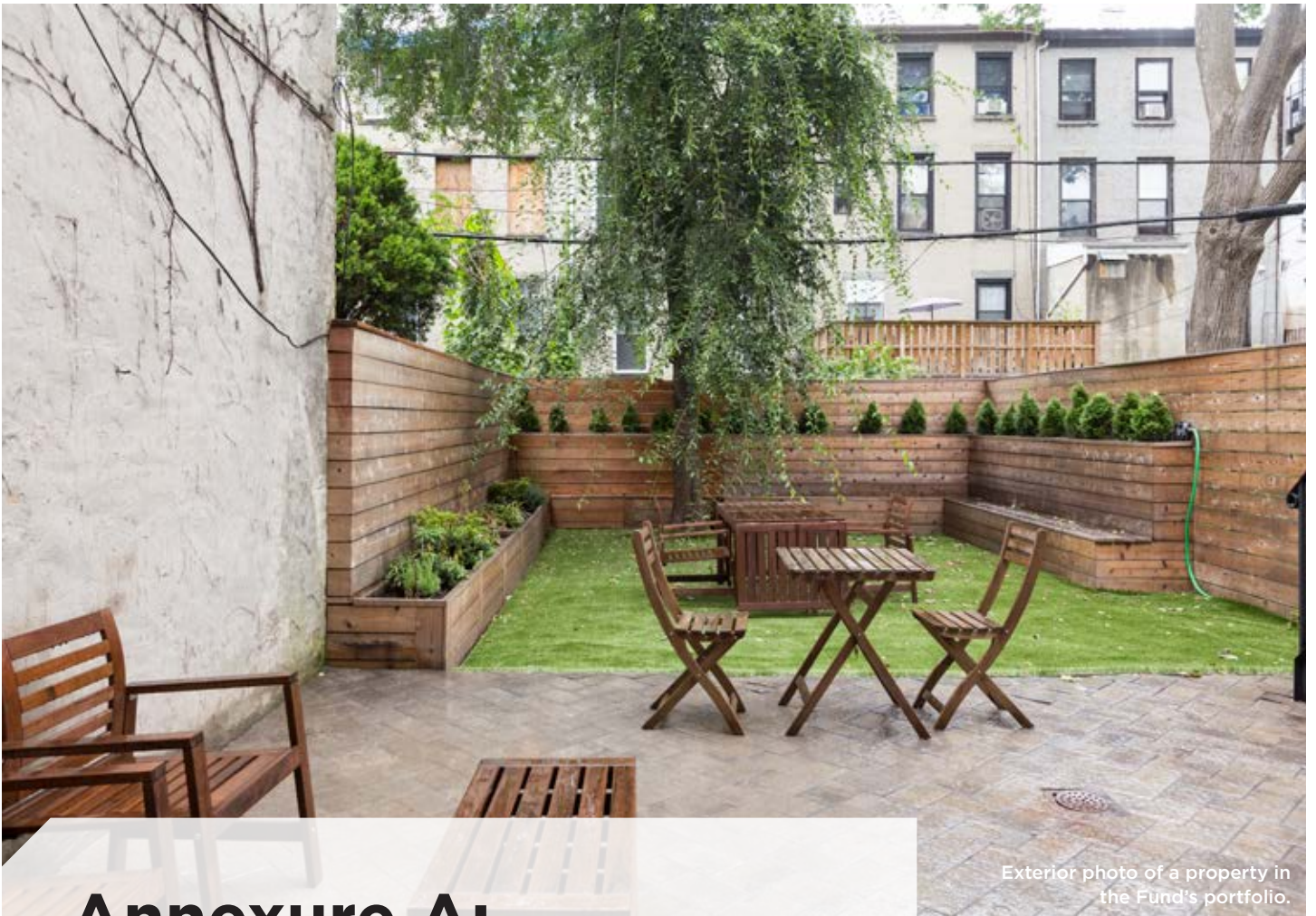
The Application constitutes an offer by the Applicant to subscribe for CPUs on the terms and subject to the conditions set out in this PDS and the Constitution, which may be accepted or rejected by the Responsible Entity in its discretion. Where the number of CPUs issued is less than the number applied for, or where no CPUs are issued, the surplus Application Monies will be returned by cheque within seven days of the Offer Closing Date. Interest will not be paid on refunded Application Monies to Applicants.

15.4 Overseas applicants

Only Applicants who have a permanent 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. It is the Responsible Entity's intention, and, to the extent within its control, the Responsible Entity shall use its commercially reasonable efforts to ensure that the CPUs will not be resold to any persons, including US Persons (as defined below), other than persons who have a permanent address in Australia.

This document is not an offer or an invitation to acquire securities or financial products in any country other than Australia. 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 of America or to, or for the account or benefit of, any US Person, as defined in Regulation S under the Securities Act.





Exterior photo of a property in the Fund's portfolio.

Annexure A: CPU Terms



Interior photo of a property in the Fund's portfolio.

Terms of Issue of Series A Convertible Step-Up Preference Units

1. Issue Price

1.1. Issue Price

- (a) The issue price of each CPU is \$100.00 (**Issue Price**).
- (b) Each CPU must be paid for in full on application.

2. Form and Ranking

2.1. Form

- (a) Each CPU is a perpetual cumulative convertible step-up preference unit in URF conferring an undivided share in the beneficial interest in the assets of the URF. A CPU converts into Ordinary Units in accordance with these Terms.
- (b) CPUs are issued according to the Constitution of which these Terms form part.

2.2. Entries in the Register

CPUs are taken to be issued when they are entered in the Register.

2.3. No certificates

No certificates will be issued in respect of any CPU unless the Issuer determines that certificates should be available or they are required by any applicable law.

2.4. Ranking

Subject to the Constitution, each CPU ranks:

- (a) equally with all other CPUs in all respects;
- (b) senior to Ordinary Units in respect of Distributions and payments in a winding up of the URF in accordance with these Terms; and
- (c) subordinate to all creditors of the Issuer as responsible entity of URF in respect of distributions and payments in a winding up of URF.

3. Distributions

3.1. Calculation of Distributions

- (a) Subject to these Terms (including clause 3.3), each CPU entitles the Holder on the relevant Record Date to receive on each relevant Distribution Payment Date a distribution (**Standard Distribution**) in respect of each CPU Distribution Period for each CPU calculated in accordance with the following formula:

$$D = R \times IP \times N/365$$

Where:

D is the distribution payable in respect of that CPU Distribution Period;

R is the Rate;

IP is the Issue Price for the CPU; and

N is the number of days from and including the Issue Date until (and including) the last day of the first CPU Distribution Period and thereafter from and including the first day of each succeeding CPU Distribution Period until (and including) the last day of the relevant CPU Distribution Period.

- (b) In these Terms, **Rate** means:

- (i) in respect of all CPU Distribution Periods in the period from the Issue Date to but excluding the Step-Up Date – 6.25% per annum;
- (ii) in respect of all CPU Distribution Periods from and including the Step-Up Date – 8.75% per annum.

- (c) The Issuer may not pay a Standard Distribution greater than the amount determined in accordance with clause 3.1(a).

3.2. CPU Distribution Period

- (a) The initial CPU Distribution Period is the period from the date of issue of the CPUs to 30 June 2018.
- (b) Thereafter, subject to clause 3.2(c), each CPU Distribution Period is the period of 6 months until the next to occur of 30 June and 31 December.
- (c) The final CPU Distribution Period is the period from the first day of the current CPU Distribution Period until the Conversion of the CPUs.

3.3. Payment of Distributions

The payment of Standard Distributions and Deferred Distributions (each a **Distribution**) is subject to:

- (a) the Issuer determining the Distribution to be payable;
- (b) the Constitution; and
- (c) the Corporations Act and any other law not prohibiting the Issuer from paying the Distribution.

3.4. Rounding of Distributions

All calculations of Distributions must be rounded down to 2 decimal places. For the purposes of calculating a Holder's aggregate entitlement to a Distribution, any fraction of a cent must be disregarded.



3.5. Distribution Payment Dates

Distributions are payable in arrears by the date 40 Business Days after the end of the relevant CPU Distribution Period

3.6. Record Dates

A Distribution is only payable to persons who are Holders on the Record Date for that Distribution.

3.7. Ordinary Units issued on reinvestment

(a) In the case of a reinvestment of a Distribution at the election of a Holder, the number of Ordinary Units to be issued must be determined in accordance with the following formula:

$$U = RA/DRPP$$

Where

U is the number of Ordinary Units to be issued;

RA is the total amount to be reinvested in Ordinary Units; and

DRPP is the DRP Price as determined in accordance with clause 3.7(b).

(b) For the purposes of clause 3.7(a), **DRP Price** means an amount equal to 95% of the VWAP of Ordinary Units over the 10 Business Days (whether or not trading of Ordinary Units occurs on those Business Days) up to but excluding the Record Date for the relevant CPU Distribution Period.

(c) If the Issuer elects to issue Ordinary Units under this clause 3.7 (**Distribution Ordinary Units**), it must:

(i) issue the Distribution Ordinary Units within 5 Business Days of the payment date for the relevant Distribution;

(ii) ensure that the Distribution Ordinary Units rank pari passu with Ordinary Units from the date of issue;

(iii) apply for official quotation of the Ordinary Units and issue holding statements for the Distribution Ordinary Units within the time periods stipulated by the Listing Rules for a new issue of Ordinary Units.

3.8. Distributions are cumulative

(a) The entitlement of the holder of a CPU to the payment of a Standard Distribution is cumulative so that if, in respect of a CPU Distribution Period, no Standard Distribution is paid or the Standard Distribution paid on a CPU is less than the entitlement to a Standard Distribution for that CPU Distribution Period, the shortfall (**Deferred Distribution**), is, subject to the Issuer's right to further defer payment of a Distribution under clause 3.3, payable on the Distribution Payment Date for the immediately following CPU Distribution Period.

(b) For the purposes of clauses 3.8(a) and 3.9(a), a Distribution is taken to have been paid if it has

been reinvested in Ordinary Units at the election of the Holder.

3.9. Consequences of non-payment

(a) If, for any reason, the Issuer has not paid a Distribution in an amount equal to the entitlement to a Distribution for that CPU Distribution Period together with any amount of Deferred Distribution within 40 Business Days after the end of the relevant CPU Distribution Period, the Issuer must not, without the approval of a Special Resolution passed at a separate meeting of Holders:

(i) pay any distributions (whether of income or capital) on;

(ii) undertake a buyback (other than as a result of an on-market buyback undertaken in accordance with ASIC Corporations (ASX-listed Schemes On-market Buybacks) Instrument 2016/1159 or any successor or replacement instrument), redeem or otherwise cancel; or

(iii) give effect to a redemption of or withdrawal from URF in respect of,

any Ordinary Units or any other units in URF over which the CPUs rank in priority for participation of profits with respect to the CPU Distribution Period for that Distribution, unless and until all Deferred Distributions have been paid.

(b) Without limiting clause 3.3 or clause 3.8 the Issuer may elect at any time to pay to Holders a distribution up to the amount of any Deferred Distribution.

4. Conversion

4.1. Conversion

(a) Each CPU converts into the number of Ordinary Units determined in accordance with clause 4.4:

(i) in respect of all CPUs held by a Holder who provides a Holder Conversion Notice, on the Holder Conversion Date for that Holder; and

(ii) in respect of all other CPUs, on the Issuer Conversion Date,

(the **Conversion Date**). CPUs do not convert into Ordinary Units in any other circumstances.

(b) Each CPU confers all the rights attaching to the relevant number of Ordinary Units determined in accordance with clause 4.4 but these rights do not take effect until the relevant Conversion Date. At that time:

(i) all other rights or restrictions conferred upon the CPUs under these Terms no longer have effect; and

(ii) the Ordinary Units into which each CPU has converted rank equally with all other Ordinary Units then on issue and the Issuer must issue a



statement that the Holder of those Ordinary Units holds each Ordinary Unit so ranking.

- (c) The taking effect of the rights of a CPU under this clause 4 by the reclassification of an interest in URF in the nature of a CPU to a Ordinary Unit is, for the purposes of these Terms, together termed **Conversion** (and **Convert** has a corresponding meaning).
- (d) Conversion does not constitute cancellation, redemption or termination of a CPU nor an issue, allotment or creation of a new unit.

4.2. Issuer Conversion

- (a) Subject to clause 4.2(c), the Issuer may elect to Convert all CPUs to Ordinary Units on 1 January 2023 or the first day of any subsequent CPU Distribution Period provided it first does the following:
- (i) if URF is Listed at that time, by releasing an announcement on the ASX Company Announcements Platform stating that all CPUs will be Converted and the relevant Issuer Conversion Date for Conversion; or
- (ii) if URF is not Listed at that time, by giving written notice to Holders.
- (b) The announcement or notice issued under clause 4.2(a) must specify the date for Conversion being the last date of the then current CPU Distribution Period (**Issuer Conversion Date**).
- (c) The Issuer must issue an announcement or give notice to Holders under clause 4.2(a) no later than 10 Business Days prior to the Issuer Conversion Date.

4.3. Holder Conversion

- (a) A Holder may require the Conversion of all (but not some) of its CPUs in the circumstances set out in this clause 4.3 by giving written notice to the Issuer in the form published by the Issuer from time to time (Holder Conversion Notice). A Holder Conversion Notice is irrevocable other than with the consent of the Issuer which it may withhold in its discretion.
- (b) A Holder may only deliver a Holder Conversion Notice if, as at the date of delivery of the Holder Conversion Notice, the Issuer has breached its obligations under clause 3.9.
- (c) All CPUs held by a Holder who has delivered a Holder Conversion Notice Convert on the Holder Conversion Date for that Holder.
- (d) The **Holder Conversion Date** for a Holder is the first day of the next CPU Distribution Period that is at least 30 Business Days after the date that Holder has delivered a Holder Conversion Notice to the Issuer.
- (e) A Holder who has delivered a Holder Conversion Notice must:
- (i) provide evidence of title acceptable to the Issuer for

the CPUs the subject of the notice; and

- (ii) not dispose of or otherwise agree to dispose of any interest in the CPUs to which the Holder Conversion Notice relates.

4.4. Conversion: number of Ordinary Units

- (a) Subject to clause 4.4(g), on the Conversion Date, each CPU converts into the number of Ordinary Units determined in accordance with the following formula (**CA** or **Conversion Amount**):

$$CA = CN + ACN$$

Where:

CN is the Conversion Number; and

ACN is the Additional Conversion Number.

- (b) In these Terms, subject to clauses 4.4(e) - 4.4(f), **Conversion Number** is the number determined in accordance with the following formula:

$$CN = IP/CVWAP$$

Where:

CN is the Conversion Number;

IP is the Issue Price; and

CVWAP is the Conversion VWAP.

- (c) In these Terms, **Additional Conversion Number** is the number determined in accordance with the following formula:

$$ACN = OD/CVWAP$$

Where:

ACN is the Additional Conversion Number;

OD is the aggregate of all Distributions that the Holder would have been entitled to receive as at the Conversion Date had the Issuer determined under clause 3.3 to pay:

- (i) a Standard Distribution in accordance with clause 3.1; and

- (ii) a Deferred Distribution in respect of all periods up to the Conversion Date that remained unpaid; and

CVWAP is the Conversion VWAP.

- (d) In these Terms, **Conversion VWAP** means an amount equal to 97.5% of the VWAP of Ordinary Units over the 10 Business Days (whether or not trading of Ordinary Units occurs on those Business Days) up to but excluding the Conversion Date.
- (e) If the Conversion Number determined in accordance with clause 4.4(b) is less than the Minimum CN, the Conversion Number is the Minimum CN.
- (f) If the Conversion Number determined in accordance with clause 4.4(b) is greater than the Maximum CN,



the Conversion Number is the Maximum CN.

- (g) If on Conversion the aggregate number of Ordinary Units to which a Holder is entitled includes a fraction of a Ordinary Unit, that fraction must be disregarded and the Holder has no further claim or right to that fraction of a Ordinary Unit.

4.5. Quotation from Conversion

The Issuer must apply for official quotation of the Ordinary Units issued upon Conversion within the time periods stipulated by the Listing Rules for a new issue of Ordinary Units.

4.6. Adjustment to Minimum CN and Maximum CN

- (a) Subject to clause 4.6(e), in a consolidation of Ordinary Units, the Minimum CN and Maximum CN must be consolidated in the same ratio as the Ordinary Units.

- (b) Subject to clause 4.6(e), in a subdivision of Ordinary Units, the Minimum CN and Maximum CN must be subdivided in the same ratio as the Ordinary Units.

- (c) Subject to clause 4.6(e), if the Issuer undertakes a pro rata rights issue or bonus issue of Ordinary Units to holders of Ordinary Units generally, each of the Minimum CN and Maximum CN is adjusted in accordance with the following formula:

$$AMCN = MCN \times (CV / ((CV - (S + D)) / N + 1))$$

Where:

AMCN is the adjusted Minimum CN or Maximum CN (as appropriate);

MCN is the Minimum CN or Maximum CN (as appropriate) immediately prior to application of this formula;

CV is the VWAP of Ordinary Units during the period from the first Business Day after the announcement of the rights or bonus issue up to and including the last Business Day of trading cum rights or bonus issue;

S is the subscription or security price per Ordinary Unit for the rights issue and is zero in the case of a bonus issue;

D is the distributions due but not yet paid on Ordinary Units (except those to be issued under the pro rata issue); and

N is the number of Ordinary Units with rights or entitlements that must be held to receive a right to one new Ordinary Unit under the pro rata issue,

provided that no adjustment is made to the Minimum CN or Maximum CN if:

- (i) (S + D) exceeds CV; or
- (ii) at or about the time of the rights issue or bonus issue, the Issuer offers Ordinary Units to the Holders at the same issue price and in the same proportion

as if the Holders had been able to participate in the rights issue or bonus issue, whether or not they have the ability to renounce the rights.

- (d) Subject to clause 4.6(e), if the Issuer undertakes an off-market buyback or cancellation of Ordinary Units, each of the Minimum CN and Maximum CN is adjusted in accordance with the following formula:

$$AMCN = MCN \times (CV / ((CV - (S + D)) / N + 1))$$

Where:

AMCN is the adjusted Minimum CN or Maximum CN (as appropriate);

MCN is the Minimum CN or Maximum CN (as appropriate) immediately prior to application of this formula;

CV is the VWAP of Ordinary Units during the period from the first Business Day after the announcement of the buy-back up to and including the last Business Day of trading cum buy-back;

S is the price per Ordinary Unit paid under the buy-back;

D is the distributions due but not yet paid on Ordinary Units (if any); and

N is the proportion of the issued Ordinary Units bought back expressed as a decimal,

provided that no adjustment is made to the Minimum CN or Maximum CN if:

- (i) (S + D) exceeds CV; or
- (ii) at or about the time of the rights issue or bonus issue, the Issuer offers Ordinary Units to the Holders at the same issue price and in the same proportion as if the Holders had been able to participate in the rights issue or bonus issue, whether or not they have the ability to renounce the rights.

- (e) Notwithstanding the express provisions of clauses 4.6(a) - 4.6(d), in any reconstruction or alteration of capital, the Minimum CN and Maximum CN must be adjusted so that:

- (i) a Holder will not receive a benefit that holders of Ordinary Units do not receive; and
- (ii) a Holder does not forego any benefit that it would have received had the reconstruction or alteration of capital not happened.

4.7. No other adjustments

Unless otherwise approved by Special Resolution passed at a separate meeting of Holders and a Special Resolution of members of URF, no adjustment to the methodology for determining the number of Ordinary Units into which CPUs are Converted may be made as a result of Issuer undertaking:



- (a) an issue of Ordinary Units other than an issue undertaken on a pro rata basis (including a placement, an issue under an off-market takeover bid, an issue under an unitholder purchase plan and an issue under a DRP);
- (b) a distribution of capital or income to holders of Ordinary Units; or
- (c) an on-market buy-back of Ordinary Units.

5. Payments to Holders

5.1. No set-off

The Holder has no right to set-off any amounts owing by it to the Issuer against any claims owing by the Issuer.

5.2. Time limit for claims

A claim against the Issuer for payment according to these Terms is void unless made within five years of the due date for payment.

6. Title and transfer of CPU

6.1. Title

Title to a CPU passes when details of the transfer are entered in the Register.

6.2. Issuer may request holding lock or refuse to register transfer

If CPU are Officially Quoted, and if permitted to do so by the Listing Rules and the Corporations Act, the Issuer may:

- (a) request the CS Facility Operator or the Registrar, as the case may be, to apply a holding lock to prevent a transfer of CPU approved by and registered on the CS Facility's electronic subregister or CPU registered on an issuer-sponsored subregister, as the case may be; or
- (b) refuse to register a transfer of CPU.

6.3. Issuer must request holding lock or refuse to register transfer

- (a) The Issuer must request the CS Facility Operator or the Registrar, as the case may be, to apply a holding lock to prevent a transfer of CPU approved by and registered on the CS Facility's electronic subregister or CPU registered on an issuer-sponsored subregister, as the case may be, if the Corporations Act, the Listing Rules or the terms of a restriction agreement require the Issuer to do so.
- (b) The Issuer must refuse to register any transfer of CPU if the Corporations Act, the Listing Rules or the terms of a restriction agreement require the Issuer to do so.

6.4. Notice of holding locks and refusal to register transfer

If, in the exercise of its rights under clauses 6.2 and 6.3, the Issuer requests application of a holding lock to prevent a transfer of CPU or refuses to register a transfer of CPU, it must, within two months after the date on which the transfer was lodged with it, give written notice of the request or refusal to the Holder, to the transferee and the broker lodging the transfer, if any. Failure to give such notice does not, however, invalidate the decision of the Issuer.

7. Quotation and Foreign Holders

7.1. Quotation on ASX

The Issuer must use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure quotation of CPU on ASX.

7.2. Foreign Holders

Where CPU held by a Foreign Holder are to be converted to Ordinary Units in accordance with these Terms, unless the Issuer is satisfied that the laws of the Foreign Holder's country of residence (as shown in the Register) permit the conversion to Ordinary Units of the Foreign Holder (but as to which the Issuer is not bound to enquire), either unconditionally or after compliance with conditions which the Issuer regards as acceptable and not unduly onerous, the Ordinary Units which the Foreign Holder is obliged to accept may be issued to a nominee who will sell those Ordinary Units and pay a cash amount equal to the net proceeds received, after deducting any applicable brokerage, stamp duty and other taxes and charges, to that Foreign Holder. The nominee may be a related party of the Issuer.

8. Amendment of these Terms

8.1. Amendment without consent

Subject to complying with the Corporations Act and all other applicable laws, the Issuer may amend these Terms:

- (a) if the Issuer is of the opinion that the amendment is:
 - (i) of a formal, minor or technical nature;
 - (ii) made to cure any ambiguity or correct any manifest error;
 - (iii) expedient for the purpose of enabling the CPU to be listed for quotation or to retain listing on any stock exchange, to be cleared or settled through any clearing system or to retain clearance and settlement through any clearing system or to be offered for, or subscription for, sale under the laws for the time being in force in any place and it is otherwise not reasonably considered by the Issuer to adversely affect the rights of Holders; or



(iv) necessary to comply with the provisions of any statute or the requirements of any statutory authority; or

(b) generally in any case where such amendment is reasonably considered by the Issuer not to adversely affect the rights of Holders.

8.2. Amendment with consent

Without limiting clause 8.1 but subject to the Corporations Act, the Issuer may amend these Terms if the amendment has been approved by a Special Resolution passed at a separate meeting of Holders.

8.3. Meanings

In this clause 8, amend includes modify, cancel, alter, adjust or add to and **amendment** has a corresponding meaning.

8.4. Notice of amendments

Any amendment of these Terms made in accordance with this clause 8 must be promptly notified to Holders.

9. General Provisions

9.1. Issues of other securities

Except as set out in these Terms or the rules of a DRP applied to a Distribution, the CPU carry no right to participate in any offering of securities by the Issuer.

9.2. Voting

The Constitution contains provisions for convening meetings of the Holders to consider any matter affecting their interests, including any variation of these Terms which requires the consent of Holders.

9.3. Priority of Distributions

(a) If:

- (i) a Distribution for each CPU held in respect of a CPU Distribution Period; or
- (ii) a distribution entitlement on any other units in URF which rank equally with the CPUs as to distributions;

has been determined by the Issuer to be paid but has not been paid, or is not able to be paid in full, any Distributions and any distributions payable on those other units must be paid pro rata.

(b) Unless and until Conversion occurs, the CPUs rank in priority to Ordinary Units for the payment of distributions.

9.4. Distribution of proceeds on a Winding Up

(a) Unless and until Conversion, if net proceeds are available to be distributed under Clause 21.3 on a winding up of URF, Holders are entitled to receive out of those proceeds, in respect of each CPU held, a payment equal to Wind Up Amount as determined as at the date the Issuer commenced the winding up of URF (**Wind Up Date**) before any payment of income

or capital is made to holders of Ordinary Units or any other class of securities ranking behind the CPUs.

(b) In these Terms Wind Up Amount means the aggregate of:

- (i) the Issue Price; and
- (ii) any Distribution that the Holder would have been entitled to receive as at the Wind Up Date had the Issuer determined under clause 3.3 to pay:

(A) a Standard Distribution in accordance with clause 3.1;

(B) a Deferred Distribution in respect of all periods up to the Conversion Date that remained unpaid.

9.5. Shortfall on a Winding Up

If, upon a winding up of URF, there are insufficient funds to pay in full the amounts referred to in clause 9.4 and the amounts payable in respect of any other units in URF ranking as to such distribution equally with the CPUs on a winding up of URF, the Holders and the holders of any such other units share in any distribution of assets of URF in proportion to the amounts to which they are entitled respectively.

9.6. Participation in Surplus Assets and Profits

The CPUs do not confer on Holders any further right to participate in the surplus assets of URF on a winding up or in the property or profits of URF beyond the rights set out in these Terms.

9.7. Restrictions on other issues

(a) The issue of any other class of units in URF which rank in priority to the CPUs in respect of distributions or return of capital on a winding up constitutes an alteration of the rights attached to the CPUs. Accordingly, unless and until all the CPUs have been Converted, the Issuer must not, without approval of a Special Resolution passed at a separate meeting of Holders, issue, or permit the conversion of any existing units ranking in priority to the CPUs as to dividends or return of capital on winding up.

(b) The Issuer may at any time issue further CPUs or other securities ranking equally with (including any convertible preference unit on similar terms to the CPUs) or behind any existing CPUs as to distributions or return of capital on winding up without approval of a Special Resolution passed at a separate meeting of Holders. Such an issue does not constitute a variation or cancellation of the rights attached to the then existing CPUs.

10. Interpretation and Definitions

10.1. Interpretation

(a) Unless the context otherwise requires, if there is any



inconsistency between the provisions of these Terms and the Constitution, then, to the maximum extent permitted by law, the provisions of these Terms will prevail.

- (b) Except to the extent otherwise specified in these Terms, notices may be given by URF to a Holder in the manner described by the Constitution for the giving of notices to members of URF and the relevant provisions of the Constitution apply with all necessary modification to notices to Holders.
- (c) Unless otherwise specified, in these Terms, a reference to a **clause** is a reference to a clause of these Terms.
- (d) If a calculation is required under these Terms, unless the contrary intention is expressed, the calculation will be rounded down to 2 decimal places.
- (e) If an event under these Terms must occur, or anything must be done under these Terms, on or by a stipulated day which is not a Business Day, then the stipulated day will be taken to be the next Business Day.
- (f) Definitions and interpretations under the Constitution also apply to these Terms, subject to clause 10.1(a).
- (g) A reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.
- (h) Specifying anything in these Terms after the words **include** or **for example** or similar expressions does not limit what else is included unless there is express wording to the contrary.

10.2. VWAP adjustments

For the purposes of calculating VWAP in accordance with these terms:

- (a) where, on some or all of the Business Days in the relevant calculation period (**Reference Period**), Ordinary Units have been quoted on ASX as cum any distribution or other entitlement and Distribution Ordinary Units are to be issued or the CPUs convert into Ordinary Units after the date those Ordinary Units no longer carry that entitlement (**Ex Date**), then the VWAP on the Business Days on which those Ordinary Units have been quoted cum distribution or cum entitlement must be reduced by an amount (**Cum Value**) equal to:
 - (i) (in the case of a distribution), the amount of that distribution;
 - (ii) (in the case of an entitlement which is traded on ASX on any of those Business Days), the volume weighted average price of all such entitlements sold on ASX during the Reference Period on the Business Days on which those entitlements were traded, as attributed to each Ordinary Units; or
 - (iii) (in the case of an entitlement not traded on

ASX during the Reference Period), the value of the entitlement per Ordinary Unit as reasonably determined by the Issuer; and

- (b) where, on some or all of the Business Days in the Reference Period, Ordinary Units have been quoted ex distribution or ex entitlement, and Distribution Ordinary Units are to be issued or the CPUs convert into Ordinary Units which would be entitled to receive the relevant distribution or entitlement, the VWAP on the Business Days on which those Ordinary Units have been quoted ex distribution or ex entitlement must be increased by the Cum Value.

11. Definitions

In these Terms the following terms have the meaning set out below:

Additional Conversion Number	has the meaning given in clause 4.4(c).
Applicable Regulation	such provisions of the Listing Rules, the ASX Settlement Operating Rules, the Corporations Act and any regulations or rules passed under or pursuant to any such provisions, as may be applicable to the transfer.
ASX	Australian Securities Exchange Limited.
Business Day	a day other than a Saturday, Sunday or public holiday on which banks are open for normal banking business in Sydney.
Constitution	the constitution of URF from time to time.
Conversion	has the meaning given in clause 4.1(c).
Conversion Amount	has the meaning given in clause 4.4(a).
Conversion Date	has the meaning given in clause 4.1(a).
Conversion Number	has the meaning given in clause 4.4(b).
Conversion VWAP	has the meaning given in clause 4.4(d).
Corporations Act	the Corporations Act 2001 (Cth).
CPU	a series A perpetual cumulative convertible step-up preference unit in the capital of URF issued in accordance with these Terms.



CPU Distribution Period	has the meaning given in clause 3.2.
CS Facility	has the same meaning as "prescribed CS facility" in the Corporations Act.
CS Facility Operator	the operator of a CS Facility.
Deferred Distribution	has the meaning given in clause 3.8.
Distribution	a Standard Distribution or a Deferred Distribution.
Distribution Payment Date	each date on which a Distribution is payable in accordance with clause 3.5, whether or not a Distribution is paid on that date.
Distribution Ordinary Units	has the meaning given in clause 3.7(c).
DRP	a distribution reinvestment plan that may be adopted by Issuer under which Holders have the opportunity to reinvest a Distribution in securities in URF.
Foreign Holder	means a Holder whose address in the Register is a place outside Australia or New Zealand or who the Issuer otherwise believes may be a foreign Holder.
Holder	a person whose name is for the time being entered in the Register as the holder of a CPU.
Holder Conversion Date	has the meaning given in clause 4.3(d).
Holder Conversion Notice	has the meaning given in clause 4.3(a).
Issue Date	the date of issue of a CPU.
Issue Price	has the meaning given in clause 1.1.
Issuer	the company registered with ASIC as the responsible entity for URF from time to time, being as at the Issue Date Walsh & Company Investments Limited (ACN 152 367 649) (AFSL 410 433) in its capacity as responsible entity of URF.
Issuer Conversion Date	has the meaning given in clause 4.2(b).

Issuer Conversion Notice	has the meaning given in clause 4.2(a) (i).
Listing Rules	the listing rules of the ASX.
Maximum CN	the number specified in the PDS as the Maximum CN from the date of issue adjusted from time to time in accordance with clause 4.6.
Minimum CN	the number specified in the PDS as the Minimum CN from the date of issue adjusted from time to time in accordance with clause 4.6.
Officially Quoted	a quotation on the official list of the ASX, including when quotation is suspended for a continuous period of not more than 60 days.
PDS	the product disclosure statement issued by the Issuer in connection with the offer of CPUs.
Rate	has the meaning given in clause 3.1(b).
Record Date	for payment of:
(a)	a Standard Distribution - the last day of the CPU Distribution Period for that Distribution; and
(b)	a Deferred Distribution or an Additional Distribution - the date prior to its payment that is determined by the Issuer.
Register	the register of URF maintained by the Issuer.
Registrar	Boardroom Pty Limited or any other person appointed by the Issuer to maintain the Register.
Special Resolution	has the meaning given in the Corporations Act.
Standard Distribution	has the meaning given in clause 3.1.
Step-Up Date	1 January 2023.
Terms	these terms and conditions of issue of the CPUs.
Ordinary Unit	an ordinary unit in URF.
URF	US Masters Residential Property Fund (ARSN 150 256 161).



VWAP	subject to clause 10.2, the volume weighted average price of trading of Ordinary Units sold on the ASX market and the Chi-X market over the relevant period or on the relevant days but does not include any block trades, large portfolio trades, permitted trades during the pre-trading hours period, permitted trades during the post-trading period, out of hours trades and exchange traded option exercises.
Wind Up Amount	has the meaning given in clause 9.4(b).
Wind Up Date	has the meaning given in clause 9.4(a).



Directory

US Masters Residential Property Fund

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