

ASX ANNOUNCEMENT

9 December 2013

REAL ESTATE CAPITAL PARTNERS USA PROPERTY TRUST

ASX CODE: RCU

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Settlement of Claim by former financial consultant

Real Estate Capital Partners Managed Investments Limited (ACN 115 913 810) (**Responsible Entity**) is the responsible entity for RCU.

The Responsible Entity refers to its announcements made on 24 January 2013 and 19 June 2013 relating to the commencement and service of a claim by Mr Jonathan Epstein in the Superior Court of California, Los Angeles County against various parties including RCU.

The financial statements of RCU for year ended 30 June 2013 noted that the Responsible Entity did not consider that the claim was likely to be successful and, accordingly, no liability for this claim was recorded in RCU's financial statements although it was noted as a contingent liability. However, as noted in the announcement made on 19 June 2013, the Responsible Entity would incur costs to review and respond to the claim.

As the Responsible Entity's attempts to have the claim summarily dismissed (including an application to have the Court decline jurisdiction) were unsuccessful, the costs to defend Mr Epstein's action in the Superior Court of California were likely to have been very substantial and, based on the estimate provided by the Responsible Entity's US lawyers, may have been greater than the claim made (US\$750,000) exclusive of punitive damages claimed. Under Californian law and practice these costs are only recoverable by a successful defendant in a limited number of circumstances, none of which are relevant to Mr Epstein's claim. Therefore, even if RCU had successfully defended the claim (which was likely but not certain), it was likely to have been substantially out of pocket.

The Responsible Entity formed the view that, having regard to the quantum of the irrecoverable costs, it was in the best interests of RCU's members that Mr Epstein's claim should be settled. Accordingly the Responsible Entity has entered into a settlement agreement under which Mr Epstein agrees to release RCU from all claims in consideration for the payment of US\$400,000.

The settlement amount has now been paid and the Responsible Entity is pleased to announce that RCU and its controlled entities are released from all claims made by Mr Epstein. A formal dismissal of the claim in the Superior Court of California is expected shortly.

For more information, please contact the Responsible Entity:

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