

11 April 2013

## US Masters Residential Property Fund ASX Code: URF

### Momentum in housing market recovery sparks new capital raising

As the nascent US housing market recovery gains traction, Dixon Advisory & Superannuation Services Limited, as responsible entity (**Responsible Entity**), is pleased to announce a new capital raising for the US Masters Residential Property Fund (**Fund**).

Since mid-2011, the Fund (the first Australian listed fund of its kind) has been investing in US residential property, with a focus on freestanding houses in the New York metropolitan area, specifically in Hudson County, New Jersey, and, more recently, in select neighbourhoods of Manhattan and Brooklyn, New York. The Fund's investment objective is to provide consistent income through attractive rental yields along with long-term capital growth.

At 31 March 2013, the Fund had secured highly attractive property investments for a total acquisition cost of US\$240.5 million.

Alan Dixon, Managing Director of the Responsible Entity, said the US housing market was at an important turning point, and the Fund was in a good position for robust growth as it continued to take advantage of current market conditions while leveraging its scale.

"We anticipated this improvement in the market and, having positioned the Fund accordingly, we're ready for further expansion," Mr Dixon said.

"The Fund is undertaking an offer to raise \$50,000,000, with the ability to receive oversubscriptions up to an additional \$50,000,000, up to a maximum of 84,567,889 units."

Existing unitholders of the Fund will have a priority allocation of up to 50% of all the units to be issued under this offer. Under this priority allocation, each existing unitholder will be eligible to participate in the offer, up to a maximum of the higher of:

- 5% of all the units available to existing unitholders under the priority allocation; and
- the number of units each existing unitholder would be entitled to under a pro rata issue of all the units available to existing unitholders under the priority allocation.

The offer is conditional on unitholders approving the issue for the purposes of the listing rules and it is also conditional on unitholder approval to amend the constitution of the Fund to facilitate the proposed pricing of the offer, at a general meeting to be held on 8 May 2013.

The Fund's portfolio currently consists of 1,591 units (individual dwellings), comprised of:

- US\$204.7 million worth of freestanding houses across 475 one-to-four family properties, totalling 1,063 units
- a 67.5% interest in a joint venture with US\$37.8 million of multi-dwelling residences across 13 apartment complexes, totalling 400 units
- a 90% interest in a second joint venture with US\$11.4 million of multi-dwelling residences across two apartment complexes, totalling 128 units.

Mr Dixon said indications of the improvement in the US housing market included single family housing starts and new home sales rising 28% and 34%, respectively, year on year from February 2012 to February 2013, and steady employment and low borrowing rates pushing existing home inventories back down to their lowest post-recession levels.

“The S&P Case-Shiller Index, which tracks the change in value of residential real estate in the 20 largest housing markets in the US, returned an 8.1% annual increase in home prices for the year ended January 2013. At the end of 2012, we made our initial appraisal across the portfolio of freestanding houses, and, as a result, we have seen an upward revaluation of approximately \$5.7 million. We anticipate further gains through revaluations during 2013 as more properties are renovated, rehabilitated and tenanted.”

The Responsible Entity also believes its full suite of functions across property sourcing, construction, property management, leasing, leasing and financial reporting and administrative services gives it a competitive advantage in the market.

“We have built a team of 55 highly experienced real estate and management professionals and invested in in-house databases and propriety systems, processes and technology to create a scalable, vertically integrated operating platform, capable of managing a portfolio of 1,000 properties,” Mr Dixon said.

“We have inspected and evaluated more than 2,000 properties, and secured 475 freestanding properties, using these rigorous systems,” he said.

The Responsible Entity of the Fund intends to make a \$0.10 per Unit minimum distribution for the calendar year ending 31 December 2013. This is in line with the \$0.10 per Unit distribution for the calendar year ending 31 December 2012.

## Key Dates and General Information

<b>Date of PDS</b>	11 April 2013
Opening Date	18 April 2013
<b>General Meeting</b>	8 May 2013
Offer Closing Date	21 May 2013
<b>Offer Allotment Date</b>	28 May 2013
Despatch of holding statements	29 May 2013
<b>Trading of Units expected to commence</b>	3 June 2013

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

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

## Offer Statistics

<b>Minimum Application amount</b>	\$2,000
Offer size (if no oversubscriptions are taken up)	\$50,000,000
<b>Maximum Offer size (if all oversubscriptions are taken up, up to a maximum of 84,567,889 Units)</b>	\$100,000,000

The Application Price for Units under this Offer will be the VWAP per Unit sold on the ASX trading platform over the 10 trading days immediately prior to the Offer Closing Date.

If calculated by reference to the VWAP per Unit sold on the ASX trading platform over the 10 trading days up to 31 March 2013, the application price would be \$1.78.

The last reported NAV was \$1.43 as at 31 March 2013, reported to the market through ASX on 10 April 2013.

There is no minimum Offer size.



The US Masters Residential Property Fund is the first Australian listed entity with the primary strategy of investing in the US residential property market. Its portfolio comprises freestanding and multi-family properties in the New York metropolitan area. The Fund is managed by Dixon Advisory & Superannuation Services Limited.

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