

20 January 2014

US Masters Residential Property Fund (Fund)

ASX Code: URF

\$127 Million Entitlement Offer

Dixon Advisory & Superannuation Services Limited in its capacity as responsible entity (**Responsible Entity**) of the US Masters Residential Property Fund (**URF** or **Fund**) today announced that URF was undertaking a non-renounceable pro rata rights issue of one unit for every three units held at \$1.80 per unit to raise up to \$127.0 million before costs (**Rights Issue**).

Attached is a copy of:

1. the Rights Issue Offer Document
2. the Appendix 3B containing estimated numbers for issuance of URF units in connection with the Rights Issue
3. a Cleansing Notice.

The Rights Issue is not underwritten.

URF will use net proceeds raised to fund current and future growth initiatives and ongoing operations, including continuing its successful strategy of acquiring residential properties in the New York metropolitan area at attractive prices and enhancing value through refurbishments.

At 31 December 2013, the Fund had secured more than 1,800 units across 532 free-standing houses and 21 small-to-mid-sized apartment complexes across Hudson County, New Jersey, and select neighbourhoods of Brooklyn, Manhattan and Queens, New York, for a total acquisition cost of US\$329.0 million.

Unitholders with a registered address in Australia or New Zealand at 7:00pm AEDT on the record date of 6 February 2014 will be eligible to participate in the Rights Issue (**Eligible Unitholders**).

Eligible Unitholders may also apply for units in addition to their pro rata entitlements under the Rights Issue to the extent available under the Top Up Offer. Any such additional units will be allocated at the discretion of the Responsible Entity, provided no unitholder who takes up units in addition to their pro rata entitlement would, as a result, hold greater than 4.9% of the issued units in URF following completion of the Rights Issue.

The following timetable for the Rights Issue is indicative only and subject to change:

Event	Date
Announcement of Offer	20 January 2014
Lodgement Date – Offer Document and Appendix 3B lodged with ASX	20 January 2014
Despatch of Appendix 3B to Unitholders	30 January 2014
Ex Date – The date on which existing URF Units commence trading without the entitlement to participate in the Rights Issue	31 January 2014
Record Date – The date for determining entitlements of Eligible Unitholders to participate in the Rights Issue	6 February 2014
Offer Document and Entitlement and Acceptance Forms sent to Unitholders	11 February 2014
Offer opens	11 February 2014
Closing Date – The last day for receipt of Entitlement and Acceptance Forms (5:00pm AEDT)	25 February 2014
Allotment Date – Allotment of New Units under the Offer	5 March 2014
Despatch date – Anticipated despatch of holding statements for New Units	5 March 2014
Expected commencement of normal trading in New Units on ASX	6 March 2014

For further information contact:

Alex MacLachlan
 1300 454 801

US Masters Residential Property Fund



OFFER DOCUMENT

Non-renounceable Entitlement
Offer of 1 New Unit for every
3 Units at an issue price of
\$1.80 per New Unit to raise
up to \$127,038,712

ARSN 150 256 161



THIS OFFER DOCUMENT IS NOT A PRODUCT DISCLOSURE STATEMENT

It does not contain all of the information an investor would find in a product disclosure statement or which may be required to make an informed investment decision regarding, or about the rights attaching to, the New Units offered under this document. **This document is important and requires your immediate attention.**

It should be read in its entirety. If you do not understand its content or are in doubt as to the course you should follow, you should consult your stockbroker or professional advisor without delay.

This Offer opens on **11 February 2014** and closes at 5:00pm AEDT on **25 February 2014**.

Valid acceptances must be received by no later than 5:00pm AEDT on **25 February 2014**.

Please read the instructions in this document and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement.

RESPONSIBLE ENTITY:



Dixon Advisory & Superannuation
Services Limited
(ACN 103 071 665)
(AFSL 231 143)

Directory

US Masters Residential Property Fund

(ARSN 150 256 161)

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Responsible Entity

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Corporate Advisor to the Offer

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Important Dates

Event	Date
Announcement of Offer	20 January 2014
Lodgement Date – Offer Document and Appendix 3B lodged with ASX	20 January 2014
Despatch of Appendix 3B to Unitholders	30 January 2014
Ex Date – The date on which Existing Units commence trading without the Entitlement to participate in the Offer	31 January 2014
Record Date – The date for determining Entitlements of Eligible Unitholders to participate in the Offer (7:00pm AEDT)	6 February 2014
Offer Document sent to Unitholders – Anticipated despatch of Offer Document and Entitlement and Acceptance Forms	11 February 2014
Offer open	11 February 2014
Closing Date – The last day for receipt of Entitlement and Acceptance Forms (5:00pm AEDT)	25 February 2014
Allotment Date – Allotment of New Units under the Offer	5 March 2014
Despatch date – Anticipated despatch of holding statements for New Units	5 March 2014
Expected commencement of normal trading in New Units on ASX	6 March 2014

The above dates and times are indicative only. All times and dates are a reference to AEDT. The Fund reserves the right to vary any of the above dates and times, including closing the Offer early or extending it subject to the Corporations Act, ASX Listing Rules and other applicable laws.

Key Offer statistics

Issue Price per New Unit	\$1.80
Total number of New Units available under the Offer	70,577,062
Maximum total Units on issue following the Offer	282,304,462
Maximum total proceeds of the Offer (before expenses of the Offer)	\$127,038,712

Letter from the Responsible Entity

20 January 2014

Dear Investor

On behalf of Dixon Advisory and Superannuation Services Limited as responsible entity for the US Masters Residential Property Fund (**Fund**), we are pleased to invite Eligible Unitholders to participate in a one (1) for three (3) non-renounceable entitlement offer (**Offer**) of new Units in the Fund (**New Units**) at an offer price of \$1.80 per New Unit (**Offer Price**).

The Offer Price represents a 7.2% discount to the Unit price of the Fund on ASX at close of trade on Friday 17 January 2014, the last trading day prior to the announcement of the Offer and a 5.5% discount to the volume weighted average price at which Units traded on ASX over the 10 trading days up to and including 17 January 2014.

If fully subscribed, the Offer will result in the issue of a maximum of 70,577,062 New Units, raising approximately \$127.0 million before expenses of the Offer. The Offer is not underwritten.

The Offer is non-renounceable, which means that Entitlements are non-transferable and will not be tradable on the ASX or otherwise transferable. Eligible Unitholders who do not take up all or any part of their Entitlements will not receive any payment or value in respect of those Entitlements not taken up and may be diluted.

Eligible Unitholders may also apply for additional Units under the Top Up Offer. See Section 1.4 for details.

The proceeds of the Offer will be used by the Fund to continue its successful strategy of acquiring residential properties in the New York metropolitan area at attractive prices and enhancing value through refurbishments with a view to generating consistent income through rental yields as well as long-term capital growth. The Offer will also provide scale benefits by allowing the Fund to spread fixed costs over a larger asset base.

As at 31 December 2013, the Fund had secured over 1,800 housing units across 532 free-standing houses and 21 small-to-mid-sized apartment complexes across Hudson County, New Jersey and select neighbourhoods of Brooklyn, Manhattan and Queens, New York for a total acquisition cost of US dollar (**USD**) \$329.0 million.

Investors in Units of the Fund since its initial public offering on 29 June 2011 to 17 January 2014 have benefitted from a total gross return, including reinvestment of all distributions of approximately 31%, which equates to a compound annual return of in excess of 11% per annum.

The Fund is nearing completion of a process of independent appraisals of its freestanding property portfolio to determine the fair value movement of investment properties over the six months to 31 December 2013 for inclusion in its 31 December 2013 year-end results. At 31 December 2013, 193 independent appraisals had been received across 39% of the freestanding properties by number and 47% by USD value.

While the fair value assessment process is incomplete and remains subject to final audit, based on an evaluation of the preliminary results received to date, the Responsible Entity anticipates the USD fair value movement of the free-standing property portfolio to show an increase in the range of 3% to 5% for the six months ended 31 December 2013, and 10% to 12% for the 12 months ended 31 December 2013. The current net tangible asset backing per Unit before withholding tax on unpaid distributions does not reflect the independent appraisal value. The independent appraisal process is expected to be completed for the 31 December 2013 year-end audit.

The Board of the Responsible Entity unanimously supports the Offer and Directors' entitlements are intended to be taken up in full.

It is important to note that the Offer closes at 5:00pm AEDT on 25 February 2014.

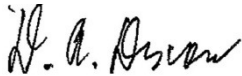
To participate in the Offer, you need to ensure your completed Entitlement and Acceptance Form and your Application Monies are received by Dixon Advisory by the Closing Date, following the instructions that are set out in the Entitlement and Acceptance Form.

We encourage you to carefully read this Offer Document before making your investment decision because this document contains important information in relation to your rights and options as a Unitholder in the Fund.

We recommend the Offer to you and look forward to continuing our association with you as an investor in the US Masters Residential Property Fund.

Yours faithfully

Daryl Dixon



Dixon Advisory & Superannuation Services Limited

Maximilian Walsh



Dixon Advisory & Superannuation Services Limited

Key Issues

Question	Answer	Where to find more information
Who is the issuer?	This issuer is Dixon Advisory & Superannuation Services Limited as responsible entity for the US Masters Residential Property Fund.	Section 1.1
What is the Offer?	<p>This is a non-renounceable rights issue and top up offer to raise approximately \$127 million (before expenses of the Offer).</p> <p>Eligible Unitholders may apply for all or part of their Entitlement under the Offer and may also apply for additional Units under the Top Up Offer.</p>	Section 1.2
What are the terms of the Rights Offer?	<p>The terms comprise 1 New Unit for each 3 Existing Units at an issue price of \$1.80 per New Unit.</p> <p>As the issue is non-renounceable, Eligible Unitholders do not have the right to sell their Entitlements. Eligible Unitholders have the opportunity to subscribe for all, part or none of their Entitlement to New Units.</p>	Section 1.3
What are the terms of the Top Up Offer?	<p>Eligible Unitholders who take up their Entitlement in full also have the ability to apply for Top Up Units, by completing the Entitlement and Acceptance Form and paying the additional Application Monies.</p> <p>You may apply for any number of additional New Units subject to a maximum application to take your Voting Power in the Fund to 4.9%.</p> <p>The Responsible Entity reserves the right to allocate the Applications for the Top Up Offer as it considers appropriate. Scaling may be applied with reference to, among other things, the number of Units held at the Record Date, the time period Units have been held and Applications received under the Top Up Offer.</p> <p>There can be no certainty that there will be Top Up Units or that Eligible Unitholders will receive the number of additional New Units applied for under the Top Up Offer.</p>	Section 1.4
What are the rights of New Units?	New Units rank equally in all respects with Existing Units from their date of issue. New Units issued under the Offer do not carry an entitlement to receive the final distribution of 5 cents per Ordinary Unit in respect of the financial year ended 31 December 2013 as the record date for that distribution of 31 December 2013 pre-dates the issue of New Units.	Section 1.6
How will the proceeds be applied?	<p>Net proceeds of the Offer will be used to fund current and future growth initiatives and ongoing operations of the Fund including:</p> <ol style="list-style-type: none"> 1. acquiring additional investment properties in targeted areas 2. funding the costs of refurbishment and improvement of the Fund's growing residential property portfolio 3. meeting general working capital requirements of the Fund's day-to-day operations. 	Section 3.2
Who can invest?	Eligible Unitholders of the Fund as at 7:00pm AEDT on	Section 1.3

Question	Answer	Where to find more information
	the Record Date (6 February 2014).	
What are the potential significant risks?	<p>Eligible Unitholders of the Fund are exposed to a variety of risks in acquiring and holding Units, including but not limited to the following:</p> <ul style="list-style-type: none"> ➤ volatility of US residential property market ➤ concentrated geographic focus ➤ US taxation treatment and changes to existing US tax laws ➤ foreign exchange risk ➤ macroeconomic risks ➤ stock market risks ➤ regulatory risks ➤ borrowing and deposit risk ➤ refinancing risk ➤ interest rate risk ➤ substantial uncommitted funds ➤ potential negative impact of Offer on distribution yield ➤ joint venture risks. 	Section 4
Is there a minimum subscription?	There is no minimum subscription. The Offer is not underwritten.	Section 1.5 and Section 1.9
What are the expenses payable by the Fund relating to the Offer?	The total expenses of the Offer are expected to be approximately \$810,000 (exclusive of GST).	Section 5.1
What are my alternatives?	<p>You may either:</p> <ul style="list-style-type: none"> ➤ take up all or part of your Entitlement; or ➤ do nothing and allow all of the New Units representing your Entitlement to lapse. <p>You may also apply for New Units in excess of your Entitlement under the Top Up Offer.</p>	Section 2
How can further information be obtained?	If you require advice regarding whether to accept your Entitlement, you should seek professional advice from your legal, investment or other professional advisor.	Section 1.14

Important Information

This Offer Document is dated 20 January 2014 and was prepared by Dixon Advisory & Superannuation Services Limited as responsible entity for the US Masters Residential Property Fund.

In the event that all New Units are not subscribed under this Offer, the Fund reserves the right to place the Top Up in accordance with the Top Up Offer at the discretion of the Directors. See Section 1.4 for details.

The Fund will apply for admission of the New Units to quotation on ASX within 7 days after the date of this Offer Document. The fact that ASX may grant official quotation of the New Units is not to be taken in any way as an indication of the merits of the Fund or the New Units.

This Offer Document is not a product disclosure statement

This Offer Document is given under Section 1012DAA of the Corporations Act. It is not a product disclosure statement and it does not contain all of the information that an investor would find in a product disclosure statement or which may be required to make an informed investment decision regarding, or about the rights attaching to, the New Units offered by this Offer Document. It has not been, and will not be, lodged with Australian Security and Investments Commission (**ASIC**). ASIC and its officers do not take any responsibility for the content of this Offer Document nor for the merits of the investment to which this Offer relates.

As an Eligible Unitholder of the Fund, this Offer Document is important and requires your immediate attention.

You should read the entire Offer Document before deciding whether to invest in the New Units. Please carefully read the instructions on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement under the Offer. If you have any questions regarding your Entitlement or the Offer, please contact your legal, investment or other professional advisor.

No cooling-off rights

Cooling-off rights do not apply to an investment in New Units. You cannot withdraw the application once it has been accepted. Further, Entitlements cannot be traded on ASX or any other exchange, nor can they be privately transferred.

Professional advice

The information in this Offer Document is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. It is important that you read this Offer in its entirety before deciding whether to take up your Entitlement to New Units. In particular, you should consider the risk factors that could affect the performance of the Fund, some of which are outlined in Section 4. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and seek professional guidance before deciding whether to take up your Entitlement. If you have any questions you should seek professional advice from your legal, investment or other professional advisor.

Foreign jurisdictions

The distribution of this Offer in jurisdictions outside Australia or New Zealand may be restricted by law and persons who come into possession of this Offer outside Australia or New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Offer does not constitute an offer or invitation in any place outside Australia or New Zealand where, or to any person to whom, it would be unlawful to make such an offer or invitation. No action has been taken to register or qualify the New Units or to otherwise permit an offering of the New Units outside Australia.

No Guarantee

Neither the Fund nor any other party makes any representation or gives any guarantee or assurance:

- (a) as to the performance or success of the Fund;

- (b) the rate of income or capital growth from the Fund; or
- (c) that there will be no capital loss from, or particular taxation consequence of, investing in the Fund.

An investment in the Fund does not represent a deposit or any other type of liability of the above parties. An investment in the Fund is subject to investment risk. These risks are discussed in Section 4.

Investors should note that past Unit price performance of the Fund provides no guidance as to its future Unit price performance.

No representations other than in this Offer Document

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not contained in this Offer Document may not be relied on as having been authorised by the Fund.

Future performance

Except as required by law, and only to the extent so required, neither the Fund nor any other person warrants or guarantees the future performance of the Fund or any return on any investment made pursuant to this Offer Document.

Privacy

By filling out the Entitlement and Acceptance Form to apply for New Units, you are providing information to the Fund (directly and/or via the Unit Registry) that may constitute personal information for the purposes of the Privacy Act 1988 (Cth). The Fund (and the Responsible Entity and Unit Registry on its behalf) collects, holds and uses personal information provided on an Entitlement and Acceptance Form to assess your application and administer your holding of Units.

If you do not provide the information requested in the Entitlement and Acceptance Form, the Fund and the Unit Registry may not be able to process or accept the form.

Access to your personal information may be provided to other companies within the Fund group and to the Fund's agents and service providers on the basis that they deal with such information in accordance with this privacy disclosure statement. You have a right to request access to the personal information that the Fund holds about you subject to certain exemptions under law. A fee may be charged for access requests which must be made in writing to the Fund's Unit registrar:

Boardroom Pty Limited

ABN 14 003 209 836

Level 7, 207 Kent Street
Sydney NSW 2000

Telephone: 1300 737 760 (Australia)

Facsimile: 1300 653 459

Website: boardroomlimited.com.au

Certain terms and abbreviations used in this Offer Document are defined in the Glossary in Section 6.

Unless otherwise indicated, references to Australian dollars or \$ are references to the lawful currency of Australia. Any discrepancies between the totals and the sum of all the individual components in the tables contained in this Offer Document are because of rounding.

Volatility in the Australian and US dollar exchange rate may mean that the actual Australian dollar amounts at the time of consideration of the Offer Document may differ from the amount stated.

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1. Details of the Offer

1.1 Description of the issuer

Dixon Advisory & Superannuation Services Limited as responsible entity for the US Masters Residential Property Fund is the issuer of New Units under this Offer Document.

1.2 Description of the Offer

The Offer consists of a total of 70,577,062 New Units to be offered by the Fund by way of a non-renounceable rights issue and the Top Up Offer to raise up to approximately \$127 million (before expenses of the Offer). This takes the form of a 1 for 3 rights offer together with a right to apply for additional New Units to meet the shortfall in applications under the Rights Offer (if any).

The Offer is explained in more detail in this Section.

1.3 Rights Offer

If you are an Eligible Unitholder, you are being offered an Entitlement to acquire 1 New Unit for every 3 Existing Units held at the Record Date.

The Issue Price per New Unit is \$1.80.

The Entitlements are non-renounceable, meaning you do not have the right to sell your Entitlement. You have the opportunity to subscribe for all, part or none of your Entitlement to New Units.

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form. If you have more than one holding of Units, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each holding.

1.4 Top Up Offer

In addition to applying for their Entitlement, Eligible Unitholders may apply for additional New Units through the Top Up Offer. An application may be made for these New Units at the same time as applying for Entitlements under the Rights Offer by completing the relevant box in the Entitlement and Acceptance Form and including the appropriate Application Monies.

Eligible Unitholders may apply for any further number of New Units through the Top Up Offer, provided that the Voting Power of the applicant in the Fund will not exceed 4.9% as a result of the issue of those additional New Units. If any Eligible Unitholder's voting power will exceed this limit, the number of New Units to be issued under the Top Up Offer to that Unitholder will be reduced.

The Responsible Entity reserves the right to allocate Applications for the Top Up Offer as it considers appropriate. Scaling may be applied with reference to, among other things, the number of Units held at the Record Date, the time period Units have been held and Applications received under the Top Up Offer.

If there are no New Units available through the Top Up Offer, the Application Monies relating to the Top Up Offer will be returned to Eligible Unitholders as soon as practicable following the Closing Date without interest.

If applications from Eligible Unitholders under the Top Up Offer exceed the New Units available under the Top Up Offer, those applications will be scaled back as determined by the Responsible Entity. If scaling back occurs, Application Monies relating to New Units applied for but not issued will be returned to Unitholders as soon as practicable following the Closing Date without any interest.

There can be no certainty that there will be New Units available under the Top Up Offer or that Eligible Unitholders will receive the number of additional New Units applied for under the Top Up Offer.

1.5 Offer not underwritten

The Rights Offer and the Top Up Offer are not underwritten. Any Entitlements that are not taken up by Eligible Unitholders by the end of the Offer Period will lapse.

The Directors reserve the right to place the New Units that are not taken up under the Offer and the Top Up Offer in their discretion following close of the Offer Period. Under exception 3 of ASX Listing Rule 7.2, any Units so issued by the Fund within 3 months after close of the Offer Period will not require Unitholder approval under ASX Listing Rule 7.1 and will not reduce the 15% per annum capacity allowed by ASX Listing Rule 7.1 for the Fund to issue Units without Unitholder approval. Any such New Units placed to third party investors will be issued at the same Issue Price as under the Offer.

1.6 Ranking of New Units

The New Units will be fully paid and rank equally in all respects with Existing Units from their date of issue.

1.7 Allotment

The Fund expects to allot all New Units on 5 March 2014.

1.8 Application Monies

Until the time of allotment of New Units, the Responsible Entity will hold all Application Monies in relation to those New Units in a purpose specific bank account. Interest earned on any Application Monies (whether or not allotment takes place) will remain the property of the Fund. Application will be made to ASX for quotation of the New Units to be issued under the Offer within 7 days of the date of this Offer Document. If application is not so made or if quotation of the New Units is not granted by ASX within 3 months of the date of the Offer, any allotment of New Units in response to an application made under the Offer will be void, and all Application Monies received will be returned without interest.

1.9 No minimum subscription

There is no minimum subscription for the Offer.

1.10 Foreign Unitholders

The Offer is made only to Unitholders with a registered address in Australia or New Zealand or such other place in which, or to any person to whom, the Responsible Entity determines it would be lawful to make such an offer.

The Fund is of the view that it is unreasonable to make the Offer to other overseas Unitholders (**Foreign Unitholders**) having regard to:

- the number of Foreign Unitholders;
- the number and value of New Units that would be offered to Foreign Unitholders; and
- the cost of complying with overseas legal requirements.

The Offer does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. The Fund is not required to make offers under the Offer to Foreign Unitholders. Where the Offer has been despatched to Unitholders domiciled outside Australia or New Zealand and where the respective country's securities code and/or legislation prohibits or restricts in any way the making of the offers contemplated by this Offer Document, the Offer is provided for information purposes only.

Unitholders resident in Australia or New Zealand holding Units on behalf of persons who are resident overseas are responsible for ensuring that taking up Entitlements under the Offer does not breach regulations in the relevant overseas jurisdiction.

Return of a duly completed Entitlement and Acceptance Form will be taken by the Fund to constitute a representation that there has been no breach of such regulations.

The offer contained in this Offer Document to Unitholders with registered addresses in New Zealand is made in reliance on the Security Act (Overseas Companies) Exemption Notice 2002 (New Zealand). Members of the public in New Zealand who are not Unitholders on the Record Date are not entitled to apply for any New Units.

1.11 Market price of Units

The latest recorded price at which Units traded on ASX on 17 January 2014 (being the last trading day before the announcement of the Offer) was \$1.94.

The highest and lowest prices at which Units traded on ASX during the 3 months prior to the announcement of the Offer were \$1.965 and \$1.77 respectively. The volume-weighted average price at which Units traded on ASX in this period was \$1.86.

The last reported (reported to ASX 15 January 2014) estimated unaudited pre tax net asset value before withholding tax on unpaid distributions was \$1.65 per Unit at 10 January 2014.

The Fund is a long-term investor and does not intend to dispose of its portfolio. If estimated tax at 35% on unrealised portfolio gains or losses was recognised, the estimated unaudited post tax net asset value before withholding tax on unpaid distributions would be \$1.60 at 10 January 2014.

The Fund is nearing completion of a process of independent appraisals of its freestanding property portfolio in order to determine the fair value movement of the investment properties over the 6 months to 31 December 2013 for inclusion in its 31 December 2013 year-end results. As such, the above net asset values do not reflect the independent appraisal value.

Based on an evaluation of the preliminary results received to date, the Responsible Entity anticipates the USD fair value movement of the free-standing property portfolio to show an increase in the range of 3% to 5% for the six months ended 31 December 2013, and 10% to 12% for the 12 months ended 31 December 2013.

1.12 Broker handling fee

A broker handling fee of 1.0% (plus GST) of the value of successful Applications by Eligible Unitholders, including under the Top Up Offer, will be payable by the Fund, subject to the following conditions:

- The Eligible Unitholder must be a Wholesale Investor as defined under Section 761G of the Corporations Act 2001 and the "Wholesale Investor" box must have been ticked on the Entitlement and Acceptance Form. The Responsible Entity has the right to request additional documentation to verify an Eligible Unitholder's classification as a Wholesale Investor;
- Broker handling fees will only be paid to participating organisations of ASX (being those entities recognised as full service brokers or non-advisory brokers by ASX);
- A broker handling fee invoice and schedule is submitted to the Responsible Entity no later than 5:00pm AEDT on 25 February 2014, or as otherwise agreed by the Responsible Entity.

Please contact 1300 454 801 or info@usmastersresidential.com.au for enquiries regarding the broker handling fee.

1.13 Taxation

The taxation consequences of investing in New Units will depend on your particular circumstances. It is your responsibility, as a potential investor, to make your own enquiries concerning the taxation consequences of an investment in the Fund. See Section 5.4 for a general discussion of taxation issues. If you are in doubt regarding the consequences of an investment, you should consult with your taxation or other professional advisor before investing.

1.14 Enquiries

If you require advice regarding whether to accept your Entitlement, you should seek professional advice from your legal, investment or other professional advisor.

2. Action required by Eligible Unitholders

Your entitlement is shown on the accompanying Entitlement and Acceptance Form. Before taking any action in relation to the Offer, you should read this Offer Document in its entirety and seek professional advice from your accountant, stockbroker, lawyer or other professional advisor.

You may:

- take up all or part of your Entitlement (and you may apply for additional New Units in excess of your Entitlement); or
- do nothing and allow all of the New Units representing your Entitlement to lapse.

2.1 What happens if I accept my full Entitlement?

If you take up your full Entitlement under the Rights Offer, you will not have your Unitholding in the Fund diluted.

2.2 What happens if I do not accept my full Entitlement?

If you do not take up your full Entitlement, your proportional Unitholding in the Fund may be diluted.

As the Entitlements are non-renounceable, if you decide not to take up all or part of your Entitlement, it will lapse on the Closing Date to the extent not taken up. If Entitlements lapse, the Fund has reserved the right to place lapsed Entitlements in accordance with the Top Up Offer and then offer them to third parties at the same Issue Price.

2.3 How do I accept all, or part, of my Entitlement

You may accept your Entitlement following the despatch of this Offer Document (expected to be 11 February 2014). The Fund will accept applications until the Closing Date.

If you decide to take up all or part of your Entitlement, or apply for additional New Units, please complete and return the Entitlement and Acceptance Form with the requisite Application Monies. Completed Entitlement and Acceptance Forms and accompanying cheques must be returned to the following addresses and received no later than 5:00pm AEDT on 25 February 2014. Cheques in respect of Applications should be made payable to "Dixon Advisory Trust Account for US Masters Residential Property Fund" and crossed "Not Negotiable". No stamp duty is payable by Applicants.

POSTAL

US Masters Residential Property Fund Units Offer
c/- Dixon Advisory
GPO Box 575
Canberra ACT 2601

HAND DELIVERED

Canberra
US Masters Residential Property Fund Offer
c/- Dixon Advisory
Level 1, 73 Northbourne Avenue
Canberra ACT 2601

Sydney
US Masters Residential Property Fund Offer
c/- Dixon Advisory
Level 15, 100 Pacific Highway
North Sydney NSW 2060

Melbourne
US Masters Residential Property Fund Offer
c/- Dixon Advisory
Level 2, 250 Victoria Parade
East Melbourne VIC 3002

You should read this Offer Document in its entirety before deciding to complete and lodge your Entitlement and Acceptance Form.

2.4 How do I accept the Top Up Offer?

To participate in the Top Up Offer, you must accept your full Entitlement in the manner outlined in Section 2.3. You must also mark on your Entitlement and Acceptance Form the number of additional New Units for which you wish to apply under the Top Up Offer and include Application Monies for those additional New Units. You must then include the Application Monies and return the relevant Entitlement and Acceptance Forms in the manner outlined in Section 2.3.

2.5 Acceptance of applications under the Offer

Completing and lodging an Entitlement and Acceptance Form for the Offer is an offer by you to the Fund to subscribe for the number of New Units specified in the Entitlement and Acceptance Form at the Issue Price on the terms and conditions set out in this Offer Document and the Entitlement and Acceptance Form.

An application may be accepted in respect of the full amount, or any amount less than that specified in the Entitlement and Acceptance Form, without further notice to the relevant Eligible Unitholder. Acceptance of an application will give rise to a binding contract with acceptance to take place after the quotation of the New Units on ASX.

No stamp duty, brokerage or commission is payable by Applicants.

3. Purpose and effect of the Offer

3.1 Overview

If the Offer is fully subscribed:

- the New Units issued pursuant to the Offer will constitute approximately 25% of the total number of issued Units immediately after the allotment of the New Units; and
- the total number of Units on issue after the issue of the New Units will be approximately 282,304,462.

The Offer will provide the Fund with net proceeds of up to approximately \$126.2 million after issue expenses of approximately \$810,000. Please refer to Section 3.3 for further information regarding the effect of the Offer on the capital structure.

3.2 Use of Funds

The proceeds raised from the Offer will be used to fund current and future growth initiatives and ongoing operations of the Fund including:

- acquisition of investment properties in targeted areas;
- funding the costs of refurbishment and improvement of the Fund's growing residential property portfolio; and
- meeting general working capital requirements of the Fund's day-to-day operations.

3.3 Impact on the Fund's capital structure

The table below shows the current structure of the Fund and the capital structure on completion of the Offer:

	Number of Units	Percentage of post-Offer Units ¹
Current Units on issue	211,727,400	75%
New Units	70,577,062	25%
Total ¹	282,304,462	100%

¹ Assumes the Offer is fully subscribed.

3.4 No impact on control

The issue of New Units under the Rights Offer and the Top Up Offer are not expected to have a material effect on the control of the Fund. No Unitholder is recorded as holding Units representing more than 5% of the issue capital of the Fund. A Unitholder's participation in the Top Up Offer will be subject to a restriction that its participation does not result in its Voting Power exceeding 4.9%.

3.5 Unaudited pro forma consolidated balance sheet

The unaudited historical consolidated balance sheet of the Fund at 30 November 2013 and unaudited pro forma consolidated balance sheet based on the successful completion of the Offer are set out below. The unaudited pro forma consolidated balance sheet assumes the Offer is fully subscribed. The unaudited pro forma consolidated balance sheet is intended to be illustrative only and will not reflect the actual position and balances as at the date of the Offer Document or at completion of the Offer. The principal accounting policies adopted in presenting the historical unaudited consolidated financial information and the historical unaudited consolidated pro forma financial information are

consistent with those disclosed in the 30 June 2013 interim financial report and the 31 December 2012 annual financial report.

The Fund is nearing completion of a process of independent appraisals of its freestanding property portfolio to determine the fair value movement of investment properties over the six months to 31 December 2013 for inclusion in its 31 December 2013 year-end results. At 31 December 2013, 193 independent appraisals have been received across 39% of the freestanding properties by number and 47% by USD value.

While the fair value assessment process is incomplete and remains subject to final audit, based on an evaluation of the preliminary results received to date, the Responsible Entity anticipates the USD fair value movement of the free-standing property portfolio to show an increase in the range of 3% to 5% for the six months ended 31 December 2013, and 10% to 12% for the 12 months ended 31 December 2013.

Any fair value movement of the portfolio for the six months ended 31 December 2013 has not been taken into account below. Any discrepancies between the totals and the sum of all the individual components in the tables contained in this Offer Document are because of rounding.

The unaudited pro forma consolidated balance sheet is presented in summary only and does not comply with the presentation and disclosure requirements of Australian Accounting Standards. The unaudited pro forma consolidated balance sheet reflects the impact of the Offer and all transaction costs as if they had all occurred on 30 November 2013 and:

- includes gross proceeds of the capital raising from which the current estimate of total transaction costs of \$810,000 (excluding GST) have been deducted to derive an amount for net proceeds raised; and
- allows for the issue of up to 70,577,062 New Units under the Offer at an issue price of \$1.80.

Unaudited historical and unaudited pro forma consolidated balance sheet

	Unaudited historical consolidated balance sheet 30 November 2013 \$	Unaudited pro forma consolidated balance sheet Assuming Offer fully subscribed \$
Assets		
Cash	49,309,493	175,538,204
Investment properties	328,111,240	328,111,240
Property related joint venture investments	25,250,042	25,250,042
Other assets	5,120,272	5,120,272
Total assets	407,791,047	534,019,758
Liabilities		
Borrowings	45,373,997	45,373,997
Other liabilities	16,669,873	16,669,873
Total liabilities	62,043,870	62,043,870
Net assets	345,747,177	471,975,888

4. Risk factors

4.1 Overview

There are a number of factors, both specific to the Fund and of a general nature, which may affect the future operating and financial performance of the Fund and the outcome of an investment in the Fund. There can be no guarantees that the Fund will achieve its stated objectives, that forecasts will be met or that forward looking statements will be realised.

This Section 4 describes certain, but not all, risks associated with an investment in the Fund. Prior to making an investment decision, prospective investors should carefully consider the following risk factors, as well as the other information contained in this Offer Document.

4.2 Specific investment risks to the Fund

(a) *Risks of the US and New York metropolitan area residential property market*

Risks regarding an investment in US real estate and the New York metropolitan area, without limitation, include:

- further declines in the value of US real estate, both in the New York metropolitan 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 of the Fund, thereby reducing the amount available for distributions;
- US interest rate fluctuations which may lead to further housing foreclosures; and
- any other factor which may impede the recovery of the US and specifically, the New York metropolitan area residential property markets.

(b) *Australian and US taxation laws and accounting standards*

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

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

(c) *REIT qualification and double tax treaty risks*

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

Currently, the distributions from the US REIT are expected to have some portion which is tax deferred. However, the distributions from the US REIT and the distributions from the Fund could be adversely affected if the US REIT is not recognised under the US taxation laws as a REIT and the

Fund does not qualify as a regularly traded listed Australian property trust for the purposes of the protocol to the Double Tax Treaty.

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

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

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

- the Unitholder is 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 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.

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.

It is noted that the Australian Government is likely to put in place a new tax system for managed investment trusts (referred to as "Regime MITs") which is proposed to take effect from 1 July 2014. The Government is still undertaking further sector and community consultation on the details of the proposed legislation. The proposed Regime MITs tax amendment should be monitored to determine their impact on the Fund.

(d) Other tax considerations

Changes in government legislation, including changes to the Double Tax Treaty, changes to taxation laws in the US and Australia, and changes in interpretation of the tax legislation by the US or Australian tax authorities, may affect future earnings and the relative attractiveness of investing in the Fund. As substantially all of the investments in the Fund are within the US and the Fund is resident in Australia, changes to the tax laws in the US or Australia or interpretation of tax laws by US or Australian tax authorities may adversely impact the Fund.

(e) Borrowing and deposit risk

The Fund, indirectly through the US REIT and the entities the US REIT controls or invests in, will obtain US dollar denominated borrowings. There is a risk that any loan will need to be repaid at short notice or cannot be replaced post expiry. The main reason for this would be if the US REIT breached its 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, indirectly through 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 also has US dollar denominated cash deposits. These cash deposits are not insured. The Fund manages this deposit risk by only dealing with financial institutions that pass its rigorous due diligence process and credit risk analysis.

(f) Refinancing risk

Unitholders are exposed to the risk that the Fund, 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.

(g) Interest rate risk

Changes in US interest rates may have a positive or negative impact directly on the income of the Fund. Changes in interest rates may also affect the market more broadly and positively or negatively affect the value of the Fund's underlying assets. To the extent that the Fund's assets are held in cash, the distribution yield will be impacted by the applicable interest rate.

(h) Limited performance history

Other than as Responsible Entity and investment manager of the Fund and the US REIT, the Responsible Entity has not previously managed a portfolio of US residential properties. However, key personnel of Dixon USA and advisors to the US REIT and the Responsible Entity have considerable experience in this market.

(i) Concentrated geographic focus

The Fund will continue to invest in the New York metropolitan area. The Fund's performance will therefore be highly correlated to the performance of the property market in this area. If the property market performs poorly, the Fund's performance is likely to be affected.

(j) Future acquisitions

The Responsible Entity intends to acquire residential properties in the New York metropolitan area. The rate at which this occurs will depend on market conditions and the availability of suitable real estate on appropriate terms at the time.

(k) Regulatory risk

Free-standing and multi-dwelling properties are often subject to a range of local regulations (including statutory limitations on rental increase). 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.

(l) Joint venture risk

There is a risk that any joint venture partner 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 the

joint venture partner, the value of the assets held under the joint venture may be negatively impacted by the non-performance.

As the investment is through a joint venture vehicle, the Fund may not undertake investment decisions (including redistribution of any properties) without the consent of its fellow joint venture investor. This may limit the ability of the Fund to redistribute an investment. As the portfolio is comparatively large, there may be limitations on the ability of the Fund to redistribute its interest in the joint venture portfolio as a whole.

(m) 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 and liabilities 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 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 investments 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 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.

(n) Substantial uncommitted funds

Under the Offer the Fund will receive new funds which, together with existing cash resources, at the time may be uncommitted to any specific residential real estate investment. It may take longer than expected to identify sufficiently attractive investment for the Fund to fully invest any additional capital which is raised.

(o) Potential negative impact on distribution yield

The Offer proceeds may in the short term reduce the distribution yield. This may occur if there is a material difference in the exchange rate at which new funds are converted to US dollars, and/or the length of the period over which the Fund will invest 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 and the period over which new funds are invested.

(p) Gearing risk

There is a risk that the value of the Fund's property investments will fall. If the value of the properties against which loans are secured fall, there is the risk that the Fund may lose the capital invested if rental income is insufficient to cover recurring outgoings such as fees, interests and other expenses. For this reason, it is possible that investors in the Fund could lose the value of their investment.

4.3 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 and market sentiment, can have a negative or positive impact on asset values.

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

(b) *Stock market risk*

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

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

(c) *Regulatory risk*

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

(d) *Taxation risk*

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

(e) *Counterparty risk*

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

(f) *Poor investment performance*

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

(g) *Liquidity risk*

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

(h) *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 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.

(i) *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.

(j) *Key personnel risk*

There is a risk that the departure of key staff or consultants with particular expertise in US residential property investment and management, whether they are the staff or directors of the Fund, Responsible Entity, the US REIT, Dixon Advisory USA or Dixon Projects 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.

5. Additional information

5.1 Expenses of the Offer

Expenses connected with the Offer are being borne by the Fund. The approximate expenses of the Offer including legal fees, registry fees, corporate advisory fees, broker handling fees to the extent payable, printing fees and other general costs are estimated to be \$810,000 (exclusive of GST) and may vary depending upon the total amount raised from the Offer.

5.2 Disclosure

This Offer Document contains an Offer to subscribe for continuously quoted securities (as defined in the Corporations Act) of the Fund and has been prepared in accordance with Section 1012DAA of the Corporations Act. In broad terms, Section 1012DAA relates to rights issues by certain listed managed investment schemes that do not require the provision of a product disclosure statement or other disclosure document to investors under Part 7.9 of the Corporations Act. Accordingly, the level of disclosure in this Offer Document is significantly less than that required in a product disclosure statement. Eligible Unitholders should therefore rely upon their own knowledge of the Fund, refer to disclosures it has already made to ASX, and refer to their professional advisor before deciding to accept the Offer.

5.3 Continuous Disclosure and Documents Available for Inspection

The Fund is a disclosing entity within the meaning of the Corporations Act 2001 and is, and has for the past twelve months been, subject to regular reporting and disclosure obligations.

The Responsible Entity has complied with the general and specific requirements set out by ASIC and ASX in relation to continuous disclosure, which includes the provisions of Chapter 2M of the Corporations Act and Section 674 of the Corporations Act as they apply to the Fund.

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

5.4 Taxation

Set out below is a summary of the Australian tax implications of the Offer for Eligible Unitholders who are residents of Australia for Australian tax purposes and who hold their Units on capital account.

The summary below does not take account of any individual circumstances of any particular Eligible Unitholder. **Eligible Unitholders should seek specific advice applicable to their own particular circumstances from their own financial or tax advisors.**

The summary below does not apply to:

- Eligible Unitholders who hold their Units as assets used in carrying on a business or who may carry on the business of security trading, banking or investment; and/or
- Eligible Unitholders whose Units are held as revenue assets or trading stock.

The summary below is based on the law in effect as at the date of this Offer Document.

(a) *Issue of Entitlements*

Subject to the qualifications noted above, the issue of the Entitlements will not itself result in any amount being included in the assessable income of an Eligible Unitholder.

(b) *Exercise of Entitlements*

Eligible Unitholders who exercise their Entitlements and subscribe for New Units will acquire those Units with a cost base for capital gains tax (**CGT**) purposes equal to the Offer Price payable by them for those Units plus any non-deductible incidental costs they incur in acquiring those Units.

An Eligible Unitholder will not make any capital gain or loss, or assessable income, from exercising the Entitlements or subscribing for the New Units.

(c) New Units

Taxation of income for Eligible Unitholders

Eligible Unitholders who exercise their Entitlements will acquire New Units. Any future distributions made in respect of those New Units will be subject to the same taxation treatment as distributions made on Existing Units held in the same circumstances.

Taxation of disposals for Eligible Unitholders

On any future disposal of New Units, Eligible Unitholders may make a capital gain or capital loss, depending on whether the capital proceeds of that disposal are more or less than the relevant cost base of the New Units. The cost base of those Units is described above.

New Units will be treated for the purposes of the CGT discount as having been acquired when the Eligible Unitholder exercised the Entitlement to subscribe for them. To benefit from the CGT discount in respect of a disposal of those New Units, they must have been held for at least 12 months.

(d) Other Australian taxes

No Australian Goods and Services Tax (GST) or stamp duty is payable in respect of the grant or exercise of the Entitlements or the acquisition of New Units.

5.5 Rounding of Entitlements

Where fractions arise in the calculation of Entitlements, they will be rounded up to the nearest whole number of New Units.

5.6 Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Offer that is not contained in this Offer Document.

Any information or representation that is not in this Offer Document may not be relied on as having been authorised by the Fund or any of their related bodies corporate in connection with the Offer. Except as required by law, and only to the extent so required, none of the Fund or any other person warrants or guarantees the future performance of the Fund or any return on any investment made pursuant to this Offer Document.

6. Glossary

AEDT	Australian Eastern Daylight Time
Application	A valid application by way of an Entitlement and Acceptance Form made to subscribe for a specified number of New Units under the Offer
Application Monies	Monies received from applicants for New Units in accordance with this Offer Document
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ABN 98 008 624 691) and, where the context requires, the financial market operated by it
ASX Listing Rules	The listing rules of ASX from time to time
Board	The board of directors of the Responsible Entity
Business Day	Meaning given in the ASX Listing Rules
Closing Date	The date on which the Offer will close, expected to be 25 February 2014
Code	The United States Internal Revenue Code of 1986, as amended
Constitution	The constitution of the Fund as amended from time to time
Corporations Act	The Corporations Act 2001 (Cth)
Directors	Directors of the Responsible Entity
Dixon Advisory	Dixon Advisory & Superannuation Services Limited
Dixon Advisory USA	Dixon Advisory USA Inc
Eligible Unitholder	A person who is a Unitholder at 7:00pm (AEDT) on the Record Date who is not a Foreign Unitholder
Entitlement	The non-renounceable right of an Eligible Unitholder to subscribe for New Units under the Rights Offer
Entitlement and Acceptance Form	The personalised form attached to or accompanying this Offer Document
Existing Units	Units on issue immediately before the Record Date
Fund	The US Masters Residential Property Fund ARSN 150 256 161
Foreign Unitholder	Unitholder described in Section 1.10
GST	Goods and services tax
Issue Price	The issue price of \$1.80 per New Unit
New Units	The Units offered under this Offer Document
Offer	The Rights Offer and the Top Up Offer
Offer Period	The period starting on the despatch of this Offer Document and

	ending at 5:00pm AEDT on the Closing Date
Offer Document	This document and any supplementary or replacement Offer Document in relation to this document
Record Date	The date for determining Entitlements under the Offer, being 6 February 2014
REIT	A real estate investment trust
Responsible Entity	Dixon Advisory & Superannuation Services Limited (ACN 103 071 665) in its capacity as responsible entity of the Fund
Rights Offer	The offer of Entitlements to New Units under this Offer Document
Top Up Offer	The offer to subscribe for New Units in excess of a Unitholder's Entitlement as described in Section 1.4
Top Up Units	The New Units for which applications are not received under the Rights Offer prior to the Closing Date
Unitholder	A holder of Units
Unit Registrar	Boardroom Pty Limited (ACN 003 209 836)
Units	Ordinary Units in the Fund
US REIT	US Masters Residential Property (USA) Fund, a Maryland REIT
USD	US dollar
Voting Power	Meaning given to that term in Part 6.1 of the Corporations Act

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

US Masters Residential Property Fund

ABN

ARSN 150 256 161

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary units (Units) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | Up to approximately 70,577,062*

* The final number of Units to be issued will depend on acceptances received under the Offer and rounding of fractional entitlements |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | As per existing Units |

+ See chapter 19 for defined terms.

4	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes</p>
5	<p>Issue price or consideration</p>	<p>\$1.80 per Unit</p>
6	<p>Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>To fund current and future growth initiatives and ongoing operations of the entity including:</p> <ul style="list-style-type: none"> • acquisition of new investment properties in targeted areas • funding the costs of refurbishment and improvement of the entity's growing residential property portfolio • meeting general working capital requirements of the entity's day-to-day operations.
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>No</p>
6b	<p>The date the security holder resolution under rule 7.1A was passed</p>	<p>N/A</p>
6c	<p>Number of +securities issued without security holder approval under rule 7.1</p>	<p>N/A</p>
6d	<p>Number of +securities issued with security holder approval under rule 7.1A</p>	<p>N/A</p>

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A	
6f	Number of +securities issued under an exception in rule 7.2	N/A	
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A	
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	N/A	
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	5 March 2014	
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number Up to approximately 282,304,462* * The final number of Units quoted on ASX will depend on acceptances received under the Offer and rounding of fractional entitlements	+Class Units
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	Number N/A	+Class N/A

+ See chapter 19 for defined terms.

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

No change to existing distribution policy

Part 2 - Pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Non-renounceable
13	Ratio in which the +securities will be offered	1 new Unit for every 3 existing Units
14	+Class of +securities to which the offer relates	Units
15	+Record date to determine entitlements	6 February 2014
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No
17	Policy for deciding entitlements in relation to fractions	Fractional entitlements will be rounded up to the nearest whole number
18	Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	Any country other than Australia, New Zealand and such other place in which it is determined to make offers
19	Closing date for receipt of acceptances or renunciations	25 February 2014
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	The total amount will vary, but will comprise 1.0% (plus GST) of the value of successful applications by eligible Unitholders who are "wholesale investors", payable to brokers who have submitted appropriate documentation.

+ See chapter 19 for defined terms.

25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	11 February 2014
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	⁺ Issue date	5 March 2014

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ⁺Securities described in Part 1

(b) All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

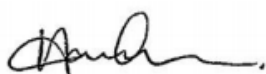
Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought	N/A	
39	+Class of +securities for which quotation is sought	N/A	
40	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	N/A	
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>	N/A	
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	Number	+Class
		N/A	N/A

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



Date: 20 January 2014
Company secretary
Dixon Advisory & Superannuation Services Limited

Print name: Hannah Chan

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
<i>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</i>	
<i>Insert</i> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	
<p><i>Add</i> the following:</p> <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
<i>Subtract</i> the number of fully paid +ordinary securities cancelled during that 12 month period	
“A”	

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p>Note:</p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“C”	
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	
Total [“A” x 0.15] – “C”	<i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“E”	

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	
Total [“A” x 0.10] – “E”	<i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.

20 January 2014

Notice under section 1012DAA(2)(f) of the Corporations Act

This notice is given by Dixon Advisory & Superannuation Services Limited (**Responsible Entity**) in its capacity as responsible entity for the US Masters Residential Property Fund (**Fund**) under section 1012DAA(2)(f) of the *Corporations Act 2001* (Cth) (**Corporations Act**) as modified by ASIC Class Order 08/35 (**CO 08/35**).

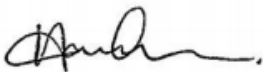
Today, the Responsible Entity announced a non-renounceable entitlement offer of 1 fully paid ordinary unit in the Fund (**New Unit**) for every 3 Units held as at 7:00pm (AEDT time) on 6 February 2014 and a shortfall offer in respect of that entitlement offer (together, the **Offer**) to raise approximately \$127.0 million (before the expenses of the Offer).

Further details regarding the Offer are set out in the ASX announcements accompanying this notice.

The Responsible Entity advises that:

1. the New Units will be offered for issue and will be issued without a product disclosure statement for the New Units being prepared;
2. this notice is being given under section 1012DAA(2)(f) of the Corporations Act as modified by CO 08/35;
3. as a disclosing entity, the Responsible Entity is subject to regular reporting and disclosure obligations;
4. as at the date of this notice, the Responsible Entity has complied with:
 - (a) the provisions of Chapter 2M of the Corporations Act as they apply to the Fund; and
 - (b) section 674 of the Corporations Act as it applies to the Fund;
5. as at the date of this notice, there is no “excluded information” of the type referred to in and for the purposes of sections 1012DAA(8) and 1012DAA(9) of the Corporations Act; and
6. the issue of the New Units is not expected to have a material effect on the control of the Fund.

Yours faithfully



Hannah Chan
Company Secretary
Dixon Advisory & Superannuation Services Limited