

US Masters Residential Property Fund



PRODUCT DISCLOSURE STATEMENT

PDS for the offer of 50,000,000 fully paid ordinary units at an offer price of \$1.60 to raise up to \$80,000,000 with the ability to accept oversubscriptions.

This PDS is issued by **Dixon Advisory & Superannuation Services Limited** in its capacity as Responsible Entity for the Fund.

The investments of **US Masters Residential Property Fund** will be managed by **Dixon Advisory & Superannuation Services Limited**.
This offer is not underwritten.

ARSN 150 256 161

RESPONSIBLE ENTITY:



dixonadvisory

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

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Application will be made for listing of the Units offered by this Product Disclosure Statement by the National Stock Exchange of Australia Limited (NSX).

The fact that the NSX may list the Units of the managed investment scheme is not to be taken in any way as an indication of the merits of the managed investment scheme or the listed Units.

The NSX takes no responsibility for the contents of this document, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this document.

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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North Sydney NSW 2060

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F 1300 457 349

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www.usmastersresidential.com.au

Responsible Entity

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Sydney, NSW 2000

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www.wmlaw.com.au

Share Registrar

Registries Limited

Level 7, 207 Kent Street
Sydney NSW 2000

T 1300 737 760 (Australia)

T +61 2 9290 9600 (International)

F 1300 653 459

www.registries.com.au

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405 Lexington Avenue
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www.blankrome.com

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Important Notices

General

This product disclosure statement (**PDS**) is dated 21 April 2011 and was lodged with the Australian Securities & Investments Commission (**ASIC**) on that date. Neither ASIC nor any of their officers take any responsibility for the contents of this PDS.

This PDS was prepared and issued by Dixon Advisory & Superannuation Services Limited (ACN 103 071 665) (referred to in this PDS as "Dixon Advisory", "Responsible Entity", "we", "our" and "us"). Dixon Advisory is the responsible entity and investment manager of the US Masters Residential Property Fund (**Fund**).

This document is important and requires your immediate attention. It should be read in its entirety. You may wish to consult your professional adviser about its contents.

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

This PDS contains general information only. It has not been prepared having regard to your investment objectives, financial



situation or specific needs. It is important that you carefully read this PDS in its entirety before deciding to invest in the Fund and, in particular, in considering the PDS, that you consider the risk factors that could affect the financial performance of the Fund and your investment in the Fund. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

Information relating to the Fund may change from time to time. Where changes are not materially adverse, information may be updated and made available to you on the Fund's website at www.usmastersresidential.com.au or by contacting **1300 454 801**. A paper copy of any updated information is available free on request.

No Guarantee

None of Dixon Advisory, its parent, its respective subsidiaries nor any other party makes any representation or gives any guarantee or assurance as to the performance or success of the Fund, the rate of income or capital return from the Fund, the repayment of the investment in the Fund or that there will be no capital loss 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 9.

Restrictions on the distribution of this PDS

This PDS does not constitute an offer of Units in any place in which, or to any person to whom, it would not be lawful to do so. The distribution of this PDS in jurisdictions outside Australia may be restricted by law and any person into whose possession this PDS comes (including nominees, trustees or custodians) should seek advice on and observe those restrictions.

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

Electronic PDS

An electronic version of this PDS is available from the Fund's website at www.usmastersresidential.com.au. The Offer to which this PDS relates is available to persons receiving this PDS (electronically or otherwise) in Australia. It is not available to persons receiving it in any other jurisdiction.

If you download the electronic PDS, please ensure you have received the entire PDS accompanied by the Application Form. The Units offered under the Offer to which the electronic PDS relates will only be issued on receipt of a printed copy of the Application Form.

Copy of this PDS

The Responsible Entity will give you a copy of the PDS free of charge if you ask during the offer period and in any event within 5 days after receiving such a request.



Exposure Period

The Corporations Act prohibits the issue of Units in the period of 7 days after the date of lodgement of this PDS with ASIC. This period may be extended by ASIC by up to a further 7 days. This period is an exposure period to enable this PDS to be examined by market participants prior to the raising of funds. Applications received during the exposure period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the exposure period.

Application for Units

To apply to invest in the Fund, you must complete the Application Form attached to the back of this PDS and return it to us at the address provided on the Application Form, together with a cheque for your investment. Please refer to Section 2 for further details on how to apply for Units in the Fund.

Listing

We will apply within 7 days after the date of this PDS for the Units to be issued pursuant to this PDS and all other Units on issue to be quoted on the NSX.

The fact that the Units may be quoted on the NSX is not to be taken as an indication of the merits of the Fund or the Units. If granted admission to the NSX, quotation will commence as soon as practicable after holding statements are dispatched.

We do not intend to allot any Units unless and until the Units have been granted permission to be listed on the NSX on terms acceptable to us. If permission is not granted for the Units to be listed for quotation before the end of three months after the date of this PDS or such longer period permitted by the Corporations Act with the consent of ASIC, all Application Monies received pursuant to the PDS will be refunded without interest to Applicants in full within the time prescribed by the Corporations Act.

See Section 2.5 for further details of the proposed listing of the Fund.

Allotment

We will not allot Units until the Minimum Subscription has been received and permission has been granted for quotation of the Units unconditionally or on terms acceptable to us. It is expected that allotment of the Units will take place by 17 June 2011.

An Application constitutes an offer by the Applicant to subscribe for Units on the terms and subject to the conditions set out in this PDS. Where the number of Units allotted is less than the number applied for or where no allotment is made, the surplus Application Monies will be returned by cheque within 7 days of the Closing Date. Interest will not be paid on the refunded Application Monies.

CHESS

The Fund will apply to participate in the Clearing House Electronic Subregister System (**CHESS**) operated by the ASX Settlement Pty Limited (**ASX Settlement**) in accordance with the Listing Rules and the ASX Settlement Operating Rules. Under CHESS, the Fund will not be issuing certificates to investors who elect to hold their Units on the CHESS subregister. After allotment of Units, Unitholders will receive a CHESS statement.

The CHESS statements, which are similar to bank account statements, will set out the number of Units allotted to each Unitholder pursuant to this PDS. The statement will also advise holders of their holder identification number and explain for future reference the sale and purchase procedures under CHESS.

Further statements will be provided to holders which reflect any changes in their shareholding in the Fund during a particular month.

Tax implications

Tax implications applicable to investors will vary from investor to investor. Dixon Advisory, its advisers and its directors and officers do not accept any responsibility or liability for any tax consequences. As a result, you should consult your own professional tax advisers before subscribing for Units under this PDS.

Please refer to Section 11 for a summary of the main tax implications for investors who subscribe for Units pursuant to the Offer.

Application Form

Applications and Application Monies for Units under the Offer received after 5:00 p.m. (AEST) on the Closing Date will not be accepted and will be returned to potential investors. Interest will not be paid on Application Monies which are returned. Applications must be accompanied by payment in Australian currency. 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.



Completed Application Forms, together with Application Monies, should be forwarded to one of the following addresses:

POSTAL

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

HAND DELIVERED

Canberra

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

Sydney

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

Melbourne

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

When to Apply

Completed Applications under the Offer must be received by 5:00 p.m (AEST) on the Closing Date. **The Responsible Entity may close the Offer at any time after expiry of the exposure period without prior notice or extend the period of the Offer in accordance with the Corporations Act and the listing rules.**

The Responsible Entity reserves the right to allocate any lesser number of Units than those for which the Applicant has applied. Where the number of Units allotted is fewer than the number applied for, surplus Application Monies will be refunded without interest.

Enquiries

Applicants with enquiries concerning the Application Form or relating to this PDS and the Offer should contact Dixon Advisory & Superannuation Services Limited on **1300 454 801**.

Glossary of Terms

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



Letter from the Responsible Entity

Dear Investor,

It is our pleasure to invite you to become an investor in the US Masters Residential Property Fund. The Fund presents an opportunity for you to invest in a listed property trust that aims to invest in the United States of America (**US**) residential property market in what we believe are improving market conditions. Following the downturn in the US property market, the Responsible Entity believes that US residential property in select markets offers excellent value for investors; indeed, the Responsible Entity believes in many cases within the target New York metropolitan area (**Initial Target Investment Area**), properties are trading at below replacement cost. This, coupled with the record high level at which the Australian dollar is currently trading versus the US dollar, presents an opportunity to gain exposure to US residential property at an attractive point ahead of a potential recovery.

The Fund is the first Australian listed trust with a primary strategy of investing in the residential property market of the US. The initial portfolio will comprise investments in multiple family residential properties (containing two to four dwellings) located in the New York metropolitan area, which is often referred to as the Tri-State Area. Within this area, the Fund will initially focus on investments in Hudson County, New Jersey. The Responsible Entity, in its capacity as the Investment Manager, believes that Hudson County presents a compelling opportunity to gain exposure to the US residential property market. While the Fund's initial investment focus is in Hudson County, the Fund may in future consider investment opportunities elsewhere in the US.

Through the Offer, the Fund is seeking to raise up to \$80,000,000 in its initial public offering through the offering of 50 million Units. The Fund is expected to be leveraged no more than 50%, a relatively modest level. The Fund will acquire US residential property through a substantially wholly owned US based real estate investment trust.

The Fund will be managed by Dixon Advisory & Superannuation Services Limited in its capacity as the Responsible Entity and Investment Manager. Dixon Advisory has extensive experience in managing portfolios of domestic and international fixed income securities and equities, natural resources, Australian residential property and other asset classes. Property management and other specific support services will be provided by Dixon Advisory USA, which is a wholly owned US subsidiary of the Dixon Advisory Group.

The directors of the Responsible Entity include Daryl Dixon, Max Walsh, Alan Dixon, Alex MacLachlan, Chris Brown and Tristan O'Connell. The Responsible Entity has assembled a highly experienced locally based management team as well as an independent advisory board of seasoned finance and property industry professionals.

The Fund expects to deliver attractive returns to Unitholders by targeting an ungeared net rental yield of greater than 8% annualised on the underlying properties. It is important to note that this may not necessarily reflect the distribution yields you are likely to receive. The Fund plans to distribute income semi-annually. We encourage you to read this disclosure document carefully before making your investment decision because it contains detailed information about the Fund and the Offer of Units to investors.

We commend the Offer to you and look forward to welcoming you as an investor in the US Masters Residential Property Fund.

Yours faithfully



Daryl Dixon

Max Walsh

Dixon Advisory & Superannuation Services Limited

Key Dates and General Information

Date of PDS	21 April 2011
Opening Date	4 May 2011
Closing Date	10 June 2011
Allotment of Units	17 June 2011
Despatch of holding statements	22 June 2011
Trading of Units expected to commence	29 June 2011

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

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

Offer price per Unit	\$1.60
Minimum Application amount	\$2,000
Minimum number of Units available under the Offer	18,750,000
Minimum Offer size	\$30,000,000
Maximum number of Units available under the Offer (if no oversubscriptions are taken up)	50,000,000
Maximum number of Units available under the Offer (if all oversubscriptions are taken up)	75,000,000
Pro forma Net Asset Value (NAV) backing per Unit if the Minimum Subscription amount is raised (based on pro forma Statement of Financial Position set out in Section 8)	\$1.53



Key Investment Benefits

Direct exposure to US residential property at attractive valuations

The Fund will be the first Australian listed property trust with a primary strategy of investing in direct US residential property.

The Responsible Entity believes that current conditions present an opportunity to gain exposure to select areas of the US residential property market at an attractive point in the cycle ahead of a potential recovery in US residential property prices.

Attractive rental yields

The Fund will target properties which have the potential to achieve superior risk-adjusted income and long-term capital appreciation. Based on an assessment of the Initial Target Investment Area by the Responsible Entity, properties which satisfy the Fund's investment criteria are expected to provide an ungeared net rental yield greater than 8%.

This yield does not necessarily reflect the distribution yield an investor is likely to receive on their investment.

Strong Australian dollar

As at the date of this PDS, the Australian dollar is currently trading at, or near, all time highs against the US dollar. This is materially higher than the average of 73 cents achieved since the adoption of a floating exchange rate in 1983.

The Offer allows for Australian dollar denominated investors to capitalise on the increased value in the Australian dollar and provides potential upside should the exchange rate return to its historical trading range.

High quality management team

Management of the Fund will be based in Australia and is to be provided by the Responsible Entity in its capacity as Investment Manager. Investment management in the US will also be provided by the Responsible Entity, while property management and other support services in the US will be provided by Dixon Advisory USA.



Dixon Advisory has substantial experience in the management of listed and unlisted investment funds, including more than \$600 million of funds in a variety of asset classes including domestic and international fixed income, natural resources, Asian equities and Australian equities.

The Responsible Entity has assembled a team of highly qualified professionals with direct experience in residential property in the Initial Target Investment Area to oversee the management of the Fund and its investments. Profiles of key personnel of the Responsible Entity and the executive team of Dixon Advisory USA are set out in Section 5. The local management team is in place and working out of Jersey City, New Jersey. Dixon Advisory USA will appoint external real estate professionals where appropriate.

Positive long-term dynamics

Short-term oversupply exacerbated by foreclosures, short sales and distressed sellers provides an opportunity to acquire properties at attractive valuations. At the same time, while certain regions of the US property market continue to suffer, the Responsible Entity believes the US residential property market still exhibits positive long-term fundamentals. The US has one of the best demographic profiles among OECD nations, providing excellent potential for strong growth in household formation to drive future demand.

Proposed initial investment focus on the New York metropolitan area

The Fund will have an initial investment focus on the New York metropolitan area. The New York metropolitan area is the most populous metropolitan area in the US. Within the New York metropolitan area, the Fund will initially focus on multi-family properties with two to four dwellings in Hudson County, New Jersey.

The Investment Manager believes Hudson County offers compelling real estate market dynamics and demographics, including favourable location, proximity and direct public transport access to Manhattan, high population density and strong rental yields.

Recent divergence with other asset classes

While other investment asset classes have rebounded strongly post the global financial crisis, including US equities and fixed income, US real estate values remain depressed. The Responsible Entity estimates that in many cases in the Initial Target Investment Area, current residential property prices are below replacement cost.

Attractive capital structure

The Fund will target a conservative consolidated gearing level of up to 50% that will enhance yield to investors while maintaining risk at low levels. Residential property financing terms in the US are currently very attractive with fixed rate long-term loans available at very low US interest rates.

Simplified tax treatment and convenient investment platform

Investors in the Fund will not be required to file US tax returns, unlike direct individual investors in US property. Unitholders will receive regular Australian income tax statements from the Fund to enable them to meet Australian income tax compliance obligations.

In addition, investing in the Fund provides a convenient avenue to gaining more manageable exposure levels to the US residential property market than through direct property investment.



Initial Target Investment Area

New York Metropolitan Area

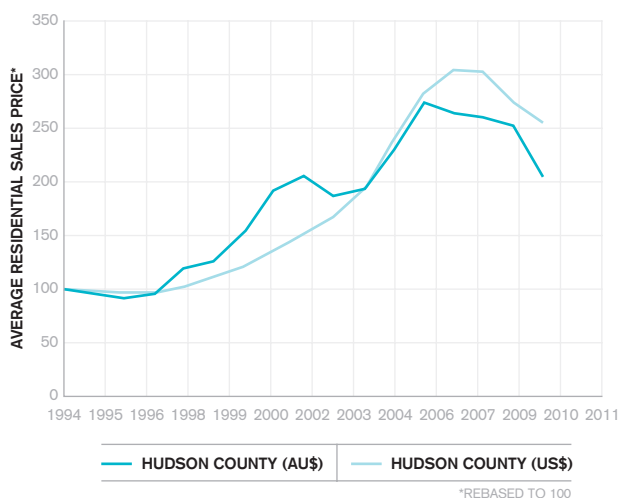
The Fund's Initial Target Investment Area is the New York metropolitan area, which is often referred to as the Tri-State Area. Broadly speaking, the New York metropolitan area encompasses the populated areas in the states of New Jersey, New York and Connecticut that are within a typical commuting distance of Manhattan. The New York metropolitan area is the most densely populated area in the US.

Within the New York metropolitan area, the Responsible Entity will initially focus on investment within Hudson County, New Jersey. Hudson County is located in the north east of New Jersey and is directly adjacent to New York City. The Responsible Entity believes Hudson County currently presents a compelling opportunity to gain exposure to the US residential property market. The Responsible Entity believes the area has a number of favourable characteristics which make it attractive for investment including the following:

- Favourable geographic location with direct proximity to New York City;
- Mass transit systems both within Hudson County and directly to New York City;
- One of the most densely populated counties in the US with a high proportion of renters;
- Favourable tenancy laws;
- Reduced asset valuations which offer a unique and attractive entry point; and
- Attractive risk-adjusted rental yields.

For further details on the Initial Target Investment Area, see Section 4.

HUDSON COUNTY AVERAGE RESIDENTIAL SALE PRICES



Source: New Jersey Department of Treasury.

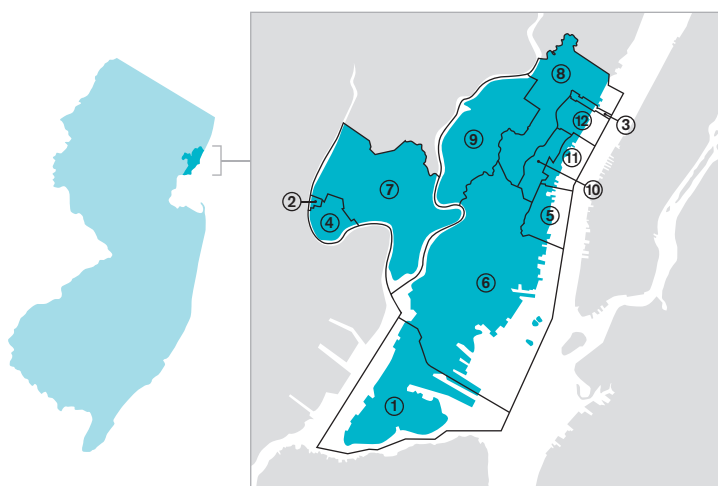
KEY STATISTICS (2010)

Total housing units	240,618
Estimated total value of housing stock ¹	US \$85.7 billion
Renter occupied units	69.3%
Rental vacancy rate	2.7%
Average household size	2.60 people
Average family size	3.27 people
Average household income (2009)	US \$54,800
Median age	33.6
Total population	634,266
Population density	13,495/square mile

Source: Hudson County Economic Development Corporation.

1. Based on the total number of housing units and the 2010 average residential sales price for houses in Hudson County of US\$356,051.

FIGURE 1: LOCATION OF HUDSON COUNTY



Municipality	Population	Area
1 City of Bayonne	63,024	5.5mi ²
2 Borough of East Newark	2,406	0.12mi ²
3 Town of Guttenberg	11,176	0.19mi ²
4 Town of Harrison	13,620	1.22mi ²
5 City of Hoboken	50,005	1.26mi ²
6 City of Jersey City	247,597	14.87mi ²
7 Town of Kearny	40,684	9.2mi ²
8 Township of North Bergen	60,773	5.28mi ²
9 Town of Secaucus	16,264	5.9mi ²
10 City of Union City	66,455	1.25mi ²
11 Township of Weehawken	12,554	0.81mi ²
12 Town of West New York	49,708	1.01mi ²
Total	634,266	

Source: US Census Bureau, Hudson County Division of Planning for the US Department of Commerce.



Illustrative Comparison of US and Australian Residential Properties

Address	21 Delaware Avenue Jersey City, Hudson County	71 Chelmsford Street Newtown, New South Wales
Location	5.6 km from Manhattan	4.3 km from Sydney CBD
Property type	Two storey multiple family	Single level terrace
Number of bedrooms	1 x 3 bedroom plus 1 x 5 bedroom	2 bedroom
Net annual income	US \$32,125 ³	A \$31,240 ⁴ (est.)
Capital Value	US \$190,000 ¹	A \$800,000 ²
Net rental yield	16.9% p.a.	3.9% p.a. (est.)
Photograph		

Notes: 1. Based on independent appraisal value as at 2 April 2011. 2. Based on traded price on 26 February 2011. 3. Based on actual property rental income of US \$42,000 and actual property expenses of US \$9,875 in 2010. 4. Based on the Responsible Entity's estimate of current rental income and current property expenses.

Address	220 Union Street Jersey City, Hudson County	65 Lydia Street Brunswick, Victoria
Location	5.4 km from Manhattan	6.0 km from Melbourne CBD
Property type	Two storey multiple family	Single level freestanding
Number of bedrooms	2 x 3 bedroom	2 bedroom
Net annual income	US \$21,420 ³	A \$21,280 ⁴ (est.)
Capital Value	US \$275,000 ¹	A \$710,000 ²
Net rental yield	7.8% p.a.	3.0% p.a. (est.)
Photograph	 	

Notes: 1. Based on independent appraisal value as at 11 February 2011. 2. Based on traded price on 21 March 2011. 3. Based on actual property rental income of US \$29,400 and actual property expenses of US \$7,980 in 2010. 4. Based on the Responsible Entity's estimate of current rental income and current property expenses.



Address	222 Armstrong Avenue Jersey City, Hudson County	1/1 Edwell Place, Lyneham Australian Capital Territory
Location	6.3 km from Manhattan	5.6 km from Canberra CBD
Property type	Two storey multiple family	Single level townhouse
Number of bedrooms	2 x 1 bedroom	2 bedroom
Net annual income	US \$15,440 ³	A \$16,732 ⁴ (est.)
Capital Value	US \$160,000 ¹	A \$385,000 ²
Net rental yield	9.7% p.a.	4.3% p.a. (est.)
Photograph		

Notes: 1. Based on independent appraisal value as at 11 February 2011. 2. Based on traded price on 5 March 2011. 3. Based on actual property rental income of US \$21,300 and actual property expenses of US \$5,860 in 2010. 4. Based on the Responsible Entity's estimate of current rental income and current property expenses.

Please note that the property comparisons above have been chosen using similar net annual income as the reference point. No comment or forecast is made as to potential capital growth of any property, amenities or perceived desirability of any location, build quality of any residence or any other matter.



Key Investment Risks

Topic	Summary	More info
Risks of the US residential property market	<p>There are several risks associated with investing in the US residential property market including a fall in US residential property prices, declining rental rates and a low level of liquidity.</p> <p>The US residential property market has performed poorly since at least 2007. It may continue to perform poorly.</p>	Section 9.2 (a)
Concentrated geographic focus	<p>The Fund will initially invest in residential properties located in the New York metropolitan area, with a focus on Hudson County, New Jersey. The Fund's performance will therefore be highly correlated to the performance of the residential property market in these areas. If the residential property market performs poorly, the Fund's performance may be affected.</p>	Section 9.2 (i)
Foreign exchange risk	<p>The Fund's investments will be in the US property market with the assets and liabilities being denominated in US dollars. The value of the Units may be affected by increases and decreases in the value of the US dollar relative to the Australian dollar. This will affect the value, in Australian dollars, of any income distributed by the Fund.</p> <p>The value of the Australian dollar has been subject to significant fluctuations in relation to the US dollar in the past and may be subject to significant fluctuations in the future.</p>	Section 9.2 (k)
Macroeconomic risks	<p>The property market and the value of investments can be affected by changes in various macroeconomic conditions including economic, technological, political or regulatory environment, as well as inflation and market sentiment.</p>	Section 9.1 (a)
Stock market risk	<p>There are pricing and other risks associated with any investment in a publicly listed trust. The price of Units may rise and fall due to numerous factors that may affect the market performance of the Fund, such as variations in the local and global markets in general or for listed property trusts in particular.</p>	Section 9.1 (b)
Regulatory risk	<p>Changes in government legislation, regulation and policy may affect future earnings and values of the properties. Changes in accounting standards may affect the reported earnings and financial position of the Fund in future financial periods.</p>	Section 9.1 (c)
Taxation risk	<p>Changes to the taxation laws in Australia and the US, particularly relating to income tax, the double income tax treaty that applies between Australia and the US, property tax, transfer tax or other property related tax legislation and/or changes to the taxation status of the Fund or the US REIT may affect the tax treatment of the Fund or the US REIT and may differ between Unitholders.</p> <p>The determination of whether the US REIT will qualify or continue to qualify as a REIT is complex; accordingly, no assurance can be given that the US REIT will qualify, or remain qualified, as a REIT.</p> <p>As the taxation treatment of the Fund or the US REIT may be different than what is expected, such treatment may have adverse tax consequences with respect to the treatment of distributions from the Fund, the value of the Fund, or the value of the assets of the Fund.</p>	Section 9.1 (d)



Topic	Summary	More info
Counterparty risk	There is a risk that counterparties with the Fund and the US REIT will not perform their obligations which may affect the value of returns from an investment in the Fund.	Section 9.1 (e)
Poor investment performance	The Responsible Entity, nor any other person, gives a guarantee as to the amount of income, distribution or capital return of Units or the performance of the Fund, nor do they guarantee the repayment of capital.	Section 9.1 (f)
Liquidity risk	Liquidity refers to the ease with which an asset can be traded (bought and sold). As the Units have not yet traded, there can be no guarantee that a liquid market for securities in the Fund will develop within an acceptable period of time or at all. Applicants in the Fund should be aware that this may limit their ability to realise a return or recover their capital.	Section 9.1 (g)
Litigation risk	In the course of its operations, the Fund or the US REIT may become involved in disputes and litigation that may adversely affect the Fund.	Section 9.1 (h)
Key personnel risk	There is a risk that the departure of key staff that have particular expertise in funds and property management, whether they are the staff of the Fund, Responsible Entity or Dixon Advisory USA, may have an adverse effect on the earnings and value of the Fund.	Section 9.1 (j)
Borrowing risk	There is a risk that the Fund, the US REIT and the subsidiaries of the US REIT (if any), may not be able to obtain borrowings on favourable terms. This may have an adverse effect on the value and future income of the Fund.	Section 9.2 (e)
Interest rate risk	If the Fund (either directly or indirectly) becomes a geared vehicle, changes in interest rates may have a positive or negative impact directly on the Fund's income. Changes in interest rates may also affect the market more broadly and positively or negatively impact the value of the Fund's underlying assets.	Section 9.2 (g)
Performance history	The Responsible Entity has not previously managed a portfolio of US residential properties. However, key personnel of Dixon Advisory USA have considerable experience in this market.	Section 9.2 (h)



1. Summary of the Offer

About the Offer

Question	Summary	More info
Who is the issuer of this PDS and the Units?	This PDS and the Units are issued by the Responsible Entity. For further information about the Responsible Entity, see Section 5.	Section 5
What is the Offer?	The Offer is for Units at an issue price of \$1.60 per Unit to raise up to \$80,000,000. The Fund will issue up to 50,000,000 Units, with the ability to accept oversubscriptions for a further 25,000,000 Units. The Offer is subject to the Fund raising a minimum of \$30,000,000.	Section 2.1
What is the purpose of the Offer?	The Fund is seeking to raise funds for the purpose of investing directly in a Maryland real estate investment trust controlled by the Fund called the US Masters Residential Property (USA) Fund (US REIT). The US REIT and wholly owned entities will use the funds provided by the Fund to acquire US residential property.	Section 6.1
Is there a cooling-off period?	No, there is no cooling-off period for investors. This means that once you have submitted an Application Form you will not be able to withdraw your Application, other than as permitted by the Corporations Act. However, you will be able to offer your Units for sale on NSX, once the Fund is listed.	Section 2.9
How do investors obtain further information?	Please contact Dixon Advisory & Superannuation Services Limited on 1300 454 801 if you have questions relating to the Offer. If you are uncertain about whether an investment in the Fund is suitable for you, please contact your stockbroker, financial adviser, accountant, lawyer or other professional adviser.	

About the Fund

Question	Summary	More info
What will the Fund invest in?	The net proceeds of the Offer will be invested in the US REIT which will use the funds to acquire residential property in the Initial Target Investment Area consistent with the investment objectives and guidelines of the Fund. The Fund will be restricted to investments in the US REIT and appropriate financial products. The US REIT will be restricted to investments in US residential property and appropriate financial products that are of a type which are treated as qualifying assets for the purposes of the REIT qualification tests under the United States Internal Revenue Code of 1986, as amended (Code). The initial target investments will be in the New York metropolitan area, with a focus on Hudson County, New Jersey.	Section 4 and Section 6
How will the Fund make its investments?	The Fund, via its interest in the US REIT and its wholly owned subsidiaries (if any), may acquire properties from a variety of sources including: <ul style="list-style-type: none"> - from the open market via auction, private treaty or otherwise; - from vendors as part of a short sale arrangement (see Section 3.3(b) for a description of short sales); and - from mortgagees as part of the foreclosure process. 	



Question	Summary	More info
What are the Fund's investment objectives?	<p>The Fund's investment objectives are to provide Unitholders with:</p> <ul style="list-style-type: none"> - exposure to a diversified portfolio of US based residential property assets; - regular, tax effective distributions of income derived from attractive rental yields; and - potential for capital growth in the underlying property portfolio over the long term. 	Section 6.3
What is the Fund's distribution policy?	Distributions are expected to be paid to Unitholders semi-annually. The Fund intends to distribute 100% of its operating income (which excludes unrealised gains and losses).	Section 6.11
What is the Fund's foreign exchange policy?	The Fund will hold assets and receive income which is predominantly denominated in US dollars. Importantly, any cash held by the Fund for the purposes of investment into the US REIT and wholly owned entities to acquire US residential property will generally be denominated in US dollars. It is not expected that the Fund will earn significant interest on such monies due to the present low interest rate environment in the US. The Fund does not currently intend to hedge against currency risk.	Section 6.9
Will the Fund undertake borrowings?	The Fund intends to obtain US dollar denominated borrowings indirectly via the US REIT and wholly owned entities after it commences investing. These borrowings will be secured against the assets of the US REIT. The consolidated gearing or leverage ratio of the Fund is expected to be no greater than 50%, however, the Fund may exceed such levels for a short period. Should the US REIT and its wholly owned entities be unable to obtain borrowings on acceptable terms, they will remain ungeared. The Fund does not intend to undertake any borrowings directly, though it may borrow up to 10% of its gross asset value for capital management purposes.	Section 6.7
What is the investment term?	The Fund does not have a set investment term, however, due to the nature of the underlying investments in residential property, an investment in the Fund should be viewed as long term in nature.	
What are the significant tax implications of the Fund?	<p>There are several significant tax implications from investing in the Fund. A summary of these issues is provided within this PDS in the form of an Australian tax opinion and a summary of certain material US tax issues (see Section 11).</p> <p>Investors should seek tax advice based on their specific circumstances before making a decision to invest in the Fund.</p>	Section 11



Investing in the Fund

Question	Summary	More info
Who can participate in the Offer?	Members of the general public who have a registered address in Australia can participate in the Offer.	Section 2.1
Can superannuation funds invest?	Superannuation funds can invest subject to the investment mandate of the particular fund and the trustee's general powers and duties.	
How do investors apply for Units?	<p>The procedures for making an investment in the Fund are described in Section 2.</p> <p>The Responsible Entity may be required to obtain identification information from Applicants. The Fund reserves the right to reject an Application if that information is not provided upon request.</p>	Section 2.3
What are the fees and costs of the Offer?	<p>The Responsible Entity will charge a structuring and arranging fee of 2.00% (excluding GST) of the gross proceeds raised under this PDS and a handling fee of 2.00% (excluding GST) of the gross proceeds raised under this PDS.</p> <p>The Responsible Entity will meet all start-up costs of the Fund such as legal, accounting, marketing and all associated costs of the Offer under this PDS.</p>	Section 7.1
What are the ongoing fees and costs payable by the Fund?	<p>The fees payable directly by the Fund will be an administration fee of 0.25% per annum (excluding GST), a responsible entity fee of 0.08% per annum (excluding GST), and a custody fee of 0.02% per annum (excluding GST) of the gross asset value of the Fund.</p> <p>The Fund will also be responsible for ongoing expenses such as registry services, listing fees, investor communications, taxes and bank fees, preparation of financial statements and tax returns, audit, insurance, compliance costs and other expenses.</p>	Section 7.2
What are the fees and costs payable by the US REIT?	<p>The fees payable from the US REIT to the Responsible Entity, in its capacity as Investment Manager, include:</p> <ul style="list-style-type: none"> - an investment management fee of 1.24% (excluding GST) per annum of the gross asset value of the US REIT and the Fund, with the value of the Fund's investment in the US REIT deducted to avoid double counting; and - fees for property asset acquisitions and disposals and leasing fees. <p>The Responsible Entity has elected to waive the investment management fee on the first \$50 million of gross assets for an indefinite period.</p> <p>Dixon Advisory USA has established an office in New Jersey with the sole purpose of overseeing the operations of the US REIT. Dixon Advisory USA will be reimbursed for all expenses incurred during the performance of its services including all office personnel (excluding investment management personnel who will be remunerated out of fees paid to the Responsible Entity), office space, office facilities and all other expense incidental to its operations.</p>	Section 7.2
Is the Offer underwritten?	The Offer is not underwritten.	



2. Information for Investors

This is a summary only. This PDS should be read in full before making any decision to apply for Units.

The performance of the Fund is not guaranteed by the Responsible Entity or any adviser to the Fund.

2.1. The Offer

Dixon Advisory, as the Responsible Entity of the Fund, is the issuer of Units under this PDS. Dixon Advisory will offer for subscription a minimum of 18,750,000 Units and a maximum of 50,000,000 Units. The Offer comprises an offer of Units at \$1.60 per Unit. To participate in the Offer, your Application Form must be received by 5:00 p.m (AEST) on the Closing Date. The Closing Date may be brought forward by the Responsible Entity and accordingly potential applicants are urged to apply for Units early.

Under the Offer, the Responsible Entity reserves the right to accept oversubscriptions of up to a further 25,000,000 Units at \$1.60 per Unit.

The Offer will only be made to members of the general public who have a registered address in Australia.

2.2. Minimum Subscription

The Minimum Subscription for the Offer is \$30,000,000, being receipt of valid Applications for not less than 18,750,000 Units. If this Minimum Subscription is not achieved and the Application Monies for these Units are not received by the date three months after the Opening Date, the Responsible Entity will repay all money received from Applicants within 7 days after that date or such later date as may be permitted by the Corporations Act with the consent of ASIC. Interest will not be paid on monies returned to Applicants.

2.3. Applications

You must use the Application Form issued with, and attached to, this PDS and complete the Application Form in accordance with the instructions contained within the Application Form.

Applications and Application Monies for Units under the Offer received after 5:00 p.m (AEST) on the Closing Date will not be accepted and will be returned to potential investors.

The minimum investment is 1,250 Units for a total of \$2,000.

Applications received during the exposure period will not be processed until after the exposure period.

Applications must be accompanied by payment in Australian currency.

Cheques should be made payable to "Dixon Advisory Trust Account for US Masters Residential Property Fund" and crossed

"Not Negotiable". Payments by cheque will be deemed to have been made when the cheque is honoured by the bank on which it is drawn. The amount payable on Application will not vary during the period of the Offer and no further amount is payable on allotment. No brokerage or stamp duty is payable by Applicants.

Completed Application Forms and accompanying cheques may be lodged with:

A) POSTAL

US Masters Residential Property Fund Offer
c/- Dixon Advisory & Superannuation Services Limited
GPO Box 575
Canberra ACT 2601

B) HAND DELIVERED

Canberra

US Masters Residential Property Fund
c/- Dixon Advisory & Superannuation Services Limited
Level 1, 73 Northbourne Avenue
Canberra ACT 2600

Sydney

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

Melbourne

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

A binding contract to issue Units will only be formed at the time Units are allotted to Applicants.

Application Forms will be accepted at any time after the issue and prior to the Closing Date of this PDS.

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

2.4. Offer not underwritten

The Offer is not underwritten.

2.5. Listing

Application will be made to the NSX within 7 days after the date of this PDS for the Fund to be listed and for quotation of the Units issued pursuant to this PDS.



The fact that the NSX may list the Fund is not to be taken as an indication of the merits of the Fund or the Units. Quotation, if granted, will commence as soon as practicable after holding statements are despatched.

2.6. Allotment

No allotment of Units will be made until the Minimum Subscription has been received. It is expected that allotment of the Units under the Offer will take place by 17 June 2011. Application Monies will be held in a separate account until allotment. This account will be established and kept by the Responsible Entity on behalf of the Applicants. The Responsible Entity may retain any interest earned on the Application Monies held on behalf of the Fund pending the issue of Units to successful Applicants.

The Application constitutes an offer by the Applicant to subscribe for Units on the terms and subject to the conditions set out in this PDS. Where the number of Units allotted is less than the number applied for or where no allotment is made, the surplus Application Monies will be returned by cheque within 7 days of the Closing Date. Interest will not be paid on refunded Application Monies to Applicants.

2.7. CHESS

An application will be made for Units to participate in the Clearing House Electronic Subregister System (CHESS). CHESS is operated by ASX Settlement Pty Limited in accordance with the Listing Rules and the ASX Settlement Operating Rules. Under CHESS, the Fund will not issue certificates to Unitholders. After allotment of Units, Unitholders will receive a CHESS statement.

CHESS statements, which are similar to bank account statements, will set out the number of Units allotted to each Unitholder pursuant to this PDS. The statement will also advise holders of their holder identification number and explain, for future reference, the sale and purchase procedures under CHESS. Further CHESS statements, which reflect any changes in their Unitholding in the Fund during a particular month, will be provided to holders.

2.8. Overseas Unitholders

Members of the general public who have a registered address in Australia can participate in the Offer. The Offer does not constitute an offer in any place in which, or to any person to whom, it would be unlawful to make such an offer.

2.9. Cooling-off period

There is no cooling-off period for investors. This means that once you have submitted an Application Form you will not be able to withdraw your Application, other than as permitted by the Corporations Act. However, you will be able to offer your Units for sale on the market, once the Fund is listed.

2.10. Transfer of Units

The Fund's Constitution provides that while the Fund is listed, Unitholders may make transfers in any manner permitted by CHESS, which may include off-market transfers of Units.

You may instruct your stockbroker or financial adviser to sell any or all of your Units on any trading day in which the Fund is trading.

2.11. Privacy

When you apply to invest in the Fund, you acknowledge and agree that:

- a) you are required to provide the Fund with certain personal information to:
 - i) facilitate the assessment of an Application;
 - ii) enable the Fund to assess the needs of Applicants and provide appropriate facilities and services for Applicants; and
 - iii) carry out appropriate administration.
- b) the Fund may be required to disclose this information to:
 - i) third parties who carry out functions on behalf of the Fund on a confidential basis;
 - ii) third parties if that disclosure is required by law; and
 - iii) related bodies corporate (as that term is defined in the Corporations Act) which carry out functions on behalf of the Fund.

Under the Privacy Act 1988 (as amended), Applicants may request access to their personal information held by (or on behalf of) the Fund. Applicants may request access to personal information by telephoning or writing to the Responsible Entity.

2.12. Anti-Money Laundering/Counter-Terrorism Financing Act 2006

The Responsible Entity may be required under the Anti-Money Laundering/Counter-Terrorism Financing Act 2006 (Cth) or any other law to obtain identification information from Applicants. The Responsible Entity reserves the right to reject any Application from an Applicant who fails to provide the required identification information upon request.

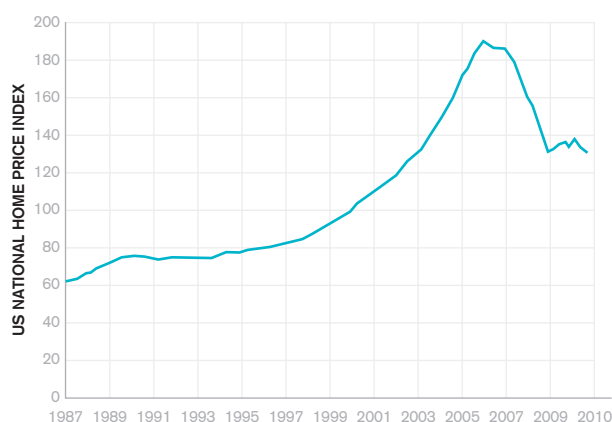


3. Overview of the US Residential Property Market

3.1. The US housing market – a short history

Over the period from 1997 to 2005, the US real estate market witnessed a remarkable rise in house prices. As shown in Figure 2, nominal average house prices, as measured by the S&P/Case Shiller US National Index, recorded an increase of almost 131% from first quarter 1997 to first quarter 2006.

FIGURE 2: US HOUSE PRICES

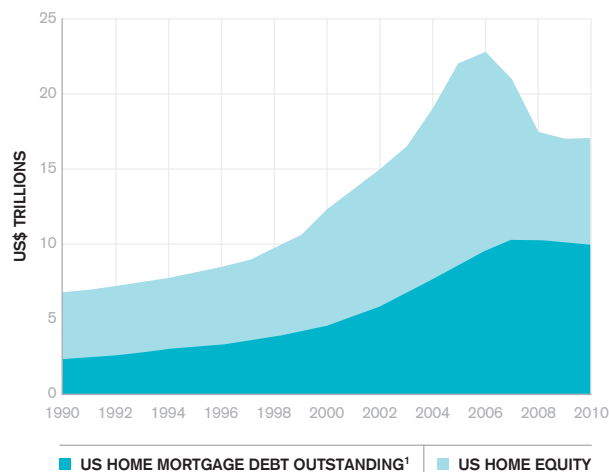


Source: S&P/Case-Shiller Home Price Indices.

While it is difficult to attribute this rise to specific factors in the market, a distinct trend which accompanied the run-up in house prices was the increase in mortgage lending and, in particular, subprime mortgage lending.

As shown in Figure 3, outstanding mortgage debt began to increase rapidly alongside house prices throughout the boom as households took out higher mortgages against the increased value of the US housing stock. By 2007, US single-family mortgage debt had increased to US\$10.5 trillion, a 182% increase on 1997 levels.

FIGURE 3: US HOME MORTGAGES OUTSTANDING AND HOME EQUITY

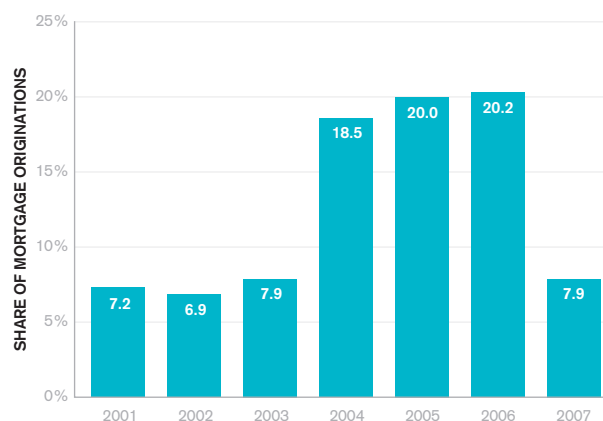


Source: US Federal Reserve.

Notes: 1. Based on mortgages for 1-4 family properties including mortgages on farm houses.

As mortgage debt continued to rise, so did the percentage of mortgages originated in the subprime sector. Subprime mortgages are loans made to borrowers who are perceived to have high credit risk, often because they lack a strong credit history or have other characteristics that are associated with high probabilities of default. Lending to this riskier category of borrowers increased dramatically throughout the housing boom. Subprime mortgages rose from less than 8% of all US mortgage originations in 2003 to more than 20% in 2005 and 2006.

FIGURE 4: US SUBPRIME MORTGAGE ORIGINATION AS A SHARE OF TOTAL MORTGAGE ORIGINATION



Source: Joint Center for Housing Studies of Harvard University.



The downturn commenced when house prices began to fall in 2006. Price reductions were gradual at first, and then accelerated rapidly throughout the latter half of 2007 and 2008, triggering an increase in mortgage defaults. Many financial institutions had invested heavily in assets whose values were tied to the value of mortgages. As mortgage defaults continued to increase, these institutions suffered unexpectedly large losses, which led to several large, well-known institutions either failing or requiring government assistance.

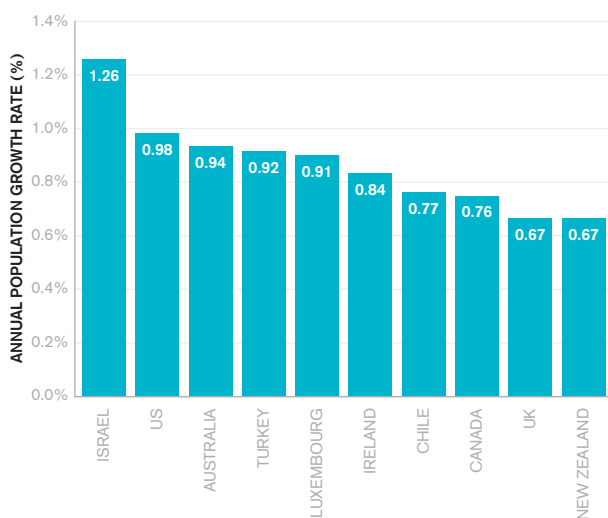
3.2. US residential property demand – current trends

The Responsible Entity believes the US exhibits a number of favourable demand dynamics which are expected to provide long-term support for property market fundamentals. With a young and growing population, the Responsible Entity believes the US is well poised to achieve significant growth in household formation which will drive ongoing demand for residential property. The factors contributing to this view are discussed below.

A) POPULATION GROWTH

Population growth is a key driver which underpins total demand for housing. According to the OECD, by 2030 the US population is forecast to increase to 373.5 million, representing an annualised growth rate 0.98% per annum on current population levels. This growth is expected to be driven by strong net migration into the US and represents one of the strongest growth rates among OECD nations.

FIGURE 5: OECD TOP 10 FORECAST POPULATION GROWTH RATES (2010-2030)

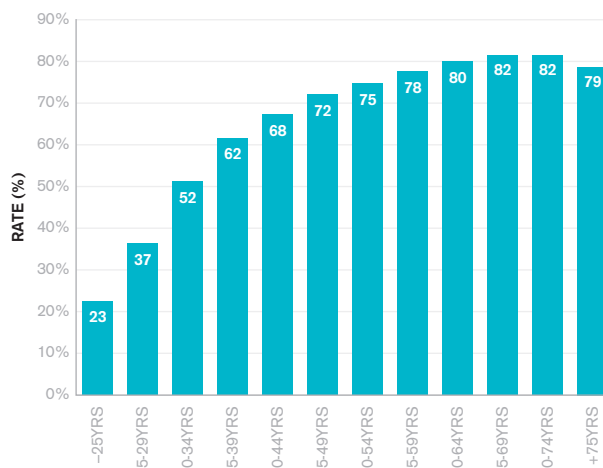


Source: OECD Factbook 2010.

B) DEMOGRAPHIC PROFILE

In addition to population growth, demographics are a significant determinant of household formation as new households are formed at different rates within various age groups. Data from the US Census Bureau shows that increases in the level of home ownership occur rapidly between the ages of 25 and 45.

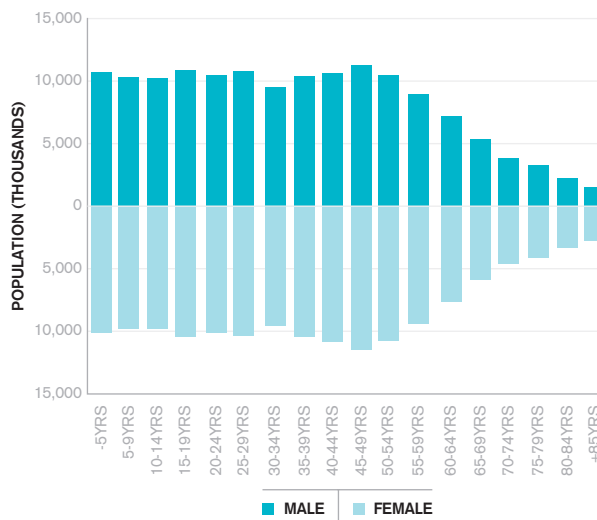
FIGURE 6: US HOME OWNERSHIP LEVEL BY AGE



Source: US Census Bureau.

Currently, a large proportion of the population (over 47%) sits in the under 35 age bracket. Assuming historical home ownership trends continue, this group is on the brink of entering into the main home ownership stage of their lives, where in the past the proportion of home owners increases dramatically. This is likely to place upward pressure on the total home ownership rate and provide long-term support to property purchasing demand.

FIGURE 7: US POPULATION DISTRIBUTION



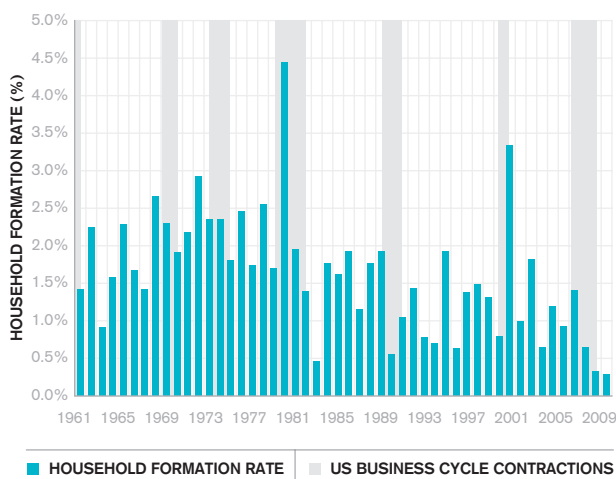
Source: US Census Bureau.



C) HOUSEHOLD FORMATION RATES

Household formations are the largest component of demand for additions to the housing stock. These new households can be accommodated by additions to the housing stock when vacancy rates are low, or absorbed into the existing vacant stock when vacancy rates are high. Since 1960, the number of households in the US has grown at an average annual rate of 1.6%, according to the Census Bureau's Housing Vacancy Survey. However, household formation has also shown to be, at least to some degree, cyclical in nature. Consider the relationship between annual household formation and economic activity shown below.

FIGURE 8: US ANNUAL HOUSEHOLD FORMATION RATE



Source: US Census Bureau, National Bureau of Economic Research.

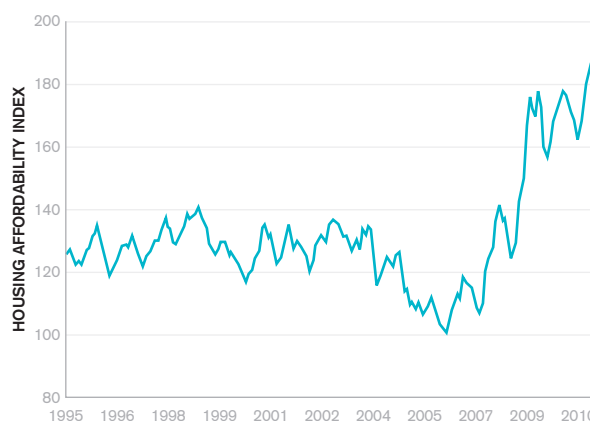
What can be seen is a mild relationship between low household formation rates, and declining economic activity, which has also contributed to the current oversupply in the US housing market. This insight has important implications for recovery in the US housing market. If it were the case that the current excess housing supply was “pure” supply, that is, assuming no pent-up demand from a depressed period of household formation, then recovery in the housing market would take as long as it takes for demographic forces to “catch up” with supply. But, if the excess supply reflects or embodies significant pent-up demand, that implies a recovery may come about more quickly than expected as the economic recovery makes progress and pent-up demand turns into realised demand, absorbing existing stock and adding pressure for the construction of new housing stock.

D) HOME OWNERSHIP RATES AND HOUSING AFFORDABILITY

While home sales have declined from their peak, the latest data reported by the US Census Bureau shows that the US home ownership rate has stabilised and is sitting at 67% in 2010, down from 69% in September 2006.

Supporting this is a substantial increase in the affordability of US housing. The housing affordability index produced by the National Association of Realtors shows a dramatic increase in affordability since 2005, due to the combination of factors including (but not limited to) falling home prices and low mortgage interest rates. In 2005, the median family income was only 9% higher than what was required to qualify for a loan to purchase the median priced single-family home using 80% loan to value fixed rate financing. Now, median family income is 78% higher than what is required to qualify for a similar loan.

FIGURE 9: HOUSING AFFORDABILITY INDEX



Source: Bloomberg, National Association of Realtors.

3.3. US residential property supply and current trends

There is currently a significant oversupply of property for sale in the US. The Responsible Entity believes continued foreclosures, short sales and distressed sellers in the marketplace are placing further downward pressure on home prices.

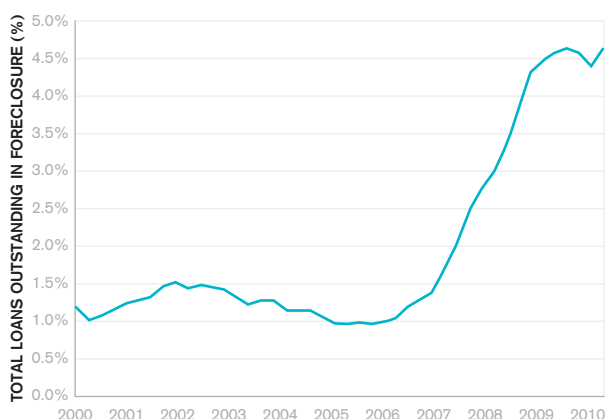
The Responsible Entity believes that the current oversupply of housing provides an opportunity for investors to build a high quality portfolio of residential properties at attractive prices.



A) FORECLOSURES AND DISTRESSED SELLERS

Total loans in foreclosure across the US have risen dramatically since residential property prices began to decline in 2006. The long-term implications of this increase are that the market will achieve a transition of existing homes to new, stable owners at more reasonable prices and on more favourable financing terms.

FIGURE 10: FORECLOSURES AS A PERCENTAGE OF TOTAL LOANS OUTSTANDING



Source: Bloomberg.

B) SHORT SALES

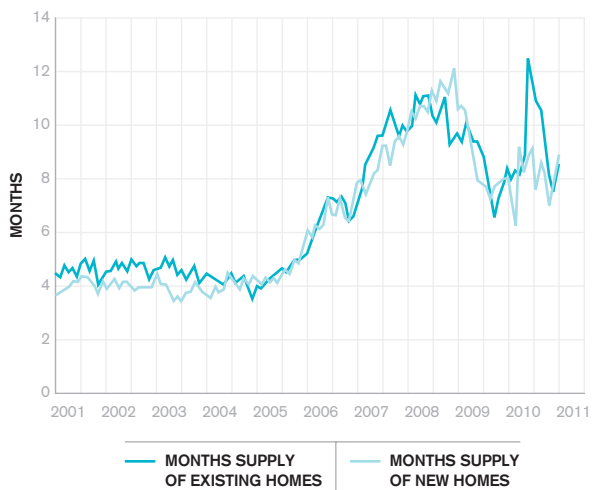
A short sale is a sale of real estate in which the sale proceeds fall short of the balance owed on the property's loan and often occurs when a borrower can no longer pay their mortgage. Both parties (mortgagee and mortgagor) consent to the short sale process because it allows them to avoid foreclosure, which involves significant costs for the bank and lower credit impairment implications for the borrowers. A short sale agreement, however, does not necessarily release the borrower from the obligation to pay the remaining balance of the loan.

According to the 2010 Corelogic Short Sales Research Study, the volume of short sales has tripled since 2008 with the estimated annual volume now at 400,000 dwellings per annum across the US. This has also acted to increase inventories of available houses for sale. The Responsible Entity believes short sales can present an attractive buying opportunity for investors.

C) HOUSING INVENTORY

The significant rise in distressed home sales, an elevated unemployment rate and tighter lending standards have caused housing inventories to remain above historical levels.

FIGURE 11: AVERAGE NUMBER OF MONTHS TO SELL CURRENT INVENTORY

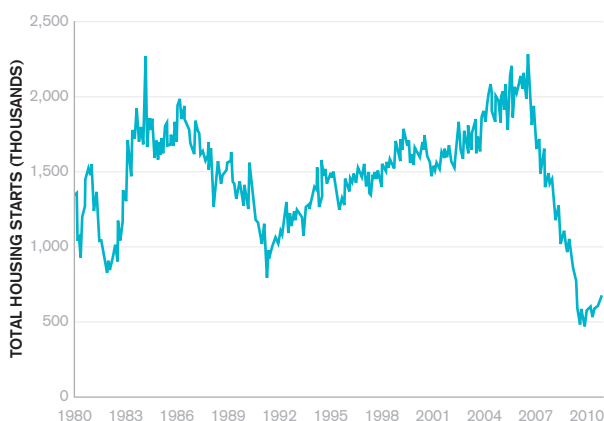


Source: Bloomberg, US Census Bureau, National Association of Realtors.

D) HOUSING STARTS AND CONSTRUCTION CAPACITY

In response to the collapse in US house prices and the abundance of new and existing home inventory available for sale, housing starts have fallen rapidly and the construction industry has significantly reduced its capacity. In fact, housing starts are now lower in the US than at any point in the past 30 years.

FIGURE 12: US SEASONALLY ADJUSTED HOUSING STARTS



Source: Bloomberg, US Census Bureau, National Association of Realtors.

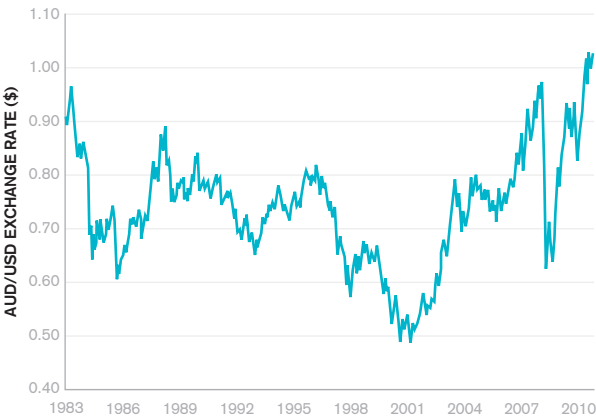


According to the Joint Center for Housing Studies of Harvard University based on current projections of long-term demand, the US requires approximately 1.25 million new single-family homes per annum. In comparison, current total housing starts are approximately 672,000 per annum. The implications of this are positive for property investment on two counts. One is that the current low levels of housing starts will assist in depleting existing excess housing stock. The second, and potentially more important, is that once demand does recover, and in particular, if it recovers rapidly, new supply growth may be slow to react from its current depressed levels. The Responsible Entity believes this could leave the market undersupplied for a significant period of time, and may provide the catalyst for a significant improvement in prices.

3.4. Australian dollar exchange rate

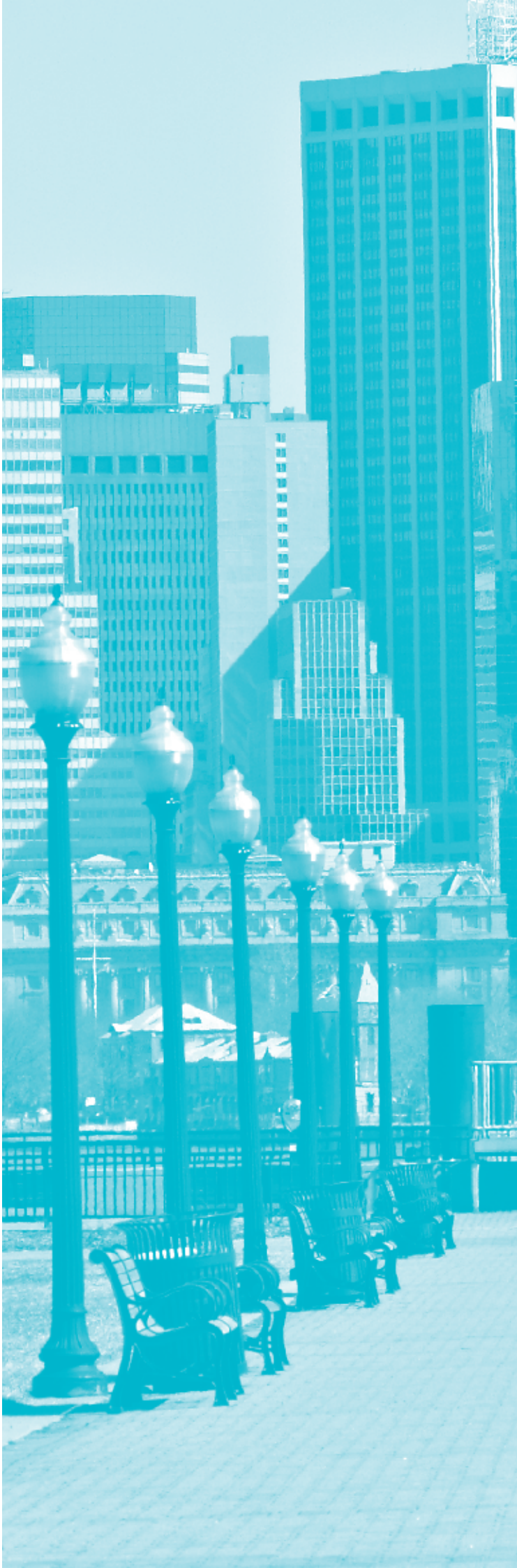
As at the date of this PDS, the Australian dollar is trading at or near record highs against the US dollar. The current level of the Australian dollar against the US dollar is significantly higher than the average level of 73 cents since the Australian dollar was floated in 1983.

FIGURE 13: US DOLLAR VS AUSTRALIAN DOLLAR EXCHANGE RATE



Source: Bloomberg.

The current high level of the Australian dollar provides a unique opportunity for Australian based investors to gain exposure to the US residential housing market.

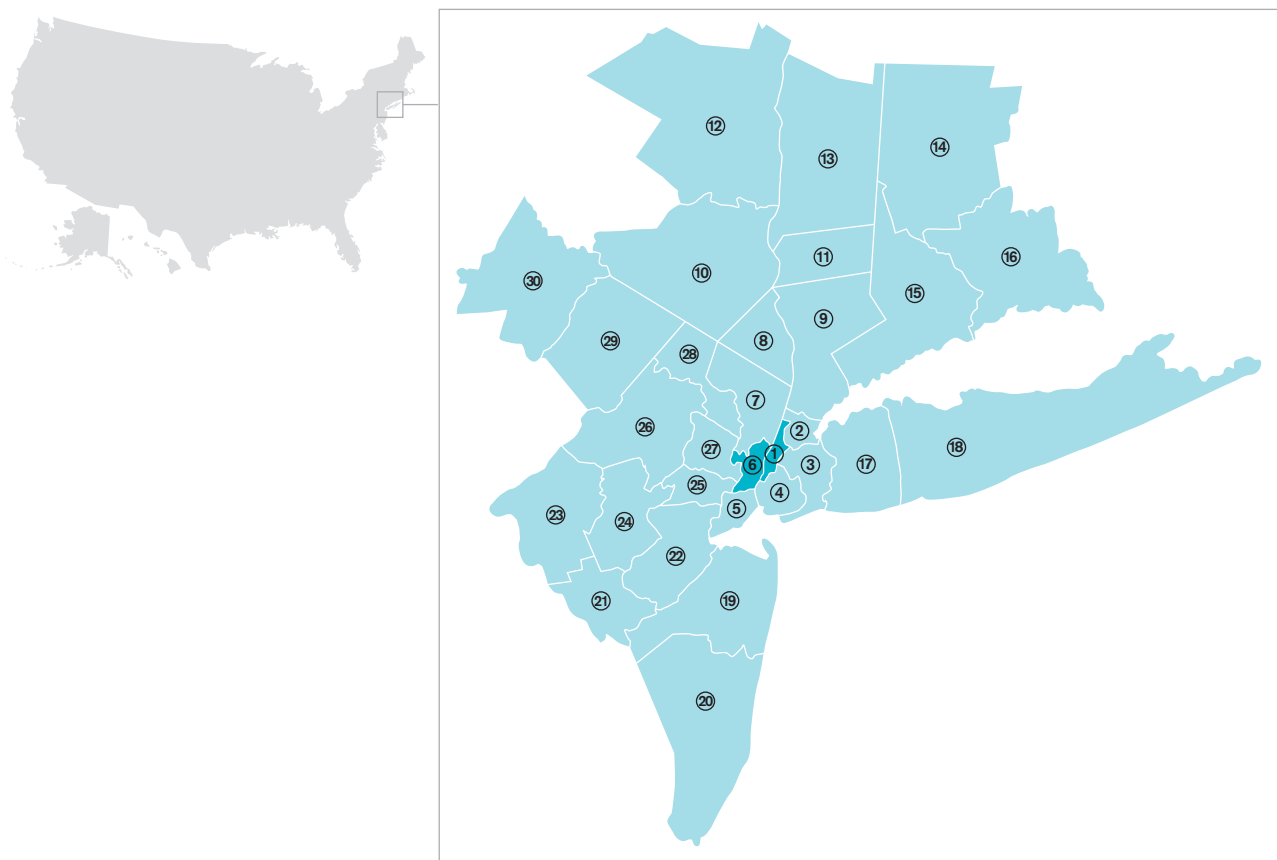


4. Overview of the Initial Target Investment Area

4.1. Location and Initial Target Investment Area

The Initial Target Investment Area is the New York metropolitan area, which is often referred to as the Tri-State Area. Broadly speaking, the New York metropolitan area encompasses the populated areas in the states of New Jersey, New York and Connecticut that are within a typical commuting distance of Manhattan. The New York metropolitan area is also the most populous metropolitan area in the US, with an estimated population of 19,069,796.

FIGURE 14: NEW YORK METROPOLITAN AREA LOCATION



1	Manhattan, NYC
2	The Bronx, NYC
3	Queens, NYC
4	Brooklyn, NYC
5	Staten Island, NYC
6	Hudson
7	Bergen
8	Rockland
9	Westchester
10	Orange

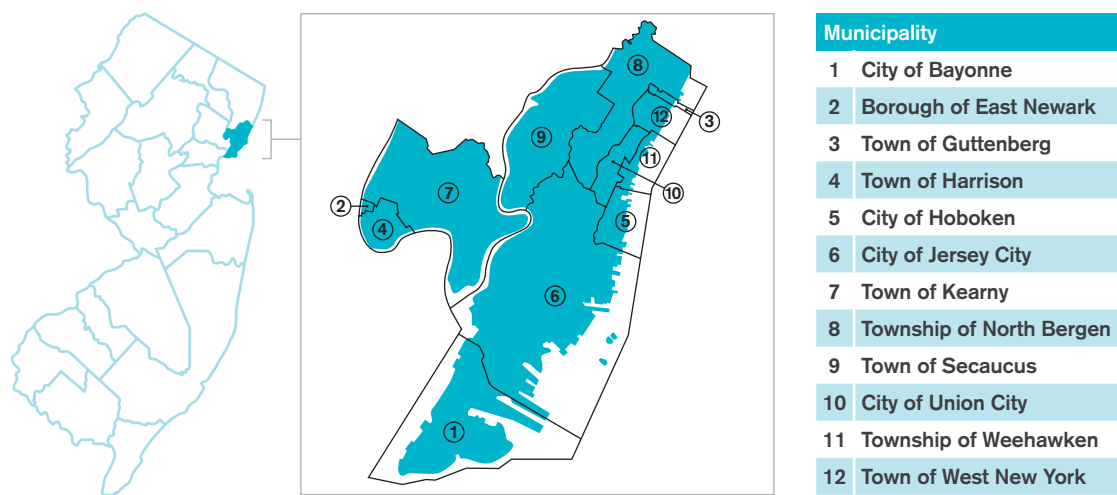
11	Putnam
12	Ulster
13	Dutchess
14	Litchfield
15	Fairfield
16	New Haven
17	Nassau
18	Suffolk
19	Monmouth
20	Ocean

21	Mercer
22	Middlesex
23	Hunterdon
24	Somerset
25	Union
26	Morris
27	Essex
28	Passaic
29	Sussex
30	Pike

Within the New York metropolitan area, the US REIT will initially focus on investment within Hudson County, New Jersey. Hudson County is located in the north east of New Jersey and is directly adjacent to Manhattan. Hudson County is surrounded by the Hudson River and Upper New York Bay to the east and the Newark Bay and Hackensack River to the west. Hudson County is also home to the historic Ellis Island and the Statue of Liberty monument.

Hudson County is comprised of 12 municipalities. The most populous of these is Jersey City which houses more than one-third of the Hudson County population.

FIGURE 15: HUDSON COUNTY MUNICIPALITIES



4.2. Why invest in Hudson County?

The Responsible Entity believes that Hudson County presents a compelling opportunity to gain exposure to the US residential property market. The area presents a number of favourable characteristics which make it attractive for investment.

A) FAVOURABLE GEOGRAPHIC LOCATION

Hudson County is directly adjacent to Manhattan Island and New York City. The area has direct rail, road and water transport links to Manhattan offering fast commuter access and linking the two population centres. In fact, the rail commute time from Exchange Place in Jersey City to the World Trade Center station in Manhattan is only four minutes. Being such a short distance to lower Manhattan makes Hudson County extremely well positioned to take advantage of the current redevelopment taking place in the area which includes construction of five new skyscrapers (including the ‘Freedom Tower’ which will be the tallest building in America), the addition of 10 million square feet of new office space, a new US\$3.2 billion transportation hub and 500,000 square feet of retail space. This proximity to such a large employment centre strongly supports underlying demand for residential property in the area.

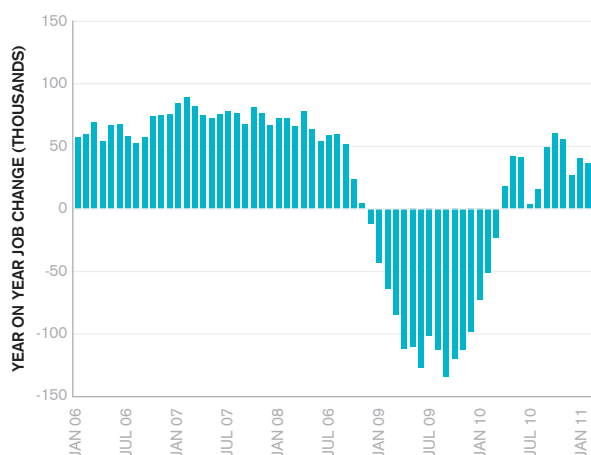
B) EXPOSURE TO AN ECONOMIC RECOVERY IN NEW YORK CITY

The Responsible Entity believes Hudson County is uniquely positioned to benefit from an economic recovery in New York City. With employment growth having now resumed in New York City, the recovery in the job market is expected to have a positive impact on housing demand in Hudson County.

In addition, signs of economic recovery in the region are highlighted by a 16% rise in cargo volumes in the Ports of New York and New Jersey in 2010. The ports generate an estimated 270,000 direct and indirect jobs in the region. Furthermore, it is expected that future job growth will be generated by the US\$1 billion project to raise the Bayonne Bridge to accommodate larger cargo ships following the Panama Canal upgrade scheduled for completion in 2014.



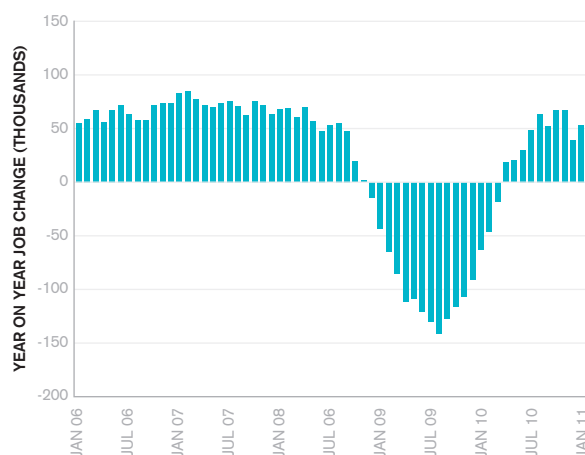
FIGURE 16: NEW YORK CITY NON-FARM JOBS YEAR ON YEAR CHANGE



Source: New York State Department of Labour.

Note: Data shows the year on year change in employment levels on a monthly basis.

FIGURE 17: NEW YORK CITY PRIVATE SECTOR JOBS YEAR ON YEAR CHANGE



C) ACCESS TO MASS TRANSPORT

Apart from direct links to Manhattan, Hudson County also has its own mass transport system. Services include the Hudson-Bergen Light Rail Service, the NJ Transit Bus Service, ferry services and local buses. Hudson County is also in close proximity to Newark International Airport, one of the busiest international airports in the US.

D) ATTRACTIVE RISK-ADJUSTED RENTAL YIELDS

Based on an assessment by the Responsible Entity of current market conditions and on the ground empirical evidence, the Responsible Entity believes that ungeared net rental yields over 8% per annum can be obtained on the types of properties that the Fund will be targeting in Hudson County with a reasonably low level of risk.

E) ATTRACTIVE VALUATIONS

Residential property prices in Hudson County have fallen significantly since their peak in 2006, in line with the broader US residential property market. The Responsible Entity believes that current property valuations offer a unique and attractive entry point into the New York metropolitan area and Hudson County residential property market.

F) DEEP RENTAL MARKET IN A DENSELY POPULATED AREA

Hudson County is the most densely populated county in New Jersey (which is the most densely populated state in the US), offering a diverse pool for employment and demand for services which in turn fuels private sector and small business development. Hudson County also has a large population of relatively young people who have a strong preference for rental properties as opposed to home ownership. This creates a deep rental market which is attractive to investors because it mitigates the risk of extended vacancies.

G) FAVOURABLE TENANCY LAWS

The Fund will target investment in multiple family properties which contain two to four dwellings. These are classified as residential real estate (as opposed to commercial when the property has more than four dwellings) and offer more favourable tenancy laws when compared to apartment complexes and commercial real estate. In addition, the Responsible Entity believes that tenancy laws in New Jersey offer significantly more attractive terms to landlords than the other regions in the New York metropolitan area.

4.3. Hudson County – Historical overview

A) SIZE AND POPULATION DENSITY

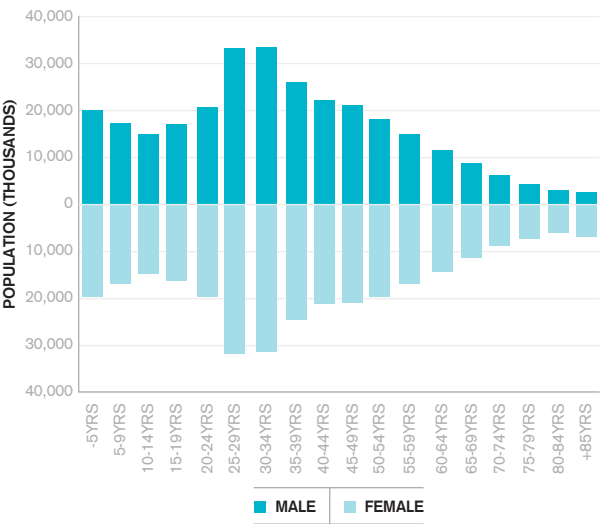
Hudson County has a total area of only 62 square miles (160.6 km²), of which 47 square miles (121.1 km²) is land and 16 square miles (41.4 km²) is water. Hudson County is the smallest county of all New Jersey's 21 counties. Despite this, Hudson County has a population of more than 630,000 people, making it New Jersey's most densely populated county. It is also the sixth most densely populated county in the US.

B) DEMOGRAPHIC PROFILE

Hudson County has a predominantly young adult population with a large proportion of the population aged between 25 and 34 years. According to the Hudson County Economic Development Corporation, 65% of households in Hudson County have no children below the age of 18 years. This younger demographic is well suited to Hudson County's mass transportation system and walkable thoroughfares.



FIGURE 18: HUDSON COUNTY AGE DISTRIBUTION



Source: US Census Bureau.

C) EXISTING HOUSING STOCK

Hudson County has approximately 240,000 housing units across all municipalities. Given its high population density and history as an industrial centre, a significant number of these are multi-family dwellings.

The Responsible Entity estimates that the total value of housing stock in Hudson County is in excess of US\$85 billion.

D) HOME OWNERSHIP

As foreshadowed by the age distribution of the Hudson County population, home ownership levels are well below the broader averages seen across the United States. Approximately 70% of occupied housing units in Hudson County are occupied by renters and 30% by owner occupiers. This is compared to the broader home ownership rate in the US of over 66%.

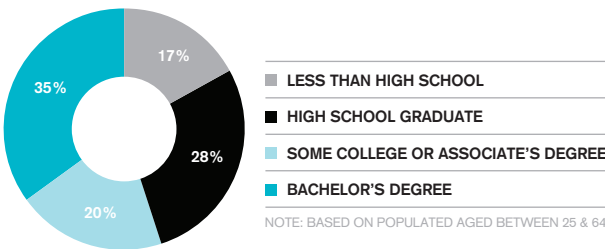
E) INCOMES

Hudson County has an average household income of US\$54,800 and an average per capita income of US\$30,599 which stands 10.2% higher than the national average of US\$27,466.

F) EDUCATION

Hudson County's level of education attainment compares favourably to the national average. Approximately 35% of the population have a Bachelor's degree versus the national average of 27%.

FIGURE 19: HUDSON COUNTY EDUCATIONAL ATTAINMENT (2007)

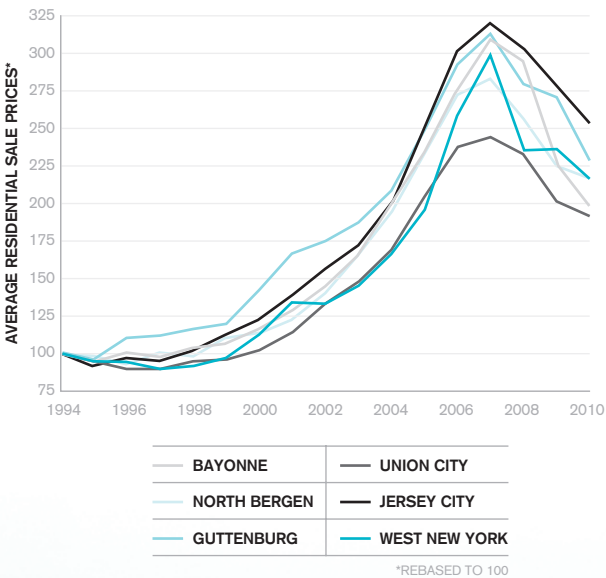


4.4. Hudson County residential property market performance

A) RESIDENTIAL PROPERTY PRICES

In most areas of Hudson County, residential property prices have declined significantly from their 2006 peaks in line with the broader decline in residential property prices across the US. According to yearly data supplied by the New Jersey Department of Treasury, average sale prices for residential property in the municipalities of Bayonne, Guttenberg, Jersey City, North Bergen, Union City and West New York have declined, 22%, 27%, 21%, 24%, 36%, and 28%, respectively, from their peaks.

FIGURE 20: HUDSON COUNTY AVERAGE RESIDENTIAL SALES PRICES



Source: New Jersey Department of Treasury.

B) RENTS

Despite the fall in prices, residential property rents in Hudson County have remained robust throughout the market downturn. Based on an assessment by the Responsible Entity of current market conditions and on the ground empirical evidence, rents across many areas in Hudson County have been broadly stable since 2006. When considered against the declines in capital values which have been experienced, this has acted to improve rental yields substantially for residential property investors.



5. Overview of the Responsible Entity and Corporate Governance

5.1. Role of the Responsible Entity

Dixon Advisory is the issuer of Units under this PDS and the Responsible Entity of the Fund. The Responsible Entity is responsible for the protection of Unitholder interests and overall corporate governance of the Fund. The Responsible Entity will manage the Fund in accordance with its duties to Unitholders. The Responsible Entity is also subject to numerous duties under the Corporations Act, including duties to act honestly, exercise care and diligence and act in the best interests of Unitholders. Further details of the Constitution and the Responsible Entity's obligations are specified in Section 13.

Under the Corporations Act, a responsible entity is required to either have a board of directors, not less than half of which comprises external directors, or to appoint a compliance committee with a majority of external representation. Dixon Advisory complies by having a compliance committee with a majority of external representation. Further details on the external members of the compliance committee are set out later in this Section 5.7.

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

The role of the Responsible Entity includes:

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

5.2. Background of the Responsible Entity

Dixon Advisory holds Australian Financial Services Licence Number 231143. The Fund represents the first registered managed investment scheme managed by Dixon Advisory.

Dixon Advisory is a member of the Dixon Advisory Group, which, through Dixon Advisory and its other subsidiaries, provides a comprehensive administration service and, where requested, financial advice to more than 3,700 self-managed super fund clients with a combined superannuation asset base of over \$3.5 billion. Dixon Advisory provides financial advisory services, full service investment advisory, corporate finance, estate planning, residential property, mortgage and insurance advisory services.

Dixon Advisory currently manages Australian Masters Corporate Bond Fund No 1 Limited, Australian Masters Corporate Bond Fund No 2 Limited, Australian Masters Corporate Bond Fund No 3 Limited, Australian Masters Corporate Bond Fund No 4 Limited and Australian Masters Corporate Bond Fund No 5 Limited (**Australian Masters Corporate Bond Fund Series**). These companies invest in primarily high grade fixed income securities and completed issues of shares to raise approximately \$54 million in June 2008, approximately \$35 million in September 2008, approximately \$41 million in February 2009, approximately \$72 million in June 2009 and approximately \$77 million from December 2009 to June 2010.

Dixon Advisory is also the investment manager of the Australian Masters Yield Fund No 1 (**Australian Masters Yield Fund Series**) which is a diversified fixed income fund and has raised more than \$90 million since December 2010.

In addition, Dixon Advisory is also currently managing the investment portfolio of Global Resource Masters Fund Limited and Asian Masters Fund Limited, which are ASX listed investment companies adopting a "fund of funds" investment approach. These companies give Australian investors the opportunity to gain access to leading global fund products and managers and, as at the date of this PDS, each has a market capitalisation on ASX of approximately \$108 million and approximately \$124 million, respectively. Dixon Advisory also manages the Australian Governance Masters Index Fund Limited. This ASX listed investment company tracks entities included in the S&P/ASX 100 Index with a corporate governance overlay, excluding companies with poor corporate governance ratings. As at the date of this PDS, Australian Governance Masters Index Fund Limited has a market capitalisation of approximately \$60 million.



5.3. Directors of the Responsible Entity

The directors of the Responsible Entity have considerable experience in funds management and fixed income markets. Details of the directors of the Responsible Entity are set out below.



A) DARYL DIXON MA (HONS) (CAMBRIDGE), BA (HONS) (UQ); EXECUTIVE CHAIRMAN

Daryl is a graduate in economics of Cambridge and Queensland Universities and the founder of Dixon Advisory. Daryl has extensive experience in the areas of taxation, retirement incomes and social welfare policy. He is known in Australia as a leading financial expert, particularly in the area of superannuation.

Daryl has special expertise in personal and self managed super fund strategies, as well as extensive experience as a direct share investor in his own right.

Daryl is a director of the Australian Masters Yield Fund Series and the Australian Masters Corporate Bond Fund Series. He is also a director of HCF Life and has worked previously for the International Monetary Fund, the Federal Treasury, Department of Finance and the Social Welfare Policy Secretariat. He was a member of the Fraser Government's Occupational Superannuation Task Force.



B) MAXIMILIAN WALSH AM, BEC (SYDNEY); DEPUTY EXECUTIVE CHAIRMAN

Max is regarded as one of Australia's leading economists and business journalists. He has specialised experience in the areas of business, economics and politics in a journalistic career spanning nearly 50 years.

He has been editor and managing editor of The Australian Financial Review and Editor-in-Chief of The Bulletin. He also served on the board of Northern Star TV (predecessor to Channel Ten) and is presently Chairman of the Australian Masters Yield Fund Series, the Australian Masters Corporate Bond Fund Series, Asian Masters Fund Limited and Global Resource Masters Fund Limited.



C) ALAN DIXON BCOM (ANU) CA; GROUP MANAGING DIRECTOR

Alan has been providing financial advisory services to corporations, institutions and individuals for more than 15 years. Until December 2000, he worked for various investment banks, including ABN AMRO (where he was an Associate Director in Mergers and Acquisitions and Equity Capital Markets) and Ord Minnett Corporate Finance. Since January 2001, he has operated as Managing Director of the Dixon Advisory Group. Alan has a Bachelor of Commerce from the Australian National University and is a Member of the Institute of Chartered Accountants in Australia. Alan is also a SPAA Accredited SMSF Specialist Advisor™.

Alan is a director of the Australian Masters Yield Fund Series and the Australian Masters Corporate Bond Fund Series. Alan is also an independent director of van Eyk Three Pillars Limited.



D) CHRIS BROWN BCHEM ENG HONS (SYD UNI), BCOM (SYD UNI); MANAGING DIRECTOR – STRATEGY

Chris Brown is a director of the Australian Masters Yield Fund Series and the Australian Masters Corporate Bond Fund Series and is an independent director of van Eyk Three Pillars Limited.

Prior to joining Dixon Advisory, Chris was an Executive Director at UBS AG in Sydney. Over his 8 years at UBS, he provided capital markets and mergers & acquisitions advice to many different public and private companies in Australia and overseas. Chris specialised in providing this advice to industrial, utility, infrastructure, property and financial companies. Chris spent several years in the UBS Mergers & Acquisitions Group in New York working on transactions in chemicals, healthcare, consumer products, media, telecoms, technology, insurance and utilities. Before joining UBS, Chris also worked in the Investment Banking division of ABN AMRO where he focused on mergers and acquisitions along with capital markets advice to companies in the Australian property sector.

Before his career in investment banking, Chris worked for a Sydney-based property funds management company and a chemical engineering and design company. Chris has a Bachelor of Chemical Engineering with 1st class honours and a Bachelor of Commerce, both from Sydney University.





E) ALEX MACLACHLAN BA (CORNELL), MBA (WHARTON); MANAGING DIRECTOR – FUNDS MANAGEMENT

Alex MacLachlan is the Managing Director of Global Resource Masters Fund Limited, a director of the Australian Masters Yield Fund Series, the Australian Masters Corporate Bond Fund Series, and Asian Masters Fund Limited and an independent director of van Eyk Three Pillars Limited.

Before joining Dixon Advisory, Alex was an investment banker specialising in the natural resources sector, most recently serving as Head of Energy, Australasia, for UBS AG in Sydney and prior to that as an investment banker at Credit Suisse First Boston. During his career as an investment banker, Alex advised many of Australia's and the world's leading natural resources companies, working on more than \$100 billion in announced mergers and acquisitions and capital markets transactions for more than 30 leading Australian and international natural resources companies.

Before specialising in natural resources investment banking, Alex worked in the Japanese Government Bond derivatives markets in London, New York and Sydney.

Alex has a Bachelor of Arts from Cornell University and a Masters of Business Administration from The Wharton School, University of Pennsylvania.



F) TRISTAN O'CONNELL BCOM (ANU) CPA; FINANCE DIRECTOR

Tristan joined Dixon Advisory in 2005 after 10 years' experience in corporate financial and management roles within the wholesale financial markets industry. Tristan's previous roles included being financial controller of Tullett Prebon in Australia, one of the world's leading inter-dealer broker firms specialising in over the counter interest rate, foreign exchange, energy and credit derivatives. Tristan subsequently held senior finance roles for the Tullett Prebon Group in Singapore and London.

Tristan returned to Australia to be responsible for the financial management and growth of Dixon Advisory. Tristan has a Bachelor of Commerce from the Australian National University, is a member of CPA Australia and is a Fellow of the Financial Services Institute of Australasia.



5.4. Local US Executive Team



A) GERALD LUCAS BA (HOWARD UNIVERSITY), MBA (MIT); CHIEF INVESTMENT OFFICER

Gerald has spent over a decade investing in US residential property markets and is the founder of Performance Property, LLC, a real estate investment and short sale negotiation company in the New York Metropolitan area, with headquarters in Jersey City. A long-time real estate investing coach and former college professor, Gerald is also the author of *Short Sale Specifics*, a home owner's guide to real estate short sales. Gerald's expertise focuses on the correct identification, analysis and negotiation for the acquisition and disposal of investment property. Gerald is a licensed real estate agent in the state of New Jersey and holds an MBA from Massachusetts Institute of Technology's (MIT) Sloan School of Management and an Undergraduate Degree from Howard University. Prior to being a residential property expert Gerald held management and executive positions in the technology and insurance industries.



B) MICHAEL DAW BEC (MACQUARIE UNIVERSITY); CHIEF FINANCIAL OFFICER

Michael is a senior Australian finance executive who has been living and working in New York for more than 5 years. His role is to ensure the Fund's financial controls, reporting and management processes are of the highest standard. Prior to taking this role he was a project manager with JP Morgan Chase Asset Management New York, in charge of implementing a new management information system. Before JP Morgan, Michael was a vice-president at Swiss Re where he set up and managed new businesses and transactions in financial and insurance markets, including establishing a new fund to invest in longevity and mortality risk. His first role in New York was as an internal audit manager with UBS Investment Bank. Before moving to the US, Michael spent a decade working in Sydney in finance roles at Commonwealth Bank of Australia, Ernst & Young and HSBC. Michael holds a Bachelor of Economics from Macquarie University.



C) DESIDERIO (DESI) BARRIOS BA (PENNSYLVANIA STATE UNIVERSITY); DIRECTOR OF LEASING & DEVELOPMENT

Desi has been purchasing, renovating, renting and selling investment properties in the New York Metropolitan area and other nearby areas for the past 12 years. He is a New Jersey licensed real estate agent with an emphasis on leasing, renovation analysis and maintenance cost control. During his career, Desi has developed a set of systems to maximise the consistent net rental return on properties, focusing on tenant selection, maintenance cost consistency and strong investment controls. These systems allow the successful management of a large portfolio of residential real estate with consistent results. Before a career in real estate, Desi had a career in financial management and the investment banking industry, holding positions in Goldman Sachs, Citibank and Solomon Smith Barney. Desi holds a Bachelor Degree majoring in finance from Pennsylvania State University.

5.5. Advisory board

The Responsible Entity has established an investment advisory board to provide the Responsible Entity with expert advice in relation to commercial matters regarding the Fund and the US REIT. The independent directors of the advisory board are highly experienced senior US based investment professionals.



A) NIRAV DESAI BA (UNIVERSITY OF MICHIGAN), MBA (WHARTON)

Nirav is currently the Managing Director of Sparta Group LLC, an ultra high net worth private family investment office based outside of Boston, Massachusetts (USA).

He is responsible for managing a global investment portfolio across asset classes including hedge funds, private equity, direct investments, real assets, and public securities. Prior to Sparta Group LLC, Nirav was a principal investor at a US-based private equity fund focused on middle market transactions and homeland security and clean technologies.

In addition, he has experience as an investment banker and naval intelligence officer. Nirav has a BA from the University of Michigan, Ann Arbor and a Masters of Business Administration from The Wharton School, University of Pennsylvania.





B) DEAN MILLER BA (FRANKLIN AND MARSHALL), MBA (WHARTON)

Dean is currently a Managing Director of Novitas Capital, a Philadelphia, US based investment firm focused on early stage venture capital. He has over 20 years of experience working for and with both large and small companies. In addition to currently acting on the Board of Directors of several companies in which Novitas Capital has invested, Dean also currently serves as President and CEO of the Greater Philadelphia Alliance for Capital and Technologies (PACT), a premier resource for emerging growth companies in the information technology, clean technology, and life sciences industries, is Vice Chairman of Wharton Private Equity Partners, an international alumni organisation, and serves on adjunct faculty at the Wharton School in the Department of Management. He also serves as a guest lecturer at the School of Engineering and Applied Science at the University of Pennsylvania and serves as a Board Member for the Arts & Business Council of Greater Philadelphia.

Dean graduated with distinction from the University of Pennsylvania's Wharton School with an MBA in Private Equity. He also holds a Bachelor of Arts Degree in Business Administration and Psychology from Franklin and Marshall College, has completed coursework in biotechnology at the University of California, San Diego, and has completed a Postgraduate Course in Clinical Pharmacology, Drug Development, and Regulation at the Tufts Center for the Study of Drug Development.



C) DAVID WHELAN LLB (HONS), BCOM (UQ)

David Whelan is the Chief Executive of the Cloverleaf Group, a privately held alternative investment group focused primarily on venture capital and private equity investments in healthcare, life sciences and breakthrough technologies.

David is a director of the following Cloverleaf Group portfolio companies: AgaMatrix, Inc; Block Shield Corporation Plc; Identitas, Inc, MD Datacor, Inc. and was recently appointed Chairman of Medcenter Holdings, Inc. David was also the founding manager of the Group's investment in Zenergy Power Plc.

Prior to joining the Cloverleaf Group, David was Vice President of Corporate Development with the Virgin Group in the US and the UK. David was previously an investment banker in London, England and Sydney, Australia with Goldman Sachs & Company and before that Deutsche Bank. Starting his career at Price Waterhouse in the firm's Corporate Finance division in Sydney, Australia, David qualified as a Chartered Accountant of Australia. David has a Bachelor of Laws (Honours) and Bachelor of Commerce from Bond University in Queensland, Australia.

D) ALAN DIXON

Refer to Section 5.3

E) ALEX MACLACHLAN

Refer to Section 5.3



5.6. External contractors

The US REIT will use a range of external parties for the provision of various property management services. Profiles of individuals who will be providing key services for the initial investments are provided below.

A) TITLES – SCOTT LEVER

Scott is the owner and founder of All Jersey Title, LLC. Scott has been in the title business for about 19 years and operates one of New Jersey's busiest and most productive title agencies. During his time serving homeowners and prospective buyers, Scott has insured more than 100,000 titles for purchase and mortgage transactions.

All Jersey Title, LLC has four title insurance companies it writes titles under including Fidelity National Title Insurance Company, Chicago Title Insurance Company, Old Republic Title Insurance Company and Westcor Land Title Insurance Company.

B) INSURANCE – JUDY PETROCCI

Judy is the owner and operator of Petrocci Agency LLC. Petrocci Agency LLC was established in 1950 as a Property and Casualty Insurance Agency in Jersey City. The Agency services the insurance needs of individuals, families and business concerns in Hudson County and throughout New Jersey.

C) TENANT MANAGEMENT ATTORNEY – PHIL FEINTUCH

Phil is a senior member of Feintuch, Porwich & Feintuch. Phil has been in the active practice of law since February 1964. During that time he has practised in all areas of law including, but not limited to, real estate, wills and trusts, negligence, workers compensation and commercial law. He was appointed to the Hudson County Ethics Committee by the Superior Court of New Jersey and is an active member of the American Bar Association, New Jersey State Bar Association and the Hudson County Bar Association. He has been the Municipal Attorney for the Borough of Victory Gardens, Morris County, New Jersey, is the Special Labor Counsel to the Rockaway Valley Regional Sewerage Authority, and has been the Mayor of Springfield, New Jersey, as well as the Vice President of the Springfield Board of Education, the Planning Board and the Library Board.

D) CLOSING ATTORNEY – JOHN MILLER

John has been a partner with Amadeo & Miller since 1981. In 1981, John served as the Jersey City Mayor's Ward A Coordinator and was appointed as the Assistant Municipal Prosecutor for the Jersey City Municipal Court. As a prosecutor, he represented the State in criminal matters and the City in housing violations.

In 1985, he was appointed the Chief Municipal Prosecutor and served in that capacity until his resignation in 1988, due to the increase in his private practice volume. His current main focus is in residential and commercial real estate – primarily its purchase, sale and financing.

John has also served as the Hudson County REO Attorney for Fannie Mae from 1994 to 2002, gaining experience in representing both individual clients as well as institutional clients in real estate transactions. Throughout his career in real estate law, Jack has closed more than 15,000 titles.



5.7. Compliance committee

A compliance committee comprising a majority of members who are independent of Dixon Advisory will monitor compliance of the Fund with the compliance plan. Membership of the compliance committee comprises:

A) TRISTAN O'CONNELL (INTERNAL MEMBER)

Refer to Section 5.3

B) CLAIRE WIVELL PLATER (INDEPENDENT MEMBER)

Claire is one of two independent members of the compliance committee. Claire is the managing director of Gold Seal Management Services Pty Limited and Gold Seal Legal Pty Limited which provide legal and compliance services to AFS licensees of all types. Claire spent the first 17 years of her career at Phillips Fox before joining ING to work with its financial planning dealer groups and on mergers and acquisitions and strategy. Claire co-founded Gold Seal in 2002 which has grown to become a leading compliance provider to the financial services industry.

C) BARRY SECHOS (INDEPENDENT MEMBER)

Barry is one of two independent members of the compliance committee. Barry is a Director of Sherman Group Limited, a privately owned investment company, and is responsible for managing the legal, financial and operational affairs of the Group. Barry has 25 years experience in corporate law and finance having spent seven years as a banking and finance lawyer at Allen Allen & Hemsley (Sydney, Singapore and London), and eight years as a Director of EquitiLink Funds Management and Aberdeen Asset Management Australia. Barry is also a Director of ASX listed iCash Payment Systems Limited (ASX:ICP), See-Saw Films, a film production and finance group and winner of the 2011 Academy Award for Best Picture, DIF Capital Partners Limited, a licensed funds management company and a Director of Sherman Contemporary Art Foundation, a charitable cultural organisation.

5.8. Corporate governance policies

A) CORPORATE GOVERNANCE

The Directors monitor the business affairs of the Fund on behalf of Unitholders and have formally adopted a corporate governance policy which is designed to focus Directors' attention on accountability, risk management, ethical conduct and conflicts of interest. The Fund has adopted systems of control and accountability as the basis for the administration of corporate governance.

The Directors are committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Fund's needs.

B) CONTINUOUS REVIEW OF CORPORATE GOVERNANCE

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

The corporate governance policies of the Fund will require that such information must be sufficient to enable the Directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions.

C) EMPLOYEE TRADING POLICY

The Responsible Entity has adopted a Unit Trading Policy that regulates dealings by Directors and key employees involved in the management of the Fund in Units. The purpose of the Policy is principally to ensure that all Directors and key employees understand the law in relation to 'insider trading' (under the Corporations Act), and the legal and Fund imposed restrictions on trading in Units while in possession of price-sensitive information.

D) CONTINUOUS DISCLOSURE POLICY

Upon listing, the Fund will become a disclosing entity for the purposes of the Corporations Act and will be required to comply with the continuous disclosure regime under the Listing Rules and the Corporations Act. The Responsible Entity has established internal systems and procedures to ensure that timely disclosure is made to support an informed market.

The Fund will also provide periodic reports to Unitholders such as to meet its financial reporting obligations and place announcements on its website where appropriate.



6. Overview of the Fund

6.1. About the Fund

The Fund has been established to provide Unitholders with an exposure to a portfolio of US residential property. The Fund will achieve this by investing in a Maryland real estate investment trust controlled by the Fund called the US Masters Residential Property (USA) Fund (**US REIT**). The US REIT will acquire US residential property from the open market with an initial focus on the New York metropolitan area and specifically, Hudson County, New Jersey.

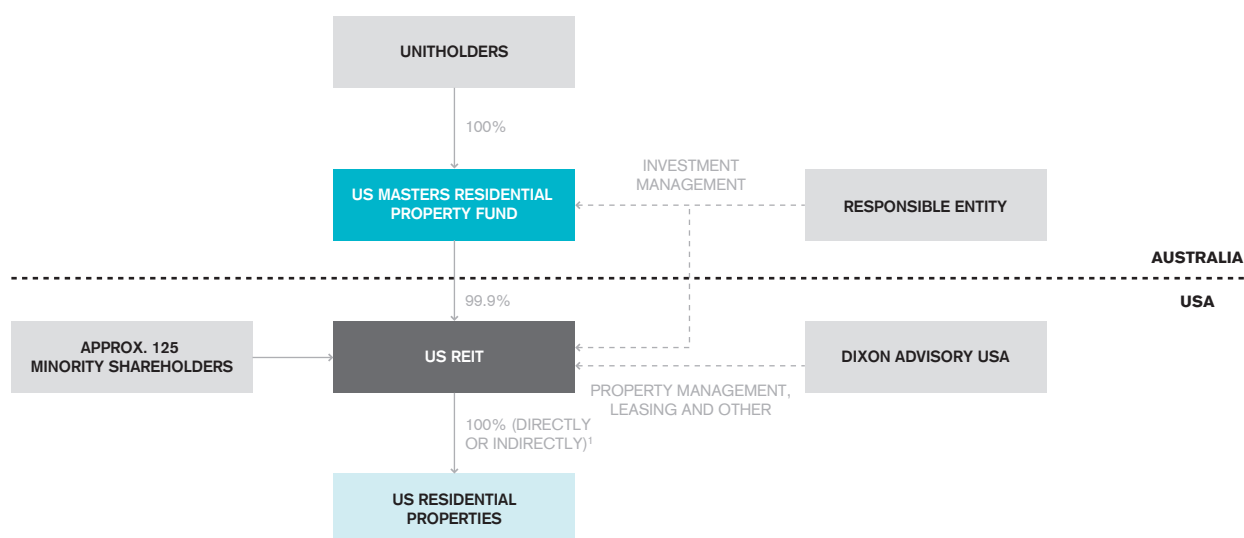
After this initial set of investments, the Responsible Entity will examine other areas of the US real estate market for investment. Further detail on the location and types of property that will be purchased as part of the initial investment is provided in Section 4.

The Fund is an Australian unit trust registered with ASIC as a managed investment scheme that the Responsible Entity intends will be listed on the NSX following the close of the Offer. Unitholders will hold Units in the Fund and will receive the benefit of income and profits generated by the US REIT by way of distributions and other income (such as interest income).

6.2. Fund structure

Figure 21 sets out the ownership structure and management arrangements for the Fund and its controlled and associated entities that will apply:

FIGURE 21: OVERVIEW OF THE FUND STRUCTURE



Notes: 1. US residential properties may be held directly by the US REIT or through one or more wholly owned special purpose asset holding entities.

Unitholders will own Units in the Fund. The Fund will own approximately 99.9% of the US REIT, with the individual properties to be owned by the US REIT either directly or indirectly through wholly owned subsidiaries of the US REIT.

All of the Fund's real estate assets will be held through the US REIT which intends to elect to be treated as a real estate investment trust (**REIT**), as defined in the Code and US Treasury Department regulations promulgated under the Code for US federal income tax purposes. The US REIT was formed by the Responsible Entity for the purpose of this transaction.

The Fund will hold all of the outstanding common shares in the US REIT. To comply with the US Treasury Department regulations relating to real estate investment trusts, an additional 125 persons (approximately) will hold minority interests in the US REIT with an aggregate equity value of less than approximately 0.1% of the aggregate contributed equity of the US REIT. These interests will take the form of non-voting preferred shares (except for such voting rights provided by the declaration of trust of the US REIT and under Maryland law) and are entitled to a fixed cumulative distribution per annum from the US REIT when, as and if declared by the US REIT's board of trustees. All preferred shares will be issued and sold at a date post completion of the Offer. The US REIT will have until 30 January 2012 to ensure it complies with these requirements. For a detailed summary of the rights attaching to shares issued by the US REIT, see Section 12.3.

Dixon Advisory is the Responsible Entity of the Fund and will manage the investments of both the Fund and the US REIT (and its wholly owned entities, if any).

The Responsible Entity will be responsible for investing on behalf of these entities, providing strategic direction and monitoring the operational and financial position of both the Fund and the US REIT (and its wholly owned entities, if any). An appropriate corporate governance framework



has been established and the Responsible Entity will carry out its responsibilities in accordance with the Fund's investment objectives.

Dixon Advisory Group has also established a wholly owned US subsidiary (**Dixon Advisory USA**) which will be responsible for providing ongoing property management and other support services to the US REIT. These services will be provided through a mix of in-house capabilities and external contractors.

For summaries of the external contractors see Section 5.5.

6.3. Investment objectives of the Fund

The Responsible Entity will seek to meet the Fund's aim to provide Unitholders with:

- a) exposure to a diversified portfolio of US based residential property assets;
- b) regular, tax-effective distributions of income, derived from attractive rental yields; and
- c) potential for capital growth in the underlying property portfolio over the long term.

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

As the Fund is newly established, it has no track record of performance.

6.4. Investment philosophy and strategy

The Responsible Entity intends to make selective property acquisitions based on an assessment of value, taking into account the risks inherent in each property and the ability for these risks to be mitigated by experienced management.

The Responsible Entity will seek to meet the Fund's objectives by:

- a) investing in a portfolio of US residential property and holding these properties with the aim of deriving a steady rental income stream from long term holdings;
- b) acquiring US property in regions that the Responsible Entity believes have positive investment dynamics in the residential market;
- c) using gearing in cases where gearing will enhance after-tax returns;
- d) the Responsible Entity intends to hold the properties for the long term and does not intend to actively trade these investments. Property investments (either in part or whole) will only be sold if this is considered to be in the best interest of Unitholders; and
- e) liquidating and winding up the Fund if this is considered to be in the interest of Unitholders.

The Responsible Entity will review its investment strategy from time to time and may amend the strategy without Unitholder approval.

6.5. Permitted investments

The Fund will be restricted to investments in the US REIT and appropriate financial products. The US REIT will be restricted to investments in US residential real estate investments and appropriate financial products which are of a type which are treated as qualifying assets for the purposes of the REIT qualification tests under the Code.

All acquisitions shall be subject to property and legal due diligence, consistent with standard US market practice.

The Responsible Entity will initially invest in US residential property consistent with the above strategy. The Responsible Entity will primarily target investments in the Initial Target Investment Area and may allocate up to 100% of the US REIT's gross asset value to the Initial Target Investment Area.

For more information about the Initial Target Investment Area, see Section 4.

While the Responsible Entity is identifying suitable investments, the Responsible Entity may elect to hold cash, term deposits and cash equivalents including interests in cash management trusts.

The Responsible Entity aims to substantially invest the cash raised within 6 to 12 months of the issue. However, it may take up to 12 to 24 months to identify the most attractive opportunities for investment and to invest the cash raised.

6.6. Investment process

The Responsible Entity's primary role in the investment process will be to:

- a) review information, research and analysis compiled by Dixon Advisory USA with respect to prevailing residential property market conditions, available investment opportunities and property due diligence information;
- b) determine the specific properties to be acquired by the US REIT on behalf of the Fund; and
- c) monitor the portfolio on an ongoing basis.

Dixon Advisory USA will be responsible for the identification of new investment opportunities, property due diligence and execution of the investment and divestment decisions made by the Responsible Entity.

6.7. Borrowings policy

The Fund does not intend to undertake borrowings directly, however, it will be exposed indirectly to any borrowings which the US REIT undertakes. The US REIT may borrow, or assume debt, to fund the purchase of properties. Any borrowings undertaken by the US REIT will be denominated in US dollars and may be secured against the properties held by the US REIT. As at the date of this PDS, the US REIT does not have any borrowing or debt facilities arranged.



The Fund has a finance and borrowing policy that addresses the Fund's approach to managing risks associated with borrowing. The policy includes the following key elements in relation to borrowings:

- a) the consolidated long-term gearing or leverage ratio of the Fund will be no greater than 50%. However, the Fund may obtain on a temporary basis, financing which may result in the consolidated gearing ratio exceeding 50%;
- b) the US REIT is only permitted to borrow funds denominated in US dollars; and
- c) the US REIT may maintain access to borrowings to ensure it has sufficient working capital to carry out its objectives.

6.8. Risk management policy

The Responsible Entity has a risk management process in place that includes maintaining a compliance plan (which is audited every year) and a compliance committee. The compliance plan sets out how the Responsible Entity will ensure compliance with both the Corporations Act and the constitution when operating the Fund. The compliance committee, comprising a majority of members who are independent of the Responsible Entity (one representative from the Responsible Entity and two external representatives), monitors compliance with the compliance plan.

The risk management processes of the Fund include a comprehensive compliance framework including compliance policy, training and monitoring elements. The compliance plan of the Fund will be audited externally on an annual basis, in addition to an audit of financial statements to be performed annually.

6.9. Foreign exchange hedging policy

The Fund will receive income streams and hold assets which are denominated in US dollars. The Fund does not presently intend to hedge these for currency risk. The Fund may re-evaluate the hedging policy in the event of changes to prevailing exchange rates and economic conditions.

As the underlying assets of the Fund will be denominated in US dollars, the value of the assets held by the Fund expressed in Australian dollars will fluctuate with changes in the exchange rate between the Australian dollar and the US dollar.

The NAV reported to the NSX on a periodic basis will reflect the value of the investments converted to Australian dollars at the then prevailing spot exchange rate.

6.10. Capital Management Policy

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

The Fund may undertake a buyback of its Units in the event that they trade at a sizable discount to NAV backing. The Fund will need to obtain Unitholder approval for the buyback and comply with any Corporations Act, Listing Rules and Constitution restrictions if it intends to buyback more than 10% of the smallest number of Units on issue over the previous 12 months. To fund the buyback of Units, the Fund may employ gearing at up to 10% and/or look to liquidate some of its investments.

6.11. Distribution policy

The Fund intends to distribute 100% of its operating income (which excludes unrealised gains and losses) and will consider distributing greater amounts. The Fund intends to make half yearly distributions.

Unitholders should include their share of the taxable income of the Fund in their assessable income for the purposes of determining their Australian tax payable. This share of taxable income may be different from the cash distributions received from the Fund.

Cash distributions will be made electronically to the bank account you nominate to the Responsible Entity in writing.

6.12. Valuation and appraisal policy

The Fund will use fair market value to determine the carrying amount of the investment properties in which it has an interest. The best evidence of fair market value is given by the amount for which a similar property in the same location and condition could be exchanged in an active market between knowledgeable and willing parties in an arm's length transaction. The Fund will engage suitably qualified independent valuers to assist in their assessment of fair market value at each reporting date.

6.13. Raising further capital

The Fund may, at a future date, decide to raise further capital in the Fund. A further issue may be contemplated if there is significant demand for investment in the Fund, there remain attractive opportunities for investment in US residential property which the Responsible Entity can pursue with additional capital and it is beneficial to existing Unitholders to do so.

6.14. Reports to Unitholders

The Responsible Entity will provide, at least:

- half yearly reports;
- annual reports;
- half yearly distribution statements; and
- regular income tax statements.

The Responsible Entity will also comply with all laws and the Listing Rules as they relate to reports to be provided to investors.



7. Fees and Expenses

Government regulation requires the inclusion of the following standard consumer advisory warning as set out below. The information in the consumer advisory warning is standardised across all product issuers and does not provide any specific information on the fees and charges in this Fund.

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website (www.fido.asic.gov.au) has a superannuation calculator to help you check out different fee options.

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

The tables in Sections 7.1 and 7.2 below show fees and other costs you may be charged. These fees and costs may be deducted from the returns on the holder's investment or from the Fund's assets as a whole.

7.1. Fees and expenses of the Offer – Application Costs

Fee type or cost	Amount	How & when paid
Structuring & Arranging Fee The fee for structuring and arranging the Fund	2.00% (exclusive of GST) of gross equity proceeds raised by the Offer.	Paid by the Fund upon listing out of the net proceeds of the Offer.
Handling Fee Fee for handling and arranging Applications for the Offer	2.00% (exclusive of GST) of gross equity proceeds raised by the Offer.	Paid by the Fund upon listing out of the net proceeds of the Offer.
Establishment Fee The fee to open your investment	Nil	Not applicable
Withdrawal Fee The fee on each amount you take out of your investment	Nil	Not applicable
Termination Fee The fee to close your investment	Nil	Not applicable



7.2. Operating fees and expenses payable directly or indirectly by the Fund – Management Fees

Fee Type or cost	Amount and description	How & when paid
Responsible Entity Fee The fee payable to the Responsible Entity by the Fund for management of the Fund.	0.08% per annum (exclusive of GST) of the gross asset value of the Fund.	The fee is charged on the gross asset value of the Fund and is payable monthly by the Fund.
Custodian Fee The fee payable to the Responsible Entity by the Fund for holding and maintaining the Fund's assets.	0.02% per annum (exclusive of GST) of the gross asset value of the Fund.	The fee is charged on the gross asset value of the Fund and is payable monthly by the Fund.
Administration Fee The fee payable to the Responsible Entity by the Fund for the administration of the Fund.	0.25% per annum (exclusive of GST) of the gross asset value of the Fund.	The fee is charged on the gross asset value of the Fund and is payable monthly by the Fund.
Investment Management Fee The fee payable to the Responsible Entity, in its capacity as Investment Manager, by the US REIT associated with the investment management of the US REIT.	1.24% per annum of the gross asset value of the US REIT and the Fund, with the value of the Fund's investment in the US REIT deducted to avoid double counting. Note the Responsible Entity has elected to waive this fee for an indefinite period on the first \$50 million of the gross assets.	The fee is charged on the gross asset value of the US REIT and the Fund, with the value of the Fund's investment in the US REIT deducted to avoid double counting, and is payable monthly by the US REIT.
Asset Acquisition Fee The fee payable to the Responsible Entity, in its capacity as Investment Manager, by the US REIT for acting as agent/adviser on the purchase of the underlying Fund assets.	1.49% of the purchase price of assets acquired by the US REIT.	Payable upon the transfer of title to the US REIT.
Asset Disposal Fee The fee payable to the Responsible Entity, in its capacity as Investment Manager, by the US REIT for acting as agent/adviser on the sale of the underlying Fund assets.	2.49% of the sale price of assets disposed of by the US REIT.	Payable upon the transfer of title from the US REIT.
Leasing Fee The fee payable to the Responsible Entity, in its capacity as Investment Manager, by the US REIT for acting as the leasing agent/adviser.	1 month's gross rent on new leases payable to the US REIT.	Payable by the US REIT on execution of a new lease.
Other expenses The fees and costs associated with the administration of the Fund and the US REIT which are reimbursed to the Responsible Entity by the Fund and the US REIT including registry fees, tax and audit fees.	Dependent on costs and size of the Fund and US REIT. All external administration fees and expenses are paid by the Fund or the US REIT.	Paid directly out of the assets of the Fund or the US REIT.

The Responsible Entity may change the fees. There may be changes in regulations or economic conditions which necessitate a change in fees. Fees will only be changeable if three months prior written notice of the proposed changes is given to Unitholders. Further detail about the maximum fee limits that can be charged are set out in Section 7.3 and 12.1 of this PDS.

The Fund is expected to be able to recover at least 75% of the GST component of fees charged to it by the Responsible Entity under the reduced credit acquisition provisions of the GST act. It is not anticipated that GST will apply to fees charged by the Responsible Entity to the US REIT.



The following table gives you an idea of the initial and outgoing fees (exclusive of GST), excluding asset acquisition, asset disposal and leasing fees, assuming a \$5,000 investment:

Fee Type	Amount	Dollar Value
Structuring & Arranging Fee	2.00%	\$100.00
Handling Fee	2.00%	\$100.00
Responsible Entity Fee	0.08%	\$4.00
Custodian Fee	0.02%	\$1.00
Administration Fee	0.25%	\$12.50
Investment Management Fee	Waived ¹	Waived
Total cost of fund²	4.35%	If you had an investment of \$5,000 at the beginning of the year, you would be charged fees of \$217.50

Notes: 1. The Responsible Entity has elected to waive this fee for an indefinite period on the first \$50 million of gross assets of the US REIT. 2. The table excludes acquisition and leasing fees. Refer to Sections 7.3(e)-(f) for worked examples of these fees.

7.3. Additional explanation of fees and costs

A) MANAGEMENT FEES

The Constitution of the Fund provides that the Responsible Entity may charge management fees (referred to as the responsible entity fee, custodian fee and administration fee, in aggregate, above) of up to 0.50% per annum (exclusive of GST) of the gross asset value of the Fund and accordingly, the Responsible Entity can increase the management fees it charges the Fund up to that amount without seeking Unitholder approval.

B) APPLICATION FEES

The Constitution of the Fund provides that the Responsible Entity may charge application fees (referred to as a structuring and arranging fee and handling fee above) of up to 5% per annum (exclusive of GST) of the value of issues of Units in the Fund and accordingly, the Responsible Entity can increase the application fees it charges, up to that amount without seeking Unitholder approval.

C) INVESTMENT MANAGEMENT FEE

The Responsible Entity will receive an Investment Management fee equivalent to 1.24% per annum of the gross asset value of the US REIT and the Fund, with the value of the Fund's investment in the US REIT deducted to avoid double counting, in return for investment management services provided to the US REIT. A summary of the agreement relating to this fee and further details regarding this fee are summarised in Section 12.1.

The Responsible Entity has elected to waive this fee for an indefinite period on the first \$50 million of gross assets. The Responsible Entity will review this partial waiver of its fees on an ongoing basis and reserves its right to alter this waiver at any point in the future. Should the Responsible Entity decide to alter this waiver, it will provide Unitholders with three months prior written notice.

D) EXPENSES RELATING TO THE MANAGEMENT OF THE FUND AND THE US REIT

The Responsible Entity is entitled to be reimbursed, out of the assets of the Fund, for all out-of-pocket expenses it properly incurs in operating and administering the Fund. This includes expenses such as registry services, listing fees, investor communications, taxes and bank fees, preparation of financial statements and tax returns, audit, insurance, compliance costs, travel and other expenses.

Dixon Advisory USA has established an office in New Jersey with the sole purpose of overseeing the operations of the US REIT. The Responsible Entity will, out of the assets of the Fund, pay an administrative fee and will reimburse Dixon Advisory USA for all expenses incurred during the performance of its services including all office personnel (excluding investment management personnel who will be remunerated out of fees already paid to the Responsible Entity), office space, office facilities and all other expenses incidental to its operations. Dixon Advisory USA will not charge a management fee to either the US REIT or the Fund. See Section 12 for further details.



E) ASSET ACQUISITION FEE

The Responsible Entity will receive an asset acquisition fee of 1.49% of the purchase price of assets acquired by the US REIT. A summary of the agreement relating to this fee and further details regarding this fee are summarised in Section 12.1.

Accordingly, if the US REIT acquires a residential property for US\$250,000 the Responsible Entity will be entitled to a fee of US\$3,725 from the US REIT on that transaction.

F) ASSET DISPOSAL FEE

The Responsible Entity will receive an asset disposal fee of 2.49% of the sale price of assets acquired by the US REIT. A summary of the agreement relating to this fee and further details regarding this fee are summarised in Section 12.1.

Accordingly, if the US REIT sells a residential property from its portfolio for US\$250,000 the Responsible Entity will be entitled to a fee of US\$6,225 from the US REIT on that transaction.

G) LEASING FEE

The Responsible Entity will receive a leasing fee of 1 month's gross rent of properties leased out by the US REIT. A summary of the agreement relating to this fee and further details regarding this fee are summarised in Section 12.1.

Accordingly, if the US REIT rents out a residential property that forms part of its portfolio for US\$1,200 per month the Responsible Entity will be entitled to a one off fee of US\$1,200 from the US REIT.

H) FORM OF PAYMENT OF FEES

Fees may be paid to the Responsible Entity in cash or, in the case of fees paid under the Constitution in the form of ordinary Units.

I) WAIVER OR DEFERRAL OF FEES

The Responsible Entity may waive or defer the payment of any fees or accept payment of lower fees in any amount and for any period it determines. It may also reinstate the payment of fees up to the levels prescribed in the Constitution and the investment management agreement between it and the US REIT at any time.

J) ADVISER REMUNERATION

The Responsible Entity may pay commissions to advisers who introduce Applicants to the Offer. The Responsible Entity will pay these commissions from the handling fee it is entitled to receive if it chooses to do so or out of its own resources.

7.4. Expenses of the Offer

The Responsible Entity has elected to incur the costs and expenses associated with establishing the Fund and the Offer. This includes expenses such as listing fees, legal, tax and accounting advice costs, travel, printing and other expenses.

7.5. Unitholder administration

If you ask us to do something outside our normal administration function, we might charge you a fee. The fees vary depending on what you ask us to do.

7.6. Benefits to the Responsible Entity

Except for the interest, fees and remuneration disclosed in this PDS, the Responsible Entity and its Directors and employees have not received, and are not entitled to, any benefit in relation to this Offer.

Subject to law, Directors may receive a salary as employees of the Responsible Entity, consulting fees, directors fees, dividends and may from time to time hold interests (directly or indirectly) in the Units in the Fund or shares in entities making up the Dixon Advisory Group.



8. Financial Information

8.1. Pro forma unaudited Statements of Financial Position

The pro forma Statements of Financial Position set out below have been prepared to illustrate the financial position of the Fund and its subsidiaries following completion of the Offer and expenditure of funds associated with the Offer. These pro forma Statements of Financial Position are intended to be illustrative only and will not reflect the actual position and balances as at the date of this PDS or at the completion of the Offer.

The pro forma Statements of Financial Position have been prepared in accordance with the accounting policies set out in Section 8.3 below.

The pro forma Statements of Financial Position are presented in summary form only and do not comply with the presentation and disclosure requirements of Australian Accounting Standards.

TABLE 1: PRO FORMA UNAUDITED STATEMENTS OF FINANCIAL POSITION

Assets/liabilities	Minimum subscription \$30,000,000 raised	Maximum subscription \$80,000,000 raised	Over subscription \$120,000,000 raised
Cash	28,770,000	76,720,000	115,080,000
Liabilities	–	–	–
Net assets/Equity	28,770,000	76,720,000	115,080,000
NAV per unit	1.53	1.53	1.53

8.2. Notes to the pro forma unaudited Statements of Financial Position and Assumptions

A reconciliation of the pro forma cash balances is shown below:

TABLE 2: RECONCILIATION OF PRO FORMA UNAUDITED STATEMENTS OF FINANCIAL POSITION

	Minimum subscription \$30,000,000 raised	Maximum subscription \$80,000,000 raised	Over subscription \$120,000,000 raised
Proceeds of the Offer (at \$1.60 each)	30,000,000	80,000,000	120,000,000
Expenses of the Offer (refer to section 7.1)	1,230,000	3,280,000	4,920,000
Estimated net cash position	28,770,000	76,720,000	115,080,000

A) ASSUMPTIONS

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

- Application of the proposed significant accounting policies set out in Section 8.3;
- In the pro forma Statement of Financial Position entitled "Minimum Subscription \$30,000,000 raised", reference is made to the subscription of 18,750,000 Units by Applicants under this PDS at an issue price of \$1.60 per Unit;
- In the pro forma Statement of Financial Position entitled "Maximum Subscription \$80,000,000 raised", reference is made to the subscription of 50,000,000 Units by Applicants under this PDS at an issue price of \$1.60 per Unit;
- In the pro forma Statement of Financial Position entitled "Over Subscription \$120,000,000 raised", reference is made to the subscription of 75,000,000 Units by Applicants under this PDS at an issue price of \$1.60 per Unit;
- Initial expenses related to the Offer to be paid by the Fund include a Structuring & Arranging Fee of 2% (excluding GST) of the gross proceeds raised by the Offer plus a Handling Fee of 2% (excluding GST) of the gross proceeds raised by the Offer and the 25% of the GST payable on these fees for which the Fund is not entitled to an input tax credit; and
- No interest is earned by the Fund during the Offer period.

8.3. Significant accounting policies

The accounting policies set out below represent the significant accounting policies which have been adopted in the preparation of the pro forma Statements of Financial Position and which will be adopted prospectively for the Fund.



A) BASIS OF CONSOLIDATION

The pro forma Statements of Financial Position comprise the consolidated pro forma Statements of Financial Position of the Fund and its subsidiaries. Subsidiaries are all those entities over which the Fund has the power to govern the financial and operational policies so as to obtain benefits from their activities.

All inter-entity balances and transactions, income and expenses, and profits and losses resulting from intra-group transactions have been eliminated in full.

Non-controlling interests not held by the Fund are presented within equity in the Statements of Financial Position.

B) FOREIGN CURRENCIES

i) Translation of foreign currency transactions

The functional and presentation currency of the Fund is Australian dollars. Each entity in the Fund determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that item is fixed in the contract) are retranslated at the rate of exchange ruling at the Statement of Financial Position date.

Exchange differences on monetary items are recognised in the statement of comprehensive income in the period in which they arise. Differences arising on a monetary item forming part of the net investment in a foreign operation are taken to the foreign currency translation reserve on consolidation.

ii) Translation of financial reports of foreign operations

The functional currency of US Masters Residential Property Fund's subsidiaries is United States dollars. As at the reporting date, the assets and liabilities of these entities are translated into Australian dollars at the rate of exchange ruling at the Statement of Financial Position date and the statements of comprehensive income are translated at the average exchange rates for the year. The exchange differences arising on the translation are taken directly to the foreign currency translation reserve.

C) INVESTMENT PROPERTY

Investment property comprising residential real estate assets held to earn rental income and/or for capital appreciation is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value, representing the assessed amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction. The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition and subject to similar lease terms. The

Fund engages suitably qualified property valuers to assist in the assessment of property fair values (active market prices). Changes in the fair value of investment property are recorded in the statement of comprehensive income as and when they arise.

D) LEASES

Lease income from operating leases where the Fund is a lessor is recognised in income on a straight-line basis over the lease term.

Costs that are directly associated with negotiating and executing the ongoing renewal of tenant lease agreements (including commissions, legal fees and costs of preparing and processing documentation for new leases) are deferred and amortised on a straight-line basis over the lease term.

E) TAXES

i) Income tax

Under current Australian income tax legislation, the Fund is not liable to pay income tax provided Unitholders are presently entitled to the Fund's distributable income.

The US REIT intends to timely elect to be taxed as a REIT under US federal taxation law, and on this basis will generally not be subject to US income taxes on that portion of the US REIT's taxable income or capital gains which are distributed to the US REIT's shareholders, provided that the US REIT complies with the requirements of the Code and maintains its REIT status.

The US REIT may ultimately realise a capital gain or loss on disposal which may result in a US income tax liability if the proceeds from disposal are not reinvested in a qualifying asset. If the capital gain is realised, it may give rise to a foreign income tax offset which would be available to Unitholders. A deferred tax liability is recognised based on the temporary difference between the carrying amount of the assets in the Statement of Financial Position and their associated tax cost bases.

A current tax liability is recognised in the financial statements for realised gains on disposals of US investment properties, except where the proceeds of such disposals are reinvested in a qualifying asset.

ii) Goods and Services Tax (GST)

Revenues, expenses and assets (with the exception of receivables) are recognised net of the amount of Goods and Services Tax (**GST**) to the extent that the GST is recoverable from the taxation authority. Where GST is not recoverable, it is recognised as part of the cost of acquisition, or as an expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position as a receivable or payable.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.



The Fund qualifies for reduced input tax credits at a rate of 75%. Hence, expenses are recognised net of the amount of GST recoverable from the Australian Taxation Office.

F) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

G) LOANS AND RECEIVABLES

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest income is recognised by applying the effective interest rate.

H) PAYABLES

Liabilities for creditors are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Fund.

I) OTHER FINANCIAL LIABILITIES INCLUDING BORROWINGS

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

J) PROVISIONS (INCLUDING DISTRIBUTIONS)

Provisions are recognised when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that the Fund will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A provision for distribution is recognised in the Statement of Financial Position if the distribution has been declared or publicly recommended on or before balance date.

K) CONTRIBUTED EQUITY

Issued capital is recognised at the fair value of the consideration received by the Fund. Any transaction costs arising on the issue of ordinary units are recognised directly in equity as a reduction of the unit proceeds received.

L) INVESTMENT REVENUE

Revenue from rents, interest and dividends is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. Revenue brought to account but not received at balance date is recognised as a receivable.

The Fund intends to lease real estate under term leases that are classified as operating leases. Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.

Interest income is recognised as the interest accrues using the effective interest rate method.

M) IMPAIRMENT OF ASSETS

The directors of the US REIT and the Responsible Entity assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, an estimate is made of the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

N) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In the application of the Fund's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting policies which are subject to significant accounting estimates and judgements include Investment Property.



9. Risks

Prior to investing, you should consider the risks involved in investing in the Fund and whether the Fund is appropriate for your objectives and financial circumstances. Some of the risks are outside the control of the Responsible Entity and you should read this PDS in its entirety to fully understand the risks associated with an investment in the Fund.

This PDS contains forward looking statements based on certain assumptions that are inherently uncertain. Actual events and results of the Fund's operations could differ materially from those anticipated. Some of the risks may be mitigated by the use of safeguards and appropriate systems and actions but some are outside the control of the Responsible Entity and cannot be mitigated.

The Responsible Entity does not guarantee any rate of return in terms of income or capital or investment performance of the Fund. The value of the Units will reflect the performance of the investments made by the Fund and current market conditions. There can be no certainty that the Fund will generate returns or distributions to the satisfaction of the investor.

Investors can undertake several steps to help minimise the impact of risk. First, seek professional advice suited to your personal investment objectives, financial situation and particular needs. Nothing in the PDS can replace or offer that. Second, invest for at least the time frame recommended by your professional adviser.

This section describes the areas believed to be the major risks associated with an investment in the Fund. These risks have been separated into general investment risks and specific investment risks. Prospective investors should note that this is not an exhaustive list of the risks associated with the Fund.

9.1. 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 will always try 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, 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 will seek to reduce these risks by engaging only with reputable parties.

F) POOR INVESTMENT PERFORMANCE

Neither the Fund, Responsible Entity nor any other person gives a guarantee regarding the amount of income, distribution or capital return of Units 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). As the Units have not yet traded, there can be no guarantee that a liquid market for securities in the Fund will develop within an acceptable period of time or at all. Applicants 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 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, wars and strikes. These events may affect returns to investors.

J) KEY PERSONNEL RISK

There is a risk that the departure of key staff with particular expertise in US residential property investment and management, whether they are the staff of the Fund, Responsible Entity or Dixon Advisory USA may have an adverse affect on the future earnings or value of the Fund.



9.2. Specific investment risks to the Fund

A) RISKS OF THE US AND HUDSON COUNTY RESIDENTIAL PROPERTY MARKET

There are numerous risks associated with an investment in US residential property. Over the period from 1997 to 2005, the US saw a sharp increase in residential property prices across the entire country. Recently, however, the US property market has experienced significant reductions in value across the majority of states and counties, including Hudson County.

A number of risks regarding an investment in US and Hudson County real estate, without limitation, include:

- further declines in the value of US real estate, both in Hudson County and across the broader property market in general;
- fluctuating vacancy rates and the ability of the US REIT to have the properties fully tenanted;
- a downturn in the US economy or a further recession that may place downward pressure on rents achievable in the marketplace and future capital growth prospects;
- the possibility of default by tenants on their obligations which would reduce the income to the Fund, thereby reducing the amount available for distributions;
- US interest rate fluctuations which may lead to further housing foreclosures; and
- any other factor which may impede the recovery of the US and specifically, Hudson County, residential property market.

B) AUSTRALIAN AND US TAXATION LAWS AND ACCOUNTING STANDARDS

Under the existing law, the US REIT intends to timely elect to be taxed as a REIT and it is intended that the US REIT will be organised, 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 will qualify or remain 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 intends to timely elect to be taxed as a REIT and it is intended that the US REIT will be organised, 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 will qualify, or 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 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.

These matters, including the US taxation of capital gains recognised by the US REIT or by the Fund on the disposition of its interests in the US REIT are more fully discussed in the US tax advice in Section 11.

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 2012. 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. The Australian taxation consequences are more fully discussed in the Australian taxation opinion in Section 11.

D) OTHER TAX CONSIDERATIONS

Changes in government legislation, including changes to the Double Tax Treaty, and changes to taxation laws in the US and Australia, 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 may adversely impact the Fund.

E) BORROWING RISK

The Fund intends to 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 Fund breached its obligations to the lender or a new facility was not available in a timely way. The Fund may need to sell properties if a new facility could not be secured. This could be at a less than favourable time. The Fund 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 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.

F) REFINANCING RISK

Unitholders are exposed to the risk that the Fund 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 to the Fund.

G) INTEREST RATE RISK

Should the Fund be able to obtain borrowing, changes in the US interest rates may have a positive or negative impact directly on the Fund income. Changes in interest rates may also affect the market more broadly and positively or negatively affect the value of the Fund's underlying assets.

H) NO PERFORMANCE HISTORY

The Responsible Entity has not previously managed a portfolio of US residential properties. However, key personnel of the Responsible Entity have considerable experience in this market.

I) CONCENTRATED GEOGRAPHIC FOCUS

The Fund will initially invest in the New York metropolitan area, with an initial focus on Hudson County, New Jersey. 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 properties as outlined in this PDS. The rate at which this occurs will depend on market conditions and the availability of suitable real estate on appropriate terms at the time. There is a risk that the Fund may not be able to make these acquisitions in a timely fashion or at all, which will affect the future performance of the Fund.

K) FOREIGN EXCHANGE RISK

The Fund's investments will be in the US property market through the Fund's investment in the US REIT. The assets and liabilities of the US REIT and its controlled entities will be 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 to be acquired by the Fund will not be hedged, though borrowing of US dollar denominated debt provides a partial natural hedge. Investors should concordantly consider the impact of an adverse change in the Australian dollar and the US dollar exchange rate.

9.3. Investor considerations

Before deciding to subscribe for Units, Applicants should consider whether Units are a suitable investment.

There may be tax implications arising from the Application for Units, the receipt of distributions from the Fund, and the disposal of Units. Applicants should carefully consider these tax implications and obtain advice from an accountant or other professional tax adviser in relation to the application of tax legislation.

If you are in doubt about whether you should subscribe for Units you should seek advice on the matters contained in this PDS from a stockbroker, solicitor, accountant or other professional adviser.



10. Investigating Accountants' Report



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The Directors
Dixon Advisory & Superannuation Services Limited
As Responsible Entity for the US Masters Residential Property Fund
Level 15
100 Pacific Highway
North Sydney NSW 2060

21 April 2011

Dear Directors

INVESTIGATING ACCOUNTANTS' REPORT ON PRO FORMA FINANCIAL INFORMATION

Introduction

Deloitte Touche Tohmatsu (Deloitte) has been engaged by the Directors of Dixon Advisory & Superannuation Services Limited (the Responsible Entity) as responsible entity for the US Masters Residential Property Fund (the Fund) to prepare this Investigating Accountants' Report (Report) for inclusion in a Product Disclosure Statement to be issued by the Responsible Entity on or about 21 April 2011 in connection with the offer of up to 50,000,000 fully paid ordinary units in US Masters Residential Property Fund at an offer price of \$1.60 per ordinary unit (Product Disclosure Statement). Further, the Fund has established a provision for acceptance of oversubscriptions for a further 25,000,000 fully paid ordinary units at \$1.60 per ordinary unit. The minimum units offered under this Product Disclosure Statement are 18,750,000 ordinary units which would raise \$30 million based on an offer price of \$1.60 per ordinary unit. If this minimum number of 18,750,000 ordinary units are not subscribed for within 3 months from the Opening Date, the Fund will repay all money received from Applicants within 7 days from the completion of 3 months.

The offer is not underwritten.

References to US Masters Residential Property Fund and Dixon Advisory & Superannuation Services Limited and other terminology used in this report have the same meaning as defined in the Glossary of the Product Disclosure Statement.

Pro Forma Financial Information

Deloitte has been requested to prepare a report covering the following pro forma financial information:

- The pro forma Statements of Financial Position of the Fund on completion of the Offer as set out in Section 8.1 of the Product Disclosure Statement;
- The pro forma assumptions on which the pro forma Statements of Financial Position are based as described in Section 8.2 of the Product Disclosure Statement; and
- The notes to the above pro forma financial information and significant accounting policies of the Fund as set out in Sections 8.2 and 8.3 of the Product Disclosure Statement.

(Collectively the Pro Forma Financial Information).

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The Pro Forma Financial Information has been derived from the records of the Fund after reflecting the pro forma assumptions as described in Section 8.2 of the Product Disclosure Statement.

The Directors of the Responsible Entity are responsible for the preparation and presentation of the Pro Forma Financial Information, including the determination of the pro forma assumptions on which the pro forma Statements of Financial Position have been based.

The Pro Forma Financial Information is presented in an abbreviated form insofar as it does not include all of the disclosures required by Australian Accounting Standards (including the Australian Accounting Interpretations) applicable to annual financial reports prepared in accordance with the Corporations Act 2001.

Scope

Review of the Pro Forma Financial Information

We have reviewed the Pro Forma Financial Information in order to report whether anything has come to our attention which causes us to believe that the Pro Forma Financial Information set out in Section 8 of the Product Disclosure Statement is not presented fairly in accordance with the basis of preparation as described in Section 8.1 of the Product Disclosure Statement.

Our review has been conducted in accordance with Australian Standard on Review Engagements (ASRE) 2405 “*Review of Historical Financial Information Other than a Financial Report*”. We have made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances, including:

- Analytical procedures on the Pro Forma Financial Information;
- A review of work papers, accounting records and other documents;
- A review of the pro forma assumptions on which the pro forma Statements of Financial Position are based as described in Section 8.2 of the Product Disclosure Statement;
- A comparison of consistency in application of the recognition and measurement principles in Australian Accounting Standards (including the Australian Accounting Interpretations), and the significant accounting policies adopted by the Fund as disclosed in Section 8.3 of the Product Disclosure Statement; and
- Enquiry of the directors and management of the Fund and the Responsible Entity.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Pro Forma Financial Information.

Review Statement

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the pro forma Statements of Financial Position set out in Section 8.1 do not present fairly, in all material respects, the pro forma financial position of the Fund following completion of the Offer

in accordance with the basis of preparation as described in Section 8.1 of the Product Disclosure Statement.





Subsequent Events

Apart from the matters dealt with in this Report, and having regard for the scope of our Report, no other material transactions or events outside of the ordinary business of the Fund have come to our attention that would require comment on, or adjustments to, the information contained in Section 8 of the Product Disclosure Statement, or would cause such information to be misleading or deceptive.

Independence and Disclosure of Interest

Deloitte Touche Tohmatsu does not have any interest in the outcome of this Offer other than the preparation of this Report, Deloitte Touche Tohmatsu Limited's Tax Opinion in Section 11 of the Product Disclosure Statement and participation in the due diligence procedures for which normal professional fees will be received.

Deloitte Touche Tohmatsu is the independent auditor of US Masters Residential Property Fund.

A handwritten signature in black ink that reads "Deloitte Touche Tohmatsu".

Deloitte Touche Tohmatsu

A handwritten signature in black ink, appearing to be "Michael Kaplan".

Michael Kaplan
Partner
Chartered Accountants



11. Taxation

11.1. Australian taxation opinion



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The Directors
Dixon Advisory & Superannuation Services Limited
Responsible Entity of the US Masters Residential Property Fund
100 Pacific Highway
NORTH SYDNEY NSW 2060

20 April 2011

Dear Sirs

US Masters Residential Property Fund (the Fund)
Australian Taxation Opinion

This taxation opinion has been prepared for inclusion in a Product Disclosure Statement (PDS) for the offer of Units in the Fund. The PDS is expected to be issued in April 2011.

Defined terms used in this opinion have the same meaning ascribed to them in the PDS, unless otherwise indicated.

This opinion is intended to provide a general overview of the likely Australian income tax, stamp duty and goods and services tax (GST) implications for certain investors in the Fund (the Unit Holders). It does not address all of the taxation consequences of investing in the Fund. The comments are of a general nature and apply only to Unit Holders who are individuals and complying superannuation funds that are residents of Australia for income tax purposes. This opinion does not provide any information in relation to the tax implications for Unit Holders under the tax laws of countries other than Australia. Furthermore, this opinion is only intended to apply to Unit Holders who hold their Units on capital account. It is not intended to apply to Unit Holders who carry on a business of trading in Units or who acquire their Units for the purpose of profit making by sale of their Units.

Potential Unit Holders should be aware that the actual tax implications of investing in the Fund may differ from those summarised in this opinion, depending on their individual circumstances. Applicants should seek advice from their own professional taxation adviser regarding the Australian tax (including GST and stamp duty) consequences of acquiring, holding and selling Units in the Fund, having regard to their particular circumstances.

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Our opinion is based on the provisions of the *Income Tax Assessment Act 1936* (the 1936 Act) and the *Income Tax Assessment Act 1997* (the 1997 Act) and the regulations made under those Acts (collectively the Tax Laws) applicable at the date of this opinion. This opinion is also based on the current international double tax agreement between Australia and the United States (the Australia-US DTA). It is noted that any of the laws referred to are subject to change periodically, as are their interpretation by the courts and the Australian Taxation Office (ATO). We have no obligation to provide an updated opinion to reflect such changes.

In providing this opinion we have relied upon certain facts as set out in the PDS that have not been independently reviewed or verified by Deloitte Touche Tohmatsu Limited. The inclusion of this opinion in the PDS is subject to the terms of our consent for its inclusion and to be named in the PDS as set out in Section 11.1 of the PDS.

The representatives of Deloitte Touche Tohmatsu Limited involved in preparing this report are not licensed to provide financial product advice as defined by the *Corporations Act 2001* (Corporations Act). Potential investors may consider seeking advice from an Australian financial services licence holder before making any decision in relation to a financial product. Investors should also note that taxation is only one of the matters that need to be considered when making a decision on a financial product.

1. Taxation of the Fund

Generally speaking, unit trusts such as the Fund are treated as 'flow through' entities. That is, they are not liable to pay income tax on their net (i.e. taxable) income, provided that the Unit Holders have a present entitlement to the distributable income of the Fund.

Certain trusts can, however, be taxed as companies if they fall within the definition of a 'public trading trust', as defined within Division 6C of the 1936 Act. Provided that neither the Fund, nor entities that the Fund controls, carry on a 'trading business', it should not be classed as a public trading trust.

In this regard, the Fund should not be taken to be carrying on a 'trading business' where its activities consist wholly of an investment in the US Masters Residential Property (USA) Fund (the US REIT) and the activities of the US REIT and its associates consist primarily of investments in land outside Australia for the purpose, or primarily for the purpose, of deriving rent. Based on the proposed activities of the Fund and the US REIT and its associates as disclosed in the PDS, it is considered unlikely that the Fund would be classed as a public trading trust. However, this will need to be considered on a year-by-year basis.

In addition, certain trusts can be taxed as companies if they fall within the definition of a 'corporate unit trust', as defined within Division 6B of the ITAA 1936. We have considered the application of these provisions to the Fund and have formed the view that the Fund should not be considered to be a corporate unit trust.

On the basis that the Fund is neither a public trading trust nor a corporate unit trust and assuming that the Unit Holders are presently entitled to all of the Fund's distributable income each year, the Fund should not be subject to tax. Although the Fund will be required to calculate its net income each year, any income tax liability should be imposed at the Unit Holder level rather than on the Fund.

The Fund may satisfy the requirements to be a 'managed investment trust' (MIT) for tax purposes. Whether the Fund qualifies as a MIT is dependent upon the Fund satisfying certain licensing requirements, the 'widely held' ownership requirements, certain 'closely held' restrictions and other conditions.

Being classified as a MIT allows the Fund to make an irrevocable election to apply the capital gains tax (CGT) provisions as the primary code for the taxation of gains and losses on the disposal of certain assets (being primarily shares, units and real property). In order to avail itself of capital account treatment, broadly, the Fund must make the capital election before the Fund is required to lodge its income tax return for the first income year in which it is a MIT.

We note that it is the intention of the Responsible Entity to seek to ensure that the Fund will qualify as a MIT and that the investments of the MIT are deemed to be held on capital account through the making of the election. In this regard, capital gains made by the Fund from the realisation of investments covered by the MIT rules that have been held for 12 months or more should qualify for discount capital gains treatment.

It is noted that the Government is likely to put in place a new income tax system for MITs (referred to as 'Regime MIT'), which is proposed to have effect from 1 July 2012. In this regard, the Government is still undertaking further sector and community consultation on the details of the proposed legislation. The proposed Regime MIT tax amendments should be monitored to determine their impact on the Fund.

The net income of the Fund will include any distributions paid or credited by the US REIT to the Fund that are characterised as dividends under the Tax Laws.

The amount of US tax withheld from these dividends will also be included in the Fund's net income to, in effect, 'gross up' the dividend to its pre-withholding tax amount. A foreign income tax offset (FITO) may be available to the Unit Holders for a proportionate share of the US withholding tax paid, if certain requirements are met (refer to Section 2 for further details of the US withholding tax and FITO).

The Fund may also receive distributions from the US REIT that will be characterised, for Australian tax purposes, as a return of capital on the US REIT shares. Such returns of capital should not be included in the Fund's net income. Rather, the Fund's CGT cost base in the US REIT shares will be reduced by the amount of the capital returned. If the return of capital, including any previous returns of capital, exceeds the CGT cost base of the shares, a capital gain equal to the excess may arise which will be included in the net income of the Fund. The gain may be eligible for discount capital gains treatment provided the US REIT shares were owned by the Fund for at least 12 months.



The Fund may make a capital gain or capital loss if it disposes of any of its US REIT shares. Any capital gain will be included in the Fund's net income in the year of income the capital gain arose. If US tax is payable on the gain (refer to comments on US tax at Section 11.2 of the PDS), Unit Holders may be entitled to a FITO for the US tax suffered, subject to their own tax position (refer to paragraph 2(b) below for further details). The gain may also be eligible for discount capital gains treatment if the US REIT shares were owned by the Fund for at least 12 months before the disposal.

The US REIT (or any wholly-owned subsidiaries of the US REIT) will be a controlled foreign company (CFC) of the Fund for Australian tax purposes. The CFC provisions could potentially apply to include certain income and gains derived by the US REIT in the Fund's net income for a year even if such income or gains are not repatriated to Australia in that year. However, there are specific exemptions which apply to REIT's which invest solely in US real property. This means that, under the current CFC rules, no amount should be attributed for tax purposes to the Fund in respect of its shareholding in the US REIT.

It is noted that the anti-deferral rules, which includes the CFC rules, are currently being reviewed by the Australian Government. Exposure draft legislation was released on 17 February 2011 proposing changes to the CFC rules. On the basis that the income derived by the US REIT will be rent from US real property, we consider that it is unlikely that the amended CFC rules will have any adverse impact on the Fund. However, at the date of this opinion these legislative amendments to the CFC rules have not been finalised. Consequently, the future development of these new CFC rules should be closely monitored to determine the impact upon the Fund.

If the Fund makes a tax loss, which includes a net capital loss, in any income year, the loss is not distributable to Unit Holders. The tax loss which is not a capital loss may be able to be carried forward and utilised by the Fund against future assessable income including net capital gains. A capital loss may only be utilised by the Fund against future capital gains. To the extent to which the tax loss is a revenue loss the future utilisation of such losses are subject to the Fund satisfying the trust loss provisions of the Tax Laws.

2. Taxation of Unit Holders

(a) Acquisition of Units

Each Unit in the Fund will be a CGT asset. A Unit Holder's CGT cost base in a Unit at any particular time should equal the amount the Unit Holder paid to acquire the Unit, including any incidental costs of acquisition and disposal, adjusted for any tax deferred distributions received from the Fund. We refer to paragraph 2(b) below for further details in relation to tax deferred distributions. A Unit Holder's CGT cost base in the Units should not be affected by certain distributions including the receipt of discount capital gains from the Fund (refer below to paragraph 2(b)).

(b) Distributions from the Fund

Unit Holders should include the proportionate share of the Fund's net income to which they become presently entitled in their assessable income for each relevant year. This will include Fund distributions that a Unit Holder becomes entitled to but may not receive until after year end. Generally speaking, the Unit Holders will be assessed in the same year in which the Fund derived the income.

The Unit Holder's proportionate share of net income will be determined by their proportional present entitlement to the distributable income of the Fund. There may be circumstances where the calculation of the Fund's net income for tax purposes and the distributable income vary.

In circumstances where the distributable income of the Fund in a year of income exceeds its net income, the excess amounts (referred to as tax deferred distributions) should not be subject to income tax in the Unit Holder's hands, however, certain adjustments may be required in respect of the Unit Holder's cost base and capital gains may be triggered (refer below).

Where the Fund's net income exceeds its distributable income for a year of income, the Unit Holder's should be assessed on their proportionate share of the net income.

The US tax comments included in Section 11.2 of the PDS notes that dividends paid by the US REIT will generally be subject to a withholding tax rate of 15%. However, if a Unit Holder's interest in the Fund exceeds certain specified thresholds (as discussed in the US tax comments in Section 11.2 of the PDS), the dividend paid by the US REIT attributable to that Unit Holder will be subject to US withholding tax at the rate of 30%.

Interest paid by the US REIT to the Fund should be subject to a withholding tax rate of 10% under the Australia-US DTA.

Furthermore, as also discussed in the US tax comments at Section 11.2 of the PDS, if the US REIT makes a distribution to the Fund that relates to a gain from the sale of US real property (termed a capital gain dividend), there may be US withholding tax imposed at a rate of 35%.

Each component of the Fund's net income should retain its character when assessed in the hands of the Unit Holders. As the income of the Fund should primarily include dividend and interest income derived by the Fund from a foreign source, distributions should also be characterised for tax purposes as foreign source income.

Unit Holders may, subject to meeting certain conditions, be entitled to a FITO in respect of any foreign taxes incurred by the Fund. The FITO that may be claimed by a Unit Holder in a year of income is, broadly, calculated as the lesser of the Unit Holder's share of the amount of foreign taxes paid by the Fund and the foreign income offset limit for the Unit Holder (the cap). In the event that the total foreign income tax paid exceeds the cap, no offset is allowed for the excess foreign income tax. The Unit Holder may refrain from calculating the cap and instead choose to use the \$1,000 de minimis cap.



FITOs are non-refundable, with the result that, to the extent that a FITO cannot be used by a Unit Holder in a year of income because the Unit Holder's share of foreign taxes paid exceeds the cap, the excess is lost. The excess cannot be carried forward to a later income year.

If a capital gain is included in the Fund's net income (such as may arise from the sale of shares in the US REIT), Unit Holders will be treated as having derived a capital gain equal to their proportional share of the net capital gain. If the net capital gain included in the Fund's net income is subject to discount capital gains treatment, Unit Holders will be required to include an additional amount in their assessable income to 'gross up' the amount of the net capital gain to its pre-discount amount. This is required so that the applicable CGT treatment of the capital gain can be determined at the Unit Holder level in accordance with the Unit Holder's particular circumstances. Depending on those circumstances, the capital gain may be eligible for discount capital gains treatment at the Unit Holder level.

Where amounts derived by the Fund are not included in its net income (which may occur, for example, where the US REIT makes a distribution that is treated as a return of capital for Australian tax purposes), those amounts should not be included in the Unit Holder's assessable income. These amounts should be treated as tax deferred distributions, unless specifically excluded for example, the discount component of a discount capital gain or a capital gain sheltered by capital losses.

Tax deferred distributions are not assessable to the Unit Holder but, for CGT purposes, should reduce the cost base of the Unit Holder's Units in the Fund. If the CGT cost base of the Units is reduced to nil, the Unit Holder may make a capital gain on any further tax deferred distributions received. Any such capital gain may be eligible for discount capital gains treatment depending on whether the Unit Holder has held the units in the Fund for at least 12 months.

It is noted that there are likely to be changes in the future in respect of the tax rules applying to certain trusts. These changes may have the effect of 'deeming' the distributable income of certain trusts to be the amount calculated in a particular manner (for example, to be equal to taxable income, with specific adjustments) in order to determine who is taxed on the taxable income of the trust. It is possible that certain trusts (such as trusts that are MITs) may be excluded from these rules. It is recommended that the development of the new tax rules is closely monitored by the Fund.

(c) Disposal of Units

The disposal of Units in the Fund should have CGT implications for the Unit Holder. A capital gain should arise to the Unit Holder where the capital proceeds received from the disposal of the Units is greater than the Unit Holder's cost base for CGT purposes. A capital loss should arise if the capital proceeds on disposal are less than the Unit Holder's reduced cost base for CGT purposes. We refer to paragraph 2(a) above for a discussion of the cost base of the Units for CGT purposes.

Discount capital gains treatment may be available to reduce the capital gain realised by the Unit Holder on the disposal of the Units. If the Units in the Fund had been held for at least 12 months, the Unit Holder may, after offsetting capital losses of the Unit Holder, be able to

discount the resulting capital gain by one half in the case of an individual or trust, or by one third in the case of a complying superannuation fund.

Discount capital gains treatment should not be available with respect to capital gains made on the disposal of Units that occurred under an agreement made by the Unit Holder within 12 months of acquiring the Units.

Any capital gain or capital loss derived or incurred by the Unit Holders on the disposal of their Units should be aggregated with any other capital gains or capital losses that the Unit Holders may have in that year to determine the Unit Holders' net capital gain or net capital loss for that year.

A net capital gain is included in the Unit Holder's assessable income. A net capital loss can only be offset against capital gains. Capital losses may be carried forward and offset against future capital gains.

3. Withholding of tax from distributions

The Responsible Entity is required to deduct Pay-As-You-Go (PAYG) withholding tax from distributions paid to Unit Holders at the highest marginal rate, including Medicare Levy (currently 46.5%) if the Unit Holder has not quoted either their Tax File Number (TFN) or Australian Business Number (ABN) and none of the relevant exemptions apply. Unit Holders should generally be entitled to an income tax credit for any such tax withheld.

4. GST and Stamp Duty

The acquisition and disposal of Units in the Fund by Unit Holders should not be subject to GST. Similarly, the distributions from the Fund to Unit Holders should not be subject to GST. The Fund itself may not be entitled to recover all of the GST it incurs on purchases. The GST recovery will depend upon the exact nature of the operations of the Fund.

Unit Holders should not be liable for Stamp Duty in respect of their initial subscription of Units. Future acquisitions and disposals of Units should not be liable to duty provided the Fund remains listed on the National Stock Exchange of Australia Limited.

Yours faithfully



Joe Galea
Director, Deloitte Touche Tohmatsu Ltd

11.2. US taxation advice

A) INTRODUCTION

Based on the advice of Blank Rome LLP, the following is a summary of certain of the material US tax issues relating to the Fund's interest in the US REIT.

To ensure compliance with US Treasury Department circular 230, Fund Unitholders are hereby notified that:

- a) any discussion of US federal tax issues in this disclosure document is not intended or written to be used, and cannot be relied upon by Fund Unitholders for the purpose of avoiding penalties that may be imposed on Fund Unitholders under the Internal Revenue Code;**
- b) such discussion is included herein by the Fund in connection with the promotion or marketing (within the meaning of circular 230) by the Fund of the transactions or matters addressed herein; and**
- c) qualifying Fund Unitholders should seek advice based on their particular circumstances from an independent tax adviser.**

B) TAXATION OF THE US REIT

The US REIT intends to timely elect to be taxed as a REIT under US tax legislation and it is intended that the US REIT will be owned, organised and operated in a manner so as to qualify as a REIT for US federal income tax purposes. Consequently, the US REIT is not expected to be subject to US federal corporate income tax on its taxable income. However, the determination of whether an entity qualifies as a REIT involves the application of a number of highly technical and complex rules for which there are limited judicial and administrative interpretations; accordingly, no assurance can be given that the US REIT will qualify, or remain qualified, as a REIT.

In order to qualify as a REIT for US federal income tax purposes in any particular year, the US REIT must continually satisfy certain tests concerning, among other things, its sources of income, the nature and diversification of its investments in real estate and related assets, the amount it distributes to shareholders, and the ownership of its shares. The US REIT may also be required to make distributions to shareholders at disadvantageous times or when it does not have funds readily available for distribution. The REIT provisions of the Code could limit the US REIT's ability to hedge its financial assets, currency risk and related borrowings. Thus, compliance with the REIT requirements could hinder the US REIT's ability to operate solely with the objective of maximising profits.

If the US REIT fails to qualify for taxation as a REIT in any taxable year, the US REIT will be subject to tax on its taxable income at regular corporate rates. The US REIT will also be disqualified from re-electing to be taxed as a REIT for the four taxable years following the year during which qualification was lost. It is expected that the US REIT will operate in such a manner so as to qualify for taxation as a REIT through regular reviews of the requirements for qualification.

C) DISTRIBUTIONS

In order to satisfy the provisions under the Code applicable to REITs, the US REIT must distribute to its shareholders at least 90% of its taxable income. The Trustees of the US REIT may authorise a distribution only if the US REIT will be able to pay its debts in the ordinary course of business after making the distribution.

D) CERTAIN RESTRICTIONS ON OWNERSHIP AND TRANSFER

For the US REIT to qualify as a REIT under the Code, the US REIT's shares must be held directly by a minimum of 100 persons for at least 335 days in each taxable year following its first taxable year (or a proportional number of days in any short taxable year). After the consummation of the Offer, the Responsible Entity has agreed to use commercially reasonable efforts to cause the US REIT to conduct an offering of shares sufficient to cause the US REIT to have at least 100 direct shareholders.

In addition, generally no more than 50% in value of the US REIT's shares may be owned, directly or indirectly (by applying certain constructive ownership rules), by five or fewer individuals (as defined for these purposes) at all times during the second half of each taxable year following its first taxable year. If the US REIT complies with the US Treasury Department regulations for ascertaining its actual ownership and did not know, or exercising reasonable diligence would not have reason to know, that more than 50% in value of its outstanding shares were held, actually or constructively, by five or fewer individuals, then it should generally be treated as meeting such requirement. However, even though the Fund is generally excluded from these ownership restrictions, an acquisition of an interest in the Fund that would otherwise cause the US REIT to violate this 50% test would trigger certain measures at the US REIT level designed to prevent this 50% test from being violated.



In general, shareholders of the US REIT are also prohibited from directly or indirectly owning or attempting to acquire more than 9.8% (in value or number of shares, whichever is more restrictive) of the US REIT, subject to certain exceptions.

In order to ensure compliance with the 50% test, the Declaration of Trust of the US REIT contains certain (1) restrictions on the direct or indirect transfer of its shares to prevent additional concentration of ownership; and (2) notification requirements in relation to ownership limits of shares in the capital of the US REIT. Moreover, to evidence compliance with these requirements under U.S. Treasury Department regulations, the US REIT must maintain records which disclose the actual ownership of its outstanding shares and such regulations impose penalties on the US REIT for failing to do so.

E) US WITHHOLDING TAXES

i) Interest

Interest payments by the US REIT to the Fund should be subject to a reduced US withholding tax rate of 10% under the Double Tax Treaty.

ii) Dividends

Dividends paid by the US REIT from its earnings and profits and which are not attributable to gains recognised from the sale of US real property should generally be subject to a reduced US withholding tax rate of 15%. This reduced rate from 30% is generally available under the Double Tax Treaty where dividends are paid to a regularly traded (as such term is defined for the purposes of the Double Tax Treaty) listed Australian property trust (e.g., the Fund).

However, if the Responsible Entity knows or has reason to know that any Fund Unitholder owns 5% or more of the beneficial interest in the Fund, then the Fund Unitholder will be deemed to hold a corresponding portion of the Fund's interests in the US REIT and will be deemed to be beneficially entitled to the US REIT dividends paid on such interest. In general, a dividend paid from a US REIT in respect of such Fund Unitholder will be subject to a reduced 15% withholding tax rate only if:

- the Fund Unitholder is an individual treated as owning an interest of not more than 10% in the US REIT;
- the Fund Unitholder is treated as owning an interest of not more than 5% of any class of shares in the US REIT and the dividends are paid with respect to a class of shares that is publicly traded; or
- the Fund Unitholder is treated as owning an interest of not more than 10% in the US REIT and the gross value of no single interest in real property held by the US REIT exceeds 10% of the gross value of the US REIT total interest in real property.

Distributions made by the US REIT in excess of its earnings and profits will be treated as non-taxable returns of capital of the US REIT and a refundable US withholding tax may apply, provided that a refundable gross withholding tax rate of 10% applies. The Fund may also apply for and receive a reduced withholding certificate prior to the receipt of any such distribution to eliminate the US REIT's requirement to withhold the 10% gross withholding tax in the case of such non-taxable returns of capital. Thereafter, distributions will be taxed under the Foreign Investment in Real Property Tax Act of 1980 (**FIRPTA**) at the rate of tax, including any applicable capital gains rates, that would apply to a US person of the same type (e.g., for a corporation currently 35%) and the collection of the tax will be enforced by a refundable withholding at a rate of 10% which would be applied against the Fund's ultimate tax liability on such distributions.

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

iii) Disposal of shares in the US REIT

A sale by the Fund of its shares in the US REIT generally will be subject to US federal taxation under FIRPTA. Accordingly, any gain recognised will be subject to US federal income tax at the rates applicable to a US corporation (currently 35%), and the purchaser of the shares could be required to withhold 10% of the purchase price and remit such amount to the US Internal Revenue Service.



12. Material Contracts

The Directors consider that the material contracts described below and elsewhere in this PDS are the contracts which an investor would reasonably regard as material and which investors and their professional advisers would reasonably expect to find described in this PDS for the purpose of making an informed assessment of the Offer.

This section only contains a summary of the material contracts and certain of their terms.

12.1. US REIT Management Agreement

The Responsible Entity has entered into a management agreement with the US REIT to manage and supervise all investments for the term of the Management Agreement.

Under the terms of the US REIT Management Agreement, the Responsible Entity, as investment manager for the US REIT (**Investment Manager**) will, among other things:

- a) provide compliance, accounting and other administrative services reasonably required by the US REIT from time to time;
- b) assess residential property market conditions and opportunities in the US and review information, research and analysis and property due diligence;
- c) select and recommend residential properties in which to invest;
- d) monitor the US REIT's portfolio of residential properties;
- e) determine and recommend the sale or disposition of properties in the US REIT's portfolio and coordinate any such sale or disposition; and
- f) manage the US REIT's surplus capital and related accounts.

In return for the performance of its duties as Investment Manager of US REIT, the Investment Manager is entitled to be paid, and US REIT must pay to the Investment Manager, a management fee equivalent to 2% per annum of the gross asset value of the US REIT and the Fund, with the value of the Fund's investment in the US REIT deducted to avoid double counting. However, this fee will initially be set at 1.24% per annum of the gross asset value of the US REIT and the Fund, with the value of the Fund's investment in the US REIT deducted to avoid double counting. Additionally, the Responsible Entity has elected to waive this fee for an indefinite period on the first \$50 million of gross assets. The Responsible Entity will review this partial waiver of its fees on an ongoing basis, subject to the maximum fee of 2% stated above, and reserves its right to alter this waiver at any point in the future. Should the Responsible Entity decide to alter this waiver, it will provide Unitholders with three months' prior written notice.

The Investment Manager will also be entitled to fees for the acquisition, disposal and leasing of property assets including:

- an asset acquisition fee equivalent to 2% of the purchase price of property assets acquired by the US REIT, however, this fee will be initially set at 1.49% of the purchase price of property assets acquired by the US REIT;

- an asset disposal fee equivalent to 4% of the sale price of property assets sold by the US REIT, however, this fee will initially be set at 2.49% of the sale price of property assets sold by the US REIT; and
- a leasing fee equivalent to 3 months' gross rent on new leases payable to the US REIT, however, this fee will initially be set at 1 months' gross rent on new leases payable to the US REIT.

The US REIT will indemnify the Investment Manager against any losses or liabilities reasonably incurred by the Investment Manager as a result of providing the management services to US REIT, except for any loss or liability caused by the negligence, default, fraud or dishonesty of the Investment Manager or its officers or employees.

The Investment Manager is entitled to be reimbursed out of the US REIT's assets, for all out-of-pocket expenses properly incurred in operating and administering the US REIT.

The US REIT Management Agreement has a term of 20 years, unless earlier terminated. The term will be automatically extended after the initial 20-year period for further one-year terms if not earlier terminated. Either party may terminate the US REIT Management Agreement upon 90 days prior written notice. The Investment Manager may terminate the US REIT Management Agreement immediately if US REIT becomes insolvent or unable to pay its debts as they become due. Either party may terminate the US REIT Management Agreement upon a material default or breach by the other party of its obligations thereunder if not remedied upon a 30-day cure period after receiving notice of the default or breach.

12.2. Other Related Party Agreements

The nature of the structure in which the Fund sits is that there are a number of related party agreements between the members of the Dixon Advisory Group. Each of these agreements are on arm's length terms and contain the standard terms for their types of agreements.

Key related party agreements required for the purpose of the Fund structure are summarised in this section.

A) PROPERTY ADMINISTRATIVE SERVICES AGREEMENT BETWEEN THE RESPONSIBLE ENTITY AND DIXON ADVISORY USA

Dixon Advisory USA is a wholly owned subsidiary of Dixon Advisory Group Limited. Under the terms of the administrative services agreement, Dixon Advisory USA will provide services to the Responsible Entity including all office personnel (excluding investment management personnel who will be remunerated out of fees already paid to the Responsible Entity), office space, office facilities and all other expenses incidental to the Responsible Entity's operations.



This administrative services agreement provides that Dixon Advisory USA will be reimbursed for all expenses incurred during the performance of these administrative services.

In return for the performance of its duties under this administrative services agreement, Dixon Advisory USA is entitled to be paid, and the Responsible Entity must pay to Dixon Advisory USA a service fee based on arm's length, commercial terms.

B) ADMINISTRATIVE SERVICES AGREEMENT BETWEEN THE US REIT AND DIXON ADVISORY USA

Dixon Advisory USA is a wholly owned subsidiary of Dixon Advisory Group Limited. Under the terms of the administrative services agreement between the US REIT and Dixon Advisory USA, Dixon Advisory USA will provide all services reasonably required by the US REIT in connection with the lease of office space and management of the US REIT's property (and otherwise as requested by the US REIT) and will be reimbursed for all costs and expenses incurred, including costs and expenses incurred in respect of:

- a) acquiring and maintaining office space and related office facilities;
- b) employing office personnel;
- c) book keeping;
- d) acquiring and maintaining appropriate levels of insurance; and
- e) other corporate expenses incidental to the performance of such services.

Dixon Advisory USA will also coordinate the procurement of third party contractor services in connection with the service of properties held directly or indirectly by the US REIT, and will provide such other services as requested by the US REIT. In addition, Dixon Advisory USA will advise and assist the trustees and officers of US REIT in taking such steps as are necessary or appropriate to carry out the decision of US REIT's board of trustees with respect to these matters and the conduct of US REIT's business.

In return for the performance of its duties under this administrative services agreement, Dixon Advisory USA is entitled to be paid, and US REIT must pay to Dixon Advisory USA, a service fee based on cost plus an administrative fee that will not exceed 20% of the cost of the service.

The Administrative Services Agreement has a term of 20 years, unless earlier terminated. The term will be automatically extended after the initial 20-year period for further one-year terms if not earlier terminated. Either party may terminate the Administrative Services Agreement upon 90 days prior written notice. The Adviser may terminate the Administrative Services Agreement immediately if US REIT becomes insolvent or unable to pay its debts as they become due. Either party may terminate the Administrative Services Agreement upon a material default or breach by the other party of its obligations thereunder if not remedied upon a 30-day cure period after receiving notice of the default or breach.

12.3. Rights attaching to shares in US REIT

US REIT is a Maryland real estate investment trust formed under the Maryland REIT Law (**MRL**). The following is a summary of certain rights attaching to the shares issued by US REIT as set out in its declaration of trust.

US REIT is authorised to issue up to 120,000,000 shares of beneficial interest, of which up to 110,000,000 shall be common shares and 10,000,000 shall be preferred shares. The declaration of trust authorises the issuance of up to 125 12.5% Series A Redeemable Cumulative Preferred Shares (**Series A Preferred Shares**). Subject to restrictions in US REIT's governing documents, the board of trustees may authorise the issuance from time to time of any class or series of shares of US REIT for such consideration as the board of trustees may deem advisable. Subject to the rights of the holders of any preferred shares, the board of trustees may amend the declaration of trust without shareholder approval to increase or decrease the aggregate number of shares of any class or series that the US REIT has authority to issue.

Generally, the board of trustees of US REIT has the power and authority to conduct and manage the affairs of US REIT and is entitled to make all decisions on behalf of US REIT without the consent or approval of the Fund or the Responsible Entity.

A) RESTRICTIONS ON TRANSFER AND OWNERSHIP OF COMMON SHARES

Other than the Fund, no person may beneficially or constructively own shares in excess of the ownership limit as defined in the declaration of trust. The Fund may not beneficially or constructively own shares in excess of the ownership limit on any date after US REIT may complete an initial public offering of its shares. The ownership limit is 9.8% (in value or number of shares, whichever is more restrictive) of any outstanding class or series of shares. In addition, no person may beneficially or constructively own shares to the extent that the trust would be "closely held" within the meaning of the Code (generally, more than 50% in value of the shares being owned, directly or indirectly, by five or fewer individuals) or otherwise would fail to qualify as a REIT.

So long as a class of shares is not a publicly offered security, employee benefit plan investors (as defined in specified US Treasury Department regulations), may not, on any date, hold, individually or in the aggregate, 25% or more of the value of such class.

No person may transfer any shares if, as a result of the transfer, the shares would be beneficially owned by less than 100 persons. Such a transfer will generally be void and the intended transferee would have no rights in any such shares.

Any person who acquires, or attempts or intends to acquire, beneficial or constructive ownership of shares that will or may violate these restrictions, or any person who would have



owned shares but for the application of these restrictions, must immediately provide written notice to US REIT of such event, or at least 15 days' prior written notice of any proposed or attempted transaction. Such person must provide such information as US REIT may request to determine the effect of such ownership or transfer on its status as a REIT.

To the extent that shares are certificated, each certificate representing shares will include a legend summarising certain transfer and ownership restrictions, or will indicate that a full statement of restrictions on transferability will be provided to any shareholder upon request and without charge.

B) SHARE OWNER INFORMATION REQUIREMENTS

Within 30 days after the end of each taxable year, every owner of more than 5% of the outstanding shares (or such lower percentage as required by the Code or US Treasury Department regulations promulgated thereunder) must notify US REIT in writing of such owner's name and address, the number of shares beneficially owned and a description of the manner in which such shares are held. If the shares are held as nominee for another person who is required to include in gross income dividends received on such shares, the nominee must provide written notice to US REIT stating the name and address of the actual owner and the number of shares held as a nominee. Each owner may be required to provide additional information related to the US REIT's status as a REIT and such owner's compliance with the ownership limit. The 5% ownership percentage described above may decrease depending on the total number of US REIT's shareholders of record.

C) COMMON SHARES

The Fund will hold all of the outstanding common shares of the US REIT.

i) Voting

Subject to the ownership limitations described in Section 11.2 (d), each common share entitles the holder of record thereof to one vote on:

- the election and removal of trustees;
- certain amendments of the declaration of trust;
- termination of US REIT as provided in the declaration of trust;
- a reorganisation, merger or consolidation of US REIT, or the sale or disposition of substantially all of its property;
- such other matters as to which the board of trustees has directed a vote of common shareholders (including without limitation the termination of US REIT's status as a REIT); and
- such other matters as may be properly brought before a meeting by a shareholder entitled to vote.

The declaration of trust provides for an initial board of trustees consisting of five members, which thereafter may be increased

or decreased in accordance with the bylaws of the US REIT or a resolution of the board of trustees. Trustees are to be elected by the common shareholders no less frequently than once every three years. Cumulative voting for the election of trustees is not permitted.

ii) Dividend, distribution and liquidation rights

Subject to the dividend rights of the holders of preferred shares, dividends may be paid in cash, property or other assets of US REIT or in its securities or from any other source as the board of trustees may in its discretion determine, when and if authorised by the board of trustees. Dividends on the common shares will be paid on an equal basis with respect thereto. The board of trustees will endeavour to pay such dividends and distributions as necessary for the Trust to qualify as a REIT, but shareholders shall have no right to any dividend unless and until authorised and declared by the board of trustees.

All common shares shall have equal distribution, liquidation and other rights.

iii) Pre-emptive, appraisal and other rights

No common shares shall have any preference, preemptive, conversion or exchange rights. Except as may be required under the MRL, there are no appraisal rights with respect to the common shares.

D) SERIES A PREFERRED SHARES

The declaration of trust provides for the issuance of up to 125 Series A Preferred Shares, which will be issued in an effort to allow US REIT to initially meet the 100 person ownership requirement for a REIT.

The Series A Preferred Shares will have the following characteristics:

- \$1,000 non-participating liquidation preference per share, payable upon a liquidation, dissolution or winding up of US REIT to holders of Series A Preferred Shares before any distribution of assets in respect of junior securities;
- ranks senior in right of dividends and liquidation, dissolution or winding up, to all equity securities issued by US REIT, including all common shares;
- cumulative preferential dividends payable at the rate of 12.5% per annum of (i) the liquidation value, plus (ii) all accumulated and unpaid dividends, when authorised by the board of trustees;
- may be redeemed by US REIT in whole or in part for cash at an amount equal to the liquidation preference, plus accrued but unpaid dividends, plus a redemption premium of up to 5% of the liquidation preference per share;
- no voting rights, except as required by the MRL and with respect to:
 - any issuances by US REIT of securities that are senior or pari passu to the Series A Preferred Shares;



- an amendment to the declaration of trust that has a material adverse effect on the rights and preferences of the Series A Preferred Shares; and
- any reclassification of the Series A Preferred Shares.
- appraisal rights, but only to the extent permitted under the MRL, with respect to any amendment to the declaration of trust that materially and adversely affects rights in respect of the Series A Preferred Shares;
- no conversion rights; and
- freely transferable, except for restrictions:
 - imposed under the declaration of trust or any agreement between US REIT and a holder of Series A Preferred Shares;
 - to permit US REIT to be exempt from registration in the US as an "investment company";
 - to prevent US REIT's assets from being deemed "plan assets" of an employee benefit plan investor under the US Employee Retirement Income Security Act of 1974;
 - otherwise to prevent US REIT from failing to qualify as a REIT; and
 - designed to ensure compliance with applicable securities laws.

E) OTHER SERIES OF PREFERRED SHARES

The declaration of trust provides for the issuance of a maximum of 10,000,000 preferred shares. Subject to the rights of the Series A Preferred Shares, the declaration of trust permits the board of trustees to classify or reclassify any unissued preferred shares without shareholder approval, with such terms and conditions as determined by the board of trustees in its sole discretion. Such terms and conditions would need to be included in articles supplementary that would be filed with the Maryland State Department of Assessments and Taxation prior to the issuance of the new class or series of preferred shares.



13. Additional Information

13.1. Constitution and compliance plan

The Fund has been registered by ASIC as a managed investment scheme under Chapter 5C of the Corporations Act. The provisions of the Corporations Act can affect the terms of the Constitution and the obligations of the Responsible Entity. The Fund is governed by a constitution (**Constitution**) which has been lodged with ASIC.

Dixon Advisory & Superannuation Services Limited is the responsible entity of the Fund. The respective rights and obligations of the Responsible Entity and the Unitholders are determined by the Constitution, the Corporations Act and the Listing Rules, together with any exemption and declaration issued by ASIC and the general law relating to trusts. Neither the provision of these laws and rules, nor their effect on the Constitution have been summarised below.

The Constitution is a lengthy and complex document. The following is a summary of the Constitution. Because the summary is brief, investors should confirm all information by reference to the Constitution itself. If you are unsure about anything, you should seek advice from a financial adviser and examine a copy of the Constitution.

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

- applications for Units and the nature of a Unitholder's interest in the Fund;
- the term of the Fund and Unitholders' entitlements on winding up;
- distributions;
- further issues of Units;
- transferability of Units;
- powers of the Responsible Entity;
- Unitholders' meetings;
- Unitholders' liability; and
- the Responsible Entity's fees (see Section 7).

A) UNITS

The beneficial interest in the Fund is divided into Units. A Unit confers an interest in the Fund's property as a whole – it does not confer an interest in any particular asset. The Responsible Entity can issue Units in accordance with the Constitution. The Constitution contains provisions regarding the Responsible Entity's ability to issue different classes of Units.

The Constitution contains provision for calculating the Application Price of Units, for the first and any future issues. The Constitution also provides for the Responsible Entity to determine a different Application Price in relation to some Units, a class of Units or all Units to the extent it is permitted to do so by an ASIC Exemption and the Listing Rules.

B) INCOME

While the Fund is not a public trading or corporate unit trust (i.e. taxed akin to a company), it is expected to be administered so that at the end of each tax year its Unitholders are presently entitled to the distributable income of the Fund. The Responsible Entity will generally determine the distributable income of the Fund for each financial year based on the operating income of the Fund (which excludes unrealised gains and losses). However, the Responsible Entity may in its sole and absolute discretion determine that the distributable income for the Financial Year will be some other amount, whether income or capital, which the Responsible Entity considers appropriate for the distribution for that Financial Year.

The Responsible Entity may also distribute capital of the Fund from time to time. Unitholders on the register on the record date for a distribution are entitled to a share in the Fund's income based on the number of Units held.

A distribution may be paid in cash, assets or by way of Units. The Responsible Entity may deduct from distributions any tax that is required by law to be deducted.

If additional tax, such as US withholding tax, is withheld from any dividend or distributions paid to the Fund as a consequence of the characteristics of any particular Unitholder or Unitholders, including the number or percentage of Units on issue held by any such Unitholders, then that additional tax will be allocated to that Unitholder and will be deducted from the Distributable Income payable to that Unitholder. Where the income of the Fund is reduced by taxes attributable to the ownership of Units by certain Unitholders, the entitlement to distributable income of such Unitholders may be adjusted by the Responsible Entity so that the entitlement to distributable income of all the other Unitholders is equivalent to the amount they would receive in the absence of such taxes.

A Unitholder must notify the Responsible Entity when its beneficial ownership of Units exceeds 5% of the total Units on Issue, and 10% of the total Units on Issue. In addition, the Responsible Entity may require Unitholders to provide notices from time to time confirming the beneficial ownership of Units or providing other relevant information.

C) LIABILITY OF UNITHOLDERS

While the Units are fully paid, a Unitholder's liability is limited to its investment in the Fund.

D) RESPONSIBLE ENTITY'S POWERS AND DUTIES

The Responsible Entity holds the Fund's assets on trust, and may manage these assets as if it were the absolute and beneficial owner of them, subject only to its duties and obligations to Unitholders.



Examples of the Responsible Entity's powers include acquiring or disposing of any real or personal property, borrowing or raising money, encumbering any asset, incurring any liability, giving any indemnity, providing any guarantee, applying for listing of the Fund, entering into derivative and currency swap arrangements and entering into underwriting arrangements.

The Responsible Entity may appoint delegates or agents to perform any act to exercise any of its powers, as well as advisers to assist with its duties and functions.

E) MANAGEMENT FEES PAYABLE TO THE RESPONSIBLE ENTITY

In return for the performance of its duties, the Responsible Entity is entitled to be paid out of the Assets within 10 Business Days of the beginning of each month a monthly management fee (**Management Fee**) equivalent to 0.5% (exclusive of GST) per annum of the gross value of the assets calculated as at the end of the month preceding the date of payment of the Management Fee.

This calculation of the Management Fee is to be made and paid to the Responsible Entity in US dollars unless the Responsible Entity agrees to accept the sum converted into Australian currency with such conversion to occur at the date of payment.

The Responsible Entity may in its absolute and unfettered discretion waive, reduce, refund or defer any part of the fees and levies that the Responsible Entity or the Fund is entitled to receive under this Constitution.

See Sections 7 and 12.1 for further details.

F) RESPONSIBLE ENTITY'S INDEMNITIES

The Responsible Entity has a right of indemnity out of the Fund property on a full indemnity basis for any costs, liabilities and expenses incurred at law or under the Constitution in the proper performance of its duties. This indemnity continues after the Responsible Entity retires or is removed as responsible entity of the Fund and is subject to the Corporations Act (which in certain circumstances may impose limits on the Responsible Entity's right of indemnity). The Corporations Act provides that a responsible entity's right to be indemnified out of scheme property for liabilities incurred in relation to the performance of its duties must be available only in relation to the proper performance of those duties.

G) RESPONSIBLE ENTITY'S LIMITATION OF LIABILITY

The Constitution provides that, subject to the Corporations Act, the Responsible Entity and each director and officer of the Responsible Entity are not personally liable to any person in connection with the office of the Responsible Entity or any director or officer of the responsible entity. Subject to the Corporations Act, the liability of the Responsible Entity in relation to the Fund is limited to the assets of the Fund from which the Responsible Entity is entitled to be and is, in fact, indemnified.

The Responsible Entity may amend the Constitution from time to time. Unitholder approval is required where changes to the Constitution adversely affect Unitholders' rights.

H) WITHDRAWALS AND REDEMPTIONS

The Constitution provides that, subject to the Corporations Act, the Responsible Entity may withdraw or redeem Units. This ability however is suspended whilst the Fund is listed.

13.2. Complaints

The Responsible Entity seeks to resolve any potential and actual complaints over the management of the Fund to the satisfaction of Unitholders. You may lodge any complaints by writing to us at the address shown on the back cover of this PDS. The Constitution provides that complaints in writing will be acknowledged within 14 days and responded to not more than 45 days after receipt by the Responsible Entity.

If you remain unhappy, you can contact the Credit Ombudsman Service Limited – which is independent from us, on **1800 138 422**.

13.3. Re-investment of Distributions

The Fund may elect to operate a distribution reinvestment plan that enables you to elect to reinvest all, or a portion of, your distributions into additional units in the Fund. In certain circumstances (for example, if the Responsible Entity is prohibited from making cash distributions under the terms of any credit facility of the Fund), the Responsible Entity may require you to reinvest your distributions in the Fund. You will be sent further details of the distribution re-investment plan prior to the first distribution being paid.

13.4. What documents are disclosed?

The Fund is a disclosing entity for the purposes of Section 111AC(1) of the Corporations Act and as such, is subject to regular reporting and disclosure obligations. Broadly, these obligations require the Fund to:

- prepare and lodge with ASIC both yearly and half yearly financial statements accompanied by a Director's statement and report and an audit or review report; and
- immediately notify the NSX of any information concerning the Fund of which it is, or becomes aware and which a reasonable person would expect to have a material effect on the price or value of Units, subject to certain limited exceptions related mainly to confidential information.

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



13.5. Instructions

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

13.6. Private information

We collect personal information from you in order to administer your investment. If you think that our records are wrong or out of date – particularly your address and email address – please contact us and we will correct this information immediately. You can always access the personal information that we hold about you.

13.7. Compliance plan

A compliance plan has been established which sets out how the Responsible Entity will ensure compliance with both the Corporations Act and the Constitution when operating the Fund. A compliance committee, comprising a majority of members who are independent of the Responsible Entity, monitors the Responsible Entity's compliance with the compliance plan.

13.8. Interested dealings

Subject to the Corporations Act, the Responsible Entity or any officer, employee or associate of the Responsible Entity may:

- a) hold Units in the Fund;
- b) act in any fiduciary, vicarious or professional capacity;
- c) have an interest in, or enter into any contract or transaction with the Responsible Entity (or its associates), a Unitholder of the Fund or any other person (including a person whose units or other securities form an asset of the Fund); and
- d) hold or deal in or have any other interest in an asset of the Fund, and may retain any benefit derived by doing so.

13.9. Labour standards or environmental, social or ethical considerations

We do not take into account labour standards or environmental, social or ethical considerations in determining the selection, retention or realisation of assets.

However, to the extent that we believe those matters may affect the value or performance of an underlying investment, they may be considered.

We do not have a predetermined view as to what constitutes a labour standard or environmental, social or ethical consideration, as these will be determined on a case-by-case basis.

13.10. Consents

Blank Rome LLP has acted as US law adviser to the Responsible Entity and the US REIT and has given and not withdrawn its consent to the inclusion of its tax opinion in Section 11.2 and to be named in this PDS in the form and context in which it is named. Blank Rome LLP takes no responsibility for any part of this PDS other than its tax opinion in Section 11.2. Except in respect of its tax opinion in Section 11.2, Blank Rome LLP does not make any statement in this PDS nor is there any statement based on a statement by Blank Rome LLP in this PDS.

Watson Mangioni Lawyers Pty Limited has given, and has not withdrawn as at the date of this PDS, its consent to being named in this PDS as the legal adviser for the Fund. Watson Mangioni Lawyers Pty Limited does not make any statements in, or take any responsibility for, any parts of the PDS.

Registries Limited has given, and has not withdrawn as at the date of this PDS, its consent to being named in this PDS as the provider of unit registry services for the Fund. Registries Limited has not been involved in the preparation of any part of this PDS and specifically disclaims liability to any person in the event of omission from, or a false or misleading statement included in the PDS. Registries Limited has not authorised or caused the issue of this PDS and takes no responsibility for its contents.

Deloitte Touche Tohmatsu Limited and Deloitte Touche Tohmatsu are respectively the Australian tax adviser and Australian Investigating Accountant. Deloitte Touche Tohmatsu Limited and Deloitte Touche Tohmatsu have respectively prepared and consented to the inclusion of their Australian taxation opinion in Section 11.1 and Investigating Accountants' Report in Section 10 and have not withdrawn their consent to be named in this PDS in the form and context in which it is named. Deloitte Touche Tohmatsu Limited and Deloitte Touche Tohmatsu take no responsibility for any part of this PDS (except to the extent required by the Corporations Act) other than their respective Australian taxation opinion in Section 11.1 and Investigating Accountants' Report in Section 10. Except in respect of the Australian taxation opinion in Section 11.1 and Investigating Accountants' Report in Section 10, Deloitte Touche Tohmatsu Limited and Deloitte Touche Tohmatsu do not make any statement in this PDS nor is there any statement based on a statement by Deloitte Touche Tohmatsu Limited or Deloitte Touche Tohmatsu in this PDS.

Dixon Advisory Group Limited has given, and before lodgement of the PDS has not withdrawn, its written consent to being named in the PDS in the form and context in which it is so named.

Dixon Advisory USA has given, and before lodgement of the PDS has not withdrawn, its written consent to being named in the PDS in the form and context in which it is so named.

US REIT has given, and before lodgement of the PDS has not withdrawn, its written consent to being named in the PDS in the form and context in which it is so named.



14. Glossary

5/50 Rule	The rule that states no more than 50% of the value of US REIT's Units may be owned directly or indirectly, by five or fewer individuals during the last half of any taxable year
A\$ or \$	Australian dollars
AEST	Australian Eastern Standard Time
Allotment	The allocation and allotment of Units to investors following acceptance of an Application
Applicant	An applicant for Units under this PDS
Application	An application for Units pursuant to this PDS
Application Form	The application form attached to this PDS
Application Monies	The Application Price multiplied by the number of Units applied for
Application Price	\$1.60 for each Unit applied for
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange Limited
ASX Settlement	ASX Settlement Pty Limited
ASX Settlement Operating Rules/ Recognised Market Operators	ASX Settlement Operating Rules assist participants and issuers to understand the operation of the rules and procedures governing the settlement facility
Australian Masters Corporate Bond Fund Series	Australian Masters Corporate Bond Fund No 1 Limited, Australian Masters Corporate Bond Fund No 2 Limited, Australian Masters Corporate Bond Fund No 3 Limited, Australian Masters Corporate Bond Fund No 4 Limited and Australian Masters Corporate Bond Fund No 5 Limited
Australian Masters Yield Fund Series	Australian Masters Yield Fund No 1 Limited
Business Day	A day, other than a Saturday or Sunday, on which banks are open for general banking business in Sydney
CGT	Capital Gains Tax
CHES	Clearing House Electronic Subregister System
Closing Date	The date by which valid acceptances must be received by the Registrar being 10 June 2011 or such other date as we may determine in our absolute discretion
Code	The United States Internal Revenue Code of 1986, as amended
Constitution	The Constitution of the Fund
COSL	The COSL (Credit Ombudsmen Service Limited) is an independent body that helps customers in the resolution of complaints relating to members of the financial services industry
Directors	The board of directors of the Responsible Entity
Dixon Advisory	Dixon Advisory & Superannuation Services Limited (ACN 103 071 665) (AFSL 231 143)
Dixon Advisory Group	Dixon Advisory Group Limited and its subsidiaries
Dixon Advisory USA	Dixon Advisory USA Inc



Double Tax Treaty	The US protocol signed in Canberra on 27 September 2001, which amends the Convention of 6 August 1982 between Australia and the United States of America for the Avoidance of Double Taxation
Fund	US Masters Residential Property Fund (ARSN)
FIRPTA	FIRPTA (Foreign Investment in Real Property Tax Act of 1980) is a United States tax provision that imposes income tax on foreign persons disposing of United States real property interests
GST	The value added tax, if any, on goods and services payable in accordance with the GST Act or another relevant and applicable legislation or law whether in Australia, the US or another jurisdiction
GST Act	New Tax System (Goods and Services Tax) Act 1999
Initial Target Investment Area	The New York metropolitan region defined by the US Office of Management and Budget as the New York-Northern New Jersey-Long Island, New York-New Jersey-Pennsylvania Metropolitan Statistical Area
Investment Manager	Dixon Advisory & Superannuation Services Limited (ACN 103 071 665) (AFSL 231 143)
Last Offer Price	At any time the last offer price per Unit prior to that time for the sale of Units shown on the ASX trading system
Listing Rules	The listing rules of the NSX
Management Fee	Has meaning ascribed to it in Section 13.1 (e)
MRL	Maryland REIT Law
Minimum Subscription	A minimum subscription of 18,750,000 Units
NAV	Net asset value of Units
NSX	National Stock Exchange of Australia Limited (ABN 11 000 902063)
Offer	The offer of up to 50,000,000 (with oversubscriptions of up to 25,000,000 Units) pursuant to and in accordance with this PDS
Opening Date	The date the Offer opens, expected to be 4 May 2011
PDS	This product disclosure statement dated 21 April 2011 as modified or varied by any supplementary product disclosure statement made by Dixon and lodged with the ASIC from time to time
REIT	A real estate investment trust as defined pursuant to the Code and US Treasury regulations promulgated under the Code
Responsible Entity	Dixon Advisory & Superannuation Services Limited (ACN 103 071 665) (AFSL 231 143)
Series A Preferred Shares	The 125 redeemable cumulative preferred shares of the US REIT as described in Section 12.3 (d)
Unit	An ordinary unit in the Fund, being an undivided share in the beneficial interest in the Fund
Unitholder	A holder of a Unit
US	The United States of America
US\$	US dollars
US REIT	US Masters Residential Property (USA) Fund, a Maryland real estate investment trust
Wholesale Client	Has the same meaning as in Part 7.9 of the Corporations Act



APPLICATION FORM

US MASTERS RESIDENTIAL PROPERTY FUND



ARSN 150 256 161

Fill out this Application Form if you want to apply for Units in US Masters Residential Property Fund

- Please read the PDS dated 21 April 2011.
- Follow the instructions to complete this Application Form (see reverse).
- Print clearly in capital letters using black or blue pen.

OFFER CLOSES 10 June 2011 (unless closed earlier or extended)

Broker Reference – Stamp Only

Broker Code

Adviser Code

Are you an existing client of Dixon Advisory & Superannuation Services Limited?

YES

NO

IMPORTANT PLEASE NOTE:

The Responsible Entity may be required under the Anti-Money Laundering/Counter-Terrorism Financing Act 2006 (Cth) or any other law to obtain identification information from Applicants. The Responsible Entity reserves the right to reject any Application from an Applicant who fails to provide identification information upon request.

A Number of Units applied for*

@ A\$1.60 per Unit =

B Total Amount Payable*

*Minimum of 1,250 Units to be applied for.

C Write the name/s you wish to register the Units in (see reverse for instructions)

APPLICANT 1

APPLICANT 2 or Account Designation

APPLICANT 3 or Account Designation

D Postal Address

Number/Street Name

Suburb/Town

State

Postcode

E CHESS participant – Holder Identification Number (HIN)

X

IMPORTANT PLEASE NOTE if the name & address details above in sections C & D do not match exactly with your registration details held at CHESS, any Units issued as a result of your application will be held on the Issuer Sponsored subregister.

F Enter your Tax File Number/s, ABN, or exemption category

Applicant 1

Applicant 2

Applicant 3

Exemption Category

G Please enter details of the cheque/s that accompany this Application Form:

Drawer

Chq No.

BSB No.

Acc No.

A\$

Drawer

Chq No.

BSB No.

Acc No.

A\$

TOTAL

A\$

H Contact telephone number (daytime/work/mobile)

I Email Address

J Unitholder Communications

All correspondence will be sent electronically unless legally required otherwise or unless the box below is ticked.

Printed copy of Unitholder communications required

K Annual Reports

Annual Reports will be published on the Fund's website. If you still wish to receive a copy free of charge, select one of the following:

Electronic copy (emailed)

Printed copy (posted)

By submitting this Application Form, I/We declare that this Application Form is completed and lodged according to the PDS and the instructions on the reverse of the Application Form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the constitution of US Masters Residential Property Fund. I/We received the PDS together with the Application Form or a print out of them. I/We represent, warrant and undertake to the Fund that our subscription for the above Units will not cause the Fund or me/us to violate the laws of Australia or any other jurisdiction which may be applicable to this subscription for Units in the Fund.

GUIDE TO THE APPLICATION FORM

YOU SHOULD READ THE PDS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using **BLOCK LETTERS**.

These instructions are cross-referenced to each section of the Application Form.

A & B	If applying for Units insert the number of Units for which you wish to subscribe at Item A (not less than 1,250.) Multiply by 1.60 AUD to calculate the total for Units and enter the \$Amount at Item B .	F	Enter your Australian tax file number ("TFN") or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN/ABN of each joint Applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.
C	Write your full name . Initials are not acceptable for first names.	G	Complete cheque details as requested. Make your cheque payable to "Dixon Advisory Trust Account for US Masters Residential Property Fund" and crossed "Not Negotiable" . Cheques must be made in Australian currency, and cheques must be drawn on an Australian Bank.
D	Enter your postal address for all correspondence. All communications to you from the Fund will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.	H	Enter your telephone number so we may contact you regarding your Application Form or Application.
E	If you are sponsored in CHESS by a stockbroker or other CHESS participant, you may enter your CHESS HIN if you would like the allocation to be directed to your HIN. NB: your registration details provided must match your CHESS account exactly.	I	Enter your email address so we may contact you regarding your Application Form or Application or other correspondence.
		J & K	The Fund encourages you to receive Unitholder correspondence and the Annual Report electronically. The benefit to Unitholders are in the potential cost savings and the faster delivery of information. The benefits to the environment are also substantial.

CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities can hold the Units. The Application must be in the name of a natural person/s, companies or other legal entities acceptable to the Fund. At least one full given name and surname is required for each natural person.

Examples of the correct form of registrable title are set out below.

TYPE OF INVESTOR	CORRECT FORM OF REGISTRABLE TITLE	INCORRECT FORM OF REGISTRABLE TITLE
INDIVIDUAL	Mr John David Smith	J D Smith
COMPANY	ABC Pty Ltd	ABC P/L or ABC Co
JOINT HOLDINGS	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
TRUSTS	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
DECEASED ESTATES	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
PARTNERSHIPS	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
CLUBS/ UNINCORPORATED BODIES	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
SUPERANNUATION FUNDS	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

LODGEMENT

Deliver your completed Application Form with cheque/s attached to the following address:

US Masters Residential Property Fund Unit Offer
c/- Dixon Advisory & Superannuation Services Limited

POSTAL:

GPO Box 575
Canberra ACT 2601

HAND DELIVERED:

Canberra: Level 1, 73 Northbourne Avenue, Canberra ACT 2601
Sydney: Level 15, 100 Pacific Highway, North Sydney NSW 2060
Melbourne: Level 2, 250 Victoria Parade, East Melbourne VIC 3002

It is not necessary to sign or otherwise execute the Application Form. If you have any questions as to how to complete the Application Form, please contact Dixon Advisory & Superannuation Services Limited on 1300 454 801.

Privacy Statement: Registries Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your share holding and if some or all of the information is not collected then it might not be possible to administer your share holdings. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Application Form. Our privacy policy is available on our website (http://www.registriesltd.com.au/help/share_privacy.html)

RESPONSIBLE ENTITY:



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