

# FORM: Half yearly/preliminary final report

Name of *issuer*

US Masters Residential Property Fund

ACN or ARBN

27 372 102 509

Half yearly  
(tick)

x

Preliminary  
final (tick)

Half year/financial year ended  
(‘Current period’)

Financial period ended 30 June 2011

This is the first half-year report prepared for US Masters Residential Property Fund (“the Fund”) since registration on 15 April 2011.

## For announcement to the market

Extracts from this statement for announcement to the market (*see note 1*).

	2011 A\$
Revenue ( <i>item 1.1</i> )	117,726
Profit (loss) for the period ( <i>item 1.9</i> )	(94,994)
Profit (loss) for the period attributable to security holders ( <i>item 1.11</i> )	(94,994)
<b>Income Distributions</b>	Current period
	Previous corresponding period
	Nil
	N/A

## NTA Backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary <i>security</i>	\$1.53	N/A

Refer to the attached interim financial report for further information on the results for the half-year ended 30 June 2011. This information should be read in conjunction with the Fund’s announcements.

This report is based on the Half-Year Financial Report which has been subject to review by the Auditor.

**US Masters Residential Property Fund**  
**ABN 27 372 102 509**

**HALF YEARLY FINANCIAL REPORT**  
**FOR THE PERIOD FROM 15 APRIL 2011 (DATE OF REGISTRATION)**  
**TO**  
**30 JUNE 2011**

**US MASTERS RESIDENTIAL PROPERTY FUND**  
**ABN 27 372 102 509**

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# US Masters Residential Property Fund

ABN 27 372 102 509

## DIRECTORS' REPORT

FOR THE PERIOD FROM 15 APRIL 2011 (DATE OF REGISTRATION) TO

30 JUNE 2011

The directors of Dixon Advisory & Superannuation Services Limited, the Responsible Entity of US Masters Residential Property Fund ("the Fund"), present their report together with the condensed consolidated financial report of the Fund and the entity it controlled ("the Group") during the period from 15 April 2011 (date of registration) to 30 June 2011.

### Directors

The directors of the Responsible Entity during the period and up to the date of this report are shown below. Directors were in office for this entire period except where stated otherwise:

Mr Maximilian Sean Walsh  
Mr Daryl Albert Dixon  
Mr Alan Cochrane Dixon  
Mr Tristan Aloysius O'Connell  
Mr Christopher Matthew Brown  
Mr Alexander Gen MacLachlan

### Fund Information

The Fund is an Australian Registered Scheme. Dixon Advisory & Superannuation Services Limited, the Responsible Entity of the Fund, is incorporated and domiciled in Australia.

The registered office of the Responsible Entity is located at Level 15, 100 Pacific Highway, North Sydney, NSW 2060.

### Principal Activities

The principal activity of the Group during the financial period was investing in the US residential property market. Its initial portfolio will comprise multi-family properties in the New York metropolitan area.

### Results and Review of Operations

The Fund was registered on 15 April 2011 and the first allotment was completed on 17 June 2011. This is the first financial report prepared by the Fund. The financial report is for the period from registration to 30 June 2011.

The performance of the Group, as represented by the result of its operations, was as follows:

	Consolidated for the period ended 30 June 2011 \$
Revenue	117,726
Net loss after income tax	(94,994)
Total comprehensive loss	(167,354)

**US Masters Residential Property Fund**

**ABN 27 372 102 509**

**DIRECTORS' REPORT**

**FOR THE PERIOD FROM 15 APRIL 2011 (DATE OF REGISTRATION) TO**

**30 JUNE 2011**

**Distributions**

Under the provisions of the Fund's Constitution, the Fund has not declared a distribution during the period ended 30 June 2011.


**Events Subsequent to Balance Date**

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to significantly affect the operations of the Group the result of those operations, or the state of affairs of the Group, in future financial years.

***Auditor's Independence Declaration***

The auditor's independence declaration under s307C of the *Corporations Act 2001* is set out on page 3 for the period ended 30 June 2011.

This report is signed in accordance with a resolution of the Board of Directors.

Director: 

Maximilian Walsh

Dated this 13th day of September 2011

The Board of Directors  
Dixon Superannuation & Advisory Limited  
Level 15  
100 Pacific Highway  
NORTH SYDNEY NSW 2060

13 September 2011

Dear Board Members

## US Masters Residential Property Fund

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Dixon Superannuation & Advisory Limited, as Responsible Entity of US Masters Residential Property Fund.

As lead audit partner for the review of the financial statements of US Masters Residential Property Fund for the half-year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

  
DELOITTE TOUCHE TOHMATSU



**Michael Kaplan**  
Partner  
Chartered Accountant

US Masters Residential Property Fund

ABN 27 372 102 509

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD FROM 15 APRIL 2011 (DATE OF REGISTRATION) TO  
30 JUNE 2011

		30 June 2011
	Notes	\$
Revenue	2	117,726
Unrealised foreign exchange loss		(67,076)
Responsible entity fees		(1,645)
Custodian fees		(411)
Administration fees		(5,142)
Investment management fee		(6,199)
Marketing expenses		(74,339)
Interest expense		(24,984)
Auditor's remuneration		(13,000)
Other expenses		(19,924)
<b>Net loss before income tax</b>		<b>(94,994)</b>
Income tax expense		-
<b>Net loss after income tax</b>		<b>(94,994)</b>
<b>Other comprehensive income</b>		
Foreign currency translation loss		(72,360)
<b>Total other comprehensive loss</b>		
<b>for the period, net of tax</b>		<b>(72,360)</b>
<b>Total comprehensive loss</b>		<b>(167,354)</b>
<b>Earnings per unit</b>		
<b>Basic earnings per unit</b>		<b>(0.03)</b>
<b>Diluted earnings per unit</b>		<b>(0.03)</b>

The Condensed Consolidated Statement of Comprehensive Income is to be read in conjunction with the notes to the condensed consolidated financial statements.

US Masters Residential Property Fund

ABN 27 372 102 509

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

	Notes	\$
<b>Assets</b>		
<i>Current</i>		
Cash and cash equivalents		66,110,480
Other receivables		326,545
Property deposits	3	15,855
<b>Total Current Assets</b>		<b>66,452,880</b>
<b>Total Assets</b>		<b>66,452,880</b>
<b>Liabilities</b>		
<i>Current</i>		
Trade and other payables		36,068
<b>Total Current Liabilities</b>		<b>36,068</b>
<b>Total Liabilities</b>		<b>36,068</b>
<b>Net Assets</b>		<b>66,416,812</b>
<b>Equity</b>		
Issued capital		66,584,166
Retained earnings		(94,994)
Reserves		(72,360)
<b>Total Equity</b>		<b>66,416,812</b>

The Condensed Consolidated Statement of Financial Position is to be read in conjunction with the notes to the condensed consolidated financial statements.



US Masters Residential Property Fund

ABN 27 372 102 509

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD FROM 15 APRIL 2011 (DATE OF REGISTRATION) TO  
30 JUNE 2011

	Notes	Issued capital \$	Foreign Currency Translation Reserve \$	Retained earnings \$	Total \$
<b>Balance at registration</b>		-	-	-	-
Loss for the period		-	-	(94,994)	(94,994)
<i>Other comprehensive income</i>					
Foreign currency translation loss		-	(72,360)	-	(72,360)
<b>Total comprehensive loss for the period</b>		-	<b>(72,360)</b>	<b>(94,994)</b>	<b>(167,354)</b>
Units issued		69,430,830	-	-	69,430,830
Issue costs		(2,846,664)	-	-	(2,846,664)
<b>Balance at 30 June 2011</b>		<b>66,584,166</b>	<b>(72,360)</b>	<b>(94,994)</b>	<b>66,416,812</b>

The Condensed Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the condensed consolidated financial statements.

US Masters Residential Property Fund

ABN 27 372 102 509

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD FROM 15 APRIL 2011 (DATE OF REGISTRATION) TO  
30 JUNE 2011

	30 June 2011
	\$
<b>Cash flows from operating activities</b>	
Payments to suppliers	(85,120)
Interest paid	(24,984)
Net cash flows (used in) operating activities	(110,104)
<b>Cash flows from investing activities</b>	
Payments for property deposits	(15,855)
Net cash flows (used in) investing activities	(15,855)
<b>Cash flows from financing activities</b>	
Proceeds from share issues	69,430,830
Payments of issue costs	(3,054,955)
Net cash flows provided by financing activities	66,375,875
<b>Net increase in cash and cash equivalents</b>	<b>66,249,916</b>
<b>Cash and cash equivalents</b>	
<b>at beginning of the period</b>	<b>-</b>
<b>Effect of exchange rate changes on cash</b>	
<b>and cash equivalents</b>	<b>(139,436)</b>
<b>Cash and cash equivalents</b>	
<b>at end of the period</b>	<b>66,110,480</b>

The Condensed Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the condensed consolidated financial statements.

US MASTERS RESIDENTIAL PROPERTY FUND

ABN 27 372 102 509

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 15 APRIL 2011 (DATE OF REGISTRATION) TO

30 JUNE 2011

**1. Statement of Significant Accounting Policies**

**a. Basis of Preparation**

These general purpose condensed consolidated financial statements for the interim half-year reporting period ended 30 June 2011 have been prepared in accordance with the *Corporations Act 2001* and with Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with *AASB 134: Interim Financial Reporting* ensures that the financial statements and notes also comply with *IAS 34: Interim Financial Reporting*.

It is recommended that this financial report be read in conjunction with any public announcements made by the Group during the period.

The financial statements have been prepared on an accrual basis and are based on historical cost with the exception of financial assets and property investment assets, which are measured at fair value, except where otherwise stated.

The current reporting period is the interim period from the date of the Fund's registration to 30 June 2011. The Fund was registered on 15 April 2011.

The half-year report does not include full disclosures of the type normally included in an annual financial report. The following is a summary of the material accounting policies adopted by the Fund in the preparation of the half-year financial report.

**b. Accounting Policies**

Basis of consolidation

The financial statements comprise US Masters Residential Property Fund ("the Fund") and its subsidiary (collectively referred to as "the Group"). Subsidiaries are all those entities over which US Masters Residential Property 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.

Foreign currencies

i) Translation of foreign currency transactions

The functional and presentation currency of US Masters Residential Property Fund is Australian dollars. Each entity in the Group 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 profit or loss 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 subsidiary is United States dollars. As at the reporting date, the assets and liabilities of that entity are translated into Australian dollars at the rate of exchange ruling at the Statement of Financial Position date and the Statement of Comprehensive Income is 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.

US MASTERS RESIDENTIAL PROPERTY FUND

ABN 27 372 102 509

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 15 APRIL 2011 (DATE OF REGISTRATION) TO

30 JUNE 2011

**1. Statement of Significant Accounting Policies (continued)**

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. 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 profit or loss as and when they arise.

Leases

Lease income from operating leases where the Group 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.

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 subsidiary has elected to be taxed as a REIT, and on this basis is not 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.

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 Statement of Cash Flows on a gross basis.

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.

US MASTERS RESIDENTIAL PROPERTY FUND

ABN 27 372 102 509

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 15 APRIL 2011 (DATE OF REGISTRATION) TO

30 JUNE 2011

**1. Statement of Significant Accounting Policies (continued)**

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.

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.

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 Group.

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.

Provisions (including distributions)

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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.

US MASTERS RESIDENTIAL PROPERTY FUND

ABN 27 372 102 509

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 15 APRIL 2011 (DATE OF REGISTRATION) TO

30 JUNE 2011

**1. Statement of Significant Accounting Policies (continued)**

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.

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 Group and the revenue can be reliably measured. Revenue brought to account but not received at balance date is recognised as a receivable.

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.

Impairment of assets

The directors of 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.

Critical Accounting Estimates and Judgments

In the application of the Group'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.

US MASTERS RESIDENTIAL PROPERTY FUND

ABN 27 372 102 509

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 15 APRIL 2011 (DATE OF REGISTRATION) TO

30 JUNE 2011

**2. Revenue**

	30 June 2011
	\$
Interest from banks	117,726
	<b>117,726</b>

**3. Property Deposits**

As at balance date, the Group has paid deposits totalling US\$17,000 in respect of contracts for the purchase of 13 residential properties with a combined purchase consideration of US\$2,622,000.

In the period post balance date, the Group has settled on 9 of these contracts for total consideration of US\$1,872,000 and has cancelled 1 contract (offer consideration of US\$164,000) for which deposit refunds totalling US\$1,000 have been receipted. The Group is in negotiation for the remaining 3 open contracts.

**4. Related Party Transactions**

The names of persons who were directors of the Responsible Entity at any time during the period and to the date of these financial statements are:

Maximilian Walsh

Daryl Dixon

Alan Dixon

Tristan O'Connell

Christopher Brown

Alexander MacLachlan

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated and are as follows:

Dixon Advisory & Superannuation Services Limited

Mr Maximilian Walsh, Mr Daryl Dixon, Mr Alan Dixon, Mr Tristan O'Connell, Mr Christopher Brown and Mr Alexander MacLachlan are directors of the Responsible Entity, Dixon Advisory & Superannuation Services Limited.

The Responsible Entity is entitled to receive annualised management fees (referred to as the responsible entity fee, custodian fee and administration fee), in aggregate, of up to 0.50% (exclusive of GST) of the gross asset value of the Group. The Responsible Entity has elected to reduce the annualised management fees to 0.35% for an indefinite period. In accordance with the Constitution of the Fund, the Responsible Entity can increase the management fees up to 0.50% without seeking Unitholder approval.

The first month's management fees are 0.35% per annum (excluding GST) in aggregate of gross asset value, calculated on the value of units issued less issue costs. For the period ended 30 June 2011, the Responsible Entity was entitled to receive management fees of \$7,023 (exclusive of GST).

In connection with the provision of services as Investment Manager, the Responsible Entity is entitled to receive an annualised investment fee of 1.24% (excluding GST) of the gross asset value of the Group. The Responsible Entity has elected to waive this fee for an indefinite period for the first \$50 million of gross assets. The Responsible Entity will review this partial waiver of its fees on an ongoing basis. Unitholders will receive a written notice 3 months in advance when the Responsible Entity decides to alter this waiver. The investment management fee for the period ended 30 June 2011 was \$6,199 (exclusive of GST).

In connection with the provision of services as Issue Manager, the Responsible Entity is entitled to receive structuring and handling fees up to the value of 4% of the total funds raised in the initial offer. The structuring and handling fees paid for the period ended 30 June 2011 was \$2,777,233 (exclusive of GST).

**US MASTERS RESIDENTIAL PROPERTY FUND**

**ABN 27 372 102 509**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM 15 APRIL 2011 (DATE OF REGISTRATION) TO**

**30 JUNE 2011**

**5. Segment Information**

The Group operates solely in the business of investing in residential real estate assets in the United States of America. Revenue, profit, net assets, and other financial information reported to and monitored by the chief operating decision maker ("CODM") for this single identified operating segment are the amounts reflected in the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows.

The Responsible Entity, which is the CODM for the purposes of assessing performance and determining the allocation of resources, operates and is domiciled in Australia.

**6. Events Subsequent to Reporting Date**

As at balance date, the Group has paid deposits totalling US\$17,000 in respect of contracts for the purchase of 13 residential properties with a combined purchase consideration of US\$2,622,000.

In the period post balance date, the Group has settled on 9 of these contracts for total consideration of US\$1,872,000 and has cancelled 1 contract (offer consideration of US\$164,000) for which deposit refunds totalling US\$1,000 have been receipted. The Group is in negotiation for the remaining 3 open contracts.

The Group has also post balance date paid deposits totalling US\$100,400 in respect of an additional 11 properties and made offers on 11 more properties where no deposits were made, for a total purchase consideration of US\$4,325,900.

14 of the additional contracts have been settled post balance date for total consideration of US\$2,686,000.

Since 30 June 2011, there have been no other matters or circumstances not otherwise dealt with in the Financial Report that have significantly affected the Group.

**7. Contingent Liabilities and Capital Commitments**

Other than as noted in Note 6 above, the Group had no commitments or contingencies at 30 June 2011.



US MASTERS RESIDENTIAL PROPERTY FUND

ABN 27 372 102 509

FOR THE PERIOD FROM 15 APRIL 2011 (DATE OF REGISTRATION) TO  
30 JUNE 2011

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Dixon Advisory & Superannuation Services Limited, the Responsible Entity, I state that for the purpose of section 295(4) of the Corporations Act 2001, in the opinion of the directors of the Responsible Entity:

- (a) in the director's opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- (b) in the director's opinion, the attached condensed consolidated financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors

Director



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Mr. Maximilian Walsh

Sydney, 13th September 2011

## **Independent Auditor's Report to the unitholders of US Masters Residential Property Fund**

We have reviewed the accompanying half-year financial report of US Masters Residential Property Fund, which comprises the condensed statement of financial position as at 30 June 2011, the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the of the consolidated entity comprising the fund and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 4 to 14.

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of Dixon Advisory & Superannuation Services Limited (the "Responsible Entity") are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and *Corporations Act 2001*. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of US Masters Residential Property Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

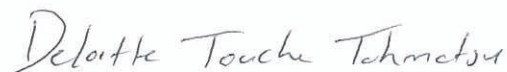
### *Auditor's Independence Declaration*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of US Masters Residential Property Fund would be in the same terms if given to the directors as at the time of this auditor's review report.

### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of US Masters Residential Property Fund is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Michael Kaplan  
Partner  
Chartered Accountants  
Sydney, 13 September 2011