

Responsible Entity:

Dixon Advisory & Superannuation Services Limited

ACN 103 071 665

US Masters Residential Property Fund

ARSN 150 256 161

Unitholder Booklet

**General Meeting to approve a Potential Capital Raising of
up to \$140 million over a 12 month period**

A notice of meeting is included in this Booklet. A proxy form for the meeting accompanies this Booklet.

This is an important document and requires your urgent attention.

If you are in any doubt as to how to deal with this Booklet, please consult your legal, financial, taxation or other professional adviser immediately.

If you have recently sold all of your Units, please disregard all enclosed documents.

Important dates and times

Date of this Booklet	27 September 2011
Last time and date by which the proxy form for the General Meeting can be lodged	10.00 am (Sydney time) on 22 October 2011
Time and date for determining eligibility to vote at the General Meeting	7:00 pm (Sydney time) on 21 October
General Meeting* to vote on the Resolution	10:00 am (Sydney time) on 24 October 2011

* The General Meeting will be held at Dixon Advisory Sydney Office, Level 15, 100 Pacific Highway, North Sydney NSW 2060.

You should consult your legal, financial, taxation or other professional adviser concerning the impact your decision may have on your own circumstances.

1. Overview of the Potential Capital Raising

1.1. Purpose of this Booklet

Dixon Advisory, in its capacity as Responsible Entity of the Fund, is seeking approval from Unitholders to issue more than 6,509,140 Units to investors on the terms set out in this Booklet. The purpose of this Booklet is to:

- explain the potential capital raising to Unitholders;
- explain the rationale for the potential capital raising to Unitholders;
- outline the factors you should consider before voting on the Resolution; and
- provide such information as is prescribed by the Listing Rules and the Corporations Act.

1.2. Overview of the Potential Capital Raising

Dixon Advisory is considering raising further capital through the issue of new Units (**New Units**).

The Responsible Entity is seeking Unitholder approval to issue units in excess of the maximum amount permitted by the Listing Rules without Unitholder approval but not exceeding a value of \$140 million in one or more offers under one or more Product Disclosure Statements (**PDS**) over a 12 month period (**Potential Capital Raising**).

In accordance with the constitution of the Fund, the issue price of any Units issued under the Potential Capital Raising will be in equal to the 10 day volume weighted average price (**VWAP**) at which Units trade on NSX calculated over the 10 day period prior to the offer date. Due to the market based pricing mechanism for the Potential Capital Raising:

- (a) it is currently impossible to determine the price at which New Units would be issued or the total number of New Units which could be issued under the Potential Capital Raising; and
- (b) if the Potential Capital Raising is undertaken in multiple offers, New Units are likely to be issued at different prices.

Any New Units issued under the Potential Capital Raising will be fully paid ordinary Units in the Fund and will have the same terms as, and will rank equally with, all other Units from their date of issue.

1.3. Why am I being asked to approve the Potential Capital Raising?

Under Listing Rule 6.26, the Fund is restrained from issuing or agreeing to issue Units without Unitholder approval if the number of equity securities would, together with all issues undertaken in the last 12 months without Unitholder approval or pursuant to an exception to Listing Rule 6.26, exceed 15% of the number of Units then on issue.

The Fund was listed on NSX in June 2011 and has not issued Units since that time. For the purpose of Listing Rule 6.26, and based on the recent trading history of the Fund, the Fund is restrained from issuing more than 6,509,140 Units without Unitholder approval.

The number of New Units to be issued if the Potential Capital Raising is fully subscribed will exceed this amount. The Resolution authorises the Fund to undertake the Potential Capital Raising for the purposes of Listing Rule 6.26.

The meeting convened by the notice of meeting in this Booklet (**General Meeting**) seeks approval for the Potential Capital Raising.

1.4. Rationale for the Potential Capital Raising

Since listing on NSX in June 2011, the Fund has been actively acquiring multi-family residential property in the New York metropolitan area. As at 23 September 2011, the Fund has secured

commitments (including closed properties and conditional acceptances) to purchase US\$21.2 million in residential property with a weighted average net yield of 9.6% (see Section 3.2 for further details)

The Responsible Entity remains on track to achieve its stated goal of substantially investing the proceeds of the initial public offering within 6 to 12 months of the initial public offering.

The Responsible Entity believes that the current market conditions continue to represent a highly attractive opportunity for Australian investors to gain access to US residential property in certain areas with strong fundamentals such as the New York metropolitan area. The Australian dollar continues to trade well above its long term average since the adoption of a floating exchange rate. Despite recent negative commentary from economic analysts concerning the state of the US economy, the Responsible Entity considers that housing affordability measures in the US remain at record highs and rents continue to remain stable resulting in very attractive yields to investors.

The Fund is well positioned to enter a new growth phase and take advantage of the current market opportunities. In order to capitalise on this opportunity, the Responsible Entity is considering the Potential Capital Raising in order to allow it to undertake its activities on a larger scale. The benefits of doing so are outlined in Section 2.1. In summary, the Responsible Entity considers the benefits to include increased diversification, ability to capitalise on the strong Australia dollar, a potential increase in trading liquidity and a reduction in the management expense ratio of the Fund.

Relevant considerations for Unitholders in deciding whether to vote in favour of or against the Resolution are set out in Section 2.

1.5. When is the Potential Capital Raising likely to be undertaken?

Approval is being sought to undertake the Potential Capital Raising over a 12 month period commencing on the date of the General Meeting. The Potential Capital Raising will be undertaken under one or more PDS' over the 12 months commencing on the date of the General Meeting.

Whether the Responsible Entity will proceed with the Potential Capital Raising, seek to raise the maximum amount under the Potential Capital Raising and the amount of funds raised by an offer forming part of the Potential Capital Raising will depend on market conditions and demand from external parties.

Offers under the Potential Capital Raising will only be made if the Responsible Entity believes that they are in the best interests of Unitholders. The Responsible Entity will consider the interests of Unitholders prior to each offer of the Potential Capital Raising. Unitholders should be aware that even if the Resolution is passed at the General Meeting, there is no guarantee that the Potential Capital Raising will occur or that it will be of a particular size.

1.6. What to do next

Before deciding how to vote at the General Meeting, Unitholders should carefully consider the factors discussed below, as well as the other information contained in this Booklet.

(a) Read the remainder of this Booklet

You should read and consider the remainder of this Booklet in full before making any decision on the Potential Capital Raising.

(b) Consider your options

Unitholders should refer to Section 2 of this Booklet for further guidance on the expected advantages and possible disadvantages of the Potential Capital Raising. However, this Booklet does not take into account the financial situation, investment objectives and particular needs of any particular Unitholder.

(c) Vote at the General Meeting

The Responsible Entity urges all Unitholders to vote at the General Meeting. The Potential Capital Raising affects your investment in the Fund and your vote at the General Meeting is important in determining whether the Potential Capital Raising proceeds.

2. Voting considerations

2.1. Why you may choose to vote in favour of the Resolution

Unitholders may decide to approve the Resolution for a number of reasons. These may include the following:

- **Capitalise on attractive opportunities** – the Potential Capital Raising is likely to give the Responsible Entity the flexibility to pursue further attractive opportunities in the US residential property market.
- **Increased diversification** – if the Potential Capital Raising is undertaken the Fund is likely to have increased exposure to a larger and more diversified portfolio of US based residential property assets in the New York metropolitan area.
- **Reduction in the management expense ratio** – a large portion of expenses are relatively fixed and do not materially increase if further capital is raised by the Fund. As a result, if the Potential Capital Raising is undertaken, fixed expenses as a proportion of total Fund assets will be reduced, thereby lowering the management expense ratio of the Fund.
- **Increased liquidity** – if the Potential Capital Raising is undertaken there will be a larger number of Units on issue which may increase the liquidity of Units.

2.2. Why you may choose to vote against the Resolution

Unitholders may decline to approve the Resolution for a number of reasons. These may include the following:

- **No guarantee of success** – there is no guarantee that the Potential Capital Raising will proceed or that it will be of a particular size. The decision to proceed with the Potential Capital Raising will depend on future market conditions and will only be undertaken if the Responsible Entity considers it to be in the best interests of Unitholders.
- **Substantial uncommitted funds** – should the Potential Capital Raising proceed, the Fund will receive new funds which at the time may be uncommitted to any specific residential real estate investment. It may take longer than expected to identify sufficiently attractive investment for the Fund to fully invest any additional capital which is raised.
- **Potential negative impact on distribution yield** – if the Potential Capital Raising proceeds there may be a reduction in any distribution yield to existing Unitholders. This may occur if there is a material difference in the exchange rate at which new funds are converted to US dollars, and/or over the period which the Fund is investing the proceeds of the Potential Capital Raising as the Fund is currently unable to realise a significant return on cash held in US dollars. The amount of potential negative impact will depend on the ultimate size and timing of the Potential Capital Raising as well as the exchange rate and the period over which new funds are invested.
- **The net asset value of the Fund may be diluted if the Potential Capital Raising proceeds** – whilst the Potential Capital Raising will not impact the control of the Fund, the Potential Capital Raising may dilute the net asset value of the Fund to the detriment of existing Unitholders. This will depend on the market price of Units at the time of the Potential Capital Raising and will occur if the issue price of New Units is below the Fund's pre-issue net asset value plus any transaction costs associated with the Potential Capital Raising.

2.3. Key implications if the Potential Capital Raising is not approved

If Unitholders do not pass the Resolution at the General Meeting, the Fund will be limited to being able to issue only 15% of the number of Units which are currently on issue. If the Resolution is not passed by Unitholders at the General Meeting, the Responsible Entity will continue to consider the potential to raise additional capital up to the 15% limit imposed by Listing Rule 6.26, and, may proceed with this course of action if it determines that doing so is in the best interests of Unitholders.

3. Use of Proceeds if the Potential Capital Raising Proceeds

3.1. Investments in US residential property

If the Potential Capital Raising proceeds, the funds raised will be progressively invested directly in the wholly owned US Masters Residential Property (USA) Fund (**US REIT**), which currently holds the Fund's existing investment in US residential property, or in appropriate financial products.

Currently, the US REIT and its wholly owned entities intend to continue using funds provided by the Fund to acquire US residential property in the New York metropolitan area, with a specific focus on multi-family properties with two to four dwellings in Hudson County, New Jersey. The US REIT is restricted to investments in US residential real estate and appropriate financial products (which are of a type that are treated as qualifying assets for the purposes of the REIT qualification tests that apply under US law).

Unitholders should be aware that the US REIT can invest in US residential property outside the New York metropolitan area in circumstances where the investment is consistent with the investment objectives and guidelines of the Fund.

3.2. Summary of asset acquisitions

Since listing on NSX in June 2011, the Fund has been actively acquiring multi-family residential property in the New York metropolitan area. As at 23 September 2011, the Fund (via its investment in the US REIT) has been able to successfully acquire 28 of properties and has received conditional acceptances on a further 85 properties, with a combined total acquisition cost of US\$21.2 million. Based on the pre-purchase due diligence undertaken, it is estimated that these 113 properties will achieve a weighted average annualised net yield of 9.6%.

The Responsible Entity will continue to foster the growing acquisition capabilities of the Fund through the additional hiring of locally based, highly qualified real estate professionals, as well as the ongoing marketing campaign for the Fund's leasing and purchasing activities.

3.3. Overview of the New York metropolitan area

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

Within the New York metropolitan area, the Responsible Entity has initially focussed 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 that Hudson County continues to represent a compelling opportunity to gain exposure to the US residential property market.

4. Impact on the Fund if the Potential Capital Raising proceeds

4.1. Impact on capital structure

As at the date of this Booklet, there are a total of 43,394,269 Units on issue.

The table below shows the capital structure of the Fund on completion of the Capital Raising would have on the Fund assuming an issue price of \$1.61.

Issue Price	Funds raised	New Units	Total Units post issue	New Units as % of post-total
\$1.61	\$10 million	6,211,180	49,605,449	12.5%
\$1.61	\$70 million	43,478,261	86,872,530	50.0%
\$1.61	\$140 million	86,956,522	130,350,791	66.7%

4.2. Impact on control

The Potential Capital Raising will not impact control of the Fund.

For the US REIT to qualify as a REIT under US law, no more than 50% (in value) of the issued capital in the Fund may be owned, directly or indirectly by five or fewer individuals (**5/50 Rule**).

The Responsible Entity will exercise its discretion and not issue New Units to an investor if it reasonably considers that, if New Units were issued, the investor would control 9.8% or more of the total number of Units on issue. This percentage reflects the terms of the trust deed establishing the US REIT and is to ensure ongoing compliance with the 5/50 Rule.

4.3. Illustrative pro forma balance sheet

The anticipated effect of the Potential Capital Raising on the Fund is illustrated in the unaudited pro forma balance sheets set out below. These pro forma balance sheets are based on the reviewed balance sheet for the Fund as at 30 June 2011.

These tables are not consolidated pro forma balance sheets prepared in accordance with the Corporations Act, the Corporations Regulations 2001, Accounting Standards or any other mandatory financial reporting requirements in Australia. They are provided only to illustrate the anticipated impact on the Fund of completion of the Potential Capital Raising. The specific assumptions taken in preparing the tables are set out in the notes below the tables.

Illustrative pro forma balance sheet

\$A'000 unless otherwise stated

	Balance Sheet 30 June 2011	Pro forma balance sheet \$10 million Capital Raising	Pro forma balance sheet \$70 million Capital Raising	Pro forma balance sheet \$140 million Capital Raising
Assets	66,453	76,043	133,583	200,713
Liabilities	23	23	23	23
Net Assets	66,430	76,020	133,560	200,690
NAV Per Unit (\$)	1.53	1.53	1.54	1.54

1. The column headed "Balance Sheet 30 June 2011", comprises the audited balance sheet of the Fund as at 30 June 2011.
2. The column headed "Pro forma balance sheet \$10 million Capital Raising", has been prepared as if a Capital Raising of \$2,000,000 had been completed on 30 June 2011.
3. The column headed "Pro forma balance sheet \$70 million Capital Raising", has been prepared as if a Capital Raising of \$70,000,000 had been completed on 30 June 2011.
4. The column headed "Pro forma balance sheet \$140 million Capital Raising", has been prepared as if a Capital Raising of \$140,000,000 had been completed on 30 June 2011.
5. All amounts assume that there are 43,394,269 Units on issue being the number on issue as at the date of this Booklet.
6. The above assumes expenses related to the Potential Capital Raising to be paid by the Fund include a fee of 4% (excluding GST) of the gross equity proceeds raised by the Potential Capital Raising and the 25% of the GST payable on these fees for which the Fund is not entitled to an input tax credit.

5. Glossary

The following terms used in this Booklet (including the Notice of Meeting) have the meanings given to them below, unless the context otherwise requires.

Accounting Standards	means the Australian Accounting Standards of which: (a) are defined in section 9 of the <i>Corporations Act 2001</i> (Cth); (b) the requirements of the Corporations Act for the preparation and content of accounts; and (c) as generally accepted accounting principles and practices consistently applied in Australia, including any domestically accepted international accounting standards, except principles and practices that are inconsistent with (a) or (b).
ASIC	Australian Securities & Investment Commission.
Constitution	the Fund constitution dated 1 April 2011 (as amended from time to time).
Corporations Act	the Corporations Act 2001 (Cth).
Dixon Advisory	Dixon Advisory & Superannuation Services Limited ACN 103 071 665, the investment manager and responsible entity of the Fund.
Explanatory Memorandum	this explanatory memorandum dated 27 September 2011.
Fund	US Masters Residential Property Fund (ARSN 150 256 161).
General Meeting	the meeting of Unitholders to be held on 24 October 2011. The notice convening the General Meeting is contained in Appendix 1 of this Booklet.
IPO	means initial public offering of the Fund.
Listing Rules	the listing rules of NSX.
New Units	means Units issued under the Capital Raising.
Notice of Meeting	the notice for the General Meeting dated 27 September 2011
NSX	NSX Limited (ACN 089 447 058) or, as the context requires, the financial market conduct by it.
PDS	a product disclosure statement
Potential Capital Raising	means the issue of New Units with an aggregate value not exceeding \$140 million in one or more offers under one or more PDS'.
Resolution	the resolution set out in the Notice of Meeting.
Unitholder	a registered holder of Units.
Unit	a fully paid ordinary unit in the Fund.
US	The United States America.
US REIT	a Maryland real estate investment trust controlled by the Fund called the US Masters Residential Property (USA) Fund.
VWAP	means volume weighted average price.

Annexure – Notice of Meeting

US Masters Residential Property Fund (ARSN 150 256 161)

Notice of Meeting

for the General Meeting of Members

To be held at 10.00 am (Sydney time) on 24 October 2011 at Dixon Advisory Sydney Office, Level 15, 100 Pacific Highway, North Sydney NSW 2060.

IMPORTANT INFORMATION

This is an important document that should be read in its entirety.

This Notice of Meeting includes an Explanatory Memorandum. The Explanatory Memorandum has been prepared to assist Unitholders in determining whether or not to vote in favour of the Resolution set out in this Notice of Meeting.

The Explanatory Memorandum should be read in conjunction with this Notice of Meeting.

You are encouraged to attend the meeting, but if you cannot, you are requested to complete and return the enclosed proxy form without delay:

By post to the Registry:

GPO Box 3993, Sydney, NSW 2001

By hand delivery to the Registry at:

Level 7, 207 Kent Street, Sydney 2000

By fax to the Registry on:

1300 653 459 from within Australia or **+61 2 9290 9655** from outside Australia.

By electronic lodgement online:

www.boardroomlimited.com.au/vote/usmastersgm2011 in accordance with instructions provided on the website. You will need your Holder Identification Number (HIN) or Security Reference Number (SRN) to lodge your proxy online.

Business

The business of the meeting is to consider the following proposed resolution.

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That the issue of fully paid Units, with an aggregate value not exceeding \$140 million over a 12 month period and priced in accordance with the constitution of the Fund, is approved."

Without limitation, Listing Rule 6.26 is relevant to this Resolution.

Explanatory Memorandum

Members are referred to the Explanatory Memorandum accompanying and forming part of this Notice of Meeting.

Entitlement to vote

The Responsible Entity has decided that for the purpose of determining entitlements to attend and vote at the General Meeting, Units will be taken to be held by the persons who are the registered holders at 7:00 pm (Sydney time) on 21 October 2011. Accordingly, Unit transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Voting restrictions and exclusions in respect of the Resolution are set out below.

How to vote

How can Unitholders vote?

Unitholders entitled to vote at the General Meeting may vote:

- by attending the meeting and voting in person; or
- by appointing an attorney to attend the meeting and vote on their behalf or, in the case of corporate members or proxies, a corporate representative to attend the meeting and vote on its behalf; or
- by appointing a proxy to attend and vote on their behalf, using the proxy form accompanying this Notice. A proxy may be an individual or a body corporate.

Voting in person (or by attorney)

Unitholders or their proxies, attorneys or representatives (including representatives of corporate proxies) wishing to vote in person should attend the General Meeting and bring a form of personal identification (such as their driver's licence).

To vote by attorney at this meeting, the original or a certified copy of the power of attorney or other authority (if any) under which the instrument is signed must be received by the Registry before 10.00am (Sydney time) on 22 October 2011 any of the following ways:

By post to the Registry:

GPO Box 3993, Sydney, NSW 2001

By hand delivery to the Registry at:

Level 7, 207 Kent Street, Sydney 2000

By fax to the Registry on:

1300 653 459 from within Australia or **+61 2 9290 9655** from outside Australia.

To vote in person, you or your proxy, attorney, representative or corporate proxy representative must attend the General Meeting to be held at Dixon Advisory Sydney Office, Level 15, 100 Pacific Highway, North Sydney NSW 2060 on 24 October 2011 commencing at 10.00am (Sydney time).

A vote cast in accordance with the appointment of a proxy or power of attorney is valid even if before the vote was cast the appointor:

- died;
- became mentally incapacitated;
- revoked the proxy or power; or
- transferred the Units in respect of which the vote was cast,

unless the Responsible Entity received written notification of the death, mental incapacity, revocation or transfer before the meeting or adjourned meeting.

Voting by proxy

Unitholders wishing to vote by proxy at this meeting must:

- complete and sign or validly authenticate the proxy form, which is enclosed with this Booklet; and
- deliver the signed and completed proxy form to the Registry by 10.00am (Sydney time) on 22 October 2011 in accordance with the instructions below.

A person appointed as a proxy may be an individual or a body corporate.

Submitting proxy votes

Unitholders wishing to submit proxy votes for the General Meeting must return the enclosed proxy form to Dixon in any of the following ways:

By post to the Registry:

GPO Box 3993, Sydney, NSW 2001

By hand delivery to the Registry at:

Level 7, 207 Kent Street, Sydney 2000

By fax to the Registry on:

1300 653 459 from within Australia or **+61 2 9290 9655** from outside Australia.

By electronic lodgement online:

www.boardroomlimited.com.au/vote/usmastersgm2011 in accordance with instructions provided on the website. You will need your Holder Identification Number (HIN) or Security Reference Number (SRN) to lodge your proxy online.

Notes for proxies

1. A Unitholder entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote at the meeting on that Unitholder's behalf.
2. A proxy need not be a Unitholder.
3. A proxy may be an individual or a body corporate. A proxy that is a body corporate may appoint a representative to exercise the powers that the body corporate may exercise as the Unitholders' proxy.

4. If a Unitholder appoints two proxies and the appointment does not specify the proportion or number of the Unitholder's votes each proxy may exercise, each proxy may exercise half the votes.
5. A proxy may vote or abstain as he or she chooses except where the appointment of the proxy directs the way the proxy is to vote on a particular resolution. If an appointment directs the way the proxy is to vote on a particular resolution:
 - if the proxy is the chair - the proxy must vote on a poll and must vote in the way directed; and
 - if the proxy is not the chair - the proxy need not vote on a poll, but if the proxy does so, the proxy must vote in the way directed.
6. If a proxy appointment is signed or validly authenticated by the Unitholder but does not name the proxy or proxies in whose favour it is given, the Chairman may either act as proxy or complete the proxy appointment by inserting the name or names of one or more Directors or the Secretary.
If:
 - a Unitholder nominates the Chairman of the meeting as the Unitholder's proxy; or
 - the Chairman is to act as proxy if a proxy appointment is signed by a Unitholder but does not name the proxies in whose favour it is given or otherwise under a default appointment according to the terms of the proxy form,
 then the person acting as Chairman in respect of an item of business at the meeting must act as proxy under the appointment in respect of that item of business.
8. Proxy appointments in favour of the Chairman of the meeting, the Secretary or any Director which do not contain a direction will be voted in support of the Resolution.

Corporate representatives

1. To vote in person at the General Meeting, a Unitholder or proxy which is a body corporate may appoint an individual to act as its representative.
2. To vote by corporate representative at the meeting, a corporate Unitholder or proxy should obtain an Appointment of Corporate Representative Form from the Registry, complete and sign the form in accordance with the instructions on it. The appointment should be lodged at the registration desk on the day of the meeting.
3. The appointment of a representative may set out restrictions on the representative's powers.
4. The original form of appointment of a representative, a certified copy of the appointment, or a certificate of the body corporate evidencing the appointment of a representative is prima facie evidence of a representative having been appointed.
5. The Chairman of the meeting may permit a person claiming to be a representative to exercise the body's powers even if he or she has not produced a certificate or other satisfactory evidence of his or her appointment.

By order of the Board

27 September 2011

Dixon Advisory & Superannuation Services Limited
as responsible entity for the Fund