



**US Masters
Residential
Property Fund**



Capital Raising and Portfolio Update

May 2012

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Agenda

1. Introduction
2. Target market and portfolio overview
3. Free standing properties
4. Urban American & multi-dwelling properties
5. Details of the offer
6. Questions

Introduction



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Overview of URF

- First ever Australian listed property trust **focused on US residential property** market
- **c.\$100 million** raised since IPO in June 2011
- Initially targeting **New York metropolitan region**
- Successfully secured **US\$76.1 million** of residential properties in Hudson County, New Jersey
- **Local expert staff, partners and highest quality advisory board**
- **Easily tradable** structure, SMSF suitable
- Opportune time to raise more funds to gather scale

Responsible Entity



DARYL DIXON
EXECUTIVE CHAIRMAN

MA (Hons) (Cambridge),
BA (Hons) (UQ)



MAXIMILIAN WALSH
DEPUTY CHAIRMAN

BEC (Syd Uni)



ALEX MACLACHLAN
MANAGING DIRECTOR, CEO
FUNDS MANAGEMENT

BA (Cornell), MBA (Wharton)



ALAN DIXON
GROUP MANAGING
DIRECTOR

BCom (ANU), CA



CHRIS BROWN
MANAGING DIRECTOR, COO

BChem Eng (Hons) (Syd Uni),
BCom (Syd Uni)



TRISTAN O'CONNELL
FINANCE DIRECTOR

BCom (ANU), CPA

Advisory Board



NIRAV DESAI

Managing Director,
Sparta Group LLC

BA (University of
Michigan)

MBA (Wharton)



STUART NISBETT

Managing Director,
Archerfield Capital

BCom (UNSW)

MCom (UNSW), CA



DEAN MILLER

Managing Director,
Novitas Capital

BA (Franklin and
Marshall)

MBA (Wharton)



DAVID WHELAN

Managing Director,
Cloverleaf Group

LLB (Hons)

BCOM (UQ), CA

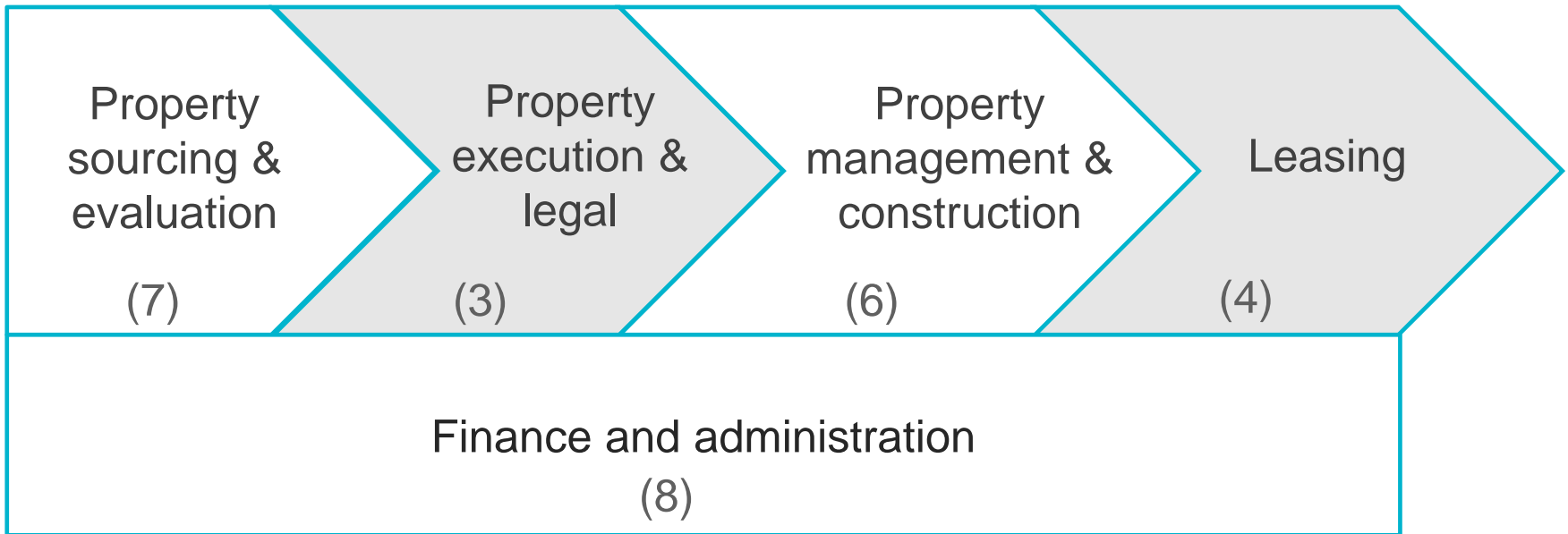


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US property team

Locally based team of 28 experienced property professionals



Note: numbers in brackets represent team size

Target market and portfolio overview



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US residential remains attractive

- Valuations are very depressed but improving
 - Mortgage market on both sides still broken (but healing slowly)
- Robust rental demand
 - Growing rents, low vacancy, quality applicants
- Housing affordability at record highs (but they can't get mortgages)
- Favorable long-term dynamics (population, economy, supply & household formation)
- Strong Australian dollar
- Right time to invest significant funds

New York metropolitan area

Initial focus on residential properties in Hudson County

- Solid economic base
- Deep and well established housing stock, limited development sites
- Positive demographics
- Favourable tenancy laws
- Excellent access to mass transit
- Attractive rental yields and/or potential for long-term capital growth



Investment strategy

- Target properties with **attractive rental income and/or potential for long-term capital growth**
- **Mix of free standing** properties (1 - 4 dwellings) and **multi-dwelling** properties (>4 units)
- Geographically focused within **Hudson County**
 - **Easy access to Manhattan**, close proximity to public transportation, schools, shops and other public amenities
- **Quality property management services to maximise revenues**

Why multi-dwelling?

- Attractive **in-place rental income** and potential for long-term **capital growth**
- Further **diversify** structurally and geographically (within Hudson County)
- **Economies of scale** in property management and leasing
- While subject to increased regulation vs. free standing houses, natural turnover and capital improvements offers potential for **above average year-on-year rental increases**

Investment update

US\$76.1 million of properties secured

	NUMBER		TOTAL ACQUISITION COST (US\$m)	AVERAGE COST PER UNIT (US\$)
	Properties	Units		
FREE STANDING				
Properties purchased	132	299	27.5	91,941
Conditional acceptances	99	233	23.0	98,854
Total Free standing	231	532	50.5	94,968
MULTI-DWELLING				
	13	398	37.9	95,125
Fund's 67.5% interest			25.6	
Fund's equity commitment			10.2	
TOTAL VALUE OF PROPERTIES SECURED	244	930	76.1 ¹	95,161 ²

1. Fund's share (gross value is US\$88.4 million)

2. Weighted average, doesn't directly calculate due to Urban American share of properties

Free standing properties



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Free standing property strategy

Strategy	Comments
1 Focus on 1-to-4 family houses in select neighbourhoods in Hudson County	Ample supply of housing stock in target market
2 Acquire at attractive valuations and restore properties, where required	Many properties acquired at or below replacement cost
3 Maximise rental income	Quality property management services
4 Use of moderate leverage to enhance long term returns	Agreed terms for US\$3m loan against 32 properties at 3.99% at approximately 50% leverage
5 Increasing focus on higher end properties	Lower rental yield but greater potential for capital growth

Free standing portfolio overview

231 free standing properties secured for US\$50.5 million

231 ONE-TO-FOUR
FAMILY
PROPERTIES
TOTTALLING
532 UNITS



AVERAGE PRICE
PER HOUSE
OF US\$219,000



ALL LOCATED
WITHIN EASY
ACCESS TO
PUBLIC
TRANSPORT
TO MANHATTAN



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Debt financing

- **Agreed terms** with Investors Bank on US\$3 million **limited recourse loan** after a successful competitive process, with strong underbidders
- **10 year term-loan** facility
- Interest cost of **3.99% p.a., fixed for first 5 years**
- **Secured against 32 properties** – gearing ratio of 50%
- Strategy to put in place **successive tranches of debt** financing secured against portfolio of properties
- Future tranches will fix for 7 years and 10 years as well to provide a spread
- Targeting long term **aggregate gearing ratio of around 50%**

Key investment locations

Investments largely focused in Jersey City

Key statistics

Population (2010) 247,597

Population density 16,736 / square mile

Housing units (2010) 108,720

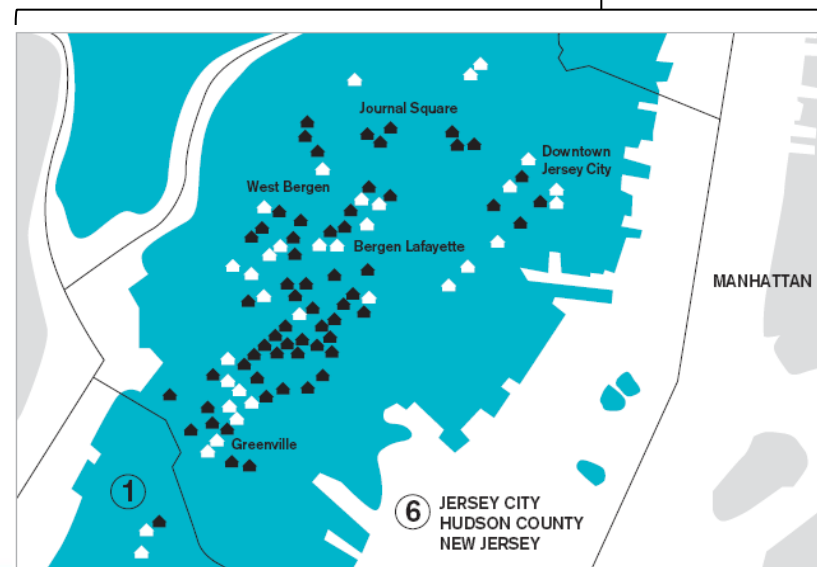
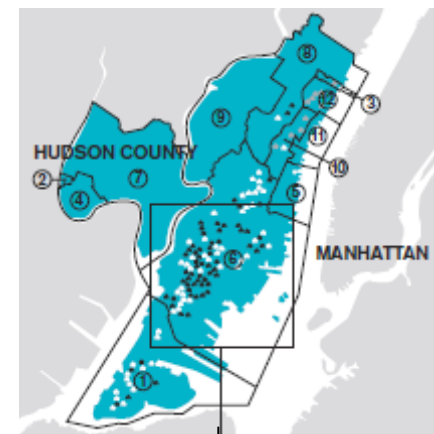
Source: US Census Bureau

Jersey City neighbourhoods:

Downtown Jersey City The Heights

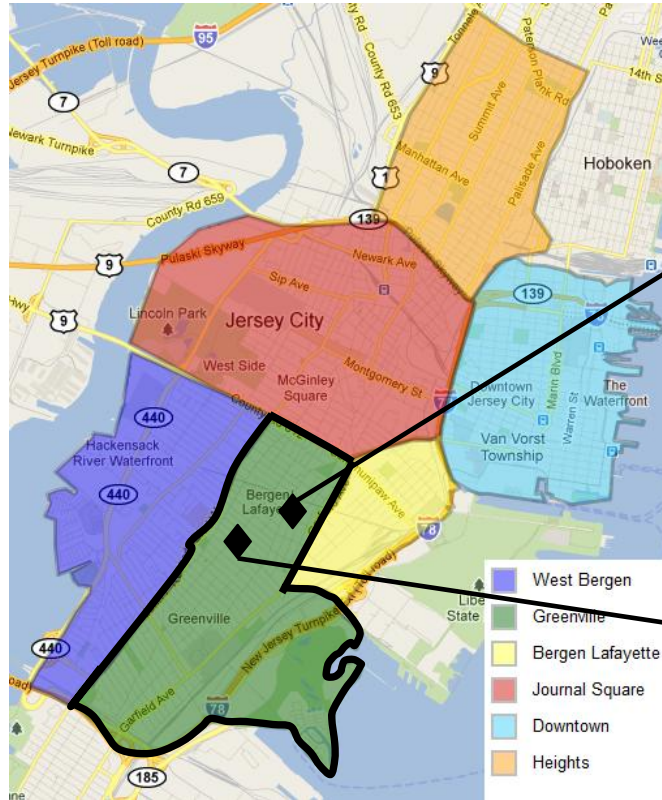
Bergen Lafayette West Bergen

Journal Square Greenville



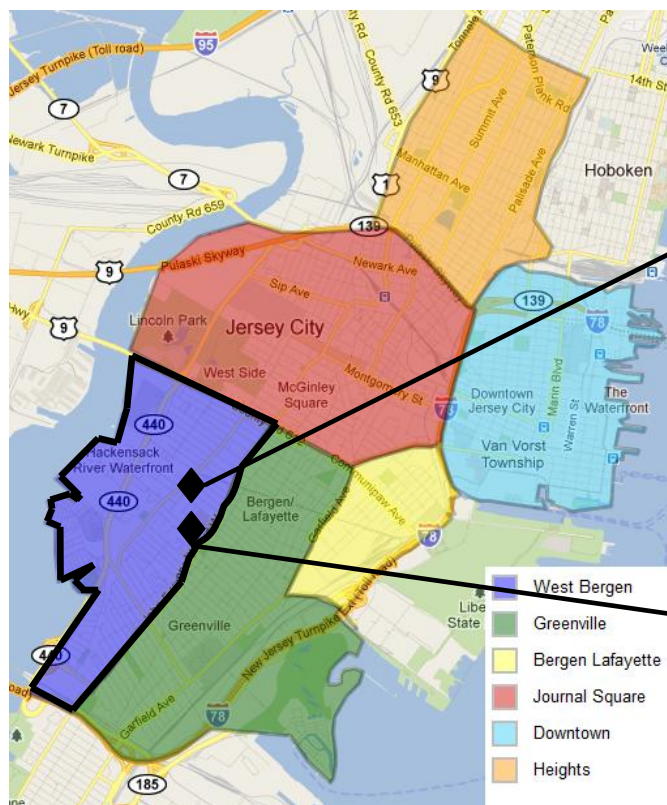
Key locations — Greenville

- Highest yields
 - 10%+ in almost all cases
- Good public transport
- High Walk Scores
- Predominantly African American
- Most affected by housing crisis
 - May be slower to recover



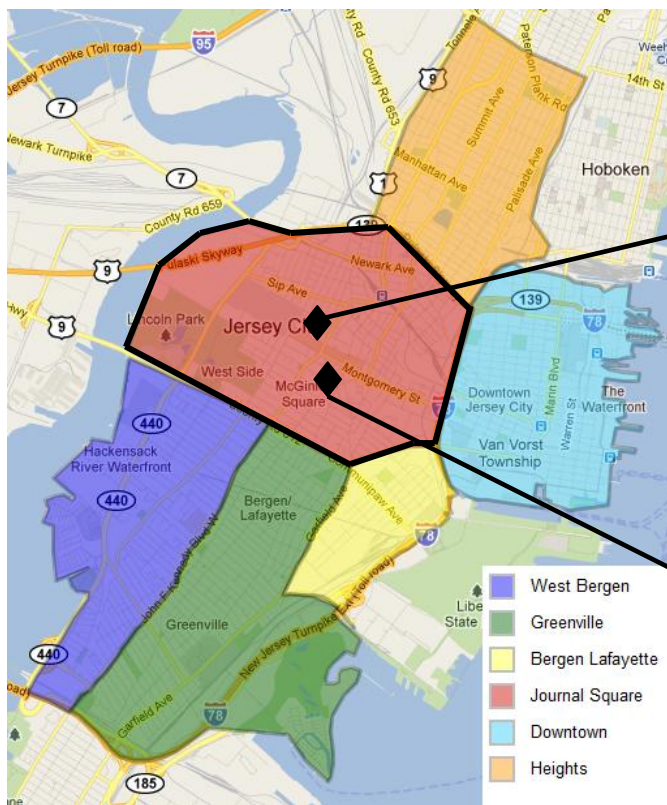
Key locations — West Bergen

- Yields typically 8 – 10%
- Quieter area
- Lower Walk Scores
- Very multicultural
- Solid family neighbourhood



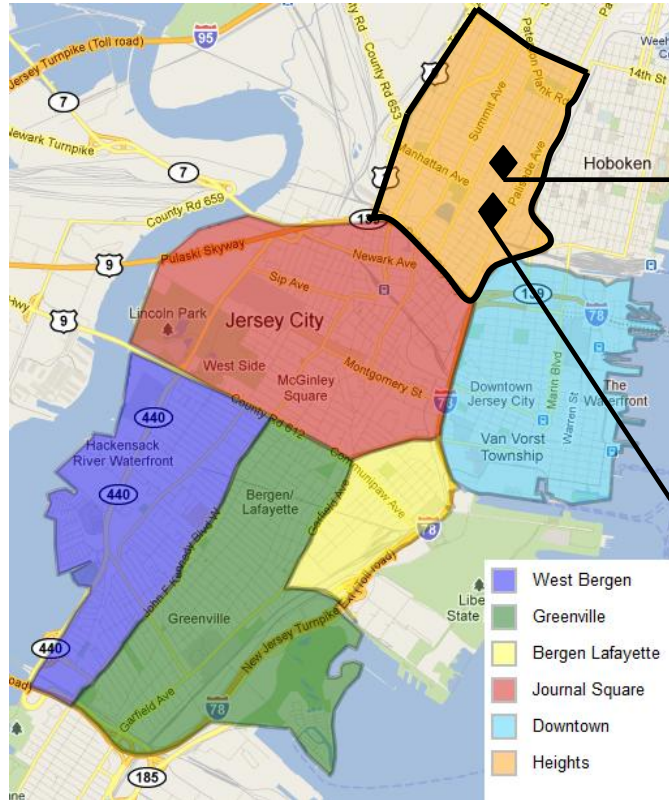
Key locations — Journal Square

- Yields typically 8 – 10%
- Bustling busy area
- Excellent public transport
- Highest Walk Scores
- Very multicultural



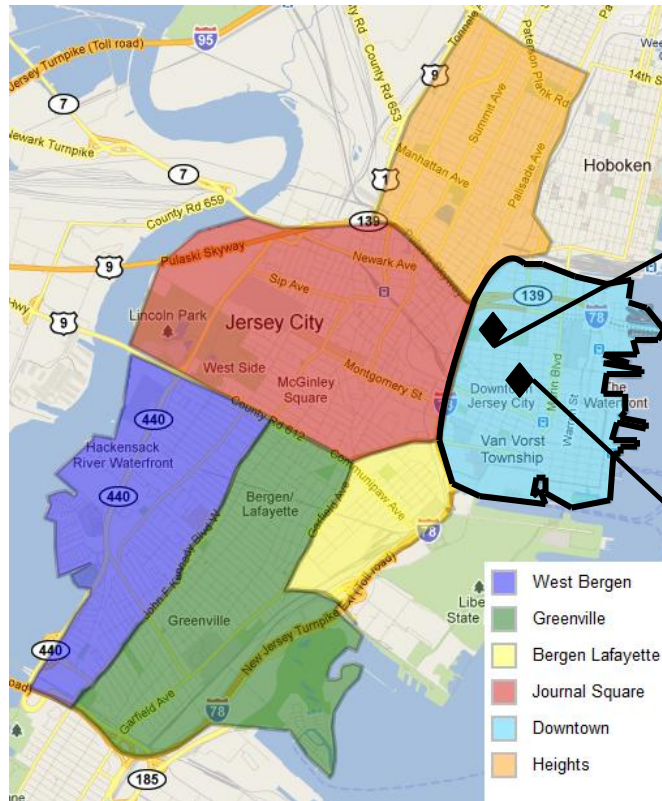
Key locations — The Heights

- Yields typically 6 - 8%
- Directly west of Hoboken
- Ok public transport
- Lower Walk Scores
- Beautiful neighbourhoods
- Gentrification starting
- Multicultural
- Capital growth imminent



Key locations — Downtown Jersey City

- Yields typically 5 – 7%
- Great public transport
- Beautiful area – parks, schools
- Strong rental growth
- Gentrification and price increase commenced
- Wealthier residents



Key locations — Bayonne

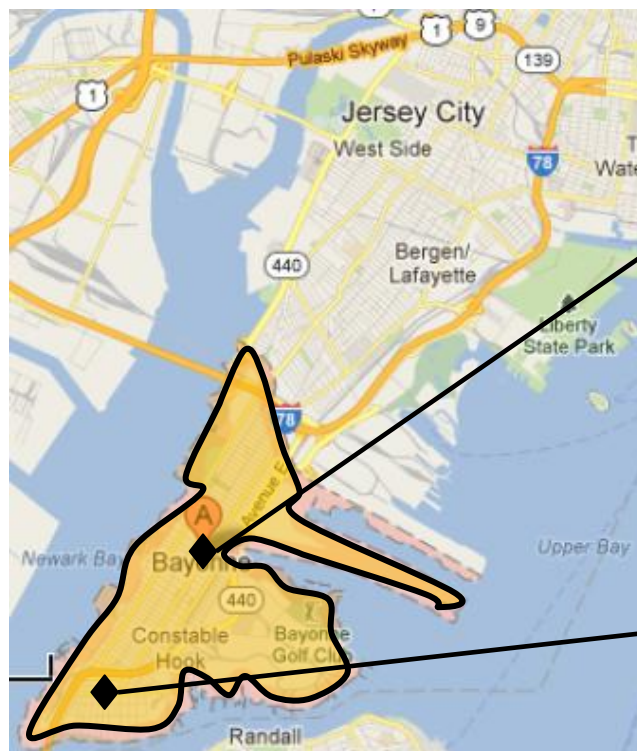
Key statistics (2010)

Population 63,024

Population density 10,859 / square mile

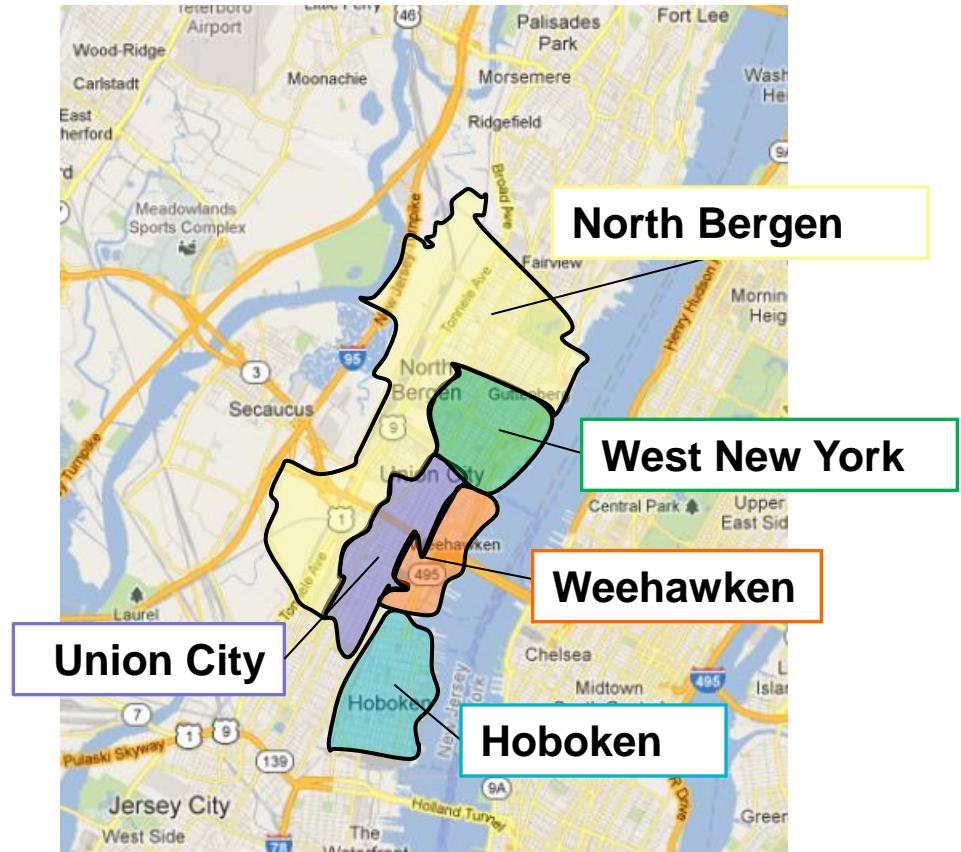
Housing units 27,799

- Yields typically 6 – 8%
- Quiet township with very strong community feeling
- Good schools; ok public transport
- Capital growth imminently
- Mainly white & Hispanic



New target areas

- Will be intensely targeting Union City
- Selectively targeting
 - West New York
 - North Bergen
 - Weehawken
 - Hoboken



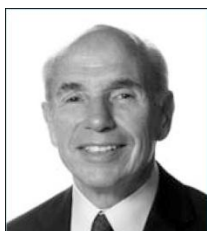
Multi-dwelling properties



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Urban American executives



Philip Eisenberg

Founder and CEO

BA (New York University)

Juris Doctorate (Cornell)



Joshua Eisenberg

Exec. Vice President & General Counsel

BSc (Cornell)

Juris Doctorate (Cornell)



James Eisenberg

Exec. Vice President & Head of Construction

BSc (Cornell)

M. Real Estate (Cornell)



Sanjay Chauhan

Exec. Vice President & Chief Financial Officer

M. Economics (Kent)

Rhodes Scholar (Oxford)

Overview of Urban American



- **Founded in 1997** by Philip Eisenberg
- Owner / manager of **12,000 apartments** in over 150 **buildings**
- Extensive experience acquiring, improving and operating **multi-dwelling apartment complexes** in the **New York metropolitan area**
- **Strong track record** of successfully operating in regulated environments and achieving above average year-on-year rental increases

Urban American investment strategy

- 1 Focus on **small and medium sized multi-dwelling** properties
 - Attractive niche market
 - Below size threshold of larger institutions
 - Beyond financial scope of individual investors or local groups
 - Require specialized skills in management and construction
- 2 Apartment renovations and capital improvements directly **increase rental income**
- 3 Scale and operational efficiencies in leasing, construction & property management **reduce expenses**

JV portfolio overview

13 multi-dwelling apartment complexes acquired for US\$38 million

13 APARTMENT
COMPLEXES
TOTTALLING
398 UNITS



HIGHLY
EXPERIENCED
US BASED JOINT
VENTURE PARTNER

AVERAGE PRICE
PER UNIT OF
US\$95,000



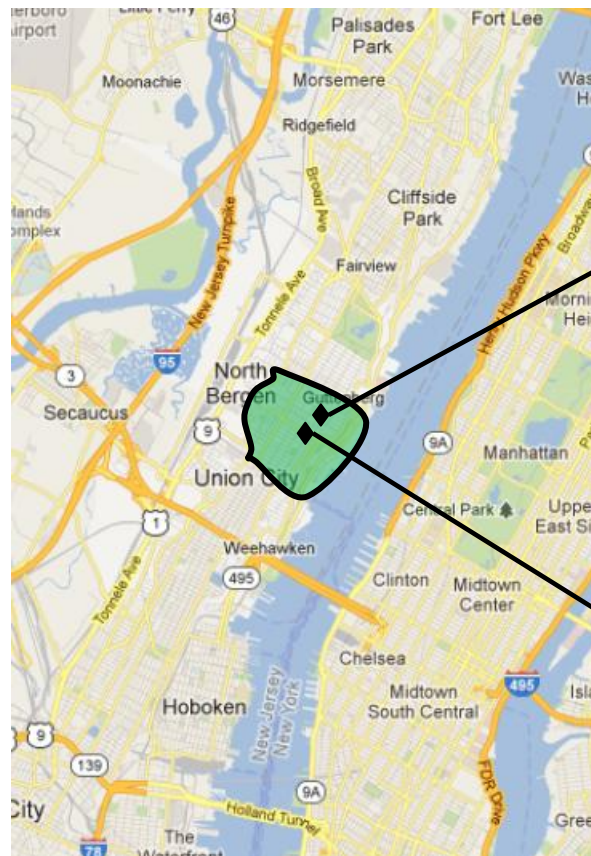
Perspectives on the JV portfolio

- **The 13 best properties selected** from the larger JPM /UA sale portfolio
- Properties with **greatest value and strongest capital growth potential**
- **Strongest expected rental demand** in West New York and Union City
- **Excellent knowledge and extensive experience** with the selected properties
- Track record of **engineering value** from these properties over the last 15 years



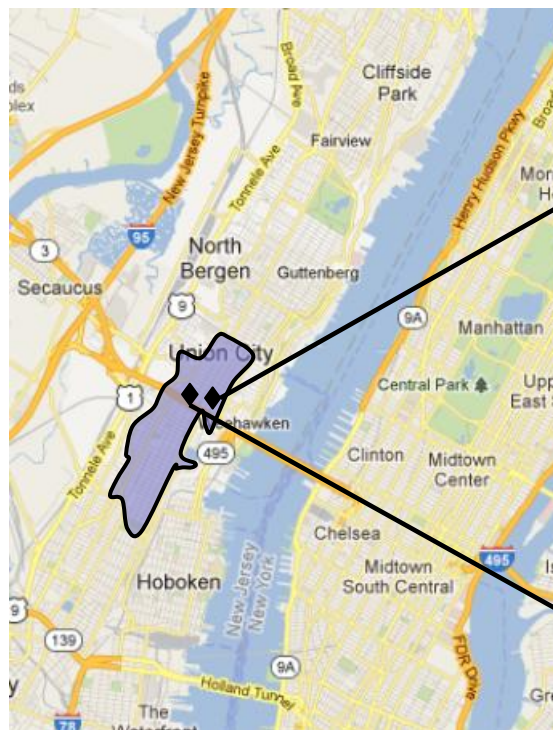
Key locations – West New York

- Great public transport
- High Walk Scores
- Several new property developments underway
- Very high percentage of renters (c. 80%)
- Steady rental growth; lower vacancy rates
- Mainly Hispanic & white
- Hosting 2013 Formula 1 Grand Prix of America



Key locations – Union City

- Great public transport; high Walk Scores
- 3km from Lincoln Tunnel - key road access to NYC
- Benefited from significant investment to improve public amenities
- Very high percentage of renters (c. 80%)
- Steady rental growth; lower vacancy rates
- Mainly Hispanic & white



Close to the heart of Manhattan



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Urban American's approach to management

- **Hands-on management** – “no job is too small”
- **Institutional approach** to property and construction management
- **Leverage economies of scale and purchasing power** to reduce operating expenses
- **Focus on income generation and return on cost**
- **Strong working relationships** with local government
- **15 years operating experience** generating steady returns in niche market

JV with Urban American



67.5%

32.5%

Joint Venture

US\$38m

- US\$38 million total acquisition cost
- 13 multi-dwelling apartment complexes in Hudson County with 398 residential units
- Debt funding of up to 60% of purchase value

Details of the Offer



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Offer details and key dates

Opening Date

15 May 2012

Offer Closing Date

12 June 2012

Final calculation of Offer Price

25 June 2012

Offer Allotment Date

26 June 2012

Trading of Units to commence

20 July 2012

Note: Dates are indicative only

Maximum value of Units available under the Offer (if no oversubscriptions)

\$50,000,000

Maximum value of Units available under the Offer (if all oversubscriptions taken up)

\$100,000,000

Questions?



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