

1 December 2017

US Masters Residential Property Fund
ASX Code: URF

URF lodges offer document with ASIC for public issue of CPUs

Walsh & Company Investments Limited (**Issuer** and **Responsible Entity**), as Responsible Entity for the US Masters Residential Property Fund (**Fund** or **URF**), is pleased to announce the lodgement of a product disclosure statement (**PDS**) with the Australian Securities & Investments Commission (**ASIC**) for an offer of convertible step-up preference units (**CPUs**).

About URF CPUs

Following a recent strategic review, it was determined that the next phase of URF's strategy would include, as one of three key areas of focus, initiatives to optimise the Group's capital structure. This will entail restructuring existing lending instruments and facilities to lower interest expense and improve capital management and gearing levels.

The issue of CPUs form part of this initiative, with the proceeds of the offer to be used to fund the redemption (either in part or in full) of URF Notes I. The CPUs will improve the structure of the Group's capital and will diversify its funding sources. The proceeds from the issue may also provide additional resources to accelerate the completion of the renovation pipeline, as well as general corporate activities.

We believe the CPUs represent attractive securities for investors. Key features of the CPUs include:

- a distribution rate of 6.25% per annum stepping up to 8.75% per annum from 1 January 2023 (if the CPUs do not convert into ordinary units in URF (**Units**) before that time) which is expected to be paid semi-annually;
- priority over Units for distributions up to the distribution rate and on a winding up to the Issue Price and any accumulated unpaid distributions;
- the ability for holders of CPUs (**Holders**) to elect to reinvest distributions on the CPUs in Units issued at a 5% discount to market;
- a ratio of conversion of CPUs into Units based on a 10-day volume weighted Unit price and a 2.5% conversion discount;
- depending on the tax position of the Holder, and the tax position of the Fund, distributions may be treated as a reduction in the cost base of CPUs, rather than as income.

The number of URF units issued for each CPU on conversion (other than in respect of accumulated unpaid distributions) is bound by parameters based on the unit price at the time, with the current maximum number of URF units into which a CPU can convert being 205 Units and the current minimum number being 44 Units. These limits on the conversion number mean that Holders will

effectively participate in any increased value on conversion when the URF unit price is above \$2.33 (or have an increased exposure if below \$0.50). The minimum and maximum conversion numbers are subject to adjustments in certain circumstances.

About the Offer

The Offer is scheduled to open on 8 December 2017 (**Offer Opening Date**) and the expected closing date of the Offer is 18 December 2017 (**Offer Closing Date**).

The Offer is for a minimum of 1 million CPUs and up to a maximum of 3 million CPUs, at an Issue Price of \$100 per CPU. The Offer seeks to raise a minimum of \$100 million and up to \$300 million.

A Priority Offer of up to \$50,000 (500 CPUs) is available for each Applicant who is a URF Unitholder or a holder of URF Note I, II or III (**Noteholder**) at 5:00pm (AEDT) on the Offer Closing Date. An Applicant who is both a Unitholder and Noteholder is entitled to apply for up to \$100,000 (1,000 CPUs) under the Priority Offer.

The Responsible Entity reserves the right to vary the dates and times of the CPU offer (including varying the Offer Closing Date).

Investors should read the PDS, available at www.usmrpf.com.au, in full before deciding whether to invest in CPUs. For more detail and a copy of the full terms of the CPUs, please see Annexure A of the PDS.

Applications under the offer can be made using the Application Form issued with and attached to the PDS to be lodged with the ASX on the Offer Opening Date, or through the online Application Form at, www.usmrpf.com.au.

For further information, contact:

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This announcement does not constitute an offer, invitation, solicitation or recommendation in relation to the subscription, purchase or sale of Units in the Fund or CPUs in any jurisdiction, and neither this document, nor anything in it, will form the basis of any contract or commitment. The information provided in this announcement is factual information or general advice and should not be considered personal advice. It has been prepared without taking into account your objectives, financial situation or particular needs. The past performance of the Fund is not a guarantee of future performance. An investment in CPUs involves various risks.