



US Masters Residential Property Fund



URF Notes and Fund update

Alan Dixon – CEO, Dixon Advisory USA

David Orr – Executive Director, Dixon
Advisory USA

DECEMBER 2014

Disclaimer

The information provided in this presentation is factual information and should not be considered personal advice. The presentation has been prepared without taking into account your objectives, financial situation or particular needs. Before acting on the information you should consider the appropriateness of the information, having regard to your objectives, financial situation and needs. You should obtain a copy of the relevant product disclosure statement or offer document before making any decision in relation to the product. You should seek personal financial advice before making any financial or investment decisions.

The Issuer of URF Notes will be Dixon Advisory & Superannuation Services Limited (ACN103 071 665) in its capacity as Responsible Entity for the US Masters Residential Property Fund. The prospectus dated 2 December 2014 (Prospectus) contains all the details of the URF Notes Offer, including risks of investment. Copies of the Prospectus will be available by calling 1300 454 801 or at US www.usmastersresidential.com.au. This presentation does not constitute an offer, invitation, solicitation or recommendation in relation to the subscription, purchase or sale of units in the Fund or URF Notes in any jurisdiction, and neither this document, nor anything in it, will form the basis of any contract or commitment. An investment in URF Notes will only be available through a valid application form attached to the Prospectus. Before making a decision to make or hold any investment you should consider the Prospectus in full and seek advice if necessary.

While the information provided is believed to be accurate and Dixon Advisory Group Limited and its related entities do not accept responsibility for any inaccuracy or any actions taken in reliance upon this information.

Dixon Advisory and Superannuation Services Limited is the responsible entity of the US Masters Residential Property Fund.

Dixon Advisory Group Limited (ABN 73 080 207 076) is fully owned and controlled by its employees, associates and the Dixon family and is the ultimate holding and service company of the following entities: Dixon Advisory & Superannuation Services Limited (ABN 54 103 071 665, AFSL 231 143), Dixon Advisory Super Pty Limited (ACN 139 490 118), Dixon Advisory Property Pty Limited (ABN 92 140 049 583), Dixon Advisory Law Pty Limited (ABN 41 138 556 573), Dixon Advisory USA Inc, Walsh & Company Investments Limited (ACN 152 367 649, AFSL 410 443), Walsh & Company Asset Management Pty Ltd (ACN 103 071 665).

Agenda

1 Business and investment overview

2 New York metro market conditions

3 Operational update

4 URF Notes overview

BUSINESS AND INVESTMENT OVERVIEW



US Masters
Residential
Property Fund



US Masters Residential Property Fund (URF)

- c.\$566m real estate investment trust (REIT) focused on NYC metropolitan area single-family housing
- Invest in undervalued neighbourhoods experiencing rapid growth and gentrification
 - seeks to purchase at or below replacement cost
- Integrated business model
 - acquire at attractive valuations, renovate to high standards, professionally lease & manage
- Significant scale, with over 2,050 housing units across 545 houses and 27 apartment complexes

The leading provider of urban single family rental homes



Globally unique investment

- Only listed REIT globally that invests exclusively in NYC metro area residential housing
 - US\$20 billion of institutional investment in rapidly growing single family rental (SFR) sector – all focused on Sun Belt and Midwest
 - URF remains only player in premium Eastern seaboard market
- Largest institutional owner of townhouses in NYC
 - Scarce, highly sought after asset – est. 55,000 pre-WWI townhouses in existence across NYC & Hudson County (population 9 million)
 - c.2/3rds of portfolio classic “brownstone” style in Brooklyn, Manhattan, and Historic Downtown Jersey City

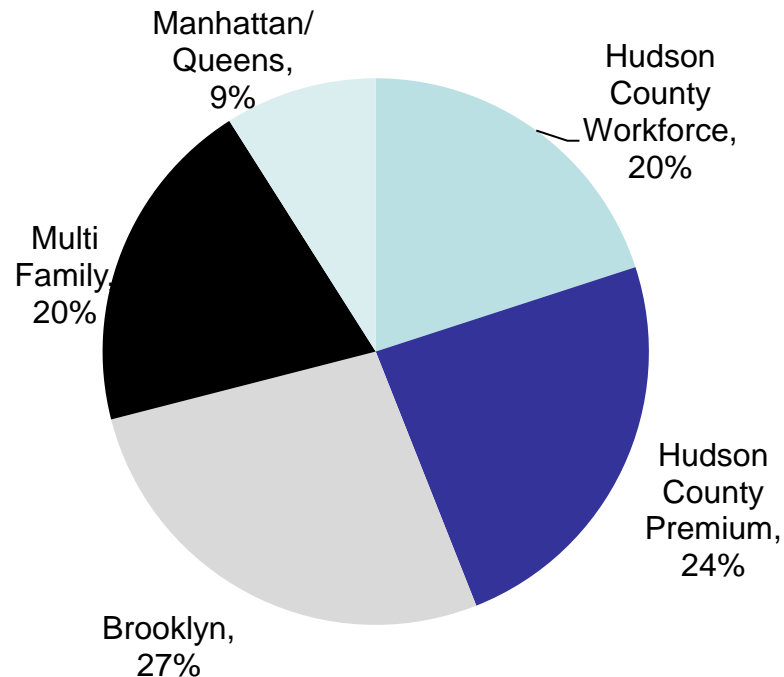
Unmatched portfolio of NYC metropolitan area residential housing and apartments



Investment portfolio

Core positions in many of the most sought after residential locations in the NYC metro area

Property portfolio locations by value
(30 June 2014)



Fund's target areas

Compelling fundamentals

- US housing market – access to credit remains historically tight
 - Despite signs of housing recovery, harder to qualify for mortgage than when GFC began
- New York City – world's premier global city
 - Chronically low inventory, improving economy, and unyielding interest from foreign investors
- URF execution – ability to create significant value
 - Purchase at or below replacement cost
 - Target markets experiencing rapid growth and gentrification
 - Award winning renovation team

Market conditions remain highly supportive



Strong performance



Annualised total unitholder returns since inception in excess of 12%

Investing in the community

- Fund is committed to the betterment of local neighbourhoods and communities in which it operates
- Jersey City Landmarks Conservancy (JCLC) Awards
 - *“to celebrate those who have saved parts of our community’s past for future generations to enjoy”*
 - Preservation Initiative Award for 2014 presented to Dixon Advisory, as RE for URF
 - Highlights unique capabilities of Fund’s Architectural Design and Project Management teams

“For [Dixon’s] mindful renovations of architecturally significant Jersey City properties, including many outside of the historic districts.”

NEW YORK METRO MARKET CONDITIONS



US Masters
Residential
Property Fund

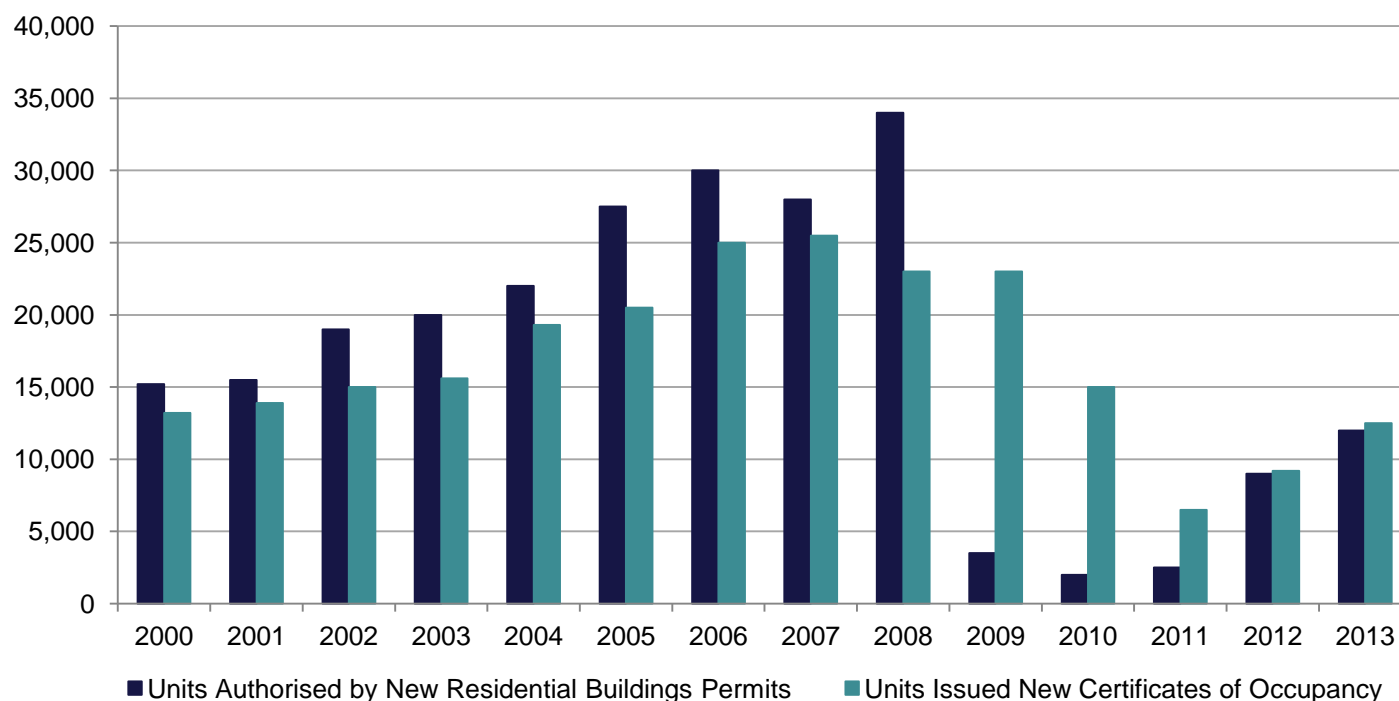


New York metro market overview

- Fastest growing US city, added as many people since 2010 as previous 10 years
- GDP (\$1tn+), equivalent to Australia
- Ranked most important global city in the world by Knight Frank & most competitive city in the world by The Economist
- Creating jobs at record pace, record private sector jobs
- Projected to add 1m people by 2040
- Safest US big city, lowest homicide rate since 1963

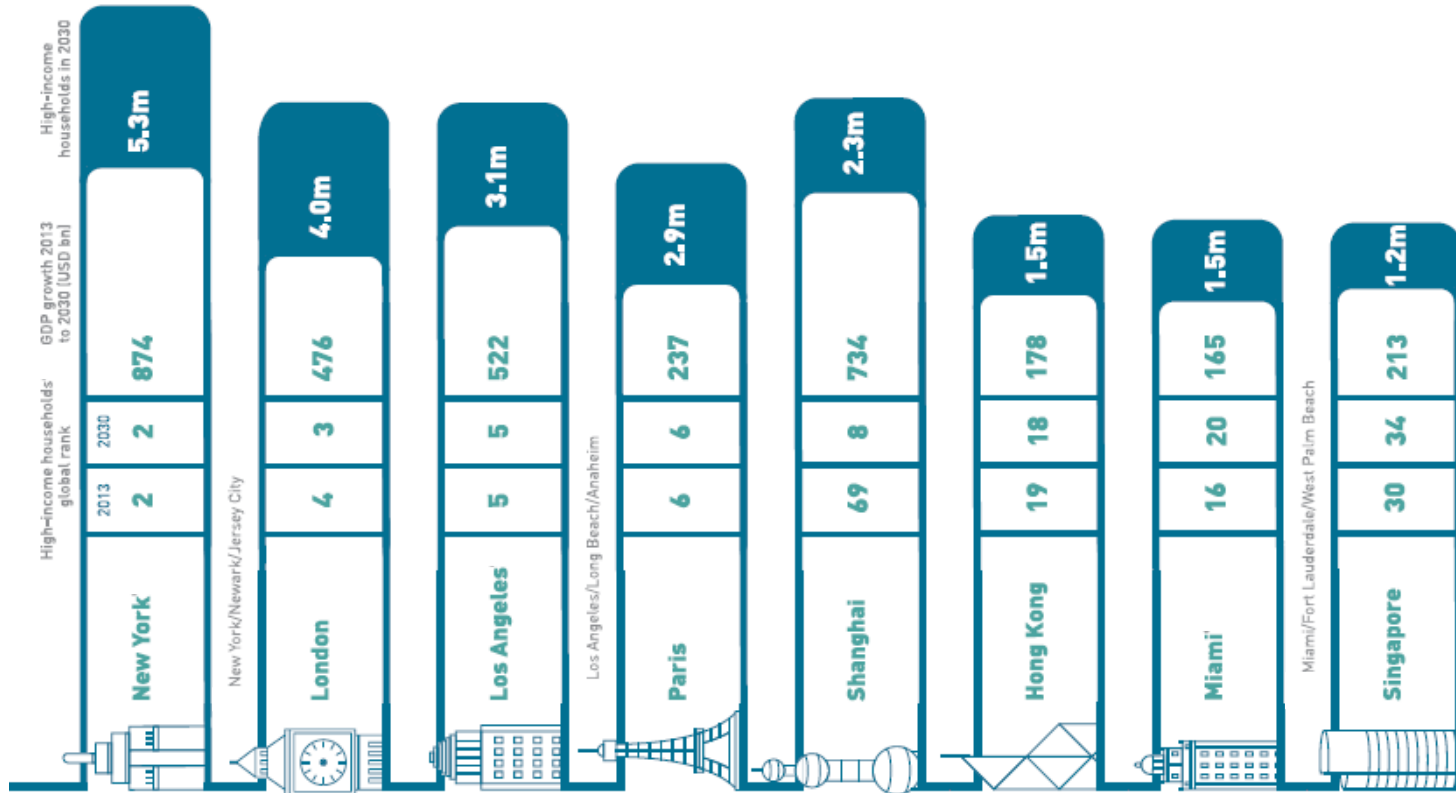
Chronically low inventory, improving economy, and unyielding interest from foreign investors will continue to drive property

Supply severely constrained



Real estate development in NYC nearly ground to a halt during crisis; while recovering, still historically low

Exceptional growth outlook



NYC economy is forecast to grow by more than any other major global city over the next 15 years

Source: Knight Frank

OPERATIONAL UPDATE



US Masters
Residential
Property Fund



October 2011

- 13 employees
- Market capitalisation of A\$70m¹
- 33 properties owned
- Market focus: workforce properties
- Capabilities
 - Finance, accounting, reporting
 - Property management
 - Leasing
 - Acquisitions
 - Due diligence & Closing

¹ 31 October 2011



June 2013

- 68 employees
- Market capitalisation of A\$376m¹
- 441 properties owned
- Market focus: workforce and premium Jersey City properties
- Capabilities added:
 - Dixon Projects – architecture & construction
 - Security team
 - Turnover team



¹ 30 June 2013

Current

- 110 employees
- Market capitalisation of A\$566m¹
- 545 properties owned
- Market focus: premium Jersey City & Brooklyn properties
- Capabilities added:
 - Legal department
 - Interior design department
 - Debt finance team



¹ 8 December 2014

Case study

568 Park Place, Crown Heights, Brooklyn



A deteriorating facade to an updated black facade

Case study

568 Park Place, Crown Heights, Brooklyn



A gutted & empty kitchen transformed into a modern sleek design

Case study

568 Park Place, Crown Heights, Brooklyn



An unusable back yard to an entertaining space

URF NOTES OVERVIEW



US Masters
Residential
Property Fund



URF notes key terms

Issuer	Dixon Advisory & Superannuation Services Limited as responsible entity for the US Masters Residential Property Fund
Structure	ASX listed unsecured debt notes
Interest rate	7.75% fixed per annum, payable quarterly; first payment scheduled for 31 March 2015
Maturity	5 years from issue, early partial or full repayment from year 3
Offer size	\$50 - \$100 million, oversubscriptions up to a further \$50 million
Priority offer	Minimum of \$50 million to URF unitholders on the closing date
Stamping fee	2.2% (inc GST)

URF Notes carry annual interest rate of 7.75%, payable quarterly, with maturity of 5 years

Capital structure

Equity market capitalisation	A\$566m ¹	Approximately 12% p.a total unitholder returns since inception
URF NOTES	A\$50 - \$150m	Interest rate 7.75% p.a
Revolving facility	US\$75m (US\$58m drawn)	Interest rate approximately 6% p.a
Term financing	US\$59m across 7 tranches	Interest rate between 3.5% and 4.0% p.a
Multi-family	US\$59m ² across 6 joint ventures	Interest rate between 3.5% and 4.0% p.a

Fund seeks diversity of funding sources, maturities, and terms

¹ 8 December 2014 , ² Fund proportion

Capital management

- Fund targets consolidated gearing ratio of 50%
 - Pro forma gearing comfortably within targets

Current gearing	Pro Forma gearing \$50 million raising	Pro Forma gearing \$100 million raising	Pro Forma gearing \$150 million raising
29%	35%	39%	43%

Significant scope to further optimise capital structure



US Masters
Residential
Property Fund

