



ASX ANNOUNCEMENT

07 June 2016

REAL ESTATE CAPITAL PARTNERS USA PROPERTY TRUST

ASX CODE: RCU

ARSN 114 494 503

Capital Initiatives Update.

As noted in the interim financial report dated 31 December 2015, the Responsible Entity's strategy is to continue to add value to 1700 W Higgins, Chicago by increasing the leasing commitment and then to sell the property. To assist in executing the value add strategy the Responsible Entity outlined the intention to source funding via a placement and a unit purchase plan, that would allow existing unit holders to acquire additional units in the Trust, as well as other initiatives.

The Responsible Entity has now completed the placement, and as part of the funding initiatives entered into a loan agreement for US\$900,000 (approximately A\$1,285,000). Prior to 31 August 2016, existing unit holders will be invited to apply for units through a pro rata rights issue for at least A\$600,000. Further details are provided below in relation to the placement and loan.

1700 W Higgins, Chicago.

The Board is conscious of the large discount that exists between the reported NTA and the current trading price. The NTA is a function of the value of the Trusts sole property, 1700 W Higgins, Chicago (Higgins).

Higgins was recently refurbished and now has an occupancy rate of 53%. The objective is to reach a stabilised occupancy rate of 90%, which is expected to deliver a significant improvement in NTA. At 30 June 2015, the property was independently valued at A\$18.36m based on an occupancy rate of 47% and, as part of the same independent valuation, a prospective valuation of A\$26.18m based on a stabilised occupancy rate of 90%. Additional leasing costs to reach this occupancy level will be required and the funding initiatives announced today will assist in meeting these costs.

Placement.

The Responsible Entity is pleased to announce it has successfully completed a placement with sophisticated investors raising approximately \$124,500.

The placement of 1,842,231 new fully paid units at an issue price of A\$0.0676 per unit represents a premium to the 5 day VWAP as well as the last trading price of A\$0.038. The placement does not require unit holder approval as it is within RCU's capacity under Listing Rules 7.1 and 7.1A.

An Appendix 3B and information required by ASX Listing Rule 3.10.5A will be lodged with the ASX upon the issue and allocation of the placement units. The subscribers for the units in the placement are not related parties of the Company or associates of related parties.

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Loan.

The Responsible Entity has also entered into a loan for up to US\$900,000, the key terms of the loan are as follows:

1. Total loan amount: up to US\$900,000 (approximately A\$1,285,000).
2. The drawdown of the loan is in two tranches, with the conditions to drawdown being the completion of the placement, as noted above and the completion of a capital raise of A\$600,000 by no later than 31 August 2016.
3. Repayment date: Earlier of 31 March 2018 or the sale of the Higgins asset
4. Coupon: total of US\$900,000 payable in four tranches through to 31 March 2018
5. Conversion into RCU equity: Up to a maximum of US\$200,000 at lenders discretion

The loan is structured so that the majority of the coupon payments (US\$600,000) are timed to coincide with the sale of Higgins.

Capital raise prior to 31 August 2016.

The Responsible Entity is in discussions in relation to underwriting the proposed rights issue and will update the market accordingly.

For more information, please contact the Responsible Entity:

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