

14 March 2012

**NSX Code: URF**  
**US Masters Residential Property Fund (Fund)**  
**Fund Update**

## 1. Property portfolio update (as of 29 February 2012)

During the month of February, the Fund received conditional acceptances for 9 properties, with an estimated combined acquisition cost of US\$1.9 million. Based on the pre-purchase due diligence undertaken, it is estimated that these 9 properties will achieve annualised net yields of 6.7% to 13.6%.

February saw lower volumes of conditional acceptances for the Fund, largely due to seasonal factors associated with the Northern Hemisphere winter. Given the pipeline of activity post month end, the Fund is confident March volumes will show significant improvement.

February also saw the Fund's first conditional acceptance on a property at an estimated net yield of below c.8%. The Fund has increased its activity levels in areas of Hudson County that the Fund believes show greater potential for capital gains and future yield growth while generating lower current yields. As such, these properties will provide important diversification benefits to the Fund.

The Fund has made significant progress in negotiating debt financing. Whilst no formal terms have been agreed yet, the Fund is confident in its ability to be able to secure debt financing at interest rates of approximately 5% or below. Debt financing of the current portfolio at these levels would be significantly yield enhancing to the Fund.

The table below summarises the Fund's property acquisition activity for the month and since inception. Details of the properties purchased are provided on the following pages.

	# properties		Total acquisition costs (US\$ million) <sup>1</sup>		Estimated property net yield range (%p.a.) <sup>2</sup>
	Month	Inception	Month	Inception	Month
<b>Conditional acceptances received<sup>3</sup></b>	9	67	\$1.9m	\$12.5m	6.7% - 13.6%
<b>Properties purchased</b>	17	118	\$3.1m	\$23.2m	8.0% - 13.0%

Note:

- 1 Total acquisition costs inclusive of all property related closing costs which includes attorney fees, title charges, survey costs, government recording and transfer charges and bulk sale compliance fees.
- 2 This yield does not necessarily reflect the distribution yield an investor is likely to receive on their investment. Estimated yields are based on assumptions made by the Responsible Entity and actual yields may differ from these estimates.
- 3 Conditional acceptances do not include those properties which have been accepted and subsequently closed.

The US Masters Residential Property Fund is the first Australian listed entity with the primary strategy of investing in the US residential property market. Its initial portfolio will comprise residential properties in the New York metropolitan area. The Fund is managed by Dixon Advisory & Superannuation Services Ltd.

## 2. Strategy update

Since inception, the Fund has successfully secured commitments (including closed properties and conditional contracts) on 185 multi-family properties with up to four dwellings in the Target Investment Area with a total upfront acquisition cost of US\$35.7 million.

In order to provide additional flexibility to invest in attractive investment opportunities, the Fund is expanding its investment focus to include multi-family properties with more than four dwellings. The Fund has identified several attractive opportunities to acquire properties with more than four dwellings, for example apartment blocks, and believes acquisitions in these markets would be highly complementary to the existing core portfolio of free-standing residences.

In executing this strategy, the Fund may partner and jointly own the properties with other industry participants, and the Fund will put in place strategies to appropriately manage any such arrangements.

The Fund believes these opportunities represent attractive value and provide a number of benefits, as outlined below; however they typically trade at lower unleveraged net yields than multi-family properties of two to four dwellings.

All acquisitions will continue to be within the Initial Target Investment Area and specifically Hudson County, New Jersey.

The expanded strategy will allow the Fund to:

1. Acquire larger scale residential properties with attractive in-place rental income and potential for long-term capital growth;
2. Further diversify the Fund's residential property portfolio;
3. Achieve increased economies of scale in the areas of property management and leasing;
4. Take advantage of a range of attractive acquisitions that currently exist within the marketplace; and
5. Deploy capital at accelerated rate by allowing the Fund to participate in larger transactions and offering additional investment avenues.

In certain instances, larger properties of more than four dwellings can entail a higher regulatory requirement than smaller properties, for example some form of rent stabilisation. In such circumstances, the Fund will put in place strategies to appropriately manage the regulatory requirements and will only invest where the Fund is satisfied that the benefits of the investment outweigh the additional regulatory requirements.

## 3. Operational and staffing update

The Manager of the Fund, Dixon Advisory, has further enhanced its local presence, adding several highly experienced and qualified real estate and construction professionals to its team based in Exchange Place, Jersey City. The local team currently has 24 staff that consist of leasing coordinators, purchasing and legal personnel, construction managers, accountants and property managers.

(a) Construction

Mr Daniel Caivano has joined the team as a Construction Project Manager. Mr Caivano brings over 20 years of construction experience and joins the team after managing his personal residential and commercial construction firm, RADIANT Construction, which he managed from 2003. Prior to founding RADIANT Construction, Mr Caivano held various roles as a Project Manager and was responsible for managing several large construction projects, including the complete dismantling and reinstallation of the Lehman Tower in New York. Mr Caivano has a Bachelor of Arts (English) from Montclair State College and a C.E. Certificate in Architecture from the New Jersey Institute of Technology.

(b) Purchasing

Ms Charlaire Mercado has joined the team as an Acquisitions Manager. Ms Mercado is an experienced Real Estate Agent and joins the team from Weichert Realtors. During her time at Weichert Realtors, Ms Mercado was involved in over \$50 million of real estate transactions. Prior to joining Weichert Realtors, Ms Mercado was a Real Estate Agent at Liberty Realty. Before a career in real estate, Ms Mercado commenced her career in the investment banking industry at Morgan Stanley. Ms Mercado has a Bachelor of Arts from Stony Brook University.

Mr Matthew Lusky has joined the team as an Acquisitions Manager. Mr Lusky joins the team from Bramhall Summit Management, a New Jersey based property management company, where he was Project Manager for 21 properties and 65 rental units, where he was responsible for day to day operations including rental and construction management. Prior to this, Mr Lusky was a Leasing Manager for Avalon Bay Communities, where his team managed a 500 unit property portfolio. Mr Lusky has a Bachelor of Science (Biology, Concentrated Applied Economics and Business Management) from Cornell University.

**ADDRESS:** 111 AVENUE F, BAYONNE, NJ 07002

**REGION:** BAYONNE



## PROPERTY DESCRIPTION:

- 2-family attached
- Apt. 1: 2 bed/1 bath
- Apt. 2: 2 bed/1 bath
- Wooden floors
- Ceramic tiled bathrooms
- Full size appliances
- Approximate land size 2,210 sq ft

## KEY STATISTICS:

**Acquisition Date:** 03 Feb 2012

**Total Acquisition Cost:** US\$168,311

### Est. Monthly Rents:

- Apt 1 US\$1,070

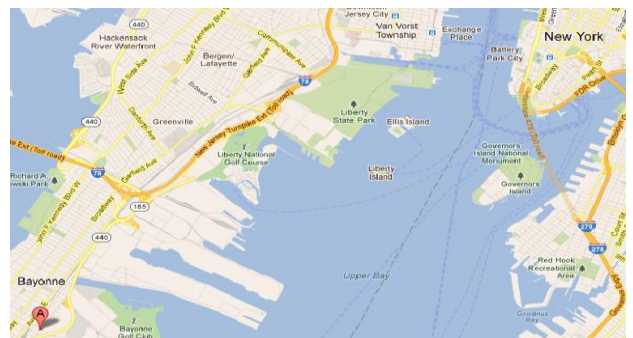
- Apt 2 US\$970

**Est. Annual Net Yield:** 8.1%

## OTHER COMMENTS:

- Less than ¼ mile to 22nd St light rail station
- Walking distance to shopping and grocery outlets
- Walk Score®: 74

## LOCATION:





**ADDRESS:** 174 ORIENT STREET, BAYONNE, NJ 07002

**REGION:** BAYONNE



## PROPERTY DESCRIPTION:

- 2-family detached
- Apt. 1: 2 bed/1 bath
- Apt. 2: 1 bed (plus den)/1 bath
- Hardwood floors
- Renovated ceramic tiled bathrooms
- Granite counter tops
- Spacious living rooms
- Approximate land size 2,500 sq ft

## KEY STATISTICS:

**Acquisition Date:** 03 Feb 2012

**Total Acquisition Cost:** US\$226,648

**Est. Monthly Rents:**  
- Apt 1 US\$1,200  
- Apt 2 US\$1,200

**Est. Annual Net Yield:** 8.0%

## OTHER COMMENTS:

- Approx ¼ mile to 8th St light rail station
- Less than 1 mile to North Shore Waterfront Park and Faber Park
- Walking distance to shopping and grocery outlets
- Walk Score®: 74

## LOCATION:



**ADDRESS:** 86 EAST 22ND STREET, BAYONNE, NJ 07002

**REGION:** BAYONNE



## PROPERTY DESCRIPTION:

- 2-family attached (1 side)
- Apt. 1: 1 bed/1 bath
- Apt. 2: 3 bed/1 bath
- Hardwood floors
- Full size appliances
- Approximate land size 3,534 sq ft

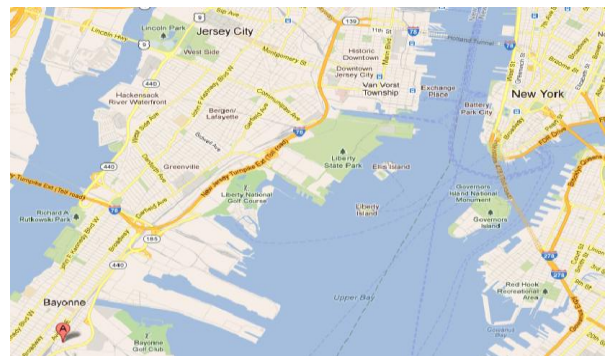
## KEY STATISTICS:

<b>Acquisition Date:</b>	03 Feb 2012
<b>Total Acquisition Cost:</b>	US\$104,087
<b>Est. Monthly Rents:</b>	
- Apt 1	US\$900
- Apt 2	US\$1,061
<b>Est. Annual Net Yield:</b>	8.1%

## OTHER COMMENTS:

- Less than ¼ mile to 22nd light rail station
- Walking distance to shopping and grocery outlets
- Walk Score®: 74

## LOCATION:



**ADDRESS:** 88 EAST 22ND STREET, BAYONNE, NJ 07002

**REGION:** BAYONNE



## PROPERTY DESCRIPTION:

- 2-family attached
- Apt. 1: 2 bed/1 bath
- Apt. 2: 2 bed/1 bath
- Spacious living rooms
- Approximate land size 3,375 sq ft

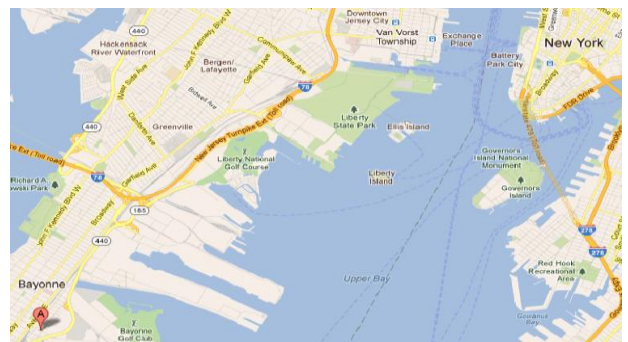
## KEY STATISTICS:

<b>Acquisition Date:</b>	03 Feb 2012
<b>Total Acquisition Cost:</b>	US\$200,437
<b>Est. Monthly Rents:</b>	
- Apt 1	US\$1,200
- Apt 2	US\$1,200
<b>Est. Annual Net Yield:</b>	8.1%

## OTHER COMMENTS:

- Less than ¼ mile to 22nd St light rail station
- Walking distance to shopping and grocery outlets
- Walk Score®: 74

## LOCATION:





**ADDRESS:** 90 EAST 22ND STREET, BAYONNE, NJ 07002

**REGION:** BAYONNE



## PROPERTY DESCRIPTION:

- 2-family attached
- Apt. 1: 3 bed/1 bath
- Apt. 2: 2 bed/1 bath
- Linoleum and carpeted floors
- Ceramic tiled bathrooms
- Full size appliances
- Approximate land size 1,645 sq ft

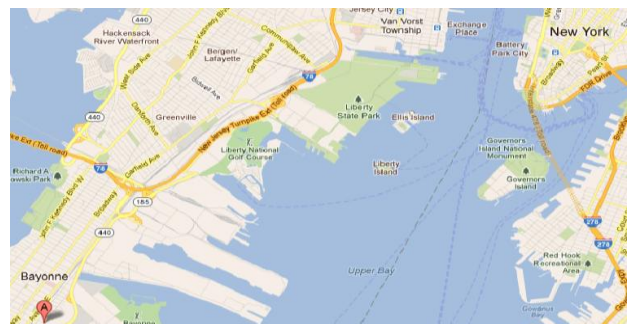
## KEY STATISTICS:

<b>Acquisition Date:</b>	03 Feb 2012
<b>Total Acquisition Cost:</b>	US\$144,241
<b>Est. Monthly Rents:</b>	
- Apt 1	US\$1,061
- Apt 2	US\$800
<b>Est. Annual Net Yield:</b>	8.1%

## OTHER COMMENTS:

- Less than ¼ mile to 22nd St light rail station
- Walking distance to shopping and grocery outlets
- Walk Score®: 74

## LOCATION:





**ADDRESS:** 92 EAST 22ND STREET, BAYONNE, NJ 07002

**REGION:** BAYONNE



## PROPERTY DESCRIPTION:

- 2-family attached
- Apt. 1: 4 bed/1 bath
- Apt. 2: 4 bed/1 bath
- Wooden floors
- Full size appliances
- Approximate land size 1,587 sq ft

## KEY STATISTICS:

**Acquisition Date:** 03 Feb 2012

**Total Acquisition Cost:** US\$262,682

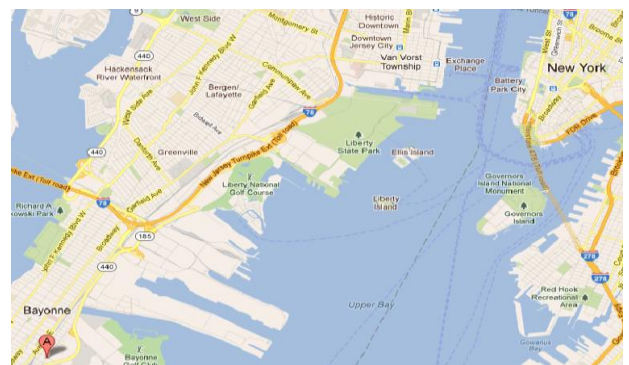
**Est. Monthly Rents:**  
- Apt 1 US\$1,480  
- Apt 2 US\$1,400

**Est. Annual Net Yield:** 8.1%

## OTHER COMMENTS:

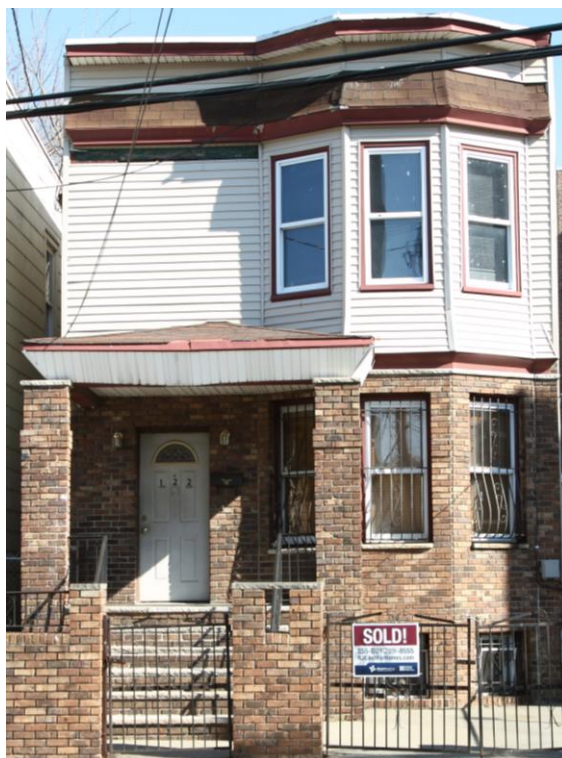
- Less than ¼ mile to 22nd St light rail station
- Walking distance to shopping and grocery outlets
- Walk Score®: 74

## LOCATION:



**ADDRESS:** 122 WARNER AVENUE, JERSEY CITY, NJ 07305

**REGION:** GREENVILLE



## PROPERTY DESCRIPTION:

- 2-family detached
- Apt. 1: 3 bed/1 bath
- Apt. 2: 2 bed/1 bath
- Ceramic tiled bathrooms
- Full size appliances
- Approximate land size 2,400 sq ft

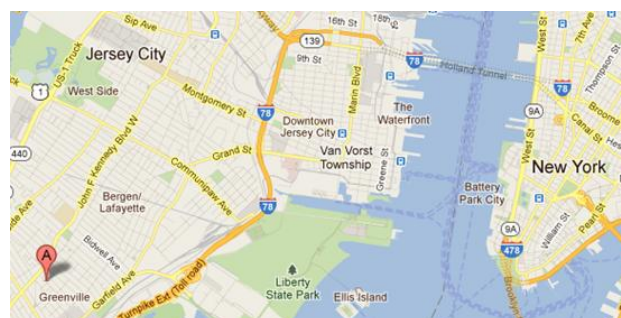
## KEY STATISTICS:

<b>Acquisition Date:</b>	06 Feb 2012
<b>Total Acquisition Cost:</b>	US\$131,640
<b>Est. Monthly Rents:</b>	
- Apt 1	US\$1,100
- Apt 2	US\$950
<b>Est. Annual Net Yield:</b>	10.0%

## OTHER COMMENTS:

- Less than  $\frac{3}{4}$  miles to Richard Street light rail station
- Less than  $\frac{1}{2}$  mile to Fems Park and Muhammad Ali Park
- Less than  $\frac{3}{4}$  miles to Claremont Library
- Walking distance to shopping and grocery outlets
- Walk Score®: 88

## LOCATION:



**ADDRESS:** 70 WILKINSON AVENUE, JERSEY CITY, NJ 07306

**REGION:** GREENVILLE



## PROPERTY DESCRIPTION:

- 2-family attached
- Apt. 1: 2 bed/1 bath
- Apt. 2: 2 bed/1 bath
- Carpeted
- Ceramic tiled bathrooms
- Approximate land size 1,500 sq ft

## KEY STATISTICS:

**Acquisition Date:** 07 Feb 2012

**Total Acquisition Cost:** US\$137,019

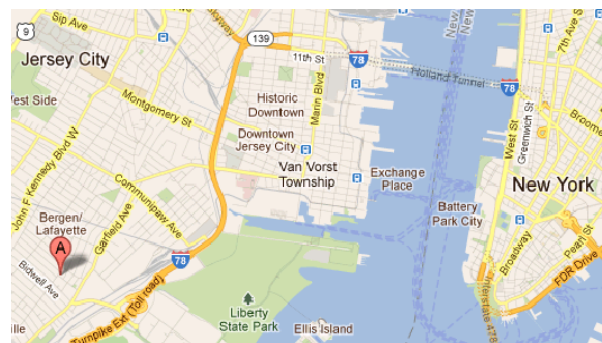
**Est. Monthly Rents:**  
- Apt 1 US\$1,000  
- Apt 2 US\$1,000

**Est. Annual Net Yield:** 10.5%

## OTHER COMMENTS:

- Less than ½ mile to Richard Street light rail station
- Less than ½ mile to Skinner Park and Audubon Park
- Approx. ¼ mile to Claremont Library
- Walking distance to shopping and grocery outlets
- Walk Score®: 83

## LOCATION:





**ADDRESS:** 166 CARTERET AVENUE, JERSEY CITY, NJ 07305

**REGION:** GREENVILLE



## PROPERTY DESCRIPTION:

- 2-family detached
- Apt. 1: 4 bed/1 bath
- Apt. 2: 6 bed/1 bath
- Ceramic tiled kitchens and bathrooms
- Approximate land size 2,500 sq ft

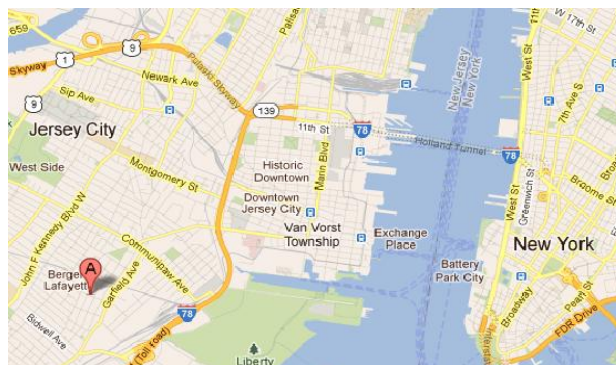
## KEY STATISTICS:

<b>Acquisition Date:</b>	09 Feb 2012
<b>Total Acquisition Cost:</b>	US\$173,766
<b>Est. Monthly Rents:</b>	
- Apt 1	US\$1,350
- Apt 2	US\$1,700
<b>Est. Annual Net Yield:</b>	13.0%

## OTHER COMMENTS:

- Less than ¼ mile to Garfield Avenue light rail station
- Less than ½ mile to Arlington Park and Skinner Park
- Less than ½ mile to Claremont Library
- Walking distance to shopping and grocery outlets
- Walk Score®: 69

## LOCATION:





**ADDRESS:** 123 CUSTER AVENUE, JERSEY CITY, NJ 07305

**REGION:** GREENVILLE



## PROPERTY DESCRIPTION:

- 2-family detached
- Apt. 1: 2 bed/1 bath
- Apt. 2: 3 bed/1 bath
- Ceramic tiled kitchens and bathrooms
- Wooden floors
- Full size appliances
- Approximate land size 2,500 sq ft

## KEY STATISTICS:

**Acquisition Date:** 10 Feb 2012

**Total Acquisition Cost:** US\$144,268

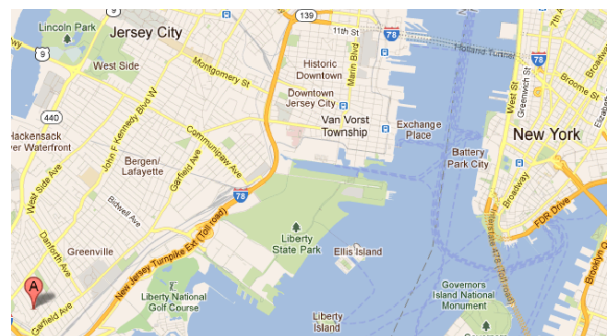
**Est. Monthly Rents:**  
- Apt 1 US\$950  
- Apt 2 US\$1,150

**Est. Annual Net Yield:** 8.6%

## OTHER COMMENTS:

- Less than ½ mile to Mercer County Park and Columbia Park
- Walking distance to shopping and grocery outlets
- Walk Score®: 80

## LOCATION:



**ADDRESS:** 36 WEST 19TH STREET, BAYONNE, NJ 07002

**REGION:** BAYONNE



## PROPERTY DESCRIPTION:

- 2-family detached
- Apt. 1: 3 bed/1 bath
- Apt. 2: 3 bed/1 bath
- Ceramic tiled bathrooms
- Approximate land size 2,500 sq ft

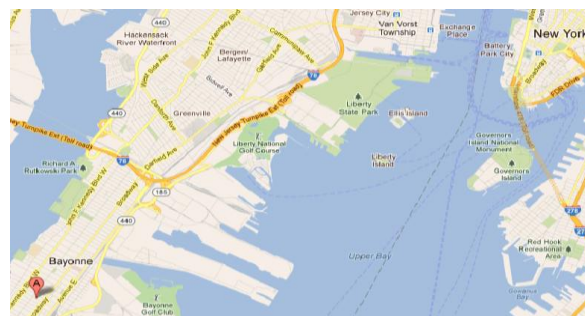
## KEY STATISTICS:

<b>Acquisition Date:</b>	14 Feb 2012
<b>Total Acquisition Cost:</b>	US\$192,943
<b>Est. Monthly Rents:</b>	
- Apt 1	US\$1,270
- Apt 2	US\$1,100
<b>Est. Annual Net Yield:</b>	8.0%

## OTHER COMMENTS:

- Less than ½ mile to 22nd St light rail station
- Walking distance to shopping and grocery outlets
- Walk Score®: 80

## LOCATION:



**ADDRESS:** 49 WARNER AVENUE, JERSEY CITY, NJ 07305

**REGION:** GREENVILLE



## PROPERTY DESCRIPTION:

- 2-family detached
- Apt. 1: 3 bed/1 bath
- Apt. 2: 3 bed/1 bath
- Carpeted floors
- Wooden kitchen cabinets
- Tiled bathrooms
- Approximate land size 2,725 sq ft

## KEY STATISTICS:

<b>Acquisition Date:</b>	16 Feb 2012
<b>Total Acquisition Cost:</b>	US\$139,277
<b>Est. Monthly Rents:</b>	
- Apt 1	US\$1,185
- Apt 2	US\$1,200
<b>Est. Annual Net Yield:</b>	11.9%

## OTHER COMMENTS:

- Approx ½ mile to Richard Street light rail station
- Less than ¼ mile to Muhammad Ali Park and Fems Park
- Less than ¾ miles to Claremont Library
- Walking distance to shopping and grocery outlets
- Walk Score®: 83

## LOCATION:



**ADDRESS:** 190 GRANT AVENUE, JERSEY CITY, NJ 07305

**REGION:** WEST BERGEN



## PROPERTY DESCRIPTION:

- 2-family detached
- Apt. 1: 3 bed/1 bath
- Apt. 2: 4 bed/1 bath
- Ceramic tiled bathrooms
- Renovated kitchens
- Newly carpeted
- Approximate land size 2,910 sq ft

## KEY STATISTICS:

<b>Acquisition Date:</b>	17 Feb 2012
<b>Total Acquisition Cost:</b>	US\$167,413
<b>Est. Monthly Rents:</b>	
- Apt 1	US\$1,220
- Apt 2	US\$1,300
<b>Est. Annual Net Yield:</b>	11.0%

## OTHER COMMENTS:

- ¼ mile to West Side Avenue light rail station
- Less than ½ mile to Audubon Park and Fulton Avenue Park
- ¼ mile to Claremont Library
- Walking distance to shopping and grocery outlets
- Walk Score®: 78

## LOCATION:





**ADDRESS:** 126 GRANT AVENUE, JERSEY CITY, NJ 07305

**REGION:** GREENVILLE



## PROPERTY DESCRIPTION:

- 2-family detached
- Apt. 1: 3 bed/1 bath
- Apt. 2: 5 bed/2 bath
- Fully renovated
- New kitchens and cabinets
- Approximate land size 3,324 sq ft

## KEY STATISTICS:

**Acquisition Date:** 22 Feb 2012

**Total Acquisition Cost:** US\$229,193

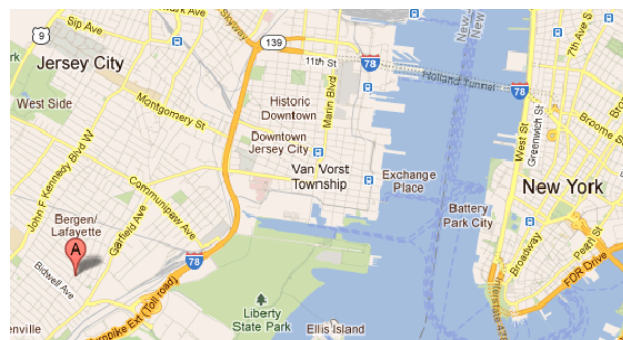
**Est. Monthly Rents:**  
- Apt 1 US\$1,300  
- Apt 2 US\$1,500

**Est. Annual Net Yield:** 10.2%

## OTHER COMMENTS:

- Approx. ¼ mile to Martin Luther King Drive light rail station
- Less than ½ mile to Audubon Park and Fulton Avenue Park
- Less than ¼ mile to Claremont Library
- Walking distance to shopping and grocery outlets
- Walk Score®: 82

## LOCATION:



**ADDRESS:** 283 GRANT AVENUE, JERSEY CITY, NJ 07305

**REGION:** WEST BERGEN



## PROPERTY DESCRIPTION:

- 2-family detached
- Apt. 1: 1 bed (plus den)/1 bath
- Apt. 2: 3 bed/2 bath
- Hardwood and ceramic floors
- Full size appliances
- New kitchens
- Approximate land size 2,500 sq ft

## KEY STATISTICS:

**Acquisition Date:** 29 Feb 2012

**Total Acquisition Cost:** US\$208,854

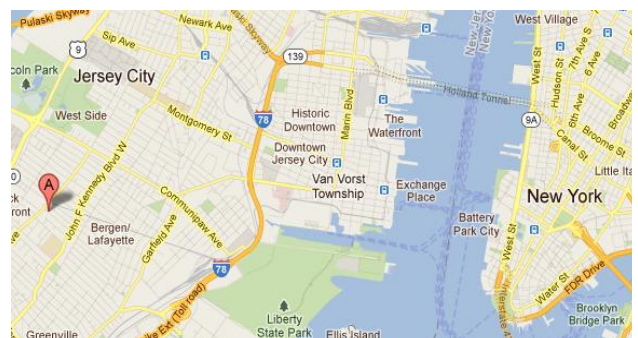
**Est. Monthly Rents:**  
- Apt 1 US\$1,250  
- Apt 2 US\$1,350

**Est. Annual Net Yield:** 8.7%

## OTHER COMMENTS:

- Less than ¼ mile to West Side Avenue light rail station
- Less than ½ mile to Cortney Fricchione Park and Audubon Park
- Less than ½ mile to Claremont Library
- Walking distance to shopping and grocery outlets
- Walk Score®: 86

## LOCATION:





**ADDRESS:** 181 MYRTLE AVENUE, JERSEY CITY, NJ 07305

**REGION:** GREENVILLE



## PROPERTY DESCRIPTION:

- 2-family detached
- Apt. 1: 3 bed/1 bath
- Apt. 2: 3 bed/1 bath
- Wooden floors
- Newly carpeted bedrooms
- Ceramic tiled bathrooms
- Full size appliances
- Approximate land size 2,250 sq ft

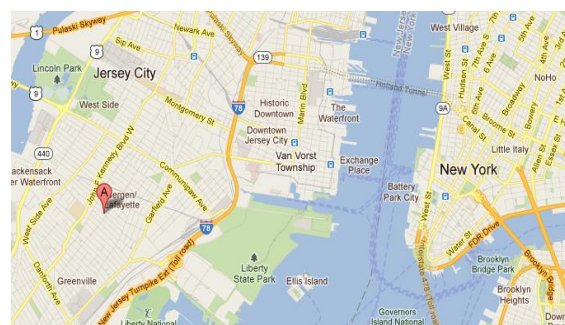
## KEY STATISTICS:

<b>Acquisition Date:</b>	29 Feb 2012
<b>Total Acquisition Cost:</b>	US\$164,236
<b>Est. Monthly Rents:</b>	
- Apt 1	US\$1,100
- Apt 2	US\$1,100
<b>Est. Annual Net Yield:</b>	10.0%

## OTHER COMMENTS:

- Less than ½ mile to Martin Luther King Drive light rail station
- Less than ½ mile to Audubon Park
- Approx ¼ mile to Claremont Library
- Walking distance to shopping and grocery outlets
- Walk Score®: 80

## LOCATION:



**ADDRESS:** 89 VAN NOSTRAND AVENUE, JERSEY CITY, NJ 07305

**REGION:** GREENVILLE



## PROPERTY DESCRIPTION:

- 4-family detached
- Apt. 1: 2 bed/1 bath
- Apt. 2: 2 bed/1 bath
- Apt. 3: 2 bed/1 bath
- Apt. 4: 3 bed/1 bath
- Ceramic tiled bathrooms
- Wooden floors
- Approximate land size 2,900 sq ft

## KEY STATISTICS:

<b>Acquisition Date:</b>	29 Feb 2012
<b>Total Acquisition Cost:</b>	US\$264,071
<b>Est. Monthly Rents:</b>	
- Apt 1	US\$900
- Apt 2	US\$900
- Apt 3	US\$900
- Apt 4	US\$900
<b>Est. Annual Net Yield:</b>	10.7%

## OTHER COMMENTS:

- Less than ½ mile to Richard Street light rail station
- Less than ¼ mile to Muhammad Ali Park
- Approx ¾ mile to Claremont Library
- Walking distance to shopping and grocery outlets
- Walk Score®: 82

## LOCATION:

