



# **US Masters Residential Property Fund (Fund)**

## **ASX Code: URF**

## **Investment and NTA Update - 31 December 2017**

### **NTA Update**

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The estimated unaudited net tangible asset before withholding tax on unpaid distributions as at 31 December 2017 was \$1.59\* per unit on a fully diluted basis.

If estimated tax at 21% on unrealised portfolio gains or losses were recognised, the estimated unaudited post-tax net asset value before withholding tax on unpaid distributions as at 31 December 2017 would be \$1.48\* per unit on a fully diluted basis.

On 22 December 2017, the US government enacted the Tax Cuts and Jobs Act which, among other initiatives, reduces the US corporate tax rate from 35% to 21%. Because the Foreign Investment in Real Property Tax Act ('FIRPTA') rate of withholding on distributions of capital gains is based on the US corporate tax rate, the Fund has reduced its deferred tax liability to reflect the change in the required rate of withholding from 35% to 21%. The change in the rate of withholding results in a \$36.1M reduction in the deferred tax liability as recorded at 30 June 2017. The Fund is currently in the process of completing its annual financial report, and any change in the deferred tax liability resulting from the property portfolio fair value exercise will be reflected in the annual report.

The Fund is a long-term investor and does not intend to dispose of its total portfolio, though as part of its ongoing capital management program it will from time to time dispose select properties and generally reinvest the proceeds into the target market.

The Fund is in the process of finalising its half-yearly property portfolio valuation exercise. The independent appraisal and property valuation will be included in the 31 December 2017 full year financial report. Accordingly, the NTA as at 31 December 2017 of \$1.59\* does not take into account any potential changes to the property portfolio fair value that might arise from that revaluation exercise.

### **Property Portfolio Update**

During the month, the Fund acquired 4 properties for a total acquisition cost of US\$1,450,900. Please find the detailed descriptions of each property on the following pages.

The Fund also closed on the sale of 1 property for a total sales price of US\$1,900,000 with the net proceeds to be redeployed into the Fund's target markets.

\*Source: Walsh & Company Investments Limited – the historical performance is not a guarantee of the future performance of the Portfolio or the Fund.

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US Masters Residential Property Fund is the first Australian-listed entity with the primary strategy of investing in the US residential property market. Its portfolio comprises freestanding and multi-dwelling properties in the New York metropolitan area.



**ADDRESS:** 58 Waverly Street, Jersey City, NJ 07306

**REGION:** Jersey City Heights



### KEY STATISTICS:

Acquisition Date:	1 December 2017
Total Acquisition Cost:	US\$531,481
Estimated Monthly Rent:	
Apt1:	US\$2,750
Apt2:	US\$3,250
Estimated Annual Net Yield:	6.27%

### PROPERTY DESCRIPTION:

- 2-family detached
- Apt1: 3 bed/1 bath
- Apt2: 4 bed/1 bath

### LOCATION:



### OTHER COMMENTS:

58 Waverly is a two-family home in Jersey City Heights, sitting on a large lot with ample space for parking. In need of some light internal and external repairs, the home has two well configured and spacious apartments, providing great bones for the projects team to build on. Located only 30 minutes from downtown Manhattan and just four minutes' walk to the bustling Central Avenue, once renovated it should see strong rental demand.



**ADDRESS:** 231 Grant Avenue, Jersey City, NJ 07305

**REGION:** West Bergen



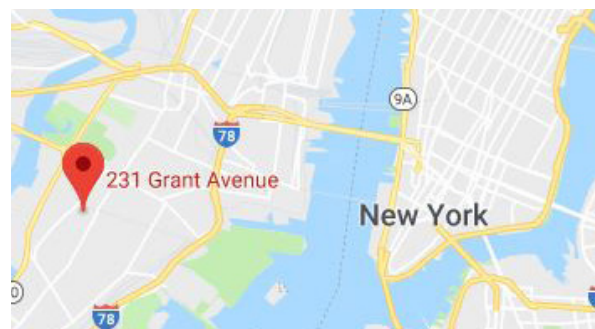
### KEY STATISTICS:

Acquisition Date:	6 December 2017
Total Acquisition Cost:	US\$340,145
Estimated Monthly Rent:	
Apt1:	US\$1,595
Apt2:	US\$1,595
Estimated Annual Net Yield:	4.42%

### PROPERTY DESCRIPTION:

- 2-family detached
- Apt 1: 2 bed/1 bath
- Apt 2: 2 bed/1 bath

### LOCATION:



### OTHER COMMENTS:

Convenience is key for this lovely two-family home. On a quiet one-way street, it is just moments from the amenities lining West Side Avenue, and only a 30 minute commute to Manhattan. Grant Avenue is a long-time favourite of the Fund, and we were pleased to add another property to the portfolio on the street. After a very modest renovation, we expect to have this property on the rental market within a few months and see it being extremely desirable for prospective tenants.



**ADDRESS:** 87 West 33<sup>rd</sup> Street, Bayonne, NJ 07002

**REGION:** Bayonne



### KEY STATISTICS:

Acquisition Date:	6 December 2017
Total Acquisition Cost:	US\$250,123
Estimated Monthly Rent:	
Apt1:	US\$3,000
Estimated Annual Net Yield:	4.00%

### PROPERTY DESCRIPTION:

- 1-family detached
- Apt 1: 4 bed/2 bath

### LOCATION:



### OTHER COMMENTS:

This detached single family home located in Bayonne features a four bedroom, two bathroom interior layout. Only a 10 minute walk to the light rail station means that commuting to Manhattan will be very efficient for future tenants. Just a few minutes' walk down the road there are restaurants and amenities lining the Broadway corridor, and the Bayonne rental market remains strong for the fund.



**ADDRESS:** 176 West 31<sup>st</sup> Street, Bayonne, NJ 07002

**REGION:** Bayonne



### KEY STATISTICS:

Acquisition Date:	6 December 2017
Total Acquisition Cost:	US\$329,156
Estimated Monthly Rent:	
Apt1:	US\$1,595
Apt2:	US\$2,395
Estimated Annual Net Yield:	4.65%

### PROPERTY DESCRIPTION:

- 2-family detached
- Apt 1: 2 bed/1 bath
- Apt 2: 4 bed/2 bath

### LOCATION:



### OTHER COMMENTS:

On a quiet, dead-end street you will find this two-family home. Benefitting from its position on a wide lot, the property has large windows, light and spacious apartments and three full parking spaces. Just a few doors up from the water, and walking distance to the High School, the property will rent well. The property is located just 45 minutes from downtown Manhattan and surrounded by grocers, restaurants and recreation facilities.

