

US Masters Residential Property Fund

ASX Code: URF

Investor Update Webinar Presentation

The following presentation will be delivered by webinar at 3pm today.

A copy of the webinar will be available on the Fund's website following the presentation.

For further information contact:

Investor Relations

Ph: 1300 027 055

E: info@usmrpf.com

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.



US Masters
Residential
Property Fund

Fund and strategy update

20 June 2019

Disclaimer

This presentation is prepared by Walsh & Company Investments Limited (ACN 152 367 649, AFSL 410 433) (Responsible Entity), the responsible entity for the US Masters Residential Property Fund (ARSN 150 256 161) (Fund). The investment manager of the Fund is URF Investment Management Pty Limited (ACN 600 188 805, CAR No. 1009350) (Investment Manager).

This presentation may contain general advice. Any general advice provided has been prepared without taking into account your objectives, financial situation or needs. Before acting on the advice, you should consider the appropriateness of the advice with regard to your objectives, financial situation and needs. Past performance is not a reliable indicator of future performance. All figures in this presentation are in AUD unless stated otherwise.

This presentation may contain statements, opinions, projections, forecasts and other material (forward looking statements), based on various assumptions. Those assumptions may or may not prove to be correct. Neither the Responsible Entity, the Investment Manager or their advisers (including all of their respective directors, consultants and/or employees, related bodies corporate and the directors, shareholders, managers, employees or agents of any of them) (Parties) make any representation as to the accuracy or likelihood of fulfilment of the forward-looking statements or any of the assumptions upon which they are based. Actual results, performance or achievements may vary materially from any projections and forward looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward looking statements and the Parties assume no obligation to update that information.

The Parties give no warranty, representation or guarantee as to the accuracy or completeness or reliability of the information contained in this document. The Parties do not accept, except to the extent permitted by law, responsibility for any loss, claim, damages, costs or expenses arising out of, or in connection with, the information contained in this presentation. Any recipient of this presentation should independently satisfy themselves as to the accuracy of all information contained in this presentation.

Addressing discount to NAV

The Responsible Entity has instructed the Investment Manager to commence selling properties

- Implementation options
 - One-by-one
 - Bulk sales
 - Corporate transactions
- Waiving all disposal fees indefinitely
 - Investment management, leasing, acquisition fees already waived indefinitely
- Intention to pay down Notes II (ASX:URFHB) & Notes III (ASX:URFHC) early
 - Minimum early repayment of \$33 per note on Notes II for 30 September 2019, further repayments are proposed until full face value repaid prior to maturity.
Notes III paydown will follow. Interest payments will continue to be made
- Distributions to holders of ordinary units for 30 June 2019 reduced to 1 cent per Unit
- No change to Convertible Preference Unit (CPU) (ASX:URFPA) distribution

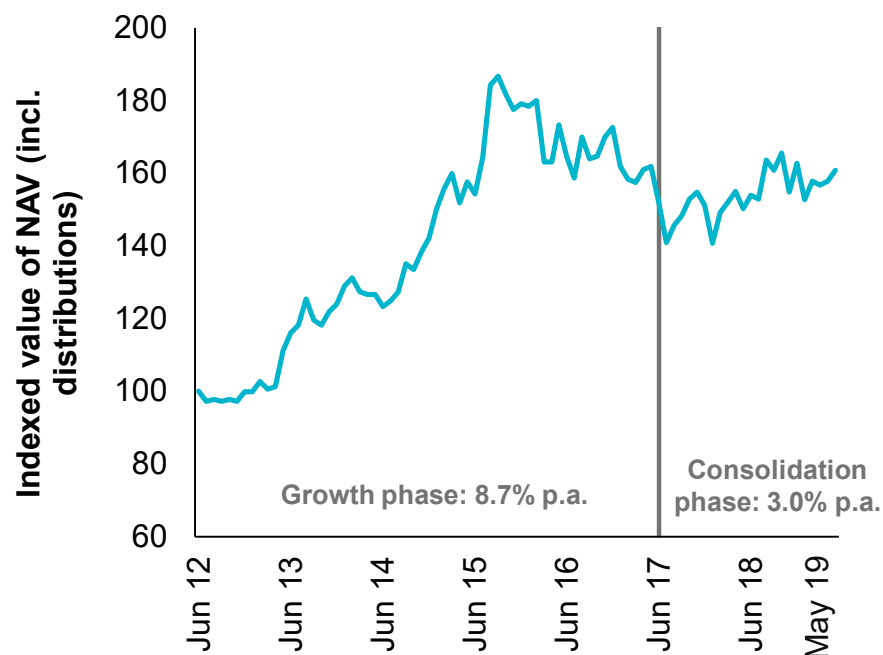
Fund strategy and returns

Ready to commence next phase of strategy

Fund evolution

- Opportunity with weak US housing market and strong Australian dollar
- Started in workforce, limited renovation
- Entered New Jersey and New York premium
- Value opportunity in renovating high quality houses
- Construction now substantially complete, implementing next phase

NAV Total Returns



Total NAV return over this period: 7.1% p.a.

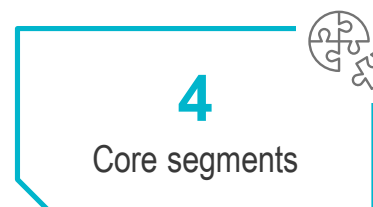
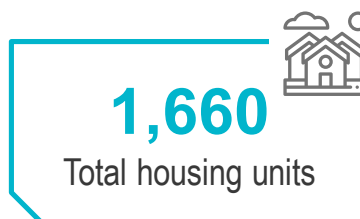
Source: Investment Manager; as at 31 May 2019. 31 May 2019 figure is unaudited
Past performance is not a reliable indicator of future performance

Portfolio snapshot

Leading operator of New York metro single-family rental properties

- Focus on high growth markets and exposure to rapidly gentrifying neighbourhoods
- All properties less than 1 hour commute to mid-town Manhattan by public transport
- Only large-scale exposure to NYC single-family housing

Key statistics



Note: As at 31 May 2019

Pure-play NYC investment

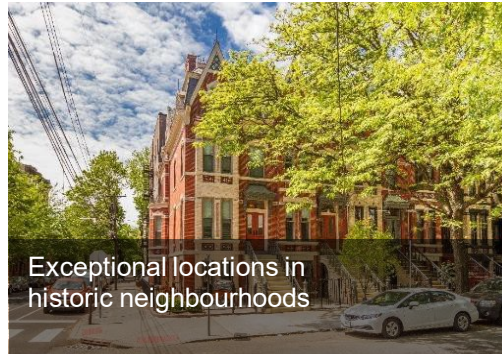
Core single family housing markets (all figures US\$)

New Jersey Workforce



- Average household income \$95,685
- Average rent: \$1,745/month (per unit)
- Lower acquisition cost (~\$200k to \$400k, per unit)
- Light renovation capex (~\$25k+)
- Good public transport to Manhattan

New Jersey Premium



- Average household income \$364,286
- Average rent: \$6,136/month
- Higher acquisition cost (~\$1m to \$2m)
- Higher renovation spec (~\$500k+)
- Historic homes featuring classic architecture
- Outstanding public transport to Manhattan

New York Premium



- Average household income \$1,025,247
- Average rent: \$7,240/month
- Highest acquisition cost (~\$1.5m to \$3m)
- Higher renovation spec (~\$500k+)
- Well-located relative to employment centres

Focus on renovation market

Strategy driven by value opportunity in renovation market

- Following GFC, mortgage and credit markets dysfunctional
 - Funding for renovation market extremely tight
 - Opportunity to find attractive properties requiring renovation
- Renovation process
 - Pre construction: architecture and design
 - Construction: demolition to close out
 - Typically 6–12 months in construction
- All arrangements industry benchmarked and independently reviewed

Next phase

Timeframe dependent on sale path

Portfolio statistics[#]

- Fully leased rental capacity: US\$42m
- Gross yield: c.5%
- Net yield: c.3% (after property expenses[^] and 5% vacancy assumption)
- Vacancy: 5% (as at May, adjusted for construction and held for sale)
- Rent growth (2017 and 2018)
 - Existing tenants: 4% and 3%
 - New tenants: 7% and 4%

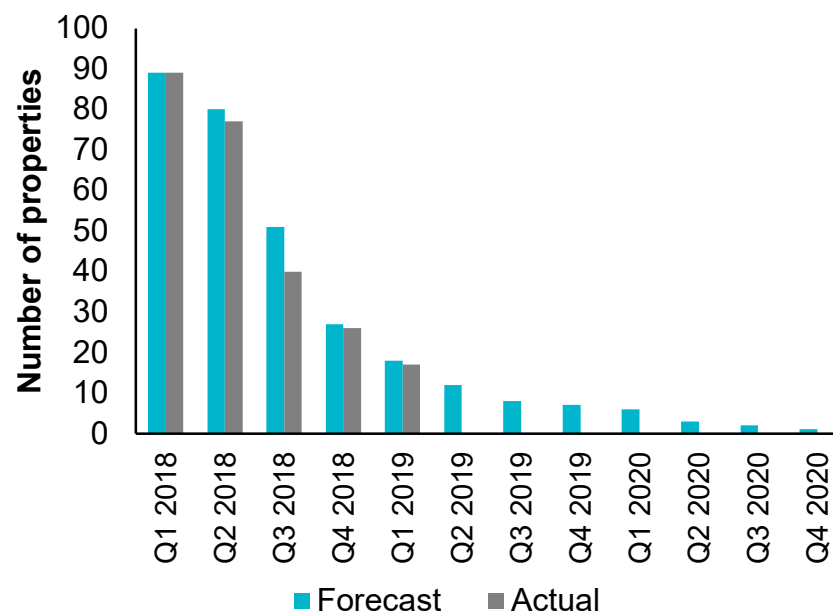
Process execution – value driven

- Single family rental market facilitates bulk and corporate transactions
- One-by-one highest cost (mid to high single digit percentage closing costs)

Source: Investment Manager; as at 31 May 2019

[#] Estimated based on the current portfolio, assuming all renovations completed, the portfolio is fully leased, and including estimates of rent and property costs. These projections are based on assumptions of no material changes to portfolio holdings or market conditions | [^] Property expenses like taxes, utilities and insurance, however excludes non-property expenses such as interest.

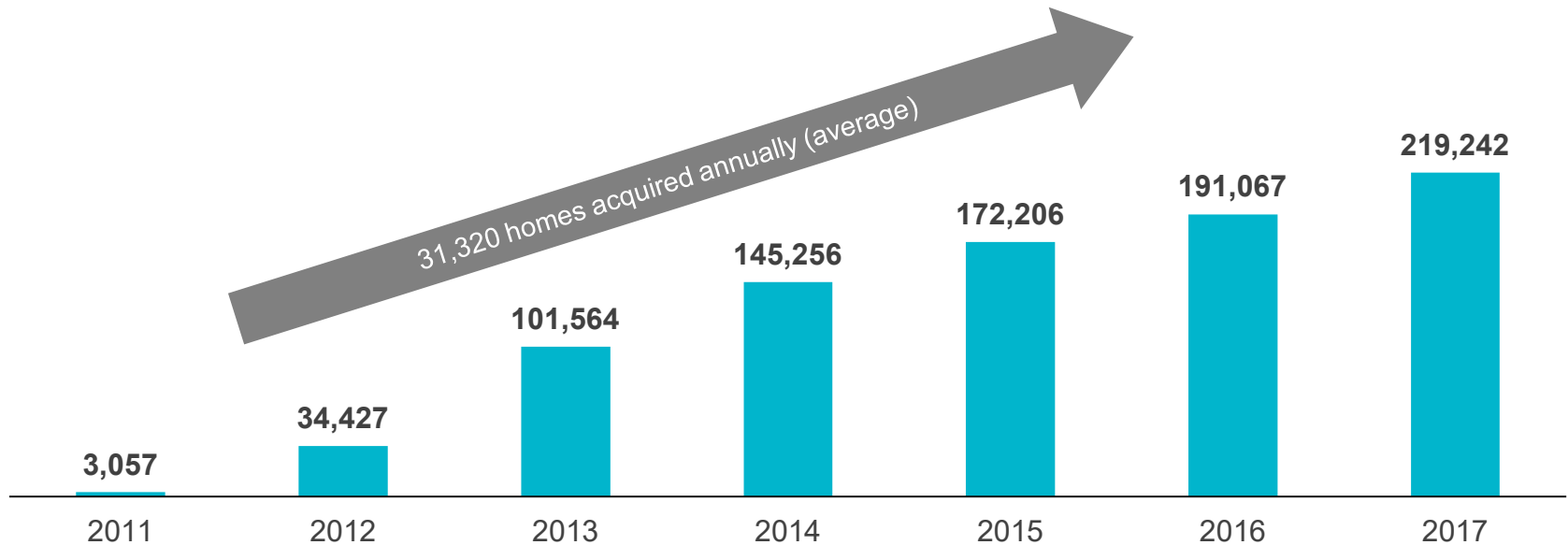
Renovation pipeline



Single family rental market

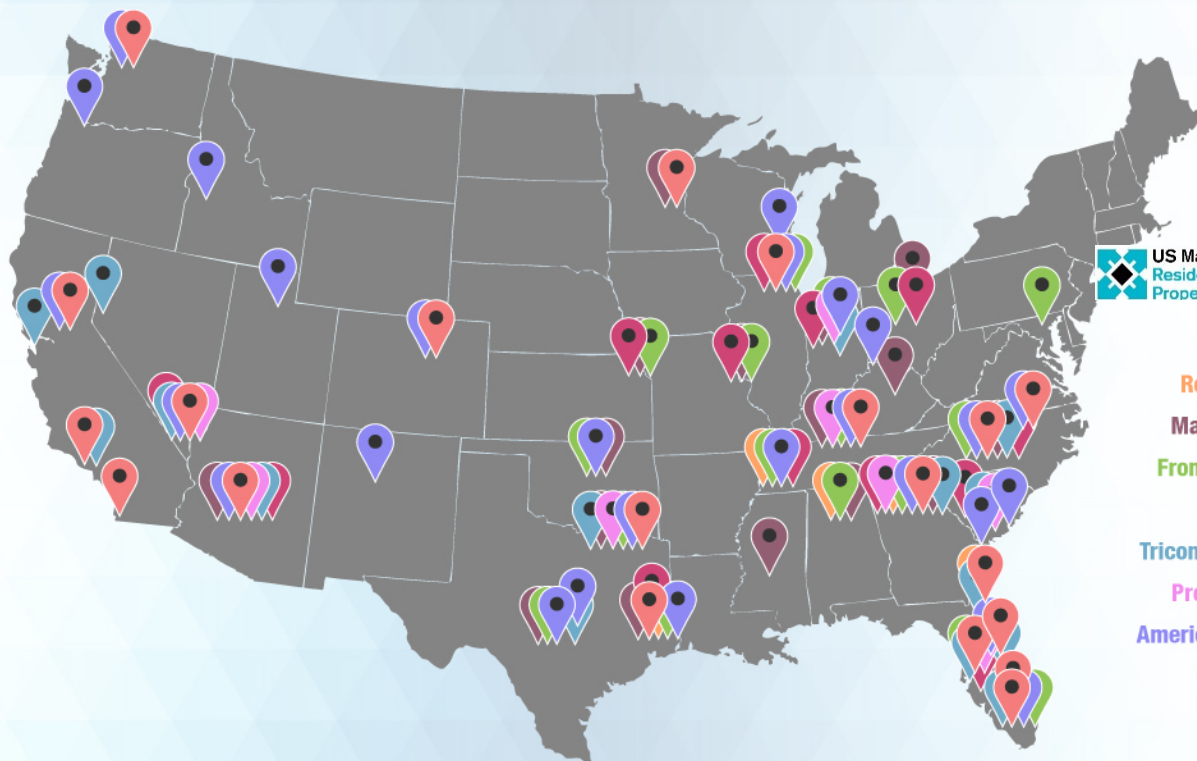
Single family rental represents largest part of US property market, less than 3% held by institutions but growing rapidly

Cumulative institutional single family rental homes purchased since 2011



Source: Amherst Capital Management
Historical performance is not a reliable indicator of future performance

Single family rental market (cont'd)



US Masters
Residential
Property Fund



Reven Housing REIT	799	\$60.4M	\$76K
Main Street Renewal	10,742	\$1.5B	\$141K
Front Yard Residential	12,574	\$1.8B	\$143K
FirstKey Homes	14,000	\$1.9B	\$136K
Tricon American Homes	15,584	\$2.9B	\$154k
Progress Residential	22,320	\$4.1B	\$183K
American Homes 4 Rent	51,239	\$9.2B	\$180K
Invitation Homes	82,570	\$17.3B	\$210K

Source: Investment Manager; as at 31 December 2017
All figures are \$USD

Net asset value backing

Fund portfolio independently valued every six months

Net Asset Value calculation

- NAV figure based on total assets of Fund, less all bank debt, Notes, and preference units, as well as working capital and tax
- May Pre-tax NAV: \$1.59 per unit
- May Post-tax NAV: \$1.39 per unit

Valuation process

- Groupings
- Sampling
- Extrapolation
- Rotation

Buybacks

- Priority is paying down Notes, reduce gearing
- If significant discount continues, we may then consider buybacks

Outlook for NYC property



We believe New York Metropolitan area real estate continues to represent a tremendous store of wealth



Increasing demand, limited housing stock, low vacancy, high barriers to entry



The Federal Reserve is continuing to signal that it may keep interest rates low for the foreseeable future

Source: Investment Manager