

# **US Masters Residential Property Fund (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: [URFInvestorRelations@usmrpf.com](mailto:URFInvestorRelations@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

18 July 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.

# Sales Process

## June Sales Highlights



## Properties Under Contract



## Actively Listed Properties



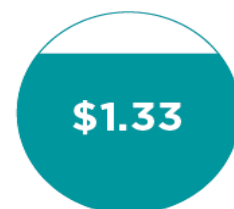
Notes: (1) Source: Investment Manager, as at 10 July 2019, (2) After accounting for selling costs of approximately US\$0.28M, the net result of these seven transactions was a 3% discount to book value. (3) Properties sold, and under contract are located in both Hudson County Workforce and Hudson County Premium segments. (4) Additional properties across Hudson County Workforce, Hudson County Premium, New York Premium and multifamily have been earmarked for sale. (5) If properties are sold one by one, a full program may take 2+ years.

# Net Asset Value (NAV) Breakdown

ASSETS	\$1,512m	Investment Properties <sup>4</sup>	Cash	Other
LESS LIABILITIES (excl. tax) <sup>5</sup>	(\$735m)	Bank debt <sup>8</sup>	Notes <sup>6</sup>	Other
LESS CPUs <sup>7</sup> (at face value)	(\$199m)	CPUs <sup>7</sup>		
EQUALS PRE-TAX NAV	\$578m			
LESS DEFERRED TAX LIABILITIES <sup>5</sup>	(\$76m)			
EQUALS POST-TAX NAV	\$502m			
DIVIDED BY ORDINARY UNITS OUTSTANDING	377m			



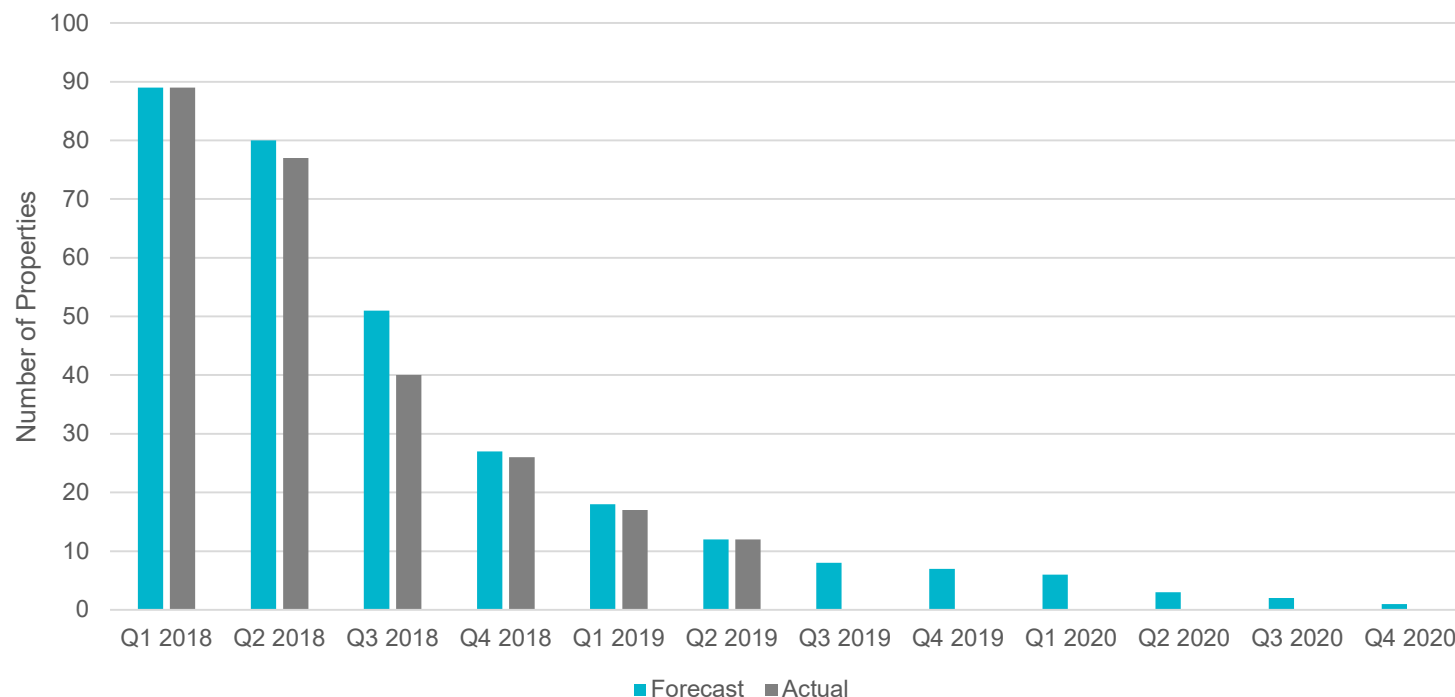
**Pre tax  
NAV per unit  
(\$/unit)**



**Post tax  
NAV per unit  
(\$/unit)**

Notes: (1) Source: Investment Manager, (2) As at 30 June 2019, (3) NAV excludes selling costs; expectations for selling costs are low single digit percentages for multifamily properties and mid to high single digit percentages for 1-4 family homes, (4) 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 30 June 2019 half year financial report. Accordingly, the NAV as at 30 June 2019 of \$1.53 per unit does not take into account any potential changes to the property portfolio fair value that might arise from that revaluation exercise, (5) Liabilities excludes deferred tax liabilities. Deferred tax liabilities is the estimated tax obligations which may arise in connection with the realisation and distribution of taxation capital gains associated with its property assets, (6) Notes refer to URFHB and URFHC at face value. (7) CPUs refer to Convertible Step-up Preference Units (ASX: URFPA). For the purpose of calculating the NAV, the above figures assume a cash settlement of the CPUs. No decision has been made regarding the conversion of the CPUs, (8) Bank debt refers to all other borrowings, (9) Past performance is not a reliable indicator of future performance.

# Renovation Pipeline



Notes: (1) Source: Investment Manager, (2) Forecasts as at 28 August 2017, (3) Actuals as at 30 June 2019, (4) At the end of Q2, 12 properties in renovation pipeline with aggregate estimated construction remaining of \$18.3M, (5) Renovation pipeline forecasts are indicative only, and property renovations may be completed sooner or later than indicated.

# Case Study – 6<sup>th</sup> Street

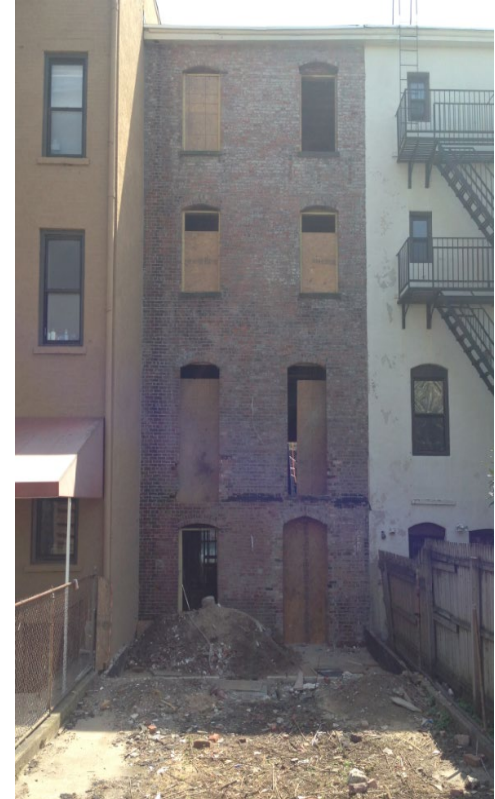
Before



Note: See slide 22 for Case Study Economics

# Case Study – 6<sup>th</sup> Street

## Before



Note: See slide 22 for Case Study Economics

# Case Study – 6<sup>th</sup> Street

After



Note: See slide 22 for Case Study Economics

# Case Study – 6<sup>th</sup> Street

After



Note: See slide 22 for Case Study Economics

# Case Study – 6<sup>th</sup> Street

## Appraisal

The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.

Property Address	6th St.	City	Jersey City	State	NJ	Zip Code	07302
Borrower	Owner of Public Record		Brisban URF LLC	County	Hudson		
Legal Description							
Assessor's Parcel #	06-11203-0000-00029		Tax Year	2018	R.E. Taxes \$	28,860	
Neighborhood Name	Downtown		Map Reference	35614	Census Tract	0024.00	
Occupant	<input type="checkbox"/> Owner	<input type="checkbox"/> Tenant	<input checked="" type="checkbox"/> Vacant	Special Assessments \$	0	<input type="checkbox"/> PUD	HOA \$ 0 <input type="checkbox"/> per year <input type="checkbox"/> per month
Property Rights Appraised	<input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other (describe)						
Assignment Type	<input type="checkbox"/> Purchase Transaction <input type="checkbox"/> Refinance Transaction <input checked="" type="checkbox"/> Other (describe) Asset Valuation						
Lender/Client	Dixon Advisory		Address 140 Broadway, 28th Floor, New York, NY 10005				
Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No							
Report data source(s) used, offering price(s), and date(s). MLS Hudson County and NJ tax records.							

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
Address	6th St. Jersey City, NJ 07302	365 3rd St Jersey City, NJ 07302		103 Grand St Jersey City, NJ 07302		225 8th St Jersey City, NJ 07302	
Proximity to Subject		0.38 miles SW		0.79 miles SE		0.09 miles NE	
Sale Price	\$	\$	1,800,000	\$	2,410,000	\$	2,250,000
Sale Price/Gross Liv. Area	\$ sq.ft.	\$ 692.31 sq.ft.		\$ 926.92 sq.ft.		\$ 892.86 sq.ft.	
Data Source(s)		170012446 MLS;DOM 13		180001818 MLS;DOM 25		170015719 MLS;DOM 7	
Verification Source(s)		9244-332 deed filed		deed bk 9300, page 303		Verified Realtor/deed not filed yet	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment
Sale or Financing		ArmLth		ArmLth		ArmLth	
Concessions		Conv:0		Conv:0		Conv:0	
Net Adjustment (Total)		<input checked="" type="checkbox"/> + <input type="checkbox"/> -	\$ 120,000	<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ -5,000	<input checked="" type="checkbox"/> + <input type="checkbox"/> -	\$ 82,500
Adjusted Sale Price		Net Adj.	6.7 %	Net Adj.	0.2 %	Net Adj.	3.7 %
of Comparables		Gross Adj.	8.9 %	Gross Adj.	0.6 %	Gross Adj.	8.1 %
			\$ 1,920,000		\$ 2,405,000		\$ 2,332,500

Notes: (1) Source: Independent Third Party Appraiser, May 2018, (2) Due to the unique characteristics of each property, individual property results and data may not be reflective of, and cannot be indicative of, current or future overall portfolio results and data.

# Case Study – State Street

Before



Note: See slide 22 for Case Study Economics

# Case Study – State Street

## Before



Note: See slide 22 for Case Study Economics

# Case Study – State Street

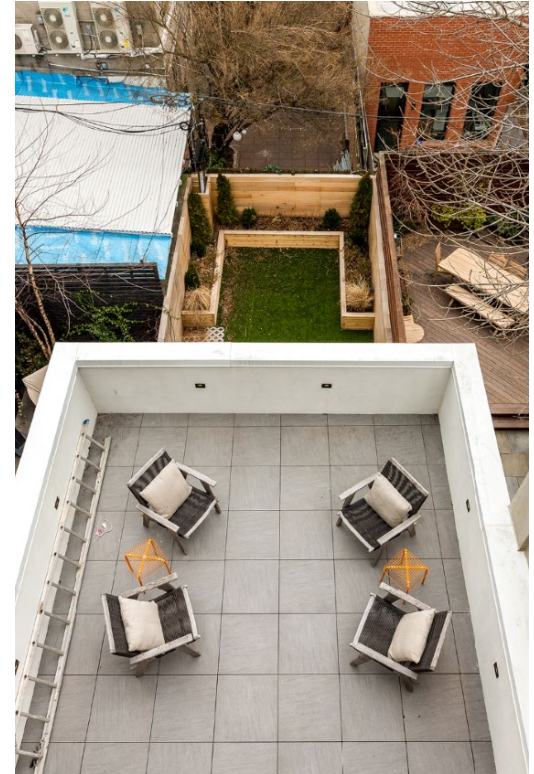
After



Note: See slide 22 for Case Study Economics

# Case Study – State Street

After



Note: See slide 22 for Case Study Economics

# Case Study – State Street

## Appraisal

### PRIMARY SOLD

Address	Sqft	\$/Sqft	Date	Price	Units	Status
465 State St	3938	\$1,314.12	7/20/2018	\$5,175,000	1	Sold
92 Bergen St	3990	\$1,466.17	7/24/2017	\$5,850,000	1	Sold
293 Warren St	2560	\$1,796.88	8/8/2018	\$4,600,000	1	Sold

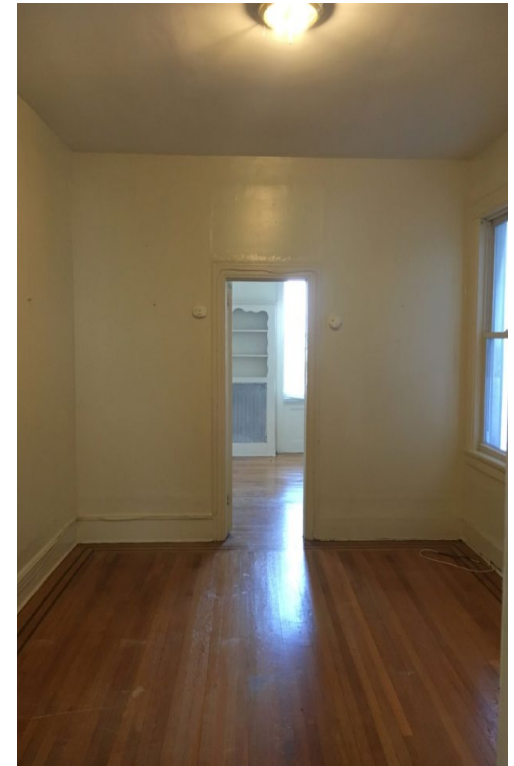
### PRIMARY ACTIVE

Address	Sqft	\$/Sqft	Date	Price	Units	Status
209 Dean St	3600	\$1,319.44	4/1/2017	\$4,750,000	1	On Mkt
345 State St	3280	\$1,295.73	8/1/2018	\$4,250,000	1	On Mkt

Notes: (1) Source: Independent Third Party Appraiser, February 2019, (2) Primary Sold means recently closed transactions, Primary Active means listings on the market, (3) Due to the unique characteristics of each property, individual property results and data may not be reflective of, and cannot be indicative of, current or future overall portfolio results and data.

# Case Study – Bowers Street

## Before – Unit 1



Note: See slide 22 for Case Study Economics

# Case Study – Bowers Street

## Before – Unit 2



Note: See slide 22 for Case Study Economics

# Case Study – Bowers Street

## After – Unit 1



Note: See slide 22 for Case Study Economics

# Case Study – Bowers Street

## After – Unit 2



Note: See slide 22 for Case Study Economics

# Case Study – Bowers Street

## Financial Metrics

Rents pre-renovation

Unit 1: \$1,150 per month

Unit 2: \$1,695 per month

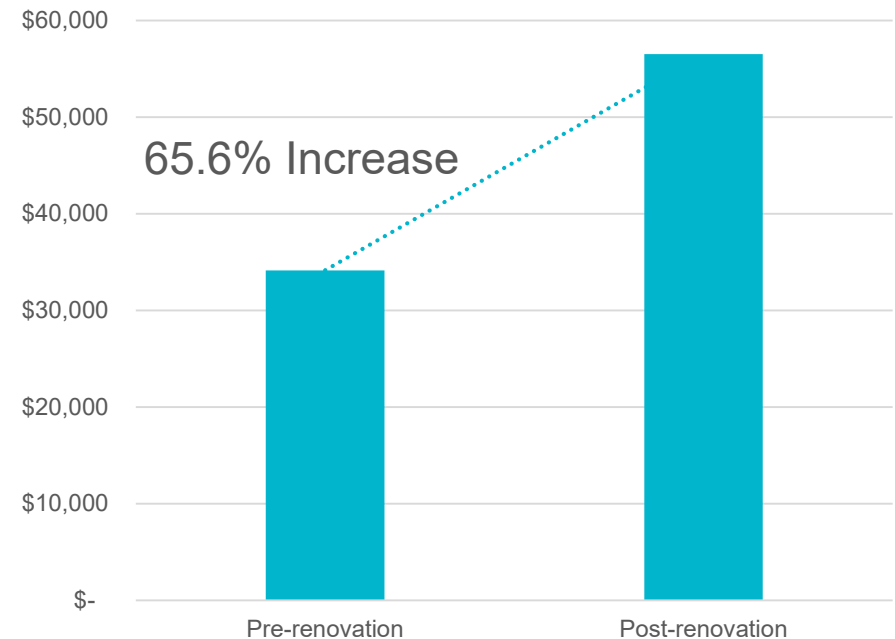
Rents post-renovation

Unit 1: \$2,415 per month

Unit 2: \$2,295 per month

ROI on renovation capital: 13.9%

## Annualised Rent Revenue



Notes: (1) Source: Investment Manager, (2) As at 30 June 2019, (3) Actual achieved rental revenue quoted for both pre and post-renovation

# Case Study – Bowers Street

## Appraisal

### APPRAISAL OF REAL PROPERTY



Note: (1) Source: Independent Third Party Appraiser, June 2019, (2) Due to the unique characteristics of each property, individual property results and data may not be reflective of, and cannot be indicative of, current or future overall portfolio results and data.

There are 5 comparable properties currently offered for sale in the subject neighborhood ranging in price from \$ 700,000 to \$ 800,000

There are 25 comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$ 590,000 to \$ 800,000

FEATURE		SUBJECT		COMPARABLE SALE # 1				COMPARABLE SALE # 2				COMPARABLE SALE # 3			
Address		Bowers St Jersey City, NJ 07307		560 Liberty Ave Jersey City, NJ 07307				22 Webster Ave Jersey City, NJ 07307				115 Bleecker St Jersey City, NJ 07307			
Proximity to Subject															
Sale Price		\$		\$ 720,000				\$ 780,000				\$ 925,000			
Sale Price/Gross Liv. Area		\$ sq.ft.		\$ 474.31 sq.ft.				\$ 326.09 sq.ft.				\$ 462.50 sq.ft.			
Data Source(s)				180023858 MLS;DOM 1				190005251 MLS;DOM 20				180023113 MLS;DOM 11			
Verification Source(s)				Deed Filed				Deed Filed				Deed Filed			
VALUE ADJUSTMENTS		DESCRIPTION		DESCRIPTION		+(-) \$ Adjustment		DESCRIPTION		+(-) \$ Adjustment		DESCRIPTION		+(-) \$ Adjustment	
Sales or Financing				ArmLth				ArmLth				ArmLth			
Concessions				Conv;0				Conv;0				Conv;0			
Date of Sale/Time				2/1/2019				5/10/2019				5/28/2019			
Location		Residential		Residential				Residential				Residential			
Leasehold/Fee Simple		Fee Simple		Fee Simple				Fee Simple				Fee Simple			
Site		2,750 sf		2,500 Sq.Ft.		0		2133 sf		+10,000		2500 sf			
View		Residential		Residential				Residential				Residential			
Design (Style)		2 Family		2 Family				2 Family				2 Family			
Quality of Construction		Average		Average				Average				New Good		-20,000	
Actual Age		119		119				112				1		-100,000	
Condition		New/Good		New/Good				New/Good				New/Good			
Above Grade		Total Bdrms. Baths		Total Bdrms. Baths				Total Bdrms. Baths				Total Bdrms. Baths			
Room Count		9 5 2		10 6 4.0		-40,000		11 5 2.0		0		12 6 4.0		-40,000	
Gross Living Area		1,907 sq.ft.		1,518 sq.ft.		+38,900		2,392 sq.ft.		-48,500		2,000 sq.ft.		-9,300	
Basement & Finished		Basement		Basement				Basement				Basement			
Rooms Below Grade		0		0				finished bath		-10,000		half bath		-5,000	
Functional Utility		n/a		n/a				n/a				n/a			
Heating/Cooling		gas/cac		gas/cac				oil/none		+8,000		gas/cac			
Energy Efficient Items		0		0				0				0			
Garage/Carport		driveway		0		+20,000		0		+20,000		driveway		0	
Porch/Patio/Deck		yard		yard				Yard				yard			
Net Adjustment (Total)				☒ + ☐ -		\$ 18,900		☐ + ☒ -		\$ -20,500		☐ + ☒ -		\$ -174,300	
Adjusted Sale Price				Net Adj. 2.6 %				Net Adj. 2.6 %				Net Adj. 18.8 %			
of Comparables				Gross Adj. 13.7 %		\$ 738,900		Gross Adj. 12.4 %		\$ 759,500		Gross Adj. 18.8 %		\$ 750,700	

Sales Comparison Approach

# Case Study Economics

## Bowers Street

- **Purchase Date:**  
September 2015
- **Purchase Cost:**  
US\$415,000
- **Construction Cost:**  
US\$161,159
- **Total Cost:**  
US\$590,056
- **Appraised Value:**  
US\$750,000
- **Appraisal Date:**  
June 2019
- **Current Rent:**  
US\$4,225 per month

## State Street

- **Purchase Date:**  
September 2016
- **Purchase Cost:**  
US\$2,250,000
- **Construction Cost:**  
US\$2,004,041
- **Total Cost:**  
US\$4,923,356
- **Appraised Value:**  
US\$5,800,000
- **Appraisal Date:**  
February 2019
- **Current Rent:**  
US\$15,995 per month

## 6th Street

- **Purchase Cost:**  
January 2013
- **Purchase Cost:**  
US\$425,000
- **Construction Cost:**  
US\$939,952
- **Total Cost:**  
US\$1,393,966
- **Appraised Value:**  
US\$2,250,000
- **Appraisal Date:**  
May 2018
- **Current Rent:**  
US\$8,475 per month

Notes: (1) Source: Investment Manager, (2) Total cost includes purchase cost, costs associated with purchasing, construction cost, as well as any interest and ancillary costs incurred, (3) The above table lists economic data for the three case studies referenced within this presentation. The case studies are examples across the Fund's various market segments of where the strategy of targeting properties for renovation and leveraging Dixon Projects' expertise resulted in value creation for the Fund, (4) Due to the unique characteristics of each property in the Fund's portfolio, individual property results and data may not be reflective of, and cannot be indicative of, current or future overall portfolio results and data.

# NY Multifamily Legislative Changes

- Aimed largely at rent regulated multifamily buildings in NY
- Reduces the ability of landlords to increase rents based on vacancy or renovations completed
- Reduces the ability of landlords to deregulate apartments
- URF not materially affected due to relatively small holding in this asset class (~4%)

Note: Source: Investment Manager.

# For Further Information

Investor Relations

1300 027 055

[URFInvestorRelations@usmrpf.com](mailto:URFInvestorRelations@usmrpf.com)