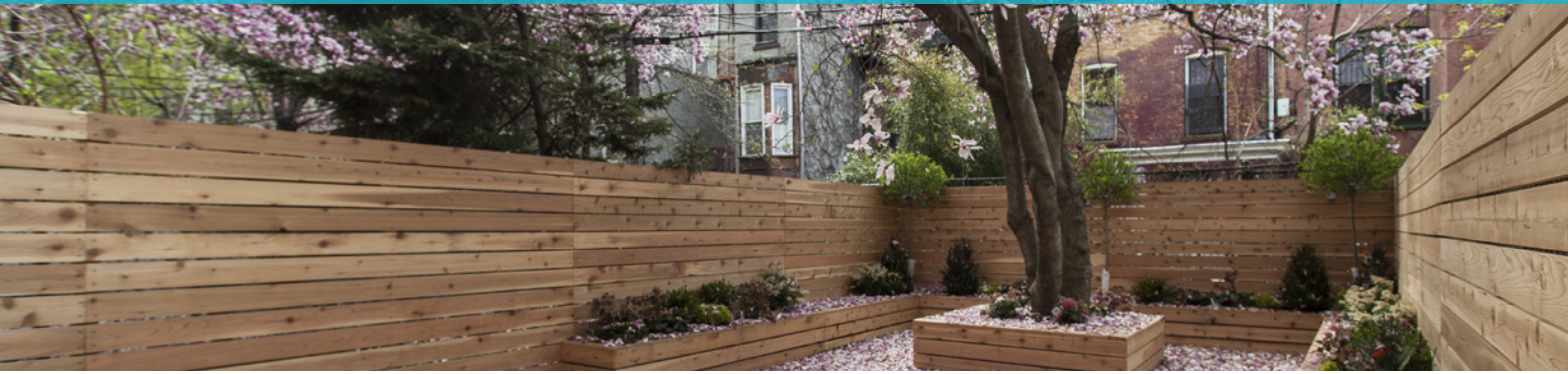
US Masters Residential Property Fund

ARSN 150 256 161

29 August 2019



US Masters Residential Property Fund (Fund) ASX Code: URF

Half Yearly Report 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

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

Half Yearly Report Update

29 August 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.

2019 half yearly report

Financial summary

$3.4m
Earnings before interest, tax, and unrealised fair value and currency movements

$44.2m
Total comprehensive loss

1.5%
Decrease in value of total portfolio

Operational summary

11%
Increase in lease renewals, to 76%

6%
Rent increase on new leases

30%
Increase in rental revenue, to $23.1m

95%
Occupancy for stabilised properties

9%
Reduction in cost-to-income ratio, to 40%

$1.2m
Cost savings

Source: Investment Manager, as at 29 August 2019.
Notes:
The overall value of the Fund's was made up of a 1.9% decrease in value of freestanding portfolio and 1.0% fall in value of multifamily portfolio. The combined impact of these movements represents a reduction of $0.07 in the Net Asset Value (NAV) per unit.

Factors driving revaluations

Freestanding portfolio

Neighborhood specific dynamics

- Largest component was Bedford-Stuyvesant portfolio, falling 6.8%
- Negatively impacted by volume of housing stock available in period and prices achieved
- Targeted for long-term growth, significant gentrification potential
- Bedford-Stuyvesant portfolio still up 9% on all-in costs, incl. renovation spend, since acquisition

New York Multifamily

Changes in legislation

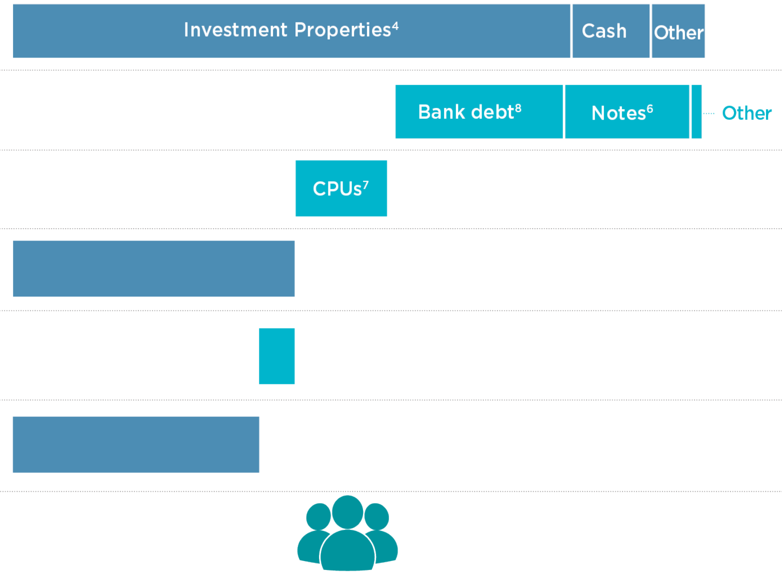
- Negatively impacted by the overhauled rent regulation laws in New York
- Impacted four properties, representing approximately 3% of the total portfolio
- Recognised a write down of 10.1% on these four multifamily assets
- Partially offset by a 7% uplift in New Jersey multifamily assets

Source: Investment Manager, as at 29 August 2019.

Notes:
The decrement in value of the Bedford-Stuyvesant properties contributed 0.9% of the overall reduction in the portfolio's value. The overall value of the Fund's portfolio decreased 1.5% over the period, including renovation spend and disposals. This was made up of a 1.9% decrease in value of freestanding portfolio and 1.0% fall in value of multifamily portfolio

Net Asset Value (NAV) breakdown

ASSETS	$1,486m
LESS LIABILITIES (excl. tax)[5]	($738m)
LESS CPUs[7] (at face value)	($199m)
EQUALS PRE-TAX NAV	$549m
LESS DEFERRED TAX LIABILITIES[5]	($77m)
EQUALS POST-TAX NAV	$472m
DIVIDED BY ORDINARY UNITS OUTSTANDING	377m



$1.46 — **Pre tax** NAV per unit ($/unit)

$1.25 — **Post tax** NAV per unit ($/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) Since balance date, the pre-tax and post-tax NAV as at 16 August 2019 was $1.55 and $1.33 per unit reflecting the stronger US dollar (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. (9) Since balance date, the pre-tax and post-tax NAV as at 16 August 2019 was $1.55 and $1.33 per unit reflecting the stronger US dollar.

Net asset value update

30 June 2019

$1.46
Pre-tax NAV per unit

$1.25
Post-tax NAV per unit

16 August 2019

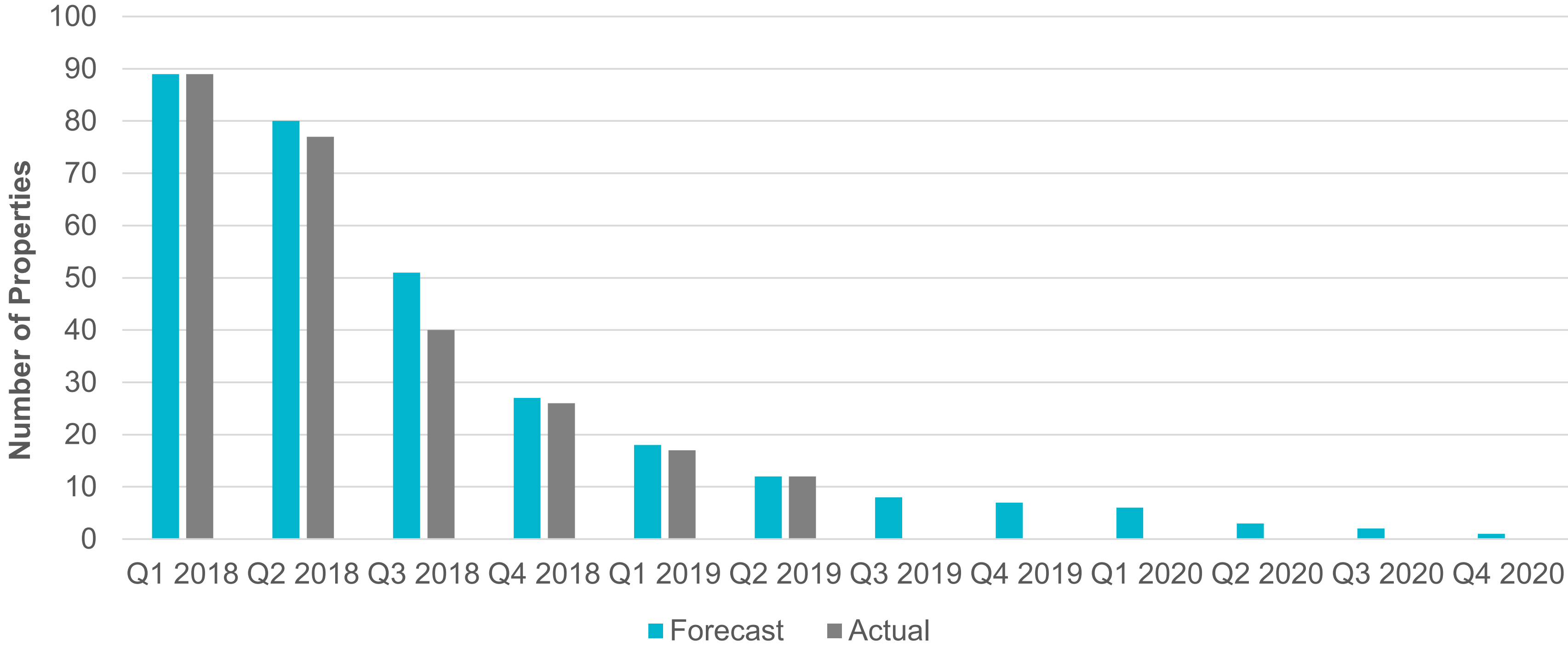
$1.55
Pre-tax NAV per unit

$1.33
Post-tax NAV per unit

Source: Investment Manager, as at 29 August 2019
Notes:
Increase in NAV since June 30 reflective of the strong US dollar.

Key milestones

Construction Pipeline – 12 properties remaining



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

Key milestones

URF Notes – increased initial early repayment

- Initial early repayment of URF Notes Series II (ASX: URFHB) will be increased from $33 per note, to $40 per note.
- This repayment will be made on 30 September 2019.
- Will significantly reduce the cost of financing for the Fund.
- It is intended that further repayments will be made on future quarterly repayment dates until fully repaid.

Source: Investment Manager, as at 29 August 2019.

Cost saving initiatives

- Reduce sales transaction costs
- Reduce maintenance and repair costs
- Recover credit card service charge
- Renegotiate contracts and obtain bulk pricing
- Review landscaping arrangements

Source: Investment Manager, as at 29 August 2019.
Notes:
The investment Manager is looking at utilizing in-house team and created an outreach program to initiate off-market deals
Reduce the frequency of landscaping services from fortnightly to monthly, or even seasonally at certain properties
Service charge has been between 2-3% depending on the credit card

Reducing overhead costs

Long term overhead cost reduction

Transitioning to a more appropriately sized office space to run a completed portfolio

Targeting to reduce ongoing overhead costs of the Fund by 20% over the next year

Reducing ongoing interest expense

Initial early repayment of URFHB will be increased to $40 per note

It is intended that further repayments will be made until the notes are fully repaid

Source: Investment Manager, as at 29 August 2019.
Notes: URF Notes Series II (ASX: URFHB). Early repayment of $40 per note will be paid on 30 September 2019.

For further information

Investor Relations

1300 027 055
URFInvestorRelations@usmrpf.com