

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

## **ASX Code: URF**

## **October Webinar Presentation**

The following presentation will be delivered by webinar at 3pm AEDT 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@usmpf.com](mailto:URFInvestorRelations@usmpf.com)

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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.



**US Masters**  
Residential  
Property Fund

# Quarterly Report Update

24 October 2019

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# Cost saving initiatives

**URFHB Partial Repayment**  
Represents AU\$2.8m interest p.a.



**Smaller Office Space**  
US\$500,000 cost saving p.a.



**Credit Card Surcharge**  
US\$400,000 cost saving p.a.



**Reduced Headcount**  
US\$2.0m cost saving p.a.



## Future Cost Saving Initiatives

**Internalise maintenance and repairs**



**Review landscaping arrangements**



Source: US REIT, as at 24 October 2019.

Notes:

The Fund is investigating whether the frequency of landscaping services can be reduced from fortnightly to monthly, or even seasonally at certain properties

Internalising maintenance and repairs is being assessed as an alternative to external vendors

Service charge has been between 2-3% depending on the credit card

All cost savings are approximate annual savings.

# Selling Process

## New Jersey



## New York



Source: US REIT, as at 24 October 2019.

Notes: The sale process can be as quick as 30 days but in most cases takes at least 90 days, depending on the negotiated terms of the contract. The Fund continues to make the best effort to close in the shortest time period possible.

# Sales Process

7

Properties sold<sup>1</sup>



US\$4.3m

Aggregate gross sales  
proceeds



0.7%

Premium to Book Value<sup>2</sup>



Q3 2019 SALES					
ADDRESS	CITY	SOLD DATE	SALE PRICE	SALES COSTS	BOOK VALUE
Seaman Road	West Orange	1/7/2019	\$430,000	-\$23,228	\$430,078
7th Street	Jersey City	29/7/2019	\$850,000	-\$45,390	\$855,965
Glen Avenue	West Orange	1/8/2019	\$875,000	-\$46,481	\$875,139
Sherman Avenue	Jersey City	12/8/2019	\$749,000	-\$51,139	\$749,000
61st Street	West New York	21/8/2019	\$390,000	-\$33,369	\$391,227
Constitution Way	Jersey City	5/9/2019	\$465,000	-\$30,690	\$465,366
Brookfield Road	Montclair	26/9/2019	\$549,000	-\$29,455	\$509,621
			<b>\$4,308,000</b>	<b>-\$259,753</b>	<b>\$4,276,395</b>

Notes: (1) Source: US REIT, as at 24 October 2019, (2) After accounting for selling costs of approximately US\$260,000 the net result of these seven transactions was a 5.3% discount to book value. (3) Properties sold were all in the Hudson County segment, both Workforce and Premium. (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.

# Sales Pipeline

## Properties Under Contract



## Properties in Negotiation



## Total Sales Pipeline (Active, Under Contract, Attorney Review)



Notes: (1) Source: US REIT, as at 24 October 2019, (2) Properties above are located in the New York Premium, Hudson County Workforce and Hudson County Premium segments. (3) Additional properties across Hudson County Workforce, Hudson County Premium, New York Premium and multifamily have been earmarked for sale. (4) If properties are sold one by one, a full program may take 2+ years.

# Leasing Update

## 49 New Leases Signed

Generating US\$1.8m p.a. in rental income



## 7 First Time Leases Signed

Generating US\$250,000 p.a. in rental income

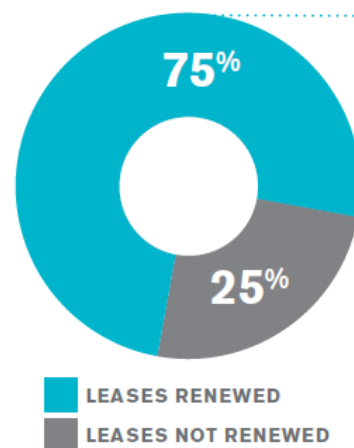


## 175 Leases Renewed

Generating US\$7.1m p.a. in rental income



## Renewal Rate



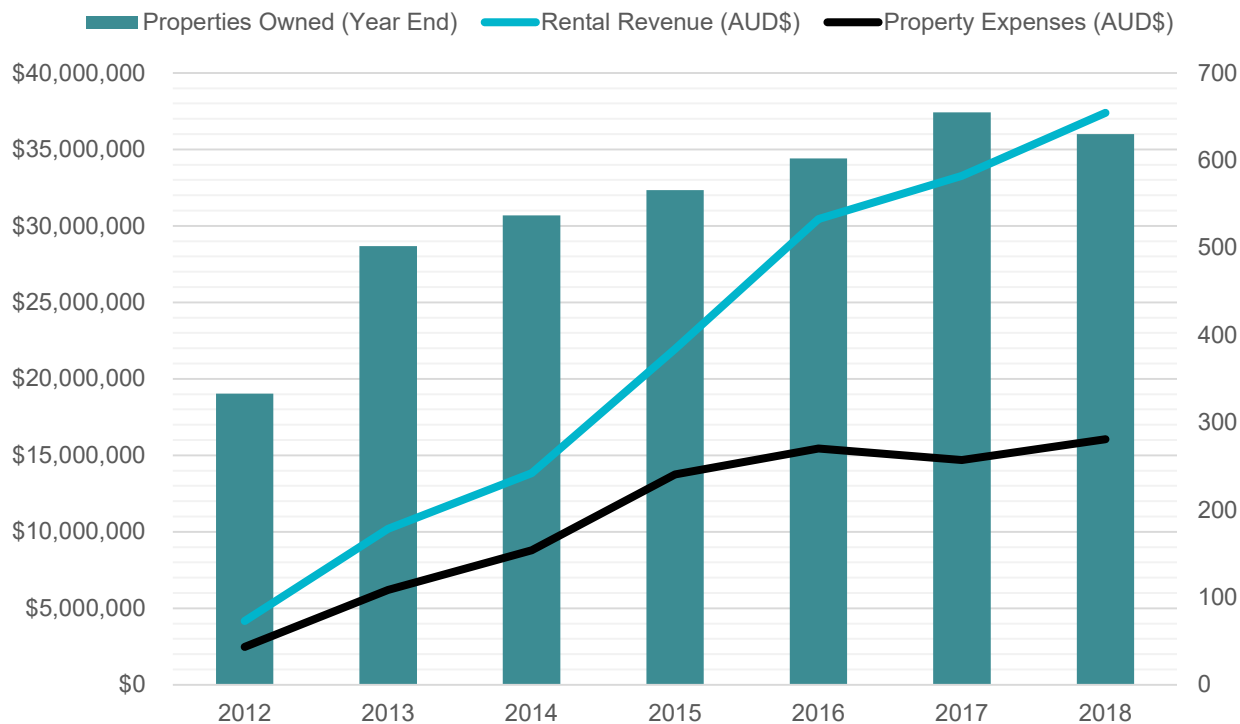
75% returned, the average rent increase was 3%.

Of the new leases on previously tenanted properties, the average rent increase was 4.2%

Notes: (1) Source: US REIT, as at 24 October 2019



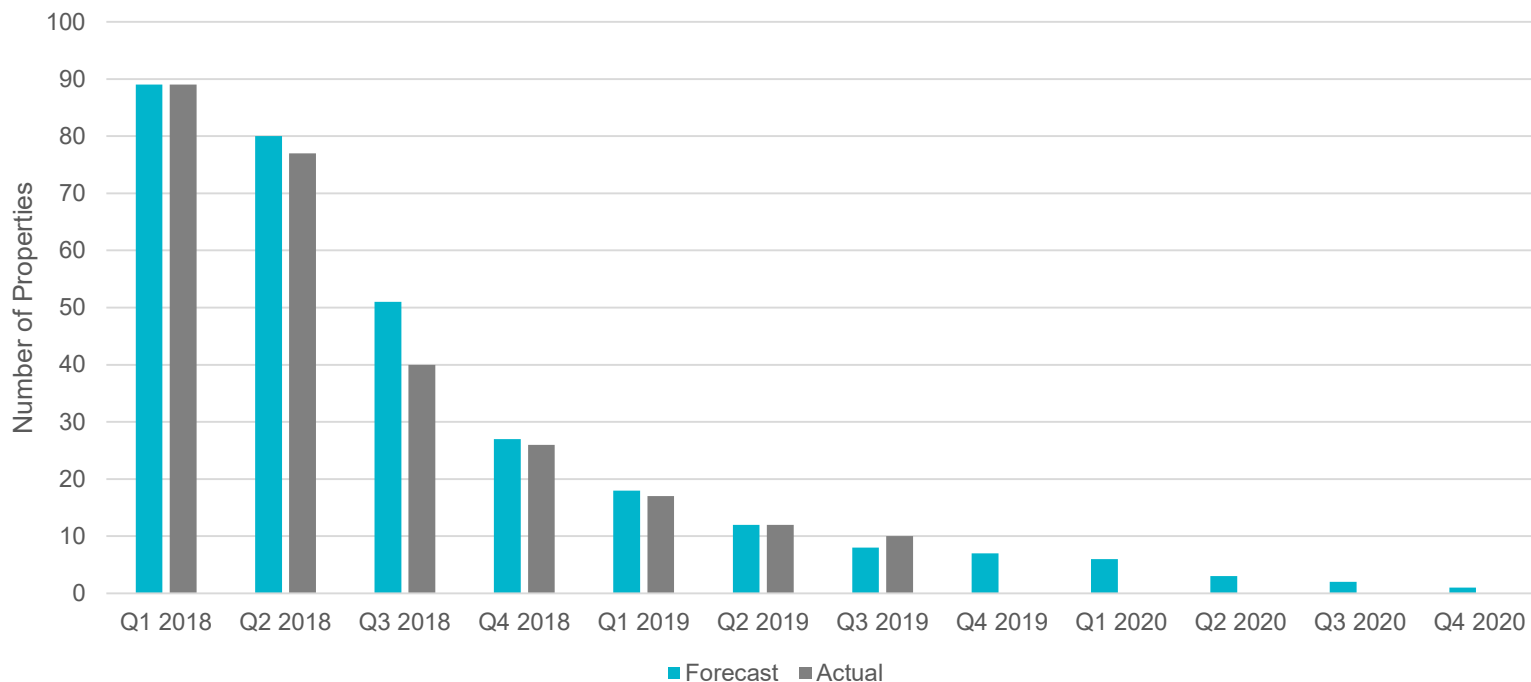
# Leasing Update



Notes: (1) Source: US REIT, as at 24 October 2019. (2) Property level revenue and expenses are for the freestanding portfolio only.

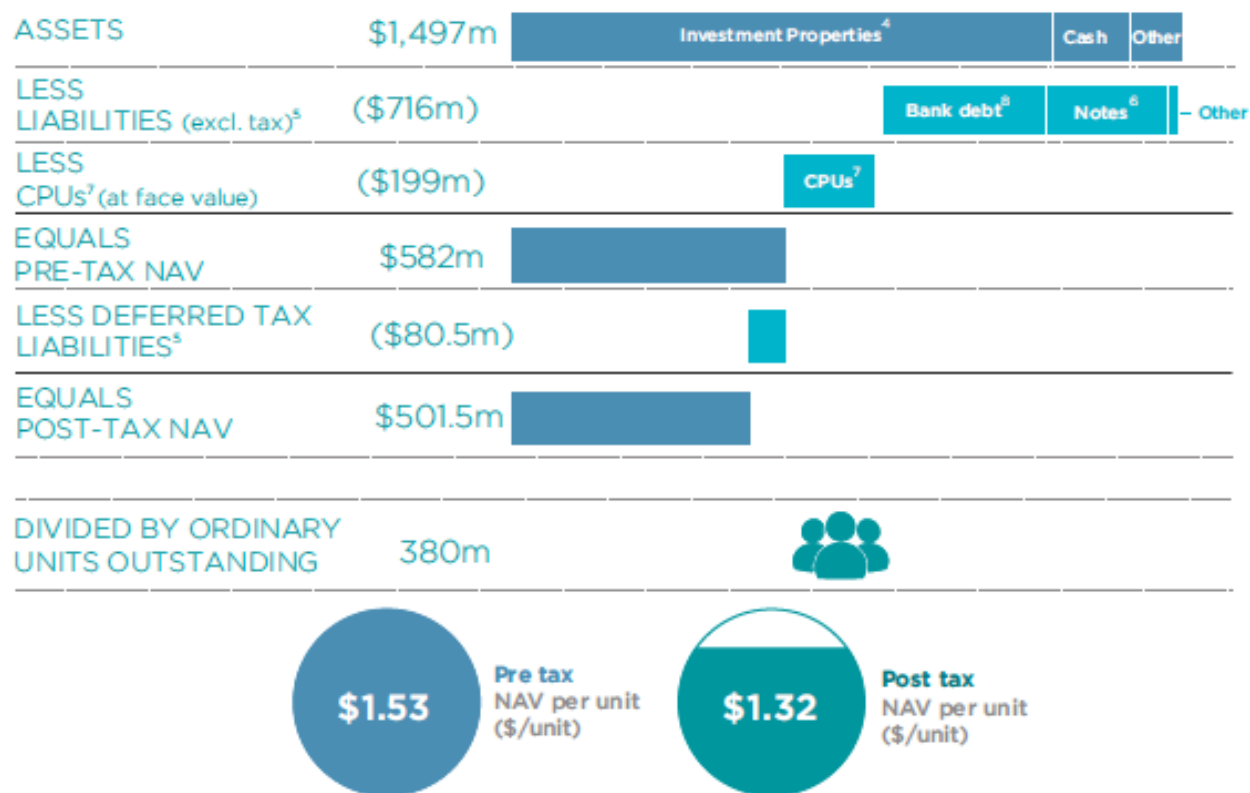
# Construction Pipeline

## Construction Pipeline – 7 properties remaining at 24 October 2019



Notes: Source: US REIT, Forecasts as at 28 August 2017, Actuals as at 24 October 2019. At the end of Q3, 10 properties in renovation pipeline. Renovation pipeline forecasts are indicative only, and property renovations may be completed sooner or later than indicated. The Fund has completed a further three renovations between 1 October and 24 October.

# Net Asset Value (NAV) breakdown



Notes: (1) Source: US REIT, (2) As at 30 September 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) Investment property value is accurate as at 30 September 2019. (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.

# For further information

## Investor Relations

1300 027 055

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