

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

## **ASX Code: URF**

### **January Update**

The Fund has recorded its first video update for 2020. A copy of the presentation and a link to the video update is below.

The update is available on the Fund's website and investors who have elected to receive email updates from the Fund will be emailed a link to the video.

Please click [here](#) for the January video update.

For further information contact:

Investor Relations

Ph: 1300 027 055

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

# NAV and Market Update

January 2020

# Disclaimer

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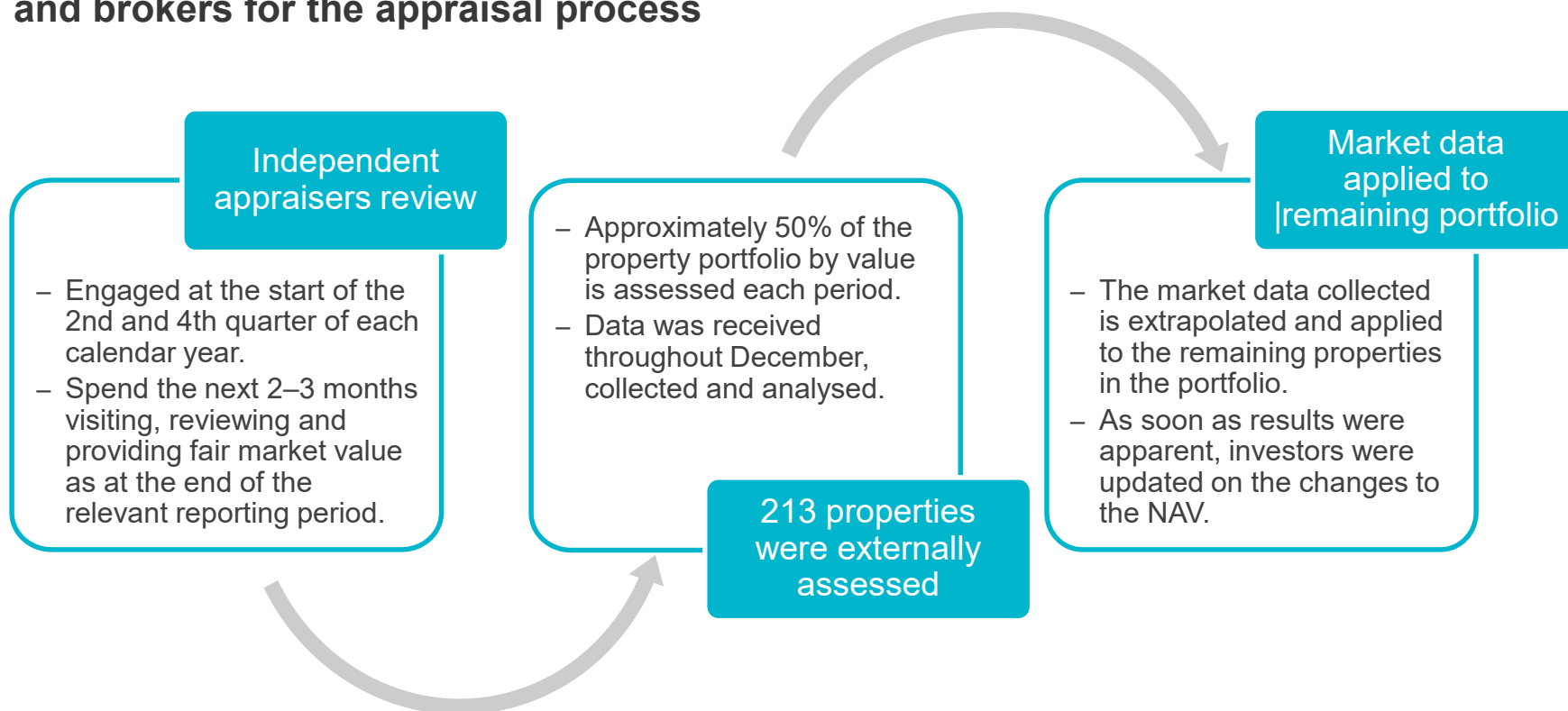
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# URF valuation process

Every six months the Fund engages experienced, independent property appraisers and brokers for the appraisal process



Source: US REIT

Note: The term “appraisal” refers to both a fair market appraisal obtained by a Licensed Real Estate Appraiser, as well as a market opinion provided by a Real Estate Broker. These individuals are provided the same information to form the basis of their evaluation of the Fund's properties.

# Portfolio breakdown by value

Prior Book Value Range (\$USD)	Estimated Change to Book Value	Prior Portfolio Weighting
\$0 - \$1,000,000	-1% to 1%	22.0%
\$1,000,001 - \$2,000,000	-8% to -10%	14.3%
\$2,000,001 - \$3,000,000	-7% to -9%	24.4%
\$3,000,001 - \$4,000,000	-9% to -11%	20.6%
\$4,000,001 +	-11% to -13%	18.8%

Source: US REIT, January 13 2020.

Book values quoted are the carrying values, before applying the 31 December 2019 adjustments. Figures will be updated when the accounts are finalised and audited, in February 2020.

# Brooklyn Brownstone Market

Part of the Fund's New York Premium segment

## Single Family Properties

- **Quarter 3 2019**  
Median Sales price  
dropped 15.6%
- **Quarter 4 2019**  
Median Sales price  
increased 9.9%
- **Half Year Results**  
Median Sales price  
dropped 7.3%

## Two Family Properties

- **Quarter 3 2019**  
Median Sales price  
dropped 18.2%
- **Quarter 4 2019**  
Median Sales price  
increased 11.1%
- **Half Year Results**  
Median Sales price  
dropped 9.1%



**Approximately 30% of the Fund's portfolio is invested in Brooklyn Brownstones**

Source: Douglas Elliman Q3 2019 Market Report, Douglas Elliman Q4 2019 Market Report. Note: Historical performance is not a reliable indicator of future performance.

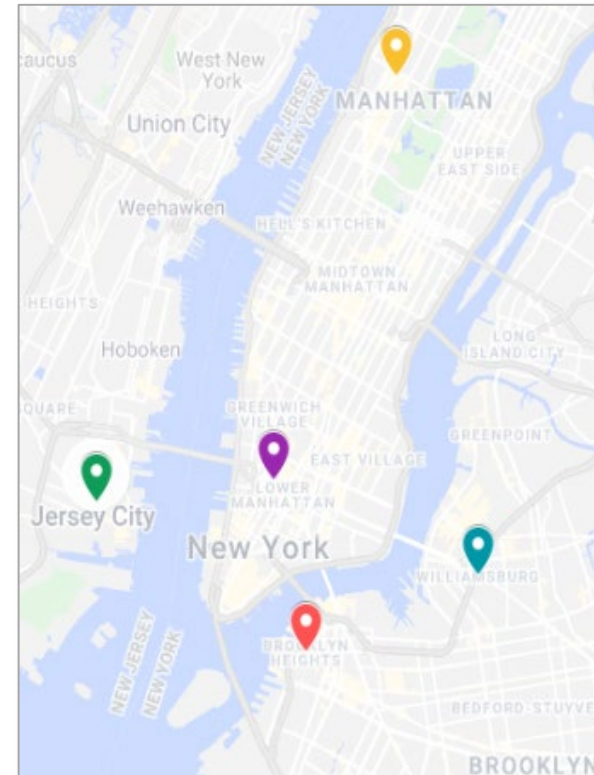
# Large scale construction assets

## Five large scale assets

- Long term projects.
- Complex renovations.
- Expected to complete throughout Q1 and Q2 2020.

## External fair market appraisal

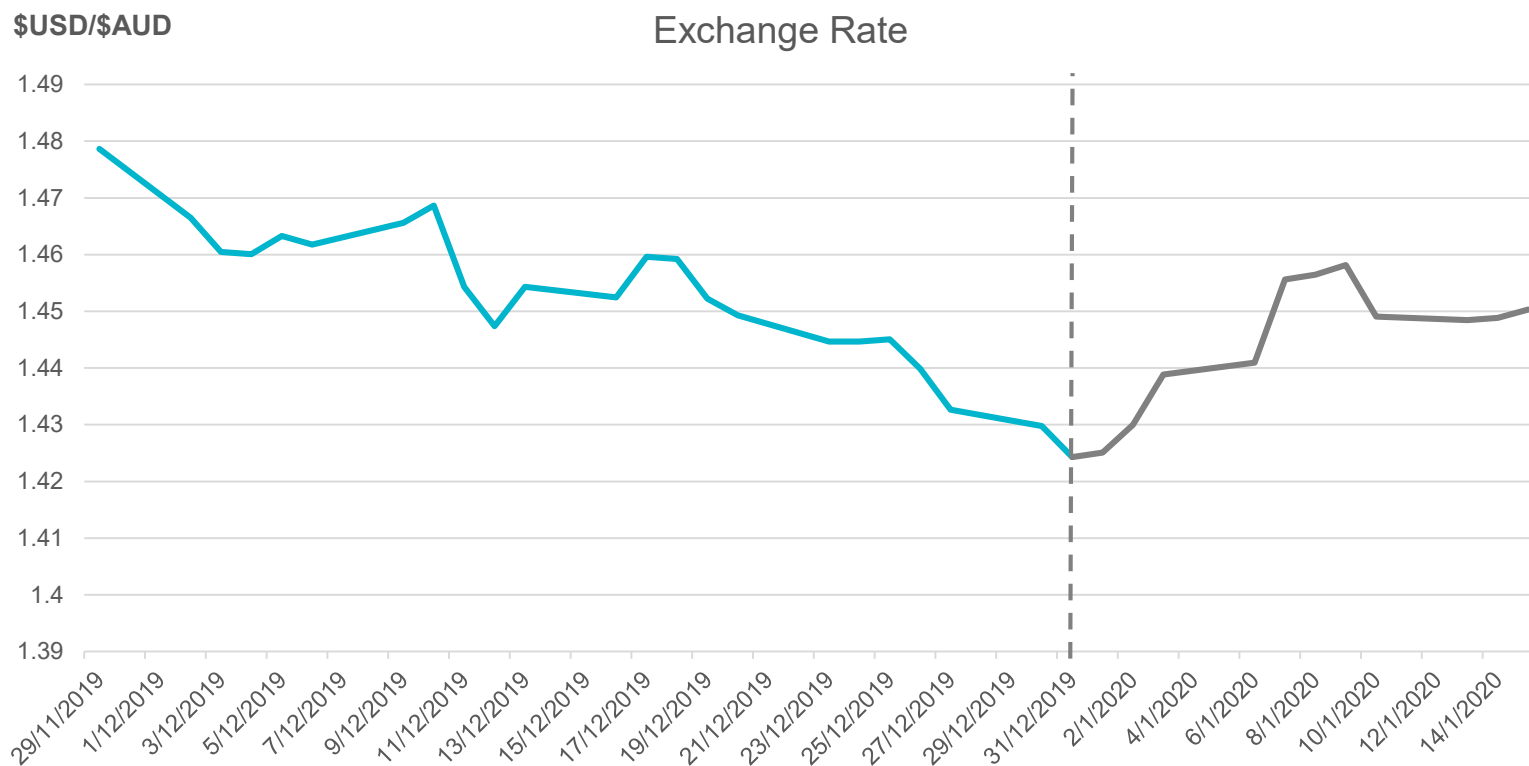
- Management obtained external, independent, fair market evaluations on all five assets.
- For four of the assets, the net adjustment has resulted in an eight cent reduction to the Net Asset Value per unit.
- The fifth asset, also independently evaluated, is expected to ultimately be valued at a premium to its all-in cost once complete.



Source: US REIT, January 13 2020.

# Foreign Exchange movement

29 November 2019 to 15 January 2020



Source: US REIT, Bloomberg, January 15 2020.



# Difference in pre-tax and post-tax NAV

## Deferred tax liability

- An allowance for the potential tax payable on distributions of capital gains by the US REIT.
- This is levied in the United States at a rate of 24.95% on taxable gains distributed overseas.

## The Fund's tax liability position

- Recalculated every six months in conjunction with the property appraisal process.
- In the weekly and monthly interim updates, the tax liability is only adjusted for the exchange rate.

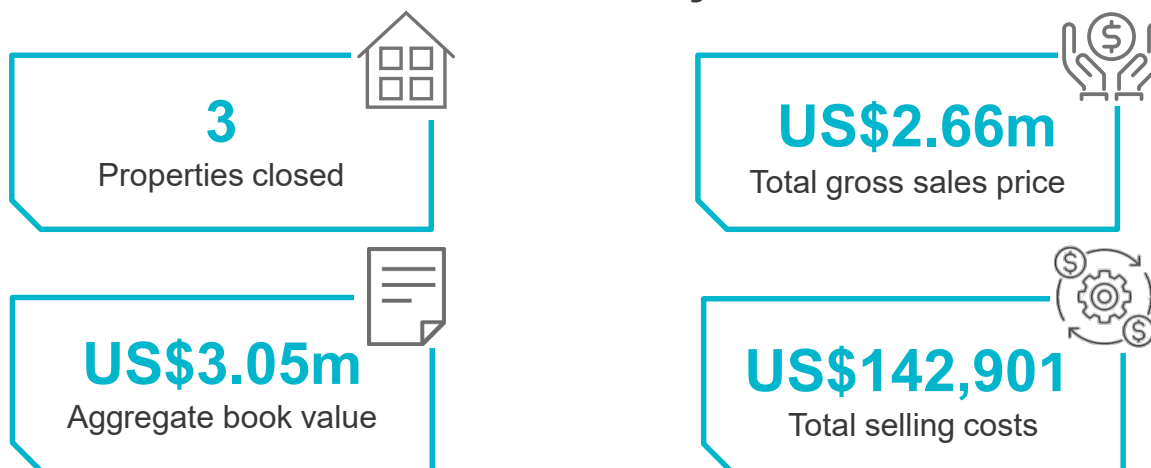
## Tax payable

- To date, the Fund has not triggered a requirement to pay any tax.
- The deferred tax liability that is raised in URF's accounts is based on a scenario in which the Fund liquidates the entire portfolio of property on a one-by-one basis.
- The actual rate of tax may be lower depending on the structure of the realisation and the other criteria and circumstances which can only be determined at a future disposal date.

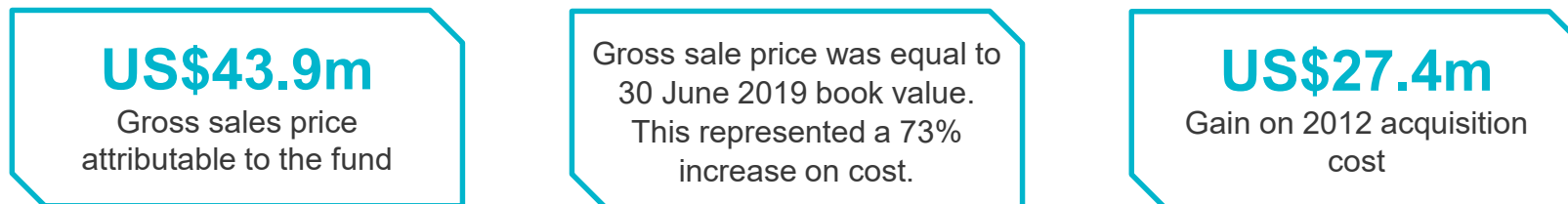
Source: US REIT, January 13 2020. Note: International tax treatment of a complex structure like URF has a lot of nuance. This isn't intended to be a technical or a complete explanation.

# December 2019 sales results

## One to four family asset sales



## Multi-family asset sale – Golden Peak II



Source: US REIT, January 13 2020.

# URF Notes Repayment

**2-year sales strategy was announced in June 2019 to facilitate the repayment of debt**

- The Fund is committed to repaying the principal sum of URF Notes II (ASX: URFHB) and URF Notes III (ASX: URFHC)
- In December the Fund repaid \$35 per note of the principal sum of URFHB. This takes the total repayment of URFHB to \$75 per note.

Source: Investment Manager as at January 15 2020.

# For further information

## Investor Relations

URFInvestorRelations@usmrpf.com