

23 March 2020

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

COVID-19 Update

Dear Investors,

We have received a number of enquiries about the impact of the COVID-19 outbreak on the Fund and on the communities in which the Fund is invested. This is obviously a very fluid, unprecedented, and rapidly evolving situation; however we would like to reassure investors that the priorities of the Fund's management team are the safety and well-being of our staff, tenants, contractors and vendors, while at the same time seeking to protect the Fund's financial position.

At an operational level, Fund staff members are working from home as the Fund's IT infrastructure allows the majority of tasks to be completed remotely. Certain functions, such as non-emergency maintenance requests and open houses for vacant properties, have been paused due to precautions around the spread of the virus. Emergency repairs and targeted showings for potential tenants are still taking place with the appropriate precautions being taken in each instance.

For our existing tenants, we're working on a case by case basis to assist where we can, balancing tenant flexibility with their financial obligations to the Fund. The Fund's tenant profile is diverse across occupational industries and wealth points, which we are hopeful will help to mitigate sector-specific and socioeconomic-related exposures to the crisis, but at this moment the overall impact remains unclear.

As of the writing of this release, the Fund's final six active construction sites are currently continuing to progress with proper social distancing and precautionary measures in place, as per local government guidance. We will continue to monitor each site closely to ensure that progress continues for as long as it remains safe to do so. While job progress remains ongoing, it is yet to be determined what level of impact may be felt by a potential slowdown in any required administrative work to be completed by the municipalities in relation to these construction projects, including inspections and final job signoffs.

In relation to the Fund's ongoing asset sales program, the COVID-19 situation is likely to have a negative impact on market activity and transaction volume in the near term. Despite this, we expect the majority of the "Under Contract" transactions to be completed, though delays may be experienced. Thus far for the month of March, the Fund has closed on US\$11.5 million in sales across eight transactions (as at 22 March 2020). At this time the Fund also had US\$34.2 million in transactions under contract across 21 properties. Three recent potential transactions worth US\$9.6 million (excluded from the previous figures) have been cancelled by purchasers for reasons that management believes were likely influenced by COVID-19-related concerns. Two of these properties had accepted offers on them, but had not yet reached the "Under Contract" stage. Given the pace of recent developments, the impact on transaction volumes during this period has yet to become fully apparent.

It is too early to forecast the impact of the COVID-19 outbreak on the Fund's overall portfolio valuation, as changes to property valuations will undoubtedly depend on the severity and duration of the slowdown on the US economy, as well as the impact of targeted stimulus programs by the US government. We note that the falling Australian dollar relative to the US-dollar benefits unitholders by increasing the value of the Fund's assets in Australian-dollar terms and is a positive influence on funds being returned to Australia for URF Notes repayments.

The Fund continues to maintain strong cash reserves and management believes it is well positioned to weather a turn in the economy. As at 29 February 2020, the Fund had \$31.2 million in US-denominated cash holdings, plus \$41.2 million in Australian-dollar-denominated funds. Of these reserves, on 31 March 2020 A\$43.9 million will be used to fund the previously announced interest and capital payments associated with URF Notes II (ASX: URFHB) and URF Notes III (ASX: URFHC).

Additional information will be provided to investors in due course as the COVID-19 situation continues to evolve. We are committed to making continued progress with our stated strategic goals, and we will provide a comprehensive overview of the Fund's position during our next Quarterly update. Given the measures that are in place to prevent further spread of the virus, it is unlikely that a webinar will be feasible in the near future, however we look forward to providing comprehensive documented updates as this situation continues to unfold.

For further information, please don't hesitate to contact our Investor Relations team at URFInvestorRelations@usmrpf.com.

Best regards,

Brian Disler & Kevin McAvey
Co-CEO's US REIT

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