



QUARTERLY UPDATE

January - March 2021



US Masters
Residential
Property Fund

12 May 2021

Executive Summary

We welcome investors to the US Masters Residential Property Fund's (URF or Fund) Quarterly Report for the period 1 January 2021 to 31 March 2021.

The New York region continues to progress its fight against COVID-19, with the vaccine rollout well underway across both New York and New Jersey. At time of writing, all adults in both states are eligible for the vaccine, with over 30% of residents being fully vaccinated in both states.

The continued reopening of the local economy was evident in the Fund's rate of closed sales for the quarter, which again reached a record high for the Fund with US\$33.6m in sales closing across 18 transactions. This represents the largest quarter for closed sales since the beginning of the sales program in 2019. This ongoing progress facilitated US\$22m worth of repayments of the Global Atlantic debt facility, in addition to the previously announced final A\$17.5m repayment of URF Notes III (URFHC).

The Fund's renovation pipeline was completed during the quarter, with no remaining elective renovations to be completed. All recently completed projects have been incorporated into the Fund's sales pipeline.

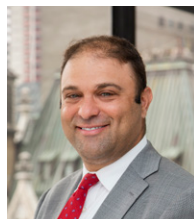
Leasing results have also been encouraging as the weather has warmed, with the Fund's rent ready occupancy (i.e. excluding units deliberately held vacant for sale) increasing to 94% as of the end of the quarter. Collections remained strong despite the continued impact of the COVID-19 pandemic, with rent collections equivalent to over 97% of the quarter's rent roll being achieved. General & Administrative (G&A) expenses also continued to decrease, with Q1 2021 expenses representing a 25% reduction compared to Q1 2020, which is consistent with URF's full year 2021 G&A target.

In line with increased sales transactions, asset disposal costs increased for the quarter. While these costs had a negative impact on Funds from Operations (FFO), this is a temporary dynamic while the sales program is ongoing. Stabilised Net Operating Income (NOI) Yield contracted slightly to 3.30%

We welcome investor feedback on these reporting metrics, and encourage direct communication with the Fund via our Investor Relations team at URFInvestorRelations@usmrpf.com.



Kevin McAvey
Co-Head of the US REIT



Brian Disler
Co-Head of the US REIT

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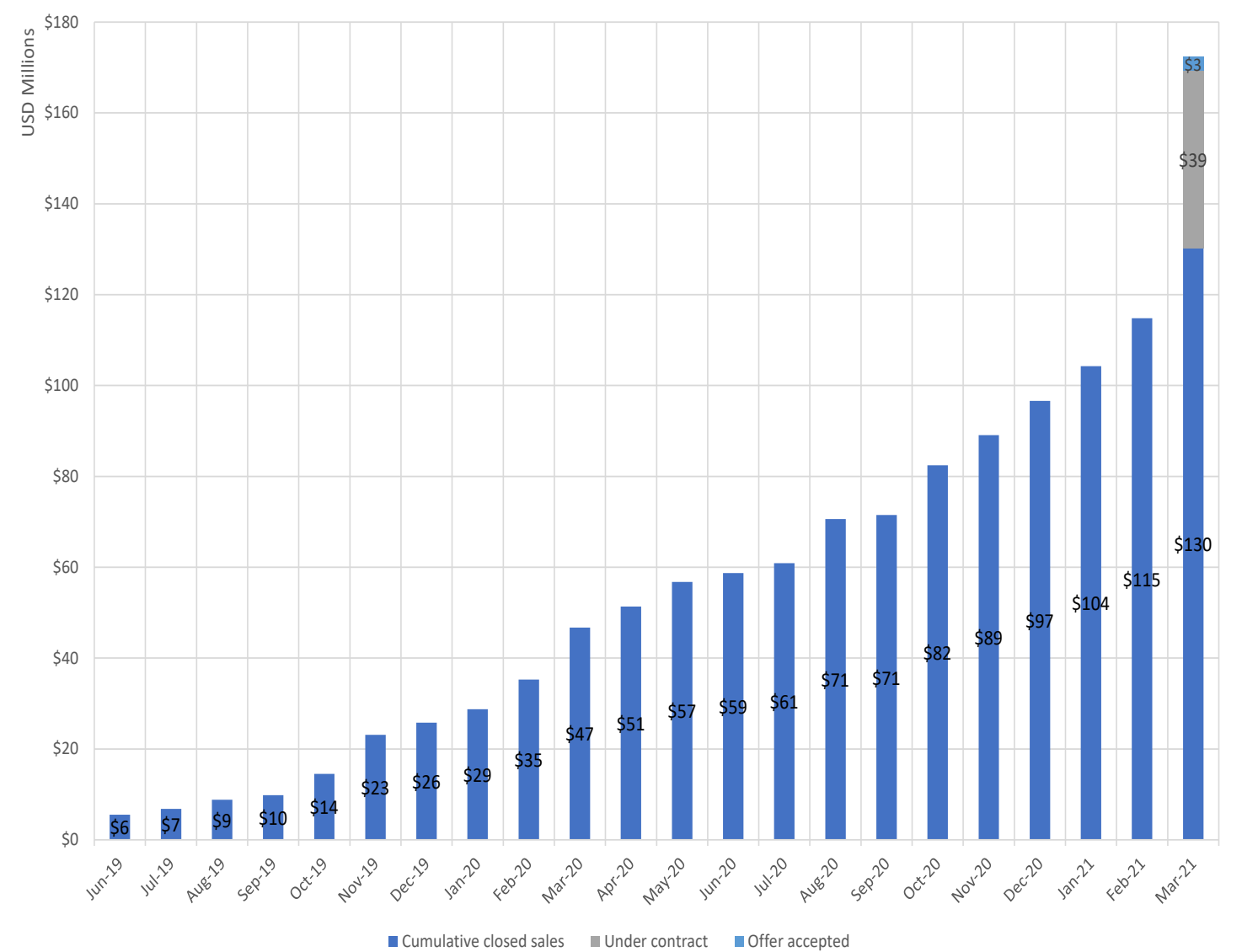




Asset Sales

During Q1 2021 the Fund successfully closed over US\$33.6m in property sales across 18 transactions. This represents the Fund's largest quarter for closed sales of the 1-4 Family portfolio since the beginning of the sales program in 2019. As at 31 March 2021, the Fund also had 21 properties worth US\$42 million under contract or with an accepted offer in place. Of these, six sales totaling US\$8.12 million closed in April 2021.

The Fund remains committed to its stated strategy of executing a targeted sales program in order to reduce debt and rebalance the portfolio, with the short-term goal of fully repaying the Global Atlantic Bridge Loan as expeditiously as possible.



Source: US REIT.

Debt Reduction

At the end of March 2021 the remaining balance of URF Notes III (URFHC) was repaid in full. In addition, the ongoing sales program facilitated US\$22 million of repayments toward the Global Atlantic facility. Assets within URF's portfolio are designated as collateral for either the Global Atlantic Bridge or Term loans. The Bridge loan contains the majority of the Fund's intended sales assets, while the Term loan is largely comprised of the properties the Fund intends to hold longer-term. The vast majority of sales will therefore come from the Bridge loan collateral pool. Select sales will come from the Term loan collateral pool (the determination of which will be undertaken on a case-by-case basis), with the resulting proceeds of these specific sales used to make principal repayments against the Term Loan facility.

AUD Denominated Debt (AUD)	31-Dec-20	31-Mar-21	Change
URFHC	17,500,000	0	-17,500,000
Total AUD Debt	17,500,000	0	-17,500,000

USD Denominated Debt (USD)	31-Dec-20	31-Mar-21	Change
Global Atlantic - Term Loan	359,146,473	353,764,177	-5,382,296
Global Atlantic - Bridge Loan	66,350,305	49,671,212	-16,679,093
Total USD Debt	425,496,778	403,435,389	-22,061,389

At 31 March 2021, the Fund held US-dollar cash reserves of US\$50.5 million, as well as Australian-dollar reserves of A\$2.1 million.

Blended Cost of Interest Calculation

	A\$ Balance at 30-Sep-20	Interest Rate at 30-Sep-20	A\$ Balance at 31-Dec-20	Interest Rate at 31-Dec-20	A\$ Balance at 31-Mar-21	Interest Rate at 31-Mar-21	Fixed / Floating
Wells Fargo *	344,246,422	1.95%	0	0.00%	0	0.00%	Floating
Centennial Bank *	97,255,991	5.50%	0	0.00%	0	0.00%	Floating
Global Atlantic - Term Loan *	0	0.00%	466,787,721	4.00%	465,601,708	4.00%	Fixed
Global Atlantic - Bridge Loan *	0	0.00%	86,236,425	5.00%	65,374,062	5.00%	Fixed
Notes III	157,500,000	7.75%	17,500,000	7.75%	0	0.00%	Fixed
Total ^	599,002,413	4.05%	570,524,146	4.27%	530,975,770	4.12%	
Indicative Interest Cost	24,262,110		24,339,580		21,892,771		

Source: US REIT

*Floating rate based on 1 month USD LIBOR which was approximately 0.15% at 30 September 2020.

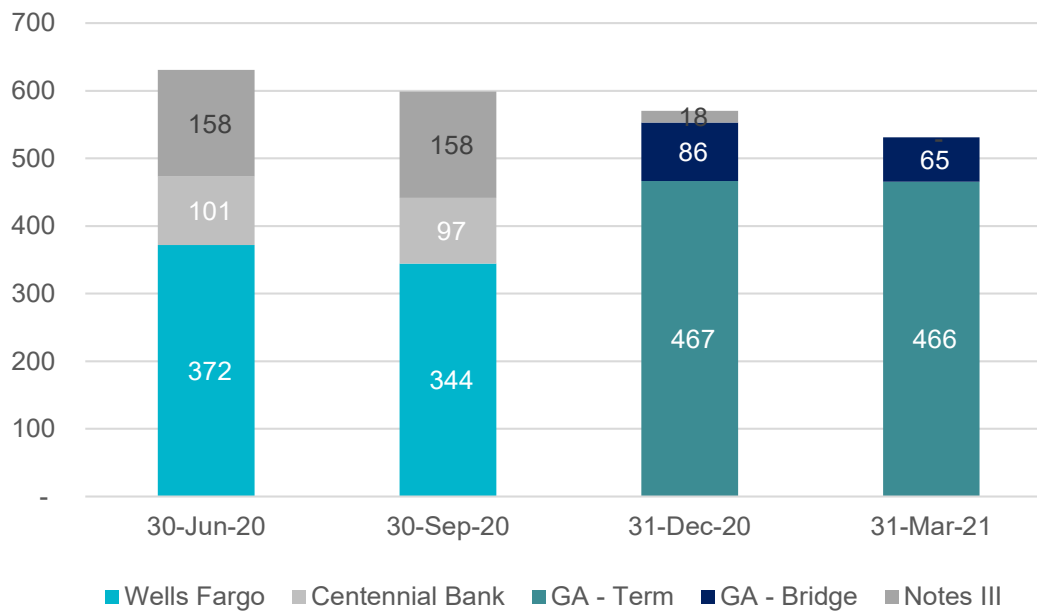
*The Centennial Bank facility was subject to a LIBOR floor of 1.0%.

*AUD/USD spot rate of 0.7162, 0.7694 and 0.7598 at 30 September 2020, 31 December 2020 and 31 March 2021 respectively.

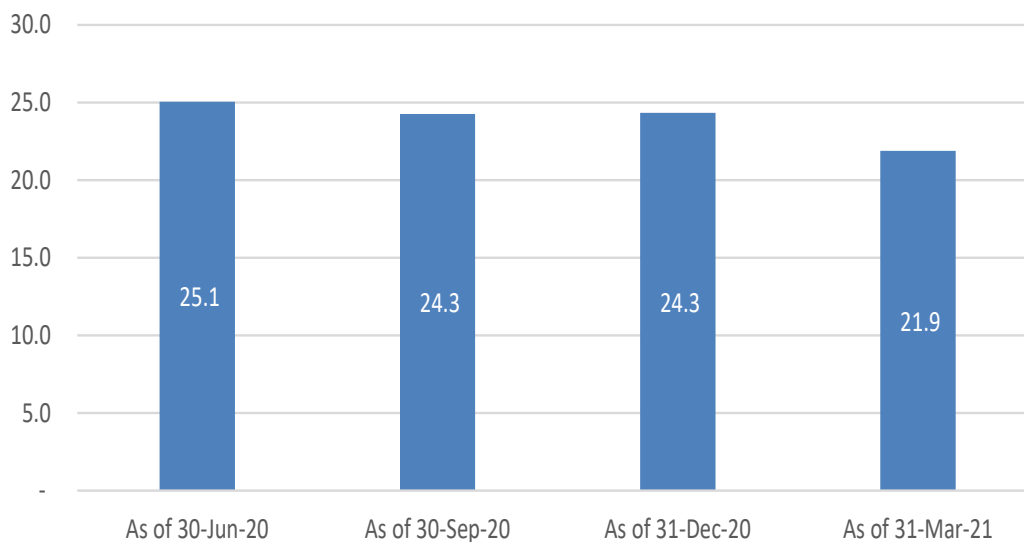
^Excludes multi-family joint venture level debt.

Debt Reduction

Debt Composition (A\$Millions)



Indicative Total Interest Cost (A\$Millions)



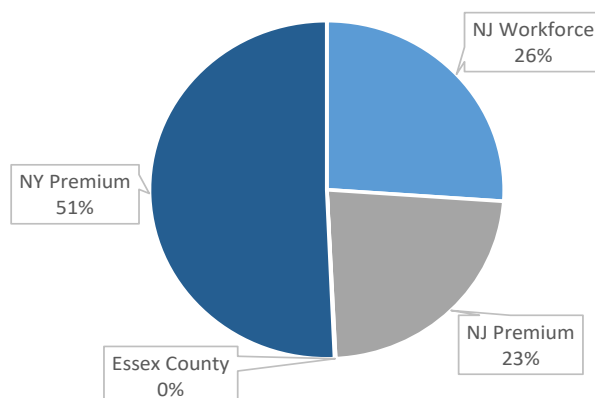
Source: US REIT. AUD/USD spot rate of 0.6903, 0.7162, 0.7694 and 0.7598 at 30 June 2020, 30 September, 31 December 2020 and 31 March 2021 respectively.

Portfolio Composition

The Fund's intention is to use the ongoing sales program to reduce the portfolio's current weighting of lower-yielding Premium assets and also to divest non-core exposures. Non-core exposures include the larger multifamily (joint venture) assets and the Fund's small number of rent-regulated properties in New Jersey. Selective sales will also take place from the NJ Workforce segment as determined on an asset-by-asset basis.

The Fund's portfolio composition will evolve over time, with the pipeline of pending sales transactions (those under contract or with an accepted offer in place) as at 31 March 2021 weighted towards the Premium segments in New York (US\$16.4 million) and New Jersey (US\$23.7 million). New Jersey Workforce properties account for the remaining US\$1.9 million in pending sales.

Portfolio Composition (by value)



Location	Value (USD\$)	Property Count	Location	Value (USD\$)	Property Count
NJ Workforce	\$175,637,703	306	NY Premium	\$341,325,606	120
Bayonne	\$28,566,750	57	Bedford-Stuyvesant	\$92,770,859	39
Bergen-Lafayette	\$7,460,386	11	Boerum Hill & Brooklyn Heights	\$17,553,499	3
Greenville	\$33,340,271	69	Bushwick	\$17,942,878	14
Jersey City Heights	\$49,093,014	63	Clinton Hill	\$14,325,072	4
Journal Square	\$17,121,228	27	Cobble Hill	\$10,126,331	3
West Bergen	\$29,833,993	61	Crown Heights & Lefferts Garden	\$32,041,687	14
North Bergen	\$5,102,971	9	Fort Greene	\$10,400,306	3
Union City & Secaucus	\$3,585,414	6	Park Slope & Prospect Heights	\$38,022,890	9
West New York	\$1,533,677	3	East Williamsburg	\$11,032,822	6
NJ Premium	\$155,679,837	88	Williamsburg	\$8,864,803	3
Hoboken	\$2,999,090	1	Hamilton Heights	\$12,242,906	3
Downtown	\$144,260,878	81	Forest Hills	\$1,600,000	1
Weehawken	\$8,419,869	6	Harlem	\$57,384,113	16
Essex County	\$602,700	1	Manhattan	\$17,017,440	2

Source: US REIT, as at 31 March 2021.



Rental Income Collections

As has been the case since the onset of the COVID-19 pandemic, the Fund continued to work collaboratively with tenants to maximise rent collections during the quarter. In line with temporary state mandates, the Fund has not initiated any eviction actions through the pandemic. Tenants who have been financially impacted by COVID-19 have been encouraged to dialogue directly with the Fund, and resolutions have been handled on a case-by-case basis. Pleasingly, collection rates have proven resilient throughout the Quarter, equating to over 97.4% of the Quarter's occupied rent roll. The rent collected includes receipts for Q1, as well as outstanding payments for prior months.

For the month of April 2021, the Fund's 1-4 family portfolio collected funds equivalent to 98% of the month's rent roll.

Month	Collection Rate
January 2021	98%
February 2021	97%
March 2021	97%
Total	97.4%

Source: US REIT

Peer Comparison

The Fund's collection rates are ahead of The National Multifamily Housing Council (NMHC)'s Rent Payment Tracker, which tracks over 11 million professionally managed apartments across the US. The NMHC recorded collection rates of 93%, 93.5% and 96% for January, February and March respectively¹. However, it is worth noting that the NMHC collections data tracks the number of tenants making any rent payment (full or partial payments are counted equally) rather than the actual amount of rent collected for the period.

Similar strong collection rates were recorded by comparable US single family residential property funds, further highlighting the relative resilience of this asset class. Invitation Homes noted collections of 97% throughout Q1².

¹ <https://www.nmhc.org/research-insight/nmhc-rent-payment-tracker/>

² https://s23.q4cdn.com/385734574/files/doc_financials/2021/q1/INVH-Q1-2021-Earnings-Release-Supplemental-Information.pdf



Portfolio Occupancy

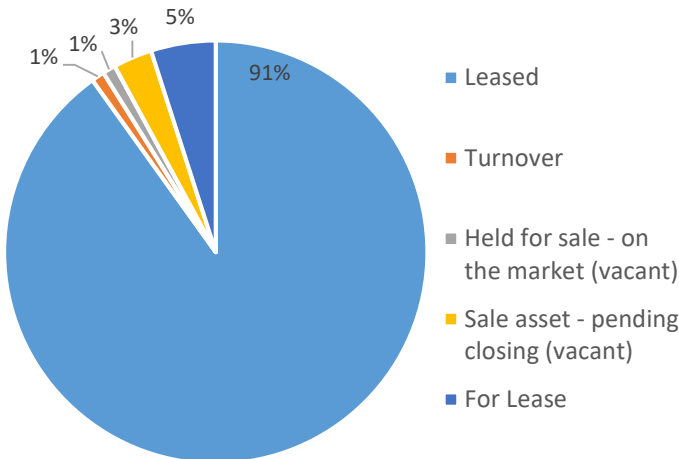
The Fund's goal is to have as many properties fully leased as possible, while noting that as the Fund moves through its ongoing sales program certain assets in the sales pipeline will be intentionally left vacant in order to maximise the potential sales price.

At 31 March 2021, the Fund's 1-4 family portfolio had 91% of its units leased and generating income. A further 6% of units were vacant and available for rent (or undergoing a turnover between leases), while the remaining units were deliberately vacant as they progress through the sales pipeline.

The Fund's rent ready occupancy (i.e. excluded units deliberately held vacant for sale) increased to 94% at the end of the quarter.

This data excludes the Fund's joint venture assets held with Urban American.

Total Portfolio (as at 31 March 2021)	Unit Count	%
Leased	839	91%
Turnover	7	1%
Held for sale - on the market (vacant)	8	1%
Sale asset - pending closing (vacant)	24	3%
For Lease	46	5%
	924	100%



Source: US REIT

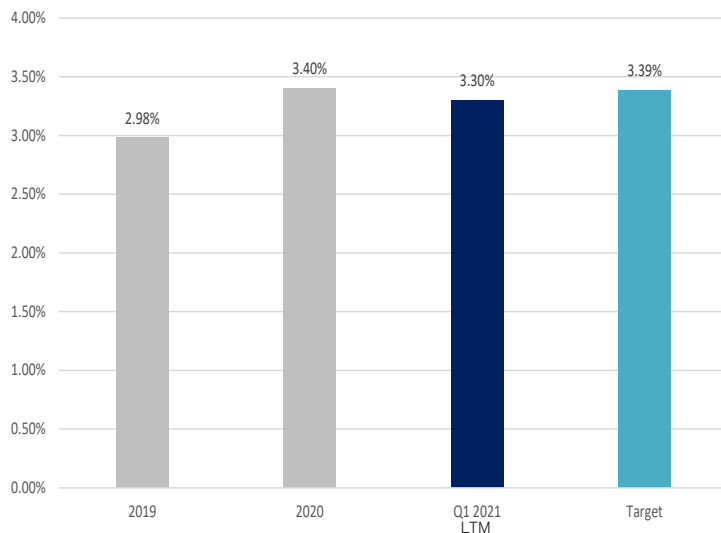


Net Operating Income

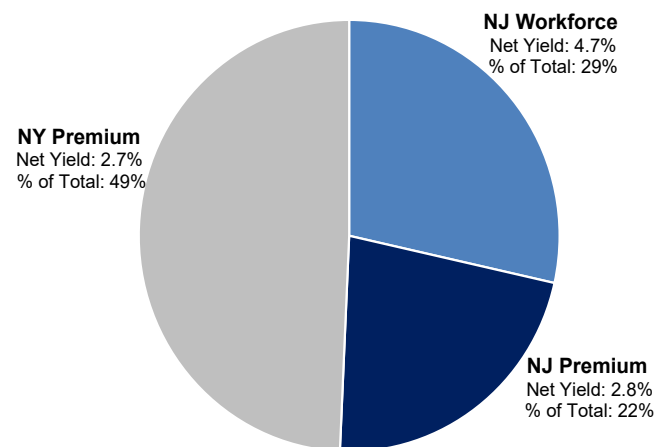
The Fund is focused on managing the portfolio as efficiently as possible. As a result of the ongoing sales program, it is anticipated that total portfolio revenue will decrease as property disposals continue and the portfolio reduces in size. Despite gross revenue decreasing, operational efficiencies and rental growth should result in the Net Operating Income (NOI) yield improving over time, subject to broader market conditions. The NOI yield is the net rental revenue that the Fund retains after paying property level expenses, expressed as a percentage of the portfolio value.

The "NOI Yield: Same Home Stabilised 1-4 Family Properties" chart below tracks the Fund's stabilised portfolio yield on a trailing 12-month basis. In this analysis, a group of assets (excluding assets held for sale at the end of 31 March 2021) is compared. Across all time periods the NOI (property revenue less expenses) is divided by the 31 March 2021 asset values. By holding the denominator consistent, changes in cash flow over time are isolated, rather than the NOI yield changing due to valuation changes. This analysis is useful for comparing NOI between different time periods, however individual NOI yields for specific years should not be reviewed in isolation using this data.

NOI Yield - Same-Home Stabilised 1-4 Family Properties



Q1 2021 LTM NOI Yield - Same-Home Stabilised 1-4 Family Properties by Segment



Same-home trailing 12-month NOI contracted slightly during Q1 2021 compared to the 2020 calendar year. Contributing factors to this included a heavy snow season resulting in increased snow removal charges, increased property taxes, and rental incentives offered to tenants throughout the COVID-19 pandemic.

Source: US REIT.

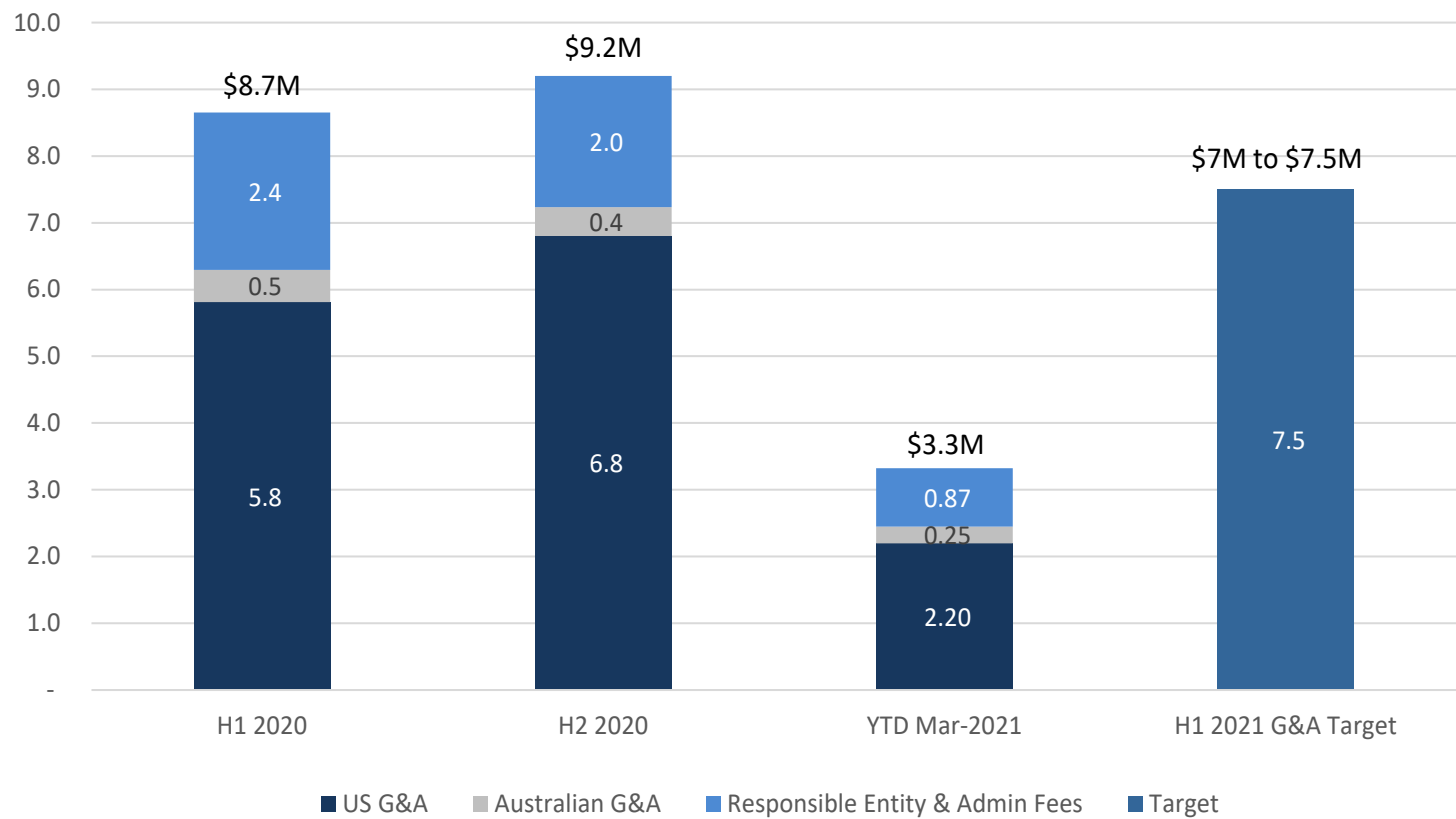
Note: "Same-home" assets by segment will not match the total portfolio distribution as it excludes assets held for sale.



General and Administrative Expenses

Reducing General and Administrative (G&A) expenses is another key goal for the Fund's management team. For the 2021 calendar year, an annual expense of A\$14-15 million is anticipated. Q1 2021 tracked in line with this target, with A\$3.3 million in expenses being incurred. Relative to Q1 2020 this represents a 25% reduction in costs for the first three months of the calendar year.

G&A Expenses (A\$Millions)



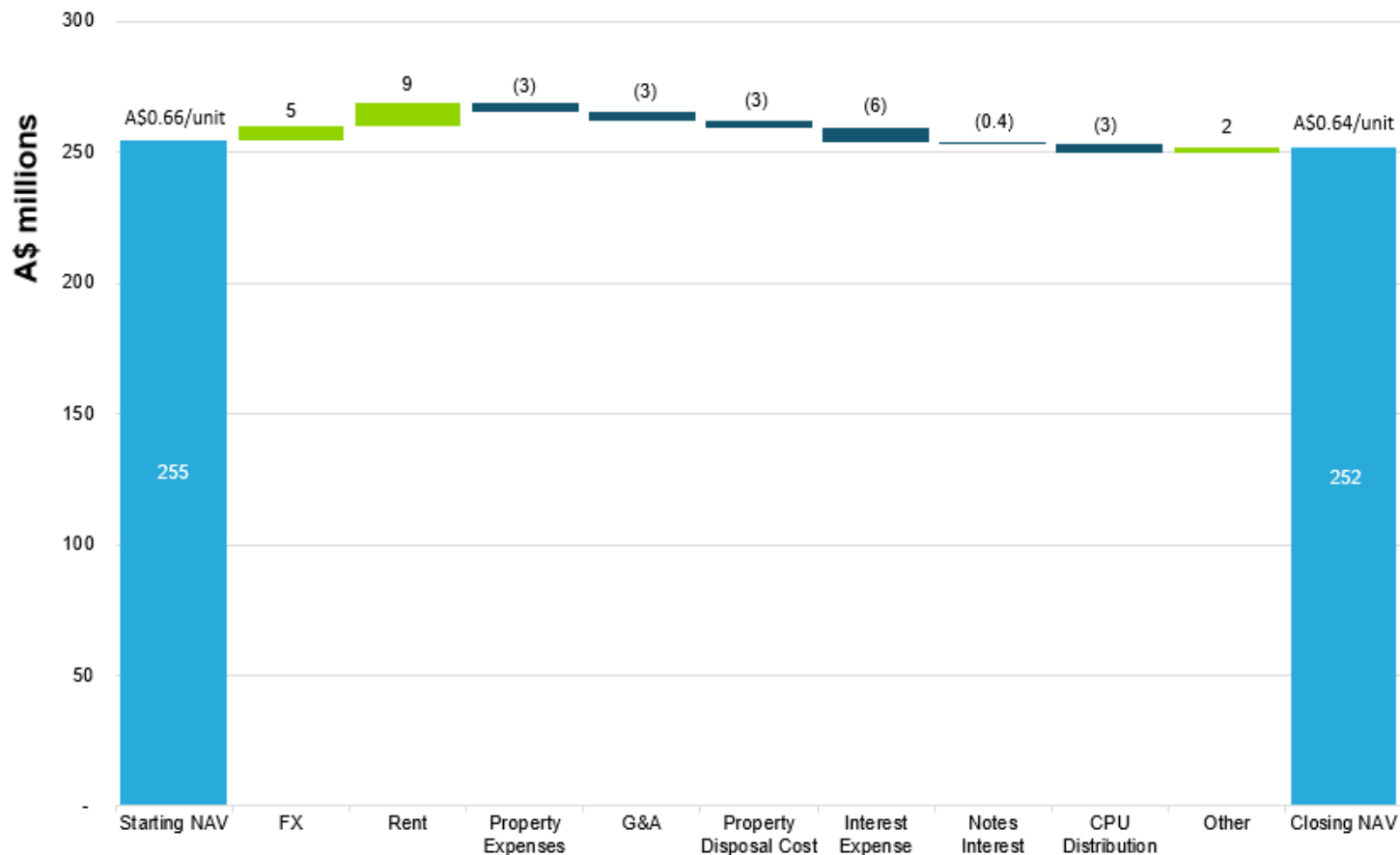
AUD/USD average rate of 0.6580, 0.7235 and 0.7727 for H1 2020, H2 2020 and Q1 2021 respectively.
Original target for 2021 was based on AUD/USD spot rate at 31-Dec-2020 of 0.7694

Source: US REIT. Figures may not sum due to rounding.



Net Asset Value

Changes in the Fund's Net Asset Value (NAV) over the period 1 January 2021 to 31 March 2021 are outlined below. At 31 March 2021, the unaudited estimated pre-tax NAV was A\$0.64 per unit (A\$0.53 post-tax).



Source: US REIT.

Fund Cash Flow Profile

The following analysis outlines the Fund's major cash-flow drivers. This excludes non-cash items, such as depreciation, foreign exchange movements and changes in underlying asset values, as well as capitalised expenses and investor distributions. While these additional factors are vital to reviewing the Fund's overall financial performance, the following Funds from Operations (FFO) analysis provides an important overview of the Fund's cash flow position.

Historically, the Fund has made regular cash losses while it focused on growing and renovating its portfolio. In the past, asset value growth and favourable currency movements have typically outweighed the Fund's operational cash losses. However, it is management's goal to reposition the Fund to become cash flow positive from its operating activities, so that it is not reliant on such factors to generate a profit. This will be achieved by maximising net property-level income, paying down debt, minimising administrative expenses, and rebalancing the portfolio away from low-yielding assets.

Funds From Operations (FFO) - Pre-Tax				
A\$	2018	2019	2020	Q1 2021
Revenue from Ordinary Operations	38.1	49.7	45.4	9.2
One-Off Grant Income			1.9	-
Investment Property Expenses	(16.3)	(19.2)	(14.9)	(3.4)
Investment Property Disposal Costs	(3.6)	(4.3)	(5.7)	(2.6)
G&A	(25.1)	(22.2)	(16.0)	(3.5)
One-Off Refinancing Costs - G&A	-	-	(1.3)	-
EBITDA	(6.9)	4.0	9.4	(0.3)
Net Interest Expenses (Excluding Notes Interest)	(20.5)	(21.2)	(16.6)	(5.5)
One-Off Refinancing Costs - interest	-	-	(0.4)	-
Notes Interest	(21.7)	(19.8)	(13.0)	(0.3)
Funds From Operations (FFO) - Pre-Tax	(49.0)	(37.1)	(20.7)	(6.1)

Source: US REIT

Note: Excludes Convertible Preference Unit (URFPA) distributions as they are equity distributions.

AUD/USD average rate of 0.7476, 0.6953, 0.6910 and 0.7727 for 2018, 2019, 2020 and 2021 respectively.

FFO is reported on a cash accounting basis. Figures in table may not sum due to rounding.

Unadjusted EBITDA for Q1 2021 was A\$(0.3) million. After adjusting for disposal costs, Q1 2021 EBITDA was A\$2.3 million. This is a reduced figure (in gross dollar terms) compared to the average quarterly result across 2020, which is to be expected as the ongoing sales program reduces the size of the Fund's portfolio.

Unadjusted FFO for the quarter was A\$(6.1) million. After adjusting for disposal costs, Q1 2021's adjusted FFO was A\$(3.5) million. This result is consistent with the average quarterly result throughout 2020 when adjusted on a similar basis (excluding disposal costs and one-off cash flows).

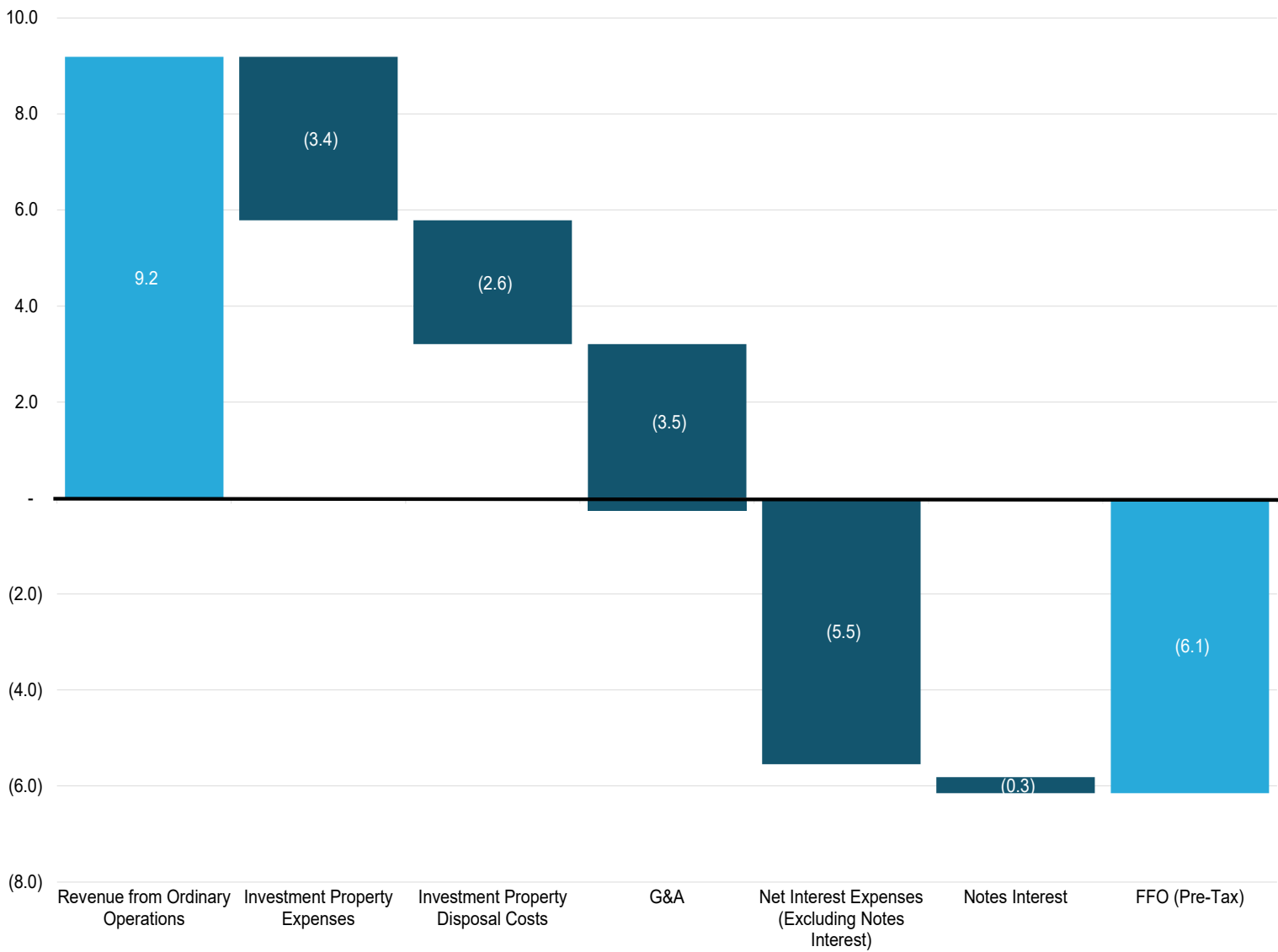
As of the end of Q1, the Fund had US\$42 million worth of property under contract to be sold, and a further US\$31 million worth of property intentionally held vacant while listed on the market for sale. As the Fund progresses these properties through to settlement, it is anticipated that FFO will continue to improve, predominately driven by reduced interest costs and a disproportionate reduction in investment property expenses compared to revenue, as substantially all of these assets are currently vacant and did not generate rental revenue in Q1 2021.





Fund Cash Flow Profile

Q1 2021 Funds From Operations (FFO) - Pre-Tax (A\$Millions)



Source: US REIT.

Fund Statistics

Performance Summary^{1,2,3,4} AS AT 31 MARCH 2021

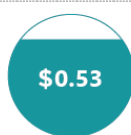
	3M	6M	1YR	3YR (PA)	5YR (PA)	SI ² (PA)
URF Ordinary	-16.7%	0.0%	-24.5%	-50.3%	-35.5%	-15.7%
URF NAV*	-3.0%	-23.8%	-51.9%	-24.6%	-16.8%	-4.6%
URFPA	-3.8%	20.8%	29.0%	-	-	-10.8%
URF Notes I	All capital returned to investors January 2018					7.75%
URF Notes II	All capital returned to investors March 2020					7.75%
URF Notes III	All capital returned to investors March 2021					7.75%

*Pre-tax

Net Asset Value Breakdown³ AS AT 31 MARCH 2021

ASSETS	\$988.0m	Investment Properties	Cash	Other
LESS LIABILITIES (excl. tax) ⁵	(\$537.4m)	Bank debt ⁷	Other	
LESS CPUs ⁶ (at face value)	(\$199.1m)	CPUs ⁶		
EQUALS PRE-TAX NAV	\$251.5m			
LESS DEFERRED TAX LIABILITIES ⁵	(\$44.6m)			
EQUALS POST-TAX NAV	\$206.9m			

DIVIDED BY ORDINARY UNITS OUTSTANDING 390m



Important Information

This Quarterly Update (Update) has been prepared by the US REIT, and issued by E&P Investments Limited (ACN 152 367 649 | AFSL 410 433) (Responsible Entity) as the Responsible Entity for the US Masters Residential Property Fund (Fund) (ARSN 150 256 161). An investment in the Fund is subject to various risks, many of which are beyond the control of the Responsible Entity.

This Update 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. The US REIT, E&P Investments Limited and their respective advisers (including all of their respective directors, consultants and/or employees, related bodies corporate and the directors, shareholders, managers, employees or agents of them) (Parties) do not 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 strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the outbreak of COVID-19, and the Parties assume no obligation to update that information.

Notes

¹ Returns are inclusive of distributions reinvested and adjusted for rights issues.

² Inception date June 2011.

³ Past performance is not a reliable indicator of future performance.

⁴ Source: E&P Funds.

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 the Fund's assets.

⁶ 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.

⁷ Bank debt refers to all other borrowings.

⁸ Figures may not sum due to rounding.

Board & Management

Board of the Responsible Entity

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