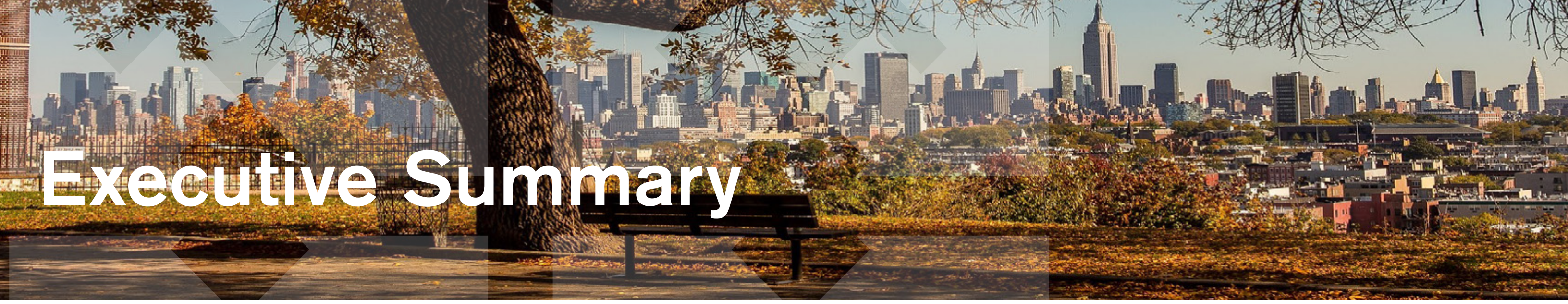
QUARTERLY UPDATE

July - September 2021

11 November 2021

US Masters Residential Property Fund



Executive Summary

We welcome investors to the US Masters Residential Property Fund's (URF or Fund) Quarterly Report for the period 1 July 2021 to 30 September 2021.

During the third quarter, asset sales of US$16.4 million were closed as the sales program approached substantial completion. While strategic, selective sales of lower-yielding properties will continue to occur going forward, sales volume will be at a reduced rate compared to the velocity achieved throughout the dedicated sales program.

As previously advised, during Q3 the Fund processed an early, optional full repayment of the Fund's Bridge Loan with Global Atlantic Financial Group, which had an outstanding balance of US$24.6 million at the start of the quarter. The full repayment of this facility represents the substantial completion of the strategic sales and debt reduction program, which has been ongoing since 2019. The significant debt reduction that has taken place since 2019 has helped to accomplish the primary goal of the sales program, which was to sell lower yielding assets and utilise the resulting proceeds to reduce the Fund's gearing levels, beginning with the full repayment of URF Notes II and Notes III, and most recently with the full repayment of the Global Atlantic Bridge Loan.

At the end of the quarter, the Fund's remaining debt balance was US$350 million, wholly held within the Global Atlantic Term Loan, and the Fund's cash holdings were US$41.4 million. As the Fund continues towards its stated goal of a positive Funds from Operations (FFO) run rate, we will continue to assess the level of working capital required by the portfolio and look to strategically deploy any surplus funds, such as making early repayments against the Global Atlantic Term Loan or conducting security buybacks.

The Fund's 1-4 Family stabilised Net Operating Income (NOI) was stable across the quarter. Rental income collections and portfolio occupancy were both strong, with quarterly rent collections of 99% achieved (up from 98% in Q2) and rent-ready occupancy ending the period at 95% (compared to 96% in Q2).

At the end of the quarter, year-to-date General and Administrative (G&A) expenses were A$11.3 million against a full year target of A$14-$15 million. As the portfolio moves towards a stabilised state, the Fund has agreed with E&P Financial Group (ASX: EP1) to indefinitely waive the Responsible Entity Administration Fee, starting 1 January 2022. This is expected to save the Fund in excess of A$2 million in G&A expenses each year. Both the Board of the Responsible Entity and the local US team are reviewing additional structural cost savings, and more information on these operational improvements will be provided in Q1 2022.

Fund cash flows continued to improve across the quarter, with year-to-date adjusted EBITDA of A$8.4 million, and annualised year-to-date FFO improving 30% compared to 2020 (after adjusting for disposal costs and one-off items). We reaffirm our guidance of the portfolio approaching a positive FFO run rate within the 2022 calendar year, subject to broader market conditions.

In August the Fund also paid the regular six-monthly distribution of $3.10/unit on the URF Convertible Step-up Preference Units (ASX: URFPA).

While considerable progress has been made in repositioning the Fund's assets, improving portfolio cash flow and restructuring the balance sheet, we acknowledge investors' desire for increased liquidity and continued, meaningful changes in performance. To that end, the Fund has continued to explore capital market opportunities and we are working with the Board and the real estate capital advisory firm Ackman Ziff on a range of initiatives, including:

- Liquidity opportunities and capital management options arising from property sales;
- Improved operational efficiencies, and;
- Further G&A cost reductions.

Many of these strategies are interdependent and we will provide investors with updates on these initiatives as they progress.

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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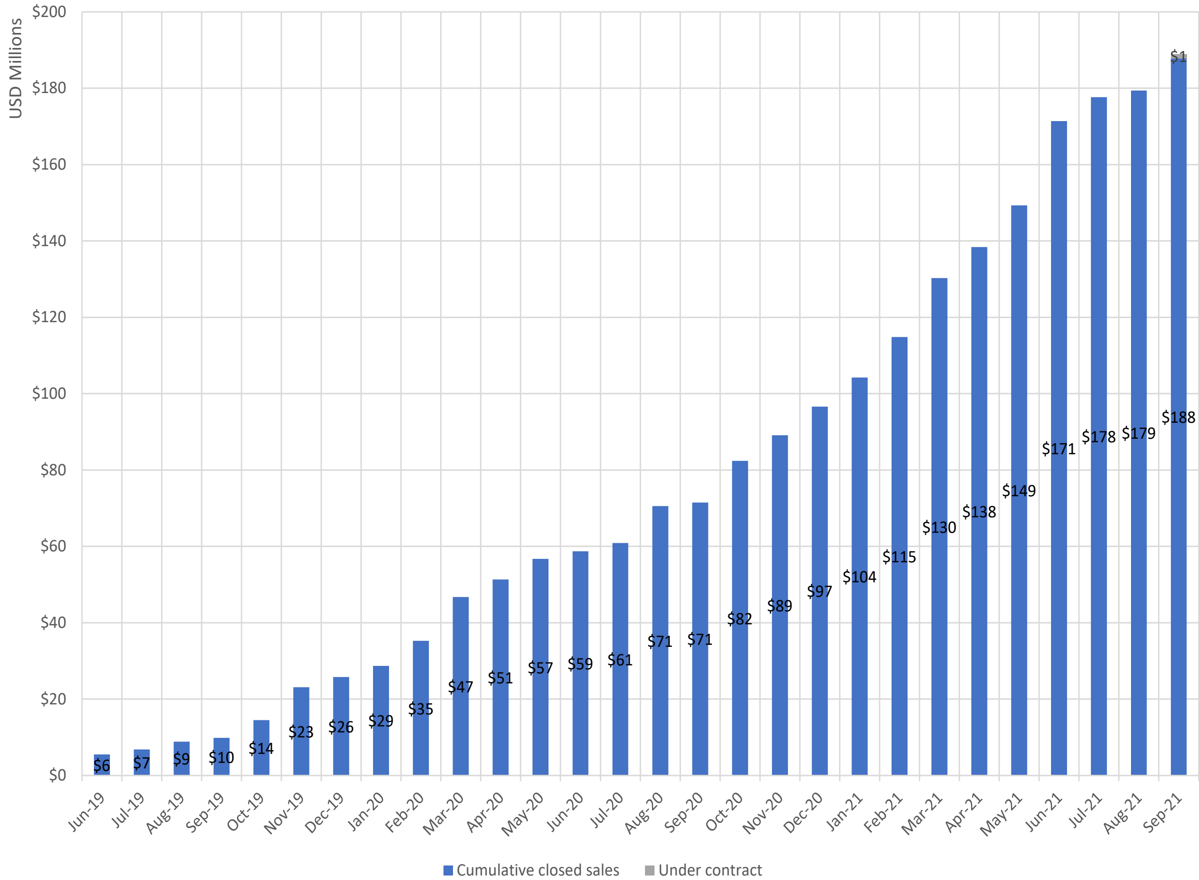
Asset Sales

During Q3 2021, the Fund successfully closed US$16.4m in property sales across 8 transactions. As at 30 September 2021, the dedicated sales pipeline consisted of two properties worth US$1.1 million under contract, and a further three properties on the market for sale. These five pending sales included the Fund's sole remaining Essex County property (which closed in October) and two large scale townhome assets in NY (both of which went under contract following the end of the quarter, for a combined sales value in excess of US$14 million). Sales under contract are likely, but not guaranteed, to close.

The sales pipeline will continue to be assessed in real time and will fluctuate in line with market opportunities, though the total number of sales in coming months will be lower than prior periods as the US enters the historically quiet winter real estate season, and as the Fund assesses its capital market opportunities. In addition, early repayment limits on the Term Loan reduce the economic benefit of significant sales volume (this is discussed in further detail within the "Debt Reduction" section on pages 5 and 6). The Fund will continue to proactively review potential sales and balance all relevant considerations in determining the appropriate level of future sales.



The Fund continues to monitor the broader NY multifamily (apartment) market to evaluate the Fund's remaining NY apartment complex exposure which is held jointly with Urban American. Given the heavy density of living in these apartment complexes, this market has been impacted by COVID-19, and the Fund is conscious of finding a balance between wanting to reduce this non-core exposure from the portfolio, while also ensuring that it achieves an economically beneficial exit valuation. These multifamily holdings remain a minimal portion of the Fund's overall investment portfolio.

Source: US REIT.

Debt Reduction

As announced on 21 September 2021, during the quarter the Fund processed an early, optional full repayment of the Global Atlantic Bridge Loan, which at the start of the quarter had a balance of US$24.6million. The full repayment of this facility represents the substantial completion of the strategic sales and debt reduction program, which has been ongoing since 2019. The substantial debt reduction that has taken place has helped to accomplish the primary goal of the sales program, which was to sell lower yielding assets and utilise the sales proceeds to reduce the Fund's gearing levels. This debt reduction program began with the full repayment of URF Notes II and Notes III, and continued with the full repayment of the Global Atlantic Bridge Loan. Over this period the Fund has reduced its debt levels by A$243 million[1], facilitated by the sale of over US$187 million in assets from the 1-4 Family property portfolio.

In addition to the full repayment of the Bridge Loan, an additional US$1 million was also repaid from the Term Loan in Q3 2021. The Term Loan allows for early principal repayments up to 5% of the original loan balance for each of the first three years, with unused repayment amounts carried forward into subsequent years. This equates to a maximum early repayment of US$54 million until mid-2025. Repayments in excess of this amount will incur a Yield Maintenance Premium. To date, US$10.1 million has been repaid against the Term Loan.

This ongoing debt management program has reduced the Fund's indicative blended cost of interest to 4.00% (from 5.79% at 30 June 2019). All debt now sits within the Global Atlantic Term Loan.

Note that, in a change to prior quarterly reporting, the following tables have been prepared in US-dollar terms. With the Fund's debt now (and in recent comparable periods) exclusively held in US dollars, this will remove the impact of currency fluctuations in reported figures:

Debt Levels & Blended Cost of Interest Calculation

	US$ Balance at 31-Dec-20	US$ Balance at 31-Mar-21	US$ Balance at 30-Jun-21	US$ Balance at 30-Sep-21	Q3 2021 change
Global Atlantic - Term Loan (4.00%)	359,146,473	353,764,177	350,913,925	349,885,636	(1,028,289)
Global Atlantic - Bridge Loan (5.00%)	66,350,305	49,671,212	24,601,050	0	(24,601,050)
Notes III (7.75%)	13,464,500	0	0	0	0
Total	**438,961,278**	**403,435,389**	**375,514,975**	**349,885,636**	**(25,629,339)**
Indicative Interest Cost	**18,726,873**	**16,634,128**	**15,266,610**	**13,995,425**	**(1,271,185)**

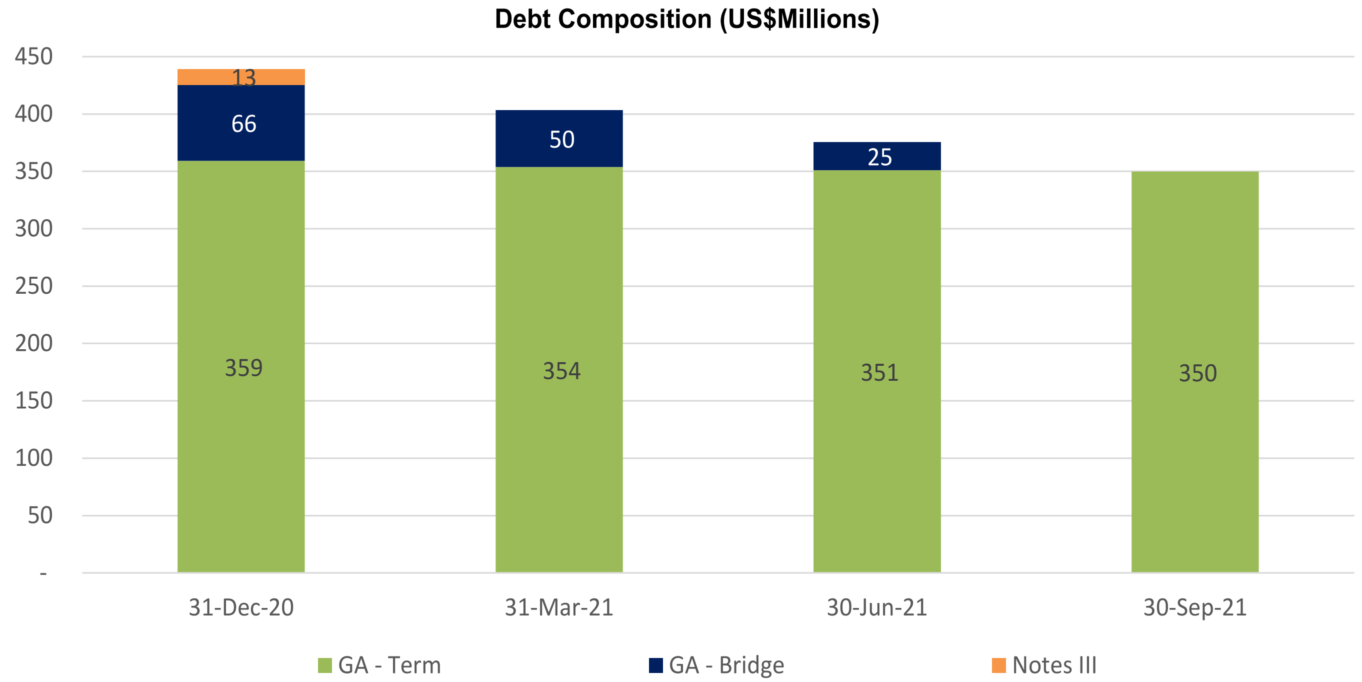
Source: US REIT.

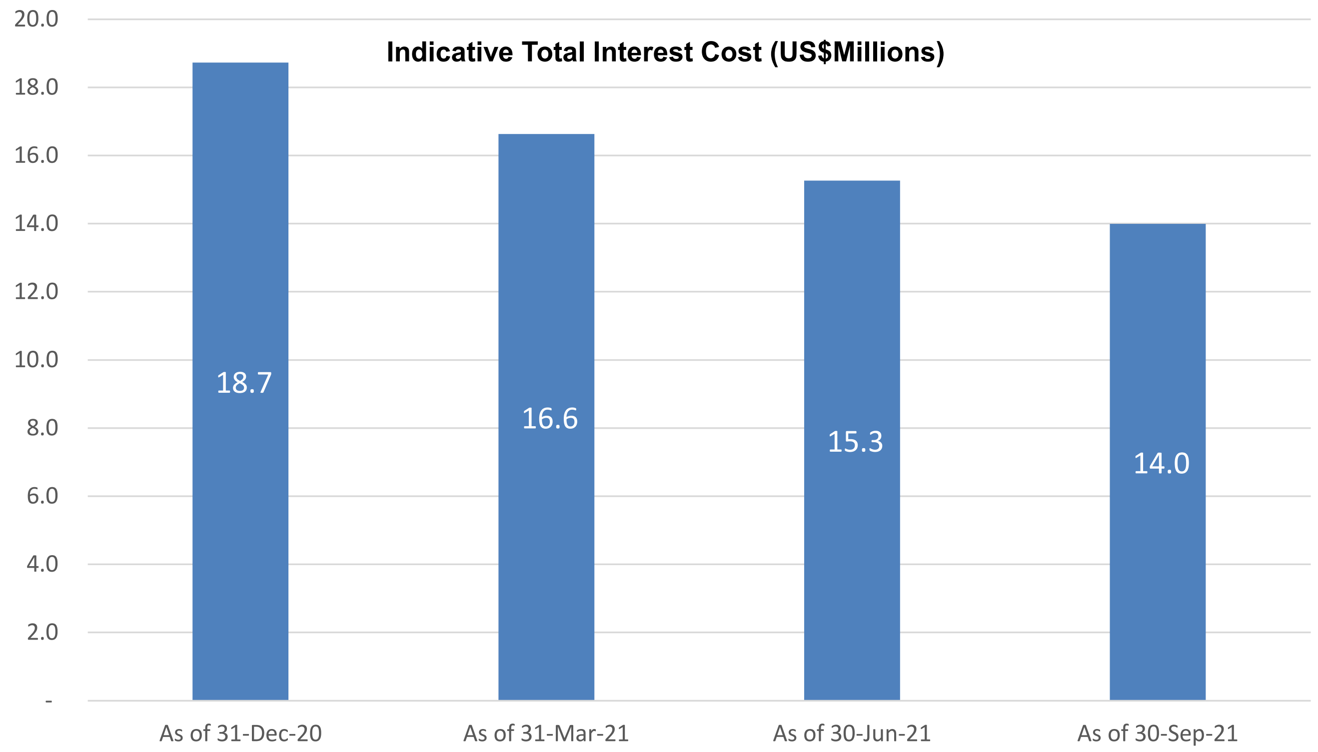
Excludes multi-family level debt for investments with Urban American. URF Notes III balance calculated in USD at AUD/USD spot rate of 0.7694 as at 31 December 2020.

At 30 September 2021, the Fund held cash reserves of US$41.4 million. This cash balance is likely to increase through to Q1 2022, subject to the successful sale of the two large scale townhome assets in New York which are currently under contract. As the Fund finalises these bulky sales and moves towards its stated goal of a positive Funds from Operations (FFO) run rate, the level of working capital required by the portfolio will continue to be reviewed and any surplus funds will be strategically deployed for capital management initiatives such as early repayments against the Term Loan or security buybacks. Subject to the aforementioned NY property sales and broader market conditions in 2022, surplus funds for these purposes are likely to approach US$20 million. Such uses of capital are interdependent with the capital market exploration, and investors will be updated as these initiatives progress. The Fund will continue to take a measured approach to its liquidity requirements as the pandemic wanes, ensuring ample funds are retained for short term URFPA distributions (A$18.7 million through 2022), minimum cash reserves required by Global Atlantic (US$6 million), as well as allowances for regular capital expenditure and operating expenses.

[1] At 30 June 2019 the Fund had total debt of A$727m based on AUD/USD spot rate of 0.702. At 30 September 2021 the Fund had total debt of A$484m based on AUD/USD spot rate of 0.7227.

Debt Reduction





Source: US REIT.

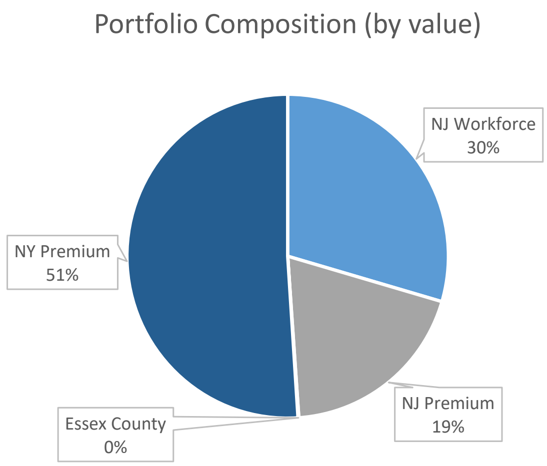
Note: AUD/USD spot rate of 0.7694, 0.7598, 0.7498 and 0.7227 at 30 December 2020, 31 March 2021, 30 June 2021 and 30 September 2021 respectively.

Portfolio Composition

In addition to the repayment of debt, the sales program has been executed with a focus on selling assets from the Fund's lower-yielding NY Premium and NJ Premium segments, and also to divest non-core exposures. Non-core exposures include the larger multifamily investments (jointly owned with Urban American) and the Fund's small number of rent-regulated properties in New Jersey.

Throughout Q3, US$12.1 million was sold from the Fund's NY Premium portfolio, US$3.99 million from the NJ Premium segment, and $315,000 from the NJ Workforce portfolio.

The following breakdown represents the Fund's 1-4 family portfolio as at 30 September 2021:



Location	Value (USD)	Property Count	Location	Value (USD)	Property Count
NJ Workforce	**$187,503,370**	**300**	**NY Premium**	**$323,993,180**	**113**
Bayonne	$30,017,030	54	Bedford-Stuyvesant	$98,660,348	39
Bergen-Lafayette	$8,490,890	11	Boerum Hill & Brooklyn Heights	$17,422,195	3
Greenville	$34,724,740	68	Bushwick	$19,567,606	14
Jersey City Heights	$51,259,902	62	Clinton Hill	$14,439,198	4
Journal Square	$17,383,766	26	Cobble Hill	$6,033,843	2
West Bergen	$35,157,051	61	Crown Heights & Lefferts Garden	$32,752,587	14
North Bergen	$5,186,678	9	Fort Greene	$10,852,124	3
Union City	$3,152,673	5	Park Slope	$29,802,544	7
Secaucus	$421,291	1	Prospect Heights	$4,751,597	1
West New York	$1,709,348	3	Williamsburg	$15,541,471	6
NJ Premium	**$122,963,937**	**70**	Hamilton Heights	$11,386,435	3
Downtown	$114,328,003	64	Forest Hills	$1,600,000	1
Weehawken	$8,635,934	6	Harlem	$53,223,100	15
Essex County	**$550,750**	**1**	Soho	$7,960,131	1

Source: US REIT, as at 30 September 2021. Figures may not sum due to rounding.

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. 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 were resilient throughout the quarter, equating to 99% of the quarter's occupied rent roll. The rent collected includes receipts for Q3, as well as outstanding payments for prior months.

Month	Collection Rate
January 2021	98%
February 2021	97%
March 2021	97%
April 2021	98%
May 2021	96%
June 2021	99.5%
July 2021	102%
August 2021	99%
September 2021	96%
Q3 2021	**99%**

Source: US REIT.

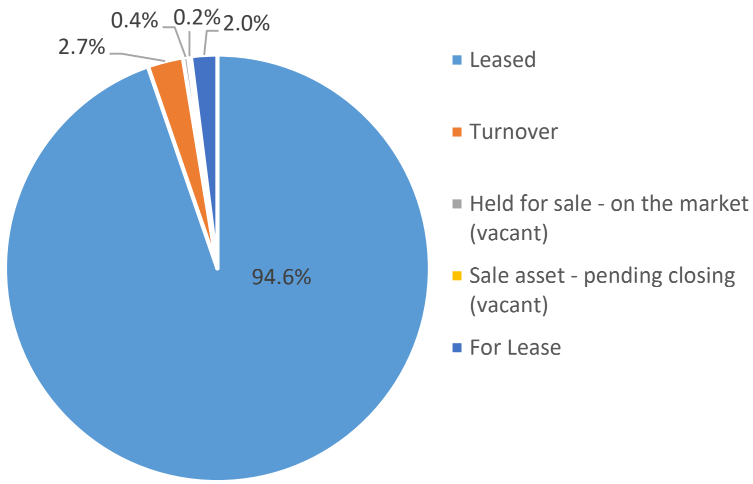
For the month of October 2021, the Fund's 1-4 family portfolio collected funds equivalent to 98% of the month's rent roll.

Portfolio Occupancy

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

At 30 September 2021, the Fund's 1-4 family portfolio had 94.6% of its units leased and generating income. A further 4.7% of units were vacant and available for rent (or undergoing a turnover between leases), while the remaining units (0.6%) were kept deliberately vacant as they progress through the sales pipeline. The Fund's rent ready occupancy (i.e. excluding units deliberately held vacant for sale) was stable at 95.2% at the end of the quarter.

Total Portfolio (as at 30 September 2021)	**Unit Count**	**%**
Leased	841	94.6%
Turnover	24	2.7%
Held for sale - on the market (vacant)	4	0.4%
Sale asset - pending closing (vacant)	2	0.2%
For Lease	18	2.0%
Total Units	**889**	**100%**



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

Net Operating Income

The Fund is focused on managing the portfolio as efficiently as possible in order to maximise its Net Operating Income (NOI), being the net rental revenue that the Fund receives after paying property level expenses.

As a result of the sales program that has taken place over the course of the past two years, total portfolio revenue has decreased relative to historic levels as the portfolio has reduced in size. To remove the impact of the sales program and review income performance in a consistent manner, the following analysis reviews the portfolio on a 'same home' basis, meaning that it only considers assets currently owned and income generating (or for lease), and looks at the income generated by that "stabilised" pool of properties over time. As the Fund is nearing the end of its sales program and beginning to transition to a fully stabilised state, this pool of properties will largely be reflective of the entirety of the portfolio, with the only exclusions being any properties currently on the market for sale or any opportunistic sales that the Fund considers in the future.

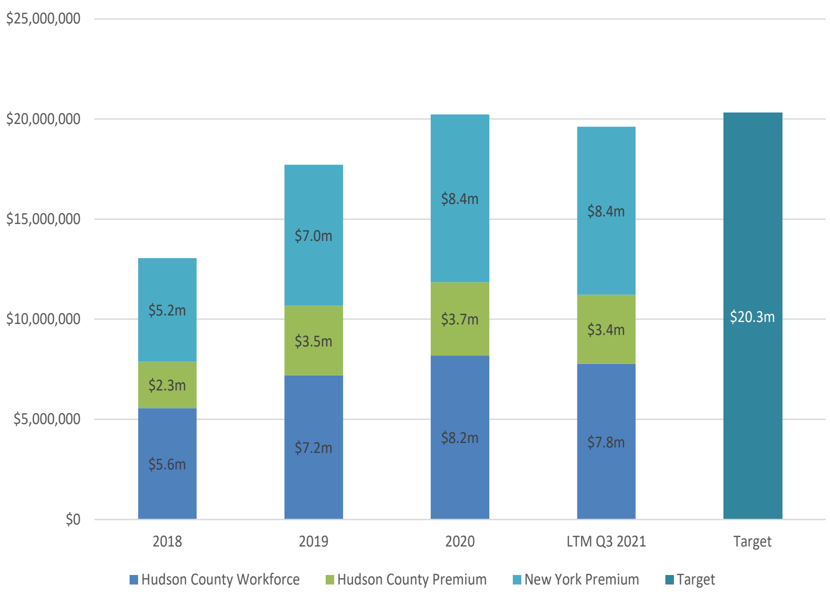
The Fund's key drivers to maximise NOI on the fully stabilised portfolio will be:

1) continuing to reduce property-level expenses (such as the cost of repairs and maintenance); and

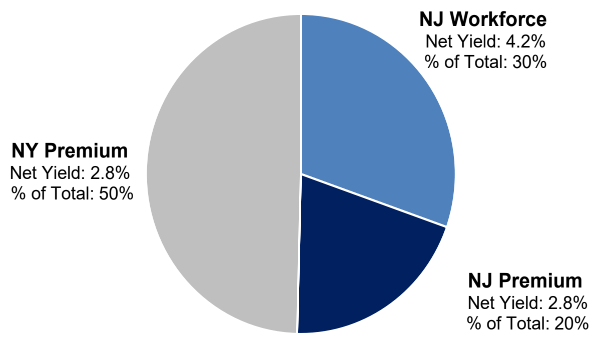
2) increasing rental revenue (subject to broader market conditions).

At the end of Q3 the Fund's same-home trailing 12-month NOI was US$19.6 million. This result is 3.4% below the target originally set at the end of 2019 prior to the impact of the COVID-19 pandemic. Contributing factors to this variance include a heavy 2020/21 snow season resulting in increased snow removal charges, increased property taxes, and the rental revenue impact and accompanying bad debts caused by the pandemic.

NOI (USD): Same-Home Stabilised 1-4 Family Properties



Q3 2021 LTM NOI Yield: Same-Home Stabilised 1-4 Family Properties



Source: US REIT.

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

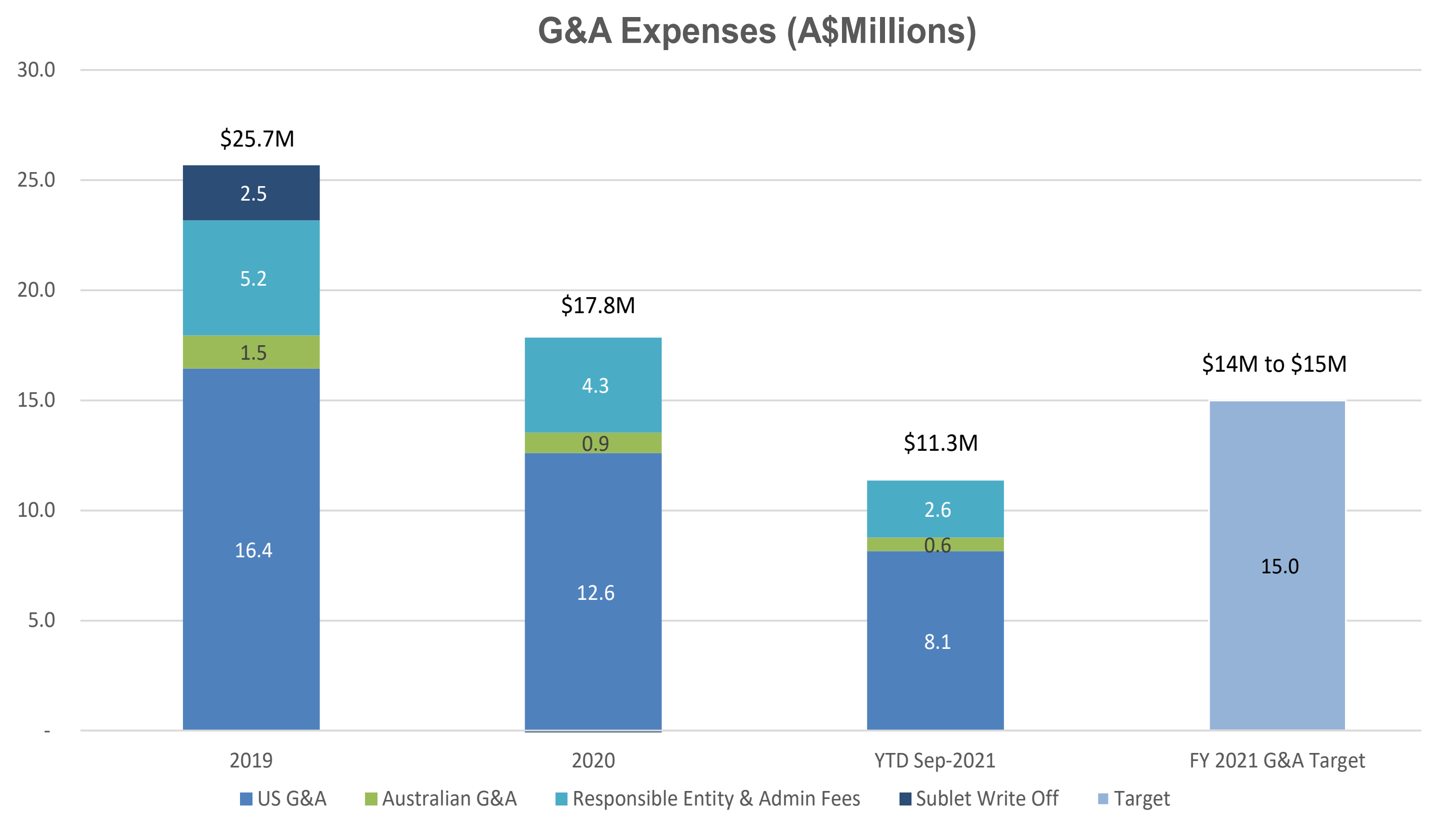
Note: "LTM" refers to 'last 12 months' illustrating trailing 12 month data as at 30 September 2021.

General and Administrative Expenses

Reducing General and Administrative (G&A) expenses is a key goal for the Fund's management team. For the 2021 calendar year, an annual expense of A$14-15 million is anticipated. The first nine months have been in line with this guidance, with A$11.3 million in expenses being incurred.

As the portfolio moves towards a stabilised state the Fund has agreed with E&P Financial Group (ASX: EP1) to indefinitely waive the Responsible Entity Administration Fee, starting 1 January 2022. The Administration Fee is currently 0.25% (exclusive of GST) of the gross assets of the Fund, and waiving this is expected to save the Fund in excess of A$2 million in G&A expenses each year.

The Fund is conducting an ongoing operational review focused on further reductions in costs and changes to the operating model in order to facilitate this. The review is anticipated to complete this year, with resulting initiatives to be communicated in Q1 2022.

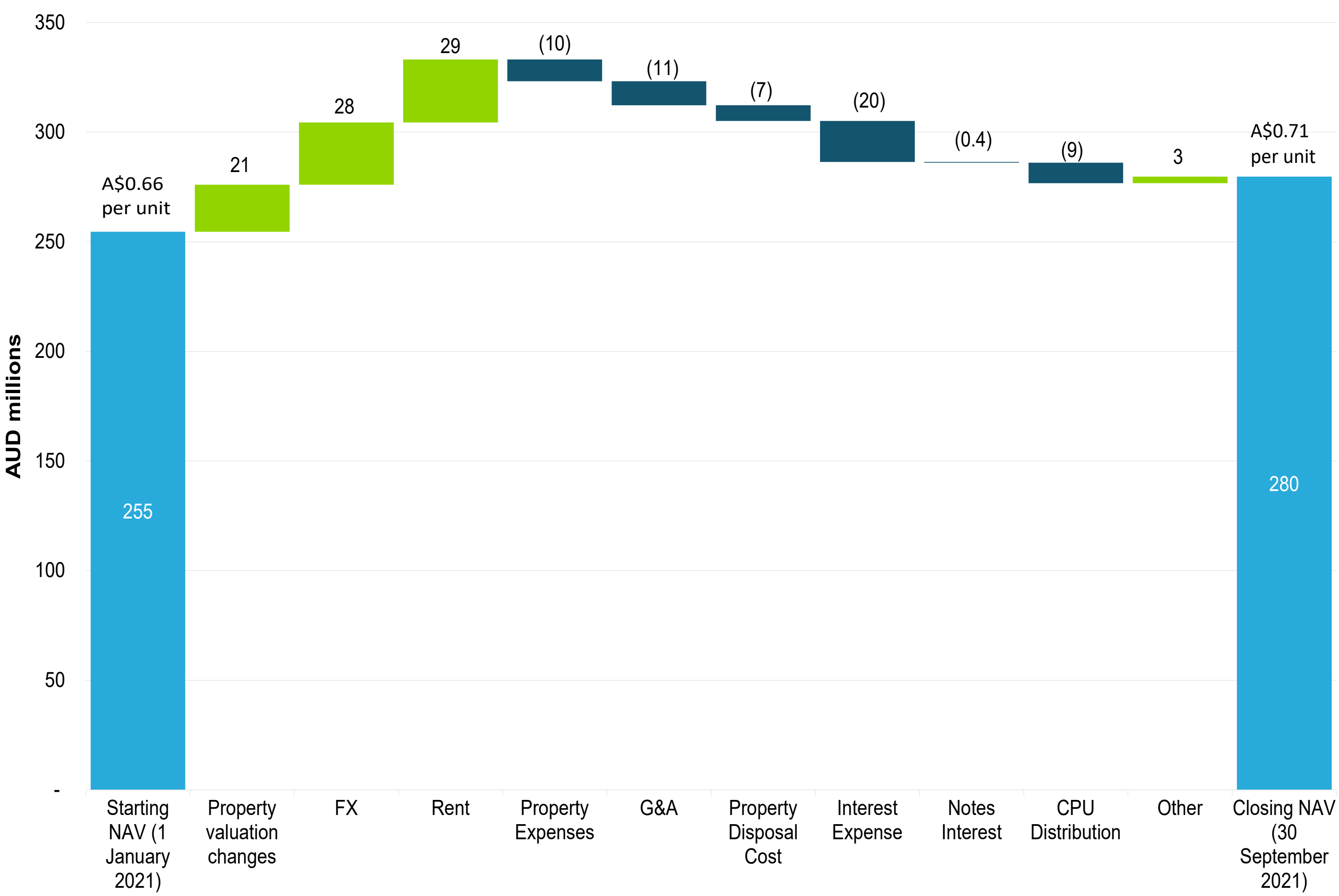


AUD/USD average rate of 0.6953, 0.6910 and 0.7589 for 2019, 2020 and YTD Q3 2021 respectively.
Original target for 2020 was based on AUD/USD spot rate at 31-Dec-2020 of 0.7694

Source: US REIT.

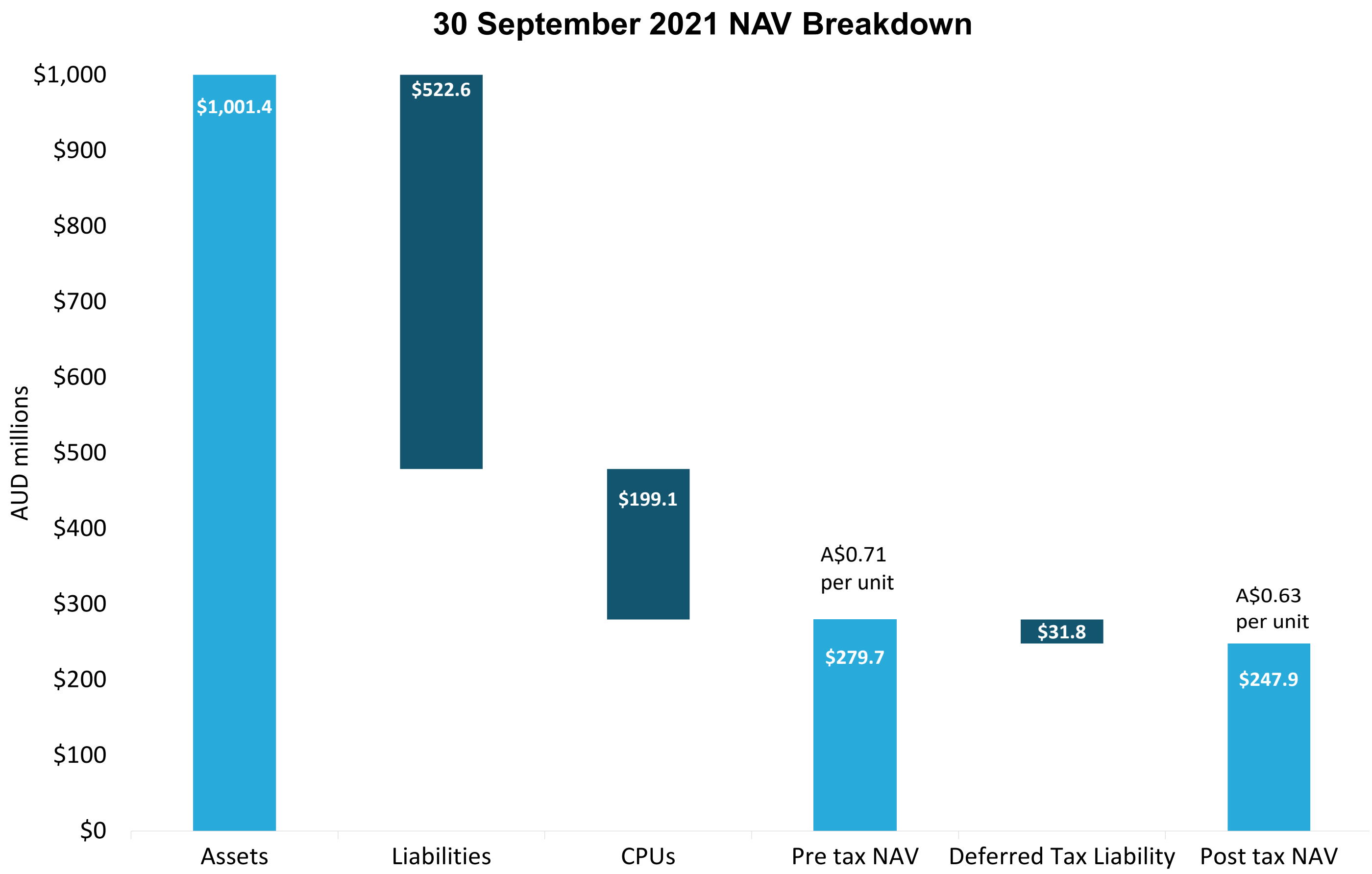
Net Asset Value

Changes to the Fund's pre-tax Net Asset Value (NAV) over the period 1 January 2021 to 30 September 2021 are outlined below. At 30 September 2021, the pre-tax NAV was A$0.71 per unit (A$0.63 post-tax).



Source: US REIT.

Net Asset Value



Source: US REIT. Note, there were 395,934,429 units outstanding as at 30 September 2021.

Fund Cash Flow Profile

The following Funds From Operations (FFO) 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 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. While asset value growth and favourable currency movements have the ability to outweigh the Fund's operational cash losses and generate a profit, it has been management's goal to reposition the Fund to become cash flow positive from its operating activities alone so that it is not reliant on such factors to reach profitability.

Funds From Operations (FFO) - Pre-Tax				
A$	**2018**	**2019**	**2020**	**YTD Q3 2021**
Revenue from Ordinary Operations	**38.1**	**49.7**	**45.4**	**29.5**
One-Off Grant Income			**1.9**	**-**
Investment Property Expenses	(16.3)	(19.2)	(14.9)	(9.8)
Investment Property Disposal Costs	(3.6)	(4.3)	(5.7)	(7.2)
G&A	(25.1)	(22.2)	(16.0)	(11.3)
One-Off Refinancing Costs - G&A	-	-	(1.3)	-
EBITDA	**(6.9)**	**4.0**	**9.4**	**1.2**
Net Interest Expenses (Excluding Notes Interest)	(20.5)	(21.2)	(16.6)	(16.1)
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)**	**(15.2)**

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 0.7589 for 2018, 2019, 2020 and 2021 respectively. FFO is reported on a cash accounting basis. Figures in table may not sum due to rounding.

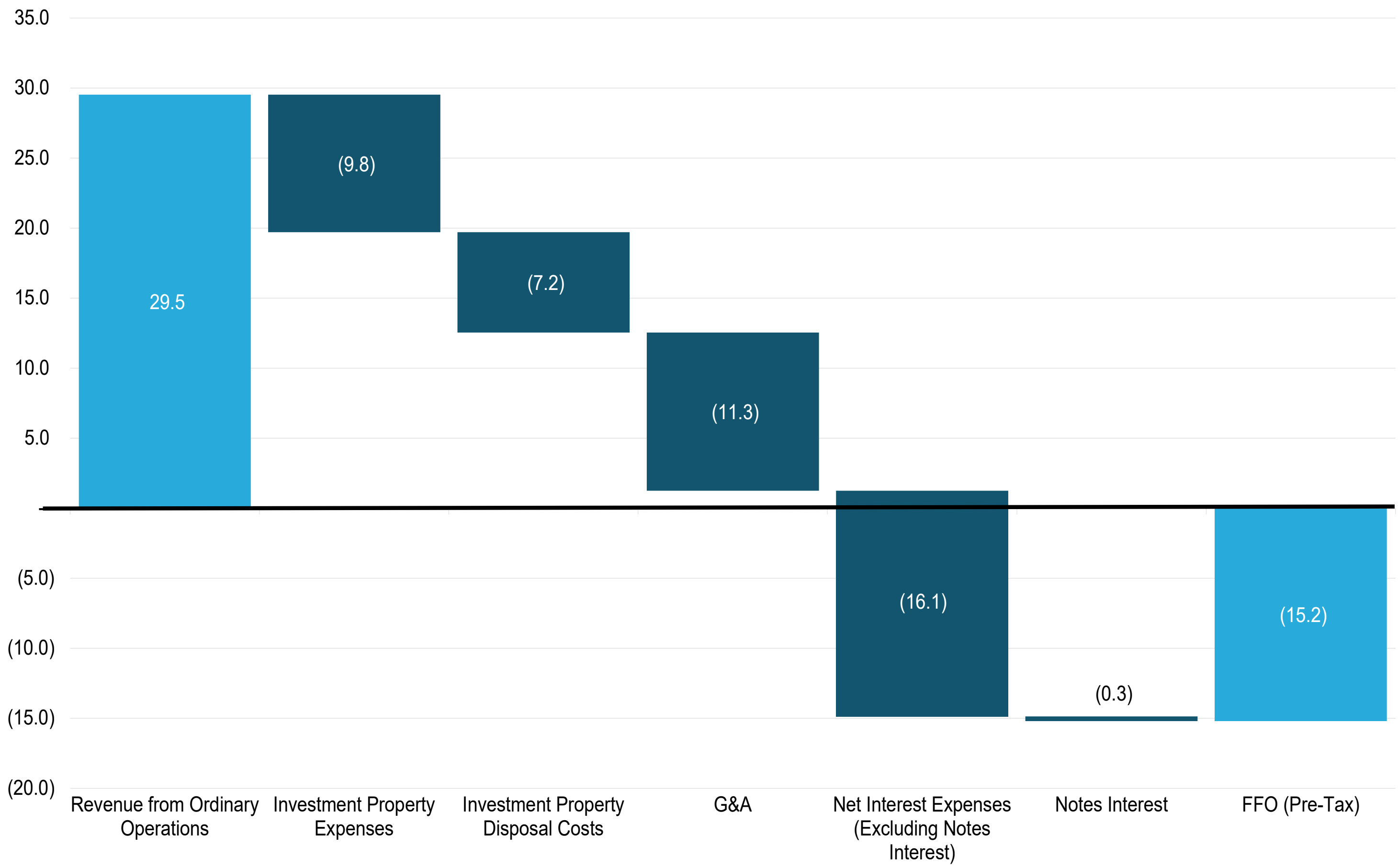
Gross EBITDA increased by A$2.7million in Q3, more than offsetting the negative result in the first half of the year. Excluding one-off items and property disposal costs, adjusted EBITDA for the nine months to 30 September 2021 was A$8.4million, with Q3 doubling the $4.2million result achieved as at 30 June 2021.

Interest expenses continued to decrease, and these will fall further in future reporting periods following the full repayment of the Global Atlantic Bridge Loan at the end of Q3. After removing one-off items and property disposal costs, FFO to the end of Q3 on an annualised basis represents a 30% improvement on similarly adjusted FFO for the full year 2020.

As a result of the success of the Fund's strategic plan and asset sales program, combined with reductions in G&A, the Fund is expecting to approach a positive FFO run rate within the second half of the 2022 calendar year, subject to broader market conditions.

Fund Cash Flow Profile

YTD Q3 2021 Funds From Operations (FFO) - Pre-Tax (A$Millions)



Source: US REIT. Note: Excludes Convertible Preference Unit (URFPA) distributions as they are equity distributions. AUD/USD average rate of 0.7589 for YTD Q3 2021. FFO is reported on a cash accounting basis. Figures may not sum due to rounding.

Board of the Responsible Entity

Stuart Nisbett

Peter Shear

Warwick Keneally

Mike Adams

US Management Team

Kevin McAvey CO-HEAD OF THE US REIT

Brian Disler CO-HEAD OF THE US REIT

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