

US Masters Residential Property Fund (Fund)

ASX Code: URF

Video Update – Q4 2021

The Fund has recorded a video update to accompany the Q4 2021 Quarterly Report and Full-Year 2021 Financial Accounts for the period ending 31 December 2021. A copy of the presentation and a link to the video update is below.

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

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

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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.

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US Masters
Residential
Property Fund

Q4 2021 Fund Update

28 February 2022

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2021 Full Year results

Total comprehensive income of A\$45.1 million for 2021 full year.

Contributing factors include:

- Valuation growth for the 1-4 Family property portfolio.
- Reduced G&A expenses.
- Reduced interest costs.
- Favourable currency movements.
- Reduced deferred tax liability (change at 30 June 2021).

Asset valuation – 31 December 2021

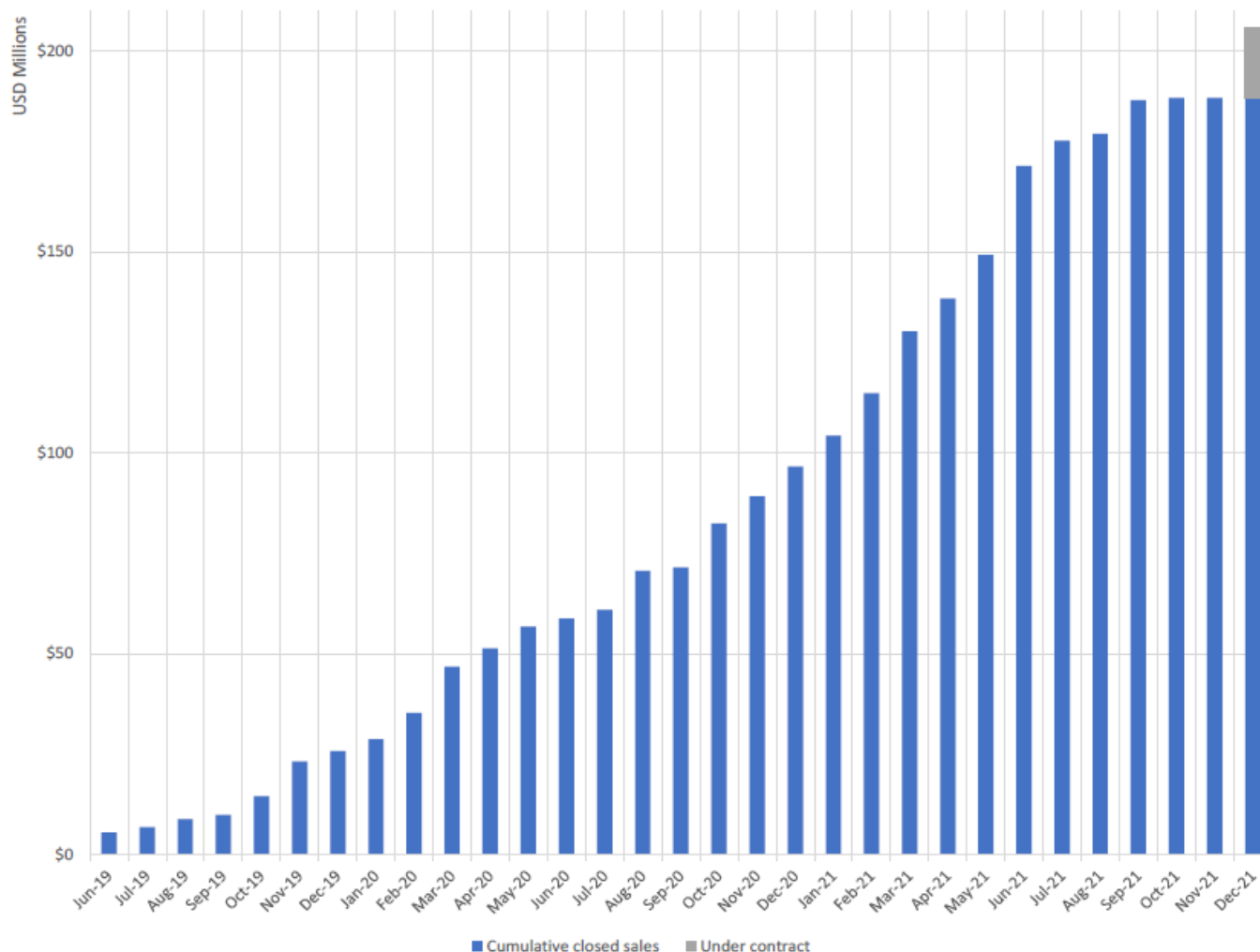
1-4 Family portfolio:

The results for the half-year saw the Fund's aggregate asset values increase by 1.6% for the period 1 July 2021 to 31 December 2021. This result follows an increase of 2.7% for the first six months of 2021.

Segment	Starting value (USD)	Closing value (USD)	Change	6-month change
NJ Workforce	\$187,900,648	\$190,166,093	\$2,265,446	1.2%
NJ Premium	\$123,132,463	\$124,479,892	\$1,347,429	1.1%
NY Premium	\$324,411,237	\$330,930,242	\$6,519,005	2.0%
Total	\$635,444,348	\$645,576,227	\$10,131,879	1.6%

Source: US REIT, as at 31 December 2021.

1 – 4 Family Sales Program



In 2019, the Fund set a target of US\$200m to US\$250m in sales from the 1-4 Family portfolio.

Following settlement of transactions currently under contract, the Fund will have closed a total of US\$207m worth of property from the 1-4 Family portfolio since the start of the sales program in 2019.

Source: US REIT. Data as 31 December 2021. Historical performance is not a reliable indicator of future performance.

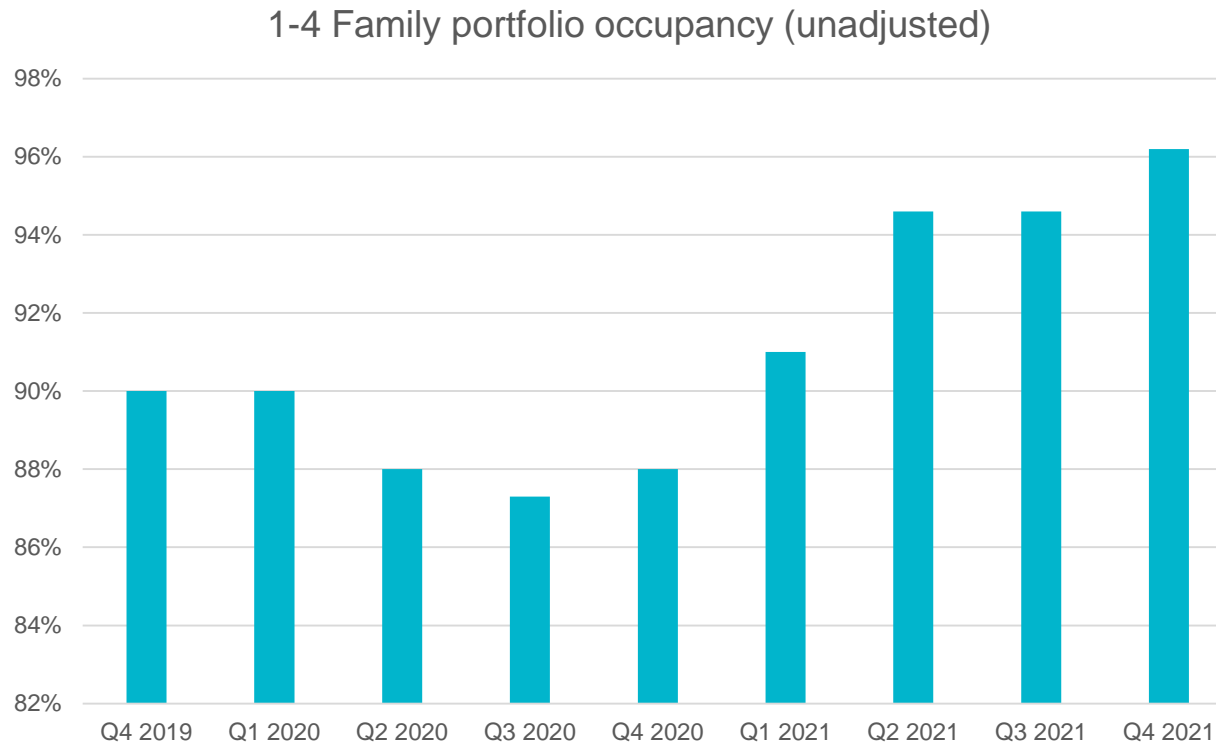
Rent Collection Rates

Month	Collection %
October 2021	98%
November 2021	97%
December 2021	102%
Q4 2021 Total	99%

Rent collected includes receipts for Q4, as well as outstanding payments for prior months.

Source: US REIT. Data as at 31 December 2021. Historical performance is not a reliable indicator of future performance.

Portfolio Occupancy



Source: US REIT. Data as at 31 December 2021. Data shows URF's 1-4 Family property portfolio.

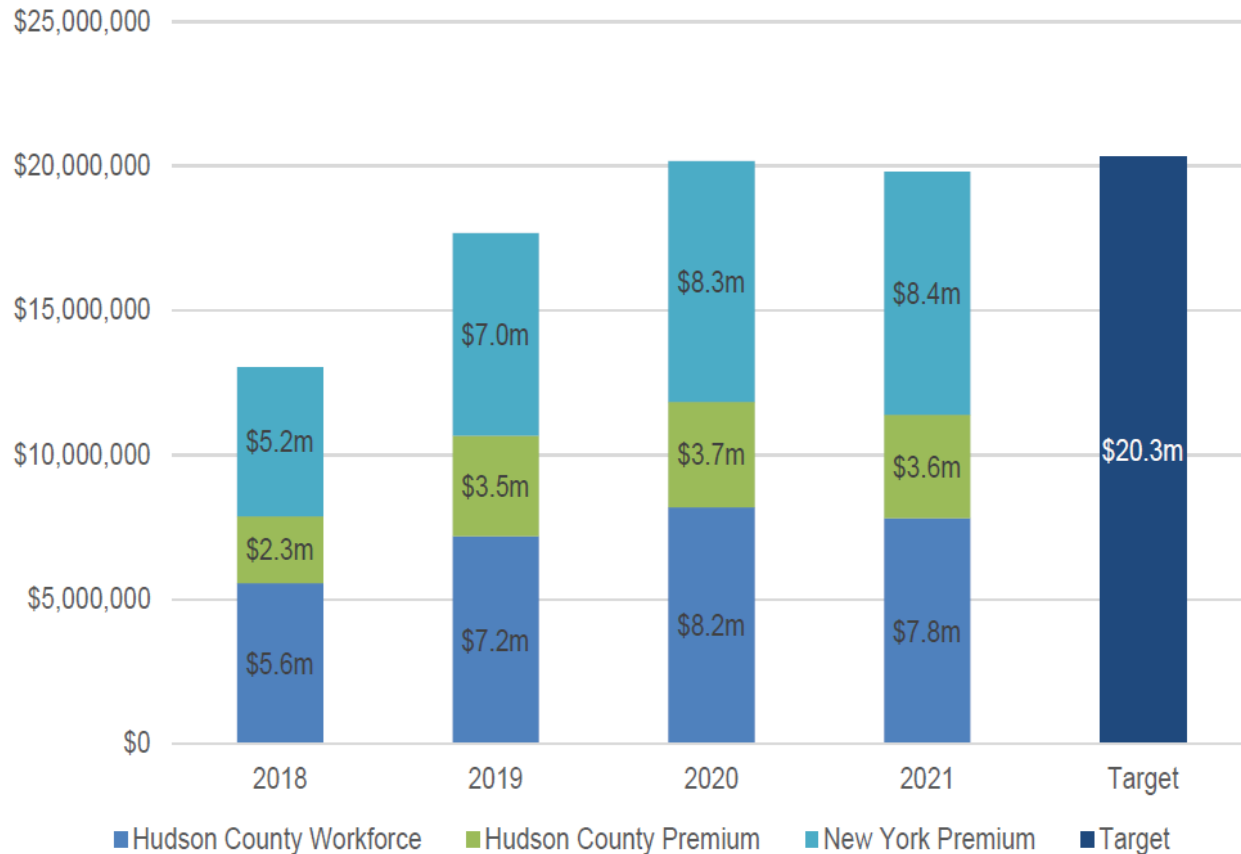
Portfolio Occupancy

Total Portfolio (as at 31 December 2021)	Unit Count	%
Leased	854	96.2%
Turnover	10	1.1%
Held for sale - on the market (vacant)	1	0.1%
Sale asset - pending closing (vacant)	5	0.6%
For Lease	18	2.0%
Total Units	888	100.0%

Source: US REIT. Data as at 31 December 2021. Data shows URF's 1-4 Family property portfolio.

Net Operating Income (NOI)

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



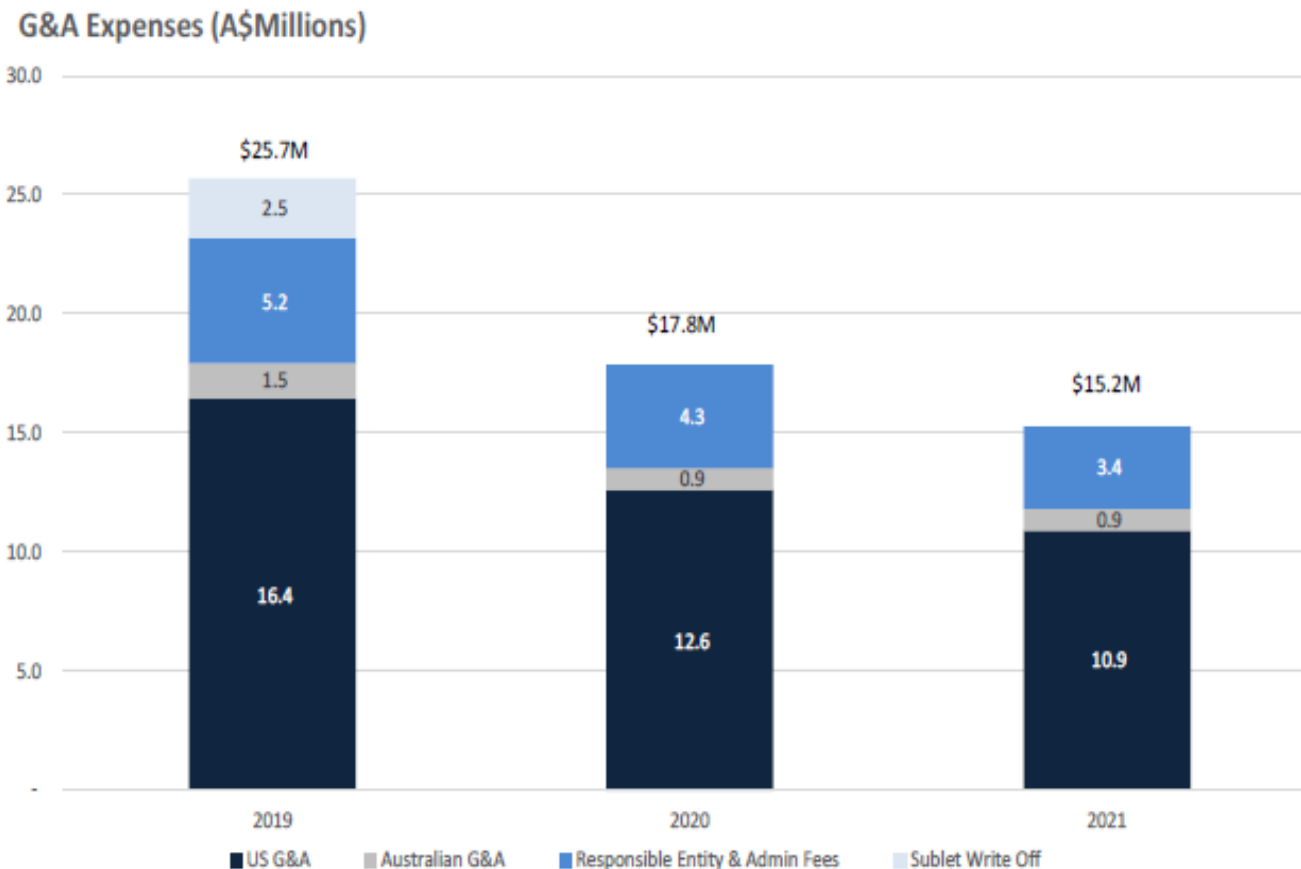
In 2019, the Fund set a NOI target without knowledge of the impending pandemic.

The full-year 2021 result of US\$19.8m is within 2.5% of this target.

Comparing Q4 2020 and Q4 2021, the portfolio NOI increased by US\$256,000, or 5.5%.

Source: US REIT. Data accurate as at 31 December 2021. Historical performance is not a reliable indicator of future performance.

General and Administrative expenses



One of the key goals set in 2019 was to reduce G&A expenses.

2021 G&A expenses were A\$15.2 million; a 14% reduction compared to 2020 and a 41% reduction from 2019.

Further reductions are planned throughout 2022.

Source: US REIT. Data as at 31 December 2021.
AUD/USD average rate of 0.6953, 0.6910 and 0.7513 for 2019, 2020 and 2021 respectively.

Debt Repayment

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

In 2021, the Fund reduced its debt levels by A\$117.6m. This debt reduction led to the Fund reducing interest costs by 33% during the year.

Between 30 June 2019 and 31 December 2021:

- Debt balance has been reduced by A\$245.4 million;
- The Fund's blended interest rate has reduced from 5.8% to 4.0%.

Source: US REIT. Data as at 31 December 2021.

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

Funds from Operations (FFO)

A\$	2018	2019	2020	2021
Revenue from Ordinary Operations	38.1	49.7	45.4	39.7
One-Off Grant Income			1.9	-
Investment Property Expenses	(16.3)	(19.2)	(14.9)	(13.1)
Investment Property Disposal Costs	(3.6)	(4.3)	(5.7)	(7.3)
G&A	(25.1)	(22.2)	(16.0)	(15.1)
One-Off Refinancing Costs - G&A	-	-	(1.3)	-
EBITDA	(6.9)	4.0	9.4	4.2
EBITDA (excluding disposal costs and one-off items)	(3.4)	8.3	14.5	11.5
Net Interest Expenses (Excluding Notes Interest)	(20.5)	(21.2)	(16.6)	(21.2)
One-Off Refinancing Costs - Interest	-	-	(0.4)	-
Notes Interest	(21.7)	(19.8)	(13.0)	(0.3)
Funds From Operations (FFO)	(49.0)	(37.1)	(20.7)	(17.4)
FFO (excluding disposal costs and one-off items)	(45.5)	(32.8)	(15.1)	(10.0)

Excluding disposal costs and non-recurring items, FFO improved 34% over 2020's result. As prioritised in 2019, a positive FFO run-rate is expected to be achieved in 2022.

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 0.7513 for 2018, 2019, 2020 and 2021 respectively. FFO is reported on a cash accounting basis. Figures in table may not sum due to rounding.

Capital Markets

- Considering a whole-of-portfolio sale of the 1-4 Family property assets.
- In such a scenario it is expected that a bulk transaction discount will be applied to the book value of the portfolio.
- Any potential transaction will be compared to the forward looking prospects of the business, as well as an asset-by-asset liquidation.
- Responsible Entity Board and US Management are conscious of investor desire for liquidity.
- The Fund is currently in exclusive negotiations with a single party, though there is no guarantee a transaction will eventuate.

Source: US REIT.

In the event of no transaction

- Reaffirm FFO positive run-rate in 2022 calendar year;
- Continued reductions to the operating platform to align with smaller, stabilised portfolio;
- Transition from co-CEO model to single CEO-model.

Source: US REIT.

For further information

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