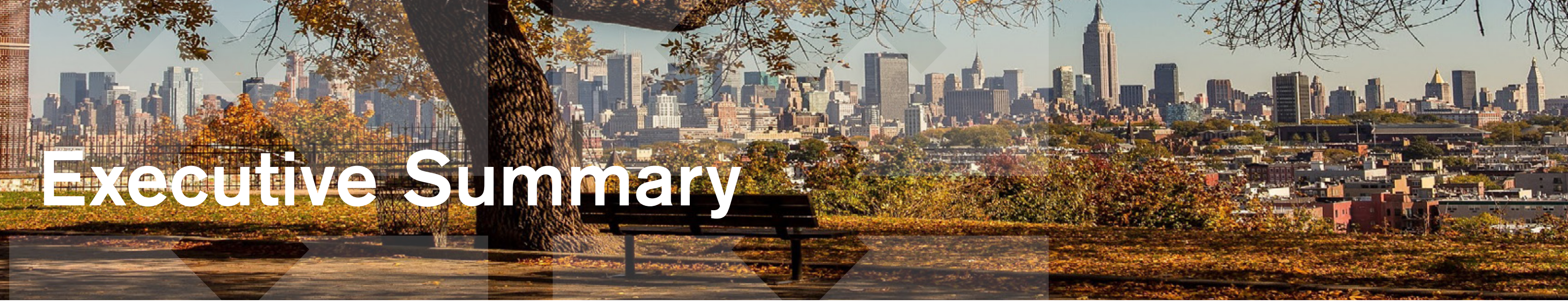
QUARTERLY UPDATE

July - September 2022

21 November 2022

US Masters Residential Property Fund



Executive Summary

Welcome to the US Masters Residential Property Fund's (URF or Fund) Quarterly Report for the period 1 July 2022 to 30 September 2022.

As outlined in prior investor communications, Q3 saw the start of the on-market buyback for both URF ordinary units (ASX: URF) and URF Convertible Preference units (ASX: URFPA). Over the course of Q3, A$9.1 million was utilised to buy back 11.37 million ordinary units and approximately 99,000 URFPAs. The buyback program remains ongoing, and repurchases of both securities will continue to be funded not only through existing cash reserves, but also through excess proceeds of asset sales from the portfolio.

Alongside the initiation of the buyback program, the 1-4 Family asset sales program was reinitiated during the quarter, with a number of assets moving through the sales pipeline. While no transactions closed in Q3, the Fund ended the quarter with $8.4 million worth of assets either under contract or with an accepted offer, with an additional $20.4 million either currently on the market for sale or to be listed imminently. Of this sales volume, US$7.1 million settled during the month of October.

In addition to the 1-4 Family asset sales program, the Fund has also formally provided notice to Urban American of its intention to sell its share of the large-scale multifamily apartment complexes, which are jointly owned by URF and Urban American. These three large-scale apartment complexes are worth a combined US$33.2 million, with the Fund's economic interest in these investments being approximately US$7.0 million.

In addition to the Fund's capital management activities, the US Management team and Board of the Responsible Entity have been focused on progressing the externalisation of the Fund's US operating divisions through the previously announced strategic joint venture with Brooksville and Pinnacle City Living. The joint venture documentation was significantly progressed during the quarter, and it is expected that the final agreement will be formalised before the end of the year. As previously outlined, the agreement will see Brooksville and Pinnacle taking on the full management and operation of the Fund's portfolio on an ongoing basis. Full details of this arrangement will be provided once the agreement has been finalised.

The Fund's operational results continued to improve across the quarter, with year-to-date General & Administrative expenses (G&A) showing a 21% improvement on the same period in 2021, and year-to-date Net Operating Income (NOI) growth of US$189k. These contributed to a year-to-date Funds from Operations (FFO) loss of only A$2.4 million (excluding one-off items), which is a 70% improvement compared to the same period last year.

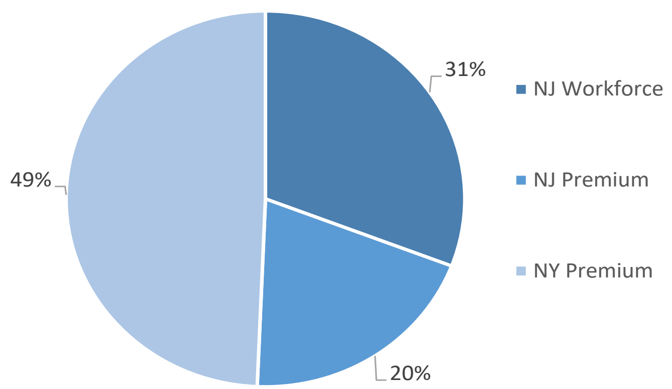
As always, investor feedback and questions can be directed to the Fund's Investor Relations team at URFInvestorRelations@usmrpf.com.

Kevin McAvey
Head of the US REIT

Contents

Portfolio Composition

The following geographic distribution represents the Fund's 1-4 family portfolio as at 30 September 2022:



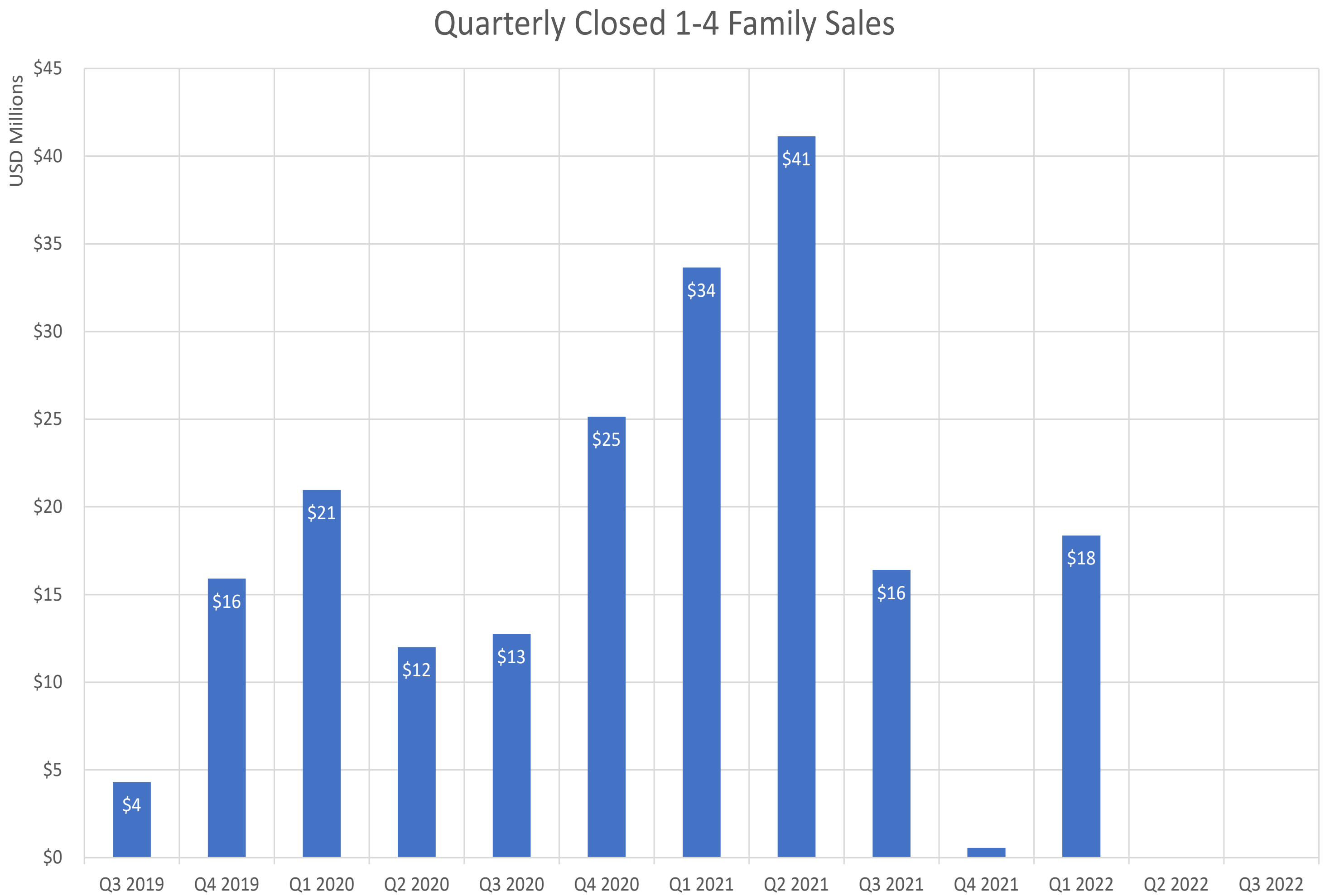
Location	Value (USD)	Property Count	Location	Value (USD)	Property Count
NJ Workforce	**$200,003,587**	**300**	**NY Premium**	**$320,232,211**	**109**
Bayonne	$32,449,052	54	Bedford-Stuyvesant	$98,053,849	38
Bergen-Lafayette	$7,948,500	11	Boerum Hill	$9,185,714	2
Greenville	$38,361,251	68	Bushwick	$20,935,244	14
Jersey City Heights	$55,124,593	62	Clinton Hill	$14,938,336	4
Journal Square	$20,376,200	26	Cobble Hill	$7,515,144	2
North Bergen	$5,165,328	9	Crown Heights	$32,629,444	13
Secaucus	$515,288	1	Lefferts Gardens	$3,134,200	1
Union City	$2,968,023	5	Fort Greene	$11,998,556	3
West Bergen	$35,254,027	61	Park Slope	$35,112,544	7
West New York	$1,841,324	3	Prospect Heights	$5,000,733	1
NJ Premium	**$128,801,677**	**70**	Williamsburg	$15,870,603	6
Downtown	$120,593,669	64	Hamilton Heights	$12,658,619	3
Weehawken	$8,208,008	6	Harlem	$53,199,226	15

Source: US REIT. Valuation figures may not sum due to rounding.

Asset Sales

The 1-4 Family asset sales program was reinstated during the quarter, and while no assets closed during Q3, as at 30 September 2022 the Fund had US$20.9m worth of assets being prepared for sale or on the market for sale, as well as US$8.4m of assets with an accepted offer or under contract for sale. Pleasingly, the Fund closed on the sale of five of these properties in October for a total of US$7.1m.

In addition to the 1-4 Family asset sales, the Fund has also provided its joint venture partner Urban American with formal notice regarding the intended sale of the jointly-owned large-scale NY multifamily investments. These three large-scale apartment complexes (515 West 168th Street & 523 West 135th Street in Harlem, and 30-58/64 34th Street in Astoria) are worth a combined US$33.2 million, with URF being the majority owner of the assets with an economic interest of approximately US$7.0 million. Pursuant to the ownership agreement, Urban American has the option to purchase URF's share of the investments. If this option is not exercised, the investments will be marketed for sale to external investors. Further updates on this sales process will be provided in due course.



Source: US REIT.

Capital Management

The Fund's debt levels were unchanged across the quarter. Following the resumption of the sales program, the Global Atlantic Term Loan will be reduced in coming periods as assets that are used as collateral are sold. As properties are sold from the collateral pool, a required repayment will be made to Global Atlantic based on the sold property's allocated loan amount. Residual sales proceeds will then be used to fund the on-market buybacks and made available for other capital management opportunities.

Debt Levels & Blended Cost of Interest Calculation

	US$ Balance at 30-Sep-21	US$ Balance at 31-Dec-21	US$ Balance at 31-Mar-22	US$ Balance at 30-Jun-22	US$ Balance at 30-Sep-22
Global Atlantic - Term Loan (4.00%)	349,885,636	349,885,636	348,034,311	348,034,311	348,034,311
Global Atlantic - Bridge Loan (5.00%)	0	0	0	0	0
Total	**349,885,636**	**349,885,636**	**348,034,311**	**348,034,311**	**348,034,311**
Indicative Annual Interest Cost	**13,995,425**	**13,995,425**	**13,921,372**	**13,921,372**	**13,921,372**

Source: US REIT.

Excludes multi-family level debt for investments with Urban American.

Over the course of the quarter the Fund executed an on-market buyback of both URF Ordinary Units (ASX: URF) and URF Convertible Preference Units (ASX: URFPA or CPUs). A total of A$9.1 million was used to purchase 11,366,083 URF Ordinary units and 98,963 URFPA units. This buyback program has continued following the end of the quarter, and URF intends to continue to fund this buyback program through balance sheet capital, as well as excess sales proceeds from asset sales.

	Number		Consideration A$		
Month end	**Ordinary Shares**	**CPUs**	**Ordinary Shares**	**CPUs**	**Total**
July 2022	735,282	41,366	$ 186,821	$ 2,226,763	**$ 2,413,583**
August 2022	7,094,875	29,372	$ 2,012,258	$ 1,730,430	**$ 3,742,688**
Sep 2022	3,535,926	28,125	$ 1,117,571	$ 1,835,005	**$ 2,952,576**
Total	**11,366,083**	**98,863**	**$ 3,316,649**	**$ 5,792,198**	**$ 9,108,847**

The Fund ended the quarter with cash balances of US$35.5 million.

Rental Income Collections

Collection rates remained positive throughout the quarter, with 97% of the Fund's occupied rent roll being collected across the 1-4 Family portfolio. This collection rate carried over into the beginning of Q4, with October's rent collection rate closing the month at 98%. The rent collection figures below include receipts for Q3, as well as outstanding payments for prior months:

Month	Collection Rate
July 2022	97%
August 2022	98%
September 2022	96%
Q3 2022	**97%**

Source: US REIT.

Portfolio Occupancy

At 30 September 2022, the Fund's 1-4 family portfolio had 95% of its units leased.

Fourteen units were vacant as the properties are being processed through the sales pipeline. The Fund's goal is to have as many properties fully leased as possible, while noting that properties in the sales program may be intentionally left vacant in order to maximise the potential sales price. This is particularly relevant when assets advertised for sale are being targeted to an owner-occupier (rather than an investor).

1-4 Family portfolio (as at 30 September 2022)	**Unit Count**	**%**
Leased	845	95%
For Lease or In Turnover	26	3%
Vacant pending sale	14	2%
Total	**885**	**100%**

Source: US REIT.

Net Operating Income

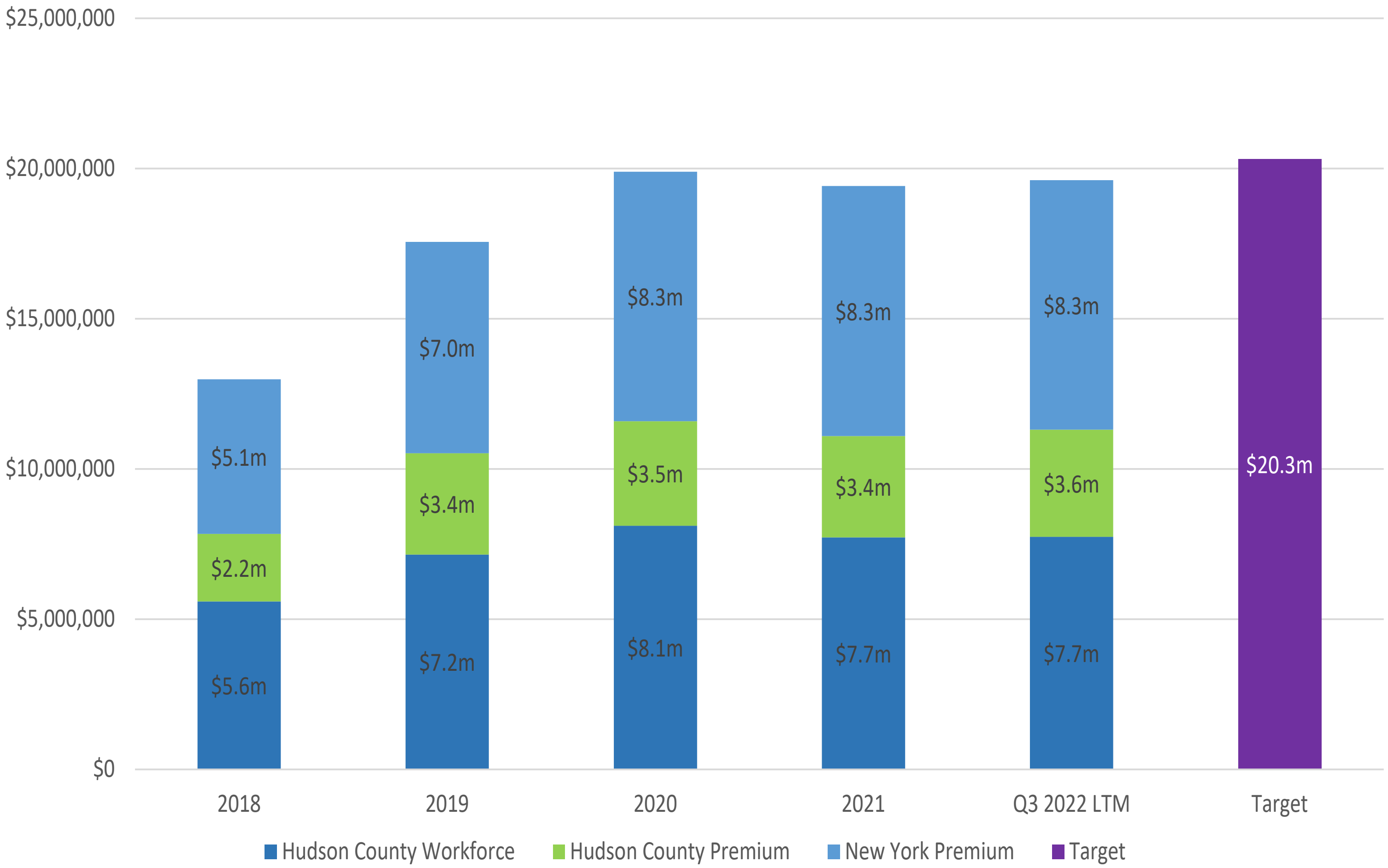
The Fund is focused on managing the portfolio as efficiently as possible in order to maximise its Net Operating Income (NOI), being the net rental revenue that the Fund receives after paying property level expenses.

As a result of the sales program, 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.

For the first three quarters of 2022, the Fund has achieved NOI growth of US$189k compared to the same period in 2021, predominately driven by a 5% increase in total portfolio rental revenue, which has been slightly offset by increases in property taxes and repairs and maintenance costs.

Pleasingly, the Fund's rental markets continued to exhibit strength throughout the quarter. For leases signed during Q3 2022, the Fund achieved rent growth of 17% on new leases and 5.4% on renewals. The strength of the Fund's rent growth has continued to be driven by the Premium portfolio segments (+18% on new leases in the New York Premium segment and +19% on new leases in the New Jersey Premium segment).

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

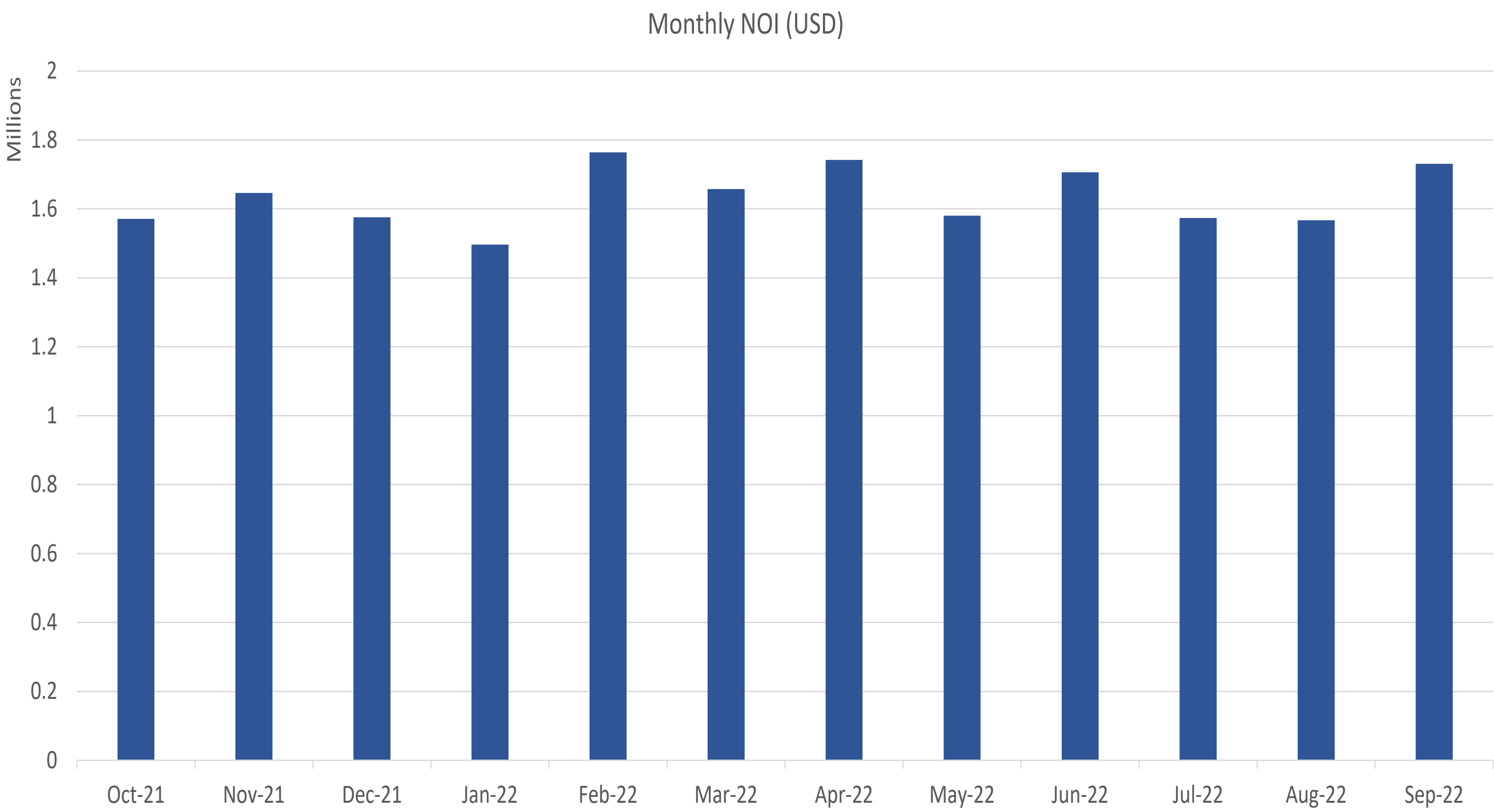


Source: US REIT. Figures may not sum due to rounding.

Note: "Same-home" assets by segment will not match the total portfolio distribution as it excludes assets held for sale. LTM refers to last twelve months.

Past performance is not a reliable indicator of future performance.

Net Operating Income



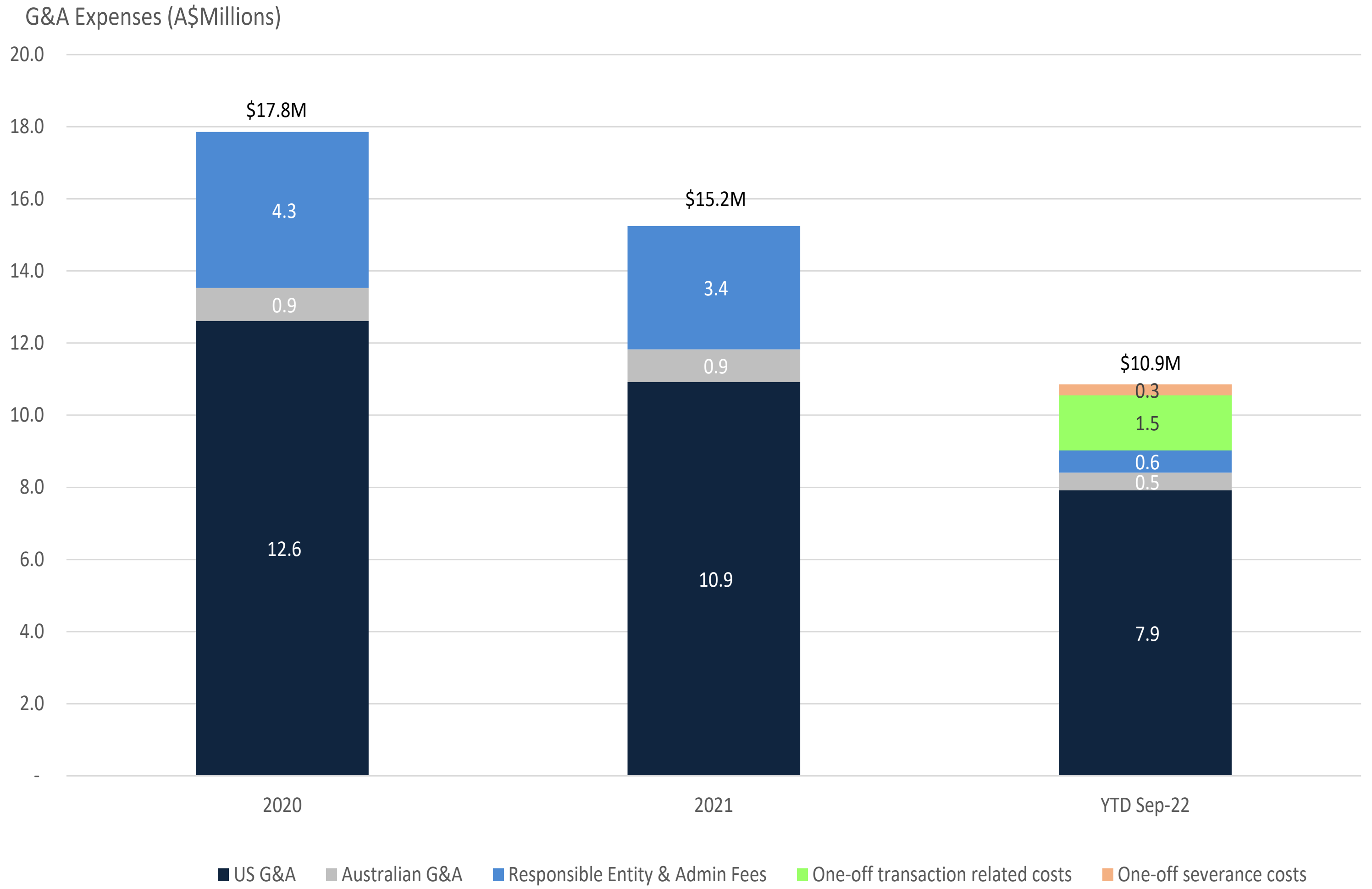
Source: US REIT. Past performance is not a reliable indicator of future performance.

General and Administrative Expenses

Reducing General and Administrative (G&A) expenses has been a key goal for the Fund's management team, with substantial progress being made since the change in management in 2019.

For the nine months to 30 September 2022 total G&A expenses were A$10.9 million, including A$1.8 million in nonrecurring bulk sale transaction-related costs and redundancy costs. Removing these nonrecurring items, the adjusted year-to-date G&A at the end of Q3 2022 was A$9.0 million which is a 21% improvement on the same period in 2021.

The Fund has announced the expected externalisation of the Fund's management and operations through a joint venture with Brooksville and Pinnacle City Living, and this joint venture agreement is substantially progressed. The details of this externalisation will be released once they are finalised, which is expected to take place prior to the end of the year.



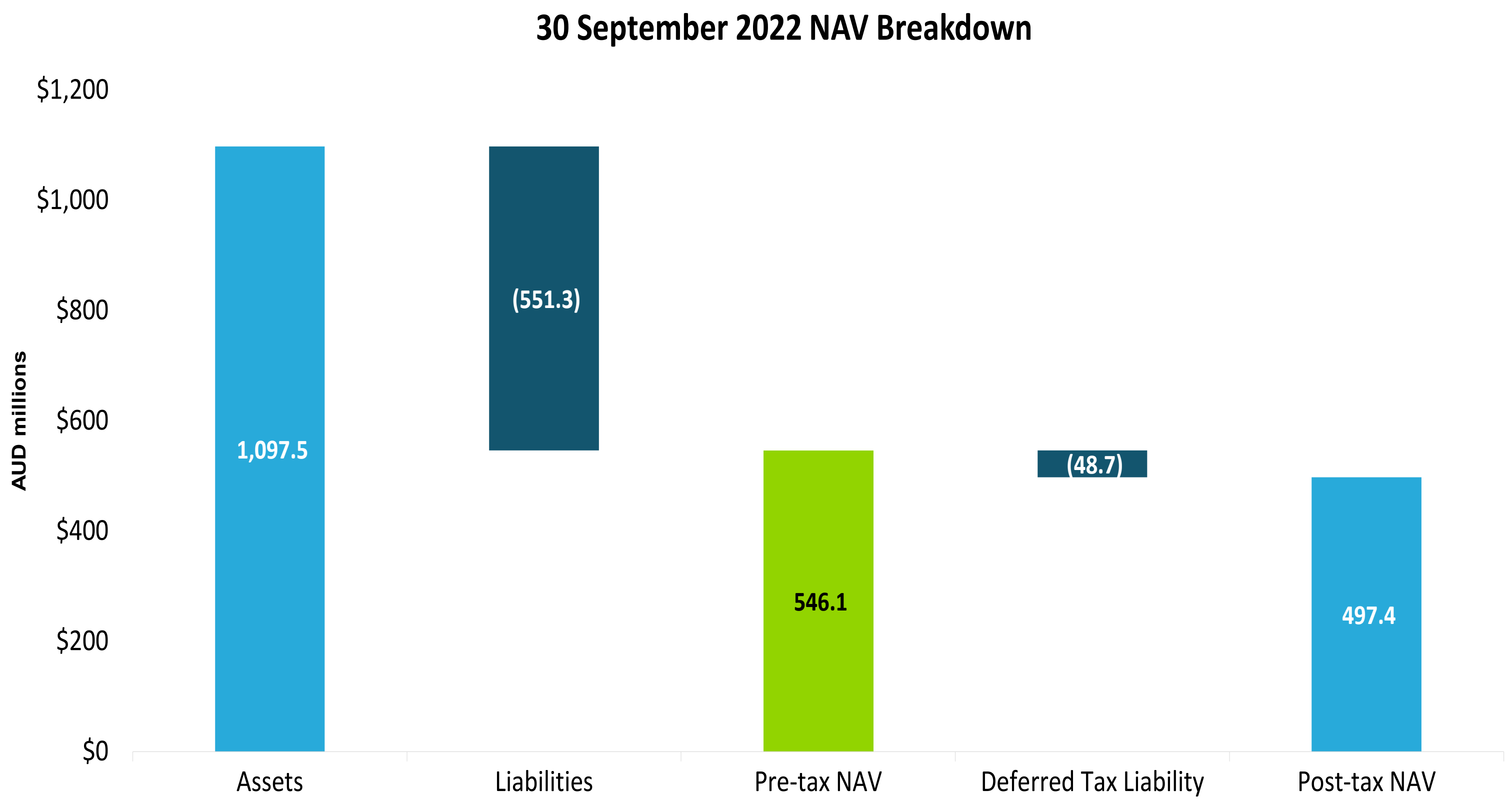
AUD/USD average rate of 0.6910, 0.7513 and 0.7071 for 2020, 2021 and YTD Q3 2022 respectively.
Original target for 2022 was based on AUD/USD spot rate of 0.73.

Net Asset Value

In calculating the Fund's Net Asset Value (NAV) it is necessary to make an assumption on the treatment of URF Convertible Preference Units (CPUs or URFPA) beyond 1 January 2023 (being the first possible conversion date). While no final decision has yet been made by the Board of the Responsible Entity, based on current factors the Responsible Entity is likely to convert the CPUs into ordinary URF units per the terms of the CPUs under the Fund's constitution. This does not definitively mean that the CPUs will be converted; a final decision will be made not later than 10 business days prior to the date for conversion. The likelihood of CPU conversion is based on the Fund's stabilised free cash flow being insufficient to cover the increased distribution rate of 8.75%, which will be payable on the CPUs from 1 January 2023 onwards.

A conversion of CPUs into ordinary units would likely result in the issuance of approximately 388 million new ordinary units, bringing the total number of ordinary units to approximately 784 million (conversion calculation accurate as at 30 September 2022, taking into account the buyback up until that date). The terms of the CPUs and the potential conversion ratio and mechanics can be found in the PDS on the Fund's website.

Changes to the Fund's pre-tax Net Asset Value (NAV) over the period 1 January 2022 to 30 September 2022 are outlined in the following graphic.



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

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.

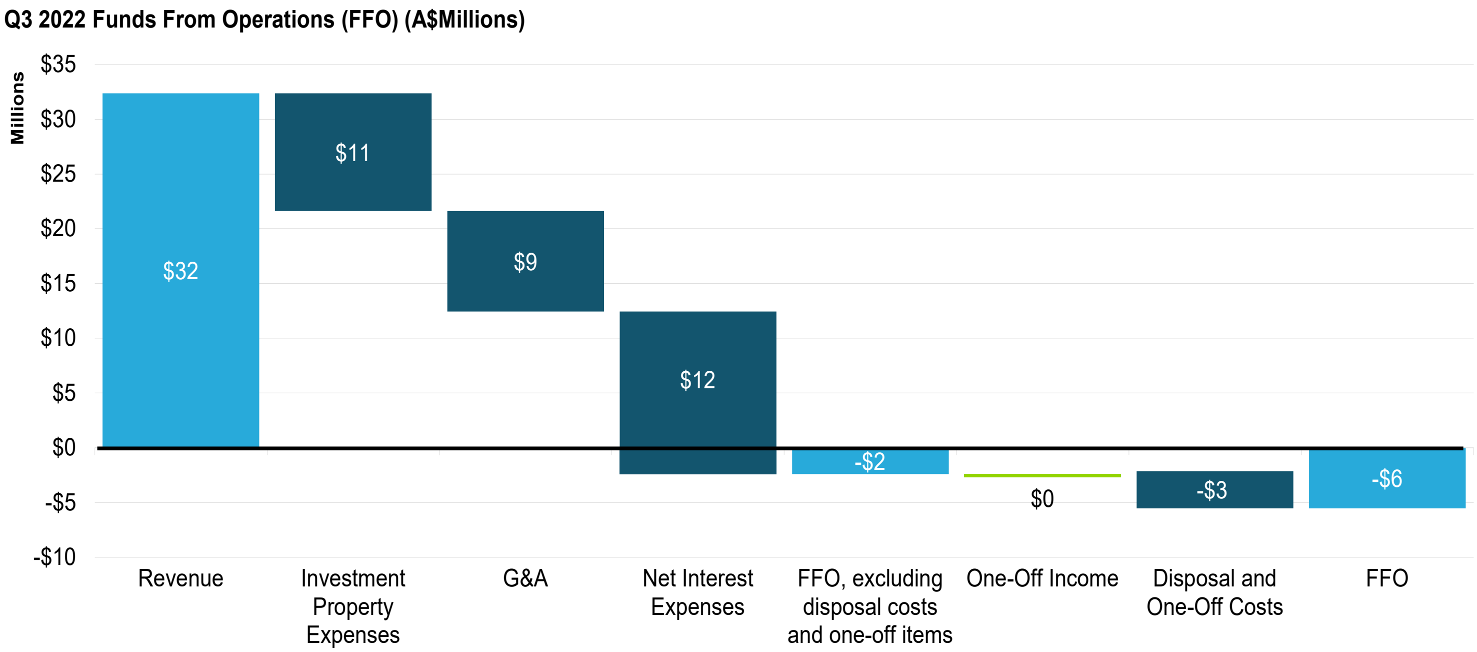
Excluding disposal costs and non-recurring items, at 30 September 2022 the FFO loss for the period was A$2.4 million. Compared to the same period last year, this represents a 70% improvement in FFO (FFO through Q3 2021 was an A$8m loss excluding disposal and one-off costs).

As communicated previously, portfolio cash flows will be negatively impacted in coming reporting periods due to the restarted sales process and the associated increased vacancies and sales transaction costs. This will impact the Fund's ability to realise a positive FFO run rate. As such, the Fund no longer anticipates achieving a positive FFO run rate before the end of the 2022 calendar year, as the Fund prioritises assets sales to fund the ongoing buyback and other capital management initiatives.

A$	2018	2019	2020	2021	YTD Q3 2022
Revenue from Ordinary Operations	**38.1**	**49.7**	**45.4**	**39.7**	**32.4**
One-Off Income			**1.9**	**-**	**0.3**
Investment Property Expenses	(16.3)	(19.2)	(14.9)	(13.1)	(10.7)
Investment Property Disposal Costs	(3.6)	(4.3)	(5.7)	(7.3)	(1.6)
G&A	(25.1)	(22.2)	(16.0)	(15.1)	(9.2)
One-Off Refinancing Costs - G&A	-	-	(1.3)	-	-
One-Off Transaction Related Costs - G&A	-	-	-	-	(1.5)
One-Off Severance Costs - G&A	-	-	-	-	(0.3)
EBITDA	**(6.9)**	**4.0**	**9.4**	**4.2**	**9.3**
EBITDA (excluding disposal costs and one-off items)	**(3.4)**	**8.3**	**14.5**	**11.5**	**12.5**
Net Interest Expenses (Excluding Notes Interest)	(20.5)	(21.2)	(16.6)	(21.2)	(14.9)
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)**	**(5.5)**
FFO (excluding disposal costs and one-off items)	**(45.5)**	**(32.8)**	**(15.1)**	**(10.0)**	**(2.4)**

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, 0.7513 and 0.7071 for 2018, 2019, 2020, 2021 and YTD Q3 2022 respectively. FFO is reported on a cash accounting basis. Figures in table may not sum due to rounding.

Fund Cash Flow Profile



Source: US REIT. Note: Excludes Convertible Preference Unit (URFPA) distributions as they are equity distributions. AUD/USD average rate of 0.7071 for YTD Q3 2022. FFO is reported on a cash accounting basis. Figures may not sum due to rounding.

Board of the Responsible Entity

Stuart Nisbett INDEPENDENT CHAIR

Peter Shear INDEPENDENT DIRECTOR

Warwick Keneally DIRECTOR

US Management Team

Kevin McAvey HEAD OF THE US REIT

For Further Information

URF Investor Relations

Level 32, 1 O'Connell Street Sydney NSW 2000

www.usmastersresidential.com.au

URFInvestorRelations@usmrpf.com

T: 1300 454 801