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US Masters
Residential
Property Fund

2023 Half Year Update

14 September 2023

Summary of 2023 Half Year Results

- Total comprehensive income of \$8.2 million.
- Rental revenue growth of 7.7% on new leases, and 7.4% on renewals.
- Fair value uplift of US\$6.9 million for the full year, comprised of US\$8.9 million movement in the NY Premium portfolio, US\$536k in the NJ Premium portfolio and –US\$2.5 million in the NJ Workforce portfolio.
- 13 property sales during the half-year for a total of US\$21.8 million.
- Global Atlantic loan reduced by US\$12.3 million, with the Fund continuing to use surplus capital toward continued URF Ordinary Unit buybacks and \$0.01 per Unit distribution paid in July 2023.

Source: US REIT. AUD/USD 30 June 2023 spot rate of 0.6664 used.

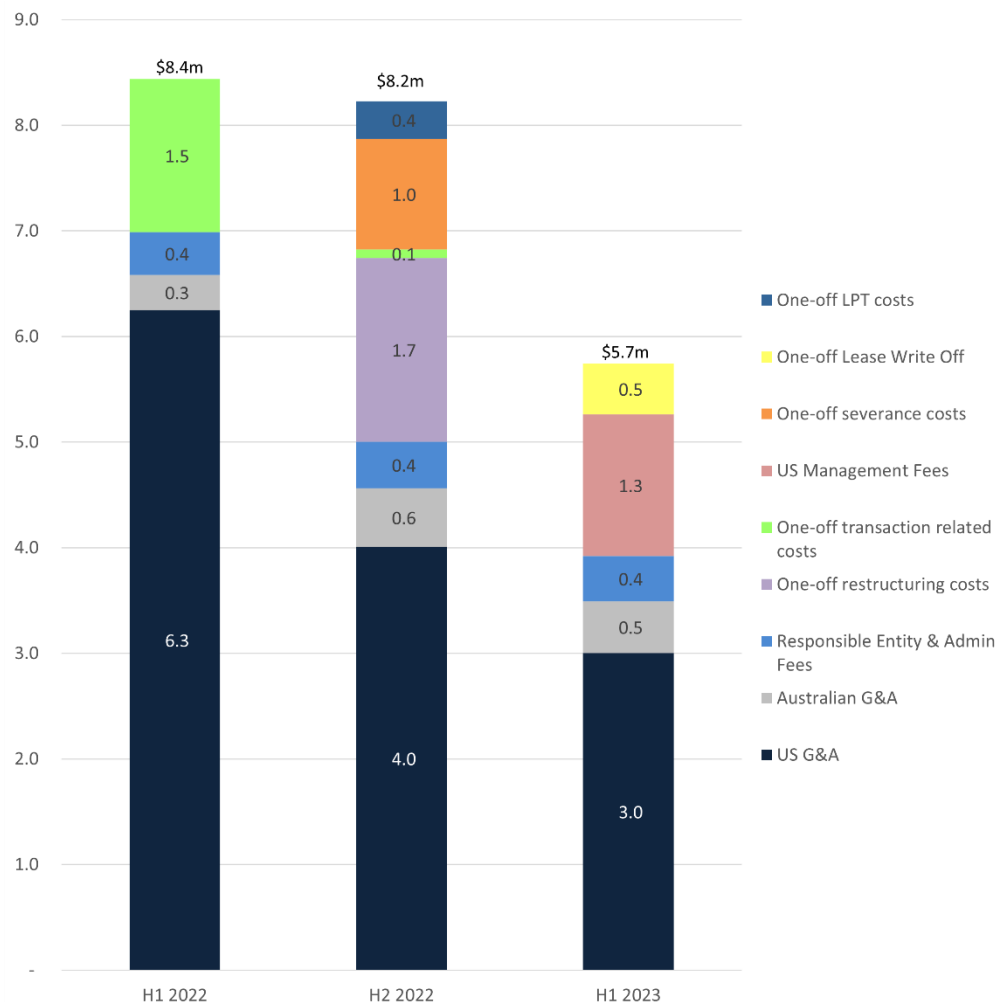
Funds from Operations (FFO)

Excluding disposal costs and non-recurring items, the FFO loss for 2022 was A\$1.0 million; a 47% improvement over the HY1 2022 result.

A\$	2018	2019	2020	2021	2022	HY1 2023
Revenue from Ordinary Operations	38.1	49.7	45.4	39.7	44.1	23.1
One-Off Income	-	-	1.9	-	0.2	-
Insurance Proceeds	-	-	-	-	0.1	1.3
Investment Property Expenses	(16.3)	(19.2)	(14.9)	(13.1)	(15.7)	(8.9)
Investment Property Disposal Costs	(3.6)	(4.3)	(5.7)	(7.3)	(2.2)	(2.2)
G&A	(25.1)	(22.2)	(16.0)	(15.1)	(12.1)	(5.1)
One-Off Refinancing Costs - G&A	-	-	(1.3)	-	-	-
One-Off Transaction Related Costs - G&A	-	-	-	-	(1.5)	-
One-Off Restructuring Costs - G&A	-	-	-	-	(1.7)	-
One-Off Severance Costs - G&A	-	-	-	-	(1.0)	-
One-Off LPT Costs - G&A	-	-	-	-	(0.4)	-
EBITDA	(6.9)	4.0	9.4	4.2	9.7	8.1
EBITDA (excluding disposal costs and one-off items)	(3.4)	8.3	14.5	11.5	16.3	10.3
Net Interest Expenses (Excluding Notes Interest)	(20.5)	(21.2)	(16.6)	(21.2)	(20.1)	(10.0)
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)	(10.5)	(1.9)
FFO (excluding disposal costs and one-off items)	(45.5)	(32.8)	(15.1)	(10.0)	(3.9)	(1.0)

Source: US REIT. Excludes Convertible Preference Units (URFPA) as they are equity distributions. AUD/USD average rate of 0.7476, 0.6953, 0.6910, 0.7513, 0.6947 and 0.6759 for 2018, 2019, 2020, 2021, 2022 and HY1 2023 respectively. FFO is reported on a cash accounting basis. Figures in table may not sum due to rounding.

General and Administrative expenses (\$A)



Source: US REIT, as at 30 June 2023. Note AUD/USD average rate of 0.6947 and 0.6759 for 2022 and HY1 2023 respectively. Figures may not sum due to rounding.

Asset Valuation

1 – 4 Family Portfolio: 31 December 2022 to 30 June 2023 (\$USD)

Portfolio Segment	Opening Book Value	Closing Book Value	Change	Movement
New York Premium	\$305,686,526	\$314,576,728	\$8,890,202	2.9%
New Jersey Workforce	\$196,503,235	\$193,960,170	-\$2,543,066	-1.3%
New Jersey Premium	\$122,358,163	\$122,895,145	\$536,982	0.4%
Total	\$624,547,924	\$631,432,043	\$6,884,118	1.1%

Multifamily Portfolio

- The Fund's three large-scale multifamily apartment buildings held with Urban American were all placed on the market for sale during the period. The Fund's economic interest in these three buildings was \$6.3 million as of 30 June 2023.
- As of 12 September 2023, the Fund has a signed contract on one of the buildings for US\$12.5 million. The Fund's economic interest in this building is approximately \$5 million.

Source: US REIT, as at 30 June 2023.

Capital Management

Buyback Process: January to June 2023

Month End	Ordinary Shares: Number	Ordinary Shares: Consideration (\$A)
Jan-23	3,542,088	\$960,733
Feb-23	3,958,700	\$1,104,980
Mar-23	8,462,676	\$2,664,516
Apr-23	5,188,199	\$1,572,908
May-23	5,575,882	\$1,616,514
Jun-23	3,494,978	\$1,032,788
	30,222,523	\$8,952,439

Source: US REIT, as at 30 June 2023. URF Convertible Preference Units (CPUs) were converted to Ordinary Units on 3 January 2023.

Capital Management

As a result of property sales, total debt balance reduced by approx. US\$12.3 million for the half year.

Debt Levels

	US\$ Balance at 30-Jun-22	US\$ Balance at 30-Sep-22	US\$ Balance at 31-Dec-22	US\$ Balance at 31-Mar-23	US\$ Balance at 30-Jun-23
Global Atlantic - Term Loan (4.00%)	348,034,311	348,034,311	343,423,092	341,775,265	331,124,400
Total	348,034,311	348,034,311	343,423,092	341,775,265	331,124,400

Indicative Annual Interest Cost	13,921,372	13,921,372	13,736,924	13,671,011	13,244,976
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Cash Balance

30 June 2023	\$A million
30 June Cash Balance	\$37.91
Less: Global Atlantic Liquidity Covenant	-\$15.01
Less: Working Capital & Buyback Funding	-\$12.00
Cash for Capital Management, Capex, and/or Distribution	\$10.90

Source: US REIT, as at 30 June 2023. Excludes multi-family level debt for investments with Urban American. AUD/USD 30 June 2023 spot rate of 0.6664 used.

Joint Venture Update

- URF team have been successfully onboarded.
- G&A expenses have reduced year-on-year.
- Rental revenue has increased during the half year.
- Trailing 12-month Net Operating Income (NOI), on a same-home basis, increased by 1.13% compared to the full-year 2022 result.

Source: US REIT.

Asset Sales Program

- The Fund closed on the sale of 13 assets for a total value of US\$21.8 million in HY1 2023.
- As of 30 June 2023, the Fund had US\$8.5 million under contract or with an accepted offer, as well as US\$51.1 million either on the market or in the listing pipeline.
- As of 31 August, the Fund has closed on an additional US\$2.9 million in properties. The Fund has US\$13.6 million worth of property under contract or with an accepted offer, US\$11.2 million on the market and US\$60.4 million in the listing pipeline.
- Sales pipeline volume is expected to increase year on year, particularly during the spring and summer months as leases terms end and properties are vacated.
- Continuing to evaluate a sub-portfolio sale which is likely going to be composed of New Jersey Workforce assets.

Source: US REIT.



US Masters Residential Property Fund

A wide-angle photograph of the New York City skyline from across the water. The Freedom Tower is prominent on the left, and the Brooklyn Bridge is on the right. The sky is blue with scattered white clouds. A dark, semi-transparent rectangular box is overlaid on the bottom left of the image.

Q&A

For further information

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