



US Masters
Residential
Property Fund

Full-Year 2023 Update

6 March 2024

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Full Year 2023 Accounts

- 2023 results represent the results achieved during the first 12 months of the Brooksville partnership.
- Selling program continues to be a key initiative for the Fund in order to continue to return capital to Unitholders.
- 31 property sales during the year for a total of US\$53.8 million.
- Global Atlantic loan reduced by US\$31.1 million during the year, with the Fund continuing to use surplus capital toward continued URF Ordinary Unit buybacks and other capital management strategies.
- The Fund continued with the buyback program, purchasing 44.6 million URF Ordinary units for a total consideration of \$13.3 million.
- The Fund has announced a special distribution of \$0.01 per Unit on the 5th of March 2024. Further detail can be found [here](#).

Source: US REIT. AUD/USD 31 December 2023 spot rate of 0.6812 used.

Portfolio Valuation

1 – 4 Family Portfolio: Full-Year Results (\$USD millions, excl. impairment expense¹⁾)

Segment	30 June 2023 Valuation Change	31 December 2023 Valuation Change	Total	Full-Year Change
New Jersey Workforce	-\$2.54m	\$3.71m	\$1.16m	0.59%
New Jersey Premium	\$0.54m	-\$2.27m	-\$1.73m	-1.42%
New York Premium	\$8.89m	-\$6.68m	\$2.21m	0.72%
Total	\$6.88m	-\$5.25m	\$1.64m	0.26%

- Pricing trend indicators were mixed and a continued lack of inventory was experienced clearly across all segments of the portfolio.
- Though persistent increases in interest and mortgage rates put substantial pressure on homeowner affordability, the prospect of a stabilising or decreasing interest rate environment in 2024, could continue to buoy the Fund as it progresses through its sales program.

Source: US REIT. AUD/USD 31 December 2023 spot rate of 0.6812 used.

¹The Fund recorded a US\$1.8m impairment expense on properties due to damage.

Asset Sales Program

- The Fund closed on the sale of 31 assets for a total value of US\$53.8 million during 2023.
- The Fund explored the potential options available for a sub-portfolio bulk sale, which was unattractive for the time being relative to the results the Fund continues to be able to achieve on a one-by-one basis (99.5% of book value on aggregate).
- As of 31 December 2023, the Fund had US\$25.8 million under contract or with an accepted offer, and US\$36.5 million on the market or in the short-term listing pipeline.
- The Fund has set a target of \$150 million US-dollars in property sales during the 2024 calendar year.
- The Fund's year-to-date sales are encouraging for achieving this goal. As of 29 February 2024, the Fund has sold seven assets for a total of US\$14.6 million, with February's sales representing the strongest month of sales in the last year.

Source: US REIT. AUD/USD 31 December 2023 spot rate of 0.6812 used.

Operating Activities

- During 2023, the Fund recognised a total comprehensive loss of \$18.6 million for the period.
- This result was due to reduced property price appreciation compared to the prior year, as well as the burden of increased disposal costs and lost rental revenue as the Fund vacates assets to progress the asset sales program.
- As the Fund continues to increase its pace of sales, it is anticipated that it will continue to operate at a slight loss, excluding any potential impact of fair value or currency movement.
- During 2023, the Fund had 84% of renewal leases signed by existing tenants, with average rental increases of 8%. On new leases signed, the Fund also recorded an 8% increase on the prior lease price.

Source: US REIT. AUD/USD 31 December 2023 spot rate of 0.6812 used.

Capital Management

Global Atlantic Debt: 31 December 2023

	US\$ Balance at 31-Dec-22	US\$ Balance at 31-Dec-23
Global Atlantic - Term Loan (4.00%)	343,423,092	312,367,269
Total	343,423,092	312,367,269

Indicative Annual Interest Cost	13,736,924	12,494,691
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As a result of property sales, total debt reduced by approx. US\$31.1 million in 2023.

Capital Allocation: 31 December 2023

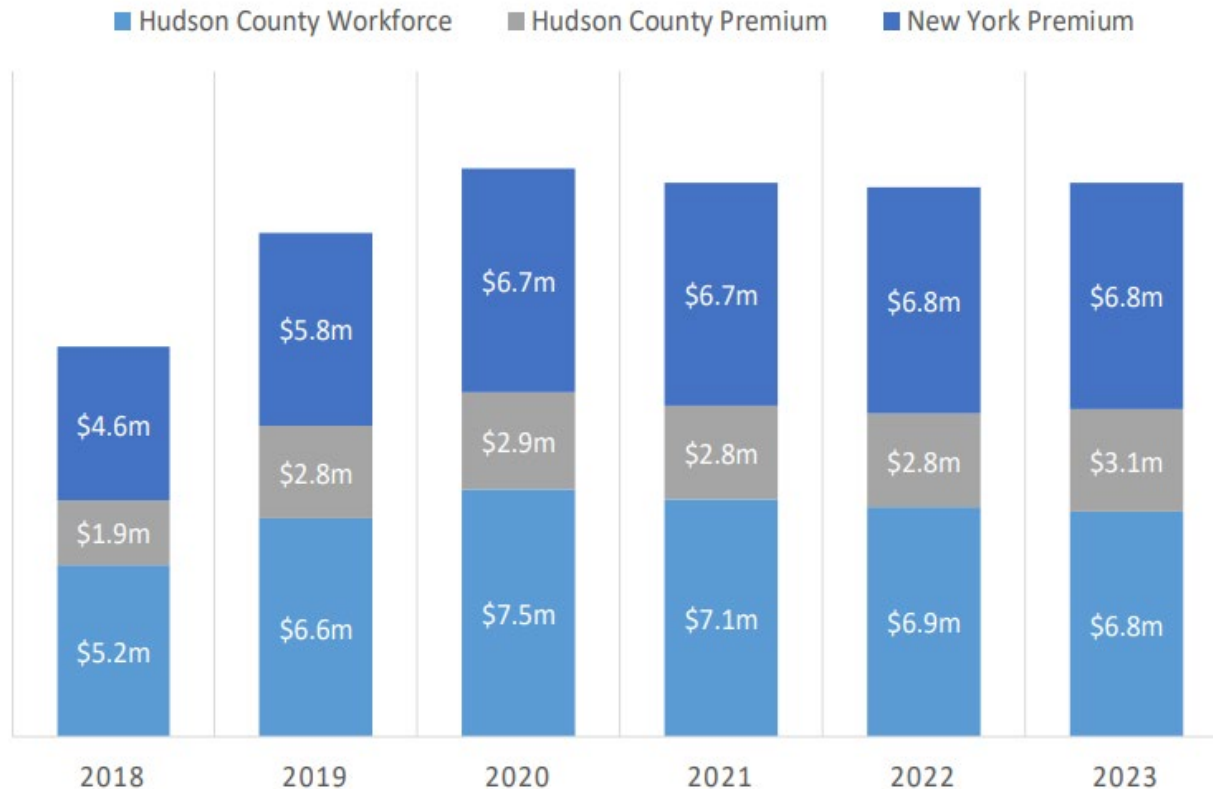
Capital Allocation	A\$ Million
Cash Balance	\$36.53
Less: Global Atlantic Liquidity Covenant	-\$14.68
Less: Working Capital	-\$7.34
Less: AFSL Cash Reserve Requirement ¹	-\$3.50
Less: Projected RE Internalisation Restructure Costs ²	-\$1.20
Cash available for capital management	\$9.81

Source: US REIT. AUD/USD 31 December 2023 spot rate of 0.6812 used.

1. Approximate cash reserve required if the internalisation process is to proceed. The internalisation process is ongoing and it is still expected that any proposal to internalise the RE would be available to Unitholders in advance of a general meeting expected to be held towards the end of the second quarter of calendar year 2024. This will be subject to an appropriately licensed company being in place by that time to take on the role of RE for the Fund. 2. Estimated upfront costs associated with the internalisation of the RE, noting point (1) above.

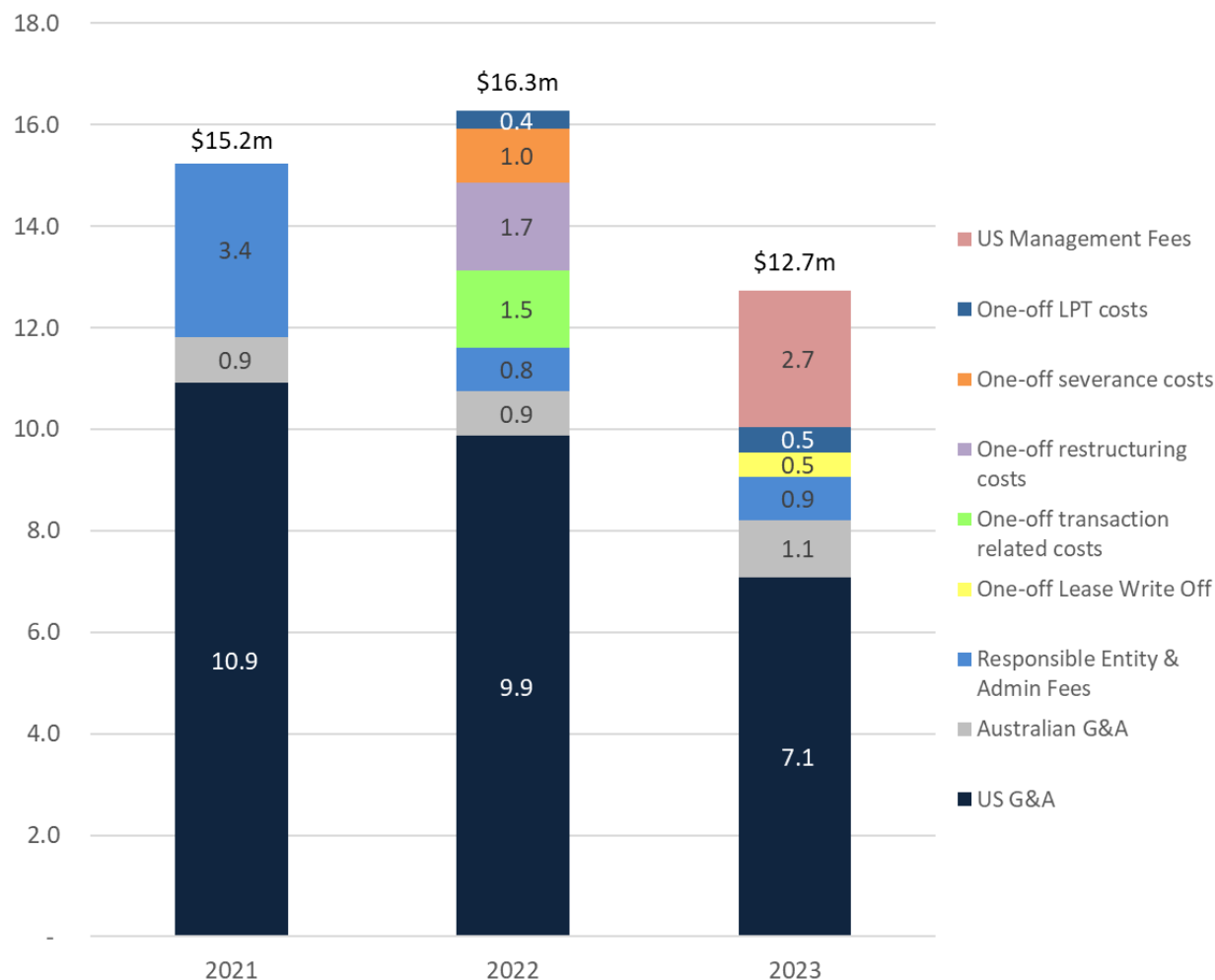
Net Operating Income

The Fund's trailing 1-4 family Net Operating Income (NOI) to 31 December 2023 was US\$16.7 million.



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.

General and Administrative expenses (\$A)



Source: US REIT. Figures may not sum due to rounding. AUD/USD average rate of 0.7513, 0.6947 and 0.6644 for 2021, 2022 and 2023 respectively.

Funds from Operations (FFO)

Excluding disposal costs and non-recurring items, the FFO loss for full-year 2023 was A\$6.7 million.

A\$	2018	2019	2020	2021	2022	2023
Revenue from Ordinary Operations	38.1	49.7	45.4	39.7	44.1	44.1
One-Off Income	-	-	1.9	-	0.2	-
Insurance Proceeds	-	-	-	-	0.1	1.4
Investment Property Expenses	(16.3)	(19.2)	(14.9)	(13.1)	(16.1)	(19.1)
Investment Property Disposal Costs	(3.6)	(4.3)	(5.7)	(7.3)	(2.2)	(5.6)
G&A	(25.1)	(22.2)	(16.0)	(15.1)	(11.7)	(11.6)
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)	(0.5)
EBITDA	(6.9)	4.0	9.4	4.2	9.7	8.7
EBITDA (excluding disposal costs and one-off items)	(3.4)	8.3	14.5	11.5	16.2	13.4
Net Interest Expenses (Excluding Notes Interest)	(20.5)	(21.2)	(16.6)	(21.2)	(20.1)	(20.1)
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)	(11.4)
FFO (excluding disposal costs and one-off items)	(45.5)	(32.8)	(15.1)	(10.0)	(3.9)	(6.7)

Source: US REIT. Excludes Convertible Preference Unit (URFPA) distributions as they are equity distributions. AUD/USD average rate of 0.7476, 0.6953, 0.6910, 0.7513, 0.6947 and 0.6644 for 2018, 2019, 2020, 2021, 2022 and 2023 respectively. FFO is reported on a cash accounting basis. Figures in table may not sum due to rounding.

Responsible Entity Update

- E&PIL continue to work on a potential internalisation of the RE of URF.
- The RE has established corporate vehicles to house the new RE and has made good progress addressing the legal, regulatory, compliance and operational aspects for the new RE and the internalisation process.
- Assuming an appropriately licenced company is in place, it is still expected that any proposal to internalise the RE would be available to Unitholders in advance of a general meeting expected to be held towards the end of the second quarter of 2024.



US Masters Residential Property Fund

A wide-angle photograph of the New York City skyline from across the water. The Manhattan Bridge is prominent on the right side, with its stone towers and suspension cables. The skyline includes several skyscrapers, including the Freedom Tower on the left. The sky is blue with scattered white clouds. A dark, semi-transparent rectangular overlay is positioned in the bottom left corner, containing the text 'Q&A' in white.

Q&A

For further information

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