QUARTERLY UPDATE

January - March 2024

10 May 2024

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 January 2024 to 31 March 2024.

During the first quarter of 2024, the Fund closed on the sale of US$26.54 million in sales across 15 transactions, taking total sales for the 12-months to 31 March 2024 to US$77.30 across 43 assets.

As of the end of the quarter, the Fund had a total of US$77.85 million worth of assets in the sales pipeline which were either under contract, on the market, or being prepared for sale. Additionally, and as has been mentioned previously, the Fund has continued the process of exiting its multifamily assets with Urban American. The Fund remains under contract to sell its equity interest in the Joint Venture which owns the largest multifamily asset (in Astoria, Queens) to Urban American. This asset represents A$4.8 million of the A$6.1 million total equity across all three partnerships and has an anticipated closing date of June 2024. The Fund will continue to seek a resolution for the remaining two multifamily assets, whether it be exiting to Urban American or a third party buyer.

Looking to the operational performance of the Fund for the quarter:

- Q1 2024 General & Administrative (**G&A**) expenses were A$2.6 million. The result is unchanged from the corresponding period in 2023, and on a normalised basis the result is an 8% reduction due to the Fund incurring one-off costs relating to the proposed internalisation of the Responsible Entity.
- On a same-home basis, total portfolio Net Operating Income (**NOI**) for the 12 months to 31 March 2024 was US$14.7 million, which is largely unchanged (-2%) when compared to the full-year 2023 result.
- The Fund's unadjusted Funds From Operations (**FFO**) loss for Q1 was A$4.5m, and excluding disposal costs and one-off items, the FFO loss for Q1 2024 was A$1.8 million. This increase in the FFO loss is to be expected as the Fund continues to increase the pace of sales, which also results in a reduction in the Fund's revenue as properties are held vacant for sale and subsequently removed from the portfolio. In addition, the Fund continues to incur holding costs (such as property taxes and insurance) during the period in which the properties are marketed for sale.

The capital generated from the Fund's sales program during the quarter was used to repay US$15.5 million of the Global Atlantic Term Loan, as well as to continue to fund the Buyback program for URF Ordinary Units (**ASX: URF**). During the quarter, the Fund executed on the purchase of 4.53 million URF Ordinary shares for an aggregate consideration of A$1.28 million. Additionally, during the quarter the Fund announced a distribution to unitholders of $0.01 per unit, which was paid on 5 April 2024.

Lastly, E&PIL have continued to work on a potential internalisation of the RE of URF. As announced post-quarter end (here), the newly incorporated US Masters Responsible Entity Limited (ACN: 672 783 345) (**New Responsible Entity**) has been granted an Australian Financial Services Licence from ASIC, and US Masters Residential Property Fund II (ARSN: 676 798 468) (**URF II**) has been registered as a managed investment scheme.

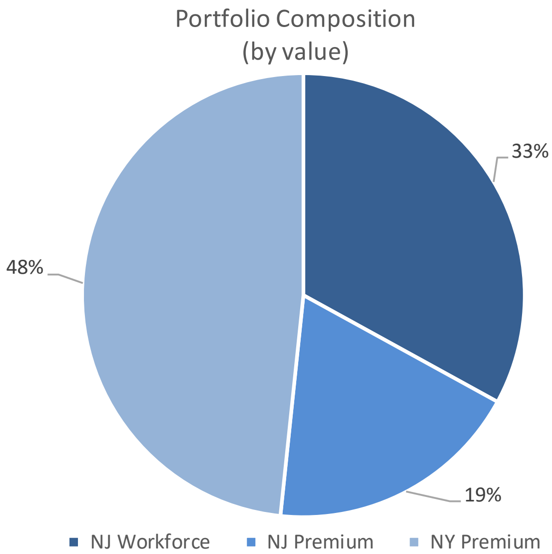
The current RE intends to proceed with the proposal to internalise the RE. The RE expects to release a Meeting Booklet (including a Notice of Meeting) for a Unitholder meeting to be held before the end of Q2 2024 which will set out information that is material to a Unitholder's decision on how to vote on the Resolution, including the reasons for the proposal to internalise the RE and the possible advantages and disadvantages of the internalisation of the RE. Unitholders should not take any action until they have received the Meeting Booklet.

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

Contents

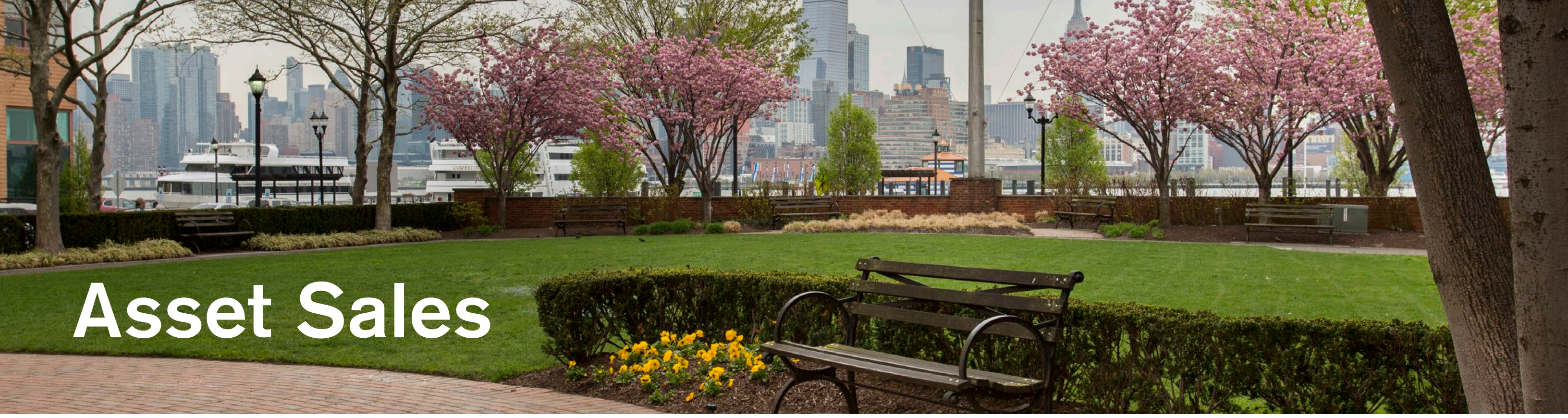
Portfolio Composition

The following breakdown represents the Fund's 1-4 family portfolio as at 31 March 2024. At the end of the period, the Fund held 429 1-4 family properties for a total value of US$572.8 million.



Location	Value (USD)	Property Count	Location	Value (USD)	Property Count
NJ Workforce	**$188,898,284**	**276**	**NY Premium**	**$276,912,991**	**95**
Bayonne	$34,720,362	52	Bedford-Stuyvesant	$80,690,380	30
Bergen-Lafayette	$7,533,528	10	Boerum Hill	$6,350,000	1
Greenville	$38,236,863	64	Bushwick	$21,267,424	14
Jersey City Heights	$43,595,619	52	Clinton Hill	$14,491,262	4
Journal Square	$19,274,319	26	Cobble Hill	$7,306,612	2
North Bergen	$4,256,771	7	Crown Heights	$29,371,813	12
Secaucus	$480,000	1	Lefferts Garden	$3,708,200	1
Union City	$3,015,848	4	Fort Greene	$8,068,237	2
West Bergen	$36,590,759	58	Park Slope	$27,646,515	5
West New York	$1,194,214	2	Williamsburg	$8,038,088	6
NJ Premium	**$107,036,625**	**58**	Hamilton Heights	$18,731,792	3
Downtown	$100,340,901	53	Harlem	$51,242,669	15
Weehawken	$6,695,724	5			

Source: US REIT.



Asset Sales

During Q1 2024, the Fund closed on the sale of US$26.54 million in sales across 15 properties.

Q1 2024

Location	Sales Price ($USD million)	Book Value ($USD million)	Transaction Cost ($USD million)	GA Loan Repayment ($USD million)
Jersey City	$11.42	$11.51	-$0.64	-$5.76
Brooklyn	$13.46	$13.57	-$0.85	-$9.19
West New York	$0.44	$0.45	-$0.02	-$0.23
Bayonne	$0.65	$0.68	-$0.04	-$0.35
North Bergen	$0.57	$0.55	-$0.05	-
Total	**$26.54**	**$26.75**	**-$1.61**	**-$15.53**

During the 12-months to 31 March 2024, the Fund closed on US$77.30 million in sales across 43 properties.

31 March 2024 LTM

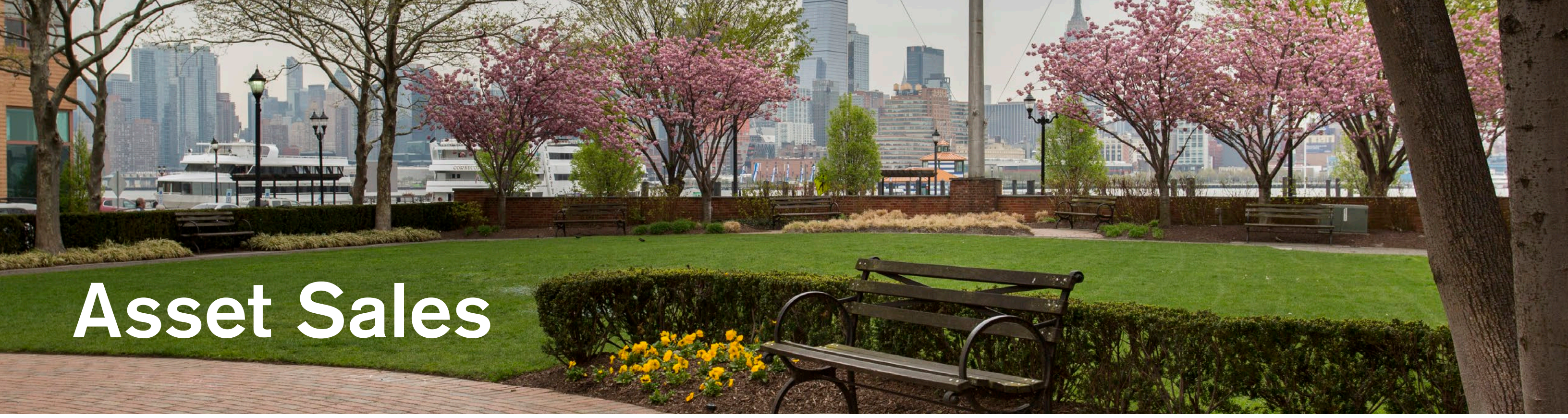
Location	Sales Price ($USD million)	Book Value ($USD million)	Transaction Cost ($USD million)	GA Loan Repayment ($USD million)
Jersey City	$27.49	$27.24	-$1.47	-$14.20
Brooklyn	$45.47	$46.07	-$3.31	-$26.75
Weehawken	$1.25	$1.35	-$0.10	-$0.78
Union City	$0.81	$0.88	-$0.05	-$0.52
West New York	$0.44	$0.45	-$0.02	-$0.23
Bayonne	$1.27	$1.23	-$0.09	-$0.71
North Bergen	$0.57	$0.55	-$0.05	-
Total	**$77.30**	**$77.77**	**-$5.10**	**-$43.18**

As of 31 March 2024, the Fund had US$34.41 million of properties under contract or with an accepted offer in place, US$19.45 million on the market and US$24.00 million in the short-term pipeline for sale. These properties under contract are likely, but not guaranteed, to close.

Pipeline ($USD million)

Category	New York Premium	Hudson County Premium	Hudson County Workforce	Total
Sales Pipeline	$6.95	$5.11	$11.94	**$24.00**
On the Market	$14.06	$4.29	$1.10	**$19.45**
Attorney Review or Under Contract	$17.92	$11.49	$5.00	**$34.41**
Total	**$38.93**	**$20.89**	**$18.04**	**$77.85**

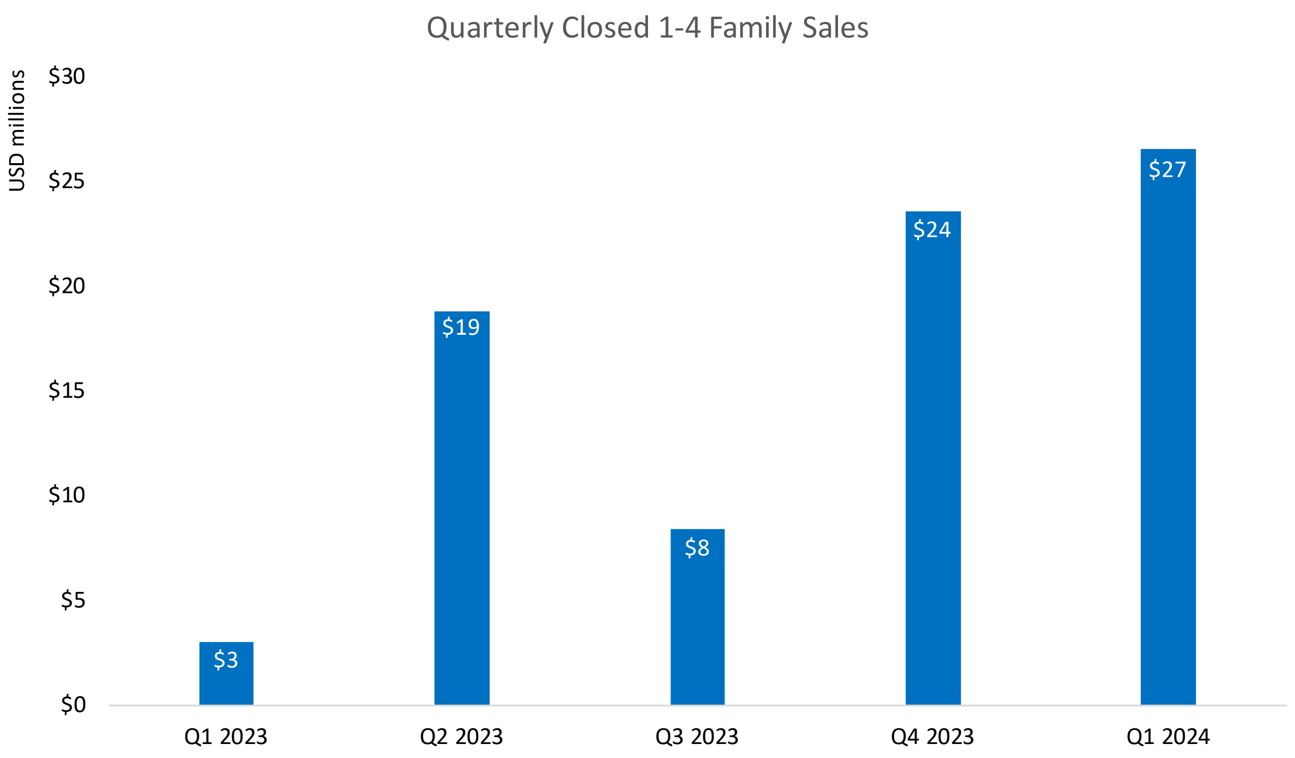
Source: US REIT. Figures may not sum due to rounding.



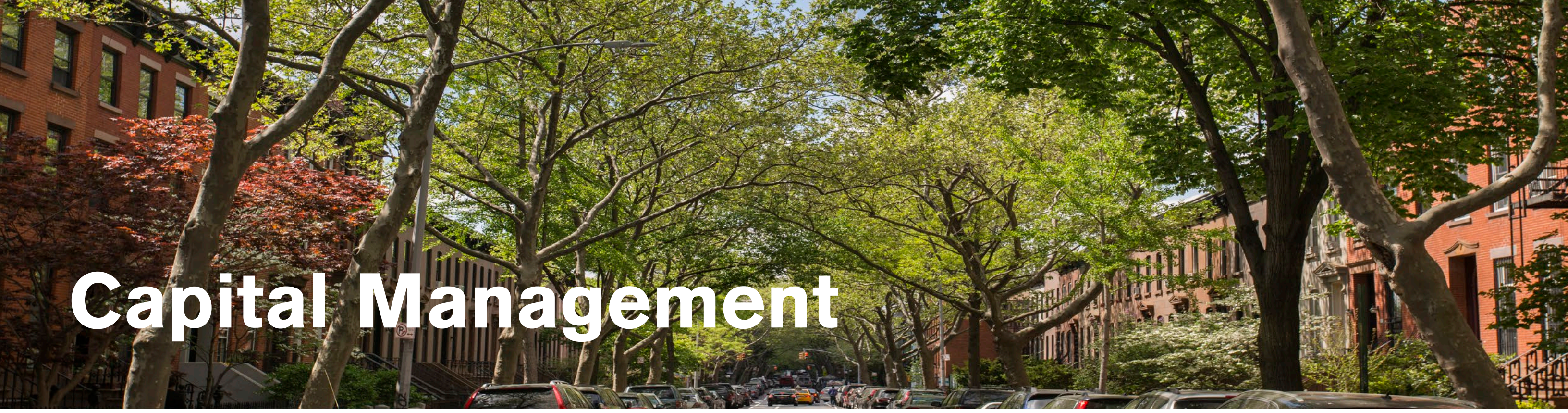
Asset Sales

2024 Outlook

As advised in the Q4 2023 report, the Fund has set a target of US$150 million in property sales during the 2024 calendar year. Pleasingly, and as shown in the table below, the Fund has seen an increase in the quarterly closed sales over the last 12-months. Assuming market conditions are supportive, it would be expected that the Fund will close the current assets (US$77.85 million) which are under contract and in the sales pipeline over the coming months. We would also anticipate a natural increase in the sales pipeline over the Summer months (June to September), where the Fund has the highest number of lease expirations and assets becoming vacant. The US team are hopeful to continue to push the rate of sales over the next quarters, though are mindful that buyers may be more cautious as we approach the Presidential election in Q3 and Q4 2024.



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



Capital Management

The Fund's total debt reduced during the quarter, with US$15.5 million being repaid from the Global Atlantic Term Loan following the settlement of property sales used as collateral for this loan account. Inclusive of other mandatory debt repayments, the Fund's debt has reduced by US$44.9 million over the past 12-months.

The Global Atlantic Term Loan will continue to 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 continue to be used to fund the on-market buybacks or made available for other capital management opportunities.

Debt Levels & Blended Cost of Interest Calculation

	US$ Balance at 31-Mar-23	US$ Balance at 31-Dec-23	US$ Balance at 31-Mar-24
Global Atlantic - Term Loan (4.00%)	341,775,265	312,367,269	296,841,528
Total	**341,775,265**	**312,367,269**	**296,841,528**
Indicative Annual Interest Cost	**13,671,011**	**12,494,691**	**11,873,661**

Source: US REIT.

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

The RE continues to believe an on-market buyback (**Buyback**) is an effective means of returning any surplus capital to Unitholders and enables the Fund to maintain an efficient capital structure. During the quarter the Fund executed on the purchase of 4.53 million URF Ordinary shares for an aggregate consideration of A$1.28 million.

Month end	Ordinary Shares (# million)	Consideration (A$ million)
January	1.59	$0.46
February	0.77	$0.22
March	2.16	$0.60
	4.53	**$1.28**

As of 31 March 2024, the Fund had broadly allocated its available capital as outlined in the table below:

31 March 2024	A$ million
Cash Balance	$44.29
Less: Global Atlantic Liquidity Covenant	-$15.34
Less: Working Capital	-$10.17
Less: AFSL Cash Reserve Requirement[1]	-$3.50
Less: Projected RE Internalisation Restructure Costs[2]	-$1.20
Less: Reserve for $0.01 distribution[3]	-$7.30
Less: Reserve for share buybacks	-$5.00
Cash available for capital management	**$1.78**

Source: US REIT. 31 March 2024 exchange rate 0.6521 used (AUD:USD).

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.
3. Distribution announcement here.

Portfolio Occupancy

At 31 March 2024, the Fund's 1-4 family portfolio had 92% of its units leased.

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 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). Given that the Fund has now re-commenced the sales program in earnest, 46 units were vacant as a part of the sales pipeline. It is expected that the number of units that are vacant prior to sale will continue to increase as the Fund continues to progress with the accelerated sales program.

1-4 Family portfolio (as at 31 March 2024)	**Unit Count**	**%**
Leased	737	92%
For Lease or In Turnover	22	3%
Vacant pending sale	46	6%
Total	**805**	**100%**

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

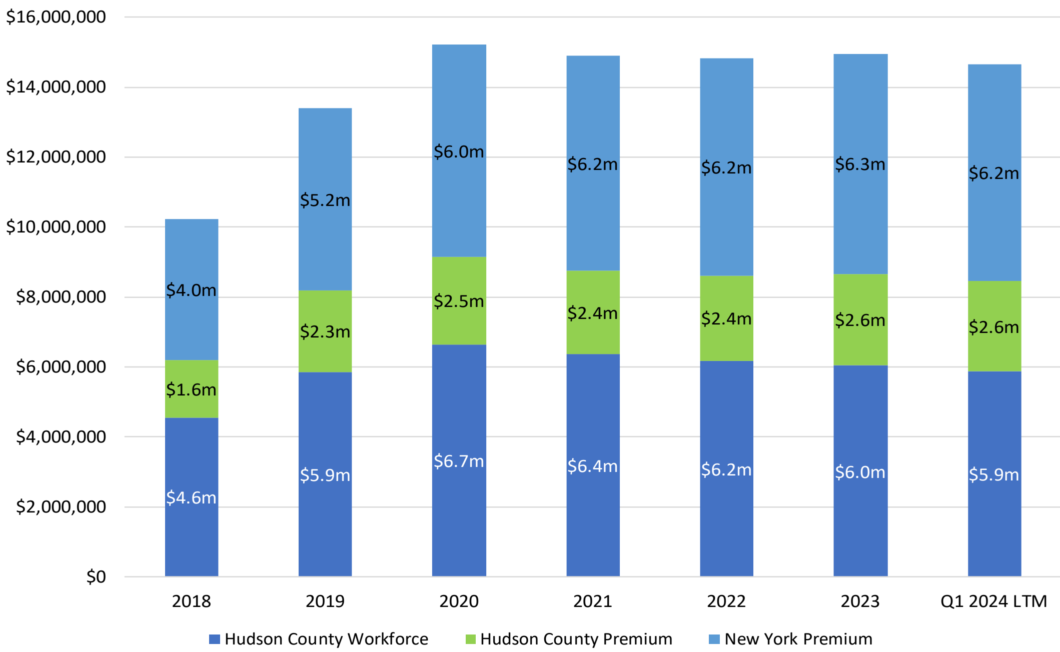
Net Operating Income (NOI)

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

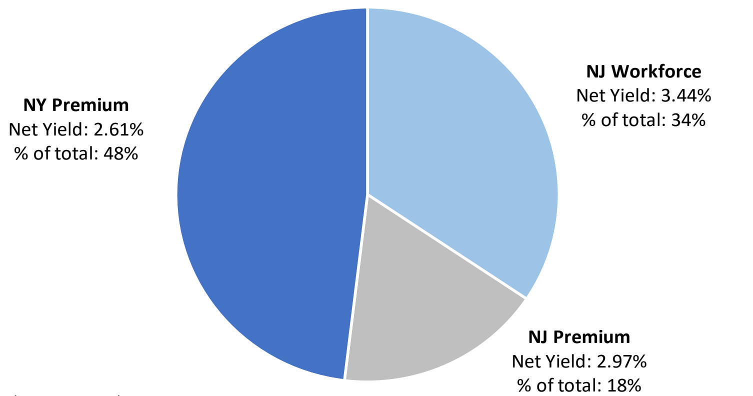
As a result of the sales program, total portfolio revenue is expected to decrease as the portfolio continues to reduce in size and with properties vacated in advance of sale. To remove the impact of the sales program and review income performance in a consistent manner, the following analysis reviews the portfolio on a 'same home' basis, meaning that it only considers assets currently owned, income generating or for lease (but not in the sales pipeline), and looks at the income generated by that "stabilised" pool of properties over time.

Looking specifically at NOI for the 12 months to 31 March 2024, the same-home NOI was US$14.7 million, which is a 2% decrease when compared to the full-year 2023 result. This decrease is attributable to increases in unavoidable costs such as property taxes, insurance and snow removal, as well as increases in repairs and maintenance, which have more than offset increases in rental revenue.

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



Q1 2024 LTM NOI Yield: Same-Home Stabilised 1-4 Family Properties



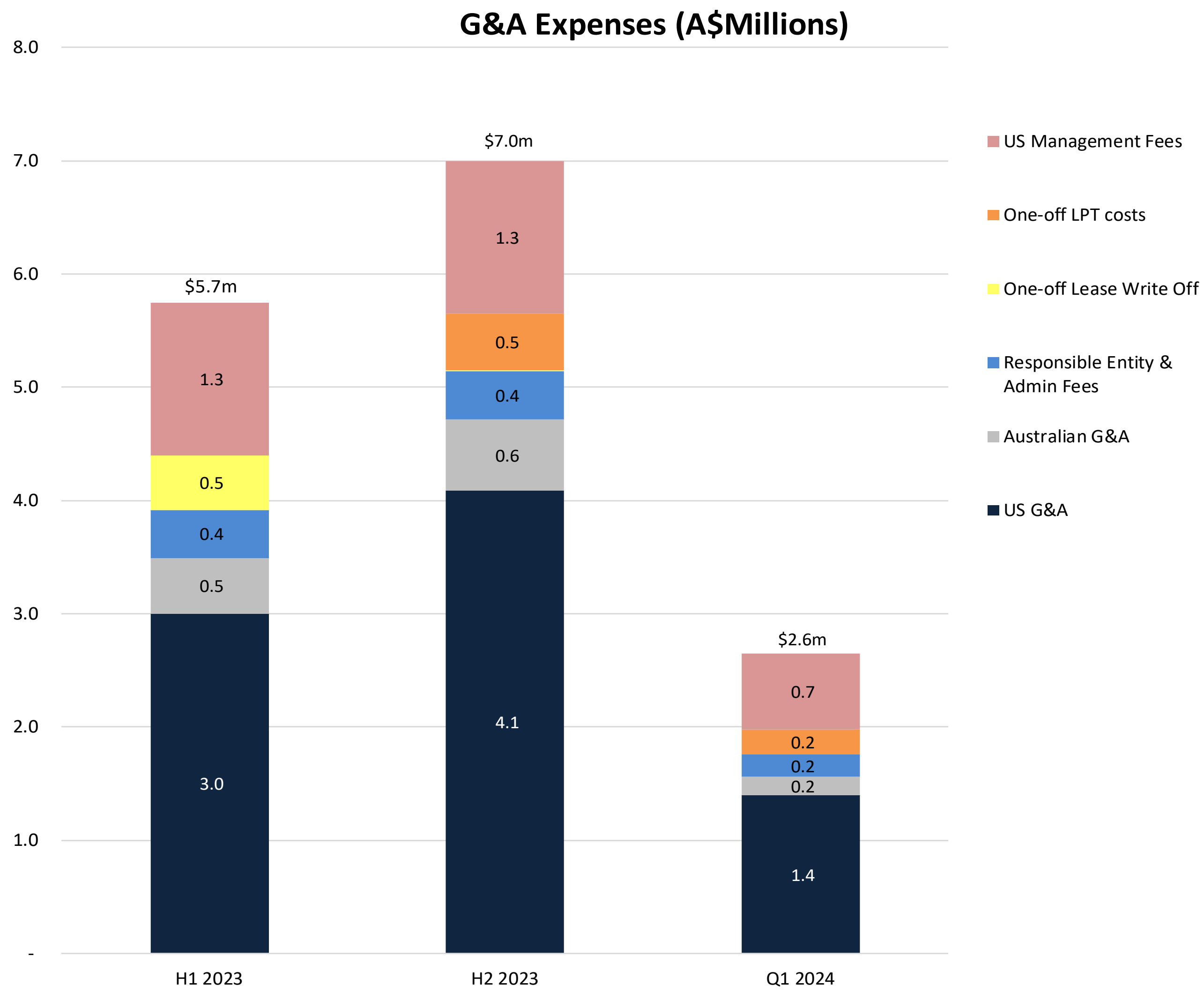
Source: US REIT. Figures may not sum due to rounding.

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.

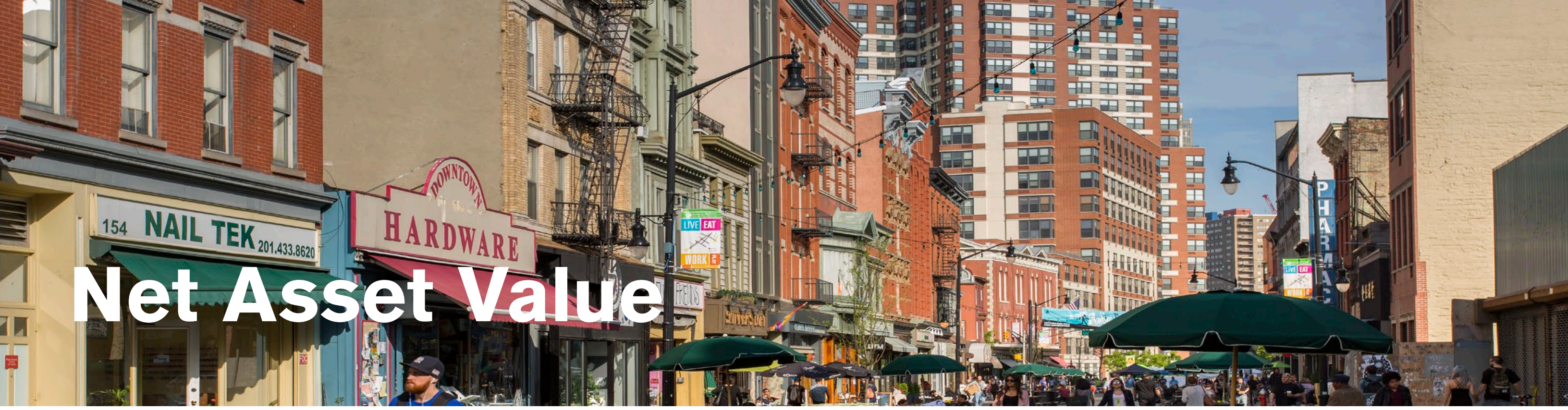
Past performance is not a reliable indicator of future performance.

General and Administrative (G&A) Expenses

Managing and reducing G&A expenses remains a key goal of the Fund. During Q1 2024, the Fund's G&A expenses were A$2.6 million. The result is unchanged from the corresponding period in 2023, however on a normalised basis the result is an 8% reduction from Q1 2023 due to the Fund incurring one-off costs relating to the proposed internalisation of the Responsible Entity.

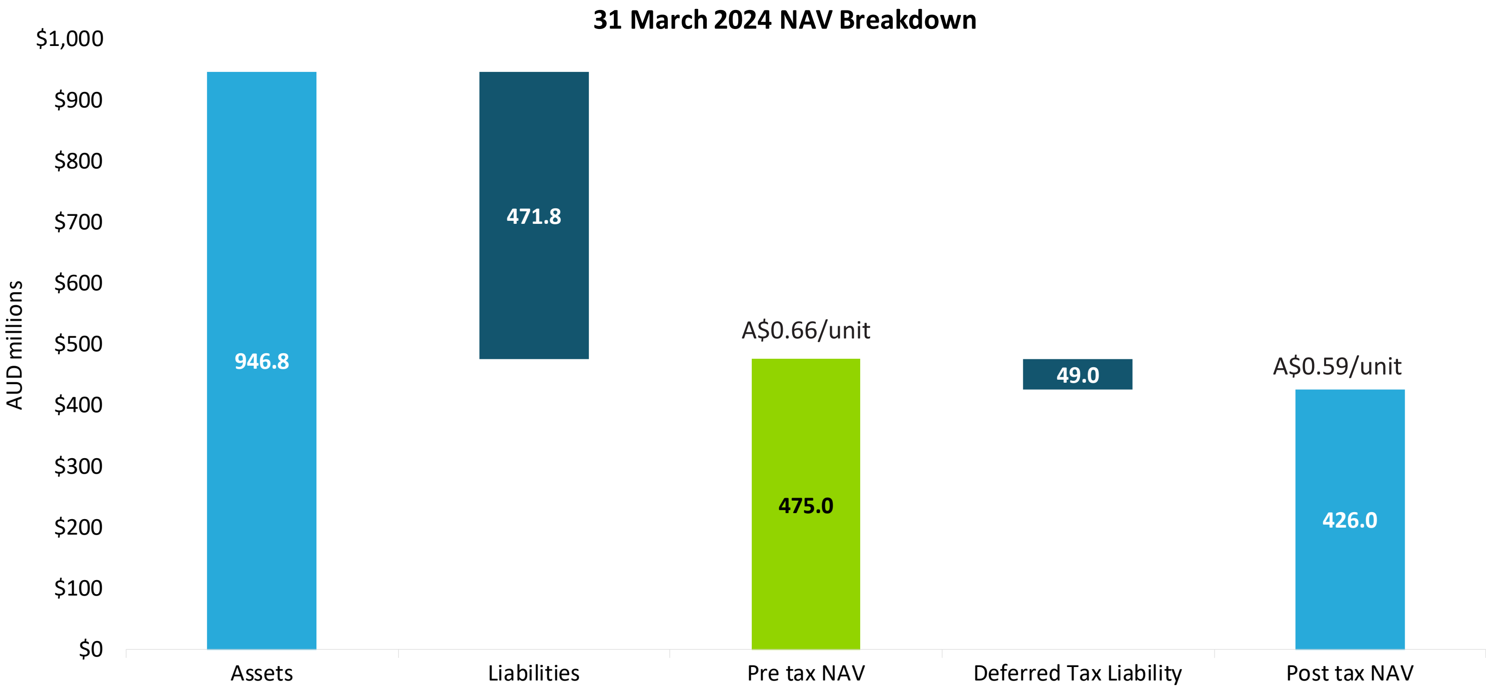


Source: US REIT. AUD/USD average rate of 0.6644 and 0.6578 for 2023 and Q1 2024 respectively. Figures may not sum due to rounding.



Net Asset Value

At 31 March 2024, the pre-tax NAV was A$0.66 per unit (A$0.59 post-tax).



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, 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 absorbed cash while it focused on growing and renovating its portfolio. While asset value growth has the ability to outweigh the Fund's operational cash losses and generate a profit, with the reimplementation of the asset sales program (and accompanying transaction costs and drag on portfolio cash flows as assets are held vacant for sale) it is expected that the Fund will likely incur increased operational cash outflows while it focuses on selling assets and returning capital to unitholders.

Q1 2024 saw the Fund record an unadjusted FFO loss of A$4.5 million. After excluding disposal costs and other one-off items, the Fund's adjusted FFO loss was A$1.8 million, representing an increase on the comparable period in 2023 of A$1.4 million. This increased adjusted FFO loss is largely a result of the drag on operational cash flows due to properties being held for sale. While the Fund's long-term strategy of running a sales program to return capital to investors may inhibit the Fund becoming cash-flow positive, Management remains committed to maximising revenue and reducing expenses through every means possible.

A$	2021	2022	2023	Q1 2024
Revenue from Ordinary Operations	**39.7**	**44.1**	**44.1**	**10.5**
One-Off Income	**-**	**0.2**	**-**	**-**
Insurance Proceeds	**-**	**0.1**	**1.4**	**-**
Investment Property Expenses	(13.1)	(16.1)	(19.1)	(5.2)
Investment Property Disposal Costs	(7.3)	(2.2)	(5.6)	(2.5)
G&A	(15.1)	(11.7)	(11.6)	(2.5)
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)	(0.2)
EBITDA	**4.2**	**9.7**	**8.7**	**0.1**
EBITDA (excluding disposal costs and one-off items)	**11.5**	**16.2**	**13.4**	**2.8**
Net Interest Expenses (Excluding Notes Interest)	(21.2)	(20.1)	(20.1)	(4.6)
Notes Interest	(0.3)	-	-	-
Funds From Operations (FFO)	**(17.4)**	**(10.5)**	**(11.4)**	**(4.5)**
FFO (excluding disposal costs and one-off items)	**(10.0)**	**(3.9)**	**(6.7)**	**(1.8)**

Source: US REIT. Excludes Convertible Preference Unit (URFPA) distributions as they are equity distributions.
AUD/USD average rate of 0.7513, 0.6947, 0.6644 and 0.6578 for 2021, 2022, 2023 and Q1 2024 respectively.
FFO is reported on a cash accounting basis. Figures in table may not sum due to rounding.

Board of the Responsible Entity

Stuart Nisbett INDEPENDENT CHAIR

Peter Shear INDEPENDENT DIRECTOR

Warwick Keneally DIRECTOR

For Further Information

URF Investor Relations

Level 32, 1 O'Connell Street Sydney NSW 2000

www.usmastersresidential.com.au

URFInvestorRelations@usmrpf.com

T: +61 3 9691 6110

Important Information