



US Masters
Residential
Property Fund

Q1 2024 Webinar Update

22 May 2024

Disclaimer

This presentation is prepared by the US REIT, and is authorised for release by E&P Investments Limited (ACN 152 367 649 | AFSL 410 433) (Responsible Entity) as the Responsible Entity for the US Masters Residential Property Fund (ARSN 150 256 161) (Fund).

This presentation may contain general advice. Any general advice provided has been prepared without taking into account your objectives, financial situation or needs. Before acting on the advice, you should consider the appropriateness of the advice with regard to your objectives, financial situation and needs. Past performance is not a reliable indicator of future performance. All figures in this presentation are in AUD unless stated otherwise.

This presentation may contain statements, opinions, projections, forecasts and other material (forward looking statements), based on various assumptions. Those assumptions may or may not prove to be correct. Neither E&P Investments Limited, the US REIT or their advisers (including all of their respective directors, consultants and/or employees, related bodies corporate and the directors, shareholders, managers, employees or agents of any of them) (Parties) make any representation as to the accuracy or likelihood of fulfilment of the forward-looking statements or any of the assumptions upon which they are based. Actual results, performance or achievements may vary materially from any projections and forward looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward looking statements and the Parties assume no obligation to update that information.

The Parties give no warranty, representation or guarantee as to the accuracy or completeness or reliability of the information contained in this document. The Parties do not accept, except to the extent permitted by law, responsibility for any loss, claim, damages, costs or expenses arising out of, or in connection with, the information contained in this presentation. Any recipient of this presentation should independently satisfy themselves as to the accuracy of all information contained in this presentation.

Q1 2024 Update

- 15 property sales during the quarter for a total of US\$26.5 million.
- 43 property sales over the 12 months to 31 March 2024 for a total of US\$77.3 million.
- The Fund has continued with directing excess cash to capital management opportunities, such as the buyback program and special distributions.
- The Fund has purchased 31.3 million URF Ordinary units over the last 12-months for a total consideration of \$9.8 million.
- The Fund has declared two \$0.01 per Unit special distribution in the last 12-months.

Source: US REIT.

Asset Sales Program

- Stabilising interest rates have appeared to buoy the Fund's sales, though the quiet winter months were evident in the quarters' results. The sales for the quarter were split between more premium assets in Jersey City and Brooklyn, with these markets continuing to show less resistance to the higher rates.

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 |

- The Fund has set a target of \$150 million US-dollars in property sales during the 2024 calendar year. The Fund ended March with a sales pipeline of US\$77.8 million, with roughly half of this in attorney review or under contract at the end of the quarter.

Source: US REIT.

Capital Management

Global Atlantic Debt: 31 March 2024

| | 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.

As a result of property sales, total debt reduced by approx. US\$15.5 million in Q1 2024.

Capital Allocation: 31 March 2024

| 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 |

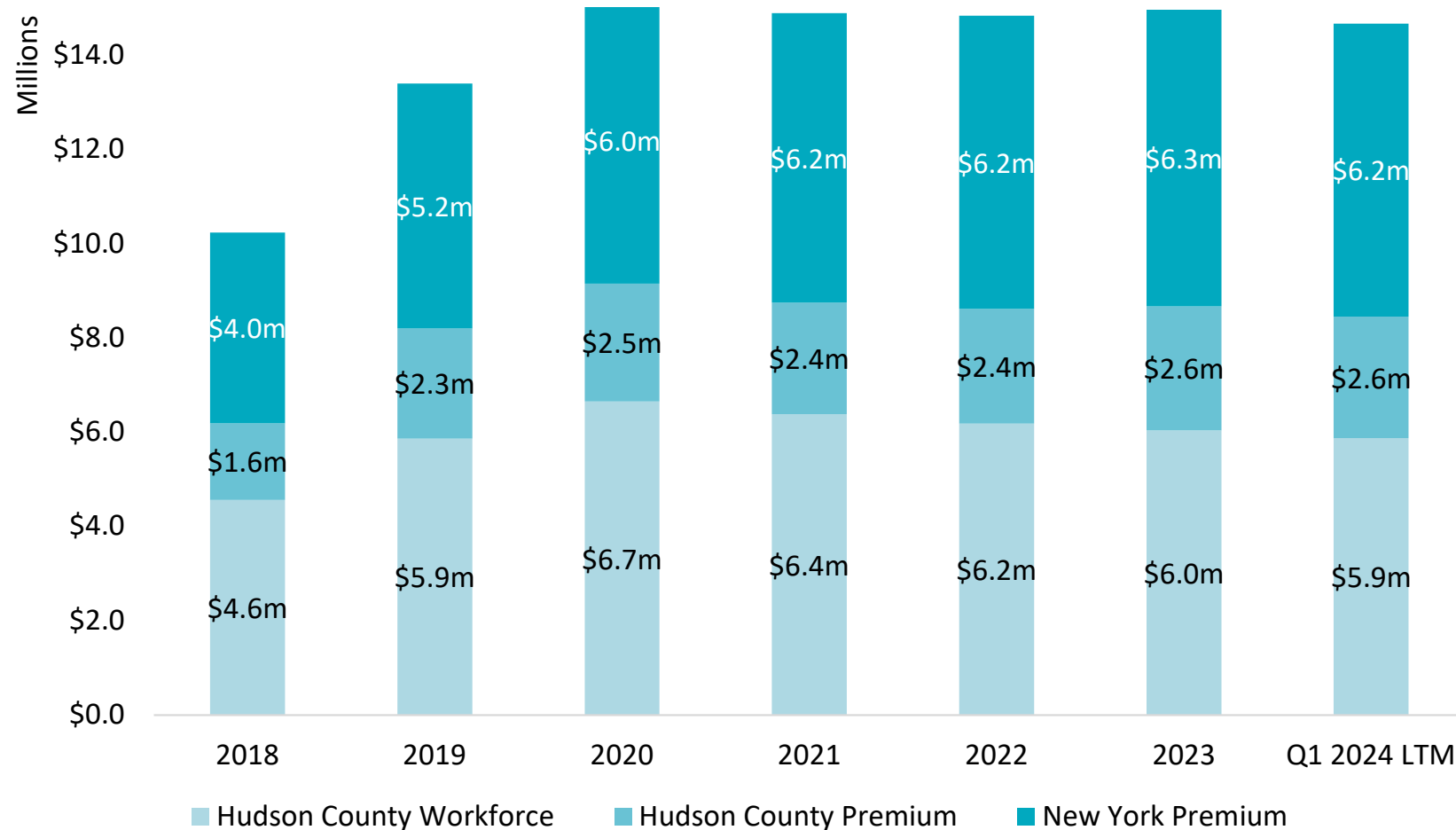
Source: US REIT. AUD/USD 31 March 2024 spot rate of 0.6521 used.

Notes:

1. Approximate cash reserve required if the internalisation process is to proceed.
2. Estimated upfront costs associated with the internalisation of the RE, noting point (1) above.
3. Distribution announcement [here](#).

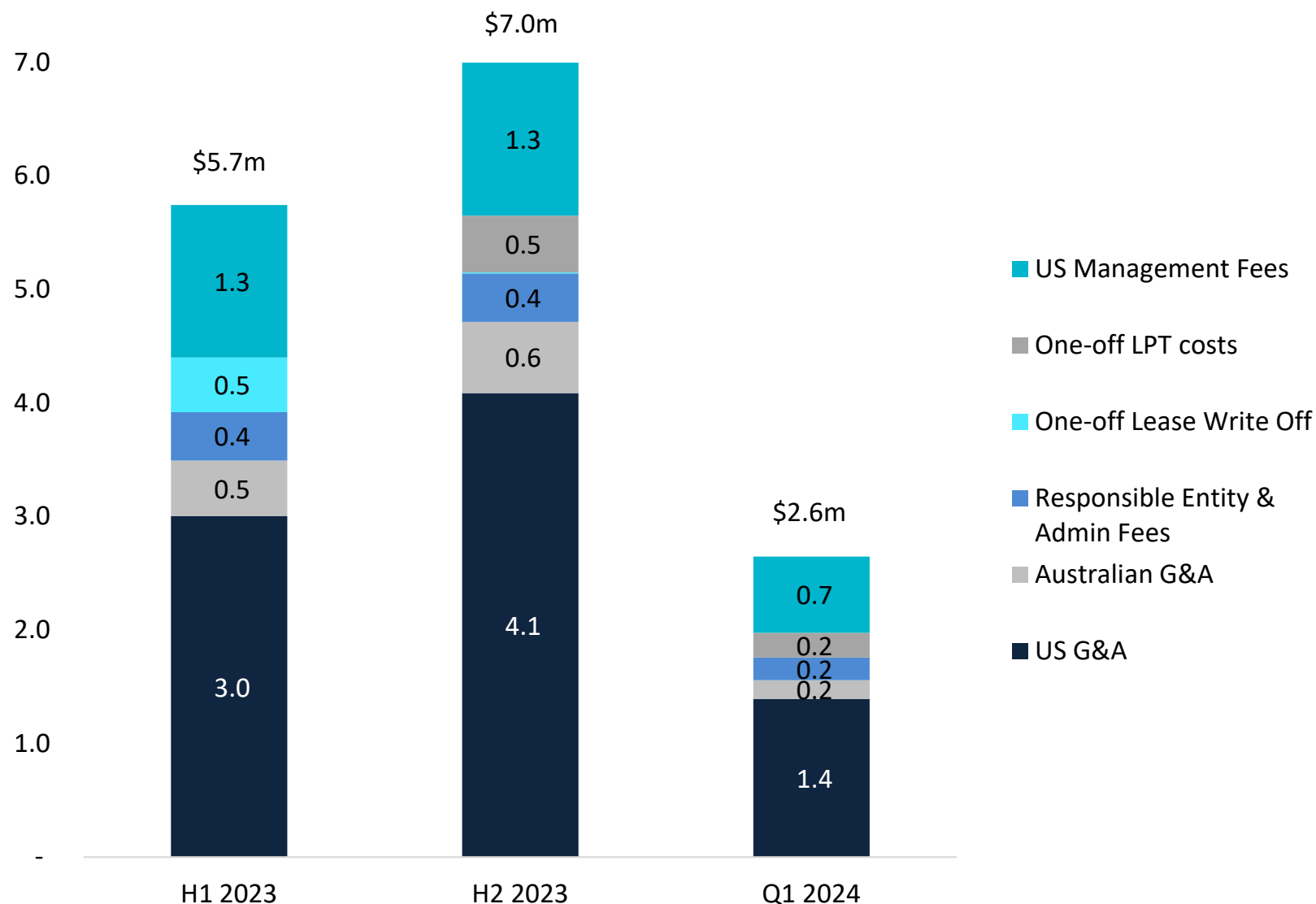
Net Operating Income

The Fund's trailing 1-4 family Net Operating Income (NOI) to 31 March 2024 was US\$14.7 million.



Source: US REIT.

General and Administrative expenses (\$A)



Source: US REIT.

Funds from Operations (FFO)

Excluding disposal costs and non-recurring items, the FFO loss for Q1 2024 was A\$1.8 million.

| 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.

Responsible Entity Update

- E&PIL have released the Meeting Booklet regarding the plan to internalise the RE of the Fund. This booklet can be found on the Fund's website [here](#).
- This proposal has been recommended to Unitholders for a number of reasons, following E&P Investment Limited's intention to exit from their non-core businesses, which includes RE services.
- The proposal to internalise the RE of the Fund is believed to provide Unitholders with a sustainable option for the transition of the Fund to a new RE which is ultimately owned by the URF Unitholders. The Board of the internalised RE is proposed to be comprised of two existing Directors, Stuart Nisbett and Peter Shear, as well as a new third independent director, Jack Lowenstein.

Internalisation Proposal FAQs

Q: How many Units in URF II will Unitholders receive and when?

A: Absent on-market buybacks, assuming the proposal passes on a poll, Unitholders will receive the exact number of units in the stapled securities that they hold as of the Record Date of 24 June 2024 for participation in the proposal.

Q: What will the price for the stapled securities be?

A: The trading price of the stapled securities will be the URF Ordinary Unit price as of the date of implementation, noting that between 21 June and 26 June 2024 there will be delayed settlement on URF units. The application price of URF II units is estimated to be 0.5 cents per unit, which is based on the Australian Financial Services license (AFSL) requirement to hold A\$3.5 million in cash at bank, divided by the 724 million units on issue when the scheme was established. The stapled securities net asset value is therefore expected to be largely unchanged from the URF Ordinary Unit net asset value.

Internalisation Proposal FAQs

Q: What are the estimated annual fees of the RE?

A: It is estimated that the costs of operating the Internalised group will be approximately A\$2.0 million per annum.

Q: What is a cost-recovery basis?

A: A cost-recovery basis refers to the proposed internalized RE expensing directors' fees, staff costs, IT costs, administration, accounting and office costs. The RE will not operate with a profit component and the Fund will only pay for actual incurred expenses.

Q: Why are the fees increasing?

A: The current fees of the RE are heavily subsidised by E&P. In the event that this proposal fails, E&PIL will seek to retire through a court process, and it is expected that costs will likely rise following the court appointment of an alternate RE.


Internalisation Proposal FAQs

Q: What does it mean that the RE is owned by the Unitholders?

A: The proposed RE structure is one that is only accountable to Unitholders and is not externally owned, which intends to provide greater alignment between the new responsible entity and investors in the Fund. This internalised structure was recommended by a number of existing URF Unitholders following an unsuccessful proposal to appoint an alternate RE in June of 2023.



US Masters Residential Property Fund

A wide-angle photograph of the New York City skyline from across the water. The Freedom Tower is the most prominent building on the left. To its right is a tall, slender skyscraper. Further right is the New York State Capitol building with its distinctive dome. On the far right, the stone structure of the Manhattan Bridge is visible. The sky is blue with scattered white clouds. A dark, semi-transparent rectangular overlay covers the bottom left portion of the image, serving as a background for the 'Q&A' text.

Q&A

For further information

Investor Relations

URFInvestorRelations@usmrpf.com



US Masters
Residential
Property Fund