



QUARTERLY UPDATE

April - June 2024

30 August 2024



US Masters
Residential
Property Group



Executive Summary

Welcome to the US Masters Residential Property Group's (**URF** or **Group**) Quarterly Report for the period 1 April 2024 to 30 June 2024, to accompany the release of the Group's Half-Year Statutory Accounts for 2024.

During the quarter, US Masters Residential Property Fund held a General Meeting for Unitholders to vote on the Resolutions regarding the Internalisation of the Responsible Entity of the Fund. These Resolutions were carried on a poll, and as of 25 June 2024, US Masters Responsible Entity Limited (ACN 672 783 345 | AFSL 553 794) (**New Responsible Entity**) replaced E&P Investments Limited (ACN 152 367 649 | AFSL 410 433) as responsible entity of URF.

The New Responsible Entity will operate URF and its newly stapled trust, US Masters Residential Property Fund II (ARSN 676 798 468) (**URF II**) (together the Stapled Group or Group) fully independent of any other financial services organisation. As a part of the Internalisation, units in URF and URF II were stapled on a one for one basis, forming a stapled group, and effective 26 June 2024 trading is now in URF stapled securities (**URF Stapled Securities**).

Operationally, during the first half of 2024, the Group closed on the sale of US\$54.32 million in sales across 31 transactions, taking total sales for the 12-months to 30 June 2024 to US\$86.27 million across 49 assets.

As of the end of the period, the Group had a total of US\$118.27 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 Group has continued the process of exiting its multifamily assets with Urban American.

Post-quarter end, the Group successfully settled on the sale of its Astoria, Queens multifamily asset, which resulted in A\$3.7 million in equity becoming available for capital management purposes. The Group will continue to seek a resolution for the remaining two multifamily assets, though the broader NYC multifamily market remains challenged as a result of financing conditions and a difficult regulatory environment. We note that during the period the Group recognised a decrement on these remaining two multifamily assets of A\$1.3 million.

Looking to the operational performance of the Group for the half-year ended 30 June 2024:

- General & Administrative (**G&A**) expenses for the half year were A\$6.7 million. The result represents a 16% increase from the corresponding period in 2023, which is largely attributable to the Group incurring one-off costs relating to the internalisation of the Responsible Entity. On a normalised basis, the result remains stable with H1 2023.
- Net Operating Income (**NOI**) on a same-home basis for the 12 months to 30 June 2024 was US\$13.0 million. This result represents an increase of 2% when compared to the full-year 2023 result.
- The Group's unadjusted Funds From Operations (**FFO**) loss for the period was A\$9.8 million, and excluding disposal costs and one-off items, the FFO loss for period was A\$3.3 million. This compares with an adjusted FFO loss of A\$1.0m in H1 2023, representing an increase of A\$2.3m. This increase in the FFO loss is to be expected as the Group continues to accelerate the pace of sales, which results in a reduction in the Group's revenue as properties are held vacant for sale and subsequently removed from the portfolio. In addition, the Group 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 Group's sales program during the half-year was used to repay US\$33.0 million of the Global Atlantic Term Loan, as well as to continue to fund the Buyback program for URF Stapled Units (formally URF Ordinary Units). During the half-year, the Group executed on the purchase of 20.5 URF Ordinary Units and 0.4 million URF Stapled Units for an aggregate consideration of A\$5.8 million.

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



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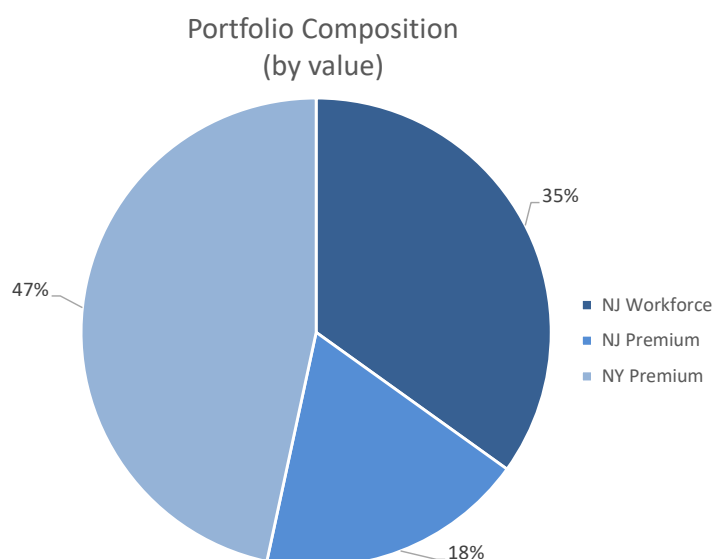
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Cash Flow Profile



Portfolio Composition

The following breakdown represents the Group's 1-4 family portfolio as at 30 June 2024. At the end of the period, the Group held 413 1-4 family properties for a total value of US\$541.7 million.



Location	Value (USD)	Property Count	Location	Value (USD)	Property Count
NJ Workforce	\$189,150,168	270	NY Premium	\$252,597,914	89
Bayonne	\$34,780,274	52	Bedford-Stuyvesant	\$70,429,844	27
Bergen-Lafayette	\$7,667,923	9	Boerum Hill	\$5,700,000	1
Greenville	\$37,308,368	62	Bushwick	\$19,835,236	13
Jersey City Heights	\$44,620,568	50	Clinton Hill	\$10,633,456	3
Journal Square	\$20,087,055	26	Cobble Hill	\$6,890,000	2
North Bergen	\$4,619,879	7	Crown Heights	\$28,348,962	12
Secaucus	\$605,000	1	Lefferts Garden	\$3,400,000	1
Union City	\$2,759,073	4	Fort Greene	\$7,960,000	2
West Bergen	\$35,079,994	57	Park Slope	\$22,240,796	4
West New York	\$1,622,034	2	Williamsburg	\$18,171,797	6
NJ Premium	\$99,949,975	54	Hamilton Heights	\$10,699,301	3
Downtown	\$93,116,472	49	Harlem	\$48,288,521	15
Weehawken	\$6,833,503	5			

Source: US REIT.



Asset Sales

During **Q2 2024**, the Group closed on the sale of US\$27.78 million in sales across 16 properties.

Location	Sales Price (\$USD million)	Book Value (\$USD million)	Transaction Cost (\$USD million)	GA Loan Repayment (\$USD million)
Jersey City	\$10.90	\$10.81	-\$0.59	-\$6.81
Brooklyn	\$16.88	\$16.91	-\$1.06	-\$10.62
Total	\$27.78	\$27.72	-\$1.65	-\$17.44

During the **12-months to 30 June 2024**, the Group closed on US\$86.27 million in sales across 49 properties.

Location	Sales Price (\$USD million)	Book Value (\$USD million)	Transaction Cost (\$USD million)	GA Loan Repayment (\$USD million)
Jersey City	\$33.19	\$32.95	-\$1.80	-\$17.89
Brooklyn	\$50.80	\$51.39	-\$3.50	-\$30.88
Bayonne	\$1.27	\$1.23	-\$0.09	-\$0.71
West New York	\$0.44	\$0.45	-\$0.02	-\$0.21
North Bergen	\$0.57	\$0.55	-\$0.05	\$0.00
Total	\$86.27	\$86.57	-\$5.47	-\$49.68

Sales Pipeline

As of 30 June 2024, the Group had US\$64.43 million of properties under contract or with an accepted offer in place, US\$15.55 million on the market and US\$38.29 million in the short-term pipeline for sale. These properties under contract are likely, but not guaranteed, to close.

Category	New York Premium	Hudson County Premium	Hudson County Workforce	Total (\$USD million)
Sales Pipeline	\$26.98	\$4.40	\$6.91	\$38.29
On the Market	\$3.99	\$7.88	\$3.68	\$15.55
Attorney Review or Under Contract	\$18.53	\$25.22	\$20.69	\$64.43
Total	\$49.50	\$37.49	\$31.28	\$118.27

Multifamily Assets

During the half, the Group has continued the process of exiting its multifamily assets with Urban American. Post-quarter end, the Group successfully settled on the sale of its Astoria, Queens multifamily asset, which resulted in A\$3.7 million in equity becoming available for capital management purposes.

The Group will continue to seek a resolution for the remaining two multifamily assets, though the broader NYC multifamily market remains challenged as a result of financing conditions and a difficult regulatory environment. During the period the Group recognised a decrement on the remaining two assets of A\$1.3 million.



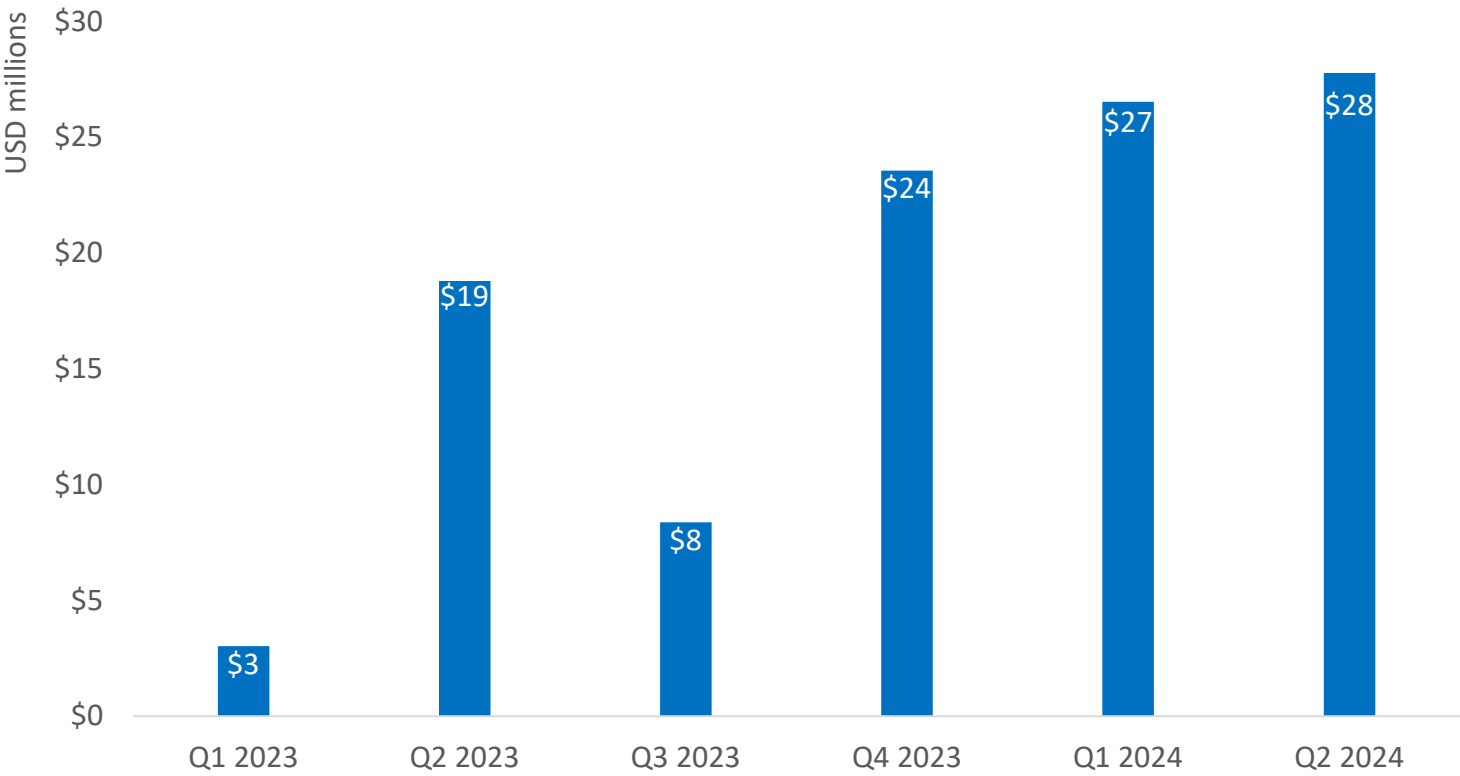
Asset Sales

2024 Outlook

As advised in the Q4 2023 report, the Group 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 Group has seen an increase in the quarterly closed sales over the last 12-months. Assuming market conditions are supportive, the Group is reasonably confident that it will close on the current assets (US\$79.98 million) which are under contract and on the market over the coming months.

The US team will continue to focus on pushing the rate of sales over the remainder of the year in order to hit the US\$150 million target, though we are mindful that buyers may be more cautious as we approach the Presidential election in Q3 and Q4 2024.

Quarterly Closed 1-4 Family Sales



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

Capital Management

The Group's total debt reduced during Q2 2024, with US\$17.4 million of the Global Atlantic Term Loan being repaid following the settlement of property sales used as collateral for this loan account. The Group's debt has reduced by US\$51.7 million in the 12 months to 30 June 2024.

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 30-Jun-23	US\$ Balance at 31-Dec-23	US\$ Balance at 30-Jun-24
Global Atlantic - Term Loan (4.00%)	331,124,400	312,367,269	279,405,407
Total	331,124,400	312,367,269	279,405,407

Indicative Annual Interest Cost	13,244,976	12,494,691	11,176,216
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Source: US REIT.

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

The RE continues to believe an on-market buyback is an effective means of returning any surplus capital to Unitholders and enables the Group to maintain an efficient capital structure. During the quarter the Group executed on the purchase of 0.4 URF Ordinary Units and 15.9 million URF Stapled Units for an aggregate consideration of A\$4.52 million.

Month end	Ordinary Shares (# million)	Stapled Securities (# million)	Consideration (A\$ million)
April	6.22	0.00	\$1.66
May	6.64	0.00	\$1.87
June	3.07	0.38	\$1.00
	15.93	0.38	\$4.52



Capital Management

As of 30 June 2024, the Group had broadly allocated its available capital as outlined in the table below:

30 June 2024	\$ millions
Cash Balance	\$45.55
Less: Global Atlantic Liquidity Covenant	-\$14.99
Less: Working Capital	-\$10.00
Less: AFSL Cash Reserve Requirement	-\$3.50
Less: Remaining RE Internalisation Restructure Costs	-\$0.45
Less: Reserve for share buybacks	-\$2.23
Cash available for capital management	\$14.38

Source: US REIT. 30 June 2024 exchange rate 0.6670 used (AUD:USD).

Based on the company's recent operations and future sales pipeline, the Group expects to soon be able to repatriate proceeds from the US to Australia. To ensure such repatriations are conducted in the most tax efficient manner, Management are constantly reviewing its structure to ensure maximum efficiency. Management is currently finalising its review of projected results and the timeline to achieve those results. Once the review is complete, and any changes or recommendations are implemented, the Group expects to increase the level of repatriations from the US, which will in turn create capital return to unitholders.





Portfolio Occupancy

At 30 June 2024, the Group's 1-4 family portfolio had 88% of its units leased.

The Group'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 Group has now re-commenced the sales program in earnest, 65 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 Group continues to progress with the accelerated sales program.

1-4 Family portfolio (as at 30 June 2024)	Unit Count	%
Leased	681	88%
For Lease or In Turnover	32	4%
Vacant pending sale	65	8%
Total	778	100%

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





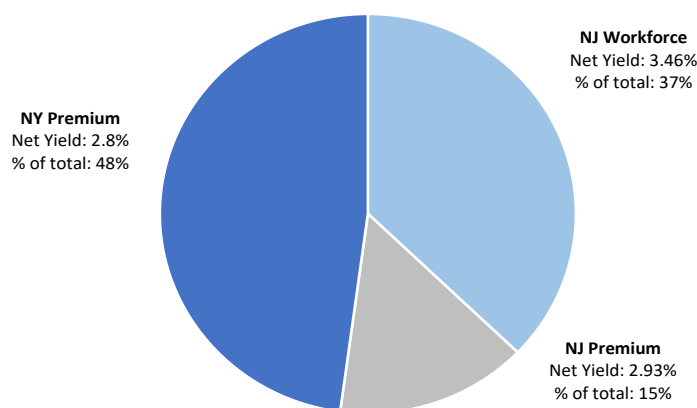
Net Operating Income (NOI)

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

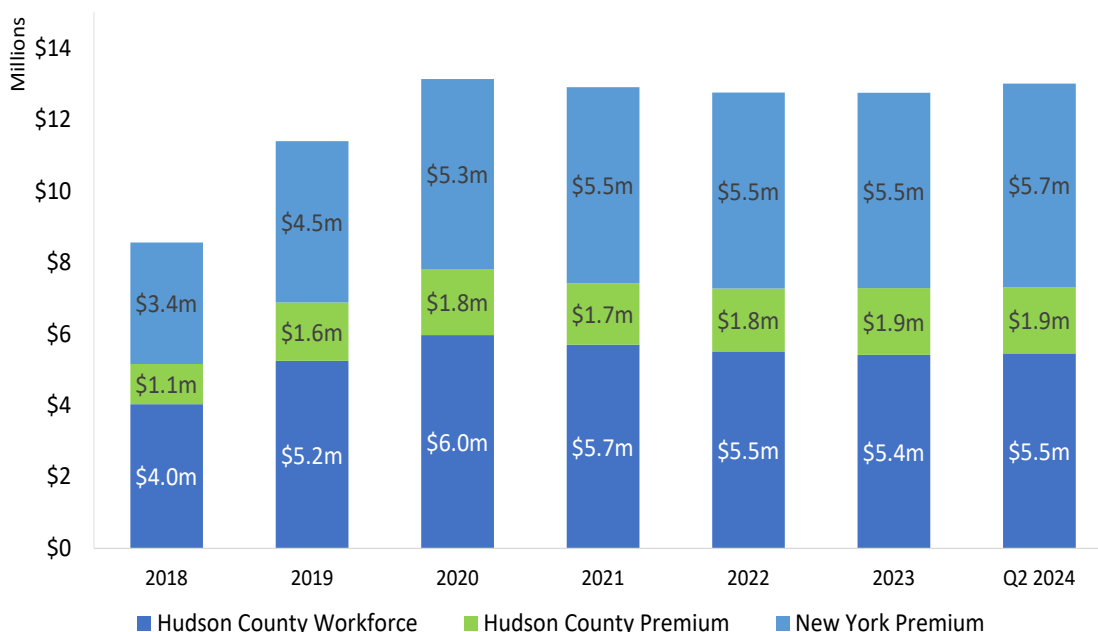
As a result of the sales program, total portfolio revenue is expected to decrease as the portfolio continues to reduce in size and with properties vacated in advance of sale. To remove the impact of the sales program and review income performance in a consistent manner, the following analysis reviews 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 30 June 2024, the same-home NOI was US\$13.0 million, which is a 2% increase when compared to the full-year 2023 result.

Q2 2024 LTM NOI Yield: Same-Home Stabilised 1-4 Family Properties



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



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

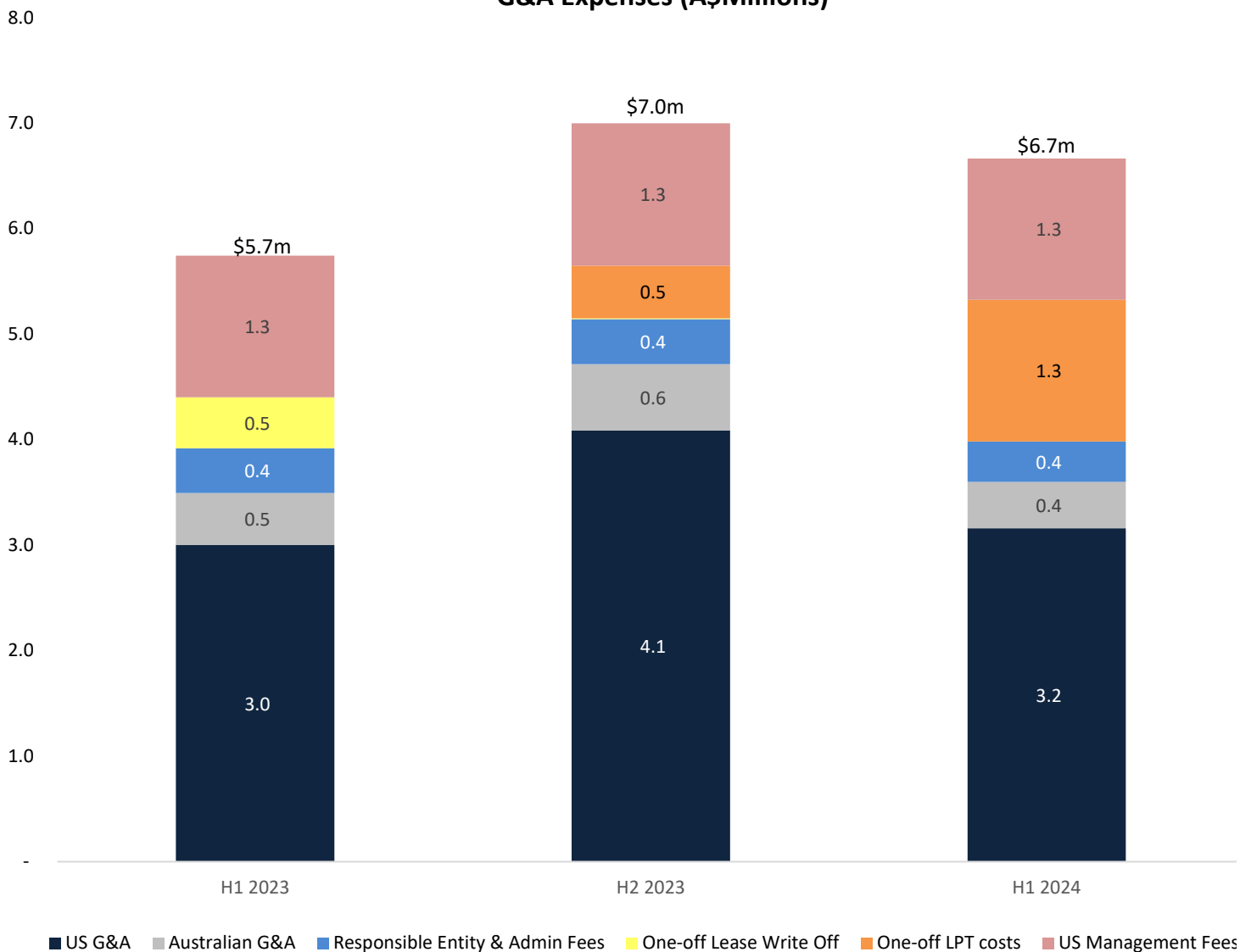
Note: "Same-home" assets by segment will not match the total portfolio distribution as it excludes assets held for sale. LTM refers to last twelve months

Past performance is not a reliable indicator of future performance.

General and Administrative (G&A) Expenses

Managing and reducing G&A expenses remains a key goal of the Group. For the half-year ended 30 June 2024, the Group's G&A expenses were A\$6.7 million. The result represents a 16% increase from the corresponding period in 2023, which is largely attributable to the Group incurring one-off costs relating to the internalisation of the Responsible Entity. On a normalised basis, the result remains stable with H1 2023.

G&A Expenses (A\$Millions)

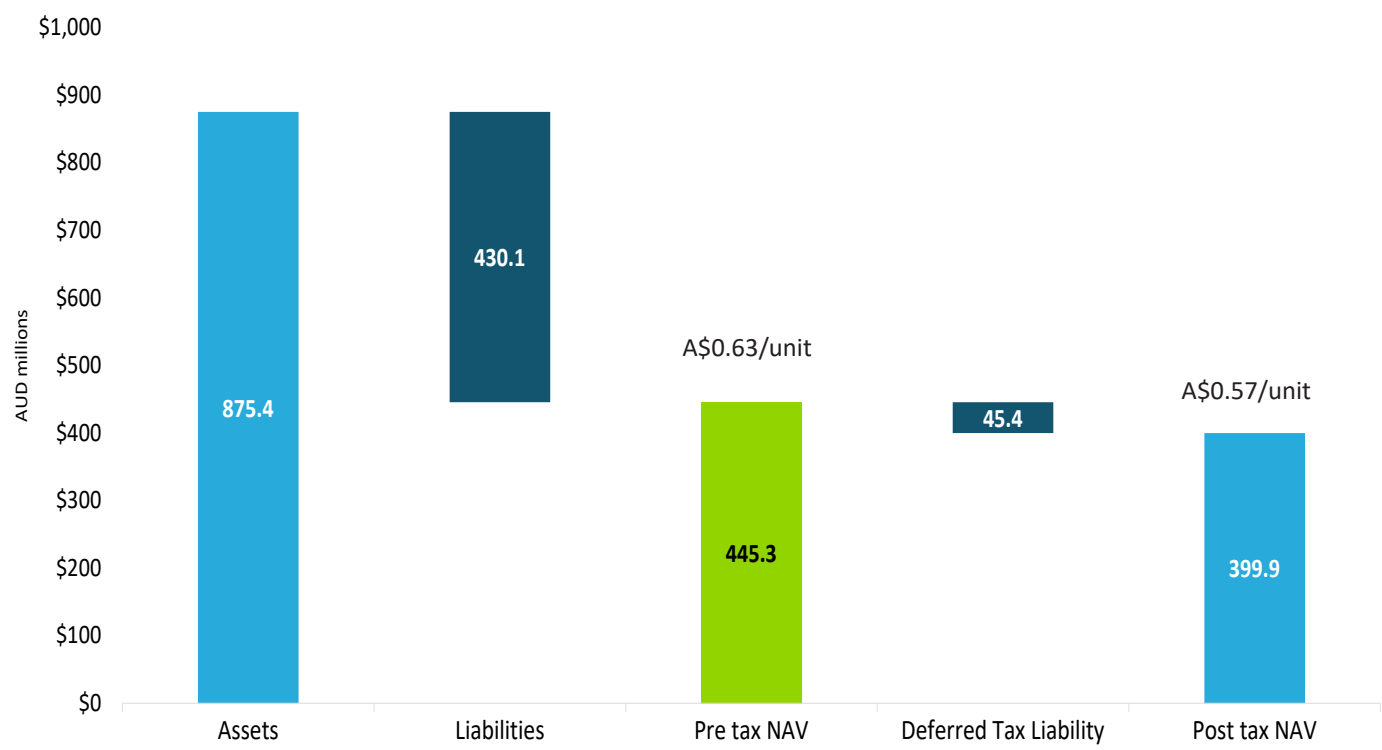


AUD/USD average rate of 0.6644 and 0.6585 for 2023 and HY1 2024 respectively.
Source: US REIT. Figures may not sum due to rounding.



Net Asset Value

At 30 June 2024, the pre-tax NAV was A\$0.63 per unit (A\$0.57 post-tax).



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

Cash Flow Profile

The following Funds from Operations (**FFO**) analysis outlines the Group'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 Group's overall financial performance, the FFO analysis provides an important overview of the Group's cash flow position.

Historically, the Group absorbed cash while it focused on growing and renovating its portfolio. While asset value growth has the ability to outweigh the Group's operational cash losses and generate a profit, with the reimplementing 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 Group will likely incur increased operational cash outflows while it focuses on selling assets and returning capital to unitholders.

The Group recorded an unadjusted FFO loss of A\$9.8 million for the half-year ended 30 June 2024. After excluding disposal costs and other one-off items, the Group's adjusted FFO loss was A\$3.3 million, representing an increase on the comparable period in 2023 of A\$2.3 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 Group's long-term strategy of running a sales program to return capital to investors may inhibit the Group becoming cash-flow positive, Management remains committed to maximising revenue and reducing expenses through every means possible.

A\$	HY1 2024	HY1 2023	HY1 2022
Revenue from Ordinary Operations	20.6	23.1	21.2
Insurance Proceeds	-	1.3	-
Investment Property Expenses	(9.6)	(8.9)	(6.6)
Investment Property Disposal Costs	(5.2)	(2.2)	(1.6)
G&A	(5.4)	(5.1)	(6.7)
One-Off Transaction Related Costs - G&A	-	-	(1.5)
One-Off Severance Costs - G&A	-	-	(0.3)
One-Off LPT Costs - G&A	(1.3)	-	-
EBITDA	(0.9)	8.1	4.6
EBITDA (excluding disposal costs and one-off items)	5.6	10.3	7.9
Net Interest Expenses (Excluding Notes Interest)	(8.9)	(10.0)	(9.8)
Funds From Operations (FFO)	(9.8)	(1.9)	(5.2)
FFO (excluding disposal costs and one-off items)	(3.3)	(1.0)	(1.9)

Source: US REIT. Excludes Convertible Preference Unit (URFPA) distributions as they are equity distributions.
AUD/USD average rate of 0.7194 (HY1 2022), 0.6759 (HY1 2023), 0.6585 (HY1 2024) respectively.
FFO is reported on a cash accounting basis. Figures in table may not sum due to rounding.



Board of the Responsible Entity

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Peter Shear INDEPENDENT DIRECTOR

Jack Lowenstein INDEPENDENT DIRECTOR

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Important Information

This Quarterly Update (Update) has been prepared by the US REIT, and authorised for release by US Masters Responsible Entity Limited (ACN 672 783 345 | AFSL 553 794) (Responsible Entity). An investment in the Group is subject to various risks, many of which are beyond the control of the Responsible Entity.

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