



US Masters  
Residential  
Property Group

# 30 June 2024 Webinar Update

10 September 2024

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# Half Year Update

- 31 property sales over the 6 months to 30 June 2024 for a total of US\$54.32 million.
- Sales pipeline of US\$118.27 million as of 30 June 2024, with US\$64.43 million of this under contract or with an accepted offer.
- The Group has continued with directing excess cash to capital management opportunities, including the repayment of US\$32.96 million of the Global Atlantic Term Loan during the half.
- With an exit strategy now in place, the Board is in the process of reviewing its tax structure to ensure future repatriations of net sales proceeds from the US to Australia are completed in the most tax efficient manner possible, and we expect that this review will be completed in the coming months.
- Pending the tax structure review, on-market buybacks will be limited to cash available locally. Interest rates on excess cash at bank will be evaluated to maximise the interest earned in the interim.

# Internalisation Update

- The Internalisation of the Responsible Entity (**RE**) for URF was finalised at the end of the half year, with the Group's Board now comprised of three independent directors; Stuart Nisbett, Peter Shear and Jack Lowenstein.
- 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**).
- The Board continues to focus on the execution of the asset sales program in order to realise value and return capital to unitholders as quickly and efficiently as possible.
- The Board will begin working with the Management team at Brooksville to set the business plan and selling targets for 2025 later this year.

# Asset Sales Program

- As evidenced in the Group's realised sales volume and the prices realised compared to book value, it has been pleasing to see the continued resilience of local property market conditions.
- The Group closed on the sale of US\$27.8 million for the quarter, taking the half year sales to US\$54.3 million.
- The sales for the quarter continued to be comprised of the more premium assets in Jersey City and Brooklyn, with these neighborhoods continuing to show the least resistance to higher interest rates.

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

# Asset Sales Program

- The Group ended the half year with US\$64.4 million of properties under contract or with an accepted offer in place, US\$15.5 million on the market and US\$38.3 million in the short-term pipeline for sale.

| 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               |
| <b>Total</b>                      | <b>\$49.50</b>   | <b>\$37.49</b>        | <b>\$31.28</b>          | <b>\$118.27</b>       |

- Between 30 June and 30 August 2024, the Group closed on an additional US\$15.4 million in property sales, taking the year-to-date result to US\$69.7 million.
- The Group has set a target of US\$150 million in property sales during the 2024 calendar year. The path to successfully realising this sales target in 2024 will be driven by:
  - Closing on the properties which are under contract or with an accepted offer.
  - Entering into new contracts on an additional US\$20 million of property by Q4 2024.
  - Increasing available inventory through the listing pipeline.

# Capital Management

## Global Atlantic Term Loan: 30 June 2024

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

|                                        |                   |                   |                   |
|----------------------------------------|-------------------|-------------------|-------------------|
| <b>Indicative Annual Interest Cost</b> | <b>13,244,976</b> | <b>12,494,691</b> | <b>11,176,216</b> |
|----------------------------------------|-------------------|-------------------|-------------------|

Source: US REIT.

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

As a result of property sales, total debt reduced by US\$17.4 million in Q2 2024.

## Buyback Program

| Month end | Ordinary Shares<br>(# million) | Stapled Securities<br>(# million) | Consideration<br>(A\$ million) |
|-----------|--------------------------------|-----------------------------------|--------------------------------|
| April     | 6.22                           | 0.00                              | \$1.66                         |
| May       | 6.64                           | 0.00                              | \$1.87                         |
| June      | 3.07                           | 0.38                              | \$1.00                         |
|           | <b>15.93</b>                   | <b>0.38</b>                       | <b>\$4.52</b>                  |

During the quarter the Group executed on the purchase of 15.9 million URF Ordinary Units and 0.4 million URF Stapled Securities for an aggregate consideration of A\$4.52 million.

# Capital Management

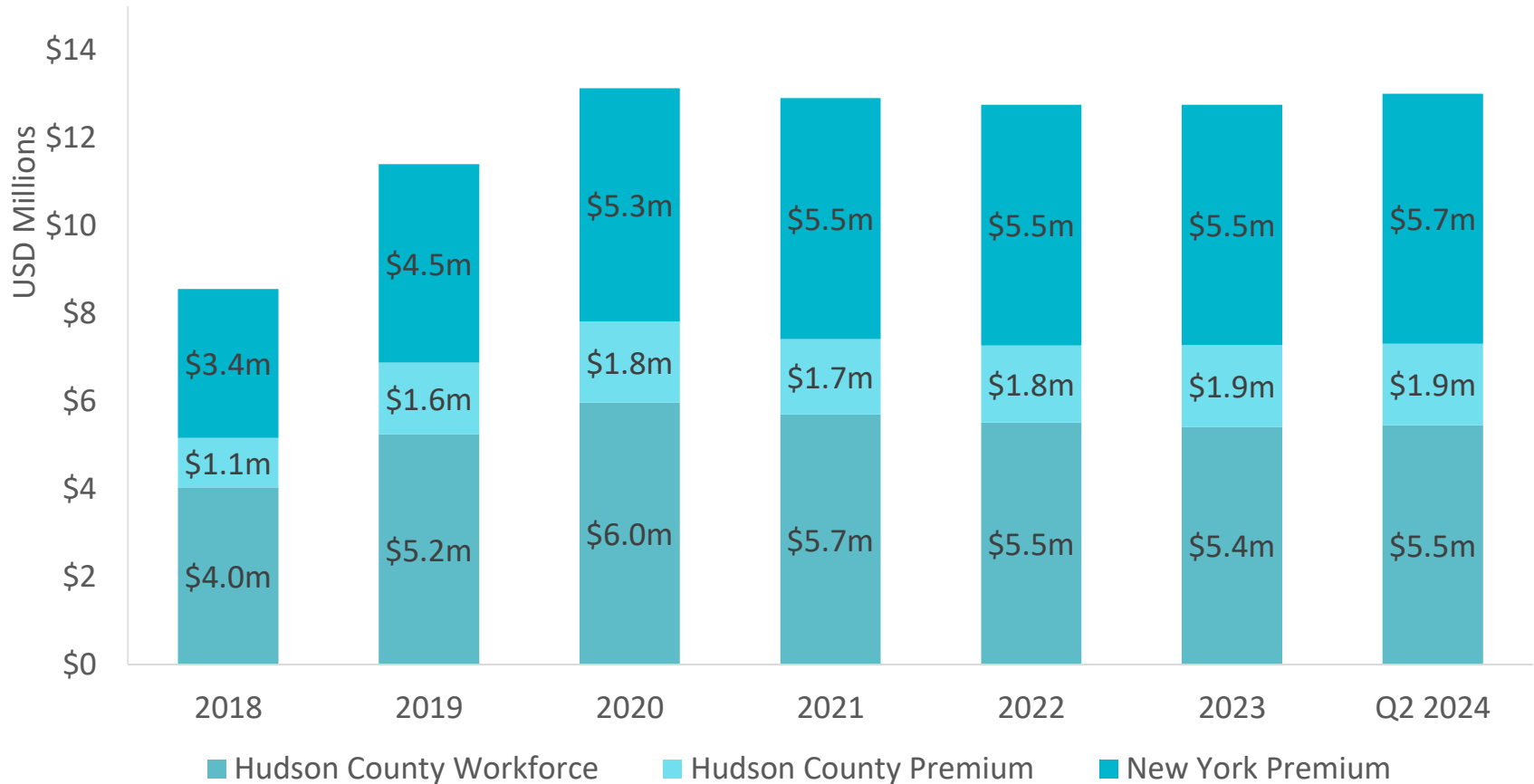
| 30 June 2024                                         | \$ millions    |
|------------------------------------------------------|----------------|
| Cash Balance                                         | \$45.55        |
| Less: Global Atlantic Liquidity Covenant             | -\$14.99       |
| Less: 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        |
| <b>Cash available for capital management</b>         | <b>\$14.38</b> |

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

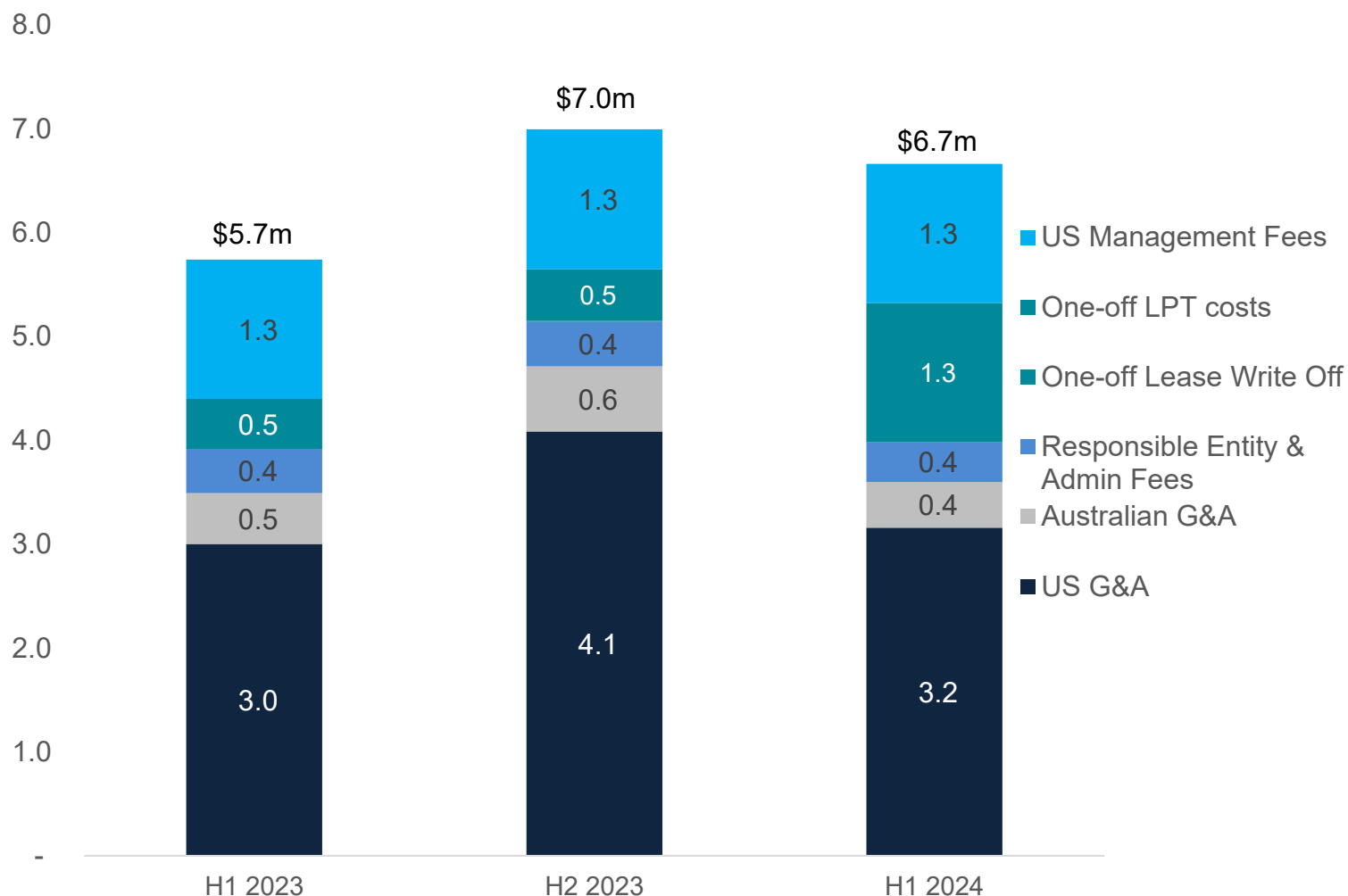
Management is currently finalising its review of the most tax effective manner to repatriate proceeds from the US to Australia. Once the review is complete, and any changes or recommendations are implemented, the Group expects to increase the level of repatriations from the US, which will in turn create capital return to unitholders. In the meantime, the Group is reviewing the interest rate on funds held in cash to maximise returns.

# Net Operating Income

The Fund's trailing 1-4 family Net Operating Income (NOI) to 30 June 2024 was US\$13.0 million.



# General and Administrative expenses (\$A)



# Funds from Operations (FFO)

Excluding disposal costs and non-recurring items, the FFO loss for the half year ended 30 June 2024 was A\$3.3 million.

| 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)        | -            | -            |
| <b>EBITDA</b>                                              | <b>(0.9)</b> | <b>8.1</b>   | <b>4.6</b>   |
| <b>EBITDA (excluding disposal costs and one-off items)</b> | <b>5.6</b>   | <b>10.3</b>  | <b>7.9</b>   |
| Net Interest Expenses (Excluding Notes Interest)           | (8.9)        | (10.0)       | (9.8)        |
| <b>Funds From Operations (FFO)</b>                         | <b>(9.8)</b> | <b>(1.9)</b> | <b>(5.2)</b> |
| <b>FFO (excluding disposal costs and one-off items)</b>    | <b>(3.3)</b> | <b>(1.0)</b> | <b>(1.9)</b> |



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Q&A

# For further information

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