QUARTERLY UPDATE

July - September 2024

15 November 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 July 2024 to 30 September 2024.

During the quarter, the Group recorded the highest quarterly sales since the sales program recommenced in early 2023, closing on the sale of 30 properties for a total of US$45 million. This takes the year to date sales to US$99.28 million across 61 transactions. The full sales pipeline as of the end of the quarter was US$148.3 million, which includes assets in the pipeline for sale, on the market or in attorney review and under contract.

Based on the sales to date, as well as the pipeline in place, we remain hopeful that the Group will achieve the US$150 million sales target which was set for the 2024 full-year and will continue to update Unitholders on the Group's progress in our upcoming monthly NAV releases.

Looking to the operational performance of the Group for the 9-months ended 30 September 2024:

- General & Administrative (**G&A**) expenses for the 9-months were A$9.2 million. The result represents a 9% 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, which excludes one-off expenses, the result is a 4% reduction when compared to the 9-months ended 30 September 2023.
- Net Operating Income (**NOI**) on a same-home basis for the 9-months to 30 September 2024 was US$11.2 million. Pleasingly, this result represents an increase of 9% when compared to the full-year 2023 result, primarily due to strong rental growth on both new leases as well as lease renewals.
- The Group's unadjusted Funds From Operations (**FFO**) was a loss of A$17.0 million for the 9-months ended 30 September 2024. Excluding disposal costs and one-off items, the adjusted FFO was a loss of A$4.8 million. The Group expects to incur an FFO loss as it continues to sell down the portfolio. In addition to lost revenue on properties held vacant for sale, properties in the sales pipeline continue to incur holding costs (such as property taxes and insurance) during the period in which they are marketed for sale.

The capital generated from the Group's sales program during the quarter was used to repay US$24.5 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 7.69 million URF Stapled Units for an aggregate consideration of A$2.4 million.

As the Group continues to assess the most effective tax structure of the US vehicle, Management has leveraged its banking relationships in the US to ensure excess funds are efficiently deployed (while maintaining immediate liquidity) until repatriations of net sales proceeds to Australia recommence.

Finally, subsequent to quarter-end we were pleased to announce the appointment of a fourth independent non-executive director to the Board of the Responsible Entity, Sean Banchik. Mr Banchik has extensive experience in alternative asset management, mortgages and real estate, and his experience will add value and complement the Board's existing expertise as the Group continues with the strategic sell-down of the portfolio and return of capital to Unitholders.

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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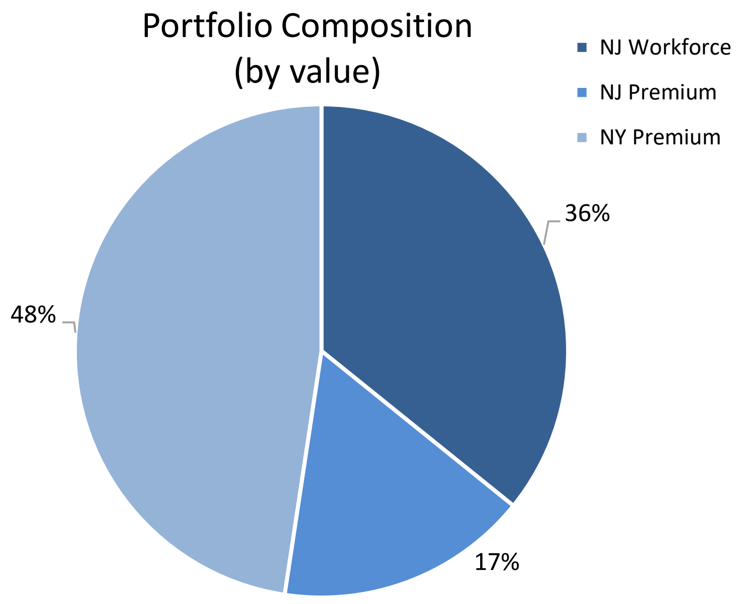
Portfolio Composition

The following breakdown represents the Group's 1-4 family portfolio as at 30 September 2024. At the end of the period, the Group held 383 1-4 family properties for a total value of US$498.9 million.



Location	Value (USD)	Property Count
NJ Workforce	**$178,618,550**	**254**
Bayonne	$34,406,762	51
Bergen-Lafayette	$7,780,766	9
Greenville	$33,141,296	55
Jersey City Heights	$39,242,415	44
Journal Square	$19,390,023	25
North Bergen	$4,619,879	7
Secaucus	$605,000	1
Union City	$2,792,223	4
West Bergen	$35,018,152	56
West New York	$1,622,034	2
NJ Premium	**$82,763,027**	**46**
Downtown	$75,912,144	41
Weehawken	$6,850,883	5

Location	Value (USD)	Property Count
NY Premium	**$237,534,278**	**83**
Bedford-Stuyvesant	$67,962,620	26
Boerum Hill	$5,700,000	1
Bushwick	$17,162,995	11
Clinton Hill	$10,633,456	3
Cobble Hill	$6,943,454	2
Crown Heights	$28,427,521	12
Lefferts Garden	$3,400,000	1
Fort Greene	$7,960,381	2
Park Slope	$22,382,682	4
Williamsburg	$15,794,624	5
Hamilton Heights	$10,699,301	3
Harlem	$40,467,245	13
Total Portfolio	**$498,915,855**	**383**

Source: US REIT.

Asset Sales

During **Q3 2024,** the Group closed on the sale of US$44.97 million in sales across 30 properties.

Location	Sales Price ($USD million)	Book Value ($USD million)	Transaction Cost ($USD million)	GA Loan Repayment ($USD million)[1]
Bayonne	$0.45	$0.45	-$0.04	-$0.27
Brooklyn	$7.48	$7.48	-$0.58	-$6.42
Jersey City	$28.94	$28.88	-$1.77	-$17.82
Manhattan	$8.10	$8.12	-$0.48	$0.00
Total	**$44.97**	**$44.92**	**-$2.86**	**-$24.50**

During the **9-months to 30 September 2024,** the Group closed on US$99.28 million in sales across 61 properties.

Location	Sales Price ($USD million)	Book Value ($USD million)	Transaction Cost ($USD million)	GA Loan Repayment ($USD million)[1]
Jersey City	$51.26	$51.20	-$2.99	-$30.29
Brooklyn	$37.82	$37.95	-$2.50	-$25.32
West New York	$0.44	$0.45	-$0.02	-$0.21
Bayonne	$1.10	$1.13	-$0.08	-$0.62
North Bergen	$0.57	$0.55	-$0.05	$0.00
Manhattan	$8.10	$8.12	-$0.48	$0.00
Total	**$99.28**	**$99.39**	**-$6.12**	**-$56.43**

Sales Pipeline

As of 30 September 2024, the Group had US$52.34 million of properties under contract or with an accepted offer in place, US$44.88 million on the market and US$51.10 million in the short-term pipeline for sale. The properties under contract are likely, but not guaranteed, to close.

Category	New York Premium	New Jersey Premium	New Jersey Workforce	Total ($USD million)
Sales Pipeline	$26.47	$8.83	$15.80	**$51.10**
On the Market	$27.47	$5.88	$11.53	**$44.88**
Attorney Review or Under Contract	$7.25	$22.06	$23.03	**$52.34**
Total	**$61.19**	**$36.77**	**$50.36**	**$148.32**

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

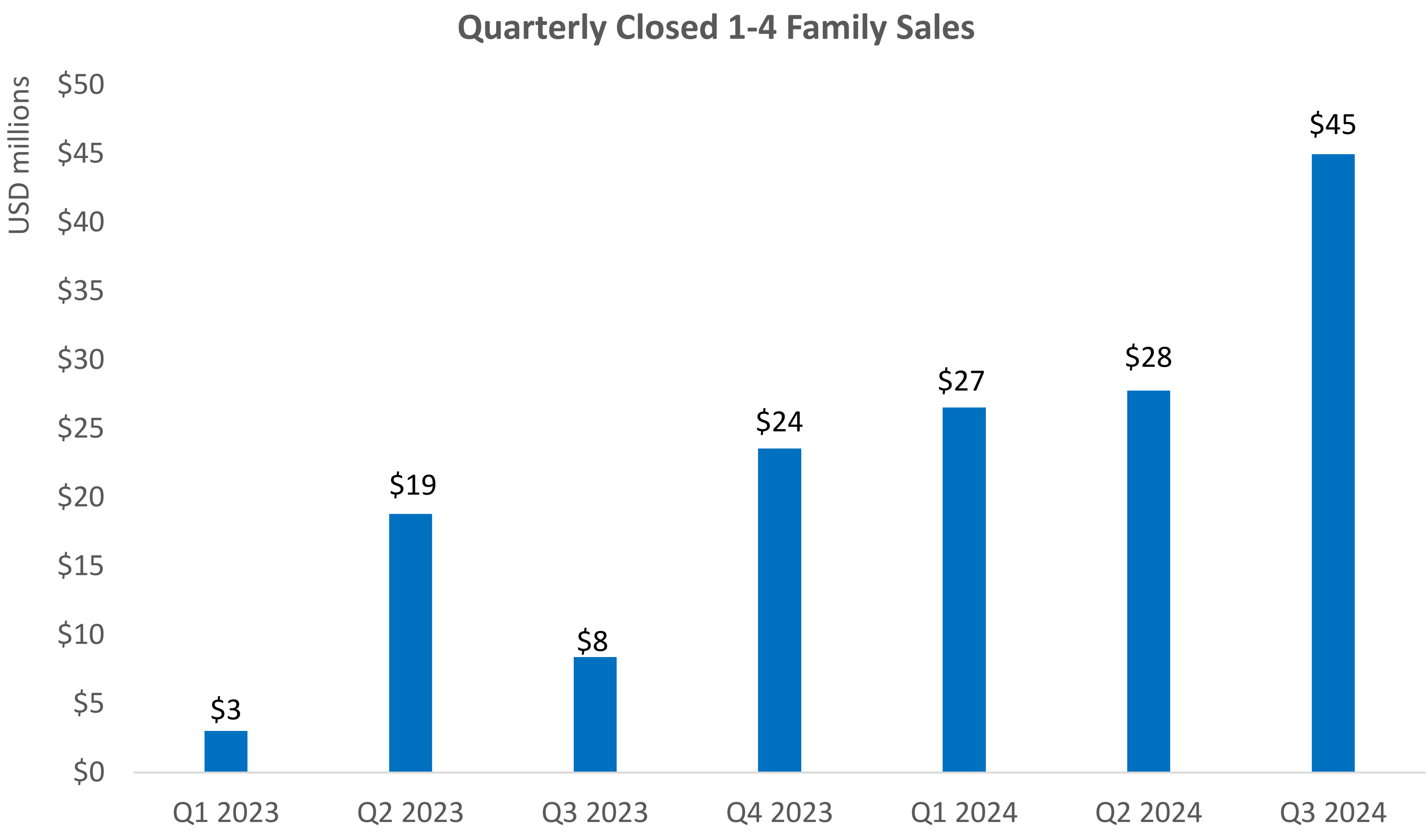
[1]The properties sold in Manhattan and North Bergen did not form part of the collateral pool securing the GA Loan and accordingly had no associated debt repayment.

Asset Sales

2024 Outlook

As advised in the Q4 2023 report, the Group set a target of US$150 million in property sales during the 2024 calendar year. Pleasingly, and as outlined in the chart below, the Group has seen a continued increase in the pace of closed sales each quarter in 2024. The Group has now recorded US$99.28 million closed for the year, and has an additional US$52.34 million under contract at the end of the quarter.

Though there is no guarantee that assets under contract will close, the Group is optimistic that it will meet the 2024 sales target by year-end.



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

Capital Management

The Group's total debt reduced during Q3 2024, with US$24.5 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$72 million in the 12 months to 30 September 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.

Debt Levels & Blended Cost of Interest Calculation

	US$ Balance at 30-Sep-23	US$ Balance at 31-Mar-24	US$ Balance at 30-Sep-24
Global Atlantic - Term Loan (4.00%)	326,913,959	296,841,528	254,903,826
Total	**326,913,959**	**296,841,528**	**254,903,826**
Indicative Annual Interest Cost	**13,076,558**	**11,873,661**	**10,196,153**

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 during the quarter the Group purchased 7.69 million URF Stapled Units for total consideration of A$2.39 million.

Month End	Stapled Securities (# Millions)	Consideration ($A Millions)
July	2.62	$0.76
August	2.43	$0.76
September	2.64	$0.87
Total	**7.69**	**$2.39**

Source: US REIT.

Capital Management

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

Capital Allocation	$A Million
Cash Balance	$65.91
Less: Global Atlantic Liquidity Covenant	-$14.47
Less: Working Capital	-$9.73
Less: AFSL Cash Reserve Requirement[1]	-$3.50
Less: Reserved for share buybacks	-$0.87
Cash Available	**$37.34**

Source: US REIT.

[1]Cash reserve required under the terms of the AFSL.

30 September 2024 exchange rate 0.6913 used (AUD:USD).

Management continues to review the most tax effective manner to repatriate proceeds from the US to Australia. Once this 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 September 2024, the Group's 1-4 family portfolio had 81% 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 September 2024)	Unit Count	%
Leased	588	81%
For Lease or In Turnover	16	2%
Vacant pending sale	118	16%
Total	**722**	**100%**

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

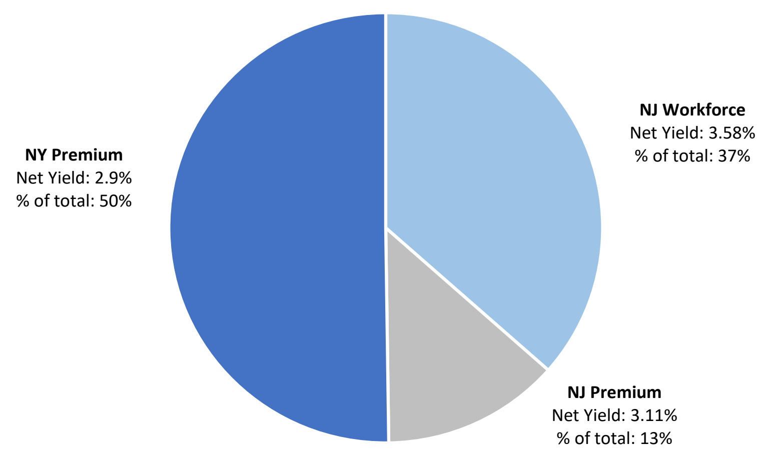
Net Operating Income (NOI)

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.

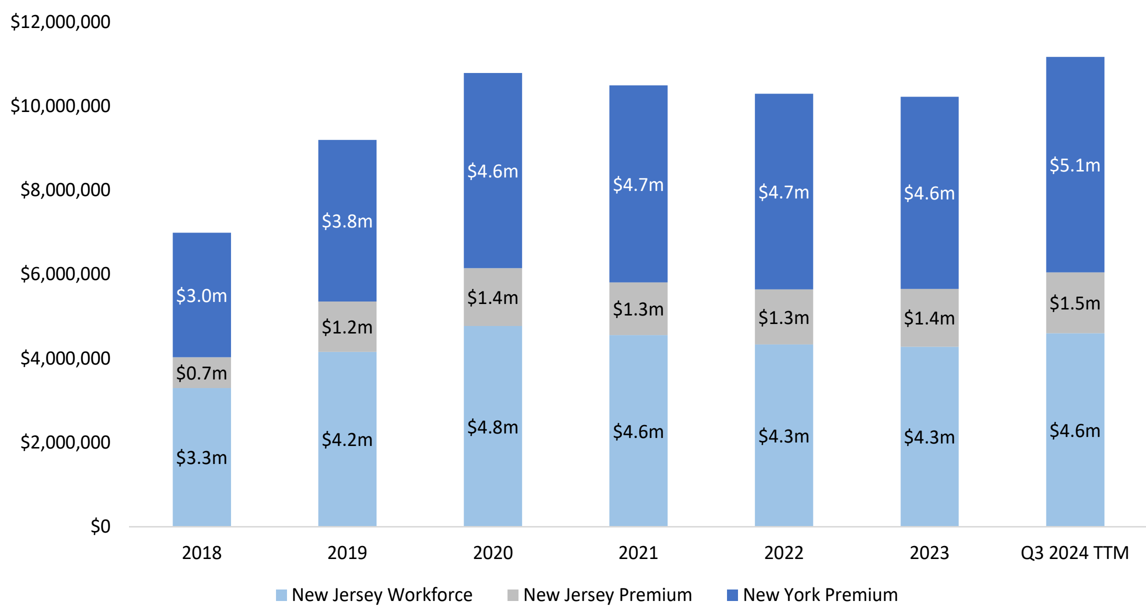
As a result of the sales program, total portfolio revenue is expected to decrease as the portfolio continues to reduce in size and with properties vacated in advance of sale. To remove the impact of the sales program and to review NOI performance in a consistent manner, the following analysis reviews 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 September 2024, the same-home NOI was US$11.2 million, which is a 9% increase when compared to the full-year 2023 result. The results for the period are attributable to strong growth on both new leases as well as on lease renewals.

Q3 2024 LTM NOI Yield: Same-Home Stabilised 1-4 Family Properties



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

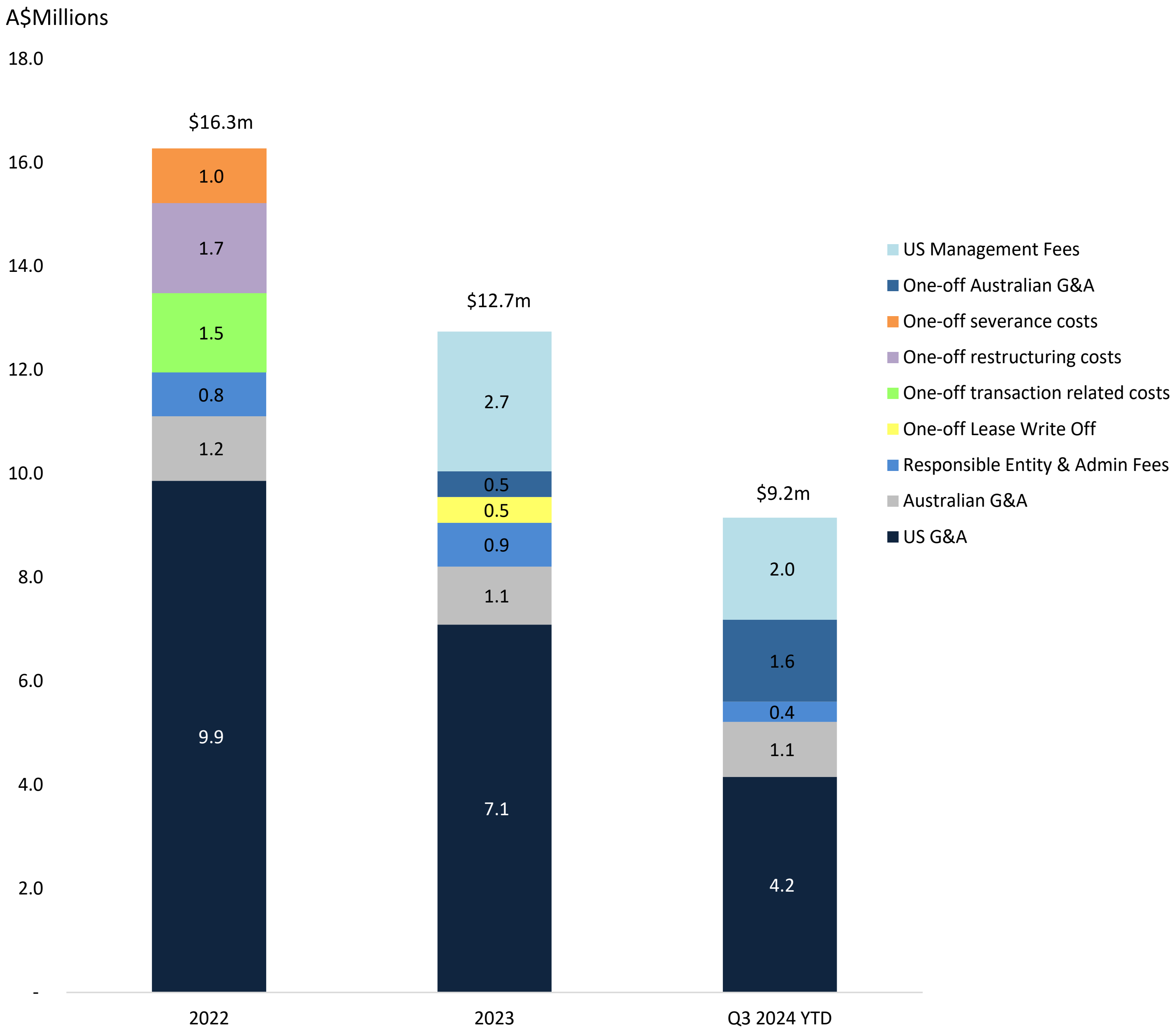


Source: US REIT. Figures may not sum due to rounding. Past performance is not a reliable indicator of future performance.

Notes: “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.
NOI Yield refers to the same-home NOI divided by the aggregate book value of each segment as at 30 September 2024.

General and Administrative (G&A) Expenses

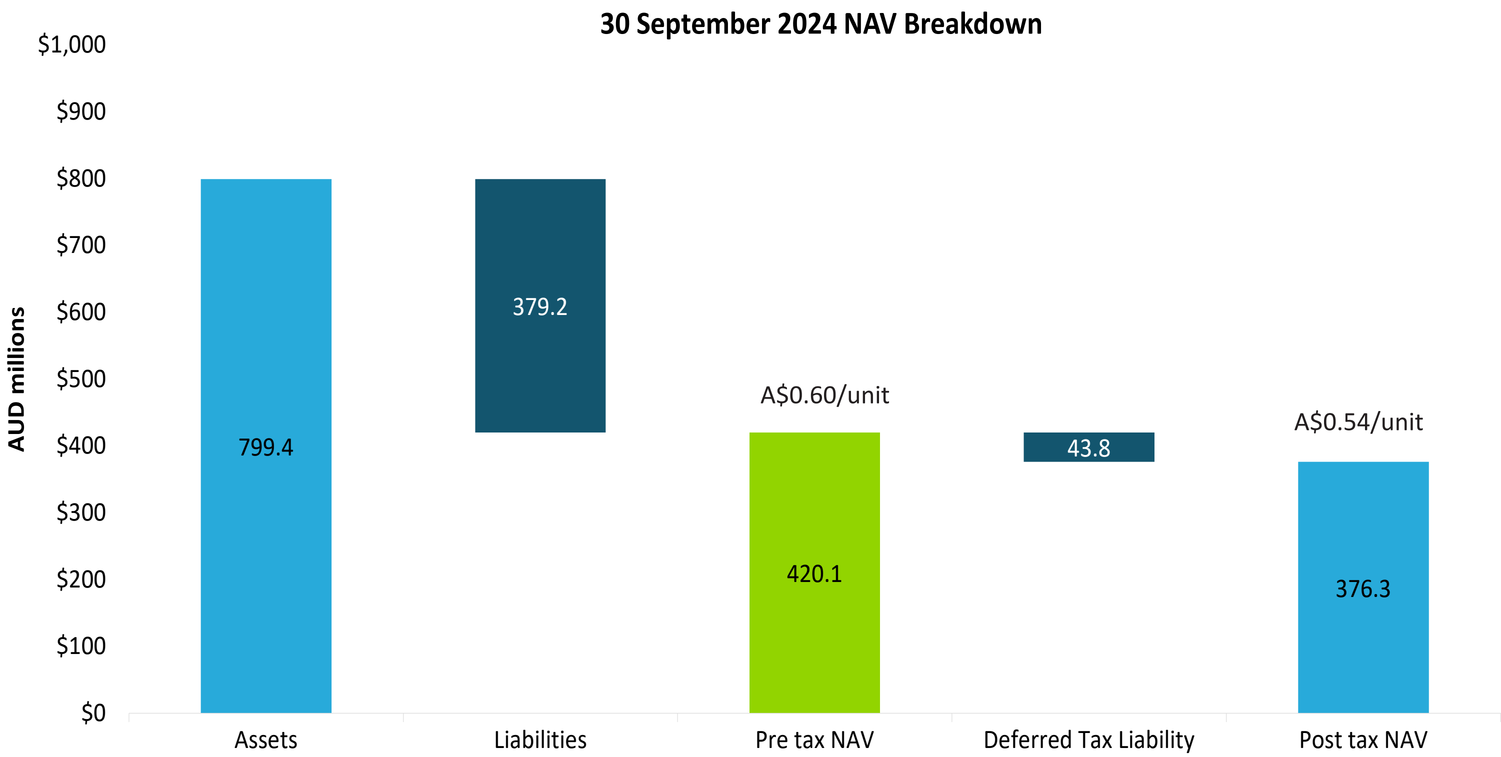
G&A expenses for the 9-months were A$9.2 million. The result represents a 9% increase from the corresponding period in 2023, which is largely attributable to the Group incurring one-off costs relating to the internalisation of the Responsible Entity. On a normalised basis, which excludes one-off expenses, the result is a 4% reduction when compared to the 9-months ended 30 September 2023.



AUD/USD average rate of 0.6947, 0.6644 and 0.6623 for 2022, 2023 and YTD Q3 2024 respectively.
Source: US REIT. Figures may not sum due to rounding.

Net Asset Value

At 30 September 2024, the pre-tax NAV was A$0.60 per unit (A$0.54 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 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 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$17.0 million for the 9 months ended 30 September 2024. After excluding disposal costs and other one-off items, the Group's adjusted FFO loss was A$4.8 million, representing an increased loss of A$2.1m when compared to the 9-months ended 30 September 2023.

Long term, the Group is expected to incur an FFO loss as 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.

A$	2022 Full-Year	2023 Full-Year	Q3 2024 YTD
Revenue from Ordinary Operations	**44.1**	**44.1**	**29.4**
One-Off Income	**0.2**	**-**	**-**
Insurance Proceeds	**0.1**	**1.4**	**-**
Investment Property Expenses	(16.1)	(19.1)	(13.6)
Investment Property Disposal Costs	(2.2)	(5.6)	(10.6)
G&A	(11.7)	(11.6)	(7.7)
One-Off Refinancing Costs - G&A	-	-	-
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)	(1.6)
EBITDA	**9.7**	**8.7**	**(4.1)**
EBITDA (excluding disposal costs and one-off items)	**16.2**	**13.4**	**8.0**
Net Interest Expenses (Excluding Notes Interest)	(20.1)	(20.1)	(12.8)
One-Off Refinancing Costs - Interest	-	-	-
Notes Interest	-	-	-
Funds From Operations (FFO)	**(10.5)**	**(11.4)**	**(17.0)**
FFO (excluding disposal costs and one-off items)	**(3.9)**	**(6.7)**	**(4.8)**

Source: US REIT. Excludes Convertible Preference Unit (URFPA) distributions as they are equity distributions.
AUD/USD average rate of 0.6947, 0.6644 and 0.6623 for 2022, 2023 and Q3 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

Jack Lowenstein INDEPENDENT DIRECTOR

For Further Information

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Important Information