



QUARTERLY UPDATE

March — June 2015



US Masters
Residential
Property Fund

Executive Summary

US Masters Residential Property Fund (URF or Fund) is pleased to provide this update to unit holders for the quarter ending 30 June 2015. The Fund continues to perform well, driven by a buoyant US housing market and a continued focus on premium locations such as Brooklyn, Hudson County and Manhattan.

The Fund comprises circa 2,000 housing units across 543 freestanding houses and 27 apartment buildings located in New York City and Hudson County.

A continued focus on quality acquisitions, renovations and lease renewals

During Q2 2015, the Fund acquired a further 19 freestanding properties for a cost of US\$29 million, with nine of these located in Brooklyn and ten in Hudson County.

The Fund maintained its focus on carrying out high-quality renovations and restorations on its properties, investing US\$17.7 million in this area and completing 19 large-scale renovations and 21 small-scale projects during the quarter. These projects are anticipated to deliver rental contributions of US\$1.9 million, reflecting URF's strategy to maximise the value of its portfolio through long-term capital growth and superior rental returns.

(CONTINUED ON PAGE 3)

Contents

2

Executive Summary

4

Operational Overview

6

Case Studies

8

Portfolio Analysis

9

Closed Properties

10

New Leases

12

Corporate Overview



The leasing team achieved outstanding results during a traditionally busy season, handling over 1,000 enquiries resulting in 67 properties being leased during the quarter, for total annual revenue of US\$2.6 million. Where properties were leased for a second time, the average increase on previous rent was approximately 20%. The rental income generated by the Fund's portfolio and property revaluations continues to underpin growth.

Outlook

The Fund's active acquisition and renovation program is progressing well in the current quarter with a solid pipeline of activity and opportunity. Rental renewals are also being well-managed, with quality tenants secured and rental increases achieved. URF continues to focus on completing renovations and bringing its portfolio to "rent ready" status.

URF looks forward to updating unit holders on its quarterly performance during October 2015 and thanks them for their continued support.



Alan Dixon
Managing Director and CEO

Quarter Highlights

- Strengthened portfolio with **19 freestanding properties** acquired for US\$29 million.
- **19 large-scale renovations and 21 small-scale renovations completed**—expected to add a combined US\$1.9 million to annual rental income.
- **67 new leases** and 67 lease renewals achieved for the quarter.
- URF's high-quality property portfolio now comprises around **2,000 housing units** across 543 freestanding houses and 27 apartment buildings.



Quarterly Operational Overview



Acquisition

The acquisitions team capitalised on the higher inventory levels typical for warmer spring months in the New York metropolitan area by inspecting almost 300 potential acquisitions during the quarter. The investment committee, which is led by Alan Dixon and consists of senior representatives from the acquisitions, construction, leasing, building code and permits teams, reviewed these properties weekly. A total of 222 properties were rejected, 69 properties were bid on, and ultimately, 19 properties were acquired.

Nine properties were purchased in New York and ten in New Jersey for just over US\$29 million. One significant acquisition was a beautiful four-story brownstone at 103 Greene Avenue in the historic district of Clinton Hill. Another Fund acquisition was 64 Devoe Street in East Williamsburg, an industrial area now considered one of the most rapidly gentrifying neighbourhoods in Brooklyn.



Recently acquired
1219 Garden St., Hoboken



Renovation and Restoration

The Renovation and Restoration team was very active during the quarter, completing 19 large-scale renovation projects throughout Brooklyn, Jersey City, Manhattan and Queens. These projects are anticipated to deliver combined annual rental income to the Fund of US\$1.4 million.

The team also completed 21 small-scale renovations. These renovations are strategically planned by the restoration and renovation teams with input from the leasing team in order to maximise rental incomes through minor changes to units including changing layouts to increase bedroom counts and adding appliances like dishwashers or in-unit washer and dryer combos. These projects' rental contributions will be approximately US\$546,000 annually.

In total, approximately US\$17.7 million was invested in small- and large-scale renovation and restoration projects during Q2 2015. The Fund continues to focus on these high-quality projects in order to fully leverage the value of its portfolio through long-term capital growth and superior rental returns.



Recently renovated
605 Decatur Street, Brooklyn

Tenancy

The second quarter is traditionally very active in the rental market, which is reflected in the high number of leasing enquiries. The leasing team handled over 1,000 enquiries and leased 67 properties for annual revenue of US\$2.6 million.

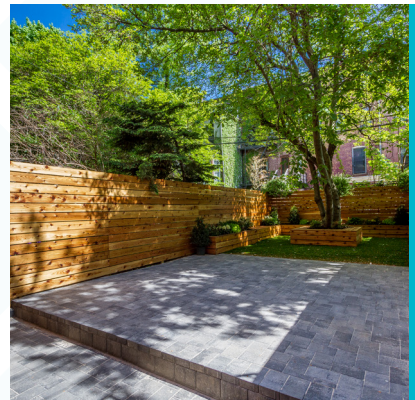
In addition to this, 67 existing leases, with a combined annual rental income of US\$1.7 million, were successfully renewed.

The leasing team had some notable achievements for the quarter:

- Leasing a triplex in Downtown Jersey City for US\$9,995 per month—a new Downtown Jersey City record.
- Leasing the garden unit of the same property for US\$3,995 per month, bringing total monthly income to US\$13,990—a pleasing return.
- Negotiating a lease on Strivers Row in Harlem at US\$14,000 per month before construction was completed, eclipsing that of a neighbouring property at US\$11,000 per month.
- Finalising an off-market lease for the pictured Hancock Street property two months prior to project completion for US\$9,495. Notably, this was the second highest single-family rental in the area following another Fund property.



Recently leased
196 Hancock St., Brooklyn



Recently leased
196 Hancock St., Brooklyn



Recently leased
196 Hancock St., Brooklyn

Case Studies



Acquisition

Two notable acquisitions over the last quarter were 118 and 120 Mercer Street, located on one of the most sought-after streets in Downtown Jersey City. In addition to potential architectural opportunities, renovating two side-by-side properties provides unique economies of scale for contractors and project managers, allowing significant synergy on many aspects of the construction process.

118 MERCER STREET	120 MERCER STREET
Acquisition Date: 4 June 2015	Acquisition Date: 29 April 2015
Total Acquisition Cost: US\$1.4 million (including fees & costs)	Total Acquisition Cost: US\$1.4 million (including fees & costs)
Estimated Monthly Rent: US\$11,500	Estimated Monthly Rent: US\$9,885
Estimated Net Yield: 4.12%	Estimated Net Yield: 4.36%
3 family attached	3 family attached
6 bed / 3 bath	5 bed / 3 bath
Net square footage: 2,631 square feet	Net square footage: 2,550 square feet



Recently acquired 118 Mercer Street, Jersey City



Recently acquired 120 Mercer Street, Jersey City





Renovation and Restoration

This property was dilapidated and previously used for storage with a small upstairs studio (and therefore acquired for no cost as part of the overall property and land transaction at this location), but the Renovation and Restoration team transformed it into an open-plan, 2-bedroom, 1.5 bathroom home complete with premium finishes and landscaped backyard. Scandinavian-influenced design of contrasting black and white paired with organic materials and soft tones create an open, inviting space. Custom-made, historically accurate mahogany carriage doors were the final touch on this stunning renovation, which added considerable value to an already solid investment.

237 MONTGOMERY STREET, JERSEY CITY

Acquisition Date: 30 November 2012

Total Acquisition and Renovation Cost: US\$437,000

Monthly Rent: US\$4,495

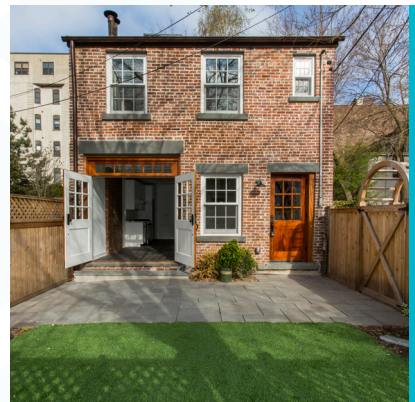
1 family detached

2 bed / 1.5 bath

Net square footage: 829 square feet



BEFORE Recently restored 237 Montgomery Street, Jersey City



AFTER Recently restored 237 Montgomery Street, Jersey City



Tenancy

When the Fund acquired 7 Spruce Street, both units were deteriorating and showed significant signs of neglect from the previous landlord and inherited tenant. The Renovation and Restoration team quickly devised a plan that would bring this property up to date with only minor work involved. A refreshed bathroom and kitchen (including new fridge, stove, and dishwasher) were all that was necessary to increase the rent on this home by over 22%. Within weeks, a new tenant and his family moved in and are thrilled with their new surroundings (and the unparalleled service and support provided by Dixon Leasing).

7 SPRUCE STREET, JERSEY CITY

Acquisition Date: 4 June 2013

Total Acquisition Cost: US\$260,434 (including fees & costs)

Actual Monthly Rents: **Apt 1:** US\$1,400; **Apt 2:** US\$1,595

Previous Rents: **Apt 1:** no previous tenant; **Apt 2:** US\$1,300

Actual Net Yield: 7.07%

2 family detached

Apt 1: 2 bed / 1 bath; **Apt 2:** 3 bed / 1 bath

Net square footage: 1,919 square feet



Recently leased 7 Spruce Street, Jersey City



Portfolio Analysis

- The fund currently has 543 freestanding homes and 27 multi-family properties.
- During Q2 2015, the fund completed just under \$US17 million worth of renovation work on its freestanding homes.
- The fund currently has 104 properties in the pipeline for renovation.

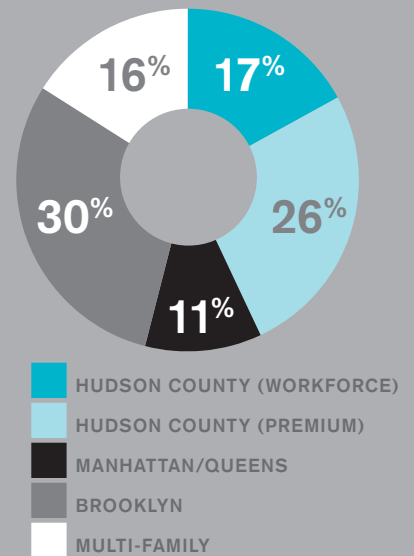
FUND DIVERSITY BY VALUE FREESTANDING

AREA	PROPERTIES
Brooklyn	36%
Manhattan	10%
Hudson Premium	31%
Hudson Workforce	21%
Queens	2%

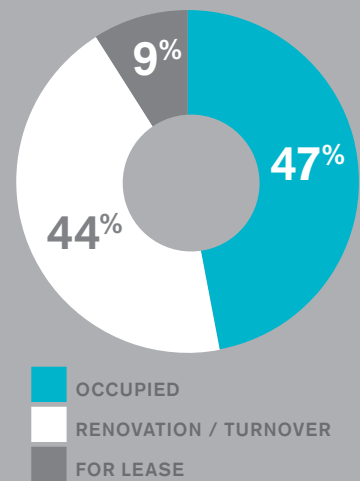
FUND DIVERSITY BY PROPERTY MULTI-FAMILY

AREA	BUILDINGS	UNITS
Urban American Hudson County	13	400
Excelsior Brooklyn	6	202
Excelsior Hudson County	8	329
Total	27	931

PROPERTY DISTRIBUTION BY VALUE



PROPERTY STATUS BY VALUE¹



Quarterly Closed Properties

ADDRESS	REGION	PROPERTY DESCRIPTION	APPROX. SQ. FT.	ACQUISITION DATE	TOTAL ACQUISITION COST	EST. ANNUAL NET YIELD
110 Decatur Street, Brooklyn, NY 11216	Bedford-Stuyvesant	2-family attached Apt 1: 1 bed/1 bath Apt 2: 4 bed/3 bath	1,667	9 April 2015	\$1,210,654.90	4.1
997-999 Boulevard East, Weehawken, NJ 07086	Weehawken	1-family detached Apt 1: 3 bed/4.5 bath	5,472	14 April 2015	\$2,688,981.21	4.0
1212A Greene Avenue, Brooklyn, NY 11221	Bushwick	1-family attached on one side Apt 1: 4 bed/3 bath	1,583	21 April 2015	\$840,834.93	4.1
1225 Park Avenue, Hoboken, NJ 07030	Hoboken	1-family attached Apt 1: 5 bed/4 bath	1,589	27 April 2015	\$2,283,824.00	4.0
1200 Bloomfield Street, Hoboken, NJ 07030	Hoboken	2-family attached on one side Apt 1: 1 bed/1 bath Apt 2: 4 bed/3 bath	1,776	28 April 2015	\$2,486,229.00	4.2
120 Mercer Street, Jersey City, NJ 07302	Downtown	3-family attached Apt 1: 3 bed/2 bath Apt 2: 1 bed/1 bath Apt 3: 1 bed/1 bath	1,307	29 April 2015	\$1,402,658.00	4.3
170 South 4th Street, Brooklyn, NY 11211	Williamsburg	3-family attached Apt 1: 3 bed/2 bath Apt 2: 1 bed/1 bath Apt 3: 1 bed/1 bath	1,449	30 April 2015	\$2,315,926.59	4.0
105 Moffat Street, Brooklyn, NY 11207	Bushwick	2-family attached Apt 1: 1 bed/1 bath Apt 2: 3 bed/2 bath	1,755	5 May 2015	\$863,150.93	4.1
1286 Jefferson Avenue, Brooklyn, NY 11221	Bushwick	2-family attached Apt 1: 2 bed/2 bath Apt 2: 2 bed/1 bath	1,900	19 May 2015	\$893,045.38	4.2
14 Monticello Avenue, Jersey City, NJ 07304	Bergen-Lafayette	2-family attached Apt 1: 2 bed/2 bath Apt 2: 2 bed/2 bath	2,033	21 May 2015	\$394,866.00	6.0
103 Greene Avenue, Brooklyn, NY 11238	Clinton Hill	2-family attached Apt 1: 1 bed/1 bath Apt 2: 4 bed/2 bath	1,363	1 June 2015	\$2,999,101	4.0
25 Poplar Street, Jersey City, NJ 07307	Jersey City Heights	1-family detached Apt 1: 3 bed/3 bath	2,500	1 June 2015	\$616,042	4.4
118 Mercer Street, Jersey City, NJ 07302	Downtown	3-family attached Apt 1: 2 bed/1 bath Apt 2: 1 bed/1 bath Apt 3: 1.5 bed / 1 bath	1,137	4 June 2015	\$1,452,177	4.0
64 Devoe Street, Brooklyn, NY 11211	East Williamsburg	2-family attached Apt 1: 3 bed/1.5 bath Apt 2: 1 bed/1 bath	904	5 June 2015	\$1,377,756	4.1
19 Sherman Place, Jersey City, NJ 07307	Jersey City Heights	1-family attached Apt 1: 2 bed/2 bath	3,384	8 June 2015	\$606,589	4.2
176 North 6th Street, Brooklyn, NY 11211	Williamsburg	3-family attached Apt 1: 1 bed/1 bath Apt 2: 1 bed/1 bath Apt 3: 1 bed / 1 bath	2,000	8 June 2015	\$3,179,413	4.0
44A Eldert Street, Brooklyn, NY 11207	Bushwick	2-family attached Apt 1: 2 bed/2 bath Apt 2: 1 bed/1 bath	1,800	15 June 2015	\$792,199	4.2
705 Jersey Avenue, Jersey City, NJ 07302	Downtown	1-family attached Apt 1: 3 bed/2.5 bath	816	17 June 2015	\$802,075	4.4
1219 Garden Street, Hoboken, NJ, 07030	Hoboken	1-family attached Apt 1: 4 bed/3 bath	1,535	26 June 2015	\$1,877,496	4.1



New Leases

ADDRESS	STATE	UNIT	BED/BATH	MOVE IN DATE	PREVIOUS RENT	PRICE	SQ. FT.
283 1st St.	NY	SF	4/4.5	5/8/15	N/A	\$12,900.00	2784
403 4th St.	NY	SF	4/ 4 full 2half	6/15/15	N/A	\$14,995.00	3605
351 5th St.	NJ	1	1/1	6/1/15	\$995.00	\$1,395.00	559
272 7th St.	NJ	SF	3/1	5/15/15	N/A	\$3,795.00	1762
331.5 7th St.	NJ	SF	2/2	5/15/15	N/A	\$3,395.00	838
308 8th St.	NJ	SF	3/1.5	6/22/15	\$3,495.00	\$4,995.00	1500
422 8th St.	NJ	SF	4/2	6/1/15	N/A	\$2,995.00	1265
12-14 W. 31 St.	NJ	1	2/1	5/15/15	\$1,745.00	\$1,695.00	893
149 37th St.	NJ	1	2/2	6/15/15	\$1,500.00	\$1,995.00	840
10 E. 41St St.	NJ	SF	2/1	4/1/15	\$1,495.00	\$1,795.00	1328
314 49th St.	NJ	2	2/1	5/1/15	\$1,295.00	\$1,545.00	845
124 W. 54th St.	NJ	2	3/1	5/15/15	\$1,350.00	\$1,395.00	1000
626 61st St.	NJ	SF	3/2	4/24/15	\$1,900.00	\$2,000.00	1168
261 W. 138th St.	NY	SF	5/ 4full 2 half	6/15/15	N/A	\$14,000.00	3366
22 Arlington Place	NY	SF	5/3	4/25/15	N/A	\$9,995.00	2685
366 Ave. C	NJ	3	3/1	5/1/15	\$1,395.00	\$1,645.00	851
15 Baldwin Ave.	NJ	2	3/1	5/1/15	\$1,680.00	\$1,395.00	1010
111 Beacon Ave	NJ	2	3/1	5/1/15	\$1,445.00	\$1,595.00	932
219 Bidwell Ave.	NJ	1	3/1	6/1/15	\$915.00	\$1,095.00	771
202 Bowers St.	NJ	3	1/1	5/15/15	\$995.00	\$1,395.00	603
1043 Broadway St.	NJ	3	1/1	6/15/15	\$895.00	\$1,195.00	448
221 Brunswick St.	NJ	2	1/1	4/25/15	\$1,695.00	\$1,695.00	525
69 Chestnut St.	NJ	2	1/1	5/1/15	\$1,095.00	\$1,350.00	604
109 Claremont Ave.	NJ	3	2/1	6/1/15	\$945.00	\$995.00	667
106 Cottage St.	NJ	1	0/1	4/24/15	\$895.00	\$1,095.00	355
350 Danforth St.	NJ	3	3/1	5/1/15	\$1,300.00	\$1,295.00	821
16 Fulton St.	NJ	1	2/2	5/1/15	N/A	\$3,295.00	2659
16 Fulton St.	NJ	2	2/1	6/20/15	N/A	\$2,595.00	1074
16 Fulton St.	NJ	3	2/1	5/1/15	N/A	\$1,600.00	976
66 Gardner Ave.	NJ	3	2/1	6/1/15	\$995.00	\$995.00	736
37B Gautier Ave.	NJ	1	3/1	6/1/15	\$945.00	\$1,595.00	916
18 W. Hamilton	NJ	SF	3/3	5/1/15	N/A	\$5,495.00	1973
196 Hancock St.	NY	SF	6/4	6/1/15	N/A	\$9,495.00	3287
65 Harman St.	NY	SF	4/2.5	4/2/15	N/A	\$4,495.00	1773



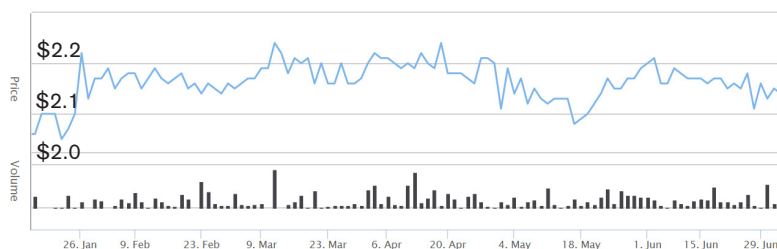
ADDRESS	STATE	UNIT	BED/BATH	MOVE IN DATE	PREVIOUS RENT	PRICE	SQ. FT.
19 Hartly Place	NJ	SF	3/3	5/1/15	\$1,675.00	\$1,675.00	1190
85 Highwood Terrace	NJ	SF	4/2.5	5/1/15	\$4,995.00	\$4,495.00	2342
590 Jersey Ave.	NJ	2	4/2.5	4/15/15	N/A	\$4,495.00	1396
516 Manila Ave.	NJ	SF	5/3	4/1/15	N/A	\$4,595.00	2203
16 Marion Pl.	NJ	1	1/1	6/15/15	\$1,300.00	\$1,395.00	560
237 Montgomery St.	NJ	BH	2/1	6/15/15	N/A	\$4,495.00	829
268 Montgomery St.	NJ	1	2/2	6/1/15	N/A	\$3,995.00	954
268 Montgomery St.	NJ	2	4/4.5	5/11/15	N/A	\$9,995.00	2594
325 Montgomery St.	NJ	2	1/1	6/1/15	\$1,995.00	\$1,995.00	670
845 Montgomery St.	NJ	SF	6/3	5/1/15	\$3,095.00	\$3,995.00	3278
198 Myrtle Ave.	NJ	1	3/1	6/1/15	\$1,155.00	\$1,095.00	792
306 Neptune Ave.	NJ	1	2/1	6/15/2015	\$1,195.00	\$1,300.00	821
7 Newark Bay Ct.	NJ	1	1/1	6/15/15	\$995.00	\$1,095.00	546
178 North St.	NJ	2	2/1	6/22/15	\$1,295.00	\$1,495.00	762
8 Oak St.	NJ	1	3/1	5/1/15	\$1,560.00	\$2,295.00	1984
285 Old Bergen Rd.	NJ	2	2/1	5/1/15	\$995.00	\$1,195.00	780
1150 Pacific St.	NY	SF	7/5	6/26/15	N/A	\$7,500.00	3185
121 Palisade Ave.	NJ	1	2/1.5	4/15/15	\$1,995.00	\$2,095.00	1285
1148 Sterling Place	NY	1	2/2	5/20/15	N/A	\$3,495.00	968
36 Union St.	NJ	2	2/2	5/1/15	\$1,250.00	\$1,295.00	855
89 Van Nostrand Ave.	NJ	4	2/1	6/15/15	\$875.00	\$1,095.00	594
142 Van Nostrand Ave.	NJ	2	4/1	5/1/15	\$1,250.00	\$1,395.00	953
2 Veterans Ct.	NJ	SF	3/1	6/1/15	\$1,295.00	\$1,995.00	1598

URF Fund Statistics

Market Capitalisation	AUD\$588 million
Net Debt	AUD\$226 million
Enterprise Value	AUD\$814 million
Number of Holdings	
Properties*	572
Units*	1916
Number of Renovations	104
Number of Rented	726

* Post construction

URF Share Prices² JANUARY 2015 – 30 JUNE 2015



Important Information

This Quarterly Update (Update) has been prepared by Walsh & Company Investments Limited as the Responsible Entity for the US Masters Residential Property Fund (Fund). An investment in the Fund is subject to various risks, many of which are beyond the control of the Responsible Entity.

This Update contains statements, opinions, projections, forecasts and other material (forward looking statements), based on various assumptions. Those assumptions may or may not prove to be correct. None of the Responsible Entity, its officers, employees, agents, analysts nor any other person named in this Update makes 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.

This Update 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, and consider obtaining advice from a financial advisor. You should obtain a copy of the relevant product disclosure statement or offer document before making any decisions to purchase the product.

Sources

1 The Fund is in the process of finalising a property portfolio valuation exercise, accordingly the unaudited NAV as at 30 June 2015 does not take into account any resulting fair value uplift of the property portfolio. Any resulting fair value uplifts that arise from the portfolio valuation will be reflected in the Fund's half year statutory financial statements and in subsequent monthly and quarterly updates.

2 URF Share Price data retrieved from <http://www.asx.com.au/asx/research/company.do#I/URF>

Board & Management

Board of the Responsible Entity

Alex MacLachlan

Tristan O'Connell

Tom Kline

US Management Team

Alan Dixon CEO

David Orr EXECUTIVE DIRECTOR, STRATEGY

Rebecca Symes HEAD OF LEGAL & GOVERNMENT RELATIONS

Daniel Bailey CEO, RENOVATION AND RESTORATION

Paul McInerney FINANCIAL CONTROLLER

Ezequiel Ortiz DIRECTOR, ACQUISITIONS

Priscilla Porter DIRECTOR, PROPERTY MANAGEMENT

For Further Information

Level 15, 100 Pacific Highway,
North Sydney 2060

www.usmastersresidential.com.au

info@usmrpf.com

T: 1300 454 801

F: 1300 457 349

