



**US Masters
Residential
Property Fund**



US MASTERS RESIDENTIAL PROPERTY FUND UPDATE

Alan Dixon - Managing Director & CEO
David Orr – Executive Director & COO



Disclaimer

This presentation has been prepared by URF Investment Management Pty Ltd (**URF IM**) for US Masters Residential Property Fund (**Fund**).

An investment in the Fund is subject to various risks, many of which are beyond the control of URF IM and the Fund. The past performance of the Fund is not a guarantee of the future performance of the Fund.

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. None of URF IM and the Fund, their officers, employees, agents, advisers nor any other person named in this presentation 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 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. Where the presentation relates to the purchase of a particular product, you should obtain a copy of the relevant PDS or offer document before making any decisions in relation to the product.

To the extent permitted by law, URF IM and the Fund or their respective officers, employees, agents and advisers give no warranty, representation or guarantee as to the accuracy or completeness or reliability of the information contained in this presentation. Further, none of URF IM and the Fund or their respective officers, employees, agents and advisers 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 herein.



Agenda

1

The big picture

2

The rental market

3

Evolution of the Fund

4

Vision for the Fund



The big picture



US Masters
Residential
Property Fund



How did an Australian advisory firm land here?

Global outlook

Five years of falls

Overwhelming rental demand

No over development in NY



**There is virtually no institutional competition
in the New York metro townhouse rental market**



Factors in investment strategy

- Solid economic base
- Deep, well-established housing stock
- Global compression of interest rates
- Defensive nature of asset class
- Global trend of foreigners investing in NYC real estate



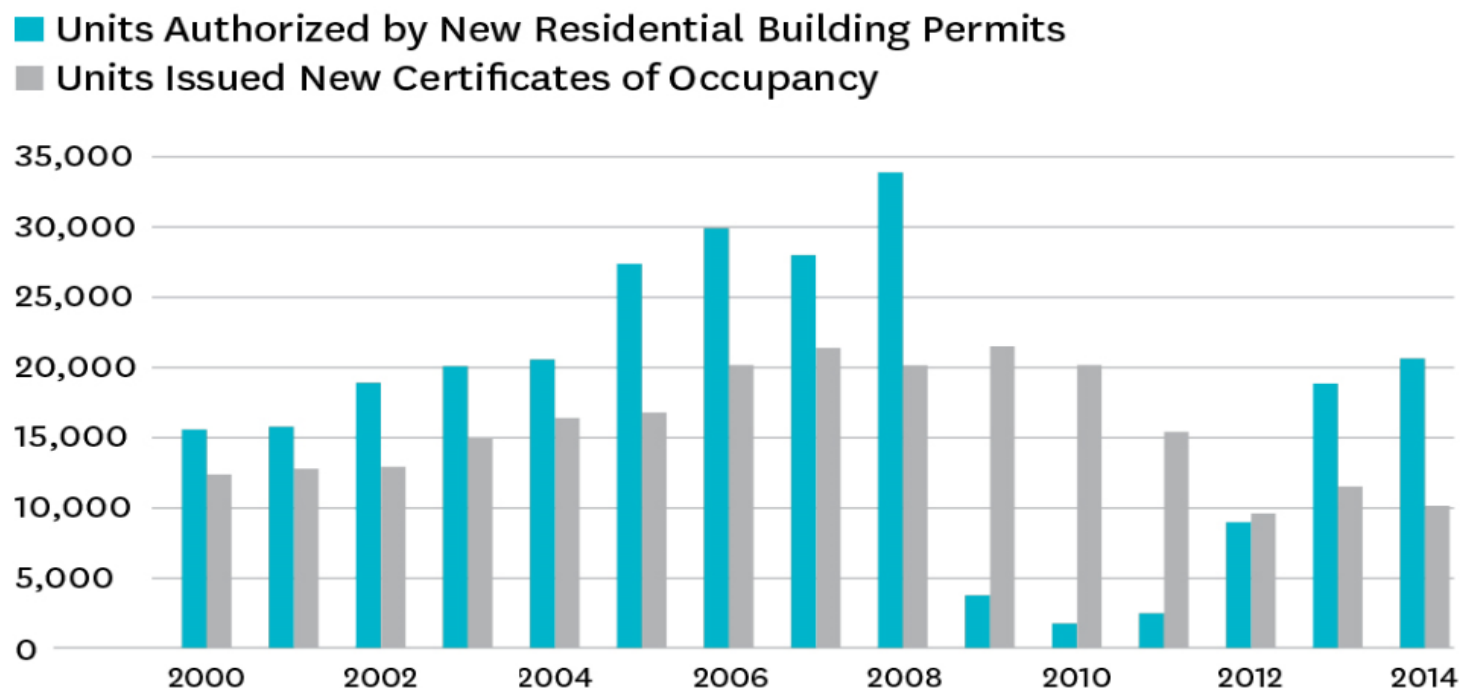
Compelling fundamentals

- Fastest growing US city, added as many people since 2010 as previous 10 years
- GDP (~\$1.3tn), almost equivalent to Australia
- Ranked most important global city in the world by Knight Frank & most competitive city in the world by The Economist
- Creating jobs at record pace, record private sector jobs
- Projected to add 1m people by 2040
- Safest US big city, lowest homicide rate since 1963

Chronically low inventory, improving economy, and unyielding interest from foreign investors will continue to drive property



Identifying opportunity

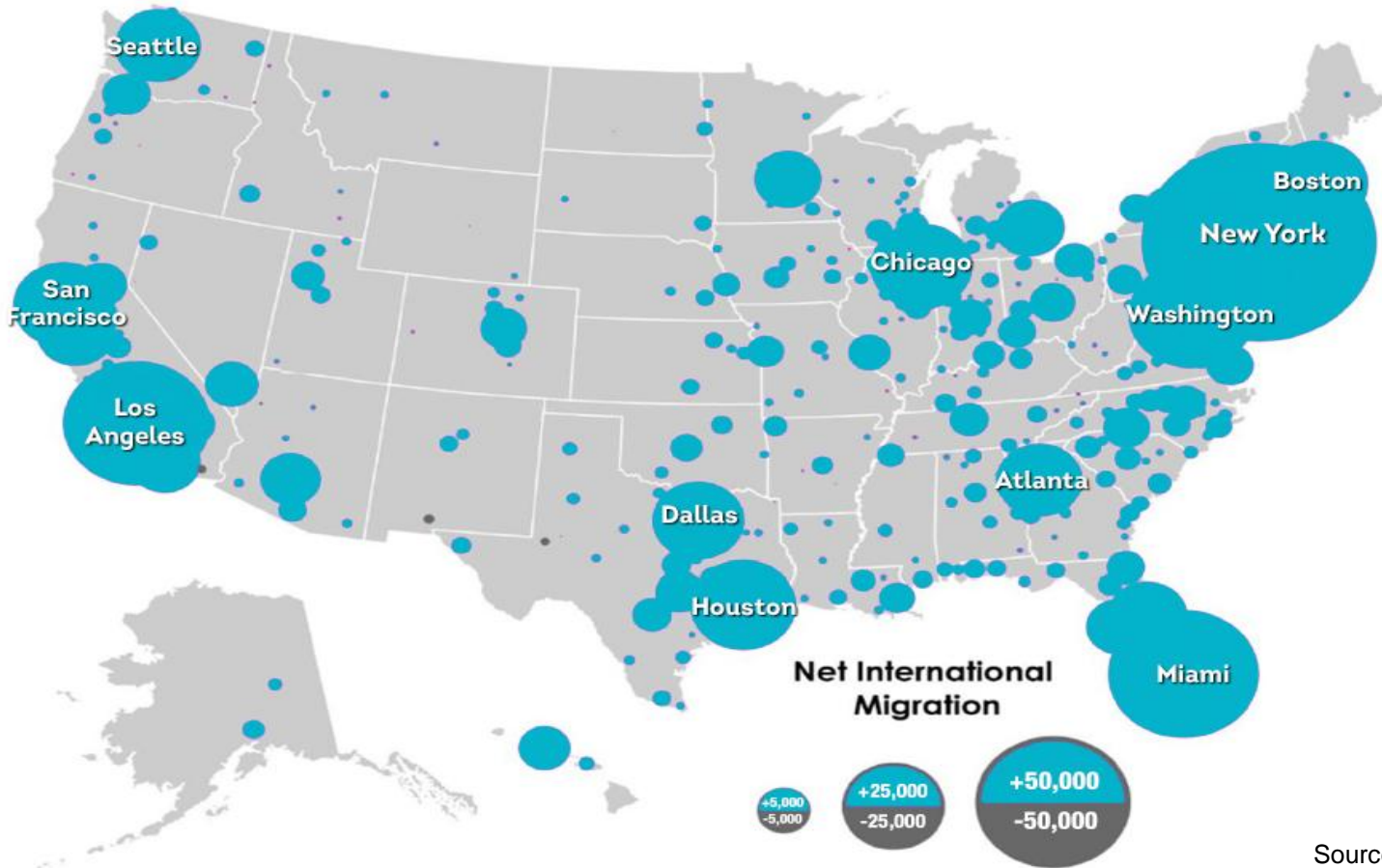


Source: Furman Center

Real estate development in NYC nearly ground to a halt during crisis; while recovering, still historically low



Incoming housing demand

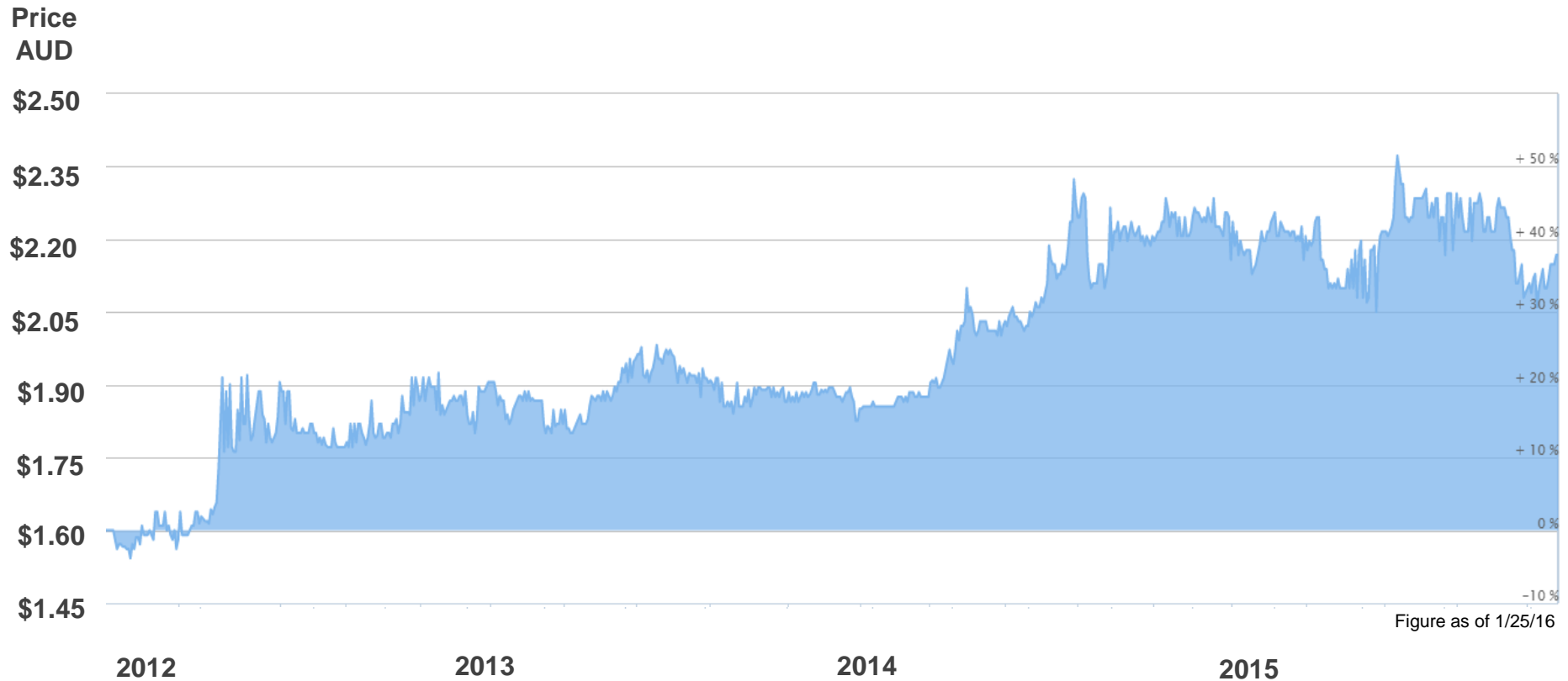


Source: Meyers Research

International migration to major cities in the United States has dramatically increased housing demand



Strong share price performance



Annualised total unitholder returns since inception of ~14%¹

¹ At 3 February 2016 based on URF unit price of \$2.08



Total returns



Annualised total unitholder returns since inception of ~14%¹

¹ At 3 February 2016 based on URF unit price of \$2.08

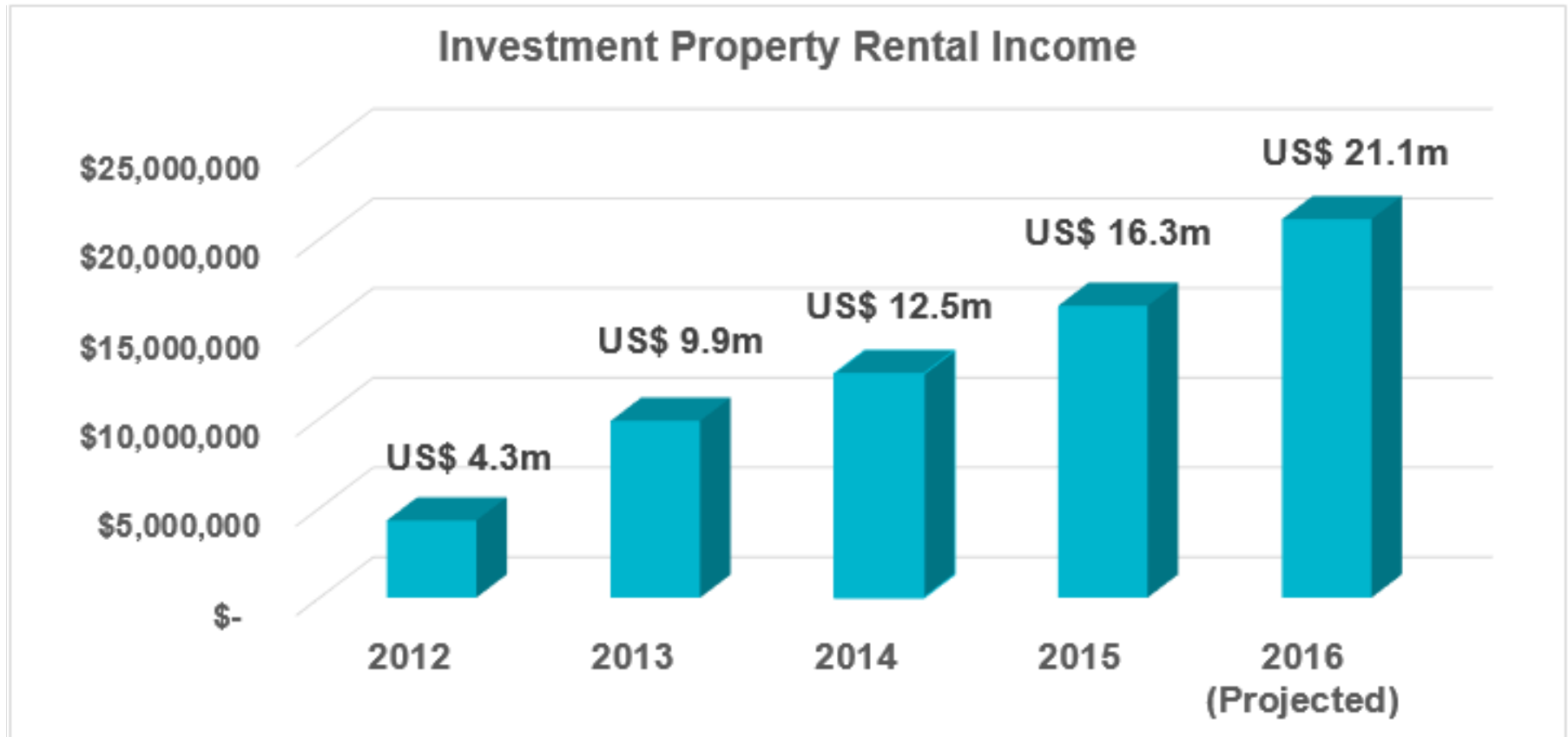


Investment allocation

Area	State	No. of properties	No. of units	Value (US\$m)	% of portfolio
Downtown Jersey City	NJ	93	170	\$149.4	20%
Hoboken	NJ	16	18	\$34.2	5%
Weehawken	NJ	16	26	\$19.3	3%
Hudson County Workforce	NJ	319	645	\$124.1	17%
Brooklyn	NY	94	134	\$222.4	30%
Manhattan	NY	19	27	\$66.5	9%
Queens	NY	8	9	\$12.6	2%
Multi-family	NY/NJ	26	921	\$114.7	15%
TOTAL	NY/NJ	591	1950	\$743.1	100%



Fund Income



- 94 properties are currently in the construction pipeline
- The Group expects that upon completion and tenanting, these properties will contribute a further US\$11.4 million per annum of rental revenue



The rental market



US Masters
Residential
Property Fund



Why rent?

...for the luxury tenant

20 – 25% down-payment

Early in career

Corporate relocation

Business owner

New to the area

Hassle-free living



There is a deep market for high-end rentals



Record rents in townhomes

Downtown
Jersey City
US\$13,990



Jersey City
Heights
US\$4,500



Hoboken
US\$11,995



Fort
Greene,
Brooklyn
US\$13,495



Harlem,
Manhattan
US\$14,000



Note: rental amounts are per month



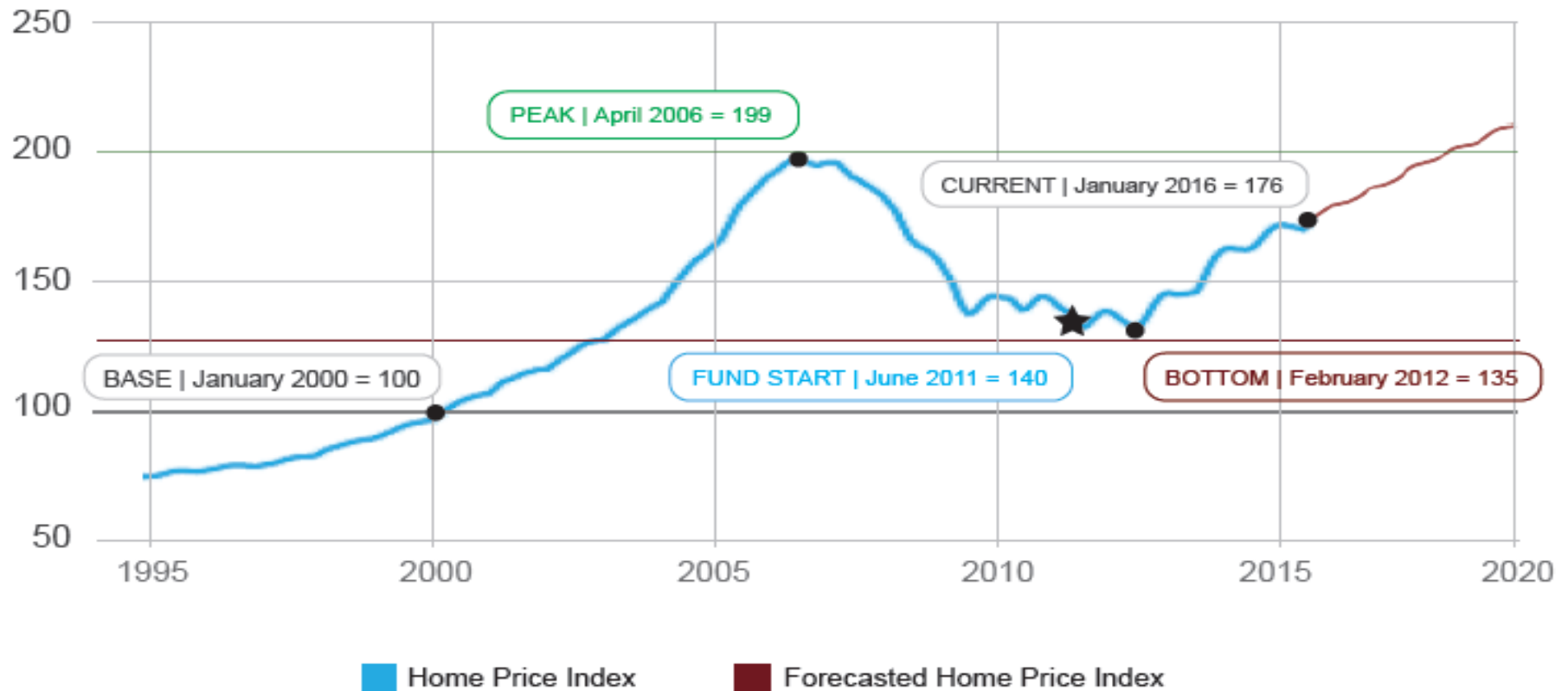
Evolution of the Fund



US Masters
Residential
Property Fund



Home price index timeline



Source: FindTheBest.com, Inc.

‘HPI’ – a broad measure of the movement of single-family house prices in the United States



Where to start?

Focus on acquisitions

“Never count on making a good sale. Have the purchase price be so attractive that even a mediocre sale gives good results”

- Warren Buffett



First investments

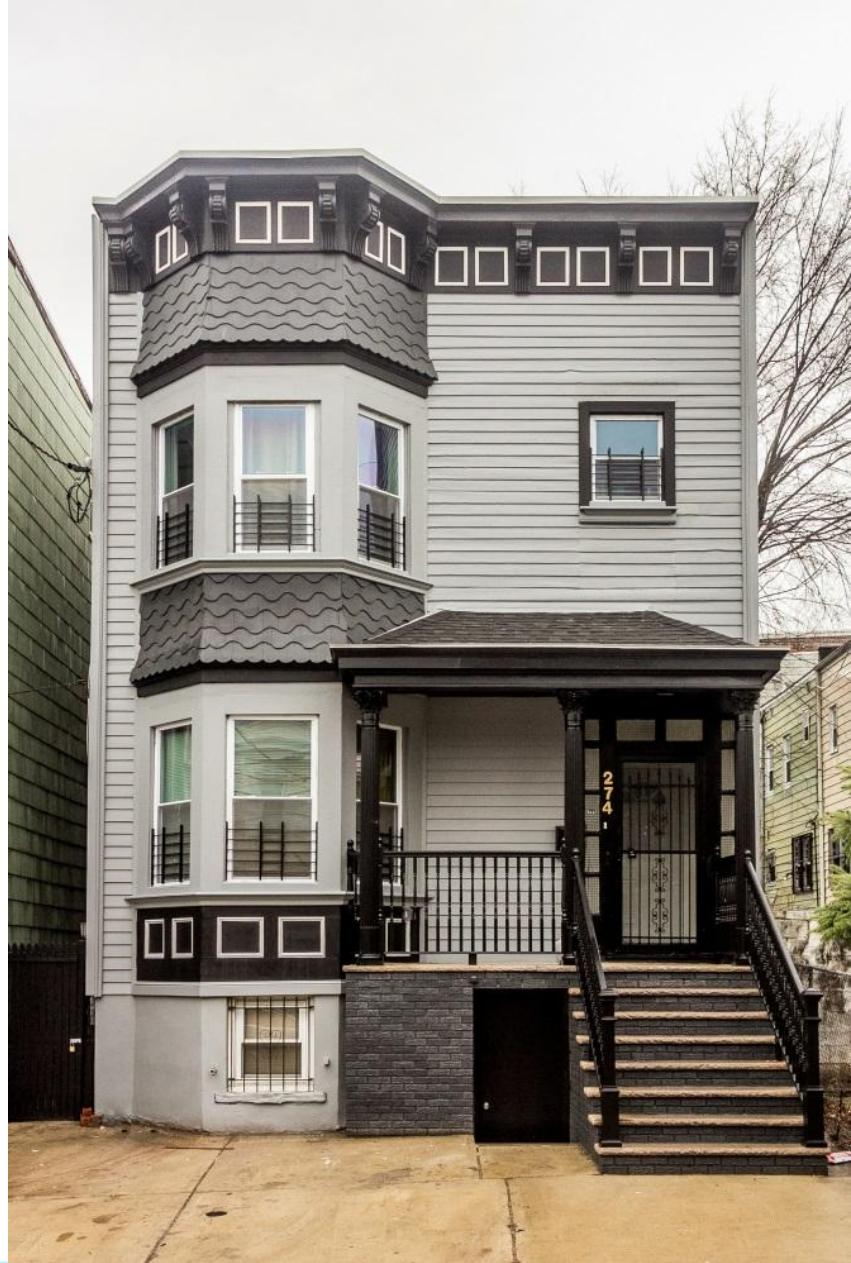
Greenville | Bayonne | West Bergen
| The Heights | Journal Square

Low acquisition costs

Rent quickly

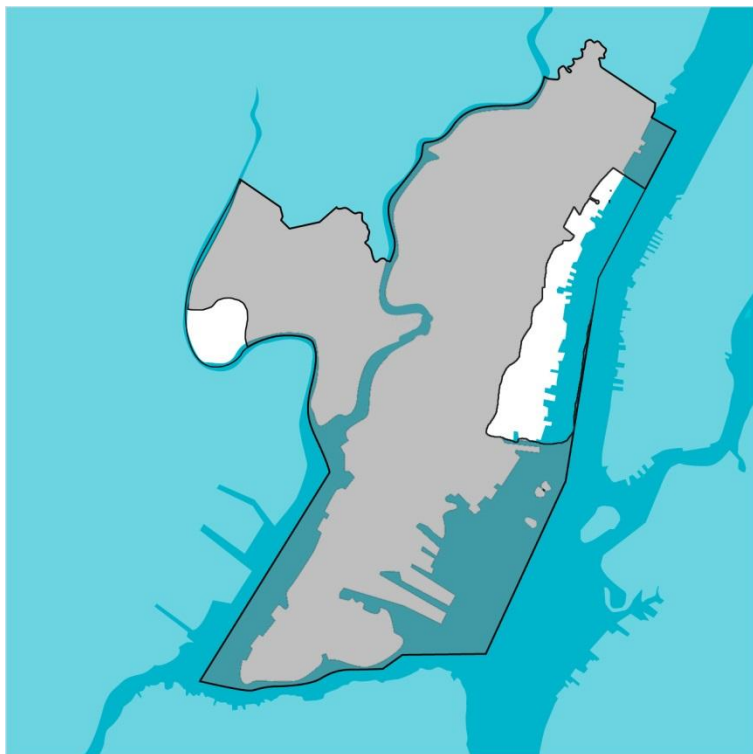
Yield well

Hudson County workforce



Hudson County workforce portfolio

High-yield properties in gentrifying areas



Location	Properties	Book value (US\$m)
Greenville	73	\$21.9
Bayonne	57	\$19.5
West Bergen	57	\$19.2
Jersey City Heights	58	\$32.0
Journal Square	34	\$14.6
Other	40	\$16.9
TOTAL	319	\$124.1



Multi-family joint ventures

Two opportunistic joint ventures

Attractive financing

Expedited use of capital

Immediately cash flowing



Multi-family portfolio

Additional exposure to Hudson County and BK rental markets

Multi-family portfolio	Buildings	No. of units	Ownership %	Value (US\$m)
Urban American Hudson County	13	400	67.5%	\$33.5
Excelsior Brooklyn	5	194	92.5%	\$45.4
Excelsior Hudson County	8	327	91.5%	\$35.9
TOTAL DIXON EXPOSURE	26	921	82.9%	\$114.7



Transition to premium NJ

Downtown Jersey City | Hoboken | Weehawken

Classic architecture

Exceptional location

Excellent neighborhoods



The Fund's purchasing in Downtown, JC has coincided with the development boom in the area



Hudson County premium portfolio

Classic architecture in stylish neighborhoods



Location	Properties	Book value (\$US m)
Downtown JC	93	\$149.4
Hoboken	16	\$34.2
Weehawken	16	\$19.3
TOTAL	125	\$202.8



Crossing the river

Brownstone Brooklyn | Harlem |
Queens | Lower Manhattan

‘Hyper-Gentrification’

Columbia expansion

Opportunistic acquisitions

**“...‘New Brooklyn’ has
become a global brand.”**
– New York Times



New York portfolio

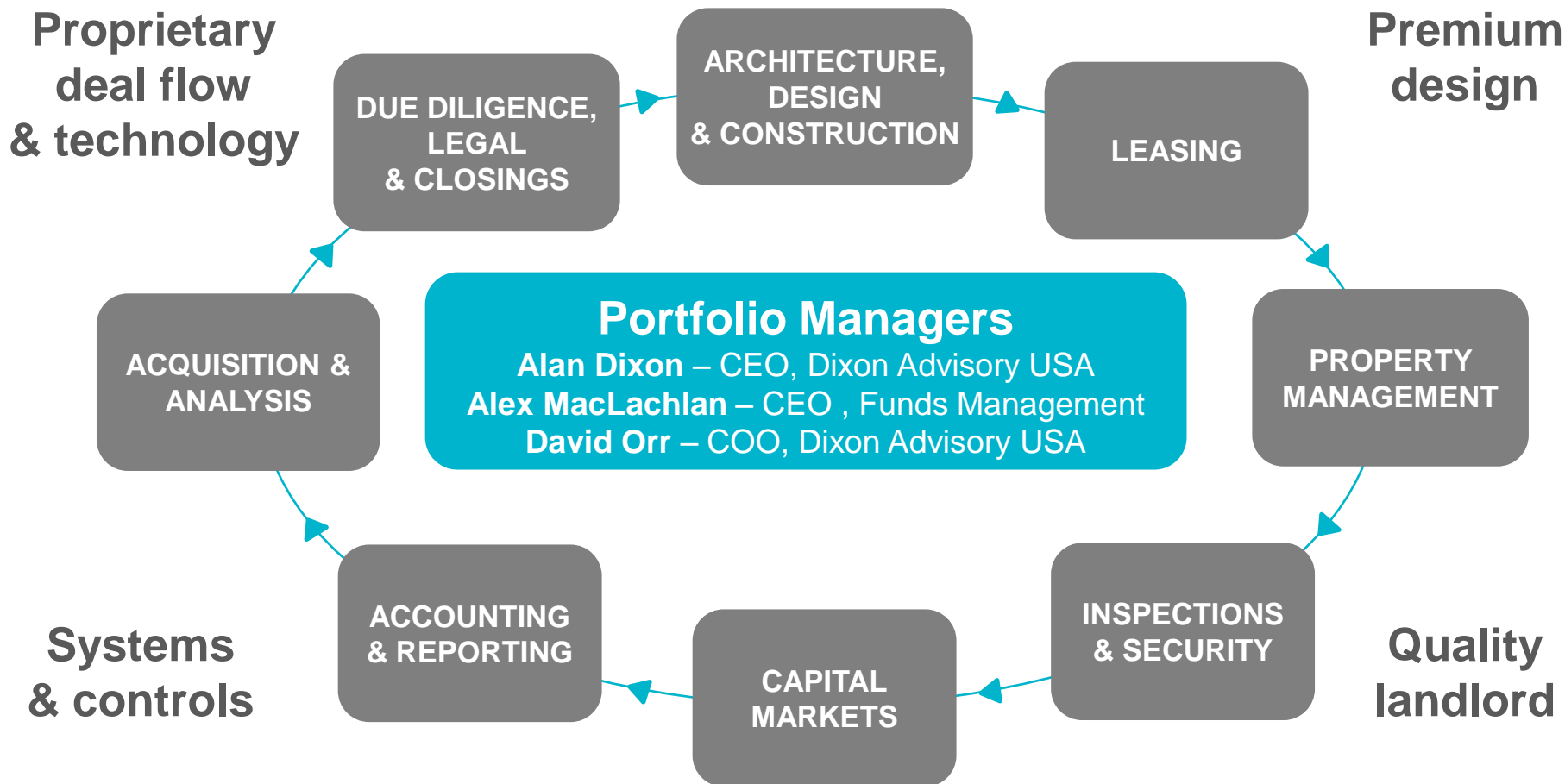
Undervalued assets in rapidly gentrifying neighbourhoods



Location	Properties	Book value (\$USm)
Brooklyn	94	\$222.4
Manhattan	19	\$66.5
Queens	8	\$12.6
TOTAL	121	\$301.4



Complete lifecycle management



Vision for the Fund



US Masters
Residential
Property Fund



Positive drivers

Accelerating gentrification

Relative valuation/yield
compression

Massive capital flows

**“New York real estate is the new
Swiss bank account.”**
– Andrew Rice, New York Magazine



Summary

- Fund is uniquely well-placed to capture benefits from improving market
- Portfolio is solid and expanding judiciously
- Fund continues to create a premium product for the NYC metro area
- The entity is expanding to proactively capture the investment potential in the market place



Questions?

