

24 February 2016

US Masters Residential Property Fund

ASX Code: URF

Full Year Results for year ending 31 December 2015

US Masters Residential Property Fund (**URF, Fund or Group**) is pleased to release its financial results for the year ending 31 December 2015.

Overview

- As at 31 December 2015, the Fund owned a total of 565 freestanding properties comprising 1,029 units with a total cost (including acquisition, capitalised interest and renovation costs to date) of US\$549.2 million. These properties were independently valued at US\$628.4 million as at 31 December 2015. This represents an increase of 14% over cost.
- The Fund also owned, with its joint venture partners, 26 apartment blocks with 921 units, for a proportional acquisition cost of US\$90.9 million and a fair market value of US\$114.7 million.
- The Fund continued to selectively add to its investment portfolio during the year, with a focus on premium housing in the Brooklyn and Hudson County markets, markets that the Fund believes will deliver strong growth in both rents and capital values. During the year, the Fund increased the capital deployed in these markets by 47% and 43%, respectively.

Construction and development activity

- During the twelve months ended 31 December 2015, the Group was successfully able to deliver US\$62.2 million of renovations, completing 67 large-scale renovations and 104 small-scale renovations across 154 properties. This compares to US\$53.0 million of renovations delivered in 2014.
- Reflecting the quality of its renovation work and the continued growth of the business, during the year the Group was honoured with the “Rising Star” award at the New York Construction Awards, an annual event which honours valuable contributions to New York City by industry leaders in construction, design and development.



- The Fund estimates a total annual gross rental value of its 31 December 2015 properties, assuming those properties were renovated and available for leasing of approximately US\$36.6 million. The Fund has a material proportion of properties in the renovation phase. As at 31 December 2015, 94 of the Fund's 565 freestanding properties (31% by value) are yet to undergo extensive renovation and are yet to generate rental income. The Fund expects to complete the majority of the renovation works of these 94 properties over the course of the next 3 - 24 months.
- The Fund continued to generate strong rental growth. Rental income for the year was US\$16,281,827, up 32% over the prior year. The Fund anticipates rental revenue to continue to grow during 2016 as more completed properties are delivered from the renovation pipeline.

Financial performance and subsequent events

- The Fund recorded a pre-tax operating profit of \$25,374,515 for the year ended 31 December 2015.
- Upward revaluation on the Fund's freestanding properties of US\$31,163,133.
- Total comprehensive income of the Fund for the year ended 31 December 2015 was \$66,750,174. Contributing to this was an unrealised foreign exchange gain on the value of the Group's US based assets of \$66,843,499, which reflects a 10.87% depreciation of the A\$ against the US\$ during the year.
- During the year, the Fund continued to optimise its capital structure, successfully closing on US\$165 million of additional bank debt, as well as raising an additional \$90.5 million in a URF Notes Offer. An amount of \$19 million was also raised through a unit purchase plan, as well as an additional \$15 million through the Fund's distribution reinvestment plan.
- The Fund retained a strong financial position, with net assets of \$535.1 million and a pre-tax net tangible asset backing of \$2.11 per ordinary unit and post-tax net tangible asset backing of \$1.87 per ordinary unit as at 31 December 2015. During the year, the Fund declared distributions of 10 cents per unit, bringing cumulative distributions since inception to 40 cents per ordinary unit.

For more information:

Alex MacLachlan

1300 454 801