



QUARTERLY UPDATE

January – March 2016



US Masters
Residential
Property Fund

Executive Summary

US Masters Residential Property Fund (URF or Fund) is pleased to provide the first quarterly update of 2016, with information from the quarter ended 31 March 2016. With the year just beginning, Fund teams are already breaking records and breaking ground on a slate of exciting new projects.

Due diligence prior to acquisition coupled with effective property management during the period of ownership has resulted in the Fund owning a highly desirable multi-family portfolio. To take advantage of opportunities in the market, and as part of ongoing capital management initiatives, the Fund and its joint venture partner disposed of the properties located at 442 Decatur St., 1511 – 13 Summit Ave., 606 – 508 26th St., 309 – 15 11th St., 111 61st St., 5907 Blvd. East, 1700 Bergenline Ave., and 1405 Palisade Ave.

The disposal of these eight multi-family properties resulted in total sales proceeds of US\$44.1 million, of which the Fund's economic interest is US\$40.4 million. The total consideration reflects a combined increase over purchase price of US\$10.2 million (or 27%), of which the Fund's economic interest is US\$9.3 million (excluding closing costs).

During the first quarter, the Fund's Acquisition Team reviewed a total of 204 properties, resulting in a US\$8.4 million investment into four purchases, two in Harlem and two in downtown Jersey City. *The New York Times* confirms Jersey City housing stock is at a three-year low while tight inventory in the winter housing market has driven prices upwards. As has been the trend for the past four years, we predict inventory will soon rebound with warm weather enticing previously reluctant sellers to list their homes.

Twenty-seven new renovations were completed during Q1 following an investment of US\$11.7 million. Four large-scale renovations are poised to enter the lucrative spring rental market, including three Brooklyn homes in the neighbourhoods of Clinton Hill, Crown Heights and East Williamsburg. These renovations are expected to contribute annualised rental income of nearly US\$424,000, while 23 additional small-scale renovations will increase that figure by US\$603,540 annually.

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This quarter, the Leasing Team successfully leased Ogden Avenue for US\$10,830 per month, shattering their previous record in Jersey City Heights by more than US\$6,000 per month. In total, 48 properties were leased during the quarter, contributing total annualised rent of US\$1.8 million and representing US\$850,000 in rental income growth for the Fund. Additional contributions from 87 renewed leases are expected to add US\$1.85 million in annualised rental income.

We are also excited to announce the next phase of the Dixon Leasing website (www.DixonLeasing.com). An updated design places the Fund's stunning properties front-and-center through homepage features, while new neighbourhood profiles cement our position as experts in New York and New Jersey's most desirable locations. A fully responsive site ensures optimal mobile access for busy renters and advanced personalisation will create a unique and engaging experience for site visitors. Increased social sharing and search engine optimisation will expand visibility across a variety of channels and organic search results.

We look forward to updating unit holders on our progress in the coming year. As always, we thank you for your continued support.



Alan Dixon

Managing Director and CEO

Quarter Highlights

- URF's high-quality portfolio now comprises **1626 housing units** across 568 freestanding houses and 18 apartment buildings.
- The Leasing Team leased a flagship home to **a well-known professional athlete**, shattering their previous Jersey City Heights rent record by more than US\$6,000 per month.
- The Fund currently has **90 properties in the renovation pipeline**, expected to contribute a further US\$11.4 million per annum of rental revenue.



Quarterly Operational Overview



Acquisition

Inventory with compelling entry prices that fit both the Investment Committee's specific search criteria and renovation strategies was sparse during the first quarter of 2016 which is expected for real estate during the winter. In spite of this, a total of 204 properties with combined asking prices of US\$484 million were evaluated. Of these, 36 properties were bid on for a maximum output of US\$68.2 million which ultimately resulted in the acquisition of four properties by the Fund. This underscores the rigorous review process put in place by the Acquisitions Team with less than 15% of properties moving into the bidding stage and less than 2% being acquired. Ultimately, two attractive townhomes were purchased in Harlem and two in downtown Jersey City for a combined total of US\$8.4 million. Meyers Research, a leading provider of residential real estate data, predicts a strong spring selling season, as sellers who have postponed listing their homes in anticipation of better opportunities in the coming months will soon take action.



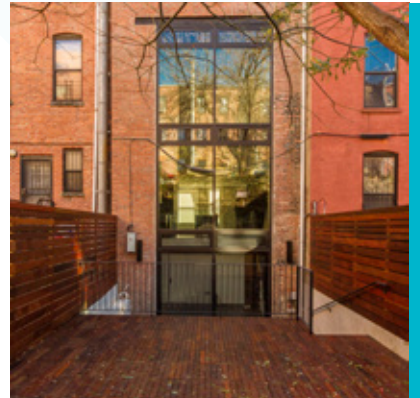
Recently acquired 287 Barrow Street, Jersey City



Renovation and Restoration

This quarter, the Renovation and Restoration Team completed a total of 27 projects across Hudson County, Manhattan and Brooklyn. Four of these projects were large-scale renovations, now perfectly poised to hit the rental market just in time for the spring season. These properties are anticipated to deliver an estimated US\$423,960 of annual rental income to the Fund. In addition to the large-scale renovations, 23 small-scale renovations were completed during the quarter. These projects are expected to contribute an additional US\$603,540 in annualised rental income.

Through the quarter, the Fund invested a total of US\$11.7 million in construction projects. With winter now at their backs, the Renovation and Restoration Team have capitalised on their momentum by kicking off a number of new initiatives. Three of these projects are on one of the team's favourite blocks in Bedford-Stuyvesant, a rapidly gentrifying area that shows strong promise for excellent returns. In addition, a stunning luxury townhouse with a rear extension, elevator and roof deck was started across the river in downtown Jersey City.



Recently renovated 47 Bradhurst Avenue, Manhattan

Tenancy

The Leasing Team successfully leased 48 properties during the first quarter of 2016. These properties are anticipated to provide an estimated annual income of US\$1.8 million and represent an increase of just under US\$850,000 in rental income for the Fund. Renewals for the quarter remained strong, with 87 leases renewing for a total of US\$1.85 million in annualised rental income.

Notably, the Leasing Team broke their own record in Jersey City Heights by leasing a flagship home on Ogden Avenue for US\$10,830 per month to a renowned professional athlete and his two housemates. This shatters their previous Heights record of US\$4,495 per month. On the other side of the Hudson River, 272 Lafayette Avenue in Clinton Hill, Brooklyn, was leased for the strong price of US\$13,995 per month. The lease was signed in the pre-marketing phase (prior to completion of construction), helping to minimise vacancies in the Fund's portfolio and providing an excellent result for the team's efforts.



Recently leased
568 Park Place, Brooklyn



Recently leased home on
Ogden Avenue, Jersey City



Recently leased 210 Macon Street,
Brooklyn

Case Studies



Renovation and Restoration

Located in the Clinton Hill Historic District, 272 Lafayette is a stately four-story Brooklyn brownstone acquired with much of its historic architectural millwork and plasterwork intact—but in need of substantial repair. Following an extensive renovation, the multi-family brownstone was converted back to its original use as a single-family home. The plasterwork on the parlour floor, in particular on the living room ceiling, takes center stage, while the ornate wooden staircase and decorative stone mantels anchor each of the four levels. A sleek black kitchen sits atop dark-stained, wide-plank cherry floors, while the black interior doors and staircase contrast nicely against bright white walls and trim. A rear deck allows for outdoor dining and entertaining with access to a beautifully landscaped yard. Atop this stunning home, a penthouse, deck and hot tub enable panoramic views of the neighbourhood and Manhattan skyline in the distance.

272 LAFAYETTE AVENUE, BROOKLYN

Acquisition Date: 21 November 2013

Total Acquisition Cost: US\$1,731,215 (including fees and costs)

Actual Monthly Rent: US\$13,995

Single-family attached on one side

4 bed / 5 bath

Net Square Footage: 3,809 square feet



BEFORE Recently restored
272 Lafayette Avenue, Brooklyn



AFTER Recently restored
272 Lafayette Avenue, Brooklyn





Acquisition

This home represents a truly unique acquisition in the Hamilton Heights section of Harlem. The property sits in an attractive row of twelve landmarked townhomes that feature curved red brick and stone facades with traditional cornices. The single-family home boasts a newly renovated kitchen, an ornamental onyx fireplace, a central mahogany staircase, an outdoor terrace, and two bedrooms with ensuites and custom-made California closets. The well-maintained condition of the home requires only cosmetic upgrades and layout optimisation before being placed on the rental market. The property is located on the same street as the Hamilton Grange National Memorial, the site which preserves the relocated home of US founding father Alexander Hamilton and is just a short walk to City College and St. Nicholas Park. More importantly, the location provides great transportation options with multiple subway lines operating on nearby 145th Street, a highly sought-after amenity for New York renters.

465 WEST 141ST STREET, MANHATTAN

Acquisition Date: 29 February 2016

Total Acquisition Cost: US\$3,015,109 (including fees and costs)

Proposed Monthly Rent: US\$14,295

Single-family attached

5 bed / 5 bath

Net Square Footage: 4,500 square feet



Recently acquired 465 West 141st Street, Manhattan



Tenancy

Originally purchased fully-tenanted, 104 Erie St, Unit 2 had a recorded rent of US\$3,405 per month. The Renovation and Restoration Team quickly completed a small-scale renovation consisting of painting, re-grouting, minor touch ups and a thorough clean. Following the addition of new stainless steel appliances, including a washer and dryer, this small renovation led to a sizable rent increase of US\$1,590 per month, bringing total monthly rental income for the Fund to US\$4,995. This rate was quickly secured by a new tenant with a lease start date that began this January.

104 ERIE STREET, UNIT 2, JERSEY CITY

Acquisition Date: 5 October 2012

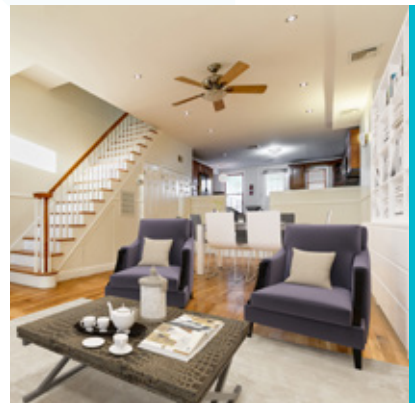
Total Acquisition Cost: US\$853,839 (including fees & costs)

Actual Monthly Rent: US\$4,995

Two-family attached on one side

3 bed / 2 bath

Net Square Footage: 1,730 square feet



Recently leased 104 Erie Street, Unit 2, Jersey City

Portfolio Analysis

- The Fund currently has 90 properties in the pipeline for renovation, expected to contribute a further US\$11.4 million per annum of rental revenue.
- During the quarter, the Fund sold 8 multi-family buildings for total consideration of US\$44.1 million, of which the Fund's economic interest is US\$40.4 million.
- The total consideration above reflects a combined increase over purchase price of US\$10.2 million (or 27%), of which the Fund's economic interest is US\$9.3 million (excluding closing costs).
- The properties disposed of in the quarter were located in Union City, New Jersey, West New York, New Jersey and Brooklyn, New York.

FREESTANDING PORTFOLIO

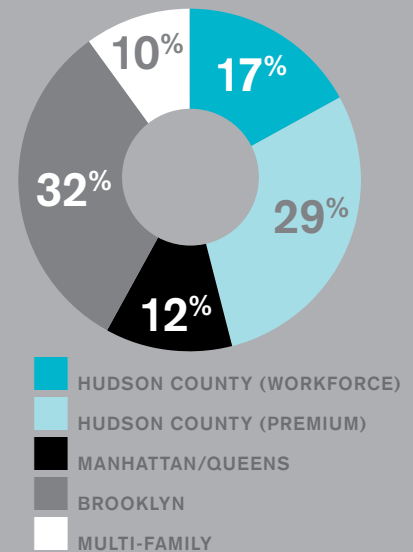
AREA	PROPERTIES	VALUE (US\$)
Brooklyn	94	227.8 million
Manhattan	21	73.6 million
Hudson Premium	127	208.5 million
Hudson Workforce	318	124.6 million
Queens	8	12.6 million

MULTI-FAMILY PORTFOLIO

JOINT VENTURE ENTITY	UNITS	VALUE (US\$)
Golden Peak II, LLC	400	33.5 million
Gold Coast Equities, LLC	35	2.9 million
DXEX I	38	9.0 million
DXEX III	124	29.0 million

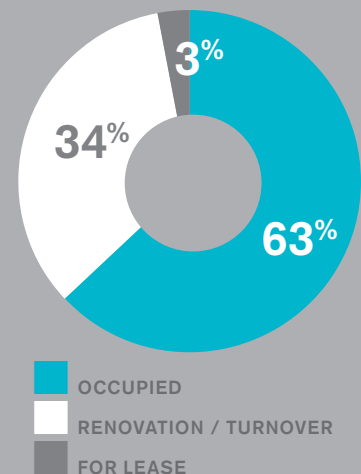
PROPERTY DISTRIBUTION

BY VALUE



PROPERTY STATUS

BY VALUE



Quarterly Closed Properties

ADDRESS	REGION	PROPERTY DESCRIPTION	APPROX. SQ FT	ACQUISITION DATE	TOTAL ACQUISITION COST (US\$)	EST. ANNUAL NET YIELD
209 West 139th Street, Manhattan, NY 10030	Harlem	1-family attached Apt 1: 6 bed/3.5 bath	3523	3-Feb-16	\$2,445,831	4
287 Barrow Street, Jersey City, NJ 07302	Downtown	2-family semi-attached Apt 1: 1 bed/1 bath Apt 2: 4 bed/2.5 bath	4678	3-Feb-16	\$1,827,132	4.2
465 West 141st Street, Manhattan, NY 10031	Harlem	1-family attached Apt 1: 5 bed/4.5 bath	4091	29-Feb-16	\$2,956,759	4.1
230 9th Street, Jersey City, NJ 37302	Downtown	1-family attached Apt 1: 4 bed/2 bath	1974	3-Mar-16	\$1,008,043	4



New Leases

ADDRESS	STATE	UNIT	BED/BATH	MOVE IN DATE	PREVIOUS RENT (US\$)	PRICE (US\$)	SQ. FT.
412 2nd St.	NJ	2	1/1	3/1/16	\$1,995	\$1,750	762
412 2nd St.	NJ	3	1/1	3/15/16	\$2,195	\$1,995	762
286 5th St.	NJ	SF	3/3.5	2/15/16	\$5,495	\$6,280	1751
336 5th St.	NJ	2	2/1.5	5/1/16	\$2,870	\$3,786	1063
176 N. 6th St.	NY	3	1/1	2/1/16	\$1,700	\$1,400	598
72 W. 22nd St.	NJ	1	1/1	3/1/16	\$1,045	\$1,400	653
43 W. 26th St.	NJ	1	3/1	4/1/16	\$1,120	\$1,595	807
226 57th St.	NJ	2	3/1	2/5/16	\$1,499	\$1,995	979
291 Ave. C	NJ	SF	2/1	3/15/16	\$1,445	\$2,195	1210
11 Bayview Ave.	NJ	2	3/1	2/5/16	\$1,445	\$1,395	1074
69 Beacon Ave.	NJ	3	3/1	3/1/16	\$1,395	\$1,895	1063
69 Belmont Ave.	NJ	1	2/1	3/15/16	\$945	\$995	691
91 Berry St.	NY	SF	7/4	2/15/16	\$-	\$10,990	2892
722 Blvd. East	NJ	2	2/2	2/1/16	\$1,831	\$1,995	737
614 Bramhall Ave.	NJ	3	2/1	2/15/16	\$995	\$1,095	642
36 Briarwood Rd.	NJ	2	2/1	3/1/16	\$1,400	\$1,495	941
68 Cambridge Ave.	NJ	1	2/1	2/1/16	\$1,495	\$1,695	621
136A Clendenny Ave.	NJ	1	1/1	4/5/16	\$995	\$1,295	702
98 Clendenny Ave.	NJ	1	2/1	2/11/16	\$1,450	\$1,395	735
149 Coles St.	NJ	SF	3/2.5	3/15/16	\$-	\$5,995	1445
104 Cottage St.	NJ	1	1/1	3/1/16	\$995	\$1,195	483
1449 Dean St.	NY	SF	6/3.5	4/18/16	\$-	\$7,495	2505
294 Duncan Ave.	NJ	1	2/1	2/1/16	\$925	\$1,395	683
27 Eastern Pkwy.	NJ	4	1/1	3/5/16	\$845	\$895	448
104 Erie St.	NJ	SF	3/2	1/6/16	\$3,545	\$4,995	1730
93 Fisk St.	NJ	1	3/2	3/1/16	\$1,395	\$1,595	1261
207 Fulton Ave.	NJ	2	3/1	3/1/16	\$825	\$1,145	741
80 Hancock Ave.	NJ	4	1/1	2/13/16	\$-	\$1,695	523
80 Hancock Ave.	NJ	3	1/1	4/1/16	\$-	\$1,545	523
42.5 Jewett Ave.	NJ	1	1/2	3/22/16	\$1,190	\$1,195	1048
379 Kennedy Blvd.	NJ	SF	4/2	3/15/16	\$1,699	\$2,395	1841
272 Lafayette Ave.	NY	SF	6/5.5	4/1/16	\$-	\$13,995	3176
20 Lefferts Place	NY	1	2/2	2/1/16	\$3,570	\$4,200	1035



ADDRESS	STATE	UNIT	BED/BATH	MOVE IN DATE	PREVIOUS RENT (US\$)	PRICE (US\$)	SQ. FT.
210 Macon St.	NY	SF	4/4	4/1/16	\$-	\$6,390	2124
14 Monroe St.	NY	SF	5/4	2/1/16	\$7,995	\$8,995	2212
845 Montgomery St.	NJ	SF	6/3	2/1/16	\$3,995	\$3,995	3278
14 Monticello Ave.	NJ	1	3/2	2/1/16	\$-	\$2,195	1363
181 New York Ave.	NJ	1	1/1	2/1/16	\$1,400	\$1,695	645
272 Ogden Ave.	NJ	SF	5/2/2HB/2	4/15/16	\$-	\$10,833	4905
174 Orient Ave.	NJ	1	2/1	2/1/16	\$1,305	\$1,395	661
568 Park Place	NY	SF	4/4	1/14/16	\$10,000	\$8,989	2025
420A Union St.	NJ	2	2/1	3/1/16	\$1,245	\$1,395	595
281 Virginia Ave.	NJ	2	3/1	3/1/16	\$1,480	\$1,395	954
328 Virginia Ave.	NJ	1	3/1	2/1/16	\$1,350	\$1,595	951
328 Virginia Ave.	NJ	2	3/1	2/1/16	\$1,650	\$1,595	1035
6 Vreeland Terrace	NJ	1	3/1	4/1/16	\$1,295	\$1,495	897
6 Vreeland Terrace	NJ	2	3/1	3/1/16	\$1,295	\$1,395	1003
16 Weldon St.	NJ	1L	1/1	3/12/16	\$1,050	\$1,145	400

This list contains only new leases signed during Q1, 2016. No lease renewal information has been included.

URF Fund Statistics

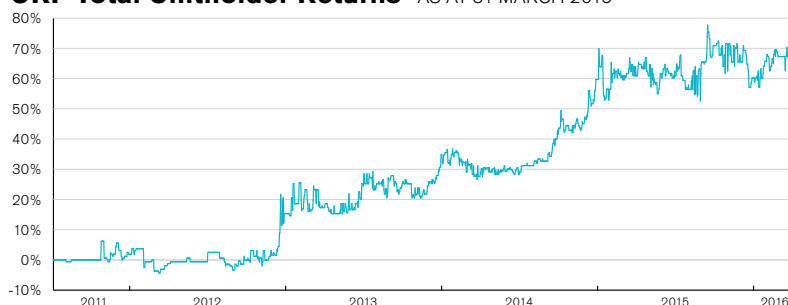
	AUD\$
Market Capitalisation	621,910,189
Net Debt	487,939,482
Enterprise Value	1,008,704,353

	PROPERTIES	UNITS
Freestanding Holdings	568	1029
Multi-Family Holdings	18	597
TOTAL UNITS:		1626

URF Share Price Performance¹ AS AT 31 MARCH 2016

1M	3M	6M	1YR	2YR	3YR	SINCE INCEPTION ²	ANNUALISED SI
.5%	4.9%	-1.7%	2.5%	31.7%	41.7%	69.1%	11.7%

URF Total Unitholder Returns¹ AS AT 31 MARCH 2016



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.

Notes

¹ Returns are inclusive of dividends reinvested and adjusted for rights issues.

² Inception date June 2011.

Board & Management

Board of the Responsible Entity

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Tristan O'Connell

Tom Kline

US Management Team

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David Orr EXECUTIVE DIRECTOR & COO

Dessie Neill CEO, RENOVATION
AND RESTORATION

Paul McNerney JOINT CHIEF FINANCIAL OFFICER

Kevin McAvey JOINT CHIEF FINANCIAL OFFICER

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