

19 June 2018

US Masters Residential Property Fund (URF)

Further Progress in Implementing Strategy

The US Masters Residential Property Fund (ASX:URF) and controlled entities (the **Group**) advises that it has taken further measures to progress its strategy to achieve strong returns and provide a high-quality long-term store of value for unitholders.

As the Group advised in the second half of last year, URF's strategy has evolved to recognise that its property portfolio is now well established at approximately A\$1.3 billion in asset value, and activity is now focused on completing the renovation pipeline and maximising rental income, optimising the capital structure, and driving cost efficiencies.

Optimising the capital structure with new Wells Fargo debt facility

URF is pleased to announce the execution of a new US\$200 million revolver facility with Wells Fargo (NYSE:WFC), a diversified financial services company with US\$1.9 trillion in assets serving one in three households in the United States.

The terms of the facility include:

- interest rate of one-month LIBOR plus a margin of 1.80%
- 3-year term
- Framework to increase the facility to US\$400 million

This financing will replace the Group's Investors Bank loans and permit the repayment of the more expensive FCCD Limited facility, which is priced at LIBOR plus 5.50%, and represents a significant interest cost saving to the Group. As the proportion of completed and leased properties in URF's portfolio increases, URF will continue to seek to access more favourable financing terms across the rest of its capital structure.

For further information contact:

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URF update

June 2018

Agenda

1 Big picture

2 Fund update

3 Strategic review



Big Picture



US Masters
Residential
Property Fund

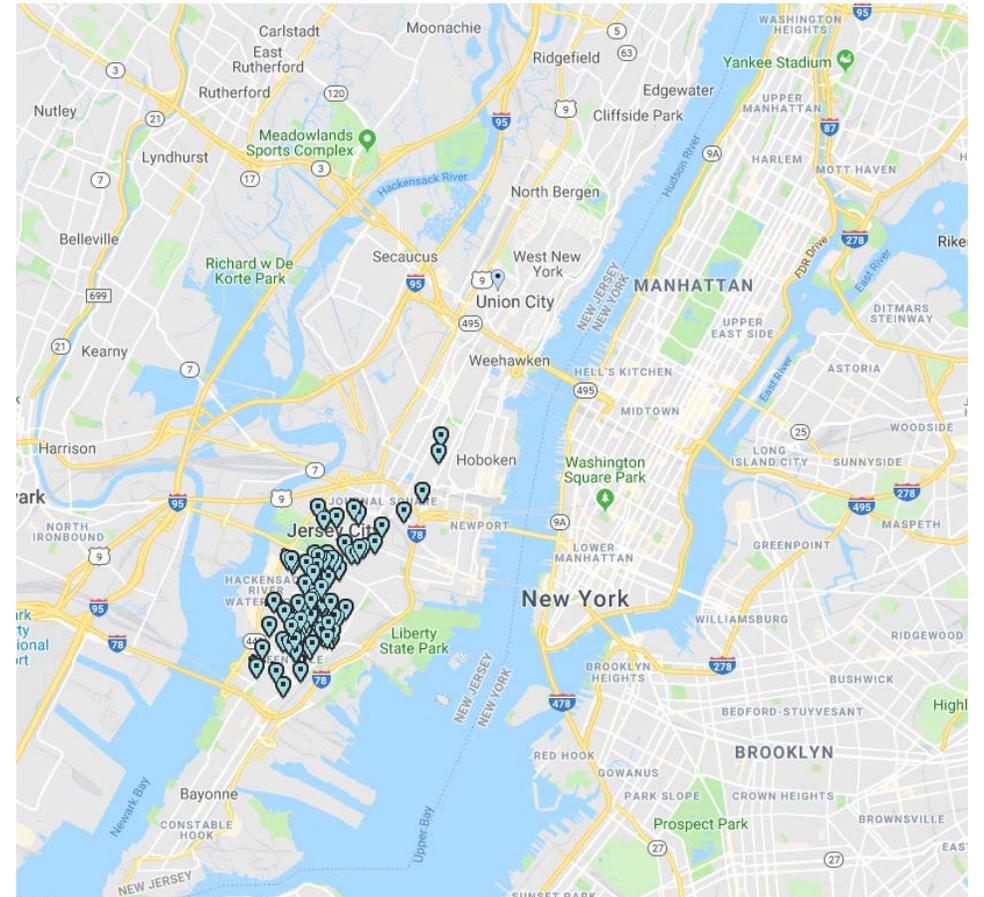
The Fund seven years ago

First ASX listed property trust focused on the New York metropolitan area

AUD\$70 million fund

Cash & few properties

100% NJ workforce



The Fund today

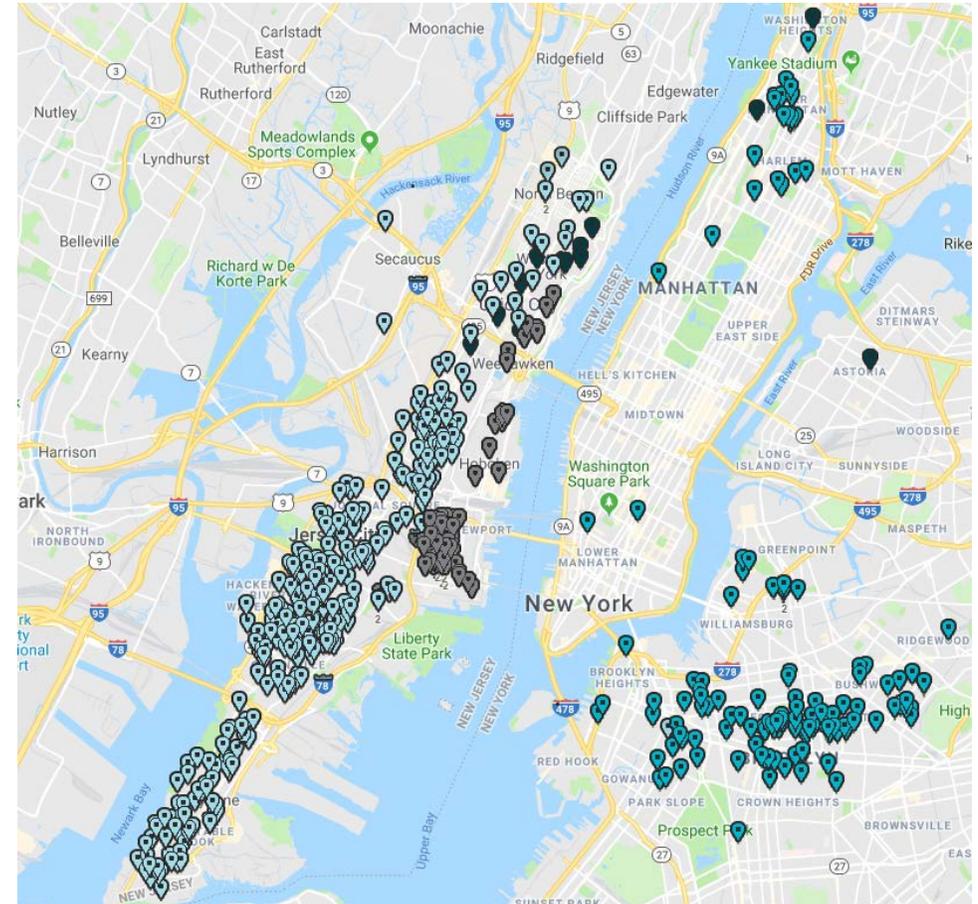
Largest owner of townhouses in the New York metropolitan area

~ AUD\$1.3 billion in assets

Over 1,700 housing units

Diversified portfolio

Note: As at 31 March 2018



Record townhouse rents

Downtown
Jersey City
US\$11,000



Harlem,
Manhattan
US\$21,272



Clinton Hill,
Brooklyn
US\$17,400



Park Slope,
Brooklyn
US\$22,845



Journal
Square,
Jersey City
US\$4,495



Note: Values as at 31 March 2018, rents quoted monthly

Award winning quality

- 12 ARDA Awards from the American Institute of Building Design (2017)
- Best of Houzz award for client satisfaction (2017)
- New York Construction Awards – Rising Star Award (2015)
- Theodore Conrad Award for historic preservation (2014)





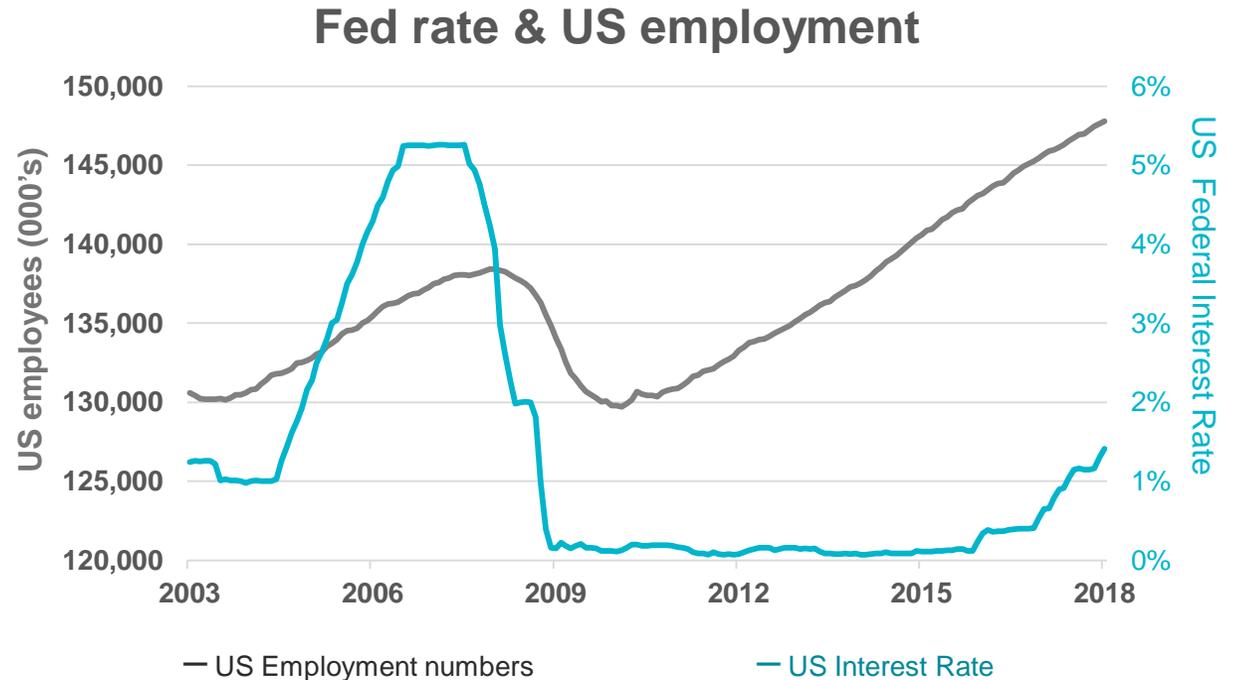
**Macroeconomic
conditions**

The impact of rising interest rates

Historical relationship between employment numbers and rates

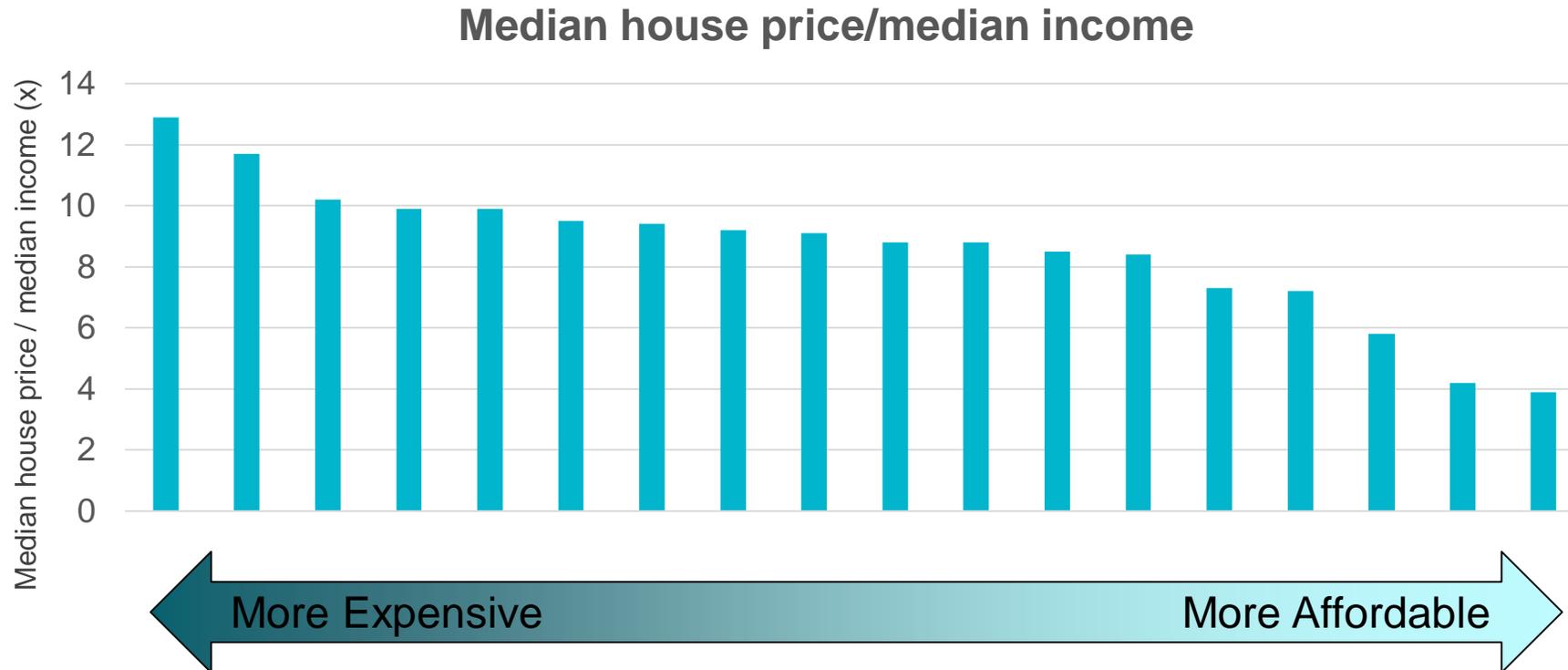
“The labor market has been strong, and my colleagues and I expect it to remain strong.”

-Jerome Powell
Federal Reserve Chairman



Source: Freddie Mac, SNL Financial Analytics & CEO of Blackstone, Jim Schwartz.

Global affordability survey



Source: ABS, HIA, RP Data, Bloomberg, Melbourne Institute, Minack Advisors

Global affordability survey

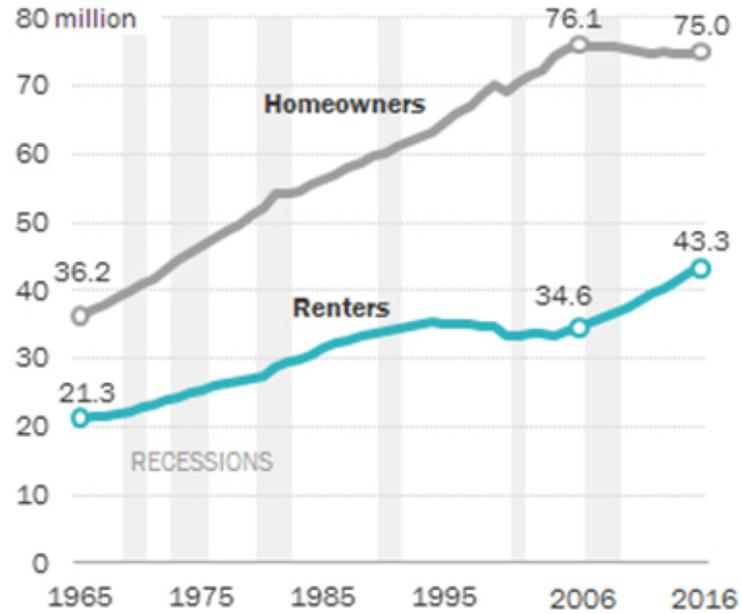
Median house price/median income



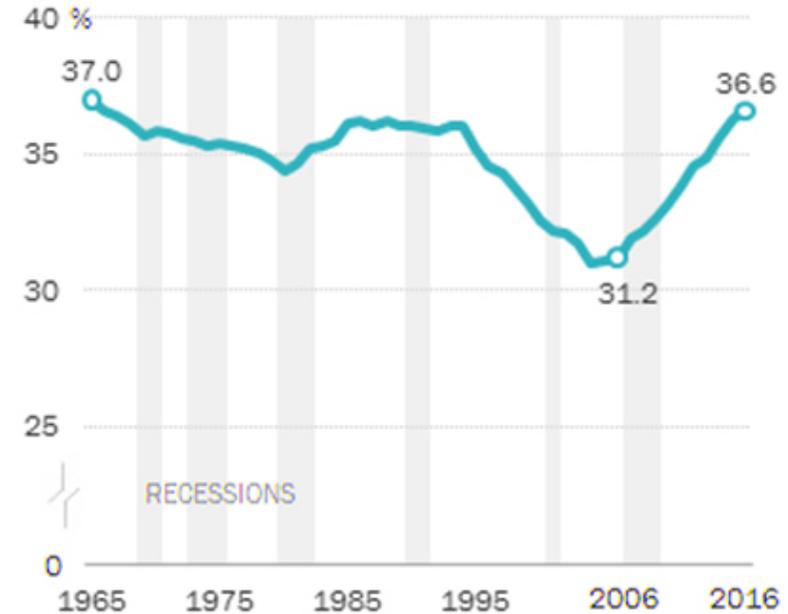
Source: ABS, HIA, RP Data, Bloomberg, Melbourne Institute, Minack Advisors

US rental trends

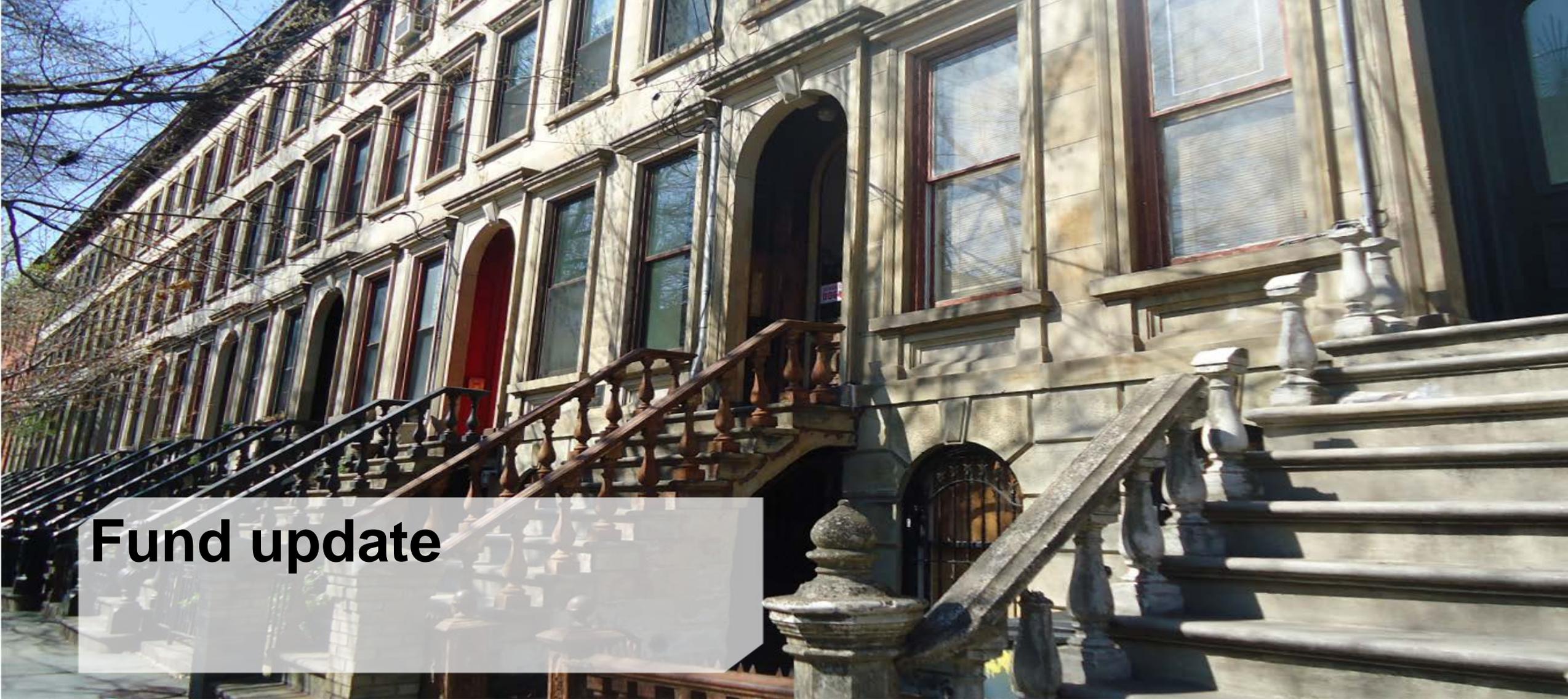
US homeowners vs renters



US rental percentage



Source: Pew Research Center analysis of U.S. Census Bureau estimates of housing inventory; Joint Center for Housing Studies, Harvard University



Fund update

Investment focus

Fund has targeted four distinct investment markets

New Jersey workforce

Multifamily

New Jersey Premium

New York Premium



New Jersey workforce

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

Low acquisition costs

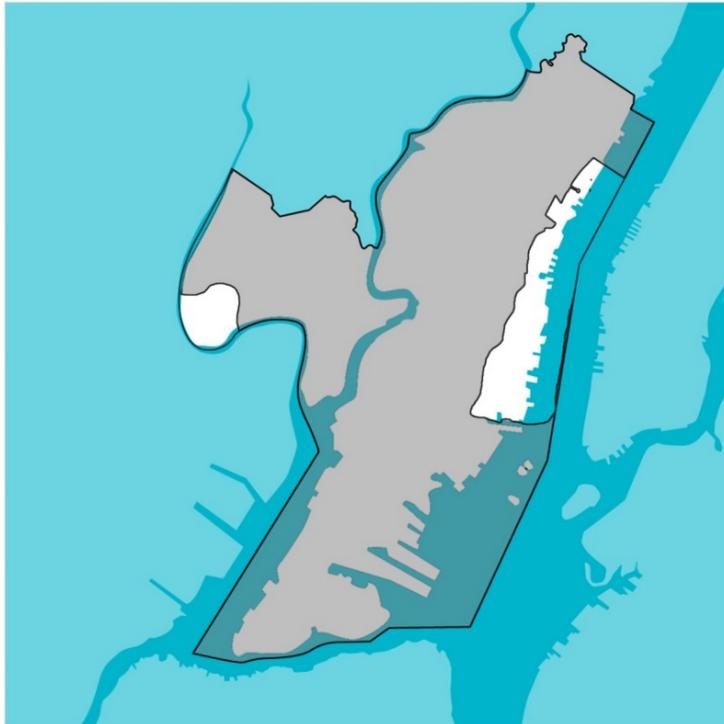
Rent quickly

Yield well

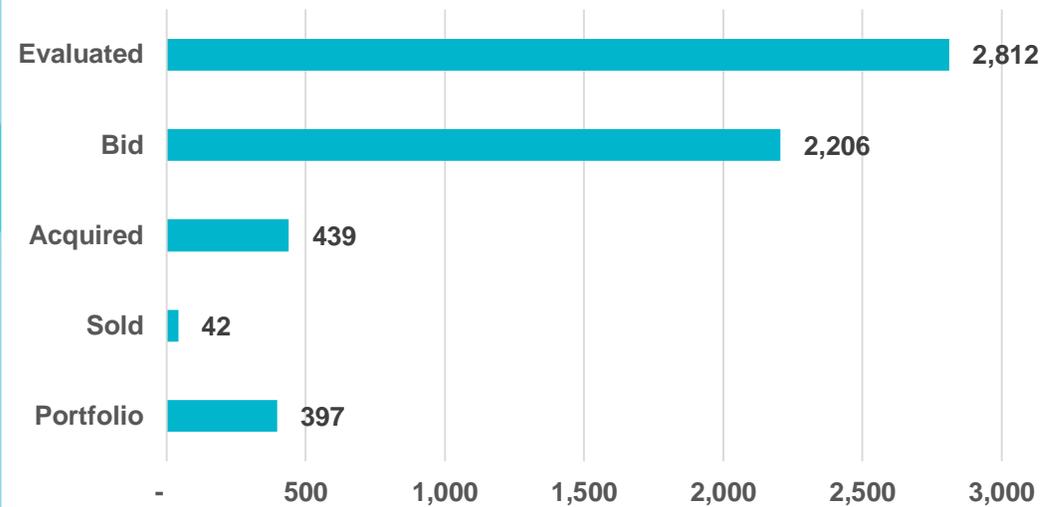


New Jersey workforce

High-yield properties in gentrifying areas



New Jersey Workforce

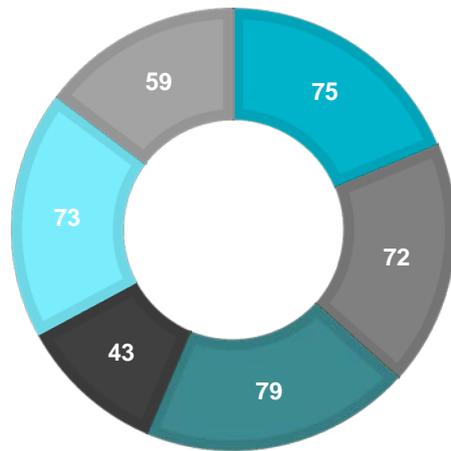


Note: Numbers reflect properties appraised since inception of the Fund

New Jersey workforce

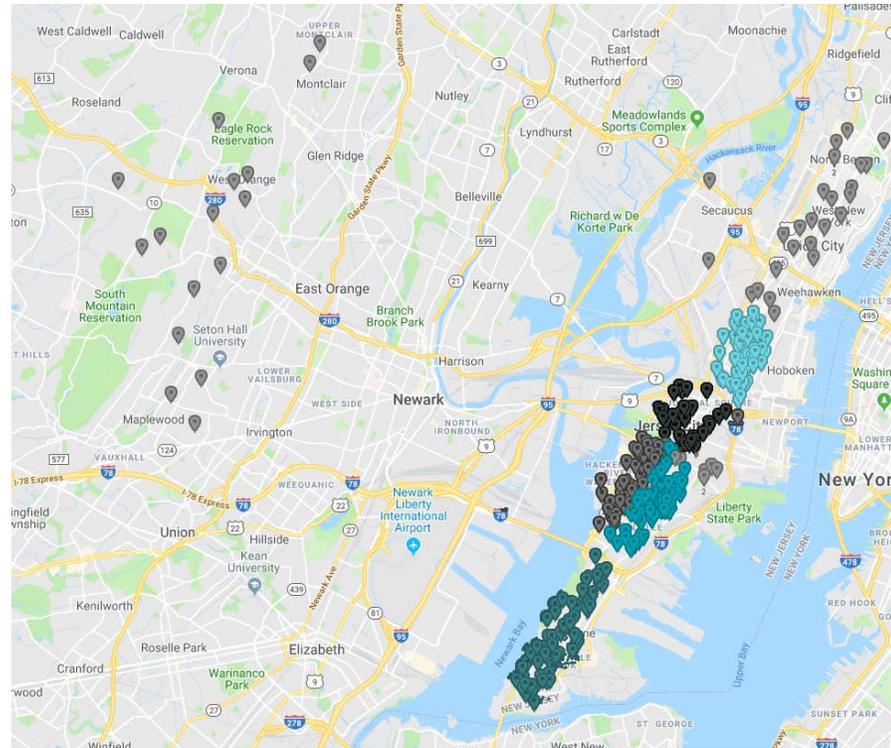
Significant scale built with low acquisition costs

Neighbourhood



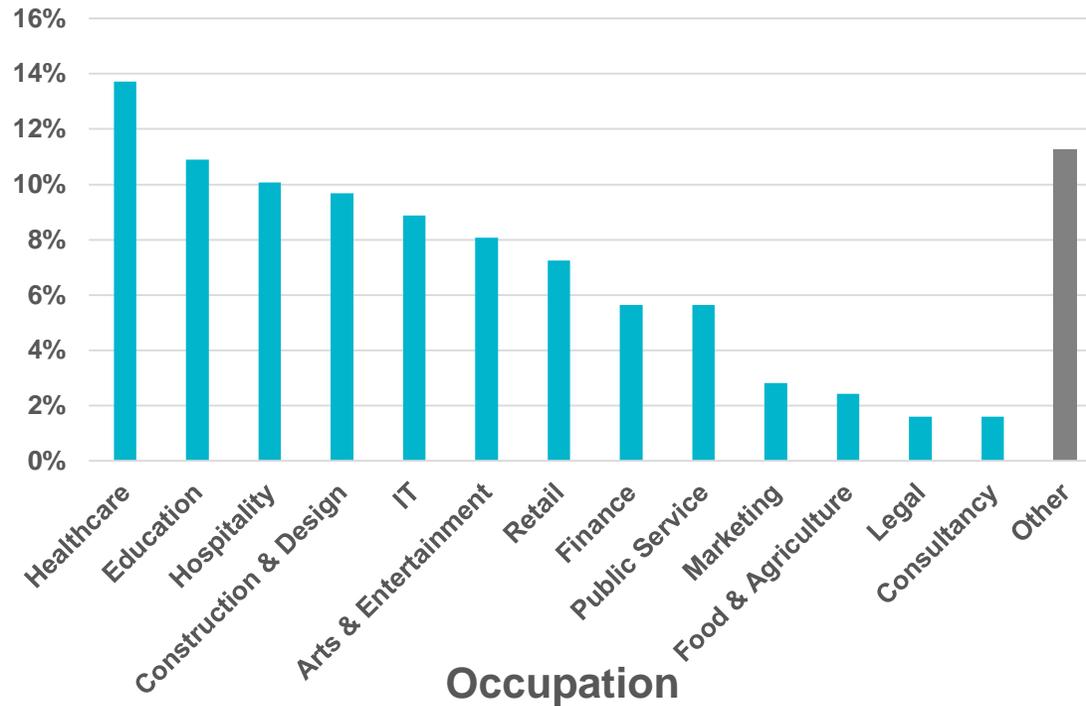
- Greenville
- Bayonne
- JC Heights
- West Bergen
- Journal Square
- Other

Note: As at 31 March 2018

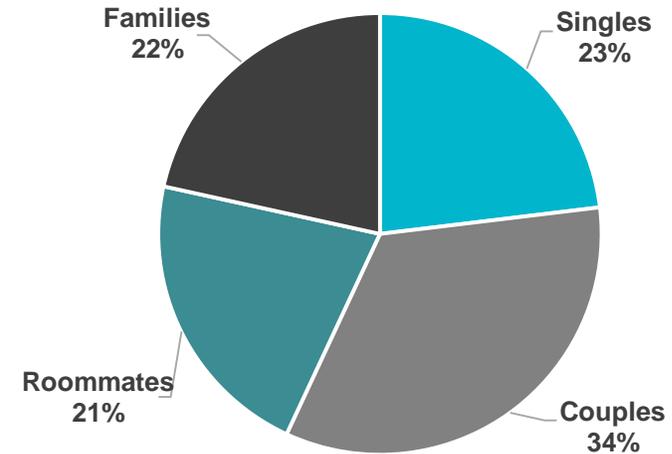


New Jersey workforce

Who are our tenants?



Note: Values reflective of leases from 1 January 2017 – 31 December 2017



Median household income **US\$79,444**

Average rent **US\$1,744 per month**

Multi family joint ventures

Strategy complements single family portfolio

Attractive financing

Expedited use of capital

Immediately cash flowing



Multi family joint ventures

Urban American as a Partner

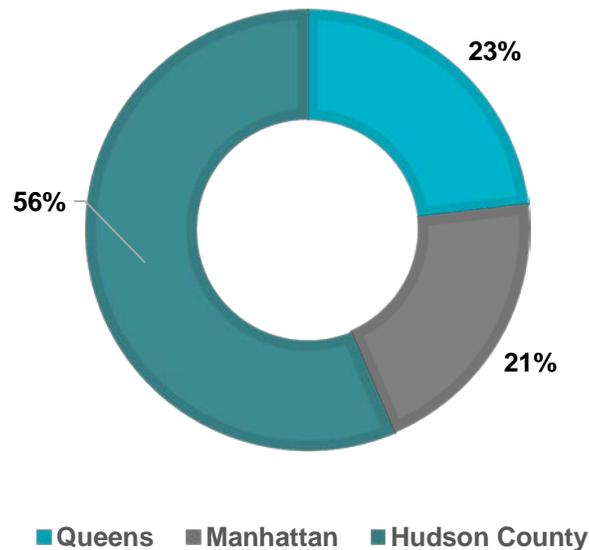
- ❖ Three New JV Buildings
- ❖ 20 years of experience
- ❖ c8,000 units owned
- ❖ Joint Venture with Brookfield (who run USD\$72 billion portfolio)
- ❖ Manage largest multifamily complex in North America



Source: Crains New York Business, 31 December 2016

Multi family update

Property distribution by value



Area	Properties	Units	Cost/unit	Current value/unit
Hudson County	13	400	\$ 94,000	\$ 140,050
Manhattan	1	84	\$ 216,667	\$ 241,786
Queens	2	70	\$ 292,857	\$ 328,857
TOTAL	16	554	\$ 137,726	\$ 179,332

Total Multifamily Cost
Current Multifamily Value

\$76.3M
\$99.4M

Note: Values reflective of property book values as at 31 March 2018; figures may not add up due to rounding

Premium New Jersey

Downtown Jersey City | Hoboken | Weehawken

Classic architecture

Exceptional location

Excellent neighbourhoods

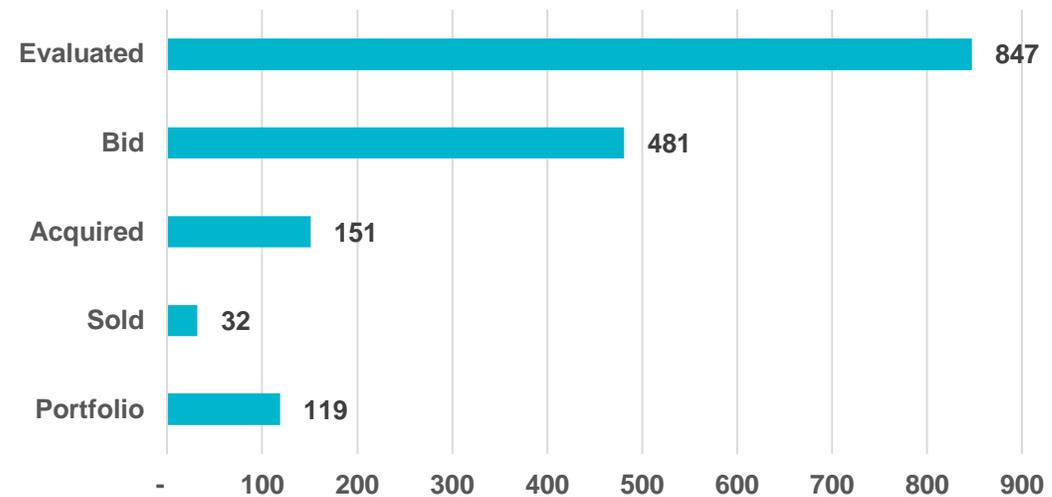


Premium New Jersey



Lower volume of actively marketed properties

Acquisition profile

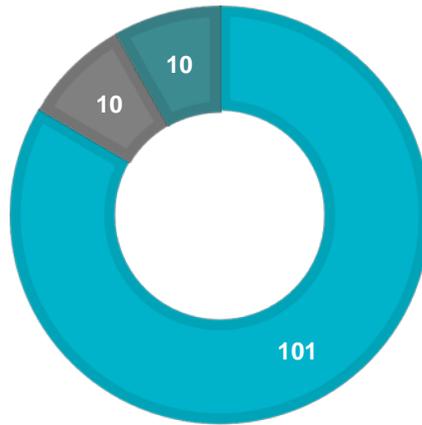


Note: Numbers reflect properties appraised since inception of the Fund

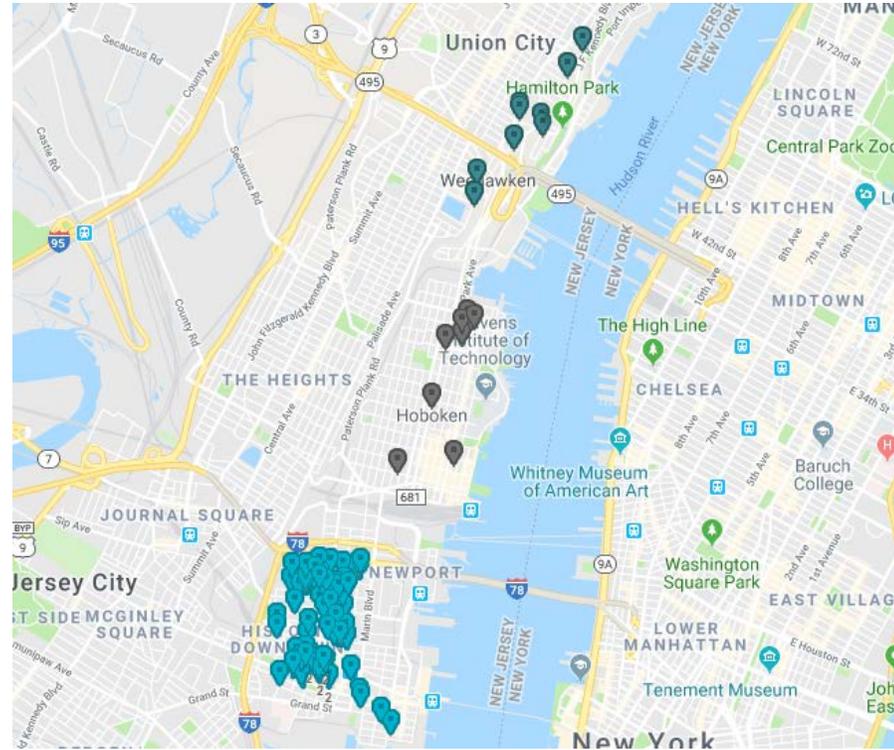
Premium New Jersey

Premium portfolio at attractive valuations

Neighbourhood



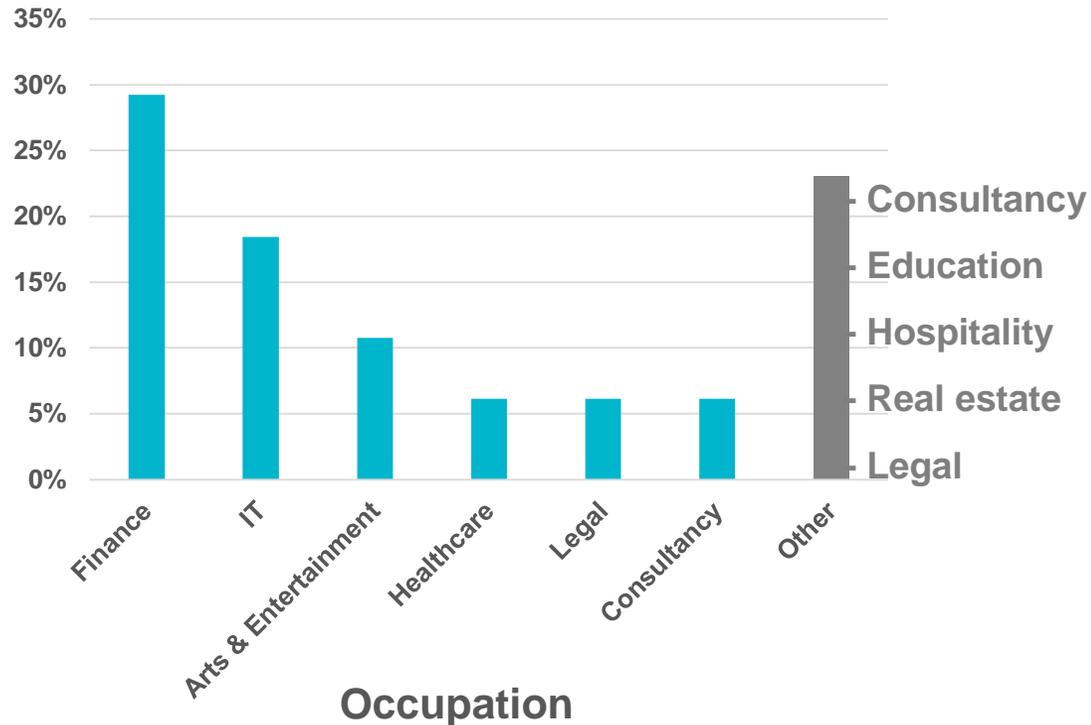
■ Downtown JC ■ Hoboken ■ Weehawken



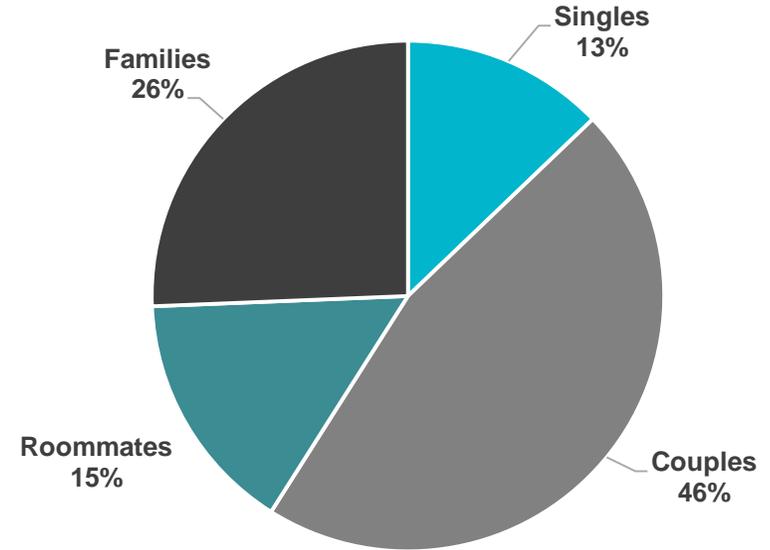
Note: As at 31 March 2018

Premium New Jersey

Who are our tenants?



Note: Values reflective of leases from 1 January 2017 – 31 December 2017



Median household income **USD\$330,000**

Average rent **USD\$6,196 per month**

Premium New York

Brownstone Brooklyn | Harlem | Queens | Lower Manhattan

Irreplaceable assets

Highly sought after locations

Opportunistic acquisitions

“No place epitomizes the American experience and the American spirit more than New York City.”

Michael Bloomberg



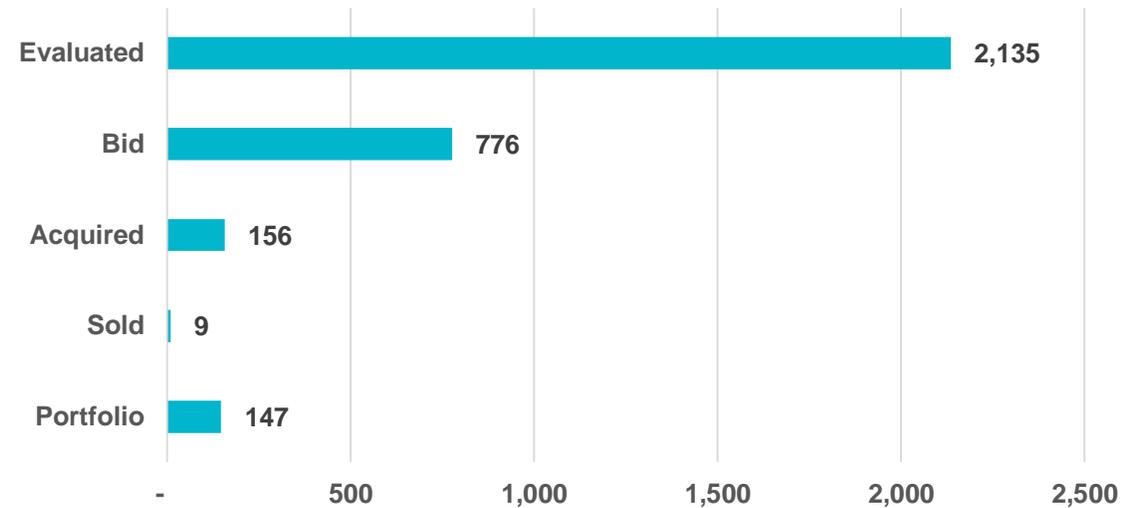
Premium New York

Undervalued assets in gentrifying neighbourhoods



Wide array of properties evaluated across the three boroughs

Acquisition profile

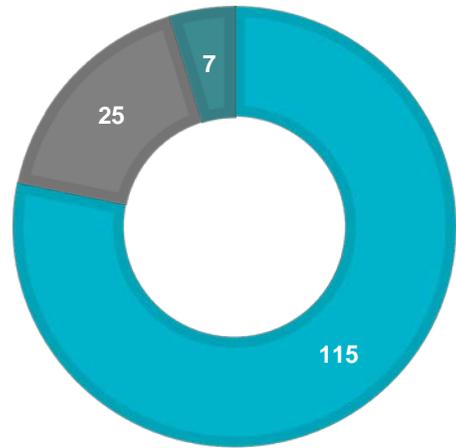


Note: Numbers reflect properties appraised since inception of the Fund

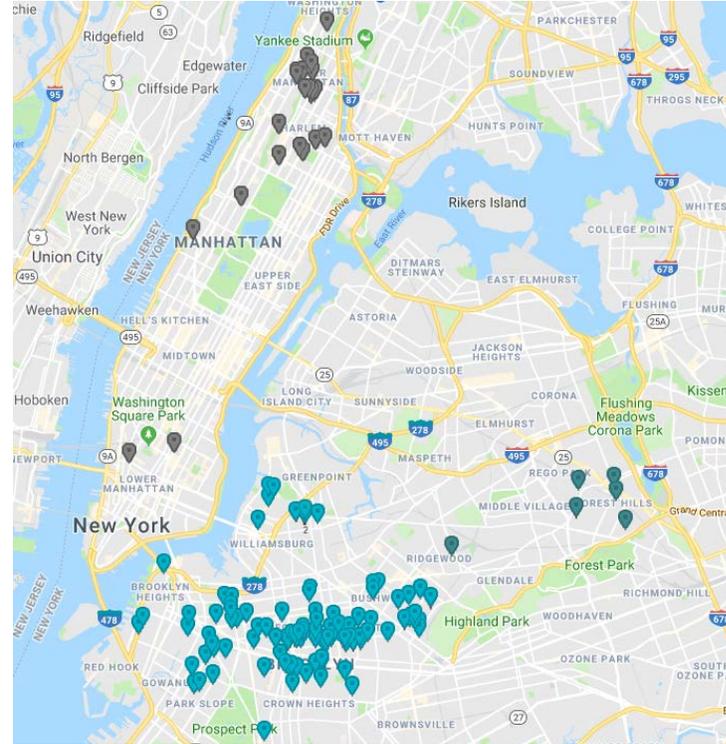
Premium New York

Core holdings of hard-to-find, prime New York properties

Neighbourhood



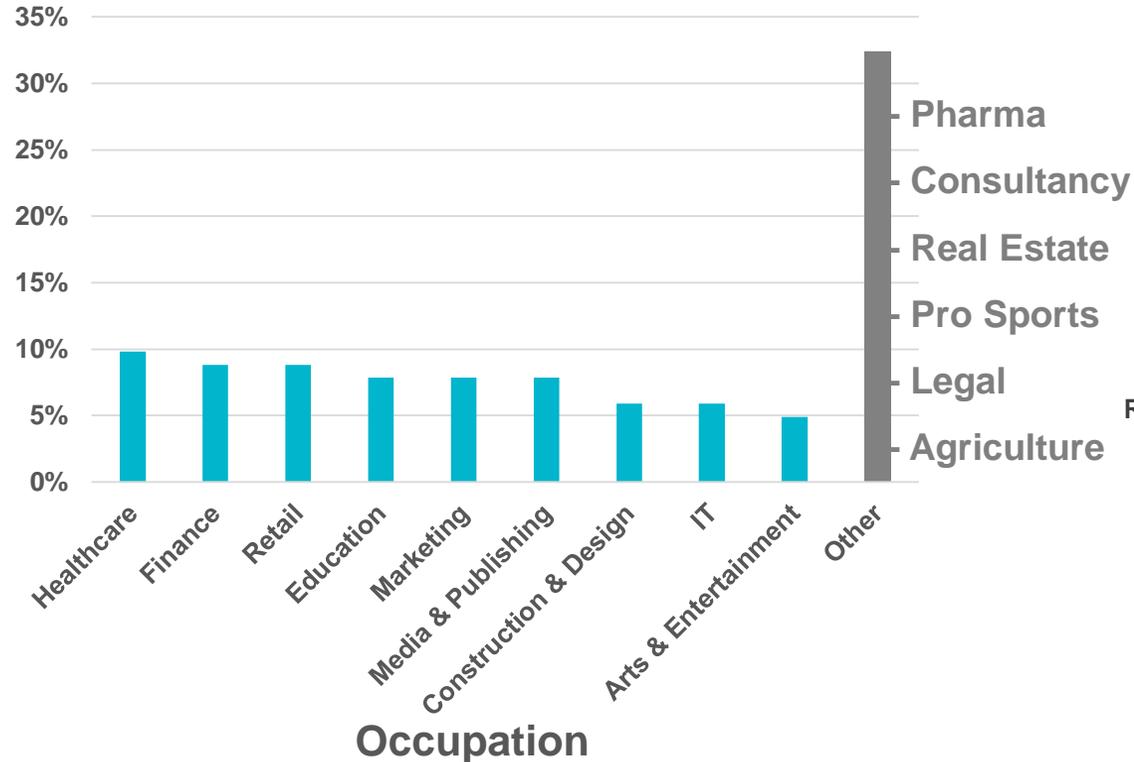
■ Brooklyn ■ Manhattan ■ Queens



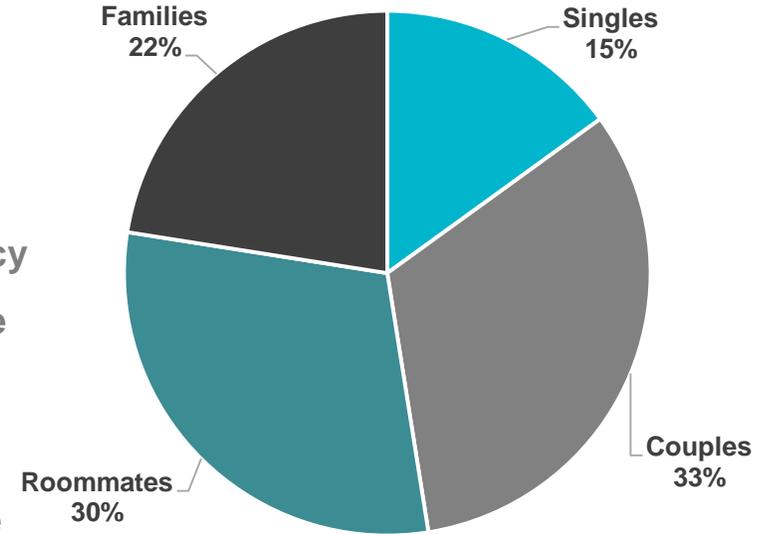
Note: As at 31 March 2018

Premium New York

Who are our tenants?



Note: Values reflective of leases from 1 January 2017 – 31 December 2017



Median household income **USD\$424,874**

Average rent **USD\$7,612 per month**

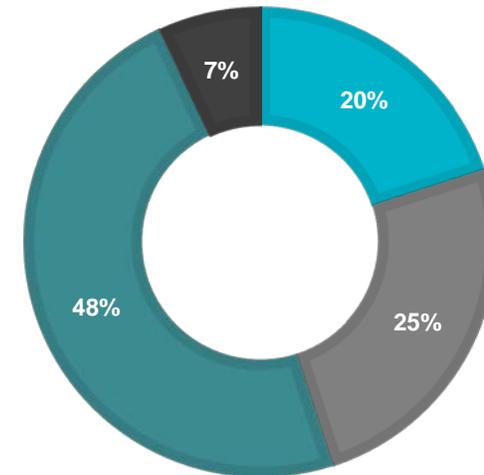
Current portfolio

High-quality, unique, and diversified portfolio of New York metropolitan area residential housing

Region	Properties	Units	Value (US\$M)	Weighting
New Jersey Workforce	397	770	\$188.5	20%
New Jersey Premium	119	198	\$238.2	25%
New York Premium	147	214	\$461.4	48%
Multi-Family	16	554	\$65.7	7%
TOTAL	679	1,736	\$953.8	100%

Note: Values reflective of property book values as at 31 March 2018; figures may not add up due to rounding

Property distribution by value



- New Jersey Workforce
- New Jersey Premium
- New York Premium
- Multi-Family



Strategic Review

Strategic review

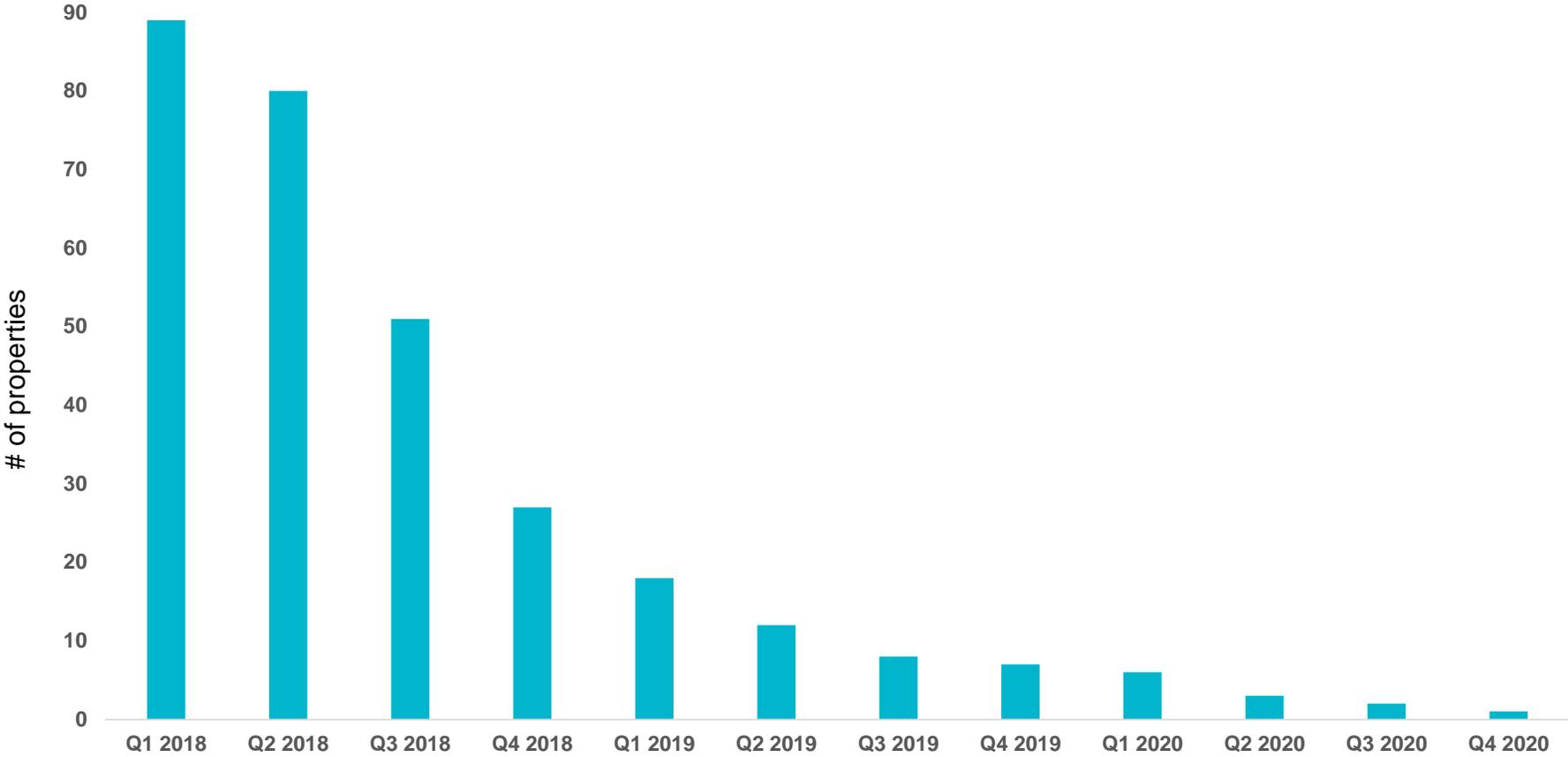
Complete renovation pipeline

Drive cost efficiencies

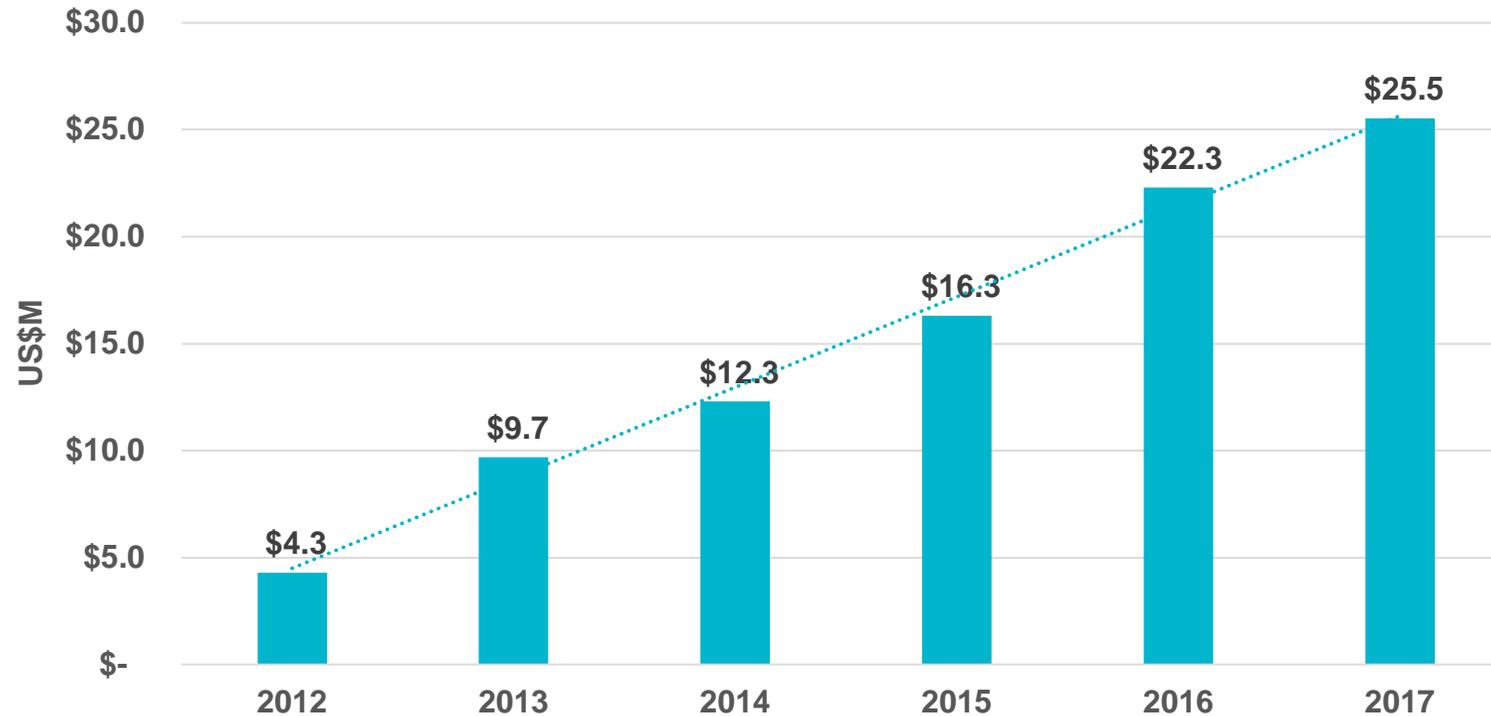
Optimise capital structure



Strategic review – renovation pipeline



Strategic review – income growth

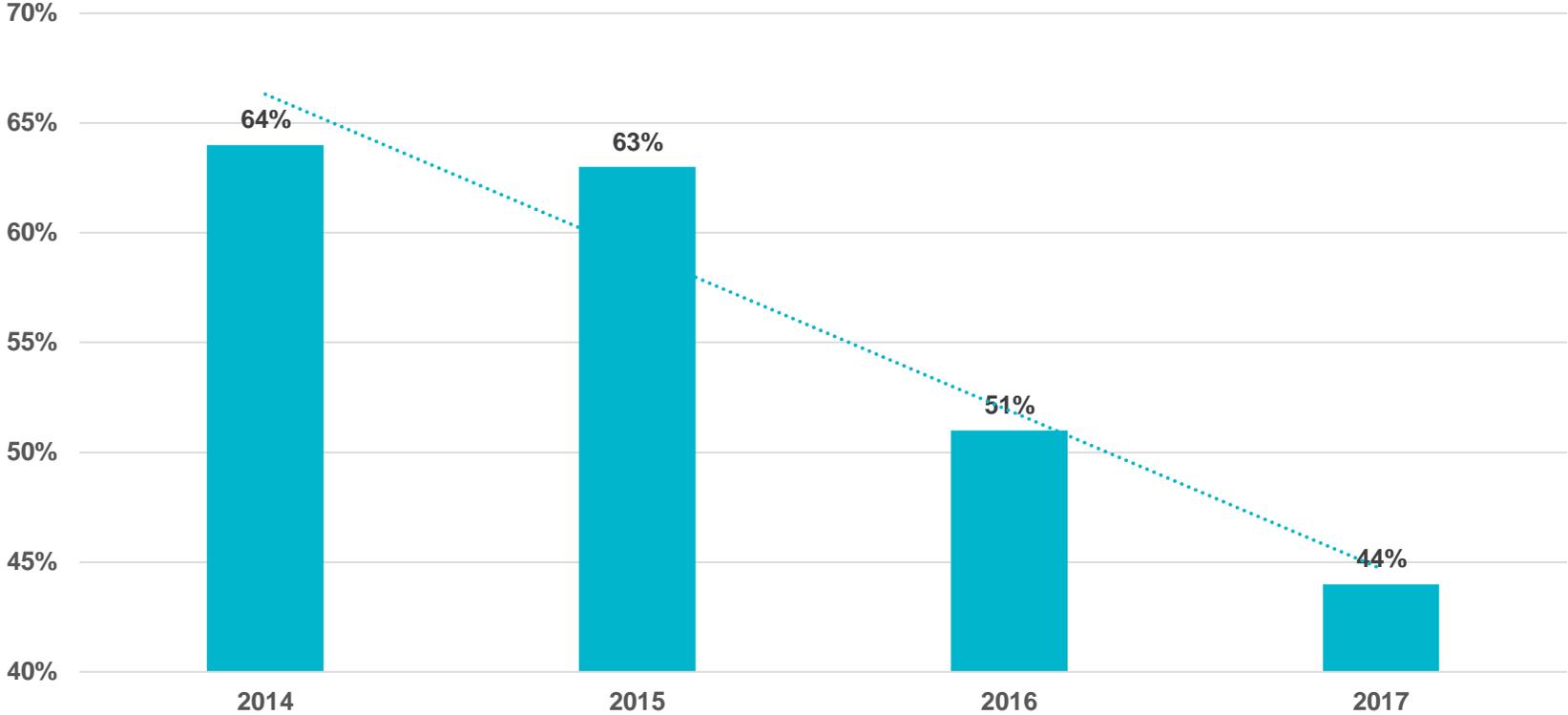


- 2017 gross revenue of US\$25.5m represents a 14% increase over 2016 and a 56% increase over 2015

Note: Values reflective of property book values as at 31 December 2017; figures may not add up due to rounding

Strategic review – cost efficiencies

Portfolio expense ratio



Note: Figures as at December 31, 2017

Strategic review – optimise capital structure

e.g. two largest Single Family Rental companies in the US, recent debt facilities

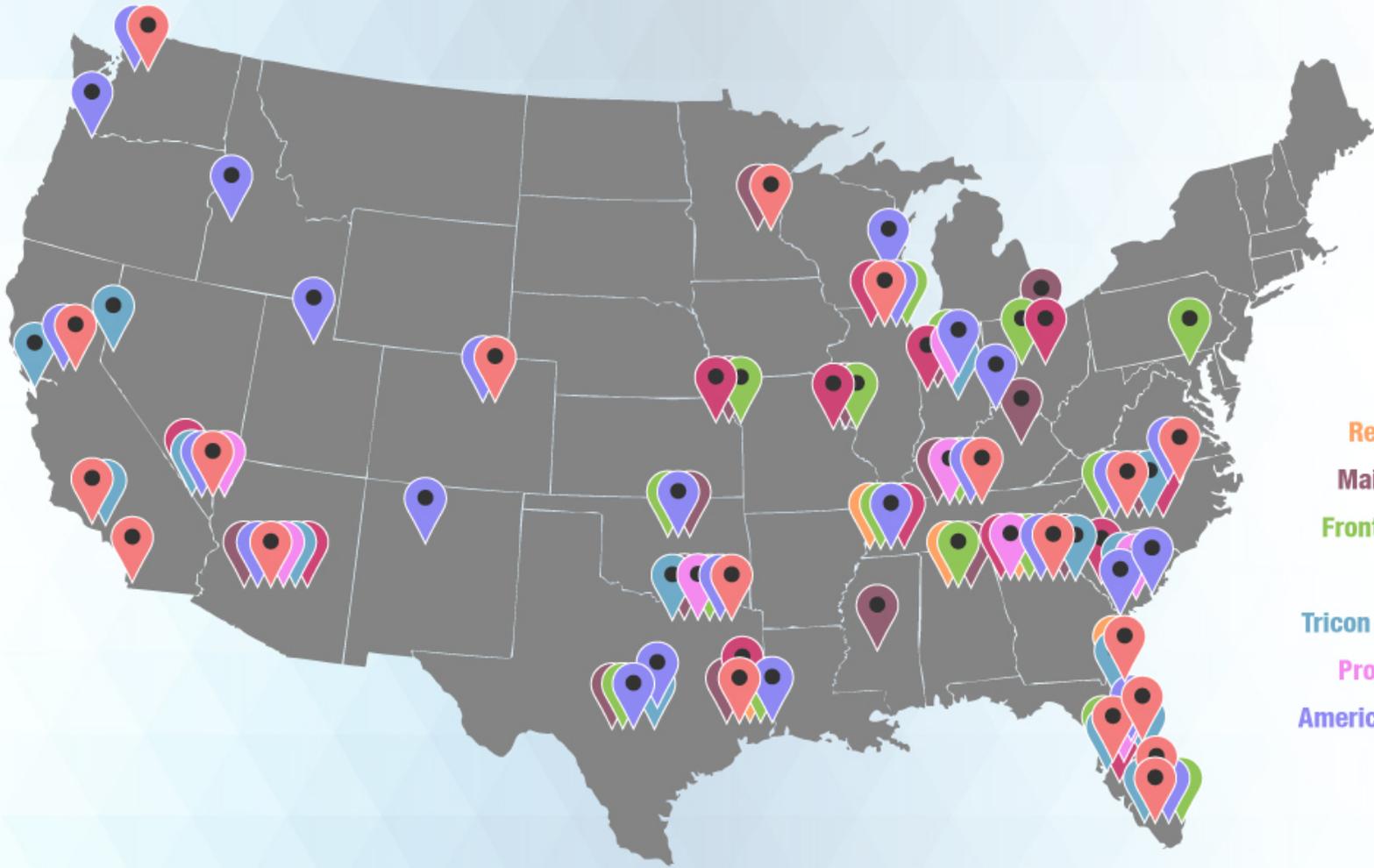
Company	Portfolio Size (\$US)	Houses	Debt facility size (\$US)	Interest rate
Invitation Homes Inc.	\$17.3B	82,570	\$1.0B	LIBOR + 175 to 230 bp
American Homes 4 Rent	\$9.2B	51,239	\$800M	LIBOR + 175 to 230 bp
US Masters Residential	\$1.0B	679	Up to \$400M	LIBOR + 180 bp



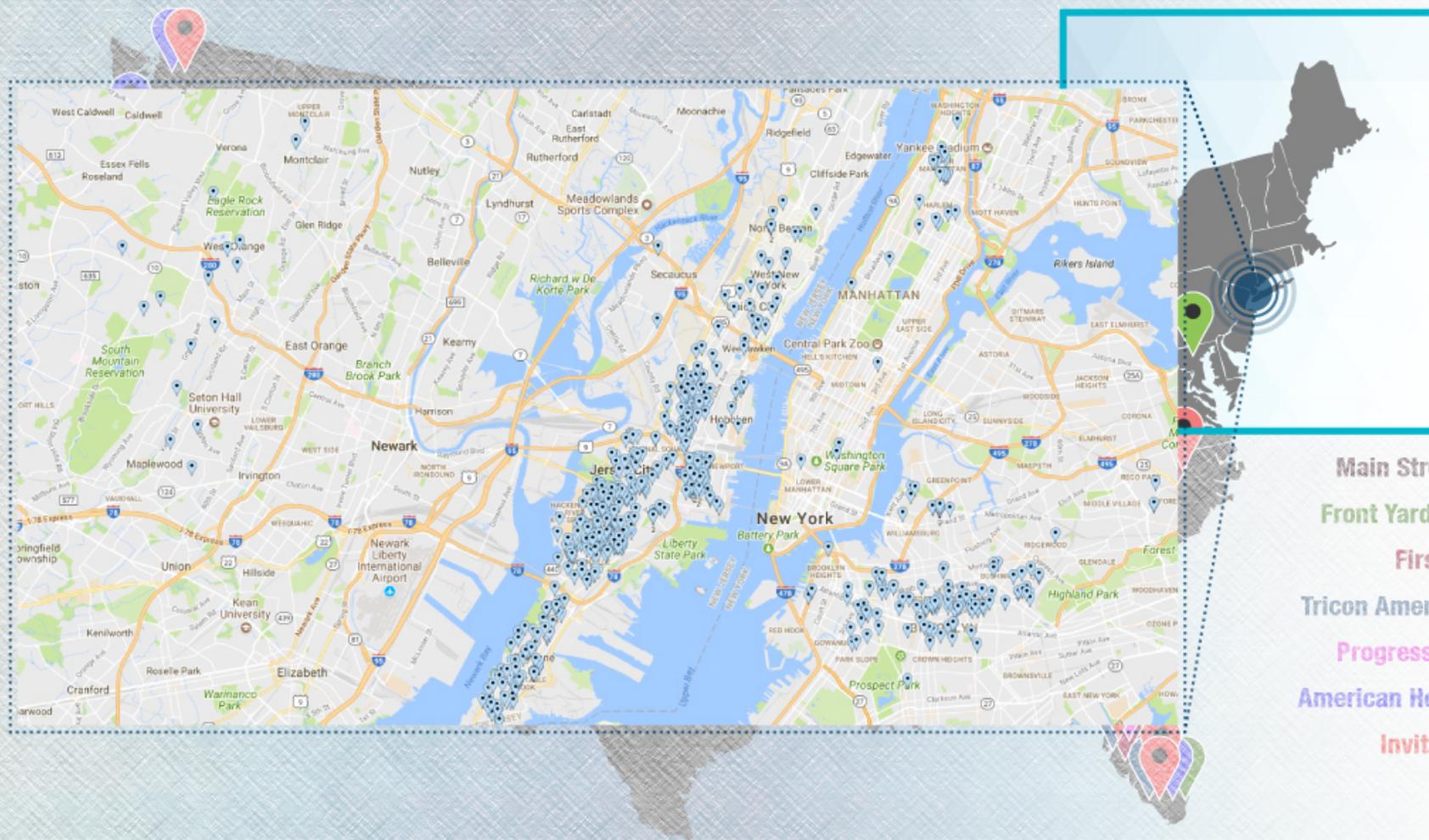
Conclusion



Single-family REITs



			
Reven Housing REIT	799	\$60.4M	\$76K
Main Street Renewal	10,742	\$1.5B	\$141K
Front Yard Residential	12,574	\$1.8B	\$143K
FirstKey Homes	14,000	\$1.9B	\$136K
Tricon American Homes	15,584	\$2.9B	\$154k
Progress Residential	22,320	\$4.1B	\$183K
American Homes 4 Rent	51,239	\$9.2B	\$180K
Invitation Homes	82,570	\$17.3B	\$210K



Using REIT

			
	799	\$60.4M	\$76K
Main Street Renewal	10,742	\$1.5B	\$141K
Front Yard Residential	12,574	\$1.8B	\$143K
FirstKey Homes	14,000	\$1.9B	\$136K
Tricon American Homes	15,584	\$2.9B	\$154k
Progress Residential	22,320	\$4.1B	\$183K
American Homes 4 Rent	51,239	\$9.2B	\$180K
Invitation Homes	82,570	\$17.3B	\$210K