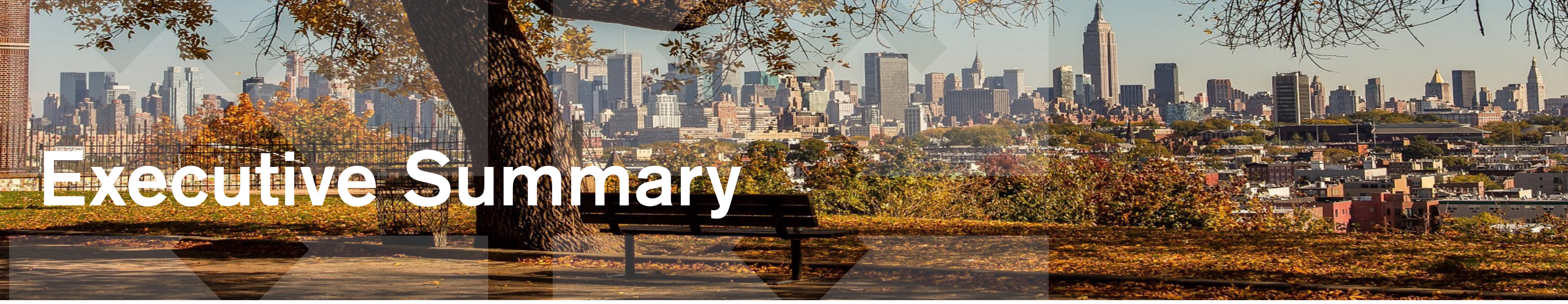
QUARTERLY UPDATE

January - March 2023

19 May 2023

US Masters Residential Property Fund



Executive Summary

Welcome to the US Masters Residential Property Fund's (URF or Fund) Quarterly Report for the period 1 January 2023 to 31 March 2023.

During the quarter, the joint venture (Joint Venture or JV) with Brooksville Company LLC (Brooksville) and management arrangement with Pinnacle City Living, LLC (a New York based property management firm and subsidiary of Cushman & Wakefield (Pinnacle)) commenced in earnest. As has been communicated to investors, the Joint Venture significantly improves alignment of the manager to URF unitholder outcomes and de-risks the operational aspects of managing the portfolio as compared to the Fund's previous internalised management structure. Brooksville remain tasked with the successful execution of a sales program to return capital quickly and efficiently to unitholders, and as Q2 and Q3 present as the optimal selling seasons in the New York metropolitan region, the Fund is beginning to see the sales pipeline evolve.

During the first quarter of 2023, the Fund closed on US$3.03 million in sales across three transactions. As of the end of the quarter, the Fund had a total of US$56 million worth of assets in the sales pipeline which were either under contract, on the market, or being prepared for sale. Additionally, and as mentioned in the Q4 2022 report, the Fund has completed the steps required under the Right of First Refusal provision for each of the three Urban American multifamily building joint ventures.

The Fund's operational results remained strong, with Q1 2023 General & Administrative (G&A) expenses coming in at A$2.7 million, a reduction of 10.3% compared to the result of Q1 2022 and 20.1% lower than the corresponding period in 2021. On a same-home basis, total portfolio NOI increased in Q1 2023 by US$236,000 or 5% when compared to Q1 2022, and the Fund's same-home trailing 12-month NOI to 31 March 2023 was US$18.9 million, a 1% increase from the full-year 2022 result.

Q1 2023 saw the Fund record an unadjusted Funds From Operations (FFO) loss of A$0.7m, and excluding disposal costs, the FFO loss for Q1 2023 was A$0.4 million. Pleasingly, the Fund's FFO result for Q1 2023 – adjusted for reduced disposal costs and one-off expenses – represents an 18% improvement compared to Q1 2022.

The capital generated from the Fund's sales program during the quarter was used to repay US$1.65m of the Global Atlantic Term Loan, as well as to continue to fund the Buyback program for URF Ordinary Units (ASX: URF). During the quarter, the Fund executed on the purchase of 15,963,464 URF Ordinary shares for an aggregate consideration of A$4,730,229.

Finally, it was announced during the quarter that E&P Investments Limited (E&PIL), in its capacity as responsible entity (RE) of the Fund, had commenced a process to seek proposals for an external professional third party RE to replace E&PIL. It was announced on 15 May 2023 that the Board of E&PIL have selected K2 Asset Management Ltd (K2) for the role based on a range of factors, including K2's extensive experience and expertise in the provision of responsible entity and trustee services, having entered the space in 2005, and their competitive fee proposal.

The Explanatory Memorandum (here) sets out information that is material to a Unitholder's decision on how to vote on the Resolution, including the reasons for the Proposal and the possible advantages and disadvantages of the Proposal.

As always, investor feedback and questions can be directed to the Fund's Investor Relations team at URFInvestorRelations@usmrpf.com.

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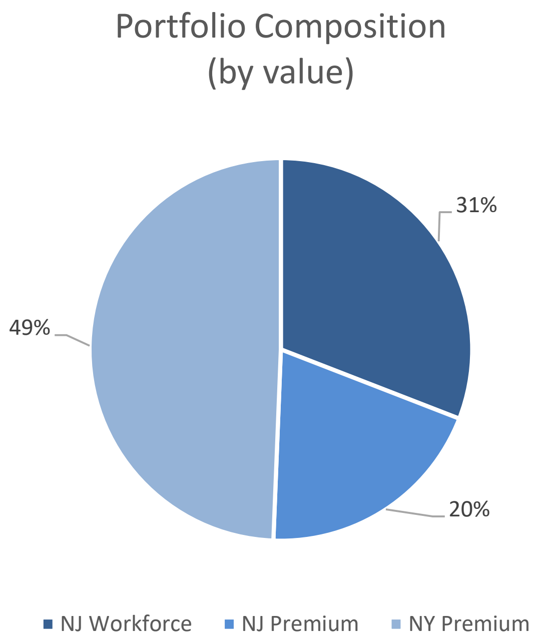
Portfolio Composition

The following geographic distribution represents the Fund's 1-4 family portfolio as at 31 March 2023:



Location	Value (USD)	Property Count	Location	Value (USD)	Property Count
NJ Workforce	**$199,029,553**	**293**	**NY Premium**	**$318,104,505**	**94**
Bayonne	$33,698,275	54	Bedford-Stuyvesant	$95,544,620	38
Bergen-Lafayette	$7,958,721	11	Boerum Hill	$7,896,846	2
Greenville	$37,768,340	66	Bushwick	$21,170,557	14
Jersey City Heights	$52,698,016	60	Clinton Hill	$13,760,596	4
Journal Square	$19,888,678	26	Cobble Hill	$7,410,297	2
North Bergen	$4,689,181	8	Crown Heights	$31,504,188	13
Secaucus	$530,069	1	Lefferts Garden	$3,465,394	1
Union City	$3,558,070	5	Fort Greene	$12,193,483	3
West Bergen	$36,316,676	59	Park Slope	$36,474,910	7
West New York	$1,923,528	3	Prospect Heights	$5,000,004	1
NJ Premium	**$127,137,765**	**67**	Williamsburg	$18,183,563	6
Downtown	$118,225,608	61	Hamilton Heights	$11,279,343	3
Weehawken	$8,912,157	6	Harlem	$54,220,705	15

Source: US REIT. Valuation figures may not sum due to rounding.

Asset Sales

During Q1 2023 the Fund closed on the sale of US$3.03 million in sales across three transactions from the 1-4 Family portfolio. The book value of these three assets was US$3.05 million. The closing costs associated with the three sales were US$0.17 million, and the aggregate repayment made towards the Global Atlantic Term Loan as a result of the property releases was US$1.65 million.

At 31 March 2023, the Fund also had US$13.4 million of properties under contract or with an accepted offer in place, and US$42.7 million on the market or in the short-term pipeline for sale. These properties under contract are likely, but not guaranteed, to close.

The sales pipeline outlined below is expected to grow in the coming months as tenants submit their notice of intent to vacate, which is typically one to two months in advance of becoming vacant.

Category	NY Premium ($USD Million)	NJ Premium ($USD Million)	NJ Workforce ($USD Million)
Sales Pipeline	$32.7	$5.3	$1.2
On the Market	-	$1.7	$1.8
Attorney Review or Under Contract	$8.9	$1.8	$2.6
Total	**$41.6**	**$8.8**	**$5.7**

As was previewed in the Fund's Full Year Webcast, Brooksville are engaged in continued negotiations with New York and New Jersey brokerage firms regarding a structured agreement for the asset-by-asset sales program. The agreement reached is expected to assist the Fund in transacting on assets for the highest price possible in the prevailing market while simultaneously reducing sales commissions payable by the Fund.

As advised in the Q4 2022 report, the Fund has completed the steps required under the Right of First Refusal provision for each of the three Urban American multifamily building joint ventures, with a selling broker appointed for the buildings and all multifamily assets being actively marketed for sale. Should these assets transact, the proceeds are expected to be dedicated toward a continuation of the buyback program.

These three large-scale apartment complexes are worth a combined US$33.2 million, with URF being a part owner of the assets, having an economic interest of approximately US$7.0 million.

Source: US REIT. Figures may not sum due to rounding.

Capital Management

The Fund's debt levels reduced slightly during the quarter, with US$1.65m million being repaid from the Global Atlantic Term Loan following the settlement of property sales used as collateral for this loan account.

The Global Atlantic Term Loan will continue to be reduced in coming periods as assets that are used as collateral are sold. As properties are sold from the collateral pool, a required repayment will be made to Global Atlantic based on the sold property's allocated loan amount. Residual sales proceeds will continue to be used to fund the on-market buybacks or made available for other capital management opportunities.

Debt Levels & Blended Cost of Interest Calculation

	US$ Balance at 31-Mar-22	US$ Balance at 30-Jun-22	US$ Balance at 30-Sep-22	US$ Balance at 31-Dec-22	US$ Balance at 31-Mar-23
Global Atlantic - Term Loan (4.00%)	348,034,311	348,034,311	348,034,311	343,423,092	341,775,265
Total	**348,034,311**	**348,034,311**	**348,034,311**	**343,423,092**	**341,775,265**
Indicative Annual Interest Cost	**13,921,372**	**13,921,372**	**13,921,372**	**13,736,924**	**13,671,011**

Source: US REIT.

Excludes multi-family level debt for investments with Urban American.

The RE continues to believe that an on-market buyback (Buyback or Buyback program) is an effective means of returning any surplus capital to Unitholders and enables the Fund to maintain an efficient capital structure. The RE announced on 7 February 2023 its proposal to increase the capacity of the Buyback program. The Resolution was passed on 1 March 2023 enabling the Fund to buy back a maximum of 25% of the number of issued Units as at the close of trade on 28 February 2023 during the 12-month period from 2 March 2023. It is not guaranteed that the RE will buy back the maximum number of ordinary units permitted under the Buyback or any ordinary units at all.

During the quarter the Fund executed on the purchase of 15.9 million URF Ordinary shares for an aggregate consideration of A$4.7 million. As previously communicated, the Fund's Convertible Preference Units (ASX: URFPA) were converted to Ordinary Units on 3 January 2023.

	Number	Consideration A$
Month end	**Ordinary Shares**	**Ordinary Shares**
January	3,542,088	$ 960,733
February	3,958,700	$ 1,104,980
March	8,462,676	$ 2,664,516
	15,963,464	**$ 4,730,229**

Source: US REIT.

Capital Management

The Fund's cash holdings reduced during the quarter as surplus cash reserves were used to fund the Buyback program. The Fund ended the quarter with US$22.5 million (A$33.7 million) in cash.

In addition to the Buyback program, the RE is continuing to review the potential for a special distribution and expects to make a determination regarding such distribution closer to 30 June 2023. While there is no guarantee that such a distribution will be made, or that the available capital outlined will be available for unitholders, as at 31 March 2023 the Fund has broadly allocated its available capital as follows:

Capital Allocation	$A Million
Cash Balance	$33.7
Less: Global Atlantic Liquidity Covenant	($15.0)
Less: Working Capital & Buyback Funding	($12.0)
Cash for Capital Management, Capex. and/or Distribution	**$6.7**

AUD/USD spot rate of 0.6685 as at 31 March 2023.

Source: US REIT.

Portfolio Occupancy

At 31 March 2023, the Fund's 1-4 family portfolio had 94% of its units leased.

The Fund's goal is to have as many properties fully leased as possible, while noting that properties in the sales program may be intentionally left vacant to maximise the potential sales price.

This is particularly relevant when assets advertised for sale are being targeted to an owner-occupier (rather than an investor). Given that the Fund has now re-commenced its sales program, 20 units were vacant as a part of the sales pipeline. It is expected that the number of units that are vacant prior to sale will continue to increase as the Fund continues to progress with the accelerated sales program.

1-4 Family portfolio (as at 31 March 2023)	Unit Count	%
Leased	816	94%
For Lease or In Turnover	33	4%
Vacant pending sale	20	2%
Total	**869**	**100%**

Source: US REIT.

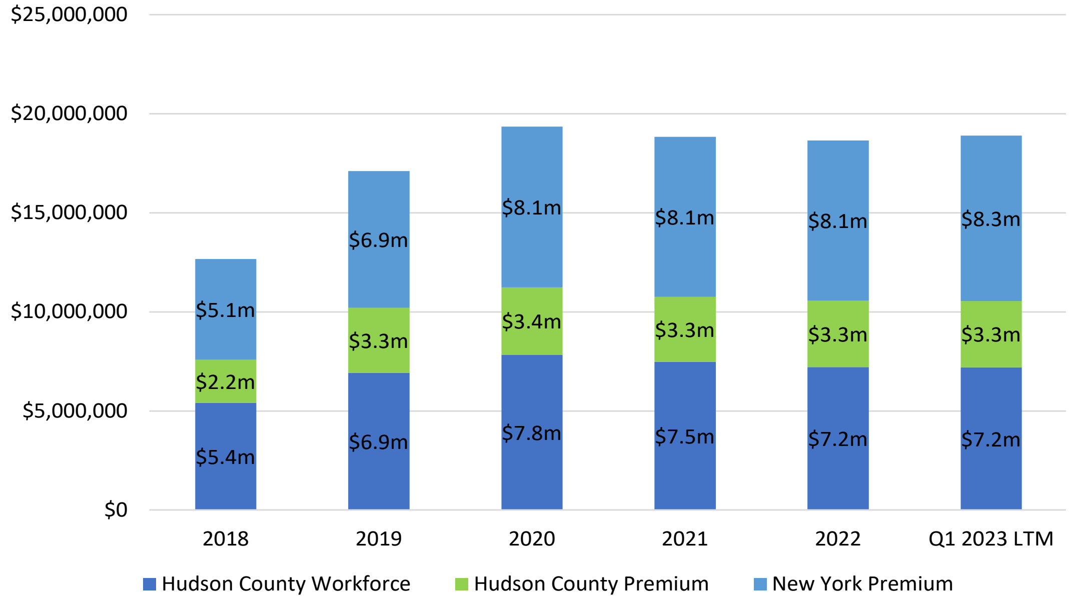
Net Operating Income

The Fund is focused on managing the portfolio as efficiently as possible to maximise its Net Operating Income (NOI), being the net rental revenue that the Fund receives after paying property level expenses.

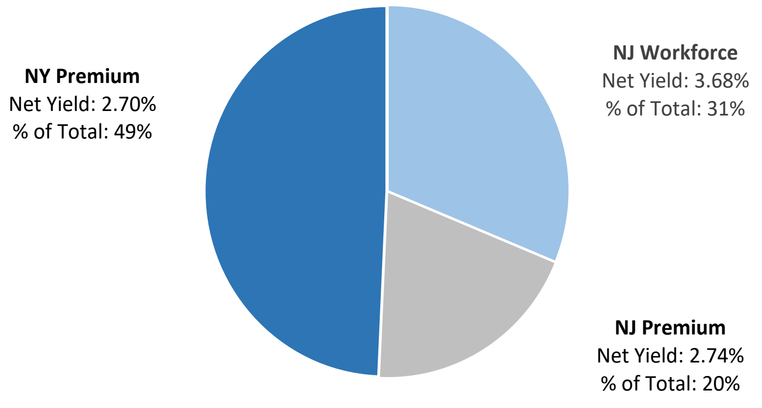
As a result of the sales program, total portfolio revenue is expected to decrease as the portfolio continues to reduce in size and with properties vacated in advance of sale. To remove the impact of the sales program and review income performance in a consistent manner, the following analysis reviews the portfolio on a 'same home' basis, meaning that it only considers assets currently owned, income generating or for lease (but not on the market or under contract for sale), and looks at the income generated by that "stabilised" pool of properties over time.

Looking specifically at both Q1 2022 and Q1 2023, the same-home NOI increased by US$236,000, or 5%, largely driven by improved revenue results in Q1 2023. At the end of Q1 the Fund's same-home trailing 12-month NOI was US$18.9 million, a 1% increase from the full-year 2022 result.

NOI (USD): Same-Home Stabilised 1-4 Family Properties



Q1 2023 LTM NOI Yield: Same-Home Stabilised 1-4 Family Properties



Source: US REIT. Figures may not sum due to rounding.

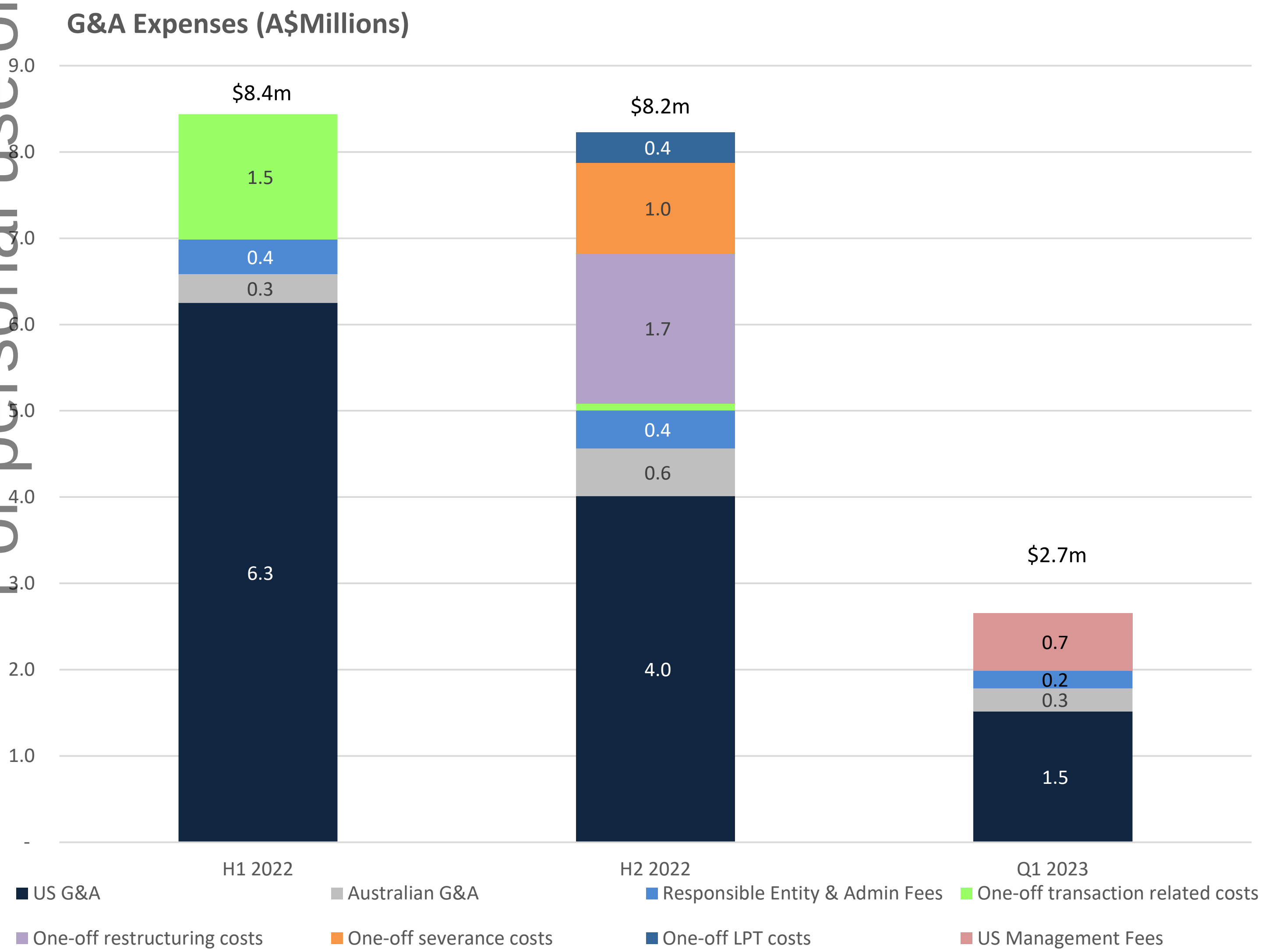
Note: "Same-home" assets by segment will not match the total portfolio distribution as it excludes assets held for sale. LTM refers to last twelve months.

Past performance is not a reliable indicator of future performance.

General and Administrative (G&A) Expenses

Managing and reducing G&A expenses remains a key goal of the Fund, and while the overall G&A change is not expected to be material following the commencement of the Joint Venture, the Fund anticipates a lower incurrence of non-recurring expenses than in previous periods.

During Q1 2023, the Fund's G&A expenses were A$2.7 million. This is a 10.3% reduction from the Fund's Q1 2022 G&A result where the Fund incurred one-off expenses in relation to the Rockpoint Bulk Sale transaction. On a normalised basis (excluding non-recurring expenses), the quarterly G&A expenses are largely unchanged from the Q1 2022 result, and pleasingly 20.1% lower than the Fund's Q1 2021 result.

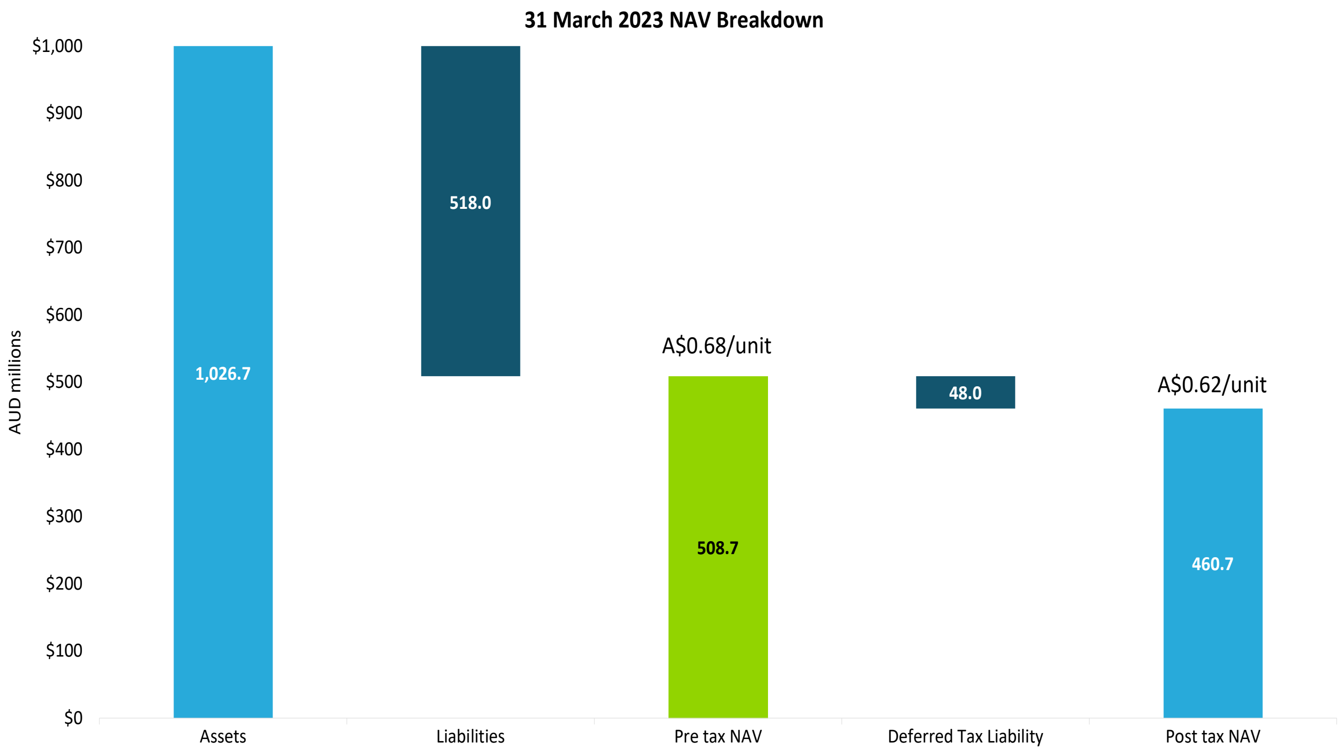


AUD/USD average rate of 0.6947 and 0.6836 for 2022 and Q1 2023 respectively.
Source: US REIT. Figures may not sum due to rounding.

Net Asset Value

At 31 March 2023, the pre-tax NAV was A$0.68 per unit (A$0.62 post-tax).

It is to be noted that the conversion of CPUs into ordinary units occurred during the quarter, and resulted in the issuance of 369,773,875 new ordinary units, bringing the total units outstanding to 751,333,477 as at conversion date.



Source: US REIT. Figures may not sum due to rounding.

Fund Cash Flow Profile

The following FFO analysis outlines the Fund's major cash-flow drivers. This excludes non-cash items, such as depreciation, foreign exchange movements and changes in underlying asset values, as well as capitalised expenses and investor distributions. While these additional factors are vital to reviewing the Fund's overall financial performance, the FFO analysis provides an important overview of the Fund's cash flow position.

Historically, the Fund absorbed cash while it focused on growing and renovating its portfolio. While asset value growth and favourable currency movements have the ability to outweigh the Fund's operational cash losses and generate a profit, with the reimplementation of the asset sales program (and accompanying transaction costs and drag on portfolio cash flows as assets are held vacant for sale) it is expected that the Fund will likely incur increased operational cash outflows while it focuses on efficiently and expeditiously selling assets and returning capital to unitholders.

Q1 2023 saw the Fund record an unadjusted FFO loss of A$0.7m. After excluding disposal costs, the FFO loss for Q1 2023 was A$0.4 million. The Fund's unadjusted FFO result for Q1 2023 represents a 72% improvement compared to Q1 2022, and after adjusting for one-off costs incurred in the Q1 2022 period, the result represents an 18% improvement. While the Fund's long-term strategy of running a sales program to return capital to investors may inhibit the Fund becoming cash-flow positive, Management remains committed to maximising revenue and reducing expenses through every means possible. The Fund's reduced G&A is a pleasing result of this targeted cost reduction, as well as the expectation that one-off expenses will be incurred less frequently than in previous years.

A$	2018	2019	2020	2021	2022	Q1 2023
Revenue from Ordinary Operations	**38.1**	**49.7**	**45.4**	**39.7**	**44.1**	**11.1**
One-Off Income			**1.9**	**-**	**0.3**	**-**
Investment Property Expenses	(16.3)	(19.2)	(14.9)	(13.1)	(15.7)	(4.0)
Investment Property Disposal Costs	(3.6)	(4.3)	(5.7)	(7.3)	(2.2)	(0.3)
G&A	(25.1)	(22.2)	(16.0)	(15.1)	(12.1)	(2.6)
One-Off Refinancing Costs - G&A	-	-	(1.3)	-	-	-
One-Off Transaction Related Costs - G&A	-	-	-	-	(1.5)	-
One-Off Restructuring Costs - G&A	-	-	-	-	(1.7)	-
One-Off Severance Costs - G&A	-	-	-	-	(1.0)	-
One-Off LPT Costs - G&A	-	-	-	-	(0.4)	-
EBITDA	**(6.9)**	**4.0**	**9.4**	**4.2**	**9.7**	**4.3**
EBITDA (excluding disposal costs and one-off items)	**(3.4)**	**8.3**	**14.5**	**11.5**	**14.1**	**4.5**
Net Interest Expenses (Excluding Notes Interest)	(20.5)	(21.2)	(16.6)	(21.2)	(20.1)	(5.0)
One-Off Refinancing Costs - Interest	-	-	(0.4)	-	-	-
Notes Interest	(21.7)	(19.8)	(13.0)	(0.3)	-	-
Funds From Operations (FFO)	**(49.0)**	**(37.1)**	**(20.7)**	**(17.4)**	**(10.5)**	**(0.7)**
FFO (excluding disposal costs and one-off items)	**(45.5)**	**(32.8)**	**(15.1)**	**(10.0)**	**(3.9)**	**(0.4)**

Source: US REIT.
Note: Excludes Convertible Preference Unit (URFPA) distributions as they are equity distributions. AUD/USD average rate of 0.7476, 0.6953, 0.6910, 0.7513, 0.6947 and 0.6836 for 2018, 2019, 2020, 2021, 2022 and Q1 2023 respectively. FFO is reported on a cash accounting basis. Figures in table may not sum due to rounding.

Board of the Responsible Entity

Stuart Nisbett INDEPENDENT CHAIR

Peter Shear INDEPENDENT DIRECTOR

Warwick Keneally DIRECTOR

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Important Information

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