



QUARTERLY UPDATE

October - December 2024

28 February 2025

Executive Summary

Welcome to the US Masters Residential Property Group's (**URF** or **Group**) Quarterly Report for the period 1 October 2024 to 31 December 2024, to accompany the release of the Group's Full-Year Statutory Accounts for the period ended 31 December 2024.

The fourth quarter of 2024 represented the strongest quarterly result since the reimplementation of the sales programme, with the Group closing on US\$51.68 million in sales across 43 transactions, taking the full year sales to US\$150.97 million across 104 transactions. Pleasingly, the result of the sales programme for 2024 is in line with the target of \$150 million set at the beginning of the year. Looking forward to 2025, the RE has advised security holders that the sales target for the 2025 calendar year is in the range of US\$200 to \$225 million. As was the case in the prior year, this figure remains a target (and not a forecast) but is nonetheless representative of the Group's desire to continue to accelerate the return of capital to its security holders. As of 31 December 2024, the full sales pipeline as of the end of the quarter was US\$156.30 million, which includes assets in the pipeline for sale, on the market or in attorney review and under contract.

Consistent with prior years, the Group completed its semi-annual portfolio appraisal process which reflected a decrement of -US\$8.1 million, or -1.8%, for the six-month period ended 31 December 2024. Taking into account the appraisal result of the first half of the financial year, the Group recognised an overall decrement for the 2024 calendar year of -US\$12.8 million, or -2.35%.

The half-year fair value movement was attributable to the New Jersey Workforce valuations decreasing by -2.3%, the New Jersey Premium segment decreasing by -3.6% and the New York Premium segment decreasing by -0.9%. The New York Premium segment's movement was largely being driven by continued weakness in Harlem, where the Group's assets declined by -6.08% for the half year period, and -10.56% for the full year.

Looking to the operational performance of the Group for the 2024 calendar year:

- General & Administrative (**G&A**) expenses for the year were A\$12.7 million. The result is unchanged from the 2023 calendar year. On a normalised basis, which excludes one-off expenses, the result is a -5% reduction when compared to 2023 calendar year.
- Net Operating Income (**NOI**) on a same-home basis for the 2024 calendar year was US\$9.4m. This represents an increase of 14% when compared to the full year 2023 result, primarily driven by strong rental growth. As has been detailed in prior investor communications, the Group has continued to attempt to drive vacancy through issuing significant rental increases in an effort to continue to grow the sales pipeline, as it is generally more advantageous to market properties for sale with at least one unit vacant (rather than tenanted). In cases where the tenant accepts the rental increase rather than vacating the property, the underlying NOI on a 'same home' basis is bolstered.
- The Group's unadjusted Funds From Operations (**FFO**) was a loss of A\$27.2 million for the 2024 calendar year. Excluding disposal costs and one-off items, the adjusted FFO was a loss of A\$8.4 million. As previously advised, the Group expects to incur an FFO loss as it continues to sell down the portfolio. In addition to lost revenue on properties held vacant for sale, properties in the sales pipeline continue to incur holding costs (such as property taxes and insurance) during the period in which they are marketed for sale.

The net proceeds generated from the Group's sales programme during the quarter was used to repay US\$31.6 million of the Global Atlantic Term Loan, as well as to continue to fund buybacks for URF Stapled Securities (formally URF Ordinary Units). During the half-year, the Group executed on the purchase of 6.0 million URF Stapled Securities for an aggregate consideration of A\$2.1 million.

Finally, subsequent to quarter-end, the Group announced the finalisation of its review of the US tax structure. As a result of this review, the classification of the US vehicle for US tax purposes has changed from that of a REIT to that of a C-Corp. At the same time, the US vehicle has adopted a formal plan of liquidation. Structured as a C-Corp, the US vehicle is now subject to US corporate taxes at a current effective rate of approximately 32% but can use historical losses to reduce taxable income expected to arise over the course of the sell down period. In addition, repatriation of funds from the US to Australia that are connected to a plan of liquidation do not incur a withholding tax obligation. As a result of these changes, the Group's net deferred tax liability has reduced from \$40.2 million to \$3.5 million. As the aforementioned changes occurred subsequent to year end, the reduction in the net deferred tax liability has been reflected in 2025.

The changes in the structure of the US vehicle do not impact the ongoing operations of the Australian entities or of the Stapled Group as a whole. Further details can be found [here](#).

Investors may contact the Investor Relations team at URFInvestorRelations@usmrpf.com or on (03) 9691 6110.



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Portfolio Valuation

At the end of 2024, the Group completed its regular semi-annual asset valuation process. Consistent with prior periods, the process was conducted by obtaining asset-specific appraisals using the comparable sales methodology from a panel of independent brokers and real estate appraisers. The comparable sales approach identifies at least three comparable sales in terms of geographic location, proximity of sale date and condition of property to assign a value to the subject property. As part of the appraisal process, properties that are under contract for sale are marked to their contracted values and properties that are on the market for sale are marked to their list price.

For the half-year, 78% of the portfolio by value (73% by number) was appraised. The appraisal results in each neighborhood were then used to calculate neighborhood specific extrapolation factors to be applied to properties not appraised in the current period so as to arrive at an overall fair value of the portfolio.

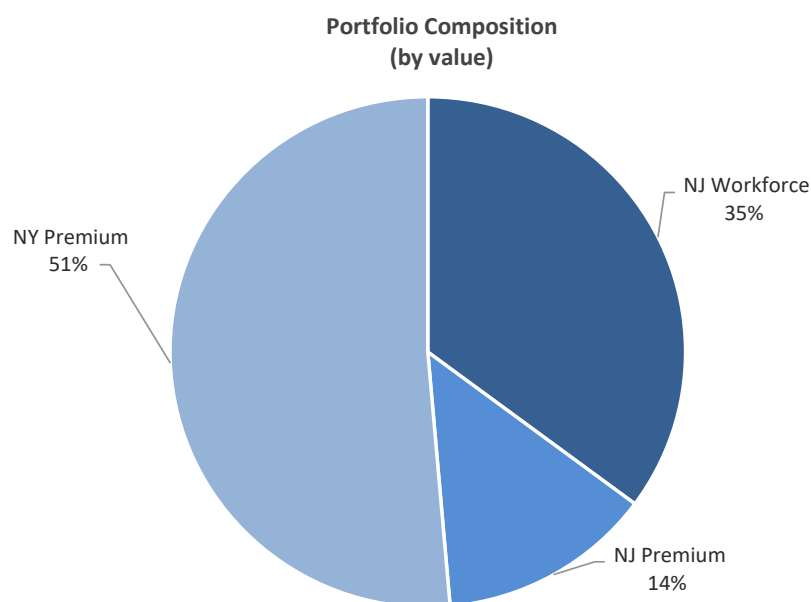
The aggregate result of this process for the 1-4 family portfolio for the half-year period ended 31 December 2024 is below (in USD):

Portfolio Segment	Opening Book Value	Closing Book Value	Change	Half Year Movement
New Jersey Workforce	\$158,260,783	\$154,595,214	-2.3%	-\$3,665,569
New Jersey Premium	\$61,500,730	\$59,264,266	-3.6%	-\$2,236,464
New York Premium	\$228,183,560	\$226,021,004	-0.9%	-\$2,162,556
Total	\$447,945,074	\$439,880,484	-1.8%	-\$8,064,590

The aggregate valuation change equates to a -2.9% reduction in the pre-tax Net Asset Value (NAV).

Portfolio Composition

The following breakdown represents the Group's 1-4 family portfolio as at 31 December 2024. At the end of the period, the Group held 340 1-4 family properties for a total value of US\$439.88 million.



Location	Value (USD)	Property Count	Location	Value (USD)	Property Count
NJ Workforce	\$154,595,214	226	NY Premium	\$226,021,004	79
Bayonne	\$30,772,696	46	Bedford-Stuyvesant	\$60,405,252	23
Bergen-Lafayette	\$7,230,388	9	Boerum Hill	\$5,900,000	1
Greenville	\$28,818,820	47	Bushwick	\$15,392,602	11
Jersey City Heights	\$32,455,140	37	Clinton Hill	\$11,023,690	3
Journal Square	\$16,189,799	23	Cobble Hill	\$6,945,000	2
North Bergen	\$4,505,189	7	Crown Heights	\$27,515,680	11
Secaucus	\$520,000	1	Lefferts Garden	\$3,400,000	1
Union City	\$2,765,095	4	Fort Greene	\$8,575,000	2
West Bergen	\$29,725,322	50	Park Slope	\$22,695,000	4
West New York	\$1,612,765	2	Williamsburg	\$15,918,779	5
NJ Premium	\$59,264,266	35	Hamilton Heights	\$9,930,000	3
Downtown	\$54,540,417	31	Harlem	\$38,320,000	13
Weehawken	\$4,723,849	4	Total Portfolio	\$439,880,484	340

Source: US REIT.

Asset Sales

Q4 2024 Sales

During Q4 2024, the Group closed on the sale of US\$51.68 million in sales across 43 properties.

Location	Sales Price (\$USD Millions)	Book Value (\$USD Millions)	Transaction Costs (\$USD Millions)	GA Loan Repayment (\$USD Millions)
Bayonne	\$3.55	\$3.55	-\$0.27	-\$1.87
Bedford-Stuyvesant	\$7.85	\$7.86	-\$0.70	-\$5.00
Crown Heights	\$2.30	\$2.03	-\$0.15	-\$1.16
Downtown	\$18.55	\$18.84	-\$1.15	-\$12.42
Greenville	\$4.86	\$4.90	-\$0.35	-\$3.02
Jersey City Heights	\$6.06	\$6.01	-\$0.41	-\$3.62
Journal Square	\$1.77	\$1.82	-\$0.09	-\$1.14
Weehawken	\$2.29	\$2.38	-\$0.12	-\$0.92
West Bergen	\$4.45	\$4.39	-\$0.30	-\$2.40
Total	\$51.68	\$51.78	-\$3.53	-\$31.55

2024 Calendar Year

During the 2024 full-year, the Group closed on US\$150.97 million in sales across 104 properties.

Location	Sales Price (\$USD million)	Book Value (\$USD million)	Transaction Cost (\$USD million)	GA Loan Repayment (\$USD million)
Bayonne	\$4.65	\$4.68	-\$0.35	-\$2.49
Bedford-Stuyvesant	\$26.34	\$26.53	-\$2.10	-\$19.08
Bergen-Lafayette	\$0.83	\$0.66	-\$0.04	-\$0.52
Bushwick	\$4.10	\$4.14	-\$0.32	-\$1.78
Clinton Hill	\$4.10	\$3.90	-\$0.09	-\$2.51
Crown Heights	\$2.30	\$2.03	-\$0.15	-\$1.16
Downtown	\$52.40	\$53.06	-\$3.00	-\$32.69
East Williamsburg	\$2.40	\$2.40	-\$0.18	-\$1.56
Greenville	\$10.35	\$10.38	-\$0.74	-\$6.03
Harlem ¹	\$8.10	\$8.12	-\$0.48	\$0.00
Jersey City Heights	\$14.47	\$14.18	-\$0.95	-\$8.62
Journal Square	\$2.54	\$2.59	-\$0.16	-\$1.59
North Bergen ¹	\$0.57	\$0.55	-\$0.05	\$0.00
Park Slope	\$3.89	\$4.00	-\$0.27	-\$2.30
Prospect Heights	\$4.85	\$4.85	-\$0.24	-\$3.10
Weehawken	\$2.29	\$2.38	-\$0.12	-\$0.92
West Bergen	\$6.38	\$6.30	-\$0.40	-\$3.44
West New York	\$0.44	\$0.45	-\$0.02	-\$0.21
Total	\$150.97	\$151.17	-\$9.65	-\$87.98

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

¹The properties sold in Manhattan and North Bergen did not form part of the collateral pool securing the GA Loan and accordingly had no associated debt repayment.

Asset Sales

Sales Pipeline

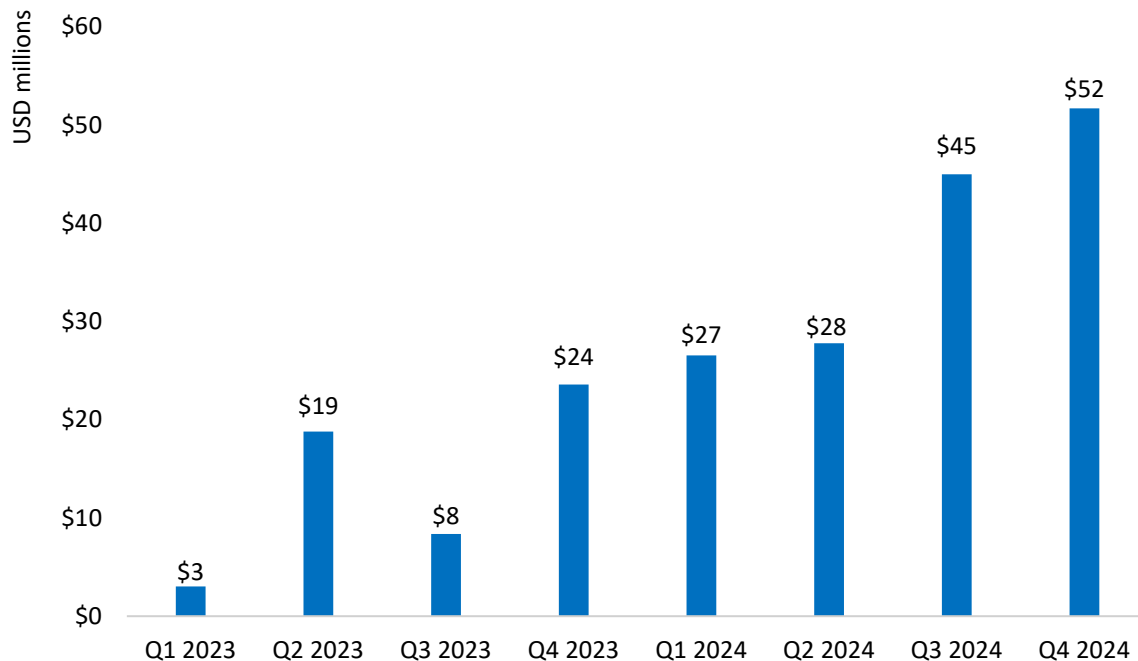
As of 31 December 2024, the Group had US\$73.02 million of properties under contract or with an accepted offer in place, US\$27.36 million on the market and US\$55.93 million in the short-term pipeline for sale. The properties under contract are likely, but not guaranteed, to close.

Category	New York Premium (\$USD Millions)	New Jersey Premium (\$USD Millions)	New Jersey Workforce (\$USD Millions)	Total (\$USD Millions)
Sales Pipeline	\$23.93	\$7.52	\$24.49	\$55.93
On the Market	\$21.82	\$1.30	\$4.24	\$27.36
Attorney Review or Under Contract	\$37.91	\$14.47	\$20.64	\$73.02
Total	\$83.66	\$23.28	\$49.36	\$156.30

2025 Outlook

As advised in late 2023, the Group set a target of US\$150 million in property sales during the 2024 calendar year. Pleasingly, and as outlined in the chart below, the Group was successful in hitting this target having achieved total sales of US\$150.97 million for the year. The RE has previously advised that the sales target for the 2025 calendar year is in the range of US\$200 to \$225 million.

Quarterly Closed 1-4 Family Sales



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

Capital Management

The Group's total debt reduced during Q4 2024, with US\$31.6 million of the Global Atlantic Term Loan repaid following the settlement of property sales used as collateral for this loan account. The Group's debt reduced by US\$89.2 million in the 2024 calendar year.

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.

Debt Levels & Interest Calculation

	US\$ Balance at 31-Dec-23	US\$ Balance at 30-Jun-24	US\$ Balance at 31-Dec-24
Global Atlantic - Term Loan (4.00%)	312,367,269	279,405,407	223,196,431
Total	312,367,269	279,405,407	223,196,431

Indicative Annual Interest Cost	12,494,691	11,176,216	8,927,857
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Source: US REIT.

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

The RE will continue on-market buybacks as part of the Group's capital management strategy, and during the quarter the Group purchased 6.0 million URF Stapled Securities for total consideration of A\$2.1 million.

Month end	Stapled Securities (# million)	Consideration (A\$ million)
October	2.1	\$0.7
November	2.2	\$0.8
December	1.7	\$0.6
	6.0	\$2.1

Source: US REIT.

Capital Management

As of 31 December 2024, the Group had broadly allocated its available capital as outlined in the table below:

Capital Allocation	\$A Million
Cash Balance	\$83.33
<i>Comprised of:</i>	
<i>Cash held in the US</i>	\$73.71
<i>Cash held in Australia</i>	\$9.62
Less: Global Atlantic Liquidity Covenant	-\$16.16
Less: Working Capital	-\$11.58
Less: AFSL Cash Reserve Requirement ¹	-\$3.50
Less: Reserved for share buybacks	-\$2.41
Cash Available	\$49.68

Source: US REIT.

¹Cash reserve required under the terms of the AFSL.

31 December 2024 exchange rate 0.6188 used (AUD:USD).



Portfolio Occupancy

At 31 December 2024, the Group's 1-4 family portfolio had 80% of its units leased.

Noting that the Group is intentionally driving vacancy in many assets in an effort to increase its inventory held for sale, the Group simultaneously aims to maximise occupancy and cash flow for any properties that do not form part of the sales pipeline.

This is particularly relevant when assets advertised for sale are being targeted to an owner-occupier (rather than an investor). Given that the Group is continuing to progress the sales programme, 117 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 Group continues to progress with the accelerated sales programme.

1-4 Family portfolio (as at 31 December 2024)	Unit Count	%
Leased	498	80%
For Lease or In Turnover	8	1%
Vacant pending sale	117	19%
Total	623	100%

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

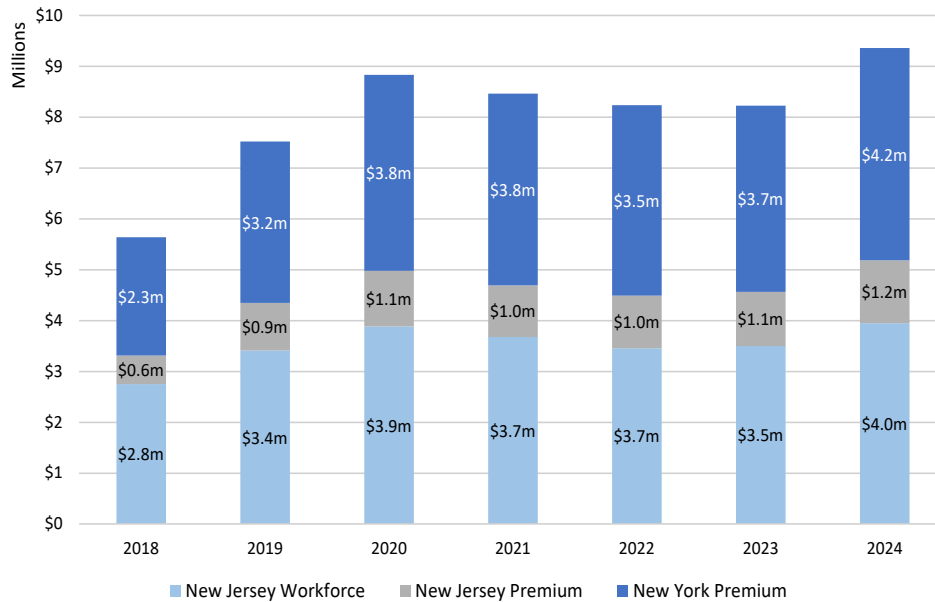
Net Operating Income (NOI)

The Group is focused on managing the portfolio as efficiently as possible to maximise its NOI, being the net rental revenue that the Group receives after paying property level expenses.

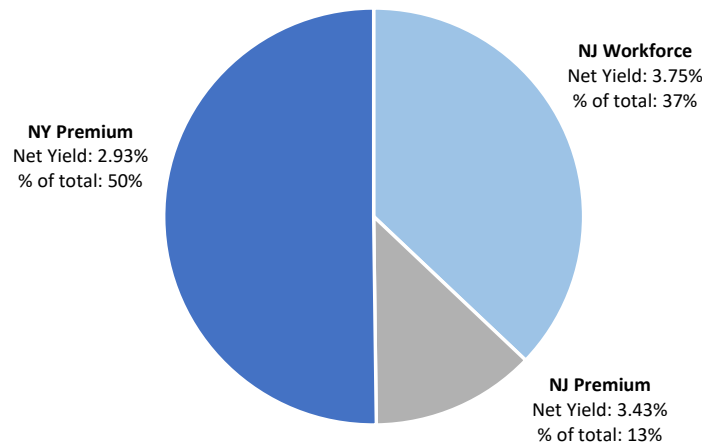
As a result of the sales programme, total portfolio revenue is expected to decrease as the portfolio continues to reduce in size and with properties vacated in advance of sale. To remove the impact of the sales programme and to review NOI performance in a consistent manner, the following analysis reviews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

Looking specifically at NOI for the 12 months to 31 December 2024, the same-home NOI was US\$9.4 million, which is a 14% increase when compared to the full-year 2023 result. This increase in NOI is largely attributable to strong rental growth on renewal leases, as the Group has been sending significant rental increases in jurisdictions where the Group is required to issue renewals. By doing so, the Group is able to drive vacancy and increase the sales pipeline for tenants who are unwilling to accept the renewal offer, and - in circumstances where the tenant is willing to accept the rental increase and sign a renewal lease - the Group receives the benefit of outsized rental growth, which helps to boost same-home NOI when the increased rent outpaces increases in the cost of property taxes, insurance, and repairs and maintenance.

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



Q4 2024 LTM NOI Yield: Same-Home Stabilised 1-4 Family Properties



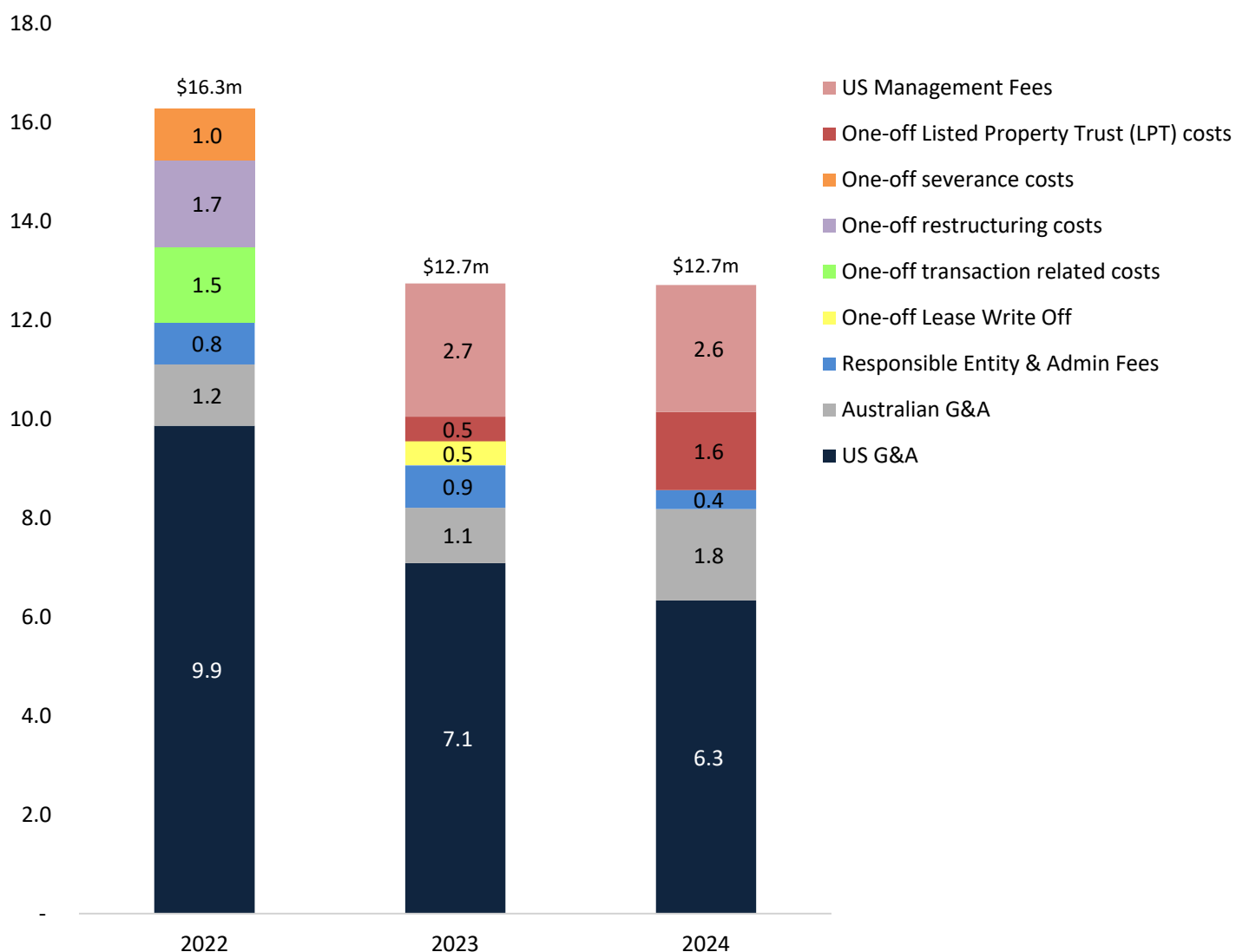
Source: US REIT. Figures may not sum due to rounding. Past performance is not a reliable indicator of future performance.

Notes: “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. NOI Yield refers to the same-home NOI divided by the aggregate book value of each segment as at 31 December 2024.

General and Administrative (G&A) Expenses

G&A expenses for the 2024 calendar year were A\$12.7 million. The result is consistent with the full-year 2023 result. On a normalised basis, which excludes one-off expenses, the result is a -5% reduction when compared to the calendar year 2023 result.

A\$Millions

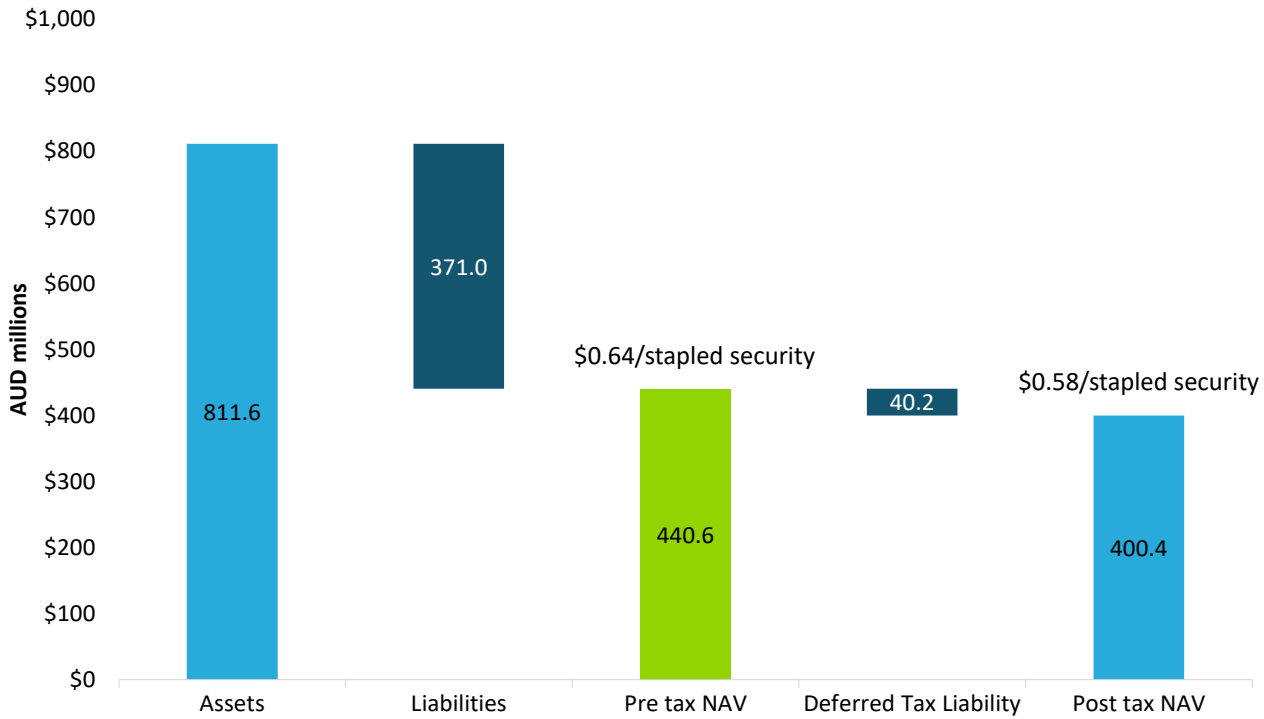


AUD/USD average rate of 0.6947, 0.6644 and 0.6597 for 2022, 2023 and 2024 respectively.

Source: US REIT. Figures may not sum due to rounding. RE fees represent fees paid to E&P Investments Limited during the period that it was the RE of the Group.

Net Asset Value (NAV)

At 31 December 2024, the pre-tax NAV was \$0.64 per stapled security (\$0.58 post-tax).



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

Cash Flow Profile

The following Funds from Operations (FFO) analysis outlines the Group's major operational cash-flow drivers. Non-cash items such as changes in underlying asset values, as well as capitalised expenses and investor distributions are excluded from the analysis. While these factors are vital to reviewing the Group's overall financial performance, the FFO analysis provides an overview of the Group's operational cash flow position.

With the reimplementation of the asset sales programme (and accompanying transaction costs and drag on portfolio cash flows as assets are held vacant for sale) it is expected that the Group will continue to incur operational cash outflows while it focuses on selling assets and returning capital to security holders.

The Group recorded an unadjusted FFO loss of A\$27.2 million for the 2024 calendar year. After excluding disposal costs and other one-off items, the Group's adjusted FFO loss was A\$8.4 million, representing an increased loss of A\$1.8m when compared to the 2023 calendar year.

A\$ Millions	2022	2023	2024
Revenue from Ordinary Operations	44.1	44.1	37.0
One-Off Income	0.2	-	-
Insurance Proceeds	0.1	1.4	-
Investment Property Expenses	(16.1)	(19.1)	(17.9)
Investment Property Disposal Costs	(2.2)	(5.6)	(16.4)
Equity Investment Disposal Costs	-	-	(0.8)
G&A	(11.7)	(11.6)	(11.3)
One-Off Refinancing Costs - G&A	-	-	-
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)	(0.5)	(1.6)
EBITDA	9.7	8.7	(10.9)
EBITDA (excluding disposal costs and one-off items)	16.2	13.4	7.9
Net Interest Expenses (Excluding Notes Interest)	(20.1)	(20.1)	(16.3)
One-Off Refinancing Costs - Interest	-	-	-
Notes Interest	-	-	-
Funds From Operations (FFO)	(10.5)	(11.4)	(27.2)
FFO (excluding disposal costs and one-off items)	(3.9)	(6.7)	(8.4)

Source: US REIT. Excludes Convertible Preference Unit (URFPA) distributions as they are equity distributions.
AUD/USD average rate of 0.6947, 0.6644 and 0.6597 for 2022, 2023 and 2024 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

Jack Lowenstein INDEPENDENT DIRECTOR

Sean Banchik INDEPENDENT DIRECTOR

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Important Information

This Quarterly Update (**Update**) has been prepared and authorised for release by US Masters Responsible Entity Limited (ACN 672 783 345 | AFSL 553 794) (**Responsible Entity**) as the Responsible Entity of the US Masters Residential Property Group a listed stapled entity consisting of US Masters Residential Property Fund (ARSN 150 256 161) and US Masters Residential Property Fund II (ARSN 676 798 468 (together the **Group** or **Fund**)). An investment in the Fund is subject to various risks, many of which are beyond the control of the Responsible Entity. 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. Past performance is not a reliable indicator of future performance. All figures in this Update are in AUD unless stated otherwise. Readers are cautioned not to place undue reliance on forward looking statements and the Parties assume no obligation to update that information. The Parties give no warranty, representation or guarantee as to the accuracy or completeness or reliability of the information contained in this document. The Parties do not accept, except to the extent required by law, responsibility for any loss, claim, damages, costs or expenses arising out of, or in connection with, the information contained in this Update.