



US Masters Residential Property Group

CONSISTING OF:

US MASTERS RESIDENTIAL PROPERTY FUND
ARSN 150 256 161

US MASTERS RESIDENTIAL PROPERTY FUND II
ARSN 676 798 468

Annual Report

For the year ended
31 December 2024

Responsible Entity:

**US Masters
Responsible Entity
Limited**

ACN 672 783 345 | AFSL 553 794



Liberty State Park, New Jersey



Interior photo of a property in the Fund's portfolio, Decatur Street, Brooklyn

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Chair's Letter

For the year ended 31 December 2024

Dear Investors,

I am pleased to provide you with the full-year report for both US Masters Residential Property Fund (**URF I**) and US Masters Residential Property Fund II (**URF II**), collectively referred to as the Stapled Group (**Group**), for the year ended 31 December 2024.

Entering the 2024 financial year, the joint venture between the Group and Brooksville was critically focused on the execution of its asset sales programme, which has been implemented to realise value and return capital to the Group's security holders as quickly and efficiently as possible. The joint venture set a sales target of US\$150 million for the financial year (a sizeable increase from 2023's realised sales volume of US\$53.8 million), and this increased target was representative of the Group's commitment to continuing to push the pace of the asset sales programme. Pleasingly, the Group was able to exceed its target, realising a total sales volume of US\$151.0 million during the year.

As the Group transitions to 2025, its primary focus will be continuing to increase the velocity of the asset sales programme. As was previously communicated to investors, the sales programme remains the top priority, and, as previously announced, the Group is targeting US\$200-225 million of sales volume for the financial year. As was the case last 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.

Although the \$200-225 million target represents another sizeable increase in sales volume compared to the realised results of both 2023 and 2024, the Group has now achieved meaningful momentum with its sales pipeline, and the vacancy intentionally created through pursuing rental increases during 2H 2024 will allow the Group to enter 2025 with a solid starting position. As of 21 February, the Group already had visibility over approximately US\$174.2 million in its sales pipeline, composed of:

- US\$20.0 million of closed sales that were settled over the course of January and February;
- US\$71.4 million worth of assets that are under contract or with an accepted offer;
- US\$37.8 million worth of property that was already listed on the market for sale, and;
- US\$45.0 million worth of assets that are either imminently being listed for sale, were recently vacated and are undergoing turnover work prior to being listed, or have provided notice of a future vacate date in 1Q and will enter the sales pipeline upon vacancy.

During the financial year, the fair value of the Group's portfolio recognised a decrement of US\$12.8 million or 2.35% across the portfolio. Within this movement, the New Jersey Workforce segment of the portfolio recognised a 0.21% increase in fair value. The New Jersey Premium and New York Premium segments both recognised a slight decrease in fair value (3.05% and 3.90%, respectively) with the New York Premium segment's movement largely being driven by continued weakness in Harlem, where the Group's assets declined by 10.56%.

Overall, the results of the valuation process continue to show broadly stable price trends across the Group's target markets, particularly given the headwind that elevated mortgage rates presented throughout the course of the year. Nevertheless, demand from buyers remains consistent across each of the respective segments, and – as outlined above – the Group is off to a strong start in 2025 in terms of accepted offers and contracts signed. While the persistently high-interest rate environment has led to meaningful price drops in many other parts of the country, the low levels of inventory in the Group's three segments have continued to buoy prices amidst the



aforementioned steady buyer demand. As the Group continues to ramp up its sales activity in 2025, it will keep a close eye on inventory levels across neighborhoods in each of the three segments in an effort to ensure best possible sales prices are achieved.

Outside of the Brooksville joint venture – yet critical to the Group's strategy of selling assets and returning capital to security holders – the Group completed its review of the US tax structure alongside its advisors. As a result of the review, the trustees of US Masters Residential Property (USA) Fund ('**US Vehicle**') agreed to reclassify the US Vehicle from a REIT structure to a Corporate (**C-Corp**) structure. In making this election, the trustees adopted a formal plan of liquidation for US tax purposes. With the US Vehicle now structured as a C-Corp, it will be subject to US corporate taxes (both Federal and State). However – subject to certain restrictions – the US Vehicle can now utilise its historical losses to reduce taxable income that is expected to arise from the execution of the sales programme. These losses were previously unavailable to offset withholding tax obligations while the vehicle was structured as a REIT. In addition, as a result of adopting the plan of liquidation, the repatriation of funds from the US to Australia will not incur a withholding tax obligation. As a result of the changes implemented, the net deferred tax liability has reduced from A\$40.2 million to A\$3.5 million, and the reduction in the deferred tax liability (which was implemented post-balance date) has been recognised in January 2025.

The changes in structure of the US Vehicle outlined above do not impact the ongoing operations of the Australian entities or of the Stapled Group as a whole.

Consistent with the previously released guidance, as the asset sales programme continues to progress the Group will continue to re-evaluate its capital management strategy, with capital to be utilised for distributions, security buybacks, and repayments of the Group's senior debt facility in advance of its May 2026 maturity date. As always, in reviewing these options the Board continues to be committed to maximising value for all URF investors, and we believe that continuing to sell down assets represents the best way to do so.

I would like to take this opportunity to thank the management team at Brooksville, as we work toward the agreed target of US\$200-225 million in sales during the 2025 financial year.

I look forward to continuing the execution of our business plan and providing investors with further updates in due course.

Regards,



Stuart Nisbett

Chair

US Masters Residential Property Group



Photo of Brooklyn Bridge
in the city of New York

Corporate Governance Statement

Interior photo of a property
in the Fund's portfolio,
Bradhurst Avenue, Harlem

Corporate Governance Statement

For the year ended 31 December 2024

On 25 June 2024, US Masters Residential Property Fund (ARSN 150 256 161) (**URF I**) implemented the internalisation of its responsible entity (**Internalisation**) through a stapled scheme structure. As of 25 June 2024, US Masters Responsible Entity Limited (ACN 672 783 345, AFSL 553 794) replaced E&P Investments Limited (ACN 152 367 649 | AFSL 410 433) (**E&PIL**) as responsible entity of URF I and operates URF I and its newly stapled trust, US Masters Residential Property Fund II (ARSN 676 798 468) (**URF II**), fully independent of any other financial services organisation.

The US Masters Residential Property Group (**Stapled Group**) is a listed stapled entity consisting of URF I and URF II whose stapled securities are traded on the Australian Securities Exchange (**ASX**). The responsible entity of the Stapled Group is US Masters Responsible Entity Limited (ACN 672 783 345, AFSL 553 794) (**Responsible Entity**).

The directors of the Responsible Entity (**Board**) recognise the importance of good corporate governance.

The Stapled Group's corporate governance policies, which are referred to below, are designed to ensure the effective management and operation of the Stapled Group and will remain under regular review. The corporate governance policies are available on the Stapled Group's website usmastersresidential.com.au/investor-centre/key-documents.

A description of the Stapled Group's adopted practices in respect of the eight Principles and Recommendations from the Fourth Edition of the *ASX Corporate Governance Principles and Recommendations* (**ASX Recommendations**) is set out below. All these practices, unless otherwise stated, were in place throughout the year and to the date of this report.

1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Board Roles and Responsibilities

The Board is responsible for the overall operation, strategic direction, leadership and integrity of the Stapled Group and in particular, is responsible for the Stapled Group's success. In meeting its responsibilities, the Board undertakes the following functions:

- Providing and implementing the Stapled Group's strategic direction;
- Reviewing and overseeing a risk management program, ensuring that the significant risks facing the Stapled Group are: identified; monitored; have appropriate reporting mechanisms; and, are responsibly managed;
- Overseeing the integrity of the Stapled Group's accounting and corporate reporting systems, including the external audit;
- Ensuring the Board is comprised of individuals who are best able to discharge the responsibilities of directors having regard to the law and the best standards of governance;
- Reviewing and overseeing internal compliance and legal regulatory compliance;
- Ensuring compliance with the Stapled Group's constitution and with the continuous disclosure requirements of the ASX Listing Rules and the *Corporations Act 2001 (Cth)* (**Corporations Act**);
- Overseeing the Stapled Group's process for making timely and balanced disclosures of all material information concerning the Stapled Group; and
- Communicating with and protecting the rights and interests of all security holders.

The Board of the Responsible Entity has established



a formal policy which acts as a charter and sets out its functions and responsibilities (**Board Charter**). The Board Charter is available on the Stapled Group's website usmastersresidential.com.au/investor-centre/key-documents. A review of the Board Charter will be conducted annually.

The Responsible Entity recognises the importance of diversity and inclusion as good corporate governance in circumstances where appropriate for the size, nature, investment strategy and complexity of the Stapled Group. However, having regard to the size, nature, the Stapled Group's current investment strategy, that is to continue a gradual and orderly programme of sales of the Stapled Group's underlying assets in the United States, and the engagement of various outsourced service providers to support the operations of the Responsible Entity, the Board believes that the current composition of the Board and Management are suitable and sufficient to support the Responsible Entity in operating the Stapled Group. The Board will closely monitor the existing composition of the Board and Management to ensure the Responsible Entity is adequately resourced to perform all of its duties to operate and manage the Stapled Group. The Board has elected to not comply with the ASX Recommendations in respect of diversity for the reasons described above.

ASX Recommendations 1.6 and 1.7 did not apply to the Stapled Group for the period 1 January 2024 - 25 June 2024 because URF I was an externally managed entity and these recommendations were therefore not applicable.

The Chair conducts an informal review during the financial year whereby the performance of the Board as a whole and the individual contributions of each director are reviewed. The Board considers that this informal process is appropriate given the size, nature, investment strategy and complexity of the Stapled Group. The Board does not disclose in each reporting period whether a performance evaluation has taken place because it is an informal process. The Stapled Group does not have any senior executives.

2. STRUCTURE THE BOARD TO ADD VALUE

Board Composition

The composition of the Board is structured to maintain a mix of directors from different backgrounds with complementary skills and experience. Details of each director at the date of this report are given in the Directors' Report, including the period in office, skills, experience, and expertise relevant to the position of director.

Effective 25 June 2024, US Masters Responsible Entity Limited replaced E&PIL as responsible entity of URF I. The Directors of E&PIL from 1 January 2024 to 25 June 2024 were:

Stuart Nisbett - Independent, Non-Executive Chairperson (retired 25 June 2024)

Peter Shear - Independent, Non-Executive Director (retired 25 June 2024)

Warwick Keneally - Non-Independent, Executive Director

The company secretary of E&PIL from 1 January 2024 to 25 June 2024 was Warwick Keneally.

The directors of the Responsible Entity during the 2024 financial year and as at the date of this report are:

Stuart Nisbett - Independent, Non-Executive Chairperson

Peter Shear - Independent, Non-Executive Director

Warwick Keneally - Non-Independent, Executive Director (retired 25 June 2024)

Jack Theseus Lowenstein - Independent Non-Executive Director (appointed 25 June 2024)

Sean Banchik - Independent Non-Executive Director (appointed 1 November 2024)



The company secretaries of the Responsible Entity during the 2024 financial year and as at the date of this report are:

Caroline Purtell (appointed 25 June 2024)

Warwick Keneally (retired 25 June 2024)

Having regard to the size of the Stapled Group and the nature of its business, the Board has determined that the current Board is the appropriate composition to enable it to continue to effectively discharge its responsibilities to the Stapled Group. However, the composition of the Board will be reviewed periodically.

The current Board comprises four independent directors with the independent Chairperson holding the casting vote. The Board meets at least quarterly and will be responsible for the compliance function under the Compliance Plans for URF I and URF II. The Board has adopted various compliance and risk management policies and procedures to support the governance framework for the Stapled Group. The Board has adopted an operational framework which outlines the ongoing supervision and monitoring activities to be undertaken by management and the Board.

The Stapled Group recognises the ASX Recommendations with respect to establishing remuneration and nomination committees as good corporate governance. However, considering the size and structure of the Stapled Group, the functions that would be performed by these committees are best undertaken by the Board. ASX Recommendation 2.2 did not apply to the Stapled Group for the period 1 January 2024 – 25 June 2024 because URF I was an externally managed entity. The Board intends to develop a skills matrix in 2025.

The Responsible Entity does not currently have a formal induction programme for new directors, nor does it have a formal professional development programme for existing directors. The Board does not consider that a formal induction programme is necessary given the expertise of the directors. Each director takes responsibility for their own professional development.

The Board will review its view on committees in line with the ASX Recommendations and in light of any changes to the size or structure of the Stapled Group, and if required, may establish committees to assist it in carrying out its functions. If a committee is established, the Board will adopt a charter in accordance with the ASX Recommendations and industry best practices.

It is the Board's policy to determine the terms and conditions relating to the appointment and retirement of non-executive directors on a case-by-case basis and in conformity with the requirements of the ASX Listing Rules and the Corporations Act. In accordance with the Stapled Group's corporate governance policies, directors are entitled to seek independent advice at the expense of the Stapled Group. Written approval must be obtained from the Chair prior to incurring any expense on behalf of the Stapled Group.

3. PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Stapled Group Values

ASX Recommendation 3.1 states that a listed entity should articulate and disclose its values. The Stapled Group is committed to conducting all business activities fairly, honestly, efficiently and with a high degree of integrity and in compliance with applicable laws and regulatory guidelines. The Board is dedicated to high ethical standards and supports the Stapled Group's commitment to compliance with these standards.

Code of Conduct

The Board of the Responsible Entity has adopted a Code of Conduct which is available on the Stapled Group's website usmastersresidential.com.au/investor-centre/key-documents to define basic principles of business conduct of the Stapled Group and the Responsible Entity. This Code requires the Stapled Group's personnel to abide by the policies of the Stapled Group and to the law. The Code is a set of principles giving direction and reflecting the Stapled Group's approach to business conduct and is not a prescriptive list of rules for business behaviour.



Whistleblower Policy

The Board is subject to a Whistleblower Policy which is available on the Stapled Group's website usmastersresidential.com.au/investor-centre/key-documents.

Fraud and Corruption Policy

The Board is subject to a Fraud and Corruption Policy which is available on the Stapled Group's website usmastersresidential.com.au/investor-centre/key-documents.

Security Trading Policy

The Board of the Responsible Entity has established a Security Trading Policy which is available on the Stapled Group's website usmastersresidential.com.au/investor-centre/key-documents to apply to trading in the Stapled Group's securities on the ASX. This policy applies to the Board, the Responsible Managers, the Head of Operations and any other operational staff and the Compliance Officer (**Restricted Persons**). All Restricted Persons must not deal in the Stapled Group's securities while in possession of price sensitive information.

4. SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Given the size and nature of the Stapled Group's business, the Board has elected not to establish an audit or compliance committee. The Board has formed a view that all Directors of the Responsible Entity meet the definition of an external director in s601JA(2) of the Corporations Act and the definition of an independent director in the guidance provided in the ASX Recommendations. Accordingly, the Board has determined it will undertake the function of an audit and compliance committee and will oversee the operation of the audit, compliance and risk function.

As registered managed investment schemes, URF I and URF II have compliance plans that have been lodged with the Australian Securities and Investments Commission (**ASIC**). The Compliance Plans are reviewed every year to ensure that the way in which the Stapled

Group operates protects the rights and interests of security holders and that major compliance risks are identified and properly managed. The Responsible Managers ensure the Stapled Group complies with the relevant licensing regulations, its compliance plans and its constitutions. The Board of the Responsible Entity meets on a quarterly basis to review and monitor compliance with the AFSL requirements, the URF I and URF II compliance plans and to consider any other regulatory requirements.

The Board exercises due care, diligence and skill in relation to the following areas:

- Application of accounting policies to the Stapled Group's financial reports and statements;
- Monitoring the integrity of the financial information provided to security holders, regulators and the general public;
- Corporate conduct and business ethics, including Auditor independence and ongoing compliance with laws and regulations;
- Maintenance of an effective and efficient audit;
- Appointment, compensation and oversight of the external Auditor, and ensuring that the external Auditor meets the required standards for Auditor independence;
- Regularly monitoring and reviewing corporate governance policies and codes of conduct.

The Board meets at least monthly and proceedings of all meetings are minuted and signed by the chairperson of the Board. Copies of the minutes are provided to each member of the Board. Any periodic corporate reports which are released to the market and are not audited or reviewed by an external auditor are subject to extensive internal reviews prior to public release. All ASX and/or media releases which contain material price sensitive information are approved by the Board prior to release to the ASX.



5. MAKING TIMELY AND BALANCED DISCLOSURE

The Stapled Group is committed to complying with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules and releasing relevant information to the market and security holders in a timely and direct manner and to promoting investor confidence in the Stapled Group and its securities. The Board has adopted a Continuous Disclosure Policy which is available on the Stapled Group's website usmastersresidential.com.au/investor-centre/key-documents to ensure the Stapled Group complies with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules. The policy administered by the Board is as follows:

- The Board is involved in reviewing significant ASX announcements and ensuring and monitoring compliance with this policy;
- The Company Secretary is responsible for the overall administration of this policy and all communications with the ASX; and
- Senior management of the Responsible Entity is responsible for reporting any material price sensitive information to the Company Secretary and observing the Stapled Group's no comments policy.

6. RESPECT THE RIGHTS OF SECURITY HOLDERS

Rights of Security Holders

The Stapled Group promotes effective communication with security holders. The Board of Directors has developed a strategy within its Continuous Disclosure Policy to ensure that security holders are informed of all major developments affecting the Stapled Group's performance, governance, activities and state of affairs. Each security holder is also provided online access to the Registry to allow them to receive communications from, and send communication to, the Responsible Entity and the Registry. This also includes using a website to facilitate communication with security holders via electronic methods. Information is communicated to security holders through announcements to the ASX, releases to the media and dispatch of financial reports.

Security holders are provided with an opportunity to access such reports and releases electronically; copies of all such ASX announcements are linked to the Stapled Group's website at www.usmastersresidential.com.au.

These include:

- weekly net asset value estimates;
- monthly net tangible asset backing announcements and investment updates;
- quarterly investment updates;
- the half year report;
- the full year report;
- occasional ASX announcements made to comply with the Stapled Group's continuous disclosure requirements; and
- occasional correspondence sent to security holders on matters of significance to the Stapled Group.

The Board encourages full participation of security holders at the general meetings to ensure a high level of accountability and identification with the Stapled Group's strategy. Security holders who are unable to attend the general meeting are given the opportunity to provide questions or comments ahead of the meeting and where appropriate, answers are provided at the meeting.

The Board intends to hold an annual general meeting in March or April of each year.

7. RECOGNISE AND MANAGE RISK

The Board has accepted the role of identifying, assessing, monitoring and managing the significant areas of risk applicable to the Stapled Group and its operations. The Board also monitors and appraises financial performance, including the approval of annual and half-year financial reports and liaising with the Stapled Group's auditors.

In order to evaluate and continually improve the effectiveness of its risk management and internal control processes, the Responsible Entity has adopted a Risk Management Framework. The Board will conduct an annual review of the Risk Management Framework



to satisfy itself that the Risk Management Framework continues to be sound.

The Board is responsible for maintaining proper financial records. In addition, the Board receives a letter half yearly from the Stapled Group's external auditor regarding their procedures and reporting that the financial records have been properly maintained and the financial statements comply with the Australian accounting standards (**Accounting Standards**).

The Stapled Group has a limited environmental and social footprint. It operates out of relatively small office spaces that utilise renewable energy sources where available. The Stapled Group's portfolio was renovated using energy efficient heating, cooling and lighting systems wherever possible. The Directors continually assess opportunities to reduce its environmental footprint.

The Responsible Entity provides declarations required by Section 295A of the Corporations Act for all financial periods and confirms that in its opinion the financial records of the Stapled Group have been properly maintained and that the financial statements and accompanying notes comply with the Accounting Standards and give a true and fair view of the financial position and performance of the Stapled Group, based on its review of the internal control systems, management of risk, the financial statements and the letter from the Stapled Group's external auditor. Details of the Stapled Group's financial risk management are set out in the notes to the financial statements in the Annual Report.


8. REMUNERATE FAIRLY AND RESPONSIBLY

Remuneration Policies

Due to the relatively small size of the Stapled Group and its operations, the Board does not consider it appropriate, at this time, to form a separate committee to deal with the remuneration of the Directors.


The Responsible Entity's Constitution governs remuneration of Directors. In accordance with the Constitution, the Directors' fees are paid by the Responsible Entity on a cost recovery basis.





Exterior photo of a property in the Fund's portfolio, West Hamilton Place, Jersey City

Directors' Report



Interior photo of a property in the Fund's portfolio, West Hamilton Place, Jersey City

Directors' Report

For the year ended 31 December 2024

The directors of US Masters Responsible Entity Limited, the Responsible Entity of both US Masters Residential Property Fund (**URF I, Parent**) and US Masters Residential Property Fund II (**URF II**) present their report together with the financial statements for the year ended 31 December 2024 of:

- the Stapled Group, consisting of URF I and its controlled entities and URF II and its controlled entities, and
- URF II and its controlled entities.

The Responsible Entity's registered office and principal place of business is Level 17, 1 Denison Street, North Sydney, NSW 2060.

Significant changes in state of affairs

On 25 June 2024, unitholders of URF I passed simultaneous resolutions to:

- (i) replace E&P Investments Limited (**EPIL**) as responsible entity of URF I with US Masters Responsible Entity Limited, a wholly owned subsidiary of URF II.

Mr. Stuart Nisbett, Mr. Peter Shear (both previous directors of EPIL), Mr. Jack Lowenstein (appointed 25 June 2024), and Mr. Sean Banchik (appointed 1 November 2024) are directors of US Masters Responsible Entity Limited.

- (ii) amend the constitution of URF I to allow its units to be stapled to those of URF II, a newly established managed investment scheme, thereby forming a stapled group. The units of URF I and URF II cannot be traded separately and can only be traded as stapled securities under the Australian Securities Exchange ticker symbol URF (**URF Stapled Securities**).

On 28 January 2025, the Trustees of US Masters Residential Property (USA) Fund (**US REIT** or **US Vehicle**) agreed to reclassify the US Vehicle from its existing REIT structure to that of a taxable Corporate (**C-Corp**) structure for US tax purposes with an effective date of 1 January 2025. At the same time, the Trustees agreed to adopt a formal plan of liquidation which is expected to be completed by 31 December 2028 (the 'Liquidation Period').

The changes in structure of the US Vehicle outlined above do not impact the ongoing operations of the Australian entities or of the Stapled Group as a whole.

Following the reclassification, the Stapled Group's US operations will be subject to US corporate taxes (both Federal and State) currently at an effective tax rate of approximately 32%. However, as a C-Corp, historical losses are generally available to reduce the amount of corporate taxes that are expected to arise on the sell down of the portfolio. While historical losses are available to reduce taxable income under a C-Corp structure, losses incurred after the 2017 calendar year can be used to offset 80% of current year taxable income only.

The future repatriation of funds to Australia made in connection with the US Vehicle's plan of liquidation are considered 'liquidating dividends' and not subject to withholding tax provided such repatriations are made within the Liquidating Period. Any assets that remain on hand at the expiration of the Liquidating Period will be transferred to the Stapled Group (the Australian Listed entity) and any taxable income resulting from the sale of these assets will be subject to US corporate tax at a rate which is currently approximately 32%.



As a result of the above changes, the net deferred tax liability will reduce from \$40.2 million to \$3.5 million. The reduction in the deferred tax liability has been recognised in January 2025.

Other than the matters discussed above, there were no significant changes in the state of affairs which occurred during or subsequent to the year ended 31 December 2024 up until the date of this report.

DIRECTORS

The directors of the Responsible Entity (**Board**) at any time during or since the end of the financial year are shown below. Directors were in office to the date of this report unless otherwise stated.



Stuart Nisbett BCom, MCom (UNSW)

Chair

Stuart is currently Executive Director and Principal at Archerfield Partners, a boutique corporate advisory firm specialising in real estate, which he established in 2008. He has more than 30 years' experience in property development, property funds management, equity and debt raising, corporate advisory and project finance.

Previously, Stuart was Executive Director, Head of Property Funds at ANZ Investment Bank. He was also the Managing Director, Head of Property Banking & Property Investment Banking at N M Rothschild & Sons (Australia) Limited. Stuart has also held senior roles at director level at Macquarie Bank Property Investment Banking Division and at Lend Lease Corporation in its development and commercial asset management divisions.

Stuart is a Chartered Accountant and holds a Bachelor of Commerce with Merit and Master of Commerce from the University of NSW. In 2005 he was appointed a Fellow of the Australian Property Institute.



Peter Shear BBus, MBA (Exec), GAICD

Director

Peter has significant expertise in funds management, financial advisory and complex lending arrangements including leveraged finance, property development and debt workout situations. Peter was most recently Chief Financial Officer of Firmus, a leader in Immersion cooled data centres. He was a Founder of Archibald Capital which specialises in Opportunistic Credit and Special Situations and prior to that the Co-Managing Partner of Opportunistic Lending and Special Situations at LIM Advisors. Peter has also held the positions of Chief Risk Officer and Managing Director & Head of Corporate and Structured Finance at Lloyds Banking Group (and its predecessor HBOS plc) in Australia and as a Partner in Corporate Finance & Restructuring at Ernst & Young.

Peter has a Bachelor of Business from the University of Technology, an Executive MBA from AGSM, is a member of Chartered Accountants Australia and New Zealand, a Fellow of FINSIA and a Graduate Member of the Australian Institute of Company Directors.





Jack Lowenstein BA, MA (Oxon)

Director (appointed 25 June 2024)

Jack has more than 30 years' relevant experience in companies providing financial services in Australia in both executive and non-executive capacities. He is currently non-executive chairman of the ASX listed investment company Morphic Ethical Equities Fund Ltd. Previously he was an executive director and responsible manager at Morphic Asset Management Pty Ltd and Hunter Hall Invest Management Ltd. Jack has also served as executive deputy chairman of Hunter Hall International Ltd, non-executive chairman of Tissue Repair Limited, and as a non-executive director of Fiji Kava Ltd, Calliden Group Ltd/Reinsurance Australia Ltd and Kresta Holdings Ltd, all listed in the ASX. Jack has had extensive experience in funds management, including supervising activities of investment professionals (portfolio managers, analysts, dealers, distribution specialists), outsourced service providers and operational staff. He did his undergraduate degree at Oxford University and completed the Owner President Management course at Harvard Business School.



Sean Banchik CFA

Director (appointed 1 November 2024)

Sean has over 35 years of professional experience including over 20 years in various roles relating to fixed income asset management, most recently serving as President and COO of American Mortgage Investment Partners Management, LLC (**AMIP**), an alternative asset manager. Sean has a thorough understanding of U.S. residential real estate markets with particular experience overseeing the AMIP REO department in the management and disposition of thousands of single family residential properties throughout the United States.

Sean's experience complements the board's expertise as the Group continues the strategic sell-down of the portfolio and return of capital to Unitholders. He presently serves on the board of AMIP and Visio-Beach Point Mortgage Trust, LLC, a private REIT, and is an adjunct professor at the Marshall School of Business at the prestigious University of Southern California (**USC**). Sean holds a bachelors degree from the Massachusetts Institute of Technology and is a CFA(r) charterholder.



Warwick Keneally BCom, BEc, CA

Director (resigned 25 June 2024)

Warwick was Head of Finance at E&P Investments Limited, the Funds Management division of E&P Financial Group Limited. Before joining E&P Investments Limited, Warwick worked in chartered accounting firms specialising in turnaround and restructuring. Warwick started his career with KPMG, working in their Canberra, Sydney and London offices and has undertaken a range of complex restructuring and insolvency engagements across Europe, UK and Australia, for a range of Australian, UK, European and US banks.

Warwick has worked with companies and lenders to develop and implement strategic business options, provide advice in relation to continuous disclosure requirements, develop cash forecasting training for national firms, and lectured on cash management.

Warwick has a Bachelor of Economics and Bachelor of Commerce from Australian National University and is a Member of the Institute of Chartered Accountants in Australia and New Zealand.



PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN THE NATURE OF ACTIVITIES

The principal activity of the Stapled Group during the course of the financial year was investment in the US residential property market. The Stapled Group owns freestanding and multi-family properties in the New York metropolitan area, specifically Hudson County, New Jersey, and Brooklyn and Manhattan, New York. There were no significant changes in the nature of the Stapled Group's activities during the year.

RESULTS AND REVIEW OF OPERATIONS

For the year ended 31 December 2024, the Stapled Group recorded a pre-tax loss of \$56.1 million (2023: \$19.2 million), a post-tax loss of \$44.9 million (2023: \$19.0 million) and a total comprehensive loss of \$2.8 million (2023: \$18.6 million).

For the period 25 June 2024 to 31 December 2024, URF II recorded no profit or loss.

DISTRIBUTIONS PAID OR RECOMMENDED

A distribution of \$0.01 per ordinary unit totalling \$7.2 million was declared on 5 March 2024 and was paid to unitholders of URF I on 5 April 2024 (prior to the stapling arrangement).

BUSINESS RISKS

The Board recognises the importance of continual monitoring of business risks. As part of this ongoing assessment, the Board has identified the following as significant business risks facing the Stapled Group.

Risk	Summary
Risks of the US residential property market	The Stapled Group has concentrated its exposure to US residential real estate in the New York metropolitan area, with a focus on Brooklyn and Manhattan, New York and Hudson County, New Jersey. The Stapled Group's performance is and will continue to be highly correlated to the performance of the residential property market in these areas.
Foreign Currency Risk	The Stapled Group's assets are and will continue to be denominated largely in US dollars. Changes in the value of the US dollar relative to the Australian dollar will impact the value, in Australian dollars, of the Stapled Group's assets, as the Stapled Group does not hedge its foreign currency exposure.



Risk	Summary
Macroeconomic Risks	<p>The value of the Stapled Group's assets can be affected by changes in various macroeconomic conditions including the economic, political and regulatory environments, as well as inflation and market sentiment.</p> <p>Some of the ways in which adverse changes in the macroeconomic environment may impact the Stapled Group's performance include the following:</p> <ul style="list-style-type: none"> • The price at which the Stapled Group is able to sell its property assets; • The time taken to dispose of the portfolio in a property by property sell down scenario; • The creditworthiness of the tenant base, thus impacting the recoverability of outstanding tenant balances; • The price at which the Stapled Group is able to lease its properties; • The cost of maintaining the portfolio; and • Changes in the political and/or regulatory environment that directly or indirectly impact landlord/tenant relationships, such as rules impacting the ability of the landlord to expeditiously evict delinquent tenants or the ability to set market rents, may also impact the Stapled Group's performance.
Refinancing and Deposit Risk	<p>The Stapled Group's existing debt facility with Global Atlantic has a maturity date of May 19, 2026.</p> <p>There is a risk that the Stapled Group is unable to settle the outstanding debt or secure financing on similar terms to the existing facility, thereby impacting the financial performance of the Stapled Group.</p> <p>Additionally, the Stapled Group has US dollar denominated deposits. These cash deposits are insured by the US Federal Government up to \$250K only. In the event of bank failure the deposits may not be recoverable in full.</p>
Taxation Risk	<p>Changes to the taxation laws in Australia, the US, or the double tax treaty that applies between Australia and the US may impact the value of returns to security holders.</p>
Climate Change	<p>The Stapled Group may be adversely impacted by the direct consequences of climate change, including property damage due to increases in the frequency, duration and severity of extreme weather events, such as hurricanes and floods.</p> <p>Increases in property damage due to these events may also impact the cost of property insurance to the Stapled Group, thereby impacting overall performance.</p>
Key Personnel Risk	<p>There is a risk that the departure of key staff or consultants that have particular expertise and knowledge will impact the performance of the Stapled Group.</p>
Litigation Risk	<p>In the course of its operations, the Stapled Group may become involved in disputes and litigation that may adversely affect the financial performance of the Stapled Group.</p>
Pandemic Risk	<p>A pandemic could negatively impact the global economy, disrupt financial markets and cause varying levels of employment, all of which could negatively impact the performance of the Stapled Group.</p>
Cyber Risk	<p>The Stapled Group's operations are exposed to cyber risk such as data breaches and phishing schemes that could result in financial losses, reputational damage and legal liabilities.</p>



AFTER BALANCE DATE EVENTS

Subsequent to balance date, as of 21 February 2025, the Stapled Group has bought back 0.8 million URF Stapled Securities for total consideration of \$0.3 million.

On 28 January 2025, the Trustees of US Masters Residential Property (USA) Fund agreed to reclassify the US Vehicle from its existing REIT structure to that of a taxable C-Corp structure for US tax purposes with an effective date of 1 January 2025. At the same time, the Trustees agreed to adopt a formal plan of liquidation which is expected to be completed by 31 December 2028 (the 'Liquidation Period').

The changes in structure of the US Vehicle outlined above do not impact the ongoing operations of the Australian entities or of the Stapled Group as a whole.

Following the reclassification, the Stapled Group's US operations will be subject to US corporate taxes (both Federal and State) currently at an effective tax rate of approximately 32%. However, as a C-Corp, historical losses are generally available to reduce the amount of corporate taxes that are expected to arise on the sell down of the portfolio. While historical losses are available to reduce taxable income under a C-Corp structure, losses incurred after the 2017 calendar year can be used to offset 80% of current year taxable income only.

The future repatriation of funds to Australia made in connection with the US Vehicle's plan of liquidation are considered 'liquidating dividends' and not subject to withholding tax provided such repatriations are made within the Liquidating Period. Any assets that remain on hand at the expiration of the Liquidating Period will be transferred to the Stapled Group (the Australian Listed entity) and any taxable income resulting from the sale of these assets will be subject to US corporate tax at a rate which is currently approximately 32%.

As a result of the above changes, the net deferred tax liability has reduced from \$40.2 million to \$3.5 million. The reduction in the deferred tax liability has been recognised in January 2025.

Other than the matters discussed above, there has not arisen in the interval between the balance date and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Responsible Entity, to significantly affect the operations of the Stapled Group, the results of those operations, or the state of affairs of the Stapled Group, in future financial years.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

As detailed in the Chair's Letter in pages (i) through (ii), the Stapled Group plans to continue the sale of its property portfolio. It is expected that the net proceeds resulting from the sale of these assets will be returned to shareholders by way of either a return of capital or distributions, or by way of share buybacks.

ENVIRONMENTAL ISSUES

To the best of the directors' knowledge the USA operations have been conducted in compliance with the environmental regulations existing under the USA federal, state and local legislation.



BENEFICIAL AND RELEVANT INTEREST OF DIRECTORS OF THE RESPONSIBLE ENTITY IN SECURITIES

As at the date of this report, details of directors of the Responsible Entity who hold securities for their own benefit are listed as follows:

Director	No. of securities
Stuart Nisbett	18,462
Peter Shear	-
Jack Lowenstein	-
Sean Banchik	-

OTHER RELEVANT INFORMATION

The following is a list of other relevant information required to be reported under the *Corporations Act 2001*:

- fees paid to the Responsible Entity – refer to note 23 to the financial statements
- units held by the directors of the Responsible Entity at the reporting date – refer to note 23 to the financial statements
- security buybacks completed during the financial year – refer to note 16 to the financial statements
- the value of the Stapled Group's assets and basis of valuation – refer to Consolidated Statement of Financial Position and note 2 respectively, and
- interests in the Stapled Group as at 31 December 2024, including movements in units on issue during the year – refer to note 16 to the consolidated financial statements.

INDEMNIFYING OFFICERS OR AUDITOR

Under the constitutions of URF I and URF II, the Responsible Entity, including its officers and employees, is indemnified out of the assets of the Stapled Group for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Stapled Group.

Insurance premiums have been paid, during or since the end of the financial year, for all directors of the Responsible Entity of the Stapled Group. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for the auditor of the Stapled Group.



NON-AUDIT SERVICES

During the year Deloitte Touche Tohmatsu (**Deloitte**), the Stapled Group's auditor, has performed certain other services in addition to their statutory duties.

The Board of the Responsible Entity has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Stapled Group and have been reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Stapled Group, acting as an advocate for the Stapled Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Stapled Group, Deloitte, and its related practices for audit and non-audit services provided during the year are set out in note 27.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 17 and forms part of the directors' report for the financial year ended 31 December 2024.

Signed in accordance with a resolution of the Directors:



Stuart Nisbett

Director

US Masters Residential Property Group

Dated this 28th day of February 2025



Auditor's Independence Declaration

For the year ended 31 December 2024

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Quay Quarter Tower
50 Bridge Street
Sydney, NSW, 2000
Australia

Phone: +61 2 9322 7000
www.deloitte.com.au

28 February 2025

The Board of Directors
US Masters Responsible Entity Limited
as Responsible Entity for
US Masters Residential Property Fund and
US Masters Residential Property Fund II
Level 17, 1 Denison Street, North Sydney NSW 2060

Dear Board Members

**Auditor's Independence Declaration to US Masters Responsible Entity Limited as Responsible Entity for
US Masters Residential Property Fund and US Masters Residential Property Fund II**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of the Responsible Entity of US Masters Residential Property Fund and US Masters Residential Property Fund II.

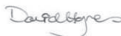
As lead audit partner for the audit of the financial report of US Masters Residential Property Fund for the year ended 31 December 2024 and US Masters Residential Property Fund II for the period 25 June 2024 to 31 December 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



David Haynes
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.



Aerial panorama
of Trenton New
Jersey skyline

Consolidated Financial Statements



Interior photo of a property
in the Fund's portfolio,
Polhemus Place, Park Slope

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	Note	Stapled Group		URF II
		For the 12 months ended	For the 12 months ended	For the period
		31 Dec 2024	31 Dec 2023	25 Jun to 31 Dec 2024
		\$'000	\$'000	\$'000
Investment property rental income		36,738	43,131	-
Interest income		927	461	2
Dividends from equity investments		-	871	-
Insurance proceeds		-	1,375	-
Other income		294	111	91
Responsible entity fee income	23	-	-	1,185
Fair value movement of investment properties	8	(21,373)	(620)	-
Fair value movement of equity investments	6	(1,265)	(4,507)	-
Investment property expenses		(16,518)	(17,840)	-
Net foreign currency (loss)/gain		(3,975)	242	-
Public company costs		(162)	(181)	(71)
Professional fees		(3,236)	(1,473)	(355)
IT expenses		(281)	(373)	(21)
Management fees - related party	23	(384)	(853)	-
Management fees - external	17	(2,565)	(2,691)	-
Promote incentive	17	15	(1,378)	-
Salaries and wages		-	(473)	-
Recharged expenses	17	(3,904)	(3,883)	-
Administrative costs	23	(798)	(1,027)	(628)
Interest expense		(19,970)	(21,887)	-
Investment property disposal costs		(16,398)	(5,582)	-
Equity investment disposal costs		(801)	-	-
Impairment loss on financial assets		(1,394)	(1,215)	-
Other insurance expense		(324)	(247)	(124)
Depreciation and amortisation expense		(17)	(199)	-
Impairment of right-of-use asset		-	(490)	-
Other expenses		(733)	(442)	(79)
Loss before income tax		(56,124)	(19,170)	-
Income tax benefit	11	11,185	123	-
Loss for the year		(44,939)	(19,047)	-
Loss for the year:				
Attributable to the Parent		(44,556)	(18,967)	-
Attributable to URF II		-	-	-
Attributable to non-controlling interests		(383)	(80)	-
		(44,939)	(19,047)	-



Consolidated Statement of Profit or Loss and Other Comprehensive Income (cont.)

For the year ended 31 December 2024

	Note	Stapled Group		URF II
		For the 12 months ended 31 Dec 2024	For the 12 months ended 31 Dec 2023	For the period 25 Jun to 31 Dec 2024
		\$'000	\$'000	\$'000
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange difference on translation of foreign operation (nil tax)		42,139	400	-
Other comprehensive income for the year, net of tax		42,139	400	-
Total comprehensive loss for the year		(2,800)	(18,647)	-
Total comprehensive loss for the year:				
Attributable to the Parent		(2,417)	(18,567)	-
Attributable to URF II		-	-	-
Attributable to non-controlling interests		(383)	(80)	-
		(2,800)	(18,647)	-
Earnings per unit				
Basic loss per stapled security/ordinary unit (dollars) *	18	(0.06)	(0.03)	-
Diluted loss per stapled security/ordinary unit (dollars) *	18	(0.06)	(0.03)	-

* Basic and diluted loss per stapled security is calculated as loss for the year after tax divided by the weighted average number of units. Earnings per unit attributable to URF II is nil as profit is nil.

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with Notes to the Consolidated Financial Statements.



Consolidated Statement of Financial Position

As at 31 December 2024

	Note	Stapled Group		URF II
		2024	2023	2024
		\$'000	\$'000	\$'000
Current assets				
Cash and cash equivalents	4	83,372	36,695	3,563
Receivables	5	765	674	17
Prepayments		1,441	1,329	92
Other financial assets held for sale	6	-	5,873	-
Other assets	7	4,572	166	-
Net investment in sublease	10	1,141	970	-
Investment properties held for sale	8	252,591	91,494	-
Total current assets		343,882	137,201	3,672
Non-current assets				
Investment properties	8	458,269	786,859	-
Other assets	7	9,252	11,076	-
Net investment in sublease	10	198	1,217	-
Property, plant and equipment		-	16	-
Security deposits	9	5	192	5
Total non-current assets		467,724	799,360	5
Total assets		811,606	936,561	3,677
Current liabilities				
Payables	12	5,418	5,456	306
Lease liabilities	10	1,195	1,406	-
Total current liabilities		6,613	6,862	306
Non-current liabilities				
Provisions	13	4,769	3,845	-
Deferred tax liabilities	11	40,248	46,920	-
Borrowings	14	359,189	456,226	-
Lease liabilities	10	204	1,271	-
Other non-current liabilities	15	215	195	-
Total non-current liabilities		404,625	508,457	-
Total liabilities		411,238	515,319	306
Net assets		400,368	421,242	3,371
Equity				
Unit capital attributable to the Parent	16	597,073	617,998	-
Unit capital attributable to URF II	16	3,371	-	3,371
Reserves		236,875	194,736	-
Accumulated losses		(437,962)	(393,406)	-
Equity attributable to security/unit holders of the Stapled Group		399,357	419,328	3,371
Non-controlling interests		1,011	1,914	-
Total equity		400,368	421,242	3,371

The Consolidated Statement of Financial Position is to be read in conjunction with Notes to the Consolidated Financial Statements.



Consolidated Statement of Changes in Equity

For the year ended 31 December 2024
Stapled Group

	Note	Unit capital attributable to the Parent	Unit capital attributable to URF II	Convertible step-up preference units	Foreign currency translation reserve	Accumulated losses	Attributable to security/unit holders	Non-controlling interests	Total equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2023		449,223	-	184,096	194,336	(374,439)	453,216	2,202	455,418
Loss for the year		-	-	-	-	(18,967)	(18,967)	(80)	(19,047)
Other comprehensive loss, net of income tax									
Foreign operation currency translation gain		-	-	-	400	-	400	-	400
Total other comprehensive income		-	-	-	400	-	400	-	400
Total comprehensive income/(loss) for the year		-	-	-	400	(18,967)	(18,567)	(80)	(18,647)
Distributions paid to non-controlling interest		-	-	-	-	-	-	(208)	(208)
Transactions with owners in their capacity as owners									
Issue of ordinary units	16	5,254	-	-	-	-	5,254	-	5,254
Unit buybacks	16	(13,267)	-	-	-	-	(13,267)	-	(13,267)
CPU conversion to ordinary units	16	184,096	-	(184,096)	-	-	-	-	-
Distributions to ordinary unitholders	16	(7,308)	-	-	-	-	(7,308)	-	(7,308)
Total transactions with owners		168,775	-	(184,096)	-	-	(15,321)	-	(15,321)
Balance at 31 December 2023		617,998	-	-	194,736	(393,406)	419,328	1,914	421,242
Balance at 1 January 2024		617,998	-	-	194,736	(393,406)	419,328	1,914	421,242
Loss for the year		-	-	-	-	(44,556)	(44,556)	(383)	(44,939)
Other comprehensive income, net of income tax									
Foreign operation currency translation gain		-	-	-	42,139	-	42,139	-	42,139
Total other comprehensive income		-	-	-	42,139	-	42,139	-	42,139
Total comprehensive income/(loss) for the year		-	-	-	42,139	(44,556)	(2,417)	(383)	(2,800)
Distributions paid to non-controlling interest		-	-	-	-	-	-	(520)	(520)
Transactions with owners in their capacity as owners									
(Reallocation)/issue of units	16	(3,411)	3,411	-	-	-	-	-	-
Security/unit buybacks	16	(10,280)	(40)	-	-	-	(10,320)	-	(10,320)
Distributions to ordinary unitholders	16	(7,234)	-	-	-	-	(7,234)	-	(7,234)
Total transactions with owners		(20,925)	3,371	-	-	-	(17,554)	-	(17,554)
Balance at 31 December 2024		597,073	3,371	-	236,875	(437,962)	399,357	1,011	400,368

The Consolidated Statement of Changes in Equity is to be read in conjunction with Notes to the Consolidated Financial Statements.



Consolidated Statement of Changes in Equity (continued)

For the year ended 31 December 2024

URF II

	<i>Note</i>	Unit capital \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 25 June 2024		-	-	-
Loss for the period		-	-	-
Total comprehensive loss for the period		-	-	-
<i>Transactions with owners in their capacity as owners</i>				
Issue of ordinary units	16	3,411	-	3,411
Security buybacks	16	(40)	-	(40)
Total transactions with owners		3,371	-	3,371
Balance at 31 December 2024		3,371	-	3,371

The Consolidated Statement of Changes in Equity is to be read in conjunction with Notes to the Consolidated Financial Statements.



Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Note	Stapled Group		URF II
		For the 12 months ended 31 Dec 2024 \$'000	For the 12 months ended 31 Dec 2023 \$'000	For the period 25 Jun to 31 Dec 2024 \$'000
Cash flows from operating activities				
Cash receipts from customers		35,658	41,986	-
Cash paid to suppliers		(26,750)	(25,618)	(1,104)
Responsible entity fees received		-	-	1,167
Insurance proceeds		-	1,375	-
Interest received		717	448	2
Interest paid		(17,374)	(20,694)	-
Management fees (paid)/received		(3,021)	(3,338)	92
Net cash (used in)/provided by operating activities	4	(10,770)	(5,841)	157
Cash flows from investing activities				
Payments for improvements to investment properties		(9,028)	(8,918)	-
Proceeds from the sale of equity investments		4,678	-	-
Proceeds from sale of investment properties		228,484	81,815	-
Disposal costs on sale of investment properties		(16,398)	(5,582)	-
Disposal costs on sale of equity investments		(801)	-	-
Distributions received from equity investments		-	871	-
Net cash provided by investing activities		206,935	68,186	-
Cash flows from financing activities				
Ordinary Unit buybacks		(10,320)	(13,265)	-
Bank loan repayments		(137,779)	(48,921)	-
Refund of interest reserve and escrow accounts		7,395	9,856	-
Payment of interest reserve and escrow accounts		(5,960)	(7,860)	-
Distributions paid - ordinary unitholders		(7,376)	(4,357)	-
Distributions paid - CPU holders		-	(3,419)	-
Distributions paid - non-controlling interest		(520)	(208)	-
Withholding tax paid		(22)	(678)	-
Lease payments		(1,451)	(1,414)	-
Cash receipts from net investment in sublease		1,001	930	-
Refund/(payment) of security deposit		195	376	(5)
Execution of stapling		-	-	3,411
Net cash (used in)/provided by financing activities		(154,837)	(68,960)	3,406
Net increase/(decrease) in cash and cash equivalents		41,328	(6,615)	3,563
Cash and cash equivalents at beginning of year		36,695	43,838	-
Effect of exchange rate fluctuations on cash held		5,349	(528)	-
Cash and cash equivalents at end of year	4	83,372	36,695	3,563

The Consolidated Statement of Cash Flows is to be read in conjunction with Notes to the Consolidated Financial Statements.



Exterior photo of a property
in the Fund's portfolio,
Dean Street, Brooklyn



Notes To The Consolidated Financial Statements



Interior photo of a property
in the Fund's portfolio,
8th Street, Jersey City

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

1. GENERAL INFORMATION

US Masters Residential Property Fund (**URF I, Parent**) and US Masters Residential Property Fund II (**URF II**) are registered management investment schemes under the *Corporations Act 2001*, domiciled in Australia. The financial statements comprise URF I and its subsidiaries and URF II and its subsidiaries, collectively referred to as US Masters Residential Property Group (**Stapled Group**).

The consolidated financial statements were authorised for issue by the Board of Directors on 28 February 2025. For the purpose of preparing the consolidated financial statements, the Stapled Group is a for-profit entity.

The principal activity of the Stapled Group is investment in the US residential property market.

2. BASIS OF PREPARATION

Units of URF I and units of URF II are stapled together to form the Stapled Group. Australian Accounting Standards require the identification of an acquirer and an in-substance acquisition to be recognised in respect of this stapling arrangement. In relation to the Stapled Group, URF I is identified as the acquirer of URF II.

The Stapled Group has applied *ASIC Corporations (Stapled Group Reports) Instrument 2015/838*. Accordingly, the consolidated financial statements and accompanying notes of the Stapled Group are presented together with the consolidated financial statements and accompanying notes of URF II and its controlled entities.

The Stapled Group has also applied *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. Accordingly, amounts in the consolidated financial statements and accompanying notes have been rounded to the nearest one thousand dollars unless otherwise indicated.

A) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards issued by the Australian Accounting Standards Board (**AASB**) and the *Corporations Act 2001*. Compliance with Australian Accounting Standards ensures that the consolidated financial statements comply with IFRS Accounting Standards (**IFRS**) issued by the International Accounting Standards Board (**IASB**).

B) Basis of measurement

The consolidated financial statements have been prepared on an accrual basis and are based on historical cost with the exception of certain financial instruments and investment property assets, which are measured at fair value. All amounts are presented in Australian dollars, unless otherwise noted.



C) Use of estimates and judgements

In the application of the Stapled Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting policies which are subject to significant accounting estimates and judgements at the reporting date and which have a significant risk of causing material adjustments to the financial statements in the next annual reporting period include:

i) Fair value of investment property assets

The Stapled Group estimates the fair value of investment properties at each reporting date primarily based on assessment of market sale prices at or around balance date of comparable properties using available market data. The Stapled Group engages external licensed property valuers and agents to assist in this assessment – refer note 3D and note 8(i).

ii) Deferred tax liability recognition

At balance date, the US subsidiary was classified as a US real estate investment trust (**REIT**) under US federal taxation law, and on this basis was not generally subject to US income taxes on that portion of the US REIT's taxable income or capital gains distributed to the US REIT's unitholders, provided that the US REIT complied with the requirements of the Code and maintained its REIT status.

Separately a deferred tax liability has been recognised at balance date to reflect the withholding tax that would have arisen on repatriation of taxable gains from the US to Australia while the US subsidiary was structured as a REIT.

Subsequent to balance date, the Trustees of US Masters Residential Property (USA) Fund (**US Vehicle**) agreed to reclassify the US Vehicle from a REIT structure to a taxable Corporate (**C-Corp**) - refer to note 26 Subsequent Events. As the change in tax status resulting from this was approved post balance sheet date, the effect of the change in tax status will not impact the measurement of the deferred tax liability as at 31 December 2024 and will only be recognised in FY2025 in accordance with Interpretation 125 *Income Taxes – Changes in the Tax Status of an Entity or its Shareholders*.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied in the preparation of the consolidated financial statements.

A) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Stapled Group, comprised of URF I, URF II and the entities each of them controls. Control is achieved when either URF I or URF II:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.



The income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Stapled Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Stapled Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the ownership interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of non-controlling interests are adjusted to reflect changes in the value of their relative interests in the relevant subsidiaries.

B) Foreign currency

The consolidated financial statements are presented in AUD which is also the functional currency of URF I and URF II.

For the purpose of presenting consolidated financial statements, the assets and liabilities of foreign operations are translated at the exchange rate prevailing on reporting date. Income and expense items other than fair value gains/losses on non-monetary items are translated at the average exchange rate for the year. Fair value gains/losses on non-monetary items are translated at the exchange rate prevailing on the date fair value was determined. Exchange differences arising on the retranslation of foreign operations at each reporting date, if any, are recognised in other comprehensive income and accumulated in a foreign currency translation reserve.

Foreign currency denominated transactions outside of the Stapled Group's foreign operations are translated at the exchange rate prevailing on the transaction date. Exchange differences arising on the retranslation of foreign denominated assets and liabilities at reporting date are recognised in profit or loss in the period in which they arise.

C) Financial instruments

i) Financial assets

The Stapled Group has the following financial assets: receivables, cash and cash equivalents, and equity investments.

Receivables

Trade and lease receivables are recognised at amortised cost.

The Stapled Group recognises a loss allowance for expected credit losses (**ECL**) on receivable balances.

The ECL is estimated using a provision matrix based on the Stapled Group's historical credit loss experience, adjusted for factors that are specific to the receivable balance, general economic conditions and an assessment of both current and forecast conditions at reporting date.

The amount of ECL is assessed at each reporting period and is updated to reflect changes in credit risk subsequent to initial recognition of the receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.



Equity investments

The Stapled Group's interests in 515 West 168th Venture LLC, 523 West 135th Street Venture LLC and 30-58/64 34th Street Venture LLC (refer to note 6) are designated as financial assets at fair value through profit or loss (**FVTPL**). Financial assets at FVTPL are recorded at fair value at the end of each reporting period with any fair value gains or losses recognised in profit or loss. Fair value has been determined as outlined in note 6.

ii) Financial liabilities

The Stapled Group has the following financial liabilities: trade and other payables, borrowings and preference unit capital.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost.

Borrowings

Borrowings are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost using the effective interest method.

Preference unit capital

Preference unit capital is classified as a financial liability if it is redeemable on a specific date or at the option of the unitholders, or if dividend payments are not discretionary. Dividends are recognised as interest expense in profit or loss as accrued.

iii) Unit capital

Stapled securities

The units of URF I are stapled to the units of URF II and are collectively referred to as stapled securities. Stapled securities are classified as equity and recognised at the fair value of the consideration received. Incremental costs directly attributable to the issue of stapled securities are recognised as a deduction from equity. Repurchase of stapled securities are recognised as a reduction directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of stapled securities.

Distributions to security holders

Distributions are recognised in the reporting period in which they are declared, determined, or publicly recommended by the Board of the Responsible Entity.

A distribution payable is recognised in the Consolidated Statement of Financial Position if the distribution has been declared or publicly recommended on or before balance date.

D) Investment property

i) Recognition and measurement

Investment property comprising residential real estate assets held to earn rental income and/or for capital appreciation is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value, representing the assessed amount that would be received to sell the asset in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Changes in the fair value of investment property are recorded in profit or loss as and when they arise.



ii) Determination of fair value

At each reporting date, the fair values of investment properties are assessed using management's knowledge of relevant market factors impacting the residential markets in which the Stapled Group invests, supported by the engagement of suitably qualified external property valuers and agents to assist in determination of active market prices (fair values). Refer to note 8 for further details regarding the determination of fair value of the property portfolio.

iii) Held for sale

At balance date, investment properties that are under contract for sale or which are designated to be sold are classified as held for sale. Such properties are expected to be sold within 12 months of balance date. Under the requirements of AASB 5, investment properties classified as held for sale are presented separately in the consolidated statement of financial position as a current asset. Under the requirements of AASB 140, selling costs are not required to be deducted from the assessment of fair value.

E) Provisions

Provisions are recognised when the Stapled Group has a present obligation as a result of a past event, it is probable that the Stapled Group will be required to settle the obligation, and a reliable estimate of the obligation can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Where some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

F) Income

i) Rental income

Rental income from operating leases is recognised as income over the lease term. Where a lease has fixed annual increases, the total rent receivable over the operating lease is recognised as revenue on a straight-line basis over the lease term. Where lease incentives are provided to tenants, the cost of the incentives are initially capitalised and then recognised over the lease term on a straight-line basis as a reduction in rental income.

G) Income tax

Under current Australian income tax legislation, the Stapled Group is not liable to pay income tax provided security holders are presently entitled to the Stapled Group's distributable income and its taxable income (including assessable realised capital gains) is fully distributed to security holders.

At balance date, the US subsidiary was classified as a US real estate investment trust (**REIT**) under US federal taxation law, and on this basis was not generally subject to US income taxes on that portion of the US REIT's taxable income or capital gains distributed to the US REIT's unitholders, provided that the US subsidiary complied with the requirements of the Code and maintained its REIT status.

Separately a deferred tax liability has been recognised at balance date to reflect the withholding tax that would have arisen on repatriation of taxable gains from the US to Australia while the US subsidiary was structured as a REIT. Refer note 2 C(ii) and note 11.



Goods and services tax

Revenue, expenses and assets are recognised net of the amount of Goods and Services Tax (**GST**), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (**ATO**) is included as a current asset or liability in the consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

The Stapled Group qualifies for reduced input tax credits at a minimum rate of 55%.

H) Operating segments

The Stapled Group has one operating segment, the investment in residential real estate assets in the New York metropolitan area of the United States of America.

I) Leases

(a) The Stapled Group as lessee

The Stapled Group assesses whether a contract is or contains a lease at inception of the contract. The Stapled Group recognises a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is the lessee, except short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Stapled Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Right-of-use assets are recognised at the present value of the future lease payments and are depreciated over the shorter period of the lease and the useful life of the asset.

(b) The Stapled Group as lessor

Leases for which the Stapled Group is a lessor are classified as finance or operating leases. Where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Stapled Group is an intermediate lessor (such as the sublease arrangement in place at the 140 Broadway, New York office), it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease and recognised as a net investment in sublease at the present value of contractual cash flows over the contract period.

Finance lease income is calculated with reference to the carrying amount of the lease receivable and is allocated to accounting periods so as to reflect a constant periodic rate of return.



J) New accounting standards and interpretations

Adoption of new and revised Accounting Standards

The Stapled Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) that are relevant to their operations and effective for the current year.

Accounting Standards and Interpretations issued but not yet effective

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. The potential impact of the new or revised Standards and Interpretations that will be effective for years ending on or after 31 December 2024 have not yet been determined.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2023-5 Amendments to Australian Accounting Standards - Lack of Exchangeability	1 January 2025	31 December 2025
AASB 2024-2 Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments	1 January 2026	31 December 2026
AASB 2024-3 Amendments to Australian Accounting Standards - Annual Improvements Volume 11	1 January 2026	31 December 2026
AASB 18 Presentation and Disclosure in Financial Statements	1 January 2027	31 December 2027
AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2028	31 December 2028



4. CASH AND CASH EQUIVALENTS

	Stapled Group		URF II
	2024	2023	2024
	\$'000	\$'000	\$'000
Cash at bank	83,330	36,534	3,563
Restricted cash ⁽¹⁾	42	161	-
	83,372	36,695	3,563

Cash at bank earns interest at floating rates. The effective interest rate on bank deposits during the year was 1.37% (2023: 0.84%).

The Stapled Group's exposure to interest rate risk is shown in note 20.

⁽¹⁾ Restricted cash relates to a deposit account into which all tenant rent is received (Rent Deposit Account) pursuant to the requirements of the Global Atlantic loan facility. Amounts are swept daily from the Rent Deposit Account by the loan servicer to cover interest, replenishment of required reserves and any other amount due to Global Atlantic. The residual balance, if any, is returned to the Stapled Group.

Reconciliation of cash flows from operating activities	Stapled Group		URF II
	2024	2023	2024
	\$'000	\$'000	\$'000
Loss for the year	(44,939)	(19,047)	-
Adjustments for:			
Net unrealised gain on foreign exchange	3,975	(242)	-
Dividends from equity investments	-	(871)	-
Change in fair value of investment property	21,373	620	-
Change in fair value of equity investments	1,265	4,507	-
Non-cash interest expense - Global Atlantic loan facility	995	988	-
Non-cash interest expense - promote incentive	497	351	-
Withholding tax on interest	9	58	-
Investment property disposal costs	16,398	5,582	-
Equity investment disposal costs	801	-	-
Depreciation and amortisation expense	17	199	-
Impairment of right-of-use asset	-	490	-
Change in trade and other receivables	(91)	106	(57)
Change in other assets	21	(84)	-
Change in prepayments	(112)	73	(92)
Change in trade and other payables	243	248	306
Change in provisions (excluding foreign exchange impact)	(15)	1,378	-



Reconciliation of cash flows from operating activities	Stapled Group		URF II
	2024	2023	2024
	\$'000	\$'000	\$'000
Change in deferred tax liability (excluding foreign exchange impact)	(11,207)	(197)	-
Net cash (used in)/provided by operating activities	(10,770)	(5,841)	157

Reconciliation of liabilities arising from financing activities

	Note	Non-cash changes					31 Dec 2024
		1 Jan 2024	Financing cash flows	Payment of transaction costs	Amortisation of borrowing costs	Exchange rate differences on translation	
		\$'000	\$'000	\$'000	\$'000	\$'000	
Secured bank loans	14	456,226	(135,808) ⁽ⁱ⁾	-	995	37,776	359,189
Lease liability	10	2,677	(1,451)	-	-	173	1,399
		458,903	(137,259)	-	995	37,949	360,588

⁽ⁱ⁾ Excluding Exempt Property payments yet to be applied to the outstanding principal balance. Refer note 7(iii).

	Note	Non-cash changes					31 Dec 2023
		1 Jan 2023	Financing cash flows	Payment of transaction costs	Amortisation of borrowing costs	Exchange rate differences on translation	
		\$'000	\$'000	\$'000	\$'000	\$'000	
Secured bank loans	14	500,779	(47,215) ⁽ⁱ⁾	-	988	1,674	456,226
Lease liability	10	4,055	(1,414)	-	-	36	2,677
		504,834	(48,629)	-	988	1,710	458,903

5. RECEIVABLES

	Stapled Group		URF II
	2024	2023	2024
	\$'000	\$'000	\$'000
Receivables – rental debtors	1,760	2,093	-
Loss allowance for rental debtors	(1,272)	(1,566)	-
Other receivables	277	147	17
	765	674	17



Rent is receivable in advance on the first day of each month. Late fees are levied on tenants if rent is not paid by the sixth day of the month. No interest is charged on trade receivables.

The Stapled Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (**ECL**). The ECL on trade receivables are estimated using a provision matrix with reference to past default experience, an analysis of the tenant's current financial position and consideration of forward looking expectations. A loss allowance of \$1.27 million (2023: \$1.57 million) has been recognised in respect of outstanding amounts at balance date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Amounts owing from tenants that have since departed the property are written off as a bad debt in profit or loss.

The Stapled Group's exposure to credit and currency risks related to trade and other receivables is shown in note 20.

6. OTHER FINANCIAL ASSETS HELD FOR SALE

Other financial assets held for sale relate to equity investments held in the following investees:

Investee	Country of Incorporation	Principal activity	Principal place of business	Ownership Interest	
				2024 %	2023 %
30-58/64 34 th Street Venture LLC ^{(ii) (iii)}	USA	Property investment	Astoria, NY	0.0%	65.0%
515 West 168 th Venture LLC ⁽ⁱⁱⁱ⁾	USA	Property investment	Washington Heights, NY	63.7%	63.7%
523 West 135 th Street Venture LLC ⁽ⁱⁱⁱ⁾	USA	Property investment	Hamilton Heights, NY	64.7%	64.7%

The table below shows the movement in the Stapled Group's economic interest in the investees during the year:

	Stapled Group		URF II
	2024 \$'000	2023 \$'000	2024 \$'000
Balance at beginning of year	5,873	10,287	-
Fair value movement of equity investments ⁽ⁱ⁾	(1,265)	(4,507)	-
Proceeds on the sale of equity investments ⁽ⁱⁱ⁾	(4,678)	-	-
Exchange rate differences on translation	70	93	-
Balance at end of year	-	5,873	-

(i) During the year, the investment properties owned by 515 West 168th Venture LLC and 523 West 135th Street Venture LLC were appraised at US\$11 million and US\$4.1 million respectively. At balance date, the investees had borrowings of US\$12.6 million and US\$4.2 million respectively (which are non-recourse to the Stapled Group) and accordingly, the carrying value of each investment has been valued at nil.

(ii) On 10 July 2024, the Stapled Group sold its equity interest in 30-58/64 34th Street Venture LLC to Urban American III LLC (Operating Member) for total consideration of US\$3.2 million. The Stapled Group no longer has an economic interest in this venture.

(iii) The Stapled Group does not have existing rights that give it the current ability to direct the relevant activities of the Investee and therefore does not exercise control of the Investee. Similarly, the Stapled Group does not have significant influence over the Investee. Accordingly, the investment has been designated as a financial asset at fair value through profit or loss.



7. OTHER ASSETS

	Stapled Group		URF II
	2024	2023	2024
Current assets	\$'000	\$'000	\$'000
Other assets (escrow deposits ⁽ⁱ⁾)	1,220	166	-
Other assets ⁽ⁱⁱⁱ⁾	3,352	-	-
	4,572	166	-

(i) Property sales can include escrow holdbacks to cover settlement adjustments such as utility bills and minor repairs. Amounts held in escrow are returned to the Stapled Group once the escrow conditions have been satisfied.

	Stapled Group		URF II
	2024	2023	2024
Non-current assets	\$'000	\$'000	\$'000
Borrowing facility reserve accounts ⁽ⁱⁱ⁾	8,365	8,954	-
Other assets ⁽ⁱⁱⁱ⁾	887	2,122	-
	9,252	11,076	-

(ii) At balance date, the Stapled Group had the following balances on reserve with Global Atlantic (**GA**) as required under the terms of the facility (refer note 14(i)):

- An interest reserve totalling US\$3.2 million (\$5.2 million).
The Stapled Group is required to hold an interest reserve equivalent to 3 months' worth of debt service payment.
- A property tax reserve totalling US\$1.1 million (\$1.8 million).
The Stapled Group is required to make monthly payments equivalent to 1/12th of the estimated annual property tax liability for deposit into the property tax reserve.
Subject to providing evidence satisfactory to GA that the Stapled Group is current with its quarterly property tax obligations and there being no Events of Default, the Stapled Group will be reimbursed out of the reserve account for property tax payments made.
- An insurance reserve totalling US\$0.4 million (\$0.6 million).
The Stapled Group is required to make monthly insurance premium reserve payments equivalent to 1/12th of the estimated annual premium into the insurance reserve account. At all times, the Stapled Group is required to maintain a minimum balance representing two months' worth of insurance premium.
Subject to providing evidence satisfactory to GA that the Stapled Group is current with its insurance obligations, and subject to a two month minimum reserve balance requirement and there being no Events of Default, the Stapled Group will be reimbursed out of the insurance reserve account for insurance premiums paid.
- A capital expenditure reserve totalling US\$0.5 million (\$0.8 million).
The Stapled Group is required to hold a capital expenditure reserve equivalent of \$1,000 for each property comprising the collateral pool.



In an Event of Default scenario, funds held in the interest, property tax, insurance and capital expenditure reserve accounts may be applied to amounts outstanding under the loan facility in such order, proportion and priority determined by GA in its sole discretion.

(iii) Under the terms of the Global Atlantic facility, the Stapled Group can nominate properties that remain vacant during the preparation and marketing phase of the sales process to be excluded from all covenant calculations (**Exempt Property**). Upon nomination of an Exempt Property, the Stapled Group is required to make a payment equal to the difference between the Release Amount and the Allocated Loan Amount of each Exempt Property. Such payments will be applied to the outstanding principal balance upon sale of each Exempt Property.

Payments made in respect of Exempt Properties that are classified as held for sale are shown as a current asset.

8. INVESTMENT PROPERTIES

	Stapled Group		URF II
	2024	2023	2024
	\$'000	\$'000	\$'000
Disclosed in the Consolidated Statement of Financial Position as:			
Current assets			
Investment properties held for sale ⁽ⁱ⁾	252,591	91,494	-
Non-current assets			
Investment properties	458,269	786,859	-
	710,860	878,353	-

	Stapled Group		URF II
	2024	2023	2024
	\$'000	\$'000	\$'000
At fair value			
Balance at beginning of year	878,353	949,292	-
Payments for improvements to investment properties	8,902	8,868	-
Fair value movement of investment properties to market	(21,139)	2,114	-
Fair value movement of investment properties due to damage ⁽ⁱⁱ⁾	(234)	(2,734)	-
Disposals	(229,812)	(82,094)	-
Exchange rate differences on translation	74,790	2,907	-
Balance at end of year	710,860	878,353	-

(i) Under the Investment Property accounting standard, selling costs are not required to be deducted from the assessment of fair value. We note that as the Stapled Group realises these assets, selling costs in the range of 6-9% are typically incurred. The average selling costs incurred on property sales during 2024 were 7% of sales price (2023: 7%).

Investment properties that are either under contract or actively marketed for sale at balance date have been classified as "Investment properties held for sale" and are shown as a current asset on the Consolidated Statement of Financial Position. Settlement is expected to occur within 12 months of balance date.

(ii) The fair value movement attributable to impairment relates to water damage in 2024, and water, fire and façade damage in 2023.



i) Valuation basis

Fair value has been measured on a property by property basis, that being the Unit of Account under AASB 13 Fair Value.

In determining the fair value of the Stapled Group's investment properties at balance date, the portfolio has been dissected into groupings by location (neighbourhood), being the principal characteristic assessed as impacting fair values. A sample of properties within each location grouping was selected for independent appraisal ensuring a representative coverage was obtained. The Stapled Group has a policy of ensuring each property is independently appraised on at least an annual basis.

A panel comprised of the following appraisers valued the properties selected for appraisal during the period. The appraisers were selected in consideration of their certification as either licensed residential appraisers or licensed real estate agents, as well as their experience and independence to the Stapled Group. Appraisals were conducted under the Uniform Standards of Professional Appraisal Practice as required by the Appraisals Standards Board of The Appraisal Foundation in the USA.

- County Appraisals, LLC (licensed residential appraiser)
- Accurate Appraisals Associates, LLC (licensed residential appraiser)
- Platinum Coast Appraisal & Co. (licensed residential appraiser)
- Glenn A. Gabberty Appraisals, Inc. (licensed residential appraiser)
- Douglas Elliman Real Estate (licensed real estate agent)
- Patrick Southern Coldwell Banker (licensed real estate agent)
- Ari Harkov, Brown Harris Stevens (licensed real estate agent)

The appraisals were completed using the "direct comparable sales" approach. Under this approach, the appraiser identifies at least three relevant and appropriate comparable location sales in relative close time proximity to valuation date, which sales evidence is used in conjunction with consideration of other relevant property specific or general market factors to assess the estimated market value of the subject property.

The valuation results of the appraised properties, excluding outliers, were used to determine the average result for each neighbourhood. The average result for each neighbourhood is then extrapolated onto the properties which were not subject to individual appraisal during the period, thereby achieving an overall valuation outcome for each neighbourhood and accordingly the entire portfolio.

Investment properties classified as held for sale are marked to their contract or list price.

At 31 December 2024, the Stapled Group has classified its property portfolio as a Level 2 hierarchy asset due to its fair value measurement being based on inputs (other than unadjusted quoted prices in active markets for identical assets) that are observable for the assets, either directly or indirectly, as follows:

Class of property	Fair value hierarchy level	Stapled Group		URF II	Valuation technique	Inputs
		Fair value (\$'000) 2024	Fair value (\$'000) 2023	Fair value (\$'000) 2024		
Residential use investment property	Level 2	710,860	878,353	-	Direct comparable sales	<ul style="list-style-type: none"> - Selling price - Geographic location - Property age and condition - Size of Property - Number of rooms



The fair value of the Stapled Group's portfolio of investment properties at 31 December 2024 was determined based on market conditions existing at balance date. A sensitivity analysis has been performed on the fair value adopted at 31 December 2024 below to consider the movement in the fair value of the portfolio if the percentage sales price movements in each neighbourhood were to increase or decrease.

	Key Assumptions	
	5% decrease in sales price	5% increase in sales price
Change in total value (\$'000)	(35,543)	35,543

ii) Leasing arrangements

Investment properties are leased to tenants under operating leases. Generally, the operating leases have a duration of 12 months with rent payable monthly.

Minimum lease payments receivable on leases of investment properties are shown below. Tenants that are on a month to month basis are excluded from the analysis.

	Stapled Group		URF II
	2024 \$'000	2023 \$'000	2024 \$'000
Not later than one year	9,625	18,127	-
Later than one year and not later than five years	-	338	-
	9,625	18,465	-

iii) Contractual obligations

The Stapled Group has no contractual obligations in respect of property refurbishments (2023: nil).

9. SECURITY DEPOSITS

	Stapled Group		URF II
	2024 \$'000	2023 \$'000	2024 \$'000
Security deposits	5	192	5

The letter of credit provided to the landlord of the office space located at Harborside Financial Center was returned to the Stapled Group upon the expiration of the lease in October 2024.



10. LEASES

The Stapled Group is party to a sublease in respect of its lease at 140 Broadway, New York, New York. The movement in the net investment in sublease receivable and the liability on the head lease is shown below.

	Stapled Group		URF II
	31 Dec 2024	31 Dec 2023	31 Dec 2024
	\$'000	\$'000	\$'000
Net investment in sublease			
Balance at beginning of year	2,187	3,093	-
Interest income	115	178	-
Lease payments received	(1,116)	(1,108)	-
Exchange rate differences on translation	153	24	-
Balance at end of year	1,339	2,187	-
Disclosed as:	\$'000	\$'000	\$'000
Current	1,141	970	-
Non-current	198	1,217	-
	1,339	2,187	-

Maturity analysis in respect of the lease payments receivable is as follows:

	Stapled Group		URF II
	31 Dec 2024	31 Dec 2023	31 Dec 2024
	\$'000	\$'000	\$'000
Lease receivable – contractual undiscounted cash flows			
Year one	1,190	1,081	-
Year two	198	1,081	-
Year three	-	180	-
	1,388	2,342	-

	Stapled Group		URF II
	31 Dec 2024	31 Dec 2023	31 Dec 2024
	\$'000	\$'000	\$'000
Lease liabilities			
Balance at beginning of year	2,677	4,055	-
Interest expense	84	139	-
Lease repayments	(1,535)	(1,553)	-
Exchange rate differences on translation	173	36	-
Balance at end of year	1,399	2,677	-
Disclosed as:	\$'000	\$'000	\$'000
Current	1,195	1,406	-
Non-current	204	1,271	-
	1,399	2,677	-



Minimum lease payments payable in respect of the lease liabilities are as follows:

	Stapled Group		URF II
	31 Dec 2024	31 Dec 2023	31 Dec 2024
	\$'000	\$'000	\$'000
Lease liabilities – contractual undiscounted cash flows			
Not later than one year	1,231	1,487	-
Later than one year and not later than five years	205	1,305	-
	1,436	2,792	-

11. DEFERRED TAX LIABILITIES

	Stapled Group		URF II
	2024	2023	2024
	\$'000	\$'000	\$'000
Investment properties	40,248	46,920	-
Movements			
Balance at beginning of year	46,920	47,139	-
Credited to profit or loss as income tax benefit	(11,207)	(197)	-
Unrealised foreign exchange loss/(gain)	4,535	(22)	-
Balance at end of year	40,248	46,920	-

Income tax benefit is comprised of:

	Stapled Group		URF II
	For the 12 months ended 31 Dec 2024	For the 12 months ended 31 Dec 2023	For the period 25 Jun to 31 Dec 2024
	\$'000	\$'000	\$'000
Deferred tax credited to profit or loss	(11,207)	(196)	-
State and withholding tax payable	22	73	-
Income tax benefit	(11,185)	(123)	-

At balance date, the Stapled Group recognised a deferred tax liability in respect of withholding tax obligations that would have arisen on the repatriation of taxable gains associated with its property assets from the US to Australia under the previous REIT structure of the US Vehicle. Structured as a REIT, the US Vehicle was not generally subject to US corporate taxes provided taxable gains were distributed to unitholders and all other REIT qualification criteria were satisfied. The Stapled Group was, however, subject to withholding tax at a rate of 15% on taxable gains repatriated from the US to Australia.

Refer to note 26 Subsequent Events for further details.



12. PAYABLES

	Stapled Group		URF II
	2024	2023	2024
	\$'000	\$'000	\$'000
Trade payables	310	628	74
Interest payable	1,318	1,590	-
Other payables	3,790	3,238	232
	5,418	5,456	306

The average credit period on trade payables is 30 days. No interest is charged on trade payables from the date of invoice. The Stapled Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

13. PROVISIONS

	Stapled Group		URF II
	2024	2023	2024
	\$'000	\$'000	\$'000
Provision for promote interest			
Balance at beginning of year	3,845	2,139	-
Interest expense	497	351	-
Promote recognised during the year	(15)	1,378	-
Exchange rate differences on translation	442	(23)	-
Balance at end of year	4,769	3,845	-

Under the terms of the Limited Liability Company agreement, Brooksville Company LLC (**Brooksville**) is entitled to a promote on returns delivered in excess of an 8% compound annual return, calculated with reference to the equity value contributed to the venture. Returns in excess of the 8% hurdle rate are distributed 25% to Brooksville and 75% to the members according to their equity interest percentage. The promote will be settled as and when it is realised.

The Stapled Group has estimated the value of the promote interest at balance date using a discounted cash flow model. In making its estimation, the Stapled Group has exercised judgement to form reasonable valuation inputs in respect of the length of the sell down period (3 years), future selling prices, disposal costs (historical average), repayment of borrowings and the discount rate used (10%). Based on the Stapled Group's estimation, it is not expected that the required return hurdle will be satisfied within 12 months of balance date and accordingly the provision has been classified as a non-current liability. These judgements will be revisited each reporting period and revised where necessary.



14. BORROWINGS

	Stapled Group		URF II
	2024	2023	2024
	\$'000	\$'000	\$'000
Non-current liabilities			
Secured bank loans – at amortised cost	359,189	456,226	-
	359,189	456,226	-

Bank borrowings

Details of maturity dates and security for bank facilities are set out below:

Financial institution	Interest rate	Maturity date	Security	Property security value – fair value \$'000	Stapled Group		URF II
					2024 Amortised cost \$'000	2023 Amortised cost \$'000	2024 Amortised cost \$'000
Global Atlantic	(i)	(i)	(i)	708,313	359,189	456,226	-
					359,189	456,226	-

(i) The facility bears interest at a fixed rate of 4% per annum, and has a maturity date of May 19, 2026.

The facility has an annual repayment requirement equivalent to 1% of the outstanding principal balance measured on the first day of the related calendar year (Minimum Required Principal Payment, **MRPP**). The MRPP is due by 30 December of the related calendar year. Principal repayments required upon sale of property form part of each year's MRPP.

Notwithstanding the principal payment requirement, the Stapled Group has a one time right to defer the MRPP for one year and to include any unpaid MRPP in the subsequent year's payment. As of balance date, the Stapled Group has not yet exercised its one time right of deferral and accordingly no amount has been classified as current in respect of this requirement at balance date. Any MRPP made is not subject to a Yield Maintenance Premium (refer below).

Under the terms of the facility, there is a limit to the amount that can be repaid early before incurring a Yield Maintenance Premium. The limit is referred to as the Free Prepayment Amount, and is US\$54M during the Yield Maintenance Period of the facility (refer paragraph below). The US\$54M Free Prepayment Amount is subject to a limit that can be repaid early in any one given year. This annual limit is referred to as the Free Prepayment Annual Amount, and is calculated as 5% of the initial balance of the facility (US\$360M), or US\$18M per year. The annual repayment limit is cumulative, meaning that any unused repayment limit in one year is available to be carried forward to increase the Free Prepayment Annual Amount of subsequent years. For example, if in Year 1 the Stapled Group made early repayments equivalent to 2% of the inception facility balance, then in Year 2 the Stapled Group can make early repayments equivalent to 8% of the inception facility balance before triggering a Yield Maintenance Premium.

The Yield Maintenance Premium is applicable only during the Yield Maintenance Period, which period covers the first 4.5 years of the loan facility (ending 19 May 2025). No Yield Maintenance Premium is payable on early repayments following the expiration of the Yield Maintenance Period. During the year, the Stapled Group



incurred US\$828,000 (A\$1,255,000) in Yield Maintenance Premium, which is included in “Interest expense” in the Consolidated Statement of Profit or Loss and Other Comprehensive Income

The Yield Maintenance Premium is calculated as the greater of (a) one percent (1%) of the amount of the facility being repaid, and (b) the excess, if any, of (i) the sum of the present values of all then scheduled payments of interest and principal through maturity date over (ii) the principal amount of the facility being prepaid.

The loan facility is secured by the following:

- A charge over the following subsidiaries of the Stapled Group in which collateralised property assets are held:
 - Collingwood URF LLC
 - Carlton URF LLC
 - St Kilda LLC
 - Melbourne LLC
 - Geelong LLC
 - NJ Penelope LLC
 - NRL URF LLC
 - NY Oakland LLC
 - Brisbane URF LLC
 - Essendon LLC
 - Fremantle LLC
- A guarantee given by Jett URF Holdings LLC and Kenny URF Holdings LLC, as Equity Owners of the borrowing entities listed above.
- A guarantee given by US Masters Residential Property (USA) Fund.
- US\$5.2 million (A\$8.4 million) placed in interest, taxes, insurance and capex reserves (refer note 7(ii)).
- A Deposit Account Control Agreement in respect of the Rent Deposit Account (refer note 4).

The total security value at balance date is \$718.9 million including property assets valued at \$708.3 million. The facility is subject to the following covenants:

- Required Debt Yield Percentage of 4.75% (tested quarterly)
- Required Debt Service Cover Ratio of 1.15 (tested quarterly)
- Required Loan to Value Ratio of 79% (tested annually)

The Stapled Group must also maintain a Tangible Net Worth of at least US\$250 million, a Liquid Asset covenant of at least US\$10 million, and avoid any Event of Bankruptcy. Breaching these covenants allows the lender to demand immediate repayment of all unpaid principal and interest amounts.



A summary of the face value of drawn and available facilities at balance date is shown below:

Facility	Principal drawn \$'000	Principal available \$'000	Total \$'000
Global Atlantic	360,692	-	360,692
	360,692	-	360,692

15. OTHER NON-CURRENT LIABILITIES

	Stapled Group		URF II
	2024 \$'000	2023 \$'000	2024 \$'000
Redeemable preference units	202	184	-
Accrued interest	13	11	-
	215	195	-

Series A Preferred Units	Stapled Group				URF II	
	2024 No of units	2024 \$'000	2023 No of units	2023 \$'000	2024 No of units	2024 \$'000
Issued	125	215	125	195	-	-

Subsequent to balance date, the face value of the preference units were redeemed and accrued interest through to the date of redemption was settled. The redeemable preferences units are no longer on issue.

The holders of the Series A Preferred units were entitled to receive cumulative preferential cash dividends. Dividends accrued on a daily basis and were cumulative from the first date on which the units were issued. Series A Preferred units ranked ahead of ordinary units, did not carry the right to vote except in relation to Series A Preferred unit matters, and were redeemable at the sole discretion of the Stapled Group. Dividends accrued under the terms of the Series A Preferred units are disclosed as interest expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

16. CAPITAL AND RESERVES

On 25 June 2024, as part of the execution of the stapling arrangement, 705,716,984 ordinary units were stapled from URF I to URF II. URF II has issued these units at a price of 0.48 cents. This results in the proportionate allocation of the URF I unit capital to URF II as per the table below.

The units in URF I and URF II were stapled on a one for one basis forming the stapled group. The units of URF I and URF II cannot be traded separately and can only be traded as stapled securities under the Australian Securities Exchange ticker symbol URF (**URF Stapled Securities**).

Holders of URF Stapled Securities are entitled to receive distributions as declared. On a show of hands every holder present at a meeting in person, or by proxy, is entitled to one vote, and upon a poll each security holder is entitled to one vote per security owned.



	Stapled Group		URF II
	2024 \$'000	2023 \$'000	2024 \$'000
691,636,927 stapled securities/ordinary units	600,444	617,998	3,371
(a) Issued stapled securities/ordinary units			
Balance at beginning of the year	617,998	449,223	-
1,803,775 CPUs converted to 369,773,875 units	-	184,096	-
9,291,741 units issued at \$0.26	-	2,416	-
10,135,767 units issued at \$0.28	-	2,838	-
705,716,984 units issued at \$0.0048	-	-	3,411
Stapled security/ordinary unit buybacks	(10,320)	(13,267)	(40)
Ordinary distribution	(7,234)	(7,308)	-
Balance at end of the year	600,444	617,998	3,371
Attributable to the Parent	597,073	617,998	-
Attributable to URF II	3,371	-	3,371
	600,444	617,998	3,371

(b) Movements in stapled securities/ordinary units

Date	Details	Stapled Group		URF II
		2024 No.	2023 No.	2024 No.
1 January	Balance at beginning of the year	726,177,358	381,559,602	-
3 January 2023	Conversion to ordinary units	-	369,773,875	-
24 February 2023	Distribution reinvestment	-	9,291,741	-
21 July 2023	Distribution reinvestment	-	10,135,767	-
25 June 2024	Issue of stapled securities	-	-	705,716,984
2023	Ordinary unit buybacks	-	(44,583,627)	-
2024	Stapled security/ordinary unit buybacks	(34,540,431)	-	(14,080,057)
	Balance at end of the year	691,636,927	726,177,358	691,636,927

Translation reserve

The translation reserve comprises all foreign currency movements arising on the translation of the financial statements of foreign operations.



17. MANAGEMENT FEES, PROMOTE INCENTIVE AND RECHARGED EXPENSES

Management fees

	Stapled Group		URF II
	For the 12 months ended 31 Dec 2024	For the 12 months ended 31 Dec 2023	For the period 25 Jun to 31 Dec 2024
	\$'000	\$'000	\$'000
Asset management fee ⁽ⁱ⁾	1,563	1,513	-
Property management fee ⁽ⁱⁱ⁾	1,002	1,178	-
	2,565	2,691	-

⁽ⁱ⁾ Pursuant to the Asset Management Agreement, Brooksville is entitled to an Asset Management Fee of US\$1 million per year, subject to annual CPI adjustments.

⁽ⁱⁱ⁾ Pursuant to the Property Management Agreement, Pinnacle City Living (**Pinnacle**) is entitled to a Property Management Fee of 2.85% of gross receipts collected.

Promote incentive

	Stapled Group		URF II
	For the 12 months ended 31 Dec 2024	For the 12 months ended 31 Dec 2023	For the period 25 Jun to 31 Dec 2024
	\$'000	\$'000	\$'000
Promote incentive (refer note 13)	(15)	1,378	-
	(15)	1,378	-

Recharged expenses

Figures in the commentary below have not been rounded.

Under the terms of the respective agreements, Brooksville and Pinnacle are entitled to recover direct expenses incurred in the management of the portfolio. Recharged expenses primarily relate to payroll costs in respect of leasing and property management services, construction management services, office administration costs, and compliance costs. During the year, the total amount recharged to the Group was \$3,982,214 (2023: \$3,994,938). Of this amount, construction management services totalling \$77,996 (2023: \$111,958) were capitalised to the relevant investment properties.



18. EARNINGS PER STAPLED SECURITY/ORDINARY UNIT

(a) Weighted average number of stapled securities/ ordinary units	Stapled Group		URF II
	2024 No.	2023 No.	2024 No.
Weighted average number of stapled securities (ordinary units in the prior year) used to calculate basic and diluted earnings per unit	708,064,477	733,766,846	698,261,231

(b) Loss attributable to stapled security holders/ ordinary unitholders	Stapled Group		URF II
	For the 12 months ended 31 Dec 2024	For the 12 months ended 31 Dec 2023	For the period 25 Jun to 31 Dec 2024
	\$'000	\$'000	\$'000
Loss used in the calculation of basic and diluted (loss)/earnings per stapled security/ordinary unit	(44,939)	(19,047)	-
Basic loss per stapled security/ordinary unit (dollars):			
Attributable to the Parent	(0.06)	(0.03)	-
Attributable to URF II	-	-	-
Attributable to non-controlling interests	(0.00)	(0.00)	-
Diluted loss per stapled security/ordinary unit (dollars):			
Attributable to the Parent	(0.06)	(0.03)	-
Attributable to URF II	-	-	-
Attributable to non-controlling interests	(0.00)	(0.00)	-

Basic and diluted loss per stapled security (ordinary unit in the prior year) amounts are calculated by dividing loss for the year attributable to stapled security holders (ordinary unitholders in the prior year) by the weighted average number of stapled securities/ordinary units outstanding during the year.

Earnings per unit attributable to URF II is nil as the total comprehensive income is nil.

19. OPERATING SEGMENTS

The Stapled Group operates solely in the business of investing in residential real estate assets associated with the New York metropolitan area in the United States of America. Revenue, profit, net assets and other financial information reported to and monitored by the Chief Operating Decision Maker (**CODM**) for the single identified operating segment are the amounts reflected in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows.

The Responsible Entity, which is the CODM for the purposes of assessing performance and determining the allocation of resources, operates and is domiciled in Australia.



20. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Overview

The Stapled Group's financial instruments comprise cash and cash equivalents, receivables, payables and bank loans. The Stapled Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market (currency risk and interest rate risk)
- Capital management

Financial risk and risk management framework

The directors of the Responsible Entity have overall responsibility for the establishment and oversight of the Stapled Group's risk management framework.

Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause the Stapled Group to incur a financial loss. The Stapled Group has exposure to credit risk on all its financial assets included in the Stapled Group's Consolidated Statement of Financial Position.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Summary exposure	Note	Stapled Group		URF II
		2024 \$'000	2023 \$'000	2024 \$'000
Cash and cash equivalents	4	83,372	36,695	3,563
Trade and other receivables	5	765	674	17
Loan facility reserves and escrow deposits	7	13,824	11,242	-
Security deposits	9	5	192	5
Net investment in sublease	10	1,339	2,187	-
		99,305	50,990	3,585

Cash and cash equivalents

Cash and cash equivalents are only deposited with reputable financial institutions. The majority of funds at year end were deposited with ANZ and National Australia Bank in Australia, and Centennial Bank, Citizens Bank and Bank of America in the USA.



Trade and other receivables

The Stapled Group manages its credit risk by performing credit reviews of prospective tenants and closely monitoring arrears on existing tenants.

The Stapled Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience, an analysis of the tenant's current financial position and consideration of forward looking expectations. A loss allowance of \$1.3 million (2023: \$1.6 million) has been recognised in respect of outstanding amounts at balance date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Amounts owing from tenants that have since departed the property are written off as a bad debt in profit or loss. The aging of trade receivables at the reporting date was:

	Stapled Group		URF II
	2024 \$'000	2023 \$'000	2024 \$'000
Current	432	398	17
Past due 31-60 days	300	265	-
Past due 61-90 days	9	16	-
More than 90 days	1,019	1,414	-
	1,760	2,093	17

Movement in loss allowance for trade receivables

	Stapled Group		URF II
	2024 \$'000	2023 \$'000	2024 \$'000
Balance at beginning of the year	1,568	911	-
Impairment loss on financial assets	1,394	1,215	-
Amounts written off during the year	(1,818)	(542)	-
Exchange rate differences on translation	128	(16)	-
Balance at end of the year	1,272	1,568	-



Liquidity risk

Liquidity risk is the risk that the Stapled Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Stapled Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Stapled Group's reputation.

The following is the contractual maturity of financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Stapled Group can be required to pay. The tables include both interest and principal cash flows.

Stapled Group

31 December 2024	Carrying amount \$'000	Contractual cash flows \$'000	12 months or less \$'000	1-5 years \$'000	5 years and more \$'000
Payables	5,418	5,418	5,418	-	-
Series A preference units	215	328	25 ⁽ⁱⁱ⁾	101 ⁽ⁱⁱ⁾	202 ⁽ⁱⁱ⁾
Secured bank loans	359,189	380,968	14,628 ⁽ⁱ⁾	366,340	-
Lease liability	1,399	1,436	1,231	205	-
	366,221	388,150	21,302	366,646	202

31 December 2023	Carrying amount \$'000	Contractual cash flows \$'000	12 months or less \$'000	1-5 years \$'000	5 years and more \$'000
Payables	5,456	5,456	5,456	-	-
Series A preference units	195	298	23 ⁽ⁱⁱ⁾	92 ⁽ⁱⁱ⁾	183 ⁽ⁱⁱ⁾
Secured bank loans	456,226	502,929	18,597 ⁽ⁱ⁾	484,332	-
Lease liability	2,677	2,791	1,487	1,304	-
	464,554	511,474	25,563	485,728	183

URF II

31 December 2024	Carrying amount \$'000	Contractual cash flows \$'000	12 months or less \$'000	1-5 years \$'000	5 years and more \$'000
Payables	306	306	306	-	-
	306	306	306	-	-

⁽ⁱ⁾ As disclosed on the balance sheet, the Stapled Group has \$252.6 million of properties that are held for sale on the expectation that they will be sold within 12 months. If these sales are successfully executed, then principal repayments totalling \$148.8 million will be required to be made under the terms of the Global Atlantic facility.

⁽ⁱⁱ⁾ Preference shares are redeemable at the sole discretion of the Stapled Group, and accordingly only cumulative interest payments accruing under the terms of the instrument have been included in the '12 months or less' and '1-5 years' columns whereas the principal is included in the '5 years and more' column.

Subsequent to balance date, the preference shares were redeemed and are no longer on issue.



Market risk (currency risk and interest rate risk)

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Stapled Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Stapled Group's operating subsidiary is based in the USA and has a USD functional currency. The assets and liabilities of the US subsidiary are translated into Australian dollars using the exchange rate prevailing at balance date. Income and expenses are translated at the average exchange rate for the year, with the exception of fair value movements recognised on investment properties and interests in equity investments which are translated using the exchange rate applicable on the date fair value was determined. Exchange differences that arise on the retranslation of the foreign subsidiary for reporting purposes are accounted for in equity and are reflected in the foreign currency translation reserve.

The USD denominated assets and liabilities of the US subsidiary to which the above exposure relates are shown below:

USD exposure converted to AUD	Stapled Group		URF II
	2024 \$'000	2023 \$'000	2024 \$'000
Assets			
Cash	73,757	33,430	-
Receivables and other assets	17,019	15,463	-
Other financial assets	-	5,873	-
Investment properties	710,860	878,353	-
Total assets	801,636	933,119	-
Liabilities			
Payables	6,172	7,103	-
Provisions	4,769	3,845	-
Borrowings	359,189	483,153	-
Other payables	215	195	-
Total liabilities	370,345	494,296	-
Net exposure	431,291	438,823	-



Sensitivity analysis

A 10% movement of the AUD against the USD at 31 December would have increased or decreased equity by the amounts shown below. This analysis is based on foreign exchange rate variances that the Stapled Group considered to be reasonable at the end of the reporting period.

	Stapled Group		URF II
	2024 \$'000	2023 \$'000	2024 \$'000
Impact on equity			
+ 10% - Strengthening	(39,149)	(39,973)	-
- 10% - Weakening	47,849	48,855	-

Interest rate risk

Management of interest rate risk

The interest payable on both the GA facility and the redeemable preference shares are fixed at 4% and 12.5% respectively.

The Stapled Group's bank deposits are exposed to variable rates of interest.

	Stapled Group		URF II
	2024 \$'000	2023 \$'000	2024 \$'000
Variable rate instruments			
Cash and cash equivalents	83,372	36,695	3,563
	83,372	36,695	3,563

Cash flow sensitivity analysis for variable rate instruments

A change of 25 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Stapled Group		URF II
	2024 \$'000	2023 \$'000	2024 \$'000
Impact on profit before tax/equity			
+0.25% (25 basis points)	208	92	9
-0.25% (25 basis points)	(208)	(92)	(9)



Capital Management

The Stapled Group manages its capital to ensure that it is able to continue as a going concern while maximising return to security holders.

Under its Australian Financial Services Licence, the Responsible Entity is subject to a Net Tangible Asset requirement. The Responsible Entity has been compliant with this requirement from inception.

The Stapled Group is not subject to any other externally imposed capital requirements.

The capital structure of the Stapled Group consists of net debt (redeemable preference units in note 15 and borrowings as detailed in note 14) and equity of the Stapled Group. The gearing ratio at the end of the reporting period was as follows:

	Stapled Group		URF II
	2024 \$'000	2023 \$'000	2024 \$'000
Debt	359,404	456,421	-
Equity	400,368	421,242	3,371
Debt to equity ratio*	89.77%	108.35%	0.00%

* Debt to equity ratio has been calculated based on total equity as reflected in the Consolidated Statement of Financial Position.

21. CAPITAL COMMITMENTS

The Stapled Group had no capital commitments at balance date (2023: nil).

22. CONTINGENT LIABILITIES

The Stapled Group is joint lessee of the office premises located at 140 Broadway, New York, with E&P Financial Group USA Inc. The Stapled Group is jointly and severally liable for all lease charges in respect of E&P Financial Group USA Inc's share of future lease charges which are summarised below:

	Stapled Group		URF II
	2024 \$	2023 \$	2024 \$
Not later than one year	1,231	1,118	-
Later than one year and not later than five years	205	1,305	-
	1,436	2,423	-

There has not been any default on any payments to date by E&P Financial Group USA Inc.

The directors of US Masters Responsible Entity Limited are not aware of any other potential material liabilities or claims against the Stapled Group at balance date.



23. RELATED PARTIES

Key management personnel

On 25 June 2024, US Masters Responsible Entity Limited replaced E&P Investments Limited (**EPIL**) as responsible entity of the Stapled Group.

Mr. Stuart Nisbett, Mr. Peter Shear and Mr. Warwick Keneally were directors of EPIL and were deemed key management personnel during the period that EPIL provided responsible entity services to URF I and were remunerated for these services by EPIL.

Mr. Stuart Nisbett, Mr. Peter Shear, Mr. Jack Lowenstein (appointed 25 June 2024) and Mr. Sean Banchik (appointed 1 November 2024) are directors of US Masters Responsible Entity Limited and are deemed key management personnel of the Stapled Group.

Mr. Stuart Nisbett and Mr. Warwick Keneally received 18,462 and 77,652 units respectively in relation to the in- specie distribution of URF II units to unitholders of URF I.

At balance date, details of directors who hold securities for their own benefit or who have an interest in holdings through a third party and the total number of such securities held are listed as follows:

Director	2024	2023
	No. of securities	No. of units
Stuart Nisbett	18,462	18,462
Peter Shear	-	-
Warwick Keneally *	-	77,652
Jack Lowenstein	-	-
Sean Banchik	-	-

* Mr. Warwick Keneally is a director of EPIL. His security holdings have been disclosed only in respect of the period during which EPIL was the Responsible Entity.

Key management personnel remuneration

Figures in the table below have not been rounded.

The remuneration of key management personnel during the year was as follows and is included in 'Administrative costs' in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

	Stapled Group		URF II
	2024	2023	2024
	\$	\$	\$
Short-term employee benefits	257,831	-	257,831
Post-employment benefits	18,975	-	18,975
	276,806	-	276,806



Responsible Entity fee

Figures in the commentary below have not been rounded.

During the period that it was responsible entity, EPIL was entitled to charge a fee equivalent to 0.08% (exclusive of GST) of the gross assets of URF I. For the year ended 31 December 2024, \$383,700 (2023: \$852,634) was paid to EPIL. The amount owed to EPIL at 31 December 2024 was nil (31 December 2023: \$64,854).

Under the previous agreements, EPIL was also entitled to recover direct expenses incurred in the provision of responsible entity services. During the period that it was responsible entity, \$109,204 (2023: \$881,102) was recharged by EPIL and is included in 'Administrative costs' in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Under the new agreements, US Masters Responsible Entity Limited is entitled to charge a cost recovery-based management fee payable from the assets of the Stapled Group. For the period 25 June to 31 December 2024, expenses totalling \$1,185,104 were incurred and recharged to either URF I or URF II on a proportionate net asset value basis.



24. CONTROLLED ENTITIES

US Masters Responsible Entity Limited is the Responsible Entity of both the Stapled Group and the US REIT. Below is a list of all subsidiaries owned by the Stapled Group.

		Ownership interest	
		2024	2023
Parent entity			
US Masters Residential Property Fund	Australia		
Subsidiary			
US Masters Residential Property (USA) Fund	United States	100%	100%
Melbourne, LLC	United States	99.1%	99.1%
EMU LLC	United States	100%	100%
Geelong LLC	United States	99.1%	99.1%
St Kilda LLC	United States	99.1%	99.1%
Newtown Jets LLC	United States	100%	100%
Morben Finance LLC	United States	100%	100%
Steuben Morris Lending LLC	United States	100%	100%
Morris Finance LLC	United States	100%	100%
Essendon LLC	United States	99.1%	99.1%
Carlton URF LLC	United States	99.1%	99.1%
Collingwood URF LLC	United States	99.1%	99.1%
Fremantle URF LLC	United States	99.1%	99.1%
AFL URF LLC	United States	100%	100%
NRL URF LLC	United States	99.1%	99.1%
Newcastle URF LLC	United States	100%	100%
Canterbury URF LLC	United States	100%	100%
Manly Waringah URF LLC	United States	100%	100%
Penrith URF LLC	United States	100%	100%
Brisbane URF LLC	United States	99.1%	99.1%
USM URF AT Holdings LLC	United States	100%	100%
USM Asset Trust	United States	100%	100%
TRS URF LLC	United States	100%	100%
W168 Investors LLC	United States	100%	100%
34 Astoria Investors LLC	United States	100%	100%
Essex URF LLC	United States	100%	100%
523 W. 135th Investors LLC	United States	100%	100%
NY Oakland LLC	United States	99.1%	99.1%



		Ownership interest	
		2024	2023
NJ Penelope LLC	United States	99.1%	99.1%
Jett URF Holdings LLC	United States	99.1%	99.1%
Kenny URF Holdings LLC	United States	99.1%	99.1%
History Homes LLC	United States	99.1%	99.1%
US Masters 2 LLC	United States	100.0%	100.0%
USM 3 LLC	United States	99.1%	99.1%
Controlled entities of URF II			
US Masters Residential Property Fund II	Australia	100%	-
US Masters Responsible Entity Holdco Pty Ltd	Australia	100%	-
US Masters Responsible Entity Limited	Australia	100%	-

4. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ended 31 December 2024 the parent entity of the Stapled Group was URF I. For the period 25 June to 31 December 2024, the parent entity of the URF II Group was URF II.

	Stapled Group		URF II
	2024 \$'000	2023 \$'000	2024 \$'000
Result of parent entity			
Profit for the year	6,667	87	-
Financial position of parent entity at year end			
Current assets	6,195	3,550	34
Total assets	390,711	412,400	3,446
Current liabilities	821	1,580	75
Total liabilities	41,069	48,500	75
Total equity of the parent entity comprising of:			
Unit capital	600,444	617,998	3,371
Reallocation of capital to URF II	(3,371)	-	-
Accumulated losses	(247,431)	(254,098)	-
Total equity	349,642	363,900	3,371



26. SUBSEQUENT EVENTS

Subsequent to balance date, as of 21 February 2025, the Group has bought back 0.8 million URF Stapled Securities for a total consideration of \$0.3 million.

On 28 January 2025, the Trustees of US Masters Residential Property (USA) Fund agreed to reclassify the US Vehicle from its existing REIT structure to that of a C-Corp structure for US tax purposes with an effective date of 1 January 2025. At the same time, the Trustees agreed to adopt a formal plan of liquidation which is expected to be completed by 31 December 2028 (the 'Liquidation Period').

The changes in structure of the US Vehicle outlined above do not impact the ongoing operations of the Australian entities or of the Stapled Group as a whole.

Following the reclassification, the Stapled Group's US operations will be subject to US corporate taxes (both Federal and State) currently at an effective tax rate of approximately 32%. However, as a C-Corp, historical losses are generally available to reduce the amount of corporate taxes that are expected to arise on the sell down of the portfolio. While historical losses are available to reduce taxable income under a C-Corp structure, losses incurred after the 2017 calendar year can be used to offset 80% of current year taxable income only.

The future repatriation of funds to Australia made in connection with the US Vehicle's plan of liquidation are considered 'liquidating dividends' and not subject to withholding tax provided such repatriations are made within the Liquidating Period. Any assets that remain on hand at the expiration of the Liquidating Period will be transferred to the Stapled Group (the Australian Listed entity) and any taxable income resulting from the sale of these assets will be subject to US corporate tax at a rate which is currently approximately 32%.

As a result of the above changes, the net deferred tax liability has reduced from \$40.2 million to \$3.5 million. The reduction in the deferred tax liability has been recognised in January 2025.

Other than the matters discussed above, there has not arisen in the interval between the balance date and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Responsible Entity, to significantly affect the operations of the Stapled Group, the results of those operations, or the state of affairs of the Stapled Group, in future financial years.



27. AUDITORS' REMUNERATION

Figures in the table below have not been rounded.

	Stapled Group		URF II
	2024	2023	2024
	\$	\$	\$
Auditors of the Group			
<i>Deloitte Touche Tohmatsu</i>			
Audit and review of Group financial statements	262,890	294,000	-
Audit of subsidiary financial statements	91,000	66,000	25,000
Other services - taxation advisory services	5,775	-	5,775
	359,665	360,000	30,775
Other services			
<i>Deloitte Tax LLP</i>			
Taxation compliance services*	337,776	329,589	-
Taxation advisory services*	159,434	25,090	-
	497,210	354,679	-

* Services are incurred in the USA and are billed in USD.



Directors' Declaration

For the year ended 31 December 2024

The directors of the Responsible Entity for US Masters Residential Property Group (the Stapled Group) declare that:

1. The financial report as set out in pages 19 to 60, are in accordance with the *Corporations Act 2001*, including:
 - a. Giving a true and fair view of the Stapled Group's financial position as at 31 December 2024 and of its performance, for the financial year ended on that date
 - b. In compliance with International Financial Reporting Standards as stated in note 2 to the financial statements, and
 - c. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001*.
3. As at the date of this declaration, in the Directors' opinion, there are reasonable grounds to believe that the Stapled Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to Section 295(5) of the *Corporations Act 2001*:

Signed in accordance with a resolution of directors of the Responsible Entity.



Mr. Stuart Nisbett

Director

US Masters Residential Property Group

Dated this 28th day of February 2025





Exterior photo of a property in the Fund's portfolio, 8th Street, Jersey City

Independent Auditor's Report



Interior photo of a property in the Fund's portfolio, 8th Street, Jersey City

Independent Auditor's Report



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Independent Auditor's Report to the Stapled Security Holders of US Masters Residential Property Fund and US Masters Residential Property Fund II

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of US Masters Residential Property Fund and US Masters Residential Property Fund II (the "Funds") and their subsidiaries (the "Stapled Group") which comprises the consolidated statements of financial position as at 31 December 2024, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the year then ended for US Masters Residential Property Fund and for the period 25 June 2024 to 31 December 2024 for US Masters Residential Property Fund II, and notes to the financial statements, including material accounting policy information and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Stapled Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Stapled Group's financial position as at 31 December 2024 and of the financial performance of US Masters Residential Property Fund for the year then ended and of the financial performance of US Masters Residential Property Fund II for the period 25 June 2024 to 31 December 2024; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Stapled Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Responsible Entity of the Funds (the "Directors"), would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.



Independent Auditor's Report

continued



Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p><i>Fair Value of Investment Properties</i></p> <p>As at 31 December 2024 the Stapled Group has determined the fair value of the investment properties to be \$710.9 million as disclosed in Note 8.</p> <p>The basis of valuation of the portfolio is disclosed in Note 8(i) and is performed during each reporting period. Fair value of investment properties was a key audit matter because:</p> <ul style="list-style-type: none"> Investment property balances are financially significant in the Consolidated Statement of Financial Position; Changes in the fair value of investment properties can have a significant effect on the consolidated Stapled Group's profit for the year and total comprehensive income; and Investment property valuations are inherently subjective. The independent appraiser's determination of the recent comparable sale transactions when determining the fair value requires judgement. 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> Obtaining an understanding of the basis of valuation and key processes and controls adopted by management; Evaluating management's selection of properties for independent appraisal to assess that appropriate coverage of location groupings is achieved, and is in compliance with management's policy of ensuring a representative coverage is obtained and is in compliance with management's policy of independently appraising each property at least once every year; Assessing the independence, competence and objectivity of the independent appraisers; Making enquiries of a selection of the independent appraisers to obtain an understanding of their valuation methodology and prevailing market conditions; Evaluating on a sample basis, the inputs used by the independent appraisers, including location proximity, selling prices, size and condition of the comparable properties to the property appraised; Engaging our property specialist to assist in our assessment of the appropriateness of management's basis of valuation and processes; and Assessing the appropriateness of the disclosures included in Notes 2(C)(i) and 8 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Stapled Group's annual report for the year ended 31 December 2024 for US Masters Residential Property Fund and for the period 25 June 2024 to 31 December 2024 for US Masters Residential Property Fund II, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

continued

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Responsibilities of the Directors for the Financial Report

The directors are responsible:

- For the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Stapled Group in accordance with Australian Accounting Standards; and
- For such internal control as the directors determine is necessary to enable the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Stapled Group, and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Stapled Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Stapled Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Stapled Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Stapled Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Stapled Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Stapled Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Stapled Group's audit. We remain solely responsible for our audit opinion.



Independent Auditor's Report

continued

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We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

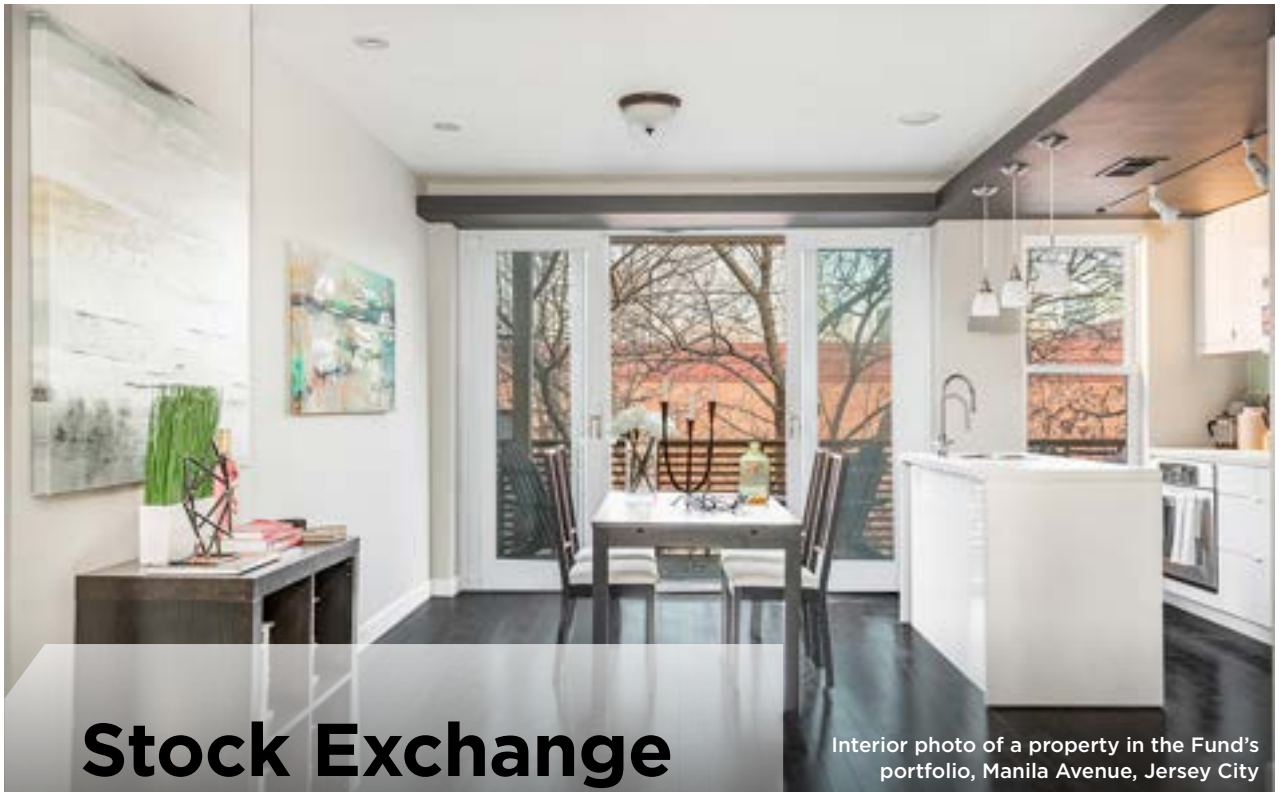


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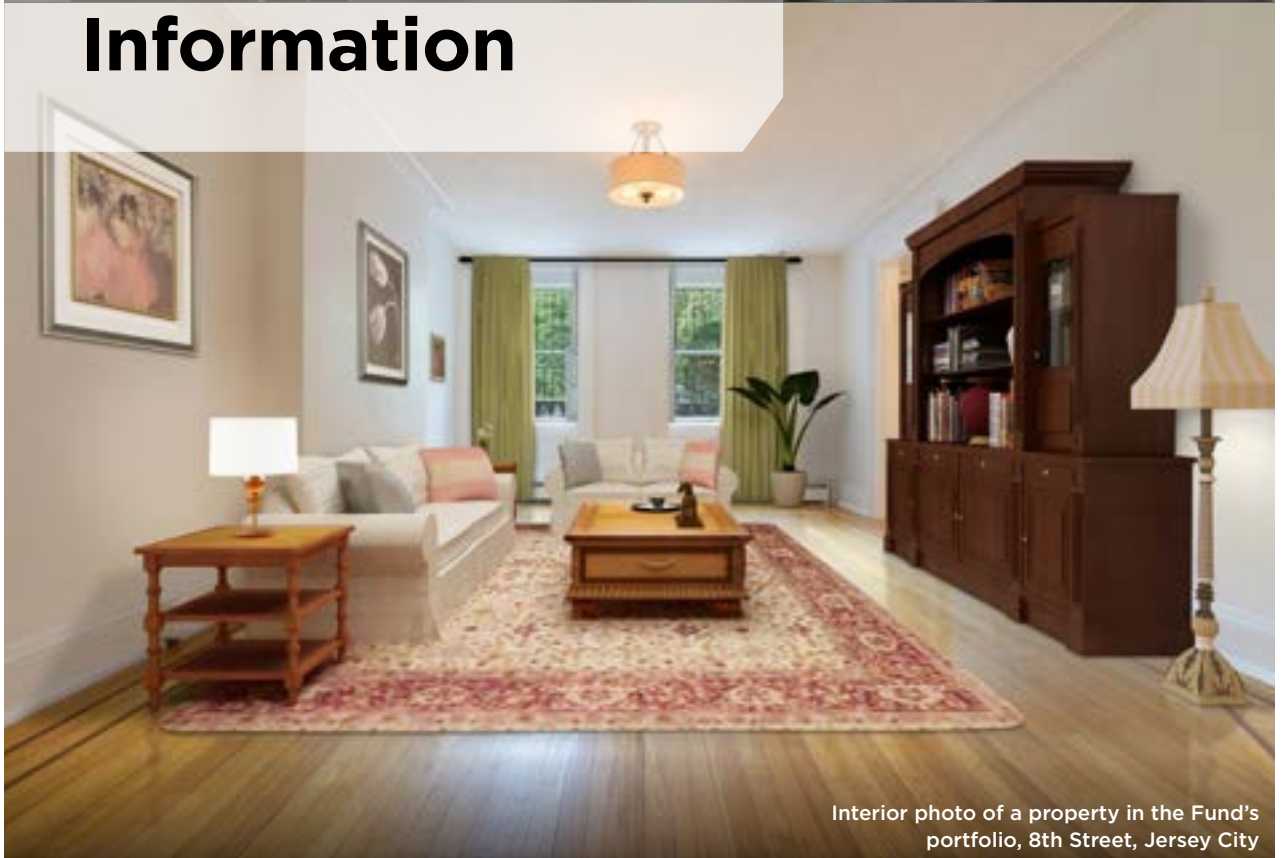
David Haynes
Partner
Chartered Accountants
Sydney, 28 February 2025





Stock Exchange Information

Interior photo of a property in the Fund's portfolio, Manila Avenue, Jersey City



Interior photo of a property in the Fund's portfolio, 8th Street, Jersey City

Stock Exchange Information

STATEMENT OF QUOTED SECURITIES AS AT 31 JANUARY 2025

Fully Paid Units Stapled Securities (Stapled Securities)

- There are 1,588 security holders holding a total 690,882,004 Stapled Securities
- The 20 largest security holders between them hold 74.050% of the total Stapled Securities on issue

DISTRIBUTION OF QUOTED UNITS AS AT 31 JANUARY 2025

Fully paid Units Stapled Securities

Distribution of security holders category (size of holding)	Number of security holders	%
1-1,000	177	0.00
1,001-5,000	170	0.06
5,001-10,000	106	0.12
10,001-100,000	694	4.66
100,001 and over	441	95.15
Totals	1,588	100.00
Holding less than a marketable parcel	187	

SUBSTANTIAL UNITHOLDINGS AS AT 31 JANUARY 2025

The following holders are registered by the Group as a substantial holder, having declared a relevant interest, in accordance with the Corporations Act, in the Stapled Securities below:

Name	Number of Stapled Securities	% of Voting Power
Samuel Terry Asset Management Pty Ltd (STAM) as trustee for Samuel Terry Absolute Return Fund (Star Fund) ^{3,4}	98,895,620 Ordinary Units	13.13%
Mirabella Financial Services LLP ^{5,6}	37,117,884 Ordinary Units	5.02%
Almitas Capital LLC ^{7,8}	107,297,444 Ordinary Units	15.2%
Harvest Lane Asset Management Pty Ltd ^{9,10}	36,769,693 Ordinary Units	5.06%

¹ Note: Investment Administration Services Pty Ltd's unit holdings are held by JP Morgan as nominee for IAS Managed Discretionary Account clients.

² Date of the last substantial holder notice lodged on 15 September 2021

³ Note: Star Fund unit holdings are held by JP Morgan Nominees Australia Ltd as sub-custodian of Star Fund.

⁴ Date of the last substantial holder notice lodged on 20 June 2023

⁵ Note: Registered holder of securities is Goldman Sachs International

⁶ Date of the last substantial holder notice lodged on 12 September 2023

⁷ Note: Registered holder of securities is JP Morgan Securities Australia Ltd

⁸ Date of the last substantial holder notice lodged on 19 June 2024

⁹ Note: Registered holders of securities are Palm Beach Nominees Pty Ltd for 10,905,879 Ordinary Units and National Australia Bank Ltd for 25,863,814 Ordinary Units.

¹⁰ Date of the last substantial holder notice lodged on 9 January 2024



DIRECTORS' UNITHOLDINGS

As at 31 January 2025 directors of the Group held a relevant interest in the following securities on issue by the Group.

Director	Stapled Securities
Stuart Nisbett	18,462
Peter Shear	0
Jack Lowenstein	0
Sean Banchik	0

RESTRICTED SECURITIES

There are no restricted securities on issue by the Group.

TOP 20 HOLDERS OF STAPLED SECURITIES AT 31 JANUARY 2025

Security Holder Name	Number of Stapled Securities held	% of total
CITICORP NOMINEES PTY LIMITED	147,830,451	21.397
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	140,882,298	20.392
BNP PARIBAS NOMS PTY LTD	39,283,896	5.686
BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	31,249,040	4.523
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSI EDA	28,358,017	4.105
JAMPLAT PTY LTD	25,500,000	3.691
BRISLOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	15,119,503	2.188
PALM BEACH NOMINEES PTY LIMITED	13,166,270	1.906
KALUKI PTY LTD <THE PINCZEWSKI SUPER A/C>	10,198,667	1.476
STANBOX NO 2 PTY LTD	9,600,000	1.39
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	9,226,741	1.336
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	8,476,805	1.227
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	5,854,225	0.847
UBS NOMINEES PTY LTD	4,844,810	0.701
JR FINANCE PTY LTD	4,255,300	0.616
MR JOHN PHILIP POWELL & MS GEORGIA LOUISE RASMUSSEN <THE ROW 34 SUPER FUND A/C>	3,840,000	0.556
NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	3,829,925	0.554
MR MATTHEW JEFFCOTT LANCASTER	3,656,995	0.529
LUTON PTY LTD	3,268,330	0.473
JAMEJAN PTY LTD <JAMEJAN FAMILY A/C>	3,153,846	0.456
Total Securities of Top 20 Holdings	511,595,119	74.049%



Corporate Directory

The Group's units are quoted on the official list of the Australian Securities Exchange Limited (**ASX**).

ASX Code is URF.

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