US Masters Residential Property Fund

ARSN 150 256 161

Annual Report

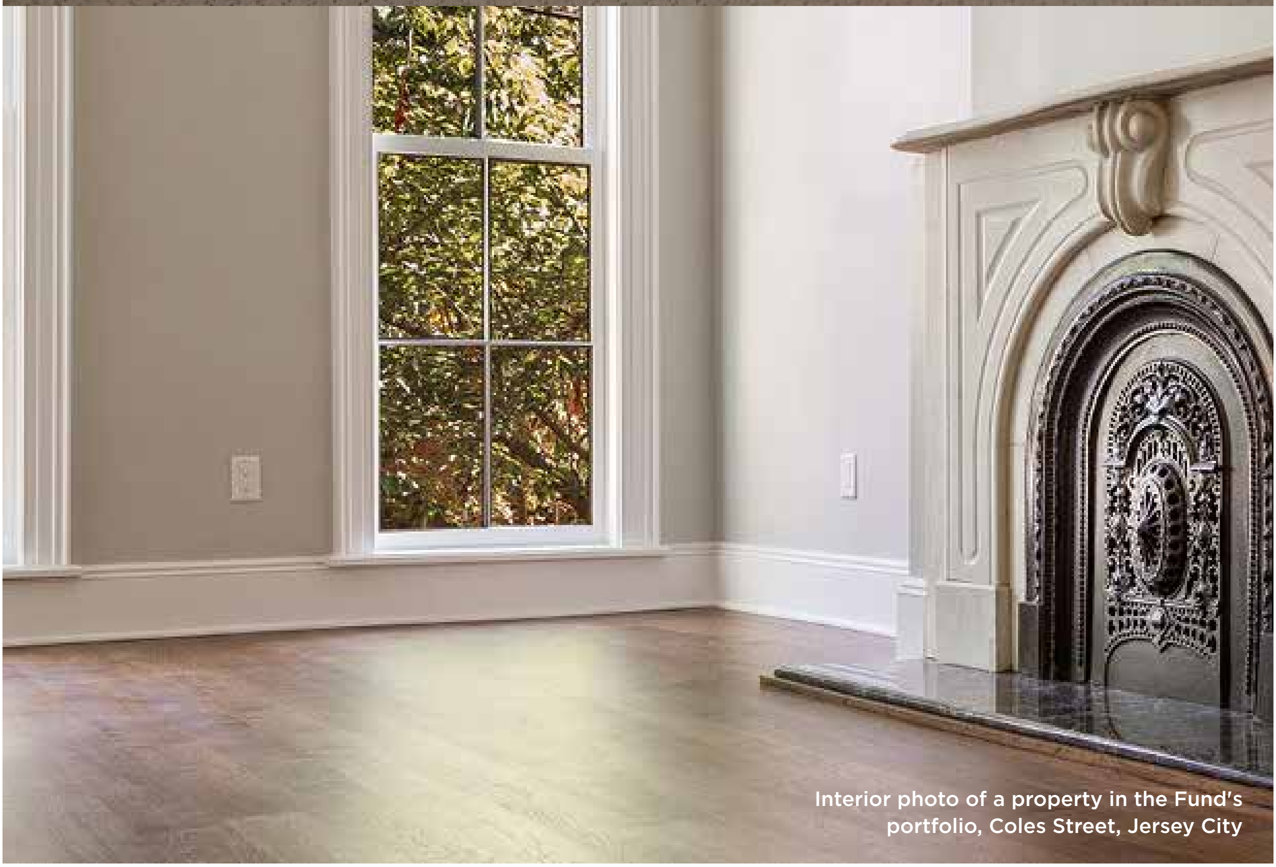
For the year ended 31 December 2022

Responsible Entity:

E&P

ACN 152 367 649 | AFSL 410 433

Liberty State Park, New Jersey



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

Contents

Chair's Letter

For the year ended 31 December 2022

Dear Investors,

I am pleased to provide you with the full-year report for the US Masters Residential Property Fund (**URF** or **Fund**) for the year ended 31 December 2022.

The Fund continued the positive trajectory it has attained over the course of the last few years, recording total comprehensive income of A$35.1 million for 2022. This result was bolstered by continued operational improvements, with rental revenue growing by A$5.2 million compared to the prior year. The portfolio also saw a fair value uplift of A$32.2 million during the period, largely driven by the New Jersey Workforce (A$17.6 million) and New Jersey Premium (A$11.4 million) segments of the portfolio.

From a strategic standpoint, in December the Fund finalised the externalisation of its operating platform by entering into a joint venture partnership with Brooksville Company LLC (**Brooksville)**, as well as a property management agreement with Pinnacle City Living (a New York based property management firm and subsidiary of Cushman & Wakefield) (**Pinnacle**). As a part of this transaction, Brooksville invested US$1.5 million of their founders' capital for a minority interest in US Masters Residential Property (USA) Fund (**US REIT**). In return for services provided, Brooksville is entitled to an incentive fee (**promote**) on returns delivered above an 8% compound annual return. The promote is calculated with reference to Brooksville's entry valuation into the joint venture and is payable as and when US REIT receives distributions that exceed the required hurdle. A provision for the promote has been recognised in this year's annual report based on the estimated amount that will likely become due as the portfolio is sold. The value of the promote will be assessed each reporting period.

In entering into this joint venture partnership, the Fund has sought to create maximum alignment between URF unitholders and Brooksville. Brooksville's compensation structure – which was negotiated to minimise operational management fees and be overweight toward the promotional interest component of the fee structure – will strongly incentivise Brooksville to execute the agreed business plan, which has set out to realise value and return capital to unitholders as quickly and efficiently as possible. At the outset, this business plan will largely be accomplished through a continuation (and potential acceleration, subject to local property market conditions) of the individual asset sales program. However, as the Fund works to expeditiously execute this sales program and return capital to unitholders, this joint venture will now allow the Fund to leverage the scale and capabilities of the Brooksville and Pinnacle organizations to professionally manage the portfolio as it reduces in size – a scale that did not exist under the prior, internally managed model.

As the individual asset sales program gets underway, Brooksville and the Fund also intend to increase efforts into evaluating the possibility of executing smaller, sub-portfolio sales to other investor groups. Any sub-portfolio sales would require specific approval by the Responsible Entity under the joint venture agreement. While macroeconomic uncertainty and an elevated interest rate environment present challenges to accomplishing this at the current time, if conditions stabilise the execution of bulk sub-portfolio sales would be highly beneficial to the Fund, particularly for the New Jersey Workforce assets.

Over the course of the year (and thus far in Q1 2023) the US Federal Reserve has continued to raise the benchmark interest rate from historic lows in an attempt to temper the rising inflation in the US. While rising interest rates have negatively impacted the purchasing power of potential home buyers, the vast majority of current homeowners in the US have fixed rate mortgages. As a result, while demand for housing has tempered compared to the period immediately following the onset of COVID, we have also seen a reduced supply of houses coming to market in the Fund's target neighbourhoods, as homeowners have fixed interest costs and are therefore not feeling the pressure of rising rates. Further, many of the Fund's markets – particularly within the New York Premium and New Jersey Premium segments of the portfolio – have buyers that seek to purchase homes using all cash transactions and are therefore less impacted by the rising rate environment. The net result of these two dynamics has thus far had the effect of insulating the Fund's property values from the negative impact of rising interest rates.

Outside of the Brooksville joint venture and the 1-4 family portfolio, the Fund also continues to work toward realising its other assets and returning capital to unitholders. The Fund has now completed the steps required under the Right of First Refusal provision for each of the three Urban American multifamily building joint ventures, a selling broker has been appointed for the buildings, and all multifamily assets are in the process of being marketed for sale. Should these assets transact, the proceeds are expected to be dedicated toward a continuation of the buyback program. Any capital distributed from the joint venture with Brooksville (from the sale of 1-4 family assets) will also be returned to unitholders, and the Board of the Responsible Entity continues to regularly evaluate the best way to do so – whether it be in the form of continued buybacks or via special distributions.

I would like to take the opportunity to thank the URF staff that have worked tirelessly since the 2019 change in management to reposition the Fund. The changes and simplification made to the capital structure and to operations have stabilised the business and put the Fund in a position for the joint venture with Brooksville to successfully implement the agreed strategy and business plan.

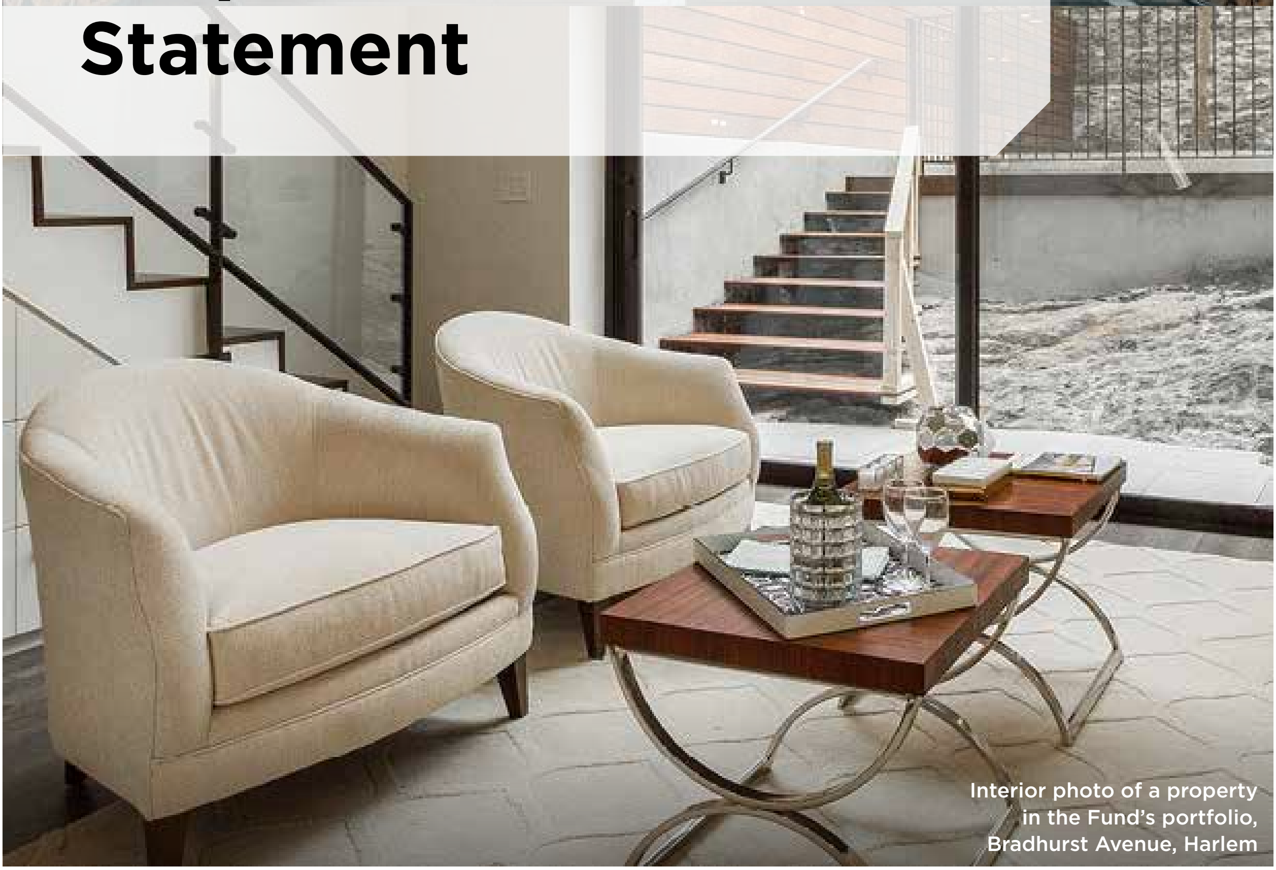
I look forward to providing investors with further updates on the execution of the joint venture's business plan in due course.

Regards,

Stuart Nisbett
Independent Chair of the Responsible Entity

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 2022

US Masters Residential Property Fund (**Fund**) and the entities it controls (**Group**) is a listed managed investment scheme whose units are traded on the Australian Securities Exchange (**ASX**). The responsible entity of the Group is E&P Investments Limited (**E&P**) (**Responsible Entity**).

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

The Group's Corporate Governance Charter, which incorporates the Group's policies referred to below, is designed to ensure the effective management and operation of the Group and will remain under regular review. The Corporate Governance Charter is available on the Group's website **usmastersresidential.com.au**.

A description of the 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 Group and in particular, is responsible for the Group's growth and success. In meeting its responsibilities, the Board undertakes the following functions:

- Providing and implementing the Group's strategic direction
- Reviewing and overseeing the operation of systems of risk management ensuring that the significant risks facing the Group are identified, that appropriate control, monitoring and reporting mechanisms are in place and that risk is appropriately dealt with;
- Overseeing the integrity of the 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 Group's constitution and with the continuous disclosure requirements of the ASX Listing Rules and the *Corporations Act 2001* (Cth) (**Corporations Act**);
- Overseeing the Group's process for making timely and balanced disclosures of all material information concerning the Group, and
- Communicating with and protecting the rights and interests of all unitholders.

The Board of the Responsible Entity has established a formal policy which acts as a charter and sets out its functions and responsibilities (**Board Policy**). The Board Policy is set out in section 2 of the Corporate Governance Charter.

Subject to legal or regulatory requirements and the Group's constitution, the Board may delegate any of the above powers to individual directors or committees of the Board. Any such delegation shall be in compliance with the law and the Group's constitution.

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.

The directors of the Responsible Entity during the 2022 financial year and as at the date of this report are:

Stuart Nisbett – Independent, Non-Executive Chair

Warwick Keneally – Non-Independent, Executive Director

Peter Shear – Independent, Non-Executive Director

The company secretaries of the Responsible Entity during the 2022 financial year and as at the date of this report are:

Hannah Chan (resigned 6 June 2022)

Caroline Purtell

The Board of Directors work closely with the Compliance Committee, the majority of whom are independent of the Group, to ensure adequate independent oversight.

Having regard to the size of the Group and the nature of its business, the Board has determined that a Board with 3 members is the appropriate composition for the Board and will enable it to continue to effectively discharge its responsibilities to the Group. However, the composition of the Board will be reviewed periodically.

The current Board comprises two independent directors, Stuart Nisbett and Peter Shear and one non-independent director, Warwick Keneally, with the independent Chairperson holding the casting vote. The Board however has established a Compliance Committee with a majority of external members who are responsible for monitoring the extent to which the Responsible Entity complies with the Group's constitutions, compliance plan and any relevant regulations. The Compliance Committee must provide a report to the Board at least on a quarterly basis and report to ASIC if it is of the view that the Responsible Entity has not complied with the Group's constitutions, Compliance Plan or any relevant regulations.

The 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 Group, the functions that would be performed by these committees are best undertaken by the Board.

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 Group, and if required may establish committees to assist it in carrying out its functions. At that time the Board will adopt a charter for such committees 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 Corporate Governance Charter, directors are entitled to seek independent advice at the expense of the Group. Written approval must be obtained from the chair prior to incurring any expense on behalf of the Group.

3. PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Code of Conduct

The Board of the Responsible Entity has adopted a Code of Conduct set out in Section 5 of the Corporate Governance Charter to define basic principles of business conduct of the Fund and the Responsible Entity. This Code requires the Fund's personnel to abide by the policies of the Fund and to the law. The Code is a set of principles giving direction and reflecting the Fund's approach to business conduct and is not a prescriptive list of rules for business behaviour.

Whistleblower Policy

The Board is subject to a Whistleblowing Policy which is available at eap.com.au/shareholder-centre/corporate-governance.

Anti-Bribery and Corruption Policy

The Board is subject to a Fraud and Corruption Policy which is available at eap.com.au/shareholder-centre/corporate-governance.

Unit Trading Policy

The Board of the Responsible Entity has established a Unit Trading Policy set out in Section 6 of the Corporate Governance Charter to apply to trading in the Group's units on the ASX. This policy outlines the permissible dealing of the Group's units while in possession of price sensitive information and applies to all directors, executives and relevant employees of the Responsible Entity.

The Unit Trading Policy places restrictions and notification requirements, including the imposition of blackout periods, trading windows and the need to obtain pre-trade approval.

Insider Trading Policy

The Board of the Responsible Entity has established an Insider Trading Policy set out in Section 7 of the Corporate Governance Charter to apply to trading in the Group's units on the ASX. This policy applies to all directors, executives and relevant employees of the Responsible Entity. All directors, executives and relevant employees of the Responsible Entity must not deal in the Group's units while in possession of price sensitive information.

4. SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Compliance Committee

As a registered managed investment scheme, the Group has a compliance plan that has been lodged with the Australian Securities and Investments Commission (**ASIC**). The compliance plan is reviewed comprehensively every year to ensure that the way in which the Group operates protects the rights and interests of unitholders and that major compliance risks are identified and properly managed. The Responsible Entity has formed a Compliance Committee to ensure the Group complies with the relevant regulations, its compliance plan and its constitution. The Compliance Committee meets and reports to the Board of the Responsible Entity on a quarterly basis.

The Compliance Committee is structured with three members, the majority of whom are external. Details of the Compliance Committee members are as follows:

Claire Wivell Plater (External Member) (**Chair**)

Claire Wivell Plater LLB., GAICD is a non-executive director and strategic adviser, following 36 years as a financial services and regulatory lawyer with The Fold Legal and Phillips Fox (now DLA Piper). She is a non-executive director of Aware Financial Services, Youi Insurance, Athena Home Loans, Valuer, Auditcover and ZeroHash Australia. Claire also sits on advisory boards to a number of technology startups including Snug Technologies, Kleu and My Life Capsule.

Barry Sechos (External Member)

Barry is one of two external members of the Compliance Committee. Barry is a member of the Compliance Committee for the CD Private Equity Fund Series and the Venture Capital Opportunities Fund. Barry is a Director of Sherman Group Pty Limited, a privately owned investment company, and is responsible for managing the investment, legal, financial and operational affairs of Sherman Group of companies. Barry has 38 years' experience in corporate law and finance having spent seven years as a banking and finance lawyer at Allen Allen & Hemsley (Sydney, Singapore and London), and eight years as a Director of EquitiLink Funds Management and Aberdeen Asset Management Australia. Barry is also a Director of Paddington St Finance Pty Ltd, a specialist structured finance company, See Saw Films, a film production and finance group and winner of the 2011 Academy Award for Best Picture, Phoslock Environmental Technologies Limited an Australian company listed on the ASX which provides innovative water technologies and engineering solutions to manage nutrients and other water pollutants, Regeneus Limited, an ASX listed biotech company and a Director of the Sherman Centre for Culture and Ideas, a charitable cultural organisation.

Warwick Keneally (Internal Member)

Refer to information on directors on page 9.

Audit Committee

The Group has established an Audit Committee. The members of the Audit Committee during the year were:

Barry Sechos (External Member) (**Chair**)

Claire Wivell Plater (External Member)

Warwick Keneally (Internal Member)

The chairperson of the Audit Committee is an external member and is not the chair of the Board. The Audit Committee consists of two external members and one internal member. The primary function of the Audit Committee is to assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to the following areas:

- Application of accounting policies to the 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 Audit Committee meets a minimum of two times a year. Proceedings of all meetings are minuted and signed by the chairperson of the Audit Committee. Copies of the minutes are provided to each member of the Board. The Audit Committee's Charter is available in the Corporate Governance Charter on the Group's website.

5. MAKING TIMELY AND BALANCED DISCLOSURE

The 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 unitholders in a timely and direct manner and to promoting investor confidence in the Group and its securities. The Board has adopted a Continuous Disclosure Policy set out in Section 4 of the Corporate Governance Charter to ensure the 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 Group's no comments policy.

6. RESPECT THE RIGHTS OF UNITHOLDERS

Rights of unitholders

The Group promotes effective communication with unitholders. The Board of Directors has developed a strategy within its Continuous Disclosure Policy to ensure that unitholders are informed of all major developments affecting the Group's performance, governance, activities and state of affairs. Each unitholder 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 unitholders via electronic methods. Information is communicated to unitholders through announcements to the ASX, releases to the media and dispatch of financial reports. Unitholders are provided with an opportunity to access such reports and releases electronically; copies of all such ASX announcements are linked to the Group's website at www.usmastersresidential.com.au.

These include:

- weekly net asset value estimates;
- monthly net tangible asset backing announcements;
- quarterly investment updates;
- monthly property purchasing updates;

- the half year report;
- the full year report;
- occasional ASX announcements made to comply with the Group's continuous disclosure requirements; and
- occasional correspondence sent to unitholders on matters of significance to the Group.

The Board encourages full participation of unitholders at the general meetings to ensure a high level of accountability and identification with the Group's strategy. Unitholders who are unable to attend the general meeting are given the opportunity to provide questions or comments ahead of the meeting and where appropriate, these questions are answered at the meeting.

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 Group and its operations. The Board has established an Audit Committee to deal with these matters. The Board also monitors and appraises financial performance, including the approval of annual and half-year financial reports and liaising with the 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 conducts an annual review of the Risk Management Framework to satisfy itself that the Risk Management Framework continues to be sound. The Risk Management Framework is reviewed annually.

The Board is responsible for maintaining proper financial records. In addition, the Board receives a letter half yearly from the 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 Group does not have any material exposure to environmental or social risks.

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 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 Group, based on its review of the internal control systems, management of risk, the financial statements and the letter from the Group's external auditor. Details of the Group's financial risk management are set out in the notes to the financial statements in the Annual Report. The Board does not release to the market any periodic corporate reports which are not audited or reviewed by an external auditor.

8. REMUNERATE FAIRLY AND RESPONSIBLY

Remuneration Policies

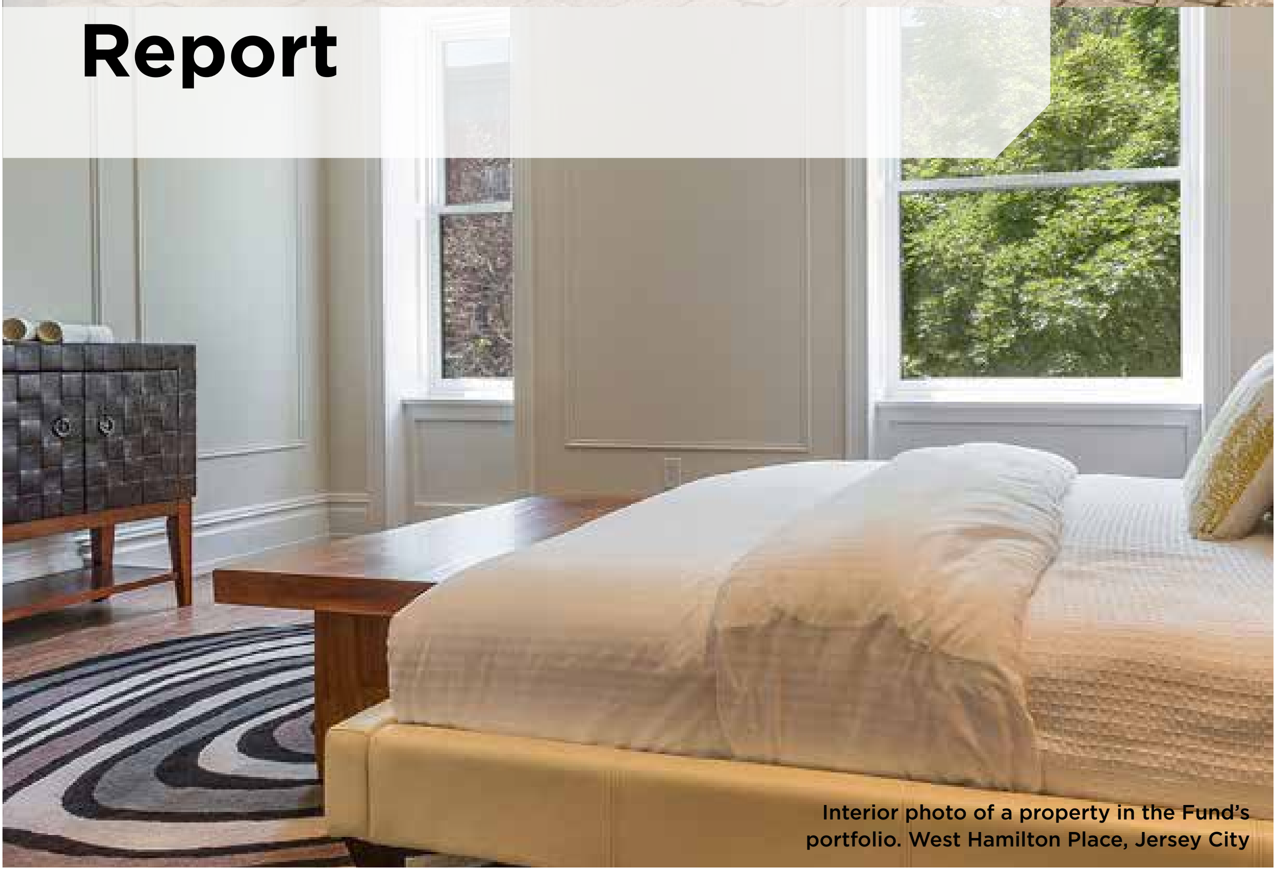
Due to the relatively small size of the Group and its operations, the Board does not consider it appropriate, at this time, to form a separate committee to deal with the remuneration of the directors.

No director receives any direct remuneration from the Group.

In accordance with the Group's constitutions, the Responsible Entity is entitled to a management fee for services rendered. Details of the Group's related party transactions are set out in the notes to the financial statements in the Annual Report.

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 2022

The directors of E&P Investments Limited, the Responsible Entity of US Masters Residential Property Fund (**the Fund**) present their report together with the consolidated financial statements of the Fund and the entities it controlled (**the Group**) for the financial year ended 31 December 2022.

The Responsible Entity's registered office and principal place of business is Level 32, 1 O'Connell Street, Sydney, NSW 2000.

DIRECTORS

The directors of the Responsible Entity at any time during or since the end of the financial year are shown below. Directors were in office to the date of the 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.

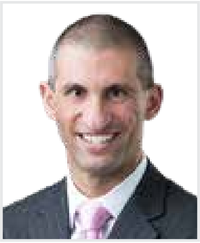
Warwick Keneally BCom, BEc, CA

Director

Warwick is 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.



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 is currently a Managing Partner of Archibald Capital which specialises in Opportunistic Credit and Special Situations. Before that he was Co-Managing Partner of Opportunistic Lending and Special Situations at LIM Advisors. Prior to this role, Peter 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. Peter was also previously 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.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN THE NATURE OF ACTIVITIES

The principal activity of the Group during the course of the financial year was its continued investment in the US residential property market. The 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 Group's activities during the year.

RESULTS AND REVIEW OF OPERATIONS

For the year ended 31 December 2022, the Group recorded a pre-tax profit of $14.9 million, a post-tax profit of $6.9 million and a total comprehensive income of $35.1 million.

DISTRIBUTIONS PAID OR RECOMMENDED

A distribution of $3.15 per Convertible Preference Unit totalling $6.3 million was declared in the prior year. After accounting for the Group's Dividend Reinvestment Plan, $4.8 million was paid on 23 February 2022.

A second distribution of $3.10 per Convertible Preference Unit totalling $6.2 million was declared on 22 June 2022. After accounting for the Group's Dividend Reinvestment Plan, $4.4 million was paid on 25 August 2022.

A final distribution of $3.22 per Convertible Preference Unit, totalling $5.8 million was declared on 28 November 2022. After accounting for the Group's Distribution Reinvestment Plan, $3.4 million was paid on 24 February 2023.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 30 December 2022, the Group finalised its joint venture agreement with Brooksville and its property management agreement with Pinnacle. As part of the arrangement, Brooksville contributed US$1.5 million to the joint venture entity giving it a 0.9% interest in the Group's 1-4 Family property portfolio. Refer to further details in note 22.

Other than the above and as noted in "Results and Review of Operations", there were no other significant changes in the state of affairs of the Group which occurred during the financial year ended 31 December 2022.

AFTER BALANCE DATE EVENTS

The distribution of $3.22 per Convertible Preference Unit totalling $5,808,156 which was declared on 28 November 2022 was paid to unitholders on 24 February 2023. 9,291,741 units were issued under the Group's Distribution Reinvestment Plan.

Subsequent to balance date, all Convertible Step-Up Preference Units (CPUs) were converted into Ordinary Units, with each CPU holder receiving 205 Ordinary Units per CPU. On 3 January 2023, 1,803,775 CPUs were converted into 369,773,875 Ordinary Units.

Subsequent to balance date, as of 20 February 2023, the Group has bought back 7,500,788 ordinary units for a total consideration of $2,065,713.

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 of the Fund, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Details of future developments in the Group are contained in the Chair's Letter included in pages (ii) through (iii). To the extent that the disclosure of information regarding developments in the operation of the Group, and the expected results of those operations is likely to result in unreasonable prejudice to the Group, such information has not been disclosed.

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 UNITS

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

Director	No. of units	No. of CPUs
Stuart Nisbett	18,462	–
Warwick Keneally	77,441	–
Peter Shear	–	–

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 22 to the financial statements
- units held by the directors of the Responsible Entity at the reporting date – refer to note 22 to the financial statements
- capital raisings completed during the financial year – refer to note 16 to the financial statements
- the value of the Group's assets and basis of valuation – refer to Consolidated Statement of Financial Position and note 2 respectively, and
- interests in the Group as at 31 December 2022, including movements in units on issue during the year – refer to note 16 to the consolidated financial statements.

INDEMNIFYING OFFICERS OR AUDITOR

Under the Fund's Constitution, the Responsible Entity, including its officers and employees, is indemnified out of the Fund's assets 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 Fund.

Insurance premiums have been paid, during or since the end of the financial year for all of the directors of the Responsible Entity of the 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 Group.

NON-AUDIT SERVICES

During the year Deloitte Touche Tohmatsu (**Deloitte**), the 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 during the year by the auditor 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 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 Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, Deloitte, and its related practices for audit and non-audit services provided during the year are set out in note 26.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 13 and forms part of the directors' report for the financial year ended 31 December 2022.

Signed in accordance with a resolution of the Directors:

Stuart Nisbett
Director

Dated this 27th day of February 2023

Auditor's Independence Declaration

For the year ended 31 December 2022

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney, NSW, 2000
Australia

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

The Board of Directors
E&P Investments Limited
as Responsible Entity for
US Masters Residential Property Fund
Level 32, 1 O'Connell Street
Sydney NSW 2000

27 February 2023

Dear Board Members

Auditor's Independence Declaration to the Directors of E&P Investments Limited as Responsible Entity for US Masters Residential Property Fund

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.

As lead audit partner for the audit of the financial statements of US Masters Residential Property Fund for the financial year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) Any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

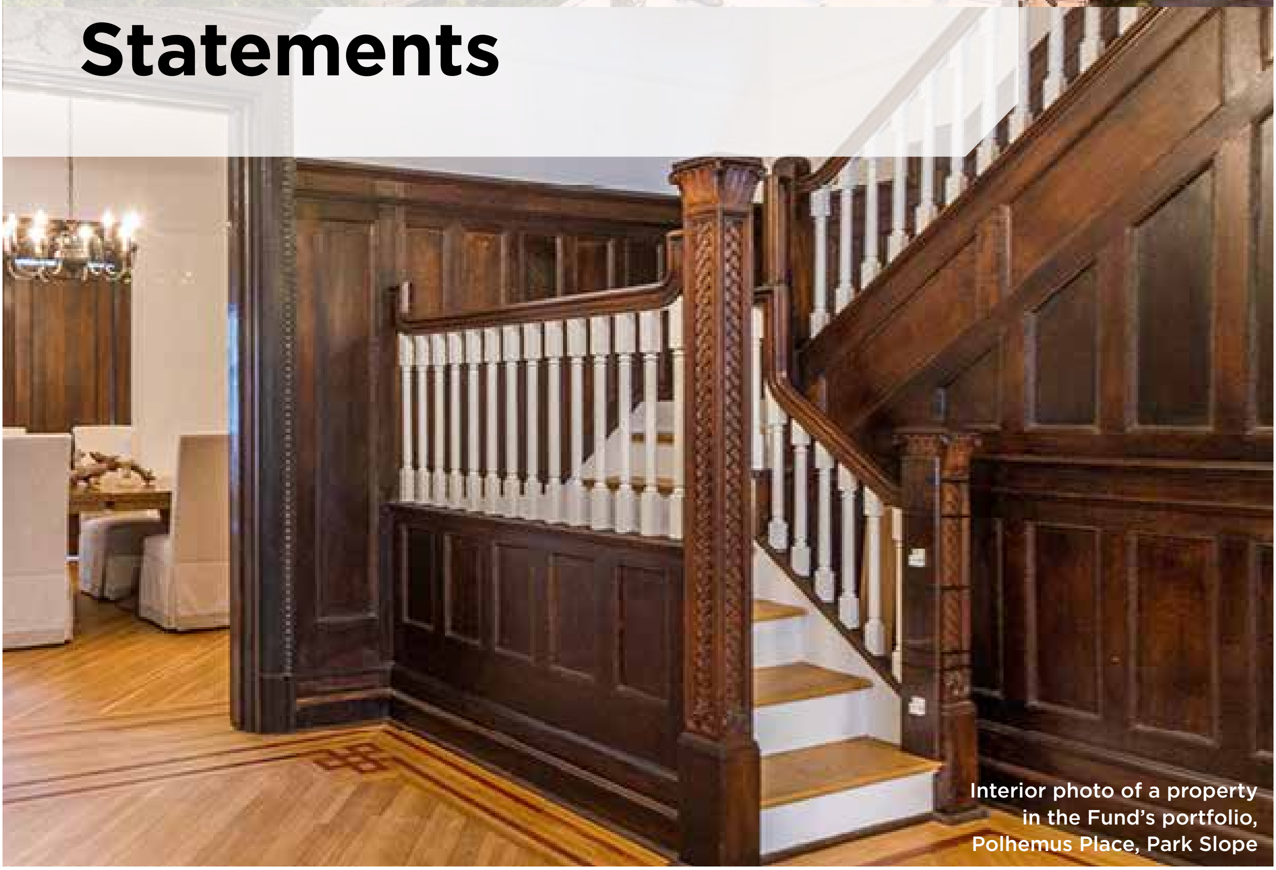
DELOITTE TOUCHE TOHMATSU

David Haynes

David Haynes
Partner
Chartered Accountants

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 2022

	Note	2022	2021
		$	$
Investment property rental income		43,716,861	38,472,466
Interest income		485,436	321,757
Other income		626,840	606,533
Fair value movement of investment properties	*8*	32,243,083	36,790,902
Fair value movement of investment properties due to damage	*8*	-	(960,431)
Fair value movement of equity investments	*6*	(4,785,740)	(2,816,545)
Share of losses of jointly controlled entities		-	(150,853)
Investment property expenses		(14,905,612)	(12,311,606)
Net foreign currency gain		953,325	172,831
Listing fees		(149,191)	(177,093)
Professional fees		(1,549,130)	(1,209,811)
Marketing		(29,839)	(39,755)
IT expenses		(436,643)	(418,451)
Management fees	*22*	(2,986,067)	(3,422,463)
Salaries and wages		(8,530,472)	(8,279,362)
Administrative costs		(396,163)	(315,523)
Interest expense		(21,543,934)	(24,557,059)
Investment property disposal costs		(2,201,355)	(7,330,559)
Allowance for expected credit losses		(836,755)	(760,979)
Terminated transaction costs		(1,531,780)	-
Restructuring costs		(1,738,106)	-
Insurance expense		(905,987)	(823,694)
Depreciation and amortisation expense		(379,207)	(244,027)
Other expenses		(191,710)	(320,121)
Profit before income tax		**14,927,854**	**12,226,157**
Income tax (expense)/benefit	*12*	(8,017,784)	8,913,864
Profit for the year		**6,910,070**	**21,140,021**
Profit for the year atttributable to:			
Unitholders of the Fund		6,910,070	21,140,021
Non-controlling interests		-	-
		6,910,070	21,140,021
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operation (nil tax)		28,164,135	23,955,058
Other comprehensive income for the year, net of tax		**28,164,135**	**23,955,058**
Total comprehensive income for the year		**35,074,205**	**45,095,079**
Total comprehensive income for the year attributable to:			
Unitholders of the Fund		35,074,205	45,095,079
Non-controlling interests		-	-
		35,074,205	45,095,079
(Loss)/earnings per unit			
Basic (loss)/earnings per unit (dollars) *	*17*	(0.01)	0.02
Diluted (loss)/earnings per unit (dollars) *	*17*	(0.01)	0.01

* Basic and diluted (loss)/earnings is calculated as profit for the period less distributions to convertible preference unitholders. 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 2022

	Note	2022 $	2021 $
Current assets			
Cash and cash equivalents	*4*	43,838,347	56,714,776
Receivables	*5*	779,978	444,620
Prepayments		1,783,364	1,132,711
Other financial assets	*6*	10,286,578	-
Other assets	*7*	191,822	346,703
Net investment in sublease	*11*	906,858	795,614
Investment properties held for sale	*8*	30,799,941	31,583,368
Total current assets		**88,586,888**	**91,017,792**
Non-current assets			
Investment properties	*8*	918,492,472	857,260,267
Other financial assets	*6*	-	14,197,771
Other assets	*7*	10,863,444	8,373,057
Right-of-use asset	*11*	657,017	952,479
Net investment in sublease	*11*	2,185,954	2,901,188
Property, plant and equipment	*10*	31,413	56,028
Security deposits	*9*	558,654	599,768
Total non-current assets		**932,788,954**	**884,340,558**
Total assets		**1,021,375,842**	**975,358,350**
Current liabilities			
Payables	*13*	11,653,202	10,404,960
Lease liability	*11*	1,378,806	1,218,989
Total current liabilities		**13,032,008**	**11,623,949**
Non-current liabilities			
Payables	*13*	2,138,553	-
Deferred tax liabilities	*12*	47,138,986	37,190,334
Borrowings	*14*	500,778,601	477,758,714
Lease liability	*11*	2,676,287	3,803,849
Other non-current liabilities	*15*	194,939	182,861
Total non-current liabilities		**552,927,366**	**518,935,758**
Total liabilities		**565,959,374**	**530,559,707**
Net assets		**455,416,468**	**444,798,643**
Equity			
Unit capital	*16*	449,222,526	453,173,851
Convertible step-up preference units	*16*	184,095,549	194,822,929
Reserves		194,335,813	166,171,678
Accumulated losses		(374,439,093)	(369,369,815)
Equity attributable to unitholders of the Fund		453,214,795	444,798,643
Non-controlling interests	*22*	2,201,673	-
Total equity		**455,416,468**	**444,798,643**

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 2022

	Note	Unit capital	Convertible step-up preference units	Foreign currency translation reserve	Accumulated losses	Attributable to unitholders	Non-controlling interests	Total equity
		$	$	$	$	$	$	$
Balance at 1 January 2021		**450,704,528**	**194,822,929**	**142,216,620**	**(378,067,917)**	**409,676,160**	**-**	**409,676,160**
Profit for the year		-	-	-	21,140,021	21,140,021	-	21,140,021
Other comprehensive loss, net of income tax								
Foreign operation currency translation gain		-	-	23,955,058	-	23,955,058	-	23,955,058
Total other comprehensive profit		-	-	23,955,058	-	23,955,058	-	23,955,058
Total comprehensive loss for the year		**-**	**-**	**23,955,058**	**21,140,021**	**45,095,079**	**-**	**45,095,079**
Transactions with owners in their capacity as owners								
Issue of ordinary units	*16*	2,469,323	-	-	-	2,469,323	-	2,469,323
Distributions to CPU unitholders		-	-	-	(12,441,919)	(12,441,919)	-	(12,441,919)
Total transactions with owners		**2,469,323**	**-**	**-**	**(12,441,919)**	**(9,972,596)**	**-**	**(9,972,596)**
Balance at 31 December 2021		**453,173,851**	**194,822,929**	**166,171,678**	**(369,369,815)**	**444,798,643**	**-**	**444,798,643**
Balance at 1 January 2022		**453,173,851**	**194,822,929**	**166,171,678**	**(369,369,815)**	**444,798,643**	**-**	**444,798,643**
Profit for the year		-	-	-	6,910,070	6,910,070	-	6,910,070
Investment by non-controlling interest	*22*	-	-	-	-	-	2,201,673	2,201,673
Other comprehensive income, net of income tax								
Foreign operation currency translation gain		-	-	28,164,135	-	28,164,135	-	28,164,135
Total other comprehensive income		-	-	28,164,135	-	28,164,135		28,164,135
Total comprehensive income for the year		**-**	**-**	**28,164,135**	**6,910,070**	**35,074,205**	**2,201,673**	**37,275,878**
Transactions with owners in their capacity as owners								
Issue of ordinary units	*16*	3,229,251	-	-	-	3,229,251	-	3,229,251
Unit buybacks	*16*	(7,180,576)	(10,727,380)	-	-	(17,907,956)	-	(17,907,956)
Distributions to CPU unitholders		-	-	-	(11,979,348)	(11,979,348)	-	(11,979,348)
Total transactions with owners		**(3,951,325)**	**(10,727,380)**	**-**	**(11,979,348)**	**(26,658,053)**	**-**	**(26,658,053)**
Balance at 31 December 2022		**449,222,526**	**184,095,549**	**194,335,813**	**(374,439,093)**	**453,214,795**	**2,201,673**	**455,416,468**

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

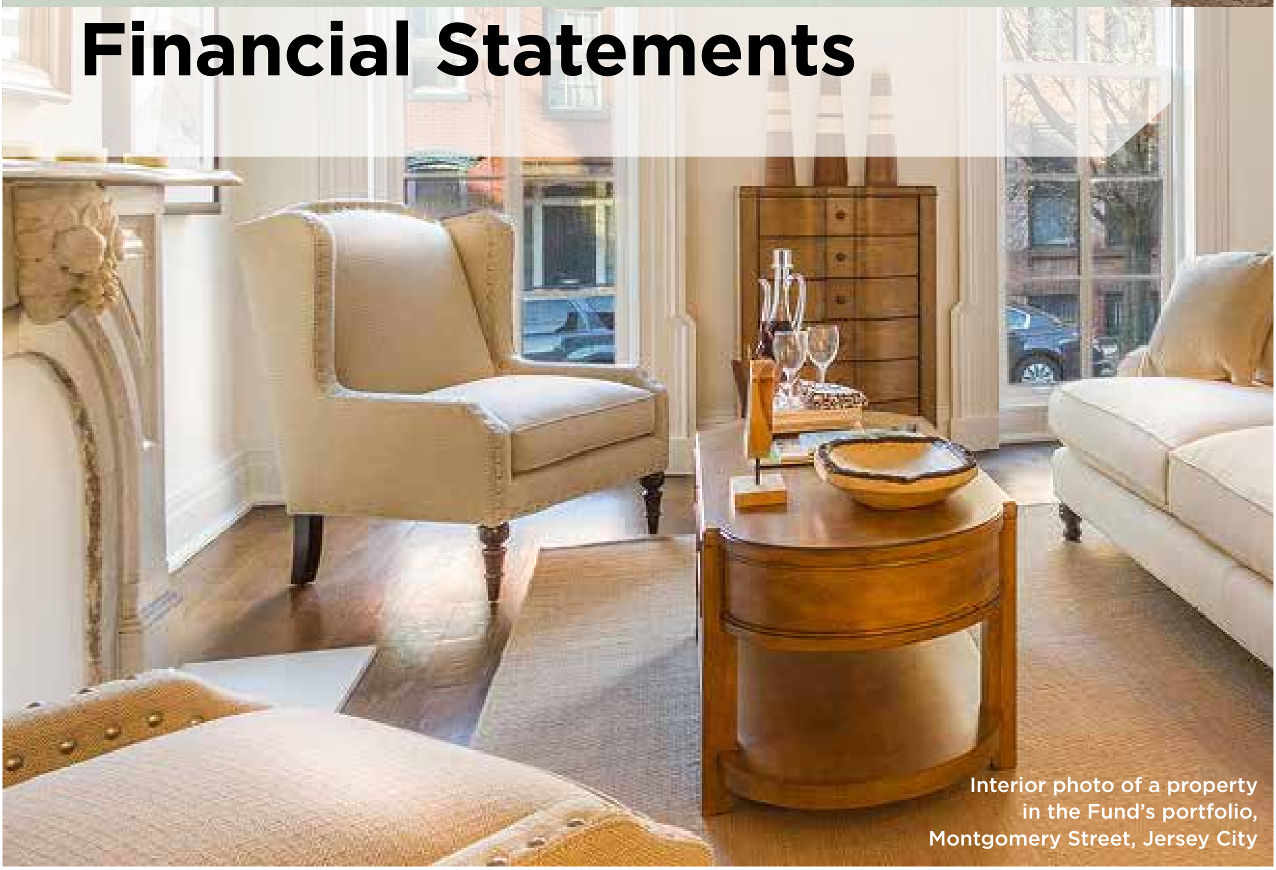
For the year ended 31 December 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Cash receipts from customers		43,138,462	39,324,095
Cash paid to suppliers and employees		(27,818,323)	-
Net insurance proceeds		56,136	(27,852,470)
Interest received		448,560	270,583
Interest paid		(20,768,935)	(21,745,548)
Net cash used in operating activities	*4*	**(4,944,100)**	**(10,003,340)**
Cash flows from investing activities			
Payments for improvements to investment properties		(7,520,985)	(6,024,388)
Proceeds from sale of investment properties		38,184,967	121,123,482
Disposal costs on sale of investment properties		(2,201,355)	(7,330,559)
Distributions received from jointly controlled entity investments		-	479,197
Distributions received from equity investments		-	635,452
Terminated transaction costs		(1,531,780)	-
Restructuring costs		(1,538,106)	-
Loan repayments received from third parties		-	8,350,258
Net cash provided by investing activities		**25,392,741**	**117,233,442**
Cash flows from financing activities			
Ordinary Unit buybacks		(7,180,576)	-
Convertible Step-Up Preference Unit buybacks		(10,727,380)	-
Proceeds from investment by minority interest	*22*	2,201,673	-
Bank loan repayments		(9,748,222)	(100,099,554)
Unsecured Note repayments		-	(17,500,000)
Refund of interest reserve and escrow accounts		6,179,984	8,321,367
Payment of interest reserve and escrow accounts		(8,074,839)	(8,148,404)
Payment of transaction costs related to loans and borrowings		(12,163)	(17,407)
Distributions paid		(9,193,458)	(9,973,316)
Withholding tax paid		(161,090)	(32,233)
Lease payments		(1,274,367)	(845,285)
Cash receipts from net investment in sublease		831,758	484,929
Refund/(payment) of security deposit		79,166	(180,527)
Net cash used in financing activities		**(37,079,514)**	**(127,990,430)**
Net decrease in cash and cash equivalents		(16,630,873)	(20,760,328)
Cash and cash equivalents at beginning of year		56,714,776	74,720,179
Effect of exchange rate fluctuations on cash held		3,754,444	2,754,925
Cash and cash equivalents at end of year	*4*	**43,838,347**	**56,714,776**

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, Montgomery Street, Jersey City

Notes To The Consolidated Financial Statements



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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

1. GENERAL INFORMATION

US Masters Residential Property Fund (**the Fund**) is a registered management investment scheme under the *Corporations Act 2001* domiciled in Australia. The financial statements comprise the Fund and its subsidiaries, collectively referred to as **the Group**.

The consolidated financial statements were authorised for issue by the Board of Directors on 27 February 2023. For the purposes of preparing the consolidated financial statements, the Fund is a for-profit entity.

The Group is primarily involved in investing in the US residential property market.

2. BASIS OF PREPARATION

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 International Financial Reporting 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 Group's accounting policies, management is required to make judgements, estimates and assumptions about 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 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 Fund estimates the fair value of investment properties at each reporting date primarily based on assessment of current market sale prices at or around balance date of comparable properties using available market data. The Fund engages with external licensed property valuers and agents to assist in this assessment - refer note 3D and note 8(i).

ii) Deferred tax liability recognition

The Group recognises a deferred tax liability in respect of tax obligations which may arise in connection with the realisation and distribution to the Fund of taxable gains associated with its property assets. Depending on the structure of the realisation and other criteria and circumstances which can only be determined at a future disposal date, the rate may range from 0% to 24.95%, incorporating both corporate and branch profit taxes. The Group has adopted a policy of recording its estimate of the likely amount of tax that may be applicable based on its expected manner of disposal, as well as other conditions reasonably expected to prevail in the year of disposal – refer note 3H.

iii) Recognition and measurement of provision for promote interest

Under the terms of the joint venture agreement, Brooksville is entitled to a promote on returns delivered in excess of an 8% compound annual return calculated with reference to the entry valuation. 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 Group has estimated the value of the promote interest at balance date using a discounted cash flow model. In making its estimation, the Group has exercised judgement to form reasonable valuation inputs in respect of the length of the sell down period, future selling prices, disposal costs and the discount rate used. These judgements will be revisited each reporting period and revised where necessary.

3. SIGNIFICANT 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 Fund and entities controlled by the Fund (**its subsidiaries**). Control is achieved when the Fund:

- 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.

Income and expense 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 and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Fund 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 Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

B) Foreign currency

The functional and presentation currency of the Fund is Australian dollars.

In preparing the financial statements of the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in the profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items other than fair value gains/losses are translated at the average exchange rates for the period. Fair value gains/losses on non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve.

C) Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

i) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (**FVTOCI**):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (**FVTPL**).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met, and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

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

Receivables

Short term trade receivables and short term loan receivables are recognised at amortised cost.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (**ECL**) on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Fund's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Fund recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand 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 Fund's interests in 515 West 168th Venture LLC, 30–58/64 34th Street Venture LLC and 523 West 135th 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 measured at fair value at the end of each reporting period with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'fair value movement of equity investments' line item. Fair value has been determined as outlined in note 6.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

ii) Financial liabilities

Classification of financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

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

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs. Subsequent to initial recognition, trade and other payables are measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities 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 thereon are recognised as interest expense in profit or loss as accrued.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

iii) Unit capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Ordinary units

Ordinary units are classified as equity. Issued capital is recognised at the fair value of the consideration received by the Fund. Incremental costs directly attributable to the issue of ordinary units are recognised as a deduction from equity.

Distributions to unitholders

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

Convertible step-up preference units (CPUs)

CPUs are recognised as equity at the proceeds received, net of direct costs. Distributions are recognised in the reporting period in accordance with the distribution rate and terms disclosed in note 16(b)(ii). Distributions declared during the year are presented in the Accumulated Losses in the Consolidated Statement of Changes in Equity.

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 Fund invests, supported by engagement of suitably qualified external property valuers and agents to assist in determination of active market prices (fair values). Properties are categorised into homogeneous groupings displaying similar characteristics for the purpose of assessing fair value movements.

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. These contracts are expected to be settled within 12 months of the balance date. Investment properties classified as held for sale are presented separately in the consolidated statement of financial position as a current asset.

E) Impairment of assets

The directors of the Responsible Entity assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, an estimate is made of the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount, through profit or loss.

F) Provisions

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

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.

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

G) 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. When the Fund provides lease incentives 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.

Costs that are directly associated with negotiating and executing ongoing renewal of tenant lease agreements (including commissions, legal fees and costs of preparing and processing documentation for new leases) are expensed over the lease term on the same basis as the rental income.

ii) Interest income

Interest income is recognised as the interest accrues using the effective interest rate method.

H) Income tax

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

The US subsidiary has elected to be taxed as a US real estate investment trust (**REIT**) under US federal taxation law, and on this basis will generally not be subject to US income taxes on that portion of the US REIT's taxable income or capital gains which are distributed to the US REIT's unitholders, provided that the US REIT complies with the requirements of the Code and maintains its REIT status.

A deferred tax liability is recognised based on the temporary difference arising between the recorded carrying amount of investment property assets in the Consolidated Statement of Financial Position and their associated tax cost bases (refer note 2 C(ii)).

I) 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 Fund qualifies for reduced input tax credits at a minimum rate of 55%.

J) Earnings per unit

Earnings per unit is calculated by dividing the profit or loss attributable to ordinary unitholders of the Fund (excluding distributions on CPUs) by the weighted average number of ordinary units outstanding during the period.

K) Operating segments

The Group operates in a single operating segment, being in the business of investing in residential real estate assets associated with the New York metropolitan area in the United States of America.

L) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

M) Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment loss.

The depreciation rates for office equipment range from 20% to 33%.

Leasehold improvements are amortised based on the shorter of the lease term or useful lives of the assets.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

N) Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for 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 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.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is presented as a separate line in the Consolidated Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset.

The right-of-use assets are presented as a separate line in the Consolidated Statement of Financial Position. The Group applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 3E.

O) Leases

The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever 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 Group is an intermediate lessor, 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.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

P) New accounting standards and interpretations

Adoption of new and revised Accounting Standards

The 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 2023 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 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current – Deferral of Effective Date	1 January 2023	31 December 2023
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	1 January 2023	31 December 2023
AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023	31 December 2023

4. CASH AND CASH EQUIVALENTS

	2022 $	2021 $
Cash at bank	43,729,038	56,635,554
Restricted cash (i)	109,309	79,222
	43,838,347	**56,714,776**

Cash at bank earns interest at floating rates based on the bank deposit rates. The effective interest rate on bank deposits was 0.41% (2021: 0.07%).

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 19.

(i) Restricted cash relates to a deposit account into which all tenant rent is received (Rent Deposit Account). The Rent Deposit Account is beneficially owned by the Group but is controlled by Global Atlantic as part of its security over the 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.

Reconciliation of cash flows from operating activities	2022 $	2021 $
Profit for the year	6,910,070	21,140,021
Adjustments for:		
Net unrealised gain on foreign exchange	(953,325)	(172,831)
Change in fair value of investment property	(32,243,083)	(36,790,902)
Change in fair value of investment property due to damage	-	960,431
Change in fair value of equity investments	4,785,740	2,816,545
Share of profits of jointly controlled entities	-	150,853
Non-cash interest expense	943,234	2,889,331
Investment property disposal costs	2,201,355	7,330,559
Terminated transaction costs	1,531,780	-
Restructuring costs	1,738,106	-
Depreciation and amortisation expense	379,207	244,027
Change in trade and other receivables	(335,358)	741,678
Change in other assets	100,901	30,087
Change in prepayments	(650,653)	(418,325)
Change in trade and other payables	3,234,919	39,243
Change in deferred tax liability (excluding foreign exchange impact)	7,413,007	(8,964,057)
Net cash used in operating activities	**(4,944,100)**	**(10,003,340)**

Reconciliation of liabilities arising from financing activities

				Non-cash changes			
	Note	1 Jan 2022 $	Financing cash flows $	Payment of transaction costs $	Amortisation of borrowing costs $	Exchange rate differences on translation $	31 Dec 2022 $
Secured bank loans	*14*	477,758,714	(9,748,222)	(12,163)	943,234	31,837,038	500,778,601
		477,758,714	**(9,748,222)**	**(12,163)**	**943,234**	**31,837,038**	**500,778,601**

				Non-cash changes			
	Note	1 Jan 2021 $	Financing cash flows $	Payment of transaction costs $	Amortisation of borrowing costs $	Exchange rate differences on translation $	31 Dec 2021 $
Secured bank loans	*14*	547,560,316	(100,099,554)	(17,407)	1,766,802	28,548,557	477,758,714
Unsecured notes	*14*	16,418,515	(17,500,000)	-	1,122,529	(41,044)	-
		563,978,831	**(117,599,554)**	**(17,407)**	**2,889,331**	**28,507,513**	**477,758,714**

5. RECEIVABLES

	2022 $	2021 $
Current		
Receivables – rental debtors	1,466,072	1,414,811
Loss allowance for rental debtors	(910,590)	(1,069,703)
Other receivables	224,496	99,512
	779,978	**444,620**

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, at the discretion of the Group. No interest is charged on trade receivables.

The 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 by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. A loss allowance of $910,590 (2021: $1,069,703) has been recognised in respect of outstanding amounts at balance date that, based on historical experience, are unlikely to be collected at their recorded amounts.

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.

Before accepting any new tenants, the Group assesses the prospective tenants ability to pay rent as and when due with reference to the applicants financial position, current earning capacity and previous landlord references.

The Group's exposure to credit and currency risks related to trade and other receivables is disclosed in note 19.

6. OTHER FINANCIAL ASSETS

Under the terms of the respective agreements, each member of the investee has the unilateral right to initiate the sale of the underlying properties subject to first providing the other member the right to acquire the initiating member's equity interest in the investee. During the year, the Group informed its partner of its intention to initiate the sale of the properties and provided the required notices. The Group's partner declined the right to acquire its equity interests and accordingly, the Group will place the properties on the market for sale. Settlement is expected to occur within 12 months of balance date.

	2022 $	2021 $
Current assets		
Equity investments – fair value	10,286,578	-
	10,286,578	**-**
Non-current assets		
Equity investments – fair value	-	14,197,771
	-	**14,197,771**

Equity investments – fair value

Investee	Country of Incorporation	Principal activity	Principal place of business	Ownership Interest 2022 %	 2021 %
515 West 168th Venture LLC (i)	USA	Property investment	Washington Heights, NY	63.7%	63.7%
30–58/64 34th Street Venture LLC (i)	USA	Property investment	Astoria, NY	65.0%	65.0%
523 West 135th Street Venture LLC (i)	USA	Property investment	Hamilton Heights, NY	64.7%	64.7%

(i) The Fund does not have existing rights that give it the ability to direct the relevant activities of the Investee and therefore does not exercise control of the Investee. Similarly, the Fund 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.

515 West 168th Venture LLC

During the year, Walker & Dunlop were appointed to value the property owned by 515 West 168th Venture LLC. In determining the fair value of the property, the appraiser adopted a capitalisation of income approach.

The fair value of the property at 30 June 2022 was USD$15,010,000 (A$22,031,411), which resulted in a fair value decrement of US$2,420,000 (A$3,505,722), of which the Group's economic share was US$1,541,540 (A$2,233,145). The directors of the Group are satisfied that the valuation completed at 30 June 2022 reflects the fair value of the property at balance date. The investee had borrowings totaling USD$13,164,612 (A$19,322,783) at balance date.

30–58/64 34th Street Venture LLC

During the year, Walker & Dunlop were appointed to value the property owned by 30-58/64 34th Street Venture LLC. In determining the fair value of the property, the appraiser adopted a capitalisation of income approach.

The fair value of the property at 30 June 2022 was USD$13,420,000 (A$19,697,637), which resulted in a fair value decrement of US$2,090,000 (A$3,027,669), of which the Group's economic share was US$1,358,500 (A$1,967,985). The directors of the Group are satisfied that the valuation completed at 30 June 2022 reflects the fair value of the property at balance date. The investee had borrowings totaling USD$7,653,452 (A$11,233,600) at balance date.

523 West 135th Street Venture LLC

During the year, Walker & Dunlop were appointed to value the property owned by 523 West 135th Street Venture LLC. In determining the fair value of the property, the appraiser adopted a capitalisation of income approach.

The fair value of the property at 30 June 2022 was USD$4,760,000 (A$6,986,643), which resulted in a fair value decrement of US$520,000 (A$753,296), of which the Group's economic share was US$336,492 (A$487,458). The directors of the Group are satisfied that the valuation completed at 30 June 2022 reflects the fair value of the property at balance date. The investee had borrowings totaling USD$4,351,422 (A$6,386,940) at balance date.

The Group has classified its equity investments as a Level 3 hierarchy level asset due to the fair value measurement of the Investees' investment properties being based on inputs that are not observable for the assets, either directly or indirectly, as follows:

Class of investment	Fair value hierarchy level	Fair value ($) 2022	Fair value ($) 2021	Inputs
Equity investments - fair value	Level 3	10,286,578	14,197,771	- Net market income of US$14.88 - US$20.54 (2021: US$14.86 - US$20.60) per square foot - Capitalisation rates ranging from 5% to 5.5% (2021: 4.75%)

There were no transfers between the fair value hierarchy levels during the year.

7. OTHER ASSETS

	2022 $	2021 $
Current assets		
Deferred leasing fee	1,391	11,289
Other assets (escrow deposits and receivables)	190,431	335,414
	191,822	**346,703**
Non-current assets		
Facility interest reserve and escrow accounts (i)	10,863,444	8,373,057
	10,863,444	**8,373,057**

(i) The Group had the following balances held on reserve with Global Atlantic ('GA') as required under the terms of the facility (refer note 14(i)):

- An interest reserve totalling US$3,603,041 (A$5,288,480) at balance date.

  On each anniversary of the loan closing date (November 19, 2020), an audit of the interest reserve account will be completed by GA and if the balance of the account exceeds 3 months' worth of debt service payments, the excess will be returned to the Group.

- A property tax reserve totalling US$2,804,127 (A$4,115,847) at balance date.

  Under the terms of the facility, the 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.

  At the date of review by GA, subject to the Group providing evidence satisfactory to GA that the Group is current with its quarterly property tax obligations and there being no Events of Default, the Group will be reimbursed out of the reserve account for property tax payments made.

- An insurance reserve totalling U$518,653 (A$761,270) at balance date.

  Under the terms of the facility, the Group is required to make monthly insurance premium reserve payments equivalent to 1/12t^{h} of the estimated annual premium into the insurance reserve account. At all times, the Group is required to maintain a minimum balance representing two months' worth of insurance premium in the insurance reserve account.

  At the date of review by GA, subject to the Group providing evidence satisfactory to GA that the Group is current with its insurance obligations, a two month minimum reserve balance requirement and there being no Events of Default, the Group will be reimbursed out of the reserve account for insurance premium payments made.

- A capital expenditure reserve totalling US$475,443 (A$697,847) at balance date.

  Each month, the Group is required to make payments into the capital expenditure reserve equivalent to 1/12th of $1,000 multiplied by the number of properties pledged as security under the Term Loan facility. Once the capital expenditure reserve reflects a balance equivalent to $1,000 per Term Loan property, monthly payments of capital expenditure reserve are not required.

  At the date of review by GA, subject to the Group providing evidence acceptable to Lender that capital work has been completed in a satisfactory manner and there being no Events of Default, the Group will be reimbursed out of the capital reserve account for repairs and maintenance work completed on the properties pledged as security under the Term Loan facility.

8. INVESTMENT PROPERTIES

	2022 $	2021 $
Disclosed on the Consolidated Statement of Financial Position as:		
Current assets		
Investment properties held for sale	30,799,941	31,583,368
Non-current assets		
Investment properties	918,492,472	857,260,267
	949,292,413	**888,843,635**

	2022 $	2021 $
At fair value		
Balance at beginning of year	888,843,635	917,371,669
Payments for improvements to investment properties	8,077,312	5,465,246
Fair value movement of investment properties to market	32,243,083	36,790,902
Fair value movement of investment properties due to damage	-	(960,431)
Disposals	(38,407,828)	(119,711,746)
Exchange rate differences on translation	58,536,211	49,887,995
Balance at end of year	**949,292,413**	**888,843,635**

Investment properties that are either under contract or actively being 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.

The fair value movement of investment properties due to damage relates to impairments caused to the Group's investment properties by Hurricane Ida (2022: nil, 2021: $960,431).

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 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 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 residential 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 Group. Residential 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)
- Eric Sidman Hudson Advisory Team (licensed real estate agent)
- Patrick Southern Coldwell Banker (licensed real estate agent)
- Ari Harkov, Brown Harris Stevens (licensed real estate agent)

The appraisals of all properties have been 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 over 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.

At 31 December 2022, the Group has classified its property portfolio as a Level 2 hierarchy level 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 hierachy level	Fair value ($) 2022	Fair value ($) 2021	Valuation technique	Inputs
Residential use investment property	Level 2	949,292,413	888,843,635	Direct comparable sales	- Selling price - Geographic location - Property age and condition - Size of property - Number of rooms

The fair value of the Group's portfolio of investment properties at 31 December 2022 was determined based on market conditions existing at balance date. A sensitivity analysis has been performed on the fair value adopted at 31 December 2022 below to consider the movement in the fair value of the portfolio if the percentage fair value movements in each neighbourhood were to increase or decrease.

	Key Assumptions	
	5% decrease in % FV movement	**5% increase % FV movement**
Change in total value ($'000)	(47,465)	47,465

ii) Leasing arrangements

Investment properties are leased to tenants under operating leases. Generally, the operating leases have a duration of 12-18 months with rentals payable monthly.

Minimum lease payments receivable on leases of investment properties are as follows:

	2022 $	2021 $
Not later than one year	22,573,735	23,949,161
Later than one year and not later than five years	826,859	2,278,467
	23,400,594	**26,227,628**

iii) Contractual obligations

The Group has no contractual obligations in respect of property refurbishments (2021: nil).

9. SECURITY DEPOSITS

	2022 $	2021 $
Security deposits	558,654	599,768

The Group is required to provide deposits to secure letters of credit in respect of the Group's lease of Harborside Financial Center and credit card facilities.

10. PROPERTY, PLANT AND EQUIPMENT

	2022 $	2021 $
Leasehold improvements and office equipment – at cost	328,315	307,975
Accumulated amortisation and depreciation	(296,902)	(251,947)
	31,413	56,028

11. LEASES

The Consolidated Statement of Financial Position shows the following amounts relating to leases:

	2022 $	2021 $
Right-of-use asset		
Opening balance	952,479	-
Recognition of right-of-use asset	-	1,053,897
Depreciation charge	(351,441)	(189,584)
Reassessment of lease liability	-	23,434
Exchange rate differences on translation	55,979	64,732
Closing balance	**657,017**	**952,479**

The Group is lessee of the premises at Harborside Financial Center, Jersey City, New Jersey. In regards to these premises, a right-of-use asset has been recognised at cost less accumulated depreciation. The asset is depreciated on a straight line basis over the term of the lease.

The Group is also 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 is shown below.

	2022 $	2021 $
Net investment in sublease		
Opening balance	3,696,802	3,954,222
Interest income	228,121	259,382
Lease payments received	(1,059,879)	(735,107)
Exchange rate differences on translation	227,768	218,305
Closing Balance	**3,092,812**	**3,696,802**
Disclosed as:	**$**	**$**
Current	906,858	795,614
Non-current	2,185,954	2,901,188
	3,092,812	**3,696,802**

	2022 $	2021 $
Lease liabilities		
Opening Balance	5,022,838	4,468,644
Recognition of additional lease liability	-	1,053,897
Interest expense	183,363	196,132
Lease repayments	(1,457,729)	(1,027,140)
Reassessment of lease liability	-	23,434
Exchange rate differences on translation	306,621	307,871
Closing Balance	**4,055,093**	**5,022,838**
Disclosed as:	**$**	**$**
Current	1,378,806	1,218,989
Non-current	2,676,287	3,803,849
	4,055,093	**5,022,838**

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

	2022 $	2021 $
Lease liabilities – contractual undiscounted cash flows		
Not later than one year	1,514,685	1,394,383
Later than one year and not later than five years	2,790,792	4,038,719
	4,305,477	**5,433,102**

12. DEFERRED TAX LIABILITIES

	2022 $	2021 $
Investment properties	47,138,986	37,190,334
Movements		
Balance at beginning of year	37,190,334	44,011,090
Charged to profit or loss as income tax expense	7,413,007	9,159,693
Impact of change in rate used to measure deferred tax liability	-	(18,123,750)
Unrealised foreign exchange loss	2,535,645	2,143,301
Balance at end of year	**47,138,986**	**37,190,334**

Income tax expense is comprised of:

	2022 $	2021 $
Deferred tax debited/(credited) to profit or loss	7,413,007	(8,964,057)
State and withholding tax payable	604,777	50,193
Income tax expense/(benefit)	**8,017,784**	**(8,913,864)**

The Group recognises a deferred tax liability in respect of tax obligations which may arise in connection with the realisation and distribution to the Fund of taxable gains associated with its property assets. Depending on the structure of the realisation and other criteria and circumstances which can only be determined at a future disposal date, the rate may range from 0% to 24.95%, incorporating both corporate and branch profit taxes. The Group has adopted a policy of recording its estimate of the likely amount of tax that may be applicable based on its expected manner of disposal, as well as other conditions reasonably expected to prevail in the year of disposal.

In the prior year, the Group reduced the rate used to measure the deferred tax liability from 24.95% to 15%. One of the variables that will impact the rate of tax that will apply is the trading volume of the Group's units on the Australian Securities Exchange in the year of the realisation and distribution of the Fund's taxable gains. In the Directors' view, the Group has now established a sustained level of trading that exceeds the threshold to qualify for a reduced rate of tax. If the level of trading were to decline in future periods, and depending on other factors and variables that may prevail in the year of disposal, the rate of tax applicable may range from 0% to 24.95%.

13. PAYABLES

	2022 $	2021 $
Current		
Trade payables	579,446	670,744
Distribution payable	5,863,282	6,306,643
Other payables	5,210,474	3,427,573
	11,653,202	**10,404,960**
Non-current		
Provisions for promote interest	2,138,533	-
	2,138,533	**-**

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

Under the terms of the joint venture agreement, Brooksville is entitled to a promote on returns delivered in excess of an 8% compound annual return calculated with reference to the entry valuation. 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 Group has estimated the value of the promote interest at balance date using a discounted cash flow model. In making its estimation, the Group has exercised judgement to form reasonable valuation inputs in respect of the length of the sell down period, future selling prices, disposal costs and the discount rate used. Based on the Group's estimation, it is not expected that the required return hurdle will be satisfied in 2023 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

	2022 $	2021 $
Non-current liabilities		
Secured bank loans	500,778,601	477,758,714
	500,778,601	**477,758,714**

Bank borrowings

Bank borrowings are carried at amortised cost. 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	2022 Principal amount – amortised cost	2021 Principal amount – amortised cost
Global Atlantic	(i)	(i)	(i)	929,451,054	500,778,601	477,758,714
					500,778,601	**477,758,714**

(i) In November 2020, the Group refinanced its senior borrowing facilities with Wells Fargo Bank and Centennial Bank with a new Global Atlantic Financial Group (**GA**) facility dated November 19, 2020. At inception, the loan facility was US$430,653,586. At balance date, the outstanding loan facility and balance was US$343,423,092.

The GA facility was initially comprised of two components, a Term Loan component (US$360M) and a Bridge Loan component (US$70,653,586). During the prior year, the Group repaid the Bridge Loan component in full.

On 30 December, 2022, upon appointment of Brooksville Company LLC as Operating Member of the Group's 1 – 4 family portfolio (refer note 22), the loan agreement was amended to include a principal 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 amendment takes effect on January 1, 2023, and the associated payment is due by 30 December of the related calendar year. Notwithstanding the principal payment requirement, the Group has a one time right to defer the MRPP for one year and to include the unpaid amount in respect of any given year in the subsequent year's payment. Thus, the Group has a contractual right to defer the 2023 MRPP until 30 December, 2024, and accordingly no amount has been presented as a current liability as of balance date. Any MRPP payment made is not subject to a Yield Maintenance Premium (refer paragraph below).

The MRPP does not apply to the 2022 year.

Term Loan component

The Term Loan component bears interest at a fixed rate of 4% per annum, and has a maturity date of May 19, 2026.

The facility is interest-only, and other than in specific circumstances (such as the sale of a property), principal repayments are not required.

Under the terms of the facility, there is a limit to the amount of Term Loan component that can be repaid early before incurring a Yield Maintenance Premium. This limit is referred to as the Free Prepayment Amount, and is US$54 million during the Yield Maintenance Period of the facility. The US$54 million Free Prepayment Amount is subject to a limit that can be repaid early in any one given year. This limit is referred to as the Free Prepayment Annual Amount, and is calculated as 5% of the initial balance of the Term Loan component, or US$18 million per year. The annual repayment limit is cumulative, meaning that any unused repayment limit of 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 Group made early Term Loan component repayments equivalent to 2% of inception Term Loan component balance, then in Year 2 the Group can make early Term Loan repayments equivalent to 8% of inception Term Loan component 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. No Yield Maintenance Premium is payable on any early repayment following the cessation of the Yield Maintenance Period.

The Yield Maintenance Premium is calculated as the greater of (a) one percent (1%) of the amount of Term Loan component 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 Term Loan component being prepaid.

Bridge Loan component

The facility was interest-only and bore interest at a fixed rate of 5%. Other than in specific circumstances (such as the sale of a property), principal repayments were not required under the terms of the facility.

There were no penalties associated with the early repayment of the Bridge Loan.

The loan facility is secured by the following:

- A charge over the following subsidiaries of the Fund 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 REIT.
- US$7,401,264 (A$10,863,444) placed in interest, taxes, insurance and capex reserves (refer note 7(i)).
- A Deposit Account Control Agreement in respect of the Rent Deposit Account, a deposit account into which all tenant rent is received and which is swept daily by the loan servicer to cover interest and replenishment of required reserves (refer note 4).

The total value of the security at balance date in respect of the GA facility is $942,345,588 including property assets valued at $929,451,054.

The facility is subject to specific covenant and other reporting obligations. The facility is also subject to Event of Default clauses, breach of which at the option of the lender results in all unpaid principal and interest amounts being immediately due and payable.

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

Facility	Principal drawn $	Principal available $	Total $
Global Atlantic	504,070,295	–	504,070,295
	504,070,295	**–**	**504,070,295**

15. OTHER NON-CURRENT LIABILITIES

	2022 $	2021 $
Redeemable preference units	183,473	172,105
Accrued interest	11,466	10,756
	194,939	**182,861**

Series A Preferred Units	2022 No of units	2022 $	2021 No of units	2021 $
Issued	125	194,939	125	182,861

The holders of the Series A Preferred units are entitled to receive cumulative preferential cash dividends. Such dividends shall accrue on a daily basis and be cumulative from the first date on which any Series A Preferred unit is issued. Series A Preferred units rank ahead of ordinary units, do not carry the right to vote except in relation to Series A Preferred unit matters, and are redeemable at the sole discretion of the Fund. Dividends accruing 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

Ordinary Units

	2022 $	2021 $
381,559,602 fully paid ordinary units (2021: 395,934,429)	449,222,526	453,173,851
(i) Issued ordinary units		
Balance at beginning of the year	453,173,851	450,704,528
5,211,755 units issued at $0.22	-	1,146,584
5,511,432 units issued at $0.24	-	1,322,739
5,025,261 units issued at $0.30	1,507,568	-
6,621,858 units issued at $0.26	1,721,683	-
Unit buybacks	(7,180,576)	-
Balance at end of the year	**449,222,526**	**453,173,851**

(ii) Movements in ordinary units

Date	Details	2022 No.	2021 No.
1 January	Balance at beginning of the year	395,934,429	385,211,242
23 February 2021	Distribution reinvestment	-	5,211,755
25 August 2021	Distribution reinvestment	-	5,511,432
23 February 2022	Distribution reinvestment	5,025,261	-
25 August 2022	Distribution reinvestment	6,621,858	-
2022	Unit buybacks	(26,021,946)	-
31 December		**381,559,602**	**395,934,429**

Convertible Step-Up Preference Units

	2022 $	2021 $
1,803,775 convertible step-up preference units fully paid (2021: 1,990,707)	184,095,549	194,822,929
(i) Issued convertible step-up preference units		
Balance at beginning of the year	194,822,929	194,822,929
CPU buybacks	(10,727,380)	-
Balance at end of the year	**184,095,549**	**194,822,929**

Face value of issued convertible step-up preference units at 31 December 2022: $180,377,500 (2021: $199,070,700).

(ii) Movements in convertible step-up preference units

Date	Details	2022 No.	2021 No.
1 January	Balance at beginning of the year	1,990,707	1,990,707
2022	CPU buybacks	(186,932)	-
31 December		**1,803,775**	**1,990,707**

The key terms of the CPUs are as follows:

- CPUs are perpetual instruments and remain on issue until converted into ordinary units or otherwise repurchased in accordance with the applicable law.
- The distribution rate is 6.25% per annum until 31 December 2022, at which point the rate steps up to 8.75% from 1 January 2023. Distributions are payable semi-annually and are at the discretion of the Responsible Entity. Distributions are cumulative. The Responsible Entity may not pay any distribution on ordinary units for so long as any distribution on CPUs remains outstanding for more than 40 business days after the end of the relevant distribution period ('Distribution Stopper').
- CPU holders may elect to apply any cash distribution payable by the Group in respect of CPUs in subscriptions for ordinary units.
- CPUs may be converted to ordinary units on 1 January 2023, or on the first day of any subsequent distribution period at the election of the Responsible Entity. CPU holders may convert to ordinary units only if the Responsible Entity breaches its obligations under the Distribution Stopper requirement.

- CPUs convert to the aggregate of the number of ordinary units determined by dividing the outstanding face value of the CPUs and any accumulated unpaid distributions by the Volume Weighted Average Price (VWAP) over the 10 business days prior to conversion less a discount of 2.50%, subject to a minimum conversion number of 44 units per CPU and a maximum conversion of 205 units per CPU.
- CPU holders receive distributions of capital on a winding up of the Group in priority to Unitholders up to the outstanding face value of CPUs and any accumulated unpaid distributions.
- CPUs carry the right to attend and vote at meetings of members of the Group.

Subsequent to balance date, 1,803,775 CPUs were converted into 369,773,875 Ordinary Units.

Ordinary units

All issued units are fully paid. The holders of ordinary units are entitled to receive distributions as declared from time to time by the Responsible Entity and are entitled to one vote per unit at meetings of the Fund.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

17. EARNINGS PER UNIT

(a) Weighted average number of ordinary units	2022 No.	2021 No.
Weighted average number of ordinary units used to calculate basic and diluted earnings per unit	396,171,657	391,584,719
Effect of dilution - convertible step-up preference units (CPUs) *	-	408,094,935
Weighted average number of ordinary units adjusted for dilution	396,171,657	799,679,654

(b) Profit attributable to ordinary unitholders	2022 $	2021 $
Profit for the year attributable to unitholders	6,910,070	21,140,021
Less: distributions on CPUs	(11,979,348)	(12,441,919)
(Loss)/profit used in the calculation of basic and diluted (loss)/earnings per unit	**(5,069,278)**	**8,698,102**
Basic (loss)/earnings per unit (dollars)	(0.01)	0.02
Diluted (loss)/earnings per unit (dollars)*	(0.01)	0.01

Basic (loss)/earnings per unit amounts are calculated by dividing (loss)/profit for the year attributable to ordinary unit holders (after deducting CPU distributions) by the weighted average number of ordinary units outstanding during the year.

Diluted (loss)/earnings per unit amounts are calculated by dividing (loss)/profit for the year attributable to ordinary unit holders (after deducting CPU distributions) by the weighted average number of ordinary units outstanding during the year, plus the weighted average number of ordinary units that would be issued on the conversion of all the dilutive potential ordinary units (from CPUs) into ordinary units.

* In the current year, there are no dilutive ordinary units as a result of the losses recorded by the Group (after accounting for distributions on CPUs).

18. OPERATING SEGMENTS

The 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.

19. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Overview

The Group's principal financial instruments comprise cash and cash equivalents, receivables, payables and bank loans. The 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 Board of Directors of the Responsible Entity has overall responsibility for the establishment and oversight of the 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 Group to make a financial loss. The Group has exposure to credit risk on all its financial assets included in the 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***	**2022** **$**	**2021** **$**
Cash and cash equivalents	*4*	43,838,347	56,714,776
Trade and other receivables	*5*	779,978	444,620
Interest reserve and security deposit escrows	*7*	11,053,875	8,708,471
Security deposits	*9*	558,654	599,768
Net investment in sublease	*11*	3,092,812	3,696,802
		59,323,666	**70,164,437**

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 Macquarie Bank and ANZ in Australia, and Centennial Bank and Investors Bank in the USA.

Trade and other receivables

The Group manages its credit risk by performing credit reviews of prospective tenants and performing detailed reviews on tenant arrears.

The 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 by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. A loss allowance of $910,590 (2021: $1,069,703) has been recognised in respect of outstanding amounts at balance date that, based on historical experience, are unlikely to be collected at their recorded amounts.

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.

Before accepting any new tenants, the Group assesses the prospective tenant's ability to pay rent as and when due with reference to the applicant's financial position, current earning capacity and previous landlord references.

The aging of trade receivables at the reporting date was:

	2022 $	2021 $
Current	348,048	253,895
Past due 31-60 days	235,394	181,751
Past due 61-90 days	19,595	10,105
More than 90 days	863,035	969,060
	1,466,072	**1,414,811**

Movement in loss allowance for trade receivables

	2022 $	2021 $
Balance at beginning of the year	1,069,703	454,074
Increase in loss allowance	836,755	760,979
Amounts written off during the year	(1,062,078)	(191,852)
Exchange rate differences on translation	66,210	46,502
Balance at end of the year	**910,590**	**1,069,703**

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The 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 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 Group can be required to pay. The tables include both interest and principal cash flows.

31 December 2022	Carrying amount $	Contractual cash flows $	12 months or less $	1-5 years $	5 years and more $
Payables	11,653,202	11,653,202	11,653,202	-	-
Series A preference units	194,939	298,143	22,934 (ii)	91,736 (ii)	183,473 (ii)
Secured bank loans	500,778,601	573,292,059	20,442,851 (i)	552,849,208	-
Lease liability	4,055,093	4,305,477	1,514,685	2,790,792	-
	516,681,835	**589,548,881**	**33,633,672**	**555,731,736**	**183,473**

31 December 2021	Carrying amount $	Contractual cash flows $	12 months or less $	1-5 years $	5 years and more $
Payables	10,404,960	10,404,960	10,404,960	-	-
Series A preference units	182,861	279,671	21,513 (ii)	86,053 (ii)	172,105 (ii)
Secured bank loans	477,758,714	567,429,029	19,537,115 (i)	547,891,914	-
Lease liability	5,022,838	5,433,102	1,394,383	4,038,719	-
	493,369,373	**583,546,762**	**31,357,971**	**552,016,686**	**172,105**

(i) As disclosed on the balance sheet, the Fund has $30,799,941 of properties that are held for sale on the expectation that they will be sold within 12 months. 9 of these held for sale assets form part of the Global Atlantic security pool. If these sales are successfully executed, then principal repayments totalling $11,761,413 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 Fund, and as 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.

Market risk (currency risk and interest rate risk)

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the 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 Group undertakes certain transactions denominated in foreign currencies that are different to the functional currency of the respective entities undertaking the transactions, hence exposures to exchange rate fluctuations arise which are recorded through profit or loss. The Group may use foreign currency exchange contracts to hedge these risks.

The carrying amount of the Group's foreign currency denominated assets and liabilities at the reporting date that are denominated in a currency different to the functional currency of the respective entities holding the monetary assets and liabilities are as follows:

External group exposure*	**USD exposure converted to AUD**	
	2022	**2021**
	$	**$**
Assets		
Cash	1,016,890	953,695
Total assets	**1,016,890**	**953,695**
Liabilities		
Payables	(636,516)	(352,353)
Total liabilities	**(636,516)**	**(352,353)**
Net external exposure	**380,374**	**601,342**

Internal group exposure**	**USD exposure converted to AUD**	
	2022	**2021**
	$	**$**
USD denominated convertible notes issued by the US REIT to the Australian parent entity	34,554,962	47,339,686
USD denominated interest receivable on convertible note	162,219	852,333
Net internal exposure	**34,717,181**	**48,192,019**
Total net exposure	**35,097,555**	**48,793,361**

* External group exposure predominantly relates to external party USD denominated balances recorded in the Australian Parent entity where foreign exchange gains and losses are recognised in profit or loss.

** Internal group exposure predominantly relates to inter-group balances where foreign exchange gains and losses are recognised in profit or loss.

Sensitivity analysis

A 10% movement of the AUD against the USD at 31 December would have increased or decreased profit or loss by the amounts shown below. This analysis is based on foreign exchange rate variances that the Group considered to be reasonable at the end of the reporting period, and includes the effects of currency exposure to profit or loss arising from both internal and external transactions and assumes all other variables, in particular interest rates, remain unchanged.

	2022	**2021**
	$	**$**
Impact on profit or (loss)/equity		
+ 10% - Strengthening	(3,192,454)	(4,445,199)
- 10% - Weakening	3,901,889	5,431,227

In addition, the Group's operating subsidiary is based in the USA and has a USD functional currency which is different to the Group's presentation currency of AUD. As stated in the Group's accounting policies in note 3, on consolidation the assets and liabilities of the USD entity are translated into Australian dollars at exchange rates prevailing at balance date. The income and expenses of this entity are translated at the average exchange rate for the year, with the exception of fair value movements recognised in respect of the Group's investment properties and interests in equity investments. Exchange differences arising are classified as equity and are transferred to a foreign currency exchange reserve.

The significant USD denominated assets and liabilities in respect of which the above exposure relates are shown below:

	USD exposure converted to AUD	
	2022	2021
	$	$
Assets		
Cash	31,242,505	44,510,962
Receivables and other assets	17,760,389	15,596,139
Other financial assets	10,286,578	14,197,771
Investment properties	949,292,413	888,843,635
Total assets	**1,008,581,885**	**963,148,507**
	USD exposure converted to AUD	
	2022	**2021**
	$	**$**
Liabilities		
Payables	10,340,959	15,248,039
Borrowings	540,994,684	536,007,206
Other payables	194,939	182,861
Total liabilities	**551,530,582**	**551,438,106**
Net exposure	**457,051,303**	**411,710,401**

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 and thus do not constitute interest rate risk.

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

	2022	2021
	$	$
Variable rate instruments		
Cash and cash equivalents	43,838,347	56,714,776
	43,838,347	**56,714,776**

Cash flow sensitivity analysis for variable rate instruments

A change of 25 basis points in interest rates (on both cash on hand and borrowings) 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.

	2022 $	2021 $
Impact on profit before tax/equity		
+0.25% (25 basis points)	109,596	141,787
-0.25% (25 basis points)	(109,596)	(141,787)

Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to unitholders. The Group is not subject to any externally imposed capital requirements.

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

	2022 $	2021 $
Debt	500,973,540	477,941,575
Equity	455,416,468	444,798,643
Debt to equity ratio*	**110.00%**	**107.45%**

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

20. CAPITAL COMMITMENTS

The Group had no capital commitments in respect of properties that are either under construction/refurbishment or are due to commence construction/refurbishment (2021: nil).

There are no further contributions contractually required to be made by the Group to any other jointly controlled entity.

21. CONTINGENT LIABILITIES

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

	2022 $	2021 $
Not later than one year	1,080,785	996,342
Later than one year and not later than five years	2,422,450	3,286,182
	3,503,235	**4,282,524**

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

22. RELATED PARTIES

Key management personnel

Mr. Stuart Nisbett, Mr. Warwick Keneally and Mr. Peter Shear are directors of the Responsible Entity, E&P Investments Limited and are deemed to be key management personnel. The directors of the Responsible Entity did not receive compensation from the Fund during the year.

Mr. Kevin McAvey and Mr. Brian Disler were joint CEOs of the US REIT up until 14 June 2022 and were deemed to be key management personnel. Effective 14 June 2022, and through 30 December 2022, Mr. Kevin McAvey was the sole CEO of the US REIT. On 30 December 2022, Mr. Kevin McAvey ceased to be the CEO upon the appointment of Brooksville as the new operating member of the Fund.

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

Director	No. of units	No. of CPUs
Stuart Nisbett	18,462	–
Warwick Keneally	26,191	250
Peter Shear	-	–

Key management personnel remuneration

The remuneration of key management personnel during the year was as follows:

	2022 $	2021 $
Short-term employee benefits	2,159,146	2,316,166
Post-employment benefits	28,117	26,233
Termination benefits	575,756	-
	2,763,019	**2,342,399**

Payments made to the Responsible Entity and related parties

Management Fees

Responsible Entity fee (payable by the Fund)	**2022:** $847,514	**2021:** $3,422,463

The Responsible Entity's duties include establishing the Group's compliance plan and procedures and monitoring against regulatory and legislative requirements, the issuance of disclosure documents, the appointment and monitoring of external service providers to the Group and overall administration of the Group. For these services, the Responsible Entity charged a Responsible Entity fee of 0.08% (exclusive of GST) of the gross assets of the Fund and an administration fee of 0.25% (exclusive of GST) of the gross assets of the Fund. From 1 January 2022, the administration fee was waived indefinitely.

The amount owed to the Responsible Entity in respect of the responsible entity fee at 31 December 2022 is $69,131 (2021: $297,353).

Other services provided by the Responsible Entity and related parties of the Responsible Entity

Fund administration services (payable by the Fund)	**2022:** $120,000	**2021:** $120,000

Australian Fund Accounting Services Pty Limited (a related party of the Responsible Entity) provides administration and accounting services to the Fund. Time spent by staff is charged to the Fund at agreed rates under a Services Agreement.

A total of $120,000 (2021: $120,000) was charged by Australian Fund Accounting Services in relation to fund administration services, pursuant to a Service Agreement. Time spent by administrative staff is charged to the Fund at agreed rates under the agreement, capped at $120,000 (exclusive of unclaimable GST) per annum. This expenditure of $120,000 is included in Administrative Costs in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Architecture, design and construction services (payable by the US REIT)	**2022:** $0	**2021:** $172,811

The renovation of the Group's portfolio has been completed.

Dixon Projects LLC (a subsidiary of E&P Financial Group Limited, who is the parent entity of the Responsible Entity) provided architecture, design, and construction services to the Fund, including procurement and inventory management, permitting and approval process management and construction project management. Dixon Projects provided on-site project administration and management, overseeing and coordinating all aspects of the construction process, working closely with contractors to control quality and costs for the Group.

These services were provided under the Property Services and the Design and Architectural Services Master Agreements. Under the terms of these agreements, Dixon Projects was entitled to charge a development fee of 5%, General Conditions fee of 15% and insurance fees of 1.25%.

No fees were charged in the current year.

Recoveries and recharges paid to (or received from) the Responsible Entity

Responsible Entity and E&P Financial Group USA Inc expense recharge (payable by the Fund and the US REIT)	**2022:** ($601,095)	**2021:** ($696,061)

From time to time, the Group may share resources with E&P Financial Group USA, Inc and/or the Responsible Entity. Where this occurs, the Group may recover the costs of the resources.

During the year, the Group recovered certain shared payroll and office related costs from E&P Financial Group USA, Inc and its subsidiaries. The total amount owed to the Group at 31 December 2022 is $54,567 (2021: $48,227).

	2022: $250,740	**2021:** $186,662

Pursuant to the agreements, the Responsible Entity is entitled to recover direct expenses incurred in the management of the Group's activities. These costs were in relation to various regulatory and professional services provided by external vendors and are recognised in 'Administrative costs' in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

	2022: $760,827	**2021:** $0

The Responsible Entity also recovered costs in relation to the proposed bulk sale transaction. These costs are recognised in 'Terminated transaction costs' in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

	2022: $0	2021: $77,641

Up until 31 May 2021, the office located at Harborside Financial Center, New Jersey was leased by E&P Financial Group USA, Inc. The Fund reimbursed E&P Financial Group USA, Inc for its share of the rental expense for the 5 months ended 31 May 2021, totalling $77,641. From 1 June 2021, the Fund became lessee of the premises at Harborside Financial Center.

Consultancy services	**2022:** $0	**2021:** $25,177

Effective 11 November 2019, the Responsible Entity of the Fund entered into an agreement with MA Law to provide advisory and transactional legal services, and legal consultancy services to the Responsible Entity and the investment schemes under its fiduciary. Mike Adams, who was previously a director of the Responsible Entity, is also a director of MA Law. On 9 December 2021, Mike Adams resigned as a director of the Responsible Entity.

Brooksville (payable by US REIT)	**2022:** $0	**2021:** $0

On 30 December 2022, the Group finalised its joint venture agreement with Brooksville and its property management agreement with Pinnacle. As part of the arrangement, Brooksville contributed US$1.5 million to the joint venture entity giving it a 0.9% interest in the Group's 1-4 Family property portfolio.

The following fees are payable by the Group under the terms of the agreements:

- US$1 million per year, subject to annual CPI adjustments, pursuant to the Asset Management Agreement (**AMA**) payable to Brooksville as Asset Manager
- 2.85% of gross receipts collected, pursuant to the Property Management Agreement (**PMA**) payable to Pinnacle as Property Manager
- A promote on returns delivered in excess of an 8% compound annual return calculated with reference to the entry valuation. Returns in excess of the 8% hurdle rate payable to unitholders 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. No amount has been paid in respect of the 2022 year, nor is any amount payable in respect of the 2022 year. A provision of $2,138,553 has been recognised as outlined in note 13.

Both Brooksville and Pinnacle are entitled to recover from the Group reasonable out-of-pocket expenses incurred in the provision of services under the AMA and the PMA as set forth in the approved annual budget.

In addition, Brooksville will provide property turnover services pursuant to the Turnover Management Agreement (**TMA**). Under the terms of the agreement, Brooksville is entitled to recover from the Group direct costs associated with the refresh of the Fund's properties following tenant departure.

Brooksville is also entitled to be reimbursed under the terms of the Australian Services Agreement (**ASA**) for costs incurred in relation to the audit of the Group's statutory financial statements and any other requirements under the Corporations Act 2001 and the ASX listing rules.

Related party investments in the Fund

As at 31 December 2022, E&P Private Investments Pty Limited, a wholly owned subsidiary of E&P Financial Group Limited, owned 3,650,453 (2021: 3,650,453) ordinary units in the Group.

23. CONTROLLED ENTITIES

E&P Investments Limited is the Responsible Entity of both the Fund and the US REIT. Below is a list of all subsidiaries owned by the Fund.

		Ownership interest	
		2022	2021
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%	100%
EMU LLC	United States	100%	100%
Geelong LLC	United States	99.1%	100%
St Kilda LLC	United States	99.1%	100%
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%	100%
Carlton URF LLC	United States	99.1%	100%
Collingwood URF LLC	United States	99.1%	100%
Fremantle URF LLC	United States	99.1%	100%
AFL URF LLC	United States	100%	100%
NRL URF LLC	United States	99.1%	100%
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%	100%
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%	100%

		Ownership interest	
		2022	**2021**
NJ Penelope LLC	United States	99.1%	100%
Jett URF Holdings LLC	United States	99.1%	100%
Kenny URF Holdings LLC	United States	99.1%	100%
History Homes LLC	United States	99.1%	100%
US Masters 2 LLC	United States	100.0%	-
USM 3 LLC	United States	99.1%	-

24. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ended 31 December 2022 the parent entity of the Group was US Masters Residential Property Fund.

	2022 $	2021 $
Result of parent entity		
(Loss)/profit for the year	(3,414,040)	9,502,037
Distributions to CPU unitholders	(11,979,348)	(12,441,919)
Total movement in accumulated losses	**(15,393,388)**	**(2,939,882)**
Financial position of parent entity at year end		
Current assets	12,956,175	13,135,078
Total assets	433,717,383	453,593,802
Current liabilities	7,444,890	7,197,867
Total liabilities	54,583,875	44,388,201
Total equity of the parent entity comprising of:		
Unit capital	449,222,526	453,173,851
Convertible step-up preference units	184,095,549	194,822,929
Accumulated losses	(254,184,567)	(238,791,179)
Total equity	**379,133,508**	**409,205,601**

25. SUBSEQUENT EVENTS

A distribution of $3.22 per Convertible Preference Unit totalling $5,808,156 was declared on 28 November 2022 and was paid to unitholders on 24 February 2023. 9,291,741 units were issued under the Group's Distribution Reinvestment Plan.

Subsequent to balance date, all CPUs were converted into Ordinary Units, with each CPU holder receiving 205 Ordinary Units per CPU. On 3 January 2023, 1,803,775 CPUs were converted into 369,773,875 Ordinary Units.

Subsequent to balance date, as of 20 February 2023, the Group has bought back 7,500,788 ordinary units for a total consideration of $2,065,713.

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 of the Fund, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

26. AUDITORS' REMUNERATION

	2022 $	2021 $
Auditors of the Group		
Deloitte Touche Tohmatsu		
Audit and review of Group financial statements	259,000	245,000
Audit of subsidiary financial statements	61,000	55,000
	320,000	**300,000**
Other audit firms		
Deloitte Tax LLP		
Taxation compliance services	247,990	178,539
Taxation advisory services	33,686	137,814
Taxation advisory services - terminated transaction costs	185,752	-
	467,428	**316,353**

Directors' Declaration

For the year ended 31 December 2022

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

1. The financial report as set out in pages 15 to 58, are in accordance with the *Corporations Act 2001*, including:

   a. Giving a true and fair view of the Group's financial position as at 31 December 2022 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 Group will be able to pay its debts as and when they become due and payable.

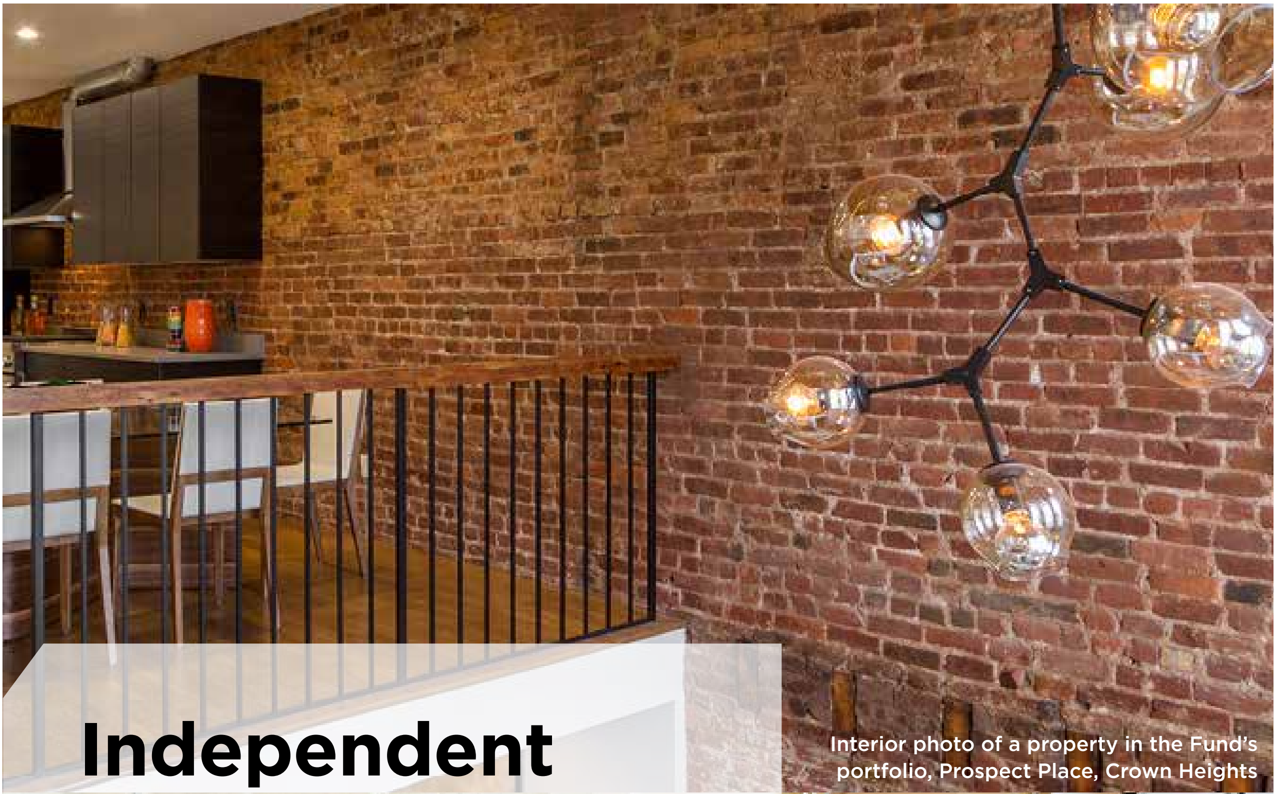
This declaration is made in accordance with a resolution of the Board of Directors made pursuant to Section 295(5) of the *Corporations Act 2001*:

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

Stuart Nisbett
Director

Dated this 27th day of February 2023

Independent Auditor's Report



Interior photo of a property in the Fund's portfolio, Prospect Place, Crown Heights

Interior photo of a property in the Fund's portfolio, Montgomery Street, Downtown Jersey City

Independent Auditor's Report

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney, NSW, 2000
Australia

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

Independent Auditor's Report to the Unitholders of US Masters Residential Property Fund

Opinion

We have audited the financial report of US Masters Residential Property Fund (the "Fund") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the year then ended; 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 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 E&P Investments Limited as Responsible Entity (the "Responsible Entity"), 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.

Independent Auditor’s Report
continued

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Fair Value of Investment Properties As at 31 December 2022 the Group has determined the fair value of the investment properties to be $949.3 million as disclosed in Note 8. 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: • 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 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 and specific adjustments considered relevant for each property when determining the fair value requires judgement.	Our procedures included, but were not limited to: • 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; • Comparing the recorded fair value of the investment properties to other market information, including in respect of the Fund’s capital markets activities; and • Assessing the appropriateness of the disclosures included in Notes 2(C)(i) and 8 to the financial statements.

Other Information

The directors of the Responsible Entity (the “Directors”) are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 31 December 2022, 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

Deloitte.

Responsibilities of the Directors for the Financial Report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view 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 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 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 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 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 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 Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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.

Independent Auditor's Report
continued

Deloitte.

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.

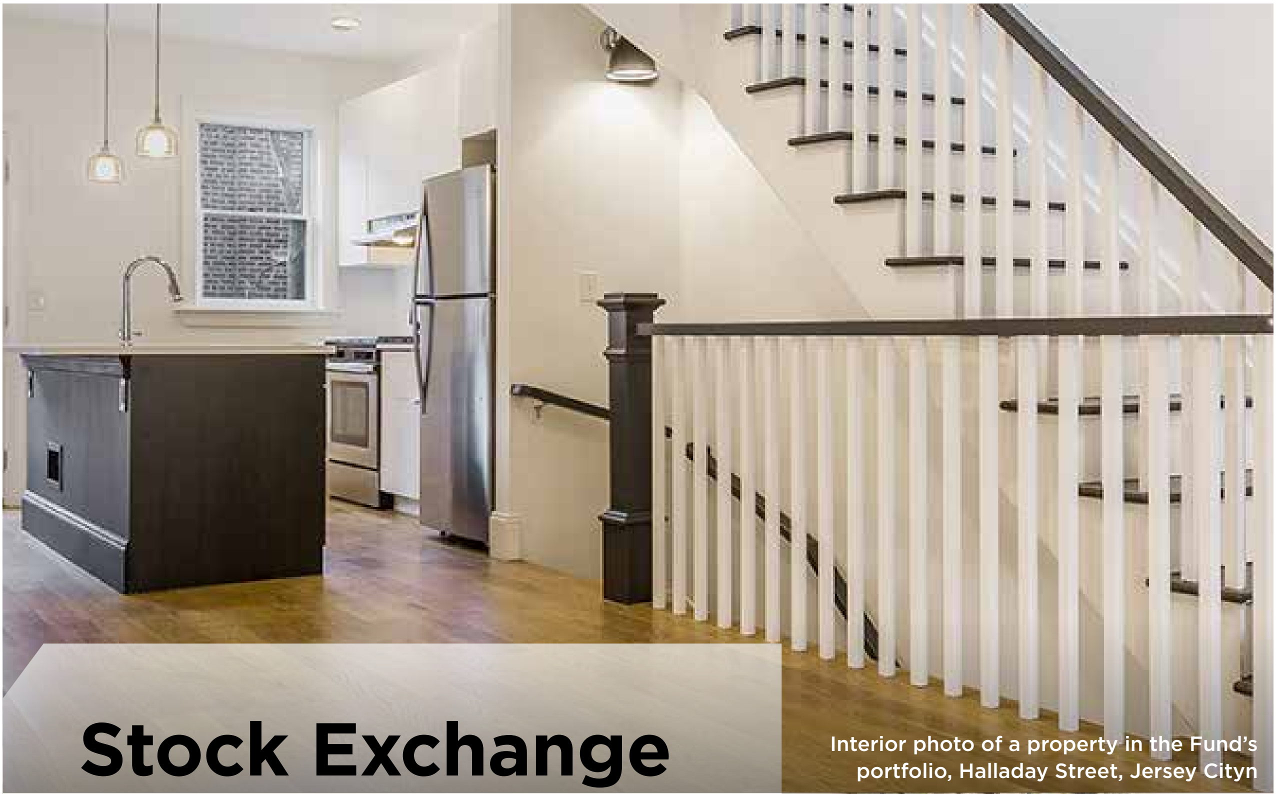
Deloitte Touche Tohmatsu

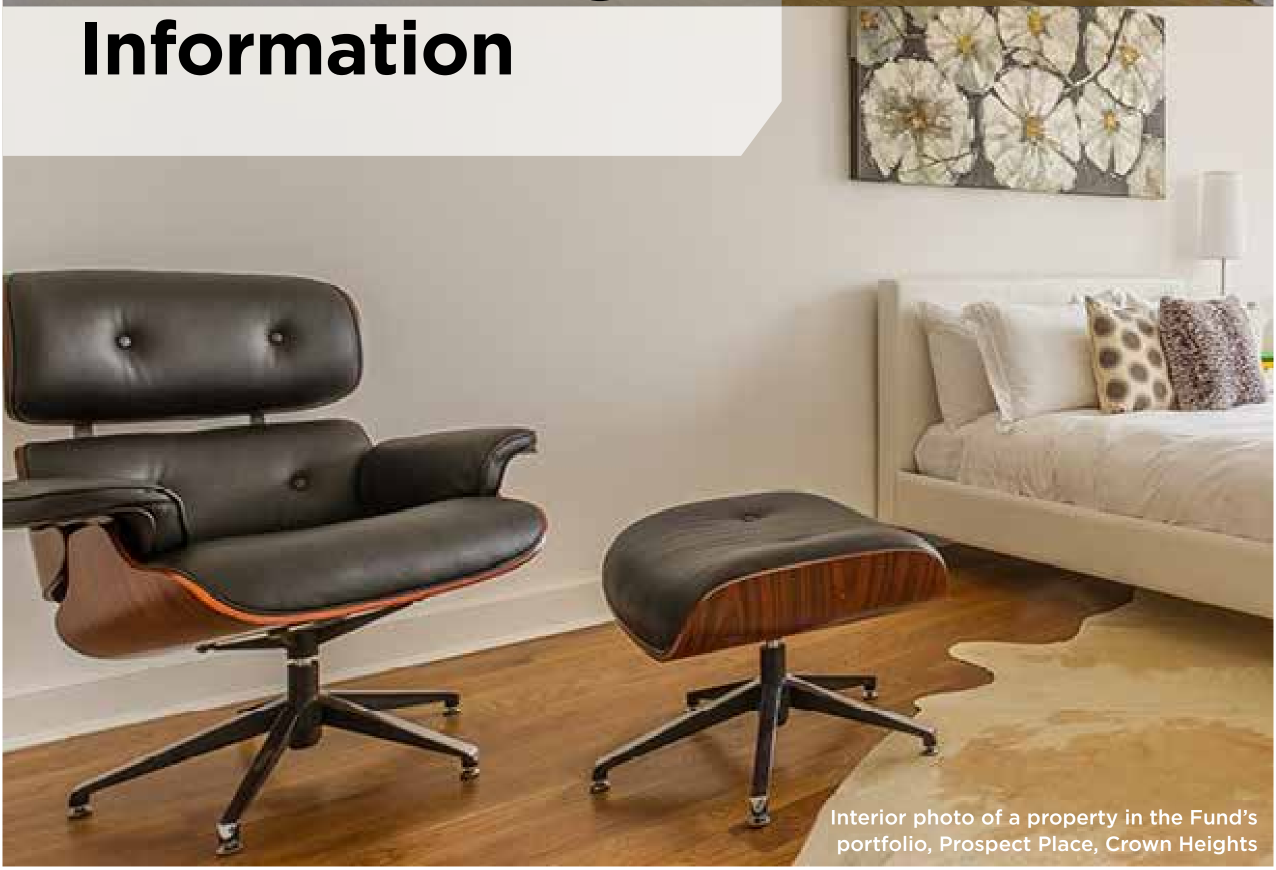
DELOITTE TOUCHE TOHMATSU

David Haynes

David Haynes
Partner
Chartered Accountants
Sydney, 27 February 2023

Stock Exchange Information


Interior photo of a property in the Fund's portfolio, Halladay Street, Jersey Cityn


Interior photo of a property in the Fund's portfolio, Prospect Place, Crown Heights

Stock Exchange Information

STATEMENT OF QUOTED SECURITIES AS AT 31 JANUARY 2023

Fully paid ordinary units

- There are 2,492 unitholders holding a total 748,957,328 ordinary units
- The 20 largest unitholders between them hold 62.542% of the total units on issue

DISTRIBUTION OF QUOTED UNITS AS AT 31 JANUARY 2023

Fully paid ordinary units

Distribution of unitholders category (size of holding)	Number of unitholders	%
1-1,000	184	0.00
1,001-5,000	223	0.08
5,001-10,000	140	0.14
10,001-100,000	1,166	7.44
100,001 and over	779	92.34
Totals	**2,492**	**100.00**
Holding less than a marketable parcel	152	

SUBSTANTIAL UNITHOLDINGS AS AT 31 JANUARY 2023

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

Name	Number of Units	% of Voting Power
Investment Administration Services Pty Ltd (**IAS**) [1, 2]	25,189,897 Ordinary Units	6.36 %
Samuel Terry Asset Management Pty Ltd (**STAM**) as trustee for Samuel Terry Absolute Return Fund (**Star Fund**) [3, 4]	81,954,100 Ordinary Units	10.9%
Mirabella Financial Services LLP [5, 6]	21,083,413 Ordinary Units	5.60%
Almitas Capital LLC [7, 8]	21,061,930 Ordinary Units 92,903 CPUs	5.52% 5.15%

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 5 January 2023
5. Note: Registered holder of securities is Goldman Sachs International
6. Date of the last substantial holder notice lodged on 30 November 2022
7. Note: Registered holder of securities is JP Morgan Securities Australia Ltd
8. Date of the last substantial holder notice lodged on 22 December 2022

DIRECTORS' UNITHOLDINGS

As at 31 January 2023 directors of the Group held a relevant interest in the following securities on issue by the Group.

Director	Ordinary units	URF CPUs
Stuart Nisbett	18,462	-
Warwick Keneally	77,441	-
Peter Shear	-	-

RESTRICTED SECURITIES

There are no restricted securities on issue by the Group.

TOP 20 HOLDERS OF ORDINARY UNITS AT 31 JANUARY 2023

Unitholder Name	Number of units held	% of total
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	125,708,241	16.784%
CITICORP NOMINEES PTY LIMITED	62,411,032	8.333%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	43,666,983	5.830%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	31,368,654	4.188%
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	31,255,129	4.173%
NATIONAL NOMINEES LIMITED	26,657,652	3.559%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	26,296,555	3.511%
PERPETUAL CORPORATE TRUST LTD <NIT1>	25,082,384	3.349%
JAMPLAT PTY LTD	22,695,000	3.030%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	17,170,314	2.293%
BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	11,385,905	1.520%
KEYBRIDGE CAPITAL LIMITED	6,836,861	0.913%
WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	6,805,839	0.909%
LUTON PTY LTD	6,468,330	0.864%
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	5,954,124	0.795%
FORTUOUS PTY LTD <SC SUPER A/C>	4,718,248	0.630%
E&P PRIVATE INVESTMENTS PTY LIMITED	3,650,453	0.487%
NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	3,553,013	0.474%
NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	3,371,531	0.450%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <GSCO CUSTOMERS A/C>	3,357,895	0.448%
Total Securities of Top 20 Holdings	**468,414,143**	**62.542%**

Corporate Directory

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

US MASTERS RESIDENTIAL PROPERTY FUND

(ARSN 150 256 161)

Level 32
1 O'Connell Street
Sydney NSW 2000

T 1300 454 801
F 1300 883 159
E URFInvestorRelations@usmrpf.com

www.usmastersresidential.com.au

RESPONSIBLE ENTITY

E&P Investments Limited
(ACN 152 367 649) (AFSL 410 433)

Level 32
1 O'Connell Street
Sydney NSW 2000

T 1300 454 801
F 1300 883 159
E info.funds@eap.com.au

www.eap.com.au

UNIT REGISTER MANAGED BY

Boardroom Limited

Level 8
210 George Street
Sydney NSW 2000

T (02) 9290 9600
F (02) 9279 0664

www.boardroomlimited.com.au

AUDITOR

Deloitte Touche Tohmatsu

Grosvenor Place, 225 George Street
Sydney NSW 2000

T (02) 9322 7000
F (02) 9322 7001

www.deloitte.com.au

This page has been intentionally left blank

This page has been intentionally left blank